CHUKA **UNIVERSITY**

UNIVERSITY EXAMINATIONS

THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF SCIENCE IN ECONOMICS AND STATISTICS

ECON 306: HISTORY OF ECONOMIC THOUGHT

STREAMS: **TIME: 2 HOURS**

DAY/DATE: FRIDAY 17/04/2020 **11.30 A.M. – 1.30 P.M.**

INSTRUCTIONS:
- **Answer questions ONE and any other TWO questions.**

QUESTION ONE

(i) Using the marshallian demand and supply cross, explain how the famous water diamond problem was solved. (6 marks)

(ii) Examine the Keynesian critique of the classical economics school of thought. (6 marks)

(iii) 'Political economy is an investigation of the society' Discuss. (6 marks)

(iv) Discuss the six major reasons why the study of history of economics is important. (12 marks)

QUESTION TWO

(i) Compare and contrast the cumulative and competitive views in explaining the development of economic thought. (10 marks)

(ii) "The contribution of Greek ideas in the development of modern economics thought demands no small attention" Discuss. (10 marks)

QUESTION THREE

(i) Explain the assumptions of classical economics. (3 marks)

(ii)   In 1970s, monetarists fought head to head with Keynesians. Most economists concluded that Keynesians won the war but the monetarists won many battles. Explain the differences that still remained between the two schools of thought.   (9 marks)

(iii)   Give a brief contribution of Alfred Marshall to economics.   (8 marks)

QUESTION FOUR

(i)   Explain Smith theory of value.   (5 marks)

(ii)   Explain the main economic assumptions and economics policy proposals of mercantilism.

(10 marks)

(iii)   Compare and contrast Plato's view and Smith's view on division of labour. (5 marks)

QUESTION FIVE

(i)   Discuss the implications of Say's law.   (10 marks)

(ii)   Explain the concept of population explosion as captured by Robert Malthus in his book titled Essay on population.   (10 marks)