basic education

Department:
Basic Education
REPUBLIC OF SOUTH AFRICA

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SENIOR CERTIFICATE EXAMINATIONS/ NATIONAL SENIOR CERTIFICATE EXAMINATIONS

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ECONOMICS P2

MAY/JUNE 2025

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 question number above each answer.

5. Read the questions carefully.

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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 – 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 actual expenditure that a business incurs in the production process is known as … costs.

A opportunity
B implicit
C explicit
D additional

1.1.2 The market structure that is regarded as a hybrid structure is known as …

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A monopolistic competition.
B a monopoly.
C perfect competition.
D an oligopoly.

1.1.3 Most markets fail to adjust rapidly to changes in supply and demand due to a lack of …

A positive externalities.
B expenditure.
C negative externalities.
D information.

1.1.4 Black markets develop when the government intervenes by imposing a/an … price.

A minimum
B aggregate
C maximum
D supply

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1.1.5 The calculation of the inflation rate of all final goods and services by using the implicit GDP deflator is referred to as … inflation.

A all-inclusive
B all-exclusive
C consumer
D whole-economy

1.1.6 Cost-push inflation will result in …

A lower wages.
B natural disasters.
C increase in productivity.
D lower profit margins.

1.1.7 The minimum length of stay should be … when measuring tourism.

A one week.
B two days.
C one month.
D one night.

1.1.8 Financial support provided by the government to encourage investment in green energy, is known as a/an … subsidy.

A property
B environmental
C employment
D export (8 x 2) (16)

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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	Industry	A	legal restrictions that prevent other suppliers from entering the market
1.2.2	Natural monopolies	B	South African citizens travelling to other countries
1.2.3	Mutual dependency	C	aimed at making travelling more accessible and affordable within South Africa
1.2.4	Minimum wage	D	an objective to eradicate extreme poverty and hunger
1.2.5	Indexes	E	the decision by one business to increase prices is influenced by how other businesses will react
1.2.6	Outbound tourists	F	a group of businesses that produce or supply similar products
1.2.7	Sho't left campaign	G	compiled by regularly recording the prices of a representative basket of goods and services
1.2.8	Millennium Development Goal	H	high development costs prevent other businesses from entering the market
		I	the amount of money set by the government below which no employer may pay their workers

(8 x 1) (8)

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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 Products that are identical in terms of quality, size and appearance

1.3.2 A legal and exclusive right to manufacture a product

1.3.3 A technique for evaluating the social cost and social benefits associated with large government projects

1.3.4 Occurs when there is an increase in the general price level caused by an increase in the cost of production

1.3.5 Tourist activities in which people visit places where they can experience the diverse natural beauty of a country

1.3.6 Resources that cannot be replaced once they have been extracted

(6 x 1) (6)

TOTAL SECTION A: 30

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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 features (characteristics) of public goods. (2 x 1) (2)

2.1.2 Why does the kinked demand curve discourage an oligopoly firm from raising its prices? (1 x 2) (2)

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



[Source: www.iol.co.za, September 2024]

2.2.1 Identify the market structure that represents the banking industry in the information above. (1)

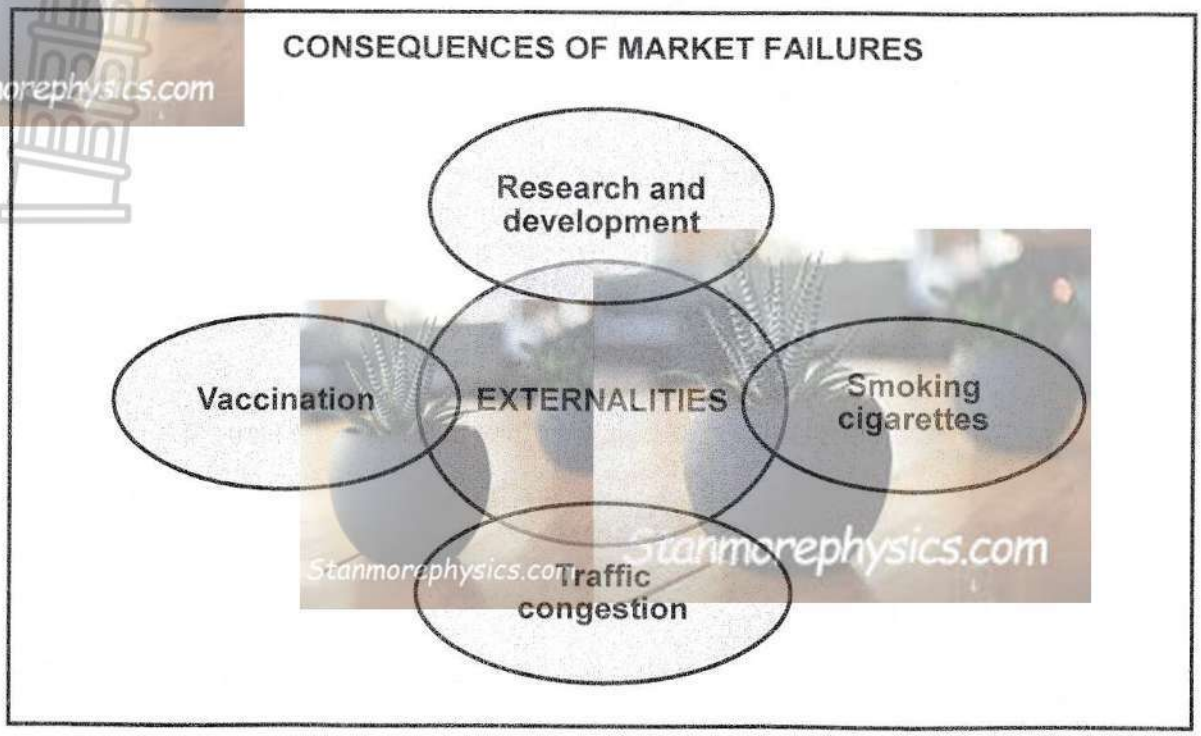
2.2.2 Name the institution that investigates restrictive business practices. (1)

2.2.3 Briefly describe the term *price leadership*. (2)

2.2.4 Explain the impact of collusion by banks on consumers. (2)

2.2.5 Why do businesses aim to achieve economies of scale? (2 x 2) (4)

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



2.3.1 Identify any ONE negative externality in the information above. (1)

2.3.2 State a private benefit enjoyed by producers of goods and services. (1)

2.3.3 Briefly describe the term *social cost*. (2)

2.3.4 Why do positive externalities, such as education, lead to market failure? (2)

2.3.5 How can the government discourage the consumption of demerit goods? (2 x 2) (4)

2.4 With the aid of a correctly labelled graph, explain the relationship between the demand curve (AR) and the marginal revenue curve of a monopoly. (2 x 4) (8)

2.5 How can the government redistribute income and wealth to correct market failures? (4 x 2) (8)
[40]

QUESTION 3: CONTEMPORARY ECONOMIC ISSUES

40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO ways used to measure inflation. (2 x 1) (2)

3.1.2 How can the government use education to ensure environmental sustainability? (1 x 2) (2)

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



[Adapted from www.greenhumour.com]

3.2.1 Identify a term in the cartoon above that relates to natural resources that can be replaced when used. (1)

3.2.2 Name any ONE international agreement that was made to reduce climate change. (1)

3.2.3 Briefly describe the term *global warming*. (2)

3.2.4 Why does the government impose (levy) green taxes on certain goods and services? (2)

3.2.5 Explain the environmental benefits of reducing the use of fossil fuels. (2 x 2) (4)

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

SOUTH AFRICAN INFLATION EXPECTATIONS – 2024

South African analysts, business people and trade unions lowered their inflation expectations. Inflation expectations of households rose steeply, reaching its highest level of 6,9% in the third quarter, from 6,4% in the second quarter.

In explaining the previous decisions to keep the repo rate unchanged, the South African Reserve Bank (SARB) said that inflation expectations were still high. However, the SARB tries to keep the inflation rate within the inflation target range.

[Source: www.reuters.co.za]

3.3.1 Identify the inflation expectations of households in the third quarter of 2024 in the extract above. (1)

3.3.2 State the inflation target range set by the South African Reserve Bank. (1)

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

3.3.4 Explain the behaviour of workers when they expect prices to increase. (2)

3.3.5 How can an increase in interest rates help to combat inflation in the economy? (2 x 2) (4)

3.4 Briefly discuss *conservation* and *preservation* in relation to the state of the environment. (2 x 4) (8)

3.5 Analyse the negative impact of high inflation on the South African economy. (4 x 2) (8)

[40]

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

4.1 Answer the following questions.

4.1.1 Name any TWO types of pollution. (2 x 1) (2)

4.1.2 Why does the government impose minimum prices on certain products in the market, such as maize? (1 x 2) (2)

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

MONOPOLISTIC COMPETITION

The competition for dominance in South Africa's grocery retail sector is intensifying, with online (internet) convenience, premium brands and healthier products options being the key to success.

Online grocery sales grew by 54% annually since 2019 to reach R23 billion annually in 2023. In 2024, 26% of SA consumers plan to increase their online grocery shopping, significantly higher than global markets.

[Adapted from www.businesstech.co.za]

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4.2.1 Identify the annual growth rate of online grocery sales in South Africa in the extract above. (1)

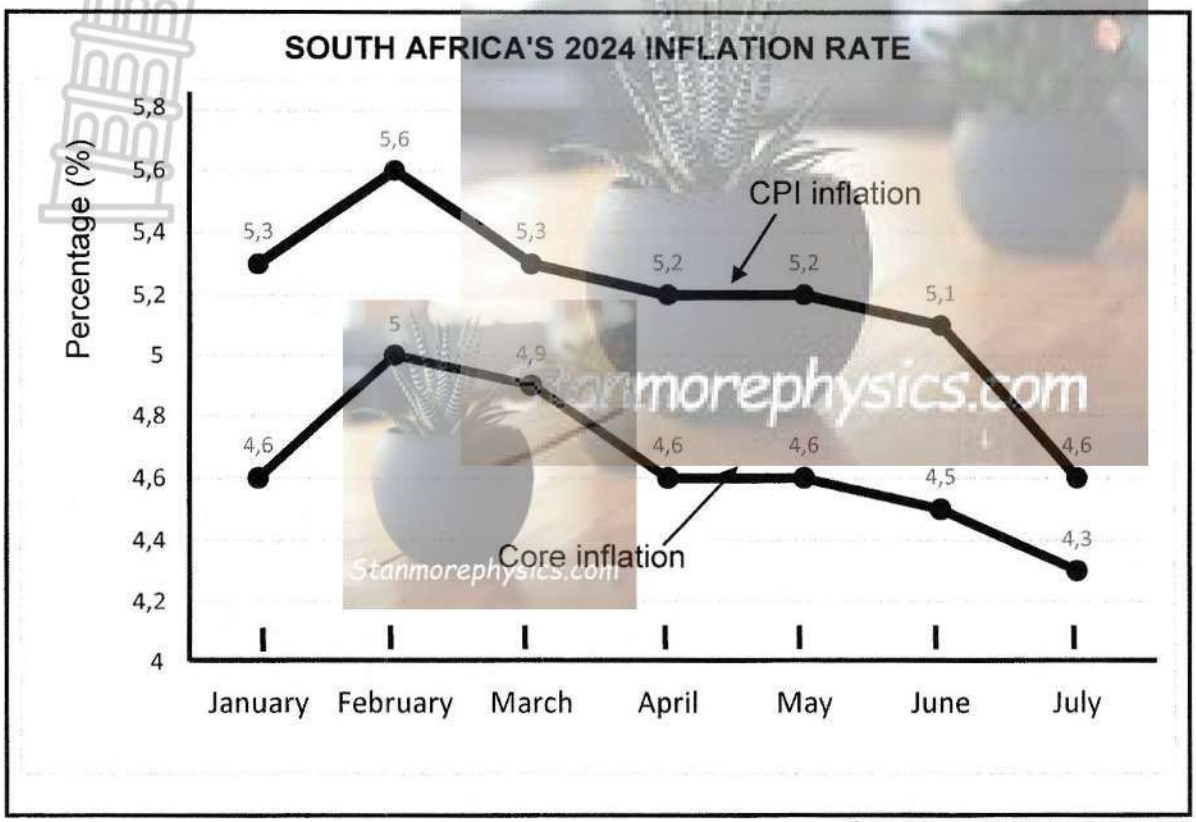
4.2.2 State the nature of the product sold in a monopolistic competitive market. (1)

4.2.3 Briefly describe the term *non-price competition.* (2)

4.2.4 Explain the importance of branding in imperfect markets. (2)

4.2.5 Why does a monopolistic competitive firm earn normal profit in the long run? (2 x 2) (4)

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



[Source: www.statssa.gov.za]

4.3.1 Identify the CPI inflation rate for March 2024 in the graph above. (1)

4.3.2 Name the price index that excludes value-added tax (VAT). (1)

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

4.3.4 Why is core inflation more stable than consumer price index (CPI) inflation? (2)

4.3.5 How can an increase in productivity help to combat inflation? (2 x 2) (4)

4.4 Briefly discuss *productive inefficiency* and *allocative inefficiency* as consequences of market failures. (2 x 4) (8)

4.5 How can the government use command and control measures to ensure environmental sustainability? (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: • 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.** **Additional part:** Critically discuss/Evaluate/Critically evaluate/Deduce/ Compare/Distinguish/Suggest/Interpret/Debate/How **A maximum of 2 marks may be allocated for mere listing of facts.**	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 – 40 MINUTES

- Discuss in detail the short-run equilibrium positions in a perfect market with the aid of three separate graphs. (26)
- Evaluate the impact of perfect competition on consumers. (10)

[40]

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES

- Examine in detail the benefits of tourism. (26)
- Analyse the importance of indigenous knowledge systems (IKS) in promoting tourism. (10)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 150

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