



Province of the
EASTERN CAPE
EDUCATION

**NATIONAL
SENIOR CERTIFICATE**

GRADE 12

SEPTEMBER 2015

ECONOMICS P2

MARKS: 150

TIME: 2 hours



This question paper consists of 13 pages.

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows:
SECTION A: COMPULSORY
SECTION B: Answer any 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. Answer the questions in full sentences and the format, content and the context of your responses must comply with the cognitive requirements of the questions.
4. Number the answers correctly according to the numbering system used in this question paper.
5. Write the question number above each answer.
6. Read ALL the questions carefully.
7. Start EACH question on a NEW page.
8. Leave 2–3 lines between subsections of questions.
9. Use only black or blue ink.
10. You may use a non-programmable pocket 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–C) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK.

1.1.1 An individual business will always produce where ...

- A $MR = AR$.
- B $MR = AC$.
- C $MC = MR$.

1.1.2 The following is an example of an oligopoly.

- A Johannesburg Stock Exchange
- B South African Breweries
- C South African Airways

1.1.3 A monopolistically competitive business produces ... products.

- A homogeneous and differentiated
- B differentiated
- C homogeneous

1.1.4 The PPI consists of a basket of... goods.

- A rural, urban, and agri-rural
- B primary, secondary and tertiary
- C local, exported and imported

1.1.5 Which ONE of the following institutions is responsible for growing the economy through tourism?

- A Industrial Development Corporation
- B Tourism Business Council of South Africa
- C Department of Trade and Industry

1.1.6 The following is NOT an example of a negative externality.

- A Clean air
- B Poisonous water
- C Department of Trade and Industry

1.1.7 Keeping a species in its natural form is referred to as ...

- A conservation.
- B preservation.
- C degradation.

1.1.8 The current minister entrusted with tourism in South Africa is ...

- A Mr Fikile Mbalula.
- B Ms Angie Motsega.
- C Mr Derek Hanekom .

(8 x 2) (16)

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

COLUMN A		COLUMN B	
1.2.1	Economic loss	A	Costs are exactly equal to revenue
1.2.2	BEE	B	A seller is able to change the market price by changing the quantity supplied
1.2.3	Producer price index	C	Redress method used to enforce redistribution of income
1.2.4	Market power	D	People from abroad, visiting natural areas like Drakensburg mountains
1.2.5	Demand pull inflation	E	Different prices are charged for the same product for different groups
1.2.6	Ecotourism	F	The average cost of business is greater than the market price
1.2.7	Break-even point	G	When consumers demand more than what producers can supply
1.2.8	Price discrimination	H	Measures changes in prices of manufactured goods before they are sold to the consumers
		I	The cost of living for households in a specific period of time

(8 x 1) (8)

1.3 Give the correct concept for each of the following phrases.

1.3.1 A systematic process for calculating and comparing the benefits and costs of a project

1.3.2 Contamination of the environment by chemicals or other agents

1.3.3 The period during which at least one factor of production is fixed

1.3.4 The prices of a wide range of goods and services decrease continuously over an extended period

1.3.5 The system of local knowledge that is unique to a culture or society

1.3.6 The positively sloped part of the marginal cost curve in a perfectly competitive firm (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

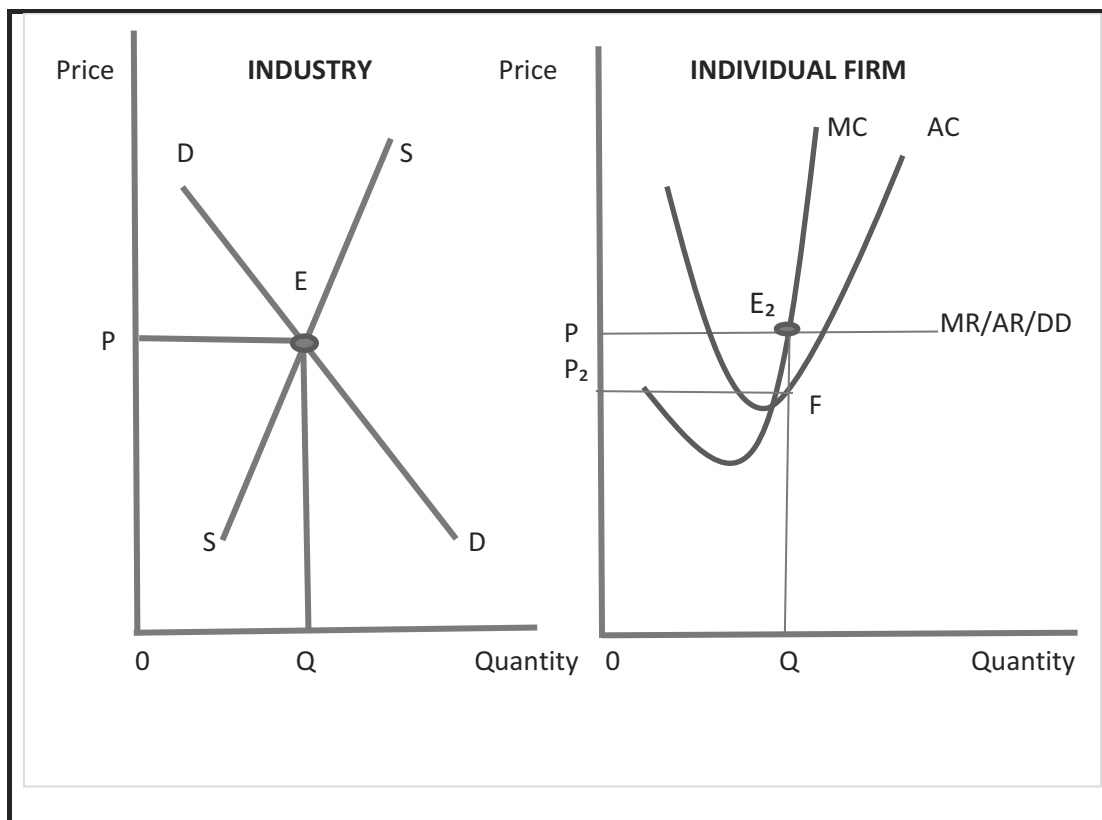
QUESTION 2: MICROECONOMICS**40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 List TWO types of economic costs. (2 x 1) (2)

2.1.2 What is the purpose of patents in monopolies? (1 x 2) (2)

2.2 Study the graphs below and answer questions that follow.



2.2.1 Identify the profit maximisation point (label) of the individual firm. (1)

2.2.2 At what point or label will the industry be in equilibrium? (1)

2.2.3 Explain the concept *price taker*. (2)

2.2.4 Identify whether the individual has made economic profit or loss and write down the area for profit/loss. (2)

2.2.5 Explain the slope of the demand curve of the individual firm. (2 x 2) (4)

[10]

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

OLIGOPOLY – COCA-COLA AND PEPSI



Coca-Cola and Pepsi are in an oligopoly market. They are selling a homogeneous product so they have control over price. They will consider their action when they would like to change the price of their goods. Normally, both of the firms will use low-price strategy at the same time to maximise the market share. Especially when summer holidays arrive, both of the firms will use cut-throat price competition to increase their sales.

[Source: <http://cokevspepsi.net>]

- 2.3.1 Define the term *oligopoly*. (2)
- 2.3.2 What message is depicted in the picture above? (2)
- 2.3.3 What is meant by *cut-throat price competition* as used in the extract? (2)
- 2.3.4 Explain ways in which Coca-Cola and Pepsi can gain market share. (2 x 2) (4)
- 2.4 Briefly examine the role played by the Competition Commission and the Competition Tribunal. (2 x 4) (8)
- 2.5 With the aid of a table, explain the slope of the demand curve in a monopoly market. (8)

[40]

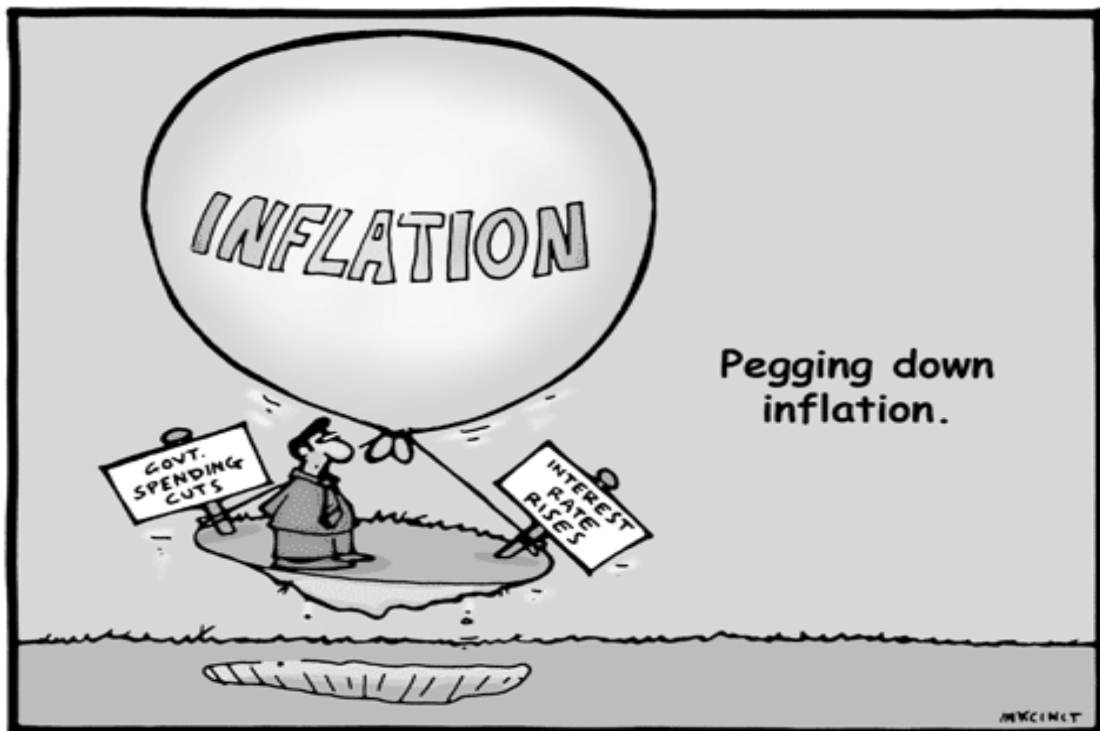
QUESTION 3: CONTEMPORARY ECONOMIC ISSUES**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 List any TWO reasons for the loss of biodiversity. (2 x 1) (2)

3.1.2 How can *green taxes* promote a more sustainable environment? (1 x 2) (2)

3.2 Study the cartoon below and answer questions that follow.



[Source: www.inkcinct.co.au]

3.2.1 What is the range of South Africa's inflation target? (2)

3.2.2 Explain the term *inflation*. (2)

3.2.3 What does '*pegging down inflation*' mean? (2)

3.2.4 How can interest rates be used to peg down inflation? (2 x 2) (4)

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

TYRE – RECYCLING SETS OFF ON ROAD TO ENVIRONMENTAL SUSTAINABILITY

A five-year initiative to create a sustainable industry to recycle millions of scrapped tyres every year, is making progress and attracting international interest.

Estimates of the number of abandoned tyres lying across South Africa range from 60 million to 100 million. Another 11 million or so are added to the stockpile each year as vehicle owners buy new ones. Many of the scrapped tyres end up in landfills, while others are burnt for heat or left lying in the open.

Reacting to what it considers a serious health hazard and a danger to the environment, the Department of Environmental Affairs two years ago ordered that the tyres industry should be the first in South Africa to develop an industry waste management plan.

The plan relies on independent transporters like Redisa delivering old tyres to regional storage depots, from where they are passed on to recyclers. Redisa is a non-profit company funded by tyre industry levies and reporting to the Department of Environmental Affairs.

It is said that materials from the recycling process were used by several industries. The steel content goes to the metal sector, while the rubber can be turned into hosepipes, rubber gaskets, floor mats, AstroTurf and even bitumen for road surfaces.

[Adapted from *Business Day*, 18 August 2014]

3.3.1 Define *environmental sustainability*. (2)

3.3.2 Identify, with statements from the extract, any TWO kinds of pollution that are caused by scrapped tyres.
Present your answer as follows:

Statement	Type of Pollution

(4 x 1) (4)

3.3.3 In your opinion, why is recycling so important? (2 x 2) (4)

3.4 Explain the impact of inflation on debtors and creditors. (2 x 4) (8)

3.5 Examine TWO government intervention strategies to ensure environmental sustainability. (2 x 4) (8)

[40]

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

4.1 Answer the following questions.

4.1.1 List any TWO international agreements on environmental sustainability. (2 x 1) (2)

4.1.2 How can minimum wages reduce inequalities in South Africa? (1 x 2) (2)

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



4.2.1 Close to which city is Robben Island situated? (1)

4.2.2 Robben Island can be categorised as a ... site. (1)

4.2.3 Why is Robben Island labelled as 'an experience like no other'? (4)

4.2.4 Explain any TWO ways in which tourism can be promoted. (4)

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

... LIVING ON BORROWED MONEY– AND TIME



South Africa's energy monopoly has announced it wants to charge consumers more for electricity – but what it is really doing is getting over-burdened tax payers and consumer to foot the bill for the company's expansion plan. In the process it appears to be creating an environment where electricity may become so expensive that large consumers of energy won't want to do business here.

[Source: www.dailymaverick.co.za]

- 4.3.1 Identify the company depicted above. (1)
- 4.3.2 Name ONE of the new power stations under construction? (1)
- 4.3.3 Describe any possible effects of the increase in electricity prices. (2)
- 4.3.4 Explain the '*uniqueness of a product*' as a feature of monopoly. (2)
- 4.3.5 Explain why monopoly industry is regarded as inefficient. (4)
- 4.4 Explain any TWO ways in which households benefit from tourism. (2 x 4) (8)
- 4.5 Compare a perfect market with a monopolistic market in terms of price, output and profit. (8)

[40]

TOTAL SECTION B: 80

QUESTION 5: MICROECONOMICS**40 MARKS – 40 MINUTES**

If a firm or an industry is operating inside its production possibility curve, then it is not using all its resources efficiently.

- Discuss causes/reasons of market failures. (26)
- Use a graph and explain how the government intervenes in the economy through setting maximum prices. (10)
[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES**40 MARKS – 40 MINUTES**

South Africa is a land of beauty with contrasting landscapes, which is typical of Africa. South Africa has become a major tourist destination because of its rich political history.

- Discuss the effects of tourism. (26)
- Suggest ways by which tourism can be promoted in the rural areas. (10)
[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150

