

Economic integration, political integration or both?

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Abstract

1 Introduction

it embraces, a coalition of a majority of the whole society could seldom take place on any other principles than those of justice and the general good.

The Rise and Decline of Nations

the shift to a new institution of the right to take at least some important decisions in economic policy

[t]he 'European difference' here lies, of course, in the juxtaposition of the historically familiar exercise of rent seeking pressures within nation-states and the prospect for a constitution of federal union that will insure competition among producers and consumers of goods and resources

and

$$() = \int_{-\infty}^{\infty} (-) \log ()$$

$$\int_{-\infty}^{\infty} () [() + ()] \quad \int_{-\infty}^{\infty} () [() + ()]$$

$$= \frac{-}{1-}$$

$$= \frac{-}{1-} + \frac{e}{/} \frac{-}{1-} = \frac{1-}{1-} + \frac{e}{/} \frac{1-}{1-} \frac{-}{/} + \frac{e}{/} \frac{-}{/}$$

$$\frac{1-\epsilon}{1-\epsilon} \frac{ik}{s}$$

$$\frac{-(-1)()^2 + \frac{e}{/}}{+ \frac{e}{/}} \frac{-(-1)()^2}{/}$$

3.1.2 Production technology

$$= (ik -)$$

ik

0

(0 1)

(0 1)

$$= ik$$

ik

$$\Pi = -ik - ik$$

deep

3.2 The political market

$$= p_1$$

3.2.1 Rent seeking technology

()

$$= \frac{ik}{\begin{matrix} p & s \\ 1 & 1 \\ & ik \end{matrix}} \quad (\quad)$$

[0 1]

ik

$$\Pi = - ik$$

$$= \begin{matrix} p & s \\ = & \\ 1 & 1 \end{matrix}$$

$$> \frac{M_p}{M_p - 1}$$

deep

0 1

$$= -(-1)\frac{1}{e}$$

$$= \frac{-1}{-1}$$

$$ik = \frac{(-1)}{-1}$$

—

—
1

gross-profit effect

$$= 1 - \text{---} = 1 -$$

$$= \frac{(-1)}{-}$$

$$() = [() - 1][$$

6 The effects of integration

and

- Economic integration

- Political integration

,

$$Q_{ik}^D = \left[\frac{L_{Q_{ik}}^v}{\sum_{j=1}^{n_k} L_{Q_{jk}}^v + \sum_{s=k}^{m_p} \sum_{j=1}^{n_s} [(1 - \alpha) L_{Q_{js}}]^v} \right]^v$$

6.2 Economic integration

$$\frac{[1 - \alpha][1 - (\beta - 1)]}{(\beta - 1)} + \frac{1 - (1 - \alpha)(\beta - 1)}{\beta - 1} =$$

economic market (; and has an ambiguous effect on innovation, economic growth and welfare.

$$\text{---} = -\frac{(1 -)(1 +)}{()^2} \quad 0$$

References

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Quarterly Journal of Economics

Journal of Political Economy

The Rise and Decline of Nations

Barriers to Riches

International Economic Review

Journal of International Economics

Quar-

terly Journal of Economics

Journal of Economic

Perspectives

A Technical appendix

A.1 Consumer behavior

$$\max_{\{k(\cdot)\}} (\cdot) = \int_0^{\infty} -(\cdot) \log (\cdot)$$

$$(\cdot) = (\cdot) + (\cdot) + (\cdot) - (\cdot) - (\cdot)$$

$$= \frac{e^{-s} - 1}{\epsilon} \frac{\epsilon}{\epsilon - 1}$$

$$(\cdot) = \frac{1 - e^{-s}}{1 - 1}$$

$$H = -(\cdot) \log (\cdot) + [+ - +]$$

$$\frac{H}{H} = -(\cdot) \frac{\frac{\epsilon - 1}{\epsilon}}{\frac{e^{-s} - 1}{\epsilon}} - = 0$$

$$\frac{H}{H} = = -$$

$$\lim_{\rightarrow \infty} (\cdot) (\cdot) = 0$$

$$-(\cdot) =$$

D()

$$- = - + - = - = -$$

$$= =$$

$$=$$

$$\Pi = \Pi + \Pi =$$

$$= \frac{1}{-1} -$$

$$\frac{(- 1)}{+} + \frac{e}{/} = - .$$

$$= \frac{(- 1)}{+} + \frac{e}{/} \text{ --- } .$$

$$i_k = \mathbf{S} (1 - \mathbf{S})$$

$$\mathbf{S} = \frac{\sum_{k=1}^{m_p} \sum_{i=1}^{n_s} \frac{v}{Q_{ik}}}{\sum_{k=1}^{m_p} \sum_{i=1}^{n_s} v}$$

A.3 Free entry

$$= 0$$

$$= - \Pi$$

$$\Pi$$

$$\frac{1}{+} + \frac{e}{/} + 1 - \mathbf{S} (1 - \mathbf{S}) = + i_k$$

A.4 The symmetric equilibrium

$$= -(-1) \frac{1}{\dots} \quad (\quad)$$

$$= \frac{1}{\dots} \quad (\quad)$$

$$\mathbf{s} = \frac{1}{\dots} \mathbf{s} \quad (\quad)$$

$$\dots = 1 + \frac{(-1)}{1 + (-1)} \quad (\quad)$$

$$\dots = \dots = - = (\quad)$$

$$\dots = \dots + \dots$$

$$\dots = 0 \quad \dots = \dots =$$

$$= \frac{(-1)}{\dots} -$$

$$= \quad + \quad +$$

$$= \frac{k}{1} \left(\quad + \quad + \quad \right)$$

$$= \frac{k}{1} \left(\quad + \quad \right)$$

$$= \quad +$$

$$=$$

$$= 1 -$$

$$=$$

A.6 Welfare

$$(\cdot) = \int_0^{\infty} -(\cdot) \log(\cdot)$$

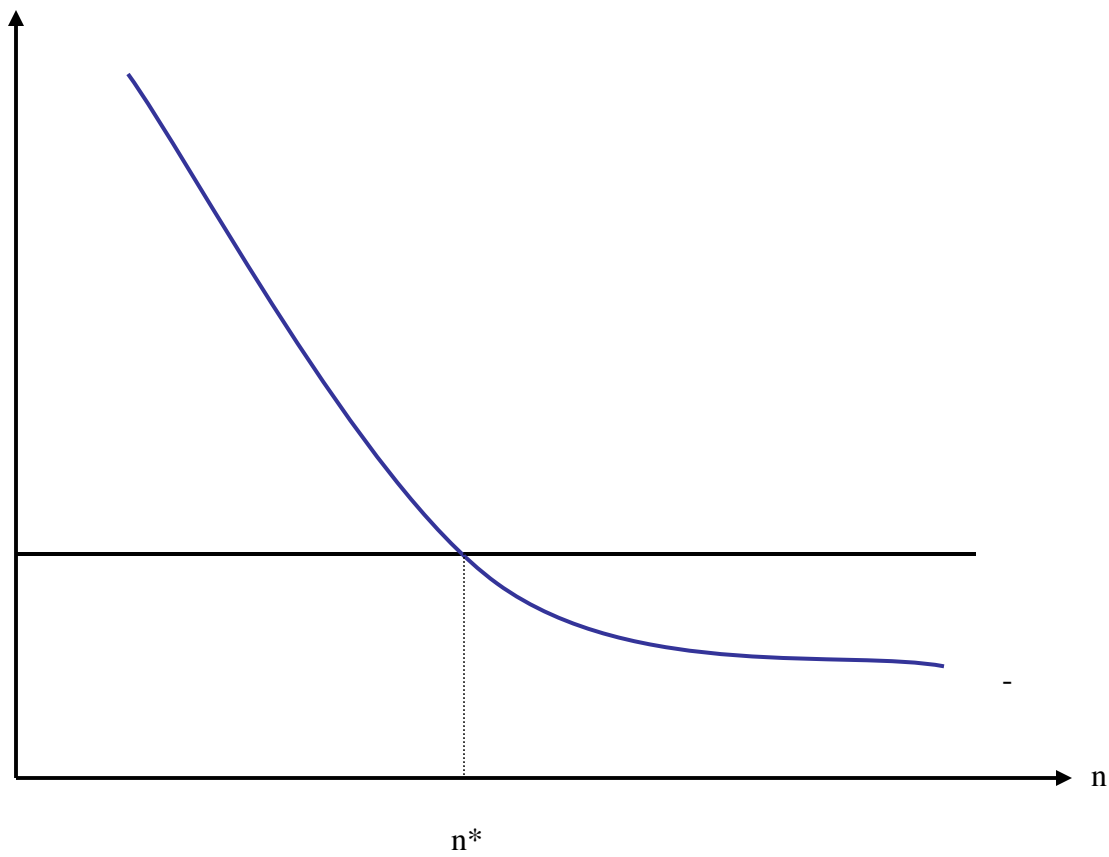


Figure 1: Equilibrium market structure

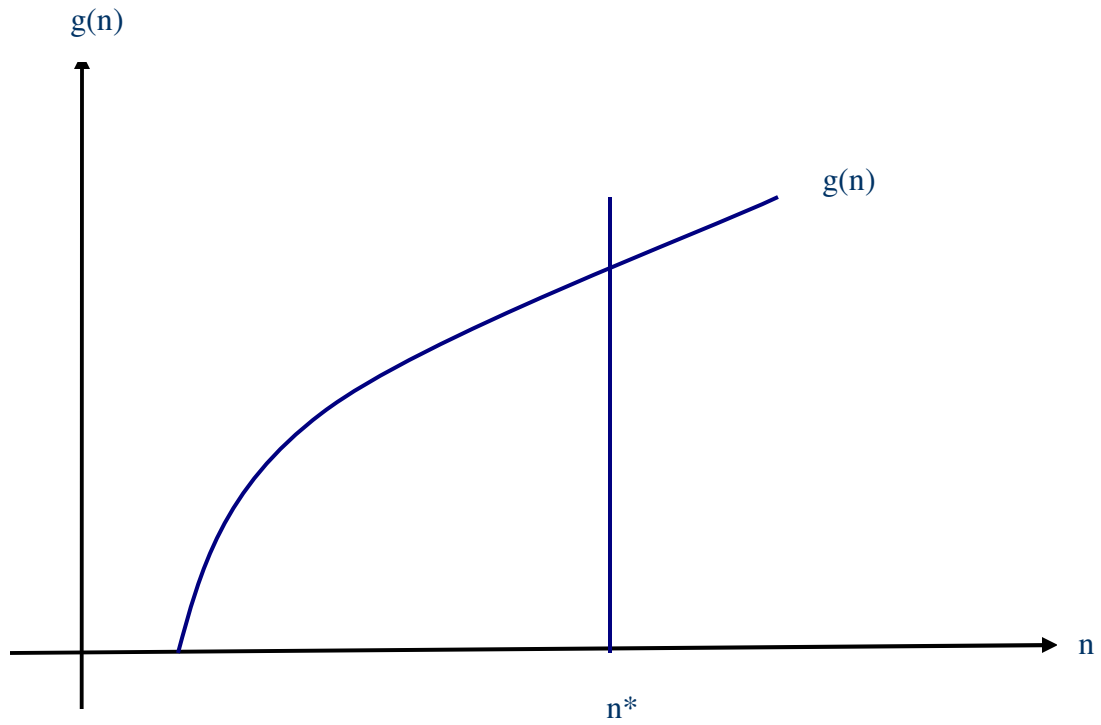


Figure 2: Equilibrium growth

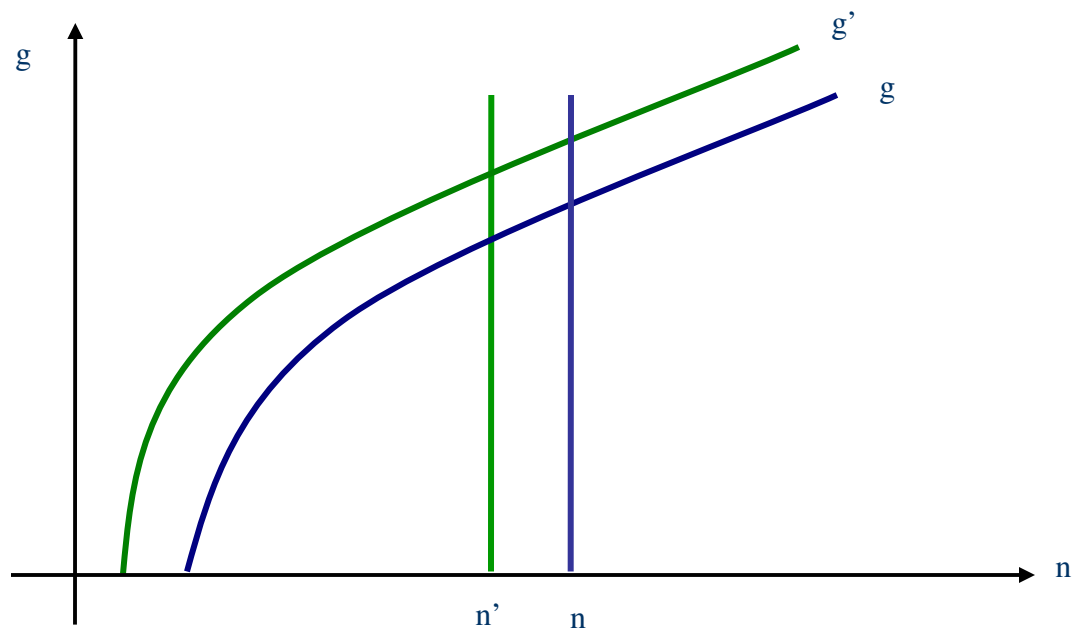


Figure 3: The effects of political integration

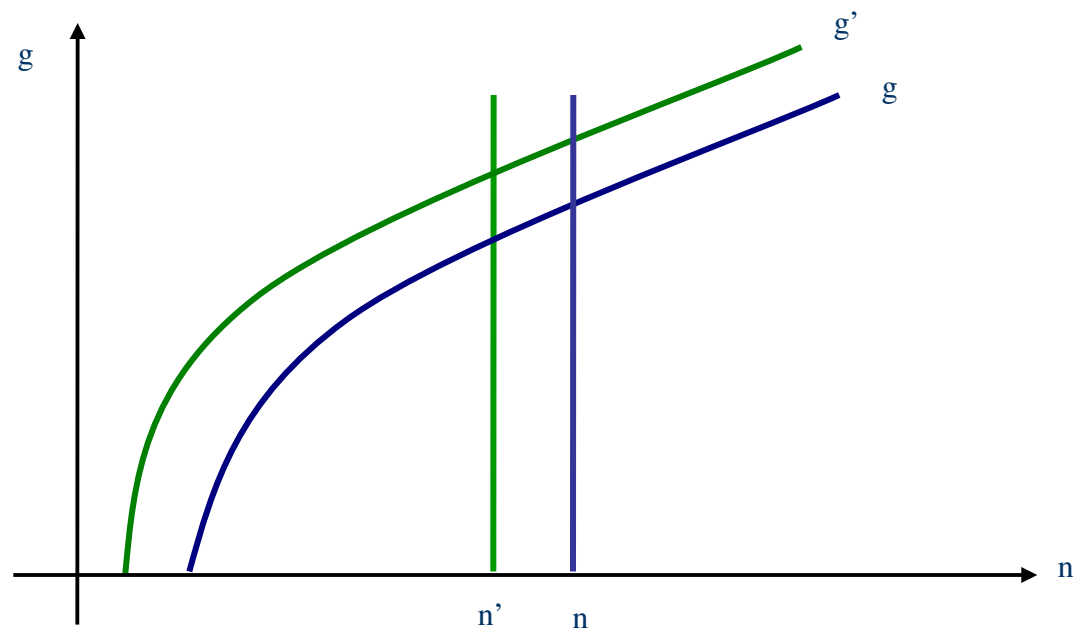


Figure 4: The effects of economic integration