

How to use the benefits of EU membership to build a more developed and fair country?



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Economic regimes and regime changes – BPÁ70

A conference to celebrate Professor Péter Ákos Bod's 70th birthday

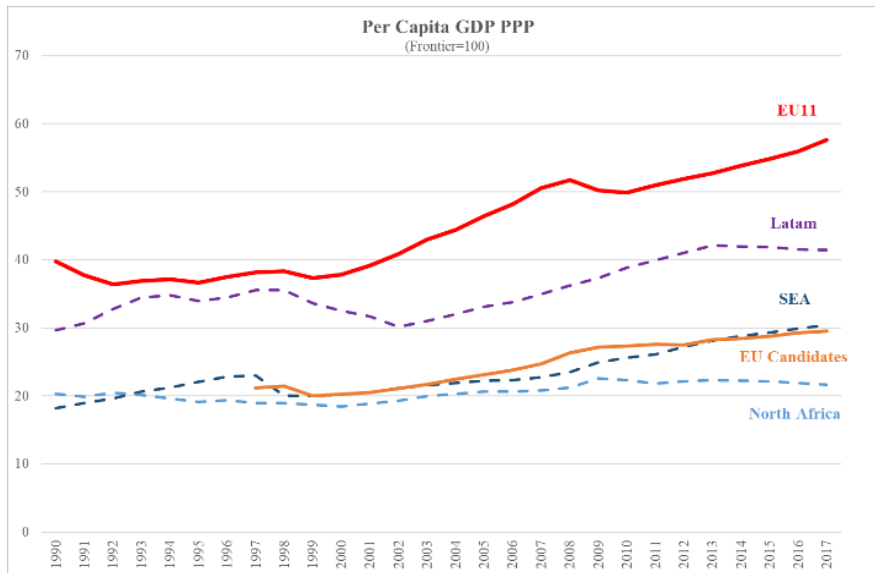
Organized by the Institute of Economic and Public Policy, Corvinus University of Budapest

Budapest, November 26, 2021

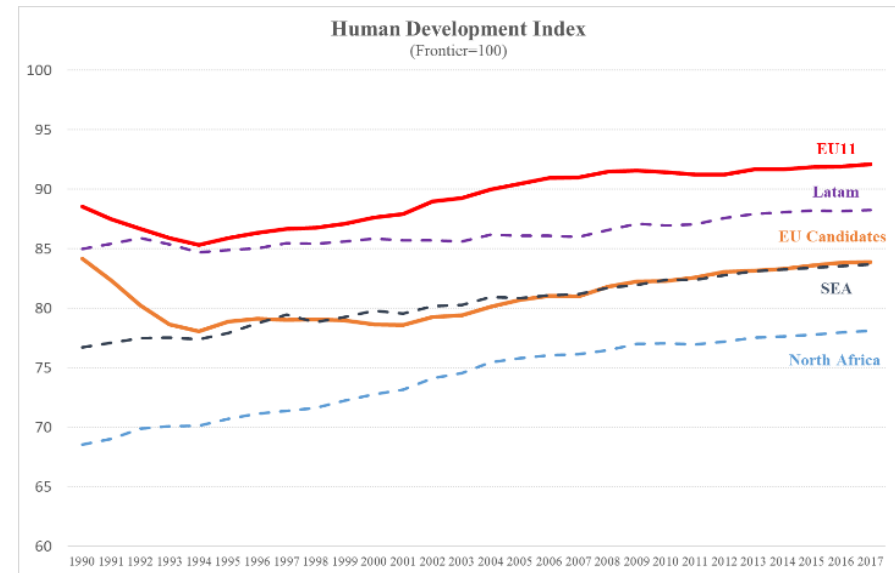
The views expressed are solely those of the author and do not necessarily represent the official views of the European Commission.

Economic and social convergence to the frontier

GDP



Human Development

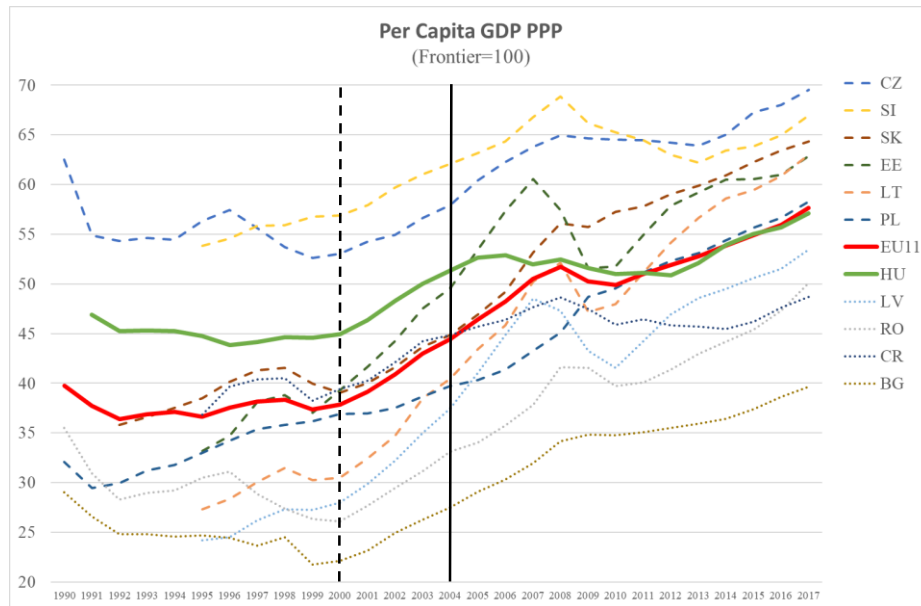


Sources: For per capita GDP World Bank, for Human Development Index, UNDP.

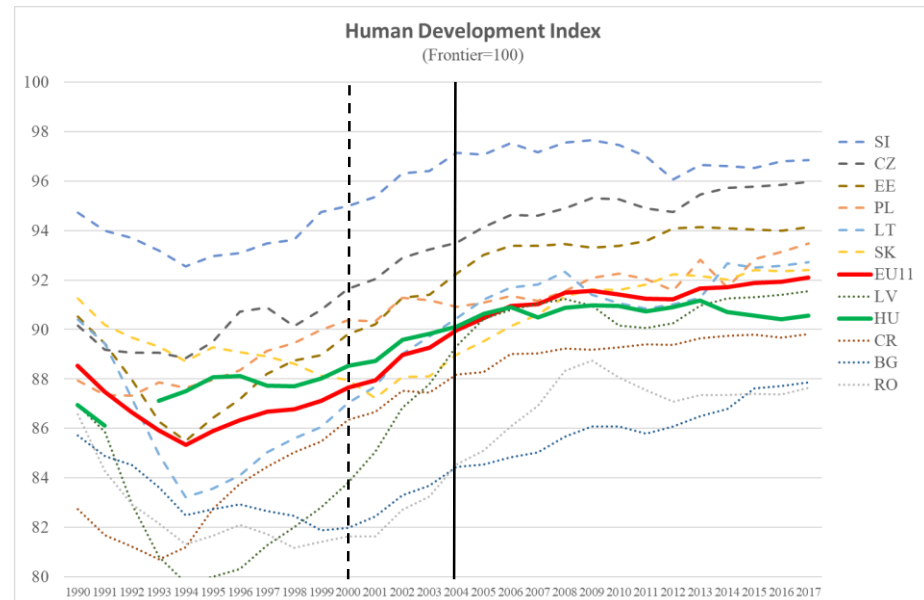
Note: EU Frontier includes Austria, Denmark, Netherlands and Sweden; EU11 includes Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. EU Candidates include Albania, North Macedonia, Montenegro and Serbia; Latam includes Argentina, Chile, Costa Rica, and Uruguay; North Africa includes Algeria, Jordan, Morocco and Tunisia; SEA includes Indonesia, Korea, Malaysia and Philippines. Simple, unweighted averages of country observations.

Broadly moving together, but some important differences

GDP



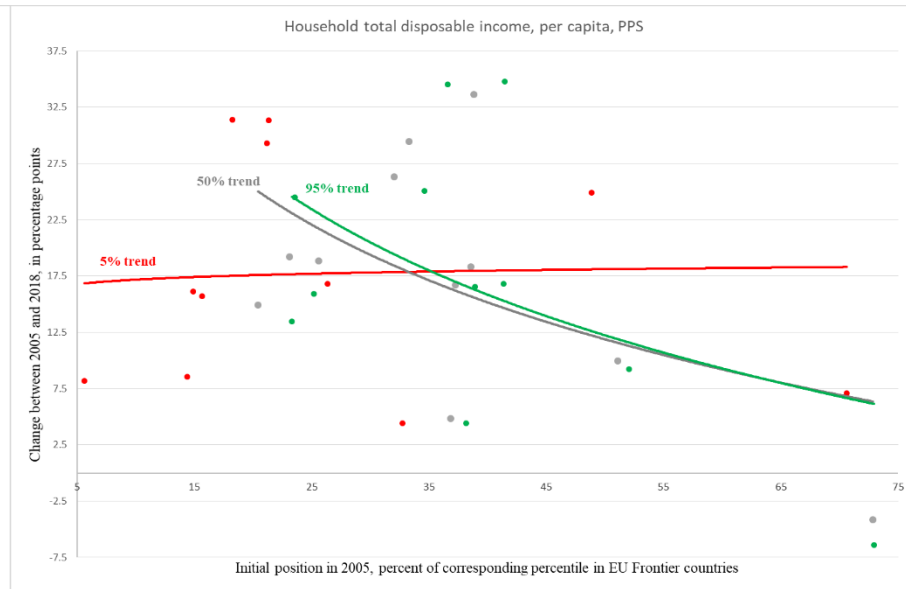
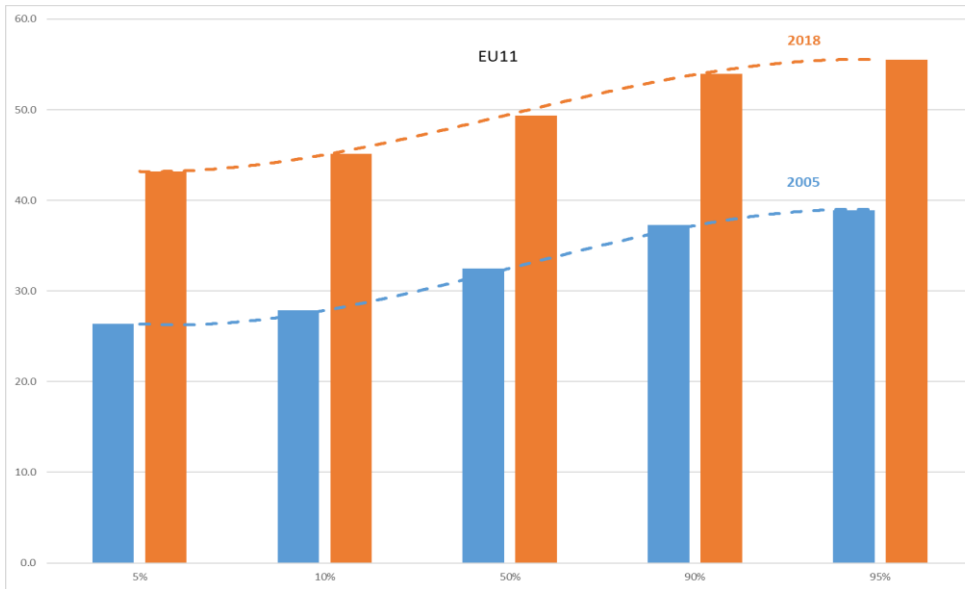
Human Development



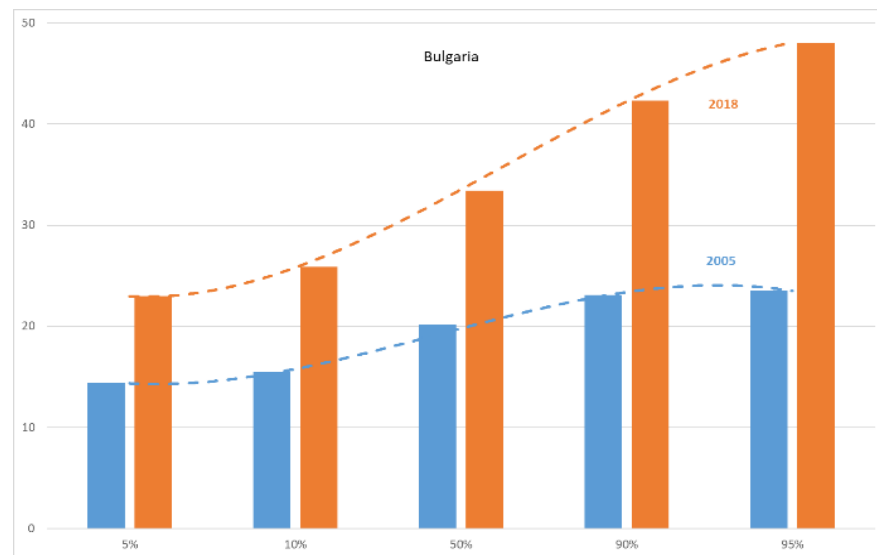
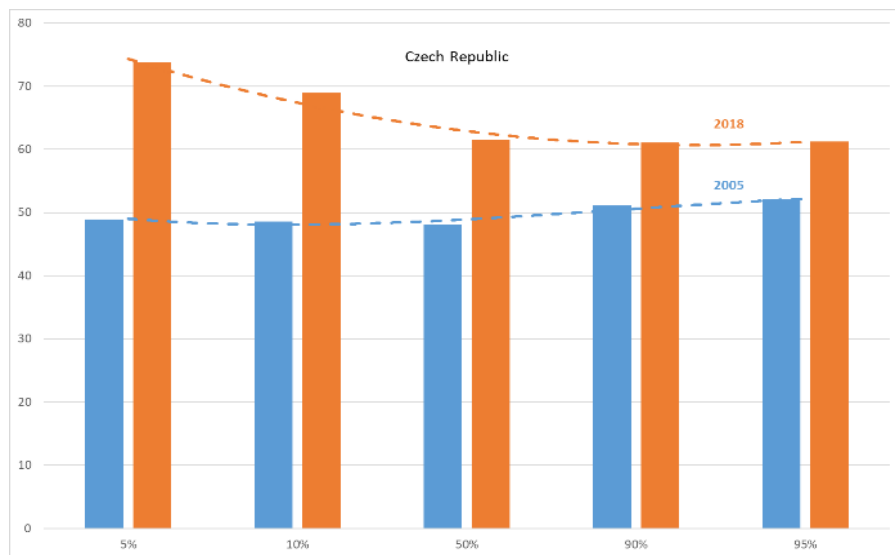
Sources: For per capita GDP World Bank, for Human Development Index, UNDP.

Note: EU Frontier includes Austria, Denmark, Netherlands and Sweden;

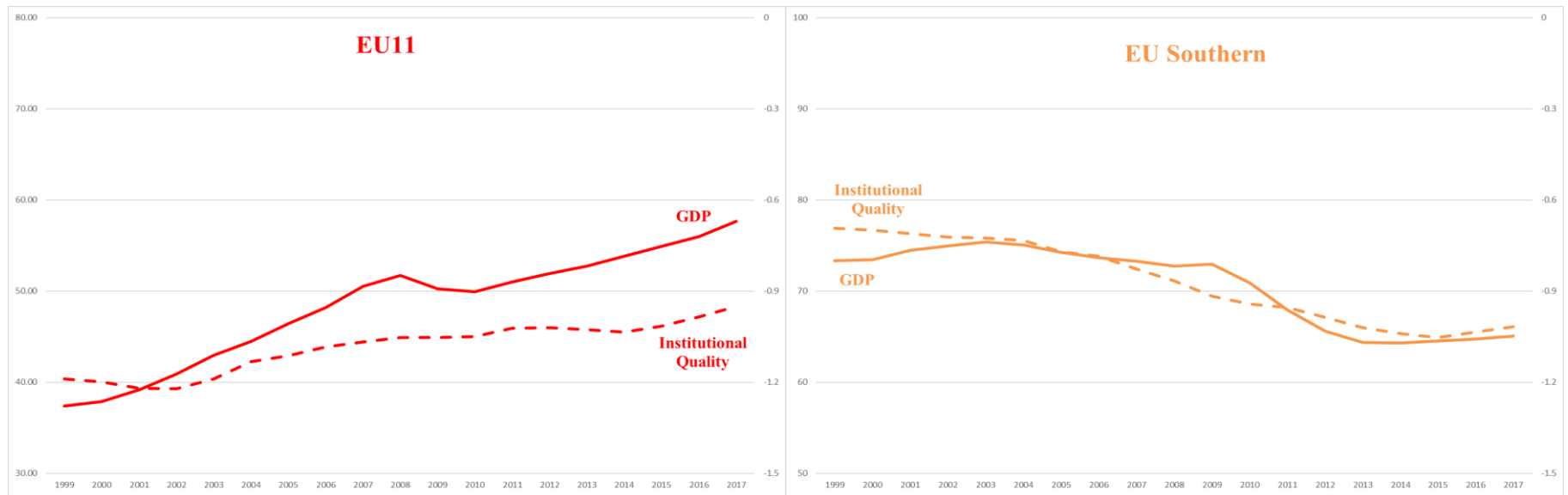
Different journeys for different groups



Different journeys in different countries



Institution channel



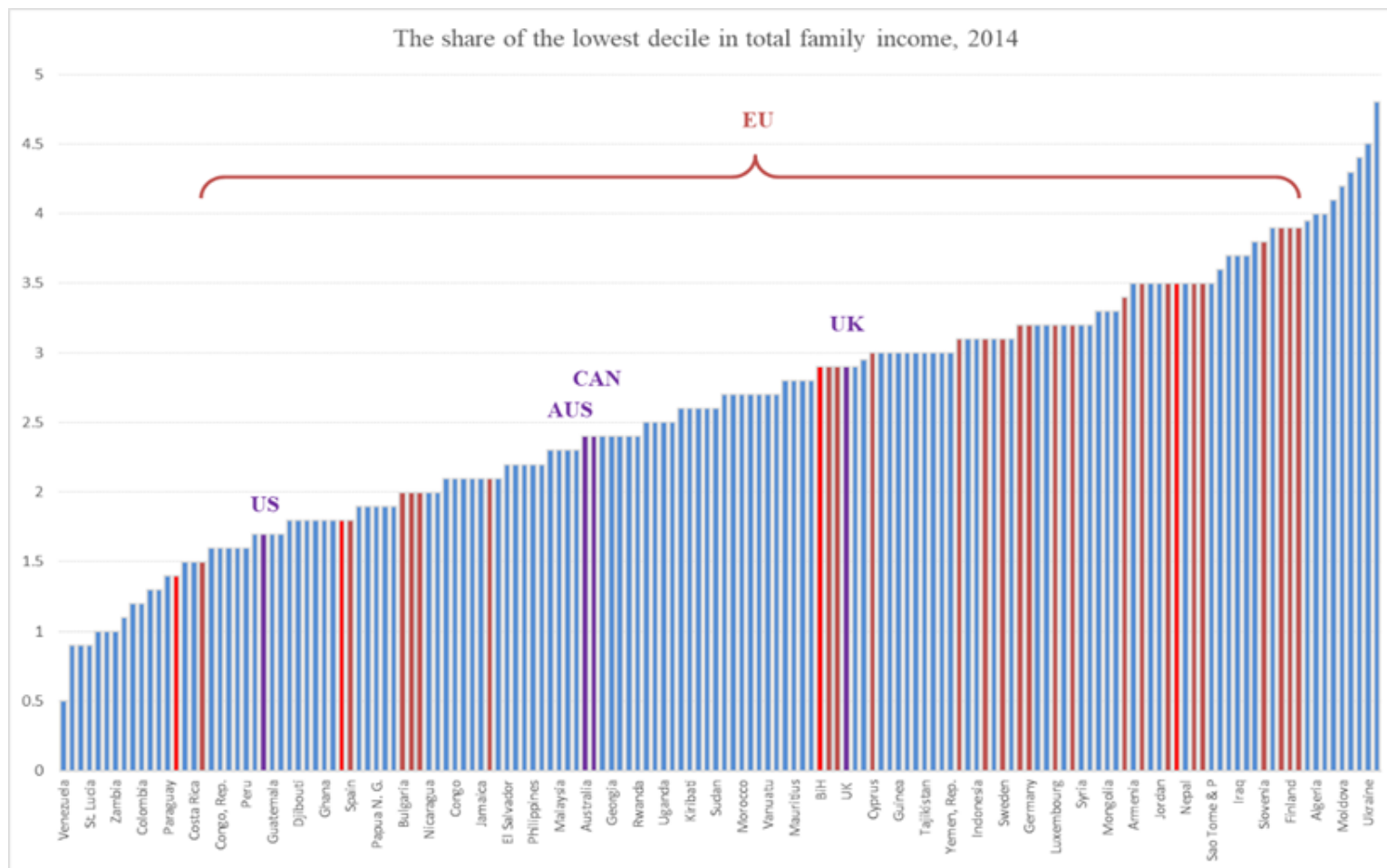
Sources: World Bank, WGI

Note: Institutional quality (right axis) is the distance to the EU Frontier, based on an average of the WGI indices, and it is the average for the three preceding years. Per capita GDP in PPP relative to EU Frontier (left axis).

EU Frontier includes Austria, Denmark, Netherlands and Sweden; EU11 includes Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia. EU S4 (Southern) includes Greece, Italy, Portugal and Spain.

Income inequality within countries

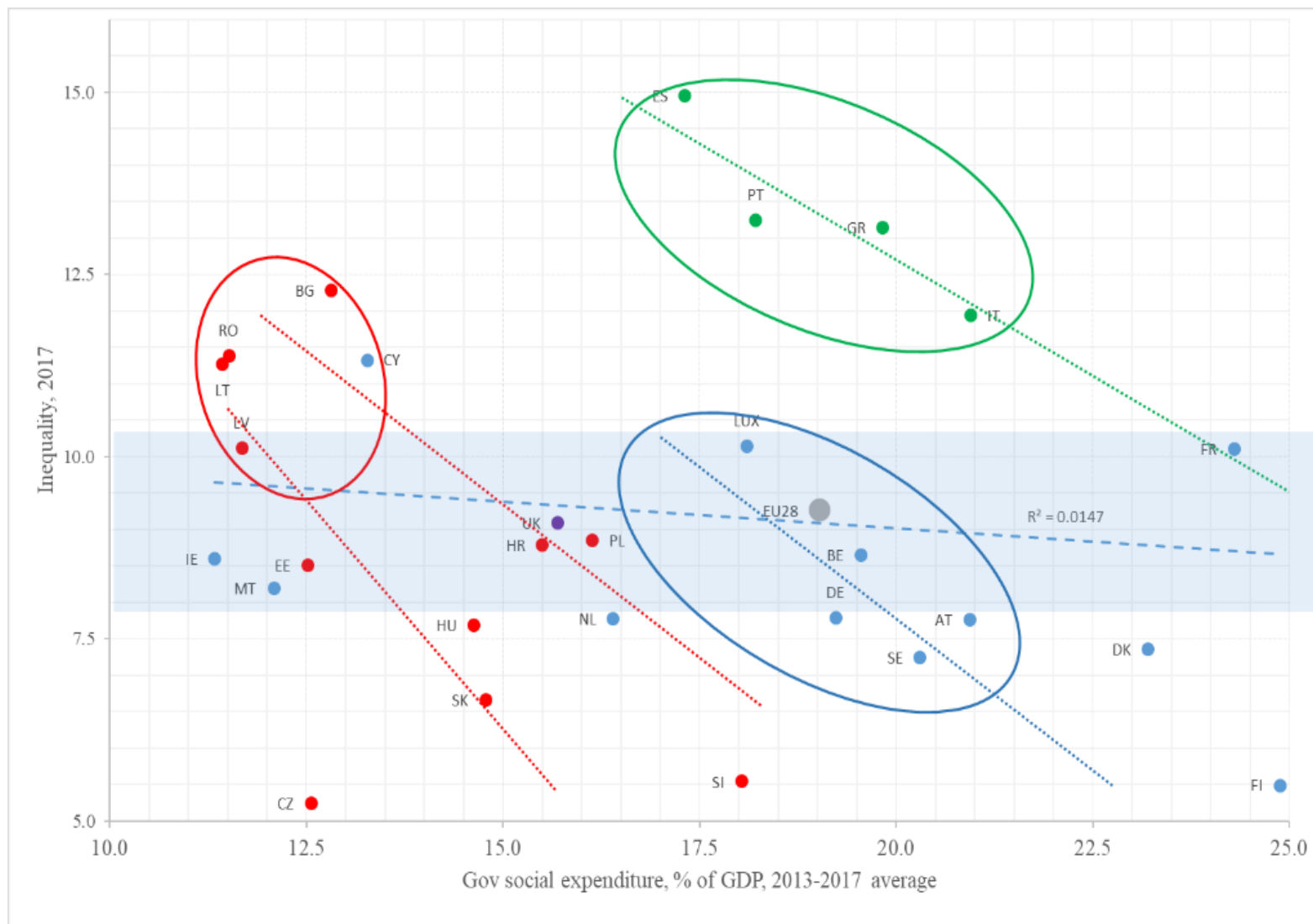
Share of lowest decile in total income



Source: Székely, I.P., 2020b. The author's calculations based on World Bank, WDI

Notes: Observations are for 2014 or the closest available year.

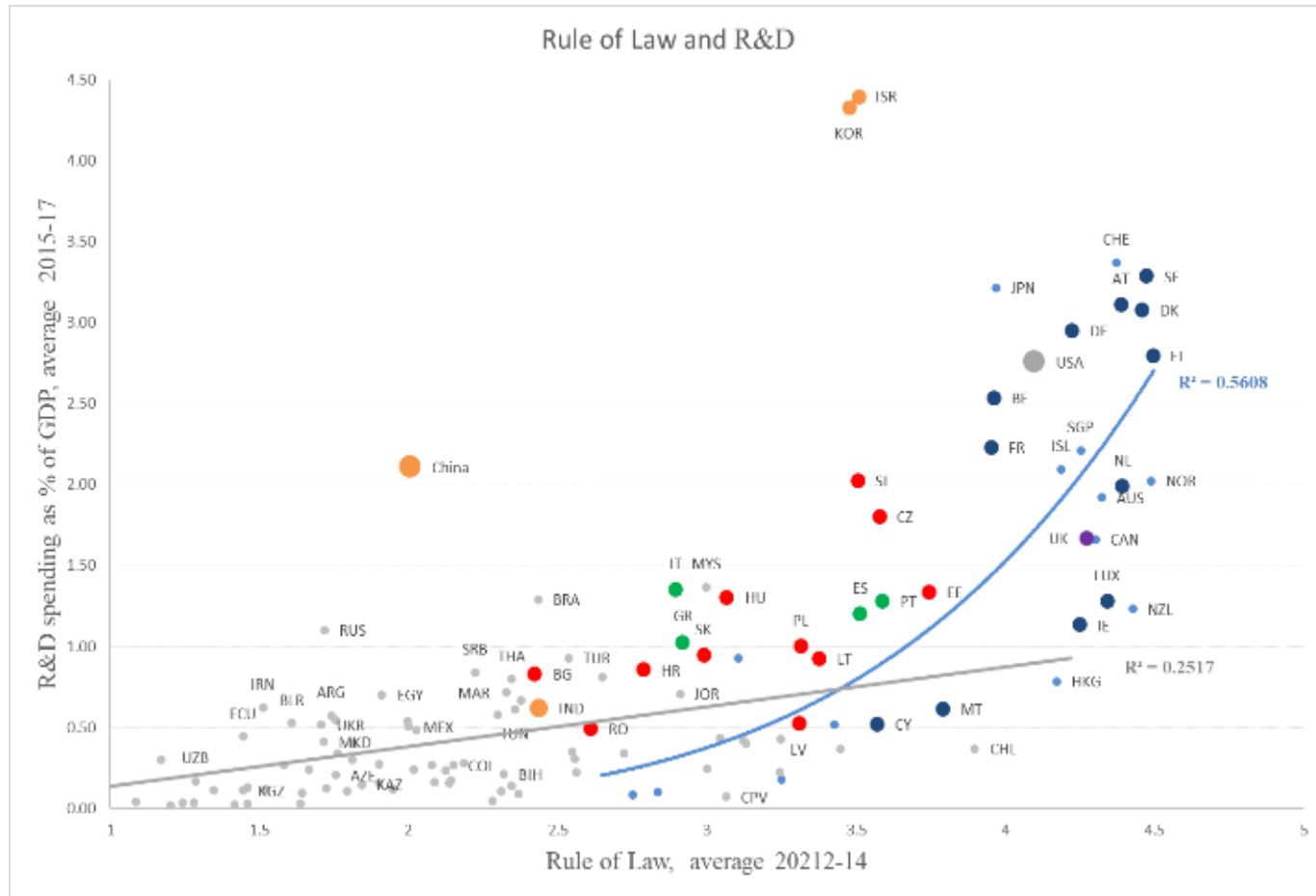
Redistribution and social inequality



Sources: Eurostat for social expenditure, UNDP for social inequality.

Institutions and innovation

A highly non-linear relationship



Source: Székely, 2020, the author's own calculations based on data from the World Bank.

Notes: Based on the corresponding WGI sub-indices, both calculated as averages for 2012-14 and increased by 2.5 to make observations non-negative. Trend lines in gray are for the bottom four quintiles of countries by per capita GDP in PPP, averaged for 2015-17, observations in grey. Trend lines in dark blue are for the upper quintile countries, observations in light blue. Observations in dark blue are EU countries. Southern European EU countries are in green, EU11 are in red.