



2ndSEM.2011/2012

Page 1 of 2

**UNIVERSITY OF SWAZILAND
FINAL EXAMINATION PAPER**

**PROGRAMME: B.Sc III in Agricultural Economics and Agribusiness
Management**

COURSE CODE: AEM 307

TITLE OF PAPER: INTERMEDIATE MACROECONOMICS

TIME ALLOWED: TWO (2) HOURS

**INSTRUCTION: 1. ANSWER ALL FOUR QUESTIONS
2. EACH QUESTION CARRIES TWENTY (25) MARKS**

**DO NOT OPEN THIS PAPER UNTIL PERMISSION HAS BEEN GRANTED BY
THE CHIEF INVIGILATOR**

Question 1

- (a) List and compare the components of the expenditure approach to calculating GDP. **9 MARKS**
- (b) Define and distinguish between final goods and intermediate goods. **7 MARKS**
- (c) What is the difference between real and nominal GDP and why do economists make this distinction? **9 MARKS**

Question 2

- (a) Why is there unemployment even when the economy is at "full employment"? **9 MARKS**
- (b) Would you agree that the CPI is a biased measure of the inflation rate? Explain your answer. **16 MARKS**

Question 3

- (a) List and discuss the economic functions that depository institutions provide their customers. **12 MARKS**
- (b) List and discuss the factors that determine the demand and supply of loanable funds and what makes them change. **13 MARKS**

Question 4

- (a) Define labor productivity and discuss the relationship between labor productivity, human capital growth, physical capital and technology change. **10 MARKS**
- (b) Define the foreign exchange market and briefly discuss the factors that influence demand and supply in this market. **15 MARKS**