Province of the
EASTERN CAPE
EDUCATION

NATIONAL
SENIOR CERTIFICATE

GRADE 11

NOVEMBER 2019

ECONOMICS P1

MARKS: 150

TIME: 2 hours

IECONE1

This question paper consists of 12 pages.

INSTRUCTIONS AND INFORMATION

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

   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. Number the answers correctly according to the numbering system used in this question paper.

4. Write the question number above each answer.

5. Read the questions carefully.

6. Start EACH question on a NEW page.

7. Leave 2–3 lines between subsections of questions.

8. 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.

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 greatest threat to workers' health in South Africa is …

A pneumonia.
B tuberculosis.
C HIV and Aids.
D low wages.

1.1.2 Double counting is a problem that occurs when the … method of calculating GDP is used.

A production
B income
C expenditure
D domestic

1.1.3 One of the advantages of a centrally planned economy is …

A choice
B full employment.
C risk.
D innovation.

1.1.4 Food security renders … a vital industry.

A agriculture
B water
C energy
D retail

1.1.5 The value of the Gini coefficient ranges between …

A 100 and 1 000.
B 10 and 100.
C 1 and 10.
D 0 and 1.

1.1.6 The percentage of people in a country who can read and write is known as the … rate.

A population
B developmental
C illiteracy
D literacy

1.1.7 The problems associated with barter trade have been eliminated by the … function of money.

A unit of account
B store of value
C medium of exchange
D general acceptability

1.1.8 The primary objective of NEPAD is to ...

A stop wars.
B eradicate poverty.
C vote in elections.
D support protests. (8 x 2) (16)

1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the correct letter (A–I) next to the question number (1.2.1–.2.8) in the ANSWER BOOK, for example 1.2.9 J.

COLUMN A	COLUMN B
1.2.1 Economically active population	A Last for longer periods
1.2.2 Final goods	B Plays a dominant role in developed countries
1.2.3 Social services	C Used by central bank to influence aggregate money supply
1.2.4 Tertiary sector	D Aged between 14 and 65
1.2.5 Pay As You Earn	E Created to monitor and liberalise international trade
1.2.6 Spatial Development Initiative	F Education, health and welfare
1.2.7 Monetary policy	G Progressive system
1.2.8 World Trade Organisation	H Not used as inputs for producing other goods
	I Selected areas that offer certain advantages to mining, manufacturing and other businesses

(8 x 1) (8)

1.3 Give ONE term/word for each of the following descriptions. Write only the term/word next to the question number (1.3.1—1.3.6).
Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 The price paid to the owners of natural resources for their use

1.3.2 The flow of goods and services between the participants in the circular flow

1.3.3 Goods and services whose provision has benefits for the user and for society

1.3.4 Stock of capital assets of households, representing money earned and saved at some point of time

1.3.5 Local knowledge that is unique to a certain culture, grouping or society

1.3.6 Businesses that offer small loans to people, who are unable to acquire loans from banks (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

QUESTION 2: MACROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name any TWO participants in a closed economy. (2 x 1) (2)

2.1.2 Why is the primary sector important to the South African economy? (1 x 2) (2)

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

GENERAL GOVERNMENT EXPENDITURE REDUCTIONS BY MAIN ECONOMIC CLASSIFICATION

R million	**2019/20**	**2020/21**	**2021/22**
Compensation of employees	-106	-93	-98
Transfers and Subsidies	-2 468	-4 211	-8 909
Goods and services	-5	-5	-6
Total	**-2 579**	**-4 309**	**- 9 013**

[Source*:* www.treasury.gov.za]

2.2.1 Name the other classification of consumption expenditure by government. (1)

2.2.2 What does compensation of employees consist of? (1)

2.2.3 Briefly describe the term *final consumption expenditure by government.* (2)

2.2.4 Explain the importance of final consumption expenditure by households. (2)

2.2.5 How can the South African government achieve the reductions estimated in the table above? (4)

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

INFRASTRUCTURE DEVELOPMENT

The South African government spends a lot on infrastructure. In his budget speech, Minister Tito Mboweni mentioned four things to get SA better infrastructure:

- to create a sensible project pipeline.
- streamlining the law to make it easier to build.
- better information for everyone.
- to actually build.

The **infrastructure fund** is a central pillar of the Budget and of reprioritisation. It will accelerate R526 billion worth of on-budget projects by bringing in the private sector and development finance institutions. In addition, government will commit R100 billion over the next decade.

[Adapted from www.treasury.gov.za]

2.3.1 Name any ONE component of communication infrastructure. (1)

2.3.2 When does the South African fiscal year start? (1)

2.3.3 Briefly describe the term *infrastructure.* (2)

2.3.4 Explain the importance of communication infrastructure for businesses. (2)

2.3.5 How will the R100 billion long term investment affect the economy? (4)

2.4 Discuss the disadvantages of a mixed economy. (4 x 2) (8)

2.5 Evaluate the government's involvement in increasing access to economic opportunities. (8)

[40]

QUESTION 3: ECONOMIC PURSUITS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO money associated instruments. (2 x 1) (2)

3.1.2 How does the South African government promote indigenous knowledge systems? (1 x 2) (2)

3.2 Study the information below and answer the questions that follow:

MONETARY POLICY COMMITTEE CUTS REPURCHASE (REPO) RATE

[Adapted from https://images.app.goo.gl]

3.2.1 Name the central bank in South Africa. (1)

3.2.2 Except for interest rates, mention any other instrument of the monetary policy. (1)

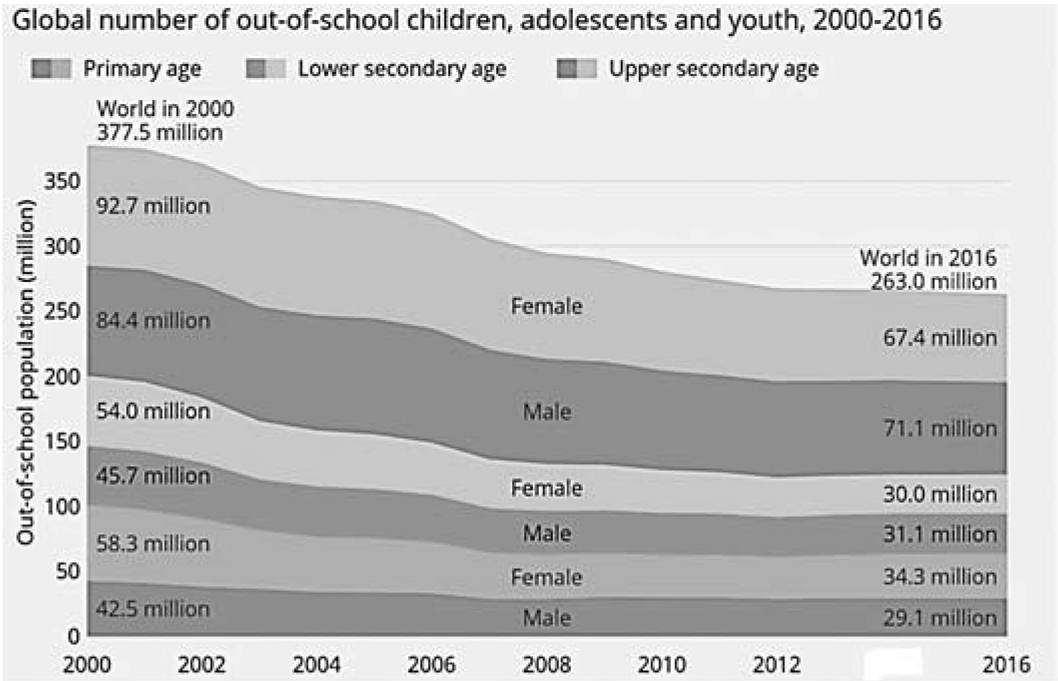
3.2.3 Briefly describe the term *repurchase rate*. (2)

3 .2.4 Briefly explain *government's banker* as a function of the central bank (2)

3.2.5 How will a cut in interest rates influence consumer spending? (4)

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

ECONOMIC DEVELOPMENT BY SOCIAL INDICATOR



[Source: UNESCO Institute for Statistics database]

3.3.1 Name the social indicator in the graph above. (1)

3.3.2 What is the trend in the number of children out of school in the last decade? (1)

3.3.3 Briefly describe the term *social indicator.* (2)

3.3.4 Explain why many children drop out of school in developing countries. (2)

3.3.5 Calculate the percentage of female population who dropped out of school in 2016. Show ALL calculations. (4)

3.4 Discuss *low life expectancy* and *low levels of productivity* as characteristics of developing countries. (4 x 2) (8)

3.5 Analyse the consequences of bank failures. (8)

[40]

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

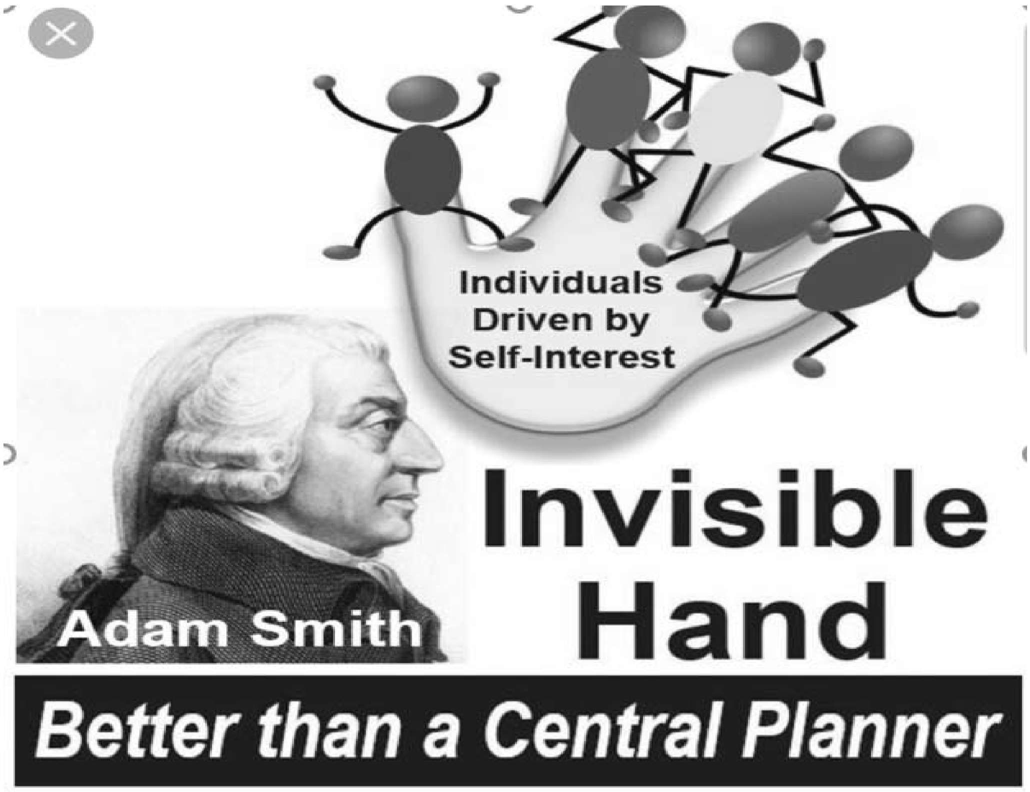
4.1 Answer the following questions:

4.1.1 Name any TWO components of the secondary sector. (2 x 1) (2)

4.1.2 What is the purpose of economic indicators? (1 x 2) (2)

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

ECONOMIC SYSTEMS



[Source: marketbusinessnews.com]

4.2.1 Which economic system is based on the principle of '*invisible hand'?* (1)

4.2.2 Who allocates the resources in the above system? (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 How is self-interest beneficial to an economy? (4)

4.3 Read the extract and answer the questions that follow.

NDP 2030 – THE STATE CANNOT ACHIEVE OBJECTIVES ALONE

Growing SA's skills base and supporting students from poor and middle-income families is critical to the growth and development of SA's economy.

According to a report released by the department of higher education and training, a very small number of people attend tertiary education institutions in South Africa, the lowest of the five BRICS countries.

According to the NDP, **active citizenry**, where the citizens make strides in uplifting themselves and those around them, is needed in the last 10 years before 2030 for its objectives to be realised.

[Source: www.businesslive.co.za]

4.3.1 Name any other development strategy that has been used in South Africa. (1)

4.3.2 Give an example of what the citizens of South Africa can do to uplift themselves. (1)

4.3.3 Briefly describe the term *economic development.* (2)

4.3.4 Explain the main aim of the National Development Plan (NDP). (2)

4.3.5 How will South Africa's skills base be improved through the NDP implementation? (4)

4.4 Differentiate between *durable* and *non-durable goods*. (4 x 2) (8)

4.5 Examine the role of South Africa in the Southern African Development Community (SADC). (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer any ONE of the two questions in the ANSWER BOOK.

Ensure that your answer follows the structure indicated below in order to obtain maximum marks:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction • A good starting point would be to define a concept or key word that appears in the question. • Include other sentences to support the topic. • Do not include in your introduction any part of the question. • Do not repeat any part of the introduction in the body. • Avoid saying in the introduction what you are going to discuss in the body.	Max. 2
Body: **Main part:** Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/ Assess/Debate **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. 26 Max. 10
Conclusion • The conclusion is a wrap up of the discussion of the topic in the body and should be treated as a higher order response. • The conclusion can take the form of an own opinion, examples to support your discussion or contradictory viewpoint from what has been discussed. • No aspect from either the introduction or body should be included in the body	Max. 2
TOTAL	**40**

QUESTION 5: MACROECONOMICS 40 MARKS – 40 MINUTES

- Discuss in detail the characteristics of capital. (26 marks)
- Examine the positive effects of capital deepening. (10 marks) **[40]**

QUESTION 6: ECONOMIC PURSUITS 40 MARKS – 40 MINUTES

- Discuss in detail the following methods used to redistribute income and wealth:
  - Taxes (10 marks)
  - Cash grants (8 marks)
  - Natura benefits (8 marks)

- Examine the government's effort to redress economic inequality in South Africa. (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150