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6 SEM TDC ECO M 3

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(May)

ECONOMICS

(Major)

Course : 603

(International Economics)

Full Marks : 80

Pass Marks : 32/24

Time : 3 hours

*The figures in the margin indicate full marks
for the questions*

1. Choose the correct answer from the following : 1×8=8

(a) "International trade should be regarded as a special case of inter-regional trade."
Who said it?

(i) Kindleherger

(ii) David Ricardo

(iii) J. S. Mill

(iv) Bertil Ohlin

- (b) Offer curve represents
- (i) demand for imports
 - (ii) supply of exports
 - (iii) amount of a commodity X, a country is willing to offer for a given amount of some other commodity
 - (iv) None of the above
- (c) Ratio between export prices and import prices is termed as
- (i) single factorial terms of trade
 - (ii) commodity terms of trade
 - (iii) gross barter terms of trade
 - (iv) income terms of trade
- (d) Which of the following is a debit item in balance of payments?
- (i) Imports of goods
 - (ii) Income from investment abroad
 - (iii) Receipts from transfer payments
 - (iv) Export of services

- (e) Free trade is opposed on the grounds of
- (i) equalisation of commodity prices
 - (ii) cheap imports
 - (iii) interdependence of countries
 - (iv) industrial development in less-developed countries
- (f) International Monetary Fund (IMF) terms long-term persistent disequilibrium in balance of payments as
- (i) structural disequilibrium
 - (ii) secular disequilibrium
 - (iii) fundamental disequilibrium
 - (iv) long-term disequilibrium
- (g) Copyright, trademarks and patents are covered under which of the following WTO Agreements?
- (i) TRIPS
 - (ii) TRIMS
 - (iii) GATT
 - (iv) PTA

(h) The tariff that maximises a country's welfare is called

(i) effective rate of tariff

(ii) optimum tariff

(iii) revenue tariff

(iv) protective tariff

2. Write notes on any *four* of the following
(**within 150 words** each) :

4×4=16

(a) Mill's approach to distribution of gains from trade

(b) Potential gain and actual gain from international trade

(c) Factors affecting international capital movements

(d) Functions of foreign exchange market

(e) Functions of WTO

Answer the following questions (**within 500 words** each) :

3. (a) Explain with suitable examples and diagrams, the theory of comparative cost. Point out the major weaknesses of the theory. 8+4=12

Or

- (b) Discuss the Heckscher-Ohlin theory of factor abundance in terms of factor prices. Why is it superior to the classical theory of international trade? 8+4=12

4. (a) Explain with suitable diagrams, how the following factors affect the terms of trade of a country : 4+4+3=11

(i) Reciprocal demand

(ii) Tariff

(iii) Changes in technology

Or

- (b) Discuss the concept of immiserizing growth with appropriate diagram. What are the essential conditions for immiserizing growth to occur? $7+4=11$

5. (a) Give arguments in support of the policy of protection. 11

Or

- (b) Give an account of the outward looking and inward looking trade strategies. $5\frac{1}{2}+5\frac{1}{2}=11$

6. (a) Critically examine the Purchasing Power Parity theory of exchange rates. 11

Or

- (b) What is flexible exchange rate? Give arguments in favour and against a system of flexible exchange rate. $1+5+5=11$

(7)

7. (a) What are the main objectives of the International Monetary Fund (IMF)? Briefly assess the achievements and failures of the IMF. 4+7=11

Or

- (b) Enumerate the major trade agreements of the World Trade Organisation. 11
