

UNIVERSITY OF COLOMBO
FACULTY OF ARTS
SECOND YEAR EXAMINATION IN ARTS (ECONOMICS) 2016/2017
END OF THE SECOND SEMESTER
ECN1003: 2228 THE WORLD ECONOMY
TIME ALLOWED: TWO (02) HOURS

Answer any **four (04)** questions only. All questions carry equal marks

1. "Human development reports shift the focus of development from national income accounting to people centered policies."
 - i. Briefly examine the above statement.
 - ii. How do you examine the weaknesses of national income accounting?
 - iii. How did Sri Lanka manage to record high human development indicators even though its per capita income is not high?

2. "The ongoing global conflicts are different with their historical backgrounds and the recent global developments even though the consequences are the same."
 - i. Do you agree with this statement? Give reasons for your answer.
 - ii. How do you examine the ongoing middle east crises?
 - iii. What are the economic consequences of the ongoing global conflicts?

3. "Hard currencies are widely accepted around the world as a form of payment for goods and services."
 - i. Briefly examine the differences between hard and soft currencies.
 - ii. What are the major economic benefits received by countries with hard currencies?
 - iii. How do you examine the recent performance of Sri Lankan rupee?

4. "There have been a number of global economic recessions even after the World War two."
 - i. What is the relationship between stock market crashes and economic recessions?
 - ii. What are the major economic consequences of a recession?
 - iii. What do you propose to cushion the economic impact of a recession?

5. "Emerging India should be considered as an opportunity to the Sri Lankan economy rather than a challenge."

- i. Do you agree with this statement? Give reasons for your answer.
- ii. Why did the Indian economy grow at an exceptional speed since the early 1990s?
- iii. What can Sri Lanka learn from India in accelerating its economic growth?

6. "The World Bank classifies the global countries by per head income."

- i. Briefly identify the World Bank country classification.
- ii. How do you examine the South Asian economies under this classification?
- iii. What are the major weaknesses of the World Bank classification?

7. 'Asia has become the engine of growth in the world economy in the 21st century.'

- i. What are the key contributory factors for the high economic performance in Asia?
- ii. What are the major global economic consequences of the high Asian economic performance?
- iii. Has Sri Lanka managed to cope with the fast-moving Asian economies? Give reasons for your answer

8. Write short notes on any three (03) of the following.

- i. World crude oil market.
- ii. World Poverty.
- iii. Foreign Direct Investment.
- iv. North-South division.
- v. The US economy.

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