

**DEREE COLLEGE SYLLABUS FOR: EC 3232 ECONOMICS OF EUROPEAN UNION**

**UK LEVEL: 5**  
**UK CREDITS: 15**  
**US CREDITS: 3/0/3**

(Updated Spring 2021)

**PREREQUISITES:**

EC 1000 Principles of Microeconomics  
 EC 1101 Principles of Macroeconomics

**CATALOG DESCRIPTION:**

The political and institutional framework of the European Union. The Union's agricultural, industrial, social, monetary and regional policy. Theory and practice of economic integration.

**RATIONALE:**

The study of market integration is valuable in contemporary society. This course provides a thorough understanding of the EU, focusing on EU policies that affect households and firms that operate inside and outside the EU. The course applies economic theory to the real world and addresses pertinent tradeoffs and challenges.

**LEARNING OUTCOMES:**

- As a result of taking this course, the student should be able to:
1. Understand the tradeoffs in relation to the level of centralization of EU decision making
  2. Analyze the effects of a customs union on trade and economic development.
  3. Demonstrate detailed knowledge of the distributional and efficiency effects of factor mobility.
  4. Analyze the impact of market integration on various market structures.
  5. Identify the advantages and disadvantages of a common currency.
  6. Critically evaluate the microeconomic and macroeconomic policies of the EU.

**METHOD OF TEACHING AND LEARNING:**

- In congruence with the learning and teaching strategy of the college, the following tools are used:
- Classes consist of lectures and class discussions of recent articles assigned by the instructor.
  - Office hours: students are encouraged to make full use of the office hours of their instructor, where they can ask questions and go over lecture material.
  - Use of Blackboard, where instructors post lecture notes, assignment instructions, timely announcements, as well as additional resources.

**ASSESSMENT:**

<b>Summative:</b>	
1 <sup>st</sup> assessment: In-class written examination (One-hour, closed book, problems/essays combination)	<b>40%</b>
Final assessment: In class written examination (Two-hour, closed book, comprehensive, problems/essays combination)	<b>60%</b>

	<p><b>Formative:</b></p> <table border="1" data-bbox="483 239 1490 275"> <tr> <td data-bbox="483 239 1250 275">Practice Problem Sets</td> <td data-bbox="1250 239 1490 275">0%</td> </tr> </table> <p>The formative problem sets prepare students for the summative examinations and ensure that students are actively engaged during the term.</p> <p>The 1<sup>st</sup> assessment tests Learning Outcomes 1 and 2. The final assessment tests Learning Outcomes 1, 2, 3, 4, 5, 6, with emphasis on 3, 4, 5, 6.</p> <p>The final grade for this module will be determined by averaging all summative assessment grades, based on the predetermined weights for each assessment. If students pass the comprehensive assessment that tests all Learning Outcomes for this module and the average grade for the module is 40 or higher, students are not required to resit any failed assessments.</p>	Practice Problem Sets	0%
Practice Problem Sets	0%		
<p><b>INDICATIVE READING:</b></p>	<p><b>REQUIRED READING:</b></p> <p>Baldwin, R. and Wyplosz, C., The Economics of European Integration. McGraw-Hill, latest edition.</p> <p>Journal articles, accessible through the Library, as assigned by the instructor.</p> <p><b>RECOMMENDED READING:</b></p> <p>Campos, N.F., Coricelli, F. and Moretti L., 2014 - Economic Growth and Political Integration: Estimating the Benefits from Membership in the European Union Using the Synthetic Counterfactuals Method</p> <p>De Grauwe, P. 2020. Economics of Monetary Union, 13th edition, Oxford University Press</p> <p>Eichengreen, B. 2012. European monetary integration with benefit of hindsight, JCMS: Journal of Common Market Studies, Wiley Online Library</p> <p>Hansen J. and J. Nielsen. An Economic Analysis of the EU. McGraw-Hill, latest edition.</p> <p>Hitiris, T. European Union Economics. Prentice Hall, latest edition.</p> <p>Hobolt, S. B., Leblond, P. Bermeo, N., Bartels L. 2013. Economic insecurity and public support for the euro.</p> <p>Kuhn, T. and Stoeckel, F. 2014. When European integration becomes costly: the euro crisis and public support for European economic governance, Journal of European Public Policy.</p>		

	<p>McCormick, J. and Olsen J. 2013. The European Union: politics and policies.</p> <p>Moore, G.G.C. 2014. The Open Society and Its Enemies in East Asia: The Relevance of the Popperian Framework.</p> <p>Sapir, A. 2011. European Integration at the Crossroads: A Review Essay on the 50th Anniversary of Bela Balassa's "Theory of Economic Integration"- Journal of Economic Literature.</p> <p>Spolaore, E. What is European integration really about? A political guide for economists, nber.org</p> <p>Spolaore, E. The Political Economy of European Integration. 2014. sites.tufts.edu</p>
<p><b>INDICATIVE MATERIAL:</b> (e.g. audiovisual, digital material, etc.)</p>	<p><b>REQUIRED MATERIAL:</b> N/A</p> <p><b>RECOMMENDED MATERIAL:</b> N/A</p>
<p><b>COMMUNICATION REQUIREMENTS:</b></p>	<p>Use of appropriate academic conventions as applicable in oral and written communication.</p>
<p><b>SOFTWARE REQUIREMENTS:</b></p>	<p>Word, Excel</p>
<p><b>WWW RESOURCES:</b></p>	<p><a href="http://www.ft.com">www.ft.com</a>, <a href="http://www.economist.com">www.economist.com</a>  <a href="https://ec.europa.eu/">https://ec.europa.eu/</a>,  <a href="https://ec.europa.eu/info/departments/economic-and-financial-affairs_en">https://ec.europa.eu/info/departments/economic-and-financial-affairs_en</a>,  <a href="https://www.ecb.europa.eu/">https://www.ecb.europa.eu/</a>,  <a href="https://www.consilium.europa.eu/en/">https://www.consilium.europa.eu/en/</a>,  <a href="http://www.esm.europa.eueiop.or.at/erpa">www.esm.europa.eueiop.or.at/erpa</a></p>
<p><b>INDICATIVE CONTENT:</b></p>	<ol style="list-style-type: none"> <li>1. The history and the institutions of the European Union <ol style="list-style-type: none"> <li>a. The historical development of the EU</li> <li>b. The institutions of the EU</li> <li>c. Division of power between the EU and the member states—theory of fiscal federalism</li> <li>d. Distribution of political and institutional power within EU</li> </ol> </li> <li>2. The Microeconomics of European Integration and EU policies <ol style="list-style-type: none"> <li>a. Analysis of tariffs, and trade policy</li> <li>b. Preferential liberalization</li> <li>c. Market size and scale effects—the BE-COMP model</li> <li>d. Factor market integration and labor mobility</li> <li>e. Common Agricultural Policy and its impact</li> <li>f. Competition Policy</li> </ol> </li> <li>3. Monetary Integration and EU macroeconomic policies</li> </ol>

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|  | <ul style="list-style-type: none"><li>a. Closed and open economy macroeconomic models</li><li>b. The impossible trinity principle</li><li>c. Exchange rates</li><li>d. Optimum Currency Areas</li><li>e. The European Monetary Union: institutions, and impact</li><li>f. Fiscal policy in the monetary union</li><li>g. The financial markets and the Eurozone</li><li>h. The economic crisis and the European response.</li></ul> |
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