

# Contents

## Part One

### THE PURE THEORY OF INTERNATIONAL TRADE

- 1. Distinguishing Features of Inter-regional and International Trade**  
Introduction, Difference between Inter-regional and International Trade, Similarities between Inter-regional and International Trade, Exercises
- 2. International Trade Equilibrium: Some Analytical Tools**  
Introduction, The Production Possibility Curve, The Community Indifference Curve, The Offer Curve, The Trade Indifference Curve, The Box Diagram, Exercises
- 3. The Classical Theory of Comparative Advantage**  
Introduction, Smith's Theory of Absolute Differences in Costs, Ricardo's Theory of Comparative Differences in Costs, Exercises
- 4. The Classical Theory of Comparative Costs and UDCs**  
Classical Theory not Applicable to UDCs, Theories of International Trade Applicable to UDCs, Exercises
- 5. Refinements of the Comparative Costs Theory**  
Introduction, Theory of Comparative Costs in Terms of Money, The Theory of Comparative Costs Applied to more than Two Goods, Theory of Comparative Costs in Terms of Two Goods And Many Countries, Multi-country and Multi-Goods Trade Model, Costs of Transport Under the Theory of Comparative Costs, Variable Costs of Production Under Theory of Comparative Costs, Exercises
- 6. Haberler's Theory of Opportunity Costs**  
Introduction, The Theory of Opportunity Costs, Critical Appraisal, Exercises
- 7. Mill's Theory of Reciprocal Demand**  
Introduction, Exercises
- 8. The Modern Theory of Factor Endowments : The Heckscher-Ohlin Theory**  
Introduction, The Heckscher-Ohlin Theory, Exercises
- 9. International Trade and Factor Prices**  
Introduction, Samuelson's Factor-Price Equalisation Theorem, Exercises
- 10. Factor Intensity Reversals: Stolper-Samuelson and Rybczynski Theorems**  
Meaning of Factor Intensity Reversal, The Stolper-Samuelson Theorem: The Effect of Change in Commodity Prices on Real Factor Rewards, The Rybczynski Theorem: The Effect of Factor Endowment Changes on Trade, Exercises

- 11. Empirical Testing of Comparative Costs and H.O. Theories**  
Introduction, Testing the Classical Theory, The Leontief Paradox, Exercises
- 12. Extensions of H.O. Theory: Dynamic Factors in International Trade**  
Introduction, Changes in Factor Endowments, Economies of scale, Changes in Tastes, Differing Demand Conditions, Transport Costs, The Specific Factors Model, Exercises
- 13. Some New Theories of International Trade**  
Introduction, The Kravis Theory of Availability, Linder's Theory of Volume of Trade and Demand Pattern, Posner's Imitation gap or Technological Gap Theory, Vernon's Product Cycle Theory, Kenen's Theory of Human Capital, Emmanuel's Theory of Unequal Exchange, Intra-Industry Trade, Exercises
- 14. Economic Growth and International Trade**  
Introduction, Effects of Growth on Trade, Effect of Growth on Terms of Trade, Effects of Growth on Production, Trade, Welfare and Terms of Trade of a Small Country, Effects of Growth on Production, Trade and Welfare of a Large Country, Immiserising Growth, Exercises
- 15. Technical Progress and International Trade**  
Meaning of Technical Progress, Classification of Technical Progress, Effects of Technical Progress on Trade, Exercises
- 16. The Gains from Trade**  
Meaning, Potential and Actual Gain from International Trade, Measurement of Gains from Trade, Factors Determining the Gains from Trade, Gains From Trade and Income Distribution, Gains from Trade in the Case of Large and Small Country, Free Trade Superior to no Trade, Restricted Trade Superior to no Trade, Static And Dynamic Gains from Trade, Exercises
- 17. The Terms of Trade**  
Commodity or Net Barter Terms of Trade, Gross Barter Terms of Trade, Income Terms of Trade, Single Factoral Terms of Trade, Double Factoral Terms of Trade, Real Cost Terms of Trade, Utility Terms of Trade, Determination of Terms of Trade, Factors Affecting Terms of Trade, Summary of Factors Affecting Terms of Trade, Exercises
- 18. Terms of Trade and Economic Development: Secular Deterioration Hypothesis**  
The Prebisch-Singer Thesis, Exercises

## Part Two COMMERCIAL POLICY

- 19. Free Trade Versus Protection**  
Free Trade, Protection, Exercises
- 20. Tariffs**  
Meaning and Types, Effects of Tariffs, Effects of a Tariff in a Large Country, Optimum Tariff and Welfare, Effects of a Tariff on Income Distribution: The Stolper-Samuelson Theorem, Exercises

**21. Effective Rate of Protection**

Exercises

**22. Non-Tariff Barriers (NTBs)**

Meaning, Classification of NBTs, Type of NBTs, Exercises

**23. Import Quotas**

Meaning, Objectives of Import Quotas, Types of Import Quotas, Effects of Import Quotas, The Equivalence of Tariffs and Quotas, Import Quotas vs. Tariffs, Conclusion with Reference to LDCs, Exercises

**24. Dumping**

Meaning, Types of Dumping, Objectives of Dumping, Price Determination Under Dumping, Effects of Dumping, Anti-Dumping Measures, Exercises

**25. Exchange Control**

Meaning, Features, Objectives of Exchange Control, Methods of Exchange Control, Merits and Demerits of Exchange Control, Exercises

**26. International Cartels**

Meaning, Objectives of International Cartels, Conditions for the Success of Cartels, Price, Output and Profit Determination by a Cartel, Exercises

**27. State Trading**

Introduction, Objectives of State Trading, Merits of State Trading, Demerits of State Trading, State Trading in India, Exercises

**28. International Economic Integration : Customs Union**

International Economic Integration, The Theory of Customs Union, Economic Integration Among Developing Countries, Exercises

**29. ASEAN and NAFTA**

Association of South East Asian Nations (ASEAN), North American Free Trade Agreement (NAFTA), Exercises.

## Part Three

### BALANCE OF PAYMENTS

**30. Balance of Payments : Meaning and Components**

Meaning, Structure of Balance of Payments Accounts, Is Balance of Payments Always in Equilibrium ?, Measuring Deficit or Surplus in Balance of Payments, Balance of Trade and Balance of Payments, Disequilibrium in Balance of Payments, Measures to Correct Deficit in Balance of Payments, Exercises

**31. Adjustment Mechanisms of Balance of Payments**

Introduction, Automatic Price Adjustment Under Gold Standard, Automatic Price Adjustment Under Flexible Exchange Rates (Price Effect), The Elasticity Approach, The Absorption Approach, The Monetary Approach, Exercises

**32. Balance of Payments Policies : Internal and External Balance**

Introduction, Expenditure Changing Monetary and Fiscal Policies, Monetary-Fiscal Mix, Internal and External Balance Policies, Monetary and Fiscal Policies for Achieving Internal and External Balance Simultaneously, The Assignment Problem : The Mundellian Model of Monetary-Fiscal Policies for Internal and External Balance,

Expenditure Switching Policies, Exercises

**33. Income Adjustment : Foreign Trade Multiplier**

Working of Foreign Trade Multiplier, Exercises

**34. Foreign Exchange Rate**

Meaning of Foreign Exchange Rate, Determination of Equilibrium Exchange Rate, Theories of Foreign Exchange Rate, Causes of Changes in the Exchange Rate, Exercises

**35. Foreign Exchange Rate Policy**

Introduction, Fixed Exchange Rates, Flexible Exchange Rates, Hybrid or Intermediate Exchange Rate Systems, Multiple Exchange Rates System, Exchange Rate Regimes in Practice, Exercises

**36. Devaluation**

Meaning, Effects of Devaluation, Conditions for the Success of Devaluation, Exercises

**37. Optimum Currency Area**

Introduction, Theories of Optimum Currency Area, Merits and Demerits of Optimum Currency Area, Exercises

**38. The Foreign Exchange Market**

Introduction, The Structure of Foreign Exchange Market, Methods of Foreign Payments, Spot and Forward Exchange Markets, Exercises

**39. International Capital Movements**

Meaning, Types of International Capital Movements, Factors Affecting International Capital Movements, Exercises

**40. The Transfer Problem**

Introduction, The Transfer Problem, Exercises

## Part Four

### INTERNATIONAL ECONOMIC RELATIONS

**41. Foreign Trade and Economic Development**

Introduction, Importance of Foreign Trade, Exercises

**42. Commercial Policy and Inward-Looking and Outward-Looking Policies**

Meaning, Commercial Policy for Economic Development, Conclusion, Exercises

**43. Foreign Aid in Economic Development**

Types of Foreign Aid, Role of Foreign Aid in Economic Development, Tied Vs. Untied Aid, Factors Determining the Amount of Foreign Aid for Economic Development, Aid or Trade, Exercises

**44. Export Instability and International Commodity Agreements**

Introduction, Export Instability Problem, Exercises

**45. Private Foreign Investment and Multinational Corporations**

Types of Private Foreign Investment, Merits and Demerits of Private Foreign Investments (PFI), Multinational Corporations and LDCs, Exercises

- 46. The International Monetary Fund (IMF)**  
Origin of IMF, Objectives of the Fund, Functions of the Fund, Organisation and Structure of the Fund, Working of The Fund, Suggestions to Reform the IMF, India and The IMF, The Role of Gold in the IMF, Special Drawing Rights (SDRs), Exercises
- 47. The World Bank**  
Functions, Membership, Organisation, Capital Structure, Funding Strategy, Bank Borrowings, Bank Lending Activities, Other Activities, Critical Appraisal, India and the World Bank, Exercises
- 48. The World Bank Group**  
The International Development Association (IDA), The International Finance Corporation (IFC), The Multinational Investment Guarantee Agency (MIGA), Exercises
- 49. International Liquidity**  
Meaning, Problem of International Liquidity, Measures to Solve the Problem of International Liquidity, Position of International Reserves, IMF and International Liquidity, Role of the IMF in Increasing World Liquidity, Exercises
- 50. The International Debt Problem**  
Introduction, The Debt Crisis, Measure to Solve the Debt Crisis, Exercises
- 51. International Monetary System**  
Meaning, The Bretton Woods System, The Breakdown of the Bretton Woods System, The Present International Monetary System, Exercises
- 52. The Euro-Dollar Market**  
Meaning, Origin and Growth, Features of Euro-Dollar Market, How Does it Function?, Role in International Financial System, Exercises
- 53. The European Union (EU)**  
History, Objectives, Organisation, Working And Achievements, EU and Developing Countries, India and EU, Exercises
- 54. The European Monetary System and the Euro**  
Introduction, The European Monetary System, The European Monetary Union : The EURO, Exercises
- 55. The General Agreement on Tariffs and Trade (GATT)**  
Introduction, What is GATT?, Objectives of GATT, Provisions of GATT, GATT "Rounds" of Global Trade Negotiations, GATT and Developing Countries, Criticisms of GATT, Exercises,
- 56. The World Trade Organisation (WTO)**  
Introduction, The WTO, Difference Between GATT and WTO, Its Structure, Its Objectives, Its Functions, WTO Agreement, Critical Appraisal of Uruguay Round and WTO Agreement, Working of WTO, Doha Round, Exercises
- 57. The UN Conference on Trade and Development (UNCTAD)**  
Origin, Organisation, Functions of UNCTAD, Objectives and Achievements of UNCTAD, An Appraisal of UNCTAD, Exercises
- 58. The Asian Development Bank (ADB)**  
Origin, Its Objectives, Its Membership, Its Management, Its Financial Resources, Its Functions, Its Progress, India and ADB, Its Evaluation, Exercises

**59. South Asian Association for Regional Cooperation (SAARC)**

Introduction, Objectives, Principles, General Provisions, Organisation, Co-operation with Other Organisations, SAARC Funds, Trade and Economic Co-operation, Criticisms of SAARC, Suggestions to Increase Economic Co-operation and Trade in SAARC, Appraisal of SAARC, Exercises

**60. New International Economic Order (NIEO)**

Origin, Objectives (or Features) of NIEO, Implementations of NIEO Programme, Exercises

**61. Foreign Trade and Balance of Payments in India**

Introduction, Volume of Trade, Balance of Trade, Terms of Trade, India's Balance of Payments Position : 1951-90, Balance of Payments Developments Since 1990, India's Foreign Trade Policy, Exercises

**62. Foreign Capital in India**

Introduction, Government Policy Towards Foreign Capital, Foreign Capital in India, India's External Debt, Impact of Foreign Capital on India's Economic Development, Exercises

*Select Bibliography*

*Index*