Optional course in Economics, Business Administration, International Business Economics, Humanities and Political Science (ECTS 5)

**Instructor** — Oriol Garcés, Part-time lecturer of European Economy at UPF (oriol.garces@upf.edu; room 20.299 bis, Jaume I building). CV accessible at linkedin: https://es.linkedin.com/in/oriolgarces

**Lectures** — twenty 1.5 h. sessions in ten weeks, from September 28th to December 1st, 2017 (Thursday and Friday, from 4.30 to 6 pm or from 6 pm to 19h30, classroom 40.012. One main topic per week (a precise schedule follows).

**Seminars** — six 1.5 h. sessions, on Wednesday, starting on Oct. 4th, classroom 40s16.

Please check your campus virtual and please enroll in an open seminar. This can only be done by yourselves.

Subgroup 201, from 9.00 to 10.30 pm
Subgroup 202, from 12.30 to 14.00 pm
Subgroup 203, from 14.00 pm to 15.30 pm
Subgroup 101, from 15.30 to 17.00 pm
Subgroup 102, from 17.00 to 18.30 pm
Subgroup 103, from 18.30 pm to 20.00 pm

For seminars success it is of the utmost importance to read carefully the guidelines for presentation of personal positions / statements and debate.

1\(^{st}\) seminar, October 4th, **Individual oralisation seminar and debate**: discussion on The EU process with respect to secession processes: The current situation in Catalonia and in Spain. Open discussion among seminar groups and members after October 1\(^{st}\) Catalan Referendum.

2\(^{nd}\) seminar, October 11th, **Individual oralisation seminar and debate**: Scenarios for Europe by 2025. Discussion on the ‘White paper on the future of Europe’. COM (2017) 2025 of 1st March 2017. It is requested also to address the likelihood of each scenario according to your sources and personal views and evolution to date.

3rd seminar, October 18\(^{th}\) **Team/Group presentations + Individual oralisation**: main ideas introduced by each group of 3 people. Presentations and discussion of 3 cases of Trade relationships: 3 Groups assigned will prepare a presentation on the different approaches of Keynes and White with respect to the IMF and its role in the new world order. Each video piece of work will argue the essential points that make each position relevant. In particular, with respect to the other institutions governing the aftermath of WWII. These assignments, in form of a video have to be uploaded in the platform, at least 72 hours before the seminar. The video has to weight less than 1 GB in its regular version (therefore, reduce quality resolution if needed). Videos will be uploaded into the platform you tube and sent the link so that can be uploaded into the classroom platform (edpuzzle.com) and will have to be analyzed by seminar attendants for fruitful discussion. After introducing the topic by the moderating teams in each seminar, a class debate will take place by also taking into account individual oralisation skills. Moderators will also wrap up by means of following the guidelines for moderation.
4th seminar, October 25th, **Team/Group presentations + Individual oralisation**: main ideas introduced by each group of 3-4 people. Presentations and discussion of 3 cases of Trade relationships: The EFTA (European Free Trade Agreement), The Benelux (Custom Union), and the EEC (Common Market) 3 Groups assigned will prepare one selected piece of work arguing the essential points that make each kind of agreement particular and different with respect to other options and economic interrelations. These assignments will be in form of a video, to be uploaded in the platform, at least 72 hours before the seminar. The video has to weight less than 1 GB in its regular version (therefore, reduce quality resolution if needed). Videos will be uploaded into the platform you tube and sent the link so that can be uploaded into the classroom platform (edpuzzle.com) and will have to be analyzed by seminar attendants for fruitful discussion. After introducing the topic by the moderating teams in each seminar, a class debate will take place by also taking into account individual oralisation skills. Moderators will also wrap up by means of following the guidelines for moderation.

(‘Week without seminar’) Wed. **Nov. Ist.** (mid-term exam preparation, scheduled for **Th. Nov., the 2nd**)
(‘Week without seminar’) Wed. **Nov the 8th**, preparation of 2nd half of the course.

5th seminar, Nov. 15th, discussion of Criticisms to Maastricht treaty. The € under todays’ perspective - The drivers of the moment Vs todays’ situation. Commission paper on the deepening of the Economic and Monetary Union (COM(2017) 291 of 31 May 2017). Students are also strongly reccomended to approach the issue through comparing this report with the Werner report and the Delors report on EMU related it.

6th seminar, Nov 22nd, Scenarios for Europe by 2025. Students will take into account the agreement on Reffugees quotas signed one year ago as well as the EU Turkey agreement related to that. Bearing in mind the ‘White paper on the future of Europe’. COM (2017)2025 of 1 March 2017, students will analyse what effects may be having the new populisms arising in a wide number of EU countries.

**Subject goals and recommended materials and readings —**

The subject also pursues to balance different competences that universities are supposed to be giving to all its students: besides factual knowledge and comprehension: individual and group understanding and critical reasoning, oral and written expression and interaction, synthesizing and the structuring of ideas, and last, but not least, not only individual but also group team work. All in all, aiming at getting some tools to better interpret the coming and uncertain future coming ahead. Therefore, time is also invested in linking the topics of seminars together with the assessment system of the subject, emphasizing oralisation skills to present, communicate and develop ideas.

Classroom time is to be complemented, before, during and after the time where the physical classroom takes place by class materials and interaction in Aula Global.

*During the course, many materials will also be uploaded into the platform edpuzzle, to which one you are strongly recommended to register in order to have access to materials and quizzes that are also an important part of the course. Many of them will be discussed in class.*
A very useful reading for a large part of the course is Barry Eichengreen, *The European Economy Since 1945. Coordinated Capitalism and Beyond*, Princeton University Press, Princeton and Oxford, 2007 (1st edition). The reports suggested in class and its activities are an interesting extra material to be checked.

**Tutoring** — Friday after class (without request) and at room 20.299 bis (upon request)

**Evaluation** — The final grade will be made out of the components in the chart enclosed.

**Mid term exam is to take place during regular class hours, in November, Thursday 18th**

**Final Course exam will take place in December. Please check Campus Global publications for exact date and time.**

(In case of failure of the subject, there is the possibility to pass a *second evaluation in January (date to be confirmed)* on the basis on a multiple-choice test (100% of the grade).
Course Basic contents — This course analyses the emergence of a European economy and the nature of the institutional devices, which have been designed to manage it collectively, from the war to the present. The course deals with the development of the various European national economies placing the focus on the specific connections among them (in the East and West) as well as on the relationship between the European economies and the international economy. Since 1947 cooperation and integration among the European countries, particularly in the West, should be considered as their ad hoc response to U.S.-led globalisation. This course is a sort of economic history of European integration in a global context with the declared aim of not describing the events but to explain why the Europeans co-operate among themselves the very strange way they do. At the present time of troubles in the European Union and the Euro zone, one of the most interesting features, from an intellectual point of view, is the poor state of the information about what could and should be done, for instance, by the European Union, single EU member States, such as Germany, or institutions like the European Commission or the European Central Bank.

Week 1/ Introductory overview to the course and its basic rules of the game

Topic 1 – The Europe of today, still consequence of the BWS and WWII aftermath

1.1 - The Europe of today, sitting on the shoulders of giants? Or a giant with feet of clay? It is worth rescuing Europe??!
1.2 - Planning the post-war during the war: Google ‘Bretton Woods system’, a world framework for European cooperation.

Is it worth trying to rescue the European Union? Is there a true potential for the EU as an effective mean of European Cooperation that gives collective answers to world threats, particularly those arising from Globalisation?

In order to do that, it will be good to remind that many interpret the Second World War as a major U-turn towards a New Europe. Actually, war-time planning for a New World after Victory-day did not contemplate any specific cooperation schemes for the Europeans. The Allies designed cooperation schemes at a worldwide scale at some Conferences, included the the Bretton Woods Conference (1944). It was a New World, not a new Europe, what Washington, London and Moscow were talking about. And that was at the starting point of a situation that evolved towards the creation of a supranational entity such as the EU. How come this has happened?

The first week also will invest time in undertaking some activities aiming at the understanding of the dynamics of the subject by having an overall view on the subject and what supposed the framework set by the Bretton Woods System new Economic order expectations based on convertibility and the motto ‘Trade will make us free’.

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Week 2 / Europe within the - BWS ‘in the air’ –

Topic 2: World War II aftermath: new social, political and economic claims for the reconstruction period while

2.1 – The impact of World War II in the new Europe arising – The Morgenthau vision: the first plans to follow for Germany.
2.2 – Reconstruction policies: The Spirit of 1945.

How to measure the impact of World War II? Is it enough to account for the total number of human casualties and massive destruction?

The dramatic circumstances which reigned everywhere at the end of the war pointed at further confrontation —in line with the post-World War I period— rather than any cooperation, particularly if involving former enemies. That idea is best captured in the Morgenthau Plan.

The reconstruction was the period in which the two parts of Europe (east and west) shaped the fundamental institutional structures which were to define them in economic, political and social terms in the following forty years. Until the mid-1980s the reconstruction period in Western Europe did not receive ad hoc attention. In the West, the United Kingdom stood victoriously alone among badly defeated nations. No wonder the British people stood firm by its traditions while coalition governments and a new set of industrial relations rules were common currency among the defeated nations.

Weeks 3-4 / The ‘struggle’ to reach pre war levels in continental Europe (except Germany)

Topic 3 - How bad was Europe’s reconstruction process in 1945-1947 so that Marshall Plan was launched?

3.1 – The Marshall Plan (1947-52). (Who was in need for it? Cooperation triggerer)
3.2 – The romantic views of building Europe (Vs the emergence of Germany as Western Europe’s central economy)

The speedy economic recovery that took place in the West imposed a solution to the German question. The latter is the fundamental question around which specific co-operation —at various levels— would root in Europe since the late 1940s.

The European Recovery Program (ERP – worldwide known as the Marshall Plan, as named after the then U.S. Secretary of State, George C. Marshall, who made a first explicit call for a program of aid at his speech at Harvard on 5 June 1947) is perceived as the most successful programme of international assistance ever launched and therefore taken as a template for similar action. The students should be able to establish the validity of such a bold statement and the conditions under which a new Marshall Plan could ever be launched. The Marshall Plan opened up very sophisticated, unprecedented mechanisms for co-operation among the sovereign and independent West European nations. Why were they conceived in a given, how were they operated, and what effect did they cause. The transformation of Germany from a war-dislocated economy into the central piece of Western Europe’s industry was not an anticipated event. Nor it could be anticipated the ‘integration’ (as
Week 5 / A golden age for ‘everyone’, there is no good that lasts forever

Topic 4 - The golden age of growth (1950s and 1960s) – and The end of exceptionality (1968-73)– The end of convertibility

4.1. The European Communities in ‘worlderland’ (Trade and CAP)
4.2. An exhausted Golden age and the end of the BWS (within social and political turbulences)

From the early 1950s to the late 1960s Europe (East and West) lived through a period of exceptional growth, much stronger and constant in the Western than in the Eastern part of continental Europe. This section will deal with the causes of growth (reconstruction, convergence, catching-up, cheap energy, abundant labour, structural change, social capital). Furthermore, the students should be able to determine the proper cause-effect link between European integration and the Golden Age in Western Europe. Is it that integration lead to growth or was it that growth facilitated integration? It will be interesting to point out the contradictory nature of first EEC policies. The paradox of EEC’s trade liberalization Vs commercial protection.

The Golden Age of growth ended progressively as its engines exhausted. The 1968 social and political turmoil – whether in France or Czechoslovakia – was a clear signal that the post-war social and political system was exhausted. A new model was necessary. In the East, the Soviet leadership went back to repression after the Khrushchev spring. In the West the governments were poorly equipped to face the new realities of stagnation and inflation. Their first reactions in front of the deceleration of growth in the early 1970s remained at the domestic level. Their collective failure forced them to co-operate, first at the international level, and then at the European level. In this module, students are required to explain why integration was not part of the policy menu that Western European leaders contemplated at that time? Again, the student is requested to answer whether integration is leading to economic growth or was growth what had facilitated integration in the first place? It will be interesting also to point out what kind of leadership did the US exercised when taking responsibility of the monetary and exchange rate arrangement that had been prevailing during the golden age and compare it to the current situation of the € area leader today.
Week 6 / Mid-term test week – checkpoint of 20% course weight

Topic 6 – Mid course check point: Mid Term exam, summary to date and 2nd half forecasting

6.1. Mid Term exam – 1st part (individually) and 2nd part (in group) – 2nd Nov.
6.2. Mid Term exam class review and discussion and course checkpoint to date

This module will focus on the mid term ‘factual’ assessment of the student through a multiple-choice test. It will provide the opportunity to wrap up what having developed to date during the course. An overview of the remaining 2nd part of the course will also be sketched.

Week 7 / European answers to the end of the BWS

Topic 5 – European ways to look for stability and new growth engines: The European and Monetary System (EMS) and the Single Market – how to make a bigger cake

5.1. European Monetary System – “Deutsche Mark über alles”.
5.2. The Single European Market. The 80’s and 90’s. (From Single market to Single currency)

The Bretton Woods System failure formally declared by President Nixon (on TV) left room for a potential European response to globalization threats other than the free fluctuation after the end of convertibility. The European Monetary System is another signal of the DM (Deutsche Mark) area influence in European Economies. This situation formally turned into the creation of a system (first, the ‘Snake’, later on the EMS) where the DM was clearly at the axis of the parities among European currencies. First, in the ‘snake’, currencies ‘sticked’ voluntarily in a +/- 1% fluctuation band with respect to the DM and other currencies in the system. Later on, when made compulsory this participation was a second stage of another point of inflexion when discussing European cooperation: the start of the ‘germanisation of Europe’.

Therefore, the European integration was limited to the parameters designed in the foundational treaties of Paris (1951) or Rome (1957)?

How did the single market come about? Was the enlargement from 9 to 12 (Greece, Portugal and Spain) related to that or was it just a coincidence? But, more importantly, did the single market necessarily lead to a single currency? How much determinism was involved in the decision to launch the euro as a common and single currency?

The students will have to connect such important decisions in the West with the set the radical changes that were then taken place in the East after the fall of real socialism after the summer of 1989 and of the Soviet Union in December 1991. This module would like to introduce a topic of much dispute in Contemporary economic history: the role of personalities. Do politicians matter, and if so, to what extent?

Topic 7 – The rise and fall of the Soviet Union: its role in 50 years of East-West parenthesis

7.1. The establishment of the Soviet Empire.
7.2. The end of real socialism (in eastern Europe)

This module will show students that the history of European integration also needs to understand the role of the Soviet Union in European contemporary history. The red army contribution into World War II is to be underlined. Their rush in advancing towards Berlin can be understood by mapping the territorial occupation at the end of WWII and the limits of the Soviet European ‘backyard’ formally set up later on. In other words, the Iron curtain limited soviet satellite countries from western influence.

After 40 years of cold war the fall of the Soviet empire, for many, came more suddenly than expected. What were the consequences of that for an Europe about to face German reunification?
Week 8 / Nominal convergence (1992-99) and the early 2000’s: ‘Much ado about nothing’?

Topic 8 – From the Maastricht criteria, through the Copenhagen criteria and the European Convention: ‘What put in practice’ (be)for(e) enlargement

8.1. Maastricht + What in practice (the 90’s and early 2000’s)
8.2. Enlargement and failed institutional reforms (the late 90’s and early 2000’s)

The financial turbulences of the early 90’s and the political circumstances across Europe arising from the fall of the Berlin wall and a ‘quick German reunification process’ brought another turning point in European history: The adoption of a Single currency for European Member States willing to abandon their monetary policies. Under the common currency, the €, euro area currency members should share the reputation of the European Central Bank (ECB), inherited from the Bundesbank. Its reputation, gained through independence from political institutions, was by credibly setting policies addressing monetary targets, namely price stability in the euro area.

This module will show students that the implementation of the Treaty of Maastricht was far from being unproblematic. Rather the contrary, opposition to the project came from many quarters (scholars, voters, markets, and some governments). Why the many alarm-rings went unattended is a question (still) of unclear response but of maxim importance as of today.

The financial turbulences that appeared in the late 2000s had its roots in the nominal convergence period of the 1990s and the way the Stability and Growth Pact was implemented in the early 2000’s as well as its first amendment / reform.

Week 9 / Understanding what lies at the heart of the current failure of the EU

Topic 9 – The responses to 2008-present situation show different national recipes to overcome EU institutional and EMU crisis: from Brexit to Grexit

9.1. The ongoing crisis: roots and origins (The second golden age (2000s))
9.2. The failure of collective responses to present threats (The great recession (2008-2014))

The 2000s (in fact from 1998 onwards) registered a second age of growth, particularly golden in the European periphery. Tension between growth models was permanent. On the one hand, unprecedented access to cheap money by (mainly) private business led to intense activity in low-skills demanding sectors. On the other, the German government with the Agenda 2010 and the Lisbon Strategy were trying to place the emphasis on competitiveness. The generation of huge structural imbalances within the euro zone was an important feature of this period. Where does the responsibility for the present situation of crisis lie, in the original rules of the game —which might have been ill defined— or the players —who might have acted within short-term electoral cycles and constrains?

In 2007 the financial crisis exploited in the United States and quickly spread to Europe. The first policy reaction was limited to defend (i.e. Spain) or rescue (i.e. Britain) the national financial and banking sectors. There was no concerted action at European or international level. Recession affected all countries of Western Europe but the euro zone broke into two distinct areas during the immediate post-recession period: peripheral Europe confronted a greater fall in output and higher
unemployment figures than core Europe. The collective response was more international cooperation—in order to re-regulate the market after years of de-regulation—and, essentially, a call for ‘more Europe’ that was attended differently according to different EU Member States.

**Week 10 / Is it worth rescuing the EU?**

**Topic 10 – Course Conclusions and reflections on the 2025 scenarios for the EU**

10.1. Conclusions and reflections (on the 2025 scenarios for the EU)

10.2. Preparatory session for the final exam.

The last sessions will be devoted to the concluding remarks on what are students informed opinion on the main question of the course: Is the EU worth being rescued? And if so, how?

In order to answer that, students will have to have understood the mechanisms of WWII and why Europeans have cooperated after the Bretton Woods System ‘implementation threat’. Therefore, the student should be able to analyze and understand the different patterns of policy reaction that are/had been taking place since WWII and after 2010, when the first country-bail-out program was implemented and nowadays the Institutional architecture of the European Union and also World Economic Order inherited from Bretton Woods is being put into severe discussion.

**Time Schedule**

Subject Code: 21962-1 (European Economy) and 21962-2 (Economia Europea)

Seminar Locations: 4016 & Full Class sessions 4012

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<thead>
<tr>
<th>Week &amp; Date</th>
<th>Type of the Session</th>
<th>Topic</th>
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<tbody>
<tr>
<td>Week 1 – 1st of October</td>
<td>FC</td>
<td>1.1 Subject material Map - Course presentation - Class calendar sessions and main takeaways.</td>
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<tr>
<td>Week 2 – 4th Oct</td>
<td>FC</td>
<td>1.2 Let’s go into the Brillion Wood System – How to outline my arguments in Seminars - Subject Evaluation and assessment criteria. Topics for teams in Seminar sessions.</td>
</tr>
<tr>
<td>Week 6 – 15 Oct</td>
<td>FC</td>
<td>3.2.1 The impact of WWII and a new Europe arising. The Morgenthau plan (inherited from Postwar) - Europe in the post-war period.</td>
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<tr>
<td>Week 6 – 16 Oct</td>
<td>FC</td>
<td>3.2.2. The Romantic views to build Europe. Germany’s normalization in the 50’s and the options to meet their priorities - Smart Vs Austerity.</td>
</tr>
<tr>
<td>Week 7 – 22 Oct</td>
<td>T3</td>
<td>3.2.3. Is the Golden age the European Community. Allies in WORLW-Defend trade and agriculture.</td>
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<tr>
<td>Week 7 – 23 Oct</td>
<td>T3</td>
<td>3.2.4. An exhausted Golden age and the end of the EWS (political, social AND financial). The 4Gs of any exchange rate system (adjustment, liquidity, credibility and leadership).</td>
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**Week 6 – 2nd Nov**

- FC - Midterm multiple-choice exam
- Exam (graded) in counts and exam week

**Week 6 – 3rd Nov**

- FC - Explanation of exam term exam & wrap-up to date
- (B) Introducing 2nd part of the course

**Week 6 – 9th Nov**

- FC - The European Monetary System: Deutsche mark über Alles - The return to monetary stability.

**Week 6 – 10th Nov**

- FC - The Single European Market and the logical transition towards... The single currency? (Checheln report)

**Week 7 – 19th Nov**

- FC - How to assess today’s trade policy? (Herren Vs Debrun report)

**Week 7 – 20th Nov**

- FC - The single currency, why the 45?

**Week 7 – 21st Nov**


**Week 7 – 22nd Nov**

- T3 - Seminar for Europe by 2020 - The rise of populism in EU: AfD - FN - Le Pen - Brexiteers - and UKIP

**Week 8 – 23rd Nov**

- FC - The origins of the lost decades crisis roots and origins (2008-2012) - from Lehman

**Week 8 – 24th Nov**

- FC - The last crisis: the roots and origins (2008-2012) – to almost Great (the right of German leads) and... Brexite.

**Week 8 – 25th Nov**

- FC - 10.1 Conclusions and reflections - Plenary session - More or less Europe, and of what kind?

**Week 8 – 26th Nov**

- FC - 10.2 Preparatory session for final exam & continuous assessment publications.

**FINAL EXAM**