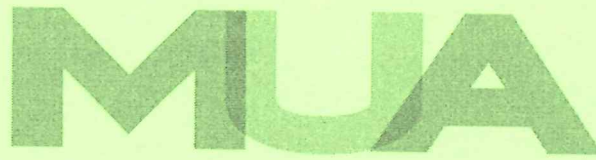


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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF ARTS DEVELOPMENT STUDIES

**BDS 104 : THEORIES AND STRATEGIES OF DEVELOPMENT**

**DATE: 7<sup>TH</sup> AUGUST 2024**

**DURATION: 2 HOURS**

**MAXIMUM MARKS: 70**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

**QUESTION ONE**

Read the Case Study below carefully and, answer the questions that follow:

**ACHIEVING THE INDUSTRIALIZATION DREAM IN KENYA**

As the general belief in the power of the market system gained strength from 1980s, the idea that the State has an important role in promoting industrialization was discredited by many. The government does not know how to “pick the winner,” they argued. Since 1960s, Kenya has consistently espoused a market-based approach to economic management. Yet, in practice the State has often been highly interventionist. Even today the government’s Industrial Transformation Programme (announced in 2015) proposes many subsidy schemes for priority sectors.

Policy inconsistency is not unique to Kenya. The United States (US) and the United Kingdom, the leading proponents of market systems today, had been unabashedly protectionist in the early days of their own industrialization. So, should Kenya play an activist role? The debate often becomes ideological. The real question is why the State may have a role in accelerating industrial growth. There are two fundamental reasons.

First is the coordination problem. In a late industrializing country, setting up a new industry can be a daunting challenge because many supporting sectors do not exist. For instance, leather shoes happen to be a promising industry in Kenya, but without the associated industries emerging to supply soles, inner linings among other components, prospective investors may hesitate. This is where the State can step in and coordinate the related investments, thereby giving all parties confidence to proceed.

Second is the increasing returns problem. The cost of production, especially in high-technology industries, tends to decrease as the scale of operation increases contrary to the classical economic theory of increasing marginal costs. The physical scale of production matters, but accumulated production experience seems to be even more decisive in increasing productivity. Japanese cars were known for low prices in the early days of exporting to the US market; today they are renowned for high quality

and competitive prices. Behind this is the enormous experience Japanese automakers have built up through the production of millions of vehicles.

These two factors come together in the issue of avoiding ruinous over-competition. Closing down factories and moving redundant capital to another industry is costly. More damaging is the loss of the accumulated know-how. Thus, nurturing the right number of firms over a long period becomes important for building internationally competitive manufacturers. Some countries have done this well, by managing the entry into key industries and coordinating reduction in production by the viable firms in economic downturns. Hyundai Motor Company resulted from conscious support of this kind by South Korea.

Still, it is essential to build a capable institution that can design, implement, and learn from various forms of industrial policy. With the limited experience Kenya has with the East Asia style approach, it is advisable to start by improving the general investment climate first, and then gradually experiment with more targeted interventions.

Third, some believe that it almost requires an authoritarian State to implement industrial policy well, as seen in South Korea and Taiwan. However, such an approach was used effectively in democratic states as well, for instance Finland, France, and Japan in the second half of the 20th century.

What seems critical is the existence of a broadly shared national vision around the importance of industrialization and the willingness of the people to make the necessary collective sacrifice today to achieve much better living standards tomorrow. The experiences from northeast Asia shows that an inclusive political economy order is fundamental to sustain and rapid economic growth. In fact, accelerating industrialization with policy support was an essential element of the strategy to create such a high-powered economy. (Chihilo Report, 2019)

**Required:**

- a) Evaluate **five** bottlenecks to effective industrialization in Sub-Saharan countries like Kenya. **(10 Marks)**
  
- b) Describe **five** ways in which the Kenyan Government is promoting industrialization. **(10 Marks)**

- c) Highlight **five** ways in which industrialization is catalyzing the achievement of better living standards in Sub-Saharan countries. (5 Marks)

### QUESTION TWO

- a) Describe **five** ways in which postcolonialism challenges the meaning of development as rooted in colonial discourse. (5 marks)
- b) Giving relevant examples assess **five** cons of globalization as a consequence of modernization. (10 marks)

### QUESTION THREE

- a) Evaluate **five** ways in which a country can enhance its comparative advantage in producing and exporting a given product. (10 marks)
- b) Enumerate **five** characteristics of developed countries in relation to dependency theory. (5 marks)

### QUESTION FOUR

- a) Assess **five** ways in which the government can support the agriculture sector in your country. (10 marks)
- b) Describe **two** shortcomings of world systems theory. (5 marks)

### QUESTION FIVE

- a) Analyze **five** stages of Walt Rostow's uni-linear model. (10 marks)
- b) Describe **two** ways in which the terms of trade of developing countries differ from those of developed countries. (5 marks)

### QUESTION SIX

- a) Assess **five** ways in which the governments of Sub-Saharan Africa can ensure urban sustainability. (10 marks)
- b) Discuss **two** reasons as to why social capital has become prominent in development (5 marks)