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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**

**2023**

**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. 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 The amount by which total cost increases when one extra product is produced is known as ... cost.
- A fixed
  - B total
  - C marginal
  - D average
- 1.1.2 The process during which a business makes itself known to the public is known as ...
- A advertising.
  - B differentiation.
  - C copyright.
  - D patent.
- 1.1.3 When the business does not produce at the lowest possible cost, it is said to be ... inefficient.
- A allocatively
  - B productively
  - C market
  - D Pareto
- 1.1.4 In a perfect market normal profit is achieved when total revenue is equal to ...
- A total variable cost.
  - B marginal cost.
  - C average revenue.
  - D total cost.
- 1.1.5 The prices set or controlled by government are called ... prices.
- A infiltrated
  - B administered
  - C circulated
  - D directed
- 1.1.6 The activity of people travelling through South Africa using air, road, water or rail transport to get to another destination is known as ... tourism.
- A transit
  - B foreign
  - C outbound
  - D inbound

1.1.7 The introduction of harmful substances into the atmosphere is called ... pollution.

- A land
- B noise
- C water
- D air

1.1.8 The Command and Control (CAC) that focuses on the environmental impact of the pollution emitted is called ... standard.

- A quantity
- B social impact
- C quality
- D economic

(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	Explicit cost	A	pertains to the cost of living
1.2.2	Non-price competition	B	incurred by consumers when they buy goods
1.2.3	Minimum prices	C	a variety of plant and animal species in a particular area
1.2.4	Private costs	D	actual expenditure of a business, such as wages and rent
1.2.5	Consumer Price Index	E	set above the market equilibrium to assist the producer in making a profit
1.2.6	Tourism	F	imposed on the output of goods that generate external costs
1.2.7	Biodiversity	G	granted to businesses to reduce environmental damages
1.2.8	Environmental taxes	H	the activity of people travelling to and staying outside their usual environment for no longer than one year
		I	a marketing strategy whereby firms seek to increase sales through methods such as extended shopping hours

(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 period of production where all factors of production can change

1.3.2 A point where a firm's average revenue (price) is equal to the average variable cost

1.3.3 The sum of private benefit and external benefit

1.3.4 A type of inflation where an economy experiences high rates of unemployment, high rates of inflation and low economic growth

1.3.5 South African citizens travelling within the borders of the country

1.3.6 The permanent destruction of trees and forests (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 costs that are used to calculate the total costs of a firm. (2 x 1) (2)

2.1.2 How does the government address the challenge of an oversupply of demerit goods? (1 x 2) (2)

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

**FLYING AROUND SA HAS JUST GOT MORE EXPENSIVE**

Comair has been forced to ground flights several times due to safety and security risks. This has resulted in limited competition in the aviation space.

With a considerable amount of competition almost instantly cut from South Africa's airspace, demand outstripped supply, driving up prices on other airlines and triggering a warning from the Competition Commission around price fixing.

[Adapted from *Business Insider SA*, 1 June 2022]

2.2.1 Identify any ONE term in the extract that relates to price formation. (1)

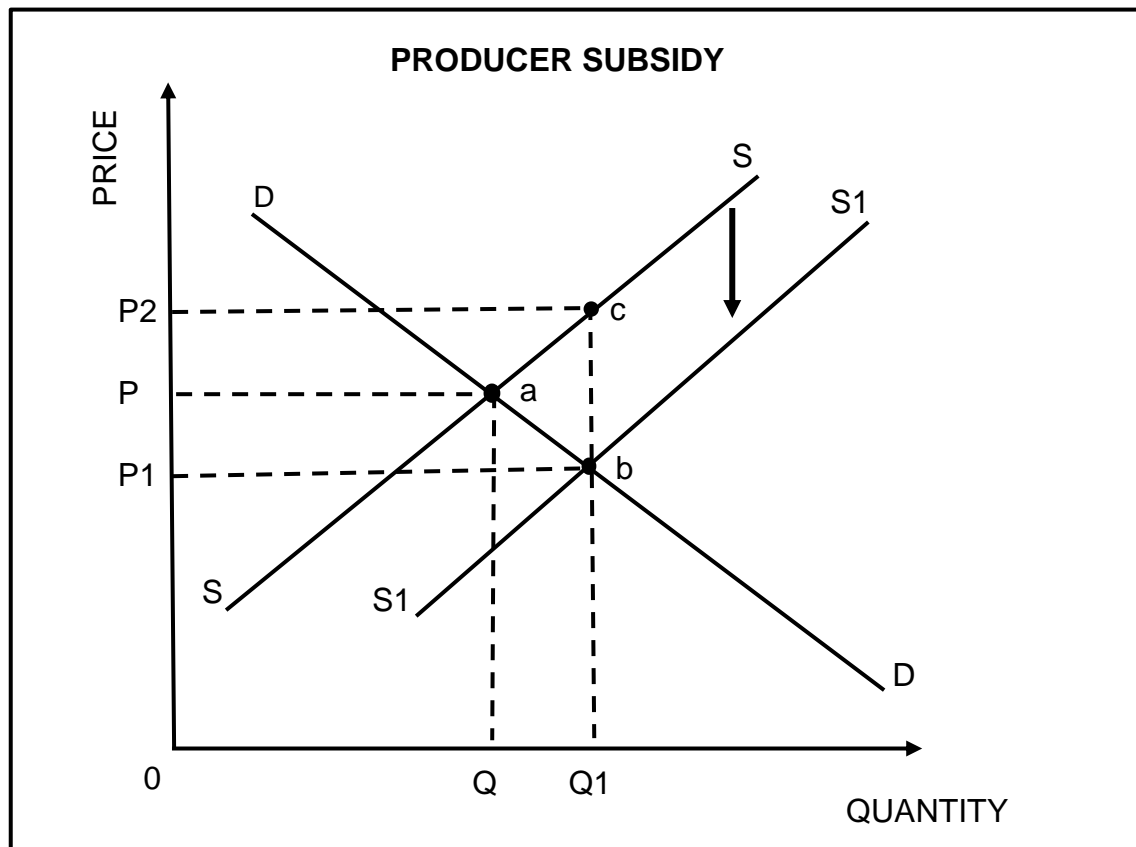
2.2.2 Name the market structure where price fixing is common. (1)

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

2.2.4 Explain the role of the Competition Commission in the economy. (2)

2.2.5 How can low prices negatively affect the 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 original market price on the graph above. (1)

2.3.2 Name any ONE product on which the government can offer a subsidy to consumers. (1)

2.3.3 Briefly describe the term *market failure*. (2)

2.3.4 Explain the effect of subsidies on producers of goods and services. (2)

2.3.5 Why are markets reluctant (unwilling) to produce public goods and services? (2 x 2) (4)

2.4 Briefly discuss *immobility of factors of production* and *imperfect competition* as causes of market failure. (2 x 4) (8)

2.5 How can an exit of firms in a perfect market affect the economy? (4 x 2) (8)

**[40]**



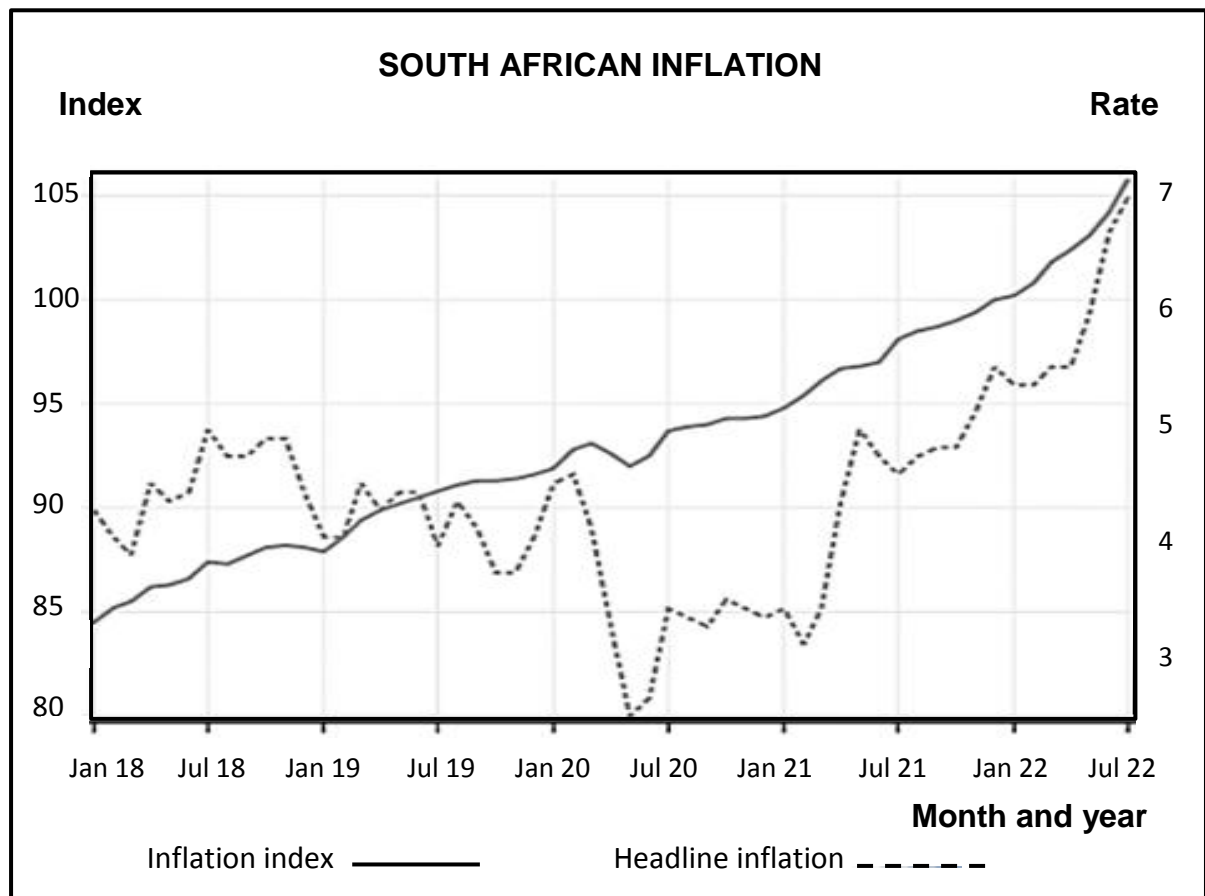
**QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO ways of measuring inflation. (2 x 1) (2)

3.1.2 How does tourism positively contribute to the gross domestic product (GDP)? (1 x 2) (2)

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



[Adapted from Stats SA]

3.2.1 Identify the month and year when the inflation rate was above the inflation target. (1)

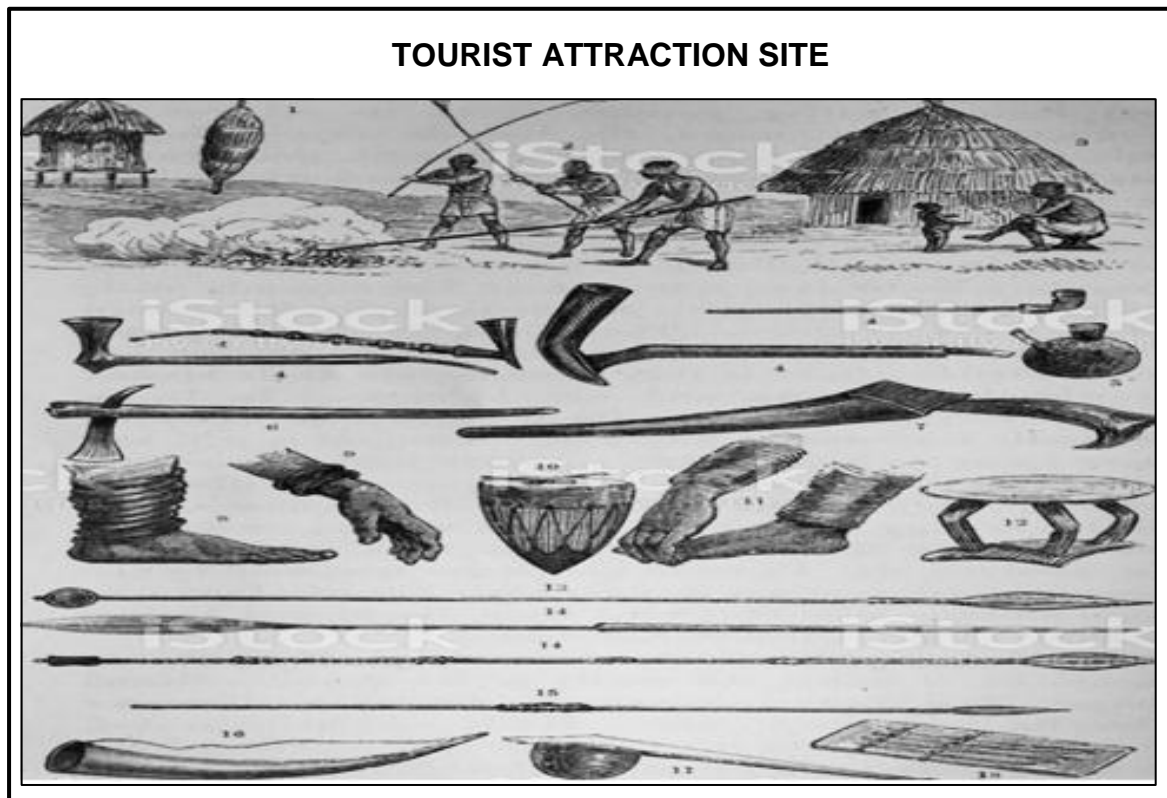
3.2.2 Give ONE possible reason for an increase in the inflation rate in 2022. (1)

3.2.3 Briefly describe the term *core inflation*. (2)

3.2.4 Explain the reason for the South African Reserve Bank to reduce interest rates when the inflation rate is below 3%. (2)

3.2.5 How does inflation psychologically influence the various participants in the economy? (2 x 2) (4)

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



[Adapted from [www.istockphotos.com](http://www.istockphotos.com)]

- 3.3.1 Identify the type of tourism depicted by the picture above. (1)
- 3.3.2 Name any ONE World Heritage Site found in South Africa. (1)
- 3.3.3 Briefly describe the term *indigenous knowledge systems (IKS)*. (2)
- 3.3.4 Explain the benefit of investing in tourism infrastructure. (2)
- 3.3.5 How can tourism activities lead to environmental stress (challenges)? (2 x 2) (4)
- 3.4 Briefly discuss *household consumption* and *government expenditure* as causes of demand-pull inflation. (2 x 4) (8)
- 3.5 Why is tourism in developing countries important in alleviating poverty? (4 x 2) (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 groups of workers that benefit from minimum wages. (2 x 1) (2)

4.1.2 Why do international tourists prefer South Africa as a tourist destination? (1 x 2) (2)

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

MARKET A				MARKET B		
Quantity	Price	TR		Quantity	Price	TR
0	R10	-		0	R12	-
1	R10	R10		1	R10	R10
2	R10	R20		2	R8	R16
3	R10	R30		3	R6	R18
4	R10	R40		4	R4	R16
5	R10	R50		5	R2	R10

4.2.1 Identify the market in which the demand curve shows a downward slope. (1)

4.2.2 What is the nature of the products sold in a perfect market? (1)

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

4.2.4 Why do individual firms find it easy to enter a perfect market? (2)

4.2.5 Calculate the marginal revenue for market **B** at quantity 2. Show ALL calculations. (4)

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

**TOURISM ACTIVITIES IN SOUTH AFRICA**

Tourist arrivals in South Africa averaged 542 648 from 1979 until 2022. It reached a high of 1 598 893 in January 2018 and a record low of 29 341 in April 2020.

South Africa offers both domestic and international tourists a wide variety of options, such as beautiful natural landscapes and game reserves, a diverse cultural heritage and highly regarded wines.

[Adapted from [www.google.com](http://www.google.com)]

- 4.3.1 Identify an example of ecotourism in the extract above. (1)
- 4.3.2 Give ONE reason for a decline in tourism in April 2020. (1)
- 4.3.3 Briefly describe the term *leisure tourism*. (2)
- 4.3.4 Why are indigenous knowledge systems (IKS) important for tourists? (2)
- 4.3.5 How does tourism solve the problem of unemployment in South Africa? (2 x 2) (4)
- 4.4 With the aid of a correctly labelled graph, explain maximum prices as a consequence of market failure. (8)
- 4.5 How can the South African Reserve Bank (SARB) use the monetary policy to combat inflation? (4 x 2) (8)
- [40]**

**TOTAL SECTION B: 80**

Your answer will be assessed as follows:

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