

UNIVERSITY OF RUHUNA
2016/2017 Academic Year MA in Economics Degree
Second Semester End Examination - June 2018

MAE 5203 – World Economic Trends
Answer four (04) questions.

Write answers in clear hand writing

Time: 03 Hours

- 1) i. Define the concept of business cycle (03 Marks)
- ii. Using the relevant data given in the table 01 below, draw the business cycle curve and GDP Per-capita curve in a same graph for the period from 1960 to 2015. (05 Marks)

Table 01, GDP growth rate and GDP per Capita in the World
(1960-2015 Selected Years)

Year	1961	1964	1973	1975	1982	1988	1997	2006	2009	2015
GDP growth rate %	4.3	6.7	6.5	0.8	0.4	4.6	3.7	4.3	-1.7	2.8
GDP per Capita US\$	462	553	1172	1450	2470	3746	5346	7780	8784	10164

Source: World Bank, Data 2016

- iii. “The External shocks are the fundamental factor for explaining the deferent phases of global business cycles continued over the past half of the century”. Discuss. (07 Marks)
- 2) “When it compares with the 1950s, the pattern of the world trade has changed radically in the past few decades”. Discuss. (15 Marks)

3) i. Distinguish between Greenfield foreign direct investment and Brownfield foreign direct investment.

(05 Marks)

ii. Explain the possible advantages and disadvantages brought about by each of these foreign direct investment strategies (Greenfield and Brownfield) to the investors and nation in the host country.

(05 Marks)

iii. Briefly explain the recent trends of foreign direct investment flows of the Asian region.

(05 Marks)

4) i. Give acceptable definition to the "Global terrorism"

(05 Marks)

ii. Explain the reasons to initiate it, potential economic impact of it and ways to stop the international terrorism.

(10 Marks)

5) i. What do you mean by "international liquidity problem"

(03 Marks)

ii. Critically evaluate the alternative strategies and policies adopted by the International Monetary Fund to prevent the international liquidity problem since its genesis.

(12 Marks)

- 6) “Emphasizing the recent experience of global economic growth trends, comment on the view that “one of major outcomes of the globalization process is the growing a bifurcation among typical developing nations in the world as winners and losers of globalization”.

(15 Marks)

- 7) Write notes on two out of the followings.

- i. One Belt One Road initiative (OBOR) in China
- ii. European Union (EU) supports Sri Lanka
- iii. Natural resource management and sustainable development
- iv. Economic integration

(08 Marks for each maximum 15)
