

# ECS3707

MAY/JUNE 2014  
MEI/JUNIE 2014

## DEVELOPMENT ECONOMICS ONTWIKKELINGSEKONOMIE

STUDENT NUMBER / STUDENTENOMMER									

IDENTITY NUMBER / IDENTITEITSNOMMER									

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Question No Vraagnr	Marks / Punte		
	Examiners / Eksaminatore		
	1	2	3
<b>Total / Totaal</b>			

Subject / Vak

Number of paper / Vraestelnommer

Date of examination / Datum van eksamen

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**ECS3707**May/June 2014  
Mei/June 2014**DEVELOPMENT ECONOMICS  
ONTWIKKELINGSEKONOMIE**Duration 2 Hours  
Tydsduur 2 Uur100 Marks  
100 PunteEXAMINATION PANEL AS APPOINTED BY THE DEPARTMENT.  
EKSAMENPANEEL SOOS DEUR DIE DEPARTEMENT AANGEWYSClosed book examination.  
Toeboekeksamen.

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**EXAMINERS / EKSAMINATORE :****FIRST / EERSTE: MS/ME R BEZUIDENHOUT****SECOND / TWEEDE: MS/ME NW GAMEDE****EXTERNAL / EKSTERNE: MR FK SIEBRITS**

This paper consists of 23 pages including 3 pages for rough work (pp 21 to 23) plus the special front page

Hierdie vraestel bestaan uit 23 bladsye insluitende 3 bladsye vir rofwerk (pp 21 tot 23) plus die spesiale voorblad

STUDENT NUMBER / STUDENTENOMMER									

This paper consists of 2 sections Section A consists of three questions **ALL the questions in Section A must be answered** Section A counts 40 marks Section B consists of four questions You must answer **any THREE** of the four questions in Section B Section B counts 60 marks

Hierdie vraestel bestaan uit 2 afdelings Afdeling A bestaan uit drie vrae **AL die vrae in Afdeling A moet beantwoord word** Afdeling A tel 40 punte Afdeling B bestaan uit vier vrae U moet **enige DRIE** van die vier vrae in Afdeling B beantwoord Afdeling B tel 60 punte

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**SECTION A / AFDELING A**

You must answer **ALL** the questions in this section

U moet al die vrae in hierdie afdeling beantwoord

**QUESTION 1 / VRAAG 1**

(a) Define the term institutions (3)

(a) Definieer die begrip instellings (3)

(b) In 2008 Norway had 312 times the per capita income of Ethiopia and 84 times that of India. These figures are exaggerated by the use of the official foreign exchange rates to convert national currency into dollars. Briefly explain the usage of purchasing power parity in this regard (3)

(b) In 2008 was Noorwee se per capita inkome 312 keer meer as die van Ethiopie en 84 keer meer as die van Indie. Hierdie syfers word vergroot deur die gebruik van die amptelike wisselkoers wanneer nasionale wisselkoerse syfers in dollar terme uitgedruk word. Beskryf kortliks die gebruik van term koopkragpariteit (purchasing power parity) in die verband (3)

- (c) In 1870 Argentina ranked eleventh in the world's per capita income. Today it is not even in the top 50 countries. Explain the factors and limitations that influence the structural change and patterns of economic development (5)
- (c) In 1870 was Argentinië elfde gelyk in die wêreld ten opsigte van per capita inkome. Vandag is hulle nie eens onder die top 50 lande nie. Verduidelik die faktore en beperkings wat strukturele verandering en die patrone van ekonomiese ontwikkeling beïnvloed (5)

- (d) Explain the multidimensional poverty index (MPI) (2)
- (d) Verduidelik die multidimensionele armoede indeks (MPI) (2)

- (e) "Obesity has become a problem of poverty" Explain how health and nutrition affect employment, productivity and wages in South Africa (3)
- (e) "Vetsug het 'n probleem van armoede geword" Verduidelik hoe gesondheid en voedsel-inname, indiensname, produktiwiteit en lone in Suid-Afrika beïnvloed (3)

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- (f) Discuss the economic consequences of armed conflict in Africa (4)
- (f) Verduidelik die ekonomiese gevolge van gewapende konflik in Afrika (4)

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**QUESTION 2 / VRAAG 2**

Illustrate and explain the Lewis theory of economic development

(10)

Illustreer en verduidelik Lewis se teorie van ekonomiese ontwikkeling

(10)

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**QUESTION 3 / VRAAG 3**

Explain with the aid of a diagram the microeconomic theory of fertility (10)

Verduidelik met behulp van 'n diagram die mikro-ekonomiese fertiliteitsteorie (10)

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**SECTION B / AFDELING B**

Answer any **THREE** of the following four questions

Beantwoord enige **DRIE** van die volgende vier vrae

**QUESTION 1 / VRAAG 1**

- (a) Critically assess the progress South Africa has made in the achievement of the Eight Millennium Development Goals (8)
- (a) Bespreek krities die vordering wat Suid-Afrika toon in die bereiking van die Agt Millennium Ontwikkelingsdoelwitte (8)

- (b) Illustrate and explain Solow's theory of economic development in terms of the production function, returns to scale and a steady state (12)
- (b) Verduidelik en illustreer Solow se teorie van ekonomiese ontwikkeling in terme van die produksie funksie, skaal voordele en 'n standvastige staat – (a steady state) (12)

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**QUESTION 2/ VRAAG 2**

- (a) Discuss inequality and poverty in South Africa since 1994 by referring to recent trends and statistics  
(Please note that your answer must reflect economic facts and statistics – avoid political statements and sentiments ) (10)
- (a) Bespreek ongelykheid en armoede in Suid-Afrika sedert 1994 deur te verwys na huidige tendense en statistieke  
(Neem kennis dat jou antwoord op ekonomiese feite en statistieke moet fokus, vermy politieke uitslatings en sentimente ) (10)

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- (b) State the "markers" of poverty in South Africa as identified by Finn, Leibbrandt and Wegner (4)
- (b) Noem die armoede "merkers" soos geïdentifiseer deur Finn, Leibbrandt en Wegner (4)
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- (c) Illustrate and explain the Malthusian population trap (6)
- (c) Verduidelik en illustreer Malthus se bevolkingstrik (6)

Lined area for student response.

**QUESTION 3 / VRAAG 3**

- (a) How relevant are the four approaches to the issue of child labour around the world? (5)
- (a) Hoe relevant is die vier benaderings wat oor die wêreld gevolg word ten opsigte van kinderarbeid?

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- (b) Discuss the following statement "In developing countries the amount of education provided tends to be determined by demand factors. Too much education may be provided, leading to various forms of inefficiency" (5)
- (b) Bespreek die volgende stelling "In ontwikkelende lande word die hoeveelheid onderwys bepaal deur vraagfaktore. Te veel onderwys mag voorsien word, wat aanleiding tot verskillende vorme van ondoeltreffendheid gee" (5)

- (c) A paradoxical relationship exists between high levels of rural-urban migration, unemployment and under employment. Make use of the Harris-Todaro migration model to explain this phenomenon (10)
- (c) 'n Paradoksale verhouding bestaan tussen hoe vlakke van landelike-stedelike migrasie, werkloosheid en onder-indiensname. Maak gebruik van die Harris-Todaro migrasie model om hierdie verskynsel te verklaar (10)

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**QUESTION 4 / VRAAG 4**

- (a) Discuss the advantages and disadvantages of foreign portfolio investment for emerging markets such as South Africa (7)
- (a) Bespreek die voor en nadele van buitelandse portefuelje beleggings vir opkomende markte soos Suid-Afrika (7)

(b) Distinguish between market and government failure. Does rent-seeking behaviour only occur as a result of government failure? Explain your answer (5)

(b) Onderskei tussen mark en owerheidsmislukkings. Geskied "huursoekende" gedrag slegs weens owerheidsmislukkings? Verduidelik u antwoord (5)

(c) Discuss the components of the original Washington Consensus. What do you think was most lacking from this framework? (8)

(c) Bespreek die komponente van die oorspronklike Washington-Konsensus. Wat dink u was die tekortkominge van die raamwerk? (8)

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**ROUGH WORK / ROFWERK**

**ROUGH WORK / ROFWERK**

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