

ECONOMICS

GRADE 11

JUNE EXAMINATION

DATE: 15 June 2016

TIME: 2 Hours

EXAMINER: Mrs. K. Coetzer

MARKS: 185

INTERNAL MODERATOR: Mrs. E. van der Westhuizen

PLEASE READ THE FOLLOWING INSTRUCTIONS CAREFULLY:

1. This test consists of 12 pages. Please check that your question paper is complete.
2. All questions are **COMPLUSORY**.
3. Answer the questions where possible, point by point in full sentences. A systematic presentation of facts is required.
4. Number the answers exactly as the questions are numbered.
5. Please leave single line spaces open between answers.
6. It is in your best interest to write legibly and to present your work neatly.
7. Non-programmable calculators may be used.
8. Answer all questions in blue or black ink. Only sketches or diagrams may be done in pencil.

QUESTION	POTENTIAL MARK	MARK ACHIEVED
Question 1	60	
Question 2	25	
Question 3	70	
Question 4	30	
TOTAL	185	

Mrs. K. Coetzer (Examiner)

Mrs. E. van der Westhuizen (Internal Moderator)

QUESTION 1 MULTIPLE CHOICE QUESTIONS

1.1 Which of the following is NOT a characteristic of natural resources?

- A They have an unlimited supply.
- B They are unevenly distributed.
- C They need to be processed before they have a use.
- D They are equally distributed. (3)

1.2 Which of the following is NOT a characteristic of labour?

- A Labour cannot be separated from the individual who owns it.
- B Labour is scarce.
- C It is not possible to suddenly increase the supply of labour.
- D Labour cannot be stored or saved. (3)

1.3 Which of the following is the total value of all spending by households on goods and services known as?

- A final consumption expenditure by households
- B investment by households
- C autonomous consumption spending
- D net domestic product (3)

1.4 Banking and financial services are examples of ... economic activity.

- A primary
- B secondary
- C tertiary
- D informal

(3)

1.5 Which of the following statements about the South African economy is true?

- A The primary sector contributes the most to the GDP.
- B The size of the secondary sector is decreasing.
- C The economic growth rate has been negative in recent years.
- D The size of the tertiary sector is increasing.

(3)

1.6 Natural resources or land is one of the factors of production. Which of the following does not form part of natural resources:

- A Elements on the surface of the earth such as water, plants and soil.
- B Elements above the earth such as the sun, atmosphere, climate and weather.
- C Elements that form part of the marketing of goods.
- D Elements below the earth's surface such as minerals, water, gas and steam.

(3)

1.7 The demand for a product increases, while the supply of the product remains the same.

- A Both the equilibrium price and quantity increase.
- B The equilibrium price decreases, but it is not possible to say what the effect will be on the equilibrium quantity.
- C The equilibrium price increases, while the equilibrium quantity decreases.
- D Both the equilibrium price and quantity decrease. (3)

1.8 With reference to the following table, answer the question:

Final consumption expenditure by households
Final consumption expenditure by government
Gross capital formation
Residual item
Exports of goods and services
Imports of goods and services

Which method is being used to calculate GDP?

- A Production method
- B Income method
- C Expenditure method
- D Value added method (3)

1.9 Compared to other countries in Africa, South Africa ...

- A has the highest inflation rate and the lowest level of per capita income
- B has the most advanced free-market economy
- C produces more minerals than all other African countries combined
- D has a much higher incidence of HIV/AIDS. (3)

1.10 The cost per unit of production is the ... cost.

- A total
- B unit
- C marginal
- D average (3)

1.11 The Law of Diminishing Marginal Utility states that ...

- A the more we consume something, the less satisfaction each successive unit of the good provides
- B the more we consume something, the greater the satisfaction each successive unit of the good provides
- C the more we consume something, the greater the total satisfaction
- D the more we consume something, the less the total satisfaction. (3)

1.12 When total utility reaches its highest point on the curve, marginal utility is ...

- A positive
- B negative
- C zero
- D equal to marginal cost. (3)

1.13 If the supply stays the same regardless of how much the price of a good increases, we say that the good has ... supply curve.

- A an elastic
- B an inelastic
- C an abnormal
- D a perfectly inelastic (3)

1.14 Interest is the remuneration for which factor of production?

- A Land
- B Capital
- C Entrepreneurship
- D Labour (3)

1.15 The S&P 500 is a..... stock market index

- A European
- B Asian
- C American
- D African (3)

1.16 In the equation $GDP = C + I + G$, the symbol **G** stands for ...

- A government taxes on consumption
- B final consumption expenditure by government
- C government spending on non-capital goods and services
- D government spending on public-works programmes. (3)

1.17 In the equation $\text{GDP} = \text{C} + \text{I} + \text{G}$, the symbol **I** stands for ...

- A interest on foreign debt
- B interest on savings and investments
- C interest on public debt
- D gross fixed capital formation. (3)

1.18 Which of the following is the defining feature of a free-market economy?

- A economic regulation and control
- B state ownership of the factors of production
- C mobility of the factors of production
- D a lack of government intervention in the market (3)

1.19 Which of the following is the defining feature of a centrally planned economy?

- A economic freedom
- B central planning of all economic activity
- C individual ownership and control of the factors of production
- D the profit motive (3)

1.20 Identify the person in the picture below.



[Source: Google images]

- A Gwede Mantashe, ANC Secretary General.
- B Cyril Ramaphosa, South Africa's current Deputy President.
- C Kgalema Motlanthe, South Africa's Deputy President from 2007 to 2012.
- D Julius Malema, Leader of the EFF. (3)

TOTAL QUESTION 1: (20 x 3) =[60]

QUESTION 2 MACRO ECONOMICS: GDP & ECONOMIC SYSTEMS & STRUCTURES

2.1 The table below shows the contribution of the THREE sectors in the South African economy.

	Share of gross value added			Growth rate 1990-2003
	1990	1994	2003	
Agriculture	5,0	5,0	4,0	0,3
Mining	7,3	7,4	5,5	-0,2
Manufacturing	22,0	20,5	19,8	1,2
Other industry	6,9	6,7	6,7	1,7
Transport and communication	7,9	8,3	12,2	5,5
Financial services	15,6	16,3	19,6	3,8
Government and community services	16,0	16,5	13,7	1,0
Trade and other services	19,4	19,3	19,3	1,7

2.1.1 Why have the contributions of mining and agriculture declined as a percentage of GDP? (4)

2.1.2 Discuss the role of agriculture and its contribution to the GDP of a developing nation like South Africa. (4)

2.2 Use the figures in the table below to answer the questions that follow:

	R million
Gross domestic product at factor cost	922 148
Compensation of employees	442 302
Taxes on production	201 138
Taxes on products	87 816
Subsidies on production	1 991
Subsidies on products	3 886

(Source: Focus Gr.12)

2.2.1 Calculate GDP at basic price. (3)

2.2.2 Calculate GDP at market price. (3)

- 2.3 Name South Africa's economic system and discuss the two disadvantages of this system. (5)
- 2.4 Discuss the importance of the tertiary sector for South Africa's economy. (6)

TOTAL QUESTION 2: [25]

QUESTION 3 MICRO ECONOMICS: MARKETS

- 3.1 List any THREE factors that determine the elasticity of demand. (6)
- 3.2 Calculate the CPED for each of the following scenarios and indicate whether the products are substitutes or compliments:
- 3.2.1 The price of shoes decreases from R5 to R4 and the quantity demanded for socks increases from 2000 to 3000 a week. (5)
- 3.2.2 The price of bread increases by 10% and the quantity demanded for butter decreases by 5%. (3)
- 3.2.3 The price of apples increases by 20% and the quantity demanded of oranges increases by 10%. (3)
- 3.3 The income elasticity of demand for Spa treatments (such as facials, massages and pedicures), DVD movie rentals, and Pick n Pay supermarket clothing have been estimated to be +2.5, + 0.8, and -1.5 respectively.
Write a response interpreting these coefficients for income elasticity. (10)
- 3.4 Show with diagrams only the following cases of price elasticity of supply:
- 3.4.1 PEs = 1 (3)
- 3.4.2 PEs = 0 (3)
- 3.4.3 PEs = $> 0 < 1$ (3)
- 3.5 Distinguish between absolute and relative prices. (4)

- 3.6 Discuss what happens to demand for DVDs if the price of DVD players increase. (4)
- 3.7 Illustrate the demand relationship discussed in question 3.6 using two separate graphs. (8)
- 3.8 The product market is where goods and services are exchanged. Illustrate and discuss the effect of a decrease in the cost of producing DVDs on the equilibrium price and quantity. (8)
- 3.9 Italian restaurants are an example of a monopolistic competition market structure. Justify how this example corresponds with the characteristics of monopolistic competition. (10)

TOTAL QUESTION 3: [70]

QUESTION 4 MICRO ECONOMICS: COST & REVENUE

- 4.1 Calculate the following missing values 4.1.1 – 4.1.5 where: (10)

FC = Fixed costs

ATC = Average Total costs

VC = Variable costs

TC = Total costs

MC = Marginal costs

AFC = Average Fixed costs

AVC = Average Variable costs

Production level	Total FC	Total VC	TC	MC	AFC	AVC
1	R300	R30	4.1.1			
2	R300	4.1.2	R345			
3	R300	4.1.3		R15	4.1.4	

4	R300	R88				4.1.5
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- 4.2 Explain the concept of *Economies of Scale* and three reasons for its occurrence. (6)
- 4.3 Define the short run. (2)
- 4.4 Define break-even point. (2)
- 4.5 Explain the market for labour referring to demand and supply. (4)
- 4.6 Use a graph to explain what will happen to the demand for labour when the wage rate increases. (6)

TOTAL QUESTION 4: [30]

TOTAL: [185]

END | WELL DONE 😊