14 (ECO–3) 3036

2023

ECONOMICS

Paper : ECO–3036

(International Economics)

Full Marks : 80

Time : Three hours

**The figures in the margin indicate
full marks for the questions.**

1. Answer the following questions : 5×4=20

   (a) Explain the concepts of outsourcing and off-shoring with examples. How do these practices contribute to trade among nations ? 3+2=5

   (b) Explain LLewellyn's *five* broad mechanisms for structuring the international monetary system.

   (c) In what conditions, production and consumption become anti-trade and pro-trade ? Briefly discuss.

(d) Explain how the recycling of petro dollar has brought about a change in international liquidity.

2. Answer *any three* questions from the following :   10×3=30

   (a) Explain how international trade affects income distribution in the short-run.

   (b) Discuss the causes of the breakdown of the Bretton Woods system. Point a picture of the international monetary system since the demise of the Bretton Woods system.   4+6=10

   (c) Illustrate the effects of export subsidy as a deterrent to free trade. Also discuss how retaliatory measures may be taken against provision of export subsidy.
                                                   7+3=10

   (d) Explain how the Latin American debt crisis is different from that of the East Asian crisis. How far are these countries successful in countering the crisis ?
                                                   5+5=10

   (e) What are customs union ? Explain how trade diverting customs union may create trade among members and non-members of the customs union.   2+8=10

3. Answer *any two* questions from the following : 15×2=30

    (a) What is factor price equalisation ? Show how relative factor price equalisation must precede absolute factor price equalisation. Can free trade always lead to factor price equalisation ? Justify.

        3+8+4=15

    (b) Explain the background under which the European Monetary System was born. Discuss the objectives of the European Monetary System. Also record its prospects. 5+6+4=15

    (c) Discuss a situation where factor growth may result in deterioration of net welfare of a large nation. Also discuss how factor growth may also enhance welfare in a different environment.

        8+7=15

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