

2024

ECONOMICS — HONOURS

Paper : CC-11

(International Economics)

Full Marks : 65

The figures in the margin indicate full marks.

*Candidates are required to give their answers in their own words
as far as practicable.*

Group - A

1. Answer **any ten** questions :

2×10

- (a) Is the technological coefficient variable in classical trade models?
- (b) What are the sources of comparative advantage in trade models?
- (c) What is meant by perverse comparative advantage?
- (d) State the Stolper-Samuelson theorem.
- (e) On what factors does the shape of PPF depend?
- (f) What is the relation between trade indifference curve and community indifference curve?
- (g) What do you mean by decomposability property?
- (h) What will be the value of elasticity for an upward rising offer curve?
- (i) What do you mean by depreciation of domestic currency?
- (j) Can a country gain from trade if the consumers of that country always prefer to consume goods in fixed proportions?
- (k) How the IS curve of a small open economy will be affected for a depreciation of exchange rate?
- (l) How an increase in fiscal deficit, with equal levels of private saving and investment, affects the Current Account (CA) of an open economy?
- (m) What is the J-curve effect?
- (n) What is meant by foreign repercussions?
- (o) What is meant by the accommodating transactions?

Please Turn Over

(0484)

Group - BAnswer *any three* questions.

5×3

2. Briefly explain how relative supply curve of a good is derived in one factor model of trade.
3. 'If one of the two countries completely specializes in post-trade situation, then there can be still be factor price equalization.' — True or False? Justify.
4. 'Trade indifference curve considers both supply and demand sides of a country.' — True or False? Justify.
5. Suppose that there are two factors — capital and labour, and that US is relatively capital abundant and India is relatively labour abundant countries. According to Heckscher-Ohlin model, will the Indian workers support free trade between India and US? Why?
6. Between tariff and quota, a monopolist will prefer which trade policy and why?

Group - CAnswer *any three* questions.

7. (a) Explain the concept of comparative cost advantage in production.
(b) Explain how a country gains from trade in a two product two country one factor world. 4+6
8. (a) What is optimum tariff?
(b) What is Metzler Paradox?
(c) Explain the reason for experiencing such paradox in international trade. 2+3+5
9. (a) Show that the gains from trade can be decomposed into two parts, viz., gains from exchange and gains from specialization.
(b) Explain two situations where the entire gains from trade arises either due to exchange or due to specialization. 5+5
10. (a) What are the assumptions of Jones (1965) model?
(b) Explain the significance of Rybczynski effect in the model. 3+7
11. (a) What is Marshall-Lerner condition?
(b) Why is the LM curve upward rising in an open economy?
(c) Explain the expenditure switching policy to eradicate BOP deficit. 2+4+4