



UNIVERSITY
OF
JOHANNESBURG

PROGRAM : NATIONAL DIPLOMA
TOWN AND REGIONAL PLANNING

SUBJECT : ECONOMICS FOR PLANNERS III

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WEIGHT : 50:50

TOTAL MARKS : 100

EXAMINER : DR TRYNOS GUMBO AND MR. GEORGE ONATU

MODERATOR : MS MAKHOMO MACHELI

NUMBER OF PAGES : 10 (TEN)

INSTRUCTIONS : This paper is divided into two parts (A) and (B). Part A is a multiple-choice questions. Part B is essay questions. Candidates are expected to answer all the questions in both Part A and B.

REQUIRED : Use ruler, pencil, calculator and graphs where necessary.

Section A (40 Marks – Answer all Questions)

- 1 Economics can be defined as....
 - (a) The science that studies human behaviour as a relationship between ends and scarce means which have alternative uses
 - (b) The use of price mechanism to allocate resources
 - (c) Full employment of the working population
 - (d) Divide resources between the private and public sector
 - (e) None of the above
- 2 Macroeconomics is a branch of economics that studies
 - (a) The determination of the unit of economic activity
 - (b) The behaviour of individual decision-making units in the economy
 - (c) Decision by firm regarding the most efficient use of resources
 - (d) The effects and consequences of the aggregate behaviour of all decision-making units.
 - (e) None of the above
- 3 Which of these is a luxury good?
 - (a) Pencil
 - (b) Hi-fi system
 - (c) Books
 - (d) School bag
- 4 Opportunity Cost can be defined as
 - (a) Satisfied alternative that is well satisfied
 - (b) Scale of preference
 - (c) Scarcity and choice
 - (d) Sacrificed alternative that is satisfied
 - (e) None of the above
- 5 Scarcity problem arises due to
 - (a) Making a choice between alternative uses
 - (b) The relative
 - (c) Opportunity cost
 - (d) Sacrificing what we want
 - (e) None of the above

6 As the scarcity problem can never be solved, the best way to satisfy our numerous and multitude of wants is by

- (a) Making a choice between alternative uses
- (b) Scale of preference
- (c) Opportunity cost
- (d) Sacrificing what we want
- (e) None of the above

7 The factors of production that is recently added to the list is

- (a) Natural resources
- (b) Labour
- (c) Technology
- (d) Entrepreneur
- (e) B and C

8 The Classical School of Economics theory began with the publication of

- (a) The wealth of nations in 1776
- (b) The wealth of nations in 1886
- (c) The wealth of nations in 1736
- (d) The wealth of nation in 1936
- (e) A and B

9 The School of thought that believes that capitalism would ultimately destroy itself and be succeeded by a world without private property is

- (a) Marginalist School of thought
- (b) Institutional School of thought
- (c) Marxist School of thought
- (d) Keynesian School of thought
- (e) Classical School of thought

10 Who is the father of Economics?

- (a) Ronald Reagan
- (b) Adam Smith
- (c) Karl Marx
- (d) Alfred Marshal
- (e) None of the above

- 11 South Africa economy is composed of both the private sector investments and public sector service delivery. In Economics this type of economic system is called.
- (a) Pure Socialism
 - (b) The Mixed Capitalist
 - (c) The Pure Capitalism
 - (d) The Communism
 - (e) Mixed Economy
- 12 What is Production?
- (a) The people that consume goods and services
 - (b) Use of goods and services for the satisfaction of human wants
 - (c) The supply of goods and services
 - (d) The distribution of goods and services
 - (e) Creation of wealth
- 13 Secondary production can be described as
- (a) Extractive industries that extracts raw material from nature
 - (b) Those industries that change the basic materials extracted
 - (c) The type of industries that engage in commercial and personnel services
 - (d) All of the above
- 14 The income that the factor of production known as capital earn is
- (a) Rent
 - (b) Wages and salary
 - (c) Capital goods
 - (d) Interest
- 15 For the government to succeed in its drive to improve the lives of common people in South Africa there is need for the Tax system to be
- (a) Ruthless and punitive.
 - (b) Transformative and Reconciliation
 - (c) Administered by Reserve Bank Governor
 - (d) Fair, Just and Equitable
 - (e) All of the above
- 16 Select the incorrect statement
- (a) Economic goods are scarce
 - (b) Free goods are scarce
 - (c) Both Economic goods and free goods are scarce
 - (d) Natural Resources are scarce
 - (e) A and D

- 17 Which one of these statements is true?
- (a) Supply is inversely related to Demand (Positive slope)
 - (b) Demand is inversely related to quantity (Negative slope)
 - (c) Demand and Supply have the same slope.
 - (d) The higher the price the more the supply
 - (e) B and D
- 18 The supply of cement is not dependent on one of the following
- (a) Cost of production
 - (b) Market conditions
 - (c) Climate
 - (d) Political conditions
- 19 When the price is **above** the equilibrium price we have
- (a) Excess demand
 - (b) Excess supply
 - (c) Excess demand and supply
 - (d) None of the above
 - (e) B and C
- 20 The father of Monetary Economics who advocated about Interest Rate & Wages is
- (a) Karl Marx
 - (b) John Maynard Keynes
 - (c) L.C.Robbins
 - (d) L. Robbins
 - (e) Adam Smith
- 21 Sir Thomas Malthusian in his economic theory advocated
- (a) That food production is growing at geometrical rate more than population
 - (b) That there is looming problem of diseases, food shortage and people dying of malnutrition
 - (c) That people should abstain from large family.
 - (d) None of the above

- 22 The problem of scarcity of food may be overcome by
- (a) Increasing consumption
 - (b) Increasing production
 - (c) Decrease savings
 - (d) Decrease price
- 23 Limpopo Province is one of the Provinces in South Africa that has been experiencing an improvement in the standard of living of its population in recent times. In Economics we refer to this as
- (a) Economic growth
 - (b) Economic development
 - (c) Gross Domestic Product
 - (d) Gross Geographical Product
 - (e) None of the above
- 24 As a Planner we encourage and promote Local Economic Development (LED) due to the need to
- (a) Solve the inflation problem and labour disputes
 - (b) Encourage sustainable growth and competitiveness
 - (c) Promote private and public investment in local economy
 - (d) All of the above
 - (e) B & C
- 25 One of the approaches that most international organizations such as United Nations and World Bank adopts in the provision of housing and other infrastructures is
- (a) Free market approach
 - (b) Dependency approach
 - (c) Transformation approach
 - (d) Basic need approach (e) B and C
- 26 Which of this are key participants in the economy of any nation
- (a) Choice, Wants, Opportunity Cost and Scarcity
 - (b) Household, Firms, Government and Foreign sector
 - (c) Production, Distribution and Consumption
 - (d) A and D
 - (e) All of the above

27 Which one of these statements is true?

- (a) Cooperatives strive to provide services and not profit
- (b) All the partners in partnership are not liable to liquidation
- (c) Sole proprietor does not bear the risk alone
- (d) Limited company do not allocate profit according to shares

28 The Limited Company has the advantage in that

- (a) Members are made up of 2-20
- (b) The company is independent and can be sued as well as can sue
- (c) All the members are liable to whatever happen to the company
- (d) The directors oversee the day to day running without shareholders
- (e) B and D

29 To maintain stable and favorable balance of payment and ensure an equitable distribution of national income is the function of

- (a) Business Enterprises
- (b) Government
- (c) Gross National Product at factor price
- (d) Limited liability company

30 South African economy is presently experiencing serious problem and inflation because of

- (a) general increase in supply to producers
- (b) the equilibrium of demand and supply
- (c) general rise in the price of goods and services
- (d) mine workers strikes
- (e) C & D

31 Solvency indicates

- (a) The ability of the firm to meet its liability in the short run
- (b) The ability of the firm to meet its liability in the long term
- (c) The excess of total assets over total liabilities
- (d) The credit standing and financial risk of the firm

32 The document that highlights government spending plans for a given period is called what?

- (a) Tender
- (b) Capital projects
- (c) Budget
- (d) Money
- (e) None of the above

- 33 When does current account deficit occur in any given economy?
- (a) Export is greater than import
 - (b) Import is greater than export
 - (c) Both export and import are the same
 - (d) Export is not valued at all
 - (e) All of the above
- 34 The Problems that South Africa as a developing country is facing right now are
- (a) The problem of poverty and underdevelopment
 - (b) Higher spending on hospitals and clinics
 - (c) Lack of Direct foreign investment due to strike and Unemployment
 - (d) Increase in production and distribution
 - (e) A and C
- 35 Select which of this is the limitation of National Income
- (a) Cooperatives strive to provide services and not profit
 - (b) It is used to indicate different sectors in the economy
 - (c) The problem of unlawful and undeclared income
 - (d) The calculation of prosperity level of people in different countries
 - (e) The problem of Apartheid government
- 36 Which of this statement truly describe the function of Money in modern society
- (a) For buying I-pad and Gifts
 - (b) It is in the Constitution of 1996
 - (c) It is part of the GDP
 - (d) Medium of Exchange
 - (e) For Savings Account in the Bank
- 37 National Income Accounting is one of the barometers that is used to calculate
- (a) The increase in demand in the country
 - (b) The general economic activity and prosperity
 - (c) The total population of the country
 - (d) Aggregate level of production and distribution
 - (e) B and D

- 38 When one development in one sector brings a chain reaction to the development of other sectors, this is called
- (a) Trickle-down effect
 - (b) None spatial growth
 - (c) Regional development
 - (d) None of the above
 - (e) A and B
- 39 Galloping Inflation results when
- (a) Rapid or Tripple increase in prices of goods and services that is difficult to reduce
 - (b) Rapid increase in price that can still be reduced
 - (c) Increase in the price of goods and services difficult to control
 - (d) All of the above
 - (e) A & C
- 40 Abnormal and continuous rise in the general price of goods and services is called
- (a) Slow inflation
 - (b) Hyper inflation
 - (c) Stag inflation
 - (d) Moderate inflation
 - (e) None of the above.

SECTION B (60 Marks - Answer all Questions)

1. (a) Describe the four main components of a Production Possibilities Curve [4 Marks]
(b) With reference to South Africa, explain the factors that lead to changes in demand and supply of land and housing units [8 Marks]

2. (a) Identify the different types of production and also highlighting the common costs associated with the production of goods and services (8 Marks)
(b) Using a clearly annotated graph, highlight the income and substitution effects on the increase in consumption of a normal good in response to price reductions [4Marks]

3. Discuss the any five types of unemployment, highlighting their effects and possible ways of resolving the problems [12 Marks]

4. (a) With the aid of examples, identify and describe the main attributes of money [4 Marks]
(b) Differentiate between cost-push and demand-pull inflation, highlighting possible measures that may be adopted to improve the inflationary situations [8 Marks]

5. (a) With the aid of examples and illustrations, give concise explanations of the three methods or approaches that are used to measure national income [9 Marks]
(b) Briefly describe the limitations of national income information and accounting [3 Marks]

TOTAL MARKS

[100]