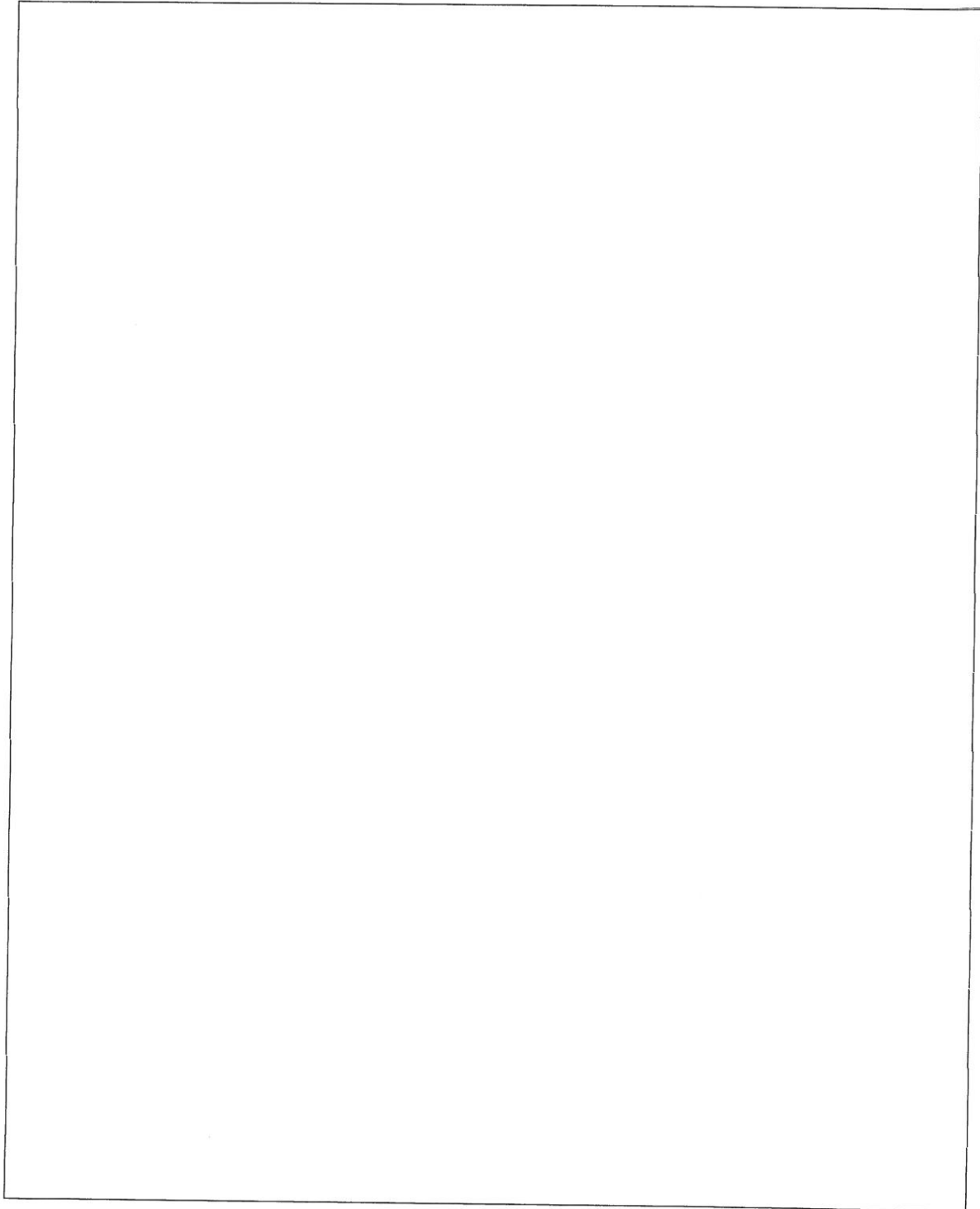


Assessors: Dr P Baur
Moderator: Mrs K Viljoen

QUESTION 1

[6]

Explain with the use of a basic diagram (all axis should be labeled) Malthus's view with regard to population growth and the inelastic supply of land, and explain how this theory led to economics being called "the dismal science".



2Initials and Surname:
Student Number:

QUESTION 2**[12]**

With the use of the table below, describe the differences between Classical, Keynesians and Modern Monetarists in terms of the following: (Formulate your answer in the form of a table given below and provide a graphical presentation where possible.)

- a) Impact on the economy;
- b) Demand for money;
- c) Monetary transmission mechanism; and
- d) Velocity of money.

	Classical	Keynesians	Modern Monetarists
Impact on the economy			
Demand for Money			
Monetary transmission mechanism			
Velocity of money			

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Student Number:

QUESTION 3**[10]**

Indicate whether the following statements are correct/ incorrect
Mark your answer clearly with an X in the appropriate box.

Statement	Correct	Incorrect
1) The Chicago School is famous for its math-heavy approach to economics		
2) The Chicago School believes that money supply should be kept in equilibrium with unemployment		
3) Altruism is selfish concern which does not take into account the welfare of others.		
4) Malthus was pessimistic over the future of capitalism.		
5 Empirically based studies using statistics to prove theory is often known as positive economics		
6 "Luddites" is a type of business structure.		
7) Monetarists attributed deflationary spirals to the reverse effect of a failure of a central bank to support the money supply during a liquidity crunch.		
8) The Phillips Curve is a relationship between unemployment and interest rates		
9) The New Keynesian view rests on microeconomic models that indicate that nominal wages and prices are "sticky".		
10) Schumpeter saw that all agents are Rational.		

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Student Number:

QUESTION 4**[10]**

Each statement below describes a single economic concept. Write the correct concept next to each statement in the table below.

Statement	Correct Concept
1) Costs to firms of updating menu price lists, brochures, and other materials when prices change in an economy.	
2) A static system which channels productivity and profits into an endless exchange.	
3) The primary consideration of the liquidity preference is the demand for money as an asset, as a means for holding wealth.	
4) The fluctuations of economic activity around its long-term growth trend. It involves shifts over time between periods of relatively rapid growth of output (recovery and prosperity), and periods of relative stagnation or decline (contraction or recession).	
5) $MV = PT$	
6) A Graph that shows a trade-off between unemployment and inflation, so that any attempt by governments to reduce unemployment was likely to lead to increased inflation.	
7) A deferred savings plan by which a government finances a war through a required deduction from all wages to pay for war bonds.	
8) A selfless concern for the welfare of others. It is a traditional virtue in many cultures. This focuses on a motivation to help others or a want to do good without reward.	
9) A term for the middle class which includes the (small middle class) e.g. shopkeepers, government officials, lawyers, doctors, independent farmers, and teachers	
10) Economists who are preoccupation with money and its effects	

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Student Number:

QUESTION 5

[6]

According to Ricardo, there are three parties in the bitter struggle; the worker, the capitalist, and the landlord. Discuss the fate of each of these parties.

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Student Number:

QUESTION 6

[12]

Fully explain according to Joseph Schumpeter the workings of the economic system. In your discussion, use the following headings: 'who or what are the entrepreneurs'; 'the business cycle', 'origin of profits', and the 'sustainability of Capitalism'.

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Student Number:

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Student Number:

QUESTION 7

[8]

In the Space provided below, briefly list and explain the four main contributions that Becker made towards his theory of 'A Treatise on the Family' (1981). (2 marks each)

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Student Number:

QUESTION 8

[5]

Fully explain the concept of 'Benign Socialism' as referred to by John Steward Mill.

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Student Number:

QUESTION 9

[6]

In the space provided below, fully discuss Fishers Theory of interest under the following headings: The "***Impatience Rate***" and the "***Investment Opportunity Rate***". (3 marks each)

1) *Impatience Rate:*

2) *Investment Opportunity Rate:*

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Student Number:

QUESTION 10

[5]

In the Space provided below, briefly list and explain the **five** Major Tenants of the Keynesian economists.

1)

2)

3)

4)

5)

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Student Number: