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PREPARATORY EXAMINATION

GRADE 12

ECONOMICS P2

SEPTEMBER 2023

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. Additional answers will NOT be marked.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Write the number of the question 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 cost per unit of production is called ... cost.

- A fixed
- B marginal
- C average
- D explicit

1.1.2 When the total cost is greater than the total revenue, it is known as ...

- A normal profit.
- B supernatural profit.
- C artificial loss.
- D economic loss.

1.1.3 A firm should consider shutting down its business at the point where ...

- A marginal costs are equal to marginal revenue.
- B marginal costs are equal to average variable costs.
- C marginal revenue is more than marginal costs.
- D marginal costs are equal to average costs.

1.1.4 Correctional Services is an example of a ... good.

- A free
- B collective
- C community
- D demerit

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

- A government.
- B households.
- C businesses.
- D banks.

- 1.1.6 The major international agreement that dealt with reducing pollution by greenhouse gases is the ...
- A Rio de Janeiro Summit of 1992.
 - B Kyoto Protocol of 1997.
 - C Johannesburg Summit of 2002.
 - D Rio + 20 Summit.
- 1.1.7 The increase in prices that lead to people losing confidence in the value of money, is called ...
- A stagflation.
 - B consumer inflation.
 - C producer inflation.
 - D hyperinflation.
- 1.1.8 A mutually beneficial partnership that supports nature conservation projects is the ...
- A Green Trust.
 - B Kagisho Trust.
 - C Endangered Wildlife Trust.
 - D Earthlife Africa.

(8 x 2) (16)

- 1.2 Choose a description from COLUMN B that matches an 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 Long run	A it is set above the equilibrium price
1.2.2 Imperfect market	B an Environmental World Heritage Site that is a South African eco-tourist destination
1.2.3 Cartel	C the period of production where all factors can change
1.2.4 Price ceilings	D it is set below the equilibrium price
1.2.5 Pollution	E when the market price is not a pure reflection of the scarcity of that product
1.2.6 Outbound tourist	F a group of producers whose goal is to form a collective monopoly to fix prices
1.2.7 uKhahlamba Drakensberg Park	G any significant and sustained change in the normal weather patterns
1.2.8 Climate change	H emissions generated by human activity which are beyond the capacity of the environment to absorb
	I South African citizens travelling abroad

(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 and acronyms will NOT be accepted.

- 1.3.1 The actual cost paid by a consumer when a good is purchased
- 1.3.2 An analysis done by the government which weighs the costs and benefits of a project to determine whether it should be carried out
- 1.3.3 A market structure where only a few sellers operate
- 1.3.4 South African citizens travelling within the borders of South Africa
- 1.3.5 A form of tourism that involves visiting a fragile, undisturbed natural area
- 1.3.6 The process whereby trees and forests are removed from the land and not replaced

(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 examples of social grants. (2 x 1) (2)

2.1.2 What is the benefit of setting a minimum price for producers?
(1 x 2) (2)

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

COST AND REVENUE SCHEDULE				
PRICE	QUANTITY	TOTAL REVENUE	TOTAL COST	PROFIT/LOSS
10	05	50	30	-
10	10	100	80	-
10	15	150	150	-
10	20	200	300	(b)

2.2.1 With which market structure can these costs and revenue be associated? (1)

2.2.2 At what level of output will the firm be making normal profit? (1)

2.2.3 Briefly describe the term *total revenue*. (2)

2.2.4 Why will an entrepreneur stay in business when the firm is making 0 economic profit? (2)

2.2.5 Calculate the profit/loss **(b)** from the table above. Show ALL calculations. (4)

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

STATEMENT ON THE LATEST DECISIONS BY THE COMPETITION COMMISSION

The Competition Commission of South Africa (CCSA) held its ordinary meeting to review and make decisions on matters brought before it in terms of the Act that governs it.

The decision was taken on the matter between the merger and acquisition of Woolworths and Micawber.

[Adapted from www.compcom.co.za. 9 June 2022]

- 2.3.1 Name the act that governs the Competition Commission. (1)
- 2.3.2 Which role players can lay a complaint at the Competition Commission? (1)
- 2.3.3 Briefly describe the term *merger*. (2)
- 2.3.4 What is the role of the Competition Appeal Court? (2)
- 2.3.5 What corrective measures can be instituted against companies if they are found guilty? (4)
- 2.4 Use graphs to differentiate between *negative* and *positive externalities*. (2 x 4) (8)
- 2.5 How would competitors in a monopolistic competition ensure their operational success in the market? (8)
- [40]**

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

3.1 Answer the following questions.



3.1.1 Name any TWO criteria that can be used to measure tourism.

(2 x 1) (2)

3.1.2 What is the effect of the emission of greenhouse gases on the environment?

(1 x 2) (2)

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

BIODIVERSITY	
BLACK RHINOCEROS	EUCALYPTUS TREE
	
The extinct black rhinoceros (black rhino) or hook-lipped rhinoceros is a species of rhinoceros, native to Eastern and Southern Africa.	Eucalyptus is an evergreen tree that is widely used for its medicinal properties.
[Adapted from www.savetherhino.org/wiki . 15 Oct 2022]	

3.2.1 Identify, from the information above, the concept that implies that rhinos are currently non-existent. (1)

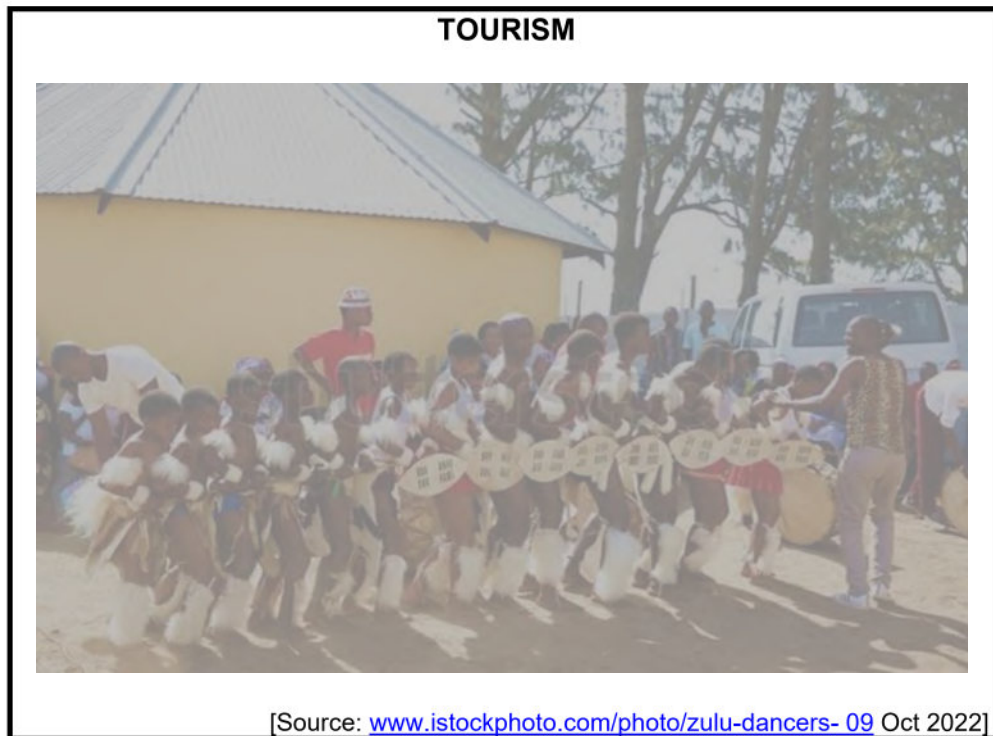
3.2.2 What product can be manufactured from the Eucalyptus tree? (1)

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

3.2.4 How can government preserve essential species such as flora and fauna? (2)

3.2.5 What negative impact will the closure of a national park have on the economy? (2 x 2) (4)

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



- 3.3.1 Identify the type of tourism depicted above. (1)
- 3.3.2 Name any reason for the growth of the tourism industry. (1)
- 3.3.3 Briefly describe the term *indigenous knowledge system*. (2)
- 3.3.4 How will an increase in air ticket taxes benefit the economy? (2)
- 3.3.5 How can the government promote tourism internationally? (2 x 2) (4)
- 3.4 Differentiate between *conservation* and *preservation*. (2 x 4) (8)
- 3.5 How can the tourism industry alleviate poverty in South Africa? (8)
- [40]**

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

4.1 Answer the following questions.

4.1.1 Name any TWO types of infrastructure. (2 x 1) (2)

4.1.2 Why do businesses in the perfect market structure only make economic profit in the short term? (1 x 2) (2)

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

FARMERS FEAR NEW MINIMUM WAGE INCREASE

Cape Town – No sooner had Employment and Labour announced a R1.50 increase in the national minimum wage (NMW) for farmworkers than the farming organisation Agri SA issued a statement saying it feared that the increase would affect profits.

[Source: www.iol.co.za, capeargus, 10 Feb 2022]

4.2.1 Name any other industry/sector in South Africa where minimum wages are applied. (1)

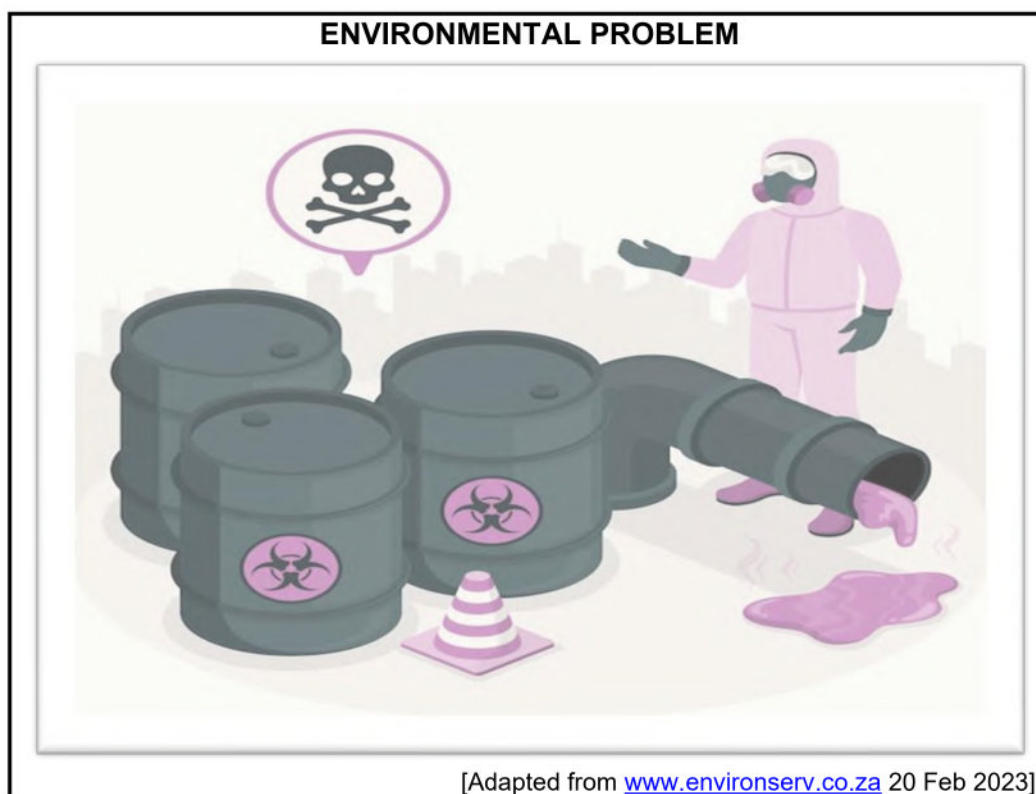
4.2.2 Give any ONE product on which government levies excise duties. (1)

4.2.3 Briefly describe the term *labour*. (2)

4.2.4 What effect will the increase in the minimum wage have on the demand for labour? (2)

4.2.5 How does government promote education as a merit good in South Africa? (4)

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



- 4.3.1 Identify an environmental problem depicted in the picture above. (1)
- 4.3.2 Name an international measure that manages nuclear waste. (1)
- 4.3.3 Briefly describe the term *environmental sustainability*. (2)
- 4.3.4 Why is it difficult for the free market to ensure environmental sustainability? (2)
- 4.3.5 What are the negative effects of soil erosion on the environment?
(2 x 2) (4)
- 4.4 Differentiate between *environmental taxes* and *marketable permits*.
(2 x 4) (8)
- 4.5 How successfully has the government dealt with missing markets as a consequence of market failure? (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 saying 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/Explain/Differentiate Additional part: 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/ How/Suggest/ Briefly debate	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 – 20 MINUTES**

- Discuss the characteristics of a monopoly in detail without using graphs. (26 marks)
- Critically evaluate the government's role in bailing out Eskom. (10 marks) **[40]**

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES**40 MARKS – 20 MINUTES**

- Discuss in detail the consequences of inflation. (26 marks)
- How can the South African Reserve Bank use interest rates as an instrument to control inflation in South Africa? (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150