GAUTENG PROVINCE
EDUCATION
REPUBLIC OF SOUTH AFRICA

JUNE EXAMINATION
GRADE 12

2023

ECONOMICS

(PAPER 2)

TIME: **2 hours**

MARKS: **150**

13 pages

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 2 – 3 lines open between sub-sections 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 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, e.g., 1.1.9 D.

1.1.1 The cost advantages that a company can achieve by increasing the size of its production is known as …

A economies of scale.
B dis-economies of scale.
C economic profit.
D economic advantage.

1.1.2 Business agreements between firms at different levels of the supply chain are known as …

A horizontally restrictive practices.
B vertical restrictive practices.
C supply chain collusion.
D demand side collusion.

1.1.3 The aim of product differentiation is to make a product …

A exactly the same.
B more attractive to consumers.
C with variable features.
D easily recognisable.

1.1.4 The review of orders made by the Competition Tribunal is the task of the …

A Competition Appeal Court.
B CCMA.
C High Court.
D Supreme Court of Appeal.

1.1.5 The difference between private costs and social costs of production:

A Exterior cost
B Personal cost
C External cost
D Implicit cost

1.1.6 A business incurs implicit cost when it …

A pays the bank interest on a loan.
B employs labour.
C pays Eskom for electricity.
D uses its own capital equipment.

1.1.7 The break-even point of a business is reached when its …

A economic profit is maximised.
B marginal revenue equals marginal cost.
C total revenue equals total cost.
D total cost is minimised.

1.1.8 The government sets a price ceiling … the market price.

A above
B at
C next to
D below

(8 x 2) (16)

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

COLUMN A		COLUMN B	
1.2.1	Complete information	A	Assistance that governments provide to businesses to offset operating costs
1.2.2	Branding	B	Although indivisible, can exclude 'free riders'
1.2.3	Minimum prices	C	Characterised by the presence of a single seller in the market
1.2.4	Direct control	D	The use of legislation to control businesses that generate negative externalities
1.2.5	Hybrid structure	E	The process of creating a unique name, design, symbol, and other features that identify a particular product
1.2.6	Subsidy	F	Encourages the supply of important essential goods
1.2.7	Collective goods	G	A combination of perfect competition and a monopoly
1.2.8	Average fixed cost	H	All buyers and sellers have access to market conditions, prices, and product quality
		I	Tends to decline with an/a increase in output

(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 It involves determining the level of output or production that will result in the highest level of profit

1.3.2 Indistinguishable from one another in terms of their physical characteristics, quality, and performance

1.3.3 All buyers and sellers are satisfied with the market price and quantity

1.3.4 The rivalry among enterprises in terms of pricing, quality, customer service and advertising

1.3.5 Can result due to the introduction of price regulations or taxes

1.3.6 Consumption of this type of good is often associated with negative outcomes such as addiction, health problems and increased social costs

(6 x 1) (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 Name TWO terms that can used to describe the slope of a demand curve. (2)

2.1.2 When would it be the best option for a business to shut down its production? (2)

2.2 Study the following text and answer the questions that follow.

Warning over new national minimum wage in South Africa

Staff Writer 26 February 2023
While a hike to the National Minimum Wage (NMW) in South Africa was needed, the 9,6% increase that was ultimately implemented puts small and medium businesses in a precarious position and could be the end for many.

[Adapted source: Businesstech.co.za]

2.2.1 Name the ministry that is responsible for approving the minimum wage in South Africa. (1)

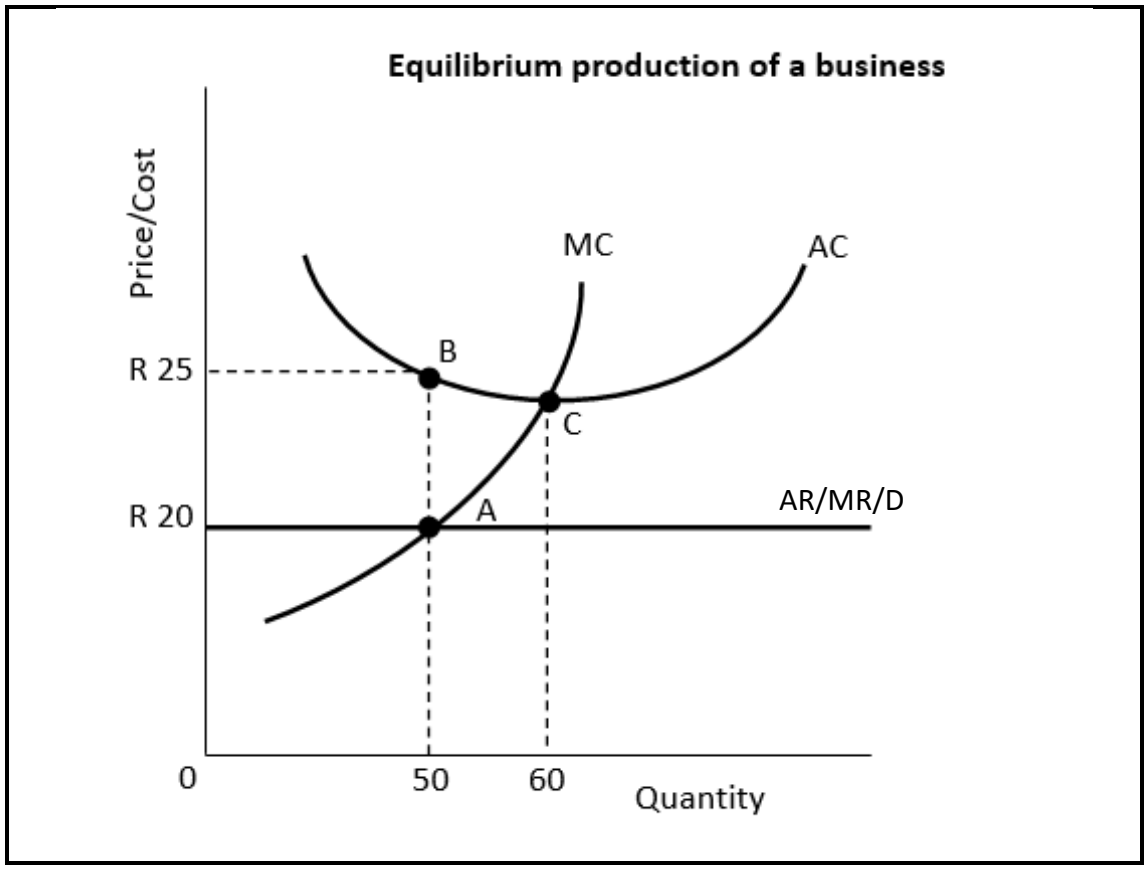
2.2.2 What is the minimum wage in South Africa for 2023/2024? (1)

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

2.2.4 Why will the increase in the minimum wage be damaging to many small and medium businesses? (2)

2.2.5 How can such a big increase in the minimum wage be supported considering the weakness of the South African economy? (4)

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



2.3.1 Identify the equilibrium output quantity of the business in the graph above. (1)

2.3.2 What curve in the graph represents the supply curve of the business? (1)

2.3.3 Briefly describe the term *short run*. (2)

2.3.4 Why would the business in the graph be forced to exit the industry in the long run? (2)

2.3.5 How would a withdrawal of individual businesses affect industry supply and price? (4)

2.4 Briefly discuss the characteristics of a monopoly. (8)

2.5 How does non-price competition affect the profitability of businesses in a monopolistic competitive market? (8)

[40]

QUESTION 3: MICROECONOMICS **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name TWO market structures that can earn long term economic profit. (2)

3.1.2 How will innovations in solar energy affect Eskom's monopoly? (2)

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

Takealot, UberEATS, Google and others under fire in South Africa's online market inquiry

13 July 2022

South Africa's Competition Commission has published its report outlining provisional findings and recommendations of its Online Intermediation Platforms Market Inquiry.

In response to the growing importance of the online economy and competition concerns in these markets emerging in other countries, the Competition Commission launched a probe into competition and participation in the online economy in 2021.

[Adapted source: Businesstech.co.za]

3.2.1 Name ONE of the Competition Tribunal's main functions. (1)

3.2.2 What is ONE way in which South African consumers can benefit from the Competition Act? (1)

3.2.3 Briefly describe the term *market power.* (2)

3.2.4 How does the use of "paid for search results" affect competition in the market? (2)

3.2.5 What challenges does the Competition Act face in the digital age? (4)

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

The global shortage of edible oil has shown its consequences on the shelf

16 March 2023



[Adapted source: oildrop.co.za]

3.3.1 What characteristic of a perfect market, is the same as in the sunflower oil market? (1)

3.3.2 Why are customers limited to two products? (1)

3.3.3 Describe the term *price taker.* (2)

3.3.4 Why is the sunflower oil market not an ideal example of a perfect market? (2)

3.3.5 What could have been the possible causes for the market shortage in cooking oil? (4)

3.4 Explain (without a graph) how the demand curve for an individual business in a perfect market is derived. (8)

3.5 How do market barriers help a monopoly keep its dominant position in a market? (8)

[40]

QUESTION 4: MICROECONOMICS **40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name TWO features of public goods. (2)

4.1.2 Why would an increase in fixed cost not increase the marginal cost of a business? (2)

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

Gqeberha waterfront expected to be completed in 2047



[Adapted source: netwerk24.com]

4.2.1 Name ONE type of cost that is considered during cost-benefit analysis. (1)

4.2.2 Identify ONE way in which the proposed waterfront might benefit citizens of Gqeberha. (1)

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

4.2.4 Why is the cost-benefit analysis a popular tool for evaluating public sector projects? (2)

4.2.5 How would the environmental impact of the proposed waterfront be accounted for in a cost-benefit analysis? (4)

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

The revenue schedule of a business

Quantity Sold	Price per Unit (R)	Total Revenue (R)	Marginal Revenue (R)	Average Revenue (R)
0	20	0	N/A	N/A
1	18	18	18	18
2	16	32	14	16
3	14	42	10	14
4	12	48	6	12
5	10	50	2	10
6	8	48	-2	8
7	6	42	-6	6
8	4	32	-10	4
9	2	18	-14	2
10	0	0	-18	0

4.3.1 Identify the output quantity where the business would maximize its revenue. (1)

4.3.2 How is total revenue calculated for a monopoly? (1)

4.3.3 Briefly describe the term *imperfect market.* (2)

4.3.4 Why is the marginal revenue of a monopoly less than its average revenue? (2)

4.3.5 How does the elasticity of demand affect a monopoly's pricing strategy? (4)

4.4 Compare *productive inefficiency* and *allocative inefficiency* with the aid of a well-labelled graph. (8)

4.5 How do key input prices impact the shutdown point of a business? (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer ONE of the two questions from 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 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 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.** **Additional part:** Critically discuss/Evaluate/Critically evaluate/ Debate/ Deduce/Compare/Distinguish/Interpret/How?/Suggest **A maximum of 2 marks may be allocated for the mere listing of facts.**	Max. 26 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**

- Examine the oligopoly in detail:
  - Concept
  - Characteristics
  - Kinked-demand curve (26 marks)

- How do government regulations impact the behaviour of firms in an oligopoly market? (10 marks) **[40]**

QUESTION 6: MICROECONOMICS **40 MARKS – 40 MINUTES**

- Discuss, in detail, the following interventions in the market by the government:
  - Redistribution of wealth
  - Government involvement in production
  - Imperfect markets (26 marks)

- What are the implications of an unbalanced distribution of income and wealth on the social welfare of a country? (10 marks) **[40]**

TOTAL SECTION C: 40

TOTAL: 150