Lecturer
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Description
The purpose of this course is to analyse the political economy of European monetary integration from a critical international perspective. The course is taught in three parts. The first part examines the comparative history and co-evolution of national varieties of capitalism within Europe and how different phases of international monetary integration have affected these countries. The second part examines the political and economic rationale for the establishment of the single currency. We will analyse the role of the European Central Bank (ECB), the Growth and Stability Pact, and the influence of the Commission and Council in shaping the process of monetary integration. The final part of the course examines the political and economic policy response to the Eurozone sovereign debt crisis. We will examine the core actors and institutions determining this response at both national and supranational level. The course will conclude with a discussion on whether the policy response to the Euro crisis is exacerbating the asymmetry of integration between core and peripheral member-states of the EMU, and leading to a crisis of the democratic state.

Intended learning outcomes
This course examines Europe as an international case study on what happens when diverse political economies are integrated into a single currency without a federal government. It is both theoretical and empirical. Each seminar is constructed around a set of core readings (that will take around 6 hours study prior to class). You must read these before the seminar and prepare a critical response. By the end of the course you will have learnt the core theories and concepts of political economy and its application to the broader social and political sciences. Students who have successfully completed this course will be equipped to:

- Produce well-structured theoretical papers
- Utilise large data-sets and country specific case-studies
• Make clear and concise presentations based on sound analysis and arguments from a variety of social scientific research.
• Design brief policy reports on the political economy of European monetary integration
• Illustrate how the political economy of integration is related to historically diverse national models of capitalism within the EU.

Assessment
Assessment will be based on two elements: a blog post (30%); and a final term paper (70%). The final paper can be up to 5,000 words in length. The research paper should identify a significant gap or puzzle in current understandings of European political economy, articulate an empirically-researchable question that addresses this gap/puzzle, propose hypotheses that might explain the pattern/process/outcome in question, analyse the observable implications, and present a preliminary empirical response (based on qualitative or quantitative data) to the research question. The topic of this exercise may be related to an MA/MSC thesis in progress.

Readings
Readings will be drawn from a wide range of books and journals. All required readings must be completed before the seminar for which they are assigned. Journal articles are accessible on-line through the UCD library’s e-journals catalogue. Other readings are available on designated websites or the module’s Blackboard site. If you do not read you will not learn.

Disability Support Services
Students whose disabilities, medical conditions or learning difficulties (such as dyslexia) have been recognized and documented by UCD’s Disability Support Services and who expect that their disability will affect the conditions of their assessment in this course are encouraged to contact Dr. Regan as soon as possible. Others who suspect that they may have such a disability are encouraged to contact the DSS office as soon as possible. For more information, see http://www.ucd.ie/disability/index.html.

Academic Standards
(1) The School’s policy on standard academic practice (i.e., avoiding plagiarism) will be strictly enforced. A copy of the policy is available on the module’s Blackboard site. (2) All written work submitted for this module should also conform to Harvard style (see guide on UCD Library website) for citations.
Seminar Plan:

Week 1: Introduction to European political economy

*What is the new political trilemma in Europe?*

Week 2: Theories of political economy

*How do ideas, institutions and interests shape different economic systems?*

Week 3: The Euro trilemma and the international monetary system

*What is the relationship between monetary, fiscal and labour market policy?*

Week 4: The European economy since 1945

*What were the determinants of the post-war European recovery?*

Week 5: European varieties of capitalism

*What is the difference between liberal and coordinated market economies?*

Week 6: Monetary integration: from Delors to Maastricht

*Why and how did European states agree to Maastricht in 1991?*

Week 7: Monetary integration: the transition to EMU

*What was the outcome of European states agreeing to monetary union?*

Week 8: The European social market economy

*Is there a tension between negative and positive integration?*

Week 9: The European Central Bank (ECB) and financial markets

*What explains the difference between the ECB and the Federal Reserve?*

Week 10: The Euro crisis – causes

*How did a financial crisis turn into a sovereign debt crisis in Europe?*

Week 11: The Euro crisis - consequences

*What are the consequences of the crisis for the social state?*

Week 12: The new governance of the Eurozone

*How can we map the new European governance framework?*
Background reading on European integration:

If you are not familiar with the background of EU history and institutions it is probably important that you read/browse/skim some of the following books:


  This is a useful introduction to the history of European integration since the end of WW2 until the late 1990’s. It is a narrative and should not be considered a definitive account.


  The argument of this book is simple but deeply contested: European integration is the outcome of rational decisions by national leaders in response to economic interests.


  The argument of this book is that there is a growing asymmetry between negative integration (market-making) and positive integration (market-correcting) in the European Union.


  This book attempts to move beyond neofunctional and intergovernmental theories by developing a ‘multi-level governance’ framework. It captures the dynamism of integration.


  This is a very useful collection on the core actors, policy processes and institutions of the EU.
Useful books on the European political economy

These books/journals/reports will give you a good overview of the various approaches to the comparative political economy of European integration.

- Paul De Grauwe (2016) *The Economics of Monetary Union* (Oxford University Press, 7th ed.)


- Kenneth Dyson and Kevin Featherstone (1999) *The Road to Maastricht*, OUP

- Special issue (2006): 'Economic Governance in EMU Revisited', *Journal of Common Market Studies* vol.44, No.4 (November);


• *Governance for the Eurozone: Integration or Disintegration?* Edited by Franklin Allen, Elena Carletti and Saverio Simonelli (2012).


**Internet Links**

www.ft.com (there is tons of material on the euro crisis. UCD has a subscription)

http://blogs.lse.ac.uk/europpblog/ (LSE European politics and policy blog)

http://www.voxeu.org (this is a brilliant research-based website for policy analysis and commentary on economic issues. Just search ‘Euro’)

http://www.cvce.eu (A useful collection of documents, sound files, videos and other data on European integration history).

http://europa.eu/abc/history/index_en.htm (The EU’s own take on its history).

http://aei.pitt.edu (An electronic depository for research material on the topic of European integration).

http://www.unizar.es/euroconstitucion/Home.htm (The website provides important documents on the preparation, negotiation, and ratification of important European treaties).


http://europa.eu/about---eu/institutions---bodies/index_en.htm (information on European institutions).

**DATA sources:**

Eurostat provides detailed information on European countries in the follow areas: economy and finance; population and social conditions; industry, trade and services; agriculture and fisheries; external trade; transport; environment and energy; science and technology.

The European Central Bank (ECB) statistical portal provides data relevant to Eurozone monetary policy, financial stability and other central bank activities. Aggregate series are based on observations from national central banks, credit institutions and other international sources: http://sdw.ecb.int/

The Euro Barometer Survey consist of approximately 1,000 face-to-face interviews per EU member state, covering social conditions, health, culture, the economy, citizenship, security, information technology, the environment, the Euro and European Union enlargement. http://www.gesis.org/eurobarometer/data-access/

The EUDO Data Centre (EUI) provides data on European public opinion, political elites and the media; political parties and representation; institutional change and reform, and citizenship http://www.eui.eu/Projects/EUDO/EUDODataCentre.aspx

The European Social Survey covers social and public trust; political interest and participation; socio-political orientations; governance; media use; moral, political and social values; social exclusion; national, ethnic and religious allegiances; well-being, health and security, and; demographics and socio-economic topics http://www.europeansocialsurvey.org/

The European Labour Force Statistics is a household sample survey conducted across the EU and three EFTA countries, providing quarterly results on labour participation. Data ranges from 1983, depending on member state accession and other availability factors. Surveys are conducted by European national statistical agencies and collated by Eurostat. http://epp.eurostat.ec.europa.eu/portal/page/portal/employment_unemployment_lfs/data/database

EU-SILC is a cross-sectional and longitudinal multi-dimensional micro data set on income, poverty, social exclusion and living conditions in the European Union. Surveys are conducted by European national statistical agencies and collated by Eurostat. http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/eu_silc

Other useful websites
http://ft.com
http://www.euractiv.com/en/
http://euobserver.com/
http://www.ft.com/world/europe/brussels
http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/
http://www.bruegel.org/
http://www.notre-europe.eu/
http://www.lisboncouncil.net/index.php
http://www.ceps.eu

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Useful Journals (not in any particular order)

Journal of Common Market Studies

Socio-Economic Review

Journal of European Public Policy

Comparative European Politics

European Journal of Industrial Relations

Politics and Society

Comparative Political Studies

New Political Economy

European Journal of Political Research

European Political Science Review

European Journal of International Relations

West European Politics

Journal of European Integration

The Journal of Economic Perspectives

Annual Review of Political Science

International Studies Review

International Organization

World Politics

Perspectives on Politics
WEEK 1  INTRODUCTION TO EUROPEAN POLITICAL ECONOMY

In this seminar we will discuss the global political trilemma outlined by Dani Rodrik. This suggests that there is a trade off between international economic integration (particularly capital mobility), fixed exchange rates (nation-state) and monetary autonomy (democratic politics). We will reconsider this trilemma in the context of European monetary union.

Required

Dani Rodrik (2000): How far will international economic integration go? The Journal of Economic Perspectives, 177-186


Recommended


WEEK 2  THEORIES OF POLITICAL ECONOMY

In this seminar we will discuss the relative importance of institutions, ideas and interests in shaping the growth trajectory and policy packages of transnational and cross-country variation in European political economy. This complex interplay between actors and institutions, or puzzling and powering will act as a theoretical compass for the module.

Required

Peter Hall (1997). The role of interest, institutions and ideas in the political economy of industrialized nations. In Lichbach and Zuckerman ed., Comparative Politics: Rationality, Culture and Structure. pp 174-207


Mark Blyth (2003) Structures do not come with an instruction sheet: interests, ideas and progress in political science, Perspectives on Politics 1(04) 695-706
WEEK 3 THE EURO TRILEMMA & MONETARY REGIMES

In this seminar we will discuss the importance of the international monetary system for understanding the political economy of European integration. It will be argued that EMU is a radical solution to the classic Mundell–Fleming macroeconomic policy trilemma. However, it suffers from serious design flaws. We will discuss how macroeconomic constraints in the Euro area are related to the coordination problems in the international economy.

Required


Kevin O’Rourke (2011): A tale of two trilemmas.
WEEK 4   THE EUROPEAN ECONOMY SINCE 1945

In this seminar we will trace the architecture of the European political economy since 1945. We will seek to identify the institutional structures, ideas and policy regimes that gave rise to the golden age of post-war European economic growth. We will then discuss the extent to which these political institutions give rise to the contemporary economic adjustment problems facing European member-states today. Be prepared, there is a lot of reading this week!

Required

http://www.people.fas.harvard.edu/~phall/Gourevitch.pdf


Recommended


**WEEK 5 EUROPEAN VARIETIES OF CAPITALISM**

In this seminar we will examine how different models of capitalism within Europe have adapted in distinctive ways to the pressures of globalisation and Europeanisation. It will be argued that whilst a VoC provides a framework to understand the diversity of socio-economic systems in Europe, it does not adequately account for the international political economy of monetary integration, particularly as it pertains to EMU.

**Required**


**Recommended**


WEEK 6 MOneyary Integration: From Delors to Maastricht

In this seminar we will examine the extent to which national executives within member-states incorporated the costs and benefits of monetary integration, and the implications of transferring monetary sovereignty to the European Central Bank (ECB). We will discuss the economic idea of rational expectations and the extent to which this informed the convergence criteria. The seminar will conclude by examining the domestic fiscal and wage strategies pursued by the ‘periphery’ of Europe in adapting (or not) to the constraints of Maastricht.

Required


Recommended


WEEK 7 Monetary Union: Integration Among Unequals?
In this seminar we will discuss why, contrary to the assumption of convergence, core and peripheral member-states of the EMU increasingly diverged after entry to EMU. We will discuss the asymmetry of economic integration under monetary union by examining cross-national differences in tax competition and wage-setting regimes.

Required


Paul De Grauwe (2014): *The economics of monetary union*. Oxford University Press (OUP). Chapter 9,10

Recommended


**WEEK 8**  
**EUROPEAN SOCIAL MARKET ECONOMY: WHERE ART THOU?**

In this lecture we will ask whether there is an implicit neoliberal bias underpinning the economics of European integration. We will examine the difference between positive (social institutions) and negative (market liberalization) integration. This will illustrate the political priorities underpinning economic integration, from the single market to the EMU.

Required


Fritz Scharpf (2010). The asymmetry of European Integration, or why the EU cannot be a social market economy? *Socio-Economic Review* 8, 211-250

**Recommended**


**WEEK 9  THE BRAVE NEW WORLD OF CENTRAL BANKING**

The centrepiece of the European Monetary Union is the European Central Bank (ECB). This was created as the most independent institution in the history of central banking. We will ask why national executives made this decision and examine the consequences. We will address the design flaws of the ECB and compare them to monetary politics in the USA.

**Required**


Jens Weidman (2014), Europe’s Monetary Union. Making it Prosperous and Resilient. Speech to the Harvard Centre for European Studies: [https://www.youtube.com/watch?v=3T9NQOHbgdU](https://www.youtube.com/watch?v=3T9NQOHbgdU)


Paul De Grauwe (2014): *The economics of monetary union*. Oxford University Press (OUP), chapters 8 & 11
WEEK 10 THE ORIGINS OF THE EUROZONE CRISIS

In this seminar we will ask how an international financial crisis turned into a sovereign debt crisis in the Euro area. This is arguably the most important event in the history of European economic integration since the Treaty of Rome. It cannot be understood without contextualising it within the broader global trend of capital liberalisation. We will examine three major explanations for the sovereign debt crisis: fiscal, competitiveness and financial. This will highlight the asymmetric effect of joining together qualitatively distinct ‘varieties of capitalism’ into a stateless currency – the monetary union.

Required

Philip R Lane (2012): The European Sovereign Debt Crisis, the Journal of Economic Perspectives, 26(3), 49-67.

Alison Johnston & Aidan Regan (2014): European Integration and the Incompatibility of Different Varieties of Capitalism. Forthcoming MPIfG discussion paper


Recommended


Buiter, Willem/Ebrahim Rahbari, 2010: "Greece and the fiscal crisis in the Eurozone". 


**WEEK 11  THE CONSEQUENCES OF THE EUROZONE CRISIS**

In this seminar we will ask why governments adopted then abandoned Keynesian oriented policies? Building on the theoretical compass that we have been using throughout the course, we will trace the new politics of *austerity* to interests, institutions and ideas. We will assess the merits of strengthening fiscal rules, labour market reform and constructing a banking union. It will be argued that none of these reforms address the fundamental adjustment problem facing member-states of the EMU, namely how to democratically govern a stateless currency in a global financial market (as outlined in seminar 1).

**Required**


**Recommended**

Karl Whelan (2012): *How should a banking union work?* European parliament’s committee on economic and monetary affairs.


**WEEK 12  EUROPEAN DEMOCRACY IN CRISIS?**
In this seminar we will return to the puzzle outlined in weeks 1 and 3. We will map the new governance reforms of the Eurozone and ask what these mean for the future of democracy and political economic integration in Europe.


