ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Advanced Level

ECONOMICS 9158/3

PAPER 3 Essays

NOVEMBER 2017 SESSION 3 hours

Additional materials:
Answer paper

TIME 3 hours

INSTRUCTIONS TO CANDIDATES

Write your name, centre number and candidate number in the spaces provided on the answer paper/answer booklet.

Answer any **four** questions.

Write your answers on the separate answer paper provided.

If you use more than one sheet of paper, fasten the sheets together.

INFORMATION FOR CANDIDATES

The number of marks is given in brackets [ ] at the end of each question or part question.

You are reminded of the need for good English and clear presentation in your answers.

This question paper consists of 3 printed pages and 1 blank page.

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[Turn over

1 **(a)** Explain how resources are allocated in a free market economy. [10]

(b) Discuss whether an economy can be better-off by relying on the price mechanism to allocate its scarce resources. [15]

2 **(a)** Explain the elasticity of demand concepts. [12]

(b) Discuss the relevance of elasticity concepts to a large retail outlet. [13]

3 **(a)** Explain **(i)** horizontal integration,

(ii) vertical integration. [10]

(b) Discuss the benefits of big firms to society. [15]

4 **(a)** Explain the differences between the economist's profit and the accountant's profit. [12]

(b) Discuss whether profitable firms are efficient firms. [13]

5 **(a)** Explain **(i)** transfer earnings,

(ii) economic rent,

(iii) quasi rent. [12]

(b) Discuss whether wage differentials are determined by workers' level of education in your country. [13]

6 **(a)** With the aid of examples, explain the differences between a free trade area and an economic union. [10]

(b) Discuss the effectiveness of tariffs and quotas in protecting trade. [15]

7 **(a)** Explain the importance of national income statistics to an economy. [10]

(b) Discuss whether national income statistics accurately measure standards of living in your country. [15]

8 **(a)** Explain the causes of a deficit on a country's current account. [10]

(b) Discuss the consequences of a deficit on a country's balance of payments. [15]

9 (a) Analyse the relationship between increase in money supply and

(i) exchange rate,

(ii) inflation,

(iii) economic growth. [12]

(b) Discuss the effectiveness of price controls in reducing inflation in your country. [13]

10 (a) Explain the terms (i) deadweight loss,

(ii) externalities. [10]

(b) Assess the effectiveness of government policies meant to correct market failure. [15]

11 (a) Explain the causes of unemployment in a country. [10]

(b) Discuss the effectiveness of fiscal policy and supply side policies in solving the problem of unemployment in your country. [15]

12 (a) Explain the characteristics of a developing country. [10]

(b) Evaluate the implications to a developing economy of developing through policies of aid and trade. [15]