

**W1-2-60-1-6**

**JOMO KENYATTA UNIVERSITY**

**OF**

**AGRICULTURE AND TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2014/2015**

**YEAR 1 SEMESTER II EXAMINATION FOR THE DEGREE OF BACHELOR OF COMMERCE**

**HBC 2125: INTRODUCTION TO MACROECONOMICS**

**DATE: August 2015 TIME: 2 HOURS**

**INSTRUCTIONS:**

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE**

1. Macroeconomics is at times referred to as aggregation economics. Discuss any five problems associated with aggregation (10marks)
2. i. Distinguish between income and expenditure methods of measuring national income (4marks)

ii. Elucidate any four problems associated with expenditure method (4marks)

1. Explain the monetary policy measures that a country may adopt to regulate the supply of money in the economy (6marks)
2. Highlight the importance of international trade to the country (6marks)

**QUESTION TWO**

1. i. What is barter system? (2marks)

ii. Explain the likely problems that may face a country using barter system in exchange transaction (8marks)

1. Discuss any five principles of a good tax system (10marks)

**QUESTION THREE**

1. i. Define economic integration (2marks)

ii. Describe any four forms of economic integration (8marks)

1. Under what circumstances do countries resort to protectionism policy? (10marks)

**QUESTION FOUR**

1. Distinguish between demand pull and cost-push inflation (4marks)
2. “Inflation is not always bad”. Discuss (10marks)
3. Highlight any six functions of commercial banks (6marks)

**QUESTION FIVE**

1. Examine the causes of a surplus balance of payments of a country (10marks)
2. Discuss the objectives of macroeconomic policy. (10marks)