

# DHANAMANJURI UNIVERSITY

2021  
(June)

## ECONOMICS (Honours)

(ECO-310)

### INTERNATIONAL ECONOMICS

Full Mark: 50

*The figures in the right margin indicate full marks of the questions.*

1. Distinguish between International and Interregional trade. Is it necessary to have a separate theory of International trade? Discuss. 4+6=10  
Or  
Critically examine the Ricardian Comparative Cost Advantage Theory of International Trade. 10
2. Explain the Leontief Paradox. How does it limit the empirical validity of the Heckscher Ohlin theory of International trade? 4+6=10  
Or  
Discuss the static and dynamic gains resulting to a country from trade. 10
3. Distinguish between balance of trade and balance of payments. What are the types and causes of disequilibrium in the balance of payments of a country? 4+6=10  
Or  
Examine critically the Purchasing Power Parity Theory of foreign exchange. How is this theory an improvement on the classical Mint Parity Theory of foreign exchange? 5+5=10
4. Explain the various grounds on which protection as a trade policy is justified by the developing countries. 10  
Or  
What is meant by custom union? Explain trade creation and trade diversion effects of the custom union. 2+8=10
5. State the objectives of the International Monetary Fund. How far has the IMF been successful in achieving these objectives? 4+6=10  
Or  
To what extent the WTO ensures implementation of the most-favoured nation (MFN) clause? How does it safeguard the interests of the developing and the least- developed member countries of the WTO 5+5=10

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