



## Syllabus

Academic Year	2020/2021
Program	Policies and Governance in Europe
course	The Economics of Europe
Term	I semester
Year	1
SSD	SECS-P/01 - Economia politica
Credits	6

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The course will discuss and analyze the Economics of the European Union.

### INSTRUCTIONAL GOALS

Students will examine the different European institutions and their changes over time, as well as their relationship with national institutions. A special focus is dedicated to the European fiscal rules and the role of austerity measures implemented during the last financial crisis, the impact of the European monetary policy and the new monetary instruments - such as the Quantitative Easing and the European Banking Union - that have been put in place.

Another goal of the class is to study and understand the role of European democracy and its interaction with national political environments. The rise of populism in Europe in recent years will be taken as an example in order to assess how economic developments and policy decisions taken at the European level impact local politics.

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### INTENDED LEARNING OUTCOMES

Knowledge and understanding:

By the end of the course, students should be able to:

- develop a critical comprehension of the inner functioning of the European Union's economics and politics and how they influence and impact social interactions and human behavior
- understand different European institutions and their changes and challenges over time, as well as their future prospects
- comprehend the role of European democracy and its articulate interactions with national political environments

Throughout the class, students will learn how to collect and scrutinize economic data so as to be able to identify possible correlations between economic time-series.

Applying knowledge and understanding:

Upon completing the study program, students will be able to:

evaluate the impact of future changes in the European institutional architecture

- assess and interpret different hypotheses explaining key economic, political, and social developments.



- effectively communicate and work, as an expert in European issues

**Making judgements:**

Upon completing the study program, students will be able to:

- present an informed scientific opinion in the public debate concerning institutional arrangements and policy decisions in the European Union.
- apply reasoning in the main European subjects, thanks to the understanding of the economic and political aspects of European fiscal and monetary policies issues
- gather and interpret information and data from different sources, in order to make judgements in an independent way
- prepare original research supported by relevant bibliography and data analysis, and debate different perspectives to address the issue.

**Communications Skills:**

Upon completing the study program, students will be able to:

- develop the ability to communicate in written form through completing the assignment and oral form through the final exam and the class debate.
- use the notions and the communication of European institutions
- foster the development relational skills in international and multicultural settings
- participate in a public policy debate, by researching and expressing expert opinions

**Learning skills:**

Upon completing the study program, students will be able to:

- build an analytic toolbox from both economic and policy analysis
- solve problems in dynamics settings and develop critical positions

This ability will be acquired through: class participation, class debate, and research carried out for the drafting of the written assignment

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Pre-requisites	Students can easily follow the analytical content of this course if they have a basic knowledge in: Microeconomics, Macroeconomics, Economic Policy and International Economics. By basic knowledge we mean the command of the notions offered in the courses of Economics I and II at the first University degree as well as the learning of the standard models of International Economics
Course content	The course is divided into three main parts. The first part explores the criteria for joining the European Union and the European Monetary Union. The second part of the course provides a critical evaluation of European fiscal and monetary policy. We start by analysing the evolution of fiscal rules, from the Maastricht Treaty to the Fiscal Compact, discussing arguments in favour and against budget policy and examine the ways in which Europe has addressed the crisis through fiscal policies, and how they have consequently evolved. A comparative analysis with the United States shows the complexity entailed in combining one monetary policy and nineteen distinct national budgets. Moreover, considering that the Fiscal Compact might become part of the European Treaties, we discuss the economic implications and the political constraints of amending Treaties and the possible window of opportunity for an institutional reform of the European Union. Concerning the monetary policy, the structure, nature, and objectives of the European Central Bank, as well as the creation of the Banking Union are analysed in details. A particular focus is made on the new non-conventional monetary instruments such as the Outright Monetary Transaction (OMT), the Security Market Program (SMP) and the Quantitative Easing (QE). The third part of the class comes to grips with the bail-out programs implemented in five European countries (Greece, Ireland, Portugal, Spain and Cyprus). We consider both successful examples, such as Spain and Ireland, and the more problematic ones, such as Greece and Portugal. The rise of populist parties in many European countries is addressed as one of the key challenges in Europe. The course concludes by looking at the next steps in the process of European integration: how far (and how difficult) is the creation of a true Political Union in Europe, similar to

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	<p>the United States? Are the 27 Member States ready to give up more sovereignty? And, if so, in which areas? If further steps are not accomplished, what are the risks of moving backwards? What are the risks of a potential disruption of the Euro? Should the U.S. be more engaged with the current European situation in light of the broader geopolitical risks?</p>
Reference Books	<p>The analysis of very recent or current issues means that it is impossible to refer to a specific textbook. The slides, referring to a given lesson, will be made available to students in advance.</p> <p>However, in order to have a general and analytical view on the economic workings of the Euro area, you can refer to:</p> <p>Baldwin, Richard E., and Wyplosz, Charles. <i>The Economics of European Integration</i>. 5th Edition. London: McGraw-Hill, 2015. A stimulating analysis of the evolution of EU governance since the creation of the Euro area is offered in:</p> <p>C. Bastasin, <i>Saving Europe</i>, Brookings Institution Press, Washington, 2015 (Second edition).</p> <p>For an overview of the evolution of the international crisis (2007-'09), you can refer to:</p> <p>De Grauwe, Paul <i>Economics of Monetary Union</i>, Twelfth Edition 2018, Oxford University Press, Current cost on amazon.it: Euro 48.77</p> <p>M. Messori, <i>The Financial Crisis: Understanding it to Overcome it</i>, <a href="http://www.assogestioni.it">www.assogestioni.it</a>, 2009.</p> <p>Fabbrini, Sergio. <i>Which European Union: Europe after the Euro Crisis</i>. Cambridge University Press, 2015.</p> <p>Students are expected to read the papers/articles assigned each week</p>
Teaching Methods	<p>Slides will be available before the lesson covering each of the specific topics addressed in the course. Hence the traditional presentation of the analytical problems can be concise and leave room to Q&amp;A and discussions.</p> <p>Guests will give a lecture on European Policy (name to be announced)</p>
Assessment	<p>The assessment of students learning will be centered on a written exam (50% of the Final grade), an oral exam (30%) and class participation including Students' presentation and class debate (20%).</p> <p>Students are asked to work in groups to tackle a policy problem concerning the European debate (e.g. Populism, Brexit), prepare original research supported by relevant bibliography and data analysis, and debate in class different perspectives to address the issue.</p> <p>Students unable to participate, will have to choose one of the books for the oral exam (50%)</p>

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