

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

POST GRADUATE EXAMINATION FOR THE AWARD OF MASTERS OF SCIENCE
IN ECONOMICS

MSEC 802: DEVELOPMENT ECONOMICS

STREAMS: MSEC

TIME: 3 HOURS

DAY/DATE: FRIDAY 8/12/2017

2.30 P.M - 5.30 P.M.

INSTRUCTIONS:

- Answer Question ONE and any other THREE Questions.

QUESTION ONE (COMPULSORY)

- (a) What are the most important features that developing countries tend to have in common, on average, in comparison with the developed world? [7 Marks]
- (b) Describe Kuznet's inverted-U hypothesis. Discuss the conceptual limitations of this hypothesis for contemporary developing countries. [8 Marks]
- (c) Explain the essential distinctions among the stages-of-growth theory of development, the structural-change models of Lewis, and the theory of international dependence. Which model do you think provides the best explanation of the situation in most developing nations? Explain your answer. [25 Marks]

QUESTION TWO

- (a) Some economists argue that efforts concentrated to lower poverty would slow the rate of growth while others argue that countries with lower inequality would experience slower growth. Explain the reasons why policies focused toward reducing poverty levels need not lead to a slower rate of growth. [10 Marks]
- (b) Debt crisis is a common problem in most of developing countries. How can these countries break the debt vicious cycle? [10 Marks]

QUESTION THREE

Trade liberalization can in many ways have a greater impact in developed and developing countries. Discuss the arguments for trade pessimists and for trade optimists. [20 Marks]

QUESTION FOUR

Critique the Traditional Free-Trade Theory in the context of developing country experience.

[20 Marks]

QUESTION FIVE

(a) Summarize the arguments for and against the role and impact of private foreign investment in less developed countries.

[10 Marks]

(b) Globalization carries benefits and opportunities as well as costs and risks. Explain.

[10 Marks]

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