

Contents

List of Tables & Figures	x
List of Case Studies	xiii
Preface	xv
Preface to the first edition	xvii
Acknowledgements	xviii
How to read this book	xix
List of Abbreviations	xx
Part 1 Foundation	
Chapter 1 What is Economic Integration?	2
1.1 Definition and significance	2
1.2 Economic and political integration	3
Institutional aspects of economic integration	4
1.3 Market integration and other forms	6
1.4 The stages of economic integration	7
1.5 Economic integration and the WTO	9
1.6 Economic integration and economic federalism	12
1.7 Summary	13
Appendix 1.1 European Institutions – a brief guide	13
Appendix 1.2 New numbering of treaty articles following Amsterdam	16
Chapter 2 Developing Economic Integration in the Union	18
2.1 How Western Europe's regionalism emerged	19
2.2 Aspirations of the founders	21
2.3 Deepening, widening and enlargement	23
2.4 Aspirations of the Maastricht Treaty	24
2.5 Meaning of the Amsterdam Treaty	26
2.6 Summary	28
Chapter 3 Economic Constitution of the EU	29
3.1 An economic constitution for integration	29
3.2 The economic constitution in the Rome Treaty	31
3.3 The value-added of the Single Act	36
3.4 The Maastricht Treaty	39
3.5 The incrementalism of the Amsterdam Treaty	43
3.6 Summary	46

Chapter 4	Subsidiarity and Economic Functions of the Union	47
4.1	The economics of subsidiarity	48
4.2	A subsidiarity test for the Union	51
4.3	Subsidiarity and EU regulatory strategy	54
4.4	Subsidiarity and non-regulatory EU functions	61
4.5	Summary	64
Part 2	Internal market	67
Chapter 5	Product Market Integration: The Method	68
5.1	The framework for product market integration	68
5.2	Building the Customs Union	72
5.3	From customs union to product market integration	77
5.4	Removing barriers in the internal market	83
5.5	Summary	91
Chapter 6	Product Market Integration: Economic Analysis	92
6.1	The basic theory of customs union	92
6.2	Customs union and technical efficiency	97
6.3	Customs union and decreasing costs	99
6.4	Empirical studies	101
6.5	The pro-competitive effects of a customs union	103
6.6	The economic impact of EC-1992	109
6.7	Price convergence in the internal market	114
6.8	Summary	116
Chapter 7	Services Market Integration: The Method and Economic Analysis	118
7.1	The legal framework for services market integration	119
7.2	Why regulate: market failures in services	123
7.3	Financial services: the EU regulatory framework	125
7.4	Financial services: the economic impact	130
7.5	Road haulage	134
7.6	Summary	137
Chapter 8	The internal market for network industries	139
8.1	Network industries and the EC treaty	140
8.2	The economics of network industries	142
8.3	Air transport	148
8.4	Telecoms	156
8.5	Summary	160

Chapter 9	Factor Market Integration: The Method	162
9.1	Financial capital	162
9.2	Labour	165
9.3	Technology and commercial ideas	171
9.4	Corporate control and mobility of tangible assets	173
9.5	Summary	178
Chapter 10	Factor Market Integration: Economic Analysis	179
10.1	Factor mobility in simple two-country models	179
10.2	Economic significance of factor market integration	181
10.3	The EU financial capital market	184
10.4	An emerging Euro-labour market?	187
10.5	An EU market for technology?	190
10.6	Europeanisation of business	192
10.7	Locational competition for mobile assets	196
10.8	Summary	198
Part 3	Common Policies	201
Chapter 11	Common Agricultural Policy	202
11.1	A case for the CAP?	202
11.2	Objectives, principles and instruments	204
11.3	Income protection, alternative CAP methods	206
11.4	Assessing the CAP in actual practice	214
11.5	Reforming the CAP	218
11.6	Summary	222
Chapter 12	EC Competition Policy	223
12.1	Why EC competition policy?	223
12.2	The Community's competition regime	226
12.3	Anti-collusion policy	227
12.4	Anti-monopoly policy	233
12.5	Merger control	237
12.6	Controlling state aids	241
12.7	Summary	245
Chapter 13	Common Trade Policy	246
13.1	Why a common trade policy?	247
13.2	Principle, objectives and instruments	249
13.3	Types of EC trade policy	250
13.4	Tariff protection	250
13.5	Volume protection	252
13.6	Anti-dumping: trade policy instead of competition policy	257
13.7	Preferential trade policy	261

13.8	Multilateral trade policy	267
13.9	Summary	270
Chapter 14	EC Industrial Policy	272
14.1	How to justify industrial policy	273
14.2	Why a common industrial policy?	278
14.3	Sector policies	280
14.4	EC technology policies	284
14.5	Horizontal policies	288
14.6	Summary	290
Part 4	Equity, Stabilisation and Extension	291
Chapter 15	Equity for the Union?	292
	Social Policy, Cohesion and the EU Budget	
15.1	The small social <i>acquis</i> of the Union	293
15.2	Subsidiarity and social policy	295
15.3	The economics of cohesion	299
15.4	Cohesion policies and subsidiarity	307
15.5	The Structural Funds and real convergence	310
15.6	The fundamental dilemma of the EU budget	313
15.7	Summary	314
Chapter 16	European Macro-economic Cooperation	316
16.1	Macro-economic cooperation under the Rome Treaty	317
16.2	Autonomy versus cooperation in a Mundell–Fleming model	323
16.3	New approaches to macro-economic policy making	323
16.4	The European Monetary System	328
16.5	Why beyond the EMS?	339
16.6	Summary	340
Chapter 17	Economic and Monetary Union	342
17.1	The costs and benefits of monetary union	343
17.2	Economic union	351
17.3	Towards monetary union	355
17.4	What kind of monetary union?	360
17.5	Micro–macro links in euroland	362
17.6	Monetary and fiscal policies	364
17.7	External aspects of the euro	366
17.8	Summary	368
Chapter 18	Pan-European Economic Integration	370
18.1	Economic analysis of a free trade area	371
18.2	EFTA moving into the Union	373
18.3	The pan-European process under way	376

