



education

Department:
Education
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL ASSESSMENT

GRADE 12

ECONOMICS P2
JUNE 2024

MARKS: 150

TIME: 2 hours

This question paper consists of 13 pages.

INSTRUCTIONS

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 calculator.
11. Write neatly and legibly.

SECTION A**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 The value of input owned by the entrepreneur and used in the production process is called ... cost.

- A marginal
- B explicit
- C implicit
- D average

1.1.2 The nature of a product sold in a pure oligopoly is ...

- A homogeneous.
- B differentiated.
- C heterogenous.
- D unique.

1.1.3 The average revenue is the same as the ... curve in all markets.

- A marginal cost
- B supply
- C variable cost
- D demand

1.1.4 A situation where it is impossible to increase the welfare of one individual without making another worse off is called ... efficiency.

- A allocative
- B Pareto
- C productive
- D market

1.1.5 Income enjoyed by producers of goods is known as ... benefit.

- A private
- B external
- C social
- D public

1.1.6 A market structure that is dominated by two producers is called ...

- A perfect market.
- B monopsony.
- C oligopoly.
- D duopoly.

1.1.7 When one dominant firm changes the price and others follow, it is regarded as price ...

- A discrimination.
- B leadership.
- C taking.
- D gouging.

1.1.8 Collusion is an agreement among firms to ... competition.

- A promote
- B match
- C limit
- D regulate

(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 e.g. 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Economies of scale	A	occurs when inputs increase, while outputs are increasing by less than the percentage increase in inputs
1.2.2	Market	B	the exclusive right to manufacture a product
1.2.3	Perfectly elastic demand curve	C	decrease in average cost of production per unit as output increases
1.2.4	Diseconomies of scale	D	a form of financial grant to support an economic activity
1.2.5	Marginal revenue	E	mechanism that brings together buyers and sellers of goods and services
1.2.6	Patent	F	quantities change without a change in the price
1.2.7	Subsidy	G	paid by society
1.2.8	Social cost	H	extra income the seller earns if one more unit of a product is produced and sold
		I	price maker

(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 costs that vary with the rate of production

1.3.2 The value of the next best alternative

1.3.3 Products that are identical and standardised

1.3.4 A monopoly that exists because of high development costs

1.3.5 The minimum profit required to prevent an entrepreneur from leaving the industry

1.3.6 Organisational features of markets (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

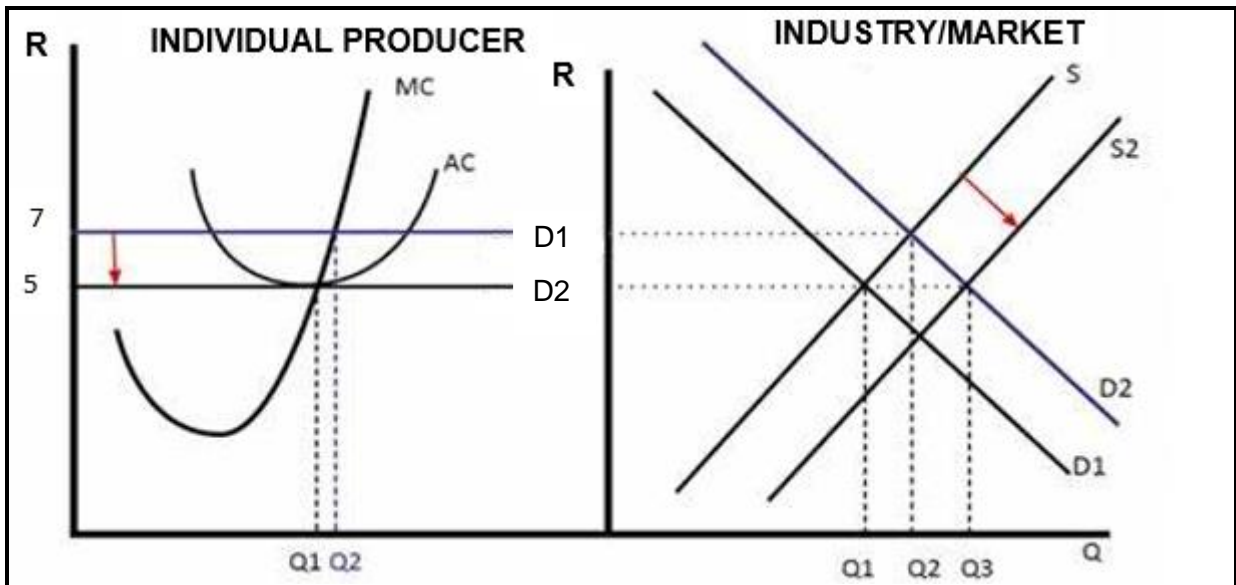
40 MARKS – 30 MINUTES

2.1 Answer the following questions

2.1.1 Name any TWO examples of a perfect market structure. (2 x 2) (2)

2.1.2 What is the main purpose of markets in the economy? (1 x 2) (2)

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



2.2.1 Name the period under which the market above is operating. (1)

2.2.2 Identify the nature of profit that the individual producer is making in the graphs above. (1)

2.2.3 Briefly describe the term *industry*. (2)

2.2.4 Why does the individual business take the price determined by the industry? (2)

2.2.5 Explain why the prices are decreasing from R7 to R5 in the market above? (2 x 2) (4)

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

THE NEW MINIMUM WAGE INCREASE

The National Minimum Wage (NMW) in South Africa has been revised for 2024. As of 1 March 2024, the new NMW is R27,58 per hour for all workers, including farm workers and domestic workers as follows:

- Daily: $R27,58 \times 8 \text{ hours} = R220,64$
- Weekly: $R27,58 \times 40 \text{ hours} = R1\,103,02$
- Monthly: $R1\,103,02 \times 4,333 \text{ (average days in a month)} = R4\,779,38$

Remember that these wage calculations exclude additional benefits, allowances, and tips. If an employee or worker works less than four hours on any day, they must still be paid for four hours of work on that day.

[Source: Labour Quartely Bulletin]

- 2.3.1 Identify the date on which the revised minimum wage came into effect. (1)
- 2.3.2 Name any other group of workers that benefit from minimum wages apart from farm and domestic workers. (1)
- 2.3.3 Briefly describe the term *minimum wage*. (2)
- 2.3.4 How can employers improve the quality of their labour force? (2)
- 2.3.5 Explain the negative consequences of minimum wages for the economy. (2 x 2) (4)
- 2.4 Draw a clearly labelled graph indicating the shut-down point for the perfect competitor and briefly explain why a business will stop producing goods at this point. (8)
- 2.5 How would the implementation of maximum prices impact negatively on the economy? (4 x 2) (8)

[40]

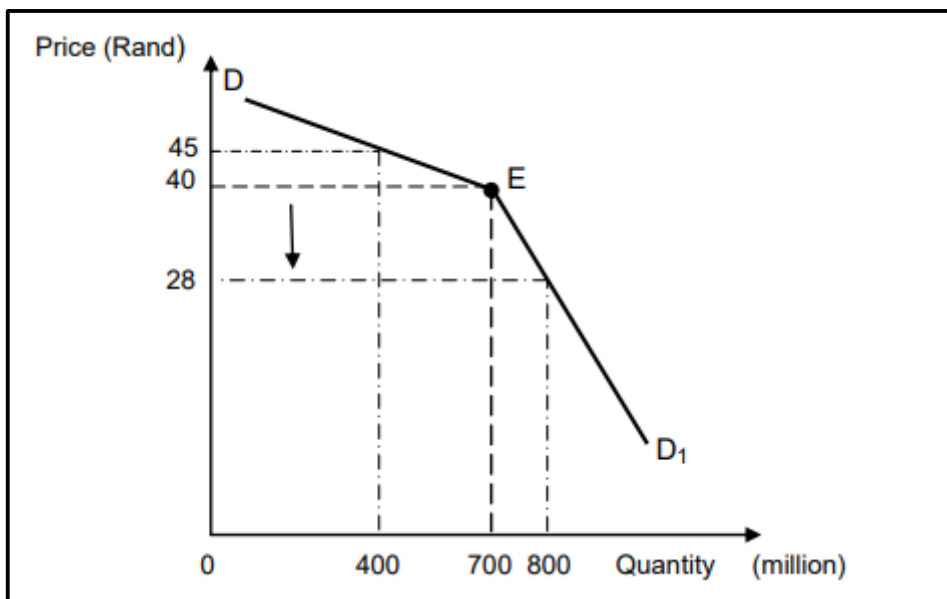
QUESTION 3: MICROECONOMICS**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Give any TWO examples of fixed cost. (2 x 1) (2)

3.1.2 What is the impact of price fixing on the market? (1 x 2) (2)

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



3.2.1 Identify the elastic segment of the demand curve in the graph above. (1)

3.2.2 Name the demand curve demand curve depicted in the graph above. (1)

3.2.3 Briefly describe the term *overt collusion*. (2)

3.2.4 Why does an oligopoly fail to achieve productive efficiency? (2)

3.2.5 Why will the producer be reluctant to decrease the price from R40,00 to R28,00?
Show ALL calculations. (2 x 2) (4)

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



[Source: Google images]

- 3.3.1 Name the type of market depicted in the picture above. (1)
 - 3.3.2 What is the nature of the product that is sold in the market above? (1)
 - 3.3.3 Briefly describe the term *hybrid structure*. (2)
 - 3.3.4 How does the profit of a monopolistic competitor differ from the profit of an oligopoly in the long run? (2)
 - 3.3.5 How will a monopolistic competitor, like McDonald's, compete with other fast food burger outlets to increase its market share? (2 x 2) (4)
 - 3.4 Briefly explain the reasons for a cost-benefit analysis. (4 x 2) (8)
 - 3.5 Evaluate the impact of imperfect competition on consumers. (4 x 2) (8)
- [40]**

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

4.1 Answer the following questions.

4.1.1 State any TWO objectives of the competition policy. (2 x 1) (2)

4.1.2 Why does the government provide subsidies to producers? (1 x 2) (2)

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

OUTCOME OF MERGERS DECIDED BY THE TRIBUNAL

The Competition Tribunal (“Tribunal”) has conditionally approved the merger wherein Sasol Pension Fund (“the Sasol Fund”), Luvon Investments (Pty) Ltd (“Luvon”), and Litapro (Pty) Ltd (“Litapro”) intend to acquire a retail shopping centre situated in George, in the Western Cape (“Eden Meander”) from Accelerate Property Fund Ltd.

The Sasol Fund is the official pension fund for the employees of Sasol Ltd. Luvon and Litapro are property investment companies. Eden Meander is classified as a minor regional centre which is occupied by various retail stores.

[Source: Comp.Tribunal 24 February 2024]

4.2.1 Identify the official pension fund for the employees of Sasol Ltd. (1)

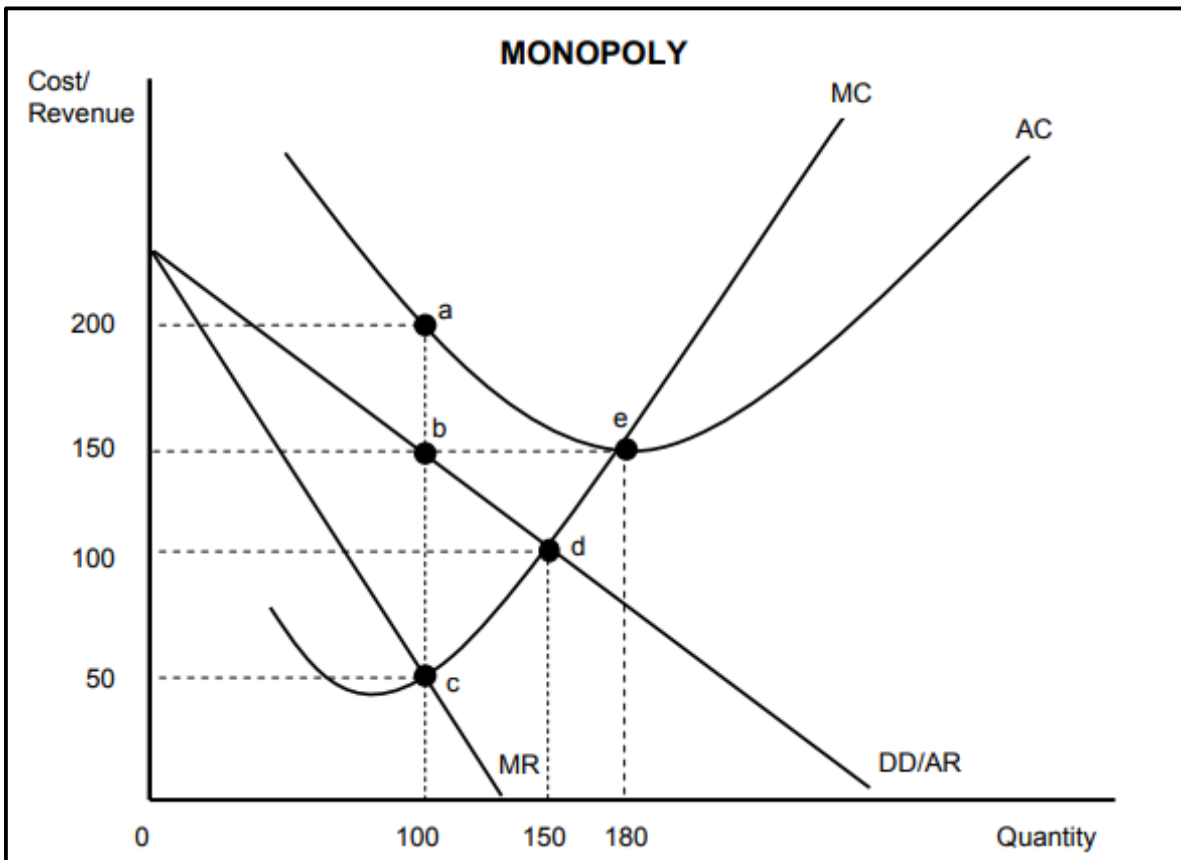
4.2.2 Which competition regulatory institution has the same standing as the high court? (1)

4.2.3 Briefly describe the term *merger*. (2)

4.2.4 How does competition in the market benefit the consumer? (2)

4.2.5 How will this merger benefit the companies involved? (2 x 2) (4)

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



- 4.3.1 Identify the dead weight loss area in the graph above. (1)
- 4.3.2 Where does the marginal cost curve (MC) intersect the average cost curve (AC) in the graph above? (1)
- 4.3.3 Briefly describe the term *marginal cost*. (2)
- 4.3.4 Why does the MR curve always lie below the AR curve in a monopolistic market? (2)
- 4.3.5 Determine the loss for this business. Show ALL calculations. (4)
- 4.4 With the aid of a correctly labelled graph, explain minimum prices on the market (8)
- 4.5 Outline the challenges that the competition policy in South Africa faces in achieving its goals. (4 x 2) (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. <ul style="list-style-type: none"> • A good starting point will 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/Assess/Debate A maximum of 8 marks may be allocated for headings/examples.	Max. 26
Additional part: Critically discuss/Evaluate/Critically evaluate/Deduce/Compare/Distinguish/Suggest/Interpret/Debate/How A maximum of 2 marks may be allocated for merely listing facts.	Max. 10
Conclusion Any higher-order conclusion should include: <ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned • Any opinion or valued judgement on the facts discussed. • Additional supporting information to strengthen the Discussion/analysis • A contradictory viewpoint with motivation, if required • Recommendation 	Max. 2
TOTAL	40

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

- Examine the characteristics of monopoly in detail. (26)
 - Why is it difficult for monopolies to charge excessive prices for their products? (10)
- [40]**

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

- Discuss the causes of market failure/factors that lead to misallocation of resources in the market in detail. (26)
 - How can market inefficiency be reduced by global markets (globalisation)? (10)
- [40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150