



Försättsblad Prov Original

Kurskod	Provkod	Tentamensdatum
N A 0 0 7 G	1 0 0 0	2 0 1 8 - 1 2 - 1 3
Kursnamn	Nationalekonomi GR (C), Europeisk ekonomisk integration	
Provnamn	Examination	
Ort	Östersund	
Termin		
Ämne		

EXAM 2018-12-13 - NA007G - Östersund and Sundsvall
European Economic Integration, C

Examiner: **Lovisa Högberg** (010-142 80 41 / 072-581 89 84)

The examination consists of 5 questions and gives a maximum of 50 points in total. For the level of **pass (godkänt, E)** 25 points is required and the grade is based on the ECTS scale. Any points you have acquired from seminars will be counted towards the total result for the three exams pertaining to the original course round.

In the process of marking (grading), your ability to discuss as well as give a plain and systematic formulation of the problem will be considered. **Read the questions carefully.** Graphical illustrations and mathematical formulas must be literally explained. Your answers need to be clear and legible.

Start each question 1-5 on a new sheet. You may answer in Swedish or in English. Allowed facilities: Dictionary.

GOOD LUCK!

QUESTION 1 10 points

- (a) OCA is important in De Grauwe's text, describe the concept!
- (b) Suppose that Sweden considers joining the EMU in five years and predicts that its trade with the Eurozone will increase by 15 %. What is the expected effect of this increase in economic integration on the occurrence of asymmetric shocks between Sweden and the other Eurozone countries?

QUESTION 2 10 points

- (a) The flexibility of fiscal policy is subject to common rules on government deficits and debts with the aim of ensuring acceptable budget policy. Describe that rules (the convergence criteria)!
- (b) What is (and have been since its foundation) the primary priority of stabilisation of ECB?
- (c) The ECB has a high degree of independence in pursuing its goals, but accountability is weak compared to other central banks. What are the reasons for this weak accountability?

QUESTION 3

10 points

- (a) De Grauwe talks about two forms of incomplete monetary unions. What are these two forms and what is the main reason they can both lead to bad equilibrium?
- (b) If bad equilibrium makes a government default on its debt, it can have indirect consequences in two areas that makes it harder for a country to get out of its recession. What these consequences?

QUESTION 4

10 points

Germany is a “hard-nosed” country, Other European countries are regarded, in eyes of Germany, as Italy, i.e., as “wet” countries.

- (a) What is the difference in policy preference between “hard-nosed” and “wet” countries?
- (b) In the theory of a monetary union we have a gain for the “wet” countries and no welfare loss for the “hard-nosed” country, how is that arranged?
- (c) The situation in (b) can only be arranged in long run if under a certain condition, what is the condition?

QUESTION 5

10 points

What are the options of how fiscal policies against endogenous asymmetric shocks (business cycles) can be designed in a monetary union if we are members of EMU?

This was the last question. Please, write your personal code on all your papers. The cover page must be turned in. Don't forget any paper!
