



higher education & training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

MARKING GUIDELINE

NATIONAL CERTIFICATE

ECONOMICS N4

19 June 2025

This marking guideline consists of 8 pages.

SECTION A (COMPULSORY)

QUESTION 1

1.1	1.1.1	C	(10 × 2)	(20)
	1.1.2	D		
	1.1.3	B		
	1.1.4	A		
	1.1.5	B		
	1.1.6	A		
	1.1.7	A		
	1.1.8	D		
	1.1.9	C		
	1.1.10	B		
1.2	1.2.1	True	(5 × 1)	(5)
	1.2.2	False		
	1.2.3	False		
	1.2.4	True		
	1.2.5	True		
1.3	1.3.1	F	(10 × 2)	(20)
	1.3.2	K		
	1.3.3	J		
	1.3.4	A		
	1.3.5	I		
	1.3.6	B		
	1.3.7	D		
	1.3.8	C		
	1.3.9	G		
	1.3.10	H		
1.4	1.4.1	fixed cost	(5 × 1)	(5)
	1.4.2	long-run		
	1.4.3	capitalism		
	1.4.4	shut down		
	1.4.5	equilibrium price		

TOTAL SECTION A: 50

SECTION B

Mark only THREE questions in this section.

QUESTION 2

- 2.1 Economics is the study of how people choose to use limited means to satisfy unlimited wants. (2)
- 2.2
- Perfect competition
 - Monopolistic market
 - Oligopoly market
 - Monopoly market
- (4)
- 2.3
- Physical needs/Essential needs: basic needs like food, shelter, clothing etc., to stay alive
 - Mental (intellectual) needs: need to widen knowledge, like education, i.e. library, books, magazines, etc.
 - Spiritual needs: need to belong to a religion such as going to church
 - Social needs: need to belong to a social group, i.e. friends and family
 - Safety/Protection needs: need for protection against dangers like crime, burglary etc.
 - Luxury needs: need that is not essential, without which you could get by, life goes on even if you do not have it (Any 4 × 2)
- (8)
- 2.4 **Cartel**
- When collusion occurs openly, it is referred to as a cartel.
 - A cartel can be defined as an organisation of oligopolistic businesses that comes into existence in an industry with the specific aim of forming a collective monopoly.
- Price leadership**
- This type of price determination is tacit – a firm will announce its intention to increase prices and hope its rivals will follow.
 - The price leader is usually the largest or dominant business in the industry. (2 × 4)
- (8)
- 2.5
- Natural resources: free gifts of nature, everything that comes from nature and that can be used by humans
 - Labour: physical or mental capability to create utilities
 - Capital: human-made resources to further production
 - Entrepreneurship: coordinator of other three factors of production (4 × 2)
- (8)

- 2.6 2.6.1 A production possibility curve shows the different combinations of products that can be produced with the available resources and the available production techniques and it assumes that all resources are fully utilised. (3 × 2) (6)
- 2.6.2 Allocative efficiency means producers produce according to the taste and preference of the consumers and produces optimally. Productive efficiency means the producer produces at the lowest possible cost and all resources are used effectively. (2 + 2) (4)
- 2.6.3
- Productive inefficiency means resources are not used optimally and costs are not reduced.
 - Scarcity means shortage of production factors. (2 + 2) (4)
- 2.6.4
- Scarcity means factors of production are scarce.
 - We cannot produce if we do not have resources to produce; hence, it is impossible at that point. (2 × 2) (4)
- 2.6.5 If available resources are not fully utilised (2)
- [50]**

QUESTION 3

- 3.1
- Household sector
 - Firms/Businesses
 - Government/Public sector
 - Foreign sector (4)
- 3.2
- | Short-run | Long-run |
|---|--|
| <ul style="list-style-type: none"> • Period of production where only variable costs can change✓✓ • Period where one factor of production can change✓✓ | <ul style="list-style-type: none"> • Period of production where both fixed and variable costs can change✓✓ • Period where all factors of production can change✓✓ |
- (4 + 4) (8)
- 3.3
- Factor market: Market where factors of production are traded.✓✓ Four factors are bought and sold.✓✓
 - Product market: Market where goods and services are traded.✓✓ Capital – consumer goods are bought and sold in the product market.✓✓ (4 + 4) (8)

- 3.4
- Household sectors sell factors of production that are important for production in the economy.
 - They earn income and buy goods and services that contribute to economic development and growth. (2 × 2) (4)

3.5

MACROECONOMICS	MICROECONOMICS
Study of the economy of a country as a whole or of the whole world✓✓	Study of the economic behaviour of individual consumers and producers, the factors that influence their choice and how prices are determined✓✓
Large-scale decisions made by government✓✓	Small-scale decisions made by individuals and businesses✓✓
Broad field of study focusing on the entire country, including factors that influence total spending by consumers✓✓	Small detailed picture focusing on consumer spending habits and how the firm makes a profit✓✓

(Any 4 + any 4) (8)

- 3.6
- To provide for the future
 - For unforeseen circumstances
 - To create wealth
 - For keeping a cash flow to make possible profit out of speculation (4)

- 3.7
- Marginal utility declines as the number of goods consumed increases. This is known as the law of diminishing marginal utility. It is always true that as the number of units of good consumed increases, the marginal utility declines. (2 × 2) (4)

- 3.8
- Form utility
 - Place utility
 - Time utility
 - Ownership utility
 - Knowledge utility (Any 4 × 2) (8)

- 3.9
- GDP is measured by an increase in real GDP. (2)
- [50]**

QUESTION 4

- 4.1 Consumption is the using up of goods and services. (2)
- 4.2
- Direct consumption
 - Deferred consumption
- (2)
- 4.3 **Free-market economy**
- Private ownership: Private individuals own nearly all factors of production.
 - Free enterprise and choice: Owners of the factors of production, as well as producers of goods and services, have the right to buy and sell.
 - Competition: Competition exists if economic units are free to use their resources as they wish.
 - Motivation: In a pure-market economy, consumers and manufacturers are motivated by pure self-interest or private gain.
 - Decentralised decision making: Decision making within the market economy is decentralised because individual economic agents are free to choose how they wish to allocate their resources.
- Communism**
- Ownership: All factors of production, except labour, are owned by the state.
 - Motivation: Consumers, enterprises and government are all assumed to be selfless, cooperating to work for the common goal or for the good of the community.
 - Planning: Resources are allocated through a planning process.
 - Works intentionally: The allocation of resources is not left to the unpredictable and coincidental thrills of a market.
 - Needs are catered for: In addition to consumer goods and services, planning ensures that adequate resources are devoted to the community, public and merit goods. (5 + 5) (10)
- 4.4
- It works automatically: The market system acts, as it were, like a marvellous computer, registering people's preferences for different goods.
 - Choice: In a market economy, consumers are faced with a wide range of choices.
 - Innovation: Market economics have strong incentives, in terms of material gain and profits, to innovate and produce high-quality goods.
 - Economic growth: A free-market economy is very dynamic because of the driving forces of profits and the restraining forces of competition.
 - Distribution of income and wealth: In a purely free-market economy, resources are allocated to those with spending power.
 - Risk: Individuals take great care to reduce economic risk, which is inherent to market economies. (Any 4 × 2) (8)
- 4.5 Complementary goods are goods used in conjunction, thus supplementing other goods, e.g. tea and sugar. Substitute goods are goods used instead of other goods, thus replacing the original goods. (4 + 4) (8)

- 4.6
- Income of a household
 - Interest rate
 - Taxation
 - Expectations of consumers
 - Age distribution
- (Any 4 × 2) (8)
- 4.7
- Primary sector✓ extracts raw material from nature✓
 - Secondary sector✓ processes raw material from the primary sector and makes final products✓
 - Tertiary sector✓ renders services or a sector for ready-made goods✓
- (Any 2 × 2) (4)
- 4.8 **Perfect market**
- Competition will be produced at a higher price than the perfect competitor.
 - There are no substitute products in a monopoly; in a perfect competitive market products are identical to each other.
- Monopoly**
- It is the only producer of a product; in a perfect market, - there are many buyers and sellers.
 - It is easier for a perfect competitor to enter the market than it is for a monopoly competitor.
- (4 × 2) (8)

[50]

QUESTION 5

- 5.1 Market refers to all buyers and sellers who influence the price of goods and services or it refers to the conditions where buyers and sellers meet (interact) to negotiate about business transactions. (2)
- 5.2
- Size and composition of labour force: Population size play an important role in determining the size of labour force and the number of economically active population (EAP).
 - Labour time: Length of the work day and workers' productivity life span
 - Inborn aptitude: Difference in aptitude among different population groups and different occupations
 - Labour ability: Ability influenced by health, availability of medical services, nutrition, etc.
 - Training: Level of education and training of labourers
 - Industrial classification of labour force: Direction in which labour force applied in the economy
- (Any 5 × 2) (10)

5.3

Free goods	Economic goods
1. Unlimited in nature✓	1. Limited in nature✓
2. Do not command price✓	2. Command price✓
3. Have utility but no usage value✓	3. Have utility and usage value✓
4. Do not belong to anyone✓	4. Belong to someone✓

(4 + 4)

(8)

5.4

- Availability of close substitute: Consumers can use a substitute product in the place of another product to satisfy needs or wants.
- Nature of a product: Price elasticity of demand for essential products such as basic foodstuff tend to be inelastic.
- Habit-forming product: Habit-forming products such as alcohol, cigarettes, etc. have an inelastic demand.
- Proportion of income spent on a product: Demand for goods such as salt, matches, chips will be inelastic.
- Durability of the product: The more durable a product is the more elastic the demand will be.
- Time: Price elasticity of demand tend to be more elastic over a long period.

(Any 4 × 2)

(8)

5.5

In a closed economy, the foreign sector is excluded – no imports and exports. In an open economy, operation of the foreign sector is included – imports and exports take place.

(2 + 2)

(4)

5.6

- Slope downwards from left to right
- Order of preference
- Never touch or intersect
- Convex on the side of the origin or rounded in shape
- Infinite in number

(Any 4 × 2)

(8)

5.7

- 5.7.1 200 – 200 = 0
 5.7.2 200 + 100 = 300
 5.7.3 350 – 200 = 150
 5.7.4 400 – 200 = 200
 5.7.5 200 + 250 = 450

(5 × 2)

(10)

[50]

TOTAL SECTION B: 150
GRAND TOTAL: 200