

**SECOND SEMESTER M.A. DEGREE EXAMINATION, JUNE 2016**

(CUCSS)

Economics

**ECO 2C 08—INTERNATIONAL TRADE THEORY AND POLICY**

(2010 Admissions)

Time : Three Hours

Maximum : 36 Weightage

**Part A (Short Answer Questions)***Answer the following Questions.  
Each question carries a weightage of 1.*

1. A curve that shows how much of its import commodity a nation demands to be willing to supply various amounts of its export commodity, or the willingness of the nation to import and export various relative commodity prices is known as \_\_\_\_\_.
2. What do you mean by dumping ?
3. Explain Rybczynski's theorem.
4. Define terms of trade.
5. What is import substitution ?
6. Define customs union.
7. What is economic integration ?
8. Distinguish between normal and inferior goods.
9. What do you mean by factor intensity reversal ?
10. Explain capital labour ratio.
11. Define economic growth.
12. Describe the concept of optimum tariff.
13. What do you mean by countervailing duties ?
14. What do you meant by non traded goods and services ?

(14 × 1 = 14 weightage)

**Part B (Paragraph Questions)***Answer any of the seven questions.  
Each question carries a weightage of 2.*

15. Elaborate factor price equalisation theorem.
16. What is immiserising growth ?

Turn c

17. Explain Leontief paradox.
18. How the equilibrium relative commodity price with trade determined with demand curves?
19. Explain the theory of second best.
20. Differentiate between capital saving technical progress and labour saving technical progress?
21. Which type of growth will most likely lead to a decline in the nation's welfare?
22. Critically evaluate product cycle theory.
23. What is the facet behind infant industry argument for protection?
24. How do different environmental standards affect industry location and international trade?
25. Examine Prebisch-Singer thesis?

(7 × 2 = 14)

### Part C

*Answer any two questions.  
Each question carries a weightage of 4.*

26. Explain Hechshor-Ohlin theory? What is the status of the Hechshor-Ohlin theory?
27. Under what conditions the formation of a customs union more likely to lead to creation of welfare?
28. Why do developing nations want to industrialise? What do you mean by import substitution? What are the advantages and disadvantages of each as a method of industrialisation?
29. What is meant by industrial trade policy? Examine its relevance.

(2 × 4 = 8)