HERBERT CHITEPO SCHOOL OF LAW & BUSINESS SCIENCES

DEPARTMENT OF ECONOMICS AND FINANCE

BACHELOR OF COMMERCE DEGREE

LEVEL 2 SEMESTER 1

EXAMINATION QUESTION PAPER

MODULE CODE	**HEF213**
MODULE NARRATION	**INTERNATIONAL TRADE THEORY AND POLICY**
DATE	
DURATION	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. Answer any **four** (4) questions.
2. All question carry equal marks.
3. Start each answer on a fresh page.
4. Show all workings, where applicable.

QUESTION 1

Discuss and comment on the Mercantilist, Adam Smith and David Ricardo's views on international trade.

[Total 25 marks]

QUESTION 2

(a) Discuss the concept of an "optimum tariff" and examine the validity of the proposition that such a tariff will maximise the economic welfare of the tariff imposing country.

[10 marks]

(b) Discuss the shortcomings in the Leontief test that might have caused the paradox to occur. [15 marks]

[Total 25 marks]

QUESTION 3

(a) State and explain the economic effects of a tariff on a small country, identifying the costs and benefits to producers, consumers and government.

[15 marks]

(b) Discuss factors determining dynamic gains of international trade. [10 marks]

[Total 25 marks]

QUESTION 4

(a) State and explain the assumptions underlying the factor endowment model of comparative advantage in modern economics. [15 marks]

(b) Give a concise outline of the Linder's theory of international trade. [10 marks]

[Total 25 marks]

QUESTION 5

Differing factor endowments between countries is the basis for international trade. Discuss this statement with reference to the nature of trade between Zimbabwe and China.

[Total 25 marks]

END OF EXAMINATION