



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

NOVEMBER 2018

ECONOMICS P2

MARKS: 150

TIME: 2 hours

This question paper consists of 12 pages.

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 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–D) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 C.

1.1.1 What would be the economic profit if you had revenue of R10 000, explicit costs of R6 000 and implicit costs of R2 500?

- A 10 000
- B 1 500
- C 500
- D 15 000

1.1.2 Average variable costs is calculated by ...

- A variable costs divided by number of units produced.
- B fixed costs divided by units produced.
- C fixed costs minus variable costs.
- D total costs plus fixed costs.

1.1.3 A positive value of cross elasticity of demand will ...

- A move in the opposite direction to price.
- B not be influenced by price.
- C move in the same direction as price.
- D be independent of the related goods.

1.1.4 ONE of the following is a contributing factor to the North–South divide.

- A Mobility of labour
- B Increased prices
- C Political stability
- D Rate of development

1.1.5 Total utility can be defined as ...

- A total satisfaction gained by adding up all utils.
- B satisfaction gained from consuming the last unit.
- C measure of the value of satisfaction.
- D difference in measurements of utility.

1.1.6 Environmental degradation can be described as ...

- A letting agricultural runoff cause depletion and killing fish downstream.
- B using solar power at a rapid rate.
- C using oil to make gasoline.
- D recycling.

1.1.7 The National Forest Act aims to ...

- A protect and enhance quality air
- B ensure that local communities share the benefits of forests.
- C set standards for the disposal of waste.
- D promotes sustainable management, development and protection of forests

1.1.8 Export promotion refers to ...

- A production of goods previously imported.
- B subsidising producers to produce more for exports.
- C removing trade restrictions.
- D making trade rules the same all over the world. (8 x 2) (16)

1.2 Choose a description from 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 1.2.2 H.

COLUMN A	COLUMN B
1.2.1 Loss	A occurs when countries decide to economically work together
1.2.2 Monopolies	B a foreign company invests in business in another country in physical assets
1.2.3 Regionalisation	C few large sellers dominating the market
1.2.4 Income elasticity of demand	D people have a tendency about fauna and flora, preventing them from being extinct
1.2.5 Foreign direct investment	E barriers protect them from competition by other businesses
1.2.6 Environmental sustainability	F measures the responsiveness of demand to a change in income
1.2.7 Oligopoly	G exploiting natural resources without destroying the ecological balance of an area
1.2.8 Private property rights	H occurs when a business has costs that exceed revenue
	I a formal agreement between nations
	J people care for flora and fauna if they are given the rights 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 number (1.3.1–1.3.6) in the ANSWER BOOK.
- 1.3.1 Occurs when the cost per unit decreases while quantities produced increase
- 1.3.2 Many buyers and sellers selling differentiated products
- 1.3.3 A situation where poor families cannot break away from poverty
- 1.3.4 A period whereby only one factor of production can be varied
- 1.3.5 The introduction of contaminants into the environment
- 1.3.6 Indicator generally used to measure the income distribution between groups of people (6 x 1) (6)
- TOTAL SECTION A: 30**

SECTION B

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

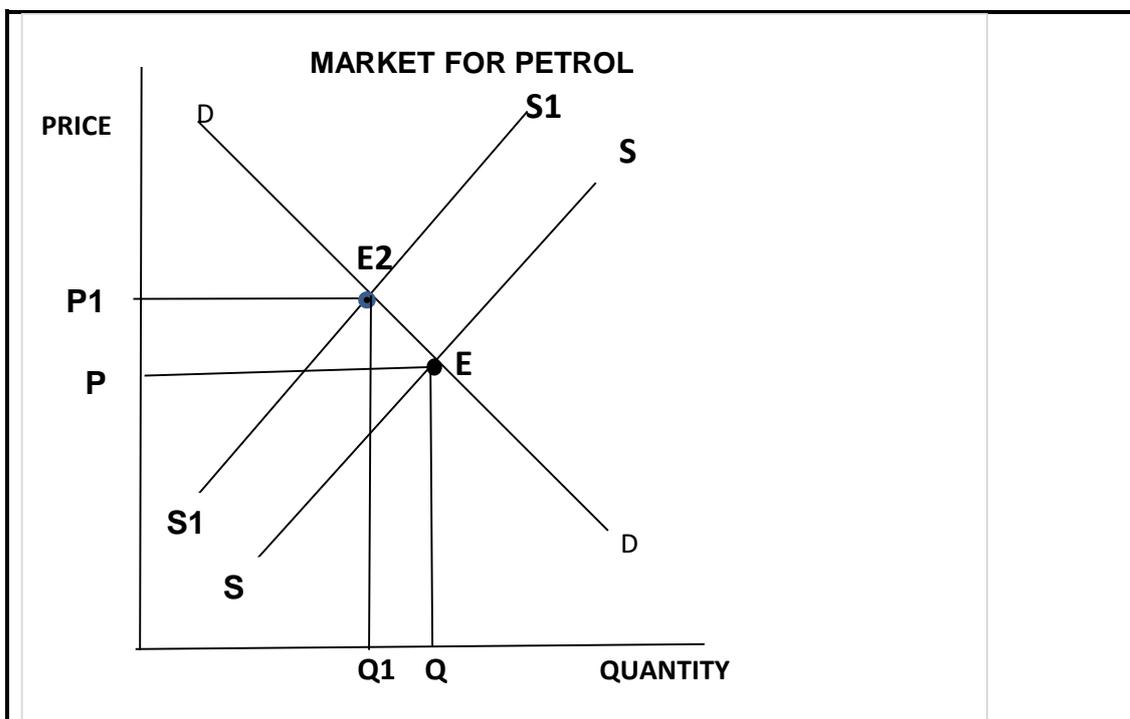
QUESTION 2: MICROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 List TWO examples of fixed costs. (2 x 1) (2)

2.1.2 What would encourage a producer to continue increasing its production? (2)

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



2.2.1 What is the impact on the price and quantity of the shift in supply from SS to S₁S₁? (2)

2.2.2 Explain the phrase *inverse relationship*. (2)

2.2.3 What may be the cause of a shift in supply from SS to S₁S₁? (2)

2.2.4 Draw the graph of the complement product (petrol) and indicate what the reaction would be. (4)

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

OLIGOPOLIES

A few large oligopolies dominate an oligopoly market, i.e. just a few handset manufacturing companies dominate the cell network of South Africa. The products are similar, and sold by a few companies. Moreover, the products are branded due to extreme competition, and because there are huge long-term entry barriers, the companies make exorbitant profits. The competing companies have an unusual interdependence, to the point that they almost operate in unison.

[Adapted from [Markitects./co.za](http://Markitects.co.za)]

- 2.3.1 From the extract, list any TWO features of an oligopoly (2)
- 2.3.2 Explain the term *entry barrier*. (2)
- 2.3.3 Why do firms collude with one another? (2)
- 2.3.4 How does branding assist a company operating in an oligopoly market structure? (2 x 2) (4)
- 2.4 Briefly discuss *nature of the product* and *entry* as characteristics of a perfect market. (8)
- 2.5 With the aid of graphs, explain how an increase in demand of a product affects the factor market. (8)

[40]

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

3.1 Answer the following questions.

3.1.1 List any TWO aspects that indicate the level of development in a country. (2 x 1) (2)

3.1.2 Why is it important for us to sustain the environment? (2)

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

TRADE LIBERALISATION[Source: www.cartoonstock.com]

3.2.1 Which economic concept can be associated with the phrase 'The world is round, we'll get there'? (1)

3.2.2 What does the abbreviation WTO stand for? (1)

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

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

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

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

PROTECTING THE ENVIRONMENT



The earth is an ecosystem that deserves our protection. Without our environment, we would be unable to thrive as humans. It is up to each of us to do our part to help protect the environment. Any time you reduce the amount of water you use, save on gasoline, reduce the use of electricity, prevent items from going into landfills, or save on natural resources, you help protect the environment in important ways.

[Source: www.consumerprotect.com]

- 3.3.1 Identify from the above extract any TWO ways of protecting the environment. (2)
- 3.3.2 Briefly describe the concept *ecosystem*. (2)
- 3.3.3 Explain price policy as a method of protecting the environment. (1 x 2) (2)
- 3.3.4 Why is it vital for human beings to protect the environment? (4)
- 3.4 Explain *changes in employment conditions* and *changes in culture* as consequences of globalisation. (8)
- 3.5 Why do you think taking care of forests is important for the economy and the environment? (8)

[40]

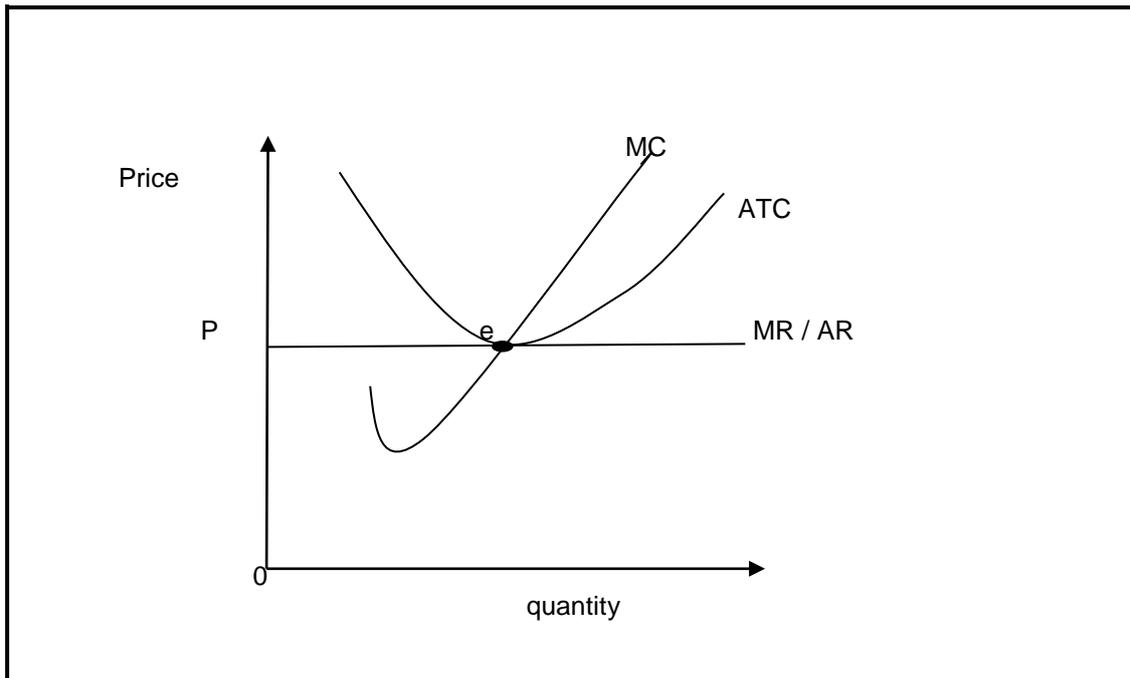
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Give any TWO member states of the SADC region. (2 x 1) (2)

4.1.2 Why does the average fixed-cost curve slope downwards from left to right? (1 x 2) (2)

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



4.2.1 Which market structure is depicted above? (1)

4.2.2 What type of profit is indicated in the above graph? (1)

4.2.3 Briefly explain point 'e' on the graph. (2)

4.2.4 Explain the slope of the marginal cost curve. (2)

4.2.4 Why are MR and AR equal in the graph? (4)

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

LOSS OF BIODIVERSITY AND GLOBAL CLIMATE CHANGE

Global climate change is occurring at an unprecedented rate today, mainly due to an increased emission of greenhouse gases such as CO₂. Global temperatures have increased by about 0,6–0,7 °C and are predicted to further increase by 1,4–5,8 °C by 2100. Loss of biodiversity has become a serious issue in many places around the world. Many factors such as habitat loss, degradation, excessive nutrient load, air and water pollution, overexploitation and unsustainable use of natural resources contribute to the loss of biodiversity.

- 4.3.1 List any TWO factors that contribute to the loss of biodiversity. (2 x 1) (2)
- 4.3.2 What is the main cause of climate change? (2)
- 4.3.3 Briefly explain *brown* environmental issues. (2)
- 4.3.4 How does climate change affect the economic environment? (2 x 2) (4)
- 4.4 Briefly discuss the SMART principle in designing the objectives of business. (8)
- 4.5 What would South Africa gain from integrating with other economies? (8)

[40]

TOTAL SECTION B: 80

