ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Advanced Level

ECONOMICS 6073/3

PAPER 3 Essays

JUNE 2019 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 Evaluate the economic effects of a country transforming its economy from command to a market economy. [25]

2 **(a)** Explain the diminishing marginal utility theory. [10]

(b) Discuss the relevance of the marginal utility theory in determining the demand curve of a good. [15]

3 **(a)** Explain the following terms:

(i) law of variable proportions

(ii) increasing returns

(iii) external diseconomies of scale [12]

(b) Discuss the benefits of multinational firms to a developing country. [13]

4 **(a)** Distinguish between the long run and short run positions of firms under perfect competition. [10]

(b) Discuss the benefits of changing from perfect competition to monopolistic competition. [15]

5 To what extent does the demand and supply theory explain the determination of wage rates in your country. [25]

6 **(a)** Explain how the buffer stock system can be used to stabilise agricultural price. [10]

(b) Discuss the view that intervention in agricultural market by government causes more problems than it solves. [15]

7 **(a)** Explain the following terms of economic integration:

(i) Customs union,

(ii) Free Trade Area,

(iii) Economic union. [12]

(b) Discuss the benefits of economic integration to a developing country. [13]

8 **(a)** With reference to national income statistics, distinguish the following terms:

(i) nominal and real income,

(ii) domestic output and national output,

(iii) factor cost and market price. [12]

(b) Discuss the problems encountered when measuring national income in your country. [13]

9 **(a)** Explain the effects of inflation to the following sectors of the economy:

(i) government,

(ii) firms,

(iii) households. [12]

(b) Discuss the effectiveness of the monetary policy in solving inflation in your economy. [13]

10 **(a)** Explain the relationship between rapid economic growth and high inflation in an economy. [10]

(b) Assess the policies your government can employ to stimulate economic growth. [15]

11 **(a)** Explain the following terms:

(i) externalities,

(ii) opportunity cost in production. [10]

(b) Discuss the effectiveness of using Cost Benefit Analysis by the government of Zimbabwe on establishing a game park in an area where people are settled. [15]

12 **(a)** Explain the following:

(i) quasi-rent,

(ii) transfer earning. [10]

(b) Using income and substitution effects, discuss how an individual worker may react to a rise in the wage rate. [15]