

European Economic Integration**Econ 461**

THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

Course Syllabus

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European Economic Integration

Econ 461 Spring 2014 Professor Stanley Black

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This course deals with economic and political aspects of European economic integration, the EU customs union, barriers to integration, the single European market, the Euro, enlargement of the EU, and related topics.

Section: 1

Time: 2-3:15 pm Days: TTh Office Hours: Thur 3:30-4:30:pm

Professor Black's Office: Gardner 101A

Prerequisites: Economics 310 or 410 or permission of instructor

Textbook: Baldwin & Wyplosz **The Economics of European Integration 4th Ed. Slides**

Supplementary Readings: Jacquemin & Sapir, The European Internal Market; Molle, The Economics of European Integration; De Grauwe, Economics of Monetary Union (all on reserve)

Periodicals: **The Economist**, **Financial Times**, **Economic Policy**, **Der Spiegel** **VoxEU** **Weblinks** **Problems**

Requirements: A 10-15 page paper, due Mar 27 (25%) Topic to be approved by Feb 27. Sources: **Weblinks** **EconLit**

Mid-term Exam Feb 20 (25%)

Final Exam May 5 (50%)

I. Concepts, History, and Institutions

1. History – B&W, Ch. 1
2. Facts, Law, Institutions and the Budget – B&W, Ch. 2
3. Decision Making -B&W, Ch. 3

II. The Microeconomics of European Integration

4. International Trade and Trade Policy – B&W, Ch. 4 **MD-MS diagram explained**
5. The Economics of Preferential Liberalization – B&W, Ch. 5, **PTA diagram explained**
Mayes, "The Effect of Economic Integration on Trade," in Jacquemin & Sapir, Ch. 5.
6. Market Size and Scale Economies – B&W, Ch. 6, Muller & Owen, "The Effect of Trade on Plant Size," in Jacquemin & Sapir, Ch. 8
7. Growth Effects and Factor Market Integration – B&W, Ch. 7
8. Economic Integration, Labor Markets, and Migration – B&W, Ch. 8, Layard, Nickell & Jackman, The Unemployment Crisis

III. EU Micro Policies

9. The Common Agricultural Policy – B&W, Ch. 9
10. Location Effects, Economic Geography and Regional Policy – B&W, Ch. 10
11. EU Competition and State Aid Policy – B&W, Ch. 11
12. EU Trade Policy – B&W, Ch. 12

IV. The Macroeconomics of Monetary Integration

13. Macroeconomic Tools – B&W, Ch. 13
14. Europe's Exchange Rate Question, B&W, Ch. 14

15. Optimum Currency Areas, B&W, Ch. 15, De Grauwe, Ch. 1-4

V. EU Monetary and Fiscal Policies

16. The European Monetary Union – B&W, Ch. 16, De Grauwe, Ch.7-9

17. Fiscal Policy and The Stability Pact – B&W, Ch. 17, De Grauwe, Ch. 10

18. The Financial Markets and the Euro – B&W, Ch. 18, De Grauwe, Ch. 11

19. The Eurozone in Crisis – B&W, Ch. 19,

Black, “Fixing the Flaws in the Eurosystem” VoxEU.org 2012

Bibow, “The Euro Debt Crisis and Germany’s Euro Trilemma” Levy Institute 2012

Political Credit Cycles: The Case of the Eurozone, *Journal of Economic Perspectives*, 2013

Austerity and Growth: Dispelling Confusion With Some Facts, Roberto Tamborini, *EconoMonitor* 2013