



# HILLCREST HIGH SCHOOL

## ECONOMICS

### PAPER 2 (MICRO-ECONOMICS)

### JUNE EXAMINATION

### GRADE 10

### ANSWER BOOK

**NAME** : \_\_\_\_\_

**TEACHER** : \_\_\_\_\_

	<b>COMPULSORY</b>	<b>SECTION B CHOOSE 2 or 3</b>		<b>SECTION C CHOOSE 4 or 5</b>		<b>TOTAL</b>
<b>QUESTION MARK</b>	<b>1 (20)</b>	<b>2 (40)</b>	<b>3 (40)</b>	<b>4 (40)</b>	<b>5 (40)</b>	<b>100</b>
<b>TICK YOUR CHOICE</b>						
<b>LEARNER MARK</b>						
<b>MODERATOR MARK</b>						

# HILLCREST HIGH SCHOOL



## ECONOMICS

### PAPER2 (MICRO-ECONOMICS)

JUNE EXAMINATION 2017

GRADE 10

QUESTION PAPER

**MARKS : 100**  
**TIME : 90 MINUTES**  
**DATE : 23 JUNE 2017**  
**EXAMINER : A SUTTON**  
**MODERATOR : C EDY**

## SECTION A (COMPULSORY)

### QUESTION 1 MICRO-ECONOMICS

(20 marks – 15 minutes)

**1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A – C) next to the question number (1.1.1 – 1.1.5) in the ANSWER BOOK.**

1.1.1 The amount of money that consumers are willing to sacrifice for an item or service is known as ...

- A. satisfaction.
- B. price.
- C. value

1.1.2 A straight downward-sloping production possibility curve indicates a ... rate of opportunity cost.

- A. constant.
- B. variable.
- C. optimum.

1.1.3 Governments levy taxes for the sake of ...

- A. revenue.
- B. expenditure.
- C. profit.

1.1.4 The satisfaction that consumers derive from the consumption of goods and services is known as ...

- A. utility.
- B. value.
- C. price.

1.1.5 Indifference curve analysis is used to ...

- A. predict consumer preferences.
- B. show a theoretical relationship between different consumer goods.
- C. rank various combinations of goods and services in order of preference.

**(5x2)[10]**

**1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A – G) next to the question number (1.2.1 – 1.2.6) in the ANSWER BOOK.**

COLUMN A	COLUMN B
1.2.1 Oligopoly	A. Show alternative combination of goods that can be purchased with a given income at given prices
1.2.2 Budget line	B. Supplied by government
1.2.3 Sin taxes	C. The trade-off between two products
1.2.4 Micro-economics	D. Taxes imposed on goods that the government deems undesirable
1.2.5 Opportunity cost	E. Transfer payment by government
1.2.6 Public goods	F. A few sellers control the market
	G. A study of the behaviour of individual decision-making units

(1X6)

**1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.4) in the ANSWER BOOK.**

1.3.1 Where buyers and sellers meet in order to determine the price and quantity of goods or services that are going to be exchanged

1.3.2 The maximum amount of satisfaction for the amount spent

1.3.3 Products that are preferred instead of other products

1.3.4 Goods that benefit everyone and that should be available to everybody

(1X4)

**TOTAL SECTION A: 20**

## SECTION B

Answer any ONE of the two questions in this section in the ANSWER BOOK.

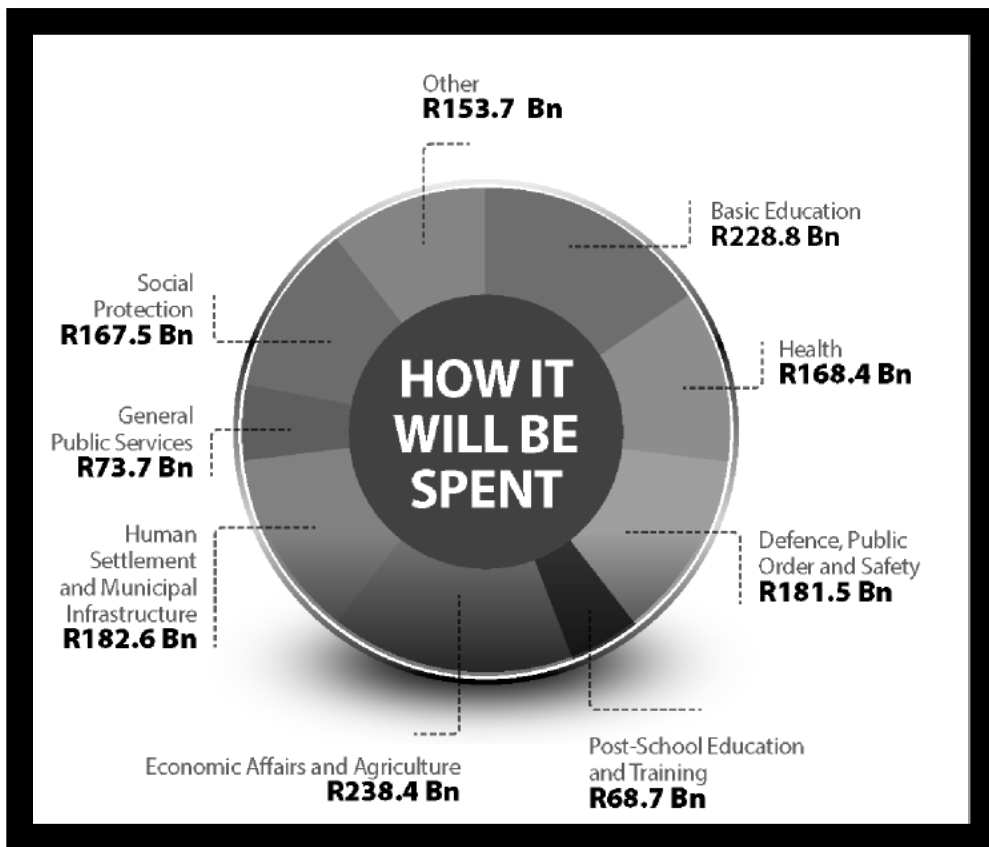
### QUESTION 2: MICRO-ECONOMICS

(40 marks – 30 minutes)

2.1.1 List any TWO reasons for the existence of imperfect markets. (2)

2.1.2 Briefly explain the concept of *common goods*. (2)

2.2 Study the diagram below and answer the questions that follow.



[Source: 2016 Budget, People's Guide, English]

2.2.1 Which service received the biggest amount according to the diagram? (1)

2.2.2 How much did the government spend on welfare services in the 2016/17 budget? (1)

2.2.3 In 2016/17 the government's total expenditure was R1 463,30 Bn.

Calculate the percentage that was allocated to welfare services.

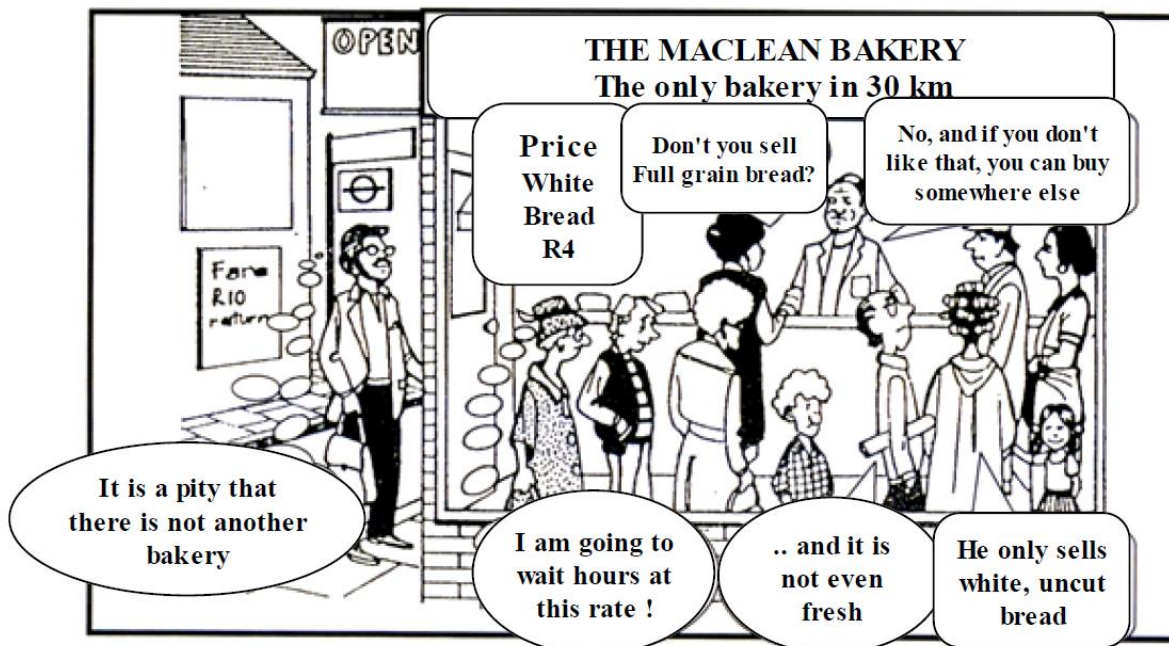
(Show ALL calculations).

(4)

2.2.4 What is the purpose of welfare grants?

(4)

2.3 Study the cartoon below and answer the questions that follow.



2.3.1 What type of market is illustrated in the cartoon above?

(1)

2.3.2 Give an example of such a market in South Africa.

(1)

2.3.3 Name TWO other types of market structures except for the one identified in (Question 2.3.1.)

(2)

2.3.4 Give a reason for your choice of the answer to Question 2.3.1

(2)

2.3.5 Explain how another bakery would benefit the community.

(4)

2.4 Explain what is meant by *pareto efficiency* and how it relates to *productive* and *allocative efficiency*.

(8)

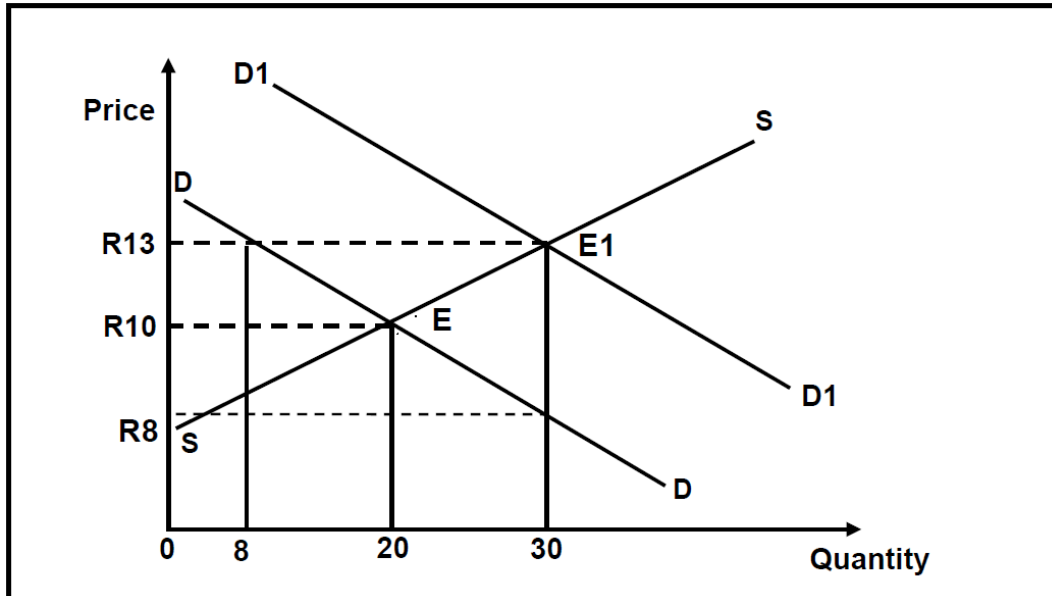
2.5 With the aid of a graph, explain how a subsidy on milk would influence the milk-producer and the consumer.

(8)

**QUESTION 3: MICRO-ECONOMICS (40 marks – 30 minutes)**

3.1 List FOUR characteristics of utility. (4)

3.2 Study the graph below and answer the questions that follow.



3.2.1 Define the *law of demand*. (2)

3.2.2 Indicate the original equilibrium price in rand. (1)

3.2.3 Describe the slope of the supply curve. (1)

3.2.4 Refer to demand curve **DD** and supply curve **SS**.

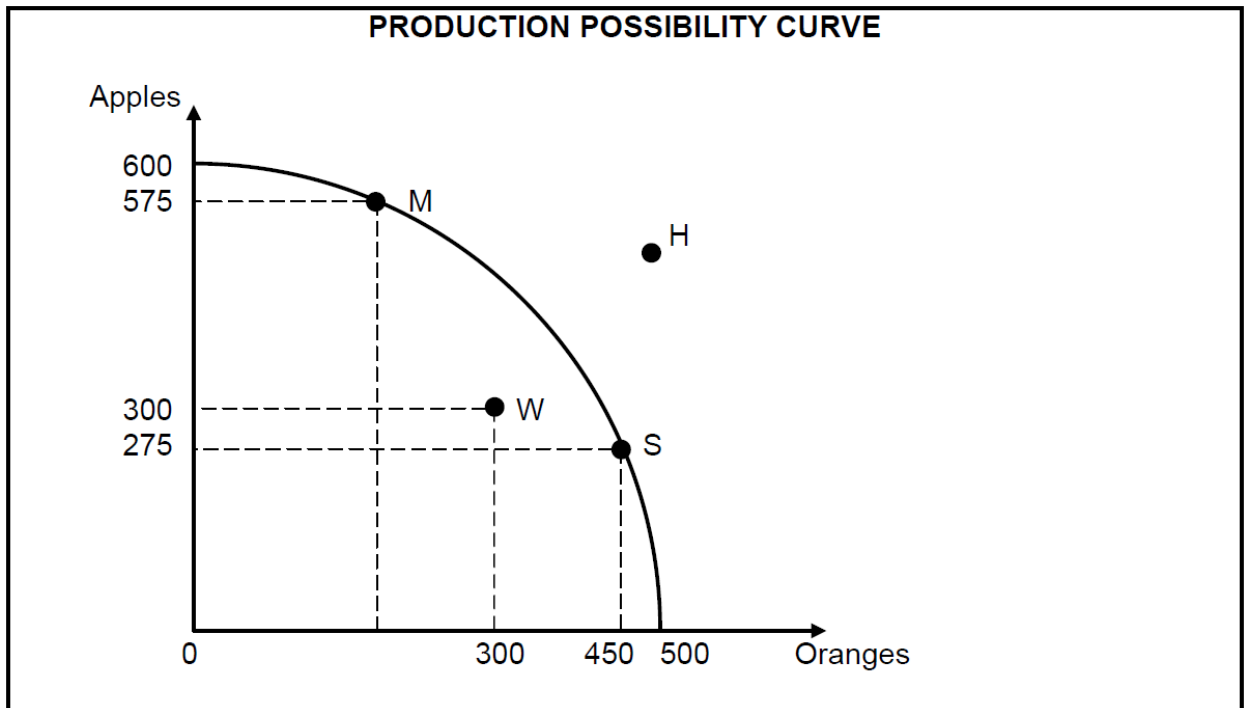
a) Indicate the price, (R) value, at which there will be a surplus on the market.

b) Calculate the surplus. Show ALL calculations.

(2x2) (4)

3.2.5 What can producers do if there is a surplus of goods on the market? (2)

3.3 Study the graph below on the production possibility curve and answer the questions that follow.



- 3.3.1 What is the purpose of the production possibility curve (PPC)? (2)
- 3.3.2 Is production at point **H** possible? Motivate your answer. (3)
- 3.3.3 Which point is regarded as inefficient? Motivate your answer. (3)
- 3.3.4 How many apples can be produced if all the resources were used in the production of apples? (2)
- 3.4 Explain the characteristics of indifference curves with the aid of a graph (8)
- 3.5 Differentiate between *complementary goods* and *substitute goods*. (8)

## ECONOMICS PAPER 2 – MICRO ECONOMICS

**SECTION C** Answer ONE of the two questions in this section in the ANSWER BOOK.  
Your answer will be assessed as follows:

### QUESTION 4: MICROECONOMICS 40 MARKS – 45 MINUTES

Discuss the various ways in which the government intervenes in the economy”

- indirect taxes, minimum wage, welfare and production
- In addition, outline the reasons why the government needs to intervene in the economy.

<b>STRUCTURE OF THE ESSAY</b>	<b>MARK</b>
<b>Introduction</b>	Max 3
<b>Body:</b> <ul style="list-style-type: none"><li>• Main part: Discuss/Distinguish/Differentiate/Explain/Analyze/tabulate/ Evaluate /Assess /</li><li>• In addition: Using a graph/diagram .../Deduce .../Outline/ Briefly explain/Expand on .../Your own opinion</li></ul>	Max 24
<b>Conclusion</b>	Max 2
Interpretation/Rubric	Max 5
<b>TOTAL</b>	40

### QUESTION 5: MICROECONOMICS 40 MARKS – 45 MINUTES

“A market is a place where buyers and sellers meet in order to determine the price and quantity of goods and services that are exchanged. There are several types of market that exist.” Write an essay that focuses on the below elements.

- Discuss the characteristics of imperfect, perfect, world markets.
- In addition, what are the advantages and/or disadvantages of South Africa entering the world markets.

<b>STRUCTURE OF THE ESSAY</b>	<b>MARK</b>
<b>Introduction</b>	Max 2
<b>Body:</b> <ul style="list-style-type: none"><li>• Main part: Discuss/Distinguish/Differentiate/Explain/Analyze/tabulate</li><li>• In addition: Using a graph/diagram .../Deduce .../Outline/ Briefly explain/Expand on .../Your own opinion</li></ul>	Max 26
<b>Conclusion</b>	Max 10
<b>TOTAL</b>	Max 2
	40

