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Name.....

Reg. No.....

SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2015

(CCSS)

Economics

ECO 2C 08—INTERNATIONAL TRADE AND THEORY AND POLICY
(2013 Admission onwards)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.
Each question carries 1 mark

1. Absolute cost advantage theory was propounded by :
☒ (a) Adam smith. (b) Ricardo.
(c) Malthus. (d) Marshall.
2. Mercantilism was based on the ideology of :
(a) Globalisation. ☒ (b) Nationalism.
(c) Regionalism. (d) None of the above.
- 8 3. Factor reversal matters when ?
(a) Factors endowments are similar.
(b) Factors endowments differ significantly.
(c) Factor price are same.
(d) None of the above.
4. Export promotion involves encouragement of :
☒ (a) Export products.
(b) Products which are competing with imports.
(c) Luxury items.
(d) Consumer items.
5. Immensifying growth refers to a situation where ?
(a) A country promotes export..
(b) Gain from trade is more than offset by deterioration in terms of trade.
☒ (c) Deterioration interms of trade more than offset gains from trade.
(d) None of the above.

Turn over

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6. OPEC controls oil export through :
☒ (a) Cartel. (b) Dumping.
(c) Monopoly. (d) None of the above.
- X 7. Balance of payment can be corrected by changes capital account through :
(a) Devaluation. (b) Borrowing.
(c) Cancellation. (d) All of the above.
8. Gold standard is an example of :
☒ (a) Fixed exchange rate. (b) Floating exchange rate.
(c) Both (a) and (b). (d) None of the above.
9. UNCTAD has main function of :
(a) Managing internal liquidity.
☒ (b) Dealing with developing countries.
(c) Assuming free trade.
(d) TRIM.
10. Fixed exchange rate can survive in an economy if there is :
☒ (a) Government intervention. (b) Free market economy.
(c) Socialistic economy. (d) None of the above.

(10 × 1 = 10 marks)

Part B

Answer any **eight** questions.
Each Question carries 5 marks

- ☒ 11. Explain the theory of comparative costs in a money economy.
- ☒ 12. Write a note on : Factor intensity reversal.
- ☒ 13. Explain the Leontief Paradox theorem.
- ☒ 14. What are the characteristics of modern trade ?
15. Write a short note on :
☒ (a) Transport costs. (b) ☒ Tastes and technology.
- ☒ 16. "Trade as an engine of growth"—Discuss.
- ☒ 17. Distinguish between Export promotion Vs Import substitution strategies.
- ☒ 18. What is an international cartels ? Give it merits.

What is dumping ? Explain the various types of dumping. ←

Discuss briefly the aims and objectives of UNCTAD.

What do you mean by devaluation? Explain the conditions for its success.

Critically examine the purchasing power parity theory of exchange rates.

(8 × 5 = 40 marks)

Part C

*Answer any two questions.
Each question carries 15 marks.*

Discuss the Heckscher-Ohlin theory of international trade to what extent it is superior to the classical theory ?

Discuss about the trade performance before and after liberalisation.

Explain the concept of effective rate of protection. Give its importance.

Give arguments for and against a system of fixed exchange rates.

(2 × 15 = 30 marks)