

Written Exam for the B.Sc. or M.Sc. in Economics winter 2011-2012

**Economics of the EU**

Elective Course

19 December 2011

(3-hour /closed book exam)

Please note that the language used in your exam paper must correspond to the language of the title for which you registered during exam registration. I.e. if you registered for the English title of the course, you must write your exam paper in English. Likewise, if you registered for the Danish title of the course or if you registered for the English title which was followed by “eksamen på dansk” in brackets, you must write your exam paper in Danish.

If you are in doubt about which title you registered for, please see the print of your exam registration from the students’ self-service system.

### Question 1

Overall theme: EU's competitiveness in the world.

- Describe the main aims and rules of EU's competition policies
- Analyse whether EU's economic integration and the associated growth of trade is a force of convergence or divergence of incomes between regions of the EU.
- Analyse the divergence in competitive positions in the Eurozone with a focus on the cost of labour.
- Analyse EU's unemployment and labour market policies, in particular, how productivity is addressed and challenged in EU as whole and across the European Union.
- Formulate your own competitiveness strategy of the European Union based, for instance, on your analysis above.

### Question 2

Overall theme: The Future of the EMU

- Describe the monetary policy strategy of the ECB.
- Analyse whether there is a trade off between price stability and financial stability.
- Analyse whether the recent reforms of the EMU may affect the optimality of a monetary union using an optimum currency area approach.
- Analyse whether a change in the no-bailout clause of the ECB may be a way out of the current crisis of the EMU.
- Analyse which other factors may respectively improve or reduce the future stability of the EMU.

### Question 3.

Overall theme: EU's role in the world

- Analyse/describe the theoretical trade effects, creation and trade diversion, in a partial equilibrium setting.
- Define and describe the content of the so-called Economic Partnership Agreement (EPA)s that were created by the EU with the Cotonou Agreement.
- Describe - using the knowledge from trade creation and trade diversion - the economic effects of the EPA's.
- What could in your view be the rationale behind the difficulties in agreeing on EPA's.
- Describe the financing of EU's foreign aid, with special reference to the ACP's.