



Riara School of International Relations & Diplomacy

Nurturing innovators

MAY-AUGUST TRIMESTER

EXAMINATIONS FOR DIPLOMA IN INTERNATIONAL RELATIONS & DIPLOMACY

DAY PROGRAMME

UNIT CODE: RIR 057

NAME: ELEMENTS OF INTERNATIONAL ECONOMICS

DATE: 14TH AUGUST 2019

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 ONE (COMPULSORY 30 MARKS)

- a) Illustrate how balance of payments affects a country in the international economic system [10 marks]
- b) Explain international capital markets in economic interactions between states [5 marks]
- c) Using examples discuss how countries use economic integration to enhance their relations and foreign policy. [10 marks]
- d) Explain how a country can use absolute advantage to have a better edge in trading with other countries [5 marks]

QUESTION TWO (20 MARKS)

Using the arguments of protectionism, illustrate how Kenya safeguards her economy in the global markets [20 marks]

QUESTION THREE (20 MARKS)

- a) Assess FIVE advantages of Transnational companies to a host country. [5 marks]
- b) Assess FIVE disadvantages of Transnational corporations to the mother country [5 marks]
- c) Explain FIVE roles of foreign exchange in the international economy [10 marks]

QUESTION FOUR (20 MARKS)

- a) Assess the aims of the International Monetary Fund (IMF) [10 marks]
- b) Explain the drawbacks to the IMF system [5 marks]
- c) Explain the four areas that IMF carries out its work in support of its member states [5 marks]

QUESTION FIVE (20 MARKS)

Assess the **FOUR** levels of economic integration [20 marks]