THIRD SEMESTER M.A. DEGREE EXAMINATION, DECEMBER 2016

(CUCSS)

Economics

ECO 3C 09—INTERNATIONAL TRADE

(2015 Admissions)

Time : Three Hours

Maximum : 36 Weightage

Part A

Answer **all** *questions from the given alternatives.*
Each bunch of four questions carries a weightage of 1.

1. In the Ricardian theory, if two countries are equally efficient in the production of all commodities the possibility for trade is:

    (a) No possibility.

    (b) High possibility.

    (c) Moderate possibility.

    (d) None of these.

2. The theory of immiserizing growth was introduced by :

    (a) Malthus.

    (b) Haberler.

    (c) Bhagwati.

    (d) Hymer.

3. Technical progress that raises productivity of labour more than that of capital :

    (a) Labour saving.

    (b) Labour using.

    (c) Capital deepening.

    (c) Neutral.

4. The reciprocal demand theory was introduced by :

    (a) Marshall.

    (b) Ricardo.

    (c) Linder.

    (d) J. S. Mill.

5. If rate of growth of trade is greater than rate of growth of Income, growth has :

    (a) Antitrade bias.

    (b) Ultra pro trade bias.

    (c) Pro trade bias.

    (d) Ultra anti trade bias.

6. Countervailing tariff is imposed mainly for the purpose of :

    (a) Earning Revenue.

    (b) Protecting infant industries.

    (c) Compensate for export subsidies.

    (d) Administrative convenience.

Turn over

7. New products are introduced in developed countries because :

   (a) They are high income type.   (b) Proximity to market.

   (c) They are labour saving.   (d) All the above.

8. In which type of integration free movement of factors between nations is allowed.

   (a) Free Trade Area.   (b) Economic union.

   (c) Customs union.   (d) None of these.

9. The classical economists argued for :

   (a) Free trade.   (b) Restricted trade.

   (c) Import substitution.   (d) Export promotion.

10. The tariff that maximizes welfare of tariff imposing country is :

    (a) Maximum tariff.   (b) Minimum tariff.

    (c) Countervailing duty.   (d) Optimum tariff.

11. Which of the following is a monetary measure.

    (a) Exchange control.   (b) Export subsidy.

    (c) Import substitution.   (d) Tariff.

12. Which tool is used to show the determination of terms of trade.

    (a) Production possibility curves.   (b) Indifference curves.

    (c) Offer curves.   (d) Contract curves.

                                         $(12 \times \frac{1}{4} = 3$ weightage$)$

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries a weightage of 1.

13. What is quota ?

14. What is economic abundance ?

15. What is Leontief paradox ?

16. State Heckscher Ohlin theorem.

17. What is demand reversal ?

18. What is specific tariff ?

19. What is factor intensity ?

20. What is reciprocal demand ?

                                         $(5 \times 1 = 5$ weightage$)$

Part C

Answer any **eight** *questions.*
Each question carries a weightage of 2.

21. What is factor intensity reversal ? How it affects H.O. theory ?

22. What is an optimum tariff ?

23. What are the different forms of economic integration.

24. Explain the theory of immiserizing growth.

25. Explain the reasons for intra industry trade.

26. Explain the different forms of bias in trade growth.

27. Briefly explain how trade can hinder economic development.

28. What is the importance of effective rate of protection.

29. Distinguish between trade creation and trade diversion.

30. What are the dynamic benefits of customs union.

31. What is foreign trade multiplier.

(8 × 2 = 16 weightage)

Part D (Essay Questions)

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

32. Explain the Heckscher Ohlin theory of trade.

33. Critically examine the Stolper Samuelson theorem.

34. Explain the major Non Tariff Barriers to trade.

35. Critically examine the role of trade in economic development.

36. Explain the role of SAARC in promoting regional cooperation.

(3 × 4 = 12 weightage)