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NATIONAL SENIOR CERTIFICATE

GRADE 12

SEPTEMBER 2024

ECONOMICS P2

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. Number the answers correctly according to the numbering system used in this question paper.
3. Write the number of the question above each answer.
4. Read the questions carefully and start each question on a NEW page.
5. Leave 2–3 lines between subsections of questions.
6. 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.
7. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
8. Use only black or blue ink.
9. You may use a non-programmable pocket calculator.
10. Write neatly and legibly.

SECTION A (COMPULSORY)**30 MARKS – 20 MINUTES****QUESTION 1**

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, for example 1.1.9 D.

1.1.1 A state where all other factor inputs remain unchanged is known as the ... rule.

- A real prices
- B ceteris paribus
- C nominal prices
- D market forces

1.1.2 A monopolist will fix the price ... of the demand curve.

- A at the midpoint
- B above the midpoint
- C below the midpoint
- D at the endpoint

1.1.3 A market that is dominated by two firms:

- A Monopolistic competition
- B Monopoly
- C Oligopoly
- D Duopoly

1.1.4 Profit maximisation is where the vertical distance between ... and TC is the biggest.

- A TFC
- B TVC
- C MC
- D TR

1.1.5 Cost-push inflation can be reduced by ...

- A increasing productivity.
- B subsidies.
- C cash reserve requirements.
- D moral suasion.

- 1.1.6 Internet facilities needed by tourists are called ... infrastructure.
- A transport
 - B energy
 - C communication
 - D bridges
- 1.1.7 An international agreement to manage nuclear waste.
- A Basel Convention
 - B Kyoto Protocol
 - C Paris Agreement
 - D Stockholm Protocol
- 1.1.8 Meeting the needs of the present generation without compromising the needs of future generations.
- A Fracking
 - B Environmental development
 - C Environmental sustainability
 - D Preservation

(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, for example 1.2.9 K.

COLUMN A		COLUMN B	
1.2.1	Homogenous products	A	Cannot be recovered should a firm decides to exit a market
1.2.2	Sunk costs	B	The variety of plant and animal life in a particular habitat
1.2.3	Profit maximisation	C	Tourists come to visit museums and art galleries
1.2.4	Merit goods	D	The government maintains the stock levels of environmental resources through the issuing of permits and quotas
1.2.5	Inflation targeting	E	Goods that society feels are beneficial to consume, but are undersupplied by the market
1.2.6	Cultural tourism	F	Products that are the same in style, design and quality
1.2.7	Direct controls	G	Monetary policy approach used by the SARB to keep price changes within 3–6%
1.2.8	Biodiversity	H	When $MC = MR$
		I	Producers have an influence over the market price

(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 ANSWERBOOK. Abbreviations, acronyms and examples will NOT be accepted.
- 1.3.1 An institution whose main function is to review orders made by the competition tribunal and amends or confirm these orders
- 1.3.2 A marketing strategy that firms use to create a certain perception in the minds of consumers
- 1.3.3 The process of comparing social costs and social benefits of a project
- 1.3.4 Low growth, high unemployment and high inflation rates occur simultaneously
- 1.3.5 A cultural or natural site that has a special cultural or physical importance
- 1.3.6 The direct regulation of an industry or activity through laws that state what is allowed and what is illegal (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

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

2.1 Answer the following questions.

2.1.1 Name any TWO examples of monopolies in South Africa. (2 x 1) (2)

2.1.2 How are artificial monopolies protected from competition? (1 x 2) (2)

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

QUANTITY	PRICE	TOTAL REVENUE
2	10	20
4	10	40
6	10	60
8	10	80
10	10	100

2.2.1 Identify the average revenue (AR) in the table above. (1)

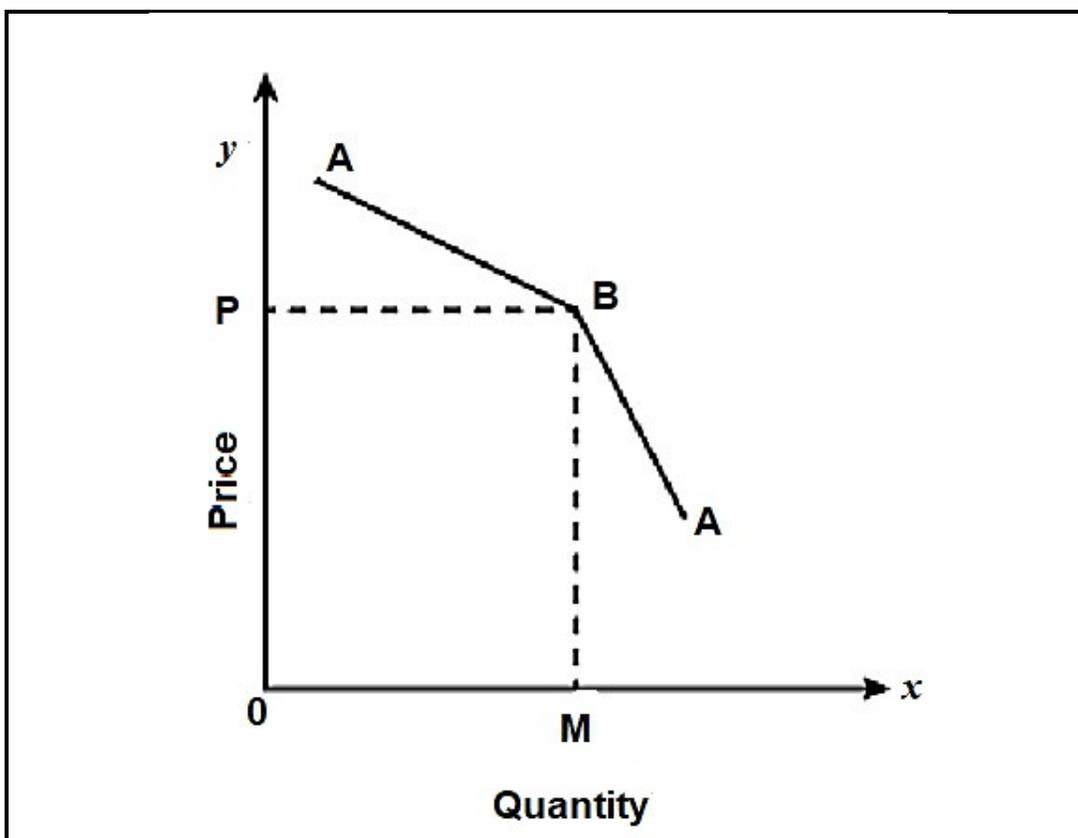
2.2.2 How is marginal revenue calculated? (1)

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

2.2.4 Why is the marginal revenue the same as average revenue under perfect market conditions? (2)

2.2.5 Draw a graph indicating profit maximisation using the marginal cost and marginal revenue curves under perfect market conditions. (4)

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



- 2.3.1 Identify the market structure in the above graph. (1)
- 2.3.2 Name the upper segment (AB) in the graph. (1)
- 2.3.3 Briefly describe the term *tacit collusion*. (2)
- 2.3.4 How does price fixing affect producers? (2)
- 2.3.5 Why is it advisable for oligopolists to sell at market price? (2 x 2) (4)
- 2.4 Distinguish between an *individual business* and *the industry*. (4 x 2) (8)
- 2.5 Why do monopolistic competitors need to advertise their products? (4 x 2) (8)
- [40]**

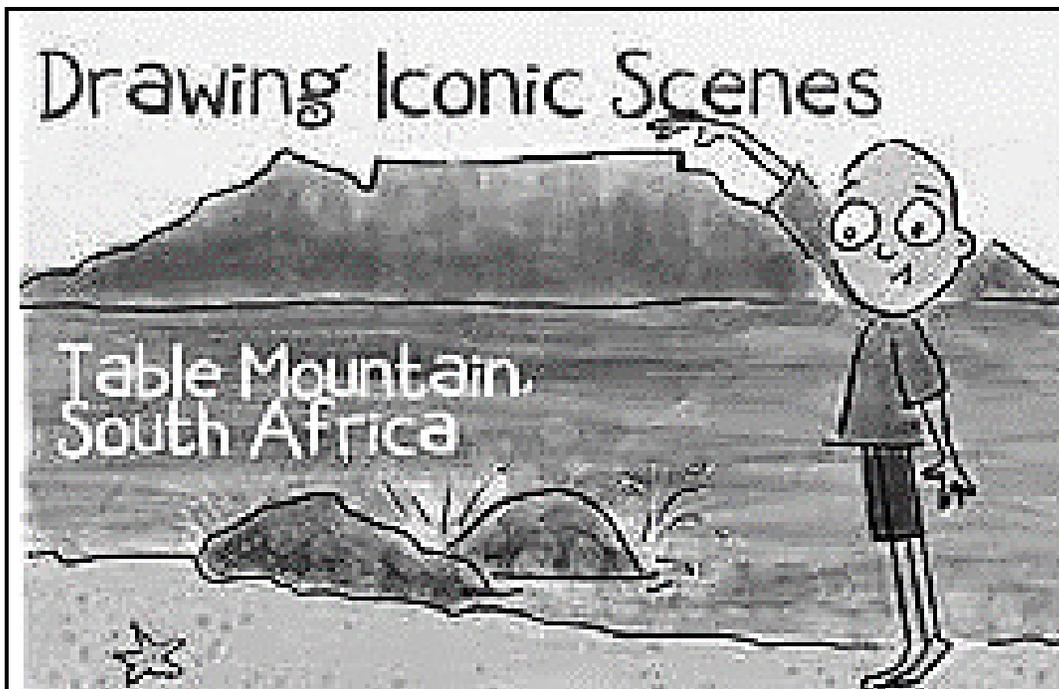
QUESTION 3: CONTEMPORARY ECONOMIC ISSUES**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO examples of indirect taxes. (2 x 1) (2)

3.1.2 Why is the conservation of non-renewable resources important? (1 x 2) (2)

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



Drawing Iconic Scenes

Table Mountain, South Africa

Tourist arrivals in South Africa demonstrated a positive trend, with improvements in the numbers recorded from month to month during the period spanning 2021 to 2023. In December 2023, 3,5 million travellers were recorded at South African ports of entry/exit, surpassing the figures for both November 2023, which stood at 2,6 million, and December 2022, at 2,9 million.

[Adapted from www.statssa.gov.za]

3.2.1 Identify the World Heritage Site in the extract above. (1)

3.2.2 Name any ONE environmental World Heritage Site. (1)

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

3.2.4 How can ecotourism benefit the environment? (2)

3.2.5 Evaluate how the South Africa's tourism profile is used to promote tourism activities in South Africa. (2 x 2) (4)

- 3.3 Study the extract below and answer the questions that follow.

SOUTH AFRICA: ENTREPRENEUR PUSHES HYDROPONICS TO TACKLE SAFE FOOD ACCESS.

A local food entrepreneur is making a difference with hydroponics to tackle South Africa's food security issues. Food insecurity is exacerbated by climate change and soil erosion. In South Africa, approximately 61 million hectares of land, about half of the country's entire surface area, is classified as having a moderate to severe potential risk of soil erosion.

Increasing soil erosion and infertile soil makes it hard for South Africans to grow their own food. It is believed that hydroponic farming systems offer an innovative and sustainable solution to growing food on both a subsistence level as well as a commercial level.

[Adapted from www.hortidaily.com]

- 3.3.1 Identify any ONE major environmental problem from the extract. (1)
- 3.3.2 Name an international measure that is used to address biodiversity loss. (1)
- 3.3.3 Briefly describe the term *preservation*. (2)
- 3.3.4 How does self-interest cause markets to fail in sustaining the environment? (2)
- 3.3.5 How does soil erosion negatively impact the South African economy? (4)
- 3.4 Briefly discuss the reasons for growth in the domestic tourism industry. (8)
- 3.5 Why is granting of property rights effective in achieving environmental sustainability? (4 x 2) (8)

[40]

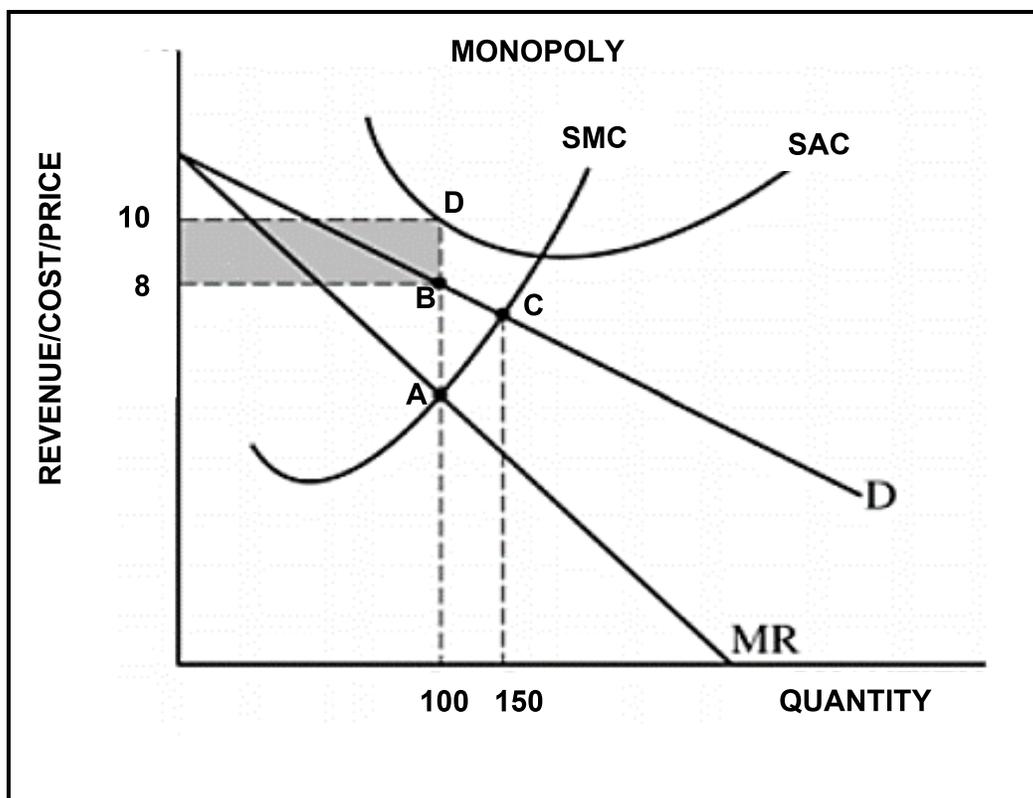
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO conditions of a perfect market. (2 x 1) (2)

4.1.2 How does the appreciation of the rand affect inbound tourism? (2)

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



4.2.1 Identify the shaded area in the graph above. (1)

4.2.2 Which curve represents the average revenue curve? (1)

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

4.2.4 Why is the graph above typical of a short-run equilibrium position? (2)

4.2.5 Use the information in the above graph to calculate the total cost. Show ALL calculations. (4)

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

“ ALKALINE HYDROLYSIS, OR AQUAMATION, WHICH IS ALSO REFERRED TO AS FLAMELESS CREMATION, WATER CREMATION AND BIO-CREMATION, IS USED TO CREMATE THE BODY AS OPPOSED TO FLAMES ”

explains Adriaan Bester,
AVBOB General Manager: Corporate Affairs.

AQUAMATION
THE GENTLE, ECOFRIENDLY
ALTERNATIVE TO FLAME CREMATION

Roberts Family
Funerals • Cremations • Celebrations
A Life Celebration Home

			
No burning of fossil fuels that contribute to greenhouse gasses. <small>A combination of water flow, temperature, and alkalinity is used to accelerate nature's natural process.</small>	20% more ash remains returned to the family	90% Energy Savings <small>No fossil fuels are burned so the energy savings is about 90% compared to flame based cremation</small>	Another Choice <small>Aquamation provides another choice to individuals or families who value another options.</small>

[Adapted from www.avbob.co.za]

- 4.3.1 Identify ONE cause of climate change in the extract above. (1)
- 4.3.2 Name an international agreement used to limit the production of gasses that cause climate change. (1)
- 4.3.3 Briefly describe the term *pollution*. (2)
- 4.3.4 Explain how global warming can result in climate change. (2)
- 4.3.5 How can saving energy positively impact on the South African economy? (2 x 2) (4)
- 4.4 Briefly describe the goals of the South African competition policy. (4 x 2) (8)
- 4.5 Explain the positive impact of the use of environmental taxes on environmental sustainability. (4 x 2) (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer ONE of the two questions from 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/Differentiate/Explain 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/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**

- Discuss in detail the factors that lead to the misallocation of resources in the market. (26 marks)
- Evaluate the impact of CBA on the South African economy. (10 marks) **[40]**

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

- Discuss in detail the measures to combat demand-pull and cost-push inflation. (26 marks)
- Analyse the impact of foreign direct investment on price stability. (10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150