REGIONAL DISPARITIES IN SOUTHERN EUROPE: PROSPECTIVE SCENARIOS

Madalena Fonseca (University of Porto & A3ES)

REGIONAL DISPARITIES IN SOUTHERN EUROPE: PROSPECTIVE SCENARIOS

Summary

- Background and Objectives – THE BOOK!

- Methodology

- Southern Europe at a Glance

- Meeting the EU 2020 targets: statistics and regional upgrading or convergence

- Reflections/ Conclusions

REGIONAL DISPARITIES IN SOUTHERN EUROPE: PROSPECTIVE SCENARIOS

- Background and Objectives – THE BOOK!

Is there a different Geography in Southern Europe? Is there a "Third Europe"?

Institutional framework/

/relational economic geography approaches

Madalena Fonseca
Ugo Fratesi *Editors*

Regional Upgrading in Southern Europe

Spatial Disparities and Human Capital

Springer

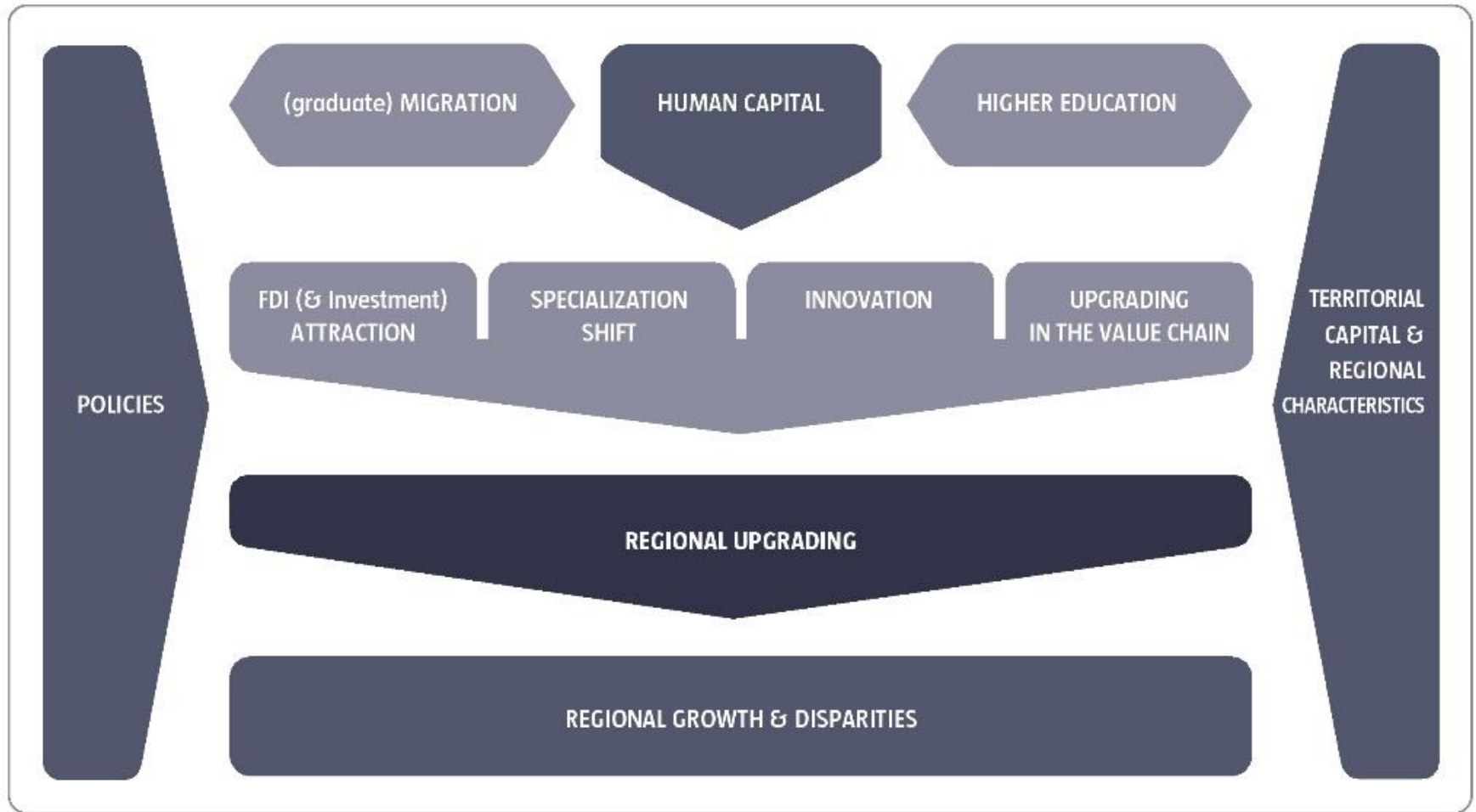# Conceptual scheme of the book

Focus of the Conference
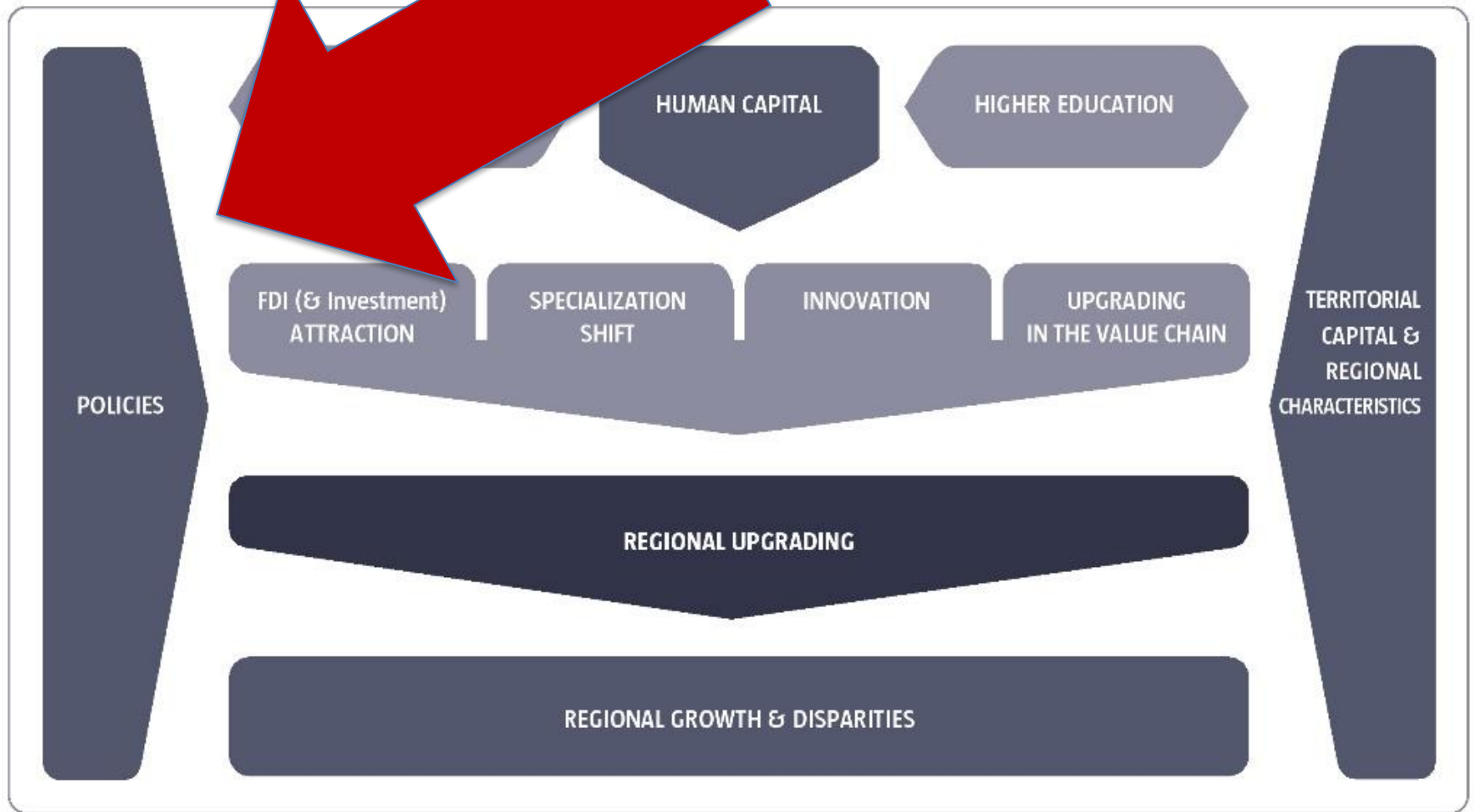
REGIONAL DISPARITIES IN SOUTHERN EUROPE: PROSPECTIVE SCENARIOS

- Methodology (1)

Chapter 1 of the book: Southern Europe at a Glance

➤ **The social filter** concept: indicators for demography, employment, social and human capital

➤ **Principal Component Analysis** for variable reduction and factor identification

- Methodology (2)

Prospective scenarios
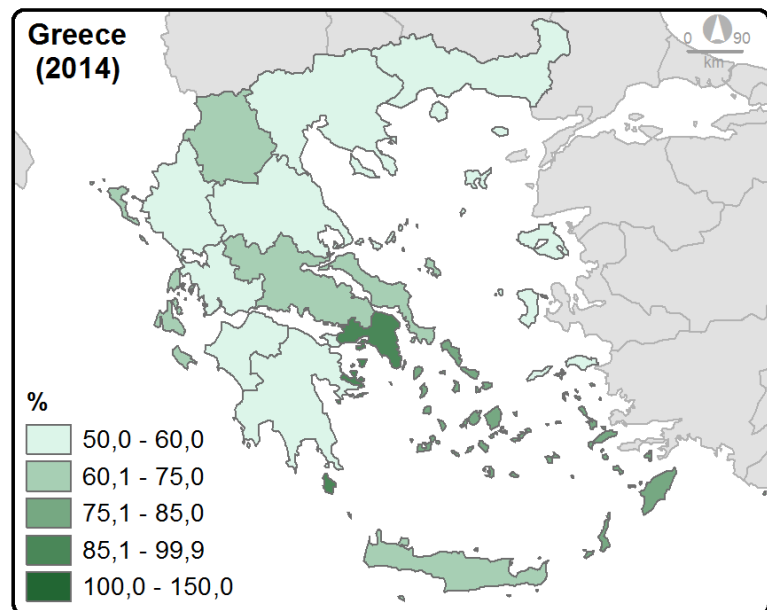
➢ Europe 2020 targets

➢ Projections

Data Base

- Eurostat data
  - All data was collected from Eurostat general statistics and the Eurostat's monitor for the EU2020 strategy
  - http://ec.europa.eu/eurostat/web/europe-2020-indicators

- Projections
  - Demographic projections were also collected from Eurostat and EU2020 indicators were derived through regression analysis (own elaboration)

REGIONAL DISPARITIES IN SOUTHERN EUROPE: PROSPECTIVE SCENARIOS

- Southern Europe at a Glance

GDP - PPS per inhabitant % (EU27 = 100) – NUTS 2
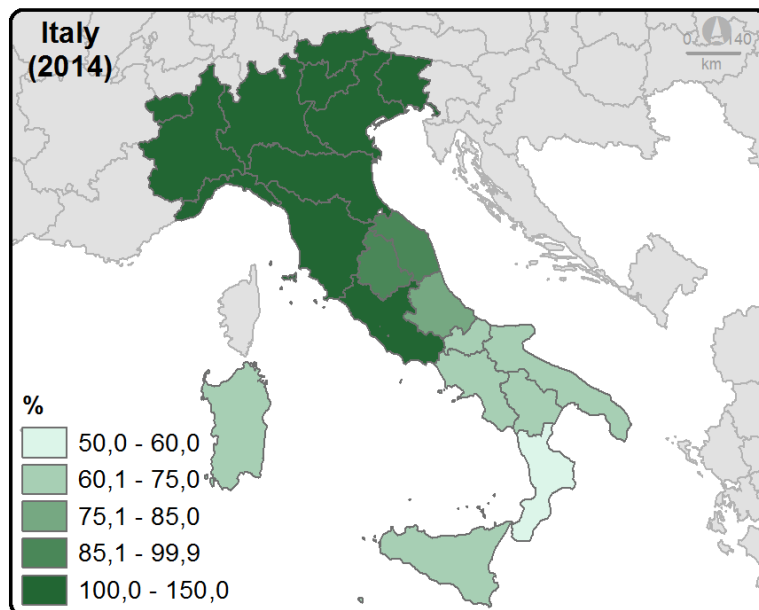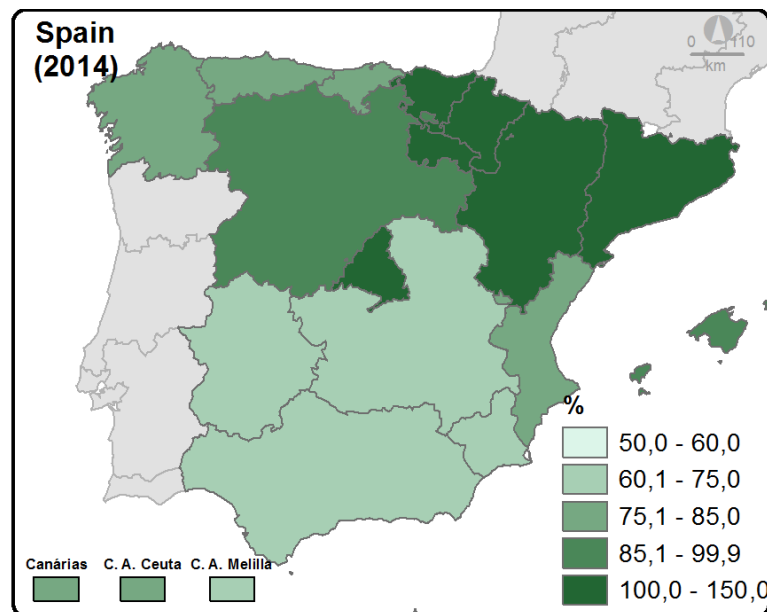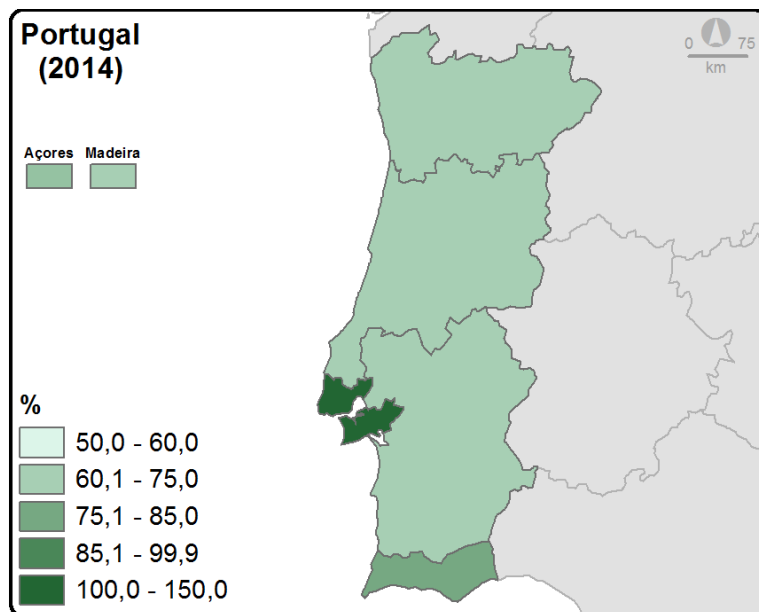
Factor 1 - The Unemployment Rigidity Factor

(Eigenvalue 9,270, variability 29,902%)

Portugal

Açores Madeira

☐ -5 - -1,84
☐ -1,83 - 0
☐ 0,01 - 1,24
☐ 1,25 - 4,31
☐ 4,32 - 5,5

Spain

Canárias C. A. Ceuta C. A. Melilla

☐ -5 - -1,84
☐ -1,83 - 0,00
☐ 0,01 - 1,24
☐ 1,25 - 4,31
☐ 4,32 - 5,60

Italy

☐ -5 - -1,84
☐ -1,83 - 0,00
☐ 0,01 - 1,24
☐ 1,25 - 4,31
☐ 4,32 - 5,60

Greece

☐ -5 - -1,84
☐ -1,83 - 0,00
☐ 0,01 - 1,24
☐ 1,25 - 4,31
☐ 4,32 - 5,60
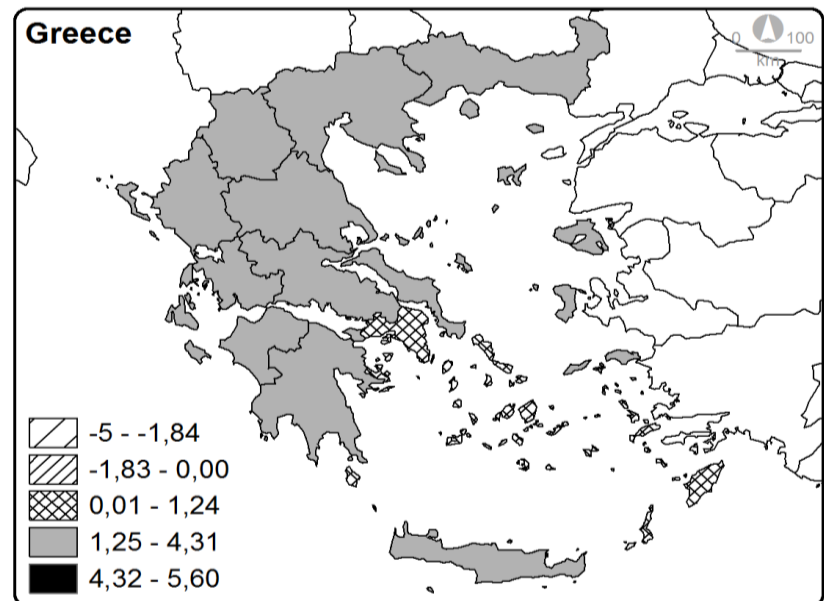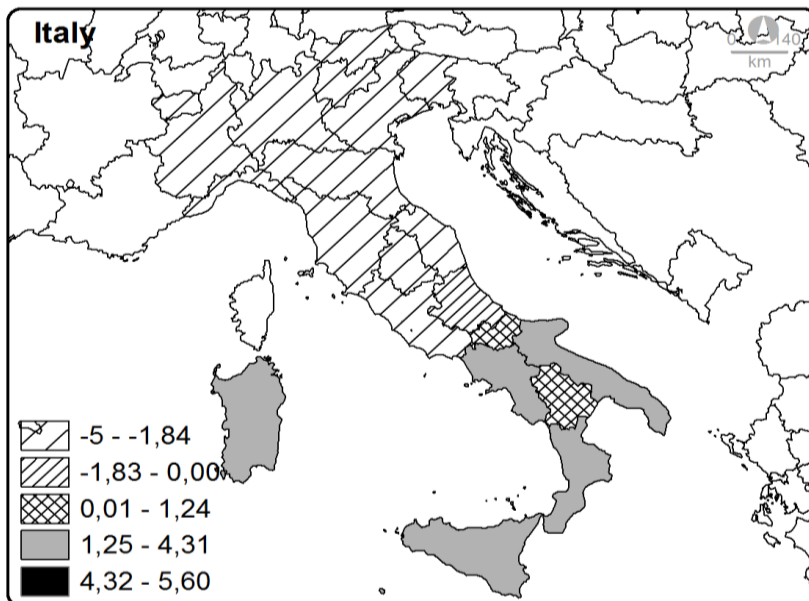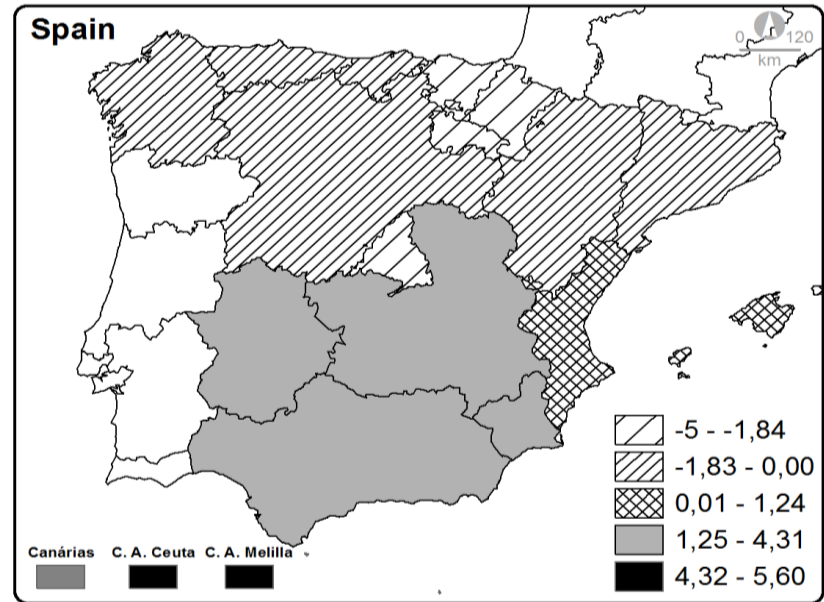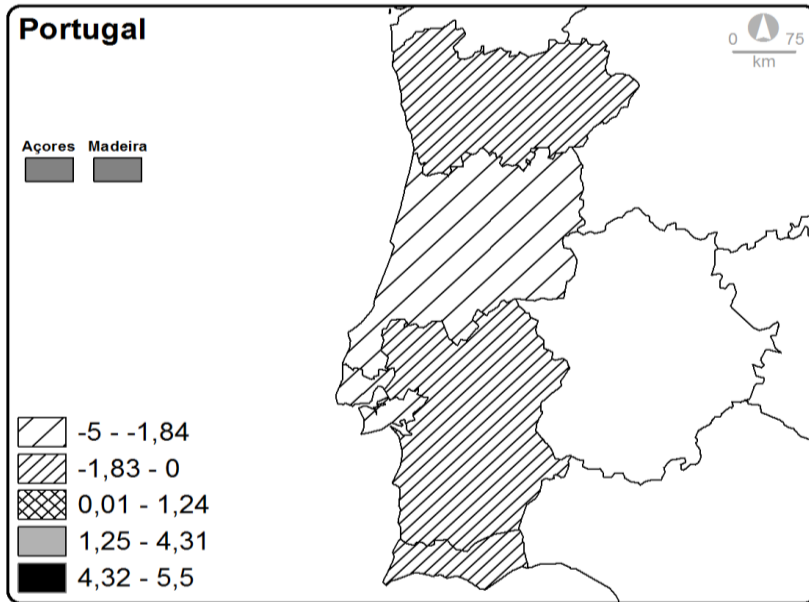
Unemployment rate (% from population 25 – 64)
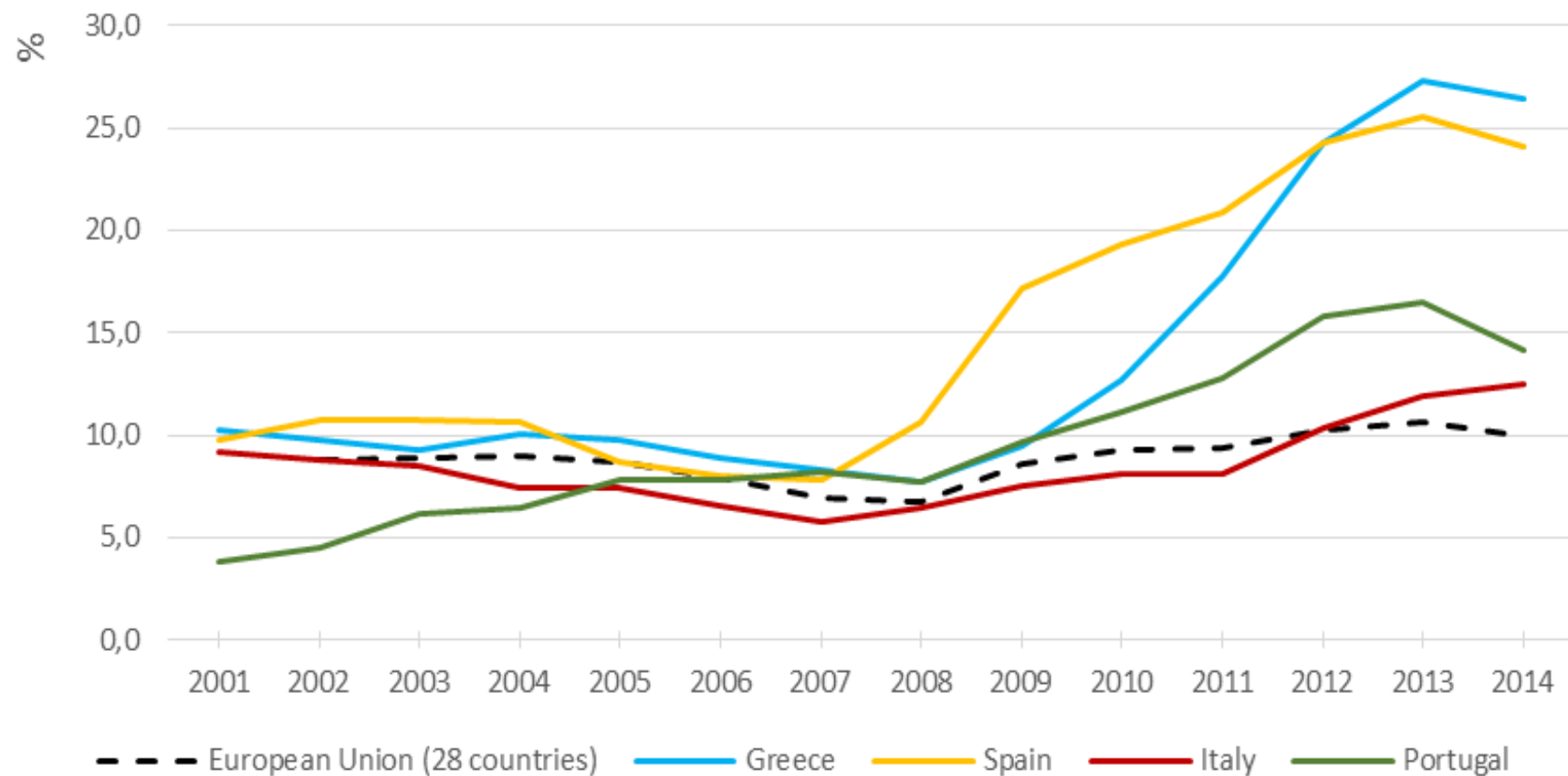
Source: Eurostat

Employment rate (% from population 25 – 64)
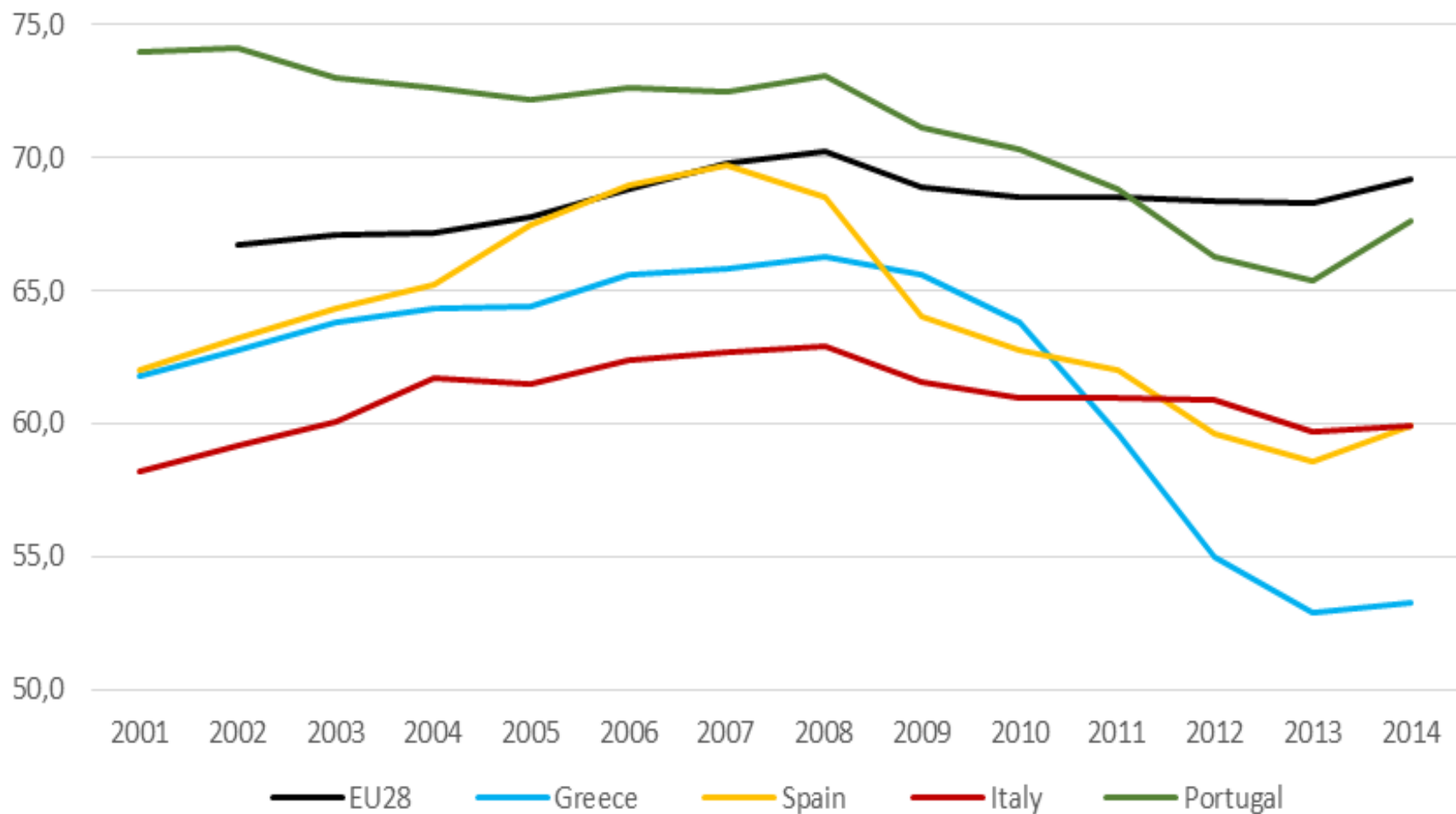
Source: Eurostat

Factor 2 -The Human Capital and Innovation Factor
(Eigenvalue 5,544, variability 17,885%)

Portugal

Açores Madeira

	-3,35 - -0,97
	-0,96 - 0,00
	0,01 - 3,34
	3,35 - 5,71
	5,72 - 6,40

Spain (2014)

Canárias C. A. Ceuta C. A. Melilla

	-3,35 - -0,97
	-0,96 - 0,00
	0,01 - 3,34
	3,35 - 5,71
	5,72 - 6,40

Italy

	-3,35 - -0,97
	-0,96 - 0,00
	0,01 - 3,34
	3,35 - 5,71
	5,72 - 6,40

Greece

	-3,35 - -0,97
	-0,96 - 0,00
	0,01 - 3,34
	3,35 - 5,71
	5,72 - 6,40
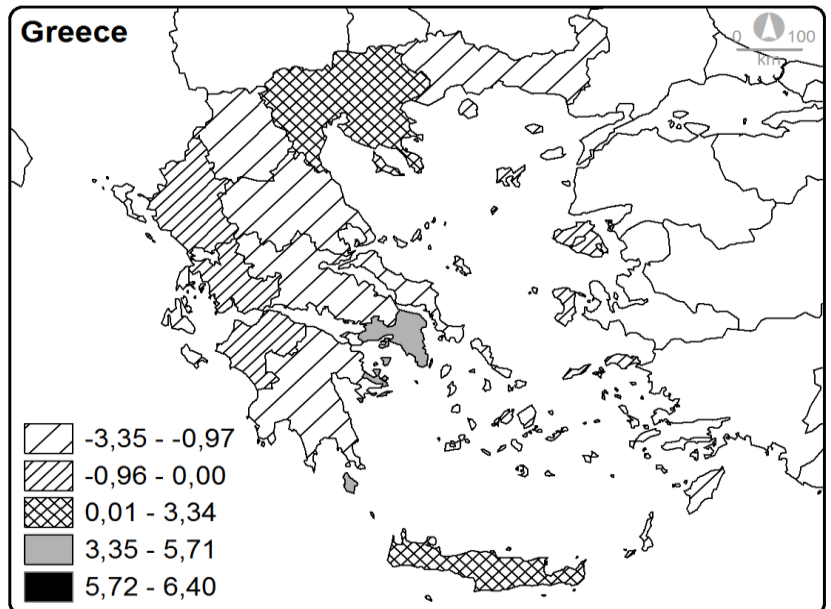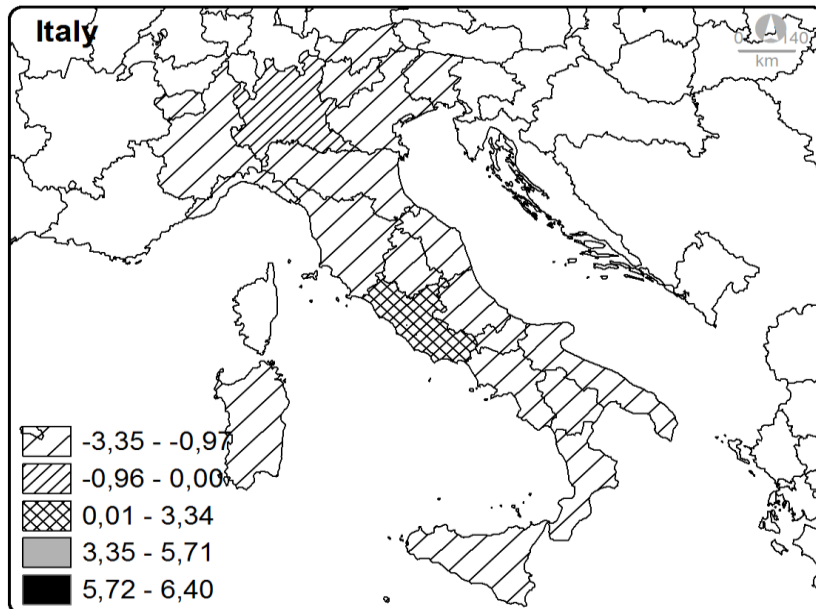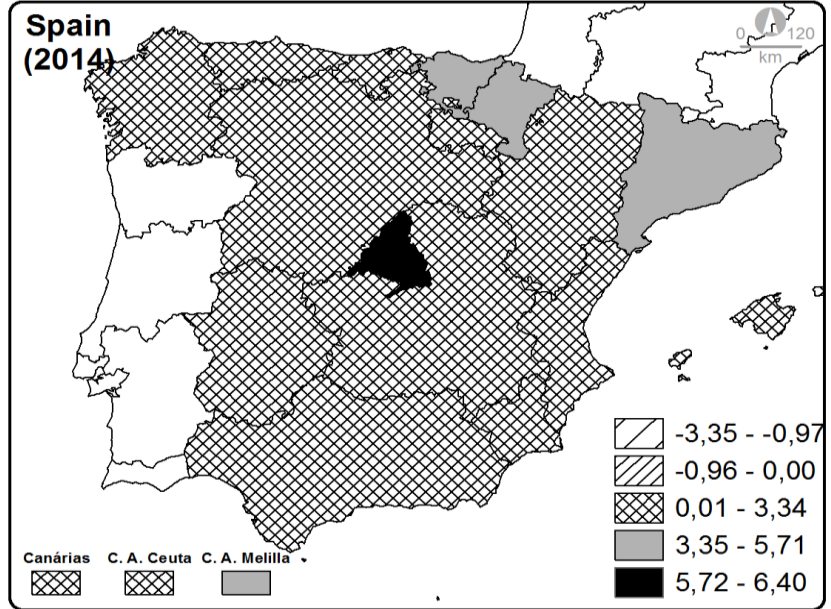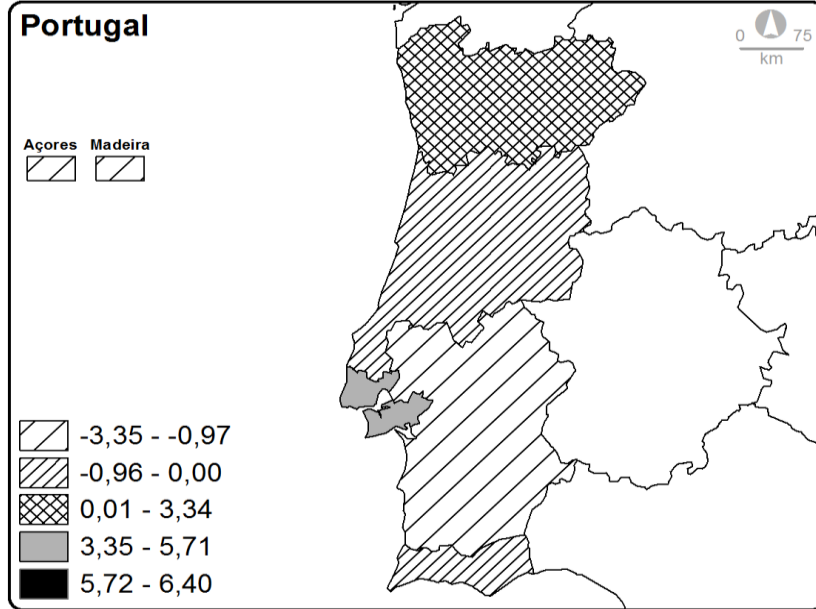
REGIONAL DISPARITIES IN SOUTHERN EUROPE: PROSPECTIVE SCENARIOS

- Meeting the EU 2020 targets: statistics and regional

  upgrading or convergence

Meeting the EU 2020 targets

- **T**he **European crisis on 2008**
  - The EU202 strategy was already designed in the context of the current European crisis which started by 2008 affecting most severely the Southern European countries;
  - EU2020 identified the main consequences of this crisis: 1) at EU level GDP fell 4%; 2) industrial production dropped to 1990s levels; 3) Unemployment reached 10% of active population; 4) low average growth comparing with the Europe's main economic partners; 5) and demographic ageing was accelerating

- **The EU2020 strategy (2010) – the roadmap on growth and development for the new decade**
  - EU 2020 intended to be a fully integrated program for all areas of development
  - Three main priorities were defined for EU 2020 "**Smart growth**: developing an economy based on knowledge and innovation", "**Sustainable growth**: promoting a more resource efficient, greener and more competitive economy", "**Inclusive growth (growth for all)**: fostering a high-employment economy delivering social and territorial cohesion".

Europe 2020 structure

Europe 2020 Flagship Initiative		Europe 2020 Competitiveness Index		
Flagship Initiative	An Industrial Policy for the Globalization Era	EUROPE 2020	SMART	Enterprise environment
	A Digital Agenda for Europe			Digital agenda
	Innovation Union			Innovative Europe
	Youth on the Move			Education and training
	An Agenda for New Skills and Jobs		INCLUSIVE	Labour market and employment
	European Platform against Poverty			Social inclusion
	Resource-efficient Europe		SUSTAINABLE	Environmental sustainability

Europe 2020 strategy headline indicators, EU28

Headline indicator		Past situation	Current situation			2020 Target
		2008	2012	2013	2014	
Employment	**Employment rate, total** *(% of the population aged 20-64)*	70.3	68.4	68.4	69.2	75
R&D	**Gross domestic expenditure on R&D** *(% of GDP)*	1.85	2.01	2.03	2.03p	3.00
Climate change & energy	**Greenhouse gas emissions*** *(index 1990=100)*	90.16	81.69	80.2	:	80
	Share of renewable energy in gross final energy consumption *(%)*	10.5	14.3	15.0	:	20
	Primary energy consumption *(Million tonnes of oil equivalent)*	1,686.6	1,583.9	1,566.5	:	1,483
	Final energy consumption *(Million tonnes of oil equivalent)*	1,173.3	1,102.4	1,104.6	:	1,086
Education	**Early leavers from education & training, total** *(% of population aged 18-24)*	14.6	12.7	11.9	11.2b	<10.0
	Tertiary educational attainment, total *(% of population aged 30-34)*	31.2	36.0	37.1	37.9b	≥40.0
Poverty or social exclusion**	**People at risk of poverty or social exclusion** *(Cumulative difference from 2008 in thousands)*	:	5993	5064	4527	-20000

* Total emissions, including international aviation, but excluding emissions from land use, land use change and forestry.

** People at risk of poverty or social exclusion are in at least one of the following three conditions: at-risk-of-poverty after social transfers (income poverty), severely materially deprived or living in a household with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. The overall EU target is to lift at least 20 million people out of risk of poverty or social exclusion by 2020 with 2008 as a baseline year. All data refer to EU27.

e estimate   p provisional   b break in time series   : Data not available

Source: Europe 2020 (EC, 2016)

Meeting the EU 2020 targets: statistics and regional upgrading or convergence

Headline targets and additional benchmarks for education in the EU2020 strategy

Headline targets	Year	EU 28		Greece		Spain		Italy		Portugal	
		Current value	EU2020 Target	Current value	EU2020 Target	Current value	EU2020 Target	Current value	EU2020 Target	Current value	EU2020 Target
Early leavers from education and training	2014	11,2	10	9	9,7	21,9	15	15	16	17,4	10
Population 30-34 year olds with tertiary education	2014	37,9	40	37,2	32	42,3	44	23,9	26	31,3	40
Additional benchmarks											
Lifelong learning - adults 25-64 participating in education and training	2014	10,7	15	3	15	9,8	15	8	15	9,6	15
Early childhood education and care	2012	93,9	95	75,2	95	97,4	95	99,2	95	95	95
Foreign languages learned per pupil at ISCED 3 level	2012	1,4	2	1	2	1,2	2	1,3	2	0,7	2
Employment of recent graduates (ages 20-34 having left education and training in the past 1 to 3 years, upper secondary or higher ISCED 3-8)	2014	76	82	44,3	82	65,1	82	45	82	69,4	82
Basic Skills (PISA - Low reading literacy performance for 15 year old pupils)	2012	n/a	15	22,6	15	18,3	15	19,5	15	18,8	15

Population aged 0 – 14 (%) (2001 – 2020)

European Union (28 countries) — Greece — Spain — Italy — Portugal
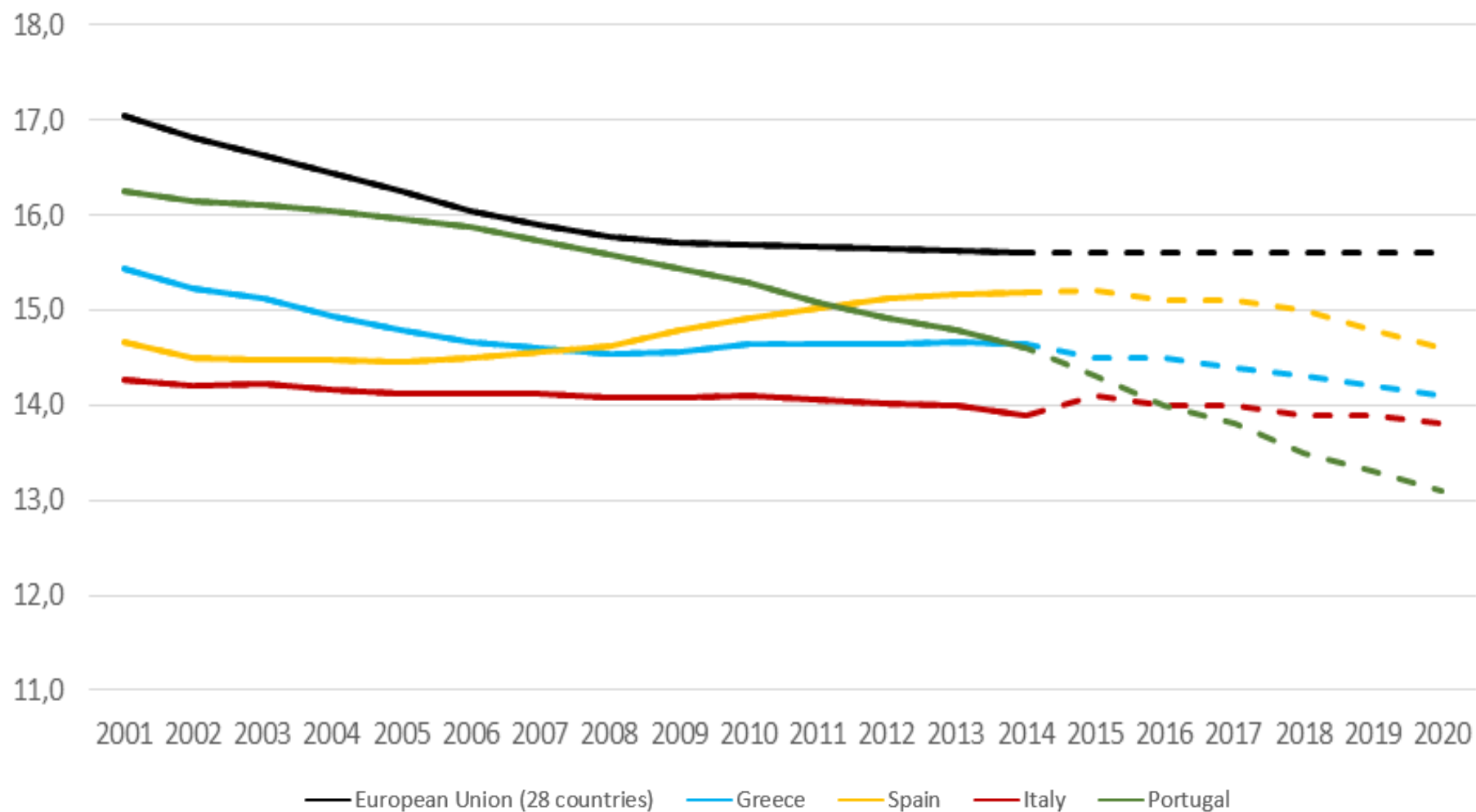
Source: Eurostat

Population aged 65 or + (%) (2001 – 2020)
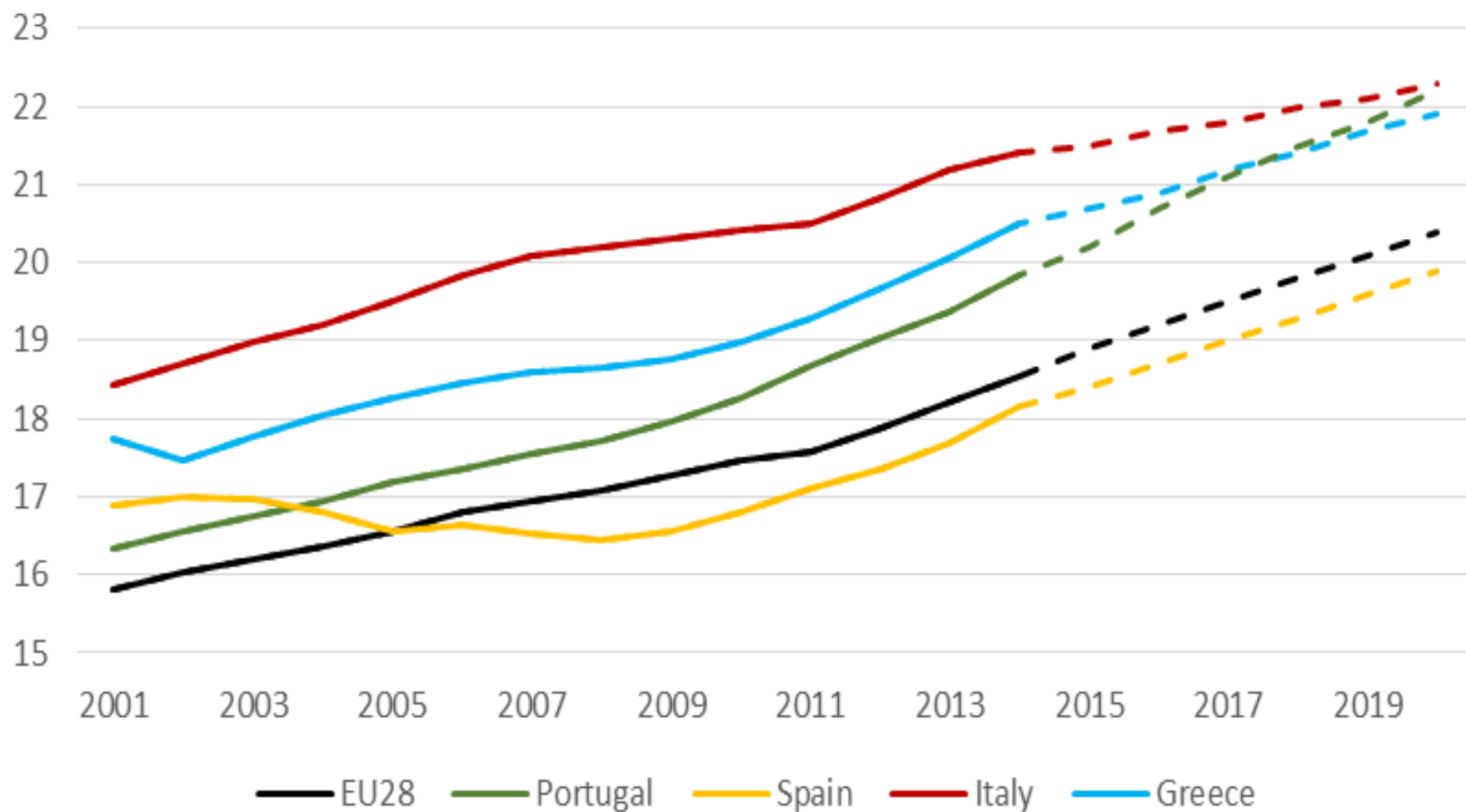
Source: Eurostat

Early leavers from education and training

Legend: EU28, Greece, Spain, Italy, Portugal
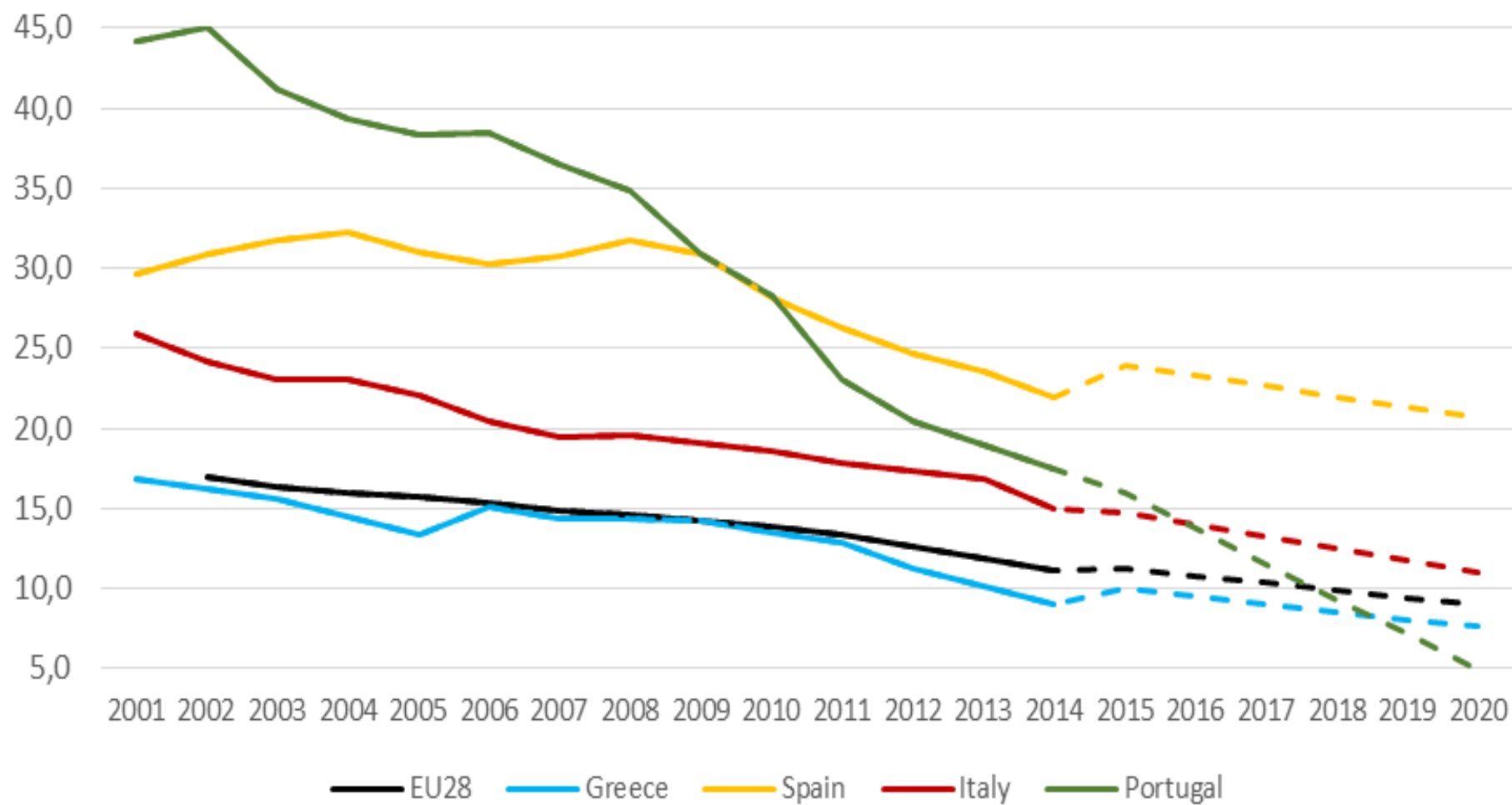
Source: Eurostat plus linear regression analysis

Early leavers from education and training (%) – NUTS 2

Portugal (2014)

Açores   Madeira

%
- 0 - 12,0
- 12,1 - 18,0
- 18,1 - 24,0
- 24,1 - 36,0

Spain (2014)

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%
- 9,4 - 12,0
- 12,1 - 18,0
- 18,1 - 24,0
- 24,1 - 36,0

Italy (2014)

%
- 8,4 - 12,0
- 12,1 - 18,0
- 18,1 - 24,0
- 24,1 - 36,0

Greece (2014)

%
- 5,9 - 12,0
- 12,1 - 18,0
- 18,1 - 24,0
- 24,1 - 36,0
- No Data
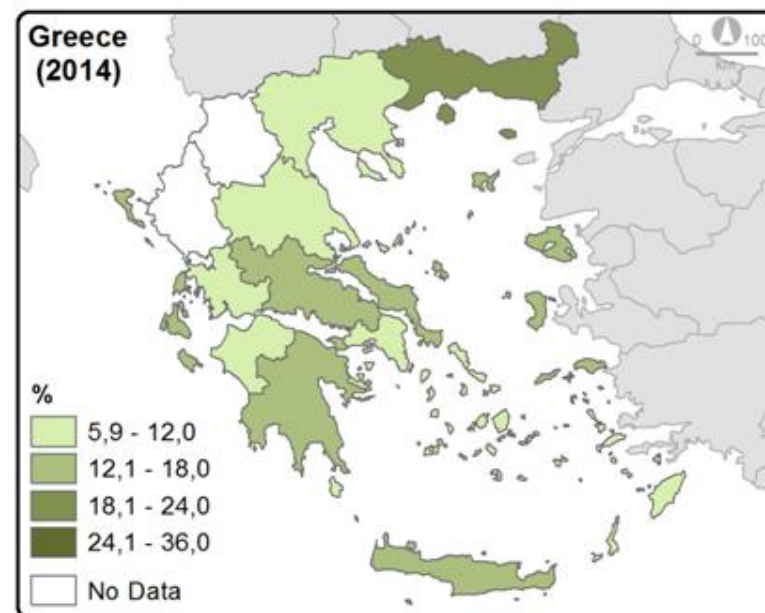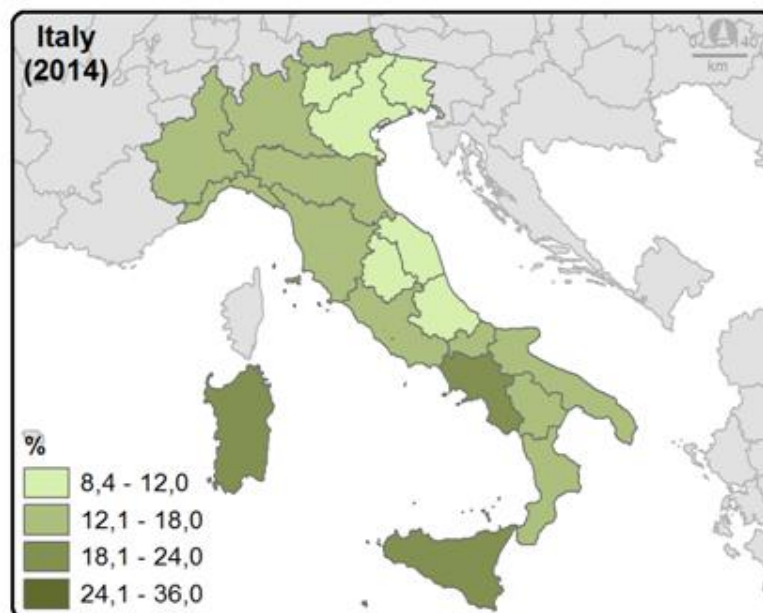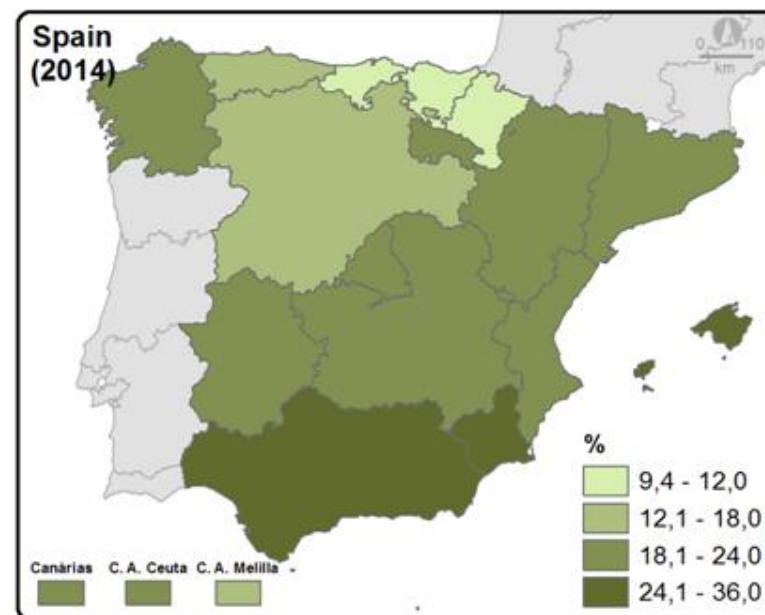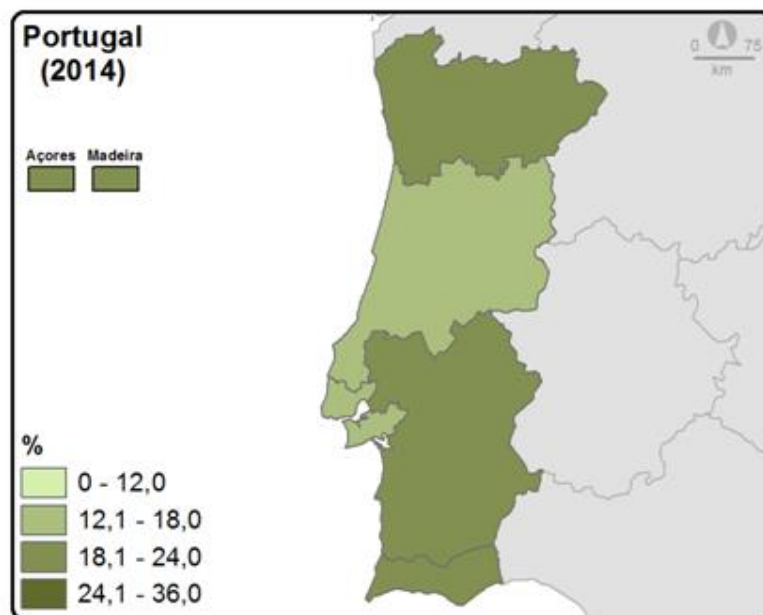
Population aged 30-34 years (total and with tertiary education): Variation (%)

	2001/2014		2004/2014		2008/2014	
	Pop 30-34 total	Pop 30-34 with tertiary education	Pop 30-34 total	Pop 30-34 with tertiary education	Pop 30-34 total	Pop 30-34 with tertiary education
European Union (28)	-8,83		-6,72	31,42	-3,36	17,39
European Union (27)	-8,92	51,79	-6,82	31,15	-3,41	17,27
Greece	-8,92	35,52	-7,17	37,59	-6,69	35,07
Spain	3,67	40,1	-4,52	9,45	-15,61	-13,56
Italy	-19,6	57,51	-19,21	23,78	-15,62	5,04
Portugal	-8,53	144,7	-12,59	67,85	-17,31	19,82

Population aged 30 – 34 with tertiary education attainment (%)
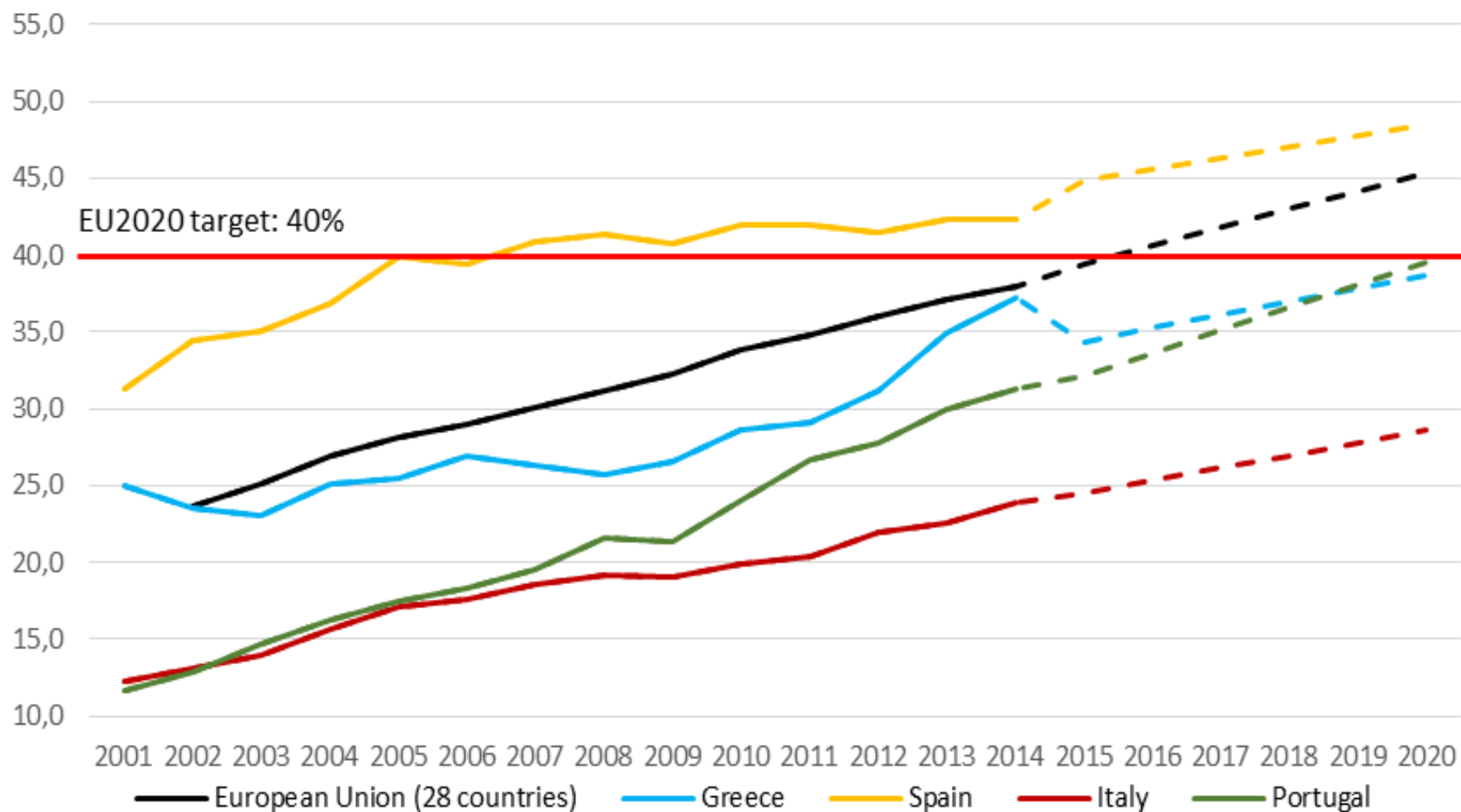
EU2020 target: 40%

European Union (28 countries) — Greece — Spain — Italy — Portugal

Source: Eurostat plus linear regression analysis

Population aged 30 – 34 with tertiary education attainment (%) – NUTS 2

Portugal (2014)

Açores   Madeira

%
- 0 - 20,0
- 20,1 - 30,0
- 30,1 - 40,0
- 40,1 - 50,0
- 50,1 - 58,0
- No Data

Spain (2014)

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%
- 22,6 - 20,0
- 20,1 - 30,0
- 30,1 - 40,0
- 40,1 - 50,0
- 50,1 - 58,5

Italy (2014)

%
- 17,4 - 20,0
- 20,1 - 30,0
- 30,1 - 40,0
- 40,1 - 50,0
- 50,1 - 58,0

Greece (2014)

%
- 21,7 - 20,0
- 20,1 - 30,0
- 30,1 - 40,0
- 40,1 - 50,0
- 50,1 - 58,0
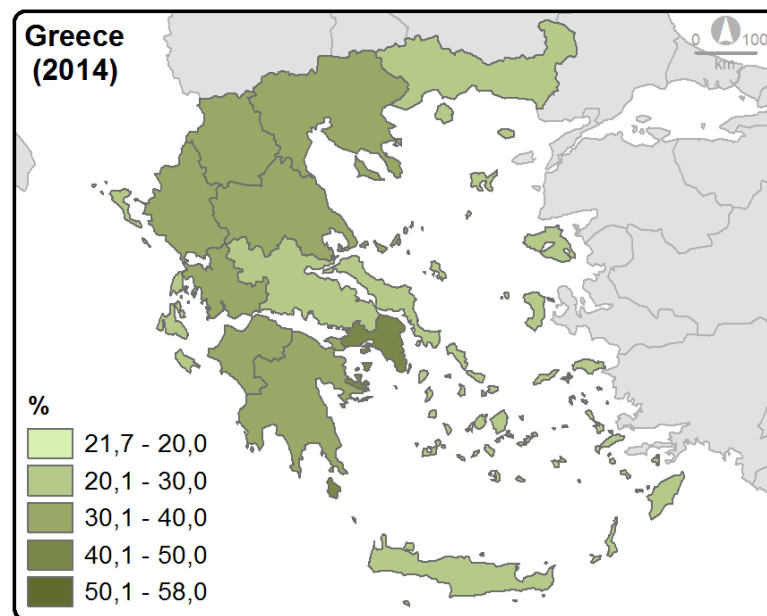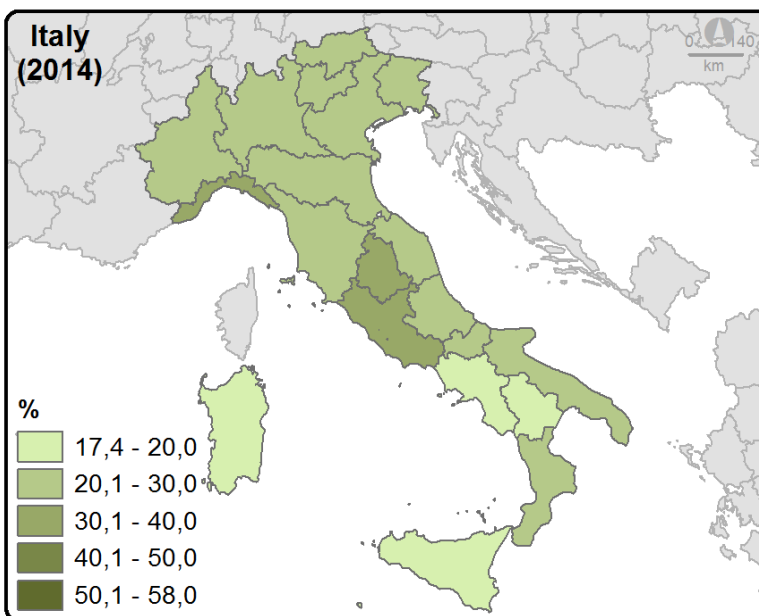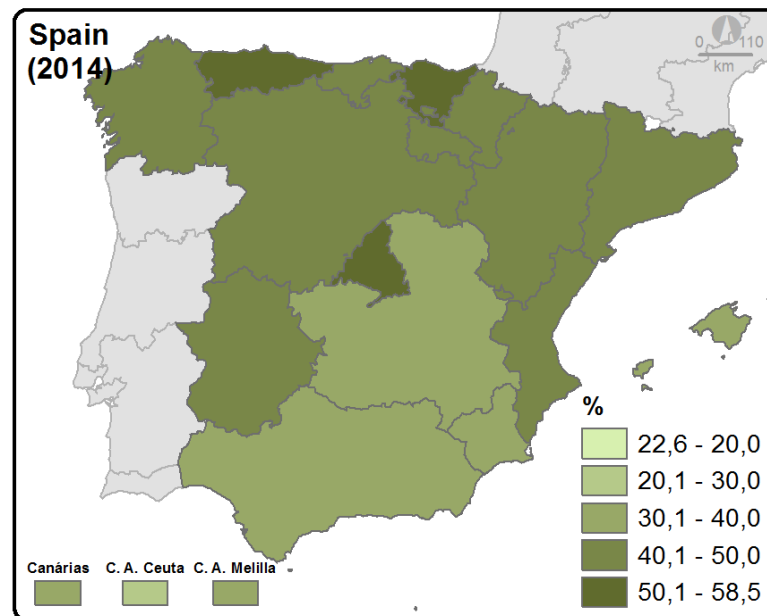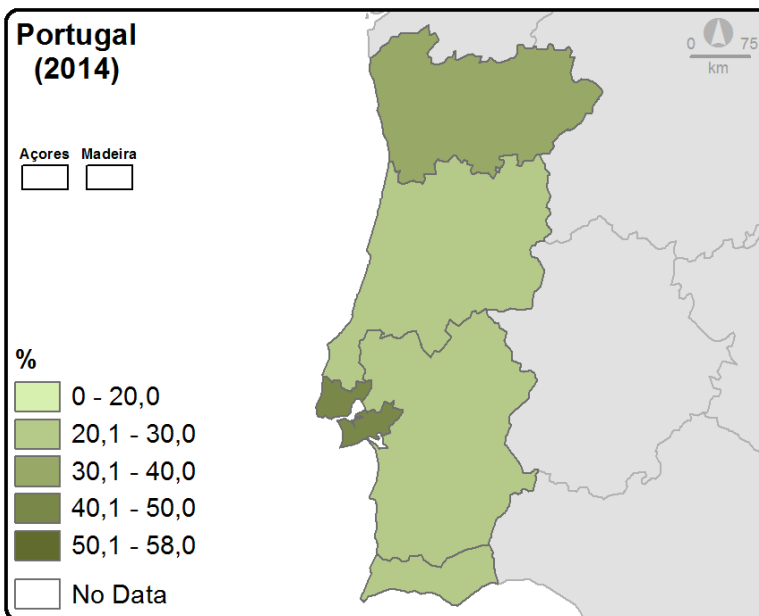
GDP at current market prices - PPS per inhabitant % (EU27 = 100) – NUTS 2

Portugal (2014)

Açores   Madeira

%
- 50,0 - 60,0
- 60,1 - 75,0
- 75,1 - 85,0
- 85,1 - 99,9
- 100,0 - 150,0

Spain (2014)

Canárias   C. A. Ceuta   C. A. Melilla

%
- 50,0 - 60,0
- 60,1 - 75,0
- 75,1 - 85,0
- 85,1 - 99,9
- 100,0 - 150,0

Italy (2014)

%
- 50,0 - 60,0
- 60,1 - 75,0
- 75,1 - 85,0
- 85,1 - 99,9
- 100,0 - 150,0

Greece (2014)

%
- 50,0 - 60,0
- 60,1 - 75,0
- 75,1 - 85,0
- 85,1 - 99,9
- 100,0 - 150,0
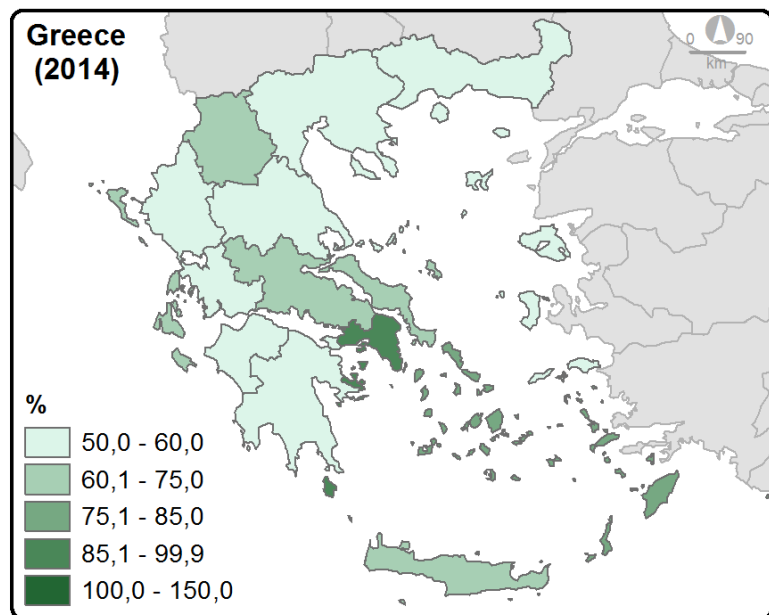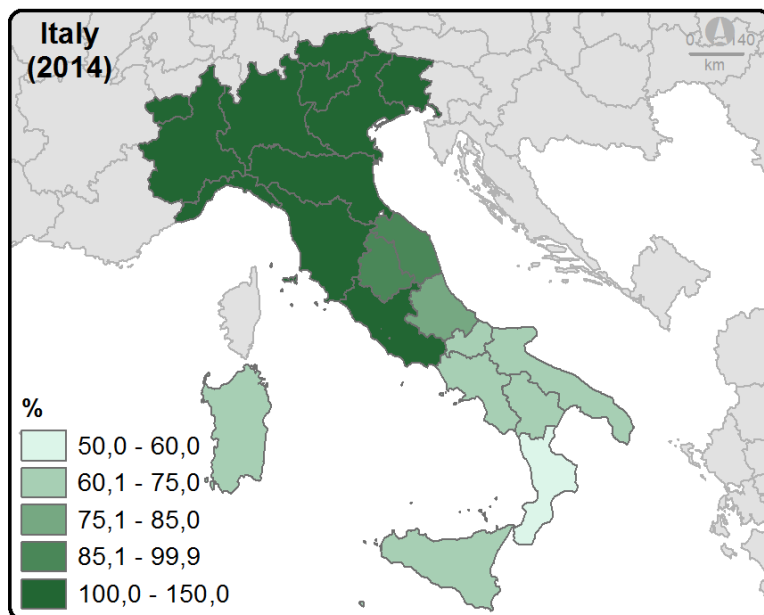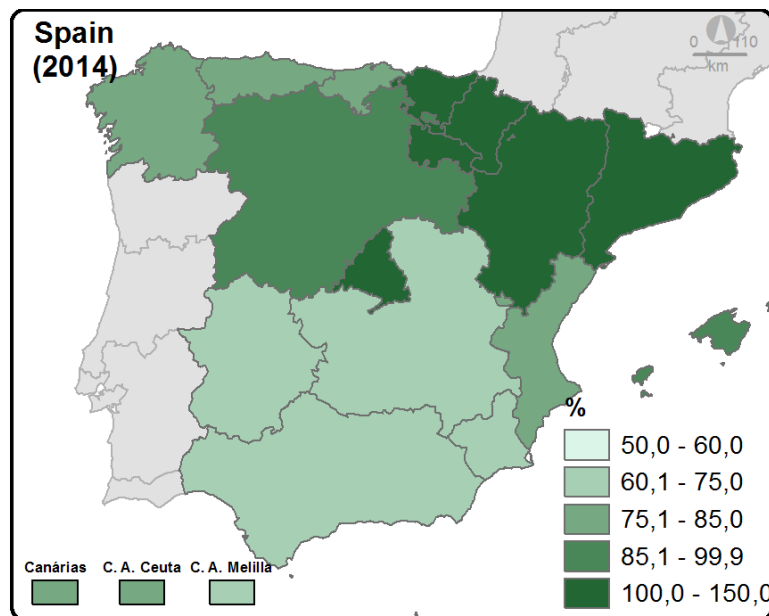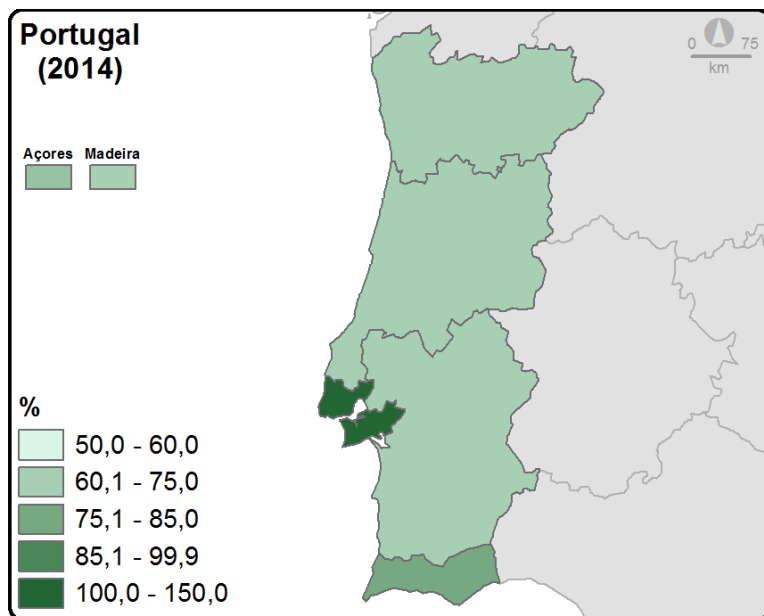
REGIONAL DISPARITIES IN SOUTHERN EUROPE: PROSPECTIVE SCENARIOS

- Reflections/ Conclusions

- Going back to the Lisbon Strategy (2010)
  - Before assessing the feasibility of EU 2020, it is also important to retrieve the former Lisbon strategy or Lisbon Agenda for 2010, designed with similar objectives
  - what outcomes were delivered by the Lisbon strategy on Southern Europe?

- Human Capital vs Regional development
  - In the knowledge economy, human capital is the pillar for innovation and economic growth. Human capital endowment embodies educational stock and therefore higher education and qualification at higher levels of the school system are the most relevant components of human capital.
  - The link between human capital, innovation, economic growth and regional development
  - The effect of HEIs on economic growth and regional development

- **Where we are - 30 years of European Regional/ Cohesion Policy**
  - Regional development policies in Southern Europe have been repeatedly criticized because they have concentrated more in physical capital and less on human capital enhancement
  - After more than 30 years of European Regional/ Cohesion Policy, Europe should evidence a regional upgrading and convergence from the lagging regions. That is not the case, however.
  - Before feeding great expectations for 2020, it is important to do some ex-ante assessment of the policies that are being implemented
  - Monitoring and assessing the effects of the EU policies and structural funds on growth and convergence have been producing an immense amount of studies and reports however, we have not always been able to guarantee the expected achievements of the various plans

- **Education - Are the EU2020 targets enough?**

  - Some of the obstacles identified for the limits of the Lisbon Strategy were the high number of targets and the lack of efficient governance tools

  - In spite of the huge efforts developed in what concerns higher education and overall education policies, the persistency of the lagging behind vast territories in Southern Europe countries are troubling. *It is not enough to meet the marks of the EU 2020 targets for Education if there is not a real economic and social upgrading in those regions.*

  - Education is a condition but not the sufficient condition to foster growth and development.

REGIONAL DISPARITIES
IN
SOUTHERN EUROPE:
PROSPECTIVE SCENARIOS

Thank you for your attention

Madalena Fonseca (University of Porto & A3ES)

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SLIDES SOS: Dados de base para se alguém fizer perguntas específicas, ir buscar.

Total births 2001 - 2020
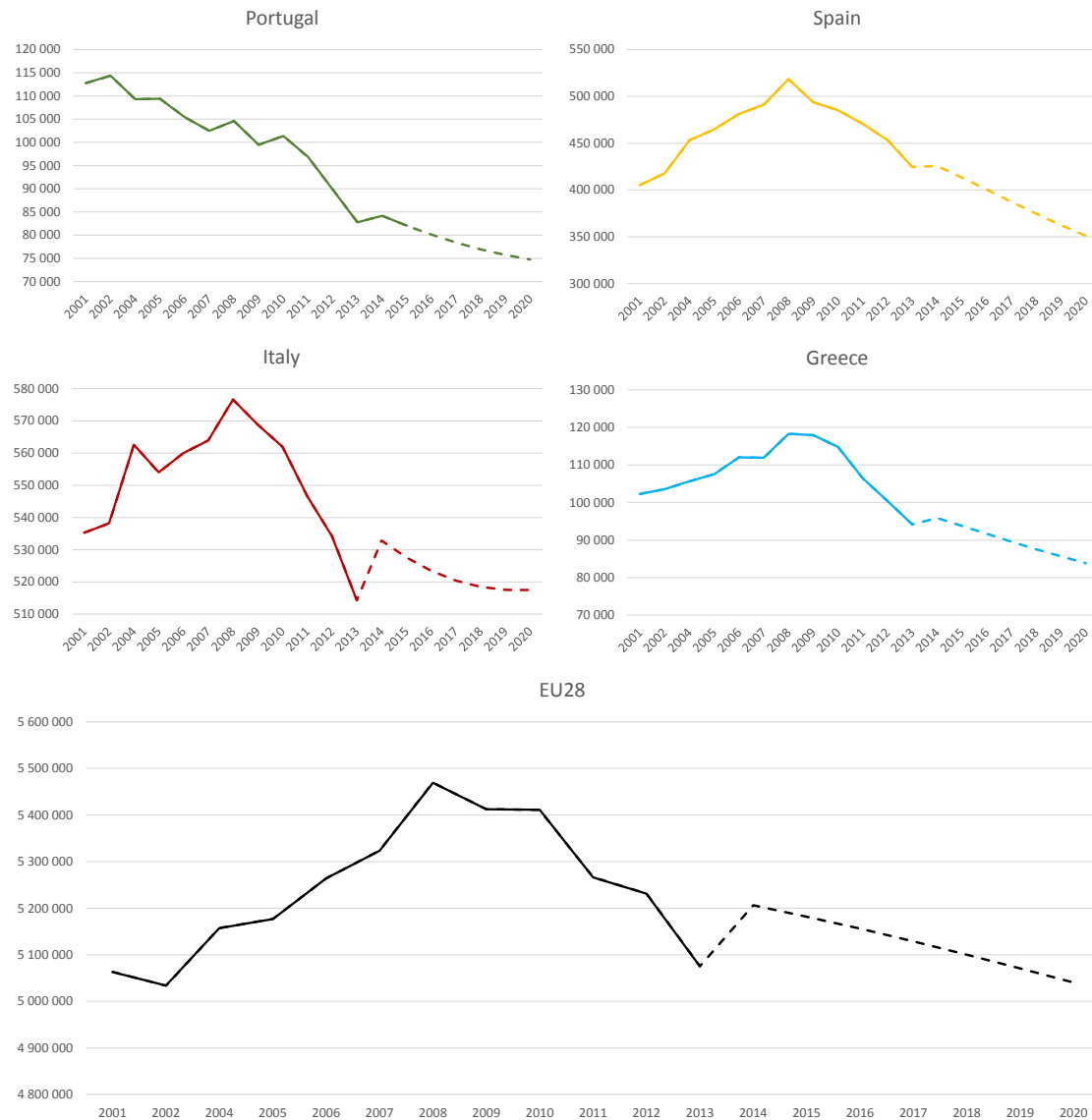
Source: Eurostat

Total population projections 2001 – 2020
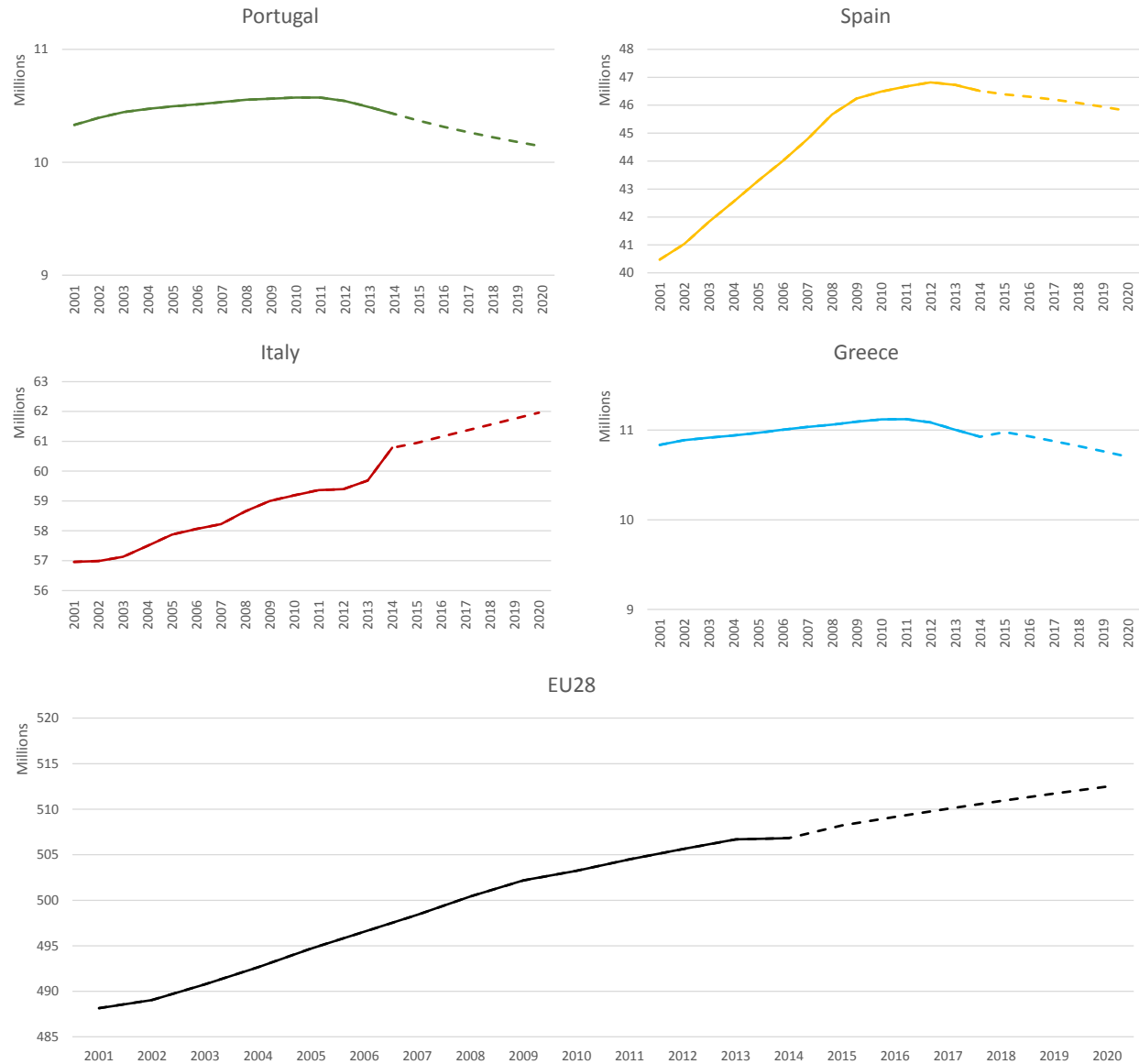
Source: Eurostat

Gross domestic product (GDP) at current market prices - Purchasing Power Standard per inhabitant in percentage of the EU average, at country level (EU28 = 100)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
European Union (28 countries)	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Greece	88	92	94	96	91	94	92	94	94	87	77	74	74	72
Spain	98	100	100	100	100	102	103	101	101	97	94	92	91	91
Italy	119	113	112	108	106	106	105	105	104	103	103	101	98	96
Portugal	78	78	78	76	79	79	79	79	81	81	78	77	77	78

Source: Eurostat

Unemployment rate (% from population 25 – 64)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
European Union (28 countries)		8,8	8,9	9	8,7	7,9	6,9	6,7	8,6	9,3	9,4	10,2	10,6	10
Greece	10,2	9,8	9,3	10,1	9,8	8,9	8,3	7,7	9,5	12,7	17,8	24,3	27,3	26,4
Spain	9,8	10,7	10,7	10,6	8,7	8	7,8	10,6	17,2	19,3	20,9	24,3	25,6	24,1
Italy	9,2	8,8	8,5	7,4	7,4	6,5	5,8	6,4	7,5	8,1	8,1	10,3	11,9	12,5
Portugal	3,8	4,5	6,2	6,4	7,8	7,8	8,2	7,7	9,7	11,1	12,8	15,8	16,5	14,1

Employment rate (% from population 25 – 64)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
European Union (28 countries)		62,3	62,5	62,6	63,3	64,2	65,2	65,6	64,4	64	64,1	64	64	64,8
European Union (27 countries)	62,5	62,4	62,6	62,7	63,4	64,3	65,2	65,7	64,4	64,1	64,2	64,1	64,1	64,9
Greece	56,5	57,6	58,7	59,3	59,6	60,6	60,9	61,4	60,8	59,1	55,1	50,8	48,8	49,4
Spain	57,7	59	60,1	61,1	63,6	65	65,8	64,5	60	58,8	58	55,8	54,8	56
Italy	54,5	55,4	56,1	57,8	57,6	58,3	58,6	58,6	57,4	56,8	56,8	56,6	55,5	55,7
Portugal	68,9	69,1	68,1	67,8	67,3	67,6	67,6	68	66,1	65,3	63,8	61,4	60,6	62,6

Source: Eurostat

Early leavers from education and training (%)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EU28		17	16,4	16	15,7	15,3	14,9	14,6	14,2	13,9	13,4	12,6	11,9	11,1	11,2	10,8	10,3	9,9	9,4	9,0
EU27	17,2	17	16,5	16,1	15,8	15,4	15	14,7	14,3	14	13,4	12,7	12	11,2	11,4	11,0	10,5	10,1	9,6	9,2
Greece	16,9	16,2	15,6	14,5	13,3	15,1	14,3	14,4	14,2	13,5	12,9	11,3	10,1	9	10,0	9,5	9,0	8,6	8,1	7,6
Spain	29,7	30,9	31,7	32,2	31	30,3	30,8	31,7	30,9	28,2	26,3	24,7	23,6	21,9	23,9	23,3	22,6	22,0	21,3	20,7
Italy	25,9	24,2	23	23,1	22,1	20,4	19,5	19,6	19,1	18,6	17,8	17,3	16,8	15	14,7	14,0	13,2	12,5	11,8	11,0
Portugal	44,2	45	41,2	39,3	38,3	38,5	36,5	34,9	30,9	28,3	23	20,5	18,9	17,4	16,0	13,8	11,5	9,3	7,1	4,9

	Regression equation	R-squared
EU28	y = -0,45x + 17,985	R² = 0,9921
Greece	y = -0,4864x + 17,312	R² = 0,9312
Spain	y = -0,6534x + 33,751	R² = 0,8502
Italy	y = -0,7314x + 25,657	R² = 0,9887
Portugal	y = -2,2204x + 49,289	R² = 0,9844

Source: Eurostat plus linear regression analysis

Population aged 30 – 34 with tertiary education attainment (%)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
European Union (28 countries)		23,6	25,1	26,9	28,1	29	30,1	31,2	32,3	33,8	34,8	36	37,1	37,9	39,5	40,6	41,8	43,0	44,2	45,3
Greece	25	23,5	23	25,1	25,5	26,9	26,3	25,7	26,6	28,6	29,1	31,2	34,9	37,2	34,3	35,2	36,1	37,0	37,9	38,7
Spain	31,3	34,4	35,1	36,9	39,9	39,4	40,9	41,3	40,7	42	41,9	41,5	42,3	42,3	44,8	45,6	46,3	47,1	47,8	48,5
Italy	12,2	13,1	13,9	15,6	17,1	17,6	18,6	19,2	19	19,9	20,4	21,9	22,5	23,9	24,5	25,3	26,1	27,0	27,8	28,6
Portugal	11,7	12,9	14,7	16,3	17,5	18,3	19,5	21,6	21,3	24	26,7	27,8	30	31,3	32,1	33,6	35,1	36,6	38,1	39,6

	Regression equation	R-squared
EU28	y = 1,1764x + 21,812	R^2 = 0,9988
Greece	y = 0,8787x + 21,167	R^2 = 0,9148
Spain	y = 0,7413x + 33,719	R^2 = 0,9191
Italy	y = 0,8349x + 11,945	R^2 = 0,9905
Portugal	y = 1,4884x + 9,8088	R^2 = 0,9953

Source: Eurostat plus linear regression analysis