

Junior Professorship for International Economics,
European University Viadrina

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January 8, 2018



The Economics of European Integration

Outline

Winter 2017/18

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 task allocation, the effects of liberalizing trade on consumers and producers, competition policy, monetary and fiscal policy in Europe, optimum currency areas and other monetary arrangements and probably more.

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

when and where

The course **takes place during the whole semester** and will be visited by Bachelor students (IBA, IBWL, Erasmus, ...) and Master students (Master in European Studies - MES). We meet each Monday in the afternoon and Tuesday morning:

Lecture/Tutorial: Monday, 16.00-17.30, room: GD HS 4

Lecture/Tutorial: Tuesday, 9.30-11.00, room: GD HS 4

Extra lectures: Friday 24.11. and Friday 1.12., 11.15-12.45, room: tba.

There is **no fixed weekday for the lecture or the tutorial**. I expect your attendance both on Monday and on Tuesday, but I am not going to protocol who is in the room and who isn't.

Please note that there will be **no lectures on these days**: 23./24.10.17 (Lecturer not around), 30./31.10.17 (Lecturer not around / Reformation Day), 25./26.12.17 and 1.1.18 (Viadrina's Christmas Break).

We cover a **broad range of topics** with the common theme that they belong to the Economics of European Integration. Where possible, we apply our knowledge to current issues (Brexit, "Trumponomics", migration & refugees, reform of the Eurozone, ...).

In the **first part of the semester**, a couple of lectures and tutorials will be dedicated to an **introduction to general economics**, especially for those students that did not study economics before and that have to deal with a "culture shock". For some students, this might be a bit

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boring, for others this will be a welcome opportunity to make sure that they understand basic concepts used in economic analysis. In the **second part of the semester**, we will use more time to **discuss problem sets in class**, with a focus on European issues.

Please register yourself as a student in Moodle and make sure to check our page frequently and/or pay attention to your Email-account provided by Viadrina. These are the necessary enrollment keys:

MES-students:

I-am-an-MES-student-in-WiSe17/18

Bachelor-students:

I-am-a-BA-student-in-WiSe17/18

Moodle is our central communication tool. So, please do not send private messages, unless it is really necessary. We also use Moodle to provide lecture slides and other downloads.

Please note that the **lectures will be recorded** and made available for course participants. You are **not allowed to share those videos**, they are for your private use only.

examination

The examination has two elements: A written exam of 90 minutes (weighted 90% for the final grade) and an assignment (10%). For the details of the assignment, see below. The exam for Bachelor and Master students will be slightly different.

The **written exam of 90 minutes**. It is scheduled for 29.01.2018 at 13.30 in room GD HS 1. The deadline for registration is: 21.01.17, 23:59 h.

To register, go to <https://viacampus.europa-uni.de/>. Bachelor student look for the course "5041 The Economics of European Integration". For Master students the examination is organized using this title: "1951 Economics of European Integration (MES)".

There will be a second exam for those who didn't take the first one or for those who failed. It is scheduled for 27.03.2018, 8.30-10.00. Deadline for registration: 11.03.18, 23:59 h.

A special note for Erasmus students: I sometimes receive requests to certify that students participated in my course but nevertheless failed the exam. Following a general policy at Viadrina, I am not going to provide you with a certificate like this. The same applies to attendance reports or requests to clarify the reasons for failure by partner universities. What you can get in this course is 6 ECTS, given that you pass the exam. These ECTS will then be recognized by your home university. This is the standard procedure in the Erasmus program.

Mandatory assignment: 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**. In our experience students that used Moodle to discuss problem sets perform extraordinary well in the exam.

Each student will be part of a small group of 3-4 students. We will assign problems to those groups. They will then prepare a solution. This includes

- submitting a written solution via Moodle in time (a week after the problem has been assigned to you).
- taking into account feedback we will give, revise your solution and then upload it to Moodle. Other students can then have a look and compare to their own solutions.
- answering other students' questions about your solution in Moodle on short notice (not later than 48 hours after the question has been posed in Moodle).

The whole process will be organized via Moodle. Jonas Weißmantel, a student assistant, will help.

textbook, topics, readings list

The course follows roughly the structure of the **textbook by Baldwin and Wyplosz, 2015** and will be taught in English language. Please note that we intend to use the **5th edition** of the book. The 3rd and the 4th edition are also ok, but slightly outdated. The publisher has an accompanying website at <http://www.mheducation.co.uk/textbooks/baldwin>. The Viadrina library also provides a number of textbooks.

In addition, we use as a general introduction Krugman and Wells, 2015 - the publisher offers a trial access for the online version of that textbook. Another source for general economics is CORE, 2017, that is published as an EBook free of charge.

A lecture will cover (roughly) a chapter from the 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.

lecture topics

Be aware that this list of topics and references will be updated occasionally.

1. Introduction and a very short history of European Integration (Mon 9.10.) (Baldwin and Wyplosz, 2015, ch. 1-2)
2. Economic models & diagrams (Tue 10.10.) (Krugman and Wells, 2015, ch. 1-2; CORE, 2017)
3. Economic models & diagrams (Mon 16.10.)
4. Supply and Demand (Tue 17.10.) (Krugman and Wells, 2015, ch. 3)
5. no lectures 23./24.10. and 30./31.10.
6. TUTORIAL (Mon 6.11.)
7. Decision making in the EU (Tue 7.11.) (Baldwin and Wyplosz, 2015, ch. 1-2)
8. Essential microeconomic tools (Mon 13.11.) (Baldwin and Wyplosz, 2015, ch. 4)
9. The economics of (preferential) trade liberalisation (Tue 14.11.) (Baldwin and Wyplosz, 2015, ch. 5 + 12)
10. The economics of (preferential) trade liberalisation (Mon 20.11.)
11. cancelled (Tue 21.11.)
12. open discussion (....) (24.11. Friday!)

13. Introduction into imperfect competition (Mon 27.11.)
14. Market size, scale effects and competition policy (Tue 28.11.) (Baldwin and Wyplosz, 2015, ch. 6)
15. open discussion (1.12. Friday!)
16. Applied Economics: Competition policy / Trade Policy (Mon 4.12.) (Baldwin and Wyplosz, 2015, ch. 6 + 11)
17. Growth effects of European Integration (Tue 5.12.)
18. Growth effects of European Integration (Mon 11.12.) (Baldwin and Wyplosz, 2015, ch. 7)
19. TUTORIAL (Tue 12.12.)
20. Labor markets & migration (Mon 18.12.) (Baldwin and Wyplosz, 2015, ch. 8)
21. Labor markets & migration (Tue 19.12.)
22. Essential macro for open economies (Tue 9.1.) (Baldwin and Wyplosz, 2015, ch. 13)
23. Essential macro for open economies (Mon 15.1.) (Baldwin and Wyplosz, 2015, ch. 14, 16)
24. TUTORIAL (Tue 16.1.)
25. Monetary Integration & the choice of an exchange rate regime / Optimum currency areas (Mon 22.1.) (Baldwin and Wyplosz, 2015, ch. 15)
26. TUTORIAL (Tue 23.1.)

References

- Baldwin, Richard E. and Charles Wyplosz (2015). *The Economics of European Integration*. 5th edition. London: McGraw-Hill. URL: <http://www.mheducation.co.uk/textbooks/baldwin>.
- CORE (July 2017). *The Economy (The CORE Project)*. Teaching economics as if the last three decades had happened. Ebook, version 1.0. URL: <http://www.core-econ.org/> (visited on 09/19/2017).
- Krugman, Paul and Robin Wells (2015). *Economics*. 4th edition. Go for a trial account here ('Launchpad'): <http://www.macmillanhighered.com/launchpad/krugmanwellsecon4/2777050>. Macmillan. URL: <http://www.macmillanhighered.com/Catalog/product/economics-fourthedition-krugman>.

Version history of this document:

- 2018-01-08** updated schedule lectures, exam in March scheduled for the 27th
- 2017-11-27** updated schedule lectures
- 2017-11-20** updated schedule lectures
- 2017-10-11** Monday 16.00
- 2017-10-09** no lecture 30.10., two extra lectures Friday 24.11. and 1.12.
- 2017-10-04** exam dates now correct
- 2017-09-26** language
- 2017-09-20** videos, JW
- 2017-09-19** First public version WiSe 17/18