

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**FACULTY OF COMMERCE**

**DEPARTMENT OF BANKING**

**Principles of Macro Economics [CBA 1205]**

**Supplementary Examination – August 2004**

**Instructions to Candidates**

1. Duration: 3 hours
2. Answer FOUR Questions
3. All questions carry equal marks

**Questions 1**

Explain the usefulness of national income statistics. Discuss the problems experienced in using these statistics and how these problems can be overcome. **[25 marks]**

**Question 2**

(a) (i) Calculate the national income of the following hypothetical economy. Amounts are in Z\$ for the year 2002. Income from employment (80), Public authorities current expenditure (100) Stock appreciation (20), Private corporate profits (10), Profits from quasi-government companies (15), Income from SME operations (13), Rewards to land and related factors of production (18), Exports ( 8), Output from industries (40), Imports (4). **[20 marks]**

(b) What type of economy is this? ( Justify your answer) **[ 5 marks]**

**Question 3**

(a) Critically analyze five determinants of investment and show clearly how each one of them influences investment. **[10 marks]**

(b) State and explain five characteristic features required for money to be able to perform its functions. **[10 marks]**

(c) Identify and explain four determinants of consumption. **[ 5 marks]**

#### **Question 4**

What types of unemployment exist in the Zimbabwean economy and how can government solve each of the different types of unemployment that you have mentioned?  
[25 marks]

#### **Question 5**

(a) Give four major reasons why monetary economics is important in the overall study of macroeconomics.  
[ 7 marks]

(b) Explain the following terms

- (1) Double coincidence of wants
- (2) Use value
- (3) Exchange value
- (4) Monetary standard
- (5) Financial dualism
- (6) Real sector

[18 marks]

**End of Paper**