MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2016/2017

THIRD YEAR SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF ARTS (ECONOMIC)
WITH INFORMATION TECHNOLOGY

MAIN CAMPUS

AEC 320: ECONOMIC POLICY ANALISIS

Date: 9th June, 2017   Time: 3.30 - 6.30pm

INSTRUCTIONS:

- Answer Question ONE and any THREE
- Question one carries 25 marks and the rest 15 marks each
- Marks will be awarded for being neat, clear and use of relevant illustrations

QUESTION ONE

    (a)   Explain the concept of policy analysis and steps of policy analysis
           process   **(15marks)**
    (b)   What is the justification for government intervention in an
           economy?   **(10marks)**

QUESTION TWO

(a) Outline public policy towards food security in Kenya   **(10marks)**
(b) Briefly explain the tenets of sustainable development taking cognizance of
     existing public policy in Kenya   **(5marks)**

QUESTION THREE

(a) Inflation is a macroeconomic problem affecting development of many
economies. Explain and suggest public policy measures aimed at curbing
inflation   **(9marks)**
(b) A key issue in reforming state-owned enterprises is policy sequencing.
    Explain the three broad policy areas   **(6marks)**

QUESTION FOUR

Most economies of the world experience balance of payment deficits. Explain
public policy measures for budget deficits   **(15marks)**

QUESTION FIVE

(a) Discuss the main instruments of fiscal policy and demonstrate how it can
    be applied in achieving full employment.   **(8marks)**
(b) Explain the main instruments of monetary policy and demonstrate their
    effects in achieving economic stability as a public policy goal. **(7marks)**

QUESTION SIX

Unemployment is a macroeconomic issue affecting many developing
economies. What are the policies aimed at reducing unemployment in an
economy like Kenya?   **(15marks)**