UG Course Outline
EC3358: Economics of the European Union
2018/19

Course overview
European integration spearheaded by the European Union and its predecessors represents one of the most important economic and political developments in Europe since the Second World War. This course aims to introduce students to the economic rationale behind the process of European integration, covering both microeconomic and macroeconomic aspects, including the creation of the single market, the creation of the euro and the recent crisis in the Eurozone. Students will learn about the most important European institutions and policies with a focus on their economic functions. The course is taught at an advanced undergraduate level.

Learning Outcomes
Upon completion of the course the students should

- Understand the main effects of trade integration within Europe and, particularly, of the creation of the single market;
- Realize the principal costs and benefits of monetary integration and the debate around the optimal currency area as it applies to the Eurozone;
- Analyse the main aspects of the Eurozone crisis;
- Comprehend the main policies and institutions of the EU;
- Discuss the recent political implications of EU enlargement.

Prerequisites
The prerequisites are EC2201, EC2202.

Course delivery
The course is taught through a two-hour lecture and a one-hour seminar every week. The lectures apply a microeconomic and a macroeconomic approach to EU integration. Specifically, the first part of the course focuses on the development of the single market: the labour, capital, and product markets of the EU. The second part of the course will zoom in on the evolution of the European Monetary Union, the Euro and its pros and cons. The second part will also discuss contemporary issues in the post-crisis economic and political environment. The seminars review problems related to the lectures, present and produce empirical evidence of the hypotheses discussed in class, as well
as prepare students for exams. Lectures and seminars are complementary ways of achieving the learning outcomes in this course. To obtain a good result in the course students are advised to attend all lectures and seminars, to complete the assignments on time, and read the relevant chapters from the textbook on a weekly basis.

Please note that attendance will be taken at each seminar for each student. Excessive seminar absences (more than 4 absences) may result in the student being barred from the final exam, as specified in the Economics Department UG Handbook.

Course assessment

The final mark is composed of:

- Coursework 10%
- Midterm Exam 20%
- Final Exam 70%

Coursework: 2 individual homeworks (2.5% each); group discussions (5% total)

The individual homeworks will help you get ready for the midterm and final exam. They may be a mix of multiple choice, short open-ended questions, and brief 300-word (max!) position statements on a certain hot topic from the history of the European Union or from our own time. They will be checked for plagiarism through Turnitin.

The group discussions will proceed as follows. In the beginning of a certain seminar, which may happen at any time during the semester and may not be announced in advance, the class will be divided into three groups: 1) the incumbent party; 2) the opposition; 3) the voters. Each student will participate in one of these three groups only once. The incumbent party representatives will formulate and defend a policy proposal related to a certain EU-related topic. The opposition will try to find loopholes in the proposal, and will formulate and argue for an alternative proposal. In the end of the class the voters will decide the winning proposal, and voter representatives will explain their vote. The seminar teacher will grade how the incumbents, the opposition and the voters argue in favour or against the policy proposal. Each participation as an incumbent or an opposition gives you up to 2%. Each participation as a voter gives you up to 1%. The goal of the group discussions is to prepare students to either rule or oppose, or be informed voters. Students missing from the group discussions will lose the chance to make those points up.

Exams: Both midterm and final exams will be closed book, closed notes exams. They will cover the material discussed in lectures and seminars and will test your knowledge and understanding of the material covered in the course, and your ability to relate the material to contemporary events from the European economic and political environment. The exams may be purely multiple choice or open-ended exams, as well as any combination of those.

Make-up examinations: It is your responsibility to arrive at the exam on time. Exams will be held in our regular classroom. Students who arrive late will not be given additional time, and anyone arriving after other students have finished will not be permitted to take the exam. Failing to take a scheduled examination will result in a score of 0. ‘Make-up’ examinations are not allowed, unless the student has been missing for proven medical reasons. No exam will be made-up after it has been graded and returned to the class.
The current UG Handbook shows the week the midterm test will take place.

Academic Integrity and Dishonesty: Cheating and plagiarism will not be tolerated.

Reading

The main text for this course is:


A supplementary text provides a different angle on some of the issues covered in class. If you would like to expand your views on the class topics, please consult the following text:


Note that the lectures, the seminar discussions, and most of the assignments and exams will be based on the main text.

Handouts. Class presentations and, in some cases, seminar memos will be provided on either moodle or a specifically designed class website.

Tentative Schedule

Week 1. How did the EU begin and how does it look today? BW, Ch. 1-3

Week 2. Microeconomic tools to understand EU integration. BW, Ch. 4-5.

Week 3. Microeconomic effects of EU integration: size, scale and growth. BW, Ch. 6-7

Week 4. The economics of the EU labour market. BW, Ch. 8

Week 5. The Common Agricultural Policy and the EU regional policy. Competition, State Aid and Trade policies in the EU. BW, Ch. 9-12.

Week 6. Reading week, no classes.

Week 7. Midterm exam (covers BW, Ch. 1-12, and the material discussed in class)

Week 8. Macro tools to understand monetary integration. BW, Ch. 13.


Week 10. The EMU. The EU fiscal policy. BW, Ch. 16-17

Week 11. The Euro, the Euro crisis, and political implications of EU integration. BW, Ch. 18-19

Week 12. Reading week, no classes.

The Final exam will be administered in the Summer term.

Best of luck,

P. Stankov