

Practise Midterm

This is a 90 min exam. There are three equally weighted questions. Please read them carefully and answer each of them. If you have problems understanding a question please ask. *Good luck, viel Glück, bonne chance, y mucha suerte !!!*

Question 1: Consider the European developments after 1945.

- a) Explain the problem of the dollar shortage and how different programs/events can be interpreted as attempts to alleviate said shortage.
- b) Describe the European Coal and Steel Community. To what extent was it a precursor of the European Union, to what extent did it differ from later developments?
- c) List all the members of the European Union and their year of accession.

Question 2: Forms of Regional Economic Integration.

- a) List (at least) three forms of regional economic integration and define them.
- b) Explain the notions of trade creation and diversion using an appropriate diagram. Can we say theoretically which effect will dominate?
- c) Discuss why one might expect the common external tariff of a customs union to exceed the previous national tariffs.

Question 3: Factor Mobility.

- a) What distinguishes migration from other forms of factor mobility?
- b) In an appropriate diagram, analyze how factor mobility increases economic efficiency.
- c) Discuss obstacles that still hinder factor mobility in Europe.