## THE ECONOMICS OF INTERNATIONAL INTEGRATION

Fourth edition

Peter Robson



## **CONTENTS**

	List of figures and tables	ix
	List of abbreviations and acronyms	хi
	Preface	xiv
L	Introduction	1
	The scope of the subject	2
	The emergence of the theory of international economic	
	integration	7
	The present reach of international economic integration:	
	a global perspective	9
	Plan of the book	15
2	The theory of customs unions and free trade areas	17
	The theoretical context	17
	Customs unions and resource allocation	18
	The economics of a free trade area	28
3	Broadening the framework	37
	The terms-of-trade effects of customs unions and free trade	
	areas	39
	Economies of scale in customs union theory	41
	Conclusion	49

## CONTENTS

4	Customs unions versus unilateral tariff reduction	51
	The superiority of unilateral tariff reduction?	52
	The analysis of customs unions with public goods	55
	Public goods and the rationale for customs unions	59
	3	
5	The rationale for the integration of other	_
	economic policies	63
	Policies to overcome allocational cross-border spillovers	65
	Policies to overcome stabilization spillovers	66
	Policies for cohesion and convergence	67
	The dynamics of policy integration	68
6	The theory of common markets	72
	Integration and intra-bloc capital flows	74
	Foreign capital and the costs and benefits of integration	76
	Factor supplies, dynamic effects and convergence	80
	Conclusion	81
7	The new economics of market integration	82
	Competition and the gains from integration	83
	Market integration: appraising the gains	92
	The progress and impact of the Single European market	101
8	Transnational corporations and regional integration	n 109
	Internalization and the gains from integration	110
	Regional economic integration and the investment decisions	
	of TNCs	113
	Public policy and TNCs	116
	TNCs and regional integration in Europe	119
9	Fiscal integration	123
	Economic efficiency and the assignment of functions	123
	The relevance of fiscal federalism to regional economic	_
	integration	127
	The budget of the European Union	139
	EU budgetary issues in the longer term	151

## CONTENTS

10	Fiscal harmonization	163	
	The harmonization of indirect taxes	165	
	The harmonization of direct taxes	176	
	Tax harmonization in the EU	180	
}	Conclusion	189	
11	Monetary integration	190	
	The benefits of monetary integration	193	
	The costs of monetary integration	197	
	Fiscal policy in a monetary union	212	
	Strategies for monetary integration	215	
	Monetary integration and the EU	217	
	Conclusion	228	
12	Equity, cohesion and convergence: regional issues	231	
	The regional dimensions of economic integration	233	
	The rationale of regional policy in an economic community	243	
	The implementation of a community regional policy	247	
	Regional policy in the European Union	250	
13	Economic integration in a global		
	perspective: experience and initiatives	268	
	The 'old' regionalism among developing countries	270	
	The 'new' regionalism	277	
	Conclusion	295	
Refe	erences and select bibliography	299	
Ind	Indov		