



GAUTENG PROVINCE

EDUCATION
REPUBLIC OF SOUTH AFRICA

**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION
NOVEMBER 2016
GRADE 11**

ECONOMICS

PAPER 2

**MARKS: 150
TIME: 2 hours**

14 pages



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(PAPER 2)**

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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 any 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 questions will be marked and in SECTION C only the first question will 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 ALL 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 cognitive requirements of the questions.
8. Use only black or blue ink.
9. Non-programmable pocket calculators may be used.
10. 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 – C) next to the question number (1.1.1 – 1.1.8) in the ANSWER BOOK, e.g. 1.1.9 B.
- 1.1.1 The percentage change in the quantity demanded of a good, divided by the percentage change in the price of the substitute, or complement is called the
- A price elasticity of demand.
 - B price elasticity of supply.
 - C cross elasticity of demand.
- 1.1.2 Perfect competition sells ... products
- A heterogeneous
 - B homogeneous
 - C differentiated
- 1.1.3 The more a variable input is used, while all the other inputs are being kept the same, then each additional unit of the variable input will eventually produce less additional output. This is called ...
- A the law of demand.
 - B the law of diminishing returns.
 - C marginal cost.
- 1.1.4 An individual firm in perfect competition can only hope to make ... profit in the long run.
- A economic
 - B normal
 - C total
- 1.1.5 What is a multinational corporation?
- A It is situated north of the Brandt Line.
 - B It forms multilateral agreements.
 - C It sells products in several countries.

1.1.6 Households that depend on ... are bound to live in poverty.

- A social grants
- B tax incentives
- C government paid salaries

1.1.7 Our environment policy is coordinated by the Department of ...

- A Finance.
- B Trade and Industry.
- C Environmental Affairs and Tourism.

1.1.8 When natural habitats are destroyed and natural resources are depleted, we can say that ... takes place.

- A environmental deterioration
- B sustainability
- C pollution

(8x2) (16)

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

COLUMN A	COLUMN B
1.2.1 Price taker	A This causes the temperature of the earth to increase.
1.2.2 Monopolistic competition	B Falling average costs as the costs are divided over more units of output
1.2.3 Stakeholders	C Changing of laws, regulations or customs regarding land ownership
1.2.4 Economies of scale	D People with an interest in the success of the business
1.2.5 Land reform	E The process in which the number of people living in rural areas decreases and they move into and live in cities
1.2.6 Extended Public Works Programme (EPWP)	F A combination of perfect and imperfect competition
1.2.7 Greenhouse gases	G Temporary work opportunities created for the unemployed, using public sector expenditure
1.2.8 Urbanisation	H The market price is determined by the forces of demand and supply.
	I Controls the price of the product and tends to set the price for its own benefit

(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 When firms cooperate to limit competition in the market by fixing the price, limiting supply or dividing the market

1.3.2 A market where decisions are left to individual producers, suppliers, and buyers, with no government interference

1.3.3 The opportunity costs for the use of all self-owned resources in the production of goods and services

1.3.4 The shortfall of income required to bring the income of a very poor person up to the poverty line

1.3.5 Cutting down forests to make place for plantations and housing

1.3.6 To manage the environment in such a way that it will be protected from change (6x1) (6)

TOTAL SECTION A: 30

SECTION B

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

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

2.1 Answer the following questions in the ANSWER BOOK.

2.1.1. Give TWO examples of normal goods. (2x1) (2)

2.1.2 What price elasticity would a supply curve have if it intercepts the horizontal (quantity) axis? (1x2) (2)

2.2 Study the article below and answer the questions that follow:

Taxis v Uber
Substitutes or complements?
TAXI DRIVERS: WE WANT UBER TO BE SCRAPPED
COMPLETELY

Metered taxi drivers say Uber drivers operate on lower prices and it's killing their business.

While the Gauteng Transport Department says it is regulating Uber drivers to ensure they operate in a legal and fair manner, disgruntled metered taxi drivers say they want the service gone altogether.

Earlier, the drivers parked their cars outside the department's offices in the city centre and were seen chasing Transport MEC, Ismail Vadi, out of the building.

Vadi had announced that Uber drivers would now be registered and licensed under the same terms as the metered taxi drivers.

He says the department has decided to regulate and legalise the Uber service to ensure the continuation of a legal, affordable and modern transport industry.

"This is a new kind of service that's in the public's interest and we are ready to regulate it."

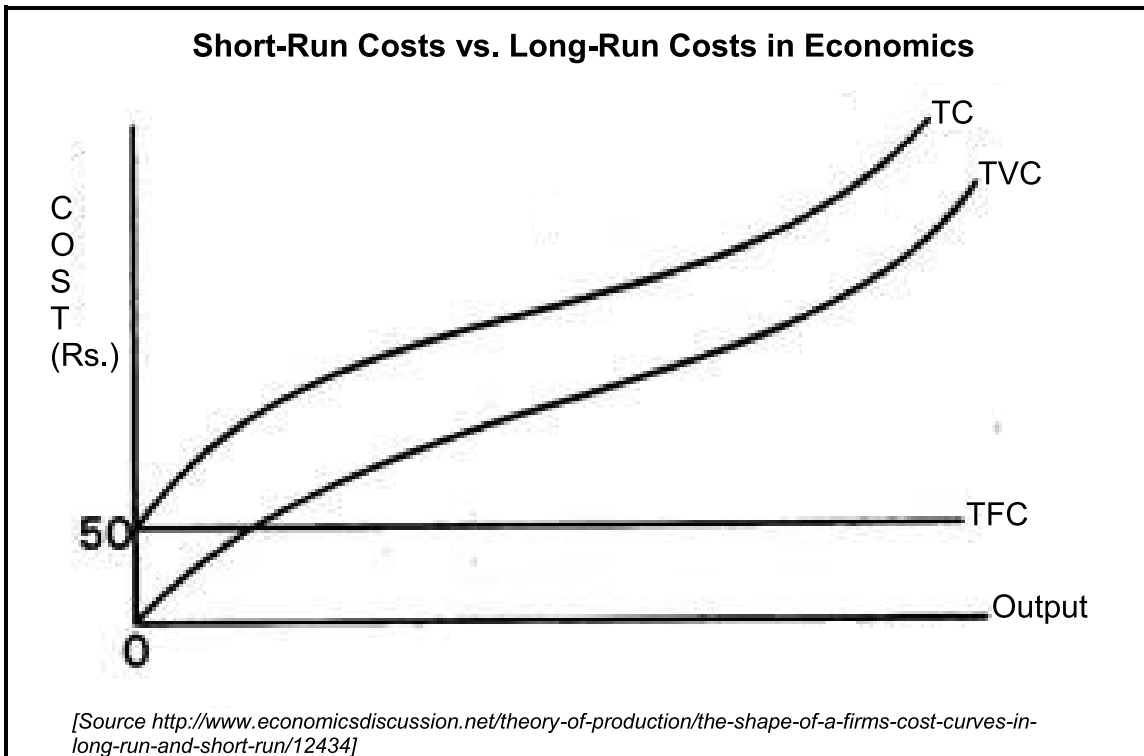
[Adapted: <http://ewn.co.za/2016/05/16/Metered-taxi-drivers-want-Uber-service-totally-scrapped>]

2.2.1 Is Uber a substitute or a complement for metered taxis? (1)

2.2.2 How is the Gauteng Transport Department going to control the number of Uber taxis operating in Gauteng? (1)

- 2.2.3 What is a *substitute good*? (2)
- 2.2.4 Why will the taxi user benefit from Uber Taxis entering the market? (2)
- 2.2.5 Draw a well-labelled graph to show what will happen to the demand curve for meter taxis if the price for Uber taxis decreases. (4)

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



- 2.3.1 What does the abbreviation *TVC* stand for? (1)
- 2.3.2 Why is the *TFC* curve horizontal? (1)
- 2.3.3 Explain the term *long run*. (2)
- 2.3.4 Give the formula for total cost as seen in the graph above. (2)
- 2.3.5 Explain marginal cost in detail. (2x2) (4)
- 2.4 Explain the terms *price makers* and *completely blocked entry* in terms of a monopoly. (2x4) (8)
- 2.5 Use graphs to explain how a shortage of land will affect the production of food. (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Give TWO indicators used to measure poverty. (2x1) (2)

3.1.2 How do international protocols help sustainable development? (1x2) (2)

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

Climate change agreement to be concluded

Delegates attending the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Paris, France, are expected to conclude a new agreement to address climate change, later today.

The Department of Environmental Affairs said ministers and delegates from more than 196 countries are expected to conclude a new ambitious, fair and effective multilateral legal instrument, applicable to all parties, which will provide the legal basis for addressing the global challenge of climate change from 2020.

“In this process, South Africa is leading negotiations on finance, technology and capacity building, on behalf of the Africa Group, and is the chair of the Group of 77 and China, which is negotiating on behalf of developing countries,” the department said.

This ensures that African countries will be supported in their efforts to address the irreversible effects of climate change on water and food security, health and infrastructure, in the context of increasing global temperatures.

[Source: <http://www.sanews.gov.za/world/climate-change-agreement-be-concluded>]

3.2.1 Which South African Department attended the UNFCCC? (1)

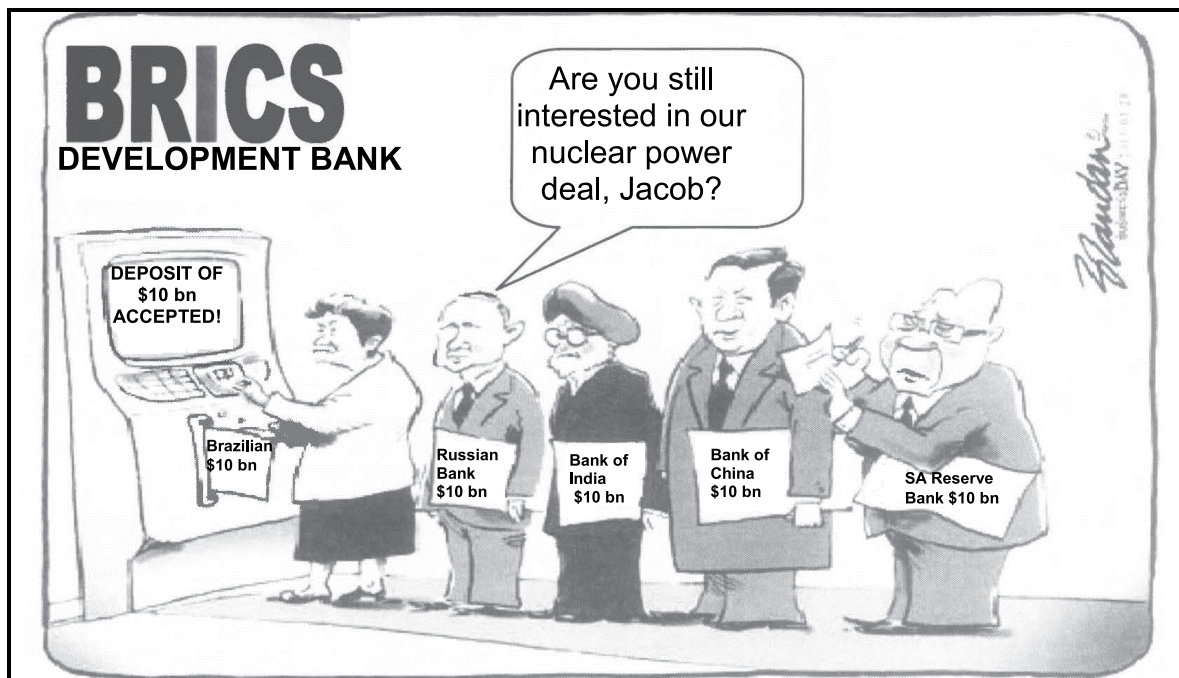
3.2.2 How many African countries were represented at UNFCCC? (1)

3.2.3 Name TWO problems mentioned in the article, about climate change in Africa. (2)

3.2.4 Explain *sustainable economic development*. (2)

3.2.5 What could the government do to prevent the unsustainable use of the environment? (2x2) (4)

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



BRICS COUNTRIES TO CONTRIBUTE EQUALLY TO NEW DEVELOPMENT BANK CAPITAL

The New Development Bank BRICS (NDB BRICS), formerly referred to as the BRICS Development Bank, is a multilateral development bank operated by the BRICS states, as an alternative to the World Bank and International Monetary Fund.

Formation of the capital of the New Development Bank (NDB), to be headquartered in Shanghai, will be shared equally by the five BRICS countries. The initial subscribed capital shall be US\$50 billion. The goal of the bank is to mobilise resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries. Each participating country holds an equal number of shares and equal voting rights, and none of the countries will have veto power.

[Adapted from *Business News*, 16 October 2015]

- 3.3.1 Identify ONE country that forms part of BRICS. (1)
- 3.3.2 Which member country is interested in signing a nuclear power deal with South Africa? (1)
- 3.3.3 Explain the concept *emerging economies*. (2x2) (4)
- 3.3.4 How can South Africa benefit from trade agreements such as BRICS? (2x2) (4)

- 3.4 Explain basic conservation methods used to protect global natural resources. (4x2) (8)
- 3.5 What is the difference between *absolute poverty* and *relative poverty*? (2x4) (8)
- [40]**

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

- 4.1 Answer the following questions.
- 4.1.1 Give TWO characteristics of *monopolistic competition*. (2x1) (2)
- 4.1.2 How do Green Taxes contribute towards sustainability? (1x2) (2)
- 4.2 Study the table below and answer the questions that follow.

Price	Quantity	Total Revenue	Total cost	Profit / loss
8	0	0	10	-10
7	1	A	15	-8
6	2	12	12	0
5	3	15	10	5
4	4	16	8	8

- 4.2.1 At which quantity does this firm break even? (1)
- 4.2.2 What is the formula to calculate **A** in the table? (1)
- 4.2.3 Calculate the fixed cost in the above table. (Explain your answer.) (2)
- 4.2.4 Calculate the marginal cost for the third item. (2)
- 4.2.5 Which market structure is represented in the table above? (Explain your answer.) (4)

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



- 4.3.1 Who is fighting against poverty in the cartoon? (1)
- 4.3.2 Which countries are the most affected by poverty? (1)
- 4.3.3 Explain the term *poverty*. (2)
- 4.3.4 How could government “support you in destroying the enemy”? (2)
- 4.3.5 Explain how inefficient policies can lead to poverty. (2x2) (4)
- 4.4 Distinguish between any TWO types of profit. (2x4) (8)
- 4.5 In which way do international agreements protect the environment? (2x4) (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK.

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction	Max. 2
Body:	
<ul style="list-style-type: none"> • Main part: Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Explain / Assess / Debate. 	Max. 26
<ul style="list-style-type: none"> • 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 / How? / Suggest / Use the information and argue / Debate / Evaluate 	Max. 10
Conclusion Any relevant higher order conclusion that should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed / analysed without repeating facts already mentioned in the body • An opinion or valued judgement 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: MICROECONOMICS

40 MARKS – 40 MINUTES

Depending on the type of goods, a demand curve can be elastic or inelastic.

- With the aid of graphs, explain in detail, the different categories of demand elasticity. (26 marks)
- Briefly debate whether a supplier of chocolates and a supplier of petrol would both use price increases to increase their profits. (10 marks) **[40]**

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QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

All countries take part in international trade, some more successfully than others.

- Discuss in detail the advantages that a country has and should use, to produce goods and services in an international market. (26 marks)
- In which way is South Africa negatively affected by the North/South divide? (10 marks) **[40]**

TOTAL SECTION C: 40

TOTAL: 150

END

