

## **Industrial strategies to reduce interregional inequalities in Europe: An alternative Miyazawa approach**

Topic: Income Distribution in Input-Output: Applications of Miyazawa's Model

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The trend of decreasing income disparities between regions has come to a halt. Since the 1980s, there has been a consistent and persistent level of economic imbalances within European countries, with some countries such as the UK, Sweden, Belgium, and France experiencing widening gaps not seen since World War II. These interregional inequalities are crucial to understanding the phenomena of "revenge of the places that do not matter" (Rodriguez-Pose, 2018) and "economies of discontent" (Dijkstra et al., 2020) in Europe.

In this paper, we aim to evaluate which sectors contribute to the persistent uneven distribution of income across different European economies, while also identifying industries that have the potential to decrease income inequalities. By utilizing an alternative approach to solving the Miyazawa Input-Output model (Steenge et al., 2020), we explicitly demonstrate the relative distribution of income among various household groups by region, enabling us to analyze changes over time. This can assist policymakers in devising industrial policies aimed at reducing spatial income inequalities, such as the "levelling up" policy in the UK.