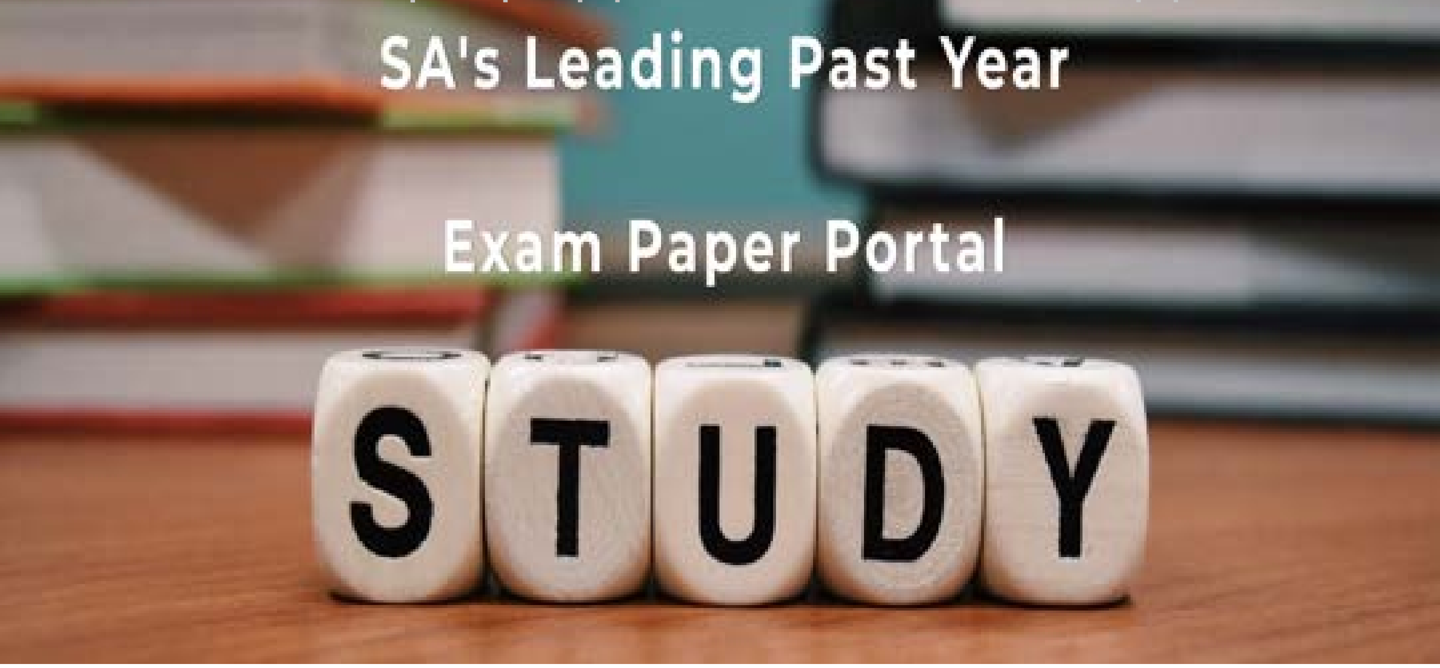
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NATIONAL SENIOR CERTIFICATE

GRADE 12

PRE - JUNE 2025

ECONOMICS P2

MARKS: 150

TIME: 2 hours

This question paper consists of 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 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 1.1.7 B.

1.1.1 Goods which are non-excludable and non-rival are known as … goods.

A consumer
B capital
C community
D scarce

1.1.2 Unit cost is also known as … cost

A marginal
B total
C average
D variable

1.1.3 A fresh-produce market is a good example of a/an … market structure.

A Monopolistic competition
B monopoly
C Perfect competitive
D oligopoly

1.1.4 The government can intervene to reduce the production and consumption of a demerit good …

A by using excise tax
B through public sector provisioning
C by granting subsidies
D by implementing a progressive tax system

1.1.5 When two identical products are sold at different prices to different consumers, it is known as price …

A differentiation
B stability
C policy
D discrimination

1.1.6 Most markets do not adjust rapidly to changes in supply and demand due to a lack of …

A Information made available
B resources
C Quantities required by consumers
D skills

1.1.7 The market is unable to protect the environment because it is mainly driven by …

A self interest
B social interest
C social cost
D the community

1.1.8 The supply curve for a firm in a perfectly competitive market has a … slope.

A negative
B horizontal
C positive
D convex

(8 x 2) (16)

1.2 Choose a description in COLUMN B that matches an item in COLUMN A. Write only the letter (A–I) next to the question number (1.2.1–1.2.8) in the ANSWER BOOK, for example 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Cartel	A	occurs where average revenue is equal to average cost
1.2.2	Missing markets	B	different businesses that produce the same product
1.2.3	Pareto efficiency	C	the exclusive right to manufacture a product
1.2.4	Industry	D	reduction in economic welfare caused by a reduction in both consumer and producer surplus
1.2.5	Dead weight loss	E	incomplete because it cannot meet the demand for certain goods
1.2.6	Patent	F	businesses in the same industry come to an agreement to determine quantities and prices
1.2.7	Private benefit	G	when it is impossible to increase the welfare of one person without decreasing the welfare of another
1.2.8	Duopoly	H	Income enjoyed by producers of goods
		I	each business must take the actions of others into account

(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.

1.3.1 Costs paid by the consumer that are NOT included in the market price

1.3.2 The cost that remains the same even if the output changes

1.3.3 An imperfect market structure that makes a normal profit in the long run

1.3.4 An institution or mechanism that brings together buyers and sellers of goods and services

1.3.5 A change in price causes a smaller percentage change in quantity demanded

1.3.6 The spillover effect of an economic activity that affects third parties

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

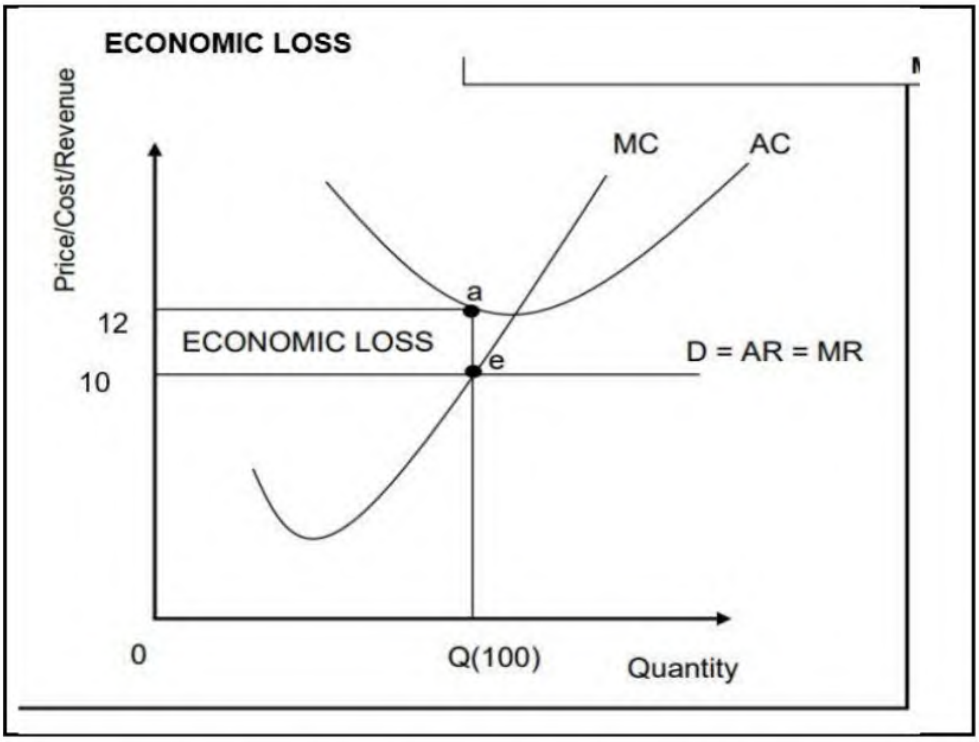
QUESTION 2: MACROECONOMICS **40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name TWO features of public goods (2)

2.1.2 Why is monopolistic competition regarded as a hybrid structure? (2)

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



2.2.1 Identify the market structure shown by the graph above. (1)

2.2.2 Which curve (part of) represent the supply curve of the business? (1)

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

2.2.4 Why is the equilibrium position above typical of the short run? (2)

2.2.5 Determine the loss for this business. Show ALL calculations. (4)

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

STATE-OWNED MONOPOLIES

Monopolies in South Africa have played a significant role in shaping the country's economic structure. Large companies such as ESKOM, SAA and Transnet have operated as state-owned monopolies, controlling vital sectors like electricity and transport. These monopolies have contributed to inefficiencies and service delivery challenges.

(adapted from google.com)

Source: adapted from google.com

2.3.1 Identify an example of service offered by ESKOM in the extract above. (1)

2.3.2 Which type of monopoly is associated with patent and licencing? (1)

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

2.3.4 How can monopolies abuse their market dominance? (2)

2.3.5 Why do many state monopolies in South Africa struggle to make an economic profit in the long-run? (4)

2.4 With the aid of a correctly labelled graph explain productive and allocative inefficiencies. (8)

2.5 How can exit of firms in a perfect market affect the economy? (8)
[40]

QUESTION 3: ECONOMIC PURSUITS **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO examples of non-price competition. (2)

3.1.2 How does easy entry affect the profitability of a monopolistic competitor? (2)

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

MONOPOLISTIC COMPETITION

Fast-food shops

Hairdressers **Law firms**

Monopolistic competitors use various non-price competition methods, like advertising, packaging and services, to attract customers. Economic profit is achieved in the short run and in the long run normal profit is realised.

Source: adapted from yakaa digital network

3.2.1 Identify ONE example of monopolistic competition in the information above. (1)

3.2.2 Name ONE method in the information above that is used in nonprice competition. (1)

3.2.3 Briefly describe the term *monopolistic competition* (2)

3.2.4 How does a monopolistic competitor differ from a perfect competitor in terms of market information? (2)

3.2.5 Why do monopolistic competitors achieve only normal profit in the long run? (4)

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

TATEMENT 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 Competition Act that governs it.

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

3.3.1 Identify the institution in the extract that investigates anticompetitive behaviour in South Africa. (1)

3.3.2 Name an objective of the competition policy (1)

3.3.3 Briefly describe the term *cartel* (2)

3.3.4 Explain the role of the Competition Appeal Court (2)

3.3.5 How effective is the competition policy in regulating mergers and takeovers in South Africa? (4)

3.4 Briefly discuss the reasons for cost benefit analysis. (8)

3.5 Evaluate the effect of minimum prices on the economy. (8)

[40]

QUESTION 4: MACROECONOMICS AND ECONOMIC PURSUITS
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Give any TWO examples of variable costs. (2)

4.1.2 When will a firm in a perfect market shut down its operations? (2)

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

QUANTITY	PRICES	TR	AR	MR
1	R10	10	10	-
2	R9	18	9	**A**
3	R8	24	8	6
4	R7	28	7	4
5	R6	30	6	2

4.2.1 Identify the quantity where P = AR in the table above. (1)

4.2.2 Name a period where at least one factor of production is fixed. (1)

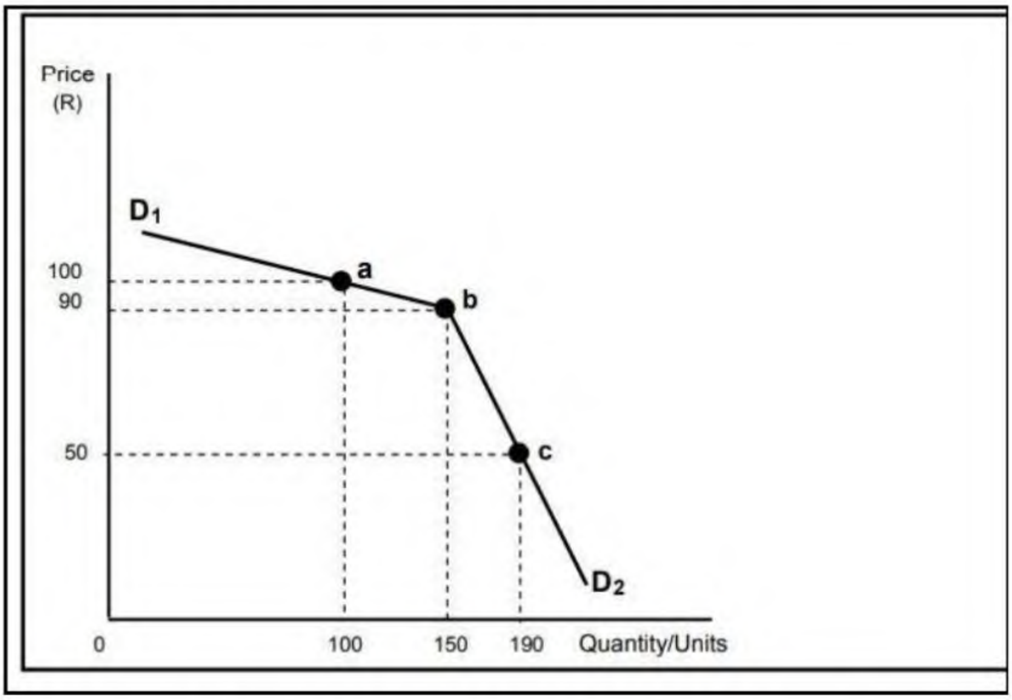
4.2.3 Briefly describe the concept total revenue (2)

4.2.4 Why MR always lies below AR in the market structure above. (2)

4.2.5 Calculate the value of A. Show all calculations. (4)

4.3 **DATA RESPONSE**

Study the graph below and answer the questions that follow.



4.3.1 Identify the elastic part in the kinked demand curve above (1)

4.3.2 Give an example of a business in an oligopoly market structure. (1)

4.3.3 Briefly describe the term *price leadership*. (2)

4.3.4 How can an oligopolist increase his market share in this particular industry? (2)

4.3.5 What would the effect be on total revenue if the oligopolist increased his price from R50 to R90? Show ALL calculations. (1)

4.4 Using TR and TC curves, draw a correctly labelled graph to briefly explain how a firm in a perfect market maximises profit (8)

4.5 Analyse the impact of maximum prices on the market. (8)

SECTION C

Answer any ONE of the two questions from this section in the ANSWER BOOK.

Your answer will be assessed as follows:

STRUCTURE OF THE ESSAY	MARK ALLOCATION
Introduction • A good starting point would be to define a concept or key word that appears in the question. • Include other sentences to support the topic. • Do not include in your introduction any part of the question. • 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/Assess/Debate.	Max. 26
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	Max. 10
Conclusion Any relevant higher order conclusion that should include: • A brief summary of what has been discussed/analysed without repeating facts already mentioned in the body • An opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if so required • Recommendations	Max. 2
TOTAL	**40**

QUESTION 5: MICROECONOMICS

- Compare and contrast a perfect market with a monopoly (26)
- How does the Competition Act of South Africa promote fair competition? (10)

QUESTION 6: MICROECONOMICS

- Discuss in detail state intervention as a consequence of market failures, with the aid of relevant graphs
- How effective has government spending been in addressing market failure? (10)

TOTAL SECTION C: 40
GRAND TOTAL: 150