

UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF ECONOMICS
MAIN EXAMINATION
MAY, 2018

TITLE OF PAPER: STRUCTURE OF THE SWAZI ECONOMY 11

COURSE CODE: ECON 428

TIME ALLOWED: TWO (2) HOURS

- INSTRUCTIONS:
1. ANSWER AND ANY TWO QUESTIONS FROM EACH SECTION.
 2. ANSWER EACH SECTION ON A NEW ANSWER BOOKLET.

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SECTION A (CHOOSE ANY TWO QUESTIONS FROM THIS SECTION)

Question 1

- a) Choose and explain **any two** macroeconomic models used to explain growth in government expenditure in the literature. Show their relevance in the Swaziland case. **(13 marks)**
- b) Outline **any four** fiscal challenges in Swaziland. Use current data where applicable. **(12 marks)**

Question 2

- a) Public debt levels in Swaziland have reached unsustainable levels. Do you agree with this statement? Explain, using the applicable ratios. **(13 marks)**
- b) Provide the ownership structure for both domestic and external public debt in Swaziland. **(7 marks)**
- c) The government of Swaziland considers debt management as crucial. Do you agree? Explain. **(5 marks)**

Question 3

- a) Based on the various budgetary allocations for fiscal year 2018/2019, comment on how these will help the country deal the various challenges we face as a country. Provide logical arguments and use data to support your points as much as possible. **(20 marks)**
- b) For the past five years, how did government finance budget deficits? Comment on the suitability of these strategies for the economy. Are they sustainable going forward? Explain. **(5 marks)**

SECTION B

Question 1

a) The World Trade organisation consists of the following principles that are a foundation of the multilateral trading system

- i. Trade without discrimination
- ii. Freer trade
- iii. Predictability
- iv. Promoting fair competition and
- v. Encouraging development and economic reform

Explain the meaning and reasoning behind each of these principles clearly stating examples where possible. [10 marks]

b) In what way is the existence of the multilateral trading system beneficial to a small country like Swaziland. Cite specific provisions to substantiate your arguments. [15 marks]

Question 2

- a) What is meant by economic integration [3 marks]
- b) What are the benefits of economic integration [10 marks]
- c) Mention and discuss any two trading blocks to which Swaziland is integrated. Indicate the trade volumes involved in your presentation.

[12 marks]

Question 3

Define the following terms:

- a) Autarky
- b) Intra-firm trade
- c) Scarce factor
- d) The principle of National Treatment
- e) Comparative advantage

[25 marks]