



Province of the
EASTERN CAPE
EDUCATION



GRADE 11

NOVEMBER 2010

ECONOMICS

MARKS: 300

TIME: 3 hours

This question paper consists of 15 pages.

INSTRUCTIONS AND INFORMATION

1. Answer SIX questions as follows
 - * SECTION A: COMPULSORY.
 - * SECTION B: Answer any THREE questions in the ANSWER BOOK.
 - * SECTION C: Answer any TWO questions in the ANSWER BOOK.
2. Write the question number above each question.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Read the questions carefully and start each question on a NEW page.
5. Leave 2 – 3 lines between subsections of questions.
6. Answer questions in full sentences and ensure that the format and content of your responses comply with the cognitive levels of the questions.
7. Write neatly and legibly.
8. Only the required number of questions will be marked in the order in which they appear in the ANSWER BOOK.

SECTION A (Compulsory)

QUESTION 1 (LO1 – LO4)

1.1 Various options are provided as answers to the following questions. Choose the most correct answer and ONLY write the LETTER (A, B or C) next to the corresponding question number (1.1.1 – 1.1.12) in the ANSWER BOOK.

- LO 1**
- 1.1.1 A person who takes the initiative to start a business enterprise, to organise its production and to carry out the risk.
- A Civil servant
 - B Entrepreneur
 - C Consumer
- 1.1.2 The value of goods and services produced by the citizens of a country is known as the ...
- A gross national product.
 - B gross domestic product.
 - C per capita income.
- 1.1.3 In a ...resources are allocated by the government through a planning process.
- A free market economy
 - B centrally planned economy
 - C mixed economy
- LO 2**
- 1.1.4 The price of one good expressed in terms of another good is called a ... price.
- A nominal
 - B relative
 - C standard
- 1.1.5 The additional cost of producing an additional unit is referred to as ...cost.
- A average
 - B variable
 - C marginal

1.1.6 The satisfaction gained from the use of an article is called ...

- A disutility.
- B utility.
- C demand.

LO
3

1.1.7 The stock of assets that has the potential of yielding income.

- A Wages
- B Wealth
- C Resources

1.1.8 The inflation target of the South African Reserve Bank is ...

- A 4% – 7%.
- B 3% – 6%.
- C 2% – 5%.

1.1.9 There are ... member countries in the Southern African Development Community (SADC).

- A 10
- B 14
- C 24

LO
4

1.1.10 Majority of poor people live in ... areas.

- A urban
- B semi-urban
- C rural

1.1.11 The removal of restrictions like tariffs and quotas with regard to the trade between countries is referred to as ...

- A trade liberalisation.
- B protectionism.
- C export promotion.

1.1.12 The physical surroundings and physical conditions that affect people's lives is known as ...

- A resources.
- B environment.
- C pollution.

(12 x 2) (24)

1.2 Choose a word from the following LIST that best describes the given statements. ONLY write the correct WORD next to the corresponding question number (1.2.1 – 1.2.5) in the ANSWER BOOK.

GDP; Intermediate goods; Developed countries; Primary sector; Relative poverty; Micro-economics; Secondary production; Market.

- 1.2.1 Outputs that is used as inputs by other enterprises.
- 1.2.2 Deals with the behaviour and decisions of individual decision making units.
- 1.2.3 Most of the countries in the northern hemisphere belong to this group.
- 1.2.4 People are poor in comparison to others in the society in which they live.
- 1.2.5 A key sector in South Africa which consists of agriculture, forestry, fishing, mining, etc. (5 x 2) (10)

1.3 Choose a description from COLUMN B that matches an item in COLUMN A. **Only write the correct letter (A to J)** next to the corresponding question number (1.3.1 – 1.3.8) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.3.1	Labour	A	Total fixed cost divided by the number units produced
1.3.2	Capitalism	B	International firms that produce goods and services in many countries
1.3.3	Market price	C	Cannot be replenished or reproduced
1.3.4	Average Fixed Cost	D	Free market economy
1.3.5	Gini Coefficient	E	Mental and physical effort
1.3.6	Economic growth	F	Determined by the interaction of demand and supply
1.3.7	Multi-national enterprises	G	Private enterprises
1.3.8	Non-renewable resources	H	Measures the income inequality
		I	Cost of production
		J	Increase in the production capacity.

(8 x 2) (16)

SECTION B (ANSWER ANY THREE QUESTIONS FROM THIS SECTION.)**QUESTION 2 (LO1)**

2.1 Answer the following questions appropriately:

Choose the most correct word from those given in brackets. Only write the WORD next to the corresponding question number (2.1.1 – 2.1.4) in the ANSWER BOOK.

- 2.1. A (*monopoly/oligopoly*) market exists where there is only a single
1 seller for a product.
- 2.1. Goods and services that are produced locally and sold to another
2 country are called (*imports/exports*).
- 2.1. The (*unemployed/underemployed*) are those people who are not able
3 to find work.
- 2.1. One of the advantages of (*centrally planned economy/mixed
4 economy*) is full employment of labour. (4 x 2) (8)

2.2 List any THREE primary sector economic activities. (3 x 2) (6)

2.3 DATA RESPONSE

Study the following expenditure table and answer the questions that follow.

Expenditure (in R Billions)		2009
1.	Final consumption expenditure by households	945
2.	Final consumption expenditure by government	456
3.	Gross capital formation	394
4.	Gross Domestic Expenditure	1 795
5.	Exports of goods and services	398
6.	Imports of goods and services	366
7.	Expenditure on Gross Domestic Product	Qn. 2.3.2

- 2.3. Define the concept '*final consumption expenditure by government*'.
1 (4)
- 2.3. Calculate expenditure on Gross Domestic Product.
2 Show all calculations. (4)
- 2.3. Give the letter which normally denotes '*consumption expenditure by
3 households*'. (2)

2.4 DATA RESPONSE

Study the following table and answer the questions that follow.

Percentage contribution by the different sectors to GDP

		1990	2000
Primary	Agriculture, forestry and fishing	5,2	3,2
	Mining and quarrying	10,6	6,5
Secondary	Manufacturing	15,6	9,1
	Electricity	9,3	8,4
	Construction	8,1	6,9
Tertiary	Commerce	13,4	13,1
	Transport, Storage and Communication	8,2	10,1
	Services and general government	29,2	42,7

- 2.4.1 THREE production sectors in the economy. (6)
- 2.4.2 Which sector's contribution, according to the above table, was the lowest in 2000? (2)
- 2.4.3 Give ONE example of a South African infrastructure. (2)
- 2.5 Briefly discuss any TWO characteristics of *natural resources*. (4 x 2) (8)
- 2.6 Briefly explain any TWO advantages of a *free market economy*. (4 x 2) (8)

[50]

QUESTION 3 (LO2)

3.1 Answer the following questions appropriately.

Choose the most correct word from those given in brackets. Only write the WORD next to the question number (3.1.1 – 3.1.4) in the ANSWER BOOK.

3.1. There is an/a (*indirect/direct*) relationship between price and quantity
1 supplied.

3.1. (*Marginal/Average*) cost is the cost of producing an additional unit.
2

3.1. If the consumption of articles can be postponed, they are considered
3 as (*necessities/luxury goods*).

3.1. Complementary goods are (*jointly/competitively*) demanded. (4 x 2)
4 (8)

3.2 List any THREE characteristics of an oligopoly. (3 x 2) (6)

3.3 DATA RESPONSE

Study the table below and answer the questions that follow.

No of units	Total Fixed Cost	Total Variable Cost	Total Cost	Marginal Cost	Average Fixed Cost	Average Variable Cost	Average Total Cost
1	R100	R30	R130	R30	R100	R30	R130
2	R100	R50	R150	R20	QN. 3.3.2 (A)	R25	R75
3	R100	R60	R160	QN. 3.3.2 (B)	R33,33	R20	R53,33
4	R100	R65	R165	R5	R25	R16.25	R41,25

3.3. Differentiate between '*Fixed cost*' and '*Variable cost*'.
1 (4)

3.3. Complete table: Average Fixed cost (A) and Marginal cost (B).
2 (Write only the answers.) (4)

3.3. Define '*marginal cost*'.
3 (2)

3.4 DATA RESPONSE

Study the extract given below and answer the questions that follow.

Businesses can only survive if they can make profits. Profit maximisation plays an important role in deciding how much of a product or service to produce. Businesses need to think about the costs of inputs in relation to the outputs.

- 3.4.1 Mention the main aim of businesses. (2)
 - 3.4.2 Differentiate between 'economic profit' and 'normal profit'. (6)
 - 3.4.3 Define the term 'fixed cost'. (2)
 - 3.5 Briefly discuss any TWO factors determining the elasticity of supply of a product. (2 x 2 x 2) (8)
 - 3.6 Briefly explain any TWO characteristics of a perfect market. (2 x 2 x 2) (8)
- [50]**

QUESTION 4 (LO3)

4.1 Answer the following questions appropriately.

Choose the most correct word from those given in brackets. **Only write the word** next to the question number (4.1.1 – 4.1.4) in the ANSWER BOOK.

- 4.1.1 The (*Lorenz/Demand*) curve is a diagrammatic representation of income inequalities.
 - 4.1.2 Higher income earners are taxed at a higher rate is referred to as (*progressive/regressive*) taxation.
 - 4.1.3 Low per capita income is a characteristic feature of a (*developed/developing*) country.
 - 4.1.4 The (*CPI/PPI*) measures the level of prices of goods at the producer. (4 x 2) (8)
- 4.2 List any THREE factors that can be used to improve human resources. (3 x 2) (6)

4.3 DATA RESPONSE

Study the extract given below and answer the questions.

SOUTH AFRICAN BANKING

South Africa has a very good banking system. The Reserve Bank of South Africa was established in 1921 and this bank functions on its own to formulate and implement the monetary policy of the country. Other financial institutions in South Africa include insurance companies, pension funds and finance companies.

The commercial banks in South Africa are engaged in almost every money transaction that takes place in the country. The main business of the commercial banks consists of taking deposits that may be withdrawn by various means and making loans.

[Adapted from *Focus on Economics*]

- 4.3. What is the main function of the South African Reserve Bank according to the extract? (2)
1
- 4.3. State the main business of commercial banks in South Africa. (4)
2
- 4.3. List any TWO money associated instruments. (4)
3

4.4 DATA RESPONSE

Study the extract given below and answer the questions that follow.

OUR WORLD

We live in a world of extreme differences where wealth and poverty co exist. Some countries have surplus food, housing, income, etc. Life in these countries is comfortable. However there are countries with enormous shortages. People in these countries do not have shelter or enough to eat and life is a daily struggle for survival.

- 4.4. State the TWO different types of countries referred to in the above extract. (4)
1
- 4.4. Define the term '*economic growth*'. (2)
2
- 4.4. List any TWO characteristics of a developing country. (4)
3
- 4.5 Briefly explain any TWO forms of economic integration. (8)

4.6 Briefly explain any TWO reasons for bank failures.

(8)
[50]

QUESTION 5 (LO4)

5.1 Answer the following questions appropriately.

Choose the most correct word from those given in brackets. Only write the WORD next to the corresponding letter (5.1.1 – 5.1.4) in the ANSWER BOOK.

5.1. The most important reason for poverty is (*unemployment/political stability*).
1

5.1. The (*RDP/GEAR*) was adopted as a strategy for socio-economic transformation to better the lives of the majority of the people of South Africa.
2

5.1. When a country can produce more output with the same input than another country, the country has a/an (*comparative/absolute*) advantage.
3

5.1. Coal is an example of a (*renewable/non-renewable*) resource. (4 x 2) (8)
4

5.2 List any THREE absolute and comparative advantages of globalisation. (3 x 2) (6)

5.3 DATA RESPONSE

Read the following newspaper article and answer the following questions.

“Reduce, Re-use, Recycle”

Recycling involves processing of used materials into new products. This is done to prevent waste of potentially useful materials; reduce the consumption of original raw materials; reduce energy usage; reduce air pollution and water pollution; and lower greenhouse gas emissions. Recycling is a key component of modern waste reduction and is the third component of the “Reduce, Reuse, Recycle” waste hierarchy. Recyclable materials include glass, paper, metal, plastic, textiles, and electronics. Although similar in effect, the composting or other re-use of biodegradable waste – such as food or garden waste – is not typically considered recycling.

[Adapted from ‘*Recycling for re-use*’]

- 5.3. Define the term ‘*recycling*’.
1 (2)
- 5.3. What are the benefits of recycling according to the newspaper article?
2 List any THREE. (6)
- 5.3. Give ONE example of a material that can be recycled.
3 (2)

5.4 DATA RESPONSE

Read the extract given below and answer the following questions.

Poverty refers to the condition of not having the means to afford basic human needs such as clean water, nutrition, health care, education, clothing and shelter. This is also referred to as absolute poverty. Relative poverty is the condition of having fewer resources or less income than others within a society or country. Before the industrial revolution, poverty had mostly been the norm.

- 5.4. Differentiate between ‘*absolute poverty*’ and ‘*relative poverty*’.
1 (4)
- 5.4. List THREE examples of benefits in kind provided by South African government, to alleviate poverty. (3 x 2)
2 (6)
- 5.5 Briefly explain ‘*renewable resources*’ (4 x 2) (8)

- 5.6 Briefly explain 'General Agreement on Tariff and Trade' and 'Free Trade Areas' as reasons for trade liberalisation. (2 x (2 + 2))

(8)
[50]

QUESTION 6 (LO2 AND LO4)

6.1 Answer the following questions appropriately.

Choose the most correct word from those given in brackets. Only write the WORD next to the corresponding letter (6.1.1 – 6.1.4) in the ANSWER BOOK.

6.1.1 When the price of a product increases, the demand for its substitute will (*increase/decrease*).
1

6.1.2 In the long run all costs are (*variable/fixed*).
2

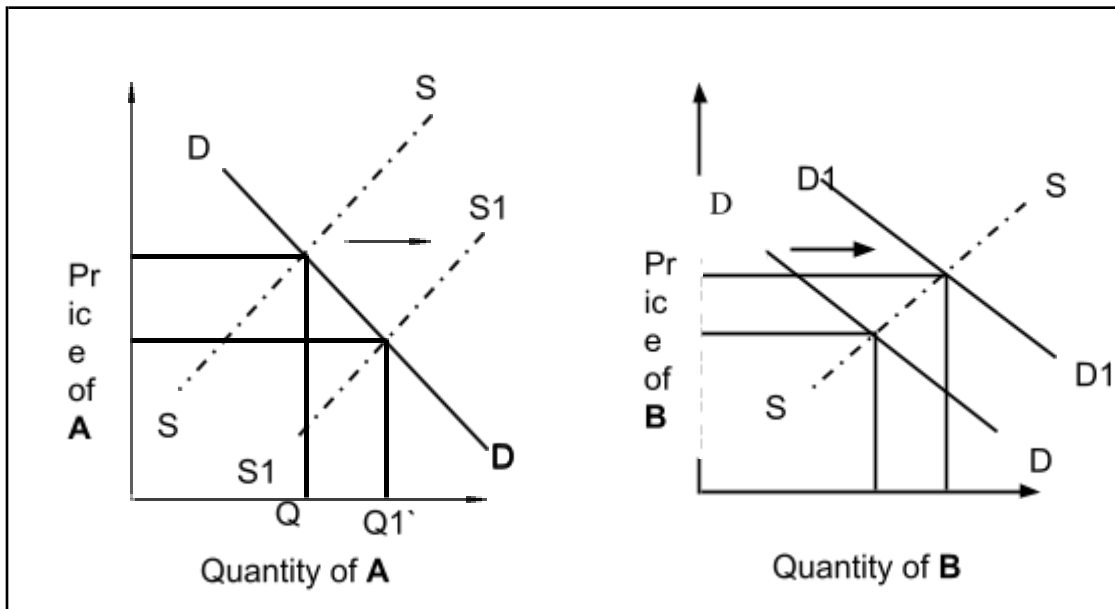
6.1.3 Indigenous knowledge systems refer to the knowledge used by (*local/foreign*) people.
3

6.1.4 The gases that cause global warming are commonly known as (*greenhouse/white house*) gases. (4 x 2) (8)

6.2 List any THREE factors that determine the degree of price elasticity of demand for a product. (3 x 2) (6)

6.3 DATA RESPONSE

Study the following graphs and answer the questions that follow.



6.3.1 Mention the relationship between product 'A' and product 'B'. (2)

6.3.2 Differentiate between 'substitutes' and 'complementary goods'. (4)

6.3. State the 'Law of demand'.
3 (2)

6.3. Mention another name for 'joint products'.
4 (2)

6.4 DATA RESPONSE

Study the following table and answer the questions that follow.

Number consumed	Total Utility	Marginal Utility
1	15	15
2	27	12
3	Qn.6.4.2	8
4	38	3

6.4. Define the term 'utility'.
1 (2)

6.4. Complete the table by calculating the Total Utility for 3 units consumed. (Show calculation)
2 (4)

6.4. Briefly explain 'diminishing marginal utility'.
3 (4)

6.5 Briefly discuss any TWO measures taken by the government to ensure environmental sustainability. (4 x 2) (8)

6.6 Briefly explain the concept 'North /South Divide'. (4 x 2) (8)

[50
]

TOTAL SECTION B: 150

SECTION C (ANSWER ANY TWO QUESTIONS FROM THIS SECTION.)

- I Essay responses must include an introduction, body and conclusion:
 - For the introduction and conclusion 5 marks will be allocated.
 - In addition, 5 marks will be allocated for the interpretation of the topic and language usage.
 - A maximum of 40 marks will be allocated for the body.

- II Long responses where a letter is required:
 - 5 marks will be allocated for the format of the letter, as follows:
 - 3 marks for the salutation
 - 2 marks for the closing
 - 5 marks will be allocated for the interpretation of the topic and language usage.
 - A maximum of 40 marks will be allocated for the body.

QUESTION 7 (LO1)

Write an essay on the characteristics, advantages and disadvantages of a mixed economy with reference to South Africa as the best example of a mixed economy. **[50]**
]

QUESTION 8 (LO2)

Analyse the degrees (forms) of price elasticity of demand. **[50]**
]

QUESTION 9 (LO3)

“The gap between the rich and the poor in South Africa is big. We have very small number of very rich people and a large number of very poor people”.

Write a letter to the Minister of Finance explaining methods of redistribution that can be used to reduce the gap between the rich and the poor. **[50]**
]

QUESTION 10 (LO4)

“Globalisation evolved over a period of many centuries. It started at the time when humans first produced surpluses to trade for money”

Write an essay on the causes of globalisation. **[50]**
]

TOTAL SECTION C: 100

GRAND TOTAL: 300