



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

SECOND YEAR SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF ECONOMICS

BACHELOR OF ECONOMICS & STATISTICS

BACHELOR OF ECONOMICS & FINANCE

BACHELOR OF ARTS

EAE 204: DEVELOPMENT ECONOMICS

DATE: 25/7/2019

TIME: 8:30 – 10:30 AM

INSTRUCTIONS: Answer Question ONE and any other TWO questions

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Differentiate between economic growth and economic development. (5 marks)
- b) Discuss highlighting relevant examples the main challenges you expect Kenyan to face in implementation of the big four plan for economic development. (5 marks)
- c) Outline and discuss stages of economic development as discussed in Walt Rostow's Model. (5 marks)
- d) Discuss the linkages between agricultural sector and industrial sector giving examples in kenya ? (5 marks)
- e) Discuss the following terms and how are related to international trade policy
 - i) Terms of trade (3 marks)
 - ii) Import tariff (2 marks)

- f) Discuss the concept of viscous circle as used in economic development (5 marks)

QUESTION TWO (20 MARKS)

- a) Explain objectives of economic development in Kenya. (5 marks)
b) Explain the importance of international trade in economic developments in Kenya. (7 marks)
c) Discuss the debate that population is bad and good for economic development (8 marks)

QUESTION THREE (20 MARKS)

- a) Discuss the role taken by culture and politics in economic development in Kenya (6 marks)
b) Discuss the obstacles to economic growth and development in Kenya (6 marks)
c) Define the following terms:
i) Effective demand (2 marks)
ii) Drive to maturity (2 marks)
iii) Terms of trade (2 marks)
iv) Cyclical unemployment (2 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the importance of agriculture in economic development in Kenya. (5 marks)
b) Discuss the reasons why developing countries do not realize the full benefits in foreign trade. (5 marks)
c) Discuss the characteristics of less developed countries. (5 marks)
d) Describe the neo classical theory of economic development (5 marks)

QUESTION FIVE (20 MARKS)

- a) Explain the Harrod- model and show how this theory describes acceleration in economic development. (6 marks)
b) Explain reasons for rapid population growth in poor countries (5 marks)
c) Explain the Main changes a country is likely to experience when countries are undergoing the economic transformation 5 marks)
d) Briefly explain the role of the monetary and fiscal policies in influencing the economic development (4 marks)