

UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF ECONOMICS
MAIN EXAMINATION PAPER, MAY 2010

TITLE OF PAPER : **PRINCIPLES OF MACRO ECONOMICS**

COURSE CODE : **ECON 104**

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

INSTRUCTIONS :

- 1. ANSWER ANY THREE (3) QUESTIONS.**
- 2. ANSWER THREE (3) QUESTIONS IN ALL.**

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QUESTION 1

- (a) Describe three major approaches to measuring national output. [15 marks]
- (b) Explain two major uses of national output figures. [10 marks]

QUESTION 2

- (a) Explain any two functions of money. [6 marks]
- (b) Discuss the three types of demand for money. [15 marks]
- (c) List any four methods available to a Central Bank for controlling money supply. [4 marks]

QUESTION 3

- (a) Describe three major determinants of investment in Swaziland. [15 marks]
- (b) Describe the three major consumption theories. [15 marks]

QUESTION 4

- (a) What do you understand by the term 'multiplier'. [5 marks]
- (b) Show algebraically a multiplier in a model with a lump-sum tax. [10 marks]
- (c) Show algebraically that the balanced budget multiplier is equal to 1. [10 marks]

QUESTION 5

Outline the structural characteristics of the Swaziland economy and indicate their historical origins. [25 marks]