



Province of the  
**EASTERN CAPE**  
EDUCATION

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 11**

**NOVEMBER 2019**

**ECONOMICS P2**

**MARKS: 150**

**TIME: 2 hours**



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This question paper consists of 13 pages.

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**INSTRUCTIONS AND INFORMATION**

1. Answer FOUR questions as follows in the ANSWER BOOK:

SECTION A: COMPULSORY

SECTION B: Answer TWO of the three questions.

SECTION C: Answer ONE of the two questions.

2. Answer only the required number of questions. Answer in excess of the required number will NOT be marked.
3. Answer the questions in full sentences and ensure that the format, content and context of your responses 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 answer and write only the letter (A–D) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 D.

1.1.1 The price that is quoted for a good on the market and give signals to the buyers is called ... price.

- A absolute
- B relative
- C real
- D constant

1.1.2 Firms that determine their own prices are called price ...

- A takers.
- B makers.
- C negotiators.
- D searchers.

1.1.3 The costs that have already been incurred and cannot be recovered are called ... costs.

- A sunk
- B implicit
- C fixed
- D variable

1.1.4 If the price of a packet of cigarettes has gone up, the quantity demanded remains the same then the demand for cigarettes is ...

- A perfectly elastic.
- B elastic.
- C inelastic.
- D unitary elastic.

1.1.5 What is the degradation of land in dry countries called?

- A Environmental deterioration
- B Soil erosion
- C Deforestation
- D Desertification

1.1.6 The average short fall of the total population from the poverty line is ...

- A poverty trap.
- B poverty rate.
- C poverty gap.
- D head count rate.

1.1.7 International trade agreement disputes are mediated by the ...

- A United Nations.
- B World Health Organisation.
- C International Monetary Fund.
- D World Trade Organisation.

1.1.8 Resources that may become exhausted if they are not managed in a sustainable manner are known as ... resources.

- A natural
- B finite
- C man-made
- D renewable

(8 x 2) (16)

- 1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A–I) next to the 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    | Supply                    | A        | conversion of open space or farmland to residential, commercial, office or establishment of towns |
| 1.2.2    | Licence                   | B        | grouping together of countries to get more control over the global economy                        |
| 1.2.3    | Explicit costs            | C        | buyers and sellers meet   |
| 1.2.4    | Inferior goods            | D        | legal barrier to entry  |
| 1.2.5    | Land consumption          | E        | depletion of resources such as air, soil and water  |
| 1.2.6    | Welfare dependency        | F        | goods offered for sale at a given price   |
| 1.2.7    | Trade blocks              | G        | actual expenditure by a firm on purchase of a factor input  |
| 1.2.8    | Environmental degradation | H        | when people do not look for employment because they rely on receiving grants                      |
|          |                           | I        | increase in income leads to smaller quantities demanded of these goods                            |

(8 x 1) (8)

- 1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1–1.3.6) in the ANSWER BOOK.
- 1.3.1 Minimum earnings that will prevent an entrepreneur from employing its factors of production elsewhere
- 1.3.2 The value of the best next alternative that is given up
- 1.3.3 The total satisfaction gained from consuming a product
- 1.3.4 Measures the equality and inequality that exists within or between groups of people
- 1.3.5 Animal or plant that are seriously at risk of extinction
- 1.3.6 A type of investment when a country establishes a business in another country (6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

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

**QUESTION 2: MICROECONOMICS**

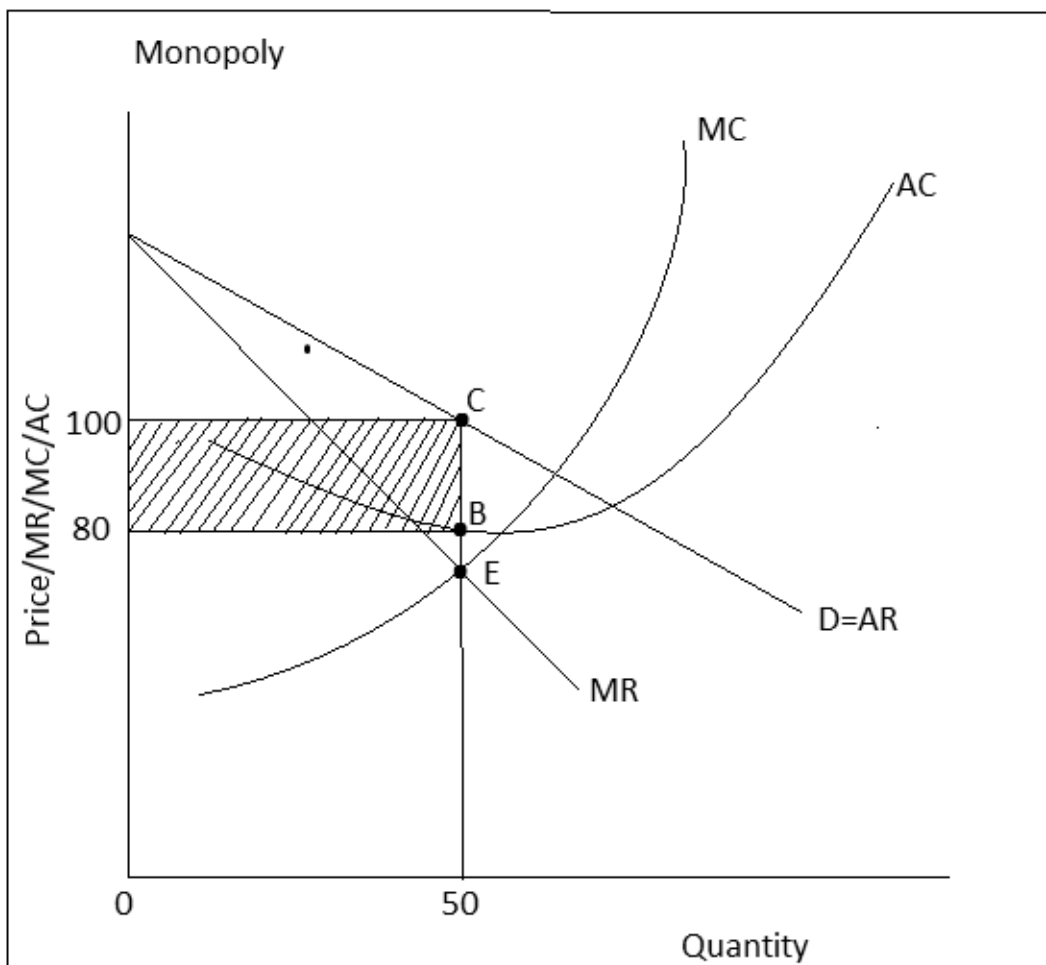
**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 List any TWO examples of complementary goods. (2)

2.1.2 How does an increase in demand affect the price of a good/service? (2)

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



2.2.1 What does the shaded area in the graph represent? (1)

2.2.2 Which point on the graph illustrates profit maximisation? (1)

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

2.2.4 Explain *entry* as a feature of a monopoly. (2)

2.2.5 Using the formation from the graph, calculate the profit or loss. Show ALL calculations. (4)

2.3 Study the table below and answer the following questions.

**REVENUE AND COST SCHEDULE IN THE SHORT RUN**

| QUANTITY | PRICE  | TOTAL REVENUE | TOTAL COST | TOTAL PROFIT/LOSS |
|----------|--------|---------------|------------|-------------------|
| 0        | 90 000 | 0             | 60 000     | -60 000           |
| 1        | 90 000 | 90 000        | 110 000    | -20 000           |
| 2        | 90 000 | 180 000       | 160 000    | 30 000            |
| 3        | 90 000 | 270 000       | 200 000    | 70 000            |
| 4        | 90 000 | 360 000       | 250 000    | 110 000           |
| 5        | 90 000 | 450 000       | 310 000    | 140 000           |
| 6        | 90 000 | 540 000       | 380 000    | 160 000           |
| 7        | 90 000 | 630 000       | 460 000    | 170 000           |
| 8        | 90 000 | 720 000       | 550 000    | 170 000           |
| 9        | 90 000 | 810 000       | 650 000    | 160 000           |
| 10       | 90 000 | 900 000       | 760 000    | 140 000           |

- 2.3.1 Identify, from the table, the quantity at which profits are maximised. (1)
- 2.3.2 For which market structure is the above data applicable? (1)
- 2.3.3 Briefly describe the term *profit*. (2)
- 2.3.4 What does total cost comprise of? (2)
- 2.3.5 Use the information from the data and draw a demand curve. (4)
- 2.4 Briefly discuss *nature of the product* and *price control* as characteristics of monopolistic competition. (2 x 4) (8)
- 2.5 Examine the importance of income elasticity of demand to businesses. (4 x 2) (8)
- [40]**



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

3.1 Answer the following questions.

3.1.1 Name any TWO examples of consumer waste. (2)

3.1.2 Why is it beneficial for a country to engage in free trade? (2)

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

**POVERTY: WORLD BANK TO BOOST LENDING TO AFRICA**

The World Bank's new president announced plans to boost lending to African countries to help fight poverty. He pledged to set-up the bank's anti-poverty mission making more of its grants and loans to countries in Africa.

Africa is working at reducing poverty and there has been some reduction in some countries but as a whole there is an increasing amount in the number of people that are in extreme poverty.

[Adapted from [Northafricapost.com](http://Northafricapost.com), 6 May 2019]

3.2.1 Identify the type of poverty referred to in the above extract. (1)

3.2.2 Name ONE characteristic of poverty. (1)

3.2.3 Briefly describe the term *poverty*. (2)

3.2.4 Explain *lack of resources* as a cause of poverty. (2)

3.2.5 How is the South African government affected by high levels of poverty in the country? (4)

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

**ABSOLUTE AND COMPARATIVE ADVANTAGES OF FREE TRADE**

The countries are considering to trade together. Their decision will be based on whether one country has absolute advantage or comparative advantage.

**ILLUSTRATION 1**

| COUNTRY   | MAIZE | CARS |
|-----------|-------|------|
| COUNTRY A | 80    | 150  |
| COUNTRY B | 100   | 75   |

**ILLUSTRATION 2**

| COUNTRY   | OIL | ORANGES |
|-----------|-----|---------|
| COUNTRY A | 40  | 20      |
| COUNTRY B | 30  | 10      |

- 3.3.1 Over which product does **COUNTRY A** have an absolute advantage? (1)
- 3.3.2 Who developed the theory of comparative advantage? (1)
- 3.3.3 Briefly describe the term *free trade*. (2)
- 3.3.4 Explain the theory of absolute advantage. (2)
- 3.3.5 How is it possible for the countries in **ILLUSTRATION 2** to trade? (4)
- 3.4 Briefly explain *trade liberalisation* and *standardisation* as causes of globalisation. (8)
- 3.5 How can humans positively impact on the environment? (8)
- [40]**

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

4.1 Answer the following questions.

4.1.1 Name any TWO principles for sustainable development. (2)

4.1.2 Why is it important for businesses to set goals? (2)

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

| <b>CROSS ELASTICITY OF DEMAND</b>        |                                    |
|--|------------------------------------|
| <b>GOOD X AND GOOD Y ARE SUBSTITUTES</b> |                                    |
| <b>PRICE OF GOOD X</b>                   | <b>QUANTITY DEMANDED OF GOOD Y</b> |
| 50                                       | 100                                |
| 60                                       | 150                                |

4.2.1 What type of cross elasticity is depicted in the above table? (1)

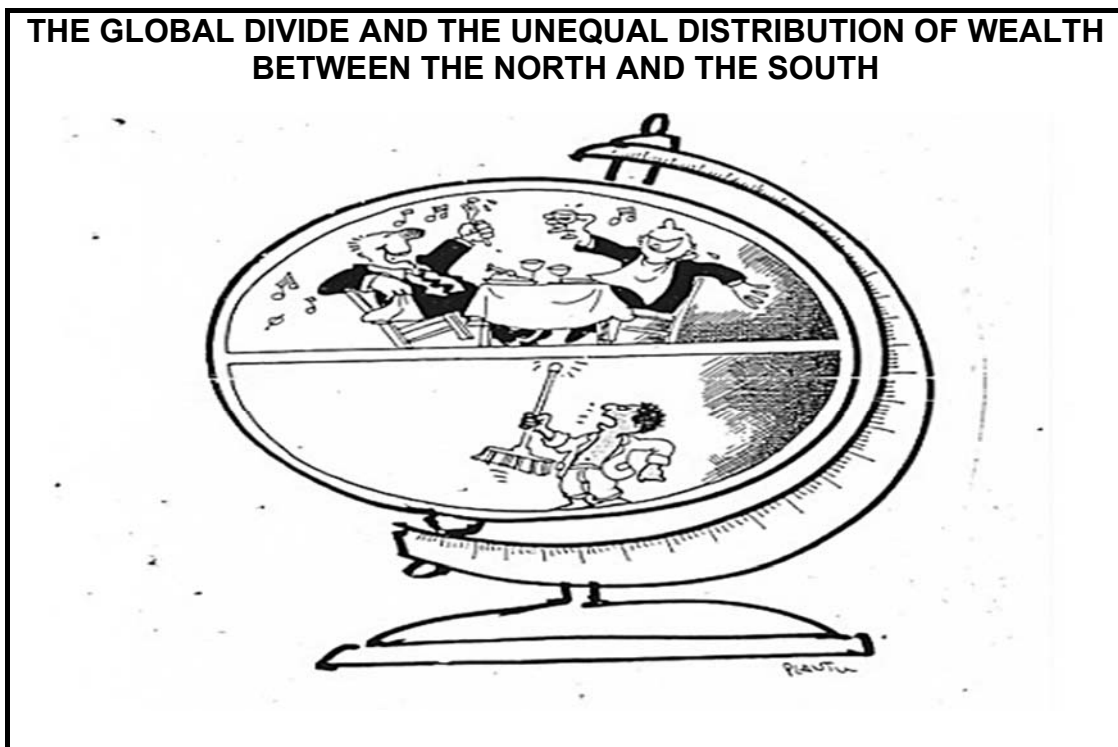
4.2.2 Give ONE example of goods for cross elasticity of demand above. (1)

4.2.3 Briefly describe the term *cross elasticity of demand*. (2)

4.2.4 Explain cross elasticity of demand for unrelated goods. (2)

4.2.5 Using the information above calculate the cross elasticity of demand. (4)

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



- 4.3.1 What does the above picture represent? (1)
- 4.3.2 From the above picture, which part of the globe represent developing countries? (1)
- 4.3.3 Briefly describe the term *wealth*. (2)
- 4.3.4 Differentiate between countries in the North and countries in the South in terms of levels of education. (2)
- 4.3.5 What are the positive effects of globalisation on South Africa? (4)
- 4.4 Differentiate between *economies* and *diseconomies of scale*. (8)
- 4.5 Evaluate the success of social grants on poverty alleviation in South Africa. (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 ESSAY</b>   | <b>MARK ALLOCATION</b> |
|---|------------------------|
| <b>Introduction</b><br>The introduction is a lower-order response. <ul style="list-style-type: none"> <li>• A good starting point would be to define the main concept related to the question topic.</li> <li>• Do not include any part of the question in your introduction.</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                 |
| <b>Body</b><br><b>Main part:</b> Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain<br><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                            | Max. 26                |
| <b>Conclusion</b><br>Any higher-order conclusion should include: <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned</li> <li>• Any opinion or value judgement on the facts discussed</li> <li>• Additional support information to strengthen the discussion/analysis</li> <li>• A contradictory viewpoint with motivation, if required</li> <li>• Recommendations</li> </ul> | Max. 2                 |
| <b>TOTAL</b>  | <b>40</b>              |

**QUESTION 5: MICROECONOMICS****40 MARKS – 40 MINUTES**

- Discuss in details the characteristics of a perfect market. (26 marks)
- Examine the positive impact of competition on markets. (10 marks)

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

- Discuss public sector intervention as a measure to ensure sustainable development. (26 marks)
- Examine how international trade can affect the environment. (10 marks)

**[40]**

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





