

European Economic Policies and Instruments of Coordination

Applied topics in European Economics

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Schedule: April 2014

Office hours: Upon appointment

Course webpage: <http://rosellanicolini.com/master/EU/index.htm>

3.1 Regional unbalances

Course hours: 6

In this section, we are planning to review the sources of the economic unbalances across European regions reinforcing the core-periphery structure. After a short introduction about the economic determinants of firm mobility and the idea of economic agglomeration, we are focusing on the European situation emphasizing the sources (and evolution) of the core-periphery structure, the geographical preferred firm location and the consequences on the regional economic performance. In this respect we are also address a special attention to the current FDI-flow directions. Finally, we will devote time to discuss the effectiveness of the Structural Funds (already introduced in another part of the course) by working on updated empirical evidence.

Main references:

Textbooks:

Baldwin, R. and Ch. Wyplosz (2009 or 2012): *Economics of European Integration*, Mc Graw Hill.

Artis, M. and F. Nixson (Ed.) (2007): *The Economics of the European Union*, Oxford University Press

Compulsory reading

Krugman, P. (2009): "The Increasing Returns Revolution in Trade and Geography", *American Economic Review*, vol. 99(3), pp. 561-571.

"Something in the air", from *The Economist*, October 27th 2012.

Suggested readings

Artige, L., Nicolini, R. (2010) "Market Potential, Productivity, and Foreign Direct Investments: Some Evidence from three Case Studies" *European Planning Studies*, vol 18(2), pp. 147-168,

P. Combes and H. Overman (2003): "The spatial distribution of economic activity in the EU", in J.F. Thisse and V. Henderson (eds) *Handbook of Urban and Regional Economics*, vol. 4, North-Holland Amsterdam.

Barca, F., McCann Ph., Rodríguez Pose, A., (2012) "The Case For Regional Development Intervention: Place Based Versus Place Neutral Approaches," *Journal of Regional Science*, Wiley Blackwell, vol. 52(1), pages 134-152, 02.

Farole, Th., Rodríguez Pose, A, Storper, M. (2011) "Cohesion Policy in the European Union: Growth, Geography, Institutions," *Journal of Common Market Studies*, Wiley Blackwell, vol. 49(5), pages 1089-1111, 09.

Rodríguez-Pose, A., Novak, K. (2011) "*Learning processes and economic returns in European Cohesion policy*," Working Papers 2011-17, Instituto Madrileño de Estudios Avanzados (IMDEA) Ciencias Sociales.

3.2 CAP and Competition Policy

Course hours: 3

Two milestones of the European policies are the communitarian agricultural policy and competition policy. The former is the most ancient policy adopted by the EEC devoting a part of the whole EU budget whose share fluctuated across time. The latter is the most relevant policy for triggering competition inside the European member states. The understanding of these policies allow for a deeper knowledge of the commitment of the European institutions for improving the internal welfare.

Main references:

Textbooks:

Baldwin, R. and Ch. Wyplosz (2009 or 2012): *Economics of European Integration*, Mc Graw Hill.

Artis, M. and F. Nixson (Ed.) (2007): *The Economics of the European Union*, Oxford University Press

Suggested readings

Coeurdacier, N., R.A. De Santis, and A. Aviat (2009): "Cross border mergers and acquisitions and European Integration", *Economic Policy*, vol. 54, pp. 56-106.

Other readings posted on the webpage of the course

3.3 Trade and productivity: IO policies

Course hours: 3

The distinguishing feature of the European Union is the free trade possibility across the member states. In this respect, for member states, trading is one of the principal activities and one of the principal factors of the economic growth. However not all European countries are identically competitive in the internal and international markets. Important productivity differences are present across EU member states and affect their international competitiveness. In this section we review the principal updated data on the intensity and composition of trade flows of EU member states. Then, we will focus on the difficulties in underpinning competitiveness with productivity. In this respect we will discuss some case studies (among others, the case of Spain) and draw some policy considerations.

Main references:

Jorgenston, D.W., Ho S., Stirah, K.J (2008): "A Retrospective Look at the US Productivity Growth Resurgence", *Journal of Economic Perspective*, vol. 22(1), pp. 3-24.

Inklaar, R., Timmer M.P., van Ark, B. (2008): "Market Service Productivity across Europe and the US", *Economic Policy*, January, vol. 53, pp.139-194.

Nicolini, R. (2011) "Labor Productivity in Spain: 1977-2002" *Applied Economics*, vol.43, pp. 465-485 (2011),

van Ark, B., O'Mahoney, M., Timmer, M.P. (2008): "The Productivity Gap between Europe and the United States: Trends and Causes", *Journal of Economic Perspective*, vol. 22(1), pp. 25-44.

Other readings posted on the webpage of the course

Grading:

There will be no final exam about this block. Instead there are two requirements:

1. **Solve individually a problem set.** This builds on a mixture of empirical and intuitive skills and is aimed to provide further insights about the topics discussed in class.
The problem set is expected to be due no later than **April 30th 2014 (in my mail box in the professor room at the Departament d'Economia Aplicada, Facultat d'Economia i Empresa, UAB).
2. **Write a research project.** The project should not be more than 10 pages (around 4000 words, double spaced). It has to be a proposal of an original project. It has to address a current or prospective open question in the EU economic situation. You have to motivate your choice by stating the importance of your idea in the present situation inside the EU. It is fundamental to argue the reason(s) this issue is not satisfactorily answered. It is extremely important to be concrete in the formulation of your proposal. Therefore, you need present empirical evidence to endorse your proposal. Finally, you also need to describe the most suitable policy issues to address the question.
***This report is due no later than: **May 23th 2014** (in my mail box in the professor room at the Departament d'Economia Aplicada, Facultat d'Economia i Empresa, UAB)