

**UNIVERSITY OF KWAZULU-NATAL**  
**SCHOOL OF AGRICULTURAL EARTH AND ENVIRONMENTAL SCIENCES**  
**DISCIPLINE OF AGRICULTURAL ECONOMICS**  
**SUPPLEMENTARY EXAMINATIONS: MAY/JUNE 2013**

SUBJECT, COURSE AND CODE: **AGRICULTURAL DEVELOPMENT – AGEC 380**

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**DURATION: 3 HOURS**

**TOTAL MARKS: 100**

Internal Examiner: Dr LJS Baiyegunhi

External Examiner: Prof C Machethe

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**NOTE: THIS PAPER CONSISTS OF 3 PAGES. PLEASE SEE THAT YOU HAVE ALL OF THEM**

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**INSTRUCTION:** Students are to answer **all** questions, and are required to begin each question on a fresh page and in their own interest to write legibly.

**QUESTION 1**

Complete the following statements by providing appropriate answers.

- 1.1 High rates of mortality and morbidity are essentially the result of inadequate food intake. Quantities consumed are a function of;  
i) \_\_\_\_\_ ii) \_\_\_\_\_
- 1.2 The rate of growth in the agricultural labour force of a Less Developed Country (LDC) is dependent upon the following factors;  
i) \_\_\_\_\_  
ii) \_\_\_\_\_  
iii) \_\_\_\_\_
- 1.3 The objectives of development have been stated to include the following;  
i) \_\_\_\_\_  
ii) \_\_\_\_\_  
iii) \_\_\_\_\_ iv) \_\_\_\_\_
- 1.4 Agriculture contribution to economic growth of LDCs in the following ways;  
i) \_\_\_\_\_  
ii) \_\_\_\_\_  
iii) \_\_\_\_\_  
iv) \_\_\_\_\_
- 1.5 Usufruct rights produce a stream of benefits to rural households, these benefits includes;  
i) \_\_\_\_\_  
ii) \_\_\_\_\_  
iii) \_\_\_\_\_

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1.6 Marx viewed development as occurring in four stages, these are;

i) \_\_\_\_\_ → ii) \_\_\_\_\_ → iii) \_\_\_\_\_ → iv) \_\_\_\_\_

**[20]**

**QUESTION 2**

State whether the following statements are **TRUE or FALSE**, **give reasons** to justify your answers.

- 2.1 Rapid urban growth is a characteristic of economic development. (3)
- 2.2 As industrialisation and urbanisation proceed in a LDC, the rate of increase in the urban demand for food tends to exceed the rate of growth in urban employment. (3)
- 2.3 Arable land is often under-utilized in the communal regions of Southern Africa because most rural households find it cheaper to buy food with wages earned off the farm. (4)
- 2.4 Rural households in the communal regions of southern Africa have a strong incentive to retain their rights to agricultural land even if the household members are not farmers. (4)
- 2.5 Low's model explains why arable land is underutilized in developing regions of Southern Africa. (3)
- 2.6 The Barnum-squire model is particularly relevant in Southern Africa because a large proportion of the population is made up of small farm households. (3)
- 2.7 The diversion of cheap institutional credit to larger farmers is aggravated by lack of reliable information about borrowers. (3)
- 2.8 A farmer will adopt technology if it yields a higher expected net income than his present technique. (3)
- 2.9 Virtually all markets transactions occur between family relatives or close friends in regions where there is legal uncertainty. (3)
- 2.10 Exclusive land rights will emerge in response to profitable technology because farmers want to internalize the full benefit of their investment. (4)
- 2.11 Transaction costs tend to be low when tenure is secured. (4)

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- 2.12 The economic problems associated with open access to communal grazing land could, in theory, be solved by applying cattle taxes and quotas. (3)

**[40]**

**QUESTION 3**

Critically discuss the Jorgenson model of economic development.

**[15]**

**QUESTION 4**

- 4.1 Explain why the rental market for cropland is not efficient in the communal areas of South Africa and what impact this has on crop production. (7½)
- 4.2 High rates of population growth in rural areas inhibit development. Explain how education could help reduce family sizes in rural areas. (7½)

**[15]**

**QUESTION 5**

Which of the following *four* policies is likely to have the greatest impact on promoting food production and household welfare in former KwaZulu homelands? Explain why others would not. Give reasons to justify your answers.

- i. An increase in the price of maize
- ii. A tax on tribal land
- iii. Public investment in research for high yielding maize varieties
- iv. Public investment in the institutions required to sustain an efficient rental market in crop land.

**[10]**