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Remapping integration: geography and development in the European context

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Overview

1. The space of integration:
   - determinants of economic integration: theoretical background
   - networks, agglomerations, contexts

2. A case study: Romania in South East Europe

3. Rethinking the space of integration
Theoretical background

• Political & economic premises of European integration
  - a deterrence effect
  - a resource allocation effect
• The gains of 1957 and 1992 have been partly exhausted
• New resources for growth emerge within a less fragmented area
  - Political: multi-tier governance
  - Economic: scale and externality (market integration +)
Economies from scale and externality: implications

0 Maximized benefits within a variable-geometry area [a territorial effect]

# 1 Basic benefits: networks and agglomerations [a value-added effect]

# 2 Advanced benefits: contexts of development [a policy development effect]
Basic benefits

• Networks & Agglomerations: the economic advantage of linkages & proximity consists in value-added creation

• Complementarity to create a web of spatial linkages: networks facilitate exchanges within and between agglomerations

Two research questions

• How does a web of spatial linkages evolve into an economic region?

• How do we recognize the economic frontiers?
Economic frontier

✓ “Any demarcation over which actual and potential mobilities of goods, services, and productive factors, as well as communications flows, are relatively low.” (Pelkmans 2006: 2)

✓ “For the most part of the exchanges, and in both directions, the loss from trade exceeds the gain.” (Braudel 1984 Civilization and Capitalism, vol. III)

✓ „Economic boundaries change as profit changes.” (Lösch 1954: 198)

A famous debate: the Mediterranean Sea

Braudel (1949): a self-contained economy demarcated by economic frontiers
Abulafia (2011): a networked territory

• Task: mapping economic integration (a union over economic not political frontiers; a union of economic regions)
Advanced benefits: sources

- **Wealth** (economics) and **power** (politics) have been singularized as primary human motivations for integration → other motivators
- **Socio-cultural** motivators: identity, social institutions and environment, value structures → a “distinctive web of power and influence” (Garreau 1981: 1-2)
- **Contexts of development**: a spatial-temporal matrix of development over a territory
**Advanced benefits: categories**

- **Circular cumulative causation** (of the value-added effect)
  - representative demand and familiar profit opportunities
  - competitive exposure
- **Business development**
  - socio-cultural foundations of economic success/failure
- **Policy relevance**
  - tracking and weighing regional specificity systematically
  - mobility offset macro shocks

  “cultural signifiers, lifestyle markers, and symbolic meaning”
  (James, Martin, Sunley 2007)
Pitfalls

• Geographic proximity
  Katowice-Ostrava *but* Upper Rhine Valley

• Geographic identifiers
  Black Sea *but* Scandinavia

• Ethnic or tribal homogeneity / nationality
  Belgium *but* Switzerland

• Monetary union
  European Union *but* United States
A case study: Romania
(a) a regional perspective

<table>
<thead>
<tr>
<th>Country groups Set of variables</th>
<th>Group #1</th>
<th>Group #2</th>
<th>Group #3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Socio-cultural Identity</td>
<td>{France, Slovakia, Czech Republic, Italy, Croatia, Malta, Slovenia, Latvia, Lithuania, Austria, Spain, Hungary}, {Poland, Portugal, Cyprus}, Morocco</td>
<td>{Bulgaria, Turkey, Greece}, Romania, {Albania, Egypt}, Algeria</td>
<td>{Estonia, Ireland, Belgium, Iceland}, {Denmark, Norway, Netherlands}, {Sweden, United Kingdom, Finland, Switzerland, Germany}, Luxembourg</td>
</tr>
</tbody>
</table>
A case study: Romania (a’) a regional perspective

<table>
<thead>
<tr>
<th>Quasi-permanent clusters&lt;sup&gt;a&lt;/sup&gt;</th>
<th>Other country associations&lt;sup&gt;b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark, Sweden, and Norway</td>
<td>Finland</td>
</tr>
<tr>
<td>UK and Ireland</td>
<td>Belgium</td>
</tr>
<tr>
<td>Latvia and Lithuania</td>
<td>Estonia</td>
</tr>
<tr>
<td>Germany and Austria</td>
<td>France, The Netherlands, Switzerland</td>
</tr>
<tr>
<td>Czech Republic and Slovakia</td>
<td>Greece</td>
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<tr>
<td>Italy and Spain</td>
<td>Bulgaria, Poland</td>
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<tr>
<td>Romania and Turkey</td>
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<td>Jordan and Tunisia</td>
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<tr>
<td>Egypt and Morocco</td>
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</tbody>
</table>

Source: author’s calculations

<sup>a</sup> Same cluster membership for at least five out of seven sets of variables

<sup>b</sup> Same cluster membership for at least three out of seven sets of variables
A case study: Romania

(b) the competitive environment

(share of Horizontal Intra-industry Trade in total bilateral trade)
A case study: Romania (b’) the competitive environment

(change of Horizontal Intra-industry Trade share in total bilateral trade, p.p.)

(1999-2010)
Discussion

• Romania is part of a context of development together with Bulgaria and Turkey
• Increased trade integration with:
  - Hungary, Bulgaria, Italy, Germany, Poland, UK, Netherlands, Austria
  - contributions of regional economies?
• The single market triggers a ‘competitive effect’ of lesser intensity than consolidated bilateral exchanges (25%-35% < 35%-50%)
• Indirect evidence of positive network economies
• Incipient stages of agglomerations economies
3. Rethinking the space of integration

• The result of the 1957 project: an aggregate of atomistic countries
• The 2012 moment: an aggregate of contexts of development
• Countries delaying the process of cross-border cooperation will miss ‘the policy development effect’ of in-depth economic integration
• Remapping integration: a European challenge