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CHUKA



UNIVERSITY

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**UNIVERSITY EXAMINATIONS**

**EXAMINATION FOR THE AWARD DEGREE OF  
BACHELOR OF SCIENCE IN ECONSTAT, BA ECONSOCI AND BA  
ECONMATH/HIST**

**ECON 305: ECONOMIC DEVELOPMENT II**

**STREAMS: BSC ECONSTAT, BA ECONMATH/SOCI/HIST**

**TIME: 2 HOURS**

**DAY/DATE: MONDAY 20/04/2020**

**2.30 P.M - 4.30 P.M.**

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**INSTRUCTIONS:**

- Answer question ONE and any other TWO questions

**QUESTION ONE (COMPULSORY)**

- As an Economist and a policy maker, describe the reasons why you may advise the government to borrow rather than taxing its Citizens. [6 Marks]
- Discuss the reasons why Economic planning may be an issue of concern in the third world countries. [10 Marks]
- Population growth is both a curse and a blessing in Economic growth and development of any Economy. In equal measure, describe this statement focusing your attention on the backward Economies. [10 Marks]
- Explain the concepts of Kuznets's Inverted-U Hypothesis. [4 Marks]

**QUESTION TWO**

- i. Describe the factors that contribute to the process of economic development in the developing countries. [10 Marks]
- ii. Distinguish between the following terms
  - a) Economic growth and Economic Development [2 Marks]
  - b) Planning by direction and planning by inducement [2 Marks]
  - c) Perspective planning and annual planning [2 Marks]
  - d) Minimum Capital-Output Ratio Criterion and The Social Marginal Productivity Criterion. [4 Marks]

**QUESTION THREE**

- a) Explain different causes of unemployment in the developing economies and for each propose the appropriate remedy. [12 Marks]
- b) Identify different possible government policy intervention, which correspond to various elements in the determination of developing countries' distribution of income. [8 Marks]

**QUESTION FOUR**

- a) Discuss different themes that the trade pessimists tend to focus on and hence their different reasoning why they believe trade opportunities are limited and even hurt the developing countries. [12 Marks]
- b) Discuss different stages of Economic development according to Rostows. [8 Marks]