PART – D
(Long Essays)

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

26. Critically evaluate the Stolper-Samuelson theorem.

27. "Big, visible and absolute difference in cost is not a necessary and sufficient condition for profitable trade but the comparative difference in cost is enough". Discuss.

28. "It is either relative abundance and scarcity of factors or factor endowments that contribute to a difference in comparative cost". Discuss.

29. Analyse the effects of tariff through partial equilibrium analysis.   (2×10=20)

III Semester M.A. Degree (CBSS – Reg./Suppl./Imp.) Examination, October 2020
(2014 Admission Onwards)
ECONOMICS/APPLIED ECONOMICS
ECO3C11 : International Economics – I

Time : 3 Hours

Max. Marks : 60

PART – A

Answer **all** questions. **Each** question carries ½ mark :

1. Wassily Leontief used an input-output table to test the
   a) Ricardian theory of comparative advantage
   b) Heckscher Ohlin theory of comparative advantage
   c) Linder theory of overlapping demand
   d) Kravis theory

2. Antidumping duties are used to
   a) offset the – margin of dumping
   b) punish domestic consumers for buying high-priced imported goods
   c) discourage foreign governments from subsidizing their exporters
   d) reduce the tariff revenues of the domestic government

3. The Stolper-Samuelson theorem postulates that the imposition of tariff by a nation causes the real income of the nation's
   a) both scarce and abundant factors to rise
   b) abundant factor to rise
   c) scarce factor to fall
   d) scarce factor to rise

4. The Heckscher-Ohlin theory explains comparative advantage as the result of differences in countries

   a) Economies of large-scale production

   b) The relative abundance of various resources

   c) Relative costs of labour

   d) Research and development expenditures

5. A monopolist firm sells its commodity at a very low price or even at a loss in the foreign market to drive out a competitor is called

   a) Predatory dumping

   b) Sporadic dumping

   c) Persistent dumping

   d) Intermittent dumping

6. A tariff is

   a) A restriction on the number of export firms

   b) Limit on the amount of imported goods

   c) Tax and imports

   d) (b) and (c) of above

7. To the trade theory of Linder, trade tends to be most pronounced in manufactured goods when trading countries have

   a) similar endowments of natural resources

   b) similar levels of technology

   c) similar per-capita incomes

   d) similar wage levels

8. A tax of 20 cents per unit of imported TV would be an example of a (an)

   a) Compound tariff

   b) Effective tariff

   c) Ad valorem tariff

   d) Specific tariff $(8 \times \frac{1}{2} = 4)$

PART – B
(Very short Answers)

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

9. Community indifference curve

10. Protectionism

11. Leontief Paradox

12. Factor intensity reversal

13. Income terms of trade

14. Transformation curve

15. Immiserizing growth

16. Autarky

17. The nominal rate of protection

18. Voluntary Export Restraint

19. Prebisch-Singer thesis. $(8 \times 2 = 16)$

PART – C
(Short Answers)

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

20. Explain the salient features of intra-industry trade theory.

21. Make a comparison between the technological gap and product life cycles theory.

22. Diagrammatically explain the concept of optimum tariff.

23. Analyse the effects of quota in the home country and the rest of the world.

24. Analyse the effects of economic growth on international trade.

25. Evaluate the Rybcynski theorem. $(4 \times 5 = 20)$