**ST JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE - 27**

Register Number:

DATE:

**B.Sc. ECONOMICS-IV SEMESTER**

**SEMESTER EXAMINATION- APRIL 2019**

**ECS 4118: INTERNATIONAL ECONOMICS**

### Duration: 1.5 Hours Max Marks: 35

**This question paper has 2 printed pages and 3 parts**

**PART A**

**Answer any FIVE of the following questions 5x2=10**

1. Give the meaning of terms of trade. Within what range must the international terms of trade lie in 2x2x2 model?

2. What is optimum tariff?

3. What is factor intensity reversal?

4. The appreciation in the dollar’s exchange value from 1980 to 1985 made U.S. products (i)…………….. (less/more) expensive & foreign products (ii)…………….. (less/more) expensive, (iii) …………. (decreased / increased) U.S imports, and (iv)………………. (decreased / increased) U.S exports.

5. Differentiate between Gold Standard & Paper currency standard.

6. State any two objectives of the IMF.

**PART B**

**Answer any THREE of the following questions 3x5=15**

7. Canada and Italy produce typewriters and wheat under increasing opportunity costs. Both countries share the same production-possibilities frontier. However, Italy consumes more bushels of wheat per typewriter than Canada at all conceivable price ratios. Given the case, answer the following:

a) In which country are typewriters relatively cheaper under autarky?

b) Under free trade what is the relationship between Italy's and Canada’s structure of production?

c) Which country exports wheat?

d) Illustrate your conclusions graphically

8. Discuss factor price equalization theorem.

9. Indicate whether each of the following items represents a debit or a credit and under which account on the U.S. balance of- payments they appear:

a. A U.S. importer purchases a shipload of French wine.

b. A Japanese automobile firm builds an assembly plant in Kentucky.

c. A British manufacturer exports machinery to Taiwan on a U.S. vessel.

d. A U.S. college student spends a year studying in Switzerland.

e. American charities donate food to people in drought plagued Africa.

f. Japanese investors collect interest income on their holdings of U.S. government securities.

10. Discuss the absorption approach to Balance of Payments.

**PART C**

**Answer any ONE of the following questions 1x10=10** 11. Critically examine the Heckscher-Ohlin model of international trade.

12. Under partial equilibrium analysis, compare the effect of tariff & quota for a small country.