

ECONOMICS

6145
Paper 1

GENERAL COMMENTS

The question paper was of the same level of difficulty, as the one written in 2020. The standard of the learners' work was lower than last year. Some of the learners could not express themselves well, due to language barriers. They thus struggled to answer some of the questions. The learners also struggled with interpreting some of the questions, which resulted in them scoring very low or even zero marks.

Questions based on certain topics, e.g. stock exchange and elasticity were poorly answered. This was an indication that this part of the syllabus was either not discussed or not studied at all by the learners. Hence, it is important that teachers cover the whole syllabus to enable learners to score good marks.

COMMENTS ON SPECIFIC QUESTIONS

1 Well answered.

Answer

- Limited resources and unlimited wants
- Scarcity

[2]

2 Well answered.

Answer

- No price/production involved
- Unlimited supply/no opportunity cost

Any **one**

[1]

3 Well answered.

Answer

- International/national (countries)
- Regional
- Industries
- Workers/individuals/people/division of labour

Any **two**

[2]

4 Poorly answered. Learners could not differentiate between formal and informal firms.

Answer

- Cannot lose personal possessions
- Only lose what they invested in the close corporation to pay debts of close corporation.
- The owners are not responsible for the debt of the business.

Any **one**

[1]

5 Well answered.

Answer

- Not registered (Ministry of Trade and SME development)
- Do not pay tax

[2]

6 Well answered.

Answer

Worker/producer co-operatives
Consumer/retail co-operatives
Agricultural co-operatives

Any **two**

[2]

7 Partially answered. Learners could not outline the advantages of e-commerce. Learners were linking e-commerce to technology and computers.

Answer

- It is the governments' bank
- It is the banker's bank
- It is responsible for managing the national debt
- It is the sole note-issuing authority/printing notes and coins

- It is a lender of last resort
 - It is responsible for making sure that the banking system does not operate in ways which conflict with government policy
 - It holds the official stocks of foreign currency [1]
- 8 Poorly answered. Learners could not define perfectly inelastic price elasticity. They could only define price elasticity.
- Answer**
- Large amount of information (text, images, sound) can be placed on a website
 - Orders placed and carried out instantly/saves time
 - Reduce advertisement costs for business
 - It has the potential to reach a vast number of people Any **two** [2]
- 9 Partially answered. Only a few learners could identify two direct taxes correctly.
- Answer**
When price elasticity of demand is zero/a change in price has no impact on the quantity demanded [1]
- 10 Poorly answered. Learners could not state the aim of progressive tax. They were instead defining progressive tax.
- Answer**
- Income tax/Pay as you earn
 - Company tax/corporation tax/profit tax
 - Inheritance tax
 - Tax on dividends [2]
- 11 Well answered by most learners.
- Answers**
- (a) More equal distribution of income/to narrow the income gap between the rich and the poor [1]
- (b) High income earners taxed at a higher rate than low-income earners [1]
- 12 Poorly answered. Learners could not state when will the government have a surplus on its budget. They rather referred to imports and exports.
- Answer**
- When governments' income is higher/more/exceeds than government's expenditure [2]
- 13 Poorly answered. Learners could not describe the effects on the exchange rate of a country. Learners could only give the effects of exchange rate on imports and exports.
- Answer**
- More foreigners invest in the country increasing the demand of that currency
 - Leading to an exchange rate appreciation (value of currency increases) [2]
- 14 Well answered.
- Answer**
- Protected against unfair discrimination
 - Employer may not reveal his/her status
 - Workers must have access to training, information and counselling
 - Workers must be treated with dignity and respect
 - Workers can continue working as long as they perform even if they have to be transferred Any **two** [2]
- 15 Poorly answered. Learners were unable to explain why it is compulsory for traders to supply full information about their credit scheme.
- Answer**
Consumers cannot be misled about the terms/rules and regulations (1) and interest/instalments (1) on which they are buying the goods. [2]

- 16 Partially answered. Learners were not able to explain why the government controls monopolies.
- Answer**
- Monopolies lead to limited choices
 - High prices for consumers
- [2]
- 17 Partially answered. Learners were mostly referring to comparative advantage rather than absolute advantage.
- Answer**
- A country/firm can produce more of a good/more efficient than competitors
 - Using the same amount of resources
- [2]
- 18 Poorly answered. Learners could not state what the balance of trade consists of. They were referring to the structure of the balance of payments.
- Answer**
- Difference between value of visible goods exports and visible goods imports consists of all the import and exports of tangible goods between a country and other countries
- [2]
- 19 Partially answered. The learners were using the word, trade in their answer when defining instead of using terms like exchange, buying and selling.
- Answer**
- Exchange of goods for money/imports and exports between countries
- [2]
- 20 Partially answered. Learners could not mention that it is the price/value of a currency in their definition of exchange rate. Most of the learners could only score half of the marks.
- Answer**
- Price/value of one currency in terms of price of another country's currency
- [2]
- 21 Poorly answered. Learners could not identify the main aim of the world organisation.
- Answer**
- The aim is to ensure trade flows as freely as possible
 - No trade restrictions or barriers
- [1]
- 22 Well answered.
- Answer**
- Congestion/overcrowding
 - Shortage of employment and housing/shanty town
 - Poor basic services e.g. roads, sewerage services (overloaded) leading to health problems/poor living conditions
- Any **two** [2]
- 23 Poorly answered. Learners did not know what is meant by externalities.
- Answer**
Effects of a business decision on the society/third party
- OR**
External cost and external benefits
- [1]

Question	Answer		Guidance
24 (a) (i)	Poorly answered. Learners were referring to the economic sectors.		
	<ul style="list-style-type: none"> • To private sector owned by private shareholders/individuals 	(1) (1)	2 Application and analysis Up to 2 marks for analysis of choice i.e. sectors and change in ownership
(ii)	Poorly answered. Learners could not state which form of business ownership it was and to which form the firm was transferring to.		
	<ul style="list-style-type: none"> • From public corporation/parastatal to public limited company 		2 Application and analysis Change in business ownership

(b)	Partially answered. Learners could not state the advantages and disadvantages of a public limited company.		
	<p>Yes, advantages of public limited company (3/4)</p> <ul style="list-style-type: none"> • MTC raise more capital • Sell shares to general public (unlimited shareholders) • Shares are freely transferable on NSX • Operate on a large scale, enjoy economies of scale, lower average costs/grow/production increase/business expansion • Shareholders have limited liability <p>No, disadvantages of public limited company (4/3)</p> <ul style="list-style-type: none"> • Many formalities, expensive and complicated • No secrecy, must publish financial statements (used by competitors) • Outsiders can take over control of company (shares are freely transferable) • Separation of ownership (shareholders) and control (board of directors) <p>Justification (1)</p>	8	<p>Evaluation and decision making</p> <p>Both-sided 8 marks</p> <p>One-sided maximum 4 marks</p> <p>Justification is a new advantage/disadvantage indicating the decision taken.</p>
(c)	Partially answered. This question was asking for two things 1. The functions of the stock exchange and 2. The influences the stock exchange has on the Namibian economy. Learners could only explain the second part of the question which was asking about the influence on the economy.		
	<p>Functions</p> <ul style="list-style-type: none"> • Government borrows money • Companies raise long-term capital by selling shares • Strict rules safeguard/protects investors' funds • Only companies that have been investigated are allowed to list on stock exchange • Finances government debt through trading in government securities/stock • Provides means for valuing shares, debentures and government securities (published daily) • Influences way in which savings are invested in shares, debentures and government securities • It serves as an economic barometer of industries and the economy of Namibia (4/5) • Influence on economy • Borrowed money helps government to fund projects • Money lying idle in bank can now be used to increase investment and business activity • Redistribution of income = small and large investors can buy shares • People's spending increases as they become more optimistic about the market leading to inflation • More investors enter the economy and this feeds into greater economic development which may lead to economic growth (4/3) 	8	<p>Evaluation and decision-making</p> <p>No mark for selling shares - already answered in (b)</p>

<p>25 (a) (i)</p>	<p>Partially answered. Learners could not give the formula. Some centres correctly calculated elasticity but showed their final answer with a percentage which resulted in them forfeiting those two marks.</p> <p>Private customers $\% \Delta QD$ $= \frac{1\ 600}{8\ 000} \times 100$ $= 20\%$ (1)</p> <p>$\frac{\% \Delta QD}{\% \Delta P}$ $= \frac{20\%}{10\%}$ $= 2$ (1)</p> <p>Business customers $\% \Delta QD$ $= \frac{800}{10\ 000} \times 100$ $= 8\%$ (1)</p> <p>$\frac{\% \Delta QD}{\% \Delta P}$ $= \frac{8\%}{10\%}$ $= 0,8$ (1)</p>	<p>5</p>	<p>Price elasticity of demand describes responsiveness of a change in demand to a change in price.</p> <p>Award 1 mark if definition instead of formula is given.</p>
<p>(ii)</p>	<p>Poorly answered. Learners were unable to differentiate between inelastic and elastic.</p> <ul style="list-style-type: none"> • PED for private customers is elastic $2 > 1$ (1) • PED for business people is inelastic $0,8 < 1$ (1) 	<p>2</p>	<p>Application and analysis</p>
<p>(b)</p>	<p>Poorly answered. Learners misunderstood the question. They were generally asking and used the elasticity calculated in 25 (a) (ii) to direct their answers as to what should happen to the price tickets of business and private customers.</p> <p>Yes they should use price discrimination in order to earn maximum revenue (1)</p> <ul style="list-style-type: none"> • Lower price for private customers • Demand is elastic, more tickets will be sold if price decreases • Time: private users are more flexible and can fly during day, over weekends • Substitutes are available (3) • Higher price for business customers • Demand is inelastic, demand will not decrease if price increases • Time: business customers must fly early mornings and come back late evenings, during the week/ necessity (3) 	<p>7</p>	<p>Evaluation and decision making</p> <p>Judgement (1) Private customers/elastic customer (3) Business customers/inelastic customer (3)</p>

(c)	Poorly answered. Learners were not mentioning non-pricing competition as stated in the question. The learners were also not linking the answers given to the airline.		
	<ul style="list-style-type: none"> • Branding of products = make product familiar/recognisable • Attractive packaging of airline products = meals, magazines • Improved services such as better communication, ticket sales, good meals/customer care • Offer free gifts and special offers = free magazines, meals, drinks, blankets • More options on different flights • Improve quality of seats, flights etc. • Product differentiation = offer products that competitors do not have <p style="text-align: right;">(3 x 2)</p>	6	Evaluation and decision making Decision on forms to use (3) Discussion of forms applicable to airline (3)

POSITIVE SUGGESTIONS TO TEACHERS

Teachers are encouraged to use extra sources during teaching and learning such as newspapers articles, internet sources, etc. to introduce learners to realistic examples.

Teachers should by all means try to complete teaching the syllabus on time so that the learners have adequate time to do revision.

Teachers should try by all means to use previous question papers when constructing assessments or school-based examinations so that learners become used to the command words used during external examinations.

Teachers are advised to provide learners with definitions in the syllabus rather than expect them to use their own.

It is always advantageous to study examiners' reports for centres to omit making the same mistakes in examinations