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Gross Domestic Product – Regional overview

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Summary

Regional gross domestic product per capita is the most commonly used indicator, which shows the level of development of regions and differences in their economic power. The disadvantage of this indicator is that it does not always show the accurate picture of the actual income of the population in considered regions. The largest discrepancies occur in regions that have a high proportion of commuter flows. Mismatch on the gross domestic product per capita and actual income of population is affected also by other factors such as income from rent, interest or dividends received by residents of a certain region, but paid by residents of other regions. In addition to inter-regional flows on the final level of income influence the mechanisms and the state interventions for reducing economic inequality of the population. Therefore, we get a more complete picture of the development of a region by adding the data on household accounts to gross domestic product per capita.

Often the gross domestic product per capita is used as a well-being indicator. However, the notion of a well-being, only in a light of economic development, is very limited. Financial and economic crisis in the world and awareness of the shortcomings of gross domestic product per capita as a measure of wealth has encourage scientists for searching a more suitable measure, because the conception of welfare, only in a light of a material standard is not enough. New concepts are focused on the welfare of man and society as a whole and include sustainable prosperity in a broad sense. It includes also a concept of a progress in the provision of material standards and progress in all areas of social welfare, the environment and the entire ecosystem. Sustainability is defined by a satisfying the needs of the present generation in a way, which will not compromised at least equivalent satisfying the needs for future generations. In the Institute of Macroeconomic Analysis and Development, we have a long tradition of reporting by individual areas of prosperity. In accordance with new concepts of wealth in the world we are focused on searching of improved and additional indicators for measuring at the national prosperity, as well as regional.

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