Abstract

Economic performance varies significantly among OECD regions. Between 1998 and 2003, the annual average growth rate of real GDP ranged from −7.8% in the region of Konya (Turkey) to 10.2% in Newfoundland (Canada).

At regional level, growth is the result of a complex set of interconnected factors. In principle, three main sets of factors can be identified: national factors, exogenous regional factors and endogenous regional factors. National factors include sound macroeconomic policies or business cycles. At regional level, exogenous factors can be defined as the characteristics of a region that cannot be changed or can only be changed in the long run, such as geographic location, natural resources, urban or rural setting, and demographics. In contrast, endogenous factors are assets in regions that can be mobilised by appropriate policies. These include items such as transport, general infrastructure, tourism-oriented facilities, labour market conditions, and human and social capital.

Using cross-sectional and panel data analysis that permits us to separate regional and national factors, this paper assesses the relationship between regional growth and its main endogenous determinants for 297 OECD regions during the period 1995–2006 (or the latest year available). Important regional effects include the capacity to innovate, human capital, the quality of labour markets, the initial level of GDP, infrastructure, industrial structure, and economies of agglomeration.

Jose Enrique Garcilazo
OECD
Regional Competitiveness and Governance (GOV/RCG)
2, rue André-Pascal
75775 Paris Cedex 16,
France
Tel: +33 (1) 45 24 86 18
Email: JoseEnrique.GARCILAZO@oecd.org