

ECONOMICS

SUBJECT 9158

PAPER 3

COMMENTS ON INDIVIDUAL QUESTIONS

QUESTION 1

A very popular question. Candidates displayed good knowledge of the price mechanism. Most of them failed to get highest marks possible due to lack of comparison of the price mechanism to other means of resource allocation.

QUESTION 2

- a) Another popular question, though quite a good number of candidates failed to clearly explain the concepts i.e allocative efficiency and cost efficiency. Quite a good number of them just defined the terms.
- b) Most candidates showed that they have good knowledge of reasons why government intervenes to control large firms. Many of them got fair marks due to lack of discussion and evaluation of these reasons.

QUESTION 3

A question attempted by many candidates. Most candidates displayed good knowledge of the concepts and some of them were able to apply the concepts to farmers exporting their produce. Most of these candidates faced difficulty in discussing the relevance of these demand elasticity concepts to the farmer.

QUESTION 4

Less popular question. A question attempted by few candidates but poorly answered. On part (a) most candidates just stated the effects thus leading to poor performance on the question. On part (b) a good number of candidates who attempted the question showed knowledge of government policies in influencing prices of farm produce but failed to evaluate success of these policies.

QUESTION 5

A question attempted by a good number of candidates. Most of these candidates failed to score high marks. On part (a) most candidates displayed knowledge of price discrimination but failed to explain the conditions necessary. On part (b) few candidates noted that it is a two part question ie (i) whether monopolies operate efficiently on the market and (ii) whether monopolies are good for society.

QUESTION 6

A very popular question, but well done by a few candidates. Most candidates failed to address the needs of the question. They were supposed to answer this question basing on applicability of economic theory, either the MRP or demand and supply theories. Most of them just noted institutional factors in explaining wage differentials.

QUESTION 7

A question attempted by very few candidates. Candidates poorly answered this question especially part (b). On part (a) candidates showed good knowledge of the liquidity preference theory, though quite a number of them mistook the demand curve for active balances for the money supply curve. On part (b) most candidates failed to apply the theories to interest rate determination in their country as required by the question.

QUESTION 8

A popular question and well answered by many candidates. Some candidates mistook market imperfections for market failure, but most of them shared good knowledge of externalities and cost and benefit analysis.

QUESTION 9

Less popular question but well done by candidates who attempted it. On part (a) good candidates were able even to analyze the effect of elasticity of demand when the currency appreciates or depreciates.

QUESTION 10

A very popular question though, fairly done by a good number of candidates. On part (a) candidates failed to clearly bring out the components of the concepts. They were supposed to explain the terms thoroughly not to just state the components. On part (b) candidates showed good knowledge of the flaws of GNP in measuring standards of living but failed to bring out its merits.

QUESTION 11

A fairly popular question. Candidates did well on part (a) but poorly on part (b) of the question. On part (b) candidates explained the advantages of economic growth instead of full employment.

QUESTION 12

A very popular question and well answered by many candidates. On part (a) candidates were able to address the needs of the question. On part (b) quite a number of candidates failed to evaluate the effectiveness of policies meant to reduce inflation in their country.