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University Examinations 2023/2024

THIRD YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR
OF SCIENCE IN ECONOMICS

BEC 3355: HISTORY OF ECONOMIC THOUGHT II

DATE: APRIL 2024

TIME: 2 HOURS

INSTRUCTIONS: Answer question *one* and any other *two* questions

QUESTION ONE (30 MARKS)

- a) Distinguish between the following:
 - (i) Empirical economic model and theoretical economic model (4 marks)
 - (ii) Mathematical economics and monetary economics (4 marks)
- b) Explain the concept of the real balance effect as applied in neo classic synthesis (6 marks)
- c) In the light of today's economic system, critique the Marxian economics (5 marks)
- d) Explain three propositions of the big bang approach to transitions with respect to hyperinflation (6 marks)
- e) Explain why capitalism is labelled a monetary production economy (5 marks)

QUESTION TWO (20 MARKS)

- a) Discuss the policy implications of Keynes multiplier effects and interest rates models (12 marks)
- b) Explain four applications of mathematical economics (8 marks)

QUESTION THREE (20 MARKS)

- a) By use of IS-LM model, illustrate the effects of increase in money supply in an economy (10 marks)
- b) Explain five british colonial economic policy in Kenya (10 marks)

QUESTION FOUR (20 MARKS)

- a) The post-colonial Kenyan economy has been characterized by geographical and structural disarticulation aspects. Discuss such five aspects (10 marks)
- b) By use of a diagram, illustrate the effects of an increase in autonomous investment to the equilibrium of IS-LM model (10 marks)

QUESTION FIVE (20 MARKS)

- a) How does post-Keynesian monetary economics compare with post Keynesian surplus economics based on time, uncertainty, money and equilibrium. (12 marks)
- b) Explain the concept of counter-factual hypothesis (8 marks)