GRADE 12

ECONOMICS

LEARNER HOMEWORK SOLUTIONS
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## LEARNER HOMEWORK SOLUTIONS

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TOPIC 1: KINDS OF INFLATION

QUESTION 1: 17 minutes  (Taken from The Answer Series)

1.1 It is a continuous process. ✔ ✔
   It refers to a rise in prices in general. ✔ ✔
   It involves a considerable increase in prices. ✔ ✔
   It causes a decline in the purchasing power of money. ✔ ✔  (Any 3 x 2) (6)

1.2 Consumer inflation ✔ ✔
   Producer’s inflation ✔ ✔
   All-inclusive inflation ✔ ✔
   Hyper inflation ✔ ✔
   Stagflation ✔ ✔
   Demand-pull inflation ✔ ✔
   Cost-push inflation ✔ ✔  (Any 3 x 2) (6)

1.3 Caused by an increase in the cost of production. ✔ ✔ Increased costs “push up” the price level. ✔ ✔
   Affected by:
   o Wages (increases in wages and salaries). ✔ ✔
   o Increase in price of key imported inputs. ✔ ✔
   o Exchange rate depreciation. ✔ ✔
   o Increase in profit margins. ✔ ✔
   o Decrease in productivity for the same remuneration. ✔ ✔
   o Natural disasters. ✔ ✔  (16) [28]
TOPIC 2: MEASURES TO COMBAT INFLATION

QUESTION 1: 17 minutes (Taken from The Answer Series)

1.1 Debtors✓✓
   Government✓✓
   Investments with flexible market value.✓✓  (6)

1.2 Increase in the money supply.✓✓
   Increase in the input costs.✓✓
   Market failure.✓✓
   Imported inflation.✓✓
   Weaker exchange rate.✓✓
   Decline in productivity.✓✓
   Trade unions.✓✓
   (Any 3 x 2)  (6)

1.3 Fiscal measures:
   • Increase direct taxes.✓✓
   • Increase indirect taxes.✓✓
   • Reduce government spending.✓✓
   • Introduce measures to increase productivity, e.g. tax rebates.✓

   Monetary measures:
   • Increase interest rates of banks.✓✓
   • Decrease money supply.✓✓
   • Decrease availability of credit from banks.✓✓
   • Decrease currency control.✓✓  (16)[28]
TOPIC 1: EFFECTS OF TOURISM

QUESTION 1: 20 minutes (Taken from The Answer Series)

1.1 Factors responsible for the growth of domestic tourism:
- South Africa has a wide range of tourist attractions.
- Many South Africans cannot afford to travel abroad.
- Improved infrastructure.
- South Africa scores well in terms of international tourism competitiveness because of:
  - The already well-established network of national parks and private nature reserves are in line with the demands of the increasingly environmentally sensitive visitor.
  - Some companies are already leaders in global best practice in eco-tourism, while others have created Disneyland-like attractions (e.g. Gold Reef City, Sun City).
  - The recent successful political transformation in South Africa has opened the country's tourism potential to the rest of the world.
- The fastest growing sector of tourism is eco-tourism. This includes nature photography, botanical studies, bird watching, snorkelling and hiking.
- Community tourism is becoming increasingly popular: tourists want first-hand experience of what it is like to live in townships and rural villages.

1.2 GDP
- Tourism impacts directly more on the services industry than on agriculture or manufacturing.
- Although there is an upstream effect, e.g. foodstuffs provided to restaurants and manufacturing providing vehicles, this is the indirect effect.
- Estimates for 2005:
  - Direct impact: 3.5% of GDP
  - Indirect impact: 9% of GDP

Employment
- World Travel and Tourism Council (WTTC) figures for 2002:
  - Direct contribution: 3% of the economy’s workforce (±492,000 jobs).
  - Indirect contribution: 6.9% of the economy’s workforce (±1.2 million jobs).
- But tourism has been affected by a general overall reduction in employment due to:
  - Stricter labour laws that make employers wary of employing new staff because it is difficult to shed unneeded workers later.
  - A general worldwide trend towards substituting capital for labour where possible.
Poverty

- **Advantages:**
  - Tourism includes many services which are labour intensive and so create employment.
  - Tourism can be seen as an investment by foreigners.
  - Owing to BEE and other support schemes, the poorer sectors of society are being increasingly included in the national economy.

- **Disadvantages:**
  - If tourism is not controlled it can lead to displacement and loss of natural resources.
  - A massive influx can lead to overcrowding and price increases.
  - Tourism can lead to socio-economic problems, e.g. prostitution.
  - Establishing resorts, etc under foreign ownership can harm local tourist operators.

Externalities

- **Affected:** Mainly individuals
  - Government and collective welfare

- **Type of effects:**
  - Economic effects
  - Social effects
  - Environmental effects

(4 x 4) (16)

TOPIC 2: BENEFITS OF TOURISM / EFFECTS OF TOURISM

**QUESTION 1:** 14 minutes  
(Taken from The Answer Series)

1.1 Robben Island
  - Drakensberg
  - Congo Caves

1.2 Households
  - Households benefit through:
    - Income as salaried employees or owners of businesses.
    - Improved infrastructure.
    - Skills: tourism requires skills which require education and training.

**Businesses**

- The most important sectors of the tourism industry are:
  - The tourism development sector (e.g. SATour).
  - The travel sector.
  - The travel organisers (e.g. travel agents and tour guides).
  - The destination sector- the places to which tourists travel.
  - The accommodation sector.
  - The industrial and commercial sector (e.g. restaurants, shops).
  - The attraction sector – tourist entertainment and places to visit.

(2 x 8) (16)
TOPIC 1: THE STATE OF THE ENVIRONMENT

QUESTION 1: 15 minutes  
(Taken from The Answer Series)

1.1.1 True✓✓
1.1.2 True✓✓

1.2 Conservation: the sustainable use and management of natural resources. ✓✓
Preservation: Preserving the general environment and keeping it as habitable as possible for people and animals. ✓✓

1.3 Air pollution✓✓
- The accumulation in the atmosphere of substances that, in sufficient concentrations, endanger human health or produce other measured effects on living matter and other materials. ✓✓
- E.g. noise pollution, tobacco smoke, exhausts fumes, combustion of coal, acid rain. ✓✓
- Negative consequences include: increasing ill health, green house gases, global warming, and ozone depletion. ✓✓

Water pollution✓✓
- The introduction into fresh or ocean waters chemical, physical or biological materials that degrade the quality of the water and affect the organisms living there. ✓✓
- E.g. industrial affluent, agricultural and mining waste, sewage disposal and household waste. ✓✓

TOPIC 2: MEASURES TO ENSURE SUSTAINABILITY

QUESTION 1: 15 minutes  
(Taken from The Answer Series)

1.1.1 False✓✓
1.1.2 True✓✓
1.1.3 True✓✓
1.1.4 False✓✓

1.2 World Wildlife Fund✓✓
Green Trust✓✓
Earthlife Africa✓✓

1.3 recycling✓✓
using public transport✓✓
conserving electricity✓✓
<table>
<thead>
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<th>QUESTION 1: 22 minutes</th>
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<tr>
<td>1.1 Choose the correct answer in brackets:</td>
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<tr>
<td>1.1.1 Hyperinflation✓✓</td>
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<tr>
<td>1.1.2 CPIX✓✓</td>
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</tr>
<tr>
<td>1.1.3 CPIX✓✓</td>
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<td>1.1.4 Debtors✓✓</td>
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<td>1.1.5 Flexible✓✓</td>
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<tr>
<td>1.1.6 Governor of the SARB✓✓</td>
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<tr>
<td>1.1.7 Repurchasing rate✓✓</td>
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<td>1.1.8 9%✓✓</td>
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<td>1.1.9 Cost-push✓✓</td>
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<tr>
<td>1.1.10 Process✓✓</td>
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<table>
<thead>
<tr>
<th>1.2 True or False</th>
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<tbody>
<tr>
<td>1.2.1 False✓✓</td>
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<tr>
<td>1.2.2 True✓✓</td>
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<td>1.2.4 True✓✓</td>
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<td>1.2.7 True✓✓</td>
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<td>1.2.8 False✓✓</td>
<td>(8 x 2) (16) [36]</td>
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SOLUTIONS TO HOMEWORK: SESSION 16

TOPIC: CONSOLIDATION

QUESTION 1: 18 minutes

Taken from DOE Nov 2008

1.1 money market / money ✓
1.2 deregulation ✓✓
1.3 social security grants ✓✓
1.4 central bank ✓✓
1.5 foreign exchange market / foreign exchange ✓✓

Taken from DOE Nov 2009

1.6 Medium-Term Expenditure Framework ✓✓
1.7 Petrol ✓✓
1.8 Skills Support Programme ✓
1.9 Stats SA ✓✓
1.10 Global warming ✓✓

Taken from DOE Nov 2010

1.11 Gross Domestic Product (GDP) ✓✓
1.12 Depression ✓✓
1.13 Unregulated market ✓✓
1.14 Black Economic Empowerment (BEE) ✓✓
1.15 A good infrastructure ✓✓

Taken from DOE Nov 2011

1.16 dumping ✓✓
1.17 demerit goods ✓✓
1.18 disequilibrium ✓✓
1.19 economic indicator ✓✓
1.20 conservation ✓✓

(20 x 2) [40]