



education

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NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P2

SEPTEMBER 2020

MARKS: 150

TIME: 2 hours

This question paper consists of 13 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. 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 correct answer and write only the letter (A–D) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK.
- 1.1.1 When perfect competitive businesses are in long-term equilibrium, they minimise ...
- A profit.
 - B marginal cost.
 - C variable cost.
 - D average cost.
- 1.1.2 The demand curve of a monopoly ...
- A is a horizontal line at the level of the market price.
 - B coincides with the market demand curve.
 - C runs below the marginal revenue curve.
 - D coincides with the marginal cost curve.
- 1.1.3 ... goods are provided free of charge, for example defence and street lightning.
- A Community
 - B Demerit
 - C Collective
 - D Merit
- 1.1.4 Cost-benefit analysis is a method to assess ...
- A externalities.
 - B public sector projects.
 - C market failure.
 - D private sector projects.
- 1.1.5 Taxes are levied on ... income
- A Real
 - B nominal
 - C basic
 - D net
- 1.1.6 Deflation is as a decline in the ...
- A salaries of all workers.
 - B prices of certain products.
 - C gross domestic product.
 - D general price level.

1.1.7 South African indigenous uniqueness is represented by ...

- A the Vredefort Dome.
- B the Isimangaliso Wetland Park.
- C Robben Island.
- D Mapungubwe.

1.1.8 The market mechanism usually fails to ... pollution.

- A reduce
- B eradicate
- C control
- D correct

(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 number (1.2.1–1.2.8) in the ANSWER BOOK.

| COLUMN A | | COLUMN B | |
|----------|-----------------------------------|----------|---|
| 1.2.1 | Normal profit | A | an index that measures the price of a fixed “basket” of goods and services |
| 1.2.2 | Duopoly | B | when it is impossible to increase one’s welfare without decreasing the welfare of another |
| 1.2.3 | Pareto efficiency | C | two businesses that have all the power in a specific market |
| 1.2.4 | Merit goods | D | the number of organisms found within a specified geographic region |
| 1.2.5 | Headline inflation | E | monopolists are seen as friendly to competition |
| 1.2.6 | Indigenous Knowledge System (IKS) | F | climate change that affects the whole world |
| 1.2.7 | Global warming | G | average revenue equals to average cost |
| 1.2.8 | Biodiversity | H | normally under-produced in a market e.g. education |
| | | I | traditional ways of doing that which is unique to a given culture or society |

(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 A point where a firm cannot meet its average or total variable cost
 - 1.3.2 The period of production where all factors can change in an oligopoly market.
 - 1.3.3 Cost of good or service which is paid by society
 - 1.3.4 A situation where low growth, high unemployment and high inflation rates occur simultaneously
 - 1.3.5 A campaign aimed at making travel more accessible and affordable for all South Africans
 - 1.3.6 An international measure to deal with climate change (6 x 1) (6)
- TOTAL SECTION A: 30**



SECTION B

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

QUESTION 2: MICROECONOMICS

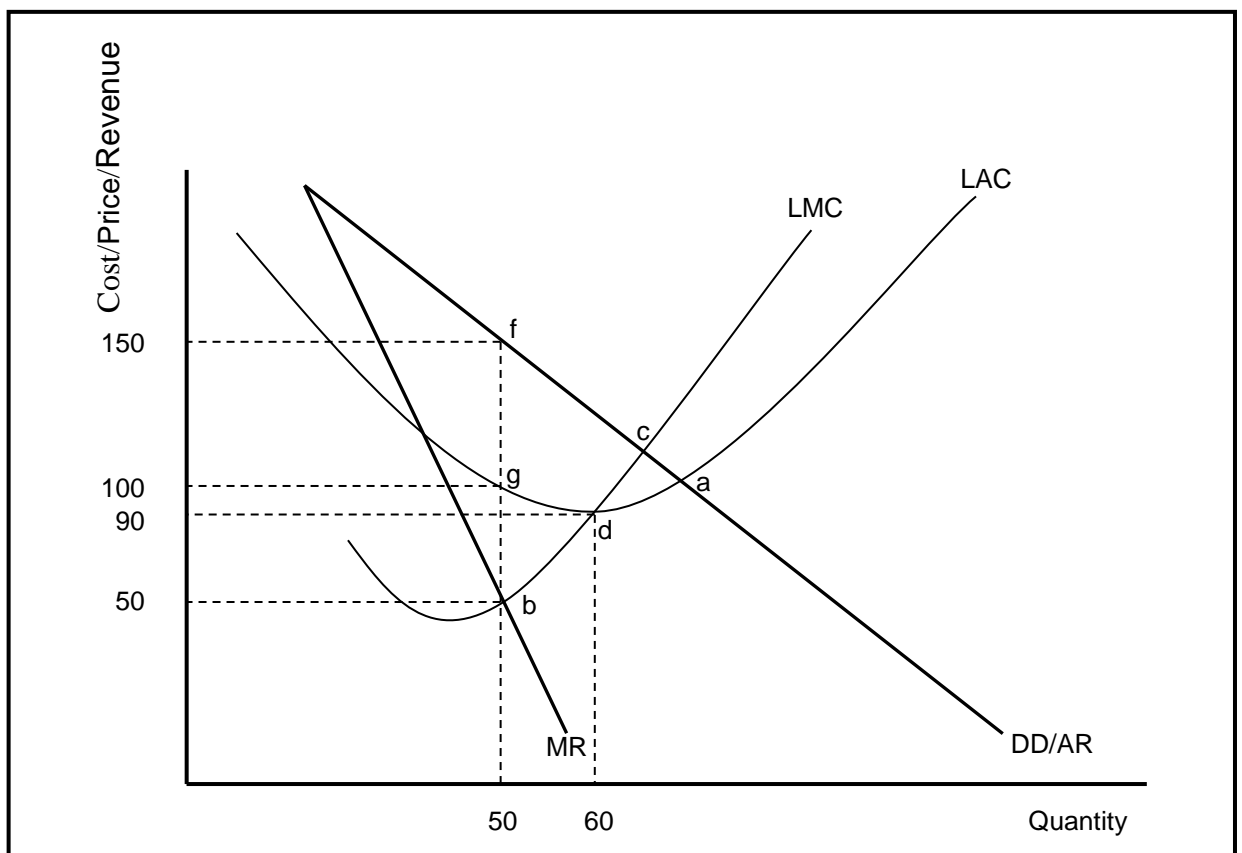
40 MARKS – 30 MINUTES

2.1 Answer the following questions:

2.1.1 Name TWO examples of merit goods. (2 x 1) (2)

2.1.2 Why is monopolistic market regarded as a hybrid structure? (1 x 2) (2)

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



2.2.1 Identify the quantity where the optimum production level will take place. (1)

2.2.2 What type of market is illustrated above? (1)

2.2.3 Briefly describe the term *natural monopoly*. (2)

2.2.4 Explain why marginal revenue (MR) curve will always lie below the demand curve (DD) in this type of market. (2)

2.2.5 Calculate the profit or loss of this market. Show ALL calculations. (4)

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

COMPETITION COMMISSION RAIDS GLASS COMPANIES IN COLLUSION INVESTIGATION

The Competition Commission has begun an investigation into alleged collusive conduct involving Glasfit, PG Glass, Shatterprufe and Digicall. This is typical cartel behaviour.

Shatterprufe allegedly supplied PG Glass and Glasfit with automotive glass, while Digicall processed automotive glass-related insurance claims on behalf of PG Glass and Glasfit.

The investigation pertains to claims made by some independent glass fitment operations, alleging that PG Glass carried out collusive activities preventing competition in the automotive glass repair and fitment market.

[Adapted from www.bdlive.co.za. June 2019]

- 2.3.1 Name the institution that investigates anti-competitive behaviour of companies in South Africa. (1)
- 2.3.2 Which anti-competitive conduct was investigated? (1)
- 2.3.3 Briefly describe the term *patent right*. (2)
- 2.3.4 What corrective measures can be instituted against companies if they were found guilty of collusion? (2)
- 2.3.5 How can the collusive behaviour of these glass companies affect the economy? (2 x 2) (4)
- 2.4 Distinguish between monopolistic competition and perfect competition. (4 x 2) (8)
- 2.5 Evaluate the impact of imperfect competition on market failure. (8)
- [40]**

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following questions:

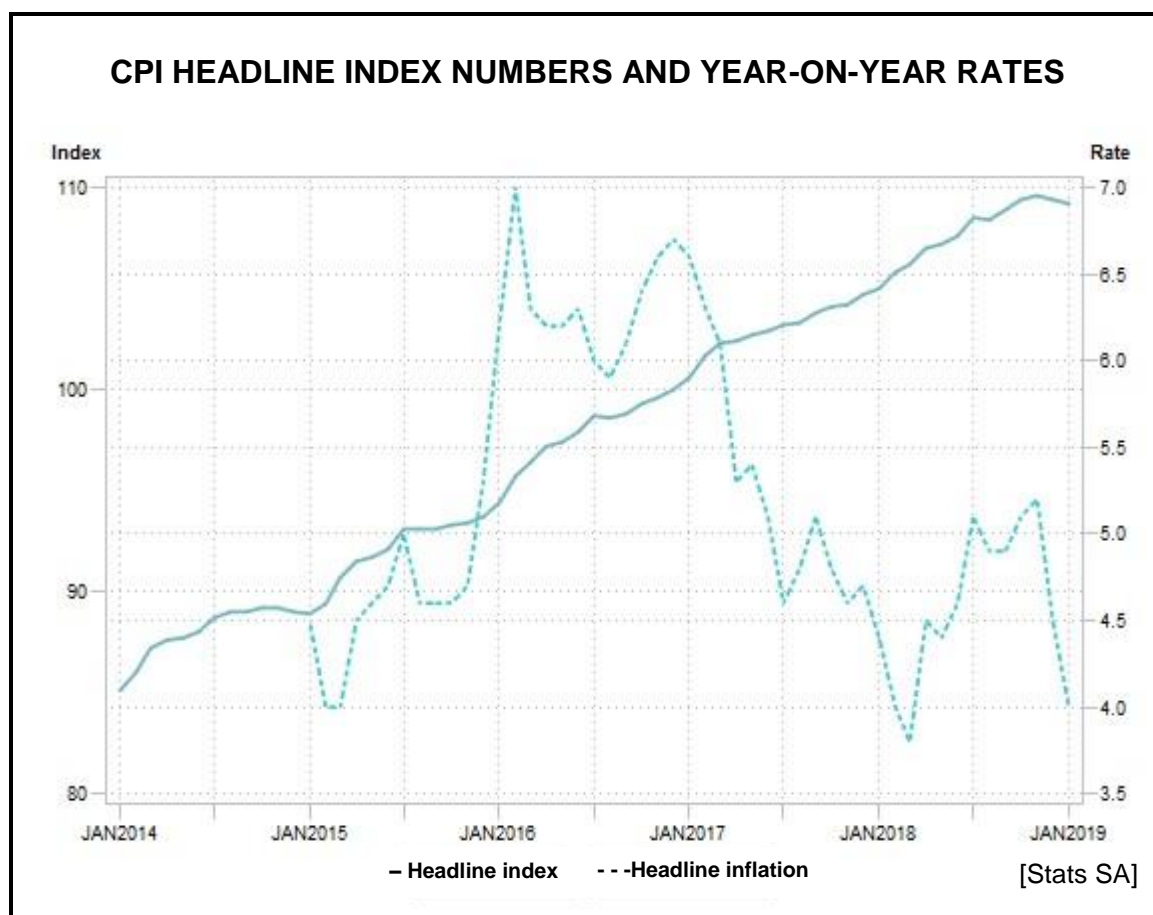
- 3.1.1 Name any TWO millennium development goals that form part of international agreements that ensure a sustainable environment. (2 x 1) (2)
- 3.1.2 Why does Inflation have an adverse effect on the country's balance of payments? (1 x 2) (2)

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



- 3.2.1 Which business are implicated in the cartoon? (1)
- 3.2.2 What type of jobs can tourism create for the locals? (1)
- 3.2.3 Briefly describe the term *transit tourist*. (2)
- 3.2.4 What is the correlation between infrastructure development and tourism? (2)
- 3.2.5 Why is foreign tourism a growing industry in South Africa? (2 x 2) (4)

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



- 3.3.1 In which year was headline inflation the highest? (1)
- 3.3.2 Complete the abbreviation CPIX. (1)
- 3.3.3 Briefly describe the term *core inflation*. (2)
- 3.3.4 What can the SARB do to bring the CPI in line with international standards? (2)
- 3.3.5 How is inflation measured? (2 x 2) (4)
- 3.4 How can tourists attractions in less popular destinations be marketed successfully? (8)
- 3.5 Why can monetary and fiscal policies not be used effectively to combat inflation? (8)
- [40]**

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

4.1 Answer the following questions:

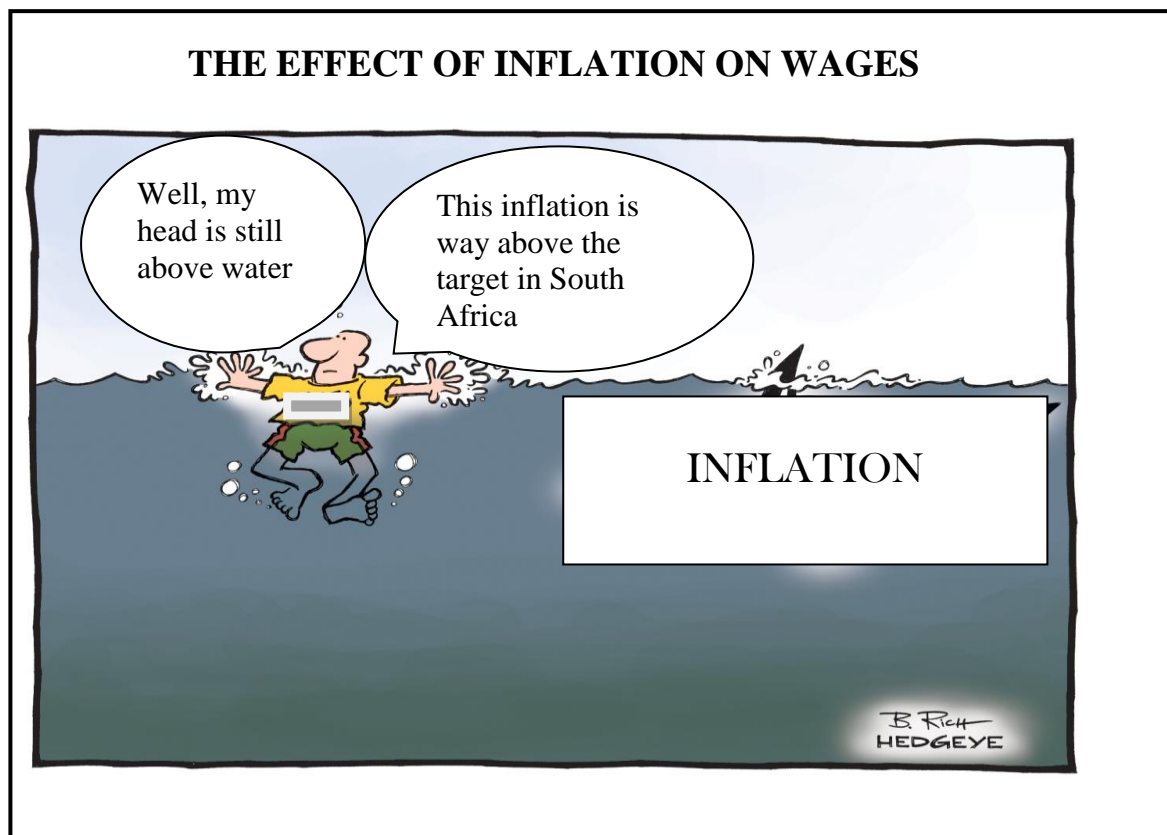
- 4.1.1 Name TWO consequences of market failure. (2 x 1) (2)
- 4.1.2 Why is it important for the state to administer prices of certain goods? (1 x 2) (2)

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



- 4.2.1 Which market structure do the above business enterprises represent? (1)
- 4.2.2 Identify profit that these businesses make in the long run. (1)
- 4.2.3 Briefly describe the term *hybrid structure*. (2)
- 4.2.4 Discuss entry into this kind of market. (2)
- 4.2.5 What prevent monopolies from charging excessively high prices? (4)

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



[Adapted from: <https://app.hedgeye.com/insights/36953>]

- 4.3.1 What is the inflation target in South Africa? (1)
- 4.3.2 Who formulate monetary policy in South Africa to curb inflation? (1)
- 4.3.3 Briefly describe the concept *inflation*. (2)
- 4.3.4 What is the effect of inflation on the consumer's buying power? (2)
- 4.3.5 What is the impact of inflation on the individual taxpayer? (2 x 2) (4)
- 4.4 Discuss the effects of tourism on *poverty* and the *enviroment*. (4 x 2) (8)
- 4.5 Evaluate the consequences of productive inefficiency in the secondary industry. (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 |
|--|-------------------------------|
| <p>Introduction The introduction is a low-order response</p> <ul style="list-style-type: none"> • A good starting point would be to define a concept related to the question. • 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 |
| <p>Body: Main part: Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/Assess/Debate</p> <p>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</p> | <p>Max. 26</p> <p>Max. 10</p> |
| <p>Conclusion Any higher–order conclusion should include:</p> <ul style="list-style-type: none"> • The conclusion is a wrap up of the discussion of the topic in the body and should be treated as a higher order response. • The conclusion can take the form of an own opinion, examples to support your discussion or contradictory viewpoint from what has been discussed. • No aspect from either the introduction or body should be included in the body | Max. 2 |
| TOTAL | 40 |

QUESTION 5: MICROECONOMICS**40 MARKS – 40 MINUTES**

- Make use of graphs to discuss perfect competition under the following heading:
 - A comparison of the demand curve of the individual producer and industry. (26 marks)
- Explain why an individual business will not increase its price in a perfect market. (10 marks)

[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Discuss in detail the measures used to ensure environmental sustainability.
(26 marks)
- Evaluate how successful conservation contribute to a better environment.
(10 marks) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150

