ZIMBABWE SCHOOL EXAMINATIONS COUNCIL

General Certificate of Education Advanced Level

ECONOMICS 6073/3

PAPER 3 Essays

NOVEMBER 2022 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 the basic economic questions are answered in a free enterprise/market economy. [12]

(b) Discuss the reasons for government intervention in a market economy. [13]

2 (a) Distinguish between

(i) renewable and non-renewable resources, [5]

(ii) 'movement along' and shift of demand curve. [5]

(b) Discuss the relevance of the marginal utility theory in determining consumer equilibrium. [15]

3 (a) What are external diseconomies of scale? [10]

(b) Discuss how large firms may benefit your country. [15]

4 Discuss the view that abnormal profits are due to the existence of barriers to entry and exit in an economy. [25]

5 Evaluate the applicability of Loanable Funds Theory (L.F.T) in determining interest rate in your country. [25]

6 Evaluate the appropriateness of using Cost Benefit Analysis (CBA) in public sector projects. [25]

7 Discuss the usefulness of the comparative advantage theory in determining trade flows for an economy. [25]

8 (a) Explain the components of national income. [12]

(b) Discuss the effects of an increase in government expenditure on the economy. [13]

9 (a) Explain any **four** functions of a central bank. [10]

(b) Discuss the effectiveness of policies that may be used to control money supply in an economy. [15]

10 (a) Explain the problems encountered in constructing a consumer price index. [12]

(b) Discuss the effects of inflation to an economy. [13]

11 **(a)** Explain,

(i) fixed exchange rate,

(ii) floating exchange rate. [10]

(b) Discuss the benefits of using a fixed exchange rate to your economy. [15]

12 'Exchange rate stability should be the major macro-economic objective of your country.' Discuss. [25]