



**GAUTENG DEPARTMENT OF EDUCATION  
PROVINCIAL EXAMINATION  
JUNE 2017  
GRADE 11**

**ECONOMICS  
PAPER 1**

**TIME: 2 hours**

**MARKS: 150**

**13 pages**

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**INSTRUCTIONS AND INFORMATION**

Read the following instructions carefully before answering the questions.

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. Additional answers will NOT be marked. In SECTION B only the first TWO 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 number of the question above each answer.
5. Read the questions carefully and start each question on a NEW page.
6. Leave 2 – 3 lines between sub-sections of questions.
7. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the requirements of the questions.
8. Use only black or blue ink.
9. Non-programmable pocket calculators may be used.
10. Write neatly and legibly.

**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) of your answer next to the question number (1.1.1 – 1.1.8) in the ANSWER BOOK.

1.1.1 Economically marginalised groups include ...

- A women and physically challenged people.
- B police and soldiers.
- C black and white people.
- D teachers and nurses.

1.1.2 A unique feature of this factor of production is that it is fixed and can't move from one place to another.

- A Capital
- B Labour
- C Land
- D Entrepreneurship

1.1.3 The South African workforce is made up of workers between the ages of ...

- A 15 – 48.
- B 21 – 50.
- C 15 – 64.
- D 21 – 60.

1.1.4 To convert basic prices to market prices, taxes on products must be ...

- A deducted.
- B added.
- C multiplied.
- D ignored.

1.1.5 The budget speech is presented by the ...

- A President.
- B Minister of Trade and Industry.
- C Governor of SARB.
- D Minister of Finance.

1.1.6 GDP per capita measures the economic ... of a country.

- A development
- B growth
- C equality
- D stability

1.1.7 Large public corporations or business entities in the public sector are known as ...

- A corporates.
- B public companies.
- C private companies.
- D parastatals.

1.1.8 The model which indicates the flow of goods and services as well as the factors of production, is known as the ...

- A economic cycle.
- B monetary flow.
- C circular flow.
- D business cycle.

(8x2) (16)

1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A – H) next to the question number (1.2.1 – 1.2.8) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Centrally planned economy	A Resources like minerals and land
1.2.2 Capital goods	B GDP(I) @ basic prices
1.2.3 Non-renewable resources	C C + I + G
1.2.4 Include tax and subsidies on production	D The government owns all the factors of production
1.2.5 SARB	E Communication, transport and energy
1.2.6 Secondary sector	F Goods that are used to produce other goods
1.2.7 GDE	G Publishes the GDP figures
1.2.8 Infrastructure	H Processing raw materials into final products

(8x1) (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 Compensation of employees, plus net operating surplus, plus consumption on fixed capital
- 1.3.2 This method is the value of final output produced by the three sectors of the economy.
- 1.3.3 The value of the final output at prices paid by consumers is called ... .
- 1.3.4 The money spent by the various government departments on goods and services that provide benefits to society
- 1.3.5 Goods that are not yet ready to be sold to the final consumer
- 1.3.6 The process whereby the state takes over privately owned enterprises (6x1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

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

**QUESTION 2 MACROECONOMICS**

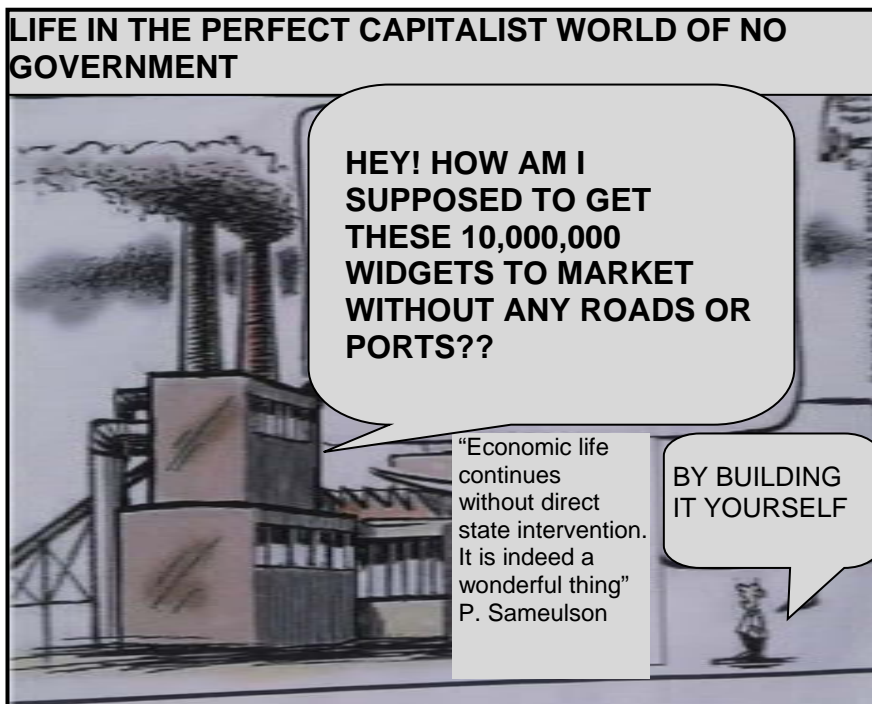
**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 List any TWO categories of natural resources. (2x1) (2)

2.1.2 How is GNI calculated? (1x2) (2)

2.2 Study the following cartoon and answer the questions that follow.



[Business News, 11 May 2016 (Adapted)]

2.2.1 Which economic system can be linked to capitalism? (1)

2.2.2 Describe the economic system named in Question 2.2.1 (2)

2.2.3 Explain why Samuelson says that the market economy is a “great thing”. (1)

2.2.4 Explain THREE disadvantages of non-governmental intervention. (3x2) (6)

2.3 Study the following information and answer the questions that follow.

<b>CONSOLIDATED GOVERNMENT SPENDING ACCORDING TO FUNCTION</b>			
<b>R billion</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
Basic education	253.8	213.7	228.8
Health	145.7	159.4	168.4
Defence, public order and safety	163.6	171.5	181.5
Post-school education and training	253.8	64.2	68.7
Economic affairs and agriculture	50.0	213.0	238.4
Human settlements and municipal infrastructure	235.7	178.2	182.6
General public services	65.1	97.5	73.7
Social protection	144.5	154.4	167.5
<b>Allocated expenditure</b>	<b>1 875.3</b>	<b>1 251.8</b>	<b>1 309.6</b>
Debt-servicing cost	114.9	120.1	147.7
Contingency reserve	3.0		6.0
<b>Consolidated expenditure</b>	<b>1 252.3</b>	<b>1 380.9</b>	<b>1 463.3</b>

[Adapted from: *National Treasury Budget Highlights*, February 2016]

- 2.3.1 Identify the planned expenditure on health in 2016 / 2017. (1)
- 2.3.2 The total government spending in 2016/17 will amount to R1 463.3 billion. Calculate the percentage of the budget that has been allocated to basic education in 2016/17. (1x2) (2)
- 2.3.3 In his 2016 budget speech, the Minister of Finance said that “personnel spending has been curtailed and cost containment measures are reinforced.” Provide evidence to support the Minister’s statement. (1x3) (3)
- 2.3.4 Name the category in the table that would include the amount spent on old-age pensions. (1x2) (2)
- 2.3.5 What deductions can be made about the debt-servicing costs? Give a reason. (1x2) (2)
- 2.4 Briefly discuss efficiency in the delivery of social services in South Africa. (8)
- 2.5 How are entrepreneurs rewarded for their contribution to the economy? (2x4) (8)
- [40]**

**QUESTION 3 MACROECONOMICS****40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 List any TWO examples of social services. (2x1) (2)

3.1.2 Why is the payment made for imports called 'a leakage'? (1x2) (2)

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

**Is South Africa moving in the right direction to  
become a manufacturing economy?**

South Africa's manufacturing sector is in the doldrums, with its share of gross domestic product (GDP) steadily declining over the past two decades.

Recognised as being among the top three multiplier sectors in terms of value-add, job creation, export earnings and revenue generation for every R1 invested, manufacturing has the capacity to uplift an economy. However, with global competitiveness growing aggressively in emerging countries over the past year, more than 300 000 manufacturing jobs have been lost to other countries since 2008, with China taking the lion's share.

If South Africa's manufacturing sector is to be revived, there needs to be a substantial refocus by government, business and education and a roadmap drawn that alleviates current challenges and builds on competitive advantages to see South Africa positioned as one of the world's manufacturing hubs.

[Mail & Guardian, February 6 to 12, 2015]

3.2.1 List TWO main sectors that add value to the GDP of South Africa. (2x1) (2)

3.2.2 What is meant by *international competitiveness*? (2x1) (2)

3.2.3 What should be done to "revive" the manufacturing sector? (2x2) (4)

3.2.4 Why is the secondary sector so important for a country's economy? (1x2) (2)



3.3 Study the following table and answer the questions that follow.

GDP @ current prices	2014 Rm
Agriculture, forestry and fisheries	185 634
Mining and quarrying	185 634
Manufacturing	316 268
Electricity, gas and water	150 000
Construction	300 000
Wholesale and retail	680 000
Transport, storage and communication	316 605
Finance	732 000
Community, social and personal services	588 000
Primary income from the rest of the world	82 235
Primary income to the rest of the world	183 779
Tax on products	404 939
Subsidies on products	12 972

[Adapted from: *SARB Quarterly Bulletin, September 2015*]

- 3.3.1 Which method is used in the above table to calculate GDP? (1)
- 3.3.2 Give ONE example of taxes on products. (1)
- 3.3.3 Calculate the gross domestic product at market prices.  
Show all calculations. (4)
- 3.3.4 Why is there such a wide difference between the primary income **from** the rest of the world to primary income **to** the rest of the world? (2x2) (4)
- 3.4 Explain the difference between *money capital* and *real capital*. (2x4) (8)
- 3.5 How does the cellular phone industry help the poor to gain access to communication? (4x2) (8)
- [40]**

**QUESTION 4 MACROECONOMICS****40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 List TWO markets in the circular flow diagram. (2x1) (2)

4.1.2 Why will a business pay a salary or wage to a member of a household? (1x2) (2)

4.2 Read the following article and answer the questions that follow.

**Output and wages linked to prosperity**

Rising labour productivity leads to higher employment, income and profits. Unfortunately, in South Africa productivity growth has performed very poorly. In the past few years it has grown at a mere 1.3 % to 1.5 %. Productivity measures how quickly a given amount of work is used to produce goods and services. In most industries in China, nominal wages now exceed those in South Africa.

Productivity, more than GDP growth, is perhaps our central economic problem. It is impossible for us to become a rich country if wages do not grow significantly faster than inflation, but they cannot do so unless productivity grows far quicker.

We should set a national goal to double productivity growth. We need a serious and sustained conversation about how to overcome the legacy of apartheid and the failure of our present programmes to develop skills on a large scale. We need to do all of this now, before our ability to trust and work with each other are poisoned by more years of the bad choices that low productivity imposes.

*Luke Jordan (PhD) in Economics**[Mail & Guardian (Business) September 24 to October 1, 2015]*

4.2.1 Which factor of production is linked to productivity? (1)

4.2.2 What is the remuneration for the above factor of production in Question 4.2.1? (1)

4.2.3 "Rising labour productivity leads to higher employment, income and profits." What impact will this have on the economy of South Africa? (2x2) (4)

4.2.4 Why is it impossible for South Africa to become a rich country? (1x2) (2)

4.2.5 List any TWO factors which determine the quality of a labour force. (2x1) (2)

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

**Final consumption expenditure by households**

Category	1 <sup>st</sup> Qrt	2 <sup>nd</sup> Qrt	3 <sup>rd</sup> Qrt	4 <sup>th</sup> Qrt
Durable goods	5.9	12.5	9.4	6.9
Semi-durable goods	7.6	8.5	7.1	3.1
Non-durable goods	2.4	2.7	0.5	0.2
Services	0.1	-2.1	0.1	1.7
<b>Total</b>	<b>2.4</b>	<b>2.5</b>	<b>2.1</b>	<b>2.0</b>

[Source: *Quarterly Bulletin*, March 2015]

- 4.3.1 What do you observe about the percentage of consumer expenditure in the 4<sup>th</sup> quarter compared to previous quarters? (1x2) (2)
- 4.3.2 How do we calculate final consumption expenditure by households? Explain the components in full. (4x1) (4)
- 4.3.3 Why do poorer households spend a greater proportion of income on food than high income households? (1x2) (2)
- 4.3.4 Explain how consumption stimulates employment. (1x2) (2)
- 4.4 Distinguish between *nominal wages* and *real wages*. (2x4) (8)
- 4.5 Why are capital goods and services important for producers of goods and services? (4x2) (8)

**[40]**

**SECTION C**

Answer any ONE of the two questions in this section in the ANSWER BOOK.  
Your answer will be assessed as follows:

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

**QUESTION 5 MACROECONOMICS****40 MARKS – 40 MINUTES**

“As an economic resource, land encompasses all the natural resources used to produce goods and services.”

- Discuss the characteristics and importance of this factor of production. (26)
- Briefly outline the effect of drought on the primary, secondary and tertiary sectors of South Africa. (10)

**[40]****QUESTION 6****40 MARKS – 40 MINUTES**

“South Africa is one of many countries in the world with a mixed economy.”

- Discuss the characteristics, advantages and disadvantages of a country having a mixed economy. (26)
- Analyse the problems that South Africa is facing with too much government involvement in the economy. (10)

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