GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

JUNE 2024

GRADE 11

ECONOMICS

PAPER 2

TIME: **2 hours**

MARKS: **150**

13 pages

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK:

   SECTION A: COMPULSORY
   SECTION B: Answer any TWO questions
   SECTION C: Answer only ONE question

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 1 – 2 lines between subsections 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 calculator.

11. Write neatly and legibly.

SECTION A (COMPULSORY)

QUESTION 1 30 MARKS

1.1 Various options are provided as possible answers to the following questions. Write down the question number (1.1.1 – 1.1.8), choose the answer and write the letter (A – D) of your choice next to the question number in the ANSWER BOOK.

1.1.1 … have a complementary relationship because they are used in conjunction with each other.

A A Smart TV and smartphone airtime
B A Stove and a gas cylinder
C Juice and full cream milk
D Apple pencil and an iPad

1.1.2 In perfect markets, not one of the producers can charge high prices as this will result in them losing … to other producers.

A price advantage
B cost advantage
C market share
D product share

1.1.3 In the short run, the firm will always …

A make a loss.
B experience diminishing marginal returns.
C experience diminishing marginal utility.
D make a profit.

1.1.4 In SMART goals, the idea is … that goals must be identified, understood and not merely randomly.

A specifically
B measurable
C agreed
D realistic

1.1.5 The marginal cost curve shows the business at which point the cost of using variable inputs starts to …

A stabilise.
B drop.
C rise.
D stagnate.

1.1.6 Total revenue is maximised at the point where …

A marginal revenue = 0.
B total revenue = 100.
C marginal costs = 100.
D total costs = 0.

1.1.7 In … situation the value of price elasticity of demand is 0 and the demand is entirely unresponsive to price change.

A a perfectly elastic
B a perfectly inelastic
C a relatively elastic
D a relatively inelastic

1.1.8 In calculating price elasticity of demand, the … is not considered.

A original price
B new price
C % change in quantity demanded
D % change in quantity supplied (8 x 2) (16)

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

COLUMN A		COLUMN B	
1.2.1	Price taker	A	Only needed for what it can produce
1.2.2	Monopoly	B	The period of time where at least one input factor is fixed
1.2.3	Derived demand	C	The result of many firms entering the market for competition
1.2.4	Sale maximising	D	Change in demand is equal to a change in price
1.2.5	Short-run	E	Demand is relatively unresponsive to changes in price
1.2.6	Normal profit	F	The price is high as the firm has market power
1.2.7	Unitary elastic	G	The point where the firm breaks even
1.2.8	PED < 1 > 0	H	This always intersects AC at its lowest possible point
		I	The price is determined by the forces of supply and demand

(8 x 1) (8)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 The price quoted for a product and a signal to buyers of what they are expected to pay

1.3.2 The price of a good in relation to another good

1.3.3 Stays the same as output increases and is not linked to output

1.3.4 Falling average costs as the costs are divided over more units of outputs

1.3.5 Measures the responsiveness of demand to a change in price

1.3.6 The amount of income earned from the sale of a good at a certain price

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

Answer any TWO questions from this section in the ANSWER BOOK.

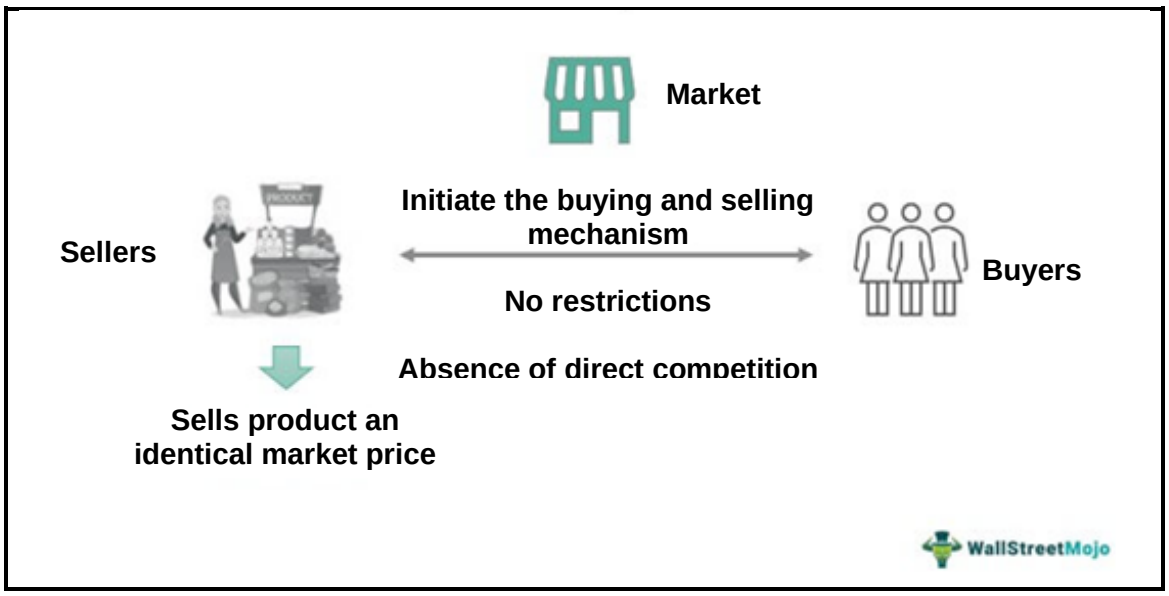
QUESTION 2: MICROECONOMICS

2.1 Answer the following questions

2.1.1 Name any TWO revenue curves in the long-run. (2 x 1) (2)

2.1.2 What happens to the cost of goods, ceteris paribus, if the cost of factors of production increases? (1 x 2) (2)

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



[Source: *https://www.wallstreetmojo.com/perfect-competition/*]

2.2.1 Identify the market structure in the diagram above. (1)

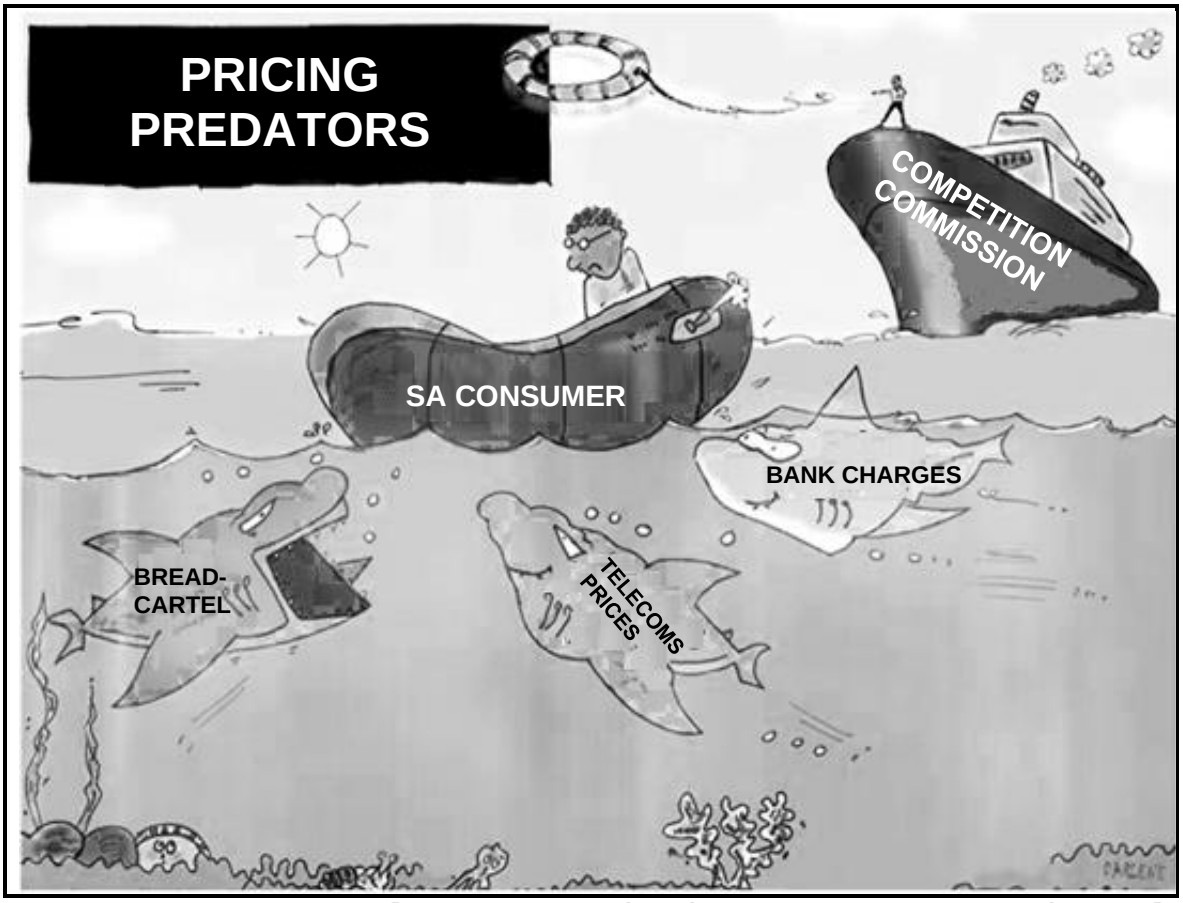
2.2.2 Name the mechanism used to determine the price in the market above. (1)

2.2.3 Briefly describe the term *collusion*. (2)

2.2.4 How is the presence of direct competition determined in a market? (2)

2.2.5 Why might a market be deregulated? (2 x 2) (4)

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



[Source: *www.engineeringnews.co.za 23–29 November 2007*]

2.3.1 Which market structure do telecommunication firms belong to? (1)

2.3.2 Name any ONE locally controlled bank in South Africa. (1)

2.3.3 Briefly describe the term *heterogeneous*. (2)

2.3.4 Why is the bread cartel a threat to the consumer? (2)

2.3.5 How can a South African consumer be protected from pricing predators? (2 x 2) (4)

2.4 Discuss the *nature of the product* and *market power* as characteristics of an oligopoly. (4 x 2) (8)

2.5 How is the knowledge of price elasticity of demand beneficial to producers? (8)

[40]

QUESTION 3: MICROECONOMICS

3.1 Answer the following questions

3.1.1 Name any TWO cost curves. (2 x 1) (2)

3.1.2 How does profit maximisation occur in a firm? (1 x 2) (2)

3.2 Study the extract below and answer the questions that follow

CAPITAL COST OF SOUTH AFRICA'S TITANIUM BENEFICIATION PROJECT EXPECTED TO PEAK AT R14BN

South African ilmenite used to manufacture titanium dioxide pigment in KwaZulu-Natal is on the way to receiving a major value boost.

This is because ilmenite, a heavy minerals sands derivative, sells at around $300/t on export markets, whereas using it to manufacture titanium dioxide pigment at the Richards Bay Industrial Development Zone will enable it to fetch a ten-times-higher $3 000/t.

The first thing the R14-billion Nyanza Light Metals project is trying to achieve is to move Africa's abundant raw materials up the value curve, Nyanza CEO Donovan Chimhandamba emphasised to Engineering News & Mining Weekly in a Zoom interview.

Nyanza is putting together a project for 80 000 t/y of titanium dioxide pigment, which is probably around half of Africa's capacity and just over 1% in terms of the global market.

[Source: *Extract from https://www.miningweekly.com/article/capital-cost-of-south-africas-titanium-beneficiation-project-expected-to-peak-at-r14bn-2023-06-28*]

3.2.1 Which mineral is referred to in the extract above? (1)

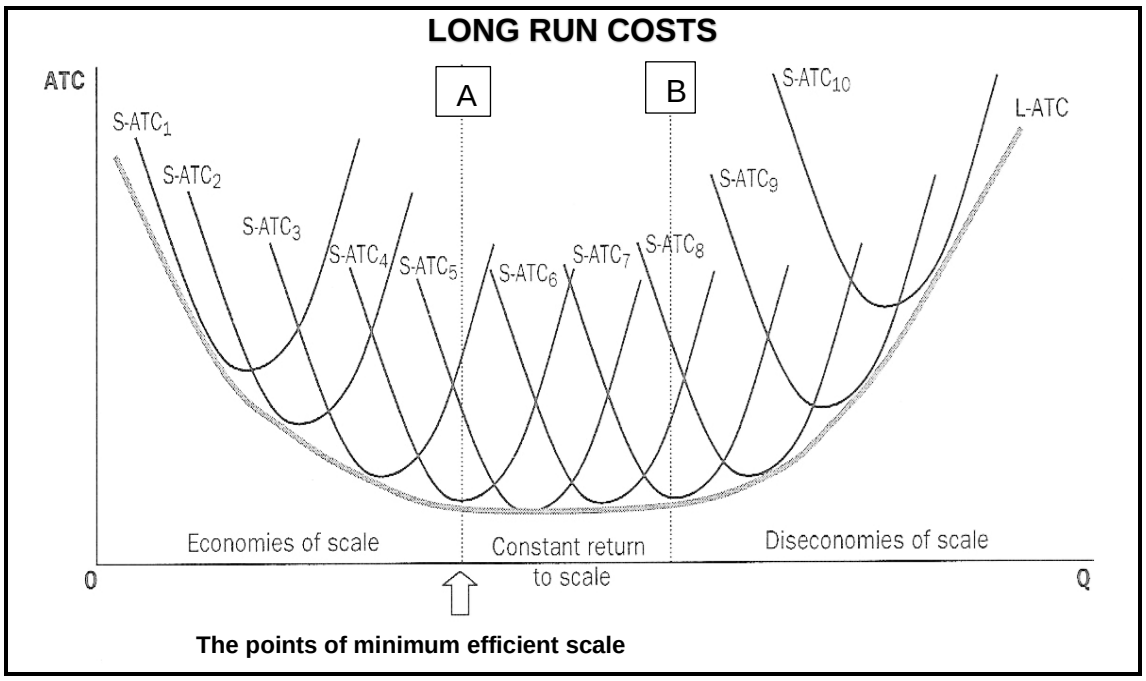
3.2.2 Name the type of cost under which the capital cost referred to in the extract above is classified. (1)

3.2.3 Briefly describe the term *marginal revenue*. (2)

3.2.4 Why are firms limited in the short run? (2)

3.2.5 Why is the cost of R14-billion titanium beneficiation worth it for South Africa? (2 x 2) (4)

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



3.3.1 Give the abbreviation ATC in the graph above in full. (1)

3.3.2 Identify the trend of ATC between 'A' and 'B' in the graph above. (1)

3.3.3 Briefly describe the term *scale of production*. (2)

3.3.4 What do economies of scale in S-ATC$_1$ and S-ATC$_2$ in the graph above imply? (2)

3.3.5 Why does a firm reach diseconomies of scale? (2 x 2) (4)

3.4 Discuss *explicit* and *implicit* costs as they are used by *accountants and economists.* (4 x 2) (8)

3.5 Analyse survival as an objective of a business. (8)

[40]

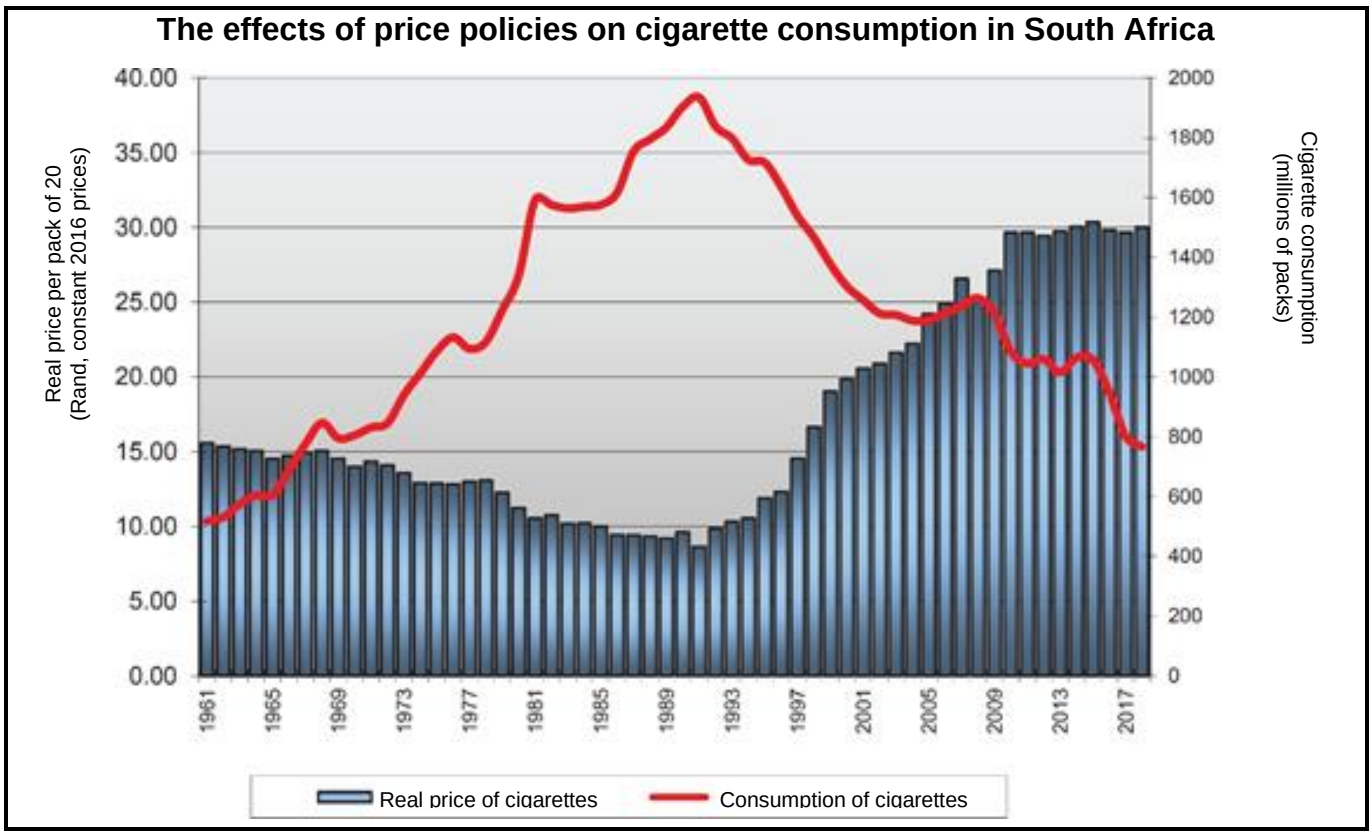
QUESTION 4: MICROECONOMICS

4.1 Answer the following questions.

4.1.1 Name any TWO formulas for calculating different kinds of revenues in a firm. (2 x 1) (2)

4.1.2 Why is the quantity demanded of habit-forming articles, price inelastic? (1 x 2) (2)

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



[Source: *http://www.tobaccoinduceddiseases.org/The-effects-of-price-and-non-price-policies-on-cigarette-nconsumption-in-South-Africa,123424,0,2.html*]

4.2.1 Identify the peak year of cigarette consumption in the graph above. (1)

4.2.2 At what price was the consumption of cigarettes at its lowest according to the graph above? (1)

4.2.3 Briefly describe the term *Real Price*. (2)

4.2.4 Why does the consumption of cigarettes increase? (2)

4.2.5 How could consumers of cigarettes improve their elasticity despite the price of the cigarettes? (2 x 2) (4)

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

SMART GOALS AREN'T NECESSARILY WISE.

In 1981, consultant George Doran developed a framework called SMART goals – which stands for … At the time when the SMART goal system was developed, there were many benefits—namely, the formality of setting and writing down goals. However, the workplace has evolved significantly since 1981. And yet, many organisations and leaders still rely on this system today.

I am a leadership consultant, and time and time again I have found that today, SMART goals can, in fact, sabotage your success at work. With SMART goals, the primary focus is on outcomes, without accounting for the journey. Further, the framework can cloud what you want your team to accomplish. Even more importantly, it's valuable to include learning, growth, and collaboration goals, which can be challenging to account for with the SMART goal system.

[*Source: https://www.fastcompany.com/90900131/smart-goals-can-sabotage-your-success-at-work-heres-what-to-do-instead*]

4.3.1 What does SMART in the extract above stand for? (1)

4.3.2 Identify any ONE negative factor of SMART goals in the extract above. (1)

4.3.3 Briefly describe the term *stakeholders*. (2)

4.3.4 Why are SMART goals important for a business? (2)

4.3.5 How are governments and environmentalists interested in a business? (2 x 2) (4)

4.4 Distinguish between perfectly elastic supply and perfectly inelastic supply. (4 x 2) (8)

4.5 Analyse the benefits of producers if they produce at a level that allows them to experience economies of scale. (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer 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 lower-order response. • A good starting point would be to define the main concept related to the question topic. • 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/Assess/Debate **A maximum of 8 marks may be allocated for headings/ examples.** **Additional part:** Critically discuss/Evaluate/Critically evaluate/ Debate/ Deduce/Compare/Distinguish/Interpret/How?/Suggest **A maximum of 2 marks may be allocated for a mere listing facts.**	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 facts 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**

- Discuss in detail the demand and supply relationships with the aid of graphs. (26 marks)
- Why is the factor market necessary in the economy? (10 marks) **40**

QUESTION 6: MICROECONOMICS **40 MARKS 40 MINUTES**

- Discuss the price elasticity of demand (PED) without the aid of graphs. (26 marks)
- How does brand loyalty and habit formation impact on demand elasticity? (10 marks) **40**

TOTAL SECTION C: 40

TOTAL: 150

END