

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 600 words.

16. (a) Distinguish between internal trade and international trade.
Or
(b) Elucidate the advantages of foreign trade.
17. (a) Explain the criticisms levelled against comparative cost theory.
Or
(b) How far modern theory of international trade is more superior over comparative cost theory?
18. (a) Narrate the factors determining terms of trade.
Or
(b) Analyse the causes for adverse terms of trade in developing countries.
19. (a) Explain the various components of balance of payment.
Or
(b) Elaborate the methods of correcting adverse balance of payment.
20. (a) Explain the evils of free trade policy.
Or
(b) Explain the arguments against protection.

Reg. No. :

Code No. : 22924 E Sub. Code : SSEC 3 A

B.A. (CBCS) DEGREE EXAMINATION,
NOVEMBER 2018.

Third Semester

Economics — Main

Skill Based Subject — INTERNATIONAL
ECONOMICS — I

(For those who joined in July 2017 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Foreign trade means
 - (a) import of visible items
 - (b) export of visible items
 - (c) import and export of visible items
 - (d) None of these.
2. The advantage of foreign trade are
 - (a) low price
 - (b) standard goods
 - (c) foreign exchange
 - (d) All of these.
3. Ricardian comparative cost theory based on _____ cost.
 - (a) money
 - (b) labour
 - (c) real
 - (d) opportunity.



4. Modern theory of international trade was developed by
 (a) Heckscher-Ohlin (b) David Ricardo
 (c) Heberler (d) Leontief.
5. The ratio between the prices of exports and imports is called as
 (a) net barter terms of trade
 (b) income terms of trade
 (c) gross barter terms of trade
 (d) single factorial terms of trade.
6. Real cost terms of trade was introduced by
 (a) Taussig (b) Mill
 (c) Jacob Viner (d) Dorrance.
7. The fundamental disequilibrium in balance of payment is caused by
 (a) changes in population
 (b) changes in investment
 (c) changes in demand
 (d) changes in production.
8. The deliberate reduction of value of currency is
 (a) deflation (b) inflation
 (c) devaluation (d) depreciation.
9. Free trade says
 (a) Laissez-faire Policy
 (b) Protection Policy
 (c) New Economic Policy
 (d) All of these.

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10. The infant industry argument was supported by
 (a) Hamilton (b) List
 (c) Ricardo (d) Krugman.

PART B — (5 × 5 = 25 marks)

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

11. (a) Why do nations trade?
 Or
 (b) State the importance of international trade.
12. (a) Explain the theory of absolute cost advantage.
 Or
 (b) What are the basis assumptions of Heckscher-Ohlin theory?
13. (a) Explain the concept of terms of trade.
 Or
 (b) Write a note on single factorial terms of trade.
14. (a) What are the differences between balance of trade and balance of payment?
 Or
 (b) Explain the reasons for the problems in the balance of payment.
15. (a) State the arguments in favour of free trade.
 Or
 (b) Explain the non-economic arguments for protection.

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