

Tutorial letter 101/3/2018

Development Economics ECS3707

Semesters 1 & 2

Department of Economics

IMPORTANT INFORMATION:

This tutorial letter contains important information
about your module.

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1 INTRODUCTION

Dear Student

We are pleased to welcome you to Economic Development module and hope that you will find it both interesting and rewarding.

In this module, we use a tutorial letter to communicate with you about assignments, due dates, feedback to assignments and examination guidelines. The Department of Despatch will post the following study material to you soon after registration:

Tutorial Letter 101

TL 501 (previously known as study guide or MOO)

Tutorial Letter 101 contains important information about the scheme of work, the prescribed textbooks, assignments, due dates, study tips and general information and administrative information about the module. You can view and download Tutorial Letters such as TL 501 (previously known as the Study Guide/MO–Module Online) for this module on *myUnisa*, <http://my.unisa.ac.za> under the official study material and under additional resources folder.

You will not receive Tutorial Letter 201 with the study material. It will be posted to you few weeks after the assignments due dates. Tutorial Letter 201 provides the solutions to assignments and it also give examination guidelines.

We hope that you will enjoy this module and wish you all the best.

2 PURPOSE OF AND OUTCOMES FOR THE MODULE

2.1 Purpose

This module shows the remarkable progress that has been made in many parts of developing world. Furthermore, it teaches students about the problems and challenges of development that still needs to be addressed. In addition, this module will show students a range of different factors across developing world, and their differing positions in the global economy. Finally, it teaches students about the common characteristics that are seen in developing nations when compared with developed nations.

2.2 Outcomes

The principles of Development Economics are the key factor in understanding how we got to where we are, the level of progress made in recent years, and why it is very difficult to solve development problems. Therefore, the main outcomes of this module are as follows:

- To understand the real conditions and institutions across the developing world,
- To develop analytical skills while broadening students' perspectives of the wide scope of the field of the study,
- To provide students with resources to draw independent conclusions as they confront development problems.

Learning Unit outcomes are also found at the beginning of each Learning Unit in the TL 501

The module is divided into the following learning units.

| | |
|------------------------|--|
| Learning unit 1 | Development and development economics |
| Learning unit 2 | The economics of growth |
| Learning Unit 3 | Poverty, inequality and development |
| Learning unit 4 | Population growth and economic development |
| Learning unit 5 | Human capital: education and health in economic development |
| Learning unit 6 | Urbanisation and rural-migration: theory and policy |
| Learning unit 7 | Foreign finance, investment and aid: controversies and opportunities |
| Learning unit 8 | Development policymaking and the roles of market, state and civil society |

3 LECTURER(S) AND CONTACT DETAILS

3.1 Lecturer(s)

As the lecturers responsible for this module, we are available to assist you with enquiries relating to the **content**. Please have your study material with you when you contact us. You may contact us as follows:

| LECTURER'S NAME | BUILDING & OFFICE NUMBER | TELEPHONE NUMBER | Email ADDRESS |
|---------------------------------|--------------------------|------------------|---------------------|
| Ms K.C Nchoe (Module Leader) | Club One Room 1-16 | (012) 433 4662 | nchoekc@unisa.ac.za |
| Ms N.W. Gamede | Club One Room 2-32 | (012) 433 4643 | gamednw@unisa.ac.za |

3.2 Department

The Department of Economics relocated to Hazelwood offices. The address is:

**Club One Building
Corner Albert & Pinaster Streets
Hazelwood
Pretoria
0003**

3.3 University

Follow the instructions in the brochure *myStudies@Unisa* if you wish to contact the university. Remember to have your student number available whenever you contact the university.

You may also contact the secretary of the Department at this number: **012 433 4661 / 012 429 4350**

Alternatively, send an SMS to **32695**; you will receive an auto-response SMS with various options to choose from. You can also SMS your query directly to:

- **43584** for assignment queries
- **43579** for study material
- **43584** for examination queries
- **31954** for student account queries
- **43582** for assistance with *myUnisa* and *myLife*
- **43578** for application and registration Furthermore, you can also send you enquiry directly to the following addresses:

| Department | E-mail address |
|----------------------------------|--|
| Despatch, study material | despatch@unisa.ac.za |
| Enquiries about prescribed books | vospresc@unisa.ac.za |
| Assignments | assign@unisa.ac.za |
| Finance | finan@unisa.ac.za |
| Examinations | exams@unisa.ac.za |
| Aegrotats exams | aegrotats@unisa.ac.za |

You also welcome to contact the university via any of the following three options:

- Mobi: mobi@unisa.ac.za
- Web: www.unisa.ac.za
- Fax: +27 (0)12 429 4150

4 MODULE-RELATED RESOURCES

4.1 Prescribed books

4.2 Recommended books

There are no recommended textbooks for this module. However, for more insight on the topics discussed in this module, read other Development Economics textbooks that you may find in the library.

4.3 Electronic Reserves (e-Reserves)

The module has no e-reserves.

4.4 Library services and resources information

For brief information go to:

<http://www.unisa.ac.za/contents/studies/docs/myStudies-at-Unisa2017-brochure.pdf>

For more detailed information, go to Unisa website: <http://www.unisa.ac.za/>, click on Library

For research support and services of Personal Librarians, go to:

<http://www.unisa.ac.za/Default.asp?Cmd=ViewContent&ContentID=7102>

The Library has compiled numerous library guides:

- find recommended reading in the print collection and e-reserves - <http://libguides.unisa.ac.za/request/undergrad>

- request material - <http://libguides.unisa.ac.za/request/request>
- postgraduate information services - <http://libguides.unisa.ac.za/request/postgrad>
- finding , obtaining and using library resources and tools to assist in doing research
http://libguides.unisa.ac.za/Research_Skills
- how to contact the Library/find us on social media/frequently asked questions -
<http://libguides.unisa.ac.za/ask>

5 STUDENT SUPPORT SERVICES FOR THE MODULE

For information on the various student support systems and services available at Unisa (e.g. student counselling, tutorial classes, language support and support for students with disabilities), please consult the brochure *my Studies @ Unisa*, which you received with your study material.

5.1 Contact with fellow students: study groups

It is advisable to have contact with fellow students. One way to do this is to form study groups. The addresses of students in your area may be obtained from the following department:

Directorate: Student Administration and Registration
PO Box 392
Unisa
0003

You can also form the study groups online via *myUnisa's* discussion forums, which are discussed below.

5.2 *myUnisa*

If you have access to a computer that is linked to the internet, you can quickly access resources and information from the university. The *myUnisa* learning management system is Unisa's online campus that will help you to communicate with your lecturers, other students and with the Administrative Departments of Unisa – all through a computer and the internet.

To access *myUnisa* website, go to the main Unisa website, <http://www.unisa.ac.za>, click on the “Login to *myUnisa*” link on the right-hand side of the screen. Go to the website at <https://my.unisa.ac.za> and log in using your student number and password. You will see **[ECS3707-18-S1]** (and **ECS3707-18-S2** if you are studying in the second semester) in the row of modules displayed in the orange blocks at the top of the webpage. Select the More tab if you cannot find the module you require in the orange blocks. Then click on the module you want to

open. You will receive this tutorial letter and a printed copy of the online study material for your module. While the printed material may appear different from the online study material, it is the same, as it has been copied from the myUnisa website. We wish you much success in your studies!

5.3 Discussion classes

There are no class discussion for this module.

5.4 Tutorial support programme

There is no tutorial support for this module. The reason for the lack of tutorial support for this module is the fewer number of students taking it. However, as your lecturers we are available to assist you with all the support that you may need.

6 MODULE-SPECIFIC STUDY PLAN

To help you to work on this module systematically, we have drawn a study program for you. The study program consists of guidelines indicating when you should at least have completed certain sections of the study material. The study program is based on the assumption that first-semester students will commence with their studies before or during the last week of January and second-semester students before or during the third week of July. In each semester, the period from the last day of registration to the start of the examination consists of only 15 weeks. It is therefore important that you start working as soon as possible.

Please note that study program is merely a guide aimed at assisting you to work through this module and to ensure that you maintain a steady pace regarding your studies. Included in your study program are assignment due dates. You are encouraged to develop your own study program. For more information on time management and planning skills, use your *my Studies @ Unisa* brochure for general time management and planning skills.

6.1 First semester:

| Week number | Week study | Week begins | Study task (refer to study guide) | Study hours |
|------------------------------|------------|-------------|---|-------------|
| 1 | | 2 January | Register | |
| 2 | | 9 January | Register | |
| 3 | 1 | 15 January | Learning units 1 | 6 |
| 4 | 2 | 22 January | Learning unit 2 | 8 |
| 5 | 3 | 28 January | Learning unit 3 | 8 |
| 6 | 4 | 4 February | Learning unit 4 | 8 |
| 7 | 5 | 11 February | Revise Learning units 1 and 2 | 8 |
| 8 | 6 | 18 February | Revise Learning units 3-4 | 8 |
| 9 | 7 | 25 February | Complete and post compulsory Assignment 01 (closing date 8 March 2018). Assignment 01 is based on learning units 1–4. Learning unit 5 | 14 |
| 10 | 8 | 4 March | Learning unit 6 | 8 |
| 11 | 9 | 11 March | Learning unit 7 | 8 |
| 12 | 10 | 18 March | Learning unit 8 | 8 |
| 13 | 11 | 25 March | Revise Learning units 5-8 | 6 |
| 14 | 12 | 2 April | Complete and post Assignment 03 (closing date 6 April 2018). | 6 |
| 15 | 13 | 8 April | Revision + Complete self-assessment assignment 02 | 8 |
| 16 | 14 | 15 April | Revision+ Complete self-assessment assignment 04 | 8 |
| 17 | | 22 April | Revision. Complete the examination paper as posted on <i>myUnisa</i> . All learning units apply. | 8 |
| 18 | | 1 May | Examination period | |
| 19 | | 8 May | Examination period | |
| 20 | | 15 May | Examination period | |
| 21 | | 22 May | Examination period | |
| Total number of hours | | | | 120 |

6.2 Second semester:

| Week number | Week study | Week begins | Study task (refer to study guide) | Study hours |
|------------------------------|------------|--------------|---|-------------|
| 1 | | 3 June | Register | |
| 2 | | 10 June | Register | |
| 3 | | 17 June | Register | |
| 4 | | 24 June | Register | |
| 5 | 1 | 2 Jul7 | Learning unit 1 | 6 |
| 6 | 2 | 9 July | Learning unit 2 | 8 |
| 7 | 3 | 16 July | Learning unit 3 | 8 |
| 8 | 4 | 23 July | Learning unit 4 | 8 |
| 9 | 5 | 30 July | Revise Learning units 1-4 | 8 |
| 10 | 6 | 5 August | Complete and post compulsory Assignment 01 (closing date 10 August 2018). Assignment 01 is based on learning units 1–4. Learning unit 5 | 14 |
| 11 | 7 | 12 August | Learning unit 6 | 8 |
| 12 | 8 | 19 August | Learning unit 7 | 8 |
| 13 | 9 | 26 August | Learning unit 8 | 8 |
| 14 | 10 | 3 September | Revise Learning units 5-8 | 8 |
| 15 | 11 | 10 September | Complete and post Assignment 03 (closing date 14 September 2018). | 6 |
| 16 | 12 | 17 September | Revision + Complete self-assessment assignment 02 | 6 |
| 17 | 13 | 24 September | Revision + Complete self-assessment assignment 04 | 8 |
| 18 | 14 | 1 October | Revision | 8 |
| 19 | | 1 October | Revision. Complete the examination paper as posted on <i>myUnisa</i> . All learning units apply. | 8 |
| 20 | | 8 October | Examination period | |
| 21 | | 15 October | Examination period | |
| 22 | | 22 October | Examination period | |
| 23 | | 29 October | Examination period | |
| Total number of hours | | | | 120 |

7 MODULE PRACTICAL WORK AND WORK-INTEGRATED LEARNING

You are not required to complete any practical work or work-integrated learning in order to pass this module.

8 ASSESSMENT

8.1 Assessment criteria

Students are assessed by means of formative assessment in the form of written assignments and summative assessment in a form of a formal two hour written examination. The examination takes place in May/June and October/November at specified time, date and at different examination centres. This means that your final mark is not only based on your examination mark, but also on your performance during the semester. For admission to examination, you must submit Assignment 01. To maximize your chances of passing this module, it is strongly recommended that you submit both assignments.

For this module, you are expected to complete and submit two Multiple-Choice assignments (i.e. formative assessment). The Multiple-Choice assignments that is 01 and 03 are marked electronically. Assignment 01 contributes 40% and assignment 03 contributes 60% towards your semester mark.

Student A

| Assignment | Mark achieved | Percentage (%) | x weight | Semester mark (%) |
|---------------------|---------------|----------------|----------|-------------------|
| 01 | 6/20 | 30 | x 0.4 | 12 |
| 03 | 12/20 | 60 | x 0.6 | 36 |
| Semester mark total | | | | 47 |

Student B

| Assignment | Mark achieved | Percentage (%) | x weight | Semester mark (%) |
|---------------------|---------------------------------|----------------|----------|-------------------|
| 01 | 10/20 | 50 | x 0.4 | 20 |
| 03 | Submitted late or not submitted | 0 | x 0.6 | 0 |
| Semester mark total | | | | 20 |

8.1.1 Examination mark

The percentage achieved in the examination is used in the calculation of your **final mark**.

For your semester mark to count, you must obtain 40% and above in your examination. If you do **NOT** get 40% in the examination, your **semester mark** will **NOT** count towards your **final mark**. Therefore, your **final mark** will be your examination mark only.

8.1.2 Final mark

The final mark is calculated as follows:

| | | |
|--|---|--------------------------|
| Semester mark (Out of 100×0.2) | Examination mark (Out of 100×0.8) | Final mark 100 |
|--|---|--------------------------|

For example:

Suppose your semester mark is 45% and you get 54% in the examination. Your final mark will be:

$$\begin{aligned} & (45 \times 20\%) + (54 \times 80\%) \\ &= (45 \times 0.2) + (54 \times 0.8) \\ &= 9 + 43.2 \\ &= 52.2\% \end{aligned}$$

- If your **final mark** (as calculated in the example above) is 50%, you **pass** ECS3707.
- If your final mark (as calculated in example above) is less than 50%, but between 40% and 49%, you do **NOT** pass, but you qualify for the **supplementary examination**. If you qualify for the supplementary, your **semester mark** will **NOT** count towards your **final mark**.
- If your final mark (as calculated in the example above) is **LESS** than 40%, you fail and will have to re-register for this module.

Please note: The applications for and the administration of the re-marking of examination scripts are handled solely by the Examinations Department not by **lecturers**

8.2 Assessment plan

Assignments serve as a tool to assist you to master the course material. As you do your assignments, doing research, discussing the work with fellow students or tutors you broaden your knowledge of the subject and in the process you learn the following: research, writing, interpersonal, time management and planning skills. This is a semester module, and it consists of two assignments (summative assessment) that are aimed at providing you with the opportunity to demonstrate your understanding of the theory as well as your ability to apply the concepts. These two assignments namely, 01 and 03 consists of Multiple Choice Questions. There is also self-assessment assignments 02 and 04 with short questions. Self-assessment questions will not be marked. They are for you to test your knowledge. Students will also be assessed by means of summative assessment in a form of two-hour examination that is conducted in May/June and in Oct/Nov.

8.3 General assignment numbers

Assignments are numbered consecutively per module, starting from 01. A student registered for this module in either semester will be required to submit two assignments (01 and 03) in the form of MCQs. These assignments are included in this tutorial letter.

8.3.1 *Unique assignment numbers*

In addition to the general assignment number (e.g. 01 or 03) each assignment (Multiple-Choice Questions) has its own unique assignment number (e.g. 102717). In this module assignment 01 and 03 consists of Multiple-Choice Questions only. Therefore, they must be completed on a marking-reading sheet.

First semester: Assignment 01: **No: 784081**
 Assignment 03: **No: 610265**

Second semester: Assignment 01: **No: 789618**
 Assignment 03: **No: 861736**

8.3.2 Due dates for assignments

Semester 1: Assignment Submission Dates

| Assignment number | Unique number | Closing date | Contents of assignments | Type of assignment |
|-------------------|---------------|--------------|-------------------------|--------------------|
| 01 | 784081 | 8 March 2018 | Learning Units 1 to 4 | Multiple-Choice |
| 03 | 610265 | 6 April 2018 | Learning Units 5 to 8 | Multiple-Choice |

Semester 2: Assignment Submission Dates

| Assignment number | Unique number | Closing date | Contents of assignments | Type of assignment |
|-------------------|---------------|-------------------|-------------------------|--------------------|
| 01 | 789618 | 10 August 2018 | Learning Units 1 to 4 | Multiple-Choice |
| 03 | 861736 | 14 September 2018 | Learning Units 5 to 8 | Multiple-Choice |

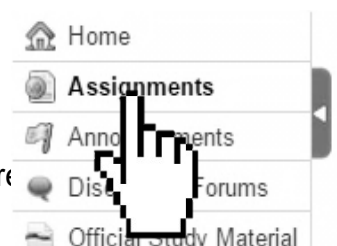
8.4 Submission of assignments

You may submit your assignments by post or electronically via *myUnisa* or deliver them at the Pep Store near you. If you submit your assignment online, please ensure that it is in a pdf-format. Also, ensure that the file is not secured or locked/password protected and not in a zip-file. Please keep a copy of your assignments. If the assignment is lost before it can be assessed, a copy will be your proof that you did complete it.

For detailed information and requirements as far as assignments are concerned, see the brochure *my Studies @ Unisa*, which you received with your study material.

To submit an assignment via *myUnisa*:

- Log in with your student number and password
- Select your module
- Click on assignments in the menu on the left-hand side of the screen
- Click on the assignment number you wish to submit.
- Follow the instructions on the screen.



Assignments should reach Pretoria campus on or before the due date. If you submit your assignment in the Unisa assignment boxes, you should do it at least two days before the due date. If you submit online, you can submit it until midnight on the due date; however make provision for delays as *myUnisa* system is often very busy on due dates.

If you experience any problems when submitting your assignment electronically or problems regarding cancellation, resubmitting, etc., please contact the *myUnisa* helpdesk at myUnisahelp@unisa.ac.za.

PLEASE NOTE: Enquiries about assignments (e.g., whether or not the university has received your assignment or the date on which an assignment was returned to you) must be directed to the relevant departments, whose contact details are provided on page 7.

9 OTHER ASSESSMENT METHODS

There are no other assessment methods for this module.

Exams consists of a summative assessment in the form of a formal two-hour written examination. This module is offered over a semester period of approximately 15 weeks. This means that if you are registered for the first semester you will write the examination in May/June 2018 and the supplementary examination will be written in October/November 2018. If you are registered for the second semester, you will write the examination in October/November 2018 and the supplementary examination will be written in May/June 2019.

For general information and requirements as far as examinations are concerned, see the brochure *my Studies @ Unisa*, which you received with your study material.

The format of the question paper is as follows:

| Section | Format of question paper | Total marks |
|-----------------------------|---|-------------|
| A | is compulsory and consists of short questions | 40 |
| B | has FOUR questions. You are required to answer only THREE , and consists of short questions | 60 |
| Duration of the examination | 2 hours | 100 |

10 FREQUENTLY ASKED QUESTIONS

10.1 Administrative questions

| Examples of questions asked | |
|---|---|
| Do I have to buy the prescribed book? | Yes, prescribed books are indicated in tutorial letter 101 |
| Where can I get the prescribed book? | Prescribed books can be obtained from the University's official booksellers. If you have difficulty in obtaining the prescribed book from these booksellers, please contact the Prescribed Book Section at: 012 429-4152 or e-mail vospresc@unisa.ac.za |
| My study material has not arrived. Whom should I contact? | Contact Despatch Department whose contact details are provided in <i>myStudies @Unisa</i> brochure and in section 3.3 of this tutorial letter. |
| Has Unisa received my assignment? | Contact Assignment Department whose contact details are provided in <i>myStudies @Unisa</i> brochure and in section 3.3 of this tutorial letter. |
| Are there any discussion classes for this module this year? | Please note that there are no class discussions for this module. Class discussions have been replaced with E- tutoring |
| What is e-tutoring? | E-tutoring is an organized session where students and e-tutors interact regularly online through the myUnisa platform. It is also a social space where students and tutors can interact through threaded discussions or chat. The parties that is students/e-tutors and lecturers participate in the educational process by interacting through the myUnisa platform. |
| How can I join a study group? | Students are advised to consult learning centres closest to them to enroll for tutorials. For more information on learning centres and tutorials, consult <i>myStudies @Unisa</i> brochure. |
| How do I qualify to write an examination? | For admission to examination, you must submit assignment 01. |
| Did I pass? When will the examination results be released? | Contact the Examination Department whose contact details are provided in <i>myStudies @Unisa</i> brochure and in section 3.3 of this tutorial letter. |

The *myStudies @Unisa* brochure contains an A-Z guide of the most relevant study information.

11 SOURCES CONSULTED

There are no other sources consulted for this module.

12 CONCLUSION

Distance education is very challenging and it requires a lot of self-discipline, sacrifice and hard work. Start early and work consistently throughout the semester. Do not leave it for the last two weeks before the final examination. It is not possible to master the course in two weeks. You should at least spend a minimum of 8 hours per week on this course. Do all the assignments; answer the activities at the end of each learning unit.

Good luck with your studies.

Nchoe K

Gamede N.W

Semester 1

Assignment 01 (Multiple Choice Questions)

| | |
|---------------------|---|
| Submission date | 08 March 2018 |
| Marks | 100 |
| Prescribed Textbook | Relevant sections according to the TL 501 |
| TL 501 | Learning Units 1-4 |
| Unique number | 784081 |

This assignment contributes 40% towards your semester mark. Remember: to gain admission to the examination you must submit Assignment 01. Please ensure that this assignment reaches the University on time.

Assignment 01 consists of 40 Multiple Choice Questions;

- The first 30 questions (i.e. numbers 1.1 to 1.30) of this assignment are based on study units 1 to 4 in the study guide.
- The last 10 questions are designed to obtain information from you in order to establish a student profile for this module. No marks will be awarded for these questions but your responses will assist us in our quality assurance efforts.

CHOOSE THE CORRECT OPTION

1.1 Development Economics is concerned with

- [1] The efficient allocation of productive resources
- [2] The production of an expanding range of goods and services
- [3] Improvement in the levels of living
- [4] Education and health provision
- [5] All of the above

1.2 A subsistence economy is

- 1] Is an economy with high GDP per capita.
- [2] A middle-income per capita economy.
- [3] A non-monetary economy that relies on natural resources to provide for basic needs.
- [4] A rapid rate of population growth
- [5] All of the above

1.3 Select the correct statement(s):

- a. According to Amartya Sen. The characteristics of a commodity matter more than the utility of such a commodity
- b. In terms of Sen's theory, disparity between measured real income and the actual advantages are usually caused by personal heterogeneities.
- c. Resources within a family are sometimes shared unevenly.
- d. A sense of worth and self-respect is one of the core values of development.

- [1] a and b
- [2] c and d
- [3] a and c
- [4] b and d
- [5] a and d

1.4 Proponents of the "new" view of economic development believe that

- [1] Development is primarily an economic phenomenon in which per capita GNP growth will eventually "trickle down" to the impoverished masses.
- [2] Development can only occur if the developing country cuts ties with the exploitative "north" and allies itself with other developing countries.
- [3] The focus of development strategies should be on GDP growth.
- [4] Development should be thought of as a multi-dimensional process.
- [5] Development process can be usefully measured by improvements in a country's balance of payments.

1.5 Which of the following is incorrect about developing countries

- [1] Primary-product exports, inadequate education and vulnerability in international relations.
- [2] Low levels of living, high levels of income inequality, and high dependency burdens.
- [3] Low levels of productivity, prevalence of imperfect markets, and high rates of population growth.
- [4] Inadequate distribution of land and problems of social inclusion.
- [5] None of the above.

1.6 The Human Development Index (HDI):

- [1] Ranks all countries on a scale of 1 (highest human development) to 10 (lowest human development).
- [2] Measures knowledge as a weighted average of adult literacy and mean years of schooling.
- [3] Has undergone a number of changes since its inception, making it too complicated to be calculated by students.
- [4] Is an objective tool of quality that does not make value judgements.
- [5] Ranks countries in the same order as a ranking of real GDP per capita.

1.7 Which measure uses a common set of international prices for all goods and services produced?

- [1] Purchasing power parity income levels
- [2] GNP price deflators
- [3] Foreign exchange rate conversions to U.S. dollars
- [4] The exchange rate
- [5] None of the above

1.8 Select the incorrect statement:

- [1] Capital accumulation refers to the adding of new resources or the upgrading of the quality of existing resources.
- [2] Neutral technological progress may lead to an outward-shifting production possibility curve.
- [3] Capital accumulation results when some proportion of present income is saved and invested to augment future output and income.
- [4] Capital-saving technological processes are more commonly found than labour-saving technological processes.
- [5] The effect of population growth on economic growth depends on the ability of the economic system to absorb and productively employ these added workers.

1.9 Assuming that the Gini coefficient for South Africa is 0.409 and the Gini coefficient for Australia is 0.404, it is possible to conclude that both South Africa and Australia have virtually the same

- [1] Head Count Index.
- [2] The Human Development Index.
- [3] Percentage of households in absolute poverty.
- [4] Number of households in absolute poverty.
- [5] None of the above.

1.10 The Lewis Model applies the assumption that,

- [1] The law of diminishing returns implies that the marginal product of labour is positive.
- [2] Labour supply grows at a fixed rate.
- [3] Supply of labour is strictly an increasing function of the wage rate.
- [4] Disguised unemployment must not exist in the agricultural sector.
- [5] An unlimited supply of labour is available at a fixed rate.

1.11 Which of the following is not a policy proposal of the Neoclassical counter-revolution school?

- [1] Welcoming multinational corporations
- [2] Promoting free trade
- [3] Specialisation
- [4] Privatizing state-owned enterprises
- [5] Promoting trade unions

1.12 The aggregate production function for the Solow growth model assumes _____ returns to scale and _____ marginal productivity of labour and capital.

- [1] Increasing; diminishing
- [2] Constant; diminishing
- [3] Decreasing; constant
- [4] Constant; increasing
- [5] Constant; constant

1.13 The Harrod-Domar growth model suggest that growth is

- [1] Directly related to savings and the capital/output ratio.
- [2] Indirectly related to savings and the capital/output ratio.
- [3] Directly related to the capital/output ratio and inversely related to savings.
- [4] Directly related to savings and inversely related to the capital/output ratio.
- [5] None of the above

1.14 Government tax and transfer payments generally

- [1] Have no effect on the Lorenz curve.
- [2] Have no impact on the Gini coefficient.
- [3] Shift the Lorenz curve toward the line of equality.
- [4] Shift the Lorenz curve away from the line of equality.
- [5] Shift the Lorenz curve from the line of equality at low incomes and toward the equality line at high incomes.

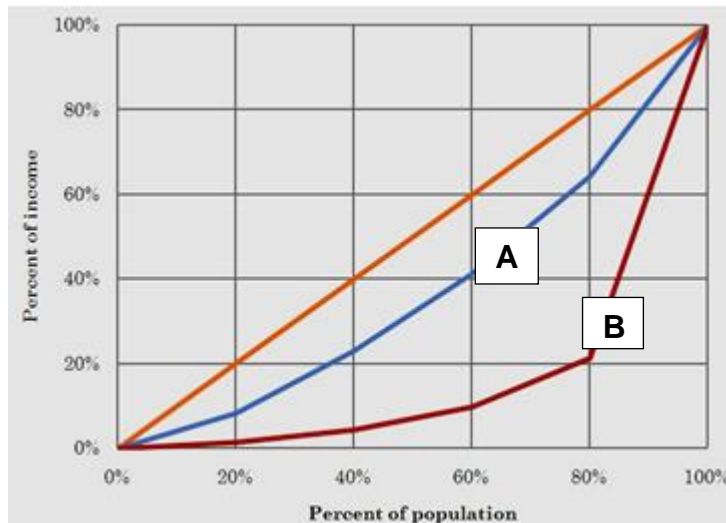
1.15 According to the theory of structural patterns of development, which of the following tends to occur as a country develops.

- [1] Growth of the rural sector.
- [2] A decline in trade as a share of GNP.
- [3] A shift from agriculture to industry and services.
- [4] An increase in the percentage of income spent on food.
- [5] Growth poles and an increase in the labour output ratio.

1.16 The total poverty gap is

- [1] Consumption measured in dollar terms necessary to bring everyone below the poverty line up to the line.
- [2] Absolute number of people below the international poverty line.
- [3] Percentage of the population below the international poverty line.
- [4] Percentage of a country's total consumption necessary to bring everyone in the economy below the poverty line.
- [5] Percentage of the population above the international poverty line.

1.17 According to Lorenz curve B in the figure below the poorest 80 per cent of households have about a



- [1] 20% share in the nation's income.
- [2] 10% share in the nation's income.
- [3] 40% share of the nation's income.
- [4] 60% share of the nation's income.
- [5] 80% share of the nation's income.

1.18 Referring to the Lorenz curves in the figure above, which statement best describes the changes that occur in a country that moves curve A to curve B?

- [1] The amount of inequality in this country has decreased.
- [2] The income share of the wealthiest 20 percent share has gone up.
- [3] The number of people living below the poverty line has increased.
- [4] The amount of inequality in this country has increased.
- [5] The functional distribution of income has decreased.

1.19 What is meant by absolute poverty?

- [1] That level of poverty at which people cannot access the basic necessities for survival.
- [2] That level of poverty at which some people are poor in relation to others who are well off.
- [3] That level of poverty at which some people live above the poverty line
- [3] That level of poverty at which people have incomes below the official poverty line.
- [4] That level of poverty at which people do not have access to education.

1.20 Kuznets' inverted-U hypothesis

- [1] Implies that things must get worse before they get better.
- [2] Suggests that inequality will worsen and then improve as a country grows.
- [3] Suggests that inequality will improve and then worsen as a country grows.
- [4] Points out six characteristics of modern economic growth.
- [5] Indicates that poorer gets a smaller proportion of income.

1.21 Indices of income distribution measure

- [1] Standard of living.
- [2] Economic growth.
- [3] Absolute poverty.
- [4] Under development trap.
- [5] Relative poverty.

1.22 The hidden momentum of population growth is caused by

- [1] Children's contribution to income
- [2] Family planning programs.
- [3] Demographic transition.
- [4] A population's age structure.
- [5] Net international migration

1.23 According to the microeconomic household theory of fertility, children in poor societies are seen, at least in part, as economic investment goods because

- [1] Children provide labour income to the family.
- [2] Unlike ordinary investment goods, children do not depreciate.
- [3] Children act as parent's social security or old age pension.
- [4] [1] and [2]
- [5] [1] and [3]

1.24 The dependency ratio is the ratio of

- [1] Children to adults in the population.
- [2] Unemployed workers in the labour force.
- [3] Foreign aid to total GNP.
- [4] Non-working age group of the population.
- [5] Deaths among children between birth and 5 years of age.

1.25 A period that a given population or other quantity takes to increase by its present size is the

- [1] Dependency ratio.
- [2] Population poverty cycle.
- [3] Transition mechanism.
- [4] Technological progress.
- [5] Doubling time.

1.26 Organised family-planning programs and the demand for birth control resulting from urbanisation, modernisation, economic development, and increased education have contributed to

- [1] The Malthusian population trap.
- [2] Increases in the ratio of labour to capital.
- [3] The demographic transition from stage 3 to stage 2.
- [4] A decline in fertility.
- [5] An increase in the dependency ratio.

1.27 Malthus argued that the poor would always remain poor because

- [1] Population growth tends to outrun growth of food production.
- [2] They do not save enough.
- [3] There is no technological progress.
- [4] There is not enough resources to educate them.
- [5] Labour saving technological progress.

1.28 The total fertility rate (TFR) is the

- [1] Total number of children born in a country in a given year divided by the labour force.
- [2] Deaths among children between birth and 5 years of age per 1000 live births.
- [3] Number of children born to the average women during her reproductive years.
- [4] Number of births in a country divided by total population in a given year.
- [5] Number of women age 15-45 in a country divided by total population.

1.29 The number of live births per thousand persons in a year is termed as

- [1] Total fertility rate.
- [2] Rate of population increase.
- [3] Family planning.
- [4] Crude birth rate.
- [5] Death rate.

1.30 Organised family-planning programs and the demand for birth control resulting from urbanisation, modernisation, economic development, and increased education have contributed to

- [1] The Malthusian population trap.
- [2] Increases in the ratio of labour to capital.
- [3] The demographic transition from stage 3 to stage 2.
- [4] A decline in fertility.
- [5] An increase in the dependency ratio.

The following questions are for information purposes only and do not count any marks.

1.31. Did you make use of private tuition (e.g.Damelin, Varsity College, Boston and others)?

- [1] No.
- [2] Yes and I paid less than a R1 000 for the tuition.
- [3] Yes and I paid between R1 000 and R2 500 for the tuition.
- [4] Yes and I paid between R2 500 and R5 000 for the tuition.
- [5] Yes and I paid more than R5 000 for the tuition.

1.32 How do you usually access the internet?

- [1] I am not able to access the internet.
- [2] From a computer at work.
- [3] From a computer at home.
- [4] From my cell phone.
- [5] From an internet cafe.

1.33 If **broadband access to the World Wide Web** (www) is a prerequisite to study this module I would ...

- [1] not be able to do the module.
- [2] be able to spend 0-1 hours per week on-line.
- [3] be able to spend 1-2 hours per week on-line.
- [4] be able to spend more than 2 hours per week on-line.

1.34 Which one of the following best describes your use of the CDROM?

- [1] I did not use it at all because I did not receive it.
- [2] I did not use it because I do not have sufficient access to a computer.
- [3] I used it only occasionally.
- [4] I used it regularly.
- [5] I used it extensively.

1.35 Did you make use of video clips on You Tube?

- [1] No, because I do not have access to the internet.
- [2] No, because I do not have sufficient broadband access to the www.
- [3] No, because I was unable to download and view the video clips.
- [4] Yes.

1.36 Did you make use of past exam papers which are posted on *myUnisa*?

- [1] Yes.
- [2] No, because I did not know about it.
- [3] No, because I do not have access to the internet.
- [4] No, because I was unable to download it.
- [5] No, because I do not think it is important.

1.37 Did you make use of other resources on the www?

- [1] Yes.
- [2] No, because I do not have access to the internet.
- [3] No, because of the cost of using the internet.
- [4] No, because the printed study material was sufficient for me to understand the work.
- [5] No, because I did not have the time to do it.

1.38 Which one of the following best describes your use of the module web site on *myUnisa*?

- [1] I did not visit it at all.
- [2] I only visited it once or twice
- [3] I visited it occasionally.
- [4] I visited it regularly.
- [5] I visited it extensively.

1.39 Which one of the following best describes your use of the e-tutor site on *myUnisa*?

- [1] I did not visit it at all.
- [2] I only visited it once or twice
- [3] I visited it occasionally.
- [4] I visited it regularly.
- [5] I visited it extensively.

1.40 Which one of the following best describes your experience with the services of the e-tutor?

- [1] I find it extremely helpful.
- [2] I find it fairly helpful.
- [3] I find it helpful.
- [4] I did not find it very helpful.
- [5] I did not find it helpful at all.

End of assignment 01

Assignment 02 (Self-Assessment Short Questions)

| | |
|----------------------------|--|
| Submission date | Do not submit |
| Marks | 80 |
| Prescribed Textbook | Relevant sections according to the TL 501 |
| TL 501 | Learning Units 1-4 |

Question1

- 1.1 Discuss the nature of development Economics. [4]
- 1.2 differentiate between traditional economics, political economics, and development Economics. [6]

Question 2

- 2.1 Discuss and evaluate graphically the Solow neoclassical growth model. [8]
- 2.2 Explain what experiences of the 1950's and 1960's led to the new economic view of development. What was the new definition that flowed from this realization? [7]
- 2.4 Briefly discuss Sen's "capabilities" approach to development. [10]

Question 3

- 3.1 Distinguish between the rate of population increase, natural increase, net international migration, crude birth rate and total fertility rate. [5]
- 3.2 The cause of falling birth rates (stage III in demographic transition theory) is nowadays, attributed to micro economic behaviour. Explain how the microeconomic theory of fertility relates to consumer choice. [15]

Question 4

- 4.1 Explain, illustrate and criticise the Malthusian Population Trap. [10]
- 4.2 Discuss the population poverty cycle. [15]

Total [80]**End of assignment 02**

Assignment 03 (Multiple choice Questions)

| | |
|----------------------------|--|
| Submission date | 06 April 2018 |
| Marks | 100 |
| Prescribed Textbook | Relevant sections according to the TL 501 |
| TL 501 | Learning Units 5-8 |
| Unique number | 610265 |

This assignment contributes 60% towards your semester mark. Remember: to gain admission to the examination you must submit Assignment 01 Please ensure that this assignment reaches the University on time.

Assignment 03 consists of 20 Multiple Choice Questions.

CHOOSE THE CORRECT OPTION

3.1 A country's human capital increases when

- [1] If its workers become better educated or healthier.
- [2] Only if its workers become better educated.
- [3] Only if its workers become healthier.
- [4] None of the above is correct.
- [5] All of the above.

3.2 Which of the following statements are not true?

- [1] Education is important for the formation and training of health personnel.
- [2] Death of school-age children also increases the cost of education per worker.
- [3] Longer life spans raise the return to investments in education.
- [4] Education does not affect childbearing years.
- [5] Health is an important factor for school attendance.

3.3 Which one of the following statements defines "Literacy rate":

- [1] Total literate people divided by total population.
- [2] Total literate population divided by total population.
- [3] It measures the proportion of literate population in the 7 years and above age group.
- [4] Proportion of literate population in the 18 years above age group.
- [5] None of the above.

3.4 Comparing the cost and benefits, both private and social, of education leads to economists conclusion that the

- [1] social optimal strategy would be to focus on primary education.
- [2] privately optimal strategy would be to focus on private education.
- [3] privately optimal strategy would be to focus on secondary education.
- [4] privately optimal strategy would be to focus on secondary education.
- [5] social optimal strategy would be to focus on tertiary education.

3.5 Which of the following residents of rich countries are likely to have in greater quantities, or better quality, than residents of poor countries?

- [1] Education
- [2] Housing
- [3] Healthcare
- [4] Life expectancy
- [5] All of the above

3.6 When the Harris-Todaro model is in equilibrium, the expected urban wages will be

- [1] Greater than the rural wage rate.
- [2] Equal to the rural wage rate.
- [3] Less than the rural wage rate.
- [4] Equal to the social cost of migration.
- [5] None of the above.

3.7 According to the Harris-Todaro model, expanding urban employment opportunities will do the following:

- [1] Have no effect on rural-urban migration.
- [2] Be self-defeating as it will eventually increase unemployment in cities.
- [3] Reduce unemployment in cities.
- [4] Increase the current account deficit.
- [5] None of the above

3.8 The rapid rate of urbanisation are associated with

- [1] Small geographical movements of people.
- [2] Better use of infrastructure such as road and rail networks.

- [3] The growth of new religious movements.
- [4] Spread of rational values.
- [5] All of the above

3.9 According to the Todaro Migration Model

- [1] Migrants calculate future value of urban expected income and stay if it exceeds average rural income.
- [2] Marginal cost equals marginal revenue and migrants move when equilibrium occurs.
- [3] Agglomeration and localisation occurs in the economy.
- [4] Migrants calculate present value of urban expected income and move if it exceeds average rural income.
- [5] None of the above

3.10 Which of the following is not generally a characteristic of informal sector employment?

- [1] Decent working conditions
- [2] Industrial production
- [3] Irregular work hours
- [4] Less formal education
- [5] Ease entry

3.11 MNC's reduce their tax payment in different host countries usually by

- [1] The Harrod-Domar model (savings versus investment of MNC's).
- [2] Technology transfer by MNC's (technological progress).
- [3] Import substitution and export promotion policies of MNC's.
- [4] Transfer pricing (an accounting procedure used by MNC's).
- [5] Export of profits (MNC's are likely to repatriate profits back to their 'home country').

3.12 Foreign aid sometimes referred to as official development assistance is

- [1] Humanitarian aid by non-governmental organisations for example, Amnesty International, Project Hope and the WWF.
- [2] Financial investment by corporations and pension funds for example, Oxfam, Africare, and World Vision.
- [3] Investments by multinationals in other countries for example, Doctors without Borders, Habitat for Humanity and Project Hope.
- [4] Official public aid for example, a long term loans: 10-20 years, concessional, i.e. below commercial interest rates which is repayable in domestic or foreign currency.

[5] All of the above

3.13 When MNC's artificially inflates the price it pays for intermediate products purchased from abroad in an effort to lower stated local profits and pay lower taxes, the MNC is said to be practicing

- [1] Portfolio pricing.
- [2] Least-squares pricing.
- [3] Average cost pricing.
- [4] Transfer pricing.
- [5] Foreign exchange gap pricing.

3.14 Unlike MNC's, portfolio investors are

- [1] In the development business to make significant changes in less developed countries.
- [2] Giving foreign aid to assist developing countries with portfolio and infrastructural projects.
- [3] Giving official development assistance in terms of grants and loans.
- [4] Investing in middle income countries to increase their returns while diversifying their risks.
- [5] None of the above

3.15 A motivation of developed countries in providing development assistance is

- [1] The creation of markets.
- [2] Geopolitical influence.
- [3] Genuine humanitarian concern.
- [4] All of the above
- [5] None of the above

3.16 The rationale for development planning exists because

- [1] Developing countries tend to have both high market and government failure.
- [2] Governments have a shopping list of projects and it will equip them better to solicit foreign assistance and to spend the money wisely.
- [3] Developing countries cannot afford to waste their limited financial and human resources.
- [4] It will enlighten central government's economic plan across class, racial, religious and tribal factions.
- [5] All of the above

3.17 The Post-Washington Consensus: Development after the Crisis," the development model put on trial by the global financial crisis was the

- [1] Capitalist model.
- [2] Emerging-market model.
- [3] Neoliberal model.
- [4] Keynesian demand-management model.
- [5] None of the above

3.18 As defined in "The Post-Washington Consensus: Development after the Crisis," the assumption that developing countries benefit substantially from greater inflows of foreign capital is known as

- [1] The EU's version of capitalism.
- [2] Global economic volatility.
- [3] Foreign-finance fetish.
- [4] The American version of capitalism.
- [5] Social disruption

3.19 Perspective planning refers to:

- [1] Indicative planning
- [2] Annual planning
- [3] Structural planning
- [4] Long-term planning
- [5] Assessment planning

3.20 What is meant by the "Washington Consensus"?

- [1] The consensus in Washington about foreign policy.
- [2] The ten point neo-liberal guideline for progress in the USA.
- [3] The ten point guideline to liberal economic reform for development around the world.
- [4] The ten point guideline for economic growth in Europe (EU).
- [5] The consensus in Washington about matters of fiscal policy.

End of assignment 03

Assignment 04 (Self-assessment Short Questions)

| | |
|----------------------------|--|
| Submission date | Do not submit |
| Marks | 80 |
| Prescribed Textbook | Relevant sections according to the TL 501 |
| TL 501 | Learning Units 5-8 |

Question 1

- 1.1 Define the concept urban bias. [3]
- 1.2 Explain the role of cities interns of, agglomeration, urban economies and localization. [6]
- 1.3 Discuss the policy implications the government's must consider the help them succeed with urbanisation policies. [6]
- 1.4 Discuss both the positive and negative aspects of the informal urban labour market. [5]

Question 2

- 2.1 Explain the financial trade-offs involved in the choice whether or not to receive education beyond secondary level. Use a diagram to illustrate your answer. [10]
- 2.2 Child labour is a widespread problem in developing countries. Discuss the main approaches to child labour policy in developing countries today. [10]

Question 3

- 3.1 Argue for and against foreign direct investment (FDI) from a developing country's point of view. [12]
- 3.2 Discuss the causes and consequences of armed conflict in African countries. [8]

Question 4

- 4.1 Discuss the role and limitations of markets in developing countries [6]
- 4.2 Explain the impact of corruption in developing countries and outline strategies to reduce it. [6]
- 4.3 Explain the four fundamental arguments for developing countries. [8]

Total [80]**End of assignment 04**

Semester 2

Assignment 01 (Multiple Choice Questions)

| | |
|----------------------------|--|
| Submission date | 10 August 2018 |
| Marks | 100 |
| Prescribed Textbook | Relevant sections according to the TL 501 |
| TL 501 | Learning Units 1-4 |
| Unique number | 789618 |

This assignment contributes 20% towards your semester mark. Remember: To gain admission to the examination you must submit Assignment 01. Please ensure that this assignment reaches the University on time.

Assignment 01 consists of 40 Multiple Choice Questions;

- The first 30 questions (i.e. numbers 1.1 to 1.30) of this assignment are based on study units 1 to 4 in the study guide.
- The last 10 questions are designed to obtain information from you in order to establish a student profile for this others, assist us in our quality assurance efforts.

CHOOSE THE CORRECT OPTION

1.1 Which measure uses a common set of international prices for all goods and services produced?

- [1] GNP price deflators
- [2] Inflation rate
- [3] US dollars
- [4] The exchange rate
- [5] Purchasing power parity income levels

1.2 Developing countries are commonly characterised by

- [1] Low levels of living, high levels of income inequality, and high dependency burdens.
- [2] Low levels of productivity, prevalence of imperfect markets, and high rates of population growth.
- [3] primary-product exports, inadequate education and vulnerability in international relations.
- [4] All of the above
- [5] Only [1] and [2]

1.3 Which of the following is not an upper middle-income country?

- [1] Pakistan
- [2] Brazil
- [3] South Africa
- [4] Spain
- [5] Peru

1.4 An economy where there is little money income and all good are made and consumed by the people themselves is referred to be.

- [1] Free market economy
- [2] Traditional economy
- [3] Subsistence economy
- [4] Political economy
- [5] Mixed economy

1.5 Development economics is the study of the

- [1] The process of improving the quality of all human lives and capabilities by raising people's levels of living, self-esteem and freedom
- [2] Alleviation of absolute poverty.
- [3] Allocation of resources to developing countries by developed countries.
- [4] Transformation of institutions
- [5] All of the above

1.6 According to Amartya Sen,

- [1] Development requires cultural changes such that the poor begin to think in “modern” ways.
- [2] Development should be thought of as rapid growth of GDP or GNP per capita.
- [3] Development should be thought of as a process during which individuals’ “capabilities to function” are enhanced.
- [4] The only statistic that really matters at the end of the day is life expectancy.
- [5] Development is a meaningless concept in a world characterised by capitalist domination of the masses.

1.7 The main difference between the neoclassical and endogenous growth model is that:

- [1] Only endogenous theory allows for technological progress.
- [2] In the endogenous growth model returns to capital are constant, in the neoclassical theory they are diminishing.
- [3] Only in the neoclassical theory, labour is a factor of production.
- [4] All of the above
- [5] None of the above

1.8 Which of the following is not an indicator that is used to compute the Human Development Index

- [1] Life expectancy at birth.
- [2] Real GDP per capita
- [3] Education index
- [4] Adult literacy
- [5] Infant mortality rate

Study the table below and answer questions 1.9 to 1.10

| Country | Relative HDI ranking | HDI value | Real GNI per capita | GNI per capita minus HDI rank |
|--------------|----------------------|-----------|---------------------|-------------------------------|
| Ghana | 140 | 0.579 | 3,839 | 5 |
| Namibia | 126 | 0.640 | 9,770 | -18 |
| South Africa | 119 | 0.666 | 12,087 | -30 |
| Nigeria | 151 | 0.527 | 5,443 | -23 |

1.9 According to the HDI values above which country is the most developed

- [1] Nigeria it is more developed than South Africa
- [2] Namibia it is more developed than South Africa
- [3] Ghana is the most developed of the countries
- [4] South Africa is the most developed of all the countries
- [5] Nigeria is the most developed of all the countries

1.10 Looking at Ghana and Nigeria, what can be said about their HDI and GNI values?

- [1] Nigeria it is more developed than Ghana
- [2] Ghana is richer than Nigeria according gross national income
- [3] Nigeria is less developed than Ghana despite larger income
- [4] All of the above
- [5] None of the above

1.11 Select the correct statement(s)

- a. The health component of the New HDI is calculated with life expectancy at birth index, which takes a minimum value of 20 years and maximum value of 83.57.
- b. The education component of the New HDI is calculated with a combination of the average years of schooling for adults aged 25 and older and the expected years of schooling for a school-age child entering school
- c. The use of a geometric mean in computing New HDI is crucial
- d. HDI is an index measuring national socioeconomic development, based on combining measures of education, health and adjusted real income per capita

- [1] a and c
- [2] b, c and d
- [3] a, c and d
- [4] All of the above
- [5] None of the above

1.12 The neoclassical counterrevolution that prevailed in the 1980's, and what was the emphasis of this economic thought?

- [1] It emphasised on criticising the international-dependence revolution
- [2] To replace the linear-stages approach by focusing its argument on political approach.
- [3] The beneficial role of free markets, open economies and the privatisation of inefficient public funds
- [4] Viewed underdevelopment in terms of international and domestic power relations.
- [5] The external and internal institutional and political constraints on economic development.

1.13 The Harrod-Domar growth model

- [1] Assumes that more investment leads to more growth
- [2] Assumes that net national savings must not equal net investment
- [3] Assumes that labour force is not abundant
- [4] States that technological progress can be expressed as an increase in the required capital-output ratio giving more growth for a given level of investment.
- [5] Assumes a direct economic relationship between the size of the total capital stock and total GDP

1.14 Which of the following is **incorrect** about the Lewis model

- [1] It is based on assumption that many LDCs had dual economies with both a traditional agricultural sector and a modern industrial sector.
- [2] The industrial sector is assumed to be technologically advanced, with high levels of investment operating in an urban environment
- [3] Those that move away to the towns earn increased incomes and this generates more savings
- [4] The key to development was to increase savings and investment.
- [5] As villagers move to town the amount of food available to the remaining villagers would decrease

1.15 Constant returns to capital in the endogenous growth model are due to

- [1] Investment by individual firms in capital exhibit which constant returns.
- [2] Positive externalities.
- [3] Perfect capital markets.
- [4] Government spending.
- [5] Structural change and market failure.

1.16 Select the incorrect statement:

- [1] Capital accumulation results when some proportion of present income is saved and invested to augment future output and income.
- [2] Capital accumulation refers to the adding of new resources or the upgrading of the quality of existing resources.
- [3] The effect of population growth on economic growth depends on the ability of the economic system to absorb and productively employ these added workers.
- [4] Neutral technological progress may lead to an outward-shifting production possibility curve.
- [5] Capital-saving technological processes are more commonly found than labour-saving technological processes.

1.17 Which of the following approaches does not offer an international dependence explanation of underdevelopment.

- [1] The false paradigm model.
- [2] The neoclassical counter-revolution.
- [3] The dualistic development model.
- [4] The neocolonial dependence modele
- [5] Harrod-Domar growth model

1.18 According to the Solow model, the only way to drive economic growth in the long-run is to:

- [1] Increase both the savings rate and labour hours.
- [2] Increase the savings rate.
- [3] Increase the labour hours.
- [4] Increase the amount of capital equipment.
- [5] Progress technologically.

1.19 According to the theory of structural patterns of development, which of the following tends to occur as a country develops?

- [1] Growth of the rural sector.
- [2] A decline in trade as a share of GNP.
- [3] A shift from agriculture to industry and services.
- [4] An increase in the percentage of income spent on food.
- [5] Growth poles and an increase in the labour output ratio.

1.20 The Lorenz curve is

- [1] A graphical representation of the different quintiles of a nation's entire income distribution.
- [2] A graphical representation of the income distribution of a nation's education distribution.
- [3] A graphical representation of the income distribution of a nation's poor population.
- [4] A curve that portrays the relationship between income inequality and schooling.
- [5] A curve that portrays the relationship between income inequality and employment.

1.21 A Gini coefficient closer to zero reveals

- [1] A more equal distribution and a Lorenz curve closer to the diagonal line.
- [2] A more unequal distribution and a Lorenz curve closer to the diagonal line
- [3] A more unequal distribution and a Lorenz curve further from the diagonal line
- [4] A more equal distribution and a Lorenz curve further from the diagonal line
- [5] All of the above

1.22 According to Worldbank data (2013) the Gini coefficient for Chile is 52.1 and the Gini coefficient for Lesotho is 52.5. Is it possible to conclude that both Chile and Lesotho have virtually the same?

- [1] Number of households in absolute poverty.
- [2] Percentage of households in absolute poverty.
- [3] Level of the Human Development Index.
- [4] Functional distribution of income.
- [5] None of the above.

1.23 What conclusion can be reached from the following data on income shares?

| Percentage of income received | | |
|-------------------------------|------------|-------------|
| | Lowest 40% | Highest 20% |
| South Africa | 7.18% | 61% |
| Brazil | 11.52% | 40.66% |

- [1] Absolute poverty is more widespread in Brazil.
- [2] The size distribution of income is more unequal in South Africa.
- [3] Brazil should opt for a strategy of redistribution of income.
- [4] Growth in Brazil and South Africa is calculated by using poverty weights.
- [5] Neither growth nor development takes place in Bangladesh and Indonesia.

1.24 The upward portion of the Kuznets curve, as it relates to the Kuznets hypothesis, states that

- [1] At later levels of development, countries' income inequality increases.
- [2] At initial levels of development, countries' income inequality increases.
- [3] At later levels of development, countries' income inequality decreases.
- [4] At initial levels of development, countries' income inequality decreases.
- [5] At initial levels of development, countries' income inequality stays stationary.

1.25 Absolute poverty is defined as

- [1] An inability to meet the minimum levels of income, food, clothing, health care, shelter and other essentials.
- [2] A vicious cycle of low income leading to low investment in education and health.
- [3] The sum of the difference between the poverty line and actual income.
- [4] The state of mind or feelings of an individual group or society regarding issues such as material gain.
- [5] The proportion of a country's population living below the poverty line.

1.26 The poverty gap

- [1] Measures the difference between a person's basic daily calories actually consumed.
- [2] Gives a better indication of the depth of poverty than a simple headcount index.
- [3] Measures the total amount of income necessary to raise everyone who is below the poverty line up to the poverty line.
- [4] Measures how many people are below an agreed-upon poverty line, but tells us Nothing about the depth of poverty.
- [5] Both [2] and [3]

1.27 Malthus theory states that the population increases

- [1] Proportionally to economic growth.
- [2] With food supply and economic development.
- [3] Disproportionately, surpassing agricultural production.
- [4] Geometrically, outstripping food supply, which grew arithmetically.
- [5] As life expectancy at birth increases.

1.28 The three stage process of population growth is historically known as the

- [1] Implosion growth curve
- [2] Exponential growth curve.
- [3] Demographic equation.
- [4] Population poverty cycle.
- [5] Demographic transition.

1.29 Which of the following is not generally considered to be one of the major negative consequences of rapid population growth?

- [1] Environmental degradation
- [2] Higher infant mortality rates
- [3] Lower per capita growth
- [4] Decreased legal international migration
- [5] All of the above

1.30 Compared to the developed countries, the LDCs have

- [1] higher birth rates and lower death rates
- [2] lower birth rates and higher death rates.
- [3] higher birth rates and higher death rates.
- [4] lower birth rates and lower death rates.
- [5] constant birth rates and constant death rates.

The following questions are for information purposes only and do not count any marks.

1.31 Did you make use of private tuition (e.g.Damelin, Varsity College, Boston and others)?

- [1] No.
- [2] Yes and I paid less than a R1 000 for the tuition.
- [3] Yes and I paid between R1 000 and R2 500 for the tuition.
- [4] Yes and I paid between R2 500 and R5 000 for the tuition.
- [5] Yes and I paid more than R5 000 for the tuition.

1.32 How do you usually access the internet?

- [1] I am not able to access the internet.
- [2] From a computer at work.
- [3] From a computer at home.
- [4] From my cell phone.
- [5] From an internet cafe.

1.33 If **broadband access to the World Wide Web** (www) is a prerequisite to study this module I would ...

- [1] not be able to do the module.
- [2] be able to spend 0-1 hours per week on-line.
- [3] be able to spend 1-2 hours per week on-line.
- [4] be able to spend more than 2 hours per week on-line.

1.34 Which one of the following best describes your use of the CDROM?

- [1] I did not use it at all because I did not receive it.
- [2] I did not use it because I do not have sufficient access to a computer.
- [3] I used it only occasionally.
- [4] I used it regularly.
- [5] I used it extensively.

1.35 Did you make use of video clips on You Tube?

- [1] No, because I do not have access to the internet.
- [2] No, because I do not have sufficient broadband access to the www.
- [3] No, because I was unable to download and view the video clips.
- [4] Yes.

1.36 Did you make use of past exam papers which are posted on *myUnisa*?

- [1] Yes.
- [2] No, because I did not know about it.
- [3] No, because I do not have access to the internet.
- [4] No, because I was unable to download it.
- [5] No, because I do not think it is important.

1.37 Did you make use of other resources on the www?

- [1] Yes.
- [2] No, because I do not have access to the internet.
- [3] No, because of the cost of using the internet.
- [4] No, because the printed study material was sufficient for me to understand the work.
- [5] No, because I did not have the time to do it.

1.38 Which one of the following best describes your use of the module web site on *myUnisa*?

- [1] I did not visit it at all.
- [2] I only visited it once or twice
- [3] I visited it occasionally.
- [4] I visited it regularly.
- [5] I visited it extensively.

1.39 Which one of the following best describes your use of the e-tutor site on *myUnisa*?

- [1] I did not visit it at all.
- [2] I only visited it once or twice
- [3] I visited it occasionally.
- [4] I visited it regularly.
- [5] I visited it extensively.

1.40 Which one of the following best describes your experience with the services of the e-tutor?

- [1] I find it extremely helpful.
- [2] I find it fairly helpful.
- [3] I find it helpful.
- [4] I did not find it very helpful.
- [5] I did not find it helpful at all.

End of assignment 01

Assignment 02 (Self-Assessment Short Questions)

| | |
|----------------------------|--|
| Submission date | Do not submit |
| Marks | 80 |
| Prescribed Textbook | Relevant sections according to the TL 501 |
| TL 501 | Learning Units 1-4 |

Question 1

1.1. Explain and interpret and compare the information in the table below. [4]

| | HDI ranki ng | HDI value | Real GDP per capit a | GDP rank minu s HDI Rank | Gini coeffic ient |
|----------------|-----------------------------|------------------|---|---|----------------------------------|
| Nigeria | 159 | 0.448 | 1 154 | -1 | 0.437 |
| SA | 121 | 0.653 | 11 192 | -66 | 0.578 |

1.2. Describe Amartya Sen's capabilities approach to development. [8]

1.3. In November 2010, the UNDP introduced the new Human Development Index. Discuss the notable changes as well as strengths and potential drawbacks of the index. [8]

Question 2

2.1 Illustrate and explain the Lewis model of modern sector growth in a two-sector economy. [10]

2.2 What are the main factors that have contributed to Botswana's relative economic success compared to other Sub-Saharan African countries? [5]

2.3 Explain which experiences of the 1950's and 1960's led to the new economic view of development. What was the new definition of development that flowed from this realisation? [5]

Question 3

- 3.1 Illustrate and explain Kuznets's inverted-U hypothesis by reflecting on the conceptual and limitations. [10]
- 3.2 Discuss the relationship between the level of GDP per capita and the degree of income inequality.[10]

Question 4

- 4.1 Explain seven consequences of population growth [7]
- 4.2 Use a diagram to explain the microeconomic household theory of fertility. [13]

Total [80]

End of assignment 02

Assignment 03 (Multiple-Choice Questions)

| | |
|----------------------------|--|
| Submission date | 14 September 2018 |
| Marks | 100 |
| Prescribed Textbook | Relevant sections according to the TL 501 |
| TL 501 | Learning Units 5-8 |
| Unique number | 861736 |

This assignment contributes 60% towards your semester mark. Remember: to gain admission to the examination, you must submit Assignment 0. Please ensure that this assignment reaches the University on time.

Assignment 03 consists of 20 Multiple Choice Questions. These 20 questions (i.e. numbers 3.1 to 3.20) of this assignment are based on learning units 5 to 8 in the study guide.

CHOOSE THE CORRECT OPTION

3.1 Human capital development requires investment

- [1] Capital-saving technological progress.
- [2] By the World Health Organisation to improve education and health in developing countries.
- [3] In better education and training to improve skills.
- [4] capital- augmenting technological progress.
- [5] None of the above

3.2 Investment in physical and human capital is typically encouraged by

- [1] Lower taxes on interest income.
- [2] Lower taxes on investment returns.
- [3] Lower taxes on returns to education.
- [4] All of the above.
- [5] None of the above.

3.3 Closing the educational gender gap is widely considered to be economically desirable because

- [1] It lowers fertility and greatly improves child health.
- [2] It would help lessen poverty, since women are less likely to be impoverished than men.
- [3] Increasing women's education increases their productivity.
- [4] The rate of return on women's education is higher than that of men's in most developing countries.
- [5] All of the above

3.4 What occupation do most child labours do?

- [1] Domestic service occupations
- [2] Mining occupations
- [3] Agricultural occupations
- [4] Trash collecting occupations
- [5] Manufacturing occupations

3.5 Increases in worker productivity usually reflect

- [1] Increased education and improved equipment.
- [2] Management that pushes workers to work longer and harder.
- [3] Elimination of unemployment benefit programs.
- [4] Growth of labour unions.
- [5] Technological progress.

3.6 Induced migration can be defined as

- [1] The process in which the creation of urban jobs raises expected incomes and increases more people to migrate to cities.
- [2] The value of a set of social institutions and norms, including cooperative behaviours.
- [3] An area with relatively high population density that contains a set of closely related activities.
- [4] As programmes of integrated rural development that operates on the demand side of the economy.
- [5] An action taken by one agent that decreases the incentives of other agents to take similar actions.

3.7 The simplest explanation based on Lewis's model for rural urban migration is

- [1] That people migrate when urban wages exceed rural wages.
- [2] A higher than expected income in rural areas.
- [3] Better infrastructure in urban areas.
- [4] The availability of labour intensive jobs in urban areas.
- [5] The introduction of minimum wages.

3.8 As migration takes place the Gini coefficient of inequality

- [1] Falls at first, then rises.
- [2] Rise at first, then falls.
- [3] Rises continuously.
- [4] Falls continuously.
- [5] Remains unchanged.

3.9 Harris-Todaro model is related to

- [1] Growth and unemployment.
- [2] Growth and migration.
- [3] Unemployment and migration.
- [4] Unemployment and inflation.
- [5] None of the above

3.10 Urbanisation is best defined as

- [1] The growth in the population of urban areas as a result of several factors.
- [2] The increase in the proportion of the population living in urban areas.
- [3] People moving from urban areas to rural areas.
- [4] People moving from rural areas to urban areas.
- [5] None of the above

3.11 Which of these statements about MNCs is FALSE?

- [1] Most MNCs have a world management system based on subsidiaries in each state in which they operate.
- [2] MNCs generally do not reflect state interests
- [3] MNCs contribute to global interdependence.
- [4] The power of MNCs rivals that of the largest states in the international system.
- [5] MNCs are a strong force for liberalism in the world economy.

3.12 Which of the following can be an advantage to the host country of MNC investment?

- [1] Crowding out - if overseas firms borrow in the domestic economy this may reduce access to funds and increase interest rates.
- [2] Improving balance of payments - inward investment will usually help a country's balance of payments situation.
- [3] Access to natural resources - multinationals will sometimes invest in countries just to get access to a plentiful supply of raw materials and host nations are often more concerned about the short-term economic benefits than the long-term costs to their country in terms of the depletion of natural resources.
- [4] Uncertainty - multinational firms are increasingly 'footloose'. This means that they can move and change at very short notice and often will
- [5] Exporting Profits - large multinational are likely to repatriate profits back to their 'home country', leaving little financial benefits for the host country.

3.13 A motivation of developed countries in providing development assistance is

- [1] The creation of markets.
- [2] Geopolitical influence.
- [3] Genuine humanitarian concern.
- [4] All of the above
- [5] None of the above

3.14 Which of the following are main drivers of rising foreign direct investment (FDI) over the near future?

- [1] Diversity and telecommunications
- [2] Telecommunications and transportation
- [3] Mergers and acquisitions (M&A)
- [4] Diversity and globalisation
- [5] Money and banking

3.15 Which of the following is usually considered a key factor influencing the choice and mix of finance for international operations?

- [1] Unsystematic risk
- [2] Counterparty risk
- [3] Basis risk
- [4] Commercial risk
- [5] Currency risk

3.16 Which of the following is not a common reason for failures of economic plans in developing countries?

- [1] Conflict, post conflict and fragile states.
- [2] Insufficient data
- [3] Lack of political will
- [4] Unanticipated economic disturbances, external and internal.
- [5] All of the above are common reasons for plan failure.

3.17 Government's use of coordinated policies to achieve national economic objectives is

- [1] Reconstruction and development.
- [2] Entrepreneurial programs.
- [3] Development planning.
- [4] Public physical policy.
- [5] Commanding heights.

3.18 Market failure

- [1] Involves the difficulties that many developing countries encounter when attempting to operate a stock market.
- [2] Is a surprisingly rare occurrence in the developing world.
- [3] A justification for government intervention in the developing world.
- [4] Only [2] and [3]
- [5] None of the above

3.19 Which of one following institutional requirements apply for the operation of effective private markets?

- [1] Rationality constrained by tradition
- [2] Restriction on freedom of information
- [3] Restriction on the flow of information
- [4] Security of persons and property
- [5] Monopolies and monopolistic competition

3.20 As defined in "The Post-Washington Consensus: Development after the Crisis," the assumption that developing countries benefit substantially from greater inflows of foreign capital is known as

- [1] foreign-finance fetish.
- [2] Global economic volatility.
- [3] The EU's version of capitalism.
- [4] The American version of capitalism.
- [5] Social disruption

End of assignment 03

Assignment 04 (Self-Assessment Short Questions)

| | |
|----------------------------|--|
| Submission date | Do not submit |
| Marks | 80 |
| Prescribed Textbook | Relevant sections according to the TL 501 |
| TL 501 | Learning Units 5-8 |

Question 1

- 1.1 Explain why the development of a solid elementary education system takes precedence should over an expansion of the university system in developing countries. [6]
- 1.2 discuss why the education of girls is probably the most cost-effective development investment. [7]
- 1.3 How would you explain the fact that relative cost of returns to higher education is so much higher in developing countries than developed countries? [7]

Question 2

- 2.1 Explain and discuss the emergence of industrial clusters in China. [6]
 - 2.2 Discuss the Todaro-Harris Model and its policy with an aid of a graph. [8]
- [12]**

Question 3

- 3.1 Discuss the advantages and disadvantages of foreign portfolio investment for emerging markets such as South Africa. [8]
- 3.2 What is private portfolio and what factors do you believe are most important for determining the amount and direction of such flows? [6]
- 3.3 Explain why donor countries give and why developing countries accept aid. [6]

Question 4

- 4.1 Discuss the four fundamental arguments for development planning. [5]
- 4.2 Discuss the potential and negative effects of five issues surrounding MNC's in developing countries. [10]
- 4.3 Discuss the role and limitations of markets in developing countries. [5]

Total [80]

End of assignment 04