



MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS

2022/2023 ACADEMIC YEAR

SECOND YEAR SECOND SEMESTER

SCHOOL OF BUSINESS AND ECONOMICS

COURSE CODE: ECO 2207-1

**COURSE TITLE: HISTORY OF ECONOMIC
THOUGHT II**

DATE:

TIME

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **TWO** questions

QUESTION ONE

- a) Explain five macroeconomic issues that contribute to the growing complexities of economic systems of the world. **(5marks)**
- b) Keynesian economics started showing signs of failure to explain and provide solutions to macroeconomic problems in the 1970s. Based on this statement, explain the following in the context of the history of economic thought
- i) Monetarism **(5 marks)**
 - ii) New classical macroeconomics **(5 marks)**
 - iii) Supply-side economics **(5 marks)**

QUESTION TWO

- a) Discuss the following controversies in macroeconomic theories arising from:
- i) Shortcomings of the classical theory **(8 marks)**
 - ii) What makes monetary and fiscal policy ineffective? **(7 marks)**

QUESTION THREE

Say's law states that *"supply creates its own demand"*. This theory was regarded as the foundation of macroeconomics by the classical school of economic thought. Explain the logic behind Say's law in the context of :

- i) Barter economy **(7 Marks)**
- ii) Monetized economy. **(8 marks)**

QUESTION FOUR

- a) Explain the economic objectives of the following in the context of the development of macroeconomic ideas:
- i) the slave trade and communication porters **(8 marks)**
 - ii) Colonialism **(7 marks)**

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