



COLLEGE

UNIVERSITY EXAMINATIONS

THIRD YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF ARTS (ECONOMICS AND SOCIOLOGY)

ECON 303: ECONOMIC DEVELOPMENT I

STREAM: B.A (ECON. & SOCIOLOGY)

TIME: 2 HOURS

DAY/DATE: MONDAY 8/8/2011

8.30 A.M.-10.30 A.M.

INSTRUCTIONS:

1. This paper has **THREE** sections.
2. Question **ONE** in **SECTION A** is compulsory and carries 30 Marks.
3. Each question in **SECTION B** carries 20 Marks and you are required to attempt **ONE**.
4. Each question in **SECTION C** carries 20 Marks and you are required to attempt **ONE**.

SECTION A:

Q.1 Explain as to why a strict economic definition of development is inadequate and analyze critically whether many developing nations are subject to “dominance, dependence, and vulnerability” in their relations with rich nations citing examples.

[30 marks]

SECTION B:

Q.2 Critically analyze which model among the stages-of-growth theory of development, the structural-change models of Lewis and Chenery, and the theory of international dependence in both its neo-Marxist and false-paradigm conceptualization provides the best explanation of the situation in most developing nations.

[20 marks]

Q.3 “Economic Growth is said to be a necessary but not sufficient condition to eradicate absolute poverty and reduce inequality”. Discuss. [20 marks]

SECTION C:

Q.4 Most less developed countries of Africa like Kenya have pursued policies of import substitution as major components of their development strategies. Explain the theoretical and practical arguments in support of this policy and why have the results often not lived up to expectations? [20 marks]

Q.5 Drawing from the following statements: *“It is ironic that while national (LDC) markets are opening, global markets remain restricted. Where can developing nations sell their products unless global markets are also freed of protectionism?”* - WILLIAM H. DRAPER III, UNDP Administrator, 1992.

(a) Discuss briefly when and under what conditions should LDC government adopt a policy of foreign-exchange control, raise tariffs, or set quotas on the importation of certain “nonessential” goods in order to promote their own industrialization of to ameliorate chronic balance of payments problems.

[10 marks]

(b) What has been the impact of International Monetary Fund (IMF) “Stabilization Programme” and World Bank “Structural Adjustments’ lending on the balance of payments and growth prospects of heavily indebted LDC’s.

[10 marks]
