



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 11**

**NOVEMBER 2015**

**ECONOMICS P2**

**MARKS: 150**

**TIME: 2 hours**



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This question paper consists of 12 pages.

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**INSTRUCTIONS AND INFORMATION**

1. Answer FOUR questions as follows:  
SECTION A: COMPULSORY  
SECTION B: Answer any TWO of the three questions.  
SECTION C: Answer ONE of the two questions.
2. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
3. Answer the questions in full sentences. The format, content and the context of your responses must comply with the cognitive requirements of the questions.
4. Number the answers correctly according to the numbering system used in this question paper.
5. Write the question number above each answer.
6. Read the questions carefully.
7. Start EACH question on a NEW page.
8. Leave 2–3 lines between subsections of questions.
9. Use only black or blue ink.
10. You may use a non-programmable pocket calculator.
11. Write neatly and legibly.

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

- 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, for example 1.1.9 C.
- 1.1.1 When one decision is made, the next best alternative not selected is called ...
- A economic resources.
  - B opportunity cost.
  - C scarcity.
- 1.1.2 All other things being equal, supply curves slope upwards from left to right because ...
- A higher prices lead to higher profits.
  - B lower prices lead to higher output.
  - C lower prices lead to higher demand.
- 1.1.3 A stage in the long run average cost curve (LARC) where production neither increases or decreases is known as ...
- A economies of scale.
  - B diseconomies of scale.
  - C constant returns to scale.
- 1.1.4 Freedom of entry is eminent in ... markets.
- A perfect
  - B perfect and monopolistic
  - C monopoly
- 1.1.5 A localised group of interdependent organisms with the environment is an ...
- A ecosystem.
  - B externality.
  - C amenity.
- 1.1.6 When members of society are granted property rights, they can ...
- A ignore environmental policies.
  - B abuse resources.
  - C take better care of the environment.

1.1.7 Which of the following is the feature of the World Bank?

- A It provides financial assistance to developing countries.
- B It is owned by European Union.
- C It is a major lender to multinational corporations.

1.1.8 The Minister of Environmental Affairs in South Africa is ...

- A Mr Blade Ndzimande.
- B Ms Baleka Mbete.
- C Ms Edna Molewa.

(8 x 2) (16)

1.2 Choose a description in COLUMN B that matches an item in COLUMN A. Write only the letter (A–J) next to the question number (1.2.1–1.2.8) in the ANSWER BOOK, for example 1.2.9 K

COLUMN A		COLUMN B	
1.2.1	GEAR	A	Investments in another country in the form of buildings and capital equipment
1.2.2	North South divide	B	A formal agreement between nations
1.2.3	Market equilibrium	C	Goods and services are traded
1.2.4	FDI	D	Aims at improving economic growth, development and decreasing unemployment
1.2.5	Protocol	E	Developed countries in the North colonised underdeveloped countries in the South
1.2.6	Relative prices	F	The quantity demanded by the households is equal to the quantity supplied by the firms
1.2.7	Inferior goods	G	More elastic in the short term than in the long term
1.2.8	Product market	H	Comparison between prices of goods
		I	Demanded in smaller quantities when income rises
		J	Rich countries of the South

(8 x 1) (8)

- 1.3 Give the correct concept for each of the following phrases:
- 1.3.1 A change in price that causes exactly the same change in quantity demanded.
  - 1.3.2 A scenario where a country produces a product more efficiently than others.
  - 1.3.3 Degree of satisfaction that a consumer receives from using an extra unit of a product.
  - 1.3.4 Future changes to rainfall and temperature.
  - 1.3.5 Costs of producing total output.
  - 1.3.6 The permanent destruction of indigenous forests and woodlands.
- (6 x 1) (6)
- TOTAL SECTION A: 30**

**SECTION B**

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

**QUESTION 2: MICROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Give any TWO examples of monopolistic markets. (2)

2.1.2 Explain what is meant by excess demand. (2)

2.2 Study the scenario below and answer questions that follow.

**AIRPORTS COMPANY SOUTH AFRICA (ACSA)**

ACSA talks a lot about customer focused services, but its actions demonstrate its contempt for its customers. One needs to look no further than the line Industry to see the benefits of introducing competition into the market. Not everybody may like low cost carriers like *Kulula* and *1time*, but they give people the option and together with price comparison sites like **southafricato**, have driven airlines down dramatically. Competition has transformed the airline industry, yet a regulated monopoly continues to deliver a service, endless waits for baggage, high levels of theft, airport security lapses.

[Source <http://southafricato/airports/ACSA>]

2.2.1 What is a *monopoly*? (2)

2.2.2 Would you describe the taxi industry in South Africa as a monopoly? Explain. (4)

2.2.3 List any TWO advantages of competition as highlighted in the article. (2)

2.2.4 Identify TWO of South African Airways competitors. (2)

2.3 Study the table below and answer the questions that follow:

OUTPUT	TC	TFC	TVC	AVC	MC
0	20	20	0	0	-
1	25	20	5	<b>C</b>	5
2	28	<b>A</b>	8	4	3
3	30	20	10	3,3	2
4	<b>B</b>	20	16	4	6

- 2.3.1 Give the values of **A** and **C**. (2)
- 2.3.2 Describe the relationship between average total cost and economies of scale. (4)
- 2.3.3 Give any TWO examples of fixed cost. (2)
- 2.3.4 Why do variable costs change with output? (2)
- 2.4 Distinguish between costs in the short-run and costs in the long run. (8)
- 2.5 With the aid of a diagram, explain the relationship between average and marginal revenue when price is constant at all levels of output. (8)

**[40]**

**QUESTION 3: CONTEMPORARY ECONOMIC ISSUES****40 MARKS – 30 MINUTES**

3.1 Answer the following questions:

3.1.1 List any TWO positive consequences of globalisation. (2)

3.1.2 Briefly explain how poverty leads to environmental degradation. (2)

3.2 Study the following cartoon and answer the questions that follow.

[Source: [graceatelmberg.wordpress.com/2011/12/05/globalization-part-2-political-cartoons](http://graceatelmberg.wordpress.com/2011/12/05/globalization-part-2-political-cartoons)]3.2.1 Explain the concept *free trade*. (2)

3.2.2 Mention TWO negative impacts of free trade according to the cartoon. (4)

3.2.3 Briefly describe the role of the WTO. (2 x 2) (4)



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

**WHY CONSERVE WATER?**

The water available to planet Earth is the same water that has always been available and the only water that ever will be available. Because water covers three-quarters of the earth’s surface, it might appear that there is plenty to go around. In reality, however, we have a limited amount of usable fresh water.....

The issue of water conservation is not about “saving” water—it is about having enough clean water at any given time and place to meet our needs. Gifford Pinchot, an American conservationist and politician who served as chief of the U.S. Forest Service between 1898 and 1910, referred to conservation as “The wise use of the earth and its resources for the lasting good of men.” The conservation of our water resources depends on our wise use of these resources. Such wise use, without a doubt, begins at home and in our community.

But human activities can cause water availability problems as well. In some instances, communities have had to seek other sources of drinking water because their water supply well had been contaminated. For example, infiltration of gasoline from a leaking underground storage tank into a ground water supply well is all it can take to render a well field unusable. Once ground water becomes contaminated, it can take years or decades for it to clean itself naturally.

[Source: (adapted) [www.epa.gov/region1/.../gndw\\_712pdf](http://www.epa.gov/region1/.../gndw_712pdf)]

- 3.3.1 What does *conservation of water* mean? (2)
- 3.3.2 According to the extract, what is the reason behind water conservation? (2)
- 3.3.3 Briefly explain any measures that can be taken to conserve water. (2 x 2) (4)
- 3.3.4 Which government department has the responsibility to ensure water conservation? (2)
- 3.4 Explain the *poverty gap* as a measure of poverty. (8)
- 3.5 Explain why the theory of comparative advantage is used to argue for free international trade. (8)

**[40]**

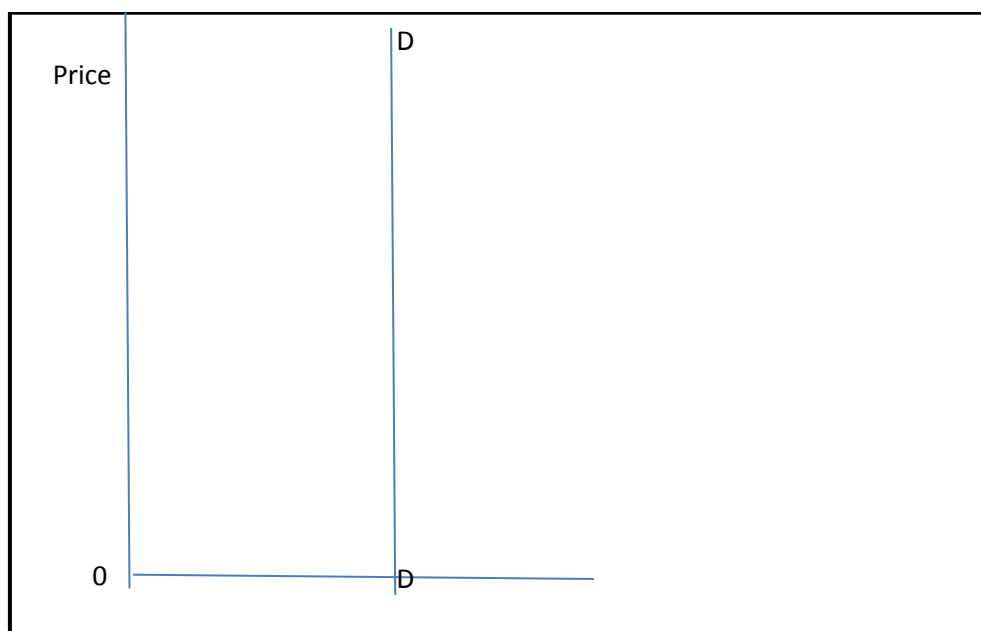
**QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMICS ISSUES**  
**40 MARKS – 30 MINUTES**

4.1 Answer the following questions:

4.1.1 List any TWO kinds of profit. (2)

4.1.2 Explain ONE impact of deforestation. (2)

4.2 Study the graph below and answer the questions that follow:



4.2.1 Identify and explain the type of elasticity illustrated above. (3)

4.2.2 Which type of goods would fall under this type of elasticity? Give a reason for your answer. (3)

4.2.3 Of what benefit is this type of elasticity to the seller? (4)

4.3 Study the cartoon below and answer the questions that follow:



- 4.3.1 In your own words explain the phrase *environmentally friendly*. (2)
- 4.3.2 What impact would the car in the cartoon have in the environment? (4)
- 4.3.3 Explain the measures taken by South Africa to reduce the impact of the vehicle in the cartoon. (4)
- 4.4 Briefly explain the characteristics of an oligopoly. (8)
- 4.5 Explain how the demand for a good is affected by the prices of its related goods. Give examples. (8)

[40]

**TOTAL SECTION B: 80**

**SECTION C**

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

Your answer will be assessed as follows:

<b>STRUCTURE OF THE 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/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: MICROECONOMICS****40 MARKS – 40 MINUTES**

Price elasticity of supply will always be positive because of the law of supply.

- With the aid of graphs describe the various categories of price elasticity of supply. (26)
  - Explain the price elasticity of supply for maize in the short and long term. (10)
- [40]**

**QUESTION 6: CONTEMPORARY ECONOMIC ISSUES****40 MARKS – 40 MINUTES**

A great percentage of our population still lives under adverse conditions of poverty.

- Elaborate on the causes of poverty. (26)
  - Highlight the various strides that the government has undertaken to resolve poverty problems between the years 1994 and 2014. (10)
- [40]**

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







