

OLLSCOIL NA hEIREANN
THE NATIONAL UNIVERSITY OF IRELAND, GALWAY

SUMMER EXAMINATION 1999

EUROPEAN ECONOMY (EC353)
B.A. & B.Comm. Degree Examination

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Time allowed: 2 hours.

All Sections must be answered.

Section A

Answer THREE of the following questions. Each Question is worth 20 points.

- 1 Describe the different stages of economic integration? Why is there an inevitability about ever deepening forms of integration, once the process has commenced?
- 2 How has the power of the European Parliament changed over time? What does its evolving role indicate about the changing philosophy of the European Community (EC)?
- 3 What is a trade creating customs union? With the aid of a partial equilibrium diagram, show the overall and redistributive effects of a trade creating customs union.
- 4 What is a non tariff barrier (NTB)? How did the internal market programme aspect of the Single European Act (SEA) attempt to remove NTBs?
- 5 Why is a single currency considered to be a necessary complement to a single market?
- 6 Why is there no role for social policy if markets are considered to be perfectly competitive

Section B

Answer TWO of the following questions. Each Question is worth 45 points.

- 1 (a) Discuss the concept of subsidiarity as a **procedural** principle. When is it more appropriate for the EC to regulate an activity and when is it more efficient for lower levels of government to take

responsibility for the detailed regulation and monitoring of economic operations? Give examples.

(b) The democratic deficit in the European Union is a matter of popular concern. What can be done in a United States of Europe to redress the situation and are such reforms compatible with the single market and a single currency?

- 2 Contrast regulated capitalism with market capitalism. What is the justification for the former and what are the obstacles to regulated capitalism in the EU?
- 3
 - a What are agglomeration economies? What are the implications of such economies for government policy? What dilemma might their existence pose for any Irish government, when it comes to future uses of the Structural funds?
 - b What is the difference between the expected short run and long run effects of Structural aid?
- 4
 - a Is the Euro area an optimum currency area?
 - b Describe the potentially positive and negative aspects of an independent European Central Bank (ECB)?
- 5 The deepening of European integration will require federal type intervention in the area of social policy. Discuss