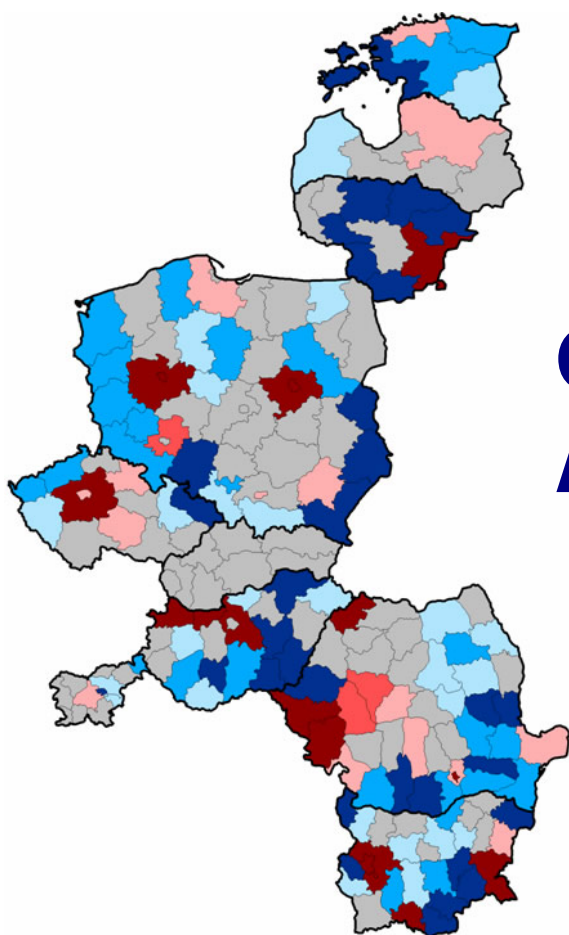


INTERNATIONAL CONFERENCE

Regional Development in Central and Eastern Europe

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20-22 September, 2007
Warsaw, Poland



CONFERENCE ABSTRACT VOLUME

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This volume has been compiled by Adam Płoszaj

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The rationale

Since 2007 there are ten Central and Eastern European (CEE) countries in the European Union. They constitute over 27% of the EU territory (1.07 mio km²), 21% of its population (102.8 mio) and only 5.1% (786 mio US dollars) of EU25 GDP. At the same time, they will consume over half (156.5 billion euro) of the EU Cohesion Policy budget for the period 2007-2013.

These figures clearly demonstrate the importance of the new member states within the European framework. Retarded in development for centuries, these countries have received a chance to become integrated, once again, into the European family. It is almost certain that they will use this opportunity to accelerate their growth and to reform their socio-economic and territorial structures. However, the outcomes of the restructuring processes of CEE countries are not always congruent with the aims and principles of the EU's common policies, the Cohesion Policy being the most important one.

The conference aim is to discuss the main processes and dilemmas of regional development in the new member states, taking a broad perspective of EU policies and policy choices for the future. The conference should become an intellectually inspiring occasion for confronting the objective reality of the CEE countries – as demonstrated by research conducted in particular countries, and the policy choices as seen by the policy-makers at both national and EU levels.

Commissioner Danuta Hübner and high representatives of CEE governments will take part in the Conference.



Scope of the conference

It is proposed that the following five, major themes will constitute the scope of presentations and discussions:

1. CEE: a traditional periphery or a new growth pole?
2. Growing regional disparities: an objective necessity or a failure of Cohesion policy?
3. Metropolises of CEE: new competitors or secondary nodes of the global metropolitan network?
4. CEE and the EU Cohesion policy reforms: a source of change or a defender of the status quo?
5. External Borders of the EU: a limitation or an opportunity for development?

SESSION

I



Central and Eastern Europe: a traditional periphery or a new European growth pole?

Key speakers: Phil Cooke, Jerzy Kwieciński, Witold Orłowski.

Gatekeeper: G.Gorzalak (gorzelak@post.pl)

The Central and Eastern European countries (with the exception of Bohemia) have, for centuries, been the periphery of Europe. Located on the eastern side of the “agrarian divide” of the 17th and 18th centuries, CEE was not able to modernise its obsolete socio-economic structures along with the progress of industrialisation. The 20th century brought another drawback – the socialist system, which did not allow this part of Europe to embark on the path of technological change and development of an innovation-driven economy - the process that has dominated the development of the “rich world” since the 1970s.

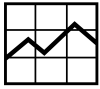
The post-socialist transformation, recently strengthened by accession to the EU, has demonstrated the vital development potential of most of the post-socialist countries of Central and Eastern Europe. Most of them – sooner or later – were able to secure stable, fast economic growth and have conducted serious institutional reforms. They earned the confidence not only of major political institutions, but also of economic agents, which located USD *** billion as FDI in Central and Eastern Europe..

Will this process of accelerated growth proceed in an uncompromised way? Are the new member states already transformed deeply enough to profit from open international competition? What are the most promising strategies to secure their competitiveness in the long run? Can they sustain the competitive pressure of the “cheap” countries, and are they prepared to challenge the mature economies in innovation creation and technological progress?

The first session will set the general framework for the discussion of specific issues more directly related to the regional and territorial dimensions of CEE development.

SESSION

II



Growing regional disparities: an objective necessity or a failure of Cohesion Policy?

Key speakers: Grzegorz Gorzelak & Maciej Smetkowski, Wendelin Strubelt, Andres Rodriguez-Pose, Piotr Żuber.

Gatekeeper: M.Kozak (m.w.kozak@uw.edu.pl)

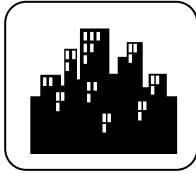
It has already been statistically proven that, although we can observe diminishing disparities between countries, at the regional level most of the member states witness growing territorial differentiation. This latter process has been attributed to several factors: the differences in “innovative milieux”, or - in more general terms – the fact that only few places are attractive for creative individuals and institutions; differentiated accessibility and reliability of infrastructure; differences in financial and institutional support offered by the public sector to investors – to mention just the few of them. Such regional differentiations reflect the fact that the “high” segment of the global economy enjoys competitive advantage due to its ability to produce innovations, while the low segment – seeking comparative advantage – competes with the cost of production, which pushes it into the trap of poorly paid (i.e. cheap) labour.

The Central and East European countries are a perfect example of these processes. Regional polarisation has been a fact of life for all of their growth period. Their biggest cities “escape” from the rest of the regions, and break ties with their hinterlands. The peripheral regions (mostly the eastern border ones) remain relatively underdeveloped in both quantitative and qualitative dimensions, and they even lose their most precious resources – the creative and educated people – to the European metropolitan cores and technopoles.

Can regional policy counteract these processes? If not – can it alleviate the growth of regional disparities? Or maybe it should reverse its traditional doctrine and support the “locomotives” of growth? In this last case – what actions should be undertaken to weaken the “backwash” effect and strengthen the “spread” effect?

The conference should demonstrate the situation in particular countries and discuss the policy options and policy choices from both national and EU perspectives.

SESSION



Metropolises of CEE: new competitors or secondary nodes of the global metropolitan network?

Key speakers: István Kovács, Jan Maarten de Vet, Luděk Sýkora, Péter Szaló, Peter Taylor.

Gatekeeper: M. Smętkowski (mismetkowski@uw.edu.pl)

It has already been statistically proven that, although we can observe diminishing disparities between countries, at the regional level most of the member states witness growing territorial differentiation. This latter process has been attributed to several factors: the differences in “innovative milieux”, or - in more general terms – the fact that only few places are attractive for creative individuals and institutions; differentiated accessibility and reliability of infrastructure; differences in financial and institutional support offered by the public sector to investors – to mention just the few of them. Such regional differentiations reflect the fact that the “high” segment of the global economy enjoys competitive advantage due to its ability to produce innovations, while the low segment – seeking comparative advantage – competes with the cost of production, which pushes it into the trap of poorly paid (i.e. cheap) labour.

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**SESSION
IV**



CEE and the EU Cohesion policy reforms: a source of change or a defender of the status quo?

Key speakers: John Bachtler, Ronald Hall, Jan Olbrycht.

Gatekeeper: J.Bachtler (john.bachtler@strath.ac.uk)

The Cohesion policy of the European Union has been, and will be, undergoing deep changes. The new member states – the greatest beneficiaries of this policy – will be very sensitive to these changes. Their final standpoint will strongly depend on their experiences in implementing Structural Funds and the Cohesion Fund. Three years of membership will provide a comparative perspective for assessment of the experiences of the CEE countries with the instruments and funds of Cohesion policy at both national and regional levels of these countries.

The conference will allow discussion of these experiences and for formulating first assumptions on the direction of Cohesion Policy reforms as seen by the national and regional agencies of these member states.

SESSION

V

STOP

External Borders of the EU: a limitation or an opportunity for development

Key speakers: Vladimir Kolossov, George Petrakos, James Scott.

Gatekeeper: J.Scott (scottj@irs-net.de)

It has already been statistically proven that, although we can observe diminishing disparities between countries, at the regional level most of the member states witness growing territorial differentiation. This latter process has been attributed to several factors: the differences in “innovative milieux”, or - in more general terms – the fact that only few places are attractive for creative individuals and institutions; differentiated accessibility and reliability of infrastructure; differences in financial and institutional support offered by the public sector to investors – to mention just the few of them. Such regional differentiations reflect the fact that the “high” segment of the global economy enjoys competitive advantage due to its ability to produce innovations, while the low segment – seeking comparative advantage – competes with the cost of production, which pushes it into the trap of poorly paid (i.e. cheap) labour.

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SESSION I: Central and Eastern Europe: a traditional periphery or a new European growth pole?

IS THERE AN EAST-CENTRAL EUROPEAN VARIETY OF DEMOCRATIC CAPITALISM? MAPPING STABILITY AND CHANGE, Grażyna Bukowska, Faculty of Economic Sciences, Warsaw University, Poland

The ‘varieties of capitalism’ (VOC) school has come to dominate comparative political economy, but there is little consensus within the literature on their core traits, proper labels, or which countries fit into which categories of capitalism. This article corrects this shortcoming by constructing an empirical index of the varieties of capitalism that can be used to empirically map European economies.

The empirical assessment of the post-communist country’s development is a helpful tool in the explanation of welfare state development, especially considering the relation between institutional path-dependency theories on the one hand and theories of policy diffusion on the other hand. From a path-dependency perspective, we might expect the communist legacies to be strong enough to impose a distinct path of development on at least some of the post- communist countries. On the contrary, from a policy diffusion perspective we would expect the transfer of ideas, knowledge and other resources to guide these countries developments in the direction of one of the well-known welfare regimes. This development is likely to be reinforced by the work of international donor organizations like the IMF and the Worldbank and, even more prominent, the (prospective) membership of the European Union of some of the countries of the Central and Eastern European region.

My article starts with a short and general introduction of Esping-Andersen’s typology of welfare regimes, its critics and its proposed modifications. Next, other attempts to classify the post- communist welfare states of Central and Eastern Europe are discussed. I will show that the post-communist welfare states differ significantly from the types that are distinguished by Esping- Andersen. By outlining the distinct features of the post-communist type and assessing the recent developments on its key characteristics, it is possible to conclude if this post- communist type is a stable or a temporal type. The final section of this article reflects on the lessons that can be drawn from this approach for the explanation of welfare state development.

NEW PERSPECTIVES FOR THE SOUTHERN PODLASIE REGION UNDER CONDITION OF EC INTEGRATION - CHANCES AND POSSIBILITIES, Zofia Chyra-Rolicz, University of Podlasie, Poland

The southern Podlasie has been an agricultural region, undeveloped of secondary importance– so called Poland “B” or even “C” for several decades. This land had lay in the triangle between Warsaw and Brest and Vilnius, on the one of the most important roads in this part of Europe jointing Paris – Berlin – Warsaw – Moscow and far Asia. Geopolitical factors can created or hamper the regional development changes and they played an

important role in case of this region. The traditional agriculture, many small farms collapsed during the time of transformation and the bigger and specialized ones has better perspective for developing, looking for eastern partners off abroad. Bigger urban centers have reached the highest dynamic of growth and they have kept quality of the human capital. We can observed advanced the process of ageing of population and the decreasing share of youth at the secondary schools, a growing share of population of the post – productive age, and a high coefficient of feminization. A depopulation has taken place at the local service centers of sub – regions of traditional agricultural population economically weak. Under condition of the market economy they have not created the new urban functions and they have not found their places within the European integration and world globalization. At the time of systemic transformation in the Central and Eastern European countries, competition has been assisted by development of private firms, which can then become champions of integration, consolidation of local and regional socio – economic milieu, provided that the latter see to the creation of favorable for such integration. The southern Podlasie survived the collapsing of many entrepreneurs socialist planned economy and reorganization into private units with foreigners capitals. The better future can be seen in catching modern technologies and processing ecological food.

THE EXAMINATION OF THE LEGAL AND LEGAL SYSTEMIC FACTORS OF THE COMPETITIVENESS OF THE COUNTRIES OF CENTRAL AND EASTERN EUROPE, Gyöngyi Csuka, Networked Research Group On Regional Innovation And Development Studies, Hungary

The Lissabon Strategy calls attention to the necessity of the uniform European competitiveness strategy. The legal and legal systemic factors of competitiveness have to be examined in the framework of the programme. The goal is that the legal system should be more efficient, cheaper, more transparent, simpler, easy to be understood and to be practised, calculable and perspicuous. Thus should competitiveness increase, hidden comparative advantages should appear, the investor confidence should rise, the legal system should advance the direct capital flow, it also should help companies to stand onto growth path rapidly. The contrasts between laws make the orientation between them, the daily work difficult for those who practise them, and they cause heavy legal expenses, which also affects competitiveness. The expenses of legal regulation are high in Europe (transactional cost elements), the amicable agreements, and bargains come more and more to the front.

My goal in my study is to analyse and compare the competitiveness of the countries of Central and Eastern Europe in the aspect of the legal system. I would like to examine under which legal conditions can a company be launched in the single countries (number and time demand of administrations, minimum capital requirement and expense demand); how high the flexibility of the labour market is (difficulty of manpower enrolment, inflexibility of man-hours, difficulty of manpower dismissal); what the administration in connection with the acquisition of land is like (number, time demand and expense demand of administrations in connection with conveyance); what borrowing facilities are like (expense of the acquisition of mortgage cover, the cover of legal index, credit informational index and of the register of debtors); and what the investor protection is like (index of the transparent joint-stock company working); to what extent the contracts can be forced out (number, time demand and expense demand of administrations, the extractable sum per one-dollar investment). Can we detect on the basis of these indicators that single member countries are more competitive than others?

On the other hand, companies can be categorized into three groups: companies that work in highly regulated industry, companies that work in moderately regulated industry and companies that work in lowly regulated industry. The highly regulated industry consists of network industries (electronic newscast, telecommunication, energetics, pharmaceuticals, etc.), there is no entry limit into the moderately regulated industry, competition does not depend on economic achievements (automotive industry, food industry, etc.), and there is no regulation except for the standard regulation in the case of lowly regulated industries (shoe industry, clothing industry, etc.).

The European Union has uniform regulation on these fields, which are though multilevel, and this does not necessarily mean that they are adequate for every member country. How can the equilibrium be found? With what kind of legal instruments can a country land its own companies in advantages? Or is there already no way to do this?

**NEW DRIVE OF THE POST-COMMUNIST PERIPHERY: POLISH
AUTOMOTIVE INDUSTRY IN THE EUROPEAN DIVISION OF LABOUR,**
Bolesław Domański, Robert Guzik and Krzysztof Gwosdz, Institute of Geography and
Spatial Management, Jagiellonian University, Poland

After the fall of communism, Central and Eastern Europe emerged as a new periphery of the capitalist economy. It was characterized by low incomes, backward technology and weak linkages with the West European core; consequently, it was often perceived as a place for simple low-cost and/or local market-oriented production. In recent years, the immense changes that have taken place have resulted in the strong integration of Central European manufacturing within European production networks. The fast rate of growth in output has been accompanied by thriving exports. Underpinned by substantial foreign investment, Central European economies have achieved an increasing trading surplus in manufactured goods with the United Kingdom and Germany. None of the industries reflects these trends better than the automotive sector. The industry is relatively intensive in both technology and human-capital, thus representing a traditional manufacturing stronghold of the advanced countries.

The paper discusses the changing role of Poland in the European division of labour in automotive industry: the nature of contemporary processes, their reasons and effects. They are approached from a perspective of global value chains and the embeddedness of large corporations in the networks of local relationships with various actors. The development of automotive production corresponds to the strategy of complementary specialization, where a fundamental reorganization of tasks and functions within the value chain is underway. The responsibilities of companies and subsidiaries located in Poland in the international production networks increasingly include capital-intensive production, complex, high-skill processes, and enhanced design tasks. On the other hand, there are still formidable barriers for the emergence and growth of indigenous, innovative first- and second-tier suppliers. The processes of industrial upgrading, including the development of engineering and innovation functions, are considered in the context of contemporary trends in production organization and supply management strategies: modular production, lean manufacturing and the emergence of a relatively small number of 'system integrators' among the suppliers. The prospects for long-term success of regional and local automotive clusters in the former European periphery are analysed.

The discussion is supported by the results of a comprehensive study consisting of in-depth interviews at 75 large and medium-sized companies and a statistical analysis of about 800

entities, as well as the results of a panel discussion of 30 managers of leading automotive companies. The processes of change are interpreted in terms of the evolutionary competence theory of the firm and the perspective of the global value chains approach.

GEOGRAPHICAL RENT IN SOCIO-ECONOMIC DEVELOPMENT.

IS BORDERLAND READY FOR CHANGES? Katarzyna Kopczewska, Faculty of Economic Science, University of Warsaw, Poland

After the fall of the Iron Curtain in 1989, the economic development of post-socialist countries in Central and Eastern Europe was driven by, inter alia, the transformation of socio-economic awareness understood as the perception of priorities related to work and earning money as well as by spatial factors. This study aims to determine the geographical rent which distinguishes the development of the border regions from that of other regions. This can be defined as a premium resulting from the location within a specific geopolitical system, which takes into account interactions among neighbours, both positive and negative. National borders play a huge role here. The opening of borders should allow border regions to come closer together, turning the border into an area of contact.

Based on EVS and EUROSTAT data, I have developed spatial models for income convergence and social awareness of economy-related issues, which are measured by the Activity Index. This index is a synthetic measure which operationalises the concept of socio-economic awareness understood as a product of entrepreneurship, i.e. the inclination to assume risk, mobility, creativity, competitiveness, attitude to earning money, work and leisure time. Spatial lag and spatial error convergence models have been estimated, using spatial regimes division or taking border location as a dummy variable into account. In both models, a row-standardised to one first-order contiguity matrix W was used. All the results were mapped.

Contrary to expectations, the borderland on both sides of the border retained its peripheral nature, which can be explained by the impact of centripetal forces as well as cultural, mental and language barriers. With regard to social development between 1990 and 2000, the geographical rent of border regions was negative and amounted to 1.5–2% per annum. In Poland, the Czech Republic, Slovakia and Hungary the core-periphery model was in operation, as evidenced by the regional divergence of GDP at the level of 1.5–1.8% per annum. This confirms the fact that almost fifty years of strong administrative barriers and the historical context have entrenched differences which are difficult to remove now. In the countries examined, instead of the social integration expected after the collapse of the old regime, centripetal forces still dominate, keeping the borderland peripherised. Despite the removal of administrative barriers, extremely persistent cultural obstacles remain, e.g. language ones, which prevent the integration of the border regions of Poland, the Czech Republic, Slovakia, Hungary, Austria and Germany.

CHANCE FOR CENTRAL EASTERN EUROPE: NEW POLE OF RESEARCH AND DEVELOPMENT, György Kukely, Centre for Regional Studies, Hungarian Academy of Sciences, Hungary

Multinational enterprises provide increasing competition among nations and regions especially by their high value added activities. Foreign direct investments are accelerating the economic growth in Central Eastern Europe. The internationalization of different activities have increased. First, the production, then more sophisticated activities became

more internationalized. After millennium the motivation of the R&D location has changed. Since then several R&D centers have been established by the multinational enterprises in Central Eastern Europe. The multinational enterprises are playing growing role in the national innovation systems by deepening the cooperation with the local universities and research institutes. The foreign R&D activities sometimes are like “isolated island” in the economy, but the number of embedded laboratories is also increasing. Some multinational enterprises are creating internationally integrated laboratories. Their results are used globally in the mother-company. Sometimes the multinational enterprises are blamed to do “brain-drain”. However, the further embeddedness of the R&D activities should be strengthened by economic policies. The Central Eastern European region has a chance to become a new growing pole in Europe owing to the mass investments in R&D by multinational enterprises.

THE CHANGING SPATIAL STRUCTURE OF INDUSTRY IN CENTRAL EUROPE, Gabor Lux, Centre for Regional Studies, Transdanubian Research Institute, Hungarian Academy of Sciences, Hungary

From massive investments in the 1950s and 60s through depression after transformation to a reappraised role in contemporary economies, industry in the Central European post-socialist states has been a patchwork of old continuities and radically new phenomena. Formerly significant urban industrial centres have experienced rapid de-industrialisation, while previously underdeveloped regions changed positions with those previously favoured by socialist development policy. Although the dominant trend of the last decades has been a decrease in the economic share of industrial activities, their persisting role in growth cannot be discounted. A threefold pattern is visible in Central and Eastern European economies: central regions whose growth is increasingly tied to tertiary activities; intermediate regions where industry remains a strong dynamising influence; and peripheral areas still coping with under-industrialisation or the loss and/or erosion of previously important capacities.

Based on national and regional employment and investment statistics, this paper examines long-term changes in the spatial structure of industry in three periods: the beginning of the 1970s, by which time post-war changes had given way to consolidation; the years of systematic change, a period of emerging instability; and finally 2004-2005, when a number of the examined states entered the European Union, and when the new patterns of transition had already become visible. Against this background, the paper’s emphasis is on structural changes on one hand, but also on how public industrial policy can continue to influence regional development in a period where its means have become strongly curtailed. In particular, Old Industrial Regions, and strategies aiming at their revival, are examined and different strategy types delineated.

THE INSTITUTIONAL BUSINESS ENVIRONMENT AND COMPETITIVENESS OF REGIONS. THE CASE OF CENTRAL AND EASTERN EUROPE, Krzysztof Stachowiak, Institute of Socio-Economic Geography and Spatial Management, Adam Mickiewicz University in Poznan, Poland

The paper explores the interrelationship between the institutional environment in the transforming economies of Central and Eastern Europe and the international competitiveness of the countries as reflected by the activity of multinational companies.

The question of whether the transformation of East-Central European states is advanced enough to make them ready for international competition is one of the basic issues in the debate on transformation. Growing international competition has multiplied the number of viable locations for business facilities. Multinational firms compare and evaluate different locations in different countries on the basis of their expected profitability. If a location loses its competitiveness, firms move their operations, together with their capital and technical and organisational know-how to locations where the conditions for business are more favourable.

The competitive advantage of a given location has traditionally been seen in terms of macroeconomic conditions. Economic factors such as the size and growth of the market, the availability of labour and its costs, the inflation level, the degree of foreign debt, and the balance of payments were considered to be the major indicators of location profitability for international investment and trade. Variations in the institutional structures across countries were either completely disregarded or treated only as unimportant secondary factors.

Recently, the literature on economic development has been enriched by studies focusing on the quality of domestic institutions as a key explanation of differences among countries in both growth rates and per capita income. In particular, efficient protection of civil and property rights, extended economic and political freedom, and a low level of corruption have been shown to be associated with a higher level of prosperity. Simultaneously, there has been a growing interest in the determinants of foreign direct investment (FDI) in developing countries, as FDI is considered one of the most stable components of capital flows to developing countries and can also be a vehicle for technological progress through the use and dissemination of improved production techniques. Not surprisingly, therefore, a number of authors have also studied the link between institutions and FDI. Because FDI accounts now for a very large proportion of capital formation in developing countries, the FDI-promoting effect of good institutions might be an important channel of their overall effect on growth and development.

This paper shows, on the example of Poland in the context of Central and Eastern Europe, what influence the institutional environment has on international competitiveness as reflected by the activity of multinational companies. Using a dataset detailing FDI flows from advanced economies to transition ones (i.e., CEE countries), the relationship between institutional development and FDI inflow was examined. In addition, the relationship between FDI inflow and various aspects of doing business in those countries was analysed in more detail. The focus is on different spatial scales (from regional to international). The research has shown, among others, that FDI is positively related to the quality of such institutions as: private ownership, banking sector reform, foreign exchange and trade liberalisation, and legal development. Conversely, domestic price liberalisation, non-banking financial sector development and competition policy do not enhance FDI. These results point to important complementarities, but also potential conflicts, between the reform policy and the interest of multinational firms.

PARTNERSHIP OF CLUSTERS: AN OPPORTUNITY FOR EUROPEAN PERIPHERIES. THE CASE OF THE LUBELSKIE REGION IN EASTERN POLAND, Barbara Szymoniuk, Lublin University of Technology, Poland

The objective of this paper is to demonstrate how the development of European peripheries can be strengthened by cooperative clusters, viewed as loose business organizations where

cooperation of partners results in a synergy effect. Such clusters as networks of related businesses situated in close geographic proximity enjoy support of local authorities, institutions and organizations. The existence of clusters in peripheral areas may give efficient solutions to many problems, such as unemployment or the need of restructuring regional economy. The clusters also create job opportunities for graduates of tertiary education and may stop the migration of skilled youths from the country to the city or abroad. Partnership of clusters may add up to their competitiveness thanks to the home demand: a given cluster consists of local customers who push companies from the other clusters to innovate in anticipation of domestic and even global demand.

The present paper presents an example of the Lubelskie Region, the most neglected region in Poland, It is argued here that cooperation between two local clusters provides a chance for an increase in the region's social activity and for its economic growth.

The first of two analyzed clusters was started by the pilot project of the Regional Innovation Strategy called the "Organic Food Valley". Its goal was to build up the cooperative network in the field of organic farming, food processing and marketing. It was to combine the supply and demand of the eco-market with the participation of different organizations and supportive institutions. Organic food is supposed to be a leading product of the region and will be promoted and sold on Polish as well as on international markets.

The other of the studied clusters is the Cluster of the Lubelskie Region Culture. It is a cooperative network of different cultural organizations, local government, universities and research institutions. One of the basic objectives of the cluster is designing a portal that will show all the institutions and other cultural units in spatial form and will enable the exchange of geo-information with the Digital Spatial Information System of the Lubelskie Region.

Both clusters expressed their will to work on a range of co-operative projects. The most important topic is the creation of a common offer, which can become a principal element in the construction of regional identity and can create tourist attractions (folk art, traditional craftsmanship, traditional cuisine and regional food made of organic components). The next topics for co-operative action are: sharing of know-how and preparation of applications for new projects co-financed by the UE. Within the clusters there is a strong belief that the European market will offer new opportunities for their development, which will contribute to the region's dynamic growth.

STRATEGIC CONCEPT OF ROMANIA'S SPATIAL DEVELOPMENT AND RE-INTEGRATION WITHIN EU SPATIAL STRUCTURES 2007-2030 ENSURING THE CONDITIONS FOR A BALANCED SUSTAINABLE DEVELOPMENT OF THE NATIONAL TERRITORY AS PART OF THE EU COMPETITIVE POTENTIAL, Mihaela Vrabete, Ministry Of Development, Public Works And Housing, Romania

In October 2005 The Romania's Government approved the guidelines of the Strategic concept of Romania's spatial development and re-integration within EU spatial structures 2007-2030 (SCRSD 2007-2030) based on following needs and assumptions:

- A strategic long time perspective and framework for:

- approaching the problems, disparities and use of national potential for Romania's development
- identifying and assuming the roles which Romania is able to play within EU and at international level
- Maximization of the European funds and other funding opportunities, as mid term instruments, by providing long term strategic development framework
- The need of integrate the territorial (environmental) dimension with the economic and social components of cohesion

Based on a large process of cooperation with Management Authorities, Regional Development Agencies, the associative structures of Local Governments, of urban and territorial planners, national and regional agencies, public and private partners, the process of SCRSD 2007-2030 structuring began in October 2005 and it is expected that by the end of 2007 Romania will have published the first draft of SCRSD 2007-2030.

The SCRSD 2007-2030 relies on and integrates in its approaching following references:

- EU principles and main documents regarding the spatial sustainable development
- Lisbon and Gotheborg Strategies' principles
- Romania's Governance Program and Post-Accession Strategy

The SCRSD 2007-2030 overall objective is:

- Romania's integration within the European Union through regional-continental identity assertion, spatial cohesion strengthening and sustainable development where
 - The Romania's regional-European identity aims Romania as being the articulation of North-South and East-West and intercontinental connector towards the South-East
 - The sustainable spatial development envisages the articulated and balanced in time and space, of the natural and built environment protection, economic development and social equity.

The specific derived strategic objectives are:

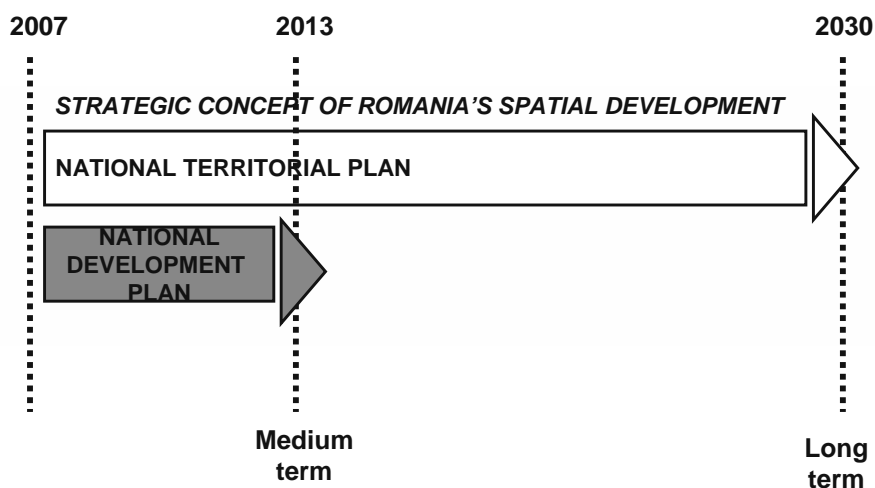
- Joining the european and intercontinental spatial network of development poles and corridors
- Structuring the urbanization reinforcement through balanced development of the localities network
- Adequate urban-rural solidarity assertion according to various territory categories
- Trans-Carpathian connections reinforcement as a support for balanced regional development
- Protection and capitalization of the natural and cultural patrimony

Currently, the SCRSD substantiates NPD, NSRF 2007-2013, Strategy for Sustainable Deveopment, National Reform Program (Lisbon Strategy) 2007-2010.

The future steps envisaged in development of SCRSD 2007-2030 are:

- to provide framework for maximising the NSRF and related OPs impact based on mapping the socio-economic dimensions of their impact
- to develop a national system of urban and spatial data base, and to strengthen vertical and horizontal partnerships among relevant actors in that respect
- to develop a system of technical reporting and providing development scenarios in support of decision making process in spatial development

Maximizing the impact of the structural instruments



NATIONAL DEVELOPMENT PLAN 2007-13

STRATEGIC OBJECTIVES

1. INCREASING ECONOMIC COMPETITIVENESS AND DEVELOPEMNT OF KNOWLEDGE BASED ECONOMY
2. DEVELOPMENT AND MODERNIZATION OF TRANSPORT INFRASTRUCTURE
3. PROTECTION AND IMPROVEMENT OF ENVIRONMENTAL QUALITY
4. HUMAN RESOURCES DEVELOPMENT, PROMOTING EMPLOYMENT AND SOCIAL INCLUSION, STRENGTHENING ADMINISTRATIVE CAPACITY
5. DEVELOPMENT OF RURAL ECONOMY AND INCREASING PRODUCTIVITY IN THE AGRICULTURAL SECTOR
6. DIMINISHING THE DEVELOPMENT DISPARITIES AMONG THE REGIONS
7. CROSSBORDER COOPERATION
8. DEZVOLTAREA CAPACITĂȚII INSTITUȚIONALE A ADMINISTRAȚIEI

STRATEGIC CONCEPT OF ROMANIA'S SPATIAL DEVELOPMENT 2007-30

STRATEGIC OBJECTIVES

- A. JOINING THE EUROPEAN AND INTERCONTINENTAL SPATIAL NETWORK OF DEVELOPMENT POLES AND CORRIDORS
- B. STRUCTURING THE URBANIZATION REINFORCEMENT THROUGH BALANCED DEVELOPMENT OF THE LOCALITIES NETWORK
- C. ADEQUATE URBAN-RURAL SOLIDARITY ASSERTION ACCORDING TO VARIOUS TERRITORY CATEGORIES
- D. TRANS-CARPATHIAN CONNECTIONS REINFORCEMENT AS A SUPPORT FOR BALANCED REGIONAL DEVELOPMENT
- E. PROTECTION AND CAPITALIZATION OF THE NATURAL AND CULTURAL PATRIMONY

**CULTURE AS BASIS OF PERIPHERAL OF GROW-POLE STATUS?
CULTURAL DIMENSION OF CENTRAL-EASTERN EUROPE'S RELATIONS
WITH WESTERN EUROPE, Tomasz Zarycki, Institute for Social Studies,
University of Warsaw, Poland**

The paper will rise the question of the role of the cultural dimension of the Central-Eastern Europe's location on the centre-periphery axis of modern Europe. It will be envisaged not so much as an attempt to "objectively" determine the degree of "peripheral" location or of the "growth pole" potential of the region, but rather to formulate some fundamental questions defining the dilemmas related to the study of relations between economy, politics and culture in Central-Eastern Europe in view of the region rise into prominence in contemporary Europe. In this context the theory of types of capital of Pierre Bourdieu will serve as the main theoretical point of reference. Thus, relations between the region's changing status and evolution of roles and relations between the economic, cultural and social capital will be the focus of the paper.

Among particular problems to be addresses the following issues will be raised: To what extent cultural heritage of the Central Eastern Europe can be considered a impediment in overcoming of the peripheral status of the region and to what an extent it can be viewed as an asset allowing achievement of a growth pole status? On the other hand the problem of the Central Eastern Europe's dependence on the West will be analyzed by asking the question on the nature of the region's peripheral status. To what extent Western hegemony can be defined in cultural terms, and to what extent culture is a dimension of region's independence and a basis of its indigenous grown potential? In this context the issue of Central Eastern Europe's modernization will be touched upon as well. Can modernization,

in particular cultural modernization, be equated with process of overcoming the peripheral status? Different visions of modernization of the region will be confronted with views on peripheral status of the region and competing images of the West. The example of the political discourse in Poland will serve as the main illustration for the theoretical issues raised in the paper, but references to other countries of the region will be included as well.

WHICH ROLE DO MACRO-REGIONS PLAY FOR THE COMPETITIVENESS OF CENTRAL AND EASTERN EUROPE? Sabine Zillmer, Institute for Regional Development and Structural Planning (IRS), Germany

It is frequently asked, whether the Central and Eastern European regions will be able to become equal counterparts to the Western European core area in terms of income indicators and modern economic activities in the near future. This question is of fundamental importance for the alternative development opportunities or paths these regions might be faced with. Different spatial pictures are used to simplify spatial development and to point out dominating influences. The most prominent examples for such pictures are the Pentagon or the Blue Banana for Western European regions. But also for Central and Eastern European regions proposals for such pictures have been made, like the 'Triangle' (IRS et al. 2005) or the 'Central European Bumerang' (Gorzalak et al. 1994: 135). Similarly the Global Integration Zones intend to indicate areas of enhanced economic development (BBR & IRS et al. 2006). Any of these pictures are based on the assumption, that, firstly, such macro-regions actually exist and that, secondly, their formation is beneficial for the development of the regions and cities within the macro-region's area. This raises the question, whether such simplistic pictures are adequate to describe the socio-economic situation and/or development in Central and Eastern Europe? Furthermore, it needs to be clarified, what actually accounts for these regions' competitiveness? By answering these questions on basis of socio-economic indicators we can outline actual development opportunities of these regions.

Thus, this paper follows a threefold approach. Firstly, we have to discuss the idea of regional competitiveness at macro scale. Secondly, on basis of the identified indicators considered appropriate for the description of regional competitiveness we need to review the situation and development of competitiveness in Central and Eastern Europe. Finally, on basis of these considerations we can examine in how far corresponding macro-regions are evident in Central and Eastern Europe.

The term 'competitiveness' is widely used in policy documents (e.g. European Commission 1999; Europäischer Rat 2000) and basically everybody has some understanding of the term, but the precise use and meaning of the term in relation to regions or any other area is, nevertheless, not clearly defined. Depending on the perspective, regions' competitiveness could be related to different types of objectives: for example a region might compete for the attraction of people – which is a perspective particularly interesting in light of the current demographic change. However, often it is understood in more economic terms: then regions compete for high levels of GDP per capita, export ratios or innovation activities. Based on the understanding of competitiveness from a micro-economic perspective, possible alternative concepts of regional competitiveness are discussed.

These theoretical concepts are then illustrated by corresponding empirical data, for instance for different sectors and from different spatial perspectives. Generally speaking, Central and Eastern Europe comprises both, peripheral areas as well as potential growth

poles. These regions are interlinked in a quite disperse spatial pattern with mostly metropolitan areas functioning as kind of ‘lighthouses’ while vast areas in between are lagging behind. For the development of a new European growth pole in Central and Eastern Europe in terms of a macro-region, it can be argued, that these gaps and divides between the ‘lighthouses’ will have to be closed in order to utilise the beneficial effects of the linkages between a macro-region’s metropolitan areas. This argument is based on the observation, that for instance the Pentagon area in Western Europe is characterised by a quite spatially disperse participation in economic development which goes far beyond the growth poles.

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THE ROLE OF UKRAINE IN STABILIZATION AND INTEGRATION PROCESSES IN THE CEE REGION, Solomiya Zinko, Ivan Franko National University of Lviv, Stepan Trokhymchuk, Halytsky Institute of Lviv, Ukraine

The paper discusses the new geopolitical situation in CEE region preconditioned by accession of the new member states to the EU and the success of the Ukrainian Orange Revolution in 2004. The authors argue that the contemporary period has marked the final stage of the post-Soviet economic and political transformations in Ukraine and witnessed the country’s consistent integration into transatlantic civilization entity. The paper analyses the integration and stabilization potential of Ukraine within the scope of transborder cooperation initiatives, effective migration policy and regional conflicts resolution (e.g. Pridnestrovie issue). The emphasis is also laid upon the promotion of democratic values and protection of human rights as the cornerstone of Ukraine’s successful integration into modern European community.

After the EU accession of the CEE states in 2004, Ukraine has reinforced its role as a regional bridge, connecting the newly enlarged European family and the “Instability Rim” comprising Russia, Belarus and Moldova. The stabilization efforts have being further intensified on the organization level, being realized through GUAM project, which contributed to highlighting Ukraine’s profile as the Black Sea-Caspian region leader. The practical implications of inter-organizational cooperation between GUAM and the EU have to deal with “geopolitics of energy”, being a burning issue for European community. The recent gas conflict has shifted the orientation of Belarus in the regional affairs, introducing its more pro-European diplomatic course. In this respect, Ukraine could act as the intermediary between the EU and Belarus, contributing to its reposition in the regional

integration directions. The institutional dimension of the European cooperation is envisioned to be strengthened through organizational networking, involving CEI, OBSEC, GUAM and the EU, which would provide ultimate platform for ensuring regional security and developing democratic processes in the region.

The new financial mechanism of the European neighborhood policy – European Neighborhood and Partnership Instrument, launched at the beginning of 2007 has contributed to the development of the Ukrainian regions. Particularly, it foresees the financial assistance for the regional development programs, envisioned by Ukraine-EU Action Plan. Additionally, within the project framework Ukrainian regions could obtain valuable experience in the regional development sphere from its EU “next-door” neighbors: Poland, Slovakia and Hungary. The EU-sponsored development of the Ukrainian regions would create a win-win situation, increasing the dynamics of transborder cooperation, therefore intensifying the flows of goods and services and strengthening partnership between local government institutions.

SESSION II: Growing regional disparities: an objective necessity or a failure of Cohesion Policy?

THE ASSESSMENT OF FACTORS INFLUENCING PERIPHERALITY, Elżbieta Adamowicz, Faculty Of Economics, University Of Gdansk, Poland

Since enlargement EU acquired its new eastern dimension. Some of CEE Countries are now considered easternmost periphery of the EU. Peripherality is related to disadvantage. It is assumed that peripheral location should result in number of disadvantages that particular remote area incurs. Peripherality is still a very important issue for economic development policy in regions around the northern, western, and southern margins of the Union. European Union interest in peripherality is shown through actions and research projects in different areas: rural development, cohesion policy, regional development, spatial planning and transport development. The balance between different regions is a cornerstone of EU policy. Article 2 of the Maastricht Treaty stated, as the goals of the European Union, the promotion of harmonious and balanced economic development, stable, non-inflationary and sustainable growth, convergence of economic performance, high levels of employment and social security, improvement of the quality of life and economic and social coherence and solidarity between the member states. One of the basic conditions to achieve the above is good accessibility of European regions which improves not only their competitive position but also the competitiveness of Europe as a whole.

The main objective of this paper is to identify and measure factors negatively influencing cohesion thus responsible for peripherality. In order to define specific peripherality factors, regional potential and disparities of EU are presented in the beginning of this paper. To achieve this goal the analysis is based on the proposed model included different indicators allowing for the identification of peripheral regions. Description of factors relevant for development and competitiveness of peripheral regions are the main part of this paper. Big stress is put on the assessment of their impact for competitiveness and development of peripheral areas. In the end of this paper accessibility as the main determinant of peripherality is described.

RATHER STRUCTURAL DECOUPLING THAN SYSTEMATIC FAILURE: THE EU COHESION POLICY AND REGIONAL DEVELOPMENT STRATEGIES IN POLAND, Sebastian Büttner, Graduate School of Social Sciences (GSSS), University of Bremen, Germany

Looking at processes of regional development from a broader historical-institutional perspective, EU cohesion policy can only be regarded as a venture determined to failure right from its beginning. In a world of unequal regional geographies shaped by structures of “long duree”, it is very likely that existing inequalities are reproduced in path-dependent ways rather than public intervention could induce revolutionary path-breaking change. Even more so, it is acknowledged nowadays that the new globalising capitalism brings about an intensified competition of business locations further reinforcing spatial differences and regional disparities. Nonetheless, cohesion policy enters another era and its

main goals are neither abandoned nor substantially changed. Moreover, it is enlarged in volume and scope and, with the beginning of this year, it is applied to the whole area of new EU member states from Central and Eastern Europe, which still lack behind EU average in key socio-economic indicators.

Besides that, the credo of the “new regionalism” to counteract unfavourable regional dynamics by mobilising a region’s endogenous (social) forces is widely accepted in academia and also largely promoted by EU structural policies. However, this paper seeks to view regional development and the EU cohesion policy from a different angle: while building on sociological neo-institutionalism and also regarding regional development as socially constructed and culturally embedded, “culture” is seen as largely structured on a global scale, and not simply shaped by local traditions and local actor constellations. Hence, regional development is driven by exogenous, highly rationalized models of development which are adopted to all different kinds of localities and life-worlds, especially in the context of European regional policies. This causes “unintended consequences” – or in neo-institutional terms: a de-coupling of formal structures and social realities. Drawing on a comparison of development strategies of regions in western and eastern parts of Poland - two areas which are regarded as having developed quite unevenly for centuries - this theoretical assumption will be spelled out in more detail in this paper. I will argue that the EU cohesion policy might contribute to a huge degree to de-coupling of proclaimed goals and actual social processes resulting in the perception of new social problems and development inconsistencies. However, this should not lead to the conclusion that the world-cultural principles at work just fail; in the contrary, they are about to change the regional structures tremendously and even define our standards of expectations.

MARKETING AS AN INSTRUMENT OF OVERCOMING TERRITORIAL INEQUALITIES, Oleg Burdyak, Chernivtsi Trade and Economics Institute of the Kyiv National Trade and Economics University, Ukraine

Unequal development and, as its result, different social and economic situations in certain territories is a fairly wide today’s problem for the majority of European countries. As a rule, such inequality can be expressed through considerable lagging of underdeveloped territories under such indicators as employment, average salary, population’s standard of living, etc. But the measurement of certain territory’s lagging behind the average country level isn’t limited to these indicators only. Very often the development lag has complex nature. In such cases, besides those named above, the problems of low investment attraction level and working migration expansion are important for the territory too. Regionalism academics relate such territories to depressive regions. Although not all the specialists recognize such status of selected territories, practice shows that the regions recognized as depressive can’t overcome domestic problems for years, which stipulates for considerably longer suffering in the event of crises and for considerably slower development in the periods of general economic boom.

In Ukraine, the regions considered to be problem territories are mainly the oblasts, whose specialization and economic complex specifics are considered agrarian and mixed agrarian and industrial ones. Such oblasts are characterized with the prevalence of rural population, absence or insignificant number of large industrial enterprises, dominating focus on agriculture. Still, the decline in agriculture in 1990’s, which appeared much deeper compared to the decline in the industry and service area, and which hasn’t been overcome

yet, stipulated for a long-term lag of some oblasts from the average country level according to most indicators of social and economic development.

Normally, the Chernivtsi oblast of Ukraine is referred to depressive regions too. All the above statements are fair for it: its salary level is lower than the medium; investment inflows are among the lowest ones; under various estimations, approx. 15% of the population left for abroad looking for jobs. This situation is definitely unsafe for the further development of the region both in social and economic context. Therefore, the advanced region development, overcoming all the constraints and accessing at least average country indicators must become the strategic priority of the oblast's social and economic development. Still, today there is neither sufficient resource amount required for such a breakthrough, nor the unity in seeing the ways for the inflow of the resources needed. Many experts tend to think that taking care of such regions is a task of the government, which should provide the region with donations and finance key infrastructure projects. The other suggest that central financing will never bring a depressive territory to a high level. In such a case the region will receive only the minimum required amount of funds, which will allow only vitality support and smoothing the social tension. We suggest that the second opinion is closer to the truth.

Practice demonstrates that most countries, including Ukraine, first of all direct investments in the regions and in the areas, which may provide the highest return in the shortest time. Therefore, the main investment recipients will be the enterprises of the industries, which work successfully and in sustainable way with perspectives for the future. Unfortunately, there are almost no such enterprises in depressive regions. Still, today there is no ground to hope that the government will build new enterprises in underdeveloped oblasts.

The task for the lagging territories (i.e. for the depressive oblasts in our case) is searching for such development directions, which will provide the opportunity of catching up the main region group. As for the Chernivtsi oblast, such perspective directions could be the development of tourism, service industry, etc. These are the areas requiring considerably lower inflowing investments and able to use the local resources available. Still, the main activities of tourism enterprises, hotel complex, transport and logistics firms are targeted at external consumers, both from behind national borders and from other Ukrainian regions. Still, involving those consumers without the use of modern economic instruments is very difficult.

Today territory marketing is considered one of the mostly efficient approaches to working with external consumers, which is used for creating attractive image of a selected territory and forming the required attitude towards it by potential consumers and potential investors. Territory marketing is focused on creating conditions for increasing business and social competitiveness of territories, promoting national-level orderings onto the territory and other those external for the region, expanding region's participation in the actualization of international and national programs, increasing investment attractiveness on the territory selected.

The area of the territory marketing interests also may include such those as visitor attraction to the tourism interest objects, student attraction to higher educational institutions, involvement of professionals into the work of the industries missing qualified workers but being of strategic importance for the region, creation of attractive migration conditions in the event of emerging demographic problems, etc.

The wide opportunities opening due to the use of territory marketing confirm the necessity of its use on the level of the underdeveloped region governmental authorities and allow

regarding it as one of the most perspective instruments for overcoming territorial inequality.

REGIONAL DYNAMICS IN CENTRAL AND EASTERN EUROPE, Grzegorz Gorzelak & Maciej Smętkowski, EUROREG, University of Warsaw, Poland

Generally speaking, regional development processes occurring in Central and Eastern Europe are similar to those which can be observed in Western European countries. Economic restructuring has been completed in the most important aspects (ownership changes, changes in branch structures, technological developments). Metropolises, i.e. urban centres with a strong market services sector and those which are the main hubs of interaction between individual countries and the global economy at large, record the fastest pace of growth. At the same time, peripheral regions are undergoing further marginalisation, while the regional structures in individual countries are petrified, because their change is relatively insignificant.

The paper subjects this view to scrutiny and analyses the regional dynamics at the NUTS3 level in the Member States from Central and Eastern Europe. In particular, subregional-level changes in the GDP volumes in the years 1998-2004 are examined. Owing to different development paths of individual countries, the GDP dynamics was relativised and compared to the national average. In effect, a typology a regions was produced to show their development level on the one hand, and on the other – the pace of economic growth.

In its central part, the paper discusses the dichotomy between metropolises which are capital cities (the city itself plus the surrounding region) and the remaining regions in a given country. The paper also makes an attempt to highlight the impact of differences in the economic structure on the level and dynamics of the regions' economic growth, and offers an evaluation of changes in the regional structure on the basis of the level of GDP spatial concentration in individual countries.

The results of empirical studies largely corroborate the above view of changes occurring in Central and Eastern European countries: metropolisation and marginalisation processes are clearly visible, so as petrification of regional structures. These processes are likely to increase regional divergence, which seems to be a significant condition for closing the development gap between the old and the new Member States. On the other hand, certain differences between individual countries can be observed, which can be attributed to such factors as the different starting points and different traditions relate to the shaping of regional structures in the pre-transformation period, as well as differentiation of development paths early during the transformation process. As regards factors affecting the dynamics of regional GDP, the resultant picture is far from unambiguous and escapes any far-reaching generalisation. Nevertheless, based on our research so far, we can distinguish service-based metropolitan regions which act as transformation drivers; peripheral farming regions which are stagnant areas, and a varied group of industrial regions whose rate of development depends on the advancement of restructuring processes and diversification of the regional economies. There is also a substantial group of regions which do not fall into any neat categories, which could mean that there exist other, 'soft' factors such as decentralisation of power, efficiency of local and regional public authorities and actual inter-regional and intra-regional policies. This issue calls for further research (including qualitative studies) which would look at the role of such factors in the shaping of the regional structure in different countries.

EU COHESION POLICY: A DECLINE BEHIND THE HORIZON? Marek Kozak, EUROREG, University of Warsaw, Poland; Paweł Samecki, National Bank of Poland, Poland

The paper seeks an answer to the question about the future of the cohesion policy beyond the end of the present financial perspective. Before looking at the prospects of the cohesion policy, the authors touch upon its evolution so far.

The cohesion policy started to play a significant role in the EU in the mid-1980s. The peak of its importance took place in the second half of the 1990s, as this policy was to help prepare the finalization of the EMU. In the present decade, despite the entry of 12 poorer new Member States, the cohesion policy has not gained any weight.

Today one should analyse a rationale for the cohesion policy in the international context, in particular in the process of globalization. The cohesion policy is in the slow process of shift towards competitiveness which is not sufficient when contrasted with the dynamics of development and change not only in the USA but first of all in Asia. In this increasingly dynamic global environment, to avoid a risk of being marginalized, the EU needs to enhance its capacity to generate innovations and technological change. This means that the cohesion policy needs to be adapted in order to better support and facilitate the achievement of the Lisbon strategy-related objectives.

As the shape of the present financial perspective is already given, the question arises whether such substantial changes could be possible beyond 2013. It is unlikely that the overall EU budget will be increased in terms of percentage of GNI. However, even within the EU budget of a size similar to that of today, changes inside the heading “sustainable growth”, consisting in a substantial increase of funding for heading 1a (competitiveness) at the cost of conventional cohesion policy, would produce a substantially different pattern of financial support to individual regions (NUTS2 level) as compared with the present one. The paper presents the regional effects of three different scenarios based on varying proportions of financial resources assumed in heading 1: the continuation of the status quo (80% versus 20% of funds in favour of the conventional cohesion policy), the 50-50 scenario, and the reversed scenario (80% versus 20% in favour of the pro-competitiveness policy).

The authors conclude that significant policy shift is unavoidable and will take place as soon as institutional EU set up is strengthened. Therefore it is in the interest of the less developed Member States to accept that the petrification of the EU budget and of the conventional cohesion policy is neither rational for them nor for the EU in the long run. Otherwise the marginalisation of cohesion policy will become a serious risk.

THE COMPENSATIONS OF POLISH REGIONS ECONOMIC CHANCES BY IMPROVEMENTS IN THE TRANSPORT INFRASTRUCTURE ACCESSIBILITY, Aleksandra Koźlak & Barbara Pawłowska, University of Gdansk, Faculty of Economics, Poland

If somebody takes a look at the European area it is very easy to note that the location of economic and social activities in the European Union reveal a pronounced core-periphery structure. This system caused the important disparities among the member states and especially their regions. This issue can be investigated from two points of view. One concerns the European Union as whole so it is the international context of peripherality. In this case the Pentagon area in the European system tends to remain the economically and

functionally dominant zone. It can be observed that production factors gravitate to this territory. The second one regards national or local dimension and possibilities to decrease the regional disparities among the regions recognised as peripheral. It can be pointed out that at the national and local level the main cities of the country demonstrate a power to attract their location for production factors. It is very important to present the local attractions which gives the opportunities to draw up the capital.

Peripherality is always related to disadvantage. It could be than considered as sense of isolation felt by inhabitants of periphery and measured via accessibility analysis. Isolation should be treated as exclusion from: main transport networks, urban centres, political decision making, economic opportunities, social opportunities and social inclusion. Peripherality is often connected with accessibility. Accessibility is usually a feature or main product of transport system. A peripheral region is defined as a region with low accessibility. However, in addition to accessibility, many other criteria are used to delineate centres and peripheries in regional research. Notwithstanding this qualification, accessibility is clearly a key criterion of geographical peripherality and also of major importance in defining economic and social peripherality.

The main objective of the paper is to prove that improvement in transport infrastructure accessibility and the role of Regional Policy in financing infrastructure projects are significant factors reducing peripherality in the enlarged European Union. Although many important factors can be identified in the field of the policy of eliminating disparities between regions and countries, the authors aim at presenting that the transport related factors are crucial. Moreover, the aim of the paper is to identify and describe the influence of regional policy for transport accessibility.

Therefore the paper consists of four essential parts:

1. Identification and describing of peripheral regions in Poland in the European background.
2. Assessing of significance of the transport infrastructure for the region competitiveness.
3. Estimation of the Polish regions transport accessibility according to chosen measures and appointing the regions with problems in this scope.
4. Describing Cohesion policy impacts on the improvement of the transport accessibility with presenting current experiences of the convergence countries and possibilities for Poland.

IDENTIFICATION AND ANALYSIS OF INTERDEPENDENCIES BETWEEN THE GAP IN THE LEVEL OF DEVELOPMENT IN THE YEARS 1999-2004 BETWEEN POLAND AND THE EU (25) AND THE DIFFERENCES IN THE INTRA-REGIONAL LEVEL OF DEVELOPMENT (NTS.-2 AND NTS-3 ANALYSES), Ewa Łażniewska, Piotr Nowak, Poznan University of Economics, Poland

The main purpose of the paper is to identify and analyse interdependencies between the gap in the level of development on the basis of the GDP and unemployment in the years 1999-2004 between Poland and EU-countries and the differences in the interregional levels of development based on NTS2 and NTS3. All the results presented in this paper have been obtained on the basis of the author's own research. Traditional empirical methodologies of checking convergence hypotheses are the beta- and sigma-convergence

analyses. β -convergence is defined as a negative relation between the initial income level and the income growth rate. These two types of convergence do not say anything about the mobility inside the decompositions. If we are interested in the polarisation, it would be useful to additionally apply Markov chains. On the basis of all above-mentioned methods, a convergence analysis has been carried out with regard to the regional GDP value and unemployment in Poland from 1999 to 2004 with reference to trends developed in this period in EU-countries.

**THE ROLE OF PUBLIC SECTOR IN THE NORTHERN ENGLAND:
CHALLENGES AND PERSPECTIVES**, Olga Mrinska, Institute for Public Policy
Research North, Bioscience Centre, International Centre for Life, United Kingdom

It is hard to overestimate the importance of the public sector in the economy of Northern England (North East, North West, Yorkshire and Humber). The three regions have received a much higher than average proportion of public spending and EU structural funds for the last 50 years.

The region's inability to adjust to the new economic situation following the collapse of its traditional industrial economy has prompted the government to pump money into different instruments aimed at industrial regeneration and social protection for a population suffering from high levels of unemployment. However, questions remain to be answered as to how effective this spending has been. As the statistics shows, there is no doubt that the overall socio-economic situation in the North has improved considerably over the last 10-20 years. Nonetheless, performance has not been strong enough to catch up with more productive, more innovative regions in the greater South, and so in relative terms, the three northern regions still remain at the bottom of many national rankings.

In this paper we will analyse different sets of data to illustrate the influence of the public sector on the regional economy in terms of productivity and performance, its structure, and the parameters of its labour market. We will be looking at the structure and dynamics of spending, the employment opportunities brought about by the public sector, how it is related to local deprivation and total regional output, and the correlation with population size. It is important also to review theory and the impact of policy on the public sector, the focus of the second part of the paper.

To what extent are the Northern regions of England 'net' recipients of the public funds? Should they continue to receive the same amount of public funds in future? If so, should the 'quality' of this support be improved? Does the public sector indeed play a crucial role in the regional economy, or might a less intrusive policy lead to greater initiative and investment from the private sector? Are reforms aimed at improving the effectiveness of the public sector and bringing it closer to the people actually contributing to the North of England's development? This paper addresses these and other related questions.

**THE OUTLINE OF INVESTMENT CLIMATE IN WARMIA AND MAZURY
VOIVODSHIP ON THE BACKGROUND OF COHESION POLICY**, Jarosław
Nazarczuk, Department of Economic and Regional Policy, Faculty of Economic Sciences,
University of Warmia and Mazury in Olsztyn, Poland

Investment climate has impact on investment inflow to particular area, which is crucial factor of regional development. The term 'investment climate' is commonly understood as

the conditions favouring investment. Its improvement is identified with decrease of costs, risk and barriers in conducting economic activity and is shaped by macroeconomic as well as local factors, i.e. business environment, infrastructure and institutional support . Concerning single voivodship the most important role is attributed to local factors, within which institutions are crucial. Institutional support mainly means the activity of regional and local authorities to attract investors, i.e. preparing offers, promoting the commune and collaboration with entrepreneurs both before and after making the investment.

Voivodships in Poland significantly differ in the level of development, and thus their investment climates also vary. Even deepening differences threaten the continuation of efficient integration and therefore supporting versatile and harmonious development of particular regions is essential, especially decreasing disparity in the level of economic development among rich and poor regions.

The authors of this article made an effort to outline investment climate of Warmia and Mazury voivodship on the backgrounds of aims included in the Cohesion Policy and tried to situate this voivodship among selected others in Poland. To reach this purpose many secondary data from the institutions collecting data concerning economy as the whole, particular regions and investment were analysed, as well as reports made for other voivodships.

CONVERGENCE OF POLISH REGIONS – THE INFLUENCE OF EU FUNDS, Krzysztof Piech, Warsaw School of Economics, Poland

The aim of the paper is to compare research results of simulations of influence of EU funds on economic growth and development of Polish regions. The following question will be answered: will Polish regions converge or will regional discrepancies increase? The paper will base on makroekonometric simulations run by Wroclaw Agency for Regional Development (with the use of HERMIN model) and by Market Economy Research Institute (IBnGR, with the use of MaMoR2 model) for the Ministry of Regional Development. Conclusions will also be based on ex-post verification of simulations on national level (for Polish economy) in the case of HERMIN model.

INFLUENCE OF STRUCTURAL AND INSTITUTIONAL CHANGES ON THE ACCELERATION OF THE PROCESS OF UKRAINE’S INTEGRATION INTO THE EU, Igor Shkola, Chernivtsi Trade and Economics Institute of the Kyiv National Trade and Economics University, Ukraine

The promotion of the EC borders eastwards in accordance with the “Extended Europe - Neighbourhood” program, adopted by the European Commission in March 2003, has immediate concern to Ukraine. It should be emphasized that Ukraine and the EC signed the Agreement on Partnership and Cooperation yet in 1994, which became valid since 1998. This agreement regulates political, economic and cultural relations between Ukraine and the EC and forms a legal basis for bilateral trade, investment attraction and promotion of Ukrainian economic reforms.

The acceleration of the economic reforms and integration processes as for Ukraine’s joining the European Union stipulate for the necessity of corresponding structural and institutional changes, which are one of the main tasks of the state authorities in all levels. Issuing from that, we consider it necessary:

1) To implement an economically substantiated system of investment incentives and means for the governmental support of structural changes on the regional level with the consideration of profound analysis of special economic zone and priority development territory work results, their influence on the mezzo- (regional, industrial) and micro-level economy restructuring. It's important to stress on the institutional fixation of the system of structural changes stimulation methods on both national and regional levels.

2) While substantiating investment preferences and incentives it's necessary to foresee their orientation towards achieving changes in the structure of the region's economy – removing disproportions in the innovation and export structure of production, territorial structure, proportion of small, medium-sized and large enterprises, employment structure (both territorial and for different branches), etc.

3) Within the national European integration strategy and the policy of the Ukraine-EC neighbourhood it is required to intensify and deepen the economic component of transborder cooperation as a factor of increasing the competitiveness of the participating regions, especially in the form of long-term connections with integration nature – innovation, exchange with human capital (legal migration, education, healthcare, recreation and tourism) and services; investments, especially in portfolio and non-stock forms.

4) To recognize that efficient counteraction against shadowing and criminalisation of the economy and the society is one of the key priorities for institutional and structural reforms, therefore, for the purposes of economy decriminalisation, it should be recommended to the central authorities as follows:

- creation of the National Investigation Bureau (NIB), whose main objective shall be preventing professional crimes of the state authority representatives;
- ratification the European Convention on corruption in the context of criminal law, which presumes responsibility of legal entities for bribery and “money laundering”;
- Ukraine's initialisation of creating an effective system of national and international organizations for counteracting and preventing illegalization of economic activities.

5. The key instruments used to decrease the shadow and criminal level of the entrepreneurial environment shall be: downsizing the level of individual taxes; administrative removal of the factors restraining the competition in the area of production and sales of goods; simplification of the firm establishing and registration procedure; improving the individual taxation system and accounting methodology; implementation of tax incentives for saving and investing funds by legal entities, which should be granted based on the actual activity results; strengthening repressive measures against corruption; attracting the representatives of international organizations and civil society to implement the legalization strategy.

6. Recommend local authorities to refuse using the criterion of the maximum sales value in the process of the future privatisation and reprivatisation, providing thereat the compliance with the regional programs aimed at reconstruction of certain industries with precise emphasis on the rational economic interests of the region.

7. Bukovyna is a region with excessively high level of labour migration, which should be recognized and taken into account, taking into consideration its influence on the social and economic situation in the Chernivtsi region. At the moment, there are between 170 and 200 thousand bukovynians working abroad, i.e. one of five region's inhabitants. If we admit

that 80% of the funds earned by bukovynians abroad flow into the region, the approximate amount of total inflows will make USD 60 million a month or USD 720 million a year. Comparing the amounts of cash inflows with the official volume of retail and paid services allows stating that the economy of the Chernivtsi region is substantially based on the salaries of the bukovynians working abroad. We consider that the Chernivtsi Regional State Administration and the City Council provide too few proposals for small investments received from the labour migration of the Bukovyna inhabitants.

Therefore, the implementation of the suggested structural and institutional changes will considerably accelerate integration processes in the Ukrainian regions, which will allow the country gaining more reasons to become an EU member.

ECONOMICALLY DISTRESSED AREAS: UKRAINIAN EXAMPLE, Valentyna Smal, Denys Nizalov, Olena Nizalova, Kyiv Economic Institute, Ukraine

Spatial inequalities of population well being attract attention of policy-makers and scientists around the globe for a long time. Examples include rural vs. urban inequalities and presence of economically distressed areas among others.

Economic distress was addressed by local and state governments of different countries by variety of economic development policies. Due to a large variety of policies and programs, different indexes were used to define economically distressed areas. Among them are measures of unemployment, personal income or education level, housing and building characteristics (e.g., share of vacant houses), population loss.

This paper proposes one possible way to distinguish economically distressed areas and shows the application of the proposed method using data for Ukrainian sub-oblast (minor administrative divisions (rayons)).

Following the practice of the EU and the US, and accounting for the data availability, the proposed measure of economic distress is based on unemployment rate for years 2001 and 2005. The data comes from the Statistical Bulletin: Regions of Ukraine – Economic and Social Conditions (DerjComStat, various issues).

Over the period of 2001-2005 the rate of unemployment 10,9% decreased 7,2% for Ukraine. However, the patterns were different for sub-oblast areas. The rate dropped by more than 7.5 percentage points for some areas (Izum city and Izumskiy rayon, Kharkivska obl.; Patihatskiy rayon, Dnipropetrovsk Obl.), while it increased by as much as 10.5 percentage points for Yelanetskiy rayon (Mykolaiv obl.).

The average change in unemployment rate for rural rayons is an increase by 0.5 percentage points, while the average for the oblast-significant cities is a decrease by 1.5 percentage points.

The findings show important urban vs. rural differences, some spatial persistency, and slow convergence. These imply that the state policy to mitigate the unemployment should be carefully targeted. First of all the focus should be on most economically distressed areas that unlikely to recover in the nearest future without government intervention and also slow down recovering of the neighboring areas.

In order to distinguish the most distressed areas based on unemployment (or any other conventional measure of well being) it is important to account not only for the absolute value of the statistics but also for a relative position of a region. One possible measure of the distress status that would meet the above listed requirements is a simple ranking

normalized to a unified 100-point scale. The rayons with the lowest unemployment would be listed first and the ones with the highest rate would be the last. This ranking is similar to the percentile statistics and allows tracking a change in relative position of a region. The paper presents rayons ranked the lowest and the highest according to this measure of distress.

Regarding the practical use of proposed measure of the distress status, it is up to a particular policy where to set up the cut off point for the eligibility status (e.g., rank 90 or 99). The portion of the ranking that would be eligible for a particular policy benefit would depend of the cost and benefit balance of the treatment under consideration.

REGIONS OF KNOWLEDGE IN POLAND, Justyna Sokołowska-Woźniak, Higher Business School-National Louis University, Poland

One of the most important policy issues in many parts of the world is the transformation of economies to knowledge driven economies. This results from the factors of development and competitiveness of the modern economies analysis, where knowledge is seen as the key one. Although in the era of advanced telecommunication and information technologies the transfer of information and knowledge regardless of location is facilitated, the economic development is still very uneven and geography is a very important issue in economic studies.

The concept of knowledge economy is given the highest priority in the European Union's socio-economic agenda (the Lisbon Strategy launched in 2000) and the necessity of supporting the creation of the regions of knowledge is also stressed (The "Regions of knowledge" pilot action, first introduced in 2003 by the European Parliament).

The aim of this paper is to explain the idea of knowledge economy, identify its indicators and apply them to measure the development of the knowledge economy in Polish voivodships (NUTS II units). In the first section the review of the definitions of knowledge economy is presented. The second section comprises the measurement of the performance of Polish voivodships on three Knowledge Economy pillars :

1. Education and human capital (high level of education and skills enables creating, adoption and effective usage of knowledge),
2. Innovation system (innovativeness of firms is supported by the cooperation between firms, research centres, universities and the government),
3. Information and communication technologies (ICT infrastructure facilities the effective communication and dissemination of information).

The purpose of analysing all of the indicators is to show the strenghts and weeknesses of voivodships in building the knowledge economy. The overall synthetic index is created in order to benchmark one voivodship in comparison with others.

DYNAMICS TYPOLOGIES OF THE POPULATION GROWTH AT COHESIONS REGIONS IN CZECH REPUBLIC AFTER YEAR 1970, Ivan Šotkovský, Faculty of Economics, Technical University of Ostrava, Czech Republic

The article is deal with the differences between cohesion regions in Czech Republic, which are based on analyses long-time trend of the population behaviour. During the last thirty five years we evaluate the significant changes in spatial behaviour of the population caused

by reproduction and migration behaviour. The paper describes new trends in diversities of the population dynamics. Proposed typology is based on the natural, mechanical and total population movement of the Czech cohesion regions (level NUTS 2) after year 1970. There are accentuated the differences between Moravian-Silesian region and the other cohesion regions in the Czech Republic. There is now eight cohesion regions.

Analyses exploits data of the Czech Statistical Office. Basic demographic indicators are the crude birth rate, the crude death rate and the total population rate. We are using method of the center moving average for three-year period so that we could to exclude randomly extreme influences. For dynamic typology we chose hierarchical method of the cluster analysis, concretely method dendrogram using complete linkage.

As the results of our progress are three types of the development of the natural change, for types of the development of the migration behaviour and for types of the development of total population change. We compare this values with republic level too. And so we can differentiate three time periods in Czech Republic during last 35 years. Between years 1971 and 1980 the total population increase was strong, in the period from 1981 to 1994 was number of inhabitants relatively the same and the crude total population rate move along 0 and 1 per mille. The third time period goes from year 1995 and continues to today. And its features are slight growth a number of inhabitant. It's due to positive values of the migration balance at our state. It is typical that all cohesion regions of the Czech Republic have negative total natural increase for the last eleven years (almost -200,000). The biggest population decrease records Moravian-Silesian region (type No. 4) during last eleven years (third time period). Nevertheless this region take a share in population increase of the Czech Republic almost 20 percent during the 1970s (first time period).

RECONSTRUCTION OF EAST GERMANY – THE FORMER GERMAN DEMOCRATIC REPUBLIC (AUFBAU OST) – EFFECTS, RESULTS AND LESSONS FOR THE FUTURE, Wendelin Strubelt, Federal Office for Building and Regional Planning, Germany

THESIS 1

The economic situation of East Germany has improved, however the distance to West Germany is stable.

THESIS 2

In East Germany the increase in productivity is a product of a late making up for rationalization.

THESIS 3

In whole Germany there is an ongoing structural change but in this regard East Germany is still lacking behind.

THESIS 4

Until 2020 in regard to population development Germany will be touched by processes of population growth and shrinking – forming a characteristic East-West-decline.

THESIS 5

There could be a more efficient distribution of the money for future oriented investments. But the distribution of money according to social policies is reflecting the constitutional

rights of the citizens in West and East as well. In some way it is the last compensation after World War II Germany has to pay

THESIS 6

The costs of German unification are not only covered by the normal tax money but also by the distribution of the costs for social security and unemployment insurance to the population in toto.

THESIS 7

The structure of the regional incidence of governmental programs to induce economic development does not really prove the reproach that these programs follow a pattern of indiscriminate distribution.

THESIS 8

The current situation of new Länder (East Germany) is characterized by a considerable lack in relation to the old ones (West Germany), seen by objective and subjective factors (indicators). For the foreseeable future it will remain a political “cause celebre”.

THESIS 9

The German Unification was a fundamental challenge for the new democratic state formed after World War II. It was a successful process with the normal degree of faults.

DIFFERENCES BETWEEN THE NEW MACROREGIONS IN HUNGARY AND THEIR EFFECTS ON NEIGHBOURING COUNTRIES, Mihaly Szivos, Networked Research Group On Regional Innovation And Development Studies, Hungary

The paper aims at presenting the main achievements of an empirical survey made in 2006. In this year the Hungarian government launched the so-called Polus program which would foster the establishment of big regions in the country, as well as the rapid development of their centres. According to the original concept, the centres of the seven big regions serve as administrative, industrial, commercial, knowledge, cultural and health centres for each region. Development plans were prepared and submitted in an application system and at the beginning of this year their implementation started.

In the framework of the survey I made interviews with three very important actors of each region centre: university leaders responsible for the cooperation between university and city administration, the vice mayors of these regional centres, who deal with the implementation of the local Polus programa and its details, as well as the deputy chief redactors of the leading regional newspapers. The interviews aimed at revealing the connections between these actors and their views about their own tasks and those of the others, as well as the performance of the others.

PATTERNS OF REGIONAL CONVERGENCE IN POLAND, Piotr Wójcik, Faculty of Economic Sciences, University of Warsaw, Poland

This paper analyzes the per-capita incomes convergence process across Polish regions (voivodships, NUTS2), subregions (NUTS3) and within voivodships during the period 1995-2004. The method of analysis is the estimation of the dynamics of the whole distribution of relative income. This includes transition matrices and the non parametric kernel density estimation, both proposed by Quah (1993, 1996, 1997). We study whether

the cross-regions income distribution shows evidence of convergence, i.e. a tendency for the steady-state distribution to cluster around one or more poles of attraction, or divergence. We observe strong persistence of incomes distribution and lack of absolute convergence between voivodships and subregions. Individually regions and subregions become relatively poorer due to much faster than average growth of richest (sub)regions (Mazowieckie among voivodships and subregions that are large cities). The dispersion in terms of relative incomes between Polish regions rises in time on NUTS2 and NUTS3 levels. What we find is the evidence of clubs convergence (polarization) both among voivodships and subregions the relatively poorest and relatively richest regions are converging separately on different income levels. We also seek for convergence of subregions within voivodships and find that if any pattern of convergence is present there it is again convergence of clubs.

REGIONAL DISPARITIES – NECESSITY DURING CATCHING UP, OBSTACLE IF THEY LAST TOO LONG, Elżbieta Wojnicka, Institute of Economics, University of Information Technology and Management in Rzeszów, Poland

The analysis in the paper will show that the growth of regional disparities is connected with quick overall economic growth in underdeveloped countries as the poles of growth tend to grow faster than the rest of the regions. Such results gave the econometric analysis of the disparities on NUTS 3 level and the level of GDP per capita in European countries. However in longer time large regional and territorial disparities will mean lack of good transfer mechanism in the economies which would handicap the external benefits from growth poles to spread out to the outer territories. The most of the best developed and richest economies of Europe like Sweden, Finland, Denmark, Holland, Ireland and Italy are characterized by moderate regional disparities. Persistence of large regional disparities also cause that the costs of quick growth like increased cost of labor force or estate are difficult to overcome and make the development in the poles of growth weaker. Thus regional policies should take care of sustaining or creation of good conditions for development in poorer regions like infrastructure, education and channels of transfer of knowledge from poles of growth to the poorer territories. This will make the spreading out of growth easier.

In the paper I will also show importance of the territorial level for measurement of regional disparities and the fact that the territorial disparities should be a case for discussion and action only if they are one of the reasons of higher level of poverty in the society. Thus the politicians should aim at cohesion to overcome negative effects for growth and the societies' wealth coming from territorial disparities. If the disparities do not cause higher poverty as the people from poorer regions may without problems get money working for richer territories the regional disparities are not a problem. In the paper I will also present a measure of territorial disparities in Poland which gives quite reasonable results being in line with the people's view on the wealth of the territory. The measure is based on tax revenues of communes from PIT and CIT and estimation on that basis of incomes of people and firms. In the paper I will also raise a problem of impact of the new economy based on IT technology on regional disparities. The paper will refer to author's previous

research and new statistical and econometric analysis basing on new data for Europe and Poland¹.

¹ Wojnicka E., Tarkowski M., Klimczak P., 'Zoning and regional variations among centers of development. Polarization and balancing opportunities for growth. Notes on the formation of a national policy for regional development,' expertise for the Ministry of the Economy and Labor, UITM and UG, December 2004; E.Wojnicka, M.Wargacki, P.Klimczak (2005) The Lisbon Strategy and regional policy. Chances and threats from the perspectives of Poland and Podkarpacki Region, expertise for the Member of The European Parliament, Institute of Economy, UIMT in Rzeszów; uarterly regional research carried out In the EQUAL Project "Unemployment prevention system in underdeveloped areas" 2005-2007 www.e-barometr.pl; E.Wojnicka, Effects of service liberalization in the UE for growth and regional disparities:" UIMT, 2007

SESSION III: Metropolises of CEE: new competitors or secondary nodes of the global metropolitan network?

SILESIAN METROPOLITAN AREA: CURSE AND BLESSING OF DIVERSITY

Adrian Cybula, University of Silesia, Poland

Silesian conurbation (in southern Poland) covers some 2.5 million residents and a significant part of Polish economic potential. However, its chance of developing into a metropolis of Central European importance looks problematic due to heavy industrial, coal-and-steel legacy of the last two centuries. Instead of competing with other Central European big cities for position in postindustrial era, it struggles with economic and social adverse effects of restructuring – not to mention degraded environment and outdated urban infrastructure.

On the other hand, the area is internally greatly diversified in cultural terms (due to turbulent political-administrative history and migrations). The same characteristic applies to external personal and symbolic linkages, which stretch from some French regions (like Nord Pas-de-Calais or Alsace), through various regions in Germany, Poland, Bohemia and Moravia, to western Ukraine. If Richard Florida is right, the diversity factor may help the area to overcome the heavy industrial adverse legacy – all the more so that in the conditions of Europeanization diversity turns to be politically correct. One should note that there are even some islands of economic diversification in the area – and this is best exemplified by the success story of the Katowice Special Economic Zone.

However, the very same diversity results in limited ability of actors to act together in the advancement of common developmental interest (fund raising, investor attraction, promotion, investment in common urban infrastructure, etc.). Most initiatives of this kind are limited to particular territorial or professional community or industrial sector. This collective action problem is made even worse by administrative and political dispersion of the urban area into dozen or so local governments – not to mention separate domains controlled from Warsaw by the national government (directly or through regional proxies). For the time being all the attempts to form a joint, cross-city unit of self-governance have not go further than preliminary drafts and loose discussions. Neither city (even the formal capital, Katowice) is strong enough vis à vis neighbours to establish itself as the informal leader. Perhaps the most likely scenario is legal intervention of the national government (Law on Metropolitan Areas), but even this might be frozen due to political rivalries between national, regional and local governments.

THE TOWNS OF EASTERN POLAND: NEW PERIPHERY OR NEW

TRANSNATIONAL DESTINY? Wanda Dressler, CNRS, University Paris X - Nanterre, France

This paper presents the new dynamics of the border town of Poland such as Bialystok, Chelm ; Rzeszow and Pzcmischl , their role in the New European Neighbourhoods

policy, and in the reequilibrium of regional disparity in Eastern Poland..It will be the result of last year inquiry about transborder cooperation and new regional dynamics.

WARSAW-BUDAPEST-PRAGUE: FUTURE BANGALORES OR SOMETHING DIFFERENT? NATIONAL FINANCIAL CENTRES WITH INTERNATIONAL ASPIRATIONS IN THE CEE, Zoltán Gal, Centre for regional Studies, Hungarian Academy of Sciences, Hungary

The re-integration processes into the international financial markets and the EU accession drew attention to the formation and location of controlling functions in the emerging CEE markets. The paper explores the international financial centre function of Budapest comparing to the other emerging international financial centres (IFCs) of the CEE regions and the important preconditions for the creation of a regional centre (RFCs). The paper raises the question whether the CEECs need to develop their own regional financial centre based on the creation of pan-CEE capital market, or they could instead of rely on existing (the fragmented and slowly integrating) EU markets. It is plain that in the East Central European region there is a lack of regional economic managing, financial, communication, service and financial centres. There is a commonly quoted policy issue discussing the role of Budapest as a potential financial centre of the CEE region during 1990s and similarly to this recently Warsaw nominated. The question is whether Budapest or Warsaw might become a real financial centre by international standard. In spite of this there is a little market evidence showing any sign of a regional-centre focus there are opportunities in certain fields. The paper presents the requirements of the financial centre formations and commences with the short introduction to the stages of financial centre formation and concentration of controlling functions in the main CEE financial markets, and also explores the emerging international financial centre functions of Budapest and Warsaw through the benchmarking of the main agglomerative indicators of their financial centre formation. The paper presents benchmarks the main financial market indicators and the factors of competitiveness of the three cities, and also discusses arguments about the ongoing competition among the three CEE metropolises in regards to which capital city can become the regional financial centre of the CEE region with significant international scope.

KRAKÓW-UPPER SILESIA CLUSTER (KRUS) - EXAMPLE OF THE POLYCENTRIC EUROPEAN COOPERATION CENTER, Wojciech Jarczewski, Institute of Urban Development, Poland

Numerous European initiatives, e.g. previously ESDP², followed by ESPON³ and PolyMETREX plus, to mention but a few, indicate the need to shape the social and economic capabilities of cities and towns and their complexes as polycentric systems. The European polycentricity means: cooperation and bonds between urbanized areas, system competitiveness, functional relationships and the connection between peripheral urbanized areas and the main European and global centres that allow the former to be integrated with the dynamically developing global economies.

² European Spatial Development Perspective

³ European Spatial Planning Observatory Network

The European Union is facing the necessity to verify its cohesion policy, which results from many premises, including a better instrumentalization of the Lisbon and Gothenburg Strategy. Although dofinansowanie of the poorest regions will probably remain one of the most important objectives of the Union, still more and more EU funds will be allocated towards the improvement of the external competitiveness of the EU. Considerable part of those resources will be allocated to supporting the development of the largest urban centres. That is why many countries try to increase the potential of such centres through "grouping" them and supplementing their potentials, including the formation of "urban networks".

The examples which are worth consideration as role models may be e.g. the *Delta Metropolis* (Amsterdam, Rotterdam, the Hague and Utrecht), the *Centropa* (Vienna and Bratislava), the *Saxon Triangle* (Chemnitz, Dresden, Halle, Leipzig and Zwickau), or the *Oresund* (Kopenhaga, Malmo, Ystad).

There is yet another area which may become an important and large polycentric region in Central Europe. That area is determined by a conventional line connecting Kraków, Częstochowa, Opole, Ostrava and Bielsko-Biała – Kraków, and its central part is occupied by the Upper Silesia Metropolitan Area. That polycentric area has been called the Kraków-Upper Silesia (KRUS) Cluster. That type of an intensively urbanised system of towns and cities can operate as a spatial organisation characterised by a functional distribution of work, economic and spatial integration and political cooperation.

The fundamental goals of identifying the KRUS Cluster are as follows:

- to increase the level of competitiveness in reply to the globalisation challenges;
- to strengthen the "network cooperation of cities" and polycentric development of the EU territory;
- to increase the potential of large cities, agglomerations and metropolises as the main actors, capable of diffusing growth to their environments.

The re-integration processes into the international financial markets and the EU accession drew attention to the formation and location of controlling functions in the emerging CEE markets. The paper explores the international financial centre function of Budapest comparing to the other emerging international financial centres (IFCs) of the CEE regions and the important preconditions for the creation of a regional centre (RFCs). The paper raises the question whether the CEECs need to develop their own regional financial centre based on the creation of pan-CEE capital market, or they could instead of rely on existing (the fragmented and slowly integrating) EU markets. It is plain that in the East Central European region there is a lack of regional economic managing, financial, communication, service and financial centres. There is a commonly quoted policy issue discussing the role of Budapest as a potential financial centre of the CEE region during 1990s and similarly to this recently Warsaw nominated. The question is whether Budapest or Warsaw might become a real financial centre by international standard. In spite of this there is a little market evidence showing any sign of a regional-centre focus there are opportunities in certain fields. The paper presents the requirements of the financial centre formations and commences with the short introduction to the stages of financial centre formation and concentration of controlling functions in the main CEE financial markets, and also explores the emerging international financial centre functions of Budapest and Warsaw through the benchmarking of the main agglomerative indicators of their financial centre formation. The paper presents benchmarks the main financial market indicators and the factors of competitiveness of the three cities, and also discusses arguments about the

ongoing competition among the three CEE metropolises in regards to which capital city can become the regional financial centre of the CEE region with significant international scope.

**DEVELOPING HUNGARY'S METROPOLITAN AREAS, István Vilmos Kovács,
National Development Agency of Hungary, Hungary**

Hungary has 10 million inhabitants on a territory of 93000 square kilometres. Hungary is a typically monocentric country. Around 2.5 million people live in Budapest, the capital city and in its agglomeration. There are no comparable big cities in the country, since the second largest town has only about 200 thousand residents.

The outstanding position of Budapest is also reflected in its economic performance. The GDP of the Central Hungarian region constitutes 44% of the national GDP compared only to its 28% share of the population. The leading role of the capital in the global network is evident. In the last 16 years 50-60% of the FDI to Hungary came to Budapest.

One of the most important characteristics of the metropolitan development is the dynamic suburban expansion, though, similarly to other capitals and major cities of Central and Eastern European countries, it is far less spectacular than e.g. in the US. The current trend of the rapidly expanding transport needs resulting in an increased traffic and pollution are among the most worrisome environmental sustainability questions.

In addition to these environmental concerns there are negative social impacts as well. The disintegration of the society, the physical separation of social groups and the impacts of the agglomeration life style on families among others due to the necessity of 2-3 hours travelling time per day are at least controversial.

In the presentation we shall review the possible scenarios and the related policy challenges focusing on the following issues:

- Is the development of public transport sufficient for meeting the insistent demand for the construction of new motorways and roads?
- How to encourage the creation of employment opportunities in the suburban areas in order to help people in finding job closer to their homes?
- How to make large cities themselves more attractive to residents?
- How to involve the civil society in integrated community planning and enhance its participation in identifying good policy solutions.
- Is there any chance to diminish the dominating role of Budapest and to move towards a more polycentric urban network?
- How to make best use of the positive impacts of the participation in the global network?
- How to answer these questions in the framework of the European cohesion policy?

WARSAW, PRAGUE, BUDAPEST – METROPOLITAN FUNCTIONS COMPARISON, Katarzyna Kuć-Czajkowska, Department of Local Government and Policies, Maria Curie-Skłodowska University, Poland

The idea of the paper refers to comparison of functions, which determine an international position of Warsaw, Prague, and Budapest. It is also to evaluate chances of those three cities to win and develop individual metropolitan functions in the future. Simultaneously, the paper is aimed at the identification of main factors, which hinder, and those that support the development of metropolitan functions of Warsaw, Prague, and Budapest. The author recognises the following reasons of CEE metropolises development: a significant change of geopolitical position due to socio-economic transformation, a membership of Poland, Czech Republic and Hungary in the structure of EU, globalisation and civilisation of information technology.

In the first part of the paper Warsaw, Prague, and Budapest are analysed in relation to several theoretical approaches. The second part presents the results of the author's research based on a statistical data analysis that refers to metropolitan functions of Warsaw, Prague, and Budapest. In this part of the paper the author shows that with regard to metropolitan functions, Warsaw, Prague, and Budapest either will be able to achieve a key rank in the European urban system, or will remain peripheral, at least for the next dozen years. In the last part of the paper legislative, political, and financial problems in the development of Warsaw, Prague and Budapest are characterised, and the opportunities and perspectives of the development of those three cities are indicated.

The idea of the research refers to comparison of functions, which determine an international position of Warsaw, Prague, and Budapest. It is also to evaluate chances of those three cities to win and develop individual metropolitan functions in the future. Simultaneously, the paper is aimed at the identification of main factors, which hinder, and those that support the development of metropolitan functions of Warsaw, Prague, and Budapest. The author recognises the following reasons of CEE metropolises development: a significant change of geopolitical position due to socio-economic transformation, a membership of Poland, Czech Republic and Hungary in the structure of EU, globalisation and civilisation of information technology.

DEVELOPING POTENTIALS OF THE CENTRAL AND EAST EUROPEAN METROPOLISES FOR THEIR WAY TOWARDS THE KNOWLEDGE ECONOMY, Hans Joachim Kujath, Institute for Regional Development and Structural Planning (IRS), Germany

The European Territorial Agenda (2007) describes the urban system as an economic motor, playing a key role in strengthening territorial cohesion in light of the Lisbon aims. This document mentions that the picture of Europe is dominated by metropolitan regions within the core area of Europe, i.e. the pentagon defined by the pillars London, Hamburg, Munich, Milan, and Paris. Outside these pillars, only a few urban areas are endowed with the potentials to counterweight the predominance of the so called Pentagon Cities: Madrid, Barcelona, Athens, Dublin, Stockholm, Helsinki to name some examples. The urban agglomerations of Central and Eastern Europe (CEE) – most of them being national capitals – do not belong to this second group of cities. Is this classification justified?

Knowledge Economy and Metropolitan Growth in CEE

As in Western Europe before, the economy of the CEE metropolitan regions becomes now increasingly characterised by the development of a knowledge society with knowledge based economic activities. Knowledge has always been the driving force of economic development. However, there is a fundamental change in the use of knowledge, which is expressed by the term “knowledge economy”. This term emphasizes that knowledge becomes more and more important, not only as a factor of production, but as a codified marketable commodity. New companies and markets are emerging in the fields of knowledge intensive services and high-tech industries. They can be divided into four functional groups:

- Transaction orientated economy: Firms, co-ordinating an increasingly and globally broadening flow of products and information.
- Transformation orientated economy: Production related research and development, i.e. the so called servindustrial economy, including high-tech services, R&D etc.
- High-tech industry: material production with a high share of technological and organisational knowledge from the transformation orientated economy.
- Information and media industry: Industrialised knowledge production, i.e. the new information industry, including media and design industry, software production etc.

Investigations prove that these four groups contribute in different scales to the economic dynamism of the CEE metropolises. Which share holds the knowledge economy in the different metropolises in comparison to Western Europe? How fast do these metropolises make up compared to the Western European counterparts? With support of the ESPON database first results of our analysis are brought up for further discussion. In this context, special attention will be paid to the economically strong territorial triangle between the cities of Berlin, Warsaw, and Budapest, encompassing along its lines Prague, Vienna, Bratislava, Krakow, and Poznan.

Potentials to Promote the Knowledge Economy in CEE Metropolitan Regions

Against this background it is useful to look more deeply at the potential endowment (e.g. human capital, innovation resources, communication and transport infrastructure as well as the institutional frameworks) of the CEE metropolises. The potential factor concept assumes that regions are provided with specific factors, representing resources tied to place. These factors are fundamental for promoting metropolitan competitiveness and growth in the knowledge economy. Within the scope of ESPON, a number of potential factors were developed, which have proven to be useful regarding their relation to regional productivity and thus regional competitiveness:

- Potentials of labour markets and human capital
- Innovation potentials
- Potentials of communication and transport (geographic position, accessibility) infrastructures.

The analysis of these potentials allows to asses chances and risks in the respective metropolises regarding their long term development as preferred places for the knowledge economy. In comparison to Western European metropolitan regions it seems that the CEE metropolitan regions are less well endowed with development potentials to counterweight the Western European predominance. Despite of actually high growth rates, deficits in the potential-endowment may possibly become a bottleneck for economic growth in the long

run, the backlog process of the knowledge economy and for positioning CEE metropolitan regions in the first or second tier of European metropolises.

To discuss this thesis and to draw some political considerations, the results of an analysis of clusters regarding the potentials of metropolitan regions in East and West are presented.

This paper analyzes the per-capita incomes convergence process across Polish regions (voivodships, NUTS2), subregions (NUTS3) and within voivodships during the period 1995-2004. The method of analysis is the estimation of the dynamics of the whole distribution of relative income. This includes transition matrices and the non parametric kernel density estimation, both proposed by Quah (1993, 1996, 1997). We study whether the cross-regions income distribution shows evidence of convergence, i.e. a tendency for the steady-state distribution to cluster around one or more poles of attraction, or divergence. We observe strong persistence of incomes distribution and lack of absolute convergence between voivodships and subregions. Individually regions and subregions become relatively poorer due to much faster than average growth of richest (sub)regions (Mazowieckie among voivodships and subregions that are large cities). The dispersion in terms of relative incomes between Polish regions rises in time on NUTS2 and NUTS3 levels. What we find is the evidence of clubs convergence (polarization) both among voivodships and subregions the relatively poorest and relatively richest regions are converging separately on different income levels. We also seek for convergence of subregions within voivodships and find that if any pattern of convergence is present there it is again convergence of clubs.

MODEL GARDEN METROPOLIS OR A TRANSPORT NODE IN THE GLOBAL METROPOLITAN NETWORK PRINCIPAL DILEMMAS OF DEVELOPMENT – THE CASE OF THE TRI - CITY AGGLOMERATION, Piotr Kuropatwiński, Andrzej Paczoski, University of Gdansk, Poland

The authorities and inhabitants of the Gdansk - Gdynia – Sopot agglomeration with several towns adjacent to it (Rumia, Reda and Pruszcz Gdanski – the third largest agglomeration in Poland after Warsaw and Silesia) consider that it has a sufficient development potential to become soon an important node in the global metropolitan network.

The paper intends to identify its major strengths (to name a few: impossible to imitate elsewhere valours of its location, cultural and historical heritage, ambitions and size of its academic community) that may help to materialize those aspirations. On the other hand it lists the principal barriers of development that are identified in the currently formulated urban development strategies adopted. The problems of transport access are often mentioned as the most important bottlenecks that hamper the exploitation of its development potential and road transport infrastructure investments have the largest share in currently designed and implemented infrastructure investment programmes.

On the other hand the sources of inner city congestion problems, experienced in most urban areas of the northern hemisphere (at present further exacerbated in the Tri- city by an extensive programme of public transport and transit street modernisation work) are not properly identified and thus often improperly addressed in local social communication media (local press, TV and websites). More precisely, the extension of road capacity seems to be either the only or the most important way of solving the morning peak hours congestion gridlocks. Such solutions overlook the fact that such policies will undermine the traditional advantages of the agglomeration making the preservation of the traditional garden look of its numerous urban environments impossible. The authors claim that if

solutions putting stress on the development of non-motorised and public transport systems, accompanied with clever spatial planning policies are adopted, the chance for becoming an important and inspiring node in the European and global metropolitan network will be substantially enhanced. The latter line of argument will be supported with some practical urban transport policy examples in the paper and a power point presentation based on its content.

STATISTICS OF POLISH METROPOLISES – PROBLEMS AND PERSPECTIVES, Andrzej Młodak, Statistical Office in Poznań, Urban Statistics Centre, Poland

Taking effective decisions concerning strategies of social and economical development of urban areas requires relevant informative support as well as advisory and methodological assistance. This auxiliary function can and should be realised by regional statistics.

In this paper the most important problems and development perspectives concerning collection and analysis of data for Polish metropolises will be presented. To the basic issues which will be described in this context, belong: definition of metropolis and functional city, sources of statistical information, methods of estimation of lacking data and – still occurring in this area – organisational and methodological problems. A special attention will be paid on advantages and challenges coming from participation of Poland in various international projects connected with regional statistics, such as URBAN AUDIT, EURAREA, etc. The first of them provides many interesting propositions concerning assessment of life condition of urban population and delimitation of metropolitan areas based mainly on a concept of scope of action of the city. The latter is aimed at a construction, development and research of utility of theoretical tools of small area estimation.

Moreover, we will look on the possibilities of the Polish regional statistics in terms of observation of metropolises and stimulation of their functioning, both of the analytical point of view and of support of making local decisions.

METROPOLISES OF CEE: MULTIPLICITY OF ROLES IN GLOBAL, EUROPEAN, NATIONAL AND LOCAL SETTLEMENT HIERARCHIES, Luděk Sýkora, Department of Social Geography and Regional Development, Faculty of Science, Charles University, Czech Republic

In our efforts to understand cities and manage their development we are confronted with very complex open systems. Cities are undividable wholes. Yet, we often have to abstract from many-sidedness and complexity and pay our attention on particular aspects of urban life. Such focus is necessary for a successful action and an accomplishment of our goals whether they are in research, policy making or activism. However, forgetting to keep the holistic view, we might miss important relations in the more and more interconnected world.

In the age of globalization and European integration we become accustomed to appreciate external links of cities, which integrate the local with the wider world. Cities are not anymore understood as places with boundaries around. They are rather seen as being part of networks of social, economic, political and cultural relations that operate on a far larger scale than is the city itself.

There is a whole web of external relations of a city from local/regional, to national, European and world-wide levels. In recent two decades, the forces and mechanisms of global and European integration enormously increased their impact on urban development. This, of course, has rightly captured our attention. We discuss the position of metropolises in global and continental urban and regional systems and speculate about the role of inter-urban competition and co-operation and formation of large polycentric zones on supra-national scales. It seems to me that in these discussions, we are somewhat forgetting about traditional roles of cities as national political and cultural centers, concentrations of command and control functions at national level and growth poles of national economies as well as about their role of key nodes of regional economies, labor and housing markets and services for metropolitan inhabitants. We should not forget about the multiplicity of roles which metropolises have to play in global, European, national and local urban and regional systems. The integrative cross-scale view allows us to capture the complexity of relations and more fully inform our perceptions and decision-making.

CHALLENGES OF URBAN DEVELOPMENT IN HUNGARY, Péter Szaló, State Secretary for regional development and building, Ministry of Local Government and Regional Development, Hungary

Hungary's regional differences in development status have not decreased in the past 15 years, in spite of the efforts of the Hungarian national regional policy. The spatial differences are pervasive at different levels: between Budapest and the rest of the country, at regional, micro-regional and local levels.

The main driving force of regional growth is actually the growth of county seats, and some medium sized cities, which are the most dynamic parts of the Hungarian city-system. There is a well developed system of cities between Budapest and the Lake Balaton, and also between Budapest and Wien – other well developed cities are more island-like. In the face of globalisation, the concentration of production and services, the growth of cities is foreseen, therefore the balancing out between the regions is needed.

The issues of urban development and the role of cities come into the limelight both in the National Development Concept for Regional Development (being revised and adopted by the Parliament at the end of 2005) and in the National Strategic Reference Framework for the period 2007-2013.

The main objective of Hungarian urban policy reflected in the above mentioned documents is the establishment of a balanced polycentric city network that is more cooperating than the current one. Elements of this are the strengthening of the international competitiveness of the capital city, the designation of regional centres and the support of development poles, thus enhancing the reduction of the capital's dominance and alleviating the monocentric spatial structure of the country. The implementation of the main objective is supported by strengthening the spatial organising power of small and medium-sized towns, and the enhancement of harmonic relations between cities and their regions and a more intensive relationship between the cities. This way, the cities do not appear in isolation but in a network which are connected by relations of various intensity.

The presentation will outline the attempts of the Hungarian regional policy to strengthen territorial cohesion by enhancing urban development through various tools, such as:

- drawing up concept for polycentric settlement network;
- developing an integrated urban regeneration strategy;

- strengthening development poles within the country;
- ensuring considerable financial support for urban regeneration within the 7 regional operational programmes;
- searching for new financial instruments for urban development.

Taking effective decisions concerning strategies of social and economical development of urban areas requires relevant informative support as well as advisory and methodological assistance. This auxiliary function can and should be realised by regional statistics.

CITIES, NETWORKS, AND DEVELOPMENT:TOWARDS A CENTRAL FLOW THEORY, Peter Taylor, Department of Geography, Loughborough University, Director of the Globalization and World Cities (GaWC) Research Network, United Kingdom

The basic argument of this presentation is that external urban relations encompass two distinctive processes: town-ness and city-ness. Town-ness is represented by central place theory in its modelling of vertical (hierarchical) urban relations. For city-ness, I propose the need for a complementary central flow theory to model horizontal (network) urban relations. The implications of this for theory and practice are discussed in detail and related to challenges for urban and regional planning under conditions of contemporary globalization.

SESSION IV: CEE and the EU Cohesion policy reforms: a source of change or a defender of the status quo?

THE CZECH REPUBLIC AND EU COHESION POLICY, Michael Baun, Valdosta State University, USA; Dan Marek, Department of Politics and European Studies, Palacky University, Czech Republic

This paper has two main parts. The first, and largest, part examines the Czech Republic's experience with EU Cohesion policy since becoming a Member State in 2004. This includes both 2004-2006, and the new programming period that began in 2007. Key issues to be explored include the national planning process, negotiations with the Commission on the approval of Operational Programmes, partnership and the role of regional governments, and problems with the implementation of Structural Funds programmes (including lack of expertise and experience, insufficient institutional and administrative capacity, problems with co-financing, etc.).

The second part of the paper will discuss the likely position of the Czech Republic (CR) on the issue of Cohesion policy reform. The Czech position will be influenced, to a large extent, by its experience with implementing EU Cohesion policy since accession. It is also likely to be affected by the CR's relative economic position within the EU. While the CR is among the chief beneficiaries of EU Cohesion policy at present (in 2007-2013 it is the third largest recipient among the member states and the largest in per capita terms), it is also among the more prosperous of the new member states. It therefore faces the prospect of losing funds or becoming a net contributor to the EU budget in the medium-term future, a factor that will undoubtedly influence its views on Cohesion policy reform. The Czech position is also likely to be affected by the CR's particular economic situation, being a relatively small country with few natural resources, yet with severe regional economic disparities. Thus, the CR's position on Cohesion policy reform is likely to be very much "in the middle" in the debate between wealthy and poor member states (with the CR favoring some degree of "renationalization" of EU Cohesion policy), and in the debate over the objectives of Cohesion policy (i.e. focus on the Lisbon goals of enhanced innovation, competitiveness, and employment versus regional economic development and convergence). While not necessarily a defender of the status quo, the CR is unlikely to be a supporter of radical change; and of course, it will fight to defend its share of Cohesion policy funds. Domestic politics will also affect the CR's position on Cohesion policy reform, including the partisan composition of government and the growing assertiveness of regional governments.

ENHANCING ENDOGENOUS DEVELOPMENT IN RURAL POLAND – THE EVALUATION OF LEADER+ PILOT PROGRAMME, Marek Furmankiewicz, Department of Rural landscape Planning and Development, Wroclaw University of Environmental and Life Sciences, Poland

The paper shows the difficulties and effects of LEADER+ Pilot Programme implementation in rural areas in Poland in years 2004-2007. Polish accession to the

European Union and planned LEADER programme had significant importance to area-based partnership development. Poland, as a new member state, could not participate in implementing the EU initiative LEADER+ in the planning period 2000-2006. As a result the „Pilot Programme LEADER+” (PPL+) was prepared within the Sectoral Operational Programme „Restructuring and modernization of the food sector and rural development 2004-2006” financed from the European Agricultural Guidance and Guarantee Fund. The perspective of gaining financial support stimulated local institutions to create local partnerships. In December 2004, 248 organisations (mostly consisted of local governments and NGOs) submitted applications to the programme, declared ability to build the Local Action Group and to prepare local development strategy. There were 162 applications granted. Additionally, some organisations based on LEADER approach were created without the European support. In consequence, in the middle of 2007 there were above 210 LEADER type partnerships in Poland. Although most of them have existed for no more than 1-2 years now, they managed to create local strategies. According to the questionnaire poll (96 responses out of 207 organizations in 2006), the main initiators of establishing the partnerships were local authorities and municipal associations (64%), then local and regional NGOs (28%). While creating the formal structure almost 29% of respondents faced significant difficulties connected with the specific PPL+ conditions, like elimination of some municipalities from the programme, too dense or too sparse population, lack of territorial cohesion etc. However, the finance and law issues were the main problems. In researched coalitions most active were local governments and NGOs. The specific project, financed from the other than PPL+ sources, realised the only dozen oldest organisations, most commonly in promotion and small tourist infrastructure development category. The main aims of work were: promotion and tourist infrastructure development, rural areas restructuring, and local product and business promotion. Most of partnerships have been starting their activity and with several positive exceptions, did not achieve the appreciable effects in enhancing participation of local communities. There were many difficulties in realisation of main ideas declared in LEADER programme documents. The programme created a good basement for financing local initiatives from LEADER axis in years 2007-2013, but the Local Action Groups need special support in real “partnership” building between institutions from different sector.

COULD BE THE EU COHESION POLICY MORE INNOVATIVE IN PERIPHERAL REGIONS OF THE NEW MEMBER COUNTRIES? Tomasz Grzegorz Grosse, The Institute of Public Affairs, Poland

- We can differentiate between two innovation strategies of the public authorities in less developed and peripheral regions. The first one can be describe as the modernisation of the existing internal potential. External assistance would be directed towards delivering investment resources and new organisational and technological solutions that could renew the endogenous resources. An example for rural regions could be the introduction of new organisational methods (e.g. marketing methods) as well as technological solutions into the farming and tourist industries.
- The second strategy is the building of completely new resources for regional development. External assistance, thus, would be concentrated on the development of new investment directions, different from the traditional development activities undertook in this area, as well as the generation of new potential for the future development of new endogenous development trajectory. An example of such

activities would be the support for technical universities and research and development centres that bring together experts with the aim to conduct development activities in the high technology segments.

- I would like confront this two sort of developmental strategies with estimation of EU cohesion policy before 2006. This policy realized in the new member states and cohesion countries could not have been used as n instrument to build new endogenous potential, i.e. modern and innovative economy in peripheral regions. This is related to domination of infrastructure investments and marginal importance of the investments for R&D as well as for introducing new technologies to companies. It is also related to the mechanism of supplanting investment for R&D and the ones developing modern economy by infrastructure investments, which consume most of the investment provisions available in the public finance systems of these countries.
- The EU cohesion policy before 2006 was too much directed to improve the life condition of inhabitants and supporting their revenues. It insufficiently created long-term impulses for economic growth. This is related to the risk that the cohesion policy will lead to preserving dependency of peripheral regions in the new member states on redistributing the public funding of social character. In the edge cases it may be related to creating political clientelism and corruption in a way similar to South Italy. This would be related to the processes of taking control over EU money transfers by the political parties for the sake of their own party's objectives

THE NEW COHESION POLICY – POSSIBLE SCENARIOS, Jan Olbrycht, Member of the European Parliament, Poland

The experience of the European Union shows that the first year when a new Financial Perspective is implemented is at the same time when the debate on the next programming period begins. That is also what is happening in 2007. Nevertheless, due to delays caused by budget negotiations between member states, the negotiations of operational programmes for 2007-2013 have not yet been completed. The situation of delayed negotiations between member states and the European Commission is not new (it happened also in 2000) but it has a significant impact on the level of Structural Funds absorption by new member states.

Both the previous controversy around the relation between the EU priorities and the size of the EU budget as well as the discussion about the shape of the cohesion policy for 2007-2013 set a framework for the initial stage of the debate on the new cohesion policy for the post 2013 period.

The discussion on future enlargements, which will largely depend on the fate of the EU Reform Treaty, will also have certain impact on the character of the debate on the cohesion policy. Potential areas and issues for this policy interventions as well as expected costs of those interventions will be considered when analysing future cohesion models. Again, there will be different regional policy concepts but this time individual member states' positions will be more radically different and more divergent than ever before.

Initial voices in the discussion on the new cohesion policy in the European Parliament as well as draft analyses and forecasts seem to point to a number of possible scenarios, which the work on the new cohesion policy will be based on:

- a) continuation: maintaining existing policy directions, dual character of the cohesion policy reflected in defining the so called Objective I and Objective II, similar level of funding;
- b) limited strengthening of the cohesion policy: maintaining financial interventions in support of bridging the development gap, strengthening pro-development interventions in more developed regions, significant strengthening of territorial co-operation, increased activity of beneficiaries in absorbing available funds/ (financial engineering);
- c) radical strengthening of the cohesion policy: overarching role of the cohesion policy in relation to other policy areas, increased interventions focused among others on innovation, cross-border co-operation, etc. significant increase of funding, implementation of an integrated approach, strengthened role of the European Commission;
- d) slight limitation of the cohesion policy's role: maintaining financial support for Objective I interventions, gradual withdrawal from interventions in support of competitiveness which would be addressed as part of other policy areas, partial replacement of the cohesion policy with interventions to address breakdowns or natural catastrophes;
- e) radical limitation of the cohesion policy's role: limiting the cohesion policy to Objective I interventions maintaining a low access threshold for beneficiaries (the level of GDP), renationalisation of all interventions except for those under Objective I. Sectoral approach of EU policies. Gradual withdrawal of the cohesion policy.

REGIONAL POLICY IN THE CZECH REPUBLIC CONTEXT, Josef Postranecky
 Department of Development and Strategy of the Regional Policy, Ministry for Regional
 Development of the Czech Republic, Czech Republic

The Czech Republic takes positive note of initiatives such as today's meeting, as they are a means of learning more about highly topical subjects. Regional development issues relating to regional policy are clearly one of these subjects, and I applaud the opportunity we have here to exchange our experiences of how regional problems have been tackled in numerous European countries.

In my address, I would like to shed light on the system of regional policy applied in the Czech Republic in relation to national requirements (i.e. the basic pillars) and requirements from the perspective of European regional policy.

Under Czech law, the Ministry of Regional Development is responsible for the government's regional policy and land development policy. The regional policy has a vertical structure derived from the public administration structure. For the sake of completeness, I note that the Czech Republic is divided into 14 self-governing provinces and 77 districts. The number of municipalities, or local government units, is phenomenal – there are about 6,200 of them. Myriad discussions were held on the number of provinces (which were reintroduced in 1997). One of the key observations was that the provinces in the Czech Republic were too small for the disbursement of aid from the European Funds. Accordingly, eight cohesion regions were set up, albeit on the basis of rather vague regional logic.

In the Czech Republic's regional policy, the central administration has formed a general framework and conditions to minimize disparities and facilitate maximum exploitation of territorial potential. In its regional policy, the state strives to abide by established principles such as concentration, solidarity, cohesion, development assistance and reinforced competitiveness and partnership. It is axiomatic that certain instruments are used in the application of the policy. One of the first worth noting is the Regional Development Strategy, which, at central government level, is the starting point for the formulation of regional policy. This document contains the main principles on which the government policy will be built in the forthcoming period from 2007 to 2013. The Ministry of Regional Development also launches programmes designed to help achieve the objectives of regional policy (six programmes have been approved) and designates specially assisted regions.

I have intentionally avoided mentioning cohesion regions, used for the provision of financial resources from the Structural Funds, as I wish to return to them towards the end of my address, where I dwell on the 2007 – 2013 programming period. Another level in the Czech Republic's regional policy comprises the country's self-governing provinces, which manage their own budgets, coordinate regional development, and are responsible for drawing up, introducing and monitoring regional development programmes. They also assess their intraregional disparities, participate in the distribution of public resources for the support of regional development, and provide assistance and loans to local government units and other entities.

Local government units (municipalities) are the lowest – we might say grassroots – level influencing the development of a given territory. Local government units should not rely solely on land use plans, but ought to have their own development strategy, i.e. their own territorial policy, that would have a bearing on their further development. Regrettably, given the high degree of fragmentation of local government, this cannot be achieved among the smallest units.

To close, I would like to bring attention to the fact that, under the policy on economic and social cohesion, the Czech Republic will have the opportunity to draw on approximately EUR 26.7 billion (roughly CZK 750 billion) from European funds. For the current ESC policy programming period, running from 2007 to 2013, the Czech Republic has prepared 24 Operational Programmes, most – sixteen – of which have a regional dimension and concern the provinces, towns and municipalities that will primarily participate in these programmes.

There are seven Regional Operational Programmes falling under Objective 1 (Convergence) which cover the Cohesion Regions. Their priority axes centre on the development of regional transport infrastructure and diverse forms of public transport, services and tourism infrastructure, as well as on the development of regional centres, towns and rural areas. The managing authorities of these seven ROPs are the Regional Councils. Besides these ROPs, two Operational Programmes are being prepared for the City of Prague (again with a regional dimension), with another five on cross-border cooperation, prepared by the Ministry of Regional Development in conjunction with a foreign institution (Bavaria, Saxony, Austria, Poland and Slovakia), and two on transnational cooperation, tackling cooperation in Central Europe.

In addition to the OPs I have mentioned, sectoral OPs – run by individual ministries as the Managing Authorities of these thematic OPs – have also been prepared.

In conclusion, I would like to note that the Czech Republic places a great emphasis on regional policy (both internal and European). The aim is to create a level playing field for

the development of regions, with consideration for the fact that development will not be identical everywhere, but will reflect specific features, exploit comparative advantages, and tap the endogenous potential of the regions. I firmly believe that this conference will provide us with a deeper insight and valuable inspiration for the further development of regional policy in our countries.

CHALLENGES OF URBAN DEVELOPMENT IN HUNGARY, Péter Szaló, State Secretary for regional development and building, Ministry of Local Government and Regional Development, Hungary

Hungary's regional differences in development status have not decreased in the past 15 years, in spite of the efforts of the Hungarian national regional policy. The spatial differences are pervasive at different levels: between Budapest and the rest of the country, at regional, micro-regional and local levels.

The main driving force of regional growth is actually the growth of county seats, and some medium sized cities, which are the most dynamic parts of the Hungarian city-system. There is a well developed system of cities between Budapest and the Lake Balaton, and also between Budapest and Wien – other well developed cities are more island-like. In the face of globalisation, the concentration of production and services, the growth of cities is foreseen, therefore the balancing out between the regions is needed.

The issues of urban development and the role of cities come into the limelight both in the National Development Concept for Regional Development (being revised and adopted by the Parliament at the end of 2005) and in the National Strategic Reference Framework for the period 2007-2013.

The main objective of Hungarian urban policy reflected in the above mentioned documents is the establishment of a balanced polycentric city network that is more cooperating than the current one. Elements of this are the strengthening of the international competitiveness of the capital city, the designation of regional centres and the support of development poles, thus enhancing the reduction of the capital's dominance and alleviating the monocentric spatial structure of the country. The implementation of the main objective is supported by strengthening the spatial organising power of small and medium-sized towns, and the enhancement of harmonic relations between cities and their regions and a more intensive relationship between the cities. This way, the cities do not appear in isolation but in a network which are connected by relations of various intensity.

The presentation will outline the attempts of the Hungarian regional policy to strengthen territorial cohesion by enhancing urban development through various tools, such as:

- drawing up concept for polycentric settlement network;
- developing an integrated urban regeneration strategy;
- strengthening development poles within the country;
- ensuring considerable financial support for urban regeneration within the 7 regional operational programmes;
- searching for new financial instruments for urban development.

**THE APPLICATION OF SUSTAINABLE COMMUNITIES AGENDA TO
CENTRAL AND EASTERN EUROPE - HOW VIABLE IS IT?** Michelle Wishardt,
Leeds Metropolitan University, United Kingdom

This paper will seek to assess the potential of the Sustainable Communities Agenda, the Bristol Accord, to increase territorial cohesion within Central and Eastern Europe. The Accord, which was initiated by the British presidency of the EU December 2005, set out eight key characteristics that should inform future European governmental endeavours to deliver sustainable communities. Such neighbourhoods are characterised as: active, inclusive and safe; well run; environmentally sensitive; well designed and built; well connected; thriving; well served and fair for everyone. The approach is thus a holistic one, encompassing social, economic and environmental objectives.

However, do such virtuous objectives and definitions really provide a realistic means of fulfilling the objectives as set out in the reform of EU Cohesion Policy? At its inception the Accord was ambitiously depicted as the ‘first step towards a European Charter for Sustainable Development’. If such a potential exists, what specific measures need to be taken to monitor and independently assess the progress of cities and neighbourhoods within them? Finally, does the Agenda, conceived in the British context, have any value or applicability which is transferable to the countries of Central and Eastern Europe?

The paper will draw on research recently completed by CUDEM and ERBEDI at Leeds Metropolitan University for the European Parliament (Policy Department Structural and Cohesion Policies) into the progress of the Sustainable Communities approach in general and its significance for the CEE in particular.

SESSION V: External Borders of the EU: a limitation or an opportunity for development

CHANCES AND DEVELOPMENT LIMITATIONS OF THE PROVINCE OF WARMIA AND MAZURY AS A TRANSBORDER REGION OF EUROPE, Anna Cellmer, Faculty of Geodesy and Land Management, University of Warmia and Mazury in Olsztyn, Poland

The co-operation of transborder regions is one of the main elements of the new European Union policy accepted for 2007-2013. This fact is important for the province of Warmia and Mazury which, due to its geopolitical position in north-eastern Poland, belongs to the European transborder region. This is a seaside region of Southern Baltic States and forms the eastern border of the European Union with the Kaliningrad District of the Russian Federation.

On the other hand, it is one of the peripheral regions of Europe, with a low degree of social, economic and territorial cohesion.

That is why the development of the province is related to a good strategy of regional development. The realization of such a strategy, based on EU Structural Funds, can improve the economy of the region, as well the level of its competitiveness.

In the new “Strategy of Warmia and Mazury up to the year 2020”, transborder co-operation is one of priority directions of development. It is based on the rate of introducing innovation and entrepreneurship and the possibilities and usage of EU Funds within existing and future EU programs.

The paper describes the opportunities for the province that emerge from the implementation of various forms of co-operation with the Baltic States in the Baltic Euroregion and with the Kaliningrad District. This refers to transborder co-operation based on administrative and financial instruments – such as the European Neighbourhood Policy (ENP) of 2006, and after 2007 – the European Neighbourhood and Partnership Instrument (ENPI), and the New Neighbourhood Instrument, and associated funds such as PHARE, or other programmes, such as INTERREG II B.

The article includes description of the co-operation and some results that are beneficial for the activities of the province, for instance, cultural and scientific initiatives, an integrative-social exchange and also in the sphere of commercial initiatives – staff exchanges, co-operation of local autonomies with neighbouring communes and common strategies for the whole region, taking into consideration all problems and barriers limiting this co-operation.

With reference to the Baltic co-operation, besides common programmes that are carried out mostly for the protection of natural environments, other important actions include sharing experience with other states towards achieving a higher economic level and living standards.

To sum up, the result is the estimation of factors which influence the transborder co-operation of the Warmia and Mazury province and the results of EU policy on the growth

of economic potential of the region, and consequently, on the growth of its competitiveness in the regional development.

As regards the estimation of barriers which limit this co-operation, the conclusions drawn in the paper concern their gradual elimination, depending on the character, and the effect they could have on existing and future co-operation that could be fruitful for the region and its partners.

INVESTIGATING NON-GOVERNMENTAL ORGANIZATIONS COOPERATING ACROSS THE EUROPEAN UNION EXTERNAL BORDER. EXAMPLES FROM POLISH-RUSSIAN (KALININGRAD OBLAST) AND POLISH-UKRAINIAN BORDER REGIONS, Wojciech Dąbrowski, Department of Economic Geography, University of Gdansk, Poland

The aim of the paper is to recognize and to assess the scope of Non-Governmental Organizations (NGOs) cooperating across the Polish Eastern border. Non-Governmental Organizations as the vital element of civil society may play a significant role in stimulating social and economic relations between citizens from bordering countries. Formerly being a part of the same state or the same political regime, they are now divided by the European Union border which effectively separates member states from non-members. In this aspect the paper reveals how the organizations deal with the Schengen settlements, trying to find paths of cooperation between societies existing under different political, administrative and economic conditions.

This paper includes examples from two out of three European Union external borders in Poland. It is focused on Polish – Russian (Kaliningrad Oblast) and Polish - Ukrainian border region (the Polish – Belarusians case study is not included) and is based on empirical data from over 150 questionnaire surveys conducted on both sides of the border. In addition information from chosen NGOs activity reports is included in the analysis.

The organizations investigated in this research were chosen from the Polish-Russian (Kaliningrad Oblast) and Polish-Ukrainian border regions, at the level of voivodeships and oblasts, from both sides of the border. The investigation was focused on local and regional level.

The organizations are categorized by features like: thematic field, sources of budget, spatial scope and years of activity. Beside recognized types, reasons and structures of NGOs cooperation networks are investigated. The gathered information shows not only how organizations operate but also partly indicates the nature of local border society.

THE IMPLEMENTATION OF CROSS-BORDER COOPERATION PROGRAMME WITHIN INTERREG IIIA IN THE EASTERN BORDER AREA OF POLAND, Sylwia Dołzbłasz & Andrzej Raczyk, Institute of Geography and Regional Development, Department of Spatial Management, University of Wrocław, Poland

Formalized forms of cooperation in the Poland's eastern border area, which is simultaneously external border of the European Union, has comparatively the shortest history regarding the national Polish scale. It was also based on slightly different model of organizational solutions. Poland's accession to the EU and the inclusion of border region into the programmes of Community Initiative Interreg IIIA has resulted in fundamental changes, not only in terms of scale, but also in institutional forms of cooperation.

In this paper, the influence of these changes on the scale and character of the cooperation was further investigated. An evaluation of practical implementation of cross-border cooperation programme was also the aim of this paper. The evaluation was based on analysis on the major characteristics of the projects' forms and the institutional structure of the beneficiaries. Particular attention was focused on the links between the spatial localisation of projects and level of socio-economic development of specific areas.

In the analysis an area included in the Community Initiative Interreg IIIA Poland-Ukraine-Belarus programme has been examined and this was investigated for units at local level (NUTS 5). The results were compared to the evaluation of cooperation in the Polish-German cross-border area.

According to recent results one can conclude that cross-border cooperation at the eastern border of Poland is in its initial phase of development and is mostly connected with infrastructure improvement. Thus it would be desirable to reduce the number of infrastructural projects in favour of the projects oriented to the formation of social capital as well as socio-economic integration. The researches showed also that the realization of cooperation programmes may cause further polarization within the border area. The activation of cooperation between business entities and the institutions of the non-profit sector seems necessary. Moreover the projects being under realization should be the effect of conscious activities of the regional self-governments responsible for regional policies and, what is of significant importance, result from bottom-up initiatives. One of the most important mental challenges concerning the border area inhabitants is raising the awareness of the existence of the joint border area. Partners on the other side of the border also need to be involved in its generation as the synergy effect arising from cooperation exceeds that of competition.

The previous experiences and increasing formal EU requirements will result in necessity of modification of heretofore cooperation model at the eastern border of Poland.

ECONOMIC GROWTH AND REGIONAL DISPERSION OF INCOME IN THE BALTIC COUNTRIES AND POLAND – THE ROLE OF CROSS-BORDER COOPERATION IN REGIONAL DEVELOPMENT, Jenni Jaakkola, Pan-European Institute, Turku School of Economics, Finland

In 2004, eight transition economies of the Central and Eastern European countries (CEE8) joined the European Union. All the accession countries had almost fifteen years of economic reforms and stabilization programs prior the accession.

In order to be able to take part in the accession negotiations, countries must be qualified in certain areas. Thanks to extensive restructuring programs, many of the new European Union member states are now on a growth path. Most of them are still far below the average per capita income levels of the neighbouring Western European countries, but there are also examples of high growth and increasing welfare in the CEECs.

One problematic aspect to economic growth is that it tends to accumulate in certain regions within a country. Usually the best growth rates are measured in the capital cities or regions around them, or in industrial regions where there are economically important clusters. Thus even if an economy has good economic performance as a whole, the regional disparities might be even increasing. Most often the poorest performance is measured in border regions, which in many cases are much poorer in several respects than the growth centres.

The aim of this paper is to analyze the effects the accession to the European Union had on the Central and Eastern European Countries. Many of them have been able to reach higher growth rates when compared to their previous economic performance. The increased welfare, however, has not necessarily been distributed evenly within these countries. In this paper, one important aim is to examine the changes in economic growth and the possible regional disparities in income per capita levels, especially in the Baltic countries and in Poland. Especially the impact of geographical location on growth performance is studied. In many cases, the geographical location is one of the most important sources of growth. Thus peripheral border regions lag behind the capital regions in many respects.

The level of regional development is a sum of multiple factors, and there are various ways to facilitate economic development in peripheral regions. One way to make the border regions more attractive and vital is to increase cross-border cooperation with their neighbouring regions. This way, the disadvantage of the unfavourable geographical location could be converted into an advantage. Increasing cross-border cooperation is heavily promoted by the European Union's regional development programmes as one of the ways to increase the competitiveness of these border regions. In Finland, there have been some positive experiences of cross-border cooperation in the peripheral regions, and some of these are presented in this paper as one possible way to increase cooperation also in the new EU member states.

RUSSIAN-UKRAINIAN EUROREGIONS: PROBLEMS AND PERSPECTIVES, Alexei Kiryukhin, Council of Heads of Border Regions of Belarus, Russia and Ukraine, Ukraine

Cross-border cooperation along Russian-Ukrainian border is defined by Ukrainian-Russian interstate relations, historical background and lack of EU targeted support for development of these areas through EU initiative programmes. Partial involvement into European process of territorial cohesion by virtue of free access to information resources of AEBR and other European institutions of regional development as well as lack of dedicated budget lines resulted into Russian-Ukrainian border becoming the arena of assumed cooperation of local authorities, which doesn't compensate for discrepancy in Ukrainian and Russian geopolitical codes. Gradually Russian-Ukrainian border tends to assume crucial significance in the European borders system as far as it reflects two different geopolitical models in reference to EU: the partnership model - the one Russia is oriented to, and the assimilative integration model – a strategic direction for Ukraine.

The period 2000-2006, which clashed with the realization of the EU INTERREG IIIA programme, was characterized by the creation of pioneer Russian-Ukrainian Euroregions and transition of border co-operation from a number of single joint actions towards program-project approach within the framework of realization of the Programme of Interregional and Cross-Border Co-operation between Russian Federation and Ukraine for the period 2001-2007. Council of Heads of Border Regions of Republic of Belarus, Russian Federation, and Ukraine, founded by governors of 10 border regions in 1994, was the only cross-border cooperation institution for Russian-Ukrainian border areas at that moment. Its executive committee functions coordinately and consistently in Kharkov (Ukraine) and Belgorod (Russia) (see www.crossborder.org.ua).

The work of the Council resulted into creation of Euroregions "Dniepr" (April 2003), "Slobozhanschina" (November 2003) and "Yaroslavna" (April 2007).

Euroregion “Slobozhanschina” has been admitted to AEBR (in 2004 as an observer, in 2006 as a full member). The development of Euroregion “Slobozhanschina” as a full member of the Association of European Border Regions foresees the implementation of a specific measures plan based on the program-project approach within the framework of the Cross-border Cooperation Strategy for the period 2007-2013.

Removal of infrastructure barriers and strengthening of confidence in business area through creation of co-operation schemes in small and medium business on the basis of cluster initiatives can be considered as the main goals of this plan.

Euroregion “Slobozhanschina” operates on the basis of the agreement and Charter in accordance with the law of Ukraine “On cross-border cooperation”, State Programme of Cross-Border Cooperation for the period 2007-2010 and Programme of Cross-Border Cooperation Development in Kharkov region by 2011.

In February 2006 we drew up the Programme of Cross-Border Co-operation in Dergachy district, Kharkov region which was subsequently adopted by Dergachy district Council, the Dergachy district being the key one in Euroregion “Slobozhanschina”, by virtue of its geographical position.

In order to co-ordinate the actions of participants of cross-border co-operation, the Cross-border Cooperation Center was founded in Kharkov in March 2006.

The activity of the Center is focused on strengthening competitiveness of border regions, fostering SMEs development in border regions, reinforcing the role of local authorities in realization of joint economical projects within the framework of Euroregion “Slobozhanschina”. At present the key priorities of the Center, functioning as a co-ordinating secretariat of Russian-Ukrainian Euroregions, are the following:

- Business infrastructure development in Euroregion “Slobozhanschina”;
- Ecological sanitation of Udy and Lopan rivers, flowing through urban border areas;
- Development of joint trade houses structure in Kharkov and Belgorod border areas;
- Development of cross-border environmental trails system “Natural and historical heritage of Slobozhanschina” for improvement of recreational potential of border areas;
- Report to the representatives of local authorities and leaders of cross-border regions of Belarussia, Russia and Ukraine on state of co-operation and business environment in Russian-Ukrainian border areas on internet-site of the Executive Committee of Council of Heads of Border Regions www.crossborder.org.ua ;
- Drafting programmes of cross-border cooperation for local communities;
- Consultation service for local authorities of neighboring Ukrainian and Russian border regions in the field of creation of new Euro-regions (euoregions@gmail.com).

The undertaken measures resulted in vertical integrated mechanism of program support for cross-border cooperation with dedicated budget lines at state, regional and local levels that functions in Euroregion “Slobozhanschina” since 2007.

We expect the process of forming Euroregions network on Russian-Ukrainian border to be completed by 2010.

**„IRON CURTAIN” AND THE EXTERNAL BORDER – NOW AND 17 YEARS
AGO, Dóra Illés, VÁTI Hungarian Public Nonprofit Company for Regional Development
and Town Planning, Hungary**

The aim of the presentation is a spatial and temporal comparison of two important lines on the map of Europe: the “Iron Curtain”, which was the principal dividing line on the map of Europe 17 years ago, and the “Belgian Curtain”, the new dividing line along the external borders of the enlarged Europe to Russia, Belarus, the Ukraine and Moldova.

The analysis would include the development of the economic gaps between the two sides of this border line. Do they have increased or decreased in the last 17 years, and are there different trends in respect to different sections of the border? How did permeability of the borders change? How did border regimes change (or some borders quite disappeared). How the number and capacity of border-crossings did change and the volume of freight transport and passenger traffic?

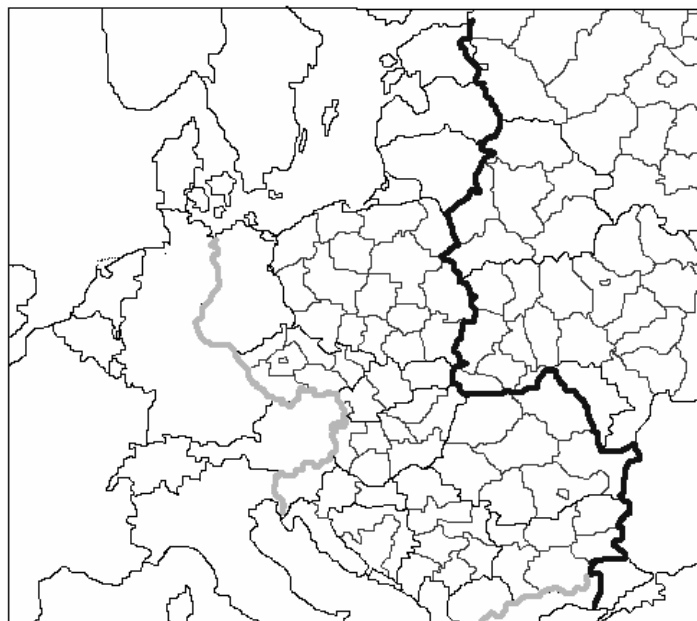
An important part of the presentation would be the development of cross-border cooperation across the two lines.

- The change in the number of Euroregions.
- The story of the development of EU interventions along these borders: INTERREG A and INTERREG B programmes: their roles and their assessment.
- The trends of legal, illegal and semi-legal activities across the borders: employment, smuggling of goods and people, cheap services, bazaar economy.

The “green belt” along the former Iron Curtain was the zone, where access was denied to ordinary people. Barbed wire and mine-fields were established along the borders in the Communist countries. Consequently, green vegetation could flourish undisturbed for decades and constitutes nowadays one of the most important green corridors of Europe.

Similarities and differences of processes have been observed along the old and the new external borders. Peoples’ reactions are growing to changing border regimes (Schengen).

Some tentative conclusions will be drawn concerning future developments, especially on the new external borders.



TRANSCENDING THE PROBLEM OF SCALE: INTERNATIONAL COMMUNICATIONS AND BORDERS REGIONS, Vladimir Kolossov, Institute of Geography, Russian Academy of Sciences, Russia

The author starts with a short review of functions assumed by contemporary political boundaries and considers specific features of the eastern external boundaries of EU and of the boundaries with Russia in particular. He stresses that these boundaries play an important symbolic role. It has a deep impact on their delimitation and demarcation, regime and functions, and finally, on crossboundary cooperation. The social meaning and functions of these boundaries is certainly one of the major issues in domestic politics. Moreover, different boundaries have a different meaning from different perspectives. Using the case of Russia, the author shows an unfavorable character of neighborhood between new EU members and the countries situated eastward from the new EU boundary: border regions on both sides are economically weak. One of the major problems of their development and crossboundary cooperation is inadequate infrastructure.

However, the growing trade between EU and its eastern neighbors, including Russia, gave rise to a large number of new projects in the field of transportation, construction of new crossing points etc. Some of them are already being realized. After a review and an analysis of these projects, the author considers their impact on economic and social development at the regional and local level in border areas. New ways of communication are destined mainly to deserve economic relations at the national scale, while regional and local needs are often neglected. Nevertheless, new infrastructure can significantly contribute to the improvement of economic situation in border areas and to crossboundary cooperation.

ECONOMIC GEOGRAPHY AND EUROPEAN INTEGRATION: THE EFFECTS ON THE EU EXTERNAL BORDER REGIONS, George Petrakos and Lefteris Topaloglou, Department of Planning and Regional Development, University of Thessaly, Greece

The new European economic space is characterized by growing levels of economic integration among EU members and their neighboring countries in the East. By and large, East-West integration implies increasing interaction through the external borders of the EU. This paper investigates the impact of integration dynamics on the development prospects of border regions, which are traditionally characterized as low opportunity areas hosting less advanced local economies. The paper investigates the integration experience of external border regions, as well as the role of distance, market size and agglomeration economies in the process of cross-border interaction. The findings of the analysis have important implications for theory and policy.

THE EUROPEAN UNION AND BORDERS OF INCLUSION AND EXCLUSION, James Scott, Leibniz-Institute for Regional Development and Structural Planning, Erkner, Germany

Using notions of geopolitical “inclusion” and “exclusion” paper I will discuss the EU’s dual project of internal consolidation (that is as a political Union) and regional partnerships with neighbouring states (that is as a New Neighbourhood) as a contradictory process of bordering. Today’s European system of states is a multcentred yet decentred situation

where debate rages over conflicting notions of citizenship and cultural belonging. With the demise of ideological bordering after the end of the Cold War, Europe is engaged in a struggle for identity and meaning, often pitting the EU against its member states. Many observers contend that Europe (that is, the EU) offers a prospect of post-national identities and citizenship, or at least a sense of “supranational” identity, and can thus transcend conflicts that emerge out of fixed, supposedly “immutable” territorial identities. On the other hand, if we follow European and national debates about security, immigration, the integration of foreign-born citizens, or about perceptions of intractable cultural antagonisms between “East” and “West”, one can get the distinct impression that Europe is also about closure, with identity politics played out in both public and private arenas. Given these identity-based conflicts, the question remains as to whether the EU’s Neighbourhood Policy announces a substantive change in bordering practices.

In my opinion, these questions have very much to do with the political project of cohesion. Policy communication and cooperation based on pronounced centre-periphery relationships and discourses of “difference” could in fact fragment regional spaces, especially along the new EU external borders. Dialogue is needed in order to open up opportunity spaces for development. In terms of geopolitics, and in accordance with Emerson (2003), such change might be characterised by a new politics of regional concerns rather than traditional hegemonic political interests. Above and beyond this, however, cohesion within a larger European context will depend on a capacity to tolerate cultural difference and understand “partnership” – whether it is with Eastern European or other states – in terms of social opportunities, inclusion, freedom of cultural expression and an ability to participate more directly in policy processes that effect the “Neighbourhood”.

THE OPOLSKIE VOIVODESHIP AS AN EXAMPLE OF BORDER LOCATED REGION - OPPORTUNITIES AND THREATS FOR REGIONAL DEVELOPMENT, Joanna Żurawska & Iwona Małkowska, Marshall's Office of the Opole Voivodeship, Poland

The Opole Voivodeship is a former area of Polish, Czech and German borderland and was shaped as a result of its frequently changing national status in the past. The location of Opole Voivodeship on the map of Europe and its history have made this region a “melting pot” of Polish, Czech and German cultures. The most significant testimony of this centuries-old coexistence of cultures is the Silesian dialect in which can be found Czech and German influence. Region is located in southwest Poland and borders on the Czech Republic and the following voivodeships: Wielkopolska, Łódź, Silesia and Lower Silesia. Nowadays the borderland location of the Opole Voivodeship expresses itself in the uniqueness and mentality of nations of many cultures that inhabit a region – that is multicultural, territorial mobility of people which is characteristic for border area and lasting for a long time and developing border cooperation. Realization of common ventures and cooperation with foreign partners, among others, with German and Czech is our top goal in regional development. This border voivodeship both including its area and population is one of the smallest regions in Poland and one of the smaller ones in Europe. Nevertheless, border location of Opole Voivodeship is considered as an opportunity of development in The Development Strategy for the Opole Voivodeship. There are many benefits resulting from this border location: above all, bordering on the biggest economic zones of Central Europe. What is more, through the Opole Voivodeship area leads communication route which is a part of the Pan-European corridor leading from France to

Ukraine. Furthermore, region is an attractive partner of regional cooperation and international relations on account of experience in cross-border cooperation. In contrast, region is characterized by, first of all, long-term international migration of population, both for permanent residence and seasonal which constantly weaken demographic potential of region. Recent research shows that not only migration processes in Opole Voivodeship influence on demographic potential but also they influence on the labour market and economic development of the region. There is a “brain drain” in the region – the exodus of highly qualified staff from the region is systematically observed. What is more, there occur some disorders in statistics – some data and indicators connected with number of population are decreased. Counteracting current and potential problems resulting from border location of Opole Voivodeship reflects in the content of The Development Strategy for the Opole Voivodeship.