



STUDY PROGRAMME

ECO-EEIB

ACADEMIC YEAR

2023-2024

SEMESTER

2

COURSE TITLE

MACROECONOMIC ENVIRONMENT FOR EUROPEAN BUSINESS

COURSE PROFESSOR

Hans GEEROMS

COURSE ASSISTANT

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NATURE OF COURSE (COMPULSORY, OPTIONAL)

COMPULSORY

ENGLISH

LANGUAGE OF INSTRUCTION

ECTS CREDITS

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## 1. COURSE OBJECTIVE

The main objective of the course is to achieve a very good understanding of the theoretical principles, but, more important, of the practical application and consequences of monetary, fiscal and structural economic policy in the EMU and their impact on the business environment.

In particular, the course deals with the theory of optimal currency areas, the EMU compliance with it and the particular macro-economic policy of the EMU and the EU.

After analysing shortly the theoretical concepts on which the EMU is based, we discuss in further detail the weaknesses of the institutional set up of the EMU and the impact of shocks, including the Eurocrisis, the Covid-19 and Russian war in the Ukraine and the energy crisis as well as the recently adopted measures and the way forward.

The course is very much linked to recent events: impact of Covid and Russian aggression in the UA, Climate Change and the review of the monetary policy strategy and the Economic Governance Reform, the difference between German and French economic thinking and the outlook for the EMU.



## 2. LEARNING OUTCOMES

On completion of this course, students should:

- i. be able to explain and critically evaluate the institutions and rules underlying monetary, fiscal (budgetary) and structural economic policies, and to discuss proposals for their reform;
- ii. to adopt an own position in the debate concerning the weaknesses of the EMU institutions and its policies, the sources of macroeconomic and current account imbalances in the Euro Area;
- iii. to evaluate the factors underlying convergence, or the lack thereof, of Euro Area economies, and the role of monetary, fiscal (budgetary) and structural economic policies in this context;

The learning outcomes for this course tie in with the following learning outcomes for the European Economic Studies programme:

- i) describe, explain and illustrate core economic theory and selected policies related to economic integration;
- ii) use economic theory to assess current problems and policies;
- iii) think innovatively and provide constructive analytical commentary as well as potential recommendations on the evolution of the EU and its possible future development;
- iv) demonstrate knowledge of the European Union' institutions, competences and substantive principles;
- v) recognise, analyse, explain and critique economic developments and economic policies in Europe;
- vi) acquire a strong knowledge of broader social and political conditions and developments in Europe.

## 3. COURSE CONTENTS

1. Theory of optimum currency zones (OCA-theory).
2. Short historical overview of the thinking and the politics behind the idea of the EMU.
3. The recent crises and the way this shapes a new EMU.
4. Monetary policy of the ESCB in times of high inflation and inserting Climate Change in the new strategy.
5. Economic Governance: the review of the Stability and Growth Pact.



6. Banking Union (for reference only, see other course on Banking Union)
7. Capital Markets Union
8. EMU: outlook.

## 4. TEACHING METHOD

Lectures and discussion. The Professor is active at a central bank of the Eurosystem and is a member of the EU's Economic and Financial Committee. He therefore not only knows the theory, but also how the real world of European economic policy functions. The motto of the Professor is: 'no theory for the sake of theory, but only to help us understanding how the EU's economic policy works in reality'.

Tutorials on the most difficult parts will be organised to level up the students with less economic background.

## 5. FURTHER DETAILS ON THE TEACHING METHOD

Prior reading of the assigned material is essential for class participation.  
Active participation in class is highly important.

## 6. COURSE MATERIAL

### Compulsory:

- Hans Geeroms, Frank Naert, Stefaan Ide (2014), The European Union and the Euro, How to Deal with a Currency Built on Dreams, Intersentia Cambridge, January 2014 ([www.intersentia-educatief.be/SearchDetail.aspx?bookid=102851](http://www.intersentia-educatief.be/SearchDetail.aspx?bookid=102851))

### Recommended:

- ECB, Monetary Policy Review, July 2021  
[An overview of the ECB's monetary policy strategy \(europa.eu\)](https://www.ecb.europa.eu/press/pr/monetarypolicy/20210701/monetarypolicystrategy/index.en.html)
- European Commission, Public Finances in EMU  
[Report on Public Finances in EMU 2022 \(europa.eu\)](https://ec.europa.eu/economy_finance/public-finance-in-emu-2022/index_en.htm)
- European Fiscal Board: annual report  
[2023 annual report of the European Fiscal Board \(europa.eu\)](https://www.efb.europa.eu/annual-report-2023)

## 7. EVALUATION

The evaluation in the first session will be based on an open-book written exam counting for 100% of the final grade.

The evaluation in the second session will be based on an open-book written exam counting for 100% of the final grade.