

Economics of European and International Integration

Lecturer: Rosella Nicolini

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Schedule: November/ December 2016

Office hours: Upon appointment

Course webpage: <http://rosellanicolini.com/master/EU1617/index.htm>

1. Trade and productivity

Course hours: 6

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:

Jorgenson, D.W., Ho S., Stira, K.J (2008): “ A Retrospective Look at the US Productivity Growth Resurgence”, *Journal of Economic Perspectives*, vol. 22(1), pp. 3-24.

Krugman, P. (2009): “The increasing return revolution in trade and geography”, *American Economic Review*, 99(3), pp. 561-571.

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 Perspectives*, vol. 22(1), pp. 25-44.

Other readings posted on the webpage of the course

2. Regional unbalances and Cohesion Policy

Course hours: 3

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 (2012 or 2015): *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

“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. 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 (2012 or 2015): *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

4. Immigration

Course hours: 3

In the recent years, European member states turned to experiences the intensification of migration flows. These flows concern both internal and external immigrants. The intensity of these movements generates important changes in the host countries from social, economic and cultural viewpoints. After a short introduction about the “push and pull” factors driving the migration flows, we provide a short describing the economic impact in the host countries. Then, we extensively discuss the empirical evidence related to the most attractive European countries focusing on the (quite unique) Spanish case.

Main references:

Textbooks:

Feenstra, R. and A. Taylor (2008): *International Economics*, Worth Publisher.

Krugman, P. and M. Obstfeld (any edition): *International Economics: Theory and Policy*, Addison Wesley.

Suggested readings

Amuedo-Dorantes, C. de la Rica, S. (2010). "Immigrants' responsiveness to labor market conditions and their impact on regional employment disparities: evidence from Spain," *SERIEs, Spanish Economic Association*, vol. 1(4), pages 387-407, September.

González Luna, L., Ortega, F. (2007) "How do very open economies adjust to large immigration flows? Recent evidence from Spanish regions," *Economics Working Papers 1059*, Department of Economics and Business, Universitat Pompeu Fabra.

de la Rica, S., Glitz, A., Ortega, F. (2012) “Immigration in Europe”, IZA Discussion paper.

Rodríguez-Pose, A., Ketterer, D. (2012) "Do Local Amenities Affect The Appeal Of Regions In Europe For Migrants?," *Journal of Regional Science*, Wiley Blackwell, vol. 52(4), pages 535-561, October.

White, R. (2007) “Immigrant trade links, transplanted home bias and network effects”, *Applied Economics*, vol. 39, pp. 839-852.

Grading:

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

1. **Solve individually a problem set (30%).** 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 **December 12th 2016 (in my mail box in the professor room at the Departament d’Economia Aplicada, Facultat d’Economia i Empresa, UAB).
2. **Exams in class (70%).**
We are organizing two short exams on:
 - November 29th 2016 at 16:00
 - December 01st 2016 at 16:30.

Each exam will last about 30 minutes. Students will be asked for answering a set of short questions covering the material discussed in class in the previous meetings.