

Paper:

"SPATIAL CONVERGENCE"

forthcoming in: Papers in Regional Science

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Abstract

Abstract. This paper analyzes the consequences of spatial interdependence for convergence in a Solow-type growth model. In such a model a region's speed of convergence depends on its location and it can be decomposed into

- (i) the speed of convergence proper,
- (ii) the remoteness effect, and
- (iii) the impact of the initial gap.

Also σ -convergence is affected by spatial interaction and we propose a decomposition to isolate the impact of spatial spillovers. Using GDP per capita of European regions, we calibrate a numerical model with parameters typically found in spatial convergence studies. We find that the remoteness effect leads to considerable variation in the speed of convergence while it marginally affects σ -convergence.