

Tutorial Session 1

Julien Martin

Sciences-Po, 10/01/2010

Outline of the session

- Discussion about the essay (1 hour)
 - how to find your problematic? how to choose related research papers?
 - how to read those research papers?
 - what do we expect you to do in this essay?
- Your questions
- Exercise (optional). Fiscal federalism : the case of defence (1/4 hour)

About the essay

- Deadline : 11/29/2010
- Min 3 pages, Max 5 pages (cover page, graphs, appendix and biblio excluded)
- Precise requirements are above the list of topics on Farid Toubal's webpage.
- julien.martin@ensae.fr : email me your work to save trees [and check for plagiarism]
- You can work alone or by pairs
- Basic idea : *Answer a well-defined question about European economic integration using related research papers and the knowledge acquired in the lecture.*

Steps

- Read texts attached to the list of topics
- Find a topic you are interested in
- read, read and read...
- Find a precise question and a research paper answering your question
- contact me and then read, read and read again...
- Write your essay

Which topic ?

- Measuring European Economic integration
- Integration and trade
- Integration and Migration
- Multinational Activities
- The Euro
- Financial crisis
- Regional disparities
- Voting rules
- European Universities
- Integration and culture
- Environmental federalism

Which paper? which problematic?

- Your work relies on one or several research papers.
- You can read short articles to find your problematic but the paper you summarize in your essay has to be a research paper.
- The paper should be an answer to your problematic.
- The only constraint you have for the problematic : it has to make sense regarding to European economic integration.
- If the paper is too difficult, if you do not see any limit/extension do not choose it.
- Read several papers and find the one fitting both (i) your problematic and (ii) what we expect you to do.

- Texts on Farid on webpage..
- google, google scholar
- Vox, Telos, Bruegel ... (see useful links on my page)
- Books : go to the library
- Texts cited in your readings...
- To avoid bad news : send me the paper you've chosen before starting you essay.

Research papers are often long and more or less technical. Answer the six following questions to extract the most important points.

- 1 Empirical or theoretical research paper (or both) ?
- 2 What are the motivations of this paper ?
- 3 Contribution. What does this paper add to the existing literature? (new theory, new question, new methodology, new data...)
- 4 Results. what are the main findings ?
- 5 Methodology. how do authors get their results ?
A lot of these informations are in the abstract and the introduction.
- 6 Drawbacks. what are the limits of the paper ?
You need several readings to really understand a paper. You must read other papers of the literature to find the drawbacks.

Example

Imagine a paper about FDI, trade and wage inequality

- 1 Motivation. Since 80s both wage inequalities, FDI and trade have jumped in the US?
- 2 Contribution : we identify three suspects : trade, FDI and technical progress and quantify the impact of each on the raise of inequalities using new data for US.
- 3 Result : technical progress is the main channel but trade and FDI also contribute to dig the gap since 2000.
- 4 Methodology : we use individual data on wages and estimate a structural equation.
- 5 Drawbacks : FDI and trade might impact technical progress.

- Show us that you have read and understood the literature.
- Be precise and concise (5 pages max). [short and clear sentences]
- When you give your opinion don't forget it's a lecture about European ECONOMIC integration.
- Follow instructions (or not) ¹

1. The following indications have to be taken as suggestions to structure your essay. It's up to you to adopt a different structure for your essay.

Introduction (5 paragraphs)

- 1 YOUR motivation to deal with this topic (1 paragraph)
- 2 Problematic (1 or 2 paragraphs). Present your research question and define the key concept(s).
- 3 2/3 sentences presenting the research paper(s) you work on.
- 4 1 sentence for the main extension/drawbacks
- 5 1 sentence for the plan

Summary (1 page)

- One or several **research paper(s)** (neither vox, nor bruegel etc)
- Motivation of this literature.
- Contributions. (brief)
- Methodology(ies). (important)
- Findings (presentation or comparison). One table of results if you want. You have to sum the results. You can get rid of some of the results.

Drawbacks/extensions

- What are the limits of the paper(s) ?
- If you have 2 papers with different results which one is the more convincing ?
- What do you think of this literature ?
- What could be done to improve it ?

Conclusion

- Sum up your reasoning.
- Do not introduce new ideas or new concepts. If you have new "good" ideas (concepts) in the conclusion you should have developed them before.. or they are not that good...
- As usual you can end with an open question or remark.

Bibliography

- Biblio is a non negligible part of the grade.
- In the biblio there are **only the papers cited** in your dissertation.
- It is important to have appropriate citations (quality not quantity)
- In the text, papers, books are cited :
Author (1987), Author1, Author2 & Author3 (1987)
- The 2nd time, more than 3 authors : Author1 et al (1987)
- Like in the research papers you have to read!!!

Bibliography (continued)

- In the biblio you write the entire reference.
- *Book* : Baldwin, Richard E. & Martin, Philippe, 2004. "Agglomeration and regional growth," Handbook of Regional and Urban Economics, in : J. V. Henderson & J. F. Thisse (ed.), Handbook of Regional and Urban Economics, edition 1, volume 4, chapter 60, pages 2671-2711 Elsevier.
- *Paper* :Richard Baldwin, 2008. "EU Institutional Reform : Evidence on Globalization and International Cooperation," American Economic Review, American Economic Association, vol. 98(2), pages 127-32, May.

Theory of fiscal federalism

- Question : what is the appropriate assignment of policy tasks to different levels of government ?(Persson, Rolland, Tabellini 1996)
- Fiscal federalism : trade off between information and incentive. In other words trade off : externality (spillovers, scale effects) vs local heterogeneity (preferences)
- Centralizing allows to internalize externality
- Decentralizing allows to take into account local specificity
- Limits of fiscal federalism : it ignores distortions (no second best considerations)

The case of defence

- 1950 : European Defence Community project (rejected by France in 1954)

The case of defence

- 1950 : European Defence Community project (rejected by France in 1954)
- Spillovers?
- Scale economies?
- Local preferences?

The case of defence

- 1950 : European Defence Community project (rejected by France in 1954)
- Spillovers?
- Scale economies?
- Local preferences?
- Diversity of preference higher between than within countries?

The case of defence

- 1950 : European Defence Community project (rejected by France in 1954)
- Spillovers?
- Scale economies?
- Local preferences?
- Diversity of preference higher between than within countries?
- Why not a European army? Coordination failures (free riding)?

The case of defence

- 1950 : European Defence Community project (rejected by France in 1954)
- Spillovers?
- Scale economies?
- Local preferences?
- Diversity of preference higher between than within countries?
- Why not a European army? Coordination failures (free riding)?
- Reasons of non adoption can be political only : cf. EDC