



Province of the
EASTERN CAPE
EDUCATION

NATIONAL SENIOR CERTIFICATE

GRADE 11

NOVEMBER 2023

ECONOMICS P1

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 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. 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 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. You may use a non-programmable pocket calculator.
11. Write neatly and legibly.

SECTION A (COMPULSORY)**30 MARKS – 20 MINUTES****QUESTION 1**

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

1.1.1 The price paid for the use of natural resources is called ...

- A profit.
- B exchange value.
- C rent.
- D money.

1.1.2 In South Africa's national accounts, final consumption expenditure refers to expenditure by ...

- A households.
- B businesses.
- C government.
- D foreigners.

1.1.3 The rules and procedures followed by government officials that cause delays in providing services is called ...

- A accountability.
- B hierarchy.
- C regulations.
- D bureaucracy.

1.1.4 The decrease in the value of an asset due to wear and tear is known as ...

- A exchange value.
- B fixed asset.
- C depreciation.
- D explicit cost.

1.1.5 Economic growth is measured and expressed in terms of real ...

- A gross national product.
- B gross domestic product.
- C wages paid.
- D gross domestic expenditure.

1.1.6 The income gap is measured by means of the ...

- A supply curve.
- B Lorenz curve.
- C Gini coefficient.
- D demand curve.

1.1.7 The taxation system that South Africa uses is ...

- A progressive.
- B proportional.
- C dynamic.
- D regressive.

1.1.8 The ... is the most recent development strategy to be pursued by South Africa.

- A Reconstruction and Development Programme
- B Joint Initiative on Priority Skills Acquisition
- C New Growth Path
- D National Development Plan

(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 numbers (1.2.1 to 1.2.8) in the ANSWER BOOK, for example 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Infrastructure	A	assets that are used in the production process over a long time
1.2.2	Human Development Index	B	measures the degree of income inequality and wealth distribution between households
1.2.3	Renewable resources	C	facilities, activities and services which support the operation and development of other sectors
1.2.4	Fixed capital	D	the best possible outcome within a given set of circumstances
1.2.5	Injectors	E	gross national product divided by population
1.2.6	Lorenz curve	F	replace themselves over a long period
1.2.7	Optimum mix	G	a statistic used to rank countries in terms of life expectancy, education and standard of living
1.2.8	Per capita income	H	additions of money into the circular flow
		I	goods received from other countries

(8 x 1) (8)

- 1.3 Give ONE term/word for each of the following descriptions. Write only the term/word next to the question numbers (1.3.1 to 1.3.6) in the ANSWER BOOK.

Abbreviations, acronyms and examples will NOT be accepted.

- 1.3.1 Goods that are used as inputs by other enterprises
- 1.3.2 Gifts of nature that occur naturally
- 1.3.3 Occurs when the amount of capital stock per worker is increased
- 1.3.4 The return of land to those who lost it as a result of racially discriminating laws and practices
- 1.3.5 The minimum amount of deposits that must be kept by banks to meet short-term and emergency funding needs
- 1.3.6 Citizens between the age of 15 to 64 who are employed or seeking employment (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B**QUESTION 2: MACROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO examples of durable goods. (2)

2.1.2 Why is it important for the government to empower marginalised people in the economy? (2)

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

GROSS CAPITAL FORMATION AT CURRENT PRICES – 2022	
Residential buildings	128 376
Non-residential buildings	48 937
Construction works	170 733
Transport equipment	96 096
Information, computer and telecommunication equipment	27 397
Machinery and other equipment	363 170
Computer software	39 471
Mineral exploration and evaluation	1 665
Cultivated biological resources	10 053
Transfer costs	24 250
Total fixed capital formation	A

[Source: SARB, *Quarterly Bulletin*, March 2023]

2.2.1 Identify the classification of gross capital formation in the above table. (1)

2.2.2 Name ONE main national account aggregate. (1)

2.2.3 Briefly describe the term *gross capital formation*. (2)

2.2.4 Explain the importance of national account aggregates in an economy. (2)

2.2.5 Why is capital formation important for the economy? (4)

- 2.3 Study the information below and answer the questions that follow.

ECONOMIC SYSTEMS

An economy is a system whereby goods are produced and exchanged. Without a viable economy, a state will collapse. There are three main types of economies: free-market, command and mixed economy. Individuals and businesses make their own economic decisions. The state's central government makes all of the country's decisions.

[Adapted from www.sparknotes.com. Accessed on 12 February 2023.]

- 2.3.1 Identify a level of government from the information above. (1)
- 2.3.2 Name the economic system that South Africa is currently using. (1)
- 2.3.3 Briefly describe the term *economic system*. (2)
- 2.3.4 Explain ownership as a characteristic of a centrally planned economy. (2)
- 2.3.5 How does freedom of choice benefit the households as consumers of goods and services? (4)
- 2.4 Discuss the characteristics of a market economy. (4 x 2) (8)
- 2.5 Examine the actions (strategies) taken by the government to increase accessibility of the economically marginalised groups through empowerment. (8)

[40]

QUESTION 3: ECONOMIC PURSUITS**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO sources of wealth. (2 x 1) (2)

3.1.2 How will the South African Reserve Bank intervene when a bank experiences bank failure? (2)

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



[Adapted from <https://nationalgovernment.co.za/units/view/259/national-skills-fund-nsf>. Accessed on 12 February 2023.]

3.2.1 Identify a plan to ensure economic development in South Africa from the information above. (1)

3.2.2 Name a characteristic of developing countries. (1)

3.2.3 Briefly describe the term *economic development*. (2)

3.2.4 Explain the importance of indigenous knowledge systems in the economy. (2)

3.2.5 Why does economic growth improve economic development? (4)

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

SA RESERVE BANK HIKES RATES AGAIN – MAY 2023

The Reserve Bank has raised interest rates by another 50 basis points.

This puts the repo rate at 8,25 percent and the prime lending rate at 11,75 percent.

High inflation, with persistent power cuts, was a key factor.

The Reserve Bank governor ensured us that South Africans will benefit later from the SARB's tough stance.

[Adapted from enca.com. Accessed on 31 March 2023.]

- 3.3.1 Identify a monetary policy instrument from the extract above. (1)
- 3.3.2 Name any function of the central bank (SARB). (1)
- 3.3.3 Briefly describe the term *prime lending rate*. (2)
- 3.3.4 Explain the aim of the SARB's monetary policy. (2)
- 3.3.5 How is the South African economy negatively affected by the continuous hike in interest rates? (4)
- 3.4 Briefly discuss foreign exchange risks and poor credit evaluation as reasons for bank failures. (4 x 2) (8)
- 3.5 Evaluate the Reconstruction and Development Programme as a development strategy in South Africa. (8)

[40]

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name TWO ways in which standards of living can be measured. (2)

4.1.2 Why are imports not included in domestic expenditure? (2)

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

**Visa backlog means SA is missing out on
highly skilled labour**



[Adapted from <https://www.moneyweb.co.za/moneyweb>. Accessed on 1 April 2023.]

4.2.1 Identify a category of labour from the above information. (1)

4.2.2 Name an economic term that refers to highly skilled workers leaving a country to look for better work opportunities in other countries. (1)


4.2.3 Briefly describe the term *labour*. (2)


4.2.4 Explain the difference between *nominal* and *real wages*. (2)

4.2.5 How can the quality of labour be improved in South Africa? (4)

4.3 Study the information and answer the questions that follow.

Both Want To Trade Their Products,
But Neither Want The Products Each Other Is Selling.





Traditional barter systems only works when both parties to a transaction have something that the other party wants. Introducing a medium of exchange allows for greater efficiency in an economy and stimulates an increase in overall trading activity.

Micro-finance and micro-loans have the potential to be a critical part of the financial environment. In SA many people are surprised to hear that there are over 6 000 active regulated credit providers.

[Adapted from www.investopedia.com/terms. Accessed on 31 March 2023.]

- 4.3.1 Identify a function of money from the above information. (1)
- 4.3.2 Name the South African currency. (1)
- 4.3.3 Briefly describe the term *micro-lending*. (2)
- 4.3.4 Explain the role of the National Credit Act in the economy. (2)
- 4.3.5 How can the government stabilise the value of money in a country? (4)
- 4.4 Differentiate between *real* and *money flows*. (8)
- 4.5 Examine the relationship between bank failure and economic activities. (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer any ONE question of the TWO questions in the ANSWER BOOK.

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. <ul style="list-style-type: none"> • 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/Compare/Evaluate/Distinguish/Differentiate/Explain/Assess/Debate/Draw a graph and explain/Use the graph given and explain/Complete the given graph A maximum of 8 marks may be allocated for headings/examples. Additional part: Give own opinion/Critically discuss/Evaluate/Critically evaluate/ Deduce/Compare/ Distinguish/Interpret/Briefly debate/How/ Suggest/Analyse A maximum of 2 marks may be allocated for mere listing of facts.	Max. 26 Max. 10
Conclusion Any higher-order conclusion should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or value judgment 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: MACROECONOMICS**40 MARKS – 40 MINUTES**

- Discuss in detail the economic importance of the tertiary sector. (26 marks)
- Examine the relationship between the different sectors in the economy (10 marks) **[40]**

QUESTION 6: ECONOMIC PURSUITS**40 MARKS – 40 MINUTES**

- Discuss in detail the different methods used to redistribute income and wealth. (26 marks)
- Evaluate South Africa's economic growth performance. (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150

