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basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P2

NOVEMBER 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 costs that do not change with the output are called ... costs.
- A variable
 - B average
 - C fixed
 - D basic
- 1.1.2 The removal of rules and procedures to allow easy entry of new firms in the market is called ...
- A deregulation.
 - B free market.
 - C adjustment.
 - D market domination.
- 1.1.3 The benefit gained by a third party which is not included in the market price is known as ... externality.
- A internal
 - B positive
 - C negative
 - D marginal
- 1.1.4 Actual expenditure of a business on inputs required for production is called ... costs.
- A implicit
 - B total
 - C average
 - D explicit
- 1.1.5 The rate at which the central bank lends money to commercial banks is called ... rate.
- A prime
 - B bank
 - C repo
 - D inflation
- 1.1.6 Religious events are classified under ... tourism.
- A eco-
 - B medical
 - C business
 - D cultural

1.1.7 The international protocol and agreement that focus on the eradication of poverty as one of its goals is known as the ...

- A Rio+20 Summit.
- B Millennium Development Goals.
- C Johannesburg Summit.
- D World Summit on Sustainable Development.

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

- A sustainability.
- B deforestation.
- C deregulation.
- D erosion.

(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	Short run	A	where goods are bought and sold illegally
1.2.2	Duopoly	B	a landmark or area which is selected by the United Nations as having cultural, historical or another form of significance
1.2.3	Black market	C	the variety of plant and animal life in a particular habitat
1.2.4	Merit goods	D	a process where trees are removed from the land and not replaced
1.2.5	Producer price index	E	the period of production in which at least one of the factors of production remains fixed
1.2.6	Weighted index	F	measures the prices of goods as they leave the factory floor
1.2.7	World Heritage Site	G	a market that is dominated by two firms
1.2.8	Deforestation	H	shows the relative importance of an item in a basket of goods and services that are used to calculate inflation
		I	highly desirable for the general welfare of the society

(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 that produces a unique product with no close substitutes

1.3.2 When the average revenue is greater than the average costs of a firm

1.3.3 A price set below the market equilibrium to make goods affordable to consumers

1.3.4 A very high increase in prices that exceeds 50% per month

1.3.5 Traditional ways of doing things that are unique to a given culture

1.3.6 A licence given to businesses to pollute to a certain limit (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

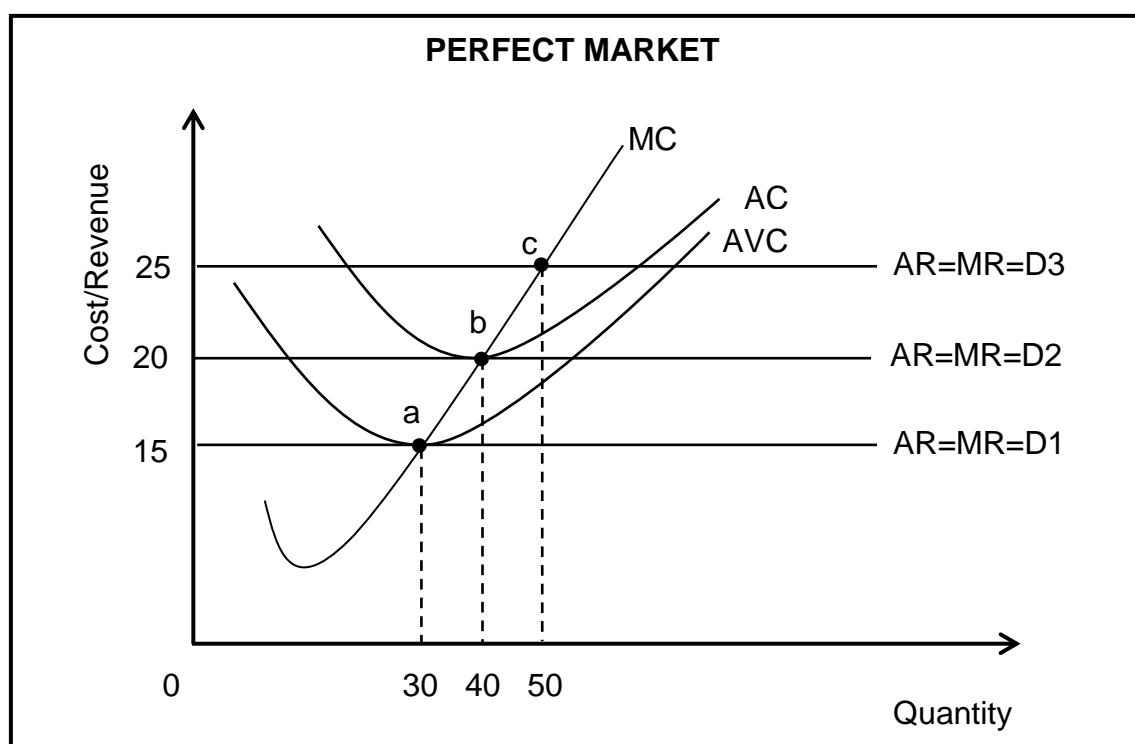
QUESTION 2: MICROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO forms (strategies) of non-price competition. (2 x 1) (2)

2.1.2 How would the levying of taxes on demerit goods influence their consumption? (1 x 2) (2)

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



2.2.1 Identify the curve that represents the supply curve in the graph above. (1)

2.2.2 What quantity should the firm produce in order to make a normal profit? (1)

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

2.2.4 Why would the producer be reluctant (unwilling) to produce 30 units or less? (2)

2.2.5 Use the graph above to calculate the total revenue when the price is R25. Show ALL calculations, including the formula. (4)

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

PAY HIKE FOR DOMESTIC WORKERS

The Department of Employment and Labour's National Minimum Wage (NMW) Commission has recommended an above-inflation wage increase to the NMW for 2023, which could see the rate for domestic workers jump to R25,05 an hour. With the consumer price index (CPI) averaging around 7% in 2022, this would put the hike to around 8%.

An increase of R25,05 would push the monthly rate to over R4 000 for a worker who works 8 hours a day, 20 days a month. This would be approximately R300 more than in 2022.

[Adapted from *Business Tech*]

- | | | |
|-------|---|-------------|
| 2.3.1 | Identify the percentage increase in minimum wage in the extract above. | (1) |
| 2.3.2 | Name any ONE factor that influences the quality of the workforce. | (1) |
| 2.3.3 | Briefly describe the term <i>market failure</i> . | (2) |
| 2.3.4 | Why would the government intervene when there is imperfect competition in the market? | (2) |
| 2.3.5 | How would minimum wages negatively affect the employers? | (4) |
| | (2 x 2) | |
| 2.4 | Discuss the role of the <i>Competition Commission</i> and the <i>Competition Tribunal</i> as institutions that promote competition in South Africa. | (8) |
| | (2 x 4) | |
| 2.5 | How would the provision of subsidies to producers positively influence the economy? | (8) |
| | (4 x 2) | |
| | | [40] |

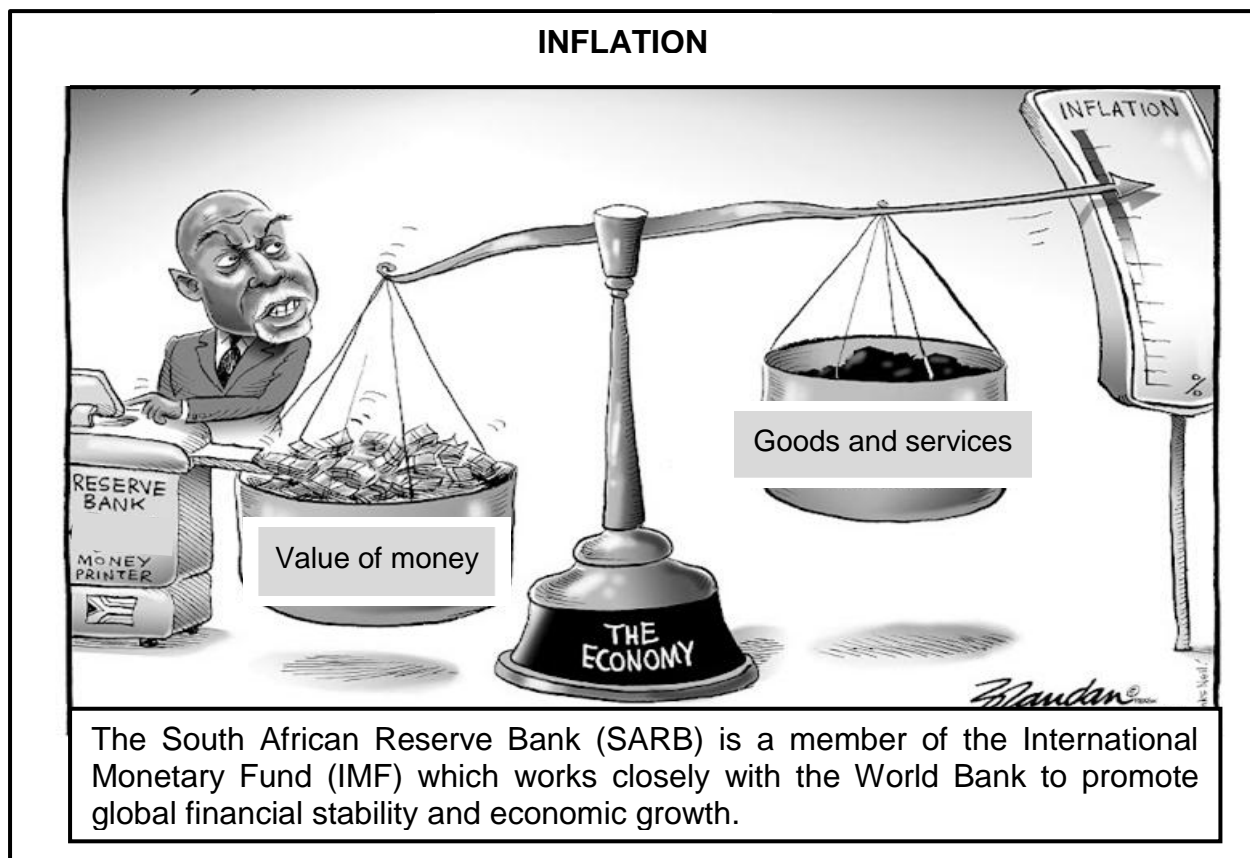
QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Give any TWO examples of goods that are excluded when calculating core inflation. (2 x 1) (2)

3.1.2 How does air pollution affect the environment? (1 x 2) (2)

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



[Source: businessday.com]

3.2.1 Identify in the cartoon and information above the institution that determines the interest rate. (1)

3.2.2 Name the monetary policy instrument that relates to the selling of government bonds. (1)

3.2.3 Briefly describe the term *administered-price inflation*. (2)

3.2.4 Explain the benefit of a general price increase for debtors in the economy. (2)

3.2.5 How would an oversupply of money impact on the economy? (2 x 2) (4)

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

INTERNATIONAL MEASURES TO ADDRESS ENVIRONMENTAL PROBLEMS

The Kyoto Protocol on climate change commits industrialised countries to limit and reduce greenhouse gas emissions in accordance with agreed individual targets. The Protocol sets binding emission reduction targets for 37 industrialised countries.

The Stockholm Protocol and the Basel Convention are other international measures that address environmental problems.

[Source: www.google.com]

- | | | |
|-------|---|-------------|
| 3.3.1 | Identify the international agreement that aims at limiting chemical waste. | (1) |
| 3.3.2 | Name ONE other international measure on climate change. | (1) |
| 3.3.3 | Briefly describe the term <i>global warming</i> . | (2) |
| 3.3.4 | What is the impact of hazardous waste on the environment? | (2) |
| 3.3.5 | Why have international measures to reduce the effects of climate change failed? | (4) |
| 3.4 | Briefly discuss the consequences of inflation to <i>taxpayers</i> and <i>industrial stability</i> . | (2 x 4) (8) |
| 3.5 | Evaluate the impact of climate change on the economy. | (4 x 2) (8) |
| | | [40] |

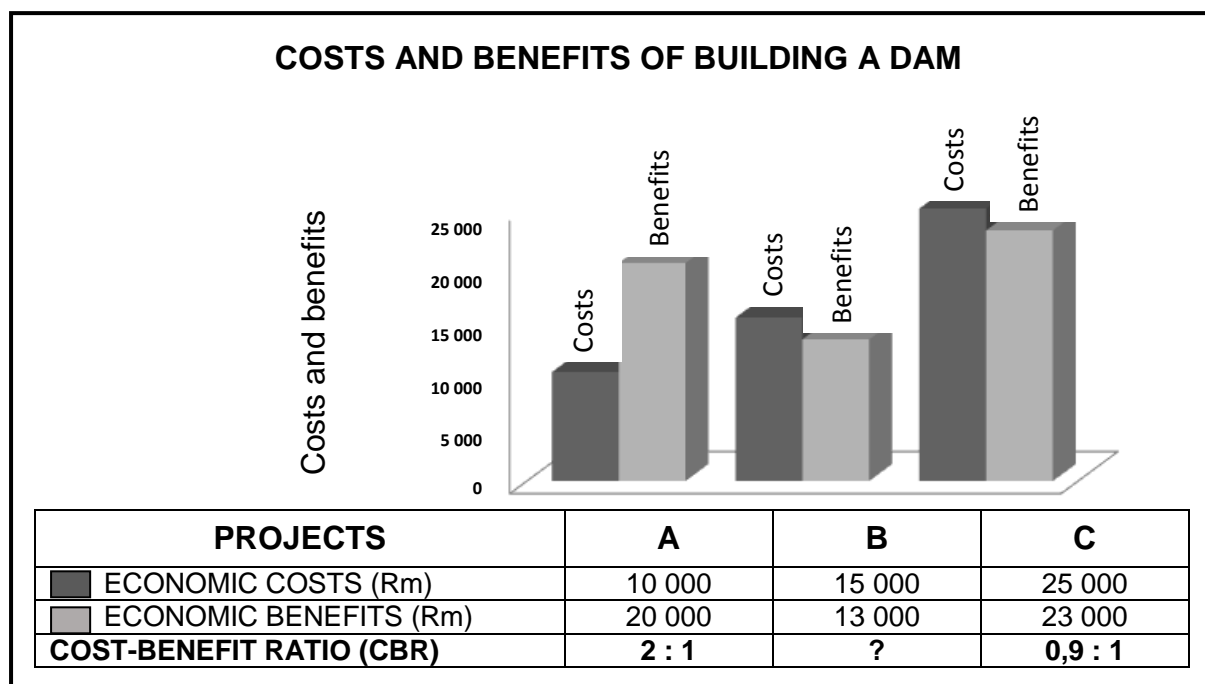
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO redress methods used to redistribute wealth. (2 x 1) (2)

4.1.2 Why do markets fail (find it difficult) to sustain the environment? (1 x 2) (2)

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



[Adapted from www.google.co.za]

4.2.1 Identify in the information above a project that has the most benefits. (1)

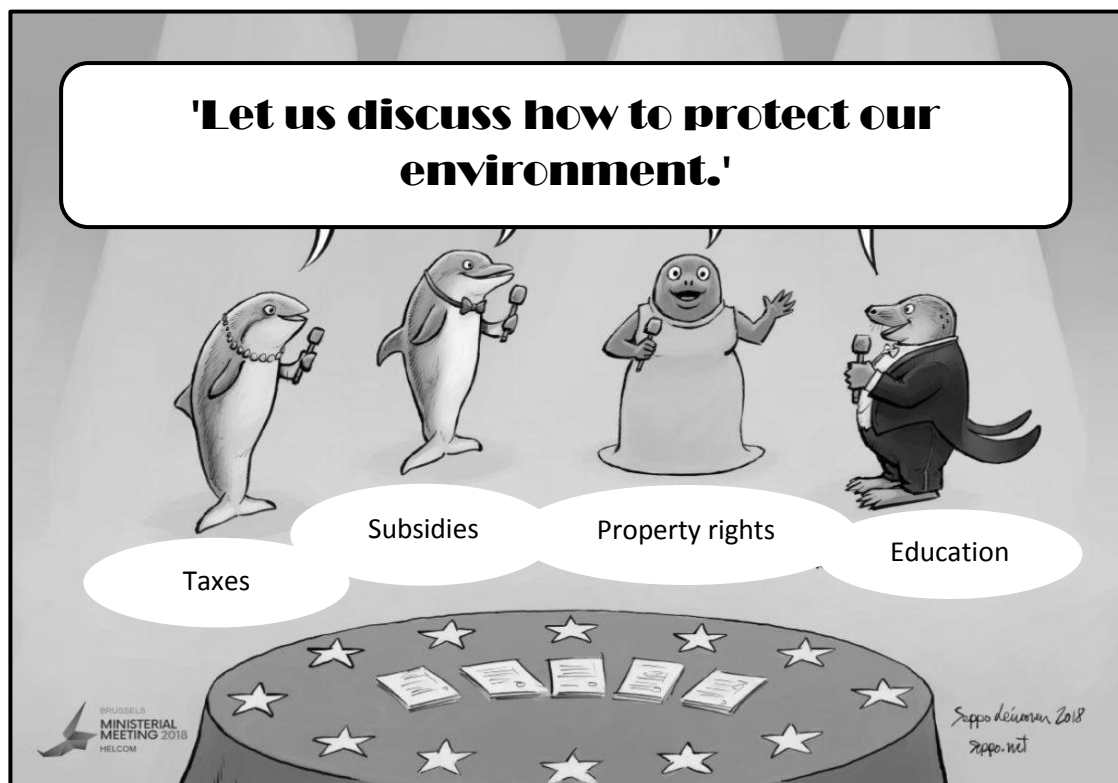
4.2.2 Name any ONE possible social benefit of building a bridge. (1)

4.2.3 Briefly describe the term *social cost*. (2)

4.2.4 Why should the government conduct a cost-benefit analysis before starting a new project? (2)

4.2.5 Determine which project is most beneficial by calculating the cost-benefit ratio for Project B. Show ALL calculations. (4)

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



[Source: www.google.co.za]

- 4.3.1 Identify in the cartoon above the measure that is used as an incentive for people to privately care for the environment. (1)
- 4.3.2 Name the type of tax that is levied on goods that generate external environmental costs. (1)
- 4.3.3 Briefly describe the term *conservation*. (2)
- 4.3.4 Explain the role played by education in protecting the environment. (2)
- 4.3.5 How can environmental subsidies be used to ensure environmental sustainability? (2 x 2) (4)
- 4.4 With the aid of a well-labelled graph, explain *profit maximisation* using the total revenue (TR) and total cost (TC) curves. (8)
- 4.5 Evaluate the success of inflation targeting in combating inflation in the country. (4 x 2) (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
Introduction The introduction is a lower-order response. <ul style="list-style-type: none"> • A good starting point will 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 mentioning 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/Assess/Debate A maximum of 8 marks may be allocated for headings/examples.	Max. 26
Additional part: Critically discuss/Evaluate/Critically evaluate/Deduce/Compare/Distinguish/Suggest/Interpret/Debate/How A maximum of 2 marks may be allocated for mere listing of facts.	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 valued 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**

- Compare and contrast the market structures of *monopolistic competition* with *an oligopoly* in detail. (26)
 - How can collusion negatively affect the economy? (10)
- [40]**

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Examine in detail the effects of tourism. (26)
 - How can South Africa's tourism profile be used to promote tourism in South Africa? (10)
- [40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150