EUROPEAN UNION ECONOMICS

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| Course code | *ECO 110* |
| Compulsory in the programmes | *Economics and Politics* |
| Level of studies | *Undergraduate* |
| Number of credits | *6 ECTS (48 in-class hours + 6 consultation hours + 2 exam hours, 104 individual work hours)* |
| Course coordinator (title and name) | *Assoc. Prof. Dr. Tom Hashimoto (Room 304)*  [*tomhas@ism.lt*](mailto:tomhas@ism.lt)  *Dr. Eglė Verseckaitė (Grzeskowiak) (Room 406)*  [*eglver@ism.lt*](mailto:eglver@ism.lt) |
| Prerequisites | *Macroeconomics* |
| Language of instruction | *English* |

**THE AIM OF THE COURSE:**

This course provides an overview of economic (dis)integration in Europe. Given the rampant Euroscepticism(s) and the ongoing so-called ‘Brexit’ process as well as the COVID crisis, we shift our focus from the previous years’ emphasis on the Monetary Union to the game-theoretical interaction between the firms and the policymakers. To begin with, we keep our distance from ‘methodological nationalism’ (i.e. taking nation-state as a unit of analysis) and assume differentiated incentive-giving mechanisms for, say, average householders, parliamentarians, and ‘Eurocrats’. Such a multilevel analysis of EU Economics shall deepen our understanding of rapidly changing business environments in Europe.

**MAPPING OF COURSE LEVEL LEARNING OUTCOMES (OBJECTIVES) WITH DEGREE LEVEL LEARNING OBJECTIVES (See Annex), ASSESMENT AND TEACHING METHODS**

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| Course level learning outcomes (objectives) | Degree level learning objectives (Number of LO) | Assessment methods | Teaching methods |
| CLO1. Demonstrate a wide range of knowledge on European Economics in a coherent manner | ELO1.2 | Midterm, group paper, model EC | Seminars |
| CLO2. Analyse how EU and national institutions (dis)incentivise certain economic activities | ELO1.2 | Group paper, model EC, final | Lectures, seminars |
| CLO3. Illustrate the elements of politicisation in EU Economics and assess the current level of integration | ELO2.1 | Group paper, model EC, final | Lectures, seminars |
| CLO4. Critically review the history of economic and financial integration and assess the level of institutional development within the EU | ELO2.1 | Midterm, group paper, model EC, final | Seminars |

**ACADEMIC HONESTY AND INTEGRITY**

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM reminds students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

**COURSE OUTLINE**

The initials (TH and EV) indicate the lecturer in charge

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| **Topic** | **In-class hours** | **Readings** |
| **1. Introductory discussion: What/where is the EU?**  Given the evolution from the ECSC to the EU, does the history of the EU show the element of path-dependency?  Does the EU make all economic policies in a top-down manner?  Why is ‘methodological nationalism’ misleading in this context? | 4 (TH) |  |
| **2&3 Seminar on History of the EU + Introduction to the group paper assignment** | 8 (EV) | TBC |
| **4. French wine shall be protected!?: The Common Agricultural Policy**  Why did the national government heavily intervened in the agricultural sector?  What is the political/economic rationale behind harmonising the agricultural subsidies (perhaps, instead of eliminating them all)?  With the UK, the chief opponent to the CAP exiting from the EU, would the CAP regain momentum higher up in the Council’s agenda? | 4 (TH) | Ch.4 |
| **5. Competition + Technology = Europe 2020?**  To what extent, has the Commission or the European council been explicit about innovation-oriented non-price competition?  Does the fair competition within the EU increase the competitiveness of the EU?  Does the regional development (efficient distribution of wealth) *create* collective competitiveness? | 4 (TH) | Chs.5, 6 |
| **6. Problems of Regional and Social Policies: incentives to work**  What are the aims of EU’s regional and social policies? Equality? Prosperity? Security? Growth?  How does the rural development programmes from the CAP or the competition policy interact with the regional policy (e.g. SEZs)?  What is the role played by the national governments in the regional policy?  **Pre-midterm review** | 4 (TH) | Chs.7, 8 |
| **7. Midterm examination** | 2 (TH) |  |
| **8. The Common Currency without common budget**  What are the cons of joining Eurozone (cf. the optimal currency area)?  What are the problems faced by supporters of common fiscal policy?  As the UK was not a member of EMU, what was her problem with the EU after all? | 4 (TH) | Chs.10, 11, 12 |
| **9. Financial market regulations: The limitation of the Civil Law system?**  What is the rationale behind the preference towards the Common Law system in the financial market (especially derivatives)?  Given some of the differences in consumer behaviours (e.g. keeping cash in the closet), what are the merits of standard financial market regulations for the New Member States?  Does the Brexit really change the ‘game plan’ of major banks and other financial services providers? | 4 (TH) | TBC |
| **10. Seminar on Euroscepticism** | 4 (EV) | TBC |
| **11. Euroscepticism(s), anti-establishment movements, and unemployment**  Does the rise of Euroscepticism correlate with the weak economic performance?  To what extent does the domestic (i.e. sub-national) political dynamics influence the EU’s legitimacy in policy making? | 4 (TH) | Chs.14, 15 |
| **12. Model European Council**  **Pre-Final Review** | 6 (TH) |  |
|  | **Total: 48 hours** |  |
| CONSULTATIONS | 6 |  |
| FINAL EXAM | 2 |  |

**FINAL GRADE COMPOSITION**

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| **Type of assignment** | **%** |
| *Group Components 45%* |  |
| * Group paper | 30 |
| * Model European Council | 15 |
| *Individual Components 55%* |  |
| * Midterm | 25 |
| * Final exam | 30 |
| **Total:** | **100** |

**DESCRIPTION AND GRADING CRITERIA OF EACH ASSIGNMENT**

1. *Midterm examination (TH):* It is written in-class, open-book (i.e. you are allowed to bring your own notebook, the textbook, and other paper-based materials – electronic devices are prohibited), and in an essay format. It is designed to tackle the major concepts and themes characterising the EU economics at large.
2. *Group paper (EV):* It should be ~18 000-22 000 characters long (excluding bibliography and appendices) and take the form of a research proposal addressing a causal research question (each team's topic is subject to approval by the lecturer). It is evaluated based on demonstrating depth of knowledge and understanding, providing a coherent theoretical framework and empirical grounding, and fulfilling the paper requirements detailed during lectures.
3. *Model European Council (TH):* Students propose topics in economics/finance (subject to approval by the lecturer), and the class as a whole shall choose three topics (one main and two back-ups). The student who proposed the main topic shall preside the meeting, while the others assume the role of other members of the Council including the President of the European Commission. See <http://www.consilium.europa.eu/en/european-council/> for more information including past ‘conclusions’ as your model. It is assessed based on your preparation and participation. The ‘conclusion’, if adopted, may be published on social media outlets.
4. *Final examination (TH):* It is written in-class, open-book, and in an essay format. It is designed to assist your critical thinking on the issues beyond the formal institutional arrangements in Europe.

***NB:*** You must obtain at least 5.0 points (out of 10.0) for *each* assignment to be counted for the total score.

1. Additionally, an *oral exam* (‘*viva voce*’) is carried out when a lecture requires further explanations on the submitted papers or exams. The aim of the oral exam is to clarify what the students have written and how they understand the concepts/data in question. The oral exam shall be scheduled, if applicable, no later than three working days after the respective deadline.

**RETAKE POLICY**

The *retake* examination for the students who do not meet the passing score is normally scheduled 1-2 weeks after the announcement of the final grades. The retake examination covers the materials from the entire course, and it is worth 55% of the total grade (the remaining 45% comes from the group paper and Model EC).

**ADDITIONAL REMARKS**

Regular attendance is strongly encouraged as both exams are open-book (i.e. you are allowed to bring your own notebook, printed materials, and the textbook). If for some reasons you need to miss a class, please notify the lecturer *beforehand*. The same etiquette rule applies for your peers when you gather for group projects.

Please note, due to the travel restriction in place, some meetings may be scheduled via MS Teams.

**REQUIRED READINGS**

Artis, M & Nixon, F. (eds.) (2007) *The Economics of the European Union: Policy and Analysis*. 4th edition. Oxford: Oxford University Press.

**ADDITIONAL READINGS**

Badinger, H. & Nitsch, V. (eds.) (2019) *Routledge Handbook of the Economics of European Integration*. Routledge.

For each lecture, please read the relevant chapter(s) – the connection between the topic of the day and chapter(s) should be straightforward. For each seminar, students must refer to relevant academic and/or news articles to highlight current issues linked to the topic of the day. No formal presentations are required, however. Please note that our textbook was published prior to the current financial crisis. Thus, you must update your knowledge with a critical mind-set.

**ANNEX**

**DEGREE LEVEL LEARNING OBJECTIVES**

**Learning objectives for the Bachelor of Business Management**

*Programmes:*

*International Business and Communication,*

*Business Management and Marketing, Finance,*

*Industrial Technology Management*

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| **Learning Goals** | **Learning Objectives** |
| Students will be critical thinkers | BLO1.1. Students will be able to understand core concepts and methods in the business disciplines |
| BLO1.2. Students will be able to conduct a contextual analysis to identify a problem associated with their discipline, to generate managerial options and propose viable solutions |
| Students will be socially responsible in their related discipline | BLO2.1. Students will be knowledgeable about ethics and social responsibility |
| Students will be technology agile | BLO3.1. Students will demonstrate proficiency in common business software packages |
| BLO3.2. Students will be able to make decisions using appropriate IT tools |
| Students will be effective communicators | BLO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations |
| BLO4.2. Students will be able to convey their ideas effectively through an oral presentation |
| BLO4.3. Students will be able to convey their ideas effectively in a written paper |

**Learning objectives for the Bachelor of Social Science**

*Programmes:*

*Economics and Data Analytics,*

*Economics and Politics*

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| **Learning Goals** | **Learning Objectives** |
| Students will be critical thinkers | ELO1.1. Students will be able to understand core concepts and methods in the key economics disciplines |
| ELO1.2. Students will be able to identify underlying assumptions and logical consistency of causal statements |
| Students will have skills to employ economic thought for the common good | ELO2.1. Students will have a keen sense of ethical criteria for practical problem-solving |
| Students will be technology agile | ELO3.1. Students will demonstrate proficiency in common business software packages |
| ELO3.2. Students will be able to make decisions using appropriate IT tools |
| Students will be effective communicators | ELO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations |
| ELO4.2. Students will be able to convey their ideas effectively through an oral presentation |
| ELO4.3. Students will be able to convey their ideas effectively in a written paper |