



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 100: SURVEY OF ECONOMICS I

Date: APRIL 2019

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 **(4 marks)**
- e) State and explain the three laws of returns **(8 marks)**
- Q2. a) Given the demand function and supply function:
 $Q_d = 3550 - 266p$
 $Q_s = 1526 + 240p$
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