



**2nd SEM. 2005/2006**

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**UNIVERSITY OF SWAZILAND  
FINAL EXAMINATION PAPER**

**PROGRAMME: B.Sc. in Agriculture V (AEM OPTION)**

**COURSE CODE: AEM 508**

**TITLE OF PAPER: ECONOMIC DEVELOPMENT AND TRADE**

**TIME ALLOWED: TWO (2) HOURS**

- INSTRUCTION: 1. ANSWER QUESTION ONE AND CHOOSE ANY OTHER TWO FROM THE REMAINING THREE QUESTIONS.**
- 2. QUESTION ONE CARRIES FORTY (40) MARKS AND THE REMAINING QUESTIONS THIRTY MARKS EACH.**

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**Question 1**

(a) Summarize the arguments both for and against highly unequal income distribution as a necessary condition for generating rapid economic growth.

**18 MARKS**

(b) Explain the issues that form the basis of the debate between trade optimists and trade pessimists.

**16 MARKS**

(c) Briefly explain the ingredients of servicing an external debt.

**6 MARKS**

**Question 2**

(a) Outline major policy options which developing countries may apply to alter and modify the size distribution of national income.

**20 MARKS**

(b) Outline the major issues that should be considered in answering the following question: How does the current population situation in developing countries contribute to or detract from chances of realizing the goals of development.

**10 MARKS**

**Question 3**

(a) Discuss the various policy options that developing countries may apply in trying to modify or limit the rate of population growth.

**15 MARKS**

(b) The effect of international trade on a country's development are often related to four economic concepts: equity, growth, efficiency and stability. Briefly explain what is meant by each of these concepts as they relate to the theory of international trade.

**15 MARKS**

**Question 4**

(a) Explain the arguments supporting the use of tariffs, quotas and other trade barriers in developing countries.

**12 MARKS**

(b) Summarize the arguments for and against the role and impact of foreign investment in developing countries.

**18 MARKS**