

NAMIBIA SENIOR SECONDARY CERTIFICATE

ECONOMICS ORDINARY LEVEL

4347/2

PAPER 2

2 hours

Marks 80

2019

Additional Materials: Answer Book

INSTRUCTIONS AND INFORMATION TO CANDIDATES

- Write your answers in the Answer Book provided.
- Write your Centre Number, Candidate Number and Name in the spaces on all the work you hand in.
- Write in dark blue or black pen.
- You may use a soft pencil for any rough work, diagrams or graphs.
- Do not use correction fluid.

- Answer **four** questions.

- The number of marks is given in brackets [] at the end of each question or part question.

This document consists of **3** printed pages and **1** blank page.



Republic of Namibia

MINISTRY OF EDUCATION, ARTS AND CULTURE

Answer **four** questions.

- 1** Sending aid is not enough to help reduce poverty in developing countries. Rich countries need to do more by investing in basic services such as electricity and transport.
- (a) What is meant by investment and give an example to illustrate. [2]
- (b) Outline **four** characteristics of developing countries. [4]
- (c) Explain how investment in infrastructure can bring changes to a country's economy. [7]
- (d) Assess whether foreign aid might be a drawback only to a developing country. [7]
- [20]**
- 2** Two television companies that use satellites to send signals to television sets are to join. They are both companies that have issued shares and are not owned by the government. One of their aims is to spend more on advertising because this market is highly competitive.
- (a) Identify this form of integration and explain the reasons for this type of integration. [4]
- (b) Identify who the owners of such companies are and explain whether they might be held responsible for the debts of the company. [3]
- (c) Justify the importance of advertising and advise the manager on the forms of advertising to use. [7]
- (d) Describe the negative consequences of advertising for the firm and the consumer. [6]
- [20]**
- 3** If a currency appreciates too much, it will complicate attempts to sustain faster economic growth.
- (a) Define *exchange rates*. [2]
- (b) Describe the reasons why exchange rates fluctuate. [7]
- (c) Why do countries need foreign exchange? [4]
- (d) Discuss the reasons why a stronger currency might complicate attempts to improve economic growth. [7]
- [20]**

- 4 Oil producers are having difficulty in keeping up with the increasing demand for oil used to produce fuel. Most oil producing countries already produce at full capacity.
- (a) Name **three** conditions for demand to exist. [3]
- (b) Explain the factors that might lead to an increase in the demand for fuel. [5]
- (c) Define *price elasticity of demand* and consider why oil has a high price elasticity of demand. [5]
- (d) Discuss the influence that an increase in the price of oil may have on the supply of oil and the producer's revenue if costs remain unchanged. Illustrate your answer with a diagram. [7]
- [20]**
- 5 A high population growth rate is one of the major problems in most developing countries.
- (a) Name **three** factors that influence the population growth rate. [3]
- (b) What measures can a government take to decrease the population growth rate? [3]
- (c) Examine why developing countries may have a high population growth rate other than those in (a). [7]
- (d) Describe the economic difficulties that the government of a developing country might face as a result of high population growth. [7]
- [20]**
- 6 Table 1 shows the visible balance (trade in goods), invisible balance (trade in services) and current account of a certain country.

Table 1

Year	Visible Balance (Millions)	Invisible Balance (Millions)	Current Account (Millions)
2000	-34	829	795
2001	-3 333	1 751	-1 582
2002	1 361	1 568	2 929
2003	3 360	2 799	6 159
2004	2 331	1 605	3 936
2005	-83	3 970	3 135
2006	-438	5 971	1 587

- (a) Define an *invisible balance*. [2]
- (b) Use the information in Table 1 to analyse the trend in the current account. [7]
- (c) Suggest methods that the government may use to change the deficit on the visible balance to a surplus. [5]
- (d) Why might the negative figures in the visible balance be of concern to the government? [6]

[20]

BLANK PAGE

