

**UNIVERSITY OF FORT HARE**

**EDE 211/E**

**(End Module Assessment)**

**JUNE**

**2023**

.....  
**Time: 2 Hours**

**Subject: EDE 211/E**

**Marks: 50**

**This paper consists of 3 pages including the cover page**

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**INSTRUCTION(S)**

Answer **ALL** questions in section A.

Choose **ONE** question in section B.

**SECTION A**

**[15 marks]**

**Answer all questions**

1. In terms of the O-Ring Theory of Economic Development. Production is modeled with strong complementarities of inputs (labor & capital) and interdependencies among firms (output of one firm is input of another)
  - A. True
  - B. False
  
2. .... is a theory of development in which surplus labor from the traditional agricultural sector is transferred to the modern industrial sector, the growth of which absorbs the surplus labor, promotes industrialization, and stimulates sustained development.
  - A. Lewis model
  - B. Dualistic-development model
  - C. Rostow's model
  - D. Harrod-Domar model
  
3. .... predicts that expected incomes will be equated across rural and urban sectors when considering informal sector activities and outright unemployment.
  - A. Harris-Todaro model
  - B. Keynesian model
  - C. Todaro model
  - D. Harris model
  
4. According to the Gender Gap: Discrimination in Education and Health. Closing the educational gender gap is important because:
  - A. The social rate of return on women's education is higher than that of men in developing countries
  - B. Education for women increases productivity, lowers fertility
  - C. Educated fathers have a multiplier impact on future generations
  - D. Education can break the vicious cycle of poverty and inadequate schooling for women
  
5. A stationary population is when population growth is
  - A. Increasing at an increasing rate
  - B. Decreasing
  - C. Zero
  - D. 10,0%
  
6. The emigration of highly-skilled people from the developing countries is known as.
  - A. The brain drain
  - B. Human capital deterioration
  - C. Productivity
  - D. Labor degradation
  
7. In terms of the underdevelopment as a coordination failure. A dual economy is distinguished from other economies by having
  - a. an industrial sector and a manufacturing sector.
  - b. a traditional agricultural sector and a modern industrial sector.
  - c. state ownership of the means of production.
  - d. an industrial sector that concentrates on manufacturing and construction.

8. A period of rapid population growth between a preindustrial, stable population characterized by high birth and death rates and a later, modern, stable population marked by low fertility and mortality is known as.
- Demographic transition.
  - Population maturity
  - Demobilizing population
  - Birth-death transformation
9. Which one of the following is true.
- The Lorenz curve show the *difference* the percentage of the lowest income earners and the percentage of the highest income earners during a given year.
  - The Lorenz curve shows the *actual* quantitative relationship between the percentage of income recipients and the percentage of the total income they did in fact receive during, say, a given year.
  - The Quantile ratio shows the *actual* quantitative relationship between the percentage of income recipients and the percentage of the total income they did in fact receive during, say, a given year.
  - The Lorenz curve shows the *actual* qualitative relationship between the percentage of income recipients and the percentage of the total income they did in fact receive during, say, a given year.
10. Choose one answer below to fill in the space. When measuring inequality of a country, the \_\_\_\_\_ is the ratio of the shaded area and the area of the triangle.
- Quantile ratio
  - The Kuznets ratio
  - Gini coefficient
  - Coefficient of variation
11. .... theory of economic growth, states simply that the rate of growth of GDP is determined jointly by the net national savings ratio, and the national capital-output ratio.
- Lewis model
  - Dualistic-development model
  - Rostow's
  - Harrod-Domar model
12. According to the \_\_\_\_\_ typology, growth results in higher income, a *more equal* relative distribution of income, and less poverty.
- modern-sector enlargement
  - modern-sector enrichment
  - traditional-sector enrichment
  - traditional-sector enlargement
13. Which of the following is Rostow's stages of development?
- Traditional Society
  - Transitional Stage and Take Off
  - Drive to Maturity and High Mass Consumption
  - All of the above
14. A tendency for per capita income (or output) to grow faster in higher income countries than in lower-income countries so that the income gap widens across countries over time.
- Transfer of Technology.
  - Convergence.

- c. Divergence
- d. Economic Growth

15. Which one of the following theories of economic development is an international-dependence revolution model?
- a. Lewis model
  - b. Dualistic-development model
  - c. Rostow's model
  - d. Harrod-Domar model

## **SECTION B**

**Answer one question (16 or 17)**

**[35 marks]**

### **Question 16**

- a. Economic development is difficult to achieve. It has been impossible for some countries (e.g., Nigeria, Sudan), but accomplished by others (e.g., S. Korea, Singapore). The success or failure of economic development policies can be explained by the “principal-agent” model. With the use of an example explain the principal-agent theory as well as the co-ordinational failure. (15)
- (b). What are the implications of the 0-Ring Theory? (12)
- (c). Name and explain TWO principal measures of the income distribution. (8)

### **Question 17**

- a. Briefly discuss five Millennium Development Goals and targets. (15)
- b. Discuss the differences between the traditional HDI in comparison to the “new” (NHDI) formulation. In what ways do you think either one is a better measure of human development? (15)
- c. State FIVE Problems of the Harrod -Domar Model. (5)