

School of Liberal Arts

Economics
ETE - May 2023

Time : 3 Hours

Marks : 50

Sem VI - ECO3004 - International Trade and Finance

Your answer should be specific to the question asked

Draw neat labeled diagrams wherever necessary

- | | | |
|-----|--|------------|
| 1. | List two major reasons for gains from trade. | K1 CO1 (2) |
| 2. | Interpret the concept of trade-based product differentiation. | K2 CO2 (2) |
| 3. | Illustrate the concept of prohibitory tariff. | K3 CO3 (2) |
| 4. | Outline the Metzler Paradox. | K4 CO4 (2) |
| 5. | Point out two major advantages of trade for a large country. | K4 CO5 (2) |
| 6. | Determine how a country can increase its gains from trade by using the optimum tariff with a suitable diagram. | K3 CO1 (5) |
| 7. | Compare the theory of comparative advantage with the theory of absolute advantage in international trade. | K4 CO2 (5) |
| 8. | Evaluate the effects of levying an export tariff by a capital abundant country when the offer curve of the partner country (labour abundant) is inelastic after a certain threshold. | K5 CO5 (6) |
| 9. | Analyze the effects of change in different factor endowments on the Production Possibility Frontier (PPF) of a country. | K4 CO3 (8) |
| 10. | Review the concepts of offer curves of country 1 and country 2 using a suitable diagram(s). | K5 CO4 (8) |
| 11. | Explore the principles that underlie the Ricardian Model of Global Trade. | K6 CO5 (8) |