

UGANDA MARTYRS UNIVERSITY

UNIVERSITY EXAMINATIONS 2022

THIRD YEAR SEPTEMBER SEMISTER EXAMINATION FOR
DEGREE OF BACHELOR OF ARTS WITH EDUCATION, BACHELOR OF SCIENCE
GENERAL AND BACHELOR OF SCIENCE, ECONOMICS AND STATISTICS
COURSE: INTERNATIONAL ECONOMICS

DATE: Friday 21 January 2022

Time: 09:30 - 12:30 PM

INSTRUCTIONS:

- i. Attempt any other FOUR questions of your choice.
- ii. Credit will be given for using relevant clear illustrations and examples.
- iii. Do not write anything on the question paper.
- iv. Write each question on the separate sheet.
- v. Sharing of scholastic materials such as rulers and calculators is not allowed.
- vi. Mobile phones are not allowed in and around the examination room.

Question one

- a) Explain how comparative and absolute advantage differ (05mks)
- (b) Give an example in which one country has an absolute advantage in doing something and another country has a comparative advantage (05mks)
- (c) Is absolute advantage or comparative advantage more important for trade? Explain basing on your answer in b. (05mks)
- (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? (05mks)
- (e) If Egypt and Ghana decide to trade which commodity will Egypt trade to Ghana, Justify your answer. (05mks)

Question two

- (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 three

- (a) Explain at least 4 instruments of trade policy (08mks)
- (b) Explain why are tariffs preferred to other trade policy measures (07mks)
- (c) Discuss the arguments for free trade and protectionism (10mks)

✓ Question four

- a) Differentiate between the Free Trade Area (FTA) and Preferential Trade Area (PTA)
(05mks)
- (b) Discuss why it is inevitable for developing countries not to integrate economically.
(10mks)
- (c) Briefly explain why economic integration may fail despite its potential benefits in fostering development
(10mks)

Question five

- a) Discuss how international trade has been affected by the current global pandemic of covid 19.
(12mks)
- b) Assuming you have been appointed a minister responsible for domestic and international trade, which policy measures would you promote to revamp international trade trends amidst the Covid 19 pandemic.
(13mks)

Question six

Economic integration is the unification of economic policies between different states through the partial or full abolition of tariff and non-tariff restrictions on trade taking place among them prior to their integration. State and explain the opportunities and challenges posed by the EAC economic integration to development of member states.
(25mks)

✓ Question Seven

Using a specific case study, discuss the trade, investment and aid related opportunities between China and African countries
(25mks)

✓ Question eight

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

WISHING YOU GOOD LUCK AND A HAPPY NEW YEAR