



# EFFINGHAM SECONDARY SCHOOL

## ECONOMICS REVISION – Paper 1



GRADE : 11                      MAY 2020

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### SCOPE - MACRO ECONOMICS

1. Factors of Production
  2. Economic Goods
  3. Economic Systems
  4. Sectors of the Industry
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#### QUESTION ONE

1.1 Choose the correct option from the alternatives given.

1.1.1 Capital widening occurs when .....

- A capital stock is increased to accommodate an increasing labour force
- B amount of capital per worker is increased
- C there is an increase in infrastructure

1.1.2 Lack of private initiative occurs in a ..... economy

- A market                      B centrally planned                      C mixed

1.1.3 Wholesalers, retailers and transport are classified as the ..... sector

- A primary                      B secondary                      C tertiary

1.1.4 A scarce renewable resource in South Africa is .....

- A gold                                      B coal                                      C water

1.1.6 When calculating GDP, only final goods and services are included and this avoids.....

- A increase in taxes
- B fraud
- C double counting

- 1.1.7 The largest component of public sector expenditure is the
- A remuneration of public sector
  - B capital expenditure
  - C expenditure on social security

**1.2 Give one term for each of the following description.  
Write only the term next to the question number**

- 1.2.1 The movement of factors of production from one location to another
- 1.2.2 Considers errors and omissions on calculating national figures of a country
- 1.2.3 Recognises and identifies opportunities
- 1.2.4 Goods that are purchased to be used as inputs in producing final goods
- 1.2.5 The improvement of the social lives of people
- 1.2.6 Made up of the central government, provincial government, local government and state-owned enterprises

**Choose an appropriate description from COLUMN B to match the concept in COLUMN A. Write only the letter of your correct choice**

	<b>COLUMN A</b>		<b>COLUMN B</b>
1.3.1	TB & HIV/AIDS	<b>A</b>	Determined by the National Treasury
1.3.2	Employment Equity Act	<b>B</b>	Government takes over previously owned state-enterprises
1.3.3	Administered prices	<b>C</b>	Planned expenditure and income for the next three years
1.3.4	Fiscal Policy	<b>D</b>	Pollution
1.3.5	Nationalisation	<b>E</b>	Set by the state
1.3.6	Negative externalities	<b>F</b>	Remuneration received by entrepreneur
1.3.7	Profit	<b>G</b>	Increases the burden of health care
1.3.8	Medium Term Expenditure framework	<b>H</b>	Ensures equal representation in the work place

Read the article and answer the questions that follow

### Herman Mashaba of **BLACK LIKE ME**

No guts, No glory. Just ask Mashaba, the CEO and founder of Black like me. His story is the stuff movies are made of. His aim was clear: he wanted a better life. A former dispatch clerk and door-to-door salesman, he created black like me when black entrepreneurs were rare to find. The company was born with Herman heading a four person operation, including his wife.

It had its ups and down, but stood its ground- thanks to the ever enthusiastic Herman. Black Like Me was launched in the UK and is holding firm in the market. He wants to make his company the "Coca-Cola of beauty industry" not only in SA but also the world

*www.metropolitan.co.za/documents*

- 1 Name one personal quality that made Mashaba's company successful
- 2 Explain 'no guts, no glory'
- 3 How does Mashaba's company try to reduce the unemployment rate in SA
- 4 State one tip that entrepreneurs can learn from Mashaba.
5. This company will employ labour.
  - 5.1 Name two characteristics of labour
  - 5.2 Classify the different types of labour and give one example of each
  - 5.3 What problems do labour face in SA
  - 5.4 How can the quality of labour improve in South Africa?

## QUESTION TWO

(A)

	Billions of Rands
Compensation of employees	550
Net operating surplus	670
Consumption of fixed capital	324
Gross value added at factor cost	<b>A</b>
Other taxes on production	100
Subsidies on production	45
GVA at basic price	<b>B</b>
Taxes on products	130
Subsidies on products	90
GDP at market price	<b>C</b>

- 2.1 From what source was the above data obtained?
- 2.2 Name the three methods used to calculate GDP
- 2.3 **Give one example each of :**
  - 2.3.1 Subsidies on production
  - 2.3.2 Taxes on products
  - 2.3.3 Subsidies on products
  - 2.3.4 Taxes on production
- 2.4 What do you understand by compensation of employees
- 2.5 Calculate A, B and C

B

<b>GDP</b>	<b>568 990</b>
<b>Factor payments from the rest of the world</b>	<b>56 765</b>
<b>Factor payments to the rest of the world</b>	<b>87 342</b>
<b>A</b>	<b>?</b>

1. Provide a term representing a
2. Differentiate between factor payment from the rest of the world  
And factor payment to the rest of the world. Give examples
3. Calculate a

### QUESTION THREE

Read the given article and answer the questions that follow :

#### **Lonmin in talks with unions over 3 500 job cuts**

**Lonmin, the world largest platinum producer is talking to labour unions about shedding 3 500 job as part of its plan to reduce labour costs by 10 %and a low platinum group metal price environment.**

**The chief executive said that the mining industry is going through another economic challenge and they have to make difficult decisions to maintain the resilience of their business and employment**

*Adapted : Business Report 8 May 2015*

- 3.1 In which country is Lonmin Mines situated?
- 3.2 List two reasons for the “3 500 job cuts”
- 3.3 How do you think the unions will respond to the job cuts?
- 3.4 How will the job cuts affect the economy?
- 3.5 Name the composition of the primary sector
- 3.6 How does the primary sector help the secondary sector to grow.
- 3.7 Discuss the importance of the secondary sector

**QUESTION FOUR** Cartoon below

- 4.1 What industry is represented in the cartoon?
- 4.2 How has the above industry failed the economy?
- 4.3 What will the consequences be if the above industry was privatised ?
- 4.4 How is the government intervening in the above situation?



**QUESTION FIVE**



Supporters of BEE argue that BEE promotes economic development, but is this so?  
*Adapted : <http://.blog.com>*

- 5.1 What is the aim of black economic empowerment?
- 5.2 Name any two areas for creating change by using BEE
- 5.3 What challenges does BEE policy currently face?
- 5.4 Explain the message depicted in the cartoon.
- 5.5 Explain state owned enterprises

## **QUESTION SIX**

- 6.1 Define the following terms :

Liquidity    Administered prices    GNI    SMME    IPAP

- 6.2 List two factors affecting :  
Rent  
Interest on capital  
Profit  
Wages

- 6.3 Discuss the economic importance of : capital    labour

- 6.4 List two characteristics of an entrepreneur

- 6.5 How does the entrepreneur influence the economic activity of a country

## **QUESTION SEVEN**

- 7.1 Define the term economically marginalised groups

- 7.2 How are these groups being assisted by the government

- 7.3 What are the challenges facing the education department and the health department

- 7.4 Classify consumer goods and give an example of each

- 7.5 What is the purpose of BEE and EEA?

- 7.6 Explain how communication has improved in South Africa

- 7.7 Discuss the NDP in detail

- 7.8 Differentiate between nationalisation and privatisation

## **QUESTION NINE**

- 8.1 List TWO characteristics of : Capitalism, command economy and a mixed economy

- 8.2 List TWO advantages of : Capitalism, command economy and a mixed economy

- 8.3 List TWO disadvantages of : Capitalism, command economy and a mixed economy

**TERMINOLOGIES - TEST YOUR KNOWLEDGE**

1	Negative Externality	
2	Positive externality	
3	Monetary policy	
4	Fiscal policy	
5	MTEF	
6	Economic development	
7	Economic growth	
8	Public sector	
9	Subsidies	
10	Tax	
11	Marginalised groups	
12	Budget	
13	Lorenz curve	
14	Gini Coefficient	
15	Communications	
16	Energy	
17	Progressive income tax	
18	Wealth	
19	SANRAL	
20	New Growth Path	
21	Bureaucracy	
22	Inflation	
23	GDP	