00242

THE OPEN UNIVERSITY OF SRI LANKA
DEPARTMENT OF SOCIAL STUDIES
BA DEGREE IN SOCIAL SCIENCES - LEVEL V
FINAL EXAMINATION 2012
SSU3204 – INTERNATIONAL TRADE AND FINACIAL RELATIONS

DURATION: THREE (03) HOURS

Date: 10th June 2012 **Time: 09.30 a.m. -12.30 p.m.**

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

1. (a) Explain the essential elements of Mercantilism.
   (b) How would you relate these elements to the present day trade practices?

2. (a) What is labour theory of value? Explain with a numerical example.
   (b) Critically analyse the assumptions underlying comparative advantage theory.

3. (a) Explain the assumptions underlying Factor Endowment theory.
   (b) Based on the Hecksher Ohlin theory, explain how countries could gain from trade.

4 (a) Does trade protection hamper economic growth?
   (b) Explain the impact of trade liberalization on agriculture in developing countries.

5. (a) What is floating exchange system? How are exchange rate fluctuations adjusted in a floating regime?
   (b) What are the causes behind currency appreciation and depreciation?

6. (a) What are the causes of disequilibrium in Balance of Payment?
   (b) What are the implications of deficit in trade account?

7. (a) What were the major decisions taken at the Uruguay Round?
   (b) What are the functions and objectives of World Trade Organization?

8. (a) Explain the progressive steps involved in regional economic integration.
   (b) What are the advantages and disadvantages of regional economic integration?

9 Write short notes on any **four (04)** of the following
   (a) Non-tariff barriers
   (b) ASEAN
   (c) GSP
   (d) Factor price equalization
   (e) Product life cycle theory
   (f) Edgeworth box diagram

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