

2023

ECONOMICS — HONOURS

Paper : CC-11

(International Economics)

Full Marks : 65

The figures in the margin indicate full marks.

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

Group - A

1. Answer *any ten* questions :

2×10

- (a) In a world of two countries and two commodities with one factor, if one country has absolute advantage in the production of both the commodities, is trade ever possible between the two countries?
- (b) When will a production possibility frontier be convex to the origin?
- (c) What is Revealed Comparative Advantage (RCA)?
- (d) What is community indifference curve?
- (e) What is meant by specialization gain?
- (f) What will be the shape of the offer curve under constant opportunity cost?
- (g) Define unit isoquant.
- (h) What is interest arbitrage?
- (i) What do you mean by factor intensity reversal?
- (j) What is the significance of Marshall-Lerner condition?
- (k) What is Metzler Paradox?
- (l) Does factor price equalization through commodity trade occur in sector specific model?
- (m) What is prohibitive tariff?
- (n) Does Jones (1971) model possess decomposable property?
- (o) What determines the slope of BP curve in the IS-LM-BP model?

Group - B

Answer *any three* questions.

2. Explain the 'decomposability property' of the Jones (1965) model.

5

3. What is meant by trade triangle? Signify the implications of all three sides of the trade triangle.

2½+2½

Please Turn Over

4. State and explain Rybczynski theorem. 2+3
5. What will be the value of optimum tariff for a small country? Why? 3+2
6. What is envelope condition? How is this condition used in trade models? 2½+2½

Group - C

Answer *any three* questions.

7. (a) Show that there is a one-to-one correspondence between commodity price ratio and factor price ratio in the absence of factor intensity reversal.
(b) Do you think that incomplete specialization is a necessary condition of the Factor Price Equalisation theorem? Explain your answer.
5+5
 8. (a) What do you mean by elasticity of offer curve and elasticity of demand for imports?
(b) Derive the value of elasticity of offer curve when the curve is upward rising.
(c) What will be the value of import demand elasticity for this curve? 4+4+2
 9. (a) "We find fixed coefficient technology in Jones (1971) model"— True / False? Justify.
(b) Examine the implications of price magnification effect in the context of Jones (1971) model. 3+7
 10. Examine foreign trade multipliers with and without foreign repercussions. Which one is higher and why? 7+3
 11. Assuming perfect capital mobility, use the IS-LM-BP model to show (a) monetary policy does not work under fixed exchange rate regime, but (b) the same policy is very effective under flexible exchange rate regime. 5+5
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