## QUESTION 1

Discuss the Heckscher-Ohlin (H-O) model/theorem of international trade under the following subheadings:

a)    Major features of the model/theorem;                                    (8)

b)    Brief description of the model/theorem                                   (4)

c)    Four assumptions of the Theorem                                         (8)

d)    Two key takeaways                                                       (5)

*(25 marks)*


## QUESTION 2

In international trade, economists assume that the supply of production factor grows over time. Factor growth affects international trade and welfare of the trading countries, increases / decreases the output of both the exportable and the importable. Answer the following:

a)    Describe with examples the **Four Stages** of the output growth in both exportable and importable commodities.                                                                    (10)

b)    Describe Three assumptions of the Factor Endowments Theorem                (9)

c)    Provide Three different meanings of factor intensity                      (6)

*(25 marks)*


## QUESTION 3

a)    Differentiate between Factor Abundance and Factor Intensity graphically and explain  (10)

b)    Describe Five Features of the factor abundance                           (15)

*(25 marks)*


## QUESTION 4

a)    Briefly discuss main features of the new trade theories related to the H-0 model      (15)

b)    Is FDI important for economic growth and development? Why/why not?         (10)

*(25 marks)*


## QUESTION 5

Briefly describe Five specific features of the arguments against free trade

*(25 marks)*

# UNIVERSITY OF SWAZILAND

# DEPARTMENT OF ECONOMICS

# NOVEMBER 2013 EXAMINATIONS

PAPER TITLE           :           INTERNATIONAL ECONOMICS

COURSE CODE        :           ECON 406

INSTRUCTIONS       :

      1.   ANSWER  ANY FOUR QUESTIONS

      2.   ALL QUESTIONS CARRY 25 MARKS EACH

TIME ALLOWED      :           THREE (3) HOURS

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