Syllabus

The course analyses the functioning of EU economic integration, with special focus the Euro zone. It emphasizes the ways in which the European Single Market for goods, services and capital impinges on the ability of national governments and European institutions to conduct economic policies. The implications of monetary union for the functioning of member states’ economies and domestic policies are analyzed with the help of macroeconomic tools. The various aspects of economic governance of the European monetary union are studied within the framework of modern political economy. And structural aspects of the European integration (external economic relations and the role of the EU in globalization, banking and financial regulation, the economic implications of population aging, the transition to a low-carbon economic growth path) will also be dealt with by mobilizing the most recent analyses.

Programme des séances (contenu et objectifs pédagogiques):

Pour chacune des 12 séances : présentation du thème général, de la(les) thématique(s), textes de référence, lectures préparatoires, exercices):

In addition to the readings mentioned for each session, more up-to-date material will be referred to in the course of the semester.

1. Introduction: Presentation of the contents of the course, bibliographical sources and data sources; Overall characterization of current economic conditions in the EU and major challenges.

2. The European economy in a millennium perspective: Looking for factors explaining Western Europe’s economic performance.
   - Angus Maddison, *The World Economy, A Millennium Perspective*, OECD.

3. From the Common market to the Single market: Market integration and competition policies.
   - Baldwin and Wyplosz, Chap.

4. External trade policy: The EU and international trade negotiations. The EU-US free-trade project.
   - WTO website.

5. The Common agricultural policy (CAP) at a crossroad: Options for a food and agricultural policy.

   - Larosière Report.

7. Macroeconomic management of the Eurozone (I): Is the Eurozone an optimal currency area?


Présentation des modalités d’évaluation :

Evaluation for this course is based on a final, 2000 words essay. The essay should be scholarly written, with sound economic reasoning, relevant empirical material, and appropriate bibliographical references. The theme of the essay will be chosen by the student, in agreement with the professor, either from a list of topics circulated at the beginning of the semester, or proposed by the student.

Références bibliographiques :


Paul DE GRAUWE, The Economics of monetary union, Oxford University Press, most recent edition.

Economics of the European Union

Seminar

Arthur Sode (Main Lecturer: Jacques Le Cacheux)

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1. Seminar outline

The seminar is complementary to the one given by Professor J. LeCacheux. The main aim is to give students the necessary tools to understand macroeconomics and financial issues related to the European Union (EU) and more specifically of the European Economic and Monetary Union (EMU). A particular attention will be given to the Eurozone crisis, its roots, consequences and to policies that have been put in place in order to put an end to it. In the context of the crisis, the course will focus on fiscal, monetary and financial policies challenges that have emerged since the start of the crisis. The Economic and Monetary Union construction will also be put in perspective by trying to understand the origin of the EMU project and focusing on the remaining challenges needed to strengthen the monetary union. More broadly, this course will constantly try to give students a policy-oriented view of current European events.

Typical classroom sessions will be structured around:
- Wrap up and course (by me) on main facts/theoretical points to remember.
- One or two oral presentation by students, followed by a discussion;

Each week, a paper to read will be sent to students with some questions. All students have to send me their preparation and I will pick up randomly 2 (or more) preparations that I will grade.

There will be two short exams at the sixth and last sessions of the course. These exams will take the form of a Q&A and some questions. All material seen in the seminar (course, readings and oral presentations) will be on the program of these tests.

2. Guidelines for presentations

Presentations (in groups of two, to the extent possible) should last roughly 20 minutes and will be followed by a class discussion. The subjects of the presentations are provided below. Presentations should achieve an appropriate balance between factual and theoretical elements. The presentation grade will take into account the quality of the argumentation and the presentation, as well as the relevance of the material used for its preparation. All sources should be cited, including figures and graphs.

3. Grading

The overall grade for the course will be based on the seminar grade and the final essay handed in for J.Le Cacheux’s main lecture. The seminar grade breaks down as follows (%-age of final grade):
- Oral presentation (in groups of 2, to the extent possible): 35%
- Written exams: 35%
- Text to prepare (mandatory and picked up at random): 15%
- Participation: 15%
Syllabus and presentations

Session 1 : Introduction and some economic tools for the course

Session 2 : The Eurozone crisis in perspective I
➢ Oral presentation: “EU institutions: description and latest change”

Session 3 : The Eurozone crisis in perspective II
➢ Oral presentation: “Was rescuing Greece the right solution?”

Session 4 : Fiscal Policy in EMU
➢ Oral presentation: “Was embarking on the course of fiscal consolidation during the 2010-2013 sovereign debt crisis in the euro area the right decision?”

Session 5 : Monetary Policy in EMU
➢ Oral presentation: “Has the FED been more efficient than the ECB at fighting the crisis?”

Session 6 : First Test and Presentations
➢ Oral presentation 1: “Country case: Spain economy before and after the crisis”
➢ Oral presentation 2: “Country case: Germany from the sick man of Europe to the new economic model”

Session 7 : Banking Union and Macro-prudential Policy
➢ Oral presentation: “The financial crisis of 1929: description and comparison with current events”

Session 8 : The new economic governance of EU and EMU
➢ Oral presentation: “Why was the first version of the Stability and Growth Pact insufficient to avoid the Eurozone crisis?”

Session 9 : Origins of the European Monetary Union project
➢ Oral presentation: “International monetary system: can the euro replace the dollar has the dominant world currency?”

Session 10 : The Optimal Currency Area Theory
➢ Oral presentation: “Should the Eurozone have its own budget with its own Finance Minister?”

Session 11 : Future Challenges for EMU
➢ Oral presentation: “Lack of investment in Europe: assessment and potential solutions”

Session 12 : Second test and main lessons of the course
➢ Oral presentation: “Japanese lost decade: can Europe suffer from the same disease?”
➢ Oral presentation: t.b.d.

Recommended Books and Textbooks:

Books and textbooks on the economy of the European Union:
- Jean Pisani-Ferry, “The Euro Crisis and Its Aftermath”
- Paul De Grauwe, “Economic of Monetary Union”
- Richard Baldwin and Charles Wyplosz, “The Economics of European Integration”

General Economic Textbooks:
- Gregory Mankiw, “Principles of Economics”