

ECS3702

October/November 2013
Oktober/November 2013

INTERNATIONAL TRADE INTERNASIONALE HANDEL

Duration 2 Hours
Tydsduur 2 Uur

100 Marks
100 Punte

EXAMINERS / EKSAMINATORE

FIRST / EERSTE MS/ME KO AMUSA
SECOND / TWEEDE MR/MNR MR MARAIS
EXTERNAL / EKSTERNE MR/MNR ZC BOTHA

Closed book examination
Toeboekeksamen

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This paper consists of 32 pages including 3 pages for rough work (pp 30 to 32) plus the special front page

Hierdie vraestel bestaan uit 32 bladsye insluitende 3 bladsye vir rofwerk (pp 30 tot 32) plus die spesiale voorblad

STUDENT NUMBER / STUDENTENOMMER									

Answer question (1) from **section A** and **any three** (3) questions of your choice from **section B** Each question carries **25 marks**.

Beantwoord vraag (1) in **afdeling A** en **enige drie** (3) vrae van u keuse uit **afdeling B** Elke vraag tel **25 punte**.

[TURN OVER]
[BLAAI OM]

**SECTION A
AFDELING A**

This section is compulsory for all students. All students must answer question 1.
Hierdie afdeling is verpligtend vir alle studente. Alle studente moet vraag 1 beantwoord.

**QUESTION 1
VRAAG 1**

Briefly explain each of the following

- (a) The Hecksher Ohlin theory (5)
 - (b) Raymond Vernon's theory of product life cycle (5)
 - (c) Community indifference curve and its characteristics (5)
 - (d) The difference between the Mercantilist theory of trade and absolute advantage theory (5)
 - (d) The principles of the World Trade Organization (WTO) (5)
- [25]**

Verduidelik kortliks elkeen van die volgende

- (a) Die Heckscher-Ohlin teorie (5)
 - (b) Raymond Vernon se teorie oor produksiklus (5)
 - (c) Gemeenskapsonsydigheidskrommes en hulle eienskappe (5)
 - (d) Die verskil tussen die merkantilistiese teorie en die teorie van absolute voordeel (5)
 - (e) Die begisels van die Wêreld Handelsorganisasie (WHO) (5)
- [25]**

**SECTION B
AFDELING B**

Answer any *three* questions of your choice from this section
Beantwoord enige *drie* vrae van u keuse uit hierdie afdeling.

QUESTION 2

- (a) Assume that both South Africa and Botswana produce good A and good B as follows

	South Africa (output per unit of labour)	Botswana (output per unit of labour)
Good A	2	8
Good B	1	2

- (a) What is the opportunity cost of good A in each country?
- (b) What is the opportunity cost of good B in each country?
- (c) In which commodity does South Africa have a comparative advantage in?
- (d) In which commodity does Botswana have a comparative advantage in?
- (e) What is the range for mutually beneficial trade between South Africa and Botswana?

[10]

[TURN OVER]
[BLAAI OM]

VRAAG 2 [All calculations must be shown]

- (a) Neem aan dat beide Suid-Afrika en Botswana artikels A en B as volg produseer

	Suid-Afrika (produksie per eenheid arbeid)	Botswana(produksie per eenheid arbeid)
Artikel A	2	8
Artikel B	1	2

- (a) Wat is die geleentheidskoste van A in elke land?
 (b) Wat is die geleentheidskoste van B in elke land?
 (c) In watter artikel het Suid-Afrika 'n vergelykende voordeel?
 (d) In watter artikel het Botswana 'n vergelykende voordeel?
 (e) Wat is die grense waarbinne wederkerig voordelige handel tussen Suid-Afrika en Botswana kan plaasvind? [10]

- (b) Discuss briefly the differences between the Adam Smith's and David Ricardo's theories of trade. What are the assumptions of these theories? [15]

Bespreek kortliks die verskille tussen die handelsteorie van Adam Smith en David Ricardo. Wat is die aannames van hierdie teorie? [15]

[25]**QUESTION 3
VRAAG 3**

- (a) Discuss the empirical relevance of the Heckscher-Ohlin-Samuelson theory [10]

Bespreek die empiriese relevansie van die Heckscher-Ohlin-Samuelson teorie [10]

- (b) Explain economies of scale, intra industry trade and technological gap model as new trade theories [15]

Verduidelik skaalvoordele, handel binne die bedryfstak en die tegnologiese leemte model as nuwe handelsteorie [15]

[25]

QUESTION 4
VRAAG 4

- (a) Discuss the differences between a tariff and a quota [15]
- Noem en verduidelik enige vyf (5) aannames waarop die faktorverhoudingsteorie berus [15]
- (b) Discuss the scientific and infant industry arguments for protection [10]
- Bespreek die wetenskaplike tarief en die jong-bedryfstak-argument as argumente ten gunste van beskerming [10]
- [25]

QUESTION 5
VRAAG 5

- (a) Briefly explain and give one example of each of the main forms of economic integration. Where on this list would you place the Southern African Development Community (SADC)? [15]
- Verduidelik kortliks en gee een voorbeeld van die vernaamste vorme van ekonomiese integrasie. Waar op die lys sou u die Suid-Afrikaanse Ontwikkelingsgemeenskap (SAOG) plaas? [15]
- (b) Discuss the trade creation and trade diversion that occur when a country joins a customs union. Can a trade-diverting customs union result in trade creation? [10]
- Bespreek die handelskepping en die handelsafwendig wat plaasvind wanneer 'n land by 'n doeane-unie aansluit. Kan 'n handelsafwendige doeane-unie tot handelskepping aanleiding gee? [10]
- [25]

QUESTION 6
VRAAG 6

One of the most significant international economic developments of the post war period is the proliferation of multinational corporation (MNCs). These are firms that own, control or manage production facilities in several countries. With regard to MNC's, explain (a) the reasons for their existence, (b) some of the problems and benefits that they create in the home country, (c) some of the problems and benefits that they create for the host country. [25]

Een van die mees betekenisvolle ontwikkelings op die gebied van die internasionale ekonomie in die na-oorlogse tydperk is die toename in multinasionale maatskappye (MNM'e). Dit is maatskappye wat produksiefasiliteite in verskeie lande besit, beheer of bestuur. Wat betref sodanige MNM'e, verduidelik (a) die redes vir hulle bestaan, (b) sommige van die probleme en voordele wat hulle plaaslik tot gevolg kan hê asook (c) sommige van die probleme en voordele wat hulle in die gasheerland tot gevolg kan hê. [25]

[TURN OVER]
[BLAAI OM]

SECTION B
AFDELING B

Answer any *three* questions of your choice from this section
Beantwoord enige *drie* vrae van u keuse uit hierdie afdeling

QUESTION 2

- (a) Assume that both South Africa and Botswana produce good A and good B as follows

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- (a) Wat is die geleentheidskoste van A in elke land?
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 (e) Wat is die grense waarbinne wederkerig voordelige handel tussen Suid-Afrika en Botswana kan plaasvind?

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[TURN OVER]
[BLAAI OM]

(b) Discuss the trade creation and trade diversion that occur when a country joins a customs union. Can a trade-diverting customs union result in trade creation? [10]

Bespreek die handelskepping en die handelsafwending wat plaasvind wanneer 'n land by 'n doeane-unie aansluit. Kan 'n handelsafwendige doeane-unie tot handelskepping aanleiding gee? [10]

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ROUGH WORK / ROFWERK

[TURN OVER]
[BLAAI OM]

