

UGANDA MARTYRS UNIVERSITY
NKOZI CAMPUS

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT
DEPARTMENT OF ECONOMICS

COURSE CODE: 21021 COURSE NAME: INTERNATIONAL ECONOMICS

FINAL ASSESSMENT

ACADEMIC YEAR: 2023-2024 SEMESTER: ONE

BS.ECONOMICS AND STATISTICS, BACHELOR OF ARTS AND BACHELOR OF
SCIENCE, EDUC 2

Date of Examination: 12th December 2023

Time allowed: 3 hours (02:00pm – 5:00pm)

INSTRUCTIONS:

- I. Attempt any **four questions** of your choice.
 - II. Credit will be given to the **originality of ideas and, the use of relevant contextual examples and illustrations.**
 - III. **Do not** write anything on the question paper
 - IV. Write clearly and legibly.
 - V. Write each question on a separate sheet
 - VI. **Mobile phones are not allowed in and around the examination room.**
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Question one

- (a) Justify, why countries continue engaging in international trade despite increased rates of economic growth **(15mks)**
- (b) Discuss the limitations developing countries are likely to meet in their trade with developed countries. **(10mks)**

Question two

- (a) Explain how comparative and absolute advantage differ **(5mks)**
- (b). Give an example in which one country has an absolute advantage in doing something and another country has a comparative advantage **(5mks)**
- (c). Is absolute advantage or comparative advantage more important for trade? Explain basing on your answer of b **(5mks)**
- (d). Egypt and Ghana both produce cocoa and cooking oil, suppose an Egyptian worker can produce 10 tonnes of cocoa or 5 bottles of cooking oil per hour and a Ghanaian worker can produce 8 tonnes of cocoa and 8 bottles of cooking oil per hour, which country has absolute advantage in production of each good? Which country has comparative advantage? **(5mks)**
- (e). If Egypt and Ghana decide to trade which commodity will Egypt trade to Ghana, Justify your answer.**(5mks)**

Question three

- (a) Explain at least 5 instruments of trade policy **(10mks)**
- (b). Discuss the arguments for free trade and protectionism **(15mks)**

Question four

- a) Write short but conceded notes on the following concepts as used in international trade**(10mks)**
 - a) Compound tariff
 - b) Specific tariff
 - c) Effective protection
 - d) Political federation
 - e) Tariff escalation
- b) Explain why tariffs are preferred to other trade policy measures **(15mks)**

Question five

- a) Briefly explain the two rights and the four freedoms of the East African community(**5mks**)
- b) Somalia and Sudan are the newest entrants into the East African community. Why do you think those two countries had to join the East African community (**10mks**)
- c) Explain the meaning of the European common market to its members (**10mks**)

Question six

- a) State the key objectives of world trade organization (**5mks**)
- b) Explain the key areas of complementarity of International monetary fund (IMF) and World Trade organization (IMF) (**10mks**)
- c) Explain the key concerns developing countries have with international organizations as they perform their role ending poverty and improving the standard of living of developing countries (**10mks**)

Question seven

- a) Explain the key indicators of increased globalization in the world economies (**15 mks**)
- b) Briefly explain the costs of globalization to development of developing countries like Uganda (**10mks**)

Good luck and wishing you a Merry Christmas and happy 2024