UNIVERSITY OF KELANIYA – SRI LANKA

Centre for Distance and Continuing Education

Faculty of Commerce & Management Studies

Bachelor of Commerce (Special) Degree Third Year Examination (External) – 2021
August – 2024

BCOM E 3045 - International Economics

No. of Questions : Six (06) **Time: 03 hours**

Answer only any five (05) questions.

Question No. 01

a). What are the reasons countries engage in international trade?

(06 Marks)

b). Mention three theories on which international trade is based. Explain the views of economists who can be clearly identified as staticists among those theories.

(08 Marks)

c). What is meant by labour theory of value?

(06 Marks)

(Total 20 Marks)

Question No. 02

a). Who was the economist who proposed the theory of comparative cost advantage? According to his analysis, state four assumptions underlying the relative cost advantage theory.

(06 Marks)

b). Illustrate with examples how labor productivity differences occur between countries.

(08 Marks)

c). What is specialization?

(06 Marks)

(Total 20 Marks)

Question No. 03

a). What is the difference between inter industry trade and intra industry trade?

(06 Marks)

b). What is meant by the terms of trade. Use recent statistics to explain it.

(08 Marks)

c). Explain any two of the following

i). Arbitrage Operations

ii). Flexible Exchange Rate

iii). Forward Exchange Rate

(06 Marks)

(Total 20 Marks)

Question No. 04

a). What is meant by a tariff Explain the practical situation of imposing a tariff with a diagram and mention what are the economic consequences of a tariff.

(10 Marks)

b). Name five non-tariff trade barriers.

(05 Marks)

c). Explain with examples what is dumping.

(05 Marks)

(Total 20 Marks)

Question No. 05

a). Explain with facts how economic integration has led to the promotion of international trade.

(08 Marks)

b). Mention four examples for economic integration.

(04 Marks)

c). How Sri Lanka has been involved in developing its trade with economic integration.

(08 Marks)

(Total 20 Marks)

Question No. 06

a). What does globalization mean?

(04 Marks)

b). Mention how the process of globalization has affected the growth of trade in developing countries.

(08 Marks)

c). Explain how information technology has contributed to increasing the benefits of globalization and has helped to increase world trade.

(08 Marks)

(Total 20 Marks)