



NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF ENGINEERING AND THE BUILT ENVIRONMENT

DEPARTMENT OF LAND AND SPATIAL SCIENCES
(LAND AND PROPERTY SECTION)

QUALIFICATION(S): BACHELOR OF PROPERTY STUDIES DIPLOMA IN PROPERTY STUDIES	
QUALIFICATION(S) CODE: 08BPRS 06DPRS	NQF LEVEL: 6
COURSE CODE: UEN621S	COURSE NAME: URBAN ECONOMICS
EXAMS SESSION: NOVEMBER 2022	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

FIRST OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	SAMUEL ATO K. HAYFORD
MODERATOR:	ELINA TEODOL

<p style="text-align: center;">INSTRUCTIONS</p> <ol style="list-style-type: none">1. Read the entire question paper before answering the Questions.2. Please write clearly and legibly!3. The question paper contains a total of 5 questions.4. You must answer <u>ALL QUESTIONS</u>.5. Make sure your Student Number is on the EXAMINATION BOOK(S).

PERMISSIBLE MATERIALS

1. Non-programmable Scientific Calculator

THIS QUESTION PAPER CONSISTS OF 5 PAGES (Including this front page)

Question 1

For each of the following statements indicate whether it is 'TRUE' or 'FALSE'. Each correct answer carries 1 mark. (20)

- a) Problem of defining what is basic activities and what is non-basic activities as the city grows is only a long run phenomenon.
- b) Externalities are either those which have some monetary connotation i.e. those which result into income loss/gain or Technological e.g. noise generated by passing aircraft.
- c) According to Christaller central places, in order to service irregular widespread demand a larger number of closely distributed small places would provide lower order goods and services.
- d) The presence of a primate city in a country usually indicates an imbalance in development — usually a progressive core, and a lagging periphery, on which the primate city depends for labor and other resources.
- e) A primate city is a major city that works as the financial, political, and population center of a country and is not rivaled in any of these aspects by any other city in that country.
- f) Transfer costs are the many expenses that arise in the industrial production process as labour and other factors are used to transform raw and semi-finished materials into manufactured goods. Conscious reduction of this cost is usually associated with market-oriented firms and industries.
- g) Incidence of respiratory diseases, carbon dioxide emission (Green House) and public safety are characteristics normally associated with urban diseconomies.

- h) For shops, accessibility to as many customers as possible is paramount and the revenue earning capacity of ground floor locations in the Central business District (CBD) enables them to outbid other users.
- i) Urban land use is determined by various decisions made by only firms and household without the participation of the government.
- j) Per capita incomes in cities are higher than in rural areas. Hence urban dwellers are much better off than rural dwellers
- k) Existence of superior infrastructure lower transportation and communication costs. This is therefore a factor contributing to enjoyment of internal economies of scale.
- l) Growth in size of a city can eventually give rise to urban diseconomies due to higher transport costs.
- m) According to Christaller's Central Place theory the size of an urban area is the function of economies of large-scale production and existence of transport cost in that urban area only regardless of these factors in other urban areas.
- n) By central place theory, demand for goods and services by persons living outside that area is determined by the fixed cost of production plus the cost of transport in that area relative to the cost of production, plus the cost of transport, from other urban areas to the potential consumers.
- o) A relationship exists between a central place and the number of next lower order central places which it serves is such that each high order centre serves itself and six of next order central places.
- p) Market-oriented industry is a general term for an industry that can be placed and located at any location without effect from factors such as resources or transport.

- q) Government intervention is necessary to minimize or control externalities. This normally because most private firms have the tendency of turning a blind eye on externalities, especially the positive ones.
- r) In developing countries, the causes of urban expansion are rooted in a very high rate of demographics growth linked to Net in migration
- s) Larger local market for a firm's products is an indication of a cost advantage accruing to a single firm or firms in an industry.
- t) An area is declared an 'urban area' by a formal and authoritative order, especially one having the force of law with little regard to population and planning considerations.

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Question 2

"The extent of the resulting urban growth will depend upon the proportion of the additional income which is spent on internally produced goods" Given the Marginal Propensities to Consume (MPC) local goods of 72% and 23% for Onaanda and Ogongo cities respectively,

- a) Calculate the Urban Multiplier (UM) for the respective cities. (4)
- b) With a simple example, explain the meaning of your answer in a) and their implications regarding the growth of the two cities. (16)

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Question 3

- a) State the difference between the following terms.
- i) *Betterment and Worsenment.* (2)
- ii) *Public Goods and Merit Goods* (3)

- b) Briefly account for the three (3) circumstances (in each case) under which *Betterment* and *Worsenment* may arise. (12)
- c) Highlight the three (3) characteristics of public goods that render them unattractive for market provision. (3)
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Question 4

- a) Urban diseconomies are a practical manifestation or evident of over urbanisation. Briefly elaborate on this statement. (10)
- b) External economies are advantages which accrue to firms or firms in an industry from being located near to one another. It arises from the size of the local economy. Briefly explain the link between external economies (as a factor for emergence of a town) and the size of advantages that accrue to these firms in an industry. (6)
- c) Briefly explain any four (4) characteristics of 19th century urbanization. (4)
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Question 5

- a) Account for the effects of Rent control policy as a form of government intervention where it is effectively implemented in the housing market. (10)
- b) Analyse the effects of a change in demand for basic goods/services on the growth an urban area under the employment approach. (10)
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Wishing you the best of luck!