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basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P2

NOVEMBER 2022

MARKS: 150

TIME: 2 hours

This question paper consists of 13 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. Write the question number above each answer.
5. Read the questions carefully.
6. Start EACH question on a NEW page.
7. Leave 2–3 lines between subsections of questions.
8. 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.
9. Use only black or blue ink.
10. You may use a non-programmable pocket calculator.
11. 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 A firm will shut down if it cannot cover the ... costs.

- A explicit
- B marginal
- C fixed
- D variable

1.1.2 The demand curve that is relatively elastic relates to a ... market.

- A monopoly
- B perfect
- C oligopoly
- D monopolistic

1.1.3 In the oligopoly market, the firm will make a/an ... in the long run.

- A normal profit
- B economic profit
- C economic loss
- D zero profit

1.1.4 When a business fails to produce the optimum output at the lowest possible cost, it is known as ... inefficiency.

- A productive
- B allocative
- C consumer
- D Pareto

1.1.5 When the economy is experiencing a low growth, high unemployment and high inflation, it is called ...

- A administered price.
- B stagflation.
- C hyperinflation.
- D producer price index.

1.1.6 Tourists who engage in activities in the natural environment of the place that they visit, is called ... tourism.

- A foreign
- B outbound
- C eco-
- D domestic

1.1.7 Measures taken to ensure that non-renewable resources are not threatened by extinction are known as ...

- A preservation.
- B intervention.
- C accumulation.
- D conservation.

1.1.8 The international agreement that manages the disposal of chemical waste is called the ...

- A Basel Convention.
- B Kyoto Protocol.
- C Stockholm Protocol.
- D Convention of International Trade in Endangered Species.

(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, e.g. 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Implicit costs	A	the introduction of harmful substances into the environment
1.2.2	Long run	B	forms part of monetary policy used to control the supply of money
1.2.3	Oligopoly	C	a period of production in which all the factors of production can be varied
1.2.4	Missing markets	D	when the private sector fails to provide certain goods and services
1.2.5	Open-market transaction	E	a market structure where few large sellers operate
1.2.6	Domestic tourism	F	the value of inputs owned by the entrepreneur and used in the production process, such as opportunity cost
1.2.7	Pollution	G	an amount that a firm earns for every unit sold
1.2.8	Global warming	H	the gradual overall increase in the temperature of the Earth's atmosphere
		I	South African citizens travelling within the borders of the country

(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 situation where average cost rises as production increases

1.3.2 The additional revenue earned when sales increase by one more unit

1.3.3 A technique used by the government to determine whether a project is beneficial to the society or not

1.3.4 General increase in prices that occurs when the aggregate demand for goods and services exceeds the aggregate supply

1.3.5 Tourists travelling through South Africa using air, road, rail and sea transport to get to another destination

1.3.6 Taking care of the environment to ensure that the needs of the present and future generations are met (6 x 1) (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 TWO types of collusion. (2 x 1) (2)

2.1.2 Why does the government provide subsidies to producers? (1 x 2) (2)

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

IMPERFECT MARKET – MONOPOLISTIC COMPETITION

Checkers has adopted door-to-door deliveries via online orders to improve their market share.



The advertisement features the 'Checkers SIXTY60' logo and the text 'Groceries delivered in 60 minutes'. It includes a smartphone displaying the app interface, a delivery scooter, and a person interacting with a large smartphone screen that shows a delivery person with a cart.

[Adapted from Google Images, 2022]

2.2.1 Identify a non-price strategy shown by the above information. (1)

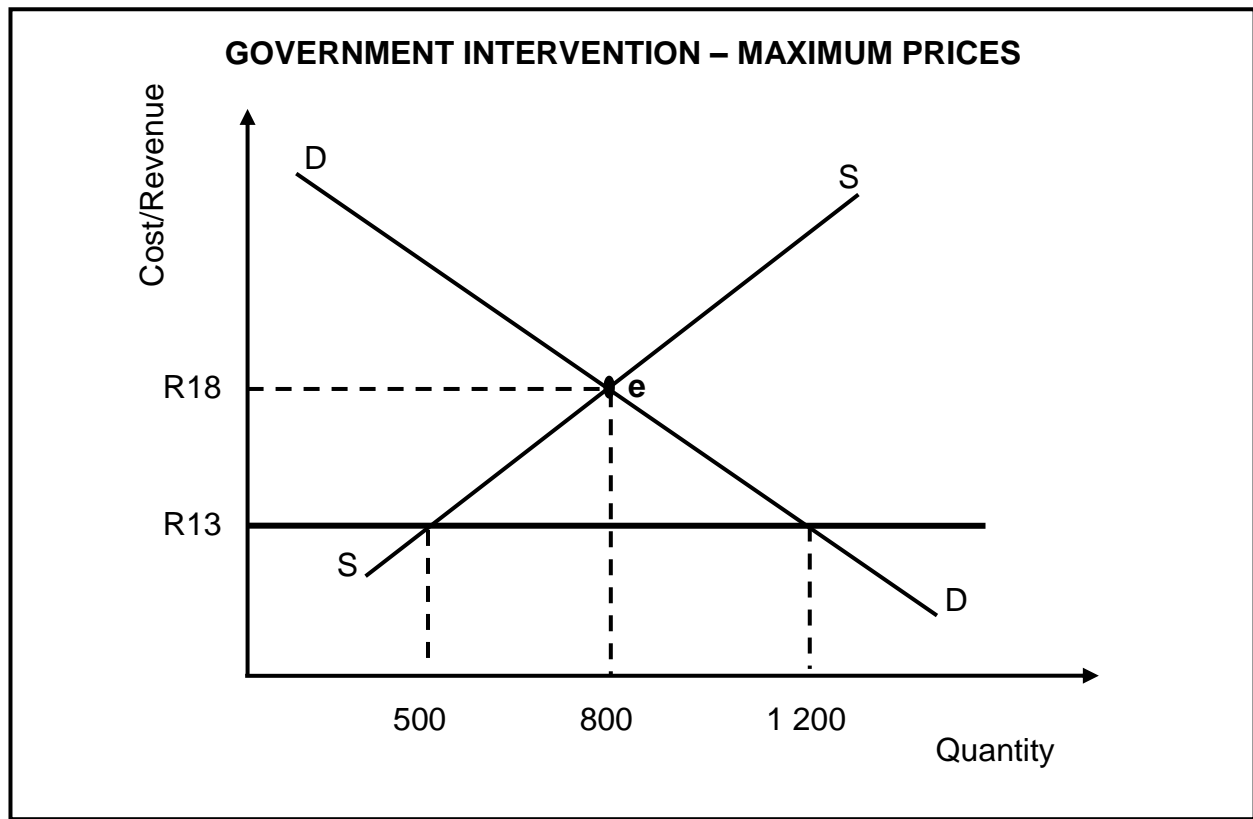
2.2.2 Name ONE example of a monopolistic competitive industry. (1)

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

2.2.4 Why are prices in a monopolistically competitive market lower than the prices of a monopoly? (2)

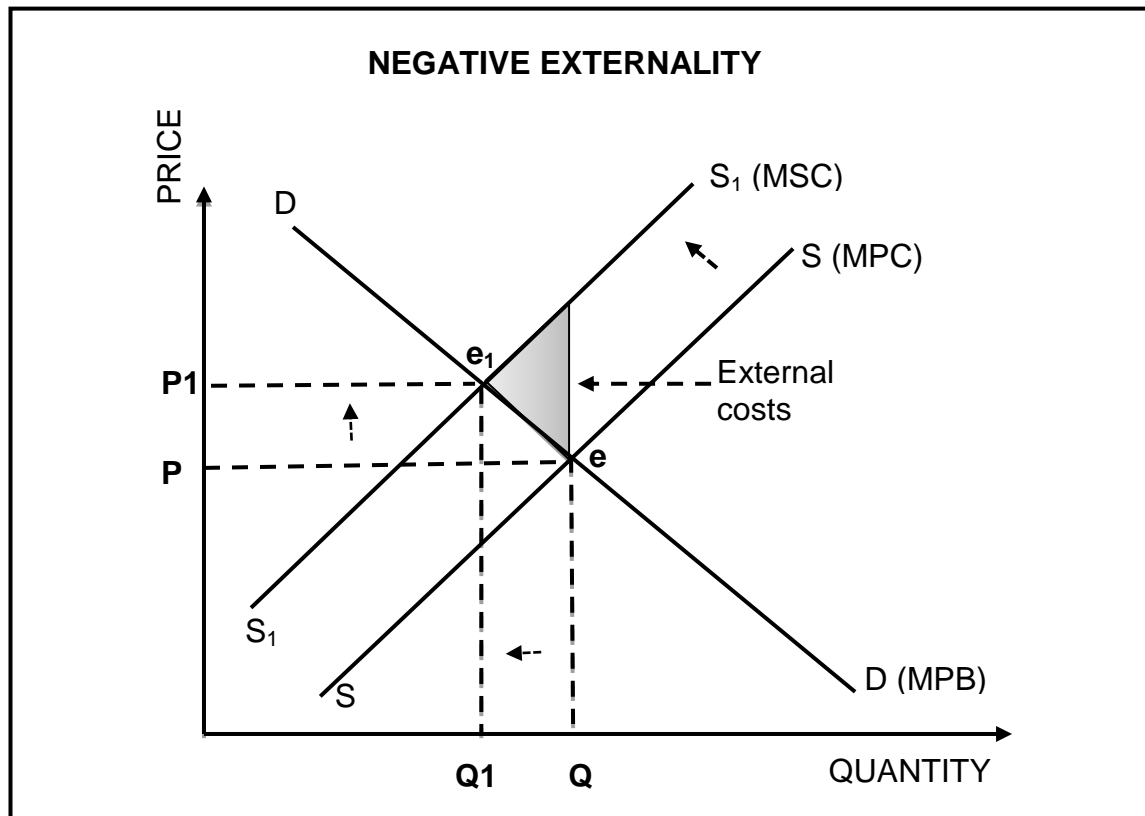
2.2.5 Explain the benefits of product differentiation to producers of goods and services. (2 x 2) (4)

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



- 2.3.1 Identify the market price in the graph above. (1)
- 2.3.2 Name any ONE product on which the government can impose a maximum price. (1)
- 2.3.3 Briefly describe the term *minimum price*. (2)
- 2.3.4 Why would the government intervene in the market by levying taxes on demerit goods? (2)
- 2.3.5 How would maximum prices influence the economy? (2 x 2) (4)

- 2.4 Use the graph below to explain the effect of negative externality on the market.



(8)

- 2.5 How does mutual dependence influence the behaviour/actions of firms in the oligopoly market? (4 x 2)

(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 consumer inflation. (2 x 1) (2)

3.1.2 How do households benefit from tourism? (1 x 2) (2)

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

INFLATION RATE IN SOUTH AFRICA				
YEAR	2018	2019	2020	2021
Consumer Price Index	100	103,5	107	109,5

3.2.1 Identify the base year in the table above. (1)

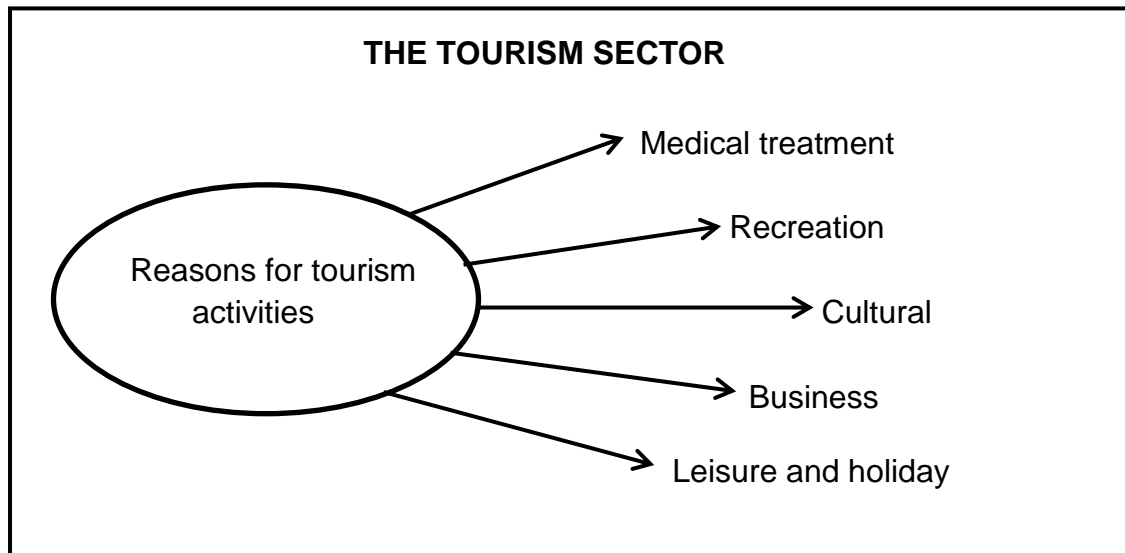
3.2.2 Name the institution that is responsible for controlling inflation in South Africa. (1)

3.2.3 Briefly describe the term *hyperinflation*. (2)

3.2.4 Explain the importance of measuring inflation in the economy. (2)

3.2.5 Use the information in the table above to calculate the inflation rate from 2020 to 2021. (2 x 2) (4)

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



[Source: dreamstime.com]

- 3.3.1 Identify a type of tourism that gives an opportunity to experience traditions in a community. (1)
- 3.3.2 Name any ONE World Heritage Site in South Africa. (1)
- 3.3.3 Briefly describe the term *tourism*. (2)
- 3.3.4 Why is tourism growth important to the government? (2)
- 3.3.5 How can crime as a socio-economic issue negatively influence the tourism sector? (2 x 2) (4)
- 3.4 Discuss the reasons for the growth of the tourism industry in South Africa. (4 x 2) (8)
- 3.5 How would an increase in the prices of imported key inputs, such as oil, affect the domestic economy? (8)
- [40]**

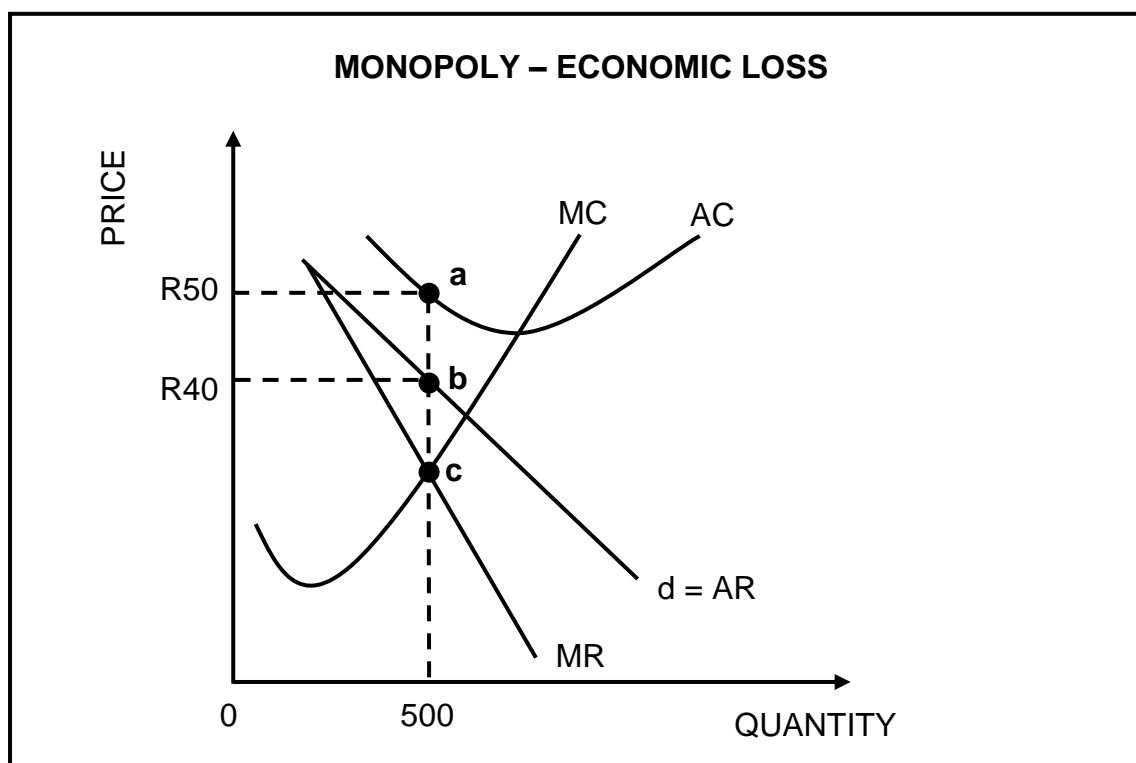
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO examples of merit goods. (2 x 1) (2)

4.1.2 Explain the effect of a decrease in the interest rate on inflation. (1 x 2) (2)

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



4.2.1 Identify the loss minimising (equilibrium) point in the graph above. (1)

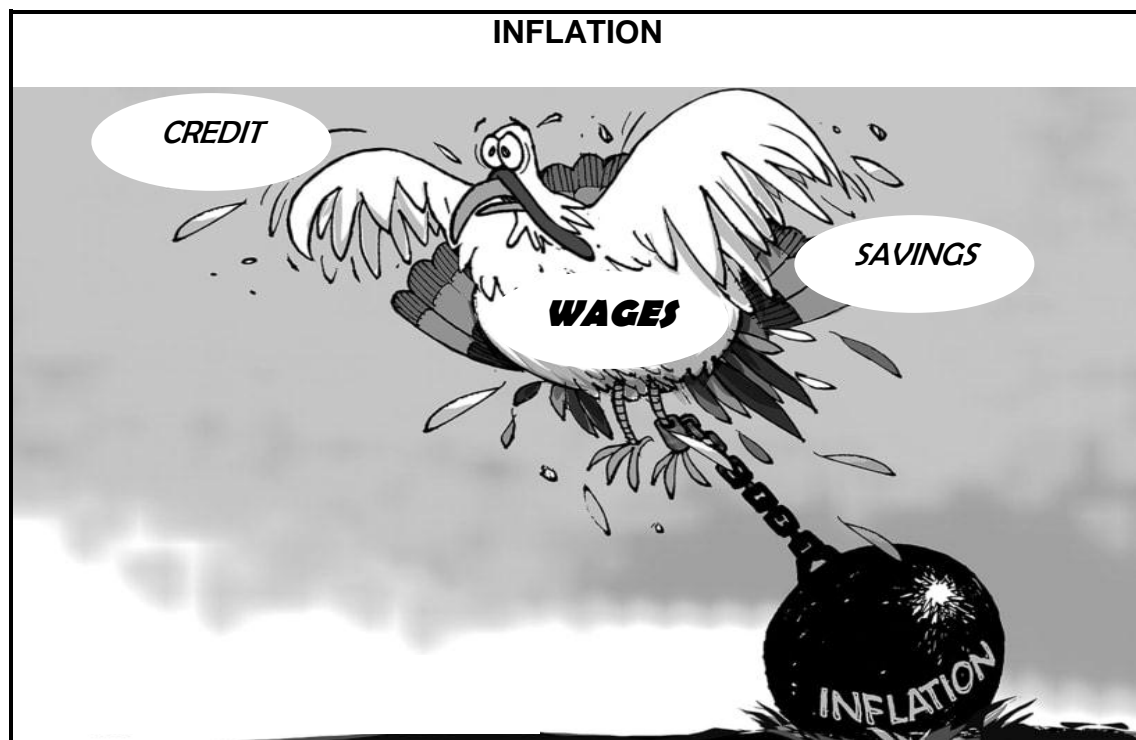
4.2.2 What is the nature of the product sold in a monopoly? (1)

4.2.3 Briefly describe the term *natural monopoly*. (2)

4.2.4 Why does a monopoly usually make an economic profit in the long run? (2)

4.2.5 Use the information in the graph above to calculate the economic loss made by the firm. Show ALL calculations. (4)

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



[Source: <https://theweek.com>]

- 4.3.1 Identify the cause of cost-push inflation in the cartoon above. (1)
- 4.3.2 Name ONE way that is used to measure inflation. (1)
- 4.3.3 Briefly describe the term *inflation*. (2)
- 4.3.4 Explain the effect of a decrease in the general price level on producers. (2)
- 4.3.5 How can the government use the fiscal policy to combat demand-pull inflation? (2 x 2) (4)
- 4.4 Briefly discuss *lack of information* and *immobility of factors of production* as causes of market failure. (2 x 4) (8)
- 4.5 How would an increase in tourism activities negatively impact on the environment? (8)

[40]

TOTAL SECTION B: 80

Your answer will be assessed as follows:

40 MARKS – 40 MINUTES

- With the aid of three separate graphs, discuss the short-run equilibrium positions (*economic profit, economic loss and normal profit*) in a perfect market. (26 marks)
- Analyse the advantages of perfect competition as a market structure. (10 marks)

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Discuss in detail the measures taken by the government to ensure environmental sustainability. (26 marks)
- Evaluate the success of international agreements in reducing climate change. (10 marks)

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