



**MACHAKOS UNIVERSITY**

**UNIVERSITY EXAMINATIONS**

**SECOND YEAR EXAMINATIONS FOR THE DEGREE OF BACHELOR OF  
ECONOMICS**

**SUPPLEMENTARY EXAMINATIONS**

**EAE 204: DEVELOPMENT ECONOMICS**

**DATE:26/7/2019**

**TIME:11AM-1.00PM**

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

**QUESTION ONE (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) 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 THREE (20 MARKS)**

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

**QUESTION FOUR (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)**

**QUESTION FIVE (20 MARKS)**

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

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