

Faculty of Economic, Social and Political Sciences



ECGE1227 Seminar-workshop: International Economics and European Integration

[30h] 5 credits

Teacher(s): Vincent Bodart
Language: French
Level: First cycle

Aims

This course provides a good overview of the process leading to Economic and Monetary Union (EMU) and growing integration of European financial markets, by placing it in its global context, highlighting the events in its history and the difficulties in its development, and by analysing the new problems which have now emerged.

Main themes

The seminar is structured around the following subjects:

1. Dynamics and difficulties of monetary integration.

Economic, financial and monetary integration are mutually dependent, but monetary integration encounters political obstacles caused by the fact that it involves renunciation of national monetary sovereignty, and economic obstacles caused by the differences and disparities which exist in the area undergoing integration.

2. Global context of European integration - the development of the international monetary system since the Second World War.

The following topics are analysed successively with respect to the principles underlying them and the way they function: the Bretton Woods system and the flexible exchange rate regime. The key role of the dollar receives particularly close scrutiny throughout. The potential of the Euro as an international reserve currency is also examined.

3. Stages of European monetary integration

These stages go from the bilateral compensation agreements following the war to the creation of the Euro, with the Werner report and the EMS in between: the EMS receives close attention, both in terms of analysis of its mechanisms and examination of its mode of operation.

4. Stages of European financial integration

the two stages of European financial integration - liberalizing of capital movements and opening up the financial services market - are analysed, as is the role of the single currency in providing additional impetus to this process of integration.

5. Operational problems of Economic and Monetary Union

Economic and Monetary Union creates a new context for cyclical stability: a centralised monetary policy and decentralised budgetary policy, with the constraint of the stability and growth pact. How can these be best combined, in view of differences of economic situation and potential asymmetrical shocks?

Other information (prerequisite, evaluation (assessment methods), course materials recommended readings, ...)

Course materials: Reading list given at the beginning of term.