



Warsaw as a metropolis – successes and missed opportunities

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Abstract. The accelerated metropolisation of the major cities in Central and Eastern Europe has been one of the clearest manifestations of the post-socialist transformation after 1990. Warsaw is a good example of this process. The city, offering cheap and high quality labour, has attracted a large share of foreign direct investments in Poland, thus becoming an important advanced producer service centre. However, as Poland has not been a major exporter of capital, the city does not perform any significant control functions on an international scale. The globalisation of the city was manifested by a significant increase of modern office space and retail centres. It also brought some negative consequences, such as imbalances on the housing market, spatial disorder in the city including urban sprawl, and the backwashing of human resources from the region. These processes led to large intraregional disparities in the level of development between the metropolis and the rest of the region. The globalisation of Warsaw to a large extent ‘happened by itself’ as there was no need of any specific national, regional or local policy to induce inflow of foreign direct investment to the city and its metropolitan area. There was also a lack of specific policies that could have served to diffuse the processes concentrated in the city to its surroundings and to a wider regional hinterland. Furthermore, many infrastructural projects were delayed, the spatial planning system was not adapted to the rapid changes and metropolitan governance was hindered by the conflict of interests between the city and neighbouring municipalities. While successes and the failures intermix, the final outcome of this spontaneous development process, even unsupported by public policies, is positive.

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1 Introduction

The development of a global information economy has been accompanied by the dynamic growth of huge cities with international functions – the metropolises. Metropolises are becoming the key nodes of the global economy, bringing together both management and control functions (Sassen 1991; Castells 1998; Lo and Yeung 1998; Taylor 2007). A multi-

nodal, global system of cities is in the making, marked by robust internal ties. It is made up of cities which have been able to create a desirable environment for innovation – due to a combination of economic, technological, institutional and social factors – to foster the development of the information sector. It should be noted that the information sector not only comprises higher-order services (Taylor 2007), but also knowledge-intensive industries (Krätke 2007). The concentration of functions related to generating and processing information, handling capital flows and ensuring attractive location criteria for the headquarters of huge transnational corporations in selected metropolitan centres, coupled with the emergence of global and continental systems of cities, can have serious consequences for regional and local systems.

Metropolisation processes and subsequent changes in interrelationships between the city and the region are more and more noticeable in Poland as a result of the growing openness of the Polish economy after the transformation from socialism. Warsaw serves as a good example owing to its capital city status, and is well suited to play a role in the European network of metropolises (Korcelli-Olejniczak 2007). This is the result of a concentration of control and management functions (Śleszyński 2008), foreign trade flows (Komornicki 2003) and development of financial intermediation and real estate services (Jałowiecki 2000; Nowosielska 2002). These processes have been taking place despite Warsaw's poor accessibility to the outside world due to Poland's underdeveloped transport infrastructure (except for air transport).

Warsaw is the capital city not only of Poland but also of Mazowieckie voivodship – one of 16 administrative regions in Poland (NUTS 2). The provincial area covers 35,579 sq. kms (11.4% of the country), with a population of 5.2 million (13.6%) and an average population density of 145 persons per sq kilometre. The settlement structure of the region is relatively poor, which is the result of long historical processes – the Vistula river, flowing through the region since the late middle ages, has been a kind of frontier to the processes of modernisation, and in the nineteenth century the entire region was the periphery of the poor and underdeveloped Russian empire. There are 85 cities and towns within the region including Warsaw, the biggest city in the country, inhabited by 1.7 million people (approx. 2.6 million in the metropolitan area). The other five sub-regional centres in the voivodship are medium-sized cities ranging between 45,000–225,000 inhabitants.

The spread of the Warsaw metropolis onto regional hinterland has led to the development of a metropolitan area in which ties with the metropolis are both strong and wide-ranging. At the same time, economic ties between the city and its metropolitan area and the surrounding region are weakening (as linkages as part of the global or continental city network become stronger; Gorzelak and Smętkowski 2008). One of the factors underpinning this process is the underdeveloped transport infrastructure, whereby major towns are lacking sufficiently good road and rail connections with the capital (the average speed of road and rail connections is around 50–60 kilometres per hour). As a result, Mazowieckie is by far the most strongly internally differentiated region in the country. The gross domestic product (GDP) per inhabitant of the poorest NUTS 3 within the region reaches only 73.2 per cent of the national average and is 4.1 times lower than the GPD per inhabitant of Warsaw and 2.9 times lower than that of the metropolitan area of Warsaw (€19,700, purchasing power parity, 83 per cent of the EU 27 average).

Section 2 presents the main global trends that affect Warsaw metropolitan region as well as region's response to these processes. Section 3 is focused on the role of the region in the new global division of labour including: factors of attractiveness, functional specialisation and spatial linkages of metropolitan enterprises. The policy response to globalisation and the current economic crisis are analysed in Section 4. Section 5 summarises the general and specific factors, including the role of policies, shaping the performance of the Warsaw metropolis in the global economy. Finally, the future prospects of Warsaw in the light of the current global economic crisis are discussed in Section 6.

2 Global trends affecting the Warsaw metropolitan region

After 1990 Poland joined the global economy. The transformation recession of 1990–1992 which was the price country paid for adapting the post-socialist economic and institutional structures to the requirements of international relations, was the most severe in the big industrial centres. Those with diversified socio-economic structures emerged with a new type of regional/urban economy, in which industry was almost totally replaced by services, with a major share of knowledge-intensive services. Warsaw, as the capital city, with the biggest national airport and hosting most of the managements of large international and domestic companies, has been influenced by global processes more than other cities and regions in the country.

2.1 International trade

The value of international trade in Warsaw metropolitan region reaches UD\$29.1 billion in imports and 14.3 billion in exports in 2006 – the highest values among Polish regions. To a large extent this is due to the location of trade agencies and companies in Warsaw. It is impossible to distinguish between the real and organisational dimensions of foreign trade in the region. Nevertheless, it can be assumed that Warsaw's metropolitan area has an approximately 30 per cent share in the import of goods and services to Poland and an approximately 16 per cent share in Polish exports. Compared to 1995 this share has fallen slightly, by about 5 percentage points in imports and 4 percentage points in exports, which goes to prove the increasing deconcentration of Poland's linkages in international trade, which grew nearly 3.2-fold over the same period (see Figure 1).

Besides Warsaw, the refinery in Płock, which relies totally on imports of crude oil from Russia delivered by pipeline, is a major importer (with a 15% share of total imports in the region). Overall, the counties situated outside Warsaw's metropolitan area have an approximately 5 per cent share in the Mazowieckie region's exports and a 17 per cent share in imports.

In the 2006 structure of exports of industrial goods (OECD classification), hi-tech (17.4%) and medium-tech (34.6%) products prevailed, which was the best result of all Polish regions (see Table 1). As much as 30 per cent of the export value (i.e., 4 percentage points more than the Polish average) were not technologically advanced, which was partly due to the highest value of exports of agricultural produce and foodstuffs in Poland (PLN (zloty) 0.5 billion).

The ratio of export value to production sold in industry was 35.3 per cent, 10 per cent higher than in 2000. This was the consequence of a growing role of enterprises with a majority of foreign shareholdings, which accounted for 65 per cent of Mazowieckie's aggregate exports. Nonetheless, the value of the former indicator was still 7 percentage points lower than the national average.

Mazowieckie voivodship had the greatest diversity of export destinations among the Polish regions. As much as 55 per cent of the export value of the region's companies was sold to EU countries. Mazowieckie also had a relatively high share in Polish exports to Eastern markets (Russia, Ukraine, Belarus) – 34 per cent, a 22 per cent share in exports to Far East countries and a 15 per cent share in exports to non-EU European markets.

2.2 Foreign direct investment

Poland is a net importer of foreign investment. The national balance is the following: the stock of foreign direct investment (FDI) located in Poland was US\$125 billion (1990–2008) of which

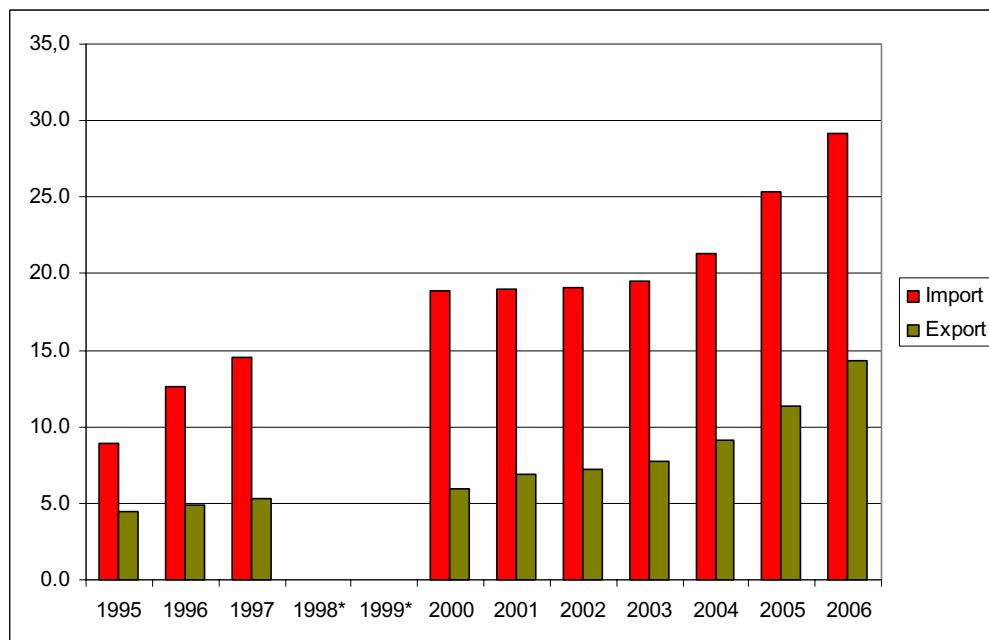


Fig. 1. Foreign trade of Warsaw Metropolitan Area in 1995–2006 (US\$ billions)

Note: * Estimations based on (Komornicki 2003) / lack of data

Source: Gawlikowska-Hueckel and Umiński (2008).

Table 1. General export characteristics – the case of Mazowieckie region (2006)

	Mazowieckie	Poland
Value of exports (US\$ billions)	15.03	87.92
high-tech products (%)	17.4	5.7
medium-high tech products (%)	34.6	39.1
medium-low tech products (%)	16.5	27.8
low tech products (%)	31.5	27.4
EU 15 countries	54.4	—
NMS (New Member States)	16.8	—
Russia, Ukraine, Belarus	13.4	—
Other countries	15.5	—
Value of exports/value of industrial outputs (%)	35.3	42.7
Share of companies with foreign shareholdings in exports (%)	65.2	—

Source: Gawlikowska-Hueckel and Umiński (2008).

approximately 50 per cent came in after Poland's accession to the EU. Polish capital invested abroad has reached US\$11 billion. Mazowieckie as a whole and the Warsaw metropolitan area, follow the same pattern.

The Warsaw metropolitan area accommodates 34 per cent of all companies with foreign shareholdings in Poland, and only 1.3 per cent of such companies are located in the remaining part of the region. As a result, the voivodship has a 36 per cent share of total employment in companies with foreign shareholdings in Poland, and a 51 per cent share in the value of equity of these companies. Recently, a certain deconcentration in the structure of FDIs in Poland

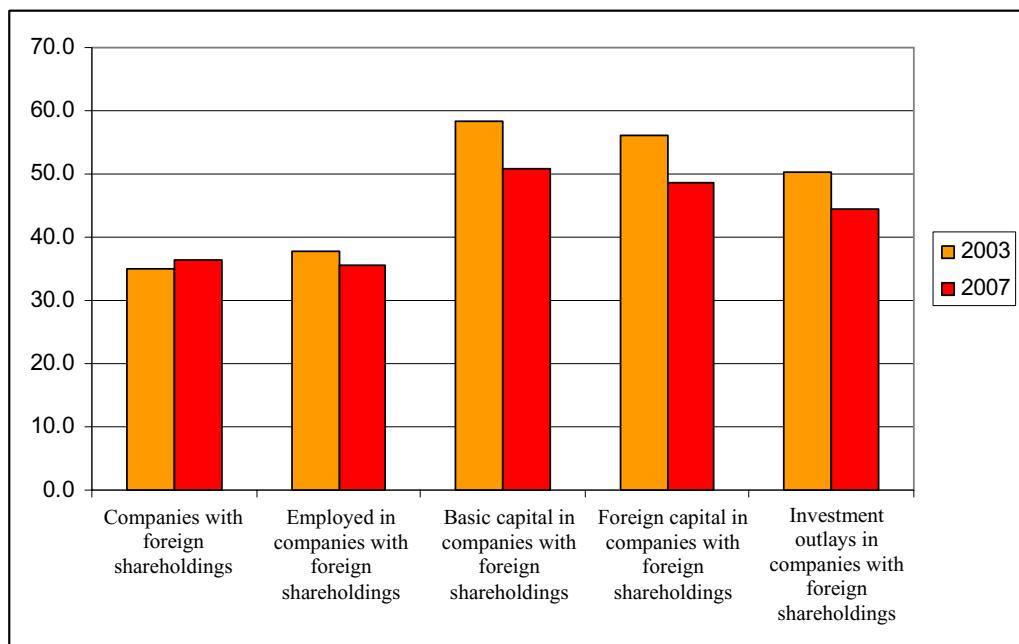


Fig. 2. Share of Mazowieckie region in different aspects related to companies with foreign shareholdings (%)
Source: Elaborated by authors based on GUS (CSO – Central Statistical Office) data.

could be observed, which was manifested by a slightly lower share of the region in the number of people in work (down by 2.4 percentage points) and in the value of equity (down by 7.4 percentage points). The share of business entities located in Mazowieckie in the capital expenditure of foreign enterprises was 44.6 per cent, and one in three newly set up companies in Poland were registered in Warsaw itself (see Figure 2).

Characteristically, entities with foreign shareholdings had a very high negative balance in foreign trade owing to a twofold prevalence of imports (PLN 106 billion) over exports (PLN 55 billion). It should be borne in mind however that the bulk (62%) of imported goods was resold. With this adjustment taken into account, the balance of trade of these entities was positive and amounted nearly to PLN 24 billion (ca. €6 billion).

Some 460 foreign investments located in Warsaw and its immediate surroundings exceeded the value of at least US\$1 million (PAIZ 2008). Most of these investment projects were service enterprises. Over 80 foreign financial sector institutions (banks, investment funds and insurance companies) had their corporate headquarters in Warsaw; most of them were large Polish companies which had been privatised. In addition, there were substantial foreign capital investments in the sector of advanced producer services, mostly in the information technology sector (20 companies), accounting and law (16), advertising (14) and engineering (9 companies). Foreign companies were also engaged in land development and construction activity (30) and real estate services (14). Warsaw was also the home of major foreign media and publishing corporations and entertainment enterprises (cinemas, video rental, etc.). In addition to the above, trade companies (both wholesale and retail) played a major role (64 projects). Other companies which had their headquarters in Poland's capital were foreign enterprises offering infrastructure services, mainly in transport (14), and telecommunications (19).

The above does not mean that Warsaw was not a desirable location for foreign industrial companies, since 133 industrial corporations had their main Polish subsidiaries in Warsaw, but most of them conducted their manufacturing activities outside the city, either in the suburban zone or in other regions of Poland. They mainly included agriculture and food processing, the chemical industry (including pharmaceuticals), as well as the manufacture of electrical and optical devices.

2.3 Off-shoring

Off-shoring and out-sourcing has not been a major process in Warsaw. This is due to the fact that until Poland joined the European Union, Polish enterprises did not demonstrate any considerable interest in investing outside Poland (the value of such investments did not exceed €300 million per year) (Ministry of the Economy 2008). Investment dynamics greatly increased after Poland's EU accession, to reach a record €7 billion in 2006 (0.3 per cent of world's FDIs), which was largely the consequence of the purchase of a Lithuanian oil refinery Możejki by Orlen, a Polish oil company. More than 90 per cent of Polish investments were made in European countries. As a rule, these were financial flows effected as part of financial groups, which is proved by over €2.5 billion deposited in Luxembourg. Meanwhile, investments made in the form of purchases of existing enterprises or setting up of new companies were mainly located in Ukraine (the banking sector) and Germany (industry and IT services), whereas small construction companies prevailed in the remaining Western European countries.

Some firms located in Warsaw have, indeed, transferred their manufacturing activities to other places in the country, including locations within the Mazowieckie region. For example, Polish Telecom (in which French Telecom has a majority share) moved its call centre to Ciechanów, a town 150 kilometres north of Warsaw in the Mazowieckie region. Amway relocated in the opposite direction – management was moved from Garwolin (50 kilometres from Warsaw) to the city of Warsaw, although manufacturing has been retained in the peripheral location. Similarly, MasterFood moved its corporate headquarters from Sochaczew (50 km from the centre of Warsaw) to the newest office complex located in the heart of the central district.

On the other hand, many FDIs located in Warsaw were service centres as a result of 'near-shoring', that is, offshoring of service jobs from the EU15 to countries which joined the EU in 2004 and 2007 (Werner 2007). Currently, about 300 such centres operate in Poland (DiS 2008); they employed around 45,000 personnel, including some 20,000 in Warsaw. Nearly three quarters of such centres offered call-centre services, while some of them perform other functions mainly related to IT (30%), R&D (19%) and accounting (10%). Interestingly, Warsaw's service centres are more geared to the provision of conventional call-centre services than those situated in other parts of the country. This could be a result of better English language skills among the workforce in Warsaw (English is used on a par with Polish in call centres). Second, this could also be due to the fact that major telecom companies have their headquarters in Warsaw. In addition, Warsaw has the advantage of having the widest range of modern office space to offer (76% of office space in Poland).

These centres are mainly used for off-shoring – nearly half of them provide services mostly to clients from countries outside Europe, 40 per cent to clients from European countries, and only 10 per cent of companies primarily offer services specifically targeted at the Polish market. This sector is developing rapidly and plans to increase employment to up to 70,000 personnel in 2010 despite the current economic downturn. The spatial concentration is likely to fall, coupled with the opening of new centres in regions with lower labour costs owing to their significant share in the cost structure (e.g., Łódź, the second largest town in Poland, 130 kilometres from Warsaw).

3 Regional response to global trends

There can be little doubt that these processes have had a positive impact on economic growth, stimulating the development of human capital and a knowledge-based economy and providing a foundation for the development of enterprise, which in turn has helped to bring down the unemployment rate. However, there are some negative aspects of the internationalisation of Warsaw, too. They include an imbalance in the housing market and increasing suburbanisation processes in the form of uncontrolled urban sprawl. In addition, dissimilar dynamics within the region have caused a backwash effect whereby development resources, mainly well-qualified labour, migrate from the region's periphery to its centre.

3.1 Economic growth

In the period 1999–2006, in the wake of the structural transformations described above, and following the development of economic control functions on a national scale, the rate of growth in the Warsaw metropolitan area was over 10 percentage points higher than the national average (38.1% as compared to 27.5%) (see Figure 3). A particularly dynamic rate of economic development could be observed in the southern and western part of the metropolitan region (53.7%), suggesting better transport accessibility in this area due to the main trade routes linking the capital with centres in the west (Poznań and Łódź) and south (Silesia and Kraków).

The rate of growth in the remaining parts of the region (29.1%) was similar to the national average. The fastest-developing NUTS 3 region was the most, albeit unevenly, industrialised NUTS 3 region of Ciechanów-Płock (31.6%), whereas the remaining, mostly agricultural regions, developed at a much slower pace.

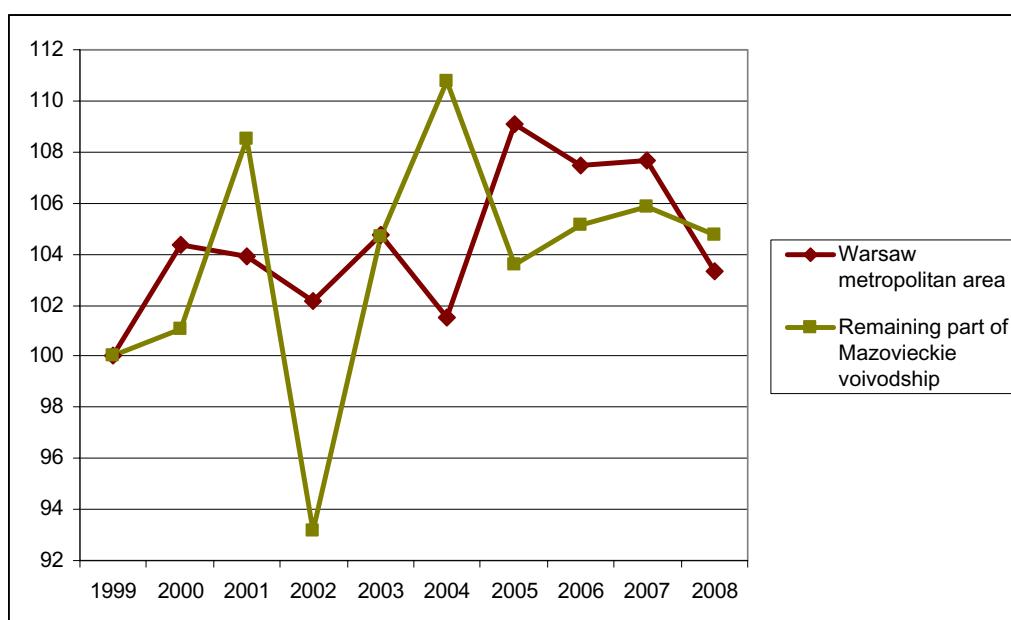


Fig. 3. Real GDP growth in Mazowieckie NUTS 3 regions (previous year = 100)
Source: Elaborated by authors based on GUS (CSO – Central Statistical Office) data.

As a result, dualisation of the regional economy has become even deeper after 20 years of transformation, since the globalisation processes have not affected the peripheral parts of the Mazowieckie region. Though the region has improved overall, along with nation-wide development it lags further behind in relation to the Warsaw metropolitan area, especially to the city of Warsaw.

3.2 Structural changes

The regional economy is deeply divided between the metropolitan area of Warsaw and its more distant hinterland. In the years 1999–2006, visible changes occurred in the region's economic structure as a result of the processes described above. These processes progressed differently in Warsaw and its direct surroundings than in the rest of the region. In Warsaw's metropolitan area, the share of the service sector grew significantly, mostly producer services, financial and real estate services, to reach almost 30 per cent gross value added, an increase by 4.2 percentage points (see Table 2). This was accompanied by an expansion of basic services, that is trade, transport and the hotel and catering sector, which, with their 34.6 per cent share, remained the key gross value added (GVA) component (a 1.1 percentage points increase). The expansion of the metropolitan service sector took place with a concurrent decrease in the share of industry to 14.4 per cent (down by 1.4 percentage points) and construction – to 4.6 per cent (down by 2.8 percentage points). In the latter case, the real contraction in the value of the construction sector reached approximately 15 per cent, although following the recent boom in the real estate market the sector has rebounded a little. Meanwhile, the role of industrial processing visibly increased in the remaining part of Mazowieckie: the sector increased its share to 24.9 per cent (by 3.5 percentage points), and became greater than the basic services which contracted to 20.4 per cent (down by 2.4 percentage points). In addition, the role of agriculture in the non-metropolitan part of Mazowieckie decreased (by 1.7 percentage points), but its share in GVA remained very high (13.7%) and a notably high (14%) dynamic of growth in its output value.

Structural transformations in the labour market took a somewhat different course. In the economy of the metropolitan area, specialised services for enterprises developed most rapidly. They recorded a massive increase in employment (by 40% during 1999–2006), which expanded the sector's labour market share to 21.2 per cent (92,000 jobs). In this process, industry was the main loser as it shed some 45,000 jobs over the period in question, primarily in the area situated within the city's administrative borders. Basic services also grew dynamically and increased employment by 17 per cent, to approximately 490,000 jobs (a 32.3% market share). Similar processes could be observed in other parts of the region, even though overall employment fell by 1.8 per cent, while the metropolitan area showed a 6.6 per cent growth over the same period. The intensity of these processes was weaker outside Warsaw, where the service sector grew overall by 2.2 per cent, in comparison to a 2.8 per cent fall in the industrial and construction sector. More importantly, agriculture retained a major share in the labour market of the remaining part of the region, employing some 660,000 people, namely, over one third of the total workforce.

As a result of the above processes, labour productivity grew the most in industry (by 50 per cent in the metropolitan region and by 66 per cent elsewhere in the region). Meanwhile, the increase in productivity of the specialised services sector in the Warsaw metropolis was relatively small, amounting to 15 per cent. Nevertheless, labour productivity in the sector was still over 1.5 times higher than in industry. A higher productivity in this service sector was also visible in the remaining part of the region, but there it grew by only 16 per cent. In the years 1999–2006, the total productivity increase in both components of the Mazowieckie region was similar and amounted to around 30 per cent. It should be borne in mind however, that labour

Table 2. Economic structure and its changes in the Mazowieckie voivodship

	Warsaw metropolitan area						Remaining part of Mazowieckie region					
	2006			Change 1999–2006			2006			Change 1999–2006		
	(a) GVA (%)	(b) Employed persons (%)	c) Productivity (PLN thousands)	A (pp)	B (pp)	C (%)	(a) GVA	(b) Employed persons (%)	(c) Productivity (PLN thousands)	A (pp)	B (pp)	C (%)
Agriculture	1.2	5.6	18.5	-0.3	-0.4	14.0	13.7	35.5	49.6	-1.7	0.7	14.3
Industry	14.4	15.9	76.6	-1.4	-4.2	48.6	24.9	16.2	19.1	3.5	-1.5	66.4
Construction	4.6	5.3	74.2	-2.8	-2.2	13.4	5.7	5.4	76.2	-0.4	-1.3	52.7
Basic services	34.6	32.3	90.8	1.1	2.9	21.5	20.4	15.3	52.2	-2.4	1.2	8.7
Advanced services	29.6	21.2	117.9	4.2	5.0	14.7	13.5	7.6	66.4	0.2	1.0	15.1
Non-market services	15.5	19.6	66.9	-0.8	-1.1	29.8	21.7	20.0	88.3	0.8	0.0	36.3

Note: GVA = gross value added; pp = percentage points

Source: Elaborated by authors based on GUS (CSO – Central Statistical Office) data.

productivity in Warsaw's metropolitan area was approximately PLN 85,000 per worker per year, as compared to only PLN 50,000 in the non-metropolitan areas (and even less when we exclude the oil refinery in Płock).

To sum up – de-industrialisation and the emergence of services has been the main process in Warsaw. In other towns of the region there has been deep restructuring of industry (often with involvement of foreign capital) with rather shallow overall structural changes. Rural areas have changed the least, especially in the eastern part of Mazowieckie which still remains one of the poorest parts of the country and remains poorly linked to the global economy.

3.3 Human capital

The shift from industry to knowledge-intensive services – to a large extent financed through international capital – had a very positive impact on the social aspects of the development of Warsaw and its immediate surroundings. ‘White-collar workers’ (senior officials, managers and specialists) prevailed in Warsaw’s labour market with a 38 per cent market share as early as 2002, whereas ‘blue-collar workers’ (personal services workers, industrial workers, machine operators and other workers performing simple work) accounted for less than 30 per cent of the total workforce. As a result, wages are by far the highest in the country (the average wage attaining 135% of the national average). Also, all other qualitative indices of the material aspects of living standards (car ownership, quality of housing, life style, etc.) are the highest in Warsaw. Consequently, throughout the transition period, the Warsaw metropolitan area had a very low unemployment rate oscillating around 5 per cent, while in the remaining part of the region over 20 per cent of the economically active population remained unemployed. Furthermore, many Varsovians were either self-employed or ran a small business (111 persons per 1,000 population) which they started not out of necessity, but in order to embrace market opportunities.

Owing to its speedy economic development coupled with higher earnings and career opportunities, Warsaw attracted well-educated personnel from all over the country. In the period between national censuses (1988–2002), Warsaw’s positive migration balance was 37,000 people (and in reality was even higher as the statistics are imperfect in this case). As a result, Mazowieckie was one of the four Polish regions to record a 2.5 per cent population increase in the period 1995–2007; the increase was attributable to the Warsaw metropolitan area where, due to the positive migration balance, the population grew by 6.6 per cent, while in the other parts of the region it fell by 3.3 per cent.

The qualitative structure of the inflow was characterised by an over 33 per cent share of inhabitants with a tertiary education (compared to the average rate of 10%) which, in a situation of a lesser migration outflow of this group from Warsaw (mostly to the ring of municipalities surrounding the city) produced a 20,000 positive migration balance.

However, Warsaw joined the international market for top specialists rather modestly and satisfied its human capital needs by attracting personnel primarily from larger Polish cities and its regional hinterland. The quality of human capital also increased owing to the development of higher education institutions, both public and private (76 altogether) with 285,000 students. Thus, over 30 per cent of the capital’s residents had a higher education, making Warsaw the most attractive regional labour market in the entire country for international capital requiring highly skilled personnel. The education level in the remaining parts of Mazowieckie was very low (in some municipalities this share of the workforce with a university-level education is as low as 2 to 4%).

The high-income population creates demand for personal services, such as housekeeping, cleaning etc. In addition, private housing was quickly developed, mostly in the suburbs of the city. In these segments of the labour market, immigrants have an important share, mostly from

Ukraine, often working illegally. Estimates reported some 30,000 of these immigrants. The introduction of the Schengen regime has led to a decrease in their numbers. Moreover, as the largest city and the biggest consumer market in the country, Warsaw has attracted small private importers and merchants. The Vietnamese population in the city – the largest after the Ukrainian ethnic immigrant minority – is estimated at 20–30,000. They work in commerce and bars/restaurants (women), as well as in construction (men).

3.4 Modern office spaces

The inflow of FDIs stimulated demand for office space, mainly among transnational corporations and global service companies co-operating with them. Until 2008, about 250 state-of-the-art office buildings were built in Warsaw, offering an aggregate space exceeding three million square metres (Smętkowski 2009). In recent years, owing to the still unregulated legal status and high prices of land in the very centre of the city, developers increasingly focused on non-central locations which currently provide some 60 per cent of the aggregate office space available in the capital. Most popular is the Mokotów business area (MOB), situated in a post-industrial district, which now offers a similar area of office space to the central district (600,000 sq.m.). The organisation of Warsaw's office space is therefore becoming bi-polar. The main advantages of MOB include the proximity of Okęcie airport and availability of large post-industrial plots. The latter factor also stimulates the spreading of the central business area – mainly specialising in financial activities – westwards, to the district of Wola – one of the traditional industrial areas in Warsaw, nowadays almost entirely lacking industrial firms.

There are also a number of international hotel chains – in most cases newly built, and a few thoroughly refurbished to meet the requirements of international visitors (14 hotels have four or more stars). As a result, Warsaw hosts most of the international congresses organised in Poland. Overall, 1.9 million arrivals used hotel accommodation in 2007, with a 40 per cent share of foreign tourists.

3.5 Retail commerce

The shift from manufacturing to knowledge-intensive activities has increased the incomes of the Warsaw population and created demand for high-end retail commerce. Some big commercial establishments emerged after 1990 – initially in the form of plazas on the outskirts of the city (the first one was the Janki plaza on the exit road to the South), later assuming the form of high-quality malls in the city itself, though not in its very centre (the only central location is the Złote Tarasy complex situated near the central railway station). Most of them were constructed by foreign capital and comprise most of the world brands in fashion, cosmetics, etc. In general, there are over 50 modern large-format retail facilities with an aggregate area of 1.5 million square metres in Warsaw and its vicinity (Smętkowski 2009). This means that the ratio of retail space per inhabitant of Warsaw's metropolitan area (which has a population of around 2.6 million) is 0.6, which is one of the highest ratios in Europe. As a result, retail trade has evolved considerably, from street stands popular in the period of transition to huge third and fourth-generation centres which combine retail functions with extensive entertainment functions. These changes also bring a shift from the socialist public space to the privately owned space of a mall (Kreja 2006).

3.6 Negative aspects of global trends

The prices of housing in Warsaw are the highest in the country (also because in the pre-crisis years many of them were bought by foreign owners, the Irish being among the most important

investors in the Warsaw housing market). Prices of housing in Warsaw reached 150 per cent of the national average, and decline with distance from the city. The prices of commodities and services are higher than elsewhere, due to the high rental costs of commercial space.

New shopping centres were generally located on the outskirts of the city, which has led to an erosion of the city centre's retail function. The processes of this blurring of centrality reinforced by a deconcentration of the population and relocation of certain functions to suburban areas have been accelerating. Retail facilities are, as a rule, located near the main exit routes from Warsaw, which has a negative impact on the spatial linkages of the metropolis with its more distant surroundings due to the mixing of different categories of traffic and the concurrent low capacity of exit roads from Warsaw which lack even a single ring road.

The majority of municipalities in the Warsaw metropolitan area had a consistently high positive migration balance (in comparison to the population size), which goes to prove the increasing suburbanisation processes in the city's surroundings. The areas neighbouring the city – especially some specific locations – became fashionable residential areas, attracting foreign employees. Country clubs and golf courses were also opened, serving the higher social strata of Warsaw residents. However, these suburbanisation processes very often took the form of urban sprawl as a result of the substantial shortcomings in spatial planning regulations.

Nevertheless, these processes have had rather limited influence on the economic development of territories more distant from the city. The municipalities situated far from the region's capital had a high negative migration balance with Warsaw, which fostered a backwash effect (especially a loss of members of the population with a tertiary education) within a radius of 30–120 km from the centre of Warsaw. Furthermore, the economy of the metropolitan region has weak ties with its regional hinterland. Only some 10 per cent of industrial supplies of the metropolitan area come from its hinterland. The major input of the regional periphery to the core is the labour force (daily and weekly commuting) and young people studying in the city, who, in the majority, remain there after completing their studies.

4 The role of the region in the new division of labour

The Warsaw metropolitan region played a major role in the national economy, at the same time serving as a 'gateway' to Poland's economic space. However, its role in the global economy was relatively insignificant, due to Poland's minor role on the world stage. The scope of economic control functions performed by Warsaw was restricted to Poland alone, the innovation level of the economy was distinctly lower than in the leading European regions, and the sector of advanced, knowledge-intensive business services was mostly targeted at the domestic market. The region achieved unquestionable success in attracting foreign capital, although this was mainly due to 'hard' quantitative factors such as low labour costs, and not 'soft' location criteria.

4.1 Factors of attractiveness

Warsaw was an attractive location for foreign enterprises mainly owing to its relatively low – in an international perspective – cost of labour. In this respect, Poland's capital was ranked 1st among all metropolises surveyed as part of the European Cities Monitor (see Table 3). High qualifications of staff were another important location factor, and recently this has played an increasingly important role. Warsaw's capital city status was a strong locational advantage for managerial functions, for which proximity to decision-making bodies is important. In effect, the office space market was booming; coupled with moderate rental rates, it was one of Warsaw's main strengths when compared to other European metropolises. Interestingly, despite its periph-

Table 3. Warsaw's factors of attractiveness (rank)

Indicator	2001	2002	2003	2004	2005	2006*
Total	27	25	22	20	20	18
Easy access to markets, customers or clients	17	25	18	18	18	19
Availability of qualified staff	28	19	26	16	14	17
Transport links with other cities and internationally	29	25	26	24	25	23
The quality of telecommunications	28	27	25	26	26	29
Cost of staff	4	2	1	1	1	1
The climate government creates for business through tax and availability of financial incentives	13	9	5	3	4	4
Availability of office space	8	13	10	8	10	7
Value for money of office space	8	4	7	1	2	1
Languages spoken	26	24	22	21	23	18
Ease of travelling around within the city	26	29	28	27	27	28
The quality of life for employees	30	29	29	29	29	33
Freedom from pollution	28	30	27	27	25	26

Note: * The 2006 Report examined a pool of 33 cities, in comparison to 30 in the previous years.

Source: Own elaboration based on Cushman and Wakefield (2008).

eral location in the European space, Warsaw was quite highly ranked in terms of access to sales and supply markets, mostly due to the relatively large size of the Polish economy and domestic market. This is probably due to its relatively good accessibility compared to other Polish regions, mainly those situated in the east of the country, and of Warsaw's function as a 'gateway' to the Polish economy. Such a view is corroborated by the lower ranking of Warsaw in terms of its transport ties with other metropolitan regions. The transport coherence within the metropolitan area itself was also ranked low, as well as the quality of telecommunications compared to other metropolitan areas. In addition to the above, Warsaw was placed at the very bottom of the quality of life ranking, together with Athens, which cannot be seen as particularly comforting. This was partly due to still unsatisfactory (though improving) condition of the natural environment as viewed by foreign managers, indicating serious neglect in this sphere (particularly related to infrastructure). In consequence, the overall ranking of Warsaw among 33 surveyed cities was middle-of-the-road as it was placed 18th. However, Warsaw was ranked 1st in terms of the investment plans of major European enterprises.

The environmental situation of Warsaw has changed very positively over the last 20 years. There were several factors responsible for this: elimination of industry from the city (in 2011 the second to last big plant – a car factory – terminated its operations, and the steel mill remains as the only post-socialist industrial dinosaur, though with minimal pollution nowadays); a shift to lead-free petrol and reduction of traffic pollution; development of waste water treatment plants (a great part of waste water is still not treated, creating environmental problems not for Warsaw itself, but for the territories north of it, along the Vistula river);. In spite of these improvements, noise and lack of sufficient recreational areas for the public seem to be the greatest deficiencies of the city environment, as seen from the perspective of its inhabitants. Also, lack of proper co-ordination and infrastructure pose several environmental harassments within the metropolitan region of Warsaw.¹

¹ There is, however, the other side of the coin. In several cases, necessary infrastructural construction has been delayed by environmental restrictions, some of them reaching absurd dimensions. The city is often treated as a typical part of the ecological system, and the emergence of a snail or rare plant were used by environmental organisations (some of them on the verge of being blackmailing gangs) to postpone the projects vital for the city until their requirements were met (or until a given organisation was rewarded by a lucrative contract allowing them to withdraw the protest).

4.2 Metropolitan functions

Poland's capital is the major location for the head offices of the largest Polish enterprises. Moreover, its significance in this regard was on the increase, and while in 1993 one in four of Poland's 500 largest companies had their corporate offices in Warsaw, in 2004 this number grew to 192. This increase however was not accompanied by a matching increase of Warsaw's companies in the revenues of the largest enterprises, which remained at a stable level of 45 per cent. This meant that Warsaw was the key incubator for large enterprises in Poland. Warsaw was also unique among other Polish metropolitan regions in terms of its control functions due to the location of large trade enterprises (including foreign trade operators), transport and telecom companies in the capital. At the same time, the degree of foreign penetration in this segment was very high, with 50 per cent of revenues of these companies generated by companies with foreign shareholdings.

The development of control functions in Poland's capital was not reflected in the development of knowledge-based economic functions. This is proved by the significance of R&D activity in the economy of the metropolitan area, which – although very high when compared with the rest of the country – was relatively minor in comparison to Europe's major metropolitan areas. Employment in the R&D sector was less than 3 per cent of the total workforce in Warsaw, and R&D expenditure per capita was slightly more than EUR 300 per year. In effect, the role of the region in the number of registered patents as compared to Europe at large was minimal. In addition, the share of service centres discussed above in R&D-related areas was quite low. Meanwhile, international links in R&D are one of the important features of Warsaw. It concentrates around 45 per cent of all partnerships of Polish scientific institutions in 5th and 6th Framework Programmes of the EU, and is the most closely linked with international science among all Polish academic and research centres (mostly with the US).

However, the main industries located in Warsaw metropolitan area were quite modern and included hi-tech industries (18,000 jobs altogether) such as manufacturers of: medical equipment; electrical and optical devices; radio, TV and telecom equipment as well as the chemical industry (including pharmaceuticals) with a similar size of workforce. Sectors which distinguished Warsaw from the rest of the country also included publishing and printing (3 per cent), as well as culture, recreation and sport, with a similar 3 per cent share in the labour market.

In the labour market of the Warsaw metropolitan area, the FIRE sector (finance, insurance, real estate) was of particular significance as it employed about 58,000 people, namely, 4.6 per cent of the total workforce (2002), along with the advanced business services sector with its 110,000 employees (9%). Their development was made possible due to the high quality of the labour market nationwide, which is on the one hand a consequence of endogenous processes related to the strong tertiary education sector, and on the other, results from the influx of enterprising and resourceful personnel from other regions. Nonetheless, these services are mostly provided for domestic clients, although the role of services for foreign clients has been on the increase recently.

Until now, Warsaw has not become a major logistics centre due to underdeveloped transport networks. It is currently the sole EU capital which is not connected with the European motorway network, while Warsaw airport (Okęcie) is still a relatively small player in the market for global airline connections, and is far from being an important transfer airport, handling a modest 9.3 million passengers in 2007. What is more, even though the airport in Warsaw handles the bulk of Polish air transport, its role has declined compared to the remaining regional airports which have recently been developing their traffic very fast.

Table 4. The largest companies registered in Poland in comparison to their European counterparts

Company	Branch	Sales revenues (€ billions)	Employment (thousands)	European counterpart	Sales revenues (€ billions)
PKN Orlen	Petrochemical industry	44.8	4.7	Royal Dutch Shell (Netherlands)	318.8
Polska Grupa Energetyczna	Power industry	15.7	1.1	EON (Germany)	80.5
Telekomunikacja Polska	Telecommunication	18.6	33.4	Deutsche Telecom (Germany)	80.9
Metro Group Polska	Retail trade	13.6	25.2	Carrefour Group(France)	97.7
Grupa Boryszew	Chemical industry	5.4	6.8	BASF(Germany)	69.4

Source: Own calculation based on List of 500 largest Polish Companies (Tygodnik Polityka 2009).

4.3 Spatial linkages of enterprises

The development of specialised (supraregional) functions of the Warsaw metropolis was mainly fostered by: the increasing innovativeness of enterprises; the influx of foreign capital; and the growth of specialised services. These functions are performed in Warsaw largely by enterprises which were set up before 1989. For those enterprises which were established later, the area surrounding the metropolis is a relatively more important sales market. Furthermore, companies which offer specialised services still have weaker links with external surroundings beyond the region in sales, and with the external surroundings in supplies, than industrial enterprises. Standard services belong to the typical functions of the local economy, which is mostly composed of small and medium-sized companies with a relatively short term presence in business (Gorzelak and Smętkowski 2005).

The capital ties of enterprises located in the Warsaw metropolis were rather asymmetrical. While many Warsaw companies were subsidiaries of parent companies located abroad, Warsaw-based companies rarely set up branch offices in other countries, and only very few declared an intention to do so. At the same time, a large number of enterprises (particularly from the service sector) had branch offices in other regions of Poland, mainly in other metropolitan areas, which fostered the evolution of linkages between Polish metropolises. Manufacturing companies more often located their activities in regions offering lower labour costs than the Warsaw metropolitan region. For this reason, cities situated outside Mazowieckie, but not necessarily in other metropolises or their vicinity, played an important role in the supralocal linkages of enterprises from the Warsaw metropolis.

The biggest companies located in Warsaw and Mazowieckie region were second-rate players in comparison to their European counterparts. As a rule, they not only generated lower revenues (2–6% in comparison to major European players), but were also considerably weaker in terms of employment (see Table 4). In addition to that, Polish financial institutions, with the exception of Bank PKO BP, were mostly subsidiaries of foreign capital groups and primarily focused on the domestic market.

A side effect of this relative weakness was the limited impact of the recent economic downturn on the condition of the Polish banking system. The situation in the insurance sector was similar, as privatisation processes were still under way, with the dispute pending over the control of the Polish insurance giant PZU between the State Treasury and the Dutch EUREKO group.

5 Policy responses to global trends and economic crisis

The internationalisation of Warsaw seemed to ‘happened by itself’. There was no need for any specific national, regional or local policy to induce inflow of FDI to the city and its metropolitan

region, since – as the capital of a relatively big country – it attracted several types of services, especially those which were knowledge-intensive. There was also lack of specific policies that would have served to diffuse the processes concentrated in the city to its surroundings and to a wider regional hinterland. Unfortunately, local authorities have conducted reactive, and not sufficiently proactive, policies.

5.1 Infrastructure

Most major infrastructural projects (extension of the subway, a new airport terminal, bridges across the Vistula river, ring-roads, etc.) have been seriously delayed. There is no major congress or exhibition centre, and some excellent locations for such a project were given over to housing. The planned international scientific centre has been delayed for several years and its construction has not begun as yet. Meanwhile such fairs and exhibition centres are recognised as important factors of territorial competition, improving the position of the city in urban hierarchies (Rubalcaba-Bermejo and Cuadrado-Roura 1995).

At least one success can be noted, however – the Copernicus scientific exhibition centre, now open to the public, is a truly modern, dynamic, interactive ‘museum’ for all generations. Another project that will be ready without delay is the national stadium under construction for the Euro 2012 championships. However, because the surrounding infrastructure and services have been demolished, the stadium will remain as an island in an underdeveloped part of the city, thereby putting the whole idea of organising this championship in Poland and in Warsaw (as one of the four Polish cities that will host the matches) in serious economic and technical doubt.

Infrastructural deficits in the metropolis are mirrored in delayed infrastructure development nationally. Warsaw’s external linkages are obstructed by the lack of its connection with the European motorway network and inefficient connections linking the airport with the city centre (delays in the construction of a railway connection as well as transport problems caused by the extension works in the airport terminal, partly due to the airport’s location in an area of dense housing). These deficiencies make the city less attractive than it would have been if the planned investments had been completed in time. In this sense the international potential of Warsaw is at present under-utilised.

5.2 Planning

The city is still lacking land-use plans that would control and influence the location of major private investment projects. Only 16 per cent of the city area is covered by master plans. Urbanistic chaos and uncontrolled investment are the results (Keivani and Parsa 2002). In several cases major projects financed from foreign sources have been located without related public investment, leading to severe malfunctioning of the urban space and aesthetic contrasts in the very city centre.

In addition, Warsaw lacks a clearly delineated central business district, while some attractive land for development in the heart of the city centre lies idle due to constant changes in conceptualising its development. There is also no consistent policy concerning large-format retail facilities which are considered to be major vehicles for globalisation processes as they offer access to international products and services. In effect, the retail functions of the city centre are being eroded, and replaced by huge entertainment and retail facilities located in the city’s periphery.

Uncontrolled urban sprawl which is a result of the relatively high incomes of the city population has brought additional functional problems, since major infrastructure is delayed in relation to the rapidly developing housing in the suburbs (Gutry-Korycka 2005). Another

housing-related problem which fails to be reflected in local policies is the gating of housing estates mostly inhabited by members of the metropolitan class. Currently, there are about 300 such gated communities in Warsaw, with the largest occupying an area of 22 hectares, roughly the equivalent of Warsaw's Old Town (see also Polanska 2010).

5.3 Metropolitan area governance

There is no metropolitan management regulating the processes in the city itself and its immediate surroundings. Based on the studies and research conducted so far, we can identify the following problems and limitations obstructing the development of metropolitan areas in Poland (especially in the case of Warsaw) (Smętkowski et al. 2009):

- spatial chaos/disorder both in the metropolitan centre and its suburban zone due to the lack of local spatial development plans (master plans);
- an inefficient transport system which does not ensure the functional cohesion of the metropolitan area and impedes the development of a network of linkages with other urban centres as well as the region surrounding the city;
- underdeveloped, low-quality public transportation, particularly in the suburban zone;
- disorganised water supply and sewage disposal; and
- growing pressure on the natural environment as a result of urban sprawl in cities which are centres of the metropolitan area.

Moreover, co-operation of municipalities within the metropolitan area is not well developed; representatives of individual local governments value most highly horizontal co-operation with the local governments in neighbouring municipalities. Meanwhile, co-operation with Warsaw's authorities is evaluated much more critically, particularly by municipalities situated in close proximity to the capital.

5.4 Metropolis – region relationships

Regional policy conducted for the whole of Mazowieckie by the regional government does not seem to have any major influence on the internationalisation of the region's economy. Although the role of Warsaw as the 'driver' of the region's development is emphasised in the development strategy for Mazowieckie, Warsaw's growth also depends on the role it manages to have in the world network of metropolises (Marshall's Office 2006). The strategy document also highlights glaring disparities in both the level and structure of socio-economic development between Warsaw and the outlying areas of the region. The proposed solutions to this problem include enhancing the integration (mostly through transport) of NUTS 3 regional centres with the Warsaw metropolis.

The largest component in the expenditure structure stipulated in the region's operational programme (with a total of €1.8 billion in the period 2007–2013) is expenditure on the development of the transport infrastructure (29.4%) – mostly local infrastructure, including rural areas. This is followed by support of innovation and enterprise (23.5%) and development of the e-economy (11.2%). In the latter case, there is a tendency for positive discrimination of beneficiaries from areas outside Warsaw, which could help reduce the developmental imbalances within the region, but could in turn hamper the international competitive advantage of both Warsaw and the entire region. The remaining categories of expenditure (approximately 35%) should not significantly affect internationalisation processes occurring within the region.

Table 5. Factors supporting/impeding the benefits from globalisation

Capital functions of the city		General factors (common in New Member States)	Specific factors
Factors supporting benefits from globalisation		Diversity of metropolitan economy Highly-qualified labour force, greatest academic and scientific potential in the country Favourable relations between quality of production factors and their costs	The capital city of a relatively big country with polycentric settlement system
Factors impeding benefits from globalisation		Poor road and rail accessibility Underdevelopment of municipal infrastructure (mainly local transport) Post-socialist heritage of high-rise apartment block complexes undergoing technical and social deterioration Insufficient development of sites for international mass events Uncontrolled urban sprawl	Underdeveloped metropolitan transport system
Neutral factors			Large discrepancy between metropolitan core and regional hinterland
Policies			Poor local and regional governance Lack of metropolitan government Lack of transparent decision-making process in issuing building permits and town planning

The financial crisis of 2009 has not seriously impacted Warsaw and its metropolitan region. This is due to two major facts: Poland as a whole was spared the economic decline and as noted –the only EU country – positive growth of 1.8 per cent. Moreover, as in other countries, the diversified economies of the metropolitan cores demonstrated greater resistance to the economic decline than the regions dominated by a few export-oriented sectors.

This is not to say that the crisis was not felt at all. General cuts in public spending affected Warsaw and its surroundings, mostly in the sphere of transport infrastructure. Several projects were unfortunately postponed which will delay easing the stress of commuting to the city. These delays were further increased by an unwise decision to organise the Euro 2012 football championship in Poland and Ukraine, and the not otherwise needed huge stadium that is currently being constructed, will consume resources equal to the cost of two badly needed bridges across the Vistula river. These will now be built in the more distant future.

6 Conclusions and future prospects

The following aspects (see Table 5) seem to be most important in the case of the Warsaw metropolitan region (some factors stand in between the cells of the table, since they may be general for few peculiar cases, such as capital functions). Warsaw, just like other capital cities of most European countries, and especially of the CEE countries, has benefited from the metropolisation process. The postsocialist transformation has been the most successful in the big urban centres which were able to replace their industry with modern high added value. This was due to the features listed in the upper left corner of the table. Additionally, Warsaw has benefited from the fact that it is the capital city of a country with almost 40 million inhabitants and with

a rapidly growing economy – the most successful in terms of GDP growth within the broad family of Central and Eastern European countries, even during the crisis period of 2008–2010.

The Warsaw metropolitan region played a major role in the national economy, at the same time serving as a ‘gateway’ to Poland’s economic space. However, its role in the global economy was relatively insignificant. The scope of economic control functions performed by Warsaw was restricted to Poland alone, the innovation level of the economy was distinctly lower than in the leading European regions, and the sector of advanced, knowledge-intensive business services was mostly targeted at the domestic market. The region achieved unquestionable success in attracting foreign capital, although this was mainly due to ‘hard’ quantitative factors such as low labour costs, and not ‘soft’ location criteria.

High academic and scientific potential, the location of major universities, the highest density of people with a university-level education in the country – all these features are a great asset of the city (as in other capital cities in the world). These features make Warsaw the most attractive location for knowledge-based services and management, as well as for the development of high-tech industries.

The relatively poor national and metropolitan infrastructure is the most serious impediments of the metropolitan development of the city. Poland is a country generally slow in building modern and reliable road and rail systems. The motorways do not yet connect major Polish cities with each other and with the outside world. The lack of dual carriageways is the major reason for the high accident rate and vulnerability to disrupted transportation (an accident with a truck involved may block a major road for several hours). Rail services are slow and unreliable. Warsaw metropolitan region is not spared from these deficiencies – there is no ring road around the city, bridges are scarce (there is need of at least 3 or 4 more), and the outgoing routes are jammed with traffic in rush hours. Moreover, public transport within the city is far from ideal – there is only one metro line, and the construction of the second has been delayed – its central section will not be ready until 2014.

Though the metropolitan core is surrounded by relatively weak hinterland (the peripheral regions of the Warsaw voivodship have a GDP per inhabitant 4 to 5 times lower than in the city itself), this does not seem to hamper the development of the metropolitan region. Warsaw obtains the high-quality supplies which the region cannot provide from elsewhere, and takes from the region mostly its people, who study in the city and in most cases try to remain there.

Some issues related to the co-operation between the city and its surroundings could be solved if there were a metropolitan government. However, the city of Warsaw is just an ordinary municipality with most of its rights and duties common to the other around 2500 such units in the country, and on equal formal status to all the municipalities surrounding it. Several common problems such as environmental protection, waste collection and processing, water and sewage infrastructure, public transport for commuters etc. are therefore not jointly solved and in several cases less than optimal solutions have been adopted. Moreover, poor collaboration between the powerful city authorities and the regional government is a source of tension, for example competition for EU funds provided within the Regional Operational Programme managed by the region, in which preference is given to its non-metropolitan areas.

Spatial planning is not a strong feature of Warsaw city authorities. Little more than a quarter of the city’s area is covered by land-use plans which leaves room for discretionary decisions on building permits and delays the investment processes.

6.1 Future prospects

In spite of all its weaknesses and deficiencies, the prospects for the Warsaw metropolitan region in the next few years are positive. Poland is expected to grow at a steady and relatively

fast pace, benefiting from EU membership and its own growth potential. There is no doubt that Warsaw and its metropolitan region will be the forerunners of these processes and will retain the strongest competitive position out of all other Polish regions and metropolitan centres. Also, as the capital of one of the biggest EU countries – by far the largest among the new Member states – Warsaw will gain in importance as a cultural, scientific, financial and economic centre.

This cannot be said about the rest of Mazowieckie region. Its endogenous potential is weak, gains from both transformation and EU membership shallow, and linkages to the global economy almost non-existent. The few industrial centres that attracted FDI have not been able to develop high-tech or knowledge-intensive activities and rely on either relatively poor agriculture or on basic manufacturing – either processing oil (Płock), producing jeans and TV sets (Mława), acting as a logistic centre (Mszczonów) or relying on other manufacturing branches (Radom).

Poland as a whole, and especially Warsaw, appeared to be relatively resistant to the global financial crisis of 2008–2009 (and beyond?). This was due to several factors: prudence (some call it: underdevelopment) of the banking system, a large domestic market, a good economic situation before the crisis (in 2006–2007 national growth was at 5–7%: a high, but not ‘overheated’ level), stable competitiveness on the global and European markets, and diversification of the national product. All these positive virtues are concentrated in Warsaw – the most diversified, high quality and internationally competitive region in the country.

As historical analysis indicates, Warsaw and its metropolitan region have always been the most resistant to national economic upheavals. This was true in the 1978–1982 crisis, and the transformation recession of 1990–1992. In both cases the internal diversity of the regional economy of the Warsaw metropolitan region, and its highest-quality social and economic potential allowed for a rapid recovery, albeit after deep restructuring. It may be envisaged with high probability that the current financial crisis will not introduce much damage to the regional economy. Both the advanced metropolitan core and the retarded regional hinterland do express high resistance to the present economic disturbances: the first due to its diversified structure, the latter because of its poor relations with the international economy and mostly agricultural socio-economic profile.

By the same token, there do not seem to exist, serious threats to the regional economy of Mazowieckie. On the one hand, the metropolis of Warsaw, due to its current position as the major centre of the country and the site of national administration, will maintain its leading role in the country, and will be the major gateway of Polish economic, commercial, scientific, cultural, political relations. On the other hand, the weak ties of the poorly developed regional hinterland make it immune to negative (but also positive) influences from abroad. Of course, in some specific local cases, where a single manufacturing plant plays an important role, fluctuations in external markets may lead to decreased profitability, and as a result employment may be reduced and a firm even closed down, thus bringing very negative social effects – but, it has to be stressed, on a local scale only.

The region (in fact the Warsaw metropolitan part of the Mazowieckie) may definitely gain more from globalisation, providing that the public management is improved and the placing of Warsaw on the global stage is considered as a main strategic goal (which does not seem to be the case). In particular, the lack of a decent congress/exhibition centre, poor road and rail connections with other countries and mounting internal transportation problems (especially poor connections with suburban residential areas) may discourage several international companies from establishing their offices and headquarters in the city of Warsaw. Moreover, the often unclear ownership of available plots in the city centre, lack of land-use plans and not sufficiently transparent decision-making processes in issuing planning permission may still be another factor preventing the international potential of Warsaw from being fully utilised.

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