A BRIEF ANALYSIS OF REGIONAL DISPARITIES IN THE EUROPEAN UNION

SCURTĂ ANALIZĂ A DISPARITĂŢILOR REGIONALE LA NIVELUL UNIUNII EUROPENE

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Abstract: *Regional economic growth can be defined as an increase in output site, as an increase of output per worker or outputs increased per capita. It is therefore extremely important to specify how to measure regional growth.*

Key words: *regional disparities, European Union policies, economic growth.*

This is because, paradoxical situations may arise where a region has, for example, a low level of output but the site shows a rapid increase in per capita output site, under a massive emigration.

In general, there is a strong correlation between these three indicators to measure growth.

Use one of the three possibilities for expression of growth depends on the purpose. Increasing output is used when points increase productive capacity, which depends partly on whether the region attract capital and labor factor in other areas.

Increase the worker's output is often used as an indicator of changing economic activities. Basically, there is a perfect indicator that economic growth at regional level commensurate.

Although economic growth is studied for a long time, researchers do not converge conclusions regarding the causes leading it.

Some researchers use the neoclassical method, based on the role of labor supply factor, the capital stock and technical progress in economic growth. This process is based on the assumption that the market achieved an efficient allocation of resources, and regional differences in terms of

productivity are a result of reallocation of resources according to type paretian optimal level.

Other researchers adopt Keynesian theory of demand-ist connected to the role with an emphasis on regional exports as the main source of growth of output.

But perhaps the most interesting development of regional economic growth theory, is based on incorporating the principle of cause cumulative, regional inequalities related to the explanation based on demand. According to this latter theory, the differences in growth, once raised, tend to be cumulative and to perpetuate themselves.

In practice, growth is defined usually as an increase in GDP per capita, with consequences in changing the population size and the inflation rate.

For regional science is important that this increase is the same for all regions of the national economy.

Usually some areas get benefits from economic growth at national level, while others lose.

On the other hand, growth is not the same over time; it fluctuated as shown in Figure 1.

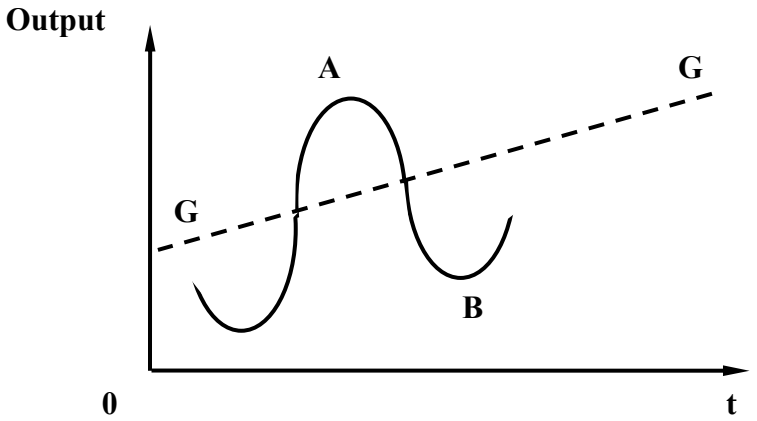


Figure 1: The economical growth and the

Long-term expansion's output (GDP, GNP) is shown right GG. But there are times, like the one marked A, while economic expansion in the

short term, exceed the average trend growth, and periods like the one marked B, when the economy was operating below the average trend growth rate.

Assuming the existence of equal conditions, the regional economy will grow faster than the national economy as a whole. Reality, however, ruled out developing the same conditions in all regions of a country. To see which factors affect economic growth at regional level, analysis should be performed in turn in relation to supply and demand:

- aggregate supply: the ability to achieve economy and increase output, while, offering current and potential are crucial in achieving economic growth. To achieve this growth, the aggregate supply curve to the national economy (OT) should translate to the right, in time, from OT0 laOT1, as shown in Figure 2.

Economic growth is an increase in the capacity of the economy offering, made without creating production bottleneck situations. This means achieving a higher level of economic activity.

Extension of economic growth without creating pressure on the price level is called the elasticity of aggregate supply.

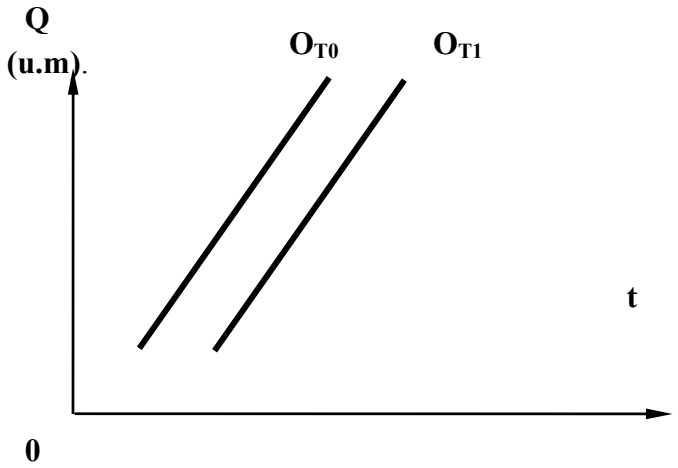


Figure 2: The growth of aggregate supply on long term

Economic capacity to produce output depends on the following factors:

a. the quantity and quality of available factors of production: in terms of

land supply in the short term, it is considered inelastic, especially for construction and industrial activities.

In the long run, supply becomes more elastic, although this flexibility is limited, especially geography.

If the work factor, details vary greatly regionally. The amount of work factor depends on the density of population, demographics, economic activity rate and unemployment rate.

Quality of work is evidenced by the stock of human capital indicator, which is not uniformly distributed in various regions of the national economy. Number of workers at regional level is also influenced by central government policies, such as those related to taxes on income level. For example, a reduction in marginal income tax rate may lead to increased labor supply factor, because the substitution effect will exceed the income effect.

Labor factor mobility can be improved through measures for the qualification and education, performing quality factor and an increase in employment. This quality of labor may be influenced by policy initiatives at regional and local levels.

Mobility geographically extensive work factor (migration) can also improve the number of workers on the regional labor market.

Regarding the supply of capital, it is analyzed both quantitatively and qualitatively.

Physical capital is relatively immobile, unlike financial capital is mobile. Offer regional financial capital is relatively elastic, reflecting regional differences related to risk and expected return.

When the central government policy variables as influencing the general level of interest rates, regional and urban policy implementation by government has resulted in the creation of tax benefits related to certain locations, such as industrial areas and assistance;

- The technology of combining factors of production: combining factors of production leads to a certain yield. This efficiency occurs when the increase in input results in a more than proportionate increase in production, with consequences on reducing average production costs. Yields may be internal and external. Domestic yields the effect of reducing average costs as a result of internal

changes. For example, efficient use of equipment leads to greater benefits from increased production.

With economic growth, individual firms will find it easier development opportunities and achieve further benefits from increased internal efficiencies.

Foreign yields are determined by the cost advantages derived from sources outside the firm. Improved applied research, coupled with the existence of appropriate support, can generate benefits for all firms.

To this end, there are certain policies and initiatives aimed at accelerating the achievement of external returns. These include improving infrastructure, upgrading of transportation and energy sources, with direct effects on individual company level.

- business efficiency;
- the organization of the production process: in the nineteenth century, changing the organization of economic activity, from the domestic to small businesses productive, was crucial for economic growth.

Two prominent examples are the organization of production factors influencing the development of communication technologies and development services. Faxes and computers have revolutionized communications and enabled the reduction of average costs for most individual firms.

In essence, this theory argues that the higher level of savings is higher, the higher the potential level of investment and production and thus increase regional economic growth rate.

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