



Erasmus Mundus Masters Course



# Master's Degree in Economics of Globalisation and European Integration

## BOOK OF COURSE SYLLABI – semester II

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# European Economic Integration and Regional Integration Analysis

## Course syllabus

**Course title:** European Economic Integration and Regional Integration Analysis

**ECTS:** 9

**Semester:** 2

**Location:** Ghent University (Belgium)

**Compulsory course:** YES

**Lecturers & Contacts:**

- **Prof. Dr. Bruno Merlevede**, Ghent University. Email: [bruno.merlevede@ugent.be](mailto:bruno.merlevede@ugent.be)
- **Dr. Ruben Dewitte**, Ghent University. Email: [rubenL.dewitte@ugent.be](mailto:rubenL.dewitte@ugent.be)

### Prerequisites and co-requisites:

The most important macro- and microeconomic principles. In addition, students should have taken a basic course in statistics/econometrics.

### Learning outcomes and competences:

- To explain the history of European integration, the logic of various steps in the integration process, and the institutional structure of the EU;
- To analyze and interpret the efficiency and allocation of (European) decision-making procedures;
- To analyze and interpret the trade-effects of economic integration;
- To analyze and interpret the effects of economic integration on growth, labour markets and migration;
- To analyze and interpret different policy areas of the EU: common agricultural policy, regional policy, competition policy and external trade policy;
- To be able to translate theoretical concepts to causal empirical validation;
- To be able to perform and analyze empirical analysis of trade integration;
- To be able to process academic literature w.r.t. European integration independently.

### Organization:

The module of European Economic Integration and Regional Integration Analysis consists of 13 lectures of 3 hours each, 15 hours of micro-teaching, 7.5 hours of group assignments and 7.5 hours of assisted self-study.

Extra information on the teaching methods



- Ex cathedra teaching
- Students cover the institutional context themselves by means of a chapter in the textbook. The institutional context is then used and discussed in various topics covered in class.
- Students prepare classes on EU micro policies through audio embedded power-point slide shows and clips. In class theoretical concepts are further developed and linked to recent and seminal scientific research articles.
- Student teams present a topical academic empirical paper related to the course and act as discussants of two other papers presented by other student teams. Students can contact the instructor on their own initiative for further guidance and/or specific questions.
- Student teams write and present a report on regional integration containing an analysis in R/Stata. Student teams discuss other teams' work and presentation. There is one compulsory and one optional fixed interim feedback session. Students may contact the lecturer for further guidance in between these dedicated feedback moments.

## **Course content:**

### *1. Position*

This course analyses, within an economic framework, the history and institutions of the EU, trade integration in the EU and the most important microeconomic policy domains of the EU. It builds upon the knowledge acquired in a solid introductory course on Economics (covering the most important macro and microeconomic principles).

### *2. Content*

#### Module 1: European Economic Integration

##### Part 1

- History, facts, law, institutions and the budget
- Decision making

##### Part 2 – Microeconomics of integration

- The essential economics of preferential liberalization
- Market size and scale effects
- Growth effects and factor market integration
- Integration, labour markets and migration

##### Part 3 - EU micro policies

- Common Agricultural Policy
- Regional policy and economic geography
- EU competition and state aid policy
- EU external trade policy

#### Module 2: Regional Integration Analysis

##### Part 1 - The Gravity Model: empirical analysis in international economics

- The gravity model of International Trade



- The gravity model of Migration
  - The gravity model of FDI
- Part 2 - Regional integration analysis in R/STATA

### **Assessment methods:**

Students will receive 9 credit points or 9 ECTS for successful completion of the course. The final grade is a weighted average of:

- a) A final written exam (45%)
- b) Presentation of a topical academic paper and discussion of two other papers (20%)
- c) Report on regional integration containing analysis in R/Stata + presentation + discussion (35%, peer-assessment)

Participation in parts a), b), and c) is mandatory to be able to pass. Non-participation in any part will result in a total score of 9/20 should the score on other parts be 10 or more. In case of resit scores of successful subparts can be transferred to the second exam period. Resit for part b) will be based on academic papers different from the first examination period. Resit for part c) involves upgrading the empirical analysis and report.

### **Suggested readings / literature:**

- Slides and papers will available through the UGent online learning platform
- Richard Baldwin and Charles Wyplosz (2015, 5th edition or more recent if available, +- 45 EUR), *The Economics of European Integration*, McGraw-Hil (Non obligatory, about 75% of classwork relates to this textbook)



# Institutional Economics

## Course syllabus

**Course title:** Institutional Economics

**ECTS:** 6

**Semester:** 2

**Location:** Ghent University

**Compulsory course:** YES

**Lecturers & Contact:**

- **Prof. Dr. Koen Schoors** (Ghent University). Email: [koen.schoors@ugent.be](mailto:koen.schoors@ugent.be)

### Prerequisites and co-requisites:

Good understanding of micro-economic and macro-economic theory

### Learning outcomes and competences:

- Understand how institutions and institutional change affect the economic 1 performance and the economic change in different societies.
- Understand the drivers of institutional change
- Understand, present and discuss recent scientific contributions in this field

### Organization:

Group work, lecture, microteaching, PDE tutorial, online lecture.

### Course content:

#### 1. *Position*

People cooperate and coexist in a society in which economic development occurs. The course aims to give the student insight in how institutions affect a society's economic performance and evolution and how institutions develop themselves. The course is fully based on research papers from the field

#### 2. *Content*



- Theoretical Framework
  - Ronald Coase and the (un) importance of institutions
  - Douglas North and the role of institutions in economic development
  - Daaron Acemoglu and the social conflict model of institutional development
- Informal institutions
  - Trust
  - Reciprocity
  - Social norms
  - Social capital
- Formal institutions
  - Institutional reversals and experiments
  - Grabber friendly versus producer friendly institutions
  - Inclusive versus extractive institutions
  - Control of corruption
  - The resource curse and institutions
  - Media freedom and other democratic institutions
  - Land rights
  - Financial institutions
  - Family institutions

**Assessment methods:**

Students will receive 6 credit points or 6 ECTS for successful completion of the course. The final grade is a weighted average of:

- a) An end-of-term oral exam (75%)
- b) Permanent evaluation (presentation and discussion of group work) (25%)

**Suggested readings / literature:**

- Institutions, institutional change and economic performance, Douglass C. North. Complemented with various papers on special topics



# Open Economy Macroeconomics and Economic Policy Governance

## Course syllabus

**Course title:** Open Economy Macroeconomics and Economic Policy Governance

**ECTS:** 9

**Semester:** 2

**Location:** Ghent University (Belgium) and CEPS (Belgium)

**Compulsory course:** YES

**Lecturer & Contact:**

- Prof. dr. Peter Claeys (College of Europe). Email: [peter.claeys@coleurope.be](mailto:peter.claeys@coleurope.be)
- Dr. Cinzia Alcidi (CEPS). Email: [cinzia.alcidi@ceps.eu](mailto:cinzia.alcidi@ceps.eu)

**Prerequisites and co-requisites:**

The course builds upon the knowledge acquired in the modules of advanced macroeconomics, advanced microeconomics and econometrics of the first semester

**Learning outcomes and competences:**

- To understand the working of different exchange rate regimes and their consequences on monetary and fiscal policy
- To understand the major problems facing the international monetary system and the knowledge of alternative macroeconomic policy option and choices
- To analyze and interpret policy choices in common currency areas
- To analyze and interpret the effects of economic and monetary integration on capital and labour markets
- To analyze and interpret fiscal policy and risk sharing in an economic and monetary union
- The ability to formulate theoretically and empirically well-founded arguments verbally as well as in written on macroeconomic policy in an economic and monetary union
- The ability to reflect critically on the present international monetary system and to formulate theoretically and empirically well-founded arguments verbally as well as in written on its challenges and macroeconomic policy options.

**Organization:**

Guided self-study, integrated seminar, lecture, online lecture.

Extra information on the teaching methods:

- Ex cathedra teaching
- Students prepare classes on EU macroeconomic policies through audio embedded power-point slide shows and clips. In class theoretical concepts are further developed and linked to recent and seminal scientific research articles.
- Students participate actively in seminars, role games on current macro-economic policy issues in the European Union, such as the EU response to the crisis (e.g. next Gen EU or possible follow up) and discussion sessions (Oxford debate)

### **Course content:**

#### *1. Position*

The course consists of two modules. The first module covers the theory of open economy macroeconomics and examines the international monetary and fiscal adjustment process under different exchange rate regimes. It combines the theoretical and practical aspects of the international adjustment process to examine the determinants of the balance of payments, exchange rate systems and the increased role of capital flows and financial integration, with a view to understand options for policymakers when using fiscal or monetary tools, and the Impossible Trinity. This raises the question on debates concerning policy co-ordination at international level, the handling of international financial crises and international monetary reform. It also leads to a discussion of the settings of fiscal and monetary policy and in particular the role of fiscal coordination.

The second module aims at complementing the background knowledge that students acquire in the first module with practical content and policy-oriented training focused on specific current macro-economic policy issues in the European Union, in particular risk sharing in an economic and monetary union, capital market integration, fiscal rules, economic integration and labour markets as well as the functioning and policies of the ECB. In addition, they get an training in communication skills, in particular the writing of a qualitatively high-standing policy paper and the use of advanced visualization skills such as Tableau

To this aim, innovative learning methods to foster teamwork, dialogue and constructive exchange of ideas will be used.

#### *2. Content*

- Module 1: Open Economy Macroeconomics
  - o Theories of the balance of trade: elasticity, absorption and monetary approaches to the balance of payments on current account
  - o Asset market models of exchange rate determination: the monetary and portfolio balance approaches; exchange rate overshooting and saddle path equilibrium
  - o Macroeconomic policy in an open economy: the Mundell-Fleming model in a small country and two country cases.





- Fixed, floating and intermediate exchange rate systems: traditional and modern views to evaluating alternative exchange rate systems. Impossible Trinity
  - Target zones and speculative attacks: Krugman's target zone model and extensions; application to the EMS. First, second and third generation models of speculative attacks
  - International Policy Co-ordination: Scope, methods and effects. Evaluation of costs and benefits. Obstacles to co-ordination.
  - Fiscal and monetary policies in a world of with monetary and financial integration: Fiscal coordination, fiscal federalism.
- Module 2: Economic Policy Governance
- Risk sharing in the EMU
  - Capital market integration in the EU
  - Fiscal rules in the EMU
  - European economic integration and the labour market
  - The functioning and policies of the ECB

#### **Assessment methods:**

Students will receive 9 credit points or 9 ECTS for successful completion of the course. The final grade is a weighted average of:

- a) An end-of-term written exam (70%)
- b) Permanent evaluation (participation, presentation and discussion of group work, peer assesment) (30%)

Participation in parts a), and b) is mandatory to be able to pass. Non-participation in any part will result in a total score of 9/20 should the score on other parts be 10 or more. In case of resit scores of successful subparts can be transferred to the second exam period.

#### **Suggested readings / literature:**

- Slides and papers will available through the UGent online learning platform (Ufora).
- Baldwin, R. & C. Wyplosz, (2012), *The Economics of European Integration*, 4th edition, McGraw-Hill: London.
- Eichengreen, B. J. (2008). *Globalizing capital: a history of the international monetary system*. Princeton University Press.
- De Grauwe, P. (2012), *The Economics of Monetary Union*, 9th edition, Oxford University Press: Oxford.
- Pelkmans, J. (2006), *European Integration: Methods and Economic Analysis*, 3rd edition, Pearson Education: Harlow.
- Pentecost, E.J. & A. Van Poeck (eds), (2001), *European Monetary Integration: Past, Present and Future*, Edward Elgar: Cheltenham.

# Intermediate Econometrics

## Course syllabus

**Course title:** Intermediate Econometrics

**ECTS:** 6

**Semester:** 2

**Location:** Ghent University (Belgium)

**Compulsory course:** YES

**Lecturer & Contact:**

- Prof. dr. Yasin Kursat Önder ([kursat.onder@ugent.be](mailto:kursat.onder@ugent.be))
- Dr. Sam Desiere ([sam.desiere@ugent.be](mailto:sam.desiere@ugent.be))

### Pre-requisites

Final objectives from a basic course in econometrics, including (i) basic concepts of econometric analysis (bias, consistency, variance, efficiency, distribution); (ii) inference (type I and II errors, size, power, p-value); (iii) OLS estimation and its properties (under the Gauss-Markov assumptions, implication of relaxing these assumptions); (iv) GLS estimation and its properties (in case of heteroskedasticity and/or autocorrelation); (v) endogeneity and IV estimation (implications, validity of instrumental variables); (vi) stationary time series analysis (properties of time series data, autoregressive models).

### Learning outcomes

Upon successful completion of the course, students will:

- have a thorough knowledge of limited dependent variable models; panel data models; experimental and quasi-experimental designs; time series analysis
- be able to define a relevant econometric model; choose the appropriate econometric method; evaluate its statistical properties; use R econometric software to carry out estimation and tests; correctly interpret the estimation and test results.

### Organization:

Lecture, group work, seminar: coached exercises

Extra information on the teaching methods:

- Ex cathedra theoretical lectures.
- During the group assignment and tutorials students apply the theory to real problems.



## Course content

### 1. Position

The course aims at broadening the student's knowledge beyond the econometric techniques introduced in a basic econometrics course to microeconometrics, panel data models and time series analysis. The focus is on being able to apply the econometric techniques and correctly interpret the results.

### 2. Content

- Topic 1: Introduction to R econometric software
- Topic 2: Limited dependent variable models
  - Logit, probit and tobit models
  - Poisson and negative binomial regression
- Topic 3: Panel data models
  - Fixed and random effects estimator
  - Hausman test
- Topic 4: Experimental and quasi-experimental designs:
  - Randomized controlled trials
  - Difference-in-difference estimation
  - Propensity score matching
- Topic 5: Time series analysis:
  - ARIMA models
  - Unit root testing
  - Cointegration analysis
  - VAR modeling
  - Local projections

### Assessment methods:

Students will receive 6 credit points or 6 ECTS for successful completion of the course. The final grade is a weighted average of:

- a) An end-of-term written exam (70%)
- b) Permanent evaluation (Assignments, presentation, discussion and peer assessment) (30%)

### Suggested readings / literature:

- Slides and other material (assignments, R support) will be made available online (free of charge, excepted your own printing cost).
- Walter Enders, *Applied Econometric Time Series*, John Wiley & Sons, 2004.
- Marno Verbeek, *A Guide to Modern Econometrics*, John Wiley & Sons, 2012.
- Jeffrey M. Wooldridge, *Econometric Analysis of Cross-Section and Panel Data*.