

# Assessing the Economic and Social Effects of Integration through the Prism of Border Regions

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## Literature overview

EU border regions make up a significant portion of the EU - 40% of area, 30% of population and 30% of GDP (EC, 2017).

Market distortions caused by national borders make border regions less attractive for firms (Lösch, 1944, Giersch, 1949).

National borders do impede economic activity (McCallum, 1995, Anderson and Van Wincoop, 2003, Fidrmuc and Fidrmuc, 2003, Redding and Sturm, 2008, Gil-Pareja et al., 2005, Suvankulov, 2016).

Removing them should lead to an increase in economic activity in the areas near the border (Hanson, 1996, 2001, Mayer et al., 2019).

Regions near borders display less economic development than internal regions. EU integration increases the economic activity in border regions, but not enough to reverse the negative impact of their peripheral status (Brakman et al., 2012, Brühlhart et al., 2019, Heider, 2019).

## Data and methodology

**Objective:** Evaluating the impact of individual stages European economic integration (deepening and widening) on economic development of border regions, using municipality-level population as a proxy for development (Brakman et al., 2012, Redding and Sturm, 2008).

**Data:** We use the DG for Regional and Urban Policy data on population of EU municipalities (LAU2 level) available for the years 1961, 1971, 1981, 1991, 2001 and 2011.

We identify border municipalities based on the minimal distance to national (internal) and EU (external) borders.

**Model:** We plan to employ a DID to estimate the impact of integration on border municipalities:

- ▶ **Dependent variable:** population growth of municipalities.
- ▶ **Treatment group:** municipalities near borders affected by progress of integration (on both sides of the border).
- ▶ **Control group:** municipalities near borders not affected by integration.

# EU enlargements



Figure 1: Land borders affected by EU enlargements.

Note: The enlargements are grouped according to the data availability of the data on population of municipalities (1961, 1971, 1981, 1991, 2001, 2011).

**Thank you for your attention**

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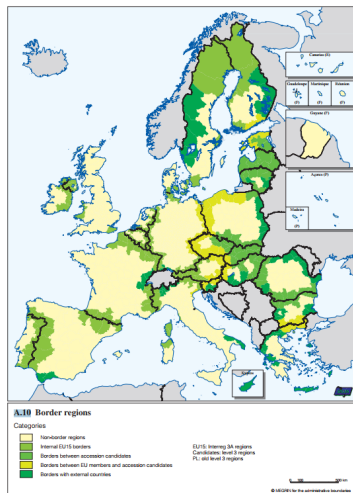


Figure 2: EU definition of border regions. Source: (EC, 2001).