

THE OPEN UNIVERSITY OF SRI LANKA
DEPARTMENT OF SOCIAL STUDIES
BA DEGREE PROGRAMME IN SOCIAL SCIENCES – (2018/2019)
FINAL EXAM – LEVEL IV SEMESTER II
DSU4334/ SSU3131: INTERNATIONAL ECONOMICS



DURATION: THREE HOURS (03 HOURS)

Date : 21.07.2019

Time: 1.30 p.m – 4.30 p.m

Instructions:

➤ **Answer any five (05) questions.**

1. Compare and contrast the nature of world trade in developing countries and developed countries by providing appropriate examples. (20 Marks)
2.
 - a. Briefly explain the assumptions of H.O model. (08 Marks)
 - b. Explain the David Ricardo's Comparative Advantage Theory using a hypothetical example. (12 Marks)
3.
 - a. Explain the costs and benefits of tariffs. (08 Marks)
 - b. Examine the effects of a tariff with an appropriate graph. (12 Marks)
4.
 - a. Briefly explain the three (03) types of tariffs. (08 Marks)
 - b. Critically examine the advantages and disadvantages of tariff barriers and non-tariff barriers with appropriate examples. (12 Marks)
5. Critically examine the nature of Sri Lanka's trade and Industrial Policy (20 Marks)
6. Comment on the problems faced by developing nations in international trade and the economic growth strategies of them with examples. (20 Marks)
7.
 - a. Define the term 'exchange rate' and distinguish the difference between fixed and floating exchange rate regimes. (08 Marks)
 - b. Explain the structure of Balance of Payment Account. (12 Marks)
8. Explain the international lending risk and explain how international debt reduction and debt forgiveness occur. (20 Marks)

9. Write short notes on any four (04) of the following.
- a. Preferential Trade Agreements
 - b. Motives for Foreign Direct Investment
 - c. Equilibrium of Foreign Exchange Rate
 - d. Trade Account and Trade Balance
 - e. International Lending Risk

(5 X 4 = 20 Marks)

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