



<b>FACULTY/COLLEGE</b>	College of Business and Economics
<b>SCHOOL</b>	School of Economics
<b>CAMPUS(ES)</b>	APK
<b>MODULE NAME</b>	Applied Microeconomic Issues
<b>MODULE CODE</b>	MCD9X02
<b>SEMESTER</b>	Second
<b>ASSESSMENT OPPORTUNITY, MONTH AND YEAR</b>	Final Summative Assessment Opportunity November 2019

<b>ASSESSMENT DATE</b>	18 November	<b>SESSION</b>	12h30-15h30
<b>ASSESSOR(S)</b>	Dr SM Muller		
<b>MODERATOR(S)</b>	Prof W Krugell		
<b>DURATION</b>	3 hours (180 min)	<b>TOTAL MARKS</b>	180

<b>NUMBER OF PAGES OF QUESTION PAPER (Including cover page)</b>	3
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**INFORMATION/INSTRUCTIONS:**

- This is a closed-book assessment.
  - There are seven questions. Answer one question from each of the three sections.
  - Answer each question in a separate book.
  - Read the questions carefully and answer only what is required.
  - Number your answers clearly and correctly as per the question paper.
  - Write neatly and legibly on both sides of the paper in the answer book, starting on the first page.
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## SECTION 1

Answer one question from this section.

### QUESTION 1

[60 MARKS]

Imagine you are advising a developing country government that wants to protect and further develop its steel industry on the basis of an 'infant industry' argument. Explain what advice you would give them and why. In doing so, you should refer in detail to the findings and arguments of Blonigen (2016), but you may also refer to other relevant sources.

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## SECTION 2

Answer one question from this section.

### QUESTION 2

[60 MARKS]

It is popular in public policy spaces to say that governments must support small, micro and medium enterprises. Explain this argument and some criticisms thereof. How might empirical analysis of firm size and survival help us to ascertain whether such proposals/claims are accurate or not?

### QUESTION 3

[60 MARKS]

"Industrial policy is based on governments 'picking winners', which contradicts efforts to increase competition – that is why industrial policy and competition policy are incompatible". Do you agree with this statement? Explain why, or why not.

### QUESTION 4

[60 MARKS]

From the perspective of industrial policy, should developing countries be taxing more or less? Explain your answer.

### SECTION 3

Answer one question from this section.

#### QUESTION 5

[60 MARKS]

An economic policy document recently circulated by the South African government emphasises the importance of industrial policy for economic growth and job creation. Using Black and Hasson (2016) and any other relevant sources, what advice would you give the government in this regard?

#### QUESTION 6

[60 MARKS]

Describe two opposing economic views of the effects of rent seeking behavior. How do Schwab and Werker (2018) attempt to test these hypotheses and what are their findings? What relevance, if any, do these findings have to the position taken by Mushtaq Khan?

#### QUESTION 7

[60 MARKS]

Is economic infrastructure important for industrial development? Discuss with particular reference to the analyses of Moyo (2013), Mensah (2018) and Cole et al (2018).