

University of Colorado  
Department of Economics  
SPRING 2009

IAFS 4500

ECONOMICS OF THE EUROPEAN UNION

INSTRUCTOR: Professor Håle Utar

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TIME AND LOCATION    Monday    5:00-7:30 PM    ECON 117

COURSE DESCRIPTION

This class covers the role of economics in the development of the European Union. An economic view on EU policies is provided using a mixture of economic theory and empirical evidence. Current and historical topics examined in the class include the Economic and Monetary Union, labor and social policies within the EU and the recent expansion of the EU to twenty-seven member states. During the first half of the semester, students will be provided with an economic background and an analytical framework to study relevant aspects of globalization, market enlargement, the EU and its policies. During the second half of the semester students independently research contemporary topics related to the economic development of the EU or economic aspects of globalization related to EU and/or the US and present their research in a paper and to the class in conference-style sessions. Class discussions and the variety of topics presented will provide insight into the EU institutions and critical evaluation of key EU policies.

OFFICE HOURS    Monday    10:00 - 12:00pm  
                    Wednesday    2:00 - 3:00pm

TEXTBOOK

The Economics of European Integration, R. Baldwin and C. Wyplosz, 2nd Edition (BW)

RECOMMENDED BOOKS

- Labor, Employment and Social Policies in the EU Enlargement Process, B. Funck and L. Pizzati
- European Economic Integration, 4<sup>th</sup> ed., F. McDonald and S. Dearden
- European Union Economics, T. Hitiris

There will be additional reading assignments during the course.

COURSE WEBPAGE

- For lecture notes, assigned articles and other class material: [CULearn](#)
- For research resources: [http://ucblibraries.colorado.edu/research/subjectguides/international\\_affairs/4500Utar.htm](http://ucblibraries.colorado.edu/research/subjectguides/international_affairs/4500Utar.htm)

SOME USEFUL WEB SITES:

1. [European Union: A Guide for Americans](#)
2. [EU Website](#)
3. [EU Policy Portal](#)
4. [EU Enlargement](#)
5. [ECB](#)

GRADING POLICY

This course is an advanced seminar course. You are expected to participate in the class and attendance is required. There will not be a final examination. There will be a midterm examination which will be given during class. No show at the midterm with no valid excuse according to university policy will be graded zero. The final grade will be given as follows:

- Seminar Presentations 25%
  - Overall Class Participation 10%
  - Midterm Examination 25%
  - Seminar Discussion 5%
  - Research Paper 35%
- (Due date for the final version of the research paper is April 27.)

No show at the midterm with no valid excuse according to university policy will be graded zero. There will not be any make-up exam. If you miss the exam with a valid excuse then the research paper will weigh 60% towards your final grade.

Table 1: Grading Scale

A	94 or above
A-	90 – 93.99
B+	86 – 89.99
B	83 – 85.99
B-	80 – 82.99
C+	75 – 79.99
C	70 – 74.99
C-	66 – 69.99
D	60 – 65.99
F	below 60

Table 2: Tentative Schedule: Economics of European Union

<b>Week 1, Jan 12</b>	The Origins and Development of the European Union. Big 5 Institutions Fiscal Federalism and Task Allocation among Government Levels BW p.2-73 and lecture notes
<b>Week 2, Jan 26</b>	No Class (Martin Luther King Holiday)
<b>Week 3, Jan 26</b>	Preliminaries: Supply and Demand Diagram, Open Economy Supply and Demand Analysis MFN Tariff Analysis, BW p.99-116, and lecture notes Types of Protection
<b>Week 4, Feb 2</b>	The Essential Economics of Preferential Liberalization, BW p. 117-136 and lecture notes Analysis of a Customs Union Analysis of Unilateral Discriminatory Liberalization EU Trade Policy, BW p.276-291
<b>Week 5, Feb 9</b>	Market Size and Scale Effects, BW p. 139-156, and lecture notes Liberalization, Defragmentation and Industrial Restructuring Monopoly, Duopoly and Oligopoly The BE-COMP diagram <i>We will explore the economic logic of how economic integration can lead to fewer, larger firms operating at a more efficient scale and facing more effective competition</i>
<b>Week 6, Feb 16</b>	Growth Effects and Factor Market Integration, BW p. 157-174, and lecture notes Induced Capital Formation with Solow's Analysis Technology and Research & Development: Schumpeterian Perspective to Long-Run Growth <i>We will look at the 'accumulation effect' of economic integration. Growth channel of economic integration operates by changing the rate at which new factors of production are accumulated.</i>
<b>Week 7, Feb 23</b>	Labor Markets and Migration, BW p. 175-200 and lecture notes Microeconomics of Labor Market Rigidities A Bird's Eye View of Labor Market Developments and Challenges, lecture notes <i>We will explore the linkages between jobs and European economic integration, both from a macro and micro perspective.</i>
<b>Week 8, March 2</b>	Location Effects, Economic Geography and Regional Policy Comparative Advantage, Agglomeration, and the New Economic Geography <i>We will look at the facts, theory and policy connecting European integration to the location of economic activity in Europe.</i> Draft Paper Due
<b>Week 9, March 9</b>	Midterm Examination

#### SUGGESTED RESEARCH TOPICS

One of the course requirements is writing a research paper. The research paper should be an original essay based on the relevant literature and your interests. The most important part of writing a research paper is to find a well defined research question. It is not always easy to come up with a good research question and it requires a lot of reading and studying on the topic that you are interested in. Be careful not to try to address too broad a question, as it will be difficult to deal with and often lead to a too superficial paper.

Be careful to cite all sources (journals, books, web sites, conversations) of any data or statements that are not the product of your own thinking.

- The length of the paper should not exceed 20 pages with 12 font size and 1.5 line spacing.
- You have to cite at least 10 different scholarly articles, books, and/or news articles for your research.
- The first version of the paper is due on **March 2**. This is a draft version of the paper and has to include a well-defined research question, an introduction, and literature review.
- The final version is due **April 27**.

Below are some suggestions of (generally) broad topics from within which relevant research questions can be found.

- Agricultural Subsidies and Related Debate: Does the European Union's CAP harm developing countries?
- The Tax Harmonization Process of the European Union: Should Corporate Taxes be Harmonized in the EU?
- Political Issues Regarding Turkish Membership of the EU
- Problems Related to Decision Making in the Enlarged EU: : Efficiency of the current legislation system and the debate over the new treaty
- Comparative Analysis of the US Labor Market and the France (or Germany or Italy) Model
- Why Are Firms Small in Italy?
- Aging European Population and the problems/prospects with the Social Security Systems in Europe
- The Recent Attempts to Policy Reforms in the German Labor Market, were they successful, what is still needed?
- Applicability and Advantages of the Flexicurity Model of Labor Market: The Case of Denmark
- Employment and Productivity Aspects of Privatization Processes in the Eastern European Countries
- Merger Activities and Market Restructuring in the EU
- Trade in Services: Implications of the GATS and other regional strategies of the EU
- Comparative analysis of immigration policies of the US and of France (or ..)
- Topics of your own, subject to prior approval

#### PRESENTATIONS

Starting from March 16, students will present their research to the class. Students should have a well defined research question.

Content: Briefly review relevant literature, discuss why your question is interesting, and how it fits in the broader topic. Present facts and data related to the question. Present the (differing) opinions on the question and discuss them. Present your own analysis.

Slide format: Keep it simple, do not put too much information on one slide. Consider to spend approximately a minute for each slide. Preferably use pdf, or power-point. You can also use transparencies if you prefer a more old-fashioned approach. In the beginning of your presentation, give the outline of your talk, so your audience knows what to expect. Bring your own laptop. If you do not have access to one, I can provide one. Please let me know well in advance.

The length of the presentation: Prepare for approximately 25-30 minutes talk about 25 slides

Send your slides to me 3-4 days in advance of your presentation (Monday of the week you will present). I will send them to your discussant.

#### BEING A SEMINAR DISCUSSANT

Each student will be assigned to discuss a presentation. Prepare a short summary of the presentation. Discuss the presenters approach to the question and how it might be improved. Point out the weak and strong sides of the presentation (not the format, but the content of the presentation). After you receive the slides, spend a little time studying the topic of the presentation, so that you can ask a few questions to inspire a 5-10 minute discussion. Total time for discussant is about 10 minutes. If you are not presenting, or discussing that day, feel free to ask questions to the presenter after/during the presentation and participate in the discussion.

#### GUIDELINES FOR A LITERATURE REVIEW

Generally, the purpose of a literature review is to convey clearly and concisely the value of a published body of knowledge to a reader who may not be familiar with the topic in question. This can be achieved through summary, classification (which different pieces of work are similar to each other?), contrast and comparison and a critical assessment of the research quality of the articles being reviewed. This involves describing the hypotheses proposed and the evidence presented in favor of their hypotheses, critically evaluating whether that evidence is convincing. A literature review can also speculate about possible further applications of the research described.

There are many ways in which the material may be organized. Here is just one suggestion :

The introduction should identify the general topic, issue, or area of concern, thereby providing an appropriate context for the review. It should point out overall trends in the prior research, as well as the major conflicts, and gaps in research. It might also establish the writer's reason for reviewing this particular body of work. The body of the review should summarize the individual pieces of work, and compare and contrast the approaches where it is merited. You can tell a story about the development of the field, explaining how everything fits together. This part of the review can include a critical assessment as to whether the hypotheses were clearly stated, and whether the research methodologies were well designed (for investigating those hypotheses), whether the evidence for or against a hypothesis was convincing, whether there were important gaps in the investigation and so on. The conclusion should summarize the major contributions of the prior research, maintaining the focus that was established in the introduction. It should evaluate the current "state of the art", pointing out again any major methodological flaws that were described in the body of the review. It should also provide some insight into what the writer thinks would be fruitful future avenues of research in the area.

#### METHODS OF COMMUNICATION

- Face to face conversation (Preferred )
- Phone call (For urgent situations)
- Email (For non-urgent and low priority matters only)

I will be available during my office hours and/or just after class for questions on both class materials and other course-related matters such as questions about presentations, research paper, concerns about the deadlines or missing classes, missing exams etc.. If you need to see me outside office hours, please make an appointment either during class, or by email, as I may not be available to see you if you come by without an appointment. The use of emails should be limited to brief communications such as keeping me informed or sending me files. Email is too time-consuming a method to give answers at any length to academic questions. Please come by during office hours instead.

#### ACADEMIC INTEGRITY

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council (honor@colorado.edu; 303 – 725 – 2273).

Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at <http://www.colorado.edu/policies/honor.html> and at <http://www.colorado.edu/academics/honorcode/>

#### DISABILITY MESSAGE

If you qualify for accommodations because of a disability, please submit to me a letter from Disability Services in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities. Contact: 303 – 492 – 8671, Willard 322, and <http://www.Colorado.EDU/disabilityservices>

#### CLASSROOM BEHAVIOR

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to such behavioral standards may be subject to discipline. Faculty have the professional responsibility to treat all students with understanding, dignity and respect, to guide classroom discussion and to set reasonable limits on the manner in which they and their students express opinions. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at <http://www.colorado.edu/policies/classbehavior.html> and at <http://www.colorado.edu/studentaffairs/judicialaffairs/code.html#student-code>