



EXAMINATIONS COUNCIL OF ESWATINI
Eswatini General Certificate of Secondary Education

CANDIDATE
NAME

CENTRE
NUMBER

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ECONOMICS

6899/01

Paper 1

October/November 2023

2 hours

Candidates answer on the Question Paper.

No additional materials are required.

READ THESE INSTRUCTIONS FIRST

Write your name, Centre number and candidate number in the spaces provided.

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.

You may use a calculator.

Answer **all** questions in Section A, B and C.

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 **14** printed pages and **2** blank pages.

Section A

Answer **all** questions.

- 1** Which statement about the economic problem is correct?
- A** Consistent rising productivity will increase output and solve the limited resources.
 - B** Government printing of money will allow people to meet their unlimited needs.
 - C** Human nature will never be satisfied even with the best use of resources.
 - D** Technological advancement will introduce products that will satisfy all human needs. [1]
- 2** What is the function of a commercial bank?
- A** accepts personal deposits
 - B** issues notes and coins
 - C** manages foreign currency
 - D** manages national debt [1]
- 3** What is most likely to shift a demand curve for cars to the left?
- A** a decrease in the price of parking
 - B** an increase in the price of cars
 - C** an increase in the price of petrol
 - D** an increase in the price of public transport [1]
- 4** Which type of good has no opportunity cost involved?
- A** a free good
 - B** a merit good
 - C** a public good
 - D** an economic good [1]

5 A firm wants to extend its factory, as a result residents have to be relocated to another area. Which part of the cost of the factory's extension affects the residents?

- A external cost
- B fixed cost
- C opportunity cost
- D private cost

[1]

6 What is the definition of stock exchange?

- A A market where prices are determined by demand and supply.
- B A market where foreign currencies are exchanged.
- C A market where goods and services are exchanged.
- D A market where shares and other securities are exchanged.

[1]

7 Phiwo owns a farm where he rears cattle and grows maize. He owns a tractor and other farming equipment with a number of employees and 2 supervisors. They sell most of their produce to local businesses.

Which row correctly identifies the factors of production involved?

	land	labour	capital	enterprise
A	the farm fields	Phiwo	local businesses	supervisors
B	the farm fields	employees	farming equipment	Phiwo
C	local businesses	supervisors	the farm fields	cattle and maize
D	Phiwo	supervisors	tractor	the farm fields

[1]

8 A country decides to limit the number of cars that each citizen can buy from another country.

Which method of trade protection is this?

- A a quota
- B a subsidy
- C a tariff
- D an embargo

[1]

9 How is the social cost of an activity calculated?

- A private cost minus negative externalities
- B private cost minus private benefit
- C private cost plus positive externalities
- D private cost plus negative externalities

[1]

10 What is most likely to cause the Lilangeni to appreciate?

- A a decrease in Eswatini's interest rate
- B a decrease in tourist visits to Eswatini
- C an increase in demand for Eswatini's exports
- D an increase in Eswatini's demand for imports

[1]

Section B

Answer **all** questions.

- 1 The price of a product rose from E8 to E10 and as a result its demand fell from 20 000 to 8 000 units. Calculate price elasticity of demand for this product. (Show your working)

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..... [3]

- 2 Explain what is meant by dumping in international trade?

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..... [2]

3 Explain any **three** causes of market failure.

- (i)
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- (ii)
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.....
- (iii)
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..... [6]

4 State the nature of elasticity of demand that exists when a 10% fall in price of a product causes total revenue to fall by 5%.

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..... [1]

5 State any **two** reasons that are likely to cause people to migrate to cities in developing countries.

- (i)
.....
- (ii)
..... [2]

6 Explain what is primary income in the balance of payments.

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.....
.....
..... [2]

7 Identify **three** types of unemployment.

- (i)
-
- (ii)
-
- (iii)
- [3]

8 Explain why inflation would have a harmful effect on the country's exports and imports.

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..... [3]

9 Explain why a rise in real GDP might result in a fall in living standards.

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..... [2]

10 What is the tax burden?

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..... [2]

11 Analyse **two** ways in which poverty may delay economic growth.

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..... [4]

Section C

Answer **all** questions.

1 THE SOUTHERN AFRICAN CUSTOMS UNION COUNTRIES

The Southern African Customs Union (SACU) countries suffered the worst slides in Gross Domestic Product (GDP) in the second quarter of 2020 following lockdown that disrupted trade. The steepest slumps were recorded in Botswana and South Africa recording 24% and 17.4% respectively. Namibia was also not spared as its economy contracted by 11.1% during the period under review. Eswatini's economic figures showed that real GDP indicated a decline of 8.2%.

The poor performance of the economy in the countries was mainly due to the impact of measures that were put in place to combat the spread of COVID-19. The measures entailed among others, closing of the country's borders and only allowing businesses that provide essential services to operate.

(Times of Eswatini, October 5, 2020)

(a) Explain what is meant by a slump.

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..... [2]

(b) Explain any **two** policies that can be used by the SACU countries to promote economic growth.

(i)
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(ii)
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..... [4]

(c) Analyse the problems of comparing living standards between Eswatini and Botswana.

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[6]

2 GUYSTONE INVESTMENT INCOME

Guystone company is a public limited company that specialises in prominent restaurants. Guystone's aim is to achieve long-term growth through acquisition of other companies in the same restaurant industry serving similar menus. It recently bought shares from Palliance foods which owns seven quick service restaurants.

The company has a number of operating expenses which include rent, salaries, wages, royalty fees as well as other expenses. The board of directors believe that the company needs to position itself well for the difficult economic environment that is predicted in future.

(a) State the type of acquisition that Guystone is planning.

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..... [1]

(b) Guystone aims to achieve long-term growth. Explain **two** other aims that a firm might want to achieve.

(i)
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(ii)
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..... [4]

