

THE BETA-CONVERGENCE ANALYSIS AND REGIONAL DISPARITIES IN EU-28

MIHAELA SIMIONESCU

Institute for Economic Forecasting of the Romanian Academy

Email: mihaela_mbl@yahoo.com

Abstract

The main objective of this research is to analyse the beta-convergence in European Union (EU-28), showing the regional income disparities. The estimated rate of convergence was around 0.46% in the EU-28. OLS tends to be biased, the substantive form of spatial autocorrelation being obvious for the data. The absolute convergence is at an annual rate of 1.85% between 2001 and 2012. The results of the estimations suggest not significant convergence within EU-28 members.

Keywords: convergence, regional disparities, Moran's I, spatial lag model, spatial error model

JEL classification codes: C21, C12, F43.