The effect of decentralisation on regional economic growth is a hotly debated topic. In theory, decentralisation should entail welfare benefits by bringing government closer to the people. In practice, the benefits of decentralisation have been hard to prove. A problem is that the quality of regional governments is often lacking, or at least varies widely across different regions. Hence, regional governments may not be capable of delivering public goods in an efficient and accountable manner. Previous analyses have, however, neglected how the benefits of decentralisation may depend on the quality of the regional government whose authority is strengthened by such reforms. This paper considers these two dimensions in conjunction, highlighting that the effect of decentralisation on economic performance is highly mediated by the quality of the devolved government. Using panel data for 223 regions in the EU, the results show that the quality of regional government is a better predictor of economic development than decentralisation. Regional government quality also conditions the economic returns to decentralisation, meaning decentralisation works best in regions with a higher quality of government. Accordingly, decentralisation reforms must consider the quality of the regional government to which they would devolve authority.

Eduardo BANDRÉS and M.ª Dolores GADEA
“Investigating Causal Relations between Public Spending and Economic Growth in Europe”
Revista de Economía Mundial 51, 2019, 51-78

The link between economic growth and the size of the public sector has fuelled one of the most wide-ranging debates in economic literature and the empirical evidence is far from conclusive. With different techniques that encompass both country-to-country causality analysis with VAR models and standard and grouped panels, we study this relationship for a sample of 25 countries from the 1960s...
to the present. Our contribution is fundamentally methodological, overcoming several pitfalls of the previous literature, namely, endogeneity, dynamic effects and common patterns. The results do not support the fulfilment of the Wagner’s Law and a negative effect of public size on economic growth is highlighted.

Francisco BLANCO and Francisco J. DELGADO
“Taxation and Income in the European Union: A Quantile Approach”
*Revista de Economía Mundial* 51, 2019, 79-100

The available literature on the relationship between taxation and economic growth is mixed, although some consensus exists on the negative effects of some taxes on growth. In this paper we study the relationship between taxation and growth for the European Union in 2004–2016 through a quantile regression approach to detect different patterns along the distribution. The results show a negative effect of the tax burden, with higher impact at the last quantiles, evidencing a non-linear relationship between tax burden and economic growth in the European Union. In contrast, the top corporate tax rate appears as non-significant in this study. In addition, population growth, with negative impact, and investment and human capital, with positive effect, also explain the economic growth in the period.

Simon SOSVILLA-RIVERO and Marta GÓMEZ PUIG
*Revista de Economía Mundial* 51, 2019, 101-120

New empirical evidence is presented on the impact of public debt on economic growth. To that end, we employ the Autoregressive Distributed Lag (ARDL) bounds testing approach using annual data from both central and peripheral countries of the European Economic and Monetary Union (EMU) for the 1961-2015 period. In particular, we allow for different endogenously (data-based) regimes in the parameter relating the public debt variable to the real growth rate. Our results suggest that the impact of public debt on economic growth not only changes across EMU countries, but also over time.

Jorge ONRUBIA, Javier J. PÉREZ and A. Jesús SÁNCHEZ-FUENTES
“Public Sector Bureaucracies and Economic Growth”
*Revista de Economía Mundial* 51, 2019, 121-138

Public sector bureaucracies are key players in advanced economies, as in the case of European Union countries, for the smooth functioning of the roles assigned to the governments (to provide welfare state services and benefits,
public infrastructures, and to design the legal and economic institutional framework). From this perspective, a proper functioning of bureaucratic bodies is crucial for potential growth. Thus, cross-country differences in the quality of bureaucracies can explain differences in economic growth among them. Accordingly, the operation of self-interested bureaucracies can lead to inappropriate fiscal policies, regulatory capture, and labor market misallocation, damaging incentives and causing large efficiency costs. The aim of this paper is twofold. Firstly, we review the extant literature, focusing on the main channels of the bureaucracy-growth relationship. And secondly, we provide an empirical exercise that illustrates the links between bureaucratic/institutional quality and economic growth.

Roberto EZCURRA
“Regional Disparities and Within-country Inequality in the European Union”
Revista de Economía Mundial 51, 2019, 139-162

This paper examines spatial disparities in terms of development within EU countries, using data for 272 regions in the current 28 member states over the period 1996-2010. The analysis carried out confirms that within-country inequality is an important component of overall inequality across European regions. Indeed, regional inequality increased in most EU countries throughout the study period. The results also underline the relevance of national development for within-country inequality, although the relationship is not linear. The advances in national GDP per capita first increase regional inequality. However, beyond a threshold level, the link turns from positive to negative and richer countries tend to experience lower levels of regional inequality. Moreover, the opening of national borders to international markets is associated with higher regional inequality in the EU countries. At the same time, countries with better quality of government have lower levels of regional inequality. These results do not depend on the specific measure used to quantify the magnitude of regional disparities within the sample countries.

Sebastián APARICIO, David URBANO, David AUDRETSCCH and María NOGUERA
“Female and Male Entrepreneurship during the Economic Crisis: An Institutional Tale of European Countries”
Revista de Economía Mundial 51, 2019, 163-184

This study evaluates the influence of institutions on the probability to become a woman and man entrepreneur during the recent European economic crisis. We approach institutional factors affecting entrepreneurial decisions through a post-materialist value, educational level and unemployment rate. Using data from the World Values Survey (WVS) and World Development Indicators (WDI) in the period 2011-2013, we show through Logit models that institutions (edu-
cational level and unemployment rate) exert an effect on the probability of women and men becoming entrepreneurs. Similar regressions were performed for those individuals in Central versus Eastern European countries. This distinction might suggest that the latter might not be pushed by unemployment, while the former do. Different supportive policies are discussed.

Luisa MARTÍ SELVA and Rosa PUERTAS MEDINA
“Participation of the European Union in Global Value Chains: Logistical and Economic Linkages”
Revista de Economía Mundial 51, 2019, 187-206

The internationalization of the manufacturing processes is forcing us to carry out exhaustive studies that provide precise information on the commercial positioning of the countries. This paper analyses an important part of the recent paradigm emerging with the Global Value Chains (GVC) and the level of participation of EU countries. The study covers both logistical and economic aspects specific to each Member State. The results reveal that those countries whose exports of added value have a greater weight in their level of participation in the GVC require greater logistical and economic development than those whose imports of inputs are more relevant.

Pablo PODADERA RIVERA and Anna GARASHCHUK
“Strategic Partner’s Attractiveness Index for the European Union. Can the Eurasian Economic Union Headed by Russia Become Strategic Partner for the EU?”
Revista de Economía Mundial 51, 2019, 207-228

Before the Ukrainian conflict the EU-Russian relationships had been developing in the format of Strategic Partnership, and Russia had been considered as one of the ‘special ten’ to whom a special status of ‘strategic partner’ was awarded. The ‘special ten’ are unequal in size, political regimens, resource endowments, economic development, and power status. The main problem of this new concept of European Union Foreign Policy is that there is neither an official definition of strategic partnership nor any common criteria for being chosen as a strategic partner.

It is worth mentioning that Russia at the same time has not only developed the integration with the European Union but has also promoted the integration in the post-Soviet area and as a result the Eurasian Economic Union (EEU) has been created. Thus, speaking about the UE-Russian relations we should take into account the new Actor on the international arena, the EEU.

The present paper aims at elaborating Strategic Partner’s Attractiveness Index (SPAI) for the EU, using the categorical principal components analysis (CATPCA). This analysis allows us to rank its declared strategic partners and to find out which position Russia and other members of the EEU hold in a rank.
The proposal of the SPAI not only proves that in spite of political crises in EU-Russian relationships Russia continues being its core partner and the EEU is strategically important for the EU, but on the basis of this Index it is also supposed to offer methodology for choosing EU’s strategic partners with a view to make its choice more science-based.