



STUDY PROGRAMME

ECO + ECO-EPPA

ACADEMIC YEAR

2023 - 2024

SEMESTER

2

COURSE TITLE

FISCAL AND TAXATION POLICIES IN THE EU

COURSE PROFESSOR

MARTIN LARCH

COURSE ASSISTANT

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NATURE OF COURSE (COMPULSORY, OPTIONAL)

COMPULSORY

LANGUAGE OF INSTRUCTION

ENGLISH

ECTS CREDITS

3.5

1. COURSE OBJECTIVE

Fiscal policy refers to the use of government spending and tax policies to influence economic conditions. Next to monetary and structural policies it is the main macroeconomic instrument to achieve a country's economic goals. In the EU fiscal policies are set and managed by national governments but coordinated at the supranational level.

This course will teach you the key concepts behind fiscal policy; how it can and is used to impact a country's economy, and how fiscal policies are organised and coordinated in the EU with the goal of ensuring a smooth functioning of the Economic and Monetary Union. The course will also look at the origins, the evolution and the future of the EU's fiscal framework.

This course complements and builds on the one by Prof. L. Codogno on European Macroeconomic Policy. It draws on the same mainstream macroeconomic framework to outline key concepts of fiscal policymaking in general and in the EU in particular.

2. LEARNING OUTCOMES

Upon completion of this course, students should be able to:

- a. explain the advantages and disadvantages of fiscal policy compared to monetary policy, including in particular in the EU and euro area context.
- b. discuss the role of fiscal policy in the current context of macroeconomic policy making where central banks are intent on fighting inflation while fiscal policy is trying to protect firms and households from the impact of energy price hikes why keeping public finances on a sustainable path;
- c. beyond the current context, expound on the interactions between fiscal, monetary and



structural policies in the Economic and Monetary Union and how to ensure its smooth functioning;

- d. take an informed position on the issue of why the EU and the euro area need fiscal rules that impose limits on the conduct of budgetary policies in the Member States;
- e. discuss pros and cons of further fiscal integration in the euro area and the EU;
- f. establish strategic links between fiscal and taxation issues and other key policy areas of the EU.

The main learning outcomes of this course will be achieved by enabling students to:

- g. examine in detail the short and medium-term macroeconomic impact of fiscal policy by means of mainstream macroeconomic models;
- h. understand the normative assumptions, implications and limitations of mainstream macroeconomic models;
- i. characterise the communalities and differences between fiscal and monetary policy;
- j. link insights from mainstream macroeconomic models to actual developments and vice versa;
- k. use mainstream macroeconomic models to assess current issues and policies;
- l. integrate the students' knowledge of related disciplines (particularly EU law) into the domain-specific knowledge of fiscal policymaking in the EU.

3. COURSE CONTENTS

- A) Introduction and overview
- B) Fiscal policy in mainstream macro models
- C) Fiscal policy in practice /political economy
- D) Government debt and sustainability
- E) Fiscal policy in an open economy
- F) Fiscal Policy in the EU (OCA)
- G) The EU fiscal framework: institutions and rules
- H) Taxation in the EU: governance and outcomes

4. TEACHING METHOD(S)

Lectures with class participation

5. COURSE MATERIAL

Lecture notes in the form of PowerPoint presentations and readings. The readings will be made available through the course web page.



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ECTS CARD

6. EVALUATION

The evaluation (100%) will be based on a closed book written exam of three hours in length which takes place in the exam session in May/June 2024. The exam will consist of up to eight questions. All questions will carry the same weight.

The College of Europe reserves the right to change the delivery and assessment of the course in case of restrictions related to a pandemic. Any communication from the Department in this regard takes precedence over the information provided in this ECTS card.