basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATIONS/
NATIONAL SENIOR CERTIFICATE EXAMINATIONS

ECONOMICS P2

MAY/JUNE 2026

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 The actual expenditure of a business, such as wages and rent, is known as … cost.

A implicit
B marginal
C external
D explicit

1.1.2 The supply curve for a perfectly competitive firm is represented by the … curve.

A marginal cost
B average cost
C marginal revenue
D total revenue

1.1.3 When a group of businesses work together with the aim of fixing prices, it is known as …

A tacit collusion.
B price leadership.
C informal collusion.
D overt collusion.

1.1.4 The cost to the third party, which is not included in the market price, is known as a/an … cost.

A internal
B external
C social
D private

1.1.5 A rapid increase in the general price level that is more than 50% per month is referred to as …

A core inflation.
B bracket creep.
C hyperinflation.
D disinflation.

1.1.6 The activity of tourists who visit a country to receive healthcare services is known as … tourism.

A medical
B adventure
C cultural
D paleo-

1.1.7 An example of communication infrastructure that promotes tourism is ...

A transport.
B energy.
C internet facilities.
D railway lines.

1.1.8 Arrangements between the government and businesses to reduce pollution without imposing laws and regulations, are known as ...

A property rights.
B voluntary agreements.
C marketable permits.
D environmental taxes. (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 to1.2.8) in the ANSWER BOOK, e.g. 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Shut-down point	A	a technique used to evaluate the total social costs and the total social benefits associated with a public project
1.2.2	Average revenue	B	the activities of people travelling to places to play sport, visit friends and experience new attractions
1.2.3	Diseconomies of scale	C	believe that inflation is caused by an increase in the total money supply in the economy
1.2.4	Cost-benefit analysis	D	low growth rate, high unemployment rate and high inflation rate occurring at the same time
1.2.5	Stagflation	E	a command and control approach that focuses on the amount of environmental pollution emitted
1.2.6	Monetarist	F	the additional revenue received for selling one extra unit of a product
1.2.7	Quantity standards	G	the income received by the firm for selling one unit of a product
1.2.8	Leisure tourism	H	when a business's average revenue is equal to average variable cost
		I	a situation where average cost rises as production output increases

(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 where at least one factor of production remains fixed

1.3.2 The removal of unnecessary laws and rules that restrict competition in the market

1.3.3 The gains derived by the producers and the consumers of goods and services

1.3.4 The unadjusted consumer inflation rate that reflects the cost of a shopping basket of goods and services

1.3.5 The activities of people travelling with the purpose of attending meetings, conferences and trade affairs

1.3.6 Keeping non-renewable resources intact to ensure that they are not threatened by extinction (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 Give any TWO examples of variable costs. (2 x 1) (2)

2.1.2 Why is a monopolistic competitive market regarded as a hybrid market structure? (1 x 2) (2)

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

PERFECT MARKET

Free entry and exit mean that new firms can enter or leave the market without facing significant barriers and higher costs. The free flow of firms into and out of the market ensures that there is always a supply of goods and services, and that resources are allocated efficiently. The opportunity to make profit serves as a natural incentive for new firms to enter the market.

[Adapted from *Business Tech*]

2.2.1 Identify ONE characteristic of a perfect market in the extract above. (1)

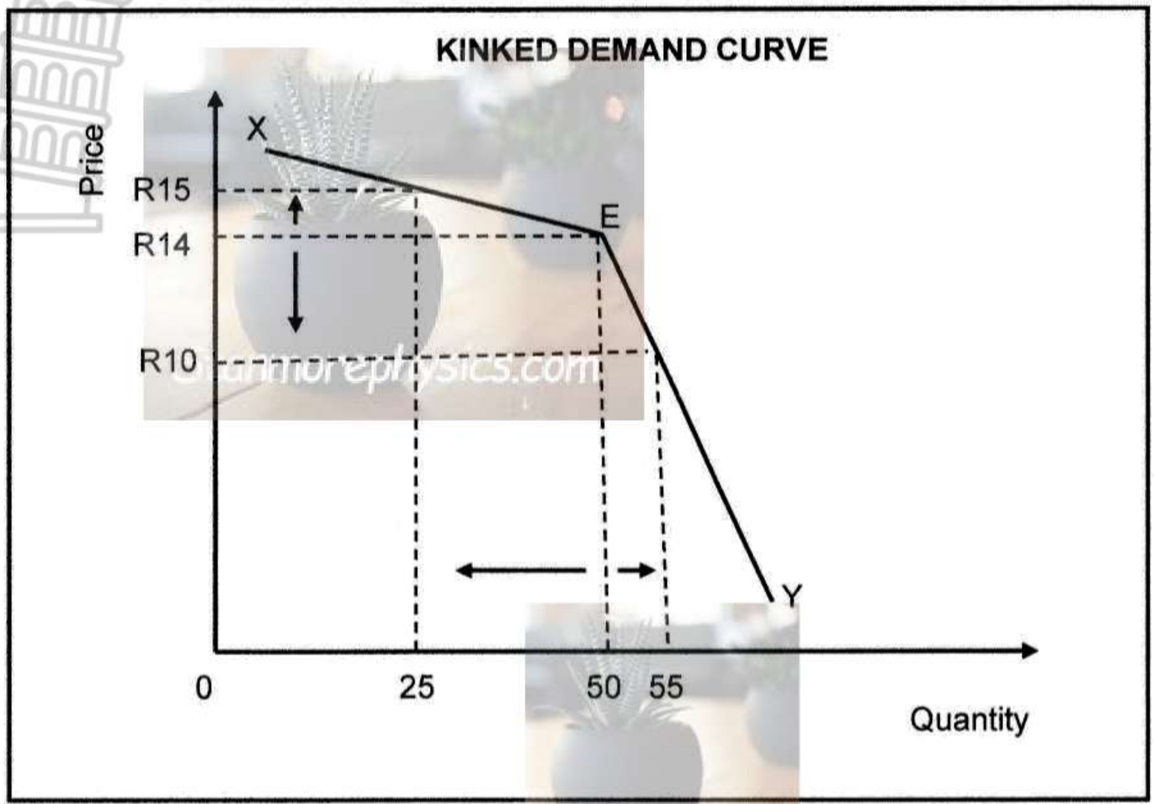
2.2.2 Give an economic term for a firm that can only sell different quantities of a product at the same market price. (1)

2.2.3 Briefly describe the term *allocative efficiency*. (2)

2.2.4 Explain the importance of complete information to consumers in a perfect market. (2)

2.2.5 How can the entrance of new businesses into a perfectly competitive market affect producers in the long run? (2 x 2) (4)

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



2.3.1 Identify the relatively inelastic segment (part) of the kinked demand curve in the graph above. (1)

2.3.2 State the nature of products that are sold in a pure oligopoly. (1)

2.3.3 Briefly describe the term *duopoly*. (2)

2.3.4 How does price fixing negatively affect consumers? (2)

2.3.5 Use the graph above to calculate the change in total revenue if an oligopolist increases its price from R14 to R15. Show ALL calculations. (4)

2.4 Briefly discuss the role of the *Competition Commission* and the *Competition Tribunal* in promoting competition in South Africa. (2 x 4) (8)

2.5 Analyse the positive impact of non-price competition on a monopolistic competitive firm. (4 x 2) (8)
[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 30 MINUTES

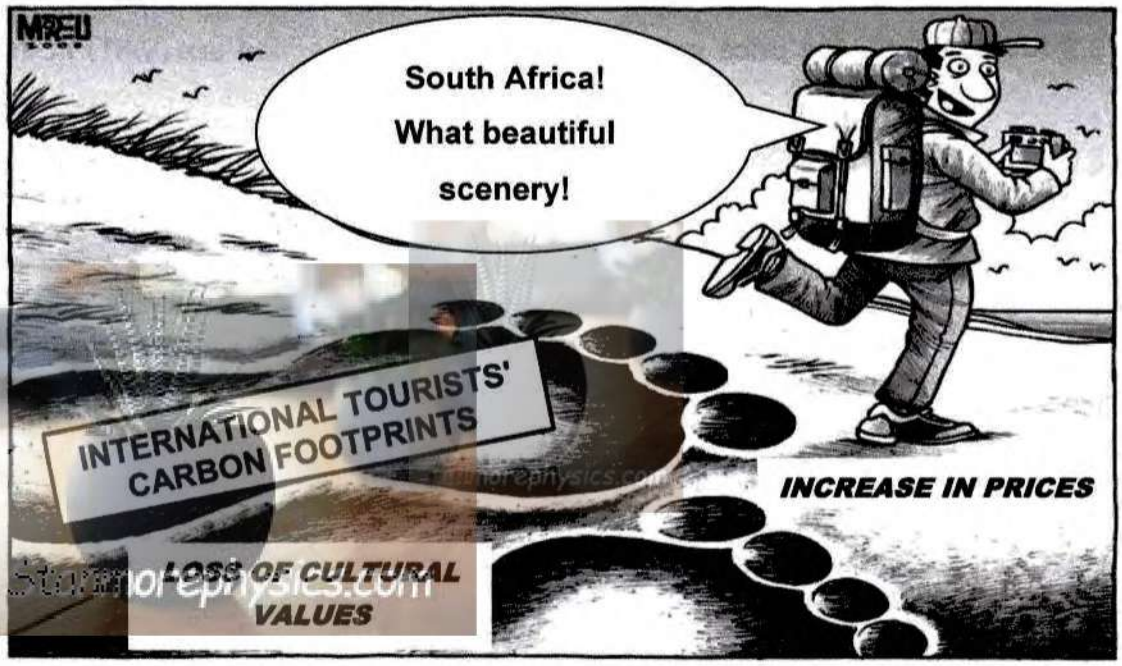
3.1 Answer the following questions.

3.1.1 Name any TWO World Heritage Sites in South Africa. (2 x 1) (2)

3.1.2 How can debtors (borrowers) benefit from inflation? (1 x 2) (2)

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

IMPACT OF TOURISM



[Adapted from https:/teara.govt.nz]

3.2.1 Identify the phrase that refers to a negative impact of tourism on the environment in the cartoon above. (1)

3.2.2 Name the type of tourism that only involves people from other countries visiting South Africa. (1)

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

3.2.4 Explain the reason for levying taxes on tourism activities. (2)

3.2.5 How would an increase in tourism activities negatively impact households? (2 x 2) (4)

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

SOUTH AFRICA'S PRICE INDEXES – 2025

MONTH	PRODUCER PRICE INDEX (PPI)	CONSUMER PRICE INDEX (CPI)
January	101,2	100,3
February	101,6	101,2
March	102,2	101,6
April	102,7	101,9
May	102,4	102,1

[Source: https//www.tradingeconomics.com]

3.3.1 Identify the price index that excludes value-added tax (VAT) in the table above. (1)

3.3.2 Name any ONE institution in South Africa that publishes inflation figures. (1)

3.3.3 Briefly describe the term *demand-pull inflation.* (2)

3.3.4 Explain the purpose of weightings in a consumer basket when measuring inflation. (2)

3.3.5 Use the information in the table above to calculate the month-on-month CPI inflation for March 2025. Show ALL calculations. (4)

3.4 Briefly discuss *taxation* and *infrastructure development* as policy suggestions to promote tourism. (2 x 4) (8)

3.5 How does high inflation negatively affect the South African economy? (4 x 2) (8)
[40]

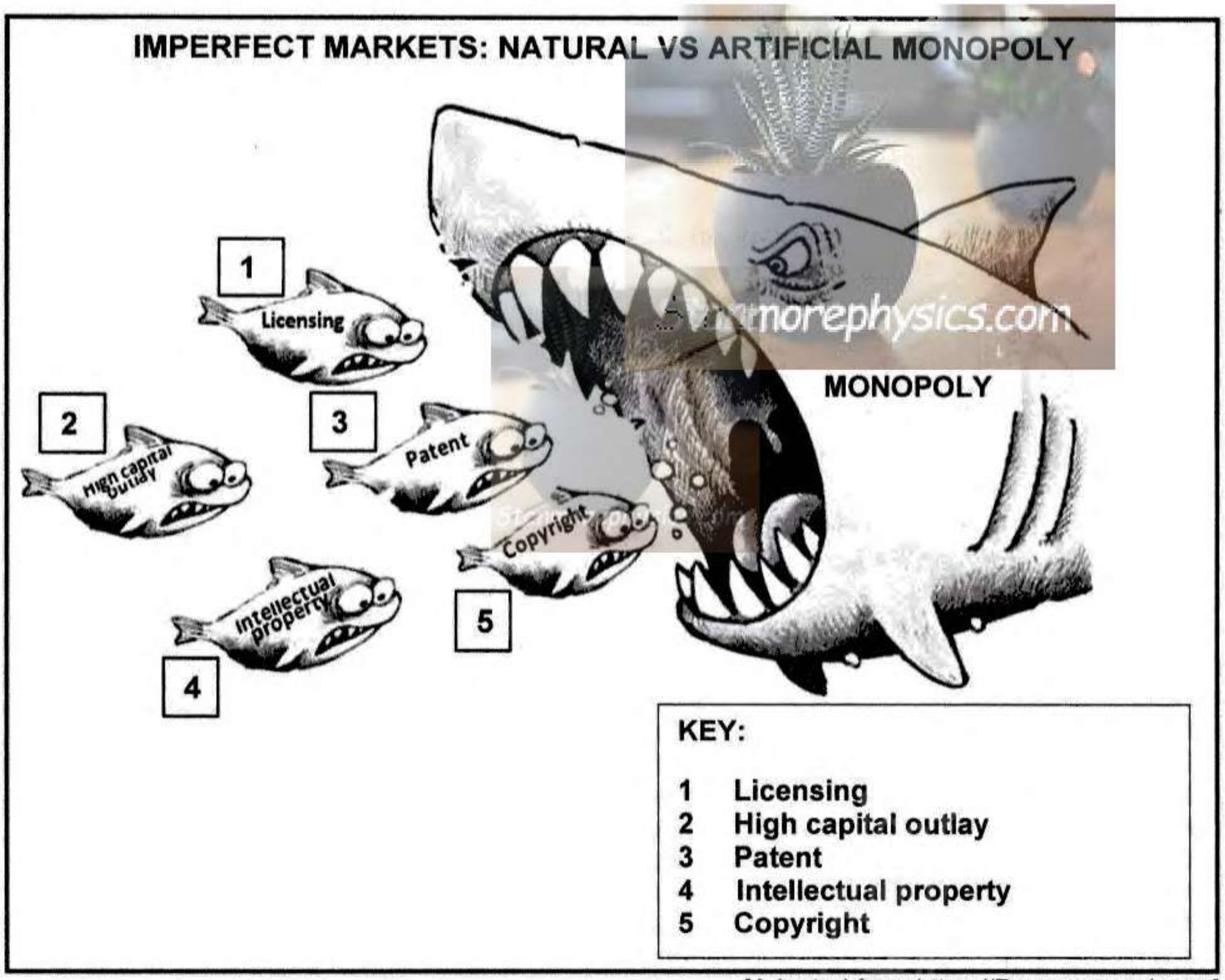
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Give any TWO examples of monopoly businesses in South Africa. (2 x 1) (2)

4.1.2 Why is the tourism industry regarded as the world's largest generator of jobs? (1 x 2) (2)

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



[Adapted from https://Davegranwnd.com]

4.2.1 Identify the barrier to entry that protects inventors of new products in the cartoon above. (1)

4.2.2 Name the type of profit made by a monopolist in the long run. (1)

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

4.2.4 Explain the reason for the relatively inelastic demand in a monopoly market. (2)

4.2.5 Why is it a challenge for monopolies to charge excessively high prices? (2 x 2) (4)

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

SOUTH AFRICA'S ADMINISTERED PRICES

Administered-price inflation is important for the Reserve Bank as it measures price changes of key inputs into the economy and contribute to cost-push inflation.

Electricity tariffs make up the highest share at 26% of the administered-price basket and have a larger impact than fuel prices, which make up 3,8%. Since 2020, the price of electricity has increased by an average of 12% year on year.

[Adapted from https//www.dailyinvestor.com]

4.3.1 Identify the item that contributes the most to administered-price inflation in the extract above. (1)

4.3.2 Name the organisation that regulates the prices of electricity in South Africa. (1)

4.3.3 Briefly describe the term *all-inclusive inflation.* (2)

4.3.4 Explain the impact of an increase in electricity tariffs on producers of goods and services. (2)

4.3.5 How can new production technology help to combat cost-push inflation? (2 x 2) (4)

4.4 With the aid of a correctly labelled graph, explain profit maximisation for a perfectly competitive firm using the marginal revenue (MR) and the marginal cost (MC) curves. (8)

4.5 How can tourism influence infrastructure development 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 the 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.** **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. 26 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

- With the aid of relevant graphs, discuss, in detail, state intervention as a consequence of market failure. (26 marks)
- Why do markets fail to provide public goods? (10 marks) **[40]**

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Discuss, in detail, the environmental problems together with the international measures taken to ensure sustainable development. (26 marks)
- Evaluate the impact of environmental subsidies on businesses. (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150