

European Fiscal Policy

(Vorlesung 2 SWS)

SS 19

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Contents:

The lecture deals with questions of European fiscal policy. It covers both the EU as a fiscal actor (EU budget) and the coordination of national fiscal policy. The lecture also reflects the experience and institutional innovations in the context of the euro area debt crisis and treats issues of the ongoing EU reform debate.

Teaching language: English

Dates:

20.05.2019: 8:30 – 15:30
21.05.2019: 8:30 – 15:30
01.07.2019: 8:30 – 15:30
02.07.2019: 8:30 – 15:30

Place:

20.05.2019	Schlossplatz 5 – Festsaal
21.05.2019	Scharnhorststr. 100 – SCH 100.3
01./02.07.2019	Schloss – S055

Structure

INTRODUCTION

1. Survey on the history and institutions of the European Union

THE EU BUDGET

2. The EU budget and the multi-annual financial framework: institutions
3. The dominating spending policies: Common Agricultural Policy and Cohesion Policy
4. The normative view: The theory of fiscal federalism and its message for the division of tasks between EU and member countries
5. The positive view: Political-economic explanations

COORDINATION OF NATIONAL FISCAL POLICY WITHIN EMU

6. Theory of optimum currency areas and fiscal policy

7. Empirics of optimum currency areas and stabilizing effects of fiscal equalization schemes
8. Empirics: Sustainability of European public debt
9. The Euro debt crisis: Economic causes, institutional innovations and policy options

Examination

The course assessment is based on a written examination.

Literature

Baldwin, Richard and Charles Wyplosz, *The Economics of European Integration*, 5th edition, New York: McGraw-Hill, 2015 (MAIN READING).

De Grauwe, Paul, *Economics of Monetary Union*, 12th edition, Oxford: Oxford University Press, 2018.

Fuest, Clemens, Friedrich Heinemann and Christoph Schröder (2016), A Viable Insolvency Procedure for Sovereigns in the Euro Area, *Journal of Common Market Studies* 54 (2), 301-317.

Heinemann, Friedrich (2013), Zwischen "Kernschmelze" und "Fass ohne Boden" - zum Dissens deutscher Ökonomen in der Schuldenkrise, *Zeitschrift für Politik* 60 (2), 207-219.