 Province of the

EASTERN CAPE

EDUCATION

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

**HOME SCHOOLING SELF-STUDY WORKSHEET**

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| **SUBJECT** | **ECONOMICS** | **GRADE** | **12** | **DATE** | **10/06/2020** |
| **TOPIC** | **MICROECONOMICS & CONTEMPORARY ECONOMIC ISSUES** | **TERM 1**  **REVISION** |  | **TERM 2 CONTENT** | **X** |

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

**DBE/Feb.–Mar. 2018**

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| 1.1 | Answer the following questions. | | |  |
|  | 1.1.**1 Give any TWO reasons why governments levy tax on tourism.**   * To recover external costs √ * To increase revenue √ * To maintain infrastructure √   (Accept any other correct relevant response) (2 x 1) | | | **(2)** |
|  |  |  |  |  |
|  | 1.1.2 **Why does the government sometimes set minimum prices (price floors) for certain products?**   * To enable producer to make a profit and to encourage them to supply important essential goods √√   (Accept any other correct relevant response) (1 x 2) | | | **(2)** |
| **1.2** | **DATA RESPONSE** | | |  |
|  | 1.2.1 **Identify ONE example of a monopolistic competitor in the information above.**   * Pizza hut √ * McDonalds √ * Burger King √ * KFC √ * Jollibee √ * Chowking √ | | | **(1)** |
|  | 1.2.2 **Which word in the information above suggests that a monopolistic competitor is a combination of two**  **market structures?**   * Hybrid √ | | | **(1)** |
|  | 1.2.3 **Briefly describe the term normal profit.**   * It is a profit that is sufficient to ensure the entrepreneur continues production/minimum earnings required to prevent the entrepreneur from leaving and using his/her production factors elsewhere √√   (Accept any other correct relevant response) | | | **(2)** |
|  | 1.2.4 **Why is the demand curve of a monopolistic competitor more elastic than that of a monopoly?**   * The products of a monopolistic competitor are good substitutes √ unlike a monopolist where the there are no close substitutes √ | | | **(2)** |
|  | **1.2.5 How does branding play a key role in a monopolistic competitive market structure?**  Branding plays a key role in monopolistic competitive markets by:   * each business selling a slightly differentiated product. √√ * it is based on the opinion of consumers  * building customer loyalty where a consumer will choose one producer over another  e.g. Checkers no-name brand (2 x 2)   (Accept any other correct relevant response) (2 x 2) | | | **(4)** |
| **1.3** | **DATA RESPONSE** | | |  |
|  | 1.3.1 **Give the name of ONE city in the extract where climate change conferences were held.**   * Kyoto √ * Berlin √ * Durban √ | | | **(1)** |
|  | 1.3.2 **Identify the international organisastion in the extract above that initiates climate change conferences.**   * United nations / UN √ | | | **(1)** |
|  | 1.3.3 Describe how greenhouse gases contribute to global warming.   * Forms a blanket that traps the heat within the earth's atmosphere / A stronger greenhouse effect will warm oceans and partially melt glaciers and other ice, increasing sea level √√   (Accept any other correct relevant response) | | | **(2)** |
|  | **1.3.4** How can a green fund help to reduce global warming?   * It can enable the establishment and use of renewable (clean/ecofriendly) energy √√   (Accept any other correct relevant response) | | | **(2)** |
|  | **1.3.5** Why is global warming increasing despite the many international conferences on climate change?  Global warming is increasing due to:   * Governments, as parties to international agreements, being unable or less interested in implementing the agreements √√ * rising conflict between the goal of reversing global warming and that of increasing economic development √√ * industries who are more interested in increase in profits, which is possible only when increase in production takes place √√ * increased production accompanied by emission of greenhouse gases, which leads to global warming √√   (Accept any other correct relevant response) Any (2 x 2) | | | **(4)** |
| **1.4** | **Briefly describe the fiscal measures that can be used to combat demand-pull inflation.**   * An increase in direct taxes e.g. PAYE to reduce excessive demand in the economy √√ * An increase in indirect taxes e.g. VAT will reduce the demand for many goods √√ * A loan levy can be introduced to discourage borrowing √√ * Reducing government spending by postponing certain projects √√ * Imposing a surcharge on imported goods to reduce the demand √√ * Financing the budget deficit from the non-banking sector instead of the banking sector where borrowing rates are higher √√   (Accept any other correct relevant response) (4 x 2)  **(A maximum of 4 marks may be allocated for the mere listing of facts/ examples)**  **(Monetary measures must not be accepted or allocated any marks)** | | | **(8)** |
| **1.5** | **Draw a well-labelled graph to illustrate economic profit in a monopoly market.** | | |  |
|  | **NOTE: If candidates drew the long term economic profit, allocate marks.** | | | **(8)**  **[40]** |