



ENGAGE. EXPERIENCE. EMBRACE. EDUCATE.

## Study Center in Barcelona, Spain

<b>Course name:</b>	The Spanish Economy in the European Union
<b>Course number:</b>	ECON 3001 BABC
<b>Programs offering course:</b>	Barcelona Business and Culture
<b>Language of instruction:</b>	English
<b>U.S. Semester Credits:</b>	3
<b>Contact Hours:</b>	45
<b>Term:</b>	Summer 2018

### Course Description

Spain developed more slowly than most of its European neighbors after the Second World War, restrained by political isolation and the autarkic economic policies of the authoritarian regime of General Franco. With the restoration of democracy in the mid-1970s economic growth and development accelerated, particularly after accession to the European Union (EU) in 1986. Spain is now the fifth largest economy in the EU and the 12th in the world. However, income per head still stands about 25% below that of Germany and France, for example, and over 30% below that of the US, reflecting persistent weaknesses in its productive structure.

This course will explore the main determinants of Spanish economic growth and convergence since the 1980s, placing a particular emphasis on understanding the nature of the pre-2007 economic boom and the subsequent depression, and how the economic cycle has been conditioned by membership of the European Union and its single currency, the euro. We will examine the structure of the economy, fiscal and monetary policies, and the role played in economic developments by immigration, debt, speculative housing investment, corporate expansion and productivity growth. It will provide an overview of the steady growth in importance of the public sector; it will explore demographic trends and the threats these pose to the pension and healthcare systems; and it will seek to identify the main structural strengths and weaknesses of the economy – the labor market, competition policy, innovation and entrepreneurial culture.

Spain's membership of the euro currency area is fundamental in understanding the economy's development and assessing its prospects. Euro membership facilitated an economic boom, but the country's net international trade position deteriorated considerably and the economy became heavily dependent on foreign financial inflows, including borrowing from the European Central Bank (ECB). We will study the implications of euro membership in times of crisis, and explore how Spain is adapting to challenges posed.

### Learning Objectives



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We will use different analysis tools in order to better know the Spanish economy; all those analytical tools can be used while analyzing other economies. The main learning objective then is to know and learn how to apply the most recurrent analytical tools for contemporary economies.

By the end of the course students will know:

- How to characterize a given economy and its international context.
- They will know where to find and how to interpret the main magnitudes of a given economy.
- They will know the different problems that European economies (and Spain in particular) have faced in recent stages of development and different alternative solutions that scholars and policymakers have proposed.

### **Course Prerequisites**

Students should have completed some introductory course on economics, but no advanced knowledge of economy is assumed.

### **Methods of Instruction**

The course will consist of lectures, class discussion, students' presentations and class dynamics that can be useful for better understanding of the contents of the course. Reading material will be referenced on daily basis (mainly small articles, newspaper notes and blog entries) and on weekly basis (book chapters or research papers).

### **Assessment and Final Grade**

All students must grade at all parameters at least partially:

1. Class attendance and participation: 25%
2. Mid-term exam: 25%
3. Essay and small presentation: 25%
4. Final Exam: 25%

### **Course Requirements**

#### **Participation, class attendance presentation and dynamics**

All students must participate during class according with the material it has been pointed to prepare for class discussion. A collective presentation (among 15-20 minutes including Q&A) should be also presented.

#### **Exams**



Both exams will consist of 4 questions to be developed. Notes from the class and printed material can be used but no internet connection will be permitted. Mid-term will cover the first part of the syllabus and the final exam will cover the rest of it (see schedule below).

### **Essay**

An essay of about five pages should be presented briefly during class and sent to the professor the day before the presentation.

### **CIEE Barcelona Attendance Policy:**

Students are expected to attend all scheduled class sessions on time and prepared for the day's class activities. CIEE does not distinguish between justified or unjustified absences, whether due to sickness, personal emergency, inevitable transport delay and/or other impediments. You are considered responsible of managing your own absences. Please keep in mind that exams, paper submission dates, presentations and any other course work deadlines cannot be changed.

No academic penalty will be applied if students miss up to 2 class sessions. If students miss up to 3 class sessions, students' final course grade will drop 1 point out of 10 on the Spanish grade scale for each additional absence beyond 2 (for example a 9.5 will become a 8.5 if they reach the 3th absence). Students will automatically fail the course if they miss more than 20% of total class hours (i.e. if they reach the 4th absence).

For students who miss up to 20% of the total course hours due to extenuating circumstances, the RD may allow for exceptions to the local attendance policy based on documentation such as proof of bereavement, religious observances, hospitalization etc.

Students arriving more than 10 minutes late to the class will be considered absent for a day. Late assignments will be marked down 10% after the first day and 5% every day afterwards. No coursework will be accepted after the last day of class.

### **Weekly Schedule**

The program has been thought as a group of monographic classes where we will review the most relevant topics while using the most important analytical tools with a twofold goal: a) know the Spanish economy in the European Union context; b) apply analytical tools that might be used in similar contexts.

Session 1	Presentation of course, methods to be used, contents of the course, groups setting and explaining what is expected from the students' presentation and the essay. Exposing first definitions of the courses, unit of study (what should we understand when we hear the word "Spain" and what a modern economy is?)
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Session 2	<p>“Spain is different”, brief history of Spain and how certain history facts conditioned the economic development of Spain. Synchronizing with Europe: Democracy and joining the European club.</p>
Session 3	<p>European Integration: From the post WWII to the European Union. Different theories used to explain the EU: Institutionalism, Market integration, Custom Union, etc.</p>
Session 4	<p>The Economics of European Integration: Comparison with other models (multilateral trade liberalization). Demand and supply of import and export. Barriers to trade.</p>
Session 5	<p>“The good fellow”: from the entry to the EU to the setting of the Maastricht treaty (monetary union).</p>
Session 6	<p>Spanish crisis before the Euro. What it was said before the creation of the Euro: Reasons of supporters and those against.</p>
Session 7	<p>Short review and Presentation of the second part of the course.</p>
Session 8	<p>2008-2013 Crisis in Spain and Europe. Multinational causes and local actions. Consequences and proposed solutions: Monetary constrains and alternatives.</p>
Session 9	<p>Economic growth in Spain and Europe. Fragmented markets versus integrated ones. Effects of integration on efficiency.</p>
Session 10	<p>Spanish labor market: unemployment in Spain and by communities, Mobility of labor in Spain and Europe. Supply and Demand of Labor. Short individual presentations 1st part</p>
Session 11	<p>Income distribution: Personal, functional and industrial distribution of income. The space perspective on income distribution. Regional inequalities. Short individual presentations 2nd part</p>
Session 12	<p>The Sovereign debt crisis: public deficit, The role of International Finance Markets, Economic crisis and Trust crisis. European Central Bank and its related policies. Team Presentation</p>
Session 13	<p>European policies: common fiscal policy, Banking Union, Other proposals to cope with crisis. Team Presentation</p>

Session 14	The Spanish way on public sector economics: Comparison between southern European and other European models. Pension system and its crisis (world trend and specific issues), European public reform. Team Presentation
Session 15	Review of the second part of the course and Final-Exam

## Readings

- Bank of Spain. "Spain and the Euro: The first ten years." EMU: the first ten years. Madrid: Bank of Spain, 2009. 290.
- Esping-Andersen, Gosta. "The Three Political Economies of the Welfare State." Canadian Review of Sociology (1989): 10-36.
- Gruber, Jonathan. Public finance and public policy. New York: Worth Publishers, 2011.
- Hix, Simon. "The Study of the European Community: The Challenge to Comparative Politics." West European Politics 17.1 (1994): 1-30.
- . "The Study of The European Union II: the 'New Governance Agenda' and its Rival." Journal of European Public Policy 5.1 (1998): 38-65.
- Molle, Willem. The Economics of European Integration. Aldershot: Ashgate Publisher Limited, 2006.
- Pollack, Mark. "Theorizing European Union Policy-Making." Wallace, H, Pollack, M and Young, A. Policy Making in the European Union. Oxford: Oxford University Press, 2010.
- Reinhart, Carmen M and Kenneth S Rogoff. "Financial and Sovereign Debt Crises: Some Lessons Learned and Those Forgotten." IMF Working Papers (2013).
- Stiglitz, Joseph E. Economics of the Public Sector. New York: W. W. Norton, 2000.

## Other resources

Journals, newspapers and related

<http://www.economist.com/topics/spanish-economy>

<http://www.ft.com/intl/topics/places/Spain>

<http://topics.nytimes.com/top/news/international/countriesandterritories/spain/>

Databases and statistics

(Eurostat: European Statistics Agency)

<http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/>

(INE: Spanish Statistics Agency) <http://ine.es/en/welcome.shtml>

(IDESCAT: Catalan Statistics Agency) <http://www.idescat.cat/en/>