

UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF ECONOMICS

MAIN EXAMINATION PAPER

MAY 2017

PAPER TITLE: STRUCTURE OF THE SWAZILANDECONOMY

CODE : ECON 428

INSTRUCTIONS

1. ANSWER TWO QUESTIONS FROM EACH SECTION
2. USE DIFFERENT ANSWER SHEETS FOR EACH SECTION
3. THIS IS A TWO HOUR PAPER

DO NOT OPEN THIS PAPER UNTIL YOU HAVE BEEN
INSTRUCTED TO DO SO

Section A: International Trade

Question 1

- a) Define the rules of Origin [3]
- b) Differentiate between wholly owned commodities and substantially transformed commodities in the determination of the rules of origin [7]
- c) With reference to Swaziland, how can the rules of origin affect, the economy, investment and industrial structure of Swaziland. [15]

Question 2

- a) Using relevant statistics assess Swaziland's participation in COMESA FTA, SADC FTA and SACU. [25]

Question 3

- a) Critically examine the implications of Swaziland's membership to the Common Monetary Area (CMA). In your own opinion is it beneficial for Swaziland to continue being a member of the CMA or should the country opt out? [15]
- b) Highlight the five levels of regional integration and clearly state which levels the country has attained. [10]

SECTION B PUBLIC FINANCE PART (Answer any two questions on a new answer booklet)

Question 4

- a) Outline the main sources of government revenue in Swaziland. State the current percentage contributions of each source to total revenue. **(10 marks)**
- b) Discern between recurrent and capital expenditure by government. Use examples. **(5 marks)**
- c) Outline any four challenges facing government of Swaziland on the expenditure side. **(10 marks)**

Question 5

- a) Discuss the displacement effect in peacock and Wiseman's model of government expenditure growth. Comment on the relevance of this model in explaining expenditure growth in Swaziland. **(15 marks)**
- b) In your opinion, is the level of public debt in Swaziland sustainable? Discuss using the relevant various critical ratios. **(10 marks)**

Question 6 (Use the figures as indicated in the Swaziland current national budget 2017/18 for this question).

- a) What is the indicated total projection for total revenue and grants for 2016/2017? State the total SACU receipts and total non-SACU revenue for the same year 2016/17. **(6 marks)**
- b) State the projected outturn for total government expenditure and the deficit to GDP ratio for 2016/17. How has this deficit been financed? **(8 marks)**
- c) Should the government of Swaziland tax or borrow to finance spending? Discuss. **(11 marks)**