



The Process of European Economic Integration

Bachelor Degree in Economics

Academic Course: (2017 / 2018)

Elective

ECTS Credits: 6.0

Course: 3rd

Semester: 2

INSTRUCTOR

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CLASSES

Room 7.1.6

-Monday, 9:00-10:30 am

-Thursday, 9:00-10:30 am

CONTENT DESCRIPTION

The course is organized in two parallel learning modules. The first module, based on lectures, seminars and discussions, aims to analyze the policy areas in which the European Union has intervened since its foundation in the 1950s. Here we use the key concepts of "institutional integration" and "subsidiarity" in order to develop informed opinions about whether the current allocation of competences between national and European authorities is justified from the point of view of economic theory. The second module, based on lectures, provides a long-run view of the origins and historical developments of European monetary integration in a macroeconomic history perspective. Here we employ key concepts from macroeconomic theory to understand the economic policy dilemmas that in different historical periods have driven European governments' search for a regional area of exchange rate stability and monetary coordination. In doing so, the experience of European monetary arrangements since the 1970s (the "Snake", the European Monetary System, and the Economic and Monetary Union) is gauged against the characteristics and performance of the global monetary regimes (the Gold Standard, the interwar Gold Exchange Standard, the Bretton Woods system) of which European countries were part over the course of the 20th century.

Module 1. Institutional integration and the allocation of competences: does the EU do what it should?

Key concepts

- Global vs regional integration
- Institutional integration
- Subsidiarity

History

- Origins of European economic integration
- Milestones in European institutional integration
- The economic constitutions of the EEC/EU: from Rome to Maastricht
- European institutions, decision-making and competences allocation

Module 2: A century of monetary integration: from gold to the Euro

Key concepts

- The "impossible trinity"
- Adjustment
- Optimum Currency Areas

History

- The classical Gold Standard and the interwar Gold Exchange Standard, 1870-1931
- Bretton Woods and early plans for European monetary integration, 1945-73
- Nominal divergence and financial disintegration: the "Snake", 1973-79
- Promoting nominal convergence and financial integration: the European Monetary System, 1979-1991
- Maastricht, the EMS crisis and the roadmap to the Euro, 1992-1998
- The Eurozone crisis: what went wrong?

LEARNING ACTIVITIES AND METHODOLOGY

Lectures have the objective to present, explain and discuss analytical concepts and historical developments of the topics of the syllabus. Seminars are devoted to specific issues and give students the opportunity to improve their skills in text analysis, information collection, essay writing, data management and presentation. For the seminars, students will form groups of four in order to enhance their ability to work in team. Each group will write an essay of max. 5,000 words and will present and discuss it with the rest of the class.

Topics for the essay

- The Single Market*
- Common Agriculture Policy*
- Regional Cohesion*
- Competition*
- Environmental Policy*
- Energy*

- Transports
- Research and Innovation
- Taxation
- Employment and social policies

COURSE MATERIAL

The course material is available on Aula Global. It includes:

- a) lecture slides
- b) guidelines for seminars
- c) readings
- d) samples of past exams
- e) course schedule

ASSESSMENT METHOD

Final grade will be calculated as follows:

- exams: 60% (there will be a partial exam on March 22)
- seminars (team work, essay and presentation): 40%

COMPULSORY READINGS

(Highlighted in yellow are readings for the partial of March 22)

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

Chapters:

- 1, History, pp. 3-35
- 2, Facts, law, institutions and the budget, pp. 37-70
- 3, Decision making, pp. 71-96
- 13, Essential macroeconomic tools, pp. 299-326
- 14, Essential facts of monetary integration, pp. 327-348 (for partial exam, only pp. 328-333 and 347-348)
- 15, Optimum currency areas, pp. 349-386
- 16, The European monetary union, pp. 389-418
- 17, Fiscal policy and the Stability Pact, pp. 419-444
- 19, The Eurozone in crisis, pp. 479-513

In total, 263 pages.

-Eichengreen B., *Globalizing Capital. A History of the International Monetary System*, Princeton University Press, 2008 (2nd edition) [Library (1996 edition): S 339.7(09) EIC]

Chapters:

- 2, The Gold Standard, only pp. 24-42
- 3, Interwar instability, only pp. 55-65 and 70-82
- 4, The Bretton Woods system, pp. 91-133
- 5, After Bretton Woods, only pp. 149-178

In total, 111 pages.

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

Chapters:

-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, pages 167
