

**COURSE DATA****Data Subject**

|                      |                   |
|----------------------|-------------------|
| <b>Code</b>          | 35881             |
| <b>Name</b>          | Economy of the EU |
| <b>Cycle</b>         | Grade             |
| <b>ECTS Credits</b>  | 6.0               |
| <b>Academic year</b> | 2021 - 2022       |

**Study (s)**

| <b>Degree</b>                           | <b>Center</b>        | <b>Acad. year</b> | <b>Period</b> |
|---|----------------------|-------------------|---------------|
| 1314 - Degree in International Business | Faculty of Economics | 3                 | First term    |

**Subject-matter**

| <b>Degree</b>                           | <b>Subject-matter</b> | <b>Character</b> |
|---|-----------------------|------------------|
| 1314 - Degree in International Business | 5 - Economy of the EU | Obligatory       |

**Coordination**

| <b>Name</b>            | <b>Department</b>        |
|------------------------|--------------------------|
| ESTEVE PEREZ, SILVIANO | 132 - Economic Structure |

**SUMMARY**

Economics of the European Union is a compulsory subject in the third year of the Degree in *International Business*. In this Course, the European economic integration process is examined. The historic process of economic integration has accelerated on two fronts since the second half of last century: by increasing the number of countries and by deepening in matters such as institutions, trade and finance. This process has been so intense that it has led to the establishment of a monetary union by some member countries. Since 1986, Spain is a member of the European Union and since 1999 shares the single currency (the euro) with 18 other member countries. Understanding the economic logic of these events and the inner workings of the European Union from the standpoint of fiscal and institutional matters and in relation to common economic policies is the goal of this Course.

The Course prepares future professionals to learn about the functioning of the geopolitical area where most of them will have to exert their professions. It represents also a good lab to apply a toolbox of economic concepts to national economies making use of knowledge previously acquired in other courses of the Degree.



## PREVIOUS KNOWLEDGE

### Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

### Other requirements

There are no specific requirements

## COMPETENCES (RD 1393/2007) // LEARNING OUTCOMES (RD 822/2021)

### 1314 - Degree in International Business

- Develop the capacity to evaluate and critically analyse international economic phenomena and agents.
- Understand and reflect on socio-economic and political contexts that affect business and economic decision-making in an international environment.
- Understand the basic concepts of economic analysis that are applicable to the operation of companies and institutions in the international context.
- Understand the behaviour of economic agents and their interaction in global markets.
- Know the basic competences and the functioning of the main international economic and cooperation institutions.
- Develop the capacity to prepare and defend reports that contribute to the decision-making of public and private agents.
- Aprender a detectar las desigualdades entre personas para diseñar, implementar y evaluar las políticas pertinentes que faciliten la eliminación de dicha discriminación en empresas e instituciones.
- Conocer el origen, objetivos, desarrollo y problemática del proyecto europeo desde una perspectiva económica.
- Análisis del crecimiento económico y la distribución de la renta en la Unión Europea. Las políticas de reequilibrio territorial.



- Conocimiento de los sectores productivos y las políticas sectoriales en la Unión Europea. La Política Agraria Comunitaria.
- Conocimiento del mercado laboral en la Unión Europea.
- Aprendizaje de los aspectos esenciales de las políticas macroeconómicas en la Unión Europea: el euro, la política monetaria y el Pacto de Estabilidad y Crecimiento. El presupuesto de la Unión Europea.

## **LEARNING OUTCOMES (RD 1393/2007) // NO CONTENT (RD 822/2021)**

Capacity to address critical economic issues and current debates.

Ability to identify problems and the European economic position in the major debates on the subject.

Ability to understand the formation process of the European Union, the challenges facing the European project and also to take a reasoned position towards them.

Ability to understand and analyze the strengths, weaknesses, opportunities and challenges facing the European economy as well as adopting a personal position with regards to the major current debates.

## **DESCRIPTION OF CONTENTS**

### **1. The process of European Integration**

- Introduction: What is the European Union?
- The European Union in figures.
- History of European integration
- Key dates

### **2. Facts, law, institutions and budget**

- Facts
- EU law
- EU institutions
- Legislative processes
- Decision making
- The EU budget

### **3. Economic Integration. The European Single Market**

Part I. Theory of Economic Integration

- Economic integration: concept and forms
- Multilateral and regional trade liberalization. The World Trade Organization and Regional trade agreements
- The Theory of Customs Unions: short-, medium- and long-run effects

Part II. The European Single Market



- Eurosclerosis and the Single Market Programme
- The basic 4 freedoms of the Single Market
- The costs of Non-tariff barriers to European integration
- Procedure to eliminate non-tariff barriers
- Effects of implanting the Single Market
- Single Market and European Banking Union

#### **4. Economic Growth and the Labour Market**

- Introduction. The logic of economic growth
- European Economic Growth: some evidence
- Growth effects of economic integration
- Economic integration, labour markets and migration

#### **5. The Monetary Union**

- A review of essential macroeconomic tools: the interest rate parity; Real Exchange Rate; and the impossible Trinity
- A brief history of monetary integration
- Benefits and costs of a currency area
- Optimum currency area (OCA) criteria
- Is Europe an Optimum Currency Area?

#### **6. Macroeconomic Policies in the European Economic and Monetary Union**

- Economic Policy in the Economic and Monetary Union (EMU)
- Exchange rate policy
- Monetary policy
- Fiscal Policy and the Stability and Growth Pact (SGP)
- Fiscal Policy beyond the SGP
- The European reaction to the debt and banking crisis
- Sustainability of public debt

#### **7. The Common Agricultural Policy**

- Introduction
- The old simple logic: Price supports
- Changed circumstances and CAP problems: The supply problem
- The new economic logic of the CAP and its reforms
- New challenges

**8. The Competition Policy**

- Introduction. Basic features of EU competition policy
- Anti-competitive behaviour (restriction on competition)
- Abuse of dominant position
- Mergers and Takeovers
- State aid

**9. The Regional Policy**

- Introduction: some facts on regional inequality
- The question: the effect of economic integration on regional inequality
- The question explained. The new economic geography: agglomeration and location
- EU regional policy. Is regional policy worth it?

**WORKLOAD**

| ACTIVITY                                     | Hours         | % To be attended |
|--|---------------|------------------|
| Theory classes                               | 30,00         | 100              |
| Classroom practices                          | 30,00         | 100              |
| Attendance at events and external activities | 0,00          | 0                |
| Development of group work                    | 14,00         | 0                |
| Development of individual work               | 16,00         | 0                |
| Study and independent work                   | 10,00         | 0                |
| Readings supplementary material              | 10,00         | 0                |
| Preparing lectures                           | 20,00         | 0                |
| Preparation of practical classes and problem | 10,00         | 0                |
| Resolution of case studies                   | 10,00         | 0                |
| Resolution of online questionnaires          | 0,00          | 0                |
| <b>TOTAL</b>                                 | <b>150,00</b> |                  |

**TEACHING METHODOLOGY**

The teaching methodology is based on a combination of class work and non-contact activities. The practical part of the Course is structured around two main instruments: the active participation in practical classes and student's personal work by solving practical exercises assigned. The student is encouraged to search for data sources and working documents via the Internet and to the use of library resources of the Social Sciences Library and European Documentation Centre at the University of Valencia.





## EVALUATION

1. The final mark will rely on two factors:

(i) a final written exam that accounts for 60% of the final grade (6/10). This exam is compulsory and it is a necessary condition to obtain a mark of 2.7 (out of 6) to pass the subject. If this condition is not met, the final grade will be FAIL;

ii) participation at practical classes that accounts for 40% (i.e., 4/10) of the final grade.

2. The mark assigned for practice classes will comprise two components:

(i) the class presentation by each group of the allocated practice;

(ii) each student must solve one or two exercises raised by the lecturer.

Each element will be worth 50% of the mark assigned to the practices.

Please, be aware that, due to its own nature, there will be no resit for these activities that account for 40% of the final grade. Therefore, the practice mark will be kept for the resit exam.

3. The lecturer will assign each practice to the groups during the first two practice classes. From that time onwards, it will be responsibility of each group to present their topic at the allocated time.

## REFERENCES

### Basic

- Baldwin, R., Wyplosz, Ch. (2015) The Economics of European Integration (5th edition), McGraw-Hill. Chapter 1.

### Additional

- De Grauwe, Paul (2020) Economics of monetary union. Oxford University Press, Oxford, UK.
- [In Spanish] Camarero, M., Tamarit, C. (2019). Economía de la Unión Europea (8ª edición) Thomson-Civitas, Madrid.



## **ADDENDUM COVID-19**

**This addendum will only be activated if the health situation requires so and with the prior agreement of the Governing Council**

Classes will be taught face-to face (as initially planned) or remote, depending upon health circumstances.

More information will be provided by the lecturer at the beginning of the course and when it would be necessary.

Final exam is expected to be in person as long as sanitary conditions allow it. Otherwise, students will be informed in advance.