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basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

NATIONAL
SENIOR CERTIFICATE

GRADE 12

ECONOMICS P2

NOVEMBER 2025

MARKS: 150

TIME: 2 hours

This question paper consists of 12 pages.

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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 will always decrease when production increases, is
             referred to as … cost.

            A   average
            B   average variable
            C   total
            D   average fixed

      1.1.2   The demand curve of a monopolistic competitor is …

            A   relatively elastic.
            B   relatively inelastic.
            C   perfectly elastic.
            D   perfectly inelastic.

      1.1.3   The price that is set by the government above the equilibrium price to
             allow producers to make a fair profit is called …

            A   market price.
            B   selling price.
            C   maximum price.
            D   minimum price.

      1.1.4   Failure by businesses to produce goods and services at the lowest
             possible average cost is called … inefficiency.

            A   allocative
            B   market
            C   productive
            D   distributive

      1.1.5   When the general price level increases, the real value of savings
             will …

            A   rise.
            B   decline.
            C   remain the same.
            D   increase.

      1.1.6   The activities of people visiting places for meetings and conferences
             is known as … tourism.

            A   paleo
            B   business
            C   leisure
            D   eco-

1.1.7 Internet facilities needed by tourists is called ... infrastructure.

A transport
B energy
C communication
D basic services

1.1.8 The process of converting waste material into economic goods is known as ...

A recycling.
B re-using.
C littering.
D resourcing.

(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 Homogenous products	A	method used to prevent the extinction of non-renewable resources
1.2.2 Price-taker	B	people who enjoy goods and services without paying for them
1.2.3 Collusion	C	the activities of people travelling to and staying in places outside their usual environment
1.2.4 Free riders		
1.2.5 Inflation targeting	D	a firm that has no influence over the market price
1.2.6 Ecotourism	E	goods that are identical in terms of appearance, packaging and quality
1.2.7 Tourism	F	monetary policy approach used by the SARB to keep price changes within 3–6%
1.2.8 Preservation	G	an agreement among firms within the same industry to reduce competition through price fixing
	H	a firm that has control over the market price
	I	activities of people visiting places to enjoy the natural environment

(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 in which decisions are left to individual sellers and buyers without government interference

1.3.2 The percentage of total sales in an industry that a particular business controls

1.3.3 A technique used to evaluate the social costs and benefits associated with public projects

1.3.4 A general rise in prices caused by increases in the cost of the factors of production

1.3.5 Places listed by the United Nations as having cultural, historical and scientific significance

1.3.6 The gradual increase in the temperature of the Earth's atmosphere due to a increase in carbon emissions (6 x 1) (6)

TOTAL SECTION A: 30

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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   Give any TWO examples of oligopoly markets.   (2 x 1)   (2)

2.1.2   Why would a perfectly competitive firm consider shutting down its operations?   (1 x 2)   (2)

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

COST AND REVENUE SCHEDULE				
Quantity	Total revenue (rands)	Marginal revenue (rands)	Marginal cost (rands)	Total cost (rands)
0	0	-	-	100
2	40	20	10	120
4	80	20	8	136
6	120	20	10	156
8	160	20	20	196
10	200	20	A	256

2.2.1   Identify the profit maximisation quantity in the table above.   (1)

2.2.2   Name the concept that refers to income earned by a business for each unit sold.   (1)
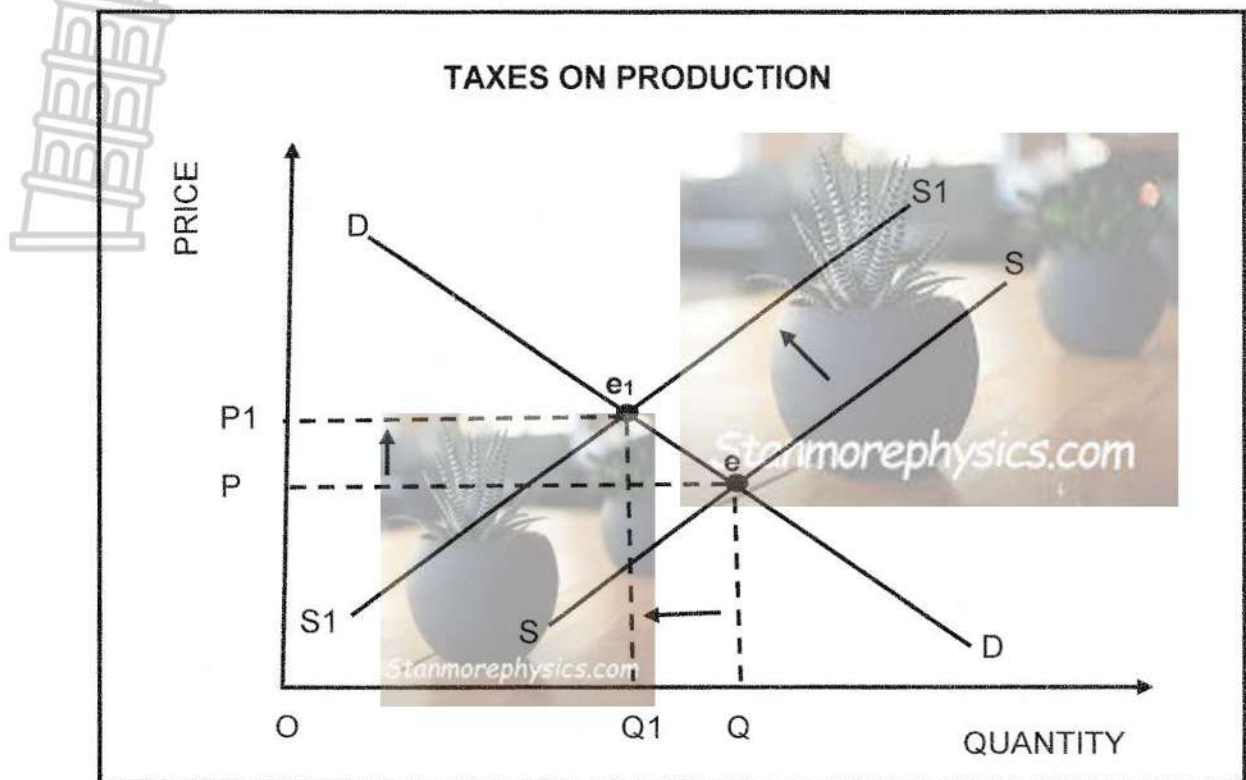
2.2.3   Briefly describe the term *implicit cost*.   (2)

2.2.4   Why is the marginal revenue the same for a perfectly competitive firm when production increases?   (2)

2.2.5   Use the information in the table above to calculate the marginal cost (**A**) if 10 units are produced. Show ALL calculations.   (4)

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

TAXES ON PRODUCTION

2.3.1 Identify the original equilibrium price in the graph above. (1)

2.3.2 Give any ONE example of a direct tax. (1)

2.3.3 Briefly describe the term *Pareto efficiency*. (2)

2.3.4 Why does the government impose excise duties, such as sin tax, on demerit goods? (2)

2.3.5 How can producer subsidies positively influence the economy?
(2 x 2) (4)

2.4 Briefly discuss the *immobility of factors of production* and *lack of information* as factors that may lead to misallocation of resources in markets. (2 x 4) (8)

2.5 Why would a firm in a perfect market always make normal profit in the long run?
(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 approaches used in command and control systems for ensuring environmental sustainability.   (2 x 1)   (2)

3.1.2   Why is the tourism industry regarded as labour-intensive?   (1 x 2)   (2)

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

TOURISM TRANSFORMATION FUND

The Tourism Transformation Fund (TTF) is a capital investment funding mechanism established by the Department of Tourism. It was established in collaboration with the National Empowerment Fund (NEF) and focuses on financial support for entrepreneurs investing in the tourism sector.

The TTF provides grant funding, debt financing and equity contributions to facilitate capital investment in the tourism sector. Through partnerships, the NEF is responsible for administering the TTF.

[Adapted from http://www.tourism.gov.za]

3.2.1   Identify a government initiative that provides financial assistance to tourism investments in the extract above.   (1)

3.2.2   Name an economic sector under which tourism is classified.   (1)

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

3.2.4   Explain the importance of public-private partnerships (PPPs) in developing tourist destinations.   (2)

3.2.5   How can natural disasters negatively impact the tourism industry?   (2 x 2)   (4)

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

INTERNATIONAL PROTOCOLS AND AGREEMENTS
ON ENVIRONMENTAL SUSTAINABILITY

STOCKHOLM PROTOCOL
1972

JOHANNESBURG SUMMIT 2002

RIO+20 SUMMIT
2012

[Source: Caglecartoons.com]

3.3.1 Identify, in the cartoon above, the international agreement that refers to the world summit on sustainable development. (1)

3.3.2 State the environmental problem that relates to the removal of trees. (1)

3.3.3 Briefly describe the term *marketable permit*. (2)

3.3.4 Explain the impact of the loss of indigenous knowledge on the environment. (2)

3.3.5 Why do markets fail to ensure environmental sustainability? (2 x 2) (4)

3.4 Briefly discuss the effects of tourism on *gross domestic product (GDP)* and *poverty*. (2 x 4) (8)

3.5 Analyse the various international measures in reducing climate change.
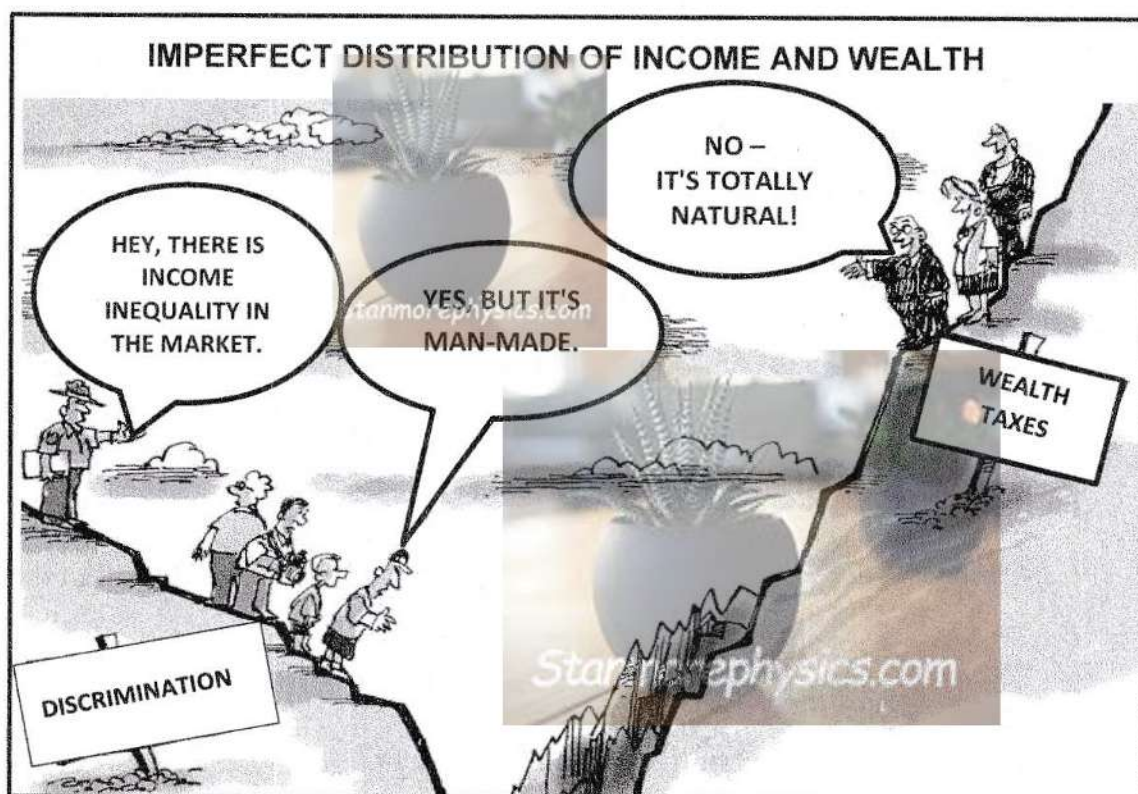(4 x 2) (8)
[40]

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

4.1　　Answer the following questions.

4.1.1　Give any TWO examples of private costs associated with the building of a school.　(2 x 1)　(2)

4.1.2　How can soil erosion impact agricultural production?　(1 x 2)　(2)

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

[Adapted from https://www.bostonglobe.com/]

4.2.1　Identify the reason for the unequal distribution of income and wealth in the cartoon above.　(1)

4.2.2　Give an economic term which refers to the lowest remuneration of labour set by the government.　(1)

4.2.3　Briefly describe the term *progressive income tax*.　(2)

4.2.4　Why do markets undersupply goods that generate positive externalities?　(2)

4.2.5　How can the government use redress methods to redistribute wealth in South Africa?　(2 x 2)　(4)

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

MANAGING WASTE
Managing hazardous waste and chemical waste requires proper identification, handling, storage and transportation in order to prevent biodiversity loss. Storage of waste in designated well-ventilated areas and the use of appropriate containers prevent leaks and reactions. Companies should train employees on safe handling procedures and labelling containers clearly with hazard symbols and waste descriptions. [Adapted from https://www.vetorstock.com]

4.3.1   Identify the environmental problem that relates to the reduction of plants and animal species in the extract above.   (1)

4.3.2   Name the method used by the government to create environmental awareness.   (1)

4.3.3   Briefly describe the term *land* pollution.   (2)

4.3.4   Explain the impact of chemical waste on the environment.   (2)

4.3.5   How can the Basel Convention help to manage hazardous waste?
                                                              (2 x 2)   (4)

4.4   With the aid of a correctly labelled graph, explain economic loss for a perfectly competitive firm.   (8)

4.5   Analyse the strategies (ways) that can be used to promote tourism in South Africa.   (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/Discuss in detail with the aid of graphs/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: • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or value 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

• Discuss, in detail, the characteristics of a monopoly market structure, including a graph showing long-run economic profit.   (26 marks)

• How can the government prevent the abuse of market power by dominant businesses?   (10 marks)   **[40]**

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES   40 MARKS – 40 MINUTES

• Discuss, in detail, the measures to combat inflation.   (26 marks)

• How can South Africa's trading partners, such as the USA and China, influence the domestic inflation rate?   (10 marks)   **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150