International Economics

European Union of the Regional Disparities

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Abstract: The paper deals to the idea of the necessity of changing EU's political approach in order to face to the new inside and global challenges. In order to support this idea, the analysis uses four representative indicators: educational attainment level, hospital beds at 100000 inhabitants, employment rate and unemployment rate. The initial analysis was focused on EU's regions and pointed out great disparities. A distinct part of the analysis covers Romanian regions. The analysis is realized on two levels: macroregions and NUTS 2 regions. Romania is not an exception from the paper's approach. The main conclusion of the analysis is that EU arrived into critical point and has to change its political and economic approach in order to reduce and to eliminate the regional disparities and to increase its credibility as global actor.

Keywords: regional disparities; strategic regions; regional cohesion; regional policy.

JEL Classification: R11; R12; R50

1. Introduction

The Regional Policy represents the essential component of the Cohesion Policy. During the present financial perspective, it covers 1/3 from the EU budget and becomes the EU28's main investment policy.

Even that the Regional Policy is financed from three sources, the ERDF covers the greatest amount. ERDF is focused on financing: R&D and innovation; digital agenda; SMEs; and low-carbon economy.

On the other hand, the Regional Policy supports the achieving of the Europe 2020 Strategy's targets.

The European Commission has an optimistic point of view regarding the implementation of this policy (European Commission, 2016). Unfortunately, the latest developments (Grexit, Brexit) didn't support this approach.

The same Regional Policy implemented specific regulations related to different strategic regions as the Arctic region (European Parliament and the Council, 2012).

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Other regulation was focused on IPA II instrument, which offers financial and technical support to the candidate and potential candidate countries (European Parliament and of the Council, 2014).

The European Commission adopted four macro-regional strategies for the Baltic Sea region the Danube region, the Adriatic and Ionian region and the Alpine region (European Commission, 2015).

In order to solve the Grexit crisis, the European Parliament and the Council adopted a regulation able to support and to encourage Greece's economic recovery (European Parliament and the Council, 2015).

2. Literature Review

Regional disparities represent a theme which was, is and will be analysed by many researchers.

The connection between the regional economic structures and the existing disparities is presented under a very interesting approach in relation to the productive mix and the labour market structure. The regional clusters across the EU are analysed using a multivariate analysis method (STATIS). The authors concluded that the regional disparities increase between the Mediterranean regions, central-northern Europe and central-southern England. The main element which supports these disparities is the labour market flexibility. Moreover, localization factors and the industrial base accompanied by high levels of income and employment lead to the same disparities (Amendola, Caroleo & Coppola, 2004).

The regional disparities related to GDP per capita. Using an improved variant of Lucas model, the authors built a bell-shaped curve in order to describe the relationship between the level of regional inequalities and the per capita national income level. The analysis covers 17 Member States. The main conclusion of the analysis is that regional inequalities inevitably rise as economic development proceeds but then tend to decline once a certain level of national economic development is reached (Barrios & Strobl, 2005).

This is why the dedicated literature was put into discussion in order to observe if it was able to detect convergence or divergence trends across countries or regions. An interesting scientific approach was focused on eight Member States and concluded that both short-term divergence and long-term convergence processes coexist. Moreover, the authors proposed a theoretical and empirical model which allows for short to medium term processes related to economic cycles and long-term processes related to diverse levels of GDP per capita to have an independent impact on regional inequality (Petrakos, Rodríguez-Pose & Rovolis, 2005).

An interesting approach is that considering that the EU regional disparities are

effects of the labor markets dysfunctions. The composition and structure of labor markets seem to be main elements able to support regional disparities in Europe. As a result, the labor markets flexibility and the unemployment are both essential in increase the regional disparities. The analysis in this paper doesn't eliminate other factors of the regional disparities, as localization factors and the presence of a solid industrial base accompanied by high levels of income and employment (Amendola, Caroleo & Coppola, 2006).

A more optimistic approach results from the analysis of the regional convergence across the EU. This paper deals to the Convergence Policy as a support for Beta-convergence. Beta-convergence represents the process which allows the poor regions to grow faster than the rich regions and therefore to catch up on them. A distinct part of the paper is dedicated to Sigma-convergence, which represents the possibility to decrease the regional disparities. Even that the economic growth equations used in the analysis led to pertinent conclusions, the author suggested the need of a microeconomic approach as well (Monfort, 2008).

The intra and inter-regional disparities in Romania were analysed using multiple statistical techniques as Gini index, Herfindahl index and Theil index, as well. The analysis is focused on NUTS2 and NUTS3 regions. The main conclusions of the analysis are the low regional economic concentration and the relatively low amplitude of both inter-regional and intra-regional disparities (Goschin, Constantin, Roman & Ileanu, 2008).

Other approach is focused on the connection between regional disparities, convergence and increasing spatial concentration. The analysis covers only EU15 and points out the increasing of the convergence of regional per-capita income in these countries. On the other hand, the income disparities decreasing at national level are not necessary followed by the same trend across the regions within the EU countries. Moreover, the economic agglomerations tend to increase disparities within the EU member states (Geppert & Stephan, 2008).

One of the latest scientific approaches is based on a multilevel analysis in selected OECD countries in order to point out the regional disparities. This research covers 86 regions in five Member States: Czech Republic, France, Italy, Spain and UK. The analysis was focused on the access to health care using representative indicators.

At least two important conclusions come from this analysis. First, is connected to dissatisfaction with the health system. It becomes more important than the lack of accessibility. The second conclusion points out the impact of the cost, distance and lack of time on health care (Brezzi & Luongo, 2016).

3. Regional Disparities Across EU's Regions

Nowadays, EU faces to more regional disparities than regional cohesion elements. Some representative socio-economic indicators lead to the same conclusion.

The population aged 30-34 by educational attainment level, for example, represented 17.2% from total population in EU28 and 19.5% in the Euro area in 2015 (Eurostat, 2016). The gap related to this indicator is huge (17.78: 1) (see Figure 1).
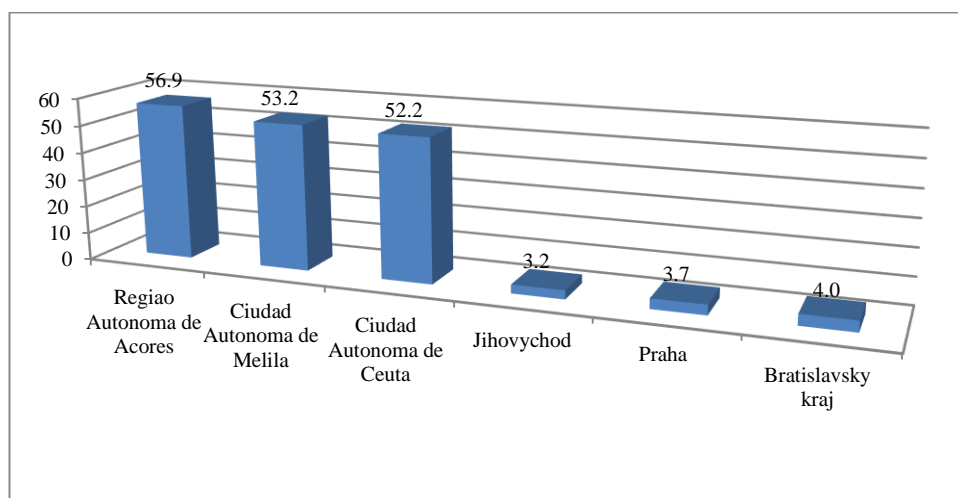

Figure 1. Educational attainment level

Source: Personal contribution

The medical care system faces to high regional disparities, as well. Under the number of hospital beds at 100000 inhabitants, the regional disparities are presented in Figure 2 (Eurostat, 12.07.2016; Eurostat, 05.08.2016).
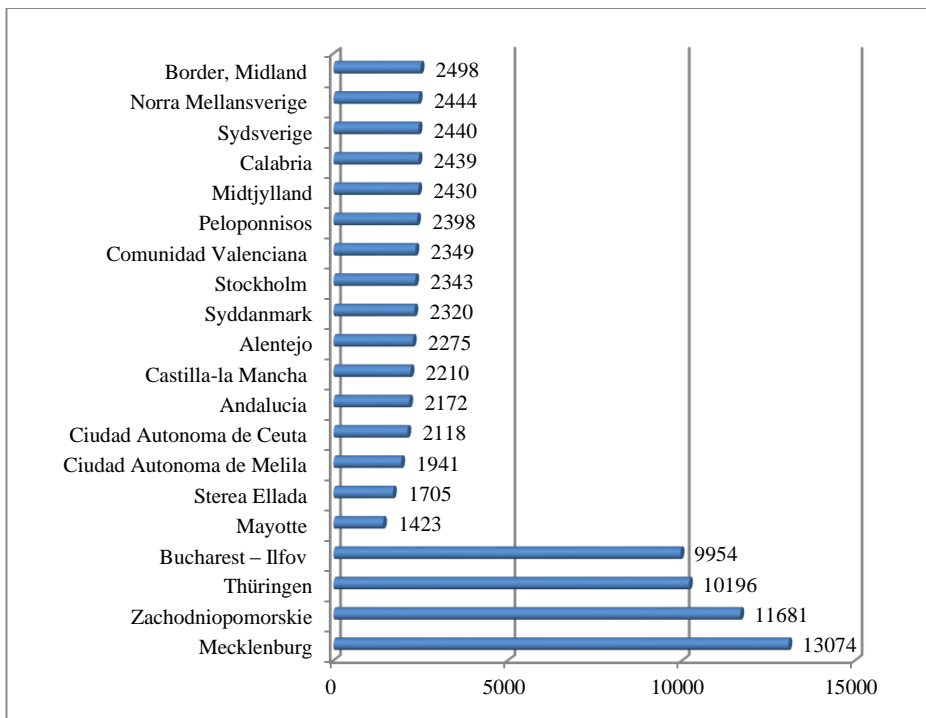
Figure 2. Number of hospital beds/100000 inhabitants (selected regions)

Source: Personal contribution

EU's regions present huge disparities related to the labour market. The employment rate, for example, faces to a gap of 2.09: 1 (Eurostat, 19.07.2016) (see Figure 3).
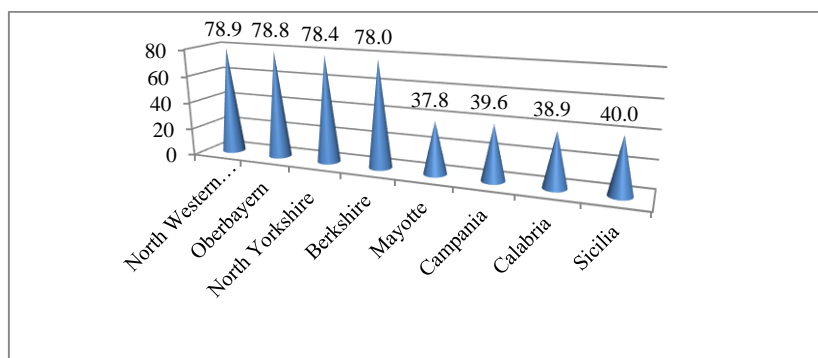

Figure 3. Regional disparities related to employment rate (%)

Source: Personal contribution

Moreover, the unemployment rate leads to the same great disparities. The main regional unemployment disparities are presented in Figure 4 (Eurostat, 19.07.2016). The gap between the peak and the bottom values for this indicator is 13.6: 1.
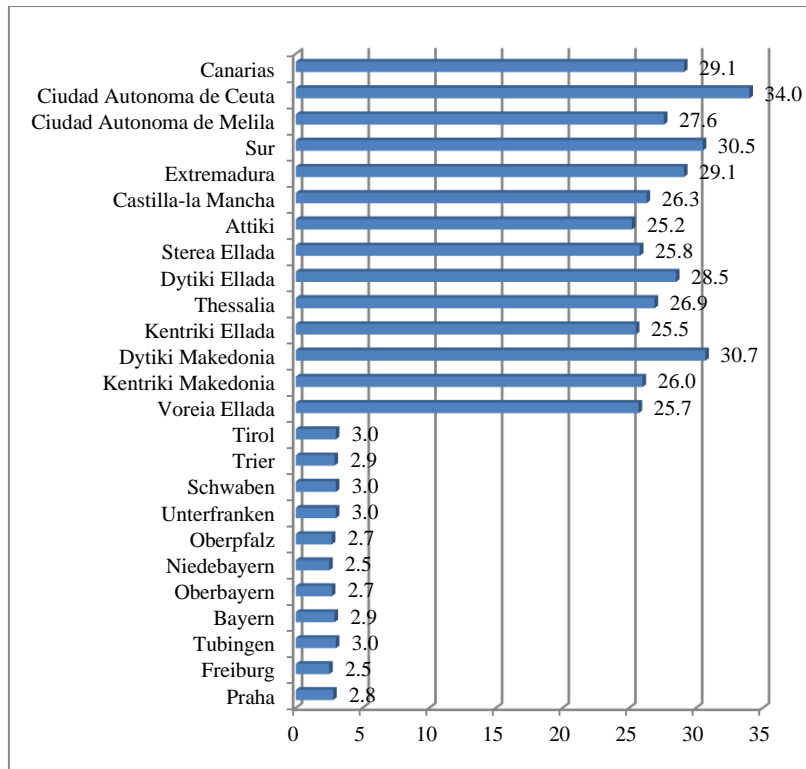

Figure 4. Regional disparities related to unemployment rate (%)

Source: Personal contribution

4. Regional Disparities in Romania

During the present financial perspective, the ERDF's allocations for Romania cover 15058.8 million euros for less developed regions and 441.3 million euros for more developed regions. This can be understood as the existence of high regional disparities. One of these is related to the population aged 30-34 by educational attainment level. Its trend across the macroregions is presented in Figure 5.
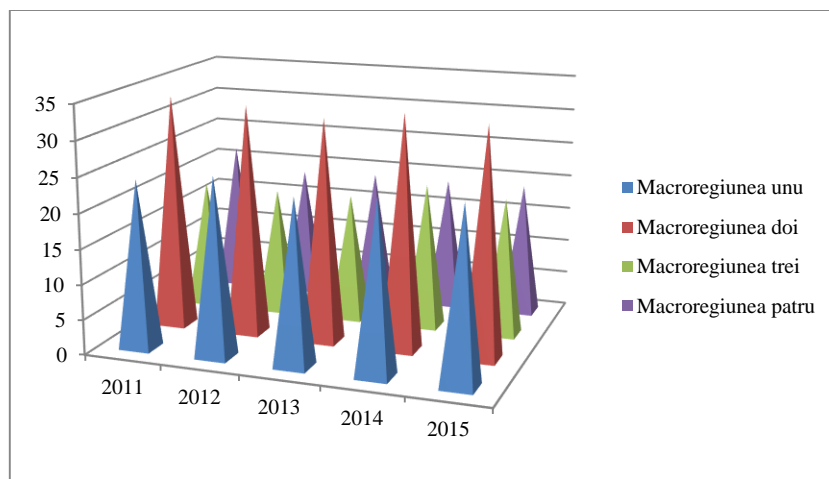
Figure 5. Access to education in Romania (%)

Source: Personal contribution

The disparities increase across NUTS 2 region level, where the gap is 2.7:1 (see Figure 6).
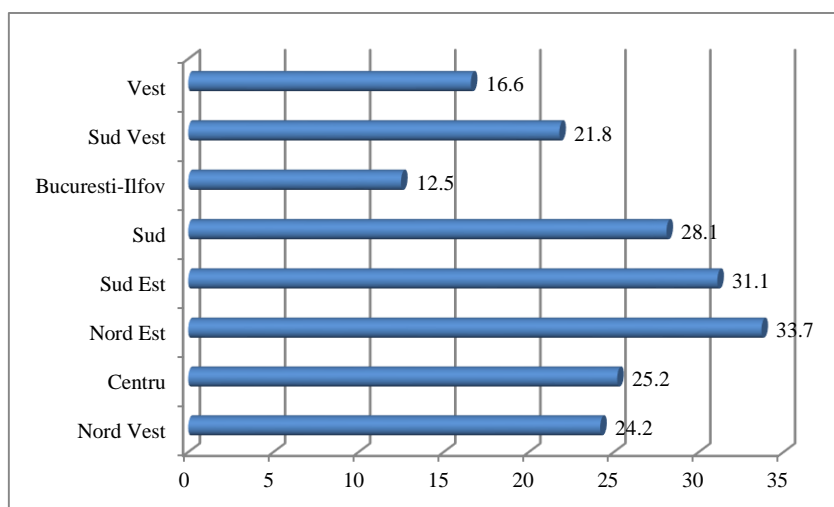

Figure 6. Regional accesses to education in Romania (%)

Source: Personal contribution

Region Bucuresti-Ilfov has the greatest number of hospital beds compared to the other 7 NUTS 2 regions. The gap between this region and region Sud is 2.03:1 (see Figure 7).
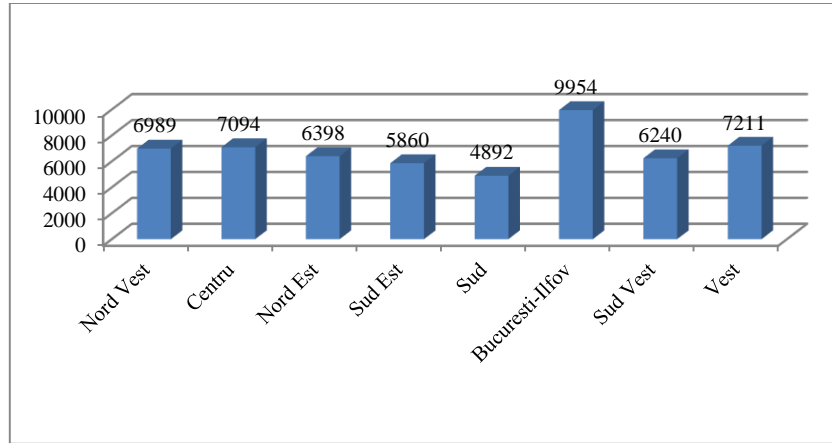
Figure 7. Number of hospital beds on regions in 2015 (number/100000 persons)

Source: Personal contribution

The employment rate leads to the high regional disparities, as well. These disparities seem to be greater between macroregions (see Figure 8).
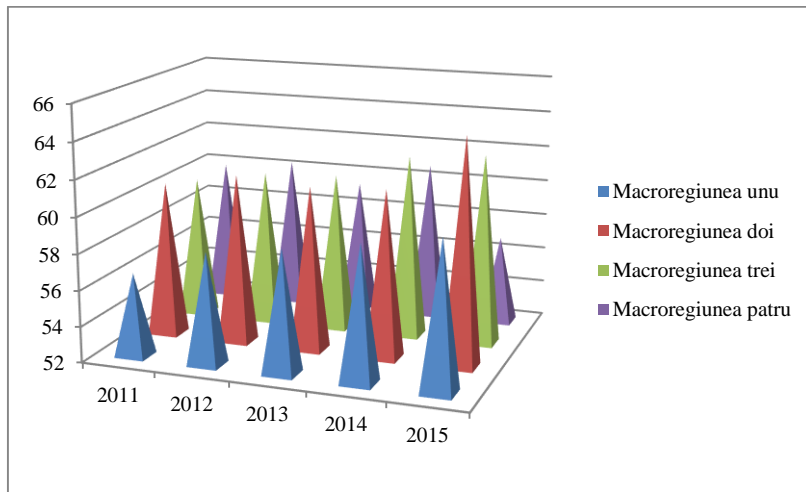

Figure 8. Regional employment rate's trend in Romania (%)

Source: Personal contribution

Across the NUTS 2 regions, Bucuresti-Ilfov and Nord Est achieved employment rates greater than EU average (see Figure 9).
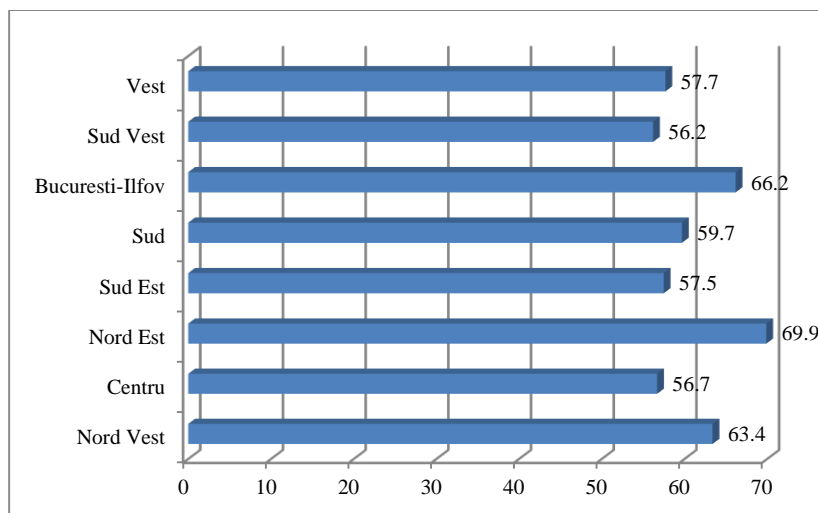
Figure 9. Regional employment rates in 2015 (%)

Source: Personal contribution

Macroregiunea patru faced to an increase in unemployment rate 2015, while the other three succeeded in achieving lower rates (see Figure 10).
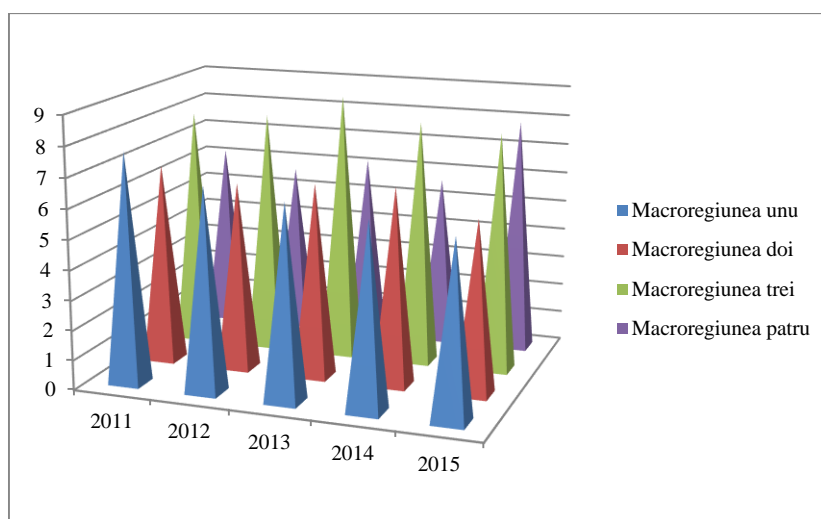

Figure 10. Unemployment rate's trend across Romanian macroregions (%)

Source: Personal contribution

The same indicator led to a gap 2.86: 1 at NUTS 2 level regions in 2015 (see Figure 11).
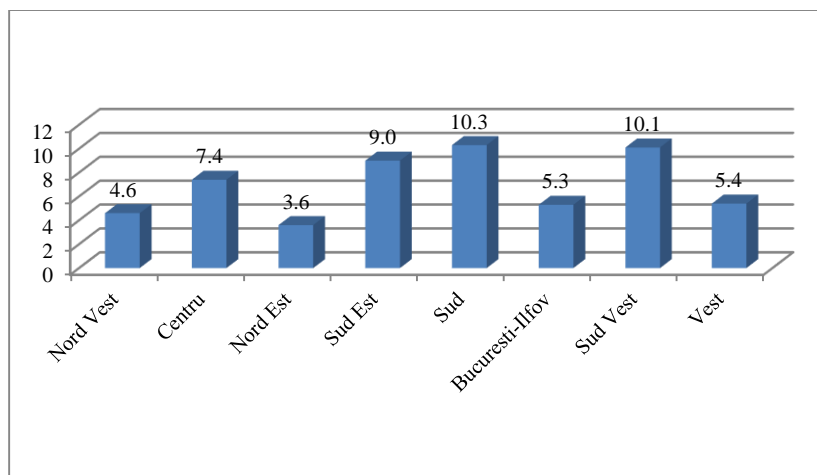
Figure 11. Regional unemployment rates in 2015 (%)

Source: Personal contribution

5. Conclusion

The European Union adopted and implemented strategic documents able to ensure socio-economic development under a sustainable approach. Unfortunately, the latest political and economic events put into discussion even the future of this organization.

Nowadays, the disparities across the Member States increased. The situation is worsening at regional level. Romania represents an ideal example which supports this conclusion.

Under the Brexit's pressure, EU has to find solutions to rebuild the European structures and institutions, in order to obtain again optimal socio-economic development for all Member States. This implies a new approach at supranational and national levels.

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