



# **MACHAKOS UNIVERSITY**

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

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF ECONOMICS**

**FOURTH YEAR SUPPLEMENTARY EXAMINATION FOR**

**BACHELOR OF COMMERCE (FINANCE)**

**EET 402: HISTORY OF ECONOMIC THOUGHT**

**DATE:**

**TIME:**

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**INSTRUCTIONS:**

- (i) Answer question one (Compulsory) and any other two questions**
- (ii) Do not write on the question paper**
- (iii) Show your working clearly**

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

- a) Briefly explain the assumptions underlying the neoclassical theory. (10 marks)
- b) Distinguish between conservatism vs. liberal views in regard to political and economic issues. (10 marks)
- c) Clearly explain the main contributions of Alfred Marshal to modern economics. (10 marks)

**QUESTION TWO (20 MARKS)**

- a) Clearly explain the Ricardo's theories of wages and profits (10 marks)
- b) Briefly discuss the main contributions of John Stuart Mill economic. (10 marks)

**QUESTION THREE (20 MARKS)**

- a) Discuss the assumptions of say's law and their application in modern economics. (10 marks)
- b) Briefly explain the Plato's economic ideas in Greek economic thought. (10 marks)

**QUESTION FOUR (20 MARKS)**

- a) With the aid of a diagram explain the mechanism of the classical model. (10 marks)
- b) Briefly explain the feature shaping mercantilist theory (10 marks)

**QUESTION FIVE (20 MARKS)**

- a) Explain the differences between communism and socialism philosophy. (10 marks)
- b) Briefly discuss the new classical economics school of thought and its diagnostic sources of fluctuations in growth. (10 marks)