



basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

SENIOR CERTIFICATE EXAMINATION

ECONOMICS P2

2015

MARKS: 150

TIME: 1½ hours

This question paper consists of 12 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 calculator.
11. Write neatly and legibly.

SECTION A (COMPULSORY)**QUESTION 1****30 MARKS – 15 MINUTES**

1.1 Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–C) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 C.

- 1.1.1 Social costs amounts to the sum of private and ... costs.
- A internal
 - B external
 - C public
- 1.1.2 Markets as a part of the private enterprise system comprise ...
- A buyers only.
 - B sellers only.
 - C buyers and sellers.
- 1.1.3 A monopolist in comparison with a perfect competitor will produce ... price.
- A less at a higher
 - B more at a lower
 - C more at a higher
- 1.1.4 If the rand appreciates in South Africa, prices of imported goods will generally ...
- A remain unchanged.
 - B increase.
 - C decrease.
- 1.1.5 The tourism industry is mainly ... intensive.
- A skill
 - B capital
 - C labour
- 1.1.6 Individuals should weigh up the ... costs and benefits when undertaking a project.
- A marginal
 - B average
 - C total
- 1.1.7 International trade of endangered species will lead to ...
- A loss of indigenous knowledge.
 - B biodiversity loss.
 - C economic loss.

1.1.8 The ... policy is driven by the SARB to stabilise prices.

- A monetary
- B fiscal
- C competition

(8 x 2) (16)

1.2 Choose a description from 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	Output	A	sustainable management and use of resources
1.2.2	Profit	B	grants and pensions
1.2.3	Externality	C	the positive difference between total revenue and total costs
1.2.4	Core inflation	D	brands play a significant role in determining customer loyalty
1.2.5	Improved transport system	E	negative or positive third party effects
1.2.6	Conservation	F	keeping something intact
1.2.7	Monopolistic competition	G	excludes items with highly volatile prices from the CPI basket
1.2.8	Social spending	H	reason for growth in tourism
		I	the number of units produced during a particular time

(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.

1.3.1 Oligopolistic competition that is based on product differentiation and efficient service

1.3.2 Costs that remain the same even if the output changes

1.3.3 Goods and services supplied by the government

1.3.4 A condition of high inflation, low economic growth and high unemployment

1.3.5 This type of tourism involves foreigners visiting South Africa

1.3.6 High levels of pollution trapping heat in the Earth's atmosphere

(6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

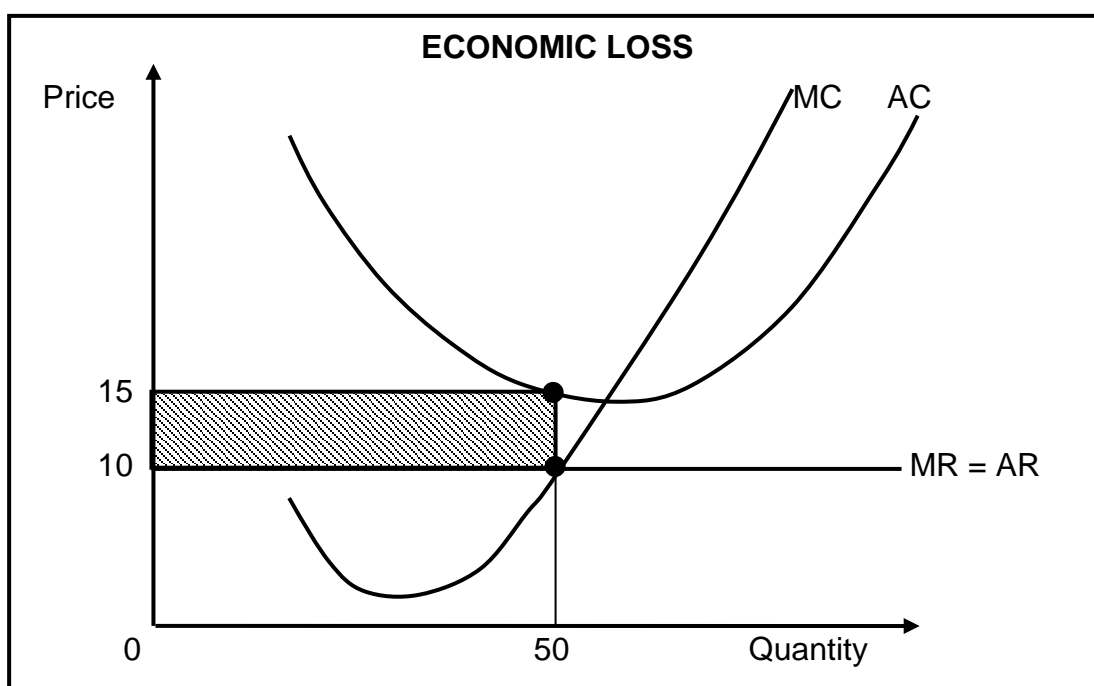
QUESTION 2: MICROECONOMICS**40 MARKS – 20 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO institutions in South Africa that regulates anti-competitive behaviour. (2 x 1) (2)

2.1.2 What influence does VAT have in the calculation of CPI (consumer price index) and PPI (producer price index)? (1 x 2) (2)

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



2.2.1 What is the visible relationship between the MC and AC curves? (2)

2.2.2 Define the term *economic loss*. (2)

2.2.3 Why is the demand curve of the individual producer horizontal (flat)? (2)

2.2.4 Calculate the economic loss. Show ALL calculations. (4)

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

THE IMPACT OF OLIGOPOLIES ON THE ECONOMY

The pharmaceutical industry is becoming an oligopoly due to the staggering costs of developing and marketing new drugs and because of patents that protect new products from competitors. It can cost more than R1 billion to develop a new drug, get it approved by the Food and Drug Administration and bring it to market, according to *Forbes* magazine. With those kinds of upfront costs, only a handful of companies, including Pfizer, Merck and Novartis, can afford to create and sell new products. The government grants those companies extended patents on their drugs, and these patents protect drug developers from competitors for many years.

The smartphone market is similarly dominated by a handful of companies, the most powerful two being Google Android and Apple. These companies have deep relationships with the handset providers and are able to have their systems pre-installed on each phone. As with computer operating systems, these relationships become self-reinforcing as they grow.

[Adapted from *Business Report*, October 2014]

- 2.3.1 Which type of industries mentioned in the extract are said to be oligopolistic? (2 x 1) (2)
- 2.3.2 Define the term *oligopoly*. (2)
- 2.3.3 Why it is important for these companies to have trademarks for their products? (2)
- 2.3.4 How do *cartels* and *price leadership* differ in terms of the way prices are manipulated? (2 x 2) (4)
- 2.4 What are the objectives of the Competition Act, 1998 (Act 89 of 1998) in South Africa? (4 x 2) (8)
- 2.5 With the aid of a graph, explain why marginal cost must be equal to marginal revenue for profits to be maximised. (8)
- [40]**

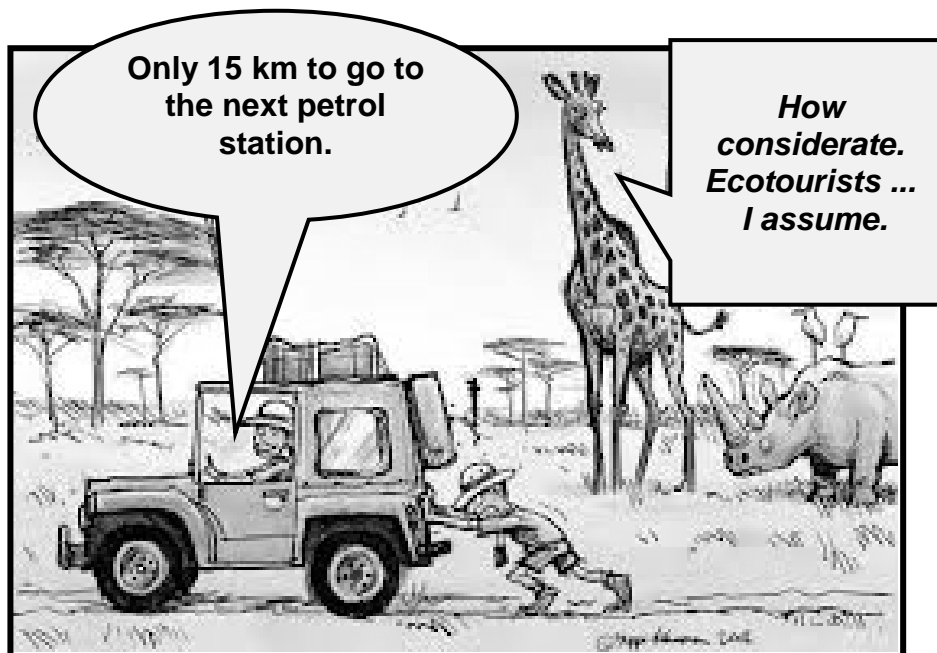
QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 20 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO international agreements on sustainable development. (2 x 1) (2)

3.1.2 What is the purpose of green tax? (1 x 2) (2)

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



[Source: Seppo.net]

3.2.1 Define the term *ecotourism*. (2)

3.2.2 Name any TWO World Heritage Sites in South Africa. (2)

3.2.3 What message do you think is conveyed by the cartoon? (2)

3.2.4 Why is infrastructure development an important requirement for tourism? (2 x 2) (4)

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

**UNDERSTANDING THE COMPLEXITIES OF ENVIRONMENTAL ISSUES –
A PATH TO SUSTAINABLE DEVELOPMENT**

After the World Summit in Johannesburg in the autumn of 2002, the United Nations designated the period 2005 to 2014 as the decade of Education for Sustainable Development. To achieve sustainable development it is necessary to change people's ecological, economic and social perceptions.

Environmental education is a central aspect of the process of change towards sustainable development. Currently we experience a lack of knowledge and a lack of environmental awareness as major problems in managing the environment. The government needs to play a crucial role in ensuring the sustainability of the environment.

[Adapted from www.Pro.europe.info]

- | | | | |
|-------|-----------------------------------------------------------------------------------------|---------|-------------|
| 3.3.1 | Identify the main problems that impact on the management of the environment. | | (2) |
| 3.3.2 | Define the term <i>environmental sustainability</i> . | | (2) |
| 3.3.3 | What role can education play in changing the perception of people on ecological issues? | | (2) |
| 3.3.4 | How can the government intervene to ensure environmental sustainability? | (2 x 2) | (4) |
| 3.4 | What are the benefits of tourism to households? | (4 x 2) | (8) |
| 3.5 | How would you advise the minister of finance to curb (reduce) inflation? | (4 x 2) | (8) |
| | | | [40] |

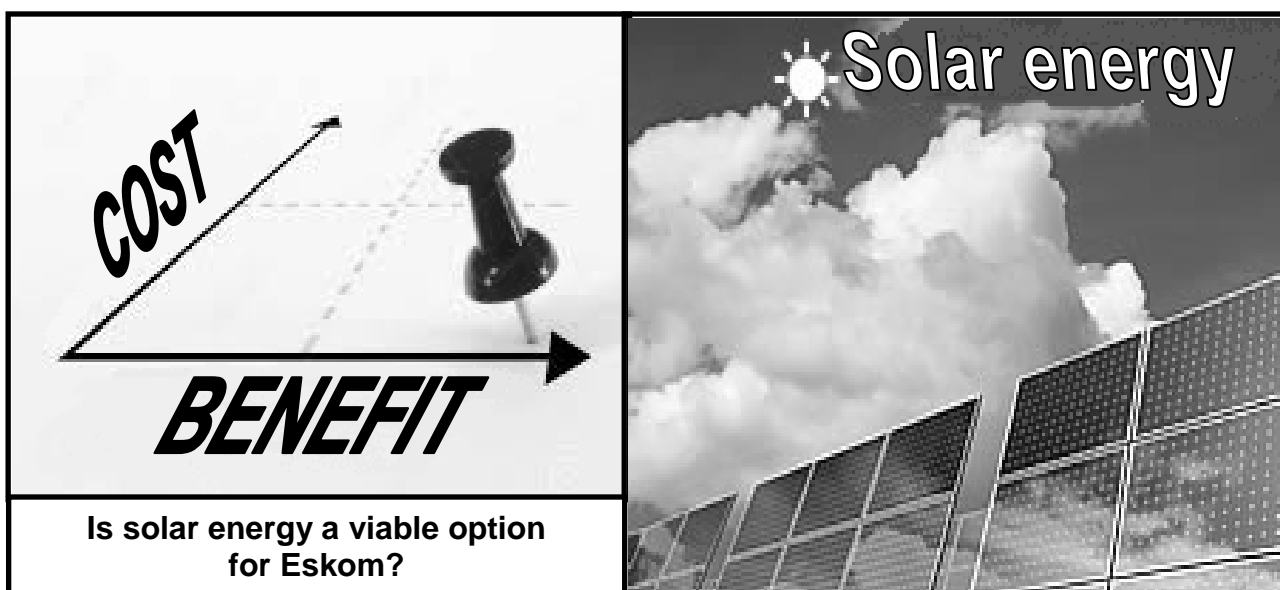
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 20 MINUTES

4.1 Answer the following questions.

4.1.1 Give any TWO examples of merit goods. (2 x 1) (2)

4.1.2 How can tourism contribute to government revenue? (1 x 2) (2)

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



[Source: Seppo.net]

4.2.1 What message is depicted in the picture? (2)

4.2.2 Name any private cost associated with the provisioning of solar energy. (1 x 2) (2)

4.2.3 Why is South Africa suitable for the generation of solar energy? (1 x 2) (2)

4.2.4 How would the use of solar energy benefit South Africa? (2 x 2) (4)

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

NUMBER OF TOURISTS FROM EIGHT LEADING OVERSEAS COUNTRIES BETWEEN 2011 AND 2012		
COUNTRIES	2011	2012
United Kingdom	420 483	438 023
USA	287 614	326 644
Germany	235 774	266 333
China	84 862	132 327
France	105 420	122 244
Australia	103 506	120 315
The Netherlands	113 846	117 936
India	90 367	106 774

[Adapted from Stats SA, August 2013]

- 4.3.1 Identify TWO countries that are members of BRICS. (2 x 1) (2)
- 4.3.2 Define the term *tourism*. (2)
- 4.3.3 Determine the percentage change of Chinese tourists to South Africa between 2011 and 2012. (2)
- 4.3.4 In your opinion, why is South Africa a preferred tourist destination? (2 x 2) (4)
- 4.4 Briefly discuss the demand curve of the monopolist. (4 x 2) (8)
- 4.5 Explain why markets fail to protect the environment. (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	Max. 2
Body: Main part: Discuss in detail/In-depth discussion/Examine/ Critically discuss/Analyse/Compare/Evaluate/Distinguish/ Differentiate/Explain/Assess/Debate	Max. 26
Additional part: Give own opinion/Critically discuss/ Evaluate/Critically evaluate/Draw a graph and explain/Use the graph given and explain/Complete the given graph/ Calculate/Deduce/Compare/Explain/Distinguish/Interpret/ Briefly debate	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 in the body • Any opinion or valued 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 – 35 MINUTES**

Market failure is a common feature of free market economies.

- Discuss the causes of market failure in detail. (26)
- With the aid of a graph (Production Possibility Curve) explain how productive efficiency can be achieved in the market. (10)

[40]**QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 35 MINUTES**

Inflation is a constant challenge to incomes of workers and the society at large all over the world.

- Examine in detail the consequences of inflation. (26)
- Debate the merits (benefits) of administered prices by the government. (10)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150