INTERNATIONAL ECONOMICS

1. In an open economy with high capital mobility, monetary management can be a successful tool to increase output. Explain. 

2. Under what conditions will devaluation create trade surplus and increase output in the simple Keynesian framework?

3. Give an outline of a model of speculative attack under fixed exchange rate.

4. Explain with the help of diagram, how Haberler’s theory of opportunity cost is an improvement over the comparative cost theory of Ricardo.

5. A quota on import and an equal-import tariff are equivalent in a competitive market but not under monopoly. Explain.

6. What is Doha Development Agenda? Explain how it negotiated TRIPS and TRIMS among nations.

7. Write a short note on gravity model of trade.

8. Determine optimum tariff of a country with the help of offer curve.

9. What are the implications of trade in higher education under GATS for India?


11. “Monetary Contraction is a better option than devaluation to improve balance of payments position of a developing economy under fixed exchange rate system.” Discuss.

12. Do you agree with the view that the honeymoon with free trade under W.T.O. is at an end? Give reasons for your answer.

13. Petroleum is sold in the world market and priced in US dollars. RISCO in India must import petroleum to use it in manufacturing. How are its profit affected when India rupee depreciates against the US dollar?


15. Explain Brander-krugman model of intra-industry trade in an oligopolistic market.
What is the stalemate in the WTO about subsidies in less-developed economies? Discuss. (2016)

“The argument that export-biased growth may turn the terms of trade unfavourable to the country and hence may not be beneficial, is applicable in the case of a large country and not a small country.” Explain. (2016)

With the help of Salter-Swan diagram, define the zones of disequilibrium and assign policy prescriptions for the situations pertaining to unemployment and inflation vis-à-vis BOP deficit. (2016)

What are the elasticity and absorption approaches to BOP adjustment? Discuss. (2016)

What is ‘immiserizing growth? How can it be prevented through trade policy interventions? (2015)

How do depreciation and appreciation in the external value of a currency impact a country’s balance of payments? (2015)

In the context of a two-country model, derive foreign trade multiplier and explain its working. What will be its repercussion? (2015)

Distinguish between Monetary union and Economic union. Do the proliferating trading blocks adversely affect the free trade in the world? Give reasons for your answer. (2015)

What are the advantages and disadvantages of capital mobility for developing countries? (2015)

What is meant by ‘factor abundance’ How does it affect the shape of the production frontier of a nation? (2014)

What do you understand by a small open economy in the context of both goods and money markets? (2014)

Analyse the partial equilibrium effects of a tariff imposed by a large country on its imports in terms of consumers’ surplus. (2014)

“With the Doha Round of multilateral trade talks stalled, regional trade agreements (RTAs) have emerged as an alternative approach to increase trade, spur stronger economic growth and lower unemployment rates in the participating countries.” Explain (2014)

Explain the conditions under which complete specialization will be possible for two nations in case of comparative advantage. Suppose productivity per unit of labour for two nations, India and UK, is given as under:

India  UK
Wheat (kg)/manhour 06 03
Cloth (yard)/manhour 04 02

Will mutually beneficial trade be possible for the two nations? If yes, explain whether specialization shall be complete or not. (2014)

Why is it that in a pure flexible exchange rate system, foreign exchange market has no direct effects on the monetary base and money supply? Does this mean that the foreign exchange market has no effect on the monetary policy? (2014)

Distinguish between single and double factor terms of trade. Explain how far terms of trade of a developing economy would change with technological advancement and economic growth. (2014)

Explain the Trade Related Investment Measures (TRIMs) of World Trade Organisation (WTO). What are the major debates relating to it? (2014)

What is an offer curve in international trade? For two countries engaged in trade in two goods, draw the offer curves such that the offer curve of the home country has a section reflecting inelastic import demand and the foreign country’s offer curve is elastic throughout. Indicate in your diagram which part of the home country’s offer curve is inelastic. What are the reasons for this shape of the offer curve? Suppose the home country imposes a tariff on imports. Demonstrate the implications for trade. (2013)

Summarize the main arguments of the trade optimists and trade pessimists with regard to trade policy for developing countries. Which argument does the data tend to support? (2013)

Suppose the goods, financial, current account and foreign exchange markets are initially in equilibrium. The economy has low or imperfect capital mobility and operates at a fixed exchange rate. The economy is subject to a favourable demand shock that raises expenditure. What is the outcome of the shock on the aggregate income and interest rate in the short-run? How is the balance of payments equilibrium achieved? Draw a diagram in support of your answer. (2013)

What is a speculative attack on a currency? Suppose the economy has a fixed exchange rate and the government is following an expansionary macroeconomic policy. The government increases the budget deficit which it finance through a monetary expansion. How does this lead to a crisis? What is the timing of the speculative attack? (2013)

What are the two key conclusions of the Heckscher-Ohlin model of international trade? Under what assumptions are these conclusions arrived at? (2013)
38. Show different stages of product life cycle. How do the shortcomings of diffusion lag of new technologies in recent years cause a time compression of the cycle? (2012)

39. Distinguish between Currency Board Arrangement and dollarization. Why would a nation adopt one or the other? (2012)

40. Why are trading blocks formed? Explain the welfare impact of such trading blocks for non-member countries. (2012)

41. “For most developing nations fighting persistent balance of payments crisis and inflationary crisis, monetary contraction is a better option.” Do you agree? (2012)

42. How is subsidy better than tariff to achieve domestic objectives? (2011)

43. How does the policy mix of fiscal and monetary policies maintain equilibrium in balance of payments and full employment? (2011)

44. In the contemporary world of perfect capital mobility and fixed exchange rates, why is the monetary policy ineffective to maintain equilibrium? (2011)

45. What are India’s gains under WTO regime with respect to
   (i) Service sector,

46. Show that in an open economy, given full capital mobility, fiscal action has maximum effect under fixed exchange rate and monetary action has similar effect under flexible exchange rate. (2011)

47. Describe the structure of WTO with reference to five main agreements. (2010)


49. Does the Heckscher – Ohlin theorem withstand the factor intensity reversal test? In this context, state the relevance of Leontief Paradox. (2010)

50. “If each country is endowed with a certain fixed commodity combination, the differences in demand patterns in these countries can lead to emergence of international trade.”

   Explain this statement with the help of offer curves of the two countries. (2009)

51. “In the presence of domestic distortions, subsidies are the first best policies and tariffs are the second best.” Do you agree? Explain. (2009)
52. Do you subscribe to the view that in a small open economy with perfect capital mobility, expansionary fiscal policy is ineffective under freely flexible exchange rate, whereas expansionary monetary policy will increase the national income? Elaborate your answer using suitable diagrams. (2009)

53. Define a balance of payments function and explain the factors that cause a shift in this function. Explain the general equilibrium situation in a four-sector IS-LM model. (2009)

54. Explain the conditions under which optimum tariff is likely to be high or zero. (2008)

55. Do you subscribe to the view that WTO stipulations are heavily loaded against the economic interests of the developing countries? What are the options for these countries in the emerging scenario to cope with various challenges on this count? Elaborate your answer. (2008)

56. “The Ministerial Declaration adopted at Hong Kong addressed some of the concerns of developing countries, related to agriculture.” Comment upon the statement. What were the time-frames and targets in specific areas decided in the Declaration? (2007)

57. “Under the flexible foreign exchange rate scenario, devaluation has become redundant.” Comment upon the statement. (2007)


59. “There is a general deterioration in terms of trade of the developing countries vis-à-vis the developed countries.” Comment upon the statement. (2006)

60. Discuss some controversial issues before the World Trade Organization. Do you think the rigid and partial attitude of industrialized countries is the main hurdle in the way of reaching some solution? (2006)

61. Discuss critically the role of International Monetary Fund in imparting stability in international monetary system. (2005)

62. Give salient features of WTO Agreement in relation to agriculture. In this context explain the concept of TRIPS. (2005)

63. Examine the effect of quota and tariffs on terms of trade. Discuss the advantages of quota over tariffs in the present day context. (2005)

64. Explain Leontief paradox. (2004)
65. What is a Customs’ Union? Discuss the effects of a Customs’ Union formation under partial equilibrium conditions.  

(2004)

66. Do you think devaluation has become redundant under the floating exchange regime? Give reasons for your answer.  

(2003)

67. Which one of the two – inward or outward orientation policies of international trade, do you prefer and why? To what extent the statement is correct that different strategies are required for different stages of economic development?  

(2003)

68. What are the binding economic forces for the European Union? Do you think there are some hurdles too in the way of forming a perfect confederation?  

(2003)

69. Under what conditions is Trade-intervention justified in principle within the frame-work of Free-Trade theory?  

(2002)


(2002)

71. What is meant by ‘terms of trade’? Discuss the effects of Tariff and Devaluation on terms of trade.  

(2002)

72. Examine the role played by the I.M.F. in the settlement of the balance of payment problems of the member countries.  

(2001)

73. Critically examine Ohlin’s theory of international trade. In what ways is it superior to the Classical theory?  

(2001)

74. Examine why some restrictions on demand conditions have to be specified if the Ricardian theorem of comparative advantage is to be proved.  

(2000)

75. Examine the view that monetary factors are the mains causes of all cyclical fluctuations.  

(2000)


(1999)

77. Explain the floating exchange rate system and bring out its significance in developing countries.  

(1999)

78. In every theory of international trade the principal of comparative advantage is reflected. Elucidate.  

(1998)

79. In every country in the world wants to earn more and more U.S. dollars. But every country cannot increase its exports to U.S. Explain a plausible strategy to achieve this objective by a country.  

(1998)
30. Devaluation tends to lead to further devaluation. Discuss.  
(1997)

31. Do you agree with the view that globalization itself leads to economic development? Give reasons for your answer.  
(1997)

32. With the help of the theory of comparative advantage, show how it is advantageous to import a commodity even when the absolute cost of its domestic production is lower. Show how the infant industry argument for tariff can be linked to comparative advantage.  
(1996)

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