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**UNIVERSITY OF SWAZILAND
FINAL EXAMINATION PAPER**

**PROGRAMME: B.Sc IV 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 25 MARKS**

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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) Discuss the similarities and differences between job losers and job leavers. **5 MARKS**
- (b) Define and give an example of how a spell of frictional and structural unemployment can begin. **12 MARKS**
- (c) Explain the relationship between real GDP and potential GDP and between the unemployment rate and the natural unemployment rate as the economy moves through a business cycle. **8 MARKS**

Question 3

- (a) Would you agree that the CPI is a biased measure of the inflation rate? Explain your answer. **16 MARKS**
- (b) What is the difference between a recessionary gap and an inflationary gap? **5 MARKS**
- (c) Explain what type of unemployment changes with the business cycle and how it changes. **4 MARKS**

Question 4

- (a) List and explain the factors that can increase labor productivity. **7 MARKS**
- (b) What is barter? What is a double coincidence of wants? How does the existence of money affect barter? **5 MARKS**
- (c) List and discuss the four economic functions that depository institutions provide their customers **13 MARKS**