



**NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2017_2 EXAMINATION JANUARY/FEBRUARY 2018**

COURSE TITLE: INTRODUCTION TO INTERNATIONAL ECONOMICS

COURSE CODE: ECO 344

UNITS: 3

TIME ALLOWED: 3 HOURS

INSTRUCTION: ANSWER ANY FOUR (4) QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS

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| 1a. Differentiate between real analysis and monetary analysis | 8 marks |
| b. What do you understand by 'Production Possibility Frontier'? | 6 marks |
| c. Explain the concept of 'Constant Returns to Scale' | 3.5 marks |
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| 2a. Define the term 'specific factor' | 3 marks |
| b. What is general equilibrium theory? | 5 marks |
| c. What are the conditions that determine general equilibrium in a closed economy? | 6 marks |
| d. Define trade balance | 3.5 marks |
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| 3a. Describe the term 'gains from trade' | 3.5 marks |
| b. Explain what you understand by market incentives | 4 marks |
| c. List and explain any five (5) factors affecting gains from trade | 10 marks |

- 4a. List the two divisions of gains from trade **2 marks**
- b. Define gains from exchange **3.5 marks**
- c. Mention the three conditions that determine the position and shape of the production possibility curve **6 marks**
- d. Give three examples of distortions in the no-trade model **6 marks**
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- 5a. List the set of conditions that simultaneously guarantee the no-trade situation **7.5marks**
- b. List the effects of international trade **7.5 marks**
- c. Explain the consequence of adverse effect on demonstration effect of international trade **2.5 marks**
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- 6a. Explain the subsistence theory of wages **6 marks**
- b. Elucidate the wages-fund theory **6 marks**
- c. Explain the residual-claimant theory **5.5 marks**