



<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>	Supplementary Summative Assessment Opportunity June 2019

<b>ASSESSMENT DATE</b>		<b>SESSION</b>	
<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>	10
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**INFORMATION/INSTRUCTIONS:**

- 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>15</b>
<b>A3</b>		<b>12</b>
<b>A4</b>		<b>15</b>
<b>A5</b>		<b>10</b>

	Marks	Total
<b>A6</b>		<b>15</b>
<b>A7</b>		<b>9</b>
<b>A8</b>		<b>4</b>
<b>Total</b>		<b>/100</b>

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

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

<b>Statement</b>	<b>Correct Concept</b>
1) A specific cost which explains a price rigidity where a firm finds it difficult to change the price list.	
2) The portion of the population that rises after the collapse of capitalism according to Marx.	
3) According to Marx the way in which the mode of production is enforced by society.	
4) Interest rate after the effect of inflation has been removed.	
5) Rows of buildings used to house people as created by Owen in his Villages of Cooperation.	
6) The level of unemployment that still exists in the economy when the labour market is in equilibrium	
7) 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 something positive without reward.	
8) The philosophical concept that in the world of ideas, change occurs as the result of a synthesis, or coming together of opposing forces: a given idea (thesis), when challenged by a new and opposing idea (antithesis), results in a new concept (synthesis) which is somewhat closer to the truth than the initial two ideas.	
9) The natural capability of giving life according to the Chicago School.	
10) The unobservable market force that helps the demand and supply of goods in a free market to reach equilibrium automatically.	

**QUESTION 2**

**[15]**

In the space provided below, fully discuss the Fisher equation of exchange and explain how it differs from the Cambridge equation of exchange.

**QUESTION 3****[12]**

Discuss Schumpeter's theory 'Theory of Economic Development' by discussing innovation and the circular flow. Within your discussion, consider the role of entrepreneurs, landlords and workers. Complete your discussion by explaining why Schumpeter believed why Capitalism is doomed to collapse.

**QUESTION 4****[15]**

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) Use a graph to show the relationship between price level and real output.
- c) Monetary Transmission Mechanism;
- d) Velocity of money.

	<i><b>Classical</b></i>	<i><b>Keynesians</b></i>	<i><b>Modern Monetarists</b></i>
<i><b>Impact on the economy</b></i>			
<i><b>Use a graph to show the relationship between price level and real output.</b></i>			
<i><b>Monetary transmission mechanism</b></i>			
<i><b>Velocity of money</b></i>			

**QUESTION 5****[10]**

In the space provided below, list and fully discuss the Five Major Tenets of the New Classical (Chicago) School of economics.


**QUESTION 6****[15]**

In the space provided below, (1) fully explain the view of the Post-Keynesians regarding Keynes Theory and the relationship between themselves and the Keynesians and the New Keynesians. (2) Fully discuss what is meant by the “Post-Keynesian Economists.



**QUESTION 7****[9]**

Use the following headings to discuss Beckers views on the family as presented in the 'Treatise on the Family'. **(3 marks each)**

1. Fertility
2. Altruism
3. Divorce

*Fertility*

*Altruism*

*Divorce*

**QUESTION 8**

**[4]**

Critically discuss if there is sufficient merit held in Mill's theory of 'Benign Socialism'.