

Changing patterns of regional disparities

Compared to their peak at the beginning of the economic crisis, regional economic differences within countries have started to decline.

Since the end of the global financial crisis, regional economic disparities within countries have fallen (Figure 1.1). Comparing all large (TL2) regions of the OECD, regional disparities in GDP per capita remain significant but their nature and composition are changing. In the early 2000s, regional disparities in per capita income across countries clearly surpassed regional differences within countries. In a context of higher growth in low-income countries, regional disparities within countries increased between 2000 and 2007 and thus eventually became relatively more important than regional disparities across countries. Since 2011, faster growth in high per capita income countries reversed the trend. Regional disparities across countries rose again whereas within-country disparities decreased significantly. As a consequence, the relative importance of within-country discrepancies in 2016 is lower than it was in 2000. Overall,

Definition

The Theil index measures inequality in GDP per capita between all TL2 OECD regions. It breaks down the overall inequality into inequality due to differences within countries and inequality due to discrepancies across countries. See Annex C for further details.

in the 16 years since 2000, total regional discrepancies in the OECD decreased by around 18%.

A common phenomenon across the OECD is the high and increasing economic importance of capital regions (Figure 1.2). On average, they account for more than 26% of national GDP. The median share of capital city regions' contribution to their respective country's GDP increased by almost 12% (i.e. 2.8 percentage points) between 2000 and 2016. The increase in capital regions' contribution to GDP was largest in Norway, where it grew by 21% between 2000 and 2016. In contrast, in Mexico the share of national GDP generated in the capital region fell by 8%.

Source

OECD (2018), OECD Regional Statistics (database), <http://dx.doi.org/10.1787/region-data-en>.

Reference years and territorial level

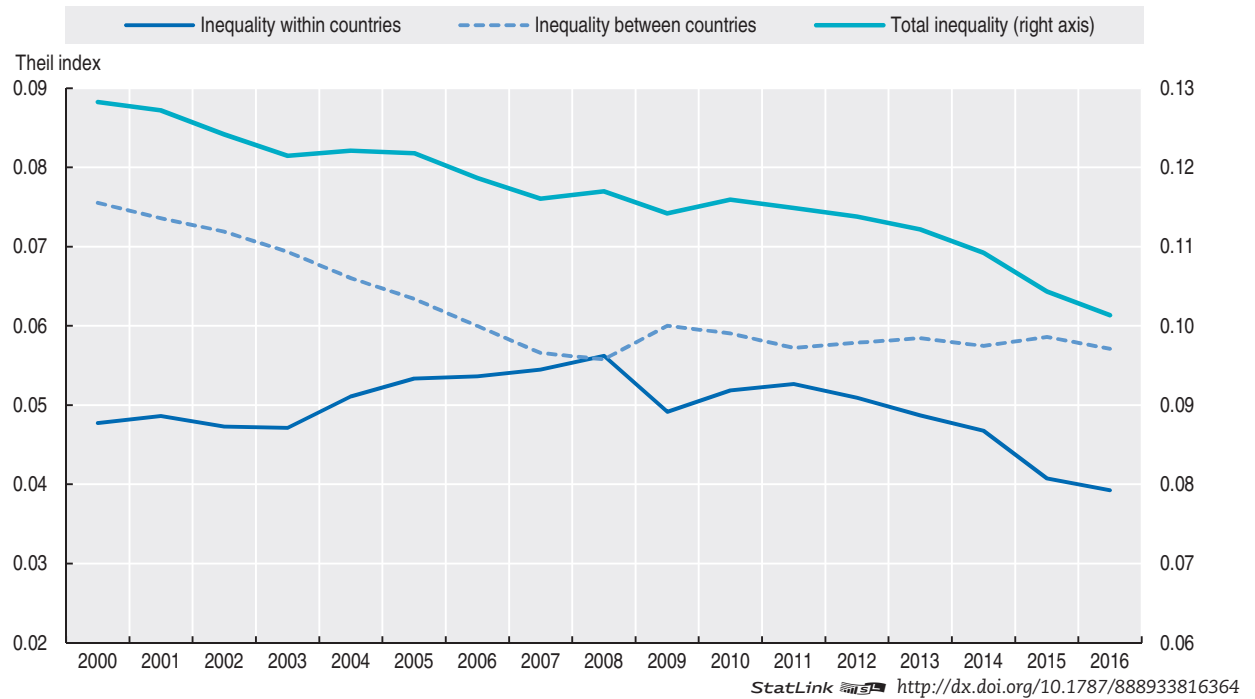
TL2 regions in 1.1 and 1.2

Figure notes

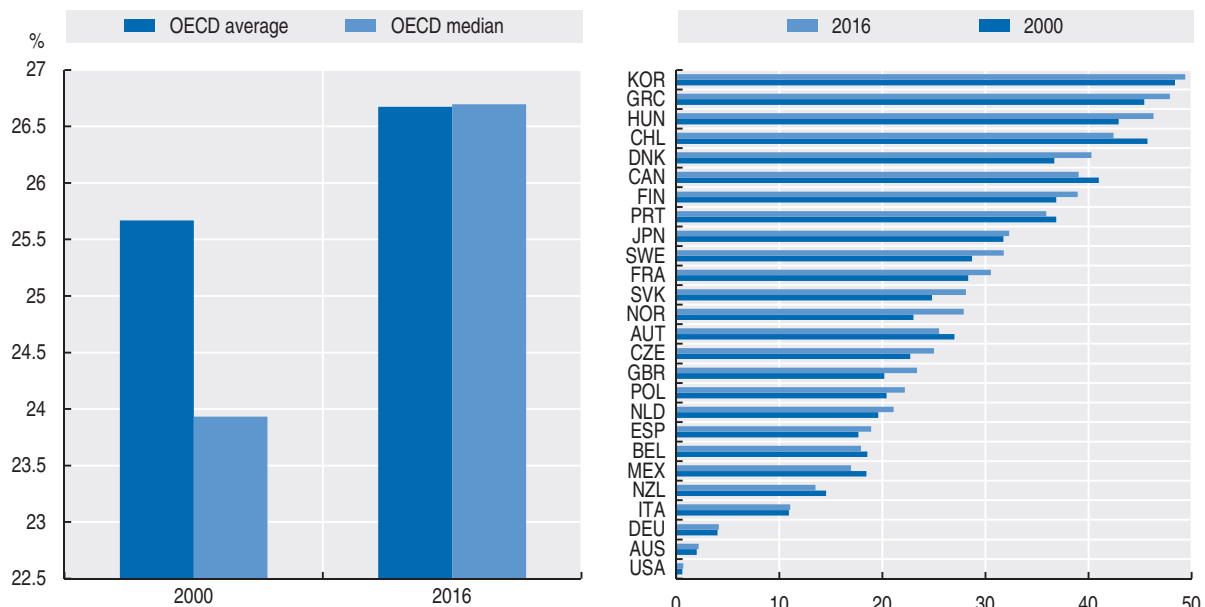
- 1.1: 31 countries considered: TL2: AUS, AUT, BEL, CAN, CHL, CZE, DEU, DNK, ESP, FIN, FRA, GBR, GRC, HUN, IRL, ITA, JPN, KOR, MEX, NLD, NOR, NZL, POL, PRT, SVK, SVN, SWE, USA ; TL3: EST, LVA, LTU.
- 1.2: countries considered: AUS, AUT, BEL, CAN, CHL, CZE, DEU, DNK, ESP, FIN, FRA, GBR, GRC, HUN, ITA, JPN, KOR, MEX, NLD, NOR, NZL, POL, PRT, SVK, SWE, USA.

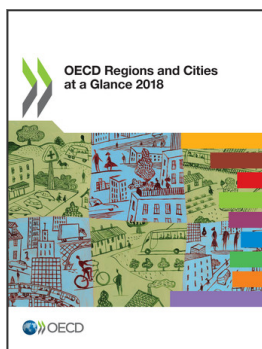
1.1. Regional disparities across the OECD, TL2 regions

Theil inequality index of GDP per capita



1.2. The contribution of capital city regions to national GDP, TL2 regions





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