 Province of the

EASTERN CAPE

EDUCATION

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

**HOME SCHOOLING SELF-STUDY ANSWER SHEET**

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| **SUBJECT** | **ECONOMICS** | **GRADE** | **12** | **DATE** | **17/06/2020** |
| **TOPIC** | **CONTEMPORARY ECONOMIC ISSUES** | **TERM 1**  **REVISION** |  | **TERM 3 CONTENT** | **X** |

**QUESTION 1 CONTEMPORARY ECONOMIC ISSUES 40 MARKS − 30 MINUTES**

**DBE/Feb.–Mar. 2018**

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| 1.1 | Answer the following questions. | |  |
|  | 1.1.1 | **State any TWO measures used by the government to ensure environmental sustainability.** | **(2)** |
|  |  | * Environmental taxes / Green taxes √ * Environmental subsidies √ * Issuing environmental permits √ * Command and control √ * Voluntary agreements √√ * Education √ * Granting property rights √ * Charging for the use of the environment √ (2 x 1)   (Accept any other relevant response) |  |
|  | 1.1.2 | **What do monetarists believe to be the main reason for inflation?** |  |
|  |  | The increase in the country's total money supply which results in an increase in demand for goods and services √√  (Accept any other correct relevant response) (1 x 2) | **(2)** |
| **1.2** | **DATA RESPONSE** | |  |
|  | 1.2.1 | Identify ONE cause of demand-pull inflation in the information above. |  |
|  |  | * Fewer savings √ * Easy access to credit √ | **(1)** |
|  | 1.2.2 | **Identify ONE cause of cost-push inflation in the information above.** |  |
|  |  | * Natural disasters √ * Higher wages √ | **(1)** |
|  | 1.2.3 | **Briefly describe the term inflation.** |  |
|  |  | Inflation is a sustained and significant increase in the general price level √√  (Accept any other correct relevant response) | **(2)** |
|  | 1.2.4 | **What is the main instrument used by the South African Reserve Bank to control inflation?** |  |
|  |  | Repo rate / Interest rates √√ | **(2)** |
|  | **1.2.5** | **Why is the SARB concerned about the impact of inflation on the Balance of Payments?** |  |
|  |  | The impact of inflation on the BoP concerns SARB because:   * trade between countries will be affected negatively √√ * it would be difficult to export goods as it would be more expensive √√ * exports will decrease which will create a deficit on the BOP √√ * this would mean borrowing money which creates a further burden especially to the tax payer √√ * The inflation impacts exchange rate stability, that might cause foreign investors to withdraw their investments √√   (Accept any other correct relevant response) Any (2 x 2) | **(4)** |
| **1.3** | **DATA RESPONSE** | |  |
|  | 1.3.1 | **Identify the most polluted urban area in South Africa in the information above.** |  |
|  |  | Hartebeespoort √ | **(1)** |
|  | 1.3.2 | **Which organisation, in the information above, links health risks to air pollution?** |  |
|  |  | World Health Organisation √ | **(1)** |
|  | 1.3.3 | **Briefly describe the term air pollution.** |  |
|  |  | The release of poisonous gases into the atmosphere √√  (Accept any other correct relevant response) | **(2)** |
|  | **1.3.4** | **Why is pollution resulting from production such a serious problem?** |  |
|  |  | Pollution resulting from production affects the whole environment – the land, sea and atmosphere, and includes acid rain, smoke, gases, toxic chemicals, pesticide contaminants, causes diseases, (health risks) cause global warming and damage to the ozone layer √√  (Accept any other correct relevant response) | **(2)** |
|  | **1.3.5** | **Why are the major cities in South Africa the most polluted?** |  |
|  |  | * High traffic congestion which results in high carbon emissions √√ * There are a number of factories which contribute to the release of poisonous gases into the atmosphere √√   These cities are more industrialised as such production in the factories can result in emission of greenhouse gases √√  (Accept any other correct relevant response) (Any 2 x 2) | **(4)** |
| **1.4** | **Briefly describe the negative effects of tourism on the environment.** | |  |
|  | * The construction of tourist facilities such as resorts often results in destruction of natural environment (fauna and flora) √√ * Tourists are often willing to pay higher prices for goods and services, therefore this affect the cost of living of local residents near tour attractions √√ * On natural areas such as mountains, tourists who engage in activities such as expeditions often throw their wastes such as camping equipment on the land √√ * A large number of tourists may add pressure on a country's infrastructure √√ * Spoiling the views and landscape by providing tourism infrastructure √√ * Noise, air and water pollution through tourist activities √√ * Development of tourist facilities on scarce land √√ * Effects on population dynamics such as migration and increased urban densities accompanied by declining population in other rural areas √√   (Accept any other correct relevant response) (4 x 2)  (A maximum of 4 marks may be allocated for the mere listing of facts / examples) | | **(8)** |
| **1.5** | **How does the government contribute to higher inflation?** | |  |
|  | The government contributes to higher inflation by:   * increasing government spending without an increasing the aggregate supply and causes prices to rise √√ * spending on capital projects e.g. roads, housing etc. that are more than the economy's capacity, will cause prices to rise √√ * increasing spending on consumption such as education, health and safety √√ * spending large amounts in the social sector because they feel the need to reduce unemployment and poverty √√ * borrowing money to raise the levels of social grants at a higher rate than the inflation rate √√ * decreasing personal income tax creates greater consumer demand √√ * decreasing company tax / import duties will lead to increased production and imports √√   (Accept any other correct relevant response)  (A maximum of 2 marks may be allocated for the mere listing of facts/examples) | | **(8)** |
|  |  | | **[40]** |