



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

NOVEMBER 2014

ECONOMICS P2

MARKS: 150

TIME: 1½ 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 – 15 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 The decline in satisfaction due to an additional consumption of a product/service is referred to as ...
- A diminishing utility.
 - B marginal utility.
 - C excessive utility.
- 1.1.2 An increase or decrease in quantity demanded due to changes in income is referred to as ... of demand.
- A price elasticity
 - B supply elasticity
 - C income elasticity
- 1.1.3 One of the following phrases depicts demand relationships between substitutes:
- A Increase in price of a product and an increase in demand of the substitute product.
 - B Decrease in price of a product and increase in demand of the substitute product.
 - C Decrease price of a product and a decrease in demand of the substitute product.
- 1.1.4 The extra cost of producing an additional unit is referred to as ...
- A average variable cost.
 - B variable cost.
 - C marginal cost.
- 1.1.5 One of the following is not an effect of poverty:
- A High population growth
 - B Increased crime reports
 - C Excessive economic choices
- 1.1.6 Increased co-operation between countries results in the formation of ...
- A trade blocks.
 - B building blocks.
 - C banking blocks.

1.1.7 One of the following is an institution of globalisation:

- A Umsobomvu Youth Fund
- B International Monetary Fund
- C South African Institute of Chartered Accountants

1.1.8 ... is one of the causes of environmental deterioration.

- A Less emission of CO₂
 - B Limited use of natural resources
 - C Excessive consumption
- (8 x 2) (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 1.1.9 K.

COLUMN A		COLUMN B	
1.2.1	Absolute poverty	A	facilitates international trade agreements, tariff policies protection of intellectual property
1.2.2	Regionalisation	B	price multiplied by quantity
1.2.3	WTO	C	responsiveness of quantity demanded of one good to a change in the price of another good
1.2.4	COP 17	D	European Union, BRICS, NAFTA
1.2.5	Cross elasticity	E	prevents an entrepreneur from closing the business down
1.2.6	Normal profit	F	people being unable to take care of their basic needs
1.2.7	Unrelated goods	G	was held in South Africa
1.2.8	Total revenue	H	zero elasticity of demand
		I	Brazil
		J	people being relatively able to take care of their basic needs

(8 x 1) (8)

- 1.3 Give the correct concept for each of the following phrases.
- 1.3.1 A process by which land becomes very dry and it can no longer sustain crops or vegetation
- 1.3.2 A process where the economies of countries become more connected to one another
- 1.3.3 Percentage change in quantity demanded is equal to percentage change in price
- 1.3.4 A positive difference between total revenue and total cost
- 1.3.5 A situation that exists when a firm is able to divide its costs over higher levels of outputs
- 1.3.6 Extra profit that the owner receives above the minimum payment required by the owner of the firm to stay in business (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 – 20 MINUTES**

2.1 Answer the following questions.

2.1.1 List any TWO factors determining the price elasticity of demand. (2 x 1) (2)

2.1.2 Explain the law of diminishing returns. (1 x 2) (2)

2.2 Study the scenario below and answer questions that follow.

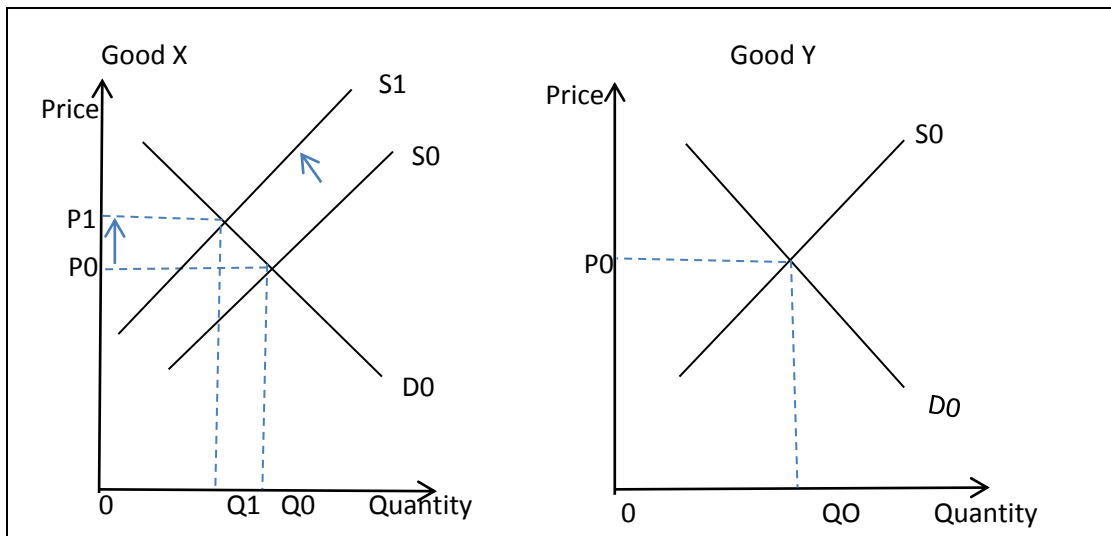
In January a small pizza shop received 350 boxes of Margharita pizzas and 200 boxes of cheese from its supplier. They sold each box of Margharita pizzas at R30 and a box of cheese at R35. The following month (February) pizza prices increased to R42 for Margharita and R49 for cheese. In the same month (February) the supplier increased the number of boxes supplied from 350 to 441 boxes for Margharita pizzas and from 200 to 252 boxes for cheese.

2.2.1 Define *price elasticity of supply*. (2)

2.2.2 Calculate the elasticity of supply for cheese. (6)

2.2.3 Explain any challenge that may be experienced by producers when they have to increase supply in the short run. (1 x 2) (2)

2.3 Study the graph below and answer questions that follow.



- 2.3.1 Describe complementary products. (2)
 - 2.3.2 In your answer book, copy the graph for Good Y and illustrate graphically the impact of an increase in price (from P0 to P1) of Good X on the complementary Good Y. (6)
 - 2.3.3 Why is it important to the producer to understand the relationship between compliments? (2)
 - 2.4 Briefly discuss any TWO characteristics of utility. (8)
 - 2.5 Explain the importance of price elasticity of demand to producers. (8)
- [40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES**40 MARKS – 25 MINUTES**

3.1 Answer the following questions.

3.1.1 List any TWO global actions on protecting the environment. (2 x 1) (2)

3.1.2 Explain *absolute advantage*. (1 x 2) (2)

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

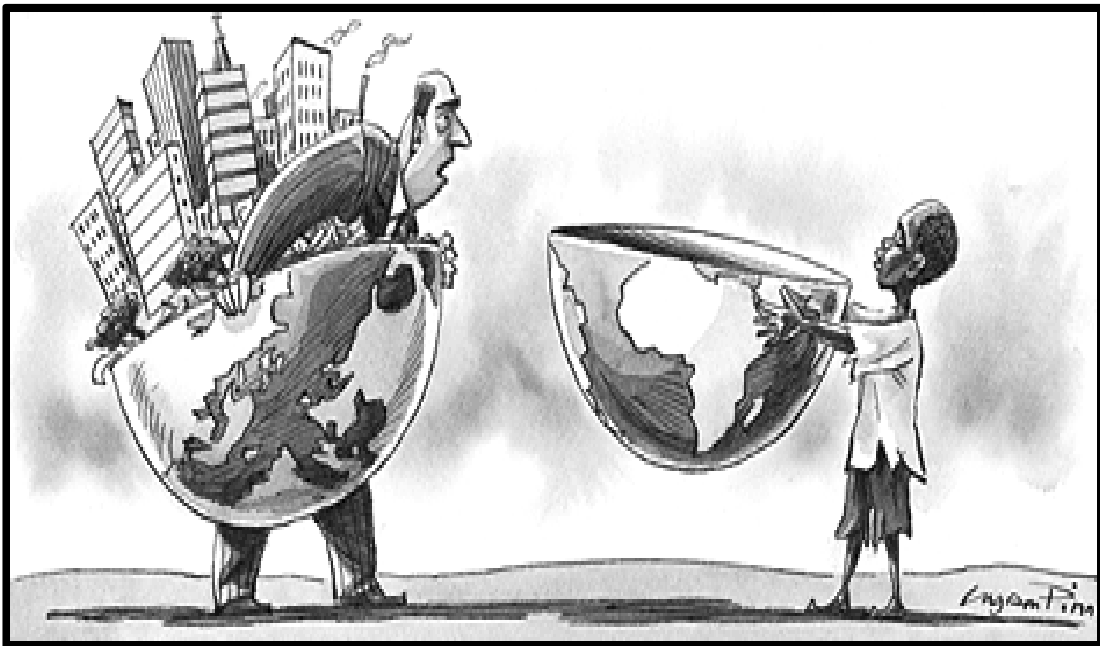


3.2.1 What does the above picture depict? (2)

3.2.2 What may be the cause of the above scenario? (2 x 2) (4)

3.2.3 Which provinces are most hit by the scenario depicted by the picture above? (2 x 2) (4)

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



- 3.3.1 Explain the message portrayed by the picture above. (2)
 - 3.3.2 From the picture, name the continent that is in the hands of the short man. (2)
 - 3.3.3 Briefly explain any TWO factors contributing to the above scenario. (2 x 3) (6)
 - 3.4 Briefly discuss any TWO characteristics of globalisation. (2 x 4) (8)
 - 3.5 Analyse any FOUR ways that can be used by the South African government to alleviate poverty. (8)
- [40]**

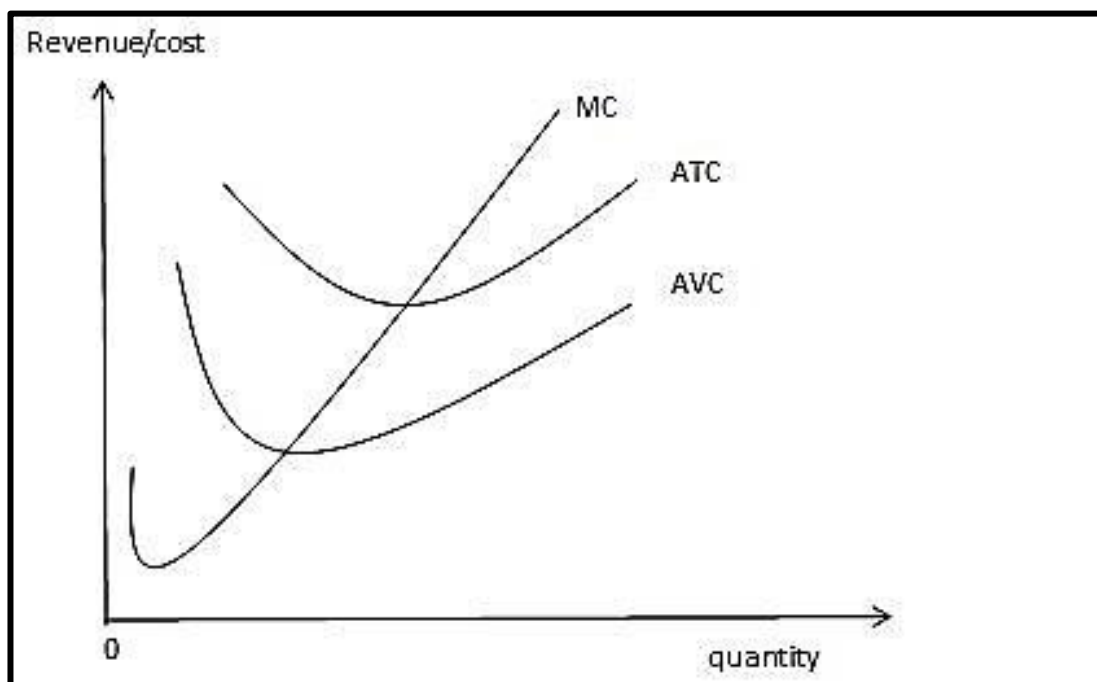
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMICS ISSUES
40 MARKS – 20 MINUTES

4.1 Answer the following questions.

4.1.1 List TWO objectives of business. (2 x 1) (2)

4.1.2 Define *explicit costs*. (1 x 2) (2)

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



4.2.1 Give any TWO examples of variable costs. (2)

4.2.2 Explain the shapes of the average total cost (ATC), average variable cost (AVC), and marginal cost (MC). (6)

4.2.3 Why are average total costs important? (2)

4.3 Read the following extract and answer the questions that follow.

BRICS (DURBAN 2013)

BRICS as it is known globally, is a group of leading emerging economies playing a key role in the world development platform.

South Africa's President Jacob Zuma hosted the Fifth BRICS Summit on 27 March 2013 in Durban under the theme: "BRICS and Africa: Partnership for Development, Integration and Industrialisation." BRICS leaders reaffirmed their support for sustainable infrastructure development, as well as industrial development, job creation, skills development, food and nutrition security and poverty eradication and sustainable development in Africa. BRICS countries accepted to establish BRICS bank to fund infrastructure projects of these nations. However, countries failed to achieve consensus on quantum of seed money. China wanted it to be \$100 billion which is to be contributed equally by the member nations.

[Adapted: <http://www.gr8ambitionz.com/2013/03/brics-summit-2013-highlights>.]

- 4.3.1 Each letter in BRICS represents a country. Name them. (5)
- 4.3.2 What, do you think, is the main purpose of BRICS? (2)
- 4.3.3 According to the extract, what are the agreements that were made in Durban? (3 x 1) (3)
- 4.4 Distinguish between *product markets* and *factor markets*. (8)
- 4.5 Explain the implication of 'non price competition' in oligopolies. (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/ Explain/Assess/Debate 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	Max. 26
	Max. 10
Conclusion	Max. 2
TOTAL	40

QUESTION 5: MACROECONOMICS**40 MARKS – 35 MINUTES**

Discuss in detail the characteristics of a perfect market. (26)

Briefly highlight how the perfect market differs from that of a monopolistic market. (10)
[40]

QUESTION 6: INFLATION**40 MARKS – 35 MINUTES**

“The environment is a precious resource of which as members of society we are duty bound to take good care of it.”

Fully explain the various methods of protecting the environment. (26)

Highlight the impact of environmental degradation to our economy and society. (10)
[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150

