

Eastern Poland development dilemmas

Dylematy rozwoju Polski Wschodniej

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Summary

The paper attempts to define the main development dilemma facing Eastern Poland. It discusses the main features, development problems and strategic development models of Poland's eastern regions. On this basis, the author draws the conclusion that the key development dilemma relates to the divergence between the declared aims and the implemented development concept, giving priority to hard infrastructure investments. The factor behind is the lack of acceptance for the contemporary development paradigm.

Streszczenie

W opracowaniu tym podjęto próbę zdefiniowania głównych dylematów rozwoju Polski Wschodniej. Dyskutowane są główne cechy, problemy rozwoju i strategiczne modele rozwoju regionów Polski Wschodniej. Na tej podstawie autor konkluduje, że podstawowy dylemat rozwoju ma związek z różnicą między deklarowanymi celami a implementowanymi koncepcjami rozwoju, dając pierwszeństwo twardym inwestycjom infrastrukturalnym. Czynnikiem leżącym u podstaw tej różnicy jest brak akceptacji dla paradygmatów współczesnego rozwoju.

Keywords: Eastern Poland, development dilemma, strategies, paradigm

Słowa kluczowe: Polska Wschodnia, dylematy rozwoju, strategie, paradygmat

The notion of Eastern Poland, earlier used to generally denote less-developed eastern areas (not regions), did not assume full meaning until Chancellor Angela Merkel proposed to finance a special programme for the development of Eastern Poland, comprising the five Polish regions (*województwa*- NUTS 3) which closed the ranking of the European regions in terms of development statistics (measured using GDP). The EU accession of Bulgaria and Romania moved all of these regions upward in the ranking, but the programme itself is still in place, with a new programme round in the pipeline. If we remember the reasons for giving such a name to these five regions, which is against logic and the Polish tradition on the one hand due to the inclusion of one region obviously situated in Central Poland (Świętokrzyskie) and one lying in the north (Warmińsko-Mazurskie), and on the other because of the inclusion of the backward eastern areas of Mazowieckie region, it should be regarded as unfortunate that the notion of Eastern Poland has come to mean an area lying within the boundaries of five administrative regions (*województwa*). Warmińsko-Mazurskie region not only has a different history or structure (e.g. of agriculture), but also its system of external linkages is different. By contrast, Świętokrzyskie region is centrally located between Poland's major agglomerations. In addition to that, it is the only one in this group which shows a higher development dynamic (MRR 2011:20). In many aspects, the inclusion of Świętokrzyskie and Warmińsko-Mazurskie into Eastern Poland is as unfounded as that of Lubuskie, a region similar in terms of GDP and development dynamic. For this reason, in this analysis Eastern Poland shall basically denote three eastern border regions (Lubelskie, Podkarpackie, Podlaskie), which, despite all the differences between them, have such things in common as the level and dynamic of development, social structure, history, as well as similar development problems and difficulties with formulating a strategic concept to accelerate development (these regions, despite huge financial transfers, are still losing ground in comparison to other Polish regions). Many observations concerning their development may apply equally to eastern Mazowsze, but due to the limited availability of statistics at the subregional level (NUTS 3), our analysis will focus on these three regions only. This does not mean, however, that they are unique, since similar development problems can be found in Italy's Mezzogiorno or East Germany (Smętkowski 2012). Likewise, there is no reason – as Antoni Kukliński claims (2010) – to regard the issue of the development of Eastern Poland in isolation from processes taking place globally.

Many concepts, studies, opinions presented by the regional and local authorities of Eastern Poland together with their pools of experts focus on the analyses of the infrastructure provision, underdeveloped transport network, environmental resources (including agriculture), untapped potential of the region's raw materials and benefits that can be derived from their border location. In other words, they epitomise exactly the line of thinking about development issues in categories

typical of the industrial era that came to an end several decades ago, a process which, incidentally, largely bypassed Eastern Poland. One is indeed tempted to describe Eastern Poland in the above categories, as these are easily observable characteristics, but should be looked at as consequences rather than causes. Therefore, what this paper strives first and foremost to prove is that the overall lack of adequacy of development concepts pursued in Eastern Poland to the actual problems and possibilities is the key problem facing this region, and not the underdeveloped infrastructure or failure to exploit the alleged potentials of Eastern Poland. In other words, it is the mental barriers, ill-advised obstinacy in holding on to development precepts whose usefulness ended with the industrial if not agrarian era, and not economic phenomena or infrastructural constraints that should be regarded as the main problem obstructing development. Another factor to blame is the claiming attitude, shaped under the communist regime and ideologically embedded in the concept of neo-colonialism which, for want of genuine colonies, was projected onto peripheral areas (cf. a review of the concept by Zarycki 2009). However, the full use of this concept does not seem quite convincing (in the history of Poland, these areas were both subjects and objects of colonisation, a fate shared by the whole country – but this is better explained in other categories than the concept of development). Still, it should be observed that in the context of territorial policies, such a concept seems quite handy when it comes to justifying the demands posed for the central authorities in the development programmes. This remains a pertinent issue – how could we otherwise explain the widespread practice of including into regional development strategies the construction of transport networks (mostly motorways and expressways, also airports), i.e. investments which obviously are not among the region's competences?

In order to verify this hypothesis, we should look at the following issues:

- development drivers in the 21st century;
- review of key development problems facing Eastern Poland;
- adequacy of the directions of intervention to development problems.

The basic methodology used for the purposes of this paper has been the analysis of the already existing data (public statistics, documents, expert's reports, other scientific studies). Despite many studies and programmes dealing with Eastern Poland, most of them in their overly extensive diagnostic aspects focus on easily available public statistical data, leaving little room for qualitative analysis, a key exercise for the evaluation of any strengths and weaknesses¹. Such an approach may also have consequences that are easy to overlook, e.g. focusing on indicators that are typical of the old development paradigm, only because – unlike the new paradigm's indicators – they are easily available and have been collected for a long time. The

¹ A palpable change of approach can be observed in the preparation of the strategic documents for 2014–2020 e.g. in Lubelskie. The role of qualitative analyses might also be increasing in other such documents.

'newness' is not the only reason for this; another is the fact that many components of the new paradigm are 'soft', qualitative in character, often difficult to capture or define, even if for operational purposes only (such as social capital or tolerance).

Development drivers: the new paradigm

In the past several decades, we have witnessed some significant processes, even if they are delayed in relation to more developed countries.

The first one has been the positive impact on Poland's development of its participation in supra-national integration processes. Contrary to popular belief, the major benefits from EU accession, a most ambitious and complicated integration project (though not free from defects), are not associated with the use of Cohesion or Common Agricultural Policy (CAP) funds². Such funds, totalling over EUR 10 billion gross per annum³, definitely increase the income (GDP) and quality of life in Poland (see the findings from the Hermin, MAMoR3, EU Impact Mod III macroeconomic analyses commissioned by the Ministry of Regional Development; MRR 2011: 28-9). They not as much broaden the freedom of investment for the public authorities and the private sector, but rather increase the scale of funds available for investments, which however need to remain in compliance with the increasingly stringent requirements posed by the European Union (and in this sense that freedom is in fact somewhat limited). Poland's development policies, tied strongly together with EU-funded policies, brings short-term benefits for the country (or rather, the authorities), which help to maintain broad-scale social and equalising policies thanks to the financing of a considerable portion of capital expenditure in various spheres from EU funds.

Such macroeconomic studies usually prove that the benefits for the national income (and the labour market) provided by European Union funding will cease once these funds no longer flow in. Worse still, what could happen then is an overall fall in GDP owing to the need to cover the maintenance costs of the physical infrastructure built with the EU funds. Excessive investments in infrastructure might as well turn out to be a trap; examples of this can be found e.g. in the former GDR, Spain, Portugal or Hungary (not to mention the regions that organised grand-scale sports events and incurred exorbitant costs to build the infrastructure that as a rule was needed for one event only) (cf. Kozak 2010). In each of these countries, excessive infrastructure investments were among the factors that both speeded up and exacerbated the economic crisis. It is also commonly acknowledged that the need to supplement EU funding with domestic funds can

² Speaking solely in terms of the financial transfers, the value of exports to the single market exceeds many times over the value of transfers from the EU budget; the financial transfers from Poles working abroad (mostly in EU countries) reach nearly EUR 4 billion per annum.

³ In net terms, the quite sizeable amounts contributed to the EU budget by the Polish authorities should be deducted (an equivalent of nearly 1% GDP).

easily put the public budgets dangerously in debt, and the successes in acquiring EU funds in the first years might lead to a shortage of own funds at a later period. In Poland, too, more and more municipalities will be forced to reduce their investment outlays for this very reason. It could be said that this would not be a huge damage in itself, and a short-lasting one. However, this statement will be true only on the condition that the initial investments were made, taking into account factors that helped initiate long-term development processes (in other words, that were supply-oriented and not only demand-oriented). There is precious little evidence to corroborate such a thesis. Maybe this is the reason why we can now observe a strong tendency on the part of entities providing development supports and experts to look at infrastructure, mainly in the sphere of transport, in terms of its relations with economic development (Komornicki 2013). The opinion that only such infrastructure investments should be made which directly help eliminate so-called bottlenecks is increasingly gaining currency. Contemporarily, construction of infrastructure in other situations will not drive development. Investors steer clear of Eastern Poland (just as they bypass many other European regions having similar parameters), often giving a convenient excuse, i.e. the lack of transport and communication links⁴. This is a rather polite way of evading the uncomfortable truth: that with the exception of few cities in Eastern Poland, the bulk of the region does not have the attributes that are sought when locating business activity, and has little to offer. Thus, we come the second issue, that is, the question of the paradigm.

During less than four decades, i.e. within living memory, Poland – similarly to other countries – has undergone a process of restructuring and replacing factors that determine development. This means that factors that facilitated development in the past, today have lost in significance, giving way to new ones. In the past, the proximity of raw materials, energy, railway, available and cheap labour played a crucial role. Today, it is rather the availability of a large urbanised area serving as a sales market, flexible and diverse workforce, business environment institutions, well-developed higher education and R&D sector, and institutional environment that foster development (law, taxes, finances, public administration), an open and creative culture and well-developed linkages with other development centres both nationally and internationally (network society). Since these issues have already been discussed in many publications (also by this author), this paper only briefly outlines the key features of the contemporary development model (based on the new paradigm).

⁴ Although neither Kołobrzeg nor Zakopane is easily accessible, both these cities remain very popular tourist destinations, unlike Opole or Zielona Góra, which have very good transport links.

Firstly, long-term competitiveness of the economy is mainly created by a high level of innovation, i.e. one that provides original and expensive products for the market, requiring highly qualified and well-paid professionals for their production⁵.

Secondly, neither low manufacturing costs nor export of raw materials can guarantee a lasting competitive advantage, also because the price of such goods largely depends on external factors (economic performance, supply, price fluctuations, etc.).

Thirdly, globalisation of the economy and mobility of capital have drastically increased the freedom of location, where business follows people and looks for places with a concentration of human, social and creative capital. This is especially true for high-tech and creative industries, i.e. those that define the competitive advantage of a given region (or country).

Fourthly, the role of transnational corporations in the global economy is increasing, at the expense of the state viewed as an entrepreneur, an active participant of economic processes (after: Gorzelak, Kozak 2012: 116-7).

At the same time, the global economy, and thereby also competition, is responding by adapting itself: on the one hand, a stratum of supranational institutions is being developed (such as the European Union, business groupings, UN agencies), and on the other, smaller enterprises tend to take root locally and strike mutual alliances to make use of the so-called 'here and now' knowledge, as a result of which they are able to develop niches which are impenetrable to transnational corporations.

An overall review of these characteristics indicates that their concentration (i.e. factors fostering development) can be found only in some areas, mostly urbanised ones, and broadly understood creativity finds optimum conditions in large cities and metropolises. Therefore, if a region strives to achieve a better place in competition rankings, it should necessarily place an emphasis on the development of its agglomerations, as a result of which also more peripheral areas will have better chances to participate in the benefits. Another conclusion is that over-concentration on building the development potential based on the endogenous (internal) resources of a given area may prove unsuccessful since the development dynamic is triggered by external demand, linkages with the surrounding areas, capacity for absorption and use of exogenous factors for internal needs, e.g. by creating the conditions for using the region's own resources. It only seems logical that those centres which develop the fastest know how to make use of the positive feedback loop between their own resources and external ones, using them for mutual attraction and for supporting their development needs. These can be both

⁵ The geographical distance is not crucial here; it is difficult to imagine a more peripheral place than New Zealand or Finland in Europe. For this reason, the widespread belief about the close cause-and-effect relationship between improved transport accessibility and development is in fact little but a fallacy. Let me point out to any sceptics that some Polish regions with superb transport connections might lose as much as 50% of their population by 2050 (e.g. Opolskie or Śląskie) (Szczech-Pietkiewicz 2013: 86).

quantitative and qualitative factors, with a growing emphasis on the latter, such as creativity, human capital, social capital, competitiveness. According to Pike et al., any one-sidedness in embracing strategic development foundations may lead to unexpected and definitely unwelcome consequences (2006: 15). Therefore, the art of development involves informed choices and a skilful combination of strategic measures not only in the socio-economic sphere, but also the institutional one.

Key development problems of Eastern Poland

A discussion of development problems should begin with a recapitulation of the basic statistical data. These data will be provided for the regions in question and, as reference, for Mazowieckie, Świętokrzyskie, Warmińsko-Mazurskie and Poland itself.

Let us start with the basis statistics (Table 1).

Tab. 1. Eastern Poland: basic data for selected voivodships

Region	GDP per capita, 2010, in PLN	Labour productivity (GVA per 1 employed), in 000 PLN, 2007, *	R+D expenditure as % of GDP, 2007, *	Average monthly disposable income per person in households in 2010, in PLN	Employment in primary sector (agriculture, forestry and fishery), 2008, in %, *	Activity ratio, 2011, in %	Unemployment rate, 2011, in %
Lubelskie	25079	52.08	0.54	1025.80	29.6	53.0	13.9
Mazowieckie	60359	100.88	1.07	1622.96	12.4	55.1	10.6
Podkarpackie	24973	52.94	0.36	937.85	22.8	50.4	17.9
Podlaskie	26985	59.68	0.20	1224.92	27.2	53.5	12.8
Świętokrzyskie	28134	57.24	0.12	1062.78	25.1	48.5	17.3
Warmińsko-mazurskie	27228	67.68	0.29	1096.87	12.7	52.4	16.8
Polska	37096	75.55	0.57	1226.95	14.0	53.3	13.0

Source: GUS 2012; * – MRR 2010.

The data shown in Table 1 demonstrate the gap between the regions of Eastern Poland, the national average and the most-developed Mazowieckie region (that is, the Warsaw metropolitan area), and show the disparities existing between them (regardless of the fact that the eastern part of Mazowieckie does not diverge from the neighbouring regions in terms of development statistics). As we can see, the incomes are at a low level (GDP and disposable income). And, quite worryingly, the gap between these regions and those which are closing the distance between them and the EU-27 average is still widening (MRR 2011: 20). If the present trend was to be extrapolated, in a span of one or two generations at the latest the difference in the per capita income levels in relation to the national average could reach a ratio of 1:2 in Eastern Poland. In a nutshell, this can be explained by high

employment in agriculture, relatively low R&D expenditure (as compared to the national average, and extremely low as compared to the EU average), and – last but not least – low labour productivity due to an obsolete economic structure. On top of that, there is an observable outflow of well-educated youth from the region and in effect a generally lower percentage of the population with tertiary education, which can be viewed as proof of the poor capacity of weakly urbanised Eastern Poland to create jobs for its own university graduates (MRR 2010: 101). Some caution is advised while analysing the labour market, as the situation in Eastern Poland is relatively favourable only superficially. It is because, paradoxically, the prevalently dispersed farm ownership (with farms ranging from an average 3.2 ha in Podkarpackie to 12.4 ha in Podlaskie) and the attendant high share of people employed in agriculture, gives an incomplete picture of the actual unemployment; under the Polish law, all members of a farmer's household, just like the farmer himself, are automatically accorded the employed status. Therefore, the actual unemployment rate is significantly higher since in a considerable part, albeit difficult to capture, it has the form of hidden, agrarian unemployment. Extremely low productivity of mostly subsistence-oriented, scattered and obsolete agriculture (the only major exceptions being the area of Łomża and fertile soils in the south-east of Lubelskie) and a small share of market services and hi-tech industries are not sufficient to compensate for the negative impact of agriculture on the economic foundations of existence. Similarly – it could be added – to extensive social transfers (Kozak 2013), which can alleviate to some extent the threat of poverty but which – paradoxically again – cripple the propensity of the authorities to undertake the necessary (and costly) restructuring and modernisation of the economies of Eastern Poland's regions. The issue of the role the elites (the authorities) play in the development of Eastern Poland has recently been discussed in the literature of the subject (Miszczuk 2010), although, in my opinion, it is not sufficiently recognised.

It should also be noted that Eastern Poland's regions are beneficiaries not only of EU funds, tax exemptions, preferential social insurance schemes for farmers (KRUS), but also of an inflated system of budget redistribution. Table 2 presents the statistics about the regional incomes to illustrate this issue (Table 2). It goes without saying that districts (*powiaty*) and municipalities (*gminy*) have far bigger funds at their disposals than the regions themselves.

Tab. 2. Income of selected regions (NUTS 2) in 2011 (in million PLN)

	Total income	Own income	Earmarked state budget subsidies	General state budget subsidy	Incl. the compensatory portion of general subsidy
Poland	14104.0	5703.1	1820.2	2941.8	1273.6
Lubelskie	752.5	158.0	116.4	318.2	160.9
Mazowieckie	2452.9	1700.9	174.6	247.6	-
Podkarpackie	887.0	173.3	158.2	332.1	160.5
Podlaskie	442.3	96.7	55.2	165.5	97.1
Świętokrzyskie	520.8	137.6	117.5	149.8	72.6
Warmińsko-Mazurskie	520.4	117.6	70.8	212.7	117.9

Source: *Rocznikstatystycznywojewództw 2011*, Warsaw: GUS, p. 590.

Although territorial redistribution has reached an unprecedented scale in Poland, no other Polish region receives such a sizeable amount of the general subsidy nor has such a substantial share in the subsidy's compensatory part as do Eastern Poland's regions. One could pose the question whether being so dependent on external funding helps foster development, or rather improve – though not very effectively – the quality of life.

In one of my earlier works dealing with the development dilemmas of Eastern Poland, I identified the following 'Gordian knots':

- Mostly dispersed, unproductive and underdeveloped agriculture, employing (in Lubelskie) nearly 30% of the workforce;
- The region's incapacity to create a sufficient number of quality jobs;
- Insufficient accessibility of Eastern Poland and its subregional centres providing higher-order public services⁶; and
- Claiming attitudes prevalent among the regional community (Kozak 2011).

From a broader temporal perspective, when analysing the development problems of Eastern Poland, it is hard to escape the conclusion that these factors are basically a consequence of a broader phenomenon. Invoking yet again the contemporary development concepts (and factors), and taking into account the *longue durée* processes, which we definitely encounter in Eastern Poland, I would seek the main development problem in a wide cultural sphere, including widespread acceptance for the dependence on social transfers and placing an unfounded confidence in the expansion of physical infrastructure as the main development driver, a view associated with the traditionally conservative fear of economic restructuring and its consequences. Such a stance often leads to reproducing such regional elites that best embody this line of thinking and therefore meet the expectations of the society at large. The peripheral areas should be strengthened not by their continued decentralisation (in line with the belief that 'we know best ourse-

⁶ This should be regarded as a consequence of an obsolete economic structure (excessive dependence on dispersed agriculture), and therefore delayed urbanisation processes, which is bound to affect the picture of the availability of social services and investment needs in that regard.

ives what we need'), but – as Tomasz Zarycki put it (2011) – but by reinforcing, both financially and intellectually, the regional elites that could formulate selected strategic goals and effectively raise widely understood external support. There are two pre-conditions of success: the quality of the elites (understood as their ability to look at development drivers in a modern way) and the capacity of the elites to make an effective use of both endo- and exogenous resources. The latter also involves using the resources in a way that goes beyond expanding the hard infrastructure, since it alone can help remove some of the bottlenecks stifling development, but will not increase innovation nor competition. It would be expedient to answer the question whether the best-developed European countries are modern and wealthy because they have modern infrastructure, or maybe they also have modern infrastructure because they are modern and wealthy? The latter answer is contemporarily the only right answer. Physical infrastructure is a necessary but insufficient condition to foster development.

Adequacy of the direction of the intervention to development requirements

The regions of Lubelskie, Podkarpackie and Podlaskie have a number of features in common which negatively distinguish them when compared to Poland or the European Union, and which effectively make them stagnating regions, i.e. one that are developing in nominal terms (GDP), but which are increasingly widening the gap between the national average. Metropolisation processes play a minor part in their development; the level of education and qualifications of their human resources is lower; the economy is unproductive owing to its obsolete structure; the social and human capital lags behind the national average, and political views are among the most conservative ones. In addition, these regions as a rule lack a highly developed strategic infrastructure, and their location on the border with mostly less-developed countries does not encourage imports of development drivers. Also, it is a fallacy (one historically known in relation to Poland as a whole) to think that Eastern Poland can, or will, be an intermediary between the East and the West. This is as sensible an approach as the belief that Greenland's location half way between Europe and America makes it an ideal intermediary.

None of the cities situated in Eastern Poland (maybe with the exception of Lublin) has the human or institutional potential of a quality that is required to turn them into genuine growth centres, capable of initiating and stimulating their surrounding regions.

Based on the experience gained so far, it can be concluded that, save for few exceptions in the form of old industrial centres, these regions lack endogenous factors that could provide a solid development base. Eastern Poland does not have any resources or potentials that would be significant in the national or Europe-

an context. On the other hand, relying on external (exogenous) market resources is often questionable since the vast majority of the areas concerned do not have the location assets which could attract inward capital (both financial and human). EU funds do not influence development in any significant way (as the level of innovation is too low to effectively utilise the funds earmarked for promoting innovation⁷), although they can considerably improve the living standards. In a common sense approach, a development model should be adopted that aptly combines endogenous with exogenous factors, one in which active restructuring processes would be pursued with a view to boosting attractiveness (in investment, labour market and social terms) while drawing freely on the best practices abroad, and not one that shuns any thought of changing the *status quo*.

The economy of Eastern Poland is generally characterised by an obsolete economic structure, with all the consequences of this fact. Agriculture can be viewed as the main culprit, not only because of its significance for the labour market but also due to its attracting huge and demoralising social transfers made under the Common Agricultural Policy and several national policies (fiscal, social insurance, infrastructure).

In this case – leaving aside the effect that external transfers have on the standards of living – we can speak of a significant lost opportunities effect: these transfers, instead of modernising the economy of Eastern Poland, by financing the improved quality of life in fact tend to slow down modernisation processes as a consequence of their limited pro-development activity. This is a demoralising factor, in addition to a treacherous sense of a safe living and, worse still, the widespread conviction that if something goes wrong, it must be through the fault of the central authorities⁸. A factor that additionally makes such a state of affairs possible is the so far accommodating approach of the regional elites, which apparently see the key to the future in maximising such transfers (or ‘arranging’ support), and consider any restructuring as a threat, as this would inevitably be reflected in the social and economic structure (not to mention the political one). This is echoed in the strategic development documents (e.g. 2007-2013), which are more focused on satisfying the needs of the largest possible group of regional stakeholders than on the modernisation and restructuring interventions, which are critical and consistent with the new development paradigm. One consequence of this is the low quality of the strategic documents, and thereby of concepts

⁷ Unfortunately, here as in the whole of Poland, promotion of innovation was widely interpreted as ... infrastructure investments in buildings and lab equipment. It is an open secret that there is a shortage of qualified staff (quantitative and qualitative) to allow a full use of the existing research potential.

⁸ This is justified to some extent: the system of mass, often hidden transfers to a handful of social and vocational groups (some of which are huge, e.g. farmers) originated as a consensus of vocational interests and politicians from all levels, especially in the Parliament. After 23 years of pursuing a policy that has in no significant way helped modernise or restructure the farming sector, there can be no justification for continuing it any further.

relating to development (Kudłacz 2007, Kozak 2011). In this context, the Eastern Poland Development Strategy and the Eastern Poland Development Programme are two notable exceptions (2007-2013)⁹.

Undoubtedly, one side effect of both the actual nature of the economy of Eastern Poland, and the approach to its development (both nationally and regionally) is not only a low level of innovation but also (with few exceptions) lack of belief in the adequacy of the development of innovation to the region's needs, accompanied by the widespread conviction – the traditional understanding of which is being questioned by scientists abroad – that the main if not the only obstacle to development is the underdeveloped physical infrastructure. On the one hand, such a conviction is deeply rooted in the bygone (industrial) era and does not run contrary to societal memory, and on the other it is politically neutral and poses no threat to the regional interest groups, especially if we bear in mind that decisions on the majority of strategically important investments are made by the central, not regional, authorities. Therefore, every new strategic investment is regarded as a net gain for Eastern Poland, and one that comes at practically no cost. However, this is only an illusion, which ignores the share of the region's own contribution and, in many cases, maintenance costs.

Eastern Poland, and particularly its border regions, are currently undergoing a relatively slow process of depopulation with concurrent, slow urbanisation processes, involving concentration of the population in cities and their functional surroundings (cf. OECD 2011). This is one of major processes affecting the social and demographic structure in territorial terms. In the long term, ageing is as serious a threat for Eastern Poland as it is for Poland as a whole. It could even be more serious because the outdated economy is not capable of creating quality jobs that could help retain highly qualified professionals and graduates from the region's tertiary institutions in Eastern Poland. The outflow of young people from Eastern Poland is not an issue of quantity but one of quality. It is not caused by the 'draining' of the indigenous resources by the external surroundings, but by the weaknesses of the regions and lack of employment prospects, not to mention a modern and convincing strategic development policy¹⁰. Another factor that fosters migration is the generally low and recently decreasing quality of instruction at the tertiary level (excluding a number of specialisations). Similar factors restrain the influx of external resources: if there are no modern, well-paid jobs, there can be no well-developed and demanding market for goods and services. If so, why should one invest in such a region?

⁹ Although their main weakness is that, contrary to good planning practices, the strategy was finalised two years after the operational programme had been approved, i.e. it could not have informed it in terms of the general concept.

¹⁰ In the Regional Innovation Strategy for one of Eastern Poland's regions, one of the three defined priorities was ...agriculture. No comment. (Gorzelać et al. 2006).

This brings us to the issue of the institutional system in Eastern Poland. As in most unitary states, this system in its general characteristics results from the political and national arrangements – (although the last UNDP report reveals some considerable interregional differences, e.g. in education or health) (UNDP 2012).

Therefore, the quality of the institutions' operations may be analysed rather than their quantitative features. There has been no comprehensive research into this issue but, based on the information available, we may assume that there is a qualitative problem in many cases. It refers e.g. to the above-mentioned instruction in higher education institutions, very limited participation in the scientific life of Poland and Europe, which involves very few researchers, not even faculties or academic centres (Olechnicka 2012), reservations concerning the quality of services provided by many business environment institutions (Kupiec, Wojtowicz 2012). Analyses of the quality of the institutional system, administration in particular, are mainly based on the data from international rankings which, by their very nature, do not look into any regional disparities in the analysed states. Since Poland is ranked low in these rankings (also in comparison to the EU), we may rather safely assume that, also in Eastern Poland, the quality of the institutions is comparatively low (cf. MRR 2011:181 ff.; DSRK 2012).

The predominant social conservatism is an additional significant factor from the point of view of development needs; undoubtedly, it is slowing down the transformation of Eastern Poland by the traditional petrification of attitudes and behaviours. It is also demonstrated by certain phenomena in the political sphere. The results of parliamentary elections confirm that the voters in Eastern Poland, especially south-eastern Poland, are among the most conservative ones.

It is difficult to argue that such multifaceted directions of interventions were conducive to the restructuring and modernisation of Eastern Poland. Quite the opposite, they slowed down the natural restructuring processes, but met the expectations and perceptions of the majority of the region's inhabitants. A general question could be posed here: where were the Polish elites when the policy for the rural areas and agriculture was being formulated? When choices of objectives and tools were actually possible?

Between the old and new paradigm

The development dilemmas of Eastern Poland can be analysed in two strategic dimensions:

- the adopted time horizon (long- or short-term development plans), and
- relation to the contemporary development paradigm (preference for the industrial era paradigm or for the contemporary paradigm underpinning the Lisbon strategy or Europe 2020 strategy).

Fig. 1. Development models

LONG	A decelerated structural transformation	D laying the foundations of the region's modern development
SHORT	B maximising short-term gains (quality of life)	C a consensus of paradigms
planning horizon type of paradigm	OLD (industrial)	NEW (knowledge-based economy)

Source: prepared by the author

The juxtaposition of these two dimensions helps identify (e.g. on the basis of strategic documents) the most desirable, pro-growth approach D and the least desirable approach slowing down restructuring and modernisation (A). In between them, the indirect (development, B) and consensual (C) approaches will be found.

One supporting factor could be the role and quality of the broad picture, or vision, in selecting strategic goals. If such goals are formulated on the basis of a traditional SWOT analysis, then in all probability the strategy drawn up in such a way will strive to amend the old structure instead of being focused on the desirable state of affairs in the future, and will look back rather than forward. Since the work on the updating of the development strategies for individual regions is currently well under way but has not been completed yet, it cannot be discussed in this paper. One thing may be said here, though – that the work on the new strategies is, pragmatically, (maybe too pragmatically) very strongly linked to the EU financing planned for the period 2014-2020. It should also be added that as a rule the operational programmes were prepared by separate teams (which is not much of a problem) and were finalised before the work on the strategies was completed (which can be a problem). However, it is not possible as yet to draw any final conclusions.

If we look back at the strategic documents for the years 2007-2013, we can see that they mostly combined approaches representing a mixture of models A and B. They did incorporate some elements of the new paradigm (model C), but mainly in the sphere of declarations only: even in the sphere of R&D, culture or the academic potential, in the operational dimension, which is the ultimate test of any implemented strategy, it usually meant nothing more than investments in infrastructure¹¹. And it is not the building but the people that make a university or a concert hall. Even in the sphere of innovations in the economy, projects that were little more than

¹¹ Worse still, higher education institutions often invested profusely in infrastructure, ignoring the decade-old forecasts anticipating a rapid decrease in student numbers. The question as to whether the recent infrastructure investments will accelerate (and if so, to what extent) the downfall of many such institutions will probably be answered by future research.

modernisations were termed and implemented as ‘innovations’, a practice that was followed across Poland. The latter phenomenon (known as goal substitution) can also be encountered in other intervention areas, mostly revitalisation (repeatedly replaced by repairs) or tourism where, instead of developing new tourist products and related jobs, the funds were spent on the renovation of town halls, churches and other historic buildings but having no significance for the development of the tourism sector. Clearly, this phenomenon has not been restricted to Eastern Poland or Poland at large, but has characterised regions covered by the ‘convergence’ objective, i.e. those less-developed ones. It is the only way to explain the definitely more stringent requirements posed for the beneficiaries of EU co-funded policies in the 2014-2020 period. One flagship example here is e.g. concentration on 11 themes as well as micro- and macro-economic conditionality. Naturally, individual arrangements will still remain objects of negotiations at many levels. If, however, development policies (or at least operational programmes) could be safeguarded against goal substitution in practical terms, then the implementation conditions of future programmes and projects could become surprisingly difficult for regions with institutional deficiencies (such as e.g. Eastern Poland).

Taking into account the features of Eastern Poland and the anticipated changes in the institutional environment (i.e. regarding the operation of European policies in crisis conditions), altering the attitudes of Eastern Poland’s regional elites and diffusion of change in the society should be regarded as the main dilemma for the coming years. Reforming the EU policies is an important factor that can facilitate such an effort. If it turned out, however, that an attempt to adapt the European policies (mostly Cohesion policy) to the perceived needs of Eastern Poland’s region prevails, this could further petrify the views and attitudes to development that even today should be regarded as a serious internal limitation. In this way, the hypothesis that the position of Eastern Poland is invariably a result of *longue durée* processes, of marginalisation that began as early as the end of the era of the Reformation and the beginning of the Counter-Reformation, would be corroborated.

Development strategies and the economic crisis

The factors and features demonstrating how an overall continuance (rather than development) strategy was pursued in Eastern Poland have been broadly discussed above. These have relied on making effective demands from the central authorities (and, post 2004, also from the European Union) and a broad use of the EU funds and social transfers aimed to maintain the quality of life while limiting the scale of restructuring processes. Such a policy, which apparently seems to be strongly backed by the main political forces and the residents of Eastern Poland, is obviously not very effective: despite receiving substantial amounts of support, farmers are not wealthy people, and in consequence of a lasting, relative reversal

of Eastern Poland in terms of development (with shrinking GDP as compared to Poland's average), the level of affluence of the region's residents (particularly in rural areas associated with traditional farming) will certainly decrease. This is clearly a path that leads nowhere.

An evaluation of this overall policy (or a bundle of policies) for Eastern Poland, the largest per capita beneficiary of the transfers for agriculture, rural areas and in general terms the population threatened with poverty and marginalisation, cannot ignore objective or external factors. Throughout the better part of the period when these policies were being defined and then pursued, save for a short period of a considerable downturn in the years 1997-2000, Poland went through a period of robust development, in the face of which the necessary cost of such policies seemed both justified and neutral for the state budget (let alone the EU). Now, however, we are witnessing a slow but steady process of economic slow-down and a growing threat of recession. One comparison comes to mind: that of the crisis before World War II, when Poland was one of the last countries to be hit by the economic crisis, paid its huge costs and was among the last countries to have overcome it. Let us look at the threat of recession only hypothetically. If the economy is faced by the crisis and the budget funds are depleted, how long will the societal and political acceptance for continued generous subsidising of the living standards of many citizens, including the residents of Eastern Poland last? How long will, unquestioned so far, social solidarity survive? What scale of the crisis is needed to launch budgetary reforms aimed to reduce the extent of income redistribution from better-developed and wealthier regions to those less-developed and poorer? How likely is it that Eastern Poland will not be affected by these reductions? And, most importantly, are the elites and communities of Eastern Poland mentally ready to stand on their own, 'regional' feet? It might also turn out that, as a result of such budget problems, it will be much more difficult to use EU funds to prevent and minimise consequences of the potential crisis.

Let us hope that despite the 23 years of building what is ultimately an ineffective social system, the restructuring and modernisation of Eastern Poland's regional economies will finally be effected, a move that will boost their competitiveness and affluence, thus allowing transfers to be reduced. And that such a change will be made as a result of deliberate reforms, and not necessitated by the crisis.

Conclusions

The low level of economic development, deficiencies of the institutional systems and the prevalent social and political conservatism are features characterising most of the territory of Eastern Poland. Together, they make up a set of characteristics which are the distinguishing marks of these regions and which obstruct modernisation processes. The considerable and long-lasting reliance

on social transfers only exacerbates those limitations. In this context, the main dilemmas are related to the capacity to undertake sweeping reforms, mostly social in character. That is why, the essential dilemma related to the formulation and implementation of the development policy for Eastern Poland is about the mentality and the capacity of the regional elites to set and achieve development goals that are oriented towards a more active change of the *status quo* and building the foundations of a modern economy rather than towards short-term goals, mostly aimed to improve the quality of life while leaving the present interests intact. In this way, the new development paradigm, characterising the knowledge-based economy and the building of information society, would be adopted. Without a radical change of thinking about development, there can be little hope that the negative trend of widening the development gap Eastern Poland and the rest of the country will be reversed.

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