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## EXAM QUESTIONS

**06 NOVEMBER 2013**

### Lesson Description

In this lesson we:

- Work through various questions in preparation for the examinations.

### Questions

#### Question 1

*(Adapted from Nov 2012, DoE, Paper 1, Question 2.6)*

Distinguish between appreciation and depreciation of the rand against the dollar.

(2 x 4) (8)

#### Question 2

*(Adapted from Nov 2012, DoE, Paper 1, Question 3.1)*

Choose the correct word from those given in brackets. Write only the word next to the question number.

- 2.1 By setting minimum prices the (consumer/producer) benefits.
- 2.2 The production of goods that result in a negative externality is often (over-/under-) supplied in the economy.
- 2.3 The shutdown point in a perfect market is where price is equal to (average/average variable) cost.
- 2.4 A fast-food outlet, like KFC, is an example of a (monopolistic/ oligopolistic) competitor.

(4 x 2) (8)

#### Question 3

*(Adapted from Nov 2012, DoE, Paper 1, Question 3.2)*

List any THREE causes of market failures.

(3 x 2) (6)

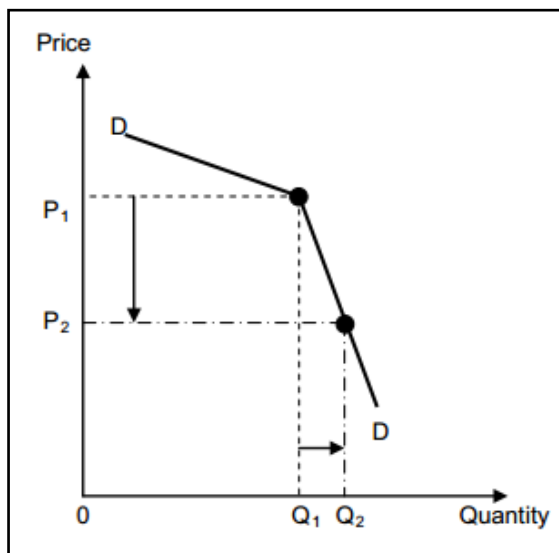


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### Question 4

(Adapted from Nov 2012, DoE, Paper 1, Question 3.3)

Study the graph below and answer the questions that follow.



- 4.1 Which market structure is represented in the graph above? (2)
- 4.2 What type of demand curve is illustrated in the graph? (2)
- 4.3 Explain why the producer will NOT decrease the price in order to improve sales. (2 x 2) (4)
- 4.4 What illegal behaviour can result among producers in this type of market if they want to increase their profits? (2)

### Question 5

(Adapted from Nov 2012, DoE, Paper 1, Question 4.5)

Discuss dumping as an argument in favour of protectionism.

(4 x 2) (8)

### Question 6

(Adapted from Nov 2012, DoE, Paper 1, Question 8)

Distinguish between the market structure of a monopoly and a perfect competitor in detail. In addition, draw a fully labelled graph to show the long-term equilibrium position of any ONE of the above markets.

- Your response can either be in tabular form or in paragraphs.
- Full sentences are required.

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