

# M.A. (FINAL) ECONOMICS

## Compulsory Paper

### Paper-VII

## INTERNATIONAL TRADE AND FINANCE

### Unit I

The pure theory of international trade -Theories of Absolute Advantage, Comparative Advantage and Opportunity Costs, Modern Theory of International Trade; Theorem of factor price Equalization, Empirical testing of theory of Absolute Cost and Comparative Cost, Heckscher Ohlin theory of trade. Kravis and Linder theory of trade. The Rybczynski theorem, Stolper - Samuelson Theorem.

### Unit II

Measurement of gains from trade and their distribution; Concepts of terms of trade, their uses and limitations; Trade as an engine of economic growth; Welfare implications- Empirical evidence and policy issues; The Theory of Interventions (Tariffs, Quotas and non-tariff barriers); Economic effects of tariffs and quotas on national income, output, employment, terms of trade, income distribution; Balance of payments on trading partners both in partial and general equilibrium analysis. Nominal, effective and optimum rates of tariffs -their measurement, impact and welfare implications.

### Unit III

Meaning and components of balance of payments; Equilibrium and disequilibrium in the balance of payments; Expenditure-reducing and expenditure-switching policies and direct controls for adjustment; A critical review of the monetary approach to the theory of balance of payments adjustment; Foreign trade multiplier with and without foreign repercussions and determination of national income and output; Relative merits and demerits of fixed and flexible exchange rates in the context of growth and development in developing countries.

### Unit IV

Forms of economic cooperation; Reforms for the emergence of trading blocks at the global level; Static and Dynamic effects of a customs union and free trade areas; Rationale and economic progress of SAARC / SAPT A and ASEAN, EU, NAFTA regions; Reform of the International- Monetary System, India and developing countries; Theory of short-term capital movements and East-Asian Crisis and lessons for developing countries; International trade and financial institutions- Functions of GATT/ WTO (TRIPS, TRIMS), UNCTAD, IMF, World Bank- their achievements and failures and impact on India.

### Unit V

Trade problems and trade policies in India during the last five decades; Recent changes in the direction

and composition of trade and their implications; Rationale and impact of trade reforms since 1991 on balance of payments, employment and growth. Problems of India's international debt; Working and regulations of MNCs in India; Instruments of export promotion and recent import and export policies and agenda for future.

### **BASIC READING LIST**

- Bhagwati, J. (Ed.) (1981), International Trade, Selected Readings, Cambridge, University Press, Massachusetts.
- Carbough, R.J. (1999), International Economics, International Thompson Publishing, New York.
- Chacholiades, M. (1990), International Trade: Theory and Policy, McGraw Hill, Kogakusha, Japan.
- Dana, M.S. (2000), International Economics: Study, Guide and Work Book, (5th Edition), Routledge Publishers, London.
- Dunn, R.M. and J.H. Mutti (2000), International Economics, Routledge, London.
- Kenen, P.B. (1994), The International Economy, Cambridge University Press, London.
- Kindleberger, C.P. (1973), International Economics, R.D. Irwin, Homewood.

- King, P.G. (1995), International Economics and International Economic Policy: A Reader, McGraw Hill International, Singapore.
- Krugman, P.R. and M. Obstfeld (1994), International Economics: Theory and Policy, Glenview, Foresman.
- Salvatore, D. (1997), International Economics, Prentice Hall, Upper Saddle River, N.J., New York.
- Soderston, Bo (1991), International Economics, The Macmillan Press Ltd., London.
- Mithani D.M. : International Economics.
- वैश्य, सिंह : अन्तर्राष्ट्रीय अर्थशास्त्र

### **ADDITIONAL READING LIST**

#### **Unit I**

- Bhagwati, J. (Ed.) (1981), International Trade: Selected Readings, Cambridge University Press, Mass.
- Corden, W.M. (1965), Recent Developments in the Theory of International Trade, Princeton University Press, Princeton.
- Greenway, D. (1983), International Trade Policy, Macmillan Publishers Ltd., London.

#### **Unit II**

- Aggarwal, M.R. (1979), Regional Economic Cooperation in South Asia, S. Chand and Co., New Delhi.

- Barrow, R.J. (1993), Macro Economics, 4th Edition, John Wiley, New York.
- Bhagwati, J. (1988), Protectionism, Cambridge University Press, Mass.
- Clement, M.O., R.L. Pffister and K.J. Rothwell (1969), Theoretical Issues in International Economics, Cosntable Publication, London.
- Corden, W.M. (1974), Trade Policy and Economic Welfare, Clarenrjon Press, Oxford.
- Goldstein, M. (1998), The Asian Financial Crisis: Causes. Cure and Systematic Implication, Institute for International Economics, Washington, D.C.
- Jackson, J. (1989), The World Trading System, Cambridge University Press, Mass.
- Pomfrert, R. (1988), Unequal Trade: The Economics of Discriminatory International Trade Policies, Blackwell Publishers, Oxford.

### Unit III

- Crockett, A. (1982), International Money : Issues and Analysis, The ELBS and Nelson.
- Heller, H. Robert (1968), International Monetary Economics, Prentice Half, India.
- Linder, S.B. (1961), An Essay on Trade and Transformation, Wiley, New York.

- Niehans, J. (1984), International Monetary Economics, John Hopkins University Press, Baltimore.
- Schwartz, A.J. (1987), Money in Historical Perspective, Chicago University Press, Chicago.
- Yeager, L.B. (1976), International Monetary Relations: Theory,. History and Policy, Harper and Row, New York.

### Unit IV

- Aggarwal, M.R. (1979), Regional Economic Cooperation in South Asia, S. Chand and Co. New Delhi.
- Brahmananda, P.R. (1982), The IMF Loan and India's Economic Future, Himalaya Publishing House, Bombay.
- Grable, J.O. (1996), International Financial Markets, Prentice Hall, Englewood Cliffs, New York.
- Kenen, P.B. (1995), Economic and Monetary Union in Europe, Cambridge University Press UK.
- Kindleberger, C.P. (1996), A History of Financial Crisis: Manias. Panics and Crashes, (3<sup>rd</sup> Edition), John Wiley and Sons, New York.
- Manmohan Singh (1964), India's Export Trends and the Prospects for Self-sustained Growth, Oxford University Press, New Delhi.

- Mishkin, S.F. (1998), The Economics of Money, Banking and Financial Markets, (5th Edition), Harper Colins Publishers, New York.
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- Nayyar, D. (1976), India's Exports and Export Policies in the 1960s, Cambridge University Press.
- Panchmukhi, V.R., K.M. Raipuria and R. Tandon (1987), Money and Finance in World Economic Order (RIS), Indus Publishing Co., Delhi.
- Panchmukhi, V.R. (1978), Trade Policies of India - A Quantitative Analysis, Concept Publishing Company, New Delhi.
- Pomfret, R. (1996), International Trade: An Introduction to Theory and Policy, Basil Blackwell, Oxford.
- Soloman, R. (1982), The International Monetary System 1945-1981, Harper and Row Publishers, New York.
- Tew, B. (1985), The Evaluation of the International Monetary System : 1945-85, Hutchinson.
- Whalley, John (1985), Trade Liberalization Among Major Trading Areas, Cambridge University Press, Mass.

## Unit V

- Bhagwati, J. and P. Desai (1970), ) India : Planning for Industrialization, Oxford University.
- Brahmananda, P.R. and V.R. Panchmukhi (Eds.) (1987), The Development Process of the Indian Economy, Himalaya. Publishing House, Bombay.
- Joshi, V. and I.M.D. Little (1998), India's Economic Reforms, 1999-2000, Oxford University Press, New Delhi.
- Patel, S.J. (1995), Indian Economy Towards the 21<sup>st</sup> Century, University Press Ltd., India.
- Satyanarayan, B. (1986), India's Trade with Asia and the Far East Countries, B.R. Publishing Corp., New Delhi.
- Verma, M.L. (1995), International Trade, Vikas Publishing House Pvt. Ltd., Delhi.