



**DEPARTMENT OF ECONOMICS  
NAMBOL L. SANOI COLLEGE, NAMBOL**

**Question Bank (2017- 2020)**

**ECO: SE H- 610 (International Economics)**

**Unit 1**

**A. Very short answer: 3 marks**

1. State in brief the subject matter of international economics. (2017)
2. What does Absolute cost advantage doctrine of international trade advocate? (2018)
3. State the absolute cost advantage theory of international trade. (2019)
4. Distinguish between interregional and international trade.(2020)
5. What is Absolute cost advantage? (2020)

**B. Short answers. 5 marks.**

1. Explain the need for a separate theory of International trade. (2017, 2019)
2. Write short notes on (2018)
  - a) Separate theory of International trade.
  - b) International economics.
3. Why does trade not arise under equal differences in costs? (2020)
4. Find out diagrammatically the gains from trade with the help of production possibility curve, community indifference curves and terms of trade lines. (2020)

**C. Essay type questions:**

1. How did Adam Smith established the case for unregulated trade between countries with absolute advantage? Discuss. 12 marks (2017)
2. State and illustrate the comparative costs theory of international trade. Do you consider this theory an adequate explanation of the phenomenon of international trade? Discuss. 6+6=12 marks (2017)
3. Discuss the nature and significance of International Economics as a distinct branch of economics. 12 marks. (2019)

4. Critically examine David Ricardo's theory of comparative cost advantage as an explanation of international trade. 12 marks (2019)
5. Distinguish between domestic trade and international trade. Do you think a separate theory of international trade is necessary? Give reasons for your answer. 12 marks (2020)
6. Critically examine the Adam Smith's theory of absolute cost advantage as an explanation of international trade. 12 marks (2020)

## UNIT II

### A. Very short answer: 3 marks

1. What do you mean by Leontief Paradox? ( 2017, 2020, 2021)
2. What does factor price equalisation theorem state? (2018)
3. What does Hechscher-Ohlin theory of international trade advocate? (2019)

### B. Short answer: 5 marks

1. Explain the condition necessary for factor intensity reversal to occur.(2017)
2. State the main objections raised against Hechscher-Ohlin theory of international trade. (2019)
3. Point out the obstacles to the equalisation of factor prices in the trading countries. (2019)

### C. Essay type

1. Analyse the possibility of equalisation of international factor prices through Edgeworth's Box diagram. What are the obstacles to the equalisation of factor prices? 8+4=12 (2017)
2. Critically examine Hechscher –Ohlin theory of international trade. (2017)
3. State and explain Hechscher-Ohlin theory of international trade. In what respects is the theory superior to the classical theory of international trade? 6+6=12 (2018)
4. Explain clearly Leontief Paradox. In what way is it reconciled with the Hechscher-Ohlin theory of international trade? 6+6=12 (2018)
5. What is Leontief Paradox? In what way is it reconciled with Hechscher-Ohlin theory of international trade? 4+8=12 (2019)
6. Discuss the factor price equalisation theory of trade. Mentions any four assumptions of the theory. 8+4=12 (2019)

7. Show diagrammatically how the gains from international trade can be increased combining demand and supply factors. 12 marks. (2020)
8. Examine critically the relation between international trade and factor movements and prices. 12 marks (2020)

### UNIT III

#### A. Very short answer: 3 marks

1. Distinguish between basic balance and overall balance of payments. (2017)
2. What is meant by SDRs? (2017)
3. Name three factors which create disequilibrium in the balance of payments of a country. (2018)
4. Define balance of payments. (2019)

#### B. Short answer : 5 marks

1. Explain the relevance of autonomous and accommodating transactions to balance of payments equilibrium and disequilibrium. (2017)
2. Short notes on Autonomous and accommodating transactions. (2018)
3. State the factors which create disequilibrium in the balance of payments of a country. (2019)
4. Name the different methods of correcting a disequilibrium in the balance of payment of a country. (2020)

#### C. Essay type:

1. Explain the purchasing power parity theory of exchange rate determination. On what grounds is it criticized? 8+4=12 (2017)
2. What is meant by disequilibrium in balance of payments? How can the disequilibrium be rectified? 4+8=12 (2017)
3. What is balance of payments? Indicate the various items included in the balance of payments of a country. 4+8=12 (2018)
4. Critically examine the mint par parity theory of foreign exchange rates. 12 (2018)
5. Distinguish between balance of payments and balance of trade. How can an unfavourable balance of payments be corrected? 4+8=12 (2019)

6. Explain the purchasing power parity theory of exchange rate determination. On what grounds is the theory criticized? 8+4=12 (2019)
7. Critically examine the classical theory of disequilibrium in the balance of payments of a country. 12 (2020)
8. Examine critically the purchasing power parity theory of foreign exchange. 12 (2020)

## UNIT IV

### A. Very short answer: 3 marks

1. What is a customs union? (2017,2019)
2. Differentiate between free trade and protection. (2018)
3. What is meant by quotas? (2020)

### B. Short answer: 5 marks

1. Give arguments against free trade. (2017)
2. Write short notes on free trade. (2018)
3. State three conditions for the successful implementation of the infant industry argument for protection. (2020)

### D. Essays type: 12 marks

1. Discuss the relative merits and demerits of tariffs and quotas as protective trade devices. 6+6=12 (2017)
2. Define globalisation. Explain the positive and negative effects of globalization on trade. 4+8=12 (2017)
3. Explain the infant industry argument for protection, pointing out its merits and demerits.12 (2018)
4. What is a customs union? What are the effects of a customs union? 4+8=12 (2018)
5. Examine the infant industry argument for protection as a means to industrialization of the developing countries.12 (2019)
6. Explain the effects of customs union. 12 (2019)
7. What is meant by effective rate of protection (i.e., Implicit Tariff)? How does it differ from nominal tariff? 6+6=12 (2020)
8. Define the term 'globalization'. Discuss the impact of globalization on the international trade of developing countries. 2+10=12 (2020)

## UNIT V

### A. Very short answers: 3 marks

1. What is meant by international liquidity? (2018, 2019)

### B. Short answer: 5 marks

1. Write a note on the Agreement on Agriculture under the Uruguay Round and its effects on developing countries. (2017)
2. Write short notes on Agreement on agriculture under the Uruguay Round. (2018)
3. Mention various sources of funds for the International Monetary Fund. (2019)
4. Write a short note on 'Kennedy Round' of trade negotiations. (2020)

### C. Essay type:

1. Explain the objectives and functions of the International Monetary Fund. Critically examine its achievements. 6+6=12 (2017)
2. Explain the main features of the World Trade Organization. How does it differ from GATT? 8+4=12 (2017)
3. Examine the emergence of World Trade Organization and its impact on the developing countries with special reference to India. 12 (2018)
4. Critically examine the role of the International Monetary Fund in solving the problem of international liquidity. 12 (2018)
5. Critically examine the functions and achievements of International Monetary Fund. 12 (2018)
6. Explain the main functions of the World Trade Organization. How does it differ from GATT? 8+4=12 (2018)
7. What are the main objectives of the International Monetary Fund (IMF)? How far the IMF has been successful in achieving these objectives? Discuss. 6+6=12 (2019)
8. Explain the main features of the World Trade Organization. How does it differ from GATT? 8+4=12 (2019)
9. Briefly explain the origin, objectives and working of the GATT. How far, do you think, the objectives have been achieved? 12 (2020)
10. Evaluate the method of exchange rate of determination under the IMF system. 12 (2020)

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