

Name:	Prof. Dr. Volker Nitsch
Email address:	nitsch@vwl.tu-darmstadt.de
Course title:	Economics of European Integration
Track:	B-Track
Language of instruction:	English
Contact hours:	72 (6 per day)
ECTS-Credits:	6

Course description

What is today's role of the European Union? After decades towards greater integration, economic relationships have recently become more fragile. Examples of the rise of disintegration include tendencies of secession and the exit of countries from international institutional arrangements. In view of strong interdependencies between economic actors (global supply chains), these disruptions seem to be particularly costly and may require appropriate policy responses.

This course introduces the main economic aspects of the current development of the European Union (EU) and its policies. The basic idea is to discuss general issues in economic integration with a strong emphasis on experiences in Europe. After reviewing the institutional, political and historical background of European integration, the main focus is on the economic analysis of the policies and prospects for the European Union and its economic impacts on individuals, firms and regions.

Some recent developments in the international policy agenda like sovereign debt crises, Brexit and the euro crisis will also be covered.

This course provides an introduction to economic tools and concepts useful for the analysis of European integration. More generally, students learn to apply economic theory to real-world problems.

Student profile

The course is open to students from all disciplines.

Prerequisites

Elementary knowledge of economics and statistics is desirable.

Required language skills

The language of instruction is English. Language proficiency on an advanced Intermediate level (Mittelstufe II) is a prerequisite for participation. For orientation purposes, you can assess your language skills here (Common European Framework of Reference for Languages (CEFR):

<https://rm.coe.int/CoERMPublicCommonSearchServices/DisplayDCTMContent?documentId=090000168045bb52>

Course Requirements

Regular attendance and active participation, short research paper and final written exam.

Grading

20% Class participation
30% Short Paper (3-5 pages)
50% Final exam

Reading

A reader will be provided at the orientation meeting.

Course schedule

Date	Program*
Tuesday, June 02, 2020	Session 1 History, Facts and Institutions <ul style="list-style-type: none"> - Stages of integration - History of European integration Session 2 Budget <ul style="list-style-type: none"> - Revenues and expenditures at EU level Session 3 Field Trip: German-Russian Museum Karlshorst
Friday, June 05, 2020	Session 1 Fiscal Federalism <ul style="list-style-type: none"> - Task allocation - Theory of fiscal federalism Session 2 Decision Making <ul style="list-style-type: none"> - Legitimacy - Measures of decision making efficiency Session 3 Field Trip: Europe Direct Informationszentrum Berlin
Tuesday, June 09, 2020	Session 1 Microeconomic Tools <ul style="list-style-type: none"> - Open-economy supply and demand analysis Session 2 Tariff Analysis <ul style="list-style-type: none"> - MFN tariff analysis Session 3 Trade Integration <ul style="list-style-type: none"> - Types of protection - Analysis of preferential liberalization - WTO rules
Friday, June 12, 2020	Session 1 Market Size and Scale Effects <ul style="list-style-type: none"> - Industrial restructuring: logic and facts Session 2 Growth Effects and Factor Market Integration <ul style="list-style-type: none"> - Introduction to growth economics - Solow growth model

	<p>Session 3 The Single Market</p> <ul style="list-style-type: none"> - Effects and frictions: empirical approaches
Tuesday, June 16, 2020	<p>Session 1 Labour Markets</p> <ul style="list-style-type: none"> - Economic principles - Effects of trade integration <p>Session 2 Migration</p> <ul style="list-style-type: none"> - Migration policies - Individual attitudes towards migration <p>Session 3 Field Trip: Stiftung Wissenschaft und Politik</p>
Friday, June 19, 2020	<p>Session 1 Common Agricultural Policy</p> <ul style="list-style-type: none"> - CAP problems - Reforms <p>Session 2 Regional Policy</p> <ul style="list-style-type: none"> - Economic geography: theory and empirics <p>Session 3 Other EU Policies</p> <ul style="list-style-type: none"> - Competition and state aid policy
Tuesday, June 23, 2020	<p>Session 1 Macroeconomic Tools</p> <ul style="list-style-type: none"> - Impossible trinity principle - Real exchange rate <p>Session 2 Monetary Integration</p> <ul style="list-style-type: none"> - Fixed and floating exchange rates <p>Session 3 Exchange Rate Regimes</p> <ul style="list-style-type: none"> - Classifications of exchange rate regimes - Effects
Friday, June 26, 2020	<p>Session 1 Optimum Currency Areas</p> <ul style="list-style-type: none"> - Theory of optimum currency areas <p>Session 2 History of European Monetary Integration</p> <ul style="list-style-type: none"> - OCA theory and European monetary integration <p>Session 3 EMU</p> <ul style="list-style-type: none"> - Effects of EMU
Tuesday, June 30, 2020	<p>Session 1 European Central Bank: Structure</p> <ul style="list-style-type: none"> - Institutional structure - Decision making <p>Session 2 European Central Bank: Monetary Policy</p> <ul style="list-style-type: none"> - Strategy - Instruments <p>Session 3 Field Trip: Deutsche Bundesbank, Berlin branch</p>

<p>Friday, July 03, 2020</p>	<p>Session 1 Fiscal Policy - Externalities</p> <p>Session 2 Stability Pact - Stability and growth pact - Macroeconomic imbalances procedure</p> <p>Session 3 Financial Markets - Essentials - Effects of a monetary union</p> <p>Paper due (3-5 pages)</p>
<p>Tuesday, July 07, 2020</p>	<p>Session 1 Banking - Banking as an industry - Banking union</p> <p>Session 2 Role of the Euro - Functions of currency</p> <p>Session 3 Crises - Global financial crisis - Debt crisis - Brexit</p>
<p>Friday, July 10, 2020</p>	<p>Session 1 Wrap up session</p> <p>Session 2 Final exam</p>

*Field trips are subject to change depending on the availability of appointments and speakers. On field trip days, class hours may be adjusted.