

SMARTWIZ

GRADE11 ECONOMICS EXAM

MARKS: 100

TIME: 2 HOURS

SCHOOL _____

CLASS (eg. 4A) _____

SURNAME _____

NAME _____

MARKS	
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Instructions for Learners:

- Read all instructions carefully before you begin the exam.
- Write your full name and student number clearly on the answer sheet/book.
- Answer all questions unless otherwise instructed.
- Show all your work/calculations where necessary.
- Write neatly and clearly.
- Use only a blue or black pen. Do not use correction fluid or tape.
- Electronic devices (calculators, cell phones, etc.) are not allowed unless explicitly permitted.
- Raise your hand if you have any questions.
- Do not talk to other learners during the exam.
- Any form of cheating will result in immediate disqualification from the exam.

This exam consists of six pages, including the cover page.

● SECTION A: SHORT QUESTIONS (30 MARKS)

QUESTION 1: MULTIPLE CHOICE ($5 \times 2 = 10$ marks)

Choose the correct option (A–D):

1.1 An increase in demand with constant supply will lead to:

- A) Lower prices
- B) Surplus
- C) Higher prices
- D) Equilibrium

1.2 Perfect competition has:

- A) One seller
- B) Many sellers
- C) Few sellers
- D) Government regulation

1.3 A merit good is:

- A) Bad for society
- B) Provided by the private sector only
- C) Under-consumed if left to the market
- D) A luxury

1.4 Inflation refers to:

- A) Increase in GDP
- B) Increase in unemployment
- C) General increase in prices
- D) Increase in savings

1.5 Which policy fights inflation?

- A) Expansionary fiscal policy
- B) Contractionary monetary policy
- C) Subsidies
- D) Tax reductions

QUESTION 2: MATCHING ITEMS ($5 \times 2 = 10$ marks)

Match the terms in Column A with the correct definitions in Column B.

Column A	Column B
2.1 Demand	A. Cost of choosing one option over another
2.2 Oligopoly	B. Few firms dominate the market
2.3 Opportunity cost	C. Willingness and ability to buy a good
2.4 Recession	D. Fall in GDP for two consecutive quarters
2.5 Monetary policy	E. Controlled by central bank

QUESTION 3: TERMINOLOGY ($5 \times 2 = 10$ marks)

Define the following concepts:

3.1 Market equilibrium

3.2 Economic growth

3.3 Black market

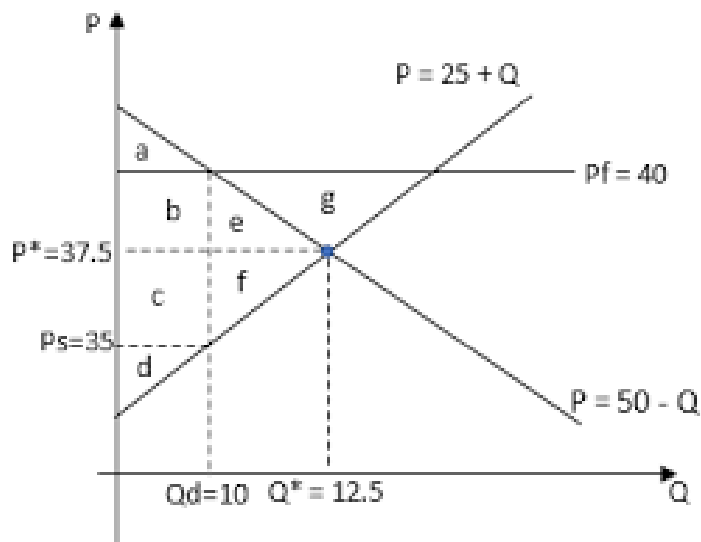
3.4 Price ceiling

3.5 Collusion

● SECTION B: DATA RESPONSE & GRAPHS (40 MARKS)

QUESTION 4: DEMAND & SUPPLY ANALYSIS (10 marks)

Refer to the graph below:




A new government subsidy shifts supply rightward.

4.1 What is the original equilibrium price and quantity?

4.2 What effect does the subsidy have on supply?

4.3 Illustrate the new equilibrium price and quantity after subsidy.

 (Draw on the graph or explain)

4.4 Name ONE factor (other than subsidy) that can shift supply.

4.5 Explain what will happen if the government sets a price ceiling at R6.

QUESTION 5: MARKET STRUCTURES (15 marks)

5.1 List TWO characteristics of a monopolistic competition.

5.2 Complete the table below:

Market Structure	No. of Firms	Price Control	Example
Perfect Competition	Many	None	Farming
Monopoly	1	High	_____
Oligopoly	_____	Some	_____

(4 marks)

5.3 Explain why monopolies can be bad for consumers.

5.4 Name TWO ways government can regulate monopolies.

5.5 Give ONE real-life example of a monopoly in South Africa.

QUESTION 6: INFLATION & UNEMPLOYMENT (15 marks)

Refer to the graph:

Inflation Rate & Unemployment Rate (2021–2023)

Year	Inflation Rate (%)	Unemployment Rate (%)
2021	4.5	34
2022	7.2	35.5
2023	5.9	33.9

6.1 What year had the highest inflation rate?

6.2 Explain how inflation affects purchasing power.

6.3 Identify a year where both inflation and unemployment were high.

6.4 Suggest ONE reason for a decrease in unemployment in 2023.

6.5 Name ONE policy government can use to reduce unemployment.

● SECTION C: ESSAY (30 MARKS)**QUESTION 7: ESSAY – MARKET FAILURE**

"Discuss market failure with reference to merit and demerit goods, and externalities. Suggest how government can intervene to correct these failures."

Include:

- Definition of market failure
- Examples of merit and demerit goods

- Positive and negative externalities
 - Government interventions (e.g., taxes, subsidies, legislation)
 - Logical structure and own opinion
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● **END OF PAPER**
TOTAL: 100 MARKS



MEMO**● SECTION A: SHORT QUESTIONS (30 MARKS)****QUESTION 1: MULTIPLE CHOICE ($5 \times 2 = 10$ marks)**

- 1.1 C – Higher prices
 - 1.2 B – Many sellers
 - 1.3 C – Under-consumed if left to the market
 - 1.4 C – General increase in prices
 - 1.5 B – Contractionary monetary policy
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QUESTION 2: MATCHING ITEMS ($5 \times 2 = 10$ marks)

- 2.1 C – Willingness and ability to buy a good (Demand)
 - 2.2 B – Few firms dominate the market (Oligopoly)
 - 2.3 A – Cost of choosing one option over another (Opportunity cost)
 - 2.4 D – Fall in GDP for two consecutive quarters (Recession)
 - 2.5 E – Controlled by central bank (Monetary policy)
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QUESTION 3: TERMINOLOGY ($5 \times 2 = 10$ marks)

- 3.1 Market equilibrium: A point where quantity demanded equals quantity supplied.
 - 3.2 Economic growth: An increase in the production of goods and services over time, often measured by GDP.
 - 3.3 Black market: Illegal trading of goods and services outside government regulations.
 - 3.4 Price ceiling: A maximum price set by the government that sellers can charge for a product.
 - 3.5 Collusion: When firms in a market cooperate to fix prices or output, reducing competition.
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● SECTION B: DATA RESPONSE & GRAPHS (40 MARKS)**QUESTION 4: DEMAND & SUPPLY ANALYSIS (10 marks)**

- 4.1 Original equilibrium price = R10; Quantity = 50 units.
- 4.2 Subsidy shifts supply curve to the right (increases supply).
- 4.3 New equilibrium price falls; quantity increases. (Students should indicate lower price and higher quantity on graph.)
- 4.4 Other factor: Changes in input costs, technology, or number of producers.
- 4.5 Price ceiling at R6 causes shortage because price is below equilibrium; demand exceeds supply.

QUESTION 5: MARKET STRUCTURES (15 marks)

5.1 Characteristics of monopolistic competition:

- Many sellers
- Differentiated products
- Some control over price

5.2 Table:

Market Structure	No. of Firms	Price Control	Example
Perfect Competition	Many	None	Farming
Monopoly	1	High	Eskom (electricity)
Oligopoly	Few	Some	Cellphone providers

5.3 Monopolies can charge higher prices, reduce output, limit choices, and reduce innovation.

5.4 Government regulates monopolies by:

- Imposing price controls
- Breaking up monopolies
- Enforcing competition laws
- Providing subsidies to competitors

5.5 Example: Eskom (Electricity provider in South Africa).

QUESTION 6: INFLATION & UNEMPLOYMENT (15 marks)

6.1 Highest inflation rate: 2022 (7.2%).

6.2 Inflation reduces purchasing power because prices rise, so consumers can buy less with the same money.

6.3 2022 had both high inflation (7.2%) and high unemployment (35.5%).

6.4 Reason for decrease in unemployment in 2023: Economic growth, increased investments, government job creation programs.

6.5 Policy to reduce unemployment: Expansionary fiscal policy, job creation programs, skills training, or incentives for businesses.

● SECTION C: ESSAY (30 MARKS)

QUESTION 7: MARKET FAILURE ESSAY

Marking Guidelines:

- **Definition of market failure** (3 marks)
 - **Merit goods examples (e.g., education, healthcare)** and explanation of under-consumption (5 marks)
 - **Demerit goods examples (e.g., cigarettes, alcohol)** and explanation of over-consumption (5 marks)
 - **Positive externalities (e.g., vaccination)** and **negative externalities (e.g., pollution)** explained (6 marks)
 - **Government interventions:** Taxes on demerit goods, subsidies on merit goods, legislation to control pollution, regulation (6 marks)
 - **Conclusion and own opinion** showing understanding and critical thinking (5 marks)
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Total: 100 Marks

