

Syllabus

Course code: 7VG32NBKE3M

Course name: European Economic Governance

Number of credits: 6 ECTS

Course leader: Prof. István Benczes

Aim of course: The economic and financial crisis of 2008 posed unexpected challenges on both the global level and the regional level. Besides the US, the European Union has been the most severely hit by the current economic crisis. The financial and banking crisis on the one hand and the sovereign debt crisis on the other hand has clearly shown that without a bold, constructive and systematic change of the economic governance structure of the EU, both the sustainability of the monetary zone and the viability of the whole European integration process might be seriously undermined.

The ultimate goal of the course is, therefore, to provide students with a clear and solid understanding of the main concepts, theories and approaches related to the economic governance of the EU in general, and the EMU in particular. The course provides a historical, institutional and analytical analysis of those difficulties and deficiencies which can undermine the stability and coherence of a currency zone. The course aims to familiarize students with the relevant international literature on European economic governance by bringing together history, economic theory, political economy issues, institutional analysis and socio-economic relations. At the end of the module, students will have the ability to critically evaluate how economic and financial globalisation affects the governance structure and policies of the EU and to consider possible remedies to the identified challenges.

Sustainability: Fiscal (and macroeconomic) sustainability is one of the main concepts in our class, students will learn about its theoretical and methodological aspects.

Relation with other courses The course applies the core concepts of World Economics I and II. It also uses Macroeconomics as a basis.

Semester: Fall

Prerequisites: none

Evaluation: Midterm exams (2x30%)

Each midterm exam will concentrate on the assigned reading materials plus the lectures. Lecture slides will be made available to students; however, these slides are no substitutes for your own lecture notes. If a student misses the first midterm, a re-weight (in the second midterm) can be considered by the instructor. There will be no deferred tests.

Presentation plus short essay (30%)

In-class presentations are based on a pre-assigned topic discussed with the instructor. A preliminary structure will be defined by the instructor. The short essay shall concentrate on the main points of the presentation and should be not longer than 2,000-2,200 words.

Class participation and in-class group works (10%)

Students will occasionally be asked to work together in pairs or in small groups on a number of problems related to actual policy challenges and dilemmas.

Course type: compulsory

Learning outcomes:

Knowledge: By applying an interdisciplinary approach, at the end of the course students should be able to:

- have a clear picture on the historical-institutional development of EU economic governance;
- be familiar with the theories and concepts of bailing out, moral hazard, optimum currency areas, fiscal solidarity, sovereign default, etc.

Competencies:

- recognise the relevant roles played by different EU institutions and bodies in economic policy-making (i.e., European Central Bank, European Commission, European Council, national authorities, etc.);
- identify the main crisis management and prevention mechanisms such as EFSF or EMS;
- critically evaluate the proposals on the future governance of the E(M)U.

Students' activity:

In-class presentation
Home assignment
Group work, discussing hot topics on economic governance

Compulsory and recommended readings:

Compulsory reading:

Baldwin, R. and Wyplosz, C. (2012) *The economics of European integration*. 4th edition McGraw Hill (B&W)

Additionally, readings provided on moodle.

Recommended readings:

Benczes, I. (2008) *Trimming the sails*. CEU Press.

Benczes, I. (2013) No exit, no bail-out, no default. So what's next? In: Lacina et al (eds.) *The political economy of euro-zone crisis*. Palgrave MacMillan.

Benczes I. (2010) „Fiscal adjustment and economic growth in the European Union” *Köz-Gazdaság* 5:3, 83-98.

Benczes I. (2009) „Fiscal stimulus and its effects in the European Union” *Intereconomics* 44:5, 317-324. Benczes I. (2006) „Social pacts: a helping device in euro-adoption?” *Transition Studies Review* 13:2, 417-438.