



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

NOVEMBER 2016

ECONOMICS P2

MARKS: 150

TIME: 2 hours



This question paper consists of 12 pages.

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows:
SECTION A: COMPULSORY
SECTION B: Answer any 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. Answer the questions in full sentences and the format, content and the context of your responses must comply with the cognitive requirements of the questions.
4. Number the answers correctly according to the numbering system used in this question paper.
5. Write the question number above each answer.
6. Read ALL the questions carefully.
7. Start EACH question on a NEW page.
8. Leave 2–3 lines between subsections of questions.
9. Use only black or blue ink.
10. You may use a non-programmable pocket calculator.
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–C) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 C.

1.1.1 One of the following is amongst the factors that determine price elasticity of demand.

- A Availability of natural resources
- B Capital goods
- C Time

1.1.2 In an imperfect market fewer goods are produced at higher prices because of the ...

- A consistent allocation of resources.
- B effective allocation of resources.
- C ineffective allocation of resources.

1.1.3 Total cost are composed of ...

- A fixed costs minus variable costs.
- B fixed costs plus variable costs.
- C variable costs divided by fixed costs.

1.1.4 An increase in crime can be associated with ...

- A scarce resources.
- B poverty.
- C wealth.

1.1.5 Trade liberalisation refers to the ...

- A free movement of goods and services.
- B free movement of people.
- C instilling of trade barriers between South Africa and the world.

1.1.6 The aim of green tax is to ...

- A create unnecessary costs for the producer
- B encourage the production of environmentally friendly products.
- C limit the inflow of imports.

1.1.7 South Africa is currently experiencing a ... crisis due to global warming.

- A vegetation
- B conservation
- C water

1.1.8 AsgiSA was launched because of ...

- A the volatility of the currency.
- B government insecurity.
- C the high rate of entrepreneurial skills.

(16)

1.2 Choose a description in COLUMN B that matches an item in COLUMN A. Write only the letter (A–J) 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	Erosion	A	A localised group of interdependent organisms together with the environment that they depend on
1.2.2	G20 countries	B	People get addicted to them
1.2.3	Short run	C	Difference between poverty line income and below poverty line income earners
1.2.4	Ecosystem	D	The wearing away of natural resources
1.2.5	Oligopoly	E	A period that does not allow a change in some of the factors of production
1.2.6	Poverty gap	F	Strong Western economies
1.2.7	Environmental sustainability	G	A change in price will cause a small percentage change in quantity demanded
1.2.8	Habit forming products	H	Ensuring a healthy and a continuation of present ecological systems so as to be productive in the present and in the future
		I	Collusion is possible

(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 The change in total revenue when an additional unit of a product is sold

1.3.2 Measurement of consumers' response to changes in income

1.3.3 The inability to break out of poverty

1.3.4 An international organisation that sets rules for human, consumer, women and children's rights

1.3.5 Prices that are expressed in terms of other prices or figures

1.3.6 Costs or benefits of a good or a service that ignores the price charged by third parties (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

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

2.1 Answer the following questions.

2.1.1 List any TWO categories of price elasticity of demand. (2 x 1) (2)

2.1.2 How do product and factor markets relate to one another? (1 x 2) (2)

2.2 Study the table below and answer questions that follow.

NO. OF UNITS APPLES	TOTAL UTILITY	MARGINAL UTILITY
0	0	–
1	6	6
2	11	A
3	15	4
4	B	3
5	20	2

2.2.1 What is the total utility of consuming three apples? (1)

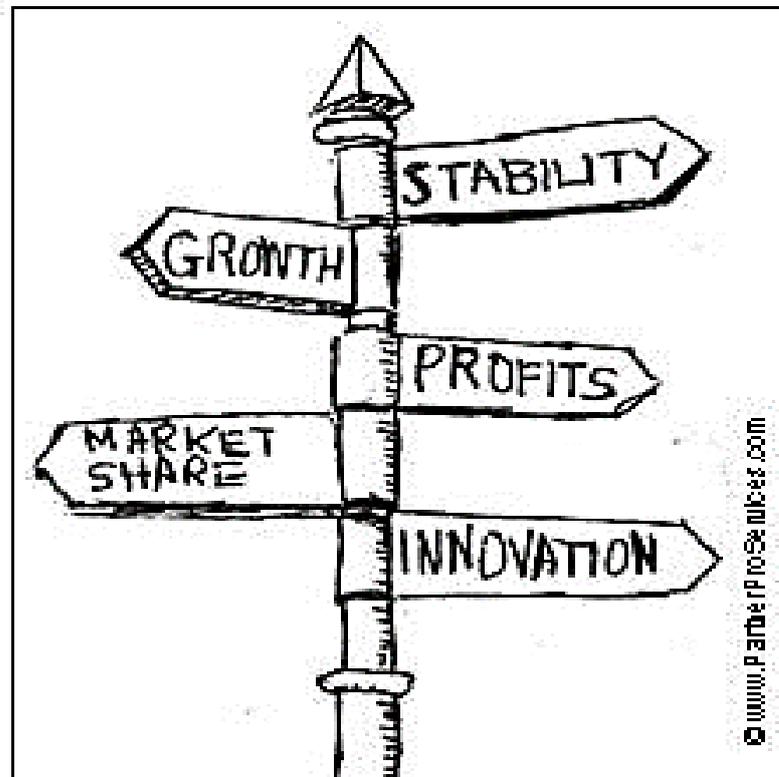
2.2.2 What is the tendency of marginal utility, as consumption of a product increases? (1)

2.2.3 Calculate the values of **A** and **B**. (4)

2.2.4 How does scarcity impact on total utility? (4)

2.3 Study the structure below and answer questions that follow.

OBJECTIVES OF A BUSINESS



[Source: <http://www.google.ca.za/?gws rd>]

- 2.3.1 What is the main objective of a business? (1)
- 2.3.2 Explain ONE way by which a business can maximise its growth. (2)
- 2.3.3 How does market share relate to profit? (3)
- 2.3.4 Distinguish between *accounting* and *economic profit*. (4)
- 2.4 Discuss FOUR characteristics of perfect markets. (8)
- 2.5 What would producers benefit by producing at a level that allows them to experience economies of scale? (8)

[40]

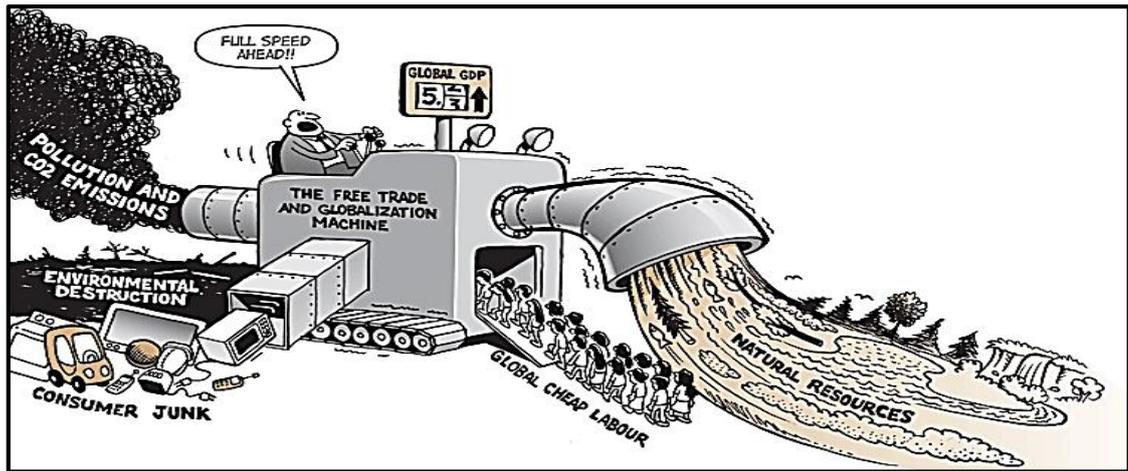
QUESTION 3: CONTEMPORARY ECONOMIC ISSUES**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 List any TWO types of pollution. (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 cartoon below and answer the questions that follow.



3.2.1 From the cartoon identify any TWO negative effects of globalisation. (2)

3.2.2 Explain any TWO causes of globalisation. (4)

3.2.3 How would Western countries benefit in engaging in trade with the African continent? (4)

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

MORE SOUTH AFRICANS LIVING IN POVERTY

The number of South Africans living in poverty has increased since 2010. In 2010, 20% of South Africa's population fell below the poverty line, statistician-general Pat Lehole said in Johannesburg at the release of statistics South Africa's report on poverty. This had increased to 21,5% in 2014.

The same is true for austere poverty line which stipulates the threshold below which one has to sacrifice some food to obtain some basic non-food items. These items include airtime and transportation costs. The cost of living has gone up, but South Africa is better than other countries.

[Adapted from http://www.news24.com/archives/city_press]

- 3.3.1 What was the percentage of people living below the poverty line in South Africa in the year 2010? (1)
- 3.3.2 Explain the concept *Gini coefficient*. (2)
- 3.3.3 How according to the extract is austere poverty line explained? (3)
- 3.3.4 How has the South African government tried to alleviate poverty? (4)
- 3.4 Discuss **disparities in income levels** and **lack of education** as causes of poverty. (4 x 2) (8)
- 3.5 Why would a country prefer foreign direct investment as opposed to portfolio investments? (4 x 2) (8)
- [40]**

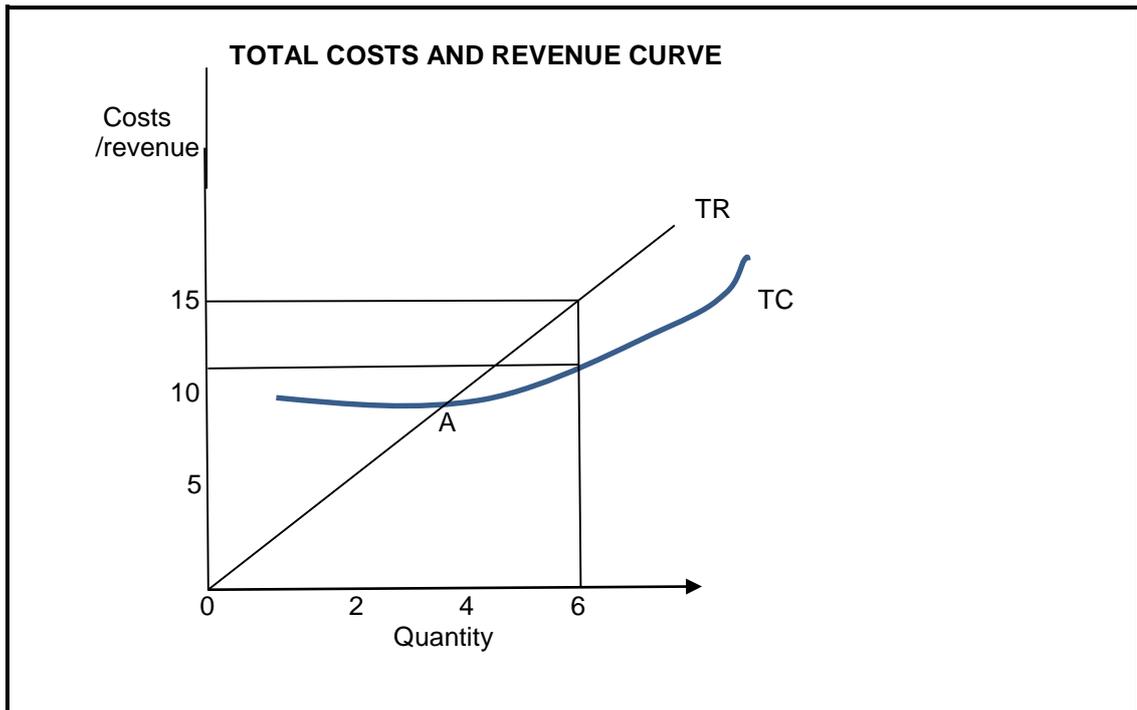
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMICS ISSUES
40 MARKS –30 MINUTES

4.1 Answer the following questions.

4.1.1 List any TWO examples of complementary goods. (2 x 1) (2)

4.1.2 What effect does a price elastic good have to a producer? (2)

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



4.2.1 Explain the concept *total revenue*. (2)

4.2.2 Identify and explain point **A** from the graph. (4)

4.2.3 Calculate profit / loss in the above graph when production is at 6 units. (4)

4.3 Study the below and answer the questions that follow.

CONSEQUENCES OF LAND DEGRADATION

Although the true costs of land degradation are poorly understood, it has considerable effects on the economy. In South Africa, about 35% of the country's net agricultural income is overstated because the environmental costs are not currently included in the accounts. Soil degradation alone costs South Africa an average of nearly R2 billion annually in dam sedimentation and increased water treatment costs, for example. The costs associated with neutralising the effects of acid rain (caused by energy generation) on soils in Mpumalanga are estimated at R25 million per year, while the loss of soil nutrients through degradation costs R1, 5 billion.

[Source: <http://deat.gov.za>]

- 4.3.1 How much did it cost Mpumalanga to neutralise the effects of acid rain? (1)
- 4.3.2 Explain the term *carbon dioxide emissions*. (2)
- 4.3.3 List THREE economic consequences of land degradation. (3)
- 4.3.4 Distinguish between *renewable* and *non-renewable resources*. (4)
- 4.4 Discuss **private property rights** and **voluntary agreements** as approaches to sustaining the environment. (8)
- 4.5 Graphically illustrate the effect of an increase in price of beef when consumers substitute beef for chicken. (8)

[40]

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 THE ESSAY	MARK ALLOCATION
Introduction	Max. 2
Body Main part: Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/ Explain/Assess/Debate	Max. 26
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	Max. 10
Conclusion Any relevant higher order conclusion that should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed / analysed without repeating facts already mentioned in the body • An opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion / analysis • A contradictory viewpoint with motivation, if so required. • Recommendations. 	Max. 2
TOTAL	40

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

The behaviour of economic participants can be well explained through market structures.

Compare in detail features of a monopoly with those of monopolistic competition (include examples in your discussion). (26 marks)

Why would government support or licence monopolies? (10 marks)

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

Over the years' economies have evolved and there has been a lot of change. Regardless of the change, a great disparity still exists between the rich and the poor.

In the light of the above, explain the factors contributing to the North and South divide. (26 marks)

How would the gap between the North and South divide be reduced? (10 marks)

[40]**TOTAL SECTION C: 40****GRAND TOTAL: 150**