

## ECONOMICS – 9158

### REPORT ON DATA RESPONSE

JUNE 2012

#### PAPER 02

#### GENERAL RESPONSE

#### QUESTION 1

The question was suitable for the candidates. The performance was generally good. All questions were not too difficult for A-Level standards. However, not all questions were answered correctly by most candidates. Most candidates failed to answer questions (a)(i) and (b) (ii).

Question (b)(ii) wanted candidates to identify solution to problems which were identified in question (b)(i).

- the performance was generally poor in this question
- the performance was generally poor in this question, which showed that candidates failed to apply economic theory to solve macro-economic problems.

The other general weakness which was identified was that candidates were able to identify ideas but failed to develop these ideas. Candidates lost marks due to weak explanations, failure to develop and use of wrong economic theory.

Teachers need to help candidates to apply economic theory in solving economic problems. Skills of evaluation and analysis need to be developed as well.

- (a) (i) The majority of candidates failed to answer the question. Candidates failed to infer from the extract the type of duty levied by the government. Candidates gave responses such as VAT, customs duty instead of excise duty.
- (ii) Most candidates managed to identify the reasons why government imposed the tax though they failed to identify the type of tax in (a)(i). candidates gave general reasons for levying taxes as some were giving responses such as "to protect infant industries".
- (iii) Candidates were able to identify the reasons why the tax was an unwelcome development to consumers. They could as well explain the impact of these reasons, e.g. the tax will increase the price of the commodity thereby reducing purchasing of the consumers.

- (b) (i) Majority of candidates could correctly identify and explain the macro-economic environment factors that affected the production of orange juice though others were giving factors which were not in the extract such as high interest rates, unemployment, etc.
- (ii) Candidates failed to provide or suggest solutions to the problems identified in (b)(i). Candidates were not able to give correct explanations of the policies used to curb inflation and ease the problem of scarcity of foreign currency. Some went on to explain expansionary monetary and fiscal policies as remedy to inflation.
- (c) Question was fairly answered. Majority of candidates were able to identify that demand for orange juice was inelastic. They were able to support their answer using data from the text. Candidates, who failed to answer the question, took a general point of view. They were unable to use the extract to support their answer.
- (d) Performance was quite good. The main weakness was that candidates only identified points and failed to develop the points. Some candidates were unable to balance their answers.

A small number of candidates seemed to have been confused by the meaning of effectiveness.

As a result, they were unable to give the pros and cons of indirect taxes.

Weak candidates called to distinguish indirect taxes from direct taxes. They explained the effects of income and corporate taxes.

There is need for teachers to help candidates give detailed answers. Answers need to be clearly and fully explained.

## **QUESTION 2**

### **GENERAL COMMENT**

The question was poorly answered by the majority of the candidates. Some did not even attempt to answer the question especially 2(c) and (d). Those who attempted gave incorrect responses.

- Question tested on the last component of the syllabus and as a result most candidates may not have covered this section.
- Candidates were ill prepared for this question.

- (a)
  - (i) This was a simple recall question but was not answered as expected. Candidates, instead of writing about grouping countries, they referred 'integration' as the merging of companies. They went on further to talk about horizontal and vertical integration.
  - (ii) The aims of economic integration were clearly spelt out by the majority of the candidates. They highlighted mostly economic growth and improvement in standards of living.
- (b)
  - (i) This question was poorly done by candidates. Candidates failed to bring out clearly the constraint of economic integration. The majority of recalled the level of development which differed among number of nations.
  - (ii) Candidates answered well this question. Majority were able to outline the benefits of integration such as reduces barriers, variety of products, exploiting comparative advantage.
  - (iii) Candidates were unable to give the relationship between HDI and HPI. They were also able to explain the relationship. However, candidates failed to comment on the relationship.
- (c)
  - The question proved to be difficult to most of the candidates. Candidates failed to identify the relationship between LEI and IMR. Some failed to interpret the question while others did not attempt to answer the question.
  - Generally data analysis by the candidates was very poor. Instead of making a comparison of the cross country data, they isolated the data and gave analysis per individual country which is statistically insignificant.
- (d)
  - Majority of the candidates gave wrong responses.
  - Some candidates just listed points and that cost them marks. Some just picked raw data from the text to support the appropriateness and is not correct as candidates must be able to apply their knowledge to the given situation.
  - Instead of assessing the appropriateness of HDI as a measure of welfare, candidates were comparing HDI and the per capita GDP.
  - Emphasis should be placed on the various terms associated with economic development such as HPI, HDI, AAI and IMR.