



# higher education & training

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Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**

**NATIONAL CERTIFICATE**

**ECONOMICS N4**

(22020034)

**29 September 2020 (X-paper)**  
**09:00–12:00**

**This question paper consists of 9 pages.**

120Q1B2029

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**REPUBLIC OF SOUTH AFRICA**  
NATIONAL CERTIFICATE  
ECONOMICS N4  
TIME: 3 HOURS  
MARKS: 200

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**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. Read all the questions carefully.
  3. Answer any THREE questions in SECTION B.
  4. Number the answer according to the numbering system used in the question paper.
  5. All graphs must be clearly labelled.
  6. You may use a non-programmable pocket calculator.
  7. 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 (1.1.1–1.1.10) in the ANSWER BOOK.

1.1.1 It studies the total sum of the economic activities as a whole.

- A Macro economics
- B International economics 
- C Monetary economy
- D Micro economy


1.1.2 An open economy is one where ...

- A There are two economic participants.
- B There are three economic participants.
- C International trade is permitted and encouraged.
- D People have freedom of choice.

1.1.3 A perfect market is a market with ...

- A Few buyers and few sellers.
- B Many buyers and many sellers.
- C Heterogeneous products.
- D No freedom of entry and exit.


1.1.4 The demand curve slopes ...

- A Straight down. 
- B Downwards from left to right.
- C Upwards from left to right.
- D Straight up.


1.1.5 Savings refers to ...

- A Income spent
- B Income not used
- C  $S = I$  (Income) – C (Consumption)
- D B and C

1.1.6 Total costs refers to ...

- A  $FC + VC$
- B  $FC - VC$  
- C  $FC \div VC$
- D  $FC \times VC$


1.1.7 One of the characteristics of an imperfect market is that ...

- A there is one supplier for a particular product or service.
- B products are homogeneous.
- C there are many buyers and sellers.
- D there are no barriers to entry. 

1.1.8 Profit maximisation point occurs ...

- A Where  $MR = MC$
- B  $MR > MC$
- C  $MR < MC$
- D B and C

1.1.9 Productivity of labour is affected by ...

- A Income
- B Education and training
- C Supply
- D Demand 

1.1.10 Supply of land is relatively ...


- A Mobile
- B Constant
- C Immobile
- D None of the above

(10 × 2) (20)

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

1.2.1 The demand for capital is higher in countries with a well-developed ...

1.2.2 The demand curve has a ... slope.

1.2.3 ... is the satisfaction that one derives from consuming goods or services. 


1.2.4 The main objective of any profit orientated firm is profit ...

1.2.5 In a perfectly competitive market, producers and consumers are price ...

(5 × 2) (10)

1.3 Choose the correct word or words from those given in brackets. Write only the word or words next to the question number (1.3.1–1.3.5) in the ANSWER BOOK.

1.3.1 The productive ability of a labourer is influenced by (time/health).

1.3.2 Human needs can be classified into (four/five) categories. 

1.3.3 Price elasticity of demand can be defined as  $(\% \Delta QD / \% \Delta P / \Delta QD / \Delta P)$ .

1.3.4 The use of (food/car) is one example of direct consumption.


1.3.5 Fixed costs refers to costs that (changes/do not change) with output.



(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	Market demand	A	where homogenous/identical products are sold.
1.4.2	Perfect market	B	number of workers the employer is willing to hire based on various variables like wage rate.
1.4.3	Demand of labour	C	quantity of goods that consumers are willing and able to buy at a particular price within a given period of time.
1.4.4	Inventories	D	determined basically by the price of the final product.
1.4.5	Income elasticity of demand 	E	raw materials, work in progress, finished products, etc.
		F	responsiveness of quantity demanded for goods and services to a change in the income of consumers.

(5 × 2)

(10)

[50]

**TOTAL SECTION A: 50**

**SECTION B**

Answer any THREE questions from this section.

**QUESTION 2**

2.1 Explain the term 'market constraints'.  (2)

2.2 Study the table below and answer the questions.

PRICE	QUANTITY DEMAND	QUANTITY SUPPLIED
10	100	20
20	80	40
30	60	60
40	40	80
50	20	100

2.2.1 From the table above, indicate the equilibrium price and the equilibrium quantity. (4)

2.2.2 At which prices will there be excess demand? (2)

2.2.3 At which prices will there be excess supply?  (2)

2.3 Discuss any FIVE factors which affect the quantity demanded. (10)

2.4 Differentiate between 'cross elasticity of demand' and 'income elasticity of demand'. (4)

2.5 Discuss the FIVE types of elasticity of demand. (10)

2.6 List any SIX factors which determine the elasticity of demand.  (6)


2.7 In a tabular form, indicate any TWO differences between 'macro-economics' and 'micro-economics'. (8)

2.8 Explain the term 'opportunity cost'. (2)

**[50]**

**QUESTION 3**


3.1 Explain the term 'consumption'. (2)

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

NUMBER OF APPLES	TOTAL UTILITY	MARGINAL UTILITY
1	10	10
2	18	13
3	A	6
4	28	4
5	30	2

3.2.1 What is utility? (2)


3.2.2 Calculate total utility when 3 apples are consumed as shown in A above. (4)

3.2.3 Describe the term 'marginal utility.'  (2)

3.3 Discuss any FIVE factors affecting savings by households. (10)

3.4 List FOUR types of utility. (4)

3.5 Describe any FIVE motives for saving. (10)

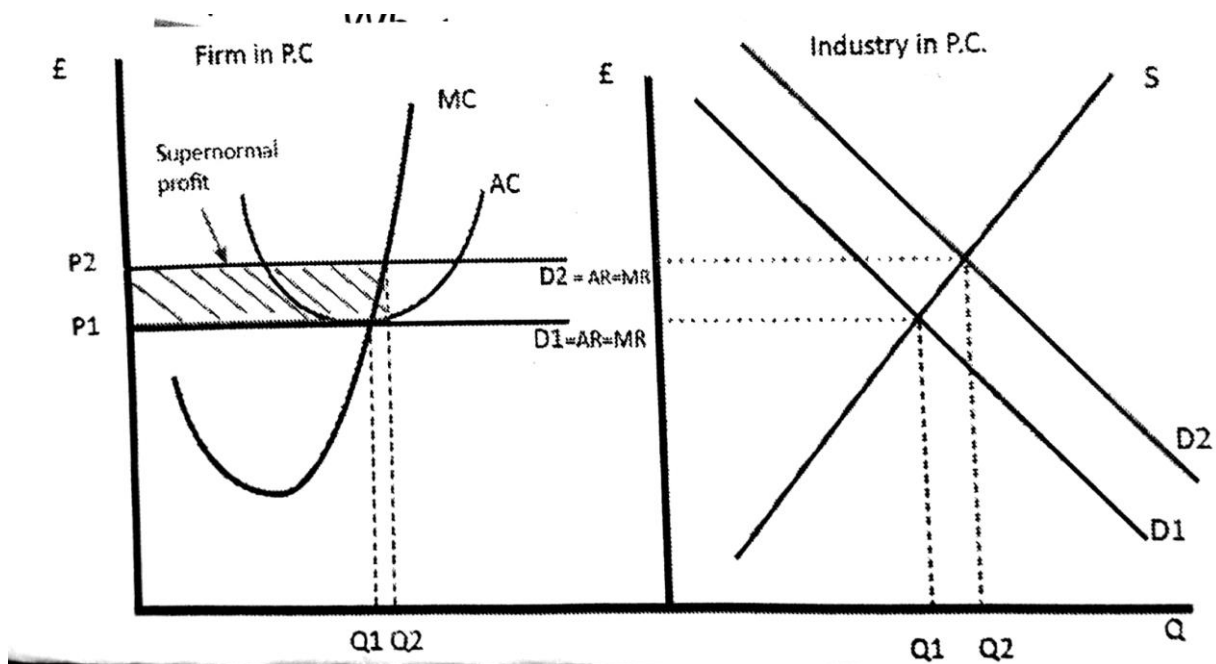
3.6 In a tabular form, indicate TWO differences between 'short-run costs' and 'long-run costs'.  (8)



3.7 Differentiate between 'explicit cost' and 'implicit cost'. Give ONE example of each. (8)

**[50]**

**QUESTION 4**

Study the two graphs below and answer the questions.



- 4.1 Explain the concept 'perfect competition'.  (4)
- 4.2 What quantity is the Firm in P.C. supplying at the price of P1? (2)
- 4.3 What happens to the price in the Firm P.C. when demand rises from D1 to D2 as shown in the Industry P.C.? (3)
- 4.4 Between which prices in the Firm P.C. will there be supernatural profit? (2)
- 4.5 What happens to the quantity supplied when there is a supernatural profit? (3)
- 4.6 Discuss any FIVE characteristics of a perfect competitive market. (15)
- 4.7 Describe any FIVE characteristics of a pure monopoly. (10)
- 4.8 Name TWO barriers of entry into a monopoly.  (2)
- 4.9 Explain any THREE factors of production. (9)

**[50]**




**QUESTION 5**

- 5.1 The table below indicates choice of goods which give consumers the same utility. Study this table and answer the questions that follow:

Satisfaction point	Apples	Bananas
A	14	20
B	10	26
C	9	41



- 5.1.1 Explain the term 'indifference curve'. (4)
- 5.1.2 Describe the FOUR characteristics of indifference curves. (8)
- 5.1.3 Draw an indifference curve graph using the information in the table above. (11)
- 5.2 Give FIVE kinds of human needs.  (5)
- 5.3 Discuss any FIVE characteristics of human wants. (15)
- 5.4 Differentiate between capitalism and socialism. (7)

**[50]**

**TOTAL SECTION B: 150**  
**GRAND TOTAL: 200**