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# **basic education**

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Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS**

**ECONOMICS P2**

**2021**

**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. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Read the questions carefully.
5. Start EACH question on a NEW page.
6. Leave 2–3 lines between subsections of questions.
7. 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.
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, e.g. 1.1.9 D.
- 1.1.1 Costs of inputs that are owned by an entrepreneur and used during the production process are regarded as ... costs.
- A explicit
  - B fixed
  - C variable
  - D implicit
- 1.1.2 A market structure where there are no barriers to entry is called a/an ... market.
- A perfect
  - B monopoly
  - C oligopoly
  - D monopolistic competitive
- 1.1.3 When one dominant firm changes the price and others follow, it is regarded as price ...
- A leadership.
  - B taking.
  - C differentiation.
  - D discrimination.
- 1.1.4 Collusion is an agreement among firms to ... competition.
- A promote
  - B match
  - C regulate
  - D limit
- 1.1.5 A condition of low economic growth, high unemployment and high rates of inflation, is called ...
- A hyperinflation.
  - B headline inflation.
  - C stagflation.
  - D core inflation.

- 1.1.6 The site that boasts five different eco-systems:
- A Vredefort Dome
  - B iSimangaliso Wetland Park
  - C Sterkfontein caves
  - D uKhahlamba-Drakensberg Park
- 1.1.7 Cost-push inflation could be the result of ...
- A easy access to credit.
  - B depreciation of the currency.
  - C increased government spending.
  - D reduction in taxes.
- 1.1.8 A global problem that impacts the variation in weather patterns, is known as ...
- A biodiversity loss.
  - B chemical waste.
  - C climate change.
  - D hazardous waste.

(8 x 2) (16)

- 1.2 Choose a description from COLUMN B that matches the 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 Cost-benefit analysis | A people travelling through South Africa to another country  |
| 1.2.2 Artificial monopoly   | B resources allocated in such a way that no one is made better off without making someone else worse off                                 |
| 1.2.3 Economies of scale    | C an instrument used by the government to evaluate public projects   |
| 1.2.4 Pareto efficiency     | D dumping of harmful substances into rivers  |
| 1.2.5 Transit tourist       | E occurs when the aggregate demand for goods and services exceeds the aggregate supply of goods and services, leading to price increases |
| 1.2.6 Water pollution       | F exists because of barriers to entry which are not economic in nature.  |
| 1.2.7 Productivity          | G decrease in average cost of production per unit as output increases  |
| 1.2.8 Demand-pull inflation | H output sacrificed due to underutilisation of resources   |
|                             | I increase in output with the same factor inputs   |

(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 market structure where firms use different types of packaging to market their products

1.3.2 A situation where firms are allowed by law to charge prices above the market equilibrium price

1.3.3 A period where at least one factor of production is fixed

1.3.4 The direct regulation of an industry or activity through laws that state what is allowed and what is illegal regarding pollution

1.3.5 Financial support by the government to assist the production of a good or service

1.3.6 The granting of legal titles to the owners of land so that it can be taken care of

(6)

**TOTAL SECTION A: 30**

**SECTION B**

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

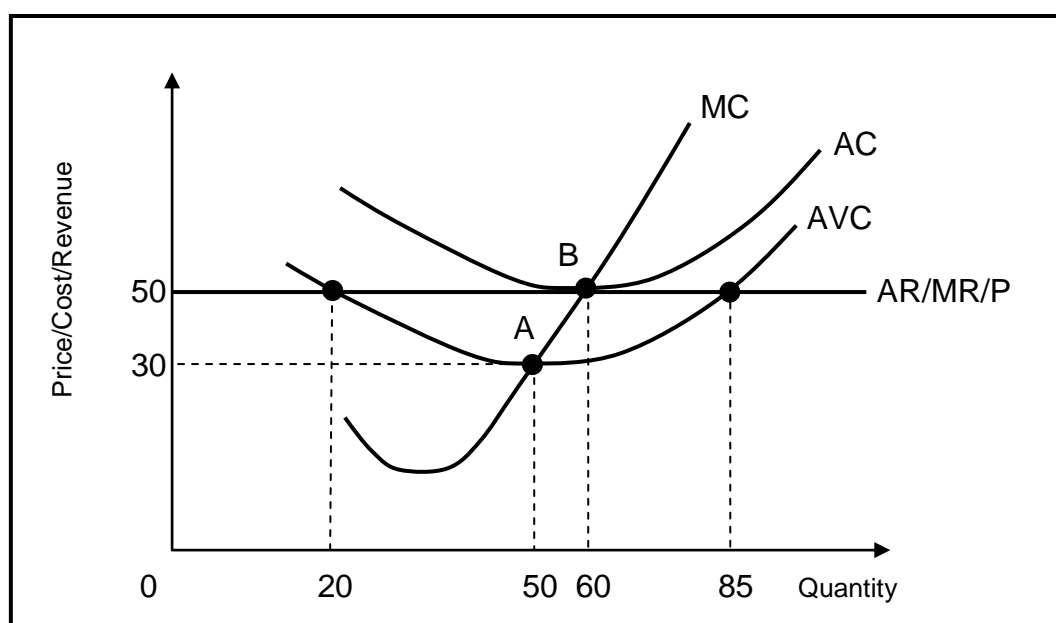
**QUESTION 2: MICROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO examples of a perfect market structure. (2 x 1) (2)

2.1.2 How do oligopolists benefit from forming a cartel? (1 x 2) (2)

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



2.2.1 Which curve is used to determine the supply of the firm? (1)

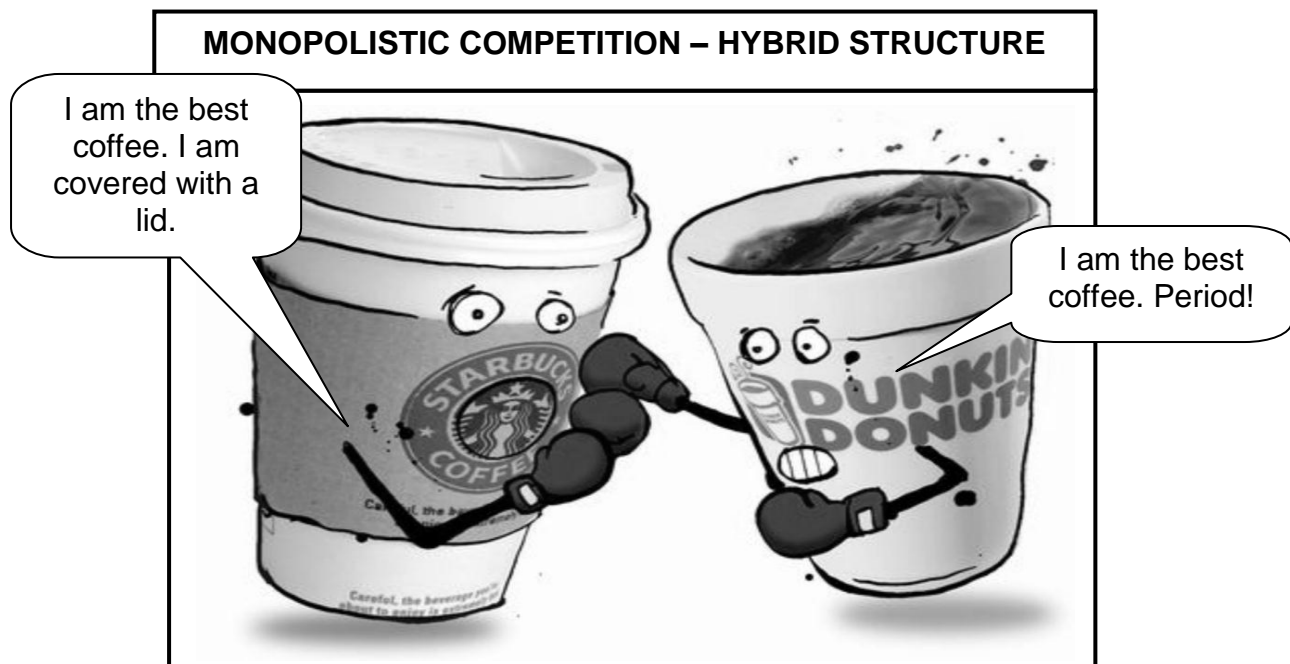
2.2.2 Identify the profit maximisation quantity. (1)

2.2.3 Briefly describe the term *marginal revenue*. (2)

2.2.4 When will a firm in a perfect market shut down its operations? (2)

2.2.5 Use the graph above to determine the type of profit made by this firm. Show ALL correct calculations. (4)

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



[Adjusted from Google images, October 2020]

- 2.3.1 Determine the nature of the product sold in this market structure. (1)
- 2.3.2 What type of profit is made by monopolistic competitors in the long run? (1)
- 2.3.3 Briefly describe the term *hybrid structure*. (2)
- 2.3.4 Why does a monopoly fail to achieve productive efficiency? (2)
- 2.3.5 How do oligopolists maintain their market share? (2 x 2) (4)
- 2.4 Using TR and TC curves, draw a correctly labelled graph to briefly explain how a firm in a perfect market maximises profit. (8)
- 2.5 Outline the challenges that the competition policy in South Africa face in achieving their goals. (8)
- [40]**



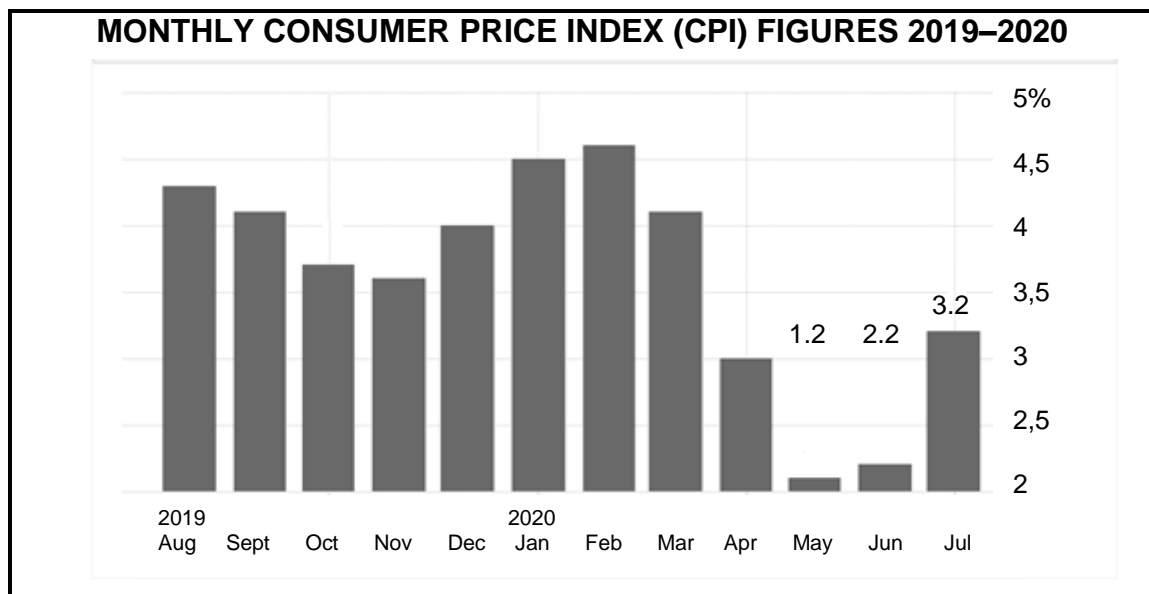
**QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO examples of sites in South Africa that promote cultural tourism. (2 x 1) (2)

3.1.2 What is the negative impact of an increase in indirect taxes on goods and services? (1 x 2) (2)

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



[Adapted from StatsSA, July 2020]

3.2.1 During which month in 2020 was the inflation rate outside the target range? (1)

3.2.2 Determine the increase in the inflation rate between June 2020 and July 2020. (1)

3.2.3 Briefly describe the term *production price index*. (2)

3.2.4 Explain the reason for the exclusion of certain items from the CPI basket, when calculating core inflation. (2)

3.2.5 How will an increase in social and unemployment grants influence inflation? (2 x 2) (4)

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

**STATE OF THE ENVIRONMENT**

The critical risks of climate change pose a major danger worldwide to educational performance. In South Africa all final examinations are written when temperatures are as high as 53 degrees – some even written in shipping container classrooms.

On the other hand, many species in need of rescue are forgotten. Species, from pangolins to pythons, are being sold by poachers to lucrative markets. Mass deforestation threatens tropical forests' biodiversity and ecosystem.

[Adapted from *Mail & Guardian*, 2019]

- |       |  |             |
|-------|--|-------------|
| 3.3.1 | Identify the concept related to the removal of trees.  | (1)         |
| 3.3.2 | Name ONE organisation that campaigns for the sustainable use of the environment.   | (1)         |
| 3.3.3 | Briefly describe the term <i>hazardous waste</i> .   | (2)         |
| 3.3.4 | Explain the way in which the Convention on the International Trade in Endangered Species (CITES) aims to reduce biodiversity loss. | (2)         |
| 3.3.5 | How can the government address the extinction of animal species?   | (4)         |
|       | (2 x 2)  |             |
| 3.4   | Discuss the negative effects of soil erosion on the environment.   | (8)         |
|       | (4 x 2)  |             |
| 3.5   | How would low inflation expectations by the consumer keep inflation within the target range?                                       | (8)         |
|       |  | <b>[40]</b> |

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

4.1 Answer the following questions.

4.1.1 Name any TWO major international agreements on sustainable development. (2 x 1) (2)

4.1.2 Why do homogeneous products benefit consumers? (1 x 2) (2)

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

**ELECTRICITY PRICES ARE GOING UP BY 15% NEXT YEAR**

Bulk electricity prices are set to increase by around 15% next year after a court victory for Eskom. But that won't necessarily reflect on home bills directly. Eskom and the National Energy Regulator of South Africa (NERSA) were battling it out in court over NERSA's decision to deduct a R69 billion equity lifeline from Eskom's allowable revenue. Eskom has failed to achieve economic profit in both short term and long term.

[Adapted from *Business insider*, August 2020]

4.2.1 Which type of monopoly is discussed in the extract above? (1)

4.2.2 What determines the quantity sold by a monopoly? (1)

4.2.3 Briefly describe the term *economic profit*. (2)

4.2.4 Explain the relatively inelastic nature of the demand curve for the monopolist. (2)

4.2.5 Why is it difficult to enter into a monopoly market? (2 x 2) (4)

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

**MARKETABLE PERMITS CONTROL EMISSIONS**



Regulators have often applied marketable permits to environmental policies. They are based on the principle that an increase in emissions must be offset by an equivalent decrease elsewhere.

[Adapted from <https://slideplayer.com>]

- 4.3.1 Which government department is responsible for granting marketable permits? (1)
- 4.3.2 Name ONE market-related measure to protect the environment. (1)
- 4.3.3 Briefly describe the term *marketable permits*. (2)
- 4.3.4 Explain the effect of carbon emissions on agricultural production. (2)
- 4.3.5 How do green taxes contribute to the promotion of a more sustainable environment? (2 x 2) (4)
- 4.4 With the aid of a correctly labelled graph, briefly explain why it is advisable for oligopolies to sell at market price. (2 x 4) (8)
- 4.5 How does the government encourage producers to combat inflation? (8)
- [40]**

**TOTAL SECTION B: 80**

**SECTION C**

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

Your answer will be assessed as follows:

| STRUCTURE OF ESSAY   | MARK ALLOCATION        |
|--|------------------------|
| <b>Introduction</b> <ul style="list-style-type: none"> <li>A good start is to define the key concept appearing in the question</li> <li>The introduction should never include any part of the question</li> <li>Do not discuss any part of the body in the introduction</li> <li>Avoid mentioning in the introduction what will be discussed in the body.</li> </ul>   | Max. 2                 |
| <b>Body</b><br><b>Main part:</b> Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/Assess/Debate/Draw a graph and explain/Use the graph given and explain/ Complete the given graph<br><b>Additional part:</b> Give own opinion/Critically discuss/Evaluate/Critically evaluate/Calculate/Deduce/Compare/Explain/Distinguish/Interpret/Briefly debate/How?/Suggest   | Max. 26<br><br>Max. 10 |
| <b>Conclusion</b><br>Any higher-order conclusion should include: <ul style="list-style-type: none"> <li>A brief summary of what has been discussed without repeating facts already mentioned</li> <li>Any opinion or valued judgement on the facts discussed</li> <li>Additional support information to strengthen the discussion/analysis</li> <li>A contradictory viewpoint with motivation, if required</li> <li>Recommendations</li> </ul> | Max. 2                 |
| <b>TOTAL</b>   | <b>40</b>              |

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

- Discuss the causes of market failure in detail. (26 marks)
- How effective has government spending been in addressing market failure? (10 marks)

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

- Discuss in detail the benefits of tourism. (26 marks)
- Assess the impact of Covid-19 on the tourism sector. (10 marks)

**[40]**

**TOTAL SECTION C: 40**  
**GRAND TOTAL: 150**