KWAZULU-NATAL PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P2

PREPARATORY EXAMINATION

SEPTEMBER 2022

MARKS: 150

TIME: 2 hours

This question paper consists of 14 pages.

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INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the **ANSWER BOOK.**
   - **SECTION A:** COMPULSORY
   - **SECTION B:** Answer any **TWO** of the three questions.
   - **SECTION C:** Answer any ONE of the two questions.
2. Write the question number above each answer.
3. Answer only the required numbers of questions. Answers in excess of the required number will not be marked.
4. 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.
5. Number the answers correctly according to the numbering system used in this question paper.
6. Read the questions carefully.
7. Start each question on a new page.
8. Leave 2-3 lines between sub sections of questions.
9. Use only black or blue ink.
10. You may use a non- programmable pocket calculator.
11. Write legible and present your work neatly.

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SECTION A: COMPULSORY

QUESTION 1 30 MARKS – 20 MINUTES

1.1 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 D.

1.1.1 An example of near perfect market is the … industry.

A catering
B textile
C car
D agricultural

1.1.2 A period of production where all productions costs may change is known as the …. run

A short
B medium
C long
D momentary

1.1.3 A monopolistic competitor achieves a/an … profit in the long-run.

A economic
B gross
C normal
D net

1.1.4 Goods that are highly desirable for population's general welfare, but not highly rated by the market are called … goods.

A community
B merit
C demerit
D collective

1.1.5 The condition of low economic growth, high inflation and high unemployment.

A stagflation
B hyperinflation
C deflation
D disinflation

1.1.6 An example of an environmental World Heritage Site is known as …

A Robben Island
B Mapungubwe
C Sterkfontein caves
D Isimangaliso Wetlands Park

1.1.7 The type of tourism which includes visiting natural areas, wilderness and enjoying climate is called … tourism

A ecotourism.
B cultural
C business
D domestic

1.1.8 A measure that involves setting maximum permitted levels of emission to the environment is called …

A command and control
B marketable permit
C voluntary agreement
D quality standard

(8 x 2) (16)

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

COLUMN A	COLUMN B	
1.2.1 Shadow price	A.	An additional income gained from selling one extra unit of a product.
1.2.2 Explicit costs	B.	Travels through a country to get to another country as a destination.
1.2.3 Pareto efficiency	C.	Shows the relative importance of items in a consumer basket used to calculate inflation.
1.2.4 Marginal revenue	D.	The value of inputs owned by an entrepreneur and used in the production process.
1.2.5 Transit tourist	E.	Imposed on the output of goods that generate pollution.
1.2.6 Weighted index	F.	A strategy aimed at achieving the sustainable use and management of natural resources.
1.2.7 Environmental tax	G.	Actual expenditure of a business such as water and electricity.
1.2.8 Conservation	H.	When it is impossible to make one person better off without making another person worse off.
	I.	Used in the cost benefit analysis, where a market price for a good or service does not exist.

(8 x 1) (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 Costs that remain the same even when the number of units produced changes.

1.3.2 A method used to build customer loyalty and to distinguishes a product from those of the competitors.

1.3.3 A market structure where high development costs prevent other firms from entering the market.

1.3.4 An instrument used by the South African Reserve Bank to financial institutions to be more careful when granting credit.

1.3.5 A policy used by the South African Reserve Bank to keep inflation within 3% and 6% range.

1.3.6 Basic facilities and services that a country needs for efficient operation of economic activities.

(6 x 1) (6)

TOTAL SECTION A: [30]

SECTION B

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

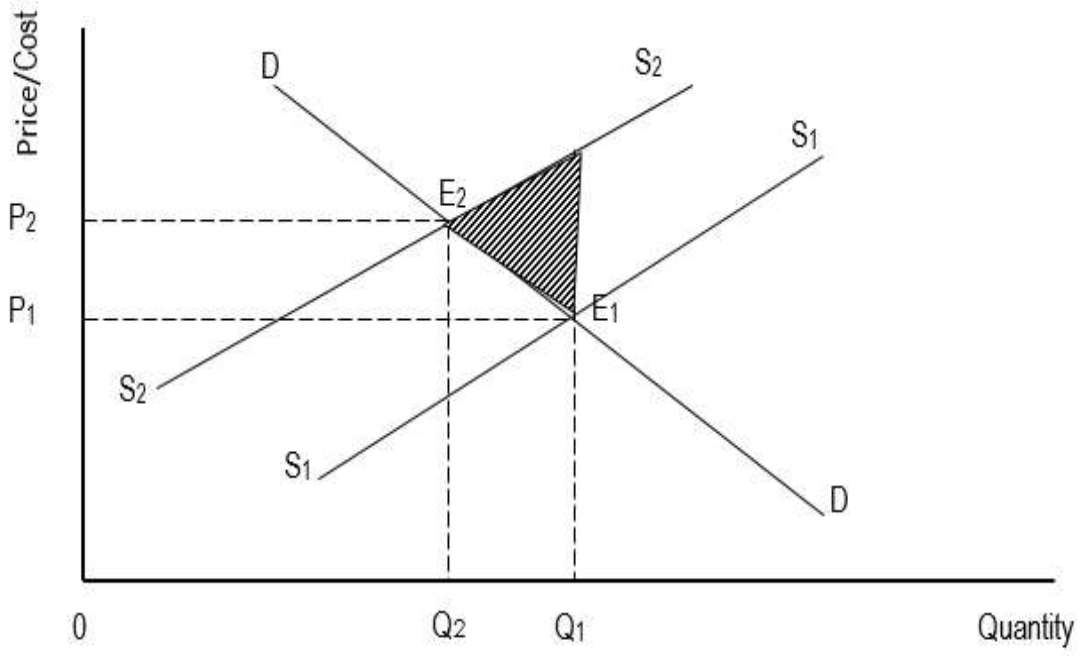
QUESTION 2: MICROECONOMICS 40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name any TWO institutions that promote competition in South Africa. (2 x 1) (2)

2.1.2 What is the benefit of being in a monopoly business? (1 x 2) (2)

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



2.2.1 Identify the original quantity produced by the market. (1)

2.2.2 What is represented by the demand curve (D) in the above graph? (1)

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

2.2.4 Explain the effect of including external costs on the cost of production to producers. (2)

2.2.5 How can price discrimination lead to market failure? (2 x 2) (4)

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

THE SOUTH AFRICAN CEMENT PRODUCERS

Local producers of lime, cement and other related products ended 2021 with declining production capacity, weak demand and intense competition for market share. Out of fifteen (15) companies operating in South Africa, the major player in this industry, Lafarge has been leading in providing solutions to the South African economy within the pure oligopoly market structure.

Source:www.whoownswho.com

2.3.1 What caused a decline in production capacity of cement producers in 2021? (1)

2.3.2 Name the type of profits made in the long run in this market. (1)

2.3.3 Briefly describe the term *duopoly*. (2)

2.3.4 Why does mutual dependence affect the market share of the oligopolists? (2)

2.3.5 How can advertising be used as a non-price competition strategy? (2 x 2) (4)

2.4 Discuss immobility of the factors of production as a cause of market inefficiency. (4 x 2) (8)

2.5 Analyse the negative impact of collusion in the economy? (4 x 2) (8)

[40]

QUESTION 3: CONTEMPORARY ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name TWO examples of hazardous waste. (2 x 1) (2)

3.1.2 What is the negative impact of inflation on the value of money? (1 x 2) (2)

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

CONSUMER PRICE INDEX

CPI HEADLINE ON YEAR-ON-YEAR RATES	OCT	NOV	DEC	AVERAGE
2021	3.7	3.6	5.9	4.5
2020	3.3	3.2	3.1	3.3
2019	5.0	5.5	4.0	4.1

Source: StatsSA January2022

3.2.1 In which year was the CPI at its lowest according to the table? (1)

3.2.2 Name ONE type of consumer inflation. (1)

3.2.3 Briefly describe the term *demand pull inflation*. (2)

3.2.4 What could have caused an increased inflation rate in 2021? (2)

3.2.5 How can inflation targeting benefit the economy? (2 x 2) (4)

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3.3 Read the extract below and answer the questions that follow.

ENVIRONMENTAL ISSUES ON OUR PLANET

Humans are linked to environmental landscapes within which our daily lives unfold. We depend completely on nature for the stable climate, clean air and food.

Human activities have made global warming and climate change a global threat. The rising sea levels of carbon dioxide and other environmental gases have caused an increase in average global temperature from 26 degrees celsius to 32 degrees celsius. This has caused extreme weather patterns and other negative changes such as pollution, deforestation and loss of biodiversity.

Source:www.byjus.com

3.3.1 Identify the environmental problem caused by air pollution. (1)

3.3.2 What was the increase in average global temperature? (1)

3.3.3 Briefly describe the term *deforestation*. (2)

3.3.4 Explain the effect of climate change on the agricultural industry. (2)

3.3.5 How can businesses reduce the level of environmental damage? (2 x 2) (4)

3.4 Differentiate between *renewable resources* and *non-renewable resources.* (4 x 2) (8)

3.5 How can monetary policy be used to combat inflation? (8)

[40]

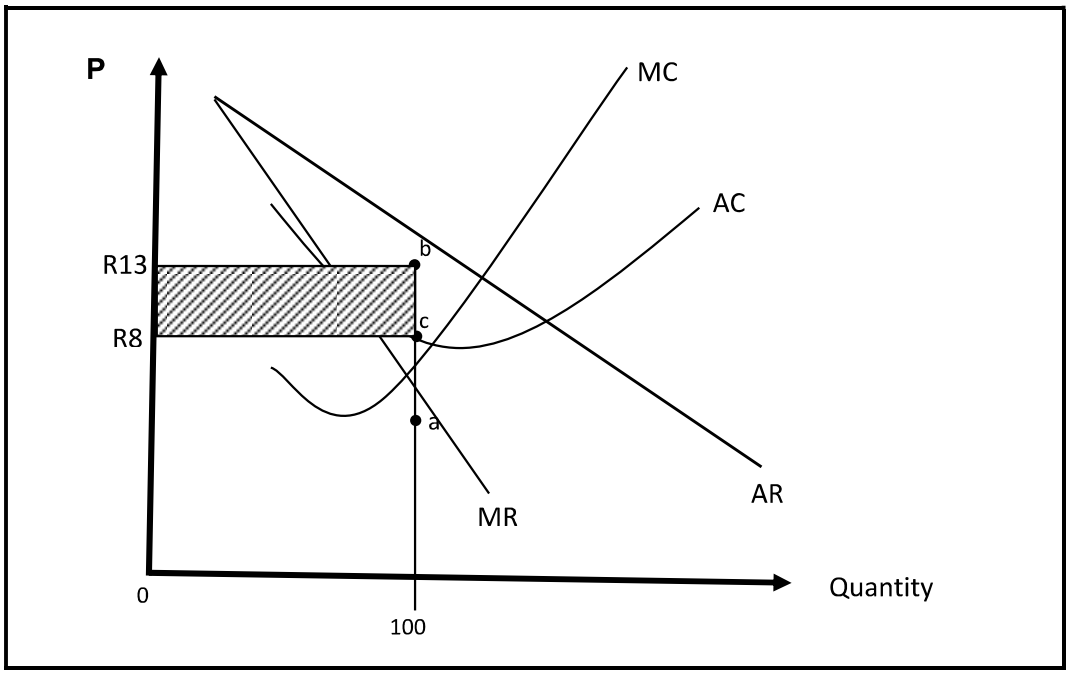
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ISSUES — 40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO features of public goods. (2)

4.1.2 How can developing countries be assisted to adapt to climate change? (1 x 2) (2)

4.2 Study the graph below and answer questions that follow.



4.2.1 Identify a curve that represents the demand curve in the graph above. (1)

4.2.2 What type of profit is made by the firm above? (1)

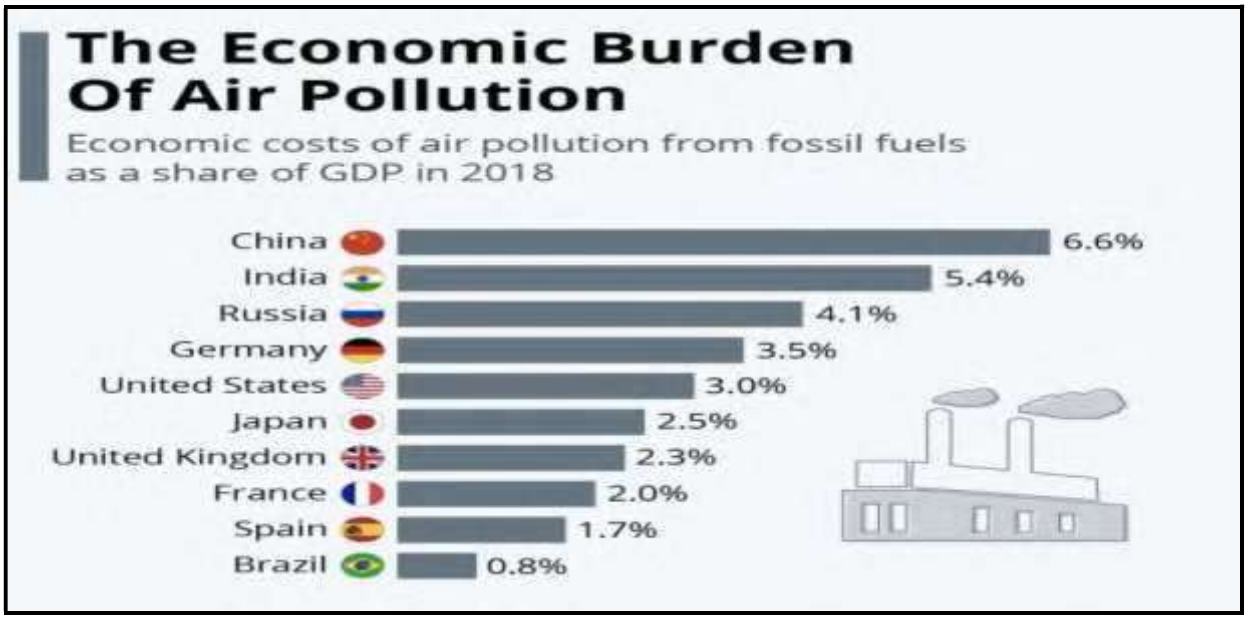
4.2.3 Briefly describe the term *marginal costs*. (2)

4.2.4 Why would a monopolist sometimes fail to achieve economic profit? (2)

4.2.5 Calculate the total profit made by this firm. Show ALL calculations. (2 x 2) (4)

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



4.3.1 Identify the country that contributed the most to air pollution according to the information provided. (1)

4.3.2 Name the international agreement that was signed to ban the use of fossil fuel in 1997? (1)

4.3.3 Briefly describe the term *preservation.* (2)

4.3.4 Why do markets fail to protect the environment? (2)

4.3.5 How do property rights promote environmental sustainability? (2 x 2) (4)

[10]

4.4 Discuss producer price index as a measure of producer inflation. (8)

4.5 Analyse the importance of conducting a cost benefit analysis (CBA) before a public project is approved. (8)

[40]

TOTAL SECTION B: [80]

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SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK. Ensure that your answer follows the structure indicated below in order to obtain maximum marks:

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction 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 include any part of the introduction in your body. • Avoid saying in the introduction what you are going to discuss in the body.	Max. 2
Body **Main part:** Discuss in detail/ In depth discussion/ Examine/ Critically discuss/ Analyse/ Compare/ Evaluate/ Distinguish/Differentiate/ Explain. **Additional part:** 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	Max. 26 Max. 10
Conclusion Any high-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned. • Any opinion or value judgment on the facts discussed. • Additional support information to strengthen the discussion/ analysis. • A contradictory viewpoint with motivation, if required. • Recommendations.	Max. 2
TOTAL	**40**

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QUESTION 5: MICROECONOMICS 40 MARKS – 40 MINUTES

- With the aid of graphs, explain the equilibrium positions in a perfect market. (26)
- Evaluate the competition policy in promoting a more competitive economy. (10)

[40]

QUESTION 6: CONTEMPORARY ISSUES 40 MARKS – 40 MINUTES

- Examine in detail the effects of tourism. (26)
- How can domestic tourists attractions be effectively distributed across South Africa? (10)

[40]

TOTAL SECTION C: [40]

GRAND TOTAL: [150]

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