

ESSCA. European Economics. Exam 2013

Answer ALL questions. 100 marks. 2 HOURS

ANSWERS MAY BE IN NOTE / LIST FORM. DICTIONARIES AND CALCULATORS CAN BE USED.

1. What was the US1929 crash and The New Deal? (4 marks)
2. What institutions were created at Bretton Woods? (3 marks)
3. Why did the EU decide to launch the Galileo project? (3 marks)
4. What is EGNOS? (3 marks)
5. Eurozone countries should apply the Growth and Stability Pact; what does it consist of? (3 marks)
6. Some economists foresee serious world food security problems by the year 2050. What might the causes and consequences be? (5 marks)
7. If the Bulgarian economy (whose exports are mainly clothing, footwear, iron and steel, machinery and equipment) were suffering from inflation, what fiscal or monetary changes should it make, and how would this effect its trade with the Eurozone countries? (5 marks)
8. What were the proposed benefits and potential disadvantages behind the creation of the Euro? (2 marks)
9. What is the current state of EU energy security? (3 marks)
10. If I increase the interest rate, how will it affect: Consumer saving, Employment, Currency value, Exports and Inflation (5 marks)
11. If Ireland (a member of the Eurozone), were suffering from deflation, what measures should it take and what might be the consequences? (5 marks)
12. What is meant by: EEA, ECB, EMU and WTO? (4 marks)
13. Croatia wants to join the European Union. What criteria should it fulfill? (5 marks)
14. Give some reasons for the success of Airbus against Boeing (3 marks)
15. List advantages and fears about Turkey joining the EU (4 marks)
16. What were the causes of the US-based 2008 crash? (3 marks)
17. I am a UK producer of washing machines (with high negative elasticity). I import 70% of the raw materials from China and 80% of my production is exported to the EU. The ECB has just decreased the EU interest rate. The UK has increased the pound interest rate. What will be the consequences for my company? (6 marks)
18. What led to the creation of the CAP and how does it function? (4 marks)
19. I normally sell 5,000 lawnmowers per year. If the elasticity of my product is -1.5, and I decrease the price by 20%, what will my new sales be? (4 marks)
20. What is the Schengen Agreement? (3 marks)
21. What are the differences of increasing the following different taxes?

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Income tax, Corporation tax, Value-Added Tax, Duties (alcohol, tobacco etc.) *(4 marks)*

22. When a government prepares its annual budget, how does it calculate tax revenues? *(2 marks)*
23. Why has the EU been criticised for the CAP subsidising food exports? *(3 marks)*
24. What was the reason behind the creation of the CAP? *(4 marks)*
25. New EU members should join EMU (the Eurozone); what criteria should they fulfill? *(5 marks)*
26. How can fiscal policy (taxes and tax subsidies) affect producer and consumer behaviour in the electricity market? *(5 marks)*