

**UNIVERSITY OF FORT HARE  
DEPARTMENT OF ECONOMICS**

**ALICE CAMPUS**

**EDE 311**

**JUNE FINAL EXAMINATION**

**2023**

**Subject: Developmental Economics  
Time: 3 Hours**

**Marks: 100**

**This paper consists of Three page including the cover page**

**Internal Examiners  
Mr N Mudau**

**External Examiner  
Mr P Senzangakhona**

**Instructions**

**Section A is compulsory.  
All Questions in Section B carry EQUAL marks (25).  
Answer THREE (3) questions from Section B**

### Section A

#### Question 1

Total 25 marks

Trace the location of each of the following business types/organizations in King Williamstown, noting that there is more than one type of each business/organization spread around the city:

- |                            |                        |
|----------------------------|------------------------|
| 1. Petrol stations         | 6. Shoe shops          |
| 2. Used car dealers        | 7. Churches            |
| 3. Taxi services           | 8. Supermarkets        |
| 4. Inter-city bus services | 9. Insurance companies |
| 5. Butcheries              | 10. Antique dealers    |

Based on the above information, answer the following questions:

- Identify the businesses/organizations that cluster together. In your answer (i) state the type of products/services they each sell and the consumers/members they attract, and (ii) explain the reason (s) why they each tend to cluster together. (12 marks)
- Indicate the businesses/ organizations that are more widely dispersed.) In your answer (i) state the type of products/services they each sell and the consumers/members they attract, and (ii) explain reasons why they are likely to be more dispersed. (12 marks)
- Define and distinguish full price and limit price. (1 marks)

### Section B

#### Question 1

Total 25 marks

Using examples from South Africa, distinguish the difference between agglomeration and localization economies. You should also explain the reasons why agglomerated manufacturing firms/industrial activities tend to locate one another in clusters than retail or service firms. (25 marks)

#### Question 2

Total 25 marks

- For land use controls/restrictions, local authorities (municipalities) are tasked with managing land-use rights in areas of land control. Local authorities are also tasked to implement Zoning schemes- which provide the rules & regulations for the permitted use & development of properties. What are the effects of controlling Land use on the controlled area and surrounding area? (15 marks)
- For sustainable urban growth and development, well-defined property rights create incentives for the most efficient use of resources. Discuss why this is so. (10 marks)

#### Question 3

Total 25 marks

- There are dynamics of market areas, which are variations in the market radius of a spatial monopoly. This can be affected by changes in the economy, explain using an example the effects of changes in the price of a product as well as in transport costs faced by consumers. (10 marks)

- b. Within the region, relationships evolve in several forms, list and explain the three main types of relationships. (5 marks)
- c. Use the demand approach and the supply approach to show your understanding of how regions develop, or what causes growth within a region. (10 marks)

**Question 4**

Total 25 marks

- a. With the use of an example, illustrate and explain the four types of price discrimination. (20)
- b. There are seven main factors that influence a firm's location decision. Using examples, discuss five. (5)