



## **Education and Sport Development**

Department of Education and Sport Development  
Departement van Onderwys en Sportontwikkeling  
Lefapha la Thuto le Tlhabololo ya Metshameko

**NORTH WEST PROVINCE**

**NATIONAL  
SENIOR CERTIFICATE**

**GRADE 12**

**ECONOMICS P2  
SEPTEMBER 2019**

**MARKS: 150**

**TIME: 2 hours**

**This question paper consists of 11 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 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 calculators.
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 E.

1.1.1 A perfectly competitive business is making a loss in the short term if the price is  $\bar{c}$  cost

- A equal to the average
- B less than the average
- C more than the average
- D more than the average variable

1.1.2 The nature of the product of a monopolistic competitor is  $\bar{c}$

- A without substitutes.
- B homogeneous.
- C unique.
- D differentiated.

1.1.3 A cost-benefit analysis is a method to assess  $\bar{c}$

- A externalities.
- B market failure.
- C public sector projects.
- D private sector projects.

1.1.4 During periods of inflation people's disposable income tends to  $\bar{c}$

- A decrease.
- B increase.
- C remain constant.
- D multiply.

1.1.5 The main driving force behind tourism development is  $\bar{c}$

- A redistribution of income.
- B economic growth.
- C affirmative action.
- D personal development.

1.1.6 Countries seek to achieve a sustainable tourism industry by  $\bar{c}$

- A allowing tourists to earn an income during their visit.
- B employing only certain skills in the tourism industry.
- C creating an awareness of the benefits of the various holiday destinations.
- D limiting the benefits to indigenous groups.

1.1.7 An example of air pollution is ...

- A tobacco smoke.
- B sewage dumping.
- C solid waste.
- D industrial waste.

1.1.8 Resources that may become depleted if they are not well managed, are known as

- A renewable
- B infinite
- C natural
- D non-renewable

(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 number (1.2.1 to 1.2.8) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Industry	A benefits that a third party enjoys resulting from a transaction in which they are not involved
1.2.2 Marginal utility	
1.2.3 Positive externalities	B any visitor travelling from another country for more than one night but fewer than twelve months
1.2.4 Stagflation	
1.2.5 Terms of trade	C the number of organisms found within a specific geographic region
1.2.6 Foreign tourist	D a visitor who visits a country and stays within the borders of the country
1.2.7 Biodiversity	
1.2.8 Pollutants	E additional benefits that a consumer gets from consuming one more unit of good or service
	F substances introduced into the environment that have undesired effects
	G ratio between the prices of exports of a country and the prices of its imports
	H low growth, high unemployment and high inflation rates occur simultaneously
	I all businesses that supply the same product in the market

(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 Period of production where only the variable factors of production can change, while at least one factor is fixed

1.3.2 An exclusive right officially granted by a government to an inventor to make and sell his/her invention

1.3.3 Goods having negative externalities, such as alcohol and tobacco

1.3.4 When a country experiences extravagant and unrestrained general price increase in excess of 50% per annum

1.3.5 The type of tourism focusing on museums, art galleries, archaeological sites, churches, mosques, folklore and dancing

1.3.6 The government gives each business a license to pollute to a certain degree (6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

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

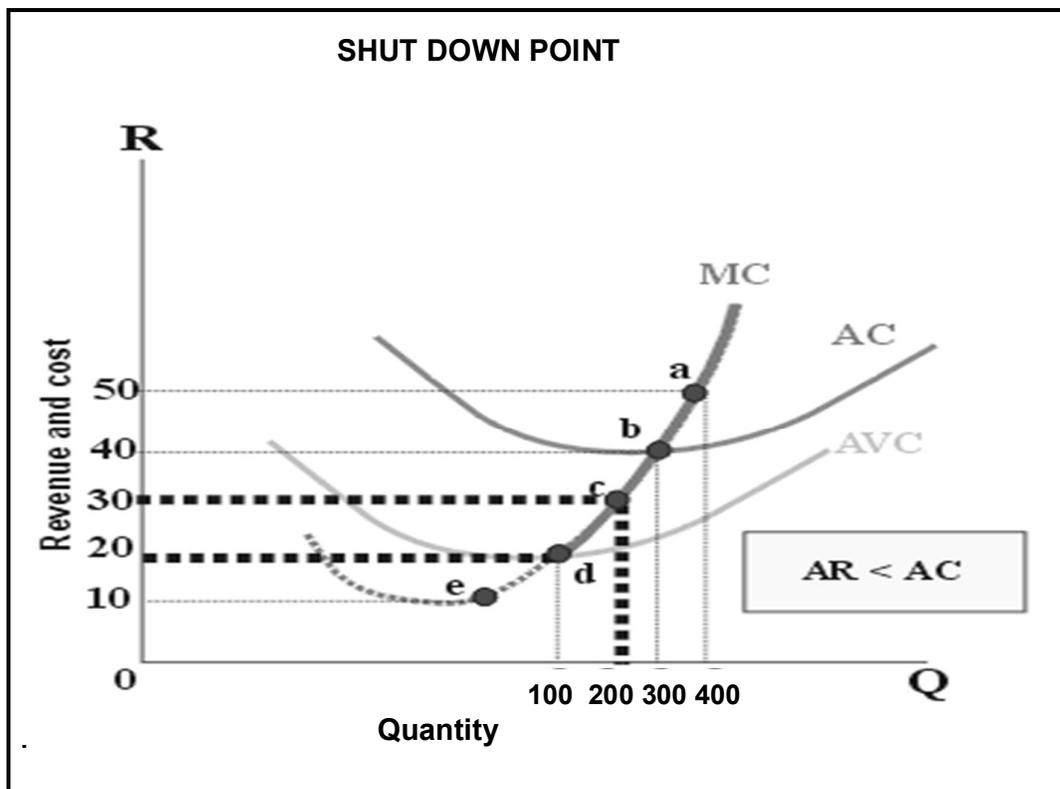
**QUESTION 2: MICROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions:

2.1.1 Name any TWO examples of fixed costs. (2 x 1) (2)

2.1.2 How will an inelastic demand curve of a monopoly affect the price and quantity? (1 x 2) (2)

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



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

2.2.2 At what point does MC intersect AC? (1)

2.2.3 Briefly describe the term *break-even point*. (2)

2.2.4 What happens at point d? (2)

2.2.5 Explain what would happen if the market price increases to R50. (2 x 2) (4)

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

**MINIMUM WAGE INCREASE**

The legislation stipulates a minimum national rate of R20 per hour, or R3 500 per month, depending on the number of hours worked. The R20 an hour rate will be phased in slowly in the agriculture and domestic work sectors with workers earning R18 and R15 respectively.

[Source <https://mywage.co.za>]

- 2.3.1 Which Department is implementing minimum wage? (1)
- 2.3.2 When did the national minimum wage come into effect? (1)
- 2.3.3 Briefly describe the term *minimum wage*. (2)
- 2.3.4 How would workers benefit from minimum wages? (2)
- 2.3.5 How successful has the government been in redistributing wealth? (2 x 2) (4)
- 2.4 Distinguish between *natural* and *artificial* monopolies. (2 x 4) (8)
- 2.5 How can the anti-competitive policy benefit entrepreneurial activities? (8)
- [40]**

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

3.1 Answer the following questions:

- 3.1.1 Name any TWO ways to preserve the environment. (2 x 1) (2)
- 3.1.2 How does the depreciation of the rand affect tourists from England visiting South Africa? (1 x 2) (2)

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

**NORTH WEST TRAINING MORE YOUTH IN  
TOURIST GUIDING**

The North West Department of Tourism has provided tour guide training to over 100 students in the province in the month of June 2018. This is part of an initiative by the department to enhance tourist management by recruiting young people annually and equipping them with the necessary skills to flourish in the sector.

[Source The Mail, July 2018]

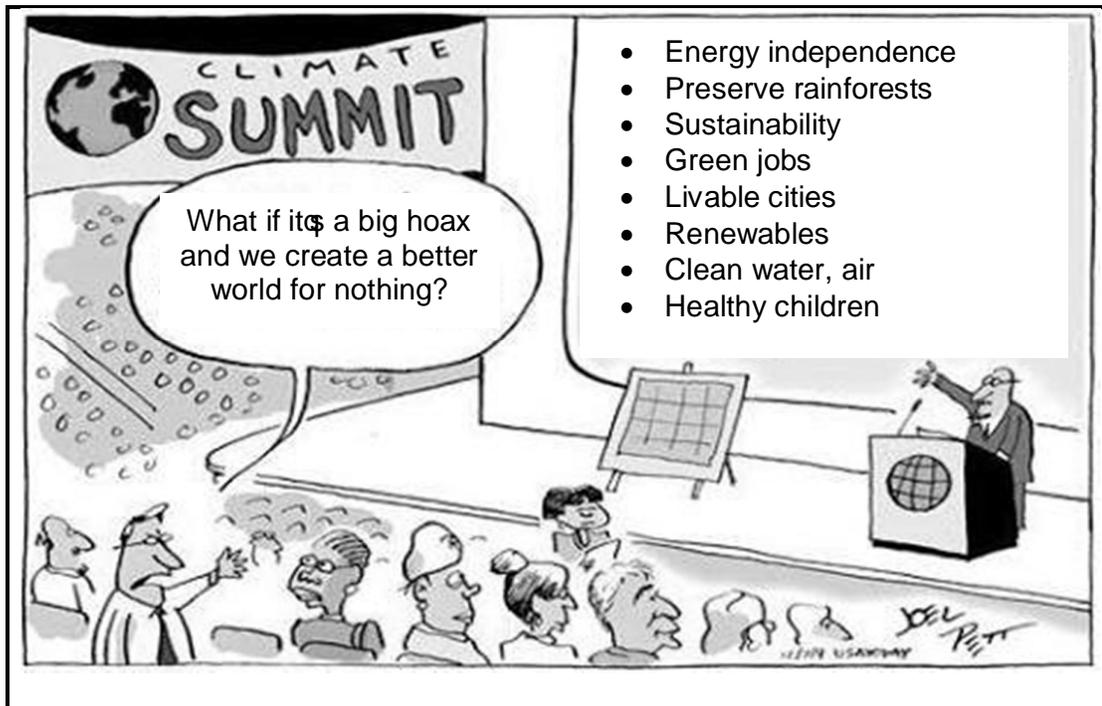
- 3.2.1 Which World Heritage Site can be found in the North West province? (1)
- 3.2.2 In what sector does tourism operate? (1)

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

3.2.4 What could rural people do to attract tourists to their area? (2)

3.2.5 How could tourism benefit households? (2 x 2) (4)

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



3.3.1 Give any ONE major environmental problem. (1)

3.3.2 Mention an international climate summit that was held since 2000. (1)

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

3.3.4 Explain ONE consequence of land pollution. (2)

3.3.5 How relevant is environmental sustainability to the economy? (2 x 2) (4)

3.4 Differentiate between *consumer price index* and *producer price index*. (2 x 4) (8)

3.5 How can the business sector promote tourism in South Africa more successfully? (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 forms of transport infrastructure. (2 x 1) (2)

4.1.2 How can a lack of information cause an entrepreneur to make the wrong decisions? (1 x 2) (2)

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

**ESKOM 20% HIKE REQUEST LIKE PUSHING WATER UPHILL**

Eskom says its liquidity was drastically affected by the below inflation tariff increase of 2,2% for the 2018 financial year. The tariff increase of 5,23% for this year, as proposed by Nersa, will further affect the liquidity of the company.

According to the chairperson, Eskom was pushing water uphill in asking for a 20% tariff hike. Tariffs are not necessarily the panacea wonder drug for all Eskom's problems, however it's not right to have an acrimonious relentless relationship with the energy regulator.

[Source New Age, 31 January 2018]

4.2.1 Why is ESKOM regarded as a price maker? (1)

4.2.2 Who is the regulator for energy in South Africa? (1)

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

4.2.4 Briefly discuss the nature of the product offered by Eskom. (2)

4.2.5 Why, in contrast to a typical monopoly, does Eskom not realise a profit over the long run? (2 x 2) (4)

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

<b>NUMBER OF FOREIGN TOURISTS BY COUNTRY OF ORIGIN:2018</b>	
<b>Region of residence</b>	<b>Numbers</b>
Europe	1 275 679
America	432 890
Asia and Australia	420 666
Africa and Middle East	6 184 319
Unspecified	25 800
<b>Grand total</b>	<b>8 339 354</b>

[Source South African Tourism Strategic Research Unit, 2018 November]

- 4.3.1 Give a reason why so many people from Africa and the Middle East tour South Africa. (1)
- 4.3.2 What factor still inhibits foreign tourism? (1)
- 4.3.3 Briefly describe the term *inbound tourist*. (2)
- 4.3.4 Calculate the percentage of tourists from Europe visiting South Africa. (2)
- 4.3.5 What can the communities do to prevent the large impact of tourism on the environment? (2 x 2) (4)
- 4.4 Discuss price formation of an individual firm under perfect competition with the aid of a well-labeled graph. (8)
- 4.5 How can the government use *command and control* measures successfully to ensure environmental sustainability? (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:

<b>STRUCTURE OF ESSAY</b>	<b>MARK ALLOCATION</b>
<p><b>Introduction</b> The introduction is a lower-order response.</p> <ul style="list-style-type: none"> <li>• A good starting point would be to define a concept related to the question paper.</li> <li>• Do not include any part of the question in your introduction.</li> <li>• Do not repeat any part of the introduction in the body.</li> <li>• Avoid mentioning in the introduction what you are going to discuss in the body.</li> </ul>	Max. 2
<p><b>Body:</b> <b>Main part:</b> 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</p> <p><b>Additional part:</b> Give own opinion/Critically discuss/Evaluate/Critically evaluate/ /Calculate/Deduce/Compare/Explain/Create a graph and explain Distinguish/Interpret/Briefly debate/How/Suggest</p>	<p>Max. 26</p> <p>Max. 10</p>
<p><b>Conclusion</b> Any higher-order conclusion should include:</p> <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned.</li> <li>• Any opinion or value judgement on the fact discussed</li> <li>• Additional support information to strengthen the discussion/analysis</li> <li>• A contradictory viewpoint with motivation, if required</li> <li>• Recommendations</li> </ul>	Max. 2
<b>TOTAL</b>	<b>40</b>

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

- Discuss the characteristics of an oligopoly as a market structure. (26 marks)
- How could oligopolistic firms increase their success rate in non-price competition? (10 marks) **[40]**

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

- Discuss in detail the causes of demand-pull inflation. (26 marks)
- Critically evaluate the consequences of inflation. (10 marks) **[40]**

**TOTAL SECTION C: 40**  
**GRAND TOTAL: 150**