

# European Economic Integration

Econ 461 Spring 2018

Professor Stanley Black <mailto:swblack@unc.edu>

Course Website: <http://econ461.web.unc.edu>

<b>Section 1:</b> Time: 12:30-1:45 pm Days: TTh	<b>Office Hours:</b> Professor Black: by appointment Office: Gardner 109	<b>Prerequisites:</b> Economics 310 or 410 or permission of instructor
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**Personal** Unless explicitly authorized, you are not permitted to use a laptop  
**Electronic** computer, tablet computer, smart phone, or cell phone during  
**Devices** class. Watching movies and videos, playing games, checking the scores on espn.com, and chatting with your friends are disruptive behavior that will not be tolerated.

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. Reading Assignments are posted in the Sakai Course Calendar.

Textbook: Baldwin & Wyplosz [The Economics of European Integration 5th Ed.](#) AVAILABLE from AMAZON only. Slides in Resources.

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 29 (30%) Topic to be approved by Feb 27. Sources: [Weblinks](#) [EconLit](#)

Mid-term Exam Feb 22 (30%) Final Exam May 4 (40%)

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, [Aiyar, Berger, Detragiache, Spilimbergo, "Europe's refugee surge: Economic and policy implications"](#)  
[Kirkegaard, Toward a European Migration and Mobility Union](#)

## 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](#)

[Intro from Baldwin & Giavazzi The Eurozone Crisis](#)

[Sinn, "The Euro Trap: On Bursting Bubbles, Budgets, and Belief"](#)

[Political Credit Cycles: The Case of the Eurozone, \*Journal of Economic Perspectives\*, 2013](#)

## 20. Brexit

[Armstrong & Portes, "Economic Consequences of Leaving the EU"](#)

[Ebel & Warren, "The Long-Term Economic Impact of Leaving the EU"](#)

[Baldwin, \*Brexit Beckons\*, VoxEU.org 2016](#)

[Wyplosz, \*EU perspectives on Brexit\*, VoxEU.org 2016](#)