

## **Economics of the European Union**

**Course code:** 5504VECO

**Level:** 400

**ECTS:** 5

**Language:** English

**Teacher:** D. Oude Nijhuis

### **Admission requirements**

Admission to the Master EUS

### **Description**

Arguably, European Integration has been most successful in the economic domain. The member states succeeded in creating a customs union and are working hard to achieve an internal market in goods, services, labour and capital. Gradually, the appeal of an economically integrated Europe widened the EU to 27 member states, from its original 6 in 1957. In this course, we will analyse the benefits of economic integration as well as the conditions that need to be fulfilled and the steps that need to be taken to achieve a truly internal market.

### **The course concentrates on the following aspects of the economics of the EU:**

- The theory of integration: the main ideas behind integration; ways of integration; trade diversion versus trade creation; economies of scale; allocation of resources; competition and free trade; and the relation between the World Trade Organisation and regional trade associations.
- The single market: historical development; the principles of a single and free market in Europe, the four freedoms (free movement of goods, services, capital and persons); and the benefits of the single market.
- Monetary integration: theory and practice of monetary integration; optimal currency areas; the Economic and Monetary Union; the European system of central banks; the European Central Bank; and the stability pact.
- Budgetary and fiscal Policy: the case for a common fiscal policy in Europe; the impact of taxation on international trade; tax harmonization; budgetary policies in the member states; the budget of the EU.
- Competition, industrial and regional policies: the rationale for an EU industrial and competition policies; control and harmonisation of state aids; restructuring of declining industries; promoting competitiveness; support of research and technological development in advanced industries.
- The rationale for EU regional policies: integration and regional disparities; structural funds for the support of regions lagging behind in development; the Lissabon criteria for regional support; the relation between EU and national policies; framework programmes.
- Trade policy: the Common Commercial Policy (CCP). The relation between the EU trade policy and the WTO rules. Trade agreements and relations with major trading partners. (Potential) trading conflicts with other nations.
- Other policies: common agricultural policy; common transport policy; energy and environmental policies; social policy.
- The European economy: recent developments and the economies of Germany, France, the UK, Italy and some new member states.

### **Course objectives**

The course will allow students to understand the main principles of micro and macroeconomics and the relevance for, and application to, the main policy areas of the European union.

### **Timetable**

Monday 6 February – 16 March; 13-15 pm, Vrieshof 4/004A

Thursday 9 February – 19 March; 11-13 am, Lipsius/130

(see for the most up-to-date information the schedule at this website)

### **Mode of instruction**

Lectures and individual assignments.

### **Assessment methods**

Entry level test: 10 %

Individual assignments: 30%

Final exam with open questions = 60%

**Blackboard**

Yes, see the website: [www.blackboard.leidenuniv.nl](http://www.blackboard.leidenuniv.nl)

**Reading list**

Susan Senior Nello, *The European Union: Economics, Policies and History* (London: McGraw Hill, 2011 – 3rd edition)

**Registration**

Via uSis: <http://usis.leidenuniv.nl>

**Contact Information**

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