

Teaching Plan: The European Union and The Interlocking Economic Crises

Duration: 3 hours [2 hours and 45 minutes of lesson to incorporate a 15 minute break]

Lesson Objectives:

After completing the lesson, the student will be able to:

- Analyze current events related to the EU and its financial situation, relating occurrences to their economic, political, and institutional backgrounds and determinants.
- Describe the key EU institutions and the EU's legislative process.
- Understand and analyze new developments related to the EU's political and fiscal union and the EMU.
- Explain the interests, power bases, and positions of the main actors during the 2010-2011 sovereign debt crisis, as well as the institutional outcomes of this crisis.
- Perform an interest, power and position-based analysis for ongoing institutional developments in the wake of the sovereign debt crisis.

Target Audience: Masters-level students from the EU from backgrounds other than political economy

Classroom Size: 20-40 students

Materials: Teaching Plan, PowerPoint slides, and Case Study (Part A & B)

Student Preparation:

Before class, each student will complete the following assignments:

- 1) **Research** two current events that relate to the EU, particularly its financial situation, bringing some short notes on the events to class.
- 2) **Read** "[Our Manifesto for Europe](#)", by Thomas Piketty et al.

In the previous class, the students should be divided into three groups based on the three proposal points in the article:

- i. Set a common floor for corporate income tax
 - ii. Establish a parliamentary chamber for the eurozone
 - iii. Pool public debt
- 3) **Summarize** their specific assigned proposal point (i, ii, or iii) and bring their written summary to class to enhance discussion and understanding.
 - 4) **Carefully read Case Study Part A** by Adrian Garcia and Angel Saz-Carranza, titled "Kicking the can down the road: The political economy of Europe's sovereign debt crisis, 2010-2011".

2 minutes

❖ **[slide 1] Welcome**

3 minutes

❖ **Hook**

- **[slide 2]** Show the headlines about Spain in crisis:
 - “Spain to Accept Rescue From Europe for Its Ailing Banks (NY Times, June 2012)
 - “Euro zone agrees to lend Spain up to 100 billion euros” (Reuters, June 2012)
 - “Europe’s Fail-Out: 4 Reasons Why Spain’s Bailout Is Doomed Already” (The Atlantic, June 2012)
 - “Moody’s Slashes Spain’s Rating to Baa3 From A3, Places it on Review for Further Cut to Junk” (Business Insider, 2012)

2 minutes

❖ **[slide 3] Provide the road map for the lesson**

20 minutes

❖ **Content: Current events**

Method: Discussion with students defending opinions

- **[slide 4]** Start a discussion on current events that relate to the EU, particularly its financial situation.

The students have read about two current events in preparation for class. Allow students to bring up particular events or issues of their choosing.

Foster classroom discussion by probing the students for their knowledge and opinions on the topics.

Include your insights to deepen understanding.

10 minutes

❖ **Content: The history of a united EU**

Method: Discussion and video

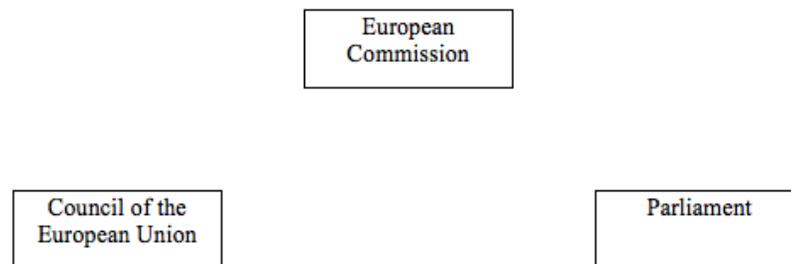
- Ask students why the U.S. pushed for integration. Rectify any inconsistencies and follow up with any missing points.

- The U.S. pushed for integration to:
 - Avoid war and internal divisions
 - Stabilize markets
 - Stop communism
- **[slide 5]** Watch video about how the EU came to be (click on image on slide to go to video in internet browser).
 - <https://www.youtube.com/watch?v=XgnXwrsMBUs>
- Give a brief conclusion on the history of a united EU

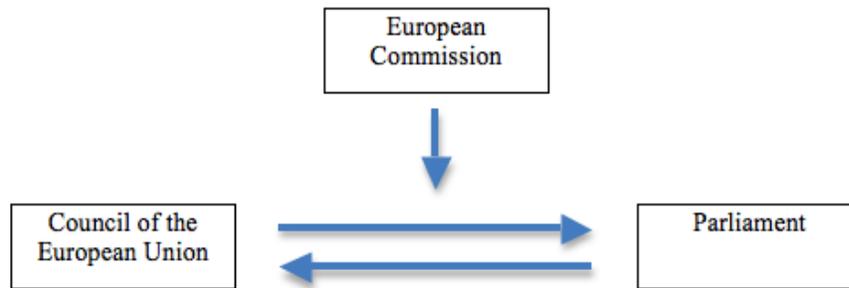
20 minutes

❖ **Content: Key institutions in the EU**
Method: Engaging lecture with drawn diagram to enhance visual learning

- Ask students what the three key institutions are in Europe. As they answer: European Commission, EU Council, and Parliament, draw the following diagram on the board (**[slide 6]**, first click):



- Ask students to describe the composition and key functions of each institution. Correct any inconsistencies and follow up with any missing key points.
- Describe the process of proposing, amending, negotiating, and adopting a law as you draw corresponding arrows between the institutions (**[slide 6]**, second click).



- Ask the students if they have any comments or questions on the process.

30 minutes

- ❖ **Content: “Our Manifesto for Europe” by Thomas Piketty et al.**
Method: Group discussion followed by presentation to the class; student opinions polled at conclusion

- In preparation for class, the students will have read the article by Thomas Piketty et al. about strengthening the political and fiscal union of the Eurozone countries. In addition, they will have come to class with a written summary of one of the three proposal points.
- **[slide 7]** Divide the students into their three pre-determined groups (decided in the last class). Assign each group to discuss, for **5 minutes**, one of Thomas Piketty et al.’s proposal points from the following (they can refer back to the article if helpful):
 - i. Set a common floor for corporate income tax
 - ii. Establish a parliamentary chamber for the eurozone
 - iii. Pool public debt
- Have the three groups take turns to explain to the rest of the class the proposal point they discussed.
 - After each group presents:
 - Give the rest of the class an opportunity to ask either the presenters or you any questions on the proposal point.
 - Physical Poll: Ask for a vote. If the students agree with the proposal point, they should stand up while the disagreeers remain

seated. After each question, ask a few students to explain their reasons for agreeing or disagreeing.

- Share any concluding remarks on the proposal points.

55 minutes

❖ **Content:** [slide 8] “Kicking the can down the road: The political economy of Europe’s sovereign debt crisis, 2010-2011” by Adrian Garcia & Angel Saz-Carranza

Method: Case study review with actor-specific discussion about diverging interests and equilibria

- Note: The materials for this section of the class include:
 1. Case study Part A (for the students)—*to be handed out before class*
 - Introduction
 - The actors: positions, interests and power bases
 - Context of 4 scenarios
 - Includes text from various media sources
 2. Case study Part B (for the students)—*to be handed out after the discussion of the scenarios and their results*
 - Actor-specific positions and compilation of the results for each of the 4 scenarios
 - Epilogue
- [slide 9] **Ask the students to summarize the positions, interests, and power bases of the following actors** during the 2010-2011 period of Europe’s sovereign debt crisis. Question the students about the reasons behind these positions, interests, and power bases.
 - European Commission
 - European Central Bank
 - France
 - Germany

- **Case study** [Note: Read all instructions before starting]
- **Ask the students to get into four groups** and assign each group one of the actors just discussed (i.e., (1) European Commission, (2) European Central Bank, (3) France, and (4) Germany).
 - **For each of the following 4 scenarios**, follow the steps below:
 - First Greek bailout (May 2010)
 - Imminent Portuguese and Irish bailouts (May 2011)
 - Necessity for a second Greek bailout along with the unsustainable Italian bond yield rates (October 2011)
 - Greek Referendum (December 2011)
- 1) **[slides 10, 13, 16, 18]** Ask each group to **brainstorm** for **2 minutes** about their actor's **interests** in the scenario, based on the texts from various media sources.
 - 2) Then give each group the opportunity to **share their position** in **1 minute**.
 - 3) After each of the four groups has shared their positions for an event, allow **3 minutes** for the students to **debate and rebuttal** their positions amongst each other.
 - 4) **[slides 10, 13, 16, 18]** Then click next on each slide to **reveal the positions of all actors**.
 - 5) **[slides 11, 14, 17, 19]** Discuss the **results** specific to that scenario.
 - **[slide 12]** When discussing the results of the 1st scenario, discuss the purpose and functions of the European Financial Stabilization Mechanism and the European Financial Stability Facility.
 - **[slide 15]** When discussing the results of the 2nd scenario, discuss the purpose and functions of the European Stability Mechanism.
- **[slide 20]** After completing the last scenario, hand out the results of each of the scenarios and the **Epilogue** (Case Study Part B). Discuss the **Epilogue with** the class.

- If time, discuss further the institutional responses to the Euro crisis. Topics may include:
 - Enforcement mechanisms and implementation
 - Increased capital requirements for private banks
 - Banking union

- Ask if the students have any questions.

10 minutes

❖ **Content: Economic Monetary Union (Five Presidents' Report)**
Method: Engaging lecture

- **[slide 21]** Briefly summarize the steps to be taken towards an Economic Monetary Union that are outlined in the Five Presidents' Report.
 - 1) Towards an economic Union of convergence, growth, and jobs
 - 2) Towards financial union
 - 3) Towards fiscal union
 - 4) Strengthening democratic accountability, legitimacy, and institutions: from rules to institutions
 - 5) The social dimension of EMU

- Ask the students if they have any comments or questions.

- Note: See the [Press Release](#) and [Full Report](#) for more information.

10 minutes

❖ **Content: Summary of today's learning**
Method: Three-minute Paper

- **[slide 22]** Ask the students to write for **3 minutes** about what they learned in today's session and why the information is important for EU businesses. Ask if any would like to volunteer to share their answers.

3 minutes

❖ **Conclusion**

- **[slide 23]** Answer any additional questions.

This teaching plan and the matching powerpoint presentation were developed as a part of the Jean Monnet project [MEKBiz](#) (Mainstreaming EU Knowledge in Business Studies and Strategy), hosted by ESADEgeo – Center for Global Economy and Geopolitics and partially funded by the European Commission.

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