

6. REGIONAL ECONOMIC DISPARITIES

Regional differences in gross domestic product (GDP) per capita within countries are often substantial and larger than among OECD countries. According to the Gini index, the emerging economies – China, the Russian Federation, India and Brazil – displayed the greatest disparity in GDP per capita in 2007 followed by Mexico, Chile, the Slovak Republic and Turkey among the OECD countries (Figure 6.1).

During 1995-2007 regional disparities increased in 19 out of 31 countries considered. Significant increases can be found in Mexico, Estonia, Hungary, Korea, Ireland and the Czech Republic (Figure 6.1).

For the large part, economic output differences are attributed to disparities in productivity and in the utilisation of the available labour force. Regional differences in labour productivity, here measured by the range in regional GDP per worker, were markedly high in Chile, France, Poland and Portugal, where some regions displayed productivity twice as high as the national value and some other regions had values lower than half of it (Figure 6.2).

The Gini index is a measure of inequality which assigns equal weight to each region of a country regardless of its size, while the number of people living in regions with low GDP per capita (under the national median), can provide an indication of the different economic implications of disparities within a country. For example, while the regional disparities as measured by the Gini index in GDP per capita are of the same magnitude in the Slovak Republic, Turkey and Estonia, the percentage of national population living in regions with low GDP per capita varies from almost 60% in the Slovak Republic to 23% in Estonia (Figure 6.3).

Definition

GDP is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA). To make comparisons over time and across countries, it is expressed at constant prices (year 2000), using the OECD deflator and then it is converted into USD purchasing power parities (PPPs) to express each country's GDP in a common currency.

GDP per capita is calculated by dividing the GDP of a country or a region by its population.

GDP per worker is measured as the ratio of constant GDP in 2000 prices, to total employment where the latter is measured at place of work. This means that productivity and GDP per capita trends may diverge in regions if there is commuting on a substantial scale.

The Gini index is a measure of inequality among all regions of a given country (see Annex C for the formula). The index takes on values between 0 and 1, with zero interpreted as no disparity. It assigns equal weight to each region regardless of its size; therefore differences in the values of the index among countries may be partially due to differences in the average size of regions in each country.

Source

OECD Regional Database: <http://dotstat/wbos/>.

OECD deflator and purchasing power parities <http://dotstat/wbos/>.

See Annex B for data, source and country-related metadata.

Reference years and territorial level

1995-2007; TL3.

Australia, Canada, Chile, Mexico, Turkey and the United States TL2 regions.

Brazil, China, India, Russian Federation and South Africa TL2 regions.

Regional GDP is not available for Iceland, Israel and Switzerland.

New Zealand is excluded for lack of regional GDP after 2003.

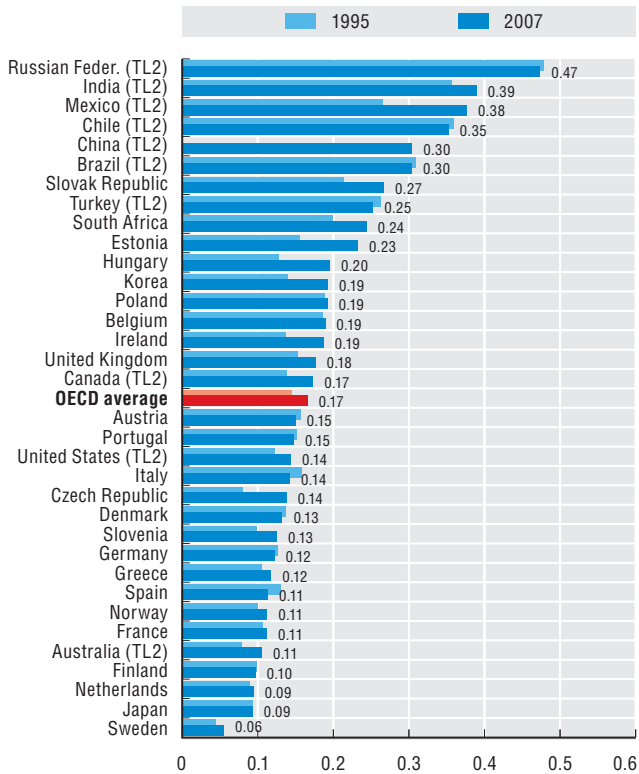
Figure notes

6.1: Available years: Estonia 1996-2007; Norway 1997-2007; Poland 1999-2007; Turkey 2004-06; China 2008; India 2001-07; Russian Federation 2005-07.

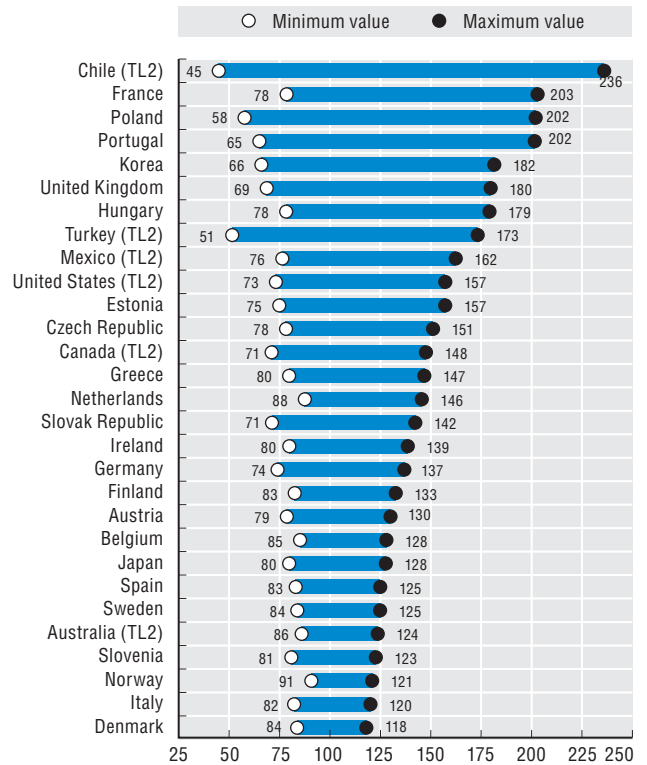
6.3: Australia, Canada, Chile, China, Brazil, India, Mexico, Russian Federation, Turkey and United States TL2 regions.

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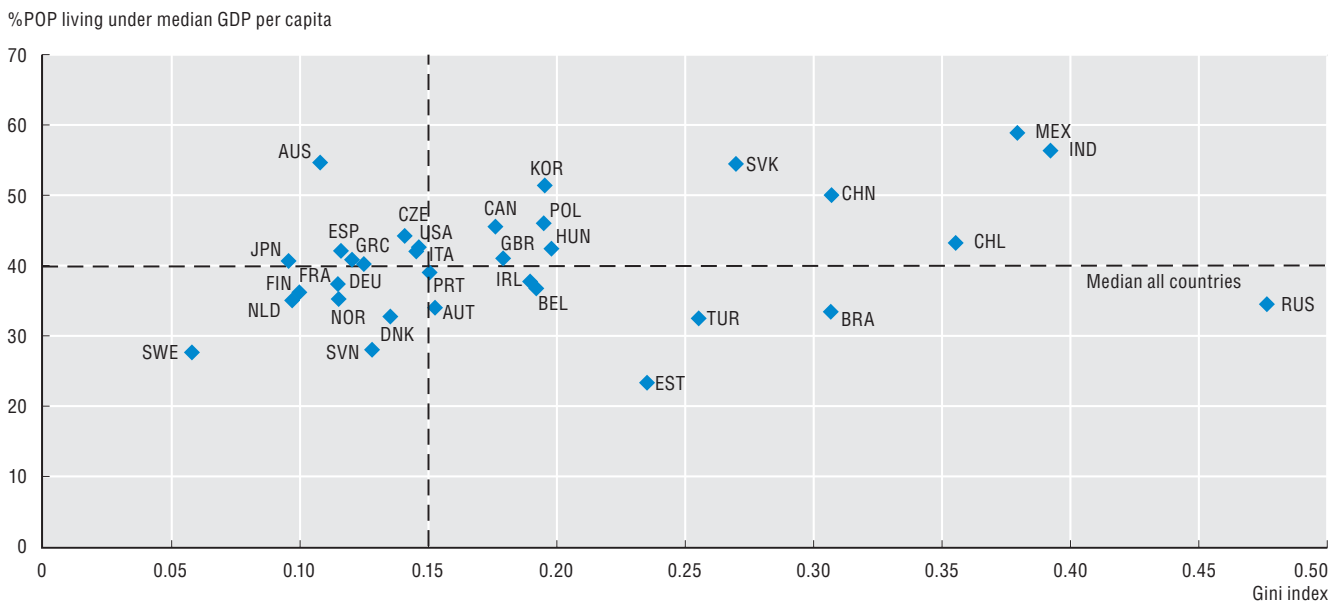
6.1. Gini index of inequality of GDP per capita across TL3 regions, 1995 and 2007



6.2. Range in TL3 regional GDP per worker (as a % of national average), 2007



6.3. Gini index of inequality of GDP per capita across TL3 regions and percentage of population in regions with GDP per capita under national median, 2007

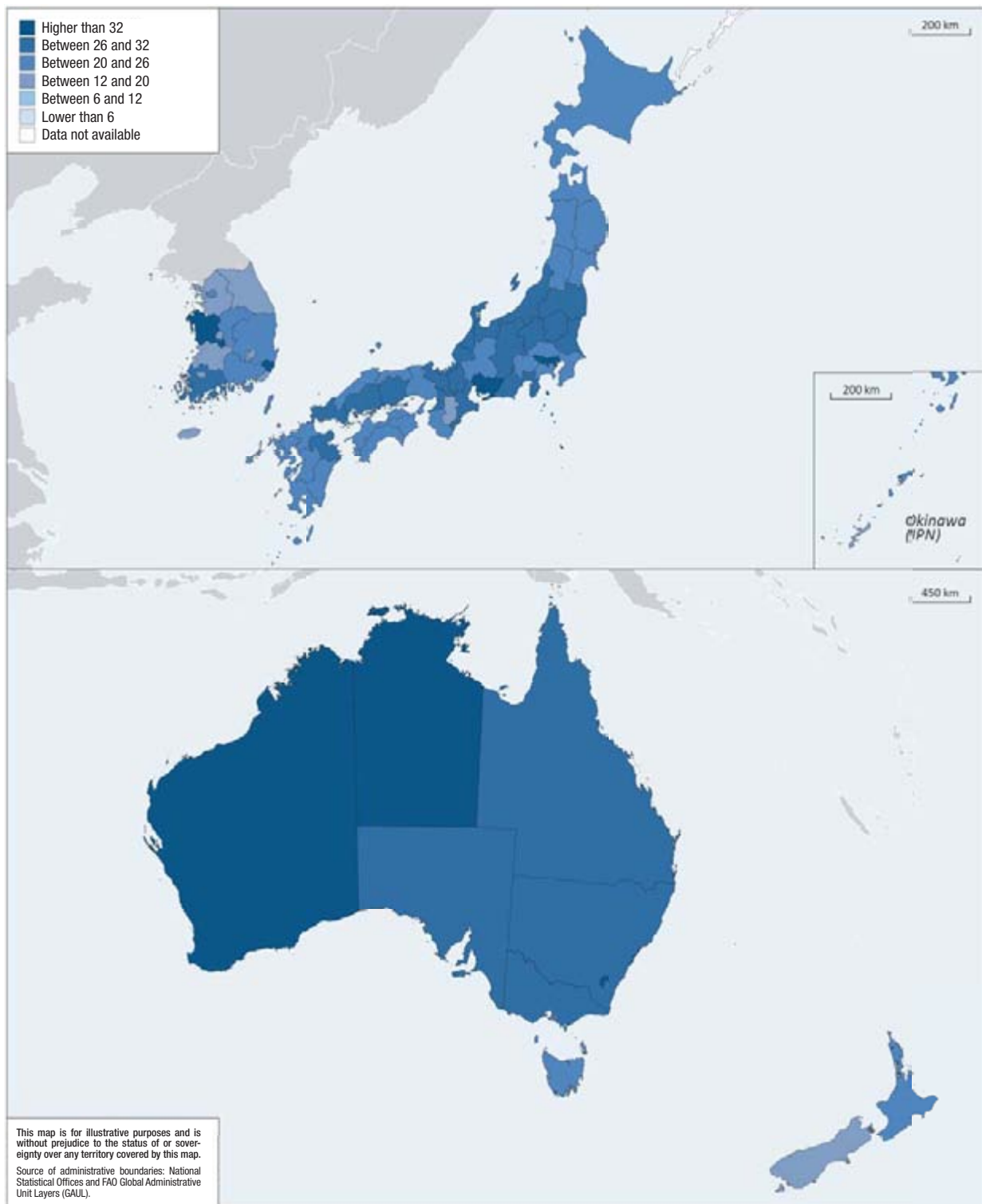


StatLink <http://dx.doi.org/10.1787/888932439501>

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6.4. Regional GDP per capita: Asia and Oceania, 2007

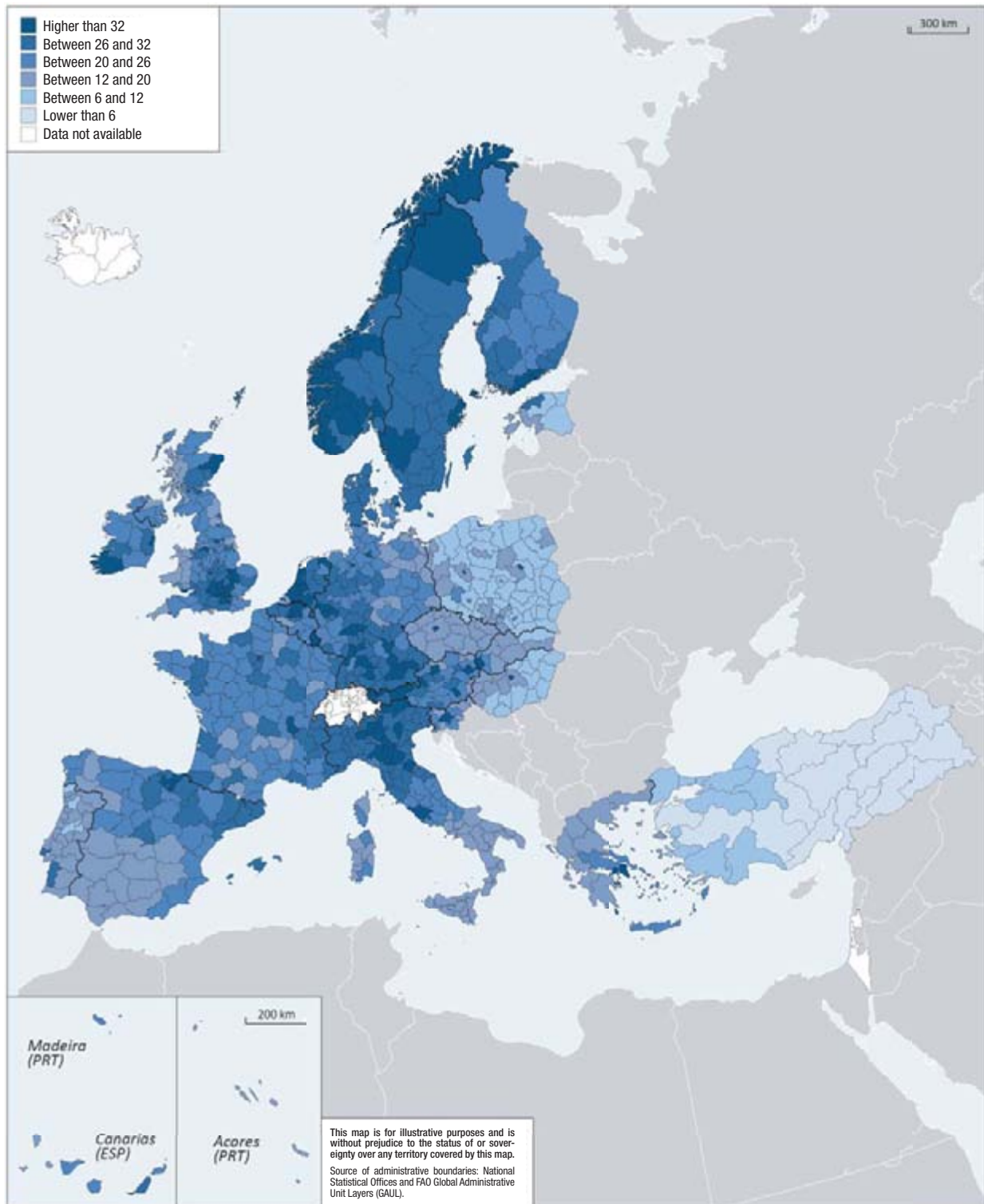
Constant 2000 USD (PPP) in thousands, TL3 regions



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6.5. Regional GDP per capita: Europe, 2007

Constant 2000 USD (PPP) in thousands, TL3 regions

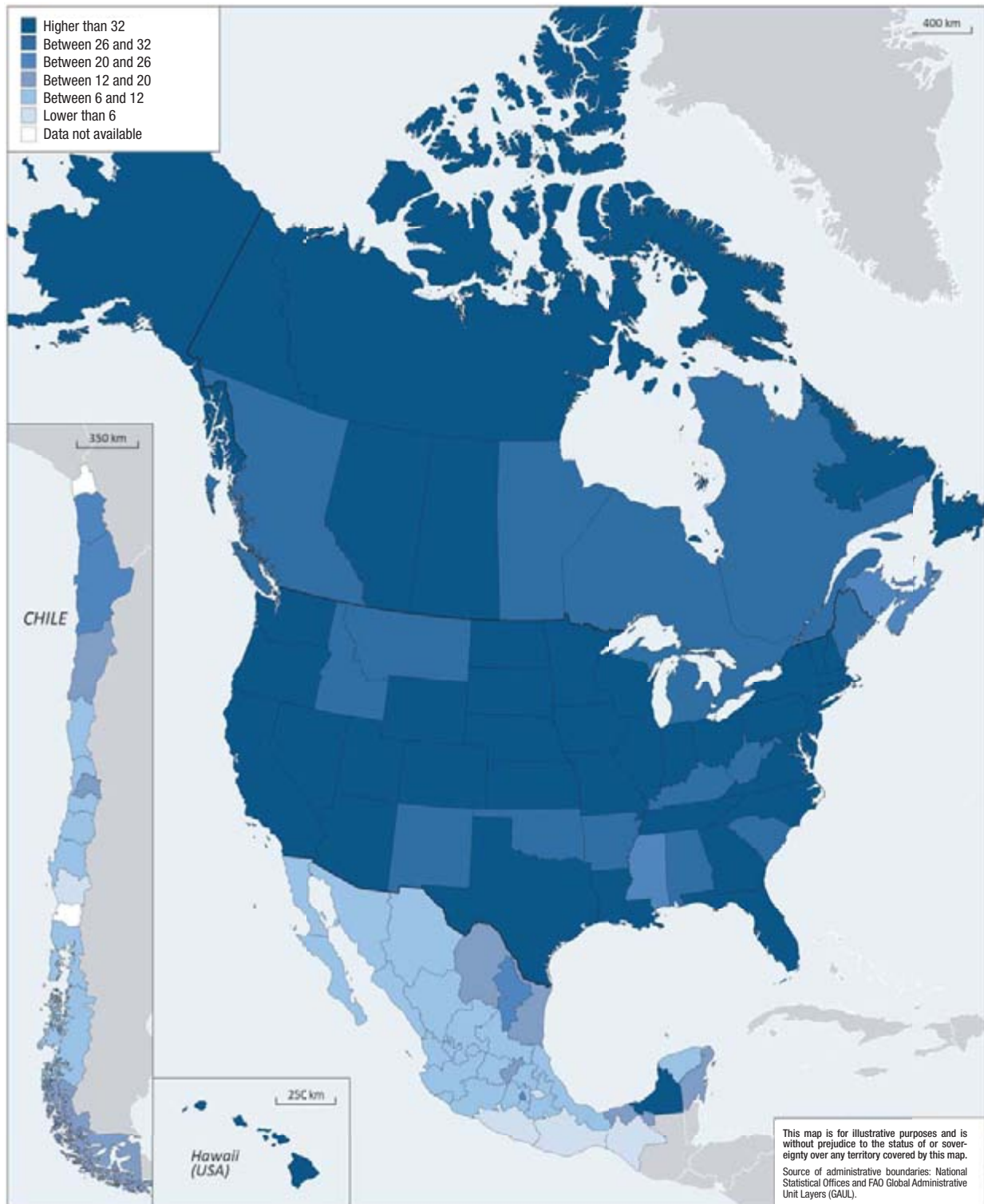


StatLink  <http://dx.doi.org/10.1787/888932440090>

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6.6. Regional GDP per capita: Americas, 2007

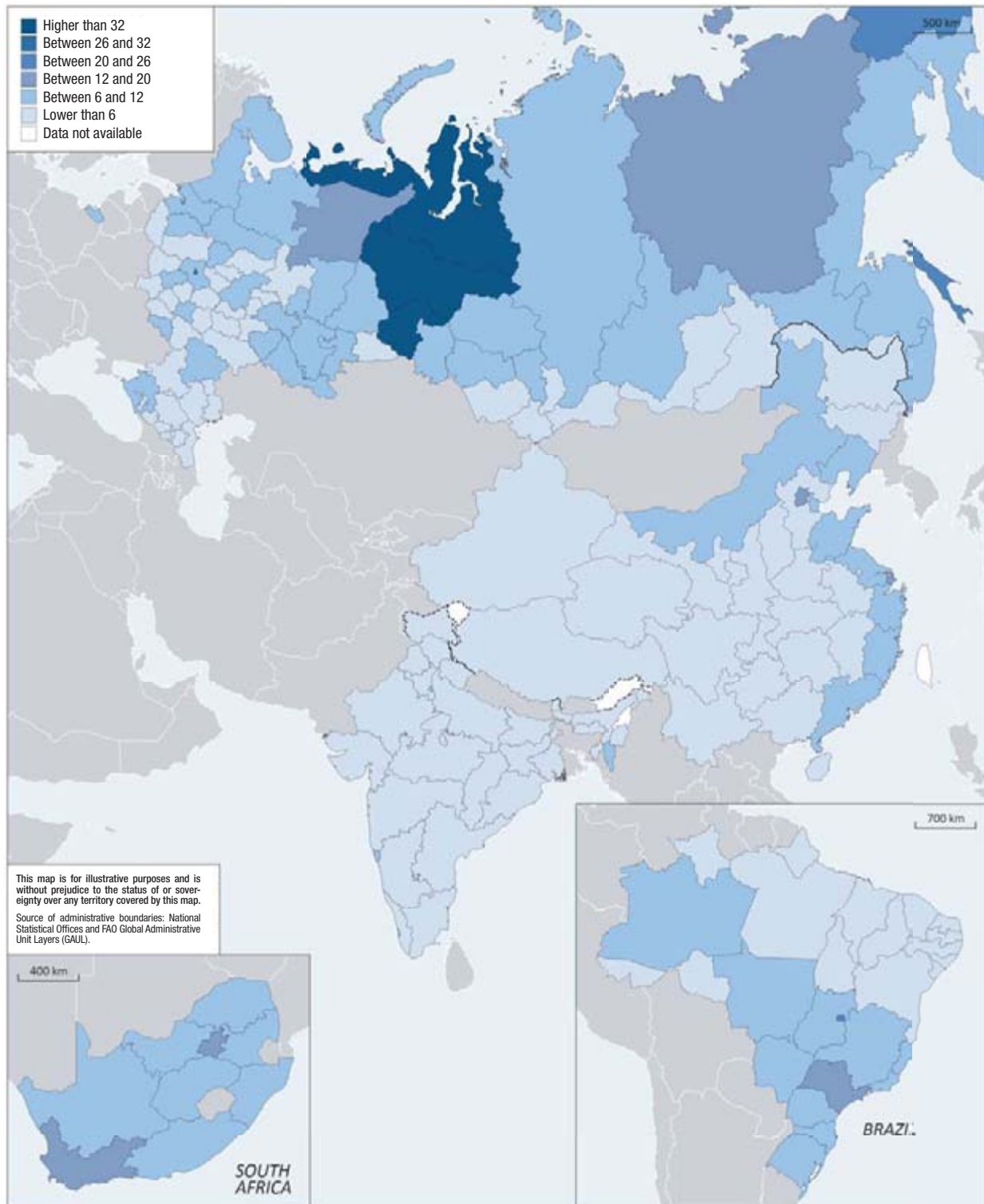
Constant 2000 USD (PPP) in thousands, TL2 regions



StatLink  <http://dx.doi.org/10.1787/888932440090>

6.7. Regional GDP per capita: Emerging economies, 2007

Constant 2000 USD (PPP) in thousands, TL2 regions



StatLink  <http://dx.doi.org/10.1787/888932440090>



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