

Ref. No.VB/EXAM/REG/02/PG/ECO./Sem-III/31825/2023

M.A. Examination, 2023
Semester-III
Economics
Paper - OP-3
(Trade Theory)

Time: 3 Hours

Full marks: 40

Questions are of value as indicated in the margin

Question no. 1 is compulsory. Attempt any THREE from the remaining questions

1. (a) Mathematically establish the Marshall-Lerner condition for trade equilibrium. 5
(b) Briefly explain the phenomenon of Dutch disease. 5

2. Using simple Ricardian model, do you think that one can also explain the possibility of trade in case of intermediate inputs being vertically integrated to produce the final good. 10

3. Formulate a standard specific factors model of trade with two goods and three factors of production to argue that emigration of workers, which are specific factors in the production set up, may not necessarily aggravate wage inequality in a small open economy. 10

4. Both mathematically and diagrammatically examine the magnification effects in Rybczynski arguments? 10

5. "In an imperfectly competitive trade model history matters in determining the equilibrium real wage rate in the long run." - Elucidate. 10