GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

NOVEMBER 2022

GRADE 11

MARKING GUIDELINES

ECONOMICS (PAPER 2)

19 pages

MARKING GUIDELINES	ECONOMICS (PAPER 2) GRADE 11

SECTION A (COMPULSORY)

QUESTION 1 **30 MARKS – 20 MINUTES**

1.1 **MULTIPLE-CHOICE QUESTIONS**

1.1.1 C completely inelastic ✓✓

1.1.2 A increase. ✓✓

1.1.3 B the same point where total fixed cost starts. ✓✓

1.1.4 C be driven down to below zero. ✓✓

1.1.5 D The National Water Act ✓✓

1.1.6 A World Trade Organisation ✓✓

1.1.7 D carbon emissions. ✓✓

1.1.8 C Kyoto Protocol. ✓✓ (8 x 2) (16)

1.2 **MATCHING ITEMS**

1.2.1 H If the cross-price elasticity of demand is positive ✓

1.2.2 F There are many firms that produce goods that are similar but not the same ✓

1.2.3 D The more output a firm produces, the more efficient it becomes and the cost of producing each unit on average decreases ✓

1.2.4 B The change in the firm's total revenue as a result of selling an extra unit of the output ✓

1.2.5 C A country is equipped to produce a product better than other countries ✓

1.2.6 G Large business organisations that produce and/or distribute goods and services in countries throughout the world ✓

1.2.7 I Takes place when natural habitats are destroyed and natural resources are depleted ✓

1.2.8 E Turns productive farmland into non-productive desert as a result of poor land management ✓ (8 x 1) (8)

1.3 **TERMINOLOGY**

1.3.1 Law of diminishing marginal utility ✓

1.3.2 Homogeneous ✓

1.3.3 Profit ✓

1.3.4 Carbon credits ✓

1.3.5 Trade bloc ✓

1.3.6 Global warming ✓ (6 x 1) (6)
[30]

TOTAL SECTION A: 30

SECTION B

QUESTION 2: MICROECONOMICS **40 MARKS – 30 MINUTES**

2.1 2.1.1 **List TWO examples of fixed costs.**

Rent ✓
Wages and salaries ✓
(Accept any other correct relevant response.) (2 x 1) (2)

Commented [DN(1]: Insert the instruction (Accept any other relevant and correct response)

2.1.2 **What would encourage a producer to continue increasing production?**

Businesses will want to produce where the additional income received from a unit is equal to the additional cost of producing the unit. ✓✓
(Accept any other correct relevant response.) (1 x 2) (2)

Commented [DN(2]: Insert the instruction (Accept any other relevant and correct response)

2.2 **DATA RESPONSE**

2.2.1 **Name any ONE type of price elasticity of demand.**

- Perfectly inelastic ✓
- Perfectly elastic ✓
- Relatively inelastic ✓
- Unitary elasticity ✓
- Relatively elastic ✓ (1)

2.2.2 **State the value of price elasticity of demand in graph A above.**

- 0 ✓ (1)

2.2.3 **Briefly describe the term *price elasticity of demand*.**

- Price elasticity of demand is a measure of how responsive demand is to change in price. ✓✓ (2)

2.2.4 **How is cross elasticity of demand calculated?**

- Percentage change in quantity demanded of product A is divided by a percentage change in the price of product B. ✓✓

(Accept any other correct relevant response.) (2)

Commented [DN(3]: Insert the instruction (Accept any other relevant and correct response)

2.2.5 **Explain why price elasticity of demand has a negative sign.**

- There is an inverse relationship between quantity and price. ✓✓
- Quantity and price move in opposite directions and a positive (+) sign will always be divided by a negative (–) one. ✓✓

(Accept any other correct relevant response.) (4)

2.3 **DATA RESPONSE**

2.3.1 **Give ONE characteristic of a monopoly for Microsoft.**

- Technical superiority ✓ (1)

2.3.2 **Name any state-owned monopoly.**

- South African Postal Service ✓
- Eskom ✓ (1)

2.3.3 **Briefly describe the term *patent.***

- A patent is a legal right whereby the patent holder obtains exclusive rights to manufacture a product. ✓✓

(Accept any other correct relevant response.) (2)

2.3.4 **Why is Microsoft considered a monopoly?**

- Nobody else is allowed to compete with them on the Windows and Office businesses. ✓✓
- They have an assortment of little monopolies enforced by the government and thus the monopolist is objectively well-deserved, independently of their market share. ✓✓

(Accept any other correct relevant response.) (2)

2.3.5 **Explain barriers in a monopolistic market.**

- Legal restriction ✓ – through government acts, which grant exclusive rights ✓✓ e.g. post office ✓
- Licencing ✓ – one can only operate if granted a licence by government ✓✓ e.g. telephone service providers ✓
- High start-up or development cost – e.g. it costs a lot to build a power station or buy a fleet of airplanes (natural monopoly). ✓✓

(2 x 2) (4)

Commented [DN(4]: Insert the instruction (Accept any other relevant and correct response)

Commented [DN(5]: Insert the instruction (Accept any other relevant and correct response)

Commented [DN(6]: (Accept any relevant correct response) insert the instruction to all the application questions

Commented [DN(7]: Insert the instruction (Accept any other relevant and correct response)

2.4 **Discuss *nature of the product* and *entry* as characteristics of a perfect market.**

Nature of the product:
- The product is homogeneous. ✓✓
- It is identical in all respects, there is no branding. ✓✓ (2 x 2)

Entry:
- Entry and exit are free. ✓✓
- There are no barriers to entry. ✓✓

(Accept any other correct relevant response.)
(Maximum 4 marks for mere listing.) (2 x 2) (8)

2.5 **Analyse why the price of a product under perfect competition will be equal to the lowest point on the long-run average cost curve.**

- If the firm is making an economic profit, it could adapt its production capacity by building a bigger production plant. ✓✓
- The industry can expand because new businesses could enter the market. ✓✓
- The increased production will push the market supply curve to the right thus lowering the market price. ✓✓
- Economic profits will eventually disappear due to falling average revenue. ✓✓
- Long-run equilibrium is achieved where the lowest point of the AC curve is tangent to the Demand/AR curve (which is the price). ✓✓
- If the business is making an economic loss then firms will leave the business or cut back on production. ✓✓
- This will shift the market supply curve to the left thus increasing prices. ✓✓
- Economic loss will eventually disappear due to increasing average revenue. ✓✓
- This price will eventually be equal to the minimum point on the LAC curve i.e. normal profit. ✓✓
- Large scale production makes prices lower. ✓✓

(Accept any other correct relevant response.) (4 x 2) (8)

[40]

Commented [DN(8]: Insert the instruction (Accept any other relevant and correct response)

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 **DATA RESPONSE**

3.1.1 **List any TWO countries referred to as 'Asian Tigers'.**

- China ✓
- Singapore ✓
- Thailand ✓
- South Korea ✓
- Hong Kong ✓

(Accept any other two correct relevant responses.) (2 x 1) (2)

3.1.2 **How are market-based methods for pollution control used?**

Emission trading provides economic incentives for achieving reductions in the emissions of pollutants. ✓✓
(Accept any other correct relevant response.) (1 x 2) (2)

Commented [DN(9]: Insert the instruction (Accept any other relevant and correct response)

3.2 **DATA RESPONSE**

3.2.1 **Give an economic concept that can be associated with the phrase "The world is round. We'll get there."**

Globalisation ✓ (1)

3.2.2 **What does the abbreviation WTO stand for?**

World Trade Organisation ✓ (1)

3.2.3 **Briefly explain the term *free trade*.**

It is the removal or reduction of trade tariffs such as import quotas and import duties. ✓✓ (2)

3.2.4 **Explain the relationship between comparative advantage and free trade.**

Free trade results in specialisation and gives a country comparative advantage. A country will concentrate on products which can be produced at the least cost compared to other countries and will trade with each other. ✓✓
(Accept any other correct relevant response.) (2)

3.2.5 **How can free trade policy advantage countries?**

- Increases access to higher quality and low-priced goods. ✓✓
- Increases in economic growth. ✓✓
- Improves efficiency and innovation. ✓✓
- Promotes competition and fairness. ✓✓

(Accept any other correct relevant response.) (4)

3.3 **DATA RESPONSE**

3.3.1 **Identify the need for government to impose fishing quotas, according to the article above.**

Marine resources are dwindling/decreasing. ✓ (1)

3.3.2 **Name ONE solution which government plans to implement to create alternative jobs for the communities.**

- They are planning a new harbour. ✓
- Looking at ecotourism. ✓ (1)

3.3.3 **Briefly define the term *quotas.***

- A quota is the limited number or quantity of something which is officially allowed. ✓✓

(Accept any other correct relevant response.) (2)

Commented [DN(10)]: Insert the instruction (Accept any other relevant and correct response)

3.3.4 **Outline ONE reason why the poor fisherman will not benefit from these quotas.**

- The cost of having a quota is very high. ✓✓
- They do not have the same infrastructure as the larger companies. ✓✓
- The quota is not big enough to cover costs and maintain a decent standard of living. ✓✓

(Accept any other correct relevant response.) (2)

Commented [DN(11)]: Insert the instruction (Accept any other relevant and correct response)

3.3.5 **Explain how marine resources can be prevented from "dwindling".**

- Stop the overconsumption of fish. ✓✓
- Stop the pollution of oceans that causes the death of some fish species. ✓✓
- Stop big foreign ships from cleaning out the ocean of fish (trawling). ✓✓
- We should encourage fish breeding programmes. ✓✓

(Accept any other correct relevant response.) (2 x 2) (4)

3.4 **Discuss changes in employment conditions and changes in culture as consequences of globalisation.**

Changes in employment conditions:
- With globalisation MNEs make FDIs in business in developing countries generating employment. ✓✓
- FDIs provide rewarding employment opportunities. ✓✓
- Has led to job losses in developed countries. ✓✓ (2 x 2) (4)

Changes in culture:
- There is an increase in the desire to use foreign ideas. ✓✓
- Globalisation has resulted in several cultures coming together. ✓✓
- People of one culture discover shortcomings in their culture when they come into contact with other cultures. ✓✓
- They adapt aspects of other cultures that are more in tune with the times. ✓✓

(Accept any other correct relevant response.) (2 x 2) (4)
(8)

3.5 **Analyse the importance of taking care of forests for the economy and the environment?**

Forests should be taken care of because:
- Human beings depend on them. ✓✓
- They generate oxygen or the air that we breathe. ✓✓
- The wood from the trees is used for the production of furniture, books and all other timber products. ✓✓
- They provide habitats for animals. ✓✓
- They offer watershed protection ✓✓
- They prevent soil erosion. ✓✓
- They mitigate climate change. ✓✓

(Accept any other correct relevant response.) (4 x 2) (8)
[40]

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

4.1 4.1.1 **List TWO kinds of profits associated with a business.**

- Normal profit ✓
- Economic profit ✓
- Economic loss✓ (2 x 1) (2)

4.1.2 **Why is it important for us to sustain the environment?**

- The environment is an ecosystem on which society and the economy depend. If not taken care of, society would not survive, and the economy would not thrive. ✓✓

(Accept any other correct relevant response.) (1 x 2) (2)

Commented [DN(12]: Insert the instruction (Accept any other relevant and correct response)

4.2 **DATA RESPONSE**

4.2.1 **Name ONE market structure in which price-takers exist.**

- Perfect competition ✓ (1)

4.2.2 **Name any ONE type of market structure except the one identified in the information above.**

- Oligopoly ✓
- Monopoly ✓
- Monopolistic competition✓ (1)

4.2.3 **Briefly describe the term *homogeneous***

- Products that are identical with no obvious difference in characteristic or quality ✓✓ (2)

4.2.4 **Why are consumers price-takers?**

- A price-taker is an individual or firm that must accept prevailing prices in a market, lacking the market share to influence market price on its own. ✓✓ (2)

4.2.5 **Discuss the characteristics of an individual business.**

- They have no desire to increase their business operations and as such do not advertise. ✓✓
- They rely on a steady stream of regular customers and seldom expand their market beyond these customers. ✓✓ (2 x 2) (4)

4.3 **DATA RESPONSE**

4.3.1 **Name any ONE factor that contributes to the loss of biodiversity.**

- Habitat loss ✓
- Degradation ✓
- Excessive nutrient load ✓
- Air and water pollution ✓
- Overexploitation and unsustainable use of natural resources ✓ (1)

4.3.2 **Mention any ONE type of pollution NOT mentioned in the extract above.**

- Land pollution ✓
- Noise pollution ✓
- Thermal pollution ✓
- Light pollution ✓
- Plastic pollution ✓ (1)

4.3.3 **Briefly explain the term *brown environmental issues*.**

Brown environmental issues focus on the understanding that social issues cannot be separated from the environment. ✓✓
(Accept any other correct relevant response.) (2)

Commented [DN(13)]: Insert the instruction (Accept any other relevant and correct response)

4.3.4 **What is the main cause of climate change?**

Global warming ✓✓
(Accept any other correct relevant response.) (2)

Commented [DN(14)]: Insert the instruction (Accept any other relevant and correct response)

4.3.5 **How does climate change affect the economic environment?**

- Loss of habitats and biodiversity negatively affect the tourism sector because tourists are attracted to the beauty of nature and indigenous plants. ✓✓
- The agricultural sector is negatively affected as dry seasons are becoming longer, and wet seasons start later. ✓✓
- The manufacturing of timber decreases because forests can be entirely lost. ✓✓

(Accept any other correct relevant response.) (2 x 2) (4)

Commented [DN(15)]: Insert the instruction (Accept any other relevant and correct response)

4.4 **Distinguish between the following trade groupings, *BRICS* and *G20 countries.***

BRICS

- A trade block consisting of prominent emerging economies of the world. ✓✓
- Member countries comprise: Brazil, Russia, India, China and South Africa. ✓✓ (2 x 2) (4)

G20 countries

- Consists of 20 emerging/developing economies. ✓✓
- The purpose of the agreement is to gain access to the northern agricultural markets. ✓✓

(Accept any other correct relevant response.) (2 x 2) (4)
(8)

Commented [DN(16]: Insert the instruction (Accept any other relevant and correct response)

4.5 **Why should marginal revenue be equal to marginal cost for profits to be maximised?**

- Marginal revenue (MR) is the additional revenue received by the producer for each additional unit produced. ✓✓
- The individual producer must produce at a point where marginal revenue is equal to marginal cost. (MR=MC) ✓✓
- It is worthwhile for the firm to increase output because at this stage more profits can be obtained by producing more output. ✓✓
- In a perfect market the price (P) is the same as marginal revenue (MR) and demand (D). ✓✓

(Accept any other correct relevant response.) (4 x 2) (8)
[40]

Commented [DN(17]: Insert the instruction (Accept any other relevant and correct response)

TOTAL SECTION B: 80

SECTION C

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

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a low-order response. • A good starting point would be to define or explain a concept or key word that appears in the question. • Do NOT include any part of the question in your introduction. • Do NOT repeat any part of the introduction in the body. • Avoid saying 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/Assess/Draw a graph and explain/Use the graph given and explain/ Complete the graph given/Debate **A maximum of 8 marks can be awarded for headings/examples.** **Additional part**: Give own opinion/Critically discuss/Evaluate/ Critically evaluate/Calculate/Deduce/Compare/Explain/Distinguish/ Interpret/Briefly explain/How?/Suggest/Analyse/Evaluate **A maximum of 2 marks can be awarded for merely listing of facts.**	Max. 26 Max. 10
Conclusion Any higher order conclusion must include the following: • A wrap-up of the discussion of the topic without repetition of facts already mentioned • An own opinion or value judgement of the points discussed, with examples to support your discussion • Additional, supporting information that strengthens your discussion/analysis • A contradictory viewpoint with motivation, if requested • Recommendations	Max. 2
TOTAL	**40**

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QUESTION 5: MICROECONOMICS **40 MARKS – 40 MINUTES**

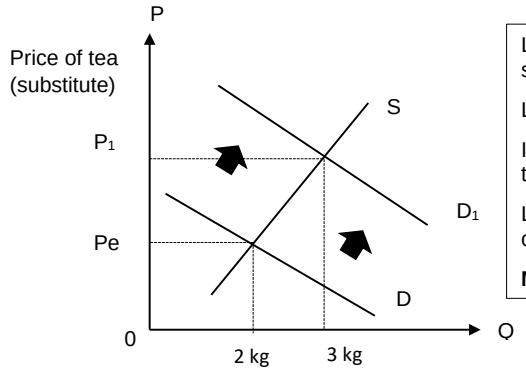
- **With the aid of fully labelled diagrams, discuss the demand relationships of substitute and complementary goods.** (26 marks)
- **Why would South Africans choose to use substitute sources of energy over coal power?** (10 marks) **[40]**

INTRODUCTION

A demand relationship exists where two or more goods or services are demanded at the same time (together) since they are used together or used in conjunction with each other. ✓✓
(Accept any other correct relevant introduction.) (Max. 2)

MAIN PART

Substitute goods



Labelling of axis (must relate with the substitute good) – 1 mark

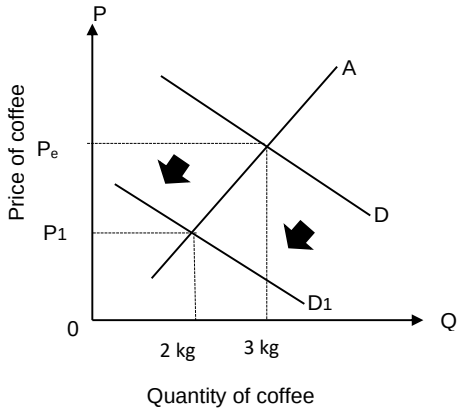
Labelling on axis – 1 mark

Indication of shift of the demand curve to the right – 1 mark

Labelling of demand and supply curves – 1 mark

Maximum of 4 marks

- An increase in the price of alternate products (coffee) will result in a shift to the right in tea's demand curve (from D to D_1) and thus an increase in the demand for the substitute product (tea). ✓✓
- Substitute goods are interchangeable and serve as substitutes, for each other. ✓✓
  (Allocate a maximum of 4 marks for the explanation.)
  (Accept any other correct relevant response.) (8)



Labelling of axis (must relate with the substitute good) – 1 mark

Labelling on axis – 1 mark

Indication of shift of the demand curve to the left – 1 mark

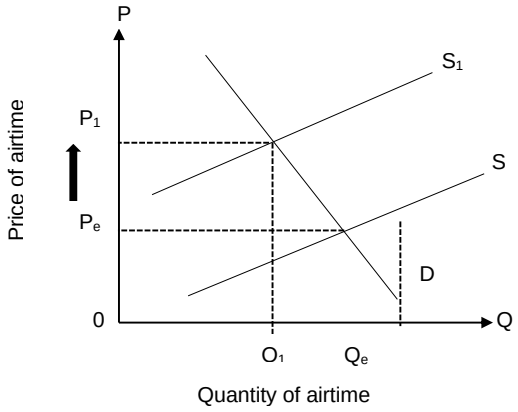
Labelling of demand and supply curves – 1 mark

Maximum of 4 marks

- An increase in the price of one product (coffee) will cause a decrease in the demand of the same product if there is a substitute product (tea). ✓✓
- When goods are in competition with each other, their respective demand is affected by the price of each other's goods. ✓✓

(Allocate a maximum of 4 marks for the explanation.)
(Accept any other correct relevant response.) (8)

Complementary goods



Labelling of axis (must relate with the complementary good) – 1 mark

Labelling on axis – 1 mark

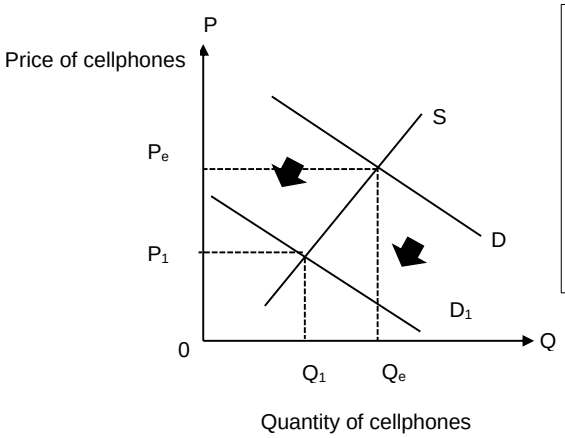
Indication of an increase in price – 1 mark

Labelling of demand and supply curves – 1 mark

Maximum of 4 marks

- Complementary goods are demanded at the same time (together) since they are used together or used in conjunction with each other. ✓✓
- An increase in the price of one of the goods will lead to a decrease in the quantity demanded for both goods. ✓✓

(Allocate a maximum of 4 marks for the explanation.)
(Accept any other correct relevant response.) (8)



Labelling of axis (must relate with the complementary good) – 1 mark

Labelling on axis – 1 mark

Indication of shift of demand curve to the left – 1 mark

Labelling of demand and supply curves – 1 mark

Maximum of 4 marks

- Some complementary goods have weaker relationships and are less dependent on each other e.g. pen and paper. ✓✓
- An increase in the price of airtime will cause a decrease in the demand for cellphones, from D to D_1. ✓✓

(Allocate a maximum of 4 marks for the explanation.) (8)
(Accept any other correct relevant response.) (Max. 26 marks)

ADDITIONAL PART

Why would South Africans choose to use substitute sources of energy over coal power?

- The current source of energy is not dependable due to energy crises resulting in load shedding by Eskom. ✓✓
- The high cost of the current form of electricity is not affordable for majority of South Africans in the long run. ✓✓
- Other renewable sources of energy are more sustainable to the environment than the current source of energy used in South Africa. ✓✓
- Alternate sources of energy to coal such as renewable energy creates jobs and develops local communities. ✓✓
- Alternate sources of energy to coal are more politically favorable as the world strengthens the fight against climate change. ✓✓ (Max. 10)

CONCLUSION

It is important for producers to study the price patterns of complementary and substitute goods to meet the demands of consumers. ✓✓
(Accept any other correct relevant conclusion.) (Max. 2)

[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- **Discuss, in detail, the causes of globalisation.** (26 marks)
- **How did globalisation negatively affect South Africa?** (10 marks) **[40]**

INTRODUCTION

- Globalisation is the process by which people in separate parts of the world are incorporated into a single world society. ✓✓

(Accept any other correct relevant introduction.) (Max. 2)

MAIN PART

Mass production and mass marketing ✓
- As countries became industrialised, a large supply of products flooded the markets as a result of mass production. ✓✓
- This resulted in development of mass marketing structures. ✓✓
- Aspects of mass marketing include the development of massive stores and mass advertising that could reach large audiences through broadcast technology and printed media ✓✓
- E.g. Coca-Cola, Nike etc. ✓

Scarcity of resources ✓
- World trade refers to the buying of goods and services by governments, companies and individuals across the world. ✓✓
- The reason for world trade is scarcity of resources and products. ✓✓
- No country has all the goods it needs, and neither can any one country produce everything that it needs. ✓✓

Development of transport ✓
- New technologies developed in the field of transport, including modern infrastructure such as highways linking countries, transport networks and fast modes of transport by sea, air and land. ✓✓
- Harbours and airports have grown bigger with more capacity to connect different countries. ✓✓

Development of communication technology and global information systems ✓
- The development of communication technology has enabled countries all over the world to become connected. ✓✓
- Some of these developments include: cellphones, computers, and the internet which provide immediate links to people or businesses in any place in the world to talk, send messages and transfer money. ✓✓
- The links are made possible by new communication technology using landlines, satellites, or underwater cable connections. ✓✓
- The speed at which information is transferred has vastly increased. ✓✓
- Radio, television and social media can now send information in real time. ✓✓
- Electronic finance markets allow for money to be easily transferred. ✓✓

Emergence of multinational corporations ✓
- A multinational corporation is an enterprise that manages production or renders services in more than one country. ✓✓
- Multinational corporations developed because it was very expensive to establish factories during the industrial phase. ✓✓
- In many cases, businesses started to work together, forming huge corporations that were mostly joint stock companies owned by shareholders. ✓✓
- These multinational corporations use links around the world to expand their markets and produce mass quantities of goods. ✓✓

Free movement of capital ✓
- Money can be moved around the world with speed and ease. ✓✓
- E.g. financing new technology in developing countries. ✓

Development of technology and artificial intelligence ✓
- Modern technology has changed the way production is implemented and how manufacturing is managed. ✓✓
- Machine learning has improved software for businesses to be able to predict consumer behavior all around the globe. ✓✓

(Accept any other correct relevant response.)
(Max. 8 marks for heading, listing and examples.) (Max. 26 marks)

ADDITIONAL PART

How did globalisation negatively affect South Africa?
- The country has to deal with increasing competition. ✓✓
- Crises in the financial markets of developed countries influence our markets. ✓✓
- Unstable conditions in the neighbouring countries around South Africa negatively influenced the perceptions that other countries have about South Africa which often leads to the withdrawal of investments. ✓✓
- The demand for less-skilled workers has decreased. ✓✓
- The increased production levels have led to increased pollution and practices that are harmful to the environment. ✓✓
- The dumping of cheap products have collapsed industries like the clothing manufacturing industries, chicken industries and steel industries. ✓✓
- South Africa is measured by the same standards as other developing countries and compete for Foreign Direct Investment (FDI). ✓✓
- Downgrading by international agencies has a negative impact on our debt repayment of international loans, ✓✓
- The downgrading also influences our ability to secure new loans to cover deficits on our balance of payment and national budget. ✓✓

(Accept any other correct relevant response.)
(Max. 2 marks for listing of facts and examples.) (Max. 10)

CONCLUSION

Globalisation is occurring at an accelerated pace. The economies of developed countries will continuously be impacted negatively, unless these countries implement protection strategies such as import-tariffs and –quotas to protect local industries from the overwhelming industries in developed countries. (Max. 2) **[40]**
(Accept any other correct relevant conclusion.)

TOTAL SECTION C: 40

TOTAL: 150