



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

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MAIN EXAMINATION

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MAY – AUGUST 2021

Ext 1022/23/25

FACULTY OF ARTS AND SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS

REGULAR PROGRAMME

ECN 101: SURVEY OF ECONOMICS II

Date: AUGUST 2021

Duration: 2 Hours

**INSTRUCTIONS: Answer Question ONE and any other TWO Questions**

**Q1.**

- (a) Briefly explain what macroeconomics deals with **(6 marks)**
- (b) Discuss the limitations of macroeconomics **(6 marks)**
- (c) With the aid of a diagram describe the circular flow of income in a 2 sector economy **(6 marks)**
- (d) Describe the causes of inflation **(6 marks)**
- (e) Outline any 4 types of unemployment and explain each clearly **(6 marks)**

**Q2.**

- (a) Explain the three approaches to measurement of National income **(10 marks)**
- (b) Relative income hypothesis was postulated by James Duesenberry. Explain this hypothesis and with the aid of a diagram **(10 marks)**

**Q3.**

- (a) State four types of investment explaining each of them **(10 marks)**
- (b) JM Keynes came up with motives of demand for money theory. Discuss the three motives. Use diagrams to illustrate. **(10 marks)**

**Q4.**

- (a) Outline and explain the basic functions of money **(8 marks)**
- (b) Write short notes on the properties of money **(8 marks)**
- (c) Briefly state what money supply is in the narrow sense **(4 marks)**

**\*END\***

DET: MAY 2021