



<b>FACULTY/COLLEGE</b>	College of Business and Economics
<b>SCHOOL</b>	School of Economics
<b>CAMPUS(ES)</b>	APK
<b>MODULE NAME</b>	Economics 2C
<b>MODULE CODE</b>	ECONOMICS 2C
<b>SEMESTER</b>	First
<b>ASSESSMENT OPPORTUNITY, MONTH AND YEAR</b>	Final Summative Assessment Opportunity June 2019

<b>ASSESSMENT DATE</b>	01 June 2019	<b>SESSION</b>	12:30 – 14:30
<b>ASSESSOR(S)</b>	Dr Baur		
<b>MODERATOR(S)</b>	Prof Viljoen		
<b>DURATION</b>	2 hours	<b>TOTAL MARKS</b>	100

<b>NUMBER OF PAGES OF QUESTION PAPER (Including cover page)</b>	12
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**INFORMATION/INSTRUCTIONS:**

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- This is a closed-book assessment.
  - Answer each question in the space provided.
  - Read the questions carefully and answer only what is required.
  - Write neatly and legibly in the spaces provided.
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Surname																			
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Initials			
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Student number									
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	Marks	Total
<b>A1</b>		<b>20</b>
<b>A2</b>		<b>5</b>
<b>A3</b>		<b>14</b>
<b>A4</b>		<b>12</b>
<b>A5</b>		<b>16</b>
<b>A6</b>		<b>8</b>
<b>A7</b>		<b>10</b>

	Marks	Total
<b>A8</b>		<b>10</b>
<b>A9</b>		<b>5</b>
<b>Total</b>		<b>/100</b>

**QUESTION 1****[20]**

In the appropriate space provided, write the name of the economic philosopher best associated with each statement listed in the table below.

<b>Statement</b>	<b>Associated Philosopher</b>
Examined the interaction between saving and investment and explained how an economy in a depression may remain in a depression	
British Socialism considered him to be the Founder	
The specialization of labour would increase the productivity of labour.	
Labour's wages should remain at the subsistence level, or natural price, because an increase in wage may result in more children.	
Deferred savings plan by which a government finances a war	
Class is defined by one's relationship to the means of production.	
Applied dialectical materialism to explain global events.	
We are the result of our environment, it shapes our destiny.	
Utopian world in which there is no suffering and no need for money, no need for justice.	
The Utilitarianism sees him as its true founder	

**QUESTION 2**

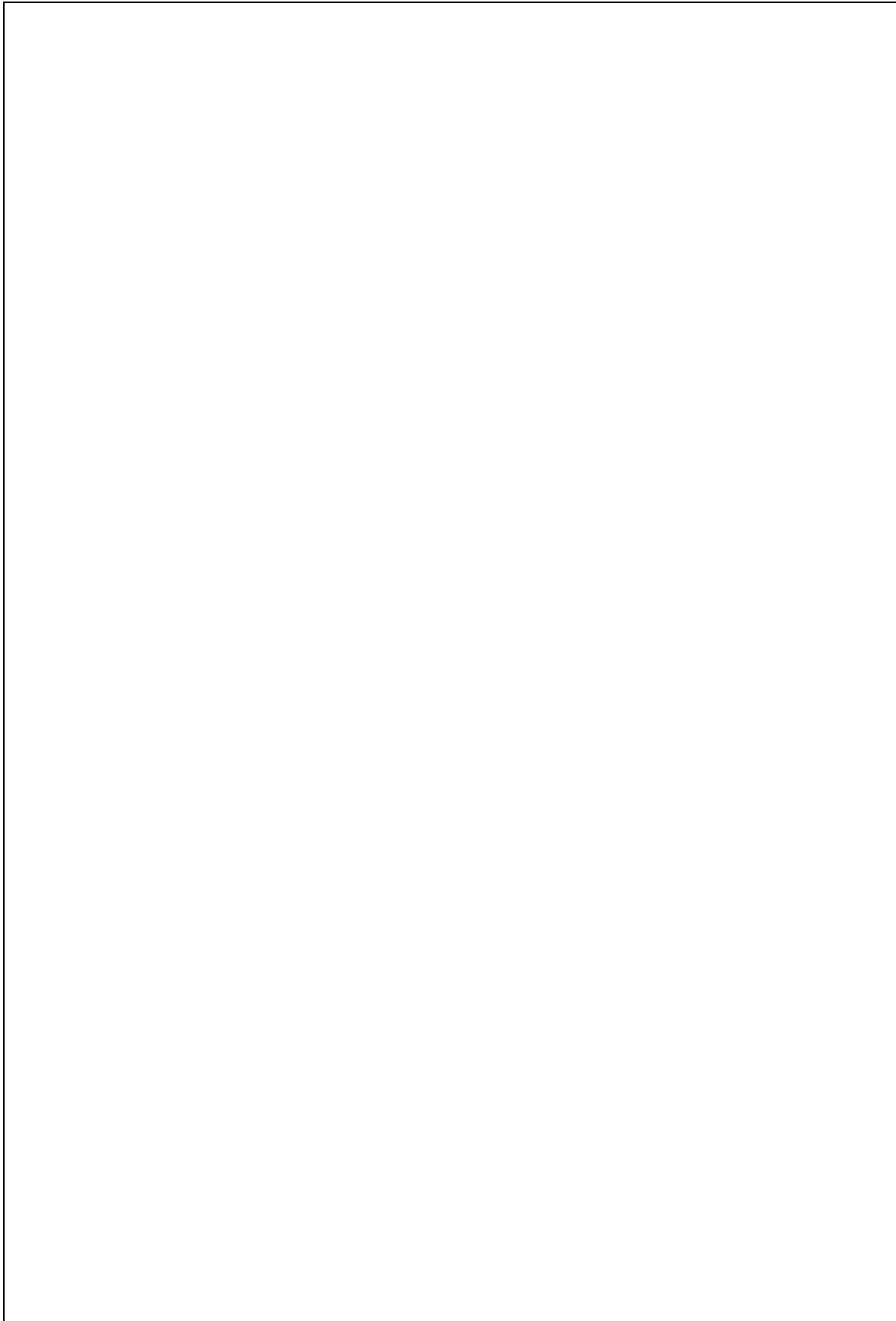
**[5]**

In the Space provided below, fully discuss, including the consequence, 'New Keynesian Economics', explaining how it differs from the economics of Keynes, with focus on market rigidities.

**QUESTION 3**

**[14]**

Compare the views of Smith, Malthus and Ricardo with regard to the eventual outcome of the market economy. Discuss the factors that are underlying to their views.



**QUESTION 4****[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) Money and Investment;
- d) Velocity of money.

*No graphs in this section are needed. The student needs to place the necessary information into the table given.*

	<b><i>Classical</i></b>	<b><i>Keynesians</i></b>	<b><i>Modern Monetarists</i></b>
<b><i>Impact on the economy</i></b>			
<b><i>Demand for Money</i></b>			
<b><i>Money and Investment</i></b>			
<b><i>Velocity of money</i></b>			

**QUESTION 5****[16]**

In the space provided below, briefly define what is meant by the Keynesian School of thought, then in the remaining spaces list and explain the **Five** Major Tenants of the Keynesian economists.

<b><i>Definition of Keynesian School of Thought:</i></b>
<b>1)</b>
<b>2)</b>
<b>3)</b>
<b>4)</b>
<b>5)</b>



**QUESTION 6**

**[8]**

In the spaces provided below, explain clearly, and concisely, under the following headings, (for 4 marks each)

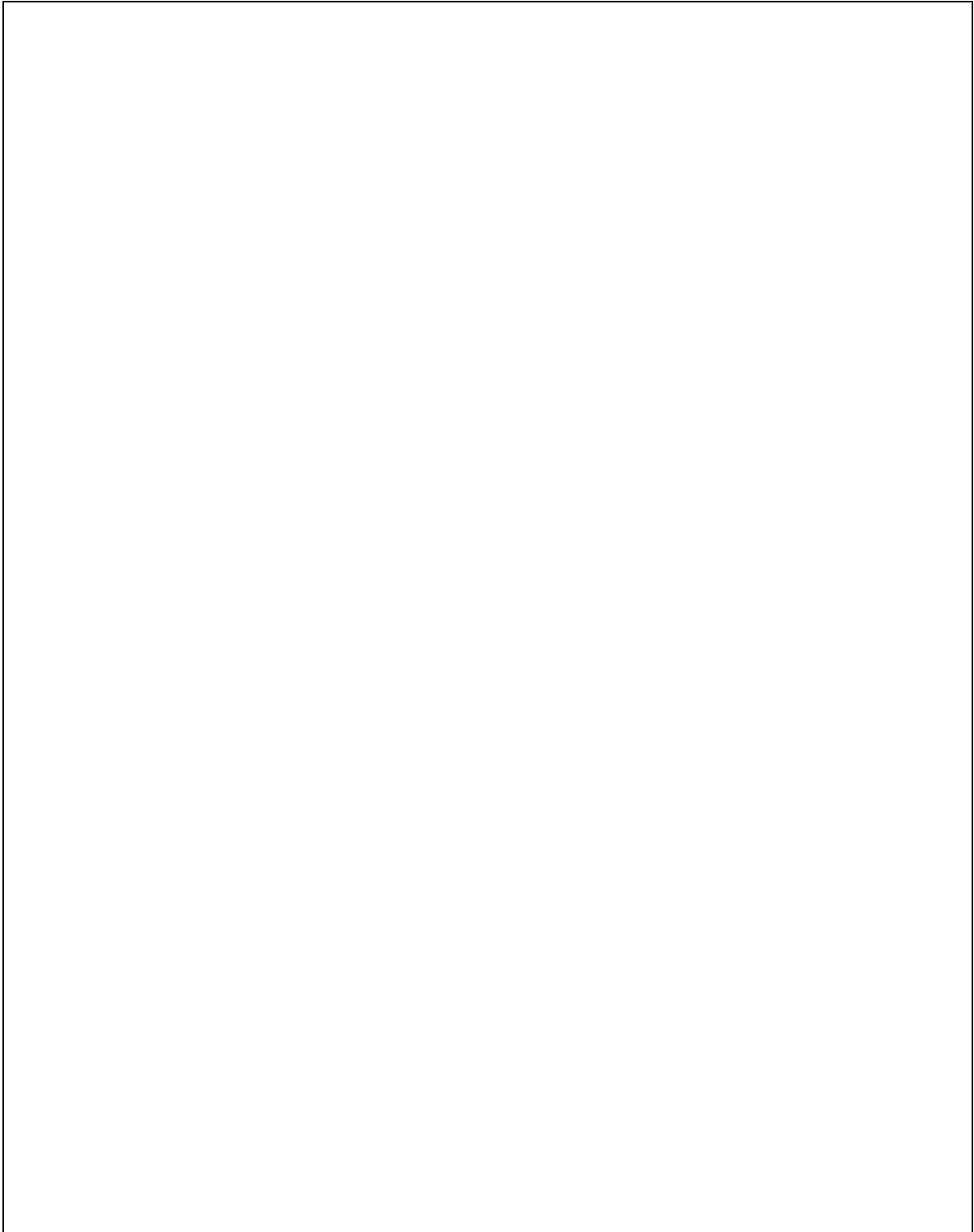
1. The Keynesian Transmission Mechanism
2. The Monetary Transmission mechanism

The Keynesian Transmission Mechanism:

The Monetary Transmission Mechanism

**QUESTION 7****[10]**

Explain, with the use of a diagram, the Phillips curve and use that to justify the associated problem leading to Stagflation in South Africa. In this essay, discuss what strategy the government could implement to reduce the problem of Stagflation, and how this could be transformed into economic growth of the South Africa Government.



**QUESTION 8****[10]**

In the appropriate spaces provided below, briefly define what is meant by: i) Monetarists and Monetarism. ii) a) explain the two Major factors of 'Fischer's Theory of Interest', b) what is Fishers equilibrium rate of interest, and finally c) explain what is meant by the Fisher effect?

***Monetarists******Monetarism******a)******b)******c)***

**QUESTION 9**

**[5]**

In the space provided below, fully what is meant by 'Rational Expectations', why it is so important to the Chicago school of economics and explain its main criticism?