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<b>SCHOOL</b>	Department of Business Management Continuing Education Programmes
<b>CAMPUS(ES)</b>	APB (Online Assessment)
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<b>ASSESSMENT OPPORTUNITY, MONTH AND YEAR</b>	Final Online Assessment June 2020

<b>ASSESSMENT DATE</b>	10 June 2020
<b>ASSESSOR(S)</b>	Mr J.G.R. Musakanya
<b>MODERATOR(S)</b>	Mr M. Sekome
<b>TOTAL DURATION</b> 3 hours (180 min) <b>[Two attempts randomised attempts, average weighted marks per attempt]</b>	<b>TOTAL MARKS</b> 72 <b>[Average Weighted Marks per online attempt]</b>

<b>Blackboard Online Final Summative Assessment</b>	
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#### INFORMATION/INSTRUCTIONS:

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- This is an online assessment. Combined question paper and answer book.
  - Read the questions carefully and answer only what is asked.
  - Answer all the questions.
  - The general University of Johannesburg policies, procedures and rules pertaining to written assessments apply to this assessment.
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1. Demand is the quantity of goods:
  - A. desired by consumers.
  - B. ordered by consumers in a particular period.
  - C. consumers are willing and able to buy at particular prices in a certain period.
  - D. that consumers require in order to survive.
2. Which one of the following statements is false?
  - A. Motor vehicles and petrol are complements.
  - B. Credit cards and cash are substitutes.
  - C. Honey and jam are complements.
  - D. A house and furniture are complements.
3. Consumer surplus indicates that:
  - A. more will be demanded at lower than at higher prices.
  - B. it is impossible to increase consumer wellbeing by changing the way in which income is spent.
  - C. consumers often get more value from a good than is represented by the price.
  - D. the allocation of resources is decided by the interaction of buyers and sellers.
4. Which one of the following may result in a decrease in the demand for frozen vegetables?
  - A. A rise in consumers' incomes.
  - B. An increase in the price of frozen vegetables.
  - C. A decrease in the price of freezers.
  - D. A decrease in the price of fresh vegetables.
5. How can the impact of an increase in the price of petrol on the demand curve for petrol be illustrated?
  - A. The demand curve for petrol will shift to the left.
  - B. The demand curve for petrol will shift to the right.
  - C. The demand curve for petrol will remain unchanged.
  - D. The demand curve will become more elastic.
6. An increase in supply:
  - A. indicates that more is supplied at higher prices.
  - B. indicates that more is supplied at lower prices.
  - C. indicates that more is supplied at all prices.
  - D. is illustrated by an upward shift of the supply curve.

7. Which one of the following will result in a decline in the demand for oil (illustrated by a leftward shift of the demand curve)

- A. a rise in oil prices.
- B. a decrease in oil prices.
- C. a recession in the USA and Europe.
- D. the discovery of new oil deposits in the Seychelles.

8. Which one of the following statements is correct?

- A. A decrease in the prices of the factors of production used to produce a certain product will give rise to an increase in the supply of the product (illustrated by a rightward shift of the supply curve).
- B. A fall in the price of a good will result in a rightward shift of the demand curve, *ceteris paribus* (ie the demand for the product will increase).
- C. The quantity demanded of a good depends on the availability of the good.
- D. Demand is a synonym for wants. In other words, if a consumer demands a good it simply means that he or she wants the good.

9. Which of the following will not cause a change in the demand for coffee (illustrated by a shift of the demand curve)

- A. A decrease in the price of milk, a complement.
- B. An increase in the price of coffee.
- C. An increase in the price of tea, a substitute.
- D. An increase in the number of people drinking coffee.

10. When an individual's income rises, *ceteris paribus*, his/her demand for half a loaf of bread, an inferior good:

- A. rises.
- B. falls.
- C. remains unchanged.
- D. becomes more positive.

11. If the price of domestic airline tickets increases, then, *ceteris paribus*:

- A. the demand for domestic air travel will increase.
- B. the demand for car rentals, a complement in consumption, will increase.
- C. the demand for domestic air travel will decrease.
- D. the demand for car rentals, a complement in consumption, will decrease.

12. In the market for public transport, which of the following variables would decrease demand, *ceteris paribus*?

- A. An increase in the price of private motor vehicles.
- B. A decrease in the price of private motor vehicles.
- C. An increase in price of private motor vehicle service plans.
- D. A decrease in the price of bus tyres.

13. If there is an increase in the price of red meat, a substitute in production for milk, then:

- A. the supply of milk will increase.
- B. the demand for milk will decrease.
- C. the supply of milk will decrease.
- D. there will be a movement along the supply curve for milk.

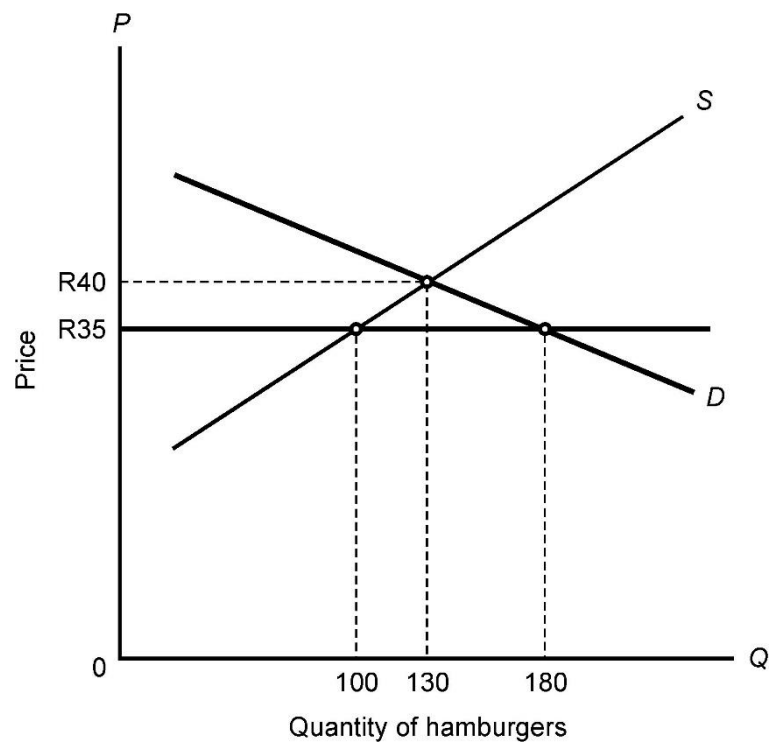
14. A decrease in the cost of petrol used to transport LED television sets from a harbour to Gauteng, is most likely to:

- A. decrease the demand for LED television sets in Gauteng.
- B. increase the supply of LED television sets in Gauteng.
- C. decrease the equilibrium quantity of LED television sets traded in Gauteng.
- D. decrease the quantity of LED television sets demanded in Mpumalanga.

15. As the price of fresh grapes (a substitute in production for wine) decreases, ceteris paribus:

- A. the supply of wine will decrease.
- B. the supply of wine will increase.
- C. the demand for wine will decrease.
- D. the demand for wine will increase.

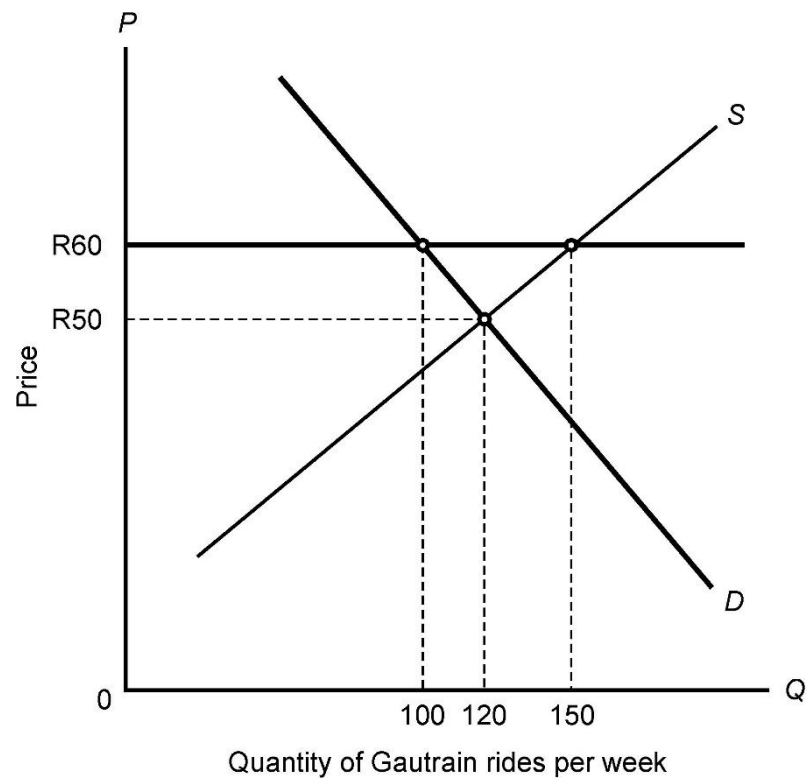
16. The diagram below shows the market for hamburgers.



If the price of hamburgers is fixed at R35 per burger, then:

- A. there will be a surplus of 80 hamburgers.
- B. there will be a shortage of 50 hamburgers.
- C. the quantity of hamburgers supplied will fall to zero.
- D. there will be a shortage of 80 hamburgers.

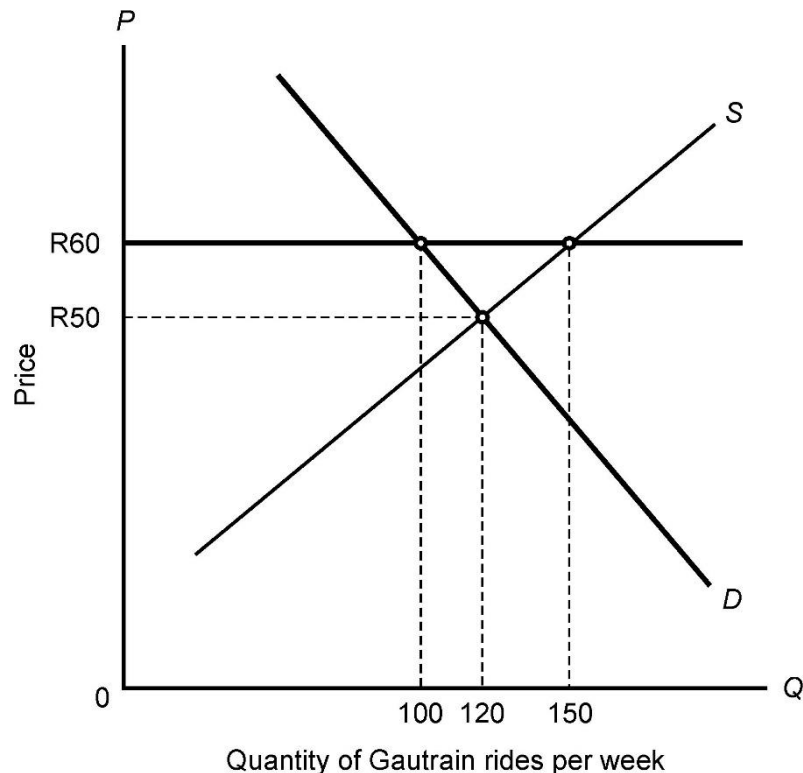
17. The diagram below shows the market for Gautrain rides. Use this diagram to answer the questions below.



If the price of Gautrain rides is currently R60 per ride, then:

- A. there will be a surplus of 30.
- B. there will be a shortage of 50.
- C. there will be a surplus of 50.
- D. there will be a shortage of 30.

18. The diagram below shows the market for Gautrain rides. Use this diagram to answer the questions below.



What is likely to happen in the market for Gautrain rides (assuming there is no intervention by government)?

- A. There is likely to be an increase in the price of Gautrain rides.
- B. There is likely to be an increase in the quantity of Gautrain rides supplied as the price decreases.
- C. There is likely to be a decrease in the quantity of Gautrain rides demanded as the price rises.
- D. There is likely to be a decrease in the quantity of Gautrain rides supplied as the price decreases.

19. If milk is a normal good, then a decrease in consumers' income will definitely cause

- A. a decrease in the demand for milk.
- B. an increase in the demand for milk.
- C. an increase in the supply of milk.
- D. a decrease in the supply of milk.

20. If there is a successful advertising campaign promoting the health benefits of drinking milk, then, *ceteris paribus*

- A. the demand for milk will increase.
- B. the demand for milk will decrease.
- C. the supply of milk will increase.
- D. the supply of milk will decrease.

21. There are 10 000 seats available at Centre Court for the Wimbledon Tennis Championships. The price per ticket is fixed by the organisers. The supply of seats is thus:

- A. completely inelastic
- B. elastic
- C. unitary elastic
- D. inelastic

22. If the price of the seats in the question above is fixed below the equilibrium price, there will be:

- A. an excess demand for seats.
- B. an excess supply of seats.
- C. no scope for the development of a black market.
- D. no need to ration the tickets.

23. If the price of the seats is fixed above the equilibrium price, there will be:

- A. an excess demand for seats.
- B. an excess supply of seats.
- C. scope for the development of a black market.
- D. a need to ration the tickets.

24. Which one of the following commodities will have the lowest price elasticity of demand?

- A. Castle Lite beer
- B. Light beer
- C. Beer
- D. Alcoholic drink (including beer)

25. When the price of commodity A is cut by 10%, household spending on A falls by 10%. This is an example of:

- A. perfectly elastic demand.
- B. elastic demand.
- C. unitary elasticity of demand.
- D. perfectly inelastic demand.

26. When the price of commodity B rises by 10%, the revenue received by firms that sell B rises by 5%. This is an example of:

- A. perfectly elastic demand.
- B. elastic demand.
- C. unitary elasticity of demand.
- D. inelastic demand.



27. When the price of commodity C rises by 10%, the quantity demanded falls by 18%. This is an example of:

- A. perfectly elastic demand.
- B. elastic demand.
- C. unitary elasticity of demand.
- D. inelastic demand.

28. Overproduction of maize causes farmers' incomes to fall. This is an example of:

- A. perfectly elastic demand.
- B. elastic demand.
- C. unitary elasticity of demand.
- D. inelastic demand.

29. A cut in train fares leaves the total revenue from train fares the same as before. This is an example of:

- A. perfectly elastic demand.
- B. elastic demand.
- C. unitary elasticity of demand.
- D. inelastic demand.

30. A university increases its fees, but finds that just as many students enrol as previously. This is an example of:

- A. perfectly elastic demand.
- B. elastic demand.
- C. unitary elasticity of demand.
- D. perfectly inelastic demand.

31. The table below shows a hypothetical total utility schedule for a consumer of traditional beer. Use the table to answer.

Traditional beer consumed	Total utility
0	0
1	90
2	190
3	270
4	350
5	420
6	420
7	400

The consumer begins to experience diminishing marginal utility when she consumes the:

- A. first traditional beer.
- B. second traditional beer.
- C. third traditional beer.
- D. fourth traditional beer.

32. The table below shows a hypothetical total utility schedule for a consumer of traditional beer. Use the table to answer.

Traditional beer consumed	Total utility
0	0
1	90
2	190
3	270
4	350
5	420
6	420
7	400

Marginal utility becomes negative with the consumption of the:

- A. fourth traditional beer.
- B. fifth traditional beer.
- C. sixth traditional beer.
- D. seventh traditional beer.
- E. third traditional beer.

33. The table below shows a hypothetical total utility schedule for a consumer of traditional beer. Use the table to answer.

Traditional beer consumed	Total utility
0	0
1	90
2	190
3	270
4	350
5	420
6	420
7	400

Based on the table above, you can conclude that the:

- A. marginal utility of the fourth traditional beer is 60 utils
- B. marginal utility of the second traditional beer is 270 utils.
- C. average utility of 3 traditional beers is 90 utils.
- D. average utility of 5 traditional beers is 80 utils.

34. Use the data in the table below to answer the questions.

Quantity	Total Utility (Coffee per cup)	Total Utility (Red Bull per unit)
0	0	0
1	260	300
2	440	450
3	540	540
4	590	600
5	610	630

The marginal utility for coffee and Red Bull at 2 units for each good is:

- A. 440 for coffee and 450 for Red Bull.
- B. 180 for coffee and 150 for Red Bull.
- C. 440 for coffee and 150 for Red Bull.
- D. 180 for coffee and 300 for Red Bull.

35. Use the data in the table below to answer the questions.

Quantity	Total Utility (Coffee per cup)	Total Utility (Red Bull per unit)
0	0	0
1	260	300
2	440	450
3	540	540
4	590	600
5	610	630

The price of coffee is R20 per cup, the price of Red Bull is R30 per unit and income is R120. What is the consumer's equilibrium position, assuming that the entire income is spent on coffee and Red Bull?

- A. 1 unit of coffee and 3 units of Red Bull
- B. 3 units of coffee and 2 units of Red Bull.
- C. 6 units of coffee and 0 units of Red Bull.
- D. 2 units of coffee and 4 units of Red Bull.

36. If a consumer has spent all her income on two goods, A and B, and we find that  $MUA/MUB = PA/PB$ , what can we say about the consumer?

- A. The consumer should purchase more of A and less of B.
- B. The consumer should purchase more of B and less of A.
- C. The prices of goods A and B must be equal.
- D. The consumer cannot increase her utility.
- E.

37. Use the following table which shows the short-run production function of a cricket ball manufacturer.

Number of machines	Number of workers	Output (Cricket balls/day)
8	0	0
8	1	60
8	2	140
8	3	230
8	4	300
8	5	340
8	6	360

What is the average product of labour when two workers are employed?

- A. 30 cricket balls
- B. 70 cricket balls
- C. 80 cricket balls
- D. 140 cricket balls

38. Use the following table which shows the short-run production function of a cricket ball manufacturer.

Number of machines	Number of workers	Output (Cricket balls/day)
8	0	0
8	1	60
8	2	140
8	3	230
8	4	300
8	5	340
8	6	360

Diminishing marginal returns set in when the \_\_\_\_\_ worker is added to the production process.

- A. second
- B. third
- C. fourth
- D. fifth

39. The average total cost of producing cell phones in a factory is R300 at the current output level of 100 per week. If total fixed cost is R20 000 per week, then:

- A. average variable cost is R100.
- B. average fixed cost is R400.
- C. total cost is R10 000.
- D. total variable cost is R30 000.

40. Consider a firm that manufactures surfboards. Presently the firm is hiring 5 workers at a wage rate of R20/hour. The firm is able to produce 50 surfboards per hour. The firm decides to hire an additional worker. The marginal product of that worker is 30 surfboards per hour. What is the marginal cost of output associated with hiring the sixth worker?

- A. R20
- B. R1,50
- C. R0,67
- D. R2

41. The vertical distance between the average total cost curve and the average variable cost curve:

- A. increases as output increases.
- B. decreases as output increases.
- C. is equal to total variable cost per unit of labour.
- D. is equal to total variable cost.

42. Which of the following statements is incorrect?

An oligopolist:

- A. can earn an economic profit in the short run.
- B. cannot earn a normal profit in the long run.
- C. can earn an economic loss in the short run.
- D. can earn an economic profit in the long run.

43. Oligopoly is characterised by:

- A. a single seller and only a few buyers.
- B. complete independence in decision making.
- C. a lack of incentives to collude.
- D. small number of large firms.

44. Monopolistic competition is characterised by:

- A. few suppliers of a standardised (homogeneous) product.
- B. many suppliers of a differentiated (heterogeneous) product.
- C. few suppliers of a differentiated (heterogeneous) product.
- D. many suppliers of a standardised (homogeneous) product.

45. A monopolistic competitor:

- A. can earn an economic profit in the long run.
- B. cannot suffer an economic loss in the short run.
- C. cannot suffer an economic loss in the long run.
- D. can earn an economic profit in the short run.

46. The essential difference between perfect competition and monopolistic competition lies in:

- A. the number of sellers.
- B. the number of buyers.
- C. the nature of the product.
- D. the time period under consideration.



47. Under monopoly:

- A. the quantity produced tends to be higher than under perfect competition.
- B. the price tends to be higher than under perfect competition.
- C. the product tends to be more differentiated than under perfect competition.
- D. the firm is guaranteed an economic profit.

48. Which one of the following statements is correct?

- A. If a minimum price is set above the equilibrium price, the market will be unaffected.
- B. If a minimum price is set below the equilibrium price, the market will be unaffected.
- C. The imposition of minimum prices does not affect market outcomes.
- D. If a minimum price is set below the equilibrium price, an excess demand will develop.

49. In the market for IPADs, assuming everything else remains unchanged, the equilibrium price of IPADs will decrease if:

- A. there is a shortage of IPADs.
- B. the price of iPhones, a complement, decreases.
- C. the supply of IPADs decreases.
- D. there is a technological improvement in the manufacturing of IPADs.

50. There is an increase in the number of adverts highlighting the dangers of consuming sugar. Which of the following is likely to occur in the market for sugarless sweets, as a result of this?

- A. An increase in both price and equilibrium quantity traded.
- B. A decrease in price and an increase in equilibrium quantity traded.
- C. A decrease in both price and equilibrium quantity traded.
- D. An increase in price and a fall in equilibrium quantity traded.

51. In the market for first-year economics textbooks, assuming everything else remains unchanged, the equilibrium price of textbooks will increase if:

- A. there is a surplus of textbooks.
- B. the price of university education, a complement, increases.
- C. the supply of textbooks increases.
- D. the cost of the publication of textbooks increases.

52. If the price and the quantity of beer decrease, it is likely that:

- A. demand for beer has increased.
- B. demand for beer has decreased.
- C. supply of beer has decreased.
- D. supply of beer has increased.

53. If the price of 3G data bundles, a substitute for fixed-line data bundles, decreases, then:

- A. the supply curve of fixed-line data bundles will shift to the right.
- B. the demand curve for fixed-line data bundles will shift to the right.
- C. the equilibrium quantity and price of fixed-line data bundles will not change.
- D. the demand for fixed-line data bundles will shift to the left.

54. The equilibrium price of rhino horns will increase if, ceteris paribus:

- A. consumers are more aware that there are no medical benefits from rhino horn consumption.
- B. there is a surplus of rhino horns.
- C. the supply of rhino horns decreases.
- D. rhino horn is a normal good and income decreases.

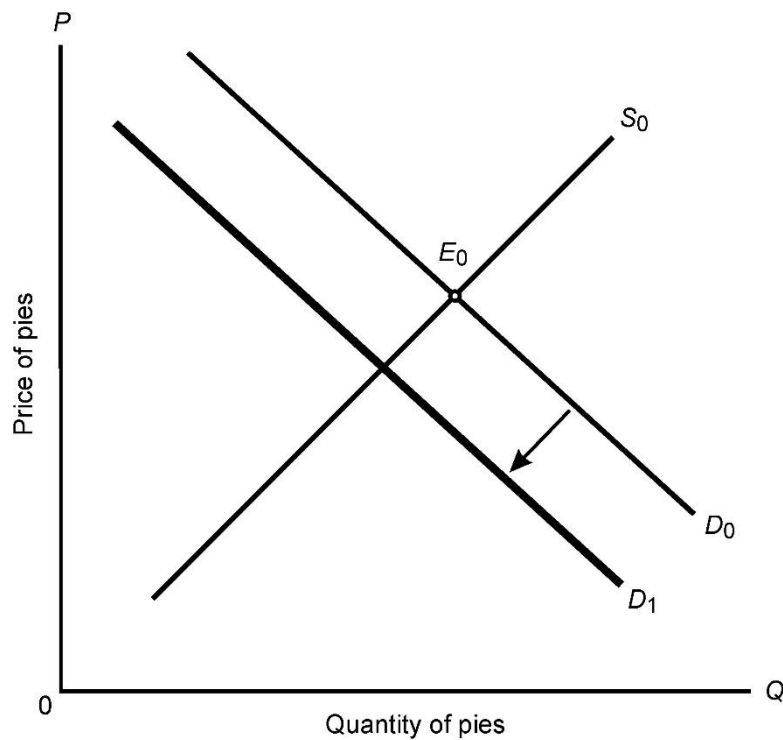
55. Which of the following will definitely cause an increase in the equilibrium price?

- A. An increase in both demand and supply.
- B. A decrease in both demand and supply.
- C. An increase in demand combined with a decrease in supply.
- D. A decrease in demand combined with an increase in supply.

56. Which of the following will definitely result in a decrease in the equilibrium price of a good?

- A. An increase in both demand and supply.
- B. A decrease in both demand and supply.
- C. An increase in demand together with a decrease in supply.
- D. A decrease in demand together with an increase in supply.

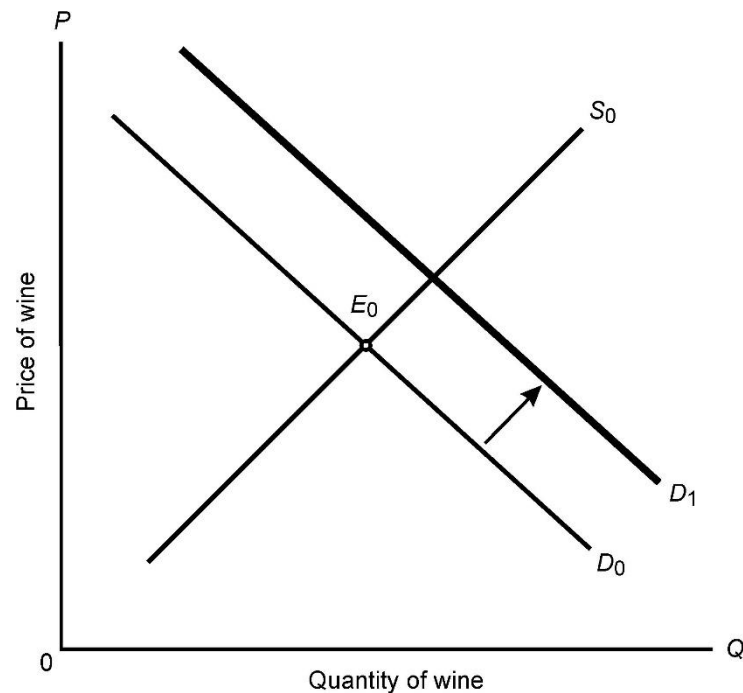
57. Use the diagram below to answer the question below.



The diagram depicts a decrease in the demand for pies on a campus. If at the same time there was a rent increase for food outlets on campus, then in comparison with the original equilibrium  $E_0$ , there would be:

- A. an increase in equilibrium price and quantity.
- B. an increase in equilibrium quantity but a decrease in price.
- C. a decrease in equilibrium quantity but an increase in price.
- D. a decrease in equilibrium quantity but an indeterminate effect on price.

58. Use the diagram below to answer the question below.



The diagram depicts an increase in the demand for wine, following research reports highlighting the benefits of its consumption to one's health. If at the same time there was a strike by workers on wine farms, then in comparison with the original equilibrium  $E_0$ , there would be:

- A. an increase in equilibrium price and quantity.
- B. an increase in equilibrium quantity but a decrease in price.
- C. a decrease in equilibrium quantity but an increase in price.
- D. a decrease in equilibrium price but an indeterminate effect on quantity.

59. In the market for diamonds, assuming everything else remains unchanged, the equilibrium price of diamonds will decrease if

- A. there is a shortage of diamonds.
- B. the price of gold, a complement, decreases.
- C. the supply of diamonds decreases.
- D. there is a technological improvement in mining equipment.

60. There is an increase in the number of adverts highlighting the dangers of consuming artificial sweeteners (as opposed to sugar). Which of the following is likely to occur in the market for sugar, as a result of this?

- A. An increase in both price and equilibrium quantity traded.
- B. A decrease in price and an increase in equilibrium quantity traded.
- C. A decrease in both price and equilibrium quantity traded.
- D. An increase in price and a fall in equilibrium quantity traded.

61. If the price and the quantity of curtains exchanged falls, it is likely that

- A. demand for curtains has increased.
- B. demand for curtains has decreased.
- C. supply of curtains has decreased.
- D. supply of curtains has increased.

62. If the price of powdered milk, a substitute for fresh milk, falls then

- A. the supply curve of fresh milk will shift to the right.
- B. the demand curve for fresh milk will shift to the right,
- C. the equilibrium quantity and price of fresh milk will not change.
- D. the demand curve for fresh milk will shift to the left.

63. The equilibrium price of wine will increase if, ceteris paribus,

- A. consumers are more aware of the risks of alcohol abuse.
- B. there is a surplus of wine.
- C. the supply of wine decreases.
- D. wine is a normal good and income decreases.

64. Consider the market for South African biltong. Assuming everything else remains unchanged, the equilibrium price of biltong will decrease if

- A. there is a shortage of biltong.
- B. the price of beer, a complement, increases.
- C. the supply of biltong decreases.
- D. the price of peanuts, a substitute, increases.

65. Consider a decrease in the demand for domestic air tickets in South Africa. If at the same time there were a rise in the cost of insurance of airlines, then in comparison with the original equilibrium, there would be

- A. an increase in equilibrium price and quantity.
- B. an increase in equilibrium quantity but a decrease in price.
- C. a decrease in equilibrium quantity but an increase in price.
- D. a decrease in equilibrium quantity but an indeterminate effect on price.

66. Consider the demand and supply of labour in the sugar industry. If there is a minimum wage in this industry (above equilibrium wage/price), then the effect of removing this minimum wage would be to

- A. increase the equilibrium price (wage) and increase the quantity of labour demanded.
- B. decrease the equilibrium price (wage) and remove the shortage of labour.
- C. decrease the equilibrium price (wage) and remove the surplus of labour.
- D. increase the equilibrium price (wage) and cause a shortage of labour.

67. Which one of the following will not cause an increase in the demand for cabbage?

- A. A decrease in the price of cabbage.
- B. An increase in the price of cauliflower (a substitute).
- C. A decrease in the price of meatballs (a complement).
- D. An increase in consumers' income. A greater consumer preference for cabbage.

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Excel Generated Demand and Supply Questions  
Partial Automated Grading

68. Using the data below Microsoft Excel generate a demand and supply curve, clearly depicting the two lines intersecting, upload your solution onto the Blackboard link provided. (2 marks)

Price	10	20	30	40	50
Quantity Supplied	200	300	450	840	900
Quantity Demanded	540	480	420	310	150

69. Using the data below Microsoft Excel generate a demand and supply curve, clearly depicting the two lines intersecting, approximate the equilibrium price and quantity from your solution. (2 marks)

Price	10	20	30	40	50
Quantity Supplied	200	300	450	840	900

Quantity Demanded	540	480	420	310	150
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70. Using the data below Microsoft Excel generate a demand and supply curve, clearly depicting the two lines intersecting, upload your solution onto the Blackboard link provided. (2 marks)

Price (in Rands)	Quantity Demanded	Quantity Supplied
3.00	2000	12000
2.80	3000	11000
2.60	4000	10000
2.40	5000	9000
2.20	6000	8000
2.00	7000	7000
1.80	8000	6000
1.60	9000	5000
1.40	10000	4000

71. Using the data below Microsoft Excel generate a demand and supply curve, clearly depicting the two lines intersecting, approximate the equilibrium price and quantity from your solution. (2 marks)

Price (in Rands)	Quantity Demanded	Quantity Supplied
3.00	2000	12000
2.80	3000	11000
2.60	4000	10000
2.40	5000	9000
2.20	6000	8000
2.00	7000	7000
1.80	8000	6000
1.60	9000	5000
1.40	10000	4000

72. If the equation for a market demand curve is  $Q_d = 100 - 0,5P$  and the equation for a market supply curve is  $Q_s = -20 + P$ , the market equilibrium price and quantity are:

- A.  $P = 0,5$ ;  $Q = -20$
- B.  $P = 60$ ;  $Q = 80$
- C.  $P = 0,5$ ;  $Q = 80$
- D.  $P = 80$ ;  $Q = 60$