



GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PROVINCIAL EXAMINATION

JUNE 2023

GRADE 11

**ECONOMICS
PAPER 2**

TIME: 2 hours

MARKS: 150

15 pages

INSTRUCTIONS AND INFORMATION

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

SECTION A: COMPULSORY
SECTION B: Answer any TWO of the three questions.
SECTION C: Answer only 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 1 – 2 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 calculator.
11. Write neatly and legibly.

SECTION A (COMPULSORY)

QUESTION 1

30 MARKS – 20 MINUTE

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

1.1.1 A perfect market firm should consider liquidation when:

- A $MR=MC$
- B $TR=TC$
- C $MR=ATC$
- D $MR=AVC$

1.1.2 A business will combine a specific quantity of fixed inputs with a quantity of ...

- A total variable costs.
- B variable inputs.
- C total fixed costs.
- D average variable costs.

1.1.3 If the bank charges of Capitec bank increase, potentially, the demand for FNB products will ...

- A increase.
- B decrease.
- C stay the same.
- D stop.

1.1.4 The top segment of an oligopoly is ...

- A relatively inelastic.
- B perfectly elastic.
- C relatively elastic.
- D downward sloping.

1.1.5 Production and employment decisions by firms are determined by the ... position.

- A profit maximisation
- B marginal revenue
- C average total cost
- D marginal profit

EXEMPLAR

1.1.6 World oil supplies are mostly controlled by the:

- A World Health Organisation (WHO)
- B United Nations (UN)
- C Organisation of Petroleum Export Countries (OPEC)
- D World Petroleum Council (WPC)

1.1.7 ... tend/s to be more elastic in the long run than in the short run.

- A Substitutes
- B Time periods
- C Uniqueness
- D Urgency

1.1.8 The cost of production plays an important role in achieving ...

- A economic profit.
- B marginal product.
- C factors of production.
- D business objectives.

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

COLUMN A	COLUMN B
1.2.1 Economies of scale	A Products sold in a perfect market and pure oligopoly
1.2.2 Marginal revenue	B Shows the firms lowest cost per unit at each level of output
1.2.3 Duopoly	C Cost reductions that occur when firms increase production
1.2.4 Market forces	D Additional receipts earned for every additional unit sold
1.2.5 Cost curves	E Market where are dominated by two firms
1.2.6 Accounting profit	F Factors that determine the allocation of scarce resources
1.2.7 Homogeneous	G The difference between total revenue and total costs
1.2.8 Long run average cost	H The relationship between cost of production and total quantity produced
	I Actual cost of producing a good

(8 x 1)

(8)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1 to 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 Refers to the number of customers to which the business has access

1.3.2 A situation where the monopolistic competitor's total cost is equal to its total revenue

1.3.3 A cost that will change according to the level of production

1.3.4 Exists if a given percentage increase in input gives rise to a proportionally larger increase in output

1.3.5 The amount of satisfaction that a consumer receives from the use of a good or service

1.3.6 The percentage change in the quantity supplied is exactly equal to the percentage change in the price

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

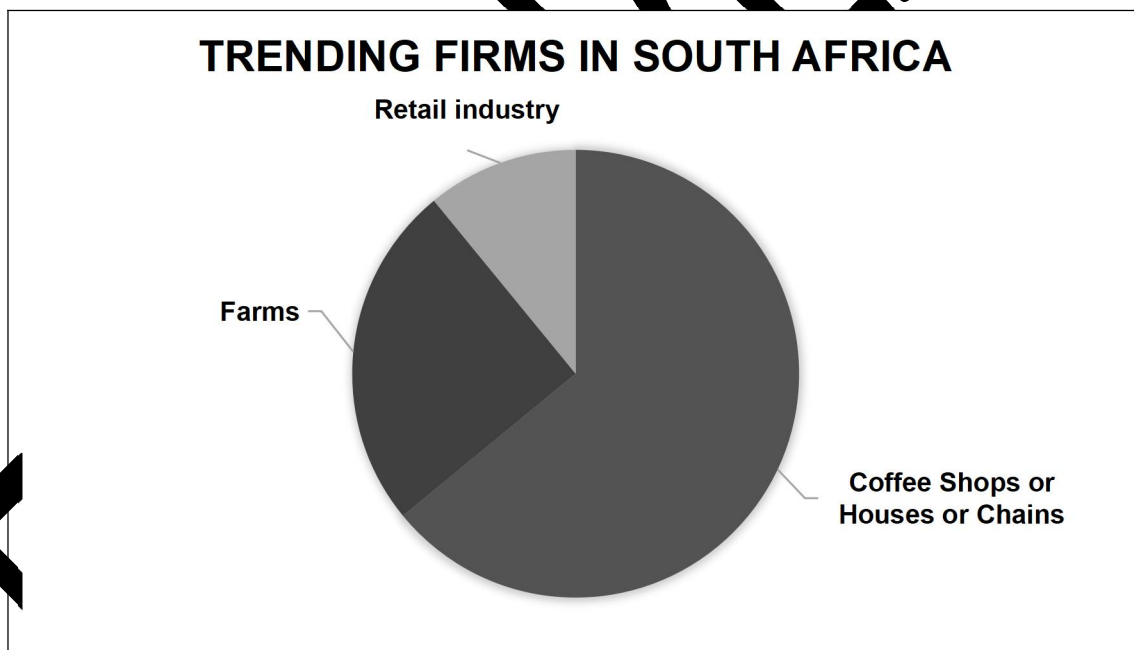
QUESTION 2: MICROECONOMICS**40 MARKS – 30 MINUTE**

2.1 Answer the following questions.

2.1.1 Name any TWO factors that influence price elasticity of supply. (2) (2)

2.1.2 How would a firm benefit from considering the price elasticity of demand before changing prices? (2)

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



[Source: Google images]

2.2.1 Identify the business with low start-up costs. (1)

2.2.2 Which market structure has negligible power over prices that are determined by the markets? (1)

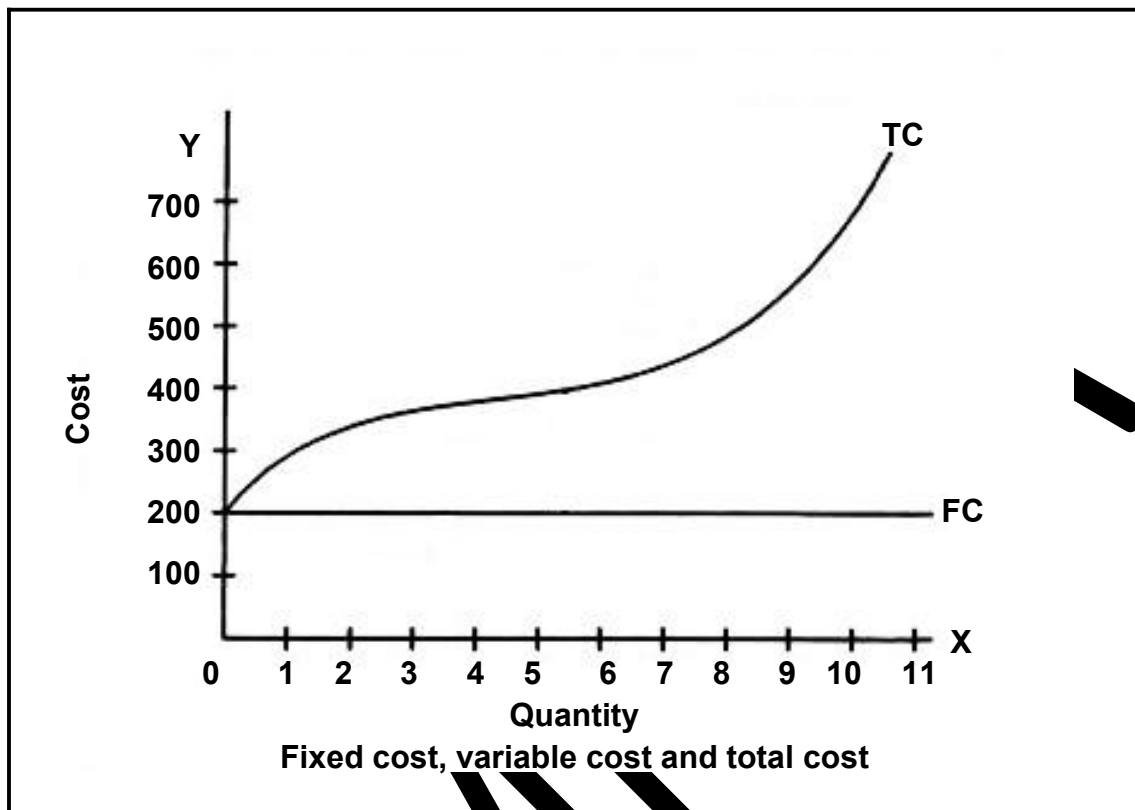
2.2.3 Briefly describe the term *hybrid structure*. (2)

2.2.4 Why do monopolistic firms use different approaches to communicate information to consumers? (2)

2.2.5 How is efficiency possible in the monopolistic market structure? (2 x (4)

EXEMPLAR

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

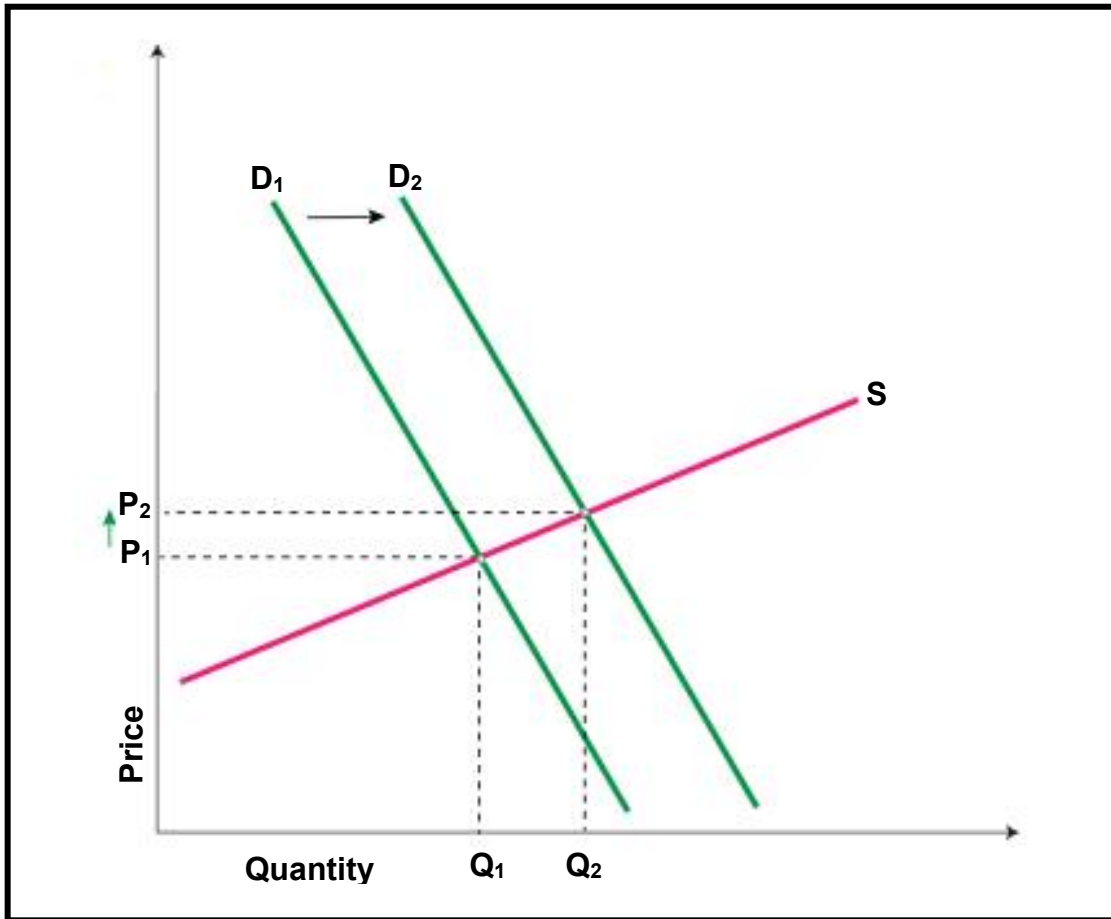


- 2.3.1 Identify the total amount of fixed costs in the graph. (1)
- 2.3.2 Provide the formula to calculate total cost. (1)
- 2.3.3 Briefly describe the term *total variable costs*. (2)
- 2.3.4 Why is the line FC a horizontal line? (2)
- 2.3.5 The price of the product sold in the above graph is R100. What would the profit/loss of producing NO products be? Show ALL calculations. (2 x (4)

2.4 Briefly explain elastic supply using the graph below.

(4 x 2)

(8)



2.5 How does load shedding impact on extended services as a strategy of non-price competition in a monopoly?

(8)

[40]

QUESTION 3: MICROECONOMICS**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO types of supply elasticity. (2 x 1 = 2)

3.1.2 What is the ultimate purpose of setting SMART objectives for businesses? (1 x 2 = 2)

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



(Source: Google Images 2022)

3.2.1 Which illegal activity is depicted in the cartoon above? (1)

3.2.2 Name the type of profit made by oligopolies in the market. (1)

3.2.3 Briefly describe the term *cartel*. (2)

- 3.2.4 Why is it more beneficial for firms to collude instead of engaging in competition? (2)
- 3.2.5 How does government protect consumers from oligopolies? (2 x 2 = 4)

EXEMPLAR

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

HOW THE PETROL PRICE HAS CHANGED IN SOUTH AFRICA IN 2022



South Africans with petrol vehicles are now paying R3,85 (19,6%) more for a litre of petrol, while diesel motorists are spending a significant R6,68 (38,7%) more for a litre since the start of the year when the price of 95 octane petrol was R19,61 and diesel was R17,24.

[Source: <http://businessstech.co.za/news/energy/649709/how-much-the-petrol-price-has-changed-in-south-africa-in-2022/>]

- 3.3.1 On what level is the fuel tank in the picture above? (1)
- 3.3.2 Name any ONE factor that determines the absolute price of a good. (1)
- 3.3.3 Briefly describe the term *relative prices*. (2)
- 3.3.4 What will happen to the revenue of the fuel supplier if the price of fuel increases? (2)
- 3.3.5 Why is it not possible for South African consumers to adjust their use of fuel in the short term? (2) (4)

3.4 Briefly discuss the relationship between product and factor markets. (4 x 2) (8)

3.5 How do natural disasters influence price elasticity of supply? (8)

[40]

EXEMPLAR

QUESTION 4: MICROECONOMICS

40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO examples of fixed costs. (2 × (2)

4.1.2 What impact would an increase in the price of maize have on the supply of maize? (1 × 2) (2)

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

SMART PRINCIPLE

1. The business must become the most profitable business within five years.
2. The business must be capable of generating the required profit.
3. There will be many stakeholders who are people with an interest in the success of the business.
4. To reach its specific goal, the business must make a profit of R1 million every month.

[Source: Focus Economics Grade 11; page 137]

4.2.1 Which statement describes time specific as a SMART principle? Write down ONLY the number of the statement from the information above, for example 1, STATEMENT 5. (1)

4.2.2 What is the objective of a firm in a market economy? (1)

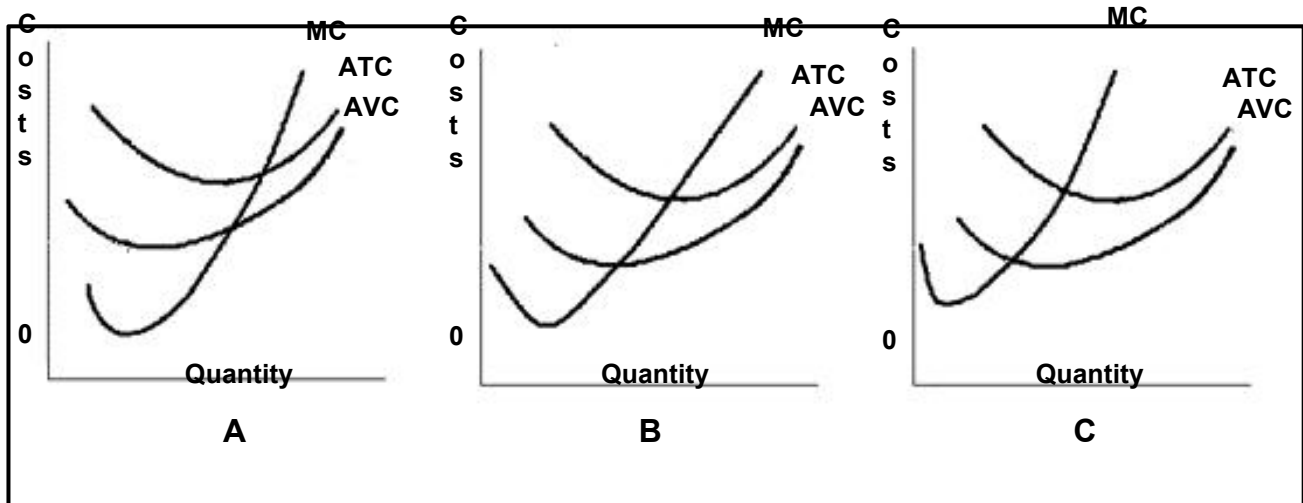
4.2.3 Briefly describe the term *revenue*. (2)

4.2.4 Explain the role of a measurable variable as an objective of a business. (2)

4.2.5 Why does a firm prefer sales revenue maximisation rather than profit maximisation? (2 × 2) (4)

EXEMPLAR

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



4.3.1 Identify the cost curve linked to the shutdown point. (1)

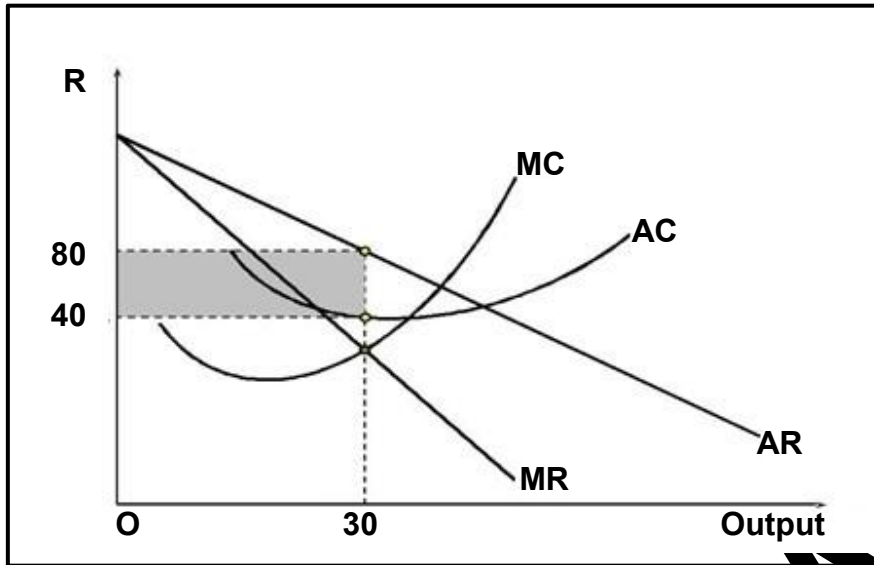
4.3.2 Which of the graphs above is correctly drawn? (1)

4.3.3 Briefly describe short-term *long run* costs. (2)

4.3.4 Why do economists plot the graph of the MC at the midpoints? (2)

4.3.5 How is the law of diminishing marginal returns related to the shape of the short-run marginal cost curve? (2 x 2) (4)

4.4 Using the graph below, discuss in detail the economic profit of a monopoly. (4 x 2) (8)



4.5 Analyse the effect of tax on price elasticity.

(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 ESSAY	MARK ALLOCATION
Introduction The introduction is a low-order response. <ul style="list-style-type: none"> • A good starting point would be to define or explain a concept or key word that appears in the question. • Do not include any part of the question in your introduction. • Do not repeat any part of the introduction in the body. • Avoid saying in the introduction what you are going to discuss in the body. 	2
Body Main part: Discuss in detail/In-depth discussion/Examine/ Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/ Explain/Assess/Use the graph given and explain/Complete the graph given/Debate A maximum of 8 marks can be awarded for headings/examples.	Max. 26
Additional part: Give own opinion/Critically discuss/Evaluate/ Critically evaluate/Calculate/Deduce/Compare/Distinguish/Interpret/ Briefly explain/How?/Suggest how a graph A maximum of 2 marks can be awarded for merely listing of facts.	Max. 10
Conclusion Any higher-order conclusion must include the following: <ul style="list-style-type: none"> • The conclusion is a wrap-up of the discussion of the topic without repetition of facts already mentioned • The conclusion can take the form of an own opinion or value judgement with examples to support your discussion • Additional information that strengthens your discussion/analysis • The conclusion can take a contradictory viewpoint with motivation, if requested • Recommendations 	Max. 2
TOTAL	40

QUESTION 5: MICROECONOMICS**40 MARKS – 40 MINUTE**

- Discuss, in detail, the demand and supply relationship with the aid of graphs (substitutes and complements). (26 marks)
- Examine the importance of complementary goods in the economy. (10 marks) **[40]**

QUESTION 6: MICROECONOMICS**40 MARKS – 40 MINUTE**

- Discuss the price elasticity of demand (PED) without the aid of graphs. (26 marks)
- Evaluate how a monopolistic enterprise like Eskom can benefit from understanding the price elasticity of demand for their product. (10 marks) **[40]**

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