



# **MACHAKOS UNIVERSITY**

**University Examinations for 2018/2019 Academic Year**

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF ECONOMICS**

**SECOND YEAR ..... SEMESTER EXAMINATION FOR**

**BACHELOR OF ECONOMICS**

**BACHELOR OF ECONOMICS & STATISTICS**

**BACHELOR OF ECONOMICS & FINANCE**

**BACHELOR OF ARTS**

**EAE 204: DEVELOPMENT ECONOMICS**

**DATE:**

**TIME:**

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**INSTRUCTIONS: Answer Question ONE and any other TWO questions**

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

- a) What are the causes of unemployment in Kenya (4 marks)
- b) Discuss highlighting relevant examples the main challenges facing the smooth implementation of Vision 2030 blue print in Kenya. (5 marks)
- c) Outline and discuss stages of economic development as discussed in Walt Rostow's Model. (5 marks)
- d) What are the economic reasons behind industrialization? (6 marks)
- e) Discuss the following terms and how are related to international trade policy
  - i) Import substitution trade strategy (3 marks)
  - ii) Export promotion (2 marks)

- f) Some countries with high rates of economic growth are still termed underdeveloped.  
Explain why this is be the case. (5 marks)

**QUESTION TWO (20 MARKS)**

- a) Explain any five methods of measuring economic development. (5 marks)
- b) Explain the importance of international trade in economic developments in Kenya  
(7 marks)
- c) Discuss four implications of increased population. (8 marks)

**QUESTION THREE (20 MARKS)**

- a) Explain the three pillars of Kenya Vision 2030. (6 marks)
- b) What are the pre-requisites for economic transformation to take place in an economy?  
(4 marks)
- c) 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)

**QUESTION FOUR (20 MARKS)**

- a) Explain the following terms as used in Economic development:
- i) Vicious cycle of poverty (2 marks)
  - ii) Dualistic economy (1 marks)
  - iii) Economic transformation (1 marks)
  - iv) Economic development (1 marks)
- b) Discuss the reasons why most developing countries do not realize the full benefits from international trade. (5 marks)
- c) Discuss food scarcity in Kenya in the context of Malthusian theory of population growth  
(5 marks)
- d) Discuss the role of high population in economic development (5 marks)

**QUESTION FIVE (20 MARKS)**

- a) Explain the Harrod- model and show how it can be used to accelerate economic development in Kenya. (6 marks)
- b) Explain the following obstacles to growth and development citing examples from Kenya (5 marks)
- c) Explain the Main changes a country is likely to experience when undergoing economic transformation (5 marks)
- d) Briefly explain the monetary and fiscal policies in influencing the economic development (4 marks)