UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2024 SEMESTER

COURSE CODE	:	EGB20303
COURSE NAME	:	INTERNATIONAL ECONOMICS
PROGRAMME NAME	:	BACHELOR OF SCIENCE (HONS) IN ANALYTICAL ECONOMICS
DATE	:	6 JULY 2024
TIME	:	9.00 AM – 12.00 PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

1. **Please CAREFULLY read the instructions given in the question paper.**
2. **This question paper has information printed on both sides of the paper.**
3. This question paper consists of **TWO (2)** sections; **Section A** and **Section B**.
4. Answer **ALL** questions from **Section A** and **Section B**.
5. Please write your answers on the answer booklet provided.
6. All questions must be answered in **English** (any other language is not allowed).
7. **This question paper must not be removed from the examination hall.**

THERE ARE THREE (3) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 40 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

The following table shows the production per unit of labor to produce wheat and rice in the United States and United Kingdom.

Table 1: Production of Wheat and Rice

Countries	Wheat (units)	Rice (units)
United States	300	100
United Kingdom	20	20

Based on the above table 1, answer the questions below.

(a) Does either country have an absolute advantage in the production of wheat or rice? Explain.

(5 marks)

(b) What is the opportunity cost of wheat in each country?

(5 marks)

(c) What is the opportunity cost of rice in each country?

(5 marks)

(d) Analyze comparative advantage and opportunities for trade between the United States and United Kingdom.

(5 marks)

Question 2

(a) What is the difference between Gross Domestic Product (GDP) and Gross National Product (GNP)?

(4 marks)

(b) How do changes in Gross Domestic Product (GDP) and Gross National Product (GNP) affect a country's economy?

(6 marks)

(c) Calculate Gross National Product (GNP), Net National Product (NNP), National Income, Personal Income and Disposable Income by using the information in Table 2.

(10 marks)

Table 2: National Income of Malaysia

Components	Amount (RM-Million)
GDP	8000
Receipts of factor from the rest of the world	250
Payments of factor income to the rest of the world	300
Depreciation	900
Direct taxes less subsidies	500
Corporate profit less dividend	500
Social insurance payment	700
Personal interest receives from government and consumer	300
Transfer payment to personals	1100
Personal taxes	1000

SECTION B: ESSAY QUESTIONS (Total: 60 marks)

INSTRUCTION: Answer ALL questions
Please use the answer booklet provided.

Question 3

Is Purchasing Power Parity (PPP) a theory of exchange rate determination in the long run or in the short run? Explain your answer.

(15 marks)

Question 4

If opening to free trade would benefit a nation, then why do nations not just eliminate their trade barriers and not bother with international trade negotiations?

(20 marks)

Question 5

The international financial system has gone through major scrutiny after the 2007-2008 Financial Crisis. Is the International Monetary Fund (IMF) still necessary due to this? Does it require reform, and if so, what functions should it include?

(25 marks)

END OF EXAMINATION PAPER