 Province of the

EASTERN CAPE

EDUCATION

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**

**HOME SCHOOLING SELF- STUDY ANSWERSHEET**

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| **SUBJECT** | **ECONOMICS** | **GRADE** | 12 | **DATE** | **12/05/2020** |
| **TOPIC** | **MICROECONOMICS & CONTEMPORARY ECONOMIC ISSUES MARKS: 40** | **TERM 1**  **REVISION** |  | **TERM 2 & 3 CONTENT** | **X** |

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| **QUESTION 1: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES** | | |  |
|  | | |  |
| 1.1 | Answer the following questions. | |  |
|  |  | |  |
|  | 1.1.1 | **State any TWO benefits for the government of levying taxes on tourists.**   * To recover external costs √ * To earn revenue (to create jobs / to reduce poverty) √ * To improve infrastructure √   (Accept any other correct relevant responses)  (2 x 1). | (2) |
|  |  |  |  |
|  | 1.1.2 | **What impact do maximum prices have on the market?**   * Maximum prices create a shortage of goods in the market **√√** * Producers can divert their products to the informal market (black market) **√√** * Lower income earners can afford the product **√√**   (Accept any other correct relevant responses) (1 x 2). | (2) |
|  |  | |  |
| 1.2 | **DATA RESPONSE √√** | |  |
|  |  | |  |
|  | 1.2.1 | **Identify the number of houses the market will provide if all resources were spent on houses.**  10 000 √ | (1) |
|  |  |  |  |
|  | 1.2.2 | **How many schools should the government provide to reach the social optimum allocation?**  6 000 **√** | (1) |
|  |  |  |  |
|  | 1.2.3 | **Briefly describe the term market failure.**  When the free market is unable to allocate resources efficiently / the best production outcome has not been achieved **√√** | (2) |
|  |  |  |  |
|  | 1.2.4 | **Why are markets reluctant to produce public goods such as roads?**   * It requires a huge capital outlay which is challenging for the private sector **√√** * It is difficult to charge higher prices and therefore profits are compromised **√√** * The nature of the goods is non-rival (consumption by one does not reduce the amount available for somebody else) **√√** * Some of the goods are non-excludable (difficult to prevent people from using the good) **√√** (Accept any other correct relevant response) | (2) |
|  |  |  |  |
|  | 1.2.5 | **How can the government ensure macroeconomic stability through their involvement in production?**  Government can ensure macroeconomic stability in production by:   * using the monetary and fiscal policy through interest rates and corporate taxes **√√** * using the supply-side approach by applying policy to increase the flexibility of factors of production and infrastructure **√√** * producing goods (missing markets) not provided by the market **√√**   (Accept any other correct relevant response) (2 x 2) | (4) |

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| 1.3 | **DATA RESPONSES** | |  |
|  |  | |  |
|  | 1.3.1 | **Name any ONE other World Heritage Site.**   * Mapungubwe **√** * Vredefort Dome **√** * Sterkfontein Caves (Cradle of Human Kind) **√** * Robben island **√** * Richtersveld cultural and botanical landscape **√**   (Accept any other correct relevant response) | (1) |
|  |  |  |  |
|  | 1.3.2 | **What type of tourism is indicated in the data above?**  Cultural **√** | (1) |
|  |  |  |  |
|  | 1.3.3 | **Briefly describe the term *indigenous knowledge system (IKS).***  Knowledge that has practical application for daily survival for local communities/the history and uniqueness of certain destinations in a country/the local knowledge that is unique to a given society or culture **√√**  (Accept any other correct relevant response) | (2) |
|  |  |  |  |
|  | 1.3.4 | **In what way can businesses use the knowledge of indigenous people to benefit tourism?**   * They could create a cultural village for tourists to visit **√√** * Tours into the area to observe the way of life, for example the hunting methods of the San people **√√** * Use of plants and herbs for medicinal purposes **√√**   (Accept any other correct relevant responses) | (2) |
|  |  |  |  |
|  | 2.3.5 | **Why is infrastructure development important in promoting tourism?**   * Tourists require basic services such as good roads and a communication network to ensure an enriching experience **√√** * Rural communities that have unique lifestyles require good infrastructure to benefit from tourism **√√** * Basic infrastructure development could lead to an increase in social infrastructure such as clinics and hospitals that will benefit tourism **√√**   (Accept any other correct relevant responses) (2 x 2) | (4) |
|  |  | |  |
| 1.4 | Use a graph of total cost (TC) and total revenue (TR) to explain profit maximisation in a perfect market. | | (8) |
|  |  | |  |
|  | * The firm will make profits between points A and B (TR and TC) where the total revenue exceeds the total cost **√√** * Profit is maximised when the gap between TR and TC is the greatest **√√** * This occurs at 4 units of production at a cost of R40 **√√** * Breakeven points will occur at points A and B **√√**   (Accept any other correct relevant response). | |  |
|  |  | |  |
| 1.5 | **Critically discuss the challenges countries face in reducing the production of hazardous waste.** | |  |
|  | Countries worldwide find it difficult to decrease the production of hazardous waste by:   * producing goods in modern economies which automatically leads to chemical waste as by-product **√√** this will mean that hazardous waste could only be reduced if production decreases which would contribute to more unemployment **√√** * exporting hazardous waste to developing countries at a price **√√** this gives them an opportunity to get rid of excess waste **√√** because many African countries like the Ivory Coast allows this activity as it is a source of income **√√** * increasing economic activities such as manufacturing and agricultural production that exceed the measures used by government to restrict or dispose of hazardous waste **√√** more research should be done on using non-hazardous materials and alteration of product composition to reduce waste **√√** * businesses not handling the hazardous waste by following the regulations put in place **√√** where handling of chemicals requests precaution to be disposed in designated areas (for the sake of saving money) many firms often dump these chemicals in the environment **√√** * generating hazardous waste is also found in households although on a much smaller scale such as left over paints **√√** the big challenge remains to change the mind-set of people by educating households to reduce the usage of products that is regarded as hazardous waste like e-waste where computers are sold in developing countries (that should have been hazardous waste in the country of origin) **√√**   (Accept other correct relevant higher order response)  (Allocate a maximum of 2 marks for mere listing of facts or examples) | | (8) |
|  |  | | **[40]** |