This question paper consists of 14 pages.
INSTRUCTIONS AND INFORMATION

1. Answer SIX questions as follows:
   - SECTION A: COMPULSORY
   - SECTION B: Answer any THREE questions in your ANSWER BOOK
   - SECTION C: Answer any TWO questions in your ANSWER BOOK

2. Write the number of the question above each answer.

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 in full sentences and ensure that the format and content of your responses comply with the cognitive requirements of the questions.

7. Write legibly.

8. Answer only the required number of questions. Answers in excess of this number will NOT be marked.

9. Use only black or blue ink. Lead pencil answers will NOT be marked.

10. Non-programmable pocket calculators may be used.
SECTION A (COMPULSORY)

QUESTION 1

1.1 Various possible options are provided as answers to the following questions. Write only the letter (A – C) next to the question number (1.1.1 – 1.1.12) in the answer book.

1.1.1 The production of capital goods is generally known as capital ...
   A expenditure.
   B formation.
   C enrichment.

1.1.2 The remuneration of mineral rights is called ...
   A rent.
   B profit.
   C royalties.

1.1.3 An important characteristic of the South African labour force is the oversupply of ... labour.
   A skilled
   B unskilled
   C highly skilled

1.1.4 Even if a company delivers no output, it must still bear ... cost.
   A marginal
   B fixed
   C variable

1.1.5 A market composed of a small number of dominant producers only, whose pricing decisions are interdependent, is called a ...
   A monopoly.
   B oligopoly.
   C joint venture.

1.1.6 The subjective feeling that refers to the amount of satisfaction that someone obtains from consuming an additional unit, is called ...
   A utility.
   B total utility.
   C marginal utility.
1.1.7 The total supply of money in the economy is known as ...
A M2.  
B M3.  
C M1.

1.1.8 The ... rate is the most important determinant of short-term interest rates.
A bank  
B repo  
C export

1.1.9 A country’s standard of living will increase through ...
A increased consumption expenditure.  
B a decrease in production.  
C a higher inflation rate.

1.1.10 International trade agreement disputes are mediated by the ...
A UN.  
B WTO.  
C IMF.

1.1.11 In South Africa household waste disposal is the responsibility of ...
A local  
B provincial  
C central

1.1.12 A system which is used to process waste into useful products, is known as ...
A production.  
B recycling.  
C redistribution.  
(12 x 2) (24)
1.2 Choose, from the list, the word/term that best describes the statements that follow. Write only the correct word/term next to the question number (1.2.1 - 1.2.5) in the answer book.

regionalisation; externalities; wealth; utility; trade liberalisation; capital liberalisation; internationalisation

1.2.1 The world-wide interacting and integration of economies
1.2.2 Removal of exchange and investment control
1.2.3 The tendency to promote economic integration by establishing economically co-operative regions
1.2.4 Financial and physical assets owned by individuals
1.2.5 Negative effects of development on the environment (5 x 2) (10)

1.3 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A - I) next to the question number (1.3.1 - 1.3.8) in the answer book.

<table>
<thead>
<tr>
<th>COLUMN A</th>
<th>COLUMN B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3.1 Wages</td>
<td>A an increasingly popular substitute for cash</td>
</tr>
<tr>
<td>1.3.2 Unregulated</td>
<td>B indigenous philosophy</td>
</tr>
<tr>
<td>1.3.3 Profits</td>
<td>C indigenous insurance association</td>
</tr>
<tr>
<td>1.3.4 Command system</td>
<td>D the newest development to facilitate payment</td>
</tr>
<tr>
<td>1.3.5 E-money</td>
<td>E remuneration that fluctuates and is uncertain</td>
</tr>
<tr>
<td>1.3.6 Ubuntu</td>
<td>F means the government does not interfere</td>
</tr>
<tr>
<td>1.3.7 Debit cards</td>
<td>G refers to a political system</td>
</tr>
<tr>
<td>1.3.8 Stokvel</td>
<td>H remuneration earned by labour</td>
</tr>
<tr>
<td></td>
<td>I refers to an economic system</td>
</tr>
</tbody>
</table>

(8 x 2) (16)

TOTAL SECTION A: 50
SECTION B

Answer any THREE questions from this section in your ANSWER BOOK.

QUESTION 2: LO1 MACRO-ECONOMICS, AS1-AS3

2.1 Answer the following questions appropriately.

Choose the correct word within brackets. Write only the correct word next to the question number (2.1.1 – 2.1.4) in the answer book.

2.1.1 Production is the creation of (utilities/jobs).

2.1.2 Goods used as inputs by enterprises are known as (final/intermediate) goods.

2.1.3 A mixture of a market and a centrally planned economy implies a (mixed/free) economy.

2.1.4 Some people refer to the manufacturing sector as the (secondary/tertiary) sector. (4 x 2) (8)

2.1.5 State any THREE reasons why the secondary sector is of such economic importance. (3 x 2) (6)

2.2 Study the following table and answer the questions that follow:

<table>
<thead>
<tr>
<th>Changing structure of the South African economy (% contribution to GDP)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Primary</td>
</tr>
<tr>
<td>Secondary</td>
</tr>
<tr>
<td>Tertiary</td>
</tr>
</tbody>
</table>

2.2.1 Which sector contributed most to the GDP in 2005? (2)

2.2.2 Explain the TWO kinds of primary operations. (4)

2.2.3 Compile a correctly labelled pie chart of the three sectors during 2005. Supply the graph with a suitable heading. (4)

2.2.4 Briefly discuss the change in structure of the South African economy between 1960 and 1980. (4)
2.2.5 Study the following graph and answer the question that follows:

![Composition of GDP graph](image)

Explain why the primary sector's contribution to the GDP is declining although production by the primary sector is increasing.

2.3 Critically discuss the economic importance of entrepreneurship in a South African context.

**QUESTION 3: LO2 MICRO-ECONOMICS, AS2-AS3**

3.1 Answer the following questions appropriately.

Choose the correct word between brackets. Write only the correct word next to the question number (3.1.1 – 3.1.4) in the answer book.

3.1.1 Goods or services are (substitutes/complements) when they are consumed together, for example cars and petrol.

3.1.2 A market is (imperfect/perfect) when the changes in output by one firm do not shift the industry supply curve sufficiently to alter the price.

3.1.3 The cost item that will change according to the level of output is called (average/variable) cost.

3.1.4 The change in a firm's total revenue as a result of selling an extra unit of the output is called (marginal/average) income.
3.1.5 List any THREE characteristics/conditions of a perfect market. 

3.2 Study the following table and answer the questions that follow:

<table>
<thead>
<tr>
<th>U</th>
<th>FC</th>
<th>VC</th>
<th>TC</th>
<th>AC</th>
<th>MC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>30</td>
<td>30</td>
<td>60</td>
<td>60</td>
<td>60</td>
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<td>2</td>
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<td>40</td>
<td>20</td>
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<td>3</td>
<td>30</td>
<td>60</td>
<td>A</td>
<td>30</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>30</td>
<td>90</td>
<td>120</td>
<td>B</td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>30</td>
<td>140</td>
<td>170</td>
<td>34</td>
<td>C</td>
</tr>
<tr>
<td>6</td>
<td>30</td>
<td>201</td>
<td>231</td>
<td>38.5</td>
<td>61</td>
</tr>
</tbody>
</table>

3.2.1 Define total cost (TC). 

3.2.2 Determine A, B and C. (Show formulas and calculations.) 

3.2.3 Study the following graph and determine the optimum point of production. (Indicate the total number of units produced.)

3.2.4 Calculate the total revenue at the optimum production point. 

3.3 Explain the relationship between factor and product markets.
QUESTION 4: LO3 ECONOMIC PURSUITS, AS1-4

4.1 Answer the following questions appropriately.

Choose the correct word within brackets. Write only the correct word next to the question number (4.1.1 – 4.1.4) in the answer book.

4.1.1 The figure which tells us exactly how equitable the income distribution of a country is, is known as the (Gini-coefficient/discomfort index).

4.1.2 The macro-economic strategy of the government is known as (RDP/GEAR).

4.1.3 The amount of real goods and services each unit of money will buy, is called the (nominal/real) value of money.

4.1.4 Closer economic liaison and co-operation between areas and countries is known as economic (integration/co-operation). (4 x 2) (8)

4.1.5 List THREE technical functions of money. (3 x 2) (6)

4.2 Study the information and answer the questions that follow:

"We cannot and will not walk away from our international responsibility to add our voice to global efforts to create a better world of peace, democracy, a just world order and prosperity for all nations."


**African challenges**

During the following year, we will continue to engage the African challenges:
- Focus on peace and democracy in the DRC, Côte d’Ivoire and Sudan
- Help strengthen the AU
- Accelerate implementation of NEPAD
- Ensure that we conduct a successful self-assessment process as we prepare our national report for the African Peer Review Mechanism

4.2.1 What do the abbreviations AU, ASGISA and NEPAD stand for? (6)

4.2.2 List any TWO objectives of the above-mentioned organisations/strategies. (6)
4.2.3 Study the following graph and answer the questions that follow:

(a) Identify the curve (Z) in the above graph. (2)
(b) What does the straight line OB imply? (2)
(c) Identify the shaded area (Y). (4)

4.3 Discuss the monetary policy of the SA Reserve Bank in detail. (16)

QUESTION 5: LO4 CONTEMPORARY ECONOMIC ISSUES, AS1-AS4

5.1 Answer the following questions appropriately.

Choose the correct word between brackets. Write only the correct word next to the question number (5.1.1 – 5.1.4) in the answer book.

5.1.1 The new Skills Development Act has led to the establishment of (SETAS/JIPSA) which are responsible for managing education and training in their respective sectors.

5.1.2 The majority of countries in the Northern Hemisphere have a (lower/higher) industrial production than those in the Southern Hemisphere.

5.1.3 The environment provides us with a variety of services, including a habitat and (natural/human) resources with which to produce goods and services.

5.1.4 The two main sources of economical statistics in South Africa are the SARB and (Land Bank/Stats SA). (4 x 2) (8)
5.1.5 List any THREE examples of non-renewable resources. (6)

5.2 Study the following information and answer the questions that follow:

A "If all prices and incomes rose equally, no harm would be done to anyone. But if the rise is not equal, then many lose and some gain.' [Irving Fisher]

B

5.2.1 In your own words, what does the quotation (A) mean? (4)

5.2.2 Identify the theory formulated by the above-mentioned economist. (2)

5.2.3 Give the equation. (2)

5.2.4 Make use of the figure of the scale (B) to illustrate the influence of money, goods and services on the general price level. (6)

5.2.5 State any THREE arguments against Fisher's theory. (3 x 2) (6)

5.3 Discuss the different approaches with regard to the protection of the environment. (16)

[50]
QUESTION 6: LO1 – AS2 AND LO2 – AS1, MACRO- AND MICRO-ECONOMICS

6.1 Answer the following questions appropriately.

Choose the correct word within brackets. Write only the correct word next to the question number (6.1.1 – 6.1.4) in the answer book.

6.1.1 The supply of natural resources are (limited/unlimited).

6.1.2 Goods, which are consumed in the process of being used, are referred to as (durable/non-durable) goods.

6.1.3 The quantile ratio measures the degree of (equality/inequality).

6.1.4 The process whereby countries and societies are transformed economically is known as economic (growth/development).

6.1.5 List any THREE methods to increase economic growth.

6.2 Study the following graph and then answer the questions that follow:

6.2.1 Define the concept Gross Domestic Product (GDP).

6.2.2 What happened to the trend in the real GDP per capita post 1994?
6.2.3 Calculate the real GDP per capita back to nominal figures for the year 1981. Accept 1980 as base year and the CPI for 1981 = 105. Show calculations. (4)

6.2.4 Discuss the influence the real GDP had on final consumer expenditure from 2002 to 2005. (4)

6.2.5 Explain the concept of *economy of scale*. (8)

6.3 Distinguish, in tabular form, between the opportunities and threats of globalisation. (16)

TOTAL SECTION B: 150
SECTION C

Answer any TWO questions from this section in your ANSWER BOOK.

QUESTION 7: LO1 MACRO-ECONOMICS, AS1

‘Infrastructure is the backbone of the South African economy.’

Discuss this statement with particular reference to the role of EACH element of South Africa’s infrastructure. Also make reference in this regard, of South Africa’s readiness to host the 2010 FIFA Soccer World Cup.

[50]

QUESTION 8: LO2 MICRO-ECONOMICS, AS3

Explain price elasticity of demand. In your answer you should illustrate the different forms of price elasticity of demand by using well-labelled graphs. Calculate the price elasticity of demand, using the appropriate formula.

[50]

QUESTION 9: LO3 ECONOMIC PURSUITS, AS2

Write an essay on the characteristics of developing countries, emphasising the links to human resources as strategy to encourage development. Refer specifically to the situation in South Africa.

[50]

QUESTION 10: LO4 CONTEMPORARY ECONOMIC ISSUES, AS3

Discuss the poverty problem in South Africa with reference to its causes, characteristics and possible solutions. Also give your own opinion in respect of efforts by international (for example World Economic Forum) and local agencies to eradicate poverty.

[50]

TOTAL SECTION C: 100

GRAND TOTAL: 300