GX340

OLLSCOIL NA hÉIREANN, GAILLIMH
NATIONAL UNIVERSITY OF IRELAND, GALWAY

SUMMER EXAMINATIONS 1999

INTERNATIONAL ECONOMICS (EC320)
3rd Year Arts & 3rd Year B.Comm.

Professor F. Stephen
Professor M.P. Cuddy
Dr. Joan O'Connell

Time Allowed : TWO hours
Answer THREE questions

1. Distinguish between the gold standard and the gold-exchange standard (Bretton Woods) international monetary systems.

2. Comment briefly on *any three* of the following

   (a) Balance of payments on current account.
   (b) Marshall-Lerner condition
   (c) Hedging
   (d) Covered interest-rate arbitrage
   (e) Twin deficits

3. Outline the implications of the slope of the BP curve for the effects of fiscal policy in a small open economy with a flexible exchange rate.

4. What determines the equilibrium (spot) rate of exchange.

5. In the case of a small open economy with a fixed exchange rate, the absence of sterilization means that there is no monetary policy either. Explain.