SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2015

(CUCSS)

Applied Economics

Core V – INTERNATIONAL ECONOMICS

Time : Three Hours   Maximum : 36 Weightage

Part A

*Answer **all** questions.*

Each bunch of four questions carries weightage of 1.

1. Forward exchange rate refers to :

    (a) On the spot.   (b) Groups.

    (c) Options.   (d) None of these.

2. Fundamental disequilibrium takes place under :

    (a) Arranged float.   (b) Fixed exchange rate system.

    (c) Flexible exchange rate system.   (d) None of these.

3. Product cycle theory was developed by :

    (a) Paul Krugman.   (b) J.S. Mill.

    (c) Raymond Vernon.   (d) None of these.

4. The principle of reciprocal demand was developed by :

    (a) Adam Smith.   (b) Ricardo.

    (c) A.C. Pigou.   (d) J.S. Mill.

Multiple Choices :

5. WTO come into existence on :

    (a) 1st January 1965.   (b) 1st January 1975.

    (c) 1st January 1985.   (d) 1st January 1995.

6. Trade creation means :

    (a) Increase in trade.

    (b) Expansion of trade.

    (c) A rise in domestic trade of a single member.

    (d) A shifting of trade from a high cost foreign source to low cost domestic source.

Turn over

7. Hecksehr ohlin trade theory deals with :

    (a) Domestic trade.

    (b) Regional trade.

    (c) Rural trade.

    (d) Supply side determinants of International trade.

8. The objective of import quota system is for :

    (a) Correcting Balance of payments.

    (b) Protecting domestic lndustry.

    (c) Rationally using foreign exchange.

    (d) All the above.

Fill in the blanks :

9. Acid rain originates from _____

10. The Second Earth Summit was held in the year _____

11. Trade is an engine of economic growth was stated by _____

12. The concept of opportunity cost is related to _____

State True *or* False :

13. LAFTA is an example for International cartel.

14. Offer curve is a technique which denote cross elasticity.

15. The secular decline in terms of trade is first formulated by J.M. Keynes.

16. The proponent of absolute advantage theory was J.S. Mill.

(16 x   = 4 weightage)

Part B (Short Answer Question)

Answer any **ten** *questions not exceeding* **one page** *each.*
Each question carries a weightage of 2.

17. What is trade creation? Explain its significance.

18. What is economic integration?

19. Explain the meaning of dumping and its consequences in International Trade.

20. What is foreign trade multiplier ?

21. What are the determinants of trade?

22. Describe opportunity cost theory of International Trade.

23. Differences between flexible and fixed exchange rate.

24. Explain absolute cost advantage theory of International Trade.

25. What are gains from International Trade?

26. What are the effects of tariff?

27. Explain the function of WTO.

28. What are regional Trade Agreements?

(10 x 2 = 20 weightage)

Part C (Essay Questions)

Answer any **three** *questions not exceeding* **three pages** *each.*

Each question carries a weightage of 4.

29. Theory of Second best is a byproduct of the theory of regional integration.

30. Describe the **II O** Trade model.

31. State the static and dynamic effects of Customs Union. Are they purely hypothetical?

32. Compare elasticity approach and monetary approach to balance of payment.

33. Examine the theory of immersing growth and its significance in International economics.

(3 x 4 = 12 weightage)