

UNIVERSITY OF ESWATINI
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
RE-SIT/ SUPPLEMENTARY EXAMINATION
JANUARY 2019

TITLE OF PAPER: **STRUCTURE OF THE SWAZI ECONOMY I**

COURSE CODE: **ECO 421/ ECON 427**

TIME ALLOWED: **2 HOURS**

INSTRUCTIONS: **ANSWER QUESTION ONE (1) AND ANY TWO (2)**
OTHER QUESTIONS

QUESTION ONE CARRIES 40 MARKS.

THE REST OF THE QUESTIONS CARRY 30 MARKS
EACH

SECTION A (Compulsory)

(40 Marks)

Question One

(a) Briefly state the pros and cons of Swaziland maintaining a fixed exchange rate peg to the South African Rand. [20]

Question Two

Discuss the factors that compromise the food security situation in Swaziland. [20]

SECTION B (Choose One Question from this Section)

(30 Marks Each)

Question Three

(a) Outline the different stages of economic integration. Give an example of each stage in your answer. [16]

(b) Outline the balance sheet of the Central Bank and explain how it uses its assets and liabilities to determine the monetary base. [14]

Question Four

(a) Compare the arguments for inflation targeting versus nominal income targeting as monetary policy regimes. [16]

(b) What problems can arise from a fractional-reserve banking system? [5]

(c) Briefly describe the 3 motives for holding money. [9]

SECTION C (Choose One Question from this Section)

(30 Marks Each)

Question Five

What is meant by sustainable agriculture? Discuss any six policies that the Eswatini government can design and implement to promote sustainable agriculture. [30]

Question Six

- a) Define the meaning of policy in its broadest sense and hence explain what is meant by agricultural price policy. [5]
- b) What are the main objectives of agricultural price policy? [15]
- c) What could be the possible outcomes of agricultural price policy on the performance of a typical farmer in Eswatini? [10]