

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF SOCIAL SCIENCE**  
**DEPARTMENT OF ECONOMICS**  
**SUPPLEMENTARY EXAMINATION PAPER, JULY 2010**

**TITLE OF PAPER** : **PRINCIPLES OF MICRO ECONOMICS**

**COURSE CODE** : **ECON 102**

**TIME ALLOWED** : **TWO (2) HOURS**

**INSTRUCTIONS** :

1. **ANSWER QUESTION ONE (IT IS COMPULSORY).**
2. **ANSWER ANY OTHER TWO QUESTIONS.**
3. **ANSWER THREE QUESTIONS IN ALL.**

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**QUESTION 1 (8 marks each: 40 marks in all)**

Discuss each of the following economic terms:

- (a) Producer surplus
- (b) Opportunity cost
- (c) Perfectly inelastic supply
- (d) Price discrimination
- (e) Oligopoly

**QUESTION 2 (30 marks)**

1. Critically examine a command economy as a way of handling the main economic questions. (18 marks)
2. Discuss three of the determinants of elasticity of demand. (12 marks)

**QUESTION 3 (30 marks)**

- (a) Discuss five determinants of supply. (10 marks)
- (b) Describe an isoquant (5 marks)
- (c) What are the properties of an isoquant curve? (15 marks)

**QUESTION 4 (30 marks)**

- (a) Describe disequilibrium analysis (10 marks)
- (b) Examine the effects of a sales tax under each of the following conditions. (20 marks)
  - i. Where the incidence falls entirely on suppliers
  - ii. Where the incidence falls entirely on consumers

**QUESTION 5 (30 marks)**

- (a) What are the main characteristics of monopoly? (10 marks)
- (b) Discuss how price and output are determined in the short run for an individual perfectly competitive firm and the whole industry, assuming profit maximization. (20 marks)