GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

PREPARATORY EXAMINATION

2025

10732

ECONOMICS

(PAPER 2)

ECONOMICS: Paper 2

10732E

TIME: 2 hours

MARKS: 150

12 pages

X05

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. Number the answers correctly according to the numbering system used in this question paper.

4. Write the question number above each answer.

5. Read the questions carefully.

6. Start EACH question on a NEW page.

7. Leave 1 – 2 lines between subsections of questions.

8. 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.

9. Use only black or blue ink.

10. You may use a non-programmable calculator.

11. Write neatly and legibly.

SECTION A (COMPULSORY)

QUESTION 1 **30 MARKS – 20 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – D) next to the question numbers (1.1.1 to 1.1.8) in the ANSWER BOOK, e.g. 1.1.9 D.

1.1.1 Which of the following is an example of a near perfect market in South Africa?

A Agricultural markets
B The mobile network operator market
C The banking sector
D The airline industry

1.1.2 Products of a monopolistic competitor are …

A identical.
B homogeneous.
C unique.
D differentiated.

1.1.3 In a monopoly market structure, the entry of a new firm is …

A possible.
B blocked.
C easy.
D free.

1.1.4 To increase the mobility of labour, the government can introduce …

A taxes.
B poverty.
C training programmes.
D inflation.

1.1.5 A measure that tracks price changes of all final goods and services produced in a year is:

A All-inclusive inflation
B Stagflation
C An economic indicator
D Aggregate inflation

1.1.6 Which type of country holds the most untapped potential for tourism growth?

A European
B Developed
C Developing
D Australasian

1.1.7 What do we call the measures that are employed to prevent the extinction of ecosystems?

A Intervention
B Preservation
C Accumulation
D Conservation

1.1.8 Which of the following would mostly be subject to environmental taxes?

A Agricultural products
B Educational services
C Accommodation services
D Car tyres (8 x 2) (16)

1.2 Choose a description from COLUMN B that matches an 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, e.g. 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Pareto efficiency	A	the exclusive right to manufacture a product
1.2.2	Patent	B	a decrease in the general price level
1.2.3	Competition Tribunal	C	hotels, restaurants, parks and recreation services
1.2.4	Oligopoly	D	responsible for promoting competition
1.2.5	Deflation	E	exclusive marketing rights
1.2.6	Tertiary sector	F	no individual can be made better off without making another worse off
1.2.7	Purchasing power	G	what a currency can buy
1.2.8	Biodegradable	H	a few sellers dominate the industry
		I	can be decomposed and assimilated into the environment

(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 regardless of the level of production output

1.3.2 Products that vary in appearance, size and quality

1.3.3 The minimum amount that employers are legally allowed to pay their workers

1.3.4 A variety of plant and animal species living in a certain environment

1.3.5 Extremely rapid conditions where the general price level increases by more than 50% per month

1.3.6 A promotional strategy used to attract international visitors (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

QUESTION 2: MICROECONOMICS 40 MARKS – 30 MINUTES

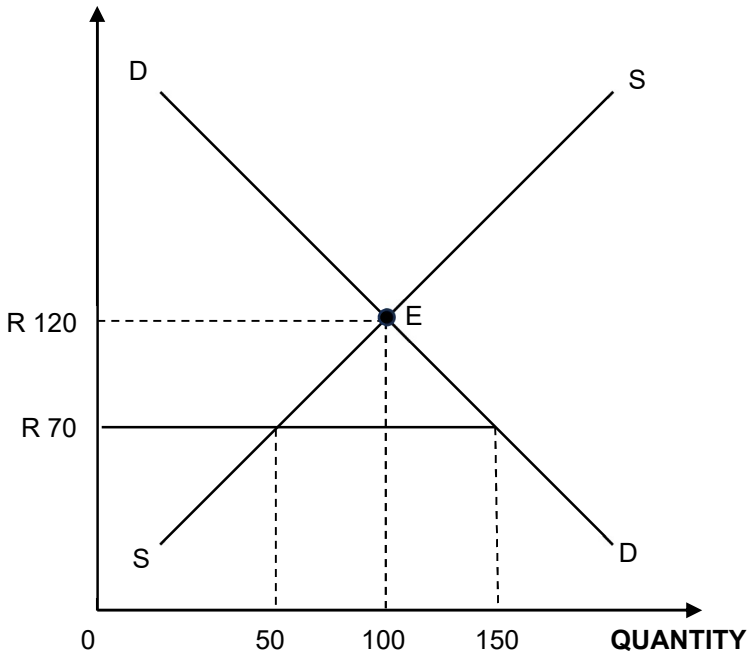
2.1 Answer the following questions.

2.1.1 Name any TWO examples of public services that generate positive externalities. (2 x 1) (2)

2.1.2 Why would a firm in a perfectly competitive market not increase the price of its product? (1 x 2) (2)

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

MAXIMUM PRICES



[Adapted source]

2.2.1 Identify the maximum price shown in the graph. (1)

2.2.2 What is the market shortage depicted in the graph? (1)

2.2.3 Briefly describe the term *minimum price*. (2)

2.2.4 Explain the benefit of setting a price floor on goods. (2)

2.2.5 How can consumers be negatively impacted by maximum price controls? (2 x 2) (4)

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

COMMISSION WELCOMES TRIBUNAL DECISION TO PROHIBIT THE PROPOSED MERGER BETWEEN VODACOM AND MAZIV

The Competition Commission welcomes the decision by the Competition Tribunal to prohibit the proposed merger between Vodacom (Pty) Ltd and Business Venture Investments (Maziv). The proposed merger would have resulted in the country's largest mobile operator, Vodacom, acquiring a controlling interest in one of South Africa's largest fibre infrastructure players, Maziv. Vodacom also has fibre assets which would have been transferred to Maziv.

[Adapted from The Competition Commission of South Africa]

2.3.1 Identify the outcome of the merger decision by the Competition Tribunal from the extract above. (1)

2.3.2 Name the institution to which the Competition Commission submits its recommendations. (1)

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

2.3.4 Why does the government regulate mergers? (2)

2.3.5 Briefly discuss the benefits of the Competition Act for the South African economy. (2 x 2) (4)

2.4 Distinguish between *productive efficiency* and *allocative efficiency*. (2 x 4) (8)

2.5 Examine why perfectly competitive markets do not exist in the real world. (4 x 2) (8)

[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO policies used to combat inflation. (2 x 1) (2)

3.1.2 What effects does air pollution have on the environment? (1 x 2) (2)

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

ENVIRONMENTAL DETERIORATION



[Source: Google Pictures]

3.2.1 List ONE method to reduce pollution from hazardous waste. (1)

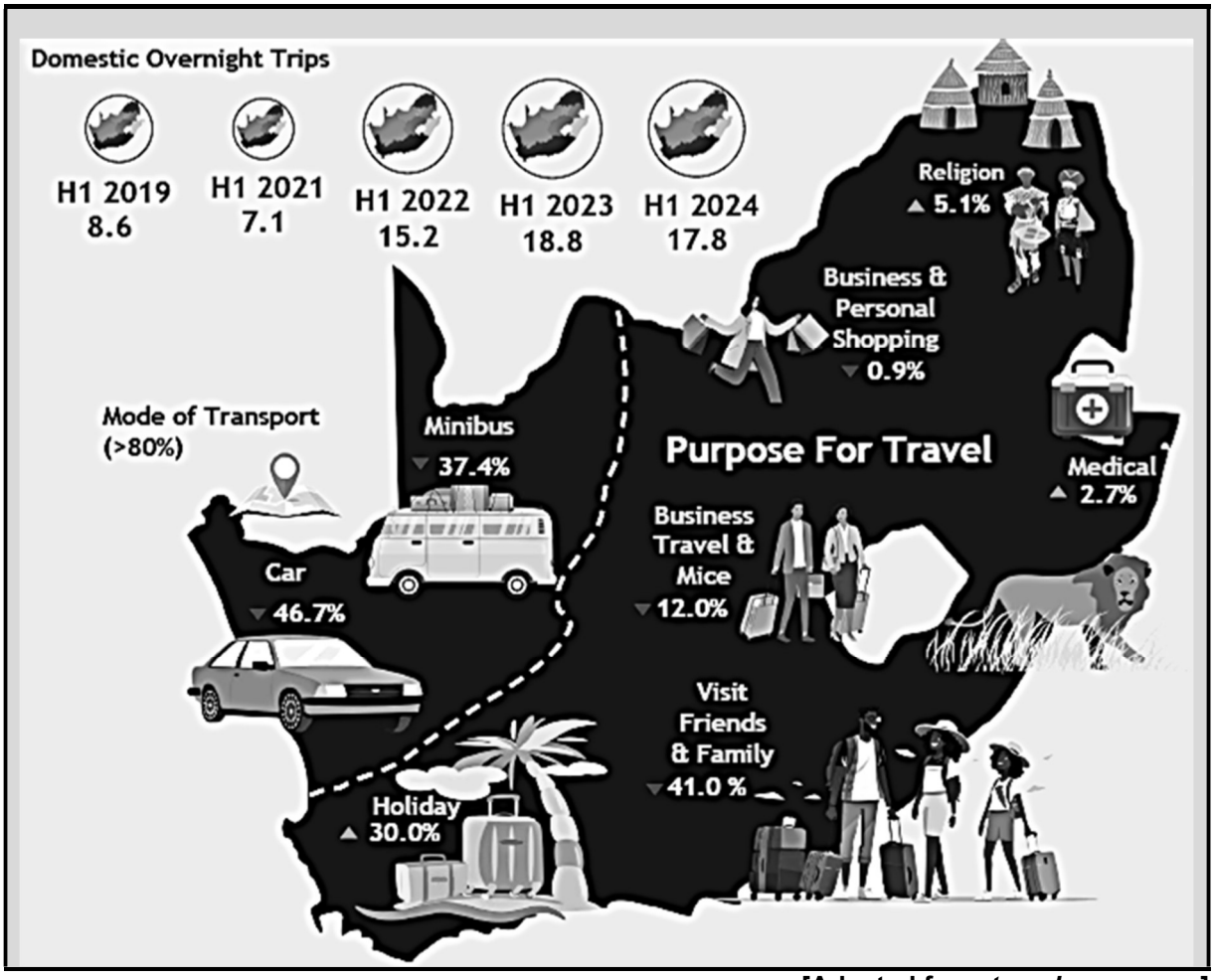
3.2.2 Name the international agreement focused on controlling hazardous waste. (1)

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

3.2.4 Explain the effect of soil erosion on food production in South Africa. (2)

3.2.5 How does hazardous waste affect the environment? (2 x 2) (4)

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



[Adapted from *travelnews.co.za*]

3.3.1 Identify any type of tourism mentioned in the information above. (1)

3.3.2 Name ONE benefit of tourism for households. (1)

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

3.3.4 Explain the positive impact of tourism on the environment. (2)

3.3.5 How can tourism help reduce unemployment? (2 x 2) (4)

3.4 Briefly discuss the *Producer Price Index* and the *Consumer Price Index*. (4 x 2) (8)

3.5 Examine the environmental concerns that are overlooked by consumers when buying goods and services. (4 x 2) (8)

[40]

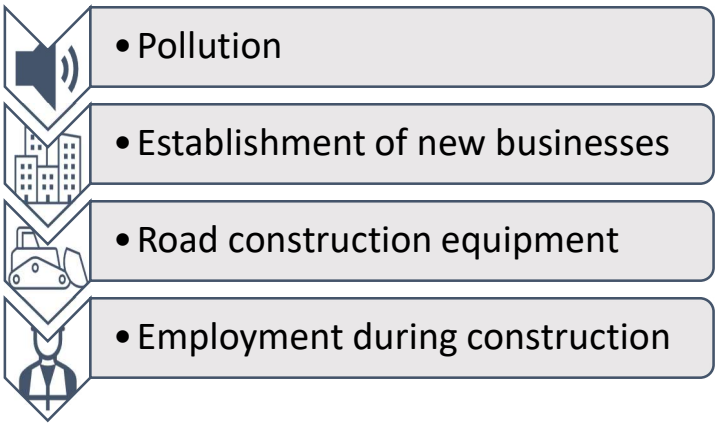
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 30 MINUTES

4.1 Answer the following questions.

4.1.1 Name any TWO characteristics of public goods. (2 x 1) (2)

4.1.2 Why does a weaker rand make South Africa a more attractive tourist destination? (1 x 2) (2)

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

COST-BENEFIT ANALYSIS	BENEFITS AND COSTS
Due to flooding, many roads were washed away. The government is considering building a new road at a cost of R100 million. A tollgate will be installed to offset some of the costs. In addition, external costs and benefits must be considered before making a final decision.	

[Adapted from *Financial Mail*]

4.2.1 Identify ONE private cost from the information above. (1)

4.2.2 Name ONE type of institution that uses a cost-benefit analysis for decision-making. (1)

4.2.3 Briefly describe the term *cost-benefit analysis.* (2)

4.2.4 How can toll collection contribute to the feasibility of a new road project? (2)

4.2.5 Why is it important to include the environmental costs when evaluating a new road project? (2 x 2) (4)

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

STAGFLATION: SOUTH AFRICA NOT OUT OF THE WOODS YET

Earlier this month, the International Monetary Fund (IMF) confirmed what many had already been feeling: "The worst is yet to come."

In its World Economic Outlook, the IMF forecast that global growth would slow down to 2,7% in 2023, 0,2 percentage points lower than projected in July, with a 25% probability that it could fall below 2%.



[Adapted from *Mail & Guardian*]

4.3.1 Identify the growth rate forecast by the IMF in the text. (1)

4.3.2 Name ONE method used to measure inflation. (1)

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

4.3.4 Explain why the IMF tracks inflation trends in countries around the world. (2)

4.3.5 Why is it difficult to control inflation during periods of low economic growth? (2 x 2) (4)

4.4 Compare a perfect market to a monopolistic market in terms of *market entry* and *nature of product.* (4 x 2) (8)

4.5 How can lesser-known destinations be marketed to attract more tourists? (4 x 2) (8)

[40]

TOTAL SECTION B: 80

SECTION C
Answer ONE of the two questions in this section in the ANSWER BOOK.

Your answer will be assessed as follows:

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 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.	Max. 2
Body **Main part:** Discuss in detail/In-depth discussion/Examine/Critically discuss/Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain/Draw a graph and explain/Use the graph given and explain/Complete the given graph/Assess/ Debate **A maximum of 8 marks may be allocated for headings/examples.**	Max. 26
Additional part: Critically discuss/Evaluate/Critically evaluate/Debate/Deduce Compare/Distinguish/Interpret/How?/Suggest **A maximum of 2 marks may be allocated for mere listing of facts.**	Max. 10
Conclusion Any higher-order conclusion should include: • 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 the factors that lead to the misallocation of resources in the market. (26)
- How can the negative effects of minimum wages be mitigated for first-time job seekers? (10)

[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Examine in detail the consequences of inflation. (26)
- How does the inflow of foreign direct investment affect inflation in South Africa? (10)

[40]

TOTAL SECTION C: 40

TOTAL: 150

END