

Economics of the European Union

Economics 1680
Spring 2006 (2064)



Professor Dr. Shirley Cassing Phone: 412-648-1729

Office: 4915 WWPH

Email: cassing@pitt.edu

Office Hours: M, 2-3 W 10-11 and by appointment

Course Objective: The aim of this course is to introduce you to theoretical economic issues relating to economic and monetary integration with particular reference to the European Union (EU). This will include an analytical overview of the evolution and objectives of the EU in a rigorous economic context. We will study the economy of Europe, including the institutions of the European Union (EU) as they relate to economic systems, its economic relations with other European states and with the rest of the world, and its economic problems and policies. Elementary economics will be reviewed when necessary, but no specialist knowledge is required.

You are encouraged to follow up particular issues and themes developed in class by reading current newspapers, magazines, and information on the web. The *Economist* and the *Financial Times* are good news sources for the EU. The *Financial Times* is available on the Internet: <http://www.ft.com>. There are many web sites that are useful; two worth mentioning are the official EU site: <http://europa.eu.int> and the site for the Delegation of the European Commission to the United States: <http://www.eurunion.org>. Our university library system and the Center for West European Studies/EU Center maintain a website with a great variety of resources it is: http://www.library.pitt.edu/subject_guides/westeuropean/wwwes/. Also various websites are listed throughout the textbook.

Textbook: *The Economics of European Integration*, by Richard Baldwin and Charles Wyplosz, McGraw-Hill Publishers, 2004.

Choosing a Country: Choose an EU country or a future EU member state to investigate during the course of the term. The objective is to become an expert on that country. You will keep abreast of any economic or political news so you can participate in and sometimes a homework assignment will require you to find data on your country to discuss issues studied in class.

News Day: Every Tuesday we will use the first 5 or 10 minutes of class to talk about economic events relating to the EU. You are expected to participate in this activity and 5% of the course grade will be determined by your class participation.

Homework: There will be 3 homework assignments during the term. You should be prepared to discuss the homework assignments in class. Homework assignments must be handed in on time--late homeworks will receive only half credit.

Exams and Grading: Grades will be based on three exams (15%, 20%, and 20%), a written assignment (20%), and presentation of the written assignment (5%), homework (15%), and class participation (5%). The written assignment will explore one of the many economic issues associated with the European Union. You may choose the topic of the paper based on your interests, but it should be related to one of the areas covered in class. You will have considerable freedom in defining the subject to be analyzed, but all papers should focus on an application of economics to a well-defined issue or problem. You will present an overview of your paper to the class. The paper will represent 20% and the presentation of your paper 5% of the written assignment grade. **The written assignment will be due on the last day of class (April 21).**

Course Schedule:

Dates	Topics	Readings and Exams
Weeks 1-3 (Jan 5-19)	Background-History, Geography, and the Economies of Europe Development of the EU and Institutions of the EU	Chapters 1-3 http://www.eurunion.org/infos/euguide/euguide.htm
Weeks 4-6 (Jan 24-Feb 8)	Simple Trade Policy Analysis, Preferential Trade Liberalization,	Chapters 4, 5 EXAM 1, FEBRUARY 9
Week 7-8 (Feb 15-23)	European Integration and Growth Selected EU Policies: CAP and Regional Policy	Chapters 6, 7 Chapters 8, 9
Week 9 (Feb 28 -March 2)	Money and Exchange Rates	Chapters 10, 11

WEEK 10 - MARCH 5-11 SPRING BREAK - NO CLASSES

Week 11	More on Exchange Rates	EXAM 2, MARCH 16
Weeks 12-13 (March 21-30)	European Monetary System, Optimal Currency Areas and the EMU	Chapters 12-14
Week 14 (April 4-6)	Fiscal Policy and Labor Market Issues	Chapters 15, 17
Weeks 15, 16 (April 11-20)	Student Presentations	

FINAL EXAM - WEDNESDAY, APRIL 26, 2-3:50 PM