

(1085)

Klausur / written examination: European Integration
Prüfer / examiner: Dr. G. Groh
Semester: Summer 2000
Keine Hilfsmittel zugelassen / No aid admissible

1. (15 points: (a): 6, (b): 5, (c): 4)

- (a) What are the main tasks of the Council of Ministers?
- (b) How is this body composed and to whom are its members responsible? Which voting rules are applied when decisions are to be taken?
- (c) Which two categories of expenditure have the largest share in the EU-budget and which are the two most important categories of receipts?

2. (12 points: (a): 9, (b): 3)

- (a) Which additional welfare effect can occur in a large customs union in comparison to a small one? Explain this effect graphically as well as intuitively.
- (b) What can be said about the practical removal of tariffs and non-tariff-barriers in Europe after the ratification of the Treaties of Rome?

3. (28 points: (a): 15, (b): 5, (c): 3, (d): 5)

- (a) Give a simple graphical illustration of the welfare effects resulting from the formation of a common market between two countries, if one factor is mobile and a given amount of this factor is available in both countries. How are the welfare effects distributed between the two countries?
- (b) How is the result affected, if one country imposes a tax on the income of the mobile factor, whereas the other country does not?
- (c) Which treaties have been of especial importance for the creation of a common market in Europe?
- (d) Which consequences did the common market have for the wage differences in Europe and the migration of labor (to Europe and within)? Have the treaties mentioned above created a complete common market in this conjunction?

4. (30 points: (a): 20, (b): 10)

- (a) Explain the problems that can arise after the formation of a monetary union between a high-inflation and a low-inflation country with the help of the two-country version of the Barro-Gordon model.
- (b) Show, how additional inflationary pressure may arise from budget deficits and/or a high debt-to-GDP ratio of the member countries of a monetary union.

5. (15 points: (a): 10, (b): 5)

- (a) By which measures did one try to avoid the problems mentioned in question 4 in the EMU and in which treaties and agreements have such measures been laid down?
- (b) In which way has the third stage of the implementation of the EMU been put in concrete forms at the Summit of Madrid (1995)?