

M.A. Examination, 2015
Semester – IV
Economics
Paper : XVI (Group-B)
(Special Paper: International Trade)

Time: 3 Hours

Full Marks: 40

Questions are of value as indicated in the margin.

Answer **any four** questions

1. Determine the stage of production for specialization in Ricardian set up when trade in intermediate input is allowed. 10
 2. Clearly elaborate Rybczynski magnification effect in a Heckscher-ohlin model of trade. 10
 3. Construct a specific factor model of trade with corruption that uses both skilled and unskilled workers for intermediation. In such a set up show the effect of a change in the degree of corruption on the existing wage disparity. 4+6
 4. Use a Cobb-Douglas production function to show how distance associated time zone difference may lead to higher output if information communication technology is used in the process of production. 10
 5. Write down a utility function where consumption of different varieties of a good enter symmetrically. Using the same utility function show how total utility depends on the number of varieties consumed. 10
 6. Using Kmgman's (1979) model of trade determine the equilibrium level of output, number of varieties produced, level of individual consumption, and equilibrium price. 10
 7. Do you think that transport cost of iceberg type influence equilibrium price and number of varieties in a model of trade which is governed by love-for-variety utility function and internal economies of scale in production? Argue in favour of your answer. 10
 8. Explore how and why factor price is equalized across industries and across countries if trade is of intra-industry in nature. 10
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