



Economics Paper 2 - Grade 12 Essays

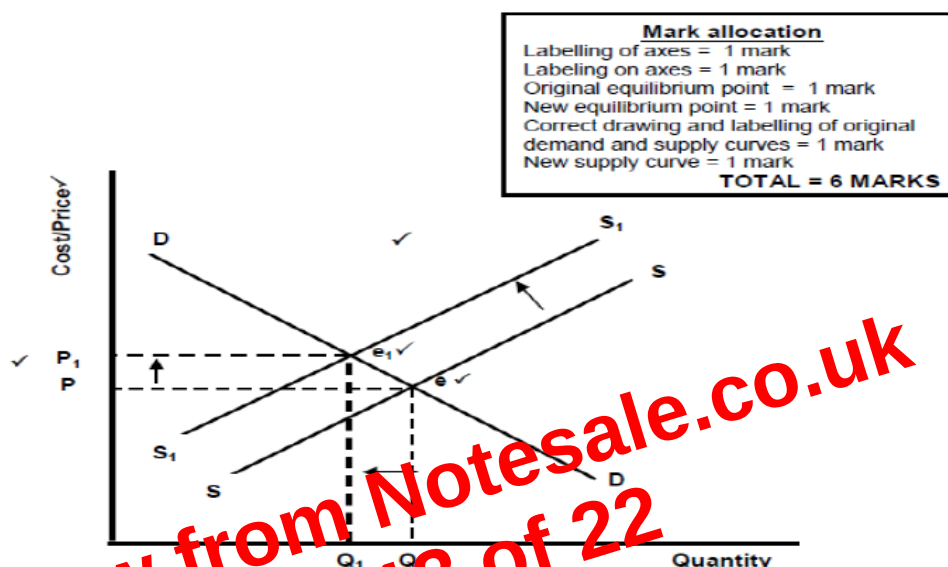
Economics (Eduvos)

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- The price set by the government is P_1 , at this price the demand will increase to Q_1 and the supply will decrease to Q_2
- The difference between Q_1 and Q_2 is the shortfall that will be created on the market
- The shortage caused by the price ceiling creates a problem of how to allocate the good since the demand has increased
- Black markets start to develop

Taxation

Taxation



- The appropriate way to intervene in the market by government is by levying taxes as a method to recover external cost
- The original market equilibrium at e , with P as the equilibrium price and Q as the equilibrium quantity
- The tax increase will shift the supply curve to the left
- New equilibrium at E_1
- A tax would raise the price from P to P_1
- The production will decrease from Q to Q_1

ADDITIONAL PART

Explain the supply of undesirable goods in South Africa and how the government can deal with it.

-Items such as cigarettes, alcohol and non-prescription drugs are examples of demerit or undesirable goods.

1.6 Infrastructure

- Adequate physical, economic + basic services infrastructure essential for tourist destinations:
 - ❖ Transport infrastructure (roads, railway lines, airports, car parks) ✓✓
 - ❖ Communication infrastructure (telephone lines, electronic signal stations) ✓✓
 - ❖ Energy infrastructure (electricity and liquid fuels) ✓✓
 - ❖ Basic services infrastructure (clean water, reuse removal, sewerage systems). ✓✓
- Lack of economic + basic services infrastructure prevents growth of tourism ✓✓
- This infrastructure is seen as public investment ✓✓
- Seasonality – major problem for infrastructural development ✓✓ (Max 26)

ADDITIONAL PART

Tourism benefits households' prosperity in THREE ways:

- Income – salaries and wages – due to involvement with tourism ✓✓ example from the candidate's environment ✓✓
 - Infrastructure – available for tourists and local people's use ✓✓ example from candidate's environment ✓✓
 - Skills – variety required – education + training required – school subject ✓✓ example from the candidate's environment ✓✓ (Max. 10)
- Accept any other relevant answer.

CONCLUSION

- In reality tourism is a much wider concept and can be quite demanding but very interesting when it is related to a specific community.

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