



UNIVERSITÀ  
CATTOLICA  
del Sacro Cuore

## Political economy of the European Union

PROF. DOMENICO DELLI GATTI; PROF. DANIELE SIENA

### Course aims and intended learning outcomes

The course aims at providing the conceptual and analytical tools to understand

- the main steps of European economic integration, the rationale of institutions emerged from this process such as the customs union and the Single Market and the main policies established in this field;
- the main steps of European monetary integration, the rationale and working of the common currency, the main policy issues and challenges facing the Economic and Monetary Union in the light of the Sovereign Debt Crisis.

At the end of the course students will be able to:

- understand the current institutional structure of the European Union;
- apply their knowledge to evaluate the strengths and weaknesses of the European institutional set-up;
- form their own opinions on the main economic policy issues of the European Union;
- communicate and express opinions in the current debate with the correct, technical, terminology;
- learn and critically assess new developments in the area of European integration or fragmentation (e.g. the Brexit process).

### Course content

MODULE I: *Prof. Domenico Delli Gatti*

1. The history of European integration from the treaty of Rome to the treaty of Lisbon and beyond.
2. The essentials of trade liberalization and integration. The rationale of a customs union and a common market.
3. Governing bodies and decision-making processes in the European Union: centralized vs decentralized tasks.
4. The essentials of market competition and market integration: number of firms, optimal size, price level and the mark up.

MODULE II: *Prof. Daniele Siena*

1. Definition and rationale of a monetary/currency union.
2. The common monetary policy and the European Central Bank: design and performance.
3. Fiscal sovereignty, the Stability and Growth Pact and debt sustainability.
4. The European Sovereign Debt Crisis and its aftermath: new developments concerning fiscal policies and monetary policy

### Reading list

Main textbooks

- R. BALDWIN-C.WYPLOSZ, *The Economics of European Integration*, McGraw-Hill, fifth edition 2014. Acquista da VP
- P. DE GRAUWE, *Economics of Monetary Union*, Oxford University Press, tenth edition 2014. Acquista da VP

Further references will be provided during the course.



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### Teaching method

Lectures on topics and readings made available beforehand.

### Assessment method and criteria

Students are required to take a written exam during the session dates assigned to this course. The exam will be administered at one time for both modules and it consists of four questions, two per module. To pass the exam at least 18/30 must be attained in each of the two modules.

### Notes and prerequisites

A Basic knowledge of microeconomics and macroeconomics is necessary.