University of Swaziland
Final Examination Paper
Supplementary 2005

Title of Paper   :   Macroeconomics

Course Code   :   IDE- ECON 203-1

Time Allowed   :   TWO (2) Hours

Instructions: 1. Answer ANY THREE Questions.
                   2. All Questions Carry Equal Marks of 25 each.

DO NOT OPEN THIS QUESTION PAPER UNTIL THE INVIGILATOR
HAS GRANTED PERMISSION.

QUESTION 1

Write concise explanatory notes on each of the following:
(a)   Keynesian and Classical cases of the LM curve.
(b)   Problems encountered when using GDP per capita as a measure of social welfare
(c)   The roots of macroeconomics
(d)   Methodology of macroeconomics
(e)   The three main topics of primary concern to macroeconomics

(5 marks each)

QUESTION 2

(a)   Distinguish between GDP and GNP. Outline the income and expenditure approaches
        used to calculate GDP.

(15 marks)

(b)   The economy of Swaziland recorded high growth rates in the 1980s and early 1990s.
        What factors were responsible for this? What factors contributed to the turnaround in
        economic performance?

(10 marks)

QUESTIONS 3

Discuss in detail, using current statistics, any five challenges facing the economy of Swaziland.

(25 marks)

QUESTION 4

(a)   Derive the equation for the LM curve. Explain all steps clearly.

(10 marks)

(b)   Derive the equation for the IS curve.

(5 marks)

(c)   State the main assumptions of the Simple Keynesian Model. Graph and compare the
        aggregate demand curves with and without government sector in this model.

(10 marks)