

(6 pages)

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Code No. : 8480

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M.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2014.

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. In order to know whether a country has a comparative advantage in the production of one particular product we need information on at least _____ unit labour requirements.
- (a) four (b) two
(c) five (d) one

2. The earliest statement of the principle of comparative advantage is associated with
- (a) David Hume (b) David Ricardo
(c) Adam Smith (d) Bertil Ohlin
3. The ratio of the nation's average export prices relative to its average import prices is the nation's
- (a) absolute advantage
(b) comparative advantage
(c) terms of trade
(d) exchange rate
4. Net barter terms of trade is
- (a) $P_X \times P_M$ (b) $\frac{P_M}{P_X} \times 100$
(c) $\frac{P_X}{P_M} \times 100$ (d) None of the above
5. Which one of the following items is included in the capital account of the balance of payments of a country?
- (a) Invisibles
(b) Investment income
(c) Commercial borrowing
(d) Private transfer



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. Customs union always leads to
- (a) trade diversion alone
 - (b) trade creation alone
 - (c) both trade diversion and trade creation
 - (d) neither trade diversion nor trade creation
8. Which one of the following is not an affiliate of the world bank?
- (a) the International Finance Corporation
 - (b) the multi-lateral investment guarantee agency
 - (c) the International Development Association
 - (d) the Asian Development Bank

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9. What is the correct sequence of the following?

- 1. Uruguay Round Talks
- 2. WTO's Seattle meet
- 3. Establishment of GATT.

Select the correct answer using the codes given below :

- (a) 1, 2, 3 (b) 3, 1, 2
- (c) 3, 2, 1 (d) 2, 3, 1

10. Which one of the following treaties was covered by the Uruguay Road Negotiations?

- (a) General agreement on Trade in Services
- (b) Trade – Related Intellectual Property Rights
- (c) Trade – Related Investment Measures
- (d) All of the above

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) Discuss critically the Linder's theory of international trade.

Or

- (b) Explain the assumptions of Stopler – Samuelson theorem.

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12. (a) What do you mean by gain from trade?

Or

(b) Enumerate the determinants of terms of trade.

13. (a) How can a deficit in the balance of payments be corrected?

Or

(b) What are the causes of an adverse balance of payments?

14. (a) Explain the different kinds of Economic Integration.

Or

(b) Write a short note on 'NAFTA'.

15. (a) Explain briefly the aims and objectives of UNCTAD.

Or

(b) List out the significant features of TRIMs.

PART C — (5 × 8 = 40 marks)

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

Each answer should not exceed 600 words.

16. (a) Critically examine the classical theory of comparative advantages.

Or

(b) Critically examine the view that international trade results from differences in factor endowments in countries.

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17. (a) Bring out the measurement of gains from trade.

Or

(b) Distinguish between income terms of trade and net barter terms of trade.

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

Or

(b) Critically examine the monetary approach to the balance of payments problem.

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

Or

(b) Critically examine the SAARC.

20. (a) Enumerate the main features of the Trade Related Intellectual Property Rights (TRIPs)

Or

(b) Explain its objectives and to what extent they have been achieved by NIEO.

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