Index

accessibility
  and attraction 188–90
  and trade agreements 179
Acemoglu, D. 106
Adams, J.D.R. 378
AFTA (ASEAN Free Trade Agreement) 250
agglomeration 136, 137–41, 176, 177, 179, 214, 217, 219, 221, 229, 239, 243–46, 269–73, 288, 341, 344
Aghion, P. 99–100
Amiti, Mary 145, 208
anti-trust policies see competition policy
Antonakis, N. 22, 30
ASEAN (Association of South East Asian Nations)
  bilateral FTAs 250, 251
  and China 248, 251
  and Japan–Korea–Taiwan 248
ASEAN Free Trade Agreement see AFTA
Asian Crisis 250, 255, 355, 358
asymmetric shocks 361, 367–74
asymmetric border regions and economic integration 266–8
asymmetry concept in taxation 468
Austria
  Eastern European effects on jobs 296, 303–20
  human capital constraints 318–19
  human capital investment 319
  human capital scarcity 313–15
  investment in Eastern Europe 299–303
  labour skills 309–14
  multinationals 302–309, 320
  outsourcing 300, 303–304, 309–14, 317–18, 319, 320
  R&D subsidies 317–18
  relative wages 315–17
  reverse Maquiladoras pattern 314–17
  subsidiaries in Eastern Europe 304–309
  trade integration with Eastern Europe 297–8
Azariadis, C. 104–105
backward linkage and agglomeration 244
Baldwin, R. 225, 240, 250, 263
bancor (Keynes) 352, 353
banks
  deposit guarantee schemes 399
insolvency 399
  licensing 398
  supervision 398
see also European financial law
Baumol, William J. 104
Behrens, Kristian 264
Bernard, A. 102, 103
BERT (Body of European Telecoms Regulators) 54
Bertrand competition 102
Blair, Prime Minister Tony 30
Blinder, Alan S. 265
border effect (on trade) 122
Brady Plan 354
branding (product differentiation) 259
Bretton Woods 351–3, 358
CAC (collective action clauses) 356
Camagni, Roberto 150, 151, 162, 166
capital
  export neutrality (CEN) 567, 568, 570, 571
  import neutrality (CIN) 567, 568, 571
  income definition (Schanz–Haig–Simons) 568
  income taxation see taxation
  markets policy objectives 398–402
  mobility 133–5
  relocation 232–5
  tax rates 441–2
catching-up industrialisation 251
CEBS (Committee of European Banking Supervisors) 406, 408, 415
CEE (Central Eastern Europe) 297, 298, 301, 302, 303, 307–309, 310
CEIOPS (Committee of European Insurance and Occupational Pensions) 415
CESR (Committee of European Securities Regulators) 415
China
  and Hong Kong 266–7
  regional inequality 257–8
Chirac, President Jacques 30
CIS (Commonwealth of Independent States) 297, 298, 301, 302, 303, 307–309, 311
city-network theory 156–57
Clarke, T. 36
clusters see industrial clusters
  collusive agreements argument on tax competition 563–4
commodity mobility 124–31
common markets xxiii, 78
Community credit institutions 407, 409–10
community loyalty concept 469–70
commuting costs 140
companies see firms
comparative advantage theory 31, 162–3
compensation of investors 401
competition
big business 22, 32
effect 160
law 57
policy
East Asian 27
EU 21–7, 29, 30–31, 36, 37, 39, 57
and industrial policy 21–40
Japan 27
in network industries 51–2
competitive equilibrium 132
Completion Point (debt relief) 357
core-periphery model 135–7, 138
corruption 35
cost-saving attraction 170, 179, 183, 203
CP see competition policy
cross-hauling 126–7
cultural unfamiliarity and trade 324
cumulative technology regime 92
customs unions xxiii, 78, 158–9, 445
de Gaulle, President Charles 5, 19
de Grauwe, P. 365, 366, 367, 368, 372, 374
de Groot, H.L.T. 335
de Larosière, Jacques 414
de Larosière report 394, 413–15
death of distance 119, 121–2, 132, 246, 272,
324, 334
debt relief 356–7
Decision Point (debt relief) 357
deindustrialisation 231
delivered/consumer pricing 123, 124
Delors, President Jacques 150, 371
demand components 155
demand effect 160
Demsetz, H. 25
density of economic activities 242
deposit guarantee schemes 409
developed market-based economies 397–402
diffused concentration 151, 163
distance decay effects 119, 121–2, 132, 246,
272, 324–42
Doha Declaration 207
domestic firms
effects of economic integration 77–88
and product markets 80
R&D 79, 80, 81, 82, 86, 88, 100
technological capabilities 79, 80, 85–6, 87
see also firms
downstream firms 208–209, 210, 214–17
Drazen, A. 104–105
Dupont, V. 225
Durlauf, S.N. 104, 106
East Asia
competition policy 27, 28
economic integration and production
linkage 246–51
and European manufacturing 30
exports 247, 250
GDP data 242, 256, 257
industrialisation spread 251
integration level 252, 259
and intra-regional trade 247–8
machinery industry trade 247
multinationals 248
regional income inequality 255–8
regional integration and spatial income
disparities 242–60
Eastern Europe
effects on jobs 296, 303–20
FDI 298, 302
and global division of labour 299–303
investment integration 297–8
labour skills 309–14
and multinationals 300, 302
relative wages 302, 315–17
subsidiaries in 304
trade integration 297–8
EC Single European Act 402
EC Treaty
Article (2) 453
Article (3) 447, 453
Article (4) 447, 453
Article (10) 465, 469, 470
Article (24) 465, 467
Article (81) 57, 58, 59
Article (82) 57, 58–59
Article (86) 48, 49, 50
Article (95) 49
Article (104) 546, 547, 548
Article (293) 469
community loyalty concept 469–70
competition law 57
economic policy contradictions 454–5
economic policy instruments 453–4
ESCB and price stability 449
excessive deficit spending 448–9
multilateral surveillance instruments 447–8
social policy 449
state aid restrictions 469
tax policy 453, see also taxation
ECB (European Central Bank) 360, 363, 367, 369, 429
economic crime 402, 405
economic geography 119, 120, 132–41, 144, 159–61, 179, 224, 225–30, 269, 270, 341
economic integration
absolute advantage of regions 161–3
aggregate regional approach to spatial effects of 150, 157–63
aggregate urban approach to spatial effects of 150, 155–7
agreements (EIAs) 78–87
and asymmetric border regions 266–8
capital income transborder taxation 378–91
comparative advantage of regions 161–3
and competition 152–3, 159–61
creation of large markets 150–52
and customs union theory 158–9
and distance 119, 121–22, 132, 246, 272, 324–42
and domestic firms 77–88
in Eastern Europe 296
economic aspects 394–402
European financial law 402–12
European regulatory framework 402–12
and FDI (foreign direct investment) 150–53
framework on spatial effects of 149–50
and geographical concentration 138–9
and implementation (EU) 37–9
and industrial clusters 262–87
industrial homogeneity of local economies 154–5
industrial specialisation of local economies 154
and industry reallocations 169–204
internal market 473–4
intra-industry trade 154–5
and market potential theory 157–8
meso approach to spatial effects of 150, 154–5
micro approach to spatial effects of 150, 150–53
and new economic geography 159–61
and production linkage in East Asia 246–51
and regional policy 224–39
and spatial effects 148–9, 150–55
stages in 263
and transport costs 245–6
types xxiii, 78
as welfare enhancing 127
see also EU fiscal integration; European Court of Justice; taxation
economic unions xxiii, 78
EDP (Excessive Deficit Procedure) 546–9
EDSP (European Spatial Development Perspective) 273, 279
efficient allocation 32
Eichengreen, B. 364, 365, 366, 369, 372, 374
emergent properties 96
emphasis on imitation parameter 92
empty chair crisis 19
EMR (European Metropolitan Regions) 262–87
EMU (Economic and Monetary Union)
annual report 450–51
asymmetric shocks 361, 367–74
breakup hypothesis 364–7, 374
and ECB 360
economic criticism of 361–7
and euro bond issue 371, 372
German influence 370–72
Karlsruhe Court ruling 371, 372, 373
and OCA theory 360
and other monetary unions 364, 375
public finances 451–2
and recession 360
stability 364, 372
endogeneity theory 368
Enright, Michael J. 276, 277
equivalence concept in taxation 467–8
ESCB (European System of Central Banks) 414, 449
ESFS (European System of Financial Supervision) 415
ESRC (European Systemic Risk Council) 414
EU (European Union)
banking sector rescue 30
benefits of 3–4
catch-up growth 12–13
competencies 6
competition policy (CP) 21–7, 29, 30–31, 35–9
Council Regulation (1055/2005) 450
Council Regulation (1466/97) 450
Council Regulation (1467/97) 449, 450
Council Regulation (3605/93) 449
democracy issues 9, 12–13, 14–16
Eastern Europe see Eastern Europe
economic integration and implementation 36–9
and economic integration/agglomeration 245
Education and Training work programme 29
Electricity Directive 55
fiscal competition 12–13, 17
Gas Directive 55
GDP data 224, 242
GSP (generalised system of preferences) 266
harmonisation
advantages 10–12
conflicts of interest (consumer/producer) 7–16
fiscal 14, 17
of laws 4–5
process 5–7
and Hayek’s true agreement 9
immigration 319
industrial policy
and competition 21–6, 29, 30–31
and new trends 26–31
institution/members shared competence 4
institutional competition 9–12, 16, 17
inter-regional inequalities 152
intra-regional trade 250
intranational trade 123
job losses 319
KLEMS database 70
labour skills 309–14
level of integration 3, 263
mergers and acquisitions 36, 37, 38, 55, 68–9
and non-neoclassical economics 2
protectionist policies 30, 34
QMV (qualified majority voting) 4, 5, 6, 12, 19
R&D promotion 82–3
R&D subsidies to Germany & Austria 317–18
regional policy budget 224
separation of powers 3
single currency 4
Single Market Programme 263
SME (small and medium enterprises) 37–8
support for 3
taxation 12–13, 15–16, 478, see also taxation
trade integration with Eastern Europe 297–8
VAT harmonisation 6
see also network industries
EU fiscal integration
at EU level 427–8
concept 395–6
economic aspects 394–402
economic/budgetary framework change 476
EU as customs union 445
fiscal sovereignty 474
fragmented tax legislation 475–6
instruments and methods 428–30, 474, 475
labour distribution 446
legal aspects 455–74
legal framework change 477–8
legislation 455–8
negative 396
positive 397
progress in 445–6
public finances report 452
social protection models 444
social security contributions (SSC) 430–34
tax harmonisation 554–5, 562–6
top rate personal income tax 438–9
see also taxation
EU Industrial Policy in Times of Climate Change and Globalization 3
euro bond issue 371, 372
European Banking Authority 415
European banking law see European financial law
European Commission
and asymmetric shocks 368
functions 50
and Lisbon Strategy 29
regulatory veto power 53–4
White Paper Financial Services Policy 403
White Paper on the internal market 402
European Council of Ministers
and democracy 13
and harmonisation 13
passerelle clauses 6
European Court of Justice
Article (86) ruling 48, 49
case law 4–5, 48–9, 58, 459–74, 478
case law contradictions 464–5
community loyalty concept 469–70
direct taxation cases 460–61
and domestic/cross border taxation comparability 465–7, 476
double taxation abolition 470–73
and internal market achievement 473–4
landmark cases 460–61
rule of non-discrimination 459
ruling on cross-border movement 459
tax jurisdiction 470, 473–4
and taxation 428, 429, 459–74
European financial integration see European Union fiscal integration
European financial law 402–12
application of provisions 405–406
banking law 404, 405–12
branches of 404–405
classification of provisions 406–12
Community credit institutions 407, 407–10
consumer protection 401
definition of 403–406
and deposit guarantee schemes 409
and economic crime 402, 405
electronic money institutions 408
negative financial integration 396, 407
non-Community credit institutions branches 411
subsidiaries 411
positive financial integration 396, 397, 407–10
readjustment 413
sources of 406–407
and supranational authorities 409
see also supranational authorities 409
European financial policy
ECOFIN Code of Conduct 450
financial integration concept 395–6
instruments 397–402, 412
objectives 397–402
SGP (Stability and Growth Pact) 363, 429, 450
European financial system
functions 394–415
infrastructures 394–415
stability 398–9
European Insurance Authority 415
European Merger Regulations 59–62
European Metropolitan Regions (EMRs) 262–87
European Parliament, support for 3
European regulatory framework for economic integration 402–12
European Round Table 5
European System of Supervision and Crisis Management 414
European Telecommunications Authority 54
European Treaty
Article (103) 360
Article (251) 406
and single currency 5, 361
Single European Act 402
and structural reform 372
eurozone 360–74
evolutionary growth models 91–6, 110–13
functional specialisation 268–9
ex-ante regulation 51, 52
ex-post regulation 51
explicit knowledge 270
external meso-environment 32
factor market-clearing 213
factor markets and EIAs 82–3
factor price equalisation 379
FC (footloose capital) model 225, 226
FDI (foreign direct investment) 150–53, 179, 193, 196, 198, 201, 264, 267, 298–9, 552–4
Feldstein, Martin 361, 362, 364, 372
final goods tariffs 217
financial crisis (2007) 413
Financial Services Action Plan 403
financial services consumer protection 401
financial systems
functions 394–415
infrastructure 394–415
stability 398–9
firm-based approach
duopoly 173–5
monopoly 171–2
single plant 172, 175–7, 179–96
two horizontal plants 172–3, 177–8
vertical supply chain 173
firms
agglomeration of 136, 137–41, 176, 177, 179, 214, 217, 219, 221, 229, 239
in agriculture 212
downstream 208–209, 210, 214–17
export/FDI arbitrage 198
free entry 181, 182
horizontal links 270
location factors 207–21, 226, 269, 276–7
in manufacturing 211–12
market access 214
market size and competition 184
production costs 214
technology and competition 184
trade liberalisation 184
transport costs 245–6
two-country multi-firm 179–84, 225
upstream 208–209, 210, 214–17
welfare 184
see also domestic firms; industry; trade
first-nature attributes 243
five freedoms 4
flat world 119, 324
Florax, Raymond J.G.M. 326
flying-geese process 243, 251–2
forward linkage and agglomeration 244
free trade areas xxiii, 78
Friedman, Milton 361, 362, 364, 372
FSAP (Financial Sector Assessment Program) 357
Fujita, Masahisa 208, 242, 243, 254, 259, 262
functional specialisation 268–9
G20 (2009) 479
Galor, O. 105
gateway cities 279, 289
GATS (General Agreement on Trade in Services) 411
GATT (General Agreement on Trade and Tariffs) 379, 380, 388, 389
GATT/WTO 379, 380, 388, 389
Geelhoed, Leendert 463
Germany
asymmetric shocks 370–72
Eastern European effects on jobs 296, 303–20
human capital constraints 318–19
human capital investment 319
human capital scarcity 313–15
investment in Eastern Europe 299–303
IT jobs Green Card 319
labour skills 309–14
multinationals 302–309, 320
outsourcing 300, 303–304, 309–14, 317–18, 319, 320
R&D subsidies 317–18
relative wages 315–17
reverse Maquiladoras pattern 314–17
subsidaries in Eastern Europe 304–309
trade integration with Eastern Europe 297–8

GERT (Group of European Regulators in Telecom) 54
Giersch, Herbert 157
global governance 36
global sourcing 179
global village 324, 330
globalisation
causes 119
and distance 324–42
Eastern Europe and global division of labour 299–303
effects on firms/sectors 151
effects on governments 3–4
and labour taxes 557
goods flows 379
goods price equalisation 380
governance mix 33
gravity equation 121–2, 191
growth-pole theory 152–3
GSP (generalised system of preferences) 266

Hamada, K. 378
Hamaguchi, Nobuaki 243
Head, K. 121
heterogeneity
and agglomeration of firms 244
of firms 131, 135, 169, 179–84, 187
models 90, 93–113
of workers 138–40
HIPC (highly indebted poor countries)
Initiative 356
home-market effect 226, 229, 246
Hong Kong, and China 266–7
Hopenhayn, H. 97–8, 99, 101
horizontal FDI 267
Howitt, P. 106
hub effect 235, 236, 240
human capital crisis and immigration 319
Hume, David 162

IMF (International Monetary Fund)
and Argentina 356
Article (4) consultations 357
Asian Crisis 355, 358
Bretton Woods 351–3, 358
Compensatory Financing Facility 353
Conditional Financing Facility (CFF) 354
crisis lending 353–5
Global Financial Stability Report 357
HIPC Initiative 356
key economies 357
Keynes plan 352, 354
membership 351
Mexican Crisis 255, 357
Monetary and Capital Markets department 357
PRGF 356, 358
scarce currency clause 352
SDR 358
SDRM 355
Second Amendment 353, 358
staffing 351, 358
and Washington Consensus 354–5
White plan 352
and World Bank 357, 358, 359
world crisis 359
immigration 319
imperfect competition 22
income disparity advantages 251
industrial clusters
advantages 274–6
and agglomeration economies 269–73
cluster dimensions 277
cluster index 277
cluster regions 277, 278
cross-border 262
disadvantages 274–76
and economic integration 262–87
identification methods 276–9
input sharing 262
and knowledge spillover 262
labour market pooling 262
and market integration 269
Marshallian trinity 262, 287
Nuremberg case study 279–87
industrial dynamics and growth 97–100
industrial location
and economic integration 230
factors in 243–4
and public infrastructure 225
and trade liberalisation 207
industrial policy
and competition 21–40
East Asia 27, 28
EU 21–6, 29, 30–31, 39–40
Japan 27, 28
and new trends 26–31
value and sustainability 31–6
industrial tariff reduction 207
industry
accessibility and attraction 188–90, 196
deindustrialisation 231
gravity equation 191
growth and international trade 100–104
many-country models 190–91
many-sector models 190–91
market size and competition 184
multinationals 152, 153, 171, 179, 196–203
productivity gains 194, 202–203
reallocations 179–86
and regional policy 224, 232–8
specialisations by country 197
technology and competition 184
three-country models 187–8, 196
trade liberalisation 101–102, 131, 135, 171, 184, 191–2, 193, 194, 195, 207–21
trade networks 187–96
transport costs 245–6
two-country models 179–84
and wealth creation 21–2
welfare 183–4
infrastructure argument on tax competition 559–62
infrastructure projects 235–6
input sharing 262
institutional competition 9–12
institutional environment 33
integration/domination relationship 152
inter-regional trade theory 154
intermediate goods exchange 249
intermediate goods tariffs 217
internal market and ECJ case law 459–60
international trade
desirability 127
and economic geography 119, 121
and industry growth 100–104
theory 119, 154
see also trade
dernationalisation 553
intra-firm trade 131
intra-regional trade
EU 250
US 250
investors compensation 401
IP see industrial policy
Isard, Walter 157
Jabbour, Liza 264, 265
Japan
competition policy 27
labour migration 254
Ministry of Economy, Trade and Industry (METI) 27
Ministry of International Trade and Industry (MITI) 27
regional economy 254–5
Tokyo monopolar system 255
Jevons, Stanley 31
Johnson, P.A. 104
Jovanovic, Miroslav N. 78, 97, 136–7, 288, 369
Kalai, E. 389
Kalai-Smorodinsky solution 389
Kelly, M. 106
Kennedy, President John 352
Keynes, John Maynard 352, 354
knowledge
externalities 271–3
and proximity 272–3
spillover 262, 270, 271
Krueger, Anne 355
Krugman, Paul 127, 128, 135, 137, 141, 154, 161, 166, 208, 225, 226, 264, 362, 368
labour
costs 151, 251
market pooling 262
outsourcing 264–5, 266, 268, 269, 300, 301, 303–304, 309–14, 317–18, 319, 320
personal services 265
relative wages 302, 315–17, 320
relocation 232–5
time theory of value 31
Lamfalussy procedure 406
Lamfalussy Report 403
law of one price 124
Léger, Philippe 463
life-cycle theory 158
Linder, S.B. 155
Linders, G.J.M. 335
Lipietz, A. 152
Lisbon Agenda, R&D goals 83
Lisbon Strategy 29, 273
Lisbon Treaty see Treaty of Lisbon
localisation economies 269, 277
lock-in effect 246
long-run equilibrium 229
Luttmer, E. 98, 99
M&As (mergers and acquisitions) 35, 37, 38, 55, 68–9
Maastricht Treaty see European Treaty
McCallum, J. 122
macro growth models 104–107
macro-environment 32–3
Malerba, F. 96
Maquiladoras 316–17
Marin, Dalia 267, 268, 313
market-based economies
  financial policy instruments 397–402
  financial policy objectives 397–402
  main economic functions of 394
market-seeking attraction 170, 178, 179, 183, 203
market-size effect 160
markets
  equilibrium 211–13, 226, 228
  expansion 136, 159
  failure theory 36
  home-market effect 226
  integration 47–8, 264–6, 269
  opening 47–8
  potential theory 157–8
  regulatory intervention policy objectives 398–402
  structure 132–3
Marshall, Alfred 270
Marshallian trinity 262, 287
Martin, P. 225
Marx, Karl 24, 31
Master Concept of Development 281, 290
Mayer, T. 121
Mayer-Foulkes, D. 106
Melitz, M. 101, 102, 103
Menger, Karl 31
meso-environment 32
meta-analysis
  contiguity variable 338
  data type 333, 337
  descriptive statistics 326–30
  distance decay 336–42
  empirical results 334–5
  estimation characteristics 333, 335
  fixed-effects model 327, 328, 329, 330
  geographical characteristics 334, 338–9
  gravity model 326, 331, 333–4, 335, 337–8, 342
  meta-regression analysis 331–41, 336, 337
  as methodology 325–6
  moderator variables 331–2
  panel-data estimates 333, 337
  random-effects model 327, 328, 329, 330, 335, 338, 339
  sampling 326
  temporal characteristics 334, 338–9
  trade specification 333, 337
metropolitan areas
  East Asia 256
  Europe 273–4, 279–87
  Japan 254, 255
  Nuremberg case study 279–87
  Mexican Crisis 255, 357
  MFN (most favoured nation) tariffs/states 207, 222, 380, 388
  migration of labour 120, 121, 135–6, 137, 138–9, 140, 142–3, 160, 242, 254, 446
  Mill, J.S. 8–9
  mill pricing 123, 124
  MNEs (multinational enterprises) and EIs 79
  Moav, O. 105
  MOI (market opening index) 71
  monopolies 22, 23, 25, 26, 32, 34, 45, 128–31, 169, 171–2
  multilateral FDI liberalisation 200, 201
  multilateral trade liberalisation 192, 193, 194, 200, 201
  multinationals 152, 153, 171, 179, 196–203, 248, 251, 300–309, 320, 552, 553
  multiple equilibria model 104–105, 107, 161
  multiregion new economic geography model of integration 224, 225–30
  Mundell, R.A. 379, 388
  Myrdal, G. 161
  Myrdal model 161
NAFTA (North American Trade Agreement)
  GDP data 242
  Nash bargaining 389
  Nash equilibrium 378
  Nash, J.F. 389
  negative financial integration 396, 407
  Nelson, R.R. 24, 90, 91–6, 110
  Nelson and Winter evolutionary growth model 91–6
  neoclassical trade theory 22–4, 39–40, 124–6, 132, 243, 263
network industries
  competition in 48–62
  competition law enforcement 57
  competition policy 51–2
  coordination 46
  cross-border activities 64–7
  data collection 70
  economic characteristics of 45–6
  economic importance 46–7
  effects of liberalisation 69–70
  effects on prices 70–72
  effects on productivity 72
  efficiency gains 48
  energy industry 55–6
  harmonisation 48–9
  institutional design 50–51
  legislative instruments in 49–50
  liberalisation 48–9
market integration in 45‒8
market integration rationale 47‒8
market opening rationale 47‒8
market structure in 62‒72
mergers and acquisitions 59‒62, 68‒9
overall performance in 62‒72
regulation in 48‒62
regulatory framework 52
sector-specific regulation 51–2
telecommunications industry 52‒4
USOs (universal service obligations) 46
variations within 46
new economic geography (NEG) 160, 179, 224, 225‒30, 269, 341, 344
new trade theory 341
On Liberty 8‒9
Ottaviano, G. 102
outsourcing 264‒5, 266, 268, 269, 300, 301, 303–304, 309–14, 317‒18, 319, 320
overlapping-generations model 105–106
overprovision argument on tax competition 565–6
passive learning model 97, 98
payment and settlement systems 401
Penrose, Edith 24, 25
perfect competition 22, 32, 132, 154
perfect contestability 32
peripherality 157‒8
Perroux, F. 152, 153
Pitilis, Christos N. 0, 22, 23, 25, 26, 27, 29, 32, 34, 36, 37, 38–9
Polak, Jacques J. 353
Poland, relative wages in 315‒17
Polanyi, Michael 270
population thinking 6
Porter, Michael 25, 28, 39, 274, 275, 276
positioning strategies 34
positive financial integration 396, 397, 407–10
Praussello, Franco 364
preferential FDI agreement 201
preferential liberalisation 190
preferential tariff agreement xxiii, 78
preferential trade agreements 192, 194, 200, 201, 225
PRGF (Poverty Reduction and Growth Facility) 356
price collusion 23
price-specie-flow mechanism 162
pricing policy 123, 124
problematic enterprises 27
product differentiation (branding) 259
product market equilibrium 211–13
production
disintegration 264–6
factors 128, 132, 135–6, 208, 210
functional specialisation 268–9
sectoral specialisation 268–9
productivity 135, 194, 202–203
protection of investors 399
protectionist policies 30, 34
proximity and knowledge 272–3
Puga, D. 225, 240
QMV (qualified majority voting) 4, 5, 6, 12, 19
rational ignorance 6
re-equilibrating mechanisms 163
regional income inequality, East Asia 251‒8
regional industrial clusters 277, 278
regional infrastructure projects 235–6
regional innovation networks 277
regional innovation systems 277
regional integration
and domestic firms technological capability 77–88
and production specialisation 243
of production systems 242‒60
and spatial income disparities (East Asia) 242–60
regional policy 224, 232–8
regional specialisation 275
regional subsidies 236‒8
regulatory intervention
policy objectives 398–402, 412
public interest approach 417
replicator equations 95
residence principle in taxation 567–70
restrictive practices 31
reverse Maquiladoras pattern 314–17, 320
Rhenish Capitalism 26
Ricardo, David 31, 162
Richardson, George 24, 26
Rodrik, D. 37
Rogers, C.A. 225
Rossi-Hansberg, Esteban 268
Sarkozy, President Nicolas 30
scarce currency clause (IMF) 352
Schröder (Schroeder), Chancellor Gerhard 30, 318
Schumpeter, Joseph 24, 25, 99
Schumpeterian effect 100
Schumpeterian growth model 106
science-based regime 92
SDR (Special Drawing Right) 358
SDRM (Sovereign Debt Restructuring Mechanism) 355
SEA (Single European Act) 5
sectoral specialisation 268–9
SEE (Southern Eastern Europe) 297, 298, 301, 302, 303–309, 310
selection-based growth 95
sequential bilateral trade liberalisation 217, 218, 220
SGP (Stability and Growth Pact) 363, 429, 450
short-run equilibrium 228
side-payments 389–90
simultaneous trade liberalisation 214–17
Single European Act 402
single-plant firms 172, 175–7, 179–96
SMEs (small and medium enterprises) 38
Smith, Adam 24, 31, 557
Smorodinsky, M. 389
snowballing 326
social policy, EC Treaty 449
Solow, R. 91
Sorg, Armin 309
spatial capital mobility 133–5
spatial development (bell-shaped curve) 138–40
spatial economic perspectives 243–6
spatial effects of economic integration see economic integration
spatial general equilibrium perspective 242
spatial income disparities (East Asia) 242
spatially bound knowledge externalities 270
Stadler, Friedrich 313
standard argument on tax competition 556–9
static efficiency 32
Stolper-Samuelson theorem 125–6, 316
structural unbundling 56
subsidies to regions 232–8
substitution elasticity 160
supply components 155
Tabuchi, Takatoshi 254
tacit knowledge 270
tariff jumping 236
tariffs 207, 208, 214, 216, 217, 219, 220, 221, 222, 263
taxation
asymmetry concept 468
at central government level 434, 509–10
at local/municipal level 434
at state/regional government level 434
bargaining solutions 389
bilateral treaties 381, 382
capital duties 457, 532–3
capital income transborder 378–91
central government level 434
corporate income tax 445, 495–6, 534–5, 554, 557
credit 381
direct taxation ECJ landmark cases 460–61
direct taxes 432, 457–8, 460–61, 491–6
domestic/cross border comparability 465–7
double taxation 378, 379, 381, 470–73
abolition 470–73
economic policy instruments 453
economic policy objectives 453
economic/budgetary framework change 476
employees contributions 507–508
employers contributions 505–507
environmental (green) tax 442–4, 536–45
equivalence concept 467–8
in EU 12–13
and European Court of Justice see European Court of Justice
European Union fiscal integration, tax at different government levels 434–5
excise taxes 456–7, 501–502
factor flows 388–9
factor price equalisation 379
and FDI 553–4
foreign source income categories 381
fragmented legislation 475–6
GATT/WTO 379
and GDP 485–90
goods flows 379, 388–9
goods price equalisation 380
harmonisation
and capital export neutrality (CEN) 567, 568, 570, 571
and capital import neutrality (CIN) 567, 568, 571
historical 552
implicit tax rates
capital 530–31
on consumption 436–7, 517–18
on labour 438, 521–2
indirect taxes 432, 497–502
infrastructure argument on tax competition 559–62
integrated tax systems 426
of investment income 390–91
jurisdiction areas 468, 470, 473–4
local/municipal government level 435, 515–16
major tax indicators convergence 430–46
major tax indicators divergence 430–46
MFN tariffs 207, 222, 380, 388
mutually lowered tax rates 381
and national law 458
non-discriminatory restriction 468
non-employment labour income 440–41, 526–9
on non-employment labour income 440–41
personal income tax 493–4
policy coordinating mechanism in EU 446–55
political good will in EU 478
relief rationale 379
relief systems 382
residence principle 567–70
similarities in EU 431
social contributions 503–508
social security 432, 511–12
social security contributions 519–20
standard argument on 556–9
state/regional government level 434, 513–14
tax mix (share of major taxes in total) 431–2
tax burden by economic function 435–44
tax competition 555–62, 568
and capital mobility 570
collusive agreements argument on 563–4
harmful 555–62, 571
overprovision argument on 565–6
tax game argument on 564–5
tax evasion 563
tax harmonisation (EU) 554–5, 562–6, 567, 570
tax havens 563, 569
tax rates on capital 441–2
tax revenue developments 435
tax wedges 439–40, 445, 525
top rate personal income tax 438–9,
523–4
total average tax burden 430–31, 444
on transport systems 443, 445
treaties 378, 380, 381–3, 388–9, 390–91
treaty relief 381–3, 386–8
treaty side-payments 389–90
unilateral relief 381, 384–6
VAT 429, 436, 437, 445, 455–6, 462, 467,
474, 475, 478, 499–501, 550
Topes, D.J. 36
TFPs (total factor productivities) 192
Thatcher, Prime Minister Margaret 5
The Theory of the Growth of the Firm 25
Thisse, Jacques-François 242
Thompson, W. 389
Tiebout theory 553
Tokyo monocrop system 255
trade
accessibility and attraction 188–90, 196
agreements and accessibility 179
attraction and accessibility 188–90
border effect 122
calibration 191–2
and commodity mobility 124–31
costs 119, 120, 121–4, 125, 128, 142, 143, 148, 154, 216
cultural unfamiliarity 324
demand components 155
desirability 127
and distance 122, 123, 324–42
equilibrium 211–13
firm-based approach 171–9
gateway cities 279
and geography 121, 122, 123–4, 141
industry reallocations 179–87
intra-firm 131
intra-industry 154, 169
intra-regional (East Asia) 247
liberalisation 101–102, 131, 135, 171, 191–2,
193, 194, 195, 200, 201, 203, 207–21, 264
many-country models 190–91
marketing costs 122
monopolistic competition 128–31, 171–2
multinationals 152, 153, 171, 179, 196–203
neoclassical theory 124–6
networks 187–96
new theories 126–31, 264
off shoring 264–6
outsourcing 264–5, 266
preferential trade agreements 192, 201
and regional policy 224, 232–8
simulation 191–2
specialisations by country 197
supply components 155
tariff/non-tariff costs 122
TFPs (total factor productivities) 192
theory 154
three-country model 187–8, 196
time related costs 122
and transport costs 119, 120, 122–23, 125,
142, 160, 339–41
two-country models 179–84
two-way/horizontal 154, 155
zero trade costs 124
see also international trade; meta analysis; monopolies; tariffs
transferable securities 400
transport costs 245–6
transport industry 125
Treaty Establishing the European Community
see EC Treaty
Treaty of Lisbon 3, 6
Article (352) 14
Enabling (Flexibility) Clause 6, 9, 13–14
and EU harmonisation 16
Karlsruhe Court ruling on 371, 372
Treaty of Rome
Article (3) 142
Article (71) 142
Article (85) 26
Article (86) 26
Article (100) 4
Article (235) 13–14
SEA (Single European Act) 5
treaty side-payments 389–90
Tsiddon, D. 105
tyranny of the majority 14–16
UCITS (undertakings in collective investments in tradeable securities) 400
unified growth theory model 105
United States
balance of payments (1960s) 352–3
intra-regional trade 250
and monetary union 366
outsourcing 266
protectionism 30, 34
upstream firms 208–209, 210, 214–17
urban hierarchy 155–6
urban system, equilibriated 156
urbanisation economies 269, 277
USOs (universal service obligations) 46
utility 31, 219–20
value creation 31–6
VAT harmonisation 6
Vaubel, Roland 13
Venables, Anthony J. 208, 225, 226, 240
Vernon, R. 158
vertical FDI 264, 268
vertical integration 56
vertical specialisation 264
vertical supply chain 173
VRIN (valuable, rare, inimitable and nonsubstitutable) resources 2
Walras’s Law 222
Washington Consensus 32, 354–5
wealth creation 31–6
Wealth of Nations 31
weightless economy 119
welfare 23, 184, 219–20, 229, 230, 231–2, 568
Whalley, J. 378
wheel of nations model 33–4
White, Harry 352
Williamson, John 353, 354
Williamson, Oliver 23, 24
Winner, H. 557
Winter, S.G. 24, 90, 91–6, 110
World Bank and IMF 357, 358, 359
world GDP concentration 242
WTO (World Trade Organization) 379, 380, 388–9
GATS (General Agreement on Trade in Services) 411
zero tariffs 216, 219, 221
zero trade costs 124, 246