



REFORMED CHURCH UNIVERSITY

FACULTY OF COMMERCE

**BACHELOR OF COMMERCE HONOURS DEGREE IN PUBLIC
ADMINISTRATION**

PUBLIC SECTOR ECONOMICS

HPAD 202

PART 2 SEMESTER 1

Total Marks [100]

DATE: DECEMBER 2023

Time: 3 Hours

INSTRUCTIONS

1. This paper has *six (6)* questions
2. Answer question *one (1)* and *any* other *three (3)*
3. Each question carries *25 marks*
4. Start each question on a new page

1. Justify the rationale for government intervention in the economy. (25 Marks)
- 2.(a) Explain the rationale for levying taxes in Zimbabwe (15 Marks)
(b) Explain any three principles/criteria of an effective tax system (10 Marks)
- 3.(a) Evaluate the role of the public sector in addressing income inequality through redistributive policies. (15 Marks)
(b) Explain any 4 characteristics of a free market system (10 Marks)
4. Explain the following terms as used in Public Sector Economics:
 - (a) Privatization (5 Marks)
 - (b) Parastatals (5 Marks)
 - (c) Commercialization (5 Marks)
 - (d) Nationalization (5 Marks)
 - (e) Public Corporations (5 Marks)
5. With the aid of examples evaluate the views that “the Pareto efficiency or optimality theory offers the best model of resources allocation efficiency in economics”. (25 Marks)
6. (i) Explain the followings terms as used in public sector economics
 - (a) Public goods (5 Marks)
 - (b) Merit goods (5 Marks)
 - (c) Free rider problem (5 Marks)
 - (ii) Examine any 3 possible solutions to the free rider problem (10 Marks)

END OF PAPER