UGANDA MARTYRS UNIVERSITY

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

MANAGERIAL ECONOMICS II (SUPPLEMENTARY/ SPECIAL) Examination

2013 - 2014

BAM I – NKOZI CAMPUS

Date: 11th/ 08/ 2014

Time allowed: 3 hours

Instructions
1. Do not write anything on the question paper
2. Attempt any four questions
3. No mobile phones or any communication device should be brought to the exam room.

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1. Given a three sector closed economy where $C = C_o + b(Y-T)$, $I = I_o$ and $G = G_o$.

   a. Establish income at equilibrium for the general parameters, clearly showing the effect of a government investment spending on the established equilibrium. (15mks)

   b. Given that, planned Investment = 200, Government purchases = 400, Exports as a function of Imports = 100, autonomous consumption = 200 and marginal propensity to consume is = 0.5 and the tax rate is 50. What is income and consumption at equilibrium? (10mks)

2. Trade cycles are inevitable occurrences in most economics. Using relevant economic examples explain the stages of a trade cycle and discuss their possible implication(s) to business practice. (25mks)

3. Discuss the key features of money and present the challenges the central bank faces in implementing the monetary policy. (25mks)

4. Discuss the different stages of an economic integration and present an argument why you would encourage you country to take part in economic integration. (25mks)

5a. Using an appropriate model discuss the open economy circular flow of income (12mks)

b. Present the key challenges to income accounting in your country. (13mks)

6. Justify the continued participation of your country in cross border trading and with relevant examples present the cons of such involvement.

END