



Province of the
EASTERN CAPE
EDUCATION

DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)

HOME SCHOOLING SELF-WORK SHEET

SUBJECT	ECONOMICS	GRADE	12	DATE	21/08/2020
TOPIC	MICROECONOMICS & CONTEMPORARY ECONOMIC ISSUES	TERM 1 REVISION		TERM 2 & 3 CONTENT	x

QUESTION 1: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES

(EC/SEPTEMBER 2017)

1.1 1.1.1 Name TWO examples of renewable resources.

- Timber ✓
- Agricultural products ✓
- Recycling water ✓
- Electricity generated by wind ✓

(Any 2 x 1) **(2)**

1.1.2 What is the purpose of inflation targeting?

The purpose of inflation targeting is to create price stability ✓✓

(1 x 2) **(2)**

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

WATER CRISIS IN THE EASTERN CAPE

Large parts of the Eastern Cape have been gripped by drought and water shortage so severe that rivers, dams and boreholes are bone-dry.

Farmers are recording millions of rand's in losses due to spoilt crops and unproductive livestock, while others are raking up even more debt just to be able to feed their animals.

The areas that have been hit hard in the province are the Joe Gqabi and the Chris Hani districts, as well as Mhlontlo district.

This has placed food security in the country under threat as many maize and lucerne crops have been destroyed.

[Source: <http://www.heraldlive.co.za>]

1.2.1 Which serious problem is currently experienced in the Eastern Cape?

Shortage of water ✓

(1)

1.2.2 Why is food security threatened in the country?

Maize and lucerne crops have been destroyed ✓

(1)

1.2.3 How can the public sector use education to ensure environmental sustainability?

- Incorporating topics on the protection of the environment in the school curriculum ✓✓
- People should be made aware of environmental issues and the consequences of their actions ✓✓
- Education play an important role in improving people's ability to manage the environment ✓✓

(Any 2 x 2)

(4)

1.2.4 What can the government do to solve the water crisis in the country?

- The government should ensure speedily leak detection and repair ✓✓
- There should be pressure management of water to avoid bursting of pipes ✓✓
- Pipes should be protected from any danger ✓✓
- There should be water management programme to avoid unauthorised connection ✓✓
- Encourage water harvesting – install water tanks to conserve rain water ✓✓

- Municipalities should encourage wise use of water, e.g. not to wash cars with hosepipes (Accept any other correct relevant answer) (Any 2 × 2) **(4)**

1.3 Study the extract below and answer questions that follow.

MONOPOLISTIC COMPETITION

Monopolistic competition as a market structure was first identified in the 1930s by the economist Edward Chamberlin.

Many small businesses operate under conditions of monopolistic competition, including independently owned and operated high-street stores and restaurants.

In the case of restaurants, each one offers something different and possesses an element of uniqueness, but all are essentially competing for the same customers.

[Adapted from: www.economicsonline.co.uk]

1.3.1 Who was the first economist to identify monopolistic competition?

Edward Chamberlin ✓

(1)

1.3.2 Give an example of a business operating in a monopolistic market

- Restaurants ✓
 - Kentucky fried chicken ✓
 - Link Pharmacy ✓
- (Accept any correct relevant answer)

(1)

1.3.3 Briefly describe the hybrid structure as a feature of monopolistic competition.

- Monopolistic competition is a combination of perfect competition and a monopoly ✓✓
- There are many sellers of differentiated products, and that each market is a relatively small in relation to the market as a whole ✓✓
- Every monopolistic competitive business has a certain degree of monopolistic power and is actually a

mini monopoly in that it is the only producer of that specific brand or variant product ✓✓
(Any 2 × 2)

(4)

1.3.4 How can restaurants use differentiated strategies to attract more customers?

- Quick and better service to customers ✓✓
 - Clean and healthy environment ✓✓
 - Consistent and good preparation of recipe ✓✓
 - Awarding of discounts and loyalty points to regular customers ✓✓
 - Special programs for children for example playing games and birthday parties ✓✓
- (Accept any other correct relevant answer)

(Any 2 × 2)

(4)

1.4 Explain externalities as a cause of market failures without a graph.

- Externalities are costs not included in the pricing of goods / services, and consequently there is a difference between the private costs / benefits and the social costs / benefits of production. ✓✓
 - Private costs / internal costs are cost of producing the good or service which translates into the prices that consumers pay. ✓✓
 - Private benefits are internal benefits that accrue to those who produce goods and buy these goods, e.g. producing a bicycle (for producer) and using the bicycle(consumer). ✓✓
 - Social costs these are total costs incurred by society as a whole. Social cost = private costs plus external costs. ✓✓
 - Social benefits include the total benefit experienced by society as a whole. Social benefits = private benefits plus external benefits. ✓✓
 - Negative externalities are things like pollution, tobacco smoking and alcohol abuse. ✓✓
 - The costs of negative externalities are paid by society rather than by the producers. ✓✓
 - Positive externalities are the positive effects of products to third parties which are not paid for.
 - Negative externalities are often over-produced while positive externalities are under-produced. This leads to market failure. ✓✓
- (Accept any other correct relevant answer) (Allocate a maximum of 4 marks for the mere listing of facts / examples)

(Any 4 × 2)

(8)

1.5 How has the implementation of minimum wages benefited workers in South Africa?

Minimum wages benefited workers by:

- Increasing their buying power to afford more goods and services
- Improving their living standards by being able to satisfy more wants
- Improving the distribution of income to those people who received very low wages in the past
- Protecting workers from being exploited by employees

(Accept any other correct relevant answer)

(Allocate a maximum of 2 marks for the mere listing of facts / examples)

(8)

[40]