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Basic Education
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NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P2

NOVEMBER 2019

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. Read the questions carefully.
5. Start EACH question on a NEW page.
6. Leave 2–3 lines between subsections of questions.
7. 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.
8. Use only black or blue ink.
9. You may use a non-programmable pocket calculator.
10. 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.

1.1.1 A characteristic of monopolistic competitors is that they ...

- A produce a homogeneous product.
- B obtain economic profits in the long run.
- C have full control over the price.
- D can easily enter and exit the market.

1.1.2 A social benefit is the sum of private benefit and ...

- A external benefit.
- B internal benefit.
- C private cost.
- D marginal cost.

1.1.3 The supply curve of the oligopolistic competitor is ... sloped.

- A negatively
- B horizontally
- C positively
- D vertically

1.1.4 In any market the average revenue is the same as the

- A price.
- B marginal revenue.
- C supply.
- D profit.

1.1.5 During stagflation a country experiences low economic growth and ... at the same time.

- A high employment
- B high unemployment
- C low inflation
- D limited development

1.1.6 The agreement to ban 12 of the most dangerous manufactured chemicals was addressed by the ...

- A Basel Convention.
- B Stockholm Protocol.
- C Johannesburg Summit.
- D Kyoto Protocol.

1.1.7 Which of the following is an example of an environmental World Heritage Site?

- A Sterkfontein Caves
- B Robben Island
- C Cape Fynbos Region
- D Vredefort Dome

1.1.8 Natural resources are managed in such a way that it is available to present and future generations:

- A Preservation
- B Pollution
- C Renewal
- D Conservation

(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.

COLUMN A	COLUMN B
1.2.1 Explicit costs	A sustaining development in ways that protect the environment
1.2.2 Deregulation	B set below market equilibrium to make goods more affordable
1.2.3 Cartel	C continuous decrease in the general price level over a period of time
1.2.4 Maximum prices	D actual expenditure of a business on the purchase or hire of inputs required for the production process
1.2.5 Production Price Index	E people travelling from their own countries to visit other countries
1.2.6 Green economy	F group of producers that operates similarly to a collective monopoly
1.2.7 Deflation	G no one can be excluded from consumption due to non-payment
1.2.8 Outbound tourist	H measured where imported goods enter the country and manufactured goods leave the factory
	I removal of unnecessary laws and regulations to improve efficiency

(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.

1.3.1 A situation where total revenue is equal to total cost

1.3.2 An imperfect market structure that makes a normal profit in the long run

1.3.3 The period of time where at least one of the factors of production remains fixed

1.3.4 People travelling to and staying in places outside their usual environment for no more than one consecutive year

1.3.5 Type of inflation that measures price changes to all final goods and services, not only those in the selected basket

1.3.6 A licence given to businesses allowing them to pollute up to a certain level

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

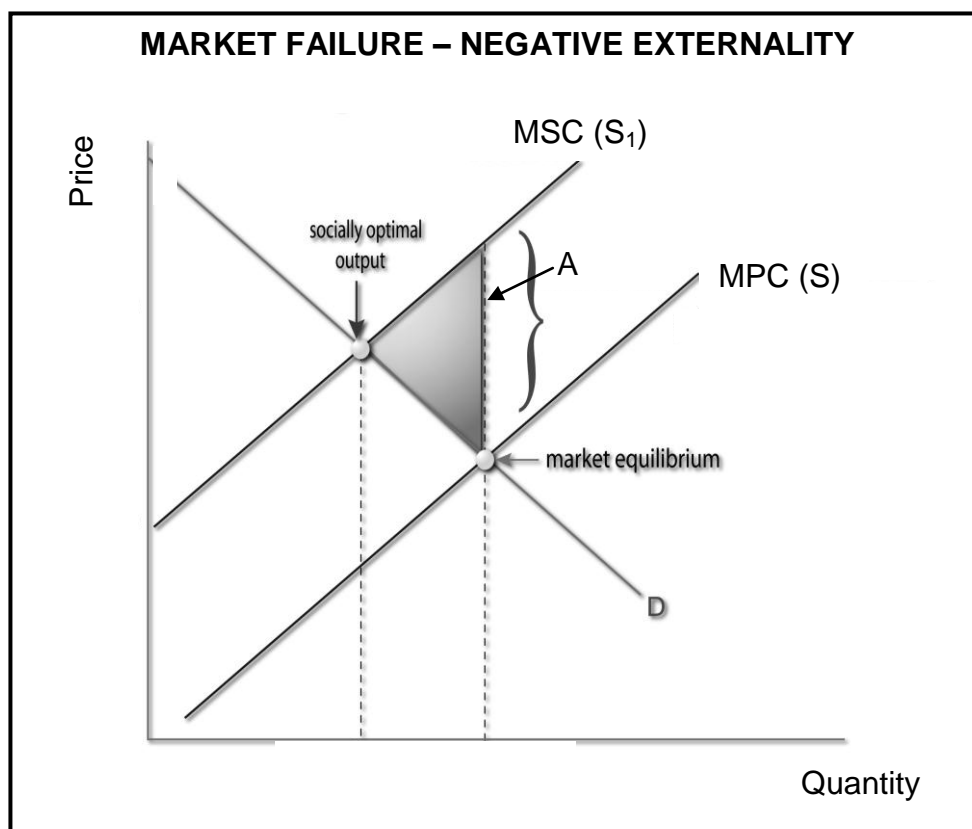
QUESTION 2: MICROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Give any TWO examples of fixed cost. (2 x 1) (2)

2.1.2 Why are businesses under the perfect market structure price takers? (1 x 2) (2)

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



[Adapted from [Google images.com](https://www.google.com)]

2.2.1 Give an example of a negative externality. (1)

2.2.2 Name the shaded area (A) in the graph above. (1)

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

2.2.4 Explain a *lack of information* to entrepreneurs as a cause of market failure. (2)

2.2.5 Why is the socially optimal output more beneficial to society? (2 x 2) (4)

- 2.3 Read the extract below and answer the questions that follow.

COMPETITION COMMISSION PROHIBITS MERGER

In February 2018, the Competition Commission prohibited the proposed merger between SA Airlink (Pty) Ltd and FlySafair (Pty) Ltd. SA Airlink has a monopoly or near monopoly on most routes it operates on. FlySafair, on the other hand, has been growing in terms of existing routes as well as venturing into new routes.

[Adjusted from Compcom.co.za]

- 2.3.1 Name the Act that gives all South Africans an equal opportunity to participate fairly in economic activities. (1)
- 2.3.2 Which institution accepts or rejects recommendations from the Competition Commission? (1)
- 2.3.3 Briefly describe the role of the *Competition Appeal Court*. (2)
- 2.3.4 How can small, medium and microenterprises contribute to the goals of the competition policy? (2)
- 2.3.5 If the merger were allowed, how would it benefit the companies involved? (2 x 2) (4)
- 2.4 Briefly discuss *productive inefficiency* and *allocative inefficiency* in terms of market failure. (2 x 4) (8)
- 2.5 Evaluate the impact of imperfect competition on consumers. (8)
- [40]**

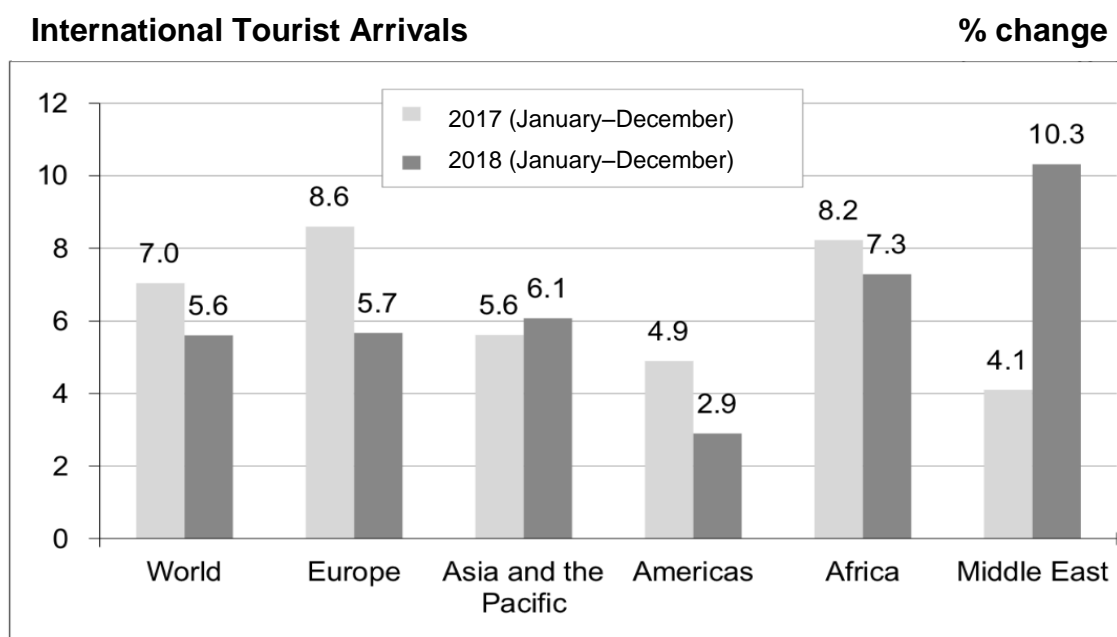
QUESTION 3: CONTEMPORARY ECONOMIC TOPICS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Give TWO reasons for growth in the tourism industry in South Africa. (2 x 1) (2)

3.1.2 Why is core inflation lower than headline inflation? (1 x 2) (2)

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



[Source: *World Tourism Organisation Bulletin*]

3.2.1 Where did most inbound tourists come from during 2017? (1)

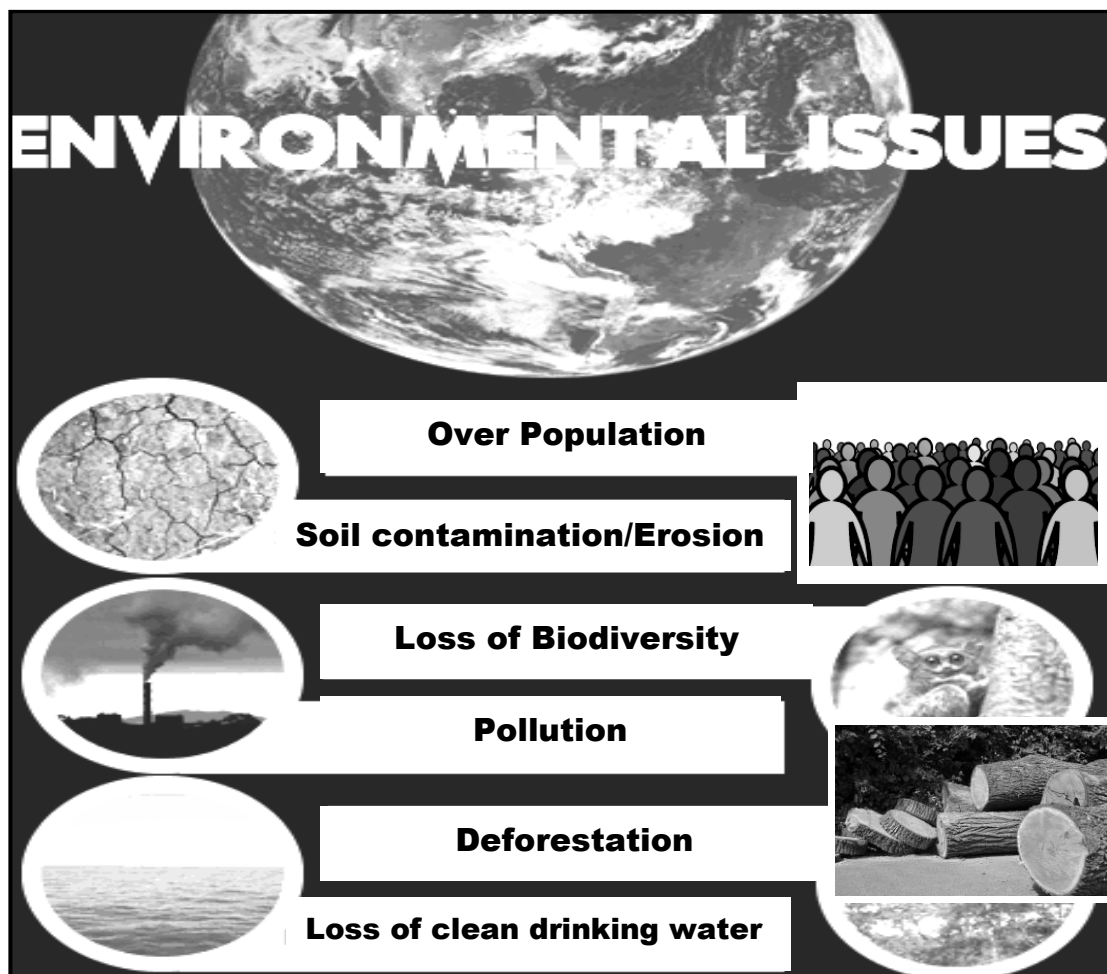
3.2.2 What was the percentage increase of tourists from the Middle East? (1)

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

3.2.4 Why is job creation easy in the tourism industry? (2)

3.2.5 What should the government do to promote tourism? (2 x 2) (4)

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



[Source: Shoutslogans.com]

- 3.3.1 Which country has the highest population in the world? (1)
- 3.3.2 Identify the environmental problem related to removing of trees and plant life. (1)
- 3.3.3 Briefly describe the term *biodiversity*. (2)
- 3.3.4 In what way can the Convention on International Trade in Endangered Species (CITES) address the loss of biodiversity? (2)
- 3.3.5 How can environmental subsidies be used to reduce environmental damage? (2 x 2) (4)
- 3.4 Briefly discuss the benefits of tourism for the *government* and *infrastructure*. (2 x 4) (8)
- 3.5 How can countries contribute to reducing ocean (sea) pollution? (8)
- [40]**

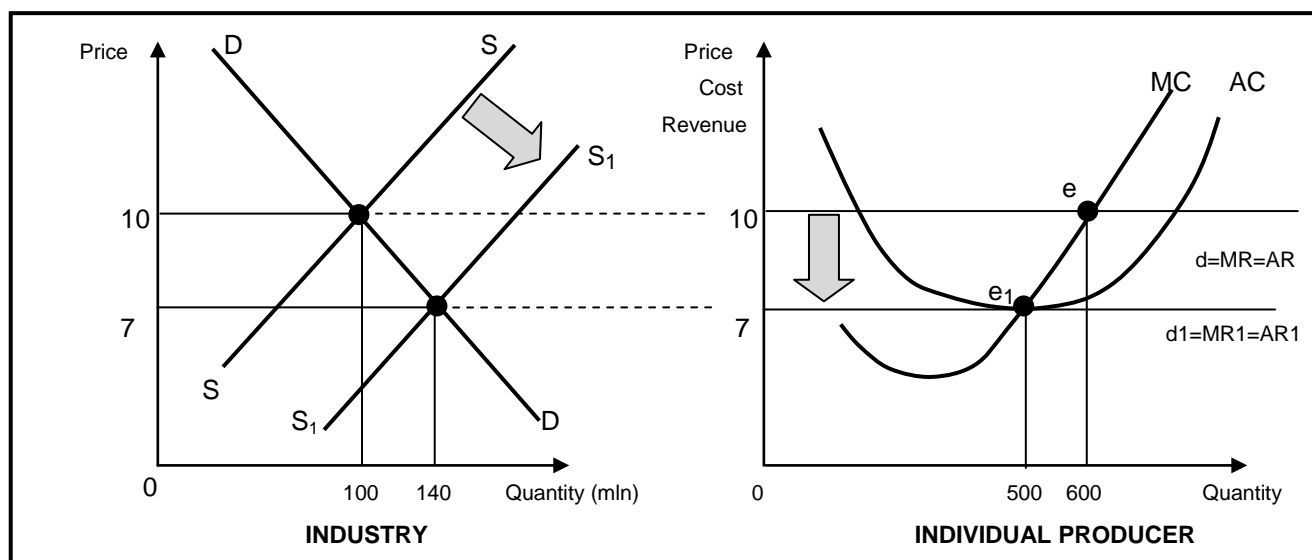
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name TWO features of public goods. (2 x 1) (2)

4.1.2 How does inflation affect investors positively? (1 x 2) (2)

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



4.2.1 Where does the marginal cost curve (MC) intersect the average cost curve (AC)? (1)

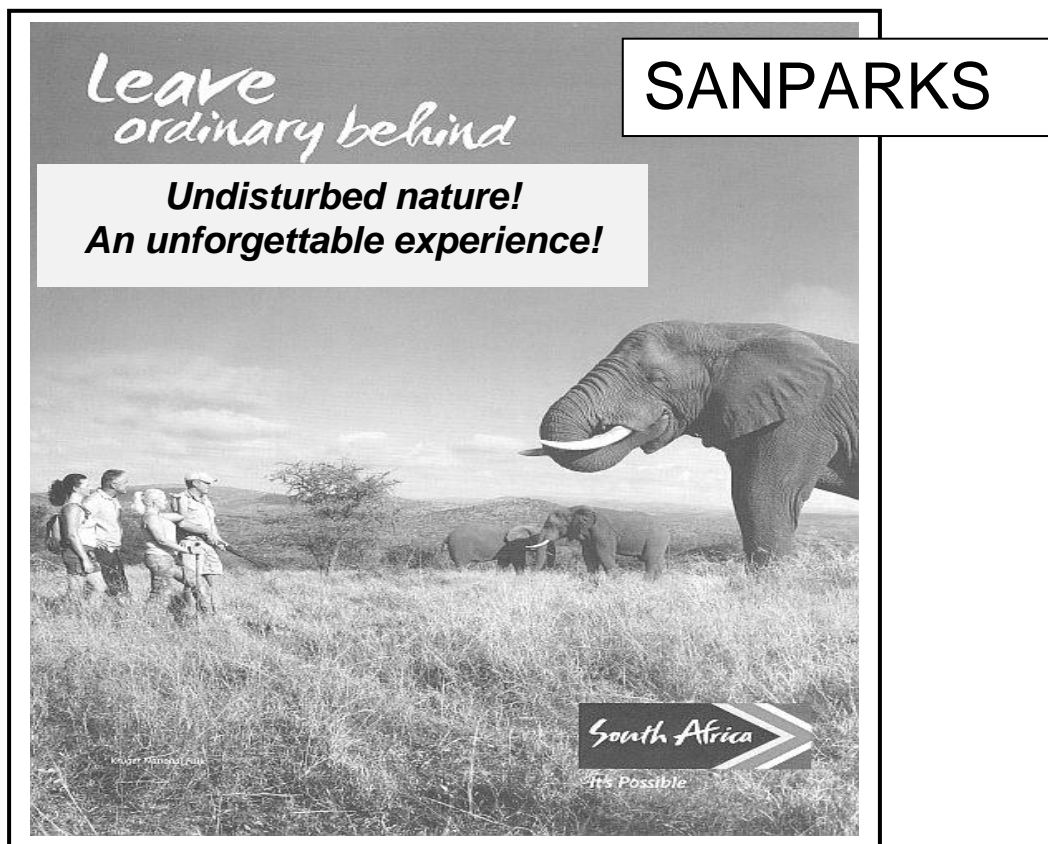
4.2.2 Identify the price where the individual producer will make an economic profit. (1)

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

4.2.4 Why is the marginal revenue curve (MR) in the perfect market the same as the demand curve? (2)

4.2.5 Explain how long-run equilibrium is achieved in the market. (2 x 2) (4)

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



[Adapted from www.google.com]

- 4.3.1 What type of tourism is depicted in the picture above? (1)
- 4.3.2 Which organisation is responsible for marketing tourism in South Africa? (1)
- 4.3.3 Briefly describe the term *indigenous knowledge systems*. (2)
- 4.3.4 Why is it necessary to have controlled visits to the various SANParks in South Africa? (2)
- 4.3.5 How can the marketing of World Heritage Sites benefit local communities? (2 x 2) (4)
- 4.4 With the aid of a graph, explain the impact of minimum prices on the market. (8)
- 4.5 How successful has South Africa been in using education to ensure environmental sustainability? (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 would 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 Additional part: Give own opinion/Critically discuss/Evaluate/Critically evaluate/Calculate/Deduce/Compare/Analyse/Distinguish/Interpret/Briefly debate/How/Suggest	Max. 26 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 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 graphs, discuss how economic profit and economic loss are determined in a monopoly market. (26 marks)
- Why does the performance of natural monopolies contradict (deny) the long-run equilibrium position of a monopoly? (10 marks) **[40]**

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Examine in detail the causes of cost-push inflation. (26 marks)
- Analyse the negative impact of administered prices on the economy. (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150