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GRADE 12

ECONOMICS P2
SEPTEMBER 2023

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 A firm must shut down if it cannot cover the ... cost.
- A unit
 - B fixed
 - C marginal
 - D variable
- 1.1.2 The actual cost paid by the consumer when a good is purchased is called ... cost.
- A private
 - B external
 - C social
 - D Public
- 1.1.3 A characteristic of monopolistic competitors is that they ...
- A have full control over the price.
 - B can easily enter and exit the market.
 - C produce unique products.
 - D make economic profit in the long run.
- 1.1.4 The government can intervene to reduce the production and consumption of demerit goods through the ...
- A granting subsidies.
 - B use of a sin tax
 - C levying progressive taxation.
 - D private-public partnership.
- 1.1.5 The type of inflation that occurs when aggregate demand exceeds aggregate supply of goods and services is called ... inflation.
- A imported
 - B key inputs
 - C cost-push
 - D Demand-pull

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1.1.6 South Africans travelling to other countries are known as ... tourists.

- A Influx
- B internal
- C outbound
- D inbound

1.1.7 A continuous decrease in the general price level over a period of time is called ...

- A inflation.
- B stagflation.
- C hyperinflation.
- D deflation.

1.1.8 The international agreement that is aimed at managing nuclear waste is known as ...

- A Kyoto Protocol.
- B Stockholm Protocol.
- C Basel Convention.
- D Millennium Development Goal.

(8 x 2) (16)

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- 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 Merit goods	A a variety of plant and animal species found in a particular environment
1.2.2 Allocative inefficiency	B a situation where total revenue is equal to total cost
1.2.3 Diseconomies of scale	C licence for a business to pollute up to a specified limit
1.2.4 Core inflation	D The introduction of harmful substances into the environment
1.2.5 Pollution	E visiting museums and art galleries
1.2.6 Biodiversity	F a situation where average costs increase as production increases
1.2.7 Marketable permit	G goods that improve the welfare of the society
1.2.8 Cultural tourism	H excludes the prices of goods and services that change frequently
	I a situation where the market does not supply goods that match the needs of the consumers

(8 x 1) (8)

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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 The actual costs of the businesses such as rent, raw materials and wages.

1.3.2 When a firm's average revenue is greater than the average costs.

1.3.3 A technique used by the government to determine whether a project is beneficial to society or not.

1.3.4 When an economy experiences high inflation, high unemployment and low growth simultaneously.

1.3.5 A gradual increase in the overall temperature of the earth atmosphere.

1.3.6 The practices and traditions that are unique to a particular society.

(6 x 1) (6)

TOTAL SECTION A: [30]

SECTION B

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

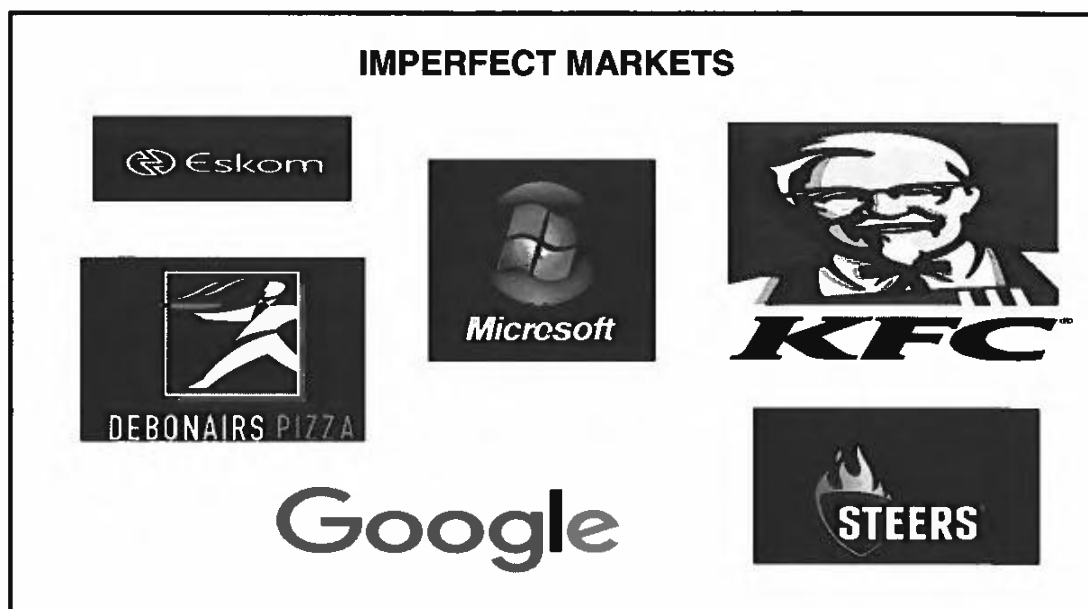
QUESTION 2: MICROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO characteristics of public goods. (2 x 1) (2)

2.1.2 Why is the individual firm in a perfect competitive market regarded as a price taker? (1 x 2) (2)

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



[Source: google.co.za]

2.2.1 Identify ONE firm that represents monopolistic market from the above information. (1)

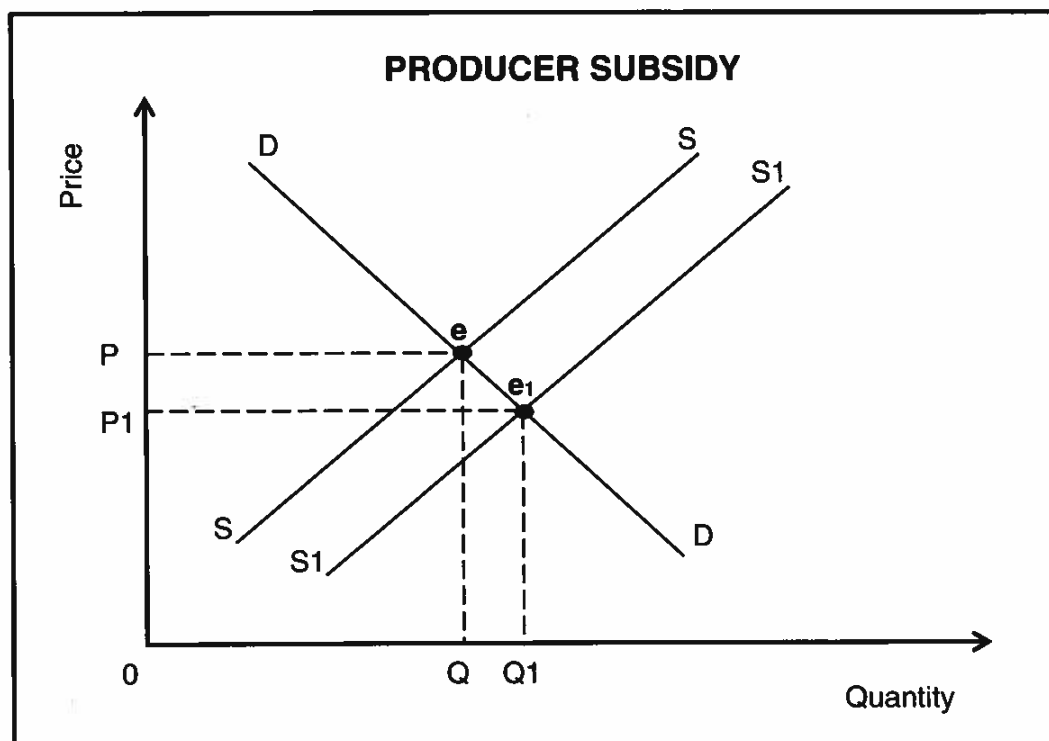
2.2.2 Name any ONE type of a monopoly. (1)

2.2.3 Briefly describe the term *oligopoly*. (2)

2.2.4 Why do monopolistic competitors prefer to use non-price competition? (2)

2.2.5 Why is the entry into the oligopolistic market regarded as difficult? (2 x 2) (4)

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



- 2.3.1 Identify the market price from the graph above. (1)
- 2.3.2 Name any ONE example of a direct subsidy (1)
- 2.3.3 Briefly describe the term *subsidy*. (2)
- 2.3.4 Explain the benefit of subsidies to producers. (2)
- 2.3.5 Use the above graph to show explain the effect of a subsidy on the consumer. (2 x 2) (4)
- 2.4 With the aid of a graph, explain the supply curve of a perfectly competitive firm. (8)
- 2.5 Analyse the ways in which government can ensure equitable distribution of income and wealth. (4 x 2) (8)

[40]

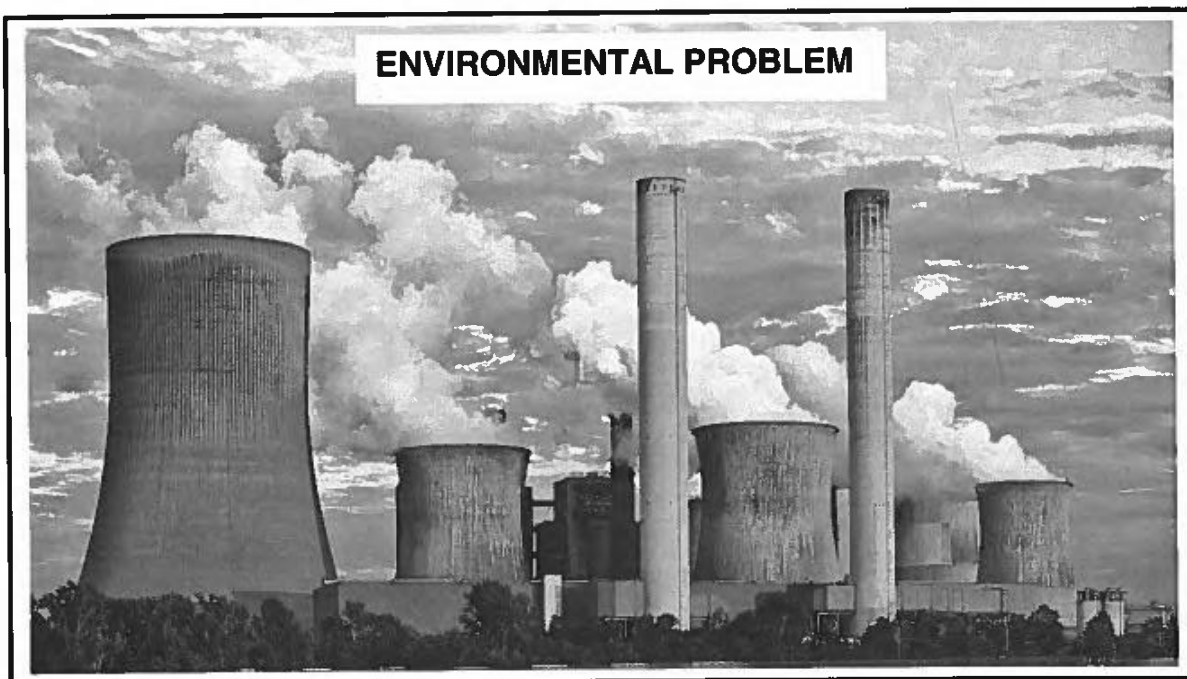
QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Give any TWO causes of cost push inflation. (2 x 1) (2)

3.1.2 How can education help to ensure environmental sustainability? (1 x 2) (2)

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



[Adapted from: google images]

3.2.1 Identify the type of pollution depicted in the picture above. (1)

3.2.2 Name any ONE renewable source of energy. (1)

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

3.2.4 Explain the effect of carbon dioxide produced by industries on the society. (2)

3.2.5 Why does the market fail to protect the environment? (2 x 2) (4)

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

SA RESERVE BANK HIKES REPO RATE

South Africans were set to feel more pain in 2023 as the South African Reserve Bank (SARB) had hiked (increased) the repo rate once again by 25 basis points in January. This took the repurchase rate (repo rate) to 7.25% from 7%. This meant that the prime lending rate in the country increased from 10.5% to 10,75%.

Interest rates are determined in line with the rate of inflation. This is because they are a useful monetary measure to control inflation.

[Adapted from: *Business Report*]

- 3.3.1 Identify the repo rate before the hike (increase). (1)
- 3.3.2 Give ONE cause of demand-pull inflation. (1)
- 3.3.3 Briefly describe the term *prime rate*. (2)
- 3.3.4 Explain the influence of inflationary expectations on businesses. (2)
- 3.3.5 How can inflation affect people who are investors and savers in the economy? (2 x 2) (4)
- 3.4 Distinguish between the *consumer price index (CPI)* and the *producer price index (PPI)*. (2 x 4) (8)
- 3.5 How successful is the SA government in controlling deforestation? (8)

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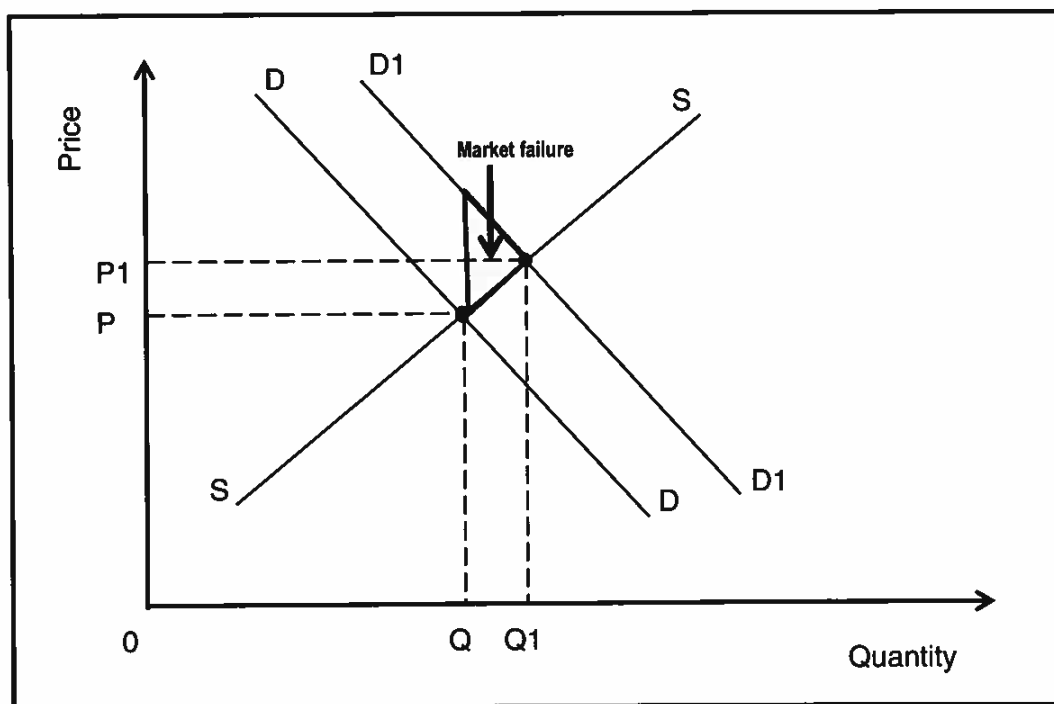
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES**40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name any TWO examples of demerit goods. (2 x 1) (2)

4.1.2 Explain the effect of a depreciating rand on inbound tourists in South Africa. (1 x 2) (2)

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



4.2.1 Identify the demand curve that represents the private benefit? (1)

4.2.2 Give an example of positive externality. (1)

4.2.3 Briefly describe the term *social benefit*. (2)4.2.4 Why is social optimal output (Q_1) more beneficial to the community? (2)

4.2.5 Use the graph above, to explain how the market has failed to allocate resources efficiently. (2 x 2) (4)

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

ENVIRONMENTAL SUSTAINABILITY: CLIMATE CHANGE

Climate change is affecting South Africa severely. Parts of the country increasingly experience serious droughts, while at the same time changes in rainfall patterns result in severe storms, landslides and flash flooding in other parts of the country. In the dry areas, the drought results in significant reductions of dam levels which cause chronic water shortages in urban areas.

The shortage of water also negatively affects crop yields and livestock, which in turn negatively impacts on food security, especially among the urban poor who are unable to adjust to the resultant increases in food prices.

[Source: www.sacities.net]

- 4.3.1 Identify the environmental problem in the extract above. (1)
- 4.3.2 Name any ONE effect of drought. (1)
- 4.3.3 Briefly describe the term *environmental sustainability*. (2)
- 4.3.4 Explain the positive impact of levying green tax on environment. (2)
- 4.3.5 How can floods affect the South African economy? (2 x 2) (4)
- 4.4 Describe the aims/objectives of the competition policy. (4 x 2) (8)
- 4.5 Evaluate the success of inflation targeting. (8)

[40]**TOTAL SECTION B: (80)**

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QUESTION 6: CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 40 MINUTES

- Examine in detail the effects of tourism. (26)
 - How can South Africa improve the marketing of its tourist attractions in its less popular destinations? (10)
- 40**

TOTAL SECTION C: [40]

GRAND TOTAL: 150