



**SCHOOL OF FOUNDATION STUDIES
AUGUST EXAMINATIONS 2016
EXAMINATION FOR DIPLOMA IN INTERNATIONAL RELATIONS AND
DIPLOMACY COURSES**

RDI 057: INTERNATIONAL ECONOMICS

DATE: 9TH AUGUST 2016

TIME: 2 HOURS

GENERAL INSTRUCTIONS:

Students are NOT permitted to write on the examination paper during reading time.

This is a closed book examination. Text book/Reference books/notes are not permitted.

SPECIAL INSTRUCTIONS:

- 1 Write your REGISTRATION NO. clearly on the answer booklet(s).**
- 2 Answer question one (compulsory) and any other two.**
- 3 Questions in all sections should be answered in answer booklet(s).**
- 4 Marks allocated to each question are shown at the end of the question.**
- 5 PLEASE start the answer to EACH question on a NEW PAGE.**
- 6 For the questions, write the number of the question on the answer booklet(s) in the order you answered them.**
- 7 Write your answers in paragraph form unless stated otherwise.**
- 8 Keep your phone(s) SWITCHED OFF at the front of the examination room and NOT on your person.**
- 9 Keep ALL bags and caps at the front of the examination room and do not refer to any unauthorized material before or during the course of the examination.**
- 10 You are only allowed to leave the exam room 30minutes to the end of the Exam.**

QUESTION 1 (COMPULSORY 30 MARKS)

- I. Define the following:
 - a) Absolute advantage (5 Marks)
 - b) Comparative advantage (5 Marks)
- II. Examine the implication of 'Brexit' on Africa and Britain (20 Marks)

QUESTION 2 (20 MARKS)

- I. Briefly explain the following non-tariff barriers
 - a. Quotas (3 Marks)
 - b. Exchange control (3 Marks)
 - c. Product standard specifications (3 Marks)
 - d. Subsidies (3 Marks)
- II. Highlight four (4) different arguments for protectionism (8 Marks)

QUESTION 3 (20 MARKS)

- a) Discuss Liberalism as a theory of International Economics (10 Marks)
- b) Evaluate the gains made by Kenya as a result of Liberalism (10 Marks)

QUESTION 4 (20 MARKS)

Discuss the gradual evolution of the World Trade Organization (WTO) from the General Agreement on Tariffs and Trade (GATT)

QUESTION 5 (20 MARKS)

- I. Explain the three (3) main roles of the IMF (6 Marks)
- II. Highlight five (5) non-concessional IMF facilities (5 Marks)
- III. Compare and contrast three (3) roles of the IMF and the World Bank (9 Marks)

*****END*****