

<b>EXAMINATION</b>		<b>NATIONAL SENIOR CERTIFICATE</b>	
<b>GRADE</b>		12	
<b>DATE</b>		JUNE 2024	
<b>SUBJECT</b>		ECONOMICS	
<b>PAPER</b>		2	
<b>MARK TOTAL</b>		150	
<b>DURATION (HOURS)</b>		2	
<b>NUMBER OF PAGES</b>		14	



**SOUTH AFRICAN COMPREHENSIVE ASSESSMENT INSTITUTE**  
**SUID-AFRIKAANSE KOMPREENSIEWE ASSESSERINGSINSTITUUT**

## 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. Clearly indicate at the beginning of a question the number of the question chosen, for example **QUESTION 2**.
4. Number the answers correctly according to the numbering system used in this question paper.
5. Read the questions carefully and start **EACH** question on a **NEW** page.
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. Non-programmable pocket calculators may be used.
8. Write neatly and legibly in **BLUE** in only.

## SECTION A

### QUESTION 1: COMPULSORY

30 MARKS- 20 MINUTES

#### 1.1 MULTIPLE CHOICE QUESTIONS

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 for example 1.1.9 C etc.

- 1.1.1 The nature of a product under conditions of monopolistic competition is ...
- A homogeneous.
  - B differentiated.
  - C static.
  - D environmentally friendly.
- 1.1.2 A monopolist in comparison with a perfect competitor will produce ... price.
- A less at a higher
  - B more at a lower
  - C more at a higher
  - D less at a lower
- 1.1.3 The actual expensed of a business on the purchase of inputs required for the production process are ... costs.
- A social
  - B explicit
  - C implicit
  - D private
- 1.1.4 Goods that are excludes items from the CPI basket that have highly volatile prices are known as ... inflation.
- A Administered price
  - B Stagflation
  - C Headline
  - D Core
- 1.1.5 Foreigners visiting South Africa, is called ... tourists.
- A transit
  - B outbound
  - C inbound
  - D domestic



- 1.1.6 Mismanagement of agricultural land and extensive mining activities leads to....
- A deforestation.
  - B erosion.
  - C climate change.
  - D preservation.
- 1.1.7 Institution responsible for granting exemptions, stop or allow mergers, is called the ...
- A Competition Tribunal.
  - B Competition Policy.
  - C Competition Commission.
  - D Competition Appeal Court.
- 1.1.8 A situation where one firm fixes a price and the others accept it as the market price, is referred to as ...
- A overt collusion.
  - B Interdependence.
  - C price leadership.
  - D price taker.

(8x2) (16)

**1.2 MATCHING ITEMS**

**Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A – K) next to the question number (1.2.1 – 1.2.8) in the ANSWER BOOK.**

COLUMN A		COLUMN B	
1.2.1	Variable cost	A	Responsible for marketing South Africa as a tourist destination.
1.2.2	Hyperinflation	B	Occurs when wages do not keep up with the cost of living.
1.2.3	SATOUR	C	The government can pass laws using existing legislative framework to control businesses that generate negative externalities.
1.2.4	Stockholm Protocol	D	The revenue of the firm from selling its product is just enough to cover all costs.
1.2.5	Marginal cost	E	The cost that changes as the quantity produced changes.
1.2.6	Duopoly	F	The price level rises rapidly at rates exceeding 50% and the value of the currency of a country drops rapidly.
1.2.7	Direct intervention	G	The market where consumers will have no choice or variety available.
1.2.8	Creeping inflation	H	A market structure dominated by two firms for a given product (commodity) or service.
		I	The cost of producing one additional unit of output.
		J	The sustainable use and management of natural resources.
		K	Aims to eliminate or restrict the production and use of persistent organic pollutants.

(8x1) (8)

**1.3 GIVE ONE WORD/TERM**

**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.**

**(ABBREVIATIONS ACRONYMS AND EXAMPLES WILL NOT BE ACCEPTED.)**

- 1.3.1 A place that is listed by UNESCO that has a special cultural or physical importance.
- 1.3.2 Fuel that is manufactured from vegetable oils, maize, sugar cane or corn.
- 1.3.3 The supply curve for this market structure starts where average variable cost equals marginal cost.
- 1.3.4 A market structure where a few sellers dominate the market.
- 1.3.5 A situation where one group cannot be made better off without making another group worse off.
- 1.3.6 An index that measures the prices of goods when they leave the production floor.

(6x1) (6)

**TOTAL SECTION A: [30]**

## SECTION B

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

### QUESTION 2: MICRO ECONOMICS

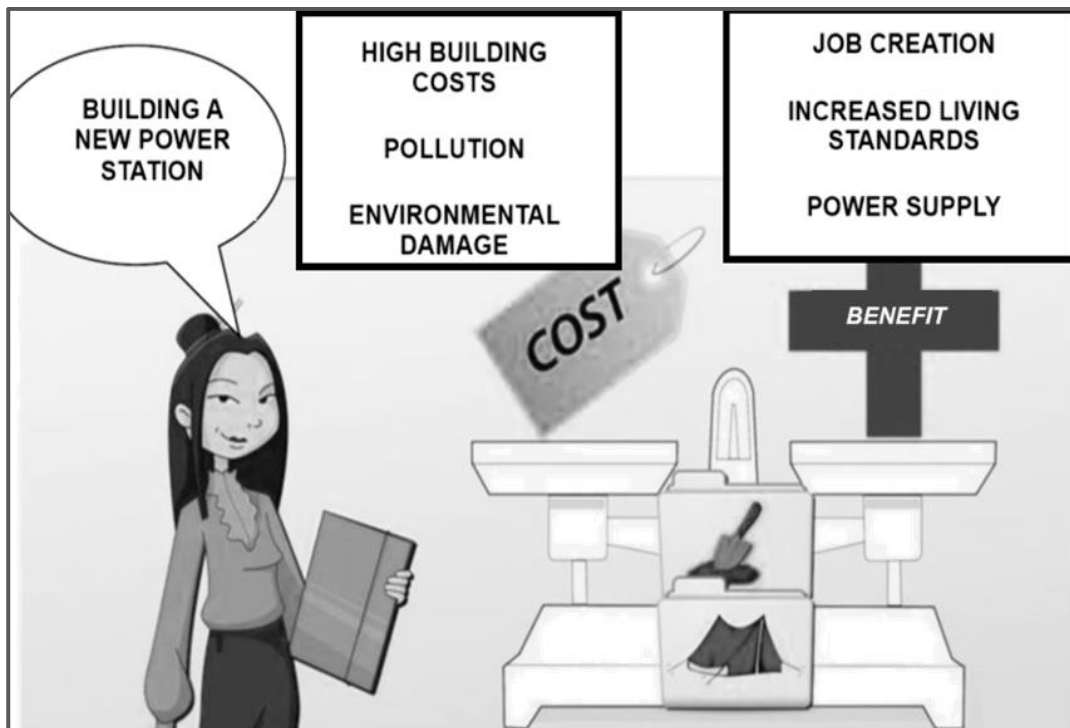
40 MARKS - 30 MINUTES

2.1 Answer the following questions:

2.1.1 Name the TWO market structures where complete market information is possible. (2x1) (2)

2.1.2 Why does a monopoly have a downward sloping demand curve? (1x2) (2)

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



Source: adapted from [www.tutor2u.net](http://www.tutor2u.net)

2.2.1 Identify ONE social cost from the picture above. (1)

2.2.2 Give ONE decision making criteria used in a cost-benefit analysis. (1)

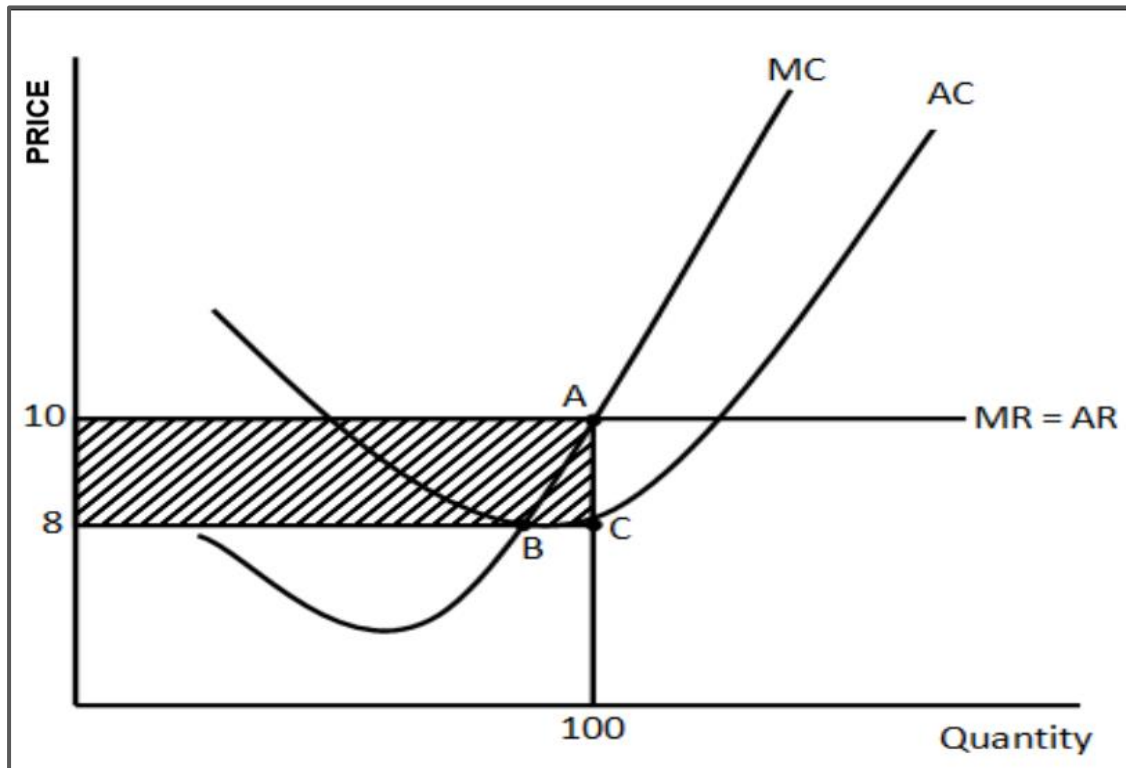
2.2.3 Briefly describe the term 'cost-benefit analyses'. (2)

2.2.4 Explain alternative measures the government could consider instead of building a new coal power station? (2)

2.2.5 What is the need for a cost-benefit analysis before the government starts a new project? (4)

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

**SHORT RUN OUTPUT LEVELS FOR A FIRM UNDER PERFECT COMPETITION**



Source: www.cartoonstock.com

- 2.3.1 Identify the profit maximising point for the above firm. (1)
- 2.3.2 Give the price that firms are willing to sell its products for in the graph above. (1)
- 2.3.3 Briefly describe the term 'long run'. (2)
- 2.3.4 Explain interdependence as a characteristic of an oligopolistic market. (2)
- 2.3.5 What impact does price leadership have on the consumer? (4)
  
- 2.4 Distinguish between *productive* and *allocative* inefficiency without using graphs. (2x4) (8)
- 2.5 Evaluate the negative impact of imperfect competition on consumers. (4x2) (8)

**[40]**

**QUESTION 3: CONTEMPORARY ECONOMIC ISSUES**

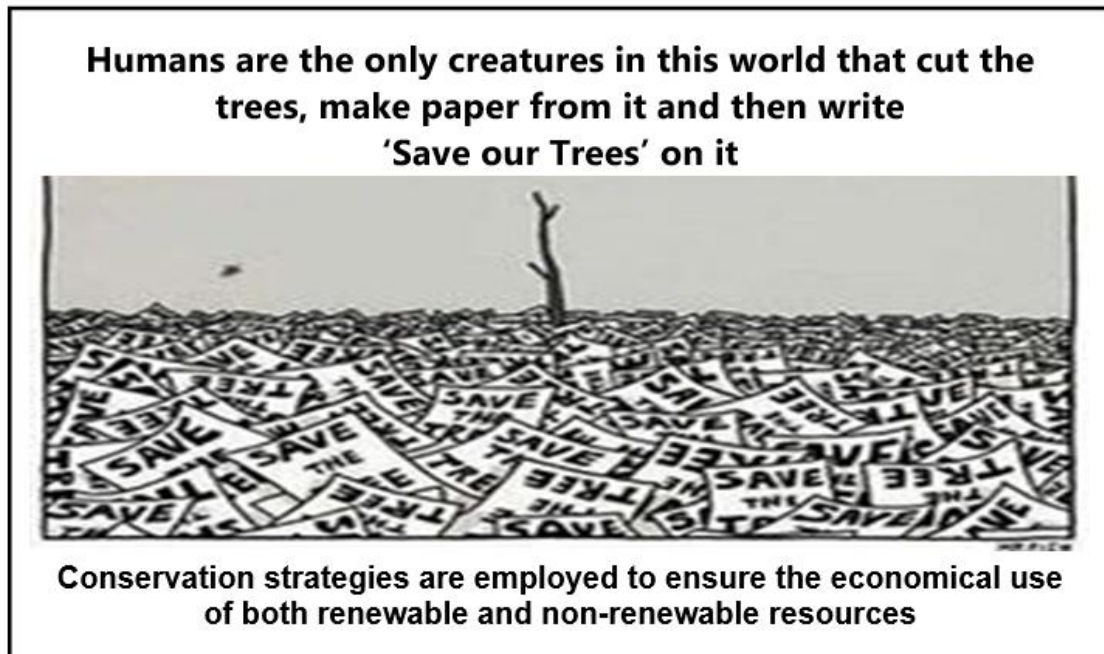
**40 MARKS – 30 MINUTES**

3.1 Answer the following questions:

3.1.1 Name any TWO examples of eco-tourism. (2x1) (2)

3.1.2 How do debtors benefit from inflation? (1x2) (2)

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



Source: <https://za.pinterest.com>

3.2.1 Identify the strategy employed to ensure the economical use of resources according to the extract. (1)

3.2.2 Name ONE example of a renewable resource. (1)

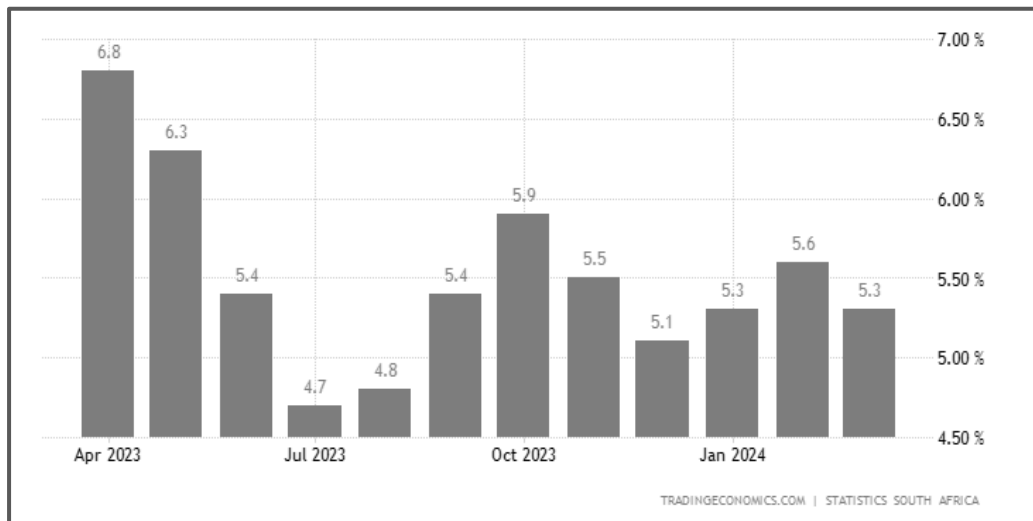
3.2.3 Briefly describe the concept 'conservation'. (2)

3.2.4 Explain the negative impact of the depletion of resources on the environment. (2)

3.2.5 What methods can be used to reduce the cutting down of trees? (4)

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

### SOUTH AFRICA'S INFLATION RATE



Source: <http://tradingeconomics.com>

- 3.3.1 Give the current inflation target of the South African Reserve Bank. (1)
- 3.3.2 What is the main purpose of South Africa's targeting policy? (1)
- 3.3.3 Briefly describe the term '*inflation*'. (2)
- 3.3.4 Explain the negative effect of inflation on the balance of payments. (2)
- 3.3.5 How successful is the Reserve Bank in reaching its inflation targets? (4)
- 3.4 Briefly discuss the impact of tourism on *poverty* and *employment*. (2x4) (8)
- 3.5 Why should businesses sustain the environment? (4x2) (8)

**[40]**

**QUESTION 4: MICRO ECONOMICS AND CONTEMPORARY ECONOMIC ISSUES**

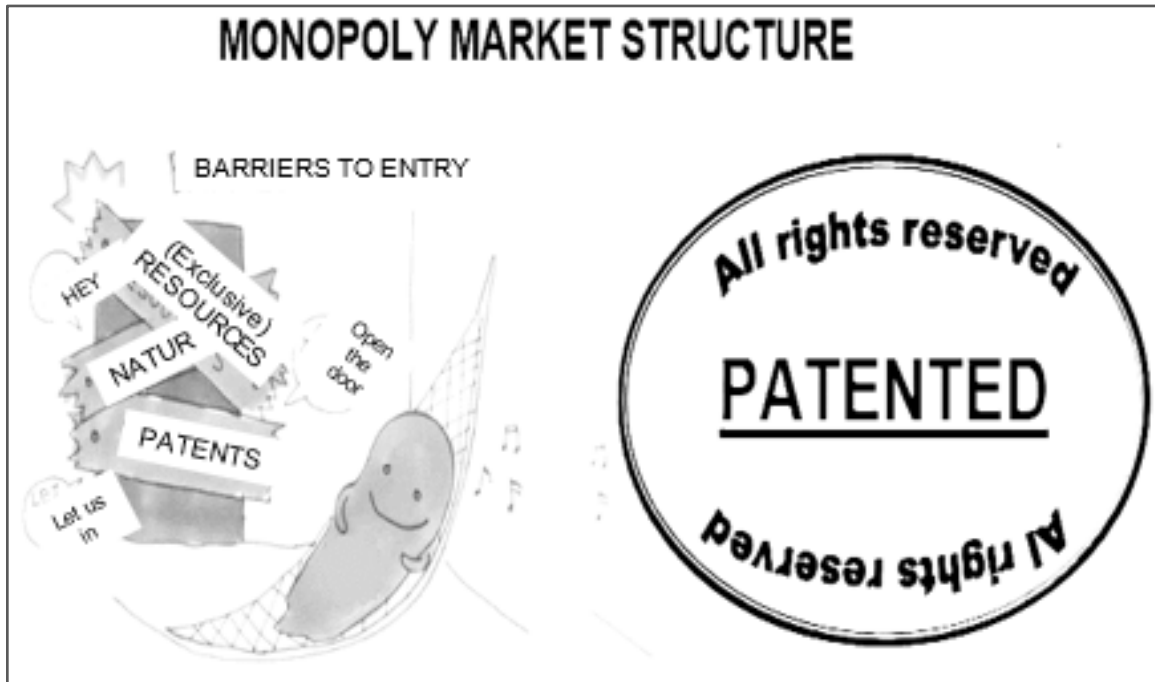
**40 MARKS – 30 MINUTES**

4.1 Answer the following questions:

4.1.1 Name any TWO consequences of market failure. (2x1) (2)

4.1.2 How do taxes ensure environmental sustainability? (1x2) (2)

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



Source: Google Images

4.2.1 Provide ONE barrier of entry portrayed by the cartoon. (1)

4.2.2 Name the type of monopoly that is depicted in the above cartoon. (1)

4.2.3 Briefly describe the term 'monopoly'. (2)

4.2.4 Explain ONE cause for the creation of natural monopolies. (2)

4.2.5 Why will a monopolist not charge excessively high prices for a product? (4)



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

### **HIDDEN GEMS – THE FUTURE OF TOURISM**

The 2021 TOURISM INDABA – the Hidden Gems Zone, showcased products and services from South Africa’s Small, Medium and Micro-sized Enterprises (SMME’s). Over three days, the businesses have enjoyed networking opportunities with buyers from around the world, attended workshops facilitated to help them with knowledge and tools on how to access the market and shared their stories with global media.

Catering specifically for SMME’s, is the INDABA development zone with 70 SMME’s exhibiting, all selected for their uniqueness and authentic representation of South Africa as a destination. Of these, 20 focus on the country’s adventure activities.

Source: [www.indaba-southafrica.co.za](http://www.indaba-southafrica.co.za)

- 4.3.1 How many Small Medium and Micro Enterprises were selected to exhibit the South African tourism profile? (1)
- 4.3.2 Name ONE benefit that Small Medium and Micro Enterprises have enjoyed during the Indaba. (1)
- 4.3.3 Briefly describe the term ‘*tourism*’. (2)
- 4.3.4 Explain the importance of infrastructure development for tourism. (2)
- 4.3.5 How can government ensure sustainable job creation in the tourism industry? (4)
- 4.4 Briefly discuss the negative effects of inflation on *investors* and *people with a fixed income*. (2x4) (8)
- 4.5 How does an individual firm determine its prices in a perfect competition market? (4x2) (8)

**[40]**

**TOTAL SECTION B: [80]**

## SECTION C

Answer any **ONE** question of the TWO questions in the **ANSWER BOOK**.

Your answer will be assessed as follows:

STRUCTURE OF THE ESSAY	MARK ALLOCATION
<p><b>Introduction</b> The introduction is a lower-order response.</p> <ul style="list-style-type: none"> <li>• A good starting point would be to define the main concept related to the question topic.</li> <li>• Do not include any part of the question in your introduction.</li> <li>• Do not repeat any part of the introduction in the body.</li> <li>• Avoid saying in the introduction what you are going to discuss in the body.</li> </ul>	<p>Max. 2</p>
<p><b>Body</b> <b>Main part:</b> Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/ Compare/Evaluate/Distinguish/Differentiate/Explain</p> <p><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/How/Suggest.</p> <p><b>Mark Allocation</b> <b>A maximum of six marks will be awarded for listing and examples.</b> Bullets in full sentences will be awarded two marks. Headings and sub-headings will receive one mark each.</p>	<p>Max. 26</p> <p>Max. 10</p>
<p><b>Conclusion</b> Any higher-order conclusion should include:</p> <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned.</li> <li>• Any opinion or value judgement on the facts discussed.</li> <li>• Additional support information to strengthen the discussion/analysis.</li> <li>• A contradictory viewpoint with motivation, if required.</li> <li>• Recommendations.</li> </ul>	<p>Max. 2</p>
<p><b>TOTAL</b></p>	<p><b>40</b></p>

**QUESTION 5: MICRO ECONOMICS**

**40 MARKS – 40 MINUTES**

- Discuss the causes of market failure in detail. (26)
- Evaluate the advantages and disadvantages of the implementation of a minimum wage in South Africa. (10)

**[40]**

**OR**

**QUESTION 6: CONTEMPORARY ECONOMIC ISSUES**

**40 MARKS – 40 MINUTES**

- Discuss the causes and consequences of demand-pull inflation (26)
- Evaluate the success of using the fiscal policy to combat inflation. (10)

**[40]**

**TOTAL SECTION C: [40]**

**GRAND TOTAL: [150]**