

NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF INDUSTRIAL TECHNOLOGY

DEPARTMENT OF TECHNICAL TEACHER EDUCATION

Programme: BACHELOR OF EDUCATION HONOURS DEGREE

GENERAL EXAMINATION

Course:	Principles of Micro Economics	CBA 1104
Part/year:	I	May 2010
Time:	3 hours	100 marks

Instructions

1. Answer any four [4] questions.
 2. Questions may be answered in any order
 3. The number of marks is given in brackets [] at the end of each question or part question
 4. Begin each question on a fresh page
 5. Marks may be deducted for careless or untidy work
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Question 1

- (a) Describe the shutdown and the supply curve of a perfectly competitive firm in the short run. [10 marks]
- (b) Why are there different levels of profits within perfect competition and between perfect competition and monopoly? [15 marks]

TOTAL [25 marks]

Question 2

How are wages determined? Discuss in relation to your country. [25 marks]

TOTAL [25 marks]

Question 3

Economic systems are institutional arrangements adopted by countries as mechanisms to address the five fundamental economizing problems. Discuss these basic systems, giving their pros and cons. [25 marks]

TOTAL [25 marks]

Question 4

- (a) Explain the following terms:
- (i) Diminishing marginal utility. [5 marks]
 - (ii) Equi-marginal principle [5 marks]
- (b) Use the substitution and income effects to analyze the effect of an increase in UNISA fees, assuming that NUST fees and income are constant. [15 marks]

TOTAL [25 marks]

Question 5

Explain the following terms:

- (a) Opportunity Cost [5 marks]
- (b) Income and substitution effect [5 marks]
- (c) Diminishing marginal returns [5 marks]
- (d) Post hoc fallacy [5 marks]
- (e) Marginal rate of substitution [5 marks]

TOTAL [25 marks]

Question 6

- (a) Define demand [5 marks]
- (b) Clearly explain the reasons behind the law of demand [20 marks]

TOTAL [25 marks]

END OF EXAMINATION