GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

GAUTENG DEPARTMENT OF EDUCATION

PROVINCIAL EXAMINATION

NOVEMBER 2019

GRADE 11

ECONOMICS
PAPER 2

TIME: 2 hours

MARKS: 150

12 pages

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INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK:
   - SECTION A: COMPULSORY
   - SECTION B: Answer TWO of the three questions
   - SECTION C: Answer ONE of the two questions
2. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Write the question number above each answer.
5. Read the questions carefully.
6. Start EACH question on a NEW page.
7. Leave 2–3 lines between sub-sections of questions.
8. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
9. Use only black or blue ink.
10. You may use a non-programmable pocket calculator.
11. Write neatly and legibly.

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SECTION A (COMPULSORY)

QUESTION 1 30 MARKS – 20 MINUTES

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1 to 1.1.8) in the ANSWER BOOK, e.g. 1.1.9 D.

1.1.1 A change in the quantity requested as a result of a change in income is referred to as ... elasticity.

A price
B income
C offer
D supply and income

1.1.2 In imperfect markets, fewer goods are produced at higher prices because …

A there is constant allocation of resources.
B there is effective resource allocation.
C there is ineffective resource allocation.
D there are no legal restrictions.

1.1.3 Average variable costs is calculated by ...

A variable cost divided by the number of units produced.
B fixed cost divided by the units produced.
C fixed cost less variable cost.
D total cost plus fixed cost.

1.1.4 Tennis balls and tennis racquets are ... products.

A substitute
B complimentary
C homogeneous
D heterogeneous

1.1.5 The institution responsible for supporting countries with balance of payments losses, is the …

A ILO.
B World Bank.
C SARB.
D IMF.

1.1.6 Trade liberalization refers to …

A the free movement of goods and services.
B the free movement of people.
C the establishment of trade barriers between South Africa and the rest of the world.
D. import and export restrictions.

1.1.7 Households dependent on ... tend to remain in poverty.

A economic grants
B tax intensive grants
C state salaries
D social grants

1.1.8 Which of the following factors is responsible for the depletion of the ozone layer?

A Carbon monoxide
B Ultraviolet rays
C Carbon dioxide
D Pollution (8 x 2) (16)

1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A–I) next to the question number (1.2.1 to 1.2.8) in the ANSWER BOOK, for example 1.2.9 J.

COLUMN A	COLUMN B
1.2.1 Price maker	A People who have an interest in the success of the business
1.2.2 Patent	B A low population density and much of the land is dedicated to agriculture
1.2.3 Business objective	C Appears when a country can produce more of a product than another country using the same amount of resources
1.2.4 Long term	D Barriers to enter the market
1.2.5 Rural areas	E Period that is long enough so that the input can be changed
1.2.6 Absolute benefit	F Able to influence the market price through changing the quantity it supplies to the market
1.2.7 Global warming	G Making as much profit as possible
1.2.8 Private ownership	H Gas emissions and climate change
	I People care for flora and fauna if they are given the right to own them

(8 x 1) (8)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1–1.3.6) in the ANSWER BOOK.

1.3.1 The relationship between the change in the price of one product and the quantity demanded of another item

1.3.2 The price of a good or service, in terms of another good or service

1.3.3 A combination of perfect competition and imperfect competition

1.3.4 A way to use natural resources without destroying the ecological balance of an area

1.3.5 Limit the quantity of a product that can be imported

1.3.6 The decrease in the number of people living in rural areas because they move away to work and live in cities (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

Answer any TWO of the three questions in this section in the ANSWER BOOK.

QUESTION 2: MICROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name any TWO monopoly industries in South Africa. (2 x 1) (2)

2.1.2 How does scarcity impact on total utility? (1 x 2) (2)

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

THREE MONOPOLIES THAT SOUTH AFRICA SHOULD END

Entities that are protected by legislation morph into monopolies, resulting in limited competition. Time and time again, these legislated monopolies bank on the taxpayer's rands to bail them out of the repercussions of what seems to be chronic underperformance. Below is a list of industries that are overshadowed by state-run monopolies that, if deregulated and privatised, will yield far greater returns to the citizens of South Africa.

- Aviation
- Energy Supply
- Railways

[Source: https://rationalstandard.com]

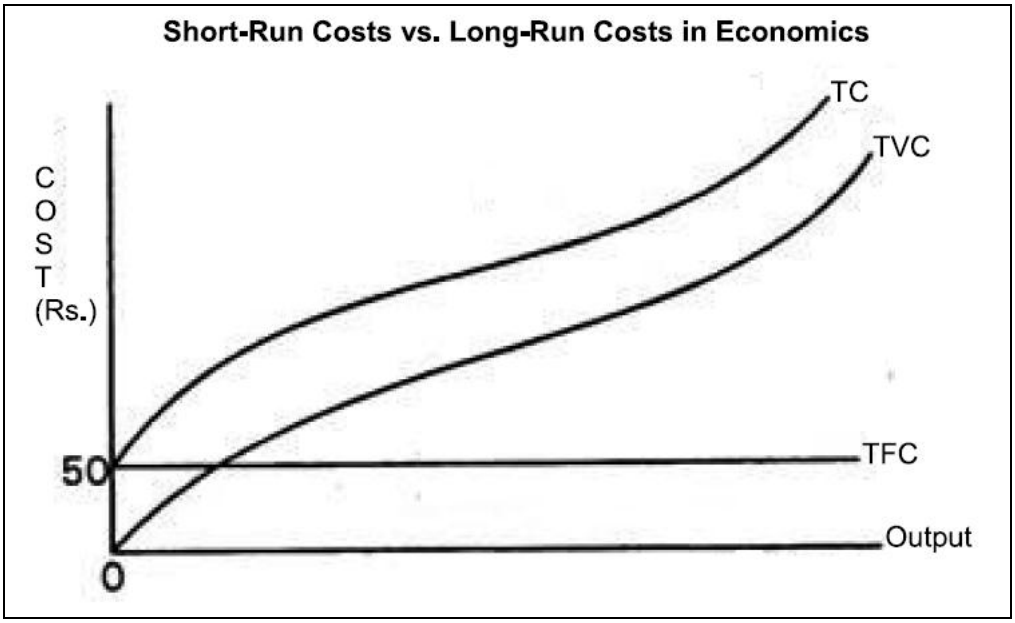
2.2.1 How are monopolies protected? (2)

2.2.2 Identify TWO of the three state monopolies implied in the extract. (2)

2.2.3 Explain the role of a monopoly as a *price maker*. (2)

2.2.4 Why do you think South Africa should end the monopolies mentioned in the above extract? (4)

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



[Source: http://www.economicsdicussion.net/theory-of-production]

2.3.1 What does the abbreviation TVC stand for? (1)

2.3.2 Why is the TFC curve horizontal? (1)

2.3.3 Give the formula for total cost as seen in the graph above. (2)

2.3.4 Explain the term *short term* in terms of fixed and variable inputs. (2)

2.3.5 What does the marginal cost of a business entail? (4)

2.4 Discuss non-price methods to increase market share. (4 x 2) (8)

2.5 What reasons would you provide for the reaction of consumers to price changes? (4 x 2) (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Give TWO indicators used to measure poverty. (2 x 1) (2)

3.1.2 Why is it beneficial for a country to engage in free trade? (1 x 2) (2)

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

MORE PEOPLE RECEIVE GRANTS THAN PEOPLE WHO WORK

There are now more people who receive social grants in South Africa than there are people who work.

This is one of the findings of the latest survey by the South African Institute of Race Relations (IRR).

"These higher numbers can lead to social and political chaos," said Gerbrandt van Heerden, an analyst at this institute.

"The South African economy is currently in a recession and the government will find it particularly difficult to bear the cost of its welfare programmes. As the economy stagnates and tax revenue decreases, demands for grants will also increase. Government will have to cut its budget in other areas to meet the demands of higher grants. "

"We predict it will lead to even higher levels of violent protest actions."

“The government's inability to provide more and increased allowances will now stagnate or even deteriorate living standards.”

"The poor and the unemployed are the people who will be the worst affected by it and it can cause a new kind of misery for them, which will increase the desperation in poor communities."

[Translated source: https://maroelamedia.co.za]

3.2.1 From where does the government get the funds to pay social grants? (1)

3.2.2 How does the payment of social grants affect the poor? (1)

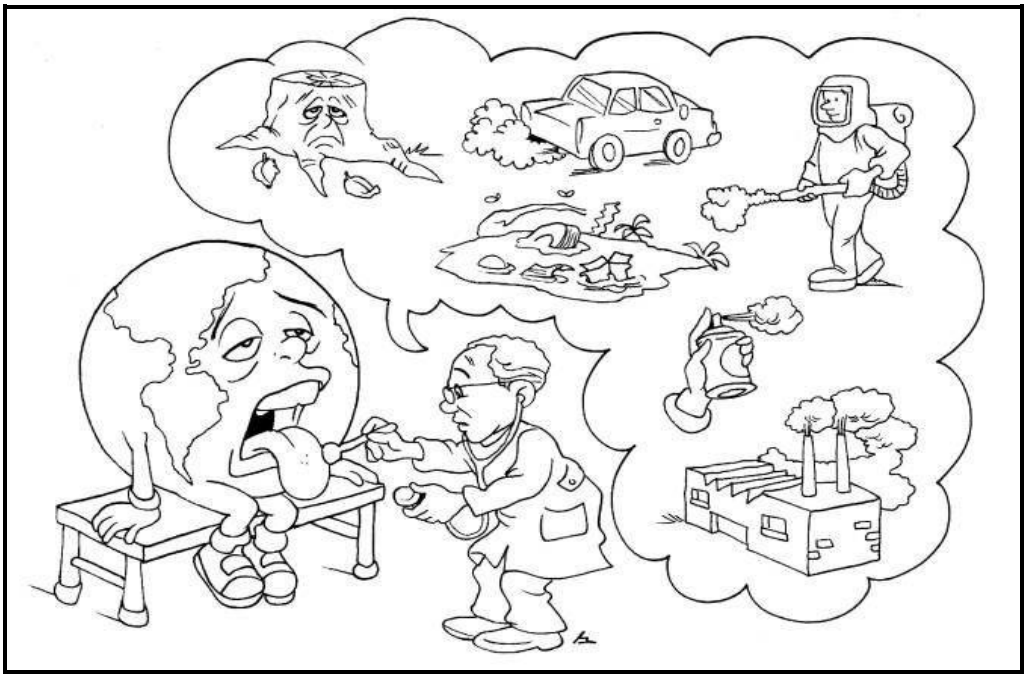
3.2.3 Briefly describe the term *absolute poverty*. (2)

3.2.4 Identify TWO attempts by the government to alleviate poverty in South Africa. (2)

3.2.5 Explain how inefficient policies can lead to poverty. (2 x 2) (4)

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



3.3.1 Identify TWO environmental issues (problems) that can be derived from the cartoon. (2)

3.3.2 Explain *sustainable economic development*. (2)

3.3.3 Name action steps that households can take to reduce the amount of toxic material we use. (2 x 1) (2)

3.3.4 What could the government do to prevent the unsustainable use of the environment? (2 x 2) (4)

3.4 Tabulate TWO differences to illustrate the North-South divide. (2 x 4) (8)

3.5 How do unequal income levels and education shortages contribute to poverty? (4 x 2) (8)

[40]

QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 List any TWO types of pollution. (2 x 1) (2)

4.1.2 What effect does a price elastic demand have on a producer? (1 x 2) (2)

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



4.2.1 Identify the phenomenon depicted by the cartoon. (1)

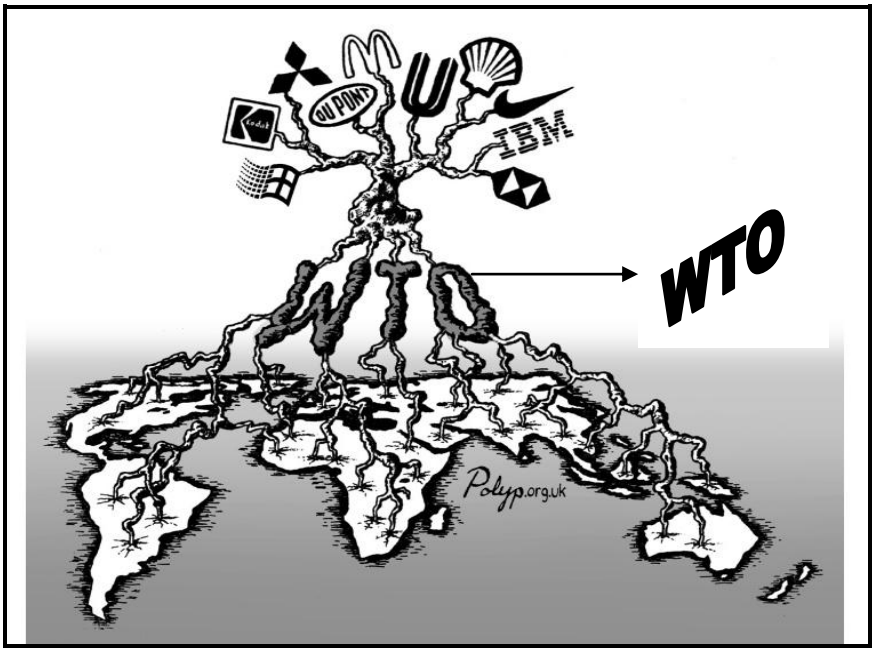
4.2.2 Name ONE example of normal goods. (1)

4.2.3 Explain *perfectly inelastic demand*. (2)

4.2.4 A product has a price elasticity of 1, 58. What kind of elasticity of demand does it represent? Motivate your answer. (2)

4.2.5 Why is the elasticity of demand important to producers? (4)

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



4.3.1 Name ONE main function of the World Trade Organization (WTO). (1)

4.3.2 Why is the USA seen as a first-world country? (1)

4.3.3 Briefly explain the concept *free trade*. (2)

4.3.4 Explain the relationship between *comparative advantage* and *free trade*. (2)

4.3.5 What do countries stand to gain from a free trade policy? (4)

4.4 With the aid of a graph, explain the relationship between an increase in consumption, total utility and marginal utility. (8)

4.5 In which way do international agreements protect the environment? (4 x 2) (8)
[40]

TOTAL SECTION B: 80

SECTION C

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

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. • A good starting point would be to define a concept related to the question paper. • Do not include any part of the question in your introduction. • Do not repeat any part of the introduction in the body. • Avoid mentioning in the introduction what you are going to discuss in the body.	Max. 2
Body: **Main part:** Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Differentiate / Explain / Draw a graph and explain / Use the graph given and explain / Complete the given graph. **Additional part:** Give own opinion / Critically discuss / Evaluate / Critically evaluate / Calculate / Deduce / Compare / Explain / Create a graph and explain Distinguish / Interpret / Briefly debate / How? / Suggest	Max. 26 Max. 10
Conclusion Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or value judgement on the fact discussed • Additional support information to strengthen the discussion / analysis • A contradictory viewpoint with motivation, if required • Recommendations	Max. 2
TOTAL	**40**

QUESTION 5: MICROECONOMICS 40 MARKS – 40 MINUTES

- Explain *substitute and complementary products* fully by use of graphs. (26)
- What is the relationship between the product market and the factor market? (10)

[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Discuss the causes of poverty in detail. (26)
- Is the South African government successful in their efforts to alleviate poverty? (10)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150

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