NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2021_2 EXAMINATION₄₅₆₇

COURSE TITLE: INTERNATIONAL ECONOMICS

COURSE CODE: ECO 344

UNITS: 3

TIME ALLOWED: 3 HOURS

INSTRUCTION: ANSWER QUESTION 1 AND ANY OTHER 3 QUESTIONS.

QUESTION ONE

   a) Differentiate between trade theory and monetary analysis   **6 marks**

   b) What is wage theory? List any six (6) wage theory   **6 marks**

   c) Briefly discuss the term Constant Returns to Scale   **4 marks**

   d) Monacs Telecoms Network LTD a leading company in the telecommunication industry diversifying into the production of FFP breathing masks in the international market due to the COVID-19 pandemic. If its production functions $Q = 0.5KL$, $Q = 2K + 3L$ and $Q = K^{0.3}L^{0.2}$ if both L and K are increased by *m,* what are the economics of scale the company will experience and why?   **9 marks**

QUESTION TWO

   a. What is factor endowment?   **3 marks**

   b. Briefly explain the factor endowment theory   **6 marks**

   c. Discuss the three assumptions with regards to production characteristics as posited by the Heckscher-Ohlin trade model   **6 marks**

QUESTION THREE

   a. Briefly discuss trade balance condition   **5 marks**

   b. Explain what you understand by the factor-content theorem.   **5 marks**

   c. List the three conditions that determine the position and shape of the production possibility curve   **5 marks**

QUESTION FOUR

   a. What does the term gain from trade mean?   **3 marks**

   b. Benefits from trade is determined by several factors. Briefly discuss any four (4) of these factors   **12 marks**

QUESTION FIVE

   a. List divisions of gains from trade   **2 marks**

   b. List and explain the consequence of adverse effect on demonstration effect of international trade   **6 marks**

   c. What are the differences between factor endowments and factor intensities?   **7 marks**