

Junior Professorship for International Economics,
European University Viadrina

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The Economics of European Integration

Outline

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A course about the Economics of European Integration based on the textbook by Baldwin/Wyplosz. We apply both micro- and macroeconomic tools to understand the European integration process. We cover a broad range of topics, including European history, the effects of liberalizing trade on consumers and producers, competition policy, agriculture, monetary and fiscal policy in Europe, optimum currency areas and other monetary arrangements, competitiveness and probably more.

when and where

The course takes place in the 1st block of the semester. We start a bit later than other courses - **the first lecture will take place Monday, 3rd November!** The last lecture then Tuesday, November 25.

Lecture:

Monday 11.15-13.45 in GD HS 2 (first lecture: 3.11.)

Tuesday 11.15-13.45 in GD HS 2

Tutorial:

Thursday 11.15-12.45 in GD 202 (first tutorial: 6.11.)

The tutorial is not mandatory and meant as an offer to help students to master the course where necessary. See below for topics to be covered.

Changes (hopefully none) to this regular schedule will be announced via **Moodle** at <http://www.moodle.europa-uni.de>.

Please register yourself as a student and make sure to check our page in Moodle frequently. Moodle is our central communication tool for the course. So, please do not use E-Mail for communication, unless it's really necessary. We also use it to provide you with lecture slides and other downloads, to find the topic of your essay (see below), and so on.

examination

The official description of the course is here: <http://tinyurl.com/kvefcsc>. If you read it carefully, you will notice that, in order to earn the course requirement, you must...

...write an essay of 3-4 pages on a subject of your choice. (Essential requirement to be admitted to the exam.) Details are given below, questions answered via Moodle or in the lecture. Your essay has to be

^cThere is a version history at the end of the document. Updates of this document will be announced via Moodle.

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uploaded via Moodle until November, 21th (we wait until midnight). We suggest that you use the two weeks in October without lectures to work on it since our course will be pretty intensive in November.

...**pass an exam** of 120 minutes. It will take place in the week following the last lecture.

MES-students: see below.

More about the essay

We want you (well, we require) to write a short scientific essay of 3-4 pages about a topic that you suggest and we accept. The essay should be about the Economics of European Integration or about Economics in a more general sense. The essays will be "graded" to be ok or not and we try to give each student a feedback about it.

Since you have to write an essay, our grading scheme for the exam is more student-friendly than usual:

- 120 minutes \equiv 120 points
- 33% (40 points) = 4.0 (it is easier to pass the written exam than in my other courses)

The length of your essay should be 3 or 4 pages. But we do NOT want you to become an expert in formatting and typesetting to match that limit. Therefore the length of your essay is measured in characters: A typical page has 3000 characters, including spaces and footnotes, excluding the list of references and figures, ($\pm 10\%$). Your essay therefore should have 9 000 - 12 000 characters ($\pm 10\%$).

And it should be a "scientific" essay. That means that you try to argue like an economist. It also means that you make transparent what your sources are and that you use a decent citation style. Of course it means not to plagiarize!

What are possible topics? Your textbook contains suggestions, see "review questions" at the end of each chapter. But we want you to start thinking about the Economics of European Integration, select a topic that YOU think is interesting and write a short essay about it. There are plenty of topics that are very current - the never-ending crisis of the Euro, the Eurozone and its public finance; the banking union; the vote about the independence of Scotland; the Transatlantic Trade and Investment Partnership (TTIP) and other free trade agreements; the conflict in the Ukraine and its economic background; energy policy; climate policy and so on. Or maybe you just read a relevant book and want to write a review essay? European Integration is a very interesting and diverse subject, it should be too hard to find something interesting.

Please suggest your topic in Moodle (there is a corresponding forum for that). We answer with a short comment and let you know if this topic is accepted or not. You can start doing that from now on. The earlier your topic is clear, the easier it will be for you to match the deadline.

You are an MES-student?

(If you are an Erasmus student, or study a BA in IBA, IBWL, ..., you can just skip this section.)

This course is also open for MES-students. There will be a seminar in the second block of the semester where you can earn GM3-Schein (Grundlagenmodul 3 - Europäische Wirtschaftspolitik). But this seminar (~~taking place on Mondays, 14.15-15.45; starting 8.12.14~~) is only open for MES-students that passed the exam of this lecture. Please make sure to read the MES-KVV for more details.

In a nutshell: An MES student has to write the written exam for this course, does NOT have to write the short essay mentioned above and then participates in the seminar. There, you have to - well - write an essay. We suggest this way to earn a GM3-Schein for students that are NOT studying "Zentralbereich Wirtschaft" and that do NOT intend to choose "Wirtschaftspolitik in Europa". See the MES-KVV....

More details:

- The seminar in the second block will consist of an initial meeting at the 8th of December (Monday) at 14.00. This meeting is meant to discuss all questions that we gather during the course of the first block.

- Please identify yourself in Moodle as an MES-student. In Moodle, there is a forum “Suggest your essay topic”. Start a new thread that just states that you are an MES-student. (As many others already did.)
- Please suggest a topic for your essay / term paper until December 1 (and use the corresponding forum in Moodle for that).
- Your essay should be 10 pages, $\pm 10\%$. The length of your essay is measured in characters. A typical page has 3000 characters, including spaces and footnotes, excluding the list of references and figures, ($\pm 10\%$). Your essay therefore should have 27 000 - 33 000 characters.
- After the initial meeting, you have time to write your paper. We then meet in January to hear short (10-15 minutes + 5-10 minutes discussion = 20 minutes per student) presentations of your papers, including all questions you have. That meeting will take place several times:
 - Monday, January 19, 2015, at 14-18.
 - Friday, January 23, 2015, at 10-14
 - Monday, January 26, 2015, at 14-18.
 - Friday, January 30, 2015, at 10-14.

I expect you to be present for the whole day of your own presentation. You don't have to attend the other meetings, but it would be nice and polite. And hopefully interesting. If you have other courses, need to work or whatever, this gives you enough flexibility.

- We have 30-40 MES-students as course participants. For our meetings in January, that means that we will discuss student papers for four hours.
- The paper then is due March 1, 2015. Your grade will be based on the paper you submit.

textbook, topics, readings list

The course follows roughly the structure of the **textbook Baldwin and Wyplosz (2012)** and will be taught in English language. Please note that we intend to use the **4th edition** of the book. The 3rd edition is also ok, but outdated in many respects. The publisher has an accompanying website at http://highered.mcgraw-hill.com/sites/007713172x/information_center_view0/. The Viadrina library also provides a number of textbooks.

A lecture will cover (roughly) a chapter or two from our textbook. You should consider those chapters as mandatory reading. In addition, there will be extra-references for most topics that you are expected to read (self-study) or that are simply suggestions because they are interesting. References in German are not mandatory.

problem sets

We will provide problem sets. They are meant to help you to prepare for the written exam – the problems in the exam will be similar. In Moodle, there is a dedicated forum to discuss the solutions for the problem sets, to ask questions, to correct other students. We will also participate in this virtual conversation. In our experience, students that used Moodle to discuss problem sets perform extraordinarily well in the exam. So, feel invited!

lecture topics

Be aware that this list of topics and references will be updated before we start and also during the lecture. The chapters in Baldwin and Wyplosz (2012) are essential reading, the other references are in addition. You will understand during the lecture if and why they are interesting.

1 A short history and the present state of European Integration

Baldwin and Wyplosz (2012, ch. 1-3) and Baldwin (1993), Baldwin and Rieder (2007), Economist (2012), Oates (1972, 1999), Red Cross and Red Crescent Societies (2013), Tiebout (1956), Wildasin (2008), and Wilson (1999)

2 Essential microeconomic tools

Baldwin and Wyplosz (2012, ch. 4)

3 The essential economics of preferential liberalisation

Baldwin and Wyplosz (2012, ch. 5) and Facchini, Silva, and Willmann (2013), Krishna (2008), Mitra (2008), and World Trade Organization (2011)

4 Market size and scale effects

Baldwin and Wyplosz (2012, ch. 6) and Baker (2003), Crandall and Winston (2003), European Commission (2007), and Griffith, Harrison, and Simpson (2010) and Bagwell and Staiger (2002, ch. 7)

5 Competition Policy / Factor Mobility

Baldwin and Wyplosz (2012, ch. 11, 8) and Braun and Mahmoud (2012), Duso, Gugler, and Yurtoglu (2011), and Sinn (2005)

6 Agriculture / Growth

Baldwin and Wyplosz (2012, ch. 9, 7) and Acemoglu (2009) and Acemoglu and Robinson (2012)

7 Essential macroeconomics tools

Baldwin and Wyplosz (2012, ch. 13) and Buiters (2009), Campa and Gavilan (2011), Krugman (2011), Obstfeld and Rogoff (1996a,b), Schmitz and Hagen (2011), and Teles and Uhlig (2010)

8 Optimum Currency Areas

Baldwin and Wyplosz (2012, ch. 15) and Brunnermeier (2012)

9 Competitiveness in Europe

Baldwin and Wyplosz (2012, ch. 16-19) and Allen, 2008; Eichengreen, 2008; Kantoos Economics, 2011a,b; Krugman, 1994; McKinsey Germany, 2012; Sheets and Sockin, 2012; Sinn, 2013

10 Fiscal policy and the Stability Pact (4.2.)

Baldwin and Wyplosz (2012, ch. 17)

tutorial topics

1 Essentials in Microeconomics

On the market in general.

2 How to write an essay

On Plagiarism, citations, writing style and other writing issues.

3 Essentials in Macroeconomics

On the economy in general.

4 Problem sets

How to solve them.

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