



ZIMBABWE EZEKIEL GUTI UNIVERSITY

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FACULTY OF LAW, BUSINESS INTELLIGENCE AND ECONOMICS

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DEPARTMENT OF ECONOMICS, MARKETING AND ENTREPRENEURSHIP

EXAMINATION PAPER

COURSE CODE : CEC 111  
COURSE TITLE : Principles of Economics  
SPECIAL REQUIREMENTS : Non-programmable calculator  
Graph paper.  
DURATION : 3 Hours  
LEVEL : 1.1  
DATE : 08 APR 2024

**INSTRUCTIONS TO CANDIDATES:**

1. No cell phones are allowed in the examination venue.
2. Use of silent, non-programmable calculators is allowed.
3. Answer any **four (4)** questions.
4. Begin each question on a new page.
5. The number of marks for each question or part question is shown in brackets [ ]

### QUESTION 1

Write short notes on the following terms:

- a) Law of supply. [5 marks]
- b) Budget line. [5 marks]
- c) Scarcity. [5 marks]
- d) Labour force. [5 marks]
- e) Discretionary fiscal policy. [5 marks]

### QUESTION 2

- a) Using examples from the Zimbabwean economy, explain **four (4)** cannons of a good tax system. [12 marks]
- b) Explain the role of fiscal policy in economic development of Zimbabwe. [13 marks]

### QUESTION 3

Unemployment has been a very challenging issue to the government of Zimbabwe. Explain any **five (5) types** of unemployment found in Zimbabwe and proffer solutions to solving each type of unemployment.

[25 marks]

### QUESTION 4

- a) Explain any three (3) determinants of Price Elasticity of Supply (PES). [9 marks]
- b) If a firm has \$5,000 per day to spend on the production of product x, with each unit of capital and labour costing \$10 and \$50 respectively. The firm uses 80 units of capital per day. Calculate the units of labour that can be bought given the budget and units of capital used by the firm. [6 marks]
- c) List and explain the factors that affect the demand for second-hand vehicles in Zimbabwe. [10 marks]

### QUESTION 5

- a) Identify and explain the different types of exchange rate regimes, stating the advantages and disadvantages of each. Recommend the best exchange rate to the new governor of the Reserve Bank of Zimbabwe. [13 marks]
- b) Explain the impact of exchange rate depreciation on the balance of payments of the Zimbabwean economy. [13 marks].

Country	Population	GDP (\$)	GDP per Capita
Japan	1 507 0000	341 255 869	
South Africa	62 583 000	128 557 369	
Netherlands	53 145 697	251 583 697	
Zimbabwe	14 876 321	31 587 368	

Calculate the GDP per capita for each country and complete the table.

[12 marks]