



GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

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**GAUTENG DEPARTMENT OF EDUCATION
PROVINCIAL EXAMINATION**

JUNE 2018

GRADE 11

**ECONOMICS
PAPER 1**

TIME: 2 hours

MARKS: 150

13 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.
5. 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. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
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 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 – D) next to the question number (1.1.1 – 1.1.8) in the ANSWER BOOK.

1.1.1 Nominal wages are a criterion of the ...

- A amount of money that a labourer receives.
- B number of hours that labourers work.
- C conditions under which labourers work.
- D prosperity of labourers.

1.1.2 Economic growth is an increase in ...

- A expenditure by consumers.
- B imports from foreign countries.
- C the production of the country.
- D expenditure by the government.

1.1.3 Individuals that use factors of production to start and manage a business.

- A capital
- B entrepreneur
- C consumers
- D households

1.1.4 In comparing the GDP of one year with that of another year, the ... is used?

- A GDP at current prices
- B GDP at market prices
- C GDP at constant prices
- D nominal GDP

1.1.5 Production in which only the permanent inhabitants of a country are involved is known as ... production.

- A full-scale
- B international
- C domestic
- D national

1.1.6 A company that generates fuel from coal is ...

- A Caltex
- B Sasol
- C Engen
- D Shell

1.1.7 A mixed economy is one that consists of ...

- A large and small firms.
- B farms and factories.
- C goods and services.
- D a public and a private sector.

1.1.8 The mineral that is often referred to as 'black gold' is ...

- A coal.
- B gold.
- C iron ore.
- D uranium.

(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 Transfer payments	A Expressed by the real GDP per capita, life expectancy and level of literacy
1.2.2 Standard of living	B Ages between 15 and 64 years
1.2.3 Real flows	C Cars, buildings and roads
1.2.4 Manufacturing	D Taxation and government expenditure
1.2.5 Domestic market	E Secondary economic activity
1.2.6 Fiscal policy	F Old-age pensions are an example of this
1.2.7 Tangible assets	G The flow of goods and services
1.2.8 Workforce	H Products sold within South Africa
	I Primary economic activities

(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. **(NO ABBREVIATIONS ALLOWED)**

1.3.1 Wages, rent, interest and profit are exchanged for ... in the circular flow.

1.3.2 Studies the functioning of the economy in its entirety.

1.3.3 Transport facilities such as airports, roads and railway systems.

1.3.4 The relationship between real output and the quantity of inputs.

1.3.5 The method used to determine national income by totalling expenditure on final goods and services.

1.3.6 The total income of the nation divided by the average income of the population. (6x1) (6)

TOTAL SECTION A: 30

SECTION B

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

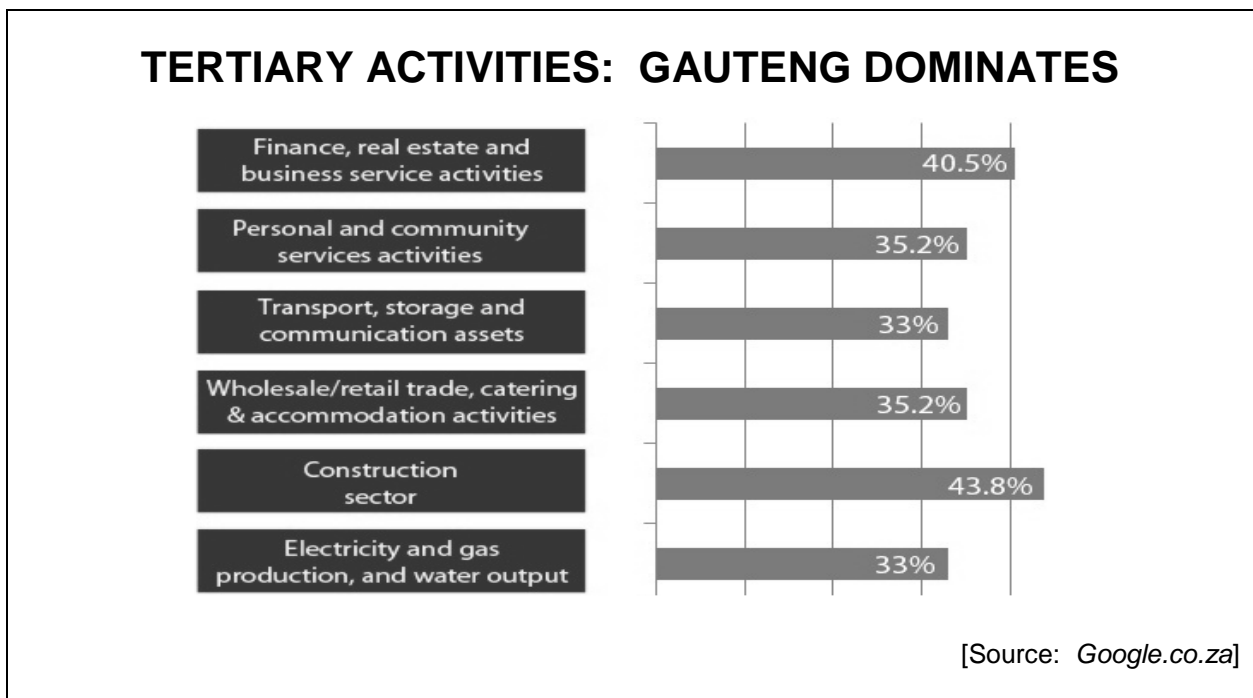
QUESTION 2 MACROECONOMICS

40 MARKS – 30 MINUTES

2.1 Answer the following questions:

- 2.1.1 List any TWO categories of final consumption expenditure by households. (2x1) (2)
- 2.1.2 Why is capital formation so important for the economy of South Africa? (1x2) (2)

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



- 2.2.1 Identify the tertiary activity in Gauteng which contributes the most to South Africa's economy? (1)
- 2.2.2 Give a reason for the economic activity that contributes the highest percentage to the tertiary sector. (1)
- 2.2.3 Briefly explain the term *tertiary economic activities*. (2)
- 2.2.4 Why is it preferable for a country to have a stronger tertiary sector than a primary sector? (2)
- 2.2.5 What is the role of transport in strengthening the tertiary sector in Gauteng? (2x2) (4)

2.3 Study the information below and answer the questions that follow:

State of entrepreneurship in South Africa

Tfadzwa Madavo, chief operating officer of Riversands Incubation Hub, said too often entrepreneurs told him that a lack of funding was holding them back.

The top five challenges entrepreneurs faced were: finding clients or customers (47 %); inability to raise funds (43 %); lack of guidance (31 %); wearing too many hats (30 %) and slow or lost sales (21 %).

HERE IS SOME MOTIVATION TO START

4 % (unable to find a job); 8 % (interest in my products / service); 10 % (it makes me happy); 14 % (I wanted to utilise my skills); 22 % (I wanted to be my own boss); 42 % (I identified an opportunity)

Source: [Infographic by Seed Academy: Survey 2017]

- 2.3.1 Identify a possible reason for the decrease in entrepreneurship in SA? (1)
- 2.3.2 List ONE main reason why respondents started their own businesses. (1)
- 2.3.3 Briefly the concept entrepreneurship. (2x1) (2)
- 2.3.4 Explain any factor which influence the profits of an entrepreneur. (2)
- 2.3.5 What is the importance of entrepreneurship in the South African economy? (4)
- 2.4 Differentiate between *renewable and non-renewable resources* (2x4) (8)
- 2.5 How can the development of small businesses benefit the marginalised groups in South Africa? (8)

[40]

QUESTION 3: MACROECONOMICS

40 MARKS – 30 MINUTES

3.1 Answer the following questions:

3.1.1 List any TWO examples of primary energy sources used in South Africa. (2x1) (2)

3.1.2 Why are resources so important in the production process? (1x2) (2)

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

SOUTH AFRICA'S GROSS DOMESTIC PRODUCT (GDP) – 2017

	R million
Compensation of employees	1 892 721
Net operating surplus	1 065 200
Consumption of fixed capital	560 397
Gross value added at factor cost	3 518 318
Other taxes on production	81 307
Other subsidies on production	9 813
Gross value added at basic prices	3 589 812
Taxation on products	438 785
Subsidies on products	15 005
Gross domestic product at market prices	4 013 592

[Adapted from the *South African Reserve Bank Quarterly Bulletin*, June 2017]

3.2.1 Identify the method used to calculate the GDP in the table above. (2x1) (2)

3.2.2 Briefly describe the term *gross domestic product*. (2)

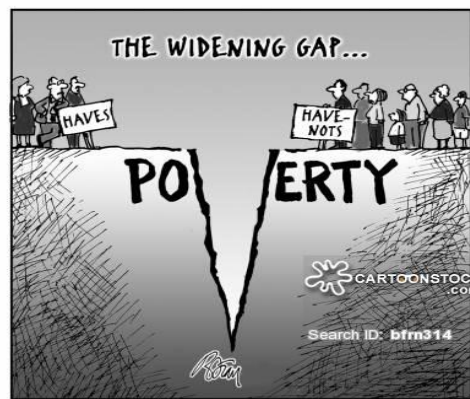
3.2.3 What is the main purpose of subsidies on production? (2)

3.2.4 Calculate the consumption of fixed capital as a percentage of the GVA at factor cost. Show ALL calculations. (4)

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

The unemployment crisis in South Africa

The unemployment rate in South Africa increased to 27.7% in the first six months of 2017. This is the highest rating since September 2006 and is expected to increase in the future. This has a huge impact on the increasing rate of poverty in South Africa. Although the informal sector has many challenges, it can contribute positively to reduce poverty in South Africa and improving the quality of life of many South Africans.



[Source: www.tradingeconomics.com]

- 3.3.1 Identify the economic concept illustrated by the written extract above. (1)
- 3.3.2 Provide a reason for the economic concept being displayed on almost every street corner? (1)
- 3.3.3 Briefly explain TWO *social* reasons for the high unemployment rate in South Africa. (2x2) (4)
- 3.3.4 How will the informal sector impact on reducing the unemployment rate in South Africa? (2x2) (4)
- 3.4 Distinguish between *real investment* and *financial investment*. (2x4) (8)
- 3.5 How can government solve the issue of land distribution in South Africa? (8)
- [40]**

QUESTION 4 MACROECONOMICS

40 MARKS – 30 MINUTES

4.1 Answer the following questions:

4.1.1 List any TWO types of communication infrastructure used in South Africa. (2x1) (2)

4.1.2 How can taxation be used to reverse the downward trend in the economy? (1x2) (2)

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

SOUTH AFRICA'S ENERGY PREDICAMENT			
It's going to get ugly here, so we as South Africans need to have a much better understanding of our country's electricity system, Eskom. We can look at our consumption patterns and pricing, the cost of load-shedding and how we can escape from the precarious situation we find ourselves in these days." - Dirk de Vos	ACTIVITY / CATEGORY	NO. OF CUSTOMERS	PERCENTAGE USE (%)
	Domestic	6 846 330	94
	Agriculture	99 054	1.4
	Mining	2 003	0.03
	Manufacturing	43 952	0.6
	Commercial	243 212	3.3
	Transport	2 153	0.3
	General	36 105	0.5
Total	7 272 809	100	

[Source: *dailymaverick.co.za*]

4.2.1 Identify a reason why Eskom implemented load-shedding? (1)

4.2.2 List the percentage of electricity used by the primary sector in South Africa? (1)

4.2.3 Briefly explain the term load-shedding in terms of electricity. (2)

4.2.4 Why do domestic consumers use the greatest amount of electricity? (2)

4.2.5 How will the South African economy be influenced by load-shedding? (2x2) (4)

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

ECONOMIC SYSTEMS: CAPITALISM OR SOCIALISM?

“In its purest form, the free-market system exists with no interference from the government. Adam Smith argued that “an invisible hand” would give the right direction to market forces and scarce factors of production.

By this he meant that although it seems there is someone making very efficient choices and decisions to make the economy run effectively, it is actually just what happens naturally when a number of people act as consumers in a market.”



[Adapted from *FOCUS Economics Grade 11*, Maskew Miller Longman]

- 4.3.1 Identify a country using the above mentioned economic system. (1)
 - 4.3.2 List ONE advantage of a free market economy. (1)
 - 4.3.3 Briefly explain the term *free market economy*. (2)
 - 4.3.4 How is the market economy “self-regulating”? Motivate. (2)
 - 4.3.5 Why is capitalism not beneficial to all countries and consumers? (2x2) (4)
 - 4.4 Explain the role of the factor market in the circular flow. (4x2) (8)
 - 4.5 How does Black Economic Empowerment ensure community participation in South Africa? (8)
- [40]**

TOTAL SECTION B: 80

SECTION C

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

STRUCTURE OF ESSAY	MARK ALLOCATION
<p>Introduction</p> <ul style="list-style-type: none"> • The introduction is a lower-order response. • A good starting point would be to define a concept or key word that appears in the question. • Do not include in your introduction any part of the question. • 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. 	<p>Max. 2</p>
<p>Body:</p> <p>Main part: Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Differentiate / Explain / Assess / Debate</p> <p>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? / Propose</p>	<p>Max. 26</p> <p>Max. 10</p>
<p>Conclusion</p> <p>Any higher-order conclusion should include:</p> <ul style="list-style-type: none"> • A brief summary of what has been discussed, without repeating facts already mentioned. • Any opinion or value judgement on the facts discussed. • Additional supporting information to strengthen the discussion / analysis. • A contradictory viewpoint with motivation, if required. • Recommendations. 	<p>Max. 2</p>
TOTAL	40

QUESTION 5 MACROECONOMICS

40 MARKS – 40 MINUTES

- Discuss the delivery of social services to South Africa in detail. (26 marks)
- What can the South African government do to improve the delivery of social services to its citizens? (10 marks) **[40]**

QUESTION 6 MACROECONOMICS

40 MARKS – 40 MINUTES

- Discuss the economic importance of the primary sector in the economy. (26 marks)
- How can the establishment of more labour-intensive industries benefit South Africa? (10 marks) **[40]**

TOTAL SECTION C: 40

TOTAL: 150

END