

Economics and European Integration

Prof. Dr. Volker Nitsch

Email Address:	fubest@fu-berlin.de
Live Sessions:	Monday, 7 – 9 p.m. CET (Berlin time)
Duration:	Aug. 30 – Nov. 29, 2021
Language of Instruction:	English
Contact Hours:	30
ECTS Credits:	6

Course Description

What is today's role of the European Union? After decades towards greater integration, economic relationships have recently become more fragile. Examples of the rise of disintegration include tendencies of secession and the exit of countries from international institutional arrangements. In view of strong interdependencies between economic actors, these disruptions seem to be particularly costly and may require appropriate policy responses.

This course introduces the main economic aspects of the current development of the European Union (EU) and its policies. The basic idea is to discuss general issues in economic integration with a strong emphasis on experiences in Europe. After reviewing the institutional, political and historical background of European integration, the main focus is on the economic analysis of the policies and prospects for the European Union and its economic impacts on individuals, firms and regions. Some recent developments in the international policy agenda like sovereign debt crises, Brexit and the euro crisis will also be covered.

Learning Objectives

This course provides an introduction to microeconomic and macroeconomic tools and concepts useful for the analysis of European integration. More generally, students learn to apply economic theory to real-world problems.

Student Prerequisites

Students should have completed at least three semesters of higher education when the course starts and need to possess English language abilities in speaking and writing on the Upper Intermediate Level (at least B2, preferably above).

General Requirements

Attendance of the weekly live sessions is mandatory (for the specific time slot, see above). These live sessions will be combined with recorded video lessons and intensive work through the online course platform, both individually and in groups. Altogether, this course awards credits for 30 contact hours and 90 hours of additional workload as well as completion of the [Portfolio Intercultural Awareness \(PIA\)](#). Please see course requirements for the various formats and weight of the course assignments as well as forms of assessment.

This course features a certain amount of independent coursework and thus expects you to be able to set up a self-disciplined study routine. We recommend that you make sure to have a quiet and appropriate working space. To ensure a comfortable learning environment for all, please adhere to our [Code of Online Conduct](#).

Technical Requirements

Stable internet connection.

Fully functional device, such as computer, laptop or tablet (use of smart phones is not recommended) with camera and microphone, headset recommended.

Recommended operating systems: Windows 7 or higher or MacOS 10.13 or higher. Avoid using a VPN.

Software: Webex Meetings.

Course Requirements

Term Paper: 300 Points (30%)

Midterm Exam: 200 Points (20%)

Problem Sets: 200 Points (20%)

Presentations: 200 Points (20%)

Live Online Attendance (min. 75% required) & Participation: 100 Points (10%)

Grading

FU Grade	Points of 500	Points of 1,000
1.0	490-500	980-1,000
1.3	475-489	950-979
1.7	450-474	900-949
2.0	425-449	850-899
2.3	400-424	800-849
2.7	375-399	750-799
3.0	350-374	700-749
3.3	325-349	650-699
3.7	300-324	600-649
4.0	250-299	500-599
5.0	< 250	< 500

Literature

Provided online.

Course Schedule

Calendar	Topics, Reading, etc.
<p>Week 1</p>	<p>History, Facts and Institutions This session discusses features of economic integration and presents an overview of historical developments, institutions and facts that are essential for studying European integration.</p> <p>Readings</p> <ul style="list-style-type: none"> Crafts, Nicholas. 2016. “West European Economic Integration Since 1950,” in Harald Badinger and Volker Nitsch (eds.): Handbook of the Economics of European Integration. Chapter 1. <p>Assignment Short (5 minutes) presentation of EU institution of your choice.</p>
<p>Week 2</p>	<p>Fiscal Federalism and Decision Making This session presents a framework that can be used to assess the allocation of power between European Union institutions and member states.</p> <p>Readings</p> <ul style="list-style-type: none"> Alesina, Alberto, Ignazio Angeloni, and Ludger Schuknecht. 2005. “What Does the European Union Do?” Public Choice. 123 (June): 275-319.
<p>Week 3</p>	<p>Trade Integration This session provides an introduction to the fundamental methods of trade policy analysis.</p> <p>Readings</p> <ul style="list-style-type: none"> Sapir, André. 2016. “EU Trade Policy,” in Harald Badinger and Volker Nitsch (eds.): Handbook of the Economics of European Integration. Chapter 14. <p>Assignment Problem set #1.</p>
<p>Week 4</p>	<p>The Single Market This session discusses the theory and empirics of the Single European market.</p> <p>Readings</p> <ul style="list-style-type: none"> tba.

<p>Week 5</p>	<p>Migration This session offers an introduction to the economic analysis of labor markets.</p> <p>Readings</p> <ul style="list-style-type: none"> Boeri, Tito and Herbert Brücker. 2005. "Why Are Europeans so Tough on Migrants?" <i>Economic Policy</i>. 44: 629-703. <p>Assignment Short (5 minutes) presentation of an argument in favour or against public support for the agricultural sector.</p>
<p>Week 6</p>	<p>The Common Agricultural Policy This session reviews economic aspects of the Common Agricultural Policy, the biggest category of European Union expenditures.</p> <p>Readings</p> <ul style="list-style-type: none"> tba. <p>Assignment Problem set #2.</p>
<p>Week 7</p>	<p>Location and Regional Policy This session discusses economic insights that link European integration to the location of economic activities.</p> <p>Readings</p> <ul style="list-style-type: none"> tba. <p>Assignment Midterm exam.</p>
<p>Week 8</p>	<p>Monetary Integration This session presents the economics of exchange rates and the causes and consequences of different exchange rate regimes.</p> <p>Readings</p> <ul style="list-style-type: none"> tba. <p>Assignment Short (5 minutes) presentation of an exchange rate regime of your choice.</p>

<p>Week 9</p>	<p>Optimum Currency Areas and European Monetary Union This session presents an economic framework to assess the working of a monetary union.</p> <p>Readings</p> <ul style="list-style-type: none"> O'Rourke, Kevin H. and Alan M. Taylor. 2013. "Cross of Euros," <i>Journal of Economic Perspectives</i>. 27 (Summer): 167-192. <p>Assignment Problem set #3.</p>
<p>Week 10</p>	<p>The European Central Bank This session presents an overview of monetary policy-making and discusses the institutional background of the European Central Bank.</p> <p>Readings</p> <ul style="list-style-type: none"> https://www.ecb.europa.eu/pub/pdf/other/ecbhistoryrolefunctions2006en.pdf <p>Assignment Short (5 minutes) presentation of an article in the ECB's economic bulletin of your choice.</p>
<p>Week 11</p>	<p>Fiscal Policy This session reviews various features of fiscal policy and fiscal policy coordination in the European Union.</p> <p>Readings</p> <ul style="list-style-type: none"> Beetsma, Roel. 2016. "Fiscal Policy in the EU: An Overview of Recent and Potential Future Developments," in Harald Badinger and Volker Nitsch (eds.): <i>Routledge Handbook of the Economics of European Integration</i>. London: Routledge.
<p>Week 12</p>	<p>The Role of the Euro This session presents an overview of the euro as an international currency.</p> <p>Readings</p> <ul style="list-style-type: none"> Bénassy-Quéré, Agnès. 2016. "The Euro as an International Currency," in Harald Badinger and Volker Nitsch (eds.): <i>Routledge Handbook of the Economics of European Integration</i>. London: Routledge. <p>Assignment Problem set #4.</p>
<p>Week 13</p>	<p>Euro Crisis This session discusses problems and challenges facing the European Union, including Brexit and the Eurozone crisis.</p>

Readings

- Becker, Sascha, Thiemo Fetzer, and Dennis Novy. 2017. "Who voted for Brexit? A Comprehensive District-Level Analysis," *Economic Policy*. 32 (October): 601-650.

Assignment

Term paper.
