

ECONOMICS

SUBJECT 9158

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PAPER 03

GENERAL COMMENTS

Generally, performance was fairly good. However, candidates should correctly interpret questions. They are also required to apply economic theory and give evaluation where a discussion is called for.

QUESTION 1

This question was very popular. Generally, performance was fairly good.

- (a) Candidates who got high marks could correctly identify and explain the four basic economic problems and how they answered in a free market economy. Those who scored low marks could not clearly articulate the basic economic questions.
- (b) Some candidates had a tendency of explaining the characteristics of a free market economy instead of discussing the advantages and disadvantages of a free market economy. Those who did well gave evaluative comments.

QUESTION 2

A very popular question attempted by many candidates.

- (a) On part (a), most of the candidates who attempted it scored high marks. They displayed good knowledge on the elastic of demand concepts. They managed to define, give the formula, degrees and factors influencing the concepts.
- (b) Most candidates failed to effectively apply the concepts to the given situation. Only a few managed to discuss applicability of the concepts to holiday resorts in Zimbabwe.

QUESTION 3

A very popular question attempted by many candidates.

- (a) Fairly done. Most candidates were able to define and explain the concepts but failed to illustrate accounting profit.
- (b) Poorly done. Most candidates were not able to link economic profit to efficiency and use market structures to establish the extent of using profit as a measure.

QUESTION 4

- (a) Quite a popular question, attempted by many candidates. Most candidates displayed limited knowledge on the differences between firms under oligopoly and monopoly. Quite a number of them failed to interpret the needs of the question. They considered both the differences and similarities between the two firms.
- (b) Most candidates got fair marks on this part, with quite a number of them managing to discuss the benefits of monopoly to society. Quite a number of candidates mistook monopoly for large firms. Monopolies are not necessarily large firms and large firms are not necessarily monopolies.

QUESTION 5

A popular question, although poorly answered by many candidates.

- (a) Most candidates failed to explain how the LP theory determines interest rates. Most of them displayed limited knowledge on the motives of holding money especially on the speculative motive. Very few candidates considered how the money supply is determined in the theory.
- (b) Most candidates displayed lack of knowledge on the applicability of the LP theory. Quite a good number of them considered loanable funds theory for explaining inapplicability of the LP theory, without bearing in mind that the loanable funds theory is also just a theory which needs application to the real world. Quite a few candidates managed to appreciate other factors influencing the level of interest rate such as inflation, government policy, etc, but failed to clearly explain them.

QUESTION 6

This question was popular. However, candidates were not comfortable with the first part of the question. Only a few candidates could outline the procedure followed in constructing a price index. Some candidates could not give the formula used to calculate a price index.

- (a) Some candidates decided to leave out this question. Maybe they had not yet covered the topic on price indices
- (b) This question was fairly answered. However, there was a tendency to only discuss negative effects of inflation.

QUESTION 7

- (a) Very popular. Most candidates were able to explain the reasons for imposing trade barriers.
- (b) Most candidates were able to give different methods of trade protection but could not clearly apply the concepts to their country. Candidates failed to explain the effectiveness of the policies.

QUESTION 8

This question was not popular. For those candidates who managed to identify the methods, there was a tendency to overlook evaluative comments.

QUESTION 9

This question was popular. However, most candidates only dismissed the benefits of joining regional trading blocks.

QUESTION 10

- (a) Poorly done. Most candidates could not clearly distinguish between direct taxes and indirect taxes. They confused the reasons for imposing taxes.
- (b) Most candidates were able to identify and explain policies the government uses to redistribute income and wealth but could not judge the effectiveness and apply the policies to their country.

QUESTION 11

This was a very popular question attempted by many candidates.

- (a) Most candidates displayed limited knowledge on the types of unemployment. Quite a number of candidates mistook structural unemployment for frictional unemployment and real wage unemployment for voluntary unemployment caused by low wages.
- (b) Most candidates failed to score high marks on this part due to lack of discussion on effectiveness of measures. A few candidates were able to identify causes of unemployment and gave relevant prescriptions although they failed to comprehensively discuss their effectiveness in reducing unemployment in Zimbabwe.

QUESTION 12

- (a) Most candidates were able to explain the economic growth but failed to illustrate the concepts of economic development. They were not able to explain the differences between the terms.
- (b) Most candidates could not explain and evaluate the benefits of IMF and World Bank and link them to growth and development of developing countries.