



MACHAKOS UNIVERSITY

University Examinations for 2020/2021 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

THIRD YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF ECONOMICS AND STATISTICS

BACHELOR OF ECONOMICS AND FINANCE

BACHELOR OF ECONOMICS

EAE 305: URBAN ECONOMICS

DATE:

TIME:

INSTRUCTIONS:

1. Answer QUESTION ONE and any other two questions
2. Question one is compulsory and carries (30 marks)
3. All other questions carry (20 marks each)

QUESTION ONE (30 MARKS)

- a) i Using a well labeled diagram, illustrate how a toll charge is used to internalize traffic congestion in urban roads (6 marks)
- ii What are the advantage and disadvantages of this policy increment (4 marks)
- b) Discuss factors that may be behind rapid urbanization in developing countries (10 marks)
- c) Illustrate and explain how cities use building permits to control residential growth in urban centres (10 marks)

QUESTION TWO (20 MARKS)

- a) Differentiate between urbanization and localization economies (10 marks)
- b) Explain the determinants of housing supply in urban areas (10 marks)

QUESTION THREE (20 MARKS)

- a) i outline any five indicators of urban poverty (5 marks)

- ii Suggest measures that government may implement in order to reduce urban poverty problems (5 marks)
- b) Discuss five sources of local government financial resources (10 marks)

QUESTION FOUR (20 MARKS)

Explain the following concepts

- a) Bid- rent function (5 marks)
- b) Urban service boundary (5 marks)
- c) Urban fiscal zoning (5 marks)
- d) Central place theory (5 marks)

QUESTION FIVE (20 MARKS)

- a) Discuss any five reasons that may explain the rapid suburbanization process observed in most cities in recent times (10 marks)
- b) Account for the high and escalating urban authorities fiscal deficits in most cities (5 marks)
- c) What policies would you recommend in order to reduce this problem (5 marks)