

**COURSE DATA****DATA SUBJECT**

**Code:** 43731  
**Name:** Economic integration  
**Cycle:** Master's Degree  
**ECTS Credits:** 6  
**Academic year:** 2026-27

**STUDY (S)**

Degree	Center	Acad. year	Period
2166 - Master's Degree in Economic Globalisation: International Trade Management	Facultat d'Economia	1	First quarter

**SUBJECT-MATTER**

Degree	Subject-matter	Character
2166 - Master's Degree in Economic Globalisation: International Trade Management	Economic integration	COMPULSORY

**COORDINATION**

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**SUMMARY**

Economic integration is a process of increasing interaction of markets of two or more countries. Any process of economic integration supposes a loss of sovereignty or control on some aspect of the economy of the members in order to obtain a benefit ensued from a major interaction. The simplest process of integration is a bilateral agreement of trade of some products. On the basis of that agreement, and depending on the degree of transfer of sovereignty or control of the involved countries, there are other forms of economic integration: customs unions, common markets, economic and monetary unions. Some examples are EMU, NAFTA, MERCOSUR or the  $\zeta$ Transatlantic Trade and Investment Partnership $\zeta$ , TTIP). When a great number of countries take part in these agreements, we have the multilateral trade agreements (the GATT Rounds or the recent WTO Trade Facilitation Agreement).

This course uses the economic theory to explain the nature and origin of any process of economic integration as well as the consequences worldwide, for the member partners and for non-members partners. Let us recall an example to illustrate the advantages of using economic theory. After completing the course,



the student will be able to evaluate the economic benefits and costs of the exit of the United Kingdom of the European Union (BREXIT): What are the consequences for the United Kingdom of choosing the so-called WTO model, Canadian model, Norwegian model, Swiss model or Turkish model? This terminology just simplifies different degrees of economic integration based on the fact that there is a trade-off between ¿gains from trade¿ and ¿loss of sovereignty¿. To identify the types of economic integration and to be able to evaluate the expected benefits and costs are both central aims of this course. Given the importance that the EC/SM/EMU has for Spain, the European real and financial integration process will be a motive of recurrent case study; nevertheless, we will also study globalization and other important regional integration processes.

## PREVIOUS KNOWLEDGE

### RELATIONSHIP TO OTHER SUBJECTS OF THE SAME DEGREE

There are no specified enrollment restrictions with other subjects of the curriculum.

### OTHER REQUIREMENTS

## COMPETENCES / LEARNING OUTCOMES

### 2166 - Master's Degree in Economic Globalisation: International Trade Management

Articular de forma s3lida argumentos cr3ticos con las posiciones defendidas por los compa3eros de actividad o los posibles socios en los negocios, a la par que desarrollar la autocr3tica respecto a los propios posicionamientos.

Conocer el entorno institucional, particularmente el de la Uni3n Europea, en el que se desarrolla el proceso de internacionalizaci3n en la actual econom3a globalizada.

Conocer las pr3cticas y costumbres de los sectores econ3micos en su vertiente internacional, as3 como las peculiaridades inherentes a las diferentes 3reas econ3micas.

Conocer y diferenciar entre los diferentes procesos de integraci3n econ3mica a escala internacional, siendo conscientes de las ventajas e inconvenientes, costes y beneficios de cada uno de ellos.

Desarrollar la capacidad de trabajar en equipo, respondiendo a situaciones problem3ticas de manera colectiva.

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Desarrollar las capacidades de an3lisis y s3ntesis precisas para abordar problemas complejos.

Desarrollar un conocimiento suficiente y un empleo efectivo de las fuentes estad3sticas y documentales necesarias para sustentar las propuestas efectuadas.



Detectar oportunidades y riesgos en los mercados internacionales, en particular en las economías emergentes.

Saber aplicar los conocimientos adquiridos y ser capaces de resolver problemas en entornos nuevos o poco conocidos dentro de contextos más amplios (o multidisciplinares) relacionados con el comercio internacional y la integración económica

Students should apply acquired knowledge to solve problems in unfamiliar contexts within their field of study, including multidisciplinary scenarios.

Students should be able to integrate knowledge and address the complexity of making informed judgments based on incomplete or limited information, including reflections on the social and ethical responsibilities associated with the application of their knowledge and judgments.

Students should communicate conclusions and underlying knowledge clearly and unambiguously to both specialized and non-specialized audiences.

Students should demonstrate self-directed learning skills for continued academic growth.

Students should possess and understand foundational knowledge that enables original thinking and research in the field.

## DESCRIPTION OF CONTENTS

### **1. Topic 1. The processes of international economic integration in the 21st century**

- 1.1. The theory of the economic integration in the context of the International Economy.
- 1.2. The liberalization of the worldwide trade: globalization and regionalism.
- 1.3. The current situation of the multilateral trade agreements: WTO/WTO.
- 1.4. The current situation of the Economic Integration in Europe: EMU.

### **2. Topic 2. Trade Integration. Theory of the Customs Unions.**

- 2.1 Traditional theory of the Customs Unions: effects on allocative efficiency.
- 2.2 Beyond the traditional theory: effects on the terms of trade and the suppression of non-tariff barriers.
- 2.3 Dynamic effects of the trade integration.
- 2.4 Measurement of the effects of the formation of customs unions: the case of the formation of the European Community.

- 3.1 Definition and elements of a Common Market.
- 3.2 Explanatory models of the determinants of the mobility of factors: labour and capital.
- 3.3 Static effects of the free mobility of labour.



### **3. Topic 3. Free movements of factors. Common market theory.**

3.1 Definition and elements of a Common Market.

3.2 Explanatory models of the determinants of the mobility of factors: labour and capital. 3.4 Foreign Direct Integration and Investment.

### **4. Topic 4. Productive specialization and localization: introduction to the economic geography.**

4.1 The role of space in Economics: the traditional vision and the new theory of the international trade.

4.2 The core-periphery model.

4.3 Integration and location

4.3.1 Demand and supply linkages

4.3.2 Specialised labour pool.

4.3.3 Knowledge spillovers.

### **5. Topic 5. Economic integration and growth.**

5.1. The relationships between the trade openness and income per capita.

5.2. The effects of the economic integration over the productivity.

5.3. Empirical evidence in the European Union

### **6. Topic 6. International Financial Integration.**

6.1 Recent trends in international financial markets: deregulation of national markets and liberalization of capital controls.

6.2 International capital markets. Basic conceptual issues.

6.3 Measurement of the degree of international financial integration.

Determinants of interest rate differentials.

Nominal interest rate differentials: market efficiency and conditional and non-conditional estimations of uncovered interest rate differentials.

Real interest rate differentials: PPP and the short run.

6.4. The evolution of the international financial markets.

6.5. Consequences for the EU of the financial integration process: banking sector and financial markets.

6.6. International transmission of financial crises and financial supervision

7.1 A historical introduction to European monetary integration.

7.2 The choice of exchange rate regimes.

7.3 Monetary integration theory: Cost-benefit analysis from the Optimum currency areas approach (OCA).

7.4 The fragility of incomplete monetary unions.

7.5 An assessment of the European Monetary System.



## 7. Topic 7. Incomplete monetary unions: the OCA theory and the European Monetary System.

- 7.1 A historical introduction to European monetary integration.
- 7.2 The choice of exchange rate regimes.
- 7.3 Monetary integration theory: Cost-benefit analysis from the Optimum currency areas approach (OCA).
- 7.4 The transition to a monetary union: the costs of the disinflation process in the 80s.
- 7.5 The Maastricht Treaty: a critical assessment of the convergence criteria.
- 7.6 The transition to a monetary union: the costs of the disinflation process in the 80s.
- 7.7 The Maastricht Treaty: a critical assessment of the convergence criteria.
- 7.8 Is Emu an optimum currency area?

## 8. Topic 8. Complete monetary unions: the European Monetary Union.

- 8.1. Economic Governance under Emu
- 8.2. The European Central Bank: targets, instruments and institutional setup.
- 8.3. Monetary policy in Emu.
- 8.4 Fiscal policies in Emu.

## 9. Topic 9. The EMU crisis: (1) origin and (2) solutions.

- 9.1. The causes of the euro crisis.
- 9.2. How to solve the EZ crisis?
  - i. On going reform plans.
  - ii. Banking Union and Capital Market Integration.
  - iii. New monetary and fiscal policies.
  - iv. Structural and institutional reforms.
- 9.3 The future of the EZ: towards a federal EZ?

### WORKLOAD

#### PRESENCIAL ACTIVITIES

Activity	Hours
Tutorials	4,00
Theory	40,00
Seminar	6,00
Other activities	2,00
Group work	8,00
<b>Total hours</b>	<b>60,00</b>

#### NON PRESENCIAL ACTIVITIES

Activity	Hours
Attendance at other activities	15,00
Individual or group project	0,00
Independent study and work	30,00



Preparation of lessons	17,00
Preparation for assessment activities	30,00
Resolution of case studies	0,00
<b>Total hours</b>	<b>92,00</b>

## TEACHING METHODOLOGY

The development of the course is structured in one theory session and one practical session per week. The work methodology is classified into four different sections, which will have to be evaluated by the teacher:

1. Participative lecture. In theory classes, the lecture will basically be used, as it allows the teacher to focus on the most important aspects of each subject, to adjust the time of presentation and to present a more personal vision of the subject. However, participation is expected, especially in practical classes, where emphasis will be placed on the presentation of work by students and on debate among them and between them and the teacher. As far as possible, virtual spaces will be created to encourage discussion forums based on problems posed by the lecturer or by a student.
2. Tutoring and supervision of work. Tutorials may be in groups or individually.
3. Group work with classmates. An attempt will be made to motivate the student in research, encouraging interdisciplinary and, if possible, international groups.

## EVALUATION

- **The set of tasks included in the practical module represents up to 30 % of the final grade (3 points).**
- **The written examination will suppose 70 % of the final grade (7 points).**
- **The attendance to seminars and conferences may raise the final grade in 0,5 points.**

## REFERENCES

- Camarero, M. y C. Tamarit (2019): *Gobernanza y políticas fiscales en la UEM*, Camarero M. y Tamarit, C. (coordinadores): *Economía de la UE*, Cap. 8. De Grauwe, P. (2020): *Economics of Monetary Union*, Oxford University Press, 13th edition). Cap. 5, 7 and 8. European Commission (2017): *Reflection paper on the Deepening of the Economic and Monetary Union*, COM(2017) 291 of 31 May 2017.
- Baldwin, R. y Ch. Wyplosz (2019): *The Economics of European Integration*, MacGraw-Hill. 19. Baldwin, R. et al (2015): *Rebooting the Eurozone: Step I- agreeing a crisis narrative*, CEPR Policy Insight no. 85. Baldwin, R. and F. Giavazzi eds (2016): *How to fix Europe's monetary union: Views of leading economists*. VoxEU.org eBook. CEPR Press.



VNIVERSITAT ID VALÈNCIA

**Course Guide**  
**43731 Economic integration**

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