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The Economics of European Integration

DR. NICOLÒ GATTI

Area of study:	Business and Economics
Area Code:	EC/PO312
Method of Instruction:	In person

Description

In recent decades, European countries have rarely faced a year without experiencing the outbreak of major crises. Prominent examples include the severe economic and political challenges following the global financial crisis and the subsequent euro area sovereign debt crisis, Brexit, the Covid-19 pandemic, and the invasion of Ukraine. Moreover, the member states of the European Union struggle to coordinate fiscal and monetary policies and to develop common strategies to confront structural challenges related to climate change and the green transition, energy security, immigration flows, and rising economic inequalities. Several scholars and policy analysts argue that these difficulties reflect fundamental design flaws in both the European Union and the Eurozone. This course first presents the institutional design and the historical background of European integration, highlighting the role of trade liberalization, market integration, and monetary unification. To this end, the core economic tools needed to understand the functioning of the European Union and the Economic and Monetary Union are introduced. The course then examines the main economic crises faced by Europe, the policy responses adopted at the national and supranational levels, and the ongoing debates on reform, sustainability, and the future of European integration.

Course objectives can be synthesized as follows:

- provide a solid understanding of the historical evolution of European integration and the institutional architecture of the European Union, including its key decision-making processes;
- develop the ability to analyze the main economic theories underlying trade liberalization, market integration, and monetary union, and to assess their relevance in the European context;
- critically evaluate major economic challenges and policy debates currently shaping the European Union, including macroeconomic coordination, inequality, climate and energy policies, and the future of the Economic and Monetary Union.

Course contents

After introducing some institutional and historical background of the process of European integration, the first part of the course will be dedicated to the analysis of the main economic theories and analytical tools required to understand the functioning of the European Union and of the Economic and Monetary Union. In particular, the course will cover the following topics:

- the history of European integration and the institutional design of the EU;
- the rationale for trade liberalization and the theory of comparative advantage;
- essentials of macroeconomics;
- monetary unification and the theory of optimum currency areas.

The second part of the course is devoted to examining some of the most prominent and actively debated economic issues on the European policy agenda, such as:

- the effects of the Global Financial Crisis (GFC) and of the Eurozone sovereign debt crisis;
- the role of economic policies and institutions during Brexit;



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- income and wealth inequality;
- climate change;
- recovery from the Covid-19 pandemic and future prospects;
- gender policies.

Program may be subject to changes according to students' interests.

Prerequisites

A background in Introductory Microeconomics and Macroeconomics may be helpful, since some conceptual and analytical micro/macroeconomic tools will be used. However, in order to facilitate participation by students with heterogeneous backgrounds, a brief recapitulation of the basic tools will be provided during the course whenever necessary.

Method of instruction

The course is taught through lectures with active student participation, including in-class discussions and group activities. The final lectures will be devoted to student presentations.

Course requirements

Students are expected to regularly attend class sessions and to actively take part in class debates and case discussions. Students are expected to be prepared on assigned readings. Students are expected to deliver one individual/group assignment and present it to the class.

Credits

6 ECTS

Grading

- | | |
|---------------------------------------|----------------------------------------------|
| • Class discussions and participation | 20% of final grade |
| • Midterm exam – Take-home assignment | 30% of final grade |
| • Final exam – Presentation | 25% of final grade (group work and slides) |
| | + |
| | 25% of final grade (individual presentation) |

Course readings and materials

Mandatory material: Slides and readings available on Blackboard.

Suggested book: *The Economics of European Integration*, Richard Baldwin and Charles Wyplosz, 7th ed.

Instructor bio

Nicolò Gatti is a Post-doctoral Researcher at the *Department of Economics and Finance* at Università Cattolica del Sacro Cuore (Milan), where he also coordinates the activities of the *Interuniversity Research Centre on Local and Regional Finance* (CIFREL). Nicolò holds a PhD in Economics from *Università della Svizzera italiana* (USI) and he successfully completed the *Swiss Program for Beginning Doctoral Students* in Economics hosted in Gerzensee by the *Swiss National Bank*. His research interests mainly include public economics, labor economics, and applied microeconomics.

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EVALUATION AND ASSESSMENT CRITERIA

Grade range

Evaluation

FAIL

The work does not meet the minimum requirements. Major conceptual gaps, insufficient understanding of the topic, lack of structure, or serious analytical weaknesses are present.

18–21

The work demonstrates a basic understanding of the topic and covers the essential points, but analysis is limited, arguments are not fully developed, and presentation lacks clarity and depth.

21–24

The work shows appropriate use of economic concepts and a coherent structure. Some critical analysis is present, though insights are limited.

24–27

The work is well structured and clearly presented, presenting economic theories effectively. Arguments are well supported and show good critical engagement.

27–30

The work demonstrates a very good understanding of the topic, rigorous analysis, originality of thought, and excellent use of economic theory and evidence. The presentation of arguments is clear, well organized, and highly effective.