



Province of the
EASTERN CAPE
EDUCATION

OR TAMBO INLAND

GRADE 11

ECONOMICS

CONTROLLED TEST 2

15 SEPTEMBER 2022
Stanmorephysics.com

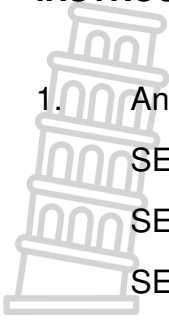
MARKS: 100

TIME: 1h30 hour



This question paper consists of 9 pages.

INSTRUCTIONS AND INFORMATION



1. Answer THREE questions as follows:

SECTION A: COMPULSORY

SECTION B: Choose ONE of the TWO questions.

SECTION C: Answer ALL questions.

2. Answer the questions in full sentences and the format, content and the context of your responses must comply with the cognitive requirements of the questions.
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 ALL the questions carefully.
6. Start EACH question on a NEW page.
7. Leave 2–3 lines between subsections of questions.
8. Use only black or blue ink.
9. You may use a non-programmable pocket calculator.
10. Write neatly and legibly.



SECTION A (COMPULSORY)**QUESTION 1**

1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A–D) next to the question number (1.1.1–1.1.5) in the ANSWER BOOK, for example

1.1.4 C.

1.1.1 The value of assets owned by a household is ...

- A income
- B nominal value
- C real value
- D wealth

(2)

1.1.2 The reasons why banks fail is....

- A Lower inflation rate
- B Upswing in the economy
- C Bad management of liquidity
- D Increase in interest rates

(2)

1.1.3 High-income earners taxed at a higher rate is called ... system

- A proportional
- B regressive
- C progressive
- D Indirect tax

(2)

1.1.4 Theis used to measure the standard of living in the country

- A Level of per capita income
- B Inflation level
- C Balance of payment
- D Circular flow

(2)

1.1.5 The ... is the price at which the commercial banks lend money to other banks

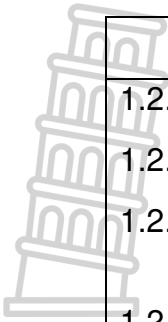
- A Price lending rate
- B Repurchase rate
- C profit
- D dividends

(2)

(5X2) (10)

1.2 Choose a description in COLUMN B that matches an item in COLUMN A.

Write only the letter (A–G) next to the question number (1.2.1–1.2.6) in the ANSWER BOOK, for example 1.2.2 A



COLUMN A		COLUMN B	
1.2.1	SARB	A	Rich industrialised nations of the world
1.2.2	Monetary policy	B	Child care grants and pensions
1.2.3	First world countries	C	Improvement in the standard of living
1.2.4	Transfer payments	D	The salaries and wages that households receive for labour services
1.2.5	Interest rate	E	Responsible for inflation targeting
1.2.6	income	F	The price at which money is borrowed or saved
		G	Services granted in a country

(6 x 1)

(6)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1-1.3.4) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted

1.3.1 Includes notes and coins that are circulating outside financial institutions

1.3.2 Industries that engage in production or extraction of natural resources such as crops and minerals

1.3.3 Used by the SARB to convince banks to act in a way that is desirable in the current economic climate

1.3.4 Business that offers small loans to people who are unable to acquire loans from banks

(4x1)

(4)

TOTAL SECTION A:

20



SECTION B

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

QUESTION 2: ECONOMIC PURSUITS

40 MARKS – 30 MINUTES

2.1 Answer the following short questions

2.1.1 Name any TWO forms of modern money. (2)

2.1.2 How does inflation influence the purchasing power of money? (2)

2.2 Study the information below and answer the questions that follow

Apart from conducting the common banking functions, banks play a paramount role in building the economy.



2.2.1 Which function of money is shown by the illustration above? (1)

2.2.2 Name any one instrument of monetary policy (1)

2.2.3 Briefly describe the concept *money* (2)

2.2.4 Explain government's banker as a function of central bank. (2)

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

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



Traditional healers broaden health care in South Africa

Source: Adapted from google images

- 2.3.1 Name an example of a public good from the above information (1)
- 2.3.2 Mention one component of indigenous knowledge system (1)
- 2.3.3 Briefly describe the term *indigenous knowledge system* (2)
- 2.3.4 Explain the importance of indigenous knowledge systems as part of local community (2)
- 2.3.5 Why does the government implement policies to protect and promote indigenous knowledge systems (4)
- 2.4 Briefly explain *entrepreneurship* and the *use of natural resources* as strategies for development (8)
- 2.5 Analyse South Africa's success efforts in redistributing income (8)

(40)



QUESTION 3: MACRO ECONOMICS

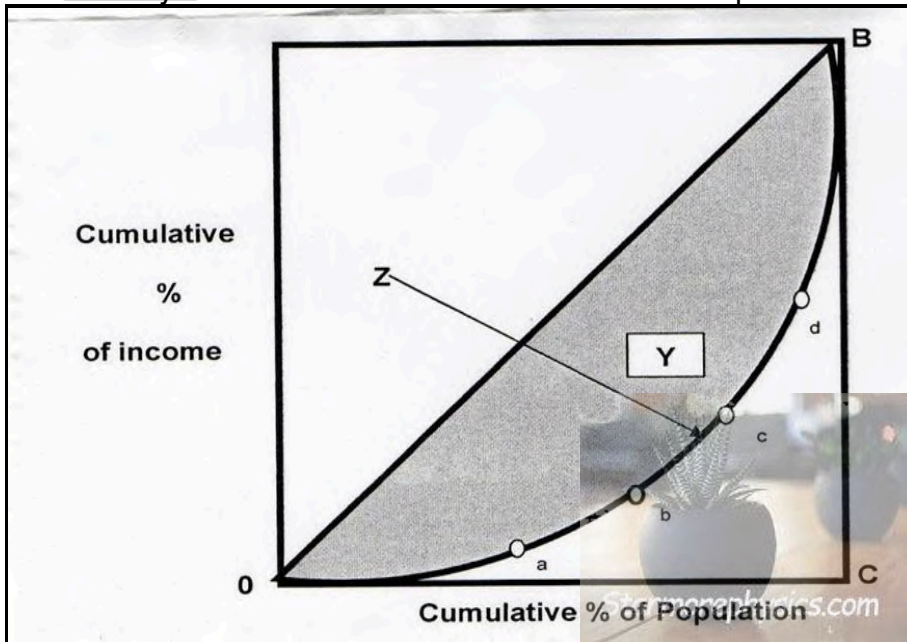
40 MARKS – 30 MINUTES

3.1 Answer the following short questions

3.1.1 Name any TWO money associated instruments (2)

3.1.2 What negative impact does borrowing money from a loan shark has for a consumer? (2)

3.2 Study the information below and answer the questions that follow



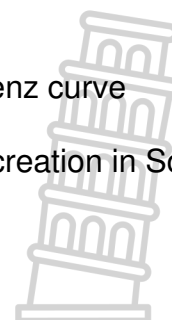
3.2.1 Name the curve labelled Z in the above graph (1)

3.2.2 What does the straight-line OB represent? (1)


3.2.3 Briefly describe the concept wealth (2)

3.2.4 Explain the relationship between line OB and Lorenz curve (2)

3.2.5 How has Covid 19 pandemic affected the wealth creation in South Africa? (4)



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



SOUTH AFRICAN INTEREST RATE

The South African Reserve Bank slashed its key repo rate by 50 basis points to 3.75% during its May meeting. The move follows a 100-basis points rate cut in April's emergency meeting, bringing borrowing costs to its lowest level on record, amid the coronavirus crisis. Policymakers said that monetary policy can ease financial conditions and improve the resilience of households and firms to the economic implications of the coronavirus outbreak.

[<https://tradingeconomics.com/south-africa/interest-rate>. May, 21 2020]

- 3.3.1 What led to the drastic cut of the repo rate? (1)
- 3.3.2 Name ONE risk of too much borrowing in the banking sector. (1)
- 3.3.3 Briefly describe the term *repo rate*. (2)
- 3.3.4 How will a cut in the repo rate influence producers? (2)
- 3.3.5 Which monetary policy measures can be used to influence the quantity of money in the economy? (4)
- 3.4 Briefly explain the role of micro – lenders in the economy (8)
- 3.5 Evaluate the success of GEAR and RDP as government initiative to promote growth and development (8)
- (40)**



SECTION C
ANSWER ONE QUESTION

STRUCTURE OF ESSAY	MARKS
<p>Introduction The introduction is a lower order response:</p> <ul style="list-style-type: none"> • A good starting point would be to define a concept or key word that appears in the question. • Do not include any part of the question in your introduction. • 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
<p>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/How? /Suggest</p>	Max. 26 Max. 10
<p>Conclusion Any relevant higher order conclusion that should include:</p> <ul style="list-style-type: none"> • A brief summary of what has been discussed / analysed without repeating facts already mentioned in the body; • An opinion or value judgment on the facts discussed; • Additional support information to strengthen the discussion / analysis; • A contradictory viewpoint with motivation, if so required; and • Recommendations. 	Max. 2
TOTAL	40

QUESTION 4: ECONOMIC GROWTH

- Discuss in detail the different methods used to redistribute income and wealth (26)
- Examine the impact of unemployment in the economy (10)

QUESTION 5: ECONOMIC DEVELOPMENT

- Discuss in detail the characteristics of developing countries (26)
- How does corruption in government affect the development of a country? (10)

TOTAL SECTION C (40)
GRAND TOTAL [100]





Province of the
EASTERN CAPE
EDUCATION

COMMON CONTROLLED TEST

GRADE 11

**ECONOMICS CONTROLLED TEST 2
MARKING GUIDELINES**

Stannmorephysics.com

MARKS: 100

This question paper consists of 13 pages.



SECTION A

QUESTION 1 COMPULSORY

1.1 Multiple choice items

1.1.1 A ✓✓

1.1.2 C ✓✓

1.1.3 D ✓✓

1.1.4 B ✓✓

1.1.5 D ✓✓

(5x2) (10)

1.2 Column items

1.2.1 D ✓

1.2.2 G ✓

1.2.3 F ✓

1.2.4 B ✓

1.2.5 C ✓

1.2.6 E ✓

(6x1) (6)

1.3 Concepts

1.3.1 Velocity of money ✓

1.3.2 Cheque ✓

1.3.3 Developmental state ✓

1.3.5 Credit cards ✓

(4x1) (4)

TOTAL SECTION A: [20]

SECTION B

QUESTION 2

2.1

2.1.1 Name any two examples of physical infrastructure.

- Roads and railway lines. ✓
- Communication system. ✓
- Water system. ✓
- Power supply/ electricity. ✓

(any other relevant answer 1 mark)

(2x1) (2)

2.1.2 Why is it important for government to use the BBEE procurement system?

- It is used as an instrument to redistribute income. ✓✓
- To redress the imbalances of the past. ✓✓

(any relevant answer 2 marks)

(1x2) (2)

2.2 Data response

2.2.1 Name the curve represented by the graph below?

Lorenz curve. ✓✓

(1)

2.2.2 What is measured by the graph?

The distribution of income. ✓

(1)

2.2.3 Explain Gini coefficient if it is 0 or 1

If it is 0 it means there is perfect equal distribution and when it is 1 there is imperfect equality of income distribution. ✓✓

(2)

2.2.4 Briefly explain what do the 45° line in this diagram show?

Equality of income distribution in all levels. ✓✓

(2)

2.2.5 Illustrate how progressive income tax system act as a redistribution method in South Africa?

- Higher income earners are taxed at a higher rate, currently the highest income bracket is taxed at 45%. ✓✓
- Lower income earners are either taxed at 0% or very low. ✓✓
- Tax rebates are also used to compensate tax charged at lower brackets. ✓✓
- Income collected from taxes is used to pay grants to the poor. ✓✓

(2x2) (4)

2.3 Data response items

2.3.1 Name any recent Economic policy by South African government.

- NGP✓
- NDP✓
- ASGISA✓
- GEAR✓
- RDP✓

(1)

2.3.2 Which institution is responsible for issuing these details in this extract which are used by the SARB?

- Statistics South Africa. ✓✓

(1)

2.3.3 Describe the term Economic growth rate

- The rate at which a nation's Gross Domestic Product (GDP) changes or grows from one year to another. ✓✓

(2)

2.3.4 Suggest any solution to achieve economic growth.

- Exploitation of new deposits of raw material such as coal, etc. ✓✓
- Improvement in technology. ✓✓
- Increase in capital investment. ✓✓
- Increase in labour productivity through education. ✓✓

(2)

2.3.5 In your own opinion what may hinder economic growth in South Africa?

- Burning of existing businesses ✓✓
- Lack of skilled and productive workforce. ✓✓
- High level of poverty resulting to higher taxes to cover social grants.
- Deficiency in infrastructure ✓✓
- Too much government interference to prevent direct foreign investment. ✓✓
- A lack of capital investment in our country. ✓✓
(accept any relevant answer)

(2x2) (4)

2.4. Briefly discuss the reasons for unequal distribution of income.

- Different skills and talents. ✓✓
- Inheritance gained from wealthy parents ✓✓
- Discrimination favours certain group of people ✓✓
- Healthy people are able to work harder ✓✓
- Some households are too much bigger than others and yet depend on one bread winner. ✓✓

(4x2) (8)

2.5. Evaluate per capita GDP as a measure of standard of living

- It takes into consideration the increase in the size of the population ✓✓
- It does not necessarily mean that income will be distributed equally ✓✓
- It can be used to compare standard of living in different countries ✓✓
- It can be used to compare standard of living in different years. ✓✓

- It has limitations that includes inability to account for inflation, disparity, poverty and savings ✓✓

(4x2) (8)

[40]

QUESTION 3

3.1

3.1.1 List any TWO money associated instruments.

- Debit cards/Bank transaction cards ✓
- Credit cards/Consumer cards ✓
- Electronic money/e-money ✓
- Money orders ✓
- Postal orders ✓

(2x1) (2)

3.1.2 Why fiat money is important?

- Money in the form of notes and coins that has no intrinsic value. ✓✓
- Its value is stable

(2)

3.2 DATA RESPONSE

3.2.1 Identify TWO institutions that are regulated by the SARB.

- Insurance companies ✓
- Pension funds companies ✓
- Commercial banks ✓

3.2.2 What is the interest rate that the SARB charge to the commercial banks when they borrow money from it?

- Repo rate ✓✓

3.2.3 What is the main purpose of commercial banks in South Africa.

- Taking deposits and making loans. ✓✓

(1 x 2) (2)

3.2.4 Why is the South African Reserve Bank important to the economy?

- It formulate and implement monetary policy ✓✓
- It makes sure that the financial system is sound and meet the requirements of the society ✓✓
- Assists in the formulation and implementation of macroeconomic policy ✓✓

(2x2) (4)

(Accept other correct answers)

3.3 DATA RESPONSE

3.3.1 Give the name of the system that was allowing exchange of a good for another good as a means of payment?

- Barter system ✓

(1)

3.3.2 What is inflation target in South Africa

- 3% – 6% ✓

3.3.3 What is termed modern money?

- Transfer of money to another account without using notes or coins ✓✓

(1)

3.3.4 Explain time value of money.

- A Rand today is worth more than a Rand in a future date OR A Rand in a future date will have less buying power than a Rand today. ✓✓ (2)

3.3.5 How the depositors and shareholders suffer when banks fail.

Depositors:

- Lose money because of run on it, the bank will stop repaying deposits when it runs out of cash ✓✓
- They may or may not get all of their deposit money back even if the assets a bank are sold. ✓✓

Shareholders:

- Shareholders are last in the line to get something out of a bank failure. ✓✓
- Their dividends disappear even before the bank fails. ✓✓

3.4 Explain low life *expectancy* and lack of education as the characteristics of developing country.

Low life expectancy

- Developing country has a low life expectancy, average 51 years, compared to 75 years for developed countries. ✓✓
- Means that a smaller portion of a developing country's population is available as an efficient labour force. ✓✓
- They are fighting an endless battle against diseases, ill health malnutrition. ✓✓

(Any 2 × 2)(4)

Low standard living

- Low living standards are also related to low levels of education. ✓✓
 - The level and effectiveness of education are expressed by the adult literacy rate. ✓✓
 - This is a percentage of people aged 15 years and above who can read, write and speak. ✓✓
 - Literacy rates in developing countries are low compared to those in developed countries. ✓✓
 - Education deficiencies and the apartheid legacy have caused severe skills shortages in South Africa. ✓✓
 - The most important way of escaping poverty for individuals is education. ✓✓
 - An improved education system is necessary to grow the economy as a whole. ✓✓
- (8)

3.5 How do indigenous knowledge systems contribute to economic development.

- Indigenous knowledge systems refer to local knowledge that is unique to a given society or culture. ✓✓
 - For economic development to take place, indigenous knowledge system should be taken into consideration. ✓✓
 - Indigenous knowledge systems are important in key areas such as agriculture, community development, animal husbandry, etc. ✓✓
 - The local community and the global community are development partners, sustainability can be achieved more effectively if they adapt to local conditions and indigenous practices. ✓✓
 - Stockvels which display Ubuntu principle should be encouraged as they may build needed capital. ✓✓
- (4x2) (8)

[40



SECTION C

STRUCTURE	MARK ALLOCATION
<p>Introduction</p> <ul style="list-style-type: none"> • 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. 	<p>Max.2</p>
<p>Body:</p> <p>Main part: Discuss in detail/In-depth discussion/Examine/ Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/ Assess/Debate</p> <p>Additional part: Give own opinion/Critically discuss/Evaluate/Critically/Evaluate/Draw a graph and explain/ Complete the given graph and explain/ Use the graph given and explain/ Distinguish/Interpret/ Briefly debate</p>	<p>Max.26</p> <p>Max.10</p>
<p>Conclusion:</p> <p>Any higher-order conclusion should include:</p> <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned in the body • Any opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required 	<p>Max.2</p>
<p>TOTAL</p>	<p>40</p>



QUESTION 4: ECONOMIC PURSUITS 40 MARKS – 40 MINUTES

- Discuss the methods used to increase economic growth in detail. (26)
- How can human and natural resources be used to ensure economic development? (10)

INTRODUCTION

- Economic growth means an increase in the production of goods and services in a country (over a year) in physical terms (in numbers). ✓✓
- Economic growth is therefore measured and expressed in terms of *real* GDP. ✓✓

(Any relevant introduction) (Max. 2)

BODY

MAIN PART

Methods of growing the economy

Increases in productivity ✓

- Productivity can be described as the relationship between real output (the quantity of goods and services produced) and one unit of factor input. ✓✓
- Productivity increases can occur in five ways:
 1. Output increases while input remains the same. ✓✓
 2. Output increases faster than input. ✓✓
 3. Output increases while input declines. ✓✓
 4. Output remains constant while input declines. ✓✓
 5. Output declines at a slower rate than input. ✓✓

Availability and utilisation of factors of production ✓

- In terms of the labour force, growth will occur if the ratio of the working population to the total population increases. ✓✓
- In terms of land and natural resources an increase is rarely possible. ✓
- However, land, for example, can be used for new purposes that will render better returns (for example to grow canola rather than wheat). ✓✓
- In terms of capital, capital widening and deepening should be pursued to achieve growth. ✓✓

Technological change ✓

- Technology is any instrument or technique, product or process, physical equipment or method whereby something is made or done, which extends human ability. ✓✓
- If new ways are discovered so that more goods and services can be produced with similar inputs, technology has improved. ✓✓
- Most of the time, new technology is acquired through capital investments. ✓✓

Effective government policies and administration. ✓

- Effective policies mean policies that will ensure that pre-set objectives are met. ✓✓
- Government should have policies in place that will realise, for example, more exports, growth in tourism and the expansion of manufacturing industries. ✓✓
- Use of effective fiscal and monetary policies. ✓✓
- Efficient administration means that the policies are executed in a manner that minimises time wastage, inconvenience and costs. ✓✓
- Nepotism (favouritism), corruption (the use of public office for private gain) and indifference or laziness increase transaction costs for enterprises. ✓

Investment. ✓

- An increase in capital per worker will generally increase output ✓ In other words, the more equipment used by people at work, the more likely they are to produce. ✓✓
- To increase capital requires investment and that investment requires savings. ✓✓

(Headings and examples max 8 marks) Main part: 26

ADDITIONAL PART

- Natural resources are extracted through primary sector activities, which creates employment and income opportunities for unskilled and semi-skilled workers who make up the largest part of South Africa's labour force. ✓✓
- Global production relies on natural resources, creating export opportunities that create employment and income opportunities which increase living standards. ✓✓
- South Africa receives a lot of income from the tourism industry due to the availability of natural resources (environment) that are set aside for tourist attractions, improving the living standards of the individuals employed in the tourism industry. ✓✓
- People that are skilled will be able to find employment, which will increase income and living standards ✓✓ therefore improving human resources through education and training can create economic development. ✓✓

CONCLUSION

- To improve the standard of living of all the people of South Africa, higher growth rates are needed. ✓✓
 - Under the Accelerated and Shared growth for South Africa (AsgiSA) programme, a continuous growth rate of 6% was identified as the minimum to reduce unemployment meaningfully. ✓✓
 - The most recent target of the government, in terms of the NGP, is to realise a growth rate that will reduce unemployment by 5 million by 2020. ✓✓
- (Any relevant higher order conclusion) **(Max 2)**

[40]

QUESTION 5

Developing countries can be classified as low-income, middle-income or newly industrialised countries.

- Discuss the characteristics of developing countries. (26)
- In your opinion, will the government's National Development Plan (NDP) be successful? (10)

INTRODUCTION

- Refers to countries where not everyone has access to resources which allow them to live a free, health and safe life. ✓✓ (2)
- Accept any relevant answer

BODY: MAIN PART

Low standard of living ✓

- Spending by the public as well as the private sector on housing, education and health services is low when compared to developed economies. ✓✓
- As a result, the standard of living is a lot lower with people living below the poverty line. ✓✓
- Indicators of low standards of living: poor housing, low health standards, high infant mortality rates, high malnutrition levels, lack of education. ✓✓
- People are not expected to live as long as their counterparts in developed countries because of health, nutritional and other similar disadvantages. ✓✓

Low levels of investment ✓

- Countries in developing countries have huge sums of foreign debt to repay which means that these funds do not go towards much needed capital projects, e.g. bridges, hospitals, etc. ✓✓
- Savings amongst the inhabitants of the country are low because of the lower standard of living – the level of disposable income is low - hence the low levels of capital formation. ✓✓
- Developmental projects are delayed even further. ✓✓

Low levels of productivity ✓

- Measured by output per worker etc. is very low. ✓✓
- This can be attributed to factors such as poor nutrition, illiteracy, lack of good public health services, inadequate drinking water, poor sanitation and waste disposal, high incidence of environmental and water-borne diseases. ✓✓
- Lack of capital goods (investment in physical capital, e.g. machinery), low levels of managerial expertise and motivation, and a lack of access to technology also contribute to low productivity levels. ✓✓

- Monetary capital which may be used to develop human capital into more efficient labour, competent managers and entrepreneurs is also lacking. ✓✓
- Low levels of savings by the habitants also contribute to low productivity as a result of low levels of personal income being spent on day to day living. ✓✓

High population growth and burden of dependents✓

- Developing countries have a high population growth rate (measured by the crude birth rate) and this causes problems such as unemployment. It also puts housing, education and health services under pressure. ✓✓
- This places a great burden on the economically active population. ✓✓
- In developed countries inhabitants tend to have smaller families and thus are able to save more. ✓✓

High levels of unemployment✓

- Low levels of education and training and entrepreneurial knowledge add to unemployment rates. ✓✓
- Large-scale unemployment occurs because jobs are not available for those who want to find employment. ✓✓
- In additional to this, when the workers are not being utilised to their full potential, underemployment of employed labour occurs. ✓✓

Dependence on the primary sector✓

- Primary industries tend to dominate in their ranking with subsistence farming methods instead of commercial farming dominating their economies. ✓✓
- A high proportion of the population is employed in the primary sector. ✓✓
- Primary products account for a high percentage of exports and dominate the economy. ✓✓

Deficient infrastructure✓

- Developing countries lack a good infrastructure (roads, power generation facilities, communication systems) to develop their secondary and tertiary industries fully. ✓✓
- The existing infrastructure is not well maintained. ✓✓
- Poor infrastructure hampers access to markets. ✓✓ (Max. 26)

.BODY: ADDITIONAL PART

NATIONAL DEVELOPMENT PLAN (NDP)

- The National Development Plan aims to eliminate poverty and reduce inequality by the year 2030. ✓✓
- The plan put together by the then National Planning Commission, Minister Trevor Manuel contains a broad range of policy proposals describing what

needs to be done to endure the country's success over medium to long term.

- The development plan is built on 6 pillars ✓✓
 - The effectiveness of redress measures such as black economic empowerment and employment equity must improve. ✓✓
 - Citizens and communities must hold their leaders accountable for their actions. ✓✓
 - Growing an inclusive economy (raise employment by 11 million to 24 million) ✓✓
 - The need to improve capabilities (public transport, port and water infrastructure)
 - The need for a capable and developmental state ✓✓
 - Responsibilities of leaders throughout society to work together to solve our problems. ✓✓
- (Max. 10)

Accept any other relevant answer.

CONCLUSION

Developing countries have to put in place policies which attract investors from the developed world who will bring the much-needed expertise to compliment local investors' efforts. ✓✓

(Any other relevant conclusion) (Max. 2)

TOTAL SECTION C :40

