Abstract

The aim of the paper was to analyse changes in the process of real convergence among the European Union member states during the last eighteen years and to identify the factors responsible for the GDP per capita growth slowdown after the crisis. We estimated a dynamic growth model with a panel of 26 EU countries in 1997-2014. To check the robustness of the results in time and across countries we performed five-year rolling window estimates and estimated separate regressions for the old and new member states.

The results show that relatively fast convergence among the EU-26 countries observed in 2001-2008 was interrupted by the financial crisis. After the crisis the convergence coefficient has again been negative but lower in absolute terms. The slowdown of convergence process and a drop in investments, innovations and trade explain a significant part of the fall in the GDP per capita growth rate after the crisis in most of the EU countries. Moreover the analyses indicate a growing role of human capital, innovations and trade for the GDP per capita growth in the EU countries and confirm that the role of the direct investments and financial market in the growth process has weakened.