

THE OPEN UNIVERSITY OF SRI LANKA
DEPARTMENT OF SOCIAL STUDIES
BA DEGREE IN SOCIAL SCIENCES - LEVEL, 04
FINAL EXAMINATION – 2021/2022 (2nd Semester)
DSU4334 – INTERNATIONAL ECONOMICS
DURATION: THREE HOURS (03 HOURS) ONLY



Date: 19th of February 2023

Time: 01.30 p.m. – 04.30 p.m.

Instructions:

- **There are nine (9) questions in this paper.**
- **Answer any five (5) questions.**
- **Each question carries equal marks.**

1. (a) Compare the concepts of absolute advantage and comparative advantage. (10 marks)
 (b) Explain the main arguments of Heckscher-Ohlin model. (10 marks)
2. (a) Why do nations impose restrictions on trade? (10 marks)
 (b) Explain the effects of import tariff on consumers using a diagram. (10 marks)
3. (a) Explain the strategic trade policy and its implications. (10 marks)
 (b) Explain how governments deal with unfair trade practices in international trade. (10 marks)
4. (a) What are the trade characteristics of developing nations? (10 marks)
 (b) Discuss measures that could improve international market access of Sri Lanka. (10 marks)
5. (a) Explain the status of Preferential Trade Agreements (PTA) of Sri Lanka. (10 marks)
 (b) Discuss the arguments for Regional Trading Agreements. (10 marks)
6. (a) Explain the arguments for and against International Labour Mobility. (10 marks)
 (b) Discuss the characteristics of multinational enterprises. (10 marks)

7. (a) Describe the characteristics of the floating exchange rate regime. (10 marks)
(b) Debate about the current exchange rate problems of Sri Lanka. (10 marks)
8. (a) Briefly describe each component of the Balance of Payment account. (10 marks)
(b) Explain the role of IMF during a balance of payment crisis. (10 marks)
9. Write comments on any four (4) of the following:
- a) Infant industry argument
 - b) Anti-dumping duties
 - c) Export led growth
 - d) Asia Pacific Trade Agreement
 - e) Currency depreciation
 - f) International economic policy coordination.

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