



MASENO UNIVERSITY
UNIVERSITY EXAMINATIONS 2015/2016

**SECOND YEAR SECOND SEMESTER EXAMINATIONS FOR THE
DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WITH
INFORMATION TECHNOLOGY**

MAIN CAMPUS

AEC 206: HISTORY OF ECONOMIC THOUGHT II

Date: 20th April, 2016

Time: 11.00 - 1.00 pm

INSTRUCTIONS:

- Answer question ONE and any other TWO questions.
- Question ONE carries 30 marks. Other questions carry 20 marks.



Question One

- (a) Compare the classical and Keynesian systems as it applies to the theory of money and interest rate (10 mks)
- (b) Distinguish between the interest incentive effect and general liquidity effects as given by monetary Keynesians (5 mks)
- (c) Explain the post-Keynesian theory of money and interest (10 mks)
- (d) Explain barter trade in slaves as a commodity. (5 mks)

Question Two

The Keynesian revolution, initiated through the "General Theory of Employment, Interest and Money" changed the consensus amongst economists on both fiscal and monetary policies. Discuss (20 mks)

Question Three

- a. Explain neo-classical synthesis (5 mks)
- b. Give the contribution of Sir D. H Robertson to the theory of liquidity trap (15 mks)

Question Four

Discuss Hicksian Macro-model of growth (20 mks)

Question Five

Explain Rostows Stages of economic growth (20 mks)