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NATIONAL SENIOR CERTIFICATE

GRADE 12

SEPTEMBER 2025

ECONOMICS P2

MARKS: 150

TIME: 2 hours

This question paper consists of 13 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 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 The revenue derived from the sale of one additional unit of a product is called ... revenue.

- A maximum
- B average
- C marginal
- D total

1.1.2 Mechanism that brings together buyers and sellers of goods and services:

- A Market
- B Market failure
- C Efficiency
- D Tourism

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

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

1.1.4 A market intervention that reduces the cost of production for the producers is known as a ...

- A tariff.
- B taxation.
- C transfer.
- D subsidy.

1.1.5 The CPIX index is the inflation rate that excludes interest rates on ... bonds.

- A municipal
- B government
- C mortgage
- D treasury

- 1.1.6 A place listed by the UNESCO as having special cultural or physical importance is called a ...
- A Department of Tourism.
 - B World Heritage Site.
 - C Superior structure.
 - D World Bank.
- 1.1.7 The constant decrease in the general price level is called ...
- A deflation.
 - B interest rate.
 - C hyperinflation.
 - D core inflation.
- 1.1.8 A South African who travels to France to watch the Rugby World Cup is an example of a/an ... tourist.
- A medical
 - B business
 - C outbound
 - D inbound
- (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	Minimum wage	A	a curve with a top elastic section and a bottom inelastic section
1.2.2	Tourism	B	the market price at which the quantity of goods supplied is equal to the quantity of goods demanded
1.2.3	Kinked demand curve	C	the lowest amount of remuneration that an employer is required to pay workers for the work performed during a given period
1.2.4	Biodiversity	D	activities of people that travel outside of their usual places for leisure, business or sport
1.2.5	Equilibrium price	E	a measure of the rate of the change in prices of products sold as they leave the factory
1.2.6	Producer Price Index	F	payment made by the government to businesses to reduce activities that cause negative externalities on the environment
1.2.7	Stagflation	G	the variety of plant and animal life in a particular habitat
1.2.8	Environmental subsidy	H	the ability of the environment to sustain itself for future economic activities
		I	low growth, high unemployment and high inflation rates occur simultaneously

(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 technique used by government to compare social benefits against social costs
- 1.3.2 An institute that investigates restrictive business practices and abuse of dominant positions
- 1.3.3 Private costs plus external costs
- 1.3.4 Unadjusted CPI that is calculated for urban areas only
- 1.3.5 The introduction of waste into the environment
- 1.3.6 The process of keeping the resources that are non-renewable intact (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

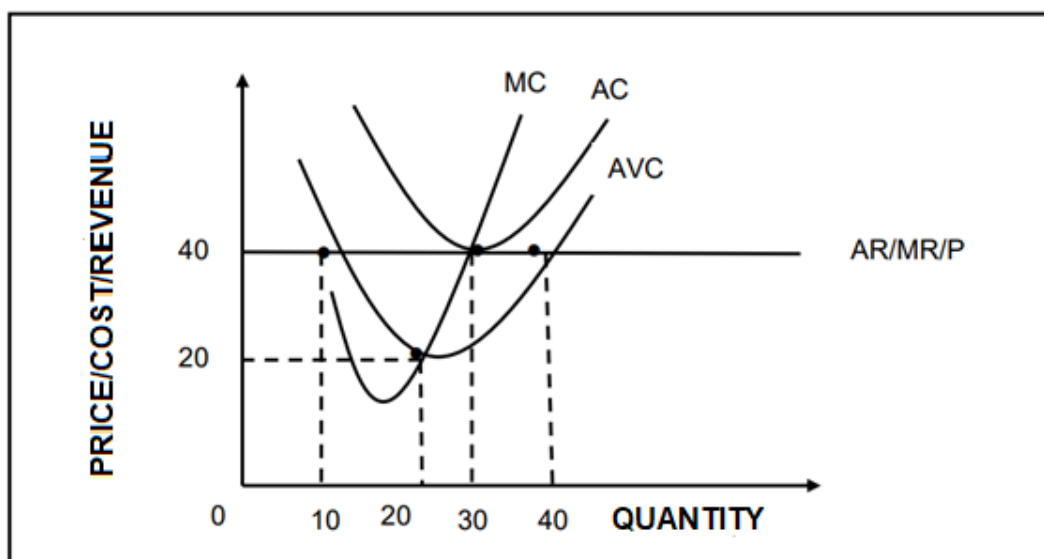
QUESTION 2: MICROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO examples of products sold by perfect competitors. (2 x 1) (2)

2.1.2 How does the imperfect distribution of income and wealth contribute to market failures? (1 x 2) (2)

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



2.2.1 Identify the market structure in the graph above. (1)

2.2.2 Identify the supply curve in the graph above. (1)

2.2.3 Briefly describe the term *homogeneous products*. (2)

2.2.4 When will a firm in this market shut-down its operations? (2)

2.2.5 Use the graph above to determine the type of profit made by this firm. Show ALL the calculations. (2 x 2) (4)

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

THE SOUTH AFRICAN MEDICAL SCHEMES MARKET— AN EXAMPLE OF GOVERNMENT CREATED MARKET FAILURE

The South African medical schemes market is of considerable interest from an economist's perspective for the two reasons.

Pareto, an Italian engineer, put some flesh on those bones by pointing out that the actions of some may impose involuntary costs on others; or as it is usually said by economists, impose externalities on others.

Economists can offer a general explanation for government intervention. Governments are justified in intervening in markets to eliminate market failure. Having made that statement, it can then be said that this is not the explanation for the intervention into the South African medical schemes market.

[Adapted from www.bizcommunity.com]

- 2.3.1 Identify the cause of market failure from the extract above. (1)
- 2.3.2 Name any ONE characteristic of public goods. (1)
- 2.3.3 Briefly describe the term *market failure*. (2)
- 2.3.4 Explain *land restitution* as a redress method to redistribute income and wealth. (2)
- 2.3.5 Why are markets unwilling to produce public goods? (2 x 2) (4)
- 2.4 Distinguish, without using graphs, *the demand curve of perfect competitor* with that of *oligopoly*. (4 x 2) (8)
- 2.5 Explain the impact of productive inefficiency on the cost and competitiveness of a business. (4 x 2) (8)

[40]

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

3.1 Answer the following questions.

3.1.1 Mention any TWO indigenous forms of art in South Africa. (2 x 1) (2)

3.1.2 How do export earnings cause demand-pull inflation? (2 x 1) (2)

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

GLOBAL CITIZEN SCIENTISTS DIG IT: UNEARTHING SA'S PALEO TOURISM

Imagine, carefully digging around a piece of bone that juts out of the earth. If we find that one fossil that is the missing piece in a great big human ancestor puzzle. Paula, who is from Ireland, is at the bottom of an excavation pit in the Cradle of Humankind UNESCO World Heritage Site near Johannesburg in Gauteng, where about 40% of Africa's human ancestor fossils have been found. She's part of a group of six international tourists on a paleo safari.

[Adapted from: www.dailymaverick.co.za]

3.2.1 Identify the type of tourism mentioned in the extract above. (1)

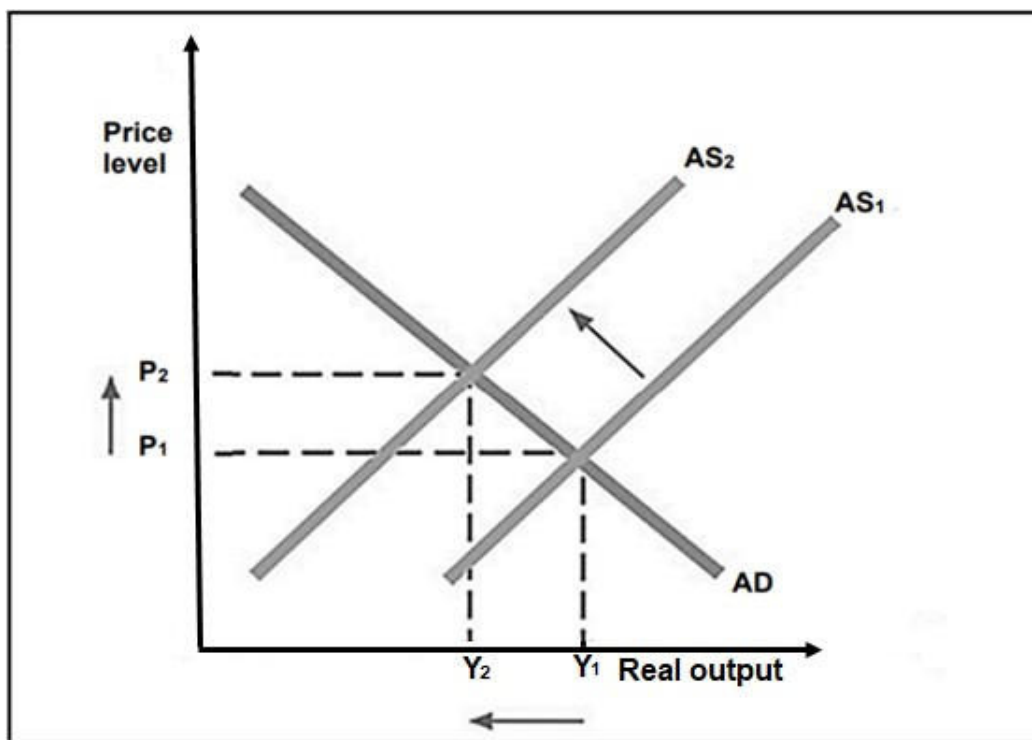
3.2.2 Name any ONE World Heritage Site. (1)

3.2.3 Briefly describe the term *transit tourist*. (2)

3.2.4 Why is crime prevention important for the growth of tourism in South Africa? (2)

3.2.5 How can tourism negatively impact the environment? (2 x 2) (4)

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



[Source: Forbesindia.com]

- 3.3.1 Identify the cause of inflation in the graph above. (1)
- 3.3.2 Name the type of inflation that excludes high volatile prices. (1)
- 3.3.3 Briefly describe the term *all-inclusive inflation*. (2)
- 3.3.4 Describe the effect of inflation on industrial unrest. (2)
- 3.3.5 Explain the effect of inflationary expectations on producers. (4)
- 3.4 Distinguish between *fiscal measures* and *monetary measures* when combating inflation. (8)
- 3.5 How can domestic tourism be promoted in South Africa? (4 x 2) (8)

[40]

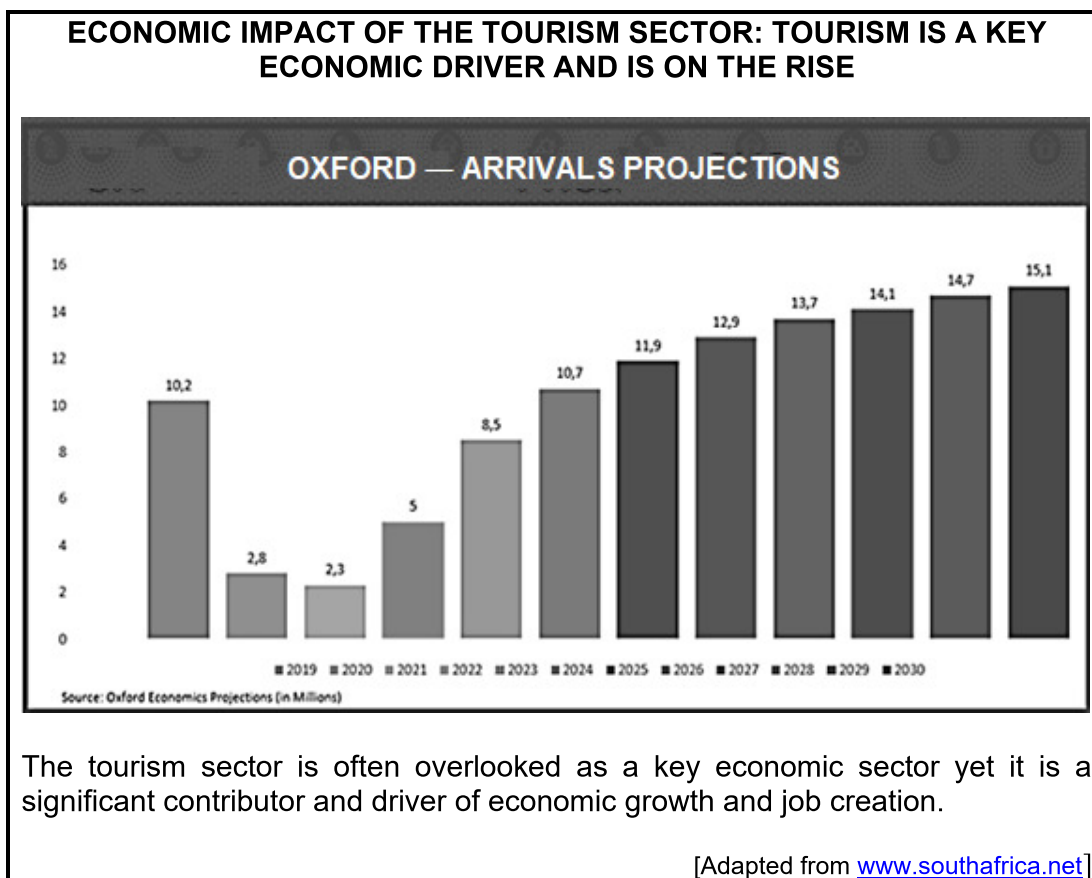
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO types of consumer inflation. (2 x 1) (2)

4.1.2 Why would long-run average costs decrease as output increases over time? (2)

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



4.2.1 Identify the effect of tourism in the graph above. (1)

4.2.2 Name any ONE reason for tourism growth in South Africa. (1)

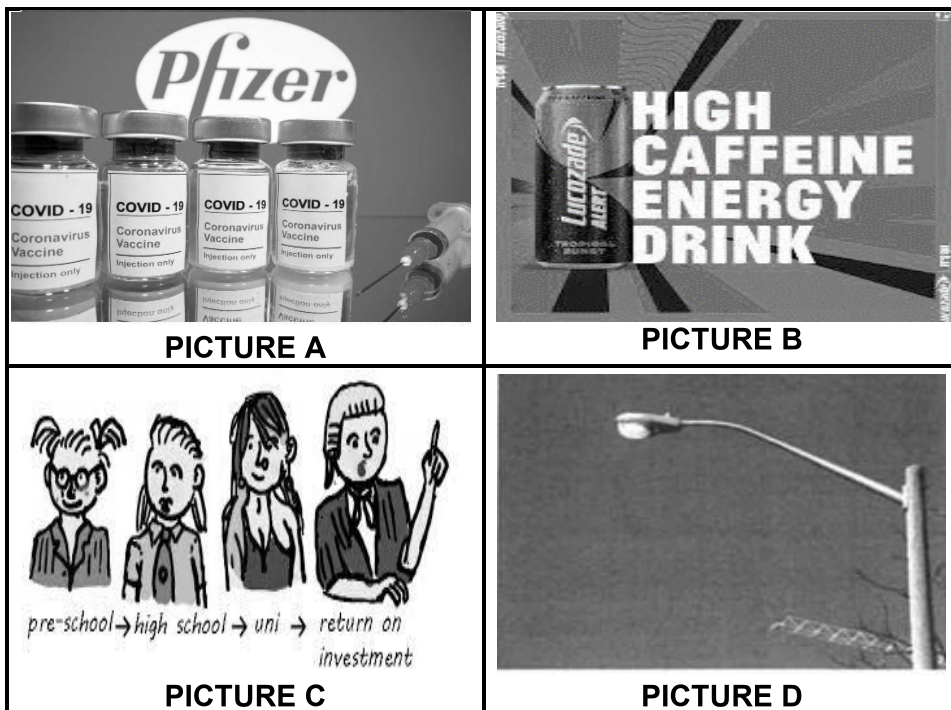
4.2.3 Briefly describe the concept *eco-tourism*. (2)

4.2.4 Explain the effect of the depreciation of the rand on foreign tourism. (2)

4.2.5 How can indigenous knowledge systems contribute to promoting tourism? (4)

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

REASONS FOR MARKET FAILURE – MISSING MARKETS



- 4.3.1 Identify merit goods in the pictures above. (1)
- 4.3.2 Name the goods that are oversupplied by the market. (1)
- 4.3.3 Briefly describe the term *externalities*. (2)
- 4.3.4 Why are merit goods undersupplied by the market? (2)
- 4.3.5 How can the government discourage the consumption of demerit goods? (2 x 2) (4)
- 4.4 Discuss the increase in household consumption as a cause of demand-pull inflation. (4 x 2) (8)
- 4.5 How does the Competition Act benefit the South African economy? (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. • 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	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/How/Suggest	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: MICRO ECONOMICS**40 MARKS – 40 MINUTES**

- Discuss in detail monopoly as a market structure. (26 marks)
- Why do South African monopolies fail to achieve the typical long-run equilibrium position of a monopoly? (10 marks) **[40]**

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

- Discuss in detail the environmental problems and the major international measures taken to ensure sustainable development. (26 marks)
- Critically discuss why the market fails to ensure environmental sustainability. (10 marks) **[40]**

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