



ABSTRACT

Title: Capital cities and the upsurge of regional inequality in Europe

Authors and e-mails:

Alicia Gómez Tello: alicia.gomez-tello@uv.es

M^a José Murgui García maria.j.murgui@uv.es

M^a Teresa Sanchís Llopis m.teresa.sanchis@uv.es

Department: Análisis Económico

University: Universitat de València

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Abstract:

The convergence of per-capita income across the European regions is one of the most striking issues in the European Union agenda. In the last decades, and more especially since the financial crisis, some European countries have shown an upsurge of regional income per capita inequalities. The importance of spatial inequality for economic policy requires a better understanding of both, its magnitude and main determinants. Hence, this paper focuses on the measurement of regional inequality in the 156 regions belonging to the EU-13 from 2000 to 2015 and whether does it respond to a new technological shock representing the start of a new inverted-U process. So, we focus our attention in how the leading regions have increased their distances to the European average. Then, distances in terms of labour productivity with regard to the leading regions are broken down in the three components of the shift-share analysis. Our results on the shift-share decomposition attribute most of the divergence to the “within industry” component that has to deal with a growing technological gap between the leading region and the rest. In general, all the leading regions diverged of the remaining regions in manufacturing and services.

Keywords: Inequality, unbalanced economic growth, spatial imbalance.

JEL codes: R10; R11; R12

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