

MARKING GUIDELINES

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SOUTH AFRICAN COMPREHENSIVE ASSESSMENT INSTITUTE
SUID-AFRIKAANSE KOMPREENSIEWE ASSESSERINGSINSTITUUT

FINAL APPROVED MARKING GUIDELINES

DATE OF MEETING	
UMALUSI MODERATOR	
CHIEF MARKER	
INTERNAL MODERATOR	



SECTION A: COMPULSORY

QUESTION 1

30 MARKS – 20 MINUTES

1.1 MULTIPLE CHOICE QUESTIONS

- 1.1.1 C ✓✓ positive
- 1.1.2 A ✓✓ kinked.
- 1.1.3 B ✓✓ self-interest.
- 1.1.4 B ✓✓ South African Reserve Bank.
- 1.1.5 D ✓✓ one
- 1.1.6 A ✓✓ greenhouse
- 1.1.7 C ✓✓ agricultural farmers.
- 1.1.8 D ✓✓ monopolistic competitor (8x2) (16)

1.2 MATCHING ITEMS

(Abbreviations, acronyms, and examples will not be accepted.)

- 1.2.1 G ✓ The gain a consumer gets from using a good or the gain a producer gets from selling a product.
- 1.2.2 E ✓ Excludes the prices of goods and services that are highly volatile.
- 1.2.3 F ✓ When a visitor travels from one country to another for more than one night, but fewer than twelve months, and whose purpose is not for remuneration.
- 1.2.4 H ✓ An illegal market where goods are illegally bought and sold.
- 1.2.5 A ✓ At least one factor of production is fixed.
- 1.2.6 C ✓ The exclusive right to manufacture a product.
- 1.2.7 I ✓ A situation where resources cannot be reallocated to make a group better off without making another group worse off.
- 1.2.8 B ✓ A condition whereby a country experiences low economic growth, high unemployment, and high inflation at the same time. (8x1) (8)

1.3 GIVE ONE WORD/TERM

- 1.3.1 Eco tourist. ✓
- 1.3.2 Pollution. ✓
- 1.3.3 Marginal revenue. ✓
- 1.3.4 Implicit cost. ✓
- 1.3.5 Externality. ✓
- 1.3.6 Hyperinflation. ✓ (6x1) (6)

TOTAL SECTION A: [30]



SECTION B

Answer any **TWO** of the following three questions in the **ANSWER BOOK**.

QUESTION 2: MICROECONOMICS

40 MARKS – 30 MINUTES

2.1 Answer the following questions:

2.1.1 Give any **TWO** kinds of profits associated with market structures.

- Economic/Super normal profit ✓
- Normal profit ✓

(Accept any correct relevant answer.)

(2x1) (2)

2.1.2 Provide a reason for the high degree of interdependence between firms in an oligopoly market.

- There are firms that are watching each other closely because the decisions of one firm influences other firms. ✓✓

(Accept any correct relevant answer.)

(1x2) (2)

2.2 DATA RESPONSE

2.2.1 Identify the price of cigarettes before the tax was implemented from the above graph.

R200 ✓

(1)

2.2.2 What is the quantity demanded after the government imposed a tax on cigarettes from the above graph?

300 ✓

(1)

2.2.3 Briefly describe the term *demerit goods*.

Goods that are harmful to people/society, and the government bans or reduces consumption of these products through taxation. ✓✓

(Accept any correct relevant answer.)

(2)

2.2.4 How can the above externality cause market failure?

If the cost of the externality were included in the price, the firm would produce less, as the market currently produces at 360 which exceeds the socially desirable level of 300. ✓✓

(Accept any correct relevant answer.)

(2)



2.2.5 Briefly discuss direct controls as a method of government intervention to control market failure.

- Governments pass laws or use the existing legislative framework to control and restrict the behavior of businesses, industries, and individuals that generate negative externalities. ✓✓
- Various acts and regulations are implemented to control chemicals, air pollution, and damage to scenic environments. ✓✓
- Advertising by the tobacco industry is prohibited to inform consumers about the negative impact on a person's health. ✓✓
- The sale of alcohol is prohibited to individuals under the age of 18. ✓✓

(Accept any correct relevant answer.)

(2x2) (4)

2.3 DATA RESPONSE

2.3.1 Identify the primary reason for the necessity of a global competition law, as stated in the above extract.

Competition ✓

(1)

2.3.2 Name the institution responsible for enforcing the competition law in South Africa.

Competition Commission ✓

(1)

2.3.3 Briefly describe the term *merger*.

A merger is a business deal where two existing, independent companies combine to form a new, singular legal entity. ✓✓

(Accept any correct relevant answer.)

(2)

2.3.4 What options do businesses have if they dispute a fine from the Competition Commission?

- A business can refer the matter to the Competition Tribunal for further investigation. ✓✓

(Accept any correct relevant answer.)

(2)

2.3.5 Briefly discuss the benefits of increased competition for consumers in the economy.

- Business can lower their prices to attract more customers. ✓✓
- Companies can invest in innovation and improve their products and services. ✓✓
- Consumers will have a wider variety of options to choose from. ✓✓
- To ensure companies keep their customers they can improve customer services. ✓✓

(Accept any correct relevant answer.)

(2x2) (4)



2.4 Distinguish between the demand curve of an oligopoly and a monopoly.

Demand curve of an oligopoly

- An oligopolist faces a kinked demand curve that consists of two sections. ✓✓
- When a firm raises its price in the upper kink, rivals may not follow, making demand elastic as customers switch to competitors. ✓✓
- When a firm lowers its price in the lower kink, rivals likely match it to keep market share, making demand inelastic with minimal sales gain. ✓✓
- An oligopoly consists of a few dominant firms, and each firm's demand curve depends on how rivals react to its pricing decisions. ✓✓
- The oligopolist is therefore faced with a difficult decision because in both instances it will not benefit. ✓✓
- Increasing the price of goods or reducing the price to increase sales will not lead to greater revenue earned. ✓✓

(max 4)

Demand curve of a monopoly

- The monopolist faces a normal market demand curve which slopes downwards from left to right. Here $D = AR$. ✓✓
- It is also the market (or industry's) demand curve, since the monopolist is responsible for the entire output of the industry. ✓✓
- To sell more units, the monopolist must lower the price, even on previous units sold, to create a marginal revenue curve that lies below the demand curve. ✓✓

(Allocate a maximum of 4 marks for mere listing of facts/examples.)

(max 4)

(Accept any correct relevant answer.)

(2x4) (8)

2.5 Evaluate the use of a cost-benefit analysis (CBA) when government considers a project.

Advantages

- CBA provides a clear framework for comparing costs and benefits, helping to make informed decisions. ✓✓
- CBA helps to compare alternatives to determine the option with the greatest net benefit. ✓✓
- CBA prioritises projects based on value creation, ensuring efficient resource allocation. ✓✓
- CBA identifies and quantifies risks, helping assess potential negative outcomes. ✓✓



Limitations

- Some benefits, like environmental or social impacts, are hard to measure. ✓✓
- CBA relies on estimates and assumptions, which can lead to bias or inaccuracies. ✓✓
- Complex projects may involve intangible factors not captured by CBA. ✓✓
- CBA may overlook how costs and benefits are distributed, missing equity concerns. ✓✓

(Allocate a maximum of 2 for the mere listing of facts/examples.)

(Accept any correct relevant answer.)

(4x2) (8)

[40]



QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 30MINUTES

3.1 Answer the following questions:

3.1.1 Give any TWO examples of transport infrastructure needed for tourism.

- Roads ✓
- Railway lines ✓
- Airports ✓
- Harbours ✓
- Car parks ✓

(Accept any correct relevant answer.)

(2x1) (2)

3.1.2 How can a reduction in income tax rates contribute to demand-pull inflation?

It increases the disposable income and consumer spending leading to an increase in demand for goods and services. ✓✓

(Accept any correct relevant answer.)

(1x2) (2)

3.2 DATA RESPONSE

3.2.1 Identify ONE positive contribution that fracking can make to the economy as stated in the above extract.

- Job creation. ✓
- Opportunities for entrepreneurs. ✓
- Direct or indirect employment opportunities. ✓

(1)

3.2.2 Name one other form of fuel used in South Africa.

- Coal ✓
- Petrol/Diesel ✓
- Fossil fuels ✓

(Accept any correct relevant answer.)

(1)

3.2.3 Briefly describe the term *environmental subsidy*.

Environmental subsidy is a financial aid granted by government to businesses to reduce environmental damage during the production of goods. ✓✓

(Accept any correct relevant answer.)

(2)



3.2.4 Explain the use of *education* by the public sector to promote environmental sustainability.

- Incorporating topics on the protection of the environment in the school curriculum. ✓✓
- People should be made aware of environmental issues and the consequences of their actions. ✓✓
- Education can improve people's knowledge and improve their ability to manage the environment in a sustainable manner. ✓✓

(Accept any correct relevant answer.)

(2)

3.2.5 Briefly discuss the negative impact that chemical waste can have on the environment.

Chemical waste:

- Chemical waste needs to be carefully managed to ensure it does not seep into the ground water. ✓✓
- Chemical waste is toxic because it has a negative effect on living beings and can cause infertility or death. ✓✓
- Chemical waste released into rivers, lakes, or oceans can contaminate the water, harming aquatic life and those who use it. ✓✓
- Chemical waste can release harmful substances into the air, leading to air pollution, respiratory problems in humans and animals, and even climate change. ✓✓
- Toxic chemicals can build up in the tissues of organisms over time, affecting not only the immediate environment but also humans through the consumption of contaminated food. ✓✓

(Accept any correct relevant answer.)

(2x2) (4)

3.3 DATA RESPONSE

3.3.1 Identify the percentage increase in electricity prices in 2023 from the above graph.

18% ✓

(1)

3.3.2 Name the state-owned company that is responsible for generating electricity in South Africa.

Eskom ✓

(1)

3.3.3 Briefly describe the term *administered price inflation*.

Inflation is caused by an increase in prices of goods that are regulated by government or government-appointed authorities. ✓✓

(Accept any correct relevant answer.)

(2)



3.3.4 Why would the government apply administered prices on healthcare?

- In order to keep the prices of health care services at such a level that all members of society can afford the services. ✓✓
- To ensure that health care providers do not over-charge consumers for their services. ✓✓
- Administered prices can assist government in managing their government spending. ✓✓

(Accept any correct relevant answer.)

(2)

3.3.5 Briefly discuss the importance of regulating electricity prices in South Africa.

- Regulating electricity helps consumers to pay relatively lower prices. ✓✓
- Production costs increase at a relatively lower percentage thus allowing a better opportunity for economic growth. ✓✓

(Accept any correct relevant answer.)

(2x2) (4)

3.4 Explain the impact of tourism on *poverty* and *unemployment*.

Poverty

- Tourism brings development to the poor in rural areas. ✓✓
- Many of the prime tourist attractions are located in rural areas, therefore alleviating poverty in those areas. ✓✓
- Tourism allows the poor a stake in the economy. ✓✓
- It provides opportunities to start small businesses around community assets and to establish SMMEs to provide services. ✓✓
 - E.g. transport, retail, and accommodation. ✓
- Tourism empowers the poor; it provides opportunities for on-the-job and other training. ✓✓
- Tourism also creates partnerships, such as linking up with mainstream tourism businesses. ✓✓

(max 4)

Employment

- Tourism has a major effect on employment. ✓✓
- Tourism is labour-intensive, and it has the lowest ratio of investment to employment creation. ✓✓
- Tourism employs a huge variety of skills, and there is room for almost any skill in the tourism industry. ✓✓
- Many tourist activities are therefore within the reach of small operators. ✓✓
- Tourism can provide immediate employment, such as accommodating the unskilled. ✓✓

(max 4)

(Allocate a maximum of 4 marks for the mere listing of facts/examples.)

(Accept any correct relevant answer.)

(2x4) (8)



3.5 Analyse the consequences of inflation for the economy.

- Debtors: Inflation reduces the real value of debts, allowing debtors to repay with money worth less than when borrowed. This lowers their financial burden. ✓✓
- Creditors: Inflation erodes the purchasing power of repayments, causing creditors to lose value on the money lent. ✓✓
- Wage earners suffer if pay raises lag behind inflation, reducing their purchasing power and standard of living. ✓✓
- Fixed-income earners are especially vulnerable. A wage-price spiral may occur as workers demand higher pay to match rising costs. ✓✓
- Investors: Those with assets like real estate or stocks benefit as their value often rises with inflation. Fixed-income investments, like bonds, lose real value. ✓✓
- Savers: Inflation erodes the value of savings when interest rates are below inflation, discouraging saving and shifting preferences toward spending or investment. ✓✓
- Inflation causes 'bracket creep', where nominal income increases push taxpayers into higher tax brackets, raising tax burdens without real income growth. Systems not indexed to inflation exacerbate this issue. ✓✓
- High inflation creates economic uncertainty, deterring investment and slowing growth, often leading to job losses. ✓✓
- Severe inflation reduces the purchasing power of low-income groups, worsening inequality and poverty. ✓✓
- Persistent inflation erodes confidence in the economy, leading to a 'buy now' mentality, as consumers fear future price increases. ✓✓
- The 'buy now' behaviour worsens inflationary pressures and undermines trust in monetary and government policies. ✓✓

(Allocate a maximum of 2 for the mere listing of facts/examples.)

(Accept any correct relevant answer.)

(4x2) (8)

[40]



QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 30 MINUTES

4.1 Answer the following questions:

4.1.1 Give any TWO examples of community goods.

- Police force ✓
- Street lights ✓
- Public infrastructure ✓
- Public parks ✓
- National defence force ✓
- Public education ✓

(Accept any correct relevant answer.)

(2x1) (2)

4.1.2 What effect does climate change have on the production of goods and services?

- Climate change limits production due to extreme droughts and floods. ✓✓
- Weather conditions will reduce the quality of goods produced. ✓✓
- Climate change can lead to producers being forced to change their production processes due to a changing climate and cultivate different products, which may be in demand. ✓✓

(Accept any correct relevant answer.)

(1x2) (2)

4.2 DATA RESPONSE

4.2.1 Identify ONE method from the information above that is used in non-price competition.

- Advertising ✓
- Packaging ✓
- Services ✓
- Loyalty programmes ✓

(1)

4.2.2 Name ONE other example of monopolistic competition.

- Hairdressers ✓
- Law firms ✓
- Electricians ✓
- Television services ✓

(Accept any correct relevant answer.)

(1)



4.2.3 Briefly describe the term *non-price competition*.

A marketing strategy where companies compete for market share by differentiating their products or services from competitors' products, rather than by lowering prices. ✓✓

(Accept any correct relevant answer.)

(2)

4.2.4 Explain the characteristic of *market information* in a monopolistic competition versus a perfect competition market.

Market information does not have perfect information about consumers' behaviour and the behaviour of other firms in the industry. ✓✓

(Accept any correct relevant answer.)

(2)

4.2.5 Briefly discuss the reason for monopolistic competitors only achieving normal profit in the long run.

- The economic profit of the business in the short term will attract new producers to the industry in the long term. ✓✓
- More producers lead to a decrease in prices because of the increase in supply. ✓✓
- The decrease in prices leads to businesses only making normal profits. ✓✓

(Accept any correct relevant answer.)

(2x2) (4)

4.3 DATA RESPONSE

4.3.1 Identify the general trend of domestic tourism in 2023 as stated in the above extract.

Positive/Increase ✓

(1)

4.3.2 Name the institution responsible for releasing the tourism statistics.

South African Tourism/SAT ✓

(1)

4.3.3 Briefly describe the term *domestic tourism*.

Domestic tourism is when people travel within the borders of their own country. ✓✓

(Accept any correct relevant answer.)

(2)



4.3.4 What could lead to a possible increase in domestic tourism in South Africa?

- More disposable income for consumers making it possible for them to spend more of their income to travel. ✓ ✓
- Better advertising and promotions that are aimed at attracting domestic tourists to venues and attractions. ✓ ✓
- Decrease in inflation leading to lower prices for tourist activities like transport and accommodation. ✓ ✓
- Consumers can have access to more credit enabling them to spend more money on luxury items like travel. ✓ ✓

(Accept any correct relevant answer.)

(2)

4.3.5 Briefly discuss the contributions that the South African government can make towards tourism.

- Improving general infrastructure and upgrading existing infrastructure to attract and improve the experience of domestic as well as foreign tourists. ✓ ✓
- Improve infrastructure in rural areas where many of the tourist attractions of South Africa are based, making it more accessible to tourists who would want to visit these sites. ✓ ✓
- Income raised from taxes should be used to improve tourist facilities to ensure that attractions are maintained and can generate a future income for the country. ✓ ✓
- Maintaining peace and stability in the country will benefit both tourists visiting the country as well as domestic tourists ensuring that they enjoy a safe environment. ✓ ✓

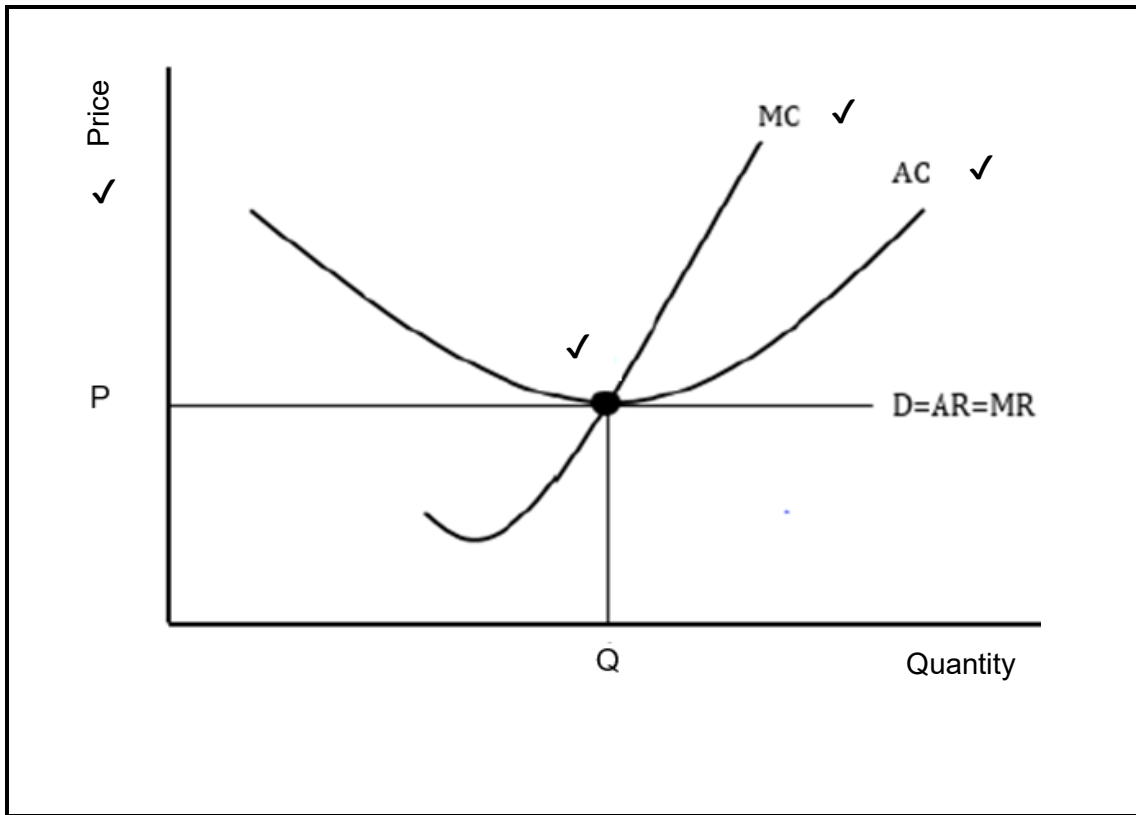
(Accept any correct relevant answer.)

(2x2) (4)



4.4 With the aid of a well-labelled graph, explain the long-term profit earned by an individual producer in a perfect market.

Graph



(max 4)

Labelling of the axis	1
Labelling of the MC curves	1
Labelling of the AC curve	1
Equilibrium point (MC = AC = D)	1

Explanation

The long-term equilibrium point (e) is also known as the normal profit point, in other words, it is where the total revenue is equal to the total cost. ✓✓

It is the minimum earnings required to prevent the entrepreneur from leaving the market. ✓✓

The selling price (AR) corresponds with the lowest point of the LAC curve. ✓✓

Once the long-term equilibrium has been achieved, there will be no further entry or exit of the businesses. ✓✓

(max 4)

(Accept any other relevant answer.)

(2x4) (8)



4.5 Analyse the influence of the Consumer Price Index on the economy.

- The Consumer Price Index (CPI) is a key economic indicator that measures the average change over time in the prices paid by urban consumers for a basket of goods and services. ✓✓
- The CPI plays a significant role in evaluating the overall economic health and can influence various aspects of the economy.
- The CPI shows how much inflation (rising prices) is happening. If the CPI rises, it means things are getting more expensive, which can reduce people's purchasing power and make everyday life harder. ✓✓
- A higher CPI means the cost of living is going up. People may not be able to buy as much with the same amount of money, which can reduce spending and slow down the economy. ✓✓
- The CPI is used to adjust wages, pensions, and benefits so they keep up with inflation.
- When wages do not rise with the CPI, people's real income decreases, meaning they can afford less. ✓✓
- The government looks at the CPI to decide things like taxes and spending.
- When inflation is high, they might cut spending or raise taxes to try to control it. ✓✓
- Companies use the CPI to plan pricing, salaries, and costs. High inflation can make their products more expensive, which could reduce sales. ✓✓
- Central banks use the CPI to set interest rates. If inflation is high, they may raise interest rates to cool down the economy. ✓✓
- If a country has higher inflation than others, its goods can become more expensive and less competitive in international markets, reducing exports. ✓✓

(Allocate a maximum of 2 for the mere listing of facts/examples.)

(Accept any correct relevant answer.)

(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> <ul style="list-style-type: none"> 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 saying in the introduction what you are going to discuss in the body. 	Max. 2
<p>Body</p> <p>Main part: Discuss in detail/In-depth discussion/Examine/Critically discuss/Compare/Distinguish/Differentiate/Explain/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Calculate.</p> <p>Mark Allocation Bullets/facts in full sentences will be awarded two marks. Headings and sub-headings will receive one mark each. A maximum of eight marks may be allocated for headings/listing of facts or examples.</p> <p>Additional part: Give your own opinion/Critically discuss/Evaluate/Critically evaluate/Deduce/Compare/Explain/Distinguish/Interpret/Briefly debate/How/Suggest.</p> <p>A maximum of two marks can be awarded for the 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 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

- Discuss in detail how the following factors lead to the misallocation of resources in the market
 - Missing markets (8)
 - Imperfect distribution of income and wealth (8)
 - Lack of information (10)
- Evaluate the impact of monopolies on the consumer and producers. (10)

INTRODUCTION

Market failure is when the forces of supply and demand fail to allocate resources efficiently/when markets fail to allocate goods and services efficiently. ✓✓

(Accept any correct relevant introduction.)

(max 2)

BODY: MAIN

1. Missing markets

- Markets are often incomplete in the sense that they cannot meet the demand for certain goods. ✓✓

Public goods: ✓

- are not provided by the price mechanism because producers cannot withhold the goods from non-payment and there is often no way of measuring how much a person consumes. ✓✓

Public goods have the following features:

Non-rivalry: ✓

- The consumption by one person does not reduce the consumption of another person. ✓✓
 - e.g. a lighthouse. ✓

Non-excludability: ✓

- Consumption cannot be confined to those who have paid, so there are free riders. ✓✓
 - e.g. radio and TV in South Africa. ✓

Merit goods. ✓

- These are goods/services that are deemed necessary or beneficial to the society. ✓✓
 - e.g. education, health care etc. ✓



Demerit goods. ✓

- Demerit goods lead to a lot of social costs, therefore, the government charges sin tax/excise duties to discourage the consumption of such goods. ✓ ✓ (max 8)

2. Imperfect distribution of income and wealth

Generation of wealth in free markets: ✓

- Free markets can generate a large amount of wealth, contributing to overall economic growth, but this wealth is often unevenly distributed. ✓ ✓

Barriers to earning a decent living: ✓

- Certain individuals face challenges in earning sufficient income due to a Lack of skills and education. ✓ ✓
- Imperfect information about available opportunities prevents some people from achieving a decent living standard. ✓ ✓

Inability to accumulate wealth: ✓

- Low incomes prevent individuals from saving or investing, making it difficult to build wealth over time, resulting in a cycle of poverty. ✓ ✓

Need for Government Welfare Programs: ✓

- To bridge the gap between the rich and the poor, government welfare programs are necessary, like payment of grants to the household. ✓ ✓
- The welfare programs help provide a safety net and ensure that basic needs are met for those with lower incomes. ✓ ✓ (max 8)

3. Lack of information

Efficiency requires accurate information: ✓

- Under conditions of perfect competition, consumers and producers are assumed to have access to all the information that is necessary to enable them to make the most informed decisions about production and consumption. ✓ ✓

Decisions based on available information: ✓

- Imperfect information occurs when buyers or sellers in a market cannot access all relevant information, leading to poor decision-making. ✓ ✓



Inaccurate information leads to waste: ✓

- When consumers lack information about the quality of a product, they may pay too much for inferior goods, or if producers are unaware of demand shifts, they might overproduce or underproduce. ✓✓
- Government can force firms to disclose information about their products, ✓✓
 - e.g. danger of cigarette smoking ✓
- Consumers might not know about better prices or harmful effects of products, relying on misleading information from suppliers. ✓✓

(max 10)

(Allocate a maximum of SIX marks for headings/ listing of facts or examples.)

(Accept any other relevant answer.)

(max 26)

ADDITIONAL PART:

Evaluate the impact of monopolies on the consumer and producers.

Positive Impacts

For Producers:

- Monopolies can set prices above competitive levels, ensuring higher profit margins. ✓✓
- As monopolies grow larger, they often achieve lower average costs due to economies of scale, improving production efficiency. ✓✓
- With substantial profits, monopolies may invest in research and development, leading to technological advancements and improved products. ✓✓

For Consumers:

- Monopolies often provide consistent availability of goods or services, ensuring no shortages. ✓✓
- In some cases, consumers benefit from advanced products or services developed through monopoly-driven research and innovation. ✓✓

Negative Impacts

For Consumers:

- Monopolies often charge excessively high prices due to a lack of competition, reducing affordability for consumers. ✓✓
- With no competitors, consumers are left with fewer options, which may lead to dissatisfaction. ✓✓
- Without competitive pressure, monopolies might reduce product quality or customer service to cut costs. ✓✓

**For Producers:**

- Monopolies may become complacent and inefficient over time due to a lack of competitive pressure. ✓ ✓
- Monopolies often use strategies like predatory pricing or exclusive contracts to prevent new entrants, reducing market dynamism. ✓ ✓

(Allocate a maximum of 2 marks for the mere listing of facts or examples.)

(Accept any other relevant answer.)

(max 10)

CONCLUSION:

Governments intervene in the market when market forces cannot achieve the desired output. ✓ ✓

(Accept any correct relevant conclusion.)

(max 2)

[40]

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

- **Discuss the major environmental problems that affect countries globally.**
 - **Loss of biodiversity** (8)
 - **Loss of indigenous knowledge** (8)
 - **Climate change** (10)

- **Evaluate the benefits of infrastructure development for tourism on the environment.** (10)

INTRODUCTION

Environmental loss refers to the degradation or destruction of natural ecosystems, resources, and biodiversity due to human activities or natural events. ✓ ✓

(Accept any correct relevant introduction.)

(max 2)

BODY: MAIN**1. Loss of biodiversity**

- It relates to the number of genetic varieties among individual plants and animals within a community of organisms. ✓ ✓
- The depletion of natural resources can lead to the extinction of some species and in so doing, decrease biodiversity. ✓ ✓
- Extinction of species is an irreversible process and, therefore a major threat to the process of gene transplant among species. ✓ ✓
- Some modern techniques make it possible to transplant desirable genes from one species to another to create a new species; however, the genes used must be diverse. ✓ ✓
- Convention on International Trade in Endangered Species bans commercial international trade on an agreed list of endangered species that is reviewed from time to time.

(max 8)

2. Loss of indigenous knowledge

- Indigenous people have a lot of knowledge about the natural environment, which they use to make a living. ✓ ✓
- Indigenous people traditionally used organic methods and natural processes. ✓ ✓
- As indigenous people lose their habitats or are urbanised, this knowledge is disappearing and is being lost to the world forever. ✓ ✓
- Local capacity-building is very important for the environmental sustainability of indigenous people, i.e. finding a way for them to earn a living in their traditional environment. ✓ ✓
- When Indigenous Knowledge is lost, it is usually replaced by modern practices that can lead to deforestation, land degradation and overexploitation of resources. ✓ ✓



- Losing Indigenous Knowledge can result in the destruction of habitats and the extinction of species as this knowledge is used by people on how to manage the resources available to them. ✓✓
- Traditional knowledge balances human needs and nature, without it, development may become unsustainable and cause imbalances. ✓✓
- Protecting indigenous knowledge is crucial not only for preserving cultural heritage but also for promoting sustainable environmental management. ✓✓ (max 8)

3. Climate change

- A build-up of greenhouse gases causes the heat from the sun to be trapped in the atmosphere. ✓✓
- The most common greenhouse gas produced into the atmosphere is carbon dioxide, which is released from the burning of fossil fuels and wood. ✓✓
- The amount of carbon dioxide produced cannot be absorbed by available trees. ✓✓
- Increasingly natural forests are cut down for human use, therefore increasing greenhouse gases in the atmosphere. ✓✓
- Increased greenhouse gasses lead to damage to the ozone layer and eventually global warming. ✓✓
- Global warming affects the world's weather patterns, which include extreme temperatures and a change in rainfall patterns. ✓✓
- Voluntary deduction of carbon dioxide levels did not succeed, leading to the Kyoto Protocol's signing in 1997. ✓✓ (max 10)

(Allocate a maximum of SIX marks for headings/listing of facts or examples.)

(Accept any other relevant answer.)

(max 26)

ADDITIONAL PART:

Evaluate the benefits of infrastructure development for tourism on the environment.

Positive Impacts

- Improved conservation efforts leading to infrastructure development, such as parks, visitor centers, and controlled access points; can help protect natural areas by guiding tourism to designated sites and minimising damage to sensitive ecosystems. ✓✓
- A well-developed infrastructure can include educational displays, guided tours, and sustainability programs that promote environmental awareness among tourists, encouraging more responsible behaviour. ✓✓
- Modern infrastructure can incorporate green technologies, such as solar energy, waste recycling, and water conservation systems, contributing to the overall sustainability of tourism activities. ✓✓
- Tourism revenue generated from well-developed infrastructure can be reinvested in environmental conservation efforts and wildlife protection programs. ✓✓



Negative Impacts

- Construction of infrastructure such as roads, hotels, and airports can lead to habitat destruction, deforestation, and pollution, negatively impacting local ecosystems and wildlife. ✓ ✓
- Increased accessibility through improved infrastructure can lead to overcrowding, putting pressure on natural resources, increasing waste, and contributing to the degradation of fragile environments. ✓ ✓
- Infrastructure development, especially in remote areas, often involves significant transportation and construction activities, which contribute to carbon emissions and climate change. ✓ ✓
- The expansion of tourism infrastructure can disrupt local flora and fauna, leading to a loss of biodiversity, especially in ecologically sensitive areas. ✓ ✓

(Allocate a maximum of 2 marks for the mere listing of facts or examples.)

(Accept any other relevant answer.)

(max 10)

CONCLUSION:

The success of the efforts made in addressing environmental problems is dependent on whether governments, businesses, and consumers around the world take such measures seriously enough to implement them. ✓ ✓

(Accept any correct relevant conclusion.)

(max 2)

[40]

TOTAL SECTION C: [40]

GRAND TOTAL: [150]