



The Process of European Economic Integration

Bachelor Degree in Economics

Academic Course: (2018/ 2019)

Elective
ECTS Credits: 6.0
Course: 3rd
Semester: 2

INSTRUCTOR

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Office hours: Monday, 13:00-14:00 h. or by appointment

CLASSES

Room 7.1.6

-Lectures: Monday, 9:00-10:30 am

-Practices: Thursday, 9:00-10:30 am

CONTENT DESCRIPTION

This course provides a long-run view of the origins and historical developments of the European Economic Community (EEC) and the European Union (EU) since the 1950s in a macroeconomic history perspective. It focuses on the two main outcomes of European integration: the establishment of a Single Market and the introduction of a Single Currency – two side of the same coin (“one market, one money”) according to the official view of European institutions. The course provides analytical insights on both aspects of European integration and critically discusses their complementarity. Learning is structured in three modules. The first one provides the necessary historical background in order to understand the unique characteristics of European integration as a process of “institutional integration” in different policy areas, leading over time to a Europe-wide system of multilevel governance. The second and third modules deal with the origins and consequences of the Single Market and the EMU (Economic and Monetary Union), respectively. In both modules, key concepts from macroeconomic theory are used to understand the policy dilemmas that in different historical periods motivated European governments’ search for a regional area of economic integration, exchange rate stability and monetary coordination.

Module 1. HISTORY AND INSTITUTIONS

Key concepts

-Stages of regional integration; negative vs positive integration; subsidiarity.

History

-Origins of European integration; treaties, milestones and turning points; EU institutions, decision-making and competences allocation.

Module 2. ONE MARKET

Key concepts

-Solow model; convergence; growth accounting and decomposition; supply side policies; agglomeration effects.

History

-Phases and determinants of European growth and convergence; the creation of a Single Market; consequences for Europe's specialization and economic geography.

Module 3. ONE MONEY

Key concepts

-The "impossible trinity"; macroeconomic adjustment; currency crises; Optimum Currency Areas.

History

-Bretton Woods and early plans for European monetary integration, 1945-73; macroeconomic divergence: the "Snake", 1973-79; macroeconomic convergence: the European Monetary System, 1979-1991; Maastricht, the EMS crisis and the roadmap to the Euro, 1992-1998; the Euro Area experience: what went wrong?

COURSE ORGANIZATION

The objective of lectures is to present, explain and discuss key concepts, analytical tools and historical developments. Practices focus on specific aspects of empirical analysis and give students the opportunity to improve their skills in information collection, data management and professional/academic writing. For the practices, students will form groups of three in order to enhance their ability to work in team. A basic command of Excel is required.

COURSE MATERIAL

The course materials are available on Aula Global. They include:

- a) lecture slides
- b) instructions and datasets for practices
- c) compulsory and optional readings
- d) samples of past exams
- e) detailed course schedule

GRADING

The final grade is determined as follows:

-exam (partial and final): 60%

-practices: 40%

Attendance and participation are not formally graded but will be taken into account.

READINGS

Compulsory readings are selected chapters from the following two textbooks:

-Richard Baldwin & Charles Wyplosz, *The Economics of European Integration*, McGraw Hill Higher Education, 2014 (5th edition) [Library: S 339.923(4) BAL]

Chapters:

-1, History, pp. 3-31

-2, Facts, law, institutions and the budget, pp. 37-69

-3, Decision making, pp. 71-96

-6, Market size and scale effects, 147-161

-7, Growth effects and factor market integration, pp. 167-182

-10, Location effects, economic geography and regional policy, pp. 241-261

-13, Essential macroeconomic tools, pp. 299-326

-14, Essential facts of monetary integration, pp. 327-348

-15, Optimum currency areas, pp. 349-386

-16, The European monetary union, pp. 389-418

In total, 227 pages.

-Eichengreen B., *The European Economy Since 1945: Coordinated Capitalism and Beyond*, Princeton University Press, 2008 [Library: S 338.1E(4) EIC]

Chapters:

-2, Mainsprings of growth, pp. 15-51

-3, The postwar situation, pp. 52-85

-6, The integration of Western Europe, pp. 163-197

-8, Mounting payments problems, pp. 225-251

-9, Declining growth, rising rigidities, pp. 252-293

-11, Integration and adjustment, pp. 335-378

In total, 213 pages

Further optional readings will be specified in class and made available on Aula Global.

ATTENDANCE, PARTICIPATION AND CLASSROOM BEHAVIOR

Attendance to all sessions is strongly recommended in order to succeed in this class. Students who expect to be unable to attend regularly should inform the instructor in order to discuss the appropriate arrangements. Each student is responsible for keeping up with the assigned materials and being aware of schedule changes.

Students should be respectful of the classroom, the space, and each other. During class activities, you are expected to remain respectful of your fellow students and their perspectives. Examples of disruptive behavior include, but are not limited to, consistently showing up late to class, leaving early without prior approval, walking out in the middle of a lecture without prior approval, or chatting and being noisy in the middle of a lecture or another student's discussion. Please notice that the use of mobile phones in the class is disruptive and prohibited. If you insist on showing any disruptive behavior in the class, you may be asked to leave the room

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