

CHUKA

UNIVERSITY



UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE
OF BACHELOR OF ECONOMICS STATISTICS, BACHELOR OF ARTS
ECONOMICS MATHEMATICS**

ECON: 447: INTERNATIONAL ECONOMICS II

STREAMS:

TIME: 2 HOURS

DAY/DATE: TUESDAY 21/09/2021

8.30 A.M. – 10.30 A.M.

INSTRUCTIONS:

Answer question one and any other two questions

QUESTION ONE

- a) Explain the following terms
 - i. Ad valorem tariff (2 marks)
 - ii. New International Economic Order (2 marks)
 - iii. Stolper-Samuelson theorem (2 marks)
 - iv. Predatory dumping (2 marks)
 - v. International Cartel (2 marks)
- b) Using a diagram, demonstrate the effects of imposing a tariff on imports in a small country. (10 marks)
- c) Discuss the Mercantilisms view on international trade and its relevance in the current century. (10 marks)

QUESTION TWO

- a) As an international economics expert, illuminate various Nontariff Barriers that your country can use to safeguard the welfare of your economy. (10 marks)

- b) As a global economics professional, discuss the main mechanisms used by the World Trade Organization, which makes its system work effectively. (10 marks)

QUESTION THREE

- a) Discuss how an import Quota compare to an Import Tariff. (10 marks)
- b) Illustrate the difference between factor intensity and factor abundance using a production possibility curve. (5 marks)
- c) List the assumptions of the Heckscher-Ohlin Theory. (5 marks)

QUESTION FOUR

- a) International trade is considered as one of the key engines of economic development in all economies. Discuss. (10 marks)
 - b) Using a well-labeled diagram, illustrate the Hecksher-Ohlin theory. (10 marks)
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