



# basic education

Department:  
Basic Education  
**REPUBLIC OF SOUTH AFRICA**

## **NATIONAL SENIOR CERTIFICATE**

**GRADE 12**

**ECONOMICS P2  
MARKING GUIDELINES  
NOVEMBER 2024**

**MARKS: 150**

**These marking guidelines consist of 22 pages.**

**SECTION A (COMPULSORY)****QUESTION 1****1.1 MULTIPLE-CHOICE QUESTIONS**

- 1.1.1 C - taker ✓✓
- 1.1.2 B - natural ✓✓
- 1.1.3 A - average variable ✓✓
- 1.1.4 D - direct control ✓✓
- 1.1.5 A - 3% - 6% ✓✓
- 1.1.6 D - one ✓✓
- 1.1.7 B - deflation ✓✓
- 1.1.8 C - deforestation ✓✓ (8 x 2) (16)

**1.2 MATCHING ITEMS**

- 1.2.1 E - at least one factor of production remains fixed ✓
- 1.2.2 I - an exclusive right to manufacture a particular product ✓
- 1.2.3 F - imposed by the government to allow producers of essential goods to be profitable ✓
- 1.2.4 G - provided free-of-charge by the government ✓
- 1.2.5 B - converts current (nominal) prices to constant (real) prices ✓
- 1.2.6 A - South African residents travelling to other countries ✓
- 1.2.7 D - looking after natural resources to ensure that they are not completely used up ✓
- 1.2.8 C - introduction of waste material into the environment ✓ (8 x 1) (8)

**1.3 GIVE THE TERM**

- 1.3.1 Implicit cost ✓
- 1.3.2 Economies of scale ✓
- 1.3.3 Minimum wage ✓
- 1.3.4 Demand pull inflation ✓
- 1.3.5 Indigenous knowledge systems ✓
- 1.3.6 Renewable resources ✓ (6 x 1) (6)

**TOTAL SECTION A: 30**

**SECTION B**

Answer any TWO of the three questions from this section in the ANSWER BOOK.

**QUESTION 2: MICROECONOMICS****40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 **Name any TWO examples of markets that may be regarded as perfect competition.**

- Johannesburg Securities Exchange (JSE) ✓
  - Foreign exchange market ✓
  - Agricultural products market ✓
- (Accept any other correct relevant response) (2 x 1) (2)

2.1.2 **Why is cost-benefit analysis (CBA) important for public projects?**

- To compare the expected social costs and social benefits of a new public project over its estimated time span ✓✓
  - To bring greater objectivity in decision making concerning the execution of public project ✓✓
  - To ensure efficient allocation of resources ✓✓
- (Accept any other correct relevant response) (1 x 2) (2)

2.2 **DATA RESPONSE**

2.2.1 **Identify an example of non-price competition from the extract above.**

- Product differentiation (Quality of the ingredients, quality of their food, hospitality services) ✓
  - Location ✓
- (1)

2.2.2 **Name the type of profit earned by a monopolistic competitor in the long-run.**

Normal profit ✓ (1)

2.2.3 **Briefly describe the term *monopolistic competition*.**

Exists in a market where there are relatively many businesses selling differentiated products / A market structure that combines the features of perfect competition and monopoly. ✓✓  
(Accept any other correct relevant response) (2)

**2.2.4 Explain the role of advertising in monopolistic competitive market.**

- Advertising is used to create product awareness and brand loyalty. ✓✓
  - Businesses may advertise to inform customers about the distinctive features of the product. ✓✓
  - Monopolistic-competitive businesses may use advertising to attract customers to buy their products. ✓✓
- (Accept any other correct relevant response)

(2)

**2.2.5 Why does a monopolist enjoy greater profits than a monopolistic competitor?**

- A monopolist has no competition whereas the monopolistic competitor has a higher degree of competition which lowers prices, hence less profit ✓✓
  - A monopolist can manipulate prices to higher levels whereas the monopolistic competitor has little control over prices due to many sellers ✓✓
  - A monopolist can charge higher prices and make higher profit because demand is inelastic whereas a monopolistic competitor cannot charge higher due to elastic demand which leads to lower profit ✓✓
- (Accept any other correct relevant response)

(2 x 2)

(4)

**2.3 DATA RESPONSE**

**2.3.1 Identify the curve that represents the marginal private benefit.**

DD / D ✓

(1)

**2.3.2 Give any ONE example of negative externalities.**

- Pollution ✓
  - Illnesses and diseases ✓
  - Traffic congestion ✓
- (Accept any other correct relevant response)

(1)

**2.3.3 Briefly describe the term *externalities*.**

Cost and benefits to third parties which are not included in market prices/Spill-over effects to individuals and businesses that are not directly involved in the consumption and production of goods and services ✓✓

(Accept any other correct relevant response)

(2)

**2.3.4 Why is quantity Q<sub>1</sub> regarded as socially efficient?**

The price at quantity Q<sub>1</sub> takes into consideration the external benefits of education / Quantity Q<sub>1</sub> is exchanged at a price where the marginal private cost is equal to the marginal social benefit ✓✓

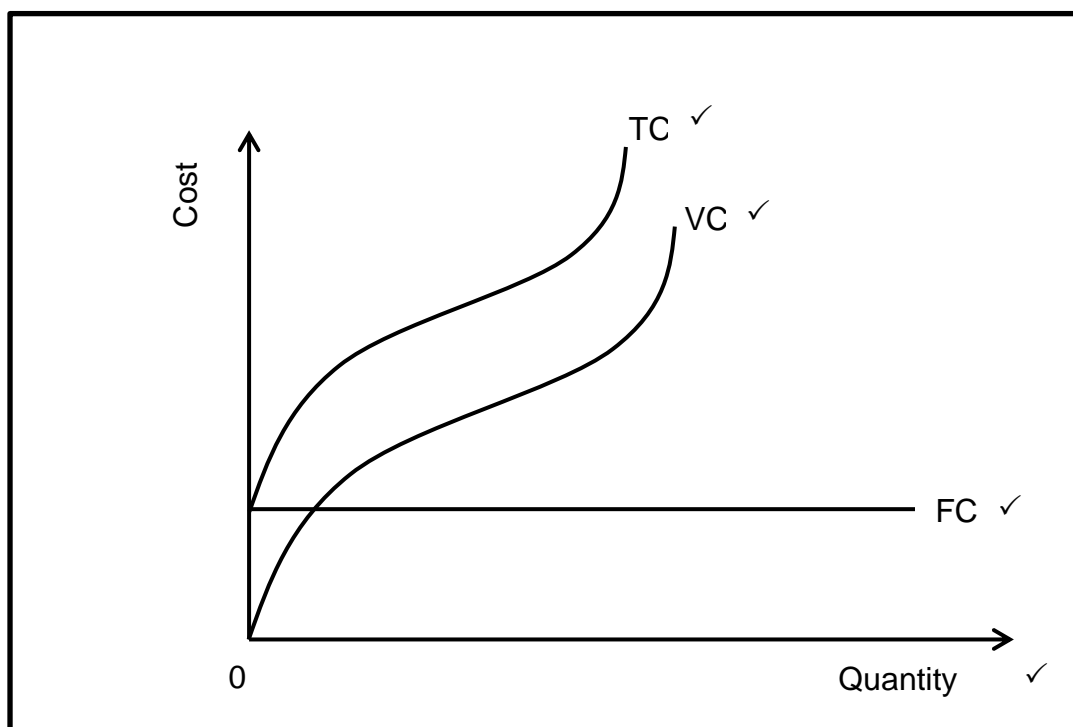
(Accept any other correct relevant response)

(2)

2.3.5 **How can government encourage the consumption of merit goods?**

- The government can provide consumer subsidies to lower the prices of merit goods which will increase demand ✓✓
  - The government can provide tax exemptions which allow merit goods to be more affordable to consumers ✓✓
  - The government may provide merit goods, such as education and healthcare, free-of-charge or at a lower cost which will encourage people to buy more quantities ✓✓
  - Public positive campaigns may be used to inform the public about the benefits of merit goods to increase demand ✓✓
- (Accept any other correct relevant response) (2 x 2) (4)

2.4 **With the aid of a correctly-labelled graph, explain the relationship between total cost (TC), fixed cost (FC) and variable cost (VC).**



**Allocation of marks:**

- Labelling of the axis = 1 Mark
  - Correct drawing and labelling of the TC curve = 1 Mark
  - Correct drawing and labelling of the VC curve = 1 Mark
  - Correct drawing and labelling of the FC curve = 1 Mark
- (Max 4)**

- Fixed cost (FC) is the difference between the total cost (TC) and the variable cost (VC) / Variable cost is the difference between the total cost and fixed cost / Total cost is the sum of fixed cost and variable cost ✓✓
  - The variable cost curve starts from zero (0) while the total cost curve starts from the fixed cost level on the vertical axis ✓✓
  - Total cost and variable cost curves slope upwards as quantity increases. ✓✓
  - The gap between the total cost curve and the variable cost curve represents the value of fixed cost ✓✓
- (Accept any other correct relevant response) (Max 4) (8)

**2.5 How can lack of information to various market participants lead to misallocation of resources?**

- Market participants do not always have the necessary information at their disposal to make rational or informed decision ✓✓
- Consumers may pay higher prices due to lack information about the prices of goods and services charged by different suppliers ✓✓
- Consumer buy products that are harmful to their health because they do not have enough information about the ingredients ✓✓
- Workers may earn less income because they are unaware of other jobs opportunities outside their current employment ✓✓
- Potential workers may stay unemployed due to lack of information about the available job opportunities in different industries ✓✓
- Businesses incur higher cost of production due to lack of knowledge about new technologies that are more cost effective ✓✓
- Producers may experience disruptions in their operations because they do not have information about the availability of production inputs such as raw materials ✓✓
- Lack of accurate information about the productivity of labour may result in entrepreneurs employing incompetent workers ✓✓
- Investors may venture into business opportunities that are less profitable as result of lack of full knowledge about market opportunities ✓✓
- The government may implement policies that do not improve the efficiency of market due to lack of information about the actual prevailing market conditions ✓✓
- Producers who know more about the market than buyers may create a situation where buyers are exploited. ✓✓
- Some producers may even use their knowledge of market conditions to block entry of new participants into the market. ✓✓

(Accept any other correct relevant response)

**(A maximum of 2 marks may be allocated for mere listing of facts/examples)**

(4 x 2)

(8)  
**[40]**

**QUESTION 3: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 **Name any TWO types of consumer inflation.**

- Headline / CPI inflation ✓
  - Core ✓
  - Administered prices ✓
- (Accept any other correct relevant response) (2 x 1) (2)

3.1.2 **Why does the government levy or impose taxes on tourism activities?**

- To raise revenue to finance government expenditure. ✓✓
  - To recover the external costs incurred due to tourism activities. ✓✓
  - To compensate the host community for providing infrastructure and amenities that they use. ✓✓
  - To raise revenue to achieve developmental goals. ✓✓
- (Accept any other correct relevant response) (1 x 2) (2)

3.2 **DATA RESPONSE**

3.2.1 **Identify a positive impact of inflation on the consumer from the cartoon above.**

Less real debt value ✓ (1)

3.2.2 **Name the institution that uses interest rate to control inflation in South Africa.**

South African Reserve Bank / SARB ✓ (1)

3.2.3 **Briefly describe the term *stagflation*.**

Occurs when the economy experiences low levels of economic growth with high levels of unemployment as well as high rate of inflation. ✓✓  
(Accept any other correct relevant response) (2)

3.2.4 **Explain the impact of inflation on taxpayers.**

- Inflation increases the taxpayers' nominal income even when their real income remains unchanged or decrease ✓✓
  - Taxpayers pay higher tax rates as their nominal income increases even if they are not better off than before (bracket creep) ✓✓
- (Accept any other correct relevant response) (2)

**3.2.5 How can natural disasters contribute to inflation in the economy?**

- Unfavourable weather conditions such as droughts, floods and global warming may increase the cost of production, resulting in an increase in prices for goods and services. ✓✓
- Natural disasters may lead to unplanned expenditure such rebuilding cost by businesses which may be recovered by increasing the prices of goods and services. ✓✓
- Natural disasters may reduce the supply of goods and services which may increase the general price level if demand remains the same. ✓✓

(Accept any other correct relevant response)

(2 x 2)

(4)

**3.3 DATA RESPONSE**

**3.3.1 Identify the number of SADC tourist arrivals in the 4th quarter of 2023.**

1,7 million ✓

(1)

**3.3.2 Give any ONE environmental world heritage site in South Africa.**

- iSimangaliso wetland park / Greater St Lucia wetland park ✓
- Cape Fynbos region ✓
- Maloti / uKhahlamba Drakensberg park ✓
- Vredefort Dome ✓
- Richtersveld Cultural and Botanical Landscape ✓
- Barberton Makhonjwa ✓

(1)

**3.3.3 Briefly describe the term *domestic tourism*.**

The activities of people visiting places within the boundaries of their own country. ✓✓

(Accept any other correct relevant response)

(2)

**3.3.4 Explain the impact of a weaker rand on foreign tourist arrivals.**

Foreign tourist arrivals may increase as it becomes cheaper for them to visit or spend money in South Africa. ✓✓

(Accept any other correct relevant response)

(2)



**3.3.5 How can the South African government ensure that tourists visit the various destinations across the country?**

- The South African government may create representative bodies to provide information about all tourist attractions in the country. ✓✓
- The Department of Tourism may improve marketing to provide accurate information about product descriptions and prices in less well-known tourist destinations. ✓✓
- The government should improve supporting services such as transport, accommodation and other amenities in less developed tourist destinations. ✓✓

(Accept any other correct relevant response)

(2 x 2)

(4)

**3.4 Briefly discuss *export earnings* and *government expenditure* as causes of demand-pull inflation**

**Export earnings**

- Growth in economies of trading partner countries may create demand for a variety of local products ✓✓
- Increase in world demand for commodities may lead to greater volumes of South African exports such as gold ✓✓
- The income earned from exports may add to aggregate demand in South Africa, resulting in higher prices ✓✓
- Increase in demand for exports without corresponding increase in supply of goods and services may result in price increases ✓✓ (Max 4)

**Government expenditure**

- An increase in government expenditure on infrastructure development, consumption spending and social spending may lead to an increase in aggregate demand ✓✓
- An increase in government spending without a corresponding rise in aggregate supply may lead to price increases ✓✓
- Increases in government spending that are financed by borrowing from the banking system add money into circulation which increases demand for goods and services ✓✓ (Max 4)

(Accept any other correct relevant response)

**(A maximum of 4 marks may be allocated for mere listing of facts/examples)**

(8)

**3.5 How can tourism activities negatively impact South Africa?**

- Development of infrastructure and facilities for tourism can cause permanent environmental restructuring ✓✓
- Transportation of tourists may cause traffic congestion in tourist areas during holiday seasons ✓✓
- Tourism may lead to loss of wildlife species due to activities such as safari hunting ✓✓
- Increase in tourists may lead to the use of water in large quantities may lead to water shortages especially in dry areas ✓✓
- Use of aircrafts by tourists may lead to noise pollution to residents near airports ✓✓
- Additional demand for goods and services by tourists may lead to product shortages on local market ✓✓
- Local prices may increase resulting in local consumers failing to afford basic goods and services which may increase poverty ✓✓
- Infrastructure at tourist sites can be under pressure to cater for a large number of tourists. ✓✓
- Tourism activities may cause environmental damage at tourist sites through additional waste products ✓✓
- Tourism may affect population dynamics due to migration and changes in population density to the needs of tourist sites ✓✓
- People may incur relocation costs as they are displaced from their land to make way for tourism development ✓✓

(Accept any other correct relevant response)

**(A maximum of 2 marks may be allocated for mere listing of facts/examples)**

(4 x 2)

(8)

**[40]**

**QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES**  
**40 MARKS – 30 MINUTES**

4.1 Answer the following questions.

4.1.1 **Name TWO types of inefficiencies caused by market failures.**

- Productive / technical ✓
- Allocative ✓ (2 x 1) (2)

4.1.2 **How can the South African Reserve Bank (SARB) use open market transactions to reduce money supply in the economy?**

The South African Reserve Bank (SARB) can sell government securities or bonds to commercial banks which will reduce the amount of money in circulation ✓✓  
 (Accept any other correct relevant response) (1 x 2) (2)

4.2 **DATA RESPONSE.**

4.2.1 **Identify the curve that represents the supply curve for the individual firm in the graph above.**

Marginal cost / MC ✓ (1)

4.2.2 **State the nature of products sold in a perfect market.**

Homogeneous / Identical ✓ (1)

4.2.3 **Briefly describe the term *marginal revenue*.**

The additional amount of income gained from selling one extra unit of a product ✓✓  
 (Accept any other correct relevant response) (2)

4.2.4 **Why is the individual firm's demand curve horizontal?**

The firm can only sell different quantities at the same price because it is a price taker / A large number of sellers in the market makes the individual firm not to have an influence over the market price. ✓✓  
 (Accept any other correct relevant response) (2)

4.2.5 **Use the graphs above to explain how economic loss in the short-run leads to normal profit in the long-run.**

- Economic loss forces some businesses to exit the market and the market supply curve shifts to the left from  $S_1$  to  $S_2$  ✓✓
- The decrease in supply will result in an increase in market price from  $P_1$  to  $P_2$  which leads to a decrease in losses ✓✓
- In the long-run the remaining businesses will make normal profit when the price,  $P_2$  will be equal to the average cost ✓✓  
 (Accept any other correct relevant response) (2 x 2) (4)

**4.3 DATA RESPONSE****4.3.1 Identify the image that relates to eco-tourism.**

Image A ✓ (1)

**4.3.2 Name the institution that is responsible for promoting tourism in South Africa.**

South African Tourism (SAT/SATOUR) ✓ (1)

**4.3.3 Briefly describe the term *paleo tourism*.**

The activities of tourists visiting sites of great archaeological significance to learn about fossils ✓✓  
(Accept any other correct relevant response) (2)

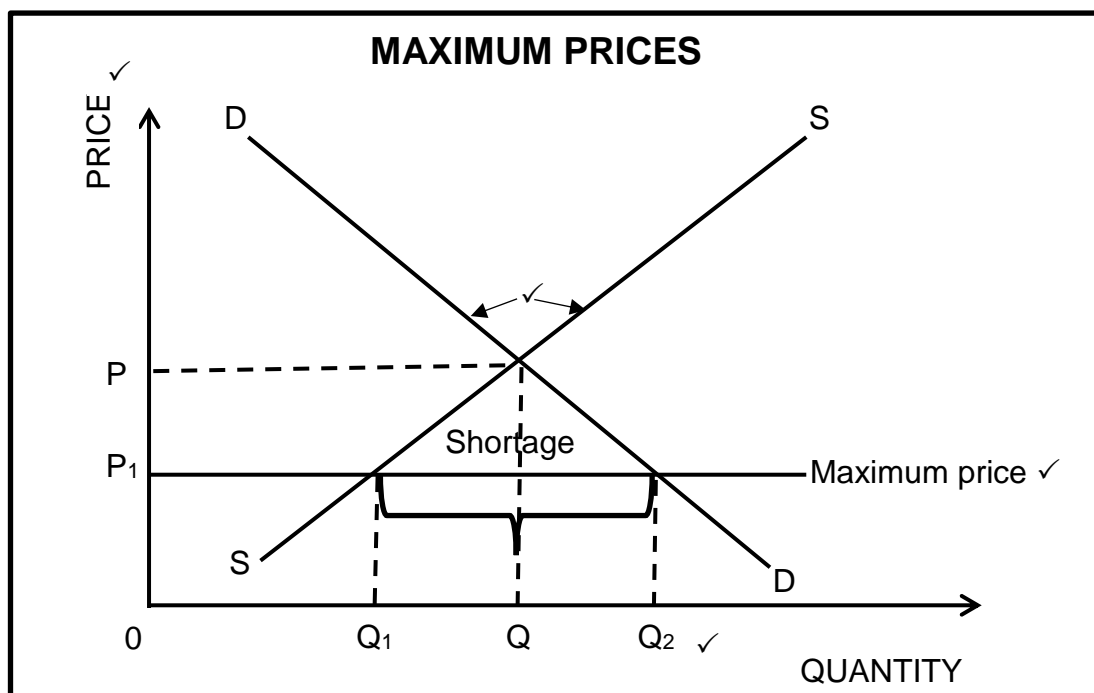
**4.3.4 Explain the impact of households' income levels on tourism.**

Increase in households' disposable income may increase the number of people who participate in tourism activities / Decrease in disposable income reduces the number of people who travel for leisure and recreation ✓✓  
(Accept any other correct relevant response) (2)

**4.3.5 Why would South Africans be discouraged to visit tourist sites within the country?**

- Social unrests and high crime rate may discourage people from visiting tourist attractions in certain parts of the country. ✓✓
  - Health hazards, such as malaria and unsafe drinking water, may discourage people from visiting tourist sites in the affected areas. ✓✓
  - Natural disasters, such as floods, cyclones and heavy rains may destroy tourist sites and infrastructure which may disrupt tourism activities across the country. ✓✓
  - Increasing costs, such as entrance fees, accommodation and transport, may result in some people failing to afford visiting various sites across the countries. ✓✓
- (Accept any other correct relevant response) (2 x 2) (4)

- 4.4 With the aid of a correctly labelled graph, explain the effect of maximum prices on the market.



**Allocation of marks:**

- Correct labelling of the axes (price and quantity) = 1 Mark
- Correct drawing and labelling of demand and supply curves = 1 Mark
- Correct indication or labelling of maximum price = 1 Mark
- Correct labelling on the axes = 1 Mark

**(Max 4)**

- The government sets a maximum price of  $P_1$  below the equilibrium market price  $P$  to allow consumers to afford basic products ✓✓
  - The quantity demanded increases from  $Q$  to  $Q_2$  and the quantity supplied decreases from  $Q$  to  $Q_1$ . ✓✓
  - A shortage of  $Q_1$  to  $Q_2$  is created in the market, as demand is more than supply. ✓✓
  - Product shortages can lead to the creation of black markets, where the goods may be sold at higher prices ✓✓
- (Accept any other correct relevant response)

(Max 4)

(8)

**4.5 Analyse the measures that can be used to combat cost-push inflation.**

- Improvement of education and training to increase productivity which helps to reduce the average cost of production and increase aggregate supply ✓✓
- Investing in technology to improve productivity which will reduce the cost of production ✓✓
- Promoting competition domestically and from abroad which helps to control high profit margins by businesses ✓✓
- Imposing price controls, such as maximum prices, on certain goods and services to ensure that they remain affordable ✓✓
- Implementing a wage policy to break the inflationary spiral of increased wages and prices ✓✓
- Reducing import controls to make imported production inputs, such as agricultural chemical, cheaper and reduce cost of production ✓✓
- Improve the efficiency of infrastructural services, such as energy and transport, to reduce the cost of doing business in the economy ✓✓
- Providing subsidies to producers of certain goods and services to reduce their cost of production ✓✓
- Promoting small business development to increase competition and increase the supply of goods and services ✓✓
- Reducing taxes paid by business to reduce their cost of production which allows them to produce output ✓✓

(Accept any other correct relevant response)

**(A maximum of 2 marks may be allocated for mere listing of facts/examples)**

(4 x 2)

(8)  
[40]

**TOTAL SECTION B: 80**

**SECTION C**

Answer any ONE of the two questions in this section in the ANSWER BOOK.

**QUESTION 5: MICROECONOMICS****40 MARKS – 40 MINUTES**

- **Examine in detail the oligopoly market structure.** (26 marks)
- **How has the competition policy helped to reduce anti-competitive behaviour in South Africa?** (10 marks)

**INTRODUCTION**

Market structure describes how buyers and sellers are organised and interact in a market / Refers to the characteristic of a market that influence its performance and the level of competition. ✓✓

(Accept any other correct relevant introduction)

(Max. 2)

**BODY****MAIN PART****CHARACTERISTICS OF OLIGOPOLY****Number of businesses ✓**

- Only few large businesses dominate the oligopoly market. ✓✓ E.g. the mobile network industry. ✓
- There is limited competition in an oligopoly market structure. ✓✓
- A market that is dominated by two businesses only is referred to as a duopoly. ✓✓

**Nature of the product ✓**

- When the product is differentiated, the market is known as a differentiated oligopoly. ✓✓
- Product differentiation is a strategy used by businesses to make their products different from competitors in terms of colour, size, quality and appearance. ✓✓ E.g. cell-phone industry ✓
- When the product is homogeneous, the market is regarded as pure oligopoly. ✓✓ E.g. fuel industry ✓

**Entrance ✓**

- Barriers to entry make it difficult for new businesses to enter an oligopoly market. ✓✓
- The barriers to entry include economies of scale, high development costs, licenses and huge capital requirements. ✓✓
- Barriers to entry allow oligopoly businesses to make economic profit in the long-run ✓✓

**Information ✓**

- Neither the producer nor the consumer has full knowledge about the current market conditions. ✓✓
- Even though oligopoly businesses watch each other closely, it is difficult for them to know how their competitors will react to their decisions and actions. ✓✓
- It is difficult for Vodacom to know how MTN, Telkom and Cell-C will respond to its promotion strategies such as night shifts ✓✓

**Control over the price ✓**

- Oligopoly businesses generally have considerable control over the price of their product, although it is less than a monopoly. ✓✓
- Oligopolies gain control over the price especially when they make joint decisions, through price leaderships and cartels. ✓✓

**Mutual dependence ✓**

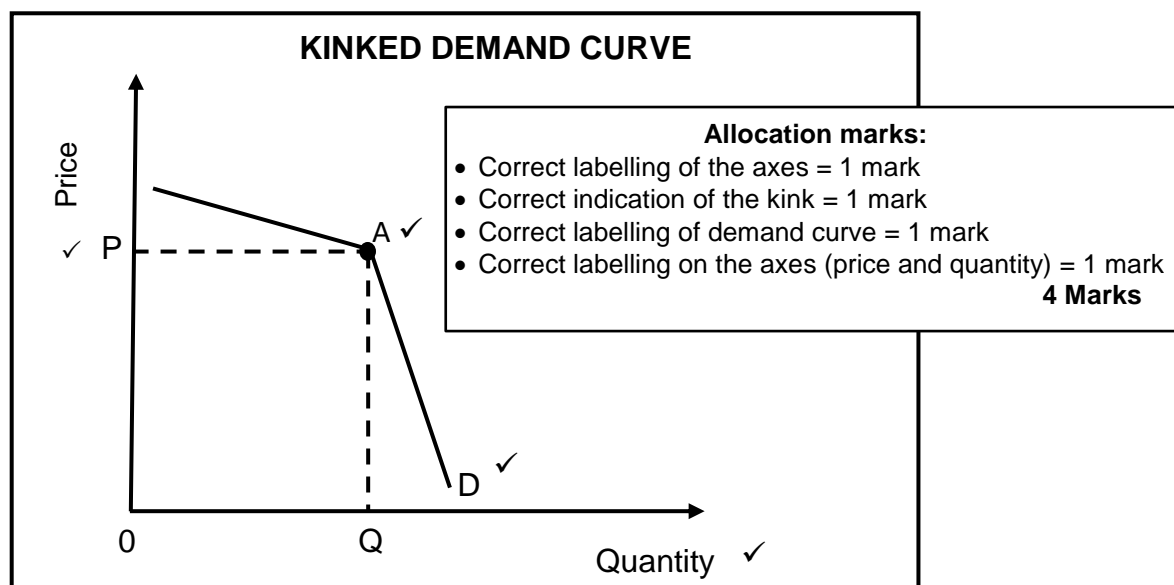
- There are few businesses selling a particular product, each business depends on other businesses' actions. ✓✓
- Decisions by one business can influence decisions by other businesses. ✓✓
- An oligopoly's decisions on decreasing or increasing the price are more complex than other markets because of other businesses actions and reaction. ✓✓

**Demand curve ✓**

- Oligopoly businesses have a kinked demand curve due to mutual dependence. ✓✓
- A kinked demand curve is a demand curve with two segments, one that is elastic and the other one that is inelastic. ✓✓

**Kinked demand curve is based on the following assumptions; -**

- When one business increases the price, its competitors will not follow the move and customers will shift their purchases to other businesses with lower prices. ✓✓ The business that increased the price will lose a lot of customers and demand will be elastic. ✓✓
- When one business decides to decrease the price, other businesses will also decrease their prices. ✓✓ The business that decreased the price will gain very few customers and demand will be inelastic. ✓✓
- An oligopoly business tends to have an elastic demand curve when it increases the price and an inelastic demand curve when it decreases the price. ✓✓



- Above price P, demand is elastic and below price P, demand is inelastic. ✓✓
- An oligopoly will always maintain the price at the kink because there is no incentive for an oligopoly to increase or decrease the price. ✓✓



**Collusion✓**

- Collusion is an agreement within the same industry to reduce competition amongst themselves. ✓✓ E.g. Price fixing ✓
- Formal collusion is in the form of cartels such as OPEC which is also referred to as explicit or overt collusion. ✓✓
- Informal collusion is in the form of price leadership which is also referred to as implicit or tacit collusion. ✓✓

**Non-price competition ✓**

- Oligopolies try to avoid competing on prices because reduction in prices may result in destructive price wars which eliminate their profits. ✓✓
- Oligopolies would rather make use of non-price competition methods to increase their customer base. ✓✓
- They make use of non-price competition, such as product differentiation, branding, and advertising, to attract customers and increase their market share. ✓✓

**Economic profit/Loss ✓**

- Oligopolistic firms can make economic profit in both short run and long-run. ✓✓

**Productive and allocative efficiency ✓**

- Oligopoly businesses do not achieve allocative efficiency because they do not produce the optimum output. ✓✓
- Oligopolies do not achieve productive efficiency because they do not produce at the lowest possible average cost. ✓✓

(Accept any other correct relevant response)

(Max. 26)

**(Allocate a maximum of 8 marks for mere listing of facts/examples)**

**ADDITIONAL PART:**

- The Competition Policy prevented the abuse of economic power by monopolist through the establishment of new businesses in various markets ✓✓
- Regulation of mergers and takeovers helped to reduce the growth of market powers ✓✓
- The Competition Policy provided for the establishment of the Competition Commission to investigate restrictive practices such as price fixing by oligopolies ✓✓
- The establishment of the Competition Tribunal has helped to reduce unfair methods of exercising market powers by imposing fines and penalties on businesses that are found guilty ✓✓
- The Competition Appeal Court reviews or amends decisions taken by the Competition Tribunal in a way that ensures that competition is not compromised. ✓✓
- Consumers are protected from unfair prices and inferior products through the implementation of the Competition Act ✓✓
- The Competition Policy has improved the equity in markets by giving all South Africans equal opportunities to participate in economic activity ✓✓
- Foreign competition has been allowed which has helped to reduce market dominance by domestic large businesses ✓✓
- Healthy competition has been promoted which has helped to improve the efficiency of markets ✓✓

(Accept any other correct relevant response)

(Max. 10)

**(Allocate a maximum of 2 marks for mere listing of facts)**

**CONCLUSION**

Oligopoly businesses may enjoy economic profit in both the short-run and long-run due to the market powers they possess / Oligopolies produce goods and services at a higher cost and use resources inefficiently which may lead to higher prices and wastage of resources in the economy ✓✓

(Accept any other correct relevant higher-order conclusion)

(Max. 2)

[40]

**QUESTION 6: CONTEMPORARY ECONOMIC ISSUES 40 MARKS – 40 MINUTES**

- **Discuss in detail how the government can ensure sustainable development or environmental sustainability. (26 marks)**
- **Analyse the international measures taken to reduce environmental problems. (10 marks)**

**INTRODUCTION**

Environmental sustainability refers to the ability of the environment to survive its use for economic activity. / Sustainable development refers development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs. ✓✓

(Accept any other correct relevant introduction)

(Max. 2)

**BODY****MAIN PART:****GOVERNMENT MEASURES TO ENSURE SUSTAINABLE DEVELOPMENT****Granting property rights ✓**

- Property rights have a conservationist effect whereby people will take care of resources that belong to them. ✓✓
- Property rights promote collective responsibility towards the environment while at the same time preventing over-exploitation. ✓✓
- People are granted property rights if they agree to preserve the flora and fauna to prevent extinction. ✓✓
- Property rights can be expanded to common resources such as clean air. ✓✓

**Charging for the use of the environment ✓**

- The government levies fees for waste produced and disposed to the environment. ✓✓
- In South Africa, local authorities levy charges on garbage collection and sewage disposal. ✓✓
- The best results are achieved when charges are proportional (related to) to waste produced. ✓✓
- Emission charges are used when the government sets a price per unit of pollution. ✓✓

**Levy environmental tax ✓**

- Environmental taxes are imposed on the output of goods that generate external environmental costs such as pollution. ✓✓
- Environmental taxes ensure that practices that are harmful to the environment are reduced. ✓✓
- The government can use the income generated through environmental taxes to plough back into environmental issues. ✓✓
- In South Africa, carbon tax is levied on carbon emissions from industrial processes, fuel burning and vehicle tyres. ✓✓
- The rate of environmental tax should be equal to the marginal external cost. ✓✓

**Pay environmental subsidies ✓**

- Environmental subsidies refer to the payment made by the government to businesses to reduce activities that negatively affect the environment. ✓✓
- Subsidies are granted to; -
  - encourage businesses to develop new technologies or equipment such as LED light bulbs and solar geysers ✓✓
  - promote production of environmentally-friendly substitutes such as reusable shopping bags and rechargeable batteries ✓✓
  - encourage recycling waste material such as bottles and cans ✓✓
  - encourage businesses to use environmentally-friendly sources of energy such as solar and wind ✓✓
- Environmental subsidies can be recovered from the levying of taxation. ✓✓

**Issue marketable permits ✓**

- Marketable permits are licenses that are sold by the government to businesses which allow them to pollute to a certain degree. ✓✓
- The government decides on a maximum desired level of pollution in a particular area. ✓✓
- Businesses with low levels of pollution can sell part of their permits to firms with high levels of pollution. ✓✓
- In South Africa, marketable permits are granted by the Department of Minerals and Energy. ✓✓

**Command and Control (CAC) ✓**

- CAC refers to regulations set by the government to enforce environmental limits and standards. ✓✓
- The government enforces policy by setting maximum levels of the emission of pollution. ✓✓
- The Department of Environmental Affairs assigns inspectors to monitor the environmental activities of businesses and impose fines if the legal limits are not adhered to. ✓✓
- Most developed countries have regulations that control air and water pollution. ✓✓
- There are 3 approaches in CAC systems:
  - **Quantity standards** that focus on the amount of pollution emitted. ✓✓
  - **Quality standards** that focus on the environmental impact of the pollution emitted. ✓✓
  - **Social impact standards** that focus on the effect of the pollution emitted on people. ✓✓

**Voluntary agreements ✓**

- Voluntary agreements refer to formal and informal arrangements between the government and businesses to reduce pollution. ✓✓
- Businesses are empowered to negotiate arrangements that suit their own circumstances and create better opportunity for planning. ✓✓
- Voluntary agreements ensure commitment by businesses as they support agreements that they have negotiated. ✓✓

**Education ✓**

- Education refers to methods used to create awareness and change people's attitudes towards the environment ✓✓
- Awareness of environmental issues ensures better decision making when interacting with the environment ✓✓
- Educating children on the effects of their actions on the environment helps them to become more environmentally empowered adults ✓✓
- Setting up community wildlife reserves educate people about the importance of protecting the environment ✓✓

(Accept any other correct relevant response)

(Max. 26)

**(Allocate a maximum of 8 marks for mere listing of facts/examples)**

**ADDITIONAL PART:**

- The Convention on International Trade in Endangered Species (CITES) bans commercial international trade in a list of endangered species to reduce biodiversity loss. ✓✓
- CITES uses permits and quotas to regulate and monitor trade in other species that may become endangered. ✓✓
- The Basel Convention controls the disposal of hazardous waste by allowing their export only to parties that have not banned its import. ✓✓
- Countries are obliged to prevent the import or export of hazardous waste if they have reason to believe that it will not be treated in an environmentally sound manner. ✓✓
- The Stockholm protocol bans some of the deadliest manufactured substances such as DDT, which is a highly toxic insecticide to reduce the effects of chemical waste. ✓✓
- The Rotterdam Convention protects countries that lack adequate infrastructure to monitor the import and export of dangerous chemicals. ✓✓
- Prior Informed Consent insures that governments have all information they need for assessing risks and taking informed decisions on chemical waste imports. ✓✓
- The UN's Declarations requires indigenous capacity building to use alternative ways to manage resources ✓✓
- The Kyoto Protocol sets binding targets for developed countries to limit the production of greenhouse gases, which helps to reduce the effects of climate change ✓✓
- The Kyoto Protocol is an international agreement whereby developed countries pay developing countries for their right to pollute. ✓✓
- The Paris Agreement limits the increase in global average temperature to below 2°C above pre-industrial levels ✓✓
- Paris Agreement pursue efforts to limit it to 1.5°C above pre-industrial levels. ✓✓
- The agreement aims to reduce global greenhouse gas emissions to the same levels that trees, soil, and oceans can absorb naturally. ✓✓
- Paris Agreement aims to provide financing to developing countries to reduce and adapt to climate change. ✓✓

(Accept any other correct relevant response)

(Max. 10)

**(Allocate a maximum of 2 marks for mere listing of facts)**

**CONCLUSION**

Environmental problems are complex, hence solutions must involve market-based environmental policies, government regulations and international measures to sustain the available resources of the country. ✓✓

(Accept any other correct relevant higher-order conclusion)

(Max. 2)

**[40]**

**TOTAL SECTION C:**

**40**

**GRAND TOTAL:**

**150**