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Externally Moderated
03/02/2020

KENYATTA UNIVERSITY
SCHOOL OF ECONOMICS
DEPARTMENT OF APPLIED ECONOMICS
EAE 204: DEVELOPMENT ECONOMICS
SEMESTER II ACADEMIC YEAR 2019/2020

INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS.

TIME: 2 HOURS

Question 1 (Compulsory):

Answer the following questions:

- i. Explain three characteristics of poverty in Kenya. **(6 Marks)**
- ii. Economic growth is not economic development but economic development cannot be achieved without economic growth. Explain. **(6 Marks)**
- iii. Explain two issues you learnt from the arguments of Keynes. **(6 Marks)** *rephrase the question*
- iv. Given the following information for Kenya, answer the questions below: Consumption Ksh 30,000; Gross Investment Ksh 40,000; Government Spending Ksh 20,000; Export Ksh 70,000; Imports Ksh 60,000; Taxes Ksh 5,000; Subsidies Ksh 1,000; Property Income from Abroad Ksh 1000; and, Income Earned by Foreign Nationals Domestically Ksh 500. Calculate GDP and GNP for Kenya. **(6 Marks)**
- v. Explain two strategies of economic development. **(6 Marks)**

Question 2:

- a) 'As long as the backbone of Kenya's economy is agriculture, it will be very difficult for the country to achieve an upper middle income status and create employment for its youth. Discuss. **(12 Marks)**
- b) Explain four disadvantages of Gross Domestic Product as a measure of economic development. **(8 Marks)**

Questions: 3

(a) Explain five objectives of economic development. (10 Marks)

(b) Use the information in the table to ^{calculate} real national income for all the years. (10 Marks)

	2010	2011	2012	2013	2014
GDP at Current Prices	200	220	240	300	320
GDP Deflator	100	109	125	149	154

— Why calculate for all the years? — testing same concept
— Set (c) and reallocate marks

Question 4:

Discuss the arguments of the following persons on economic growth and development:

- Adam Smith. (5 Marks)
- Karl Marx. (5 Marks)
- Solow. (5 Marks)
- Malthus. (5 Marks)

Question 5:

(a) Explain four characteristics of a less developed country. (12 Marks)

(b) Explain two targets that Kenya's Big Four Agenda intends to accomplish. (8 Marks)

— Too many marks.
Set (c) and reallocate.