

Centre Number	Candidate Number	Candidate Name
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**NAMIBIA SENIOR SECONDARY CERTIFICATE**

**ECONOMICS ADVANCED SUBSIDIARY LEVEL**

**8246/1**

PAPER 1

1 hour 45 minutes

Marks 50

**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.
- Answer **all** questions.
- The number of marks is given in brackets [ ] at the end of each question or part question.
- You may use a non-programmable calculator.

<i>For Examiner's Use</i>	
<b>Section A</b>	
<b>Section B</b>	
<b>Total</b>	
<i>Marker</i>	
<i>Checker</i>	

This document consists of **9** printed pages and **3** blank pages.



Republic of Namibia

**MINISTRY OF EDUCATION, ARTS AND CULTURE**

**SECTION A**

For  
Examiner's  
Use

**1** Define a *demerit good* and give **one** example.

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[2]

**2** Define *effective demand*.

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[2]

**3** Explain the meaning of *rationing* within the price mechanism.

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[2]

**4** State how cross-elasticity of demand is calculated.

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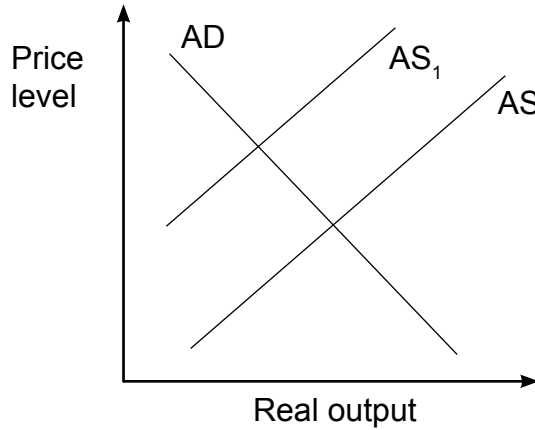
[2]

**5** What is meant by *nominal value* of national income?

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[3]

6 Identify the type of inflation illustrated in the diagram below where the aggregate supply curve has shifted from AS to AS<sub>1</sub>.



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[1]

7 Outline the meaning of *marginal costs*.

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[2]

8 Define a *floating exchange rate*.

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[3]

9 Outline **three** possible reasons for an increase in consumption.

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- 2.....
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[3]

[20]

**SECTION B**

**10** The annual wood charcoal production in Namibia has shown a huge increase in recent years. Most of Namibia's charcoal is exported. Although global demand for Namibian charcoal has increased, producers struggle to increase production and productivity, due to a shortage of local labour and lack of capital investment as well as innovation. Namibian charcoal is still produced using traditional kilns with low capacity, high air-pollution levels, high risk of veld fires and most of the wood being converted into ash instead of charcoal. Namibian charcoal producers are price-takers due to a highly competitive global market.

Although benefits from internal economies of scale will be restricted, the growth of the small and medium entrepreneurship business sector in the charcoal industry is seen as important.

Charcoal workers are subcontractors and are thus not entitled to the provisions in the Labour Act of Namibia such as social security and basic benefits.

*(Adapted article: MTSMED Growth for Namibian wood charcoal Industry, April 2019)*

**(a)** What is meant by *productivity*?

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[3]

**(b)** Define *capital investment* and discuss the effects that new technology and innovation might have on the charcoal production industry.

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[6]

**(c)** Describe possible reasons for the shortage of local labour supply in the charcoal industry in Namibia.

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- (d)** Discuss why the benefits of internal economies of scale might be restricted in the charcoal industry.

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[5]

**(e)** Namibian charcoal producers are price-takers due to a highly competitive global market.

With the aid of a diagram discuss the extent to which Namibian charcoal producers are likely to make supernormal profit in the long run.

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**[8]**



**(f)** Explain the role of entrepreneurship in the modern economy.

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**[3]**

**[30]**

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