

Economics of European Integration

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Problem Set 1

References: BW (6.ed) The Economics of European Integration Ch. 1 and 2

Exercise 1: European Economic Integration

Draw a diagram (or diagrams) that graphically shows the major steps in European economic integration, along with dates and the names of the countries involved. Summarize the major challenges and achievements that accompanied these steps and answer briefly the following questions:

- a. **What is the “domino theory” of regional integration and why was it important for the EU project?**
- b. **Why has the Maastricht treaty been a milestone for EU integration and what did it constitute?**
- c. **Why did the eastern enlargement require a major reform to the institutional apparatus of the EU?**

Exercise 2: The ‘Big-5’ Institutions

Name the ‘Big-5’ institutions of the European Union and explain briefly their main responsibilities. Make a table recording the major changes to each of these institutions implied by the Lisbon Treaty

Exercise 3: The EU Budget

The EU has a jointly financed long-term budget, agreed every seven years. It lays down the maximum annual amounts (ceilings) that the EU may spend in the different categories of expenditure (headings) for each year. It has always been both a source of solidarity and tension among EU members and was a major contributor to the dispute between the UK and the EU that eventually culminated in the UK’s exit.

- a. **Why does the EU need a budget and what are the issues with it?**
- b. **What is the money mainly spent on and why?**
- c. **What were the major issues in agreeing on the latest 2021 - 2027 budget?**