

M.A. ECONOMICS 2018-19

SEMESTER IV

CORE PAPER I

INTERNATIONAL TRADE AND COMMERCIAL POLICIES

Objective: The paper presents clear comprehensive, up-to-date exposition of the theory and principles of international economics that are essential for understanding, evaluating and suggesting solutions to the important international economic problems and issues facing the world. Besides, preparing the students about the relevance and limitations of these principles, it will greatly help them to examine the impact of the trade policies followed both at the national and international levels as also their welfare implications at macro level.

UNIT – I

Tariff Barriers

Free Trade V/s Protection, Tariffs – Meaning and Types, Effects of Tariff under partial and general equilibrium, Optimum Tariff, Stopler – Samuelson Theorem in case of Tariff, Effective Rate of Protection.

UNIT – II

Non-Tariff Barriers (NTBs)

Meaning and Types, Import Quotas – Meaning, Objectives, Types, Import Quotas V/s Tariffs, Voluntary Export Restraints, Export Subsidies, International Cartels, Technical and Administrative Regulations, Dumping. Dumping – Meaning, Objective, Types and Effects. Anti Dumping Measures. Economic Integration-The Theory of Customs Union, its Partial and general equilibrium analysis.

UNIT – III

Balance of Payment

Balance of Trade and Balance of Payments – Meaning and Components, Disequilibrium in Balance of Payments, Measures to correct Disequilibrium in Balance of Payments, Adjustment Mechanism of Balance of Payments- Automatic Price Adjustment, Elasticity Approach, Absorption Approach, Expenditure Policies and Monetary Approach.

UNIT – IV

Exchange Rate and Internal & External Balance

Foreign Trade Multiplier, Foreign Exchange Rate- Meaning and Determination. Theories of Foreign Exchange Rate Determination-Mint Parity, PPP, BoP, Monetary Approach, Portfolio Balance Approach. Fixed v/s Flexible Exchange Rate Policies, Intermediate or Hybrid Exchange Rate Systems, Multiple Exchange Rates System. Exchange Rate Regimes in Practice. Internal and External Balance Simultaneously- Mundellian Model of Monetary and Fiscal Policies, IS-LM-BP Model with Flexible Exchange Rate.

UNIT – V

International Economic Institutions

International Monetary Fund, World Bank and WTO- Objectives, Organization, Functions, Activities and their role in Economic Development of India. The Problem of International Liquidity. Multilateralism and Regionalism- Contemporary Regionalism, economic effects and gains from Regionalism, Multilateralism in post WTO Era and global free trade.

Reading List

- Acharya, R. (2014). International Economics, Oxford University Press.
- Bhagwati, J. (Ed.) (1981). International Trade: Selected Readings, Cambridge University Press, Mass.
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- Goldstein, M. (1998) – The Asian Financial Crisis: Causes, Cure and Systematic Implication, Institute for International Economics, Washington, D.C.
- Grable, J. O. (1996) – International Financial Markets, Prentice Hall, Englewood Cliffs, New York.
- Jhingan M.L. (2015). International Economics, Vrinda Publications, New Delhi (English & Hindi Version)
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- Krugman, P.R. and Obstfeld, M. (1994). International Economics: Theory and Policy, Glenview, Foresman.
- Mithani, D. M. – International Economics, Himalaya Publication House, Bombay.
- Mundell, R. (1968) – International Economics, The Macmillan Company Ltd., New York.

- Vaish, M.C. and S. Singh (2000). International Economics, Oxford and I.B.H. Publishing Company Pt. Ltd., New Delhi.
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- Salvator, D. (2014): International Economics: Trade and Finance, 11th Ed., John Willey & Sons, Singapore.
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- Swami, K. D. (2008) – International Economics, Scientific Publications, Jodhpur.