education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P2

SEPTEMBER 2024

MARKS: 150

TIME: 2 hours

This question paper consists of 13 pages.

Please turn over

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 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 close example of a perfect market in South Africa is …

        A   oil companies.
        B   the Johannesburg Securities Exchange.
        C   ESKOM.
        D   the retail industry.

    1.1.2   The nature of a product sold in a pure oligopoly is …

        A   unique.
        B   differentiated.
        C   heterogenous.
        D   homogeneous.

    1.1.3   Average revenue is equal to … in all markets.

        A   marginal revenue
        B   market price
        C   variable cost
        D   fixed cost

    1.1.4   A characteristic of a monopolistic competitor is that it …

        A   produces a unique product.
        B   has full control over the price.
        C   has little control over price.
        D   makes an economic profit in the long run.

    1.1.5   An American who travels to South Africa to visit Robben Island is an example of a/an … tourist.

        A   inbound
        B   outbound
        C   medical
        D   business

1.1.6 The participant that benefits by recovering external costs due to tourism in South Africa, is/are ...

A business.
B households.
C government.
D banks.

1.1.7 Development based on meeting the needs of the present generation without compromising the needs of the future generation is known as … development.

A sustainable
B international
C economic
D urban

1.1.8 Taxation imposed on the output of goods that generate pollution is called … tax.
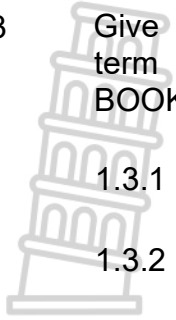
A income
B producer
C value added
D green (8 x 2) (16)

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 cost	A	a technique for enumerating and evaluating the total social cost and total social benefits associated with an economic project
1.2.2	Oligopoly		
1.2.3	Shutdown	B	once used they cannot be replaced
1.2.4	Natural monopoly		
1.2.5	Cost Benefit Analysis	C	a market structure controlled by a small group of large companies
1.2.6	Outbound tourists	D	tourists visiting natural areas
1.2.7	Ecotourism	E	the business will close when MC = AVC
1.2.8	Non-renewable resources		
		F	seeks creative continuity of the environment
		G	people travelling from their own countries to visit other countries
		H	high development costs prevent other potential entrants from entering the market
		I	value of inputs owned by the entrepreneur and used in the production process

(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 Income received from the sale of goods and services

    1.3.2 The actions of one oligopolistic firm affects other firms in the market

    1.3.3 Ensures that all South Africans have equal opportunities to participate fairly in the economic activities to make the economy more efficient

    1.3.4 A landmark or area which is selected by the United Nations as having cultural, historical or environmental significance

    1.3.5 When a person travels to another place solely to receive healthcare

    1.3.6 Licenses that are sold by the government to businesses which allow them to pollute to a certain degree (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

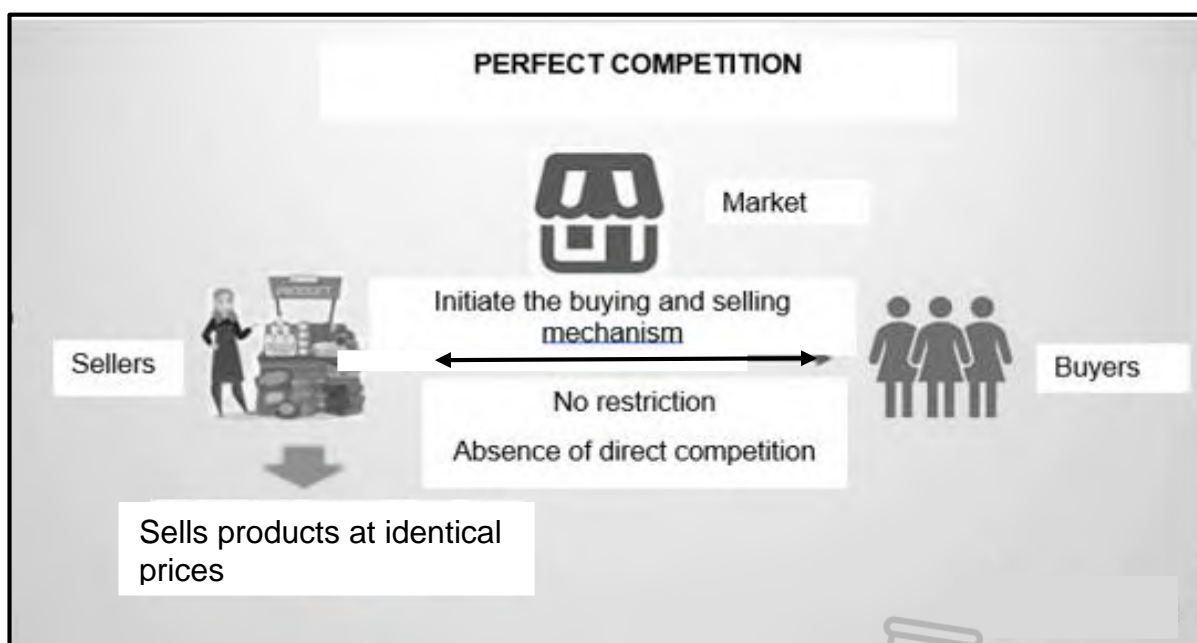**QUESTION 2: MICROECONOMICS**   **40 MARKS – 30 MINUTES**

2.1   Answer the following questions.

     2.1.1   Give any TWO reasons for cost-benefit analysis.   (2 x 1)   (2)

     2.1.2   Why does a monopoly make economic profits even in the long run?

                                                                                               (1 x 2)   (2)

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

[Source: Core notes Economics Grade 12]

     2.2.1   Identify ONE market participant depicted in the above information.   (1)

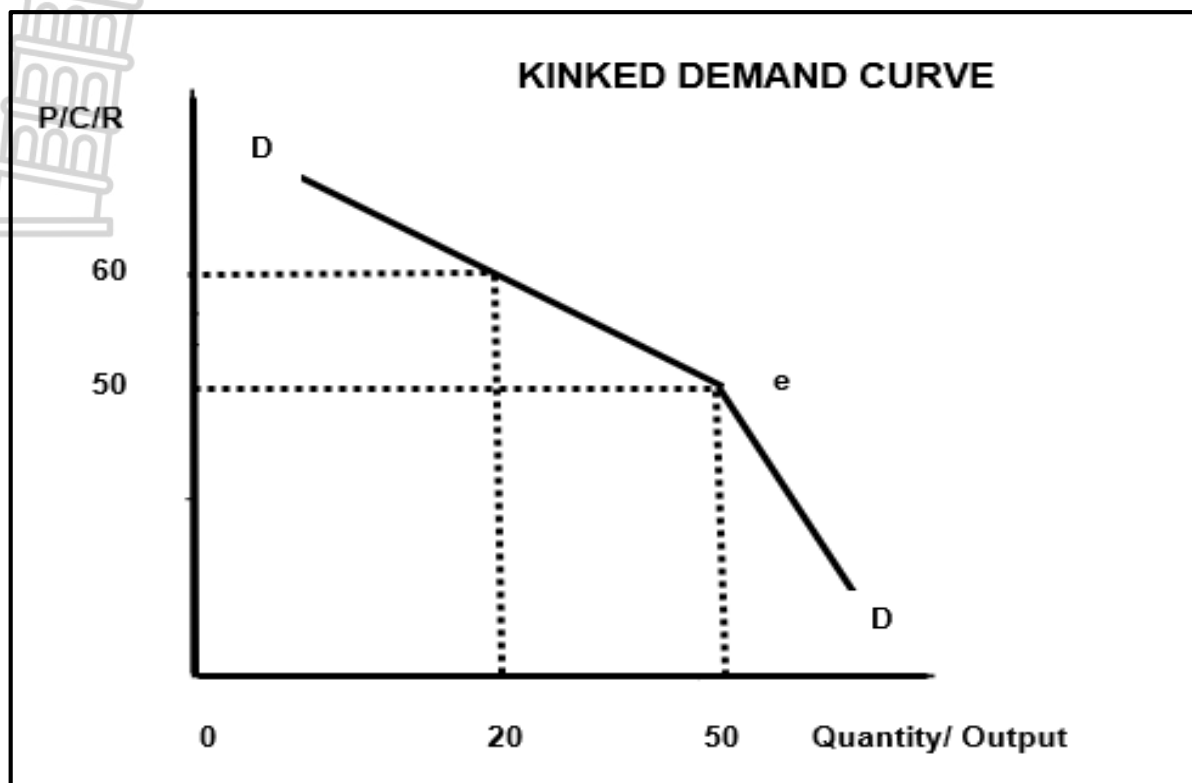   2.2.2   What type of product is sold in a perfect market?   (1)

     2.2.3   Briefly describe the term *market structure*.   (2)

     2.2.4   Explain how price is determined in a perfect market.   (2)

     2.2.5   Why are markets with no barriers to entry, the most efficient?   (2 x 2)   (4)

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

KINKED DEMAND CURVE

2.3.1 Which imperfect market structure is depicted in the graph above? (1)

2.3.2 Identify the equilibrium price in the graph above. (1)

2.3.3 Briefly describe the term *price leadership*. (2)

2.3.4 How can an oligopolist increase his market share in this particular industry? (2)

2.3.5 What would the effect be on total revenue if the oligopolist increased his price from R50 to R60? Show ALL calculations. (4)

2.4 With the aid of a graph, explain normal profit under the perfect market conditions. (8)

2.5 How can the government reduce collusion amongst businesses? (4 x 2) (8)
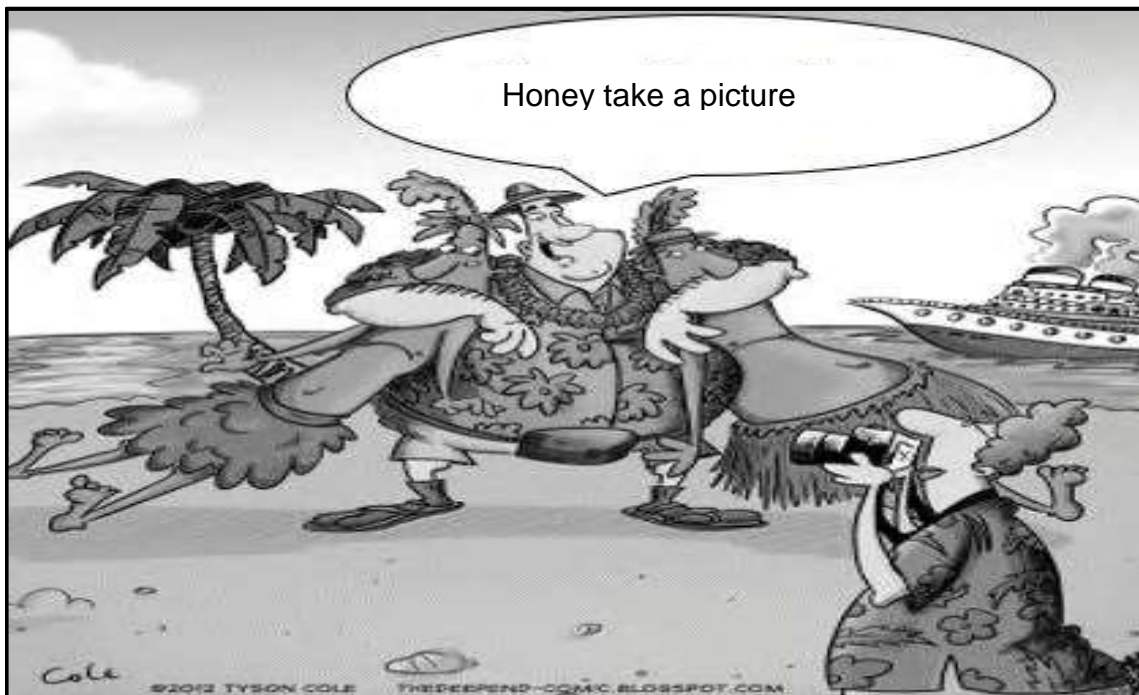
[40]

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

3.1   Answer the following questions.

    3.1.1   Mention any TWO indigenous forms of art in South Africa.   (2 x 1)   (2)

    3.1.2   How can people reduce fuel consumption for transport in order to sustain the environment?   (1 x 2)   (2)

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

[Source: Cartoons SA]

    3.2.1   Mention the type of tourism illustrated in the cartoon above.   (1)
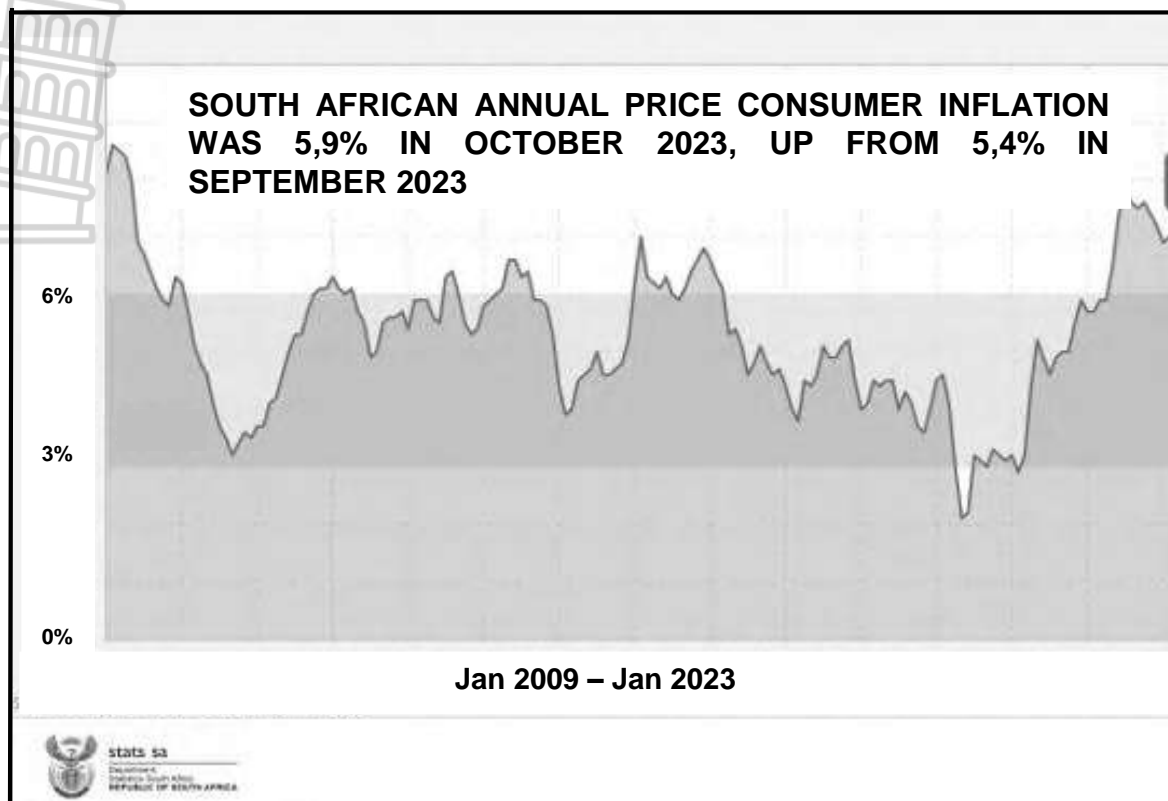
    3.2.2   Name any ONE enterprise that is dependent on tourism.   (1)

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

    3.2.4   What is the reason for the growth in the domestic tourism industry?   (2)

    3.2.5   Explain the effect of tourism in alleviating poverty.   (2 x 2)   (4)

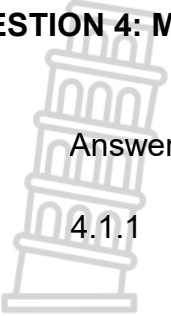3.3   Study the graph below and answer the questions that follow.

SOUTH AFRICAN ANNUAL PRICE CONSUMER INFLATION WAS 5,9% IN OCTOBER 2023, UP FROM 5,4% IN SEPTEMBER 2023

6%

3%

0%

Jan 2009 – Jan 2023

stats sa
Department:
Statistics South Africa
REPUBLIC OF SOUTH AFRICA

.[Source: Statistic South Africa October 2023]

3.3.1   Name the main monetary policy instrument that the South African Reserve Bank uses in trying to contain the country's inflation rate within the targeted range of 3–6%.   (1)

3.3.2   Identify the inflation rate for October 2023.   (1)

3.3.3   Briefly describe the term *inflation.*   (2)

3.3.4   Explain the Monetarists' view on inflation.   (2)

3.3.5   How effective is the South African Reserve Bank in reducing inflation?
                                                                              (2 x 2)   (4)

3.4   Discuss the increase in household consumption as a cause of demand-pull inflation.
                                                                              (4 x 2)   (8)

3.5   Analyse the importance of indigenous knowledge systems in strengthening South Africa's tourism profile.   (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   Mention any TWO fiscal measures that can be used to combat inflation.
                                                                                     (2 x 1)   (2)

   4.1.2   What prevents monopolies from charging excessively high prices?   (1 x 2)   (2)

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

RAND MANUPULATION AT THE HANDS OF THE COMPETTITION COMMISSION

The Competition Commission has accused 28 local and international banks of colluding on forex deals and manipulating the foreign exchange market by "fixing" the price of the rand for several seconds and even minutes several times. It is believed that the cartel made a trillion rand a day due to price-fixing and market allocation by the banks.

Five of the 28 banks have admitted to taking part in the alleged foreign exchange manipulation. The South African Reserve Bank has refused to meddle in the Competition Commission's probe into claims of rand manipulation.

[Source: Citizen 29 November 2023]

   4.2.1   How many banks have been accused of manipulating the rand?   (1)

   4.2.2   Identify the institution responsible for monetary policy in the extract above.   (1)

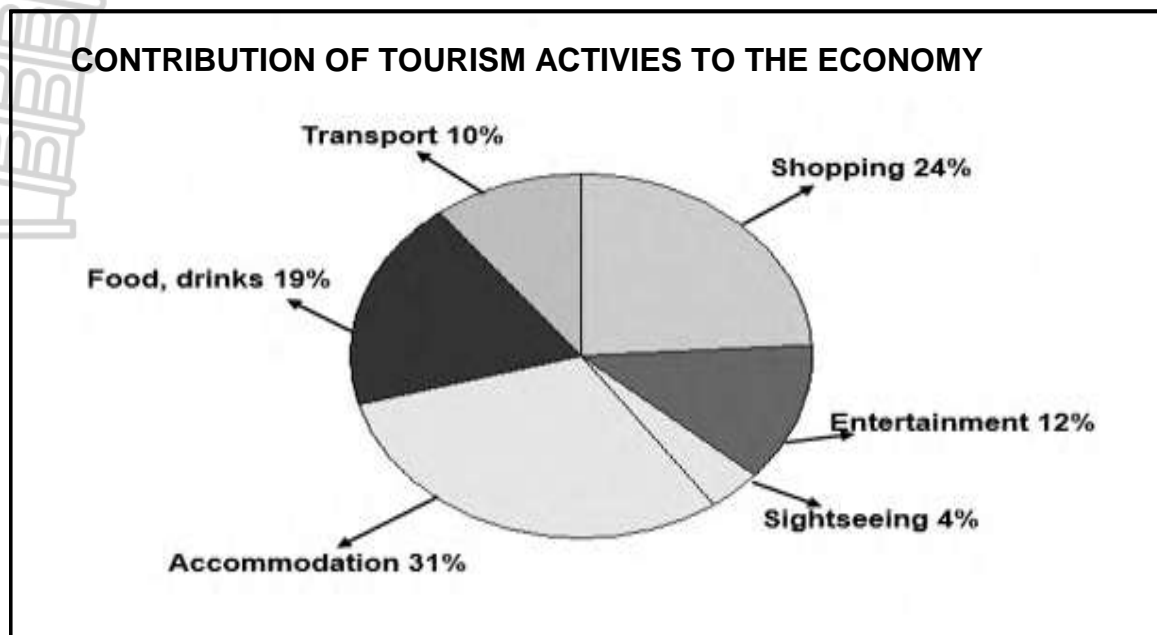   4.2.3   Briefly describe the term *price fixing*.   (2)

   4.2.4   What must banks do if they are not happy with the decision of the Competition Tribunal?   (2)

   4.2.5   Explain the effects of manipulation of the rand on the economy.
                                                                                     (2 x 2)   (4)

4.3   Study the pie chart below and answer the questions that follow.

CONTRIBUTION OF TOURISM ACTIVIES TO THE ECONOMY

Transport 10%

Shopping 24%

Food, drinks 19%

Entertainment 12%

Sightseeing 4%

Accommodation 31%

4.3.1   Identify the activity that contributed the most to the economy in the pie
chart above.   (1)

4.3.2   Give ONE example of transport provided to tourists in South Africa.   (1)

4.3.3   Briefly describe the term *cultural tourism.*   (2)

4.3.4   How will the economy benefit from an increase in the number of tourists
coming to South Africa?   (2)

4.3.5   How can local communities benefit from nearby tourist attractions?
(2 x 2)   (4)

4.4   Compare   perfect   competition   and   the   monopoly   in   terms   of   the
demand curve.   (4 x 2)   (8)

4.5   How can South African households contribute to a lower inflation rate?   (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. • 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 merely listing facts.**	Max. 10
Conclusion Any higher-order conclusion should include: • 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 • Recommendation	Max. 2
TOTAL	**40**

QUESTION 5: MICROECONOMICS   40 MARKS – 40 MINUTES

• Discuss the causes of market failure in detail.   (26)

• How can the state prevent market failures caused by externalities?   (10)

[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES   40 MARKS – 40 MINUTES

• Discuss in detail any FIVE environmental problems and the international measures taken to address these challenges.   (26)

• Evaluate the effectiveness of pollution control measures in South Africa.   (10)

[40]

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