St. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27
MID-SEMESTER TEST – AUGUST 2016
M.A ECONOMICS – III SEMESTER
EC 9116 – INTERNATIONAL ECONOMICS

Time: 1 hr 30 min　　　　　　　　　　　　　　　　　　Maximum marks: 35

This question paper has 1 printed page and 3 parts

Part A. Answer any FIVE of the following:　　　　　　　　2x5=10

1. State the Heckscher-Ohlin theorem.

2. Give two explanations that helped to solve Leontief paradox.

3. What is the shape of offer curve for large country and the small country?

4. State the Rybczynski theorem.

5. Conceptualise intra-industry trade.

6. Define trade indifference curve of a country.

Part B: Answer any ONE of the following:　　　　　　　　10x1=10

7. Describe the impact of import-tariff in a large country and a small country within a partial equilibrium framework.

8. Using a suitable diagram explain the impact of imposition of tariff and the consequent retaliation by the opponent country. Also explain whether 'policy equilibrium' could be restored due to the tariff war between both the countries.

Part C: Answer any ONE of the following:　　　　　　　　15X1=15

9. Explain the mechanism of gains from trade within two country-two commodity framework in the context of Adam Smith's absolute cost advantage and David Ricardo's comparative cost advantage.

10. Within a general equilibrium framework show that imposition of tariff would reduce the welfare of a small country, while that of large country the result is ambiguous. Do you think that large country achieves Pareto optimal state after imposition of tariff?