Theory and Issues in International Economics (PGECO3C002T)
Time Duration: 3hrs.   Maximum Marks:-100

Section (A)

Note: Encircle the most appropriate answer from the following 10*1.5= 15

Q-I The gains from international trade will be larger when
a) The difference in the comparative cost ratio is larger
b) The difference in the comparative cost ratio is smaller
c) The demand for foreign goods is inelastic
d) None of these

Q- II the 'beggar thy neighbor' policy refers to the use of tariff for
a) improving countries balance of trade   b) eradicating unemployment
c) earning foreign exchange   d) all the above

Q-III Immiserizing growth refers to a situation where a country
a) grows rapidly with trade
b) terms of trade improve with economic growth
c) gains from growth are more than offset by deterioration in terms of trade
d) none of these

Q-IV The Stolper-Samuelsion theorem postulates that the imposition of tariffs by a nation causes the real income of the nation.
a) scarce factor to rise   b) scarce factor to fall
c) abundant factor to rise   d) none of these

Q- V A change from $ 3=£1 to $2=£1 represents
a) deprecation of US dollar   b) an appreciation of the US dollar
c) an appreciation of Sterling pound   d) none of these

Q-VI The collapse of Bretton Woods system on
a) Aug 1971   b) March 1973   c) Jan 1976   d) none of these

Q-VII The immediate cause of financial crisis in emerging market begin with
a) currency Crises in Mexico   c) currency crises in Argentina
b) currency Crisis in Brazil   d) none of these

Q-VIII The present international monetary System is

a) a gold standard

b) a freely flexible exchange rate system

c) a fixed exchange rate system with more frequent exchange rate changes

d) a fluctuating exchange rate system but with some intervention by monetary authorities to help maintain orderly foreign exchange markets

Q-IX The practices of selling the product at a higher price in domestic market as compared to international market

a) Forwarding   b) Dumping   c) Arbitrage   d) None of these

Q-X For devaluation to be most effective the Marshal-Lerner condition that the sum of elasticity of demand of import and export should be

   a) Greater than one   b) less than one   c) Equal to one   d) Zero

Section – (B)

Do any five questions from the following each question carry equal marks $5*8=40$

Q-2 How does Adam Smith explain his contention that all nations engaged in trade can benefit from trade?

OR

Q- 3 Explain the Stolper-Samuelson theorem.

Q-4 Explain with the help of diagram the impact of tariffs.

OR

Q-5 Define Offer curve. How it affects volume and terms of trade.

Q-6 'Trade as engine of growth.' Justify

OR

Q-7 Write a short note on the East Asian Miracle.

Q- 8 Discuss the evolution of present International Exchange rate system?

OR

Q-9 Elaborate the trade creation and trade diversion effects of custom union.

Q-10 What are the reasons for the emergence financial crisis in the emerging market economics?

OR

Q-11 What are the various causes of the origin Euro-Zone crisis.

Section-(C)

Attempt any three questions from the following section   3*15=45

Q-10 Discuss the expenditure reducing and expenditure switching policies of correction in balance of payments.

Q-11 What is meant by the "new protectionism"? Explain why and under what conditions infant- industry argument for an import tariff is valid.

Q-12 Discuss the Prebisch-Singer hypothesis of secular deterioration of terms of trade. How far this theory is successful in order to influence the developing countries trade policies?

Q-13 What do you mean by 'regional trading blocks'? Explain the impact of regional economic groups on trade prospects of developing economies.

Q-14 Explain the factors affecting international capital movements. Evaluate the impact of foreign investment in India.