higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

NOVEMBER EXAMINATION

ECONOMICS N4

10 NOVEMBER 2014

This marking guideline consists of 7 pages.

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SECTION A

QUESTION 1

1.1 C
1.2 D
1.3 A
1.4 B
1.5 D
1.6 A
1.7 B
1.8 D
1.9 A
1.10 C
1.11 C
1.12 B
1.13 A
1.14 A
1.15 B
1.16 D
1.17 C
1.18 A
1.19 B
1.20 D
1.21 D
1.22 D
1.23 B
1.24 C
1.25 C

(25 x 2) **[50]**

TOTAL SECTION A: 50

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SECTION B

QUESTION 2

2.1	2.1.1	15 ÷ 12 = 1,25	(4)
	2.1.2	16 – 12 = 4 units 85 – 60 = 25 Therefore 25 ÷ 4 = R6,25	(5)
	2.1.3	110 ÷ 19 = 5,78/5,79	(4)
2.2	2.2.1	Price elasticity of demand	
	2.2.2	Socialism	
	2.2.3	Law of diminishing utility	
	2.2.4	Pure competitive market	
	2.2.5	Entrepreneurs	
	2.2.6	Communism	
	2.2.7	Fixed cost	
	2.2.8	Floor price	
	2.2.9	Marginal physical product	
	2.2.10	Cross elasticity/Cross elastic	
		(10 x 2)	(20)
2.3	2.3.1	Point B	(2)
	2.3.2	Curve 2	(2)
	2.3.3	The firm will have to shut down production. At R2 the firm is only covering its AVC, therefore it will not be able to operate at this level	(5)
	2.3.4	AVC	(2)
	2.3.5	Point A	(2)
	2.3.6	MC	(2)
	2.3.7	R4 x 6 = R24	(2)
			[50]

QUESTION 3

3.1	3.1.1	Indifference curves	(2)
	3.1.2	Combinations of products that the consumer finds equally preferable.	(2)
	3.1.3	Budget line	(2)
	3.1.4	Point C. The consumer applies his/her available income in such a way that maximum satisfaction is obtained.	(4)
	3.1.5	Combinations that are above the consumer's budget. He will not be able to afford it.	(2)

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3.2 3.2.1 Land and labour
3.2.2 Price theory
3.2.3 Homogeneous
3.2.4 Left
3.2.5 Drop

(5 x 2) (10)

3.3 Transfer earnings represent that portion of the price of a piece and that is equal to the price it could command in the next best use. (3)

3.4 3.4.1 R4 (2)
3.4.2 R60 (2)
3.4.3 80, 70, 60, 50, 40 (5)
3.4.4 R6 and 60 units (4)
3.4.5 Right (2)

3.5
- Change in income
- Change in the taste of consumers
- Change in the population
- Change in the price of complimentary products
- Change in the price of substitute products

(5 x 2) (10)
[50]

QUESTION 4

4.1 4.1.1 $Ey = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in income}}$

$= \%\text{ change in income} = \frac{I1 - I2}{I1 + i2}$

$\frac{1\,500 - 2\,000}{1\,500 + 2\,000} \times 100$

$\frac{500 \times 100}{3\,500}$

$14{,}28\%$

$= \%\text{ change in quantity} = \frac{Q1 - Q2}{Q1 + Q2}$

$\frac{30 - 35}{30 + 35} \times 100$

$\frac{5 \times 100}{65}$

$7{,}69\%$

$Ey = \frac{7.69\%}{14{,}28}$

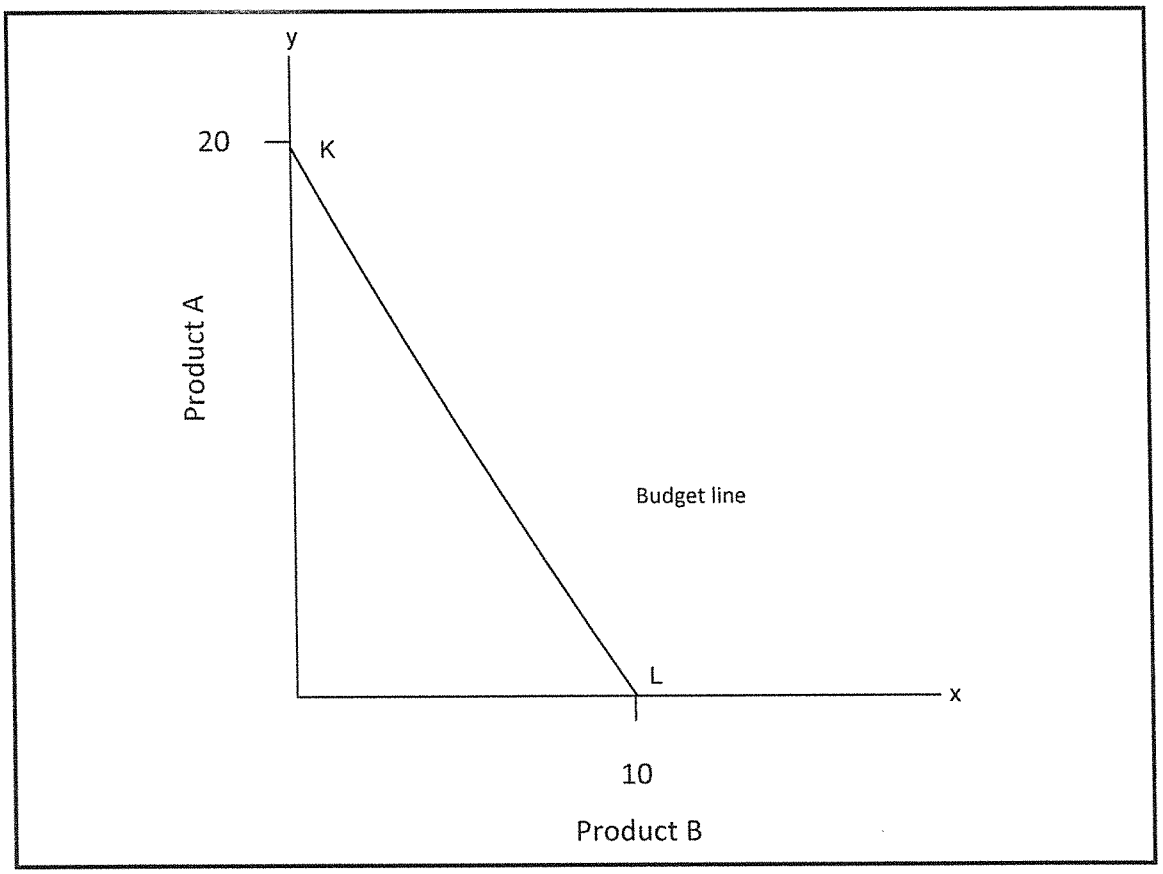
$0{,}54$ (8)

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4.1.2 Inelastic (2)

4.2 Consumption is the application of goods and services to satisfy human needs. (4)

4.3 R1 000 ÷ R50 = 20
R1 000 ÷ 100 = 10



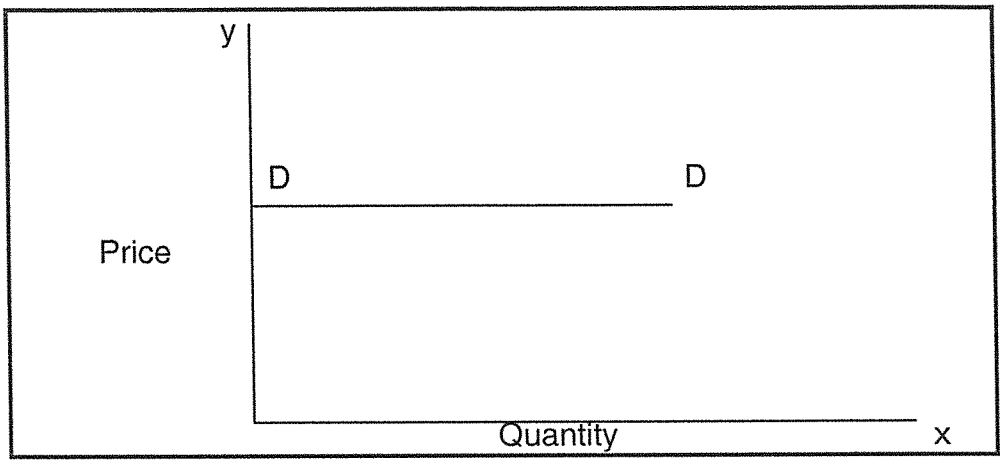
(8)

4.4
- Size of the population
- The level of education and training of the population
- Participation of females in the labour force
- Retirement age of the labour force (4 x 2) (8)

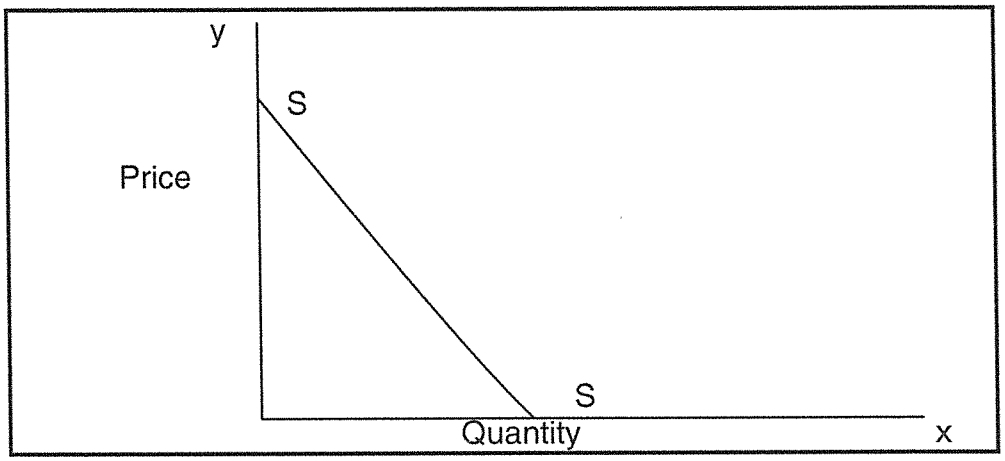
4.5
- The desire to save
- The means to save
- The size of the population
- The constancy and stability of the economy
- The availability of consumer goods and their prices
- The possibility of saving (6 x 2) (12)

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4.6 4.6.1



4.6.2



(2 x 4) (8)
[50]

QUESTION 5

5.1
5.1.1 True
5.1.2 False
5.1.3 True
5.1.4 True
5.1.5 True

(5 x 2) (10)

5.2
- Sole owner of raw materials
- Government license controls entry into particular occupations
- Patent or copy right
- Natural monopoly – unique source of supply of raw materials
- Economies of scale
- Large financial demands

(Any 5 x 2) (10)

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5.3	5.3.1	R20	(2)
	5.3.2	15	(2)
	5.3.3	R20 x 15 = R300	(3)
	5.3.4	R12 x 15 = R180 Therefore R300 – R180 = R120	(3)

5.4 If increasing quantities of variable production factors are combined with a fixed quantity of production factors, the average and marginal physical production will initially rise, reach a maximum and eventually decrease. (4)

5.5	5.5.1	43 ÷ 4 = 10,73	(3)
	5.5.2	23 – 10 = 13	(3)
	5.5.3	It increases until the maximum marginal physical production pint is reached and then it starts to decrease. This is in line with the law of production.	(4)

5.6
- Level of civilisation
- Needs and level of income of the population
- Inflation
- Effective demand for certain products (Any 3 x 2) (6)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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