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**GRADE 12**

**ECONOMICS P2  
SEPTEMBER 2022**

**MARKS: 150**

**TIME: 2 HOURS**

**This question paper consists of 14 pages.**

**INSTRUCTIONS AND INFORMATION**

1. Answer **FOUR** questions as follows in the **ANSWER BOOK**.
  - **SECTION A : COMPULSORY**
  - **SECTION B:** Answer any **TWO** of the three questions.
  - **SECTION C :** Answer any **ONE** of the two questions
2. Write the question number above each answer.
3. Answer only the required numbers of questions. Answers in excess of the required number will not be marked.
4. 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.
5. Number the answers correctly according to the numbering system used in this question paper.
6. Read the questions carefully.
7. Start each question on a new page.
8. Leave 2-3 lines between sub sections of questions.
9. Use only black or blue ink.
10. You may use a non- programmable pocket calculator.
11. Write legible and present your work neatly.

**SECTION A: COMPULSARY****QUESTION 1****30 MARKS – 20 MINUTES**

1.1. Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A-D) next to the question number (1.1.1-1.1.8) in the ANSWER BOOK, for example 1.1.9. D.

1.1.1 The extra amount of income gained by selling one unit of a product is called ... revenue.

- A unit
- B average
- C marginal
- D total

1.1.2 A market that is dominated by only two firms is known as ...

- A monopoly.
- B duopoly.
- C oligopoly.
- D monopolistic.

1.1.3 A situation whereby the forces of demand and supply fail to allocate resources efficiently is called ... failure.

- A allocative
- B public sector
- C business
- D market

1.1.4 A tool used by government to bring objectivity in decision-making is known as ...

- A Feasibility study
- B Business plan
- C Project management
- D Cost-Benefit Analysis

1.1.5 The costs to the third party that are not included in the price of the product are called ... externality.

- A internal
- B positive
- C private
- D negative

- 1.1.6 Looking after the natural resources to ensure that they are not completely used up and disappear from the environment is called ...
- A deforestation
  - B conservation
  - C degradation
  - D preservation
- 1.1.7 When tourists travel through South Africa using air, water, rail or sea transport to get to another destination is called ...tourism.
- A inbound
  - B outbound
  - C transit
  - D foreign
- 1.1.8 The ability of the environment to survive its use for economic activity is Called environmental ...
- A sustainability
  - B Regeneration
  - C stability
  - D education

(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 Total product	A occurs when aggregate demand in an economy is greater than the aggregate supply
1.2.2 Collusion	B give business the right to pollute up to a certain extent
1.2.3 Implicit cost	C the maximum output that the firm can produce with a given number of inputs at its disposal
1.2.4 Maximum price	D emissions which flow into the natural environment from human activity, and which are beyond the capacity of the environment to absorb
1.2.5 Ecotourism	E the value of inputs owned by the entrepreneur and used in the production process
1.2.6 Demand-pull inflation	F an arrangement between businesses with the aim of limiting competition by fixing prices
1.2.7 Pollution	G a tool used to evaluate the cost and benefits of a project
1.2.8 Marketable permits	H tourist visit undisturbed natural areas
	I allows poor people greater access to goods and services

(8 x 1) (8)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 A group of producers whose goal is to form a collective monopoly in order to fix prices

1.3.2 An illegal market in which illegal goods are bought and sold

1.3.3 The actual cost paid by the consumer when a good is purchased

1.3.4 A sustained increase in the general price level over a period of time

1.3.5 The traditional practices, heritage, cultural ceremonies and way of life that makes a country unique

1.3.6 Resources that can be replaced or regenerated

(6 x 1) (6)

**TOTAL SECTION A: [30]**

**SECTION B**

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

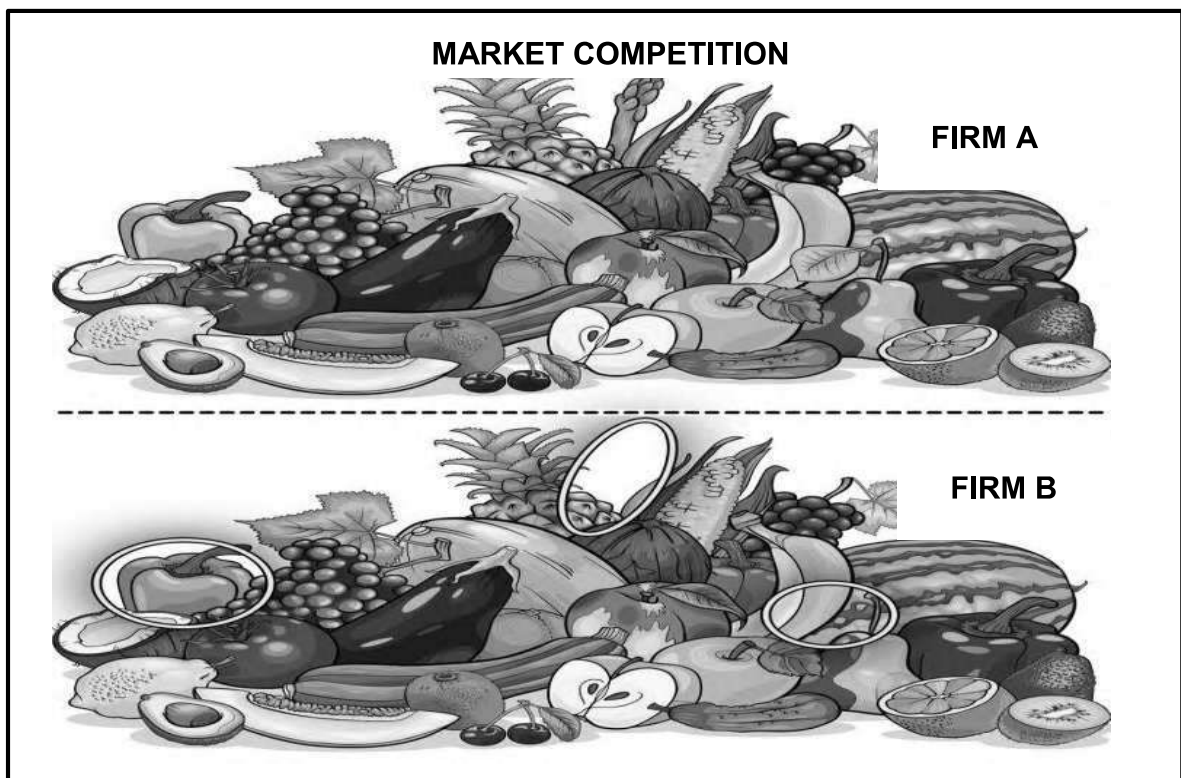
**QUESTION 2: MICROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO reasons for market failure. (2 x 1) (2)

2.1.2 How can tax be used to discourage the consumption of harmful goods? (2 x 1) (2)

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

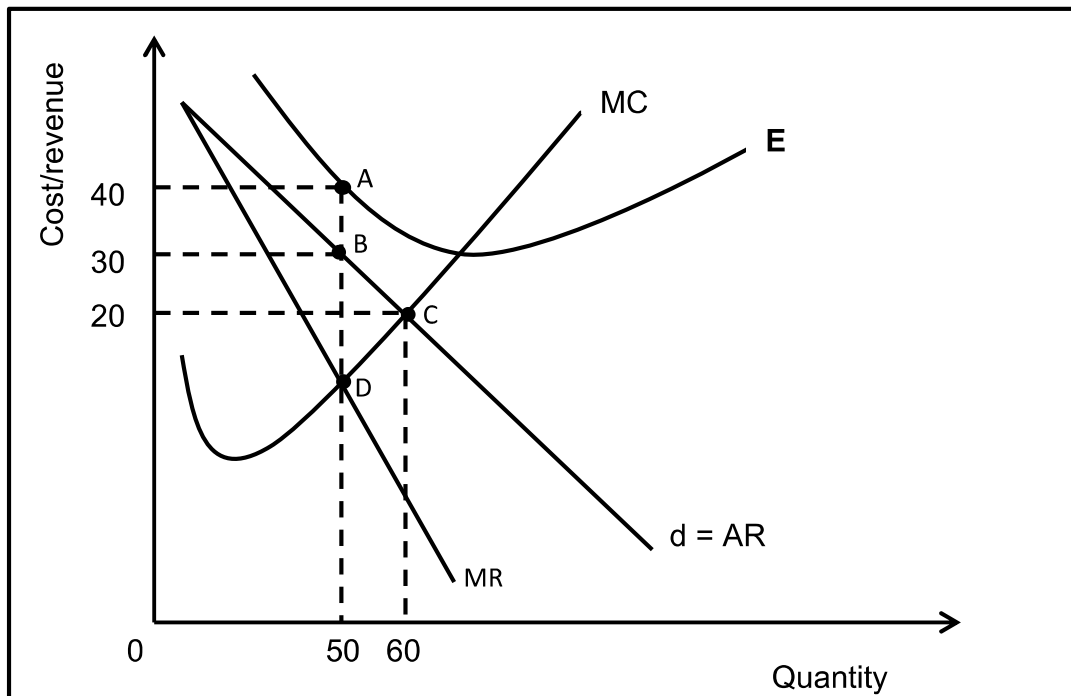


[www.google.com]

- 2.2.1 Which market structure is represented by the above cartoon? (1)
- 2.2.2 Name the nature of the products sold in this market. (1)
- 2.2.3 Briefly describe the term *market structure*. (2)
- 2.2.4 Why is the demand curve of a perfect competitive business horizontal? (2)
- 2.2.5 How would a change of price in the industry affect the individual firm in perfect competitive market? (4)



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



- 2.3.1 Identify the loss minimising point from the above graph. (1)
- 2.3.2 Provide a label for curve represented by the letter **E**. (1)
- 2.3.3 Briefly describe the term *normal profit*. (2)
- 2.3.4 Why does a monopoly make profit both in the short- and long-run? (2)
- 2.3.5 Calculate the profit/loss that is made by the firm. Show ALL calculations. (4)
- 2.4 With the aid of a well-labelled graph, explain economic loss in the short run for a perfect competitive firm. (8)
- 2.5 How can the provision of subsidies to producers positively impact on the economy? (4 x 2) (8)

**[40]**

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

3.1 Answer the following questions.

3.1.1 Give any TWO ways to measure inflation. (2 x 1) (2)

3.1.2 What is the negative impact of an increase in tourists in a country? (2 x 1) (2)

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



[www.google.com]

3.2.1 Identify the cause of inflation in the cartoon above. (1)

3.2.2 Name the type of inflation associated with increases in natural disasters. (1)

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

3.2.4 Explain the effect of COVID-19 pandemic on inflation. (2)

3.2.5 How can government address the problem of rising petrol prices? (2 x 2) (4)

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

### **SOUTH AFRICAN POACHING EXPLAINED**

South Africa has by far the largest population of rhinos in the world and is an incredibly important country for rhino conservation. From 2007-2014 the country experienced a rise in rhino poaching – a growth of more than 9,000%. Most illegal activity occurs in Kruger National Park.

In 2020, the country's poaching figures continued to decrease for the sixth year in a row. While it is encouraging to see South Africa's poaching numbers fall, the rhino populations are at a point of near extinction. We cannot afford to lose any more rhinos: we must do everything possible to protect the remaining population to help their numbers increase.

[adapted: savetherhino.org]

- 3.3.1 Identify ONE reason why rhino poaching has to be avoided. (1)
- 3.3.2 Name ONE other animal that is regarded as endangered. (1)
- 3.3.3 Briefly describe the term *biodiversity*. (2)
- 3.3.4 Explain the role played by education in ensuring sustainable environment. (2)
- 3.3.5 How does conservation of rhinos benefit the economy? (2 x 2) (4)
- 3.4 Distinguish between the different characteristics of demand-pull and cost-push inflation. (4 x 2) (8)
- 3.5 How does South Africa use conservation to ensure a sustainable environment? (4 x 2) (8)

**[40]**

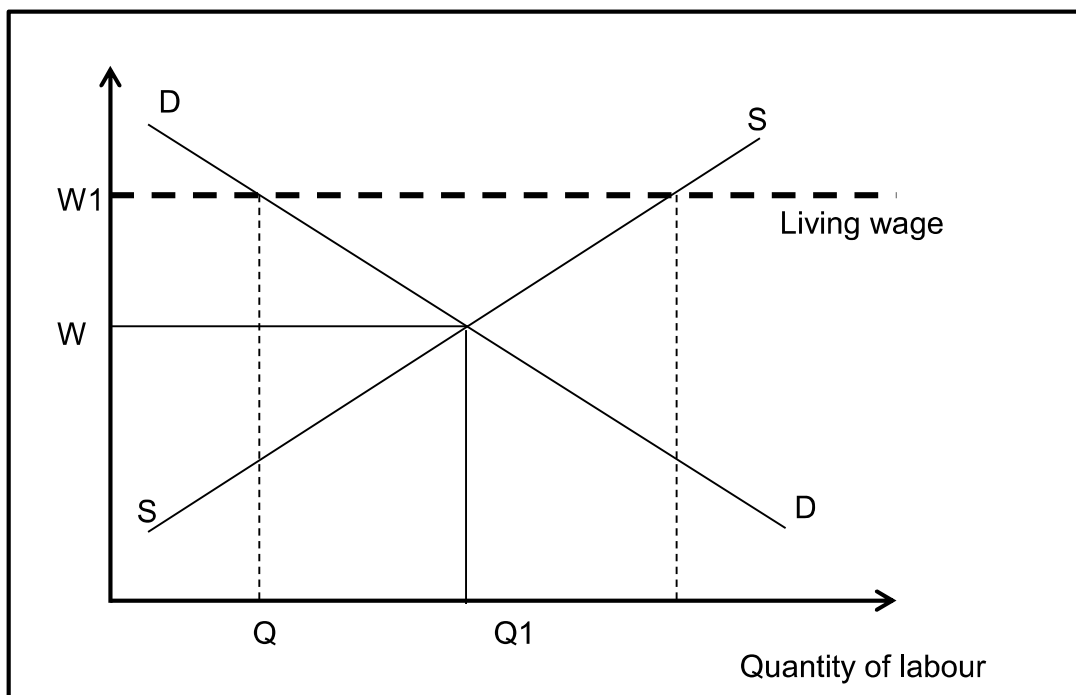
**QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES****40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name the TWO broad types of monopoly. (2 x 1) (2)

4.1.2 How does the depreciation of rand contribute to a higher inflation rate? (1 x 2) (2)

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



4.2.1 Identify the original wage rate from the graph above. (1)

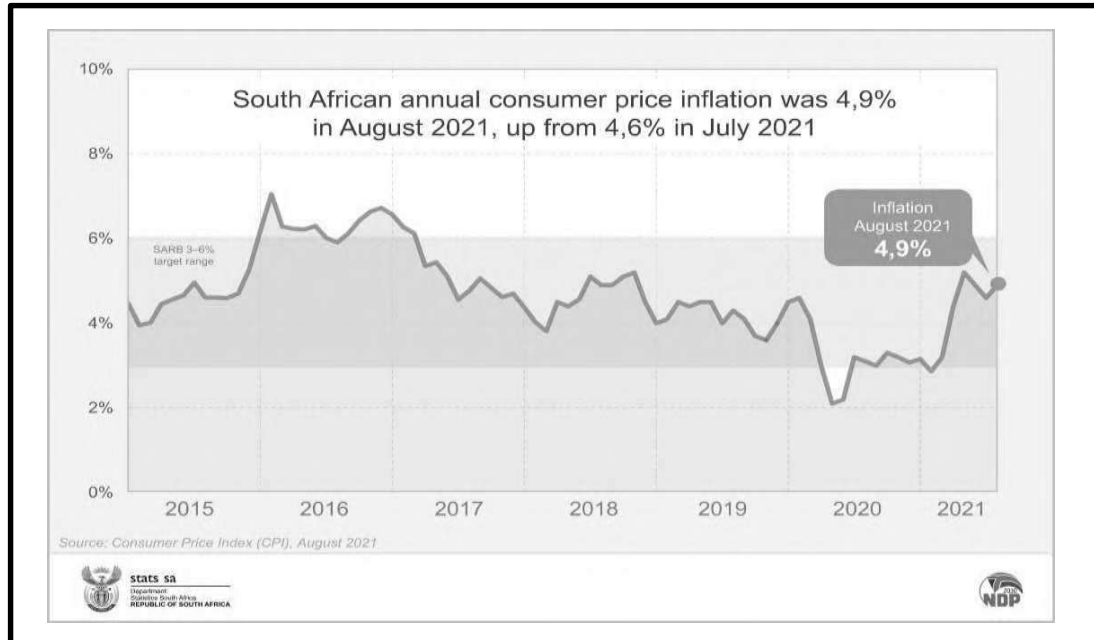
4.2.2 Name ONE group of employees affected by the scenario represented by the graph. (1)

4.2.3 Briefly describe the term *minimum wage*. (2)

4.2.4 Why is the living wage implemented? (2)

4.2.5 How does the implementation of minimum wages negatively affect the producer? (2 x 2) (4)

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



[Adapted from Stats SA, December 2021]

- 4.3.1 Identify any ONE year in which inflation rate was outside the target range. (1)
- 4.3.2 What is the inflation target set by South African reserve Bank (SARB) for the country? (1)
- 4.3.3 Briefly describe the term *consumer price index*. (2)
- 4.3.4 Explain the role played by consumer expectations on inflation. (2)
- 4.3.5 How will an increase in inflation rate influence economic growth? (2 x 2) (4)
- 4.4 Briefly discuss the role of the competition tribunal and appeal court in South Africa. (4 x 2) (8)
- 4.5 Evaluate the success of international measures (agreements) in reducing greenhouse gases. (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. Ensure that your answer follows the structure indicated below in order to obtain maximum marks:

<b>STRUCTUTURE OF ESSAY</b>	<b>MARK ALLOCATION</b>
<p><b>Introduction</b> The introduction is a lower order-response</p> <ul style="list-style-type: none"> <li>• A good starting point would be to define the main concept related to the question topic.</li> <li>• Do not include any part of the question in your introduction.</li> <li>• Do not include any part of the introduction in your body.</li> <li>• Avoid saying in the introduction what you are going to discuss in the body.</li> </ul>	Max. 2
<p><b>Body</b></p> <p><b>Main part:</b> Discuss in detail/ In depth discussion/ Examine/ Critically discuss/ Analyse/ Compare/ Evaluate/ Distinguish/Differentiate/ Explain.</p> <p><b>Additional part:</b> Give own opinion/ Critically discuss/ Evaluate/ Critically evaluate/ Draw a graph and explain/ Use the graph given and explain/ Complete the given graph/ Calculate/ Deduce/ Compare/ Explain/ Distinguish/ Interpret/ Briefly debate/ How/ Suggest.</p>	<p>Max. 26</p> <p>Max. 10</p>
<p><b>Conclusion</b></p> <p>Any high-order conclusion should include:</p> <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned.</li> <li>• Any opinion or value judgment on the facts discussed.</li> <li>• Additional support information to strengthen the discussion/ analysis.</li> <li>• A contradictory viewpoint with motivation, if required.</li> <li>• Recommendations.</li> </ul>	Max. 2
<b>TOTAL</b>	<b>40</b>

**QUESTION 5: MICROECONOMICS****40 ARKS – 40 MINUTES**

- Examine the oligopoly in detail:
    - Concept
    - Characteristics
    - Kinked-demand curve (26)
  - How would the exit of some firms from the oligopoly market negatively impact on the economy? (10)
- 40**

**QUESTION 6: CONTEMPORARY ECONOMIC ISSUES****40 MARKS – 40 MINUTES**

- Examine in detail the benefits of tourism. (26)
  - How can government sustain the positive impacts of tourism? (10)
- 40**

**TOTAL SECTION C: [40]****GRAND TOTAL: [150]**