

## 8. REGIONAL DISPARITIES IN GDP PER CAPITA

GDP per capita varies significantly among OECD countries (Figure 8.1). In 2003, GDP per capita in Luxembourg (USD 53 390) was more than double the OECD average (USD 24 824) and more than seven times that of Turkey (USD 6 910).

### Regional disparities are larger than national ones

Although substantial, international disparities in GDP per capita are often smaller than differences among regions of the same country (Figure 8.2). In the United Kingdom, for instance, GDP per capita in Inner London-West was five times the national average but it was just above half the national average in the Isle of Anglesey. In Turkey, regional GDP per capita ranged between 3.5 times the national average (Koaceli) and less than one-third of that average (Agri).

These are by no means isolated examples. Significant territorial disparities are also observed in the United States, France, Poland and Mexico. In all these countries in 2003, GDP per capita in the “richest” region was at least four times higher than in the “poorest”.

### Commuting may distort the figures

Some of this variation may be due to commuting. By working in one area and living in another, commuters tend to increase GDP per capita in the region where they are employed and decrease it in the region where they reside. In several urban regions (e.g. Inner London-West, District of Columbia, Paris), GDP per capita appears significantly “oversize” if the impact of commuting is not taken into account.

While the range shows the difference between the region with the lowest and the highest GDP per capita, the Gini index measures disparities among all regions of a given country. The index ranges between 0 and 1: the higher its value, the larger the inequality among regions in terms of GDP per capita.

Between 1998 and 2003, disparities among countries remained stable (Figure 8.3) but regional

disparities increased in 11 out of 26. Canada, Turkey, Ireland and Hungary showed the largest increase in the Gini index (0.02). The increase in regional disparities was more limited in Australia, Belgium, Denmark, Korea, the Slovak Republic, Poland and the United States (0.01). Austria, Finland, France, Greece, Italy, Norway, Portugal were the only countries with a modest reduction in regional disparities (-0.01). Sweden remained the country with lowest regional disparities in GDP per capita.

To appreciate the economic implications of this pattern, Figure 8.4 shows the percentage of national population living in regions where GDP per capita is below the national average. While the Gini index measures the size of regional disparities, this indicator shows how many people are affected by them.

### More people are affected by regional variations

In 2003, more than half of the OECD population (52%) lived in a region where the level of GDP per capita was below the national average, a 1 percentage point increase from 1998. The increase was particularly large in Greece and Canada (15), Ireland (10), Germany (9) and Portugal (8). Hungary (-9) and the Czech Republic (-5) showed significant reductions in the proportion of people affected by regional disparities.

A comparison of Figures 8.3 and 8.4 shows that regional disparities in GDP per capita may increase while the number of people living in regions with low GDP per capita may decrease. This seems to have been the case between 1998 and 2003 for Hungary and Poland: highly populated regions improved their position compared to less populated ones. As a result, disparities increased but were a concern for fewer people. Portugal, Greece and Finland are the only countries in which GDP per capita grew more slowly in highly populated regions so that while disparities decreased, more people were affected.

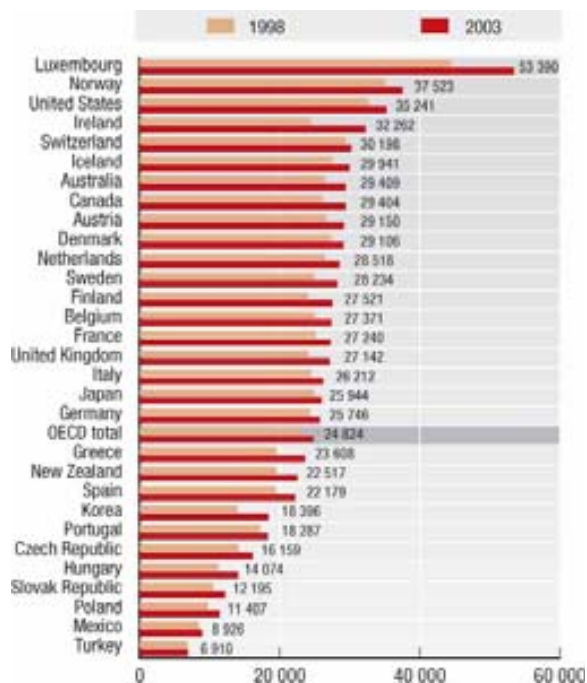
#### Definition

GDP per capita is calculated by dividing the GDP of a country or a region – measured at constant Purchasing Power Parity (PPP) (2000) – by its population.

## 8. REGIONAL DISPARITIES IN GDP PER CAPITA

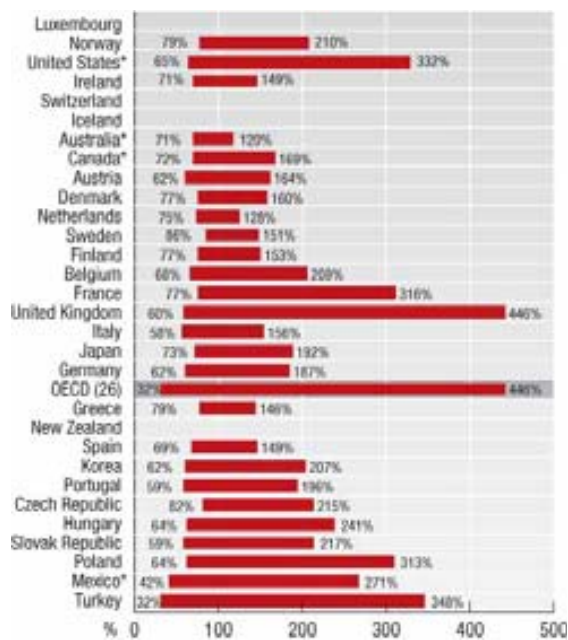
### 8.1. GDP per capita varies across OECD countries...

GDP per capita (USD constant PPP year 2000)



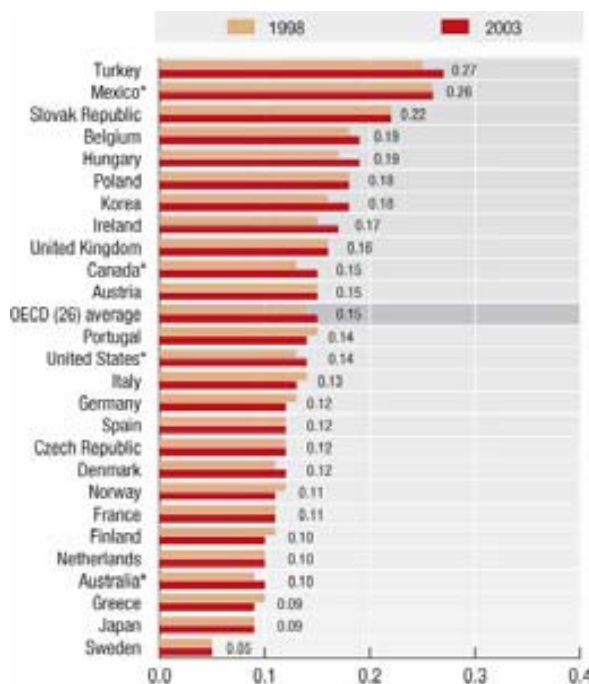
### 8.2. ... but the variation is even greater among regions of the same country

Range in GDP per capita across regions as a per cent of the national average, 2003 (TL3)



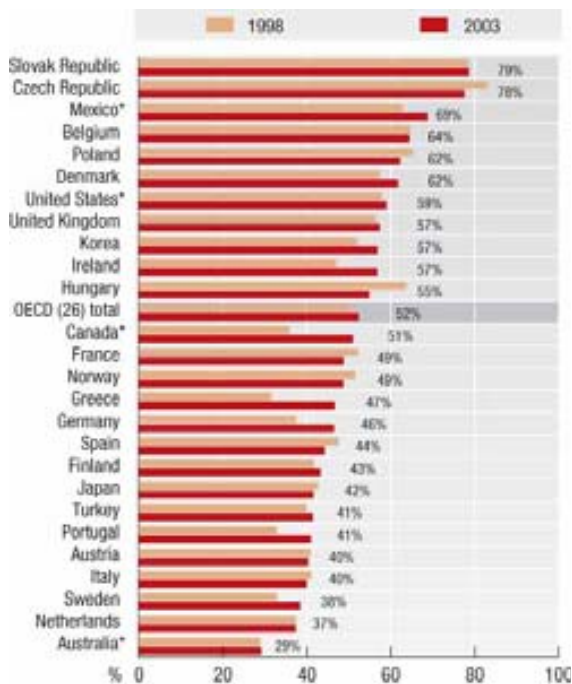
### 8.3. Between 1998 and 2003 regional disparities increased in 10 countries

Gini index of inequality of GDP per capita across regions within each country (TL3)



### 8.4. Disparities have become a concern for fewer people in Hungary, the Czech Republic, France and Norway

Percentage of population in regions with GDP per capita below the national average (TL3)

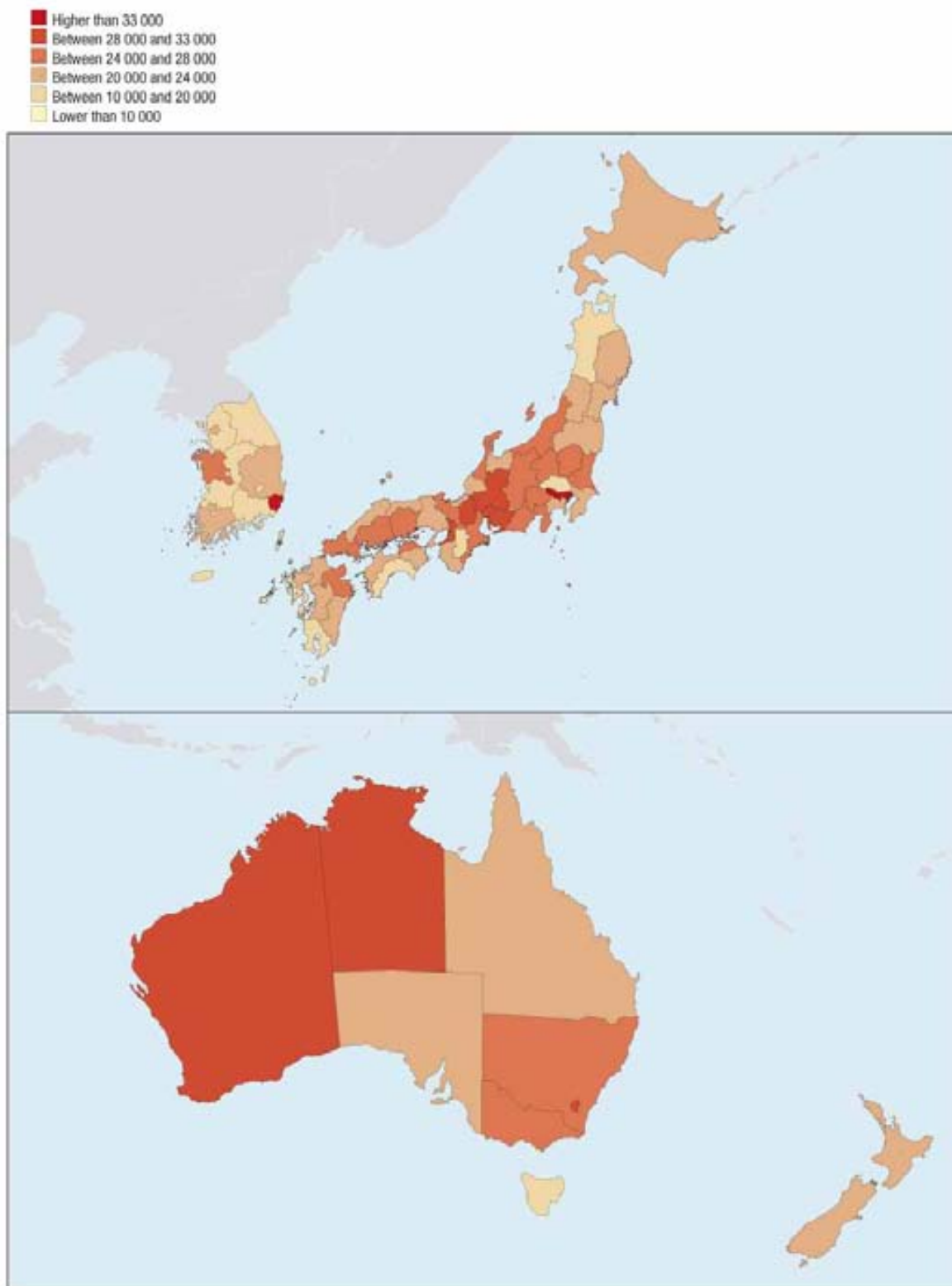



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## 8. REGIONAL DISPARITIES IN GDP PER CAPITA

### 8.5. Regional GDP per capita: Asia and Oceania

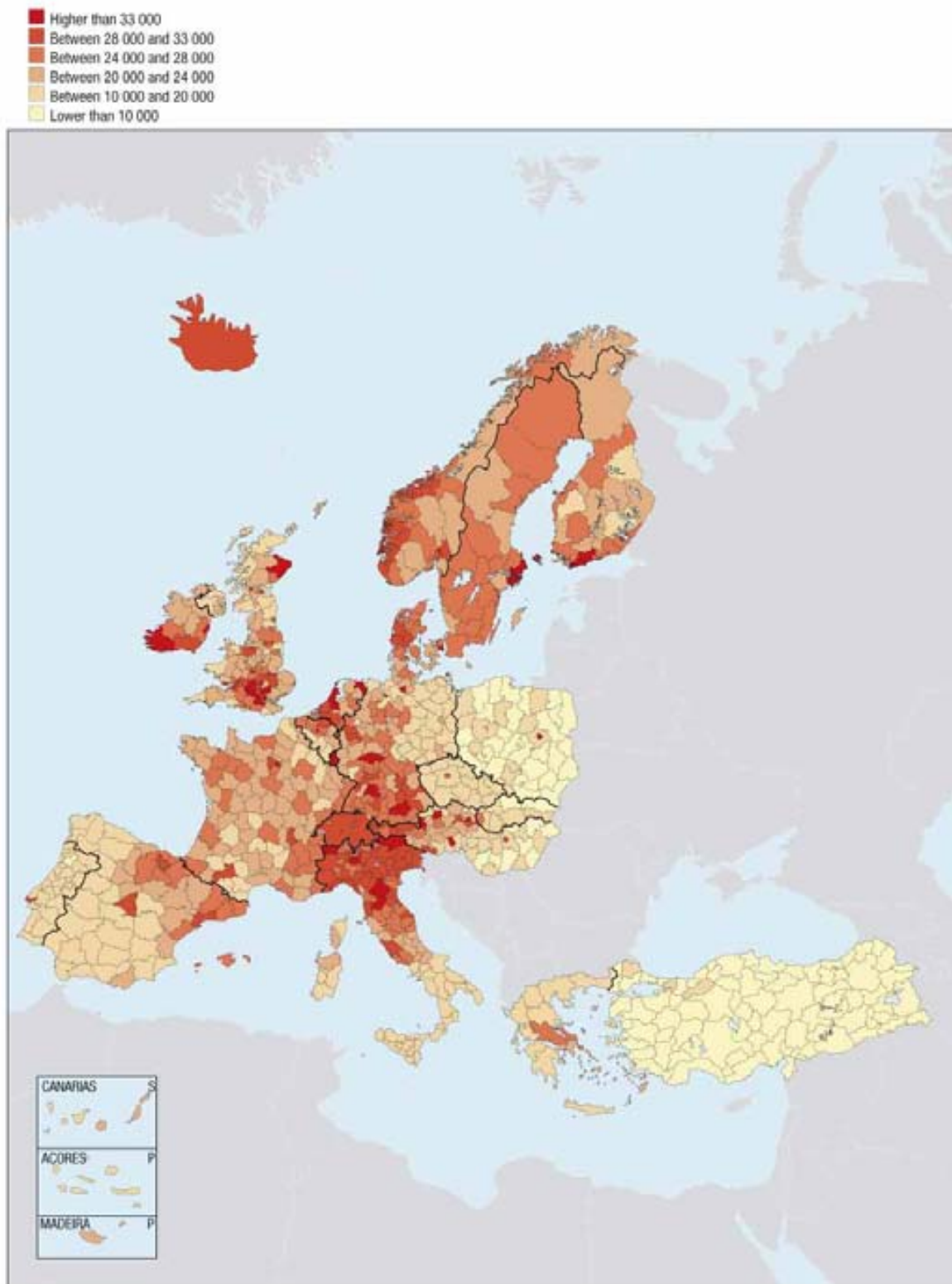
Constant 2000 USD (PPP), 2003




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### 8.6. Regional GDP per capita: Europe

Constant 2000 USD (PPP), 2003

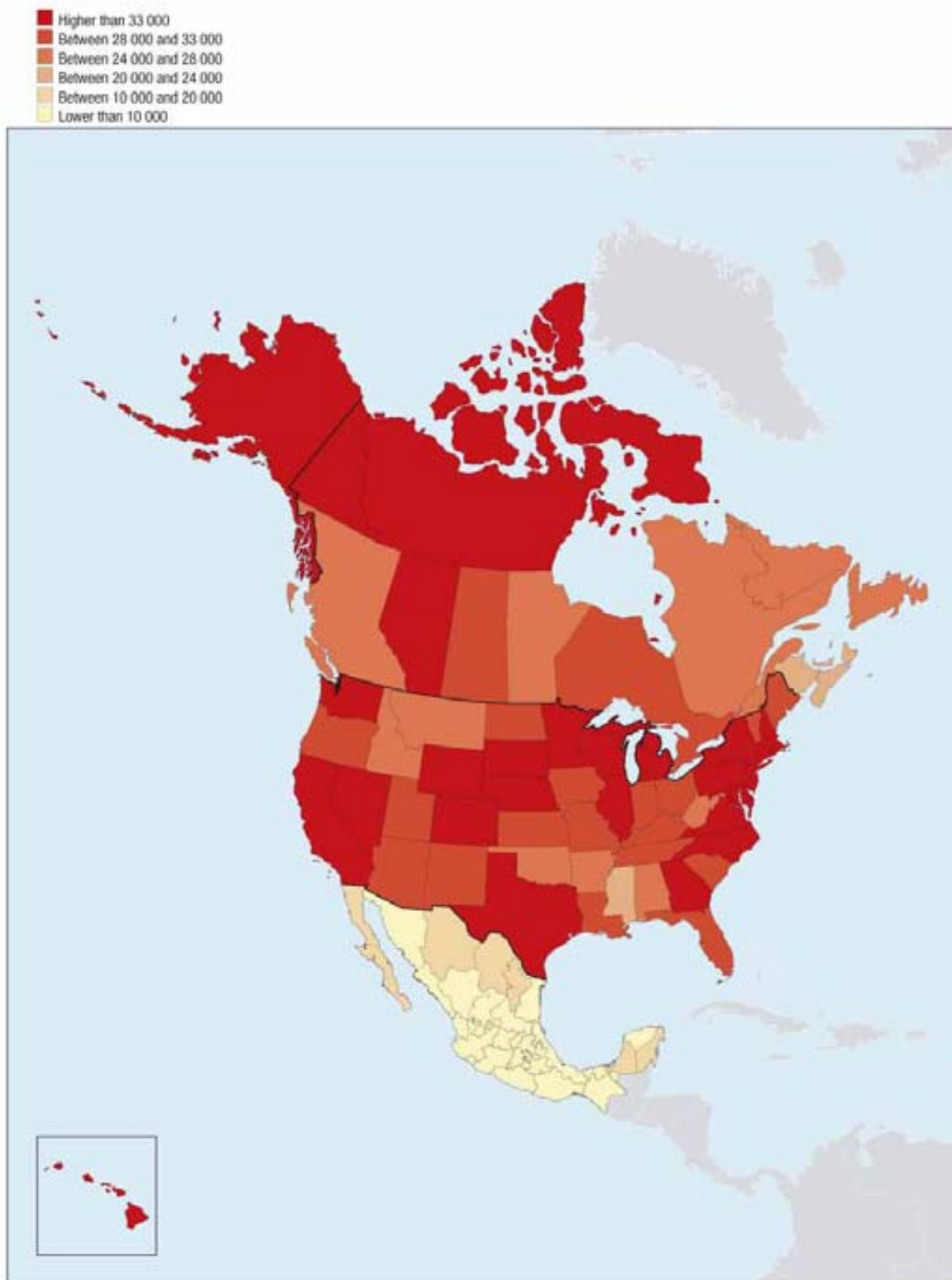



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## 8. REGIONAL DISPARITIES IN GDP PER CAPITA

### 8.7. Regional GDP per capita: North America

Constant 2000 USD (PPP), 2003



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### Urban and rural regions: an increasing gap

GDP per capita tends to be higher in urban regions than in rural and intermediate ones. In 2003, GDP per capita in OECD urban regions was 51% higher than each country's average; in intermediate and rural regions it was only 77% and 64%, respectively, of the national average (Figure 8.8).

This gap widened during 1998-2003. Urban regions increased their advantage over intermediate and rural regions in 9 out of 22 OECD countries, while rural regions saw the gap increase in 5. The increase in urban regions was particularly large in Hungary (19 percentage points), the Slovak Republic (5), Greece (4) and Denmark (3). Norway (-13), Portugal (-4), Sweden and the Czech Republic (-2) were the only countries showing a significant reduction in the GDP gap in favour of urban regions.

The relative decrease in GDP per capita was particularly strong in the intermediate regions of Finland (-5 percentage points), Korea and Greece (-4), and Belgium (-3). A significant improvement in the relative position of intermediate regions was instead apparent in Norway, Hungary, Portugal, Sweden and Turkey (3).

Hungary and Turkey were the two countries with the largest decrease in the relative GDP per capita of rural regions (-7 and -4 percentage points, respectively), whereas the Czech Republic (9) and Korea (6) showed a significant improvement for rural regions.

#### 8.8. Between 1998 and 2003, urban regions increased their advantage over intermediate and rural regions in 9 out of 22 OECD countries



StatLink <http://dx.doi.org/10.1787/747881755121>

## Symbols and Abbreviations

<b>OECD (25) average</b>	Unweighted average of 25 OECD countries.
<b>OECD (25) total</b>	Sum over all regions of 25 OECD countries.
<b>OECD (25)</b>	Range of variation over all regions of 25 OECD countries.
<b>TL2</b>	Territorial Level 2.
<b>TL3</b>	Territorial Level 3
<b>NOG</b>	Non Official Grid
<b>*</b>	Differences in the definition of data or regions. Please check the “Sources and Methodology” section.
<b>PU</b>	Predominantly Urban
<b>IN</b>	Intermediate
<b>PR</b>	Predominantly Rural
<b>PPP</b>	Purchasing Power Parity
<b>USD</b>	United States Dollar







## **I. REGIONS AS ACTORS OF NATIONAL GROWTH**

1. GEOGRAPHIC CONCENTRATION OF POPULATION
2. GEOGRAPHIC CONCENTRATION OF THE ELDERLY POPULATION
3. GEOGRAPHIC CONCENTRATION OF GDP
4. REGIONAL CONTRIBUTIONS TO GROWTH IN NATIONAL GDP
5. GEOGRAPHIC CONCENTRATION OF INDUSTRIES
6. REGIONAL CONTRIBUTIONS TO CHANGES IN EMPLOYMENT
7. GEOGRAPHIC CONCENTRATION OF PATENTS

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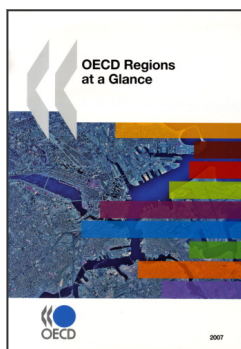
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