# UNIVERSITY OF FORT HARE
# DEPARTMENT OF ECONOMICS

## ALICE CAMPUS

**ECO 522**

**NOVEMBER EXAMINATION: 2018**

**Time: 3 Hours**

**Subject: Contemporary International Trade Theory and Policy** **Marks: 100**

**This paper consists of 3 pages including the cover page**

**Internal Examiners**

Mr D. Hompashe

**External Examiner**

Mr K. Motatsa

**Instructions**

Answer **FOUR** questions. All questions carry EQUAL marks.

**(ANSWER FOUR QUESTIONS ONLY)**

**Question 1**

(a) Discuss the classical international trade theories and growth theories, highlighting the assumptions of the growth theories regarding the effect of trade on growth. (13)

(b) Provide an overview of SA's international trade performance in the post-1994 period. (12)

**/25/**

**Question 2**

Discuss the Asian growth process, and where appropriate how classical trade theories could explain aspects of this process. **/25/**

**Question 3**

In his paper Edwards (1993) states that empirical studies can be divided into case studies and cross-country studies:

| | | |
|---|---|---|
| (i) | State the limitations of case studies of countries literature. | (8) |
| (ii) | Comment on the cross-country literature and its critique. | (10) |
| (iii) | Provide a solution to the weaknesses of the cross-country literature. | (7) |

**/25/**

**Question 4**

Use the Ricardian framework of international cost competitiveness to evaluate South Africa's international trade performance relative to developed and developing countries in manufacturing.

**/25/**

**Question 5**

Discuss the methodological challenges in determining whether trade causes growth and various provide ways these are addressed in the existing literature and what these various papers find?

**/25/**

**END OF EXAMINATION PAPER**