

**UNIVERSITY OF KABIANGA**

**UNIVERSITY EXAMINATIONS**

**2014/2015 ACADEMIC YEAR**

**FOURTH YEAR SECOND SEMESTER EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF ARTS (ECONOMICS)**

**COURSE CODE: ECO 415**

**COURSE TITLE: INTERNATIONAL ECONOMICS II**

**DATE: 29TH APRIL, 2015**

**TIME: 2.00 P.M- 5.00 P.M**

**INSTRUCTIONS TO CANDIDATES:**

Answer question **ONE** and any other **THREE** questions.

**QUESTION ONE (25 MARKS)**

1. Explain any **two** theories on the determination of rate of exchange. (5 marks)
2. How is exchange rate determined? (5 marks)
3. Explain any **two** types of disequilibrium in B.O.P (5 marks)
4. Explain any **two** methods the government may adopt to increase volume of export. (5 marks)
5. Basically, no country is self-sufficient but is dependent on each other. Explain this statement in relevance to international trade. (5 marks)

**QUESTION TWO (15 MARKS)**

1. Explain the role of foreign sector in an economy. (5 marks)
2. Discuss any **five** causes of disequilibrium in B.O.P (10 marks)

**QUESTION THREE (15 MARKS)**

1. Explain the functioning of exchange control. (5 marks)
2. Discuss the objectives of exchange control. (10 marks)

**QUESTION FOUR (15 MARKS)**

1. Explain briefly the background of General Agreement on Tariff Sand Trade. (5 marks)
2. Discuss the main objective of **GATT**. (10 marks)

**QUESTION FIVE (15 MARKS)**

1. Discuss the causes of the debt crisis of developing countries. (7 marks)
2. Suggest the strategies to alleviate the debt crisis in your country. (8 marks)

**QUESTION SIX (15 MARKS)**

1. Discuss any **four** measures to stabilize foreign exchange reserves. (8 marks)
2. Discuss the main reasons for the fluctuation in the rate of exchange. (7 marks)