

UNIVERSITY OF ESWATINI
DEPARTMENT OF ECONOMICS
FINAL EXAMINATION PAPER, MAY 2019

PAPER TITLE : STRUCTURE OF THE SWAZI ECONOMY

COURSE CODE : ECO422/ECON 428

TIME ALLOWED : TWO (2) HOURS

INSTRUCTIONS :

- 1. ANSWER ONE QUESTION FROM EACH SECTION**
- 2. ALL QUESTIONS CARRY 50 MARKS EACH**

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED
BY THE INVIGILATOR**

SECTION A

QUESTION 1

- a. Using relevant examples, distinguish between specific and ad valorem tariffs.
(10 marks)
- b. Give an explanation on the challenges facing agricultural export development in Eswatini.
(20 marks)
- c. Economic integration among developing nations is increasingly becoming relevant. Discuss the importance of regional trade to Eswatini.
(20 marks)

QUESTION 2

- a. As a policy measure, which is better a Tariff or a Quota? Briefly explain your answer.
(10 marks)
- b. With the aid of a graph, illustrate the conditions under which the imposition of a tariff may improve the welfare of Eswatini.
(20 marks)
- c. Discuss the implications of pegging the Eswatini currency with South Africa rand.
(20 marks)

SECTION B

QUESTION 3

- a. Is the severe fiscal crisis over in Eswatini? Explain your answer. (30 marks)
- b. Is financing the government deficit by borrowing rather than raising taxes a best option? Explain your answer. (20 marks)

QUESTION 4

- a. Describe the arguments for and against the effects of foreign aid in Eswatini.
(35 marks)
- b. Under what conditions should Eswatini seek foreign aid in the future?
(15 marks)