education

Department of Education
FREE STATE PROVINCE

PREPARATORY EXAMINATION

GRADE 12

ECONOMICS P2

SEPTEMBER 2022

MARKS: 150

TIME: 2 HOURS

This question paper consists of 13 pages.

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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 number of the question above each answer.

5. Read the questions carefully.

6. Start EACH question on a NEW page.

7. Leave 2–3 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 pocket calculator.

11. Write neatly and legibly.

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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 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 All the businesses that supply the same product are called a/an ...

A industry.
B suppliers.
C company.
D market.

1.1.2 The costs that cannot be retrieved or sold off at a later stage, are known as ... costs.

A total
B marginal
C artificial
D sunk

1.1.3 A state where all other factor inputs remain unchanged is known as the ... rule.

A free rider
B long-run period
C ceteris paribus
D constant

1.1.4 Public goods have a ... feature.

A non-continuous consumption
B inclusive
C rejectable
D non-rivalry

1.1.5 The tourism industry is ... intensive.

A technology
B labour
C land
D money

1.1.6 A decrease in the general price level of goods and services refers to ...

A deflation.
B disinflation.
C degrading.
D inflation.

1.1.7 In South Africa, income is taxed on a ... tax system.

A regressive
B proportional
C progressive
D direct

1.1.8 The permanent destruction of trees and forests is referred to as ...

A weathering.
B deforestation.
C erosion.
D desertification.

(8 x 2) (16)

1.2 Choose a description from COLUMN B that matches a term in COLUMN A. Write only the letters (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 Market structures	A the period of production where all factors can change
1.2.2 Patent right	B when a change in price will cause a small percentage change in quantity needed
1.2.3 GDP deflator	C an extra payment or levy in addition to price
1.2.4 Transit tourist	D person travelling through other countries to get to another destination
1.2.5 Short-run	E are classified and differentiated based on degree of competition
1.2.6 Inelastic demand	F an index used to calculate price changes of all final goods and services produced
1.2.7 Surcharge	G gives the holder the exclusive opportunity to be the sole manufacturer of a product
1.2.8 Inbound tourist	H tourists from other countries who stay for more than one day
	I the period of production where only the variable factors of production can change

(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 The actual expenditure of a business such as the purchase of raw materials

1.3.2 The amount firms earn for every unit sold

1.3.3 The unadjusted consumer price index inflation rate

1.3.4 Goods that are seen to be socially harmful

1.3.5 A penalty that one or more countries impose on one or more other countries for violating an agreement or international law

1.3.6 A combination of local knowledge for all forms of activities that is unique to a given culture or society

(6 x 1) (6)

TOTAL SECTION A:30

SECTION B

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

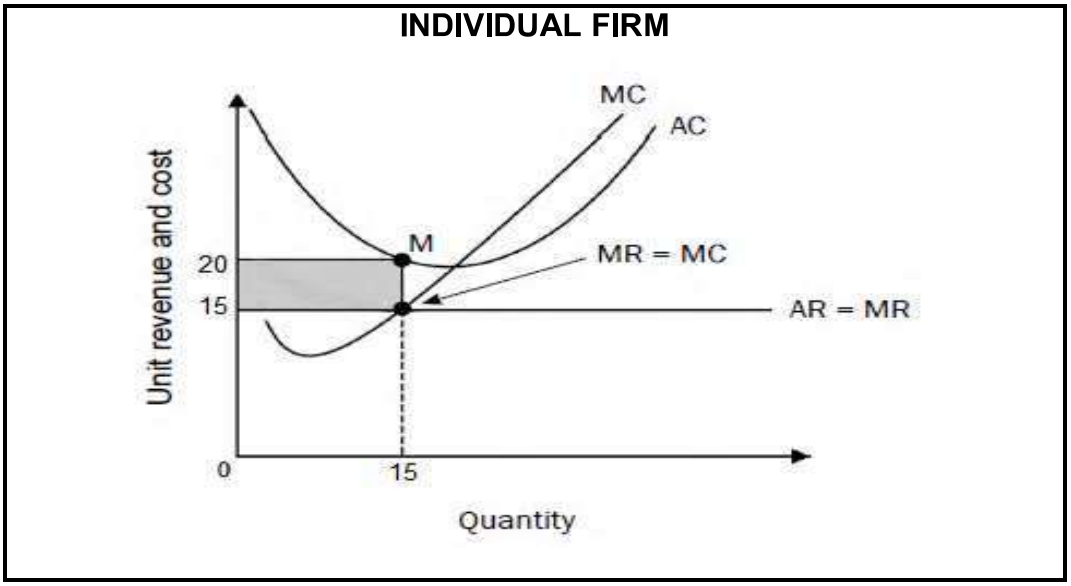
QUESTION 2: MICROECONOMICS 40 MARKS–30 MINUTES

2.1 Answer the following questions.

2.1.1 Name any TWO indirect taxes. (2 x 1) (2)

2.1.2 Why do governments conduct cost-benefit analysis when undertaking large projects? (1 x 2) (2)

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



2.2.1 Identify the market price from the graph above. (1)

2.2.2 What cost should be covered by the producer to be able to continue production in the short run? (1)

2.2.3 Briefly describe the term *marginal cost.* (2)

2.2.4 How is price determined in the perfect market? (2)

2.2.5 Calculate the loss incurred by the perfect competitor above. Show ALL calculations. (4)

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

DIFFERENT INDUSTRIES, DIFFERENT MARKET STRUCTURES

Firms in the assembly of motor vehicles and light trucks always collude to limit uncertainties.

The restaurant industry has seen some of the most notable changes caused by the pandemic since 2020. Lockdown shocks brought untold economic imbalances to the financial sector and fruit farmers are counting the costs.

[Adapted from *fin24*, Sept 27, 2021]

2.3.1 Which pandemic is referred to in the extract above? (1)

2.3.2 Name any ONE type of monopoly. (1)

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

2.3.4 How is the nature of the product in monopolistic competition different to that of a monopoly? (2)

2.3.5 Discuss the negative consequences that the closure of restaurants had on their employees. (2 x 2) (4)

2.4 Elaborate on how a perfect competitor will find it difficult to earn an economic profit in the long run. (2 x 4) (8)

2.5 Analyse the impact of the kinked demand curve on an oligopoly market and the individual firm. (8)
[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

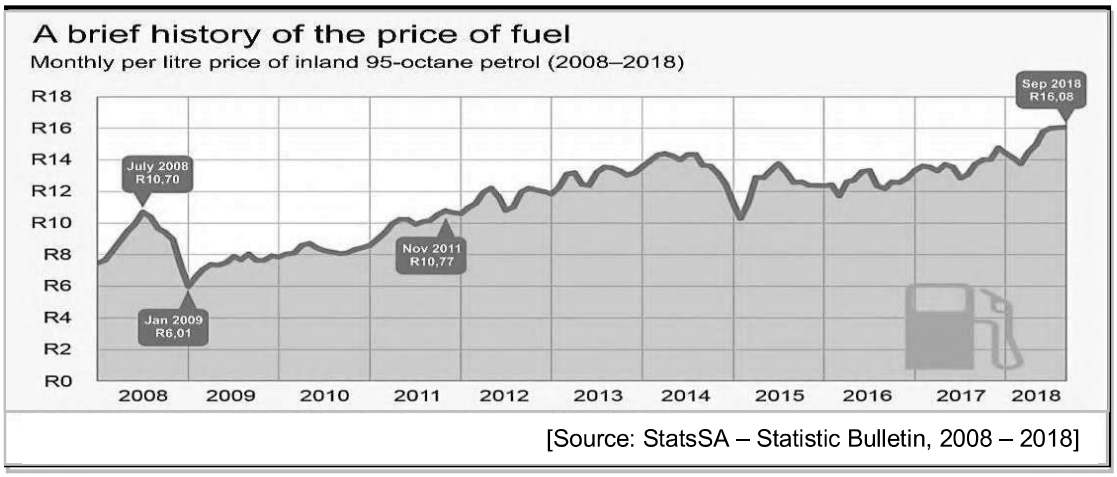
40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO environmental problems. (2 x 1) (2)

3.1.2 How does inflation affect the debtors? (1 x 2) (2)

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



[Source: StatsSA – Statistic Bulletin, 2008 – 2018]

3.2.1 What was the lowest price per litre of fuel since 2008? (1)

3.2.2 What is the South African inflation target? (1)

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

3.2.4 Explain how the South African Reserve Bank can use monetary policy to curb cost-push inflation. (2)

3.2.5 Discuss the impact of an increase in fuel prices on households. (4)
(2 x 2)

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



Mrs Ples (Sts5) is the best example of an adult Australopithecus Africanus by Dr Robert Broom and his assistant, John Robinson, at Sterkfontein in1947.

[Adapted from *Small Business*, Oct 2021]

3.3.1 Name the World Heritage Site depicted in the illustration above. (1)

3.3.2 Give any ONE other World Heritage Site found in South Africa. (1)

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

3.3.4 Why is South Africa such a popular holiday destination? (2)

3.3.5 How can the tourism industry benefit the poor rural communities of South Africa? (2 x 2) (4)

3.4 Differentiate between *demand-pull Inflation* and cost-push *inflation*. (2 x 4) (8)

3.5 How effective has the Department of Tourism's policy suggestions been in South Africa? (8)

[40]

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

4.1 Answer the following questions.

4.1.1 Name any TWO inefficiencies in the market. (2 x 1) (2)

4.1.2 Why do markets fail to protect the environment? (1 x 2) (2)

4.2 Study the illustrations and text below and answer the questions that follow.

CHICKEN RESTAURANTS





When it comes to fast food, Kentucky Fried Chicken (KFC) is by some margin the most prolific brand in the country, with 771 stores spread across the country.

[Adapted from Bizcommunity.com (2022)]

4.2.1 Identify any ONE variable cost that the companies, illustrated above, pay. (1)

4.2.2 Give ONE example of a non-price strategy used to increase the market share. (1)

4.2.3 Briefly describe the term *monopolistic competition*. (2)

4.2.4 Which characteristics suggest that this market structure has a hybrid structure? (2)

4.2.5 Discuss the impact of loadshedding on businesses in the South African economy. (2 x 2) (4)

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

Number of domestic trips per year per province 2018–2020 (In millions)

YEAR	KZN	GP	LIMP	EC	WC	MPU	NW	FS	NC
2020	6,1	3,2	1,3	1,8	2,4	1,1	1,2	0,6	0,4

More people are lately visiting different countries easily for many reasons.

For every night that a tourist stays over at a high-end game lodge in a remote part of South Africa, 14 people in the surrounding community benefit indirectly from the income generated by the services offered by the industry. The money circulating within these rural communities helps to grow the local economy.

[Adapted from *SA Tourism Strategic Research Unit* (2021)]

4.3.1 Identify the province that benefits most from domestic trips annually. (1)

4.3.2 Give any ONE reason for the tourism growth. (1)

4.3.3 Briefly describe the term *domestic tourism.* (2)

4.3.4 Which opportunities are offered by tourism to the informal sector and previously disadvantaged groups? (2)

4.3.5 Why does tourism have a negative impact on the environment? (2 x 2) (4)

4.4 Differentiate between *producer price inflation* and *consumer price inflation*. (2 x 4) (8)

4.5 Evaluate the impact of the competition policy on the South African economy. (8)

[40]

TOTAL SECTION B: 80

SECTION C

Answer any 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 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.	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/ Calculate/ Deduce/ Compare/ Explain/Distinguish/Interpret/Brieflydebate/How?/Suggest	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 –20 MINUTES

- Discuss state intervention as a consequence of market failure. (26 marks)
- Evaluate government redistribution of income in South Africa. (10 marks)

[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 20 MINUTES

- Examine the measures by the government to ensure sustainable development. (26 marks)
- How successful was the government in applying the measures to ensure sustainable development of the environment. (10 marks)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150

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