

**NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF ARCHITECTURE AND QUANTITY SURVEYING
BACHELOR OF QUANTITY SURVEYING (HONOURS) DEGREE
PART I SECOND SEMESTER EXAMINATIONS – MAY 2006**

PRINCIPLES OF MACROECONOMICS – AQS 1204

TIME: 3 Hours

TOTAL MARKS: 100

INSTRUCTIONS:

Answer Question one and any three other questions.
All questions carry equal marks

QUESTION 1

- a) What are the consequences of inflation particularly for an economy like that of Zimbabwe. (10 marks)
- b) The monetarist and the structuralist views on the causes of inflation differ mainly in terms of the underlying factors. Evaluate this statement showing clearly how the two schools of thought differ or converge. (15 marks)

QUESTION 2

- a) Explain the usefulness of national income statistics. (10 marks)
- b) Discuss the problems experienced in using these statistics and how these problems can be overcome. (15 marks)

QUESTION 3

- a) What is the difference between fiscal and monetary policy (5 marks)
- b) Critically examine the Reserve Bank of Zimbabwe (RBZ) current monetary policy. (20marks)

QUESTION 4

- a) Using the J-Curve effect, explain how devaluation is meant to improve the balance of payments position.. (10 marks)
- b) Critically assess the arguments for and against floating exchange rates in a country like Zimbabwe. (15 marks)

QUESTION 5

- a) Critically analyze five determinants of investment and show clearly how each of them influences investment? (10 marks)

- b) Elaborate on the following
 - i) The components of Gross Domestic Expenditure (7 marks)
 - ii) The relationship between GDP and GNP. (4 marks)
 - iii) The differences between GDP at market prices and GDP at factor cost. (4 marks)

END OF EXAMINATION