

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

RESIT/SPECIAL EXAMINATION

EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF

ECON 304: ECONOMIC DEVELOPMENT II

STREAMS:

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 12/09/2018

11.30 A.M. – 1.30 P.M.

INSTRUCTIONS:

- *Answer question ONE and any other two*

Question One

- Distinguish between economic growth and development (5 marks)
- Discuss why policies focused toward reducing poverty levels in developing countries need not lead to a slower rate of growth (10 marks)
- Discuss how international trade affects the rate, structure and character of economic growth and development in developing countries (15 marks)

Question Two

- Discuss the basic assumptions of the traditional neoclassical trade model (10 marks)
- Discuss the characteristics of developing countries citing relevant examples (10 marks)

Question Three

- Discuss the reasons why developing countries borrow and the consequences of a high public debt (10 marks)
- Discuss the importance of a sound financial system in economic growth and development (10 marks)

Question Four

- i. Is borrowing better than taxing? Discuss (6 marks)
 - ii. Discuss the reasons why foreign donors would be motivated to give aid to developing countries (6marks)
 - iii. Discuss the Linear Stages of growth model (8 marks)
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