

**THE OPEN UNIVERSITY OF SRI LANKA
DEPARTMENT OF SOCIAL STUDIES
BA DEGREE PROGRAMME IN SOCIAL SCIENCES – LEVEL 4
FINAL EXAMINATION – 2007/2008
SSU 2205 - INTRODUCTION TO DEVELOPMENT ECONOMICS**



DURATION – THREE (03) HOURS

Date: 28th September 2008

Time: 1.30 p.m. – 4.30 p.m.

Answer five (5) questions only. Each question carries 20 marks.

1. Discuss the causes of diversity of developing economies based on explanation given by Michael P. Todaro.
2. (a) Explain **four (4)** characteristics of underdevelopment.
(a) Discuss those characteristics drawing experiences from Sri Lanka.
3. Explain the following concepts in relation to economic development:
 - (a) Role of the state
 - (b) Role of the private sector
 - (c) Technological change
 - (d) Human resources
4. (a) Differentiate the terms 'Growth' and 'Development'.
(b) Discuss the key elements of Harrod-Domar model of economic growth and its weaknesses.
5. (a) Differentiate income based poverty measures from capability based poverty measures.
(b) Describe 'entitlement failures' using experiences from Sri Lanka.
6. (a) Outline the theory of demographic transition.
(b) Briefly discuss the socio-economic issues associated with population growth in Sri Lanka.
7. (a) Explain the concepts of 'stabilization' and 'structural adjustment'.
(b) Discuss the appropriateness of poverty reduction measures recommended by the World Bank to the poor nations.
8. 'The main objective of foreign aid is to promote economic growth in less-developed countries'. Critically evaluate this statement using Liberal and Neo-Marxist view points. Illustrate with experiences from Sri Lanka.



9. Explain **four (4)** of the following:
- (i) External trade and gains from economies of scale
 - (ii) Trade and technological transfer
 - (iii) Infant industry argument
 - (iv) Anti-dumping argument
 - (v) Exchange rate and balance of trade

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