

UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF ECONOMICS
FINAL EXAMINATION PAPER, MAY 2008

- TITLE OF PAPER** : **STRUCTURE OF THE SWAZI ECONOMY**
- COURSE CODE** : **ECON 425**
- TIME ALLOWED** : **THREE (3) HOURS**
- INSTRUCTIONS** :
1. **ANSWER ONLY ONE (1) QUESTION FROM EACH SECTION [FOUR QUESTIONS].**
 2. **ALL QUESTIONS CARRY EQUAL MARKS OF TWENTY FIVE (25) EACH.**
 3. **USE SEPARATE ANSWER BOOKLET FOR EACH SECTION.**

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

SECTION A**AGRICULTURAL ECONOMICS AND DEVELOPMENT ECONOMICS**

Answer only ONE question:

QUESTION 1

- (a) 'The role of the agricultural sector in developing the Swazi economy cannot be ignored.' Discuss. [10 marks]
- (b) Discuss five (5) major socio-economic factors affecting Land Use and Agricultural Development in Swaziland. [15 marks]

QUESTION 2

- a) Examine the various socio-economic challenges that are faced by Swaziland in her quest for better and secured lives for the people of the country. [20 marks]
- b) Discuss briefly how the problems created by ONE of such challenges can be solved. [5 marks]

SECTION B**QUESTION 3**

- (a) Discuss the rationale for the existence of the public sector. [13 marks]
- (b) For the three challenges faced by the government of Swaziland economy, indicate the strategies that, as an economist, you would undertake in order to curb the problems. [12 marks]

QUESTION 4

- (a) Critically examine the two principles of analysing a tax system. [8 marks]
- (b) Describe the elements of a good tax. [10 marks]
- (c) Briefly comment on the adequacy of the revenue structure of the government of Swaziland in addressing the future demands of a growing economy. [7 marks]

SECTION C

QUESTION 5

- (a) The Central Bank of Swaziland is trying to find ways of making the stock market active in the country. Why do you think it is important to have or to promote this kind of a market in Swaziland? [18 marks]
- (b) What do you think would be the disadvantages of having a stock market in Swaziland? [7 marks]

QUESTION 6

Suppose that the Central Bank governor announces that interest rates have fallen, say, from 6% to 4% in Swaziland over the past 12 months.

- (a) How would this fall in interest rate affect the behaviour of people in the country? [5 marks]
- (b) Is everyone worse off when interest rates rise? [5 marks]
- (c) Swaziland's money supply is said to be **indeterminate**. Explain the implications of this statement about money supply in Swaziland. [5 marks]
- (d) How does a depreciation of the Lilangeni affect consumers in Swaziland? [5 marks]
- (e) What effects might a fall in stock prices have on business investment in Swaziland? [5 marks]

SECTION D**QUESTION 7**

- (a) The foreign sector is an engine of growth in the Swazi economy. To what extent in this statement justified? [10 marks]
- (b) Swaziland is a member of some regional groupings in the Southern African region. Should the country continue with this multiple membership of the regional groupings? [15 marks]

QUESTION 8

- (a) Discuss the structure of the **Exports and Imports** of Swaziland since the early 1980s. [15 marks]
- (b) Identify the country's most important export commodity and the role it plays in the national economy. [10 marks]