



EC/IR 340 POLITICAL ECONOMY OF EUROPEAN INTEGRATION

IES Abroad Milan

DESCRIPTION:

The aim of this course is to develop the tools necessary to understand the multifaceted process of European integration from a political-economy perspective, looking at both theoretical and empirical results in the literature. The course focuses on the impact of EU legislation on states, firms, and individuals, the administrative and legal framework of the EU and its connections to national and regional systems, as well as European policies regarding competition and the environment. By the end of the course, students will be able to compare the main differences between the EU and the US in terms of markets, public institutions, and societies.

CREDITS: 3

CONTACT HOURS: 45

LANGUAGE OF INSTRUCTION: English

PREREQUISITES: Introductory knowledge of macroeconomics and microeconomics

METHOD OF PRESENTATION: Lectures illustrated by examples and four case study sessions

REQUIRED WORK AND FORM OF ASSESSMENT:

- Course Participation – 10%
- Midterm Exam – 20%
- Final Exam – 20%
- Oral Presentation – 20%
- Media Report – 10%
- Review of Book Chapter – 20%

Course Participation

Students are expected to be aware of current economic events within the EU through consulting newspapers, economic magazines, and journals. Students are also expected to read the assigned readings of the session in advance and be able to discuss their contents in class as part of their presentation grade.

Midterm Exam

Multiple Choice

Final Exam

Multiple Choice

Oral Presentation

One, 15 minute Oral Presentation that will be due in class during one of the case study sessions

Media Report

Relevant to course content, due in class

Review of Book Chapter

Approximately 1,000 words (due in class in Session 14)

LEARNING OUTCOMES:

This course will enable students to:

- Acquire a thorough understanding of the process of EU economic integration as a global phenomenon and its historical evolution from WWII to the present

- Explore the different dimensions of EU policies, including competition, trade, and cohesion
- Understand the relation between national markets, EU institutions, and global economic regulation
- Develop a deeper knowledge of the EU enlargement process and its consequences in terms of market growth, industrial strategies, and the trade strategies of the EU

ATTENDANCE POLICY:

Regular class attendance is mandatory. Students are expected to attend classes each day, including course-related excursions. IES Abroad Milan allows a maximum of two excused absences per semester. Each further absence will automatically result in a penalty of two points off (2/100) the final grade. Seven absences per course (including the two excused absences) will result in a failing grade for the course. Furthermore, absence on the date of scheduled tests, presentations or quizzes does not entitle you to recover/reschedule such tests. Failure to attend your midterm and/or final exam will result in an F grade on that paper/exam.

CONTENT:

| Week | Content | Assignments |
|-----------------------------------|---|--|
| Week 1 <i>Session 1</i> | Historical Roots and Present Crisis | <ul style="list-style-type: none"> • El-Agraa (2011), Chapter 1 • Alesina and Perotti (2004) |
| <i>Session 2</i> | EU Political Institutions | <ul style="list-style-type: none"> • El-Agraa (2011), Chapter 3 • Tsebelis and Garret (2001) |
| Week 2 <i>Session 1</i> | Case Study on EU Institutional Crises and Populism | <ul style="list-style-type: none"> • El-Agraa (2011), Chapter 6-7 |
| <i>Session 2</i> | Theory of Economic Integration | |
| Week 3 <i>Session 1</i> | Assessing Economic Integration | <ul style="list-style-type: none"> • El-Agraa (2011), Chapter 8-9 |
| <i>Session 2</i> | Theory of Monetary Integration | <ul style="list-style-type: none"> • El-Agraa (2011), Chapter 10, 12, 11 • Mundell (1961) |
| Week 4 <i>Session 1</i> | The Monetary Union | <ul style="list-style-type: none"> • Alesina and Summers (1993) • Katsimi and Moutos (2010) |

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| <i>Session 2</i> | Case Study on Economic and Monetary Union (EMU) | <ul style="list-style-type: none"> • Study for Midterm Exam |
| Week 5 <i>Session 1</i> | Midterm Exam | |
| <i>Session 2</i> | Competition Policy | <ul style="list-style-type: none"> • Wallace (2005), Chapter 5 • Holscher and Stephan (2004) |
| Week 6 <i>Session 1</i> | Industrial Policies | <ul style="list-style-type: none"> • El-Agraa (2011), Chapter 14 • Levi-Faur (2004) |
| <i>Session 2</i> | Common Trade Policy | <ul style="list-style-type: none"> • El-Agraa (2011), Chapter 24 • Ehrlich (2009) |
| Week 7 <i>Session 1</i> | Global Competitiveness | <ul style="list-style-type: none"> • Alt and Gilligan (1994) • Rogowski (1987) |
| Week 8 <i>Session 1</i> | Redistribution in the US and the EU | <ul style="list-style-type: none"> • Alesina and Glaeser (2004) |
| <i>Session 2</i> | The Economics of Enlargement | <ul style="list-style-type: none"> • Hille and Knille (2006) • Bladwin and Portes (1997) |
| Week 9 <i>Session 1</i> | EU Budget and Structural Policies | <ul style="list-style-type: none"> • Wallace (2005), Chapter 7 • Begg (2010) • Bachtler and Gorzelak (2007) |
| <i>Session 2</i> | Energy and Environmental Policies | <ul style="list-style-type: none"> • El-Agraa (2011), Chapter 17-18 • Maia and Sinclair-Desgagne (2005) |
| Week 10 <i>Session 1</i> | Case Study: EU Domestic Policies | |

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| Session 2 | EU Foreign Policy: Migrations | <ul style="list-style-type: none"> Geddes and Scholten (2016), Chapter 1 |
| Week 11 Session 1 | EU Foreign Policy: Common Defense | <ul style="list-style-type: none"> Bindi (2010), Chapter 1, 2, 3 |
| Session 2 | Case Study: EU Foreign Policy | |
| Week 12 Session 1 | Final Exam | |
| Session 2 | Course-Related Trip: TBD | |

REQUIRED READINGS:

- Alesina, A. and E. Glaeser (2005). "Fighting poverty in the US and Europe: a world of differences". The Rodolfo De Benedetti Lecture series.
- Alesina, A. and R. Perotti (2004). "The European Union: A Politically Incorrect View". Journal of Economic Perspectives, 18:27-48
- Alesina, A., A. Summers, and H. Lawrence. (1993). "Central Bank Independence and Macroeconomic Performance: Some Comparative Evidence." Journal of Money, Credit and Banking 25(2): 151-162.
- Alt J. and M. Gilligan (1994). "The Political Economy of Trading States: Factor Specificity, Collective Action Problems, and Domestic Political Institutions". Journal of Political Philosophy, 2(2): 165-192.
- Baldwin, R.E., François, J.F, Portes R (1997). "The costs and benefits of eastern enlargement: the impact on the EU and central Europe". Economic Policy, 24: 127176.
- Bachtler, J. and G. Gorzelak (2007). "Reforming EU cohesion policy. A reappraisal of the performance of the Structural Funds". Policy Studies, 28(4): 309 – 326.
- Begg, I. (2010). "Cohesion or Confusion: A Policy Searching for Objectives". European Integration, 32(1):77–96.
- Bindi, F. (2010). The foreign policy of the European Union, Brookings Press.
- Ehrlich S. (2009). "How Common is the Common External Tariff? Domestic Influences on European Union Trade Policy". European Union Politics, 10(1):115-141.
- El-Agraa, A. (2007, 2011). The European Union: Economics and Policies. Cambridge University Press
- Geddes and Scholten (2016). The politics of migration and immigration in Europe, Sage Press.
- Hille, P. and C. Knill (2006). "It's the Bureaucracy, Stupid': The Implementation of the Acquis Communautaire in EU Candidate Countries, 1999-2003". European Union Politics, 7(4): 531-552.
- Hölscher, J. and J. Stephan (2004). "Competition Policy in Central and Eastern Europe in the Light of EU Accession." JCMS, 42(2):321-45.
- Katsimi M. and T. Moutos (2010). "EMU and the Greek crisis: The political-economy perspective". European Journal of Political Economy, 26(4):568-576.
- Levi-Faur, D. (2004). "On the 'Net Impact' of Europeanization. The EU's telecoms and electricity regimes between the global and the national". Comparative Political Studies, 37(1): 3-29.

- Maia, D. and Bernard Sinclair-Desgagné (2005). “Environmental regulation and the eco- Industry”. *Journal of Regulatory Economics*, 28(2): 141–155.
- Mundell, R. (1961). “Theory of Optimum Currency Areas”. *The American Economic Review*, 51(4): 657-665.
- Rogowski, R. (1987). “Political Cleavages and Changing Exposure to Trade,” *American Political Science Review*, 81(4): 1121-1137

RECOMMENDED READINGS:

1) Case Study: EU Institutional Crises and Populism

- Greece in Crisis: Austerity, Populism and the Politics of Blame *JCMS*, Volume 52, Issue 2, March 2014, Pages: 388–402, Sofia Vasilopoulou, Daphne Halikiopoulou and Theofanis Exadaktylos
- Reworking the Eurosceptic and Conservative Traditions into a Populist Narrative: UKIP's Winning Formula? *JCMS* Volume 53, Issue 1, January 2015, Pages: 140–156, Karine Tournier-Sol
- Hard-line Euroscepticism and the Eurocrisis: Evidence from a Panel Study of 108 Elections Across Europe *JCMS* Volume 55, Issue 2, March 2017, Pages: 312– 331, Francesco Nicoli
- Risks, Costs and Labour Markets: Explaining Cross-National Patterns of far right Party Success in European Parliament Elections *JCMS* Volume 54, Issue 3, May 2016, Pages: 636–655, Daphne Halikiopoulou and Tim Vlandas
- Coming in from the Cold? Euroscepticism, Government Participation and Party Positions on Europe *JCMS* Volume 51, Issue 1, January 2013, Pages: 17–37, PAUL TAGGART and ALEKS SZCZERBIAK
- Why There is a Democratic Deficit in the EU: A Response to Majone and Moravcsik *JCMS* Volume 44, Issue 3, September 2006, Pages: 533–562, ANDREAS FOLLESDAL and SIMON HIX
- Does Immigration Undermine Public Support for Integration in the European Union? *JCMS*: Volume 53, Issue 4, July 2015, Pages: 910–925, Dimiter Toshkov and Elitsa Kortenska
- Foreign Interests Lobbying Brussels: Participation of non-EU Members in
- Commission Consultations *JCMS*: Volume 50, Issue 4, July 2012, Pages: 614–
- 631, ANNE RASMUSSEN and PETYA ALEXANDROVA

2) Case Study: Economic and Monetary Union (EMU)

- What Drives Banking Sector Fragility in the Eurozone? Evidence from Stock Market Data *JCMS*, Volume 50, Issue 4, July 2012, Pages: 539–560, STEFAN EICHLER and KAROL SOBAŃSKI
- Banking Union as Holy Grail: Rebuilding the Single Market in Financial Services, Stabilizing Europe's Banks and ‘Completing’ Economic and Monetary Union *JCMS*, Volume 51, Issue S1, September 2013, Pages: 103–123, David Howarth and Lucia Quaglia
- Financial Crises in Iceland and Ireland: Does European Union and Euro Membership Matter? *JCMS*, Volume 50, Issue 5, September 2012, Pages: 801–818, BALDUR THORHALLSSON and PEADAR KIRBY
- Macroeconomic Imbalances as Indicators for Debt Crises in Europe, *JCMS*, Volume 50, Issue 5, September 2012, Pages: 726–745, TOBIAS KNEDLIK and GREGOR VON SCHWEINITZ
- What Can Currency Crisis Models Tell Us about the Risk of Withdrawal from the EMU? Evidence from ADR Data, *JCMS*, Volume 49, Issue 4, July 2011, Pages: 719–739, STEFAN EICHLER
- On the Stability of Public Debt in a Monetary Union, *JCMS*: , Volume 50, Issue s2, September 2012, Pages: 36–48, DANIEL GROS
- Brexit and the Single European Financial Market, *JCMS*, Volume 55, Issue S1, September 2017, Pages: 149–164, David Howarth and Lucia Quaglia
- The Role of the EU in Shaping FDI Flows to East Central Europe *JCMS*, Volume 52, Issue 1, January 2014, Pages: 35–51, Gergő Medve-Bálint

3) EU Domestic Policy

- The New Common Agricultural Policy: How do Member States Respond to Flexibility? *JCMS*, September 2017, Roberto Henke, Theo Benos, Fabrizio De Filippis, Mara Giua, Fabio Pierangeli and Maria Rosaria Pupo D'Andrea
- The Common Agricultural Policy and the Mezzogiorno, *JCMS*: , Volume 19, Issue 4, June 1981, Pages: 331–350, GISELE PODBIELSKI
- Who Controls Whom? Dynamics of Power Delegation and Agency Losses in EU Trade Politics, *JCMS*, Volume 48, Issue 4, September 2010, Pages: 1107–1126, EUGÉNIA DA CONCEIÇÃO

- Responding to Non-Linear Internationalisation of Public Policy: The World Trade Organization and Reform of the CAP 1992–2013, JCMS, Volume 55, Issue 3, May 2017, Pages: 486–501, Carsten Daugbjerg
- The Barcelona Process and the Political Economy of Euro-Mediterranean Trade Integration, JCMS, Volume 45, Issue 5, December 2007, Pages: 1011–1040, MARCO MONTANARI
- Accelerating Downhill: How the EU Shapes Corporate Tax Competition in the Single Market, JCMS, Volume 49, Issue 3, May 2011, Pages: 585–606, PHILIPP GENSCHHEL, ACHIM KEMMERLING and ERIC SEILS
- Enhanced Roles of Private Actors in EU Business Regulation and the Erosion of Rhenish Capitalism: the Case of Antitrust Enforcement, JCMS, Volume 45, Issue 2, June 2007, Pages: 487–513, ANGELA WIGGER and ANDREAS NÖLKE
- European Energy Security Co-operation: Between Amity and Enmity, JCMS, Volume 48, Issue 4, September 2010, Pages: 859–880, EMIL KIRCHNER and CAN BERK

4) EU Foreign Policy

- Why Go to France or Germany, if You Could as Well Go to the UK or the US? Selective Features of Immigration to the EU 'Big Three' and the United States, JCMS: Volume 49, Issue 4, July 2011, Pages: 767–796, WIDO GEIS, SILKE UEBELMESSER and MARTIN WERDING
- The Effect on Immigration of Changes in Regulations and Policies: A Case Study, JCMS: Volume 52, Issue 4, July 2014, Pages: 810–825, Ådne Cappelen and Terje Skjærpen
- Still Fashionable Yet Useless? Addressing Problems with Research on the Europeanization of Foreign Policy, JCMS: Volume 49, Issue 3, May 2011, Pages: 607–629, KYRIAKOS MOUMOUTZIS
- Europeanization of National Foreign Policy: The Case of Denmark's and Sweden's Relations with China, JCMS: Volume 51, Issue 5, September 2013, Pages: 884–900, Anna Michalski
- Still Punching below Its Weight? Coherence and Effectiveness in European Union Foreign Policy, JCMS: Volume 50, Issue 3, May 2012, Pages: 457–474, DANIEL C. THOMAS
- A Partnership with Dictatorship: Explaining the Paradigm Shift in European Union Policy towards Belarus, JCMS: Volume 50, Issue 3, May 2012, Pages: 367–384, GISELLE BOSSE
- The EU as a Global Actor: Grand Strategy for a Global Grand Bargain? JCMS: Volume 48, Issue 3, June 2010, Pages: 455–474, JOLYON HOWORTH
- The EU an Actor Sui Generis? A Comparison of EU and ASEAN Actorness, JCMS: Volume 50, Issue 4, July 2012, Pages: 653–669, JENS-UWE WUNDERLICH
- Trojan Horses in EU Foreign Policy, JCMS: Volume 55, Issue 1, January 2017, Pages: 87–102, Mitchell A. Orenstein and R. Daniel Kelemen