

**DEPARTAMENT D'ESTRUCTURA ECONÒMICA
(ECONOMIA APLICADA II)**

UNIVERSITAT DE VALÈNCIA

DEGREE in ECONOMICS

**COURSE OUTLINE
OF
*EUROPEAN UNION ECONOMICS***

Academic Year 2006-2007

Professors:

Francisco Requena
Cecilio Tamarit (Co-ordinator)

Subject: Compulsory
Year: 1º course, 2º term
Credits: 6
Restrictions:

Economics of European Union

The aim of this course is to equip students with a critical understanding of the economic issues in this EU debate. The course provides a blend of descriptive information, theory and empirical analysis. The emphasis is on economic issues but these issues are studied in their political and social context. Theoretical analysis forms an essential part of the course and requires knowledge of intermediate micro- and macroeconomics. Particular attention is devoted to policy areas in which EU co-ordination has progressed furthest: monetary and fiscal integration, internal market, external trade policy, regional policy, agriculture, competition and social policy.

Reading List and Course Outline

Core Texts:

Hitiris, T. (2003): *European Union Economics*, 5th edition.

Complementary reading:

Artis, M.J. and Nixon, F. (2001): *The Economics of the European Union* (third edition), Oxford University Press.

INTERNET resources:

- All the information about the development of the subject (material, exercises, marks, quiz...) will be posted in a special page that can be visited through the personal page of the professor in charge of the coordination of the subject under the section “teaching”:

<http://www.uv.es/~tamac>

- The European Documentation Center of the Universidad de Valencia is located in the Library of Social Sciences.

<http://www.uv.es/cde/>

- A second useful address is the official server of the European Union.

<http://europa.eu.int/>

- Thirdly, the technical factsheets of the European Parliament are particularly interesting to update the development of the different aspects and policies of the EU integration process.

<http://www.europarl.eu.int/dg4/factsheets/es/default.htm>

- Moreover, statistical information can be checked and downloaded from the official serve of the Statistical Office of the EU:

<http://europa.eu.int/en/comm/eurostat/servfr/home.htm>

- A very interesting and useful address for information about macroeconomic and, specially, monetary issues is the web page of the European Central Bank:

<http://www.ecb.int/>

Office hours:

Cecilio Tamarit. To be announced.

Francisco Requena. To be announced.

Classes:

Students are required to attend and prepare for weekly classes, designed to review and supplement the lecture material. Reinforcing the theories and issues covered in the lectures classes will be based around structured exercises, short presentations, class discussions and group work. More precisely, after completing every lesson the students are expected to answer the questionnaire at the end of the quoted chapter of the core textbook. For every questionnaire, some students will be responsible for the public presentation of the answers in the classroom for general discussion and they will receive a mark for that task that can be as high as 1 point to add to the score obtained at the final exam. Moreover, the students can obtain some extra marks on a non-compulsory basis (up to another 1 extra point) preparing short papers (10-15 pages) on the topics listed below and presenting them in the classroom. These presentations will take place the 4 last weeks of the course.

List of topics proposed for the completion of short papers:

1. EU enlargement. Chapter 9 (H)
2. Tax harmonization. Chapter 5 (H)
3. EU Social Policy. Chapter 11 (H)
4. EU Transport Policy, Chapter 12 (H)
5. EU Industrial Policy, Chapter 13 (H)
6. Energy and the environment, Chapter 14. (H)
7. Europe's unemployment problems, Chapter 14 (A&N)
8. Science and Technology Policy, Chapter 7 (A&N)
9. Competition Policy, Chapter 3, pp. 66-72 (H)

Course Outline:**Lesson 1: The Economics of Integration .**

- *The stages of integration: Free Trade Areas, Customs Unions, The Single Market, Common Market, Economic and Monetary Union;*
- *The theory of Customs Unions: static effects.*
- *The theory of Customs Unions: dynamic effects.*
- *The theory of the Common Markets: How does factor mobility within the EU affect economic activity and growth; wage convergence and migration.*
- *Economic unions and economic growth.*

Hitiris, T. (2003): Chap. 1.

Artis, M.J. and Nixon, F. (2001): Chap. 1.

Lesson 2: Origins of the EU and the need for Economic Integration in Europe.

- *Economic integration in historical and political perspective.*
- *The EU in the world.*
- *The EU's stages of integration.*
- *The EU's goal and method*
- *The future of the EU.*

Hitiris, T. (2003): Chap. 2 and 15.

Artis, M.J. and Nixson, F. (2001): Chap. 1.

Lesson 3: Institutions and budget of the European Union

- *The structure and operation of EU institutions.*
- *General characteristics of the EU budget.*
- *Structure of the budget*
- *The financial perspective 2000-2006.*

Hitiris, T. (2003): Chap. 2 and 4.

Artis, M.J. and Nixson, F. (2001): Chap. 1.

Lesson 4: The Single Market (internal integration).

- *Euroesclerosis and the Single Market Program*
- *Costs of non-tariff barriers.*
- *Benefits of the Single Market.*
- *Evaluation of the effects of the Single Market.*

Hitiris, T. (2003): Chap. 3.

Lesson 5: The EU external (trade) relations.

- *The Common Commercial Policy (CCP).*
- *The Pyramid of privileges.*
- *Central and Eastern European countries.*
 - ◊ *The ACP-EU partnership.*
 - ◊ *Mediterranean countries.*
 - ◊ *Other developing countries.*
 - ◊ *Developed countries.*
- *Conclusions.*

Hitiris, T. (2003): Chap. 8.

Artis, M.J. and Nixson, F. (2001): Chap. 15.

Lesson 6: Agriculture and the CAP.

- *Problems of the agricultural sector.*
- *The Common Agricultural Policy (CAP).*
- *Effects of the CAP.*
- *Reforms of the CAP.*

Hitiris, T. (2003): Chap. 7.

Artis, M.J. and Nixson, F. (2001): Chap. 5.

Lesson 7: Regional Policy.

- *Regional problems and economic integration.*
- *Regional problems in the EU.*
- *Regional economic policy of the EU.*
- *EMU and regional divergence.*

Hitiris, T. (2003): Chap. 10.

Artis, M.J. and Nixson, F. (2001): Chap. 5.

Lesson 8: The Background to European Monetary Integration.

- *A brief history of the post-war international monetary system.*
- *The need for exchange rate stability between European countries.*
- *The operation of the 'Snake'.*
- *The operation of the European Monetary System: monetary co-operation, the ERM, and the ECU.*
- *The 'ERM crisis' of 1992/3, its causes and consequences.*
- *Identification and comparison of the costs and benefits of monetary union.*
- *Optimum currency areas (OCA) and monetary union.*

Hitiris, T. (2003): Chap. 6.

Artis, M.J. and Nixson, F. (2001): Chap. 12.

Lesson 9: Macroeconomic Policies under EMU.

- *The framework for macroeconomic policies.*
- *The Eurosystem and the design of the European Central Bank.*
- *The monetary policy strategy.*
- *Fiscal policy and monetary integration.*

Hitiris, T. (2003): Chap. 6.

Artis, M.J. and Nixson, F. (2001): Chap. 12 and 13.