GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

GAUTENG DEPARTMENT OF EDUCATION

PROVINCIAL EXAMINATION

NOVEMBER 2017

GRADE 11

ECONOMICS

PAPER 2

MARKS: 150

TIME: 2 HOURS

13 pages

P.T.O.

INSTRUCTIONS AND INFORMATION

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

   SECTION A: COMPULSORY
   SECTION B: Answer any TWO of the THREE questions.
   SECTION C: Answer any ONE of the TWO questions.

2. Answer only the required number of questions. Additional answers will NOT be marked. In SECTION B only the first TWO questions will be marked and in SECTION C only the first ONE.

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 ALL the questions carefully.

6. Start EACH question on a NEW page.

7. Leave 2 – 3 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. Non-programmable pocket calculators may be used.

11. Write neatly and legibly.

SECTION A (COMPULSORY)

QUESTION 1 **30 MARKS – 20 MINUTES**

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

1.1.1 Elasticity of income is ... if Ey = 0

A relatively inelastic
B relatively elastic
C completely inelastic
D completely elastic

1.1.2 If the bank charges of Capitec Bank increases the demand for FNB products will ...

A increase.
B decrease.
C stay the same.
D stop.

1.1.3 The total cost curve always starts at ...

A 0.
B the same place total fixed cost starts.
C the same place total variable cost starts.
D the same place total revenue starts.

1.1.4 Profit maximisation is where the vertical distance between ... and TC is the biggest.

A TFC
B TVC
C MC
D TR

1.1.5 ... is the skills empowerment arm of AsgiSA.

A RDP
B GEAR
C Jipsa
D NGP

1.1.6 The ... encourages trade liberalisation by helping member countries draw up, implement and monitor trade agreements.

A World Trade Organisation
B International Monetary Fund
C Millennium Development Goals
D General Agreement on Tariffs and Trade

1.1.7 Carbon dioxide that is emitted during the production of goods and services are called ...

A the greenhouse effect.
B global warming.
C biodiversity.
D carbon emissions.

1.1.8 Achieving significant improvement in the lives of at least 100 million slum dwellers by 2020 is one of the ... goals.

A World Summit on Sustainable Development
B Millennium Development
C Kyoto Protocol
D COP 17 conference (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 – 1.2.8) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Substitutes	A A resource is used at a rate faster than the rate at which that resource regenerates
1.2.2 Monopolistic competition	B The change in the firm's total revenue as a result of selling an extra unit of the output
1.2.3 Economies of scale	C Poor people move from the rural areas into the cities in the hope that there will be jobs
1.2.4 Marginal revenue	D The firm produces more output, it becomes more efficient and the cost of producing each unit on average decreases
1.2.5 Urbanisation	E Turns productive farmland into non-productive desert as a result of poor land management
1.2.6 Multinational Corporations	F There are many firms that produce goods that are similar but not exactly alike
1.2.7 Overexploitation	
1.2.8 Desertification	

COLUMN A	COLUMN B
	G Large business organisations that produce and / or distribute goods and services in more than one country and throughout the world H If the cross-price elasticity of demand is positive I Takes place when natural habitats are destroyed and natural resources are depleted

(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.

1.3.1 This law states that total utility will increase with each additional unit consumed, but at a slower rate, until total utility decreases due to the decreased marginal utility of each unit

1.3.2 The products being offered are identical with no obvious differences in quality

1.3.3 The money that is left over once the firm subtracts its total costs from the total Revenue

1.3.4 The difference between the income of the poor and the poverty line

1.3.5 A grouping of countries to get more control over the global economy

1.3.6 When the flow of residual emissions resulting from human activity exceeds the natural environment's capacity to absorb them

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

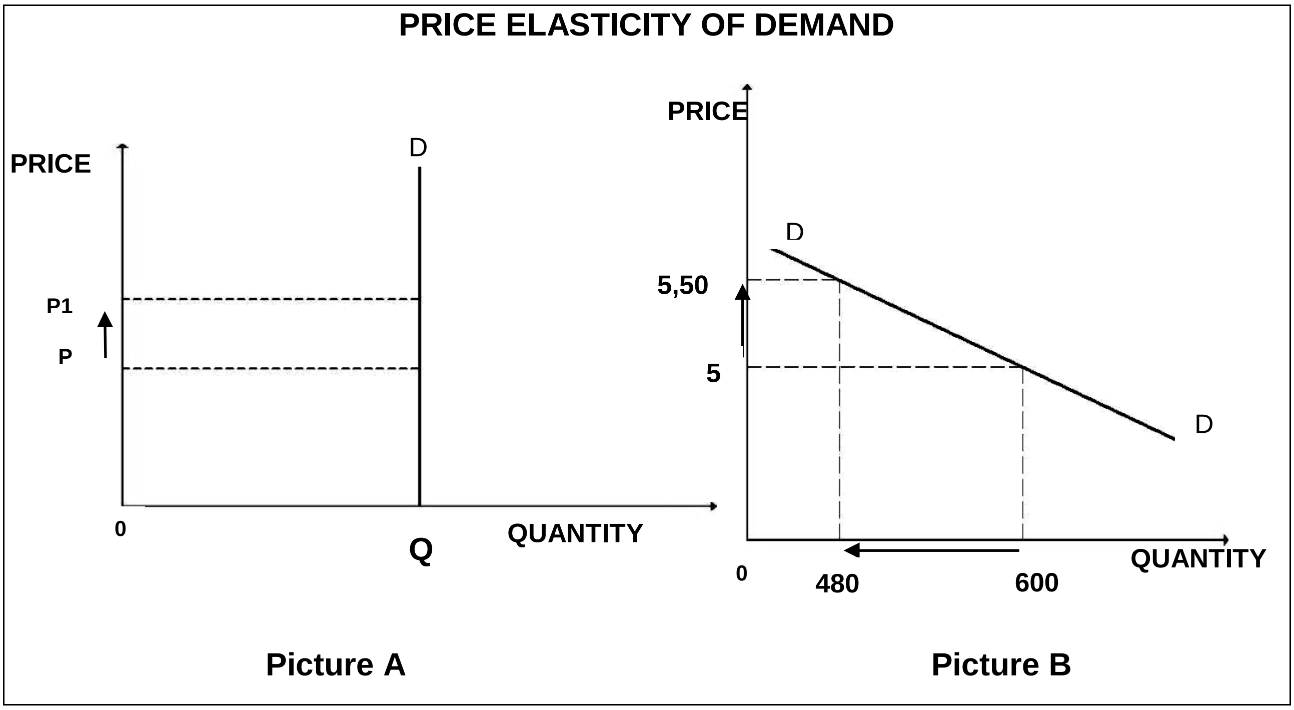
QUESTION 2: MICROECONOMICS **40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Give TWO factors influencing the price elasticity of supply. (2 x 1) (2)

2.1.2 How would increasing the amount of capital, used in the long-run, benefit the firm? (1 x 2) (2)

2.2 Study the graphs below and answer the questions that follow:



2.2.1 Which picture represents a perfectly inelastic price elasticity of demand? (2)

2.2.2 Explain elasticity of demand in full. (2)

2.2.3 Why is the change in the quantity demanded larger than the change in price in picture B? (2)

2.2.4 Calculate the price elasticity of demand (PEd) for picture B. Show all calculations. (4)

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

Total product	**Total Fixed Costs**	**Total Variable Costs**	**Total Costs**	**Marginal Costs**
0	120	0	120	-
10	120	100	220	10
20	120	160	280	**A**
30	120	210	330	6
40	120	280	400	7

2.3.1 Why would the table above indicate a short run? (2)

2.3.2 What is the relationship between total variable costs and total product? (2)

2.3.3 Explain *marginal cost*. (2)

2.3.4 Calculate **A** in the above table. Show all calculations. (4)

2.4 Differentiate between *profit maximisation* and *revenue maximisation* as objectives of a business. (2 x 4) (8)

2.5 In which way would knowledge of price elasticity of demand support an entrepreneur to decide if he must adjust the profit levels? (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO policies and legislation introduced by the Department of Environmental Affairs to protect the environment. (2 x 1) (2)

3.1.2 Why would inadequate education in a community lead to chronic poverty? (1 x 2) (2)

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

The majority of people live below the poverty line in Africa.
Can you survive on less than $2 a day?

3.2.1 Describe the economic meaning of the picture above. (1)

3.2.2 What is the poverty line mentioned in the picture above? (1)

3.2.3 Does the picture illustrate absolute poverty or relative poverty? Motivate your answer. (2)

3.2.4 How can a learnership contribute towards poverty alleviation? (2)

3.2.5 What may be the cause of the above scenario? (2 x 2) (4)

3.3 Study the article below and answer the questions that follow:

FISHING QUOTAS "DESIGNED TO SQUEEZE OUT THE POOR"

The quota system implemented by the government appeared to be designed to keep small fishing companies and poor fishers out, says an action group.

Hlanganani Fishing Business Forum chairperson Mawethu Ndude said: "Firstly, you have the bona-fide fishermen who failed to get quotas and are now sitting without an income. Then you have the small guys who were given quotas, but the costs of using those quotas are so high, they cannot make a living out of it." Co-ordinator Pedro Garcia said: "some allocations are just too small for people to really make a living from and many bona-fide fishermen sit on the beach, while people who have never been fishermen go out and catch."

But Marine and Coastal Management spokesperson Carol Moses said: "The hard reality is that our marine resources are dwindling and it is impossible to allocate rights to all. We are investigating various possible alternative job opportunities for these communities. We are planning the development of harbours and we are looking at the possibilities of ecotourism."

[Source: *www.iol.co.za*]

3.3.1 Why is it necessary for government to impose fishing quotas, according to the article above? (1)

3.3.2 Name a solution which government is planning to create alternative jobs for the communities. (1)

3.3.3 Explain the quota system implemented by government. (2)

3.3.4 Discuss a reason why the poor fisherman will not benefit from these quotas. (2)

3.3.5 How could we prevent our "marine resources from dwindling"? (2 x 2) (4)

3.4 Discuss the income support programmes government operates to alleviate poverty. (4 x 2) (8)

3.5 How does environmental degradation impact on South Africa's economy? (8)
[40]

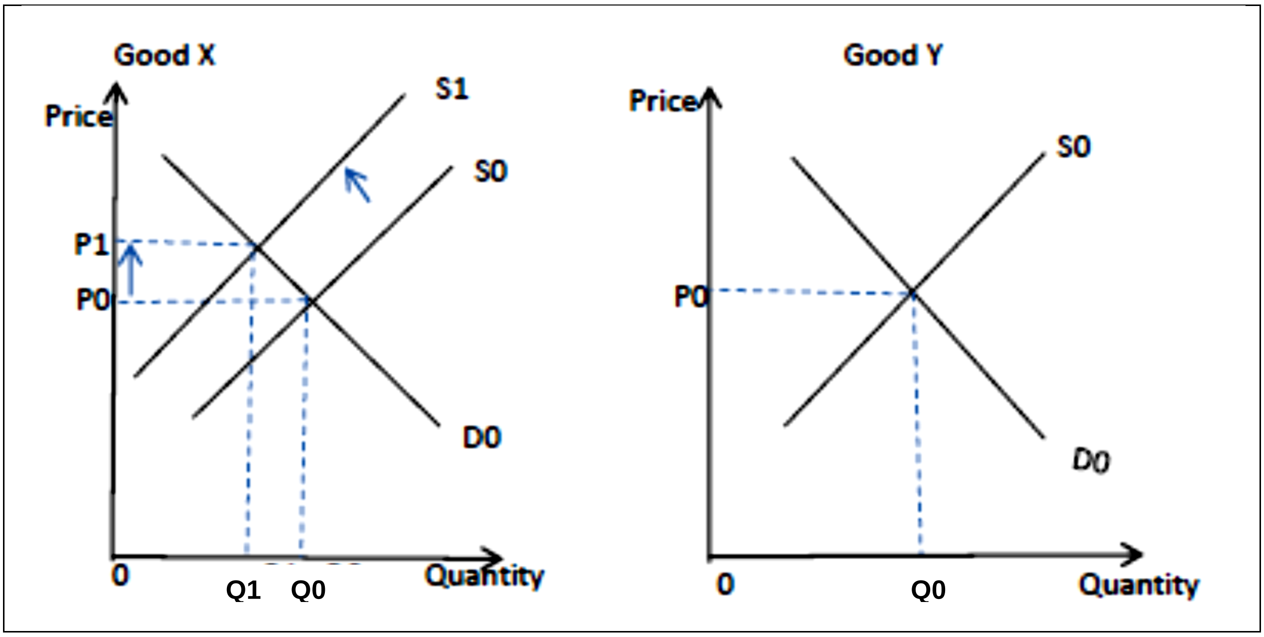
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO profits a business can make. (2 x 1) (2)

4.1.2 How would the Kyoto Protocol help the environment? (1 x 2) (2)

4.2 Study the graphs below and answer the questions that follow:



4.2.1 Describe complementary products. (2)

4.2.2 Why is it important for the producer to understand the relationship between complementary products? (2)

4.2.3 In your answer book, copy the graph for Good **Y** and illustrate graphically the impact of an increase in price (from P0 to P1) of Good **X** on the complementary Good **Y**. (6)

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

Source: Adapted from Internet Images

4.3.1 Explain the economic message portrayed by the cartoon above. (1)

4.3.2 From the cartoon, name the continent that is in the hands of the short man. (1)

4.3.3 Name TWO institutions established to manage the flow of trade between countries. (2)

4.3.4 Explain the effect of globalisation on the developing countries. (2)

4.3.5 Which factors contributed to the above scenario? (2 x 2) (4)

4.4 Briefly discuss the characteristics of utility. (4 x 2) (8)

4.5 How does poverty affect the people of South Africa? (8)

[40]

TOTAL SECTION B: [80]

SECTION C

Answer any ONE of the two questions in 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 determine 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 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 / Explain / Assess / Debate. • **Additional part:** Give own opinion / Critically discuss / Evaluate / Critically evaluate / Draw a graph and explain / Use the graph given and explain / Complete the given graph / Calculate / Deduce / Compare / Explain / Distinguish / Interpret / Briefly debate / How? / Suggest / Use the information and argue / Debate / Evaluate	Max. 26 Max. 10
Conclusion Any relevant higher order conclusion that should include: • A brief summary of what has been discussed / analysed without repeating facts already mentioned in the body • An 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**

Product markets cannot exist without factor markets and the reverse is also true.

- Discuss in detail the product and factor market and show the interdependence of these two markets. (26 marks)
- Why is the perfect competitor a price taker? Illustrate your answer with a graph. (10 marks)

[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES **40 MARKS – 40 MINUTES**

International trade has flourished over the years due to the many benefits it has offered to different countries across the globe.

- Explain in detail *Absolute* and *Comparative Advantage* and how it can help or hamper globalisation. (26 marks)
- How did globalisation negatively affect South Africa? (10 marks)

[40]

TOTAL SECTION C: 40
TOTAL: 150

END