



Province of the  
**EASTERN CAPE**  
EDUCATION

# **NATIONAL SENIOR CERTIFICATE**

**GRADE 11**

**NOVEMBER 2011**

**ECONOMICS**

**MARKS: 300**

**TIME: 3 hours**



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This question paper consists of 16 pages.

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**INSTRUCTIONS AND INFORMATION**

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

SECTION A: COMPULSORY.

SECTION B: Answer any THREE questions of the five questions.

SECTION C: Answer any TWO questions of the four questions.

2. Write the question number above each question.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Read the questions carefully and start each question on a NEW page.
5. Leave 2 – 3 lines between subsections of questions.
6. Answer questions in full sentences and ensure that the format and content of your responses comply with the cognitive levels of the questions.
7. Write neatly and legibly.
8. Only the required number of questions will be marked in the order in which they appear in the ANSWER BOOK.

**SECTION A (Compulsory)****QUESTION 1 (LO1 – LO4)**

1.1 Various possible options are provided as answers to the following questions. Choose the most correct answer and only write the letter (A, B or C) next to the corresponding question number (1.1.1 – 1.1.12) in the ANSWER BOOK.

1.1.1 It is a unique characteristic of this factor of production that it cannot be moved from place to place.

- A Land
  - B Labour
  - C Capital
- (2)

1.1.2 These are outputs that are used by other enterprises.

- A Intermediate goods
  - B Final goods
  - C Consumer goods
- (2)

1.1.3 The national railway network in South Africa is managed by ...

- A Portnet.
  - B Spoornet.
  - C Airnet.
- (2)

1.1.4 All other things being equal, there is a/an ... relationship between price and quantity demanded.

- A inverse
  - B direct
  - C equal
- (2)

1.1.5 It is the minimum earnings that will prevent the entrepreneur from leaving the business.

- A Economic profit
  - B Normal profit
  - C Abnormal profit
- (2)

1.1.6 Refers to the satisfaction gained from the consumption of an article.

- A Diminishing utility
  - B Disutility
  - C Utility
- (2)

- 1.1.7 Provides the legal basis for the transformation of the South African economy.
- A Black Economic Empowerment
  - B Affirmative action
  - C Property subsidies
- (2)
- 1.1.8 South African Reserve Bank's inflation target is between ...
- A 10% - 14%.
  - B 3% - 6%.
  - C 2% - 8%.
- (2)
- 1.1.9 There is free movement of goods and services as well as factors of production in this type of economic co-operation.
- A A free trade area
  - B A common market
  - C A monetary union
- (2)
- 1.1.10 The acronym RDP stands for ...
- A Rural Development Programme.
  - B Road Development Project.
  - C Reconstruction and Development Programme.
- (2)
- 1.1.11 This institution is responsible for international trade relationships, tariffs and other forms of protection arrangements.
- A The World Bank
  - B World Health Organisation
  - C World Trade Organisation
- (2)
- 1.1.12 The '*World Summit on Sustainable Development*' which took place in 2002 was hosted by ...
- A Durban.
  - B Cape Town.
  - C Johannesburg.
- (2)

- 1.2 Choose a word from the following LIST that best describe the given statements. Only write the correct word next to the corresponding question number (1.2.1 – 1.2.5) in the ANSWER BOOK.

Absolute poverty; Setas; Credit Cards; Average Revenue; Sasol; Marginal Revenue; Credit notes; Relative poverty

- 1.2.1 Established by the National Skills Authority for developing sector skills (2)
- 1.2.2 Produces fuel from coal in South Africa (2)
- 1.2.3 The additional revenue added by an additional unit of output (2)
- 1.2.4 These are issued by banks and other institutions to credit-worthy clients (2)
- 1.2.5 Refers to the number of people who are unable to satisfy their basic needs (2)
- 1.3 Choose a description from COLUMN B that matches a concept in COLUMN A. Only write the correct letter (A – J) next to the corresponding question number (1.3.1 – 1.3.8) in the ANSWER BOOK.

	<b>COLUMN A</b>		<b>COLUMN B</b>
1.3.1	Economically Active Population	A	The relationship between input and output
1.3.2	Planned Economy	B	Buying and selling of government securities in the open market
1.3.3	JSE	C	Trade is the most important feature
1.3.4	Cross Elasticity of Demand	D	Disadvantaged when compared to others in the community
1.3.5	Productivity	E	A very good example for a perfect market
1.3.6	Open Market Transactions	F	People between the ages of 15 and 65
1.3.7	Relative poverty	G	Demand and supply of goods
1.3.8	Globalisation	H	Explains the changes in the price of one product and the resulting change in the demand for another one
		I	Creation of useful goods
		J	Consumers have little or no choice

(8x2) (16)

**TOTAL SECTION A: 50**

**SECTION B** (Answer any THREE questions from this section)**QUESTION 2** (LO1) (50 MARKS – 25 MINUTES)

2.1 Answer the following questions appropriately:

Choose the most correct word from those given in brackets. Only write the word next to the corresponding question number (2.1.1 – 2.1.4) in the ANSWER BOOK.

2.1.1 There is an oversupply of (skilled/unskilled) labour in South Africa. (2)

2.1.2 Capital (widening/deepening) occurs when labour-capital ratio increases. (2)

2.1.3 Goods produced in South Africa and sold in Namibia are known as South African (imports/exports). (2)

2.1.4 South Africa is very good example of a (free market/mixed) economy. (2)

2.2 List the THREE factors determining the quality of labour. (3x2) (6)

**2.3 DATA RESPONSE**

Study the table given below and answer the questions that follow:

**Gross Domestic Expenditure**

	<b>2009</b>	<b>2010</b>
Final Consumption Expenditure by households	1 456 089	1 575 642
Final Consumption Expenditure by general Government	505 469	573 540
Gross Capital Formation	469 888	513 052
Residual item	-14 361	4 896
Gross Domestic Expenditure	24 127 085	<b>Qn. 2.3.2</b>

(Adapted from SARB Quarterly Bulletin March 2011)

2.3.1 Define the term 'Gross Domestic Expenditure'. (2)

2.3.2 Calculate the Gross Domestic Expenditure for 2010. (2)

2.3.3 In the formula  $GDP(E) = C + G + I + X - M$ , what does the letter 'M' stand for? (2)

2.3.4 Give any TWO examples of government expenditure. (4)



**QUESTION 3 (LO2) (50 MARKS – 25 MINUTES)**

3.1 Answer the following questions appropriately:

Choose the most correct word from those given in brackets. Only write the word next to the question number (3.1.1 – 3.1.4) in the ANSWER BOOK.

3.1.1 (Micro/Macro) economics deals with the decisions of the individual consumers. (2)

3.1.2 Costs that remain the same irrespective of the level of output is called (fixed/variable) cost. (2)

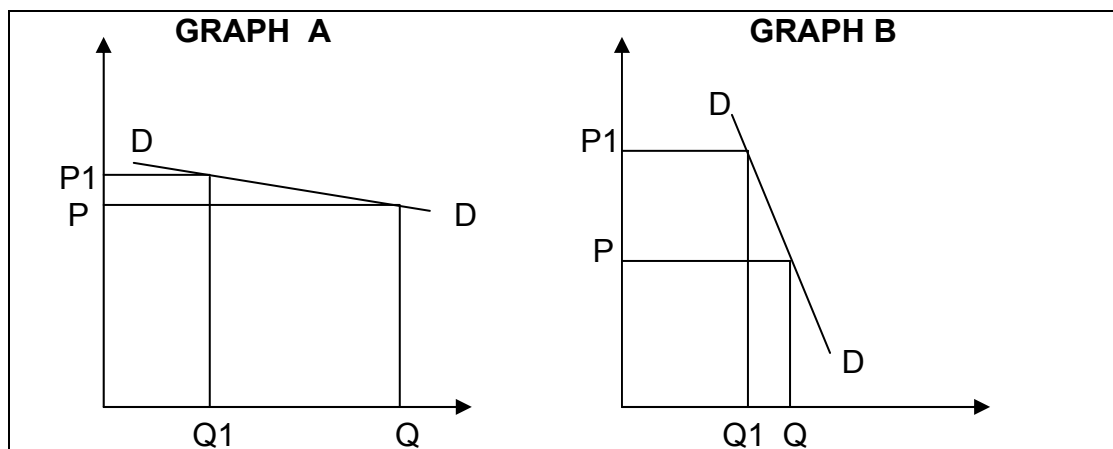
3.1.3 The additional utility derived from an additional unit is called (total/marginal) utility. (2)

3.1.4 A market that consists of a small number of large firms is called a/an (oligopoly/monopoly) market. (2)

3.2 List any THREE characteristics of a perfect market. (3x2) (6)

3.3 **DATA RESPONSE**

Study the graphs given below and answer the questions that follow.



3.3.1 Define the concept 'Elasticity of demand'. (2)

3.3.2 Identify the degrees of elasticity as shown in the above Graph A and B. (4)

3.3.3 Distinguish between the TWO types of elasticity of demand in the above two graphs. (4)



### 3.4 DATA RESPONSE

Study the scenario given below and answer the questions that follow.

**Andile's T-shirts**

Andile owns a T-shirt manufacturing business. He heard about a large conference, which is going to be held in his town the following week and he decides to increase the supply of T-shirts. To increase his output in a hurry, he can only increase the quantity of certain resources. He can ask his workers to work longer hours and can get some more materials and ink but he does not have the time to buy new equipments or new buildings.

- 3.4.1 Differentiate between short-run and long-run. (6)
- 3.4.2 Define the term 'marginal cost'. (2)
- 3.4.3 State any factor that Andile can change to increase his output. (2)
- 3.5 Briefly explain 'complementary goods' with the aid of graphs. (8)
- 3.6 Discuss the concepts 'economies of scale' and 'diseconomies of scale'. (8)
- [50]**

### QUESTION 4 (LO3) (50 MARKS – 25 MINUTES)

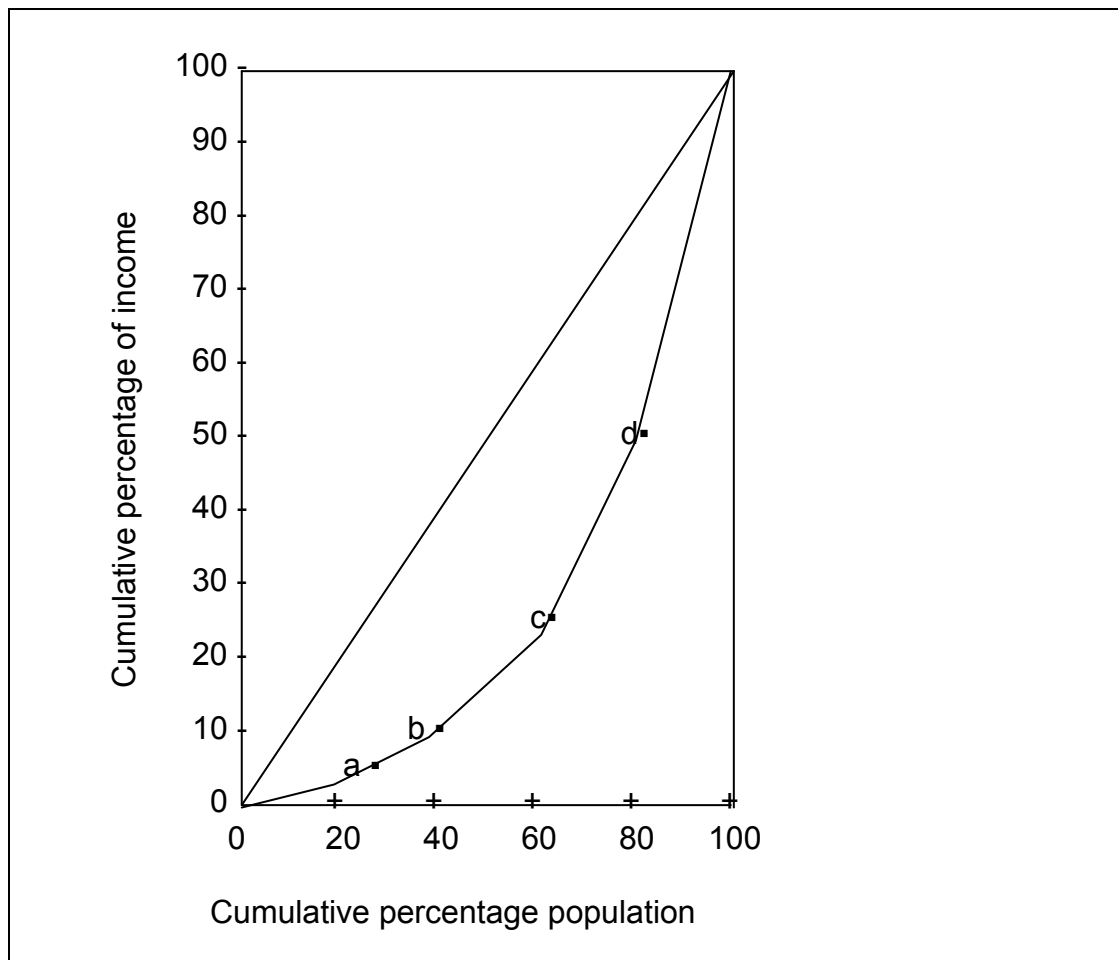
- 4.1 Answer the following questions appropriately.

Choose the most correct word from those given in brackets. Only write the word next to the question number (4.1.1 – 4.1.4) in the ANSWER BOOK.

- 4.1.1 The purpose of (land restitution/land redistribution) is to return land to those who lost them as a result of discriminatory laws. (2)
- 4.1.2 Economic (growth/development) refers to the increase in the production capacity of the economy. (2)
- 4.1.3 The handicapped, old people, children, etc. are regarded as (marginalised/empowered) people. (2)
- 4.1.4 (NEPAD/SACU) was accepted as the strategy for achieving sustainable development on the African continent. (2)
- 4.2 List the THREE aims/purposes of government's intervention in the economy. (3x2) (6)

### 4.3 DATA RESPONSE

Study the graph given below and answer the following questions.



- 4.3.1 Name the above graph/curve. (2)
- 4.3.2 What do we measure using the above graph/curve? (2)
- 4.3.3 Mention THREE reasons for unequal distribution of income. (3x2) (6)

#### 4.4 DATA RESPONSE

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

Most bankers would not consider Babalwa as a good candidate for a loan. Babalwa, age 49, is a functionally illiterate, primary-school dropout who lives in a one-room house with a grass roof. She has eight children. She does not earn a wage. Babalwa provides for her family by selling vegetables, "loose" cigarettes and little plastic bags of cooked mealies, eaten as snacks.

Despite such humble credentials, Babalwa was the perfect candidate for a loan from the Small Enterprise Foundation, a non-profit organization that provides microcredit to rural entrepreneurs. "People are hungry for loans," said John De Wit, the program's director. "There's nobody else doing this."

The only other credit available is from neighbourhood money lenders, who charge 30 percent interest per month and uses cruel methods of collecting debt.

*(Adapted from Small Enterprise Foundation)*

- 4.4.1 Name the non-profit organisation providing credit to rural entrepreneurs. (2)
- 4.4.2 Mention ONE problem of borrowing money from micro-lenders. (2)
- 4.4.3 Name the regulating authority or institution for micro-lenders. (2)
- 4.4.4 Mention TWO aims of the regulating authority of micro-lenders. (4)
- 4.5 Discuss Southern African Development Community as an institution for economic co-operation and integration. (8)
- 4.6 Briefly explain 'monetary policy' of the South African Reserve Bank. (8)

**[50]**

**QUESTION 5 (LO4) (50 MARKS – 25 MINUTES)**

5.1 Answer the following questions appropriately.

Choose the most correct word from those given in brackets. Only write the word next to the question number (5.1.1 – 5.1.4) in the ANSWER BOOK.

5.1.1 Majority of the poor people live in (urban/rural) areas. (2)

5.1.2 The separation between the developed and the developing countries is known as the (North-South/East-West) divide. (2)

5.1.3 Producing new products from old articles is known as (reusing/recycling). (2)

5.1.4 People living in (relative/absolute) poverty cannot meet basic needs. (2)

5.2 List any THREE causes of poverty. (3x2) (6)

5.3 **DATA RESPONSE**

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



Globalisation in general refers to the reduction of barriers between countries with trade as its main objective. It is characterised by the fact that distance and national borders no longer matter, easier access to customers across the globe and that the nation state and geography are no longer relevant for economic purposes.

*(Adapted from Blogspot)*

5.3.1 According to the extract, what is 'Globalisation'? (2)

5.3.2 Mention ONE characteristic of globalisation. (2)

5.3.3 Mention TWO technological causes of globalisation. (4)

5.3.4 Briefly explain the concept 'trade liberalisation'. (2)

**5.4 DATA RESPONSE**

Read the following extract and answer the following questions.

**Earth is being over-exploited**

“Over the past 50 years, humans have changed eco-systems more rapidly and extensively than in any comparable time in human history, largely to meet rapidly growing demands for food, fresh water, timber, fibre and fuel.”

*(Adapted from Economics for All)*

- 5.4.1 According to the extract, what are the reasons for the exploitation of earth? Mention any TWO. (4)
- 5.4.2 Mention TWO approaches to conservation. (4)
- 5.4.3 List ONE type of pollution. (2)
- 5.5 Briefly explain the concept ‘poverty trap’. (8)
- 5.6 Briefly explain ‘economic growth’ as an absolute and comparative advantage of globalisation. (8)

**[50]**

**QUESTION 6 (LO1 AND LO2) (50 MARKS – 25 MINUTES)**

6.1 Answer the following questions appropriately.

Choose the most correct word from those given in brackets. Only write the word next to the question number (6.1.1 – 6.1.4) in the ANSWER BOOK.

6.1.1 The compensation for taking risk is (profit/wage). (2)

6.1.2 The (secondary/tertiary) sector produces services. (2)

6.1.3 In a perfectly competitive market, sellers are price (makers/takers). (2)

6.1.4 Goods without any substitutes will have an (elastic/inelastic) demand. (2)

6.2 List any THREE reasons for the marginalisation of people. (3x2) (6)

6.3 **DATA RESPONSE**

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

**Primary sector**

Agriculture as a percentage of GDP has decreased over the past four decades. This means that the economy has gradually become more advanced. In 1960, agriculture constituted 9,1% of the total economy. This decreased to only 2,3% in 2010. Though this decrease would seem to be a negative trend from a farmer's point of view, it signals that the South African economy is reaching maturity as the secondary and tertiary sectors become more important.

Mining sector contributed 5,6% to total GDP in 2010.

*(Adapted from [www.medioclubsouthafrica.com](http://www.medioclubsouthafrica.com))*

6.3.1 What is the reason, according to the extract for the decrease in the contribution of agriculture to GDP? (2)

6.3.2 What was the contribution of agriculture to GDP in 1960? (2)

6.3.3 According to the extract, which primary sector contributed more to GDP in 2010? (2)

6.3.4 Mention any TWO reasons why the primary sector is regarded as being important. (4)

## 6.4 DATA RESPONSE

Study the following data and answer the questions that follow.

Human Development Index and its components			
Country	HDI value	Life expectancy at birth	GNI per capita
Nigeria	0,423	48,4	2 156
Zimbabwe	0,140	47,0	176
South Africa	0,597	52,0	9 812
Ghana	0,467	57,1	1 385
Swaziland	0,498	47,0	5 132

*(Adapted from UNDP Report 2010)*

- 6.4.1 How is economic development measured? (2)
- 6.4.2 According to the data given above, which country has the lowest standard of living? (2)
- 6.4.3 Mention TWO reasons for low standard of living. (4)
- 6.4.4 Which country has the highest life expectancy, according to the UNDP report? (2)
- 6.5 Briefly explain 'taxation' as a method of redistributing income and wealth. (8)
- 6.6 Briefly explain 'ownership' and 'planning' as characteristics of planned economy. (8)

**[50]**

**TOTAL SECTION B: 150**

**SECTION C** (Answer any TWO questions from this section)

Essay responses:

- Should include an introduction, body and conclusion.
- 5 marks will be awarded for the introduction and conclusion.
- In addition, 5 marks will be awarded for the interpretation of the topic.
- A maximum of 40 marks will be allocated for the body.

**QUESTION 7** (LO1 AS4)**ESSAY RESPONSE**

“Secondary sector industries change natural resources to a form that is suitable for human use”.

Analyse the importance of a secondary sector in an economy. [50]

**QUESTION 8** (LO2 AS3)**ESSAY RESPONSE**

Mention the different degrees of Price Elasticity of SUPPLY and analyse the factors determining elasticity of supply in detail. (No graphs required) [50]

**QUESTION 9** (LO3 AS2)**ESSAY RESPONSE**

“Strategies for development are embodied in the economic and other policies of developing countries”.

Critically analyse the development strategies used in developing countries. [50]

**QUESTION 10** (LO4 AS4)**ESSAY RESPONSE**

Write a detailed essay on the different approaches to environment sustainability. [50]

**TOTAL SECTION C: 100**

**GRAND TOTAL: 300**