higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

ECONOMICS N4

20 NOVEMBER 2019

This marking guideline consists of 7 pages.

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SECTION A

QUESTION 1

1.1	1.1.1	C		
	1.1.2	A		
	1.1.3	B		
	1.1.4	A		
	1.1.5	B		
			(5 × 2)	(10)
1.2	1.2.1	True		
	1.2.2	False		
	1.2.3	False		
	1.2.4	True		
	1.2.5	True		
			(5 × 2)	(10)
1.3	1.3.1	substitute		
	1.3.2	whole		
	1.3.3	product		
	1.3.4	decision-making		
	1.3.5	returns		
			(5 × 2)	(10)
1.4	1.4.1	equal		
	1.4.2	value		
	1.4.3	globalisation		
	1.4.4	Multinational companies		
	1.4.5	average variable cost		
			(5 × 2)	(10)
1.5	1.5.1	C		
	1.5.2	E		
	1.5.3	D		
	1.5.4	A		
	1.5.5	B		
			(5 × 2)	(10)
				[50]

TOTAL SECTION A: 50

SECTION B

QUESTION 2

2.1
- Price of the product
- Prices of other products
- Income of consumers
- Population size
- Tastes of consumers (5 × 2) (10)

2.2
- Lifestyle:✓ People have different lifestyles, hence they will not buy the same goods and services.✓✓
- Economic status:✓ Those who have more money will tend to buy more expensive goods and services than those who are poor.✓✓
- Occupation:✓ The work one does also determines what one has to buy e.g. where a uniform is worn at work.✓✓
- Age:✓ As one grows old, what a person buys also changes.✓✓
- Self-esteem:✓ How a person regards him- or herself from within also determines what to buy or not to buy.✓✓ (5 × 3) (15)

2.3 2.3.1 Oligopoly: A market dominated by a small number of sellers. (3)

2.3.2
- Industry is dominated by a small number of large firms.
- Firms sell either identical or differentiated products.
- The industry has significant barriers to entry. (3 × 2) (6)

2.4
- Substitutes
- Public opinion
- Legislation
- Consumer surplus
- Countervailing power
- Price elasticity of demand (Any 5 × 2) (10)

2.5
- Large number of small firms:✓ No one firm can influence the price alone.✓
- Identical products are sold by all firms:✓ Products are homogeneous.✓
- Free mobility:✓ Firms are free to enter or leave the market.✓
- Perfect knowledge of prices and technology: Buyers have complete information about the product. (Any 3 × 2) (6)

[50]

QUESTION 3

3.1 3.1.1 Perfectly competitive market
3.1.2 Perfectly competitive market
3.1.3 Monopoly
3.1.4 Monopoly
3.1.5 Monopoly

(5 × 2) (10)

3.2 3.2.1 Indifference curve 20 (2)

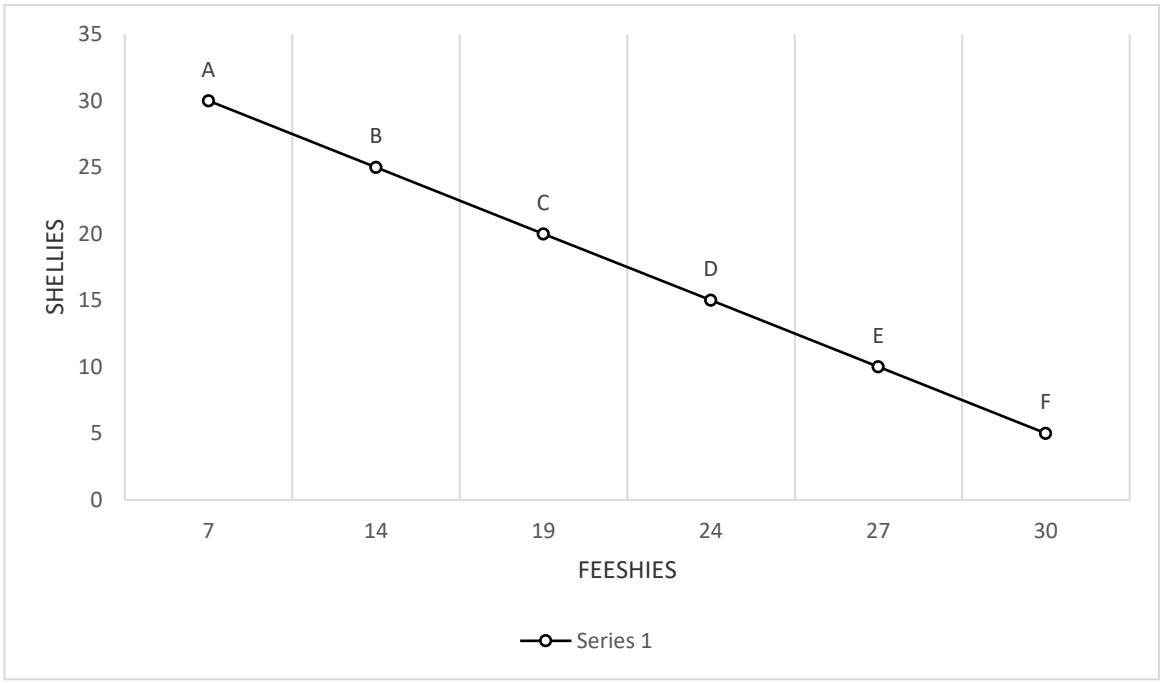
3.2.2 Budget line (2)

3.2.3 F (2)

3.2.4 Consumer choice and equilibrium theory (2)

3.2.5 Yes,✓ the consumer will opt for combination I because all combinations above the curve ✓are preferable to combinations along or below the curve.✓✓ (4)

3.3



Allocation of marks:
- Labelling Feeshies (7–30) on horizontal axis: TWO marks
- Labelling Shellies (5–35) on the vertical axis: TWO marks
- Plotting of combinations for Feeshies and Shellies for points A–F and drawing of a curve/line on plotted points: SIX marks (10)

3.4 3.4.1 MR for 15 units = 75/15✓ = 5✓✓ and for 16 units = 80/16✓ = 5✓✓ (6)

3.4.2 E.g. 85 - 80 = R5 (2)

3.4.3 Consumer spending is what households buy to fulfil their everyday needs. (2)

3.4.4
- Income
- Interest rates
- Wealth
- Expectations by consumers
- Income distribution
- Age distribution of the population
- Taxes (Any 4 × 2) (8)

[50]

QUESTION 4

4.1 4.1.1 It is a situation that arises when the quantity demanded equals the quantity supplied.

4.1.2 It is where geographical factors make it difficult for other firms to start up or enter the market.

4.1.3 It is the creation of utilities/products/goods.

4.1.4 They are products designed for a particular age group.

4.1.5 Situation where the firm has reached full capacity in the long run and is unable to grow any larger.

(5 × 2) (10)

4.2
- High rate of unemployment
- Inadequate education
- Poor health
- Problem of crime
- Limited access to economic opportunities by the poor (5 × 2) (10)

4.3
- Perfectly elastic
- Perfectly inelastic
- Relatively elastic
- Relatively inelastic
- Unitary elasticity (Any 3 × 2) (6)

4.4
- Price of product
- Price of other products
- Prices of resources used in production
- Number of suppliers
- Technology (5 × 2) (10)

4.5 4.5.1 (a) 200 - 200 = 0
(b) 200 + 100 = 300
(c) 350 - 200 = 150
(d) 400 - 200 = 200
(e) 200 + 250 = 450

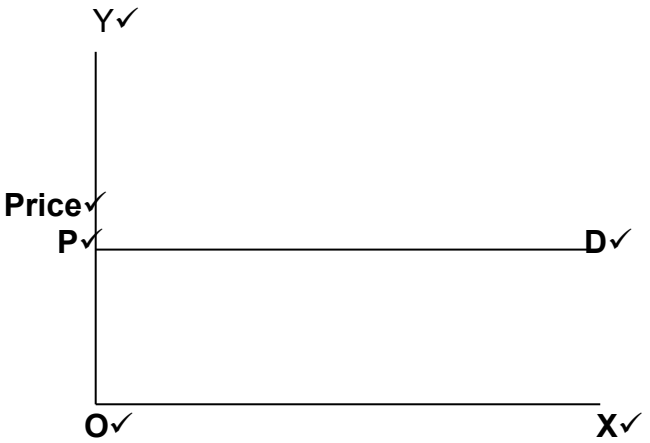
(5 × 2) (10)

4.5.2 350/23✓✓ = 15.2✓✓ (4)
[50]

QUESTION 5

5.1 It is a situation which arises when a small change in the price of a product causes a major change in its demand.✓✓

The graph below represents the perfectly elastic demand:



(8)

- In perfectly elastic demand, the demand curve is represented as a horizontal straight line, which is shown in the graph above.
- From the graph it can be interpreted that at price OP, demand is infinite; however, a slight rise in price would result in a fall in demand to zero.
- Again, it can be indicated that at price P, consumers are ready to buy as much quantity of the product as they can. (3 × 2) (6)
- Perfectly elastic demand is a theoretical concept and cannot be applied in a real situation. (2)

5.2
- Market constraints
- Technological constraints (2 × 2) (4)

5.3
- Land:✓ All natural resources used in the production of goods.✓✓
- Labour:✓ All the work that labourers and workers perform at all levels of an organisation.✓✓
- Entrepreneur:✓ The individual who takes an idea and attempts to make profit by combining all the other factors of production.✓✓
- Capital:✓ All the tools and machinery used to produce goods and services.✓✓ (4 × 3) (12)

5.4

CAPITALISM	SOCIALISM
• There are free market conditions to drive innovation and wealth creation. • Property and businesses are owned by individuals. • Not concerned about equity. • Driven by profit motive.	• Centralised economic planning to ensure conformity and equal opportunity for all. • The state owns and controls the major means of production. • Emphasis is on the redistribution of wealth from the rich to the poor to ensure equity. • No driving force as the state owns all factors of production.

(4 × 4) (16)

5.5 Mixed economy/Economic system (2)
[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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