



European Foundation
for the Improvement
of Living and Working
Conditions

The tripartite EU Agency providing knowledge
to assist in the development of better social,
employment and work-related policies

Regional Convergence in the EU Between Crises

15th Conference “Social Monitoring and Reporting in Europe”

Jens Carstens and Anamaria Maftai
Social Policies Unit, Eurofound

— 9 March 2021 —

Outline

- I. Introduction
- II. Regional Convergence in social and economic indicators
 - a. Robust Upward Convergence: Early School Leavers
 - b. Correlated to the business cycle: Employment Rate
- III. Geography of Regional Convergence
 - a. Top Performer and Left Behind regions
 - b. Mobility between Clusters
- IV. Conclusion

I. Introduction

Upward Convergence

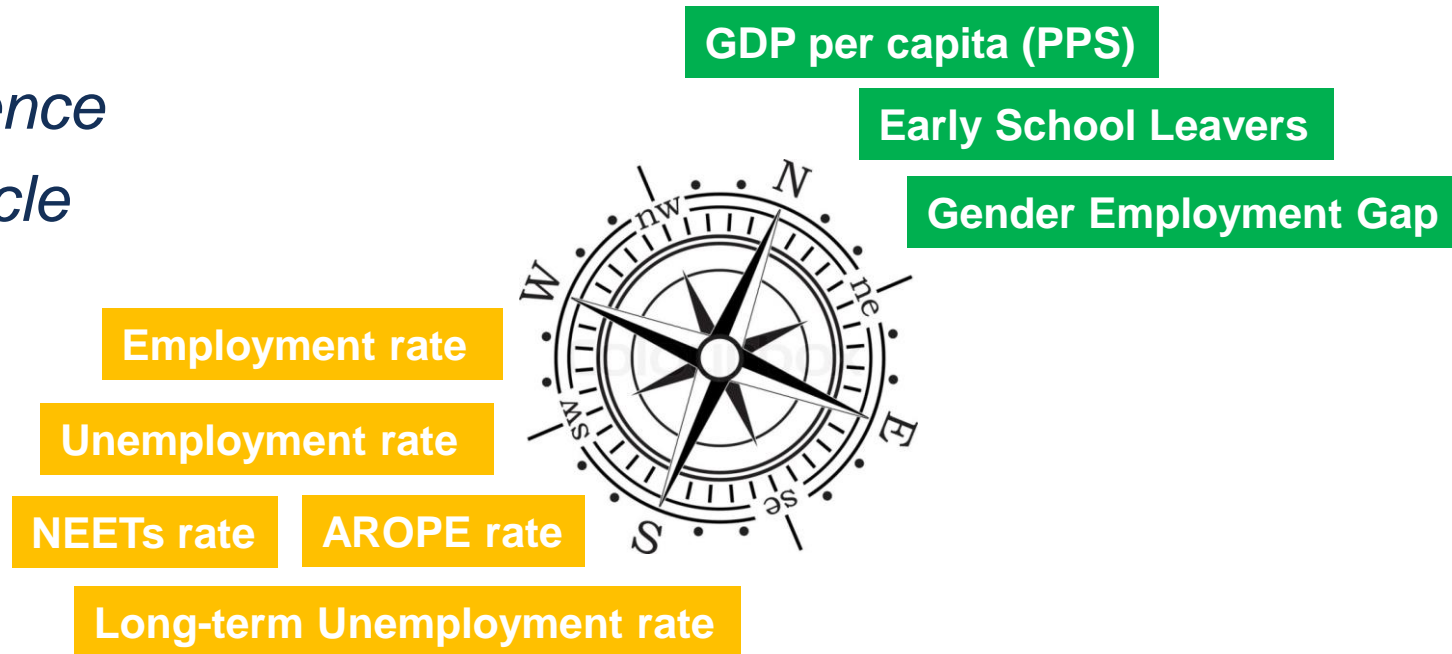
- **Concept:** “to move closer together upward” (Eurofound 2018, p.16)
= improvement towards policy target + reduction in disparities
- **Importance:**
 - Political promise of the EU: better living, working and social conditions
 - Increasing inequalities → risks for social cohesion in the EU and political support for EU
- **Paradigm shift:** economic and social dimension go hand in hand (European Pillar of Social Rights)
- Why study Upward Convergence at **regional level**?
 - EU and MS aggregates hide diverse developments at regional level
 - Large disparities at regional level and risk of leaving regions behind

II. Regional Convergence in social and economic indicators

Two types* of convergence dynamics between 2008 and 2019:

- a) *Robust Upward Convergence*
- b) *Correlated to business cycle*

* Performance in Gender Employment Gap stagnated after 2014

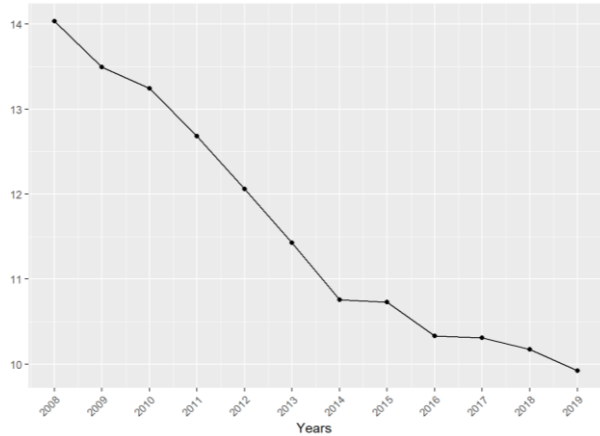


Robust Upward Convergence

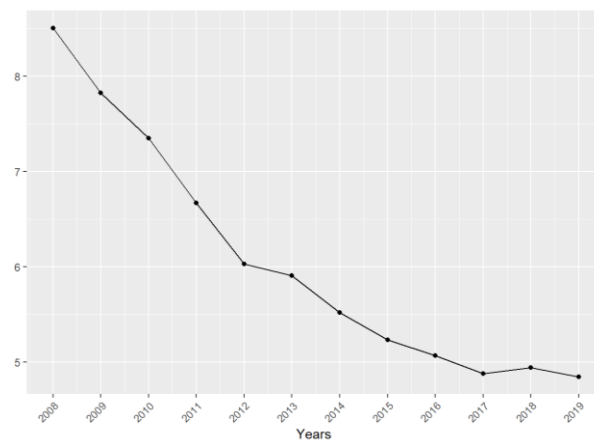
Correlated to business cycle

II.a. Robust Upward Convergence: Early School Leavers

Average



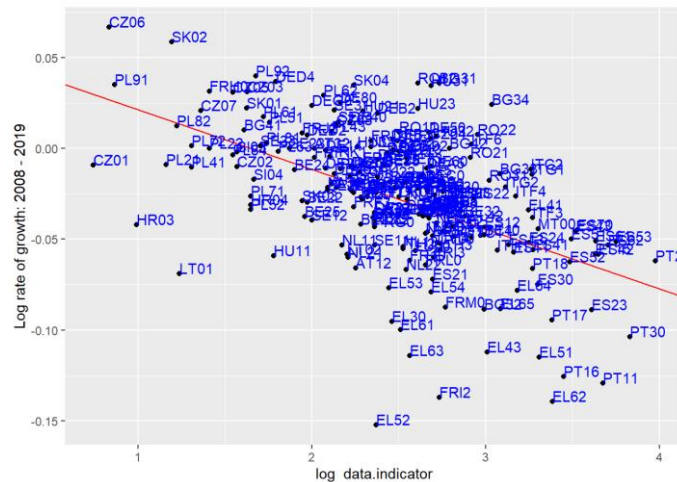
Standard Deviation



+

=

**Upward
Convergence**



Unconditional **Beta-convergence**:

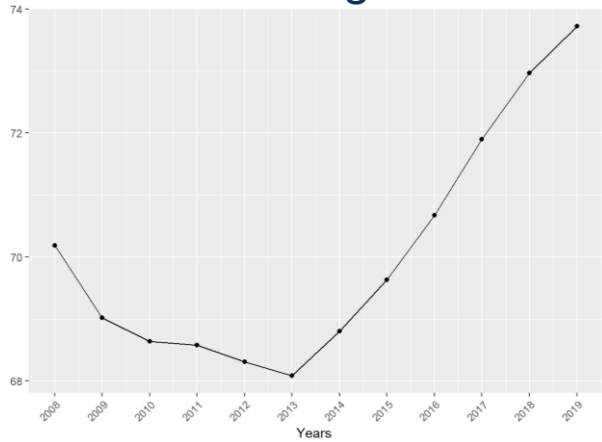
- Overall catch-up process
- Some heterogeneity at regional level, but no major outliers

Robust Upward Convergence

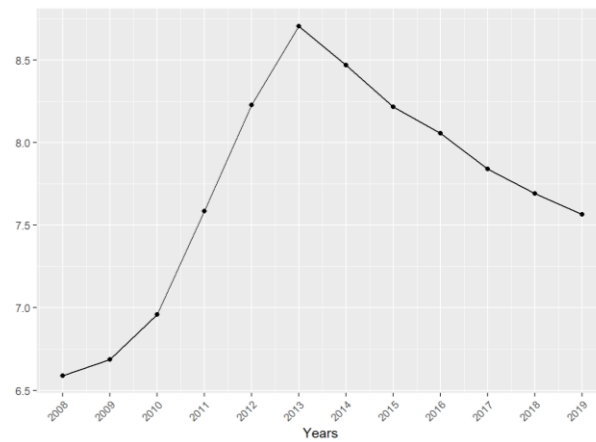
Correlated to business cycle

II.b. Correlated to business cycle: Employment Rate

Average



Standard Deviation

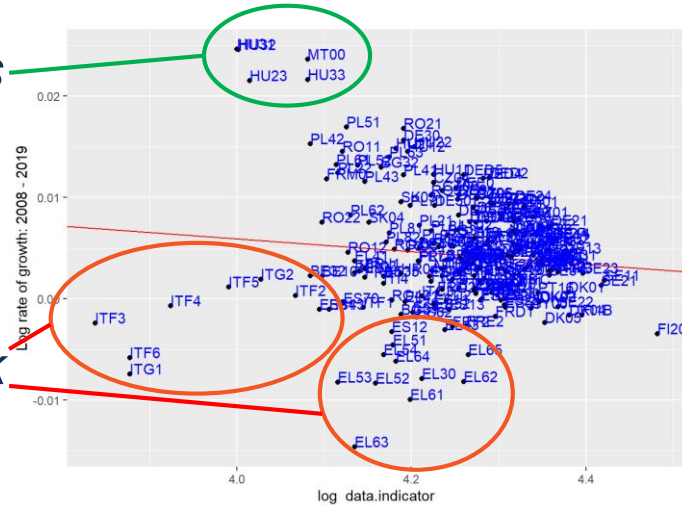


+

=

**Correlation
with business
cycle**

*Hungarian regions
and Malta*



*Italian and Greek
regions*

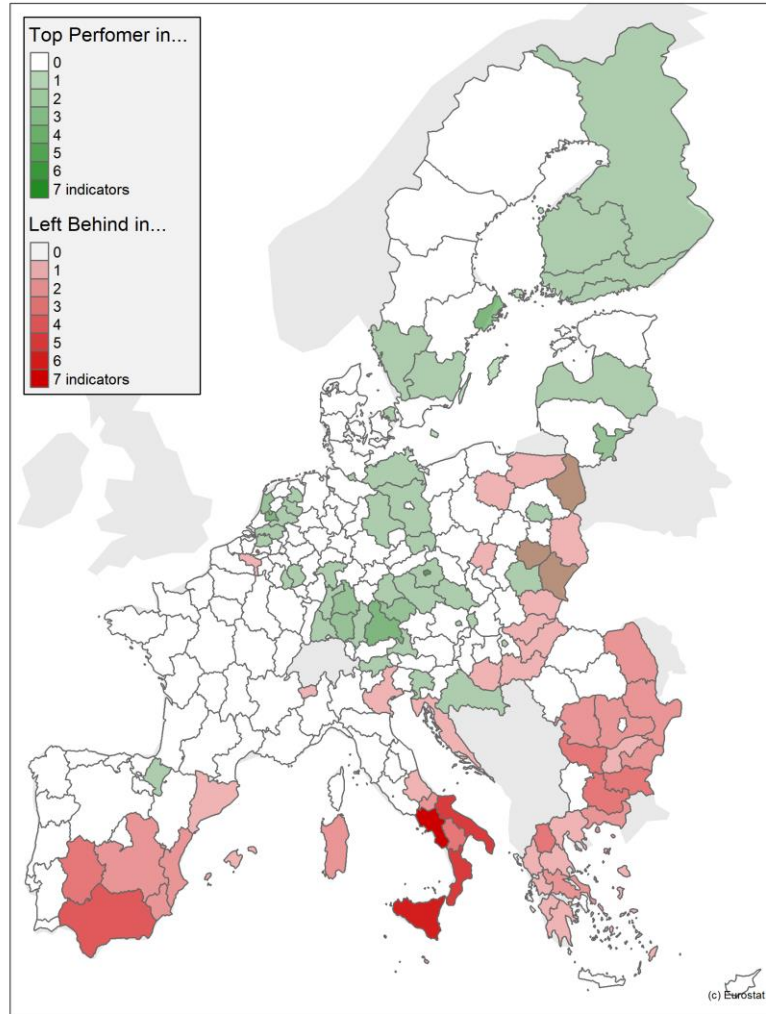
Unconditional **Beta-convergence**:

- Slower catch-up process
- More heterogeneity at regional level

Robust Upward Convergence

Correlated to business cycle

III.a. Geography of Regional Convergence: Top Performing and Left Behind regions



Top Performing Regions

Prague (CZ, 5)

Upper Bavaria (DE, 3)

Utrecht (NL, 3)

Stockholm (SE, 3)

Stuttgart (DE, 2)

Left Behind Regions

Campania (IT, 7)

Sicily (IT, 6)

Apulia (IT, 5)

Calabria (IT, 5)

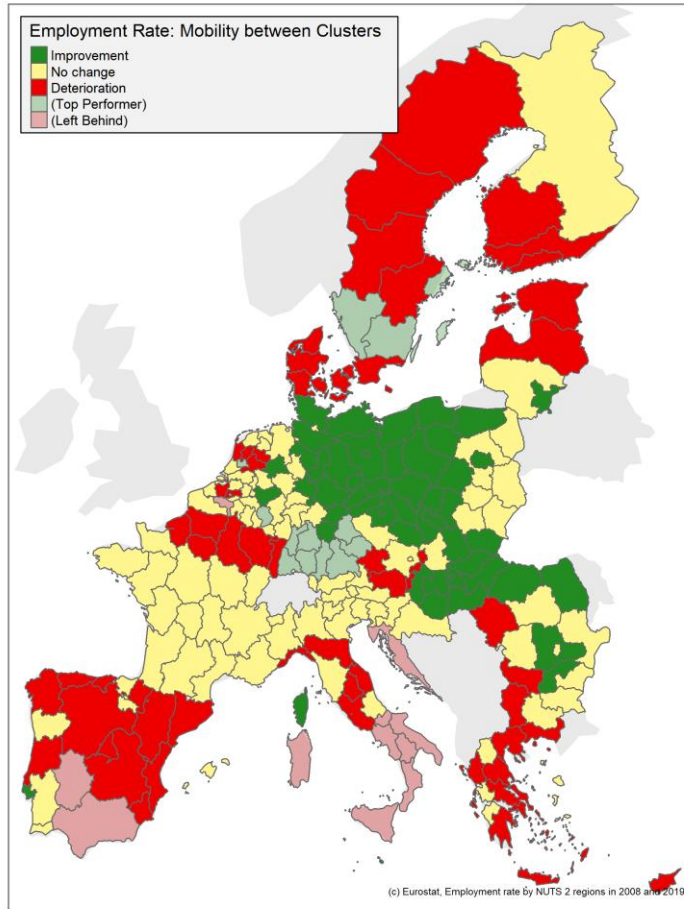
Andalusia (ES, 4)

Methodology:

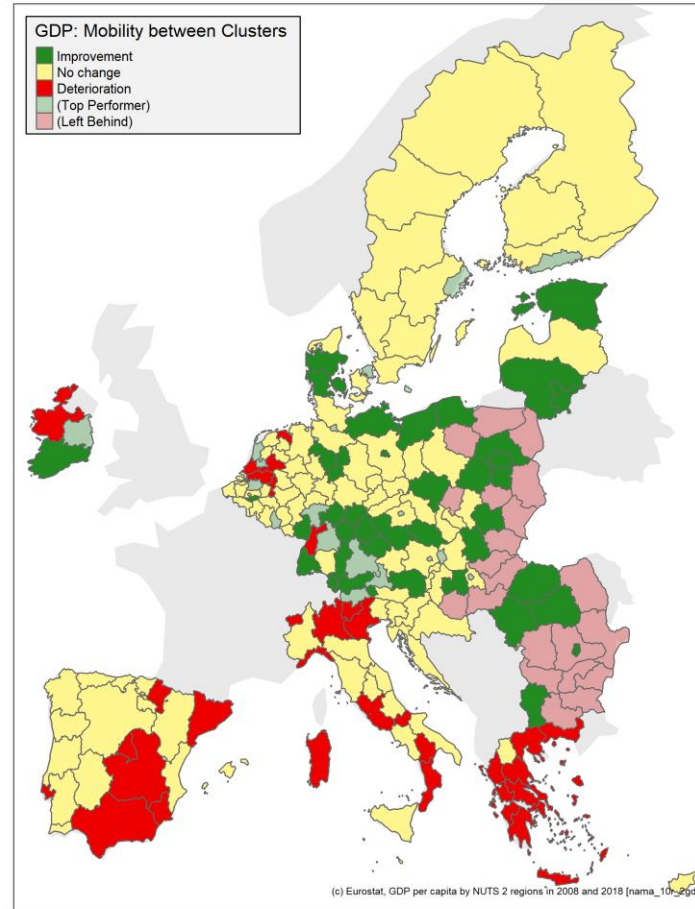
- 7 indicators from Social Scoreboard + GDP
- Regions grouped in 5 clusters around annual mean by subtracting/adding annual standard deviation (assuming a normal distribution)

III.b. Geography of Regional Convergence: Mobility between Clusters

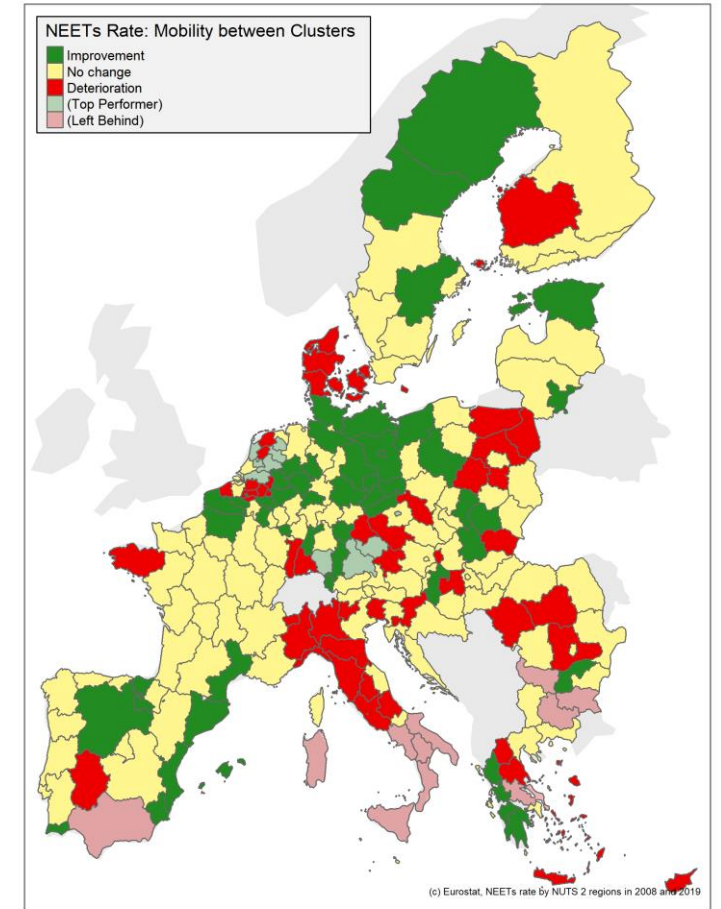
Employment Rate



GDP per capita (PPS)



NEETs Rate



IV. Conclusion

- Impact of previous crisis on social indicators
- Regional disparities: “*East of the East*”
- Regional differences in catch-up dynamic: “*South of the South*”

⚡ COVID-19 pandemic ⚡

- **asymmetrical effect** on regions in the “South of the South” (differences in sectors, fiscal capacity, teleworking capacity, stringency of lockdown measures)
- ‘Left behind’ regions are at risk of falling even further behind