



# **MACHAKOS UNIVERSITY**

**University Examinations for 2019/2020 Academic Year**

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF ECONOMICS**

**THIRD YEAR SPECIAL/SUPPLEMENTARY EXAMINATION FOR**

**BACHELOR OF ECONOMICS AND STATISTICS**

**BACHELOR OF ECONOMICS**

**EAE 305: URBAN ECONOMICS**

**DATE: 22/01/2021**

**TIME:8.30-10.30 AM**

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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**
- (iv) Written material or electronic gadgets including mobile phones are not allowed in exam room.**

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

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

## **QUESTION TWO (20 MARKS)**

- a) Elaborate on the primary and secondary sources of county governments' finances. (8 marks)
- b) Explain three policy measures county governments may use to decrease production costs and make their urban areas more attractive. (6 marks)

- c) 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)

**QUESTION THREE (20 MARKS)**

- a) Discuss the different methods of road pricing. (12 marks)  
b) 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) Elaborate on five alternative sources of urban finance. (10 marks)

**QUESTION FIVE (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)