

SECTION B

Answer any **TWO** of the following **THREE** questions. Each question carries 25 marks. A total of 50 marks can thus be earned in this section.

- 1 Compare and contrast the mercantilist and the physiocratic schools of thought, in which you pay attention to the following aspects
- Their differing views on the role of government
 - Their differing views on the nature of wealth
 - Their differing views on the productive contribution of the various economic classes
 - Their differing views on how best to stimulate wealth creation
 - Their differing views on taxation
 - Some criticism and the relevance of their ideas for modern-day South Africa

You can discuss these aspects in any order, and they need not be the only ones you touch on.

- 2 Write an essay on the law of motion of capitalist society according to Marx. In your essay pay attention to the following aspects
- The theory of exploitation
 - The falling rate of profit
 - The centralisation of capital and the immiseration of the proletariat
 - Crisis and revolution
 - Some criticism and the relevance of his ideas for modern-day South Africa

You can discuss these aspects in any order, and they need not be the only ones you touch on.

- 3 Write an essay on the Chicago school of thought, in which you pay attention to the following aspects
- Rejection of Keynesianism and the role of government
 - Friedman's monetary rule and his restatement of the quantity theory of money
 - Friedman's long-run Phillips curve and adaptive expectations
 - Lucas's long-run supply curve and rational expectations
 - Some criticism and the relevance of its ideas for modern-day South Africa

You can discuss these aspects in any order, and they need not be the only ones you touch on.

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