



# OECD Regions and Cities at a Glance 2018

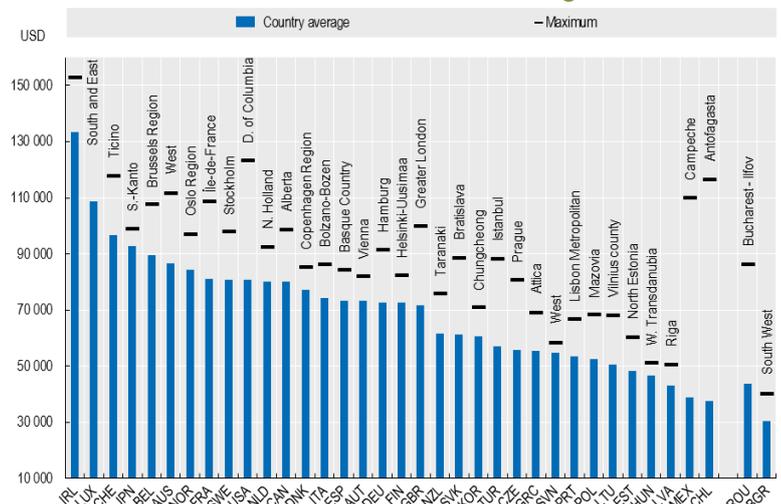
## The potential of regions and cities for productivity growth and well-being

Regions and cities are drivers of economic growth, innovation, and prosperity. The opportunities, services, and living conditions they provide fundamentally shape the well-being of their residents. Yet, regions and cities are highly diverse and disparities within countries in terms of income, jobs, education, and ultimately well-being are considerable. The OECD report *Regions and Cities at a Glance 2018* provides evidence on recent subnational economic development, geographic disparities, demographic trends such as ageing and migration, and well-being across OECD regions. It thus highlights challenges and opportunities that policymakers need to address and seize in order to fully achieve the economic potential in regions and cities and promote prosperity in all places.

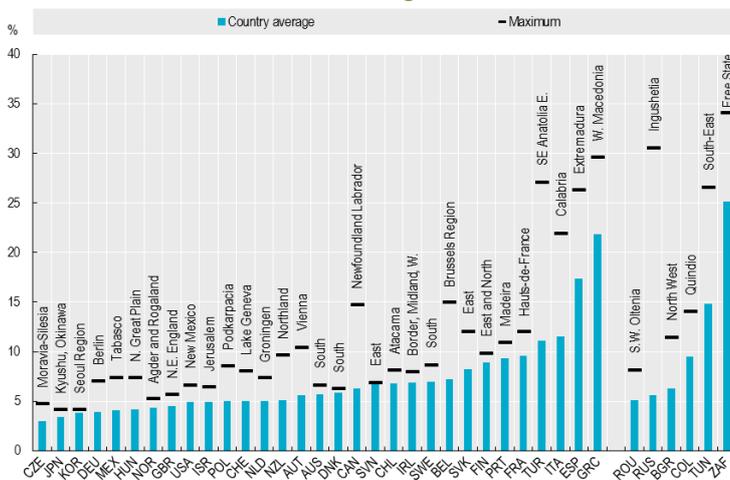
## Regional economic disparities remain large but have recently fallen

Economic disparities between regions have fallen in non-European countries since 2011 and more recently in Europe. However, regional economic differences remain large. Both across and within countries, regions differ widely in labour productivity (Figure 1). The most productive region remains, on average, twice as productive as the least productive region in the same country. Regions more exposed to international competition or in proximity to a city experienced a faster catch-up in productivity. Since 2010 rural regions close to a city have narrowed the productivity gap to urban regions by 3 percentage points.

**Figure 1. Differences in labour productivity are large both across countries and regions**



**Figure 2. The probability of unemployment differs significantly across regions**



Employment opportunities and income remain concentrated in certain regions. While unemployment rates have fallen in 70% of regions since the crisis, regional disparities are as large as in 2011. On average, unemployment rates differ by 6 percentage points within OECD countries, a difference that can reach up to 20 percentage points (Figure 2). Regional disparities are even larger for youth unemployment. In some regions of Italy and Greece, more than 50% of youths are unemployed.

### THE IMPORTANCE OF LARGE CITIES

- **Cities keep growing** and attracting people. Their population has increased 0.75% per year since 2000.
- **The economic relevance of cities is rising.** They account for 60% of national GDP and have higher rates of firm creation.
- **Cities are richer but more unequal.** Income levels are 21% higher in cities yet income inequality is more pronounced.



## Demographic changes and migration vary widely across regions

The demographic environment and social structure of regions and cities is rapidly changing across the OECD. The impact of current global megatrends such as ageing, urbanisation, and migration varies widely across places.

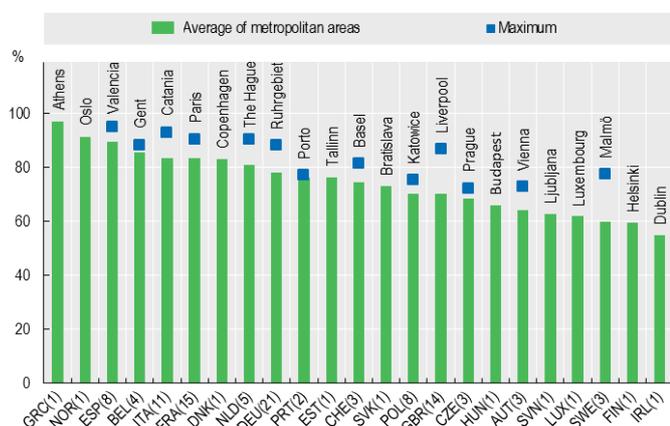
**Ageing** affects most areas in OECD countries; however, its effects are most pronounced in rural areas. The elderly represent 30% of the total working-age population in rural regions, 6 percentage points more than in urban regions. During the past two decades, rural populations have gradually declined; a trend that has continued in recent years.

**Migration** is highest in urban places. Over two-thirds of foreign-born live in regions with large urban agglomerations, compared to 60% of the native-born population. Over the past three years, urban regions received almost 80% of in-country youth migration from other regions, demonstrating that cities' attractiveness is increasing.

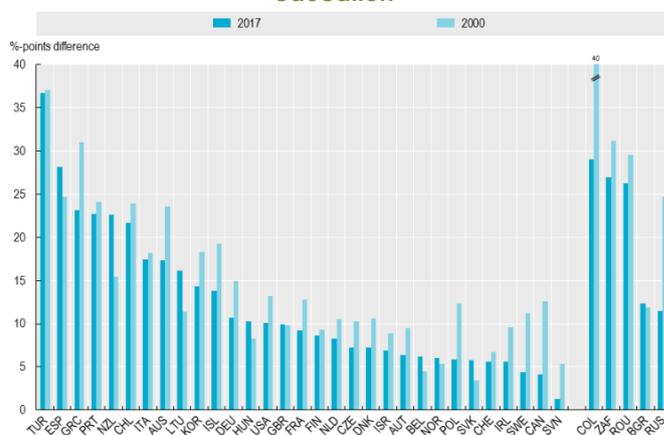
## Quality of life has improved, but income, access to services and job opportunities remain unequally distributed within countries

In the vast majority of OECD regions, most well-being dimensions have improved since 2000, which has contributed to a narrowing of regional gaps. Regional differences were particularly reduced in terms of educational attainment, life expectancy, and safety. Within-country differences in educational attainment have fallen due to an improvement in the most lagging regions (Figure 3).

**Figure 4. Access to services such as hospital depends on one's city**



**Figure 3. Regional gap in % of workers with secondary education**



Differences within cities in living conditions such as income or access to services can be significant. While 87% of people living in city centres have good access to health services, only 57% of people in the surrounding commuting areas benefit from the same degree of access.

Take a look at the **full publication** and the **individual country pages** for recent development in regions and cities: <https://oe.cd/pub/2n9>.

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