 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]** |