

# THE ECONOMIC AND MONETARY UNION OF THE EUROPEAN UNION: CHALLENGES AND HISTORY, INSTITUTIONS, THEORIES AND THE EURO AREA CRISIS

## COURSE DESCRIPTION

The course introduces the main historical, institutional and economic aspects of the process of European economic and monetary integration from the Treaties of Rome in 1957 to the Lisbon Treaty and the main institutional and historical evolution of the process of economic and monetary integration, the European Monetary System (EMS) to the European Economic and Monetary Union (EMU) will be analyzed. The EMU and the Optimum currency's -Theory will be analyzed.

The role of the euro in the international monetary system and the current crisis will be discussed as well as European economic and fiscal governance.

## COURSE 1

Monetary Unions in History, an overview: The costs and benefits of economic integration and the process of economic integration in the EU. The process of monetary integration in Europe: from the European Monetary System (EMS) to the European Economic and Monetary Union (EMU).

## COURSE 2:

The creation of EMU and the European Central Bank. The international role of the euro.

#### USEFUL READING:

Susan Senior Nello, *The European Union: Economics, Policies and History*, 3/e, 2011, Mc Graw-Hill, ISBN: 0077129660

Richard Baldwin and Charles Wyplosz, *The Economics of European Integration*, 4/e, 2012, Mc Graw-Hill, ISBN: 007713172x

Artis, M. and Nixon, F. eds (2001) *The Economics of the European Union*. Oxford University Press, Oxford.

De Grauwe, P. (2012), *The Economics of Monetary Union*, 9/e, Oxford: Oxford University Press, ISBN: 978-0-19-956323-4.

#### COURSE 1:

- Senior Nello, parts of ch. 2 and ch. 3 4
  - Baldwin and Wyplosz, parts of ch. 1 and ch. 2
  - Balassa, B. (1967), "Trade creation and trade diversion in the European Common Market"; *Economic Journal*, Vol. 77.
  - Baldwin, R. and A. Venables (1995), "Regional economic integration", in Grossman, G.M. and Rogoff, K. (eds), *Handbook of International Economics*, Vol.3, Amsterdam: North-Holland Press.
  - Senior Nello, ch. 6
  - Baldwin and Wyplosz, parts of ch. 7 and parts of ch. 8.
  - Baldwin, R. "The growth effects of 1992", *Economic Policy*, Vol. 2, n. 9, pp. 247-81.
  - Cecchini, P. (1988), *The European Challenge: the Benefits of a Single Market*, Aldershot: Wildwood House.
  - Emerson, E., Aujean, M., Catinat, M. Goybet, P. and Jacquemin, A. (1989), *The Economics of 1992: the EC Commission's Assessment of the Economic Effects of Completing the Single Market*, Oxford: Oxford University Press.
- "Europe 2020" webpage: [http://ec.europa.eu/europe2020/index\\_en.htm](http://ec.europa.eu/europe2020/index_en.htm)
- The theory of economic and monetary union: the theory of optimum currency areas, the theory of credibility and the theory of speculative attacks.
  - Baldwin and Wyplosz, ch. 16
  - De Grauwe, P. (2012), *The Economics of Monetary Union* 9/e, Oxford: Oxford University Press, ch. 1. 6
  - Commission of the European Communities 1990, "One Market, One Money", Directorate General for European Economic and Financial Affairs, *European Economy*, n. 44.
  - De Grauwe, P. (2012), *The Economics of Monetary Union* 9/e, Oxford: Oxford University Press, ch. 2.

## COURSE 2:

The process of monetary integration in Europe: from the European Monetary System (EMS) to the European Economic and Monetary Union (EMU). The euro, the dollar and the international monetary system.

-- Baldwin and Wyplosz, ch. 15 and parts of ch. 19

- Wyplosz, C. (2006), "European Monetary Union: the dark sides of a major success", *Economic Policy*, Vol. 21, n. 46, pp. 207-61.

- Eichengreen B., Wyplosz, C. (1993), "The Unstable EMS", *Brookings Papers on Economic Activity*, 0(1), pp. 51-124.

- Begg D., Wyplosz C. (1993), "The European Monetary System: Recent intellectual History", in CEPR, *The Monetary Future of Europe*, Proceedings of the Conference jointly organized by CEPR and Banco Pastor, held in La Coruna on 11-12 December 1992.

- Bergsten, F., 2002, "The euro versus the dollar: will there be a struggle for dominance?", *Journal of Policy Modeling*, Vol. 24, No. 4, pp. 307-14.

- Della Posta, P. (2006) "Fundamentals, International Role of the Euro and "Framing" of Expectations: The Determinants of the Dollar/Euro Exchange Rate?", in *EMU Rules: the Political and Economic Consequences of European Monetary Integration*, Torres, F., A. Verdun and H. Zimmermann (eds), pp. 225-243, Baden-Baden: Nomos, 2006.

- European Central Bank, *Monthly Bulletin on "The international role of the euro"*, several issues, Frankfurt: ECB.

- European Central Bank, *Review of the international role of the Euro*, several issues, Frankfurt: ECB.

Monetary and fiscal policies in EMU: the European Central Bank and the Stability and Growth Pact. The current Euro Area public debt crisis.

- Baldwin and Wyplosz, ch. 17 and ch. 18

- De Grauwe, P. (2012), *The Economics of Monetary Union*, 9/e Oxford: Oxford University Press, ch. 7 and ch. 9.

- Lane, Philip R. 2012. "The European Sovereign Debt Crisis." *Journal of Economic Perspectives*, 26(3): 49-68.

- Several articles by Paul De Grauwe and Daniel Gros to be downloaded from the CEPS website.

- European Central Bank, several issues of the Annual Report.

- European Commission, several issues of the Quarterly Report on the Euro Area, Brussels: EU

European Commission (2011), "European Commission Green Paper on the feasibility of introducing Stability Bonds", Reference: MEMO/11/ 820, 23/11/2011.

Scheller: ECB, *History, Role and Functions*, Chapter 1. Internet:

<http://www.ecb.int/pub/pdf/other/ecbhistoryrolefunctions2004en.pdf>

Bofinger: The European Monetary System: Achievements, flaws and applicability to other regions of the world. Internet:

[http://www.unescap.org/drrpad/projects/fin\\_dev/bofinger.pdf](http://www.unescap.org/drrpad/projects/fin_dev/bofinger.pdf)

USEFUL INTERNET SITES:

<http://europa.eu.int/comm>

<http://www.ecb.int>

<http://www.wto.org>

<http://www.ceps.eu>