



education

Department:
Education
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 11

**ECONOMICS
EXEMPLAR 2007**

MARKS: 300

TIME: 3 hours

This question paper consists of 17 pages.

INSTRUCTIONS AND INFORMATION

1. Answer SIX questions as follows in your answer book:
 - SECTION A: COMPULSORY
 - SECTION B: Answer any THREE questions
 - SECTION C: Answer any TWO questions
2. Write the question number above each answer.
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 the questions in full sentences and ensure that the format and content of your answer comply with the cognitive requirements of the question.
7. Write neatly and legibly.
8. Answer only the required number of questions. Answers in excess of this number will NOT be marked.
9. Use only black or blue ink. Answers in pencil will NOT be marked.
10. Non-programmable calculators may be used.

SECTION A (COMPULSORY)
(LO1 – LO4)**QUESTION 1**

1.1 Various possible options are provided as answers to the following questions. Choose the correct answer and write only the letter (A - C) next to the question number (1.1.1 - 1.1.12) in the answer book.

- 1.1.1 A person who is innovative and who takes initiative in setting up a business is known as a/an ...
- A producer.
 - B business man.
 - C entrepreneur.
- 1.1.2 Which ONE of the following models indicates the flow of goods and services as well as the factors of production?
- A Economic cycle
 - B Circular flow
 - C Economic flow
- 1.1.3 The value of goods and services produced within the borders of a country is known as the ...
- A gross national product.
 - B gross national income.
 - C gross domestic product.
- 1.1.4 Profit maximising occurs when marginal revenue is equal to ... cost.
- A marginal
 - B average
 - C total
- 1.1.5 The satisfaction gained from the last economic good consumed is called ... utility.
- A total
 - B marginal
 - C average
- 1.1.6 The inverse relationship between product price and quantity demanded, is known as the law of ...
- A demand.
 - B diminishing returns.
 - C diminishing marginal utility.

- 1.1.7 Money, investments and shares are normally referred to as ... wealth.
- A social
 - B financial
 - C physical
- 1.1.8 Which ONE of the following will NOT be associated with the measuring of income inequality?
- A Lorenz curve
 - B Gini coefficient
 - C Elasticity coefficient
- 1.1.9 A very popular method to redistribute wealth through fiscal policy is by implementing ...
- A the monetary policy.
 - B price fixing.
 - C taxation.
- 1.1.10 Economic growth is measured and expressed in terms of the ...
- A nominal GDP.
 - B real GDP.
 - C real expenditure.
- 1.1.11 The International Monetary Fund (IMF) distinguishes between THREE groups of countries in measuring development. Which ONE does NOT fit the criteria of the IMF?
- A First-world countries
 - B Developing countries
 - C Transitional economies
- 1.1.12 Which ONE of the following transactions can NOT be done at an ATM?
- A Coin deposits
 - B Cash withdrawals
 - C Interaccount transfers
- (12 x 2) (24)

- 1.2 Choose from the list the word/term that best matches each statement. Write only the word next to the question number (1.2.1 - 1.2.5) in the answer book.

poverty trap; centralised; monopoly; decentralised; money market; repo rate; capital market; interest rate; oligopoly; relative poverty

- 1.2.1 When people are poor in comparison to others in the society
- 1.2.2 A market composed of only a small number of dominant producers
- 1.2.3 The rate at which the Reserve Bank is willing to extend credit to banks
- 1.2.4 A market where long-term funds are traded
- 1.2.5 The economic system used in South Africa (5 x 2) (10)

- 1.3 Choose a appropriate description from COLUMN B to match the concept in COLUMN A. Write only the letter (A - J) of your choice next to the question number (1.3.1 - 1.3.8) in the answer book.

| COLUMN A | | COLUMN B | |
|----------|---------------------------|----------|--|
| 1.3.1 | Complementary | A | initiated a debt relief programme for indebted poor countries |
| 1.3.2 | Intermediate goods | B | a figure between 3 – 6% |
| 1.3.3 | Economic development | C | a motorcar |
| 1.3.4 | An economic good | D | parts used in the manufacturing of a motorcar |
| 1.3.5 | Economically marginalised | E | petrol and a motorcar |
| 1.3.6 | Inflation targeting | F | the Gautrain Rapid Rail Link |
| 1.3.7 | Infrastructure | G | the standard of living of most South Africans increased over the past five years |
| 1.3.8 | World Bank | H | people discriminated against, the handicapped and the inexperienced |
| | | I | butter and margarine |
| | | J | increased productive capacity (8 x 2) (16) |

TOTAL SECTION A: 50

SECTION B

Answer any THREE questions from this section in the answer book.

**QUESTION 2
(LO1 MACRO-ECONOMICS, AS1-AS4)**

2.1 Answer the following questions appropriately.

Choose the correct word/term between brackets. Write only the correct word next to the question number (2.1.1 - 2.1.4) in the answer book.

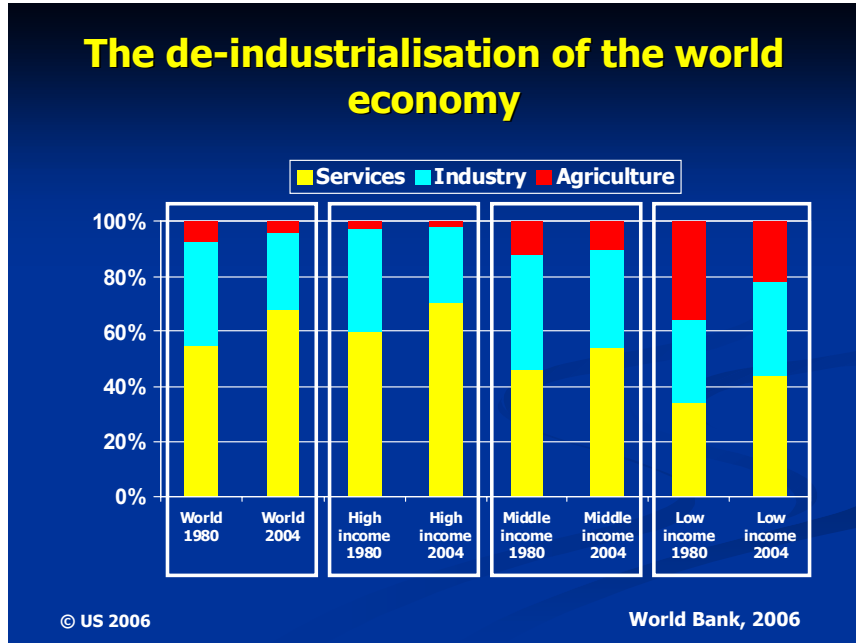
- 2.1.1 Money invested in producing machines and buildings to be used in the production process, is known as (savings/capital).
- 2.1.2 If a country is a net exporter, its currency will tend to (appreciate/depreciate) in value.
- 2.1.3 To convert basic prices to market prices, taxes are added and (subsidies/inflation) subtracted.
- 2.1.4 Most of the income of households is spent on (durable/non-durable) goods. (4 x 2) (8)
- 2.1.5 List any THREE factors indicating the economic importance of an entrepreneur. (3 x 2) (6)

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

CHALLENGES TO AGRICULTURE IN THE GLOBALISED ECONOMY

Falling agricultural commodity prices and the need to be internationally competitive have led to a significant decline in the relative share of agricultural employees in the labour market.

| | | |
|----------------------------|-------------------------------|-------------|
| | % of total employment: | |
| | 1950 | 2010 |
| Developed countries | 80% | < 20% |
| Developing countries | 40% | 3% |



- 2.2.1 What happened to the agricultural contribution worldwide since 1980? (3)
- 2.2.2 Link the above-mentioned industries to the THREE economic sectors. (6)
- 2.2.3 What, in your opinion, can be done to secure job opportunities in the agricultural sector? (3)
- 2.2.4 Which sector contributed most to low-income countries in 2004? Give figures. (4)
- 2.2.5 Determine the percentage increase in the service industry in high-income countries from 1980 to 2004. Show calculations. (4)

2.3 Explain the following equation:

GDP(E) = C + G + I (X – M) (8 x 2) (16)
[50]

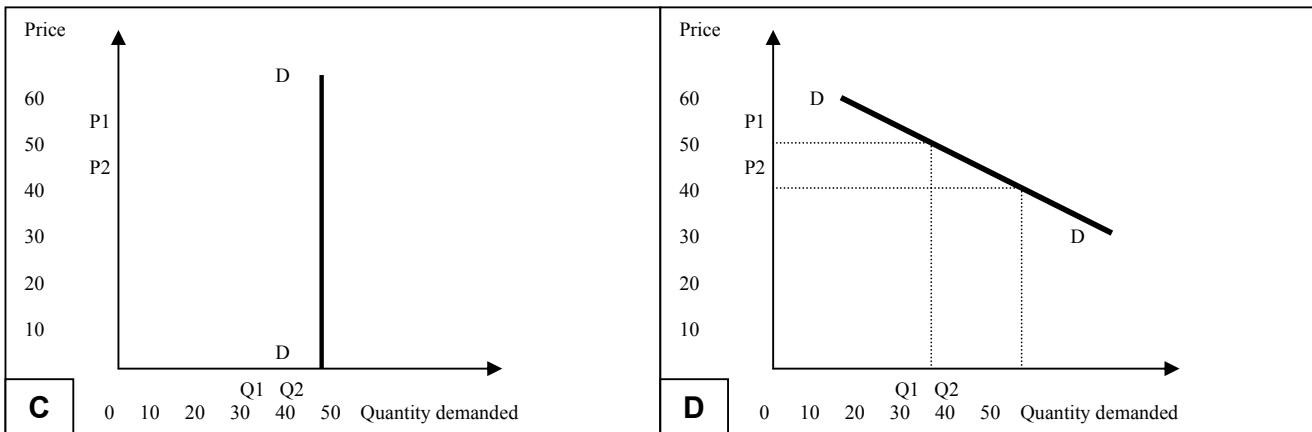
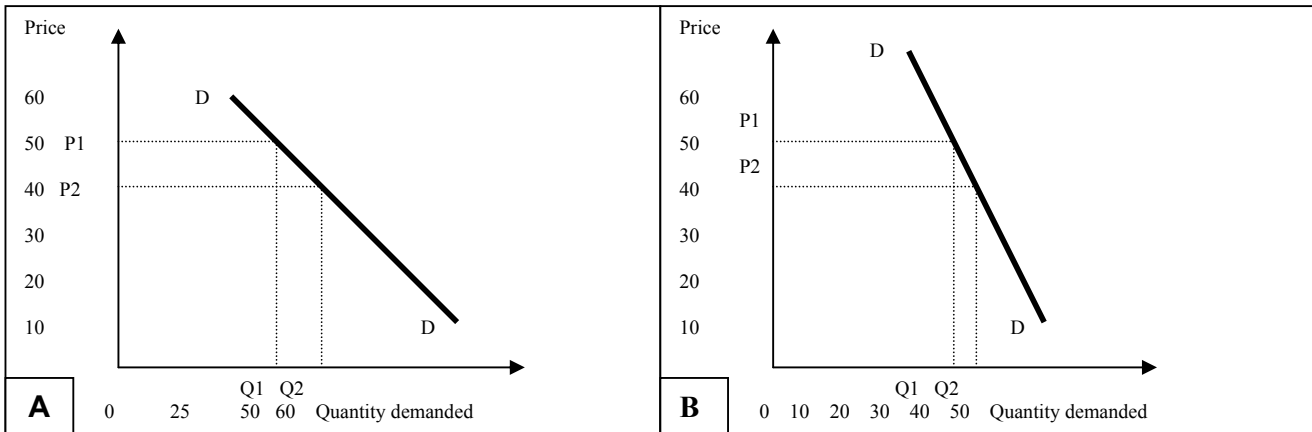
QUESTION 3
(LO2 MICRO-ECONOMICS, AS1-AS3)

3.1 Answer the following questions appropriately:

Choose the correct word between brackets. Write only the correct word/term next to the question number (3.1.1 - 3.1.4) in the answer book.

- 3.1.1 A perfect competitor is a price-(taker/searcher).
- 3.1.2 If two products are jointly supplied and the price of one product increases, the supply of the other will (decrease/increase).
- 3.1.3 Total cost equals fixed cost plus (average/variable) cost.
- 3.1.4 Relative prices are also known as (real/nominal) prices. (4 x 2) (8)
- 3.1.5 List any THREE characteristics of a perfect market. (3 x 2) (6)

3.2 Study the following graphs and answer the questions that follow:



- 3.2.1 Name the different forms of price elasticity depicted in A, B and C. (6)
- 3.2.2 Distinguish, in table form, between B and D as forms of price elasticity. (6)

3.2.3 Link the following examples with B and D as forms of price elasticity of demand: basic food and MP3 players. (2)

3.2.4 Study graph A and answer the following question:

Determine the percentage change in quantity, as well as the percentage change in price. Use the following formula to be able to determine the price elasticity of demand:

$$E_d = \frac{\Delta q}{\Delta p} \times \frac{p}{q}$$

Where: q = original quantity
 Δq = change in quantity
 p = original price
 Δp = change in price

(6)

3.3 Illustrate the demand relationships by using graphs and appropriate examples. (8 x 2)

(16)
[50]

QUESTION 4 (LO3 ECONOMIC PURSUITS, AS1 - AS4)

4.1 Answer the following questions appropriately:

Choose the correct word between brackets. Write only the correct word/term next to the question number (4.1.1 - 4.1.4) in the answer book.

4.1.1 Developing countries tend to export mineral resources in a/an (processed/unprocessed) form.

4.1.2 People have worthwhile knowledge in a variety of areas; this is referred to as (indigenous/historical) knowledge systems.

4.1.3 Modern money consists of two forms, namely fiat money and (debit cards/deposit money).

4.1.4 The structure of Southern African countries that seeks peace and an integrated regional economy is known as (SACU/SADC). (4 x 2) (8)

4.1.5 List any THREE reasons for an unequal distribution of income. (3 x 2) (6)

4.2 Study the following extract and answer the questions that follow:

African Economic Development

Africa forms the focus of South Africa's global economic strategy, within which government pursues a strong developmental agenda. Partnerships with countries on the continent are therefore considered vital and strategic. South Africa's economy is connected to that of the Southern African region, and its success is linked to the economic recovery of the continent through NEPAD.

Africa is an important market for South African exports. In 2003 about 23% of South Africa's exports were destined for the continent. There was also a huge increase in imports from the rest of the continent. In 2003 only 4% of the total imports came from Africa. However, this increased to 40% in 2004.

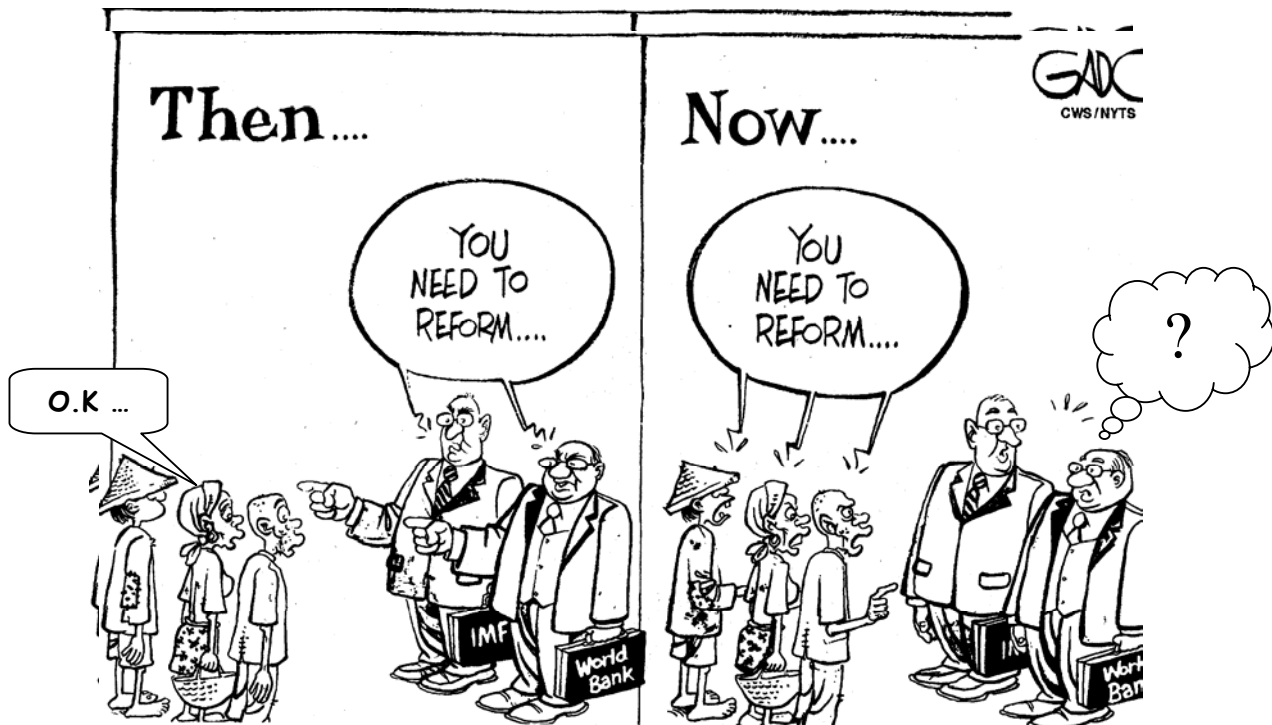
This trade imbalance has largely been offset by South Africa's investment in the continent, aimed at infrastructure projects designed to enhance the productive capacities of African economies. In addition to forging bilateral trade and economic relations, the Department of Trade and Industry is committed to increase South Africa's involvement in large capital projects on the continent. Some of the areas prioritised are:

- Infrastructure and logistics (roads, ports, et cetera) and
- Energy and information communication technology (ICT).

[Source: *Yearbook 2005/06*]

- 4.2.1 What does the abbreviation NEPAD stand for? (3)
- 4.2.2 Give ONE reason why you think imports from Africa increased by 36% from 2003 to 2004. (3)
- 4.2.3 Give another economic concept for *enhance productive capacity*. (3)
- 4.2.4 Explain the concept *bilateral trade*. (3)

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



- (a) Which scenario is depicted in the above cartoon? (3)
- (b) What role does the World Bank play in developing countries? (3)
- (c) Name ONE example of an important reform that took place in Africa recently. (2)
- 4.3 Discuss any FOUR characteristics of developing countries. (4 x 4) (16)
- [50]**

QUESTION 5
(LO4 CONTEMPORARY ECONOMIC ISSUES, AS1 – AS4)

5.1 Answer the following questions appropriately:

Choose the correct word between brackets. Write only the correct word/term next to the question number (5.1.1 - 5.1.4) in the answer book.

- 5.1.1 Liberal trade was started after the Second World War with the establishment of the (IMF/GATT).
- 5.1.2 The yardstick of one dollar per day is used to measure absolute (poverty/wealth).
- 5.1.3 The RDP was adopted as a strategy for (fiscal/socio-economic) transformation.
- 5.1.4 GEAR is aimed at significantly improving (local/global) economic growth and development. (4 x 2) (8)
- 5.1.5 List any THREE causes of poverty. (3 x 2) (6)

5.2 Study the following extract and answer the questions that follow:

2010 World Cup is a wonderful chance to showcase the land

The money man plans to spend R15,1 billion to build stadiums and public transport infrastructure for the 2010 Soccer World Cup. This was revealed in parliament on 25 October 2006, during the 10th Medium-term Budget Policy statement, also known as the Mini-Budget.

Most of the money will be passed on to the municipalities of the nine cities hosting World Cup matches. There will also be more spending on policing, arts and culture, emergency medical services and border control.

According to the money man, government is not going to take a hands-off approach where any problems are concerned. It is estimated that the event will bring more than R22 billion into the country, with tourism alone generating about R11 billion.

A number of duty-free tax agreements have been signed. This includes duty-free importation of goods such as broadcast and other media equipment and pharmaceuticals. Fighting crime remains one of the target areas for improvement of services by government.

[Source: *Sunday Times*, 22 October 2006]



- 5.2.1 Who is the *money man*? (2)
- 5.2.2 What does *showcase the land* mean in real terms? (3)
- 5.2.3 In what respect will your community benefit most from the 2010 World Cup? List any THREE. (9)
- 5.2.4 According to the extract, identify the TWO most important challenges government will be faced with. (6)
- 5.3 Discuss any FOUR different approaches to sustainability. (16)
- [50]**

QUESTION 6
(LO1 –LO4)

- 6.1 Answer the following questions appropriately:

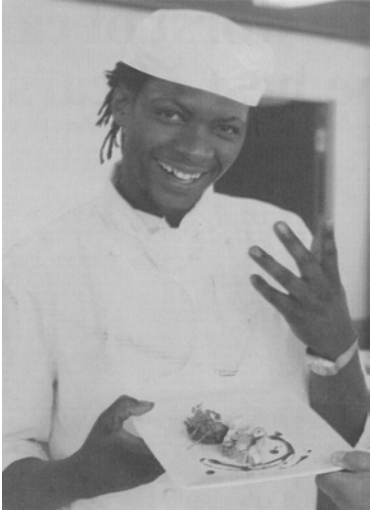
Choose the correct word/term between brackets. Write only the correct word/term next to the question number (6.1.1 - 6.1.4) in the answer book.

- 6.1.1 The remuneration of the production factor, capital, is called (rent/ interest).
- 6.1.2 The supply of land is (elastic/inelastic).
- 6.1.3 A popular instrument to compare wealth between populations is (per capita national income/real national income).
- 6.1.4 Import and export data are captured in the (balance of payments/ international) account. (4 x 2) (8)
- 6.1.5 List any THREE characteristics of natural resources. (3 x 2) (6)

6.2 Study the following extract and answer the questions that follow:

Cape Town Street Kid turns chef
Young chef Mkhayiseli Kapa is the flavour of the month in the kitchens of South Africa's rich and famous.

Ten years ago Kapa, known as MK, was begging for bread crusts on street corners, dreaming of earning a living as a chef. He spent 12 hard years on the streets and in shelters but his life changed dramatically after he met celebrity chef Jamie Oliver – with whom he trained to be a chef in London last year. MK, 23, met Madiba and cooked for the Nelson Mandela Foundation staff 2 weeks ago.



Currently MK is a director of the MyLife Project, which "heals Cape street children by developing them in their preferred industries". "I don't want to be a flash in the pan like a two-minute noodle," said MK.

[Source: *Sunday Times*, 22 October 2006]

- 6.2.1 Which marginalised group is targeted by the MyLife Project? (3)
- 6.2.2 Which positive message does MK communicate to the South African youth? (2 x 2) (4)
- 6.2.3 How do you link entrepreneurship to the alleviation of poverty? (3)
- 6.2.4 How can community members participate in economic planning through local government? (3 x 2) (6)
- 6.2.5 Discuss rural-urban migration as an effect of poverty. (4)
- 6.3 Analyse the infrastructure of South Africa and discuss its role in Southern Africa. (16)

[50]

TOTAL SECTION B: 150

SECTION C

Answer any TWO questions from this section in the answer book. Although QUESTION 8 counts more than 50 marks, choose any of the questions for 50 marks.

**QUESTION 7
(LO1 MACRO-ECONOMICS, AS3)**

Explain the characteristics of a mixed economy then analyse, with regard to South Africa, its efficiency in terms of socio-economic services. **[50]**

**QUESTION 8
(LO2 MICRO-ECONOMICS, AS2)**

“Profit is related to the cost incurred by a business and the revenues that the business earns.”

Discuss the statement above. **[50]**

**QUESTION 9
(LO3 ECONOMIC PURSUIT, AS1)**

Write an essay on wealth creation and methods of redistribution, leading to economic growth and a higher standard of living. **[50]**

**QUESTION 10
(LO4 CONTEMPORARY ECONOMIC ISSUES, AS2)**

Explain globalisation as a phenomenon and debate the positive and negative consequences of globalisation. **[50]**

TOTAL SECTION C: 100

GRAND TOTAL: 300