



MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS

2022/2023 ACADEMIC YEAR

THIRD YEAR FIRST SEMESTER

**SCHOOL OF BUSINESS AND ECONOMICS
BACHELOR OF SCIENCE IN
ECONOMICS/FINANCIAL
ECONOMICS/ECONOMICS AND STATISTICS**

COURSE CODE: ECO 3104-1

COURSE TITLE: INTERNATIONAL ECONOMICS I

DATE: 7TH DECEMBER, 2022

TIME: 08:30 – 10:30AM

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **TWO** questions

*This paper consists of **THREE** printed pages. Please turn over.*

Question One

- a) During Mercantilism, the statesmen, with the support of merchants, set out to initiate policies, and put in practice measures that facilitated acquisition of specie. Discuss these policies and measures. **(8marks)**
- b) Discuss how trade and technology influence each other in international trade **(6marks)**
- c) Use graphs to explain the grounds advanced by neoclassical economists in their disagreements with the postulates of the Ricardian model **(6marks)**

Question Two

- a) Show that the market clearing price ratio (Terms of Trade - ToT) is a stable equilibrium price **(8marks)**
- b) Discuss The Imitation Lags Theory of Trade **(7 marks)**

Question Three

- a) Discuss Partial Equilibrium Welfare Effects of a Tariff in a small country **(7 marks)**
- b) The shortcomings of Import Substitution Industrialization. **(8marks)**

Question Four

- a) Use Heckscher-Ohlin's theory to explain Leontief's paradox in international trade or modern patterns of trade **(8marks)**
- b) Mercantilism planted the seed that led to its own destruction. Discuss **(7marks)**

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