



Province of the  
**EASTERN CAPE**  
EDUCATION

**DIRECTORATE SENIOR CURRICULUM MANAGEMENT (SEN-FET)**  
**HOME SCHOOLING SELF-STUDY ANSWER SHEET**

<b>SUBJECT</b>	<b>ECONOMICS</b>	<b>GRADE</b>	<b>12</b>	<b>DATE</b>	<b>05/08/2020</b>
<b>TOPIC</b>	<b>MICROECONOMICS &amp; CONTEMPORARY ECONOMIC ISSUES</b>	<b>TERM 1 REVISION</b>		<b>TERM 2 &amp; 3 CONTENT</b>	<b>X</b>

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

**SC/NSC/DBE 2019**

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 ✓✓

(Accept any other correct relevant response) (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 ✓✓
- (4)

(Accept any other correct relevant response)

(2 x 2)

### 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 ✓✓

(2)

(Accept any other correct relevant response)

#### 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)

#### 1.3.5 Why is infrastructure development important in promoting tourism?

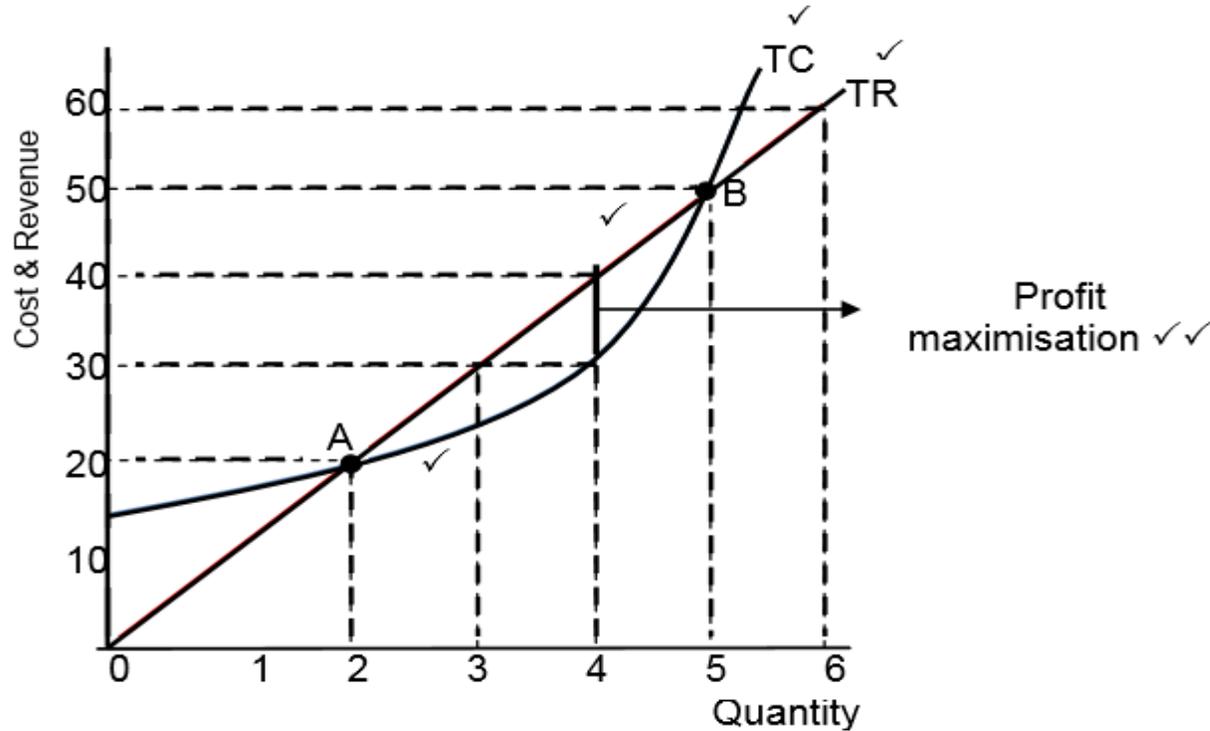
- Tourists require basic services such as good roads and a communication network to ensure an enriching experience ✓✓
- Rural communities that have unique lifestyles require good infrastructure to benefit from tourism ✓✓
- Basic infrastructure development could lead to an increase in social infrastructure 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.



**Marking grid**

1. Correct positioning of TC curve = 1 mark
2. Correct labelling of TC curve = 1 mark
3. Correct positioning of TR curve = 1 mark
4. Correct labelling of TR curve = 1 mark
5. Correct indication of profit maximization = 2 marks

- 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).

(8)

**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 mindset of people by educating households to reduce the usage of products that is regarded as hazardous waste like ewaste 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]