

Economics of European Integration

Fall 2020

Note: Due to Covid19, some logistical issues relating to class will be subject to change, depending on the development of the Corona crisis. As of August 2020, lectures and exam are planned to be held online.

Overview

This class provides an introduction into the economic integration process in Europe. It starts with an overview from an historical perspective and lays out the EU's institutional framework. The second part focuses on the microeconomics of integration relating to trade, market size, growth and factor markets. In the remainder of the course we analyze various policies (common agricultural policy, regional policy, competition policy, and trade policy), after which we turn to the question of the EU as an optimum currency area, and the interplay of monetary, fiscal and financial policies. Along the course, we touch on current and policy relevant topics such as the EU's Recovery Fund, Brexit, Draft Budgetary Plans in fall of 2020, ECB policies, etc.

Prerequisites

- For local Mannheim students: Finanzwissenschaft, Wirtschaftspolitik; recommended: Internationale Ökonomik.
- For exchange students: prior coursework and knowledge of micro and macroeconomics, preferably at intermediate level.

Professor

- Eckhard Janeba, L7, 3-5, room 227/9, janeba@uni-mannheim.de

Room and time

- Mondays 15:30-17:00 and Tuesdays 13:45-15:15
- Lecture Period 28.9.-11.12.2020 (= 11 weeks at 4 SWS per week, equivalent to 14 weeks at 3 SWS)
- online class via zoom (link to be provided)

Grading: Final Exam (100%); there are no graded problem sets, but I use practice questions and review questions from previous year's exam (see also at the end of each chapter in the textbook self-assessment questions, which allow you to check your understanding)

Office hours: Please contact me by Email to set up an appointment (online or if possible physically)

Textbook: Richard Baldwin and Charles Wyplosz: The Economics of European Integration, McGraw Hill, 6th edition, 2020.

Outline and Reading

1. Brief History of Integration in Europe

Baldwin/Wyplosz, Chapter 1

2. Institutions, EU budget, Decision making

Baldwin/Wyplosz, Chapter 2+3

3. Preferential Trade Liberalization

Baldwin/Wyplosz, Chapter 5 (if no knowledge of international trade, study on your own chapter 4 before class)

4. Market Size, Scale and Growth Effects

Baldwin/Wyplosz, Chapter 6+7

5. Economic Integration and Labor Markets

Baldwin/Wyplosz, Chapter 8

6. EU Micro Policies

Common Agricultural Policy: Baldwin/Wyplosz, Chapter 9

Economic Geography and Regional Policy: Baldwin/Wyplosz, Chapter 10

Competition Policy and State Aid: Baldwin/Wyplosz, Chapter 11

Trade Policy: Baldwin/Wyplosz, Chapter 12

7. Optimum Currency Areas

Baldwin/Wyplosz, Chapter 15

8. Monetary and Fiscal Policies

EMU: Baldwin/Wyplosz, Chapter 16

Fiscal Policy and Stability Pact: Baldwin/Wyplosz, Chapter 17

Financial Markets and the Euro: Baldwin/Wyplosz, Chapter 18

Eurozone Crisis: Baldwin/Wyplosz, Chapter 19