

# **ECON5335 – International Economics**

**Fall Semester, 2015**

## **Midterm II Exam Review**

### **General**

- You will have 90 minutes to do the exam
- Calculators are permitted and dictionaries for international students are permitted
- No notes or books or other materials permitted
- All questions will be answered in pen or pencil legibly written on the exam
- The Midterm II exam will focus on material taught in the second half of semester

### **Examples**

**Section A – Short answer questions** (Do 5 out of 6 questions) 8% each question  
Total = 40% of total

Examples from the second half of the course:

1. What is uncovered interest parity? What factors would impede uncovered interest parity from operating?
2. What are the two types of FDI that we identified in the course. Give an example of each. What are the advantages of FDI for developing countries?
3. If a country experiences hyperinflation, what would expect to happen to the exchange rate, and why? How might stop the hyperinflation be stopped?

**Section B – Long answer questions** ( - do 2 out of 3 questions) 30% each question  
Total = 60% of total

Examples from the second half of the course:

1. What different exchange rate regimes are there? What are the challenges in adopting a hybrid exchange rate regime and why do you think there has recently been a tendency for more countries to move to the extremes in the spectrum of different regimes?
2. What are the steps of economic integration? For the EU, which stages of economic integration has the EU accomplished, and has each stage been partially or wholly completed? What further steps would have to be taken for the EU to become more like the US?