

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF ECONOMICS

PROGRAMME

BACHELOR OF SCIENCE HONOURS DEGREE IN ECONOMICS

EC204 (1): INTERNATIONAL TRADE THEORY AND POLICY

DURATION: 3 HOURS

**INSTRUCTIONS TO CANDIDATES:**

- (i) Answer any four questions
  - (ii) All questions carry equal marks
  - (iii) Start each answer on a fresh page
  - (iv) Show all workings where applicable.
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**QUESTION 1**

With the aid of a diagram, discuss how different forms of Exchange Rate affect the Balance of Payments.

[25 Marks]

**QUESTION 2**

Explain the following concepts of international trade:

- (a) Comparative Advantage
- (b) Absolute Advantage

(12 Marks)

(13 Marks)

[25 Marks]

**QUESTION 3**

Explain the features of a Balance of Payments.

[25 Marks]

**QUESTION 4**

Discuss the implications of having a current account deficit and current account surplus in an economy. [25 Marks]

**QUESTION 5**

Discuss the ways in which a government might attempt to reduce a current account deficit. [25 Marks]

**QUESTION 6**

Discuss the case for and against a government introducing protectionist measures to protect an industry. [25 Marks]

**END OF EXAMINATION**