



Boston University International Programs
London

Boston University British Programmes
The European Business Environment: ‘Institutions and Enterprise’
CAS IP 405 (Elective A)
Spring 2011

Instructor Information

A. Name	Dr Hugh Macdonald
B. Day and Time	Mondays and Tuesdays (plus Friday 11 February), 1.15pm-5.15pm
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Course Overview

The European Union (EU) is continually evolving. This course examines the contemporary infrastructure of State and EU involvement in the economy *via* regulation, investment, security and defence. It provides an introduction to such economic and security ‘competences’ of the EU as competition policies, environment, agriculture, the single currency, and security and defence policy. Selected public policy issues which have business/defence/security dimensions are then looked at in-depth, including the dependence of the EU economy on energy imports, the growth of Airbus as a rival to Boeing in long-haul aviation, the development of EADS as a pan-EU defence equipment provider, and the technical and investment requirements of trans-European networks. Hence, the course addresses both some of the key factors and issues facing European businesses, and the EU’s security environment and efforts to develop a regional security profile. It highlights different cultural norms and economic orientations within the EU area, and will deepen students’ learning and skills in international business and international relations. Issues covered include:

- The political, economic and security dynamics of European integration and the ‘Single European Market’ (SEM);
- Key EU institutions and their ‘Competences’ in the areas of trade, competition, industry, transportation, energy, environment and external relations;
- Common foreign, security and defence policies in the EU (CFSP and ESDP);
- Economic and Monetary Union (EMU);
- The European economy with reference to the US, Japan and others;
- ‘Euroscepticism’ and other challenges to the EU;
- The EU outlook: NATO, transatlantic relations, Russia and the wider world.

Course Methodology

The course comprises nine sessions, made up of lectures, field trips, guest lectures and class presentations. Students will complete course assignments, participate in class discussions, have a 2-hour final exam and complete set background readings as part of the course.

Each Lecture session will commence with a lecture on the set topic by the instructor follows. Students are expected to do set readings in advance. Seminar sessions begin with a short in-class discussion of current EU-related news, led by the Instructor; discuss lecture topics in further detail; and introduce other readings, which will be assigned and prepared in advance. Set texts for readings are available from the BU British Programmes Library, and other set readings listed online on the course webpage, www.bu-london.co.uk/academic/ip405 (you must log in to view materials). Other major activities include a two-day

field trip to Brussels. This trip offers students an opportunity to identify and discuss the network of institutions that has evolved within the EU, and between the EU, US and NATO.

Assessment

Overall assessment will be the outcome of four distinct assignments, each carrying weights given below:

1. Two individual in class presentations based on selected readings. Presentation notes will be submitted to assist assessments.
2. A case study of a chosen EU country and its position concerning one or more of the major themes of the course. The case study topic will be selected by Session 3 and a short version will be presented during Session 9. The final case study report to be submitted will have a guideline length of 2,500 words or equivalent in other media.
3. A Final Examination lasting two hours at the end of the course.
4. Maximum marks available for the course overall will be distributed according to the following proportions:

Individual in-class presentations (x2) based on readings	= 20%
Case study submission + presentation	= 40%
Final examination (2 hours)	= 40%

Grading

Please refer to the Academic Handbook for detailed grading criteria, attendance requirements and policies on plagiarism:

<http://www.bu-london.co.uk/files/images/ACADEMICHANDBOOKSP11.pdf>

Terms & Conditions

Attendance at all classes and field trips is mandatory. **Students must check their email and the weekly Student Newsletter for field trip updates and reminders.** Students missing lectures without a doctor's letter or authorization from the Director or from the Placements' Team will automatically be docked a – or a + from their final grade. Persistent lateness will also be penalized in the final grade. A register of attendance will be taken at the beginning of each session. Absence can be conveyed either by advising a senior member of staff in the Academic Affairs Office with a request that the information be passed on to me; or by emailing me at [REDACTED] prior to class. Leaving it to another class member to convey messages will not be acceptable. Appointments for interviews for internships should not conflict with attendance at classes. Students are expected to participate in class discussions, as this course will be run in an “interactive, participative” manner.

Course Chronology

ONE: Monday 17 January

Lecture: *The political, economic and security dynamics of European integration and the ‘Single European Market’ (SEM):* Despite regional economic integration and institutional regulation of the Single European Market (SEM), Europe continues to be characterised by national and sub-regional diversity, and strongly differentiated levels of economic development between western and eastern parts of the Union. How effectively does institutional integration overcome these divergences?

- Origins & treaties
- Institutions
- The Single European Market (SEM)
- Economic & Monetary Union (EMU)
- Common foreign & security policy (CFSP) and EU Common Security and Defence Policy (CSDP)
- ‘Euroland’ and ‘Eurocepticism’
- The Lisbon Treaty and the EU in the world

Reading: Pinder & Usherwood, *The European Union*, Ch. 1 (pp. 1-8)

Seminar: *The dynamics of integration:* Despite the sub-dominance of separate national states which exercise sovereignty and crucial tax-and-spend powers, the EU has demonstrated strong integration dynamics. What are the forces driving this integration?

- Countries and economies
- Social models
- Proposed reforms of the SEM
- EMU and the ECB
- CFSP

Reading: Pinder & Usherwood, *The European Union*, Ch. 2 (pp. 9-35)
<http://www.ecb.europa.eu/euro/html/index.en.html>

Questions for discussion:

- What do you understand by the EU reform & integration process?
 - What goals does the EU seek to achieve?
 - What are the main advantages and disadvantages of ‘Euroland’?
 - What are the main implications of EU integration for European and international business?
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TWO: Tuesday 18 January

Lecture: *EU institutions and their ‘Competences’ in the areas of trade, competition, industry, transportation, energy, environment and external relations:* Rather than a quasi-federation or a set of institutions with autonomous powers, the EU is best viewed as a regime of competences, each of which needs to be managed in association with other actors such as business corporations, nations, trade unions, regional governments and other actors – including commercial and political lobby-groups that cluster in Brussels.

- The Single European Market (SEM)
- The basis of Competition policy
- Themes & instruments
- State assistance & public service requirements
- Opening public procurement to competition
- Energy policies
- Transportation policies
- Environmental policies

Reading: Johnson & Turner, *European business*, Ch. 4 (pp. 83-102)
Pinder & Usherwood, *The European Union*, Ch. 3 (pp. 36-64)

Seminar: *Market integration & financial policy constraints:* The EU’s capacity to openly regulate markets and the power of other actors in those market settings are crucial to the overall direction and rate of integration in the European region.

- The Services Directive and MIFID
- Financial market integration
- Fiscal competences reserved to member states
- EU social protection models
- EU competition policy instruments Johnson & Turner (p. 106)
- The EU and Microsoft Johnson & Turner (pp. 118-20)
- France Telecom and state aids Johnson & Turner (pp. 110-11)

Reading: Johnson & Turner, *European business*, Ch. 5 (pp. 103-123)

Questions for discussion:

- What are the main features of EU competition policy?
 - How might the services directive & MIFID change the behaviour of European businesses?
 - Why is the removal of state aid (a) crucially important (b) very difficult?
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THREE: Monday 24 January

Site Visit: *Walking tour of Canary Wharf:* This walking tour provides many interesting and relevant examples of London’s changing economy and global economic significance through time. Specifically, Canary Wharf today is a classic example of economic regeneration which relies on a synergy between international business and public authorities. The reading provides historical

background and illustrates the specific role of US banks in European investment banking and the development of the City since the 1960's. Meet at **9.45 am** at **Westferry DLR**

Reading: Roberts, *The City: London's Global Financial Centre*, Ch. 1-3

Lecture: ***Economic and Monetary Union (EMU)***: Monetary Union is proving to be a two-edged sword for EU members, including its key sponsors Germany and France. On the other hand even non-members of 'Euroland' depend on the stance of the ECB against the background of global market forces and fiscal imbalances.

- The evolution of monetary co-operation
- Maastricht and EMU
- Convergence and the single currency
- Britain's 'Opt-in' arrangements
- Other EMU non-members and candidates
- The ECB
- The EIB
- The EBRD

Reading: Johnson & Turner, *European business*, Ch. 8 (pp. 162-187)

Pinder & Usherwood, *The European Union*, Ch. 4 (pp. 65-79)

Seminar: ***EMU in crisis***: The EU has had to take crisis measures to support countries with large deficits which cannot use interest or exchange-rate changes as policy instruments. What are the policy implications?

Reading: <http://www.ecb.europa.eu/ecb/html/index.en.html>

Questions for discussion:

- Why has the EU placed so much emphasis on a single currency?
- What are the business & strategic strengths and weaknesses of 'Euroland'?
- How has the EU/ECB responded to the global financial crisis since 2008?
- How can 'Euroland' deal with structural divergences between its 'northern' and 'southern' members?

FOUR: Tuesday 25 January

Lecture: ***Common foreign, security and defence policies in the EU***: EU political co-operation in external relations grew out of the perception that common responses were needed when common challenges arose. After thirty years, and particularly following the end of the Cold War, the dynamics of co-operation shifted towards integrated planning and long-term common interests; but how successfully?

- Origins & shortcomings
- Global energy & industrial 'drivers'
- German unification, Maastricht and CFSP
- The Balkans & the St Malo Agreement
- The Middle East peace process
- Iraq, Afghanistan, Iran

Reading: Pinder & Usherwood, *The European Union*, Chs 8 (pp. 112-126)

Europa http://europa.eu/pol/cfsp/index_en.htm

Seminar: ***North America, Europe & international security***: Despite all other changes, the US remains the ultimate provider of European security *vis a vis* Russia, and NATO remains the only joint military structure in which North America and Europe can arbitrate their differing security policies. But as the Russian threat receded, NATO enlarged and challenges to western interests grew out of remote regions, NATO has struggled to retain its coherence and relevance.

- NATO from the Cold War to 9/11
- NATO after 9/11 – Iraq & Afghanistan
- NATO and EU CSDP

Reading: Pinder & Usherwood, *The European Union*, Ch. 10 (pp. 141-161)

Larabee, F. S. 'The United States and the evolution of ESDP', in Vasconcelos (Ed), *What ambitions for European defence in 2020?* (pp. 51-60)

Vasconcelos, A. '2020: Defence beyond the Transatlantic paradigm', in Vasconcelos (Ed), *What ambitions for European defence in 2020?* (pp. 15-26)

Questions for discussion:

- Why is it so difficult for the EU to develop common foreign and defence policies?
 - What are the actual and perceived strengths & weaknesses of CFSP/CSDP in light of the Lisbon Treaty?
 - What might a SWOT analysis of CFSP/CSDP look like?
 - What purposes did NATO serve during the Cold War?
 - Why is it difficult for NATO to maintain its coherence and relevance today?
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FIVE: Monday 31 January

Site Visit: *Brussels Field Trip*

SIX: Tuesday 1 February

Site Visit: *Brussels Field Trip*

Full details of the field trip will be confirmed at the beginning of the course with an itinerary given to students. Generally it will include travel from London to Brussels (return) by *Eurostar*, Briefing visits to the European Commission and the EU Parliament, a NATO lecture, and a visit to the BU Brussels Centre, as well as some free time to explore the city. *Depart Sunday early afternoon 30 January; return Tuesday evening 1 February.*

SEVEN: Monday 7 February

Lecture: *The European economy with reference to the US, Japan and other regions:* The European regional economy in its world-wide setting, and the strengths and weaknesses of the EU as a global economic actor.

- 'Globalisation'
- The international business environment in Europe
- Comparative performance of the EU economy
- FDI
- Energy dependence & strategy in the EU
- The EU institute of technology

Reading: Johnson & Turner, *European business*, Chs 3 (pp. 58-79) & 17 (pp. 390-407)

Seminar: *The development of regional infrastructure:* One of the biggest issues facing the EU is how it will obtain the financial and technological support of European businesses and banks (including multi-national corporations) for the development of Trans-European networks. At the same time, significant contrasts can be noted between the political difficulties which face all attempts to create common security and defence structures, and the limited yet remarkably deep technological integration that is evolving among EU countries and corporations, including those in the defence economic arena. What are the implications of this phenomenon?

- Large-scale EU-based enterprises (LSE's)
- Aerospace: Boeing v Airbus Johnson & Turner (pp. 129-31)
- RWE: European leader in power supply? Johnson & Turner (pp. 256-59)
- BMW Johnson & Turner (pp. 319-20)
- EU-US 'Open skies' integration Johnson & Turner (pp. 401-2)
- EDA and its Defence Technological Industrial Base (EDTIB)
- EU-based defence projects – infrastructure & land
- EU-based defence projects – aerospace
- EU-based defence projects – sea-based
- EU-based defence projects – technologies

Reading: Johnson & Turner, *European business*, Chs 9 (pp. 188-207) & 10 (pp. 211-233)
Bentegeat, H 'What ambitions for European defence?' in Vasconcelos (Ed), *What ambitions for European defence in 2020?* (pp. 97-105)

Weis, A 'Improving capabilities for ESDP's future needs', in Vasconcelos (Ed), *What ambitions for European defence in 2020?* (pp. 29-38)

EIGHT: Tuesday 8 February

Lecture: *'Eurocepticism', Enlargement & CSDP with reference to business, monetary integration, foreign relations and defence:* Withdrawal from EU membership and defection from previously agreed structures such as EMU remain possibilities so long as there is no 'EU sovereignty', and while major economic and political interests divide key EU members. Can EU integration continue in the absence of political union?

- British 'Eurocepticism' and its spread
- Enlargement to CEE
- The EU and Russia, Ukraine, Moldova, Georgia *etc*
- The EU and the Balkans
- The EU and Turkey
- The EU and the Middle East

Reading: Johnson & Turner, *European business*, Ch. 16 (pp. 359-389)
Saryuz-Wolski, J. 'Security and defence in the enlarged Europe', in Vasconcelos (Ed), *What ambitions for European defence in 2020?* (pp. 151-58)

Seminar: *The CSDP of the EU:* With the difficult achievement of the Lisbon Treaty (2009), the EU has committed to implementing *Common Security and Defence Policies*. Yet a number of countries, including Britain, Netherlands, Denmark, Italy, Poland and the Czech Republic remain strongly 'Atlantacist' and are unlikely to promote permanent new structures which are or could become 'Supra-national'. What are the implications for NATO and transatlantic security & defence?

- European security since the end of the Cold War
- The development of defence and security policy in the EU
- Emergence of a new automotive cluster Johnson & Turner (pp. 379-84)
- Russia & Ukraine – EU security interests
- Russia & Georgia – EU security interests
- Russia & EU: 'Good fences make good neighbours'?

Reading: Gnosotto, N. 'The need for a more strategic EU', in Vasconcelos (Ed), *What ambitions for European defence in 2020?* (pp. 29-38)
Howorth, J. 'Implementing a grand strategy', in Vasconcelos (Ed), *What ambitions for European defence in 2020?* (pp. 39-50)
Silvestri, S. 'The gradual path to a European defence identity', in Vasconcelos (Ed), *What ambitions for European defence in 2020?* (pp. 75-86)
Vasconcelos, A. 'Ten priorities for the next ten years', in Vasconcelos (Ed), *What ambitions for European defence in 2020?* (pp. 159-168)

Questions for discussion:

- Why were the new member states of 2004-07 so eager to join the EU?
- How have these enlargements changed the business environment?
- How will the EU live with Russia in future?
- What should be the operational priorities of CFSP/CDSP going forward?
- Is EU CSDP compatible with US interests?

Site Visit: *Visit to EBRD, hosted by Prof. Andrey Jichev*

Meet at **4.45 pm** at 'The Fat Lady' statue outside EBRD – *2-mins walk from Liverpool St. Underground Station*

Reading: Roberts, *The City: London's Global Financial Centre*, Ch. 1-3

NINE: Friday 11 February

Lecture: *Overview on the EU's business & international relations environments: The economics of defence and security in the EU*

Seminar: *Group presentations on EU business & international relations*

* **Contingency Class Date: Friday 4 February.** Students are obligated to keep this date free to attend class should any class dates need to be rescheduled.

Final Exam: Tuesday 15 February. Exam times and locations will be posted on the BU London website and in the Student Newsletter two weeks before exam dates.

Course Readings

Set Texts:

Johnson, D &

Turner, C (Eds) (2006) *European Business*, Routledge (2e) Taylor & Francis

Pinder, J &

Usherwood, S (2007) *The European Union* (2e) Oxford UP

Background & Reading pack: A collection of background readings provides the second principal resource for the course. Electronic versions can be obtained from the course webpage: www.bu-london.co.uk/academic/ip405 (you must be logged in to view materials).

Links: Web links assist by providing updates for class work, group case-study presentations, and in-depth information for term paper research. The following links should be of particular interest, and their use will be explained in class:

EU gateway portal:

<http://www.europa.eu.int>

EU external relations

http://europa.eu/pol/cfsp/index_en.htm

UK government portal:

www.direct.gov.uk

European bank for reconstruction & development:

www.ebrd.com

Research & further reading: (These texts provide resources for some preparatory readings and also in-class and case study presentations)

De Grauwe, P (Ed) (2009) *Economics of monetary union* (8e), Oxford UP

Johnson, D &

Turner, C (Eds) (2006) *European Business*, Routledge (2e) Taylor & Francis

Leonard, D (Ed.) (2009)

The Economist Guide to the European Union (10e), Economist Books

Roberts, R (2004)

The City: A Guide to London's Global Financial Centre, Profile Books

Vasconcelos, A (Ed) (2009)

What ambitions for European defence in 2020? (2e), Europa