

Junior Professorship for International Economics,
European University Viadrina

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The Economics of European Integration

Outline

Winter 2020/21

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.

General information

The course takes place during the entire semester.

Due to the measures taken against the spread of the Corona virus, **this course will be held completely online**. You can safely ignore the weekly dates given in ViaCampus.¹

Please register for this course in Moodle and make sure that Moodle works for you. You should receive my announcements, for example. The URL is <https://moodle.europa-uni.de/course/view.php?id=7911> and these are the necessary enrollment keys:

MES-students:

I-am-a-MES-student-in-WiSe20

Bachelor-students:

I-am-a-BA-student-in-WiSe20

Moodle is our central communication tool. So, please do not send private messages, unless it is really necessary.

Starting November 2nd, there will be **study material available** in Moodle (reading assignments, explanatory videos similar to a lecture, self-study tasks, tests and more). In addition, there will be a forum for each topic, which you can use to write comments of any kind and ask questions. To attend this course, physical presence in Frankfurt (oder) is NOT (!) necessary. **The course is taught as an asynchronous online course.** This means that you are free to decide when exactly you want to complete your tasks. However, there will be mandatory assignments, see below.

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¹In ViaCampus, there is lecture scheduled Monday afternoon. This is due to my previous plan to offer on-site teaching to small groups of students, in addition to all those online activities. At the moment, given the public health situation, I don't think that this plan comes true.

Additionally and voluntarily: I offer an open consultation hour via video conference from time to time. I even might offer on-site meetings, but only if the public health situation changes from what we have right now.

All lecturers (including me) try to provide you with a decent study program, under difficult conditions. We all know that this is a difficult situation, especially for you as students. You can help by offering hints, making suggestions and by using the possibilities for communication in general.

Please note that this course is available both for Bachelor students and for Master students in the “European Studies” program (MES). MES students with a focus on “Economics” should wait for Ingo Geishecker’s course “European Economic Integration (Master)” that is offered each summer term.

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, COVID19, ...).

In the beginning of the course, a couple of lectures and tutorials are 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 boring, for others this will be a welcome opportunity to make sure that they understand basic concepts used in economic analysis.

examination

The exam will also be different this semester. There will be no on-site exam. Instead, you will do **four assignments in Moodle** during the semester. They will be graded and you can obtain 20 points in each of them. The three best assignments will be used for grading, so you can score a maximum of 60 points from the assignments.

These assignments will take place online. You will have 60 minutes to solve the tasks. You will be able to choose when you take them. The time window will be Thursday morning 9am until Friday 1pm. Please be prepared for the tests to take place on the following days: November 19/20, December 10-11, January 14-15, February 4-5.

At the end of the semester there will be another assignment, which you will also solve via Moodle and in which you can score another 60 points. The exams for Bachelor and Master students will be slightly different.

The final assignment will be in the week starting with February 22, 2021. A retake will be offered in the week starting March 15.

To register for the examination, 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)”. (This needs to be done later on, don’t worry if it is not yet possible to register for the exam.)

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.

textbook, topics, reading list

The course follows roughly the structure of the **textbook by Baldwin and Wyplosz (2019)** ("BW") and will be taught in English language. Please note that we intend to use the **6th edition** of the book. The 4th and the 5th edition are also ok, but slightly outdated. The Viadrina library provides a number of textbooks.

In addition, we use as a general introduction Krugman and Wells (2018) - 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.

In Moodle, you will find more detailed reading assignments from those textbooks and also from other sources.

lecture topics & schedule

This list of topics and references will be updated occasionally.

1. A very short history of European Integration, and a little bit of Economics (Baldwin and Wyplosz, 2019, ch. 1-2)
2. Economic models & diagrams (Krugman and Wells, 2018, ch. 1-2; CORE, 2017)
3. Supply, Demand and Welfare (Krugman and Wells, 2018, ch. 3)
4. Public Goods (Krugman and Wells, 2018, ch. 17)
5. Decision making in the EU (Baldwin and Wyplosz, 2019, ch. 3)
6. Essential microeconomic tools (Baldwin and Wyplosz, 2019, ch. 4)
7. The economics of (preferential) trade liberalisation (Baldwin and Wyplosz, 2019, ch. 5 + 12)
8. Introduction into imperfect competition
9. Market size, scale effects and competition policy (Baldwin and Wyplosz, 2019, ch. 6)
10. Trade Policy: Subsidies, Competition Policy, Free Trade, ENP, Brexit / NTBs
11. Growth effects of European Integration
12. Essential macro for open economies
13. Optimum currency areas (Baldwin and Wyplosz, 2019, ch. 15)

References

- Baldwin, Richard E. and Charles Wyplosz (2019). *The Economics of European Integration*. 6th edition. London: McGraw-Hill. URL: <https://www.mheducation.co.uk/the-economics-of-european-integration-6e-9781526847218-emea-group>.
- 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 (2018). *Microeconomics*. 5th edition. Go for a trial account here ('Launchpad'): <https://www.macmillanhigher.com/launchpad/krugmanwellsmicro5e/15618390>. Macmillan.

Version history of this document:

- 2020-11-06 schedule for graded homework
2020-10-12 First public version WiSe 20