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basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

ECONOMICS P2

NOVEMBER 2024

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.   Write the question number 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   A business that has no influence over the market price is called a price …

A   maker.
B   searcher.
C   taker.
D   setter.

1.1.2   High development costs are frequently a reason for a/an … monopoly.

A   local
B   natural
C   artificial
D   geographical

1.1.3   The shut-down point for a perfectly competitive firm is where the average revenue is equal to the … cost.

A   average variable
B   total variable
C   average
D   average fixed

1.1.4   When the government passes laws to reduce market failures, it is referred to as …

A   indirect control.
B   taxation.
C   deregulation.
D   direct control.

1.1.5   The inflation target range used by the South African Reserve Bank (SARB) is ...

A   3%–6%.
B   1%–3%.
C   4%–6%.
D   2%–6%.

1.1.6   The minimum length of stay for tourism activities should be … day(s).

A   three
B   seven
C   five
D   one

1.1.7   A sustained decrease in the prices of goods and services over a period of time is called …

     A   disinflation.
     B   deflation.
     C   hyperinflation.
     D   inflation.

1.1.8   The process of removing trees from the land without replacing them, is known as …

     A   soil erosion.
     B   desertification.
     C   deforestation.
     D   land degradation.   (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, e.g. 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Short-run	A	South African residents travelling to other countries
1.2.2	Patent	B	converts current (nominal) prices to constant (real) prices
1.2.3	Minimum price		
1.2.4	Community goods	C	introduction of waste material into the environment
1.2.5	GDP deflator	D	looking after natural resources to ensure that they are not completely used up
1.2.6	Outbound tourists		
1.2.7	Conservation	E	at least one factor of production remains fixed
1.2.8	Pollution		
		F	imposed by the government to allow producers of essential goods to be profitable
		G	provided free of charge by the government
		H	all the factors of production can change
		I	an exclusive right to manufacture a particular product

                                                            (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, acronyms and examples will NOT be accepted.

     1.3.1   The value of inputs that are owned by the entrepreneur and used in the production process

     1.3.2   When the average cost of production decreases as the output produced increases

     1.3.3   The lowest amount of money that employers are required by law to pay their employees

     1.3.4   An increase in prices that occurs when the aggregate demand in the economy exceeds the aggregate supply

     1.3.5   Refers to the culture, history and environment that is unique to a specific culture or society

     1.3.6   Natural resources that can be replaced or regenerated   (6 x 1)   (6)

TOTAL SECTION A: 30

SECTION B

Answer any TWO of the three questions from 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 markets that may be regarded as perfect competition.   (2 x 1)   (2)

2.1.2   Why is cost-benefit analysis (CBA) important for public projects?   (1 x 2)   (2)

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

MONOPOLISTIC COMPETITION

In any city, many restaurants compete based on the quality of their food and prices. The basic concept of providing hospitality services differs when restaurants change their strategies.

One restaurant might charge R150 for a pizza and burger combo, while another might charge R180 for the same order. The price of the dish can depend on other factors, such as the quality of the ingredients used, the restaurant's location, its popularity and other services they offer. This product differentiation is a key element of the restaurant business.

[Source: www.educba.com]

2.2.1   Identify an example of non-price competition in the extract above.   (1)

2.2.2   Name the type of profit earned by a monopolistic competitor in the long run.   (1)

2.2.3   Briefly describe the term *monopolistic competition.*   (2)

2.2.4   Explain the role of advertising in a monopolistic competitive market.   (2)

2.2.5   Why does a monopolist enjoy greater profits than a monopolistic competitor?   (2 x 2)   (4)

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

POSITIVE EXTERNALITIES OF EDUCATION
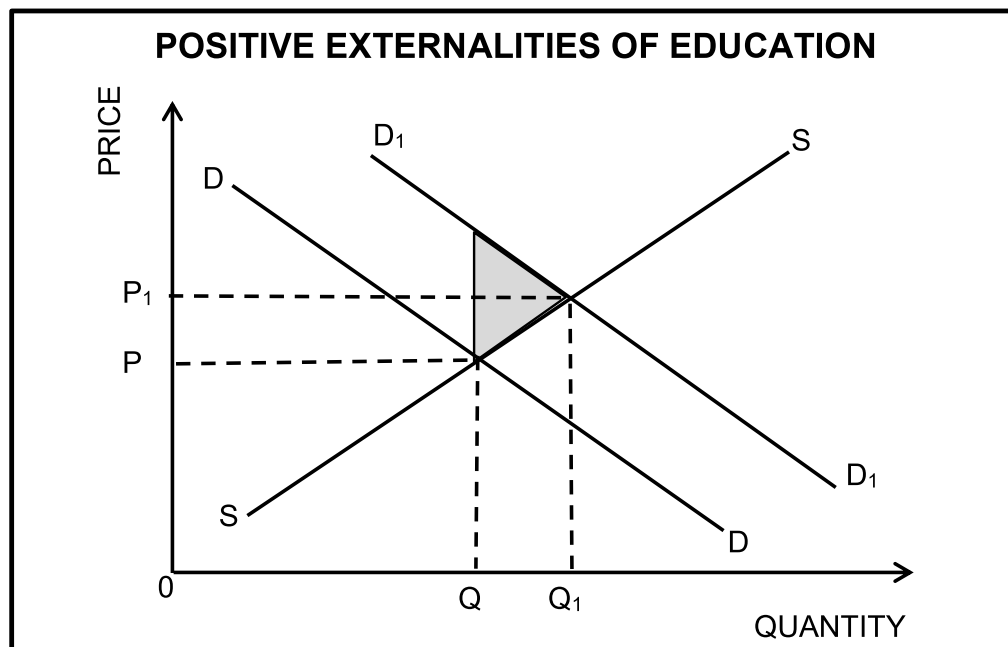
2.3.1   Identify the curve that represents the marginal private benefit.   (1)

2.3.2   Give any ONE example of negative externalities.   (1)

2.3.3   Briefly describe the term *externalities*.   (2)

2.3.4   Why is quantity Q_1 regarded as socially efficient?   (2)

2.3.5   How can the government encourage the consumption of merit goods?   (2 x 2)   (4)

2.4   With the aid of a correctly labelled graph, explain the relationship between *total cost (TC)*, *fixed cost (FC)* and *variable cost (VC)*.   (2 x 4)   (8)

2.5   How can a lack of information by various market participants lead to the misallocation of resources?   (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 types of consumer inflation.   (2 x 1)   (2)

3.1.2   Why does the government levy or impose taxes on tourism activities?   (1 x 2)   (2)

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

IMPACT OF INFLATION ON THE CONSUMER
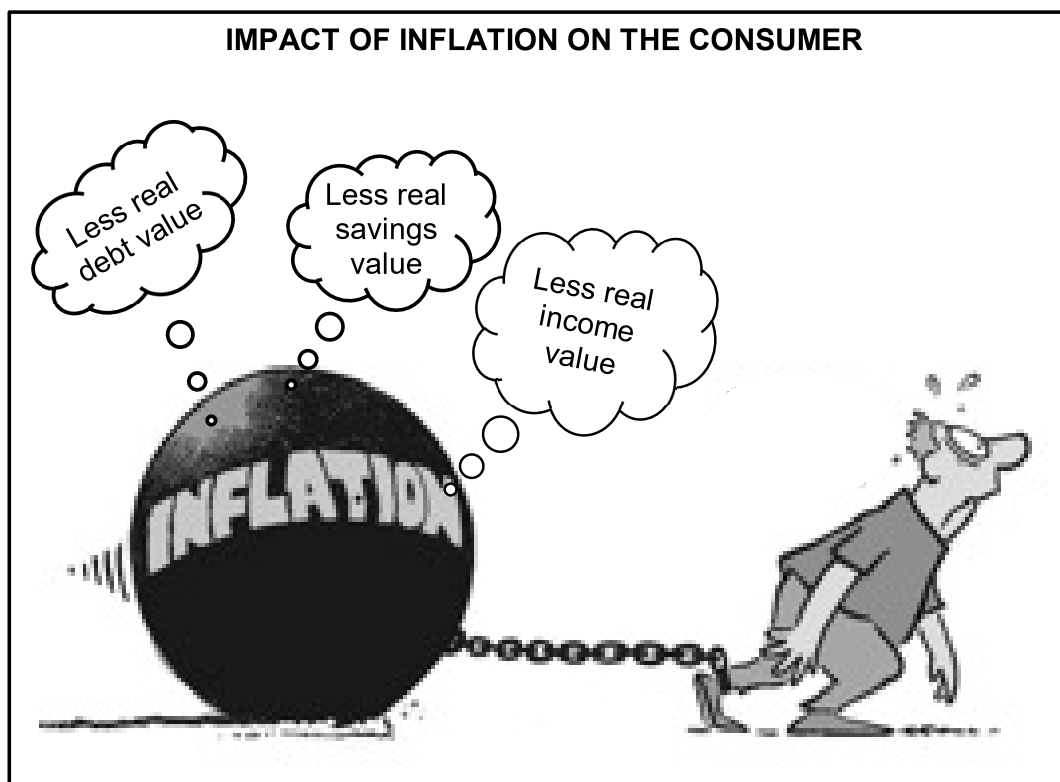
[Adapted from www.ilearnthis.com]

3.2.1   Identify a positive impact of inflation on the consumer in the cartoon above.   (1)

3.2.2   Name the institution that uses interest rates to control inflation in South Africa.   (1)

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

3.2.4   Explain the impact of inflation on taxpayers.   (2)

3.2.5   How can natural disasters contribute to inflation in the economy?
                                                                         (2 x 2)   (4)

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

REGIONAL CHANGES IN TOURIST ARRIVALS

Although tourist arrivals from other African countries have exceeded the pre-pandemic levels, there is a possibility for a complete recovery for the Southern African Development Community (SADC) and overseas regions.

[Adapted from Statistics South Africa]
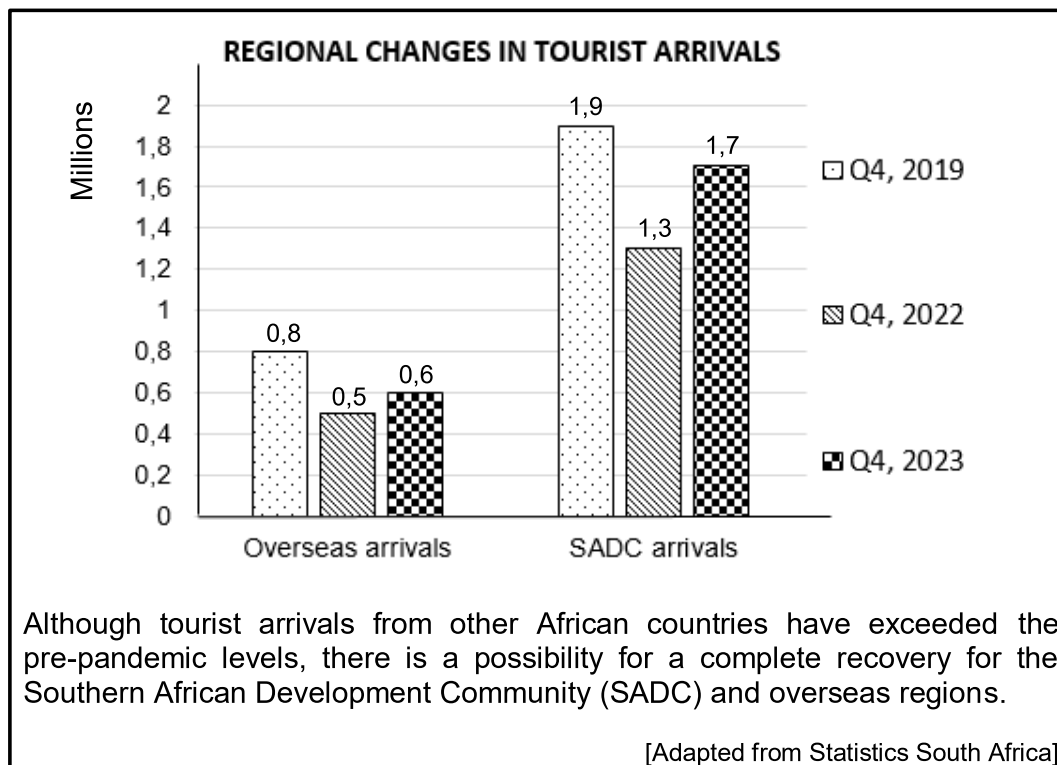
3.3.1   Identify the number of SADC tourist arrivals in the 4th quarter of 2023. (1)

3.3.2   Name any ONE environmental World Heritage Site in South Africa. (1)

3.3.3   Briefly describe the term *domestic tourism*. (2)

3.3.4   Explain the impact of a weaker rand on foreign tourist arrivals. (2)

3.3.5   How can the South African government ensure that tourists visit the various destinations across the country? (2 x 2) (4)

3.4   Briefly discuss *export earnings* and *government expenditure* as causes of demand-pull inflation. (2 x 4) (8)

3.5   How can tourism activities negatively impact South Africa? (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 TWO types of inefficiencies caused by market failures. (2 x 1)   (2)

   4.1.2   How can the South African Reserve Bank (SARB) use open-market transactions to reduce money supply in the economy?   (1 x 2)   (2)

4.2   Study the graphs below and answer the questions that follow.
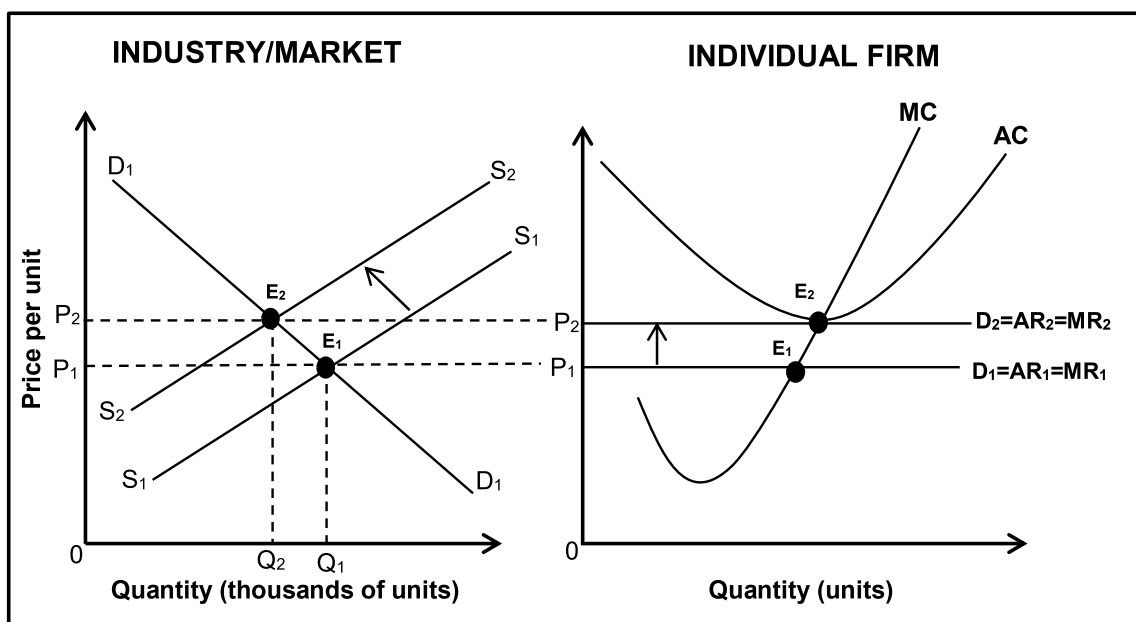
4.2.1   Identify the curve that represents the supply curve for the individual firm in the graph above.   (1)

4.2.2   State the nature of products sold in a perfect market.   (1)

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

4.2.4   Why is the individual firm's demand curve horizontal?   (2)

4.2.5   Use the graphs above to explain how economic loss in the short run leads to normal profit in the long run.   (2 x 2)   (4)

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

SOUTH AFRICAN TOURISM
IMAGE A   **IMAGE B**
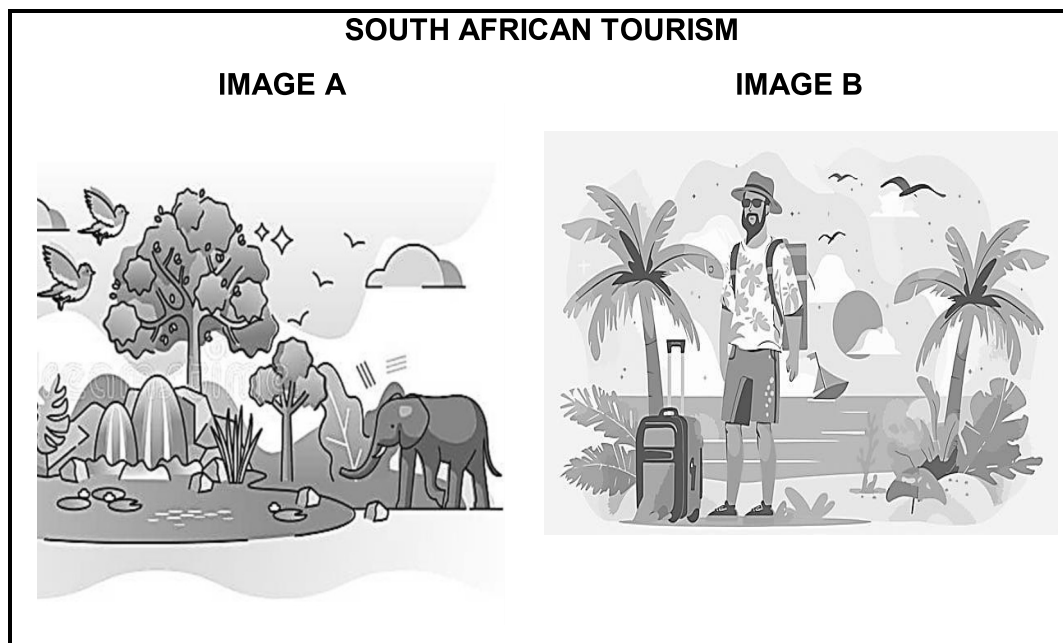
[Source: www.google.com]

4.3.1   Identify the image that relates to eco-tourism.   (1)

4.3.2   Name the institution that is responsible for promoting tourism in
          South Africa.   (1)

4.3.3   Briefly describe the term *paleo tourism.*   (2)

4.3.4   Explain the impact of households' income levels on tourism.   (2)

4.3.5   Why would South Africans be discouraged to visit tourist sites within
          the country?   (2 x 2)   (4)

4.4   With the aid of a correctly labelled graph, explain the effect of maximum prices
        on the market.   (2 x 4)   (8)

4.5   Analyse the measures that can be used to combat cost-push inflation.   (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.

Your answer will be assessed as follows:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. • A good starting point will 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/Discuss in detail with the aid of graphs/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/Assess/Debate **A maximum of 8 marks may be allocated for headings/examples.**	Max. 26
Additional part: Critically discuss/Evaluate/Critically evaluate/Deduce/Compare/Distinguish/Suggest/Interpret/Debate/How **A maximum of 2 marks may be allocated for mere listing of facts.**	Max. 10
Conclusion Any higher-order conclusion should include: • 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**

• Examine in detail the oligopoly market structure.   (26)

• How has the competition policy helped to reduce anti-competitive behaviour in South Africa?   (10)
                                                                                          [40]

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

• Discuss in detail how the government can ensure sustainable development or environmental sustainability.   (26)

• Analyse the international measures taken to reduce environmental problems.   (10)
                                                                                          [40]

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