



**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: O7BEC0	LEVEL: 7
COURSE CODE: INT711S	COURSE NAME: INTERNATIONAL TRADE
SESSION: JULY 2025	PAPER: THEORY
DURATION: 3 HOURS	MARKS: 100

SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	Ms. Kasnath Kavezeri
MODERATOR:	Mr. Immanuel Nashivela

INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL the questions.2. Write clearly and neatly.3. Number the answers clearly.

PERMISSIBLE MATERIALS

1. Pens/pencils/erasers
2. Calculator
3. Ruler

THIS QUESTION PAPER CONSISTS OF 3 PAGES (Including this front page)

QUESTION 1 [25 Marks]

1. Use the information in the table below to answer the following questions.

<u>Unit Labor Requirements</u>		
	<u>Cloth</u>	<u>Widgets</u>
Home	100	200
Foreign	60	30

- a) Given the information in the table above. What is the opportunity cost of Cloth in terms of Widgets in Foreign? (1)
- b) If these two countries trade these two goods in the context of the Ricardian model of comparative advantage, then what is the lower limit of the world equilibrium price of widgets? (2)
- c) If these two countries trade these two goods with each other in context of the Ricardian model of comparative advantage, what is the lower limit for the price of cloth? (2)
2. Discuss David Hume's critics of Mercantilism and clearly outline the underlying assumptions of these critics. (20)

QUESTION 2 [25 Marks]

1. The Heckscher-Ohlin Theory of international of trade forms an important basis for international trade. Present a brief discussion of the H-O Theory, with a special focus on its underlying assumptions. (15)
2. Indicate the equilibrium production and consumption point in autarky, using a clearly labelled PPF and a community indifference curve under increasing-opportunity-cost conditions. (10)

QUESTION 3 [25 Marks]

1. State any five economic events that, in your opinion, would increase a country's willingness to trade. (5)
2. If the production conditions between two trading partners were to become essentially the same, while demand conditions are different, would the neoclassical theory of trade suggest that trade between the two countries ceases? Why or why not? Use a diagram to substantiate your answer. (20)

QUESTION 4 [25 Marks]

1. Write short notes on the following concepts:
 - a) Stage theory (2)
 - b) Resource-exchange theory (2)
 - c) Network theory (2)
2. Use a clearly labelled diagram to explain the difference between the production gain and consumption gain resulting from international trade. (19)

TOTAL = 100 MARKS

