EXAMINATIONS COUNCIL OF ESWATINI
Eswatini General Certificate of Secondary Education

CANDIDATE NAME	

CENTRE NUMBER						CANDIDATE NUMBER					

ECONOMICS **6899/01**

Paper 1 **October/November 2019**

2 hours 30 minutes

Candidates answer on the Question Paper.

No Additional Materials Required.

READ THESE INSTRUCTIONS FIRST

Write your candidate name, Centre number and candidate number on all the work you hand in.
Write in dark blue or black pen.
You may use a soft pencil for any diagrams, graphs or rough working.
Do **not** use staples, paper clips, highlighters, glue or correction fluid.

Answer **all** questions in Sections A, B, and C.
You may use a calculator.

Section A has **ten** multiple-choice questions. For each question there are four possible answers **A, B, C** and **D**. Choose the one you consider correct and write the letter in the box to indicate the correct answer.

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

For Examiner's Use	
Section A	
Section B	
Section C	
Total	

This document consists of **13** printed pages and **3** blank pages.

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Section A

Answer **all** questions.

1 Which statement describes a company that operates in the primary sector?

A a company mining asbestos.

B a distributor of agricultural products.

C a holding company with property interests.

D a manufacturer of timber. [1]

2 The price of a product is expected to increase.

What is the most likely impact on the demand and supply curves for the product before the increase?

	Demand curve	Supply curve
A	Movement along the curve to the left	shift in the curve to the left
B	movement along the curve to the right	shift in the curve to the right
C	Shift in the curve to the left	shift in the curve to the left
D	Shift in the curve to the right	shift in the curve to the right

[1]

3 The demand for cigarettes is price inelastic.

What is the most likely effect of an increase in the demand for cigarettes?

A a decrease in the price of cigarettes

B a decrease in the production of cigarettes

C an increase in income of cigarette producers

D an increase in tax rate for cigarettes [1]

4 Which combination is most likely to result in lower rates of pay?

	Supply for workers	Demand for workers
A	falls	falls
B	falls	rises
C	rises	falls
D	rises	rises

[1]

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5 Which factor is likely to result to a wage increase being granted to trade union members?

A The company has many competitors.

B The company has more bargaining power than the trade union.

C The government has declared any strike action illegal.

D Wages are a small part of the company's costs. [1]

6 Which business organisation is in the public sector?

A cooperative

B multinational

C public corporation

D public limited company [1]

7 The table shows the total costs of a firm. It can sell each unit at E4.

Quantity produced and sold (units)	4	5	6	7
Total cost (E)	16	17	20	22

How many units must the firm produce to maximise its profits?

A 4

B 5

C 6

D 7 [1]

8 What is a characteristic of a monopoly?

A freedom of entry to the industry

B it is a price maker

C it is a price taker

D many buyers and sellers [1]

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9 What is the impact of indirect taxes on consumers?

A They are easy to evade.

B They discourage people from working.

C They fall more heavily on the poor.

D They lower the cost of living. [1]

10 What is the gross domestic product for an economy if its local production of goods and services is E50bn, imports from abroad is E20bn, local investment is E40bn and investment from abroad is E30bn?

A E 140bn

B E 110bn

C E 90bn

D E 50bn [1]

[Total marks: 10]

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Section B

Answer **all** questions.

1 State who decides what to produce in a planned economy.

.... [1]

2 Identify any **two** wage factors affecting an individual's choice of occupation.

(i) ....

....

(ii) ....

.... [2]

3 Define the term variable costs.

....

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.... [2]

4 Explain what is meant by the term capital intensive production.

....

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.... [2]

5 Explain any **two** necessary characteristics of money.

(i) ....

....

(ii) ....

.... [4]

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6 Describe any **two** policies that can be used to alleviate poverty.

(i) ....

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(ii) ....

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.... [4]

7 Explain what might happen in an economy if a government increases indirect taxes.

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.... [6]

8 Outline any **three** necessary characteristics of a good tax system.

(i) ....

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(ii) ....

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(iii) ....

.... [3]

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9 Explain why a reduction in the rate of unemployment might cause inflation.

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.... [2]

10 Discuss any **two** possible effects of HIV/AIDS on the economy.

(i) ....

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(ii) ....

.... [4]

Section C

Answer **all** questions.

1 XYZ Corporation

XYZ Corporation is a company that operates in over 30 countries worldwide. XYZ Corporation has applied for permission to have another branch in Eswatini and has promised to bring over 1000 new assembly line jobs. Eswatini has been found to be very rich in some of the supplies used by XYZ Corporation.

If granted permission, XYZ Corporation has requested government to contribute 50% of the total cost of constructing the factory warehouse. The company has chosen a specific area where the factory should be constructed. The chosen area is a beautiful countryside that has been foregone as a tourist attraction area for the factory.

(a) **(i)** Identify **one** feature of a multinational company.

.... [1]

(ii) Describe **two** benefits to Eswatini of having XYZ Corporation operating in the country.

Benefit 1 ....

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Benefit 2 ....

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.... [4]

(b) Explain what is meant by opportunity cost. Give an example of opportunity cost from the extract.

Explanation ....

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Example ....

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.... [3]

For Examiner's Use

(c) Discuss how the Government of Eswatini can protect local businesses from foreign competition.

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.... [4]

For Examiner's Use

(d) Discuss whether XYZ Corporation is certain to benefit from setting up in Eswatini?

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2 THE DROUGHT CRISIS

Most countries in the Southern African region have experienced severe drought conditions. This has caused a number of challenges including poverty and unemployment among citizens. As a result, there has been low and poor harvests in sugar cane, maize and other crops. This has caused a decrease in supply of agricultural products.

In a bid to reduce some of the challenges, the government of Eswatini has engaged in various initiatives to develop entrepreneurial skills so as to create employment opportunities for the people. However, the government needs to control inflation in order to avoid the negative consequences that may affect the economy.

(a) State **two** causes of inflation.

(i) ....

....

(ii) ....

.... [2]

(b) Explain any **one** initiative that the government might use to develop entrepreneurial skills for Swazis.

....

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.... [2]

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(c) Using a demand and supply diagram, analyse the effect of the drought crisis on the market for maize in Eswatini.

.... [8]

For Examiner's Use

(d) Would you advise government to keep the rate of inflation low in the economy? Justify your answer.

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