This question paper consists of 12 pages.
INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK:
   
   SECTION A: COMPULSORY
   SECTION B: Answer any TWO of the three questions.
   SECTION C: Answer ONE of the two questions.

2. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.

3. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.

4. Number the answers correctly according to the numbering system used in this question paper.

5. Write the question number above each answer.

6. Read the questions carefully.

7. Start EACH question on a NEW page.

8. Leave 2–3 lines between subsections of questions.

9. Use only black or blue ink.

10. You may use a non-programmable pocket calculator.

11. Write neatly and legibly.
SECTION A (COMPULSORY)

QUESTION 1

1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A–C) next to the question number (1.1.1–1.1.8) in the ANSWER BOOK.

1.1.1 The products of a monopolistic competitor is …
   A homogenous.
   B differentiated.
   C the same.

1.1.2 A decrease in the price of chicken will result in a … the demand curve.
   A movement on
   B shift to the left of
   C shift to the right of

1.1.3 The income elasticity of demand for an inferior good, for example paraffin, will be …
   A less than 0.
   B less than 1.
   C greater than 1.

1.1.4 An increase in the price of butter will result in the demand for margarine …
   A increasing.
   B decreasing.
   C remaining the same.

1.1.5 Which ONE of the following is responsible for the depletion of the ozone layer?
   A Ultraviolet rays
   B Nitrogen
   C Carbon dioxide

1.1.6 Income is most unequally distributed in …
   A Switzerland.
   B South Africa.
   C Germany.
1.1.7 In South Africa the removal of household waste is the responsibility of the … government.

A  local  
B  provincial  
C  central

1.1.8 The cycle of poverty is often characterised by …

A  high crime rates.  
B  a high life expectancy.  
C  low mortality rates.  

1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A–I) next to the question number (1.2.1–1.2.8) in the ANSWER BOOK.

<table>
<thead>
<tr>
<th>COLUMN A</th>
<th>COLUMN B</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2.1 Variable costs</td>
<td>A  a globally recognised agreement to decrease harmful emissions</td>
</tr>
<tr>
<td>1.2.2 Short run</td>
<td>B  loss of fertile agricultural soil</td>
</tr>
<tr>
<td>1.2.3 Collusion</td>
<td>C  laws passed by parliament to protect the environment</td>
</tr>
<tr>
<td>1.2.4 Normal profit</td>
<td>D  non-renewable resources</td>
</tr>
<tr>
<td>1.2.5 Erosion</td>
<td>E  changes when total output increases</td>
</tr>
<tr>
<td>1.2.6 International protocol</td>
<td>F  period when factors of production and inputs remain fixed and cannot change</td>
</tr>
<tr>
<td>1.2.7 Mining</td>
<td>G  firms deciding to work together to fix prices</td>
</tr>
<tr>
<td>1.2.8 Legislation</td>
<td>H  minimum return required by owners of a firm to continue operating</td>
</tr>
<tr>
<td></td>
<td>I  the difference between total revenue and total cost</td>
</tr>
</tbody>
</table>

(8 x 1) (8)
1.3 Give ONE word/term for each of the following descriptions. Write only the word/term next to the question number (1.3.1–1.3.6) in the ANSWER BOOK.

1.3.1 Price wars are a characteristic of this type of market
1.3.2 It measures the responsiveness of consumers to price changes
1.3.3 Goods that are used jointly to satisfy a want
1.3.4 Greenhouse gases form part of this type of pollution
1.3.5 Measured in terms of absolute income levels
1.3.6 The removal of barriers to global trade

TOTAL SECTION A: 30
SECTION B

Answer any TWO of the three questions from this section in the ANSWER BOOK.

QUESTION 2: MICROECONOMICS

40 MARKS – 25 MINUTES

2.1 Answer the following questions.

2.1.1 Name any TWO objectives of businesses. (2 x 1) (2)

2.1.2 Calculate the marginal cost if output increases from 60 to 80 and total cost increases from R1 000 to R2 000. (2)

2.2 Study the graphs below and answer the questions that follow.

2.2.1 Label cost curves 1 and 2 in the graphs above. (2)

2.2.2 With reference to graph B, what is the average cost when 40 units are produced? (1)

2.2.3 What is the relationship between the marginal cost and the average cost? (2)

2.2.4 Why is the total fixed cost curve (FC) in graph A perfectly horizontal? (1)

2.2.5 Calculate the average cost if the output is 90 units and the total cost is R2 200. Show ALL calculations. (4)
2.3 Study the pictures below and answer the questions that follow.

![Homogenous goods](image)

2.3.1 Link the pictures above to the following market structures:

(a) Perfect market
(b) Oligopoly
(c) Monopoly
(d) Monopolistic competition

2.3.2 Describe the slope of the demand curve of a perfect market. Give an economic reason for your response.

2.3.3 Give an example of a market that comes relatively close to being regarded as a perfect market.

2.3.4 Briefly explain the concept monopolist.

2.4 Differentiate between nominal prices and relative (real) prices.

2.5 Draw a well-labelled flow diagram of an economic cycle to show the relationship between the product markets and factor markets in a closed economy.
QUESTION 3: CONTEMPORARY ECONOMIC ISSUES  40 MARKS – 25 MINUTES

3.1 Answer the following questions.

3.1.1 Name any TWO disadvantages of free trade.  

3.1.2 Why do you think the ethnic and indigenous groups suffer more from poverty than other groups?

3.2 Study the cartoon below and answer the questions that follow.

3.2.1 What is meant by *globalisation*?

3.2.2 How, in your opinion, will globalisation affect Africa? Briefly explain.

3.2.3 Describe the message conveyed by the cartoon.
3.3 Study the extract below and answer the questions that follow.

**FUEL FOR THOUGHT**

Biofuel is an energy source that may help address the supply and demand dilemma versus modern world overdependence on petroleum and petroleum-based appliances. Biofuel also gives off cleaner emissions of carbon dioxide and sulphur oxide, two greenhouse gases that are responsible for climatic change and global warming. It is also seen as a renewable resource because it can be replenished in a short period of time. Brazil and Malaysia is currently responsible for the destruction of vast areas of rainforest to make way for palm-oil plantations.

However, there is a current debate on food versus fuel. The question remains whether it is appropriate to use food crops to create alternative fuel instead of fulfilling world food demand. Failure to accord the importance of the agricultural sector, distorted agricultural markets and dismantling policies that support domestic markets in developing countries are by far more accountable for the present food crisis than biofuels.

[Adapted: Skyways, February 2013]

3.3.1 Define the concept *renewable resource*. (2)

3.3.2 How can biofuel as an energy source alleviate the demand for petroleum? (2)

3.3.3 What effect will the destruction of rain forests in Brazil have on climate change? (2)

3.3.4 Briefly explain the cause of the present food crisis. (2 x 2) (4)

3.4 Briefly discuss any TWO groups that are most negatively affected by poverty. (2 x 4) (8)

3.5 Explain the negative effect of subsidies granted by developed countries on the economies of developing countries. (2 x 4) (8) [40]
QUESTION 4: MICROECONOMICS AND CONTEMPORARY ECONOMIC ISSUES
40 MARKS – 25 MINUTES

4.1 Answer the following questions.

4.1.1 State any TWO factors that influence the supply of a product. 
(2 x 1) (2)

4.1.2 What will the producer do if total cost exceeds total revenue? 
(1 x 2) (2)

4.2 Paul is very hungry and decides to eat pies to satisfy his hunger. The following table represents the utility that Paul derives if he eats the available pies. Study the table and answer the questions that follow.

<table>
<thead>
<tr>
<th>NO. OF PIES</th>
<th>TOTAL UTILITY</th>
<th>MARGINAL UTILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>27</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>33</td>
<td>(B)</td>
</tr>
<tr>
<td>4</td>
<td>32</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td>6</td>
<td>(A)</td>
<td>-4</td>
</tr>
<tr>
<td>7</td>
<td>21</td>
<td>-7</td>
</tr>
</tbody>
</table>

4.2.1 Define the term marginal utility. 
(2)

4.2.2 Determine the value of A and B. 
(4)

4.2.3 Where will total utility be maximised? 
(1)

4.2.4 How is utility measured? 
(1)

4.2.5 Why would you advise Paul not to consume the 6th pie? 
(2)
4.3 Study the cartoon below and answer the questions that follow.

![Cartoon Image]

[Source: Internet, Environmental Deterioration, 2013]

4.3.1 What is meant by environmental deterioration? (2)

4.3.2 What is the message conveyed by the cartoon? (2)

4.3.3 How can agricultural development contribute to deforestation? (4)

4.3.4 How can the Department of Education help to solve the problem of environmental deterioration? (2)

4.4 Explain the three phases of the firm's long-run cost curve indicated in the graph below.

![Cost Curve Graph]

(4 x 2) (8)

4.5 Explain how the International Monetary Fund and the World Bank contribute to globalisation. (2 x 4) (8)

[40]

TOTAL SECTION B: 80
SECTION C

Answer any ONE of the two questions from this section in the ANSWER BOOK.

Your answer will be assessed as follows:

<table>
<thead>
<tr>
<th>STRUCTURE OF THE ESSAY</th>
<th>MARK ALLOCATION:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>Max. 3</td>
</tr>
<tr>
<td>Body</td>
<td></td>
</tr>
<tr>
<td>• Main part: Discuss/Distinguish/Differentiate/Explain/Analyze/Evaluate/Assess</td>
<td>Max. 24</td>
</tr>
<tr>
<td>• Additional part: Use/Draw/Sketch a graph/diagram .../Deduce .../Outline/Briefly explain/Expand on .../Your own opinion</td>
<td>Max. 6</td>
</tr>
<tr>
<td>Conclusion</td>
<td>Max. 2</td>
</tr>
<tr>
<td>Interpretation/Rubric</td>
<td>Max. 5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>40</td>
</tr>
</tbody>
</table>

QUESTION 5: MACROECONOMICS  40 MARKS – 25 MINUTES

The demand for goods and services reacts differently to price changes because of the nature thereof.

• With the aid of graphs, discuss the following types of price elasticity of demand:
  - Perfectly inelastic
  - Relatively elastic
  - Unitary elasticity  (24)

• Of what importance is price elasticity of demand to the entrepreneur?  (6)

QUESTION 6: CONTEMPORARY ECONOMIC ISSUES  40 MARKS – 25 MINUTES

There are millions of people in the world living in poverty.

• Discuss the causes of poverty in detail.  (24)

• How would you advise the Minister of Economic Affairs to alleviate poverty?  (6)

TOTAL SECTION C:  40
GRAND TOTAL:  150