NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

QUALIFICATION: BACHELOR OF ECONOMICS	
QUALIFICATION CODE: 12BECO	**LEVEL: 7**
COURSE CODE: INT711S	**COURSE NAME**: INTERNATIONAL TRADE
SESSION: JULY 2024	**PAPER:** THEORY
DURATION: 3 HOURS	**MARKS:** 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	**MR EDEN TATE SHIPANGA**
MODERATOR:	**MR IMMANUEL NASHIVELA**

INSTRUCTIONS
1. Answer **only Four (4)** questions. 2. Write clearly and neatly. 3. Number the answers clearly.

PERMISSIBLE MATERIALS

1. PEN,
2. PENCIL
3. CALCULATOR

THIS QUESTION PAPER CONSISTS OF 2 PAGES (Including this front page)

Question 1 [25 marks]

1. Clearly draw a distinction between the main arguments of David Hume and Adam Smith's critics of Mercantilism. [15]
2. Draw a clear distinction of Adam Smith AA and David Ricardo CA, in explaining the basis of international trade? [10]

Question 2 [25 marks]

With the aid of graphs where necessary explain, the H-O model robustness of gain form trade under the 2x2x2 assumptions:

1. Different production capacity and different consumption level [10]
2. Disequilibrium of the OC and how the ToT is improved for the home country [15]

Question 3 [25 marks]

Write brief notes on each of the following:

(a) Trade creation and trade diversion. [8]
(b) Economic union and monetary union. [8]
(c) Implications of an appreciation and depreciation of a currency. [9]

Question 4 [25 marks]

The terms of trade (ToT) of less developed countries (LDCs) are often unfavourable. Present a critical analysis of the ToT of LDCs. Do the LDCs have options to rectify the situation? Please motivate your position.

Question 5 [25 marks]

Multinational Corporations are sometimes regarded as "international cockroaches". Do you agree with this statement? Motivate your position.