

European Fiscal Policy – Lecture 2 SWS

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Contents:

The lecture deals with issues of European fiscal policy. It covers both the EU as a fiscal player (EU budget) and the European coordination of national fiscal policies. The lecture also reflects the experience and European fiscal innovations in the context of the Corona pandemic and, recently, for defence funding.

Teaching language: English

Dates:

Monday, 27 April 2026, 9:00 – 15:00
Tuesday, 28 April 2026, 9:00 – 14:00
Monday, 15 June 2026, 9:00 – 12:30
Tuesday, 16 June 2026, 9:00 – 12:30

There will be a few additional zoom lectures – dates will be agreed upon in presence sessions.

Place:

Hörsaal ST A 2, Am Stadtgraben 9

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: The political economy of European fiscal decisions

COORDINATION OF NATIONAL FISCAL POLICY WITHIN EMU

6. Theory and empirics of optimum currency areas and fiscal policy
7. The political economy of European public debt and debt sustainability
9. The future of the EU's fiscal constitution

Examination

The course assessment is based on a written examination.

Literature

Baldwin, Richard and Charles Wyplosz, *The Economics of European Integration*, 7th edition, New York: McGraw-Hill, 2022 (MAIN READING).

De Grauwe, Paul, *Economics of Monetary Union*, 14th edition, Oxford: Oxford University Press, 2023.

Havlik, Annika, Heinemann, Friedrich, Helbig, Samuel, and Nover, Justus (2022), *Dispelling the Shadow of Fiscal Dominance? Fiscal and Monetary Announcement Effects for Euro Area Sovereign Spreads in the Corona Pandemic*, *Journal of International Money and Finance*, 122: 102578.

Heinemann, Friedrich (2021), *The Political Economy of Euro Area Sovereign Debt Restructuring*. *Constitutional Political Economy*, 32: 502-522.

Heinemann, Friedrich (2024). *Die Schuldenfinanzierung von NextGenerationEU: Gekommen, um zu bleiben? integration*. 47(4): 294-312.