higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

NATIONAL CERTIFICATE

ECONOMICS N4

(22020034)

20 November 2019 (X-Paper)
09:00–12:00

REQUIREMENTS: Graph paper

Candidates may use a non-programmable pocket calculator.

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

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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 (1.1.1–1.1.5) in the ANSWER BOOK.

1.1.1 The most important indicator that is constantly measured to assess the health of the economy.

A GNP
B GDE
C GDP
D GNI

1.1.2 Factors of production are owned by the … sector.

A household
B business
C primary
D secondary

1.1.3 A condition where market forces do not allocate resources efficiently:

A Market power
B Market failure
C Market price
D Market equilibrium

1.1.4 The … of a variable input (labour) is the additional units of output that can be produced by employing an additional unit of labour.

A marginal product
B total product
C average product
D output

1.1.5 Issues that relate to the labour market include …

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

(5 × 2) (10)

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 Product differentiation and advertising play an important role in non-price competition.

1.2.2 Businesses that cannot influence prices are price makers.

1.2.3 Scarcity affects only the poorest of the poor.

1.2.4 Saving is affected by disposable income.

1.2.5 Micro-economics is price theory.

(5 × 2) (10)

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

1.3.1 If the consumer's demand for tea increases because of an increase in the price of coffee, the products mentioned are examples of … products.

1.3.2 Macro-economics studies the economic system as a … .

1.3.3 A measure used by oligopolies to increase their market share is called … differentiation.

1.3.4 The concept of opportunity cost can be applied to the analysis of any … process.

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

(5 × 2) (10)

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

1.4.1 A firm will stop existing only when marginal revenue is (equal to/different from) average revenue.

1.4.2 Opportunity cost refers to the (value/quantity) of the best activity.

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

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1.4.4 (Multinational companies/National companies) produce or distribute goods and services in more than one country, usually throughout the world.

1.4.5 The extra cost of producing one additional unit is referred to as (average variable cost/marginal cost).

(5 × 2) (10)

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

COLUMN A		COLUMN B	
1.5.1	Economic growth	A	has a negative slope, convex nature and can take any shape
1.5.2	Market-skimming pricing	B	a decline in economic activity over a period of time
1.5.3	Average income	C	process resulting in a quantitative long-term change in an economic structure
1.5.4	Indifference curve	D	the income of physical production per unit of changing factors of production
1.5.5	Recession	E	situation where a relatively high price is charged for a short time for a new, innovative or improved product that is launched in the market

(5 × 2) (10)

[50]

TOTAL SECTION A: 50

SECTION B

Answer any of THREE of the four questions in this section.

QUESTION 2

2.1 Give FIVE factors that determine the quantity demanded. (5 × 2) (10)

2.2 What to buy and how much to spend depends on consumer behaviour.

Discuss FIVE factors that influence the consumer's buying behaviour. (5 × 3) (15)

2.3 Discuss *oligopoly* under the following headings:

2.3.1 Definition (3)

2.3.2 Characteristics (6)

2.4 Potential competition is ONE of the points that limit the power of the monopolist.

List any FIVE other limits to the power of the monopolist industry. (5 × 2) (10)

2.5 Explain any THREE characteristics of perfect competition. (3 × 2) (6)

[50]

QUESTION 3

3.1 Indicate whether the following are characteristics of a PERFECTLY COMPETITIVE MARKET or MONOPOLY. Write only 'Perfectly competitive market' or 'Monopoly' next to the question number (3.1.1–3.1.5) in the ANSWER BOOK.

3.1.1 What may be sold or bought is determined by well-defined property rights.

3.1.2 When exchanging products, neither buyers nor sellers incur additional costs.

3.1.3 Price is determined by the supplier in order to maximize profit.

3.1.4 Both buyers and sellers know everything that is going on in the industry.

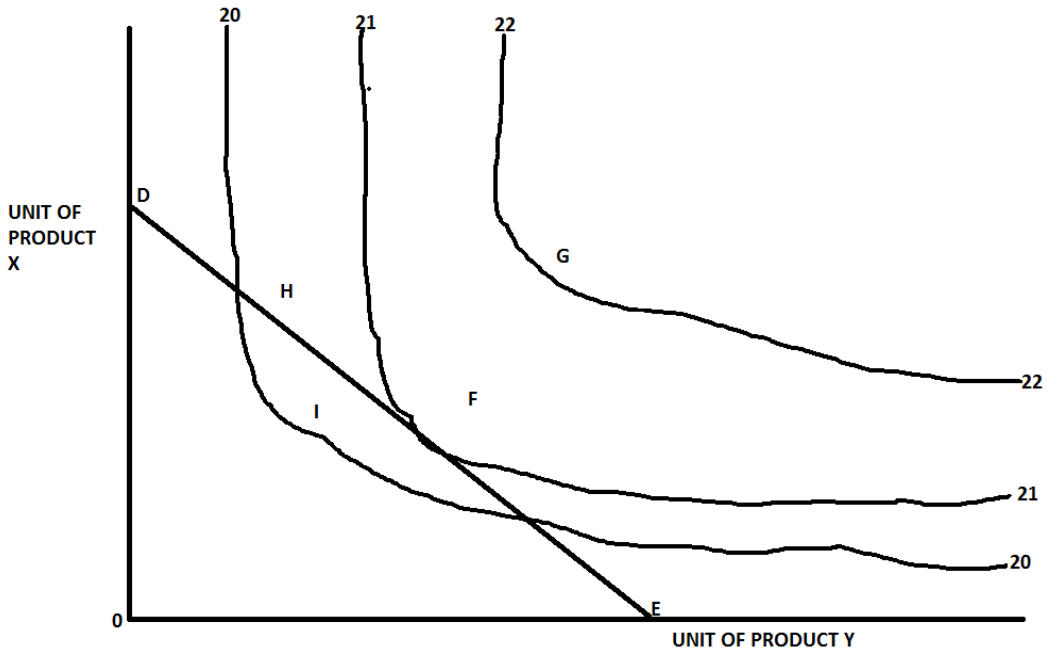
3.1.5 There are numerous barriers to entry and exit.

(5 × 2) (10)

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3.2 Study the graph below and answer the questions.

Indifference curve



3.2.1 Which indifference curve represents the greatest level of satisfaction? (2)

3.2.2 Line DE is referred to as the … . (2)

3.2.3 At which point on the graph will the consumer maximise his/her satisfaction? (2)

3.2.4 Which theory is applicable in this instance? (2)

3.2.5 Explain whether and why the consumer will opt for the combination represented by I. (4)

3.3 Use the information provided in the schedule below to construct the indifference curve. Label your graph.

COMBINATION	PRODUCT A	PRODUCT B
A	30	7
B	25	13
C	20	17
D	15	23
E	10	26
F	5	30

(10)

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3.4 The following table represents the total revenue of a firm. Study the table and answer the questions.

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

3.4.1 Calculate the marginal revenue of the quantity of units 15 and 16. (6)

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

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

3.4.4 Name FOUR factors that determine what and how much households choose to consume. (4 × 2) (8)

[50]

QUESTION 4

4.1 Explain each of the following terms:

4.1.1 Equilibrium point

4.1.2 Local monopoly

4.1.3 Production

4.1.4 Target market

4.1.5 Diseconomies of scale

(5 × 2) (10)

4.2 State FIVE economic problems faced by South Africa. (5 × 2) (10)

4.3 Give any THREE types of elasticity of demand. (3 × 2) (6)

4.4 Name the FIVE factors that will influence the quantity of goods which a business can supply at a particular period. (5 × 2) (10)

4.5 Refer to the table below and answer the questions.

NUMBER OF WORKERS	TOTAL QUANTITY OF PRODUCTION	TOTAL FIXED COSTS	TOTAL VARIABLE COSTS	TOTAL COSTS
0	0	200	(a)	200
1	9	200	50	250
2	16	200	100	(b)
3	23	200	(c)	350
4	29	(d)	200	400
5	35	200	250	(e)

4.5.1 Calculate the values of (a), (b), (c), (d) and (e). (10)

4.5.2 What is the average total cost of producing 23 products? (4)

[50]

QUESTION 5

5.1 Explain the perfect elastic demand with the aid of a graph. Also indicate whether the perfect elastic demand can be applied in a real-life situation. (16)

5.2 Give TWO constraints that limit the firm from achieving its highest level of output. (2 × 2) (4)

5.3 Discuss the FOUR factors of production. (4 × 3) (12)

5.4 In tabular form, indicate the FOUR differences between capitalism and socialism. (4 × 4) (16)

5.5 Which economic system is being used in South Africa? (2)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200

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