



FACULTY: HUMANITIES, SOCIAL & MANAGEMENT SCIENCES
DEPARTMENT: BUSINESS ADMINISTRATION
FIRST SEMESTER EXAMINATIONS
2020/2021 ACADEMIC SESSION

COURSE CODE: BUS 405

COURSE TITLE: INTERNATIONAL ECONOMICS

DURATION: 2 HOURS.

INSTRUCTION: Attempt section A and any other two (2) Questions in section B

SECTION A

1. Economic integration occurs through trade, labour migration and capital (investment) flows such as corporation stocks and government securities. The first wave of global integration (globalization) started from

- A. 1870 - 1914
- B. 1870 - 1920
- C. 1930 - 1944
- D. 1935 - 1945
- E. 1945 -1980

2. One of these developing countries succeeded for the first time in harnessing their labour abundance to provide them a competitive advantage in labour intensive manufactures during third wave globalization except

- A. China
- B. Thailand
- C. Mexico
- D. South -Africa
- E. Turkey

3. To measure the importance of international trade in a nation's economy, it is expedient to examine the nation's exports and imports as a percentage of its gross domestic product (GDP). This process is called

- A. Trade pattern
- B. Openness

C. Globalization

D. Economic integration

E. B & C only

4. According to Ricardo's theory of comparative advantage, it makes sense for a country to specialize in the production of those goods that it produces most efficiently and to buy the goods that it produces less efficiently from other countries. Nigeria has a comparative advantage on crude oil production, while France has comparative advantage on ----- production.

A. Melon

B. Olive oil

C. Cheese

D. Bananas

E. Cinnamon

5. Competitiveness refers to the extent to which the goods of a firm or industry can compete in the marketplace, which depends on -----

A. Relative profits

B. Production capacity and relative prices

C. Full employment and Investments in overseas

D. Market segmentations and trade gains

E. Relative prices and qualities of products

6. ----- is the product of an evolution of ideas in economic thought.

A. Modern trade theory

B. Mercantilist theory

C. Comparative advantage theory

D. Heckscher-Ohlin Theory

E. Ricardian Theory

7. Chief Festus is traveling from Spain to the US. Chief Festus knows that 1 US dollar is worth 0.80 Euros. How much is 350 Euros worth in US dollars?

A. 425 US dollars

B. 437.50 US dollars

- C. 375 US dollars
- D. 280 US Dollars
- E. 259 US Dollars

8. ----- allows small and moderately sized countries to establish and to operate many plants of efficient size, which would be impossible if production were limited to domestic market.

- A. Commodity terms of trade
- B. Barter terms of trade
- C. International trade
- D. Balance of payment
- E. C & D only

9. ----- believes that differences in productivity of labour between countries cause productive differences, leading to gains from trade.

- A. Ricardian model
- B. Heckscher-Ohlin model
- C. Friedman model
- D. Adam Smith model
- E. Keynesian model

10. A country has ----- in a production of a good if it has a lower unit labour requirement than the foreign country in this good

- A. An absolute advantage
- B. An absolute disadvantage
- C. Comparative advantage
- D. Comparative disadvantage
- E. A & C only.

11. The dramatic increase in exports of manufactures from developing countries has contributed to protectionist policies in developed countries.

- A. True
- B. False

12. Among the benefits that the international trading system enjoys are dealing with fair labour standards and concerns about the environment.

A. True

B. False

13. Currency depreciation (devaluation) may affect a nation's trade position through its impact on relative prices, incomes and purchasing power of money balances.

A. True

B. False

14. International economic policy never refers to various government activities that influence trade patterns among nations including monetary and fiscal policies, exchange rate adjustments and investment controls.

A. True

B. False

15. Given a fixed exchange rate system in the short run, an expansionary monetary policy worsens the Balance of Payment (BOP) position, and a contractionary monetary policy improves the BOP position.

A. True

B. False

(30 marks)

SECTION B

1. Explain any three (3) different factors that influence globalization on different spheres of life
(15 marks)

2. Discuss any three (3) determinants of National Competitive Advantage according to Porter's theory of New Trade.
(15 marks)

3. The product life-cycle theory suggests that as products mature both the location of sales and the optimal production location would change affecting the flow and direction of trade. Discuss any three (3) stages in product's life cycle.
(15 marks)