higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

ECONOMICS N4

(22020034)

31 May 2021 (X-paper)
09:00–12:00

Non-programmable calculators may be used.

This question paper consists of 9 pages.

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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. Answer all the questions in SECTION A.
2. Read all the questions carefully.
3. Answer any THREE of the four 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.

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SECTION A

Answer all the questions in SECTION A.

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 (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 The most important indicator that is constantly used to measure/ assess the economic wealth of the country is the …

A GNI
B GNP
C GDE
D GDP

1.1.2 Restoration of the economy to a former or better position is referred to as …

A peak.
B recovery.
C trough.
D recession.

1.1.3 An objective fact or announcement is a … statement.

A position
B normative
C Keynesian
D monetarist

1.1.4 The concept *opportunity cost* …

A can be applied to the analysis of any decision making process.
B is relevant only in economics.
C refers only to actual payments and income.
D applies to consumers but not firms.

1.1.5 A return of scale refers to changes in output when all factors are increased at the same proportion in the long run of which it may be …

A increasing.
B constant.
C decreasing.
D All of the abovementioned

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1.1.6 The convex shape of the indifference curve can be expressed in terms of the law of …

A diminishing marginal utility.
B demand.
C diminishing marginal rate of substitution.
D substitution.

1.1.7 The most important determinant of how much households will consume is …

A interest rate.
B income.
C taste and preferences.
D availability of products.

1.1.8 A patent which gives one the exclusive right to manufacture a product is a characteristic of a/an … monopoly.

A artificial
B natural
C local
D superficial

1.1.9 Issues that are related to a labour market include …

A rent.
B wages.
C profit.
D interest.

1.1.10 The basic economic problem is …

A the population explosion.
B too much government wastage.
C the problem of scarcity.
D increase in price.

(10 × 2) (20)

1.2 Complete the following sentences by writing only the missing word or words next to the question number (1.2.1–1.2.5) in the ANSWER BOOK.

1.2.1 Continuous price increases, leading to the decreasing purchasing power of money is known as …

1.2.2 When a mining house rents the rights to mine gold, the payment it receives is called …

1.2.3 The supply of land is …

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1.2.4 Even if a company delivers no output it must still bear … cost.

1.2.5 An increase in demand causes the demand curve to shift to the …

(5 × 2) (10)

1.3 Choose the correct term from those in brackets. Write only the answer next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

1.3.1 A science that studies the relationship between ends and scare means is (macro-economics/economics).

1.3.2 Goods that can be used to replace others in satisfying similar needs are (substitute/complementary) goods.

1.3.3 Satisfaction that one gets from consuming a product is known as (utility/value).

1.3.4 Labour time is mainly determined by the (length/mass) of the work day as well as the worker's productive life span.

1.3.5 Monopoly can be classified into two types, which are (physical/natural) and artificial.

(5 × 2) (10)

1.4 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A–F) next to the question number (1.4.1–1.4.5) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.4.1	Capitalism	A	quantity demanded changes
1.4.2	Elastic demand	B	factors of production are owned and controlled by individual people and businesses
1.4.3	Savings		
1.4.4	Profit maximisation	C	objective of any profit-orientated firm
1.4.5	Long run	D	unspent part of the income
		E	period of the year when prices are too high
		F	period in which a firm can change all its production factors

(5 × 2) (10)

[50]

TOTAL SECTION A: 50

SECTION B

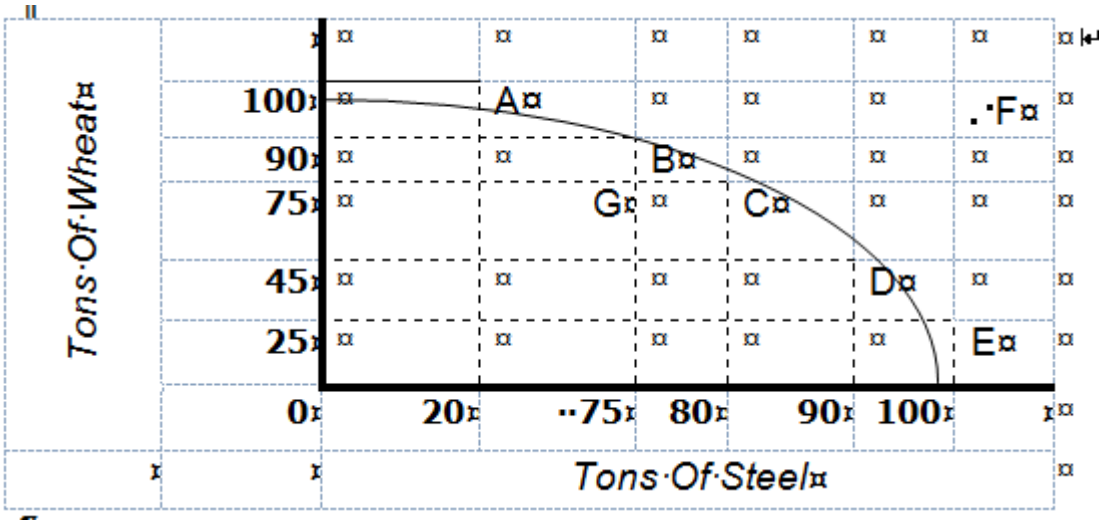
Answer any THREE of the four questions in SECTION B.

QUESTION 2

2.1 List FOUR factors of products and their remunerations. (4 × 2) (8)

2.2 Evaluate the roles of the household sector in the economy. (8)

2.3 Study the diagram below and answer the questions that follow:



2.3.1 For what purpose is the production possibility curve used? (2)

2.3.2 How many tons of wheat and tons of steel will be produced at point B? (2)

2.3.3 Why is production at point G regarded as inefficient? (4)

2.4 Explain the term *budget line.* (3)

2.5 Discuss any FIVE factors that determine the consumption expenditure by households. (15)

2.6 Differentiate between *complementary goods* and *substitute goods.* (2 × 2) (4)

2.7 Mention any TWO rights that consumers have. (2 × 2) (4)

[50]

QUESTION 3

3.1 List any TWO major types of market structures. (2)

3.2 In a tabular form, compare the FIVE characteristics of a perfect market with those of a monopoly market. (20)

3.3 Study the table below and answer the questions that follow:

PRICE (R)	QUANTITY DEMANDED	QUANTITY SUPPLIED
50	500	100
100	400	200
150	300	300
200	200	400
250	100	500

3.3.1 Draw the demand and supply curves. (6)

3.3.2 How much is the equilibrium price? (2)

3.3.3 How much is the equilibrium quantity? (2)

3.3.4 Calculate the excess demand at the price of R100. (4)

3.4 Describe any FIVE factors that influence the elasticity of demand. (5 × 2) (10)

3.5 State the law of supply. (4)

[50]

QUESTION 4

4.1 Explain the term *variable costs.* (2)

4.2 The following table represents the total revenue of a firm. Study this table and answer the questions:

QUANTITY (UNITS)	PRICE (R)	TOTAL REVENUE (R)	MARGINAL REVENUE (R)
15	**5**	**75**	
16	**5**	**80**	
17	**5**	**85**	
18	**5**	**90**	
19	**5**	**95**	

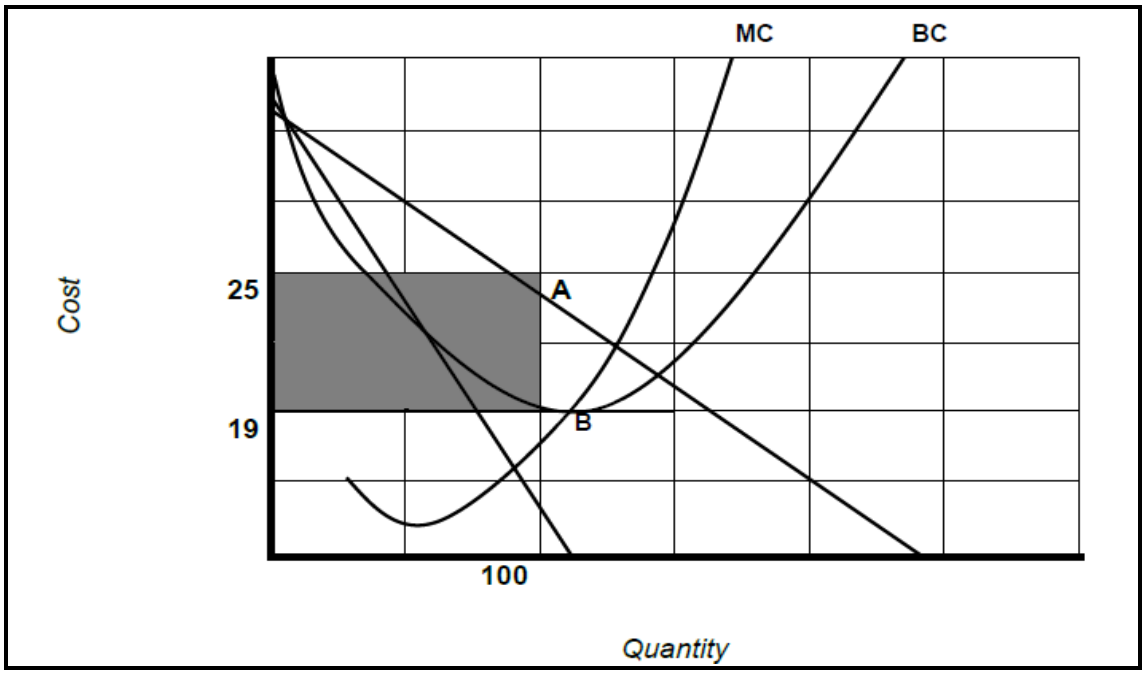
4.2.1 Calculate the marginal revenue of quantities 15 and 16. (4)

4.2.2 How much is the marginal revenue for every extra additional unit of product sold? (2)

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4.2.3 Explain why the MR curve of an imperfect market is below the demand curve. (4)

4.3 Study the graph below and answer the questions that follow.



4.3.1 Identify the profit maximisation point from the graph. (2)

4.3.2 Calculate the total profit or loss of a monopolist as depicted from the graph above when 100 units are sold. Show all your calculations. (8)

4.4 Differentiate between *short-run cost* and *long-run cost.* (2 × 4) (8)

4.5 Describe any FOUR characteristics of labour. (4 × 2) (8)

4.6 How do nominal wages differ from real wages? (6)

4.7 Indicate any THREE characteristics of natural resources. (6)

[50]

QUESTION 5

5.1	Explain the term *capital market.*		(4)
5.2	Describe the FIVE characteristics of capital markets.	(5 × 2)	(10)
5.3	Give the FIVE disadvantages of monopoly firms.	(5 × 2)	(10)
5.4	Indicate any FIVE barriers to entry in the monopoly industries.	(5 × 2)	(10)
5.5	Discuss any FOUR causes of market failure.		(12)
5.6	List the TWO types of production function.	(2 × 2)	(4) **[50]**

TOTAL SECTION B: 150
GRAND TOTAL: 200

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