

SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2016

(CCSS)

Economics

ECO 2C 08—INTERNATIONAL TRADE : THEORY AND PRACTICE

(2013 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

Answer all questions.
Each question carries 1 mark.

1. Comparative Cost advantage Theory was propounded by :
(a) Adam Smith. ☒ (b) Ricardo.
(c) Malthus. (d) Marshall.
2. Mercantilism originated in :
☒ (a) France. (b) Germany.
(c) Britain. (d) Spain.
3. Leontief tested his hypothesis with the help of :
(a) Demand curve. (b) Cost curve.
☒ (c) Input-output table. (d) None of the above.
4. Prebisch's argument is concerned with the effects of business cycle on :
☒ (a) Terms of the Trade. (b) Balance of payment.
(c) Output. (d) Consumption.
5. According to singer theory increase in export will not help balance of payment if
☒ (a) Income elasticity of export is low.
(b) Demand is inelastic.
(c) Supply is inelastic.
(d) All of the above.
6. Balance of payment is an application of :
(a) Single entry book-keeping. ☒ (b) Double entry book-keeping.
(c) Either (a) or (b). (d) None of the above.

58

29

22

Turn over

7. Protection creates :

(a) Vested interest.

(c) Inefficiency.

☒ (b) Corruption.

☒ (d) All the above.

8. Balance of payments under flexible exchange rates are corrected through :

(a) Devaluation.

(c) Direct control.

☒ (b) Depreciation.

(d) Concolisation.

☒ 9. Most important of direct effects of absorption is :

(a) Money illusion.

☒ (c) Income distribution.

b) Real balance effect.

(d) None of the above.

10. Shape of the offer curve are determined by :

(a) Supply conditions.

☒ (c) Both (a) and (b).

(b) Demand conditions.

(d) None of the above.

(10 ×

Part B

Answer any eight questions.

Each question carries 5 marks.

☒ 11. Explain the nature offer curve.

→ ☒ 12. What are the important factors which affect terms of trade?

☒ 13. Explain various assumptions of modern theory of international trade.

☒ 14. Write notes on :

(a) Intra industry trade ; and

(b) Transportation costs and international trade.

☒ 15. Explain the concept trade based on differences in tastes and technology.

→ 16. Discuss the role of foreign capital in developing countries.

→ 17. What are the important factors affecting international capital investment?

☒ 18. What is an import quota ? How does it differ from a tariff ?

→ ☒ 19. What is dumping ? Explain the determination of price under dumping.

☒ 20. Give a brief and critical account of the arguments for protection.

- 21. Write a note on the causes of balance of payments disequilibrium.
- 22. Discuss the elasticity approach to the effect of devaluation on balance of payments.

(8 × 5)

Part C

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

- ✓ 23. Critically evaluate the theory of comparative cost differences. *Factor Theory*
- 24. Discuss the prebisch-singer secular determination of terms of trade hypothesis in relation to developed countries.
- ✓ 25. What is meant by UNCTAD. Explain its functions achievements and failures.
- 26. Discuss the Purchasing Power Parity Theory.

(2 × 15)