



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

NOVEMBER 2014

ECONOMICS P1

MARKS: 150

TIME: 1½ hours



This question paper consists of 12 pages.

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows:

SECTION A: COMPULSORY.

SECTION B: Answer any TWO questions in the ANSWER BOOK.

SECTION C: Answer any ONE question in the ANSWER BOOK.

2. Write the question number above each question.
3. Number the questions 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 levels of the questions.
7. Write neatly and legibly.
8. Only the required number of questions will be marked in the order in which they appear in the ANSWER BOOK.
9. You may use non-programmable pocket calculator.
10. Use only black or blue ink.

SECTION A (COMPULSORY)**QUESTION 1**

1.1 Various possible options are provided as answers to the following questions. Choose the most correct answer and only write the letter (A, B or C) next to the corresponding question number (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 A.

- 1.1.1 Goods that are used to produce other final goods are called ... goods.
- A consumer
 - B intermediary
 - C free
- 1.1.2 The South African labour force is characterised by ...
- A skilled labour.
 - B unskilled labour.
 - C highly skilled labour.
- 1.1.3 South Africa's PAYE taxation system is ...
- A regressive.
 - B proportional.
 - C progressive.
- 1.1.4 ... measures the economic growth in percentage from one period to another.
- A Real economic growth rate
 - B Economic growth rate
 - C Inflation rate
- 1.1.5 When people work in a family business or on a farm, for a few hours per day, it is called ...
- A underemployment.
 - B hard core unemployment.
 - C hidden unemployment.
- 1.1.6 The ... is the price at which the South African Reserve Bank lends money to the other banks.
- A interest rates
 - B repo rate
 - C profit

1.1.7 The ... is used to measure the standard of living in a country.

- A level of per capita income
- B inflation rate
- C balance of payment account

1.1.8 African countries that became independent from Britain are members of the ...

- A Commonwealth.
- B WTO.
- C G8.

(8 x 2) (16)

1.2 Choose a description from COLUMN B that matches a concept in COLUMN A. Only write the correct letter (A–I) next to the corresponding question number (1.2.1–1.2.8) in THE ANSWER BOOK, for example 1.2.9 J.

| COLUMN A | | COLUMN B | |
|----------|----------------------------|----------|---|
| 1.2.1 | Natural resource | A | measures taken by the SARB to influence the supply of money |
| 1.2.2 | Gross capital formation | B | free gifts from nature |
| 1.2.3 | SADC | C | use of goods and services to satisfy needs |
| 1.2.4 | Procurement policy | D | formal and specific activities that will improve the ability of all individuals to reach their full potential |
| 1.2.5 | Monetary policy | E | represents spending on capital stock |
| 1.2.6 | Consumption | F | awarding government tenders to firms that comply with the BEE Act |
| 1.2.7 | Human resource development | G | relates to government revenue |
| 1.2.8 | Nationalisation | H | promotes sustainable and equitable economic growth and economic development in Southern Africa |
| | | I | the requisition of privately owned enterprises by a government, with or without compensation |

(8 x 1) (8)

- 1.3 Give ONE concept for each of the following descriptions. Write only the CONCEPTS next to the corresponding question number (1.3.1–1.3.6) in the ANSWER BOOK.
- 1.3.1 It indicates the value of final output produced by each of the sectors of the economy.
- 1.3.2 A statistic used to rank countries by level of human development in terms of criteria including life expectancy, literacy, education and standard of living.
- 1.3.3 Is good (or service) that is bought by the final user, e.g. bread or dentist's service.
- 1.3.4 A country with a low level of material well-being.
- 1.3.5 Shows whether the gross national income is divided fairly equally among population.
- 1.3.6 A group of countries that use a common currency. (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B (Answer any TWO questions from this section.)**QUESTION 2: MACROECONOMICS**

Answer any TWO questions from this section.

- 2.1 2.1.1 Mention any TWO kinds of capital. (2 x 1) (2)
- 2.1.2 Explain the term 'free market economy'. (1 x 2) (2)

2.2 DATA RESPONSE

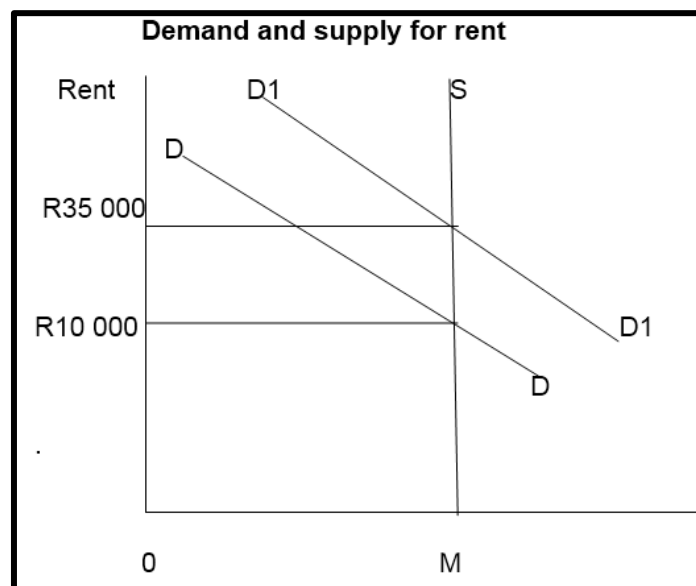
Study the table given below and answer the following questions.

Final consumption expenditure by the government (G)

| | 1989/9 % of total | 2013/14 % of total |
|-------------------------|------------------------------|-------------------------------|
| Education | 17,7 | 19,4 |
| Health | 8,9 | 11,4 |
| Social protection | 6,3 | 14,9 |
| Defence | 12,8 | 3,9 |
| Public order and safety | 15,4 | 9,1 |
| Interest | 12,4 | 8,8 |

[Source: Calculated by the Department of Finance, various years]

- 2.2.1 Explain the meaning of '*consumption expenditure by government*'. (2)
- 2.2.2 Identify the service on which government spends most of the money on. Give a reason for this large spending in 2013/2014. (4)
- 2.2.3 Explain why government spending is an important component of total spending in the economy. (2 x 2) (4)
- 2.3 Study the graph below and answer the questions that follow.



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- 2.3.1 Define '*economic rent*'. (2)
 - 2.3.2 List TWO market forces that can influence the level of rent. (2)
 - 2.3.3 Explain why the supply of land is fixed. (2)
 - 2.3.4 Calculate the economic rent according to the graph. (4)
 - 2.4 Compare '*ownership*' and '*motivation*' as the economic characteristics of centrally planned and mixed economic systems in tabular form. (8)
 - 2.5 Discuss the economic importance of the tertiary sector in the economy. (8)
- [40]**

QUESTION 3: ECONOMIC PURSUITS

- 3.1 3.1.1 Mention any TWO uses of per capita GDP. (2 x 1) (2)
- 3.1.2 What is '*income inequality*'? (1 x 2) (2)

3.2 DATA RESPONSE

Study the extract below and answer the questions that follow.

SOUTH AFRICAN INFRASTRUCTURE

Infrastructure helps to determine the success of manufacturing and agricultural activities. Investment in water, sanitation, energy, housing and transport also improve lives and help reduce poverty. And new information and communication technologies of health and other services expand the cultural advances.

[Adapted from the internet 2014]

- 3.2.1 Define the term '*infrastructure*'. (2)
- 3.2.2 Mention ONE example each of a social and economic infrastructure from the extract. (2)
- 3.2.3 To which type of infrastructure does the Gautrain belongs? (2)
- 3.2.4 How will the better infrastructure benefit the community of South Africa? (4)

3.3 DATA RESPONSE

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

PRICE INFLATION

Twelve-month headline inflation decelerated to within the inflation target range in July 2010, moderating in subsequent months to 4,5% in February 2011, before rising to 5,5% in July 2011. In the consumer services basket, price increase in the health, transport, and education categories exceeded the upper limit of the inflation target range in July 2012.

[Source: SA Yearbook]

- 3.3.1 Define the term '*inflation*'. (2)
- 3.3.2 What is the inflation target that the South African Reserve Bank uses to keep inflation stable? (2)
- 3.3.3 In July 2011 inflation rose to 5,5%. What does this imply for the value of money? (2)
- 3.3.4 Mention any TWO items in the extract in which the price exceeded the inflation target. (2 x 2) (4)

- 3.4 Discuss reasons for the unequal distribution of income. (8)
- 3.5 An indigenous knowledge systems can be thought of as something like the market system, but operating in its own unique ways. Briefly analyse any TWO elements of IKS. (8)
- [40]**

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS

- 4.1 4.1.1 List any TWO types of goods in which households spend their income. (2 x 1) (2)
- 4.1.2 Explain 'economic growth'. (1 x 2) (2)
- 4.2 Study the extract below and answer the questions that follow.

STATE-OWNED ENTERPRISES (SOEs)

SOEs invested over R105 billion, mostly in infrastructure, during 2011/2012.

The NGP sets the target of five million new jobs by 2020. The Infrastructure Commission, was set up to improve visibility and coordination of South Africa's R860-billion public investment drives. It will include all spheres of government, as well as various national departments and SOE's.

It will seek to unblock regulatory and funding constraints, set five-year project priorities, create certainty about expected developmental and industrial spin-offs, support the revitalisation of rail infrastructure, gain a handle on the lifecycle maintenance challenge and improve linkages to poor and rural communities.

[Adapted from the SA Yearbook]

- 4.2.1 Explain the meaning of the *New Growth Path* (NGP). (2)
- 4.2.2 What is the main focus of the NGP? (2)
- 4.2.3 According to the extract, mention the role played by the Infrastructure Commission. (2)
- 4.2.4 Mention key employment and growth sectors in terms of the NGP. (4)

4.3 DATA RESPONSE

Study the extract below and answer the questions that follow.

THE WEALTH CREATION PROCESS

Wealth can be inherited. When a person dies, his or her belongings may be passed on to someone else. However, the wealth has to be created first.

[Adapted from 'Solution for all']

- 4.3.1 Mention TWO other sources of wealth other than inheritance. (2)

- 4.3.2 Explain how the individuals create wealth. (4)
 - 4.3.3 Name TWO methods used to measure inequality of wealth. (2)
 - 4.3.4 What makes wealthy people to be essential in the market economy? (2)
 - 4.4 Discuss '*money as a store of value*' and '*money as a unit of account*' as functions of money. (2 x 4) (8)
 - 4.5 Differentiate between '*capital widening*' and '*capital deepening*'. (2 x 4) (8)
- [40]**

SECTION C

Answer any ONE question from this section.

| MARK ALLOCATION FOR ESSAY RESPONSES | |
|--|------------------------|
| STRUCTURE OF THE ESSAY | MARK ALLOCATION |
| Introduction | Max. 2 |
| Body Main part: Discuss in detail/In-depth discussion/Examine/ Critically discuss/Analyse/Compare/Evaluate/Distinguish/ Explain/Assess/Debate | Max. 26 |
| 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 | Max. 10 |
| Conclusion | Max. 2 |
| TOTAL | 40 |

QUESTION 5: MACROECONOMICS

Discuss the economic importance of entrepreneurship. (26 marks)

In addition, critically evaluate how the South African government promotes entrepreneurship. (10 marks)

[40]**QUESTION 6: ECONOMIC PURSUITS**

Discuss characteristics of developing countries. (26 marks)

In addition, briefly explain development strategies that a country can implement. (10 marks)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150

