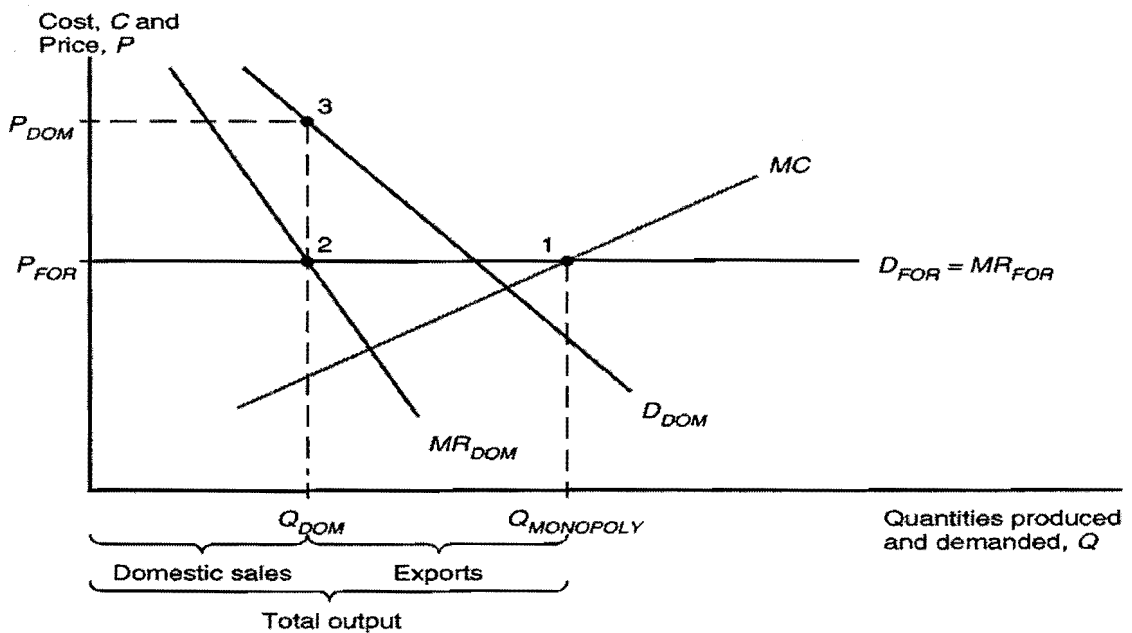


QUESTION 3

[30]

- 3.1 (a) Which economic situation described in this diagram below, explain. (5)
 (b) Provide a comprehensive analysis of the same diagram. (10)



3.2

- Briefly discuss the process of transferring surplus to the foreign reserve, in your answer make mention of the signs (-) and (+) (7)
 Differentiate between equilibrium and disequilibrium in the balance of payments. (3)
 Differentiate between the Lomé Convention and the Cotonou Agreement. (5)

QUESTION 4

[30]

- (a) With the aid of a diagram discuss trade creation vs trade diversion in Swaziland (20)
 (b) Why is it that a depreciation of the Swazi currency encourages overseas travel by Swazis? (10)

QUESTION 1

[35]

Answer each question in Four Sentences maximum

- A. What are the reasons for inter-regional trade? (3)
- B. Balance of payments always balance – 'Comment'. (5)
- C. What restrictions on international trade imposed by virtually all countries? (3)
- D. Explain the main features of the WTO. How does it differ from the GATT? (5)
- E. How will you classify tariffs? (2)
- F. Distinguish between balance of trade and balance of payments. (3)
- G. What are the problems of foreign exchange? (5)
- H. What is a free trade policy? (3)
- I. Explain three different effects of quotas (3)
- J. What is meant by Inter-regional trade? (3)

QUESTION 2

[35]

Answer each question in three sentences maximum

2.1

- (a) What are the methods of correcting disequilibrium in the balance of payments? (4)
- (b) What is meant by International Liquidity? (3)
- (c) Discuss the role of IMF in ensuring International Liquidity (5)
- (d) What is the Lilangeni-dollar market? (3)

2.2

- (a) What is meant by Protection Trade Policy? (3)
- (b) What does GATT stands for? (5)
- (c) Describe flexible exchange rates (3)
- (d) What is meant by convertibility of the Swazi Lilangeni? (3)
- (e) What is meant by International Labour Migration? (3)
- (f) What is foreign exchange control? (3)

**UNIVERSITY OF SWAZILAND
DEPARTMENT OF ECONOMICS
FINAL EXAMINATION MAY 2014**

**PAPER TITLE : INTERNATIONAL ECONOMICS
COURSE CODE : ECON 407**

INSTRUCTIONS:

- 1. ANSWER THREE (3) QUESTIONS.**
- 2. QUESTIONS ONE (1) AND TWO (2) ARE COMPULSORY**
- 3. ANSWER ANY OTHER QUESTION**
- 4. ANSWERS SHOULD BE PRECISE AND TO THE POINT**
- 5. TIME ALLOWED: THREE (3) HOURS**

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED
BY THE INVIGILATOR.**