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optimum tariff is set by a democratic government by weighing economic costs against political benefits. Explain how such a politically optimum tariff rate is affected by the tariff rates chosen by its trading partners.

2+5+3=10

4. a) Briefly discuss the supply-side and demand-side causes behind prevalence of child labour.
- b) Do you think that if parents are altruistic then incidence of child labour will not occur? State the Luxury Axiom in this context.
- c) Why is it that sanctions, bans, laws and other policies do not always work in reducing the incidence of child labour? 5+3+2=10
5. a) What are the main arguments for patent protection? How valid do you think such arguments are?
- b) Distinguish between parallel imports and piracy. Does parallel import violate the basic principles of patent protection? Why do the rich countries allow parallel imports? Should all rich countries have similar incentives? Can their decision to allow parallel import backfire? 2+(2+1+2+1+2)=10

Ex/PG/ECO/A/DSE10.14/2023

MASTER OF ARTS EXAMINATION, 2023

(2nd Year, 2nd Semester)

ECONOMICS

[**SPECIAL TOPICS II IN INTERNATIONAL ECONOMICS**]

(**UNCOORDINATED & COORDINATED TRADE POLICIES & REGULATIONS**)

Time : Two Hours

Full Marks : 30

Answer any *three* questions.

1. Show that a unilateral optimum tariff is globally Pareto sub-optimal and hence argue that there would be no scope for compensation or side payments by the tariff imposing country to its trading partner to avoid retaliation. Characterize the post retaliation equilibrium in terms of (a) volume of trade, (b) welfare of trading nations. 3+7=10
2. Boeing and Airbus sell their passenger aircrafts in their own markets as well as in all the other markets in the world. The aircrafts they produce under increasing returns to scale are identical. If the US government imposes tariff on sale of Airbus in the US market, how does it affect sales of Boeing in the domestic market as well as abroad? Explain in terms of a suitable analytical framework. 10
3. Define and characterize a political market. In terms of a suitable analytical framework, discuss how a politically

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