

## EURR 5105/INAF 5803 – EUROPEAN ECONOMIC INTEGRATION

### Course outline – Fall 2012

**Instructor: Dr. Crina Viju**

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**Phone: 520-8440 Office: 3312 River Building**

**Classes: Wednesdays 2:35 PM – 5:25 PM; Room: 3302 River Building**

**Office hours: Tuesdays 3 PM – 5 PM or by appointment; Room: 3312 River Building**

#### **Course description:**

Economic issues and policies related to the process of European integration and the development of the post-World War II European Union.

The objective of the course is to introduce the economic analysis of common EU level policies, to provide an understanding of the objectives and consequences of common EU economic policies and to assess the effects of integration measures in the EU for the new member states and for the non-members countries.

Each student is expected to solve two assignments which will be hand out by the instructor on **Session 4** and **Session 9**. The due dates for the assignments are a week after they were hand out. Students will write a term paper (maximum 4500 words) on any of the European Economic Integration issues discussed in the class. The students will present their work in the last two sessions of the course. A proposal for the term paper must be handed in for approval by October 31 (**Session 8**) in the class.

Some readings are on reserve in the McOdrum library. Other materials can be found on-line through the library catalogue or from the instructor.

Locations:     **RE** = on reserve in main library  
                  **ON** = on-line, through the library catalogue  
                  **I** = from the instructor

#### **Required book:**

Senior Nello, Susan (2011), “The European Union: Economics, Policies and History”, third edition, McGraw – Hill Companies (**in the bookstore or from instructor**)

#### **Optional books:**

Pelkmans, Jacques (1997), “European Integration. Methods and Economic Analysis”, second edition, Pearson Education. (**RE**)

Baldwin, Richard and Wyplosz, Charles (2009), “The Economics of European Integration”, third edition, McGraw-Hill Education. (**RE**)

#### **Useful websites:**

EU: [http://europa.eu/index\\_en.htm](http://europa.eu/index_en.htm)

European Commission: [http://ec.europa.eu/index\\_en.htm](http://ec.europa.eu/index_en.htm)

European Central Bank: <http://www.ecb.int/home/html/index.en.html>

European Parliament: [http://www.europarl.europa.eu/news/public/default\\_en.htm?redirection](http://www.europarl.europa.eu/news/public/default_en.htm?redirection)

Eurostat: <http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

EU news, policy positions and EU Actors online: <http://www.euractiv.com/en/HomePage>

WTO: <http://www.wto.org/>

### **Evaluation breakdown:**

Assignments 2 x 10%	20%
Proposal Term Paper	10%
Term Paper	30%
Presentation Term Paper	20%
Class Discussion	20%

The two assignments will include a combination of theoretical problems, which students can solve based on the information taught in the class, and analytical issues for which students are allowed to use any other materials. The term paper is due on **Monday, December 3, 2012 by 2 PM**. Please submit both, a hard copy and an electronic copy of your paper to me or in the EURUS office (RB 3304). Additional guidelines for the paper will be hand out early in the semester. The proposal for the term paper should be 2-3 pages in length and should provide the research question, a short explanation of why the specific topic is considered important, an outline of the proposed paper and a list (full bibliographic listing) of proposed readings. Each student is to meet the instructor in the week following **October 31** to discuss the research topic. Each student will present his/her paper in the last two classes. The presentations are 15 minutes long followed by maximum 10 minutes of discussions and questions.

### **Late Assignments:**

Late penalties will be in operation except for documented medical reasons. There are no exceptions.

Penalties: 5% per day.

Assignments are not accepted after 7 late days except for documented medical reasons.

## **TENTATIVE COURSE OUTLINE**

### **September 12**

#### **Week 1: Introduction**

**Economic integration:** Definition, stages

Facts

Readings:

**Senior Nello: Chapter 1**

**Pelkmans, J: Chapter 1 (optional)**

**September 19**

**Week 2: Economic Integration**

History, institutions and treaties

**The Microeconomics of economic integration**

Supply, Demand, Welfare analysis

**Readings:**

**Senior Nello: Chapters 2, 3**

**Baldwin, R. and Wyplosz, C.: Chapter 4 (optional)**

**Ross, George (2009)**, “The European Union and the Future of European Politics”, Part 8, Chapters 1, 2, 3 in Kesselman, M. and Krieger, J. (eds.) *European Politics in Transition*, Boston: Houghton Mifflin Company, 6<sup>th</sup> edition. (RE)

**September 26**

**Week 3: Economics of Integration**

Why free trade?

Theories

Trade creation, trade diversion

Costs and benefits

Tariffs and non-tariff barriers.

**Readings:**

**Senior Nello, S.: Chapters 4, 5, 8**

**Feenstra, Robert C. and Taylor, Alan M. (2012)**, *International Economics*, Worth Publishers, second edition, Chapter 11, Part 1, pp. 359-372. (I)

**Lawrence, Robert Z. (1996)**, *Regionalism, Multilateralism, and Deeper Integration*, The Brookings Institution, Washington, D.C., Chapters: 1, 2, 3, 5. (RE)

**Pelkmans, Jacques (2003)**, “Mutual Recognition in Goods and Services: an Economic Perspective”, Working Paper 16, ENEPRI, [http://aei.pitt.edu/1852/01/ENEPRI\\_WP16.pdf](http://aei.pitt.edu/1852/01/ENEPRI_WP16.pdf)

**Faini, R. (1999)**, “European Migrants: An Endangered Species?”, in Baldwin, R.E. et al. (eds.) *Market Integration, Regionalism and the Global Economy*. CEPR, London (RE)

**October 3 (Hand out Assignment 1)**

**Week 4: Common Policies**

EU budget

Common Agricultural Policy (CAP)

**Readings:**

**Senior Nello, S.: Chapters 12, 13**

**Pelkmans, J.: Chapter 11, 19 (optional)**

**Baldwin, R. and Wyplosz, C.: Chapter 9 (optional)**

**Begg Iain, Sapir Andre and Eriksson Jonas (2008)**, “Purse of the European Union. Setting Priorities for the Future”, SIEPS, <http://www.sieps.se/en/publications/occasional-papers/the-purse-of-the-european-union-setting-prio.html>

**Kauppi, H. and Widgren, M. (2004)**, “What Determines EU Decision Making? Needs, Power or Both?”, *Economic Policy*, Vol. 19, Issue 39, pp. 221-266 (ON)

**Burrell Alison (2009)**, “The CAP: Looking Back, Looking Ahead”, *Journal of European Integration*, Vol. 31, Issue 3, pp. 271-289 (ON)

**Daugbjerg, C. and Swinbank, A. (2011)**, “Explaining the ‘Health Check’ of Common Agricultural Policy: Budgetary Politics, Globalisation and Paradigm Change Revisited”, *Policy Studies*, Vol. 32(2), pp. 127-141 (ON)

**October 10 (Deadline Assignment 1)**

**Week 5: Common Policies**

Regional Policy

Environmental Policy

**Readings:**

**Senior Nello, S.: Chapters 14, 15**

**Baldwin, R. and Wyplosz, C.: Chapter 13**

**Begg, I., Gudgin, G. and Morris, D. (1995)**, “The Assessment: Regional Policy in the European Union”, *Oxford Review of Economic Policy* 11(2), pp. 1-17 (ON).

**Heidenreich, M. (2003)**, “Regional Inequalities in an Enlarged Europe”, *Journal of European Social Policy*, Vol. 13(4), pp. 313-333 (ON)

**Damro, Chad and Mendez, Pilar L. (2005)**, “Emissions Trading at Kyoto: From EU Resistance to Union Innovation”, in *Environmental Policy in the European Union. Actors, Institutions & Processes*, edited by Andrew Jordan, 2<sup>nd</sup> edition, pp. 253-279 (RE)

**VanDeveer, Stacey D. and Carmin, Jo A. (2005)**, “EU Environmental Policy and the Challenges of Eastern Enlargement”, in *Environmental Policy in the European Union. Actors, Institutions & Processes*, edited by Andrew Jordan, 2<sup>nd</sup> edition, pp. 279-295 (RE)

**October 17**

**Week 6: Common Policies**

Competition Policy

Social and Employment Policies

**Readings:**

**Senior Nello, S.: Chapters 16, 17**

**Pelkmans, J.: Chapters 12 (optional)**

**Baldwin, R. and Wyplosz, C.: Chapter 11 (optional)**

**Roberts Ivor and Springer Beverly (2001)**, *Social Policy in the European Union. Between Harmonization & National Autonomy*, Lynne Rienner Publishers, pp. 1-56 (RE)

**Jacques Sapir (2006)**, ‘Globalization and Reform of European Social Models’, *Journal of Common Market Studies* 44 (2), 369-90. (ON).

**Bertola, Giuseppe (2007)**, ‘Welfare Policy Integration Inconsistencies’, in Helge Berger and Thomas Moutos (eds.) *Designing the New European Union*, Elsevier, pp.91-119 (ON)

**October 24**

**Week 7: Monetary Union**

The theory of Optimum Currency Area

Cost/benefit analysis

Fiscal policy

**Readings:**

**Senior Nello, S.: Chapters 9, 10**

**Pelkmans, J.: Chapters 17, 18 (optional)**

**Baldwin, R. and Wyplosz, C.: Part IV, V (optional)**

**Feenstra, Robert C. and Taylor, Alan M. (2008)**, *International Economics*, Worth Publishers 1<sup>st</sup> edition, pp. 872-907 (I)

**Matthes, J. (2009)**, “Ten Years EMU – Reality Test for the OCA Endogeneity Hypothesis, Economic Divergence and Future Challenges”, *Intereconomics/Review of European Economic Policy* 44(2), pp. 114-128 (ON).

**Minford, P. (2008)**, “Why the United Kingdom Should Not Join the Eurozone”, *International Finance* 11(3), pp. 283-295 (ON).

**Buiter, W. H. (2006)**, “The ‘Sense and Non-Sense of Maastricht’ Revisited: What Have we Learnt about Stabilization is EMU?”, *Journal of Common Market Studies*, Vol. 44(4), pp. 687-710 (ON).

**October 31 (Deadline proposal term paper)**

**Week 8: Financial, Economic and Sovereign Crisis**

Readings:

**Senior Nello, S.: Chapter 11**

**Petit, P. (2012)**, “Building Faith in a Common Currency: Can the Eurozone Get Beyond the Common Market Logic?”, *Cambridge Journal of Economics*, Vol. 36, pp. 271-281 (ON).

**Visvizi, A. (2012)**, “The Crisis in Greece and the EU-IMF Rescue Package: Determinants and Pitfalls”, *Acta Oeconomica*, Vol. 62(1), pp. 15-39 (ON).

**Sapir, A. (2011)**, “Europe after the Crisis: Less or More Role for Nation States in Money and Finance?”, *Oxford Review of Economic Policy*, Vol. 27(4), pp. 608-619 (ON).

**Hix, S. (2011)**, “Where is the EU going? Collapse, fiscal union, a supersized Switzerland or a new democratic politics.”, *Public Policy Research*, June-August, pp. 81-87 (ON).

**November 7 (Hand out Assignment 2)**

**Week 9: EU and GATT/WTO**

Trade Policy

**Readings:**

**Senior Nello, S.: Chapters 18**

**Pelkmans, J.: Chapter 13 (optional)**

**Baldwin, R. and Wyplosz, C.: Chapter 12 (optional)**

**Commission of the European Communities (2006)** ‘Global Europe: Competing in the World’, [http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc\\_130370.pdf](http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130370.pdf) (ON) (optional)

**Meunier, S. (2007)**, “Managing Globalization? The EU in International Trade Negotiations”, *Journal of Common Market Studies*, Vol. 45(4), pp. 905-926 **(ON)**

**Young, A. R. (2007)**, “Trade Politics Ain’t What It Used to Be: The European Union in the Doha Round”, *Journal of Common Market Studies*, Vol. 45(4), pp. 789-811 **(ON)**

**Copeland, B.R. (2007)**, “Trade and the environment: what do we know?”, in *Handbook on International Trade Policy*, edited by Kerr, W.A. and Gaisford, J.D., pp. 414-427 **(I)**

**Patterson, Lee Ann and Josling, Tim (2005)**, “Regulating Biotechnology: Comparing EU and US Approaches”, in *Environmental Policy in the European Union. Actors, Institutions & Processes*, edited by Andrew Jordan, 2<sup>nd</sup> edition, pp. 183-201 **(RE)**

## **November 14 (Deadline Assignment 2)**

### **Week 10: Economies in Transition and EU enlargement**

Economic transition from centrally planned to market economy

Theory of clubs

Accession process

#### **Readings:**

**Senior Nello, S.: Chapter 19**

**Pelkmans, J.: Chapter 20 (optional)**

**Popov, V. (2007)**, “Shock Therapy versus Gradualism Reconsidered: Lessons from Transition Economies after 15 Years of Reforms”, *Comparative Economic Studies* 49, pp. 1-31 **(ON)**

**Janos Kornai (2006)**, ‘The Great Transformation of Central Eastern Europe: Success and Disappointment’, *Economics of Transition* 14 (2), 207-44. **(ON)**

**Baldwin, R., Francois, J. and Portes, R. (1997)**, “The Costs and Benefits of Eastern Enlargement: the Impact on the EU and Central Europe”, *Economic Policy*, Vol. 12(24), pp. 127-176 **(ON)**

**Böwer, U. and Turrini, A. (2010)**. “EU Accession: A Road to Fast-Track Convergence?” *Comparative Economic Studies* 52(2), pp. 181-205 **(ON)**

**Backe, P. and Mooslechner, P. (2004)**, “From Transition to Monetary Integration: Central and Eastern Europe on Its Way to the Euro. Comments on the Country Papers”, *Comparative Economic Studies* 46(1), pp. 177-190 **(ON) (optional)**

**November 21, 28**

**Week 11, 12: Presentations**

**Academic Accommodation:**

You may need special arrangements to meet your academic obligations during the term because of disability, pregnancy or religious obligations. Please review the course outline promptly and write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist.

It takes time to review and consider each request individually, and to arrange for accommodations where appropriate. Please make sure you respect these timelines particularly for in-class tests, mid-terms and final exams, as well as any change in due dates for papers.

You can visit the Equity Services website to view the policies and to obtain more detailed information on academic accommodation at <http://carleton.ca/equity/accommodation>.

**For Students with Disabilities:**

“Students with disabilities requiring academic accommodations in this course must register with the Paul Menton Centre for Students with Disabilities for a formal evaluation of disability-related needs. Registered PMC students are required to contact the centre, 613-520-6608, every term to ensure that I receive your letter of accommodation, no later than two weeks before the first assignment is due or the first in-class test/midterm requiring accommodations. If you require accommodation for your formally scheduled exam(s) in this course, please submit your request for accommodation to PMC by the deadlines published on the PMC website: <http://www2.carleton.ca/pmc/new-and-current-students/dates-and-deadlines/>.”

**For Religious Obligations:**

Students requesting academic accommodation on the basis of religious obligation should make a formal, written request to their instructor for alternate dates and/or means of satisfying academic requirements. Such request should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but not later than two weeks before the compulsory event. Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the students.

Students or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton’s Academic Accommodations policies, or may contact an Equity Services Advisor in the Equity Services Department of assistance.

**For Pregnancy:**

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required

**Plagiarism**

The University Senate defines plagiarism as “to use and pass off as one’s own idea or product the work of another without expressly giving credit to another”. (Calendar p. 48).

- Copying from another person's work without indicating this through appropriate use of quotations marks and citations of footnotes.
- Lengthy and close paraphrasing of another person's work (i.e. extensive copying interspersed with a few "different" phrases or sentences).
- Submitting written work produced by someone else as if it were one's own work (e.g. another student's term paper, a paper purchased from a commercial term paper "factory", material downloaded via the Internet, etc.)

In an academic environment plagiarism is a serious offence, and it is not a matter that can be dealt with by an informal arrangement between the student and the instructor. In all cases where plagiarism is suspected, instructors are now required to notify their departmental Chair, and the Chair in turn is required to report the matter to the Associate Dean of the Faculty. The Associate Dean makes a formal investigation and then decides on an appropriate sanction. Penalties can range from a mark of zero for the plagiarized work, to a final grade of F for the course, to suspension from all studies, to expulsion from the University. (Students should all be aware that the Senate classifies as an instructional offence the submission of "substantially the same piece of work to two or more courses without the prior written permission of the instructors involved.")