

PROGRAM : NATIONAL DIPLOMA
TOWN AND REGIONAL PLANNING

SUBJECT : ECONOMICS FOR PLANNERS III

CODE : DPTA 311

DATE : SSA EXAMINATION PAPER
29 JULY 2016

DURATION : SESSION 1
08:00 – 11:00 HOURS

WEIGHT : 50:50

TOTAL MARKS : 100

EXAMINER : DR TRYNOS GUMBO AND MR. GEORGE ONATU

MODERATOR : MS MAKHOMO MACHELI

NUMBER OF PAGES : 7 (Seven)

INSTRUCTIONS : This paper is divided into two sections (A) and (B). Section A is composed of multiple-choice questions, whilst section B has essay questions. Candidates are required to answer all questions in both sections.

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

Section A (25 Marks – Answer ALL Questions)

1. 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

2. 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

3. 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

4. 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

5. 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

6. 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
7. 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
8. 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
9. The income that the factor of production known as capital earn is
- (a) Rent
 - (b) Wages and salary
 - (c) Capital goods
 - (d) Interest
10. 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) Tran formative and Reconciliation
 - (c) Administered by Reserve Bank Governor
 - (d) Fair, Just and Equitable
 - (e) All of the above
11. 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

12. The supply of cement is not dependent on one of the following
- (a) Cost of production
 - (b) Market conditions
 - (c) Climate
 - (d) Political conditions
13. 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
14. The problem of scarcity of food may be overcome by
- (a) Increasing consumption
 - (b) Increasing production
 - (c) Decrease savings
 - (d) Decrease price
15. 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
16. 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

17. 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
18. Which of these 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 C
 - (e) All of the above
19. 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
20. 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
21. 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

22. 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
23. 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
24. 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
25. 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

SECTION B (75 Marks - Answer ALL Questions)

1. With the aid of a clearly annotated diagram, demonstrate the usefulness of the Production Possibilities Curve (PPC) in explaining the foundation of economics and the building blocks of the discipline [15]
2. Differentiate between the substitution and income effects as customers seek to improve satisfaction from their consumption of normal goods and services, using hypothetical examples of figures, indifference curves, budget lines, points of equilibria and total effect [15]
3. With the aid of clearly labelled diagrams, show the perfect elasticity, perfect inelasticity and unitary elasticity of demand and supply curves, giving examples of goods and services that are associated with such responses to changes in prices [15]
4. With the aid of examples from the African continent, discuss the role of regional economic blocks or bodies, suggesting how their impacts can be improved and strengthened particularly for the benefit of member countries [15]
5. a. With reference to the four economic sector model, discuss the usefulness of all the components and demonstrate how they are related and support each other in an economy [15]

TOTAL MARKS

[100]