higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

N360**(E)**(J8)H

NATIONAL CERTIFICATE

ECONOMICS N4

(22020034)

8 June 2018 (X-Paper)
09:00–12:00

This question paper consists of 11 pages.

GS

Copyright reserved

DEPARTMENT OF HIGHER EDUCATION AND TRAINING
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE
ECONOMICS N4
TIME: 3 HOURS
MARKS: 200

NOTE: If you answer more than the required number of questions, only the required number will be marked. Clearly cross out ALL work you do NOT want to be marked.

INSTRUCTIONS AND INFORMATION

1. SECTION A is COMPULSORY.
2. Answer any THREE questions in SECTTION B.
3. Read ALL questions in SECTION B.
4. Number the answers according to the numbering system used in this question paper.
5. ALL graphs must be clearly labelled.
6. Write neatly and legibly.

Copyright reserved

SECTION A: COMPULSORY

QUESTION 1

1.1 Various options are given as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question number (1.1.1–1.1.5) in the ANSWER BOOK.

1.1.1 The satisfaction that we get from consumption goods or services is known as …

A return.
B utensils.
C utility.
D scarcity.

1.1.2 When an increase in the price of one product leads to an increase in the demand for another product, it means that the two are … goods.

A substitute
B normal
C essential
D complementary

1.1.3 A market situation dominated by a few large businesses is known as …

A monopolistic.
B oligopoly.
C monopoly.
D perfect.

1.1.4 When prices are expressed in comparison to other goods it is known as …

A relative.
B nominal.
C absolute.
D market.

1.1.5 The law of diminishing … states that as more and more variable input is added to fixed input, returns from the variable input will decrease.

A utility
B returns
C marginal
D productivity

(5 × 2) (10)

Copyright reserved

1.2 Indicate whether the following statements are TRUE or FALSE. Choose the answer and write only 'True' or 'False' next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.

1.2.1 Globalisation is a process whereby the economies of countries become connected to one another.

1.2.2 An economy of scale is a situation that exists when a firm is able to divide its costs over a high level of output.

1.2.3 The cost of factors of production and other inputs used in the production process is known as implicit costs.

1.2.4 In a centrally planned economy, resources are allocated by the police.

1.2.5 South Africa has a dualistic economy.

(5 × 2) (10)

1.3 Complete the following sentences by filling in the missing words. Write only the words next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

1.3.1 … companies are companies that produce or distribute goods and services in more than one country, usually throughout the world.

1.3.2 The extra cost of producing an additional unit is known as …

1.3.3 A firm will stop existing only when economic profits are equal to …

1.3.4 The loss of other alternatives when one alternative is chosen is referred to as an … cost.

1.3.5 In a perfectly competitive market, the marginal revenue (MR) curve is also the average revenue curve or … curve.

(5 × 2) (10)

1.4 Choose the correct word(s) from those given in brackets. Write only the word(s) next to the question number (1.4.1–1.4.5) in the ANSWER BOOK.

1.4.1 The process of interaction among the countries of the world to bring their economies closer together is called (industrialisation/globalisation).

1.4.2 (Variable/Constant) cost refers to the cost that changes with the level of output.

1.4.3 Macro-economics studies the economic system of a country as a/an (individual/whole).

Copyright reserved

1.4.4 If the consumer's demand for tea increases because of an increase in the price of coffee, the products mentioned are examples of (substitute/complementary) products.

1.4.5 (Integration/Regulation) is a measure used by oligopolies to increase their market share.

(5 × 2) (10)

1.5 Choose a description from COLUMN B that matches a word/term in COLUMN A. Write only the letter (A–F) next to the question number (1.5.1–1.5.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.5.1	Market failure	A	the most important indicator that is constantly measured to assess the health of the economy
1.5.2	Wages		
1.5.3	GDP (Gross Domestic Product)	B	change in output (factor of production) resulting from employing one or more unit of a particular input
1.5.4	Household sector	C	a condition when market forces do not allocate resources efficiently
1.5.5	Marginal product	D	issues that relate to the labour market
		E	owners of factors of production
		F	is the same as marginal utility

(5 × 2) (10)

[50]

TOTAL SECTION A: 50

Copyright reserved

SECTION B

Answer ANY THREE questions in this section.

QUESTION 2

2.1 Explain the term *law of diminishing returns.* (2)

2.2 Study the scenario below and answer questions.

> In January, a small pizza shop received 350 boxes of Margarita pizza and 200 boxes of cheese from its supplier. They sold each box of Margarita pizzas at R30 and a box of cheese at R35. The following month (February), the supplier increased the number of boxes supplied from 350 to 441 boxes for Margarita pizza and from 200 to 252 boxes for cheese. The new price for selling each box of Margarita and each box of cheese increased to R40 and R49 respectively.

2.2.1 Explain price elasticity of supply. (2)

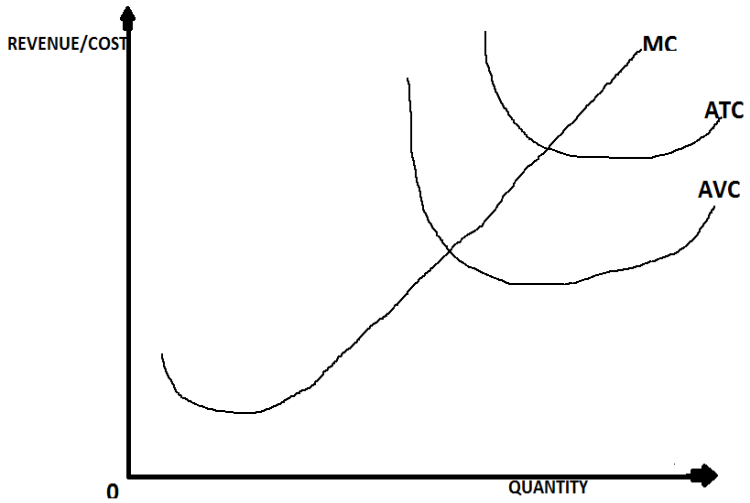
2.2.2 Calculate the elasticity of supply for cheese. (6)

2.2.3 Explain any challenge that may be experienced by producers when they have to increase supply in the short-run. (2)

2.3 Briefly discuss any FOUR characteristics of utility. (4 × 2) (8)

2.4 Define *explicit costs.* (2)

2.5 Study the graph below and answer the questions.



2.5.1 Give any TWO examples of variable costs. (2)

2.5.2 Explain the shapes of the average total cost (ATC), average variable cost (AVC) and marginal cost (MC). (6)

2.5.3 Why are average total costs important? (2)

2.6 Distinguish between product and factor markets. (4 × 2) (8)

2.7 Explain the term *cross elasticity of demand.* (10)
[50]

QUESTION 3

3.1 Name any FOUR motives for saving and provide an example for each. (4 × 2) (8)

3.2 Explain the FOUR characteristics of oligopoly. (4 × 2) (8)

3.3 Briefly describe the following terms:

3.3.1 Market constraints

3.3.2 Marginal cost

3.3.3 Demand

3.3.4 Household sector

(4 × 2) (8)

3.4 Give FOUR pieces of legislations which aim to strengthen the labour market in South Africa. (4 × 2) (8)

3.5 Study the following revenue table and answer the questions.

QUANTITY	PRICE (R)	TOTAL REVENUE (TR)	MARGINAL REVENUE (MR)
15	6	90	
16	6	96	
17	6	102	
18	6	108	

3.5.1 Calculate the marginal revenue for the quantities of units 16, 17 and 18. (6)

3.5.2 How much is the marginal revenue for extra additional units sold? (2)

3.5.3 Explain the term *consumer spending.* (2)

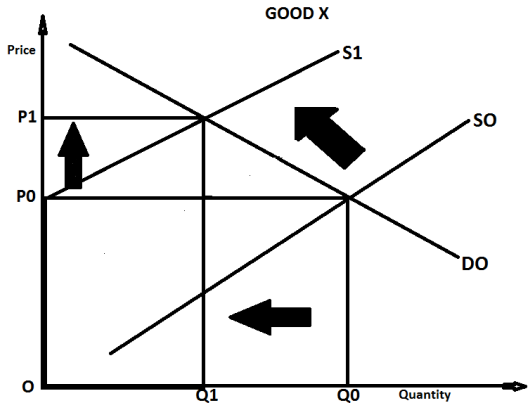
3.6 Which are the FOUR types of elasticity of demand that you know? (4 × 2) (8)
[50]

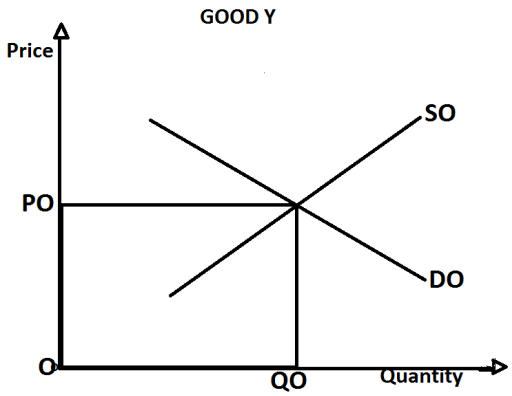
Copyright reserved

QUESTION 4

4.1 Name any TWO types of substitute goods that you know. (2)

4.2 Study the graphs below and answer the questions.





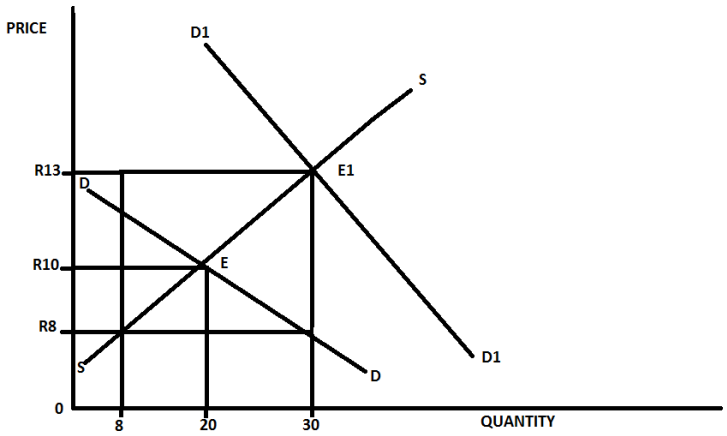
4.2.1 What are *complementary products*? (2)

4.2.2 Why is it important for producers to understand the relationship between complementary products? (2)

4.2.3 What happens when there is an increase in price (From P0 to P1) of Good X between supply curve S0 and S1. (6)

4.3 Compare ownership and motivation as the economic characteristics of a *centrally planned economy* compared to a *market economy*. (8)

4.4 Study the graph below and answer the questions.



4.4.1 What do you understand by the term *law of demand*. (2)

4.4.2 Indicate the original equilibrium price in rands. (2)

4.4.3 Describe the slope of the supply curve. (2)

4.4.4 Refer to the demand and supply curves DD and SS above:

(a) Indicate the price, in rand value, at which there will be a surplus in the market. (2)
(b) Calculate the surplus at this price. (3)

4.4.5 What can producers do if there is a surplus of goods in the market? (2)

4.5 Explain the characteristics of indifference curves with the aid of a graph for any two products of your choice. (10)

4.6 Differentiate between *short-run* and *long-run* in a business. (2 × 2) (4)

4.7 Give the THREE types of profits. (3)
[50]

QUESTION 5

5.1 Explain the term *gross domestic product.* (2)

5.2 Explain the difference between *current prices* and *constant prices.* (2 × 2) (4)

5.3 How does economics of scale differ from diseconomies of scale? (4)

5.4 Study the table given below and answer the questions.

NUMBER OF APPLES	TOTAL UTILITY	MARGINAL UTILITY
1	10	10
2	A	8
3	23	5
4	25	2
5	26	1
6	24	B

5.4.1 Calculate A and B above. (4)

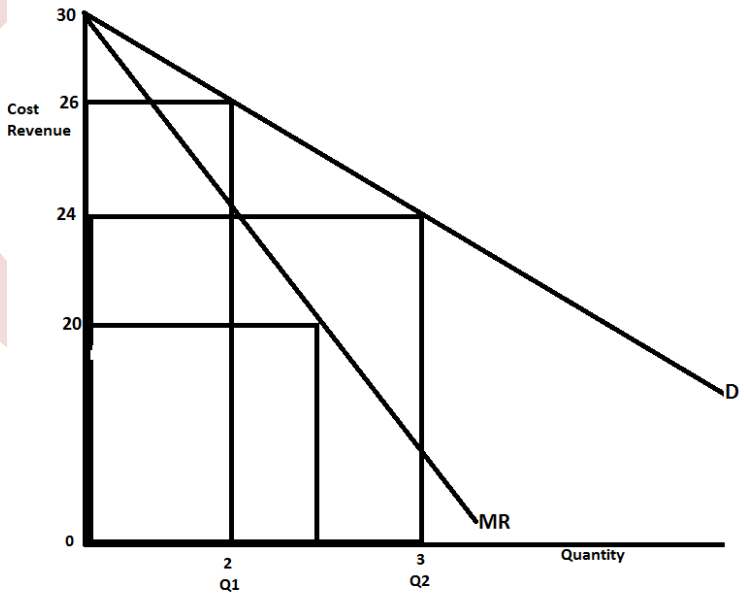
5.4.2 Explain the term *utility*. (2)

5.4.3 Draw a total utility curve using the above table. (8)

5.5 Give any THREE the characteristics of a perfect market. (3 × 2) (6)

5.6 Study the graph below and answer the questions.

Imperfect Market



5.6.1 How much does the firm receive per unit at Q1? (2)

5.6.2 Calculate the total revenue (TR) if four units were sold at R26 per unit. (4)

5.6.3 Calculate the total revenue (TR) if four units were sold at R24 per unit. (4)

5.6.4 Calculate a profit or loss in revenue if the price per unit is reduced to R24 from R26 when there are 4 units. (4)

Copyright reserved

5.7 Differentiate between *implicit cost* and *explicit cost*. (2 × 2) (4)

5.8 What is *shut-down* in a business? (2)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

Copyright reserved