

**UNIVERSITY OF SWAZILAND  
DEPARTMENT OF ECONOMICS**

**FINAL EXAMINATION PAPER, MAY 2006**

**TITLE OF PAPER: STRUCTURE OF THE SWAZI ECONOMY**

**COURSE CODE : ECON 425**

**TIME ALLOWED: THREE HOURS**

- INSTRUCTIONS:**
- 1. ANSWER ONLY ONE QUESTION FROM EACH SECTION [FOUR QUESTIONS IN ALL]**
  - 2. ALL QUESTIONS CARRY EQUAL MARKS OF 25 MARKS EACH**
  - 3. USE A SEPARATE ANSWER BOOKLET FOR EACH SECTION**

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

## **SECTION A: AGRICULTURAL ECONOMICS**

### **ANSWER ONLY ONE QUESTION**

#### **QUESTION ONE**

- a) Briefly outline basic features of the rural economy. [7 marks]
- b) The role of the agricultural sector in the development of the Swazi economy cannot be ignored. Discuss [18 marks]

#### **QUESTION TWO**

- a) Briefly outline the importance of Rural Development Areas Programmes (RDAPs). [7 marks]
- b) Explain the major problems that hinder the progress of the Rural Development Programmes (RDAPs). [18 marks]

## **SECTION B: DEVELOPMENT ECONOMICS**

### **ANSWER ONLY ONE QUESTION**

#### **QUESTION THREE**

- [a] Trace the pattern of Swaziland's economic performance since the 1980s. [9 marks]
- [b] What were the factors responsible for the pattern? [8 marks]
- [c] Identify the current constraints to economic development in Swaziland. [8 marks]

#### **QUESTION FOUR**

- [a] What are the causes of HIV/AIDS in Swaziland? [7 marks]
- [b] Trace the major socio-economic effects of the pandemic in the country. [13 marks]
- [c] Identify the effects of the traditional social security system on poverty alleviation in Swaziland. [5 marks]

## **SECTION C: INTERNATIONAL ECONOMICS**

### **ANSWER ONLY ONE QUESTION**

#### **QUESTION FIVE**

- [a] Trace the size and growth of the Swazi foreign sector since the 1980s. [8 marks]
- [b] Discuss the roles of the external sector in Swaziland's economy. [9 marks]
- [c] How is the exchange rate of the Lilangeni [Swaziland's national currency] determined? [8 marks]

#### **QUESTION SIX**

- [a] Discuss the structure of Swaziland's exports and imports. [10 marks]
- [b] What are the determinants of the structure? [5 marks]
- [c] Explain the directions [destinations and sources] of the exports and imports of the country. [10 marks]

## **SECTION D: PUBLIC FINANCE**

### **ANSWER ONLY ONE QUESTION**

#### **QUESTION SEVEN**

- a) Outline and Critique the budget Planning process of the Government of Swaziland. [12 marks]
- b) Summarize the policy issues raised with regard to public expenditures and revenues in Swaziland's most recent budget speech. [13 marks]

#### **QUESTION EIGHT**

- a) Write short explanatory notes on each of the following:
- i) Common Property Resources and the Tragedy of Commons. [6 marks]
  - ii) Pure private goods vs pure public goods. [5 marks]
- b) Critically evaluate then following principles of taxation:
- i) Benefit principle
  - ii) Ability-to-Pay Principle [7 marks each]