



# basic education

Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**ECONOMICS P2  
FEBRUARY/MARCH 2015**

**MARKS: 150**

**TIME: 1½ hours**

**This question paper consists of 12 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 – 15 MINUTES**

- 1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–C) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 C.
- 1.1.1 A group of producers forming a collective monopoly is called ...
- A a cartel.
  - B price leadership.
  - C perfect market.
- 1.1.2 Cost per unit of output is called ... cost.
- A marginal
  - B total
  - C average
- 1.1.3 Market equilibrium occurs when the ...
- A individual business and consumer change the market price.
  - B quantity demanded is equal to quantity supplied.
  - C individual producer becomes the price-maker.
- 1.1.4 A study done by government to determine the viability of a project is called the ... analysis.
- A cost-benefit
  - B profit
  - C market
- 1.1.5 Easy access to credit can be a cause of ... inflation.
- A cost-push
  - B demand-pull
  - C imported
- 1.1.6 A lack of savings will ...
- A cause a lower demand for luxury goods.
  - B encourage investment spending.
  - C increase consumption.

1.1.7 Internet facilities needed by tourists are called ... infrastructure.

- A communication
- B energy
- C transport

1.1.8 Tourism is a ... intensive industry.

- A technologically
- B capital
- C labour

(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	Long-run	A	a person travelling through South Africa to another destination
1.2.2	Monopoly	B	low growth, high unemployment and high inflation
1.2.3	Social cost	C	a price maker
1.2.4	Marginal revenue	D	a period of production where all factors of production become variable
1.2.5	Stagflation	E	market entry is free but not easy
1.2.6	Robben Island	F	paid by society
1.2.7	CPI	G	World Heritage Site
1.2.8	Tourist in transit	H	extra money earned when one additional unit is sold
		I	measures headline inflation

(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 wage rate set by government, below which no employer can pay their workers
- 1.3.2 An arrangement between businesses with the aim of limiting competition
- 1.3.3 The costs that remain the same even if the output changes
- 1.3.4 A sustained and significant increase in the general price level over a period of time
- 1.3.5 Prices set or controlled by government
- 1.3.6 South Africans travelling within the borders of their country (6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

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

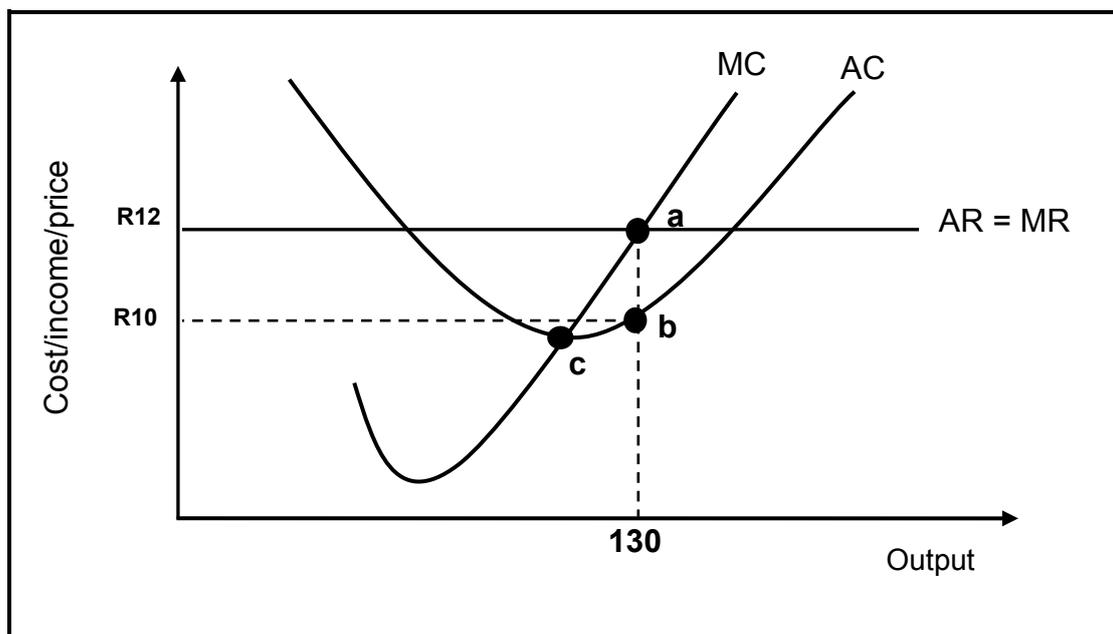
**QUESTION 2: MICROECONOMICS****40 MARKS – 20 MINUTES**

2.1 Answer the following questions.

2.1.1 Give TWO examples of non-price competition by oligopolies. (2 x 1) (2)

2.1.2 How will profit differ between the perfect market and the monopoly over the long term? (1 x 2) (2)

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



2.2.1 Provide the above graph with an appropriate heading. (2)

2.2.2 Which point indicates profit maximisation? (2)

2.2.3 How will price and quantity in this market structure change in the long run? (2)

2.2.4 Determine the total profit/loss made by this firm. Show ALL calculations. (4)

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

**ALCOHOL ADVERTISING BAN WOULD AFFECT  
SOUTH AFRICAN ECONOMY**

Research has shown that a serious increase in alcohol and drug abuse amongst adults in South Africa is damaging families and communities. This leads to market failure.

The Interministerial Committee to combat alcohol and substance abuse agreed to submit the Draft Bill on the Control of Marketing of Alcohol Beverages to cabinet. The South African Chamber of Commerce and Industry (SACCI) reacted and warned that the restriction of liquor marketing would have a negative effect on the economy and might affect businesses in sectors such as advertising, retail and hospitality.

[Source: *Ventures Africa*, 2013]

- 2.3.1 Why is alcohol classified as a demerit good? (2)
- 2.3.2 Define the concept *market failure*. (2)
- 2.3.3 What other measure would you propose to solve drug and alcohol abuse by adults? (2)
- 2.3.4 What negative effects will the restriction on liquor marketing have on retail? (2 x 2) (4)
- 2.4 Explain the *immobility of factors of production* as a cause of market failure. (4 x 2) (8)
- 2.5 Explain, by means of a neatly labelled graph, the relationship between the shut-down point and the supply curve (MC) of the individual business in the perfect market. (2 x 4) (8)
- [40]**

**QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 20 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO purposes of tourism. (2 x 1) (2)

3.1.2 Why is it important for the South African Reserve Bank to monitor and control the supply of money? (1 x 2) (2)

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

<b>SELECTED PLACES OF ORIGIN OF SOUTH AFRICA'S INTERNATIONAL TOURISTS FOR 2012–2013</b>		
<b>PLACE OF ORIGIN</b>	<b>NUMBER OF TOURISTS MAY 2012</b>	<b>NUMBER OF TOURISTS MAY 2013</b>
Europe	75 039	75 946
North America	35 151	35 114
Central and South America	86 008	85 591
Africa	519 432	527 185
<b>Total</b>	<b>723 672</b>	<b>733 507</b>

*[Source: South African Tourism Report]*

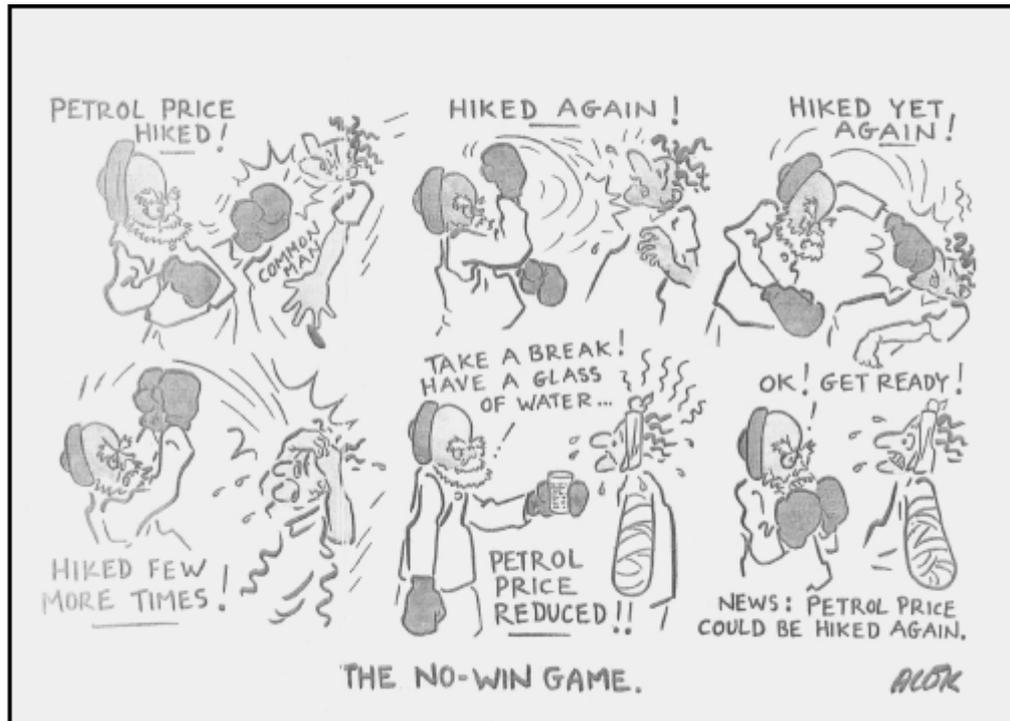
3.2.1 Identify the continent contributing most to an increased number of people visiting South Africa in 2013. (1)

3.2.2 How can you contribute to an increase in the number of international tourists visiting your community? (1 x 2) (2)

3.2.3 Determine the trend of tourists visiting South Africa from Central and South America. Quote figures from the table to support your answer. (3)

3.2.4 Calculate the percentage increase in the total number of tourists visiting South Africa. Show ALL calculations. (4)

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



[Source: [google.co.za](http://google.co.za), October 2013]

- 3.3.1 Describe the message depicted in the cartoon above. (2)
- 3.3.2 What type of inflation is associated with the increase in fuel prices? (2)
- 3.3.3 Name TWO groups that are negatively affected by a rapid increase in fuel prices. (2 x 1) (2)
- 3.3.4 In your opinion, what can be done to solve the problem of rising petrol prices? (2 x 2) (4)
- 3.4 Distinguish between *consumer price index* and *producer price index*. (2 x 4) (8)
- 3.5 In your opinion, why has South Africa been experiencing a growth in tourism? (4 x 2) (8)
- [40]**

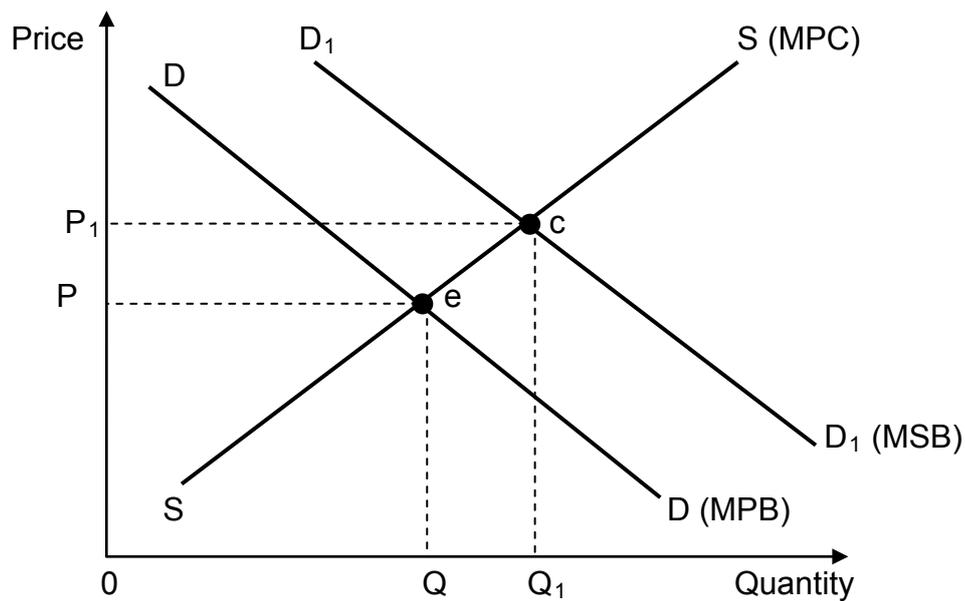
**QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES**  
**40 MARKS – 20 MINUTES**

4.1 Answer the following questions.

4.1.1 Name TWO aims of the competition policy in South Africa. (2 x 1) (2)

4.1.2 How are some debtors advantaged by rising inflation? (1 x 2) (2)

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



4.2.1 What type of externality is depicted in the graph? (2)

4.2.2 Define the concept *externality*. (2)

4.2.3 Give TWO appropriate examples of such an externality. (2 x 1) (2)

4.2.4 How can this type of externality lead to market failure? (2 x 2) (4)

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

**MONETARY POLICY COMMITTEE (MPC) –  
STATEMENT BY THE SARB GOVERNOR, GILL MARCUS**

Since the previous meeting of the MPC the domestic inflation had breached the upper level of the target range. The economic growth environment remained unchanged – linked to long drawn-out work stoppages. Where wage agreements were reached, they were generally above headline inflation. The year-on-year inflation as measured by the CPI had increased to 6,3% in July and 6,4% in August. Core inflation, which excludes food, petrol and electricity, indicated a decrease from 5,2% to 5,1%.

[Adapted from SARB, September 2013]

- 4.3.1 What is the current target range for inflation set by government? (2)
- 4.3.2 Define the concept *core inflation*. (2)
- 4.3.3 What is the relationship between low economic growth and production stoppages? (2)
- 4.3.4 Suggest TWO solutions for the problems explained above. (2 x 2) (4)
- 4.4 Explain the effects of tourism on the *environment* and *poverty*. (2 x 4) (8)
- 4.5 How will a monopolist be more advantaged than a producer in a perfect market? (2 x 4) (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:

<b>STRUCTURE OF THE ESSAY</b>	<b>MARK ALLOCATION</b>
<b>Introduction</b>	Max. 2
<b>Body:</b> <b>Main part:</b> Discuss in detail/In-depth discussion/Examine/ Critically discuss/Analyse/Compare/Evaluate/Distinguish/ Explain/Assess/Debate	Max. 26
<b>Additional part:</b> 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
<b>Conclusion</b>	Max. 2
<b>TOTAL</b>	<b>40</b>

**QUESTION 5: MICROECONOMICS****40 MARKS – 20 MINUTES**

It is often argued that monopolistic competition leads to a less efficient allocation of resources.

- Discuss the characteristics/features of monopolistic competition in detail. (26)
  - How will non-price competition between food outlets like Steers, Wimpy, Spur and other businesses specialising in burgers, ensure their operational success in the monopolistic competitive market? (10)
- [40]**

**QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 20 MINUTES**

The impact of economic activities on the environment can be destroying.

- Discuss public sector intervention as a measure to ensure environmental sustainability. (26)
  - How will a reduction in pollution affect the state of the environment? (10)
- [40]**

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