

CEU Business School



BUSI 5309

The EU Business Environment I. (1.5 credits)

2016 Fall trimester

Dates: Fri 16 Dec 2016; Sat 17 Dec; Fri 6 Jan 2017; Sat 7 Jan; Fri 20 Jan; Sat 21 Jan

Instructor: Dr. Zoltán Pogátsa (See last page for bio sketch)
Class meets: according to the Course schedule
Classroom: TBD
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1. PREREQUISITIES

There are no prerequisites for this course.

2. POLICY ON ADMITTING NON-MBA STUDENTS

All non-MBA students are welcome.

3. REQUIRED TEXT & READINGS AND WHERE AVAILABLE

Main reading:

Richard E. Baldwin – Charles Wyplosz Economics of European Integration
(MacGraw Hill, 2009)

Recommended reading for classes (see breakdown of classes):

- Bairoch, Paul. *Economics and World History: Myths and Paradoxes*. Chicago: The University of Chicago Press, 1993.
- Balassa, Bela. *The Theory of Economic Integration*. Homewood, Illinois: Irwin, 1961.
- Barca, Fabrizio. *An Agenda for a Reformed Cohesion Policy: A place based approach to meeting European Union challenges and expectations*. Brussels: European Commission, 2009.
- Chang, Ha-Joon. *Bad Samaritans: The Guilty Secrets of Rich Nations and the Threat to Global Prosperity*. London: Random House Business Books, 2008.
- Flassbeck, Heiner, and Kostas Lapavitsas. *The Systemic Crisis of the Euro - True Causes and Effective Therapies*. Berlin: Rosa Luxemburg Stiftung, 2013.
- Gillingham, John. *European Integration 1950-2003: Superstate or New Market Economy?* 2003.
- Hayek, Friedrich. "The Economic Conditions of Interstate Federalism." In *The Economic Conditions of Interstate Federalism*, by Friedrich Hayek. Chicago: Chicago University Press, 1980(1939).
- Lapavitsas, Costas, et al. "Eurozone Crisis: Beggar Thyself and Thy Neighbour." *Journal of Balkan and Near Eastern Studies*, 2010: 321-373.
- Mundell, R. "A Theory of Optimum Currency Areas ." *American Economic Review*, 1961.
- Reinert, Erik. *How Rich Countries got Rich...And Why Poor Countries Stay Poor*. Public Affairs, 2007.
- Shaikh, Anwar, ed. *Globalization and the Myths of Free Trade: History, theory and empirical evidence*. London and New York: Routledge, 2007.

4. COURSE OBJECTIVES

The aim of the course is to introduce students to the economics of European integration, leading to a deeper understanding of the European Union as an environment in which businesses operate. The course takes a historical approach, analyzing the consecutive institutional milestones reached by the process of European integration in a chronological order, starting with the end of the 2nd World War. It also takes a theoretical approach, elaborating the economic theories that lie behind the integration process. Finally, the course also takes a very practical approach of looking at the actual reality, the organisational and legal framework of the European Union from the everyday point of view of businesses.

The final goal of the course is to empower students to understand what it means for the business sector that a certain European country of operation is within the European Union, or outside it.

5. MAIN TOPICS

- The Origins and the Rationale of European Integration
- Federalism, Intergovernmentalism, Functionalism
- The European Coal and Steel Community of 1951
- The European Economic Community of 1958
- The Five Steps Model of European Integration: free trade area, customs union, single internal market, economic and monetary union, political union
- The free movement of goods and services,
- The free movement of capital,
- The free movement of labour,
- The Eurozone: the theory and history of European monetary integration
- Policies of the European Union: competition policy, cohesion policy, agricultural policy,
- Political union?
- The future of the EU.

6. INTENDED LEARNING OUTCOMES

Students completing the course will be able to master the complexity of the confusing set of institutions, programmes, treaties and organisation arrangements known collectively as the European Union. They will have a clear understanding of what the EU does, where it does NOT have competences, and how enterprises in different sectors are affected by European integration as a business context.

<i>Core Learning Area</i>	<i>Learning Outcome</i>
<i>Interpersonal Communication Skills.</i>	Students will be empowered to use confidently the complex and initially bewildering jargon of European integration, including name of institutions, programmes, abbreviations, treaties, etc.
<i>Technology Skills</i>	Non.
<i>Cultural Sensitivity and Diversity</i>	Students will have increased understanding and acceptance of diversities of viewpoints within European integration, including the different national interests, cultural characteristics that form the basis of the tensions that exist in creating a continent that is unified economically and politically.
<i>Quantitative Reasoning</i>	Students will be able to evaluate the impact of European integration on individual countries as business environments, including quantitative effects of trade, capital movements, labour migration, monetary policy, cohesion (development) transfers, etc.
<i>Critical Thinking</i>	Students will be encouraged to question the conventional narratives of European

	integration, and to engage in critical thinking about the problematic areas of European integration (for instance the eurozone construction, unequal development, labour migration, the economic effects of capital mobility, cohesion policy, the refugee crisis, Brexit, TTIP, etc.)
<i>Ethics and Responsibility</i>	Students will be motivated to consider the social and environmental impacts of a European integration process that is based on extensive logistics, dramatic movements of capital and labour.
<i>Management Knowledge and Skills</i>	Students will be encouraged to interpret the EU framework from the point of view of managing businesses in the economic sectors they are familiar with, or wish to familiarize themselves with.

7. HOW THE CLASS SESSIONS WILL BE CONDUCTED

Class session will consist of lectures by the instructor, with regular case studies of how certain integrational developments have impacted economic sectors within the member states. Homework assignments will include shorter pieces that extend and deepen the knowledge of the student in certain areas of integration.

8. POLICY ON THE AVAILABILITY OF LECTURE NOTES

All power point slides will be made available to students on the common drive, as well as in an e-learning format. A reader containing all the compulsory and recommended reading will also be made available on the common drive and in e-learning format.

9. MINUTE PAPERS

Minute papers are short written exercises, which will be given at the beginning of each class. Their purpose is: (1) to check preparation on the assignment's key points and (2) to obtain feedback about topics discussed in the previous class. Minute papers will be graded, and feedback will be provided on them in a timely manner. To avoid "make-ups" for missed minute papers, the best 5 out of 7 papers will be graded. Note that a missed minute paper (for whatever reason) will be awarded an automatic zero, but this will not affect overall grading as long as it does not count within the specified proportion.

10. POLICY ON CLASS ATTENDANCE

Regular and punctual attendance at every class session is a requirement of all degree programs at CEU Business School. Each class covers material not found in the readings. Furthermore, participation in class discussions is an important part of the learning experience for all students as well as a factor in grading. Any absence may

affect your grade. If illness or another unusual circumstance requires missing a class, please do your best to inform me (or, if I cannot be reached, the Program Manager) in advance. A grade of “AF” (Administrative Fail) may be assigned for failure to regularly attend a course, to drop the course in time, or to complete requirements on time. This is a general CEU regulation that the Business School also follows. The “AF” grade earns no credit, 0 points, and affects your GPA in the same way as a regular “F” grade. Lateness will not be tolerated—it is disruptive and disrespectful to the class. Therefore, the requirement for punctuality is 100% and the consequences of disregarding this policy is after two lateness’s, the course grade is reduced by 10 percent.

11. CLASS PARTICIPATION

Regular attendance of classes is compulsory, and will count towards a final grade. Unjustified absence will decrease the final grade. The instructor will also take into account how active individual students are in class, including questions, clarifications, critical interventions, participation in debates, etc.

12. GRADING

Essay/final exam	55 points
5 of 7 minute papers @ 5 points	25 points
Class participation	20 points
Maximum total	100 points)

13. ACADEMIC INTEGRITY

The Business School expects all students to adhere to the fundamental principles of academic integrity in any and all behaviours associated with their course work and otherwise, as stated in the CEU Honor Code (see Student Handbook). Attempted cheating of all forms is treated extremely seriously and can result in dismissal from the School and University.

14. LIBRARY AND INTERNET LIBRARY RESOURCES

The CEU Library, at Nador St. 9, has the largest collection of English-language materials in the social sciences and humanities in Central Europe: 180,000 monographs and 30,000 volumes of periodicals, working papers, dissertations and so on. CEU faculty and students have access to 30,000 electronic journals, searchable via the Journal Search tool on the library catalogue page (<http://goya.ceu.hu/>; the icon is in the upper right corner).

CEU Business School core faculty, students and staff are automatically eligible for full membership in the Library, after registering at the Circulation Desk. (To use the Library, adjunct faculty should first obtain a pass at the B School Academic Office Rm 311.)

The CEU Library has 5,000 business-related titles, supplemented by leading electronic databases, accessible through <http://www.library.ceu.hu/databases.html> (Click on the icons and then click on the tag next to “connect to”.) The Ebsco Host

Business Source Complete contains 3,700 periodicals in full text, many monographs, some case studies, and videos of the Harvard Faculty Seminar Series. *Emerald Management Journals* collection has a portfolio of 175 journals in management, marketing, econ and finance.

New business databases include *OneSource*, the most comprehensive company & executive information. *Global Market Information Database* has comprehensive data and reports across industries, countries and type of consumers. *Thomson One Banker* provides data on internationally quoted companies, international stock exchange indices, private equity, and financial deals. *Science Direct* is an extensive full-text database covering authoritative titles from the core scientific literature. *The Company Dossier* in Lexis Nexis Academic allows users to browse in-depth company profiles and industry reports. Core statistical databases include IFS, GFS Online, OECD Main Economic Indicators, National Accounts Statistics, and Tax Statistics. *Econlit* at the CSA/Proquest platform provides bibliographic coverage of a wide range of economics-related literature.

Business dailies and weeklies can be accessed through the library. **Business Eastern Europe** by EIU is a weekly briefing on operating a business in Eastern Europe. **Country Reports** also by EIU provide in-depth economic, political and business analysis and short-term market outlooks. Electronic versions of *The WSJ* are in PressDisplay. *The Economist* is included by EbscoHost. For *The Fin. Times online*, see Journal Search.

News on economic and social developments in the Caucasus and Central Asia can be downloaded directly (not via the CEU Library): <http://www.icegec.hu/eng/index.htm>.

Help with Case Studies and Research Projects

Available on CEU Library reserve is a reference work that students preparing case-study assignments or undertaking individual or team research projects should find helpful, *Business Case Studies: Preparation, Teaching and Learning* (compiled, with contributions, by Susan Harmeling, Lead Case Writer, Harvard Business School, and Paul Marer, Professor, CEU Business School). This work, whose reference code is CM-GSB, can be found on the shelf marked Business School Readers, right behind the Circulation Desk, at the CEU Library on Nador utca.

The VPN access makes it easy to reach from outside of the CEU network the full version of UIS and all CEU Library databases and journals. (Visit <https://vpn.ceu.hu>, accept the security-certificate, and enter: **User name:** ceubs **Password:** Ceubusi987. The password is case sensitive, and to enter it, only the virtual keyboard appearing on the screen can be used. Once logged in, the "built in" browser can be used to access the respective sites: UIS: <https://infosys.ceu.hu>.

15. COURSE OUTLINE AND SESSION ASSIGNMENTS

Friday 16 December 2016

- *The origins of European integration: the experience of WW2. Conventional narratives of European integration, as well as its rationale. The European Coal and Steel Community. Federalism, intergovernmentalism and functionalism. Monet, Schuman, Spinelli, Adenauer. The failure of direct*

political federalism. The European Economic Community: Hayek and the interstate federalism based on free trade.

Reading: (Gillingham 2003) (Hayek 1980(1939))

Saturday 17 December 2016

- *The Messina Conference and the Treaty of Rome: European Economic Community and Euratom. The five steps model of European integration. Free trade as a basis for European integration. Trade patterns in Europe. The theory of customs unions. Trade creation and trade diversion. Europe's trade with the rest of the world. The case of the TTIP.*

Reading: (Balassa 1961) (Bairoch 1993) (Chang 2008) (Reinert 2007) (Shaikh 2007)

Friday 6 January 2017

- The free flow of capital. The free flow of people.

Reading: - The Spidla Report. - Bank of England Staff Working Paper No. 574 "The impact of immigration on occupational wages: evidence from Britain" Stephen Nickell and Jumana Saleheen December 2015

Saturday 7 January 2017

- European Monetary integration. The "snake" arrangement in the 1970s, and its demise. The road to the Maastricht Treaty. The theory of optimum currency areas. The birth defects of the Eurozone: suboptimal nominal interest rates and "beggar thy neighbour" wage policy.

Reading: (Mundell 1961) (Flassbeck and Lapavitsas 2013) (Lapavitsas, és mtsai. 2010)

Friday 20 January 2017

- European competition policy. European cohesion policy. (Regional development, employment policy, etc.)

Reading: (Barca 2009)

Saturday 21 January 2017

- The future of European integration. What is the end goal? Is there a European political union? Should there be one? Intergovernmentalism versus federalism. Europe and the refugee crisis.

Reading: The Gallup Global Migration Report

16. BRIEF BIO OF THE INSTRUCTOR

Dr. Zoltán Pogátsa received his PhD from the University of Sussex in Brighton in Contemporary European Integration. He has since worked at the University of Technical and Economic Sciences of Budapest, the Hungarian Academy of Sciences and the University of Western Hungary. He publishes regularly on issues related to the economics of European integration, as well as international political economy. He is also a regular commentator in the Hungarian and international media. Dr. Pogátsa has taught and researched abroad in universities in the UK, France, Germany, Slovakia, Czech Republic, Austria, Greece and Italy.