

**NAMIBIA SENIOR SECONDARY CERTIFICATE**

**ECONOMICS HIGHER LEVEL**

**8337/1**

PAPER 1

2 hours 30 minutes

Marks 100

**2020**

Additional Materials: Answer Book  
Non-programmable calculator  
Ruler

**INSTRUCTIONS AND INFORMATION TO CANDIDATES**

- Write your answer in the Answer Book provided.
- Write your Centre Number, Candidate Number and Name on all the work you hand in.
- Write in dark blue or black pen.
- You may use a soft pencil for any diagrams, graphs and rough working.
- Do not use correction fluid.
- Answer Section A and **three** questions from Section B.
- The number of marks is given in brackets [ ] at the end of each question or part question.
- You may use a non-programmable calculator.

This document consists of **4** printed pages.



**Republic of Namibia**  
**MINISTRY OF EDUCATION, ARTS AND CULTURE**

## SECTION A

Answer this question.

- 1 According to a report, Namibia's informal sector employs about 40% of the working population. It is also the fastest growing economic sector in Namibia. 70% of the informal workforce consists of women, while only 30% consists of men. Most informal economy employees are youths.

The Namibia Statistics Agency (NSA) put the country's national unemployment rate at 34% for 2018. The situation is worse in rural areas, where formal job creation is almost zero. Comparable research suggests that 9 in 10 rural workers in Africa have informal jobs.

Street and kapana vendors, domestic workers, wood-carvers, car guards, cattle herders, hairdressers and many other cash workers are the major operators in this near to perfectly competitive market structure.

The informal economy is a tough market for both employers and employees to operate in. Informal economy workers are paid less, have insecure income, have no employment benefits and social protection, and are subjected to exploitative and adverse working conditions.

Most of the informal employers are struggling entrepreneurs who lack skills, education, and training. They also have no access to information, modern infrastructure, and technology.

*(Adapted from The Namibian, 1 June 2018)*

- (a) Outline likely reasons for the high number of people working in the informal sector. [5]
- (b) Describe ways in which the government might increase employment in the formal sector. [10]
- (c) Discuss why operators in a perfectly competitive market structure will only make normal profits in the long run. Support your discussion with a diagram. [10]
- [25]

## SECTION B

Answer **three** questions.

- 2** The National Policy on Micro, Small and Medium Enterprises (MSMEs), seen as a crucial sector in Namibia, was revised in 2016. The new policy defines MSMEs according to two criteria: the number of employees and annual turnover. A micro business is defined as having up to 10 employees and an annual turnover of up to N\$300 000. A small business has 11 to 30 employees and an annual turnover of up to N\$3 million. A medium business has 31 to 100 employees and an annual turnover of up to N\$10 million.
- (a) Identify **two** types of ownership and explain the features that MSMEs are likely to have. [6]
- (b) Discuss reasons why a micro business is not likely to achieve internal economies of scale. [10]
- (c) Consider why MSMEs are seen as a crucial sector to the Namibian economy. [9]
- [25]**
- 3** An Anglo-Australian multinational company manages and owns a 68,58% stake in Rössing Namibia, the world's longest-running open pit uranium mine. This company is a global leader in the mining and metals sector, with 55 000 people employed across six continents.
- (a) Describe the ways in which a mining company might grow. [5]
- (b) Examine whether the nationalisation of mines would be justifiable. [10]
- (c) To what extent might this company benefit the economy of Namibia? [10]
- [25]**
- 4** The South African government increased the value added tax (VAT) rate by 1% to 15% in April 2018. The South African Revenue Services (SARS) hoped to raise an additional R25 billion from this in its 2018/2019 financial year in order to reduce its budget deficit.
- (a) Describe VAT as a type of tax and how it is levied. [5]
- (b) Analyse how the multiplier process might be influenced by an increase in the VAT rate. [10]
- (c) How might the government correct a budget deficit, other than by using taxes? [10]
- [25]**

- 5** Namibia has a mixed economic system which includes a private sector, combined with centralised economic planning and government regulation. The country has a modern market sector, which produces most of the country's wealth, and also a traditional subsistence sector.
- (a) Name **five** features of a mixed economic system. [5]
- (b) Discuss how the market mechanism might fail in the allocation of resources. [10]
- (c) Consider whether you would be in favour of Namibia changing to a planned economic system. [10]
- [25]**
- 6** In 2018, the literacy rate in Namibia (being able to read, write and make simple calculations) of the youth (ages 15 - 24) was reported as 94,88%, while the elderly literacy rate (above 60 years of age) was 67,33% of a total population of 2 601 584. Apart from literacy and qualifications causing differences in wages, workers with technological skills are in high demand.
- (a) (i) Calculate the amount of youth literacy in Namibia. [1]
- (ii) Outline possible reasons for the difference in literacy rates between the youth and the elderly. [4]
- (b) Discuss factors that might cause inequalities in wage rates, other than those mentioned in the extract. Support your discussion with diagrams. [10]
- (c) Justify why workers with technological skills are in high demand. [10]
- [25]**