

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF
BACHELOR OF SCIENCE IN ECONOMICS**

ECON 441: INTERNATIONAL ECONOMICS I

STREAMS: BSC (ECON)

TIME: 2 HOURS

DAY/DATE: TUESDAY 10/12/2019

8.30 AM – 10.30 AM

INSTRUCTIONS:

Answer Question One and any other Two

Question One

- (a) You are an economist with the Ministry of Trade. The minister has approached you for information regarding the problems that developing countries face in international trade and for the possible strategies that can be adopted to mitigate them. Discuss. [15 marks]
- (b) Discuss the Heckscher Ohlin theory of trade, its assumptions and limitations. [15 marks]

Question Two

- (a) Explain how international trade can be used as a vehicle for economic growth and development by developing countries. [10 marks]
- (b) Discuss the measures used to correct disequilibrium in BOP and highlight their defects. [10 marks]

Question Three

- (a) Discuss the arguments for and against free trade. [15 marks]
- (b) Explain the effects of a country's exchange rate policy on international trade. [15 marks]

Question Four

- (a) Discuss the methods used for protection in international trade. [10 marks]

(b) Explain David Ricardo's theory of international trade and its assumptions. [10 marks]
