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**Book Part**

## Overview about regional inequalities in Europe

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Serge Dormard

## Overview about Regional Inequalities in Europe

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### **1. The Economic Cohesion: Convergence of the Nations, Great Disparities of the Regions**

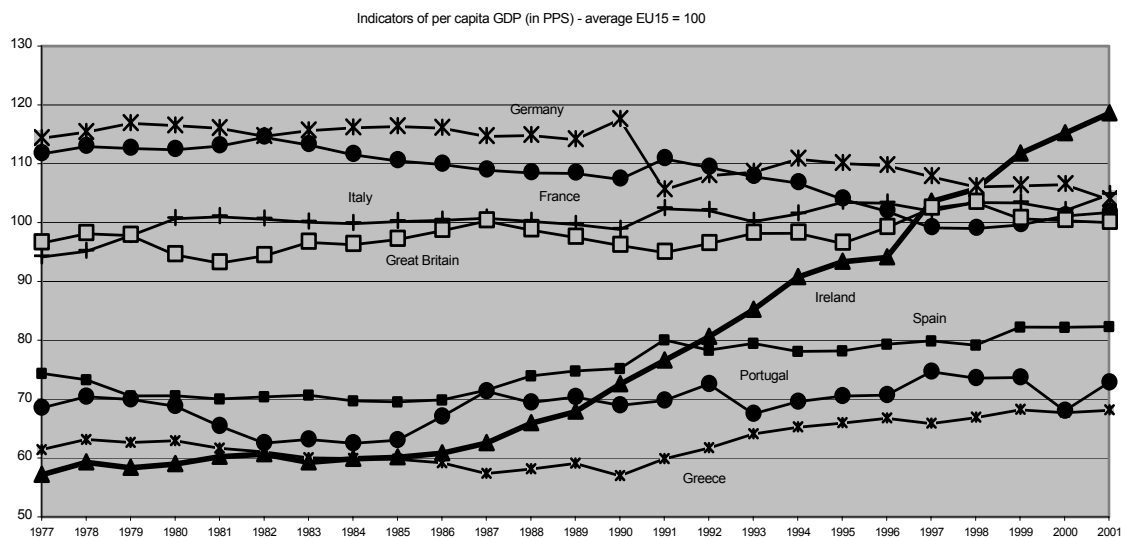
If during the last decade the differences of the levels of development have strongly decreased between the Member States of the European Union, they have, on the contrary, noticeably increased within the majority of the nations. The result is a stability or even a slight progression of regional disparities in Europe since the beginning of the 1990s, which has clearly slowed down the convergence movement initiated during the 1960s.

#### **1.1 The Convergence of the Member States of the Present Union**

Although the economic disparities between the present Member States continue, they have been notably decreased for a decade. The main change concerns the nations of cohesion (Spain, Portugal, Ireland, Greece), the per capita GDP of which clearly approached the average of the EU (see chart 1).

Ireland is the most striking example for this, as its per capita GDP, which was 68% of the average of the EU in 1988, i.e. the lowest level of the nations of the Union, achieved 119% in 2001, which allows Ireland to occupy the second position of the 15 nations of the Union in future, behind Luxembourg (indicator of 196) and at the same position with Denmark (Barcellan 2002).

Chart 1: The convergence of the nations of the European Union 1977-2001



The initial backlog in cohesion of three other nations has also been noticeably reduced since a decade: Spain, in 2001, had an indicator of 82 compared to 75 in 1991, Portugal of 73 compared to 60 and Greece of 68 compared to 49. This evolution may be attributed, at least partially, to the politics initiated in these nations (support of the Structural Funds within the scope of objective 1, EU initiatives, subsidies by the Cohesion Fund).

Contrary to that, the big nations of the Union saw their relative situation degrading for ten years: the per capita GDP of Germany passed, between 1991 and 2001, from the indicator of 106 to 104, that of France from 115 to 102 and that of Italy from 106 to 105. Only the United Kingdom saw its position improving: its per capita GDP made slight progress, from the indicator of 98 to the indicator of 100. You will remark a clear regrouping of these four countries in the range comprised between the indicators of 100 and 105 (see chart 1).

These opposite evolutions, the improvement of the situation of the least developed nations and the relative degradation of the position of the most developed nations (except for Luxembourg), allowed a great reduction of the disparities between the Member States, which are measured, for instance, by means of a weighted standard deviation (by population) of the national per capita GDP: this passed from 13.1 in 1991 to 12.5 in 1995 and 11.4 in 2000 (European Commission 2003, 2002, 2001).

We can add, however, although this convergence movement of the per capita GDP depends mainly on differences in growth rates between the nations, that it may also result from different evolutions of the national price levels. In this connection, let us remember that, if for instance the per capita GDP of Luxembourg amounts to the indicator of 209 for the year 2000, if expressed in Euro, it falls back to the indicator of 195 if expressed in Purchasing Power Standard (PPS), and contrary to that, the per capita GDP of Greece passes from the indicator of 52 in Euro to the indicator of 68 in PPS.

## 1.2 Great Disparities between the Regions

The reduction of the regional disparities in Europe is confirmed, but to a lesser degree than on the national level (Behrens 2003-4). Moreover, if we have a distant look on them, the differences in diversity even show a tendency for aggravation within certain Member States.

In 2000, it was the region Ipeiros in Greece that had the weakest per capita GDP (10,643 Euro in PPS), i.e. 47% of the average of the EU, and the region of Inner London in the United Kingdom that had the highest per capita GDP (54,565 Euro in PPS), i.e. 241% of the average of the EU (see table below). Thus, the difference between these two extreme regions is about 1 to 5.

Among the poor regions, after Ipeiros, it is La Réunion (France) that is located in the penultimate position with 11,401 Euro in PPS (50% of the EU average). It is followed by the Dytiki Ellada in Greece (indicator 51), the Azores in Portugal (indicator 52) and the Extremadura in Spain (indicator 53).

In total, in 2000, 48 regions of the 211 level NUTS-2 regions showed a per capita GDP (en PPS) of less than 75% of the EU average (in 1999, they were 46). This particularly concerns ten of the thirteen regions of Greece, six of the seven regions of Portugal, four French overseas departments as well as seven of the eighteen Spanish regions. The other regions are located mainly in Germany (eight regions of the new Länder) and in Italy (five regions). This group also includes two Belgian regions, one Austrian region and three regions of the United Kingdom. Almost 68 millions inhabitants live in these 48 regions, equal to 18% of the total population of the European Union.

Contrary to that, it is Inner London that, as we already mentioned, has registered the highest per capita GDP (indicator of 241). On the next position we find, still very much above of the average of the EU, regions like Hamburg, Darmstadt and Upper Bavaria in Germany, the Grand Duchy of Luxembourg, Brussels in Belgium and Vienna in Austria.

Their per capita GDP lies between 149% and 218% of the average of the EU (see table 1 below). This applies generally for large urban zones, often capital cities (London, Paris, Brussels, Vienna, etc.), that concentrate numerous activities with great value added, in the industry or in the service sector.

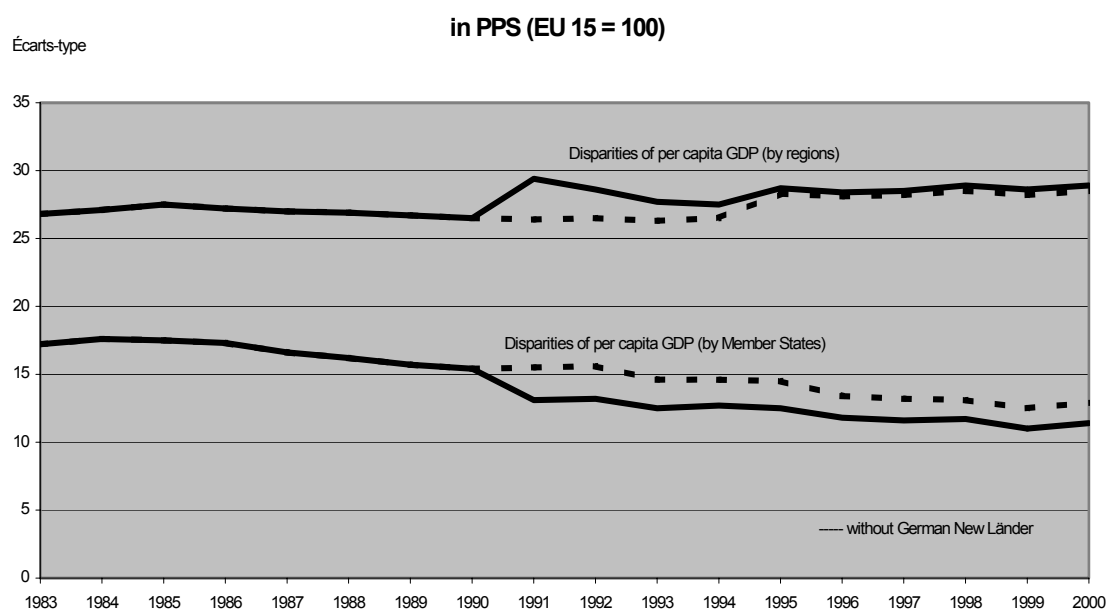
Let us also precise that in a certain number of cases, the per capita GDP could be over-assessed, particularly for the small regions, due to commuting. Thus, the per capita GDP of Hamburg is overestimated by about 20% to the disadvantage of the neighbouring regions.

Table 1: Per capita GDP (in PPS) in % of the EU average (2000)

Regions with the lowest per capita GDP		Regions with the highest per capita GDP	
Ipeiros (EL)	47	Darmstadt (D)	149
La Réunion (F)	50	Upper Bavaria (D)	154
Dytiki Ellada (EL)	51	Vienna (A)	157
Azores (P)	52	Île-de-France (F)	158
Extremadura (E)	53	Hamburg (D)	182
Guyana (F)	54	Luxembourg (Grand Duchy)	195
Centro (P)	55	Brussels (B)	218
Alentejo (P)	56	Inner London (UK)	241

Measured by means of a weighted standard deviation (by population) of per capita GDP, the regional disparities ( $\sigma$ -convergence) seem relatively stable since a decade with a slight rise since the middle of the 1990s (see chart 2 below): the standard deviation passed from 26.8 in 1983 to 29.4 in 1991 with the entry of the German New Länder into the European Union, in then diminished progressively until 1995, before starting a slight augmentation and achieving 28.9 in 2000 (European Commission 2003).

Chart 2: The regional and national disparities of the per capita GDP (1983-2000)



The strong convergence between the nations that has been observed for a decade did not entail any reduction of the regional disparities in Europe, as it was largely compensated by a process of divergence between the regions within the majority of the European nations.

### 1.3 Regional Disparities Increasing within the Nations

The contrast between the strong diminution of the disparities between the nations, on the one hand, and the stability or rather the slight increase in regional disparities on the European level, on the other hand, may be explained by the augmentation of the disparities of the development levels within the nations themselves.

Let us first state that the differences in levels of development may be considerable between the regions of one and the same nation. In seven of the thirteen Member States including regions with NUTS-2 level (without Luxembourg and Denmark), the highest regional per capita GDP exceeded twice and even three times the lowest regional per capita GDP in 2000. This was true, for instance, for Belgium (Brussels: 218% of the average of the EU, Hainaut: 71%), in Germany (Hamburg: 182%, Dessau: 64%), in France (Île-de-France: 158%, La Réunion: 50%), in Italy (Trentino-Alto Adige: 136%, Calabria: 62%) and in Austria (Vienna: 157%, Burgenland: 73%).

Since 1995, the regional disparities within the Nations, measured by means of a weighted standard deviation, increased in the great majority of the nations (Table 2). They have aggravated in nations like Germany, Spain, France, Ireland, the Netherlands, Portugal, Finland, Sweden and the United Kingdom. They have decreased in Belgium, in Greece, in Italy, and in Austria.

Table 2: The regional disparities of the per capita GDP (PPS) within the Member States (1995-2000) (standard deviation of the indicator EU-15 = 100)

Member States	1995	1996	1997	1998	1999	2000
Belgium	40.8	41.6	41.4	41.6	40.2	39.2
Germany	25.6	24.9	25.1	25.3	25.5	26.2
Greece	10.4	10.3	9.5	9.5	9.5	9.6
Spain	16.8	17.1	17.4	17.4	18.1	18.1
France	28.2	27.9	27.3	26.6	27.5	28.3
Ireland	13.7	12.9	15.8	16.7	18.2	18.8
Italy	28.5	28.9	27.7	28.1	27.8	27.2
Netherlands	13.5	14.6	15.3	15.7	15.8	15.5
Austria	25.4	24.8	23.6	22.7	22.5	23.9
Portugal	15.2	15.4	17.3	17.9	17.6	16.6
Finland	19.5	21.2	20.8	23.9	24.2	25.0
Sweden	12.0	13.0	15.2	16.3	20.1	20.9
United Kingdom	31.5	32.0	34.0	35.6	34.2	24.2
EU-15 (per region)	28.7	28.4	28.5	28.9	28.6	28.9
EU-15 (per Member state)	12.5	11.8	11.6	11.7	11.0	11.4
Source: European Commission (2003)						

But the intranational disparities follow cyclic evolutions that are largely determined by the movements of the economic situation. Thus, in France the standard deviation of the per capita GDP has diminished from 1995 to 1998 before rising in the last two

years. The same applies to the majority of the other nations, however, with different cycles of amplitudes and phases: in Germany, the regional disparities are progressive since 1996, whereas in Italy and in the United Kingdom, they have decreased since 1998.

#### 1.4 Convergence or Divergence?

What are, finally, the facts on the evolution of the regional disparities in Europe? Do we face a movement of convergence, certainly strongly slowed down in the last time, as certain approaches of neo-classical inspiration insist? Or, on the contrary, did the economic and monetary integration provoke a movement of divergence, with the most developed regions growing ever faster than the other?<sup>1</sup>

To this purpose, it is necessary to analyze, over a long period, the capacities of recovery of the least developed regions ( $\beta$ -convergence). Do they grow faster than the other ones? Or, on the contrary, do the differences tend to persist in the long run, despite periods of a reduction of the disparities? However, we must distinguish between absolute convergence and relative convergence. There is an absolute convergence (or non-relative), if all of the regions tend towards the same stationary situation, thus, in the long term, leading to a disappearance of disparities in the levels of development. In case of a relative convergence, the regions tend towards different stationary situations and the regional disparities persist in the long term.

Numerous studies have tried to verify and measure the process of convergence. From the beginning of the 1960s until the middle of the 1980s, you may observe two clearly distinct periods:

- from the beginning of the 1960s to the first oil crisis: following most of the studies (Molle et alii 1980, Boltho 1990, Dunford 1994), this period is characterized by a strong convergence movement of the per capita GDP and of the productivity of work, on the national as well as on the regional level. This convergence has been achieved, for a large part, due to the migration of the populations between the regions or to the exchange of workers within the sectors of activity. But the process of recovery (convergence  $\beta$ ) seems, during this period, relatively slow: hardly 2% a year, following the calculations by Barro and Sala-y-Martin (Barro, R.; Sala-y-Martin X. 1991, 1992, Sala-y-Martin X. 1996), about 1% following other studies (Armstrong 1995). Even with 2%, 35 years are required to reduce half the backlog of the least developed regions.
- from the first oil crisis to the middle of the 1980s: the previous convergence is stopped, and a process of divergence appears. The fall of the growth rates, the slowdown of the migrational movements, the increase in unemployment, explain, for a large part, this situation. The economic and social disparities advance strongly.

For the most recent period, the studies seem to draw the conclusion that the movement of convergence is taking up again, but with a much slower rhythm than before. This in particular applies to the study concerning 109 European regions in 12 nations of the European Union for the period 1977-1994 (Cuadraro-Roura 2001). Over the whole of this period, the coefficient  $\beta$  is equal to 1.7%, i.e. with very weak rates of absolute convergence. The convergence for the period 1986-1994 is even slower, the coefficient  $\beta$  does not exceed 0.9%. In fact, the convergence seems essentially *relative*. This means that specific factors affect, positively or negatively, as the case may be, the process of

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<sup>1</sup> For this discussion see also Akademie für Raumforschung und Landesplanung (2004).

convergence of the different regions. The regional evolutions seem largely determined by their national affiliation. The regions belonging to the same nation can be classed into a relatively homogenous group distinct from that formed by the regions of the other nations.

Thus, the Portuguese regions, which had in 1977 the lowest levels of per capita GDP, have seen the highest growth rates (except for Alentejo). They are followed by the Italian regions, which made faster progress than the average of the EU. The same applies to the United Kingdom, but the differences in growth of the British regions seem very limited. The Greek and Spanish regions, which would have per capita GDP below the European average in 1977, have experienced growth rates near to the average of the EU. For the regions of the most developed nations, the regional situations seemed much more dispersed. This is true in particular for Germany, for Belgium and, to a lesser degree, for France.

One of the conclusions you may draw from these results is that the regional disparities in Europe will not be reduced unless the disparities between the nations will become weaker and weaker. This implies that the European politicians must, at first and above all, take care of the improvement of the competitiveness of the national economies, the regional development remaining mainly the task of the nations and of the territorial communities.

### 1.5 The Consequences of the Enlargement

Which would be the situation of the regional disparities within the Union if one takes into account the nations that are new Member States and candidates for the membership?

Let us first note that, while over of the period 1995-1999 the average growth rates of the new Member States and candidate nations has been higher than that of the Member States, 3.2% a year compared to 2.4%, the levels of development of the future Member States remain in total relatively low: the 10 nations to enter the European Union in 2004 globally have a per capita GDP equal to 45% of the average of the 15 nations of the present Union (Pasanen 2002).

Even if Cyprus has an indicator of 80 of the average of the present EU, i.e. the level of Spain, and Slovenia an indicator of 68.3, the per capita GDP of the majority of the new Member States and candidate nations does not exceed half the average of the EU: thus Latvia has an indicator of 28.6 and Lithuania of 32.8. The nation the most populated, Poland, has an indicator of 38.9.

After the enlargement, three groups of nations could be distinguished:

- the first group, consisting of 8 of the new Member States, will include 21% of the total population of the Union (of 25). The average per capita GDP of these nations would be around 42% of the new average of the EU (EU-25).
- the second group, which includes three of the present Member States (Greece, Spain and Portugal) as well as two new Member States (Cyprus and Slovenia), would be at 87% of the future average of the Union.
- the third group includes all the other present Member States, with an average per capita GDP by 15% higher than that of the Union as a whole.

This distinction between three groups runs the risk to persist for a long time. In fact, if the new Member States would experience growth rates identical to those of the nations of the cohesion during the last decade, they should at least require two generations



in order to arrive at the average per capita GDP level of the present EU. Even with the growth rates which Ireland experienced during the last ten years, twenty years should be required in order to achieve 90% of the per capita GDP of the present European Union.

On the regional level, the disparities should increase in a spectacular manner by the expansion (Behrens 2002-2). Within the expanded Union, the ratio between the per capita GDP in PPS of the 10% (in terms of populations) of the richest regions and the 10% of the least developed would pass from 2.6 in the present Union to 4.4 (6, if you add Romania and Bulgaria). The 25% richest regions will have a per capita GDP 2.7 times higher than that of the 25% poorest regions compared to a ratio of 2 in the present European Union.

With the present data the entry of the 10 new Member States will result in an average reduction of the per capita GDP of about 18%. This means in particular that 18 of the regions of the present European Union with almost 21 million inhabitants will pass above the threshold of 75% of the new average of the EU, without, however, their problems of diversity being solved. Their relative position will improve due to the mere fact that the expansion will have included even more disadvantages regions into the Union. In a Europe enlarged to 27, only 18 regions of the present Member States would have a per capita GDP of more than 75% of the average of the EU.

In total, in a Europe of 25, there would be 85 regions, including about 137 million inhabitants, i.e. 36% of the population of the expanded Europe, that will have a per capita GDP of less than 75% of the average of the present EU (22,603 Euro per inhabitant in 2000), or 67 regions, including 26% of the population of the EU, that will have a per capita GDP of less than 75% of the new average of the EU (19,661 Euro per inhabitant in 2000). In a Europe of 27, 99 regions will have a per capita GDP of less than 75% of the present average of the EU (68 regions with the new average of the EU).

The expansion will have no effect on the list of the regions with the highest per capita GDP. One will even have to add Prague, which will occupy the 23<sup>rd</sup> position with an indicator of 136.6. Contrary to that, the poorest regions will consist exclusively of regions belonging to the new member nations, the bottom of the classification now being occupied by the Lubelskie in Poland, which has an indicator of 29.9 (EU-25). The 10% of the regions at the lower extreme of the scale consist exclusively of the Eastern regions of Poland, of Lithuania and of Latvia and some regions of Hungary or Slovakia.

## **1.6 Less Important Disparities for the Income of the Households**

The nations or regions that benefit of the highest per capita GDP are not necessarily the ones where the available income of the households is the highest. The difference can be explained by the depreciation of the capital, the flux of daily migrations of the workers, the flux of income abroad and by the internal redistribution done by the Government. For the first time, a study allows to verify this for the whole of the nations and regions of the enlarged European Union (Behrens 2002-1).

At the national level, one will state that the situation of certain nations improves noticeably if one retains the income available of the households rather than the per capita GDP. Thus France passes from the indicator of 116 (EU-25) in terms of per capita GDP to 122 for the available income per inhabitant, Germany from the indicator of 124 to 129. For other nations, the degradation of their situation seems spectacular: thus Ireland passes from the indicator of 130 in terms of per capita GDP to 93 in terms of available income per inhabitant. An identical phenomenon may be observed for Finland, the Netherlands and Sweden.

On the regional level, important differences exist between the situations in terms of per capita GDP and income available per inhabitant. This is true in particular for the regions suffering from an important daily flux of workers (shuttle service). Thus, Inner London passes from the indicator 282 (EU-25) in terms of per capita GDP to only 146 for the income available per inhabitant, Hamburg passes from 213 to 138, Île-de-France from 180 to 148.

Contrary to that, the regions with a weak per capita GDP will see their situation improve, thanks to the redistribution performed by the public authorities: the Greek region of Ipeiros passes from 60 to 85 and that of Dytiki Ellada from 62 to 74. This also applies, in France, for the overseas departments.

If one compares the thirty weakest regions of the EU in terms of per capita GDP in PPS to the thirty regions registering the weakest income available per inhabitant, only 18 regions appear in both of the groups, which shows again the favourable effect by the redistribution in certain European regions.

In the new Member States, the differences between the per capita GDP and the income available per inhabitant seem, on the national as well as on the regional level, generally more moderate than in the nations of the present Union. The extreme case seems to be the one of the Czech Republic, which passes from the indicator of 68 in terms of per capita GDP to 56 for the income available per inhabitant. Add to this that all of the regions of the new Member States would have incomes available but also per capita GDP that would be lower than those of the quasi-totality of the 30 weakest regions of the EU.

## **2. The Social Cohesion in the Present Union and in the Enlarged Union**

At present, the regional disparities in terms of employment and of unemployment seem to be considerable in Europe. If they are strongly connected to the movements of the economic situations, they also and above all depend on the local structural factors. The expansion should even accentuate these disparities.

### **2.1 The Disparities in Terms of Employment in the Present Union**

The improvement of the economic situation allowed, during these last years, a strong progression of the number of employments in all of the nations of the Union. At the end of the year 2000, the effective number of the persons in an employment exceeded that of 1999 by three millions and the number of persons employed five years earlier by ten millions. However, in the course of the year 2001, with the slowdown of the activity economic stated since the second half-year of 2000, the increase in the number of employments was only 2.2 millions.

On the national level, the employment rates are higher in all countries than that of the beginning of 1990s, except for Germany, Sweden and Finland.

The disparities in terms of employment rates kept on decreasing (very slightly) in the Union, this evolution partially being attributed to relatively important progressions of the employment in Spain, a nation where the proportion of persons with an employment among that in working age is below average. In 2001, the employment rates were below 61% in Greece, Spain and Italy, whereas in Denmark, in the Netherlands, in Sweden and in the United Kingdom, it exceeded 70%, the target assigned to the Union by the European Council of Lisbon for the horizon of 2010.

On the regional level, the disparities in the area of the employment remain more clearly displayed between the regions than between the Member States. In 2001, the employment rate registered in the regions with the best ranking to this respect (that is, those displaying the highest rates and amounting to 10% of the population of the Fifteen) was at a mean value of 76.7% for an average of 64.3%, whereas the employment rates registered in the regions with the worst ranking (that is, displaying the lowest rates and also amounting to 10% of the population) was about 48.2%.

## 2.2 Very Strong Regional Disparities in Terms of Unemployment

Between April 1999 and April 2001, the unemployment rate in the European Union fell from 9.1% to 7.6%. In total, some 14.5 million persons were unemployed in 2000, i.e. 1.5 million persons less than the year before. That is the greatest regress in the number of unemployed persons for ten years. At the end of the year 2002, it had increased again to 7.8%.

At the national level, if all Member States saw their unemployment rate regress in 2000, the most important decrease having been registered in Belgium, Spain and France, the years 2001 and 2002 were marked, in proportion to the slowdown of the growth, by a more limited decrease of the unemployment rate, and it has even risen from that during the year 2002.

In this context, the unemployment rate settled down, in December 2002, at only 2.7% in Luxembourg, whereas it was 12% in Spain, the figure that remains the highest of the Union, despite of the impressive decrease of the number of unemployed persons in these nations during these last years.

The regional disparities in terms of unemployment remain to be considerable. In April 2001, the most recent period for which there are data available (Behrens 2002-4). The unemployment rate varies from 1.2% in the Dutch region of Utrecht to 33.3% for La Réunion in France. Of the 209 NUTS-2 regions, 53 have shown an unemployment rate of less than 3.8% (half the unemployment rate of the whole EU). They are located in 11 Member States; whereas Greece, Spain and France as well as Denmark have no region with an unemployment rate below or equal to 3.8%.

At the other end, 16 regions displayed an unemployment rate exceeding twice that of the whole of the European Union. The regions with very high unemployment rate are located in France (La Réunion, 33.3%, Guadeloupe, 29%, Martinique, 26.3%), in Italy (Calabria, 24.8%, Campania, 22.4%, Sicily, 20.8%), in Spain (Andalusia, 22.3%, Extremadura, 22.1%, Ceuta and Melilla, 21.9%) as well as in some German regions (Dessau and Halle, 16.9%).

The regions where the unemployment rate was the weakest in the European Union were practically the same in 2001 as ten years before, likewise the ones where the unemployment rate was the highest. The same is true within the Member States, where the differences between the regions can sometimes be very important (chart 5). It's Italy where they are the most accentuated, the unemployment rate registered in Calabria being 8.3 times higher than that observed in the Trentino-Alto-Adige (24.8% compared to 3%). In France, between Alsace (4.8%) and La Réunion (33.3%), the ratio is 6.9, in Germany, between Upper Bavaria (3.2%) and Dessau or Halle (16.9%), it is equal to 5.2, and in Spain, between Navarra (6.1%) and Andalusie (22.3%), it has settled down at 3.6. Even in a small nation like Belgium, the difference seems considerable between the region with the lowest unemployment rate, Flemish Brabant (2.6%), and that with the highest rates, Hainaut (12.8%).

Concerning these evolutions, the regional disparities in terms of unemployment within the present European Union have diminished in the course of the second half of the 1980s with the revival of the growth economic and the strong augmentation of the employment. They have expanded during the first part of the 1990s before falling back slightly since 1995. The evolution of the economic situation, by its effects on the employment, constitutes the main factor of aggravation or attenuation of the regional disparities in terms of unemployment, in the interior of the nations as well as between these.

### **2.3 Regional Disparities even more marked for the Women and the Young People**

The regional disparities in terms of unemployment seem even more marked if one examines the situation of different social categories, in particular of the women and of the young people.

If the unemployment rate of the women has strongly decreased in the whole of the European Union (9.9% in April 2001 compared to 10.9% in April 2000), it varies considerably between the regions. It ranges between 1.1% (regions of Utrecht in the Netherlands and Åland in Finland) and 36.4% (Calabria), i.e. an extreme ratio of 1 to 33.

The unemployment rate of the young people under the age of 25 also continued to decrease during the last years. In 2001, it settled down in the Union at 15.1% compared to 16.1% in 2000 and 17.9% in 1999. The unemployment of the young people is clearly higher in the regions displaying an important global unemployment rate. It has settled down at 2.1% in the region of Utrecht (Netherlands) and at 59.9% in Campania (Italy). In April 2001, 7 regions had an unemployment rate of more than 40% of the active population of less than 25 years. All of them are located in the Mediterranean zone (5 in Italy, 1 in Greece) or overseas (La Réunion).

The 82 regions with unemployment rates for young peoples of less than 10% are in Germany (25 NUTS-2 regions), in the United Kingdom (17 regions), in the Netherlands (12 regions), in Austria (9 regions). Whereas the regions with increased rates are almost all of them in the Mediterranean zone: Italy (5 regions), Greece (1 region), and a French overseas department.

### **2.4 The Regional Disparities in Terms of Unemployment in the new Member States and Candidate Nations**

During the last years one states opposite tendencies in the nations of the EU and the nations of Central Europe. The unemployment rate in the EU Member States passed from 9.2% in 1999 to 8.3% in 2000, in order to fall back to 7.6% in 2001. On the other hand, the rates in the nations of Central Europe passed from 10.4% in 1999 to 12.5% in 2000, in order to achieve finally 14.5% in 2001 for the 10 new Member States (13% if you take into account Romania and Bulgaria). The rate is 19.4% in Slovakia, 18.4% in Poland and 16.5% in Lithuania. On the other hand, it remains moderate in Cyprus (4%), Hungary and Slovenia (5.7%), Malta (6.1%) and Romania (6.6%).

Within the new Member States and candidate nations, important differences could be stated between the regions (Behrens 2002-3). If one observes the NUTS-2 level alone, one will state that the unemployment rate has varied from 2% in the Hungarian region of Közép-Magyarország to 32.8% in the Bulgarian region of Severozapaden.

Of the 53 observed regions, 6 have shown an unemployment rate of less than 5%. 16 other regions have registered an unemployment rate of less than 10%. These regions are

located in Romania, in the Czech Republic, in Hungary and in Slovenia. The regions of the Slovak and Bulgarian capitals have also shown rates of less than 10%. At the other extreme, 13 regions in Poland, in Bulgaria and in Slovakia have registered rates of more than 20%. This represents a slight rise compared to the previous year, in which only ten regions exceeded 20%. Thus, the entry of these nations into the European Union should even aggravate the regional disparities in terms of unemployment, which are already very strong today. Add to this that the slowdown of the economic growth since 2001 should even more accentuate this phenomenon.

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