

**Avinashilingam Institute for Home Science and Higher Education for Women
Coimbatore – 641 043**

**Master Degree Examination – November 2017
III-Semester**

Class : II PG
Major : Economics

Max. Marks: 60
Time: 3 hours

12MECC16 INTERNATIONAL ECONOMICS

Part A (10x1/2= 5)

Choose the correct answer

1. The gains from international trade are closely related to:
 - a. The labour theory of value
 - b. How much the autarky price differs from international terms of trade change
 - c. The fact that a country must lose from trade.
 - d. All of the above
2. According to the classical theory of international trade:
 - a. Only countries with low wages will export
 - b. Only countries with high wages will import
 - c. Countries with high wages will have higher prices
 - d. All the above are false
3. Poor developing countries typically impose _____ tariffs than rich advanced nations on imports.
 - a. lower
 - b. higher
 - c. about the same height
 - d. none of the above
4. Quotas are government imposed limits on the _____ of goods traded between countries.
 - a. prices
 - b. quantity
 - c. revenue
 - d. costs
5. The most widely traded currency in the foreign exchange market is the
 - a. Euro
 - b. Chinese yuan
 - c. British pound
 - d. U.S. dollar
6. Which among the following is NOT a measure to correct the balance of Payment disequilibrium?
 - a. Devaluation
 - b. Deflation
 - c. Revaluation
 - d. None of the above
7. The institutional framework developed in 1947 to promote trade liberalization is known as
 - a. the WTO
 - b. the GATT
 - c. the IMF
 - d. the World Bank
8. The NAFTA is a:
 - a. monetary union
 - b. free trade area
 - c. common market
 - d. customs union
9. Which of the following organizations primarily provides long-term loans to developing countries to help them develop their infrastructure such as schools, hospitals, and roads?
 - a. World Bank
 - b. International Monetary Fund
 - c. Council on Foreign Relations
 - d. Organization of Petroleum Exporting Countries
10. How many countries are there in SAARC?
 - a. 8
 - b. 7
 - c. 6.
 - d. 5

Part B

(5 x 4 = 20)

Answer ALL questions

Answer should not exceed 200 words or one page

11. a) What are the main assumptions of the classical theory of International trade?

(or)

b) Write a note on Rybczynski theorem.

12. a) How to measure gains from international trade?

(or)

b) What are the economic effects of quotas on employment?

13. a) Is balance of payments always in equilibrium? Explain in brief.

(or)

b) Which exchange rate regimes is in practice?

14. a) Explain the objectives of European Union.

(or)

b) What are your suggestions to increase economic co-operation and trade among SAARC countries?

15. a) What are the objectives of GATT?

(or)

b) What are the functions of Asian Development Bank?

Part C

(5 x 7 = 35)

Answer ALL questions

Answer should not exceed 600 words or three pages

16. a) Examine the role of dynamic factors in the emergence of trade.

(or)

b) Analyse the impact of intra industry trade on developing economies.

17. a) Critically analyse the theory of interventions.

(or)

b) Explain the various factors influencing terms of trade.

18. a) Explain the causes of changes in the exchange rate.

(or)

b) Distinguish between expenditure switching and expenditure changing policies for BOP adjustment.

19. a) Explain the static and dynamic effects of a custom union.

(or)

b) Examine the objectives and benefits of ASEAN.

20. a) Critically examine the EXIM policy.

(or)

b) Analyse the various measures to solve the debt crisis.
