EC 341 THE ECONOMIC EFFECTS OF SPAIN'S EU MEMBERSHIP

IES Abroad Barcelona

DESCRIPTION: As member of the European Union, the Spanish economy has changed dramatically. Once economically isolated within the Iberian Peninsula, Spain has evolved from a backward economy to a dynamic European leader. However, recent events have unveiled some weak points in the Spanish economic model and posed new challenges. This course examines how EU membership, particularly the adhesion to the European Monetary Union, has influenced the economic development of this country. The course starts with the process of European economic and monetary unification. It then examines the impact of Spain's accession to the EU and EMU, with special references to the effects of the 2008 recession, the crisis of the Euro, and the Covid-19 slowdown and its aftermath.

CREDITS: 3 credits

CONTACT HOURS: 45 hours

LANGUAGE OF INSTRUCTION: English

PREREQUISITES: To have a previous knowledge of basic economics is highly recommended.
Note: This course is not compatible with EC/IB441 Spain's Economic Development and the European Union.

ADDITIONAL COST: None

METHOD OF PRESENTATION:

- Lectures: Exposition of main facts and interpretations.
- Reader: Selection of key readings to be done before each lecture.
- Class discussion: Discussion in class of present-day economic issues connected to the contents of the course, using short articles suggested by the instructor, extracted from economic daily press, economic journals and economic websites.
- Paper writing and presentation: An essay on a specific topic connected with the course to be (3,000 words), presented and discussed in class.

REQUIRED WORK AND FORM OF ASSESSMENT:

- Midterm exam - 30%
- Final exam - 30%
- Research paper and presentation - 30%
- Class participation - 10%

Mid-term exam

An essay-type exam, without notes, on the topics seen in the first half of the course.

Final Exam

An essay-type exam, without notes, on the topics of the second half of the course

Research paper and presentation

A paper of academy format, to be written ideally in pairs and submitted on the day of the final exam. The topic should be agreed with the instructor in the first weeks of the course. Information should be scrupulously quoted. Length: 3000 words.

Class participation

Contribution to the debates and discussions in class, both on the topics of the course and on topics of current economic issues. Questions and comments on the topics explained.

LEARNING OUTCOMES:

By the end of the course students will be able to:

- Recognize the phases of Spanish long-term process of economic convergence with Europe;
- Analyze the creation of Europe's post-war international institutional architecture;
- Criticize the structure and functioning of the European Union by studying the most important theories with regard to European integration, the EU institutions and decision-making procedures and the involvement of national governments in the EU's policy process.
- Identify the economic effects of EU membership in Spain;
- Analyze the main problems of the Spanish economy in the last decades, the causes and consequences of the current economic crisis, and the economic policies in the context of the European Monetary Union;
- Examine some issues (i.e. the common market, agricultural regimes and optimal currency areas) particularly relevant to EU recent development.

ATTENDANCE POLICY: As a member of our class community, you are expected to be present and on time every day. Attending class has an impact on your learning and academic success. For this reason, attendance is required for all IES Barcelona classes, including course-related excursions. If a student misses more than three classes in any course without justification, 3 percentage points will be deducted from the final grade for every additional absence. Seven unjustified absences in any course will result in a failing grade. Absences will only be justified, and assessed work, including exams, tests and presentations rescheduled, in cases of documented medical or family emergencies.

CONTENT:

Session	Content	Required reading
Session 1	Overview of the course. Spain and the European Union	
Session 2	1) Introduction: Diagnosis of the economy of the European Union and of Spain in the European context	
Session 3	2) Steps towards European economic integration 1: Monetary systems	
Session 4	2) Steps towards European economic integration 1: The Gold Standard Monetary System	Eichengreen, B. (2008). The Gold Standard. In B. Eichengreen, *Globalizing Capital* (pp. 6-42), Princeton UP.
Session 5	2) Steps towards European economic integration 1: The consequences of WWI and the Great Depression	
Session 6	2) Steps towards European economic integration 2: The Bretton Woods Monetary System	Eichengreen, B. (2008). The Bretton Woods System. In B. Eichengreen, Globalizing Capital (pp. 91-133), Princeton, UP.
Session 7	2) Steps towards European economic integration 2: The Keynesian Revolution and the Golden Age of European Economic Development	Damsgaard Hansen, E. (2001). Prolongued Growth 1950-73. In E. Damsgaard, *European Economic History* (pp. 313-329 & 431-450). Copenhaguen Business School Press.
Session 8	2) Steps towards European economic integration 2: The crisis of the 1970s and the advent of Monetarism	Damsgaard Hansen, E. (2001). The Return to Normality 1973. In E. Damsgaard, European Economic History (pp. 431-450). Copenhaguen Business School Press.

Session 9	2) Steps towards European economic integration 3: The European Monetary Union. The way to the Treaty of Rome, European institutions and policies	Bomberg, E., Cram, L. & Martin, D. (2003). The EU Institutions. In E. Bomberg & A. Stubb (Eds.), *The European Union: How does it work?* (pp. 45-70). Oxford UP.
Session 10	2) Steps towards European economic integration 3: The European Monetary Union. From the Treaty of Rome to the Treaty of Maastricht	Jones, R. A. (1997). The origins and development of the European Union. In R.A. Jones, *The Politics and Economics of the European Union* (pp. 3-31). Edward Elgar.
Session 11	2) Steps towards European economic integration 3: The European Monetary Union. The European Monetary System	Currie, D. (1997). *The Pros and Cons of the EMU*. HM Treasury.
Session 12	3) The integration of Spain in the European Union 1: Economic Growth of Spain in the long-run. Convergence to Western Europe	Prados de la Escosura, L. (2017), GDP and its Composition. In L. Prados de la Escosura, *Spanish Economic Growth, 1850-2015* (pp. 3-14). Palgrave Studies in Economic History. Prados de la Escosura, L. (2017), GDP and GDP per Head. In L. Prados de la Escosura, *Spanish Economic Growth, 1850-2015* (pp. 15-24). Palgrave Studies in Economic History.
Session 13	3) The integration of Spain in the European Union 1: The Spanish Miracle (60s-70s) and the crisis of the 1970s	Carreras, A. & Tafunell, X. (2021), Economic Crisis and Political Transition (1973-1985). In A. Carreras & X. Tafunell, *Between Empire and Globalization. An Economic History of Modern Spain* (pp. 189-209). Palgrave Macmillan.
Session 14	Mid-term exam	
Session 15	3) The integration of Spain in the European Union 2: The Accession to the EU (1986) and its Early Consequences	Carreras, A. & Tafunell, X. (2021), Integration into the European Economy (1986-1998). In A. Carreras & X. Tafunell, *Between Empire and Globalization. An Economic History of Modern Spain* (pp. 211-228). Palgrave Macmillan.
Session 16	3) The integration of Spain in the European Union 2: The Path towards Monetary Union	Balmaseda, M. & Sebastián, M. (2003). Spain in the EU: Fifteen years may not be enough. In S. Royo & P.C. Manuel (Eds.), *Spain and Portugal in the European Union. The first fifteen years* (pp. 195-230). Frank Cass.
Session 17	3) The integration of Spain in the European Union 3: Spain in the European Monetary Union	Conthe, M. (1997). Spain and the Euro. In J. Muns (Ed.), *Spain and the Euro: Risks and Opportunities* (pp. 83-115). La Caixa.
Session 18	3) The integration of Spain in the European Union 3: The Wonderful 2000s	Carreras, A. & Tafunell, X. (2021), Spain in the Euro Area (1999-2017). In A. Carreras & X. Tafunell, *Between Empire and Globalization. An Economic History of Modern Spain* (pp. 229-262). Palgrave Macmillan.
Session 19	4) The crisis of 2008 and the Euro crisis	Krugman, P. (2013). Revenge of the Optimum Currency Area. *NBER Macroeconomics Annual* 2013 27, 439-448.
Session 20	4) The crisis of 2008 and the Euro crisis. Spain in the Euro Crisis	Conde-Ruiz, J.I. & Martínez-Ruiz, E. (2020). 2008: Spain in the Eye of the Perfect Storm. In C. Betrán & M.A. Pons (Eds.), *Historical Turning Points in Spanish Economic Growth and Development, 1808-2008* (pp. 195-230). Palgrave Macmillan.

Session 21	4) The crisis of 2008 and the Euro crisis. The post crisis period	Krugman, P. (2011, January 16). Can Europe be saved? *The New York Times Magazine*. https://www.nytimes.com/2011/01/16/magazine/16Europe-t.html
Session 22	5) The Covid-19 Crisis and its Aftermath	Sogani, A. (2020). The Great Lockdown vs. The Great Depression and the 2008 Global Financial Crisis https://www.e-ir.info/2020/07/02/the-great-lockdown-vs-the-great-depression-and-the-2008-global-financial-crisis
Session 23	Presentations of research papers. Potential topics: Unemployment, inflation, budget deficit and external deficit in contemporary Spain. EU Policies and the crisis. Comparisons between the Spanish and other European economies at different points of time or integration processes	
Session 24	Presentations of research papers.	
Session 24 bis (if paper presentations allows it)	Epilogue: The crisis and the economic science	Krugman, P. (2009, September 6). How did economists get it so wrong? *The New York Times.*

COURSE-RELATED TRIPS: None

REQUIRED READINGS:

- Balmaseda, M. & Sebastián, M. (2003). Spain in the EU: Fifteen years may not be enough. In S. Royo & P.C. Manuel (Eds.), *Spain and Portugal in the European Union. The first fifteen years* (pp. 195-230). Frank Cass.
- Bomberg, E., Cram, L. & Martin, D. (2003). The EU Institutions. In E. Bomberg & A. Stubb (Eds.), *The European Union: How does it work?* (pp. 45-70). Oxford UP.
- Carreras, A. & Tafunell, X. (2021), Economic Crisis and Political Transition (1973-1985). In A. Carreras & X. Tafunell, *Between Empire and Globalization. An Economic History of Modern Spain* (pp. 189-209). Palgrave Macmillan.
- Carreras, A. & Tafunell, X. (2021), Integration into the European Economy (1986-1998). In A. Carreras & X. Tafunell, *Between Empire and Globalization. An Economic History of Modern Spain* (pp. 211-228). Palgrave Macmillan.
- Carreras, A. & Tafunell, X. (2021), Spain in the Euro Area (1999-2017). In A. Carreras & X. Tafunell, *Between Empire and Globalization. An Economic History of Modern Spain* (pp. 229-262). Palgrave Macmillan.
- Conde-Ruiz, J.I. & Martínez-Ruiz, E. (2020). 2008: Spain in the Eye of the Perfect Storm. In C. Betrán & M.A. Pons (Eds.), *Historical Turning Points in Spanish Economic Growth and Development, 1808-2008* (pp. 195-230). Palgrave Macmillan.
- Conthe, M. (1997). Spain and the Euro. In J. Muns (Ed.), *Spain and the Euro: Risks and Opportunities* (pp. 83-115). La Caixa.
- Currie, D. (1997). *The Pros and Cons of the EMU*. HM Treasury (free downloadable).
- Damsgaard Hansen, E. (2001). Prolongued Growth 1950-73. In E. Damsgaard, *European Economic History* (pp. 313-329 & 431-450). Copenhaguen Business School Press.
- Damsgaard Hansen, E. (2001). The Return to Normality 1973. In E. Damsgaard, European Economic History (pp. 431-450). Copenhaguen Business School Press.
- Eichengreen, B. (2008). The Gold Standard. In B. Eichengreen, *Globalizing Capital* (pp. 6-42), Princeton UP.Eichengreen, B. (2008). The Bretton Woods System. In B. Eichengreen, Globalizing Capital (pp. 91-133). Princeton, UP.
- Jones, R. A. (1997). The origins and development of the European Union. In R.A. Jones, *The Politics and Economics of the European Union* (pp. 3-31). Edward Elgar.

- Krugman, P. (2009, September 6). How did economists get it so wrong? *The New York Times*. http://www.nytimes.com/2009/09/06/magazine/06Economic-t.html?scp=1&sq=how%20did%20economists%20get%20so%20wrong&st=cse
- Krugman, P. (2011, January 16). Can Europe be saved? *The New York Times*. https://www.nytimes.com/2011/01/16/magazine/16Europe-t.html
- Krugman, P. (2013). Revenge of the Optimum Currency Area. *NBER Macroeconomics Annual* 2013 27, 439-448. https://doi.org/10.1086/669188.
- Prados de la Escosura, L. (2017), GDP and its Composition. In L. Prados de la Escosura, *Spanish Economic Growth, 1850-2015* (pp. 3-14). Palgrave Studies in Economic History (free downloadable).
- Prados de la Escosura, L. (2017), GDP and GDP per Head. In L. Prados de la Escosura, *Spanish Economic Growth, 1850-2015* (pp. 15-24). Palgrave Studies in Economic History (free downloadable).
- Sogani, A. (2020). The Great Lockdown vs. The Great Depression and the 2008 Global Financial Crisis https://www.e-ir.info/2020/07/02/the-great-lockdown-vs-the-great-depression-and-the-2008-global-financial-crisis (free downloadable)
- Tovias, A. (1995). Spain in the European Community. In R. Gillespie, F. Rodrigo & J. Story (Eds.), *Democratic Spain, Reshaping External Relations in a Changing World* (pp. 88-105). Routledge.

RECOMMENDED READINGS:

- Akerlof, G. & Schiller, R. (2009). The current financial crisis: What is to be done? In G. Akerlof &R. Schiller, *Animal Spirits, How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism* (pp. 86-96). Princeton UP.
- Bernardos, G. (2009). The Rise and Fall of the First Global Real Estate Bubble. *Paradigmes*, 2, June 2009, 99-106. http://www.raco.cat/index.php/Paradigmes/article/viewFile/223810/304675
- Cardoso, J.L. (2009, November 12-13). *The crisis and the adaptive discourse of economists* [Conference Presentation]. 1st Next Future Research Workshop on "Responses to the Crisis", Calouste Gulbenkian Foundation, Lisboa. https://proximofuturo.gulbenkian.pt/sites/default/files/ficheiros/Eng-PF-3_JLCardoso_workshop-Gulbenkian.pdf
- Carreras, A. & Tafunell, X. (2021), Spain in the Golden Age: Reintegration into the International Economy (1960-1973). In A. Carreras & X. Tafunell, *Between Empire and Globalization. An Economic History of Modern Spain* (pp. 171-187). Palgrave Macmillan.
- Crespo MacLennan, J. (2000). The Negotiations of Democratic Spain with the European Community, 1977–85. In J. Crespo, *Spain and the Process of European Integration, 1957-82* (pp. 150-179). Palgrave Macmillan.
- Farrell, M. (2001). *Spain in the EU. The Road to Economic Convergence*, chapters 1, 2 and 7. Palgrave.
- Guirao, F. (1998). Concluding Remarks. In F. Guirao, *(*pp. 189-206). MacMillan.
- Henig, S. (1997). *The Uniting of Europe. From Discord to Concord*, Routledge.
- Morewood, S. (1999). Europe at the Crossroads 1974-2000. In D. Aldcroft, & A. Sutcliffe (Eds.), *Europe in the International Economy 1500 to 2000*. Edward Elgar.
- Mundell, R. (1961). A Theory of Optimum Currency Areas. *The American Economic Review* 51 (4), 657-665.
- Penketh, K. (1999). The Budget of the European Union. In F. McDonald & S. Dearden (Eds.), *European Economic Integration* (pp. 117-127). Longman.
- Prados, L, Rosés, J. & Sanz, I. (2010). Stabilization and Growth under Dictatorship: The Experience of Franco's Spain, Working Papers in Economic History WP 10-02, Universidad Carlos III de Madrid. https://e-archivo.uc3m.es/handle/10016/6987#preview
- Preston, C. (1997). The third enlargement. Spain. In C. Preston, *Enlargement and Integration in the European Union* (pp. 63-70). Routledge.
- Salmon, K. (2001). The Spanish Economy: from the Single Market to EMU. In R. Gillespie & R. Youngs (Eds.), *Spain: The European and International Challenges* (pp. 17-43). Frank Cass.
- Tortella, G. (1994). Patterns of Economic Retardation and Recovery in South-Western Europe in the Nineteenth and Twentieth Centuries, *Economic History Review*, 47 (1), 1-21.