June 2018

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MODERATOR'S REPORT - ANSWER PAPERS

The moderation of an examination paper (or other summative assessment opportunity) and memorandum (or assessment criteria) takes place by means of the module outcomes

TABLE 1: Information (To be completed by moderator)

Title and name of moderator	Dr. John Coetzee
Module name	~~ECM~~ Managerial Economics
Module code	CCMN 515 / MBAA 813
NQF level	8
Credits	
Assessment date	04/06/2018

1. Marks are added correctly and calculations are done correctly.

		Remark
Yes	✓	
No		

2. The marker used the memorandum appropriately (discretion is used where necessary) and marking is fair and consistent.

		Remark
Yes	✓	
No		

[1] *Moderator's Report – IM Venter*

3. Distribution of marks: Comment on the distribution of marks in the exam paper or assessment opportunity: use Table 2 for this purpose.

Comment
Well and fairly distributed.

4. Indicate how many answer books and/ or questions you have moderated. If the summative assessment was another assessment method than a written exam, please indicate this, and the number you have moderated.

11	

5. Any other comments with regard to the examining?

General comments
Good Quality paper

J. Coetzee	[signature]	17-06-2018.
Initials and surname of moderator	Signature of Moderator	Date

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Modulekode:	MBAA 813	Metode van aflewering:	Deeltyds Sentra	Datum:	04/06/2018		
Tipe assessering:	Eksamen 1e geleentheid	Vraestelnommer:	1	Sessie:	9:00	Tydsduur:	4 uur

Modulebeskrywing: Bestuursekonomie / Managerial Economics	Lokaal:

Afrolmetode: Rug-aan-Rug

Aantal vraestelle MK: 40	Aantal vraestelle PK: 150	Aantal vraestelle VDK: 0

Benodighede vir vraestel		Aantal per student	Benodighede vir vraestel		Aantal per student
Antwoordskrifte	X	2	Multikeuse-kaarte (A5 – 40 vrae)		
Presensiestrokies vir invulvraestel	X	1	Multikeuse-kaarte (A4 – 115 vrae)		
Rofwerkpapier	X	1	Grafiekpapier		

Is daar 'n bylaag aangeheg?	Ja	Indien Ja gee 'n kort beskrywing:	Daar is 'n meegaande invulblad vir Afdeling A se antwoorde en moet saam met die eksamenvraestel uitgedeel word.

NB: Eksamenafdeling doen geen kontrole wat inhoud of bladsynommers van bylae betref nie.

Sakrekenaars: Ja

Ander hulpmiddels bv. woordeboeke, studiegidse, ens.:		
Oopboek vraestel		

Inhandiging van antwoordskrifte:	Gewoon
Indien Per dosent, lys Vanne:	

Eksaminator(e):

(1) Prof. A Heymans (PK) — Bylyn: 991352
Selfoonnr: 0766552411 — Handtekening

(2) Prof. R Parsons (PK) — Bylyn: 991368
Selfoonnr: 0832256642 — Handtekening

(3) Dr. L Rangasammy (MK) — Bylyn: 000000
Selfoonnr: 0000000000 — Handtekening

Interne Moderator:
Prof. C van Heerden — Bylyn: 991476
Selfoonnr: 0828277860 — Handtekening

Eksterne Moderator:
Dr. J Coetzee — Selfoonnr: 0514019266

Ingehandig deur:
Prof. A Heymans — Bylyn: 991352

Verwysingsnommer: 7.1.9.3.

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Benodigdhede vir hierdie vraestel/Requirements for this paper:			
Antwoordskrifte/ Answer scripts:	X	Multikeusekaarte (A5)/ Multi-choice cards (A5):	
Presensiestrokies (Invulvraestel)/ Attendance slips (Fill-in paper):	X	Multikeusekaarte (A4)/ Multi-choice cards (A4):	
Rofwerkpapier/ Scrap paper:	X	Grafiekpapier/ Graph paper:	

Sakrekenaars/Calculators: Ja/Yes

Ander hulpmiddels/Other resources:

Oopboek vraestel/
Open book exam

Tipe Assessering/ Type of Assessment:	**Eksamen 1e geleentheid Exam 1st opportunity Vraestel/Paper 1**	Kwalifikasie/ Qualification:	**MBA**
Modulekode/ Module code:	**MBAA 813**	Tydsduur/ Duration:	**4 uur 4 hour**
Module beskrywing/ Module description:	**Bestuursekonomie / Managerial Economics**	Maks/ Max:	**100**
Eksaminator(e)/ Examiner(s):	**Prof. André Heymans Prof. Raymond Parsons Dr. Logan Rangasamy**	Datum/ Date:	**04/06/2018**
Interne/Internal Moderator(s):	**Prof. Chris van Heerden**	Tyd/ Time:	**09:00**
Eksterne Moderator(s)/ External Moderator(s):	**Dr. J Coetzee**		

Inhandiging van antwoordskrifte/Submission of answer scripts: **Gewoon/Ordinary**

Besonderhede van student / Details of student:

Titel/ Title: ________ Voorletters/ Initials: ________ Van/ Surname: ________

Universiteitsnommer/ University number: [ ] Kontaknommer/ Contact number: [ ]

Handtekening/ Signature: ________

Eksamenvoorskrifte / Examination instructions

1. Studente mag in die eerste halfuur van 'n sessie tot die lokaal toegelaat word, maar geen ekstra tyd word toegestaan nie.
2. Geen student word toegelaat om die lokaal te verlaat binne die eerste halfuur van 'n eksamensessie nie.
3. Studente bring sakke na lokaal op **eie risiko**, en moet dit voor in die lokaal neersit.
4. Studente mag nie selfone/elektroniese toestelle by hulle hê en/of hanteer nie.
5. Geen verversings word in 'n eksamenlokaal toegelaat nie.
6. Studente mag nie die lokaal verlaat om te gaan rook nie.
7. Skryf op beide kante van die bladsye.
8. Skryf slegs in swart of blou ink.
9. Geen bladsye mag uit die antwoordskrif verwyder word nie.
10. Studente mag nie ontoelaatbare materiaal by hulle hê tydens 'n sessie nie, bv. notas en/of objekte wat notas bevat nie.
11. Geen items mag tydens die sessie geleen word nie.
12. Studente mag nie 'n ander student probeer help of probeer om hulp te kry nie.
13. Studente **moet** hul antwoordskrifte aan toesighouers oorhandig voordat hulle die lokaal verlaat.
14. Die presensiestrokie op die agterblad, wat ook as onderneming geld, **moet** voltooi en ingegee word.

1. Students are allowed into the venue in the first half hour of a session, but no extra time is granted.
2. No student is allowed to leave the venue before half an hour of the examination session has elapsed.
3. Students bring bags to the venue at **own risk**, and must put them in front of the room.
4. Students may not have cell phones/electronic devices with them and/or handle them.
5. No refreshments are allowed in the examination venue.
6. Students may not leave the room for a smoke break.
7. Write on both sides of each page.
8. Write in black or blue ink only.
9. No pages may be removed from the answer scripts.
10. Students may not have unauthorised material with them during a session, e.g. notes and/or objects that contain notes.
11. No items may be borrowed during the session.
12. Students may not attempt to assist another student, or attempt to obtain assistance.
13. Students **must** hand in their answer scrips to invigilators before they leave the venue.
14. The attendance slip on the back cover that also serves as an undertaking, **must** be completed and handed in.

INSTRUKSIES / INSTRUCTIONS

BEANTWOORD AL DIE AFDELINGS / *ANSWER ALL THE SECTIONS*

AFDELING A / SECTION A (Multikeuse / *Multiple choice*) [21]

Vraag 1 / Question 1 (1½)

Watter van die volgende stellings is korrek? / ***Which of the following statements are correct?***

i) 'n Afname in die prys van 'n produk sal veroorsaak dat die vraagkromme van 'n substituut produk na links verskuif. / ***A decrease in the price of a product will cause the demand curve of a substitute product to shift to the left.***

ii) 'n Toename in inkome sal lei tot 'n toename in vraag na minderwaardige produkte. / ***An increase in income will cause an increase in the demand of inferior goods.***

iii) Wrywingswerkloosheid geskied wanneer mense tussen werke is. / ***Frictional unemployment occurs when people are between jobs.***

iv) 'n Vryemark mededinger maak ekonomiese wins waar marginale inkome gelyk is aan gemiddelde koste. / ***A free market competitor makes economic profit where marginal revenue is equal to average cost.***

v) Strukturele werkloosheid kom voor waar sekere professies ophou bestaan. / ***Structural unemployment occurs where certain professions no longer exists.***

A) i, ii, iii & v

B) i, iii & v

C) ii, iii & iv

D) ii, iv & v

E) i & iii

Vraag 2 / Question 2 (1½)

Watter van die volgende stellings is korrek? / ***Which of the following statements are correct?***

i) Die produksiemoontlikheidskromme is reguit omrede sekere hulpbronne meer geskik is vir die produksie van sekere produkte as ander. / ***The production possibility frontier is straight because some resources are better suited to make some products than others.***

ii) Die produksiemoontlikheidskromme is steiler aan die regterkant as aan die linkerkant omrede sekere hulpbronne meer geskik is vir die produksie van sekere produkte as ander. / ***The production possibility frontier is steeper at the right end than the left because some resources are better suited to make some products than others.***

iii) Die produksiemoontlikheidskromme dui aan hoeveel van elke produk deur die ekonomie vervaardig word. / ***The production possibility frontier illustrate how much of each product is manufactured in the economy.***

iv) Daar is geen land wat op die produksiemoontlikheidskromme kan produseer nie omrede een of meer van die produksiefaktore altyd onbenut is. / ***No country can ever produce on production possibility frontier because there are always one or more factors of production that are under employed.***

v) Die produksie van verbruikersgoedere en kapitaalgoedere sal altyd op die produksiemoontlikheidskromme geskied. / ***The production of consumer goods and capital goods will always occur on the production possibility curve.***

A) i, ii, iii & v

B) i, iii & v

C) ii, iii & iv

D) ii, iv & v

E) i & iii

Vraag 3 / Question 3 (1½)

In watter van die volgende gevalle sal die vraagkromme na botter in Suid-Afrika na regs skuif? / ***In which of the following circumstances will the demand curve for butter in South Africa shift to the right?***

i) Die prys van substituut produkte neem toe – ceteris paribus. / ***The price of substitute products increase – ceteris paribus.***

ii) Populasiegroei word negatief. / ***Population growth becomes negative.***

iii) Die vraag na gebakte goed (word van botter gemaak) neem toe. / ***The demand for baked goods (are manufactured from butter) increases.***

iv) Die uitbreek van malkoei-siekte veroorsaak die dood van duisende melkkoeie. / ***The outbreak of mad cow disease causes the death of thousands of milk cows.***

v) Nuwe navorsing wys dat botter gesonder is as margarien ('n substituut produk). / ***New research shows that butter is healthier than margarine (a substitute product).***

A) i, ii, iii & v
B) i, iii & v
C) ii, iii & iv
D) ii, iv & v
E) i & iii

Vraag 4 / Question 4 (1½)

Watter van die volgende stellings is korrek? / ***Which of the following statements are correct?***

i) Die hoeveelheid kopers wat baat vind by 'n prysplafon is meer as die oorspronklike hoeveelheid kopers. / ***The number of buyers who gain from the price ceiling is greater than the original number of buyers.***

ii) 'n Prysplafon skep ekstra vraag. / ***A price ceiling creates an excess demand.***

iii) 'n Prysplafon is 'n voorbeeld van regeringsinmenging om die verbruiker te help. / ***A price ceiling is an example of government intervention to assist the consumer.***

iv) Om 'n impak te hê, moet 'n prysplafon ingestel word teen 'n prys wat laer is as die oorspronklike markprys. / ***To have an effect, the price ceiling must be set at a lower level than the original market price.***

v) 'n Prysplafon is 'n voorbeeld van regeringsinmenging om die produsent te help. / ***A price ceiling is an example of government intervention to assist the producer.***

A) i, ii, iii & v
B) i, iii & v
C) ii, iii & iv
D) ii, iv & v
E) i & iii

Vraag 5 / Question 5 (1½)

Watter van die volgende stellings is korrek? / ***Which of the following statements are correct?***

i) Indien 'n produsent eenheidselastiese produkte vervaardig kan hy/sy die totale inkome beïnvloed deur die prys van die produk te verander. / ***If a producer manufactures a unit elastic product, he/she can influence total revenue by changing the price.***

ii) Die Reserwebank kan inflasie beperk deur die aanbod van geld te verlaag. / ***The Reserve Bank can limit inflation by decreasing the supply of money.***

iii) Publieke goedere is uitsluitbaar van aard. / ***Public goods are excludable in nature.***

iv) Perfek onelastiese aanbod is 'n vertikale lyn. / ***Perfectly inelastic supply is a vertical line.***

v) Die elastisiteit van produkte verander oor tyd. / ***The elasticity of products changes over time.***

A) i, ii, iii & v
B) i, iii & v
C) ii, iii & iv
D) ii, iv & v
E) i & iii

Vraag 6 / Question 6 (1½)

Watter van die volgende stellings is korrek? / ***Which of the following statements are correct?***

i) 'n Hoër geldvoorraad lei tot hoër inflasie. / ***A higher stock of money leads to higher inflation.***

ii) Die Reserwebank kan inflasie verminder deur rentekoerse te verhoog. / ***The Reserve bank can reduce inflation by increasing interest rates.***

iii) 'n Afname in brandstofpryse oor 'n week van nou af sal die vraag na brandstof laat daal in die kort-termyn. / ***A decrease in fuel prices a week from now will lead to a decrease in the demand for fuel in the short-term.***

iv) Inflasie veroorsaak hoër rentekoerse. / ***Inflation causes higher interest rates.***

v) Die 4 produksiefaktore is: Kapitaal, Arbeid, Grond & Entrepreneurskap. / ***The 4 factors of production are Capital, Labour, Land & Entrepreneurship.***

A) i, ii, iii & v
B) i, iii & v
C) ii, iii & iv
D) ii, iv & v
E) i & iii

Vraag 7 / Question 7 (1½)

Plaas die volgende gebeure in kronologiese volgorde: / ***Put the following events in a chronological order:***

A) Ekstra reserwes neem toe, Toename in investering, Geldaanbod daal, Reële BBP neem toe. / ***Excess reserves increase, Investment increases, Money supply falls, Real GDP increases.***

B) Ekstra reserwes neem af, Toename in investering, Geldaanbod daal, Reële BBP neem toe. / ***Excess reserves decrease, Investment increases, Money supply falls, Real GDP increases.***

C) Ekstra reserwes neem toe, Rentekoerse daal, Geldaanbod neem toe, Investering neem toe. / ***Excess reserves increase, Interest rates fall, Money supply rises, Investment increases.***

D) Totale vraag neem toe, Geldaanbod neem toe, Rentekoerse daal, Investering neem toe. / ***Aggregate demand increases, Money supply increases, Interest rates fall, Investment increases.***

E) Ekstra reserwes neem toe, Geldaanbod neem toe, Rentekoerse daal, Investering neem toe. / ***Excess reserves increase, Money supply rises, Interest rates fall, Investment increases.***

Vraag 8 / Question 8 (1½)

Wat kan gesê word van ewewigspryse en ewewigshoeveelhede indien vraag sou toeneem en aanbod afneem? / ***What could be said about equilibrium prices and equilibrium quantities if demand should increase and supply should decrease?***

A) Prys sal toeneem en hoeveelheid afneem. / ***Price will increase and quantity will decrease.***

B) Prys sal toeneem en hoeveelheid se beweging is onbekend. / ***Price will increase and quantity's movement is uncertain.***

C) Prys sal toeneem en hoeveelheid sal toeneem. / ***Price will increase and quantity will increase.***

D) Prys sal afneem en hoeveelheid sal toeneem. / ***Price will decrease and quantity will increase.***

E) Prys se beweging is onbekend en hoeveelheid sal afneem. / ***Price's movement is uncertain and quantity will decrease.***

Vraag 9 / Question 9 (1½)

Beskou die volgende vraag en aanbod vergelykings: / ***Consider the following demand and supply equations:***

$Q_d = 150 - 3P$ $Q_s = 2P + 25$

Die waardes van P en Q by ewewig is? / ***The values of P and Q at equilibrium are?***

A) P = 185 & Q = 60
B) P = 15 & Q = 80
C) P = 25 & Q = 75
D) P = 75 & Q = 25
E) Nie een van die bogenoemde nie. / ***None of the above.***

Vraag 10 / Question 10 (1½)

Watter van die volgende is 'n implisiete koste? / ***Which of the following is an implicit cost?***

A) Versekeringspaaiemente. / ***Insurance payments.***

B) Eiendomsbelasting. / ***Property taxes.***

C) Rente betalings op 'n lening. / ***Interest payments on a loan.***

D) Elektrisiteit. / ***Electricity.***

E) Jaarlikse dividende. / ***Yearly dividends.***

Vraag 11 / Question 11 (1½)

Watter van die volgende stellings is korrek? / ***Which of the following statements are correct?***

i) $MC = \frac{\Delta TC}{\Delta Q}$.

ii) Die formule vir punt elastisiteit is: $E_d = \frac{\left(\frac{Q_2-Q_1}{Q_2 \div 2}\right)}{\frac{P_2-P_1}{P_2 \div 2}}$. / ***The formula for point elasticity is:*** $E_d = \frac{\left(\frac{Q_2-Q_1}{Q_2 \div 2}\right)}{\frac{P_2-P_1}{P_2 \div 2}}$.

iii) Die misbruik van publieke goedere kan aangespreek word met belasting. / ***The misuse of public goods can be addressed with tax.***

iv) $AP = \frac{TP}{Q}$.

v) TC = TFC + TVC.

A) i, ii, iii & v

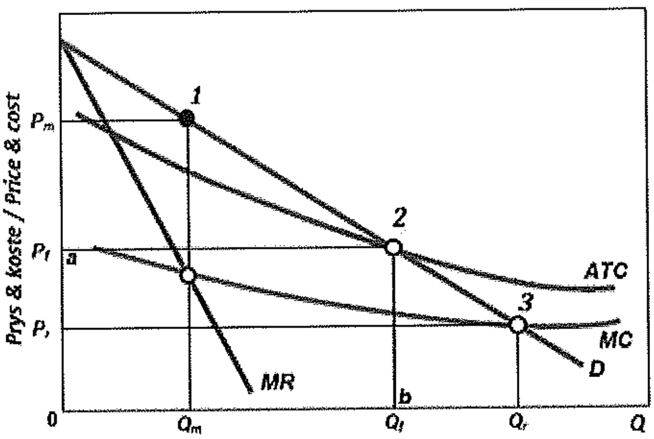
B) i, iii & v

C) ii, iii & iv

D) ii, iv & v

E) i & iii

Vraag 12 / Question 12 (1½)



Identifiseer punte 1, 2 en 3 op die grafiek hierbo. / ***Identify points 1, 2 and 3 on the graph above.***

A) 1 = Regverdige opbrengsprys / ***1 = Fair return price***; 2 = Sosiale optimale prys / ***2 = Socially optimal price***; 3 = Monopolie prys / ***3 = Monopoly price***

B) 1 = Monopolie prys / ***1 = Monopoly price***; 2 = Sosiale optimale prys / ***2 = Socially optimal price***; 3 = Regverdige opbrengsprys / ***3 = Fair return price***

C) 1 = Monopolie prys / ***1 = Monopoly price***; 2 = Regverdige opbrengsprys / ***2 = Fair return price***; 3 = Sosiale optimale prys / ***3 = Socially optimal price***

D) 1 = Sosiale optimale prys / ***1 = Socially optimal price***; 2 = Regverdige opbrengsprys / ***2 = Fair return price***; 3 = Monopolie prys / ***3 = Monopoly price***

E) 1 = Regverdige opbrengsprys / ***1 = Fair return price***; 2 = Monopolie prys / ***2 = Monopoly price***; 3 = Sosiale optimale prys / ***3 = Socially optimal price***

Vraag 13 / Question 13 (1½)

Watter van die volgende sal die saamgestelde vraagkromme van Suid-Afrika na links laat skuif? / ***Which of the following will shift the aggregate demand curve of South Africa to the left?***

i) 'n Toename in huishoudskuld. / ***An increase in household debt.***

ii) 'n Skerp toename in die brandstofprys. / ***A sharp increase in the fuel price.***

iii) 'n Afname in reële rentekoerse. / ***A decrease in real interest rates.***

iv) 'n Afname in huishoud inkome. / ***A decrease in household income.***

v) 'n Afname in staatskuld. / ***A decrease in government debt.***

A) i, ii, iii & v B) i, iii & v

C) ii, iii & iv D) ii, iv & v

E) i, & iii

Vraag 14 / Question 14 (1½)

Watter van die volgende stellings is korrek gegewe die volgende vraag-en-aanbod vergelykings? / ***Which of the following statements are correct given the following demand and supply equations?***

$$Q_D = 147 - 15P \qquad Q_S = -15 + 3P$$

A) As die ewewigsprys met R3 verminder verander Q_S na 15 en Q_D na 9 / ***If the equilibrium price decrease by R3, Q_S will change to 15 and Q_D to 9***

B) As die ewewigsprys met R2 vermeerder verander Q_S na 14 en Q_D na 0. / ***If the equilibrium price increase by R2, Q_S will change to 14 and Q_D to 0.***

C) As die ewewigsprys met R3 vermeerder verander Q_S na 9 en Q_D na 3 / ***If the equilibrium price increase by R3, Q_S will change to 9 and Q_D to 3***

D) As die ewewigsprys met R5 vermeerder verander Q_S na 7 en Q_D na 17 / ***If the equilibrium price increase by R5, Q_S will change to 7 and Q_D to 17***

E) As die ewewigsprys met R2 verminder verander Q_S na 6 en Q_D na 42. / ***If the equilibrium price decrease by R2, Q_S will change to 6 and Q_D to 42.***

AFDELING B / SECTION B (Berekeninge / *Calculations*) [29]

Vraag 1 / Question 1 (2)

Stel telkens in watter rigting die totale aanbodkromme van motors sal skuif: / ***State in which direction the aggregate supply curve of cars will move:***

a) Werkers in die staalbedryf staak. / ***Workers in the steel industry strikes.*** L

b) Die prys van motors neem toe. / ***The price of cars increase.*** Geen beweging

c) Die staat stel 'n belasting in op motoronderdele. / ***Government imposes a tax on car parts.*** L

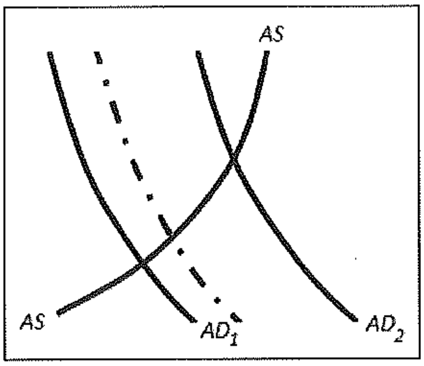
d) Die vraag na motors neem toe. / ***The demand for cars increase.*** Geen beweging

Vraag 2 / Question 2 (3)

Gebruik die grafiek om die volgende vrae te beantwoord. / ***Use the graph to answer the following questions.***

a) Watter twee aksies van die regering sal lei tot hierdie reaksie? / ***Which two actions by government would lead to this reaction?*** [2]

b) Wat word die effek tussen die stippellyn en AD2 genoem? / ***What is the effect between the dotted line and AD2 called?*** [1]



a) 'n Toename in G en/of 'n afname in T.

b) Die vermenigvuldiger effek

Vraag 3 / Question 3 (10)

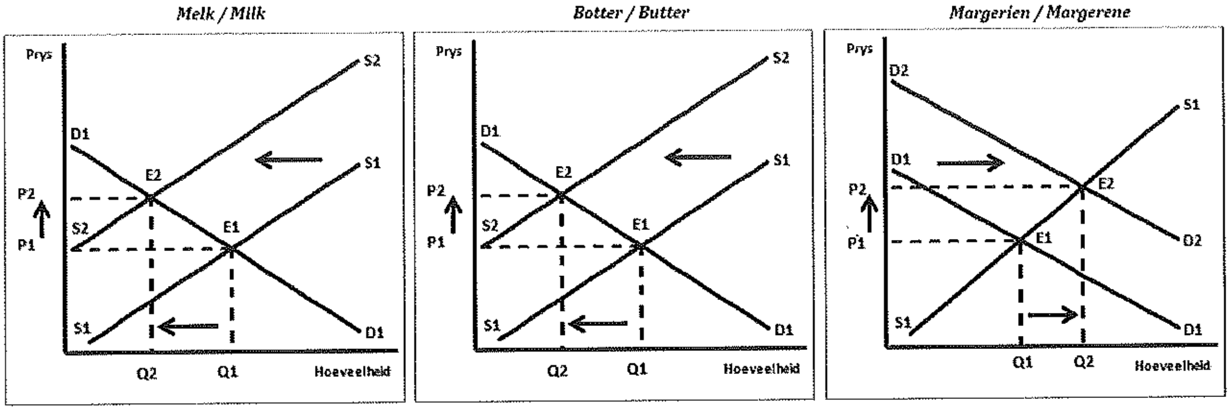
T-Sports vervaardig tennisrakette en hul syfers lyk soos volg. Vaste koste per eenheid is R425 vir die produksie van die eerste 5 eenhede (gebruik 1 masjien), R850 vir die volgende 5 eenhede (gebruik 2 masjiene) en R1275 vir die laaste 5 eenhede (gebruik 3 masjiene). Hulle verkoop hul rakette teen R1250.00 elk. / ***T-Sports manufactures tennis racquets and the figures are the following. Fixed cost per unit is R425 for the production of the first 5 units (use 1 machine), R850 for the production of the second 5 units (use 2 machines) and R1275 for the production of the final 5 units (use 3 machines). They sell racquets at R1250.00 each.***

Totale koste / Total Cost				Gemiddelde koste / Average Cost			Marginal Cost	Revenue / Avg P	TR	MR	Profit / Loss
TP or Q	TFC	TVC	TC	AFC	AVC	ATC	TC/Q				
0	R 425	**R 0**	R 425.00				125				-R 425.00
1	R 425	**R 125**	R 550.00	R 425.00	R 125.00	R 550.00	40	R 1 250.00	R 1 250.00		R 700.00
2	R 425	**R 165**	R 590.00	R 212.50	R 82.50	R 295.00	53	R 1 250.00	R 2 500.00	R 1 250.00	R 1 910.00
[illegible]	R 425	**R 218**	R 643.00	R 141.67	R 72.67	R 214.33	70	R 1 250.00	R 3 750.00	R 1 250.00	R 3 107.00
4	R 425	**R 288**	R 713.00	R 106.25	R 72.00	R 178.25	92	R 1 250.00	R 5 000.00	R 1 250.00	R 4 287.00
5	R 425	**R 380**	R 805.00	R 85.00	R 76.00	R 161.00	546	R 1 250.00	R 6 250.00	R 1 250.00	R 5 445.00
6	R 850	**R 501**	R 1 351.00	R 141.67	R 83.50	R 225.17	158	R 1 250.00	R 7 500.00	R 1 250.00	R 6 149.00
7	R 850	**R 659**	R 1 509.00	R 121.43	R 94.14	R 215.57	207	R 1 250.00	R 8 750.00	R 1 250.00	R 7 241.00
8	R 850	**R 866**	R 1 716.00	R 106.25	R 108.25	R 214.50	270	R 1 250.00	R 10 000.00	R 1 250.00	R 8 284.00
9	R 850	**R 1 136**	R 1 986.00	R 94.44	R 126.22	R 220.67	352	R 1 250.00	R 11 250.00	R 1 250.00	R 9 264.00
10	R 850	**R 1 488**	R 2 338.00	R 85.00	R 148.80	R 233.80	884	R 1 250.00	R 12 500.00	R 1 250.00	R 10 162.00
11	R 1 275	**R 1 947**	R 3 222.00	R 115.91	R 177.00	R 292.91	597	R 1 250.00	R 13 750.00	R 1 250.00	R 10 528.00
12	R 1 275	**R 2 544**	R 3 819.00	R 106.25	R 212.00	R 318.25	778	R 1 250.00	R 15 000.00	R 1 250.00	R 11 181.00
13	R 1 275	**R 3 322**	R 4 597.00	R 98.08	R 255.54	R 353.62	1012	R 1 250.00	R 16 250.00	R 1 250.00	R 11 653.00
14	R 1 275	**R 4 334**	R 5 609.00	R 91.07	R 309.57	R 400.64	1317	R 1 250.00	R 17 500.00	R 1 250.00	R 11 891.00
15	R 1 275	**R 5 651**	R 6 926.00	R 85.00	R 376.73	R 461.73		R 1 250.00	R 18 750.00	R 1 250.00	R 11 824.00

√ √ √ √ √ √ √ √ √ √

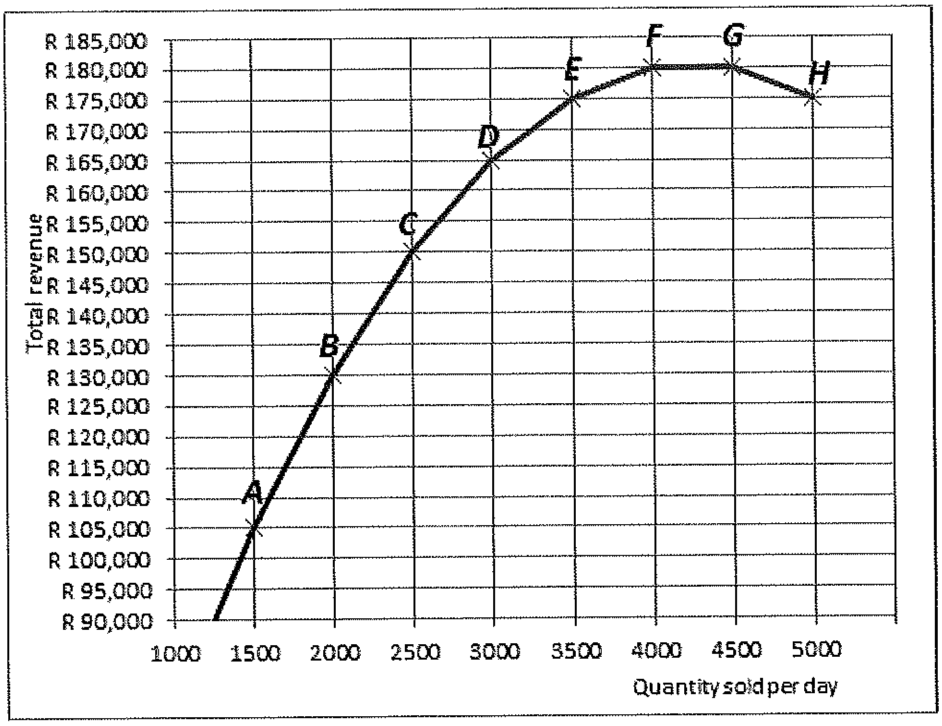
Vraag 4 / Question 4 (6)

As gevolg van druk op melkboere om meer lone te betaal aan plaaswerkers, styg die prys van melk. Dui grafies aan hoe hierdie styging in die melkprys die Vraag & Aanbod grafieke van Melk, van Botter ('n produk wat van melk gemaak word) en van Margarien ('n substituut vir botter) gaan beïnvloed. Dui grafies aan wat met die vraag, aanbod, ewewigsprys en ewewigshoeveelheid van Melk, Botter en Margarien sal gebeur. Maak seker dat u al die asse benoem. / ***Because of pressure on milk farmers to increase the wages of their workers, the price of milk increases. Graphically depict the impact of this increase in the price of milk on the Supply & Demand graphs of Milk, of Butter (a product produced from milk) and Margarine (a substitute of butter). Graphically depict what will happen with the demand, supply, equilibrium price and equilibrium quantity of Milk, Butter and Margarine. Ensure that you name all the axes.***



Vraag 5 / Question 5 (8)

Beskou die volgende grafiek en bereken telkens die elastisiteit van vraag tussen die punte soos aangedui op die grafiek: / ***Consider the following graph and calculate the elasticity of demand in each case between the points as indicated on the graph:***



a) Elastisiteit van vraag tussen punte A & B. / ***Elasticity of demand between points A & B***. [1]
b) Elastisiteit van vraag tussen punte B & C. / ***Elasticity of demand between points B & C***. [1]
c) Elastisiteit van vraag tussen punte C & D. / ***Elasticity of demand between points C & D***. [1]
d) Elastisiteit van vraag tussen punte D & E. / ***Elasticity of demand between points D & E***. [1]
e) Elastisiteit van vraag tussen punte E & F. / ***Elasticity of demand between points E & F***. [1]
f) Elastisiteit van vraag tussen punte F & G. / ***Elasticity of demand between points F & G***. [1]
g) Elastisiteit van vraag tussen punte G & H. / ***Elasticity of demand between points G & H***. [1]
h) Elastisiteit van vraag tussen punte H & I. / ***Elasticity of demand between points H & I***. [1]

A & B	= ((1500 - 1000) ÷ (1500 + 1000) ÷ 2) ÷ ((R 70 - R 75) ÷ (R 70 + R 75) ÷ 2) =	5.800	Elastic	√
B & C	= ((2000 - 1500) ÷ (2000 + 1500) ÷ 2) ÷ ((R 65 - R 70) ÷ (R 65 + R 70) ÷ 2) =	3.857	Elastic	√
C & D	= ((2500 - 2000) ÷ (2500 + 2000) ÷ 2) ÷ ((R 60 - R 65) ÷ (R 60 + R 65) ÷ 2) =	2.778	Elastic	√
D & E	= ((3000 - 2500) ÷ (3000 + 2500) ÷ 2) ÷ ((R 55 - R 60) ÷ (R 55 + R 60) ÷ 2) =	2.091	Elastic	√
E & F	= ((3500 - 3000) ÷ (3500 + 3000) ÷ 2) ÷ ((R 50 - R 55) ÷ (R 50 + R 55) ÷ 2) =	1.615	Elastic	√
F & G	= ((4000 - 3500) ÷ (4000 + 3500) ÷ 2) ÷ ((R 45 - R 50) ÷ (R 45 + R 50) ÷ 2) =	1.267	Elastic	√
G & H	= ((4500 - 4000) ÷ (4500 + 4000) ÷ 2) ÷ ((R 40 - R 45) ÷ (R 40 + R 45) ÷ 2) =	1.000	Unit Elastic	√
H & I	= ((5000 - 4500) ÷ (5000 + 4500) ÷ 2) ÷ ((R 35 - R 40) ÷ (R 35 + R 40) ÷ 2) =	0.789	Inelastic	√

AFDELING C / SECTION C (Opstel vrae / *Essay questions*) [50]

Vraag 1 / Question 1 (25)

Global trade is not a new phenomenon, and we have been trading across borders since antiquity. According to modern economic theory it is mutually beneficial for countries to specialise in producing those products in which they have a comparative advantage, and to import those products for which they do not.

Historically, the volume of world merchandise trade has tended to grow between 1.5 times to twice as fast as world GDP. But since 2012, trade has only been growing at a rate equal to or below that of GDP. In 2016, 20 of the world's largest shipping companies sold $120 billion (volume), compared to $200 billion in 2012.

After decades of increasing trade liberalism, various factors have recently influenced the seeming decline of global trade, notably the brewing US-China trade war, Brexit and other forms of protectionism.

U.S. President Donald Trump went on the trade warpath in 2018. The showdown was designed to punish countries – notably China – that he said engaged in unfair trade practices, such as disrespecting intellectual property rights, subsidising industries and underpaying workers. His tariffs, and retaliatory duties imposed on U.S. goods by other nations, shook the world economy and caused companies to reconfigure supply chains.

In the United States, the trade war has alarmed business leaders, who largely support existing trade deals. Some business groups have argued that Trump's metal tariffs and retaliatory duties that came in response have hurt U.S. industry, farmers and workers. However, U.S. economic growth has remained buoyant, with economists partly crediting Trump's tax cuts for these developments.

On the other side of the Atlantic, British Prime Minister Theresa May is battling to keep her Brexit deal alive, barely a month before Britain's scheduled March 29 exit date. Pro-EU Tory MPs want to force Mrs May's hand to prevent a no-deal Brexit, if necessary by delaying the date of Britain's departure beyond March 29. Meanwhile the rest of the EU has almost unanimously insisted it is not going to reopen the 585-page withdrawal treaty. With all of the political uncertainty surrounding the talks, international trade is sure to suffer.

Finally, The International Monetary Fund has cut its forecast for the world economy for the second time in three months due in part to trade tensions, said in January that global growth would be 3.5 percent in 2019.

Vraag / Question

Wat is die invloed van die huidige internasionale besigheidsomgewing op Suid-Afrikaanse besigheid? Verduidelik die impak van die toenemende handelsbeskerming op: / ***How does the current international business environment impact South African business? Explain the impact of the current increasing trend towards protectionism on:***

Suid-Afrikaanse uitvoere; / ***South African exports;***

Winsgewendheid van Suid-Afrikaanse besighede; / ***Profitability of South African businesses;***

Arbeid; en / ***Impact on labour; and***

Die wisselkoers. / ***The exchange rate.***

Marks will be allocated for discussions on the following:

- **South African exports**
  - South Africa currently enjoys fairly open trade with the US under The African Growth and Opportunity Act (AGOA), enacted on 18 May 2000. AGOA has since been renewed to 2025.
  - Because of Chinese steel entering the US through South Africa though, South African steel exports to the United States is already under pressure
  - There are talks that the automotive industry could also suffer if these tariffs are extended to products manufactured from steel / aluminium
  - More protectionism also hits China hard, causing their economy to slow down. China is South Africa's biggest trading partner (both in terms of exports and imports), and when China is affected by protectionism, they import less products from SA
  - Export deals to Europe and the UK is uncertain because of Brexit. New deals will have to be negotiated if Britain leaves the EU. This takes time, and might very well cause a reduction in trade with the UK, especially in the short term.

- **Profitability of South African businesses**
  - Increased protectionism will hit importers as well as exporters. Exporters will find it more difficult to sell their products abroad, and if South Africa follows the recent trends in protectionism, local firms will pay more for products and services from abroad.
  - Should South Africa maintain their current openness with the rest of the world, countries like China and India might consider doing more business with South Africa as they lose out on trade with the US, the UK and Europe. This might be advantageous for local companies that buy input products from other developing nations.

- **Labour**
  - Because increased protectionism will affect exporters negatively, local exporters will suffer, and as a result, so will the employees at those companies. Exporters will find it more difficult to sell their products abroad, and if South Africa follows the recent trends in protectionism, local firms will pay more for products and services from abroad.
  - A reduction in world trade will also put strain on global economic growth, leading to a reduction in economic activity in SA, which in turn will lead to lacklustre growth in the local market. This will put pressure on labour as companies start cutting costs and in the longer run replacing labour with capital.

- **The exchange rate**
  - Increased protectionism leads to less global trade and slower economic growth. If SA exports fall, the ZAR will weaken against other world currencies.
  - A weaker exchange rate will make imported products more expensive, putting pressure on the local inflation rate – ceteris paribus.

- Higher inflation will lead the Reserve bank to increase interest rates, which will stifle economic growth even further, and which will put additional pressure on labour, government debt and eventually South African citizens.

Marks will be awarded for well-structured answers that address the issues above.

Vraag 2 / Question 2 (25)

BUSINESSREPORT

SA economy expected to grow 1.3% in 2019 - World Bank

JOHANNESBURG

The World Bank has projected that South Africa's economic growth will accelerate only modestly to 1.3 percent in 2019, held back by constraints on domestic demand and limited government spending. The Bank's forecast compares with the 1.7 percent given by Finance Minister Tito Mboweni in October, while the South African Reserve Bank kept its own prediction unchanged at 1.9 percent in November.

In its "2019 Global Economic Prospects" report released late on Tuesday, the World Bank said growth in sub-Saharan Africa was expected to accelerate to 3.4 percent, despite global expansion being expected the decline to 2.9 percent as trade and investment weaken. The bank said sub-Saharan Africa's growth outlook was predicated on diminished policy uncertainty and improved investment in large economies, together with continued robust growth in non-resource intensive countries. Growth in Nigeria is expected to rise to 2.2 percent in 2019, assuming that oil production recovers while a slow improvement in private demand constrains growth in the non-oil industrial sector. Angola's GDP is forecast to grow 2.9 percent as the oil sector recovers with new oil fields coming on stream and as reforms bolster the business environment.

The bank said emerging and developing economies should rebuild policy buffers and boost productivity to sustain growth. But growth among advanced economies is forecast to drop to two percent this year, as slowing external demand, rising borrowing costs, and persistent policy uncertainties are expected to weigh. World Bank chief executive officer Kristalina Georgieva said the upswing in commodity exporters had stagnated, while activity in commodity importers was decelerating.

Georgieva said per capita growth would be insufficient to narrow the income gap with advanced economies in most of emerging market and developing economies in 2019. "At the beginning of 2018 the global economy was firing on all cylinders, but it lost speed during the year and the ride could get even bumpier in the year ahead," she said. "As economic and financial headwinds intensify for emerging and developing countries, the world's progress in reducing extreme poverty could be jeopardized. To keep the momentum, countries need to invest in people, foster inclusive growth, and build resilient societies."

On the local front, the new minister of finance – Mr Tito Mboweni – delivered a stark budget speech in February. Prof. Raymond Parsons of the NWU Business School had the following to say:

The 2019/20 Budget Speech given to Parliament today was a frank and realistic assessment of the extent to which the economic and fiscal challenges facing SA had escalated since the Medium-Term Budget Policy Statement (MTBPS) or mini-Budget was presented in October last year. Finance Minister Mboweni nevertheless sought in a consistent way to add financial and fiscal dimensions to the broader vision outlined in the SONA earlier this month.

But there was very limited room to manoeuvre, due mainly to muted economic growth on the one hand, and to the new annual allocations of about R23 billion to Eskom over the next three years, on the other. The key fiscal deficit ratios over the next few years are therefore set to deteriorate from what was outlined in the MTBPS, making this a Budget of unenviable compromises.

The continued commitment nonetheless by Finance Minister Mboweni to fiscal sustainability is welcome, especially in implementing serious new measures to control state spending, partly to compensate for the large allocation to Eskom. And tax revenues are down. Given the tight Budget, an increase in the tax burden was inevitable. The tax increases chosen will probably do the least harm economically.

Yet if combined with the failure to allow fully for 'fiscal drag' on personal tax, the other tax and fuel levy hikes will reduce disposable income and could inhibit consumer spending. This may constrain consumption as a growth driver. The small tax base and 'tax buoyancy' thus remain problems which need structural solutions if the persistent rise in the tax burden is to be reversed.

Hence there are still long term risks inherent in the fiscal outlook. These widespread concerns will continue to shape future fiscal imperatives, unless SA can raise its growth rate considerably. The 1.5% to 2% growth expectations over the next couple of years are simply not good enough to tackle SA's socio-economic challenges in the period ahead.

To avoid precipitating a 'debt trap' or investment downgrades in the period ahead it is therefore necessary to implement the structural reforms that can put the economy on a much higher growth trajectory. What clearly shines through the fiscal gloom of recent years is the overwhelming needs for a dramatic and sustainable boost in SA's flagging growth rate on the basis of structural economic and governance reforms.

Once the elections are out of the way in May, SA must concentrate on the fundamental measures and projects that will make it the preferred investment destination required to underpin higher inclusive growth and job creation.

Gestel dat jy 'n memorandum moet skryf aan president Cyril Ramaphosa met advies om die SA ekonomie om te draai. Wat sou jy voorstel rakende sy beleidsprioriteite asook die kort-termyn en lang-termyn stappe wat hy moet neem ten einde 'n groter, sterker en beter ekonomie te skep? / ***Imagine you are requested to write a memorandum to advise President Cyril Ramaphosa on what to do to turn the SA economy around. What would you suggest should be his policy priorities and what short and long term steps would you advise him to take to create a bigger, stronger and better economy?***

Maak spesifiek melding van die Nasionale ontwikkelingsplan, die belangrikheid van beleidsekerheid, asook die rol van beleggersvertroue ten einde beter uitkomste te bewerkstellig vir alle Suid-Afrikaners. / ***Make specific reference in your answer to the significance of the National Development Plan, the importance of policy certainty, as well as the role of investor confidence in achieving better outcomes for all South Africans.***

Government must provide policy & political stability. They should also show that they are committed to follow and implement the policies decided on – like the NDP.

It is also very important that a serious attempt is made to curb the current growth path of our National debt. The following can be done to achieve this:

- **Eliminate corruption** – this is a serious leakage on the economy and the direct result is that money does not arrive where it is supposed to make a difference in the lives of citizens.
    - *Those individuals who were revealed to have been guilty of corruption and theft at the Zondo commission must be investigated, and guilty parties must be prosecuted.*
    - *Steps must also be taken to recover the stolen or ill begotten funds.*
- **Eliminate wasteful expenditure** – this is another serious leakage on the economy and the direct result is that money does not arrive where it is supposed to make a difference in the lives of citizens.
- **Reduce the government's wage bill** – This must be done if the government is going to run the country in an economically sustainable way.
- **Reduce the size of government** – South Africa has one of the biggest governments in the world when evaluated on a per capita basis. This speaks of great inefficiency and an unsustainable drain on the national budget. Money is spent on wages for public officers and not on public goods and services.
    - *The wage bill can be reduced through a natural attrition process. Vacant positions can be eliminated, and when people retire, die, or leave the employment of the government, those positions can be eliminated.*

- **Streamline public companies or privatise them** – Public owned entities are struggling because of gross inefficiency and is another big drain on the state coffers. These include SAA, ESKOM and a few others. These companies continue to receive billions in bailouts and should rather be closed down or privatised.

- **Provide active support to SMEs** – SMEs are the growth engine for job creation. South Africa is however way down the list when it comes to ease of doing business. Entrepreneurs struggle to start successful businesses that can be grown into large firms that employ a lot of people.
- **Create an environment that is conductive for economic growth** – Business, labour and the consumer needs certainty about the future before they can be productive. Both consumers and businesses are hesitant to spend money when they are unsure about the future. Labour is also unproductive in the face of possible job losses (if people are worried that they will lose their jobs, they focus on looking for another job, instead of doing their current job well).

Following these steps should provide outside investors with the confidence they need to invest in the country again.

The president can also provide more certainty around the land issue that will put investors at ease.

Finally, the president should ensure that the government starts implementing the NDP and periodically report back on the progress in this regard.

Marks will be awarded for well-structured answers that address the issues above.

TOTAAL: / TOTAL: [100]