

Ollscoil na hÉireann, Gaillimh
National University of Ireland, Galway
Semester II Examinations 2004 / 2005

Exam Code(s) 3CE1
Exam(s) Evening B. Comm, Summer Exam

Module Code(s) EC414
Module(s) European Economy,

Paper No. 1
Repeat Paper

External Examiner(s) Professor Vincent Munley
Internal Examiner(s) Mr. Brendan Kennelly
 Ms. Majella Giblin

Instructions: Answer ANY THREE of the following five questions. Each question carries equal marks. Time for the exam is two hours.

Duration 2 hours
No. of Pages 1
Department(s) Economics
Course Co-ordinator(s) Majella Giblin

Requirements:

MCQ No
 Handout No
 Statistical Tables No
 Graph Paper No
 Log Graph Paper No
 Other Material No

Exam EC414 (European Economy, Evening B. Comm), Semester 2 Summer Examinations, 2004/2005

Answer ANY THREE of the following five questions. Each question carries equal marks. Time for the exam is two hours.

1. History of the EU

Sketch the main stages of the evolution of the European Union from the post World War II period to Eastern Enlargement in 2004. Outline the difference between federalism and intergovernmentalism as approaches to European integration.

2. Decision Making

Discuss and show graphically the considerations of diversity and scale economies when thinking about the centralisation or decentralisation of policy-making. How did the Maastricht Treaty increase clarity on task allocation within the European Union?

3. Trade Liberalisation

Using graphs outline the price, quantity and welfare effects of unilateral, discriminatory tariff liberalisation whereby the 'Home' country is the net importer and the exporting countries are the 'Partner' and 'Rest of World'. What is the difference between a free trade area and a customs union?

4. Factor Market Integration

Using graphs outline the effects of capital market integration between two countries whereby the 'Home' country initially (i.e. before integration) earns a higher return to capital than the 'Foreign' country. Highlight the effects on the return to capital, the level of capital and welfare in both the 'Home' and 'Foreign' countries. Who are the winners and losers?

5. Monetary Union

Describe the European Systems of Central Banks (ESCB) and discuss the objectives, instruments and strategy of the 'Eurosystem'.