



Boston University Study Abroad
London

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The European Business Environment: Institutions and Enterprise
CAS EC 330/IR 336 (*Elective A*)
Spring 2016

Instructor Information

A. Name	Dr Hugh Macdonald
B. Day and Time	Mondays & Tuesdays 1:15 – 5:15 pm (plus Wednesday 13 January & Friday 12 February, 1:15 – 5:15 pm)
C. Location	
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F. Office hours	By appointment

Course Overview

This course provides an introduction to the European Union (EU) system of regional convergence (*‘integration’*). This system operates *via* ‘competences’ ceded to, or shared with, EU institutions by 28 member states, whose aggregate population is some 508 million. The European business environment is powerfully shaped by these competences, which exist in such issue-areas as trade policies with the rest of the world; the Single European Market (SEM); competition policy; the role of state-aid; land, air and water transportation; trans-European networks; energy security and environmental regulation; consumer protection; and health & safety.

Economic and Monetary Union (EMU) exerts a further set of powerful competences over regional economic governance, though not all EU member states have joined the single currency area, ‘Euroland’, which currently comprises 19 of 28 Member States, with an aggregate population of some 340 million. These competences operate principally *via* a single currency (Euro), the European Central Bank (ECB), and the Growth and Stability Pact (GSP). However, during the recent global and regional economic crisis the EU and ECB (with the IMF) exercised new mechanisms in order to preserve stability in the monetary and banking system, and provide sovereign debt assistance to Ireland, Portugal, Spain, Cyprus and Greece. In 2012/13 new Treaties were adopted to create a European Stability Mechanism (ESM) that provides a 500 billion Euro ‘firewall’ against various contingencies; and to tie all existing and future EU Member States into close co-ordination and supervision of their fiscal, monetary and banking regimes by EU institutions. The UK and some other Member States have not signed these Treaties, but nonetheless subscribe to much of the new governance..

EU foreign and security policy provisions (EFSP) have gradually evolved, and since the Lisbon Treaty (2009) include a High Representative and a Common External Action Service. However, the EU has few strategic capabilities within its Common Security & Defence

Policy (CSDP), which exists in parallel with, but independently of, the North Atlantic Treaty Organisation (NATO). Since the end of the Cold War these competences have frequently complicated Transatlantic relations, without obviously enhancing European security. They possess major implications for such areas of business as the defence and aerospace industries; government procurement policies; the provision of development assistance for less-developed and emerging countries; and global health and disaster prevention strategies.

Hence this course identifies key present and future issues facing EU institutions and member states, such as how to respond cohesively to the current Refugee crisis caused by wars in Syria, Iraq, Libya and elsewhere; and whether the proposed Transatlantic Trade and Investment Pact (TTIP) between the EU, US and North American Free Trade Area (NAFTA) will resolve or further complicate EU convergence. It thus provides learning and skills at the interface between international business and international relations.

Course Methodology

The course comprises ten sessions, made up of lectures. Students – working individually or on a small-group basis - undertake and report on set readings; participate in class discussions; research and write a Term Paper; and write & submit a take-home Final Exam. Each session commences with an introduction to the set topic by the instructor. Students undertake preparatory reading(s) in advance. Seminar sessions discuss lecture topics in further detail and introduce commentaries on readings, assigned and prepared in advance. Set texts for readings are available from the BU Study Abroad London Library, and other set readings are listed online on Blackboard: <http://learn.bu.edu>

Assessment

Overall assessment will be the outcome of five distinct components, each carrying weights given below:

1. One individual in-class ***Individual briefing*** (10 minutes). This consists of a short presentation based on independent investigation, followed by class discussion. Presentation notes will be submitted to the Instructor.
2. One in-class ***Group presentation*** (20 minutes). Each student acts as a member of a small group, whose task (agreed upon in advance with the Instructor) is to prepare for and subsequently report back (with class discussion) on some aspect of the syllabus (See below). Group presentation notes will be submitted by one member of the group on behalf of all members, to assist assessment.
3. A ***Term paper*** (guideline length 3,000 words or equivalent in another presentation medium). This exercise is research-based. Each student is required to identify a topic chosen from the syllabus, agree this with the Instructor, and implement an investigation of the topic. Each topic requires a manageable focus within the time-frame and scope of the course before being sanctioned by the Instructor. Students are responsible for ensuring they have an agreed topic by Session 3. The resulting Term Paper (which may be in Essay, Report or Presentation format) responds to a question or clarifies an issue, with conclusions and/or findings. The due date for submission will be announced by the Instructor, usually being 5:00 pm on the day ***prior*** to the due date for the Final Exam.
4. ***Class participation*** (not including *Individual briefings* and *Group presentations*) will be assessed on the contribution each student makes to questions and discussions around Lecture and Class topics throughout the course.

5. A *Take-home Final examination* will test information and knowledge gained during the course. Section ‘A’ requires responses about EU institutions and competences, and Section ‘B’ requires responses to essay-type questions.

Maximum marks available for each assignment are:

- Individual in-class briefing = 10%
- Group commentary = 20%
- Term Paper = 40%
- Class/Seminar participation = 10%
- Final examination = 20%

Grading

Please refer to the Academic Handbook for detailed grading criteria and policies on plagiarism: <http://www.bu.edu/london/current-semester>

** Final Grades are subject to deductions by the Academic Affairs Office due to unauthorised absences.*

Attendance Policy

Classes

All Boston University London Programme students are expected to attend each and every class session, seminar, in order to fulfill the required course contact hours and receive course credit. Any student that has been absent from two class sessions (whether authorised or unauthorised) will need to meet with the Directors to discuss their continued participation on the programme. This may result in the student having to take a medical leave of absence from the programme or withdraw from the programme.

Authorised Absence:

Students who expect to be absent from any class should notify a member of Academic Affairs and complete an Authorized Absence Approval Form 10 working days in advance of the class date (except in the case of absence due to illness for more than one day. In this situation students should submit the Authorised Absence Approval Form with the required doctor’s note as soon as possible). **Please note: Submitting an Authorised Absence Approval Form does not guarantee an authorised absence**

Students may apply for an authorised absence only under the following circumstances:

- Illness (first day of sickness): If a student is too ill to attend class, the student must phone the BU London Student Affairs Office (who will in turn contact the student’s lecturer).
- Illness (multiple days): If a student is missing more than one class day due to illness, the student must call into to the BU London Student Affairs Office each day the student is ill. Students must also provide the Student Affairs office with a completed Authorised Absence Approval Form and sick note from a local doctor excusing their absence from class.
- Important placement event that clashes with a class (verified by internship supervisor)
- Special circumstances which have been approved by the Directors (see note below).

The Directors will only in the most extreme cases allow students to leave the programme early or for a significant break.

Unauthorised Absence:

Any student to miss a class due to an unauthorised absence will receive a **4% grade penalty** to their final grade for the course whose class was missed. This grade penalty will be applied by the Academic Affairs office to the final grade at the end of the course. As stated above, any student that has missed two classes will need to meet with the Directors to discuss their participation on the programme as excessive absences may result in a 'Fail' in the class and therefore expulsion from the programme.

Lateness:

Students arriving more than 15 minutes after the posted class start time will be marked as late. Any student with irregular class attendance (more than two late arrivals to class) will be required to meet with the Assistant Director of Academic Affairs and if the lateness continues, may have his/her final grade penalised.

Course Chronology

ONE: Wednesday 13 January

Lecture: *The dynamics of European integration:* The EU has demonstrated strong convergence. What are the forces driving this convergence/integration? What forces limit convergence/integration? What are the main differences between convergence and integration?

Seminar: *European national identities:* Despite regional economic integration and institutional regulation, Europe continues to be characterised by national and sub-regional diversity, and strongly differentiated levels of economic development and performance between northern, southern and eastern parts of the Union. How effectively has institutional integration overcome these divergences?

Questions for discussion:

- What goals does the EU seek to achieve, and by what means?
- Why are separate national identities so powerful in Europe today?
- What are the main implications of EU integration for European and international business?

Readings: Pinder & Usherwood, *The European Union*, Chs 1, 2 (pp. 1-35)
Johnson & Turner, *European business*, Chs 1-4 (*After Class Reading*)
European Commission, *How the EU works*, https://lms.bu.edu/http://europa.eu/about-eu/institutions-bodies/index_en.htm
Forms of economic integration Johnson & Turner (p. 43)
Milestones in European integration Johnson & Turner (p. 47)
Clarification of Competences in the Lisbon Treaty Johnson & Turner (p. 58)
Key Drivers of the Single Market Act II Johnson & Turner (p. 102)

TWO: Monday 18 January

Lecture: *The SEM and its impact:* Since the mid-1980's the development of a 'single market(place)' has been the main intra-regional driver of economic integration,

particularly as key principles for the management of competition, transportation, environment (including health & safety), energy, trade in services (including financial products) and consumer protections have evolved interactively. How have EU institutions, governments and business firms acted towards this framework for integration?

Seminar: *Market integration & financial policy constraints:* The EU's capacity to openly regulate markets and the power of other actors in those market settings are crucial to the overall direction and rate of integration in the European region. What 'markets' does the EU regulate, and how effectively does it do so? Why is the competence of the EU in financial & capital markets comparatively immature?

Questions for discussion:

- What are the main features of EU competition policy?
- In what ways might integration in services and financial markets change the European business environment?
- In the EU, why are issues around State Aid (a) crucially important (b) very difficult?

Readings: Pinder & Usherwood, *The European Union*, Ch. 3
Johnson & Turner, *European business*, Chs 5, 6
European Commission, *How the EU works*, https://lms.bu.edu/http://europa.eu/about-eu/institutions-bodies/index_en.htm

THREE: Tuesday 19 January

Lecture: *Economic and Monetary Union (EMU):* Monetary Union is proving to be a two-edged sword for EU members, including its key sponsors Germany and France. On the other hand even non-members of 'Euroland' depend on the stance of the ECB as a transmission mechanism for issuing securities to financial intermediaries against a background of weak growth, elevated levels of sovereign debt, banks reluctant to fund business and consumer borrowing; and deflated asset (and potentially commodity) prices.

Seminar: *The EMU crisis and Labour Markets:* The EU has had to take crisis measures to support countries with large deficits which cannot use interest or exchange-rate changes as policy instruments. The ECB has *de facto* adopted new monetary policies in pursuit of stabilising the financial system. The GSP has been revised and strengthened and the EFC and ESM have been established. These initiatives have nevertheless proved unpopular in both economically stronger countries, and in the weakest and most vulnerable countries. Markets so far deem these steps adequate, but withdrawal from EU membership and defection from previously agreed measures remain political possibilities (despite the Treaty basis and tight conditionality of recent EMU reforms) while unemployment levels remain very high in some countries (Greece, Spain, Croatia *etc*); economic growth is generally weak; popular politics appears to be moving to the 'right' (nationalism) in many member countries; and there is no overall 'banking & fiscal union'.

Questions for discussion:

- Why has the EU placed so much emphasis on a single currency?
- What are the strengths and weaknesses of 'Euroland'?
- How has the EU/ECB responded to the global financial crisis since 2008?
- How can 'Euroland' deal with structural divergences such as labour market inflexibility and asymmetries in capacity between its 'northern' and 'southern' members?

Readings: Pinder & Usherwood, *The European Union*, Ch. 4 (pp. 65-79)
Johnson & Turner, *European business*, Chs 8, 14
http://europa.eu/about-eu/institutions-bodies/ecb/index_en.htm
http://ec.europa.eu/economy_finance/focuson/crisis/index_en.htm
http://ec.europa.eu/economy_finance/euro/emu/index_en.htm

FOUR: Monday 25 January

Lecture: *Social protection regimes, business, and 'citizens'*: Although the EU 'brands' such items as passports, visas and 'citizenship', when Europeans buy postage stamps, pay taxes or receive benefits for loss of earnings from employment, they do so *via* 'their' national government. EU institutions have no direct tax & spend powers, nor do they possess the same legitimacy as national legislatures. None the less, consistent efforts to expand 'Social Europe' have been made since the Maastricht Treaty *via* reform of the European Parliament and expanding existing SEM provisions, which have allowed the EU to enlarge existing Competences and powers of decision, regulation and supervision.

Seminar: *European business, social protection, and consumers*: As well as protecting consumers directly and indirectly, the EU regulates crucial areas of employment law, health and safety and environmental strategy, and acts together with Member States in other areas of social provision such as structural and regional unemployment, infrastructure development *etc.*

Questions for discussion:

- Why are European societies so attached to extensive and costly national systems of social protection?
- How far has the EU displaced member states in providing protection for employees, consumers and 'citizens'?
- How challenging are 'Euro-scepticism', nationalism and economic protectionism?

Readings: Pinder & Usherwood, *The European Union*, Chs 6, 7 (pp. 95-111)
Johnson & Turner, *European business*, Chs 1, 9
http://europa.eu/about-eu/basic-information/money/index_en.htm

FIVE: Tuesday 26 January

Lecture: *The EU as an actor in the world economy*: The EU is perhaps best viewed as a 'Club' whose members operate a regime of 'competences' (for example, the Common Commercial Policy). Yet separate competences increasingly interact, and need to be managed in association with each other. This has given rise to a sophisticated Trade Policy (Common Commercial Framework) which influences not only other non-EU States and multilateral trade negotiations, but also international 'common standards', environmental policies, and the strategies of international businesses.

Seminar: *Characteristics of the European economy*: The EU's capacities to influence regional and international trade, monetary strategies, and economic development, have become highly developed, and it is part of a dominant 'Triad' (with North America and Japan's East Asian trade area). Yet the EU has little capacity to project power within the global system, or even on a regional basis.

Questions for discussion:

- How do EU institutions deal with 'constituents' and 'stakeholders' such as international businesses, trade unions, regional authorities, 'citizens',

consumers and other actors – including ‘external’ commercial and political interest-groups?

- How does the EU exert and strengthen its global influence? Does it lack decisive capabilities?
- Why is European international trade so important in the global economy?

Readings: Pinder & Usherwood, *The European Union*, Ch. 8 (pp. 112-126)
Johnson & Turner, *European business*, Chs 2, 15, 17
Ahrens, Joachim, Hoen, Herman W. And Ohr, Renate (2005): "Deepening Integration in an Enlarged EU: A Club-Theoretical Perspective", in: *European Integration*, Vol. 27, No. 4, pp. 417 - 439.

SIX/SEVEN: Monday 1 February (Class time may be 9:00 am to 1:00 pm)

Lecture: *EU Enlargement and External Relations:* The competences of the EU in external relations (other than trade): Enlargement, Economic development, Humanitarian assistance, Security policy, ‘Neighbourhood’ and Association relationships

Seminar: *The Copenhagen criteria and the EU ‘Club’:* The Treaty on European Union (TEU) (1993) recognised ‘Social Europe’ as a pillar of the Union. The Amsterdam Treaty (1997) brought the European Convention on Human Rights into EU institutions, and helped prepare the way for ‘Enlargement’ to Central & Eastern Europe (2004-7). A Draft Constitution for the EU (2003) was rebuffed and eventually replaced by the Lisbon Treaty (2009), which strengthens the role of the Parliament. Yet nationalism, protectionism and resistance to future integration (including migration and labour market mobility) remain strong in various countries. Recent and current crises within and around Europe have further weakened cohesion, as exemplified by deep disagreements surrounding ‘Bailout’ packages, Britain’s position within the EU, and the Refugee crisis and partial breakdown of the Schengen area.

Questions for discussion:

- Why were the new member states of 2004-07 so eager to join the EU?
- How have these enlargements changed the European social, political & business environment?
- What can/should the EU do about Russian actions in Crimea/Ukraine?
- Will/should Britain leave the EU?

Readings: Pinder & Usherwood, *The European Union*, Ch. 8 (pp. 112-126)
Johnson & Turner, *European business*, Ch. 16

SIX/SEVEN: Tuesday 2 February (Class time may be 9:00 am to 1:00 pm)

Lecture: *Britain and Europe:* The complex issues surrounding Britain’s role and interests in the European region, as well as the EU, originate in geography, history and culture, and stretch back through centuries of time. In the present, however, these complexities are focused on an apparently straightforward ‘single issues’, which is soon to be the subject of a national referendum, namely should Britain remain within, or exit from, the EU? The resolution of this question will be influenced by a package of proposed ‘Reforms of the EU’, some of which have long been demanded by ‘British’ interests. However, there are strong differences within the UK over where those interests ‘really’ lie, and which interests are most important. In the rest of Europe there are also conflicting views about the extent to which British demands ought to be accommodated or resisted, now or in due course.

Seminar: *Reform of the EU:* What are the political implications for the EU of a British decision to (a) remain within or (b) quit EU Membership? How might the EU and its business environment alter in consequence of each of these two outcomes?

Readings: Johnson & Turner, *European business*, [Gather information on Britain & EU]
[Students must research & prepare to discuss these Seminar questions]

EIGHT: Monday 8 February

Lecture: *EU competences in Infrastructure, Transport, Energy & Environment:* One of the biggest issues facing the EU is how it will obtain the financial and technological support of European businesses and banks (including multi-national corporations) for investment in and technology development of Trans-European Networks (TEN's), energy & environmental efficiency, multi-national defence programmes, Transatlantic trade 'opening', and other issue-areas in which deep economic inter-dependence is being forged, even in the absence of political cohesion.

Seminar: *EU 'Strategies for business':* The EU is aiming to articulate distinct but inter-related policies towards these key drivers of economic performance. At the same time it is actively seeking to expand the SME sector and 'Digital Europe': Even though there are major differences in economic performance across Member States, significant forms of integration are evolving between EU regions, firms and institutions. Is this 'Spillover' driving integration? To what extent does it require a political strategy?

Seminar: *Individual in-Class Briefings:* Short Briefings (Max 10 Minutes)

Questions for discussion:

- How should businesses in Europe view the competence in Infrastructure?
- How should businesses in Europe view the competence in Transport?
- How should businesses in Europe view the competence in Energy & Environment?
- Is the SME sector key to 'entrepreneurial culture'?
- How innovative is 'digital Europe'?

Readings: Johnson & Turner, *European business*, Chs 7, 10, 11, 12

NINE: Tuesday 9 February

Lecture: *TTIP and Transatlantic Relations:* In the wake of the global financial crisis post-2008 – and in light of the failure of the Doha Round of trade negotiations led by the WTO - the US and EU agreed to enter into a potentially radical market-convergence negotiation whose features and timing would be strongly defined by Business organisations rather than governments. The aim of this process is to identify gains to the Transatlantic economy via reduced protectionism and increased competition. However, the proposed outcomes of the negotiation are likely to be contested by a wide range of interest groups.

Seminar: *Individual in-Class Briefings:* Short Briefings (Max 10 Minutes)

Questions for discussion:

- What do you perceive to be the advantages and disadvantages of TTIP in an EU perspective?
- What do you perceive to be the advantages and disadvantages of TTIP in a US/NAFTA perspective?
- What do you perceive to be the advantages and disadvantages of TTIP in a global business perspective?

Readings: Johnson & Turner, *European business*, Chs 18, 19
<http://www.atlantic-community.org/-/focal-points-of-the-ttip-debate-on-atlantic-community>
<http://www.bfna.org/publication/bbrief-ttip-negotiations-a-summary-of-round-7>
http://action.globaljustice.org.uk/ea-campaign/action.retrievestaticpage.do?ea_static_page_id=3521&gclid=Cj0KEQjw0tCuBRDIjJ_Mlb6zzpQBEiQAYjCoBqkhB4fY61C6obDIJai46GG8LQquL79CnsgGcEoWdXkaAifd8P8HAQ
https://en.wikipedia.org/wiki/Transatlantic_Trade_and_Investment_Partnership

TEN: Friday 12 February

Lecture: *The EU and the ‘Western alliance’ in a changing world economy:* The EU has become predominant in Europe, and prominent across the globe, to the extent that it is easy to overlook its ‘contested’ nature. This calls for a careful overview:

- The EU as a ‘Club’, regime & system of institutions;
- Competences v capabilities;
- EU commercial and development strategies;
- The EU, North America, BRICS and the global economy

Seminar: *Transatlantic Relations:* On one hand it seems probable TTIP will be implemented, and produce a long-term integration of the Euro-Atlantic economy; on the other it seems NATO has lost its relevance to security in Europe and beyond. What are the implications of this situation?

Seminar: *Group commentaries:* Presentations based on Group Coursework

Readings: Larabee, F. S. ‘The United States and the evolution of ESDP’, in Vasconcelos (Ed), *What ambitions for European defence in 2020?* (pp. 51-60)
 Vasconcelos, A. ‘2020: Defence beyond the Transatlantic paradigm’, in Vasconcelos (Ed), *What ambitions for European defence in 2020?* (pp. 15-26)
http://eeas.europa.eu/index_en.htm

* **Contingency Class Date –Friday 5 February.** Students are obligated to keep this date free to attend class should any class dates need to be rescheduled.

Final Exam: The Final Exam in this course is a Take-home Paper which will be issued at the last Class and is due for submission by Email Attachment to hm_mac@hotmail.com at or prior to 5:00 pm on **Tuesday 16 February**.

Set Texts & Further Readings

European
 Commission (2015)

How the European Union works: Guide to the EU institutions

<http://bookshop.europa.eu/en/how-the-european-union-works-pbNA0414810/>

Johnson, D &
 Turner, C (Eds) (2016)
 Website (2nd Edition)

European Business (3e), Routledge

www.routledge.com/textbooks/9780415351355

Pinder, J &
Usherwood, S (2013) *The European Union* (3e), Oxford UP

Vasconcelos, A (Ed.) (2009) *What ambitions for European defence in 2020?* (2e), Europa

Ahrens, J, Hoen, H W &
Ohr, R (2005) "Deepening Integration in an Enlarged EU: A Club-Theoretical Perspective", in *European Integration*, Vol. 27, No. 4, pp. 417 – 439

De Grauwe, P (Ed) (2016) *Economics of Monetary Union* (11e), Oxford UP

BU Blackboard: Electronic versions of selected weekly readings can be obtained from Blackboard: <http://learn.bu.edu>

Links: Web links provide updates for individual and group class work, case-study presentations and input for term paper research.

EU gateway portal: www.europa.eu.int

EU external relations: www.europa.eu/pol/cfsp/index_en.htm

UK government portal: www.direct.gov.uk

NATO portal: www.nato.int/cps/en/natolive/index.htm

TEC (US): www.state.gov/p/eur/rt/eu/tec/index.htm

TEC (EU): www.ec.europa.eu/enterprise/policies/international/cooperating-governments/usa/transatlantic-economic-council/index_en.htm