

OLABISI ONABANJO UNIVERSITY, AGO-IWOYE
FACULTY OF SOCIAL AND MANAGEMENT SCIENCES
DEPARTMENT OF ECONOMICS
HARMATTAN SEMESTER EXAMINATION 2016/2017 SESSION
Course Code/Title: ECO 411 Economic Planning

Instructions: Answer all questions in Section A and ANY other TWO questions from Section B.

Time Allowed: 2 HRS

SECTION A:

Ascertain whether the following statements are True, False or Ambiguous. Clarity of expression carry 70% of the marks allotted and orderly presentation of relevant materials will be an asset.

- F** (i) Development is the conscious coordination of economic policy and administrative intervention which aimed to achieve specified goals of economic planning as embodied in a development plan.
- F** (ii) In a perfectly competitive environment, planning occurs with an individual effort of all economic agents.
- F** (iii) In an annual plan, the macroeconomic policy were directed at achieving the objectives of reducing damping inflationary pressure, sustaining non-inflationary growth and generally promoting the development of a stable and market oriented economy with premium placed on innovation, effectiveness and productivity.
- F** (iv) Societal welfare is of greater concern under the socialist and capitalist planning economy due to less inequality of wealth and income.
- T** (v) Capitalism not only accepts self-interest as a fact of human existence, it relies on self-interest to achieve society's material goals.
- F** (vi) Both Harrod-Domar growth model and the Leontief input-output model are most useful planning tools in developing economies.
- F** (vii) Resource control is a paradigm in both capitalist and mixed economic system.
- F** (viii) Greater exploitation, high level of income and wealth inequality characterized the socialist economic planning.
- T** (ix) The rolling plan formulation and implementation is characterized by structural and institutional bottleneck most especially in developing countries of the world.
- F** (x) Any economic planning models would produce the same output in all forms of the economic system of the world.

SECTION B (ANSWER ANY TWO QUESTIONS)

1. Each industry of the economy is both a user and a producer of output. Analyzed the truism in this statement as far as planning techniques are concerned in your country.
2. (a) Discuss with relevant examples, the two broad scenario under which planning can be achieved in any economy of the world.
(b) List and discuss any four factors attributing the reason for planning
3. In a closed economy, given its limited resources at its disposal, it could only produce two commodities: cocoa and rubber, these two commodities serve as an intermediate input in each production process. If 0.6 tonnes of cocoa and 0.4 tonnes of rubber are needed to produce 1tonne of cocoa, on the otherhand, if 0.7 tonnes of cocoa and 0.3 tonnes of rubber are needed in the production of 1 tonne of rubber and the total demand for cocoa and rubber are 200 and 100 respectively. Determine the optimum output vector of the economy.