

SEAT No. \_\_\_\_\_

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Sardar Patel University  
Vallabh Vidyanagar  
Semester End Examination  
March – April 2018  
S.Y.BA (Advanced) Sem-IV  
International Economics I: (UA04EEEC02)

Date: 19 /4/18

Time: 2:00 To 4:00 P.M

Total Marks: 60

Q-1 Attempt the following MCQs

15

- 1 David Ricardo's trading principle emphasizes the:  
A Demand side of the market  
B Supply side of the market  
C Role of comparative costs  
D Role of absolute costs
- 2 Which of the following is not a benefit of international trade?  
A High wage levels for all domestic workers  
B Lower domestic prices  
C Development of more efficient methods and new products  
D Greater range of consumption choices
- 3 This is an advantage of foreign trade:  
A we can preserve our natural resources  
B New technology comes to the country  
C People need not go abroad  
D We can get foreign currencies
- 4 A main advantage in specialization results from:  
A Economies of large-scale production  
B The specializing country behaving as monopoly  
C smaller production runs resulting in lower unit costs  
D High wages paid to foreign workers
- 5 The Heckscher-Ohlin approach to international trade provides important insights, in  
A Gains from trade  
B Effect of trade on production and consumption  
C Effect of trade on the incomes of production factors

C.P.T.O.)

- D All of the above
- 6 Who propounded the opportunity cost theory of international trade?  
A Ricardo      B Marshall      C Heckscher-Ohlin      D Haberelel
- 7 Which of the following is also known as international bank for reconstruction and development  
A Asian development bank      B World bank  
C Reserve bank of India      D International monetary fund
- 8 In the 2-factor , 2 good Heckscher-Ohlin model, the two countries differ in  
A Military capabilities      B labor productivities  
C Relative availabilities of factors of production      D Tastes
- 9 The concept of optimum tariff is related to  
A Social welfare      B Economic welfare  
C Political welfare      D Domestic welfare
- 10 According to physical criterion, country A is capital rich if  
A  $\frac{KA}{LA} = \frac{KB}{LB}$       B  $\frac{KA}{LA} > \frac{KB}{LB}$       C  $\frac{KA}{LA} < \frac{KB}{LB}$       D  $\frac{KA}{LA} < \frac{KB}{LB}$
- 11 When custom duty is levied according to weight of goods it is known as  
A Excise duty      B Ad- Valorem duty      C Revenue duty      D Specific duty
- 12 Which of the following is international trade  
A Trade between provinces      B Trade between regions  
C Trade between countries      D B and C of above
- 13 If Japan and Pakistan start free trade, difference in wages in two countries will:  
A Increase      B Decrease      C No effect      D Double
- 14 Net exports equal:  
A Exports x Imports      B Exports + Imports  
C Exports- Imports      D Exports of services only
- 15 Government policy about exports and imports is called:  
A Monetary policy      B Fiscal policy  
C Commercial policy      D Finance policy

- Q-2 Explain Factor Endowment theory of Heckscher-Ohlin. 15
- OR
- Q-2 Explain comparative cost advantage theory with example state the main points of criticism against this theory. 15
- Q-3 Explain with diagram Marshall's theory of offer curves. 15
- OR
- Q-3 What is the meaning of Tariff? Explain types of tariffs and quotas 15
- OR
- Q-3 Explain Absolute cost advantage theory with example. What is the main weakness of this theory? 15
- Q-4 **Attempt any two** 15
- A Concept of Optimum Tariff
- B Economic Integration
- C Distinguish between Internal and International trade
- D Immisserizing growth

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