



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

P.O. Box 62157

00200 Nairobi - KENYA

Telephone: 891601-6

MAIN EXAMINATION

JANUARY – APRIL 2019 TRIMESTER

FACULTY OF ARTS AND SOCIAL SCIENCES

DEPARTMENT OF ECONOMICS

REGULAR PROGRAMME

ECN 101: SURVEY OF ECONOMICS II

Date: APRIL 2019

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 **(6marks)**
- 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 **(10marks)**
- 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