



# **EXAMINATIONS COUNCIL OF ESWATINI**

Eswatini General Certificate of Secondary Education

## **Economics (6899)**

**Examination Report for 2024**

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## EGCSE ECONOMICS

### Paper 6899/01

#### General Comments

This paper was fairly accessible, though some candidates lacked content which was evident in some of the responses given. Question 4 Section B for instance required learners to differentiate between a decrease in demand and a contraction in demand, most candidates were giving responses that were just unrelated to the concept, others were mixing the concept. Other candidates would not even try to attempt the questions they simply left questions unanswered. Even though this paper was fairly accessible, they were a number of candidates who scored very low marks, which is evident that they were ill-prepared for the examination. The general overall performance of candidates was average.

#### Comments on Specific Questions

##### Section A

- 1 Most candidates performed well in this question. A majority were able to identify option B “hairdressing services” as a business that is most likely to be supplied by small firms.
- 2 Candidates were given a diagram showing an increase in demand and an increase in supply, they were asked to identify factors that would have caused the demand and supply curve to shift. Most candidates chose option D which was a rise in the price of petrol and a fall in the number of car producers instead of C, which was a rise in the price of bus fares and a fall in the cost of car production.
- 3 This question was fairly done as most candidates were able to choose option C which is inelastic supply that will be represented by a 30% increase in production due to a 300% increase in price.
- 4 Candidates were able to choose option C, which is the depreciation of machinery as a fixed cost to a manufacturing firm.
- 5 Most candidates performed well in this question; a majority were able to identify option A as a correct answer.
- 6 Most candidates were not able to calculate a country’s current account from its balance of payment account. Most candidates chose option C which is E29 billion instead of option D which is E14 billion.

Trade in goods plus trade in services plus net income

$$40 + (10) + (16) = 14$$

- 7 This question required candidates to define a subsidy, most candidates were choosing option B and C instead of D “a payment from the government to reduce the cost of production”.

- 8 Candidates were asked to describe regressive tax; most candidates were able to see that it is a tax that falls heavily on low-income earners which is option C.
- 9 This question was fairly done, candidates were asked to choose another term for tariff, which is option A “customs duty”.
- 10 This question required candidates to indicate the statistic, which is used to indicate economic growth, most candidates were choosing option A which is “Gross Domestic Product per head” instead of D which is “Real Gross Domestic Product”.

## **Section B**

- 1 Learners were asked to state two fundamental economic questions; most candidates were able to state answers such as what to produce? How to produce? and for whom to produce.
- 2 This question was fairly done as most candidates were able to define opportunity cost as the next best alternative forgone or given up. However, some candidates defined opportunity cost as the value of choosing the next best alternative, which is incorrect.
- 3 Candidates were required to explain factors that may influence household spending. This question was fairly done, common mistakes included answers such as inflation, income tax, wars and salaries. The correct answers include disposable income, confidence, interest rates, etc.
- 4 Candidates were required to differentiate between a decrease in demand and a contraction in demand. Most candidates did not do well in this question. A decrease in demand is caused by other factors other than the price of the product whilst a contraction in demand is caused by an increase in the price of the product in question. A decrease in demand is shown by a downward shift or a shift to the left of the demand curve, whilst a contraction in demand is shown by an upward movement along the demand curve or a decrease in quantity demanded.
- 5 Most candidates did not perform well in this question, instead of describing governments’ intervention to address market failure they were describing factors that cause market failure such as overproduction of demerit goods, information failure, etc. The correct responses included subsidies, competition policy, privatisation, nationalisation, etc. Candidates were required to describe how for instance subsidies will address market failure.
- 6 This question was poorly done by most candidates as most of them were analysing determinants of demand instead of the determinants of price elasticity of demand. Candidates were expected to identify each determinant and further state whether the demand will be elastic or inelastic and discuss why. Correct responses included the availability of substitutes, the proportion of income spent on the product, whether purchase can be postponed, etc.
- 7 The question required candidates to analyse how Eswatini benefits from its currency being tied to the South African currency. Most candidates did not score marks in this question, common mistakes included candidates giving disadvantages of the Lilangeni to the Rand. Correct responses included that it eliminates transaction costs, South Africa compensates Eswatini for the circulation of the Rand in their economy, facilitates cross-border trade, etc.

**Section C****Question 1**

- (a) Most candidates performed well in this question, candidates were asked to identify the two stages of production mentioned in the extract, and precise responses included secondary, tertiary and quaternary stage of production.
- (b) Candidates were required to describe reasons that led to the decline in Eswatini economy. Most candidates were giving general answers instead of extracting the answers from the case.

Possible answers included:

- Manufacturing declined sharply as export-oriented industries were constrained by temporary business closure
  - Disruption in global value chains
  - Weak or decrease in aggregate demand
  - Investment weakened
- (c) Candidates were required to analyse how the government of Eswatini can use the three macroeconomic policies to promote export-oriented industries. This question was fairly done by most candidates, even though there were common mistakes such as fiscal policy instead of expansionary fiscal policy, monetary policy instead of expansionary monetary policy. The supply-side policy was well analysed by most candidates.
- (d) Candidates were required to discuss whether specialisation can be beneficial to Eswatini. Some candidates explained specialisation at individual level instead of explaining it at national level.

**Expected answers included:**

Advantages

- Higher output
- Lower cost leading to economies of scale
- Spread of ideas
- Wider choice, etc.

Disadvantages

- Decrease in demand leading to loss of income/profits
- There may be supply problems, political instability and wars can cause shortages in raw materials.
- Interdependency, Eswatini cannot function on its own because it does not produce a lot of products needed by households and firms, etc.

**Question 2**

- (a) Candidates were to define inflation. The expected response is a sustained or persistence rise in the general level of prices of products over a period of time.
- (b) Candidates were required to explain the effects of job losses in South Africa, candidates were expected to explain points such as:
- Underutilisation of resources
  - Reduction of tax revenue
  - Decrease in labour costs
  - Put pressure on government expenditure, etc.
- (c) Candidate were expected to analyse what might have caused the increase in the price of petrol. Expected responses included factors that cause an increase in demand as well as factors that cause a decrease in supply. Possible answers included:
- Increase in expected future prices
  - Increase in cost of production
  - Supply problems caused by COVID 19, which caused an imposition of restriction in movements of people and products, etc.
- (d) This question required candidates to discuss whether inflation is beneficial to the South African economy. Candidates were supposed to write a two-sided answer as well as a conclusion in order to score maximum marks. Some candidates wrote responses that had no relevance to inflation and ended up scoring no marks.

**Possible answers included:****Advantages**

- May encourage firms to expand, demand pull inflation will encourage firms to increase production.
- Reduces the real burden of any debt that households and firms have built up, especially if inflation has risen by a higher rate than interest rates.

**Disadvantages**

- Causes a fall in the value of money, decreasing the purchasing power of money.
- Imposes extra costs on firms such as shoe leather or menu costs.
- Creates uncertainty
- Causes a fiscal drag, etc.

## Recommendations

- Reading questions with understanding before answering questions.
- Creativity should be encouraged; learning should sometimes be learner-centred as opposed to teacher-centred method. Effort should be channeled towards intertwining competency and creativity during the teaching and learning period.
- Time management should be emphasised and practiced.

Instructors need to outline the structure used to answer evaluation question, i.e. Section C question 1 (d) and question 2 (d). Candidates need to ensure that they include advantages and disadvantages of the concept and then write a reasoned conclusion which should be the candidates stand on the concept as well as a point supporting the stand.

**EGCSE ECONOMICS****Paper 6899/02****General Comments**

The overall performance of candidates in this paper was above average. Some centres had exceptional candidates, who demonstrated broad understanding and knowledge to relate and assess economic concepts. Nevertheless, there were candidates who had a challenge when responding to some parts of the questions which could be that they lacked content on certain topics. Other candidates left blank spaces on some questions, hence loss of marks.

Questions 1 and 4 were well attempted questions in this paper. However, Questions 2 and 3 seemed to be challenging for most candidates, which was shown by the low marks achieved in these questions.

**Comments on Specific Questions****Question 1**

- (a) Most candidates displayed a good understanding on the advantages of exploitation of natural resources, hence correct examples were provided. However, it was noted that some candidates stated examples of conserving natural resources e.g, to be used by future generations, etc. which were incorrect.

**Expected responses could include:**

- Improved living standards
- Increased employment
- Increase in government revenue
- Improvement in balance of payments.

- (b) This question was on the explanation of what is meant by market failure. A fair performance even though some candidates failed to include the aspect of market forces in their definitions. Other candidates repeated market failure instead of market forces or forces of demand and supply in the explanations.

**The expected response was:**

It is when market forces fail to produce the products that consumers demand in the right quantities and at the lowest possible cost.

- (c) Many candidates were able to explain the benefits consumers gain from a market economic system. Nevertheless, some candidates explained features of a market economy such as profit motive, price mechanism, etc, which was incorrect. Again, some candidates explained benefits of the market economic system to the firm, for example, there is an incentive: which is a reward to the firm in the form of profits and to the worker in the form of wages. This does not benefit the consumers; hence they were wrong.

**Expected responses could include:**

- Consumer sovereignty- they have power to determine what is to be produced.
- Choice- can choose which products to buy and which firms to buy from.
- Quality products-as a result of competition amongst firms.

- (d) The question required candidates to draw a Production Possibility Curve diagram and mark the given points then analyse the differences between the points. This question was not performed well by most candidates. Some candidates did not attempt to answer this question; hence they left blank spaces. Some of the candidates drew demand and supply curves and mathematical graphs which were wrong. Those candidates who were able to draw the PPC failed to accurately plot the points and analysed their diagrams using the same words from the question, e.g., to analyse point C- full utilisation of resources, they would mention 'more utilisation of resources which was incorrect.

**Expected response:**

**Drawing and plotting points**

Point A underutilisation of resources is plotted inside the curve

Point B unattainable production level is plotted outside the curve

Point C full utilisation of resources is plotted on the curve

Graph labelled with two different products

**Analysis**

Point A- a point where some resources are lying idle/ there is possibility to produce more/there is inefficiency/ there is unemployment of resources.

Point B- a point where there are not enough resources to produce/ there is scarcity.

Point C- a point where all resources are used efficiently/ there is choice / there is opportunity cost.

- (e) This question was well attempted by a majority of candidates as they discussed whether it is beneficial for workers to join trade unions. However, some candidates their argument was based on whether it is beneficial for firms to have employees who are trade union members which was not

the requirement of the question. Other candidates listed the correct points but failed to expand them correctly. This question required a two-sided answer that required a discussion of points for and points against joining trade unions as a worker. Finally, a reasoned conclusion was expected.

**Expected points for joining trade unions for workers could include:**

- Collective bargaining- trade unions can negotiate with employers better than what individual workers would be able to do on their own.
- Improved working conditions-they fight for improved health and safety a fair pay for workers.
- Legal representation- provide legal representation e.g. when workers are unfairly dismissed from work.

**Expected points against joining trade unions with workers could include:**

- Membership fees /subscriptions payment-this might be costly for the members
- Agreement binds all workers'/majority rules-individual workers may not agree with specific demands made by the trade union on behalf of all workers, but they are pressured to support the collective action.
- Industrial actions/strikes- this may lead to dismissal of some workers, or a no-work-no-pay rule might apply for workers who were part of the strike.

**Question 2**

- (a) Quite a significant number of candidates managed to state influences that affect the amount of money borrowed by firms. However, some candidates stated the motives of borrowing which were incorrect. Other candidates gave wrong responses such as inflation and taxation as influences of borrowing for firms. Again, some candidates listed the influences of borrowing for consumers such as social attitudes, etc.

**Expected influences could include:**

- The availability of loans and overdrafts
- The rate of interest
- Confidence
- Credit worthiness/history
- Collateral

- (i) A significant proportion of candidates were able to define capital intensive method of production even though some explained capital as money used to start a business which was incorrect.

**Expected definition was:**

The use of a high proportion of capital relative to labour in production.

- (ii) Explaining conglomerate integration was fairly answered. Some candidates explained the other forms of integration such as horizontal and vertical integration instead.

**Expected definition was:**

A merger between firms producing different products/in different industries.

- (b) This is another part of the question on reasons why workers in the tertiary sector may be paid more than workers in the primary sector was fairly answered by the candidates. However, some candidates could not identify that this question required them to explain only the relevant causes of differences in earnings. Therefore, causes such as experience, private versus public, discrimination was incorrect.

**Expected reasons could include:**

- Tertiary sector workers are skilled/qualified/educated than primary sector workers, hence more pay.
- Tertiary sectors are demanded more than they are supplied yet primary sector workers their supply is more their demand, hence more pay.

- (c) Providing a correct analysis of how an individual's earnings might change overtime proved to be a challenge for most candidates. Most candidates concentrated on factors that could lead to an increase in earnings only, yet earnings both increase and decrease overtime. Others just mentioned the factors without showing the direction of change, such as promotion; without citing that it would increase an individual's earnings.

**Expected responses could include:**

- A worker earns less at the beginning of his/her career.
- Earnings increased by promotion/experience/education/increase in company profits, etc.
- Earnings decreased by demotion/retrenchment/dismissal/retirement, etc.

- (d) The question required candidates to discuss whether it is beneficial for an industry to grow in size. This was one of the most challenging questions on the paper for many candidates. Discussions of many candidates were based on the benefits of growth to a firm instead of an industry. Therefore, internal economies such as buying economies, financial economies, etc. were discussed as advantages and internal diseconomies such as communication problems, difficulties in controlling the firm were also discussed as disadvantages. These were incorrect. The question required a discussion of external economies and diseconomies of scale and a reasoned conclusion.

**Expected points for growth could include:**

- Skilled labour force- a firm can recruit workers who have been trained by other firms in the industry.
- Good reputation-an area can gain a reputation for high-quality production.
- Specialist services-universities and colleges may run courses for workers in large industries.

**Expected points against growth could include:**

- Congestion - as more firms are concentrated in one area movement for deliveries and workers be difficult leading to delays.
- Pollution - the emissions from firms may damage the environment and noise pollution may affect the wider society where the industry is located.
- Depletion of resources - as a result of many firms involved in that industry.

**Question 3****(a) State one example of fiscal policy.**

This question was well attempted by most candidates as they were able to state an example of fiscal policy. However, there were a few candidates who stated expansionary and contractionary fiscal policy which was incorrect.

**Expected examples included:**

- Taxation
- Government spending

**(i)** This question was fairly attempted in defining a budget even though some candidates defined a personal budget instead of the national budget.

**Expected definition was:**

An estimate of government revenue and expenditure.

**(ii)** A significant proportion of the candidates were able to provide the accurate meaning of interest rates.

**The expected response was:**

It is the cost of borrowing or a reward for savings/investment.

(iii) Providing a correct definition of gross national product proved to be a challenge for most candidates. Those who tried could only define gross domestic product, yet these are two different terms.

**Expected definition was:**

It is the total value of domestic output plus net property income from abroad/ or total value of output from resources owned by citizens of a country/ or total value of the country's output produced by a country's resources wherever they are.

(b) This question was fairly attempted on explaining why governments impose taxes even though some candidates would list various examples on how government would use money collected from taxes such as paying grants, building roads, etc. instead of explaining reasons for tax collection.

**Expected reasons could include:**

- To redistribute income from the rich to the poor-high income earners are taxed more than the poor and some revenue is used to pay benefits to the poor.
- To discourage the consumption of imports- and hence protect domestic industries from foreign competition.
- To raise revenue- for government spending.
- To discourage the consumption of demerit goods-products that are harmful, e.g. alcohol.

(c) Quite a significant number of candidates did not perform well in discussing how monetary policy can be used to encourage firms to produce more products. They showed little knowledge of the monetary policy tools. A majority of the candidates discussed the reduction of taxation, yet this is a fiscal policy tool.

**Expected responses could include:**

- Reduction in interest rates- will enable firms to borrow and increase production.
- Reduction in the exchange rates will make exports cheaper, hence need for more production.
- Increase in money supply-more consumption will compel firms to increase production.

(d) **Discuss.**

This question was well answered as most candidates displayed outstanding knowledge on whether economic growth is beneficial to a country. Nevertheless, some candidates mentioned an increase in output in their discussion which is the same as economic growth, hence loss of marks. Others confused economic growth for economic development as they mentioned increase in population

and net migration as points for economic growth. This question required benefits and drawbacks of economic growth. Moreover, a reasoned conclusion was necessary.

**Expected benefits could include:**

- Increase in living standards- since citizens of the country will have access to a variety of goods and services.
- Increased employment- people will have income to meet their basic needs.
- Increase in political and economic influence-voting power at international bodies such as IMF is influenced by the size of an economy's GDP.

**Expected drawbacks could include:**

- Higher inflation- an increase in aggregate demand could lead to an increase in prices.
- Increase in pollution-more factories and cars may increase carbon dioxide emissions.
- Greater stress on workers- may require some workers to work for longer hours to meet demand.

#### Question 4

- (a) (i) A majority of candidates struggled with the effects of an ageing population. They mixed up effects of an ageing population for factors that affect population growth. As a result, they gave responses such as birth rate, death rate, net migration, etc which was incorrect.

**Expected responses could include:**

- A rise in dependency ratio
- A change in the labour force
- Higher demand for healthcare
- Greater need for welfare services

- (ii) Providing a correct definition for exchange rates proved to be a challenge for most candidates.

Some of the candidates explained exchange rates as an exchange of goods and services which was so irrelevant.

**Expected definition was:**

The price/value of one currency in terms of another currency or currencies.

- (iii) A majority of candidates displayed a lack of understanding of Trade in goods. Some candidates' definitions lacked either the element of trade between countries (imports and exports) or visible items and they could not score maximum marks. Others just gave the definition of barter trade which was inappropriate.

**Expected explanation was:**

The value of exported and imported visible/tangible items. Or physical/visible items traded between countries

- (b) This part of the question was fairly answered as candidates analysed how HIV/AIDS can affect the population of Eswatini. It was noted though that some candidates analysed causes of HIV/AIDS instead of its effects on the population. Some candidates just wrote everything they knew about HIV/AIDS, e.g how one gets infected and how it can be prevented, which was not the requirement of the question.

**Expected responses could include:**

- Child headed families-due to death of parents.
- Decrease in population-infected people might get sick and eventually die.
- Decline in life expectancy - more people will die early as a result of the infection.
- Decrease in labour force- as the working population might be infected.
- Increase in employment- health professionals will be required to take care of the HIV/AIDS patients.
- Loss of government revenue-less tax will be collected as there will be a decrease in labour force.

- (c) Another question which was fairly answered. There were good responses from some candidates on whether countries should use free trade, but certain candidates confused free trade for free goods/donations. Again, this was an evaluation question that required a discussion of advantages and disadvantages of free trade. Ultimately, candidates were expected to give a reasoned conclusion.

**Expected advantages**

- Efficiency-it allows a country to concentrate on what it can produce the best and efficiently allocate resources.
- More choice for consumers-as trade takes place between countries, it increases the range of products available for consumers.
- Technology transfer-ideas can spread as countries exchange technology and machines.

**Expected disadvantages**

- Overutilization of natural resources-massive production can make resources become extinct, so future generations will not benefit from them.
- Less tax revenue- as there will be removal of import tariffs.

- High risk of importation of demerits- since there will be removal of trade barriers, which leads to less monitoring of imports and such harmful products can get into the country easily.

### **Recommendations**

- Educators are to encourage candidates to read questions carefully before answering. This will enable candidates to take note of command words for each question.
- Candidates are also encouraged not to change questions or set their own questions since this leads to a loss of marks.
- Candidates must be given enough practice on analysis questions since some of them provide reasoned conclusions on such questions, yet it is not necessary.
- Enough practice on evaluation questions is also recommended. Some centres still have a challenge in giving both aspects of the discussion and the conclusion for evaluation questions. A reasoned conclusion must include a stand and a fresh developed point to score full marks.
- Educators and candidates are encouraged to read the examiners reports to minimise mistakes which were corrected in previous reports and to improve the skills of answering questions in this component.