(7 pages) **Reg. No. :** ....

Code No. : 7466 **Sub. Code : HESE 11**

M.A. (CBCS) DEGREE EXAMINATION, NOVEMBER 2013.

First Semester

Economics

Elective: INTERNATIONAL ECONOMICS

(For those who joined in July 2012 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer:

1. Benefits of international trade are limited to

   (a) tangible (b) intangible goods

   (c) services (d) none of the above

2. International trade in goods and services tends to

   (a) Increase all domestic costs and prices

   (b) Keep all domestic costs and prices at the same level

   (c) Increase the amount of competition facing home manufactures

   (d) None of the above.

3. Terms of trade of a country is defined in the ratio of:

   (a) Country's opportunity costs to world's opportunity costs

   (b) Value of imports to value of exports

   (c) Domestic currency to foreign currency

   (d) Average of export prices to average of import prices

4. Favourable development in the terms of trade takes place when a country gets a

   (a) lower price for exports with the same price for imports

   (b) higher price for imports with the same for exports

   (c) large volume of imports for the same volume of exports with balanced trade

   (d) large volume of export for the same volume of imports with balance trade

5. Balance of capital accounts refers to the

(a) nation's net exports of goods and services

(b) nation's net exports of international official reserve

(c) nation's net exports of financial claims

(d) nation's sum of net exports of goods services and financial claims.

6. An optimum tariff

(a) improves the terms of trade

(b) keeps the terms of trade constant

(c) lowers the terms of trade

(d) reduces the country's welfare level

7. Which one of the following pairs is not correctly matched?

(a) MFA: Agricultural Free Trade

(b) UNCTAD: Free Trade area

(c) IMF: Balance of payments difficulties

(d) MFN: Direct Foreign Investment

8. Which one of the following statements is correct? The Bretton Woods system was asymmetric in the sense that

(a) if put more pressure on, surplus countries to appreciate that on the deficit countries to devalue.

(b) if put more pressure on deficit countries to devalue than on the surplus countries to appreciate

(c) if put more pressure on surplus countries to devalue than on the deficit countries to appreciate

(d) if put more pressure on deficit countries to appreciate than on the surplus countries to devalue.

9. What was the name of the agreement that laid the foundation for the creation of the WTO, the IMF and the World Bank Group?

(a) The Bretton Woods Agreement (1944)

(b) The Potsdam Agreement (1945)

(c) The Dayton Agreement (1995)

(d) The Luxemburg Agreement (2003)

10. Which of the following are things that can go wrong and lead to financial crisis?

(a) Exogenous international shocks

(b) Exchange rate risk

(c) Over – lending and over – borrowing

(d) All of the above.

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).

11. (a) Distinguish between international trade and inter – regional trade.

Or

(b) Explain the assumptions for stopler – Samuelson theorem.

12. (a) Discuss the relation between gains from trade and terms of trade.

Or

(b) Bring out the static and dynamic gains from trade.

13. (a) Explain the structure of balance of payments.

Or

(b) What do you mean by optimum tariff?

14. (a) What is economic integration?

Or

(b) State the objectives of SAARC.

15. (a) List out the objectives of GATT.

Or

(b) Write a note on TRIP's.

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).

16. (a) Enumerate the similarities between inter – regional and international trade.

Or

(b) Trade as an engine of economic growth. — Discuss.

17. (a) What are the differences between actual and potential gains from trade?

Or

(b) Enumerate the gains from trade in the case of large and small country.

18. (a) "Balance of payments always balances". Elucidate.

Or

(b) Elucidate the mechanism of the absorption approach to the balance of payments adjustment.

19. (a) Bring out the role of foreign trade in economic development of an underdeveloped country.

Or

(b) Why did SAARC failed in achieving economic integration among member countries?

20. (a) How far the GATT was able to achieve its objectives?

Or

(b) Critically examine the concept of new international economic order.

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