



**ZCAS University**

**MASTER OF SCIENCE IN INTERNATIONAL TRADE AND POLICY**

**SEC5181 ECONOMIC DIPLOMACY**

**MID SEMESTER EXAMINATION**

**THURSDAY, 26<sup>TH</sup> OCTOBER 2023**

**16:30 – 19:30 HRS**

**TIME ALLOWED: THREE HOURS (plus 5 minutes to read through the paper)**

**INSTRUCTIONS:**

1. Section A: Question One in Section A is compulsory.
2. Sections B: Answer Two (2) questions from this section.
3. This question paper carries a total of 100 marks.
4. Candidates must not turn this page until the invigilator tells them to do so.

**SECTION A: Question 1 is compulsory and must be attempted**

**Question 1**

Since the end of the Cold War, economic diplomacy, to enhance prosperity, has been the main priority for states in most regions of the world. New security concerns emerged after the terrorist attacks of 11 September 2001, and these persist, notably in Syria and other parts of the Islamic world, but also in Ukraine. Taking a broader definition of security concerns, the problems exposed by the financial crisis and ensuing recession as well as the threat of climate change threaten the international system and still require attention to be given to economic diplomacy. Economic diplomacy is not just a subject for academic study. It is an activity pursued by state and non-state actors in the real world of today. *(An extract from Bayne N. and Woolcock S. 2017)*

**Required:**

- (a) Examine the main methods for humanitarian and development aid. **[10 Marks]**
- (b) Identify and discuss arguments for and against foreign aid. **[15 Marks]**
- (c) What are the three types of foreign aid? **[3 Marks]**
- (d) Discuss four broad economic and development objectives that foreign aid is designed to meet. **[12 Marks]**
- (e) When does foreign debt become a problem? Identify and describe five factors leading to foreign debt becoming a problem. **[10 marks]**

**(Total: 50 Marks)**

**SECTION B: Attempt any TWO questions in this section**

**Question 2**

- (a) Discuss the five main characteristics of multilateral development cooperation **[10 Marks]**
- (b) Briefly discuss the roles of Multilateral Development Institutions in multilateral development cooperation and diplomacy **[10 Marks]**

- (c) Despite multilateral institutions still benefiting from significant political support and legitimacy, in recent years, they have been under close scrutiny and have often been criticised. Identify and list the main criticisms levelled against these institutions. [5 Marks]

(Total:25 Marks)

### Question 3

Economic diplomacy is concerned with *international* economic issues. In principle, this should simplify the analysis. The Bretton Woods system of international economic institutions created after World War II was based on what John Ruggie has called 'embedded liberalism' (Ruggie 1982). This meant that the system developed rules for economic relations between states, but left national autonomy untouched. As long as *domestic* policies did not have negative impacts on others, governments could pursue whatever employment, tax or industrial policy they wished. But the increase in economic interdependence over the last 70 years has put an end to such tidy distinctions between what is domestic and what is international policy. The advance of globalization since 1990 obliges economic diplomacy to go deep into domestic decision-making, so as to capture its international repercussions. Globalization thus makes economic diplomacy much more complex, bringing in more issues and more actors. (*An extract from Bayne N. and Woolcock S. 2017*)

#### Required:

- (a) Identify and discuss 'state and non-state actors' in economic diplomacy. [10 Marks]
- (b) Discuss the main instruments economic diplomacy uses. [15 Marks]

(Total: 25 Marks)

### Question 4

Write brief notes on the following:

- (a) Multilateral aid; [5 Marks]
- (b) Overseas Development Assistance; [5 Marks]

**(c) Multilateral Organisations; [5 Marks]**

**(d) Economic diplomacy; and [5 Marks]**

**(e) Vertical funds. [5 Marks]**

**(Total: 25 Marks)**

**END OF THE MID SEMESTER EXAMINATION**