



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
SEPTEMBER, 2020_1**

COURSE TITLE: INTERNATIONAL TRADE AND FINANCE 1

COURSE CODE: ECO 445

UNITS: 2

TIME ALLOWED: 2 HOURS

INSTRUCTIONS: ANSWER QUESTION 1 AND ANY OTHER TWO QUESTIONS.

QUESTION ONE

- a. Discuss the term, “foreign trade?” (2½ marks)
- b. Why does Nigeria import machinery and export raw materials? (15 marks)
- c. What is Balance of Trade? (2½ marks)
- d. Compare Balance of Trade with Balance of Payments (10marks)

QUESTION TWO

“Internal trade and international trade are regarded as trade but they are different”. Discuss.

(20 marks)

QUESTION THREE

Write short notes on each of the concepts below:

- a. Commodity barter terms of trade. (4 marks)
- b. Gross barter terms of trade. (4 marks)
- c. Single factorial terms of trade. (4 marks)
- d. Double factorial terms of trade. (4 marks)
- e. Income Terms of Trade. (4 marks)

QUESTION FOUR

- a. Examine the concept of mercantilism. (5 marks)
- b. Explain the critical foundations of Mercantilist thought. (15 marks)

QUESTION FIVE

- a. Explain what is meant by “terms of trade”. (5 marks)
- b. Evaluate assumptions of theory of comparative advantage (15 marks)