higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

JUNE EXAMINATION

ECONOMICS N4

24 MAY 2013

This marking guideline consists of 8 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	A
	1.1.2	B
	1.1.3	D
	1.1.4	C
	1.1.5	B
	1.1.6	D
	1.1.7	A
	1.1.8	C
	1.1.9	C
	1.1.10	C
	1.1.11	C
	1.1.12	B
	1.1.13	A
	1.1.14	A
	1.1.15	B

(15 × 1) (15)

1.2	1.2.1	True
	1.2.2	False
	1.2.3	True
	1.2.4	True
	1.2.5	False

(5 × 2) (10)

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1.3 1.3.1 Macro economy

1.3.2 Economic growth

1.3.3 Marginal rate of substitution

1.3.4 Competition

1.3.5 Fixed capital

(5 x 2) (10)
[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1 Land/Natural resources and labour (2)

2.2 Combinations of any TWO products or services that are attainable when all the resources are fully and efficiently employed (2)

2.3 2.3.1 True

2.3.2 False

2.3.3 False

2.3.4 True

2.3.5 True

(2 x 5) (10)

2.4 An essential product refers to those products that all consumers need and buy on a regular basis, like bread, maize and milk, irrespective of price and income. (4)

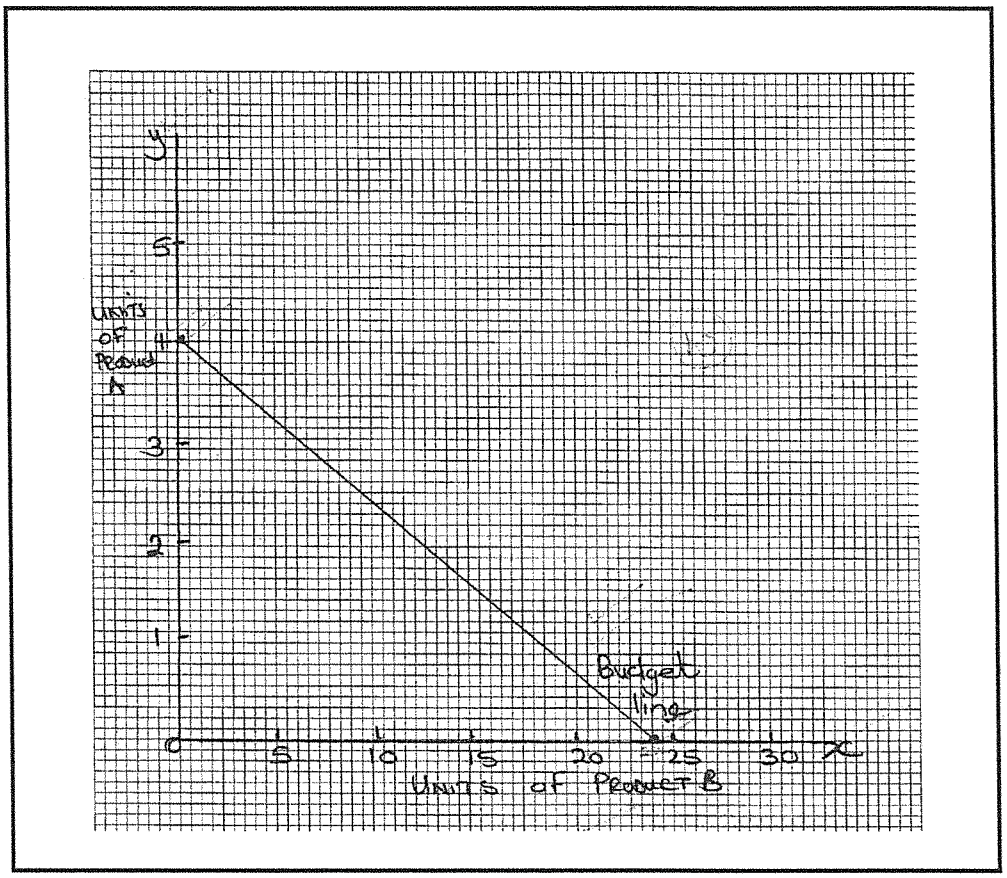
2.5
- Only producer of the product
- No competition
- No substitutions on the market
- Can ask any price for its product
- Extremely costly for outsider to get into a monopoly
- Demand for monopolistic product represents total market demand
- Negative relationship between product price and demand (Any 5 x 2) (10)

2.6 2.6.1 36 + 118 = 154 (2)

2.6.2 No. This is the highest possible utility that you can attain with your available income. Any other combinations will not be within your budget. (4)

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2.6.3



(10)

2.6.4 Mu A = 70 – 62 = 8

Mu B = 136 – 118 = 18

(3 × 2) (6)
[50]

QUESTION 3

3.1 3.1.1 Complements

3.1.2 Market constraints

3.1.3 Average Income

3.1.4 Microeconomics

3.1.5 Economic cycle

(5 × 2) (10)

3.2
- Capital can be increased.
- Capital goods can become exhausted/have a limited lifespan.
- Capital originates from savings.
- Capital assets are durable. (4 × 2) (8)

3.3 3.3.1 Percentage change in quantity = $\frac{800 - 1200}{800 + 1200}$

$= \frac{-400 \times 100}{2\,000 \quad 1}$

$= 20\%$

Percentage change in price $= \frac{4\,990 - 3\,500}{4\,990 + 3\,500}$

$= \frac{1\,490 \quad X \quad 100}{8\,490 \qquad 1}$

$= 17.5\%$

$= \frac{\text{Percentage change in the quantity supplied}}{\text{percentage change in price}}$

$= \frac{20}{17,5}$

$= 1,14 \ (2 + 2 + 1 + 1 + 2)$ (8)

3.3.2 Relatively elastic. The percentage change in the quantity supplied is greater than the percentage change in the price. 'Es' is also greater than 1. (4)

3.4 3.4.1 A (2)

3.4.2 25 x R70 = R1 750 (4)

3.4.3 25 x R40 = R1 000 = Total cost
Profit = R1 750 – R1 000 = R750 (6)

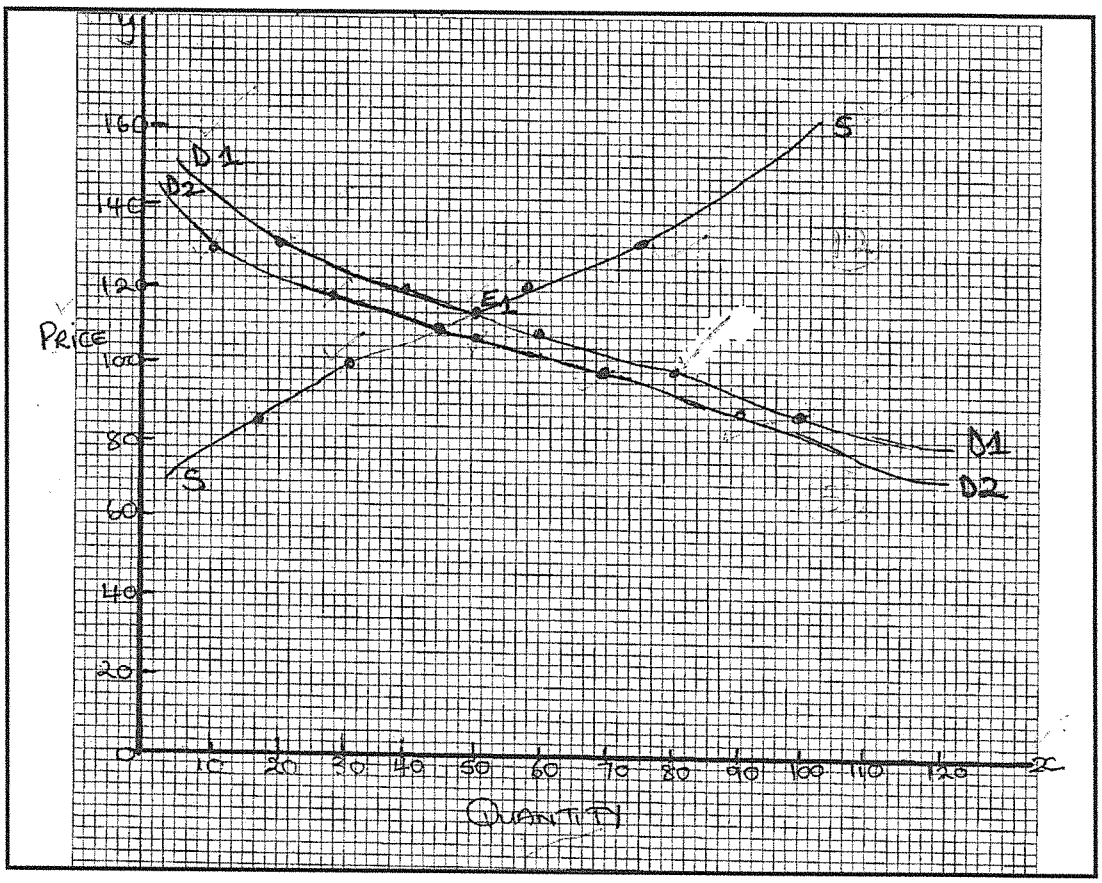
3.4.4 R40. At this price he only covers the variable cost to produce. He will not make any profit, therefore it would not be economically viable to sell the product at a price lower than this. (4)

3.4.5 He will have to close down his business because he is only covering his average variable cost. No profits are made and therefore the business would not survive long. (4)
[50]

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QUESTION 4

4.1 4.1.1



4.1.2 R112 000 and 50 (4)

4.1.3 A market shortage (2)

4.1.4 60 000 – 45 000 = 15 000 (2)

4.1.5 90, 70, 50, 30, 10 (5)

4.1.6 Refer to above graph in QUESTION 4.1.1 (5)

4.1.7 R109 000 and 45 000 (4)

4.2 4.2.1 Economic rent is the difference between the price of a piece of land and its transfer earnings. It represents that portion of the piece of land over and above the price it could command in its next best use. (4)

4.2.2 Transfer earnings represent that portion of the price of a piece of land that is equal to the price it could command in the next best use. (4)

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4.3 4.3.1 Scarcity

4.3.2 Production

4.3.3 Indifference

4.3.4 Socialistic

(4 x 2) (8)
[50]

QUESTION 5

5.1
- The number of potential workers
- The training requirements, pension age and other social practices
- Legal limits with respect to certain vocations
- Availability of training facilities
- Employment conditions and other non-monetary circumstances
- Capital requirements and different vocations
- The risk factor involved in various occupations. (Any 5 × 2) (10)

5.2 5.2.1 (a) 3

(b) 7.33

(c) 29 (6)

5.2.2 It initially increases, reaches a maximum and then decreases. (2)

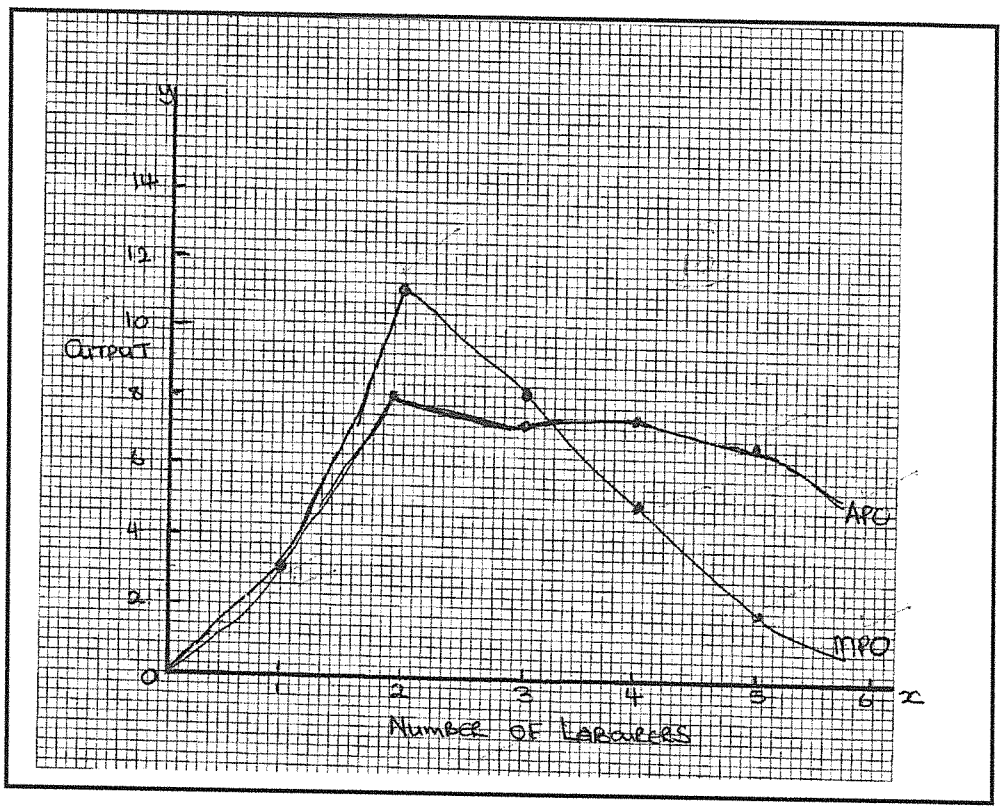
5.2.3 Law of production/Law of diminishing returns (2)

5.2.4 At a production level of 14. The APO is 7 (SEVEN) and MPO is 11 at this level, which is the highest level that she can attain at this point of her current production. (4)

5.2.5 She must not employ more than 2 labourers at her current production level because her MPO and APO is at its highest at two labourers. (4)

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5.2.6



(10)

5.3 If the taste or priority of consumers change to the advantage of a product, then it means that the demand will increase.

Markers must let themselves be guided by the relevance of the student's answer.

(4)

5.4
- The firm is a price-taker.
- Free entry and exit of production exists.
- The products on the market are homogeneous.
- There are many buyers and sellers on the market.
- Existing firms on the market have no advantage over new entrants.
- Firms and buyers are totally informed on prices on the market. (Any 4 x 2)

(8)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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