

14335.0204 (Erasmus: 14335.5011) The Politics of Economic and Monetary Union

Module: Core Module Seminar Political Science V (1336SPoWi5) (9 ECTS)

Erasmus Module: Political Science II (1979POSCM2) (9 ECTS)

Wednesdays 14-15:30 h in [211 Seminarraum S103 \(211/02/2.22\)](#) (Herbert-Lewin-Str. 2).

First session: 16 Oct 2019 (second week of lecture period!). Note change of venue on 15 Jan 2020.

Instructor: Dr. Tobias Kunstein, kunstein@wiso.uni-koeln.de, Tel. 0221 470-2856.

Office hours: Tue, 10:00-12:00 or by appointment. Office: 211/03/3.15 (Herbert-Lewin-Str. 2)

1. Description:

As the euro, the figurehead of Economic and Monetary Union (EMU), approaches its 20th birthday, a substantial number commentators paint a very bleak picture. Describing the common currency as the main reason for low growth and public disenchantment within the EU, they argue for a reduction of the size of the Eurozone or even its dissolution. Proponents, on the other hand, point to the fact that the common currency has apparently weathered one of the worst global financial crises since the Great Depression, and stress its economic and non-economic benefits. The French President Macron underlines far-reaching reforms implemented over the past decade, and proposes to continue on the path of deepening EMU further. So far, however, the responses from other European leaders have been lukewarm at best, and the growing popularity of EU-sceptic parties makes compromise more difficult to achieve on the way forward.

Questions dealt with in this seminar include: Who are the main actors and institutions in the two pillars of EMU? What has been the political and economic rationale for the establishment of EMU in the early 1990s, and in how far has that rationale changed? What are the challenges for member states in adjusting to the discipline of the Eurozone? To what extent, and why, do the political and the economic realm clash within the EMU?

2. Requirements and examination:

Participants should be familiar with the relevant theories, concepts and methods of European Union studies. Previous knowledge related to Economic and Monetary Union is an asset but no pre-requisite. The standard classroom language is English. Participants should be able and willing to read and discuss complex texts.

1. Active participation in seminar discussions.
2. Input presentation based on the compulsory readings (10-15 min., depending on the number of participants in a small group, including a ppt presentation or a 2-page handout which must be submitted one week in advance to the instructor). Topics will be allocated in the first session.
3. Term paper:
 - Outline: Submission to the course instructor via Email by November 6th, 2019.
 - Term paper: 6.000 – 9.000 words, not counting footnotes and the list of references. Submission to the course instructor via Email by February 10th, 2019 (pdf, doc or odt). I routinely check papers for plagiarism. Each paper has to include the following statement, signed and attached to the main text (or at least as a separate file in the same Email): http://www.cccp.uni-koeln.de/sites/cccp/Lehre/Erklaerung_fuer_Hausarbeiten.pdf

3. Grading:

All parts of the examination must receive a passing grade in order to pass the module examination as a whole; i.e. a failing grade in one part cannot be balanced by an excellent grade in the other. The final grade is calculated on the basis of the term paper (70%) and the input presentation (30%). Late submission of the term paper without justification (medical certificate) will result in a 0.3 points grade decrease every two days.

4. Course plan:

1	16.10.2019	<p>Introduction</p> <p>Compulsory: Delors, Jacques (2001) 'The Economic and Monetary Union'. Speech delivered on a series of conferences in the United States, 26 March - 4 April, document dated 20 March 2001.</p> <p>Recommended: Verdun, Amy (2019) 'Economic and Monetary Union', in: Cini, Michelle und Pérez-Solórzano-Borragán, Nieves (eds) <i>European Union Politics</i>, Oxford: OUP, p. 343-357.</p>
2	23.10.2019	<p>Economic Pillar: 'Hard' and 'Soft' coordination</p> <p>Deutsche Bundesbank (2008) 'European Economic and Monetary Union'. Frankfurt/Main, April. Chapters 1-3, pp. 1-39.</p> <p>Gern, Klaus-Jürgen / Jannsen, Niels / Kooths, Stefan (2015) 'Economic policy coordination in the euro area under the European Semester'. Report provided for the Economic and Monetary Affairs Committee of the European Parliament, November,</p>
3	30.10.2019	<p>Monetary Pillar: Governing the Euro</p> <p>European Central Bank (2011) 'The Monetary Policy of the ECB', 3rd edition, Frankfurt.</p> <p>Hartmann, Philipp / Smets, Frank (2018) 'The first twenty years of the European Central Bank: monetary policy'. ECB Working Paper No 2219 / December. Parts 1-2, pp. 1-37.</p>
4	06.11.2019	<p>The 1990s: Views on EMU from outside</p> <p>Buiter, Willem H. (1999) 'Alice in Euroland', <i>Journal of Common Market Studies</i>, Vol. 37, No. 2, pp. 181-209.</p> <p>Feldstein, Martin (1997) 'EMU and International Conflict', <i>Foreign Affairs</i>, 76(6): 60-73.</p>
5	13.11.2019	<p>Field trip to Frankfurt/Main: European Central Bank</p>
6	20.11.2019	<p>'French' vs 'German' conceptions of EMU</p> <p>Compulsory: Pisany-Ferry, Jean (2006) 'Only One Bed for Two Dreams: A Critical Retrospective on the Debate over the Economic Governance of the Euro Area', <i>Journal of Common Market Studies</i> Vol. 44, No. 4. pp. 823-44.</p> <p>Degner, Hanno / Leuffen, Dirk (2019) 'Franco-German cooperation and the rescuing of the Eurozone', <i>European Union Politics</i>, Vol. 20, No. 1, pp. 89-108.</p>
7	27.11.2019	<p>Central Bank Independence</p> <p>European Central Bank (2018) 'The evolution of the ECB's accountability practices during the crisis', Economic Bulletin Issue 5.</p> <p>Transparency International (2017) 'Independence and accountability of the European Central Bank'.</p>
8	04.12.2019	<p>Eurozone crisis: Causes</p> <p>Copelovitch, Mark / Frieden, Jeffrey / Walter, Stefanie (2016) 'The Political Economy of the Euro Crisis', <i>Comparative Political Studies</i>, 49(7), 811-840.</p> <p>Hall, Peter A. (2012) 'The Economics and Politics of the Euro Crisis', <i>German Politics</i>, 21(4): 355-71.</p>
9	11.12.2019	<p>Researching EMU: EMU choices project</p> <p>Wasserfallen, Fabio (ed.) (2019) 'Decision-Making During the Eurozone Crisis', <i>European Union Politics</i>, Special Issue, Vol. 20(1), March. Various contributions.</p>
10	18.12.2019	<p>Fiscal reforms and bailout fund (European Stability Mechanism)</p> <p>Mortensen, Jørgen (2013) 'Economic Policy Coordination in the Economic and Monetary Union'. CEPS Working Document No. 381, August.</p> <p>Wyplosz, Charles et al. (2019) 'Fiscal rules for Europe'. Ifo DICE Report, Vol. 17, Forum, pp. 3-27.</p>

11	08.01.2020	<p>Critics of EMU</p> <p>Höpner, Martin and Lutter, Mark (2018) ‘The diversity of wage regimes: why the Eurozone is too heterogeneous for the Euro’, <i>European Political Science Review</i>, 10(1), 71-96.</p> <p>Sinn, Hans-Werner (2018) ‘The ECB’s Fiscal Policy’, <i>International Tax and Public Finance</i> 25:1404–1433.</p>
12	15.01.2020	<p>Banking Union: supervision, resolution (and deposit guarantee?)</p> <p>Howarth, David and Quaglia, Lucia (2013) ‘Banking Union as Holy Grail: Rebuilding the Single Market in Financial Services, Stabilizing Europe’s Banks and ‘Completing’ Economic and Monetary Union’, <i>Journal of Common Market Studies</i> 51:103-123.</p> <p>Schäfer, David (2016) ‘A Banking Union of Ideas? The Impact of Ordoliberalism and the Vicious Circle on the EU Banking Union’, <i>Journal of Common Market Studies</i> 54(4): 961-980.</p>
13	22.01.2020	<p>EMU external aspects</p> <p>Bini Smaghi, Lorenzo (2006) ‘Powerless Europe: Why is the Euro Area Still a Political Dwarf?’, <i>International Finance</i> 9(2): 261–279.</p> <p>Benoît Coeuré (2019) ‘Should the ECB care about the euro’s global role?’. VOX, 25 February 2019.</p> <p>European Commission (2018) ‘Contribution to the European Council and the Euro Summit: Towards a stronger international role of the euro’, 5 December.</p>
14	29.01.2020	Summary, Conclusions, Evaluation

5. Literature:

If you have no previous knowledge on EMU at all, please read the following two textbook chapters (copies of the book are available in the University Library, Lehrbuchsammlung, RW305).

- Verdun, Amy (2019) Economic and Monetary Union, in: Cini, Michelle und Pérez-Solórzano-Borrágán, Nieves (eds) *European Union Politics*, Oxford: OUP, pp. 343-357.
- Hodson, Dermot / Puetter, Uwe (2019) The Euro Crisis and European Integration, in: Cini, Michelle und Pérez-Solórzano-Borrágán, Nieves (eds) *European Union Politics*, Oxford: OUP, pp. 389-405.

Writing a term paper

Minkoff, Scott L. (2018) “[A Guide to Developing and Writing Research Papers in Political Science](#)”, August.

Recommendations on scientific working techniques by the Institute of Political Science Cologne
<http://www.politik.uni-koeln.de/en/courses-and-studies/study-with-ease/>

Starting points for own research

- Universität Trier: Comprehensive Collection of online contributions on EMU Economic Governance up to 2015. <http://www.uni-trier.de/index.php?id=42876>.
- Check the journals mentioned above
- Check the references in the articles mentioned above
- Use the library catalogue and databases https://www.ub.uni-koeln.de/index_eng.html