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NATIONAL SENIOR CERTIFICATE

GRADE 12

JUNE 2025

ECONOMICS P2

MARKS: 150

TIME: 2 hours



This question paper consists of 12 pages.



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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.
5. Start EACH question on a NEW page.
6. Leave 2–3 lines between subsections of questions.
7. 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.
8. Use only black or blue ink.
9. You may use a non-programmable pocket calculator.
10. 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, for example 1.1.9 B.

1.1.1 The timeframe where any of the factors are flexible is called ...

- A short run.
- B free range.
- C medium term.
- D long run.

1.1.2 Two competing companies that share the market is known as ...

- A duopoly.
- B dual market.
- C symbiotic market.
- D competing market.

1.1.3 When the business does not produce at the lowest possible cost, it is ... inefficient.

- A allocative
- B productive
- C market
- D collusion

1.1.4 When average revenue is greater than average cost, the firm makes an/a ...

- A economic loss.
- B normal profit.
- C total loss.
- D economic profit.

1.1.5 Competition is not based on prices but rather on factors relating to product uniqueness.

- A Non-price competition
- B Hybrid structure
- C Incomplete
- D Pareto



1.1.6 Markets that are incomplete because they cannot meet the demand for certain goods.

- A Black markets
- B Missing markets
- C Imperfect markets
- D Perfect markets

1.1.7 Goods that are socially harmful to consumers are called ...

- A non-rival goods.
- B merit goods.
- C demerit goods.
- D non-excludability.

1.1.8 The actual cost paid by consumers when a good is purchased.

- A Private benefits
- B Social cost
- C Private cost
- D Social benefit

(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 J.

COLUMN A		COLUMN B	
1.2.1	Implicit cost	A	a cash allowance given to a producer to lower the cost of production
1.2.2	Market structure	B	the barriers to entry are not economic in nature
1.2.3	Producer subsidies	C	analysis done by the government for a project to determine whether it should be carried out
1.2.4	Short-run	D	benefit gained by a third party which are not included in the market price
1.2.5	Collusion	E	value of inputs owned by an entrepreneur and used in the production process
1.2.6	Positive externalities	F	the period of production where only the variable factors of production can change
1.2.7	Cost Benefit Analysis	G	arrangement between business with the aim of limiting competition
1.2.8	Artificial Monopoly	H	how a market is organised
		I	a supply side policy to smooth fluctuations in the economy

(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 A business that is unable to influence the market price on its own
- 1.3.2 Goods and services that are different in some way from one another
- 1.3.3 The benefit gained by society from the use of a good or service
- 1.3.4 A group of producers whose goal is to form a collection monopoly
- 1.3.5 A situation where one firm fixes a price and others accept it as market price
- 1.3.6 The benefit gained by a third party which is not included in the market price (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**

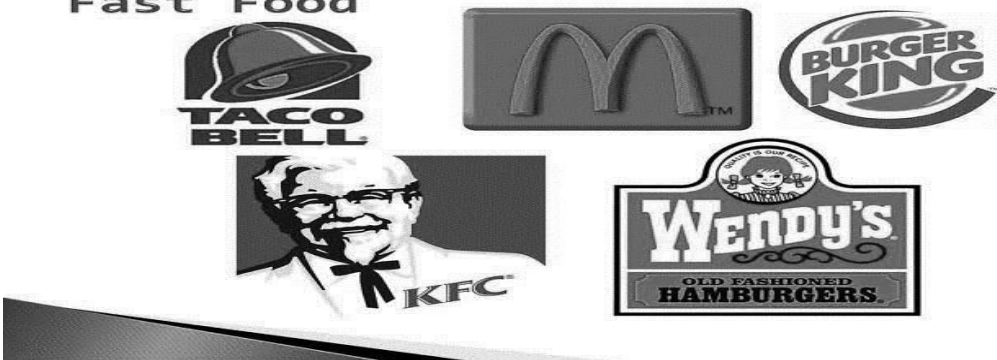
2.1 Answer the following questions.

2.1.1 Name TWO types of costs that are used to calculate the total cost of a firm. (2 x 1) (2)

2.1.2 How can the government reduce the oversupply of demerit goods? (1 x 2) (2)

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

MONOPOLISTIC COMPETITION



Unlike perfect competition, monopolistic competitive firms have products that are not perfect businesses. Consumers can buy the goods preferred from any competitors. They offer various meals which are unique to them, such as different menus, theme meals for kids and different combos.

[Source: Google images]

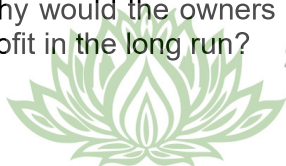
2.2.1 Name any ONE way how the above-mentioned restaurants can differentiate their meals. (1)

2.2.2 Name the profit that is made by a monopolistic competitor in the long run. (1)

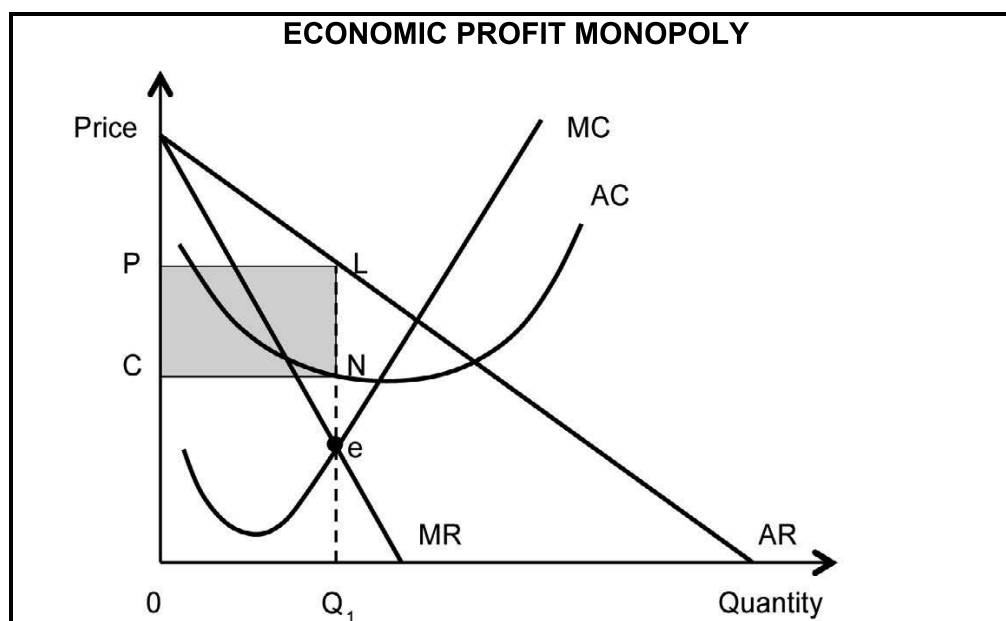
2.2.3 Briefly describe the concept *monopolistic competition*. (2)

2.2.4 Briefly explain *non-price competition* as a characteristic of monopolistic competition. (2)

2.2.5 Why would the owners of restaurants be unable to make economic profit in the long run? (4)



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



- 2.3.1 Identify the profit maximisation point in the graph above. (1)
- 2.3.2 Where is the market price determined? (1)
- 2.3.3 Briefly describe the concept *monopoly*. (2)
- 2.3.4 Explain how non-price competition act as a barrier to entry in a oligopoly. (2)
- 2.3.5 Why do oligopolist have considerable control over prices? (4)
- 2.4 With the aid of a graph, explain economic loss as a short-run equilibrium position under perfect market conditions. (8)
- 2.5 Why is the cost-benefit analysis necessary for public projects? (8)

[40]



QUESTION 3: MICROECONOMICS**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO characteristics of a perfectly competitive firm. (1 x 2) (2)

3.1.2 Why is the demand curve of an individual business horizontal? (2)

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

COMPETITION COMMISSION

The Competition Commission is empowered by the Competition Act to investigate, control and evaluate restrictive business practices, abuse of dominant positions and mergers in order to achieve equity and efficiency in the South African economy.

To achieve its purpose, the Commission's core functions are the following: implement measures to increase market transparency, implement measures to develop public awareness of the provisions of the Act, investigate and evaluate alleged anticompetitive conduct.

[Source: [national government.co.za](http://nationalgovernment.co.za)]

3.2.1 Identify an institution that investigate restrictive business practices in the extract above. (1)

3.2.2 Name the national department that oversees competition in South Africa. (1)

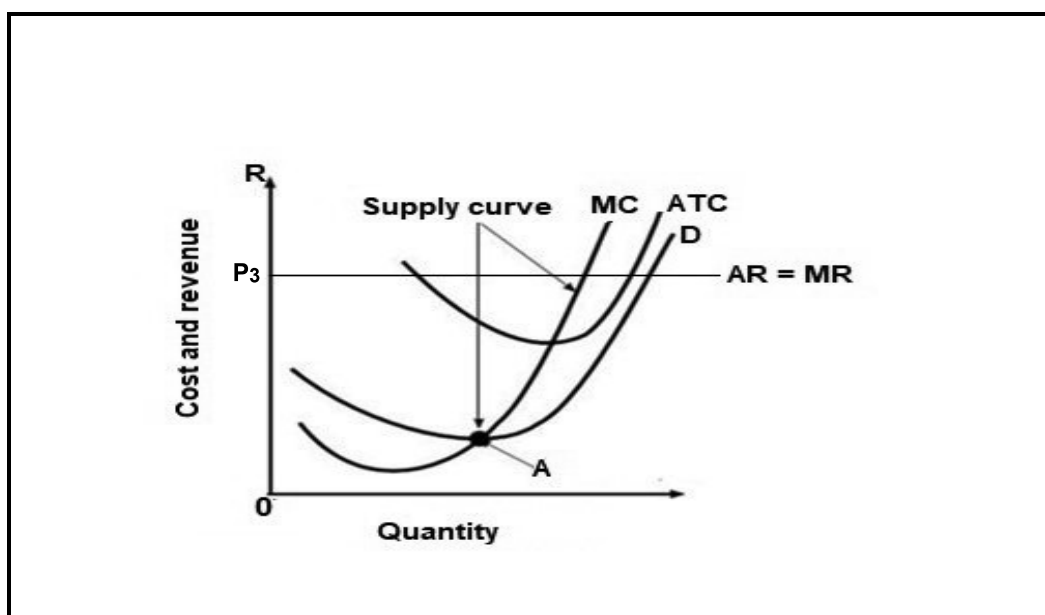
3.2.3 Briefly describe the concept *Competition Appeal Court*. (2)

3.2.4 Why does the government set minimum prices? (2)

3.2.5 Why does the government carry on with a project even if the private costs are greater than the private benefits? (4)



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



3.3.1 Provide a correct label for curve **D**. (1)

3.3.2 Identify a shut-down point in the graph above. (1)

3.3.3 Briefly describe the concept *marginal revenue*. (2)

3.3.4 Why is the perfect competitor making economic profit at P_3 ? (2)

3.3.5 Explain how the supply curve of a perfect competitor is determined. (4)

3.4 Briefly discuss the objectives of the competition policy. (8)

3.5 How can the existence of perfect markets impact on consumers and producers? (8)

[40]

QUESTION 4: MICROECONOMICS**40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name any TWO groups of workers that will benefit from minimum wages. (2)

4.1.2 How does homogenous products benefit consumers? (2)

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

MARKET A			MARKET B		
Quantity	Price	Total revenue	Quantity	Price	Total revenue
0	R20	-	0	R22	-
1	R20	R20	1	R20	R20
2	R20	R40	2	R18	R36
3	R20	R60	3	R16	R48
4	R20	R80	4	R14	R56
5	R20	R100	5	R12	R60

4.2.1 Identify the market in which the demand curve shows a downward slope. (1)

4.2.2 What is the nature of the product sold in a perfect market? (1)

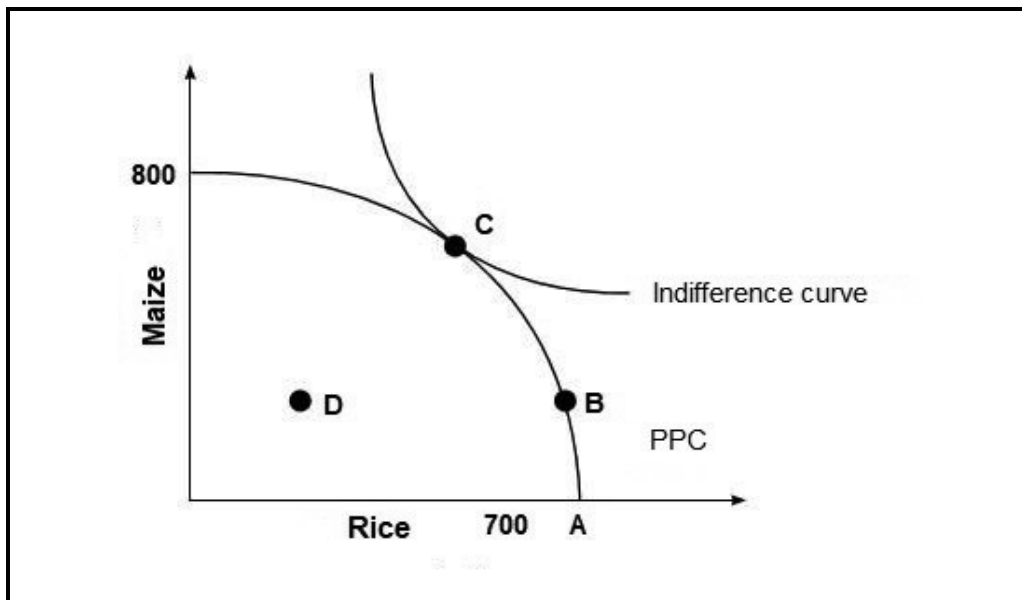
4.2.3 Briefly describe the concept *average revenue*. (2)

4.2.4 Why do individual firms find it easy to enter a perfect market? (2)

4.2.5 Calculate the marginal revenue for **MARKET B** at quantity 2? Show ALL calculations. (4)



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



- 4.3.1 Identify ONE curve that relates to allocative efficiency. (1)
- 4.3.2 What quantity of rice will be produced if 800 units of maize are produced? (1)
- 4.3.3 Briefly describe the concept *industry*. (2)
- 4.3.4 Why are oligopolist reluctant to compete on prices? (2)
- 4.3.5 Why is the production at point **D** regarded as inefficient? (4)
- 4.4 With the aid of a correctly labelled graph, explain economic profit made by a monopoly. (8)
- 4.5 How does collusion negatively impact the economy? (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 <ul style="list-style-type: none"> 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/ 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	Max. 26 Max. 10
Conclusion Any relevant higher-order conclusion that should include: <ul style="list-style-type: none"> A brief summary of what has been discussed without repeating facts already mentioned in the body 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**

- Compare and contrast TWO types of market structures (monopoly and monopolistic competition) in detail. (26 marks)
- Why does government support monopolies? (10 marks)

QUESTION 6: MICROECONOMICS**40 MARKS – 40 MINUTES**

- With the aid of relevant graphs discuss in detail state intervention as a consequence of market failures. (26 marks)
- How effective has government spending been in addressing market failure? (10 marks)

TOTAL SECTION C: 40
GRAND TOTAL: 150

