



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

NOVEMBER 2018

ECONOMICS P1

MARKS: 150

TIME: 2 hours

This question paper consists of 13 pages.

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows:

SECTION A: COMPULSORY

SECTION B: Answer any TWO questions of the three questions.

SECTION C: Answer any ONE question of the two questions.

2. Write the question number above each question.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Read the questions carefully and start each question on a NEW page.
5. Leave 2–3 lines between subsections of questions.
6. Answer questions in full sentences and ensure that the format and content of your responses comply with the cognitive requirements of the questions.
7. Only the required number of questions will be marked in the order in which they appear in the ANSWER BOOK.
8. Use only black or blue ink.
9. You may use a non-programmable pocket calculator.
10. Write neatly and legibly.

SECTION A (COMPULSORY)**QUESTION 1****30 MARKS – 20 MINUTES**

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

1.1.1 The remuneration or payment made for the use of factors of production which are limited in supply is called ...

- A economic rent.
- B rent.
- C commercial rent.
- D interest.

1.1.2 Purchasing from BEE-qualifying businesses, small businesses and black owned businesses is known as ...

- A ownership.
- B preferential procurement.
- C management.
- D empowerment.

1.1.3 Goods that last for a while, after which they must be replaced.

- A Services
- B Durable
- C Non-durable
- D Semi-durable

1.1.4 Market value of all the final goods and services produced in an economy during a year.

- A Gross national product
- B Gross national expenditure
- C Gross domestic product
- D Gross national income

1.1.5 All workers, in order to use their labour, are employed even if it may be unprofitable.

- A Unemployed
- B Full employment
- C Employment
- D Underemployed

1.1.6 Tax that is levied on profit earned on the sale of capital goods.

- A VAT
- B Estate duties
- C Wealth tax
- D Capital gains tax

1.1.7 This is used to help beneficiaries acquire ownership of fixed residential property.

- A Property subsidy
- B Land restitution
- C Land redistribution
- D BEE

1.1.8 Consists of a group of countries that have abolished tariffs and quotas on trade between themselves.

- A Common market
- B Monetary union
- C Customs union
- D Free trade area

(8 x 2) (16)

1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the correct 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	Capital widening	A	Measuring the cost of living
1.2.2	Wealth	B	Are involved in the production or extraction of raw materials
1.2.3	Primary sector	C	Records that are kept of all final goods and services that a country produces and their total value
1.2.4	Market failure	D	When a country's stock of capital increases at the same rate as the workforce
1.2.5	National accounts	E	Occurs when the factors of production are not allocated optimally
1.2.6	Consumer price index (CPI)	F	Value of all assets that individuals, businesses and government own
1.2.7	Literacy rate	G	Consumers can pay for their purchase
1.2.8	Debit card	H	Goods and services that are bought for the purpose of resale
		I	Percentage of people in a country who can read and write

(8 x 1) (8)

1.3 Give ONE term of each of the following descriptions. Write only the term/
concept next to the question number (1.3.1–1.3.6) in the ANSWER BOOK.
NO abbreviations or acronyms will be accepted.

1.3.1 An economy that does not include the foreign sector

1.3.2 They take the initiative to establish enterprises.

1.3.3 Assets that have a physical existence and that you can touch

1.3.4 Policy that the Reserve Bank uses to influence the supply of money
and interest rates

1.3.5 Relationship between the quantity of output and quantity of input

1.3.6 Rewards of the owners of capital (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

Answer any TWO of the 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 social services provided by the government. (2 x 1) (2)

2.1.2 Why are intermediate goods and services excluded when calculating the value of GDP? (1 x 2) (2)

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

GROSS VALUE ADDED AT CONSTANT PRICES					
Year	Agriculture fishing, forestry	Mining	Manufacturing	Gas water, and electricity	Construction
2016	11 614	58 165	98 396	16 297	27 789
2017	18 505	55 237	89 863	15 154	27 328

[Source: SARB Quarterly Bulletin March 2017]

2.2.1 What is illustrated in the above table? (1)

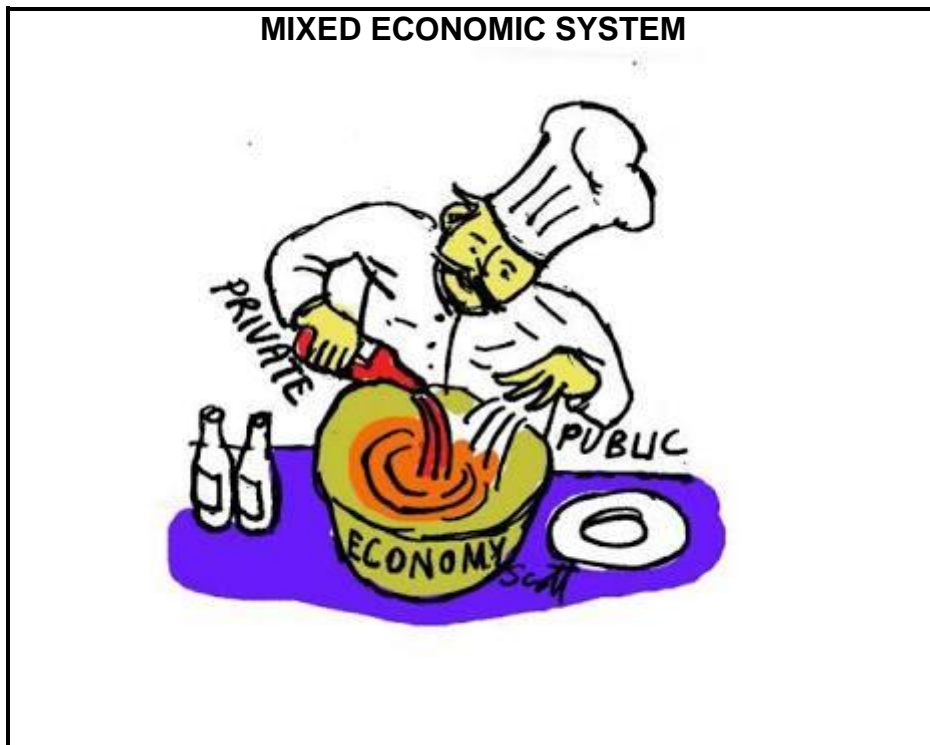
2.2.2 Which economic activity contributed most in 2017? (1)

2.2.3 Briefly explain the term **constant prices**. (2)

2.2.4 How is GVA at basic prices converted to GDP at market prices? (2)

2.2.5 Calculate the total contribution of the secondary sector to the GDP at constant prices for 2016. Show all your calculations. (2 x 2) (4)

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



- 2.3.1 Which type of economic system is depicted above? (1)
- 2.3.2 Who allocates the resources in the above economic system? (1)
- 2.3.3 Briefly explain the term **mixed economic system**. (2)
- 2.3.4 What role is played by the government in this mixed economic system? (2)
- 2.3.5 How efficient is the South African government at delivering social services? (2 x 2) (4)
- 2.4 Briefly provide reasons why people are marginalized. (4 x 2) (8)
- 2.5 Why is it difficult to change the real capital? (8)

[40]

QUESTION 3: ECONOMIC PURSUITS**40 MARKS – 30 MINUTES**


3.1 Answer the following questions:

3.1.1 Name any TWO economic indicators. (2 x 1) (2)

3.1.2 How does wealth differ from income? (1 x 2) (2)

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

Transport infrastructure



South Africa's air and rail networks are the largest on the continent. The country has an extensive rail network – the 14th longest in the world connecting with networks in the sub-Saharan region. The country's rail infrastructure, which connects the ports with the rest of South Africa, represents about 80% of Africa's total.

[Adapted: from World Bank Development 2017]

3.2.1 Name any transport system used in South Africa, as depicted in the above diagram. (1)

3.2.2 Which Agency maintains national and toll roads in South Africa? (1)

3.2.3 Why did the government introduce the Bus Rapid Transport (BRT) in South Africa? (2)

3.2.4 Explain the reason for government investing money in public transport. (2)

3.2.5 What is the positive impact of the Taxi Recapitalisation programme? (2 x 2) (4)

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



- 3.3.1 What does SADC stand for? (1)
- 3.3.2 Name any member state of the SADC, as shown in the above map. (1)
- 3.3.3 What is the main focus of the SADC? (2)
- 3.3.4 Briefly explain **urbanisation** as a social indicator. (2)
- 3.3.5 How has HIV/Aids pandemic affected economic growth? (4)
- 3.4 Briefly explain how wealth is created through savings (4 x 2) (8)
- 3.5 Why are indigenous knowledge systems important for local communities? (8)

[40]

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS
40 MARKS – 30 MINUTES

4.1 Answer the following questions:

4.1.1 Name TWO kinds of primary sector operations. (Any 2 x 1) (2)

4.1.2 What effect does a low economic growth rate have on the economy? (1 x 2) (2)

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

Consumption expenditure

Item	Amount (000)
Consumption expenditure by households	150 000
Government expenditure	130 000
Gross capital formation	80 000
Gross domestic expenditure	360 000
Exports on goods and services	45 000
Imports on goods and services	65 000
GDP at market prices	4.2.5

[Source: Quarterly Bulletin 2017]

4.2.1 Identify the method used in the above table. (1)

4.2.2 Name any other method that can be used to calculate the GDP at market prices. (1)

4.2.3 Explain the following components: $GDE = C + G + I$. (2)

4.2.4 Briefly describe the term **Gross domestic expenditure**. (2)

4.2.5 Calculate the GDP at market prices. **Show all calculations**. (4)

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

EDUCATION STATISTICS FOR SOUTH AFRICA		
Education indicator	Percentage	Effects on wealth creation
Enrolment in secondary school	57% of total possible	Almost half of the population does not get to matric – less likely to become employed
Enrolment in tertiary education	15%	Severe lack of degrees and diplomas impacts on skilled workforce – negative impact on human capital
Literacy rate	88%	Almost 12 % of the population cannot read or write – few job prospects.

[Source [https://en .m wikipedia.org](https://en.wikipedia.org)]

- 4.3.1 What percentage is the enrolment in secondary education? (1)
- 4.3.2 What impact does the literacy rate have on wealth? (1)
- 4.3.3 What has led to the low enrolment in tertiary education? (2)
- 4.3.4 Explain how lack of education can lead to a low standard of living. (2)
- 4.3.5 How should higher education inequalities be addressed to improve the standard of living of South Africa? (4)
- 4.4 Differentiate between **economic growth** and **economic development**. (4 x 2) (8)
- 4.5 Why is capital formation important to the South African economy? (8)
- [40]**

TOTAL SECTION B: 80

SECTION C (ANSWER ONE QUESTION FROM THIS SECTION)

STRUCTURE OF ESSAY	MARK ALLOCATION
<p>Introduction</p> <ul style="list-style-type: none"> • A good starting point would be to define a concept or key word that appears in the question. • Include other sentences to support the topic. • 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. 	Max. 2
<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/Suggest/Use the information and argue, debate, evaluate.</p>	Max. 26
<p>Conclusion</p> <ul style="list-style-type: none"> • The conclusion is a wrap-up of the discussion of the topic in the body and should be treated as a higher order response. • The conclusion can take the form of an own opinion, with examples to support your discussion or contradictory viewpoint from what has been discussed. • No aspect from either the introduction or the body should be included in the conclusion. 	Max. 2
TOTAL:	40

QUESTION 5: MACROECONOMICS**40 MARKS – 40 MINUTES**

- Briefly discuss the characteristics of labour. (26 marks)
- Draw a graph that shows a fixed supply of land and briefly explain how an increase in demand will have an effect on rent. (10 marks) **[40]**

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

- Discuss the functions of the South African Reserve Bank under the following headings:
 - Government's banker (8)
 - Bank of issue (8)
 - Banker's bank (10) (26 marks)
- How will the Governor of the Reserve Bank use monetary policy to influence the quantity of money of a country? (10 marks) **[40]**

TOTAL SECTION C: 40**GRAND TOTAL: 150**