

UNIVERSITY OF KABIANGA

UNIVERSITY EXAMINATIONS

SEM 1, 2016/2017

FOR THE DEGREE OF BACHELOR OF ECONOMICS

ECO 423: ECONOMIC POLICY ANALYSIS

Answer question one Compulsory and any Other three questions.

Question ONE (Compulsory) 25 Marks

- Explain the causes of under/ unemployment in less developed countries. (6 Marks)
- Highlight policy options for mitigating inequality in developing countries. (6)
- State Amartya Sen's welfare definition of development. (4 m)
- State the UN's eight sustainable development goals for its members states (4 Marks)
- State five characteristics of a developing country. Use a country of your choice to illustrate your answer. (5)

Question TWO (15 Marks)

- Justify state investment in economic operations in a mixed economy (7 marks)
- Explain how agriculture can be strengthened in Agro-based economies. (8 Marks)

Question THREE (15 Marks)

- Discuss the effects of the world Bank prescribed ^{structural} ~~structured~~ adjustment programs for the growing economies (7 Marks)
- Explain the various anti- inflationary policies employed by the central Bank of Kenya to bring about economic stability (8 Marks)

Question FOUR (15 Marks)

- a) Discuss the market mechanism as a method of resource allocation. (5 Marks)
- b) i) state the causes of unfavorable balance of payments (5 Marks)
- ii) Highlight policy options for solving the problem in (i) above. (5 Marks)

Question FIVE (15 Marks)

- a) Discuss the challenges facing the less developed countries' financial markets and show how this can be overcome. (7 Marks)
- b) Discuss the problem of state owned enterprises in Kenya. (8 Marks)