

The process of european economic integration (since 1945)

Academic Year: ( 2020 / 2021 )

Review date: 22-06-2020

Department assigned to the subject: Social Sciences Department

Coordinating teacher: BATTILOSSI , STEFANO

Type: Electives ECTS Credits : 6.0

Year : Semester :

## REQUIREMENTS (SUBJECTS THAT ARE ASSUMED TO BE KNOWN)

International trade.  
Macroeconomics (intermediate level)

## OBJECTIVES

Knowledge:

- to analyze the characteristics of the process of European integration in the perspective of new institutional economics and its achievements in terms of institution building (new rules affecting the behavior of governments, firms and markets) and institutional integrations (reallocation of policy competences from national governments to supranational institutions);
- to analyze the relationship between economic integration, growth and patterns of spatial distributon of economic activities in Europe in the long run, within the framework of different models of trade and international specialization;
- to assess the impact of the creation and development of the European Economic Community (EEC) and the European Union (EU) on the creation of a single market for goods, services and factors of production (capital and labour) in Europe;
- to assess the role of the EEC-EU in the long-run process of monetary integration and macroeconomic coordination in Europe over the XX century until today.

Skills:

- to develop basic skills related to processing and analysis of quantitatie data, in relation with quantitative methods such as growth accounting and indicators of specialization and integration;
- to develop basic skills related to text analysis, collection and processing of information, precision in the use of analytical concepts, clarity in the establishment of causal connections;
- to develop advanced skills related to comparison of texts, estimation and use of quantitative indicators, writing a text according to academic and scientific criteria;
- to develop skills related to the oral presentation to a public audience of the results of his/her work.

Attitudes:

- an open attitude towards different approaches to, and dimensions of economic integration
- a flexible attitude to raise and accept constructive criticism
- an open attitude towards discussing solutions to current problems of the European Union
- curiosity towards complex issues.

## DESCRIPTION OF CONTENTS: PROGRAMME

1) The process of institutional integration

- Defining integration: negative vs positive
- Theory of Regional Economic Associations; enlargements and domino effects
- Stages and turning points: from the EEC to the UE
- Constitutional treaties and principles: Rome 1957, Maastricht 1992, Lisbon 2007
- Creeping competences and the subsidiarity principle: does the EU do what it should?
- Historical evolution of common policies and the budget: how the EU spends its resources
- Historical evolution of decision rules: measuring power and forming coalitions; is EU decision making efficient?

2) The process of economic integration

- Liberalization, customs union and single market
- Factor market integration: labor and capital
- Single market and scale economies: the defragmentation of the European market in the 1980s-90s

- Growth effects of European economic integration: theory and facts
- Consequence of economic integration for European specialization and economic geography

### 3) The process of monetary integration and macroeconomic coordination

#### Macroeconomic tools:

- Exchange rate regimes and economic policy: the "impossible trinity"
- External equilibrium and balance-of-payments adjustment
- Costs and benefits of a single currency: the theory of Optimum Currency Areas
- Currency crises: first, second and third generation models

#### History

- Monetary integration and macroeconomic coordination in Europe in the XX century: Gold Standard (1870-1931), Bretton Woods (1946-73), Monetary Snake (1973-79) and European Monetary System (1979-1998)
- The Economic and Monetary Union (EMU): is Europe an optimum currency area?
- Eurozone's architecture, ECB's monetary policy and the European crisis 2008-18

## LEARNING ACTIVITIES AND METHODOLOGY

Students will develop their knowledge and attitude skills by:

- attending lectures, in which analytical concepts and historical developments of the topics of the syllabus will be explained (in the academic year 2020-21 they will be taught in the format of online synchronous teaching for aggregate group through the Blackboard Collaborate platform)
- attending training sessions, in which they will learn techniques of data processing and analysis (in the academic year 2020-21 they will keep the format of face-to-face teaching for reduced groups)
- undertaking weekly or fortnightly assignments, based on readings and data sets;
- writing an essay.

The course will be articulated as follows.

Students will receive four sets of teaching material, including:

- a) materials for lectures, training sessions and exercises (power point slides of lectures, mandatory readings, data bases)
- b) training sessions will require the estimation of the sources of growth (growth accounting) and indicators of specialization and integration. Students will work in small groups in order to enhance the ability to work in team. Basic knowledge of Excel is required.
- c) exercises will include multiple choice and short questions to control the level of assimilation of mandatory readings, or the solution of simple quantitative exercises. Students are allowed to work in group, exercises will be handed in in written format to the professor and will be discussed in class.
- d) a list of topics with related bibliographical references for the final essay. Essays will be individual in order to foster the ability to work alone. A short document about "How To Write An Essay" will be included, in order to allow students to assimilate the basic criteria required for academic works. Students will also have the opportunity to present to the rest of the class the main results of their essay.

At the start of the course students will receive a timetable with full details of lectures, training sessions, exercises, essay writing and presentation.

The course is worth 6 ECTS, which include 3 ECTS for class attendance, 2 ECTS for group work in training sessions and exercises, and 1 ECTS of individual work for essay writing and presentation.

## ASSESSMENT SYSTEM

Final grade will be assigned as follows:

- final exam (with the possibility of a mid-term exam): 50%
  - continuous evaluation (assignments, exercises in class, essays): 50%
- Passing the final exam is a necessary requirement for passing the course.

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|-----------------------------------------------------------------------------|----|
| <b>% end-of-term-examination:</b>                                           | 50 |
| <b>% of continuous assessment (assignments, laboratory, practicals...):</b> | 50 |

## BASIC BIBLIOGRAPHY

- Baldwin R., Wyplosz C. The Economics of European Integration, McGraw Hill Higher Education, 2010
- De Grauwe P. The Economics of Monetary Union, Oxford University Press, 2012
- Dyson K., Featherstone K. The Road to Maastricht, Oxford University Press, 1999
- Eichengreen B. Globalizing Capital. A History of the International Monetary System, Princeton University Press, 1996

- Eichengreen B. The European Economy Since 1945: Coordinated Capitalism and Beyond, Princeton University Press, 2008.
- Eichengreen B. European Monetary Unification, The MIT Press, 1998

#### ADDITIONAL BIBLIOGRAPHY

- AA.VV. ¿The Case of Greece, Spain, Ireland and Portugal¿, Vol. 2, Single Market Review, 1997, Subseries VI, Vol. 1, ¿Regional Growth and Convergence¿;
- AA.VV. ¿Trade Creation and Trade Diversion¿, Vol. 3, The Single Market Review, 1997, Subseries IV, Vol. 2, ¿Trade Patterns Inside the Single Market¿.
- Alesina A., Angeloni A., Schuknecht L. What does the European Union do?, Public Choice, 2005, 123, pp. 275-319.
- Baldwin R. Study on the impact of the euro on trade and foreign investment, European Commission. Directorate General for Economic and Financial Affairs, 2008.
- Baldwin R. "The Euro's trade effect", European Central Bank Working Papers, 2006, n. 594.
- Berger H., Nitsch V. Zooming out: the trade effect of the Euro in historical perspective, Journal of International Money and Finance, 27, pp. 1244-1260, 2008
- Crafts N. ¿The Golden Age of Economic Growth in Western Europe, 1950-1973¿, The Economic History Review, 48, n. 3, 1995, pp. 429-447.
- Ederveen S., Gelauff G., Pelkmans J. Assessing subsidiarity, CPB Document, n. 133, November 2006
- Eichengreen B. European monetary unification, Journal of Economic Literature, 31, 1993, pp. 1321-1357.
- Giavazzi F., Giovannini A. Limiting Exchange Rate Flexibility: The European Monetary System, Cambridge Mass, MIT Press, 1989.
- Gros D., Thygesen European Monetary Integration: From the EMS to the EMU, London, Longman, 1992.
- Jacquemin A., Sapir A. ¿European Integration or World Integration?¿, Weltwirtschaftliches Archiv, v. 124, n. 1, 1988.
- Kahanec M., Zimmermann K.F. Migration in an enlarged EU: a challenging solution?, European Economy - Economic Papers n. 363 (DGEFA European Commission), March 2009
- Midelfart Knzrvick K., Overman H., Redding S., Venables A. The Location of European Industry, Economic Papers, n. 142 (report prepared for the DGEFA of the European Commission), April 2000
- Pelkmans J. Testing for subsidiarity, BEEP (Bruges European Economic Policy) Briefing n. 13 (College of Europe), February 2006
- Sapir A. ¿Regional integration in Europe¿, The Economic Journal, 102, 1992, pp. 1491-1506.
- Sapir A. "Domino Effects in Western European Regional Trade, 1960-1992", European Journal of Political Economy, 17, 2001, pp.377-388.

#### BASIC ELECTRONIC RESOURCES

- . EUROSTAT database: <http://ec.europa.eu/eurostat/data/database>
- . OECD Statistics: <http://stats.oecd.org/>
- . EUR Lex European Treaties: <http://eur-lex.europa.eu/collection/eu-law/treaties.html>
- EUROPEAN UNION . Policy areas: [http://https://europa.eu/european-union/topics\\_en](http://https://europa.eu/european-union/topics_en)