## **Contents**

	List of figures	V111
	List of tables	X
	List of appendices	xii
	Acknowledgements	xiii
1	Introduction	1
2	Regional income disparities: theories and facts	10
	Introduction 10	
	Theories of growth, convergence and spatial	
	agglomeration 10	
	Income convergence in the neoclassical growth model 11	
	Allowing for income divergence: the new growth models 13	
	The new geography models and the agglomeration of	
	economic activities 14	
	Testing for convergence: main methodologies 16	
	Absolute and conditional convergence 16	
	Testing for convergence with spatial correlation 18	
	Non-parametric tests of convergence 19	
	Testing for convergence across European regions: main results 24	
	Conclusions 29	
3	Classifying European regions on the basis of	
3	specialization, knowledge and socio-economic groups	35
	specialization, knowledge and socio-economic groups	33
	Introduction 35	
	Regional specialization groups 36	
	Does specialization matter? 36	
	Classifying regions on the basis of their specialization 43	

## vi Contents

Regional knowledge groups 49
Innovation, human capital and regional growth 50
Identifying regional knowledge groups 51
Regional socio-economic groups 56
The relevance of regional socio-economic groups 57
Identifying regional socio-economic groups 60
Conclusions 64

4 The evolution of income disparities in the enlarged EU and the role of specialization, knowledge and socio-economic groups

81

Introduction 81

Descriptive statistics on regional disparities in Europe 83

The role of specialization, knowledge and socio-economic groups for regional income disparities 86

Analysis of variance 86

A closer look at regions from countries joining the EU in 2004 and 2007 101

A closer look at the Eurozone 108

Conclusions 112

5 The evolution of regional disparities in labour productivity and employment rates in the EU: the role of specialization, knowledge and socio-economic groups

116

Introduction 116
The evolution of regional disparities in labour productivity and employment rates:
descriptive statistics 118
The evolution of regional disparities in labour productivity and employment rates: the role of specialization, knowledge and socio-economic groups 122
Analysis of variance 122
Distribution dynamics 125
Spatial correlation 128
Conditional distributions 128
Conclusions 135

		Contents	VII
	k at the evolution of regional disparities nd Eastern Europe after the transition		137
Introduction	137		
The recent en	npirical evidence 139		
Regional disp	parities within CEECs 140		
Old and new	patterns of industrialization in CEECs	141	
Hungary	143		
Romania	145		
Poland 1	50		
Slovakia	152		
Czech Rep	oublic 156		
Bulgaria	159		
Slovenia	161		
Classifying	g regions 163		
Explaining in	acreasing regional disparities in CEECs	167	
Conclusions	171		
Conclusions			177
Main results	177		
Implications	for policy 179		
dex		1	187
inca		,	UI