

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY
FACULTY OF THE BUILT ENVIRONMENT
BACHELOR OF QUANTITY SURVEYING (HONOURS) DEGREE
PART 1 SECOND SEMESTER EXAMINATIONS
PRINCIPLES OF MACRO ECONOMICS [AQS 1204]
SUPPLEMENTARY EXAMINATION **2011**
TIME: 3 HOURS

INSTRUCTIONS TO CANDIDATES

- Answer any **FOUR (4)** questions.
- Start the answer to each full question on a fresh page of the answer sheet
- Show all workings.
- Questions may be written in any order, but must be legibly numbered.

INFORMATION FOR CANDIDATES

The paper contains six (6) questions.

All whole questions carry equal marks [25 marks] and part marks are indicated in brackets at the end of each part question.

The economies in this question paper are intended to be fictitious.

This paper consists of 4 printed pages

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[Turn Over]

QUESTION 1

- a) Describe the three methods of measuring national income. [12 marks]
- b) State briefly any eight uses of national income statistics. [8 marks]
- c) Explain the concept of the Gross Domestic Product (GDP) deflator. [5 marks]

[25 MARKS]

QUESTION 2

- a) The Keynesian and monetarists differ in their conception of aggregate demand and unemployment. Explain the key aspects of divergence in terms of policy between the two schools of thought. [15 marks]
- b) Briefly explain the relationship between wage inflation and unemployment as theorized by Professor A W Phillips. [10 marks]

[25 MARKS]

QUESTION 3

- a) Use a well-labelled diagram the impact of the imposition of an import quota by Zimbabwe to different economic agents involved in international trade and to society as a whole. [11 marks]
- b) Study the following table and answer the questions which follow:

Country	Sugar (in tonnes)	Copper (in tonnes)
South Africa	0.5	2
Zambia	0.25	1.5

- i) Compute opportunity cost ratios and present them in a well-labelled table. [4 marks]
- ii) Use the opportunity cost table to deduce how South Africa and Zambia will specialize. [4 marks]
- iii) Deduce the mutually beneficial trading ratio and explain the gains from specialization that will be enjoyed by South Africa and Zambia. [6 marks]

[25 MARKS]

QUESTION 4

- a) Distinguish between exchange rate depreciation and exchange rate devaluation.

[13 marks]

- b) Explain the elasticity approach of exchange rate determination.

[12 marks]

[25 MARKS]

QUESTION 5

- a) Between 2000 and 2008 Zimbabwe experienced a number of chronic macroeconomic problems. Identify and explain four such problems.

[16 marks]

- b) Assess the suitability of export oriented industrialization for any emerging economy you have studied.

[9 marks]

[25 MARKS]

QUESTION 6

- a) Explain the consequences of price-controls in the light of Zimbabwe's economic experiences in the year 2008.

[12 marks]

- b) Evaluate the relevance of the investment multiplier to the Zimbabwean economy.

[13 marks]

[25 MARKS]