

**ECS207G**May/June 2010
Mei/June 2010
DEVELOPMENT ECONOMICS (ECONOMICS 207)
ONTWIKKELINGSEKONOMIE (EKONOMIE 207)
Duration 2 Hours
Tydsduur 2 Uur100 Marks
100 Punte**EXAMINERS / EKSAMINATORE :**
 FIRST / EERSTE PROF AG OOSTHUIZEN
 SECOND / TWEEDE PROF P LALTHAPERSAD-PILLAY

 Use of a non-programmable pocket calculator is permissible
 Gebruik van 'n nie-programmeerbare sakrekenaar is toelaatbaar

This paper consists of 26 pages including 2 additional pages for longer answers or rough work (pp 25 to 26) plus the special front page

Hierdie vraestel bestaan uit 26 bladsye insluitende 2 ekstra bladsye vir langer antwoorde of rofwerk (pp 25 tot 26) plus die spesiale voorblad

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STUDENT NUMBER / STUDENTENOMMER

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INSTRUCTIONS:

- 1 Please write legibly We cannot mark what we can't read
- 2 Do NOT use a red pen or a pencil to answer questions
- 3 Answer any 4 questions and write these numbers on the front

INSTRUKSIES:

- 1 Skryf asb leesbaar Ons kan nie merk wat ons nie kan lees nie
- 2 MOENIE met 'n rooi pen of 'n potlood die vrae beantwoord nie
- 3 Beantwoord enige 4 vrae en skryf die nommers voor op die vraestel

[TURN OVER]
[BLAAI OM]

ANSWER ANY 4 QUESTIONS.
ALL QUESTIONS CARRY AN EQUAL WEIGHT OF 25 MARKS.

BEANTWOORD ENIGE 4 VRAE.
ALLE VRAE DRA DIESELFDE GEWIG VAN 25 PUNTE.

QUESTION 1/VRAAG 1

- 1 1 Identify and explain the three key objectives of development as described by the new economic view of development

~~Identifiseer en verduidelik die drie kerndoelewitte van ontwikkeling soos dit beskryf word deur die nuwe ekonomiese siening van ontwikkeling~~ (3)

- ✓ 1 2 Describe the Human Development Index (HDI) Your answer should refer to the three components of the index, the indicators used to measure each component, and the value of the index as an indicator of economic development

~~Beskryf die Menslike Ontwikkelingsindeks (MOI) Jou antwoord moet verwys na die drie komponente van die indeks, die aanwysers wat gebruik word om elke komponent te meet, asook die waarde van die indeks as 'n maatstaf van ekonomiese ontwikkeling~~ (10)

- 1 3 Explain and interpret the information in the table below

	Relative HDI ranking	HDI value	Real GDP per capita	GDP rank minus HDI rank	Gini coefficient
Tanzania	162	0.430	674	+13	0.346
Nigeria	159	0.448	1 154	-1	0.437
South Africa	121	0.653	11 192	-66	0.578
Chile	38	0.859	10874	+18	0.571

Verduidelik en interpreteer die inligting in die tabel hieronder (12)

	Relatiewe MOI rang	MOI waarde	Reële BBP per capita	BBP rang minus MOI rang	Gini koëffisiënt
Tanzanië	162	0.430	674	+13	0.346
Nigene	159	0.448	1 154	-1	0.437
Suid-Afrika	121	0.653	11 192	-66	0.578
Chile	38	0.859	10874	+18	0.571

QUESTION 2/VRAAG 2

- 2 1 Distinguish between technological progress in terms of neutral progress, capital- and laborsaving progress, and labour- and capital-augmenting progress Which is more preferable in developing countries? Why?

~~Onderskei tussen tegnologiese vooruitgang ten opsigte van neutrale vooruitgang, arbeids- en kapitaalbesparende vooruitgang, en arbeids- en kapitaalversterkende vooruitgang. Watter is meer verkieslik in ontwikkelende lande? Waarom?~~ (7)

[TURN OVER]
[BLAAI OM]

- 2.2 Identify the four theoretical strands of thought that have dominated the literature on economic development since World War II. Also indicate the period during which each rose to prominence.

~~Identifiseer die vier teoretiese denkgings wat die literatuur in ekonomiese ontwikkeling gedomineer het sedert die Tweede Wêreldoorlog. Dur ook die periode aan waartydens elk prominent gefigureer het.~~

(8)

- 2.3 In 2009 the gross savings ratio in a country called Perzania was 12% and the capital-output ratio 3. What was the growth potential in this country according to the Harrod-Domar growth equation?

~~In 2009 was die bruto spaarkoers in 'n land genaamd Perzania, 12%, en die kapitaal-uitsetverhouding 3. Wat was die groeipotensiaal in hierdie land volgens die Harrod-Domar groeivergelyking?~~

(3)

- 2.4 Use the income percentage values below to illustrate the distribution of income by means of a Lorenz curve. All relevant information must be indicated on the graph. Use your graph to explain how the Gini coefficient can be determined.

Income groups in Perzania	% Share of income
Poorest quintile	1
Second quintile	9
Third quintile	20
Fourth quintile	30
Richest quintile	40

~~Gebruik die inkomste persentasiewaardes hieronder om die verdeling van inkomme met behulp van 'n Lorenzkromme te illustreer. Alle relevante inligting moet op die grafiek aangedui word. Gebruik jou grafiek om te verduidelik hoe die Gini koëffisient bepaal kan word.~~

(7)

Inkomstegroepe in Perzanie	% Aandeel aan inkomme
Armste kwintiel	1
Tweede kwintiel	9
Derde kwintiel	20
Vierde kwintiel	30
Rykste kwintiel	40

QUESTION 3/VRAAG 3

- 3.1 Briefly discuss the relationship between the level of per capita income and the degree of income inequality.

~~Besprek kortliks die verwantskap tussen die vlak van per capita inkomme en die omvang van inkomme-ongelykheid.~~

(5)

[TURN OVER]
[BLAAI OM]

- 3 2 "The Microeconomic household theory of fertility builds on the standard theory of consumer behaviour to explain family size decisions " Discuss this statement

~~Die Mikroekonomiese huishouding fertilitateiteorie bou voort op die standaardteorie van verbruikersgedrag ten einde besluite oor die grootte van 'n gesin te verduidelik " Bespreek hierdie stelling~~

(10)

- 3 3 Identify and explain the two reasons why education and health are considered to be important for economic development

~~Identifiseer en verduidelik die twee redes waarom onderwys en gesondheid as belangrik gaan word vir ekonomiese ontwikkeling~~

(4)

- 3 4 What is meant by the concept "child labour dilemma"? List the four current approaches to solve the dilemma

~~Wat word bedoel met die begrip "kinderarbeid dilemma"? Noem die vier huidige benaderings om hierdie dilemma op te los~~

(6)

QUESTION 4/VRAAG 4

- 4 1 Discuss *Progresa* as an example of an integrated programme to promote education, health and income generation in a developing country

~~Bespreek *Progresa* as 'n voorbeeld van 'n geïntegreerde program om onderwys, gesondheid en inkomste skepping in 'n ontwikkelende land te bevorder~~

(5)

- 4 2 Trade optimists argue that trade liberalization generates rapid export and economic growth because free trade provides a number of benefits

- (i) Give two examples of what is meant by trade liberalization
(ii) Identify and explain at least five benefits of free trade referred to by these arguments

~~Handelsoptimiste betoog dat handelsliberalisering lei tot vinnige uitvoer en ekonomiese groei omdat vrye handel verantwoordelik is vir 'n aantal voordele~~

- (i) Gee twee voorbeelde van wat bedoel word met handelsliberalisering
(ii) Identifiseer en verduidelik ten minste vyf voordele van vrye handel waarna hier verwys word

(12)

[TURN OVER]
[BLAAI OM]

- 4 3 Differentiate between foreign direct investment, foreign portfolio investment and foreign aid. Which is more beneficial for developing countries, and why?

~~Onderskei tussen direkte buitelandse investering, buitelandse portofolijie investering en buitelandse hulp. Watter een is die voordeligste vir 'n ontwikkelende land, en waarom?~~ (8)

QUESTION 5/VRAAG 5

In the literature on economic development, the role of the state vs the private market is far from resolved. Discuss this conflict by referring to the following in your answer.

~~In die ekonomiese ontwikkelingsliteratuur is die rol van die staat vs die private mark nog ver van opgelos. Bespreek hierdie konflik deur te verwys na die volgende in jou antwoord.~~

- 5 1 The two principal components of development planning in mixed economies

~~Die twee hoofkomponente van ontwikkelingsbeplanning in gemengde ekonomiee~~ (4)

- 5 2 Four arguments in favour of planning as a development tool (rationale for planning)

~~Vier argumente ten gunste van beplanning as 'n instrument vir ontwikkeling (rationale vir beplanning).~~ (8)

- 5 3 Two sets of reasons for the failure of development planning in developing countries

~~Twee groepe redes vir die mislukking van ontwikkelingsbeplanning in ontwikkelende lende~~ (13)

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QUESTION 1/VRAAG 1

- 1 1 Identify and explain the three key objectives of development as described by the new economic view of development

Identifiseer en verduidelik die drie kerndoelwitte van ontwikkeling soos dit beskryf word deur die nuwe ekonomiese siening van ontwikkeling (3)

[TURN OVER]
[BLAAI OM]