



Reg. No. :

Name :

Third Semester M.A./M.Sc./M.Com. Degree (Reg./Supple./Improve.)
Examination, November 2016
ECONOMICS/APPLIED ECONOMICS
ECO 3C11 : International Economics – I
(2014 Admission Onwards)

Time : 3 Hours

Max. Marks : 60

PART – A

Answer **all** questions (**Each** question carries **half** mark).

1. The WTO was formed in the year

a) 2005	b) 1985	c) 1991	d) 1995
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2. The Stolper-Samuelson theorem deals with

a) Exchange rate determination	b) Income distribution
c) Product distribution	d) Terms of trade
3. The product life cycle model was developed by

a) I B Kravis	b) Harold Hotelling
c) M V Posner	d) Raymond Vernon
4. If trade is replaced by high cost partner country from the low cost or more efficient non-member due to the formation of the customs union is called

a) Trade creation	b) Trade diversion
c) Trade exposition	d) None of these
5. The optimum tariff would be the highest if the elasticity of the offer curve is

a) Infinite	b) More than one
c) Less than one	d) One



6. Devaluation of a currency leads to a/an _____ of goods and service.
- a) Fall in domestic price b) Increase in domestic prices
c) No effect on domestic prices d) Any of these
7. Metzler paradox explains that imposing a tariff would benefit.
- a) Abundant factor b) Scarce factor
c) Both d) None of these
8. For Heckscher and Ohlin, the most important cause of the difference in relative commodity prices and the trade between nations is a difference in
- a) Technology b) Tastes
c) Demand conditions d) Factor endowments (8×½=4)

PART - B

(Very short answers)

Answer **any eight** questions. **Each** question carries **2** marks. **No** answer should exceed **one** page.

9. Imitation gap theory of Posner.
10. Leontief Paradox.
11. Trade creation and trade diversion.
12. Tariff and quota.
13. Foreign trade multiplier.
14. Absolute cost advantage doctrine.
15. Optimum tariff.
16. What are the different forms of economic integration ?
17. Write a note on secular deterioration in terms of trade.
18. What are the important advantages of international trade ?
19. What is trade indifference curve ? (8×2=16)



PART - C

(Short Answers)

Answer **any four** questions. **Each** question carries **5** marks. **No** answer should exceed **two and half** pages.

20. Explain the Neo-Hotelling model of international trade.
21. Critically examine the comparative cost doctrine of international trade.
22. What is meant by immiserizing growth ?
23. Critically examine the imitation gap theory of international trade.
24. Make a critical assessment of the opportunity cost theory of international trade.
25. Evaluate the factor price equalisation theorem. (4×5=20)

PART - D

(Essay)

Answer **any two** questions. **Each** question carries **10** marks. **No** answer should exceed **six** pages.

26. Critically evaluate the role of FDI and FII in the development of UDCs.
27. Analyse the effects of tariff using the general and partial equilibrium analysis models.
28. Critically examine the Heckscher-Ohlin theory of international trade.
29. Explain the production and consumption effects of economic growth on international trade. (2×10=20)