



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

MAIN EXAMINATION

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AUGUST – DECEMBER 2018 TRIMESTER

FACULTY OF ARTS AND SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS

REGULAR PROGRAMME

ECN 207: COMPARATIVE ECONOMIC SYSTEM

Date: DECEMBER 2018

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and any other TWO Questions

- Q1. a) Highlight and explain five factors considered when classifying economic systems **(10 Marks)**
- b) Define Mercantilism, and discuss how classical economists such as Smith, Hume, and Ricardo criticized it **(6 Marks)**
- c) Explain the meaning of Pareto Optimality and explain how the Kaldor Compensation Criterion makes Pareto Optimality a more useful concept. **(6 Marks)**
- d) Using relevant examples distinguish between static and dynamic efficiency **(4 marks)**
- e) What is competitive general equilibrium? How does Marshallian partial equilibrium differ from Walrasian general equilibrium **(4 Marks)**
- Q2. a) Explain the different criteria by which we might compare the performance of economic systems. What are the fundamental problems we find in the comparison of economic system performance? **(8 Marks)**
- b) Highlights the points of departure between Keynes general theory and the monetarist view on the appropriate role of government in a capitalist economy **(6 marks)**

- c) Discuss the main tenets of Arrow's General Impossibility Theorem of social choice and political coalitions. **(6 Marks)**
- Q3. a) Discuss the main characteristics of capitalism and highlight the major events which led to the emergence of Capitalism from Feudalism **(10 Marks)**
- b) Using relevant examples Define market failure and highlight What possible interventions could make a market economy perform better **(6 Marks)**
- c) What implications does the modern theory of economic evolution have on economic development and structural change **(4 Marks)**
- Q4. a) Using the Schumpeterian evolutionary concept, discuss the conditions necessary for economic evolution and illustrate it by discussing how the Kenya's economy has evolved since independence **(8 Marks)**
- b) Using relevant case studies compare and contrast the post independence African socialism and capitalism **(8 Marks)**
- c) Using relevant examples distinguish between Feudalism and liberalism economic system **(4 Marks)**
- Q5. a) Not long ago, the world was divided into two seemingly monolithic systems - the socialist and the capitalist worlds - engaged in a long standing conflict, the Cold War. Clearly discuss the events that led to the collapse of Socialism and the transition to a global economy **(11 Marks)**
- b) Using relevant examples distinguish
- i) Communalism and Communism **(3 Marks)**
 - ii) intensive and extensive growth **(3 Marks)**
 - iii) Closed and open economic system **(3 Marks)**

END