

UNIVERSITY OF FORT HARE

ECO 527

DEGREE EXAMINATION

JANUARY 2019

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Time **3 Hours**

Subject **Transport Economics**

Marks **100**

This paper consists of 2 pages including the cover page.

Internal Examiner

External Examiner

Mr S Dlwangushe

Mr K. Motatsa

Instructions

- 1. Answer 4 questions**
- 2. Write full sentences in paragraphs and no bullet point listing or sms style of writing.**
- 3. Practical examples should be given in all essays.**

Question 1

(a) "Roads are largely provided by the public sector in South Africa because they are public goods." Critically explain.
(15)

(b) "A demerit good is the same as a negative externality." With reference to the transport sector, discuss the accuracy of this comment. (10)

Question 2

With reference to the transport sector, elaborate taxation as an option to correct market failure.
(25)

Question 3

Discuss the methodology of the cost benefit analysis with reference to the transport sector.

(25)

Question 4

Explain the roles of public and private sectors in the provision of air transport infrastructure, World bank report 2003. (25)

Question 5

"The neoclassical assumption of profit-maximisation is unrealistic and so should not be the foundation of economic theories of the firm." – elaborate using transport sector as reference.
(25)

Question 6

With reference to the transport sector, explain four different forms of barriers to entry. (25)