



## **Education and Sport Development**

Department of Education and Sport Development  
Departement van Onderwys en Sportontwikkeling  
Lefapha la Thuto le Tlhabololo ya Metshameko

**NORTH WEST PROVINCE**

**PROVINCIAL ASSESSMENT**

**GRADE 11**

ENGLISH / **AFRIKAANS**

**ECONOMICS P2**

**JUNE EXAMINATION 2017**

**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 11 pages**

**INSTRUCTIONS AND INFORMATION**

1. Answer THREE questions as follows in the ANSWER BOOK:
  - SECTION A: COMPULSORY
  - SECTION B: Answer ONE of the two 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 subsections 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 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

## QUESTION 1

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 The subjective additional degree of satisfaction the consumer receives from using one extra unit of a product is called...

- A. Total utility
- B. Marginal utility
- C. Diminishing utility

1.1.2 Prices that are expressed in comparison with other prices are ...

- A. Relative prices
- B. Nominal prices
- C. Compared prices

1.1.3 A market structure in which few large sellers dominate the market is called...

- A Monopoly
- B Monopolistic competition
- C Oligopoly

1.1.4 When a change in price will cause a smaller percentage in quantity demanded...

- A Elastic price of demand
- B Inelastic price of demand
- C Perfectly elastic price elastic of demand

1.1.5 The change that causes the level of output...

- A. Fixed cost
- B. Variable cost
- C. No cost

1.1.6 If the price of another good decrease the demand of a complementary good shift to the...

- A Right
- B Left
- C Middle

1.1.7 The practice of collusion is found in the ...

- A Perfect competition
- B Monopoly
- C Oligopoly

1.1.8 Maximum profit is made when marginal cost is equal to...

- A Zero
- B Average cost
- C Marginal cost

**(8 x 2) (16)**

1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A –F) 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 This is affected by number of firms in the market	A. Economies of scale
1.2.2 It is used to measure value of utility	B. Luxury goods
1.2.3 Total revenue divided by quantity sold	C. Price elasticity of demand
1.2.4 falling average costs as the costs are divided over more units of output.	D. Short run
1.2.5 DE BEERS	E. Utils
1.2.6 Decrease in costs as output increases	F. Monopolistic competition
1.2.7 Only variable costs change while fixed costs remain the same	G. Average revenue
1.2.8 Goods that made people feel better and give comfortable lifestyle	H. Monopoly

**(8 x 1) (8)**

1.2 Give ONE term for each of the following statements. Write only the term next to the question number (1.3.1 – 1.3.7) in the ANSWER BOOK.

- 1.3.1 Prices that are unmodified and independent.
- 1.3.2 All inputs can be changed and all costs are variable.
- 1.3.3 A change in price will cause a greater percentage in quantity supply
- 1.3.4 The price for each quantity multiplied by the quantity sold.
- 1.3.5 All expenses that the business has to pay for the use of factors of production.
- 1.3.6 A market without government intervention.

**(6 x 1) (6)**

**TOTAL SECTION A: 30**

**SECTION B**

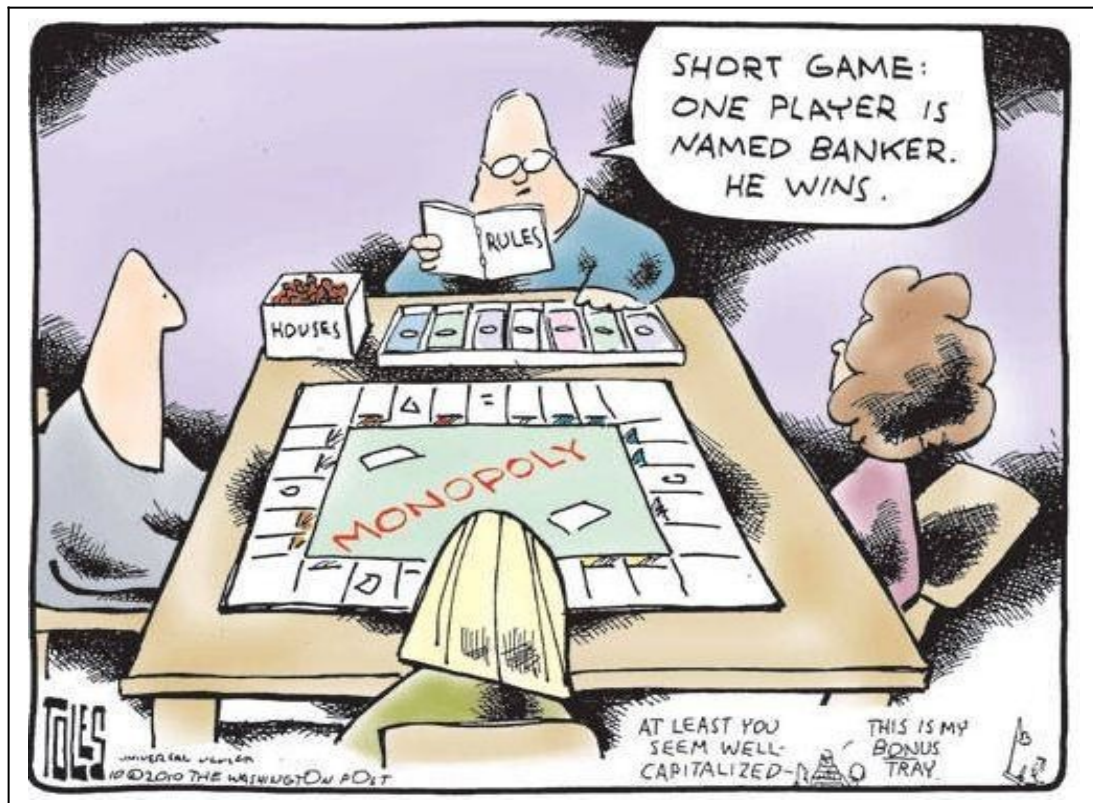
Answer any TWO questions of the three questions in this section in the ANSWER BOOK

**QUESTION 2**

2.1 Answer the following questions

- 2.1.1 List two examples of making use of relative prices (2 X 1) (2)  
 2.1.2 What is the importance cross elasticity of demand (1 X 2) (2)

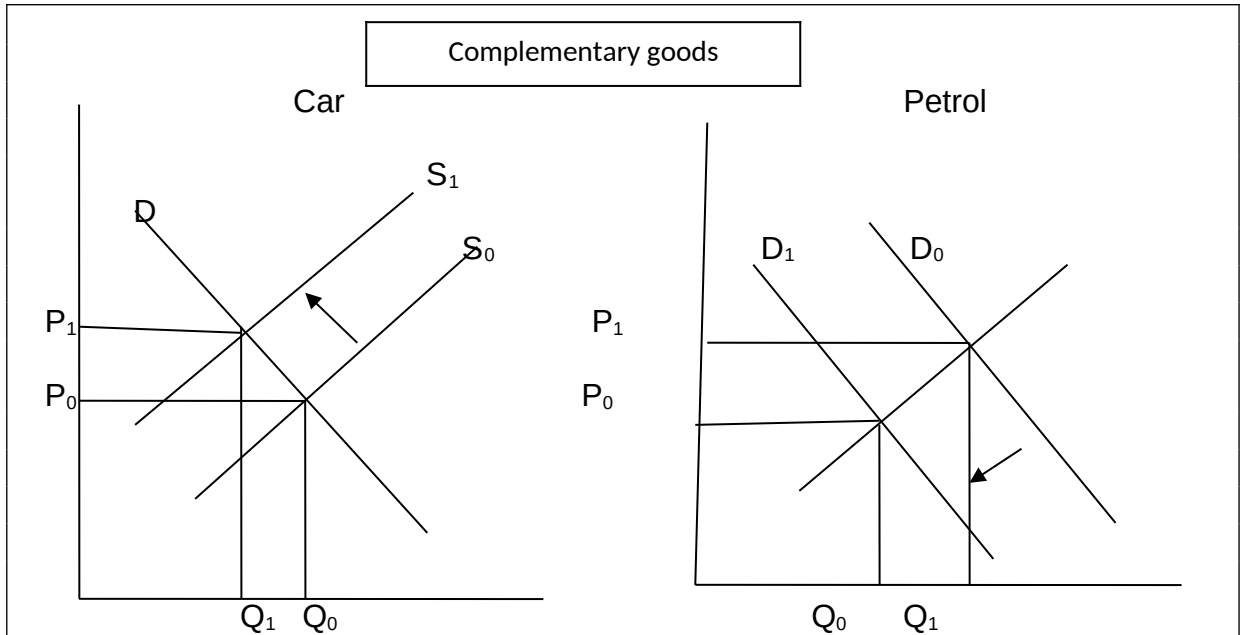
2.2 Study the following cartoon and answer the questions that follow:



Source :internet Economics cartoons

- 2.2.1 Which market is depicted on the above cartoon and give an example of the market structure mentioned above? (2)
- 2.2.2 Explain TWO features in the market structure above. (2x3)(6)
- 2.2.3 How can monopolist raise the level of profit? (2)

2.3 Study the following graph and answer questions that follow



- 2.3.1 Which goods are indicated in the above graphs? (2)
- 2.3.2 Comment on the reactions of the consumers in relation to the price of substitute goods? (2x2)(4)
- 2.3.3 How will the demand for cars be affected if the price of petrol decreases? (2x2)(4)
- 2.4 Distinguish between Economies of scale and diseconomies of scale (2x4) (8)
- 2.5 If the price decreases by 5% and the quantity supplied decrease by 10%. Calculate the PES and say whether supply is price elastic or price inelastic. (2x4)(8)

**QUESTION 3**

3.1 Answer the following questions

- 3.1.1 Name two types of demand relationship (2 X 1) (2)  
 3.1.2 Why is the AVC roughly U shaped (1 X 2) (2)

3.2 Study the following table and answer questions that follow:

**FIXED AND VARIABLE COST**

Workers (variable factor)	Output	Fixed cost (cost of factory)	Variable Cost (wages of workers)	Total Cost = FC + VC
0	0	40	0	40
1	50	40	10	50
2	90	40	20	60
3	120	40	<b>B</b>	<b>C</b>
4	<b>A</b>	40	40	80
5	155	40	50	90
6	165	40	60	100

Source: adapted from Achieve grade 11

- 3.2.1 Identify two variable used to calculate total cost (2)  
 3.2.2 Define fixed cost (2)  
 3.2.3 Calculate the value of **A, B, C** (6)
- 3.3 Study the scenario below and answer questions that follow:

**Improving production**

A man is employed to sew buckles on the shoes. He is able to sew 5 shoe buckles in a minute. Employing another worker will not increase the number of shoe buckles. This would require another needle and thread. In fact, employing two workers may result in fewer shoe buckles being sewed in as two may argue over who gets to use the thread or may distract each other in some other way.

Source: adapted from successful oxford

- 3.3.1 How many shoe buckles are produced per minute by one employee? (2)  
 3.3.2 What type of production factor is the needle and thread in the above example? (2)  
 3.3.3 What can be done to increase the number of shoe buckles (2)

3.3.4 How can the business increase in the number of buckles of shoes in the long run and the short run? (4)

3.4 Distinguish between relative prices and absolute prices. (2 x 4) (8)

3.5 How does the price mechanism works in conditions of perfect markets. (4 x 2) (8)

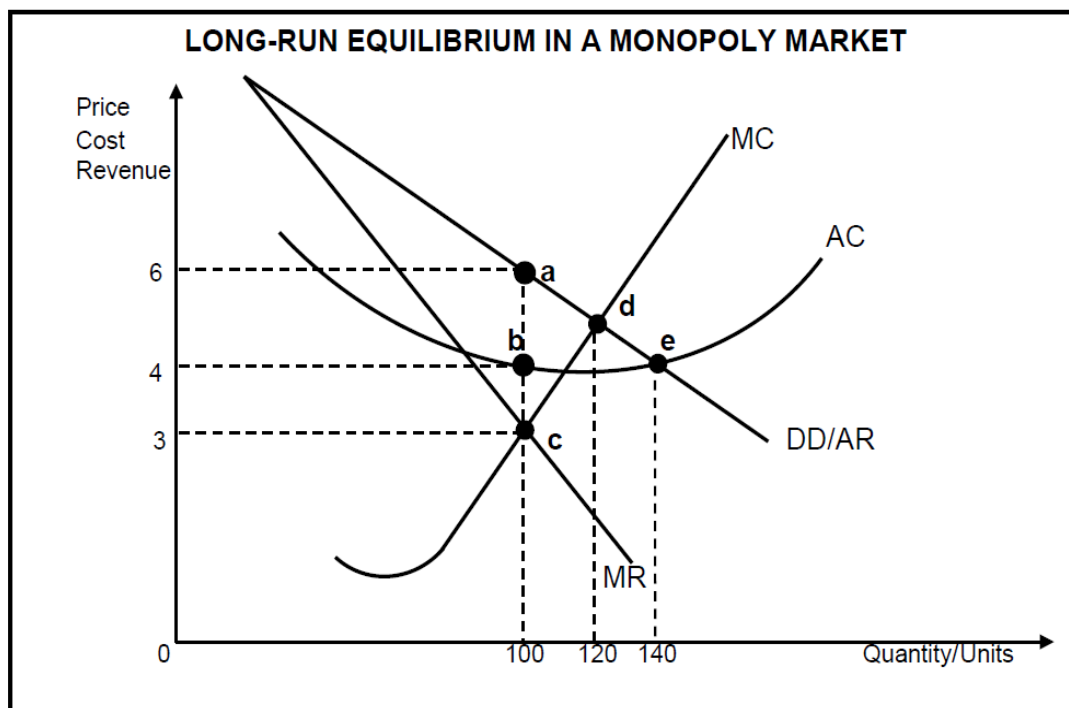
#### QUESTION 4

4.1 Answer the following questions

4.1.1 List two factors that determines the elasticity of supply (2X1) (2)

4.1.2 What will happen to marginal utility when consumption increases (1X2) (2)

4.2 Study the following graph and answer questions



4.2.1 Indicate the profit maximization point of the monopolist (1)

4.2.2 How many units will be produced at the maximization point (1)

4.2.3 Determine whether the business is making an economic profit or an economic loss. (4)

4.2.4 What favorable conditions may the monopolist enjoy in comparison to other market structures (4)

4.3 Study the table and answer the questions that follow

MARGINAL AND TOTAL UTILITY TABLE		
Units of X	TU(utils)	MU(utils)
1	A	15
2	27	B
3	34	7
4	34	0
5	31	-3

Source: Achieve grade 11

- 4.3.1 What is the marginal and total utility of unit 3 (2x1)(2)
- 4.3.2 Calculate values for **A** and **B** (2x2)(4)
- 4.3.3 Define the term *disutility* (2)
- 4.3.4 What happens to total utility when marginal utility becomes negative (2)
- 4.4 How does the factor market relate to the factor and product markets (2x4)(8)
- 4.5 Briefly discuss the characteristics of *utility*. (4x2) (8)

**TOTAL FOR SECTION B: 80**

**SECTION C**

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

Your answer will be assessed as follows:

<b>STRUCTURE OF ESSAY</b>	<b>MARK ALLOCATION</b>
<b>Introduction</b>	Max. 2
<b>Body:</b>	
<b>Main part:</b> Discuss in detail / In-depth discussion / Examine / Critically discuss / Analyse / Compare / Evaluate / Distinguish / Differentiate / Explain / Assess / Debate	Max. 26
<b>Additional part:</b> 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
<b>Conclusion</b>	Max. 2
<b>TOTAL</b>	<b>40</b>

**QUESTION 5: COST AND REVENUE CURVES**

- Discuss three ways in which profit can be expressed: accounting profit, normal profit and economic profit. (26)
- Draw two separate graphs to illustrate Economic profit and Economic loss. (10)

**QUESTION 6: PRICE ELASTICITY**

- Use graphs to explain the following price elasticity of demand (26)
  - Perfectly inelastic demand
  - Unit elasticity of demand
  - Perfect elastic demand
- Which factors influence the price elasticity of supply? (10)

[40]

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