

# THIRD SEMESTER M.A. DEGREE EXAMINATION, DECEMBER 2018

(CUCSS—PG)

Economics

ECO 3C 09—INTERNATIONAL TRADE

(2015 Syllabus Year)

: Three Hours

Maximum : 35 Weightage

## Part A (Multiple Choice Questions)

*Answer all questions.**Each questions carries  $\frac{1}{4}$  weightage.*

The Stolper Samuelson theorem postulates that the imposition of a tariff by a nation causes the real income of the nation's :

- (a) Abundant factor to rise.
- (b) Scarce factor to fall.
- (c) Scarce factor to rise.
- (d) Both (a) and (b).

The offer curve of a nation bulges or bend toward the axis that measures its :

- (a) Import commodity.
- (b) Export commodity.
- (c) Export or import commodity.
- (d) Non-traded commodity.

The famous statement foreign trade as 'Engine of Growth' is remarked by :

- (a) Salvatore.
- (b) Dennis Robertson.
- (c) Chacholiades.
- (d) Adam Smith.

Which of the following is not a non-tariff barrier in international trade ?

- (a) Setting labour standards in production.
- (b) Fixing quantitative restrictions.
- (c) Fixing uniform rate of import duty.
- (d) Conditions related to quality of goods.

Who conducted the first empirical test of H. O. theory ?

- (a) Richard a Caves.
- (b) D. Young.
- (c) J. S. Chapman.
- (d) Leontief.

6. A country's capacity to import is best represented by :
- (a) Gross barter terms of trade. (b) Net barter terms of trade.  
(c) Income terms of trade. (d) None of these.
7. When was ASEAN formed ?
- (a) 1989. (b) 1967.  
(c) 1979. (d) 1957.
8. Which among the following is considered as the watch dog of international trade ?
- (a) World Bank. (b) IMF.  
(c) IFC. (d) WTO.
9. Kindleberger's formula to measure optimum tariff is :
- (a)  $t = 1/e - 1$ . (b)  $t = 1 - e/e - 1$ .  
(c)  $t = 1 - e$ . (d)  $t = e - 1/e$ .
10. Which among the following is not a member of SAARC ?
- (a) India. (b) Singapore.  
(c) Sri Lanka. (d) Nepal.
11. Who among the following is not related with the concept of effective rate of protection ?
- (a) W. M. Corden. (b) H. G. Johnson.  
(c) Richard Carlton. (d) C. L. Barber.
12. The highest stage of economic integration is :
- (a) Customs union. (b) Economic union.  
(c) Free trade union. (d) Common market.

**Part B (Very Short Answer Questions)***Answer any five questions.**Each question carries 1 weightage.*

13. Free trade.
14. Dutch disease.
15. Metzler Paradox.
16. Reciprocal demand.
17. European Union.
18. International Cartels.
19. Protective Tariff.
20. Labour saving technical progress.

*(5 × 1 = 5 weightage)***Part C (Short Answer Questions)***Answer any eight questions.**Each question carries 2 weightage.*

1. Briefly discuss the Stolper Samuelson Theorem.
2. What are the various types of import quota ? Explain.
3. Examine the Opportunity Cost theory of International Trade.
4. Give a brief account of WTO agreements.
5. Distinguish between nominal and effective rate of protection. What are the advantages of effective rate of protection ?
6. Evaluate the effects of economic growth on international trade in the light of Immiserising Growth Theory.
7. What do you mean by exchange control ? What are the objectives of exchange control ?
8. Briefly explain the working of foreign trade multiplier.
9. What are the arguments for and against tariff ? Explain
10. Give a brief account of technological gap theory.
11. What are the forms of economic integration? Explain.

*(8 × 2 = 16 weightage)*

Turn

**Part D (Essay Questions)**

*Answer any three questions.  
Each question carries 4 weightage.*

32. What is a customs union ? Do you think the formation of customs union always leads to increase in welfare of a country ? Explain by using partial equilibrium and general equilibrium analysis.
33. "International trade in goods and services is a substitute for international labour and capital movements". Examine and evaluate the statement critically.
34. What is meant by Non-Tariff Barriers to Trade ? Explain the important Non-Tariff Barriers to trade existing in the world.
35. Define Terms of Trade. What are the types of terms of trade ? Examine the relationship between terms of trade and economic development.
36. Critically examine the Heckscher Ohlin theorem of international trade with particular reference to Leontief Paradox and factor intensity reversals.

(3 × 4 = 12 weightage)