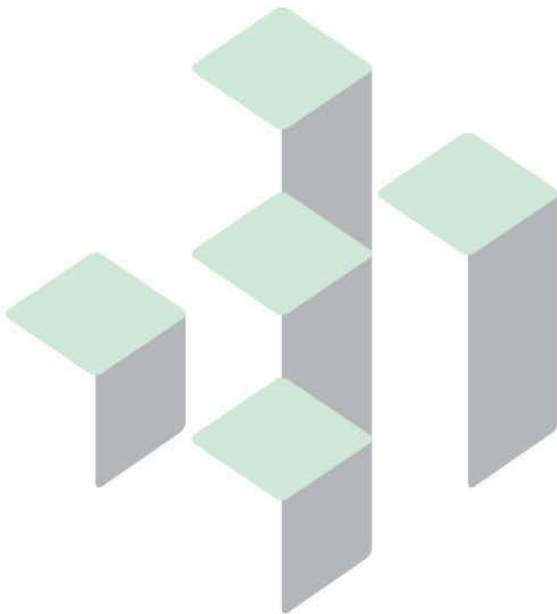


Income generation and differences: Lies, bloody lies and statistics – and discussions

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«One has to compare»...

...says 12 year old Ingemar in the beautiful Swedish movie My Life As A Dog (**Mitt liv som hund**) from 1985.

Nick Hornby (a.o. **Fever Pitch**) lets his main characters make lists of everything (especially in **High Fidelity**).

Comparing and making lists is popular in many aspects of life, ranging a phenomenon from «best» to «worst», «big» to «small», «fast» to «slow», «cool» to «uncool» or «rich» to «poor». (Is making lists it a masculine activity?)

Also: Urban and regional development

Cities and regions are ranked

Either from top to bottom, or above/below a limit (like the average, bottom/top 10 per cent etc)

Eksamples of lists

- Income
- Value added
- Population growth
- Municipal championships (**Kommune-NM**)
- The Periphery Index (**Distriktsindeksen**), new and highly revised last week
- Education (Pisa)

Statements

- Many/all (regions/cities) want to be winners
- «Everybody» wants to be above the average
- «Policy measures awarded to low-scoring **regions** might lead some **regions** to actually want to score low and become clients» – but is that true?

Building strong regions leads to increased focus on urban development and policy

- «Big» beats «small» - economies of scale
- Agglomeration effects
- The «creative class»
- Trickle Down effects (outside the cities or city regions)

A more competitive environment

- Production and productivity, rather than «well-being» and satisfaction
- Regional competitiveness for each region, rather than equity between regions
- Regional use of regional resources for the benefit of the regions' actors – from top down to bottom up
- Generates relatively clear winners and losers

If your region scores low, you are regarded a client and a liability.

- Therefore: Lists lead to discussions – are they correct?

Regional value added

Each time new figures on regional value added are published (Statistics Norway), a debate starts

«Firms in our region export more than firms in any city»

«All together, we are the most important income generating region in the country»

«People in the cities drink their latte, go to meetings and they just produce emails»

Value added and income

Increased focus on urban development and competition between urban areas –in policy and research

Focus on value creation and production rather than on «well being» and income

Many export industries are located outside urban areas

- Important for the Nation's income generation?

Why is value added and income higher in urban areas?

- Industrial structure is dominated by services.
- Higher levels of productivity? How is that calculated?

Do central and urban regions exploit the periphery?

- Are income levels really higher in urban areas?
- Regional division of labour?

Value added – regional disparities on county level

Value added

= value of production minus value of intermediates

= «income» = wages plus capital revenue

Gross Domestic (Regional) Product (GDP or GRP)

= sum value added for all activities

= sum income for all earners

Public sector

Non-market income

Many cases: No capital revenue

Why are we interested in GDP?

The «good life»

Aim of production is to increase well-being, or

Aim of production is income, which is the basis for exchange of commodities as well as well-being

Aim of production is not production itself....

How should we distribute income

Endogenous growth (BU): Based on own production and resource utilisation.

Distribution (exogenous growth – TD): Based on total production. Distribution based on certain ideals.

What do we compare?

On county level:

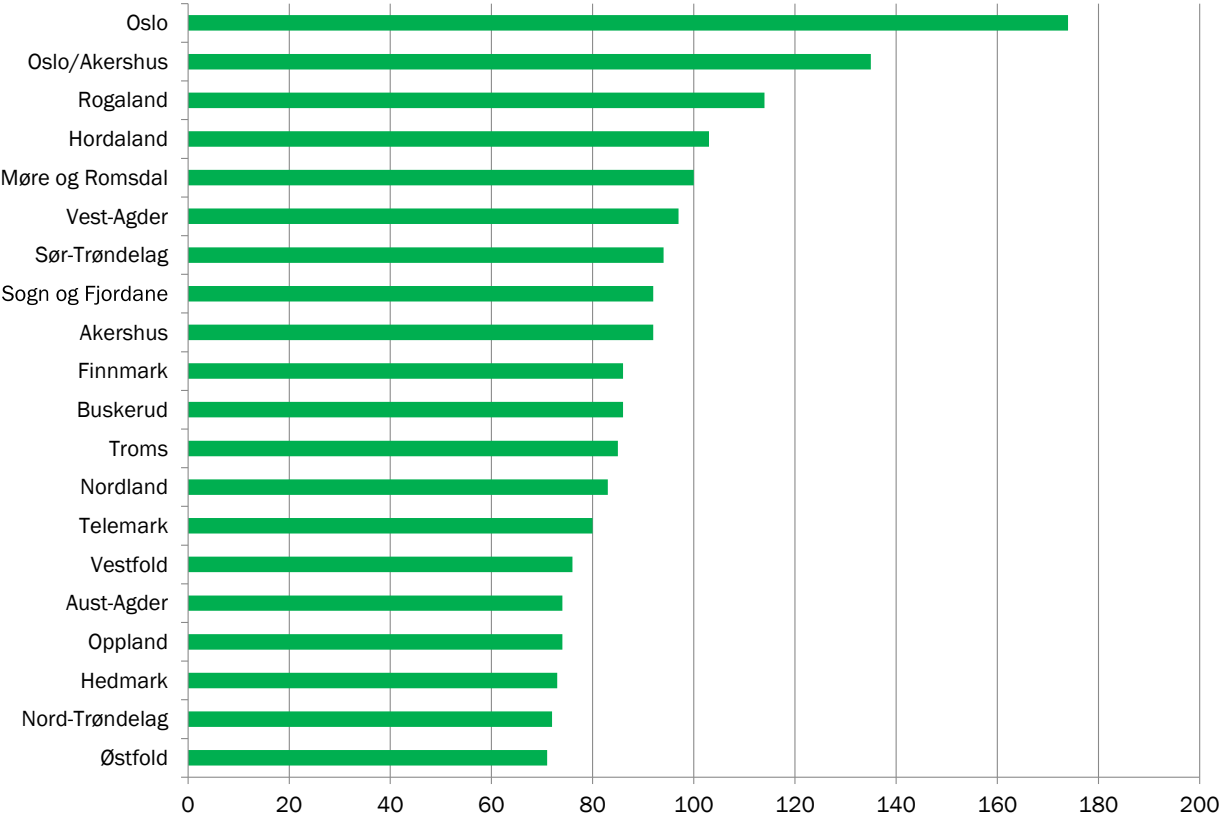
GDP/capita

GDP/employed

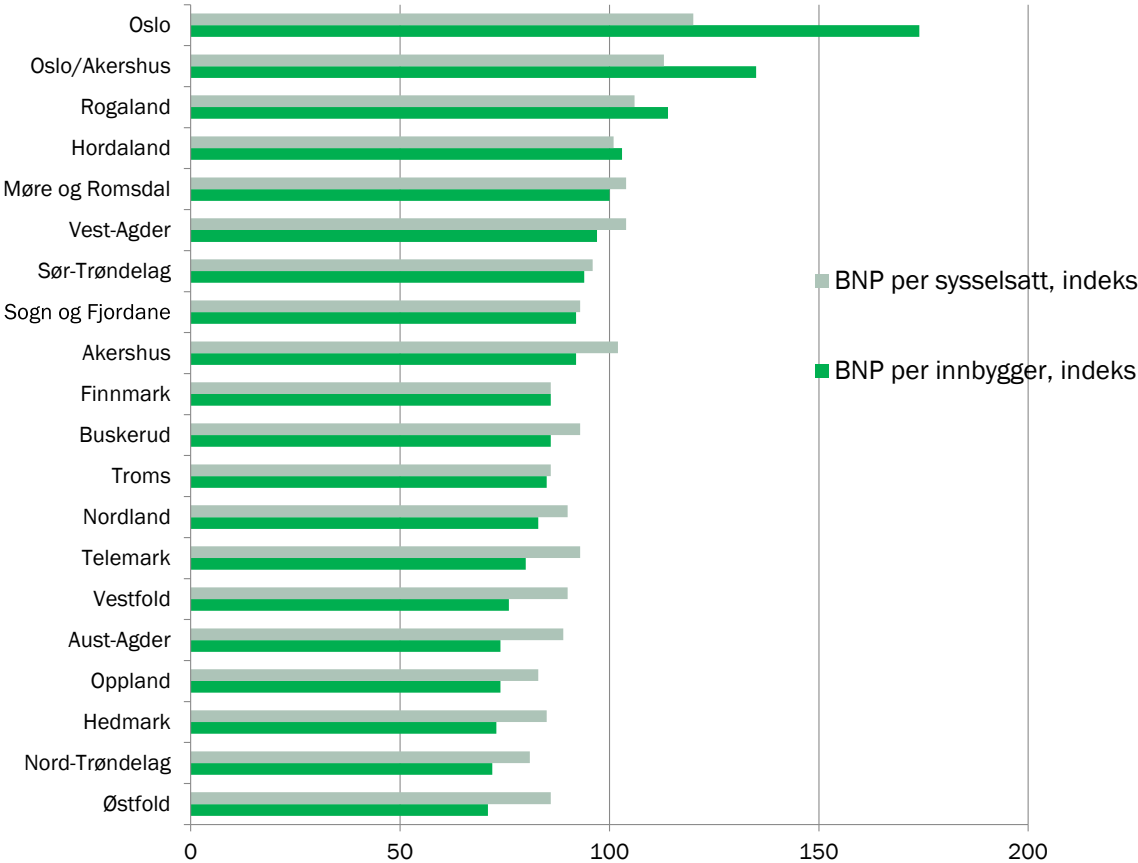
Income/capita

GDP, adjusted for industrial structures

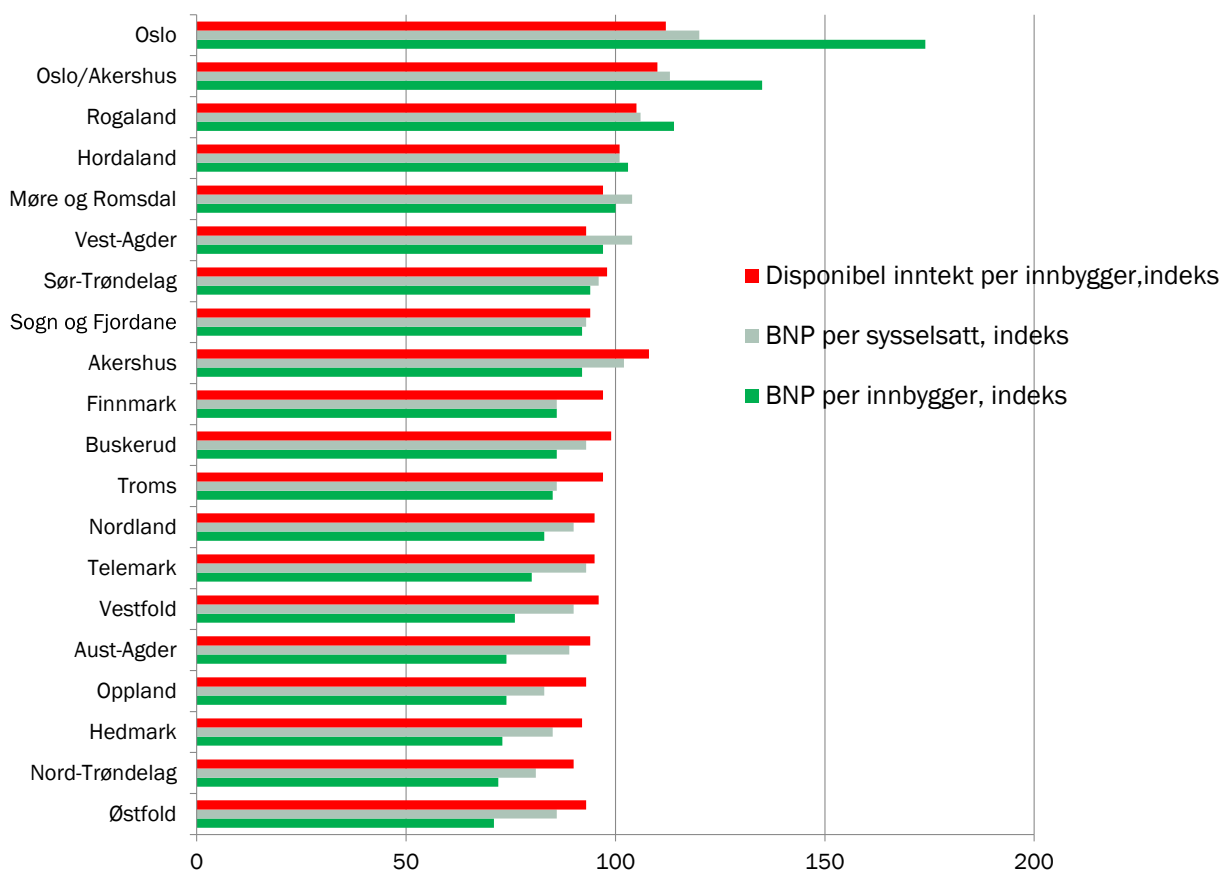
GDP/cap



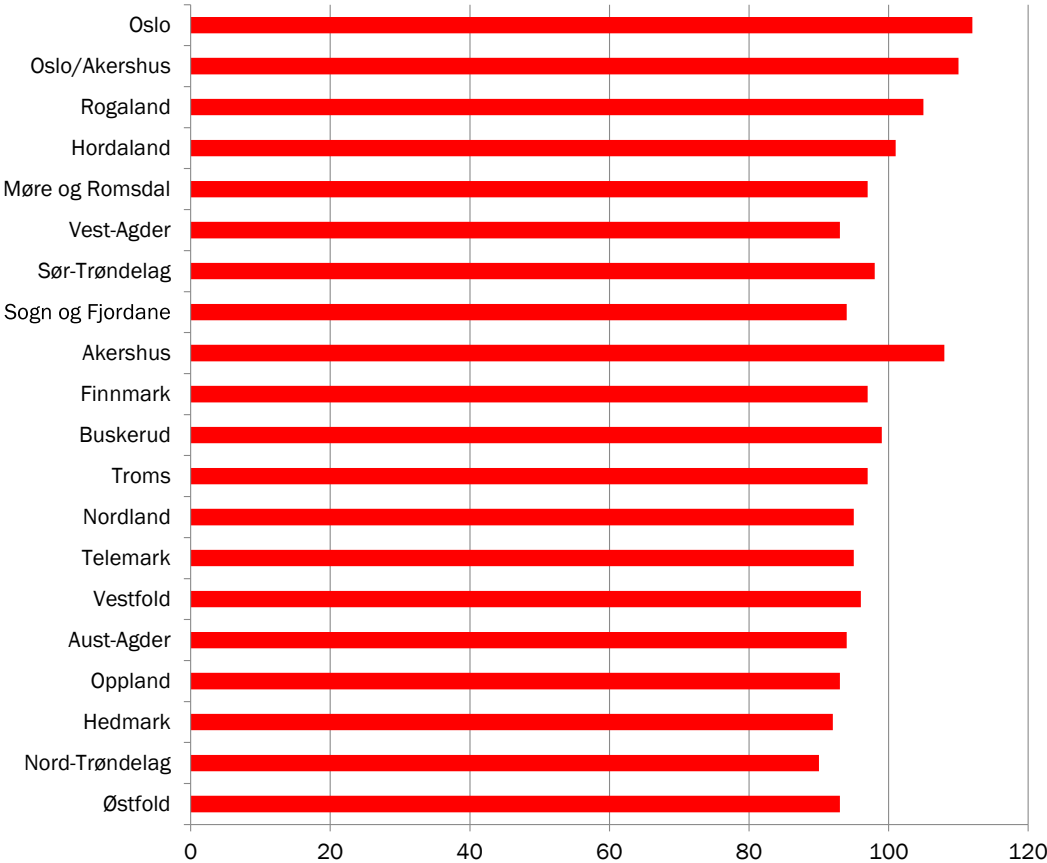
GDP/cap and GDP/employed



GDP/Cap, GDP/empl, Disp. income



Industrial structure



Paradigms and regional development

Division of labour is very important for high income and «well-being»

- Between jobs, industries and regions
- What is the «competitive advantage of a region?»
- Does the market pay enough to all and provide a «fair» distribution of income?

Production and value added, and productivity, important for «well-being»

- Should we focus on competitiveness or «well-being»?
- Competitiveness: Accept uneven distribution. Increased centralisation and urbanisation? Strengthened by urban policy focus
- Focus on «well-being» for all might imply re-distribution of market income, also between regions

Will value added increase if we accept more market or not?

- Political question – both views are legitimate.