



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 11**

**NOVEMBER 2017**

**ECONOMICS P1**

**MARKS: 150**

**TIME: 2 hours**



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This question paper consists of 14 pages.

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**INSTRUCTIONS AND INFORMATION**

1. Answer FOUR questions as follows:

SECTION A: COMPULSORY

SECTION B: Answer TWO of the THREE questions.

SECTION C: Answer ONE of the TWO questions.

2. Write the question number above each question.
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 questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements 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. Use only black or blue ink.
10. You may use a non-programmable pocket calculator.

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

- 1.1 Various possible options are provided as answers to the following questions. Choose the correct answer and write only the letter (A, B, C or D) next to the corresponding question number (1.1.1–1.1.8) in the ANSWER BOOK.
- 1.1.1 A person who is innovative and who takes the initiative in setting up a business is known as a/an...
- A business man.
  - B producer.
  - C labourer.
  - D entrepreneur.
- 1.1.2 It calculates consumer inflation in South Africa by determining how much money is spent on a basket of goods and services:
- A CPI
  - B PPI
  - C PPP exchange rate
  - D repo rate
- 1.1.3 Homeowners can sell their houses if they wish so:
- A Centrally planned
  - B Market
  - C Mixed economy
  - D Market economy
- 1.1.4 Consist(s) mainly of private sector business enterprises e.g. cars, components, machinery and tools:
- A Manufacturing
  - B Construction
  - C Agriculture
  - D Wholesale and retail trade
- 1.1.5 High-income earners are taxed at a higher rate:
- A Proportional
  - B Regressive
  - C Progressive
  - D Indirect tax

- 1.1.6 The total value of remuneration that the owners of factors of production receive for their share in the production process for a specific period of time:
- A GDP
  - B GNI
  - C GNP
  - D GNE
- 1.1.7 These are specific areas in South Africa which have been selected to focus on manufacturing:
- A SDI
  - B SEZ
  - C IDZ
  - D Corridors
- 1.1.8 The oldest customs union in the world, established in 1910, is ...
- A the Multilateral Monetary Area (MMA).
  - B the Southern African Customs Union (SACU).
  - C the Southern African Development Community (SADC).
  - D New Partnership for Africa's Development (NEPAD).
- (8 x 2) (16)

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

COLUMN A		COLUMN B	
1.2.1	Non-renewable	A	Banker of banks
1.2.2	SARB	B	Natural resources such as gold deposits, diamonds, coal, oil and gold
1.2.3	Transfer payments	C	For short-term savings and loans
1.2.4	Money markets	D	Child care grants and pensions
1.2.5	Economic freedom	E	Use of goods and services to satisfy needs
1.2.6	Working capital	F	Individuals invest in any way they want, and they have a right to own property
1.2.7	Intermediate goods	G	Amount of money that a business has available to finance its day-to day operations
1.2.8	Consumption	H	Contains the expenditure of departments such as the Presidency and local governments.
		I	Goods and services that are bought for the purpose of resale

(8 x 1) (8)

1.3 Give the economic term/concept for each of the following descriptions. Write ONLY the term/concept next to the question number in the ANSWER BOOK.

1.3.1 The methods used by countries to allocate their resources

1.3.2 Goods that have an expected lifespan of more than one year

1.3.3 Free gifts of nature

1.3.4 The price of one country's currency expressed in terms of another country's currency

1.3.5 Movement of people from rural areas to urban areas

1.3.6 A tax levied on imports (6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

Answer any TWO questions from this section.

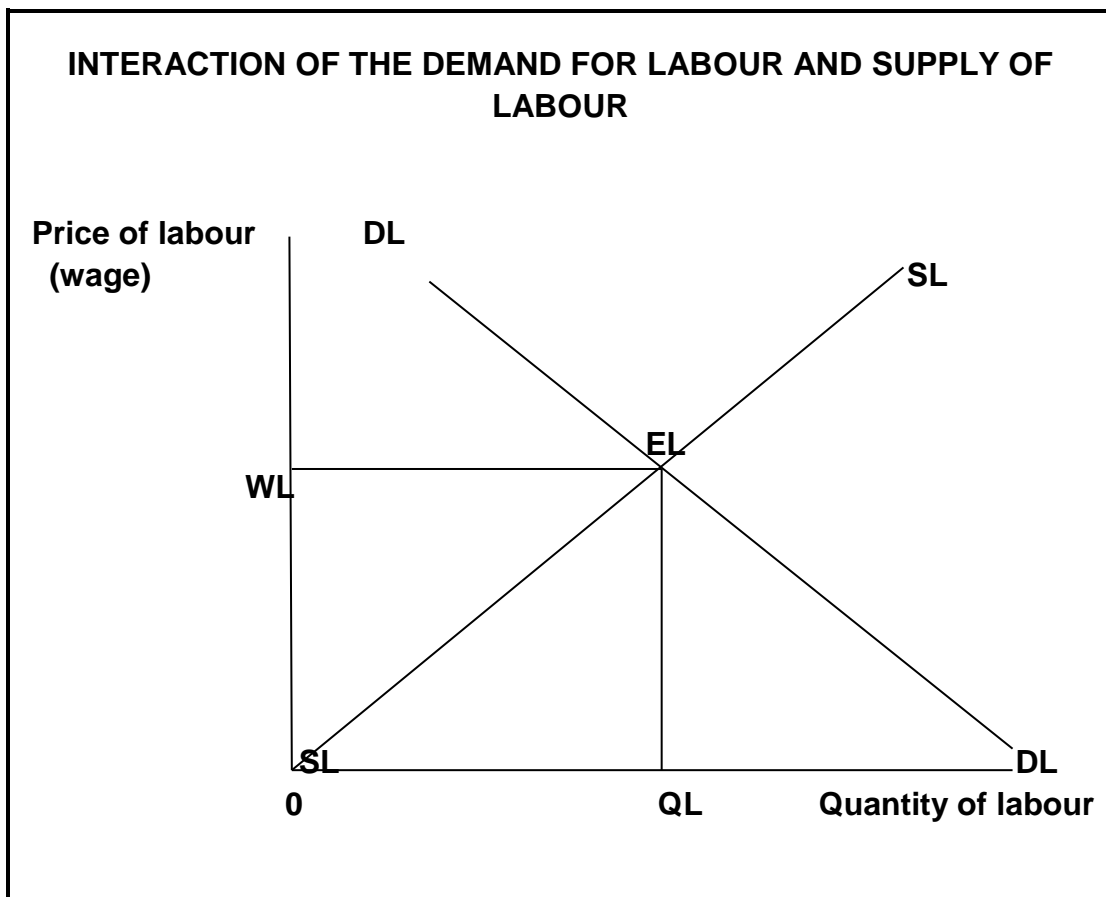
**QUESTION 2: MACROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name TWO main economic sectors when calculating GDP (P).  
(2 x 1) (2)

2.1.2 Why is the supply of land fixed? (1 x 2) (2)

2.2 Study the graph below and answer the questions that follow.



2.2.1 Identify the market equilibrium for labour in the graph. (1)

2.2.2 According to the above graph, how are wages determined in the labour market? (1)

2.2.3 Briefly describe the term *labour*. (2)

2.2.4 Explain how HIV and AIDS affect the quality of labour. (2)

2.2.5 How does the National Development Plan propose to increase employment and economic growth? (4)

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

### FUNCTIONAL CLASSIFICATION

GOVERNMENT EXPENDITURE		
R billion	2014/2015	%
Basic education	189,5	21,6
Health	144,6	<b>2.3.5</b>
Defence, public order and safety	163,0	18,6
Higher education and training	56,6	6,4
Economic affairs	176,6	20,2
Social protection	143,9	16,3
<b>Allocated expenditure</b>	<b>874,2</b>	
Debt service cost	115,0	11,6
Unallocated expenditure	-	-
<b>Consolidated expenditure</b>	<b>989,2</b>	

- 2.3.1 Name the government expenditure division used in the above table. (1)
- 2.3.2 Indicate the service in which the government allocates most of the resources. (1)
- 2.3.3 Briefly describe the *final consumption expenditure by the government*. (2)
- 2.3.4 Explain the importance of final consumption expenditure by government. (2)
- 2.3.5 Calculate the total percentage of health expenditure in the above table. Show all calculations. (4)
- 2.4 Differentiate between *Gross Domestic Product (GDP)* and *Gross National Product (GNP)* as main aggregates in the economy. (4 x 2) (8)
- 2.5 How efficient is the state in addressing the disadvantages of the market system? (4 x 2) (8)

**[40]**

**QUESTION 3: ECONOMIC PURSUITS****40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name TWO functions of money. (2 x 1) (2)

3.1.2 How important is an efficient infrastructure for the economy?  
(1 x 2) (2)

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

**PROTECTING INDIGENOUS KNOWLEDGE SYSTEMS**

Female traditional leaders in South Africa implement a strategy aimed at improving the lives of rural communities through the management of indigenous knowledge systems and sustainable use of natural resources with nutritional and medicinal value.

Urban dwellers are already flocking to rural areas to look for herbs with medicinal and nutritional properties that may suppress the impact of HIV/AIDS related illnesses. The over-harvesting of the African potato serves as a prime example of the threat of indigenous plants.

Wild plants are used to treat many health problems, including coughs, headaches, and to heal wounds.

[Source: [www.africahistory.net](http://www.africahistory.net)]

3.2.1 Why do female traditional healers implement a strategy for management of indigenous knowledge systems? (1)

3.2.2 Name a health-related problem that can be cured by extracts of wild plants. (1)


3.2.3 Describe the term *indigenous knowledge system*. (2)



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- 3.2.4 Explain the importance of indigenous knowledge systems as part of local community development. (2)
- 3.2.5 Why does the government implement policies to protect and promote indigenous knowledge systems? (4)

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

**SOUTH AFRICA HAS A HIGHLY DEVELOPED INFRASTRUCTURE**



Eskom, one of the world's top energy providers in terms of output, exports power to other African countries. Electricity in South Africa comes from coal, water and nuclear power. In 2008, Eskom implemented a mass electrification programme to upgrade and expand the country's electricity infrastructure.

[Source: [www.eskom.co.za](http://www.eskom.co.za)]

- 3.3.1 Name the national provider of electricity. (1)
- 3.3.2 Mention any ONE source of energy in South Africa. (1)
- 3.3.3 Which institution regulates electricity in South Africa? (2)
- 3.3.4 Explain why South Africa has the most highly developed telecommunication network in Africa. (2)
- 3.3.5 How does the development of a country's infrastructure influence its population? (4)
- 3.4 Briefly explain the availability and use of factors of production as methods of growing the economy. (4 x 2) (8)
- 3.5 How can the government stabilize the value of money in a country? (4 x 2) (8)
- [40]**

**QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS**  
**40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name TWO factors that influence the labour force participation rate. (2 x 1) (2)

4.1.2 How is the standard of living in a country determined? (1 x 2) (2)

4.2 Study the paragraph below and answer the questions that follow.

**CENTRALLY PLANNED ECONOMIC SYSTEM**

If there is no shop in a rural area, the state will tell one of the inhabitants to start a spaza shop. By doing this, the state will decide what, how, and when to produce in order to uplift the society.

[Source: *Economics Fast track*]

4.2.1 What type of economic system is referred to in the above extract? (1)

4.2.2 Who allocates the resources in the above extract? (1)

4.2.3 Briefly describe the term *economic system*. (2)

4.2.4 Explain how service delivery can be improved in South Africa. (2)

4.2.5 Why is South Africa regarded as a mixed economy? (4)

4.3 Study the picture below and answer the questions that follow.



- 4.3.1 Name any TWO major banks in South Africa according to this picture. (2 x 1) (2)
- 4.3.2 Mention a value-added service provided by banks. (2)
- 4.3.3 Explain why money can retain its value over a long time. (2)
- 4.3.4 What are the basic principles of credit creation by banks? (2 x 2) (4)
- 4.4 Briefly explain how an entrepreneur creates employment and ensures competition. (4 x 2) (8)
- 4.5 How does regional economic integration remove trade barriers between member countries? (8)

**[40]**

**TOTAL SECTION B: 80**

**SECTION C**

Answer ONE question from this section.

<b>STRUCTURE OF ESSAY</b>	<b>MARK ALLOCATION</b>
<p><b>Introduction</b></p> <ul style="list-style-type: none"> <li>• A good starting point would be to define a concept or key word that appears in the question.</li> <li>• Include other sentences to support the topic.</li> <li>• Do not include in your introduction any part of the question.</li> <li>• Do not repeat any part of the introduction in the body.</li> <li>• Avoid saying in the introduction what you are going to discuss in the body.</li> </ul>	Max. 2
<p><b>Body:</b></p> <p><b>Main part:</b> Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/Assess/Debate</p> <p><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/How/Suggest/Use the information and argue, debate, evaluate</p>	<p>Max. 26</p> <p>Max. 10</p>
<p><b>Conclusion</b></p> <ul style="list-style-type: none"> <li>• The conclusion is a wrap-up of the discussion of the topic in the body and should be treated as a higher order response.</li> <li>• The conclusion can take the form of an own opinion, examples to support your discussion or contradictory viewpoint from what has been discussed.</li> <li>• No aspect from either the introduction or body should be included in the conclusion.</li> <li>• Recommendations</li> </ul>	Max. 2
<b>TOTAL:</b>	<b>40</b>

**QUESTION 5: MACROECONOMICS****40 MARKS - 40 MINUTES**

*A country's economy needs a structure within which solutions to the economic problems can be found. The economic structure divides all economic activities into different sectors. These sectors contribute to the national income of the country.*

- Discuss the economic importance of the tertiary sector. (26 marks)
- How do the economic sectors link with one another? (10 marks) **[40]**

**OR**

**QUESTION 6: ECONOMIC PURSUITS****40 MARKS – 40 MINUTES**

*Countries have various options to follow when deciding on a development strategy. Most developing countries have economic and other policies with integrated strategies for development.*

- Discuss human resources and natural resources as development strategies to improve the living conditions of citizens in developing countries. (26 marks)
- How have basic services, such as health and welfare, improved in South Africa? (10 marks)

**[40]**

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



