

University of Wuppertal
Department of Management and Economics
Master's Degree in Economics (MSc Econ)
Special Focus: Internationalization and Economic Policy

Module: Economic Integration (Prof. Welfens)
Date of Exam: 23.09.2011
Duration: 90 minutes
Allowed utilities: none

All questions have to be answered, therefore each bloc should be answered within 30 minutes.

Economic Dynamics and Integration in Eastern Europe and Asia

1. Which effects can be expected from regional economic integration? In this context you should discuss options for optimum exchange rate regimes for the ASEAN countries. (15 P.)
2. Describe reasons for the economic recovery in Eastern Europe after the financial crisis. (15 P.)

Simulation Models for Policy Analysis

1. Explain the role of expectations for investment and consumption, respectively; and for modern macroeconomic models. (10 P.)
2. After the banking crisis in the US and the EU many European countries are now facing a government debt financing crisis. At the same time there is the risk of a "double dip" in the US: That means a second recession could realize shortly after the relatively weak economic upswing. What would be the main effect of a US recession for Europe and why are the policy options for both monetary policy and fiscal policy so restricted in many Eurozone countries? What are the effects of increased equity capital requirements on banks for investment and growth? (20 P.)

Monetary Integration

1. Define monetary integration and explain the economic logic of the convergence criteria for Economic and Monetary Union in the European Union. (10 P.)
2. The Eurozone is facing serious problems in 2010/11 as there are several countries with government debt refinancing problems. Explain the logic of Optimum Area Criteria and suggest policy reforms for crisis countries such as Greece, Ireland and Spain – the reforms should be designed in a way that the countries mentioned could remain in the Euro zone. (20 P.)