



STUDY PROGRAMME

ECO-EEIB

ACADEMIC YEAR

2021-2022

SEMESTER

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COURSE TITLE

MACROECONOMIC ENVIRONMENT FOR EUROPEAN BUSINESS

COURSE PROFESSOR

Hans GEEROMS

COURSE ASSISTANT

Claire SOUPART

NATURE OF COURSE (COMPULSORY, OPTIONAL)

COMPULSORY

LANGUAGE OF INSTRUCTION

ENGLISH

ECTS CREDITS

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1. COURSE OBJECTIVE

The main objective of the course is to achieve a better 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 macroeconomic policy of the EMU and its member states. 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, the Eurocrisis, the impact of the Covid-19 crisis and the recently adopted measures and the way forward. The course is very much linked to recent events: impact of Covid-19 crisis on the EU's budget and fiscal policy, Climate Change and the review of the monetary policy strategy, the new rules and new institutions, the difference between German and French economic thinking, the EU-UK relations after Brexit 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 take 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 Eurocrisis and the Covid-19 crisis and the way this shapes a new EMU and creates more and more a two speed Europe.
4. The new Monetary policy of the ESCB after Covid and inserting Climate Change in the new strategy
5. Economic Governance: the existing Stability and Growth Pact and its review after Covid
6. Banking Union (for reference only, see other course on Banking Union)
7. Capital Markets Union
8. EMU: outlook.



The mentioned information is subject to change.

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)

Recommended:

- Hans Geeroms and Pawel Karbownik, A Monetary Union requires a Banking Union, Bruges European Economic Policy briefing n° 33, <https://www.coleurope.eu/news/bruges-european-economic-policy-briefing-ndeg-33-prof-hans-geeroms-and-pawel-karbownik>, 2014
- ECB, Monetary Policy, May 2011, <https://www.ecb.europa.eu/pub/pdf/other/monetarypolicy2011en.pdf>
- ECB, The European Central Bank Monetary Policy Review [Strategy review \(europa.eu\)](http://www.ecb.europa.eu/strategy/review/strategy_review_europa.eu)
- European Commission, Public Finances in EMU (most recent year, can be freely downloaded from the EC's website)
- Hans Geeroms and Ward Minnaert, [History does not always move forward - Brexit and the possible future relationship between the European Union and the UK](https://www.financialforum.be/nl/history-does-not-always-move-forward-brexit-and-possible-future-relationship-between-european-union), <https://www.financialforum.be/nl/history-does-not-always-move-forward-brexit-and-possible-future-relationship-between-european-union>, 2018

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.

The College of Europe reserves the right to change the delivery and assessment of the



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course in case of restrictions related to the Covid-19 pandemic. Any communication from the Department in this regard takes precedence over the information provided in this ECTS card.