M.A./M.Sc 1st Semester Examination, 2019

ECONOMICS

(*International Economics*)

PAPER — ECO-105

Full Marks : 40

Time : 2 hours

Answer **all** questions

The figures in the right hand margin indicate marks

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

Illustrate the answers wherever necessary

Write the answers to questions of each Group in separate books wherever necessary

GROUP—A

1. Answer any *two* questions :   2 × 2

    (*a*) Explain the factor price equalization theorem.

(b) Write down the full-employment conditions for 2 good-2 factor model with fixed coefficient production functions.

(c) State the Rybczynski theorem.

(d) Give some economic reasons behind intra-industry trade.

2. Answer any *two* questions :   4 × 2

   (a) In determining the pattern of trade. Show the importance of external economies of scale.

   (b) Discuss the reasons behind the asymmetric effects of labour migration and capital inflow.

   (c) How can you relate the existence of MNCs with capital movements across the national borders ?

Or

   What are the basic propositions of Heckscher-Ohlin model ? Write the important assumptions of the model.

(*d*) Write a note on different trade instruments available , other than tariff and quota.

3. Answer any *one* question : 8 × 1

(*a*) What do you mean by a monopolistically competitive market ? Show, how such a market give rise the possibility of international trade.

(*b*) Discuss the effects of small and large capital inflow for a small host country. Is it different for large country ?

Or

Write a note on Stolper-Samuelson theorem.

GROUP—B

4. Answer any *two* questions : 2 × 2

(*a*) Differentiate Devaluation from Depreciation of domestic currency.

(*Turn Over*)

(*b*) What is the 'rule of the game' under Gold standard ?

Or

Define the term 'Vchicle currency'.

(*c*) State the conditions of balances in internal and external economies mentioning different states of the economy under free flow of goods and services.

(*d*) Briefly explain the concept of PPP.

5. Answer any *two* questions : 4×2

(*a*) Explain the advantages of Gold standard.

(*b*) Discuss the problems of Bretton Woods's system from the US economy's point of view.

(*c*) What are the expenditure switching and expenditure reducing policies ?

(*d*) How can you relate the money supply and exchange rate in the short and long run ?

6. Answer any *one* question :   8 × 1

   (*a*) Show the different zones of economic unhappiness under the Bretton Woods System with an suitable diagram.   8

   (*b*) What do you mean by full convertibility of Indian Rupee (INR) ? Explain the effectivenesses of fiscal and monetary policies under fixed exchange rate system in line of Mundell-Fleming model.   2 + 6

———