EC/IR 340 The Political Economy of European Integration
IES Abroad Milan

DESCRIPTION: This course provides students with the tools and insights to critically engage with the complex process of European integration from both theoretical and practical perspectives. Through an in-depth analysis of the European Union's institutional framework and decision-making processes, students will explore the political and economic dynamics shaping one of the most ambitious projects in regional cooperation.
Key topics include the microeconomic implications of policies such as trade, antitrust, and regulation, as well as the challenges and opportunities of coordinating national fiscal policies within a centralized monetary system. The course connects theory to practice through case studies, such as in trade policy and antitrust, offering real-world insights into EU governance and its global impact.
By the end of the course, students will have a thorough understanding of the European integration process and the tools to analyze its influence on the global economy and international business strategies. This course is ideal for those aspiring to careers in policy-making, international organizations, or business strategy, providing a strong foundation in regional and global economic integration.

CREDITS: 3

CONTACT HOURS: 45

LANGUAGE OF INSTRUCTION: English

PREREQUISITES: Basic knowledge of macroeconomics and microeconomics.

METHOD OF PRESENTATION:
- Lectures.
- Analysis of readings and case studies.
- Class discussions.
- Students presentations.

REQUIRED WORK AND FORM OF ASSESSMENT:
- Class engagement: 10%
- Midterm exam: 30%
- Final exam: 30%
- Group project: 15%
- Final report: 15%

Class engagement
Students are expected to read the assigned readings of the session in advance and be able to discuss their contents in class. The participation grade will be composed of thoughtful engagement and participation in class discussions and article discussions.

Midterm Exam and Final Exam
Written exams with a combination of multiple-choice questions and essay questions.

Group project and presentation
This group assignment is designed to deepen your understanding of key topics covered in the course and prepare you for the exam. Working in teams, you will research, analyze, and present a topic that is both relevant to the course material and included in the exam syllabus.

Country report and presentation
This group assignment is designed to deepen your understanding of key topics covered in the course by applying theoretical concepts to real-world data. Working in teams, you will research, analyze, and present a report on the key economic variables of a selected EU country.

LEARNING OUTCOMES:
By the end of the course, students will be able to:
- Acquire a thorough understanding of the process of EU economic integration as a global phenomenon and its historical evolution.
- Understand the functioning of EU institutions and their interplay with member states and other public and private actors in the global arena.
- Discuss the different dimensions of EU policies, including competition, trade, agriculture, and cohesion.
- Understand the relation between national markets, EU institutions, and global economic regulation.
- Understand the responses of the EU to contemporary events and their implications for the future of the EU integration process.

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, the IES Abroad Milan attendance policy allows for the following number of absences, which are intended to be used for physical and mental health reasons:
- THREE (3) absences in each Italian language course,
- TWO (2) absences in each Area Studies course,
- ONE (1) absence in each seminar course or course meeting 1 day a week,
- ZERO (0) absences in each course of individual music instruction.

Every absence beyond this allowance will automatically result in a penalty of 2 percentage points off the final grade. SEVEN (7) absences will result in a failing grade in Italian language and Area Studies courses. FOUR (4) absences will result in a failing grade in seminar or 1-day-a-week courses. Failure to attend a scheduled exam, test, quiz, or presentation will automatically result in an F grade on that assessment.

ACADEMIC INTEGRITY:
Students are expected to abide by the IES Abroad Code of Academic Integrity. All work submitted by a student for academic credit should constitute the student's own original work. Any work submitted for academic credit may be subject to review by a textual similarity detection service for the detection of plagiarism and AI usage.

CONTENT:

Session	Content	Assignments
Week 1 *Session 1*	• Introduction to the course. • The economic dimension of the EU in a comparative perspective. • The competencies of the EU: exclusive, shared, and supporting.	Slide set + BW Sections 2.1 (p. 44-50) and 3.1.1 (p. 76-77)
Session 2	• Europe after WWII. • The enlargements of the EU.	Slide set + BW Chapter 1 (no 1.8 on, pp. 4-24)
Week 2 *Session 1*	• The key EU institutions: Parliament, Commission, Council, European Council. • EU Treaties and principles. • The decision-making: the ordinary legislative procedure.	Slide set + BW Sections 2.2 to 2.6 (pp. 50-63) + The European Union: Questions and Answers (pp. 1–12)
Session 2	• The EU Single Market. • The principle of mutual recognition. • Non-tariff barriers within the EU. • The liberalization of services.	Slide set + 30 Years of the European Single Market (pp.3-8) + Much more than a market (pp. 3-16)
Week 3 *Session 1*	• The economic rationale of the single market. • The growth model of Robert Solow.	Slide set + BW Sections 6.1.1 (pp. 144-146), 7.3 - 7.5 (pp. 171-180).
Session 2	• The EU Competition policy. • The definition of the relevant market. • Agreements between firms and cartels.	Slide set + BW Chapter 11 (pp. 262-280 excluding 11.1.1 BE-COMP model) + EU competition policy: the key to a fair Single Market (pp. 1 – 18, no chapter 4).
Week 4 *Session 1*	• Abusive behaviors of firms in a dominant position. • EU control on Mergers and acquisitions.	Slide set + BW Chapter 11 (pp. 262-280 excluding 11.1.1 BE-COMP model).
Session 2	• **Group presentation #1** • Olivier Williamson's efficiency defence in M&A control	Slide set + BW Chapter 11 (pp. 262-280 excluding 11.1.1 BE-COMP model).
Week 5 *Session 1*	• EU control on State aid (ie, National governments' subsidies). • Defining industrial policy. • The industrial policy of the EU.	Slide set + Which policy for European industrial champions?
Session 2	• **Group presentation #2** • Cases of industrial policy: semiconductors	The False Distinction Between Industrial and Economic Policy
Week 6 *Session 1*	• Regulating natural monopolies. • Cost-of-Service and Price Cap Regulation.	Slide set
Session 2	**Midterm exam**	

Week 7 *Session 1*	• Trade policy and its tools (eg, tariffs). • The rationale for free trade and protectionism. • Free trade areas and rules of origin.	Slide set + BW Sections 4.1 and 4.2 (pp. 96-103) + "The classic theory of economic integration" (pdf file available on Moodle)
Session 2	• The EU trade policy: aims and tools. • EU bilateral agreements. • The EU and the WTO. • Trade defense instruments (*eg*, antidumping).	Slide set + BW Sections 12.1 to 12.4 (pp. 282-291) + International trade policy (pp. 1-6)
Week 8 *Session 1*	• Value chains • The geography of value chains	Slide set + BW Sections 12.1 to 12.4 (pp. 282-291) + Risks and opportunities of reshaping global value chains
Session 2	• **Group presentation #3** • The budget of the EU. • The rationale for a EU common budget. • Expenditure and Revenues.	Slide set + BW Section 2.7 (pp. 65-72)
Week 9 *Session 1*	• The budget of the EU and the national balance. • The Next Generation EU. • The carbon border adjustment mechanism (CBAM).	Slide set + BW Sections 1.11 (pp. 36-41) and 18.3 (pp. 476-482) + Europe is making trade conditional on production methods
Session 2	• **Group presentation #4** • The EU Cohesion policy. • Mapping the GDP per capita. • Measures of economic convergence.	Slide set + BW Section 2.7 (pp. 65-72) + BW Sections 1.11 (pp. 36-41) and 18.3 (pp. 476-482).
Week 10 *Session 1*	• The agricultural policy in the EU. • The Krugman Specialization Index.	Slide set + Regional accounts - an analysis of the economy for NUTS level 3 regions
Session 2	• **Group presentation #5** • Defining competitiveness. • The drivers of economic growth. • The rationale for a single currency.	Slide set + Long-term competitiveness of the EU.
Week 11 *Session 1*	• The monetary policy of the euro area. • The coordination of national fiscal policies. • Is the euro area an optimal currency area?	Slide set + BW Chapter 13 (pp. 302-321, no 13.4.4 on) and Chapter 15 (pp. 374-398) + The Economic and Monetary Union: Past, Present and Future (Chapter 4, pp. 26 – 32).
Session 2	• **Group presentations (country report)**	
Week 12	**Final exam**	

TEXTBOOK:

- Baldwin R. and C. Wyplosz (2022), The Economics of European Integration (7th edition). McGraw Hill Education.

REQUIRED READINGS (available on the course page):

- Congressional Research Service (2024), "The European Union: Questions and Answers", pp. 1-12.
- Crowe D. and Rawdanowicz L. (2023), "Risks and opportunities of reshaping global value chains", OECD Economics Department Working Papers No. 1762.
- Dabrowski M. (2019), "The Economic and Monetary Union: Its Past, Present and Future". Center for Social and Economic Research, Chapter 4: pp. 26 – 32.
- European Parliamentary Research Service (2020), "International trade policy", pp.- 1-6.
- European Parliamentary Research Service (2019), "EU Competition policy", pp. 1-18, no chapter 4.
- Eurostat (2025), "Regional accounts - an analysis of the economy for NUTS level 3 regions"
- Letta E. (2024), "Much more than a market" Foreword, pp. 2-16.
- Micossi S. (2016), "Thirty Years of the Single European Market", Centre for European Policy Studies, pp.1 - 8; pp. 20 – 24.
- Monga C. (2024), "The False Distinction Between Industrial and Economic Policy", Project Syndicate.
- Riela S. (2019), "Which Policy for the European Industrial Champions?", ISPI.
- Sandbu M. (2024), "Europe is making trade conditional on production methods", Financial Times.