

# **Main processes of regional development in Central and Eastern Europe after 1990**

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***Regional Diversity and Local Development in Central and Eastern  
Europe,***

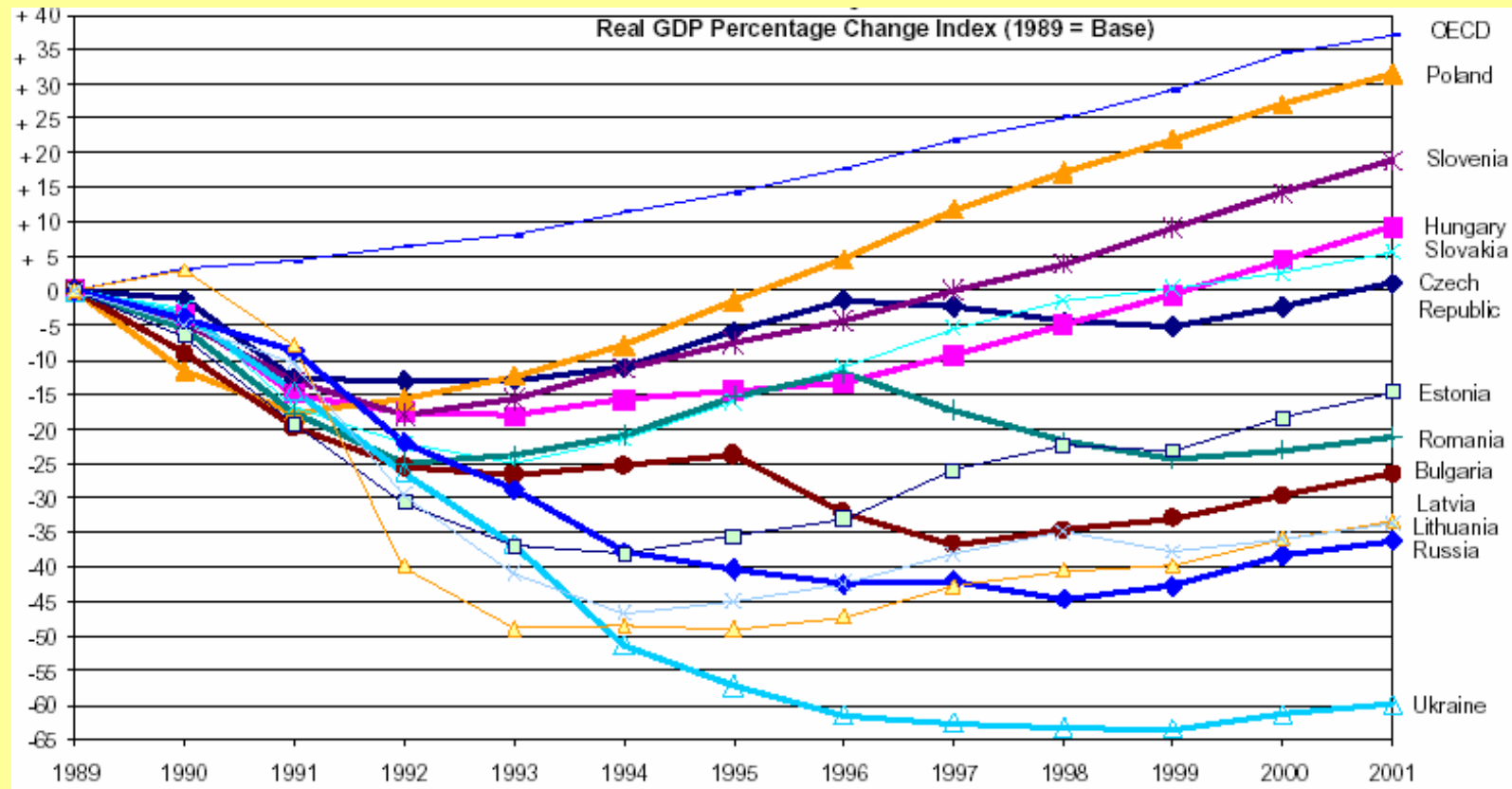
**International seminar, Warsaw 10 November 2006**

## Dynamics of the post-socialist transformation

	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	2003	
	Previous year = 100														'89= 100
Belarus	98	99	90	89	84	90	103	111	108	104	106	104	104	107	91
Bulgaria	91	88	93	99	102	102	89	93	104	102	106	104	105	105	81
Czech Rep.	99	86	94	99	103	106	105	99	99	100	103	103	103	102	102
Hungary	97	88	97	99	103	102	101	105	105	104	105	104	103	104	122
Lithuania	93	87	66	70	101	103	105	107	105	97	104	106	106	107	58
Latvia	103	89	65	85	101	98	102	109	106	101	107	108	106	105	79
Poland	88	93	100	104	105	107	106	107	105	104	104	101	102	103	135
Russia	97	95	85	91	87	96	97	101	95	103	108	105	105	107	77
Romania	94	87	91	101	104	107	104	94	95	100	102	105	105	105	91
Slovakia	98	85	94	96	105	107	107	106	104	102	102	103	104	104	118
Slovenia	92	92	95	103	105	104	104	105	104	105	105	103	103	104	129
Ukraine	96	91	90	86	77	88	90	97	98	100	106	109	110	111	46

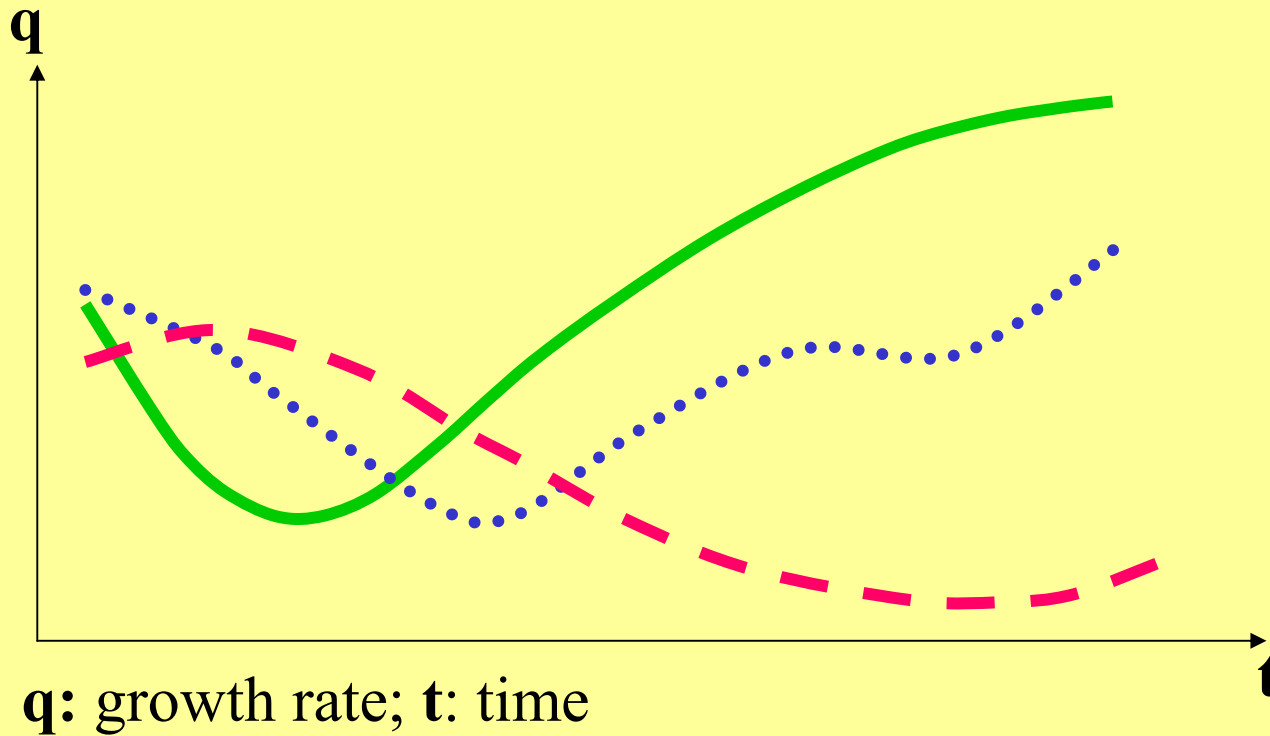
Source: Statistical Yearbooks, Central Statistical Office, Warsaw, 1992, 1997, 2003, other.

# GDP Dynamics in Central and Eastern Europe



Sources: William Davidson Institute based on OECD Economic Outlook Vol. 69 July 2001, EBRD Transition Report 2001 Update, and Davidson Institute staff calculations.

# The J-curve

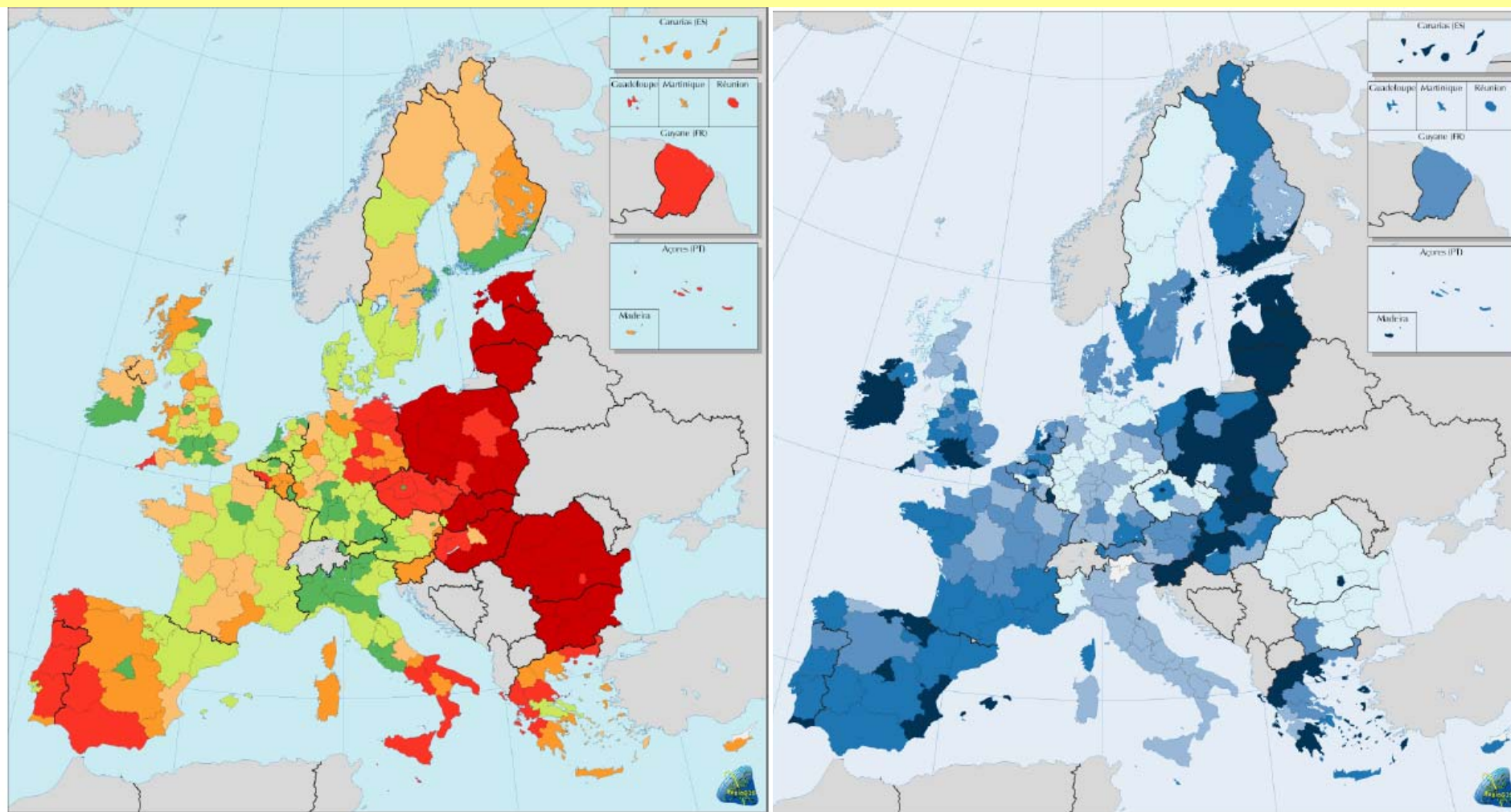


- steep J-curve (similar to Polish case)
- shallow J-curve (similar to Czech, Hungarian cases)
- - - delayed restructuring (similar to Russian, Ukrainian cases)

# The regional patterns of transformation

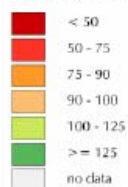
		Reaction to transformation	
		<i>positive</i>	<i>negative</i>
<b>Position in the socialist economy</b>	<i>good</i>	<b>LEADERS</b> <i>positive continuity</i> Metropolises and capitals  <i>diversified economy, skilled labour, good infrastructure and rich institutions</i>	<b>LOSERS</b> <i>negative discontinuity</i> Industrial regions  <i>specialised industry, derelict land, biased qualifications</i>
	<i>bad</i>	<b>WINNERS</b> <i>positive discontinuity</i> Regions with endogenous potential  <i>Diversified economy, external demand</i>	<b>LAGGARDS</b> <i>negative continuity</i> Rural, peripheral  <i>Nonaccessible, obsolete structure, low qualifications</i>

# GDP levels and growth



**GDP per head (PPS), 2002**

Index, EU-25 = 100



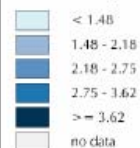
Source: Eurostat

0 100 500km

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**GDP growth, 1995-2002**

Annual average % change



EU-27 = 2.35

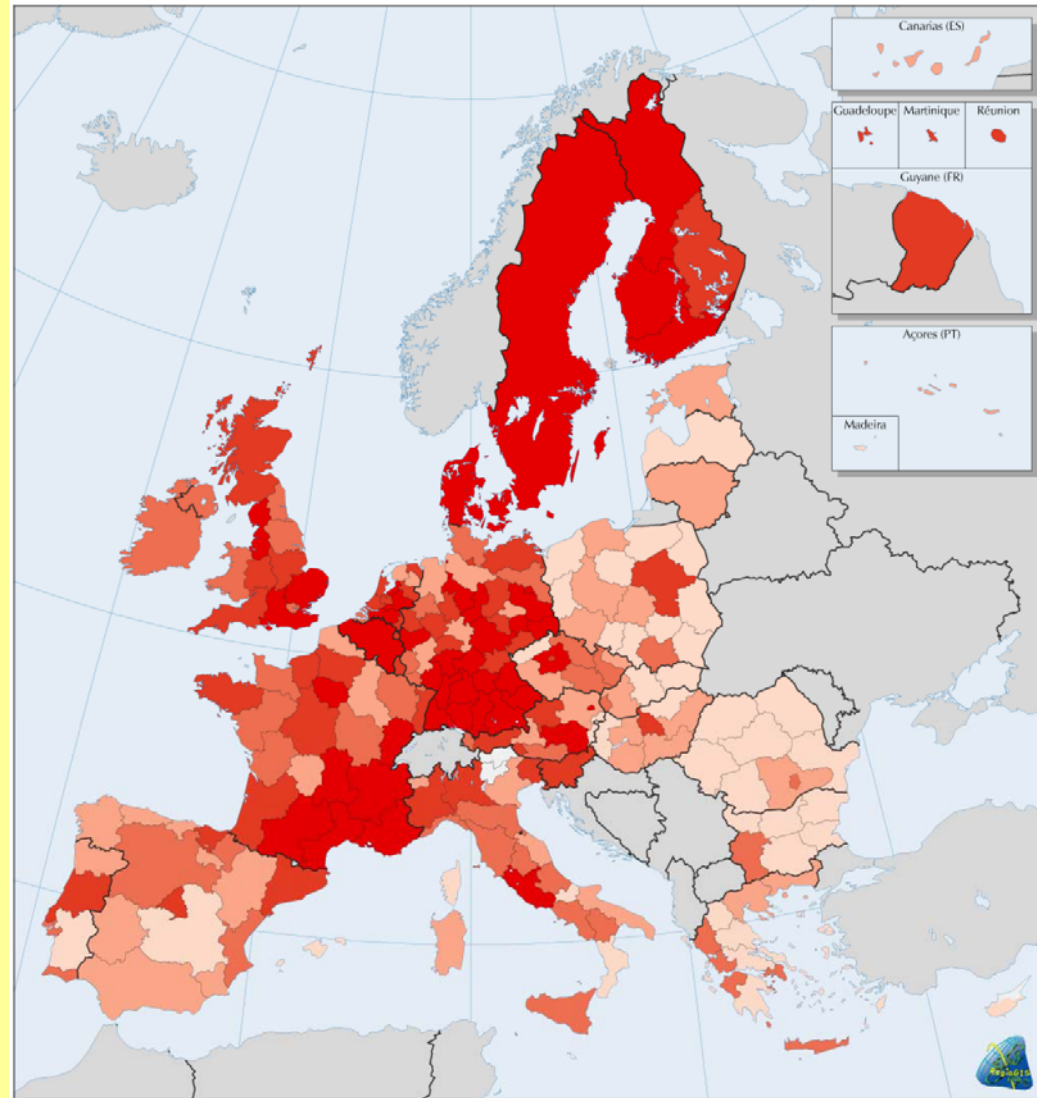
HU: 1995-2001

Source: Eurostat - DG REGIO

0 100 500km

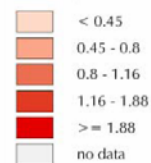
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# Innovative potential of the EU regions



**R&D expenditure (GERD), 2002**

% of regional GDP



EU-27 = 1.92

UK : NUTS1  
BE, IE, SE : NUTS0

DE, LT, NL, PT, SE : 2001

IT, LU : 2000

EL, UK : 1999

AT : 1998

Source: Eurostat

0 100 200km

# **Regional patterns of transformation**

**1. Stability** of general territorial patterns.

**2. Polarization** due to faster development of regions with big urban centers and stagnation – or even decline – of less developed regions of eastern (external) and central (internal) peripheries.

**3. Rapid restructuring** of weak sectors, **delayed** restructuring of economically and/of political strong ones. Immediate impact on regional trajectories.



# Major regional processes of the post-socialist transformation

1. **Metropolisation** replacing traditional urban-rural divide.
2. **Industrial restructuring**, decline of heavy industry districts. Massive resources needed.
3. **East-West** divide due to new opportunities of trans-border co-operation and return of the „modernisation from the West” pattern.
4. **Decentralisation**, local democracy. The competencies of the regional tier still to be decided in some countries.
5. Weak impulses form **transborder** co-operation.
6. **Polarisation** in all dimensions: social, regional.

# Future prospects for Central European regions

1. Further **differentiation** of Central European socio-economic space.
2. Fast growth of **metropolitan** regions, best adapted to knowledge-driven economy.
3. Danger of stagnation of internal and external **peripheries** – external chances possible, in-advance preparation necessary
4. EU funds may only **support** own efforts, and **not replace** them.

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How can national policies and EU Cohesion policy  
enhance the chances of **peripheral, poor, structurally  
backward regions**

which border even more peripheral and poor **neighbours?**

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Major **challenge** to national policies and the EU Cohesion  
policy

**International experience is not encouraging:**  
former GDR, Mezzogiorno, Portuguese and Spanish interior  
etc.

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