

# THE POLITICAL ECONOMY OF THE EUROPEAN UNION

## 2016 FALL SEMESTER

**Instructor: Univ.Prof. László CSABA, Member of the Hungarian Academy of Sciences and Academia Europaea/London**

### Course description

This is an MA course, combining theory and policy, addressing the fundamentals of what remains of the EU after Brexit. It addresses the history, institutional evolution as well as the core policies of the changing structures of the European Union, focusing on *those relating to money and decision making* on Community spending. It analyzes the evolution of the major policy areas and institutions, with special emphasis on how crisis management in 2008-2016 and the ensuing Brexit has changed the face of the EU, what reforms have taken place and what do these mean. We ask about the fundamentals: how does the EU and its policies perform against available theories to date.

### Aims and Scope

This is a course for motivated MA students, introducing major issues of European political economy. First: we provide a broad overview of those EU policies which matter for economic actors, and this in a dynamic perspective. Second: we aim to supply the relevant knowledge in a condensed manner. Thus we conduct an intensive and interactive learning procedure, combining lectures, **individual processing of written materials**, oral presentations and classroom debates. Written output is required for the same reason. Those finishing the class successfully should be able to have an idea about the major issues and be able to catch up in the future, if and when new problems/issues emerge.

### Course Structure

The course describes and interprets the monetary model of integration, the role of fiscal coordination, the new permanent rescue funds and mechanisms, thus it addresses broader theoretical and policy implications of new supra-nationalism after Brexit. It also covers the past present and future of *the major expenditure areas*. The latter include agriculture and rural

development, regional development, but also the policy areas where common policies exist without common funds. These apply to such expensive areas as environmental protection and labor markets. The debates on fiscal and banking union as well as on neighborhood policies are covered. Background in macroeconomics, international finance and trade is though a positive advantage, however, this is *not a prerequisite* for taking the class.

This course is composed of a mixture of *lectures and seminars*. The two *do not necessarily overlap*, neither with the details discussed in the required readings. *Independent* processing of the latter is presumed, i.e **it does not take place in the classroom**. Regular and active participation is required/you may miss any occasion on *prior notice only*/. *Interactive* participation on the seminars, where typically recommended readings are processed is a precondition for obtaining a grade. Seminar presentations should be made by choosing one item from the list of **recommended** readings, maximum 3 presentations per seminar. Points of clarification of details are ideally performed by attending the office hours/prior registration is required.

## Methods of Assessment

Regular and active participation in *each* of the classes and successful processing of the *written materials* are the preconditions for the grade. Besides regular attendance each participant – also those for audit - must make a seminar presentation. For grade you also need to write up a 10 pages/1.5 space, 12 size/ long *book review* in a format, ideally publishable in an academic journal. The printout or electronic version must be submitted by 18 November, 2016, Friday, 18.hrs at latest. Those wishing a grade must also write two closed book quizzes, to be written at 17 October 2016, Monday and 5 December 2016, Monday, checking facts and figures. Exam dates and deadlines are prefixed and nontransferable.

## Grading

Attendance and activity: 10 p.c., midterm quiz: 25 p.c.; seminar presentation: 20 p.c.; book review: 20 p.c., final quiz: 25 p.c. Books for review may be selected by yourselves within the course subject/not only recommended readings/, and approved by the instructor. Good reviews may get published. For a grade improvement additional book reviews might be taken up on a voluntary base.

## Reference volumes/statistical and documentary resources

For those of you not having any background in economics/finance/EU studies it may make sense to consult regularly one or more of the reference volumes clarifying the underlying concepts, categories and elementary facts/vocabulary, since at graduate level no introductory course can be made. On the various subject matters:

1. *European Union/concepts of EU political economy/description of sectoral policies*  
 a/ WALLACE, H. – POLLACK, M. – YOUNG, A., eds./2014/: *Policy-making in the European Union*. Oxford- New York: Oxford University Press.  
 b/ BALDWIN, R. – WYPLOSZ, Ch./2015/: *The Economics of European Integration – 5<sup>th</sup> edition*. Columbus/OH/USA: McGraw Hill Education.
2. *Global Perspective*. BASTASIN, Ch./2015/: *Saving Europe*. Washington, D.C.: The Brookings Institution Press.
3. *Crisis and Crisis Management*. a/ TANZI, V./2013/: *Dollars Euros and Debt. How We Got into the Financial Crisis, and How We Get Our of It*. New York: Palgrave.  
 b/ BICKERTON, Ch et al./2015/: *The New Inter-governmentalism: States and Supranational Actors in the Post-Maastricht Era*. Oxford- New York: Oxford University Press.
4. *Current and Comparative Data*: please use the official website of the Commission: [www.europa.eu](http://www.europa.eu) as well as the independent website: [www.euractiv.org](http://www.euractiv.org) , for statistics, especially current the website of the European Central bank: [www.ecb.europa.eu/statistics](http://www.ecb.europa.eu/statistics)

## DETAILED SCHEDULE

## **Week of 19 September/ACTUAL TEACHING STARTS/**

### **The Monetary Model of European Integration**

**Required:** BELLAMY,R./2013/: ‘An ever closer union across the peoples of Europe’: republican inter-governmentalism and *demoicratic* representation within the EU. *Journal of European Integration*, vol.35. no.5., pp499-516.

CSABA,L./2012/: Re-visiting the crisis of the euro-zone: challenges and options. *Zeitschrift für Staats- und Europawissenschaften*, vol.10.no.1, pp 53-77.

**Recommended:** THIMANN, Ch./2015/: The microeconomic dimensions of the Eurozone crisis and why European politics cannot solve them. *Journal of Economic Perspectives*, vol.29. no.3., pp141-164.

De RYNCK, S. /2016/: Banking on a union: the politics of changing Eurozone banking supervision. *Journal of European Public Policy*, vol.23. no.1., pp119 – 135.

CHANG,M./2016/: *Economic and Monetary Union*. New York – Houndmills: Palgrave.

## **Week of 26 September**

### **Revising Rules-Based Fiscal Policy for Europe: a Solution or a Trap?**

**Required:** LAFFAN,B. –SCHLOSSER,P./2016/: Public finances in Europe: fortifying EU economic governance in the shadow of the crisis. *Journal of European Integration*, vol.38.no.3., pp237-249.

BOLTHO,A. – CARLIN,W./2013/: EMUs problems: asymmetric shocks or asymmetric behavior? *Comparative Economic Studies*, vol.55.no.3.pp387-403.

**Recommended:** GREER, S. – JARMAN, H./2016/: Reinforcing Europe’s failed fiscal regulatory state. In: DALLAGO,B. – GURI,G. – McGOWAN,J,eds: *A Global Perspective on the European Crisis*. London: Routledge, pp122 – 141.

MATTHES,J./2014/: Ten misconceptions about current account imbalances in the Euro area. *Intereconomics*,vol.49.no.3.pp160-170.

ZIMMERMANN,H./2016/: The euro trilemma: or how the Eurozone fell into a neo-functionalist legitimacy trap. *Journal of European Integration*, vol.38.no.4.,pp425 – 439.

## Week of 3 October

## Labor Markets in the EU: Implications for Integration and Enlargement

**Required:** Labor Mobility in the EU: Dynamics, Patterns and Policies/Forum discussion/. *Intereconomics*, vol.49.no.3./2014/, pp116 -158.

**Recommended:** IVERSEN,T. – SOSKICE,D./2015/: Politics for markets.  
*Journal of European Social Policy*, vol.25.no.1.pp76-93.

VAUGHAN-WHITEHEAD, D. ed., /2015/: *The European Social Model in Crisis?* Cheltenham/UK: E.Elgar/take one chapter for seminar presentation!/

COPELAND,P. – ter HAAR,B./2013/: A toothless bite? The effectiveness of the European Employment Strategy as a governance tool. *Journal of European Social Policy*,vol.23.no.1.,pp21-36.

## **Week of 10 October**

### **Common Agricultural Policy: Foot Dragging, Change and Globalization**

**Required:** SWINNEN, J./2015/: The political economy of the 2014-2020 CAP: introduction and key conclusions. In: SWINNEN, J., ed: *The Political Economy of the 2014-2020 Common Agricultural Policy*. London: Rowman and Littlefield International, pp1-30.

Forum Discussion: The CAP after 2013. *Intereconomics*, vol.47.no.6.pp316 343./available online/.

**Recommended:** BUCKWELL,A./2015/: Where should the CAP go post-2020? In: SWINNEN, J.,ed: *The Political Economy*..op.cit.pp509-530.

ANDERSON,K. – RAUSSER,G. – SWINNEN,J./2013/: Political economy of public policies: insights from distortions to agricultural and food markets. *Journal of Economic Literature*, vol.51.no.2.pp423-477.

CSÁKI,Cs. – JÁMBOR,A./2013/: The impact of EU accession on the agriculture of the Visegrád countries. *Society and Economy*, vol35.no.3.pp343-364.

### **17 October, Monday: Midterm Quiz/missing it triggers automatic fail**

### **19 October, Wednesday/lecture and seminar/**

### **Cohesion Policies in the EU : Poetry and Reality**

**Required:** MOLLE,W./2015/: Cohesion and growth: is the EU system fit to face the challenges beyond 2020? In: LATOSZEK,E et al., eds: *Facing the Challenges in the EU*. Warsaw: ELIPSA/Warsaw University Press,pp1-20.

DEMIDOV,A./2016/: In pursuit of common good? *Journal of European Integration*, vol.38.no.2., pp117 -132.

**Recommended:** MOLLE,W./2015/: *Cohesion and Growth: Theory and Practice of European Policy-making*. London: Routledge/choose one chapter other than the closing conclusions/.

COSTA-I –FONT,J./2014/: Furthering sub-central autonomy in Europe? The roles of identity and re-distribution. *Intereconomics*, vol.49.no.1.pp36-45.

BUCHAN,D. – KEAY,M./2016/: *Europe's Long Energy Journey*. Oxford-New York: Oxford University Press.

## **Week of 24 October**

### **The EU in the Transatlantic Trade Conflict**

**Required:** de BIEVRE,D. and POLETTI,A./2014/: The EU in trade policy: from regime sharper to status quo power. In: FALKNER, G. and MÜLLER, P.ed.,: *EU Policies in Global Perspective*. London: Routledge, pp20-37.

BOLLEN,Y. – de VILLE,E. – ORBIE,J./2016/: EU trade policy: persistent liberalization,, contentious protectionism. *Journal of European Integration*, vol.38.no.3., pp279 – 294.

**Recommended:** TTIP: Political and Economic Rationale and Implications /round table/. *Intereconomics*, vol.50.no.6.,pp312-342.

YOUNG,A./2015/: Liberalizing trade, not exporting rules.*Journal of European Public Policy*,vol.22.no.9.,pp 1253-1275.

MORIN,J.-F.et al/2015/: *The Politics of Transatlantic Trade Negotiations*. Farnham/UK: Ashgate.

**2 November, Wednesday/31 Oct., Monday is public holiday!**

**Environmental Policy in the EU: Sandwiched Between Enlargement and the Single Market?**

**Required:** HOLZINGER, K. – SOMMERER, Th./2014/: EU environmental policy: greening the world? In: FALKNER, G. and MÜLLER, P., eds: *EU Policies in a Global Perspective*. London: Routledge, pp111 – 129.

ANDONOVA, L. – TUTA, I./2014/: Greener together? Multi-level integration and environmental protection in the EU. In: BRUSZT, L. – McDERMOTT, G., eds: *Leveling the Playing Field: Transnational Regulatory Integration and Development*. Oxford-New York: Oxford University Press, pp126-155.

**Recommended:** HUSTEDT, Th. – SEYFRIED, M./2016/: Coordination across internal organizational boundaries: how the EU Commission coordinates climate policies. *Journal of European Public Policy*, vol.23.no.6., pp888-905.

DAUBJERG, C. – SWINBANK, A./2015/: Globalization and new policy concerns: the WTO and the EU's sustainability criteria for biofuels. *Journal of European Public Policy*, vol.22.no.3., pp429-446.

BAUN, M./2014/: EU climate norms in east-central Europe. *Journal of Common Market Studies*, vol.52.no.3., pp445-460.

## **Week of 7 November**

### **Europe 2020 and Financial Crisis Management: an Odd Couple**

**Required:** CSABA, L./2016/: Fiscal and banking union in the EU: a solution or a trap? In: FEHRMANN, Th.ed: *Nationalstaat und Europäische Union: eine Bestandaufnahme*. Baden-Baden: Nomos Verlag, chapter 7.

KUDRNA, Z./2016/: Financial market regulation: crisis-induced supranationalization. *Journal of European Integration*, vol.38.no.3. pp251-264.



PASIMENI,P./2016/: Assessing the Europe 2020 strategy. IN: DALLAGO,B. – GURI,G. – McGOWAN,J.eds: *A Global Perspective on the European Crisis*. London: Routledge, pp. 96-120.

**Recommended:** LOMBARDI, D. – MOSCHELLA,M./2016/: The government bond buying program of the ECB. *Journal of European Public Policy*, vol.23.no.6., pp851 -870.

KRAMPF,A./2016/: From transparency to ambiguity: the impact of ECB's unconventional policies on the EMU. *Journal of European Integration*, vol.38.no.4., pp455 -471.

LANNO, K./2015/: *The Great Financial Plumbing*. London: Rowman and Littlefield International, esp.chapters6 to 8.

## **Week of 14 November**

### **The State of the Union**

**Required:** CSABA, L./2009/: The state of the Union: revival or all problems swept under the carpet? In: CSABA, L.: *Crisis in Economics?* chapter 6. Budapest: Akadémiai, pp138-156.

v.d. END –J.W. – de HAAN, J. –KEARNEY,I./2015/: Quantitative easing in the Euro area: an exposition. *Zeitschrift für Staats- und Europawissenschaften*, vol.13.no.1.pp87-99.

**Recommended:** COPELAND,P./2014/: Central and eastern Europe: negotiating influence in an enlarged Union. *Europe-Asia Studies*, vol.66.no.3.pp467-487.

HAUKKALA, H./2016/: A perfect storm: or what went wrong and what went right for the EU in Ukraine? *Europe-Asia Studies*, vol. 68.no.4., pp653 – 664.

ROHÁC, D./2016/: *Towards an Imperfect Union*. Lanham/Md: Rowman and Littlefield.

## **Week of 21 November**

### **Enlargement and Its Consequences**

**Required:** EPSTEIN,R.A./2014/: Overcoming ‘economic backwardness’ in the European Union. *Journal of Common Market Studies*, vol.52.no.1., pp17-34.

CSABA,L./2009/: A premature enlargement? In: CSABA,L.: *Studies in European Political Economy*, chapter 5.

**Recommended:** GANEV,V./2013/: ‘Post-accession hooligansim’: democratic governance in Bulgaria and Romania after 2007. *East European Politics and Societies*, vol.27.no.1.pp26-44.

BALÁZS,P./2014/: EU-36: the impact of EU enlargement on institutions. In: BALÁZS,P.ed: *A European Union with 36 Members? Perspectives and Risks*. New York etc: CEU Press, pp.227- 256.

PETROV,R./2016/: The new generation EU AAs with Ukraine, Moldova and Georgia. In: LATOSZEK,E.et al. eds: *Facing Challenges in the EU*. Warsaw: PECSA, pp133 -143.

## **Week of 28 November**

### **Life After Brexit: Decay or Revival?**

**Required:** CHOPIN, Th. – LEQUESNE, Ch./2016/: Differentiation as a double-edged sword: member-states’ practices and Brexit. *International Affairs/Chatam House*, vol.92.no.3., pp531 – 545.

GRETSCHMANN, K./2016/: The EU in stormy seas. In: DALLAGO,B. – GURI,G. – McGOWEN, eds: *A Global Perspective on the European Crisis*. London: Routledge, pp33 -47.

Adam Smith Institute/2016/: The case for the EEA option.  
*Foreign Affairs*, vol.94.no.4/July/Aug.

**Recommended:** McNAMARA,K./2016/: Brexit's false democracy. *Foreign Affairs*, 28 June/online

MacSHANE, D./2016/: *How Britain Will Leave Europe*.  
London: I.B.Tauris .

BOTTLE,R./2016/: *The Trouble with Europe-3d edition*.  
London: Nicholas Brealy Publications.

Van MIDDELAAR, L./2016/: The return of politics.  
*Journal of Common Market Studies*, vol.54.no.3., pp495 -507.

SIMMS,B./2016/: *Britain's Europe:a Thousand Years of Conflict and Cooperation*. London: Allen Lane.

### **Week of 5 December,**

### **The Future of the European Union in the Global Political Economy**

**Required:** OLIVER, T. – WILLIAMS, M.J./2016/: Special relationships in flux: Brexit and the future of US-EU and US –UK relationships.  
*International Affairs*,vol.92.no.3., pp547 -567.

CSABA, L./2014/: Developmental perspectives on Europe.  
*Society and Economy*, vol.36.no.1.pp21 – 36.

**Recommended:** BÖRZEL,T. – DANDALSHY,A. – RISSE,Th./2015/: Responses to 'Arabellion': the EU in comparative perspective. *Journal of European Integration*, vol.35.no.1., pp1-17.

PARK, B./2015/: Turkey's isolated stance: an ally no more or just the usual turbulence? *International Affairs*/Chatam House, vol.91.no.3/available online/.

Van ARK,B. – McMAHONEY,M. –TIMMER,M./2013/: Europe's productivity performance in comparative perspective: trends,

causes and perceptions. In: PRASADA RAO,D.S. – van ARK, B.eds: *World Economic Performance: Past, Present and Future*. Cheltenham: E.Elgar,pp290-315.

FORSBERG,T. – HAUKKALA,H./2016/: *The EU and Russia*.New York-Houndmills: Palgrave.

## **12 December, Monday: Final Quiz/missing it triggers automatic fail**

**Notes:** All sources are available in the original at CEU Library, most of them also online. Assignments cannot be saved, transferred or negotiated. Deadlines are fixed. Thus any delay triggers automatically a five per cent minus **of the final grade** per day. In case of exceptional circumstances, such as illness testified by a medical doctor, **prior** agreement of the instructor is to be obtained/there is a round the clock answering machine at the department, 327-30-17, or via e-mail: [csabal@ceu.edu](mailto:csabal@ceu.edu) /. The book review and quizzes are to be written in conformity with CEU regulations including ethical standards and academic writing requirements. Double submission and plagiarism/including inadequate referencing/ will be severely penalized.

The book reviews are meant to test your independent analytical ability on a freely chosen topic within the course subject, however in identifying the book to be reviewed *prior* approval of the instructor is needed. Quizzes check facts and figures/two analytical and six factual questions, closed book format/, in writing. **All assignments, petitions, second readings etc must be definitively concluded by 16 December, 2016, Friday, 18 hrs.**

**Consultations:** preferably before and after class and also during *office hours*, Mondays and Wednesdays 17-19 hrs, room FT 304/sign up sheet available and needed/. In case of exceptional circumstances you may want to use the e-mail and/or ask for a special appointment. In case of doubt please do not hesitate to raise the issues *before* exam/deadline etc. The departmental phone is 327-30-17, fax 327-32-43, my email: [csabal@ceu.hu](mailto:csabal@ceu.hu) , my personal website for further downloadable materials: [www.csabal.com](http://www.csabal.com)

Budapest, 14 July, 2016.

Univ. Prof. László CSABA/IR Department