



# 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.

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

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- 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]