

THE OPEN UNIVERSITY OF SRI LANKA
 DEPARTMENT OF SOCIAL STUDIES
 BA DEGREE IN SOCIAL SCIENCES – LEVEL 4
 FINAL EXAMINATION – SEMESTER II - 2017/18
 SSU3131/DSU4334 – INTERNATIONAL ECONOMICS



DURATION: THREE HOURS (03 HOURS)

Date: 26th May 2018

Time: 1.30p.m. – 4.30p.m.

Instructions:

➤ **Answer 5 questions only**

1. (a) What are the fundamentals of Mercantilism? Briefly explain. (8 Marks)
 (b) Compare and contrast the Absolute Advantage Theory and Comparative Advantage Theory. (12 Marks)
2. (a) Explain how countries use trade restrictions to protect domestic industries. (8 Marks)
 (b) Describe the role of subsidies in international trade in promoting agricultural products. Provide examples where necessary. (12 Marks)
3. (a) Explain the meaning of antidumping policies in your own words. (8 Marks)
 (b) Explain the possibility of attracting Foreign Direct Investment through Sri Lanka's trade and investment policy and its validity by providing examples where necessary. (12 Marks)
4. (a) Explain how the trade in developing nations differ from the trade in developed nations. (8 Marks)
 (b) Critically explain the constraints faced by developing nations in international trade. (12 Marks)
5. (a) Explain the core benefits of having regional trade agreements (8 Marks)
 (b) Do you think Sri Lanka is getting the maximum benefit of its trade agreements? Provide your views with appropriate examples (12 Marks)
6. (a) Describe the term "Multilateral Enterprises". (8 Marks)
 (b) Explain how these Multilateral Enterprises capture markets in the developing world. (12 Marks)
7. (a) Compare the Fixed Exchange Rate regime and Floating Exchange Rate Regime? (8 Marks)
 (b) What is the meaning of currency depreciation? Comment on the effects of depreciation in your own words. (12 Marks)
8. Critically examine the main features of Balance of Payments. (20 Marks)

9. Write short notes on any four (04) of the following: (5 Marks Each)

- (a) Balance of Trade
- (b) Manage Floating Exchange Rate
- (c) International Factor Movements
- (d) Aggregate Demand and Aggregate Supply
- (e) Indo- Sri Lanka Free Trade Agreement

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