

Centre Number	Candidate Number	Candidate Name
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NAMIBIA SENIOR SECONDARY CERTIFICATE

ECONOMICS ORDINARY LEVEL

6145/2

PAPER 2

2 hours

Marks 80

2022

Additional Materials: Non-programmable calculator

INSTRUCTIONS AND INFORMATION TO CANDIDATES

- Candidates answer on the Question Paper in the spaces provided.
- Write your Centre Number, Candidate Number and Name in the spaces at the top of this page and on all separate answer sheets used.
- 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.
- Do not write in the margin *For Examiner's Use*.
- You may use blank pages for working/when answers are crossed out and corrected.
- Section A: Compulsory.
- Section B: Answer any **three** questions.
- Please indicate with a tick (✓) which questions you answered in the *For Examiners' Use* block.
- The number of marks is given in brackets [] at the end of each question or part question.

<i>For Examiner's Use</i>		
Question 1	✓	
Question 2		
Question 3		
Question 4		
Question 5		
Question 6		
Total		

This document consists of **18** printed pages and **6** blank pages.



Republic of Namibia
MINISTRY OF EDUCATION, ARTS AND CULTURE

SECTION A

This question is **compulsory**.

1 In 2019 thatch grass vendors in the Kavango region of Namibia used division of labour to specialise in the harvesting, bundle-making and selling of thatch grass as their main source of income. Due to an increase in tourism and construction of lodges, the sales of thatch grass in Namibia have increased and contributed hugely to the household income of rural people. Although the demand for the grass outstripped the supply of the grass, the vendors were not able to increase the supply of thatch grass, due to not having advanced harvesting machinery and tools. Since the thatch grass market was not regulated, buyers could decide on the price that they were willing to pay per bundle. The buyers then sold the grass at much higher prices to businesses such as lodges and hotels. These were some of the biggest markets that used the thatch grass for roofs. In 2020, due to the six-month long Covid-19 imposed state of emergency, the tourism and construction industries in Namibia were affected very badly and the vendors of thatch grass faced possible closure as there was no market for their product.

(Adapted article from The Namibian, 13 October 2020)

(a) Describe how division of labour leads to specialisation. Support your answer with examples from the extract.

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(b) Using a demand and supply diagram, illustrate and explain how the output and price of thatch grass was influenced by the state of emergency.

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(c) Use the transactions that occur in the buying and selling of thatch grass to illustrate the economic principle of exchange in a market.

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Section B continues on page 6

SECTION B

Answer **three** questions.

- 2** According to the World Economic Forum at the end of 2020, Covid-19 had a devastating impact on global tourism. The tourism industry is mostly known to contribute to seasonal employment. Opportunity cost was high as governments had to reallocate money, which was allocated for other important projects, to build quarantine facilities for people infected with the virus.

(Adapted from Wikipedia)

- (a)** Describe why the loss of jobs in the tourism sector, due to Covid-19, would be classified as structural unemployment and not seasonal unemployment.

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(b) Use information from the extract to explain how the principle of opportunity cost might be relevant in the decision of governments.

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(c) Consider the possible consequences, in general, of an increase in unemployment.

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Question 3 continues on page 10

3 Namibian businesses mostly have to be content with small markets due to a small population. High production costs and diseconomies of scale restrict many firms from achieving maximum profits.

(a) Name **six** motives for a business wanting to grow in size.

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(b) Describe different types of internal diseconomies of scale.

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(c) Discuss whether a firm should always aim to maximise total profit.

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4 In 2020, trade unions representing workers in the fishing industry, asked the government not to reduce Namibian fishing quotas to avoid the retrenchment of employees of wet fish horse mackerel processing plants in Walvis Bay.

(a) List **six** benefits to a worker of joining a trade union.

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(b) Describe what a quota is and draw a demand and supply diagram to analyse how decreased fishing quotas might affect the supply and price of fish.

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(c) Justify whether the government should be involved in the issuing of fishing quotas.

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Question 5 continues on page 16

5 Watching soccer matches is a popular pastime in Namibia. Professional soccer players who have a relatively low age of 21 to 24 years, seem to recover more easily if there is a fall in earnings in the soccer industry as they still have plenty of time in their careers to play soccer and receive high earnings.

(a) Outline **six** factors that may determine the demand for soccer matches.

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(c) Assess the factors that might determine the amount of spending of a soccer player.

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Question 6 continues on page 20

6 According to statistics released in 2020, Nigeria, a developing country, has the largest population in Africa with a much higher population growth rate than its GDP rate.

(a) State possible reasons for the high population growth rate in Nigeria.

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(b) Except for having a high population growth rate and a low GDP rate, analyse why a country is classified as a developing country.

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(c) Governments' aims include price stability, balance of payments stability and equal distribution of income.

Evaluate how a high population growth rate might negatively affect aims.

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