



Province of the
EASTERN CAPE
EDUCATION



NATIONAL SENIOR CERTIFICATE

GRADE 12

SEPTEMBER 2022

ECONOMICS P2

MARKS: 150

TIME: 2 hours

This question paper consists of 12 pages.

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK:
 - SECTION A: COMPULSORY
 - SECTION B: Answer TWO of the three questions.
 - SECTION C: Answer ONE of the two questions.
2. Number the answers correctly according to the numbering system used in this question paper.
3. Write the number of the question above each answer.
4. Read the questions carefully and start each question on a NEW page.
5. Leave 2–3 lines between subsections of questions.
6. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
7. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
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****30 MARKS – 20 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question numbers (1.1.1 to 1.1.8) in the ANSWER BOOK, for example 1.1.9 D.

1.1.1 In a perfect market, the price of the product will always be equal to ...

- A marginal cost.
- B average cost.
- C marginal revenue.
- D total revenue.

1.1.2 A market structure where collusion takes place is ...

- A perfect competition.
- B a monopoly.
- C an oligopoly.
- D monopolistic competition.

1.1.3 Monopolistic competitive firm sell ... goods.

- A differentiated
- B homogenous
- C same
- D unique

1.1.4 The costs and benefits to the third party that are not include in the market price are called ...

- A private costs.
- B social benefit.
- C internal costs.
- D externalities.

1.1.5 An instrument that require the government to compare options to determine whether to go ahead with a project or not is called a ...

- A feasibility study.
- B cost-benefit analysis.
- C SWOT analysis.
- D needs analysis.

1.1.6 Keeping inflation between 3%–6% is called inflation ...

- A targeting.
- B monitoring.
- C costing.
- D measuring.

1.1.7 Roads, airports, car parks etc. essential for tourist destination is called ... infrastructure.

- A communication
- B services
- C energy
- D transport

1.1.8 A significant and sustained change in the normal weather patterns is referred to as ...

- A weathering.
- B climate change.
- C climatology.
- D condensation.

(8 x 2) (16)

1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A–I) next to the question numbers (1.2.1 to 1.2.8) in the ANSWER BOOK, for example 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Competition Tribunal	A	Any strategy undertaken to safeguard the environment and keep it intact
1.2.2	Monopolistic competition	B	Average variable cost is equal to price
1.2.3	Maximum price	C	South Africa's World Heritage Site
1.2.4	Shut-down point	D	Accepts or rejects recommendations and passes judgement
1.2.5	Indexation	E	Has a hybrid structure
1.2.6	Transit tourism	F	Result in a shortage of goods in the economy
1.2.7	Sterkfontein caves	G	Travelling through the country
1.2.8	Preservation	H	Informal agreement on prices
		I	A policy of linking prices of items such as mortgage bond interest costs to price indices

(8 x 1) (8)

- 1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

- 1.3.1 A period of production where all inputs are variable
- 1.3.2 A monopoly that is formed because of high starting and maintenance costs
- 1.3.3 Market where illegal goods are bought and sold
- 1.3.4 Extreme increase in the prices of goods and services of more than 50%
- 1.3.5 The kind of tourism where South Africans go to other countries.
- 1.3.6 An international agreement that controls trade of the most hazardous substances (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

Answer any TWO of the three questions from this section in the ANSWER BOOK.

QUESTION 2: MICROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO examples of public goods and services. (2)

2.1.2 How is the market price determined in a perfectly competitive market? (2)

2.2 Study the extract below and answer the questions that follow.

OLIGOPOLY

The global market for pharmaceuticals operates as an oligopoly due to the nature of the industry and the barriers to entry which exist.

Developing a new drug is an extremely complex and expensive task which requires a huge amount of resources. In addition, most drugs have patents which means that they cannot be replicated and produced by other firms.

[Source: www.invetopedia.com. Accessed on 15 December 2021.]

2.2.1 Identify a barrier to market entry into an oligopoly from the above extract. (1)

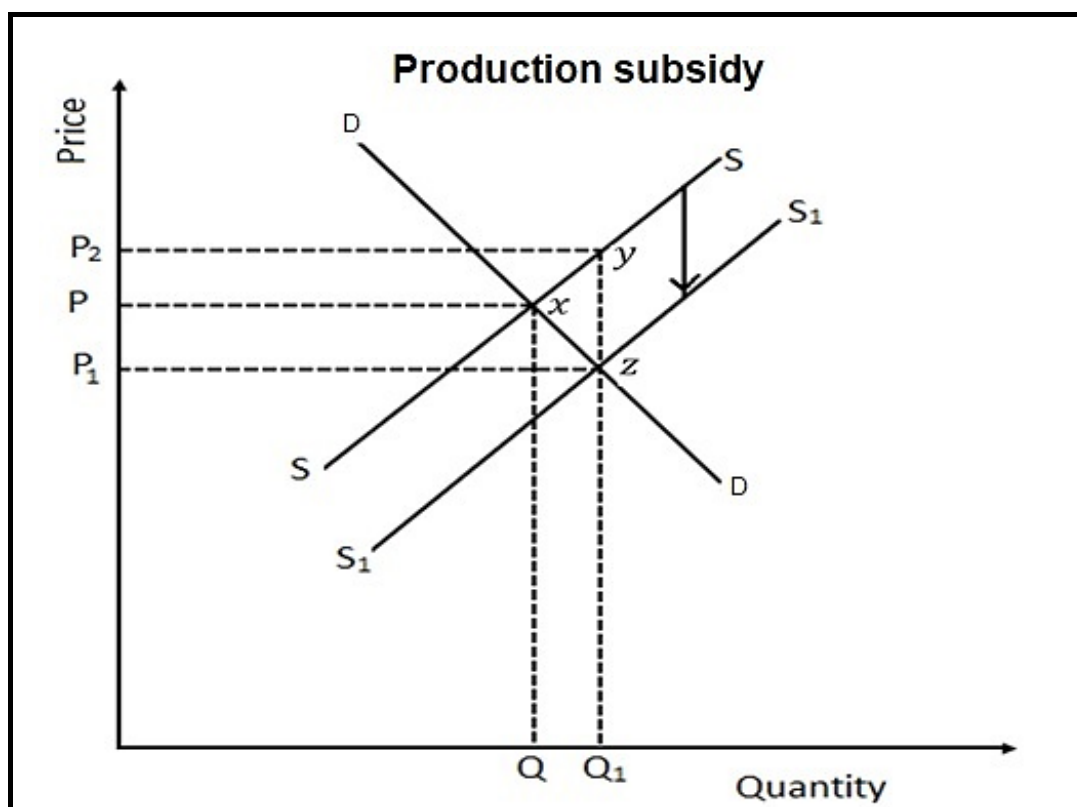
2.2.2 Give ONE form of non-price competition strategy that oligopolies use. (1)

2.2.3 Briefly describe the term *oligopoly*. (2)

2.2.4 Explain *interdependence* as a characteristic of oligopolistic market. (2)

2.2.5 Draw a well labelled graph of a demand curve of an oligopoly. (4)

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



2.3.1 Identify the subsidy from the graph above. (1)

2.3.2 Give any ONE example of a direct subsidy. (1)

2.3.3 Briefly describe the term *production subsidy*. (2)

2.3.4 Why are imperfect markets regarded as allocative inefficient? (2)

2.3.5 Explain the impact of a producer subsidy on the economy. (4)

2.4 Distinguish between *merit goods* and *demerit goods*. (8)

2.5 Examine the disadvantages for the existence of the monopolistic competitive market. (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO types of pollution. (2)

3.1.2 How can South Africa's weak rand affect inbound tourists from the United States of America? (2)

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

ROCK ART IN SOUTH AFRICA

Rock art provides important information on the first nations in the region. It gives insight into the way of life and psych (thinking) of the first inhabitants of Southern Africa.

Rock art is an indigenous heritage. The rock art in the uKhahlamba Drakensberg Park is about 3 000 years old.

[Adapted from African budget safaris]

3.2.1 Give ONE example of indigenous knowledge. (1)

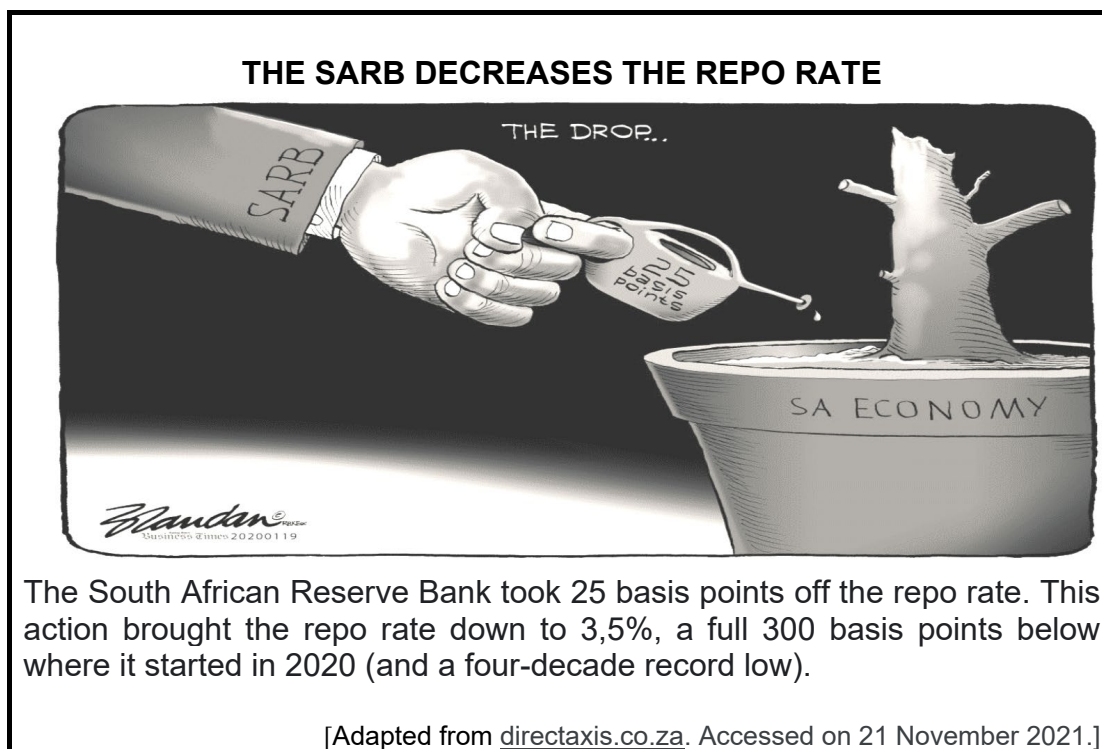
3.2.2 What type of World Heritage site is uKhahlamba Drakensberg Park? (1)

3.2.3 Briefly describe the term *indigenous knowledge system*. (2)

3.2.4 Explain the purpose of the Welcome Campaign as the marketing strategy for tourism. (2)

3.2.5 How does indigenous knowledge system contribute to local community development? (4)

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



- 3.3.1 Write the abbreviation 'SARB' in full. (1)
- 3.3.2 What does 25 basis point mean? (1)
- 3.3.3 Briefly describe the term *repo rate*. (2)
- 3.3.4 How can wage increases affect inflation? (2)
- 3.3.5 Why is the Monetary Policy Committee important in South Africa? (4)
- 3.4 Discuss the fiscal measures to combat inflation. (8)
- 3.5 How can tourism alleviate poverty in rural areas? (8)
- [40]**

QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO types of collusion. (2)

4.1.2 How would a high rate of inflation influence the balance of payment? (2)

4.2 Study the table below and answer the questions that follow.

REVENUES TABLE FOR A MONOPOLY				
Price	Quantity	Total revenue	Average revenue	Marginal revenue
11	0	0	-	-
10	1	10	10	10
9	2	18	9	8
8	3	24	8	6
7	4	28	7	4
6	5	30	6	2

4.2.1 Identify the revenue maximising output from the table above. (1)

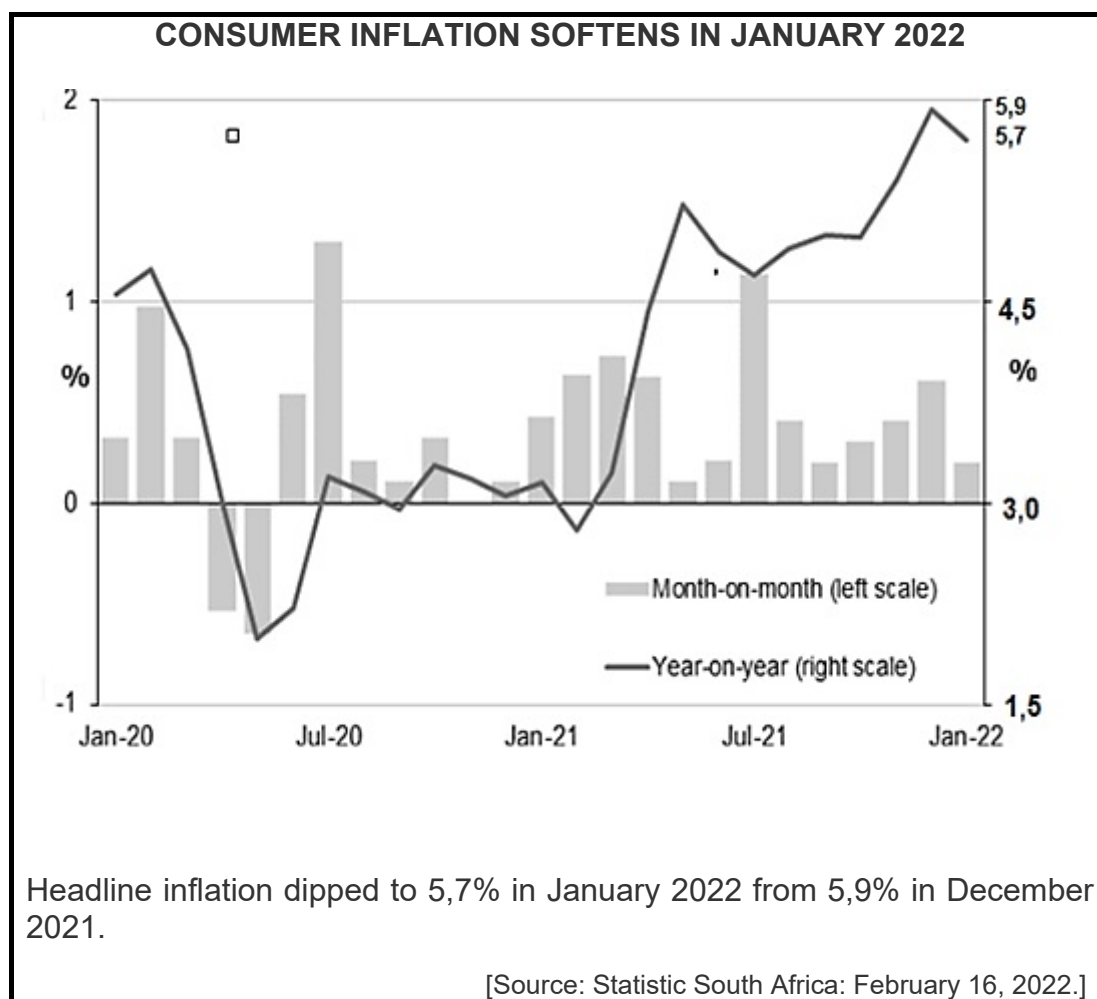
4.2.2 What does the phrase *monopolists control price* mean? (1)

4.2.3 Briefly describe the term *average revenue*. (2)

4.2.4 Explain the *nature of products* sold by a monopolist. (2)

4.2.5 Why is it possible for a monopolist to make an economic loss in the short run? (4)

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



- 4.3.1 Identify the percentage change of the headline inflation from December to January from the information above. (1)
- 4.3.2 Name the consumer inflation which excludes items with volatile prices. (1)
- 4.3.3 Briefly describe the term *headline inflation*. (2)
- 4.3.4 How does investment spending cause demand pull inflation? (2)
- 4.3.5 How are fixed income earners negatively impacted by inflation? (4)
- 4.4 Explain the lack of information as a cause for market failure. (8)
- 4.5 Evaluate the social impact of tourism. (8)
- [40]**

TOTAL SECTION B: 80

SECTION C

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

Your answer will be assessed as follows.

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. <ul style="list-style-type: none"> • A good starting point would be to define the main concept related to the question topic. • 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
Body Main part: Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain 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	Max. 26 Max. 10
Conclusion Any higher-order conclusion should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or value judgement on the facts discussed • Additional support information to strengthen the discussion/ analysis • A contradictory viewpoint with motivation, if required • Recommendations 	Max. 2
TOTAL	40

QUESTION 5: MICROECONOMICS**40 MARKS – 40 MINUTES**

- With the aid of well labelled-graphs, discuss in detail the various short run equilibrium positions of an individual business in a perfect competition. (26 marks)
- How does the Competition Act protect consumers? (10 marks)

[40]**QUESTION 6: CONTEMPORARY ECONOMIC ISSUES****40 MARKS – 40 MINUTES**

- Discuss in detail government measures to ensure sustainable development. (26 marks)
- How does South Africa use conservation to ensure a sustainable environment? (10 marks)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150