



**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2023

ECONOMICS P2

MARKS: 150

TIME: 2 hours

Font size 18

This question paper consists of 21 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 Expenditure on all factors of production used in the production process is called ...

- A total costs.
- B marginal costs.
- C average costs.
- D fixed costs.

1.1.2 Monopoly based on laws preventing other firms from competing is called a(n) ... monopoly.

- A artificial
- B natural
- C dominant
- D simple

1.1.3 In an imperfect market, prices are determined along the ... curve.

- A average revenue
- B marginal revenue
- C average variable cost
- D average cost

- 1.1.4 An initiative by government aimed at reducing poverty by providing income relief through temporary work is known as ...
- A cost benefit analysis.
 - B Public Works Programme.
 - C subsidy
 - D Black Economic Empowerment.
- 1.1.5 A continuous fall in the general price levels over a prolonged period is known as ...
- A hyperinflation.
 - B stagflation.
 - C deflation.
 - D administered inflation.
- 1.1.6 Activities whereby tourists visit sites of great archaeological significance such as the Cradle of Human-kind is known as ... tourism.
- A leisure
 - B business
 - C ecotourism
 - D Paleo
- 1.1.7 Setting legal limits on emissions and prosecuting businesses and individuals if these are not adhered to is referred to as ...
- A voluntary agreements.
 - B direct control.
 - C technology and control.
 - D command and control.

1.1.8 The ability of the environment to survive its use for economic activity is called ...

- A environment.
- B environmental sustainability.
- C conservation.
- D preservation.

(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.

COLUMN A	COLUMN B
1.2.1 Marginal product	A A situation where one firm fixes the price and others accept it as the market price
1.2.2 Imperfect market	B Works at keeping inflation within the target range
1.2.3 Price leadership	C Highly toxic with slow decomposition rate
1.2.4 Black market	D When the market price is not a pure reflection of the scarcity of that good
1.2.5 Monetary Policy Committee	E Species become extinct and cannot be reversed

1.2.6	Domestic tourism	F	The additional unit of output which is produced as one more unit of the variable input is combined with the fixed input
1.2.7	Biodiversity loss	G	Toxic with negative effect on living beings
1.2.8	Hazardous waste	H	People travelling within their country
		I	Illegal goods are bought and sold

(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 The rising part of the marginal cost curve that is above the minimum average variable cost

1.3.2 Sets its own prices and sells unique products

1.3.3 Goods consumed by one person will not reduce consumption by another individual

1.3.4 An index that is used to calculate all-inclusive inflation where normal prices are converted into real prices

1.3.5 South African citizens travelling to other countries for leisure and business

1.3.6 The removal of trees and forests from the environment without replacing them (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

QUESTION 2: MICROECONOMICS

40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name any TWO characteristics of a monopolistic market. (2)

2.1.2 Why do firms aim at maximising profits? (2)

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

COMPETITION CONCENTRATION AND REMOVAL OF BARIERS TO ENTRY

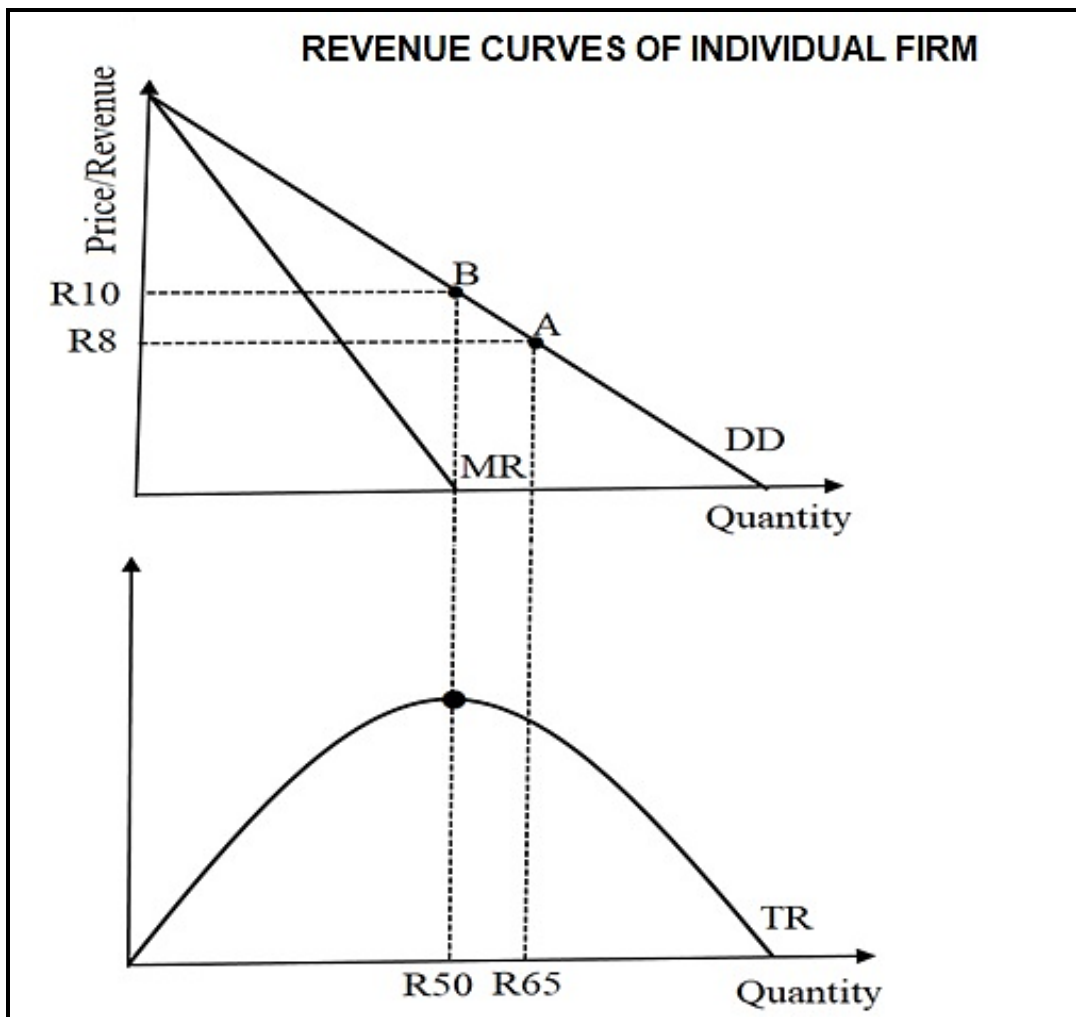
Competition policy is poised to be a key driver of economic reform in South Africa. In March 2022, the Competition Commission briefed the South African Parliament on its Economic Concentration Report.

The report highlighted patterns of concentration in the South African economy. It included details on the Commission's power to launch market inquiries into highly concentrated industries and its authority to impose structural remedies on businesses in these sectors. Such remedies are deemed necessary to remove barriers to entry for new participants, primarily SMMEs.

[Source: Bizcommunity.com]

- 2.2.1 Identify a participant from the extract that is likely to be affected by barriers to entry. (1)
- 2.2.2 Name any other competition institution besides the one mentioned in the extract. (1)
- 2.2.3 Briefly describe the *long run period*. (2)
- 2.2.4 Explain the role of the Competition Commission. (2)
- 2.2.5 How would businesses benefit from the Competition Commission policy? (4)

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



- 2.3.1 Identify the curve that depicts average revenue. (1)
- 2.3.2 At which point is price determined from the graph above? (1)
- 2.3.3 Briefly describe the term *total revenue*. (2)
- 2.3.4 Explain the relationship between marginal revenue and average revenue curves in a monopoly market. (2)

- 2.3.5 Calculate average revenue. Show ALL calculations. (4)
- 2.4 With the aid of a graph explain the derivation of the demand curve for the individual business in a perfect market. (8)
- 2.5 How can firms in a monopolistically competitive market increase market share? (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 inflation. (2)

3.1.2 Why is it important to sustain the environment? (2)

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



[Source: cartoonstock.com/directory/e/ecotourism.asp]

3.2.1 Which form of travelling can be regarded as environmentally friendly? (1)

3.2.2 Give any example of eco-tourism. (1)

- 3.2.3 Briefly describe a reason for growth of the tourism sector. (2)
- 3.2.4 Explain *labour intensive* in relation to tourism. (2)
- 3.2.5 How important is promoting foreign tourism for the South African economy? (4)

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

CONSUMER PRICE INDEX AND WEIGHTING						
Group	Weight 100	Index Dec. 2021 = 100			Percentage change	
		Sept. 2021	Aug. 2022	Sept. 2022	Sept. 2021 vs Aug. 2022	Sept. 2021 vs Sept. 2022
All items (CPI headline)	100	98,7	106,0	106,1	0,1	7,5
CPI for all goods	48,68	98,0	108,7	108,5	-0,2	10,7
Durable good	7,59	99,0	103,3	103,2	-0,1	4,2
Semi- durable goods	5,38	99,6	102,3	102,8	0,5	3,2
Non- durable goods	35,71	97,6	110,7	110,2	-0,5	12,9
Services	51,32	99,4	103,3	103,7	0,4	4,2

[Adapted from [statssa/publications/September 2022](#)]

- 3.3.1 Identify any ONE example, of an item that is excluded from the CPI basket. (1)
- 3.3.2 From the table above, which type of good has more weight? (1)

- 3.3.3 Briefly describe the term *consumer price index*. (2)
- 3.3.4 Briefly explain the impact of cost push inflation on the economy. (2)
- 3.3.5 Calculate inflation rate for all goods for the period September 2021 and September 2022. (4)
- 3.4 Differentiate between *conservation* and *preservation* as creative means of ensuring the continuity and functioning of the environment. (8)
- 3.5 Analyse the importance of assigning weights in a basket of goods and services. (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 pollution. (2)

4.1.2 Why does a monopoly make economic profits even in the long run? (2)

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

COLLUSION IN AN OLIGOPOLY MARKET

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graph LR; F1[FIRM 1] -- Collude --> F2[FIRM 2]; F1 -- Price war --> P1[4, 3]; F2 -- Collude --> P2[5, 5]; F2 -- Price war --> P3[3, 4];
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Two firms share the market, already colluding and maintaining high prices. Each firm can decide to stop colluding and start a price war in order to increase their market share or even for the other to quit the market. If they both agree to collude they get 5,5. If one of them decides to start a price war, they both share 4,3 and 3,4 respectively, depending on who started the war.

[Source: policonomics.com]

- 4.2.1 Identify the consequence of competing with prices in an oligopoly. (1)
- 4.2.2 Name any type of collusion. (1)
- 4.2.3 Briefly describe non-price competition. (2)
- 4.2.4 Explain the implication of a kinked demand curve. (2)
- 4.2.5 How would smaller companies / new businesses in an oligopoly be affected by competing with prices? (4)

- 4.3 Study the extract below and answer the questions that follow.

**RISING INFLATION BRINGS A STRIKING FALL
IN REAL WAGE**

The severe inflationary crisis combined with a global slowdown in economic growth – driven in part by the war in Ukraine and the global energy crisis are causing a striking fall in real monthly wages in many countries.

The crisis is reducing the purchasing power of the middle classes and hitting very hard, particularly low-income households.

Global monthly wages fell in real terms to minus 0,9% in the first half of 2022. These placed millions of workers in a dire situation as they face increasing uncertainties.

[Source: ilo.org/global/newsroom.com]

- 4.3.1 Identify the decline of wages in real terms. (1)
- 4.3.2 Name any category of households affected by the rising inflation. (1)
- 4.3.3 Describe the term *inflation*. (2)
- 4.3.4 Explain the consequence of inflation on debtors. (2)

- 4.3.5 How does inflation impact on low-income earners? (4)
- 4.4 Briefly discuss the level of entry and nature of products in a perfect market. (8)
- 4.5 How best can the South African Reserve Bank reduce demand pull inflation? (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
<p>Introduction The introduction is a lower-order response.</p> <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
<p>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</p>	Max. 26 Max. 10

<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 • 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 	<p>Max. 2</p>
<p>TOTAL</p>	<p>40</p>

QUESTION 5: MICROECONOMICS

40 MARKS – 40 MINUTES

- Discuss in detail the causes of market failure. (26 marks)
- Examine the impact of income inequality in the economy (10 marks) **[40]**

QUESTION 6: CONTEMPORARY ECONOMIC

ISSUES 40 MARKS – 40 MINUTES

- Discuss in detail the benefits of tourism. (26 marks)
- Analyse the importance of indigenous knowledge systems in strengthening South Africa's tourism profile. (10 marks) **[40]**

TOTAL SECTION C: 40

GRAND TOTAL: 150