THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

MAIN EXAMINATION

MAY – AUGUST 2021

FACULTY OF ARTS AND SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS

REGULAR PROGRAMME

ECN 100: SURVEY OF ECONOMICS I

Date: AUGUST 2021	Duration: 2 Hours
INSTRUCTIONS: Answer Question ONE and any other TWO Questions	

Q1.

a. State the definition of economics as given by L. Robbins 1933 and explain the points it covers so as to be regarded as the most accepted definition in modern times**.** **(6 marks)**

b. More economies are currently opting for free market systems as opposed to controlled systems. Compare the two systems describing their respective advantages and disadvantages. (**6 marks)**

c. Explain the factors that influence demand**.** **(6 marks)**

d. There is a case where the demand curve slopes upwards. When does the demand curve of a good slope upwards? Illustrate (**6 marks)**

e. State and explain the three laws of returns (**6 marks**)

Q2.

a. Given the demand function and supply function:

Q_d = 3550 – 266p

Q_s = 1526 + 240p

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Determine the equilibrium price and quantity and illustrate graphically. **(11 marks)**

    b. Explain the following terms:

        i.   Total cost **(3 marks)**

        ii.   Average cost **(3 marks)**

        iii. Marginal Cost **(3 marks)**

Q3.

    a. Explain the term price control **(6 marks)**

    b. In recent years many countries have abolished price controls. Discuss the short and long term implications of decontrol of prices. **(14 marks)**

Q4.

    a. Define price elasticity of demand and explain its determinants. **(7 marks)**

    b. What is price elasticity of supply and explain its determinants. **(7 marks)**

    c. Illustrate the difference between point elasticity and arc elasticity of demand.

(6 marks)

END