



GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION
2015
GRADE 11**

**ECONOMICS
PAPER 1**

MARKS: 150

TIME: 2 hours

12 Pages

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INSTRUCTIONS AND INFORMATION

Read the following 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. Number the answers correctly according to the numbering system used in this question paper.
3. Write the number of the question above each answer.
4. Read the questions carefully and start each question on a NEW page.
5. Leave 2 – 3 lines between sub-sections of questions.
6. 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.
7. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
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 MULTIPLE-CHOICE QUESTIONS****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.

- 1.1.1 Economic goods are those goods that are ...
- A free and plentiful.
 - B goods that command a price.
 - C essential goods and services.
- 1.1.2 The primary sector of the South African economy is ...
- A the largest sector.
 - B small, because we have a shortage of raw materials.
 - C declining in importance as part of the GDP.
- 1.1.3 In a centrally-planned economy ...
- A decision-making is decentralised.
 - B factors of production are privately owned.
 - C private initiative and free choice are limited.
- 1.1.4 A regular payment to an owner or landlord for the right to occupy or use property is called ...
- A expense.
 - B net income.
 - C rent.
- 1.1.5 The Human Development Index (HDI) measures the level of economic ... of all countries in the world.
- A development
 - B growth
 - C importance
- 1.1.6 Which ONE of the following transactions cannot be done at an ATM?
- A coin deposits
 - B cash withdrawals
 - C inter-account transfers

1.1.7 In South Africa the value of the currency is stabilised by ...

- A the fiscal policy of the treasury.
- B the monetary policy of the SARB.
- C the New Economic Growth Path.

1.1.8 The total supply of money in the economy is known as ...

- A M2.
- B M3.
- C M1.

(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	Geographical mobility	A	Machines and equipment replace people in the production process
1.2.2	Capital intensive	B	Budgetary spending exceeds income
1.2.3	Liquidity	C	The rate at which one currency is exchanged for another
1.2.4	Deficit	D	A group of two or more countries that use the same currency
1.2.5	A common monetary area (CMA)	E	The movement of factors of production from one location to another location
1.2.6	Shares	F	How quickly money can be converted into cash
1.2.7	Indigenous knowledge	G	Part of ownership in a company that entitles the owner to a proportional division of profits when dividends are declared
1.2.8	Population growth	H	The change in the number of people in a country over time
		I	Unique practices by locals in a given culture or society

(8x1) (8)

1.3 Identify the concept 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.

- 1.3.1 A study that deals with the behaviour of individual consumers, households or firms
- 1.3.2 The value of factors of production owned by people and consumers
- 1.3.3 The lowest rate at which a bank will lend money to its best clients
- 1.3.4 The difference between the value of goods produced and the cost of inputs used during the different stages of production
- 1.3.5 When something is short in supply or not readily available
- 1.3.6 Returning land to people from whom it was forcibly taken

(6x1) (6)

TOTAL SECTION A: 30

SECTION B

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

QUESTION 2 MACROECONOMICS

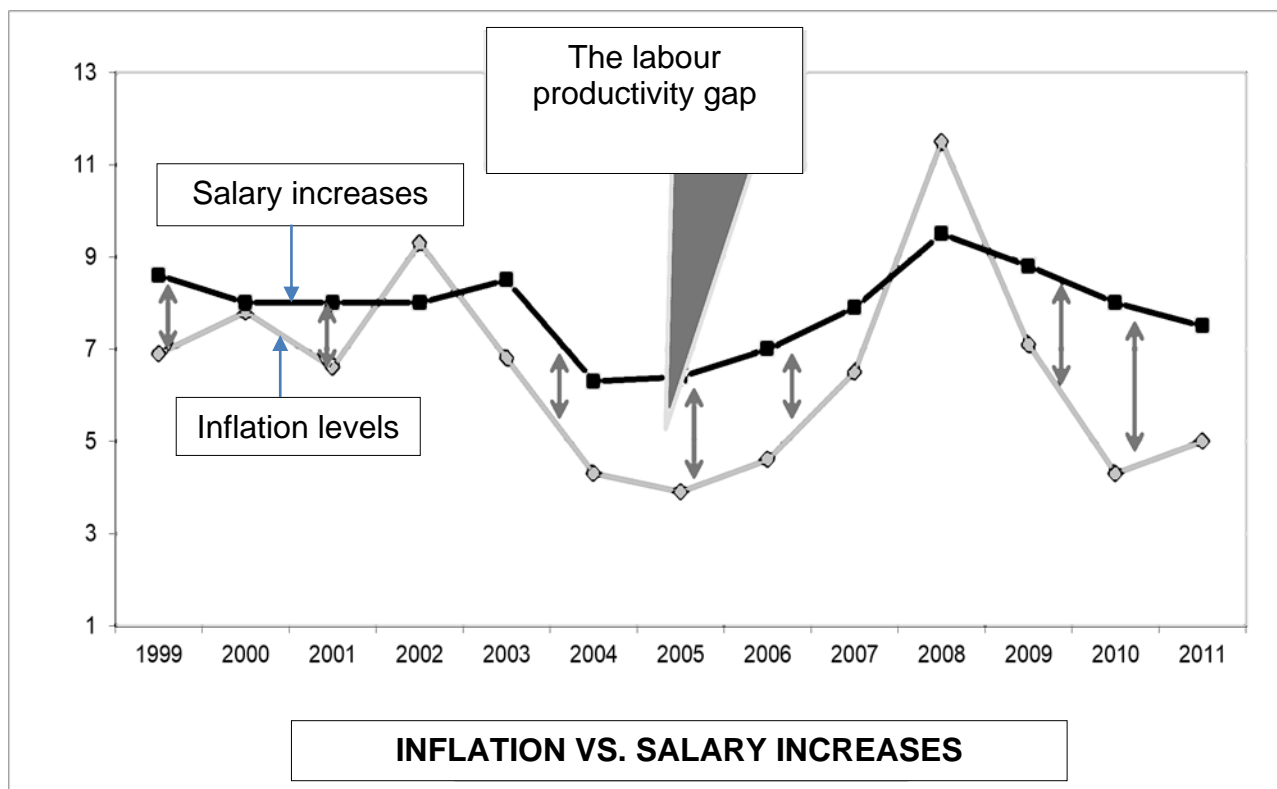
40 MARKS – 30 MINUTES

2.1 Answer the following questions:

2.1.1 Name TWO categories of natural resources. (2x1) (2)

2.1.2 Why do people with scarce skills receive higher wages? (1x2) (2)

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



Source: Statsa

2.2.1 During which years were inflation levels higher than salary levels? (1x2) (2)

2.2.2 What is the *labour productivity gap*? (2)

2.2.3 State a reason why salary increases were higher than inflation between 2009 and 2011. (2)

2.2.4 In your opinion, what are the consequences when salary levels increase faster than inflation levels? (2x2) (4)

- 2.3 Study the information in the case study below and answer the questions that follow.

The market system is like an invisible hand

Without a constant flow of goods, no economic activity is possible. A variety of the right types and amounts of food is required. How is it that people are able to sleep easy at night without fearing a breakdown in the elaborate economic processes on which they depend? All this is achieved without force or centralised direction by anyone .

Economic life proceeds without direct government direction. Hundreds of thousands of commodities are produced by millions of people without any master plan. The market economy with all its imperfections is indeed a wonderful thing. The three questions, *What? How? And For Whom?* are solved by an invisible force, which Adam Smith called 'an invisible hand'.

Adapted from Economics by P. Samuelson

- 2.3.1 Which economic system is illustrated in the extract? (1)
- 2.3.2 List any other economic system. (1)
- 2.3.3 What is meant by *centralised direction*? (4)
- 2.3.4 Why does Adam Smith describe the economic process as an 'invisible hand'? (2x2) (4)
- 2.4 Distinguish between *real investment* and *financial investment*. (2x4) (8)
- 2.5 Discuss the main reasons for privatisation. (4x2) (8)
- [40]**

QUESTION 3 ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

3.1 Answer the following questions.

- 3.1.1 Name TWO sources of wealth. (2x1) (2)
- 3.1.2 How will the money supply be affected if the SARB sells government bonds in the open market? (1x2) (2)

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

Quintile	Cumulative % of households	Cumulative % of income
1	20	10
2	40	25
3	60	45
4	80	65
5	100	100

- 3.2.1 Define the concept *Lorenz curve*. (2)
- 3.2.2 What are the ranges of the Gini coefficient? (2)
- 3.2.3 Use the information from the table to plot the Lorenz curve. (6)
- 3.3 Study the extract below and answer the questions that follow.

2015 – the year of strengthening SADC regional integration

At a Extraordinary Summit of SADC leaders, discussions will focus on how the region could improve its industrial capacity as it aims to move away from an economic path, built on consumption and commodity exports, onto a sustainable development path based on value-addition and beneficiation.

Industrial development has long been identified as one of the main drivers of regional integration in SADC as it prompts the diversification of economies, as well as the development of productive capacity and the creation of employment and reducing poverty.

Source: Adapted from SANF 15 no 1. Jan 2015

- 3.3.1 What does the abbreviation SADC stand for? (2)
- 3.3.2 List any TWO member countries of the SADC. (1x2) (2)
- 3.3.3 According to the extract, how can a country under SADC improve its industrial capacity? (2)

- 3.3.4 Why can industrial development be seen as the main driver of regional development? (4)
- 3.4 Differentiate between a *developing economy* and a *developed economy*. (2x4) (8)
- 3.5 Evaluate *free basic household services* provided by the local government. (4x2) (8)
- [40]**

QUESTION 4 MACROECONOMICS & ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

- 4.1 Answer the following questions.
- 4.1.1 List TWO groups of people that are marginalised in South Africa. (2x1) (2)
- 4.1.2 How will the price of a product impact on the profits of the entrepreneur? (1x2) (2)
- 4.2 Study the table below and answer the questions that follow.

Final consumption expenditure by households (At constant 2010 prices)(R millions)			
	2012	2013	2014
Durable goods:	175 319	191 062	201 145
Furniture, household appliances, etc.	28 535	30 157	31 806
Personal transport equipment	104 908	115 950	121 713
Computers and related equipment	7 805	9 055	10 290
Recreational and entertainment goods	24 835	25 972	27 023
Other durable goods	9 236	9 928	10 313
Semi-durable goods:	149 519	157 441	162 412
Clothing and footwear	87 941	92 359	95 430
Household textiles, furnishings, glassware, etc.	24 265	25 865	26 978
Motorcar tyres, parts and accessories	15 744	16 287	16 321
Recreational and entertainment goods	11 031	11 710	11 953
Miscellaneous goods	10 538	11 220	11 730

Source: SARB Quarterly Bulletin (June 2015)

- 4.2.1 Define *durable goods*. (2)
- 4.2.2 On which category of durable goods do households spend most of their income in 2014? (2)
- 4.2.3 Explain what “*at constant prices*” mean. (2)
- 4.2.4 What is the tendency in the clothing and footwear category since 2012? Motivate your answer. (2x2) (4)

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



Source: Internet economics cartoon

- 4.3.1 List TWO reasons, according to the cartoon, why Africa is ravaged by poverty. (2)
- 4.3.2 Define the concept *poverty*. (2)
- 4.3.3 What is a *poverty gap*? (2)
- 4.3.4 Explain how social grants are used to alleviate poverty in South Africa. (2x2) (4)
- 4.4 Distinguish between *banks* and *micro-lenders*. (2x4) (8)
- 4.5 Discuss the objectives of GEAR. (4x2) (8)

[40]

TOTAL SECTION B: 80

SECTION C

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

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

40 MARKS – 40 MINUTES

Infrastructure plays an important role in the development of the economy.

- Discuss the following aspects of South Africa's infrastructure in detail:
 1. Communications
 2. Transport (26 marks)
- How does the cell phone industry assist in reducing the exclusion of the poor from telecommunication? (10 marks)

[40]

QUESTION 6 ECONOMIC PURSUITS**40 MARKS – 40 MINUTES**

Money has evolved or developed substantially over time. It is hardly recognized in its traditional form.

- Discuss all the money-associated instruments. (26 marks)
- How effective is the SARB control over the activities of commercial banks in South Africa? (10 marks)

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