College of Europe
Collège d'Europe

Brugge | Natolin

# ECTS CARD

| STUDY PROGRAMME | ACADEMIC YEAR | SEMESTER |
|---|---|---|
| **EUROPEAN ECONOMIC STUDIES** | **2025-2026** | **2** |

COURSE TITLE

**MACROECONOMIC ENVIRONMENT FOR EUROPEAN BUSINESS**

| COURSE PROFESSOR | COURSE ASSISTANT |
|---|---|
| **Hans GEEROMS** | **Shanawar RANA** |

| NATURE OF COURSE | LANGUAGE OF INSTRUCTION |
|---|---|
| **COMPULSORY** | **ENGLISH** |

ECTS CREDITS

**4**

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## 1. COURSE OBJECTIVE

The main objective of the course is to achieve a very good understanding of the theoretical principles, but, more important, of the practical application and consequences of monetary, fiscal and structural economic policy in the EMU and their impact on the business environment.

In particular, the course deals with the theory of optimal currency areas, the EMU compliance with it, the particular macro-economic policy of the EMU and the EU and the long term growth problems of the EU.

After analysing shortly the theoretical concepts on which the EMU is based, we discuss in further detail the weaknesses of the institutional set up of the EMU and the impact of shocks, including the Eurocrisis, the Covid-19 and Russian war in the Ukraine and the energy crisis as well as the recently adopted measures and the way forward.

The course is very much linked to recent events: impact Russian aggression in the UA, President Trump's economic and trade policy, the rise of China to a superpower, climate change and the review of the monetary policy strategy and the Economic Governance Reform, the rise of crypto and stable currencies and the difference between German and French economic thinking and the outlook for the EMU.

## 2. LEARNING OUTCOMES

On completion of this course, students should:

i. be able to explain and critically evaluate the institutions and rules underlying monetary, fiscal (budgetary) and structural economic policies, and to discuss proposals for their reform;

ii. to adopt an own position in the debate concerning the weaknesses of the EMU institutions and its policies, the sources of macroeconomic and current account imbalances in the Euro Area;

iii. to evaluate the factors underlying convergence, or the lack thereof, of Euro Area economies, and the role of monetary, fiscal (budgetary) and structural economic policies in this context;

The learning outcomes for this course tie in with the following learning outcomes for the European Economic Studies programme:

i) describe, explain and illustrate core economic theory and selected policies related to economic integration;

ii) use economic theory to assess current problems and policies;

iii) think innovatively and provide constructive analytical commentary as well as potential recommendations on the evolution of the EU and its possible future development;

iv) demonstrate knowledge of the European Union' institutions, competences and substantive principles;

v) recognise, analyse, explain and critique economic developments and economic policies in Europe;

vi) acquire a strong knowledge of broader social and political conditions and developments in Europe.

## 3. COURSE CONTENTS

1. Short historical overview of the thinking and the politics behind the idea of the EMU.
2. Theory of optimum currency zones (OCA-theory).
3. The recent crises and the way this shapes a new EMU.
4. Monetary policy of the ESCB in times of high inflation and inserting Climate Change in the new strategy.
5. Economic Governance: the review of the Stability and Growth Pact.
6. Long term structural economic problems of the EU.

## 4. TEACHING METHOD

Lectures and discussion. The Professor is non-resident fellow at Bruegel (the number 1 think tank in the EU) and was until recently active at a central bank of the Eurosystem and is a member of the EU's Economic and Financial Committee. He therefore not only knows the theory, but also how the real world of European economic policy functions. The motto is: 'no theory for the sake of theory, but only to help us understanding how the EU's economic policy works in reality'.
Tutorials on the most difficult parts will be organised upon request by the students.

## 5. FURTHER DETAILS ON THE TEACHING METHOD

Prior reading of the assigned material is essential for class participation.
Active participation in class is highly important.

## 6. COURSE MATERIAL

Compulsory: PowerPoints and lectures

Recommended:

- Hans Geeroms, Frank Naert, Stefaan Ide (2014), The European Union and the Euro, How to Deal with a Currency Built on Dreams, Interensentia Cambridge, January 2014 (www.intersentia-educatief.be/SearchDetail.aspx?bookid=102851)
- ECB, Monetary Policy Review, July 2021
  An overview of the ECB's monetary policy strategy (europa.eu)
- European Fiscal Board: annual report
  https://commission.europa.eu/publications/2024-annual-report-european-fiscal-board_en
- Recent speeches on economic policy by relevant ECB Board members (references will be given at the end of the lectures).

## 7. EVALUATION

The evaluation in the first session will be based on a 2 hours open-book written exam counting for 100% of the final grade.

The evaluation in the second session will be based on a 2 hours open-book written exam counting for 100% of the final grade.

## 8. FURTHER SPECIFICATIONS

In this course, the use of generative artificial intelligence (genAI) is **strictly prohibited** at all stages of the work process. According to art. 38 of the Study Regulations, prohibited use means that "*all tasks related to an assignment, from planning, conceptualisation to research and writing, must be completed without any support of genAI.*"

Failure to respect these rules will be considered academic misconduct and be sanctioned in line with the Study Regulations (Section 4.4.). The use of AI-powered tools for grammar checking or reference management is permitted.

Throughout the whole duration of the exam, all the mobile phones and other electronic devices (except the laptop which you take the exam on) need to be put in silent mode and be kept in your bag. If you want to take and upload pictures to the exam, e.g. graphs, please raise your hand and wait for an explicit authorisation of a supervisor. Any other unauthorised usage and/or possession of phones and/or other electronic devices throughout the entire duration of the exam (inside or outside of a classroom) will be considered as (attempted) cheating and lead to a mark of 0 (under Art. 30b of the Study Regulations).

For the detailed rules on the (digital written) examinations at the College of Europe, please refer to the provisions of the Study Regulations and *Dispositions particulières*. Students are responsible to have read and complied with the applicable rules