

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

EXAMINATION FOR THE AWARD OF DOCTOR OF PHILOSOPHY IN
AGRICULTURAL ECONOMICS

AGEC 931: INTERNATIONAL TRADE, COMMERCE AND POLICY

STREAMS: PhD (AGEC)

TIME 3 HOURS

DAY/DATE: TUESDAY 13/08/2019

2.30 P.M - 5.30 P.M.

INSTRUCTIONS:

- Attempt Question ONE and Any other TWO Questions.
- Do not write anything on the question paper

QUESTION ONE. (COMPULSORY) - EACH ANSWER CARRIES 5 MARKS.

Using the theories and case studies developed in this course briefly answer the following questions: -

- (a) Linkage between participation in international trade and poverty. (5 marks)
- (b) Discuss two ways that trade and memberships in regional trade groupings help global companies. (5 marks)
- (c)
- (d) Do you think GATT was essential in promoting world trade or would the world be the same without it? (5 marks)
- (e)
- (f) Explain the difference between forward contract and futures contract and why they are important to international business (5 marks)
- (g) Discuss the econometric evidence showing how participation in international trade influences growth in GDP. (10 marks)
- (h)

QUESTION TWO (15 MARKS)

- (a) Briefly describe the classical country based theories of international trade developed by economists and the modern firm-based theories developed by business school professors. (12 marks)
- (b) Briefly explain how the emergence of multinational companies and the growth of intra industrial trade led to the debunking of country based classical theories of international trade and the development of the modern firm based theories. (3 marks)

(c)

QUESTION THREE. (15 MARKS)

Use various theories to explain why United States, the world's richest economy, quite capable of meeting all its domestic needs, exports and imports a vast amounts of goods and services.

(15 marks)

QUESTION FOUR (15 MARKS)

Since the end of the First World War there has been a major shift towards freer international trade. Many governments however continue to intervene due to domestic religious, sociocultural, political and economic pressures.

Briefly discuss five policies, rules or regulations that countries use to control and manage international trade.

QUESTION FIVE (15 MARKS)

(a) Using the example of Hong Kong show how foreign direct investment can influence a resource poor country's ability to leapfrog economically over its counterparts in the underdeveloped world and become a dominant player in international trade. (5 marks)

b) How can governments encourage or discourage foreign direct investment? (10 marks)

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