Impact of the crisis on regional economic performance

The economic crisis has increased the gap in GDP per capita between leading and lagging regions in half of the OECD countries (Figure 2.23). The highest increase in the gap between the best 10% performing regions and the bottom 10% regions, more than 8 percentage points, occurred in Ireland, Slovak Republic and Denmark. However, two patterns are observed. In Ireland, the increase of regional inequalities was due to a faster worsening of the poorest regions compared to richest ones. In the Slovak Republic and Denmark, both the poorest regions got worse off and the richest regions got better (Figure 2.23).

Where regional disparities reduced, this was due to the decline of the richest regions rather than a catching up of the poorest regions, with the exception of China and India. In three-quarters of the countries, the GDP per capita in the best 10% performing regions decreased between 2008 and 2010, with the highest decrease of 12% observed in Canada and Estonia (Figure 2.23).

The median GDP per capita growth rate of OECD regions was 2.1% in the period 1995-2007 and declined to -1.4% in the period 2008-10. All typologies of regions experienced on average a decline in GDP per capita. Predominantly rural regions experienced a lower decrease than predominantly urban regions (-0.2% compared to -0.6% decrease per year) during the economic crisis. However, almost 70% of predominantly rural (PR) regions had a GDP per capita below the OECD average in 2008, as compared with only 32% of predominantly urban (PU) regions and 57% of intermediate (IN) regions (Figure 2.24).

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 2005), 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.

Employed persons are all persons who during the reference week worked at least 1 hour for pay or profit, or were temporarily absent from such work. Family workers are included.

The job gaps in a region are estimated as the increase in employment required in 2012 to restore the ratio of employment and working age population to the 2007 value. The country's employment is computed as sum of regional values.

The economic recession has had a differentiated impact on the loss of jobs within OECD countries. A simple way to quantify the impact of the crisis on the employment situation of different regions is to measure how many jobs it would be necessary to generate in order to return to the employment rate before the crisis. For example, in the United States 7.6 million jobs would be necessary to return to the employment rate of 2007, in which around 1.3 million employed would be needed in California (Figure 2.25). In countries where the effects across regions have been more diverse, half or more of the employment gap could be filled by bringing back just one region to the employment rate before the crisis (this is the case in Ireland, New Zealand, France, Estonia, the Netherlands, Canada, and the Slovak Republic).

All typologies of regions experienced on average a decline in employment. However, predominantly rural regions appear to have experienced difficulty in creating jobs in 2008-2011, displaying on average an employment change of -0.9% (this value is -0.8% in intermediate regions and -0.3% in urban regions) (Figure 2.26).

Source

OECD (2013), *OECD Regional Statistics* (database), *http://dx.doi.org/10.1787/region-data-en*.

OECD deflator and purchasing power parities, *National Accounts* (database), *http://stats.oecd.org/*.

See Annex B for data sources and country-related metadata.

Reference years and territorial level

GDP 2008-10; TL3.

Australia, Canada, Chile, Mexico and United States only TL2.

Regional GDP is not available for Iceland and Israel.

Turkey is excluded for lack of regional GDP after 2001.

Employment 2007-12; TL3.

Australia, Chile, Iceland, Portugal, Switzerland and Turkey only TL2.

Canada non-official grids.

Further information

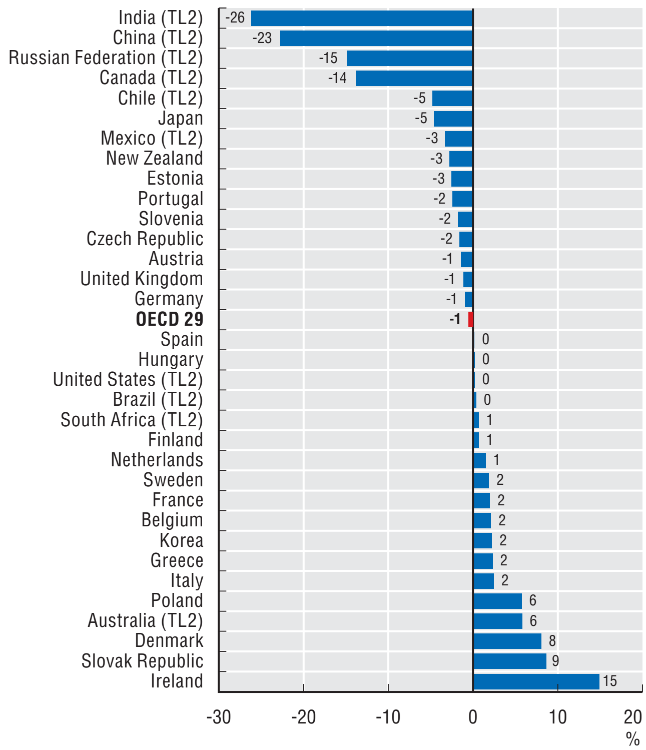
OECD (2013), *OECD Employment Outlook 2013*, OECD Publishing, *http://dx.doi.org/10.1787/empl_outlook-2013-en*.

Figure notes

2.23-2.24: Data for Norway is not used since it is related to GVA for the period 2008-10.

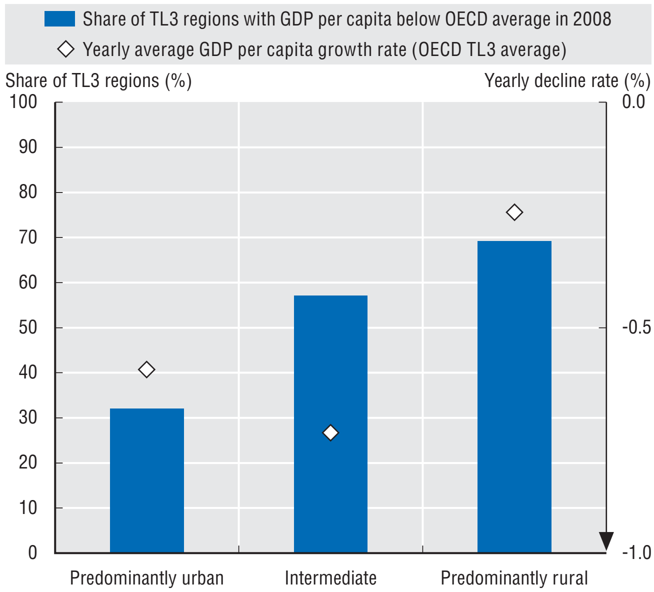
2.25: Only countries with negative employment change on average 2008-12 are included.

2.23. Percentage change in the ratio between GDP per capita of the 10% richest and 10% poorest regions, 2008-10



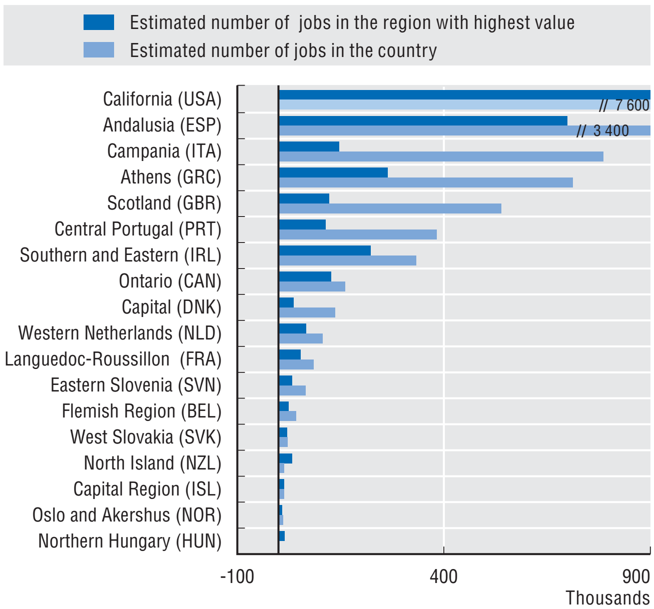
StatLink http://dx.doi.org/10.1787/888932913513

2.24. Per cent of TL3 regions with GDP per capita below OECD average in 2008 and GDP decrease in 2008-10, by type of region



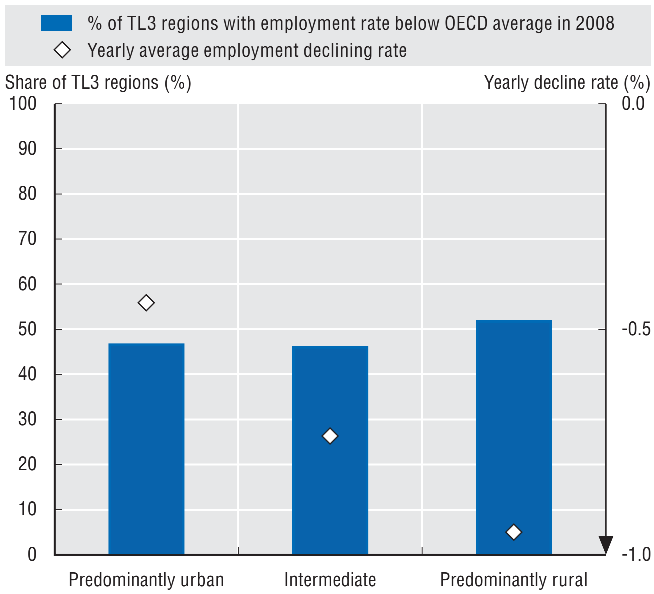
StatLink http://dx.doi.org/10.1787/888932913532

2.25. Estimated number of jobs needed to restore in 2012 the 2007 employment rate: Highest TL2 region and country average

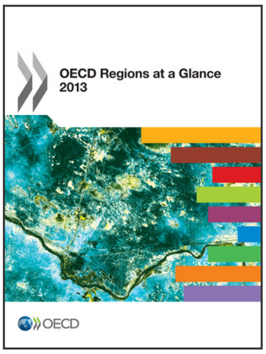


StatLink http://dx.doi.org/10.1787/888932913551

2.26. Per cent of TL3 regions with employment rate below OECD average in 2008 and yearly employment change in 2008-2011, by type of region



StatLink http://dx.doi.org/10.1787/888932913570



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