



**GAUTENG PROVINCE**  
EDUCATION  
REPUBLIC OF SOUTH AFRICA

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**GAUTENG DEPARTMENT OF EDUCATION  
PROVINCIAL EXAMINATION  
NOVEMBER 2018  
GRADE 11**

**ECONOMICS  
PAPER 2**

**TIME: 2 hours**

**MARKS: 150**

**13 pages**

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**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.
3. Number the questions correctly according to the numbering system used in this question paper.
4. Write the number of the question above the answer.
5. Read the questions carefully and begin each answer on a NEW page.
6. Begin each question on a NEW page.
7. Leave 2 – 3 lines between sub-sections of pages.
8. Answer the questions in full sentences and make sure that the format, content and context of your answers correspond with the cognitive requirements of the questions.
9. Use only black or blue ink.
10. Non-programmable pocket calculators may be used.
11. 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 – D) next to the question number (1.1.1 – 1.1.8) in the ANSWER BOOK.

1.1.1 The responsiveness of the quantity demanded of a particular good against changes in the price of a related good is referred to as ... elasticity.

- A price
- B income
- C supply
- D cross

1.1.2 Many firms selling heterogeneous products are referred to as ...

- A monopolies
- B oligopolies
- C monopolistic competition
- D perfect competition

1.1.3 The price of a good or service, in terms of another good or service is a ... price.

- A relative
- B absolute
- C fixed
- D variable

1.1.4 Ice cream and ice cream cones are ... products.

- A substitute
- B complimentary
- C homogeneous
- D heterogeneous

1.1.5 The government subsidises basic services, such as ... to poor households to alleviate poverty.

- A education
- B water supply
- C healthcare
- D police services

1.1.6 The changing of laws, regulations or customs regarding land ownership to enable redistribution, usually of agricultural land, is known as ...

- A land reform.
- B land restitution.
- C land grab.
- D land use.

1.1.7 Africa is seen as part of the ...

- A developed world.
- B North divide.
- C developing world.
- D first world.

1.1.8 Deforestation in tropical regions is a problem, because it ...

- A causes a dangerous increase in biodiversity.
- B causes less carbon dioxide being absorbed from the atmosphere.
- C causes over population in the tropical regions.
- D causes more carbon dioxide being absorbed from the atmosphere.

(8 x 2) (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.

<b>COLUMN A</b>		<b>COLUMN B</b>	
1.2.1	Price elasticity of supply	A	Changes when total output changes
1.2.2	Substitute	B	To reduce emission of carbon dioxide
1.2.3	Variable cost	C	The stock of assets that our environment provides, such as soil and water
1.2.4	Poverty gap	D	An elasticity coefficient larger than 1
1.2.5	Rural areas	E	Have a low population density and much of the land is devoted to agriculture
1.2.6	Absolute advantage	F	All manufactured resources such as machines and tools
1.2.7	The Kyoto Protocol	G	Goods that can be replaced by other similar goods
1.2.8	Natural capital	H	Occurs when a country can produce more of a product than another country, using the same amount of resources
		I	Measures the shortfall of income required to bring the income of a very poor person up to the poverty line

(8 x 1)

(8)

- 1.3 Identify the term described in each of the following statements. Write only the term next to the question number (1.3.1 – 1.3.6) in the ANSWER BOOK.

Abbreviations or acronyms will NOT be accepted.

- 1.3.1 A term used to express the amount of satisfaction a consumer receives from the consumption of a good or service
- 1.3.2 Products of exactly the same kind (identical, standardised)
- 1.3.3 The opportunity costs for the use of all self-owned resources in the production of goods and services
- 1.3.4 Measures poverty by determining the expenditure necessary to buy a predetermined minimum level of nutrition
- 1.3.5 Limits the quantity of a product that can be imported into a country
- 1.3.6 To manage the environment in such a way that it will be protected from change (6 x 1) (6)

**SECTION A: 30**

**SECTION B**

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

**QUESTION 2: MICROECONOMICS**

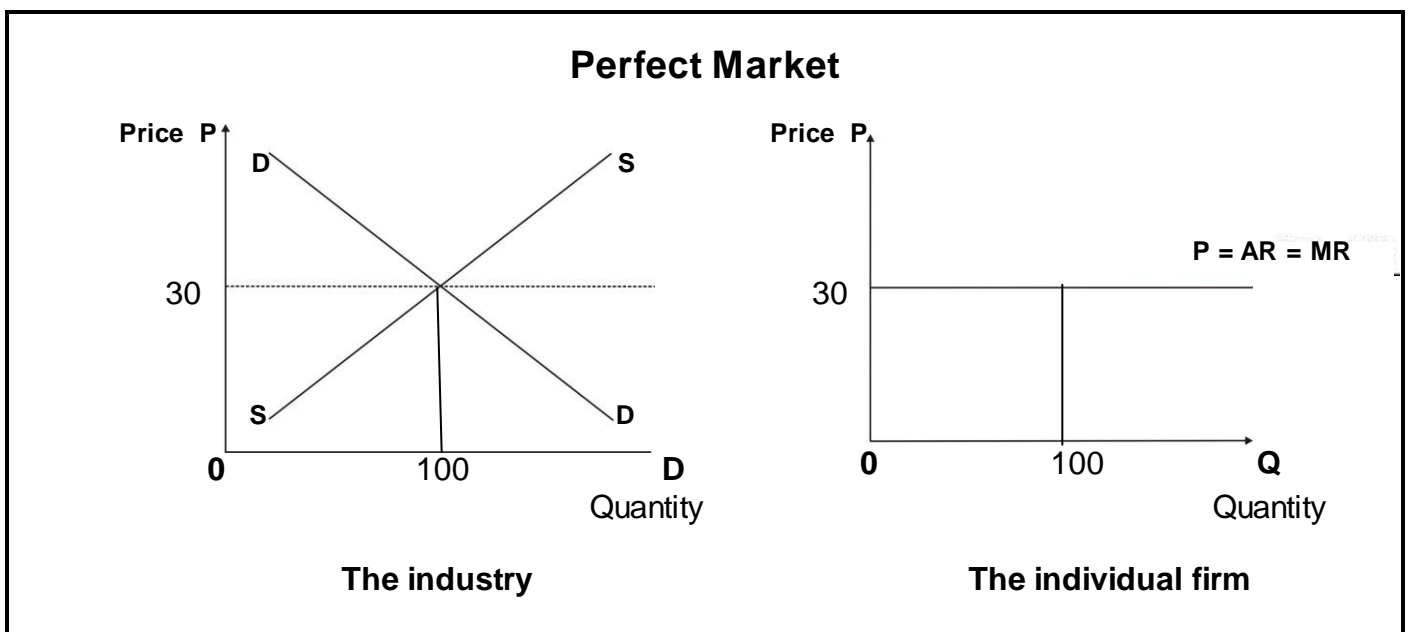
**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO features of utility. (2 x 1) (2)

2.1.2 How do imperfect market structures occur? (1 x 2) (2)

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



2.2.1 Describe the shape of the individual firm's demand curve. (1)

2.2.2 Name the market price in the graphs above. (1)

2.2.3 Briefly explain what *long-run cost* of a business is. (2)

2.2.4 Why is a firm in the perfect market a price taker? (2)

2.2.5 How is the price of a perfect market influenced in the long run? (2 x 2) (4)

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

**How income and price changes affect demand**

When economists tell us that the demand for basic food products is 'inelastic', this is frequently misunderstood to mean that demand will not decrease if food prices are increased.

In reality, it only means that the quantity demanded will decrease by a smaller percentage than the increase in prices.

In addition to the response of demand to price changes (price elasticity), changes in income affect the quantities demanded (income elasticity).

If demand decreases by a higher percentage than the increase in prices (elastic demand), gross income will decrease; if the quantity demanded decreases by a lower percentage, gross income will increase.

[Source: *Farmer's Weekly*, 5 February 2018]

- 2.3.1 Give a reason why food has an inelastic demand. (1)
- 2.3.2 Name ONE example of normal goods. (1)
- 2.3.3 Briefly describe the term *income elasticity*. (2)
- 2.3.4 Will a producer with a unit elastic demand use price to increase profits? Explain. (2)
- 2.3.5 Why is the demand elasticity of importance to the economy?  
(2 x 2) (4)
- 2.4 Explain the relationship between the product market and the factor market.  
(2 x 4) (8)
- 2.5 Use a well-labelled graph and explain how the demand curve of milk would respond when the price of coffee decreases. (8)
- [40]**

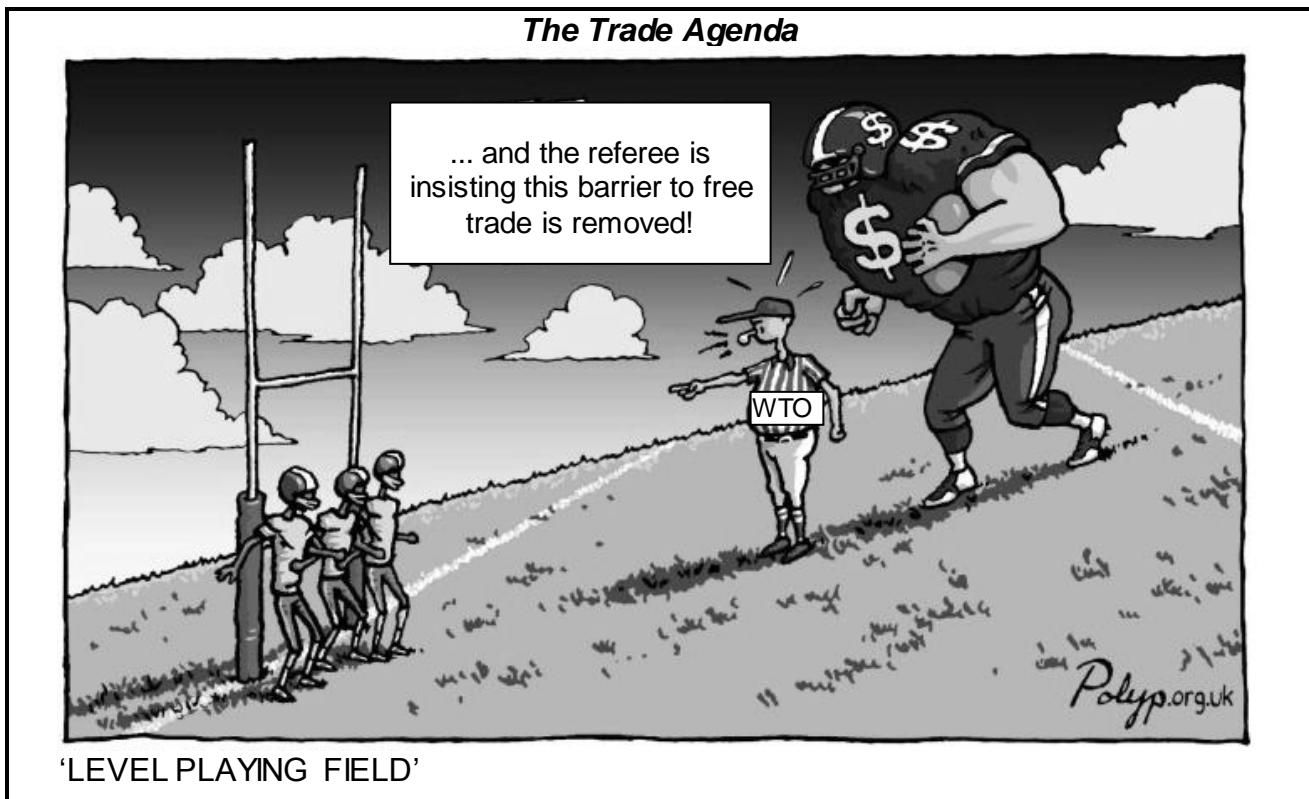


**QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

- 3.1.1 Name any TWO of the millennium development goals. (2 x 1) (2)
- 3.1.2 What impact does HIV / Aids have on poverty? (1 x 2) (2)

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



[Source: <http://www.herinst.org/BusinessManagedDemocracy/government/trade/index.html>]

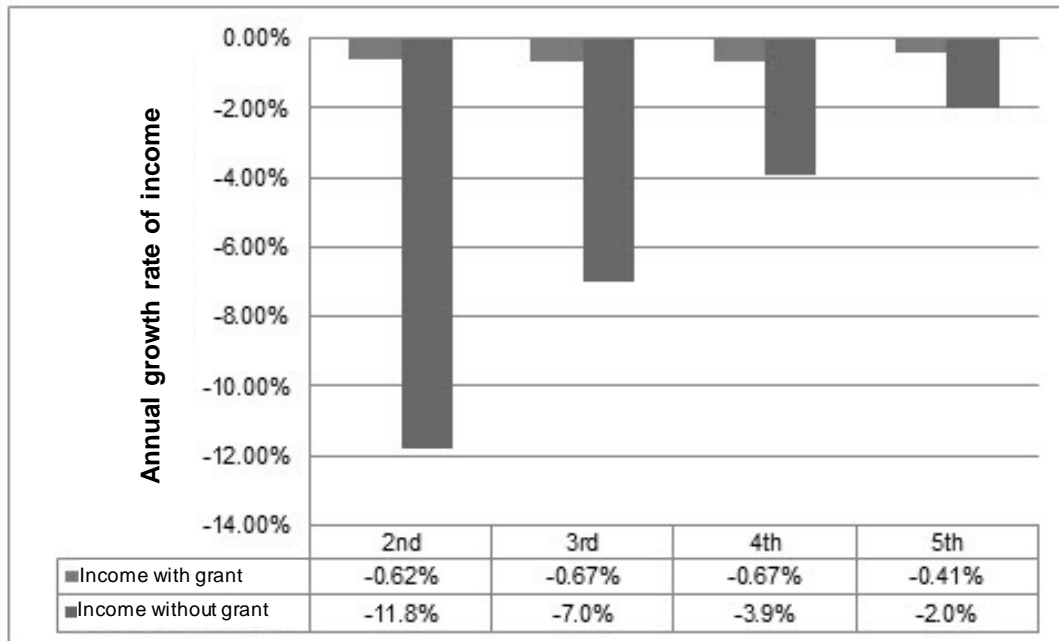
- 3.2.1 Name ONE main function of the World Trade Organisation (WTO). (1)
- 3.2.2 Why is the USA seen as a first world country? (1)
- 3.2.3 Briefly describe the term *trade agreement*. (2)
- 3.2.4 Why are trade barriers bad for the economy of a country? (2)
- 3.2.5 How does the dumping of American chickens in South Africa influence the local chicken farmers? (2 x 2) (4)

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

**South Africa's Welfare Success Story: Poverty-Reducing Social Grants**

Despite being a middle-income country, by international standards, South Africa has an extensive and progressively targeted social security system. South Africa's social-grant network has grown to be among the largest in the developing world.

**The growth of real income with and without grants**



[Source: Own calculations using GHS 1995 and GHS 2010 data.]

- 3.3.1 Give a reason why South Africa is classified as a middle-income country. (1)
- 3.3.2 Where does government get the funds to pay social grants? (1)
- 3.3.3 Briefly explain the term *absolute poverty*. (2)
- 3.3.4 How does the payment of social grants influence the income of poor people? (2)
- 3.3.5 How is government planning to address the challenges faced by women in rural areas? (2 x 2) (4)
- 3.4 Explain how the lack of productive resources and the lack of education and proper skills cause poverty. (2 x 4) (8)
- 3.5 Evaluate the effect of globalisation on the economy of South Africa. (8)

**[40]**

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

4.1 Answer the following questions.

4.1.1 Name any TWO examples of pollution. (2 x 1) (2)

4.1.2 Why is the quantity demanded of habit-forming products, price inelastic? (1 x 2) (2)

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

Price	Quantity	Total Revenue	Marginal revenue	Total Cost	Profit / Loss
8	1	8		20	
8	2	16	<b>A</b>	25	
8	3	24		28	
8	4	32		30	<b>B</b>
8	5	40		35	

4.2.1 Identify the market structure which is represented in the table above. (1)


4.2.2 Give the formula used to calculate total revenue. (1)

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

4.2.4 Do you agree that the value of the average revenue will be R8? Motivate your answer. (2)

4.2.5 Calculate the values of **A** and **B**. Show all calculations. (2 x 2) (4)

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

	<p>Despite very significant development gains globally, which have raised many millions of people out of absolute poverty, there is substantial evidence that inequality between the worlds' richest and poorest countries is widening. In 1820 Western European's per capita income was three times bigger than Africa's, but by 2000 it was thirteen times larger.</p>
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[Source: Adapted from [www.rgs.org/schools](http://www.rgs.org/schools)]

- |       |   |                    |
|-------|---|--------------------|
| 4.3.1 | Name ONE continent mentioned in the extract.  | (2)                |
| 4.3.2 | Give ONE method used to measure income inequality.  | (1)                |
| 4.3.3 | Briefly explain the concept <i>per capita income</i> .                                    | (2)                |
| 4.3.4 | Differentiate between rich and poor countries in terms of the level of development.       | (2)                |
| 4.3.5 | How, do you think, can inequality between rich and poor countries be reduced?             | (2 x 2) (4)        |
| 4.4   | Distinguish between <i>natural</i> and <i>artificial</i> monopolies.                      | (2 x 4) (8)        |
| 4.5   | Evaluate how a comparative advantage in manufacturing fruit juices benefits South Africa. | (8)<br><b>[40]</b> |

**SECTION B: 80**

**SECTION C**

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

<b>STRUCTURE OF ESSAY</b>	<b>MARK ALLOCATION</b>
<p><b>Introduction</b></p> <ul style="list-style-type: none"> <li>• A good starting point would be to define a concept or key word that appears in the question.</li> <li>• Include other sentences to support the topic.</li> <li>• Do not include in your introduction any part of the question.</li> <li>• Do not repeat any part of the introduction in the body.</li> <li>• Avoid saying in the introduction what you are going to discuss in the body.</li> </ul>	Max. 2
<p><b>Body:</b></p> <p><b>Main part:</b> Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Differentiate / Explain / Assess / Debate</p> <p><b>Additional part:</b> Give own opinion / Critically discuss / Evaluate / Critically evaluate / Calculate / Deduce / Compare / Explain / Distinguish / Interpret / Briefly debate</p>	<p>Max. 26</p> <p>Max. 10</p>
<p><b>Conclusion</b></p> <ul style="list-style-type: none"> <li>• The conclusion is a wrap-up of the discussion of the topic in the body and should be treated as a higher order response.</li> <li>• The conclusion can take the form of an own opinion, examples to support your discussion or contradictory viewpoint from what has been discussed.</li> <li>• No aspect from either the introduction or body should be included in the body</li> </ul>	Max. 2
<b>TOTAL</b>	<b>40</b>

**QUESTION 5: MICROECONOMICS**

**40 MARKS – 40 MINUTES**

- Discuss in detail the characteristics of an oligopoly. (26 marks)
- Use a graph and explain why oligopolists are reluctant to compete on prices. (10 marks) **[40]**

**QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES**

- Examine in detail the state of the environment. (26 marks)
- Evaluate the success of South Africa in protecting the environment. (10 marks) **[40]**

**SECTION C: 40**

**TOTAL: 150**

**END**