



# basic education

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Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **NATIONAL SENIOR CERTIFICATE**

**GRADE 11**

**ECONOMICS P2**

**EXEMPLAR 2013**

**MEMORANDUM**

**MARKS: 150**

**This memorandum consists of 12 pages.**

**SECTION A (COMPULSORY)****QUESTION 1****1.1 MULTIPLE-CHOICE QUESTIONS**

- 1.1.1 B ✓✓ (differentiated)  
1.1.2 A ✓✓ (movement on)  
1.1.3 B ✓✓ (less than 1)  
1.1.4 A ✓✓ (increasing)  
1.1.5 C ✓✓ (carbon dioxide)  
1.1.6 B ✓✓ (South Africa)  
1.1.7 A ✓✓ (local)  
1.1.8 A ✓✓ (high crime rates) (8 x 2) (16)

**1.2 MATCHING ITEMS**

- 1.2.1 E ✓ (changes when the total output increases)  
1.2.2 F ✓ (period when factors of production and inputs remain fixed and cannot change)  
1.2.3 G ✓ (firms deciding to work together to fix prices)  
1.2.4 H ✓ (minimum returns required by owners of a firm to continue operating)  
1.2.5 B ✓ (loss of fertile agricultural soil)  
1.2.6 A ✓ (a globally recognised agreement to decrease harmful emissions)  
1.2.7 D ✓ (non-renewable resources)  
1.2.8 C ✓ (laws passed by parliament to protect the environment) (8 x 1) (8)

**1.3 GIVE ONE WORD/CONCEPT**

- 1.3.1 Oligopoly ✓  
1.3.2 Elasticity ✓  
1.3.3 Complementary ✓  
1.3.4 Air ✓  
1.3.5 Poverty ✓  
1.3.6 Trade liberalisation ✓ (6 x 1) (6)

**TOTAL SECTION A: 30**

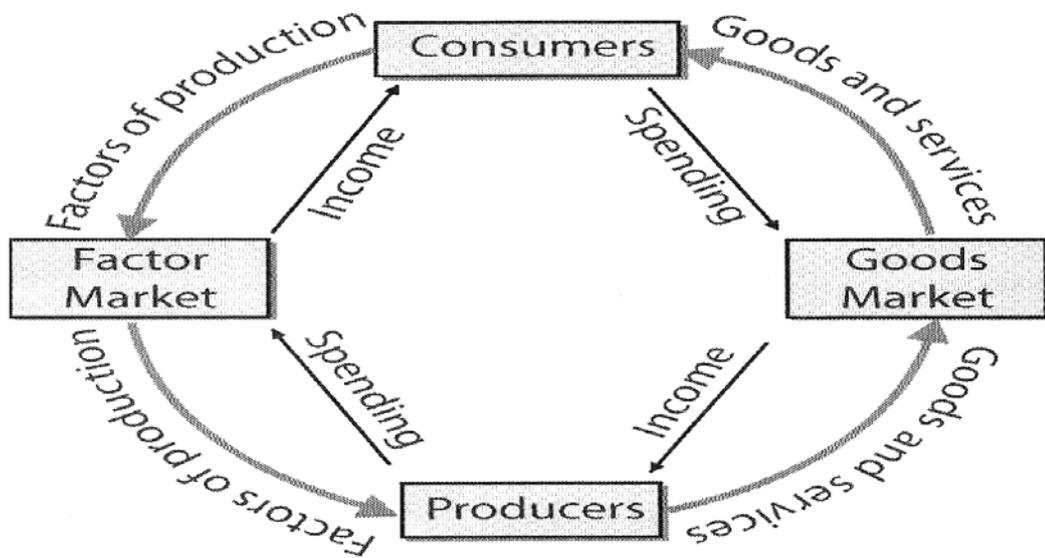


2.4 Nominal prices: prices that you see on goods ✓✓ and that are quoted for services are nominal prices ✓✓

Relative prices: price of one good expressed in terms of another is a relative price ✓✓ also known as real prices ✓✓

(8)

2.5



(8)  
[40]

**QUESTION 3: CONTEMPORARY ECONOMIC ISSUES**

- 3.1 3.1.1
- Where governments interfere too much in the economy and perform their own duties inappropriately, competitiveness is impaired ✓✓
  - Countries with high production prices on manufactured goods, is disadvantaged by free trade ✓✓ (2 x 1) (2)
- 3.1.2
- Minority ethnic groups and indigenous populations suffer more from poverty ✓✓
  - They have limited resources ✓✓
  - They get less job opportunities ✓✓
  - To be indigenous increases the chances that an individual will be malnourished, illiterate, in poor health and unemployed ✓✓ (1 x 2) (2)
- 3.2 3.2.1
- Globalisation is the worldwide interfacing and interaction of economies with trade as an important element, and with ICT making it possible ✓✓ (2)
- 3.2.2
- Even the most remote areas will benefit from tourism and migration ✓✓ (2)
- 3.2.3
- The rich will benefit even more from globalisation and the poor (Africa) will suffer even more ✓✓ (2)
- 3.3 3.3.1
- Renewable resources are natural resources such as land for natural habitat and wildlife areas, land for various agricultural used, fauna and flora, crop products – can be replenished over time ✓✓ (2)
- 3.3.2
- It gives off cleaner emissions of carbon dioxide and sulphur oxide and reduce the demand dilemma for a world overdependence on petroleum ✓✓ (2)
- 3.3.3
- A negative impact due to the destruction of the rainforest ✓✓  
(Any other relevant answer) (2)
- 3.3.4
- Food crops are used to create alternative fuel ✓✓  
Countries ignore the importance of the agricultural sector ✓✓  
Agricultural markets are distorted ✓✓  
Policies are dismantled that support domestic markets in developing countries ✓✓  
(Any other relevant answer) (2 x 2) (4)

- 3.4
- Rural people ✓✓ 85% people live in rural areas and are involved in agricultural and associated activities ✓✓
  - Women and children ✓✓ they are more likely to be poor and malnourished and less likely to receive medical services, clean water, sanitation and other benefits ✓✓
  - Minorities and indigenous people ✓✓ poverty hits the minority ethnic groups the hardest (Any 2 x 4) (8)

- 3.5
- Rich countries compelled poor countries to eliminate trade barriers ✓✓ but kept their own barriers in place ✓✓
- They continue to subsidise agriculture, making it difficult for developing countries to compete ✓✓
- While insisting that developing countries eliminate their tariffs on industrial goods ✓✓ (Any 4 x 2) (8)
- [40]**

**QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES**

- 4.1 4.1.1
- The length of time that has passed since the change in price ✓
  - If the cost of extra production is low, supply will increase ✓
  - Stockpiling makes it possible to release products into the market when prices increase ✓
- (2 x 1) (2)
- 4.1.2 He will cut back on production ✓ up to the point where the total revenue exceeds total cost (MC=MR) ✓ (1 x 2) (2)
- 4.2 4.2.1 Marginal utility is the satisfaction gained from the last economic good consumed ✓✓ (2)
- 4.2.2  $A = 28$  ✓  $B = 6$  ✓ (4)
- 4.2.3 Where the marginal utility is zero ✓✓ (1)
- 4.2.4 Utils ✓✓ (1)
- 4.2.5 Due to negative utility ✓✓ (2)
- 4.3 4.3.1 The deterioration of the environment through depletion of resources such as air, water and soil and the destruction of the ecosystems ✓✓ (2)
- 4.3.2 Natural resources (forests/trees) need the assistance of human beings to ensure their existence ✓✓ (2)
- 4.3.3 Large tracts of land are developed where natural forests existed ✓✓  
It reduces the habitats of plant and animal species ✓✓ (2 x 2) (4)  
(Any other relevant answer)
- 4.3.4 Recycle old textbooks ✓✓ (2)  
(Any other relevant answer)
- 4.4 Economies of scale: the shape of the long-run average total cost curve conveys important information about technology for producing a good. When long-run average total cost declines as output increases, it is said to be economies of scale ✓✓  
Constant costs: when long-run average total cost does not vary with the level of output, it is said to be constant returns to scale ✓✓ Diseconomies of scale: when long-term total cost rises as output increases, there are said to be diseconomies of scale ✓✓  
In this example the business experiences economies of scale at low levels of output, constant returns to scale at intermediate levels of output and diseconomies of scale at high levels of output ✓✓ (Any 4 x 2) (8)
- 4.5 IMF works to standardise trade ✓✓ balance of payments and exchange rates, international lending and borrowing ✓✓  
World Bank works to standardise economic development ✓✓ measuring development, for example in terms of HDI, rich and poor countries ✓✓ (Any 2 x 4) (8)

**[40]****TOTAL SECTION B: 80**

**SECTION C**

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

<b>STRUCTURE OF ESSAY:</b>	<b>MARK ALLOCATION:</b>
<b>Introduction</b>	Max. 3
<b>Body:</b>	
• Main part: Discuss/Distinguish/Differentiate/Explain/Analyse/Evaluate/ Assess	Max. 24
• Additional part: Use/Draw/Sketch a graph/diagram .../ Deduce .../Outline/Briefly explain/Expand on .../Your own opinion	Max. 6
<b>Conclusion</b>	Max. 2
Interpretation/Rubric	Max. 5
<b>TOTAL</b>	<b>40</b>

**QUESTION 5**

The demand for goods reacts differently to price changes because of their nature.

- With the aid of graphs discuss the following types of price elasticity of demand:
    - Perfectly inelastic
    - Relatively elastic
    - Unitary elasticity
- (24)
- Of what importance is price elasticity of demand to the entrepreneur?
- (6)

**INTRODUCTION****INTRODUCTION**

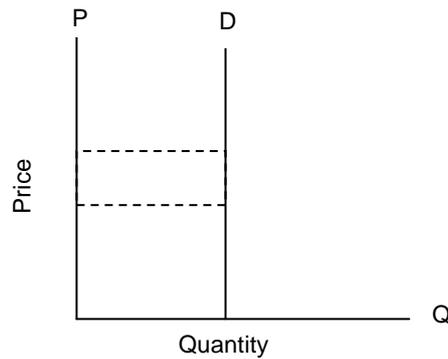
Price elasticity of demand refers to the responsiveness of quantity demanded to a change in price; the word responsiveness means that there is a stimulus- reaction ✓✓✓

OR It is a measure of how much consumers respond in their buying behaviour to a change in price ✓✓✓

Any other relevant introduction (3)

**BODY**Perfectly inelastic demand

- When a given change in price causes an infinite small percentage change in demand ✓✓
- the product has inelastic demand ✓✓
- e.g. basic goods ✓✓
- addictive goods and services ✓✓
- elasticity is equal to 0 ✓✓

**Mark allocation**

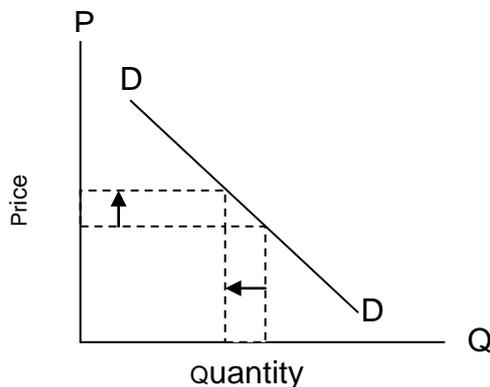
Correct labelling of graph = 2 Marks

Correct diagram = 2 Marks

Correct plotting of graph = 1 mark

Unit price elasticity

- Occurs when a percentage change in price results in equal percentage change in demand ✓✓
- coefficient is equal to 1 ✓✓

**Mark allocation**

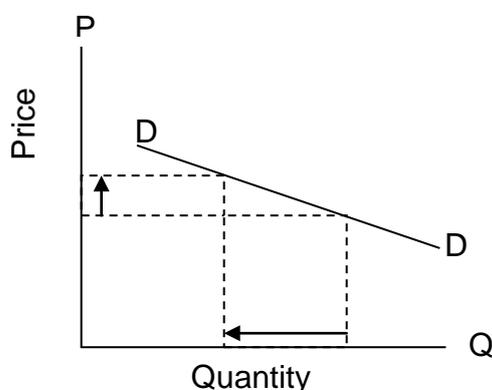
Correct labelling of graph = 2 Marks

Correct diagram = 2 Marks

Correct plotting of graph = 1 mark

Relative elastic demand

- A small change in price will lead to a larger change in quantity demanded ✓✓
- the coefficient is  $> 1$  ✓✓
- e.g. luxury items ✓✓



**IMPORTANCE OF PRICE ELASTICITY TO THE ENTREPRENEUR**

- He will be able to know much to adjust his prices by because of its influence on sales and revenue ✓✓
- It will help him to design appropriate advertising campaigns to maintain or increase his market share ✓✓
- Influence the amount of stock that he will keep on hand ✓✓
- A knowledge on the impact of an increase in prices – determine how much he stays competitive in the market ✓✓  
(Any other relevant answers)

(6)

**CONCLUSION**

Any relevant conclusion ✓✓

Use the following assessment grid in conjunction with the above to assess the discussion:

(2)

<b>MARKS</b>	<b>INTERPRETATION OF TOPIC</b>
1	Learner has shown limited understanding of topic and has given an inadequate response. (1–10)
2	Learner has interpreted topic correctly but has not given the desired response. (11–19)
3	Learner has interpreted topic correctly and has given some elements of the desired response. (20–25)
4	Learner has interpreted topic correctly and has linked some relevant substantive facts to the topic. (26–30)
5	Learner has interpreted topic correctly and has linked the relevant substantive facts to the topics. (31–35)

(5) **[40]**

**QUESTION 6**

**There are millions of people in the world living in poverty.**

- **Discuss the causes of poverty in detail.** (24 marks)
- **How would you advise the Minister of Economic Affairs to alleviate poverty?** (6 marks)

**INTRODUCTION**

South Africa is classified as an upper middle country by the World Bank on the basis of its per capita income. However this masks the very real development gaps which exist within South Africa. There are people in South Africa whose quality of life equivalent to that is found in many high income countries, but there are many people in South Africa whose quality of life is equivalent to those in low income countries. South Africa is characterized by very high levels of inequalities. Inequality in South Africa has a very strong racial dimension as a result of South Africa's legacy of apartheid. ✓✓✓ (3)

**BODY: MAIN PART****CAUSES OF POVERTY**

Unemployment. ✓✓

- The most important reason for poverty is unemployment. This is a result of an inability to find a job or to establish self-employment. In developing countries many people make a living from agriculture. Agriculture is exposed to risk such as weather conditions, pests and theft. ✓✓

Inadequate infrastructure ✓✓

- Inadequate transport system and communication networks and lack of reliable energy supplies raise the cost and risks associated with doing business in a country. Inadequate infrastructure exists in developing countries because of high population concentrations on the one hand and the vastness of rural areas on the other. ✓✓

Lack of resources ✓✓

- The total resources, including food, in most developing countries is usually not enough to adequately support the population, even if they were equally divided among all the citizens. ✓✓

Lack of social infrastructure ✓✓

- The two legs on which poverty walks are a lack of education and lack of health care. ✓✓

Investment and debt ✓✓

- Countries are poor because they do not have money for investment and they do not have money for investment because they are poor. They are therefore trapped by poverty and are in a catch-22 situation. ✓✓

## Lack of technological progress ✓✓

- Developing countries have not kept up with much of the technological progress in agriculture, manufacturing and services industries. This implies significant investment in new equipment and presupposes a labour force with the required technical skills to operate new equipment. ✓✓

## Poor governance ✓✓

- The functions of the legislator (parliament), the judiciary (courts) and the executives (administration) are not kept separate. Corruption, nepotism and inefficiencies are rife and are not effectively dealt with. Budget, procedures and protocol are not respected or honoured. ✓✓

## Violence and war ✓✓

- Violence and war occur to the detriment of every citizen. They cost money that could have been used for education, health and infrastructure. ✓✓ (max 24)

**ADDITIONAL PART: HOW WOULD YOU ADVISE THE MINISTER OF ECONOMIC AFFAIRS TO ALLEVIATE POVERTY?**

- Improve the quality of life for all South Africans ✓✓
- Use macroeconomic policies more effectively to eradicate poverty ✓✓
- Encourage job creation through subsidies, lowering the tax burden for companies and individuals ✓✓
- Improving growth and development and decrease unemployment ✓✓
- Increase international competitiveness by further reducing tariffs and encouraging direct foreign investment ✓✓
- Community-owned public works programmes ✓✓
- Cash benefits ✓✓
- Most important opportunities are education and training ✓✓ engage in small and micro enterprises ✓✓
- Redistribute wealth in the country for everyone to benefit ✓✓ (max 6)

**CONCLUSION**

Poverty remains a serious problem worldwide and it is clear from the above discussion that the government should play an active role in alleviating poverty in our country. ✓✓  
Any other relevant conclusion should be accepted. (max 2)

**Use the following rubric to assess the above discussion:**

MARKS	INTERPRETATION OF TOPIC
1	Learner has shown limited understanding of topic and has given an inadequate response. (1–10)
2	Learner has interpreted topic correctly but has not given the desired response. (11–19)
3	Learner has interpreted topic correctly and has given some elements of the desired response. (20–25)
4	Learner has interpreted topic correctly and has linked some relevant substantive facts to the topic. (26–30)
5	Learner has interpreted topic correctly and has linked the relevant substantive facts to the topics. (31–35)

**TOTAL SECTION C:**  
**GRAND TOTAL**

**40**  
**150**