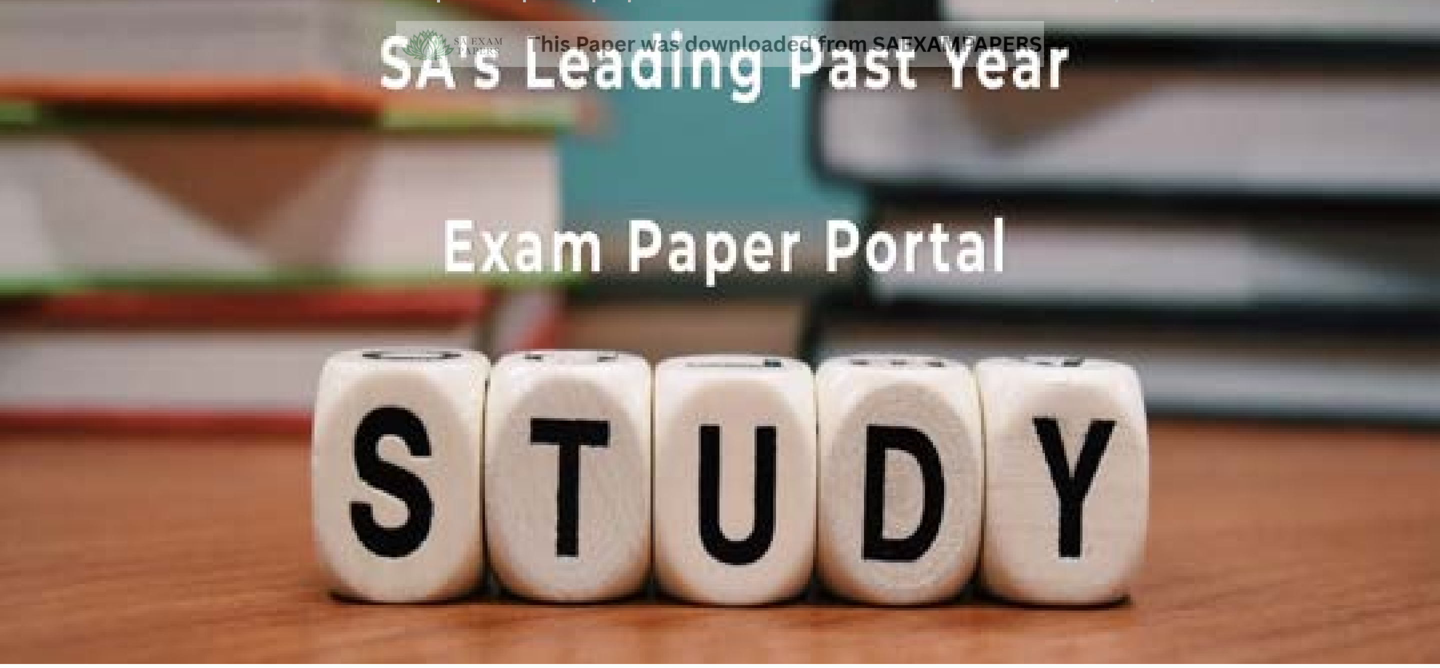
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STUDY

GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

JUNE EXAMINATION
GRADE 12

2026

ECONOMICS

(PAPER 2)

ECONOMICS P2

C2732E

TIME: 2 hours

MARKS: 150

14 pages

X05

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 open 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 The value of inputs that are owned by the entrepreneur and used in the production process is:

A Variable costs
B Implicit costs
C Sunken costs
D Explicit costs

1.1.2 When only two firms dominate a particular industry and influence prices, output, and market behaviour, this situation is known as a …

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

1.1.3 Illustrates a combination of two goods which an economy can produce with limited resources indicating trade-offs, scarcity and opportunity costs:

A Production possibility curve
B Demand curve
C Indifference curve
D Supply curve

1.1.4 When two companies become one company by mutual agreement:

A Merger
B Competition
C Partnership
D Procurement

1.1.5 What is a characteristic of a demerit good?

A It is more beneficial to the consumer.
B It is overconsumed in the free market.
C It is underproduced in the free market.
D It provides external benefits.

1.1.6 The reasoning behind a cost benefit analysis is:

A Redistribution of wealth
B High prices for consumers
C Efficient resource allocation
D Determining the wealth

1.1.7 A firm experiences an economic loss when its …

A total revenue equals total cost.
B average revenue exceeds average cost.
C marginal costs exceed total cost.
D total revenue is less than its total cost.

1.1.8 A price set by the government above the market price to enable producers to make a profit and encourage the supply of essential goods is called a/an … price.

A maximum
B minimum
C equitable
D producer

(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, e.g. 1.2.9 J.

COLUMN A	COLUMN B
1.2.1 Perfect information	A authorises and prohibits large mergers and takeovers
1.2.2 Brand loyalty	B goods which are non-excludable and non-rivalrous
1.2.3 Community goods	C the additional revenue earned when sales increase by one more unit
1.2.4 Demand curve	D income that is earned per unit produced
1.2.5 Marginal revenue	E the removal of unnecessary laws to reduce market failures
1.2.6 Competition tribunal	F the market does not produce at the socially optimum level of output
1.2.7 Welfare loss	G all buyers and sellers have access to market conditions, prices, and product quality
1.2.8 Deregulation	H the relationship between a product's price and the quantity that consumers are willing to buy
	I a measure of the unwillingness of consumers to switch to a competing product or service

(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 All businesses producing a particular kind of product or service

1.3.2 A period in which all factors of production and costs are variable

1.3.3 A group of producers whose goal is to form a collective monopoly

1.3.4 A market structure that sells a product that has no close substitute and is produced by a single seller

1.3.5 The cost to society that is not included in the market price

1.3.6 State intervention by decreasing the market price in order to accommodate previously marginalised individuals (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

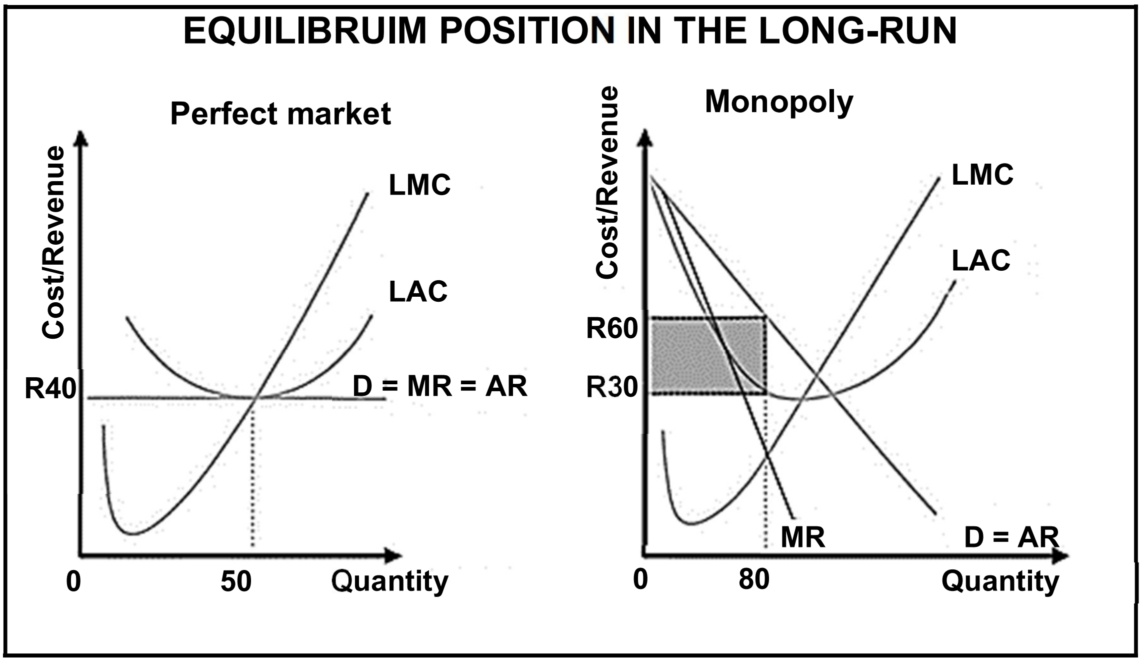
QUESTION 2: MICROECONOMICS **40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO markets that form a hybrid market structure. (2 x 1) (2)

2.1.2 How does the immobility of labour lead to inefficient resource allocation in South Africa? (1 x 2) (2)

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



2.2.1 Identify the relationship between the demand and marginal revenue (MR) curves in the monopoly graph. (1)

2.2.2 What is the equilibrium position of the perfect market graph above? (1)

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

2.2.4 Explain why firms in perfect competition cannot earn long-run economic profit. (2)

2.2.5 Calculate the economic profit or loss for the monopoly graph above. Show ALL calculations. (2 x 2) (4)

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

REVENUE AND COSTS FOR A TOMATO FARMER

Quantity	Price	Marginal Revenue	Marginal Cost	Profit/Loss
1	15	15	5	10
2	15	15	10	5
3	15	15	15	0
4	15	15	20	-5
5	15	15	25	-10

2.3.1 Identify the profit maximisation output in the table above. (1)

2.3.2 Name the market type indicated in the table above. (1)

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

2.3.4 Explain why firms in a perfect market are price-takers. (2)

2.3.5 How would the information on profit maximisation in the above table guide the farmer's production decisions in the long run? (2 x 2) (4)

2.4 Distinguish between *natural* and *artificial* monopolies. (2 x 4) (8)

2.5 Analyse the effectiveness of cost-benefit analysis in reducing market failures. (4 x 2) (8)

[40]

QUESTION 3: MICROECONOMICS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO types of efficiencies that can occur in a market. (2 x 1) (2)

3.1.2 What is the significance of barriers to entry in monopolistic markets? (1 x 2) (2)

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

WEALTH TAXES ARE CRITICAL FOR FINANCING PUBLIC SERVICES AND REDUCING INEQUALITY

In a country as unequal as South Africa, failing to implement a wealth tax and improve taxation of income from wealth is not only unjust, it is unsustainable.

The 2025 Budget has brought into sharp focus the need to find sustainable forms of revenue to support growing social and economic priorities. It has also highlighted the failure of the national treasury to pursue innovative, progressive tax measures and its reliance on taxes such as VAT and the fuel levy, which will strangle the incomes of the poor.

Why is there such fierce opposition to taxing wealth, given the persisting inequality in South Africa? Treasury would have us believe that progressive taxes, such as a wealth tax, will harm economic growth and lead to capital flight.

[Adapted from *https://www.dailymaverick.co.za/article/2025-07-09-wealth-tax-is-critical-for-financing-public-services-reducing-inequality*]

3.2.1 Identify the type of tax system used in South Africa from the above extract. (1)

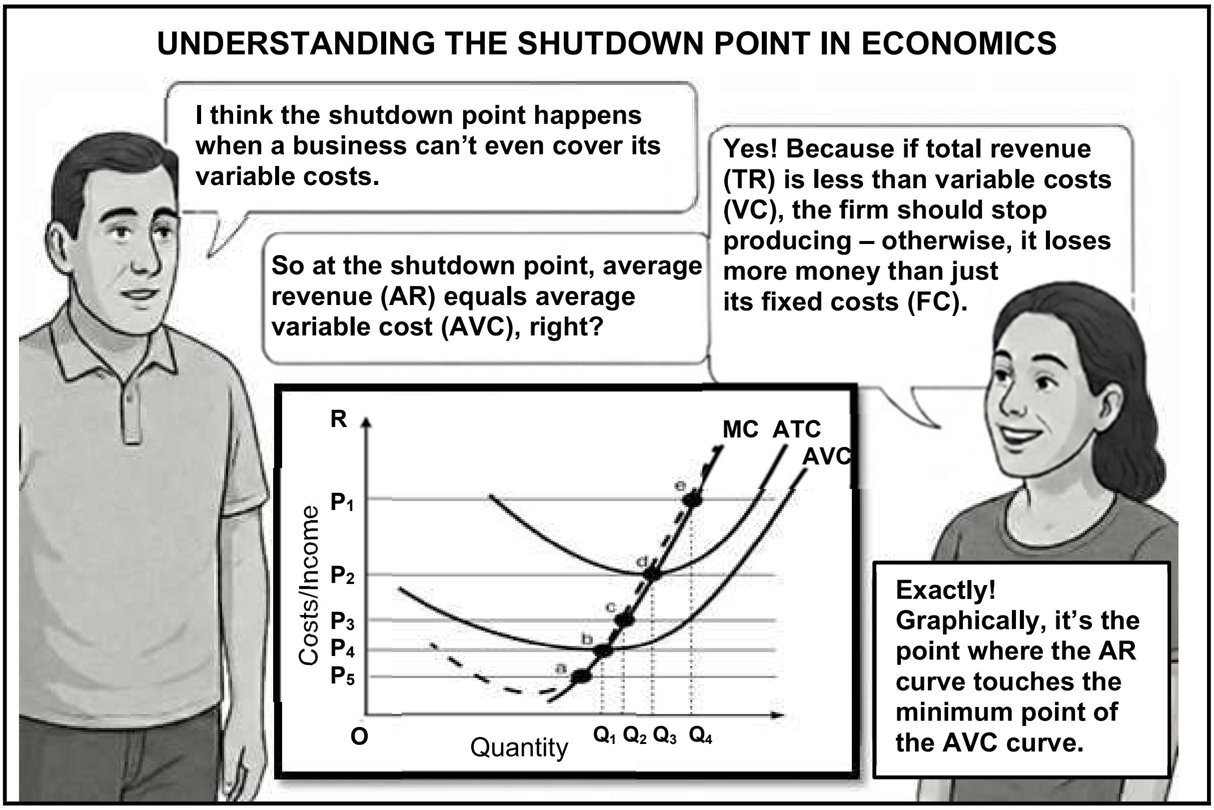
3.2.2 Name the cause of the market failure in the extract above. (1)

3.2.3 Briefly describe the term *price discrimination*. (2)

3.2.4 Why would South Africa's high Gini coefficient be a concern for policy-makers? (2)

3.2.5 How can the government reduce the negative effects of income inequality in South Africa? (2 x 2) (4)

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



[Source: Examiner's own sketch]

3.3.1 Identify the shut-down point from the dialogue above. (1)

3.3.2 Name any ONE main type of cost that a firm faces in the short run. (1)

3.3.3 Briefly describe the term *imperfect market.* (2)

3.3.4 How technological improvements affect the firm's shut-down point**?** (2)

3.3.5 How does total revenue (TR) relate to total cost (TC) at the break-even point? (2 x 2) (4)

3.4 Briefly explain, with ONE example of each, the difference between *merit goods* and *public goods*. (2 x 4) (8)

3.5 Evaluate the success and failures of the Competition Commission in South Africa. (8)

[40]

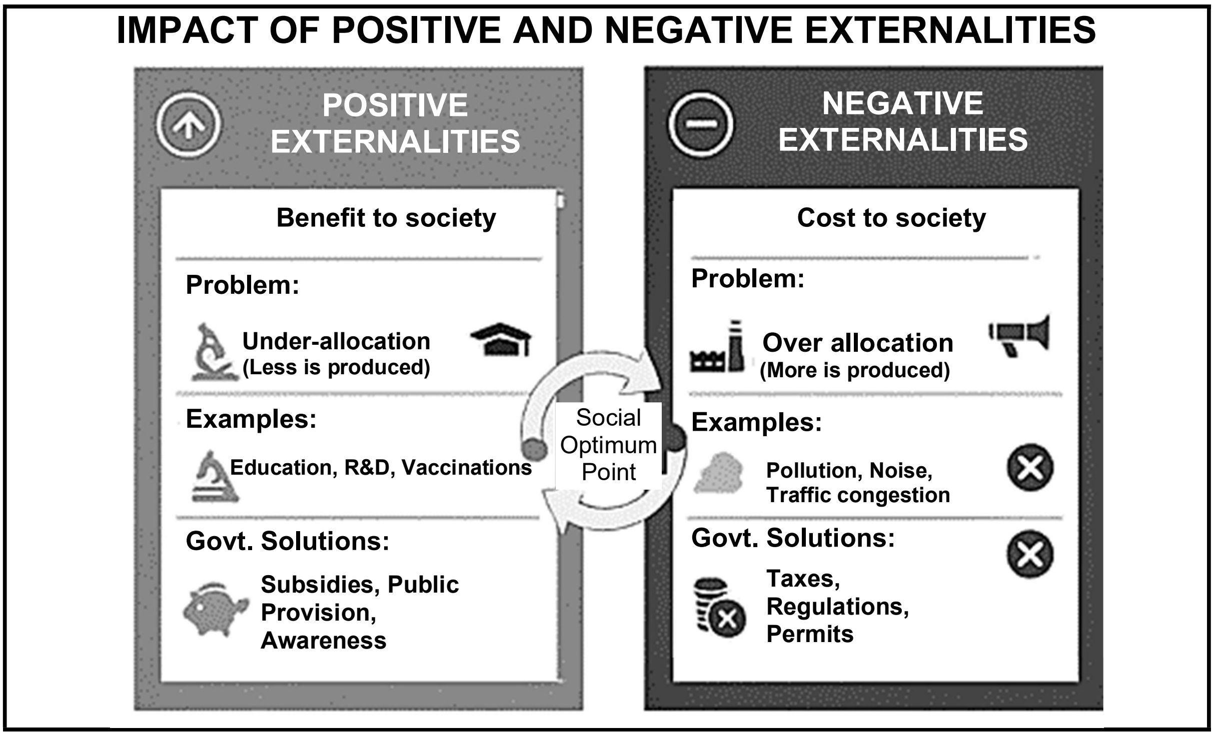
QUESTION 4: MICROECONOMICS **40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name any TWO objectives of the Competition Act. (2 x 1) (2)

4.1.2 How does advertising promote monopolistic competition? (1 x 2) (2)

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



[Source: Examiner's own sketch]

4.2.1 From the infographic above identify an example of a negative externality. (1)

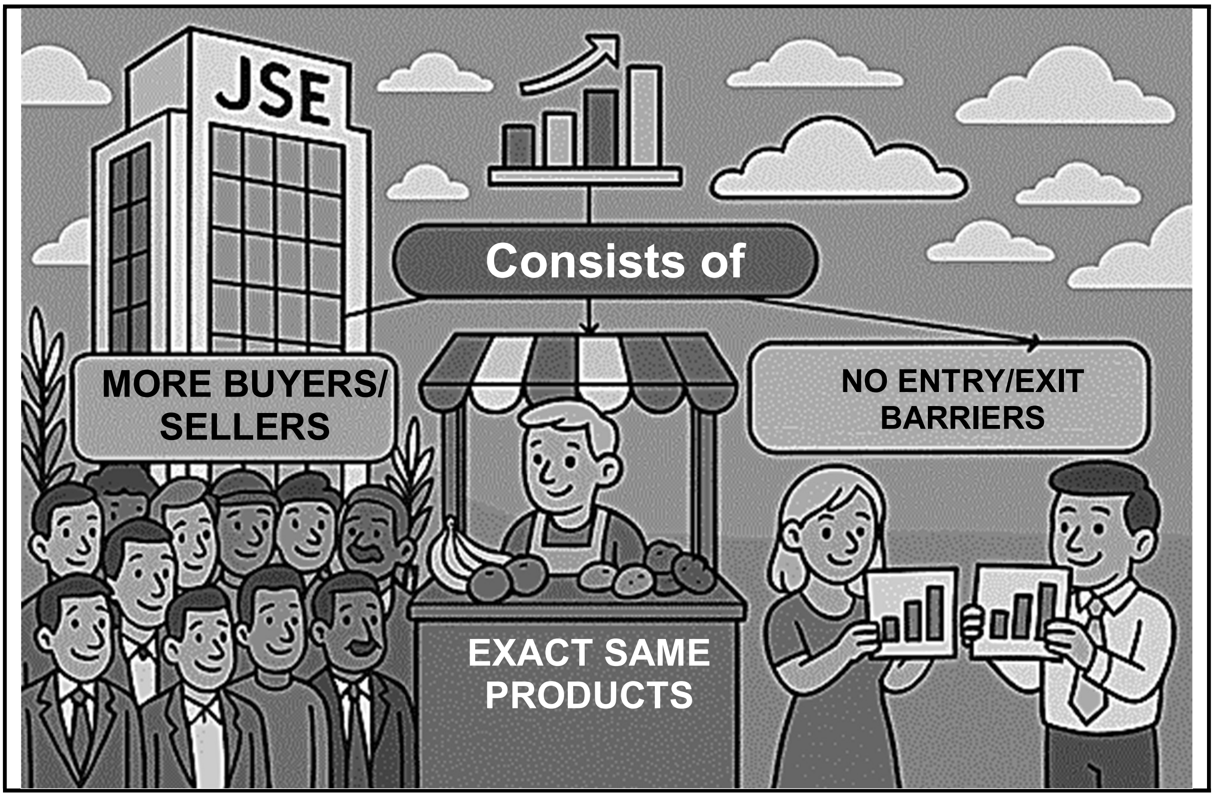
4.2.2 Name the type of government measure used to increase the production of goods with social benefits. (1)

4.2.3 Briefly describe the term *external benefits.* (2)

4.2.4 Why are awareness campaigns listed as a government solution for positive externalities? (2)

4.2.5 Explain how negative externalities lead to market failure using the concept of costs related to externalities. (2 x 2) (4)

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



[Source: Examiner's own sketch from chatgpt]

4.3.1 Name ONE industry which falls under a perfectly competitive market. (1)

4.3.2 Give ONE example of a homogeneous product. (1)

4.3.3 Briefly describe the term *price-taker.* (2)

4.3.4 Explain how perfect competition contributes to efficiency in resource allocation in the economy. (2)

4.3.5 How can perfect competition encourage growth in the rural areas of South Africa? (2 x 2) (4)

4.4 With the aid of well-labelled graphs, explain how the demand curve for an individual business in a perfect market is derived. (8)

4.5 How does the introduction of online tools help monopolistic firms increase their market share? (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 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 mentioning 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/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Assess/Debate **A maximum of 8 marks may be allocated for headings/examples.**	Max. 26
Additional part: Critically discuss/Evaluate/Critically evaluate/Debate/ Deduce/Compare/Distinguish/Interpret/How?/Suggest **A maximum of 2 marks may be allocated for the mere listing of facts.**	Max. 10
Conclusion Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating the 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)
- Evaluate the impact of heavy advertising by gambling firms on consumers. (10)
[40]

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

- Discuss in detail state intervention as a consequence of market failures, without graphs. (26)
- How can the government be successful in reducing black market activities in the economy? (10)
[40]

TOTAL SECTION C: 40

TOTAL: 150