



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF SOCIAL SCIENCES  
DEPARTMENT OF ECONOMICS  
SEPTEMBER, 2020\_1**

**COURSE TITLE: INTERNATIONAL TRADE AND FINANCE 1**

**COURSE CODE: ECO 445**

**UNITS: 2**

**TIME ALLOWED: 2 HOURS**

**INSTRUCTIONS: ANSWER QUESTION 1 AND ANY OTHER TWO QUESTIONS.**

**QUESTION ONE**

- a. Discuss the term, “foreign trade? **(2½ marks)**
- b. Why does Nigeria import machinery and export raw materials? **(15 marks)**
- c. What is Balance of Trade? **(2½ marks)**
- d. Compare Balance of Trade with Balance of Payments **(10marks)**

**QUESTION TWO**

“Internal trade and international trade are regarded as trade but they are different”. Discuss.

**(20 marks)**

**QUESTION THREE**

Write short notes on each of the concepts below:

- a. Commodity barter terms of trade. **(4 marks)**
- b. Gross barter terms of trade. **(4 marks)**
- c. Single factorial terms of trade. **(4 marks)**
- d. Double factorial terms of trade. **(4 marks)**
- e. Income Terms of Trade. **(4 marks)**

**QUESTION FOUR**

- a. Examine the concept of mercantilism. **(5 marks)**
- b. Explain the critical foundations of Mercantilist thought. **(15 marks)**

**QUESTION FIVE**

- a. Explain what is meant by “terms of trade”. **(5 marks)**
- b. Evaluate assumptions of theory of comparative advantage **(15 marks)**