

**CHRISTIAN SOCIAL SERVICES COMMISSION (CSSC)
NORTHERN ZONE JOINT EXAMINATIONS SYNDICATE (NZ-JES)**



FORM SIX PRE – NATIONAL EXAMINATION 2026

151/2

ECONOMICS 2

Time: 3:00 Hours

Monday, 2nd March 2026 p.m.

Instructions

1. This paper consists of section **A**, **B** and **C** with total of **eight (8)** questions.
2. Answer **all** questions in section **A**, choose **two (2)** questions from sections **B** and **C**.
3. Section **A** carries **twenty (20)** marks and section **B** and **C** carry **forty (40)** marks each.
4. Non programmable calculator may be used.
5. All writing should be in **blue** or **black** ink, **except** for drawings which must be in pencil.
6. Communication devices and any unauthorized materials are **not** allowed in the examination room.
7. Write your **Examination Number** on every page of your answer booklet(s)

SECTION A (20 Marks)
Answer **all** questions in this section

1. Economists and policy makers believe that economic integration leads to significant benefits. Using **five** points, explain the problems faced by East African regional integration in achieving their stipulated goals.
2. The solution to the problem of unemployment in Tanzania lies in the careful development of the agricultural sector. Briefly suggest long-term solutions to agricultural underdevelopment. (Use **five** points)

SECTION B (40 Marks)

In this section answer only **two** questions. Each question carries **20 marks**.

3. (a) Suppose the level of autonomous investment in an economy is 200 million and the consumption function of the economy is: $C = 80 + 0.75Y$
 - (i) What will be the equilibrium level of income?
 - (ii) What will be the increase in national income if investment increases by 25 million?
 - (iii) What increase in investment is needed to raise income by 4000 million?
 - (iv) How much increase will there be in consumption and saving due to the increase in income in (iii) above?
- (b) The national income and expenditure of an economy flow in a circular manner continuously through time. What are the factors affecting the circular flow of income? (Use relevant points)
4. (a) Explain the limitations of the credit creation approach in the banking system. (Use **five** points).
- (b) Outline the main roles of the Central Bank of Tanzania as the financial overseers of the economy? (Use **five** points).
5. (a) Imagine a world with only two countries, country A and country B. In country A, workers take two hours to produce a cellphone while it takes eight hours in country B. In country A, on the other hand, it takes four hours for a worker to make a tonne of potato chips, which takes ten hours in country B. Using the above information, answer the following questions:
 - (i) Which country has absolute advantage in production of which product? Why?
 - (ii) Which country specializes in which product? Why?
- (b) Despite many benefits of free trade, various countries especially low developing countries (LDCs) have put up barriers to trade. As a modern economist, suggest **six** reasons to support those countries.

SECTION C (40 marks)

Answer only **two** questions from this section, each carries **twenty marks**.

6. "Foreign aid neither leads to economic growth nor benefits to the poor in low developing countries." Using **six** points, justify this statement.
7. In the beginning of every fiscal year, the Government of Tanzania presents its budget explaining estimated receipts and expenditure for the upcoming financial year. Using **six** points, account for the major themes in the current financial year budget of Tanzania.
8. Many economic plans face the problem of failure. With vivid examples, explain why plans fail during their implementation. (Use **six** points).