



MACHAKOS UNIVERSITY

University Examinations for 2016/2017 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

FOURTH YEAR APRIL SESSION EXAMINATION FOR BACHELOR OF

ECONOMICS & FINANCE

EAE 204: ECONOMIC DEVELOPMENT

DATE: 25/8/2017

TIME: 2:00- 4:00 PM

INSTRUCTIONS: Answer Question ONE and any other TWO questions

QUESTION ONE (COMPULSORY)

- a)
- i) Define the term absolute poverty. (2 marks)
 - ii) Explain the causes of poverty and outline any three policy recommendations that could be implemented in order to reduce it. (5 marks)
- b) Identify five characteristics of less developed countries. (5 marks)
- c)
- i) Give the three pillars of Kenya Vision 2030. (3 marks)
 - ii) Discuss any five bottles necks that the economy will face in implementing Kenya Vision 2030. (10 marks)
- d) Some countries with high rates of economic growth are still termed underdeveloped. Explain why this could be the case. (5 marks)

QUESTION TWO (20 MARKS)

- a) Define the following terms and provide examples
- i) Effective demand (2 marks)
 - ii) Drive to maturity (2 marks)
 - iii) Terms of trade (2 marks)
 - iv) Cyclical unemployment (2 marks)
- b) Outline and discuss stages of economic development as discussed in Walt Rostow's Model. (5 marks)
- c) Explain four methods of measuring economic development. (5 marks)

QUESTION THREE (20 MARKS)

- a) What are the pre-requisites for economic transformation to take place in an economy? (5 marks)
- b) While citing practical examples discuss the reformist strategy of economic development in Kenya. (10 marks)
- c) Discuss highlighting relevant examples the main challenges facing the smooth implementation of Vision 2030 blue print in Kenya. (5 marks)

QUESTION FOUR (20 MARKS)

- a) Foreign aid is usually meant to promote economic development. However, a number of scholars have urged that underdeveloped in Sub Saharan Africa is partly due to overreliance of foreign aid. Discuss. (10 marks)
- b) Discuss food scarcity in Kenya in the Malthusian theory of population growth. (5 marks)
- c) Discuss the role of high population in economic development. (5 marks)

QUESTION FIVE (20 MARKS)

a) Explain the following terms as used in Economic development:

- i) Vicious cycle of poverty (2 marks)
- ii) Dualistic economy (2 marks)
- iii) Economic transformation (2 marks)
- iv) Economic development (2 marks)

- d) Explain the GNP as a measure of Economic development and outline its weaknesses. (6 marks)
- c) Explain the Harrod- model and show how it can be used to accelerate economic development in Kenya. (6 marks)