education
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

NATIONAL SENIOR CERTIFICATE

GRADE 12

ECONOMICS P2

SEPTEMBER 2025

MARKS: 150

TIME: 2 HOURS

This question paper consists of 13 pages.

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.

SECTION A: COMPULSARY

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 The nature of the products sold in a monopoly market is …

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

1.1.2 The demand curve for an industry in a perfectly competitive market is …

A positively sloped.
B horizontal.
C downward sloping.
D perfectly elastic.

1.1.3 A price set by the government to protect consumers from excessively high prices, particularly for essential goods or services is …

A maximum price.
B minimum price.
C price floor.
D price taker.

1.1.4 When the private sector fails to provide certain goods and services even though a demand exists, the situation is known as ...

A efficient market
B inefficient market
C visible market
D missing market

1.1.5 The type of tourism that includes visiting natural areas; wilderness areas; scenic attractions; flora and fauna is called …

A ecotourism.
B domestic tourism.
C cultural tourism.
D business tourism.

1.1.6 The increase in prices of goods and services that are set by the government or controlled by government-appointed authorities is called …

A core inflation.
B headline inflation.
C administered price inflation.
D hyperinflation.

1.1.7 An alternative term for externality is …

A external effects
B third party effects.
C primary party effects
D social benefits.

1.1.8 The environmental situation whereby trees are cut down or natural forests are removed from land is called …

A land exploitation.
B environmental degradation.
C land pollution.
D deforestation

(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 Tacit collusion	A technique used by government to compare expected social costs and social benefits of a project
1.2.2 Average revenue	B extra amount of income gained by selling one more unit of production
1.2.3 Cost Benefit Analysis	C the measure of changes in prices of all final goods and services
1.2.4 Regulations	D leading firm in the market sets the price, and other firms follow it.
1.2.5 All-inclusive inflation	E list of goods and services which a typical consumer buys and are used to measure headline inflation
1.2.6 Consumer basket	F all the physical resources and natural conditions that such as climate, land, water, and raw materials
1.2.7 Green economy	G rules, laws, and guidelines set by governments to manage various aspects of an economy, or market
1.2.8 Environment	H focuses on achieving economic growth without causing long-term environmental damage
	I amount of income a firm earns for every unit sold

(8 x 1) (8)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1 – 1.3.6) in the ANSWER BOOK. Abbreviations, acronyms and examples WILL NOT be accepted.

1.3.1 The institution that investigates restrictive business practices and abuse of dominant positions in the market in South Africa.

1.3.2 An oligopoly competition whereby two firms dominate the market.

1.3.3 The sum total of private benefits and external benefits.

1.3.4 A decrease in the general price level of goods and services in an economy over a period of time.

1.3.5 The 1997 international agreement to reduce greenhouse gas emission and limit global warming.

1.3.6 The ability of the environment to survive its use for 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.

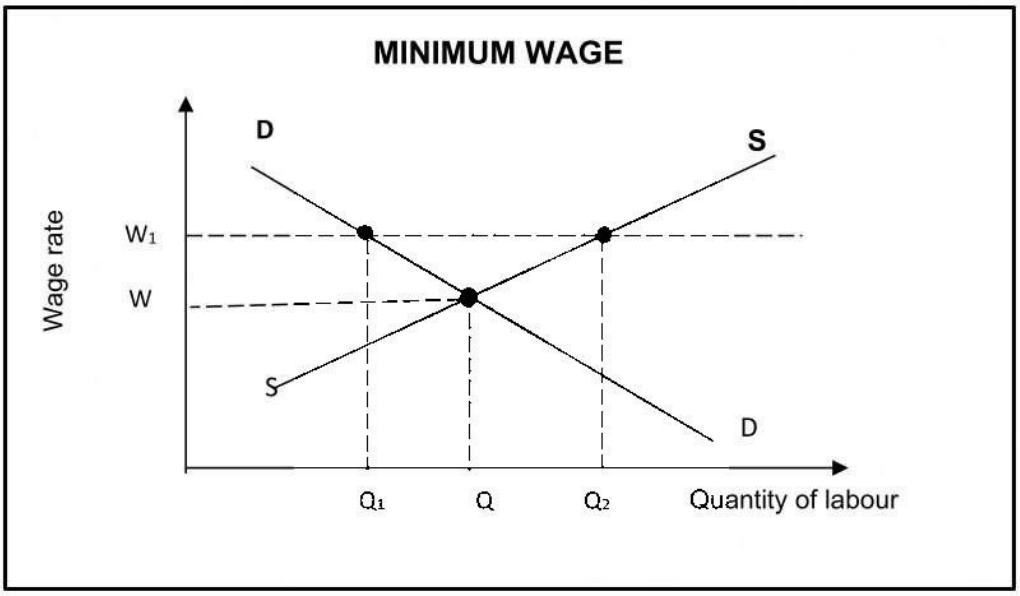
QUESTION 2: MICROECONOMICS **40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Give any TWO examples of community goods. (2 x 1) (2)

2.1.2 How does a monopolist make an economic loss? (1 x 2) (2)

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



2.2.1 Identify the equilibrium wage rate in the graph above. (1)

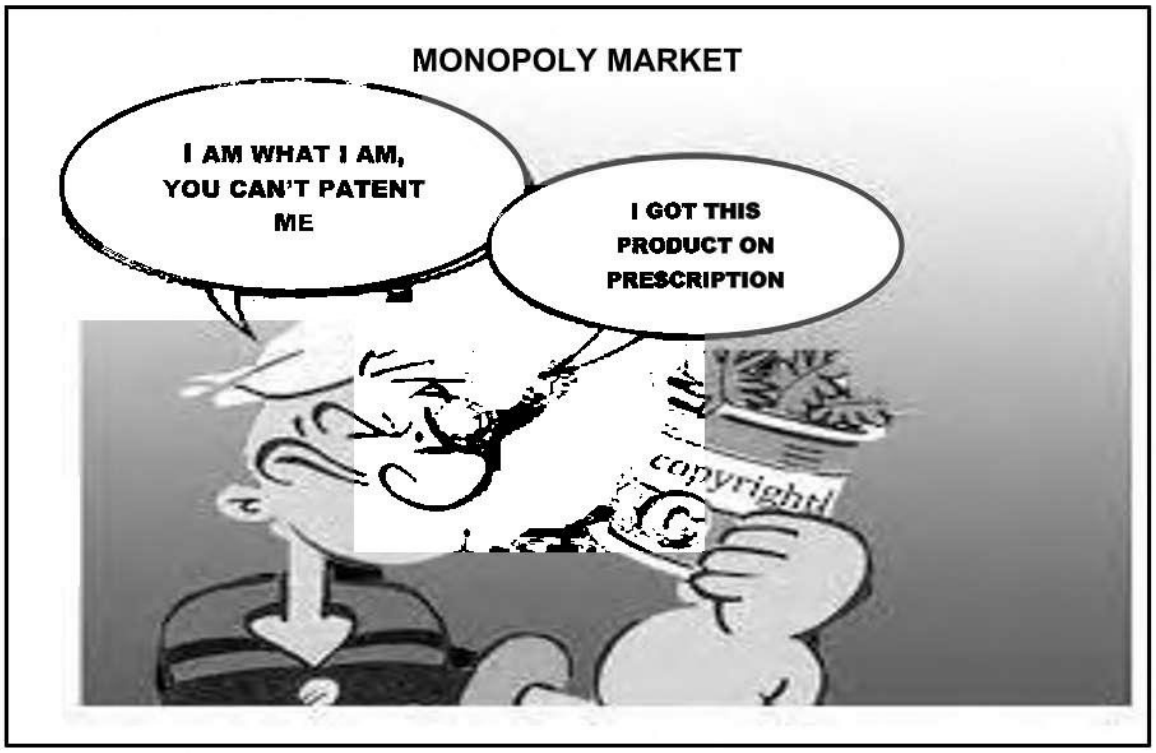
2.2.2 Which market participant supply labour in the market? (1)

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

2.2.4 Explain the reason why the quantity of workers demanded decreased from Q to Q_1. (2)

2.2.5 How can the minimum wage policy impact the workers? (2 x 2) (4)

2.3. Study the data item below and answer the questions that follow.



[Source: www.google.com]

2.3.1 Identify a barrier to entry into the monopoly market represented above. (1)

2.3.2 Name any ONE example of an artificial monopoly. (1)

2.3.3 Briefly describe the term *natural monopoly*. (2)

2.3.4 What does the downward-slopping demand curve indicate for the monopolist? (2)

2.3.5 How does a typical monopolist make only economic profit in the long run? (2 x 2) (4)

2.4 Discuss the methods used by monopolistic firms to compete in the market. (8)

2.5 How successful is South Africa in reducing the problem of lack of information in the market? (8)

[40]

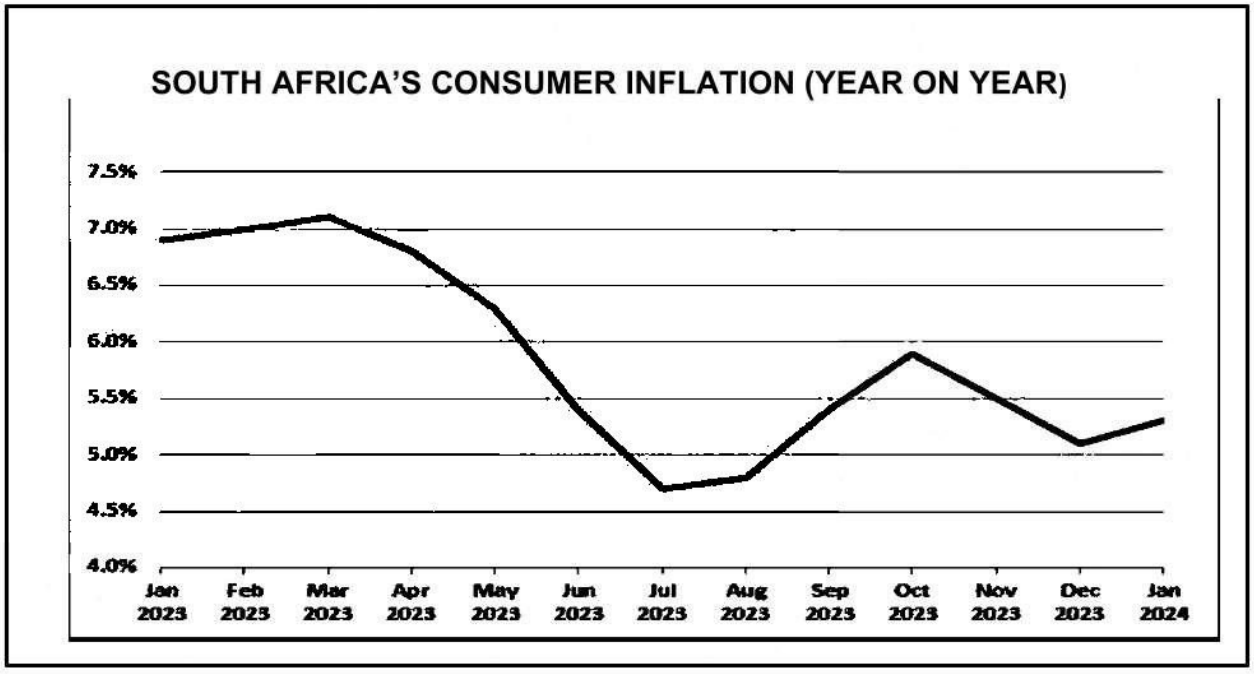
QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO causes of cost push inflation. (2 x 1) (2)

3.1.2 Why does the government impose sin tax on demerit goods? (1 x 2) (2)

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



[Source: statssa.gov.za]

3.2.1 Identify the period during which the inflation rate was the lowest. (1)

3.2.2 Name the consumer inflation that is referred to as the unadjusted CPI inflation. (1)

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

3.2.4 Why is core inflation always lower than headline inflation? (2)

3.2.5 How can fiscal policy be used to reduce inflation level? (2 x 2) (4)

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

SOUTH AFRICA'S STATE OF THE ENVIRONMENT

South Africa faces enormous depletion of resources and pollution. A recent analysis reveals that most South African breath air that does not meet World Health Organisation standards..

In the Thembisile Hani Local Municipality in Mpumalanga, a community garden, once vibrant, now struggles under the strain of drought, deforestatioin among others challenges, forcing residents to confront the harsh reality of environmental degradation and the urgent need for collective action to restore their lifeline.

Despite the factors contributing to the negative state of the environment, there are various organisations including the government that are engaged in improving the state of the environment through conservation and preservation.

[Adapted from: www.afrobarometer.org]

3.3.1 What type of pollution is described in the extract above? (1)

3.3.2 Identify ONE environmental problem faced by the Thembisile Hani Local Municipality. (1)

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

3.3.4 How does preservation positively affect the environment? (2)

3.3.5 What measures can the government take to reduce pollution on the environment? (2 x 2) (4)

3.4 Compare *consumer price index* with *producer price index*. (2 x 4) (8)

3.5 Why do the international agreements fail to reduce the rate of climate change? (8)

[40]

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

4.1 Answer the following questions.

4.1.1 Name TWO types of externalities. (2 x 1) (2)

4.1.2 Why does the market fail to protect the environment? (1 x 2) (2)

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

OIL INDUSTRY IN SOUTH AFRICA



Source: www.google/images]

4.2.1 Identify the type of oligopoly illustrated above. (1)

4.2.2 Name the restrictive business practice that is common in oligopoly industries. (1)

4.2.3 Briefly describe the term *explicit cost*. (2)

4.2.4 How can firms differentiate their products in the oligopoly market? (2)

4.2.5 Why is the demand curve of an oligopoly market kinked? (2 x 2) (4)

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

INFLATIONARY PRESSURE ACROSS THE WORLD

There are several countries in Africa and around the world which experience very high inflation and others even hyperinflation. In Africa, Nigeria 's inflation rate was an average of 38% in 2024, Zimbabwe had an inflation rate of 57,3%, in Argentina the average inflation rate was 193%.

While stagflation is not common, the Economists have cautioned that in 2025 the USA 's use of tariffs put many economies at risk of the occurrence of stagflation. Persistent high inflation can result with people expecting more increase on prices.

[Adapted from: www.google.com]

4.3.1 Identify the African countries that experienced hyperinflation in the extract above. (1)

4.3.2 Name any ONE economic condition that must exist in addition to high inflation for stagflation to occur. (1)

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

4.3.4 Explain how expectations of high inflation can affect labour unions. (2)

4.3.5 How can inflation targeting contribute towards stable inflation? (2 x 2) (4)

4.4 Discuss *productive and allocative inefficiency* as causes of misallocation of resources. (2 x 4) (8)

4.5 What is the impact of loss of indigenous knowledge on the environment? (8)

[40]

TOTAL SECTION B: 80

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**

QUESTION 5: MICROECONOMICS 40 MARKS – 40 MINUTES

- Discuss in detail the various equilibrium positions of a perfect market with the aid of graphs. (26)
- Why is it important for South Africa to implement the Competition policy? (10)

[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Examine in detail the benefits of tourism. (26)
- How can tourism attractions in less popular destinations be successfully marketed? (10)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150