

Special Session Proposal

Relaunch of Productivity for Regional Growth and Cohesion

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Background

Productivity is the main determinant of living standards. Economies that are more productive generate greater ability to support and enhance wellbeing of their citizens via higher incomes, better infrastructure, more services and improved sustainability of welfare systems. As productivity growth in the OECD and EU countries slows down, while the subnational productivity disparities are on the rise, the regional dimension of productivity comes to the fore.

The economic crisis that started in 2008 brought structural changes in the European and other advanced economies, overall highlighting the need of a re-launch of productivity. However, the magnitude of such changes and their effects on productivity are still to be satisfactorily measured and interpreted. This is important, since differences between regional economic circumstances will strongly affect their growth opportunities.

The ongoing COVID-19 crisis has further underscored the importance of the spatial dimension both for the spread of the disease and the ability of places to cope with the economic and social repercussions. As the world returns to “normal”, a renewed attention is needed to the ways of empowering all regions to recover, to grow and to use the opportunities opened by the pandemic for reducing inequalities.

Why spatial dimension matters

Current productivity discourse, both in academia and policy-making, predominantly revolves around national and sectoral (or industry-level) productivity determinants. From international comparisons, we know a great deal about the aggregate drivers of productivity growth. We know relatively little about the role played by places and regions in defining their own productivity performance.

Due to their general scope, current national policies based on aggregate research are unlikely to effectively stimulate regional productivity growth and to decrease interregional inequality by leveraging regional and local assets. These local assets provide the foundation of local competitiveness. Policies must also account for the capacity to put in place geographically balanced growth patterns that see cohesion as a condition for competitiveness, rather than a contrasting goal.

The SPL-Polimi Special Session

The special session will offer a forum for research that advances our knowledge on the spatial drivers of productivity and the ways for subnational policies to facilitate productivity growth and regional catching up. We invite quality submissions that tackle the research topics and considerations suggested below (the list is not exhaustive).

- The spatial patterns of productivity (recovery) during and after the pandemic;
- The short- and long-run impacts of the crisis on GDP, employment, output gaps, labor productivity, wages and the labor income share;
- The resilience and productivity of places;
- (Spatial) productivity implications of a massive shift to teleworking;
- Changes in investment trends and consumption trends, as well as allocation of public expenditure and their consequences in terms of productivity;
- The role of entrepreneurship, innovation, knowledge, skills and technologies in productivity performance of regions;
- The role of infrastructure (including digital infrastructure), agglomerations and smart specialization;
- International trade, changes in export and import flows, and consequent trade specialization, as well as changes in traded goods (final vs. intermediate);
- The spatial productivity implications of globalization trends, new value chains and the consequent geographical relocation of functions and activities of Foreign Direct Investments (FDI) in the European regions;
- The interaction between a region's industrial structure, its productivity and the types of industrial upgrading that can drive regional productivity growth;
- The influence of governance structure on regional productivity performance;
- The role of local and regional policymakers to enhance balanced productivity growth;
- The inclusiveness of productivity growth for people, firms and/or places;

Processes representing the emerging *technological paradigm* (e.g. the conditions under which firms and sectors are able to adjust their capacity to increase productivity) are also a particularly welcome perspective on the issue, as well as a focus on *sectoral specialization* and so-called *re-industrialization* and their relationship with productivity.