Province of the
EASTERN CAPE
EDUCATION

Iphondo leMpuma Kapa: Isebe leMfundo
Provinsie van die Oos Kaap: Department van Onderwys
Porafensie Ya Kapa Botjahabela: Lefapha la Thuto

NATIONAL SENIOR CERTIFICATE

GRADE 12

JUNE 2026

ECONOMICS P2

MARKS: 150

TIME: 2 hours

This question paper consists of 13 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. Number the answers correctly according to the numbering system used in this question paper.

3. Write the number of the question above each answer.

4. Read the questions carefully.

5. Start EACH question on a NEW page.

6. Leave 2–3 lines between subsections of questions.

7. 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.

8. Use only black or blue ink.

9. You may use a non-programmable pocket calculator.

10. Write neatly and legibly.

SECTION A (COMPULSORY) **30 MARKS – 20 MINUTES**

QUESTION 1

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, for example 1.1.9 D.

1.1.1 Which item best describes a private benefit when conducting a cost-benefit analysis (CBA) of purchasing new capital machinery for a business?

A A reduction in labour required
B Additional maintenance
C Purchase cost
D Training cost

1.1.2 What does productive efficiency refer to?

A Maximising profits
B Minimising costs
C Optimising market shares
D Setting high prices

1.1.3 When firms impose their production expenses on third parties, it is known as …

A private cost.
B average cost.
C negative externalities.
D a production externality.

1.1.4 The following will always be true for a monopolistic competitive firm.

A AR = MR
B P = ATC
C AR < MR
D AR > MR

1.1.5 The demand curve of a monopolistic competitive firm is …

A negatively sloped.
B kinked.
C positively sloped.
D horizontal.

1.1.6 An imperfect market that can only make normal profits in the short run.

A Oligopoly
B Monopolistic competition
C Monopoly
D Perfect market

1.1.7 A feature of a perfect market is:

A Sellers have significant market power
B Prices can be set higher than the market price
C Products are differentiated
D Firms are price-takers

1.1.8 If a business in a perfect market increases its output, the total revenue of the business will …

A show no change.
B decrease.
C increase.
D be reset. (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 numbers (1.2.1 to 1.2.8) in the ANSWER BOOK, for example 1.2.9 J.

COLUMN A		COLUMN B	
1.2.1	Marginal revenue	A	these are under supplied by the market but beneficial to the society
1.2.2	Explicit cost	B	exists because of barriers to entry which are not economic in nature
1.2.3	Duopoly	C	extra income which the seller earns if one more unit of a product is produced and sold
1.2.4	Price leadership	D	spillover effects of an economic activity on third parties
1.2.5	Artificial monopoly	E	occurs when outputs increase by less than the percentage increase in inputs
1.2.6	Cartel	F	two firms that dominate the industry
1.2.7	Externality	G	businesses in the same industry come to an agreement to determine prices and quantities
1.2.8	Merit goods	H	actual expenditure of the businesses
		I	an example of tacit collusion with regard to pricing

(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 Products that are identical and standardised

1.3.2 The cost that remains the same even if output changes

1.3.3 An imperfect market structure that makes normal profit in the long run

1.3.4 Occurs when oligopolies openly collude and formally agree on prices and quantities to maximise profits

1.3.5 A situation where firms are allowed by law to charge prices above the market equilibrium price

1.3.6 When it is impossible to increase the welfare of one individual without making things worse for another individual (6 x 1) (6)

TOTAL SECTION A: 30

SECTION B

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

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

2.1 Answer the following questions.

2.1.1 Name TWO characteristics of a demand curve in a perfect competitive market. (2 x 1) (2)

2.1.2 Why is price discrimination not possible for firms in a perfect market? (1 x 2) (2)

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

FOOT-AND-MOUTH DISEASE KILLS MILLIONS OF COWS, RAISING A DILEMMA FOR SOUTH AFRICAN CONSUMERS.

Foot-and-mouth disease has triggered a beef shortage in South Africa and some industry players have raised concerns about supplies of beef products.

[Source: Zapiro]

2.2.1 How will the foot-and-mouth disease outbreak impact the supply of beef? (1)

2.2.2 What is the effect of foot-and-mouth disease on beef prices? (1)

2.2.3 Briefly describe the concept *marginal cost*. (2)

2.2.4 Explain why beef is a homogeneous product. (2)

2.2.5 How do fluctuations in the market price of beef impact the revenue of smaller producers? (2 x 2) (4)

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

Standard Chartered Bank(SCB) agreed to settle allegations of manipulating the US Dollar and the Rand exchange rate. They paid a fine to the South African Competition Commission for fixing NIDS, offers and exchange rate coordination with other international banks.

[Adapted from: Money Web]

2.3.1 Identify the competition institution from the extract above. (1)

2.3.2 Give ONE objective of the Competition Act. (1)

2.3.3 Briefly describe the concept *competition.* (2)

2.3.4 Explain the role of the competition commission in exchange rate manipulation. (2)

2.3.5 How can the manipulation of the exchange rate impact businesses that are competing in world markets? (2 x 2) (4)

2.4 With the aid of a graph, explain how the supply curve is derived from the marginal cost curve. (4 x 2) (8)

2.5 How does the slope of the total cost curve change in relation to changes in the output/quantity produced? (4 x 2) (8)

[40]

QUESTION 3: MICRO ECONOMICS 40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO examples of explicit costs. (2 x 1) (2)

3.1.2 How does collusion affect the global competitiveness of South African businesses? (1 x 2) (2)

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

[Source: www.businesstech.co.za]

3.2.1 Identify the state-owned enterprise depicted in the cartoon above. (1)

3.2.2 Name the market structure under which the state-owned enterprise mentioned in QUESTION 3.2.1 above operates. (1)

3.2.3 Briefly define the concept *artificial monopoly.* (2)

3.2.4 Why is it difficult for new firms to enter the railway industry? (2)

3.2.5 What impact would the collapse of the railway industry have on the South African economy? (2 x 2) (4)

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

[Source: businesstech.co.za]

3.3.1 Identify the market structure as illustrated in the picture above. (1)

3.3.2 Name ONE industry that operates in this market structure. (1)

3.3.3 Briefly describe the concept *non-price competition.* (2)

3.3.4 Why are monopolistic competitive businesses reluctant to compete over prices? (2)

3.3.5 Explain why businesses in monopolistic competition are said to be allocative inefficient. (4)

3.4 Draw a well labelled graph to illustrate economic profits in the short run for a monopoly (without explanations). (8)

3.5 Analyse the relationship that exists between marginal revenue (MR) and average revenue (AR) in a monopolistically competitive market. (4 x 2) (8)

[40]

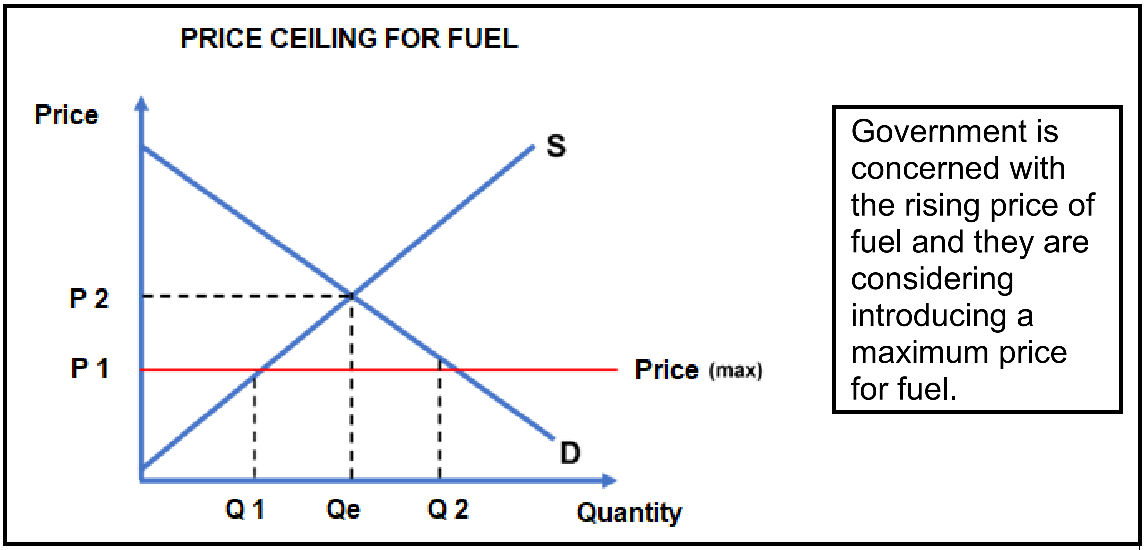
QUESTION 4: MICROECONOMICS **40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 Name any TWO types of goods that are supplied by the government. (2 x 1) (2)

4.1.2 How does direct control lead to the misallocation of resources? (1 x 2) (2)

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



[Source: www.thetutoracademy.com]

4.2.1 Identify the quantity supplied if the price ceiling is enforced. (1)

4.2.2 Name ONE benefit of a price ceiling for consumers. (1)

4.2.3 Briefly describe the concept *minimum price.* (2)

4.2.4 Explain the impact of a price ceiling that is set below the market price. (2)

4.2.5 How can the proposed price ceiling of fuel lead to black markets? (2 x 2) (4)

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

COST AND BENEFIT ANALYSIS

Two power stations, Unit 1 (Thermal) is cheap to build but expensive to operate, while Unit 2 (Nuclear) is expensive to build but cheap to run. The economic cost and benefits were calculated using the net present value for the two projects. The values of the two stations is as follows.

Project	Economic cost (R)	Economic benefits (R)
Unit 1 (Thermal)	280 billion	490 billion
Unit 2 (Nuclear)	900 billion	1 800 billion

[Adapted from: www.businesstech.co.za]

4.3.1 Identify ONE project with the lowest economic cost. (1)

4.3.2 Name the method used in calculating the CBA. (1)

4.3.3 Briefly describe the concept *social benefits.* (2)

4.3.4 What is the challenge of applying the cost-benefit analysis? (2)

4.3.5 How can the South African government use the cost-benefit analysis to prevent market failure? (4)

4.4 Briefly explain the effects of minimum wage as a consequence of market failure. (8)

4.5 Evaluate the impact of government subsidies in the agricultural sector. (4 x 2) (8)
[40]

TOTAL SECTION B: 80

SECTION C: MICRO ECONOMICS **40 MARKS–40 MINUTES**

Answer ONE of the two questions from this section in the ANSWER BOOK.

Your answer will be assessed as follows.

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction • A good starting point would 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 saying 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 **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. 26 Max. 10
Conclusion Any higher-order conclusion should include: • A brief summary of what has been discussed without repeating facts already mentioned in the body • 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: MICRO ECONOMICS **40 MARKS – 40 MINUTES**

- Discuss in detail, with the aid of graphs, the various equilibrium positions of a firm in a perfect market. (26)
- How does the pressure of competing in a perfect market affect the ethical behaviour of firms? (10) **[40]**

QUESTION 6: MICRO ECONOMICS **40 MARKS – 40 MINUTES**

- Discuss in detail, without the use of graphs, the characteristics of monopoly as a market structure. (26)
- Critically analyse the existence of monopolies in addressing socio economic issues in South Africa. (10) **[40]**

TOTAL SECTION C: 40
GRAND TOTAL: 150