

Comments on MS 2634

The paper surveys the literature on the impact of economic and financial integration on growth. While the scope to consider the growth effects from different forms of integration is promising, the paper needs substantial revision and editing to achieve the standards of a survey, that is, to offer a rigorous and illuminating guide through decades of theoretical and empirical literature.

Two major sets of critical issues arise in relation to contents and structure.

It is not very clear what the novel contribution of the paper is with respect to the existing surveys, which, however, are not given sufficient recognition in the paper (see, for instance, Stolbov (2013) and Gehringer (2015) for recent examples of surveys on the finance-growth nexus and Federico (2018) on market integration).

The paper is very cursory on the many aspects taken into consideration. This starts with the treatment of the two integration modes. By definition, economic integration involves also financial integration, although in practice (the EU is a case in question) economic integration is sometimes not deep enough to assure a sufficient degree of financial integration as well. However, this fact is not taken fully into consideration apart from briefly stating that economic integration influences financial integration. Moreover, the survey does not provide sufficiently deep considerations on the reasons for sometimes conflicting results obtained in the empirical literature. The reader is offered a rather superfluous and not particularly well-structured description of empirical papers which report either positive or negative or no results on the impact of integration (economic or financial) on growth. In so doing, however, the content of the dedicated sections is not always kept consistent (for instance, in sections supposed to discuss no effect, papers with significant effects are surveyed). Finally, the survey misses any systematic consideration of measurement, data and methodological issues, which are instead crucial to better understand the underlying differences in results.

References:

Federico, G. (2018) Market Integration from Measurement to Economic Analysis: A Survey of the Recent Literature, CEPR Discussion Paper No. DP12902.

Gehringer, A. (2014) Financial liberalisation, financial development and productivity growth: an overview, *International Journal of Monetary Economics and Finance*, 7(1): 40-65.

Stolbov, M. (2013) The Finance-Growth Nexus Revisited: From Origins to a Modern Theoretical Landscape. *Economics: The Open-Access, Open-Assessment E-Journal*, 7 (2013-2): 1.