

The Economics of European Integration

André Sapir

Outline and Readings

1. What's Special About European Economic Integration?

- Economic integration
- European integration

Required readings:

- Balassa (1961), chapter 1
- Alesina, Angeloni and Etro (2001)
- Alesina, Angelon and Schuknecht (2001)

2. Allocation Effects, Single Market and Complementary Policies

- Theory: perfect competition and constant returns-to-scale
- Theory: imperfect competition and increasing returns-to-scale
- Empirics: Single Market
- Empirics: Competition, industrial and trade policies

Required readings:

- Baldwin and Wyplosz (2000): sections 3.1 and 3.2
- Sapir (2001)
- Gual (1995)
- Goldberg and Verboven (2001)

3. Agglomeration Effects and Industrial Location

- Theory: Geography and trade
- Empirics: Industrial location in the EU

Required readings:

- Baldwin and Wyplosz (2000): section 6.2
- Midelfart Knarvik, Overman and Venables (2000)
- Puga (2001)

4. Growth Effects and Convergence

- Theory: Old and new growth theories
- Empirics: European integration and income convergence

Required readings:

- Baldwin and Wyplosz (2000): section 3.3
- Martin, Velasquez and Funck (2001)
- Boldrin and Canova (2001)

5. Finance

- Financial market integration
- Corporate finance

Required readings:

- Danthine, Giavazzi and von Thadden (2000)
- Becht (1999) and Becht and Roëll (1999)

Readings

- Alesina, Alberto, Ignazio Angeloni and Federico Etro (2001), "The Political Economy of International Unions", Discussion Paper 3117, CEPR: London.
- Alesina, Alberto, Ignazio Angeloni and Ludger Schuknecht (2001), "What Does the European Union Do?", Discussion Paper 3115, CEPR: London.
- Balassa, Bela (1961), *The Theory of Economic Integration*, R.D. Irwin: Homewood, Illinois.
- Baldwin, Richard and Charles Wyplosz (2000), *The Economics of European Integration*, manuscript, <http://heiwww.unige.ch/~baldwin/papers.htm>
- Becht, Marco (1999), "European Corporate Governance: Trading off Liquidity against Control", *European Economic Review* 43: 1071-1083.
- Becht, Marco and Ailsa Roëll (1999), "Blockholdings in Europe: An International Comparison", *European Economic Review* 43: 1049-1056.
- Ben-David, Dan (1993), "Equalizing Exchange: Trade Liberalization and Income Convergence", *Quarterly Journal of Economics* 108: 653-79.
- Ben-David, Dan (2000), "Trade, Growth and Disparity Among Nations", in *Trade and Poverty*, World Trade Organisation: Geneva.
- Boldrin, Michele and Fabio Canova (2001), "Inequality and Convergence in Europe's Regions: Reconsidering European Regional Policies", *Economic Policy* 32: 207-53.
- Buigues, Pierre, Alexis Jacquemin and André Sapir (eds)(1995), *European Policies on Competition, Trade and Industry: Conflict and Complementarities*, Edward Elgar: Aldershot.
- Commission of the European Communities (1996), "Economic Evaluation of the Internal Market", *European Economy*, Reports and Studies, Luxembourg.
- Danthine, Jean-Pierre, Francesco Giavazzi and Ernst-Ludwig von Thadden (2000), "European Financial Markets After EMU: A First Assessment", Discussion Paper 2413, CEPR: London.
- Geroski, Paul and Klaus Peter Gugler (2001), "Corporate Growth Convergence in Europe", Discussion Paper 2838, CEPR: London.
- Goldberg, Pinelopi and Frank Verboven (2001), "Market Integration and Convergence of the Law of One Price: Evidence from the European Car Market", Discussion Paper 2926, CEPR: London.

- Gual, Jordi (1995), "The Three Common Policies: An Economic Analysis", Chapter 1 in Buigues, Jacquemin and Sapir (eds.).
- Henriksen, Espen, Karen-Helene Midelfart Knarvik and Frode Steen (2001), "Economies of Scale in European Manufacturing Revisited", Discussion Paper 2896, CEPR: London.
- Ivaldi, Marc and Frank Verboven (2001), "Quantifying the Effects from Horizontal Mergers in European Competition Policy", Discussion Paper 2697, CEPR: London.
- Jacquemin, Alexis and André Sapir (eds.)(1989), *The European Internal Market: Trade and Competition*, Oxford University Press: Oxford.
- Martin, Carmela, Francisco Velasquez and Bernard Funck (2001), *European Integration and Income Convergence*, World Bank Technical Paper No. 514, World Bank: Washington, D.C.
- Midelfart Knarvik, Karen-Helene, Henry Overman and Anthony Venables (2000), "Comparative advantage and economic geography: Estimating the Location of Production in the EU", Discussion Paper 2618, CEPR: London.
- Molle, Willem,(2001), *The Economics of European integration: Theory, Practice and Policy*, 4th edition, Ashgate Publishing Ltd: Aldershot.
- Neven, Damien, Papandropoulos, Pénélope and Paul Seabright (1998), *Trawling for Minnows: European Competition Policy and Agreements between Firms*, CEPR: London.
- Puga, Diego (2001), "European Regional Policies in Light of Recent Location Theories", Discussion Paper 2767, CEPR: London.
- Sapir, André (2001) "Domino Effects in Western European Trade, 1960-92", *European Journal of Political Economy* 17: 377-388.
- Sapir, André (1996), "The Effects of Europe's Internal Market Program on Production and Trade: A First Assessment", *Weltwirtschaftliches Archiv* 132: 457-475.
- Seabright, Paul (2001), "Ten Years of Merger Control", Beesley Lecture, IEA, <http://www.idei.asso.fr/English/ECv/CvChercheurs/PageEcvSeabright.html>.