

since 1958. Although the evidence suggests a strong effect of EC integration, one important contributing factor was the numerous extensions of EC membership which would naturally expand intra-area shares. In fact, Plessz finds that, despite rising intra-regional trade shares, in recent decades all regions (Europe, North America and Asia) traded a rising proportion of their GDP with the rest of the world, indicating the progress of world integration.²⁷

Plessz also examines the results of an econometric "gravity" model. In this model, the volume of trade between any pair of major countries is proportional to their economic size and inversely proportional to the distance separating them. Membership in the same regional group is also assumed to have a potential incidence. The most interesting finding is that, of the major regions, only East Asia produces a statistically significant positive coefficient for the period studied. This means that, despite the absence of formal integration agreements, only the intensity of trade relations between countries of East Asia needs some kind of regional bias explanation, other than those outlined in the model. For the EC, U.S.-Canada and U.S.-Mexico, regional bias proved to be insignificant.

- *European Integration or World Integration*²⁸

In this 1988 study, Jacquemin and Sapir examine European integration and address the question of whether European integration or world integration is the prevalent force in the EC. They split the sample period into an early period (1960-1968) and a later period (1970-1984). By examining apparent consumption of manufactures for the four largest EC member economies (Germany, France, Italy and the UK) between 1973 and 1984, they conclude that European countries' apparent consumption out of domestically produced goods was decreasing over that period. They also conclude that, although intra-community imports did rise over the period examined, so too did extra-community imports.²⁹ However, in the period 1960-1968, the increase in the share of intra-Community imports outpaced the increase in the share of extra-community imports during the early years of economic

²⁷*Ibid.*, p. 4.

²⁸This section follows A. Jacquemin and A. Sapir, "European Integration or World Integration", *Weltwirtschaftliches Archiv*, No. 124, 1988, pp. 127-39.

²⁹Apparent consumption is defined by Jacquemin and Sapir as domestic production net of exports plus intra-Community imports plus extra-Community imports.