



# **MACHAKOS UNIVERSITY**

**University Examinations for 2019/2020 Academic Year**

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF ECONOMICS**

**SECOND YEAR SECOND SEMESTER EXAMINATION FOR**

**BACHELOR OF ECONOMICS AND STATISTICS**

**BACHELOR OF ECONOMICS AND FINANCE**

**BACHELOR OF ECONOMICS**

**BACHELOR OF ARTS**

**EAE 204: DEVELOPMENT ECONOMICS**

**DATE: 2/12/2020**

**TIME: 8:30 – 10:30 AM**

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## **INSTRUCTIONS:**

- i) Answer Question One And Any Other Two Questions**
- ii) Do not write on the Question Paper**

## **QUESTION ONE (COMPULSORY) (30 MARKS)**

- a) Discuss the difference between economic growth and economic development (4 marks)
- b) Explain the Harrod - Model and show how it can be used to accelerate economic development in Kenya. (6 marks)
- c) What are the possible causes of high unemployment in Kenya? (4 marks)
- d) Discuss highlighting relevant examples the main challenges facing the smooth implementation of Vision 2030 blue print in Kenya. (6 marks)
- e) Outline and discuss stages of economic development as discussed in Walt Rostow's Model. (5 marks)
- f) What are the economic reasons behind the need industrialization? (5 marks)

## QUESTION TWO (20 MARKS)

- a) Some countries with high rates of economic growth are still termed as underdeveloped. Explain why this is be the case. (7 marks)
- b) Structural Adjustment Programs (SAPS) were to be implemented by countries to access cheap loans from World Bank and IMF. African countries were facing crises which were investigated by both African economic bodies and World Bank. Briefly explain the views of both sides (8 marks)
- c) Discuss the following terms and how are related to international trade policy
- i. Import substitution trade strategy (3 marks)
  - ii. Export promotion (2 marks)

## QUESTION THREE (20 MARKS)

- a) Discuss the negative implications of increased population growth rate. (8 marks)
- b) Explain the importance of international trade in economic developments in Kenya (7 marks)
- c) Explain any five indicators that is used in measuring economic development. (5 marks)

## QUESTION FOUR (20 MARKS)

- a) Define the following terms and provide examples
- i. Effective demand (2 marks)
  - ii. Terms of trade (2 marks)
  - iii. Cyclical unemployment (2 marks)
- b) What are the pre-requisites for economic transformation to take place in an economy? (4 marks)
- c) Explain the three pillars of Kenya Vision 2030. (5 marks)
- d) Discuss food scarcity in Kenya in the context of Malthusian theory of population growth (5 marks)

## QUESTION FIVE (20 MARKS)

- a) Discuss the positive impact of high population in economic development. (5 marks)
- b) Discuss the reasons why most developing countries do not realize the full benefits from international trade. (5 marks)
- c) Explain the following terms as used in Economic development:
- i. Vicious cycle of poverty (2 marks)
  - ii. Dualistic economy (1 mark)
  - iii. Economic transformation (1 mark)
  - iv. Economic development (1 mark)
- d) Explain the obstacles to growth and development citing examples from Kenya. (5 marks)