



# **UNIVERSITY OF ESWATINI**

**SECOND SEMESTER MAIN EXAMINATION PAPER, AUGUST 2020**

**FACULTY OF SOCIAL SCIENCES**

**DEPARTMENT OF ECONOMICS**

**COURSE CODE: ECO406 / ECON409**

**TITLE OF PAPER: PUBLIC FINANCE II**

**TIME ALLOWED: 2 HOURS**

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## **Instructions**

1. This paper consists of two (2) sections, A and B
2. Section A, is compulsory and carries 40 marks
3. Section B, contains three (3) questions
4. Answer any other two (2) questions in Section B

## **Special Requirements**

Scientific calculator

## **Additional Material (s)**

None

**DO NOT turn examination paper over until instructed to do so**

## SECTION A

### Question 1 - Compulsory

[40]

- a) Utilizing the appropriate intertemporal fiscal policy model, discuss the six major public finance modalities and with the aid of relevant data and the budget speech which of these modes are currently in use in Eswatini? [35]
- b) What is the Ricardian equivalence? [5]

## SECTION B

### ANSWER ANY TWO (2) QUESTIONS

#### Question 2

- a) Utilizing relevant statistics and budget figures present a budget brief for the agriculture sector in Eswatini. [15]
- b) What is dynamic inconsistency? [3]
- c) Why does dynamic inconsistency strengthen the case for having policy rules rather than having authorities with discretionary power over economic policy? [12]

#### Question 3

- a) Discuss the rationale for public borrowing. [10]
- b) Discuss any five methods of classifying public debt. [10]
- c) The minister for Finance always insists that the country's debt levels are still within acceptable limits based on IMF ratio's, do you agree with these sentiments? Support your arguments with the relevant statistics [10]

#### Question 4

- a) Using actual data and statistics discuss the major public finance challenges facing the public sector in Eswatini. [15]
- b) In the context of Eswatini discuss how the Medium Term Expenditure Framework can be used to achieve fiscal consolidation in the midst of SGD's and the NDS. [15]



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**TITLE OF PAPER: AGRICULTURAL POLICIES and RURAL  
DEVELOPMENT**

**TIME ALLOWED: 2 HOURS**

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## Instructions

1. This paper consists of two Sections, (A) and (B).
2. Question 1 in Section A is compulsory.
3. Choose any two (2) questions in Section B

## Special Requirements

None

*Candidates may complete the front cover of their answer book when instructed by the Chief Invigilator and sign their examination attendance cards but must NOT write anything else until the start of the examination period is announced.*

*No electronic devices capable of storing and retrieving text, including electronic dictionaries and any form of foreign material may be used while in the examination room.*

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## **SECTION A**

### **Question 1 (Compulsory: 40 marks)**

- a) Describe three (3) basic fundamental agricultural policy objectives. [15 marks]
- b) Explain briefly how the international trading environment is a major challenge leading to agriculture policy formulation. [10 marks]
- c) Explain how inappropriate land policies can constitute a serious constraint on economic development of the agricultural sector. [15 marks]

## **SECTION B**

### **Answer any two questions: [30 marks each]**

#### **Question 2**

- a) What is the aim of the Women's Empowerment in Agriculture Index (WEAI)? [10 marks]
- b) Describe four (4) economic benefits of governments' intervention through taxes and subsidies in agriculture. [20 marks]

#### **Question 3**

- a) Describe three (3) key objectives of food policy in developing countries. [15 marks]
- b) Describe three (3) challenges women face in agriculture and development projects. [15 marks]

#### **Question 4**

- a) What is the role of World Trade Organization (WTO) in developing countries? [15 marks]
- b) Explain the impact of institutions on the development of rural economies. [15 marks]