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(Pages: 4)

Reg. No.....

SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2014

(CUCSS)

Economics

INTERNATIONAL TRADE—THEORY AND POLICY

Three Hours

Maximum: 36 Weightage

Part A

Answer all questions.

Each bunch of four questions carries weightage of 1.

- Multiple Choice Questions:—
 - 1 Which one of the following is not correctly matched?
 - (a) Taussig: Barter terms of trade.
 - (b) Prebisch: Deteriorating terms of trade
 - (c) Marshall: Offer curve.
 - (d) Walras: Dumping conditions.
 - 2 An import tariff in a labour surplus economy distributes income in favour of:
 - (a) Landlords.

- (b) Wage earners.
- (c) Owners capital and skills. (d) Government
- 3 India has a comparative cost advantage in :
 - (a) Textiles.

- (b) Steel.
- (c) Both of them. (d) None of them.
- 4 Factor proportions theory is also known as the:
 - (a) Comparative advantage theory.
 - (b) Laissez-faire theorem.
 - (c) HeckscherOhlin theorem.
 - (d) Product cycle model

		2	
B.	B. Multiple Choice:		
	5 During periods of growing domestic demand, an import quota:		
	(;	a) Is less restrictive on a country's imports than a tariff.	
	(1	b) Is more restrictive on a country's imports than a tariff.	
	(c) Has the same restrictive effect on a country's imports as a tariff.	
	(d) Will always generate increased tax revenue for the government.	
	6 The	welfare effects of a quota depend to a considerable extent upon:	
	(:	a) Who has the quota license.	
	(1	b) The size of the quota.	
	(c) Elasticity of domestic demand and supply.	
	((d) All of the above.	
	7 Mul	tinational corporations:	
	(8	a) Increase the transfer of technology between nations.	
	(1	Make it harder to nations to foster activities of comparative advantage.	
	(c) Always enjoy political harmony in nations where their subsidiaries operate.	
	((d) Require governmental subsidies in order to conduct worldwide operations.	
	8 The	NAFTA is a:	
	(8	a) Monetary union. (b) Free trade area.	
	(1	c) Common market. (d) Customs union.	
C.	Fill in th	ne blanks :	
	9 The trade model of the Swedish economists Heckscher and Ohlin maintains that —		

9	The trade model of the Swedish economists Heckscher and Ohlin maintains that —
10	That the division of labour is limited by the size of the market best applies to which expl
	of trade ———.

11 Gains of trade result from ——.

12 One of the important factors in trade reform is to ———.

State True or False:

- 13 If a nation has an open economy it means that the nation allows private ownership of capital,
- 14 Antidumping duties are used to punish domestic consumers for buying high-priced imported goods.
- 15 Export-led growth strategies tend to emphasize trade protection for import-competing firms.
- 16 To be considered a good candidate for an export cartel, a commodity should: have a low price elasticity of supply.

 $(16 \times \frac{1}{4} = 4 \text{ weightage})$

Part B

Short answer questions.

Answer any ten not exceeding one page each.

- 17 What is Balance of Trade?
- 18 Explain Tariffication.
- 19 Define Comparative advantage.
- 20 Explain Income Terms of trade.
- 21 Explain Product life cycle.
- 22 Explain Gravity model trade.
- 23 What is Trade in services?
- 24 Explain Tobin tax.
- 25 What is neo mercantilism?
- 26 What is meant by Terms of trade?
- 27 Explain Trade creation.
- 28 What is meant by Leontief Paradox?
- 29 Explain the Factor endowment theory.
- 30 Explain Special Drawing Rights.

 $(10 \times 2 = 20 \text{ weightage})$

Part C (Essay questions)

Answer any three not exceeding three pages each.

- 31 Have the terms of trade for developing countries deteriorated in the post Second period? Critically discuss.
- 32 What are India's strategic considerations for trade? Discuss briefly.
- 33 Critically examine Prebisch —Singer hypothesis of trade and development.
- 34 What are the disadvantages of export promotion policy of developing countries?
- 35 What are the needs for protection in customs union?

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 $(3 \times 4 = 12)$