

B A (Hon's) (Fifth Semester) Examination, 2013

Economics

International Economics - I

Section - A

Ans 1. (i) A world of Free Trade would be one with no tariffs and no restrictions of any kind on importing and exporting. In such a world, a country would import all those commodities that it could buy from abroad at a delivered price lower than the cost of producing them at home.

(ii) Dumping is an international price discrimination in which an exporter firm sells a portion of its output in a foreign market at a very low price and the remaining output at a high price in the home market.

(iii) Bertil Ohlin

(iv) Any four criticisms i.e.

- a. Unrealistic Assumption of Labour cost -
- b. Unrealistic two country, two commodity model.
- c. Neglects the role of technology
- d. Factors are not fully mobile internally.

(v) If a country can produce either commodity  $x$  or  $y$ , the opportunity cost of commodity  $x$  is the amount of the other commodity  $y$  that must be given up in order to get one additional unit of commodity  $x$ .

(vi) (a) Mill

(vii) (b) Free trade

(viii) Any four disadvantages of free trade i.e.

(a) Cut throat competition and dumping

(b) Emergence of Monopolies

(c) One sided development

(d) Exploitation and colonisation of countries.

(ix) Any two factors affecting terms of trade i.e.

(a) Reciprocal demand and supply

(b) Changes in factor endowments

(c) Import substitutes.

~~(x)~~

(x) (a) Dominance.



## Section - B

Ans. 2 (a) Introduction

(b) Difference between Inter-regional and International trade.

(c) Similarities between Inter-regional and International trade.

(d) Summary and conclusion.

Ans. 3 (a) Introduction (The Heckscher-Ohlin Theory)

(b) Its assumptions

(c) Explanation with the help of diagram

(d) Its superiority over the classical theory

(e) Criticism

(f) Conclusion

Ans. 4 (a) Introduction

(b) Types of terms of trade

(c) Factors affecting terms of trade

(d) Limitations

(e) Summary

Ans. 5. (a) Introduction

(b) Importance and need

(c) International Trade as an engine of growth

(d) Indian context

(e) Summary

Ans. 6. Introduction

(b) Assumptions

(c) Explanation of the theory with the help of diagrams

(d) Critical appraisal (Its superiority and shortcomings)

(e) Conclusion

Ans. 7. Meaning

(b) Different types of ~~tariff~~ Tariffs

(i) On the basis of purpose

Revenue tariff

Protective tariff

(Ad Valorem duty, Specific duty, compound duty, sliding scale duty)

(ii) On the basis of country-wise discrimination

Single column tariff

Double column tariffs

General and conventional tariffs

maximum and minimum tariffs

(iii) On the basis of Retaliation

Retaliatory tariffs

Countervailing duty

(c) Merits & demerits

Ans 8. Introduction

(b) Assumptions

(c) Explanation of the theory with the help of diagram

(d) Criticisms

(e) Conclusions.

