

EXAMINATION		NATIONAL SENIOR CERTIFICATE	
GRADE		12	
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SUBJECT		ECONOMICS	
PAPER		2	
MARK TOTAL		150	
DURATION (HOURS)		2	
NUMBER OF PAGES		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 answers comply with the cognitive requirements of the questions.
7. Non-programmable pocket calculators may be used.
8. Write neatly and legibly in **BLUE** ink 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 numbers (1.1.1 to 1.1.8) in the ANSWER BOOK for example 1.1.9 C etc.

1.1.1 The introduction of waste material into the environment is known as ...

- A recycling.
- B sanitation.
- C by-products.
- D pollution.

1.1.2 Marginal revenue is a change in income from the ... of an additional unit of a product.

- A production
- B sale
- C stock
- D use

1.1.3 A method used to compare the total social cost and benefits of alternative projects is known as ...

- A cost benefit analysis.
- B SWOT analysis.
- C budget.
- D efficiency analysis.

1.1.4 A continuous rise in prices of a wide range of products over a period of time is known as ...

- A unemployment.
- B deflation.
- C consumer price index.
- D inflation.

1.1.5 To quantify all costs and benefits of a project, means to ... to the project.

- A attach a numerical value
- B calculate
- C express a ratio
- D speculate

1.1.6 Visits made to museums, art galleries and archaeological sites are called ... tourism.

- A eco
- B leisure
- C cultural
- D business

1.1.7 In economics the term 'short run' refers to a period where factors of production are ...

- A variable.
- B fixed.
- C both variable and fixed.
- D marginal.

1.1.8 Tourism has the biggest effect on the ... sector.

- A transport
- B services
- C production
- D manufacturing

(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 numbers (1.2.1 to 1.2.8) in the **ANSWER BOOK**.

COLUMN A		COLUMN B	
1.2.1	Collusion	A	Ways of living used by traditional people to make a living in a particular environment.
1.2.2	Indigenous knowledge systems	B	A market structure in which all companies sell identical products.
1.2.3	Non-rivalry	C	An arrangement among businesses with the aim of limiting competition among themselves.
1.2.4	Black market	D	Visiting a country by individuals who are not residents of that country.
1.2.5	Producer price index	E	Product or service that every member of a society can consume freely without reducing its availability to others.
1.2.6	Homogeneous product	F	The general price level shows a persistent decrease.
1.2.7	Social cost	G	Measures prices at the first level of a significant commercial transaction.
1.2.8	Inbound tourism	H	An illegal market in which illegal goods are bought and sold or illegal prices are charged.
		I	An increase in wage levels.
		J	Product has the same physical characteristics and quality as similar products from other suppliers.
		K	Private costs plus external costs.

(8x1) (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 Exclusive control of a commodity or service in a particular market.
- 1.3.2 A license given to businesses to pollute to a certain degree.
- 1.3.3 The institution that issues an order on matters presented to it by the competition commission.
- 1.3.4 A combination of high levels of inflation, low economic growth and high unemployment.
- 1.3.5 A landmark or area which is selected by the United Nations as having a special significance.
- 1.3.6 The actual cost paid by a consumer when a commodity is purchased. (6x1) (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 List any TWO characteristics of perfect markets. (2x1) (2)

2.1.2 Why are merit goods normally being undersupplied by the market? (1x2) (2)

2.2 Study the following picture and answer the questions that follow:



[Source Google image]

2.2.1 Identify the market structure depicted by the logos above. (1)

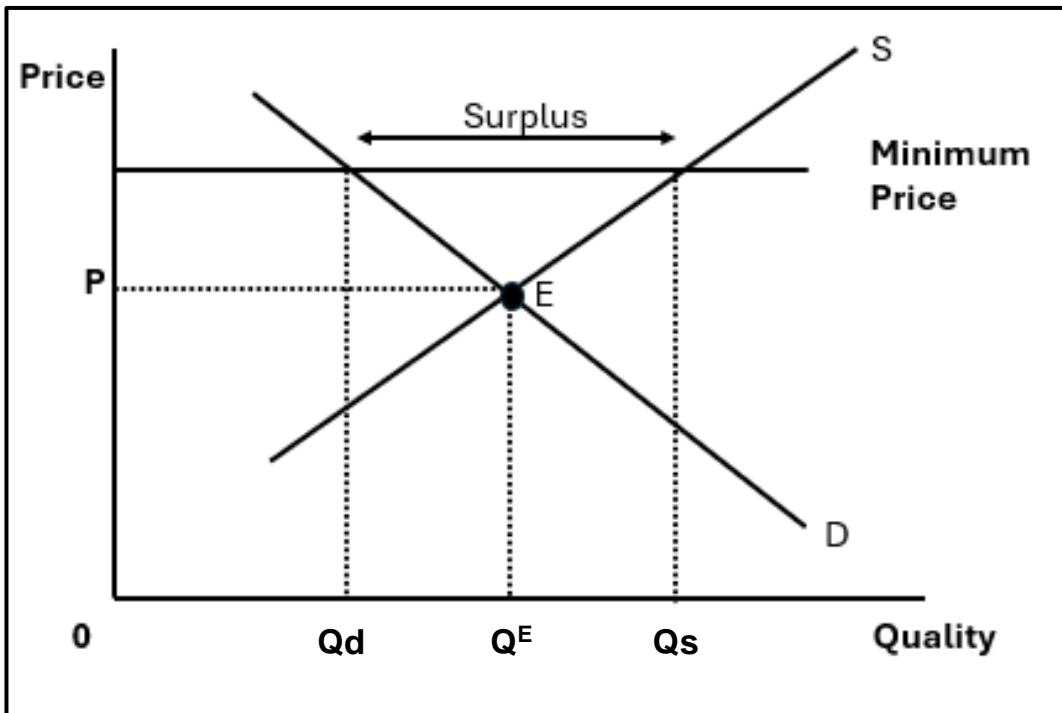
2.2.2 Name the typical demand curve for the market above. (1)

2.2.3 Briefly describe the term *cartel*. (2)

2.2.4 What can manufacturers do to increase their market share without using price competition? (2)

2.2.5 Discuss the reasons for perfect competition being more beneficial to consumers than a monopoly. (2x2) (4)

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



[Source: <http://www.sanandres.esc.edu.ar>]

- 2.3.1 Identify the point on the graph that illustrates the market price. (1)
- 2.3.2 Name the type of government intervention that is illustrated in the graph above. (1)
- 2.3.3 Briefly describe the term *minimum prices*. (2)
- 2.3.4 Interpret the reason for the surplus as indicated on the above graph. (2)
- 2.3.5 Why does government impose minimum prices on certain products? (2x2) (4)
- 2.4 Discuss the role of the *Competition Commission* and the *Competition Appeal Court* which is involved in the competition policy of South Africa. (2x4) (8)
- 2.5 Evaluate the negative impact of collusion on the economy. (4x2) (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

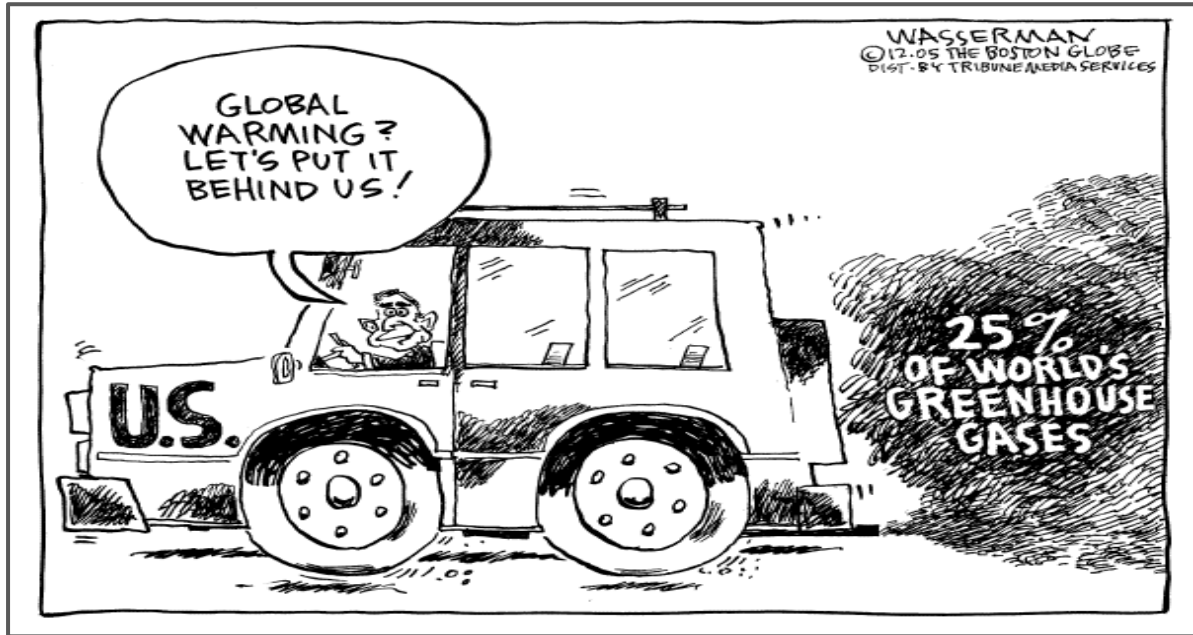
40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 List any TWO examples of prices that are controlled by the South African government. (2x1) (2)

3.1.2 What has happened to domestic tourism after the Covid-19 pandemic? (1x2) (2)

3.2 Study the following cartoon and answer the questions that follow.



[Source: www.fact retriever.com]

3.2.1 Identify the environmental concern illustrated in the cartoon above? (1)

3.2.2 Name ONE cause of global warming. (1)

3.2.3 Briefly describe the term *conservation*. (2)

3.2.4 Discuss the importance of imposing *green taxes* on pollutants. (2)

3.2.5 Explain the measures that can be taken to reduce emissions caused by the burning of fossil fuels. (2x2) (4)



3.3 Study the following article and answer the questions that follow.

CHANGES IN FUEL PRICES ARE HERE TO STAY

The Department of Energy has announced that the petrol price will increase by 0,52c a litre, diesel with 0,76c a litre and paraffin will increase by 0,62c per litre from 1 June.

The department's Robert Maake says, "The main reasons for these increases include the high crude oil prices and the depreciation of the rand against the US dollar.

This is the second price increase in the space of a month, as petrol went up by 0,12c per litre, while diesel went down between one and two cents per litre, and illuminating paraffin decreased by 0,09c per litre on 4 May 2023.

[Source adapted from: Eyewitness News]

- 3.3.1 Identify the institution which announces the monthly change in fuel prices. (1)
- 3.3.2 Name ONE reason for the monthly changes in fuel prices. (1)
- 3.3.3 Briefly describe the term *hyper-inflation*. (2)
- 3.3.4 Explain the reason why fuel levies are seen as a popular source of income for governments? (2)
- 3.3.5 Discuss the impact of fuel price increases on the inflation rate. (2x2) (4)
- 3.4 Distinguish between *land* and *air pollution*. (2x4) (8)
- 3.5 Evaluate the benefits of international tourism for the South African government. (4x2) (8)

[40]

QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES

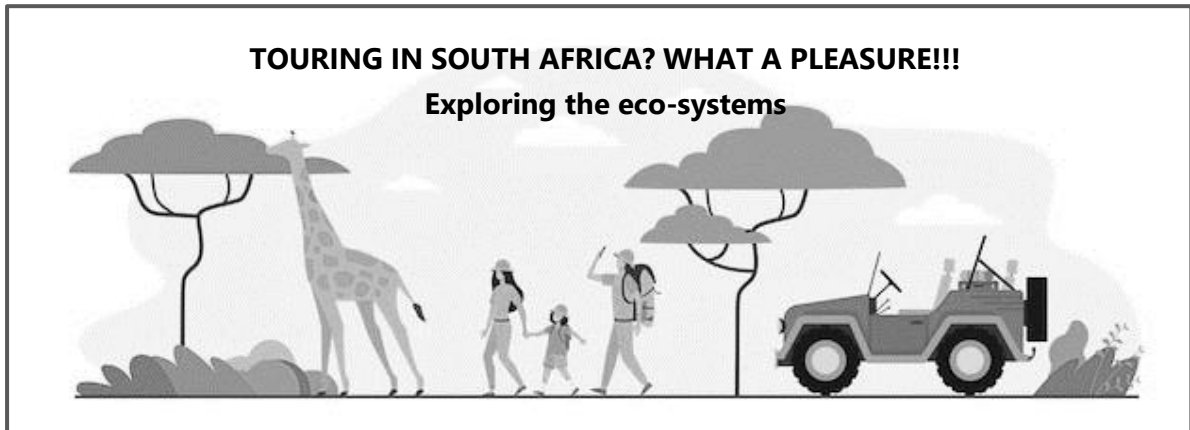
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 List any TWO examples of variable costs. (2x1) (2)

4.1.2 How can chemical pollution negatively affect agricultural land? (1x2) (2)

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



[Source adapted from: Internet images]

4.2.1 Identify the type of tourism that is evident in the picture. (1)

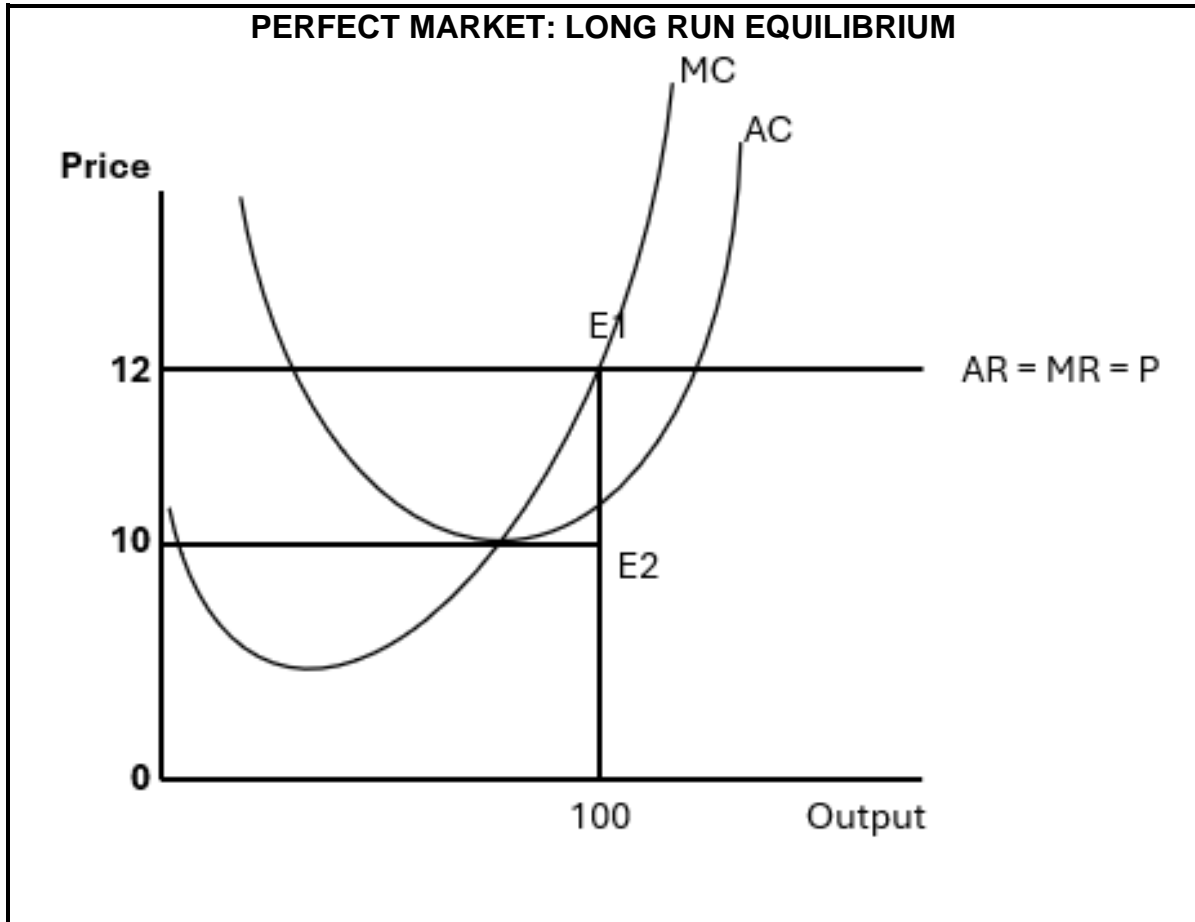
4.2.2 Name ONE reason for tourists being attracted to South Africa. (1)

4.2.3 Briefly describe the term *tourist*. (2)

4.2.4 Explain the positive contribution of indigenous knowledge to tourism. (2)

4.2.5 Discuss the benefits of tourism on businesses. (2x2) (4)

4.3 Study the following graph and answer the questions that follow.



[Source: Google image]

- 4.3.1 Identify point E_1 in the graph above. (1)
- 4.3.2 Name the demand curve in the graph above. (1)
- 4.3.3 Briefly describe the term *average revenue*. (2)
- 4.3.4 Explain the reason why marginal revenue is equal to average revenue in a perfect market. (2)
- 4.3.5 Calculate the profit in the above market. Show all calculations. (2x2) (4)
- 4.4 With the aid of a graph, explain the reason for a shortage in production of products with a positive externality. (2x4) (8)
- 4.5 Evaluate the government's contribution towards inflation. (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>Introduction</p> <p>The introduction is a lower-order response.</p> <ul style="list-style-type: none"> • A good starting point will be to describe 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. 	<p>Max. 2</p>
<p>Body</p> <p>Main part: Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/Assess/Debate</p> <p>A maximum of 8 marks may be allocated for headings/examples.</p> <p>Additional part: Critically discuss/Evaluate/Critically evaluate/Deduce/Compare/Distinguish/Suggest/Interpret/Debate/How</p> <p>A maximum of 2 marks may be allocated for mere listing of facts.</p>	<p>Max. 26</p> <p>Max. 10</p>
<p>Conclusion</p> <p>Any higher-order conclusion should include:</p> <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or valued judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required • Recommendations 	<p>Max. 2</p>
<p>TOTAL</p>	<p>40</p>

QUESTION 5: MICROECONOMICS

40 MARKS – 40 MINUTES

- Examine the monopoly as a market structure. (26)
- Evaluate the success of the Competition Act to promote fair competition. (10)

[40]

OR

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 40 MINUTES

- Discuss the consequences of demand-pull inflation in detail. (26)
- Evaluate the contribution of tourism to demand-pull inflation. (10)

[40]

TOTAL SECTION C: [40]

GRAND TOTAL: [150]