

ECONOMICS

SUBJECT 9158

JUNE 2012

PAPER 03

QUESTION 1

This was a very popular question attempted by the majority of candidates. Candidates displayed good knowledge of the price mechanism though they failed to link the [price mechanism as a characteristic of the market economy. Those candidates who managed to discuss the concept failed to give a comprehensive evaluation.

QUESTION 2

This was quite a popular question but poorly answered by many candidates.

- (a) Most candidates failed to meet the requirements of the question, i.e. differentiating the normal from the inferior good using indifferent curve analysis.
- (b) Most candidates failed to meet the required skill, i.e. discussion and evaluation of the concepts.

QUESTION 3

This was a popular question attempted by quite a number of candidates.

- (a) Most candidates failed to identify the factors influencing price elasticity of supply of a product. Instead, quite a number of them confused factors influencing PES with those influencing supply of a product or factors influencing price elasticity of demand for a product.
- (b) Generally this part was poorly answered. Even those candidates who managed to identify factors influencing PES failed to apply the concept to a tobacco farmer.

QUESTION 4

This was a popular question, attempted by a good number of candidates.

- (a) Candidates were able to identify characteristics of two market structures but failed to explain the differences between the two as required by the question.

- (b) Most candidates were able to identify and explain the policies meant to regulate the activities of a monopoly but failed to discuss the effectiveness of those policies as required by the question.

QUESTION 5

This was quite a popular question, attempted by many candidates.

- (a) Most candidates scored lower marks on this part. They failed to analyse wage determination using economic theory. They concentrated on non-economic factors such as government influence and Trade Unions.
- (b) This as a poorly answered question. Most candidates failed to apply economic theory to differentials in wages.

QUESTION 6

This was a very popular question, attempted by many candidates.

- (a) Most candidates were able to identify problems faced in the compilation of national statistics though quite a number failed to explain these problems clearly.
- (b) Candidates managed to identify weaknesses of national income statistics in measuring standards of living. Most of the failed to explain how the level of national income measures standards of living.

QUESTION 7

- (a) This was the least popular question, attempted by very few candidates. Quite a good number of them displayed lack of knowledge of the accelerator theory.
- (b) Candidates failed to apply the accelerator theory to the level of investment in their economy. A few candidates managed to give alternative explanations, e.g. the multiplier and the level of interest rate.

QUESTION 8

This was a fairly popular question, poorly answered by many candidates.

- (a) Most candidates displayed lack of knowledge of a private good.
- (b) Most candidates ailed to distinguish between a demerit good and an externality. This made it difficult for them to give a valid discussion of measures used to correct the sources of market failure.

QUESTION 9

- (a) This was a very popular question, poorly answered by many candidates. Most candidates failed to give a comprehensive explanation of the exchange rate regimes.
- (b) Quite a good number of candidates failed to evaluate the benefit of influencing the exchange rate.

QUESTION 10

This was a less popular question, poorly answered by many candidates. Most candidates confused policies meant to influence economic growth for economic development. Most candidates failed to evaluate the effectiveness of policies.

QUESTION 11

This was a very popular question, attempted by many candidates.

- (a) Most candidates who attempted the question were able to meet the needs of the question. They were able to identify and explain the problems of high rate of inflation.
- (b) Most pupils displayed lack of knowledge of demand-side policies. They were explaining solutions to the problem of inflation in general.

QUESTION 12

This was a very popular question fairly performed by many candidates.

- (a) Most candidates briefly explained the types of taxes.
- (b) Most candidates failed to evaluate the effectiveness of the means of protectionism in protecting trade.