

Economics of the EU

Part 1

Prof. Raul Caruso

Exam 30-5-2025

- Answer two of the following questions at your choice
- Available time: 1 hour

Question 1 Is there a European labour market? Please discuss this question and highlight: (i) whether trade integration has determined also a labour market integration; (ii) the impact of migration on labour markets in the EU.

Question 2 Has EU cohesion policy been effective on EU economic growth and convergence? Please answer and motivate.

Question 3 Can European integration be credited for income convergence among European regions? Please answer and motivate.

Question 4 Please describe in detail the price supports of the CAP. Explain also the consequences of such mechanisms on: (i) the EU budget; (ii) world prices of agricultural commodities.

Economics of the EU Part 2

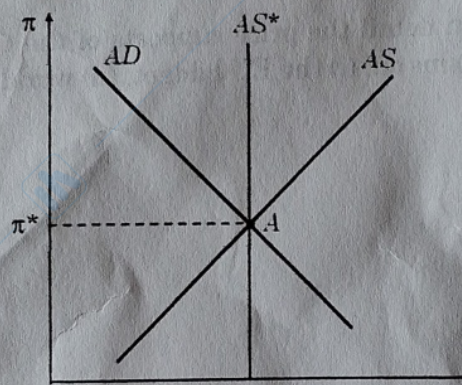
Prof. Roberto Tamborini
Exam 30-5-2025

- Answer two of the following questions at your choice
- Available time: 1 hour

Question 1

One of the key principles of the fiscal rules of the EMU is that governments should abstain from creating "excessive deficits". Using the AD-AS graph below, explain

- a) the notion of excessive deficit
- b) why this is seen as a problem (negative externality) for other countries in the Union.



Question 2

The design of the ECB is seen as a specific aspect of the more general interpretation of the EMU as the accomplishment of a Franco-German compromise. Explain this interpretation with reference to the difference between the Anglo-French and the German model of central bank.

Question 3

One of the costs of joining a monetary union is the problem so-called "one-size-does-not-fit-all" due to monetary policy decided by the single central bank instead of the national central bank. To exemplify this problem:

- a) draw the AD-AS graph for a small country in the EMU: what is the key difference with respect to having its own national central bank?
- b) consider a fall in aggregate demand: can this shock be stabilised by the ECB?

Question 4

In the OCA literature and in the approach to the creation of the EMU, the problem of asymmetric shocks was regarded as one of paramount importance. Explain for what reasons the problem has progressively been downgraded.