

EXAMINATION		NATIONAL SENIOR CERTIFICATE	
GRADE		12	
DATE		NOVEMBER 2025	
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 responses comply with the cognitive requirements of the questions.
7. Non-programmable calculators may be used.
8. Write neatly and legibly, in **BLUE** ink only.

SECTION A: COMPULSORY**QUESTION 1****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 supply curve for a firm in a perfectly competitive market has a ... slope.

- A negative
- B horizontal
- C positive
- D convex

1.1.2 The demand curve that explains oligopolistic behaviour is described by some academics as ...

- A kinked.
- B vertical.
- C horizontal.
- D circular.

1.1.3 The market is unable to protect the environment because it is mainly driven by ...

- A social interest.
- B self-interest.
- C social cost.
- D the community.

1.1.4 The implementation of inflation targets is the responsibility of the ...

- A South African Revenue Services.
- B South African Reserve Bank.
- C Department of Finance.
- D Department of Trade and Industry.

1.1.5 Tourism activity is when the maximum length of the stay is less than ... year(s).

- A ten
- B five
- C two
- D one

1.1.6 Global warming results from the emission of ... gases into the atmosphere.

- A greenhouse
- B natural
- C oxygenated
- D hydrogen

1.1.7 An example of a perfect market in South Africa is ...

- A fuel companies.
- B the banking sector.
- C agricultural farmers.
- D Eskom.

1.1.8 An imperfect market with complete information, is known as a ... market.

- A monopoly
- B oligopoly
- C duopoly
- D monopolistic competitor

(8x2) (16)

1.2 MATCHING ITEMS

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

COLUMN A		COLUMN B	
1.2.1	Private benefit	A	At least one factor of production is fixed.
1.2.2	Core inflation	B	A condition whereby a country experiences low economic growth, high unemployment, and high inflation at the same time.
1.2.3	Foreign tourism	C	The exclusive right to manufacture a product.
1.2.4	Black market	D	Gains that are relatively more than what individuals and society pay for.
1.2.5	Short run	E	Excludes the prices of goods and services that are highly volatile.
1.2.6	Patent	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 to receive remuneration.
1.2.7	Pareto efficiency	G	The gain a consumer gets from using a good or the gain a producer receives from selling a product.
1.2.8	Stagflation	H	An illegal market where goods are illegally bought and sold.
		I	A situation where resources cannot be reallocated to benefit one group without making another group worse off.
		J	A period of production where all factors of production become variable.

(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 numbers (1.3.1 to 1.3.6) in the ANSWER BOOK.

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

- 1.3.1 People visiting natural and wilderness areas.
- 1.3.2 The discharge of waste material into the environment.
- 1.3.3 The extra income the seller earns if one more unit of a product is produced and sold.
- 1.3.4 The value of inputs owned by the entrepreneur, used in the production process, such as opportunity cost.
- 1.3.5 The spill-over effect of an economic activity that affects third parties.
- 1.3.6 An extreme rise in the general price level is sometimes referred to as runaway inflation. (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

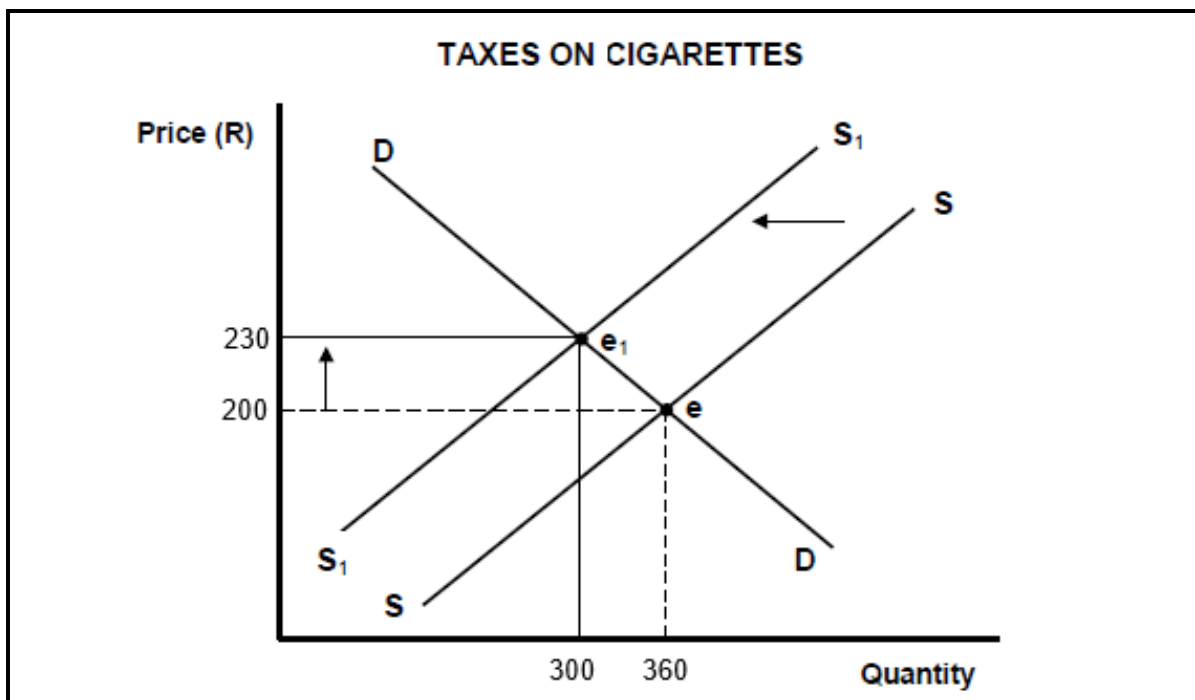
40 MARKS – 30 MINUTES

2.1 Answer the following questions:

2.1.1 Give any TWO kinds of profits associated with market structures. (2x1) (2)

2.1.2 Provide a reason for the high degree of interdependence between firms in an oligopoly market. (1x2) (2)

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



[Source adapted from: <https://homework.study.com/>]

2.2.1 Identify the price of cigarettes before the tax was implemented from the above graph. (1)

2.2.2 What is the quantity demanded after the government imposed a tax on cigarettes from the above graph? (1)

2.2.3 Briefly describe the term *demerit goods* (2)

2.2.4 How can the above externality cause market failure? (2)

2.2.5 Briefly discuss direct controls as a method of government intervention to control market failure. (2x2) (4)

2.3 Study the following extract and answer the questions that follow:

South Africa's competition law has special conditions for company mergers

Competition is a good thing. This is the common thread through global competition law, which aims to prevent monopolies.

For instance, if the two most prominent companies in an industry want to merge, a country's competition authority would likely block the merger. Such dominance would not be good for consumers, as competition usually drives down prices and is good for product quality.

South Africa is not the only country whose competition policy includes public interest conditions. However, it is the only one that specifically includes this in the aims of the law: the Competition Act of 1998.

[Source adapted from: <https://www.africanlawbusiness.com/>]

- 2.3.1 Identify the primary reason for the necessity of a global competition law, as stated in the above extract. (1)
- 2.3.2 Name the institution responsible for enforcing the competition law in South Africa. (1)
- 2.3.3 Briefly describe the term *merger*. (2)
- 2.3.4 What options are available for businesses who want to dispute a fine from the Competition Commission? (2)
- 2.3.5 Briefly discuss the benefits of increased competition for consumers in the economy. (2x2) (4)
- 2.4 Distinguish between the demand curve of *an oligopoly and a monopoly*. (2x4) (8)
- 2.5 Evaluate the use of a cost-benefit analysis (CBA) when government considers a project. (4x2) (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 30 MINUTES

3.1 Answer the following questions:

3.1.1 Give any TWO examples of transport infrastructure needed for tourism. (2x1) (2)

3.1.2 How can a reduction in income tax rates contribute to demand-pull inflation? (1x2) (2)

3.2 Study the following article and answer the questions that follow:

Is it time to rethink the opportunity of fracking?

The recent decision by Total Energies to exit its gas projects in South Africa raises questions about the future of fracking. While fracking can help provide natural gas, it also comes with environmental risks and challenges.

It is important to balance the environmental risks of fracking with its potential to boost the economy. While reducing emissions is crucial, the economic benefits of fracking, like job creation and opportunities for entrepreneurs, should also be considered.

Whether fracking is still a good option depends on how well countries can manage both the environmental risks and the economic benefits and it might not be a sustainable long-term solution as the world moves towards cleaner energy...

[Source adapted from: <https://www.dentons.com/>]

3.2.1 Identify ONE positive contribution that fracking can make to the economy as stated in the above extract. (1)

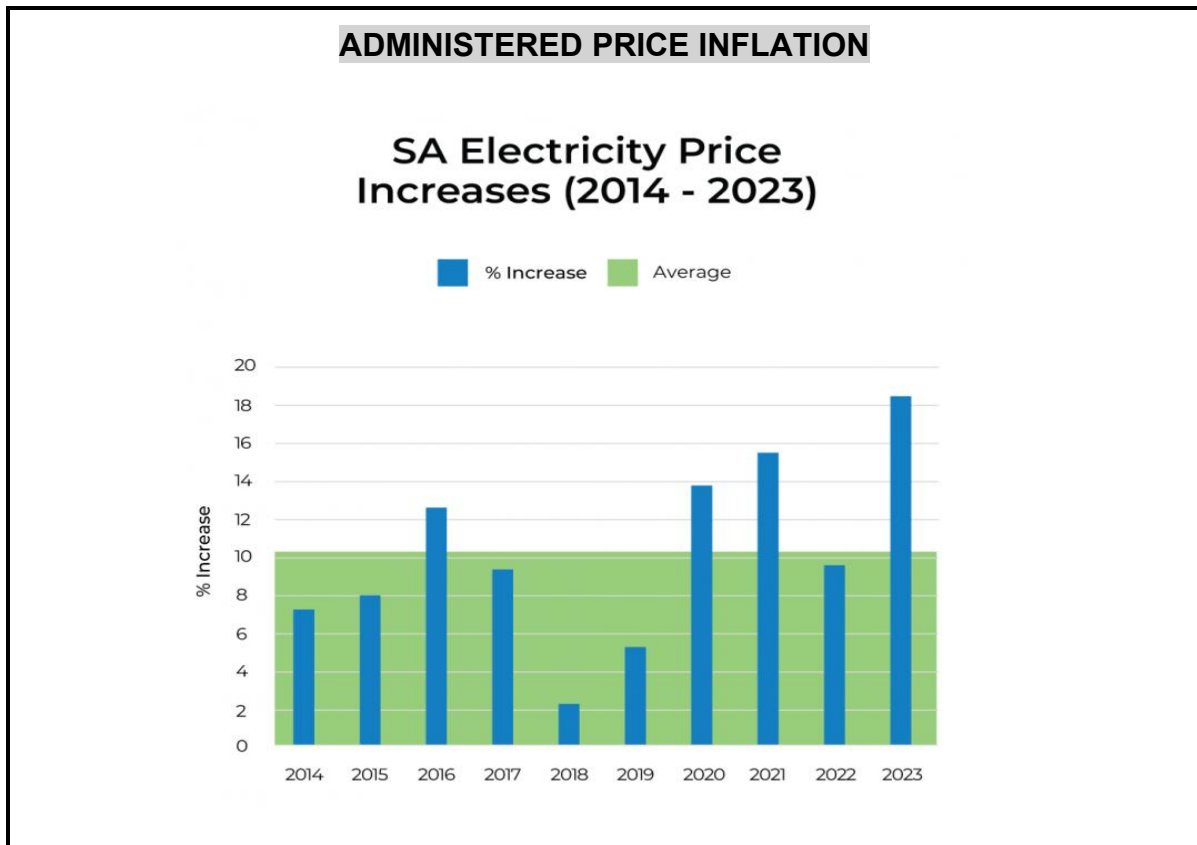
3.2.2 Name ONE other form of fuel used in South Africa. (1)

3.2.3 Briefly describe the term *environmental subsidy*. (2)

3.2.4 Explain the use of *education* by the public sector to promote environmental sustainability. (2)

3.2.5 Briefly discuss the negative impact that chemical waste can have on the environment. (2x2) (4)

3.3 Study the following graph and answer the questions that follow:



[Source: <https://www.prepaid24.co.za/page/article-best-way-to-prepare-for-sa-annual-price-hike>]

- 3.3.1 Identify the percentage increase in electricity prices in 2023 from the above graph. (1)
- 3.3.2 Name the state-owned company that is responsible for generating electricity in South Africa. (1)
- 3.3.3 Briefly describe the term *administered price inflation*. (2)
- 3.3.4 Why would the government apply administered prices on healthcare? (2)
- 3.3.5 Briefly discuss the importance of regulating electricity prices in South Africa. (2x2) (4)
- 3.4 Explain the impact of tourism on *poverty* and *unemployment*. (2x4) (8)
- 3.5 Analyse the consequences of inflation for the economy. (4x2) (8)

[40]

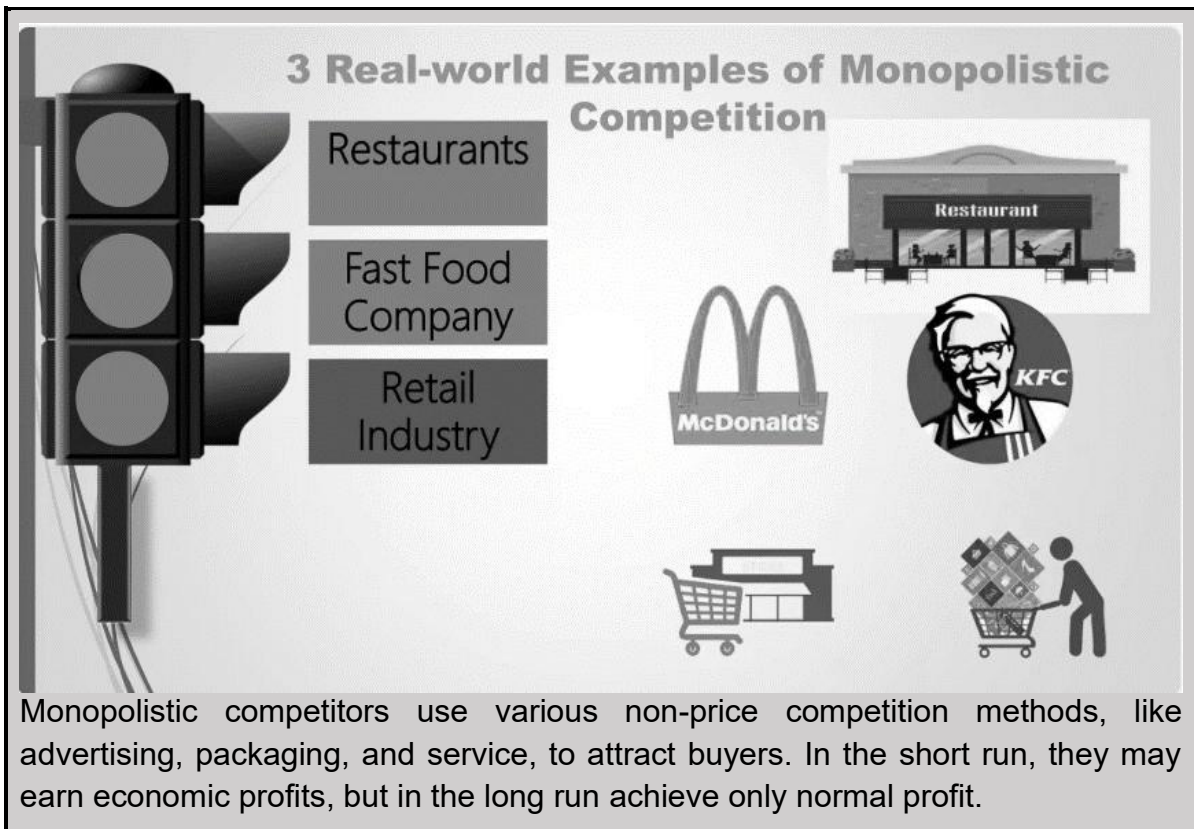
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions:

4.1.1 Give any TWO examples of community goods. (2x1) (2)

4.1.2 What effect does climate change have on the production of goods and services? (1x2) (2)

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



3 Real-world Examples of Monopolistic Competition

Restaurants

Fast Food Company

Retail Industry

Restaurant

McDonald's

KFC

Monopolistic competitors use various non-price competition methods, like advertising, packaging, and service, to attract buyers. In the short run, they may earn economic profits, but in the long run achieve only normal profit.

[Source: <https://www.slideshare.net/slideshow/lec-23-monopolistic-competition/240864232#6>]

4.2.1 Identify ONE method from the information above that is used in non-price competition. (1)

4.2.2 Name ONE other example of monopolistic competition. (1)

4.2.3 Briefly describe the term *non-price competition*. (2)

4.2.4 Explain the characteristics of *market information* in a monopolistic competition. (2)

4.2.5 Briefly discuss the reason for monopolistic competitors only achieving normal profit in the long run. (2x2) (4)

4.3 Study the following extract and answer the questions that follow:

SA TOURISM IS STILL IN RECOVERY.

South African Tourism (SAT) released the January to June figures which show that international tourism is not yet back to its 2019 levels while domestic has fallen back slightly from 2023 levels for the half year.

Domestic overnight trips in H1 reached 17,8 million, a decrease of 5,3% on H1 2023 at 18,8 million. The domestic statistics were compared with 2023 because 2019 levels (8,6 million) had already been surpassed in 2022 (15,2 million).

Domestic day trips were 54,3 million, a 32,8% decrease from 2023.

The total domestic overnight spend reached R55,7bn, an increase of 6,1%, with an average overnight spend of R3 114,11,3%.

The average length of stay was 3,7 nights, an increase of 5,4%.

[Source adapted from: [HTTPS://www.travelnews.co.za/article/sa-tourism-still-recovery](https://www.travelnews.co.za/article/sa-tourism-still-recovery)]

- 4.3.1 Identify the general trend of domestic tourism in 2023 as stated in the above extract. (1)
- 4.3.2 Name the institution responsible for releasing the tourism statistics. (1)
- 4.3.3 Briefly describe the term *domestic tourism*. (2)
- 4.3.4 What could lead to a possible increase in domestic tourism in South Africa? (2)
- 4.3.5 Briefly discuss the contributions that the South African government can make towards tourism. (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. (2x4) (8)
- 4.5 Analyse the influence of the Consumer Price Index on the economy. (4x2) (8)

[40]

TOTAL SECTION B: [80]

SECTION C

Answer any **ONE** 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. 	<p>Max. 2</p>
<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. 	<p>Max 2</p>
<p>TOTAL</p>	<p>40</p>

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)
- [40]**

OR

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 40 MINUTES

- Discuss the following 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)
- [40]**

TOTAL SECTION C: [40]

GRAND TOTAL: [150]