



MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

THIRD YEAR SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF ECONOMICS

EAE 305: URBAN ECONOMICS

DATE: 27/9/2019

TIME: 11:00 – 1:00 PM

INSTRUCTIONS:

- (i) Answer question one (Compulsory) and any other two questions
- (ii) Do not write on the question paper
- (iii) Show your working clearly
- (iv) Written material or electronic gadgets including mobile phones are not allowed in exam room.

QUESTION ONE (30 MARKS)

- a) Outline the benefits and costs emanating from urban growth in cities of developing countries. **(10 marks)**
- b) Elaborate on five alternative sources of urban finance. **(10 marks)**
- c) Explain the economic consequences of high rate of rural migration on urban economies. **(10 marks)**

QUESTION TWO (20 MARKS)

Write explanatory notes on the following concepts:

- a) Central Place theory. **(5 marks)**
- b) Bid rent function. **(5 marks)**
- c) Urban service boundary. **(5 marks)**
- d) Fiscal zoning. **(5 marks)**

QUESTION THREE (20 MARKS)

- a) Explain three policy measures county governments may use to decrease production costs and make their urban areas more attractive. **(6 marks)**
- b) County governments may use taxes to reduce pollution in urban centers. Explain with the aid of an illustration how they can implement this. **(6 marks)**
- c) Explain four land zoning policies applied in urban areas. **(8 marks)**

QUESTION FOUR (20 MARKS)

- a) Explain five factors that cause sub-urbanisation. **(10 marks)**
- b) Discuss how the following influence the development of cities in terms of number size and scope:
 - i.) Market forces.
 - ii.) Spatial distribution of poverty and housing. **(10 marks)**

QUESTION FIVE (20 MARKS)

- a) Elaborate on the primary and secondary sources of county governments' finances. **(8 marks)**
- b) Discuss the different methods of road pricing. **(12 marks)**