LOYOLA COLLEGE (AUTONOMOUS), CHENNAI – 600 034

M.A. DEGREE EXAMINATION – **ECONOMICS**

FIRST SEMESTER – **NOVEMBER 2019**

PEC 1505 – INTERNATIONAL ECONOMICS

Date: 09-11-2019   Dept. No.   Max. : 100 Marks
Time: 01:00-04:00

PART – A

Answer any FIVE of the following not exceeding 75 words each: **(5 x 4 = 20 Marks)**

1. Define Opportunity Cost
2. What do you understand by Euro Currency?
3. Distinguish between FDI and FII.
4. Give the meaning of Arbitrage.
5. State Metzler Paradox.
6. Write a short note on World Bank.
7. What is double entry book keeping?

PART – B

Answer any FOUR of the following not exceeding 300 words each: **(4 x 10 = 40 Marks)**

8. Interpret the law of comparative advantage.
9. Briefly explain the effects of an import tariff in a small country using partial equilibrium analysis.
10. Analyze the effects of trade diverting customs union.
11. Demonstrate the effects of disequilibrium under a fixed and flexible exchange rate system.
12. Describe Eurocurrency and illustrate the growth and development of the Eurocurrency market.
13. Differentiate between Currency Board Arrangements and Dollarisation. Illustrate your answer with suitable examples.
14. Outline the operation of the Bretton Woods System.

PART – C

Answer any TWO of the following not exceeding 1200 words each: **(2 x 20 = 40 Marks)**

15. Using the Heckscher Ohlin theoretical framework, demonstrate that countries benefit mutually when they engage in trade than playing an autarky strategy.
16. Illustrate the effects of a tariff in a large country using general equilibrium analysis.
17. Examine the use of expenditure-changing and expenditure-switching policies to attain internal and external balance simultaneously.
18. Analyze the problems of present exchange rate arrangements and proposals for reforming

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