

European Economic Integration (E321)

Dr. Peter Eppinger

University of Tübingen

Summer term 2023

Objectives

The aim of this course is to study key issues of European economic integration, including trade, migration, and the monetary union. The course provides students with an overview of the history and the topical issues of European economic integration. We analyze both microeconomic and macroeconomic aspects of European integration using modern methods of international economics. The course enables students to contribute in an informed way to the debate about European integration.

Curriculum

This course is part of the Bachelor Programs in Economics and Business Administration, International Business Administration, and International Economics (typically 2nd or 3rd year). The course is not eligible for Master students.

Credits

6 ECTS credits (B.Sc.).

Prerequisites

It is essential that all participants of this course have knowledge of intermediate-level microeconomics and macroeconomics. Successful completion of the relevant courses E130 and E170 is hence a strict prerequisite for all local students attending this course. Exchange students need to have completed equivalent courses. In addition, basic knowledge of international economics (as taught e.g. in the course E371) is desirable, but it is not a requirement.

Method of teaching

The course will be taught in English and has a two-tier structure: 3h lecture plus 1h exercise class, though there is no rigid weekly separation between the two. As we proceed through the course, students are encouraged to work on several assignments in groups. Subsequently, we will discuss these assignments in class. In addition, there will be in-class exercises that we work on together.

Assessment and grading

There will be a *written exam* (90 minutes) at the end of the term, drawing on the entire course (lecture plus exercise class). Questions for the exam will be formulated in English, but answers may be given either in English or in German. In addition, you may earn bonus points during the term by working on the assignments and submitting written solutions within set deadlines. These bonus points will then be added to the points that you earn in the written exam. Grades are based on the total number of points earned in exam plus the assignments. More details will be communicated in the first session.

Schedule and location

Tuesday, 10.15 – 11.45 am, at Verfügungsgebäude (Wilhelmstr. 19), room 0.02

Thursday, 2.15 – 3.45 pm, at Alte Kinderklinik (Rümelinstr. 23), room H404

First session: Tuesday, April 18, 2023

Registration

Please register for this course on [ILIAS](#), where all course materials will be made available. The ILIAS platform is protected by a password, which will be communicated in the first session. Meanwhile, this syllabus will do for your preparation.

Content

[1] History of European integration

Treaties of deepening and enlarging European integration; institutions and decision making; some empirical facts on European integration

[2] Integrating European goods markets – the traditional view on trade

Gains from international trade; the effects of a tariff; the economics of preferential trade liberalization; Free Trade Agreement vs. Customs Union

[3] Integrating European goods markets – pro-competitive effects of trade

Imperfect competition; monopoly, oligopoly, and monopolistic competition; pro-competitive effects of trade liberalization; effects of the European single market; firm heterogeneity

[4] The Common Agricultural Policy (CAP)

Facts on the CAP; the economics of the price support system; problems and reforms of the CAP

[5] The labor market effects of integration

Trade integration and unemployment; labor market policies; international migration

[6] Choice of exchange rate regime

The macroeconomics of exchange rate regimes; the impossible trinity principle; theory of optimum currency areas

[7] The Economic and Monetary Union (EMU)

Historical precedents of EMU, the Maastricht criteria; the Stability and Growth Pact; some empirical facts on the first decade of EMU

[8] The Eurozone in crisis

The global financial crisis; sovereign debt crisis in the Eurozone; the economics of public sector solvency; unconventional monetary policy; the Covid pandemic crisis

Literature

Compulsory reading:

The course is mainly based on the following textbook:

Baldwin, R. and C. Wyplosz, *The Economics of European Integration*, 6th ed., McGraw Hill, New York, 2020.

Selected chapters of this textbook are compulsory reading.

Supplementary reading for International Economics:

Feenstra, R. and A. Taylor, *International Economics*, 5th ed., Worth Publishers, New York, 2021.

Krugman, P., M. Melitz, and M. Obstfeld, *International Economics*, 12th ed., Pearson Education, Essex, 2023.

Further supplementary reading will be announced during the course.

Contact

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