



Publisher:
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2/4 Wspólna Street, 00-926 Warsaw
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www.funduszeuropejskie.gov.pl

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ISBN 978-83-7610-256-6



MINISTRY OF REGIONAL DEVELOPMENT

New paradigm in action

recent developments and perspectives
of regional policies

New paradigm in action - recent developments and perspectives of regional policies



NATIONAL
COHESION STRATEGY



MINISTRY
OF REGIONAL
DEVELOPMENT

EUROPEAN UNION
EUROPEAN REGIONAL
DEVELOPMENT FUND



Editors:
Maciej Kolczyński
Piotr Żuber

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PREFACE

Dear Readers,

It is my great honour and pleasure to introduce to you the volume which presents the outcomes of a discussion on the future of regional development, which commenced in Poland nearly two years ago. The need of changes is evident and confirmed by various analyses undertaken on European and national level, among others by the OECD, World Bank, European Commission and by our Ministry. The new model of regional policy is based on an underlying assumption that there are development opportunities in all regions and that these potentials should be identified and fully used.

The volume presents not only the views of eminent personalities representing the government and self-governments as well as the national and international academic community, involved in the debate on regional development, but also the outcomes of the discussion that took place during the Conference ***New paradigm in action – recent developments and perspectives of regional policies***, organised by the Ministry of Regional Development in Warsaw, on 27-28 October 2010.

The conference proved a great opportunity for the leading experts in the field of regional development and representatives of the European Commission to meet and engage in a discussion on how to use the new concepts of regional development in practice – from both the European and national perspectives.

Once again, I would like to thank all the Panelists and Participants for their input into our vivid and fruitful discussion. I hope that this volume remains an inspiration in our future works and that it is the beginning of a new publishing series of the Ministry, devoted to regional development.

Warsaw, April 2011

Elżbieta Bieńkowska



Minister of Regional Development

EDITORIAL INTRODUCTION

The discussion on the future of regional development has been growing significantly over the past 3 years both on national and European level.

In Poland such debate has commenced with the amendments of *Act on the principles of development policy*, followed by the works on new system of development policy management and is now continued by amendments introduced to the National Development Strategy and by the preparation of a new spatial development concept for Poland. So far, the most important milestone is the *National Strategy of Regional Development 2010-2020*, adopted by the Council of Ministers on 13th July 2010.

The need of a paradigm shift in regional policy is clearly visible also on international level. Numerous reports, analyses and individual opinions recommend the modification of regional policy in order to face the challenges and tackle the problems caused by financial and economic crisis.

This discussion was fuelled e.g. by the concepts presented in Fabrizio Barca's report: *An agenda for a reformed Cohesion Policy, The EU Budget Review, Fifth report on economic, social and territorial cohesion* and last, but not least *Europe 2020 Strategy*. Taking into account the above-mentioned documents and our own, national experience and conclusions drawn out in the course of works over the years, we are faced with considerable amount of work, but we also stand before a great opportunity for Poland, as the largest laboratory of European regional policy and as the next country to hold the Presidency of the Council of the European Union, in shaping the future of policy on the eve of announcement of new regulations for the upcoming financial perspective.

Therefore, to contribute new insights into the ongoing discussion, we would like to present this volume, created with the help of the most illustrious personalities of regional development scene in Europe, who shared with us their views on recent developments and perspectives of regional policy.

We begin with a paper by Anna Gąsior – Niemiec who gives us a synthetic summary of a conference *New paradigm in action - recent developments and perspectives of regional policies* which took place in Warsaw on 27th-28th October 2010. In the second paper Professor Zbigniew Strzelecki makes an attempt to identify the objectives of the regional policy in the context of the strategic development challenges, followed by Professor Jacek Szlachta, who gives a comprehensive overview of Polish system of strategic programming of regional development. Professor Paul Drewe poses a question about the possibilities of applying a new planning tool in Poland, called *mixed scanning new style*.

With inspiring paper by Jacek Woźniak – *Polish regions within the system of development* we are entering the self-government level to continue with Professor Paweł Swianiewicz's analysis of rationale for local government strategies for regional and local development. Regional strategic documents remain also a great concern for Professor Andrzej Wierzbicki, whose paper deals with the issue of preparing regional strategies in the time of informational revolution. Professor Willem Molle shows how success of integrated policy making is related to the quality of regional and national administrations.

In the next paper, Professor Iain Begg examines the rationale for applying regional policy in richer regions in new paradigm, while Gabriela Fésüs and Elisa Roller venture to present a paper on how the paradigm shift occurred. Professor Danuta Hübner explains how innovation at local and regional level matters for the future of the whole Europe and Professor François Bafoil presents an interesting analysis of integration processes in Central European countries.

The publication is concluded with a paper by Professor Antoni Kukliński, who outlines the results and the perspectives of developing the Regio Futures Programme, which is a programme of studies, conferences and publications organised and financed by the Ministry of Regional Development in 2007-2011.

We consider this volume an attempt of creating a new series of analyses on regional development. We invite you to take active part in this project and have your say in our discussion. Finally, we would like to express our sincere appreciation to all the Authors, who have prepared their contributions. Thanks to their input we can truly see the new paradigm in action.

Maciej Kolczyński

Piotr Żuber

Introduction

In October 27 – 28 of 2010, the Polish Ministry of Regional Development (Ministerstwo Rozwoju Regionalnego [MRR]) organized a two-day international conference titled „*Nowy paradygmat rozwoju – najnowsze trendy i perspektywy polityki regionalnej*” [New paradigm in action - recent developments and perspectives of regional policies]. The aim of the Conference was to present within a broader forum of shareholders and experts a new approach to territorial development and a new conception of regional development policy in Poland as well as to discuss the conditions and challenges related to the implementation of the new approach, especially in the light of the debate intensifying at the European Union's level concerning the future of the EU regional/Cohesion Policy and in relation to the new strategy of the EU contained in the *Communication from the Commission Europe 2020. A strategy for smart, sustainable and inclusive growth* (EC 2010).

Therefore, the essential and grounding programmatic documents that formed a common point of reference for the Conference proceedings were:

- a) *National Strategy of Regional Development 2010-2020. Regions, Cities, Rural Areas* (Krajowa Strategia Rozwoju Regionalnego. Regiony, miasta, obszary wiejskie [KSRR]) elaborated by the Polish Ministry of Regional Development and approved for implementation by Polish Government;
- b) A plan for reform of the system of national development governance, elaborated by the Polish Ministry of Regional Development in connection with the implementation of KSRR, that is coupled with a more general move towards territorialization and creating a new framework to effective coordination of all national sectoral policies;
- c) The official position of the Government of the Republic of Poland concerning the future of the European Cohesion Policy, presented in August 2010;
- d) The aforementioned *Communication from the Commission Europe 2020. A strategy for smart, sustainable and inclusive growth*.

In addition, the Conference provided an opportunity to sum up the experiences of the Regio Futures Programme carried out since 2007 under the auspices of the Ministry of Regional Development which aimed at stimulating a debate over strategic approaches to regional development and at creating a platform to articulate new ideas in the field of regional policy, Cohesion Policy or, in broader terms – policy of development as well as in the area of modeling and analyzing developmental processes at the regional level, making them more sensitive to ever increasing European and global impacts on the regions.

1. The profile and proceedings of the Conference

The Conference gathered several tens of representatives of institutions directly or indirectly engaged in the implementation of regional policy together with experts and scientists dealing with models of pro-developmental policies as well as factors and mechanisms of territorial development, Polish and foreign, including a representative of DG Regio. The proceedings were organized in four thematic sessions which followed the introductory session that featured an opening speech by the Polish Minister for Regional Development, Elżbieta Bieńkowska.

Opening the Conference, *Minister Bieńkowska* emphasized a decidedly positive role played by European regional and cohesion policies in Poland. However, in view of ever bigger challenges appearing in the global environment, in connection with transformations taking place at the EU level as well as the dynamics of changes at the regional level in the country, she articulated a pressing need to search for political and institutional solutions that could increase developmental chances of regions, taking into account their diversified endowments. This need had been partially already met in Poland by the new *Krajowa Strategia Rozwoju Regionalnego* [KSRR] produced by the Ministry of Regional Development. The adoption of KSRR had been accompanied by involvement of the Ministry in activities aimed at establishing an integrated system of governance in the field of the country's development. Many of the proposed and some already introduced institutional reforms, a new formula of the policy of development that is guided not only by the requirement to

¹ A review paper based on the Conference „New paradigm in action - recent developments and perspectives of regional policies, held in Warsaw as of 27-28.10.2010.

The review of the Conference proceedings and conclusions included in this paper is drawing on papers and presentations prepared by the panelists and discussants participating in the Conference *Nowy paradygmat rozwoju – najnowsze trendy i perspektywy polityki regionalnej* [New paradigm in action – recent developments and perspectives of regional policies], organized by the Ministry of Regional Development 27-28.10.2010 in Warsaw.

Polish version of the paper can be found in: *Rozwój regionalny, polityka regionalna, studia regionalne – nowe interpretacje* [Regional development, regional policy, regional studies – new interpretations], P. Artymowska, A. Kukliński and P. Żuber (eds), Ministry of Regional Development, Warsaw 2011.

strive for social and economic cohesion but also for territorial cohesion create an opportunity to activate and take a better advantage of the diversified developmental potentials of all Polish regions, cities and rural areas, while simultaneously increasing effectiveness of the public policies.

Four thematic sessions followed the introductory speech of the Minister for Regional Development.

Panel I „The Future of Regional Policy in Europe”

The participants of this panel included: *Jarosław Pawłowski* – Undersecretary of State, Ministry of Regional Development (the panel’s chairman), who presented introductory remarks outlining the official position of Polish Government regarding the future of the Cohesion Policy after 2013; *Gabriella Fesus* – a representative of the European Commission, Directory General Regio, who spoke about „The future of Cohesion Policy in the context of the strategy Europe 2020” and *Iain Begg* – Professor from London School of Economics and Political Science (LSE), who discussed „The future of Cohesion Policy in more developed regions”.

The goal of this panel was to present in a general manner the proposed and already partially implemented changes in the policy addressed at regions, both at the European and national level, as well as to discuss their envisaged and expected results – according to the positions of, respectively the European Commission, Polish Government and Ministry of Regional Development and a group of experts dealing with developmental issues in the territorial perspective from the vantage point of more developed regions, as presented by Iain Begg.

The advocated changes were on the one hand grounded in the recognized relevance (political, economic and social) of the policies oriented towards the European regions. On the other hand, their advocacy stemmed from frequently noticed weaknesses of the policies’ existing formulas and implementation models. Moreover, the current determination to introduce changes in the regional policy/Cohesion Policy was seen as related to the as yet inadequately accounted for territorial dimension of the European policies which had been introduced into the EU agenda by the Lisbon Treaty to complement the already present emphasis on economic and social cohesion of the European regions. Finally, the need to elaborate a new status and formula of the Cohesion Policy as the policy of development was clearly motivated by the publication of the new strategy for the European Union included in the Commission’s Communication *Europe 2020* that emphasized the global dimension as well as the dangers created by the current financial and economic crisis.

The main assertions and questions forming the frames of reference for the panel presentations and discussions were thus connected with the envisaged shape and role of the Cohesion Policy and national regional policy in the context of generating mechanisms supporting smart, sustainable and inclusive growth for Europe; the status of regional policy/Cohesion Policy/policy of development vis-a-vis the other European and national policies, especially in view of the necessity to accelerate the structural transformations in all regions and member states of the European Union as well as the need to structure the institutional environment so as to make it most supportive for the most effective achievement of the policies’ goals.

Beside the already quoted strategic document of the European Commission, the panelists made extensive references to *Stanowisko Rządu Rzeczypospolitej Polskiej w sprawie przyszłości europejskiej polityki spójności po 2013 roku, przedstawione Komisji Europejskiej 18 sierpnia 2010 r.* (i.e. *The official position of the Government of the Republic of Poland on the future of the Cohesion Policy after 2013*) as well as research reports and analyses supporting the presented positions.

Panel II „The Territorial Dimension of Policies of Development”

This panel’s participants included: dr *Piotr Żuber* – Director of the Department of Structural Policy Coordination, Ministry of Regional Development (the panel’s chairman), who presented introductory remarks concerning „The territorial dimension of developmental policies in the strategic documents at the national level”; *Tadeusz Markowski* – Professor from the University of Łódź, who spoke about „The territorial dimension and territorialization of economy and policy of development”; *Willem Molle* – Professor from Erasmus University in Rotterdam, who presented a paper on „Implications of the territorial approach to the European Union’s developmental policies – Cohesion Policy and sectoral policies at the local, regional and national level” and *Piotr Korcelli* – Professor from the Polish Academy of Sciences, who discussed “The policy of development – the territorial dimension in the light of contemporary processes of urbanization”.

This panel aimed at a more detailed discussion of the process to include the territorial dimension in all sectoral policies while simultaneously to increase the role of the regional level in the implementation of the policies and, more generally, in the initiation and stimulation of territorial development. In comparison to the past models of regional policy, the advocated changes mean generally a move to a new generation of integrated policies of development. This new approach involves not only a reformulation of objectives and instruments, but also the very logic and status of the regional policy emphasizing its structural character and highlighting its coordinating agenda versus the other policies.

This, on the one hand, should lead to the necessary deconstruction of the stereotypical, and largely false, image of Cohesion Policy as policy serving exclusively as instrument of redistribution and/or social compensation in the EU. At the same time, efforts must be mounted to produce more concerted and structural outcomes of the policy in the future. On the other hand, this will demand efforts to redefine competences and mutual relations between all of the institutions and actors engaged in the programming and implementation of the new policy from the European to the regional level – in short, what is at stake is mechanisms ensuring better effectiveness and efficiency of the multi-level governance models operating in the field of development.

Krajowa Strategia Rozwoju Regionalnego 2010-2020. Regiony, miasta, obszary wiejskie (MRR 2010) and the roadmap to reform the system of strategic governance in the field of national development in Poland, as elaborated by the Ministry of Regional Development, constituted the basic points of reference for the presentations and discussions during this panel, alongside detailed research reports and analyses supporting the panelists’ positions. Also, the panel made frequent references to *Green Paper on Territorial Cohesion – Turning Territorial Diversity into Strength* (*Zielona księga w sprawie spójności terytorialnej. Przekształcenie różnorodności terytorialnej w siłę* [EC 2008]) as well as to the recent draft of the Polish National Spatial Development Strategy.

Panel III „Towards the National System of Strategic Thinking”

The participants of this panel included: *Jacek Woźniak* – Director of the Department of Regional Policy, the Marshal Office of the Małopolskie Voivodship (the panel’s chairman), who outlined introductory remarks concerning „The system of strategic thinking in Poland”; *Paweł Świaniewicz* – Professor from the University of Warsaw, who spoke about „Problems of strategic governance at the level of self-government”; *Jacek Szlachta* – Professor from Warsaw School of Economics (SGH), who dealt with the topic „Strategic programming of regional development” and dr *Martin Ferry* – a consultant representing the EoRPA Consortium, who presented a paper titled „Strategic thinking in European regions – a comparative analysis”.

This panel’s goal was to tackle the issue of the apparent necessity to create an integrated system of strategic thinking that is propelled by the planned and already introduced reforms in the model of policy addressing regions. The model envisages instituting clear but at the same time flexible linkages between strategic efforts at the European, national, regional and local level. Since in addition the new model foresees a further strengthening of the role played by the regional level of governance, the building of adequate research and analytic potential at the regional level seems necessary and urgent.

In this context, the panel expressed much criticism regarding the overall weakness of strategic aspects in the current political practice of the (Polish) regions. On the other hand, it pointed to several initiatives to strengthen those aspects, noting, however, that most of them involve the national and not regional level, as exemplified by the activities of the Committee Poland 2020, the National Committee of Spatial Development, activities leading to the governmental strategic document *Polska 2030 (Poland 2030)*, Polish Forum of Strategic Thinking (under the auspices of the Polish Economic Society) and the Regio Futures Programme (under the aegis of the Ministry of Regional Development) to name but a few more prominent of such initiatives.

Nonetheless, it was noted that in some of the Polish regions such innovative practices did appear – especially in the regions of Małopolska and Pomorze. The regional efforts going in this direction are expected to intensify in connection with *Krajowa Strategia Rozwoju Regionalnego 2010-2020 (MRR 2010)* which envisages, inter alia, the creation of national and regional territorial forums and observatories of the policy of development. Models and practices identified in regions of other European states as well as those practiced by international organizations, such as OECD and the World Bank were regularly quoted by means of reference and good practice during this panel.

Panel IV „The Future of the European Regions – Methodologies of Strategic Thinking”

The participants of this panel included: *Antoni Kukliński* – Professor em. of the University of Warsaw and the Chairman of the Polish Association for the Club of Rome (the panel’s chairman), who presented an introduction to the panel titled „The European Union facing the challenges of strategic thinking in the global scale” as well as summarized the experiences of the RegioFutures Programme; *Bruno Amoroso* – Professor em. of the University of Roskilde, who spoke on the subject of „Beyond globalization and competitiveness: the regeneration of European societies and regions through the establishment of a ‘masterly circle’ of culture-nature-production systems together with adequate legal frameworks”; *Paul Drewe* – Professor em. of the Technical University in Delft, who advocated „The new style of ‘mixed scanning’ as a planning instrument useful in Poland”; *Bolesław Domański* – Professor from the Jagiellonian University, who discussed the topic „Regional development from the perspective of a modernist and postmodernist”; *Roman Galar* – Professor from Wrocław Politechnical University, who spoke about „Strategic future of regions - some skeptical remarks of an enthusiast” and *Andrzej Wierzbicki* – Professor from the Institute of Telecommunication, who presented a paper titled „Dynamic thinking in the long-term strategy of regional development”.

The aim of this panel was to elaborate further some of the issues related to strategic thinking that were already brought up during the preceding panels, to include in the discussion some questions regarding theoretical and practical problems of strategic knowledge production and diffusion, to sketch new methodological lines of enquiry into strategic thinking focused on development and policy of development in the European regions with an emphasis on the ever stronger impact of the dynamically evolving global context – involving, inter alia, the emergence of new regional and macro-regional entities that pose a great challenge to the European regions, such as the Chinese and Indian regions.

In addition, the panel was to sum up and build upon the experiences of the Regio Futures Programme that contributed to the initiation and organization of the debate and work on the new approach to regions and their development as presented during the reviewed Conference. Apart from the aforementioned programmatic documents by the European Commission, Polish Government and the Ministry of Regional Development and research reports on which the particular panelists drew, the panel’s grounding papers included a report on the Regio Futures Programme prepared by Antoni Kukliński, titled *Program Przyszłość Regionów XXI wieku – doświadczenia i perspektywy* [*The RegioFutures Programme - experiences and prospects*] (Kukliński 2010).

2. The proceedings and the conclusions of the Conference in the light of the main programmatic documents, Polish and European

The proceedings and conclusions of the Conference organized by the Polish Ministry of Regional Development to present and discuss the new paradigms of development and new conceptions of regional policy evidence the process of crystallizing consensus, involving a broad circle of institutions, actors and experts dealing with programming, implementation and analyzing of policies aimed at stimulating development. The views expressed during the Conference by the panelists and discussants were clearly complementary – albeit by no means devoid of critical edges. In their overwhelming majority the Conference participants were agreed that the European (and obviously national) policies addressed at regions and local communities are important and should be continued in the future. Nevertheless, the ever stronger challenges, including the current financial and economic crisis, make it necessary to reformulate the objectives and instruments of the policies and their institutional environment in order to make them more effective in producing structural changes and diversified developmental stimuli.

The Conference proceedings also vividly demonstrated that at the current stage the debate over the future shape and status of Cohesion Policy and regional policy is focused on the proposals and recommendations included in the recent major programmatic documents elaborated at the European and national level. From the Polish perspective, these documents include:

- a) *Krajowa Strategia Rozwoju Regionalnego 2010-2020. Regiony, miasta, obszary wiejskie* [National Strategy of Regional Development. Regions, Cities, Rural Areas] (MRR 2010);
- b) *Stanowisko Rządu Rzeczypospolitej Polskiej ws. przyszłości Polityki Spójności po 2013 r. „Polityka Spójności jako skuteczna, efektywna i terytorialnie zróżnicowana odpowiedź na wyzwania rozwojowe Unii Europejskiej”* (przyjęte przez Radę Ministrów w dn. 18 sierpnia 2010 r.) [The official position of the Government of the Republic of Poland on the future of Cohesion Policy after 2013];
- c) *Commission Communication Europe 2020. A Strategy for smart, sustainable and inclusive growth* (KE 2010);
- d) Budget Review and Fifth Cohesion Report – which were expected to be published, just when the Conference was held.

Clearly, these documents provide a common frame of reference for the debate. However, they also emphasize some contentious issues that will need to be resolved in the near future, hopefully by adopting the evidence-based policy approach advocated, inter alia, by the Polish Ministry of Regional Development.

The analysis of the contents and conclusions of the programmatic documents and the proceedings of the Conference show that the common ground for the reform of the future Cohesion Policy and regional policy is indicated by a growing concern with the following major issues:

- the perceived need to increase pro-developmental and structural aspects of the policies while pushing to the background their redistribution/compensation functions;
- the perceived need to introduce means to activate and strengthen diversified developmental potentials of all regions, irrespective of their current level of development as measured by GDP per capita;
- a dedication to (re)introduce the territorial dimension to all public policies;
- a commitment to strengthen the coordinating and strategic functions of the policies while not forsaking the (present and expected) gains from the partnership approach and multi-level model of governance in the field of development.

While *Polish Krajowa Strategia Rozwoju Regionalnego* (MRR 2010) presents at the current stage the most complete expression of this new approach to regions and their development, it is quite clear that its success is largely hinged on further developments both at the national and regional level and the European one where the future of the Cohesion Policy will be soon decided.

3. Summary

The two-day international conference titled *„Nowy paradygmat rozwoju – najnowsze trendy i perspektywy polityki regionalnej”* [New paradigm in action – recent developments and perspectives of regional policies] organized in October 27–28, 2010 by the Polish Ministry of Regional Development demonstrated not only a wide-spread awareness of the need to introduce changes in the current formula of the policies – European and national – addressed at regions, but also a growing consensus regarding the direction and shape of the expected changes.

It also evidenced that building upon efforts coordinated by the Ministry of Regional Development since at least 2007, Poland succeeded in proposing a coherent and innovative outline of a new approach to the policy of regional development that proves largely congruent with the recommendations included in the European programmatic documents. What is

more, both KSRR and the official position of the Republic of Poland on the future of Cohesion Policy after 2013, seem to offer some more proposals that could significantly improve the shape and effectiveness of the future Cohesion Policy at the European level. It is worth stressing that these proposals are based on strong empirical evidence and demonstrate learning effects on the Polish side, which is specially worth stressing because of the fact that Poland has been currently the biggest (single) beneficiary of the EU Cohesion Policy.

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Introduction

In order to attempt an identification of the regional policy objectives in the context of the strategic development challenges, in the first place, one needs to be aware, on the one hand, of the scale of challenges that Poland has to face as a member of the Community and hence the development challenges of the grouping on a global scale. On the other, it is necessary to recognise the tasks that follow from the position that Poland occupies in the Community. In order for the regional policy, together with other policies, to contribute most efficiently to the implementation of the tasks following from these challenges, it is necessary to identify them and thus determine the place and role of the regional policy, including the scope and scale of the intervention. However, firstly one needs to answer the question what are the theoretical premises, which should shape the practical actions under the regional intervention in the light of these global and Community challenges? Whether there are such theoretical premises at our disposal, especially in relation to the last lessons learned from the crisis? Whether actions undertaken on a global scale, but primarily on the scale of the European Union give sufficient grounds for any theoretical generalisations, or maybe it requires more time? etc. If we cannot give a precise answer to these questions then another one arises: whether in the future it is enough to drive only at improvement of the regional intervention management mechanisms without making any attempts at defining the role of regional policy in response to the above-indicated areas of global and Community challenges? This study constitutes an attempt to join the discussion on the aforementioned issues considering the dimension of the Community and Poland.

1. Theoretical approach

Theoretical concepts, which refer to increasing the efficiency of socio-economic development processes on different spatial scales, above all, derive from the explanations of the differences in the regional development, which in turn leads to the need to identify the stimulants and barriers to the regional and local economy inherent mainly inside these territories as well as in their external surroundings. The identification of these stimulants and barriers at the local level and, in particular, on the regional one is extremely significant as regards establishing the concept as regards the scope and directions of providing support to such spatial units and their types. This mainly refers to the following areas: finance, human and social capital, research and development, entrepreneurship, ecology, transport and public utility infrastructure, urbanization processes and information. The term development shall be understood as the positive changes in four areas, i.e. economic, social, technical and technological as well as environmental one, taking place in different territorial units. Development factors (stimulants) cover elements of the structure of the territory, which are or can be launched in order to carry out activity within the area of production, division of/or? circulation or consumption. But a reverse situation can also occur, which takes place when a territory on the path of its development has to face some difficulties and socio-economic costs of adjustments to the new directions of development – such situation is recognised as barriers to development in the regional and local economy (destimulants). Interventionism is the task of the public authorities targeted at supporting the above understanding of the development factors and counteracting barriers (or weakening their significance), which should be identified with the concept of regional policy. It turns out that theoretical dualism is still prevailing in the theoretical concepts of such perception of the role of State in the regional development. On the one hand, theories and concepts rooted in neoliberalism are developed and even today they still profess the rule that the operation of the market mechanism has the basic role in the development process of territories, which most efficiently leads to the generation of development stimuli and spontaneous reductions in the distances in the level of socio-economic development on different spatial scales (models of actions originating from such theoretical premises are defined as passive regional development policy²). On the other, concepts based on the doctrine of J.M. Keynes are elaborated and developed. They assume that the interventionism of the State is necessary especially in the regions, in which development barriers are cumulated and under this case actions based on such theoretical premises are defined as active regional development policy³. Authors of the concept suggest very differentiated forms of this intervention depending on the time and development stage of the region. Neither one nor the other model of actions concerning regions development occur in a clear form and, basically, it may be considered that today the concepts rooted in the neoliberalism remain only in the theoretical zone (this refers only to the major economies of the world). Therefore the theoretical proposals of the directions, scale and instruments of public intervention in the course of the development processes in the regions are differentiated and depend on the type of the concept which is preconditioned with practical experiences or research interests of its authors, as well as the development stage of individual economies. It is not my intention to make such an overview of the concepts; it will be enough to refer to the works, which provide such descriptions and assessments adopting different

² Cf.: A. B. Czyżewski, *Rozwój regionalny w warunkach transformacji [Regional development under the conditions of transformation]*, ZBS-E CSO and Polish Academy of Sciences, z. 203, Warsaw 2002, p. 30 and the following.

³ Ibidem

semantic criteria⁴. Firstly, the most comprehensive classification (although not covering the newest theories) was presented by Stackelberg and Hahne⁵, which divided those theories into two groups: (1) localization theories, which explain the spatial structures, and (2) growth and development theories, which focus on the identification and explanation of the spatially differentiated economic growth and development processes. Other classification was given by D. Strahl⁶, who worked on the basis of two criteria: (1) laissez-faire or interventionism in regional development, and (2) the degree of their originality (formulated for the first time, original, secondary and combining together different partial theories). T. G. Grosse⁷ has presented an overview of these theories from the perspective of the State involvement in the shaping of regional development, hence from the perspective of the interventionism of the State. The classification of these theories carried out by R. Szul⁸ were also heading in the same direction; he identified two orientations of these theories: liberalism and statism (etatism), additionally he named a number of concepts covering the scope of economic geography, economy, social sciences, etc. Whereas T. Kudłacz⁹ identified 6 groups of theories: localization, central centres, economic base, development poles, diffusion of innovations and endogenous development. At this place, a reference should also be made to a very elaborated overview made by A. Miszczuk¹⁰ on the basis of the Dawkins¹¹ study. He has differentiated four groups of economic theories from the perspective of the reasons of the regions' peripherality: (1) basis of the theory of the regional economic development; (2) alternative theories of regional development (including: regional economic convergence and regional economic divergence, as well as structuralist theories); (3) theories of political institutions and (4) new theoretical neoclassical directions.

In the conditions of such a mosaic of theoretical concepts of regional development it is impossible to find one theoretical concept of regional development management that would be appropriate for the Polish and EU social and economic and spatial situation. This mosaic follows from the increasing complexity of development processes in the more and more globalised world economy. In order to response to this theoretical challenge the theoretical premises of this management also have to consider many partial concepts adjusted to the territorial strategic challenges pertaining to development objectives of the regions and results of the strategic analysis of the development factors and barriers of the regions. Therefore, it is necessary, on the one hand, to improve the market mechanism enabling to meet the global territorial competition and hence consider the elements of the neoliberal theories and, above all, establishment of: mechanisms increasing the freedom of economic activity, elements of the money supply control and counteracting inflation, reducing the budget deficit, conditions to implement certain mechanisms of economy of supply in the form of incentives for entrepreneurs and conditions to gather savings and increase capital and facilitate access to them by the entrepreneurs and entrepreneurial natural persons. However, on the other hand, it is necessary to act in line with the elements of the industrial restructurization theory, the theory of flexible specialisation and network, new institutional economy, endogenous development or the new economic geography.

2. Basic global challenges

The Cohesion Policy should be a type of horizontal policy, which contributes to the strengthening of the competitive position of the economy of the European Union on a global scale. What is the shape of this position today and what is the strategic challenge within this area? It is known that the spatial structure of the global GDP was changed, which shows the direction of changes in the balance of power of the global economy for the advantage of the BIC countries (Brazil, India and China), additionally, strengthened by the growing consumer aspirations of these communities. Even today (as of 2007) the share of three major economies and groupings in the global GDP has almost reached an equilibrium:

⁴ I have presented their (selected) synthetic discussion in a study *Polityka regionalna [Regional Policy]*, in: *Gospodarka regionalna i lokalna [Regional and local economy]*, Z. Strzelecki (ed.), Polish Scientific Publishers PWN, Warsaw 2008

⁵ See: K. Stackelberg, U. Hahne, *Teorie rozwoju regionalnego [Regional development theories]*, in: *Rozwój ekonomiczny regionów: Rynek pracy. Procesy migracyjne Polska, Czechy, Niemcy [Economic development of the regions: Labour market. Migration processes Poland, the Czech Republic, Germany]*, S. Golinowska (ed.), Report of Institute of Labour and Social Studies, z. 16, Warsaw 1998.

⁶ Cf.: *Metody oceny rozwoju regionalnego [Regional development assessment methods]*, D. Strahl (ed.), Wrocław University of Economics, 2006, pp. 22-23.

⁷ T. G. Grosse, *Przegląd koncepcji teoretycznych rozwoju regionalnego [Review of theoretical concepts of regional development]*, „*Studia Regionalne i Lokalne*” [*Regional and local studies*] 2002, no 1(8), Centre for European Regional and Local Studies (EUROREG) based in the University of Warsaw, pp.25-48.

⁸ R. Szul, *Teorie i koncepcje w polityce regionalnej [Theories and concepts in regional policy]*, in: *Rozwój region, przestrzeń [Development, region, space]*, G. Gorzelak, A. Tucholska (ed.), Ministry of Regional Development and the Centre for European Regional and Local Studies (EUROREG) based in the University of Warsaw, Warsaw 2007, pp. 91-94.

⁹ T. Kudłacz, *Programowanie rozwoju regionalnego [Regional development programming]*, Polish Scientific Publishers PWN, Warsaw 1999, p. 23.

¹⁰ Cf.: A. Miszczuk, *Peryferyjność regionów [Periphery of the regions]*, in: *Europejskie wyzwania dla Polski i jej regionów [European challenges for Poland and its regions]*, A. Tucholska (ed.), Ministry of Regional Development, Warsaw 2010, pp. 238-245.

¹¹ See: C. J. Dawkins, “Regional Development Theory: Conceptual foundations, classic works and recent developments”, *Journal of Planning Literature*, 18, 131-172

USA, EU and BIC, respectively: 20.6, 21.2 and 18.6%¹². At the same time, the average annual GDP growth in 2000-2007 amounted to 6.9% in the BIC countries, and only in China it amounted to 9.9% (1990-2008), in USA it was threefold and in the EU over threefold lower. Carrying on with this scenario will mean growing marginalisation of the EU in the global economy, which requires the development of a strategic response in the situation when it is widely known that in the BIC countries economic growth does not observe the rules of environmental protection (and as a result it has little to do with climate protection) and the ban to employ children (until they reach maturity). What is more, we need to be aware that such scenario of future development and the aforementioned change of consumer aspirations of the BIC population may imply the beginning of a "war" for energy and food resources (if the nutrition scheme is changed for the advantage of protein and animal fats) mainly by China and India. The change in the proportions of the global trade in the layout of this triad is closely related to this situation, which will lead to striking trading imbalance shaped by the strategy of aggressive export carried out, mainly, by the countries of South and East Asia¹³ and, especially, China. In 2000-2007 the BIC countries export increased by an average of 28%, while in the USA 3.5 times slower and in the EU over twofold slower. The value of the BIC countries export volume has at that time increased by fivefold, including in China by 6.6 times, whereas in US by only 1.69 times and in the EU by 2.39 times. In the nearest future this situation will remain unchanged and the financial consequences of this export expansion will additionally strengthen in the form of foreign exchange reserves and budget condition of this triad. It is enough to quote after S. Szukalski that at the end of 2008, 48% out of 1.95 trillion of foreign exchange reserves was located in the BIC countries and in 2009 China had USD 1.2 trillion in bonds of the American government. On the other hand, the foreign debt of South and East Asia and Latin America has considerably decreased, while it increased in the USA and Europe, including Central Europe and Poland. In order to meet this challenge the EU regional policy should strengthen the economic potential of the regions to improve their production capacity, in particular, export capacity aimed at counteracting economic marginalisation of the EU on the global scale. Hence it should contribute to the achievement of a synergy effect of the economic policies of the EU. The support should be therefore targeted at the SMEs sector and investment activities in this sector, as well as, at reinforcing the institutions supporting all enterprises, especially, all innovative, research, technological and exports enterprises as well as infrastructure enterprises. However, it needs to be observed that the actions that are to meet the challenge should not cover all production and services enterprises, but only those which have the export capacities or those whose production can be competitive for imports. This challenge can be met only by means of establishing the economic power of the EU economy that in the global layout can create technical innovations. Moreover, we should be also aware that the scale of this challenge for Poland is far greater than for the EU as a whole. Therefore the structuring of objectives, programmes and tools of regional policy has to take into account the above challenge.

3. What conclusions follow from the demography?

The second challenge faced today by the world and, in particular, Europe and the majority of EU states, covers the direction and depth of changes in the population processes, which directly condition the economic priorities of the future, including competitiveness of their economies. According to the economists, the depth of demographic changes experienced by the contemporary world causes that their rational consideration in the demographic and economic policy is one of the most difficult of all the current challenges on a global and local scale¹⁴.

The demographic prospects of the world and its individual regions, including Western civilization, are conditioned by the considerably decreasing fertility of women and reduced mortality rate as well as prolonging lifespan of the population and, in many countries, also by migrations of the population. The mean variant of the demographic prospect developed by the UN in 2008¹⁵, which takes into account the current tendencies in the demographic development factors of individual regions of the world and its countries, as well as assumptions as regards the shape of their future expects that the world population will increase from the current 6,908.7 million inhabitants to 9,145.0 million in 2050 and hence it will grow by over 2.2 billion inhabitants, i.e. by about one-third – Table 1.

According to the hypotheses of the UN experts the demographic future of the Western countries will be bidirectional – the countries of the Northern America will develop in respect to demographic factors and Europe, as a whole, will become depopulated, and multidirectional as it comes to its individual parts. It is expected that the European population figures will decrease by 17 million, it will decrease to 575 million (a drop by 2.9%).

¹² All indicators within this scope were taken from: S. Szukalski, Ekonomiczne, globalne wyzwania przyszłości – wybrane zagadnienia [*Economic, global challenges for the future – selected issues*], in: Wyzwania przyszłości – szanse i zagrożenia [Future challenges – chances and risks], J. Kleer, A. P. Wierzbicki, B. Galwas, L. Kuźnicki (ed.), PAN Komitet Prognoz „Polska 2000 Plus”, Warsaw 2010, pp.133-159.

¹³ Cf.: W. Szymański, Kryzys światowy, przyczyny, sprzeczności, wyzwania. Raport, „Realia. I co dalej...” [*Global crisis, reasons, contradictions, challenges. Report, Realities and what now...*], no 6 (21), Fundacja Rozwoju, Warsaw 2010, pp. 15-36.

¹⁴ Cf.: E. Mączyńska, Przełom cywilizacyjny a wzrost gospodarczy. Niedoceniane aspekty demograficzne, Rządowa Rada Ludnościowa [*Civilization breakthrough vs economic growth. Underestimated demographic aspects, Government Population Council*], Bulletin no 55, Warsaw 2010, p. 19.

¹⁵ World Population Prospects. The 2008 Revision, Vol. I, Comprehensive Tables, UN, N. York 2009.

However, it needs to be noticed that the demographic changes in Europe will be multidirectional: the population of Northern Europe will develop (increase by 14% mainly in Ireland, Norway and Sweden), stagnation will be typical for the countries of Southern and Western Europe (but an increase in the population figures is expected in some of them: Belgium, France, Spain, the Netherlands, Switzerland and the United Kingdom), while depopulation processes will strengthen in the countries of Eastern Europe.

Table 1. Demographic prospects for the regions of the world and European countries for 2010-2050

Region/country	2010	2020	2035	2050	2020	2035	
	Population in thousands				2010 = 100,0		
WORLD	6,908,688	7,674,833	8,570,570	9,149,964	111.1	124.0	132.4
Europe (excluding Russia)	592,392	597,546	590,803	574,951	100.9	97.7	97.1
Eastern	151,118	146,105	135,534	123,864	96.7	89.7	82.0
Northern	98,909	103,400	108,691	112,524	104.5	109.9	113.8
Southern	153,778	157,455	157,558	153,654	102.4	102.5	99.9
Western	188,587	190,585	189,867	184,908	101.1	100.7	98.0
Asia	4,166,741	4,596,256	5,032,489	5,231,485	110.3	120.8	125.5
Africa	1,033,043	1,276,369	1,647,781	1,998,466	123.5	159.5	193.4
Northern America	351,659	383,384	421,477	448,464	109.0	119.8	127.5
Central America	195,427	215,331	238,037	246,335	110.2	121.8	126.0
Southern America	393,221	430,212	468,111	482,850	109.4	119.0	122.8
Oceania	35,838	40,329	46,485	51,338	112.5	129.7	143.2
Russia	140,367	135,406	125,387	116,097	96.5	89.3	82.7
Austria	8,387	8,529	8,639	8,516	101.7	103.0	101.5
Belgium	10,698	11,048	11,384	11,493	103.3	106.4	107.4
Belarus	9,588	9,112	8,258	7,275	95.0	86.1	75.9
Bulgaria	7,497	7,017	6,184	5,392	93.6	82.5	71.9
Croatia	4,410	4,318	4,095	3,825	97.9	92.9	86.7
Czech Republic	10,411	10,588	10,442	10,294	101.7	100.3	98.9
Denmark	5,481	5,557	5,621	5,551	101.4	102.6	101.3
Estonia	1,339	1,333	1,279	1,233	99.6	95.5	92.1
Finland	5,346	5,496	5,529	5,445	102.8	103.4	101.9
France	62,637	64,931	67,080	67,668	103.7	107.1	108.0
Greece	11,183	11,254	11,185	10,939	100.6	100.0	97.8
Spain	46,317	48,564	50,239	51,250	104.9	108.5	110.7
Ireland	4,589	5,145	5,771	6,295	112.1	125.8	137.2
Lithuania	3,256	3,058	2,826	2,579	93.9	86.8	79.2
Latvia	2,240	2,153	1,993	1,854	96.1	89.0	82.8
Netherlands	16,653	17,143	17,572	17,399	102.9	105.5	104.5
Germany	82,057	80,422	76,234	70,504	98.0	92.9	85.9
Norway	4,855	5,200	5,650	5,947	107.1	116.4	122.5
Poland – UN	38,038	37,497	35,241	32,013	98.6	92.6	84.2
– CSO	38,092	37,830	35,993	.	99.3	94.5	.
Portugal	10,732	10,757	10,513	10,015	100.2	98.0	93.3
Romania	21,190	20,380	18,978	17,279	96.2	89.6	81.5
Slovakia	5,412	5,442	5,256	4,917	100.6	97.1	90.9
Slovenia	2,025	2,053	2,018	1,954	101.4	99.7	96.5
Switzerland	7,595	7,879	8,254	8,514	103.7	108.7	112.1
Sweden	9,293	9,713	10,200	10,571	104.5	109.8	113.8
Ukraine	46,433	42,945	38,755	35,026	92.5	83.5	75.4
Hungary	9,973	9,766	9,353	8,934	97.9	93.8	89.6
United Kingdom	61,899	65,090	69,137	72,365	105.2	111.7	116.9
Italy	60,098	60,408	59,057	57,066	100.5	98.3	95.0

Source: World Population Prospects. The 2008 Revision, ..., op. cit.,

These changes will also cover Poland and, as a result, the number of the country inhabitants will decrease by 6 million (approx. 16% as compared to the current state), as regards the scale of the process Polish and Eurostat experts share the opinions of the UN experts.

In the Eastern part of Europe, including Poland, the enormous challenges related to the socio-economic transformations overlapped with – and partly result from – the destructive demographic processes, which are already visible in the form of the demographic crisis but it needs to be expected that this crisis will become even deeper.

Hence if the demographic processes in Europe progress in line with this scenario then the sustainable development of Europe will be seriously threatened, in particular in respect to the ratio of the working people and old-age pensioners. In

such situation the history has come full circle and just like in the second half of 19th century and in the first half of 20th century Europe faced an overseas exodus of its population, in the first half of 21st century the old continent will have to open its "gates" for immigrants from other continents. Hence all of them will develop in respect to demography. The rate of this development will be the greatest in Africa (the growth in population figures by 93%), which will be followed by Oceania (43%), Asia (25%), Central America (26%) and Southern America (23%). These parts of the world will provide the major reinforcements for Europe as regards new citizens that will mitigate the disproportions between the number of working and professionally inactive people.

The peculiar situation in which the European and, in particular, Eastern European hence Polish, civilization found itself follows from intensification of the hitherto processes of low fertility, transformation from the traditional family with many children to a childless family or family with one or two children, postponing the time of establishing a family or remaining single, decrease in the mortality rates and significant prolongation of the lifespan. As it was already mentioned this situation is different from the one in many Western European countries¹⁶.

As a consequence of the differentiated population growth rate in individual regions of the world within the next 40 years there will be also changes in the global population structure by the regions, but prominent **from the perspective of Europe and Poland since the participation of Europeans in the world population will drop from 8.6% to 6.3%**. In respect to the structural substance the increase in the share (significance) on a global scale will concern only the African civilisation (an increase from 15 to nearly 22%), all the others will experience different rate of decrease.

The above-mentioned directions of changes in the population figures of individual civilisations refer to only one of the important levels of demographic transformations and perhaps the level of changes in the structure of the population and especially the age structure might be even more significant. It is most important as it causes the most far-reaching socio-economic effects for the economy not only of the individual states but also their regions. The major challenges following from these changes include the scale of aging of the European society in general and in individual countries (Table 2), including also the change in the volume of the workforce resources.

The process of population ageing (increase in the share of the elderly people – here it is understood in line with the international classification as people aged 65 or more – in the overall population) will in the future turn into a worldwide process and the pace of this process will accelerate. The number of people aged 65 or more will increase on the global scale from the current of about 520 million to probably almost 1.5 billion in 2050 hence almost threefold, and its share among the overall population of the world will increase two and a half times (from 7.6% in 2010 to 17.3% in 2050).

The pace of ageing of the inhabitants of individual world regions will be different but in the next 40 years only Europe stands out. **The European population will be characterised by the deepest advancement of the process of aging on the global scale.** In Europe – the oldest continent as regards demographic factors – every sixth inhabitant is 65 years old or more, but in 2050 there will be already almost 30% of such Europeans. What is more, the aging process will be most advanced in the Southern and Western Europe.

¹⁶ See P. Eberhardt: Nowe tendencje w ruchu naturalnym ludności Europy w ujęciu geograficznym [*New trends in the natural movement of the European population in geographical perspective*], in: "Przegląd Geograficzny" [*Geographical Review*] 2002, 74, 2, pp.175-198

Table 2. Forecast of the workforce resources (population aged 15-64) and aging of the Western population at the background of the world regions until 2035.

Region/country	Population aged 15-64 (workforce resources)						Population aged 65 and more					
	Thousand			% of the overall number			Thousand			% of the overall number		
	2010	2035	2050	2010	2035	2050	2010	2035	2050	2010	2035	2050
World	4,523,706	5,606,630	5,865,828	65.5	65.4	64.1	523,478	1,115,886	1,486,861	7.6	13.0	17.3
Europe^a	399,596	358,165	328,129	67.4	60.6	57.1	101,014	147,880	161,911	17.0	25.0	28.2
Eastern	106,943	88,832	72,303	70.8	65.5	58.3	22,245	29,478	33,824	14.7	21.7	27.3
Northern	65,496	66,330	67,750	66.6	61.0	60.2	16,289	24,299	26,393	16.5	22.4	23.5
Southern	102,963	94,551	83,782	67.0	60.3	54.5	27,771	41,341	48,175	18.1	26.4	31.3
Western	124,194	109,452	104,283	65.9	57.6	56.4	34,709	52,761	53,519	18.4	27.8	28.9
Asia	2,796,827	3,369,435	3,387,981	67.1	67.0	64.8	278,282	666,678	906,053	6.7	13.2	17.3
Africa	581,696	1,037,508	1,310,693	56.3	63.0	65.6	35,481	81,535	141,538	3.4	4.9	7.1
Northern America	235,923	260,193	274,146	67.1	61.7	61.1	45,954	88,164	98,493	13.1	20.9	22.000 000 000
Central America	125,186	156,527	155,862	64.1	65.8	63.3	14,066	31,804	46,625	7.2	13.4	18.9
Southern America	259,943	313,546	306,971	66.1	67.0	63.6	27,689	67,135	95,453	7.0	14.3	19.8
Oceania	23,298	28,962	31,960	65.0	62.3	62.2	3,871	7,871	9,581	10.8	16.9	18.7
Russia	101,236	82,294	70,086	72.1	65.6	60.4	18,120	24,820	27,207	12.9	19.8	23.4
Austria	5,678	5,083	4,818	67.7	58.8	56.6	1,473	2,361	2,504	17.4	27.3	29.4
Belgium	7,044	6,649	6,592	65.8	58.4	57.4	1,862	2,905	3,057	17.4	25.5	26.6
Belarus	6,897	5,505	4,412	71.9	66.7	60.6	1,284	1,696	1,891	13.4	20.5	26.0
Bulgaria	5,166	3,869	2,983	68.9	62.6	55.3	1,319	1,511	1,635	17.6	24.4	30.3
Croatia	2,986	2,505	2,192	67.7	61.2	57.3	764	1,018	1,080	17.3	24.9	28.2
Czech Republic	7,356	6,662	5,870	70.7	63.8	57.0	1,588	2,329	2,839	15.3	22.3	27.6
Denmark	3,579	3,328	3,334	65.3	59.2	60.1	914	1,346	1,323	16.7	23.9	23.8
Estonia	905	806	728	67.6	63.0	59.0	228	272	298	17.1	21.3	24.2
Finland	3,542	3,225	3,172	66.3	58.3	58.2	919	1,422	1,411	17.2	25.7	25.9
France	40,493	39,024	38,468	64.6	58.2	56.8	10,626	17,106	18,211	17.0	25.5	26.9
Greece	7,546	6,825	6,024	67.5	61.0	55.1	2,049	2,935	3,424	18.3	26.2	31.3
Spain	30,768	30,671	27,397	67.3	61.1	53.5	7,777	12,744	16,298	17.7	25.4	31.8
Ireland	3,114	3,760	3,719	67.9	65.2	59.1	521	1,056	1,524	11.4	18.3	24.2
Lithuania	2,246	1,761	1,548	69.0	62.3	60.0	533	657	658	16.4	23.2	25.5
Latvia	1,540	1,273	1,089	68.7	63.9	58.7	391	438	481	17.4	22.0	25.9
Netherlands	11,161	10,199	10,195	67.0	58.0	58.6	2,557	4,497	4,454	15.4	25.6	25.6
Germany	54,302	43,165	38,739	66.2	56.6	54.9	16,799	23,623	22,902	20.5	31.0	32.5
Norway	3,215	3,425	3,562	66.2	60.6	59.9	728	1,260	1,417	15.0	22.3	23.8
Poland – UN - CSO -	27,286	22,738	18,354	71.7	64.5	57.3	5,138	8,117	9,581	13.5	23.0	29.9
	27,213	23,120	.	71.4	64.2	.	5,153	8,358	.	13.5	23.2	.
Portugal	7,186	6,390	5,472	67.0	60.8	54.6	1,916	2,780	3,216	17.8	26.4	32.1
Romania	14,816	12,400	10,058	69.9	65.3	58.2	3,150	4,120	4,917	14.9	21.7	28.5
Slovakia	3,927	3,459	2,864	72.6	65.8	58.2	664	1,111	1,392	12.3	21.1	28.3
Slovenia	1,413	1,228	1,085	69.8	60.8	55.5	332	527	590	16.4	26.1	30.2
Switzerland	5,132	4,876	4,963	67.6	59.1	58.3	1,310	2,124	2,216	17.3	25.7	26.0
Sweden	6,059	6,101	6,280	65.2	59.8	59.4	1,702	2,404	2,546	18.3	23.6	24.1
Ukraine	32,042	25,112	20,774	70.5	64.8	59.3	7,072	8,050	8,642	15.6	20.8	24.7
Hungary	6,870	6,044	5,279	68.9	64.6	59.1	1,633	1,983	2,336	16.4	21.2	26.1
United Kingdom	40,883	42,236	43,930	66.0	61.0	60.7	10,269	15,284	16,553	16.6	22.1	22.9
Italy	39,297	34,335	30,399	65.4	58.1	53.3	12,285	17,366	18,977	20.4	29.4	33.2

^{a)} without Russia

Source: World Population Prospects, The 2008, ..., op.cit.

This shows the scale of changes that the economies in Europe and its individual countries will have to make and the scale of challenges that will have to be faced by the EU Cohesion Policy.

Africa will still remain the continent of the youngest age structure of its inhabitants (but with still high mortality rates), whereas in other regions of the world the old age indicators will be shaped at the level of 17-20% in 2050. However, in Russia at that time every fourth resident will be of old age. This should be kept in mind in the context of the future possibilities of "reinforcing" the EU countries with migrants.

In case of Europe in the time horizon up to 2050 the societies of all countries will be ageing, but the process will be most advanced in Germany and four countries of Southern Europe: Italy, Portugal, Spain and Greece. The ageing process will also cover Poland where the number of elderly inhabitants will almost double from the current 5 million to 9.6 million, nearly every third Polish resident will be 65 years old or more. Thus Europe will become an even older continent in the

demographic sense and these process will be slightly slower only in: the United Kingdom, Denmark, Ireland, Norway and Sweden due to the beneficial shaping of the level of reproduction in these countries which in turn will improve the age proportions between their citizens (moreover, it also needs to be kept in mind that these countries are "supplied" with migrants, usually of relatively young age).

This serious level of Western society ageing becomes a huge challenge to the generation of the GDP, as well as its distribution between generations. Since the group of GDP producers greatly decreases in number and the group of beneficiaries highly increases. This, on the one hand, determines the scale of economic and social challenges and thereby political ones, which should result in actions aimed at preventing intensification of these negative demographic tendencies, for example in weakening the competitiveness of regional economies (a change in the structure of expenditure towards an increase in benefits at the expense of development expenditure). However, on the other hand, **in future especially the European societies, which include Poland, will have to settle the issue of the scale of immigration of non-European inhabitants, which can also mitigate the problem.** It needs to be remembered that this problem is more and more often officially covered by the Council of the European Union¹⁷.

The scale of this problem remains very closely co-related to the volume of workforce resources, which will be at the disposal in individual EU communities and which will constitute a significant development factor or barrier to development for regional economies. This takes place in a situation when the BIC countries even today have workforce resources many times greater than USA and EU¹⁸. As regards the global scale according to the estimations of the UN experts until 2050 the volume of workforce resources (potential) will quite considerably increase by 1.3 billion persons, i.e. by 30%, mainly in Asia and Africa. **In Europe the workforce deficit will strengthen** (workforce will decrease by 72 million, i.e. by as much as 18%). Thus Europe will be the only region of the world, where the workforce resources will decrease, except for countries of Northern Europe (here the size of workforce resources will probably stabilize), in all its other parts this decrease will be very significant and it will be most severe in Eastern Europe – drop by as much as 1/3. This process at such a scale will also concern Poland, where the potential size of workforce resources will decrease from 27 to approx. 18 million people (by 30% as compared to the current state). This will result in serious barriers to the development possibilities of many regions in Poland, and in particular as regards their competitiveness not only under the national but also under the European system.

The weight of supporting more and more numerous age groups of not working persons in post-working age will increasingly burden the decreasing in number workforce resources. The societies, mainly European thus Polish, everyday have to face the need to carry out reforms aimed at preventing, or at least weakening, the consequence of population ageing. These reforms have to cover¹⁹: budget policy, especially more thoroughly within the scope of retirement pensions system, as well as extended benefits and high allowances (for the advantage of benefits aimed at increasing reproduction); labour market within the scope of prolonged professional activity and increased participation in employment; as well as better efficiency and elasticity of goods, services, labour and capital markets. All these actions should aim at improvement of the competitiveness of economies of the Western civilisation and above all the EU economies on a global scale. It also determined the tasks aimed at defining the scope of intervention for the cohesion/regional policy within the scope of entrepreneurship and labour market.

A separate problem will consist in establishing by means of policies of the majority of EU countries the volume of immigration of non-European inhabitants, which may mitigate the consequences of the problem of population ageing. However, this is related to one more problem in assessing the demographic changes in EU and to a slightly lesser scale also Poland, mainly the national and cultural composition of individual societies in the EU countries. It is of vital significance given the fundamental attribute distinguishing the civilization of our part of the world – religion. The EU countries are becoming increasingly multi-cultural. The Eurostat data²⁰ for EU in 2008 show that per 30.8 million of foreigners living in EU (i.e. 6.2% of the overall population) 4.7 million came from African countries and 3.7 million from Asian countries. 75% of foreigners lived only in 5 countries: Germany, Spain, the United Kingdom, France and Italy. In case of Germany the predominant group of non-European residents was formed of Turks, in case of Spain - Moroccans, the United Kingdom - Hindu people, France - Algerians, Moroccans and Turks and in Italy – Albanians (Europe), Moroccans and Chinese people. Taking this into account the scale of the problem should be perceived through the perspective of diasporas, which are established in such communities since the level of reproduction there is usually significantly higher than in the native communities. Hence the issue of other cultures within the framework of the EU has a much more extensive dimension than it would follow from nationality. This is a separate problem, and there is not enough space here to analyse

¹⁷ 7th Conference of Ministers Responsible for Migration Affairs, Helsinki, 16-17 September 2002, Final Declaration

¹⁸ Cf.: S. Szukalski, *Ekonomiczne, globalne ...*, op. cit., pp. 135-136.

¹⁹ For more extensive information see e.g.: *The Economic Consequences of Ageing Population (A comparison of the EU, US and Japan)*, no 138, European Commission, 1999, Brussels.

²⁰ Vasileva K., *Citizens of European countries account for the majority of the foreign population in EU-27 in 2008*, Population and social conditions, Statistics In focus 94/2009, Eurostat

it, but it cannot be omitted when thinking about the future of the EU development and the scope of regional policy. If we consider the fact that Germany announced failure of the multi-kulti policy we will see what further tasks for the communities and economies of the regions stem from this situation within the area of integration and assimilation, at the same time, we must keep in mind that further demographic development as the factor conditioning development of the economies of EU countries depends on immigration and the sources of population inflow can largely include African and Asian countries. This determines the scale of challenges, to which also Poland has to prepare itself in the nearest future, and actions which have to be reflected in the regional policy in the area of intervention within the scope of human capital development and enterprises operation.

4. Development of social capital as a factor making it possible to become a part of the contemporary civilization breakthrough

The contemporary world today experiences the process defined by many experts as the civilization breakthrough²¹. There occurs a shift in the civilization paradigm, which consists in progressing deindustrialisation in the developed countries (departure from industrial civilisation) and transition into post-industrial civilization defined as "knowledge-based economy" that in consequence strongly impacts the population living models, consumption models and the entire global economy. As a result, the earlier models not only of the economy in general but also production, management, investment, trade, education, employment and labour, consumption and even governments and families quickly become outdated, moreover, the majority of communication, production and trading methods are transformed²². This new development paradigm conditioned by the contemporary scientific and technical development and the decisive role of information, knowledge and qualification is also determined as the „economy based on intellectual capital”²³. Apart from the above-discussed demographic challenges the literature also enumerates the following as the new trends, which basically change enterprises, global economy and societies²⁴:

- *Changes in the consumption models,*
- *Dynamic development of the sector of support services for elderly people and increased demand for broadly-conceived handling, care and medical services,*
- *Development of the "old age economy" sector,*
- *A decrease in the demand for manual labour and lower qualified labour subject to automation, which accompanies increase in industrial production,*
- *Increase in the demand for labour requiring special skills, qualifications,*
- *Need for continuous improvement of qualifications, which makes education a significant and profitable branch of economy;*
- *Strengthening and automation on the labour market of the persons having special, needed skills and qualifications. These persons will identify themselves not with the corporation or government organisation from which they gain money but with their own professional group,*
- *Increasing flexibility and differentiation of corporations (which in 20th century were continually extending in order to decrease the transaction costs). They will conclude contracts with many smaller companies rendering services for them (by employing specially skilled staff), with universities, licensors of technologies, etc.*
- *Growth of professional migrations and social mobility.*

Regional economies, including especially Poland, can meet these trends if they dynamically establish social capital and, above all, intellectual one. It will be possible to implement this objective, inter alia, by means of support to actions from this scope through regional policy. As a result it is important to present more closely the concept and interpretations of these capitals, which will indicate the necessary directions of public intervention.

It is one of the most efficient direction of public interventions, which as I have stated before, has also a basic significance as regards regional economies response to the challenges of the civilization breakthrough. Social capital forms the basis (often the determinant) of innovation, knowledge-based economy, success and effectiveness of outlays to research and development, efficiency of institutions; it is the fundament of civil society, democracy, bottom-up mobilisation of people, self-governance, association and organisation; it is the condition of economic development of local, regional and State units and, finally, the basis for health of an individual, its lifetime and success of marriage and family and, as a result, it

²¹ More information on the issue in the works of, inter alia: Tofler, Rifkin, Drucker, Friedman and in Poland in Kukliński or Mączyńska. Cf.: E. Mączyńska, *Przełom cywilizacyjny ...*, op. cit.

²² A. and H. Tofler, *Budowa nowej cywilizacji. Polityka trzeciej fali [Construction of the new civilization. Third wave policy]*, Zysk i S-ka, Poznań 1996, quoted in E. Mączyńska, *Przełom cywilizacyjny ...*, op. cit., p. 24.

²³ Ibidem

²⁴ As above pp. 24-25.

preconditions the good operation of the society. This happens because the social capital is "the state of human relations, bonds and social relationships, it is the social tissue or (.) interpersonal space, (.) it encompasses people and everything that takes place between them – it is the geometry of human relations. It is the thing that is most important in the society."²⁵

Researchers handling the issues related to the regional development emphasise that the human capital prejudged the success of individuals and wider social groups in the modern era and now in the post-modern era social capital is the most significant success factor²⁶. When taking up the problem area related to definition of the social capital for the needs of regional policy it is necessary to start with the theory of regional development and the perception in it of the regional development factors²⁷.

These cover four groups of development factors: economic, social, technical and technological as well as ecological ones. The social factors cover: changes in the population figures and demographic structure, rate and character of urbanisation processes, agglomeration and metropolization, social infrastructure development and improvement, changes in the social stratification, changes in the level of life and lifestyle, education improvement, cultural progress, activity of the authorities and the society, efficiency of operation of territorial self-governments and their units, social participation in regional and local decision-making process²⁸.

Under this context it is necessary to refer to the definition of the term capital hence to answer to the question: what is regional capital in regional sciences? On the basis of the position of P. Sztompka it can be assumed that regional capital covers resources and funds owned by the region, "which if launched in social or economic processes have two very attractive features: they multiply (or at least cumulate) and can be exchanged for other goods²⁹." At the same time, according to this scientist it needs to be indicated that this term has two significant components: social capital and personal capital. Social capital constitutes a sum of resources and funds, which are at the disposal of the society of the region, while personal capital covers the sum of different resources and funds which are at the disposal of an individual³⁰. Such differentiation is important since it shows, *inter alia*, what really conditions the socio-economic development of the region in the endogenous sense. However, it needs to be highlighted that the social capital is a term defined in different ways and by various persons. In spite of the fact that social capital gains in significance as regards different development factors, we do not really know what it is, exactly, but we still try to measure its level on the national, regional and local scale. The development of the term social capital, as well as popularisation of research thereof took place in the 1980s and 1990s; it is most commonly associated with the works of authors such as: P. Bourdieu, R. Putnam, J. Coleman or F. Fukuyama. However, the latest research focus on the search of the impacts and correlations between the human, social and intellectual capitals in the regional development³¹.

Considering the discourse on social capital, the terms cultural, symbolic and moral capital also need to be noted as they according to P. Sztompka constitute the components of social capital. Cultural capital needs to be understood as "basic skills within the scope of communication and mixing with other people. It covers our everyday habits such as neat language or the ability to act politely towards others, good manners³²." Then symbolic capital "is the ability to understand and interpret different messages received from others, which cover texts but also paintings, art works, etc.³³." Moral capital, on the other hand, covers the special bonds, among which P. Sztompka enumerates: "bonds of trust, loyalty, solidarity, mutuality and tolerance³⁴." He recognises the uniqueness of these bonds because they concern trust that is the sense that someone else will act for me in a responsible and beneficial manner. The bonds of loyalty refer to "the obligation to stay true to someone who acts towards me with full trust, not to take up any actions against him/her behind

²⁵ P. Sztompka, O pojęciu kapitału społecznego [*On the concept of social capital*], in: Małopolskie Studia Regionalne [*Regional Studies in Małopolskie Voivodeship*], no 1/18/2010, Regional Policy Department, Office of the Marshall of the Małopolskie Voivodeship, p. 45.

²⁶ A. Rymśa, Klasyfikacja koncepcji kapitału społecznego [*Classification of social capital concepts*], in: Kapitał społeczny. Ekonomia społeczna [*Social capital. Social economy*], T. Kaźmierczak, M. Rymśa, Institute of Public Affairs, Warsaw 2007, p. 23, publication in electronic version available at: www.isp.org.pl/files/13971470990371594001186562096.pdf – as of 2010-07-20.

²⁷ See Z. Strzelecki, Polityka regionalna [*Regional policy*], in: Gospodarka regionalna [*Regional economy*], scientific ed. Z. Strzelecki, Polish Scientific Publishers, Warsaw 2008.

²⁸ See: W. Kosiedowski, Zarządzanie rozwojem regionalnym i lokalnym [*Local and regional development management*], in: Gospodarka regionalna [*Regional economy*], ... op. cit., p. 235.

²⁹ P. Sztompka, 2010, op. cit., p. 45.

³⁰ Ibidem

³¹ The theme is more extensively considered in: Kapitał społeczny jako czynnik rozwoju regionalnego [*Social capital as the regional development factor*]. Report drawn up by a team under my guidance within the framework of research funded from the resources for own research – Rector's reserve, Warsaw School of Economics, Warszawa 2010.

³² As above, p. 46.

³³ P. Sztompka, 2010, op. cit., p. 46.

³⁴ Ibidem

his/her back³⁵.“ The bonds of solidarity are understood as „the feel that the collective „we“ has some value, which is worth our efforts, even selfless ones, or actions that are against our own interests³⁶.“ Mutuality is important as regards the understanding of social capital and it stands for „the feeling that if someone is good for me then I should also feel obliged to do the same³⁷.“ Moreover, P. Sztompka adds that if “someone entrusts something to me and opens up to me I am obliged to do the same for him/her³⁸.“ Still tolerance encompasses “the approach to other persons than myself, than my society, than my environment, than my “we”³⁹.“ Thus it needs to be assumed that only the meeting of all these components (elements) creates the full, comprehensive term social capital. Apart from this understanding of social capital, there are also many other significant issues, which decide on its importance. These include: the number of persons around us that meet the conditions of the social capital, the content of our relations with such persons and the capacity of the network of relationships with this environment. The effects (benefits) of social capital for the society and the individual, as well as directions of actions aimed at establishing and strengthening social capital should also be emphasised.

According to the short analysis of theoretical concepts of social capital the approach to this problem can be of various scope. The overview of definitional approaches of other authors can be found in numerous scientific articles hence we will not devote more attention to this issue⁴⁰. Although these theoretical studies contain slightly different concepts of defining the social capital, what is significant is measurement of social capital that may indicate the scale of activities that are necessary in order to optimize its role in the development of regional economies. There are many difficulties within this scope but we will not analyse them any further in this study, for this see the aforementioned report “Kapitał społeczny jako czynnik rozwoju regionalnego” [*Social capital as a factor of regional development*]. We will quote only some selected research results within this scope. It is noteworthy to refer to the research results of J. Czapiński⁴¹, which takes the institutional collectivism measured with the so-called corporate ethics index⁴² as the equivalent of the good social capital of Putnam the so-called bridging social capital, and as the equivalent of the bad social capital so-called bonding social capital it adopts familialism meaning “high level of integration inside some closed group, at the same time, closing this group to a broader community. This closed group can represent a family, clan or mafia structure, whose members put complete trust in each other and are supportive towards each other⁴³.“ According to J. Czapiński this research state the following: “a negative relationship between familialism and institutional collectivism (.) institutional collectivism can really make it possible to forecast the rate of economic growth (.) there is a negative relationship between familialism and the level of economic development (.) and social capital does not play any role in the economic development of poor countries, while in rich countries it is of decisive significance⁴⁴.“ It is an extremely important statement as regards structuring the future of regional policy priorities in Poland. Moreover, international research found that there is a very strong correlation between the level of social capital and the outlays on research and development⁴⁵, which can be interpreted that the resources incurred on this objective can be inefficiently managed or even wasted if this management is not co-related with high level of social capital. It should be especially remembered in case of Poland where the social capital indicators remain at a very low level and do not improve significantly as, e.g. the indicator of open trust towards other people in 1992 amounted to 10% and according to the latest Social Diagnosis it is only at the level of 13%. However other factors measuring the level of social capital, such as social activity or membership in an organisation are also at a very low level⁴⁶.

³⁵ Ibidem

³⁶ Ibidem

³⁷ Ibidem

³⁸ Ibidem

³⁹ Ibidem

⁴⁰ Z. Zagala, Kapitał społeczny: jedna kategoria pojęciowa – wiele kontrowersji [*Social capital: one term category – many controversies*], in: Kapitały ludzkie i społeczne a konkurencyjność regionów [*Human and social capitals versus competitiveness of the regions*], ed. M. Szczepański, K. Bierwaczek, T. Nawrocki, Wydawnictwo UŚ, Katowice 2008, pp. 29-44.

⁴¹ See: J. Czapiński, Kapitał społeczny jako motor rozwoju rozwiniętych [*Social capital as the driver of development of the developed*], in: Małopolskie Studia Regionalne ..., op. cit., pp. 29-38.

⁴² This index stands for the percentage of large companies, whose managers positively assess the corporate ethics (these companies do not provide legal or illegal financing to politicians, do not transfer costs of operation to the State, they do not give bribes, do not corrupt and they do not cheat the banks of the administration). Research is carried out by the World Bank in one hundred and several more countries every two years. Ibidem, p. 32.

⁴³ Other operational concept of the bridging and bonding capital was adopted in the international research of managers carried out under the GLOBE programme – Culture, Leadership and ORGANIZATIONS. In this case familialism is measured by means of radically positive answers to two questions: “Are children proud of individual achievements of their parents?” and “Are parents proud of individual achievements of their children”, and institutional collectivism is measured by means of radically positive answers to two subsequent questions: “Do the leaders strengthen the cohesion of the community?” and “Does the economic system favour maximization of common welfare?”. Ibidem, p. 30.

⁴⁴ Ibidem, p. 32.

⁴⁵ Ibidem, p. 34.

⁴⁶ J. Czapiński, Kapitał społeczny ..., op. cit., p. 34.

This constitutes a major challenge not only to regional policy, but first of all to the economy, culture, politics, society and education as well as media.

Most certainly, the high level of social capital has an impact on decreasing the scale of corruption, facilitates negotiations thereby shortening the investment process (decreasing to the minimum the probability of appealing against the decision of administrative authorities), raises the level of sensitivity as regards common good, promotes long-term activities (both investment activities, as well as the so-called soft ones), improves solidarity between groups as well as actors of the development process, while the very development of the so-called *third sector* increases the possibilities within the scope of social control over the actions of the authorities.

The gravity and significance of social capital for further development of Poland is also recognised in the circles of governmental experts, who devoted special attention to it in the document entitled "Polska 2030" [*Poland 2030*]⁴⁷. The authors especially emphasise that "Social capital constitutes a significant factor influencing social and economic development of the country. Its level after the end of the transformation period is not sufficient to implement the development challenges set before Poland for the next 20 years⁴⁸." However, they define it with the term "modern social capital", which is understood as the capital, which is influenced by "national identity, most profoundly by these of its features, which in the contemporary world are characterised with openness, community-orientation, in-depth strong environmental bonds, growing level of identity of different groups." Social capital based on such traditions and models multiplies trust, increases the ability to cooperate, take roots into the world of one's own culture and also into the world of multitude of contemporarily intermingling cultures, it constitutes the basis of the modern citizen-state relationship.

Trust built in such a way constitutes a significant value added of the development processes⁴⁹. According to the diagnosis "Polska 2030" the low level of social capital in Poland understood in this fashion is influenced, above all, by: cultural and historical conditions (such values did not have the time to take roots in the society), disproportion in the development of the economy and social capital after 1989, delays in the establishment of development capital, the fact that the society is still stuck in the stage of transformation of its own attitudes and values, the still existing gap in the development of modern technologies and electronic digitalisation, the hampering impact on social capital development of the low level of life of the population and still low cultural potential of the society, etc. Under such circumstances the Strategic Advisors to the Prime Minister are of the opinion that transformation taking place during the last 20 years was based on the adaptive social capital and today it needs a new form – "development capital", which is the only way to meet the current and future challenges faced by Poland. They recognise development capital as "the ability of people to trust one another as regards all dimensions of life – starting from the trust between people and ending with the trust of citizens to the institutional infrastructure of the State. Only the increase of social trust, whose level is at present among the lowest in Europe, will unlock and facilitate a broadly-conceived cooperation between residents of Poland. It is also a capital of network character based on relationships by far exceeding the circle of the closest contacts. Finally, it is the ability to act – alone and together - in an unconventional and creative manner. Societies of strong development capital are characterised by openness to the attitudes, opinions and ideas of others, ability to cooperate as well as innovativeness and creativity, which is significant not only as a basic development factor of the knowledge-based society but also as the ability enabling functioning in the constantly changing world⁵⁰."

In order to establish such a social capital the document gives as much as 22 recommendations of the directions of actions, which shows how huge is the challenge facing Polish economy and Polish society within this scope. This also sets the framework for priorities of the Polish regional policy, which only in synergy with other policies of the State can cause efficient implementation of the response to the global challenges that were referred above in the third part of this study. In short the achievement of such a state requires⁵¹:

- consistent and full implementation of the subsidiarity principle adopted in the Constitution;
- strengthening of the relationship self-government – civil society by development of the cooperation plans providing for the joint actions in the long-term perspective and setting out the objectives and indicators of this cooperation;
- decentralisation of the decision-making principles concerning funding of activities of the State and the self-government, increasing the participation of NGOs in the implementation of public tasks (as a result of easier implementation of commissioned tasks), as well as more and more faster and fuller transfer of resources from the central budget to the gmina self-governments;

⁴⁷ Polska 2030. Wyzwania rozwojowe [*Poland 2030. Development challenges*], Chancellery of the Prime Minister, Warsaw 2009.

⁴⁸ Ibidem, p. 339.

⁴⁹ Ibidem, p. 8.

⁵⁰ Polska 2030..., op. cit., p. 339.

⁵¹ Ibidem, pp. 367-370.

- ensuring support to government agencies for self-governments, sustainable regional development and social dialogue based on partnership between all participants of the process;
- strengthening the role of social and civil consultations at the level of central and self-government administration – which is related to the need to ensure as full access to public information as possible;
- establishment of a law regulating the functioning of civil society in such a manner for it to encourage to activity and establish institutions;
- appointment of regional funds, which will support NGOs;
- development of a comprehensive, multi-annual strategy supporting civil society;
- establishment of a new method for coordinating support for NGOs both at the level of central as well as self-government administration;
- provision of integrated information, advisory and training support to local self-governments in the preparation of multi-annual cooperation programmes with local NGOs;
- devoting a public debate to key challenges and dilemmas of development policy of the State and involving all stakeholders to an equal degree, which benefits increase in mutual trust of people towards each other and citizens to the institutional infrastructure of the State;
- re-definition of the role of public media so as to make them the source of standards within the scope of reliable information, public debate, high culture, promotion of attitudes and values compliant with the needs of establishing the social development potential for 21st century;
- use of tele-information technologies as the space for public debate so as to ensure it a broader range than before, as well as greater engagement of all stakeholders;
- supporting the formation of the public space via relevant spatial development plans taking into consideration the establishment of a common, friendly space;
- supporting the development of independent institutions of the think tank type, which have the abilities to initiate and animate public debate, as well as establishment of the diagnosis and recommendations for public intervention;
- development of a complex culture development strategy treating culture as a significant development resource;
- supporting the development of the creative sector, in which culture becomes the catalyst of growth and the fundament for creation of new jobs;
- supporting the development of individual, bottom-up creativity – constituting a valuable individual resource and ensuring workforce for the creative sector;
- guaranteeing availability of the cultural heritage as an important element of the joint identity and valuable creative resource;
- ensuring relevant regulation of production and distribution of culture via a system of intellectual property and regulation of the media and the tele-communication sector in order to make them favourable for creativity increase;
- use the cultural potential as the factor of development of the regions and metropolies;
- starting professional activities targeted at the establishment of the Polish image abroad consistent with the image (identity, value) promoted inside the country, which will contribute to the positive identification of Polish citizens abroad, their identification with the State and between each other.

Hence it is visible that the suggested activities having decisive significance for the establishment of the social capital have to include four areas (fields): trust to public institutions, civil activity and State cooperation with the NGOs; development of the third sector; broadly-conceived common good and strengthening of the creative and cultural potential.

This document covers also proposals related to the challenge pertaining to the current civilization breakthrough, and as it was mentioned before in order to join to this breakthrough it is necessary to establish intellectual capital at a relevant level. According to the authors of the report "Polska 2030" the social capital, referred to above, is one of the significant elements of the future challenges of the civilization breakthrough but it is not enough to face it. Since it was assumed that "intellectual capital (.) in general covers intangible assets of people, enterprises, societies, regions and institutions, which if used appropriately can become the source of the current and future welfare of the State⁵²." On the other hand, in another report devoted to intellectual capital the authors from the same centre assumed that it is formed of 4 components⁵³:

- human capital, which denotes the potential inherent in all Poles that is expressed in their education, life experience, attitudes and skills;

⁵² Polska 2030..., op. cit., p. 206.

⁵³ Raport o kapitale intelektualnym Polski [*Report on Polish intellectual capital*]. Board of Strategic Advisors to the Prime Minister, Warsaw, 10 July 2008, p. 6,

- structural capital understood as the potential inherent in tangible elements of the infrastructure of the national education and innovation system – educational establishments, scientific establishments, research establishments, tele-information infrastructure and intellectual property.
- social capital, i.e. the potential inherent in the Polish society in the form of applicable norm of conduct, trust and involvement, which support cooperation and knowledge exchange;
- relationship capital, which means the potential related to the outside image of Poland, level of integration with global economy, attractiveness for its foreign “customers”, trade partners, investors, tourists.

Referring to the research results on intellectual capital index carried out in sixteen European countries for individual generations the significance of the intellectual capital for the future development of Poland was considered as the key factor. In line with this index among these countries Poland is ranked only “13 for the generation of children and adolescences, 13 for the generation of students, 14 for the generation of adults and 16 for the generation of seniors⁵⁴.” This shows what enormous distance is between Poland and the more developed European countries in respect to the intellectual capital. Therefore one should not wonder why Poland is ranked so low as regards innovations, which results in lagging behind not only from the European countries, but also from the dynamically growing economies of South Korea, Brazil and China. The authors of the report state that this also causes low efficiency of Poland, which is reflected in the export structure and it is difficult for Poland to compete on global markets in sectors of high value added. The barriers in the intellectual capital development in Poland are ascribed to the low outlays to research and development (threefold lower than the European average), mentality of Polish entrepreneurs reflecting in their lack of trust to the world of science, lagging behind as regards educating students at higher education institutions (mainly failure to match education to the needs of the labour market) and in respect to research and development potential and formation of the so-called creative class, neglecting lifelong learning and life roles as well as low effectiveness of the Polish education system in the development of cognitive competences, and also systemic errors underlying the education system itself (late start of learning, quality of learning, low involvement and responsibility of parents for bringing up and education of children as well as contributions to growing social differences)⁵⁵. On the basis of such a diagnosis the initial recommendations were formulated that refer to the necessary reform and taking up of the most important activities of the following character⁵⁶:

- for increasing the access to earlier education, in the first place, in the age group between 4 and 6 by way of its dissemination on the area of rural and urban-rural gminas;
- braver than before introduction of competition mechanisms to the education system;
- increasing the efficiency of the resources allocated to the entities acting in the area of higher education and science;
- active and targeted efforts for obtaining foreign investments in the knowledge-based sectors, in particular at places where it is possible to situate them in Poland, both research and development centres, as well as production centres using new inventions;
- stronger connections between institutions of the education sector at all of its levels with the economy sector;
- working out of new forms of supporting integration of scientific, business and cultural circles at the regional and local level;
- modernisation and extension of the scope of impact of the system supporting innovations in Polish enterprises;
- consistent activities – in the legal and organisational area – for the change in the applicable status of teachers defined on the basis of the Teacher’s Charter and many years of experience;
- improving integration with the world of Polish education and innovation system.

As you can see Poland in order to efficiently join the global competition processes conditioned by the level of intellectual capital has to make up for an enormous gap as compared to the leading countries only from its own EU grouping. This means that activities have to be taken up or intensified in the area of education, science, cooperation of enterprises with the research environment and creation of innovations. Moreover, it should also be emphasised that these activities have to co-exist with the activities aimed at increase of social capital in Poland. Hence activities from these two levels of the intellectual and social capital are almost entirely mutually predetermined. Polish regional policy together with its instruments should be a significant executor of this activities and an element of efficient integration of Poland into the processes of the civilization breakthrough of the contemporary world.

5. Summary

The study more extensively focuses only on the selected most important strategic challenges of Poland in my opinion, which of course also means the most significant challenges for regional policy of the country, which will have to be de-

⁵⁴ Polska 2030..., op. cit., p. 206.

⁵⁵ Cf.: Polska 2030..., op. cit., pp. 208-235.

⁵⁶ Ibidem, pp. 233-235.

signed by us in the nearby future. However, firstly this policy has to have strong theoretical grounds. It is obvious that it should follow from the global challenges faced by Poland and hence the changes in the distribution of world economical powers and demographic transformations. The regional policy should play a very significant role in the shaping of such development conditions, which will provide an optimal response to these challenges. It has to strengthen the economic tissue of the Polish regions in order to establish a knowledge-based economy and, as it was highlighted above, more specifically on the intellectual capital. The areas of necessary activities were suggested by the Strategic Advisors to the Prime Minister, which must be fully approved but still require further works. They should be included in appropriate manner and in adequate proportions in the project and operational documents of the Polish regional policy. Whereas their analysis⁵⁷ shows that they were considered only to a small degree both at the country and voivodeship level. This situation should be thoroughly improved at least at the level of the regions, which should develop their development strategies and operational programmes in the nearest future.

These more extensively discussed strategic challenges do not imply that I do not perceive the role of other challenges for Polish regions. Of course, there are more of them, one of the basic covers the infrastructural gap separating the Polish regions even from the neighbouring EU countries. The same refers to roads, railway, air and maritime infrastructure, as well as tele-communication infrastructure. In my opinion making up for this gap determines economic and social development of the regions. The scale of the distance that Poland and its regions has to catch up is perfectly known and it is pointless to repeat it. This is precisely described both in the so-called 5th Cohesion Report and Eurostat Yearbooks.

Finally, it seems that in order to improve the management of regional policy in Poland, when the discussions on its future shape assumes different approach to urban and rural areas, it is necessary to mention the need to be adequate when isolating such units in statistical research. The research of functional features of administrative units in the Mazowieckie Voivodeship⁵⁸ proved that in the examined 4,527 statistical units?, 1/4 of them had other characteristics within the scope of urban or rural functions than the administrative character of the gmina to which they belonged. It is not without significance if we consider appropriate regulations concerning urban policy or in relation to the rural areas.

⁵⁷ Cf.: Z. Strzelecki, *Kapitał społeczny w dokumentach programowych w skali kraju i regionów* [Social capital in the programming documents on a national and regional scale], in: *Kapitał społeczny jako czynnik rozwoju regionalnego* [Social capital as the regional development factor]. Report drawn up by a team under my guidance within the framework of research funded from the resources for own research – Rector's reserve], Warsaw School of Economics, Warsaw 2010.

⁵⁸ *Badanie statystyczne w zakresie identyfikacji obszarów o cechach miejskich i cechach wiejskich w województwie mazowieckim oraz wskaźnika syntetycznego różnicującego gminy na podstawie kryterium funkcjonalnego* [Statistical study within the scope of identification of areas of urban and rural features in the Mazowieckie Voivodeship and the synthetic indicator differentiating gminas on the basis of a functional criterion]. Report developed by a team from the Statistical Office from Warsaw under the guidance of A. Ajdyn, under the project 8.1.4 of HC OP in Mazowieckie Voivodeship, Mazowieckie Biuro Planowania Regionalnego [Regional Planning Office of Mazowieckie Voivodeship], Warsaw 2010.

Preliminary notes

New challenges of regional development, in particular in the context of economic and territorial cohesion, require decisions on the Polish side regarding the method of organising the strategic thinking at the national and regional level. It is related to the entry into force of the Treaty of Lisbon effective from 1 December 2009. Article 3 of the Treaty provides for that: „[The European Union] shall promote economic, social and territorial cohesion, and solidarity among Member States.”⁶¹ Afterwards, it is elaborated in Articles 174-178 (ex Articles 158-162). This means attaching very high importance in the Treaty to the Cohesion Policy and supplementation of the economic and social dimension with a third one – the territorial dimension. In order to specify territorial cohesion in more detail the European Commission has presented in November 2008 the Green Paper in which four areas of impact exerted by the Community have been identified, namely: (1) concentration, i.e. overcoming disparities in population density, (2) creation of connections between the territories, i.e. overcoming the distance, (3) cooperation, i.e. overcoming the disparities (networking) and (4) addressing problems of areas with specific geographical conditions.

1. Conceptualisation of regional policy bases in the European Union and world-wide

In the last dozen years or so, the actual processes taking place in the global economy have caused increasing interest among researchers in regional aspects of socio-economic development in the advanced market economy countries. Scientific research was being developed and it served the purpose of overcoming the non-spatial nature of economic theories. The new economic geography and related trends of research on economics of places and economics of flows have become the most distinct expression of such a modified approach. This leads to fundamental appreciation of the territorial dimension, including the regional development processes.

The attempt to transpose the mentioned theoretical input into recommendations for the economic policy of highly developed market economy countries has been made by international organisations such as: the World Bank, OECD and the European Union.

The World Bank has basically overestimated the relation between the cohesion and competitiveness. The generation of domestic income is extremely differentiated in the space in favour of metropolitan areas. Agglomeration disadvantages emerge on a broader scale in metropolitan centres with a population of over 7-8 million of inhabitants. Therefore regional policy should be oriented at making use of the potential of such areas, which represent the driving force of socio-economic development. Activation of areas with low development level is a waste of limited public funds, therefore financial transfers assuring basic standards of availability of public services should be made for such areas. According to that doctrine, regional policy should therefore support the strongest areas of the country that are able to effectively compete with foreign metropolitan centres and regions.

OECD shows high activity in the field of promoting a modern model of regional policy in the most developed countries of the world.⁶² Reviews of regional policies and urban and rural policies in the Member States and countries cooperating with the OECD are being conducted on a regular basis. Such reviews also pertain to territorial problems in regions and metropolies of the world. In the recent years, territorial reviews have been prepared for: Chile, France, Japan, Norway, Luxembourg and Portugal. Territorial reviews were also carried out for regions such as: New England, Yucatan and metropolies such as: Cape Town, Madrid, Milan, Mexico City and Istanbul. The most important horizontal problems are also being examined, such as for instance: territorial contracts, regional investment strategies and territorially differentiated financial instruments. In 1992, the first comprehensive review of territorial problems of Poland has been conducted, and the subsequent report has been developed in 2008.⁶³ They constituted important inspiration for the formation of

⁵⁹ Jacek.Szlachta@aster.pl

⁶⁰ Ministry of Regional Development, Warsaw, 27 October 2010.

⁶¹ Barcz J., *Przewodnik po Traktacie z Lizbony. Traktaty stanowiące Unię Europejską. Stan obecny oraz teksty skonsolidowane w brzmieniu Traktatu z Lizbony*, [Guide on the Treaty of Lisbon. Treaties constituting the European Union. Current situation and consolidated texts as provided for in the Treaty of Lisbon] Wydawnictwo Prawnicze LexisNexis, Warsaw 2008

⁶² Szlachta J., *Doktryna OECD w sferze polityki rozwoju regionalnego* [OECD doctrine within the area of regional development Policy], in: Kukliński A., Pawłowski K., Woźniak J. (Ed.), *Polska wobec wyzwań cywilizacyjnych XXI wieku* [Poland against the civilisational challenges of the 21st century], the Office of the Marshall of the Małopolskie Voivodeship, Kraków 2009.

⁶³ *Problems of regional development policy in Poland*, OECD Centre for Cooperation with European Economies in Transition, Paris 1992, Polish edition Wydawnictwo SORBOG, Warsaw 1993 and OECD Territorial Reviews. Poland, OECD and the Ministry of Regional Development,

regional policy model in Poland. Conferences of the ministers of regional policy of the OECD countries are held every five years. The last such conference was held in Paris in 2009, and the proposal of a new paradigm of this policy (Table 1) was indicated in the materials for the conference. In this context, a question obviously arises to what extent regional policy carried out in Poland corresponds to the new paradigm. It appears that we are in a situation where this model is eclectic since some elements correspond to the old paradigm, and some to the new one.

Table 1. The old and new paradigm of regional policy according to the OECD

Feature	Old paradigm	New paradigm
Objectives	Temporary compensation in underdeveloped regions	Use of potentials and strengthening of competitiveness
Intervention unit	Administrative entities	Functional economic areas
Strategies	Sectoral approach	Integrated development projects
Tools	Subsidies and state aid	Mix of hard and soft capital
Actors	Central government	Multi-level public management

Source: Regional Policy Challenges. New Issues and Good Practices, OECD, Paris, 31 March 2009.

At the end of the 20th century in the European Union, awareness of the need was maturing for much broader basing the socio-economic development on modern factors since the possibilities of traditional stimulants have as a rule run out. It was expressed by the strategy adopted in 2000 at the Summit in Lisbon, which assumed the transformation of the European Union within only several years into the most competitive global economy. The strategy was supplemented in 2001 at the Summit in Gothenburg with the elements of sustainable and durable development. It was supposed to introduce on a broad scale into public policies implemented in the European Union and its Member States categories such as: knowledge based economy, information society, learning regions, information and communication technologies, etc. Due to a too low implementation of the original strategy, the Renewed Lisbon Strategy has been adopted in 2005. It assumed that this strategy would be framework to all European Union policies and would lead to the preparation of integrated guidelines concerning a macroeconomic, microeconomic and labour market policy. 24 guidelines have become the foundation of National Reform Programmes prepared by all Community Member States.⁶⁴

In June 2004, the Council has adopted the Europe 2020 Strategy as the next generation of the Lisbon and Gothenburg Strategy. The Europe 2020 Strategy is to be the basis for the formation of Community policies, including the European Cohesion Policy for the next 10 years. On the basis thereof, the new edition of Integrated Guidelines will be prepared. The following have been set as priorities: (1) development of a knowledge and innovation-based economy, (2) promotion of a resource-efficient, green and competitive economy and (3) support for high-employment economy that assures high social and territorial cohesion. The objectives have been set as follows: (1) a 75% employment indicator for the 20-64-year-old group, (2) 3% of the gross domestic product earmarked for research and development, (3) 20/20/20 in the scope of climate and energy production (reduction in CO₂ emission by 20%, increase in the share of renewable energy sources to 20% and improvement of the energy efficiency by 20%), (4) reduction in the share of early school leavers below 10%, an at least 40% share of youth completing studies in relevant age groups, as well as (5) 20 million less persons in poverty. The Europe 2020 Strategy is to be implemented by means of seven flagship initiatives, namely: (1) Innovative Europe, (2) Youth on the Move, (3) The Digital Agenda for Europe, (4) Resource Efficient Europe, (5) Industrial Policy for the Globalisation Era, (6) Agenda for New Skills and Jobs and (7) European Platform against Poverty.

From the point of view of promoting the regional dimension of European Union development policies, the Europe 2020 Strategy is a step backwards:

- it is non-spatial since it was written in the traditional economics model, it disregards the new scientific bases such as the economics of places, an first of all the economics of flows,
- this traditional approach is expressed by return to the concept of industrial policy as the primary instrument of the Community's and Member States' impact on the development process and in general a preference for the sectoral approach instead of the regional one,
- stimulation of development processes is recognised mainly in partnership of Member States and European institutions,
- according to that document, the main method of effectively addressing the problems of territorial dimension consists in increasing the mobility of labour force and reduction in the negative impact of internal borders,
- the issue of diffusion of development process has been basically disregarded.

As a result of public consultations, the original document has been basically enriched by a provision concerning the European Cohesion Policy. The cohesion has been named in the Priority „Inclusive growth: fostering a high-employment economy delivering social and territorial cohesion“. It is indicated that measures implemented under the Priority „Sustain-

Paris-Warsaw 2008.

⁶⁴ Zintegrowane Wytyczne na rzecz wzrostu i zatrudnienia na lata 2005-2008 [Integrated Guidelines on growth and employment for 2005-2008], Documents promulgated in the Official Journal of the European Union on 6 August 2005 (OJ L 205 of 6.8.2005), the Ministry of Regional Development, Warsaw, March 2007.

able growth” also promote economic, social and territorial cohesion. The measures taken under the inclusive growth contribute to an increased territorial and social cohesion. The adopted version of the Europe 2020 Strategy includes the following provisions: „It is also essential that the benefits of economic growth spread to all parts of the Union, including its outermost regions, thus strengthening territorial cohesion” and „Economic, social and territorial cohesion will remain at the heart of the Europe 2020 strategy to ensure that all energies and capacities are mobilised and focused on the pursuit of the strategy's priorities”. A positive comment is also included in the sentence: „Cohesion policy and its structural funds, while important in their own right, are key delivery mechanisms to achieve the priorities of smart, sustainable and inclusive development”. Assessment of this policy is clearly positive, which is expressed by the statement: „But we can also count [in the European Union] on [...] our consideration for economic, social and territorial cohesion and solidarity”.

These provisions mean that the Cohesion Policy is and should be actively included in the implementation of the Europe 2020 Strategy, assuming that competitive potential of the European Union is built.

2. Experience in strategic programming of regional development in Poland

Poland has created territorial self-governments at the local level, on the scale of individual towns and gminas, already at the beginning of transformation towards market economy, that is in early 1990s. Due to that, these entities of public administration, having elective representative bodies and own budget income, have become important actors of the country's development policy. However, these changes were not followed by necessary adjustments at the regional level, that is the establishment of empowered regional self-governments.

Hence, the regional policy of Poland in 1990s was characterised as defective or incomplete since it contained only the interregional segment, i.e. the segment of government's policy towards voivodeships. The other necessary segment was missing – the intraregional policy, meaning the policy of subjective regional authorities conducted inside a given region. These functions were substituted by a Voivode – government's local representative – only partially.

In addition, in the first years following the transformation, strong reluctance prevailed to conduct active regional policy, allegedly distorting the conditions of competition in a market economy. The territorial review carried out by the OECD in 1992 has documented the complexity of problems concerning the regional development of Poland, and simultaneously the difficulties and limitations of conducting an active policy of the country in this respect.⁶⁵ The first form of the new regional policy in Poland was the state's intervention within the areas at risk of high structural unemployment. The subsequent changes were caused by the impending integration with the European Union. Pre-accession programmes emerged under Phare that were oriented at support of regional development and preparation of the potential in the scope of European Cohesion Policy, such as: STRUDER, RAPID and CROSSBORDER. The work of the Task Force for Regional Development in Poland has become a significant intellectual breakthrough.⁶⁶ Under this work, several valuable reports have been prepared, among others a comprehensive diagnosis of the country's regional structure has been drawn up and the analysis of the most important weaknesses of the state's territorial organisation model has been carried out, as well as recommendations in reference to the assumptions for building a modern model of regional development policy in Poland have been formulated. The recommendations pertained, among others, to the functions of the central and local public administration and the sector of non-governmental organisations, institutions and instruments of growth in competitiveness, financing of regional development, as well as regional development in the context of Poland's membership in the European Union.

The basic change of the regional policy model in Poland took place on 1 January 1999. It was related to the preparation in 1998 of a comprehensive territorial reform, as a result of which the traditional, three-stage state's territorial organisation has been restored, under which poviats and large voivodeships have been established. Large voivodeships corresponded to the NUTS 2 level of the European Cohesion Policy, which formed the basis for the preparation in Poland of a necessary institutional system and instruments of the European Cohesion Policy.⁶⁷ At that administrative level, apart from the government's local representative – the Voivode, elective representative bodies have also emerged – voivodeship self-governments, and the financial category of voivodeship budgets has also been introduced, as well as numerous

⁶⁵ Problems of regional development policy in Poland, OECD Centre for Cooperation with European Economies in Transition, Paris 1992, Polish edition Wydawnictwo Sorbog, Warsaw 1993.

⁶⁶ *Założenia strategii rozwoju regionalnego Polski*. [Assumptions for the Poland's National Strategy for Regional Development] Final Report, Task Force for Regional Development in Poland, Warsaw, July 1996

⁶⁷ NUTS stands for Nomenclature of Units for Territorial Statistics – in Poland referred to as NTS (*Nomenklatura Terytorialna Statystyki* – Territorial Nomenclature of Statistics). It is a universal regionalisation applicable in the European Union. It includes five levels. NUTS 1 includes groups of voivodeships, NUTS 2 corresponds to voivodeships, NUTS 3 to sub-regions (groups of poviats), NUTS 4, also referred to as LAU 1 (Local Administration Units), are constituted by poviats and NUTS 5, i.e. LAU 2, constituted by towns and gminas. Complete statistical information in the European Union are listed by these territories. NUTS 2 regions play the basic role in the European Cohesion Policy and NUTS 3 regions an auxiliary role.

competences have been shifted from the central level to the voivodeship level. Therefore, it is often indicated that the conduct of regional policy in Poland has become possible only in 1999.

Another important change concerned the accession of Poland to the European Union, which took place on 1 May 2004. Due to that, funds and arrangements of the European Cohesion Policy have become available in Poland. The first package of structural funds and Cohesion Fund amounting to EUR 12.8 billion in fixed prices for 2004 has been transferred to Poland in 2004-2006, and the next one amounting to EUR 59.5 billion, also in fixed prices for 2004, has been mobilised for 2007-2013. Poland has adopted the methodology of the European Cohesion Policy in the scope of: programming, management, financing, monitoring, evaluation and selection of projects. An important decision concerned the level of decentralisation of structural funds management. Poland has adopted a relatively decentralised model by allocating a substantial scope of funds and responsibility at the voivodeship level. In 2004-2006, approximately 22% of the European Cohesion Policy funds have been allocated under the Integrated Regional Operational Programme, and in 2007-2013 already approximately 34% of the entire allocation in sixteen voivodeship operational programmes and the decentralised part of the Human Capital Operational Programme. In addition, in 2007-2013, the Operational Programme Development of Eastern Poland has been launched, and it was aimed at five poorest voivodeships (Lubelskie, Podkarpackie, Podlaskie, Świętokrzyskie and Warmińsko-Mazurskie) and managed by the Minister of Regional Development.

The basic change of the nature and scope of the regional policy in Poland, which was decided by the reform of 1998, required the preparation of relevant legal regulation. These acts were being amended due to the necessity of adjusting Polish solutions to the changing model of Cohesion Policy of the European Union. The consecutive editions regulating the legal bases of the regional policy in Poland are:

- the Act of 12 May 2000 on principles of supporting regional development,
- the Act of 20 April 2004 on the National Development Plan,
- the Act of 12 December 2006 on the principles of the development policy,
- the Act of 8 November 2008 on the amendment of certain acts due to the implementation of structural funds and Cohesion Fund.

System changes enabled to commence programming of socio-economic development at the voivodeship level. The need for the creation of relevant substantial framework for that programming at the central level resulted in the commencement of works on the National Strategy of Regional Development for 2000-2006⁶⁸. This document has been prepared in the Ministry of Economy, but due to changes in competences within the Government, these works were completed by the Ministry of Regional Development and Construction with a delay of several months, hence the time horizon of the document accepted by the Council of Ministers ultimately applied to 2001-2006. The following have been distinguished as priorities of the National Strategy of Regional Development: (1) extension and modernisation of infrastructure used to strengthen the competitiveness of regions; (2) restructuring and diversification of the regions' economic basis; (3) development of human resources; (4) support for the areas requiring activation and at high risk of marginalisation and (5) development of international cooperation of regions. The adjustment of the model regional policy of Poland to European Cohesion Policy standards was specified as a mission of the National Strategy of Regional Development, which was a prerequisite for the use of structural funds and Cohesion Fund.

In 2005 and 2007, proposals were put forward to update the National Strategy of Regional Development, yet it was an internal ministerial draft proposal that did not reach the rank of a governmental document. Therefore, under the conditions of Poland's membership in the European Union, multiannual planning documents prepared under the European Cohesion Policy in Poland have become the leading basis for mid-term development policy. These documents were: the National Development Plan for 2004-2006 and the National Strategic Reference Framework for 2007-2013.

In the recent years, the territorial review of Poland developed by the OECD in 2007-2008 was an important intellectual inspiration for the formation of regional policy.⁶⁹ It documented the necessity of urgent principal choices in the field of regional development to be made in Poland.

The complexity of programming of regional development is expressed by the fact that the National Strategy of Regional Development (NSRD) will be only the second comprehensive governmental document that defines priorities and measures in the field of state's regional policy. The National Strategy of Regional Development until 2020 has been adopted by the Government on 13 July 2010, after nearly two years of work, commenced by the development of theses and assumptions for that document, adopted by the Government on 16 December 2008. The first draft of NSRD of 9 September 2009 was subject to regional and public consultation at the turn of 2009 and 2010. This draft version was the most far-reaching proposal of changes in the scope of decentralisation of regional policy. It contained, among others, a

⁶⁸ Szlachta J. (Ed.), National Strategy for Regional Development, Committee for Spatial Economy and Regional Planning at the Polish Academy of Sciences, Bulletin, Volume 191, Warsaw 2000.

⁶⁹ OECD Territorial Reviews. Poland, OECD and the Ministry of Regional Development, Paris-Warsaw 2008.

proposal distinguishing metropolitan areas in their functional meaning. The next draft version of 12 March 2010 included the results of regional debate, and it was submitted for interministerial consultations. A number of changes were already made in this draft version, among others pro-competitive accents were weakened and the concept of development of metropolitan areas in the meaning restricted to large urban centres was given up. The process of regional, public and interministerial consultations lasting nearly a year led to two effects: elimination of various weaknesses and proposals doubtful in terms of quality, and the introduction of various trade-off provisions of political nature. An important effect is represented by the fact that from 13 July 2010 on, the strategic governmental document is functioning in the field of regional policy.

Following the system reform in 1998, two editions of voivodeship strategies have been created so far in Poland: the first one in 2000-2001 and the second in 2005-2006. Currently, there are works underway on the third edition of regional strategies. The hitherto experience in programming of the regional development in Poland allows for the formulation of the following comments with regard to the programming of socio-economic development:

- We are observing an essential growth in skills in strategic programming at regional level. Almost all voivodeship strategies contain: diagnosis, SWOT-type strategic analysis, mission, strategic objective, operational priorities and objectives, implementation system and instruments.
- A distinct practice of building voivodeship strategies with a mid-term time horizon is being implemented, in general approximately a 10-15-year period. Apart from one voivodeship strategy until 2013, all the other ones from 2005-2006 pertained to the time horizon until 2020.
- A practice of building strategies with a very broad scope, related to all areas of activity and not only the most important processes that take place in the regions has been consolidated. It resulted from increasing transpositions of the strategies into operational documents, therefore it was aimed at finding bases for financing of a broad range of undertakings implemented under various programmes. At the same time, various programmes were referred to regional strategies to a larger extent.
- In the increasing number of voivodeship strategies sub-regional cross-sections were included not only in the diagnostic dimension, but in the scope of regional policy also functional areas of metropolies, urban and rural areas were distinguished.
- The first edition of voivodeship strategies frequently contained identical provisions for very different voivodeships. Gradually, the regional development context was reflected to a larger extent. It was expressed by differentiation of priorities and areas of activity.

The first editions of regional strategies were very superficial due to the monitoring of strategy implementation; the subsequent generation often contained proposals of approximately one hundred indicators, which is a pathology as well.

3. Benchmarks for the regional policy in Poland in 2010

It appears that it would be valuable to specify the position of regional policy in Poland in the context of the provisions in the National Strategy of Regional Development until 2020. The most important benchmarks are the following:

A. **Dimensions.** It has both the key interregional and intraregional dimension. There is no doubt in Poland about the need to preserve the unitary nature of the state. The needs for probable system change of our country to a federal one are not articulated in a serious manner. However, a conviction that further decentralisation in the area of competences and public finance is possible and necessary is at the same time very popular in Poland. The National Strategy of Regional Development correctly sanctions the integrity of each of these two policies. Relations between self-governments at different levels are an essential problem. The NSRD promotes an extraordinary position of voivodeship self-governments in the system of Poland's regional policy. It presents a threat of replacing the centralism of Warsaw by an equally harmful regional centralism of individual voivodeship self-governments.

B. **Competences.** There are shifts in competences and financial allocations between the government and regional self-government in favour of the regional system. The trend is quite clear in long-term period, but there are distortions thereof every now and then that result from differentiated priorities of various political configurations. The analysis of sources of financing of public investments in Poland carried out in the context of the entire European Union confirms that the decentralisation level is closer to the average in the Community and higher than the average in unitary countries. The National Strategy of Regional Development makes the allocation of public functions condition for further decentralisation of financing of public tasks, and hence it is not influenced by simplified opinions on that subject that the problem is allegedly constituted by excessive centralisation. Of course, the basis should be constituted by a reliable analysis of efficiency of allocation of particular public functions to the level of gminas, poviats and voivodeships, and financial flows accompanying particular functions.

C. **Financing.** Is completely subordinated to European Cohesion Policy since the procedures and main part of funds of this policy originate in the European Union. The material scope of financing is also determined by Community regulations. After the accession of Poland to the European Union, due to the transfer of structural funds and Cohesion Fund, the scale of public investments has basically increased. Various calculations concerning the financing of public investments in Poland in 2007-2013 indicate that European Union funds are the leading source. It has significant consequences for regional policy in Poland since its basis is constituted by Community regulations, which are changing in each programming period. It is difficult to estimate the future scale of transfers from the European Union for Poland in 2014-2020.⁷⁰ The National Strategy of Regional Development calculates them at approximately EUR 100 billion, probably in current prices. It would mean that still in the coming multiannual programming period, the regional policy in Poland would be financed largely under the European Cohesion Policy. However, the NSRD attempts to initiate the establishment of post-fund model of regional policy in Poland, which merits a positive comment. It seems that it is important that the segment of regional policy financed by national funds should be gradually extended after 2013.

D. **Orientation.** It is less and less a traditional compensation policy and increasingly an intervention oriented at building of competitive regions. It results from gradual relocation of European regional policy funds for the implementation of Lisbon Strategy priorities. In 2007-2013 it was expressed by an indicative guideline that Lisbon expenditure in the target convergence regions should constitute at least 60% of the total allocation of structural funds and Cohesion Fund resources. The solutions of the European Cohesion Policy after 2014 that resulted from the Europe 2020 Strategy will be probably even more demanding in this respect. The National Strategy of Regional Development puts forward that 60-70% of funds should be earmarked for the competitiveness objective and 30-40% of the total allocation for the cohesion objective.

E. **Real processes.** It is absolutely inefficient in the last decades in the scope of reduction of disparities, both at the regional and sub-regional level. In 1997-2008, we have observed fast socio-economic growth of the Mazowieckie voivodeship and other voivodeships with the largest urban centres and much slower growth of much poorer voivodeships of Eastern Poland. In 1997-2008 the position of the Mazowieckie voivodeship has improved by 27 percentage points in comparison with the average for 27 European Union Member States whereas the position of the Podkarpackie voivodeship merely by 5.9 percentage points. The process of accumulation of regional disparities in Poland is still clearer when broken down by regions. The National Strategy of Regional Development until 2020 adopted by the government on 13 July 2010 remains under strong influence of the latest trends in the doctrine of regional development policy represented among others in the works of the World Bank and the OECD that shift the emphasis from cohesion to competitiveness.⁷¹ It is expressed by the proposal of changing the position of the hitherto Objective 1 (cohesion) and Objective 2 (competitiveness) and by financial allocations put forward under them. It means that the implementation of NSRD can favour the generation of growth in interregional and intraregional disparities in Poland. All the more that the mechanisms of diffusion of development processes proposed in that document are verbal.

F. **Scope.** It is a dual policy – (1) general policy of regional development and development of urban areas and (2) development of rural areas. It results from the arrangements applicable in the European Union since 2007 when the funds concerning the support for the development of rural areas were transferred to the Common Agricultural Policy. In the above-mentioned legal regulation concerning the development policy, it was expressed in the provision that the act does not apply to the development of rural areas financed by the European Agricultural Fund for Rural Development. Such duality additionally favours the coalition-based of each government in our country where each partner receives their part of Community funds to manage. The National Strategy of Regional Development attempts to break this inconsistent model of Poland's development policy, which negatively affects the comprehensiveness of taken measures. Such an approach is illustrated not only by the title of the document, but also by detailed provisions promoting the shift of competences in the scope of development of rural areas from the sectoral structure to the regional structure.

G. **Substantial bases.** This policy allows for the transfer of modern European know-how in the scope of programming, financing, monitoring, evaluation and selection of projects. The use of structural funds and Cohesion Fund in Poland was determined by measures aimed at the creation of appropriate institutional infrastructure. It can be even said that structural funds and Cohesion Fund were a transmission line for the adoption of a modern development policy in Poland. The transfer of these solutions to all procedures of public policies in Poland, including the sectoral ones and the ones conducted at the regional level, is of major importance. The efficiency of regional policy was put forward as Objective 3 in the National Strategy of Regional Development. This objective takes into consideration a broad range of measures serving the improvement in quality of public intervention, among others such as: strengthening the strategic dimension of regional policy, improving the quality of managing public policies, including proper territorial targeting, reconstruction and reinforcement of coordination in the multi-level governance system and support to the construction of social capital

⁷⁰ According to the provisions of the Treaty of Lisbon, the European Union programmes its policies and the budget in a multiannual time horizon not shorter than five years. The subsequent programming period in the Community after 2013 will last seven years, so it will pertain to 2014-2020.

⁷¹ Reshaping economic geography. World development report, The World Bank, Washington D. C. 2009 and Regional Policy Challenges. New Issues and Good Practices, OECD, Paris 31 March 2009.

for the regional development on the basis of network of cooperation between various actors of regional policy. It is a very important element of the NSRD, whose implementation determines the principal improvement in the quality of the regional policy conducted in Poland and better and much more efficient mainstreaming of expenditure.

H. **Position.** Under the conditions of Poland's membership in the European Union, the regional policy is an element of state's regional policy guided mainly by domestic conditions. After 2005, i.e. the expiration of the previous National Strategy of Regional Development, there were no sufficient circumstances for the formation of this policy, which would result from the provisions of a relevant governmental document. It also meant lack of sufficient substantial framework to form the second generation of strategies of socio-economic development for particular voivodeships. The attempts to include this problems in the National Development Strategy were in general not successful since there was no clear distinction of the regional policy segment, and the very short period programmed by NDS for 2007-2015 meant that most voivodeship strategies from 2005-2006 had much longer time horizon, i.e. 2020. It caused a peculiar pressure on the fundamental reduction of the time horizon of voivodeship strategies and the Strategy for Socio-Economic Development of Eastern Poland until 2020, as well as a demand, resulting from statutory provisions, of delimitation of the time horizon in these strategies until 2015. A much longer strategy time horizon at the regional level than at the central level was a paradox. The National Strategy of Regional Development restores normal development programming in Poland since it allows for the preparation of a new generation of regional strategies.

4. Questions in the scope of forming the regional development policies in Poland

In this context, the following key questions about the theory and practice of the regional policy emerge:

- How should the new paradigm of regional policy look like? Is the new paradigm in place or is it only certain change of emphasis?
- What should be the relation of convergence priorities and competitiveness leading to high economic efficiency and achievement of necessary social, political, territorial and environmental objectives?
- How to increase the efficiency of regional policy (intervention areas, composition of multi-level public governance, instruments, scientific assessment techniques)?
- How to include the dimension of territorial cohesion in the regional policy of Poland and to integrate four primary intervention areas in that model?
- Which are the most important conclusions for the programming of socio-economic development of voivodeships, resulting from these changes in the development context (Treaty of Lisbon, Europe 2020 Strategy, National Strategy of Regional Development)?
- How to achieve the effects resulting from the application of multi-level public management owing to the cohesion of European, national and regional programmes?

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'The best way to eat the elephant standing in your path is to cut him up in little pieces'.
(African proverb)

'As far as the future is concerned, don't speculate in what **might** happen, but imagine what you **can** make happen'.
'Do your best to ensure that linear processes give way to networks of collaboration.'
(Mitch Ditkoff, Ideachampions)

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Mixed scanning new style: a useful planning tool for Poland?

Spatial planning in Poland has been diagnosed as deficient. A fresh approach is called for, for example, a *mixed scanning new style*. After having sketched its history, the main section of this article describes the directions for its use. Focusing on municipalities and regions, this is one of several possible applications of mixed scanning. In concluding, a test run is recommended.

1. Diagnosis

OECD, in the Territorial Review of Poland, has diagnosed deficiencies in spatial planning:

'Although spatial planning is in principle a legal requirement and a prerogative of local governments (gminas and voivodships), most local governments do not have proper planning systems. The 2003 Spatial Planning Act requires that gminas prepare a study on the commune's future physical development. Most municipalities have such plans, and 20% of the Polish territory is covered by the plans. In 2003, the Parliament abrogated all Poland's local development plans, but did not make the design of new plans for urban land use compulsory. Some municipalities lack the capacity (both financial and in terms of human resources) to make such a plan. When development plans are absent, exemptions for specific projects are possible through an administrative procedure, which involves some degree of arbitrariness (OECD, 2008a).

Even when planning is well organised at the municipal level, it is weak, because of a narrow focus and lack of long-term vision. Physical development plans are not well connected with strategic plans and the planning focuses on administrative borders of gminas rather than on functional areas. Gminas do not co-operate enough in the planning process and have no incentive to do so, with the result that decisions on the use of space are sub-optimal. The upper levels of government (region, central government) are unable to enforce the implementation of strategic decisions. Regions (voivodships) have responsibility for planning systems, because they prepare the regional spatial development plans. However, these plans are not binding on municipalities and tend to remain quite general and superficial (Spatial Planning in the Baltic Sea Region, 2001). In particular, gminas have many ways to avoid unwanted programmes and projects, e.g. by prolonging procedures for preparing local plans, undertaking lengthy social and judicial processes, etc. There is no comprehensive spatial planning that encompasses physical and socio-economic developments at the regional scale, even though regions are encouraged to do this. The planning documents prepared at the different administrative levels are also often not coherent.

(OECD, 2008b: 110-111)

Spatial planners in Poland have every right to make their own mistakes. But there is no need to repeat the mistakes made elsewhere. Two extreme mistakes come to mind: either to rely primarily on *abstract* visions or to rely primarily on *ad hoc* projects. To avoid this, a so-called mixed-scanning approach has been recommended.

2. From Etzioni to VROM

Mixed scanning is a 'third approach to decision-making', combining the components of the rationalistic approach with the incrementalist approach:

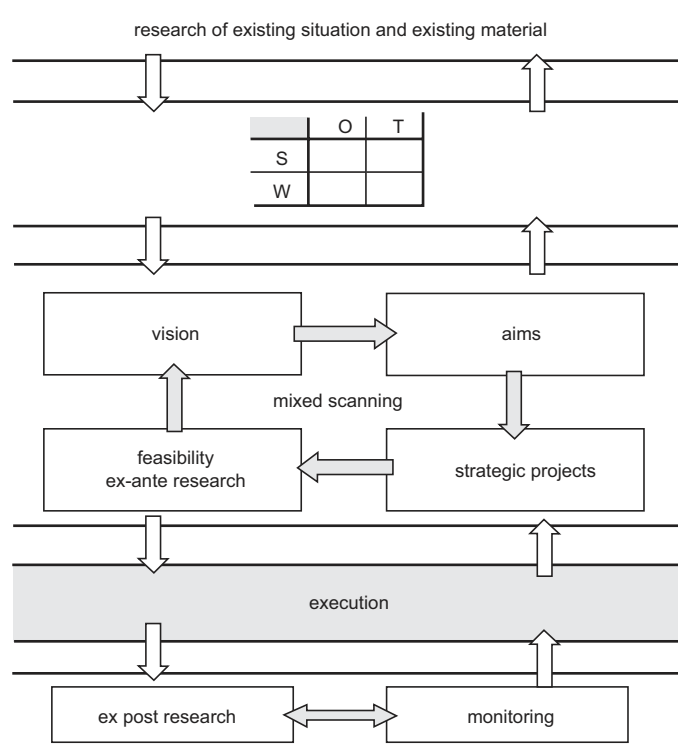
'Mixed scanning is neither utopian in its assumptions as the first model nor as conservative as the second...In the exploration of mixed scanning, it is essential to differentiate fundamental decisions from incremental ones. Fundamental decisions are made by exploring the main alternatives the actor sees in view of his goals, but – unlike what rationalism would indicate – details and specifications are omitted, so that the overview is feasible. Incremental decisions are made, but within the contexts set by fundamental decisions (and fundamental reviews). Thus each of the two elements in mixed scanning helps to reduce the effects of the particular shortcomings of the other; incrementalism reduces the unrealistic

aspects of rationalism, by limiting the details in fundamental decisions, and contextualizing rationalism helps to overcome the conservative slant of incrementalism by exploring longer run alternatives.' (Etzioni, 1973: 225).

We have tried to make Etzioni's planning philosophy work in practice in the border region of the Dutch province of Zeeland and East Flanders⁷². It proved fit to achieve a good match between strategic visions and strategic projects.

This has led to an 'old-style' mixed scanning model (shown in Illustration 1), which has been used in teaching both at Delft University of Technology and at the Pluridisciplinary Faculty of Bayonne, Anglet and Biarritz.

Illustration 1: Mixed scanning 'old style'



Most recently, the Dutch Ministry of Housing, Spatial Planning and the Environment (VROM) has commissioned a manual of a 'new-style' mixed scanning to be applied to major national projects such as the 'Randstad 2040'⁷³. As the manual is only available in Dutch (Zonneveld et al, 2009), we have decided to translate its essentials into English and to adapt it to applications elsewhere, ridding it of the ideosyncracies of the Dutch planning system.

The question is whether the mixed scanning new style can be a useful planning tool, first of all, for gminas and voivodships. This does not exclude its application at the national scale by the Ministry of Regional Development. More about other applications of mixed scanning later).

3. Mixed scanning new style

It is recommendable to start the planning process with a one-day workshop covering all steps involved in mixed scanning. This test run has been called a mini project. It can to signalize any problems of working with mixed scanning and, if necessary, to adapt the approach. A mini project can also serve to determine the division of labor among those participating in the process. And, finally, the workshop can be used for checking on missing elements and stakeholders.

Illustration 2 summarizes the steps and their interrelation. The small letters a through d, bearing the number 1, refer to output or input for the next phase. Letters a through c, numbered 2, indicate feedback loops to previous phases. This

⁷² Described in: Crossing borders and cross-border cooperation 3. Borders within nations: intercity & interregional (PDF 2a); see <http://www.drewe.nl> (under Essays).

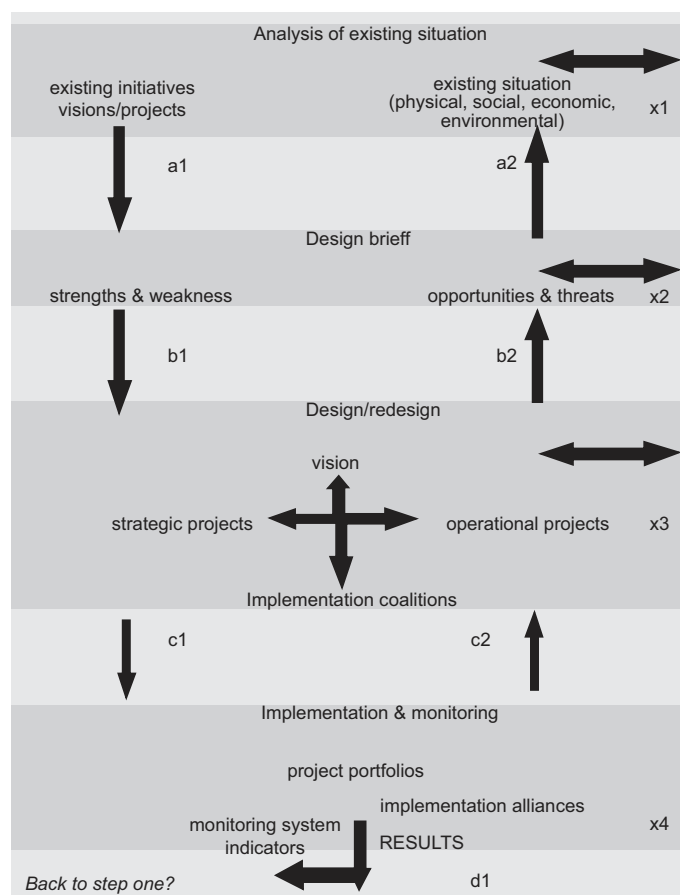
⁷³ The Randstad is a rim-shaped, polycentric urban area in the Western part of the Netherlands, comprising Amsterdam, Rotterdam, The Hague, Utrecht and several medium-sized and smaller municipalities. The concept dates from 1930. But ever since its implementation has suffered from the inability to match the vision of 'Green-heart Metropolis' (Hall) with strategic projects. So far for mixed scanning. Will 'Randstad 2040' finally succeed?

implies that mixed scanning is not (necessarily) a linear process. The small letter x stands for interactions with the field of players or stakeholders. The numbers 1 through 4 means that the nature of these interactions varies per step.

There are four building blocks or steps:

- **Analysis of existing situation**
- **Design brief** of the development problems a city or region is facing
- **Design/redesign**: defining and matching of visions and projects
- **Implementation & monitoring**

Illustration 2: Mixed scanning 'new style'



Here are the 'directions for use' for each stage of the mixed scanning process.

3.1 Analysis of existing situation

Step one aims at taking stock of ideas about the present and future development of a given territory and at linking these ideas to certain actors or stakeholders. The meaning of existing situation is twofold: existing (geographic) situation & existing initiatives. The first refers to characteristics and structures with respect to space, environment, social cohesion, economy, infrastructure and so forth. Existing initiatives refer to existing projects, visions and ideas with regard to the future development of a city or region. Future-oriented notions can be explicit, e.g. spatial visions of the central government or national development projects as well as good practice cases from elsewhere. Not less important are more implicit notions, 'hidden' in various places such as sectoral policy documents, multinational business plans, semi-public players and informal networks. A thorough analysis of existing (explicit) initiatives will tell whether a new vision is called for.

Step one results in:

- a formulation of the development problem(s),
- a series of questions about the territory to be developed,
- territory 'intelligence',
- a demarcation of the field of players in the mixed scanning process.

3.2. Design brief

The design brief of the development problems faced by a city or region is produced in close cooperation with the various players. This asks for an interactive process. Design briefs are primarily focused on *internal strengths & weaknesses* (known from the SWOT analysis). Mixed scanning is a search for visions and projects that either use strong points or try to mend weak points. *Opportunities & threats* (also derived from a SWOT analysis) are *external* factors that position a territory in a larger context. Existing global scenarios⁷⁴ can be used to identify both opportunities and threats. If the territory intelligence produced during phase one leaves certain questions open, it is time to go back to the previous phase. Step two feeds the next step by producing consensus on:

- the design brief,
- opportunities and threats.

The players should also agree upon the necessity of a vision for local and regional development and commit themselves to the mixed scanning process.

Several techniques are available to stimulate interactions with the various actors: the SWOT analysis already mentioned, strategic conferences, brainstorming and planner-citizen dialogue.

3.3. Design/redesign

This step serves to translate the brief into *visions* as well as *strategic and operational projects*: to prepare the grounds for so-called *implementation coalitions*. The triad of vision – strategic project – operational project asks for further explanation. Strategic stands for in line of a vision and the goals it incorporates. The strategic character of projects depends on strengths and weaknesses, spatial scales, time horizon and impacts (it is also recommended to analyze the underlying relations of these projects). Each strategic project comprises a certain number of operational projects which, in turn, can be retranslated into strategic projects and visions. One can distinguish different types of projects: physical projects, process projects (related to government issues) and program projects (a collection of different projects). Note that spatial planning is not only about physical interventions. To prepare at this stage the grounds for implementation, one must find stakeholders willing to 'adopt' a strategic project and even to assume a leadership role. In order to identify those stakeholders, a key question to be answered for each of them is 'What's in it for me?'

Step three includes a reality and robustness check of visions focused on feasibility and sustainability. To do so, an ex-ante evaluation is to be carried out. The checklist of criteria can include finance, sustainability, technical feasibility, social acceptance and the like. A critical review team can assist the evaluation. One must avoid a 'methodological overkill', that is the use of too sophisticated 'hard-nose' cost-benefit analyses. Another pitfall to be avoided is the so-called 'group think', the creation of an uncritical, overly optimistic ambiance. To check on robustness, one has to analyze the sensitivity of visions, in especial with respect to (external) threats, using global scenarios. One also has to decide on how to manage the identified uncertainties.

If one is unable to produce the four major outcomes of the Design/redesign phase, one has to do step two over again. These outcomes are:

- vision
- strategic projects connected to stakeholders or parties involved which can take the lead in implementation
- portfolios of operational projects related to strategic projects and vision
- alliances of stakeholders concerned with the implementation of strategic and operational projects

3.4. Implementation & monitoring

Objectives and results need to be stated explicitly both on the vision and on the project level. In line with this, *indicators* are to be developed for the monitoring of the process of implementation. A *monitoring system* should be set up. The so-called *implementation alliances* play an important part at this stage of the mixed scanning process. Meetings should be organized on a regular basis to discuss the progress of projects, the coherence of projects, missing projects, monitoring systems, societal acceptance, reflections on objectives.

Unsatisfactory results lead to revised operational projects in relation to strategic projects (back to the Design phase).

⁷⁴ See for example the three scenarios for Europe 2020: 'Sustainable recovery', 'Sluggish recovery', and 'Lost decade' (European Commission, 2020: 7).

In case of major shortcomings, that is important gaps between objectives and results, it is advisable to start the mixed scanning process anew (back to Analysis of existing situation).

4. Other applications of mixed scanning

Etzioni wrote about a match between fundamental decisions and incremental decisions, general and specific elements. In our application to local, regional (or national) levels, this becomes respectively strategic visions and strategic projects. In cross-level applications, higher-level plans (following a top-down line of reasoning) are matched with lower-level or bottom-up plans. In the Polish situation one could think, for example, of relating a national plan to a regional one, say, that of Mazovia or the latter to a local plan, say, for the city of Warsaw. In all cases, the elements to be matched refer to politico-administrative levels of decisionmaking⁷⁵. But the elements can also be of a different nature e.g. as long-term development perspectives to be married up with short-term perspectives or public plans to be matched with business plans. An application as the one sketched in section 3 automatically includes a match between long-term perspectives (strategic visions) and short-term ones (that is strategic projects). Whether it also comprises public-private partnerships, depends how well the mixed scanning process links to private stakeholders. In other words, it depends on the success of what has been called implementation coalitions or alliances involving private-sector actors.

The different applications of the mixed-scanning approach are summarized in Illustration 3.

Illustration 3: The different faces of mixed scanning

Etzioni's planning theory	Match between	
	<i>Fundamental decisions</i>	<i>Incremental decisions</i>
Applications		
Local, regional, national	<i>Strategic visions</i>	<i>Strategic projects</i>
Cross-level	<i>Higher-level plans</i>	<i>Lower-level plans</i>
Temporal scanning	<i>Long-term perspectives</i>	<i>Short-term perspectives</i>
Public-private partnerships	<i>Business plans</i>	
Also: evaluation of existing plans		

5. The proof of the pudding

To date, I have advocated a mixed scanning for Polish matters on three occasions:

- as part of the methodology for the Regio Futures Programme (Drewe, 2008a) (note that Antoni Kuklinski in his ‘methodological landscape’ refers to four fundamental concepts: diagnosis, visions, scenarios and strategies),
- as an alternative approach to the development strategy for the Mazowieckie Voivodeship (Drewe, 2009a),
- as a tool suited for the Triple Mezzogiorno Program of Eastern Poland, Eastern Germany and Southern Italy (2009b).

As the proof of the pudding is in the eating, as they say, one could do a test run or mini project: a workshop of one day, covering all the steps involved in mixed scanning. It is also advisable to translate this article and in particular the directions for use into Polish.

⁷⁵ Dealing with different levels of spatial planning, one could also check for subsidiarity: ‘functions which subordinate or local organizations perform effectively belong more properly to them than to a dominant central organization’ (Webster’s). See also Drewe (2008b).

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Polish regions within the system of development

What is the role and strength of self-governing voivodeships under the Polish governance system at the verge of 2011? Whether the current institutional framework is adequate to the contemporary challenges or is it sufficiently efficient?

Six years after Polish accession to the European Union, 12 years after initiating the project under the name "self-governing - government voivodeship" it becomes more and more evident that the original formula of decentralisation and regionalisation based on the ideas of the reform of 1998 – has been worn out.

1. What justifies such a thesis?

The increasingly marked clash between the real area, i.e. what Polish regions really are at the moment, what authority is at their disposal? how they organise relations with other entities? and the regulatory area – their official institutional position.

The latter has virtually remained unchanged from the very beginning staying within the framework set out by the Constitution of 1997 with its dogma of independence of individual level of territorial self-government. Changes that simultaneously took place in the real zone were spectacular.

In a relatively short period of time the position of the regions on the national scene has considerably improved and was substantially strengthened. It is especially noticeable in relations to other territorial self-government units. One may risk a thesis that there occurred a factual (unofficial) break-through of the rule of independence between the local gmina-powiat level and the self-government of the voivodeship. None of the acts fundamental for the structure of the voivodeship – above all the act on voivodeship self-government – was amended in a manner corresponding to the new realities. The above-mentioned clash causes the regulatory and legal system to become a kind of bodice, a child's uniform, which the regions have outgrown long ago but it keeps chafing them.

It should be clearly noted that Polish regions own the very notable acceleration and the scale of the process mainly to Europeanisation, which took place after Polish accession to the EU, and in particular taking on the responsibility for a considerable part of structural funds. It was then that the "emancipation" processes taking place in the regions gained enormous dynamics and speed. As a result of participation in the European Cohesion Policy, performance of the function of the Managing Authorities, which made it possible to distribute the structural funds between different entities (including also the self-government of the voivodeship!), other "actors" in the region, especially local self-governments, were actually predominated or even subordinated. It is the Marshall of the Voivodeship, who decides whether the Voiv, Mayor or even President of the City will implement their infrastructural and social projects; their success is dependent on Marshall of the Voivodeship Bearing in mind the inertness of our internal political structures (and the tendency for mutual "balancing" of the decisions concerning structural changes) it might be assumed that without this EU incentives the entire process of regions „expansion" would last much longer.

Thus we can observe a growing dissonance between the actual area and the regulatory (institutional) one, which can sometimes result even in the reduction of the regions functionality.

One might get the impression that the attempted solutions are more commonly of economic character resulting, in particular, from the needs of subsequent EU programming periods than of systemic one. Better functionality of the Polish regions, including governance mechanisms, is conducted by way of acts and legal acts of lower level (and even ministerial guidelines) often of technical, procedural nature, which is commonly explained with the requirements of our membership in the EU. This was the case with the act on the principles of development policy or the Guidelines of the Minister of Regional Development. These acts changed the institutional standards in Poland. Sometimes this process to such a far-reaching extent resembles pragmatism that it almost bears the marks of cynicism. What is the other name for a decision depriving the most important body of the Polish voivodeship – Sejmik, a body superior to the Board, whose authority is sanctioned by way of general elections – of any decision-making ability, whatsoever, within the scope of structural funds? That means the instruments that became the catalyst establishing the strength of the regions! It causes a constant frustration of the Councillors, which, undoubtedly, has its impact on the region's management. Moreover, this process was carried out on behalf of increased organisational efficiency and reduction in the policy impact on the funds management.

Under such catchwords the entirety of the above decision-making competences went to, par excellence, political body, i.e. Voivodeship Board. This constitutes an interesting example of "competences game" and pushing a key institutional body by way of specific act (at that time – Act on National Development Plan) away from the decision-making process.

Another disputable example of failure to match the mechanisms to the current challenges is the organisation of the decision-making process by the Voivodeship Board as a collegiate body. This formula was better justified in the initial stage of the regions operation, when the scale of the issues to be settled was relatively insignificant. Then "collegiality" was a specific mechanism of internal control and balance of political powers. Today, when the scale of tasks handled by the voivodeship is so significant the same formula seems to be a sluggish, time-consuming and ineffective mechanism, apart from its other features such as relativization, no individual responsibility for the decisions made.

Also the process of transferring tasks of the Voivode to the self-governments of the voivodeships cannot be assessed as explicitly positive. On the one hand, initially it mainly consisted in ordering and merging of competences, however, on the other, it covers primarily the current issues, whose handling excessively burdens the structure of the voivodeship forcing also an enormous employment growth. This does not contribute to decentralization but it burdens the region with issues often of small significance, which limits the possibility of engaging into the strategic issues. However, what is most important is the fact that it does not strengthen the major trends of operation of the self-government of the voivodeship, which does not cover provision of services, but only development policy making.

2. Dispute over decentralisation and its limits

The key issues as regards the definition of the place of Polish regions in the national development management system is the level of decentralization of the State. At present, three documents constitute a part of the currently ongoing debate: Report "Poland 2030" developed by a team under the guidance of the Minister Michał Boni, "Guidelines on the Polish development management system" adopted by the Council of Ministers in April 2009 and the National Regional Development Strategy – consultations thereon were launched by the Minister of Regional Development in September. In this studies we can find two basic elements for the regions: firstly, the vision of development of the Polish voivodeships, secondly – a specific type of offer for them coming from the government. This offer can, however, become a quite dangerous for the regions substitute of the actual decentralisation – if it is not completed with a structural, institutional reform. Under such circumstances we will never get rid of clientelism occurring in the mutual relations between the central government and the self-government of the voivodeship; the situation when the regions are dependent on the establishment, which "voluntarily" as „the one who knows better what is best for them" administers goods, e.g. deconcentrating selected fragments of authority.

The currently ongoing debate lacks understanding when it comes to the targeted level of the State decentralization. States of strong unitary tradition, respect towards the central government without decentralizing tendencies. The proposed solutions concern, at the most, the present – we cannot determine the tendency it is difficult to anticipate the future needs and aspirations of the regions in the perspective of, say, 10 years (although, at present, nothing indicates that the aspirations of the Polish regions will find their point of reference, i.e. in the status of the modern-day Catalonia).

The more, it needs to be stressed that the answer to the question on the limits of decentralisation (of authority and resources), including also the question – where does the approval for decentralisation in Poland ends? – has key significance for the regions. All recommendations have to derive from this answer.

3. Coordination and cohesion of actions

When it can be stated that a region has succeeded? The willingness to live, work and visit the region by as many people as possible, including in particular investors, can be recognised as the measure of success. The tendencies within this scope, especially their durability, can constitute an additional factor. Below an attempt is made to indicate the selected development management mechanisms in the region, based on a common denominator of coordination of activities

➤ Intra-regional relations

It is important to be aware of the emergence of more and more serious causative limitations of the public authorities. The phenomena of its desegmentation cannot remain unnoticed as it results in decision-making processes, which increasingly follow from the interferences of concepts generated by various regional actors. This takes places because of two factors: growing aspirations and crystallization of the interests of these actors and, simultaneously, often common inability of the public authority to effectively and efficiently control the development processes.

In order to improve the efficiency of public activities, in particular the development policy, it is constantly necessary to establish effective relations between the self-government of the voivodeship, local self-governments and other entities, mainly from the 2nd and 3rd sectors. It seems that efforts should to made to make these relations less based on the formal and governing procedures, which in the public sector are synonymous with administrative decisions, and more

grounded on the establishment of flexible linkages relaying on common interests and functional structures, which are synonymous with agreement. An agreement provides for equivalence of the parties, which have the will for mutual understanding. It is obvious that the relations achieved as a result of negotiations and consensus are more effective. Of course, not in every case this manner of organisation of intra-regional cooperation will be justified and effective. However, this approach is characterised by higher effectiveness at the negotiations stage, since it better covers the diversity and union of interests, as well as more easily allows for predominance of the public interest, to whose implementation it is easier to convince the partners during the discussion.

I am aware that such an approach is difficult under our administrative culture of yet 19th century provenience, where the fulfilment of formal requirements of a given procedure is more important than the effectiveness and implementation of the basic task.

The establishment of a less formalised and more functional and targeted at problem solving relations between different levels of the self-government gives also a greater guarantee of cohesion between the local and regional levels. In case of local strategies (under the current conditions often created only for the needs of the annex to the application for European funds) a definitely better guarantee is provided by its implementation and compatibility with the development strategy of the region.

Not the best experiences following from the existing cooperation between the self-government of the voivodeship and the sector other than the public one, only partly result from absence of procedures, institutions and commonly defined interests. This situation is predominantly caused by the fear of the representatives of public administration to enter into relations with entities from outside their "own" sector. This constitutes an element of a more extensive problem, which is radically low level of social trust in our country that has already been mentioned, inter alia, in the Report on Polish Intellectual Capital in 2008.

➤ **Regions in relations with metropolises**

Metropolises were intentionally treated as a separate issue: given their "specific gravity" it is difficult to classify them in the same category as "other entities in the region". Although from the formal perspective they have the same legal status as small urban gminas the budgets of Polish metropolises exceed the budgets of the self-governments of the voivodeships often by several times (after excluding from them the structural funds, which temporarily – in 2007-2009 – were covered by the voivodeship budgets).

The relations between the regions and metropolises are of ambivalent nature. Marshalls leading the voivodeships are against strengthening of the big cities fearing that it might be carried out at the expense of the self-government of the voivodeship. They are for awarding a separate legal status to the metropolises, covering them with a government policy targeted directly at them, hence activities, which isolate it from the space of the region giving them attributes of independence from the bodies of self-government of the voivodeship, which is a specific type of "exterritoriality". This is explained with a need to preserve a uniform structure of the management of the regions and also the requirements of integrated development policy planning. Similar concerns about the expansion of big cities also appear on the part of their neighbouring gminas. Carrying out this type of policy resembles playing a zero-sum game. Neither of the parties is willing to abandon the position it occupies focusing on defending its position and not on considering "why do I defend it?". This takes place to the clear detriment of capacity of the entire region, and in particular development management.

In order to shape correct relations between the regions and their metropolises the self-governments of the voivodeships have to stop perceive big cities in terms of political rivalry structured around the concept of "sustainable" development of the territory of the voivodeship and they have to recognise that they can exercise a positive impact on the development of the whole voivodeship space. Such approach to development was presented in the Report "Poland 2030" under the diffusion and polarization mode proposed by the government, according to which the opportunity for less developed regions lies in the use of favourable effects of development concentration in the growth poles. After all, metropolises do not compete with their territorial background that is with the peripheries of the voivodeship – they compete between each other.

➤ **Inter-regional relations**

At present, the clearly predominant and almost the only real form of shaping relationships between the Polish regions is competition. This does not refer to such platforms of establishing a consensus under the political dimension as the Assembly of the Marshalls or the Union of the Voivodeships of the Republic of Poland. For many years the mechanism, mostly, functions above reproach as it comes to establishing positions for negotiations with the government. However, a

deficit as regards cooperation within the scope of implementation of joint large projects, especially infrastructural ones, is clearly evident.

One of rare recent examples of inter-regional cooperation is a bridge over the Vistula River in Polaniec, whose construction will be jointly carried out by 2 voivodeships. The project implementation will cost nearly half a billion PLN, which is a rather high amount in view of the fact that the investment will solve transport problems mainly at the local level. Presumably it was caused by the ease of obtaining the funds for the purpose from the envelopes of the EU resources. This is not an isolated case.

Cooperation could cover, e.g. the areas of strategic intervention, whose delimitation can run also across the region or go beyond its borders. It seems that the new approach to regional policy can be a good catalyst of cooperation between the regions. It assumes departure from the perception of the regions only in the administrative dimension (delimited at the NUTS 2 level), for the advantage of functional areas characterised by common features. This will require to launch new, innovative instruments of development management, which do not fall upon the traditional subjectivity and characteristics of self-government of the voivodeship.

At this point it needs to be mentioned that the enforcement of the concept of public interventions beyond administrative borders entails the risk of marginalization of the self-government of the voivodeship. It would be inadequate to the changing system of spatial structures. Nonetheless, in my opinion the benefits following from increased effectiveness of cooperation organised around the problem areas constitute a sufficient argument for taking up the challenge.

An additional incentive for the regions, which mobilizes them to undertake cooperation within this scope can be the risk of taking over the management of this regions by the central body (like it happened in the case of the Operational Programme Development of Eastern Poland 2007-2013). The argument for such a solution was a simple one: there was no other entity able to manage a programme going beyond one voivodeship.

4. Models of the Polish regions

What is and what can be the perception of the Polish region? What constitutes its greatest value added? The analysis of this issue points to three models of regions:

I. *Region as a community of its residents*

It is the most classical model referring to the statutory definition of the self-government of the voivodeship. It assumes relaying on the sense of regional identity, manifestation of the need to take interests in the public problems on a regional scale (including also control of authority). This model can be realised, above all, in a region of strongly developed identity and sense of citizens' identification. The basic criterion of self-government of the voivodeship assessment is the level of legitimacy of public authorities selected by way of general elections and enjoying respect among the society. The problem lies in the practical absence of this model in the currently ongoing public debate. It seems that the above situation derives from the overall crisis of the self-government understood precisely as the community of residents.

II. *Region as a corporation*

This model (the name was drawn from the concept of professor A. Kukliński) refers to the collectiveness and size of entities in the region (public, private, third sector.), which are joined via a network of intensive links and flows. The region is strong not in terms of the "authority" of bodies of the self-government of the voivodeship but as regards the power of all of its shareholders, stakeholders.

This assumes the existence of a defined public area, which can be more narrow (selected environments, groups of interests) or wider (size of entities, significant regional actors). The efficiency and effectiveness of establishing the relationships, entering collaborations and the ability of multi-level governance constitute the underlying criterion of the assessment of the self-government of the voivodeship.

III. *Region as a managerial structure*

This is a very narrow term as the region becomes practically reduced to a single institution. A region understood in this fashion is, above all, the operator of structural funds and this, in practice, results in strong predominance of these issues

in other areas remaining in the competences of the self-government of the voivodeship (regional policy!), excessive involvement in the current issues, often, of local nature.

The term region becomes synonymous with the Marshall together with his/her institutional background of executive authority (Office of the Marshall along with its subordinate units), whose actions are targeted at efficient management of European funds. The efficiency of disbursement of resources coming from the European Union is the basic criterion of assessment of the self-government of the voivodeship. Such an approach implies a number of consequences, including the phenomena already known under the name of "regional centralism" understood as subordination of the lower levels of self-government of the voivodeship to the Marshall's executive bodies, which act as "the dispensers of European gifts".

A regularity can be observed when the suggested models are imposed on the current perspective. On the scale of development management options the pendulum clearly swings in the direction of the executive authority, which is represented by the managerial model. The concept of the regions is appropriated by the managerial and executive structures. What excites the greatest emotions is their tasks, although they dangerously reduce the perception and function of the region to the level of an agency for structural funds implementation. It will be difficult to change it since "the managerial model" is related to a very real power which comes along with the possibility to administer enormous resources.

I, personally, am in favour of such a solution which will guarantee the highest efficiency of the performed regional policy. This covers the fulfilment of the function of regional policy prompter and coordinator, as well as consolidation of environments, establishment of understandings around common projects, appointment of the structures and institutions responding to the needs. If we define the key functions of the region, the next step has to cover establishment of institutions because they have to guarantee the functionality of the entire system and, as such, be stable and sustainable. In order to do that the region has to have at its disposal "hard" instruments, such as formal superiority in respect to other levels of the territorial self-government of the voivodeship or actual predominance as regards administration of the envelope of development resources. It is therefore necessary to develop the potential enabling the fulfilment of the strategic functions. It needs to be remembered that, so far, no one has released the self-government of the voivodeship from the responsibility for the development of the region.

The problem that needs to be solved is how we can combine the value represented by the community of its residents with its democratic mechanism of attracting people to public affairs and managerial efficiency?

Consequently, an intermediate model is preferred. Region understood in such a manner aims at strengthening the community (of citizens and other entities), at the same time, using the strength of "shareholders" of this unique corporation. It emphasises the strong linkages between them by referring to the economics of flows and causing a synergy effect in the presence of an inspiring and coordinating role of the Marshall. This also requires managerial guidance in order to achieve relevant efficiency. In my opinion, only such a model provides the opportunity to bravely take up strategic challenges. I also believe that such an approach is more efficient in the perspective going beyond the current European Union programming periods and that it will allow for establishment of a durable endogenous potential of the region, also on the basis of resources and institutions that were not available to the Marshalls before (e.g. new instruments – Jessica, Jeremy funds that are created on the basis of structural funds).

4. Summary

There is a number of questions that should be asked:

- What is the adaptive ability of the Polish regions in the face of the challenges of the 21st century civilization?
- How the ability to create durable development mechanisms in the regions can be strengthened?
- What will determine the competitiveness of the Polish voivodeships in a longer time perspective?
- How can we avoid the development drift (referring to the concept of professor J. Staniszkis) in the Polish regions?
- How can we ensure the actual impact of the self-government of the voivodeship on the development of a region?
- How can we strengthen the institutional efficiency, including in particular the potential of strategic thinking in the face of the challenge brought about by the need to prepare negotiations with the European Commission and management of integrated regional programme?

We should urgently look for answers to this questions. Still we all share the conviction that the Polish regions have to finish the country modernisation process.

The institutional system of the Polish regions and legislation within this scope, in fact, stopped in 1997, the year of the Constitution. Despite accession to the EU and huge changes related thereto, mainly – acquirement of the right to administer structural funds – there was no significant institutional reform, or even the reform of 1999 has not been completed, yet. Over the time it is clearly visible that almost the entire State effort was channelled in another direction – executive instead of the implementing one. Probably it was the right path not to waste the huge opportunity of civilization advancement that for our country and its regions was inherent in the Membership (“Poland the largest Beneficiary of Cohesion Policy in the European Union!”). Everything was subordinated to this objective. However, in the meantime, especially within the last 5 years significant changes took place. Polish regions grew stronger and “pushed themselves through” to independence. They proved themselves as a serious actor on the national scene. This is binding. Hence the time has come to start an in-depth public debate, but that is not the end. It is the highest time for some real changes. Will 2011 witness the second regional reform in Poland?

Local government strategies for regional and local development: who needs them and for what purpose?

Introduction

I would like to start these considerations with two authentic stories, which occurred in the olden (for the Polish self-government) times, but which still very well illustrate the difficulties associated with strategic management.

At the end of the term of office of 1990-1994, when I was a councillor in one of the gminas, the mayor and the board proposed the adoption of a self-prepared document setting out the strategic directions for local-government policy. The document, which specified four priorities, provoked a lively discussion. Its pattern was *de facto* rather monotonous. The councillors demanded adding the areas which they were particularly interested in (e.g. culture, sport, housing) to the list of priorities, and the board – for which it was difficult to challenge the importance of these sectors – usually expressed consent. At the end of the meeting everyone was satisfied, because „their” lines have been included among the main objectives of the action. Only after the meeting I had a worrying reflection: since everything (every area falling within the scope of self-government operations) is our top priority, then what exactly does the word priority mean and what we intend to focus on primarily?

At the end of 1998, when I conducted first seminar in my academic career (in the Institute of Economics at the Catholic University of Lublin), a student came up to me offering to write a thesis on strategies for local development. I suggested that she should not focus on creating strategies (there were many such theses already written), but on the implementation process. We chose two cities in the Lublin Region, which we knew had had an approved strategy of development for at least several years. After several weeks the student called me suggesting a change of the thesis’ topic. When I asked why she replied that „they do not implement it”. So I suggested a thesis which would document the phenomenon of „not implementing the strategies”, and also told her to reflect on the reasons for this situation. The result was a very interesting study pointing to two different „models of not implementing the strategies”.

In the first case the strategy formation was initiated by experts from a foreign aid programme. They met with the mayor and offered free (paid for by a foreign fund) preparation of a document. The mayor agreed, of course, but the program prepared in such a way was never treated by the local government as its own and for that reason alone, one might have expected that it would rather be a decoration on a shelf in the office of the mayor, and not document used every day. The student told me that while waiting in the secretariat for the meeting with the mayor she heard a conversation through the door in which the mayor asked someone to tell him what the strategy is about and what he should tell the student. Of course, ignorance of the strategy is one of the strongest possible evidence of the lack of interest in its implementation.

The second described case was more complex. The city prepared a development strategy, but from the beginning the intention of its authors was not to use it as a tool for improving the efficiency of the allocation of resources, but as a tool to attract grants from outside (foreign – from the programmes of the World Bank and the European Union – and domestic – for example, the National and Regional Fund for Environmental Protection and Water Management). The strategy was therefore implemented only as far as the support programme that matched its objectives was found. We cannot say that the programme was not implemented at all, but its implementation was largely controlled not by a locally developed hierarchy of priorities, but was dependent on an external factor – purposes of potential donors. Of course, obtaining external funding is an important element of any strategy, but the adopted proceedings were far from the original idea, created under the New Public Management, in which the strategy focused on priority areas of action, improving above all the allocation efficiency of own resources.

Both cited examples come from many years ago, but in my opinion, they reflect the mechanisms that are valid even today. They perfectly illustrate the weaknesses of contemporary strategic management mechanisms at local and regional levels. They can be summarized in the following points:

- No link between strategic and financial planning. Strategy remains a formal document with few prospects for real implementation, if we cannot clearly indicate in the adopted budget calendar the mechanisms for transferring the priorities of the strategy to the long-term financial plans (and investment plans), as well as to the annually adopted budget. Such mechanisms are used by some local governments, but this is a relatively rare innovation, not the standard.
- Many strategies try to define the goals very broadly. Sometimes they cover the entire or almost the entire spectrum of functions delivered by the government that develop and adopt the programme. In this situation it is difficult to expect that the strategy would provide guidance for the implemented policies. It is rather a dead document, having little bearing on daily activities of the administration and on key decisions. It should be emphasized that this form of a document is sometimes adopted not because of the lack of skills or kno-

wledge, but purposefully. By looking at the form of most developed documents we can reach a conclusion that the authors do not attempt to select or concentrate on key issues, rather the opposite. This is the issue that I refer to in the next point;

- the assumed role of a strategy is often the possibility to obtain as many grants as possible. Thus a “hunting” document is created (for hunting for grants). Very broadly defined goals provide enable justification for of almost every application for external funds under the strategy (and an indication of linkage with the strategy is often required by donors). Why indicate priorities, if we do not know in advance for what type of projects we will be able to get external support? With such reasoning, the formulation of goals, which seems to be wrong from the standpoint of an orthodox understanding of strategic management adopted by those who developed this concept, appears reasonable, and even desirable. If the priority in the development programme is „almost everything”, then we are free to apply for any measures that appear on the horizon.

From the perspective described in the last of the above points, we can say that the usefulness of the tool (in this case, the strategy) is not determined simply by its form, but one have to take into account the way in which we want to use the tool. Missionaries working in Papua New Guinea used to take colour markers as gifts to the tribes living there. The natives however used it not for drawing but to decorate their hair. From their point of view, a good marker was not a writing marker (because it stains), but a not writing one – which from our point of view is useless. Similarly, a strategy which defines the goals very broadly may seem useless from the perspective of the strategic management theory, however, it is most welcome by some local politicians, who assign completely different objectives to it (assistance in obtaining grants). Such an extremely pragmatic approach to strategy development can thus be justified, but it is certainly very far from the ideas that inspired the founding fathers of the New Public Management, when they postulated the inclusion of strategic planning methods to manage regional and local development. It is also far from the assumptions of European procedures, requiring substantiation of claims through the strategy.

The problem of too many or too widely formulated objectives have been already pointed out by the authors analyzing the first strategies of Polish regions, formed at the turn of the 21st century (Żuber 2000, Gorzelak and Jałowiecki 2001). In light of the foregoing, perhaps we should say that such form of strategic programmes has also positive effects and there is no reason why we should make it resemble the orthodox ideas of the creators of strategic management methods? The rest of this article will try to demonstrate that such reasoning would be incorrect, and the above way of thinking about strategies, often seen even today, creates real problems.

Non-strategic management of development under the Integrated Regional Development Operational Programme?

This part of the article is based on selected threads of the results of two studies relating to the implementation of the Integrated Regional Development Operational Programme (Swianiewicz, Herbst, Lackowska, Mielczarek 2008 and Swianiewicz, Krukowska, Lackowska, Mielczarek 2010)⁷⁶. The study included two regions at first (Lower Silesia and Małopolska in 2006-2007), and then another five regions (Lubelskie, Łódzkie, Pomorskie, Warmińsko-Mazurskie and Wielkopolskie in 2009). It was based on multiple research methods, including:

- Analysis of documents (Operational Programmes, regional development strategies, legislation relating to the implementation IROP and ROP, lists of projects submitted by potential beneficiaries, ranking lists prepared by panels of experts and lists of projects approved for implementation, minutes of meetings of Regional Steering Committees, minutes of meetings of regional executive boards, reports on implementation of budgets of local governments, etc.);
- Survey conducted (face-to-face) with more than 250 key actors in the implementation of regional policy in the surveyed regions. The list of respondents included key regional politicians, members of Regional Steering Committees and Regional Monitoring Committees, experts in panels, representatives of local governments that are potential beneficiaries and representatives of the Ministry of Regional Development, as well as representatives of other ministries in Regional Steering Committees.
- Open in-depth interviews with some of these actors (ca. 75 such interviews in total were carried out).
- Quantitative analysis of social networks (SNA - Social Network Analysis).

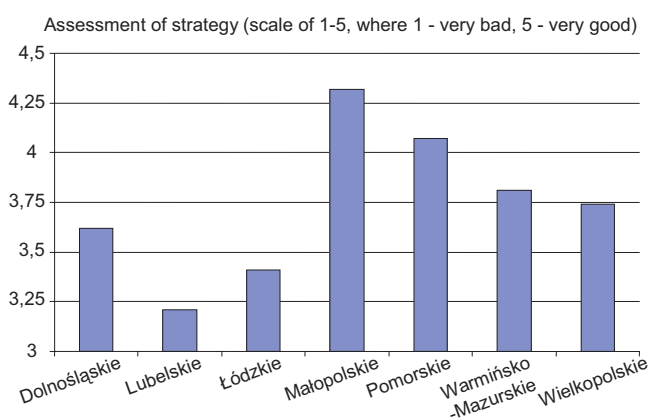
⁷⁶ This article contains only a very brief description of some of the conclusions of the study. Broader empirical material and explanation of theses can be found in the cited publications of full reports. The first of the mentioned reports was made as an element of the international programme SOCCOH funded by the European Commission under V Research Framework Programme (contract 029003) and the second was made possible by a grant for the study obtained from the Ministry of Regional Development.

The strategy of regional development and the implementation of the IROP

Ability to implement own strategy for the region by means of IROP was obviously limited, if only because it was a uniform program, implemented under the identical scheme throughout the country. Key objectives were defined at the national level and regional authorities had relatively limited flexibility in adjusting the allocation of resources to the development visions. In comparison to the funds transferred to regions in the 2007-2013 perspective, these resources were also scarce. All of this does not mean that the selection of specific projects for implementation could not be linked with the priorities arising from the regional strategy. The idea was to link this vision with IROP through ongoing discussions within the Regional Steering Committees, as well as final decisions taken by voivodeship boards. We can also imagine submissions of project applications consistent with the vision of regional development and inspired by marshals' offices.

It is characteristic that the respondents in the survey positively evaluated the form of the strategy in their voivodeship and the results achieved in the region thanks to IROP. Evaluation of the strategy varies between regions (highest in the Pomorskie and Małopolskie and the lowest in the Lubelskie and Łódzkie), but everywhere remains at a level above the average (see Figure 1).

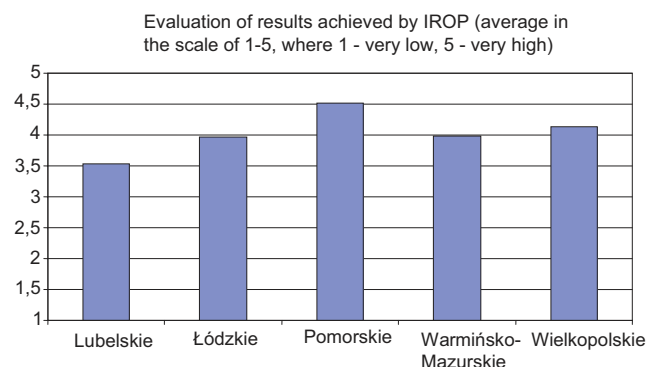
Figure 1. Evaluation of the regional development strategy by the respondents of the survey.



However, a closer look at the obtained results shows that the strategy was, in the opinion of the respondents, rather bureaucratic - it was a document serving as a „support document”, and not one that directs the regional development. This claim is indirectly confirmed by the answers to the question about the intensity of conflicts around the strategy. Respondents most often choose the assessment which states that work on the strategy took place in an atmosphere of cooperation (57% of the responses to the survey), which according to the qualitative data obtained should be interpreted as a process, to which no one paid particular attention. Occasionally (2% of respondents) mentioned were the serious disputes concerning the directions of the strategy, while 21% of respondents stated that there were disputes, but not of much significance.

The above-mentioned high overall evaluation of IROP results is presented in Figure 2. At the same time, however, most respondents believe that the impact of the IROP on the implementation of strategic objectives of their region was very limited (Fig. 3). As many as 64% of respondents chose the answer that this influence occurred, but was insignificant, while 14% did not recognize any effect of IROP for the implementation of the regional development strategy.

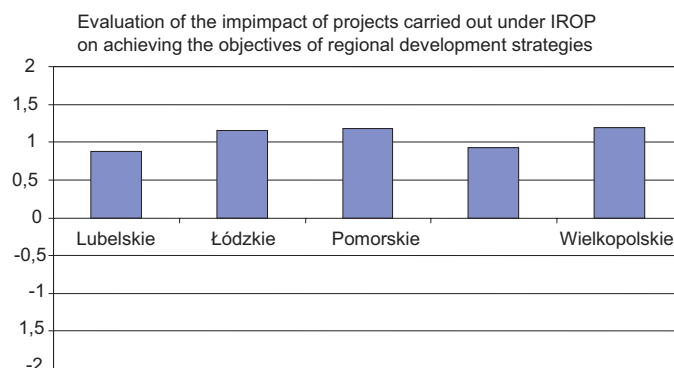
Figure 2. Evaluation of results achieved by IROP



How is perceived the relationship in the opposite direction, namely the impact of the strategy on decisions made in the implementation of IROP? From 29% (in Lubelskie) to 38% (in Warmińsko-Mazurskie) of respondents expressed a belief

that the regional strategy had a significant impact on the way IROP was implemented. Opposite statement (namely the lack of any impact) was expressed by only from 3% (in Wielkopolskie) to 19% (in Łódzkie) of respondents. These results seem to contradict the claims formulated above. However, we can venture to say that respondents are overly optimistic here. The conducted interviews show clearly that the majority of interviewees had in mind the use of the strategy as a formal justification for the selection of projects. In this sense, the strategy was important, but it was hard not to, since the goals were typically defined very broadly, so as to justify almost any project.

Figure 3. The impact assessment of projects carried out under IROP towards achieving the objectives of regional development strategy



Note: the average response on a scale -2 - +2, where +2 indicates a strong positive impact, 0 - no effect, and the negative values an adverse impact

So what does the success in IROP implementation, so often invoked by interviewees, mean? It seems that it comes down to two things:

1. spending all or almost all of the granted resources;
2. avoiding „mishaps” of a formal nature.

Politicians and officials from regional and local authorities, when saying about the success, had in mind to a much lesser degree, the implementation of projects that would have a significant impact on regional development in the most desirable direction. This is shown, for example, by a fragment of a conversation with a member of the board of one of the surveyed regions:

I wanted to ask about your overall assessment of the IROP implementation in the region – what was the greatest success, what do you see as a failure? [...]

Although it was the first programme on such a large scale, we managed together with the beneficiaries to pass it up pretty well. There were no major appeals or complaints about the decisions of individual bodies

Another respondent (also occupying a high position) said:

We were firstly determined to use these resources, to avoid return of it due to our indolence, and secondly, to avoid any monkey business. That has never happened and I'm glad that it remains like that.

I think that, given such an attitude we should maintain moderate criticism. To a large extent it is understandable. IROP was the first programme on such a scale, implemented by the regional governments, thus lacked experience and many things had to learnt „offhand”. We should not forget that the central authorities gave very complicated procedures and specific requirements for regions that go far beyond the formal rigor imposed by the European Union⁷⁷. At the same time regional media were interested in finding and publicising vivid cases of unused or poorly used funds.

In the final stage of the programme, it sometimes happened that funds were awarded to projects from a „round-up” (so long as applications did not contain formal errors), trying to avoid at all costs low level of absorption.

Therefore all these drawbacks have rational explanation and justification, but it does not change the fact that the observed practices differed significantly from the ideal strategic management of regional development.

⁷⁷ Many authors have written about this excessive bureaucratisation and complexity of the process. Cf. studies of: Kozak 2006, Grosse 2004, Klimczak, Pylak and Podyma 2006, and Swianiewicz and others 2008.

Selection of projects in terms of non-strategic development management

The situation described above had an impact on the logic of the process of selecting projects for implementation under the IROP. Lack of strategic thinking meant the absence of guidance on the selection of projects resulting from the thought-out policies. When the politicians in power at the regional level were faced with the problem of using funds from the IROP, tools at their disposal - in the form of previously developed strategies for regional development - could not help them, because they were created in a completely different purpose. They were not treated as documents for the actual selection of investment priorities, but as „supporting documents”. **In making decisions on allocating resources from the IROP, decision-makers did not have any policy documents that would facilitate their decision-making.** The logic leading to the final selection of projects can be traced on the successive stages of the process.

Stage I. Submission of applications by potential beneficiaries and their formal assessment by the regional administration.

The attitude of the regional authorities in this stage was passive (rather than pro-active). Of course, the regional administration conducted trainings to inform about the programme and to prepare potential beneficiaries - including local authorities - for submission of applications (such trainings were often mentioned to us in Małopolskie, but with less intensity they also took place in other surveyed regions) but they were focused on the formal part of the process, particularly on existing procedures. We have not found traces of a deliberate policy aimed at stimulating proposals, which would be relevant to the vision of regional development. One of the Chairs of the Regional Executive Board told us:

We selected projects from among those which were submitted

As already discussed, the perspective of decision-makers rarely went beyond the imperatives set out on a very basic level: to use all available resources and to prevent fraud. The main fear felt from the beginning in all regions was whether the entitled entities will not be scared of the IROP and whether there will be enough applicants willing to participate in the programme. Thus, promotion of the programme relied exclusively on encouraging participation in it, rather than any attempt to streamline the supply of applications. Moreover, in some regions (such as Łódzkie and Lower Silesia) there were not many applicants in the first calls and only the success of first applicants contributed to the rapid growth of submissions in subsequent periods.

The difficulties of a formal nature also favoured the randomness of project selection. In the first period of the IROP implementation the applicable procedures changed. Officials had to learn these new procedures “offhand” which resulted in the fragmentation of the applicable standards for the formal evaluation of applications.

Stage II. Evaluation by a panel of experts

Problems at this stage can be summarized in several points:

- criteria for project evaluation by the experts were not always clear and thus not necessarily uniform, and the experts themselves were not always well prepared for their tasks. Projects were submitted to the panel regularly in large quantities, so every time it took many competent people to assess their substantive content. In this situation, in most regions there were significant staff problems - lack of candidates for experts in various areas. Meetings of the panel were also short enough (or rather the materials for review during the assessment were so numerous) that the assessments were based on a rather cursory review of the documentation.
- The experts were not prepared to evaluate projects in terms of impact on the implementation of strategic objectives. They focused more on technical aspects of submitted proposals. This situation in itself is understandable, but because of the treatment by other participants in the process of ranking prepared by the panel, it had a negative (in terms of strategy) influence on the selection of ongoing projects under the IROP.
- Experts did not receive remuneration for their work, or it was symbolic. In such a situation it is not surprising that delegation of regional government staff for assessment was quite common. This was sometimes the source of many tensions - the independent body was accused of bias in the event of any conflicts between the beneficiary and the regional executive board. It is difficult to assess to what extent these allegations were true, but the very fact of the appearance accusations did not positively affect the transparency of the process.
- Although there were exceptions to the rule, but the ranking prepared by the panel of experts was usually the basis for final selection of projects. In light of the facts cited above, the objectivity of such a selection left a lot to be desired, and certainly did not serve the vision of the development advocated by regional political leaders. Members of the RSC often mentioned that they have no reason to modify the list of experts on the basis of the strategy, because compliance with the strategy was one of the criteria for project evaluation by experts⁷⁸.

⁷⁸ The problem of placing the conformity assessment of the impact of a given project on the strategy was one of the main objections to the scheme for evaluating applications within IROP. Experts often said that this is the role of the RSC, but committee members felt that this assessment is an element of the score awarded by the Panel of Experts.

The latter did not always seemed to be substantially equipped to conduct such an assessment. Most of the participants in the project selection process expected that their work will be judged not in light of the completed strategic objectives, but from the viewpoint of the correctness of the procedure. In this context, changes in the order proposed by the experts were generally viewed as inappropriate, an area of certain abuse, which should be explained. It must be admitted that the Panel of Experts was suitable to be a body responsible for the conduct of the selection of projects. Our interviewees often sought to show the evaluators the expertise and objectivity of the selection. From this point of view, the panel seemed to be an instance that guarantees to the highest degree that decisions will be substantially accurate. In turn, in the contacts that decision makers had with potential beneficiaries, the panel was a convenient instance, to the judgments of which one could appeal, not taking responsibility for any adverse decision. It gave the appearance of a „competent assessment“, and such a designation, indicated the body which was largely anonymous and therefore apolitical and objective⁷⁹.

Stage III. Regional Steering Committee

The idea of Regional Steering Committees (and Regional Monitoring Committees) was to be a place where a vision for regional development is discussed and where proper selection of projects, in line with that vision, is taken care of. In practice, however, most members of RSC did not have competence for such an assessment, was not interested in this kind of discussion and perceived their role differently. Moreover, there were no training courses that would prepare members of RSC to the role attributed to them in the initial assumptions. The interviews show that the knowledge of their rights and the capacity to impact on the work of the committee, its members acquired on their own by studying IROP documents or in the course of work. Some explicitly admitted that at the beginning they did not know exactly what is really expected of them. Many viewed the role of RSC more in terms of the forum through which decisions on the allocation of financial resources were taken openly.

Dominant role in the work of RSC from most regions was played by representatives of potential beneficiaries of the projects – gmina and powiat governments. Representatives of professional bodies, employer associations and academic circles, co-opted to RSC, mostly remained as extras in the game, which de facto was between local governments joined in territorial alliances (unless they fought for projects for their institutions). The most active ones – most often representatives of local governments – saw their role primarily in caring for the interests of the unit, from which they came, and not in representing the interests of all categories of local government units, which they theoretically represented. Moreover, that role was quite widely accepted by other actors, no one expected anything else from the members of RSC. Hence the complex election games and efforts to have sufficient representation in RSC in those voivodeships where the marshal conducted a sort of primary election, which resulted in the local governments proposing their representatives (the final decision on the appointment to RSC always belonged to the marshal, who, however, generally respected the recommendations of local governments). As explained by one of the Chairs of Powiat executive board:

I had no chance to become a member of the Steering Committee, if only because of the political system, my party affiliation (.). I fought for someone not from our subregion to be a representative of powiats in the RSC. Because the position of this powiat [in selecting projects for implementation] would be dominant. This way we are all in the same situation.

Bukowski and colleagues (Bukowski, Gadowska, Polak, 2008) in the sociological analysis of the IROP implementation also raise the issue of strategic thinking and pay attention to the issue going beyond the problem of quality strategic documents. They formulate a thesis that no centres have developed on a regional level that are capable of articulating group interests. This drawback was very clearly visible in the performance of RSC. In summary: the process of open debate on the vision of development in the regions between the representatives of various interest groups that should take place on the forum of committees had not taken place, since the participating entities were not able to formulate such visions and never perceived it as their task. Instead, we often dealt with a specific lobbying, concluding more or less liquid coalitions in support of individual projects, but without a deeper discussion of their importance for the implementation of the strategic vision for regional development.

Effect of RSC on the final selection of projects was indeed very different depending on the region. Some of the RSC – for example, Lubelskie or Łódzkie – interfered very rarely in the ranking resulting from the assessment by the panel of experts. In other provinces – such as Pomerania and Wielkopolskie – such transfers made by RSC were much more frequent. This diversity is also reflected by the subjective perceptions of respondents about the impact of individual institutions on the final selection of projects (see Figures 4 and 5).

⁷⁹ The representatives of local governments in the study made by Bielecka (2006) agreed with such a technocratic approach to the selection of the projects. According to 60% of respondents, the distribution of resources should be decided by experts, and not any of the political institutions – whether regional government or connected with central level authorities.

Figure 4

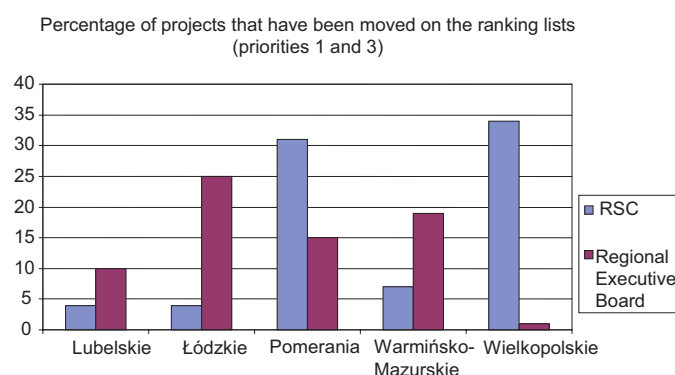
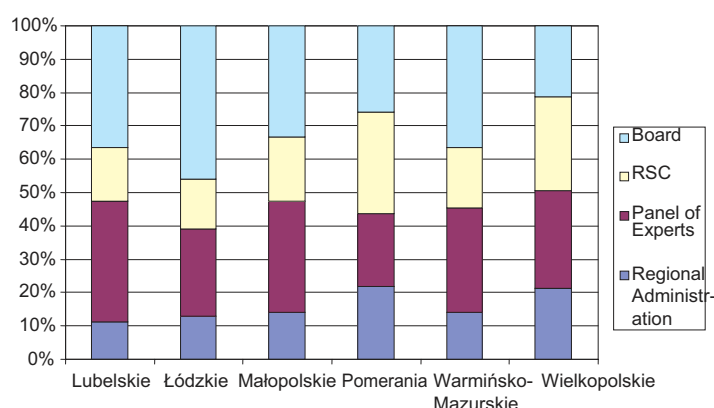


Figure 5. % share in the impact of individual institutions on the final selection of projects for implementation in the opinion of the survey respondents



The only repeatable trend in the quasi-programme debates at RSC was to strive for a moderately even distribution of resources between different parts of the voivodeship. This resulted in a very widely adopted by politicians at regional and local special understanding of the concept of „sustainable development”⁸⁰, usually understood as the “even” allocation of financial resources, according to the adopted criterion, most often relating to the population⁸¹. This approach, of course, had nothing to do with sustainable development as such, it is an anecdotal example of the superficial adoption of concepts relating to theories underlying the regional policy, and at the same time the use of certain words, which well matched the justification of the dispersal of resources to beneficiaries in different parts of the region. An additional consequence of such reasoning was the tendency to fragmentation of resources, dividing them to a large number of relatively small projects. This had measurable political effect – more projects means more satisfied politicians and local communities, the elimination of „white spots” in the use of measures was conducive to reducing the disappointed population.

Stage IV. Approval of the list of projects by the Regional Executive Board

The list of projects recommended by the Regional Steering Committee was transferred at the end to the Executive Board, which made the final decision about the list. From the perspective of regional policy, the final decision made by a body responsible for carrying out this policy was, of course, the right thing. But the fact that the boards had the possibility of independent manoeuvre only at this stage of the procedure was felt by them as uncomfortable because they openly had to submit to the decisions of bodies who expressed their opinions earlier. Since the selection process was previously made professional (Panel of Experts) and subjected to social control (RSC), then making changes to the list of projects led either to challenging the reasonableness of the earlier procedure, or held the board to the accusation of arbitrariness. The frequency of actual interference by the Board in the recommendations presented by the RSC was different depending on the voivodeship - from the very occasional (Wielkopolskie) to very frequent (Łódzkie) - see also Figure 4.

The relatively low frequency of open interference of the board in the lists of project does not mean, however, that in some regions the members of the Board renounced the influence on the selection of projects. This influence was often exerted at earlier stages, such as the influence on RSC determinations in order to obtain such recommendations which were consistent with its plans. We must remember that RSC meetings were presided over by the Chair of the Regional Board

⁸⁰ The reason for this misunderstanding comes from the terms in Polish language. The Polish term for “sustainable development” is almost the same as for the “even development”.

⁸¹ “Capitation” was the term often used by our interviewees demonstrating the popularity of this criterion, understood as the use of indicators and the distribution of grants in terms of their height per capita.

and that he could submit various proposals during the meeting. We also cannot forget about cases - already mentioned in this article - where the board members influenced the work of the panel of experts. The influence on the work of RSC was, apparently, more difficult task than the influence on earlier stages of the process. Committees acted openly and consisted largely of persons who were directly interested in the results of selection and ready to fight for their interests. Therefore, an optimal situation from the perspective of the Regional Board was that the list prepared by the panel, which was a starting point for RSC deliberations was simply in line with the intentions of the board - then one could take the position that experts' decision cannot be undermined and approve the list without making changes to it and opening a major discussion on the substantive content of the projects.

However, even in the case of this body, following the strategic vision was not the primary motive for action. The prospect of the next local elections (and satisfaction of potential voters) as well as the interests of individual actors in the project selection process seemed to play a greater role.

Final result: success without special achievements?

In the previous sections, from the point of view of the mechanics of strategic management I focused on the prominence of the negative threads, illustrating shortcomings in this regard. However, the conclusion that the implementation of IROP was unsuccessful, or that it was solely the result of lobbying by various stakeholders, would be unfair. A more correct summary would probably be that the implementation of the Programme was a **success without special achievements**. Given the ominous forecasts often formulated before 2004, the final effect was unmistakable and true success. It consisted primarily in the fact that all the allocated funds were used (and earlier concerns were largely related to that.) Implementation of the programme proceeded without major glitches, complicated procedures were generally properly followed. Moreover, according to the collected materials generally there were no cases that a really well-prepared project was rejected. But on the other hand - and this is precisely linked to shortages of strategic thinking - it is difficult to point to some specially spectacular achievements, activities that would be relevant to the entire region.

In the absence of priorities organizing the process of generation and selection of priorities, there is nothing surprising in the fact that the selection was decided by other criteria. An important role among them was played by the applicant's position in the network of social actors in regional policy. In other words, the access to key decision makers was important. The situation was obviously very diverse, but we can identify some general patterns that governed the shape of this network of contacts and their impact on discussions about the allocation of funds:

- The representation of the various local units in the formal institutions responsible for implementation of the IROP was important. In particular, having representatives in the Regional Steering Committee or the origin of the member of the Regional Board from the gmina/powiat influenced the chances for the higher allocation of funds. This relation is very clearly shown in the data presented in Figure 6. They are in line with the perception of the survey respondents - summarized in Table 1. Despite the clear picture presented in these data, one must be very careful in formulating the thesis that the RSC was primarily a tool of effective lobbying and exerting pressure to defend the individual interests of its members and the related local governments. One has to have constantly in mind the fact that the composition of RSC and RMC is a derivative of support provided to their members by various bodies and institutions of the regional scene, and in the case of the Regional Board, the result of democratic elections. Membership in the IROP managing institutions may therefore be seen as secondary to the achievements, activities and general awareness of various local politicians. It can be assumed that many gminas, from which members of RSC or RMC originated, would have achieved comparable efficiency in attracting European funds if they had not had their representatives in these institutions, simply because they are active and well managed units.

Figure 6

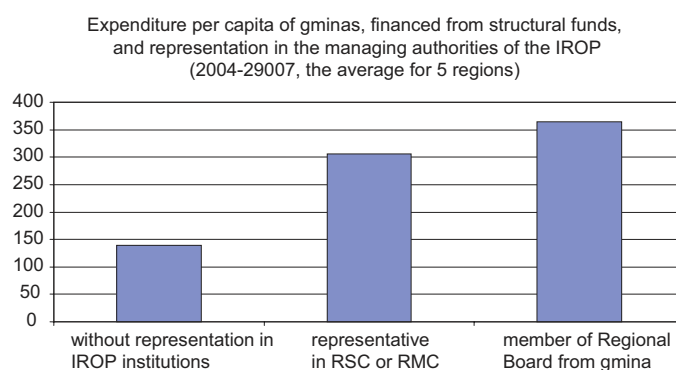


Table 1. Factors influencing success in the selection of projects (average rating on a scale -2 - +2, where -2 - negative impact, 2 - positive impact) - the average of all surveyed regions

	Average rating	Percentage of respondents perceiving a positive impact of the factor	Percentage of respondents perceiving a negative impact of the factor
Activity, competence of local authorities	1.52	90	1
Experience in obtaining grants	1.18	75	1
Origin of the members of the Regional Board from the gmina/ powiat	1.08	62	1
Ability to find partners	1.02	67	0
Representatives in RSC or RMC	0.99	60	1
Capital of a region	0.80	61	5
Political affiliation of authorities	0.71	49	0
Size of local government unit	0.44	34	8
Wealth of local government unit	0.22	36	20

- In the course of the debate over the selection of specific projects some typical lines of disputes (conflicts) were outlined, along which coalitions were built of politicians supporting each other and other participants in the decision-making bodies. The most characteristic axes can be described as follows:
 - The logic of divisions was more territorial than by a party. Hence the importance of the origin of important decision-makers, described earlier in this article. One has to remember that political parties at the local level are very weak. First, in an extent unprecedented elsewhere in Europe, Polish mayors and councilors identify themselves with local non-partisan electoral committees, rather than national political parties (Swianiewicz 2010). Secondly, at the local level party affiliation is a factor that appears to influence rather the network of friendly relationships and personal contacts than on the common vision for the development policy in its wider context. Thirdly, party ties are often linked to a specific territorial logic - some parties dominate in the countryside, other in large cities, so the territorial and party factors tend to be closely related. The role of political parties varied depending on the region. The role of this factor was quite often mentioned by respondents from Łódzkie and Lubelskie. In the latter region, affiliation to the PSL simply determined contacts and was the most stable mechanism for constructing regional coalitions (e.g. in the RSC), the backbone of which was undoubtedly the Chair of the Regional Board originating from that party. But overall, respondents in our study found that local party affiliation is not a criterion for the elimination of projects, although in some exceptional cases, it may favour obtaining of funds.
 - In almost all regions the primary axis of territorial conflict was a dispute over the allocation of resources between the capital city (metropolitan centre) and peripheral areas of the region. It was emphasized in many conversations that the largest cities could successfully apply for funding from centrally managed sectoral programmes, leaving small resources available in IROP to smaller local governments. According to many of our interlocutors, such conduct would be beneficial for the entire region. In some regions there were additional personal conflicts between the president of a metropolitan city and the regional authorities. In the Wielkopolski region, the sense antagonistic interests of Poznań and local governments with a more peripheral position was so strong that it led to the absence of a representative of Poznań in the first stage of the operation of the Regional Steering Committee. In the election of the local government representatives to the RSC, the representative of Poznań got eight votes, while successful candidates had more than 90 votes⁸². Representatives of Kraków also had a marginal position in the regional network of social

⁸² A little later the President of Poznań was incorporated into the RSC as a result of a ministerial guideline introduced over time, stating that a representative of the regional capital must be included in the composition of the Committee.

contacts in Małopolskie. The results of these disputes were different. In some regions the figures show that capital cities got far fewer projects than it would result from their population potential, and in other the situation was reversed - metropolitan areas seemed to be favoured in the allocation of resources. The two approaches had a different underlying philosophy. Supporters of projects in large cities emphasized their benefits for the entire region, and those calling for preferential treatment of remote areas, appealed to a specifically understood principles of sustainable (even) development, discussed above.

- Thinking in terms of the old administrative regions. This phenomenon was seen in all studied regions. Capitals of 49 administrative regions existing prior to 1999 still function in the public consciousness, they often become centres of formulating policies and proposals alternative to those of the capital. The issue of unequal treatment of the parts of the region by the Regional Board often returned in conversations. We heard such assumptions, that the regional administration offices, whose staff derives largely from the former state administration offices in the respective capitals of the new regions, tend to care more about the areas in their pre-1999 borders. The phenomenon of basing interpretations on favouritism and defavouritism of specific areas on the previous regional division seems particularly striking in combination with a long critique of artificial territorial divisions created in 1975. It seems that, despite the initial artificiality and short, only twenty years long presence on the maps, the former regions have become an important reference point for contemporary regional (or rather subregional) identity.
- As the data in Table 1 show, discussions on resource allocation within the IROP were associated with the dispute about the policy of equalization. Almost as many respondents believed that projects from more affluent gminas had greater chances of getting a project as those who notice favouring poorer gminas. This issue, as is clear from the interviews, raised great emotions and it would seem that this was a regional reflection of discussions on equalization and polarization-diffusion model of regional development. Looking more closely at the individual regions, we see that such approximate balance of responses appeared in the Pomoranian and Wielkopolskie Regions. In Warmińsko-Mazurkie, Łódzkie and Lubelskie the respondents believing that wealth had a positive impact on the possibility of financing the project were a majority. However, this did not result from the strategic thinking of the decision makers, but from the belief that smaller units have no chance to prepare good projects or to provide relevant input to their own.

There is no doubt that the implementation of the IROP was part of the Europeanization process of regional and local governments. However, one can ask about the nature of this process. An important element when considering the changes occurring under the influence of EU in individual countries is the learning process. In this context Radaelli (2003) distinguishes two types of learning: thin and thick. The first means that actors of a Member State adapt their strategies to achieve their unchanged goals in the circumstances changed by EU conditions. The second type corresponds to a situation in which the actors under the influence of the EU's conditions modify their own system of values, and consequently their own preferences, goals and actions.

One can formulate a thesis that Polish regions learn superficially, just trying to take the opportunity, to find themselves in new circumstances, not paying attention to the modification of a strategy, goals and preferences. This is favoured by a „resource absorption fetish” which indicates that the spending of available funds is regarded as the most important, and sometimes even the sole measure of activity of the institutions involved in European projects. This approach is reflected in the treatment of the regional strategy as a formal condition („support”) for the use of resources, rather than the document that actually directs the policies. Of course, compliance with the strategy was a basic formal criterion for selection of projects. However, not with the strategy, setting out the main directions of regional development, but with the formal documents, which existed in all regions and were used when assessing applications. For the ability to adapt the contents of projects to the formal requirements has been mastered by local government officials and is used by them. These are skills which are required from office staff in teams preparing projects. Thus, the regional strategies were necessary for the regional authorities, but not in order to organize effectively implemented development policies, but in order to assist in obtaining structural funds for meeting the various local and regional needs.

In this sense, in the process of the IROP implementation, we observed a superficial process of Europeanization. The actors in the Polish regions (sub-central authorities of all three tiers) have adapted to formal requirements in EU programmes, but this adaptation was often superficial. This can be formulated even more sharply: EU policy has not changed the strategy and policy objectives of regions, because there was nothing to change - these goals and strategies existed only on paper.

An open question is how much different is the implementation of the Regional Operational Programmes 2007-2013. The possibility of developing programmes by the regions themselves gives more opportunities to subordinate implemented projects to a clearly formulated vision for the future development of the region. The question how many regions were able to take advantage of this opportunity, is awaiting a detailed response.

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Abstract

The paper starts with reflections on the theme *Regions Versus Enigma of XXI Century*. It is stressed that both turning points 1989-90 and 2008-10 are related to informational revolution with the beginning dates 1977-83. The second turning point 2008-10, corresponding to the great financial and economic crisis, not only was caused by market degeneration resulting from one-sided use of information technology, but also marked the end of two intellectual trends dominant at the end of XX and beginning of XXI Century, namely *postmodernism* and *neoliberalism*. Thus, the XX Century was long, it actually ended at 2008-10. The XXI Century will be dominated by the products of informational revolution, and the best preparation of regions for the *Enigma of XXI Century* must concentrate on promoting the possibly best (silicon fiber, not wireless) broadband Internet access to even most remote parts of regions and, especially, to the schools in these remote parts, as well as concentrate on special programs of preparation of teachers in the schools of most remote parts of regions to teach not imitational, but creative and innovative use of Internet.

The main theme of the paper, however, concentrates only on a rather small and specific aspect of regional strategy development in the face of informational revolution: *the need to take into account the (slow) dynamics of socio-economic changes*. Universal patterns of socio-economic penetration of high technology products are discussed and illustrated in detail, including the territorial and time diversification of the speed and delays of such penetration. The general conclusion is that such penetration is slow and the dynamics of such penetration must be taken into account when preparing regional development strategies. Remaining part of the paper discusses diverse classical approaches to strategy development, shows that most of these approaches neglect dynamic constraints, and proposes some ways to include such constraints into strategy development, based on the concepts of *dynamic programming* or *back-casting* combined with *Delphi Scenario Writing*.

Introduction

The paper is in some sense related to the general paper of Antoni Kukliński⁸⁴, in particular to the theme *Regions Versus Enigma of XXI Century*, approached, however, from a specific perspective of technology and statistics.

From this perspective, both the turning points of the XXI Century – the dates 1989-90 and 2008-10 – are to a large degree caused by the informational revolution that can be dated 1977-83 by the introduction of personal computers and the de-classification of Internet. There is no doubt that Ronald Reagan used informational technology to exert pressure on the communist block, that he was successful in using this pressure and that the leaders of this block (also in Poland) were aware of the necessity of introducing market system and (they hoped) partial democratization in order to respond to the challenge of informational technology. There is also no doubt that automation and robotization of production resulted in a de-legitimization of the slogan of the leading role of proletariat; while the proletariat did not want to loose its role – which lead to social movements such as Solidarity in Poland. Thus, it was the pressure of informational revolution that lead to the change 1989-90.

It was the informational technology – mostly computer networks and the easiness of fast computations – that lead to the globalization of financial services and the inflation of financial investment bubble in the beginning years of XXI Century. There is no doubt that computer networks enabled the globalization of financial services. But in more detail, David X. Lee⁸⁵ an American mathematician of Chinese origin, developed and sold to Wall Street so-called *cupola formula*, enabling fast computations of correlation coefficients. This resulted in composition of ostensibly “absolutely safe” portfolios of financial investments – in derivatives of derivatives, housing markets etc. The marketing of such supposedly “absolutely safe” investments inflated the bubble, while a typical investor believed in this marketing – only a few specialists knew that uncorrelated investments are safe only as long as the underlying processes are stationary, while such processes become non-stationary in a crisis. Thus, it was a corruption of the market based on greed and enabled by the new possibilities of information technology that inflated the financial investment bubble. Anything could prick the inflated bubble, and the explanations of neoliberal financial specialists that it was the result of an unwise intervention of the US government are just excuses, attempts to defend a lost cause. The great crisis 2008-2010 had two great consequences:

First, the crisis marked the *beginning of an end of postmodernism*. Postmodernism was – and still is – a dominant intellectual fashion toward the end of industrial civilization era and during the beginnings of informational civilization; moreover,

⁸³ Keywords: regional development, informational revolution, dynamics of development, social penetration of technology, dynamic programming, back-casting, Delphi scenario writing

⁸⁴ Antoni Kukliński, *Program Przyszłość Regionów XXI wieku – doświadczenia i perspektywy*, this conference.

⁸⁵ See Salmon (2009) with a telling title: *Recipe for Disaster: The Formula That Killed Wall Street*.

it contributed many valuable concepts, such as the concept of historical change of episteme of Michel Foucault (1972), or the concept of a social structure of long duration by Fernand Braudel (1979). However, the main paradigm (or rather a horizontal hermeneutic belief⁸⁶ underlying the paradigm) of postmodernism was that *knowledge has only local character, is a result of local social discourse*. This belief was obviously contradicted by the global character of the crisis – also by other events in 2010, such as the explosion of the volcano in Iceland that had consequences widely exceeding the area of Iceland. Besides, postmodernism was never fully accepted by technologists (including information technologists), who construct tools trying to make them applicable as universally as possible, hence they need knowledge that is as universal as possible. After the crisis, it is clear that some claims of postmodernism – including the claim that *each region should be left alone to develop as it wants, because of its unique, local character*, see, e.g., (Jackson 2000) – are highly exaggerated. While we obviously should respect uniqueness and local character of regions, there are some universal features and measures, such as that Internet access helps regional development, in particular, it can help to convince people to remain in rural and remote areas because it creates new chances for them. The beliefs of postmodernism are widely disseminated, however, and it will take at least a generation until they finally disappear.

Secondly, the crisis marked *the end of neoliberalism*. By neoliberalism I do not mean a variation of liberalism, a noble persuasion that individual freedom is a fundamental value, but a distorted application of this persuasion in economics leading to the belief that markets should be left absolutely free. After the fall of the communist system, neoliberalism became dominant in economics, politically stressed e.g. by so called *Washington consensus*. The horizontal hermeneutic belief of neoliberalism was that *there is only one proper and valid way of capitalist development*. This belief was actually contradictory to the hermeneutic belief of postmodernism, even if both of them developed parallel and in other respects supported each other. The horizontal belief of neoliberalism was obviously contradicted by the events during and after the great crisis, today it is obvious that there are many ways of capitalist development (but possibly not as many as there are local regions in the world), see, e.g., (Stehr and Adolf 2008). The beliefs of neoliberalism – particularly in Poland – will not disappear instantly, people change their beliefs slowly, especially as their beliefs are supported by economic or political interests. However, they will slowly disappear even in economics – because the impact of informational revolution requires a fundamental re-evaluation of economic theories, see, e.g., (Wierzbicki 2009).

From the perspective described above, the following answers can be proposed to the questions posed by Antoni Kukliński. First answer is to the question *whether XX Century was short (1914-1989) or long (1914-2010)*. If we recognize that during XX Century occurred the beginnings of informational revolution, however we shall date it, more valid appears the answer that *XX Century was long*: the two decades 1989-2010 belonged to XX Century, because their dominating paradigms were based on the prolongation of beliefs characteristic for XX Century, even if these decades prepared XXI Century.

Second answer is to the question of *Enigma of XXI Century*. From the perspective described above, I am convinced that *XXI Century will be dominated by further developments of informational and knowledge civilization*, see (Kameoka and Wierzbicki 2005), also (Bard and Söderqvist 2006), together with its characteristic conflicts, e.g. concerning the issue who shall own knowledge, see, e.g., (Lessig 2005, Boyle 2008). In (Kameoka and Wierzbicki 2005) we discussed many reasons to believe that the impact of informational technologies will have prolonged consequences; some of such reasons I present also below. Competitive to informational technologies might become biotechnologies; however, for reasons presented in (Wierzbicki 2009, 2010), full biotechnological revolution as indicated e.g. by (Garreau 2008) will be most probably delayed until 2100.

A possible long term impact of the informational revolution might be the reversal of the megatrend (until now and probably in the next few decades very strong) of concentration of economic, social and cultural activities around mega-metropolis. The idea of *global village* of (McLuhan 1964) was perhaps premature, but further developments of information technology might lead to its partial or modified – in the sense of *global forest*, see (Wierzbicki 2009) – realization in the longer perspective of the years after 2050. This is not just an utopian hope, but relies on the fact that people are often and increasingly dissatisfied with the life around mega-metropolis because of transportation times to and from work; and when distance work will become fully practical (we are yet far away from that), why not to migrate to forests?

Therefore, in order to best prepare regions for the *Enigma of XXI Century*, we should use two principal means:

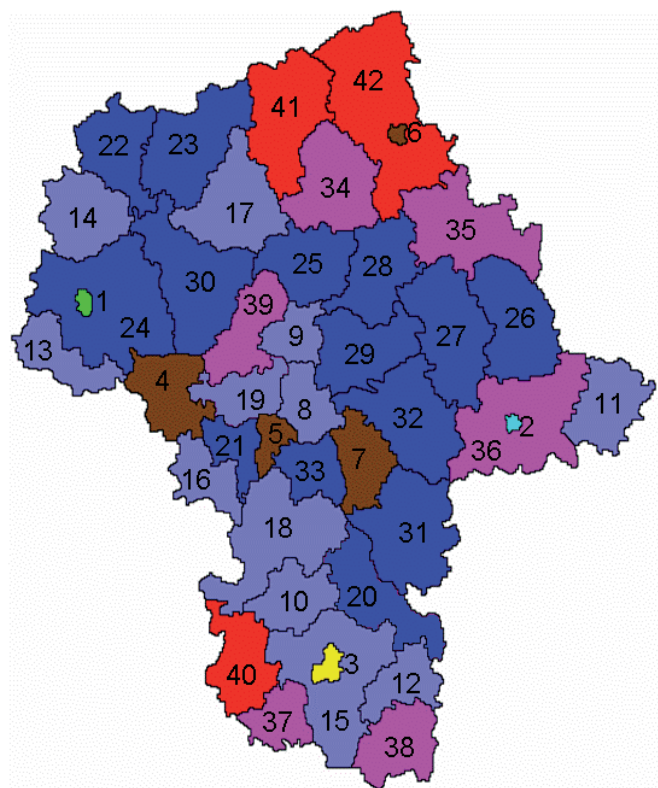
1. Promotion of possibly best (broadband, but based on silicon fiber, not wireless⁸⁷) Internet access to even most remote parts of regions and, especially, to the schools (starting with elementary) in these remote parts.
2. Special programs of preparation of teachers in the schools of most remote parts of regions to teach not imitational, but creative and innovative use of Internet.⁸⁸

⁸⁶ See Król (2007) on the concept of hermeneutic horizon.

⁸⁷ Current oligopoly providers of mobile telephony services try to promote and market the idea that wireless access to Internet will solve all problems. This is known to some specialists to be untrue (the limitations of radio bandwidth will be soon saturated, if too many people try to watch television interactively on their mobile telephones), but the knowledge about this fact is suppressed because of economic interests of the providers.

⁸⁸ On the importance of e-learning see, e.g., (Galwas 2010).

Fig. 1. The advancements and delays in the equipment of schools of diverse districts in Mazovia in computer laboratories when compared to Poland averages in 2006 (numbers indicate places in ranking)



Source: Grzegorek et al. 2009

These conclusions are strengthened by the recent statistical analysis (Grzegorek et al. 2009) of advances or delays of districts (powiaty) of Mazovia region in providing Internet access to schools: the maximal spread of advance or delay times between diverse districts amounted to 17 years (!). See the map in Fig. 1 illustrating such differences.

Since the map in Fig. 1 does not specify delays, I quote also, after (Grzegorek et al. 2009), the table of ranking according to advancements or delays of Mazovia districts in the equipment of schools in computer laboratories as compared to Poland averages in 2006. It is telling that the best districts in this ranking are not the most wealthy districts – the capital city of Warsaw is ranked on the 8 place – but some local city districts with own local universities. Therefore, we can conclude that decisive for local development is strategic determination, related to cultural aspects.

Table 1. Ranking for Fig. 1

Advance (positive) or delay (negative), years	Districts of Mazovia	Colour
8 – 10 (years)	Districts: city of Plock (1)	
6 – 8	Districts: city of Siedlce (2);	
4 – 6	Districts: city of Radom (3);	
2 – 4	Districts: sochaczewski (4); pruszkowski (5); city Ostroleka (6); otwocki (7);	
0 – 2	Districts: city of Warsaw (8); legionowski (9); bialobrzegi (10); losicki (11); zwolenki (12); gostyninski (13); sierpecki (14); radomski (15); zyrardowski (16); ciechanowski (17); grójcecki (18); warszawski zachodni (19);	
-2 – 0	Districts: kozienicki (20); grodziski (21); zurominski (22); mlawski (23); plocki (24); puttuski (25); sokolowski (26); wegrowski (27); wyszkowski (28); wolominski (29); ploski (30); garwoliński (31); miński (32); piaseczyński (33);	
-4 – -2	Districts: makowski (34); ostrowski (35); siedlecki (36); sztydlowiecki (37); lipski (38); nowodworski (39)	
-7 – -4	Districts: przysuski (40); przasnyski (41); ostrolecki (42)	

The results presented above contradict to some extent the currently prevailing hermeneutic horizontal belief of regional specialists that the most important force in regional development is the development and growth of mega-metropolis and that the effects of this growth will positively influence the remaining parts of a region by simple diffusion and dissemination. The capital city of Warsaw is becoming a mega-metropolis, but its development – at least, in terms of equipment of schools with computer laboratories – is exceeded by several local mini-metropolis such as cities of Plock, Siedlce, Radom, or Ostroleka. The city of Ostroleka itself is ranked 6, before Warsaw, but it's example does not disseminate – the district around Ostroleka is ranked 42, with 17 years delay behind the city of Plock and 9 years delay behind the city of Ostroleka. The district around the city of Plock has also 10 years delay behind the city of Plock. Thus, some hermeneutic beliefs of regional science must be also re-assessed after informational revolution. The informational revolution brings

with it a fast increasing territorial diversity that might threaten and already threatens social cohesion, contrary to all policies and efforts of European Union.

In this paper, however, I concentrate only on a rather small and specific aspect of regional strategy development in the face of informational revolution: *the need to take into account the (slow) dynamics of socio-economic changes*. This is contrary to both neoliberal and postmodern paradigms: neoliberalism believes that markets respond almost instantly, there is no need for a longer perspective; postmodernism believes that there are no dynamic limitations to local development (because such limitations would have universal character, and no universal laws exist for a postmodernist). However, both these beliefs are wrong, as shown by examples below.

1. Why Dynamic Strategy Development?

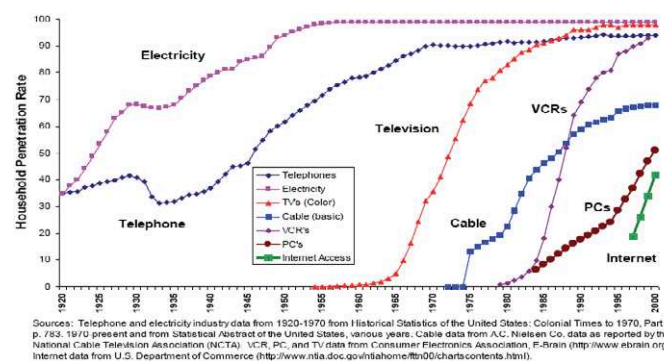
According to actual statistics and contrary to popular beliefs, socio-economic penetration of high technology products is slow. I shall explain this fact on several examples.

Example 1 – Television:

- First ideas of television (based on the use of newly invented photocells) were expressed in 1878 in Poland by Julian Ochowicz and in 1880 in the USA by George R. Carey;
- Realistic technical inventions of TV photo-camera and TV receiver together with patents occurred between 1923-28 (Vladimir Zworykin, Kalman Tihanyi in the USA, similar developments in Great Britain);
- First medial transmission occurred in 1936 (by British Broadcast Corporation)
- Socio-economic market penetration (that is, actual purchase of TV receivers by households) was further delayed. Even in the USA, counting the beginning of the process when single percents of households bought receivers and the end when market penetration exceeded 95%, we should speak about periods of:
 - Black and white TV penetration: started around 1950, did not finish because of replacement by colour TV;
 - Colour TV penetration lasted from 1960 to about 1990, when the market saturated and only replacements by newer types, later by digital and high definition TV occurred.

This process is well illustrated by statistical data from Fig. 2, where the colour TV market penetration is indicated by the red line. The older processes were slower and less regular, e.g. telephone penetration (blue line) strongly influenced by the great crisis of 1930. After TV penetration, some processes might be regular and slightly faster (video-recorders, VCRs) or more irregular and slower (cable TV), decisively slower (PCs) or starting similarly to colour TV (beginning Internet penetration in the USA, green line, until 2000 not exceeding 40%).

Fig. 2. Growth of the use of electrical and electronic artefacts in USA in years 1921 – 2000⁸⁹.



I can hear contradictory comments: "but these are old data, the speed of change today is much higher". However, this popular perception is not well founded by data. The question, whether the maximal speed of socio-economic market penetration actually increases with time requires a thorough study, which was done recently in (Grzegorek 2010) on diverse examples (TV, mobile telephony, Internet access, the use of Internet for e-commerce). The conclusions of that study are that:

1. There are certain universal mathematical models of socio-economic market penetration that quite well approximate statistical data in the case of regular market penetration processes. Such models are, e.g., the logistics curve, the Gompertz function, the step response of a doubly inertial element with delay.
2. For each of such models one can distinguish parameters responsible for the maximal speed of market penetration and after parameter fitting obtain this way measures of this maximal speed.

⁸⁹ From <http://www.ntia.doc.gov/ntiahome/fttn00/chartscontents.html>.

3. The territorial diversity of the maximal speed depends on the size of regions considered. For large European regions this diversity is not very large, for smaller regions (województwa) in Poland the diversity is bigger, for smallest districts (powiaty) the diversity is quite high.
4. The time diversity (related to the change from older, such as TV, to newer, such as Internet, processes of socio-economic penetration) of the maximal penetration speed is much smaller than the territorial diversity.

The last conclusion can be illustrated by:

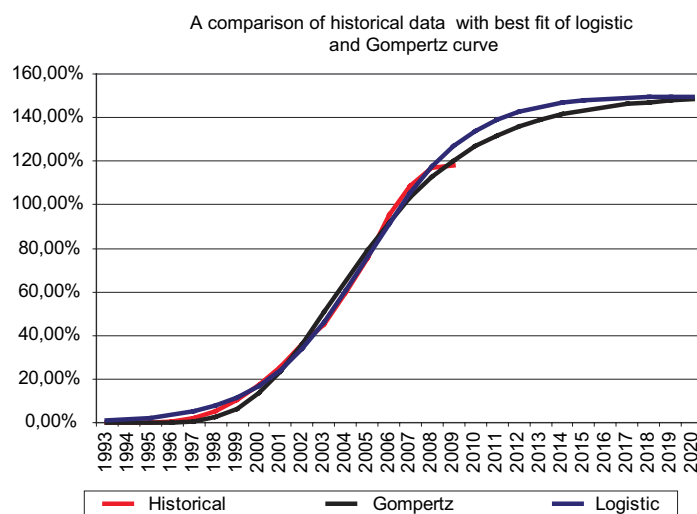
Example 2 – Mobile telephony (in Poland):

- First ideas and practical military implementation of cellular mobile telephony 1940-44;
- Slow improvements (concentrating on miniaturization of mobile telephones) 1945-90;
- Radiolinja and Nokia in Finland manage to make first small commercial mobile phones 1989-90;
- First offers of mobile phones in Poland 1993-95, beginnings of socio-economic penetration;
- Until 2010, socio-economic penetration in Poland reached ca. 120% (phones per household), but not saturated.

Thus, the process of penetration of mobile telephony in Poland was by no means faster than the penetration of colour TV in the USA, only shifted in time. In fact, the penetration curves were rather similar. The results of a parameter fit of two models (sigmoidal logistic and Gompertz function) to the data of the penetration of mobile telephony in Poland are presented in Fig. 3.

The relative maximal speed of penetration of mobile telephony in Poland (in % of the maximal penetration, in this case amounting to circa 150%), as measured by the logistic curve, amounts to circa 10% per year (15% in absolute terms), while an analogous relative maximal speed of the earlier penetration of colour TV in the USA amounts to circa 9% per year. These two penetration curves (colour TV in the USA and mobile telephony in Poland) obviously start at different dates (1960 and 1995), but they have almost the same shape and similar maximal speeds, both last over 30 years. Actually, the maximal speed is only slightly smaller in the case of colour TV in the USA, which contradicts the popular thesis about a radical acceleration of recent social processes. The same types of models can be used for social penetration curves of different processes, such as Internet access or use of e-commerce on Internet. The data describing such processes indicate that the maximal speeds can differ, but not essentially (the territorial diversification relates mostly to time shifts or delays of such processes, less to maximal speeds) and not necessarily a newer process is faster. The districts (powiaty) that start such processes with a larger strategic determination start them often much earlier and with a greater speed, while the districts lagging behind might have usually both later starts and a slower maximal speed.

Fig. 3. Penetration of mobile telephony in Poland. A comparison of historical data with best fit of logistic and Gompertz curve.



Source: Grzegorek et al. 2010

Final conclusions of (Grzegorek et al. 2010, Grzegorek 2010) indicate that the earlier start or a greater speed of the socio-economic penetration of high technology products in a small district is not directly related to a greater wealth of that district, depends much more on cultural aspects – such as the existence of local universities in the mini-metropolis city districts leading the development in Mazovia in Fig. 1. This is consistent with the conclusions of (Kleer 2010) indicating that most important for socio-economic development are cultural aspects.

Finally, I must stress that the popular perception of the acceleration of recent social processes relates rather to the greater variety of such processes, the diversity of novel high technology products or their novel features, which is a characteristic feature of informational revolution. The producers of cars, computers, mobile telephones try to convince their users that – in order to stay ahead – they need a new version of these products with new features each four or even two years; such marketing is mostly responsible for the perception of current acceleration. Anyway, the universal character of the socio-economic penetration curves of high technology products and services not only contradicts the postmodern approach, but also indicates the necessity of taking into account the dynamics of such processes in regional strategy development.

2. Classical Approaches to Strategy Development

There are several classical and rather well known approaches to strategy development, but I shall discuss them here shortly in order to show that (almost) all of them neglect the character of dynamic processes and constraints.

Well known approach (originated at Harvard University) is SWOT: reflect on Strengths and Weaknesses (internal) and on Opportunities and Threats (external), develop strategy (intuitively) in relation to these four. It is an excellent method, but has several drawbacks.

First, it is not clear how to apply this method when a group is responsible for strategy development. To each theme of Strengths, Weaknesses, Opportunities, Threats, we should then apply a format of discourse. There are at least three such formats: *debate*, *brainstorming*, and a *Delphi process*.

Simple debate means a classical discussion – with certain rules and repetitions, see, e.g., (Wierzbicki and Nakamori 2006). There are two different formats of debate: *panel discussion*, when each member of the panel proposes ideas or comments to a selected theme, or *seminar discussion*, when a speaker proposes ideas and the participants are supposed to question and critically evaluate these ideas. Debating has a strong intuitive dimension: it is often advisable to let the discussion rest for a day or a week, and return to the discussion with intuitively formed new ideas.

Brainstorming is sometimes much more effective than simple debate as it encourages to put forward even unusual ideas (Osborn 1957) in its *divergent* phase. Recently, (Kunifuji et al. 2004, 2007) described more formally brainstorming process as a knowledge-creating spiral DCCV (Divergence – Convergence – Crystallization – Verification). However, the main difficulty of the brainstorming process is the necessity of switching the mindset when turning from divergent, uncritical idea generation to convergent, critical selection of ideas; the ways of creating consensus in the second phase are similar as in classical debate.

Delphi process means selecting a number of experts, presenting to them some ideas or questions, collecting their answers and comments, synthesizing them, and asking anew the same experts to comment on the synthesized results. Delphi process is actually most extensively used in *foresight* strategic processes, on which we comment below. While both Delphi and foresight processes have an obvious advantage of inclusion of a broader community in preparation of a strategy, their main difficulty is a synthesis of diverse opinions. The person responsible for synthesis is actually the author of the strategy, and the quality of the strategy depends then crucially on the quality of original vision and questions presented to the experts.⁹⁰

Secondly, the order and completeness of SWOT could be challenged. I have argued recently (Wierzbicki 2010) that a modification of SWOT, TWOSA (Threats – Weaknesses – Opportunities – Strengths – Actions) might give much better results in strategy development. There are many reasons for such modification, starting with the psychological tendency to oversee Threats when we start with and concentrate on Strengths. Moreover, after all, strategy is about priorities of Actions. In this last stage of actions, we should actually distinguish the definition of strategic goals, priorities, instruments or means to realize the priority goals (A = GPIM, Goals – Priorities – Instruments – Means).

Thirdly, SWOT analysis tends to neglect dynamic character of underlying processes and constraints. When applying SWOT, we tend to just ride the wave: external events might be dynamic, we just adapt to them, not consciously prepare for or even influence their change. Only in its TWOSA variant, it is possible to put more stress on the dynamic character of threats, because they are considered then as the driving force of a strategy.

More action oriented than SWOT are approaches starting with a vision. A classical process, though described under different names, is ViMiGMAR (Vision – Mission – Goals – Means – Action Roadmaps). First, a vision is developed – in-

⁹⁰ According to Akio Kameoka, a long time specialist in Japanese foresight processes, if a foresight exercise lacks vision and the questions put to experts are standard, not inspiring, then such are also the answers and results of the exercise. This can be considered as an example of the old computer science principle GIGO (Garbage IN, Garbage Out).

tuitively, even if there are many approaches to vision development, starting with a personal vision of a leader, through brainstorming, Delphi process, SWOT or TWOSA. A repetitive formation of a vision with the help of a Delphi process is actually one of the most effective approaches. The vision is then transformed into mission, a general statement of purpose. Afterwards, the actual strategy is formed by transforming the vision and mission into goals, counting means that can be used to achieve these goals and developing actual action roadmaps. The last part of formulating action roadmaps suggests a dynamic perspective, at least – a temporal planning. Typically, however, this planning is also intuitive and does not take into account underlying dynamic processes and constraints.

Another classical approach is scenario formation. Again, there are many formats of scenario formation, starting with the most obvious OPR (Optimistic – Pessimistic – Realistic scenarios). However, even if scenarios by their definition should describe dynamic development in time, they are seldom constructed taking into account the dynamics of underlying processes. This is actually related to the dominance of postmodern attitudes: as we shall discuss below, fully dynamic scenario formation would require mathematical modeling of some universal dynamic constraints – and this would violate the postmodern paradigm.

A separate group of classical approaches to strategy development are diverse variants of foresight processes. It should be stressed here that the original format of a foresight process concerned technology foresight, that is, a conditional prediction of future technology development obtained through collaboration of experts representing diverse interests (industry, government, academia, etc.) and organized through a Delphi process. It was soon noticed that such an organization of the process results in positive effects of consensus formation: once the experts agree that a selected scenario is possible and preferable, they will then work on supporting a realization of this scenario, and their common efforts make the scenario self-fulfilling. This fact had diverse consequences.

First, it was noted that a foresight process is not necessarily a conditional prediction of future, but rather a *social construction of future*.

Secondly, this very positive aspect of foresight processes encouraged postmodern sociologists to appropriate them, forget about their technological origins and use them to construct strategies of socio-economic development of countries or regions. In this sense, foresight is today widely used in European Union and, more recently, also in Poland.⁹¹ This was also a positive development, but had some unfortunate side-effects due to the dominance of an exaggerated postmodern paradigm. One of the effects was an exclusion of mathematical models (originally used in foresight processes, as documented below), with the (paradigmatic) argument that since foresight is not a prediction of future, mathematical models (e.g., econometric models) should not be used in it. However, this argument also meant that the dynamic aspects of strategy formation could not be accounted for, because it would need at least some form of mathematical models.

Mathematical models – including models of socio-economic penetration of high technology products – were originally used in foresight processes. This is documented, e.g., in (Kameoka et al. 2006); I quote below an example of such use.

In 1977, see (Kameoka et al., 2004), a special foresight exercise based on the *Delphi Scenario Writing* (DSW) method was started. DSW method relies on developing scenarios based on mathematical modeling and then subjecting these scenarios to Delphi process in order to correct their assumptions or parameters. This method was applied to forecast and promote the development of *small facsimile* machines for home and small business use. Small facsimile machines were in fact developed and promoted on the market. After a time they enjoyed (and still enjoy) a world-wide success, but the dynamics of market penetration were quite different than predicted in the foresight analysis, see Fig. 4.

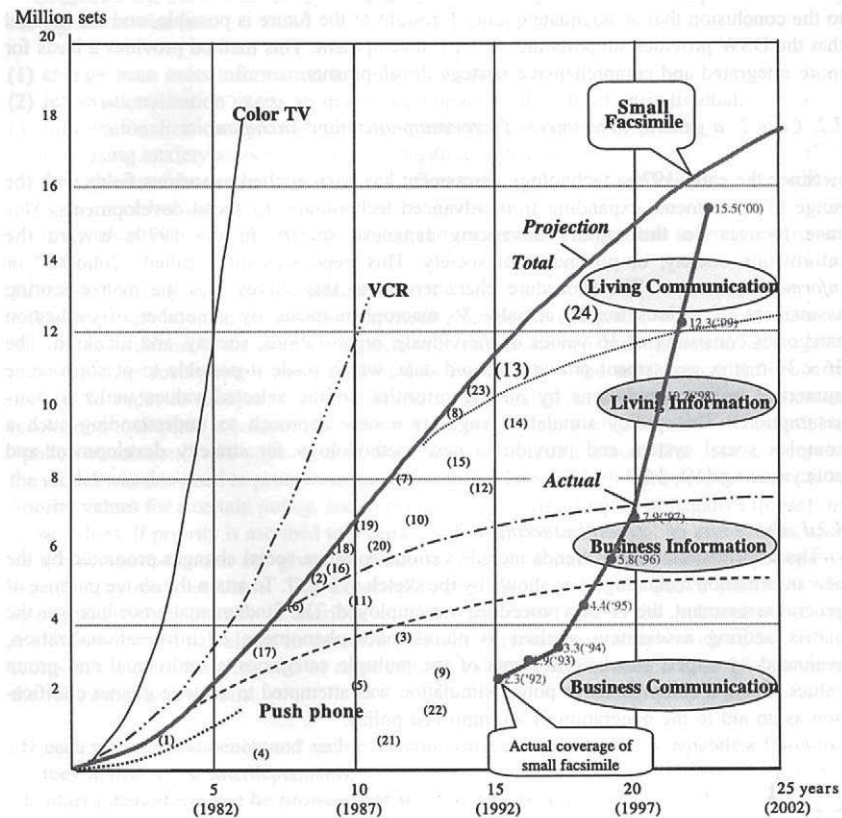
While the foresight projection assumed an early start and slow build-up of market penetration, the actual adoption curve shows an unpredicted pure delay of approximately ten years, then another ten years of slow build-up – followed, however, after twenty years by much faster than predicted, avalanche-like market penetration process (with a similar penetration process on world-wide markets), contrary to original predictions, once public awareness of the advantages of small fax machines became sufficiently widespread. Comparing the actual adoption curve of small faxes with the actual adoption curve of color TV (in Japan), we see that these curves are almost parallel, only shifted in time by about 17 years.

This actual example of the method and results of a foresight exercise allows many conclusions. We see that there are universal features of market penetration curves of emerging technologies: they have shapes very similar to each other and they differ mostly by exhibiting diverse delays. The delay of ten to twenty years exhibited in the case of small facsimile

⁹¹ Often without advanced knowledge and experience in foresight processes, thus often „re-discovering America“; the most important drawback of such newly discovered foresight processes is neglecting of the role of vision in them, while according to Akio Kameoka a good vision is decisive for the quality of foresight conclusions. Another drawback is sticking to classical logics, using dichotomies while trichotomies much better describe the world today, see further comments.

machines can be judged as typical for smaller innovations, while larger ones— such as the mobile cellular telephone or colour TV quoted earlier – have exhibited delays up to fifty years. Technology experts usually do not understand the reasons for these delays, because they are only in small part technological (time needed for technology development and improvement); the delays are caused primarily by psychological factors (readiness to use new methods), social factors (following the example of others) and economic factors (readiness to pay for new possibilities); see also (Wierzbicki 2008b). On the other hand, neither neoliberal economic experts understand these delays, they typically even deny their very existence. In the specific case of a small facsimile, the delay was larger than predicted by experts – they underestimated the difficulty of preparing mass production, integration of the facsimile with computer printer, etc. (today such facsimiles are integrated also with scanners) – while the maximal penetration speed was higher, probably because the consensus between experts about the importance of the small facsimile facilitated more effective marketing.

Fig. 4. Penetration curve of small facsimile machines in Japan: projection in 1977 and actual penetration process



Source: Kameoka et al. 2004

As an example of actual incorporation of the dynamic aspects of market penetration in strategy development, the above example is in a sense unique. The Japanese experiences in foresight processes are often quoted in the world, but the method of Delphi Scenario Writing together with inclusion of dynamic models was not followed up by other foresight exercises. In the next section, I will show how to improve this method by combining it with dynamic programming or back-casting to obtain a fully dynamic approach to strategy development.

3. Dynamic Programming or Back-Casting as a Dynamic Approach

The concept of *dynamic programming* is old; it was developed originally by Richard Bellman (1959) and concerned optimal control. Its main idea is to *start at the final desired state of the process and optimize all steps and actions leading to it while going backwards in time*. Actually, the idea is much more involved mathematically, relates to so-called Bellman-Hamilton-Jacobi equation, allows to determine so-called *optimal feedback controller*, etc., see, e.g., (Gutenbaum 2003). However, the main idea of dynamic programming is sufficient for the following discussions. This idea was used when preparing the Apollo program of landing on the Moon.⁹² Much later, it was re-discovered and interpreted in the postmodern sense as *back-casting*, see, e.g., (Jablonowsky 2010). The main idea of back-casting is the same as of dynamic programming, the only difference is that instead of *hard* mathematical optimization we use in back-casting *soft* intuitive strategy development. Back-casting is defined by Mark Jablonowsky (2010) as follows (back-casting is) "an in-

⁹² More methods of optimal control were used in the Apollo program: Bellman principle for organizing the entire program, while so-called Kalman filter (1960) for the actual control of the landing in the face of stochastic disturbances. See, e.g., (Lström 1970).

tuitive scenario-based technique of planning that works „backward“ from desired goals to possible alternative pathways to achieve these goals. In high-stakes risk, back-casting is used to identify alternatives for safe paths toward progress. The process is heuristic, in that it attempts to discover novel ways to achieve hard safety goals.”

The main idea of this paper is, however, that such a *sharp division between hard and soft is wrong*: one could combine them as well as combine both of them with, e.g., the Delphi Scenario Writing method. Hard mathematical modeling can support soft intuitive decisions, if we combine them appropriately, as it is done, e.g., in the *reference point methods* of multiple criteria decision support (see, e.g., Wierzbicki et al. 2000) that we shall discuss below.

Before we go into technical details of such combination, we must stress an important general, actually philosophical point: in a *post-postmodern* or *informed approach* (however it will be finally called) an important principle will be *logical plurality*, meaning selecting one of multiple possible logics adequate for a given application, in particular never excluding the middle – *there is always a third way* – and avoiding ostensible paradoxes related to the exclusion of the middle. So called *vicious circle*, *self-supporting arguments* or *infinite regress*, considered as paradoxes by the skeptical philosophy (see, e.g., Kotakowski 1988) are paradoxes only if we exclude the middle, if we assume that an effect cannot be also a cause. In feedback systems in computers or robots the effect is fed back as a cause, hence such an assumption is inadmissible after informational revolution. During XX Century, many multivalued logics have been developed, starting with the fundamental work of Jan Łukasiewicz (1911) that was read only by a few logicians in the world,⁹³ thus needed to be re-discovered by Lofti Zadeh (1965) as *fuzzy set theory*, broadly applied in the world but further developed also by Polish specialists, see, e.g., (Kacprzyk 2001). In 1991 – paradoxically, precisely in the year when a Polish politician announced that “there is no third way” – a Polish computer scientist, Zdzisław Pawlak published a book on *rough set theory* (Pawlak 1991), showing that the very nature of analyzing logical proposition on large sets of data in computers leads to the conclusion that the middle cannot be excluded. Part of data might support the truth of a logical conclusion, part of data might indicate that this conclusion is false, but there is always a large part of data that is inconclusive; such data constitute a broad, “rough” boundary of the rough set, in other words – a third way. The logic of Pawlak is “only” three-valued, but his main conclusion is showing that three-valued logic is a logical necessity. Thus, we should avoid describing the world today using dichotomies “either – or”; much better description results from a trichotomy “either – middle – or”. The conclusion above that we should combine hard and soft approaches belongs also to the middle, a rough boundary of a set.

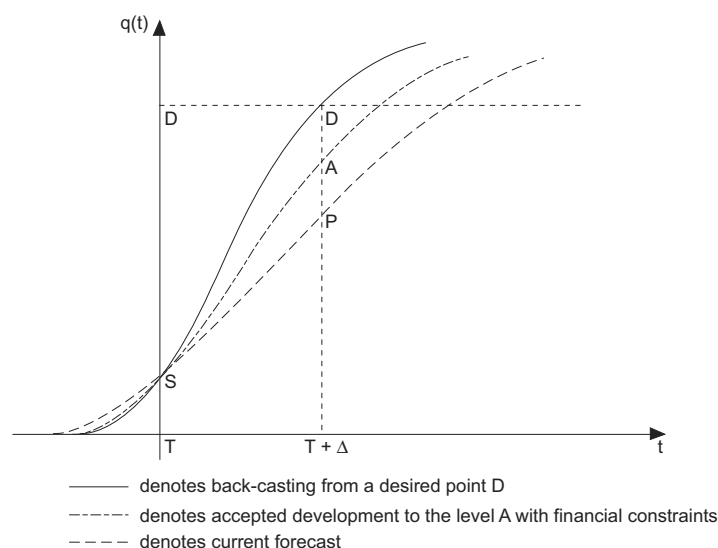
A detailed combination of hard and soft, further combined also with Delphi Scenario Writing for regional strategy development, might be illustrated on an example when we set a desired (intuitively, subjectively defined) value D for a given development measure $q(t)$ – for example, it might describe the percentage of households with broadband silicon fiber based Internet access – to be achieved at some future date $t = T + \Delta$, while today’s date is $t = T$ and the development measure is $q(T) = S$. Suppose, moreover, that we know a time sequence of data on $q(t)$ for some time instances $t \leq T$. We could try to fit diverse models of future development of $q(t)$ to the known data, but for simplicity of this illustration suppose we use only the logistics sigmoidal curve $q(t) = a/(1 + b \exp(-c t))$ by choosing the parameters a, b, c for a best fit to the available data. In fact, the most difficult for statistical estimation is the parameter a ; if it can be estimated from independent considerations (e.g., if $q(t)$ is a percentage with a natural upper bound 100%), then the parameters b, c are much easier to estimate even from a short time series, while the parameter c is directly related to the maximal speed of sigmoidal curve with $q'_{\max} = ac/4 = 25\% c$ if $a = 100\%$. If, additionally, we want to draw a sigmoidal curve (with saturation at 100%) through two points $(t_1, q(t_1)), (t_2, q(t_2))$, then the corresponding parameters b, c are uniquely determined by these points and can be easily computed.

With above assumptions, a combination of dynamic programming, back-casting and Delphi Scenario Writing might proceed as illustrated on Fig. 5.

In this Figure, T denotes the current time and $T + \Delta$ – the horizon of strategic planning; the broken line joining the points S and P indicates the forecast – a sigmoidal curve fit to the available data $q(t)$ for $t \leq T$ and achieving only $q(T + \Delta) = P$. If this achievement is deemed insufficient, than it is easy to compute another sigmoidal line joining the points (T, S) and $(T + \Delta, D)$ with a bigger speed parameter $c = c_D$. However, it is necessary to realize that bigger speed requires bigger investments and the necessary financial cost to achieve this bigger speed must be also estimated. If this cost is too high, then the desired achievement $q(T + \Delta) = D$ might be reassessed and a smaller $q(T + \Delta) = A$ accepted; the corresponding sigmoidal curve indicated by punctuated line requires a smaller, affordable speed parameter $c = c_A$.

⁹³ The early logical works were seldom read by many; Bertram Russel complained that his fundamental work (Russel and Whitehead 1910) was read with understanding by only six people in the world, “and three of them were Poles”. Abstract logics, in particular multivalued logics was and remains a Polish domain.

Fig. 5. Variants of sigmoidal curves used for Delphi Scenario Writing with back-casting



Such variants of development might be presented to experts for a Delphi exercise: they would comment on the desired level D , on the acceptable level A , on the related costs, etc. After taking into account comments of the experts, new variant of the curves should be presented to them, in order to stimulate a consensus about a selected variant of development.

The process outlined above obviously differs from a classical dynamic programming – it does not use optimization, only a rather fundamental mathematical model of social penetration curves. However, this process differs also from classical back-casting – it uses intuition of the group of experts to agree upon the desired or acceptable level of development D or A , but combines this intuition with a hard, universal model of socio-economic penetration curves. This process can be also augmented to take into account uncertainty – we can use parameter variations of sigmoidal curves to define a “tube” of possible scenarios around a given curve, then select, say, a pessimistic scenario to be reasonably sure of reaching the desired or satisfactory achievement D or A .

The above description is only an outline of the actual approach, because a modification of this approach in the case of territorial diversity is necessary. If we have, as in the Mazovia region, over 40 districts with quite different achievements, then we need to develop a strategy in the face of diversity. There are two extreme and a middle approach to the issue of diversity:

A neoliberal approach is to neglect diversity as an inevitable consequence of development and use strategic support on competitive basis, favouring this way the best developed parts of a region and assuming that their development will influence others by diffusion. As we already stated, after the great crisis 2008-10 it is difficult to rely too much on neoliberal beliefs.

A social state approach (characteristic, e.g., for Scandinavian countries, but also for European social cohesion programs) is to select the worst, lowest developed parts to be strategically supported. There are many reasons for such an approach (the theory of justice by Rawls, 1971; the experience in management saying that a good manager concentrates on patching worst cases; etc.). However, this approach might be justly criticized that it promotes to some extent a counter-motivation: do not do anything, you will be helped anyway.

A middle approach combines these two extremes: you distribute part of the support competitively, another part using Rawlsian principles. This way, the best developed parts are positively motivated, but you help also – in a different, strategically oriented way – the least developed parts. This way corresponds also to the so-called objective approach of multiple criteria aggregation, described below. When using such approach it is good to rely also upon an advice of experts – by involving them through a Delphi process into setting target development goals D_i , A_i for diverse parts of a region enumerated by $i = 1, \dots, I$, as described above.

All above discussion concerned the case when we use only one development measure $q(t)$; however, in real development cases, we have always at least several such measures, say, $q_j(t)$ for $j = 1, \dots, J$. Examples of such measures might be households with access to Internet at home, households with broadband access to Internet, individuals regularly using Internet, individuals who ordered goods or services over Internet for private use, schools equipped with computer laboratories, schools with broadband access to Internet, etc. I assume that all such measures are normalized, i.e. expressed in the same percentage scale, and that past data describing the development of such measures in time are

available, such that socio-economic penetration curves, based e.g. on the simoidal function, can be fitted statistically to these data. However, this results in a large number of such penetration curves $q_{ji}(t)$ (j for diverse measures, i for diverse sub-regions or districts in a region) and the question of aggregation of multiple measures or criteria arises.

There are many approaches to aggregating multiple criteria, see (Wierzbicki et al. 2000); however, we shall discuss here three cases in a sense corresponding to the three approaches to the issue of diversity discussed above: a (neoliberal) weighted average, a (Rawlsian) *maxmin*, and a middle *achievement function approach*. I assume that we have a selected number J of measures or criteria $q_{ji}(t)$ of information society development in a given sub-region i , and the question is first how to aggregate them in order to obtain a single measure $q_{agi}(t)$ for this subregion; this single measure can be used then to rank sub-regions, to determine for them the desired levels D_i or A_i as discussed above, etc.

In the (classical, but with a neoliberal character) *weighted average approach*, a vector of *weighting coefficients* w_j , $j = 1, \dots, J$ is determined subjectively and normalized such that $\sum_j w_j = 1$ in order to preserve the uniform percentage scale. The aggregated single measure is then defined by $q_{agi}(t) = \sum_j w_j q_{ji}(t)$. This method is very simple, but leads to diverse counter-intuitive side-effects. For example, if used in ranking, it can lead to ranking as best a sub-region i that is very good only in one measure j and very bad in all other measures. This corresponds to neoliberal conviction that diversities do not matter as long as an average is good.

In the (Rawlsian) *max min approach* we rank as best the alternative sub-region that has the best (maximal) of it's worst (minimal) criteria or measures; the corresponding aggregated single measure is then defined by $q_{agi}(t) = \min_j q_{ji}(t)$. This method is also very simple and is applicable only if a direct comparison of diverse (absolute values of) measures is meaningful. In an assessment of information society development measures, some of them (e.g., percentage of households equipped with computers) can be quite large, while other measures (e.g., percentage of individuals who ordered goods or services over Internet for private use) can be quite low, and their direct comparison might be meaningless, more meaningful might be a comparison of their differences from some reference levels (e.g., the averages of the measure j over all sub-regions i), $q_{ji}(t) - q_{avj}(t)$.

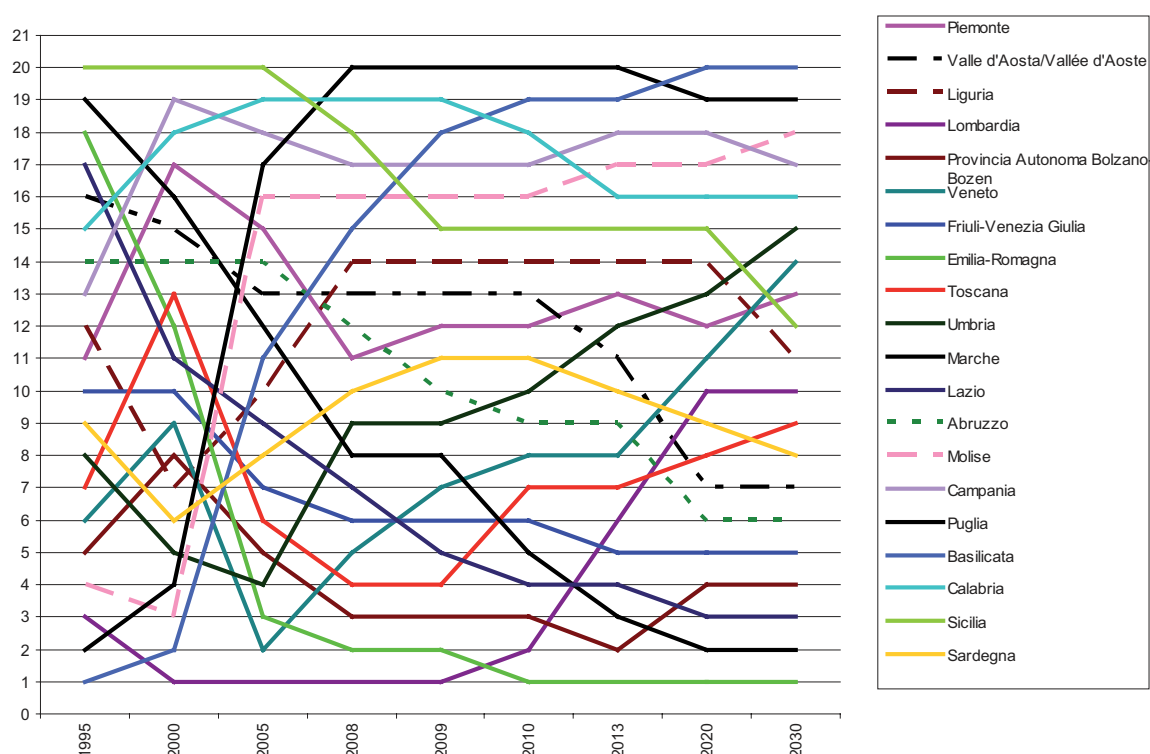
In the *middle or reference level approach* (see Wierzbicki et al. 2000) we use the min-max approach modified by reference levels and, to some extent, by a weighted or direct sum. If we avoid a subjective definition of weighting coefficients, we can use for an aggregation an achievement function of the following form: $q_{agi}(t) = \min_j (q_{ji}(t) - q_{avj}(t)) + \hat{I} \sum_j (q_{ji}(t) - q_{avj}(t))$, with an additional parameter $\hat{I} > 0$ specifying how much the Rawlsian approach is modified towards neoliberal approach (usually a rather small value of \hat{I} is sufficient). There are two different ways of determining the *reference levels* $q_{avj}(t)$.

One is *fully subjective*, depending on the preferences of the decision maker (the author of the strategy); even if subjective, this way is easier to use by the decision maker than specifying subjectively the weighting coefficients, because the latter way might have many counter-intuitive consequences, while the impact of setting reference levels is more direct and better understandable. Another is as objective as possible by defining the reference levels statistically, say, as averages $q_{avj}(t) = \sum_i q_{ji}(t) / I$. The ranking corresponding to reference level approach based on statistically defined reference levels is called *objective ranking*.⁹⁴

After selecting a way of aggregating multiple criteria or measures, we obtain an aggregated measure $q_{agi}(t)$. This measure can be approximated statistically, using past data, by a selected model, say, a sigmoidal function. There are also two possibilities: either to approximate disaggregated measures first, then aggregate them, or to aggregate diverse measures first, then to approximate them; the second possibility is recommended. If we obtain such approximations of aggregated measures $q_{agi}(t)$ for all sub-regions i , we can rank the sub-regions at the current time $t = T$, but also make a projection of changes of their rankings for future times. Such an approach was illustrated in (Grzegorek et al. 2010) on the example of ranking of provinces (smaller regions) of Italy; I repeat here only a graphical illustration of the variability of rankings, see Fig. 6. It can be seen that the variability of ranking might be quite high: some provinces loose their ranking place dramatically over time, some change their ranking place considerably, some steadily improve their ranking place. All this is results from or is related to a large territorial variability of the maximal speeds of socio-economic penetration of information technologies.

⁹⁴ Actually, so called objective ranking is a ranking that is as objective as possible, because all rankings contain elements of subjectivity; we want only to recognize these elements and minimize them. See (Wierzbicki 2008a).

Fig. 6. Multicriteria objective ranking of provinces (smaller regions) of Italy, change in time (lowest is best)



Source: Grzegorek et al, 2010

With all above details and reservations, we see that a dynamic approach to regional strategy determination, with a combination of dynamic programming, back-casting and Delphi Scenario Writing is fully possible. Naturally, the task of experts involved in such a Delphi process is not simple, if they have to take into account sub-regional diversity and multiple measures (criteria) of socio-economic penetration of information technology; but the preparatory computations can be made for them while their main role is to comment on the intuitive setting of desired or acceptable achievements D_i or A_i and costs related to them.

4. Conclusions

We are living in a period after informational revolution, when many old concepts are revised; therefore, it is justified to speak about the need of a new paradigm in regional development strategies. While the era of industrial civilization perceived the world as a giant clock, turning with the inevitability of celestial spheres, we see the world today as an assembly of chaotic processes, in which much can happen, but a new forms of order might emerge and be even subject to relatively universal laws.

We are living not only after informational revolution, but also after the first big crisis of the era after informational revolution. This crisis in a sense removed the remaining ideological residues of the end of industrial era and XX Century, especially the intellectual trends or ideologies of *postmodernism* and *neoliberalism*. The beliefs of postmodernism and neoliberalism are widely disseminated yet, however, and it will take at least a generation until they finally disappear. Nevertheless, it is important to look for a new paradigm possibly as free of their ideological impacts as it is possible.

In this situation, regional development strategy becomes especially important because the informational revolution brings with it a fast increasing territorial diversity that might threaten and already threatens social cohesion, contrary to all policies and efforts of European Union. The study of territorial diversity of socio-economic penetration of information technologies is thus especially important for regional development strategies. In turn, we cannot expect that vast territorial differences of development will disappear by themselves, on the contrary, a strong element of promoting social cohesion is a necessary part of and cannot be achieved without strong regional development strategy. The concept of sustainable development – see, e.g., (Bruntland 1987) – assumes that we should leave our children a world that gives them as much chances as we had ourselves. This cannot be achieved without caring not only for environment, but also for social cohesion.

In particular, the processes of socio-economic penetration of information technologies are slow and the dynamics of such penetration must be taken into account when preparing regional development strategies. The main part of the

paper illustrated that there are relatively universal models of such processes and that it is possible to use them even in intuitively based development of regional strategies.

In this situation, we also need a completely new dynamic approach to strategy development, in particular combining dynamic programming or back-casting with a process of Delphi Scenario writing used before in some Japanese foresight processes. This paper has shown that such an approach is fully viable, including aspects of sub-regional diversity, of multiple criteria aggregation of diverse measures of socio-economic penetration of information technologies, finally, if necessary, also uncertainty aspects.

The paper proposed but an outline of a dynamic approach to regional strategy development. In further research, it is necessary to illustrate the possibilities of such an approach by a more detailed study of selected regions, say, the Eastern and Central regions of Poland.

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Integrated Territorial Policy; high ambitions; limited means

Abstract

The ambition of the Commission is to transform Cohesion Policy into an integrated space based policy. Experiences show that the search for integration entails high cost while the benefits are not always clear. Moreover successful integrated policy making is critically dependent on the quality of the regional and national administrations. We show that the convergence countries (that are the beneficiaries of the largest segment of the EU resources) cope with big problems as to the quality of their governance. We also show that competitiveness countries (that benefit only to small amounts) perform in general much better on this score. So it seems that (as far as the condition of quality governance is concerned) the ambition of territorial integration can be realized where it is least needed, while those who need it most cannot realize it. We suggest to limit ambitions of integration and regionalization in convergence countries and to step up considerably the EU support for the improvement of administrative capacity.

1. Introduction

The ambition of the Commission is to transform Cohesion Policy into an integrated space based policy. Experiences show that the search for integration entails high cost while the benefits are not always clear. Moreover successful integrated policy making is critically dependent on the quality of the regional and national administrative capacity. The objective of the present paper is to check in how far the ambition is realistic and to formulate the conditions that need to be fulfilled for the realization of the ambitions.

The structure of this paper is as follows. In the next section we will describe the intricacies of sectoral policy integration. Then we turn our attention to space and focus thereby on the discretion that regional authorities need to have in order to be able to shape place based policies. In the following section we combine the two; we describe the difficulties to realize the ambition of integration at the regional level using a number of practical cases. One of the basic requirements of success for both integration and discretion is administrative capacity. In section 5 we describe the situation in the EU as to this aspect. In the final section we draw the conclusion that the means are too limited for realizing ambitions of integrated place based policies in the convergence countries.

2. Sectoral integration

2.1. The challenge of multi sector governance

Whatever the geographical level at which public authorities operate (local, regional, national, European or international), they all face the challenge to find organizational solutions to solve the problem of inconsistency between their various specialized policies (e.g. competitiveness, environment, trade, employment). The latter tend to specialize further and to let the policy process evolve as much as possible within each specialization without taking into account other policy objectives. This leads to 'pillarization', each pillar is different as to the choice of governance methods, administrative procedures, time horizon of major objectives, influence and power division between actors in the network, etc.

Such independent policy specialisation has considerable dis-advantages. For instance the pursuit of the objective of better connectivity through the building of road infrastructure may actually make it more difficult to realize environmental objectives such as the reduction of greenhouse gases and habitat protection. Such inconsistent policy making leads to loss of effectiveness and hence to welfare losses.

2.2. Ambition: consistency

In the past many attempts have been made to come to consistent policymaking.

One such solution was to use *hierarchy*: by setting certain objectives above others the whole burden of adaptation was put on the subsidiary policy. We recall that the treaty has designated as priority policies the internal market and the monetary union. Both policies are pursued on their own merits. In case they have a negative effect on another objective (e.g. on cohesion) the efforts of the policy to cope with that objective have to be stepped up⁹⁶. Moreover the European

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⁹⁶ In certain ways this autonomy applies also for other policies that have no absolute priority but for which the taking into account of different objectives would seriously endanger the effectiveness of that policy. For instance in innovation policy large R&D projects (that come clearly

Council has taken the political decision to subordinate many objectives in different policy areas (such as cohesion) to some overarching ones (such as competitiveness and jobs in the Lisbon and Europe 2020 strategies).

The other solution has been the use of the method of *coordination*. The treaty specifies a number of cases where this method needs to be used. Moreover actual policy making has indicated very clearly situations where independent policy making has produced very poor results (for instance environment) and coordination is imperative. The Commission has tried to gear its policy making better towards consistency by obliging the different Directorates General to consult in an early stage partners that are likely to be affected and to make impact assessments of their policy proposals. Another way is to create frameworks such as the joint programming.

The highest ambition is *policy integration*.⁹⁷ 'Policy integration requires more inter-sectoral interaction than policy coordination. Whilst co-ordination aims at adjusting sectoral policies in order to make them mutually enforcing and consistent, policy integration results in one joint policy for the sectors involved.' (Meijers and Stead 2003, 5). It assumes the joint consideration of the problems and targets and the putting in place of combinations of instruments from several sectors in a single framework dedicated to the design and execution of the integrated policy.

2.3. Trends and experiences

The EU pursues a large number of policies (Molle 2006), some of which can have a significant influence on the distribution of economic activity and hence can have an adverse effect on cohesion (Molle 2007). In order to avoid the loss of effectiveness of its policies due to such conflicts the design and implementation of major EU policies is coordinated with Cohesion Policy. This is notably the case for policies that have a strong spatial or territorial dimension, such as transport and environment, but also for policies that are main drivers of regional growth such as research and the information society (e.g. Molle 2009).

Moreover the method of hierarchy has also been used. The EU Cohesion Policy has been made instrumental to the objectives of the overarching policy objectives of the Europe 2020 strategy. The main method is to make the support of the Structural Funds dependent on the contribution of the specific programme to smart, inclusive and sustainable growth.

This set up falls short of a real policy integration, which need not surprise as the record of the EU in genuine policy integration is at best mixed. Even for EU policies to which the highest political instances (European Council) have reconfirmed at several occasions their solemn commitment (e.g. integrated environmental sustainability policy) the record is rather poor (Steurer 2007, Molle 2011). The reason is that the putting into practice of an integrated system runs into numerous institutional obstacles. The present systems for integration are inadequate because the requirements in terms of administration are much higher than any of the actors can handle. This holds for the EU, and for its Member States, even for the highly developed Member States (Schout and Jordan 2007).

3. Regional discretion

3.1. The challenge of multi level governance

Responsibility for policy has to be attributed to the different layers of government. In the EU the interface EU- Member State is governed by the subsidiarity principle (see e.g. Molle 2011). Within Member States the interface nation - region should also be governed by the same principle. So, responsibility for policy action is best done at the lowest level; unless economies of scale or externalities force it to be centralized. This rule is based on sound economic and political reasons: locals know best the specificities and hence can make the best choices as to needs and means. Moreover it stimulates effectiveness through increased commitment of the partners that are responsible for implementation. Finally it can stimulate efficiency; as it avoids congestion at centre.

The application of the subsidiarity principle should ideally lead to a clear division of roles; some policy areas should fall in the realm of the EU; some in the realm of the nation and others in the realm of the regions. However, in practice such a clear attribution is only in exceptional cases possible; in most instances parts of the same policy will be at two or even three levels. In those cases the consistency between the various levels needs to be realised by either hierarchy (the centre sets the rules and the regions apply) or by coordination (the various levels come together and bring their objectives and instruments in line).

under the EU competences) have to be carried out on their own merits and any negative consequences on spatial disparities or on competitiveness of Member States have then to be addressed by Cohesion Policy.

⁹⁷ As a matter of fact the term integration is almost monopolized for rather stringent forms of horizontal policy coordination.

3.2. *Ambition: consistency*

The use of either method depends very much on institutional conditions. We will consider more in particular two interfaces the EU – national and the national – regional.

In unitary states hierarchy is the predominant form. Regions are subordinated to the state. Certain powers can be devolved to them and in these cases consistency is maintained by national legal arrangements, budget constraints and in the end the threat to use the power of central government to overrule local government.

In federations the problem of *hierarchy* is more intricate; the option chosen here is to attribute as much as possible all public tasks to each of the government levels. Remaining problems have to be solved by coordination between layers of government and in the end by adjudication of the constitutional court.

In the EU such federal type provisions have been made to solve much of the vertical consistency problem in the relation Member State – Union.

- The top down approach is applied notably in cases where the subsidiarity test indicates a strong need for central policies and the treaty bestows exclusive competences on the EU (e.g. competition).
- The bottom up approach is applied in the many cases where the attribution of competences to either the EU or the Member States is not clear. It means that coordination-type of solutions have to be found in order to safeguard consistency between the various layers of government and administration involved.

There is a *division of roles according to the stage of the policy process*. The EU is mainly concerned with the formulation of policy. Policy implementation on the EU level is limited to areas where the EU has full competences. In all areas where the EU shares competences with the Member States the EU deals only with the monitoring of the implementation of rules, the framework administration of budgetary outlays and the organization of coordination. The national level of the multi level European governance system is charged with the practical policy implementation in all other respects.

The *relation Region Member State* is the realm of the Member State; they are free to choose the arrangements they consider best. Member States have opted for very different solutions. These range from de-concentration (participation in delivering of central policies to devolution (the transfer of power and resources to regions). The latter implies the autonomous design and delivery of regional development policies with own instruments e.g. incentives. Here too the question of vertical consistency is partly addressed through hierarchy (by making clear legal provisions) complemented by coordination between different levels of government and administration.

The question can come up of course whether this joint model of limited hierarchy and extensive coordination among largely autonomous partners is sufficient for effective vertical consistency. One might think that in vertical integration, just like in horizontal integration an integrated set up might be required. However, such solutions would be beyond reach given the supra-national set up of the EU.

3.3. *Trends*

In many countries of the EU the government is still fairly centralized. This is logical as far as the smaller countries are concerned.

In the *cohesion/convergence* countries) centralization is still the dominant situation (this applies to countries such as Greece, Portugal, Hungary, Bulgaria and Romania). In the larger countries such as Spain and Poland ambitious plans for regionalization have been realized⁹⁸. Plans for decentralization exist also in many other Member States that are at various stages of implementation. Often these are limited to the empowerment of the local level.

In the *competitiveness* countries one has seen in the past also tendencies towards decentralization and regionalization. These were particularly appropriate in formerly centralized large countries such as France, Italy and the UK. For some these trends have stopped (FR) or are even reversed (UK). All efforts fall far short of full devolution (may be with exception of Belgium).

So, to conclude one cannot observe a single pattern; on the contrary there is much variety both in terms of level (region/local) and type of competence. An example of the complicated implementation in practice is given in Box 1.

⁹⁸ See e.g. Hopkins (2002). This European trend is part of a global trend (Rodriguez - Pose and Gill 2003).

Box 1. The regionalization of agriculture

The EU agricultural policy structure consists of two pillars. In the first pillar the main instrument is direct payments to farmers. The idea is to maintain activities that otherwise would not be viable. In the second pillar the main objective is rural development, which comprises activities such as improvement of productivity, marketing and processing. This policy is more differentiated by area and hence has more territorial elements. Given these objectives and instruments the CAP seems to be a perfect candidate for regionalization.

A detailed study into the organization of the policy in different countries shows that no general patterns can be found. On one hand there is regionalization, on the other hand one can also see some cases of re-nationalization. On all levels (EU, nation and region/local) there is competition between actors. Moreover there is much competition between actors on different levels due to overlapping responsibilities, unclear roles and conflicting interests of the main protagonists. At the EU level the centralizing force comes from DG Agri; the decentralizing force from DG Regio. In most countries the central level exerts a strong control over agricultural policies and does not want to give away its power; this applies in particular to pillar one. Moreover in as far as responsibilities are decentralized there is much competition between different sub-national levels. All in all it seems as if the delivery system is in need for rationalizing and there are good reasons for giving the regions here an increasingly coordinating role.

Source: Trouve and Berriet Sollicec (2010)

An interesting aspect in this total set up is the relation EU Regions. In the 1980s the combination of regional ambitions (leading to devolution) on one hand and the pressure of the EU Cohesion Policy for strong regional partners has produced the idea of a "Europe of the Regions". This idea for an equal position of the three levels of government (with direct participation of the regions to the EU policy machinery) has fallen out of favour (see e.g. Elias 2008; Keating 2008)⁹⁹. This does not mean that the potential for a form of region – nation – EU coordination (leading to a limited form of integration) has been discarded also.

4. Development (and social) policies on the regional level

4.1. Consistency; ambition and reality

Probably the biggest risk of inconsistencies occurs at the intersection between multi-level and multi-sector approaches (Meyers and Staed 2004). On one hand the search for horizontal consistency at the EU level tends to lead to vertical inconsistencies as on the national level other compromises between sectoral policies may have been worked out. On the other hand, vertical policy integration by sector as is done in the framework of pillarized policies (such as employment) may complicate the solution of intersectoral conflicts on the EU, national or local level.

So, there is a great need for more integrated policy making that safeguard simultaneously horizontal (between sectors) and vertical (between government layers) consistency. However, the present solutions that the various governance methods provide seem to be inadequate for the task (Steurer 2007, 206). So a review of the ambition in the light of the capacities to realize it is needed.

The ambition of consistent policy making both in the vertical (different levels of government) and horizontal dimensions (multiple objectives) is based on the welfare gains that can be realized through increased effectiveness. However, one should not forget that this search for consistency and effectiveness comes at a cost. Coordination and even more integration put a heavy burden on the public administrations of the EU, the Member States and their constituent parts (regions and local authorities). They are charged to acquire and process information on the agendas of all actors in the system, to clarify objectives, to come to agreements on the best methods and instruments and to handle conflicts in the implementation stage. Coordination may also lead to indirect cost (or welfare losses) due to the fact that efforts for integrated policy making often lead to stalemates; so no solution instead of partial solutions. Cost may also come from persistent action to push through the integrated policy which may lead to the adoption of inadequate mixes of instruments and hence to a loss of effectiveness and welfare.

This trade off between cost and benefits of coordination/integration is difficult to make in practical terms as both cost and benefits are in general difficult to measure. So there is likely to be a persistent gap between the claims for consistency on one hand and the willingness and capacity to achieve it on the other hand. So, in practice one tends to refrain from either sectoral or vertical coordination/integration or even from both (OECD 1996a, 8,9).

⁹⁹ Indeed, nation states have jealously kept their role as the gatekeeper for all EU regional relations.

4.2. EU policy choices

As part of a solution to these problems the EU has decided to make at the EU level a considerable coordination effort by making Regulatory Impacts Assessment compulsory at an early stage of the policy cycle. This has greatly contributed to the taking away of inconsistencies at the higher policy levels but stays quite some way from an integrated place based policy. There have been many pleas to make the assessments much more detailed as to their territorial dimension (e.g. EC 2010b, 24,195) but their realization runs up to considerable conceptual and practical problems.

The EU has for some time worked at solutions to safeguard as much as possible both sectoral and vertical consistency by setting up a special governance system for cohesion with a dedicated programming and implementation system. The record here is fairly good, which may be related to the fact that this policy making and delivery system comes close to an integrated institutional set up that is a basic requirement for success. Indeed, consistency of the local/regional programmes with the national and EU level is constantly sought for by the actors involved in the negotiations on the framework programming documents.

In the past the EU has changed on several occasions its policy towards consistency. In matters of vertical consistency this concerned in particular the inclusion of the regions of the accession countries (e.g. Bruszt 2008). Initially the EU programmes were favourable to the creation of regional institutions capable of dealing with development issues; after accession they rather became instrumental to recentralization. In matters of sectoral consistency the EU has increased pressure on Cohesion Policy to contribute to the top priorities as specified in the Lisbon and Europe 2020 strategies.

In future the EU wants to go some steps forward along this route. In view of the poor results of sectoral integration at the EU and national levels it has chosen to put the accent on integration at the regional/local level. This approach has been labelled *the integrated place based approach* to development (see Barca 2009; EC 2010a). Its basic idea is two pronged. On one hand integration: the specific development problems of a region can not be solved by isolated sectoral measures (infrastructure, labour market or other), but need a package of measures addressing the various aspects of the whole problem in a consistent way. On the other hand regionalization: sectoral integration can only be made effective at the regional and local level where integration can be translated in concrete projects and priorities for investment based on a good assessment of the regional potential.

4.3. National experiences

4.3.1. A case study approach

Many studies have already tried to bring cases to the fore of successful place based development policies. Some of them come from the Commission (EC 2010a); others from academics among which one finds notably those that are interested in the possibilities of a territorial approach encompassing physical planning (e.g. Duehr et al 2010 and Adams et al 2010). The problem with these is that they do not inform us about the advantages and disadvantages of alternative approaches.

In order to draw some lessons from cases where real choices had to be made both in the dilemma "integration versus sectoral policy making" and in the dilemma "regional versus centralized policy making" the European Commission has commissioned a study around three main themes; innovation; transport infrastructure and labour market (Ecorys 2010). In each domain seven case studies have been made taken from all types of Member States: highly developed western countries with mainly competitiveness regions; Eastern countries with mainly convergence regions and intermediate countries. In the following sections we give our interpretation of the results of these detailed case studies.

4.3.2. Innovation

Important segments of R&D and innovation policy are subject to economies of scale and are therefore pursued on the EU and national level. This applies notably to the part that concerns the R&D institutions. This is a clear sector orientation. However, over time there have been important tendencies towards integration with other policies. One need but mention environment; much R&D has gone into the limitation of toxic elements such as car exhaust gases.

Most case studies into the innovation centred programmes referred to the Triple Helix model; featuring the relations between the R&D sector, the private sector (companies, in particular SMEs) and the public sector (national and regional governments). The studies showed that all systems studied focused on better internal integration; that means of the various measures directed at parts of the regional innovation system. The policies studied generally comprised two dimensions. In the first the focus is on innovation centred instruments, mainly various forms of financial support to innovation and the exchange of knowledge between R&D sector and firms. In the second the focus is on support to conditions for

success; for instance in the building up of adequate human resources (skills), the adaptation of the government support structures to specific needs, the provision of infrastructural facilities (such as premises) or services (such as market research). In some cases there is some integration with overall sectoral policy in the sense that efforts are orientated towards the sectors the country has singled out for increasing its competitiveness. Genuine integration with other main policy domains (labour market, environment) could not be found.

As far as *the regional dimension* is concerned the case studies showed a mixed pattern. In some of the innovation leader countries the development of regional innovation systems has been maintained; the same is true for some countries, where the regional competences in the matter have been strengthened in the past. This applies for instance to Belgium and Spain. In the latter country however, there is some tendency at centralization so as to increase the specialization and hence the effectiveness of the overall policy.

4.3.3. *Transport infrastructure*

In matters of transport policies quite a few segments are centralized and sectoral. We can mention here the basic road and rail network, measures of road safety. The same holds for the policy with respect to main airports. Other segments have a more local orientation but remain sectoral; for instance the road pricing system in London. In matters of transport a certain tendency towards more integration and more decentralization can be observed. A number of case studies show this.

A case in point in matters of decentralization with some integration is the development of the Spanish motorways system where regions have an increasingly strong say and introduce aspects of functionality with respect to their overall development. The clearest example is the French high speed railway network (TGV). The new rail connections have been planned in an integrated way associating national, regional and urban planners and linking the development of new stations with urban renewal schemes and major business centre developments (e.g. Lille and Lyon). These plans also incorporate an environmental component as they shift transport away from road and air. A similar integration on the regional/urban level can be seen in quite a few developments around regional airports, as the case of the Krakow airport shows that is meant to support both tourism and innovative industrial developments. However, cases of complete regionalized and integrated planning remain rare; although the advantages of such an approach (provided it is maintained over a long period) are very clear as the case of integrated urban planning of the Copenhagen region shows.

4.3.4. *Labour market*

Many labour market policies are also executed at the central level and are sector orientated. We mention here first the setting of the regulatory framework (concerning hiring and firing, wage negotiations, work conditions, taxation, etc. We mention next the so called passive labour market policies that provide insurance against unemployment, sickness, etc. Although in both fields there is some tendency towards integration with economic policies (for instance flexicurity) the important elements of the policy tend to stay sectoral. Active labour market policies aim at stimulating employment by providing training, job help, education etc. They provide more possibilities both for integration and regionalization.

The case studies show that much of the new policy orientations are geared towards a consistency by integrating labour market (employment) and social policy measures (security and also anti poverty). Further integration is limited to an orientation of ALMP instruments to specific needs of economic development of the region and to some SME development. These policies are indeed more and more executed in the framework of regional development plans.

4.4. **Conclusion**

So, there are efforts towards *integration* but they tend to fall short of the ambitious definition of integration that we have adopted. The efforts tend to focus on the internal consistency of the measures falling in the realm of a broad policy area; some further integration can be observed with local economic development in the sense that the measures of the selected policies have to be instrumental to economic development goals.

Regionalization is pursued on quite some scores. However, here too the case studies show that it is often limited to small segments of the policy and is notably oriented towards the set up of integrated regional or urban development plans. Integration concerns then also aspects of spatial planning. Some integration can also be seen with policies that are instrumental to increase the effectiveness of the regional (local, urban) policy; in this respect we may mention the support to new institutions and the reinforcement of administrative capacity.

The degree to which integration and regionalization occurs seem to be dependent on a few systemic factors. Policies are sectoral unless strong externalities urge policy makers to look over the borders of their own domain. Policies are centralized unless a strong regional differentiation overshadows the advantages of scale. The two seem to be strongly

dependent on the level of economic development. In the later stages (for highly developed rich countries) the welfare effects of integrated and decentralized policies are dominant. In the early stages (that means for relatively poor countries) the advantages of sectoral centralized policies are dominant.

The evidence in the previous sections reveals an incongruity. Those that can afford integrated regionalized policies are the countries that are not in need for EU support. The countries that are in need for EU policy support cannot afford the luxury and will stick to sectoral and central approaches.

5. Government quality¹⁰⁰

5.1. Basis

The EU is very dependent on the national and regional administrations to put its policies into effect. This applies irrespective of the governance method chosen. For the Cohesion Policy two are particularly relevant: the budgetary and the coordination method. EU cohesion programmes are financed by the EU but managed in practice by the Member States. For the choice of the priorities in these programmes coordination is necessary between national and regional civil servants and politicians to realize conformity of their programmes, projects and actions with EU guidelines.

So it is particularly important to be sure of the capacity of the national and regional administrations to perform these tasks effectively. The EU Cohesion Policy regulations prescribe in much detail the institutional, governance and administrative systems of the delivery of the policy. The EU considers that over the past period (as of 2000) these systems have been put in place successfully in the new Member States and improved in the old Member States (EC 2010b, 244). These EU obligations have had a positive effect on national and regional administrative cultures by prescribing the forms in which programming, monitoring and evaluation have to be done and partnership has to be given substance. The EU recognizes that there is still considerable room for improvement, in particular in Romania and Bulgaria. Moreover the EU is aware that the success of the integrated place based approach is limited by the limited capacity of the local administrations (EC 2010a, 20) and has committed itself to put much effort in further improving capacity.

Unfortunately the EU has not published any comparative assessments of the (future) capacity of governments to assume the more complicated tasks that would be entailed by integrated policy making. So it is useful to see whether other data are available that can shed some light on this issue.

5.2. National level

Interesting quantitative info is available for the national level and the period 1998-2009 (Kaufmann et al 2009).¹⁰¹ These indicators are based on surveys among economic decision makers and in that sense may be relevant for economic development purposes. We have adapted the detailed information from this publication to construct an average index running from 0 (worst) to + 100 (best).¹⁰² Table 1 classifies the EU Member States in six groups by decreasing order of governance quality. We have defined three groups above EU average and three below EU average.¹⁰³ We have added a last column with the GDP/P as an indicator, as already a first glance at the results shows that there is a certain relation between the quality of government and average wealth levels¹⁰⁴.

¹⁰⁰ This is section 4.5 of Molle (2011)

¹⁰¹ The indicators are based on a large number of qualitative data that have been grouped in four composite indicators: government effectiveness; regulatory quality; control of corruption and rule of law.

¹⁰² The World Bank studies use an indicator that runs from – 2.50 to + 2.50. As this is not common we have decided to multiply all results by 40.

¹⁰³ The delineation of the groups is done on the basis of rank orders for each indicator. It was facilitated by the similarity in the order of each of the indicators; the groups have been made where a rift occurred; irrespective of the width of the classes. In interpreting the results one should take into account that the delineation of the groups is not on all points very sharp and that differences between countries on the border lines between the groups are rather small. However, these concern mostly small countries that are not weighing heavily in the averages. Mind that other non EU European countries tend to associate closely to one of the groups distinguished. This is the case for Norway and Switzerland that would fit perfectly in the first group and for the candidate countries Croatia and Turkey that would fit in the last group.

¹⁰⁴ The EU uses in general GDP per head figures according to PPP; these attenuate the differences but do not change the overall picture as given in the table.

Table 1. National indices of governance quality by class

Group	Gov. Quality Index	Member States	GDP/P index EU 27 = 100
1	80	DK, FIN, SWE	150
2	70	AUS, GER, IRE, LUX, NL, UK	130
3	50	FRA, BEL, MAL, POR, ESP	110
4	40	CZE, CYP, EST, SLOVE	60
5	25	ITA, GRE, HUN, LAT, LIT, POL, SLOVA	70
6	0	BUL, ROM	20

Source: Kaufmann, Kraay, Matruzzi (2009)

The data from Table 1 show that there is a clear split between above average and below average that runs largely along the lines of old Member States and new Member States. This can be explained by the long (albeit different) administrative traditions of the countries in the former group and the difficulties of transition of the countries in the latter group. There is one country that is a positive exception (Malta) and two that are negative exceptions (Greece and Italy).

A detailed analysis gives rise to two further comments:

- *Above average.* In the highest subgroup (1) we find the three Nordic countries (Sweden Denmark, Finland) with scores around 80. In the middle group (2) we find countries of the North West of the EU with scores around 70. The group just above the EU average of 50 (3) is mainly composed of countries in the South West of the EU.
- *Below average.* In the highest subgroup (4) we find four new Member States that have performed best in adapting their civil service to modern standards (Slovenia, the Czech Republic, Estonia and Cyprus). In the lowest one (6) we find two countries that on many other performance indicators (such as GDP/P) close the list (Romania and Bulgaria). In the middle group (5) we find a mix of Southern and Central European countries.

The basic data as published by the World Bank shows two main trends.

- First a very large *stability*. Indeed, for most countries the level stays about the same over the whole decade. So we cannot discern any trend towards an overall improvement of the quality of governance in the EU. In line therewith we do not see any trend towards convergence between new and old Member States (as we see in matters of GDP/P). So, one cannot take for granted that with increased wealth the quality of governance will increase as well.
- Second, some *flexibility*. Some movements are positive, such as the improvement for some new Member States (notably Slovakia). Others give much reason for concern, such as the rapid decline in the scores of some old Member States (notably Italy).

6. Conclusions and recommendations

6.1. Conclusions

The ambition of the Commission is to transform Cohesion Policy into an integrated space based policy. Experience has shown that the integration of policies is very difficult to achieve. Moreover in many countries regional devolution is still weak. The conclusion can thus be that successful (effective) regional integrated policy making is very hard to achieve and is critically dependent on the quality of the regional and national administrations.

We have shown that there are considerable differences between countries in the quality of their governance. We found that on the national level the differences are highly correlated with wealth. This poses a particular problem for Cohesion Policy. Indeed, the convergence countries (that are the beneficiaries of the largest segment of the EU resources) cope with big problems as to the quality of their governance. We have also found that competitiveness countries (that benefit only to small amounts) perform in general much better on this score. So it seems that (as far as the condition of quality governance is concerned) the ambition of territorial integration can be realized where it is least needed, while those who need it most cannot realize it.

The EU recognizes the need for improvement of the administrative and institutional capacity; both for the Cohesion Policy per se (EC 2010b,c) and for the other major policies (EC 2010d), although the effort in the latter applies notably to the financial administration. The technical and financial support that is given under the Cohesion Policy to countries and regions with deficient administrative structures certainly helps to improve the situation given the very strong interest Member States have to secure funding. However, notwithstanding such incentives the progress on government quality tends to be very slow. Most probably effects will not be seen before the end of the next programming period.

So there is a considerable gap between ambition of consistency through integration and capacity at the regional level to achieve it

6.2. Recommendations

Policy makers that set high ambitions have to make sure they have the means to realize them. This applies as well in matters of the ambition of integrated space based policy making. Past experience shows however, that in this domain the means presently available will not be sufficient. As it seems unlikely that the means situation will significantly improve in the foreseeable future it seems wise to limit ambitions to available means in order to avoid the waste of resources and considerable frustration.

The first limitation would concern the degree of integration. We suggest limiting ambitions of integration in convergence countries to cases of obvious synergy between policy initiatives from different policy fields. In other words to leave much of sectoral policy autonomous and coordinate only those cases where the (negative) externalities are obvious and where synergies request the coming together of those responsible for the two policies to take away such conflicts. Proceed with integration only in step with the improvement of the government quality and the administration capacity. Give priority to the elements that have been selected in the Europe 2020 strategy.

The second limitation concerns the ambition of *regionalization*. It seems wise to concentrate regional actions on policy elements with a strong regional focus (e.g. ALMP, SME). It seems equally wise to make sure regions have means to perform tasks notably financial means. Finally for efficiency reasons we suggest to attribute clear roles to each level and limit coordination within agreed frameworks for decision making and accountability.

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Should regional policy for all be part of the new paradigm?

According to the Commission communication (Commission, 2010a) on the budget review, 'Cohesion Policy should become a standard bearer for the objectives of smart, inclusive, and sustainable growth of the Europe 2020 strategy in all EU regions'. This statement conveys two fundamental messages about how the Commission views the future of Cohesion Policy. First, it signals that Europe 2020 is to be the over-arching framework within which Cohesion Policy is deployed and that, as a consequence, the content of the policy should reflect the goals set for the strategy. Second, by emphasising 'all' regions, the statement makes clear that the Commission rejects the notion of confining Cohesion Policy exclusively to the least developed parts of the EU.

Among the submissions to the budget review consultation, several Member States had argued for Cohesion Policy to be more concentrated spatially. Thus, the Dutch government calls for targeting of 'direct cohesion funds at the least prosperous regions in the least prosperous countries, supplemented by a programme for cross-border cooperation', while the Swedish government asserts that 'Cohesion Policy needs reform, both in terms of composition and volume. Spending in this area should – in line with the Treaty – focus on economic and social cohesion in parts of the Union most in need, i.e. primarily in the new Member States'.¹⁰⁶

The UK is even more explicit, arguing that 'Structural and Cohesion Funds will continue to be an important mechanism for targeted redistribution towards less prosperous Member States. Consequently, Structural Funds in the richer Member States should be phased out. Given that aim, the priority should be that standard "competitiveness and employment" funding is no longer available to richer Member States' (UK Treasury, 2008). However, the Swedish submission, in its proposals on richer Member States goes one step further by calling for 'collaboration, exchange of experiences and benchmarking between regions' as the means by which a European dimension to Cohesion Policy is assured'.

These standpoints are manifestly incompatible with the Commission's paradigm and pose awkward questions about the aims of Cohesion Policy. One interpretation is that its core purpose should be to underpin the structural reforms that are at the heart of Europe 2020 and that, while spatial concentration is necessary, a better EU-wide allocation of resources (in the sense put forward by Musgrave, 1959) is the primary objective of this form of public spending. By contrast, a view widely held among leading economists is that cohesion is primarily (again, in the Musgrave sense) a tool of re-distributive policy – a view echoed in the forgoing quotation from the UK submission. Although any policy instrument can, potentially, affect multiple targets, the distinction between the allocative and re-distributive is a stark one that can lead to different spending priorities, and clearly would do so if all regions are eligible. In particular, if a choice has to be made between spending that advances Europe 2020 and spending that confers maximum benefits on a target region, but does not necessarily contribute to wider aims, the basis for the decision will be different.

This chapter reviews the arguments around EU regional policy in richer regions. It starts by recalling the origins of EU policy, offers an interpretation of the EU budget review and the complementary proposals in the 5th Cohesion report (Commission, 2010b), then examines the economic and political rationales for continuing to have regional policy in richer regions of the Union. Concluding comments complete the chapter.

1. Why have a Cohesion Policy?

In political as well as economic terms, Cohesion Policy plays an important role in the EU. Constitutionally, its primary purpose – as set out in Art. 174 TFEU – is to reduce the substantial regional inequalities in the EU. However, while the second indent of the article refers to reducing disparities in the 'levels of development of the various regions and the backwardness of the least favoured regions, the third indent of the article also lists categories of territories that should be targeted in the following terms:

'Among the regions concerned, particular attention shall be paid to rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain regions.'

The policy has evolved considerably over the years in both its content and coverage since regional policy was introduced in 1975 when the European Regional Development Fund (ERDF) came into being, with a share of the EU budget that just exceeded 4% during the latter half of the 1970s. The ERDF share then increased over the following two decades, reaching 14-16% by the late 1990s. Step changes can be identified following the accession of Greece in 1981, the Iberian ac-

¹⁰⁵ This chapter builds on and updates Begg (2009).

¹⁰⁶ Submissions to the EU budget review consultation

cession and the implementation of the new financial perspectives in 1988 (the first 'Delors' package) and again in 1993 ('Delors Paquet II'). Given that the budget itself expanded over this period, it is striking how substantial an expansion of resources for regional policy took place. In addition, the separate Cohesion Fund began disbursing resources from 1993 onwards and this expenditure line rose to reach some 3% of the EU budget by 1999. This fund too had an explicit regional dimension, insofar as it was targeted at the four least prosperous Member States, but unlike the Structural Funds is not subject to the same regional targeting within the recipient country.

When Finland and Sweden joined the EU in 1995, a new objective 6 for the Structural Funds was introduced of dealing with regions with very low population densities. Such regions were only to be found in these two countries, both well above the EU average in prosperity, and as the forgoing extract from Art. 174 shows, remain a distinctive objective. A further important shift followed the accession of twelve new Member States in 2004 and 2007. This led to a substantial re-orientation of Cohesion Policy spending towards these new Member States, although it is noteworthy that for the 2007-13 period, nearly half the cohesion budget will continue to be spent in EU-15 (House of Lords, 2008).

2. Motivations and rationale for Cohesion Policy

Cohesion is not an easy notion to define and, although there is often a tacit understanding of what it means, it is open to a variety of interpretations. The ambiguity about the meaning of the term means, in turn, that analysing the policies that bear on it is not straightforward. As Molle (2007: 5) observes, it is a 'concept that has been introduced in the EU without a precise definition'. It arguably embraces inequalities, whether in income, living standards, employment or environmental conditions, and also has to be seen in terms of opportunities as well as outcomes. While cohesion tends to be equated operationally with regional divergence in basic indicators such as GDP per head and (in a less easily calibrated way) social conditions, it is ultimately a political notion.

The three main direct aims of Cohesion Policy are, as Eiselt (2008) suggests, compensatory, allocative and re-distributive. She maintains that the compensation aim was foremost up to the late 1980s, while the allocation aim was given more weight following the 1988 reforms of both the EU budget and the Structural Funds. In particular, the programming approach adopted from then onwards gave priority to productivity gains in recipient regions. However, the fact that Cohesion Policy has always been quite strongly biased towards the least prosperous Member States has meant that its distributive impact (at least at the country level) has always been substantial.

From the advent of the Lisbon strategy in the year 2000, the EU as a whole became much more concerned about competitiveness, arguably at the expense of the past emphasis on solidarity or equity. This shift had two main ramifications. First, the increasing pressures of globalisation mean that the competitive position of the EU as a whole has come under growing scrutiny, creating an obligation on economic development policies not just to promote the convergence of lagging or restructuring regions, but also to feed-in to EU-wide advances. At its most positive, this conjunction could yield a double dividend, but there is also a risk that the solidarity element becomes, if not lost, secondary. Second, as the Lisbon strategy progressively becomes the core of EU policy, especially under the Barroso Commission, the political commitment to cohesion as a deepening of integration has been less evident. Instead, cohesion has come to be seen as one of the few pots of funding capable of supporting a variety of policy objectives and there is every indication in the budget review that Europe 2020 will extend this trend.

2.1. Explaining regional disparities

The economic case for regional policy relies on a variety of arguments, but is also hotly contested. One prominent strand of thinking is that regional disparities in economic performance stem from market failures that create traps (Barca, 2009) from which competitively weaker regions are unable to escape without external intervention in the form of economic development subsidies. On this reasoning, once trapped in a low growth trajectory, regions will face cumulative disadvantages and will not be able easily to break free of these constraints. If, in addition, a region has specific geographical characteristics that weaken its competitive position, it may struggle to attract investment and economic activity. Examples include: remoteness, adding to transport costs; an inhospitable climate, with possible effects on energy costs or the capacity to attract key workers; or man-made phenomena such as pollution that undermine the attractiveness of the location.

To the extent that economic disparities are caused or aggravated by integration, there is a logic in a response at the EU level. For euro area members, in addition, there is no scope for using monetary policy to achieve adjustment, while fiscal policy is constrained by the stability obligations of fiscal policy co-ordination (both the Stability and Growth Pact and the macroeconomic components of the Lisbon strategy). Consequently, economies that face asymmetric pressures have to rely on supply-side policies to adjust.

Structural change can also be adduced as an explanation for regional disadvantage, especially where it has a pronounced impact on industries that are central to a region's economy. In many EU Member States the relative decline of 'old' industries such as mining, textiles or heavy manufacturing has given rise to problems that, even if there is a willingness to embrace change, still leave an enduring legacy. For the EU12 and especially the countries of central and eastern Europe (CEE), the transition from autocratic centrally planned economies, inevitably had a large impact, but they have also been affected by the subsequent drive to integrate into the EU. Consequently, economic integration can itself be a source of change. Indeed, part of the reasoning behind the single European market was to accelerate such change. A justification for EU level Cohesion Policy is therefore to match the territorial scale of the response with the source of the economic problems.

2.2. Cohesion as a policy instrument

These developments have required considerable new thinking on how to formulate and implement policy, but have also exposed tensions of different sorts about what can realistically be achieved and raised concerns about possible confusion in objectives. For example, should the over-arching competitiveness aims of the Lisbon/Europe 2020 strategies take precedence over solidarity, environmental aims or the search for territorial balance as the 'narrative' for cohesion? Looking forward, the EU's commitment to dealing with the consequences of climate change will call for still more radical policies inside the EU, as well as novel approaches to international co-operation and, already, there are pressures for cohesion expenditure to contribute to the realisation of carbon mitigation goals.

Many potential new orientations have been suggested for Cohesion Policy including a greater focus on institution building and on encouraging the knowledge economy and these are echoed in the Commission's budget review communication. In his report on the future of Cohesion Policy, Fabrizio Barca's report (2009: vii) makes a persuasive case for a space-based policy in which cohesion would be allocated a substantial share of the future EU budget. He argues that cohesion 'is an essential complement to the unification of markets, the creation of a single currency and the general erosion of national influence over economic developments'. He stresses that the policy should be a long-term one aimed at countering under-utilisation of resources and social exclusion, but that the rationale for the policy has become blurred and is poorly understood by citizens and decision-makers. Barca argues that there is unlikely to be any single mix of ideal measures to include in a Cohesion Policy and therefore pleads for the EU to select a small number of policies which meet the criteria he sets out, but also allow concentration on key EU priorities.

What is at issue here is whether it is reasonable to instrumentalise cohesion as a means of attaining other EU economic policy objectives. This sort of broadening may well make political sense and it can appear that supporters of Cohesion Policy adopt a defensive stance in which they trade-off some dilution of core purpose for a widening of influence. There is also a dilemma about when to keep a policy such as cohesion focused. A key point about the inter-play between cohesion and the Europe 2020 strategy is that while innovation flows from research, not all catch-up depends on innovation and not all innovation assists catch-up. Regional policy has always had to reconcile challenges of aggregate competitiveness of an economy and the stimulation of target areas. Often this is portrayed as an equity-efficiency trade-off, although it is an open question whether there is in fact a trade-off. But what is often over-looked is that the conflicts between, broadly defined, competitiveness and equity/cohesion objectives have to be confronted and cannot glibly be assumed away.

3. The EU budget review and the 5th Cohesion Report

Early indications of how Cohesion Policy is likely to evolve can be gleaned from the publication in autumn 2010 of the Commission communication on the EU budget review and the 5th Cohesion Report (Commission, 2010a and 2010b). The former does not propose how the budget of the future should be split between different priorities, but there are hints that the Commission views cohesion as an area of policy that should remain very prominent and the Cohesion Report strongly reinforces this message. The communication is structured very much around the Europe 2020 strategy and attempts to locate Cohesion Policy within the model of development put forward for that strategy by placing cohesion under the heading of 'inclusive growth'.

The wording of the text is illuminating, though somewhat prone to enthusiastic and all-embracing rhetoric. Thus, it asserts that cohesion is a successful policy which has enabled the Union 'to demonstrate its commitment to solidarity, while spreading growth and prosperity across the EU. The policy has positive effects for all: investing in the economies of the EU benefits all Member States'. The policy facilitates 'modernisation, galvanises growth in the least prosperous parts of the EU and acts as a catalyst for change in all Europe's regions. It increases markets and creates new business opportunities for the EU as a whole'. Yet the communication also notes that 'cohesion funding must be accurately targeted so that its added value is maximised. This points to a disciplined concentration on the objectives of Europe 2020, and a rigorous concentration on results'.

Despite being under the heading of inclusive growth, the communication stresses, as noted above, that the policy should have priorities that 'deliver smart, sustainable and inclusive growth'. There is then an extensive list of goals that comprises: 'support for new businesses; innovation; reducing emissions; improving the quality of our environment; modernising universities; energy saving; the development of energy, transport and telecommunication networks with a common EU interest; investment in research infrastructure; human capital development; and active inclusion to help the fight against poverty'. By any standard this is a challenging array of tasks for a policy that, realistically, can only expect to command annual resources of the order of 0.4% of EU GDP.

While arguing that future Community spending should continue to 'be focused on the poorest regions and Member States in line with the Union's commitment to solidarity, the communication states that 'policy support is also important for the rest of the Union – to tackle issues like social exclusion or environmental degradation (for example in urban areas), to support economic restructuring and the shift to a more innovative and knowledge based economy, and to create jobs and improve skills'. The obvious risk that this will lead to diffusion and – potentially – dissipation of effort because critical mass is not attained is partly countered by the proposal that Cohesion Policy should be limited to a few Europe 2020 priorities. However, in keeping with the thrust of the latter, there is an insistence that cross-cutting priorities such as innovation be obligatory.

The communication pays some attention to the overall resource constraints by proposing that 'developed regions could be required to allocate the entirety of the financial allocation available to two or three priorities, while less developed regions could devote their larger resources to a slightly wider range of priorities'. It also stresses the importance of the coherence with other EU policy instruments and devotes one sub-section to the imperative of institutional capacity building designed to improve the quality (and thus effectiveness) of spending, and mentions the possibility of competition among recipients for at least part of the funding.

4. Cohesion policy for richer regions?

There are difficult arguments around whether or not richer regions should be eligible for cohesion funding. It is, though, vital to distinguish between having a policy towards cohesion and funding it from the EU budget. On this, the treaty provides some guidance. Title XVIII TFEU spells out the constitutional commitment to cohesion by referring to the goal of strengthening economic social and territorial cohesion, emphasising disparities between regions (Art. 174 TEC). The purpose of the European Regional Development Fund (ERDF) is stated to be to 'redress regional imbalances' and to participate in the 'structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions' (Art. 176, TEC).

However, Art. 175 says that 'Member States shall conduct their economic policies and shall coordinate them in such a way as, in addition, to attain the objectives set out in Article 174'. Moreover, Art. 175 TEC refers not only to the Structural Funds as instruments for advancing cohesion, but also specifically mentions 'the European Investment Bank and the other existing Financial Instruments'. The message to take is that cohesion should be pursued not only by EU spending, but also by these other financial instruments and by national policies.

While the notion of lagging behind is reasonably clearcut and the 75% of Community GDP per head threshold for eligibility for Objective 1/convergence status is a transparent rule, how to determine what is a declining industrial region is less straightforward. By being juxtaposed with lagging regions, it is implicit that such a region is distinctive from a lagging region and thus has a GDP per head higher than the lagging regions. It is also germane that the Treaty language refers in this context only to regions and not to Member States, signalling that eligibility for ERDF support has to be assessed at the level of the region and not the Member State. Furthermore, the ERDF is a financial resource, so that its function in redressing imbalances entails expenditure. The conclusion to draw is that in constitutional terms there is an obligation to assure ERDF and European Social Fund (ESF), if not Cohesion Fund (CF), coverage in all Member States, irrespective of level of prosperity.

Constitutional niceties can, within reason, be over-ridden by political decisions and it could be argued that limited budgets oblige decision-makers to be more selective in allocating funding. Indeed Art 177 TEC gives the Council the final say on defining the rules applicable to the various cohesion funds, as well as their tasks and priorities. This would appear to allow the Council discretion to limit them only to certain Member States or to certain regions within them, but equally to leave open the prospect that the rules could be amended to restore eligibility for all.

4.1. Political arguments

The political motivations behind calls for ending funding of Cohesion Policy in richer Member States and regions are varied and three separate strands of thinking can be identified in these calls. The first is that the overall cost of the policy can

be diminished if allocations to richer Member States (most of which are also net contributors to the EU budget) end, while the second is (implicitly) that more can be allocated to poorer regions in poorer Member States within a given cohesion budget – hence the support of some of the poorer Member States for greater concentration in the targeting of Cohesion Policy. This second argument may be somewhat disingenuous, because the caps imposed on receipts as a percentage of GDP are manifestly a constraint, and even if they were not, the scope for absorption is likely to be a de facto barrier. Indeed, it would only be if any additional receipts could be channelled into consumption rather than investment that more could plausibly be absorbed. This would be contrary to the principle of additionality – one of the core principles of the SCF – and would make the transfers an instrument of income equalisation rather than one that is focused on economic development as such.

But a third strand is that, in the richer Member States, choices made will be better matched to what is needed, a potential gain that will be reinforced without the conditions and overheads applied by 'Brussels'. Political arguments for retaining EU regional policy are, nevertheless, made forcefully by several Member States and, as noted below, by many interests groups at EU level, though often stated as assertions and with only limited economic justification. Nevertheless, the submissions to the 2008/9 budget review reveal the extent of disagreement. Within a Member State there are then two further political questions to consider which are whether the 'volume' of cohesion spending would be the same as if it were delivered through Community policy and whether the coverage would be the same.

There may also be political disagreements between central and sub-national government about maintaining regional policy. Regions tend to fear that the Member State will be unwilling to match the regional development effort of EU policy, though it should be noted that there can be an element of special pleading in these representations. The Commission, in short, is an ally and in a multi-level governance system, new balances of power in governance are warranted. This leads on to one of the more contentious arguments for maintaining Community regional policy in richer Member States, namely that the recipient regions want it to continue even when their national governments disagree. The argument often made is that the Brussels-region connection offers an attractive alternative to reliance on national budgets. There is, therefore, a tricky question about which political interests should prevail in determining whether, and if so how, Cohesion Policy should be targeted at richer regions and also at convergence regions in richer Member States.

Legitimacy raises a related issue which is, simply, whether citizens want and expect the EU to 'do something' – Figueira (2007) notes, for example that studies of what the EU does as a budgetary authority from a political science perspective have tended to focus on whether or not the public accepts an EU role, as opposed to the cost-benefit approach adopted by economists. Moreover the attitudes of authorities at different levels and with different responsibilities may clash: a finance ministry might be expected to resist a broader Cohesion Policy because it has to sign the cheques, even though some money might flow back to regional authorities, while an economic development ministry may see Cohesion Policy on offer to richer Member States as one way of obtaining a higher share of public spending. Common pool problems of this sort are central to the political economy of Cohesion Policy.

Perhaps the most simple political argument for a broad Cohesion Policy is that it attracts political support. Certainly, in the European Parliament, the major political groups seem to favour a wide geographical coverage for Cohesion Policy and reject the idea of renationalisation, while accepting the need to concentrate on the poorest regions. Thus, in recent statements, both ALDE and the EPP-ED group have reaffirmed their commitment, with EPP-ED stating that it 'is in favour of a strong Cohesion Policy for the EU, able to withstand all future attempts at renationalisation and continuing to cover all regions of the European Union'.

Similarly, though predictably, regional associations are supportive, and bodies such as the CEMR seem opposed to renationalisation, although it is less clear whether this applies to all Member States, while the Conference of Peripheral and Maritime Regions of Europe advocates 'structural policy for all European regions' suggesting that there be a split between a convergence objective and a 'territorial excellence' objective, with the former including (not surprisingly), outermost regions, and not just the least prosperous. Yet an inevitable concern is that the support of such bodies is precisely what would be expected from them and, as such somewhat suspect.

One political risk, highlighted by the Commission, is that dividing Member States into donors and recipients will entrench *juste retour* thinking (often based on dubious calculations that leave out feedback flows) and confuse rather than focus Cohesion Policy. As Eiselt (2008) notes, citizens (especially in poorer countries) seem to expect that the EU will underpin their prosperity through the fiscal transfers of Cohesion Policy, but Member States are more insistent on the economic rationale.

4.2. The narrowly economic case

Many of the economic disputes about EU policy should offer funding for richer regions turn on the underlying purpose of Cohesion Policy, especially whether it is, at heart, a distributive policy or an allocative policy designed to optimise investment in public goods. Further complicating the picture is the fact that a reduction in income inequality can, itself, be considered as a public good¹⁰⁷. The trend towards decentralisation in economic governance can, to some extent, also be connected to the debates on re-nationalisation of Cohesion Policy. In deciding what to undertake at EU level, one sometimes overlooked question is whether the EU level produces a different sort of public goods from the Member States (Tanzi, 2007; Tarschys, 2011). There has also been a macroeconomic rationale for regional policy, dating from Kaldor (1970), that by balancing demand across regions a better aggregate trade-off between inflation and unemployment (or for those who doubt Phillips's curve reasoning, between 'over'- and 'under'-heating) can be achieved.

To some extent, the notion of territorial balance is a related point. Territorial cohesion is a concept that is simultaneously intuitive and confusing, because it has been used in different ways at different times. An overview by Mirwaldt et al. (2009) suggests four main approaches: seeking polycentric development rather than over-concentration in too narrow a range of locations; avoiding excessive spatial imbalance in prosperity or economic development; ensuring tolerably comparable levels of access to facilities, services and knowledge, irrespective of place of residence; and promotion of networking.

Cohesion policy has, however, struggled to define its economic rationale in relation to support for the less competitive regions of richer Member States that do not fall below the 75% threshold. In the two programming periods for the Structural Funds from 1988-1999, these regions were labelled as Objective 2 and the support was largely targeted at areas where 'old' staple industries such as coal mining, textiles, shipbuilding and steel-making had been in long-term decline, with only limited growth of newer sectors. Subsequently, the range of regional problems eligible for support has been broadened, with Member States afforded more discretion to determine the spatial objectives they pursue. These are murky waters and there have been various ploys in a number of Member States to usurp the power of the Commission to designate support on policy grounds by re-defining regional boundaries so as to maximise eligibility.

4.2.1. *Distributive arguments*

Distributive policy is relatively easy to analyse, as much of the distributive case hinges on ability to pay as a principle. Very simply, in any well-conceived distributive system of public finances, the rich pay and the poor receive. Hence if the purpose is predominantly to effect a net transfer of budgetary resources between richer and poorer Member States, then it makes little sense for a richer Member State simultaneously to contribute to the equalisation pot and to draw from it. In assessing the case for cohesion spending, however, a distinction could nevertheless be made between convergence regions in richer Member States (which fulfil the 75% criterion) and richer regions. Convergence regions, by definition, are relatively poor wherever they are located, whereas richer regions are not. However, if ability to pay is assessed at the level of the Member State, the distinction is immaterial. German and Finnish GDP per capita in 2005 were virtually identical, the year used to benchmark the 2007-13 SCF allocations, yet Germany is due to receive just under 0.1% of GDP over the period for convergence regions, whereas Finland will receive none. But the total amounts allocated to these two countries from SCF will be almost the same.

A more compelling distributive argument is that European integration creates its own economic development dynamic from which some regions gain hugely while others lose ground (whether relatively or absolutely). There is then an expectation that goes back to routine welfare analysis that the winners should compensate the losers. In this logic it should not matter that a region which loses is above an eligibility threshold, so long as there is a convincing case that integration has contributed to its difficulties. Both the Padoa-Schioppa (1987) and the Delors (1989) reports drew on this reasoning in advocating a reinforced Cohesion Policy. However it is, essentially, a side payment logic which has been criticised (for example in the Barca report, 2009), as unconvincing. Moreover, Barca is surely correct to assert that if the aim is income transfers, there are easier ways of effecting them.

4.2.2. *Allocative arguments*

The case for EU regional policy – certainly in the way in which it is presented – has long been made primarily on allocative grounds and is generally regarded as very robust for convergence regions. Part of the challenge in assessing the merits of regional policy for richer regions is, therefore, to ascertain whether the arguments apply equally strongly to them. Here, fiscal federalism arguments can be brought in, and a separation needs to be made between the shaping and implementation of the policy and its funding.

¹⁰⁷ See the contribution of Sapir to Begg, Sapir and Eriksson (2008).

A key fiscal federalism argument for external funding is that if there are spillovers or other externalities, then it is important to match the jurisdiction funding the policy to the span of its effects, failing which the investing region will tend to under-invest. Hence, unless it can be shown that there are pronounced spillover effects to the rest of the EU from public investment in a richer region, an allocation logic would suggest that the funding should come from either local or national, rather than EU resources. This is essentially an empirical matter and, according to the analysis in the Ecorys report (2008), such spillovers are small so that the case for EU funding is weakened. Manifestly, they might also be small in a poorer region, although one argument often made is that richer regions gain substantially from demand for investment goods and consultancy services from poorer regions. Intuitively, it seems likely that richer Member States will be relatively more specialised in the industries that benefit directly from cohesion spending. Moreover, what is critical here is that the spillover argument would be one among many for poorer regions, but much more crucial for richer ones.

A different perspective on allocation comes from considering EU level public goods other than the economic development of lagging or uncompetitive regions. Increasingly, cohesion funding has been asked to contribute to other Community objectives, now integrated into the Europe 2020 strategy which is clearly at the heart of EU economic governance. To the extent that these goals are given priority it is hard to see how they can be dealt with convincingly without having some cohesion spending in richer Member States.

It can also be argued that making territorial cohesion operational may well necessitate spending in richer Member States to develop the public goods, such as physical or soft networks, that underpin effective co-operation across borders. The fact that successive Inter-Reg programmes have commanded wide support suggests that there is a willingness to persevere, although a cynical viewpoint might be that because these programmes have not cost much and generate considerable visibility and goodwill, they have acquired a legitimacy that should not be squandered. However, assigning greater prominence to spatial balance could entail rather higher budgets in future for cross-border purposes.

4.2.3. Regulating state aids

A further consideration is that, in the absence of EU regional policy, Member State or regional governments would come under pressure to use their own policy instruments to promote regional development. In so doing, part of what they offer is likely to be forms of state aids, some of which could undermine efforts in poorer areas to foster economic development. The reason that the treaty restricts state aids (the provisions are in section 2 of Title VII, TFEU, which concerns competition rules) is to ensure that the internal market is not at risk. Exemptions are allowed for in Article 107.3, but the emphasis is on areas of low income, high unemployment or structural problems.

From a cohesion perspective, the political economy of this issue is awkward. If relatively deprived regions in richer Member States are denied EU funding but also prohibited by state aids rules from being supported by national schemes objections can be anticipated. Equally, if rich Member States do take over the financing of regional development, they are likely to have greater resources and could then afford higher subsidies to relatively rich regions. Consequently, to the extent that they support richer regions, some state aids may hinder efforts to stimulate the development of lagging regions and thus be detrimental to poorer regions. It is not, however, as simple as saying that because region 'x' obtains a competitive boost from regional policy, region 'y' will lose. Some regional development policies can have 'win-win' effects, either through demand channels or because supply-side linkages are mutually beneficial. Equally, there are consequences of regional policy, such as a decision by a company to invest in region 'x' (perhaps because the regional government is able to afford better infrastructure paid for by national regional policy)', rather than region 'y' which are often zero-sum in nature.

The practical problem, though, is that can be very difficult to calibrate the degree to which subsidies in one locality have an actual or potential effect on another. In addition, the term 'state aids' covers a wide range of interventions and some tricky pathways would have to be navigated in assessing whether horizontal aids or support for networks are more desirable than direct aids to companies. Regional Aid Guidelines are one means by which these issues are regulated, but they give rise to many disputes and uncertainties. For the richer region debate, a policy conclusion may be that it is best to mediate at the highest level (that is for all regional policy to be administered and funded at the EU level) so as to prevent conflicts from arising between national and EU policies.

4.3. Governance and administration

A claim that has often been made for EU regional policy is that it can lead to superior outcomes, implying that the mechanisms of governance adopted had been influential. A key challenge is, consequently, to establish whether EU-mediated regional policy can result in better implementation in richer regions or whether instead the additional bureaucracy involved becomes a hindrance to good policy. Some protagonists even regard the governance improvements that EU policy can engender to be pivotal. Leonardi (2005) asserts that Cohesion Policy has had a major influence in the

governance of economic development policy, including the empowerment of sub-national levels of government. He claims that an outcome has been economic development policies better attuned to local circumstances. Certainly, many commentators would accept that the 'Brussels' policy model has its advantages and that the very fact that it is outside the cut and thrust of domestic policy allows it to be applied over longer periods without being subject to more short-term political tinkering.

EU policy has also fostered a constructive partnership approach, even in richer regions. Thus, for Leonardi (2005: 1), one of the distinguishing features of the EU's Cohesion Policy is the 'extensive involvement of different administrative levels and socio-economic groups in the formulation and implementation of policy'. The clear implication is that EU policy can add value if it can break the mould in how economic development policy is conducted and this is often cited as one of its great accomplishments, even in richer regions. Governance benefits of this sort are often under-estimated and will not easily be captured in econometric exercises that attempt to quantify the effects of Cohesion Policy.

Yet even if past gains of this sort are acknowledged, it could be argued that they are transitory, such that once the lessons are learned, further rounds of EU policy will be subject to diminishing returns, and may even become counter-productive. Thus, the UK government (2003), in a wide-ranging reassessment of regional policy, notes that although there have been undoubted benefits from EU policy and gains from new governance approaches, problems of implementation and rigidity have diminished its effectiveness. This is, in practice an assertion of the fiscal federalism principle of tailoring policies to the circumstances of heterogeneous regions, allied to the efficiency argument that there is a lower overhead when Member States deal directly with the problem.

Another administrative consideration is that the scale of structural interventions may have to attain a certain critical mass to have much effect in aggregate. While individual localities or interests might well benefit from support for specific projects, the probability that a targeted intervention in a richer region will have lasting effects is likely to be diminished if the interventions are too limited. This notion has long underpinned the programming principle for the Structural Funds. In addition, a temporary Keynesian injection of spending – possibly re-distributive in form – is different in character from public investments that seek to alter a region's underlying competitiveness and to break out from an economic structure that inhibits its development. The latter requires a long-haul with consistent and coherent policy, rather than compensatory payments.

The role of EU policy mechanisms in fostering policy learning may be crucial, and one aspect of this that deserves to be aired in the richer Member State debate is how long the learning process takes. This also highlights a separate argument about the case for retaining EU policy in richer Member States, namely the importance of institutional capacity in ensuring effective policy implementation. In this regard, there is something of a paradox in the finding of Ederveen et al. (2006) that strong institutional capacity allows regions to make more effective use of cohesion receipts, while the fact of such capacity means that there is a much lesser need for the EU administrative model to be imposed.

4.3.1. Is co-ordinated policy an alternative to direct funding?

In assessing the governance attributes of Cohesion Policy, an important consideration is whether the governance benefits claimed for the EU's cohesion model require continued engagement with the EU level and possibly also funding, or whether it is reasonable to expect the lessons to have been assimilated by, especially, regions in richer Member States. If some continuing input from the EU level is justified, it would pose the question of whether greater co-ordination should become the governance mode for the future, rather than direct funding.

For EU policy-making, the principal co-ordination issue relevant to Cohesion Policy is whether there should be a common basis for policy in all Member States, perhaps emulating the forms of open method of co-ordination seen in the employment and social policy domains. In this approach, strategic goals and (in some cases) numerical targets for key variables and guidelines for policy are common to all Member States, but implementation is left to national discretion. Scrutiny processes, periodic recommendations to Member States about where or how to reform policy and focus attention, and organised means of fostering mutual learning are among the means through which the EU level continues to intervene. If boosting the scope for policy transfer from one regions to another is accepted as a valid aim of Cohesion Policy, greater co-ordination may be an answer.

5. Concluding comments

Regional policy, tautologically, is about assisting specific classes of regions, necessitating that it cannot be applied to all regions, and any attempt to apply it more generally is effectively an industrial or social policy, depending on its focus. Extending it too broadly is also, however, a matter of pragmatism. If a relatively limited resource is asked to do too much, it will inevitably become thinly spread and may fall short of the critical level of investment required to make a difference.

Equally, the term 'cohesion' embraces more than just regional development as traditionally understood. It is about overcoming gaps in infrastructure and capacity in regions that lag behind or are going backwards, but also encompasses transversal economic aims (such as fostering innovation) and an array of social objectives (linked, as the 5th Cohesion report stresses to well-being) that apply to all regions.

As Tarschys (2011) argues, there are some tasks that are more suited to an EU policy than others, and considerable uncertainty about whether much success has been achieved in reducing developmental gaps. Moreover, it always has to be recalled that EU regional policy functions alongside national policies that have a considerable influence on disparities, posing the question of whether what Member States – especially the richer ones – already provide through other policies achieves most or all of the objectives of EU policy. The 5th Cohesion report highlights the role of public investment by sub-national authorities and of employment policies, but also observes that EU policy represents a sizeable proportion of spending even in richer regions. Another facet of national policy that makes a big difference is, simply, the spatially distributive effect of national public finances. In a nutshell, in most Member States richer regions tend to generate proportionally higher shares of tax revenue, while poorer regions receive disproportionate shares of public expenditure. As demonstrated in Begg et al. (2004) the size of these fiscal flows can dwarf EU spending in many regions.

These dilemmas about the reach of EU regional policy and the degree to which it should complement or be left to national policies were confronted in the background study for the EU budget review carried out by Ecorys (2008). Their report argues on subsidiarity grounds that future Cohesion Policy should be limited to Member States below a given threshold of prosperity. A possible implication is that in richer regions, only a much narrower set of policy interventions should be countenanced, a restriction hinted at in the proposal in the budget review communication (Commission, 2010a) to allow only two or three thematic priorities to be addressed in richer regions receiving cohesion funding. In the latest review of policy trends by the European Policies Research Centre at the University of Strathclyde (Yuill et al., 2010), it is noted that regional problems are very differentiated and that the content of regional policy tends to shift over time. Consequently, too narrow a focus may be overly-constraining.

Equally, Tarschys (2011) observes that much of the debate on the future of Cohesion Policy avoids some of the more fundamental, often hard questions about whether present-day approaches are optimal, and is critical of the 5th Cohesion Report in this regard. Yet behind these questions are unresolved issues about the more political function of Cohesion Policy, especially in legitimating the EU, whether for Member States that have had to struggle to adapt to the demands of the *acquis communautaire*, or for regions or social groups that see themselves as losers from the process of European integration. Politically, Cohesion Policy can serve a vital purpose in showing that the EU is more than the single market, yet it is also evident that net contributors to the EU budget are sceptical of a system which continues to allocate resources from the EU budget to the more prosperous Member States.

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Paradigm shift in European Cohesion Policy

Abstract

This paper argues that Cohesion Policy has undergone a fundamental paradigm shift in recent years moving away from financial support of lagging regions to address their structural weaknesses to supporting growth-enhancing investments. This paradigm shift was triggered by the interplay of a range of external and internal factors.

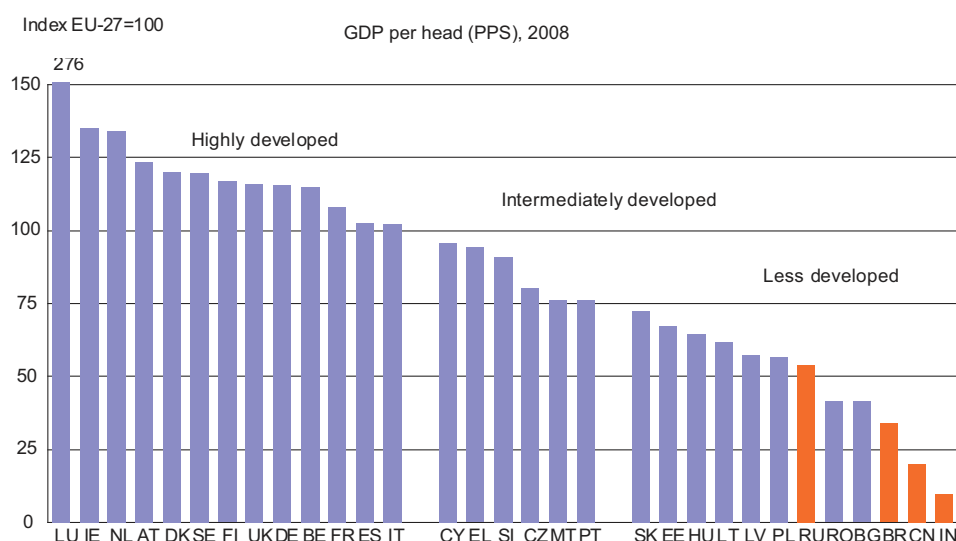
On the external dimension, global economic interdependence, the emergence of China, India and Brazil as global powers, competition in the knowledge-based economy have created new challenges for national and regional economies. These challenges have also generated asymmetric territorial effects. Some territories are likely to benefit from global changes, while others risk falling further behind. The integration of the new Member States in an increasingly interconnected Single Market and global economy has triggered the need for enhancing investments not only into infrastructure but in research, innovation and human capital as well.

Internally, the paradigm shift has occurred with the alignment of Cohesion Policy in the 2007-2013 period with the Lisbon strategy for growth and jobs. When the Lisbon strategy was re-launched in 2005, increased attention was given to the role of cohesion policies in increasing growth and employment. Member States and regions were required to earmark a significant proportion of their Cohesion Policy resources to investments delivering Lisbon priorities. The success of this alignment has been varied and with the launch of the Europe 2020 strategy, the question is to what extent Cohesion Policy can successfully align itself to the strategy. The paper also examines the changes needed to ensure this alignment, in particular how the sub-national dimension of the Europe 2020 strategy, ownership by local and regional authorities and the role of regional economic development policies, are needed to ensure that the Europe 2020 strategy succeeds.

Introduction

In November 2010, the Commission published its Fifth Report on Economic, Social and Territorial Cohesion. The report outlines a series of key points. First, between 2000 and 2007, less developed regions have grown considerably faster than the EU average. This has significantly reduced regional economic disparities. Between 2000 and 2008, many regions were able to substantially reduce unemployment rates, particularly in Poland, Bulgaria, the Baltic States and parts of Spain and Italy. The recent economic crisis, however, has disrupted this process dramatically, leading to negative growth rates and rapid rises in unemployment in many countries and regions.

Although the impact of the economic crisis has been extreme in some regions, on average it has not been worse in the less developed regions than in the highly developed ones. The Fifth Cohesion Report also confirms that less developed regions in the EU-12 (Member States that joined after 2004) have also been impacted less by the economic crisis than many less developed regions in the EU-15.



¹⁰⁸ The views expressed are the authors' alone and do not necessarily correspond to those of the European Commission.

Source: Eurostat

In the EU-12, there has been a marked narrowing of regional disparities in GDP per head in PPS terms across the Union. Nevertheless, disparities remain pronounced with levels less than a third of the EU average in seven Romanian and Bulgarian regions. Nonetheless, between 2000 and 2007, only eight regions in the new Member States recorded a lower average growth rate than the EU-27 average. Between 2000 and 2007 virtually all regions in less developed Member States converged towards the EU-27 average. Nevertheless, disparities between the riches and poorest Member States remain high.¹⁰⁹

Member States and regions are also increasingly confronted with pressing challenges such as intensifying global competition, demographic change, climate change and energy security. These and other global challenges will generate asymmetric territorial effects across the EU.¹¹⁰ Some areas are likely to benefit from global changes, while others risk falling further behind.

The 'territorial effect' can be seen for example in the area of research, technology and innovation. A recent study has found that a region's position towards knowledge and technology is largely determined by its accessibility and its capacity to absorb and diffuse knowledge regionally. These features are influenced by a range of factors such as connectivity, the quality of local infrastructure, the availability of knowledge-intensive services, skills or foreign investments. The spatial patterns of these factors show significant variations.¹¹¹ Furthermore, as outlined in the Monti report on the single market¹¹², all EU regions will continue to experience a mix of opportunities and adjustment needs. In policy terms, this means that regions will need to choose the right policy mix to address these challenges, but also to meet overarching EU objectives of smart, sustainable and inclusive growth.

1. The Lisbon Strategy

In 2000, Member States agreed on the Lisbon strategy, a broad range of objectives and policy tools with the aim of making the European Union more dynamic and competitive.¹¹³ Between 2000 and 2005, the Lisbon strategy led to some achievements. For example, six million more jobs were created and the single markets for telecommunications and for energy advanced significantly. However, the mid-term review led by former Dutch prime minister Wim Kok concluded that progress was unsatisfactory. By 2005, economic growth across the EU remained sluggish and much more job creation needed to boost prosperity and reduce social exclusion.

In March 2005, the European Council agreed on a re-launch of the Lisbon Strategy, under a simplified governance arrangement based on a single set of Integrated Guidelines dealing with macro-economic, micro-economic and employment issues. This renewed effort requires that *"the Union must mobilise all appropriate national and Community resources – including Cohesion Policy"*¹¹⁴. In addition, it concluded that greater ownership of the Lisbon objectives on the ground was necessary, involving regional and local actors and social partners. This is of particular importance in areas where proximity matters, such as in innovation and the knowledge-based economy, employment, human capital, entrepreneurship, support for SMEs or access to risk capital financing. Moreover, national policies should also consistently address the same strategic objectives in order to mobilise the largest amount of resources and avoid conflicting actions on the ground.

By focusing on a more limited number of targets and simplifying the governance arrangements behind the strategy, there were more expectations that the Strategy would work. One study¹¹⁵, for example, estimated that GDP per capita could increase by 12% to 23% and employment by 11% if the Lisbon goals were met. Potentially, this could translate into an increase in average annual growth of at least 0.8% in GDP and employment for over a decade. The study concluded that this could result from progress in five of the most important reform areas embedded in the Lisbon strategy: employment, R&D, human capital, the internal market for services and administrative burdens. Moreover, the study estimated that the growth effects of the new Lisbon strategy would be much greater for Member States who joined the EU after 2004 than the EU12. Finally, the study also stressed that the impact of such reforms would be felt differently across sectors.

¹⁰⁹ European Commission (2010), Conclusions of the fifth report on economic, social and territorial cohesion: the future of Cohesion Policy. COM (2010) 642.

¹¹⁰ Ismeri Europa, WüW (2009), Regional challenges in the perspective of 2020. Regional disparities and future challenges.

¹¹¹ Wintjes R. and Hollanders H. (2010), The regional impact of technological change in 2020. Synthesis report.

¹¹² Mario Monti, „A New Strategy for the Single Market“, Report to the President of the European Commission, 9 May 2010

¹¹³ Presidency Conclusions, Lisbon European Council, 23 and 24 March 2000.

¹¹⁴ Presidency conclusions, European Council, March 2005.

¹¹⁵ "The new Lisbon strategy: an estimation of the economic impact of reaching five Lisbon targets" by G. Gelauff and A. Lejour, Industrial Policy and Economic Reforms Papers n°1, 2006.

2. The paradigm shift – how did it happen?

Over the course of 2004-2005, a significant change in thinking occurred. On the one hand, EU institutions mulled over the recommendations of the Kok report and relaunched the Lisbon strategy. At the same time, Cohesion Policy became the primary financial instrument at EU level to pursue the Lisbon Strategy objectives.

The European Council conclusions of March 2005 confirmed the role that Cohesion Policy should play in realising the Lisbon objectives. First, there was the realisation that in Cohesion Policy, the EU possesses a financial instrument for promoting the growth and jobs agenda. Second, the programming arrangements inherent in Cohesion Policy created a structure that required the Member States and regions to think strategically and plan for the long term. Third, through the partnership arrangements, Cohesion Policy programmes respond to needs on the ground and encourage ownership.

The European Council conclusions were a ground-breaking occasion for EU Cohesion Policy, with an explicit endorsement at the highest political level of its importance as an instrument for achieving the Lisbon strategy. It also represented a fundamental shift in the Cohesion Policy paradigm. The idea was therefore that by mobilising the potential for growth that exists in all regions, Cohesion Policy could improve the geographical balance of economic development and raise the potential rate of growth in the Union as a whole. If the EU was to achieve its Lisbon targets, all regions – especially those where the potential for higher productivity and employment is greatest – have their part to play.

How would this be achieved in practice? Member States committed themselves, over the course of the 2007-2013 programming period, to increase the share of funding devoted to the Lisbon strategy objectives to average at least 60% in Convergence regions and 75% in regions covered by the Regional Competitiveness and Employment objective. This is what became known as the “Lisbon earmarking”.

The idea behind the Lisbon earmarking was to provide regions with all the necessary flexibility to decide how the funds should be invested. Earmarking Cohesion Policy resources would provide a major window of opportunity to increase the synergy between social and economic cohesion, on the one hand, and competitiveness on the other. Improving EU competitiveness would help face the different challenges (ageing population, growing competition from China and India, climate change, energy security). In particular, identifying and ring-fencing the investment provided under Cohesion Policy for research and innovation, human capital, business services, major European infrastructures and energy efficiency would ensure that Cohesion Policy could boost competitiveness and foster economic growth.

3. The Lisbonisation of the Structural Funds

For the 2007-2013 period, the European Council agreed on a budget EUR 347.4 billion in current prices, representing a relative increase of 18% compared to the period 2000-2006. The ten Member States that joined the Union in 2004, together with Romania and Bulgaria who joined in 2007, would receive some EUR 157.6 billion. With one-fifth of the EU's population living in these countries, they would receive just over half of the investment effort. This was seen to be justified by the need to continue and to strengthen the efforts to promote the economic integration of the regions of the new Member States into the Single Market, while maintaining the effort to raise competitiveness in the rest of the Union.

A second main feature of the 2007-2013 period is that Cohesion Policy programmes would reflect a more strategic approach based around the delivery of investments linked to Lisbon themes, especially in areas such as in innovation and the knowledge economy, employment, human capital, entrepreneurship, support for small and medium-sized enterprises (SMEs) or access to finance. In that way Cohesion Policy would become the principal instrument at EU level for realising the Lisbon agenda.

The main feature was the simplification and greater responsibility for national and regional authorities in the new regulatory framework. This would make Cohesion Policy more flexible in an attempt to allow Member States and regions to respond to their specific challenges but at the same time remain focused on the Lisbon goals of more and better jobs, innovation and entrepreneurship.

To take the example of innovation, one of the major elements of the Lisbon agenda, three different approaches were adopted. In the medium-sized or larger Member States that were set to receive major transfers under European programmes, innovation would be delivered through a combination of national and regional programmes. This was the case for Spain, Poland, Greece, the Czech Republic, Hungary, Portugal and Slovakia. In Poland, the national programme, „Innovative Economy”, carries a contribution of 7 billion euros or nearly 12% of the national allocation. In addition, innovation has featured as a priority in each of the 17 regional programmes for Poland.

In the other medium-sized Member States, or in the larger and more prosperous Member States, the promotion of innovation features as a major priority (out of a total number of priorities that tends to vary from around three to six) in the regional programmes. In metropolitan France and in the Netherlands, for example, innovation seems to have been accorded top priority status throughout all of their respective regional programmes and in each case is expected to absorb around 50% of the total effort. In Finland, the emphasis on innovation in all regional programmes reflects the explicit aim of using the programmes as a means of decentralising the Lisbon strategy to the regions and increasing „ownership“ on the ground.

4. Consolidating the shift – what lessons from 2007-2013?

The paradigm shift undergone by Cohesion Policy demonstrated a growing recognition by policy-makers that European Cohesion Policy could go beyond being an instrument of financial transfers. It meant that Cohesion Policy resources could be targeted on productivity-enhancing investments in both human and physical capital, in order to generate faster economic growth, social inclusion and to create new jobs, in disadvantaged regions, cities and rural areas as well as protecting and improving the quality of environment. It meant that EU Cohesion Policy could contribute to combining economic performance, competitiveness and social justice, thereby using the social dimension as a productive factor. The Lisbonisation of the funds also reflected the growing recognition that competitiveness and cohesion are mutually supportive and there is no trade-off between the two.

Thus Cohesion Policy could support the Lisbon strategy and regional economic development in two ways. The first way was to ensure adequate basic infrastructure provision (such as efficient transport, telecoms and energy networks, water supply and environmental facilities) and the availability of qualified human resources (a well-educated and skilled labour force). The second way, and here the paradigm shift becomes more obvious, is the shift to intangible forms of investments. This refers to investment in the adjustment capacity of firms in the least developed regions helping them to consolidate and diversify their activities. It refers to investing in the knowledge-based economy, by strengthening co-operation between research institutions and businesses, helping bring innovations to market, and improving the quality of management and business culture.

European Cohesion Policy has therefore begun to evolve more towards the improvement of the conditions that are essential for regional competitiveness and for the business environment. Furthermore, the longevity of the policy also contributed to a growing awareness of what works and what does not work in regional and local development. Among the most important lessons, is that Cohesion Policy has to be anchored in wider economic policy-making, it has to engage local partners in programme planning and management, and it has to be part of a coherent economic development strategy. Thus, inherent to the policy is the recognition that there is no such thing as a uniform formula for success. A decisive factor seems to be designing the right policy-mix which requires an integration of bottom-up and top-down planning and coherence between national policy strategies. Ultimately, it is national policies that exert the most decisive influence on economic growth, more specifically a sound mix of macroeconomic, fiscal, monetary and labour market policies.

At the regional level, strategies matter as well. The initial development level of a region determines the best-suited strategy. The same strategy will have different effects in different situations, depending on the point of departure. Strategies also need to evolve over time in line with the development of the regions. In general there tends to be a gradual move from investment in infrastructure to productive investment and further on to innovation. Often, a change of the strategy of a region can be too slow, which can have detrimental effects in the long run. Experience from Cohesion Policy suggests that more successful regions adapt their strategies more quickly. Furthermore, structural change towards more innovation, RTD, knowledge is a major challenge and requires joint policy efforts and a coherent approach.

This raises another issue. Regional economic development strategies tend to focus at first on 'catching up'. However, income convergence is not necessarily a rapid, continuous or automatic process¹¹⁶. This means firstly that convergence tends to occur more rapidly at regional level rather than at Member State level. It also means that in the early stages of catching-up, growth tends to strengthen first in agglomerations so that regional income inequalities within countries may initially increase as the national growth rate accelerates.

5. Paradigm shift: success or failure?

Although it is too early to draw concrete conclusions from the 2007-2013 Cohesion Policy programmes, there are some preliminary indications that although the programmes have demonstrated great potential in their contribution to the Lisbon objectives, the realisation of this potential has varied significantly between and across Member States and regions.

¹¹⁶ 'EU Economy Review 2004' "Catching up, growth and convergence of the new Member States".

Although there have been links between the Lisbon National Reform Programmes (NRP) and the National Strategic Reference Frameworks (NSRF) through monitoring and reporting mechanisms¹¹⁷, the links between the governance arrangements of the Lisbon strategy and Cohesion Policy have been less clear.

The NSRF, which is established at Member State level, strengthened the strategic approach of Cohesion Policy, based on the Community Strategic Guidelines for Cohesion which laid out EU priorities. It translated the priorities of the Guidelines into investments in each Member State. However, once the Operational Programmes were adopted, there was insufficient follow up of the progress made in addressing the priorities defined in the Guidelines and the NSRFs. This was confirmed by different evaluations which found that the „links between National Strategic Reference Frameworks, defining regional policy priorities, and National Reform Programmes, defining socio-economic priorities, has helped ensure greater coherence but could have been further developed.”¹¹⁸ Part of the 'delivery gap' of the Lisbon strategy can be attributed to the lack of ownership of Lisbon priorities on the ground.¹¹⁹

At EU level the Community Strategic Guidelines have provided guidance, but given that the Guidelines are of a non-binding nature, their effectiveness in aligning spending with EU priorities has been limited. The NSRFs designed also to align Cohesion Policy investments with the objectives laid out in the National Reform Programmes, have not had a strong focus on targets, and have failed to specify clear objectives and targets.¹²⁰ Thus, the allocation of Cohesion Policy funds has tended to become fragmented and EU priorities are not always sufficiently addressed.¹²¹

A second related problem has been the insufficient concentration on EU priorities. The introduction of earmarking requiring that a major part of Cohesion Policy investments are allocated to the Lisbon priorities via an extensive list of spending categories was a step forward to ensure greater focus on European priorities; however, as several studies and reports have shown, the results have been mixed¹²².

On the one hand, there has been a clear shift in focus towards the Lisbon (now Europe 2020) strategy and objectives. The bulk of Cohesion Policy resources¹²³ (around €230 billion) have been earmarked towards the so-called Lisbon investments. The Commission Strategic Report adopted in March 2010 however, suggested that although there has been progress in areas such as R&D and innovation, other key Lisbon priority areas such as key energy and environment investments, and investments in the digital economy saw a general lack of progress. Earmarking has taken the focus away from delivering EU targets and the impact of spending on these targets, and has instead placed emphasis on categories of expenditure. It could be argued that through earmarking, „the strategic focus is reduced to a rather crude measure of expenditure”.¹²⁴

Another recurring question in policy debates is whether the policy works effectively and delivers sustainable outcomes. Macroeconomic modelling¹²⁵ suggests that the funds have had a substantial effect on economic growth. This was particularly the case in Greece, Portugal, Spain and, to a lesser extent, Ireland, as well as in Southern Italy and Eastern Germany and in all of the EU10 countries. Taking the EU 10 countries together, the models estimate that GDP in 2009 was almost 5% higher than it would have been without support, despite the short 2004-2006 programming period in these Member States.

Although the ex-post evaluations have shown that Cohesion Policy has strengthened the overall level of investments and fostered economic and social convergence in Europe; the evaluations also suggest that the performance of the policy has been varied and there is a need to enhance the effectiveness of the policy.¹²⁶

¹¹⁷ "The Potential of Regional Policy Instruments 2007-2013 to Contribute to the Lisbon and Göteborg Objectives for Growth, Jobs and Sustainable Development", Nordregio, 2009

¹¹⁸ „Lisbon Strategy evaluation document” Commission Staff Working Document, SEC(2010) 114 final, 2.2.2010 p. 5.

¹¹⁹ „Lisbon Strategy evaluation document” Commission Staff Working Document, SEC(2010) 114 final, 2.2.2010 p. 6.

¹²⁰ Barca, F (2009) An Agenda for a Reformed Cohesion Policy. A Place-Based Approach to Meeting European Union Challenges and Expectations. p. 162.

¹²¹ Barca, F (2009) An Agenda for a Reformed Cohesion Policy. A Place-Based Approach to Meeting European Union Challenges and Expectations. p. viii.

¹²² "The Potential of Regional Policy Instruments 2007-2013 to Contribute to the Lisbon and Göteborg Objectives for Growth, Jobs and Sustainable Development", Nordregio, 2009 and Commission Communication, „Cohesion policy: Strategic Report 2010 on the implementation of the programmes 2007-2013”, COM(2010)110 final, 31.03.2010.

¹²³ ERDF, Cohesion Fund and ESF.

¹²⁴ Bachtler, J., Mendez, C.: The Reform of Cohesion Policy After 2013: More Concentration, Greater Performance and Better Governance? pp. 27-28.

¹²⁵ European Commission (2010) Work Package 3: Macroeconomic modelling – Ex-post evaluation of Cohesion policy programmes 2000-2006.

¹²⁶ European Commission (2010), Ex-post evaluation of Cohesion policy programmes 2000-2006, Synthesis report.

6. The territorial dimension

While the paradigm shift has focused in large part on the shift towards competitiveness and growth enhancing investments, there has been a quieter shift within the Cohesion Policy framework. While Cohesion Policy has always focused on the sub-national levels, with an emphasis on urban or regional economic development issues, its territorial dimension has only recently become an explicit political objective. Thus, the role of place and territory in the effective delivery of public policies has become increasingly recognised¹²⁷. The explicit recognition of territorial cohesion in the Lisbon Treaty as a fundamental objective of the Union in addition to economic and social cohesion implies that territory matters also now in political terms. The new definition of subsidiarity by the Treaty provides an opportunity to strengthen the role of sub-national actors in delivering public policies.

In this context, it is worth examining the extent of regionalisation of Cohesion Policy programming (inter alia the scale and scope of programmes implemented at NUTS II level) in the 2007-2013 period. Under the Convergence objective, 30 % of the total allocation is implemented at regional level; while under the Regional Competitiveness and Employment objective 70 % of the total funding is regionalised¹²⁸. The variations reflect a range of factors such as the administrative and territorial structures of Member States, the nature of the public goods to be delivered, the amount of financial assistance and the share of the Cohesion Fund. Among the Member States that joined after 2004, compared to the 2004-2006 period, some have shifted from the purely national approach to regional development towards implementing regional programmes as well (Czech Republic, Hungary, Poland).

The scope of programmes managed at regional level also varies. In some countries, regional programmes mainly support activities falling under the competence of local municipalities, for instance primary health care, elementary and secondary education, local infrastructure and urban development (Czech Republic, Hungary). In others, the scope of intervention is broader, supporting activities related to for instance innovation, ICT and SME development (Portugal, Italy, Portugal, Spain, Germany).

Programmes managed at national level often support interventions that benefit from inter-regional economies of scale (for example transport). The regional dimension of national programmes also shows variations. In some Member States, national programmes provide a regional breakdown of funding (Slovakia), whilst in others resources are ring-fenced for less-developed areas (Latvia). There are also cases where separate national programmes have been designed for lagging regions (for instance the Eastern Poland programme covers the five poorest regions). Thus, although the alignment of Cohesion Policy in the 2007-2013 period with the Lisbon Strategy for Growth and Jobs has attracted the most attention¹²⁹, in some ways the growing importance of the regional dimension of Cohesion Policy programming, particularly in some of the EU-10 may represent a greater paradigm shift.

7. Towards Europe 2020

The pressing need to make a successful exit from the economic crisis and putting European economies on a long-term sustainable growth path has prompted the adoption of the Europe 2020 strategy. The strategy adopted by the European Council in June 2010 sets out a long-term vision of Europe's social market economy over the next decade built around three mutually reinforcing priorities aiming at fostering smart, sustainable and inclusive growth. Compared to the Lisbon strategy, there is a growing emphasis on environmental sustainability and social issues triggered by the intensifying challenges of climate change and energy security and the emergence of new social risks.

The strategy sets five headline targets in the field of research and innovation, employment, education, poverty and climate and energy to be reached at EU level (Table 1). At EU level, seven flagship initiatives have been established. To take due account of the different starting positions, Member States will need to translate these headline targets into national targets in their National Reform Programs and adopt measures (including structural reform priorities) to effectively achieve them. The establishment of the European semester and the reinforcement of country and thematic surveillance will support this process.

¹²⁷ OECD (2009), Territorial Development Policy Committee Meeting at Ministerial level (31 March 2009), *Background report*, GOV/TDPC/MIN(2009)2.

¹²⁸ The Convergence objective receives 83 % of the total budget and covers regions whereas GDP per capita which is below 75 % of the EU average; whilst the Regional Competitiveness covers regions above 75%.

¹²⁹ European Parliament report (2010) „The Lisbon Strategy 2000-2010 – An analysis and evaluation of the methods used and results achieved”; Tholoniati, Luc (2010) 'The Career of the Open Method of Coordination: Lessons from a 'Soft' EU Instrument', *West European Politics*, 33: 1, 93 — 117.

A recent study¹³⁰ by the European Commission concluded that the implementation of major structural reforms under the main priority areas of EU2020 could generate significant gains in terms of increasing output, creating jobs and reducing unemployment. The study estimated that by 2020, GDP could increase anywhere from 1 % to 7% thanks to the implementation of reform policies. Employment gains could also be considerable: between around 1% and 4 %, which means creating additional 1.5 to almost 11 million jobs.

Table 1. Europe 2020 strategy

EU priority	Objective	Headline target	Flagship initiative
Smart growth	Improving conditions for innovation and research	Increase public and private investments to R&D to 3% of EU GDP*	Innovation Union, Digital Agenda, Industrial Policy in the era of globalisation
	Improving education levels	Increase the share of 30-34 years old with tertiary education to at least 40%, reducing school drop-out rates to less than 10%	Youth on the move
Sustainable growth	Meeting climate change and energy objectives	Reduce GHG emissions by 20%, increase the share of renewable energies to 20%, 20% increase in energy efficiency	Resource efficient Europe
Inclusive growth	Promoting employment	Increase the employment rate for women and men aged 20 and 64 years to 75%	Agenda for New Skills and Jobs
	Promoting social inclusion	Lift at least 20 million people out of the risk of poverty and exclusion	European Platform Against Poverty

* The European Commission will propose an additional indicator for innovation.

8. Cohesion policy post 2013 and Europe 2020

In its broad orientations on the future of Cohesion Policy for the period post 2013, the Fifth Report on Economic, Social and Territorial Cohesion has proposed to fully align Cohesion Policy with the Europe 2020 strategy. Full alignment is essential for a number of reasons:

First, Cohesion Policy as a development policy has a key role to play in improving the conditions for long term knowledge-based, sustainable and inclusive growth across all Member States and regions. The objectives of the Europe 2020 strategy are fully in line with the Treaty objective of Cohesion Policy of strengthening economic, social and territorial cohesion. The explicit linkage of Cohesion Policy and Europe 2020 provides an opportunity to both continue to assist the poorer regions of the EU to catch up, and to develop further Cohesion Policy into an important enabler of growth for the whole of the EU.

Second, reaching the objectives and the headline targets of the Europe 2020 strategy will require complementary and coherent policy approaches and instruments acting at European, national, regional and local levels. The role of Cohesion Policy will be to translate common European objectives into national and regional strategic frameworks and provide multi-sectoral and multi-dimensional policy action interacting with other EU and national policies.

Third, in an increasingly interconnected global economy, tackling the Europe 2020 agenda needs to be anchored in regional and even local development strategies. This is the level at where most business networks are formed and links established with centres of technology and learning and where local knowledge and expertise can best be exploited. Furthermore, in most Member States, local and regional authorities and other stakeholders are responsible for the delivery of public policies which underpin the realisation of the strategy.

Fourth, as confirmed by the public consultation on the Europe 2020 strategy the opportunities offered by funds should be embraced in full partnership. Many regional and local authorities also indicated that since key areas of the strategy correspond to their competences, they can use both their own and the structural fund resources to make a significant contribution to the delivery of reforms on the ground¹³¹. The multi-level governance systems of Cohesion Policy can ensure ownership of European priorities at sub-national levels.

How will alignment with Europe 2020 be achieved?

Alignment between Cohesion Policy and Europe 2020 is primarily achieved through the Common Strategic Framework, drawn up at EU level and which Member States are obliged to use when drafting their investment strategies. This framework ensures on the one hand greater coordination with other Funds such as the ESF, rural development and fisheries

¹³⁰ Hobza, Alexandr and Mourre1, Gilles (2010) „Macroeconomic effects of Europe 2020: stylised scenarios“, ECFIN economic brief, Issue 11, September 2010.

¹³¹ „Europe 2020 – public consultation – overview of responses“, Commission Staff Working Document, SEC(2010) 246 final, 4.3.2010, pp. 13-14.

funds, while on the other hand, strengthening synergies with other Community policies and financing instruments such as research and innovation or transport.

At Member State level, a Partnership contract would be established on the basis of an agreement between the Commission and the Member State. The contract would focus on targets, core priorities and institutional pre-requisites, providing the Commission with a more strategic role and shift the policy to a more results-based approach.¹³² While the Common Strategic Framework would ensure alignment at EU level of Cohesion Policy investment priorities with Europe 2020 targets and objectives, the Partnership Contract would do so at Member States level. This would be in line with some of the recommendations of the ex-post evaluations which have called for stronger coordination of available funds at regional level and cross-sectoral strategic frameworks¹³³.

Member States and regions would concentrate EU and national resources on a limited number of priorities in line with the Europe 2020 strategy. There would be flexibility to choose the policy mix most adapted to specific national and regional circumstances. Cohesion policy and the National Reform Programs would also be more closely interlinked. This would allow for creating the necessary preconditions for effective investments. These relate to sound macroeconomic conditions, favorable microeconomic environments and strong institutional frameworks which are key determinants of effective spending. The funds may also provide financial incentives to deliver structural reforms. The investments will also need to be embedded in the context of appropriate sectoral strategies (transport, waste management or smart specialization) and legislative frameworks such as EU environmental legislation.

There would also be a stronger focus on the actual outcomes and results of the policy and a decisive move towards evidence-based policy-making. Setting clear and measurable targets would allow for better assessment of policy performance, while a set of common indicators would provide for comparability across Member States and programmes. Robust monitoring and evaluation systems will be essential prerequisites in this respect.

Finally, the potential for involving private sector finance and making a better use of revolving funds would need to be fully exploited. Extending the scope and scale of financial instruments and creating new combinations of grant and loan financing would contribute to make financing more sustainable on the long run.

9. Conclusions

The rapidly changing global environment makes it imperative for public policies to constantly evolve. This article described how Cohesion Policy has undergone a paradigm shift in recent years largely triggered by new global circumstances. It has shown the achievements of this paradigm shift as well as some of its limitations and the challenges that remain to realise its full potential. Cohesion policy will need to continuously adapt to and effectively manage changing economic and social realities, and continue to place emphasis on the role of the territorial dimension in economic development policies.

Whatever its weaknesses, there has been a genuine added value in the alignment of Cohesion Policy with the Lisbon Strategy and now Europe 2020. First, the policy has developed a method that allows the key actors to be involved at regional and local level. Ownership on the ground, as in all European policy fields, is a critical factor for the successful implementation of the priorities agreed by Europe's political leaders. Secondly, the integrated approach and the pursuit of win-win solutions for dealing with challenges such as competitiveness, employment, climate change and demographic change has brought substantial benefits. Third, the multi-level governance approach to both Cohesion Policy and by extent, to overarching EU priorities, has been a catalyst for exchanges of experience and policy practices.

The success of the Europe 2020 strategy will depend on a range of factors. First, there will be a need for sustained political commitment to reach the targets set in National Reform Programs and conduct structural reforms. Second, public policies will need to operate in a complementary and mutually supportive manner implementing concerted actions across a range of policy fields. Third, as experiences from the Lisbon strategy suggests, ensuring strong ownership of the priorities at national, regional and locals will be essential. Finally, enhancing the quality of public expenditure will be of paramount importance particularly in a context of tight fiscal constraints.

¹³² Barca, F (2009) An Agenda for a Reformed Cohesion Policy. A Place-Based Approach to Meeting European Union Challenges and Expectations. p. 163.

¹³³ European Commission (2010), Work Package 9: Rural Development – Ex-post evaluation of Cohesion policy programmes 2000-2006.

Danuta Hübner, European Parliament
Regions for innovation

Europe is getting out of crisis and trying to put its economy on track of long term sustainable growth. It is facing the grand challenge of unemployment and of the need to enhance its competitiveness in the global context.

In this context I would like to formulate four messages. First, that Europe needs growth. And sustained growth can come from advances in knowledge and innovation. Second, Europe is too small to be able to afford leaving parts of its territory with a growth deficit. So all regions and cities must upgrade their human capital and capitalise on their resources via knowledge and innovation. Third, all regions must enhance the ability and willingness of their enterprises to innovate and be internationally competitive. This will not occur unless regions and cities boost their research centres and their academic institutions. Fourth, European regional policy must be involved in enhancing innovation, building links and exploiting synergies with other policies and programmes. What happens at local and regional level in the area of innovation matters for the future of Europe.

We have already learnt that networks of cooperation, multilevel governance and integrated approach to policy making are all conducive to innovation. Innovation is not only the way out of the crisis but also the way towards new jobs. The trade-off between innovation and creation of new jobs can be avoided, as investing in highly skilled jobs goes hand-in-hand with innovation. We have learnt that innovation requires local and regional focus.

It is legitimate to ask from where the growth can come and what should be the priorities for a new European strategy. How should we address the ageing of our population, as demographics will continue to work against us, how to address scarcity of natural resources in particular in the context of skyrocketing growth rates in China and other emerging economies, how to address climate change related risks when there is no certainty about future standards as Copenhagen failed, how to address job insecurity and loss of feeling of social belonging, how to position ourselves against new patterns of globalization. These are crucial strategic questions, and innovation is an essential part of any effective response to them.

We know that future growth will not come primarily from numerical additions to the labour force. We know that we must care not only about restoring production gaps generated by the crisis, we must put productivity gains on track. If the European economy is to grow in a sustained way, this would allow governments to pay back huge debts. But the growth to be sustained must come from advances in knowledge and technology, from innovation and creativity, from intelligent investment of new capital.

The world of today is already different from the pre-crisis one, and it will be even more so in the future. There are new expectations of citizens, there are new markets emerging to respond to those expectations, jobs are being created in new sectors. We have to transform our economy into a low carbon one. We have to make innovation an essential element of our culture. In Europe, growth policy focussing on a limited number of locomotives, on a limited number of growth poles is no longer an option. Europe must expand its innovation basis, mobilize creativity as well as knowledge generation and use across its territory. Rethinking growth delivery mechanism, exploiting better the potential of cooperation, of multilevel governance, of integrated approach to policy thinking and making – can make the modernisation which is awaiting European economy more efficient and effective.

And of course, public policies, public sector and public expenditure have a role to play in any new growth model. The most efficient place for public interventions must be identified. Over the last years we have witnessed a gradual shift in public investment toward local and regional level. This is true for energy related actions, for job creation, and for the promotion of knowledge and innovation. The need to combine an integrated approach to growth with territorial specificity leads us directly to the relevance of regional and local level. If the success of modern economies depends increasingly on innovation, harnessing local knowledge and creativity is critical for gaining competitive advantage.

European regional policy has to address endogenous growth potential with a view to reducing development disparities between European regions and it should boost the competitiveness of all European regions in order to enable them to adapt permanently to ever more demanding conditions of globalisation. But investing in knowledge is not a one-off boost, it is a process.

When answering the question whether European regions are able to be competitive at the global level, it should first be stressed that European regions have very different levels of economic development, which makes it hard to compare the EU's competitiveness to that of the United States or Japan, where economic development is more homogeneous across the territory. When it comes to investment in innovation, this is no different. If we take R&D expenditure as a proxy for the innovativeness of European regions, we see that especially Western European countries have high levels of investment

in R&D, while these levels are much lower in most of the new member states. Even within countries, these investment levels often differ markedly.

The Fifth Cohesion Report highlighted a trend towards polarisation in Europe as regards innovation: on the one hand the number of European technological “hotspots” is increasing; on the other hand the performance of a growing number of regions is decreasing according to a centre-periphery trend. But no matter how competitive they might be today, these are confronted with the permanent need to restructure, modernise, and foster continuous knowledge-based innovation in order to meet challenges and exploit opportunities of globalisation, climate change, demographics, energy security and efficiency, and, last but not least, to find the way out of the crisis.

Many of the regions geographically located farthest from the European centre appear to lag behind in research and innovation. Outermost regions are the most extreme example of this tendency. Some regions, however, do better than the US or Japan.

In the history of European regional policy, a lot has been done for innovation. Regional policy contributes to innovation through support for integrated regional innovation strategies and experimentation. It has been the policy ambition since the 1990s and its Community Initiatives, based on proven institutional capacity and credible commitment of regional public-private partnership. Between 1994 and 2006 the Innovative Actions allowed for the creation of experimental laboratories of ideas for regions to develop innovation policies.

In 2005, the Initiative Regions for Economic Change was launched, supporting innovative projects and promoting the exchange of experiences across regions. In an enhanced communication effort by the Commission, the RegioStars Award was established within the Initiative, aimed at identifying good practices in regional development and at highlighting innovative projects attractive and inspiring to other regions.

These initiatives have promoted small scale experimentation, mutual learning and the set up of clusters and have contributed over the years to change the role of the modern Cohesion Policy that manages 1/3 of the Community budget, or 0.4% of EU GDP, a high percentage of which is devoted today to the spread of innovation and to investments in the knowledge-based economy. Thanks to all the experience we have, we know that innovation is man-made, it can be grown where we create adequate conditions.

Of course there are many questions to be tackled today as regards the link between regional policy and innovation, about the ways and means to ensure complementarities with the Research Framework Programme and other Community programmes.

The 2006 reform of cohesion policy has shifted the paradigm of the Cohesion Policy from reducing disparities to mobilizing development potential. Reduction of disparities is a non linear long term process and rather a moving target. What matters more, therefore, is the focus on mechanisms facilitating growth and structural change based on growing competitiveness which Cohesion Policy can trigger. The reform has also emphasized the importance of adjusting targets and policy tools to specific potentials and needs of member states and regions. Linking policy objectives with those of the European Union's through strategic approach to the policy and content related conditionality has influenced concentration and quality of interventions. The reform has also recognized that while the role of Cohesion Policy in facilitating functioning of the internal market and economic and monetary union remains valid, the challenge of globalization has made the opening of regions to global competition key to the sustainability of their progress. In short, the 2006 reform has made a major step towards consolidating the role of Cohesion Policy as EU development policy tailored to specific situations while recognizing the horizontal nature of challenges and EU policy objectives.

Now we have to move forward. The key issue of post 2013 reform is how to make regional policy more effective in generating growth, jobs and global competitiveness in a sustainable way. The challenges of globalization and its local impacts, climate change, energy security and renewable energy potential, demographic trends generate strong pressures towards identification of growth opportunities at local and regional levels. Tailored responses are needed which makes good understanding of both challenges and opportunities as well as specific place based potentials indispensable.

The reform of European regional policy in 2006 moved this policy towards building competitive advantages at the regional level through strengthening the knowledge base of European regions. To achieve this, regions and cities must enhance the ability and willingness of their enterprises to innovate and be internationally competitive. This will not occur unless regions and cities boost their research centres and their academic institutions to not only achieve a strong basis and a critical mass of high quality research, but also create an appropriate entrepreneurial climate in a university context.

The good news is that not only the Lisbon Strategy, but also its daughter, the EU2020 Strategy, have identified innovation – in its broader sense – the main instrument to foster the development of the European territory and potentiate

its competitive capacity against the challenges coming from a globalised environment. Innovation has been put at the centre of both strategies and its paramount role has been emphasised as never before.

The re-launch of the Lisbon Strategy in 2005 aimed to bolster the competitive position of the EU and its regions in the world economy by placing economic growth, jobs and competitiveness at the top of the Union's agenda. The top priority has been to increase levels of innovation to help Europe's businesses move up the value chain. One of the main ways to boost innovation in practice was the reorientation of regional policy in the programming period 2007-2013 to make it the main investment instrument to take the then newly-reformed Lisbon Strategy forward. Member States „earmarked“ the major part of policy measures for investments that could contribute significantly to the Lisbon objectives. The global amount currently allocated to R&D and innovation under regional policy is around €86.4 billion. This is more than three times the financial allocation for innovation and R&D of the previous period (2000-2006). The long-term planning involved with these multi-annual programmes also provides a stable financial basis for companies to invest in innovation on a prolonged basis.

Investments such as support to business and SMEs especially in the start-up phase, development of ICT services to enterprises and citizens, industrial clusters and science parks, training of human capital to potentiate talents and skills have been put at the top of the priorities for regional policy across all member states and regions.

Additionally, the policy is being used today much more than in the past to mobilise financial support for innovative business through EIB-supported instruments. In the current period new instruments of financial engineering have been set up to provide for innovative and renewable forms of financing beyond grants. These are proving to have an incredible leverage potential and guarantees their use is increasing across Europe both by public and private partners.

Despite the fact that not all regions have the same level of capacity to undertake research and innovation, Lisbon-related investment opportunities within the framework of regional policy have been broadly seized by Member States and regions. We therefore do not have to start from scratch: the foundations for increased attention to innovation and thus competitiveness are already in place at the local and regional level. Especially now, in a time when we are looking to recover from the crisis, we should pay very close attention to the nature of recovery measures that need to be implemented in those regions that are hit by the crisis. Economic recovery will be much slower, patchier, and less effective if addressed at the European or national level only. Securing link between the type of recovery measures and long term competitiveness linked priorities is also essential. If not, we will risk a lost decade.

Successful regions and cities capitalise on their resources via research and innovation. If we look at the most dynamic technology industries, the common factor is not a location in or near capital cities but one close to the most innovative universities. Europe has many exciting examples of innovation in the regions.

Fortunately, there is a growing recognition in Europe that the appropriate responses are increasingly at local and regional level of European governance, even if challenges and opportunities may spring from further afield than 20 or 30 years ago. In the EU2020 context, we therefore have to encourage regions to look into their current strategies and see how they could adjust them to increase their efficiency and their potential for innovation and knowledge-promoting strategies. The effectiveness of EU 2020 policies depends critically on local and regional involvement.

On the business side, barriers to innovation are related mostly to the internal market. Making the European internal market work for innovation, making it sensitive to local and regional dimension of Europe is a priority. I am not the only one that can present far too numerous examples of how difficult it is to exploit the cross border cooperation potential to make Europe more competitive. And this is due to the fact that internal market is an unfinished business.

A particular area, which has found less room than it perhaps should in the Lisbon agenda and hopefully could be taken up under the EU2020 framework, is the financing of high growth knowledge and technology-based enterprises. This is one area where Europe has been behind development in the United States, where access to venture capital and subordinated debt instruments have always been more readily available. Unfortunately the current banking crisis, which has made banks far more restrictive in their lending policies, is liable to make this situation even worse. And I have doubts whether in our efforts to regulate financial markets and sectors we pay enough attention to the contribution of financial sector to growth. Moving forward on specific innovation supporting financial engineering instruments is necessary. Jérémie has been just a first step towards development of venture capital institutions and new forms of guarantees for SMEs, in particular those open to risk and innovation.

Of course, the low growth and economic stagnation experienced in the last decade, and more recently aggravated by the crisis, have made it clear for regions and cities that they cannot simply rely on relatively favourable macroeconomic framework conditions to ensure competitiveness and growth. Instead, European regions and cities have understood that they must seek to combine macroeconomic assets with implementing effective microeconomic measures, to work

with enterprises, and thus, in fact, to put in place regional innovation policies, truly and concretely enabling 'framework conditions for innovation'.

For the European regions this means that in order to compete successfully in the global market, and to continue to grow at a pace that will allow them to bring their GDP per capita levels to a good and sustainable level, they must strengthen the ability and willingness of their enterprises to innovate, to be internationally competitive. This will not occur unless regions and cities enhance their research centres and their academic institutions to not only achieve a strong basis and a critical mass of high quality research, but also create an appropriate entrepreneurial climate in a university context. An adequate legal framework with respect to commercialisation and industrialisation of their knowledge production, has to be in place, as well as incentives and policies to encourage research groups to actively seek knowledge transfer opportunities.

Universities do make a significant contribution to regional economic and social development, and in a globalised economy this role is growing in importance: they contribute to a region's comparative advantage in knowledge-based industries and to its human capital base, and they can help to generate new businesses. A thriving region creates an environment in which higher education can also thrive, helping institutions to attract and retain staff and students, establishing academic and cultural ties to promote internationalization, academic collaboration, excellence in learning and research as well as services to society.

This is the case not only of universities in big capital cities: there is a growing number of universities acting at regional or local level which are gaining importance, merging and pooling resources with public research organisations to create critical mass and enhance their education and research quality.

Implementing efficiently the knowledge triangle means fully exploiting the potential for synergy between regional stakeholders, universities and business. Decision-takers at the regional level must be fully aware of the potential that research and innovation activities offer to all regions for economic growth. Take-up of such measures will be improved only if there is a strong awareness of the opportunities, and advantages to be gained, amongst businesses, universities, research centres and other relevant institutions. There are still too many situations where the awareness does not exist or work.

Raising awareness of how the European regional policy can assist in drawing new knowledge into a region by helping firms and researchers to engage with international partners, and potential customers and suppliers, is vital to the long-term economic growth of that region.

So are European regions able to be competitive at the global level? In fact, some already are, and with the continued attention of regional policy, others will be as well in the future. We must, however, not forget where we are coming from: some regions in the EU are very poor indeed and a policy whose budget comprises a mere 0.4% of EU GDP can not take us all the way forward to mitigate this and increase innovation capacity in such regions. European regional policy is but one available tool. It can be, indeed it is, an excellent partner in innovation process but we need all hands on deck. It is important that the European Union keeps focussing on bolstering long-term growth by constantly increasing and enhancing its focus on innovation. If the right balance is struck in this process between all levels of European governance and partners – business, academic and civil society – are involved and committed, then the EU will continue making steps towards becoming the world's most competitive economy with regions that can compete worldwide.

We are living a historical momentum and we must be able to exploit all the opportunities coming from it: at Community level a new Treaty is in force allowing for wider Community powers in several policy fields, for an enhanced legislative competence attributed to the European Parliament, and, last but not least, extending responsibilities for the pursuit of common EU objectives beyond the national governments and European institutions – to local and regional Europe; a new Commission is at work, which needs to adopt crucial proposals for tackling present challenges and shaping future strategies and must be ambitious in this task.

From the economic and social point of view we are confronted with a crisis which is putting under big pressure many national economies and showing weaknesses also where they were not expected. In this context big debates are taking place at European level: how to promote competitiveness and economic growth in Europe after 2010 through the EU2020 Strategy, how to shape the future regional policy, what should be the Community budget after 2013, just to cite some of the main ones. All these debates are linked together and have to be tackled in a parallel and synergic way if we want to prepare Europe to the challenges of the next ten years at least.

In a period of economic crisis we need to be practical: the regional policy already makes an important contribution to research and innovation activity in the regions of the EU and represents a big opportunity for the knowledge-based economy, offering a stable and sure source of funding for a 7-year period, with more than 2/3 of its 347 billion € for 2007-13 dedicated to the Lisbon objectives.

But we still must be ambitious: the regional policy disposes of a consolidated methodology in terms of integrated approach among policies and offers a well worked out governance system able to mobilise local investments and to engender structural reforms in the longer run. The degree of success in the implementation of the knowledge-based economy in the future strongly depends on how deeply these tools will be used.

In the context of both problems to be addressed and available policy tools, European post 2013 Cohesion Policy must be carried out across the Union's territory. Restricting it to the poorest regions inevitably would take us back to the old fashioned approach, based on the principle of "compensating for the past" rejected even in the context of 2004 enlargement as subsidy based policy instrument with a strong sectorial focus, weak from the point of view of effectiveness. This type of approach to the policy would make its focus on the pursuit of common European objectives very unlikely. We would generate a quasi European policy working as supplement to national objectives oriented sectorial policies.

The challenge of achieving EU wide strategic objectives, on the one hand, and a rather limited number of available European policy tools point to the need of focusing all European policies, and Cohesion Policy in particular, on these objectives. First results of 2006 reform provide evidence that Cohesion Policy can successfully aim at generating conditions for regions to actively develop their strengths, comparative advantages, competitive potential, creativity, regional innovative capabilities. Such a policy orientation must be based on a proactive anticipation of future trends. The role of European Commission in providing information on future trends and challenges (e.g.Regions 2020) and through this helping regions to identify directions for change should be, therefore, enhanced. Equally important would be its role in encouraging development of frameworks facilitating interactions. Competitiveness emerges from interactions between businesses, researchers, authorities, civil society and international partners.

Competitiveness should be the focus due to well known trends in global challenges. An additional strong justification for this focus comes from the fact that the crisis has already led, and will do it even more deeply in the years to come, to abandonment of competitiveness goals in both public and private investment policies. Public resources as well as policy and investment measures have been increasingly transferred towards stability objectives and we will witness strengthening of this trend. The response should be to have competitiveness as major Cohesion Policy objective for all European regions. For those regions where catching up remains a long term goal, a second objective should be established in the new policy architecture, with a view to provide more support for those who lag behind and who indeed face the genuine challenge of convergence.

New Cohesion Policy should be based on a modern multilevel governance but not of hierarchical nature. In the European Union, a top down hierarchical approach to policy decision making and governance has been disappearing from the good practice of governance through continuous process of decentralization of competences and responsibilities. Additionally, subsidiarity, extended by the Treaty to local and regional level, has acquired a new character, moving from separation of powers to sharing and coordinating.

While moving towards performance based and result oriented policy has become a buzzline for quite some time and first experience of evaluation has provided some food for thought and good practice in this respect, there is still a long way to go before this pioneering policy reform can become a fully fledged new approach. Much more work is needed on methodologies.

As all national, European, regional and local processes get increasingly intertwined with global changes, opening regional economies to the global competition is fundamental. 2006 reform has started this process putting emphasis on the need to measure regional economic strength against the global context. In post 2013 policy edition, this trend must become a cross cutting rule. Pressures for reforms which Europe needs come increasingly from this multifaceted intertwining. If this is not further and strongly encouraged by the Cohesion Policy instruments which have high leverage and catalyst power, European economy will face the risk of its global marginalization. We must also recognize that globalization and openness work towards decreasing role of state level policy frameworks and growing role of responsibilities of regional and local authorities, citizens and entrepreneurs.

Understanding that European Cohesion Policy is not merely a financial tool for investment but a policy that is generating new resources, adding to growth potential is crucial. This points to the importance of the process of setting policy priorities and focusing its investment. Therefore, the objective today cannot be reducing or eliminating production gap generated by the crisis or growth deficit but putting productivity gains on track. Hence, the emphasis on competitiveness is a must. Post 2013 policy should be an instrument to enable competitiveness. Equally, it must avoid generating conditions that would impede competition. It must work towards opening regional economies to international competition, promoting international networking of regions and enterprises, making this networking a condition for programs and projects.

Future policy should offer to regions in a more robust way good practice that can enable those less competitive to open up to global competition without protective measures. This can be achieved through helping regions to identify measures they can use to increase innovation, productivity and competitiveness.

As I said above, an important challenge for the future Cohesion Policy will be striking the right balance in linking it with the EU 2020 strategy, avoiding, on the one hand, its subordination and, on the other, its marginalization. Both the experience of linking the Cohesion Policy with the Lisbon strategy through the earmarking exercise and its delivery system make this policy particularly well tailored to the EU2020 governance requirements. It provides an integrated, place based formula for investment. It provides effective delivery system. It provides ownership on the ground. Its strategic approach allows to translate common European objective into national, regional and local ones. It offers an effective use of conditionality to distribute funds among projects and territories. It offers capacity to monitor and provide technical assistance.

Without any doubts restructuring will be a permanent feature of our economies in the years to come. Cohesion policy should nurture it, stimulate the spirit of change and openness of local and regional economies to the world.

François Bafoil¹³⁴, Head of research at the CNRS

Intra-regional political and industrial exchange and clusters in Central Europe. Is there an integrated Central European region?

Strong trends towards internal integration were expected to emerge in the eastern region after the fall of eastern European communist regime in 1989 and the abolition of internal borders between the two parts of Europe. There were many reasons for such expectation: common industrial legacy and adherence to the old Common Soviet Market (Comecon), the elite's wish to "come back to Europe" after 50 years of the arbitral division, or the fact of most of the sovereign countries turning to NATO and EU at the same time. Moreover, Poland, Czechoslovakia and Hungary integrated into a political alliance in 1990, the so-called Visegrád Group, based on the relations that originated before 1989 between the leaders of social movements that came to power after 1989. Therefore, in the very beginning of the new era, free from communism, there were reasons to expect political integration to generate strong regional integration. The return of democracy had to result in the emergence of the common market. However, the very perspective of the common activity based on the political union, leading to economic integration, was dashed to the ground. There was no common economic vision. Each country began its own journey to transformation supported by the European Commission by giving up general negotiations to bilateral dialogue with each of the countries.

However, it would be wrong to state that the significant change in trends in the exchange with the West (especially with the European Union) had no influence on Central Europe. On the contrary, the first part of the article will present that the increasing exchange was followed by the significant intensification of interregional relations. Obviously, we witness the origins of a new form of regional integration of the new Member States, and the concentration of the trend in the entire EU-12 region under the leadership of the four central countries. One might wonder why the same comparative domination is used in the case of so many regional policies for establishing special economic zones occupied by foreign investors. In the second part of the article we will try to prove that regional integration is only a hypothesis at this stage. We will verify whether it is probable, even if the automobile sector definitely specifies the central region both as regards producers and subcontractors. Still western regions in all of the countries differs significantly from eastern regions since the first ones make use of the neighbourhood of highly developed countries and the latter show the features of no economic legacy, similarly to their neighbouring countries. Is it historical determinism or spatial determinism? Some characteristics of clusters analysed in the third part makes us less open to such a thesis.

Finally, and that is a first thesis advanced in this work, economic integration observed in Central Europe is not implemented as a common political vision, even if it exists in NATO security area. Its implementation is mostly dependent on the one hand on economic networks dominated by western investors (mostly multinational) and, on the other hand, on historical characteristics that have always been favourable to western territories to the detriment of eastern territories, while determinism was not significant. If there is strong economic integration in the region, one has to be prepared for serious territorial imbalance. The other thesis presented in this work emphasise that the lack of balance, connected with the results of 2008 crisis that affected new social groups, has new social dimension that should be limited by public, central and local authorities in order to discontinue further strengthening extremist ideologies. These arguments encourage investigating the issue of legitimacy of Cohesion Policy and the so-called "place-based approach".

1. Intensification of trade relations and integration at the EU level

At first, let us investigate data on trade relations and their significant increase in 2004-2008 in order to understand what makes these relations vectors of strong European integration.

Since four central European countries joined the EU in 2004 until the time before the economic and financial crisis began, trade relations had increased by 18.4%. In Central Europe (EEC) the annual increase of 29.7% was faster than the joint increase in those countries' export rates to 27 Member States. Therefore, considering all the data, relations in the EEC region are significantly more intense than before.

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Table 1. The average economic and trade growth in Central Europe

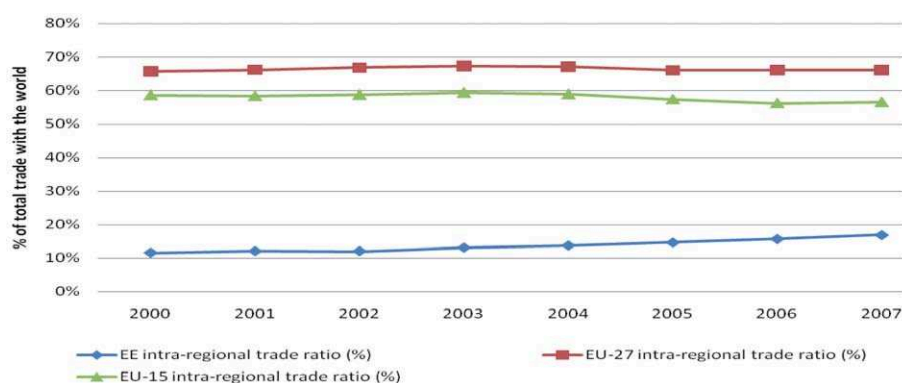
Countries	Increase in GDP '91 – '03 (average)	PKB Growth '04 – '07 (Avg./yr)	Outside EU-27 2000-2007 ^b		Export within EU/Export in total (2007)	Export within EEC/Export in total (2007)
			Increase in export (avg.)	Increase in import (avg.)		
Bulgaria	-0.2	6.3	14.1	13.6	61	11.0
Czech Republic	0.9	6.0	16.8	7.8	85	20.8
Estonia	1.7	8.4	29.2	9.0	70	19.8
Hungary	1.7	3.5	17.3	8.0	79	19.3
Latvia	0.1	10.5	23.1	17.3	72	35.4
Lithuania	-0.4	7.9	24.5	12.3	65	27.0
Poland	3.5	5.5	19.8	9.3	79	15.9
Romania	0.1	6.6	16.9	19.3	72	14.0
Slovakia	1.5	7.7	24.5	14.2	87	28.0
Slovenia	2.2	5.3	14.1	11.7	69	13.8
EEC TOTAL	1.1	6.8	18.3	10.9	79	19.2

Note: a. 2009, External and intra-European Trade Statistical Yearbook – Data 1958-2007
b. UNCOMTRADE data
c. Eurostat 2009, External and intra-European Trade Statistical Yearbook – Data 2002-2007

Source: Eurostat 2009; UNCOMTRADE, April 2009 in Bafoil, Run, 2010

In 2000-2007 inclusive, trade exchange within EEC increased by 46.6% that suggests that the level of dependence between the EEC countries has significantly increased. This form of dependence does not apply to Estonia, Hungary, Latvia and Romania that observed intensified relations within the group of the new Member States in proportion to dependence from EU1.

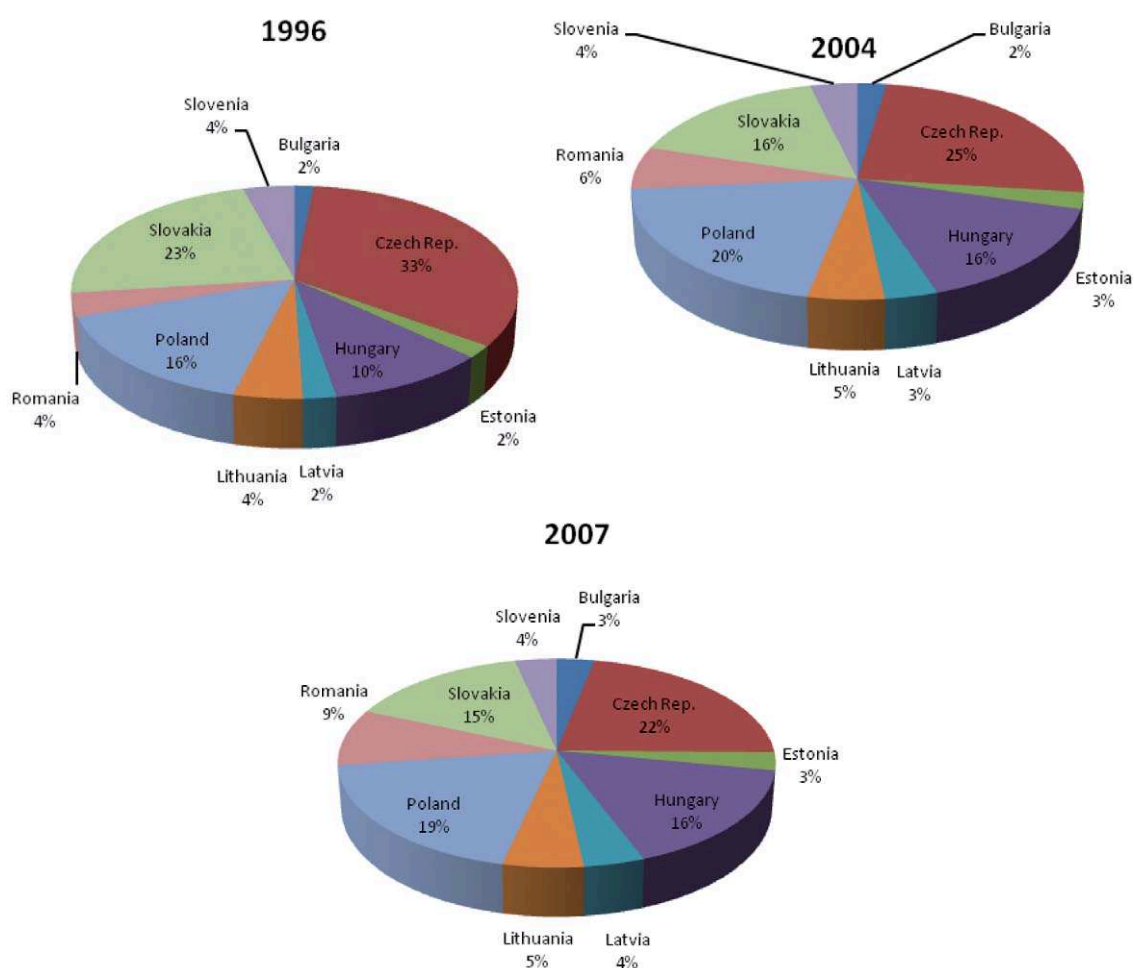
Figure 2.: Development of the intra-regional trade exchange within EEC for EU-15 and EU-27 (2000-2007)



Source Bafoil, Lin, 2010

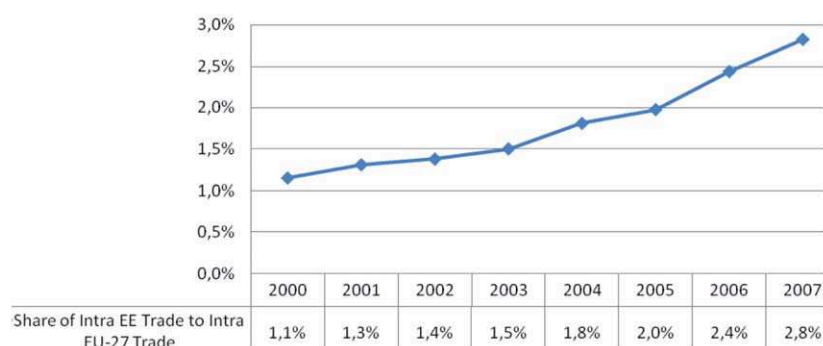
It should be noticed that four central countries in Central Europe referred to as the integral body, i.e. 10 new Member States (except from Cyprus and Malta), are distinguished as leaders. The intra-Community trade in these four countries (Czech Republic, Hungary, Poland and Slovakia) was at the level of 82% in 1996, 76.8% in 2004 and 72.5% in 2007. What are the conclusions? First of all, there is a strong regional integration resulting from their joint actions. Next, a dynamic strategy of "catching up" with the other Eastern European neighbours is observed, especially as regards Romania and Latvia. Their share has significantly increased during this period and in the end it was doubled. Finally, two issues need to be pointed out. The Czech share is considerably smaller, while the Hungarian and Polish shares are at the same level. Despite that, the Czech share does not decrease as compared to EU-27. Moreover, as far as the size is considered, Poland is the unquestionable leader. This results not only from its size but also from its high capacity of growth at the regional level which is proven by its means of fighting with the crisis since 2008.

Share of individual EEC countries in the Intra-EEC Trade in 1996-2006.



The last set of data that may prove the emergence of regional integration through trade exchange was presented on Figure 3. It clearly shows that since the time of very low share in 2000 the share in EEC relations in terms of EU-27 Community relations has been continuously increasing. It amounted to 1.1% in 2000, 2% in 2005 and 2.8% in 2007. Considering the above, it should be stated that the share is relatively low and its growth, if as high as presented, should be associated with very high growth rates in a given period for the new Member States.

Figure 3: Share of Intra EE Trade to Intra EU-27 Trade



Source: UNCOMTRADE database, April 2009, in Bafoil, Lin, 2010

Two comments will be presented in the summary. The first one is positive: both EU reports confirmed that the accession of the new countries to the European Union was profitable. The reports state that out of 12 countries four central eastern countries clearly benefit from the change. In its report of 2007 Eurostat proved that the increase in trade exchange amounted to 8.1% a year in 2000-2003, and stabilised at the level of 13.7% in 2003-2005, with the increase of 11.1% in EU-15. The European Commission confirmed these data in its report called "Five years of an enlarged EU" and pointed that "new Member States increased their export market shares in the EU-15 market more strongly before accession while the dynamic was stronger in the intra EU-12 market (including Cyprus and Malta)" summing up that it "point to a pattern

of regional integration through trade in Central Europe”¹³⁵. The other comment is not as optimistic as the first one. It refers to the crisis present in the EU since 2008. If the decrease in EU exchange is ignored today, we will find out that the GDP annual growth rate has dropped dramatically. It applies most of all to Estonia and Hungary, where the low involvement in the EU-27 exchange and higher involvement in the EEC exchange were observed. Therefore, regardless of the lower relation, there are two countries that observed a considerable GDP drop. Thus, concerns about its influence on regional integration in the central region are justified. The political results of the economic and social crisis will be discussed in the conclusions.

2. Similar comparative advantage, sectoral integration and failure of providing balance in cross-border exchange

Considering the integration dynamism in the light of commercial exchange, one could expect its intensification as a result of three other types of exchange, i.e. public regional policy, industrial policy and cross-border cooperation. The results in this respect provide us with little information. To be more specific, the same tendency can be observed which means strengthening of regions supporting western areas and deepening differences which do not foster regional integration. For Special Economic Zones it is still too soon to state whether the connections can become visible in the entire central eastern region. It seems rather that every country takes care of its development regardless of what the neighbours are doing. Moreover, the possibility of industrial peaks that appear for the benefit of these zones, becomes hypothetical. The automotive sector is an exception, if there has been real integration in the central region of four countries listed above. Due to the fact, however, that car companies are basically located in the northern part of eastern European territories (outside Silesia), sectoral integration is not necessarily a factor of territorial integration. Especially at present there is no reason to consider the automotive cluster established. Moreover, in the case of cross-border contacts the tendency of overcoming historical barriers in order to combine fragmented territories contributed to polarization of territories through a combination of more developed western territories with eastern regions which are less developed.

Regional policy and Special Economic Zones.

The original idea of economic development was formed in central Europe after 1990 and this was the creation of Special Economic Zones. They were not created as the equivalent of western zones, but established in order to reduce the decline in employment that occurred in the territories during the first decade after the fall of communism. Regions, where the unemployment rate was often twice higher than the average for Poland, benefited from it. The initial idea did not include attracting foreign investments which were considered factors of the expected great transformation but it was assumed to provide assistance to numerous regions with considerable difficulties. In return for substantial financial assistance, particularly large tax credits, entrepreneurs wishing to invest in areas had to commit themselves to provide employment to a number of people over a certain period of time. This way all countries have improved to a lesser or greater extent the same policies based on tax benefits, low credit interest rate, bank guarantees and ensuring low wages for the population after serious experiences connected with the period of changes in the governance system.

Therefore, investors in Bulgaria are exempt from the industrial tax and reliefs are granted for costs of social insurance, training and retraining of workers. In Estonia, payroll taxes, income taxes and land tax for companies are relatively low. Hungary encouraged entrepreneurs in two various ways. The first one is linked with assistance which is due under a decree on attracting companies. The second relates to the relief of income tax which can reach 80% in some regions (such as the northern region, Great Hungarian Plain or smaller regions, e.g. Letenye, Celldömölk, Tet, Vasvár, Zalaszentgrót). Two zones were established in Lithuania: in Klaipėda and Kauna, where the aid included exemption from income-related costs for the period that can be up to 6 years, and from industrial tax if the sum invested is more than EUR 1 million. In Poland, state aid was granted if the invested amount is EUR 1 million or EUR 500,000 while at least 100 jobs are created for the period of 5 years or 20 jobs for a year. There are new criteria due to introduction of new technologies, such as the factor of obtaining aid or investing in environmental protection. Because of such a generous State policy, even more beneficial because of the fact that the EU guarantees it will be continued until 2017, special economic zones in central Europe make use of more and more funds as structural support granted to regions called convergent.

It was only later when regional policy (some call it territory development policy or industrial policy) contributed to further development of economic activities due to the inflow of foreign investors. A significant issue for them was the triple benefit from high tax shelter, skilled labour and low wages. In 2000 salaries in Poland stabilised at the level of EUR 588, in the Czech Republic at EUR 580, in Hungary at 540 while Slovakia was far behind with EUR 450 (the amounts in Bulgaria – EUR 150 and in Romania – EUR 260). Nevertheless, this regional policy was far from ensuring integrated and sustainable development and it opened the way for what Gilles Lepesant called development in “leopard skin” (Lepesant 2011), referring to the Pierre Veltz’s initial image of development in the form of an archipelago (Veltz 1996) and to the Gernot

¹³⁵ European Commission 2009, 57

Grabher's image of "cathedrals in the desert" for Eastern Germany at the beginning of 1990s (Grabher 1993). This way all these authors stressed the peak of growth without development that would accompany it. The automotive sector should primarily be noted among these foreign investors. It caused a deep transformation of economic and territorial profiles of central European countries providing at the same time strong sectoral integration. The price, however, to be paid for it was territorial imbalance across the entire region of the centre. More specifically, it designated the industrial heart and peripheries in one central eastern region, thus justifying the delay of peripheries at the level of the entire EU territory.

Integration through the automotive sector

There are no doubts that the automotive sector is the most important factor of regional integration, especially as it is more territorially concentrated. In fact, more than 80% of production takes place within the square formed by the cities: Katowice (Poland), Prague (Czech Republic), Budapest (Hungary) and Bratislava (Slovakia). This is where the largest world producers have their seats: GM and Fiat in Silesia, VW, Toyota, PSA in Pilsen and Moravia, Audi and Suzuki in Budapest and in Győr. Therefore, an industrial centre is being created in the heart of central Europe which is, in fact, a periphery of the EU-15. The distance between the main plants of this centre is less than 250 km. The centre covers 13 factories with the largest production volume, 11 largest world companies and hundreds of suppliers that include all European leaders. Between 1991 and 2006, more than USD 40 billion were invested in the automotive sector and further USD 6 billion are planned to be invested by 2013 when the region will produce between 3.5 and 4.5 million cars. Only the European market will absorb 1.5 million of them. This proves that the central region has become an important platform of vehicle production and sale for the western countries.

We cannot, however, consider automotive clusters as existing today if this term is understood as integrated vertical industrial structures creating areas of regional complementarity and supporting highly developed labour markets and qualifications. Areas of vehicle manufacturers and equipment seem to be regarded rather as an extension of plants existing in the West, certainly greatly modernised, but without the possibility of conducting similar research. Research and development functions connected with the design and, more generally, with the strategy have not changed their location. The exception here is PSA in Trnava in Slovakia and partly VW in Pilsen. A large dependence from the West is usually maintained which weakens sources of sustainable development.

In 2006 for all four countries of the centre, the value of exports carried out by the automotive sector was EUR 56 billion which is about EUR 20 billion more than imports. These producers assign 25% of all exports only to Hungary. The automotive sector in Slovakia accounts for 25% of industrial production, VW with 10,000 employees achieved a 10% share in GDP, plus 3,000 employees at Peugeot and 3,000 at Kia. Production in this country increased from 293,000 units in 2003 to 600,000 units at the end of 2007, which gives this country the first place in the world among manufacturers with 106 vehicles produced per 1,000 inhabitants. In the same year, 2007, the Czech Republic and Hungary produced 900,000 units. The following table provides data on employment relating specifically to employment in industry. Thus, evaluation is carried out in respect to the impact of job creation in the automotive sector per five jobs created in the national economy.

Share of automotive sector in GDP, trade balance, industrial production and employment

	% of GDP	% of export	% of export production	% of industrial production	employment
Czech Republic	7	17	80	20	126,000
Slovakia	25	25	95	35% (2007)	58,000
Hungary	7	20	90	6,6	110,000
Poland	4	16	97	11	125 0

These quantitative data should be accompanied by qualitative data that reflect the significant growth of the efficiency of vocational training and accelerated qualification levelling in this sector, all information helping understand the growing productivity of labour in this country. Given these data there is no doubt that we are witnessing a very strong sectoral integration and inter-regional integration when it comes to the „heart“ of all four countries. Can the same be said about the regional development across the entire eastern European area?

Cross-border exchange

A study of cross-border exchange, especially in one of "Euroregions", that appeared in all border areas of the central Europe led to two conclusions which partly reinforced the previous statements.

The first conclusion relates to a clear difference between territories in this part of the European Union for the benefit of western territories, which are much better developed than eastern regions. The main reasons are historical conditions.

Before 1918 western regions were parts of the most developed European empires. This concerns especially the German Empire for western Polish regions or the Sudety which remained under a strongly influence of Germany. Eastern territories were incorporated into the Russian Empire. Looking even further in the past, we could see that some parts of present Hungary, Romania and Bulgaria were under Ottoman rule. In the case of these regions, the mining as well as iron and steel industry since the end of the 15th century had shaped attitudes typical of the industrial revolution which took place three centuries later. Dominated by agriculture, they did not change later as a result of the industrial revolution. These territories transformed only under the influence of the Soviet authorities after 1945, firstly as a consequence of land collectivization, then through creation some factories of certain sectors such as armament as in the case of the territory of Slovakia. In other words, this territorialisation of industrial activity was associated with a specific political project, and despite its disappearance in 1989, the old historical trends are still visible. What is more, these tendencies influenced development of the land since collective farms and armament plants were soon closed and new border states were particularly affected by the crisis which occurred after 1989. Therefore, while the start of western territories of the new countries was easier because of their proximity to border regions with the greatest resources (including new German states), the situation of eastern territories was not the same. In the first decade, they were characterised by barter, black economy, economy of market places. During the next decade, due to the influence of preparations to EU accession, border controls were intensified which had a negative impact on the areas that had already been highly affected by the crisis of the governance transformation.

Thus, the accumulated effect typical of upward trends was observed almost everywhere. It translated into failure of providing territorial and social balance, which is very important. This feature is common for most eastern territories. Their special nature stems from historical factors referred to above which took a different form and were reinforced by large inflows of foreign investment since 2000 in the most advanced western regions. These regions had more developed transportation and cultural infrastructure, cities with large human and social resources, while rural areas in the east, that were as neglected like regions bordering the Kaliningrad Oblast in the north and Belarus and Ukraine in the east, suffered a deep crisis after 1991. Therefore, in 1998 the capital reform was introduced under the EU pressure. It involved demarcation of new regions and prevented deepening of territorial differences. Although all four central eastern countries implemented the reform of division into regions (the reform was carried out in the best way in Poland, it was the most labour-intensive in the Czech Republic), the situation of western regions was more advantageous, because German and Austrian partners were working at the same level of regional distribution. Eastern regions, however, were not able to establish cooperation with Ukrainian and Belarusian partners since there were no such partners, the only important authorities were in Moscow, Minsk or Kiev.

It is not surprising, therefore, that the most fruitful cooperation is carried out in the border region of Vienna – Bratislava. Both capitals, located within 60 km from each other, have comparative advantages from cheap labour force on the one hand, and the status financial capitals, on the other. Structural assistance is provided mainly to implement the Interreg B programmes (trans-regional programmes with a group of cities situated close to both capitals) and C programmes (cross-border). On the macro scale, spatial development projects were created. They included construction of transport infrastructure between the airports in the region, tourist projects were developed in order to benefit from the value of wine resources. A variety of projects were also prepared to reduce undeclared work or to establish zones of equal prices for using mobile phones. On the micro scale the Euroregion (*Weinviertel*) covered the 4 million inhabitants and was aimed at provision of support for SMEs, Slovak-Czech and Austrian, wine-growing, the youth and common culture. The Vienna – Bratislava cooperation went down in history as a success story of the region.

What is more, studies of cooperation for example in Carpathians „Euroregion“ reveal a number of failures which resulted mainly from hostility persisting until today and stemming from history. Even if Poland is striving to ensure development of this once joint region (under the Austro-Hungarian rule), one cannot tell the same about its partners. Ukraine does not want to cooperate with Poland, explaining that they do not benefit from it in any way, while Poland is accused of caring only about their own interests in their former territories. Romania, which did not send any central representative to the common structure of the Euroregion, states that it belongs to it, but is it not only for the purpose of limiting the activity of Hungary which is accused of treating it as a measure of support for the Hungarian minority. Slovakia's opinion is similar. The attitude of this country is distrustful because of the prevailing Polish participation in this case. Finally, no project has been developed on the Euroregion scale, neither industrial, nor tourist, while the region has all the strengths needed to cooperate broadly. What is more, claims addressed to the previous regional authorities continually refer to former reluctance originating in the rule of Hungarian or Polish lords over Ukrainian, Romanian or Slovak peasants. According to some, they were brought to being servants or people without land. The result is that the atmosphere of suspicion is predominant which results in a failure to act.

It seems that the long period of time and spatial dimension are arguments used to explain development of eastern Europe until the moment when the history and geography become considered the *ultima ratio* of industrial development after 1989. On the basis of a quick study of several features associated with emergence of some clusters, one can verify the thesis of historical, and at the same spatial, determinism.

3. Clusters. Long-term industrial processes and spatial dimension of development

The industrial and regional development analysis based on the concept of 'clusters' is a novelty in Eastern Europe. The term had rarely been used before 2004. Large-scale analyses of the term were conducted in 2006 and 2007 by OECD (OECD, 2006, 2007a, b), and the EU commissioned the analysis which constitutes a reference point (EU, 2007). The term has since been used to explain the phenomena of territorial sector concentration in order to reflect tendencies in polarised development and business contacts¹³⁶. The OECD definition, imprecise though it may be¹³⁷, is binding in both parts of Europe. It being general constitutes yet another proof that the approach to analysis both in the East and in the West has been normalised. It is worth pointing out, that both in the East and in the West of Europe similar attempts are made to develop more precise a definition of a cluster (Rosenfeld et al. 2007), which would try to explain the scope of spatial causality, types of sector occurrence and innovation and the role of public authorities in cluster development.

The survey of 2005 in municipal milieus in deep crisis resulted in Polish researchers' attributing the defeat of certain economic zones mainly to several factors partly related to the heritage, and partly to 'human capital.'¹³⁸ The heritage signifies in this context what has been left after former industrialisation, for which no demand currently exists and which has not been subject to any restructuring. It also includes lacking infrastructure and constant migration, in particular, the migration of young people. As far as human capital is concerned, the definition alludes to missing links between different political and economic agents who cannot provide a connection between the transformation processes in industry with urban development. Local actors have been marginalised and seeking of external support and foreign partners have been constantly ignored. The conclusions joined the conclusions from the EU survey mentioned above, according to which the regions where no industry or production had been developed before 1989 have smaller share in clusters after this date, hence, are less developed. Therefore, the development after 1990 depended on industrial heritage from the previous system. Still, this fact does not prevent from highlighting the competitive advantage of highly industrialised regions (based on the equipment from before 1939 or after 1945) only, if factors other than the ones related to agglomerations or inflow of foreign investors, occur.

The geography of clusters, which seems to turn into the geography of development joins the duration factor. The former emphasizes two 'structuring' tendencies (Ferry, 2003, 2007, Gorzelak, 2006, Lepesant 2011, EU, 2007, b, c). The geography of clusters contrasts the capital with other, nearer or farer, regions. Classification in the quoted EU survey is consistent with the classification determined ten years earlier: in terms of cluster lease Budapest occupies the first place, Warsaw – the second, Prague – the fourth. The second tendency, as it has been mentioned above, contrasted the regions which highly developed after 1989, and were linked with strong Western regions, with the Eastern regions, in majority in crisis. Cluster classification in this respect is consistent with the predominant tendency from the beginning of economic transformation: northern regions are Polish, eastern – Hungarian and the Slovakian regions are the least industrialised with a small part of clusters (UE, 2004, 2007, c, d). Clusters seem to reflect the already existing tendencies rather than initiate new ones.

It transpires from this fact that developmental determinism which could result in "condemning" clusters to success due to a simple fact that they would take part of long established structures, contrarily to Eastern regions with a much lower density of the network of cities and less frequent FDI. However, a large body of evidence proves otherwise. First of all old territorial structures may be situated in the east of territories and foster dynamic clusters. If history intervenes, geography may not be of help. This has proven right in the case of 'the Aviation valley' cluster in Rzeszów, which is often described as an example of a fully developed cluster, which is nevertheless situated at the border of two poorest regions of Poland. The shipyard in Gdańsk is an example to the contrary, where history does not play a part (even though one could assume it to be significant due to its being the 'cradle' of Solidarity movement) and where geography becomes a burden in case of the result of successful restructuring of other ports of the Baltic Sea and in Northern Germany. The last observed evidence includes significant changes that have occurred since 2000 in different development areas. Some cities, such as

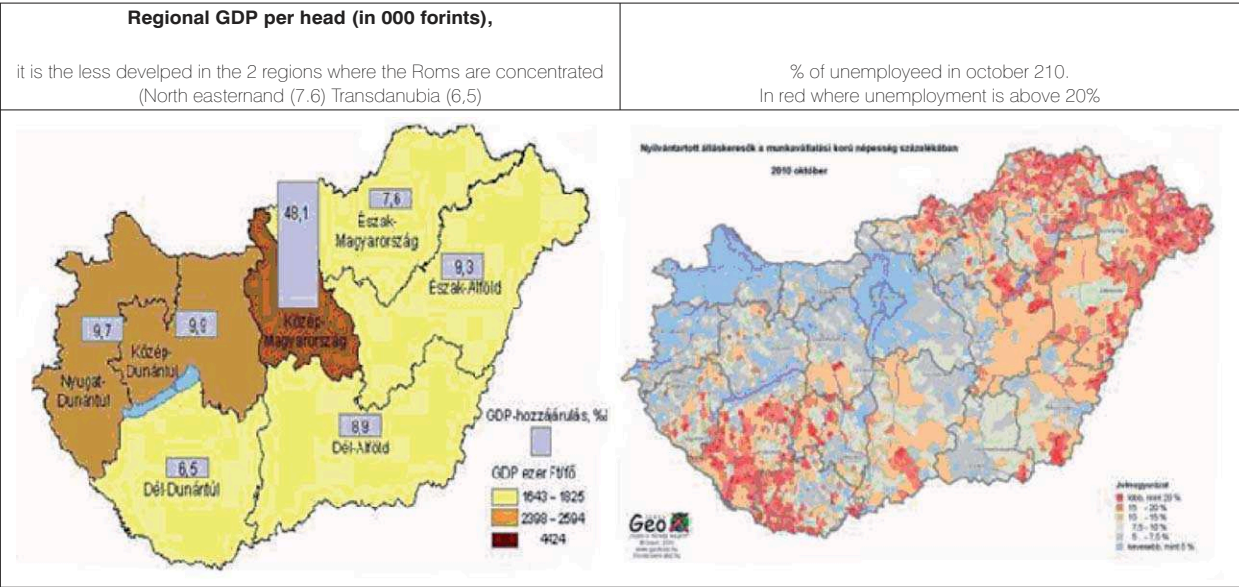
¹³⁶ A cluster is an agglomeration of vertically and/or horizontally linked firms operating in the same line of business in conjunction with supporting institutions", OCDE, clusters, definitions and Methodology, op cit, p. 29. This definition should be compared with Porter's definition, according to which a cluster is « a geographically proximate group of interconnected companies, suppliers, services provider and associated institutions in a particular field, linked by externalities of various types... », Porter, 2003, p. 552

¹³⁷ The polysemic nature of the term is clearly visible in empirical classification of four cluster types by OECD: Marshall's clusters, i.e. small and medium enterprises which specialize in high technologies or services. 'Cluster Hub and spoke' dominated by one or several big companies, with the surrounding sub-contractors and their activity. The advantages resulting from the relationship are the basis of cooperation in such a case. 'Satellite platform' is the third case. It concerns companies dominated by the services characteristic for a given sector, albeit mutually independent. And, last but not least, State industry clusters which are in fact regions, where local business structure is dominated by a public or non-commercial entity (a military unit or a university, public institutions).

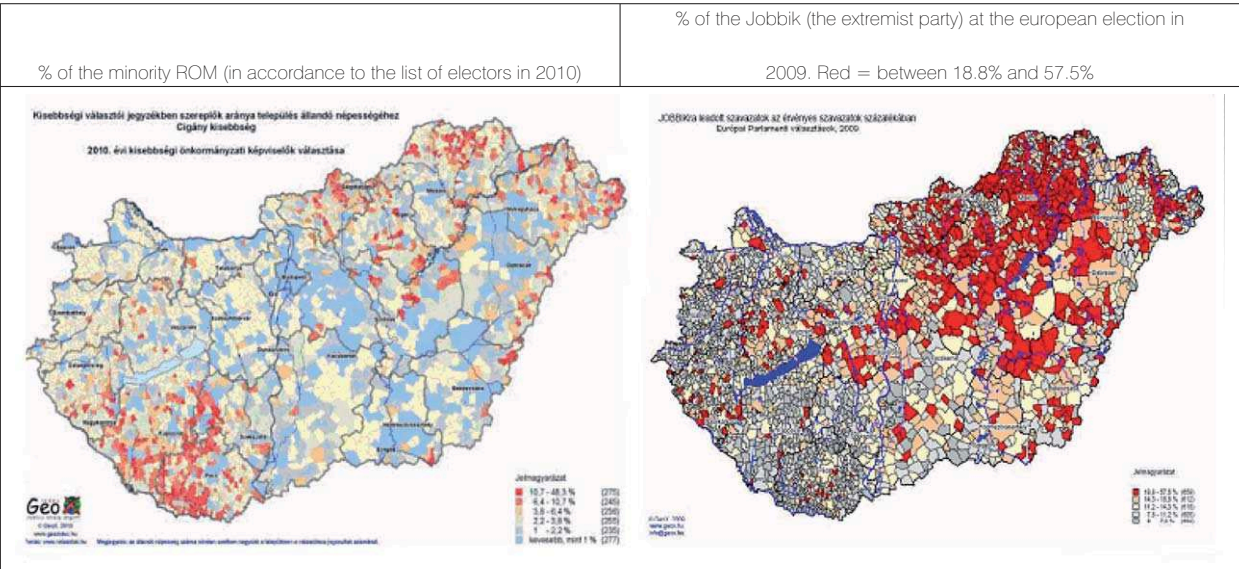
¹³⁸ Gorzelak et al., 2007, survey in Polish. The survey covered ca. ten cities with the population of ca. 50 000 inhabitants distributed in the whole area

Łódź in Poland, Koszyce in Slovakia or Szekeshtehvar in Hungary are 'bursting', others, such as Ostrawa, grow weaker in spite of their advantages related to previous industrialisation of surrounding areas.

Moreover, while it is possible to question spatial determinism, historical determinism encounters obstacles while attempts are made to define the factors responsible for cluster success, which is a combination of three positive factors: 1. the demand driven by foreign investors, in a deeply restructures environment both at the internal operation level of companies and at the level of communication between companies, 2. highlighting initiatives in the area to make them noticed by the regional/state authorities and, in consequence, by the EU-supported networks in view of innovation valorisation, 3. deep linking of zone, company and external environment management at the regional, national and international level.



Source: <http://www.geoindex>.



Source: <http://www.geoindex>.

4. Conclusions. Social cohesion and territorial cohesion

Bearing in mind earlier development, it seems that the further development of Eastern-European economies (especially the economies of the four countries of Central Europe) is the chapter full of contrast. Certainly one should bear in mind the opportunity of developing exchange as a part of EU trade. It is beneficial to the development of intraregional exchange. Not only is the growth a sign of a clear change of the exchange direction, from Comecon to the EU. It also signifies strengthening of the ties between the States. Hence the conclusion that the EU-10 participation is moderate. Moreover due to obvious dependence on the importers from the West, one may be afraid that the crisis that began in 2008 may

affect community trade. The fact that data are dispersed makes their inclusion impossible. Moreover it was underlined that establishing special economic zones proved beneficial in time, due to accumulation of other factors as State and structural aid, inflow of foreign investors, significant in certain zones. The car industry is a good example here. A narrow location of car industry enabled high integration of the West-East activity, resulting from creation of production platforms among the producers. Household subcontracting developed as a result of the distribution of the sub-contractor activity almost exclusively in the West. It has improved employment in the region and qualifications. However, a weakness of R&D activity was also highlighted and related to the weakening of the endogenous development of the Central Europe. It was observed that the intra-regional integration had a positive impact on the lack of territorial balance. Western areas found themselves in a particularly advantageous situation through the revival of historical territorial tendencies, which had been forcibly put out by the Communist regime. Eastern territories on their part, which, historically speaking, had been less developed, were neglected after 1989. A few qualities of clusters contradict the concept of spatial or historical determinism, which impedes any pro-development activities aimed at the regions in crisis.

Therefore, what conclusions can be drawn for the future of the Cohesion Policy? First of all, support for both the dynamically growing regions, such as the ones belonging to the car industry quoted above, and the regions in crisis for more than two decades, should continue. The solutions are inadequate in terms of assuring a proper development for the latter. Strategies aiming at innovation are confronted with lack of tradition and the environment which would be ready for their implementation. Measures improving qualifications do not allow their users to stay in place, but foster migration, which are nevertheless growing due to liberation of markets. Local development is also weak, since the purchasing power in the regions is weak. Investment in road transportation are not causally linked with development. They are more and more often criticised due to the information concerning their predominance in the South of Europe. Finally it seems, that numerous preventive measures do not achieve the expected results with respect to levelling the areas of dynamic growth and lagging areas.

Another reason exists to intensify support for Cohesion Policy: the social and territorial effects of the present crisis. Large territorial disparities result in the equivalence of rural-urban and Western-Eastern disparities in the countries of Central and Eastern Europe, as it has been indicated above, and contribute to the dispersed electoral preferences. Strong correlations have been observed in the last two decades between territorial disparities and political preferences. It can be explained by the conclusion, that liberal preferences are characteristic of urban population, which is educated and often young, and characteristic of the Western region, while sovereign, if not xenophobic or extremists, preferences, are rather characteristic of rural population, which often sees itself as the 'victims of the great transformation'.

The current crisis has deeply changed the ante, moving the extreme cases to the centre of metropolitan areas, which proves that poverty and despair are not restricted to the industrial and rural heritage of the previous system or to the unemployment of unqualified persons. They are also related to the victims of the decade of development, to the bursting of the speculative bubble on the real property market and to the increase of individual debt. Regional economic integration in this area by the market forces prevented wide social integration, resulting from sustainable growth and satisfaction. The issue has since become twice as urgent. It needs deepened analysis of causal relationships between the territories in crises and citizens' preferences, in order to better respond to their expectations. It wants public decision makers' attention to the lacks in urban (and, to a lesser degree, rural) heritage through adequate management of regional and local strategies, supported by the structural funds. Both cases, in terms of theory and public policy, undoubtedly concern the neglected 'place-based' aspect, related to identification of 'hidden obstacles' and 'hidden resources'. Barca analyses in the 2009 report the difficulties in getting the public trust necessary for development.¹³⁹ In the case of our deep concern, i.e. the extremist approach, it seems that some elites share the opinion, that they should re-establish social ties through the attachment to neglected areas and through providing opportunities of action in the local 'shadow valleys' to the local activists. These are also the reasons justifying the ambition of combining the efficiency and equity policies in more and less developed areas, and renewing the exchange forms of 'multilevel governance'.

¹³⁹ "there is no general recommendation for building trust or social capital. It needs to be designed place by place But the information which is necessary for this tailoring is certainly not held by those very public subjects that promote exogenous interventions. It is rather held by local agents. It should be up to their knowledge and preferences to decide what and how to intervene" Barca, 2009, p. 23

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Introduction

The Regio Futures Programme is a Programme of studies conferences and publications organized and financed by the Ministry of Regional Development in the years 2007-2011. The present study „RFP. Experiences and Prospects” will outline the results and the perspectives of development of RFP.

In the framework of RFP the Ministry of Regional Development has organized four international conferences which were successful events both in cognitive and pragmatic terms. Especially important are the publications of RFP including five volumes¹⁴¹ in English and one volume in Polish. **This publication record was created by an eminent team of 50 authors representing the global, European and Polish scene. Ministry of Regional Development in the promotion of RFP found a friendly attitude in the institutional environment of the European Union¹⁴² and OECD¹⁴³.** This rich documentation will be reviewed in the present paper which I hope will accelerate the diffusion of the results of RFP on the Polish and European scene. The synthetic study will try to implement 3 tasks.

Primo – the presentation and evaluation of the initial stage of the Programme in the years 2007-2008

Secundo – the presentation of a set of proposals how to adapt the RFP to meet new conditions of the emerging XXI century

Tertio – the development of three horizons of RFP the cognitive horizon, the pragmatic horizon and the horizon of implementation.

The confrontation of the three tasks and the five volumes may produce different results. We have however to face the decision to select a set of topics which according to our judgment will form the axis of this synthetic study.

Let us propose the following set of 13 topics:

- I. The regions facing the enigma of the XXI century**
- II. The European regions facing the reconfiguration of the global space**
- III. The goals and assumptions of RFP**
- IV. The methodology of RFP**
- V. The empirical dimension of RFP**
- VI. The futurology of RFP**
- VII. The conceptual panorama of the organization of knowledge and imagination of the RFP**
- VIII. The concept of path dependency**
- IX. The concept of the Gordian Knots**
- X. The concept of Quo Vadis**
- XI. The Triple Mezzogiorno concept**
- XII. The pragmatic horizons of RFP**
- XIII. The cognitive horizons of RFP**

¹⁴⁰ Ministry of Regional Development, Warsaw, September 2010. The paper is representing only the individual opinions of the author. Polish version of the paper can be found in: *Rozwój regionalny, polityka regionalna, studia regionalne – nowe interpretacje* [Regional development, regional policy, regional studies – new interpretations], P. Artymowska, A. Kukliński and P. Żuber (eds), Ministry of Regional Development, Warsaw 2011

¹⁴¹ Ministry of Regional Development, Regional Development Forum REDEFO

Volume one, P. Jakubowska, A. Kukliński, P. Żuber (eds) *The future of European Regions*, Warsaw 2007

Volume two, K. Rybiński, P. Opala, M. Hołda, *Gordian Knots of the 21st century*, Ministry of Regional Development, Warsaw 2008

Volume three, P. Jakubowska, A. Kukliński, P. Żuber (eds) *The future of Regions in the perspective of global change*, Ministry of Regional Development, part one, Warsaw 2008

Volume four, P. Jakubowska, A. Kukliński, P. Żuber (eds) *The future of Regions in the perspective of global change*, Ministry of Regional Development, part two, Warsaw 2008

Volume 5, A. Kukliński, E. Malak, P. Żuber, *Southern Italy, Eastern Germany, Eastern Poland. The Triple Mezzogiorno?*, Ministry of Regional Development, Warsaw 2010

¹⁴² Compare the paper of D. Ahner in volume one

¹⁴³ Compare the paper of M. Pezzini in volume one

I. The regions facing the enigma of the XXI century

Enigma is a riddle which can be solved, enigma is a secret which can be discovered, enigma is a mystery which is beyond the limits of our knowledge and imagination. We should however not accept the mysterious interpretation of enigma. We should rather try to overcome the paradox that „the prevision of the future is impossible but necessary“¹⁴⁴.

The region must face the enigma of the XXI century. This is a special challenge for our knowledge, imagination and will Anno Domini 2010 in the historical turning point of the real end of the XX century and the real beginning of the XXI century.

We would like to present an unconventional interpretation of this turning point. The conventional wisdom is assuming that the XIX century was a „long“ century started by the Congress of Vienna in 1814 and ending in 1914 by the beginning of World War I.

The XX century is a „short“ century, started in 1914 and closed in 1989-90 by the dissolution of the Soviet Empire.

I think that this point of view is wrong. The XX century is also a „long“ century incorporating the years 1914-2010. The object of disagreement are two decades 1990-2010 which according to my judgment are the closing chapters of the XX century and not the opening chapters of the XXI century.

The present crisis of 2008-2011 is an integrated cumulative set of fives trajectories:

- **the trajectory of the financial crisis**
- **the trajectory of the economic crisis**
- **the trajectory of the crisis of global order**
- **the trajectory of the crisis of the global elite**
- **the trajectory of the crisis of the Atlantic Community¹⁴⁵**

This pentagonal crisis can be analyzed as a great turning point¹⁴⁶ in human history – a multidimensional sunset of four dimensions.

The first dimension of this sunset is the end of the domination of the Western Civilization as the leading global civilization of the grand era 1500-2010. This is not the end of the Western Civilization, it is only the end of the quasi monopolistic position of Western Civilization in the creation and destruction of the global order.

The second dimension of this sunset is the end of PAX Americana as an ideology and power responsible for the global order in the years 1945-2010. This is not the end of USA as a global superpower it is only the end of the Roman grandeur of the American power¹⁴⁷.

The third dimension of this sunset is the end of neoliberalism as an ideology and management doctrine organizing during 3 decades 1980-2010 the performance of the global economy and indirectly also the performance of global society and culture. This is however not the end of liberalism as one of the greatest achievements of the human mind – an ideology which will find a strong place in the landscape of the XXI century¹⁴⁸.

The fourth dimension of the sunset is the bankruptcy of the global elite. The victorious coalition of World War II has created a grand global elite which was able to design a new global order organizing the world of the years 1945-1990. **The global elite of the years 1990-2010 was not able to design the new global order for the XXI century. This elite is now not able to answer the challenge of the global crisis of the years 2008-2010 and in broader terms the challenge of the great turning point in human history.** The intellectual, moral, political and charismatic

¹⁴⁴ Compare the following observation of J.S. Nye Jr. *Can we do better as we enter the twenty-first century? The apocrypha of Yogi Berra warns us not to make predictions, particularly about the future. Yet we have no choice. We walk around with pictures of the future in our heads as a necessary condition of planning our actions.*

S. Nye Jr., *The paradox of American Power*, Oxford University Press, 2002, p.3
Compare also R. Galar, volume 3, p. 49

¹⁴⁵ Compare A. Kukliński, K. Pawłowski (eds) *The Atlantic Community. The Titanic of the XXI century?*, WSB-NLU, Nowy Sącz 2010

¹⁴⁶ For the methodology of Turning points compare A. Kukliński, B. Skuza (eds.) *Turning Points in the transformation of the global scene*, The Polish Association for the Club of Rome, Warsaw 2006

¹⁴⁷ compare F. Zakaria, *The post American World*, Allen Lane, London 2008, compare J. Joffa, *The default power*, IHT, August 21 2009, compare A wary respect – A special report on China and America – *The Economist*, October 24 2009

¹⁴⁸ compare the paper of R. Galar and K. Pawłowski [in:] A. Kukliński, B. Skuza (eds.), *Europe in the perspective of global change*, Warsaw 2003, The Polish Association for the Club of Rome

weakness of this elite is a dramatic *signum temporis* of our times. Will the XXI century find an Alexandrian Solution for this Gordian Knot¹⁴⁹.

* * *

The hypothesis of the multidimensional sunset of the XX century is opening a trajectory of two interpretations. A **pessimistic interpretation – an approaching era of global catastrophe – the doomsday vision and an optimistic interpretation the sunrise of the XXI century – the vision of hope**. It would be quite possible to outline a doomsday vision of the XXI century, but in this paper we will follow the attitude *contra spem sperare*. We will try to outline some elements of the sunrise vision of the XXI century.

* * *

The great challenge of the XXI century is to design and implement the idea of a new global order. Let us indicate two potential features of this order:

1. **It will be an order functioning in the climate of global risk and universal uncertainty**
2. **It will be a pluralistic global order incorporating the coexistence, cooperation and competition of a dynamic network of global powers and global civilizations¹⁵⁰.**

The challenge of multipolarity of economic, political, cultural and military power is the greatest institutional challenge of the XXI century. This multipolarity is not only the multipolarity of political superpowers, but also the multipolarity of grand transnational corporations and the multipolarity of grand international organizations¹⁵¹.

* * *

These reflexions concerning the real end of the XX century and the real beginning of the XXI century have an important implication for the reconstruction of RFP.

We have to see that the diagnostic decades 1990-2010 and the prospective decades of 2010-2030 are periods belonging to different patterns of the global order representing different worlds of human experiences. We can formulate the question: what kind of place and rank will emerge for the region as a material, institutional and cultural structure of the XXI century?

An innovative interpretation of this question is emerging in the paper of R. Galar. Let us quote a few lines from the introduction of this paper¹⁵².

Looking one generation ahead into the future of regions is a particularly ambitious undertaking. In the perspective of around thirty years, not only the present trends expire, but also many boundary conditions of the regional development turn to be challengeable. Still, Kukliński is right that such exercises are necessary, if only to unburden our thinking from involvement in current issues and the related personal interests.

Such considerations bring us to the concept of the „future ready regions“. Regions are smaller than states but operationally similar to them. Therefore, in a number of functional spheres, the appropriately empowered regions might serve as proper testing grounds for diverse innovative ideas and spearhead implementation of the successful ones. This is a

historically proved regularity that regions and their social capital give the proper frame of reference for analysis of creative cultures. In the approaching decades, when the impact of information and communication technologies will belittle the role of administrative functions, soft cultural factors may become the main reason behind the continued existence of regions.

This contribution stresses the necessity of the next generation oriented attitude toward future, illustrates the practical impossibility of looking into a more distant future, assesses available tools for future prediction, enumerates the basic functions of regions and considers their durability, points on mounting stresses that will make the „future as usual“ impossible in Europe, comments on present direction of regional policy, and advocates emergence of the „future ready“ regions.

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¹⁴⁹ Compare the paper of P. Opala, K. Rybiński [in:] A. Kukliński, K. Pawłowski (eds.) *Futurology the challenges of the XXI century*, REUPUS volume 4, Nowy Sącz 2008

¹⁵⁰ compare S. Huntington, *The clash of civilizations and the remaking of the global order*, Simon and Schuster, N.Y. 1996

¹⁵¹ Compare A. Kukliński volume 5 p. 23

¹⁵² R.Galar, volume 3 p. 29

In the conclusion of chapter I of this study, let me formulate two questions:

Primo – how to define the enigma of the XXI century as a particularly difficult challenge for our mind, imagination and our art of strategic thinking?

Secundo – how to develop the mind and imagination of the region to face the enigma of the XXI century?

II. The European regions facing the reconfiguration of the global space

The real end of the XX century and the real beginning of the XXI century are creating one of the greatest reconfiguration of the global space in human history¹⁵³. For five hundred years the Euro-Atlantic space was the dominating element in the global space. We are observing now the decline of the importance of the Euro-Atlantic space, which is in the process of adaptation to a new world of pluralistic global order incorporating the coexistence, cooperation and competition of a dynamic network of global powers and civilizations. This process of the reconfiguration of the global space, the crisis of the Atlantic Community and the growing role of BRIC – Brazil, Russia, India, and China was analyzed in the volume „The Atlantic Community. The Titanic of the XXI century?“ **This volume can be seen as a comprehensive comment to the path breaking Report of the World Bank¹⁵⁴ „Reshaping economic geography“. This is a new interpretation of the economic geography of the global scene.** This Report is a hard blow into the Eurocentric perceptions of our „geographical mind“. The European experiences in this Report are only a very small may be somehow neglected fraction of the global experiences. In this context I would like to quote my intervention in the framework of the Second Cracovian Conference¹⁵⁵.

„The rejection of Eurocentric attitudes and the acceptance of universalistic attitudes means not that we follow the thesis of the global marginalization of the European megaspace¹⁵⁶.

The transformations of this European megaspace will be an important element of the transformation of the global space of the XXI century“.

The Report – „Reshaping Economic geography“ is an important inducement for RFP to globalize the scope of the Programme.

In this context we should define the concept of mega space. Let me propose the following definition¹⁵⁷.

A megaspace is a grand geographical area representing a big demographic, political, economic, scientific, cultural and military potential recognized very clearly in the global scale. *The megaspace is a regionally differentiated area with no barriers limiting the free flows of persons, commodities, information and capital. Megaspace is an area having a comprehensive and valid statistical documentation creating an empirical foundation for the inquiry into the nature and dynamics of the internal spatial differentiations of the megaspace.* **The megaspace is a phenomenon of a higher order in relation to classical macrospace – countries – mezzospaces – regions and micro-spaces – localities.**

This is a new interpretation of the growing role of the European Union as a system of institutions creating the European megaspace as a new subject of the global space.

Already in the initial stage of RFP¹⁵⁸ the concept of European, American, Russian, Chinese, Indian and Brazilian megaspaces was introduced. It was proposed to develop an integrated evaluation of the six megaspaces of the XXI century.

Unfortunately this trajectory of thinking and analysis was not able to find a comprehensive and extensive evaluation supported by comparative empirical studies. This is an important and brilliant task for the future.

* * *

¹⁵³ A. Kukliński, K. Pawłowski (eds) *The Atlantic Community*. Op.cit.

¹⁵⁴ World Development Report 2009, *Reshaping Economic Geography*, The World Bank, Washington DC 2009

¹⁵⁵ A. Kukliński, K. Pawłowski, J. Woźniak (eds) *Polska wobec wyzwań cywilizacji XXI wieku*, Kraków 2009 p. 240

¹⁵⁶ ibidem

¹⁵⁷ A. Kukliński, volume one, p. 414

¹⁵⁸ Compare volume one, p. 124-126

Following these general reflexions let me formulate 3 thesis related to the global realities creating the modus operandi of the European regions.

Thesis one

The European regions will function in new condition of multipolarity of superpowers and civilizations. The European regions will not belong any more to the dominating pattern of for the last 500 years. This means not that the European regions will lose the status of co-leading actors of the global scene and enter the marginalized world of global periphery.

Thesis two

The European regions will function in new conditions of globalization which will have a new shape in comparison to the experiences of the XX century.

It is not excluded that this new model of globalization will create a stronger role for the regions as an actor of the global scene.

However there is a probability of reconfiguration of the global regional scene.

California is a valid example of this process. California was the leading global region of the XX century¹⁵⁹. Now California is facing a deep institutional crisis. California has lost the status of a model region. We may ask the question if the declining role of the US as a global superpower has also a reflexion in the declining global role of the American regions.

Thesis three

The European regions will function in new conditions of the emerging European megaspace as an important element of the global scene.

The scale and velocity of the creation of this megaspace will be a function of the general development processes of the European Union. We can envisage two scenarios:

A scenario of dynamic and strong European Union accelerating the process of the creation of European megaspace.

A scenarios of weak and stagnating European Union which will slow down the processes of the creation of the European megaspace or even generate processes of renationalization of this space.

* * *

In the initial stage of development the RFP was predominantly an european program. However the global „problematic“ was a strong background of RFP especially in volumes 3 and 4 of REDEFO. However at that time we were not able to see the dramatic magnitude of the problem of reconfiguration of the global scene and the consequences of this reconfiguration for European regions. **In this context we can consider three new initiatives of RFP:**

primo – the initiative of the analysis of the mega processes of regional development transforming the spaces of China and India¹⁶⁰. These processes must enter in the perception of our mind and imagination still dominated by eurocentric attitudes

secundo – the initiative to start scenario studies outlining the expansion of the Chinese and Indian direct investment in selected European regions. Especially important are the Chinese direct investments guided not only by the spontaneous market forces but also by the long term strategies of the emerging Chinese superpower (see IHT September 14 2010)

tertio – the third initiative to organize in Europe two grand international conferences

- a) **The regional Dilemmas in the development processes of the XXI century. The experiences of Europe and China**
- b) **The Regional Dilemmas in the development processes of the XXI century. The experiences of Europe and India**

¹⁵⁹ Compare volume one p. 429

¹⁶⁰ Compare *Contest of the century: China versus India*. The Economist, August 21-27 2010

The grand and powerful regional establishment of the European Union should create an effective forum of direct dialogue linking the regions of Europe, China and India. The results of this dialogue should be absorbed by the institutional realities of the European Union and by the European public opinion in toto.

This process of absorption should enter also into the perspective of the member countries including Poland where we find a low level of knowledge concerning the transformation of the Chinese and Indian megaspaces.

* * *

The Problem – European region facing the reconfiguration of the global scene is opening new global horizons for RFP. **„How the European regions including the Polish Regions will master the new conditions of the reconfiguration of global scene as a scene of coexistence cooperation and competition of a dynamic pluralistic set of superpowers and civilizations?”**

This is the key problem of regional policy of the XXI century almost totally disregarded in the overwhelming pressure of short term European considerations.

III. The goals and assumptions of RFP

The initial texts of RFP were published in 2007 in the first volume of REDEFO (volume one): The future of European Region?¹⁶¹. This volume has not lost its validity to the present day and it will be broadly quoted in this synthetic study. Lets us concentrate our attention on two extensive quotations.

Quotation one the goal and mission of the Programme¹⁶².

„The crucial pragmatic mission and goal of RFP is to develop the internal knowledge, imagination and will of the regions—to recognize the urgent necessity of long term future oriented approaches. These approaches are important inputs into the present decision making process trying to solve the basic contemporary problems of the given region. The decision making process in a region is blind without the knowledge and imagination related to long term global perspective. The RFP will create inspirations for the individual regions—how to develop the knowledge imagination and will related to the performance of the region in the future.

This future oriented „mind” of the regions will at the same time improve the quality of the dialogue of the regions and governments, regions and international organizations and regions and corporations. The future oriented „mind” of the region should have a strong endogenous motivation. Such a region will be not only a recipient of recommendations generated by national governments, European Union and OECD”

A comment

In the programmatic formulations of RFP we are using the inspiring metaphor of the „mind” of the region. This metaphor is expressing the knowledge will and imagination related to the future of the Region. The region in this metaphor should be an active participant of the global debate related to the future of regions and to the role of regions in the geostrategic reconfiguration of the global scene of the XXI century. **We have to develop the concept of self programming capacity in the mind, imagination and the will of the region.**

The whole world of regional institutions must be permanently supported by the development of this self programming capacity. This is the ambitious teleology of RFP. We have to confess that this teleology is more a matter of the future than an already documented achievement of the initial stage of the development of RFP.

Quotation two¹⁶³. The three paradigms of the future of a region.

The „paradigm is” a set of questions exploring the empirical reality and a set of answers formulated in proper theoretical and methodological framework. We can use this concept not only in an empirical context but also in the policy oriented context related to the future. In this sense we can outline three paradigms related to regional futurology – nihilistic paradigm, voluntaristic paradigm and the realistic paradigm.

The nihilistic paradigm

¹⁶¹ Volume 1, p. 122-135

¹⁶² Volume 1, p. 457

¹⁶³ Volume 1, p. 415

The region is not an ego of its own future. The region is only a fragment of the global scene which is permanently creating new forces and structures (political, economic, social scientific and cultural). All perspective visions are extremely difficult or even impossible in an age which is approaching the limit of a global catastrophe. In this paradigm the regional futurology is a quasi Utopian domain.

Our reflection can be restricted only to an answer to the question– to what extent we can enrich the adaptation abilities of the region in relation to the global processes taking into account both optimistic and pessimistic scenarios.

The voluntaristic paradigm

The region is an ego of its own future developed grosso modo independently in relation to the global processes. The will – voluntas of the governance system and of the society are the deciding forces determining the future of the region. The voluntaristic paradigm is overestimating the power and efficiency of the internal structure of the region and at the same time underestimating the changes and challenges created by external forces.

The realistic paradigm

The region is an autonomous ego of its own future. It is however an autonomy fully aware of the power of external conditions which are extremely important in the realities of the XXI century.

I am accepting the assumptions of the realistic paradigm. It is a way of thinking finding the trajectory between the Scylla of nihilism and the Charybdis of voluntarism. My reflection related to these paradigms may sound as an artificial abstraction. This is not the case – a careful review of regional strategies prepared in the framework of inspirations and institutional inducements of the European Commission – will discover that the models of thinking incorporated in the three paradigms are emerging quite frequently in many European Regions. There are four problems in the construction of the realistic paradigm:

Primo – spontaneous versus guided development

Secundo – endogenous versus exogenous development

Tertio – innovative versus imitative development

Quarto – global versus niche development

The three paradigms are presented very firmly in the publications of RFP. Please read from this point of view volume 5 of REDEFO. We will find the nihilistic, voluntaristic and realistic attitudes in the evaluation of the past and the future of Southern Italy, Eastern Germany and Eastern Poland. This suggestion could be extended in the following way. **Please compare the content of volume 1 and 5 of REDEFO, the art of the RFP in 2007 and 2010. Please try to see the permanent elements of the philosophy of the Programme as a creative tension of „rerum cognoscere causas” and „mutare in melius” approaches.** Please try to develop in your mind an evaluation of the present validity of the feasibility study published in 2007¹⁶⁴. **To what extent this feasibility study is still an innovative formulation in the field of policy oriented European regional studies?** An integrated interpretation of this set of papers is a contribution to the formulation of the methodological dimensions of the RFP¹⁶⁵.

IV. The methodology of RFP

This is the philosophy and instrumentology of the Program outlined in a set of innovative papers published in volume 3¹⁶⁶. An integrated interpretation of this set of papers as a contribution to the formulation of the methodological dimension of RFP. I will not try to present the content of this set of papers. I will try only to outline four methodological challenges of RFP.

Primo – the first challenge is the myrdalian methodological triangle: theories – questions – empirical materials. I share the point of view of G. Myrdal that „Theory in this context means nothing more than an logically correlated system of questions addressed to the material.”¹⁶⁷

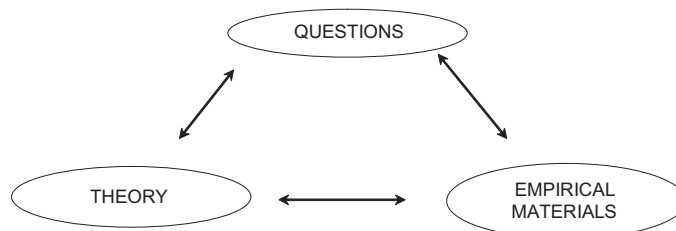
¹⁶⁴ Volume 1, p. 455-487

¹⁶⁵ Volume 3 p. 29-189, especially the papers of P. Drewe and S. Arnaldi

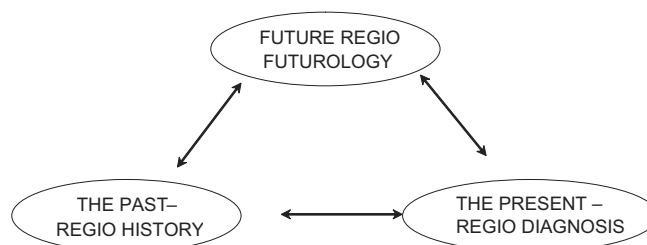
¹⁶⁶ Compare also the initial formulation of the methodology of RFP, volume 1 p. 455-487 and volume 3

¹⁶⁷ G. Myrdal, *Asian drama. An inquiry into the Poverty of Nations*, vol. 1, Penguin Books, p. XII, compare also volume 1 p 471-472

The paradigmatic stream of questions and answers is very deeply incorporated into the structure of RFP.



Secundo – the second challenge is the system of comprehensive interpretations linking the past – the present and the future. Following the observation of J.M. Rousseau¹⁶⁸ we reject the false assumption of deterministic linear thinking – the past is determining the present and the present is determining the future.



In this system of interactions the present decision making process is absorbing not only the „lessons“ of the past, but also „lessons“ of the future. **Without the ability of this double absorption the present decision making system is blind. This is the very strong pragmatic dimension of Regio futurology and of RFP.**

Tertio – the third methodological challenge of RFP is the classical challenge of *rerum cognoscere causas*. The interpretation and explanation of the changing mosaic of strong and weak regions in Europe is a challenging task for RFP¹⁶⁹. Unfortunately the opening route in this field started in volume one found no continuation in the second stage of RFP in the years 2008-2010.

Quarto – the fourth challenge of RFP is the challenge *mutare in melius* the challenge to transform the regional reality. This challenge found its strong expressions in volume 5¹⁷⁰.

* * *

In the instrumentology of RFP the main problem is the integration of diagnostic and perspective instruments.

Diagnosis¹⁷¹ is the knowledge, ability and courage to formulate valid questions related to real experiences of the past. I stress the term „real“ since very often we encounter diagnostic studies which analyze only the apparent or even fictitious problems „scheinprobleme“. Vision is the knowledge and imagination to „invent“ the future to face the enigma of the XXI century to cross the „gap“ separating the experiences of the XX and XXI century. There are two bridges linking the diagnostic a perspective thinking.

The first bridge are the scenarios as an art to outline the processes of the emergence of the different shapes of the future. We should quote in this place the observation of P. Drewe „Uncertainties ask for scenarios“¹⁷².

The second bridge linking the diagnostic and prospective thinking are the strategies as an teleological instrument expressing the dialectic of goals and means. In our opinion the methodology of RFP should absorb

¹⁶⁸ Volume 1, p. 109

¹⁶⁹ Volume 1 p. I-XXII, Appenix

¹⁷⁰ Volume 5

¹⁷¹ Volume 1 p. 459

¹⁷² Volume 5 p. 109, P. Drewe, *Towards a research agenda of the Triple Mezzogiorno*

some inducements for unconventional strategic thinking developed by two Dutch Authors¹⁷³. The paradox of creative and logical thinking is a real challenge for the strategic „mind“ of the region. **The book of the B. de Wit and R. Meyer was translated into Polish opening a route of the interpretation this book in the framework of the large scale institutional effort to prepare the third generation of strategic documents outlining the future of the 16 self governmental Polish regions of the Nuts – 2 level**¹⁷⁴.

These strategic documents are prepared now. **These documents should be ready for the Polish Presidency of the European Union in 2011. Exempla trahunt: maybe the example of Polish regions will generate a strong movement to prepare strategic documents for all regions of the European Union.** In this favorable institutional context the European Regions maybe inclined to absorb the empirical and methodological experiences of the RFP. **The European regions maybe also inclined to develop an European doctrine in the field of regional strategic thinking.**

V. The empirical dimension of RFP

The empirical dimension is one of the most important core dimensions of the RFP. It is impossible to enter into the Future of Regions without a strong starting point created by dynamic diagnostic studies which have four characteristic features:

Primo – studies functioning in the framework of the myrdalian triangle: theories – questions – empirical materials¹⁷⁵. Several times we have underlined how important is the logical system of questions, concentrating the scope of our attention.

Secundo – studies analyzing the processes of long duration and turning points interpreting the continuity and discontinuity of those processes¹⁷⁶.

Tertio – studies which are answering the question to what extent the historical experiences of the given region have created valuable resources for the future or barriers for the future development of the region. The content of volumes 5 is especially interesting from this point of view¹⁷⁷.

Quarto – studies interpreting the concept of path dependency, path destruction and path creation¹⁷⁸.

In the publication record of RFP we find a set of about 20 studies which create the beginning of the diagnostic stream of RFP¹⁷⁹. Probably the best example was created by a team of Cracovian authors¹⁸⁰ analyzing the experiences of the long term transformation of the region of Malopolska, the region of Cracovia. The main of assumptions of this diagnostic study were presented by the authors in the following way¹⁸¹.

There is no doubt that a long-term perspective is needed in order to disentangle of the complex and sometimes contradictory processes of regional development. The region is an eminent structure of long duration in material and spiritual (cultural) dimensions. Long duration finds expression both in economic structures, settlement and infrastructure! networks, as well as in human minds and behavior. At the same time, global processes and regional -activities based on internal strengths and/or weaknesses may cause a shift in the direction of Regional development.

The: fundamental general issue addressed here concerns continuity and change in the developmental trajectory of Malopolska (Lesser Poland) in Southern Poland. This paper has been inspired by the Regio – Futures Programme advocated by Antoni Kukliński (2007). The major emphasis is on the mechanisms and impact of the post-1989 transformation on the long-term processes of regional development. This had been an element global transformation at the turn of the twentieth and twenty-first century, combined with specific properties of a post-socialist 'transition' from state social-

¹⁷³ B. de Wit, R. Meyer, *Strategy Synthesis. Resolving Strategy paradoxes to create competitive advantage*. Thomson Learning, 2005 the Polish translation by Polskie Wydawnictwo Ekonomiczne, Warszawa 2007

¹⁷⁴ A comprehensive analysis of the Polish regional scene is presented in Territorial Reviews, Poland OECD, Paris 2008. An interesting interpretation of this OECD publication was outlined in the framework of the Second Cracovian Conference 18-19 June 2009, compare the volume A. Kukliński, K. Pawłowski, J. Woźniak (eds) *Polska wobec wyzwań cywilizacji XXI wieku*, Kraków 2009

¹⁷⁵ Volume one p. 471

¹⁷⁶ Volume one p. 426

¹⁷⁷ Volume 5 p. 48-49

¹⁷⁸ Volume 1 p. 169-226

¹⁷⁹ Volume 1, 4 and 5

¹⁸⁰ B. Domański et alia, *The transformation of Malopolska experienced and prospects for the twenty first century* in volume 4, p. 95-131

¹⁸¹ Volume 4, p. 95

ism to a market economy and liberal democracy. The question is to what extent this recent transformation could be a turning point in the developmental trajectory of Malopolska.

The authors have adopted a relational perspective. Thus, the attempt is to capture salient relationships between the phenomena and processes comprising regional development instead of conventional analysis of economic sectors and social activities. This aims at a better understanding of the determinants and mechanisms affecting the future development of the region.

In this innovative approach we find three challenging questions.

1. „How to disentangle the complex and sometimes contradictory processes of regional development”
2. „How to analyze the problem of continuity and change in the development trajectory of Malopolska”
3. „How to develop the relational perspective replacing the conventional sectoral analysis”

The Cracovian team is preparing now a theoretically and empirically extended version of the diagnostic study of the transformation of Malopolska in the years 1990-2010. The Polish version of this extended contribution will be published very soon in the volume *Polonia Quo Vadis*¹⁸².

It is expected that five or six Polish regions will follow the example of Malopolska and prepare diagnostic studies continuing the route to develop new approaches in the studies of regional transformation. This diagnostic stream in the studies of the experiences of Polish regions will probably induce the Polish regional studies to rediscover two fields of our inquiry. The first field is the evaluation of the scope and quality of the Polish regional statistics. Our Central Statistical Office and indirectly the Eurostat are slowly adapting the content of regional statistics to the new regional reality of Europe. The processes of creative destruction of measurements which have lost their pragmatic and theoretical validity is very slow or not existing at all. At the same time the process of creation of new measurements and indexes of regional development is facing the barriers of institutional inertia both in the Polish Center Statistical office and in Eurostat. Especially important is the phenomenon of oversupply of „structural” data which can be „produced” in relatively cheap and easy ways.

At the same time we experience a strong deficit of „nodal” data related to flows of persons, commodities, information, knowledge and capital.

In more general terms a strong demand for the reconstruction of the scope and quality of regional statistic in Europe should be formulated. This demand is incorporating not only the Eurostat, but also the statistical offices of the member countries. This empirical stream should be supplemented and developed by methodological stream related to the fundamental problems of the measurement of regional development.

Lest us consider a very specific attention concentrating proposal how to select 100 indexes which would correctly measure the dynamics of the development of European Regions both in diagnostic terms of the years 1991-2010 and in perspective terms of the years 2010-2030.

This is a way to push the development of strategic regional information in Europe. The blind multiplication of information is leading nowhere. We must accept the challenge to create a system of selected strategic information as an foundation for diagnostic and perspective studies. This is a way to practice the art of strategic choice¹⁸³.

* * *

In 2011 Poland will have the important function of EU Presidency. This will be a test for the capacity of the Polish „mind” to create driving examples (*exempla trahunt*) of Polish initiatives in the field of European „mutare in melius”. I am convinced that the Polish Ministry of Regional Development and the Polish self governmental regions will use well this historical opportunity to introduce innovative changes in the interpretation and *modus operandi* of the European regional scene. In this chapter of this synthetic study we propose a triple by push:

In the field of diagnostic studies of the transformation of European regions in the years 1990-2010 following the methodology of RFP. To what extent the case of Malopolska can be seen as one the best examples for a large set of European Regions?¹⁸⁴

¹⁸² A. Kukliński, K. Pawłowski, J. Woźniak (red.) *Polonia Quo Vadis*, Kraków 2010

¹⁸³ Compare A. Kukliński, K. Pawłowski, *Europe – The strategic choices*, Reupus volume 2, Nowy Sącz 2005

¹⁸⁴ We are concentrating attention around the case of Malopolska, but in REDEFO we can find numerous examples of valuable empirical studies of Piedmont, Southern Italy, Slovenia, Flandria and Finland (compare volume 1, volume 4, volume 5). Let me mention only two potential frameworks for Polish – Italian cooperation. The cooperation linking Eastern Poland and Southern Italy (volume 5) and the cooperation linking Piedmont and Malopolska which in historical studies is called the Polish Piedmont (volume 4 p. 77-133 and volume 1 p. 202

In the field of deep reconstruction of the scope and quality of regional statistics in Europe

In the field of strategic choices developed in a system of measurements and indexes

* * *

This interpretation of RFP as an input into the intellectual and institutional „mind“ of the Polish EU Presidency is well reflected in the publication record of RFP. Already in the initial stage of the programme we can find the following observation of P. Żuber¹⁸⁵.

Looking from the prospect of regional policy, Poland in coming years is going to become the most interesting place in the European Union and one of the most interesting sights all over the world.

We can see now that Poland was quite successful in the change of this vision into reality. The Polish EU Presidency should be an important trajectory of the diffusion of the knowledge of Polish experiences and prospect in the field of regional development.

VI. The futurology of RFP

Futurology is a system of knowledge and imagination organizing the thinking about the future. This organization of thinking can be shaped in different conditions and climates stimulating or retarding the processes of such thinking. Let us compare two historical situations.

Sixty years ago in the 50thies of the XX century a stimulating climate was dominating in the Western World. We have observed at that time the processes of the growing power and unity of the Atlantic Civilization facing the challenge of the Soviet Empire.

The USA was the leader of the Western World in all dimensions of hard and soft power. The world capitalistic economy inspired by the Keynesian ideology was experiencing the beginning of the „long boom“.

In numerous countries there was a remarkable development of the institutions of the welfare state creating in broad strata of the society a feeling of satisfaction and confidence in a better future.

We have observed the development of the UN system. New pioneering organizations like NATO and OECD have emerged. The same applies to the early incarnations of the European Union. **In general this was a time of emerging trends opening the future and eliminating the negative heritage of World War II.**

In contrasting colors we see the present shape of the general pentagonal crisis outlined in the earlier part of this study¹⁸⁶.

We observe now the crisis of the Atlantic Civilization, the vanishing role of PAX Americana and evaporation of the role of neoliberalism as an ideology organizing the global economy and indirectly the global society.

We observe the crisis of the welfare state which is breaking down under the pressure of quickly growing financial burden above the economic capacities of the present generation. We observe also a deep crisis of the grand international organizations and especially the crisis of the US system, the crisis of NATO and crisis of the European Union.

In such conditions the development of futurology as a system of knowledge and imagination organizing the thinking about the future is a challenge rarely seen in the human experience. We have however no choice. The futurology Anno Domini 2010 must face the enigma of the XXI century.

In this perspective we have to see now the futurology of RFP as a much more difficult phenomenon in comparison to the initial stage of RFP in the years 2007-2008. In this climate of contra spem sperare I would like to outline 3 problems of the new futurology of RFP.

¹⁸⁵ P. Żuber, Introduction. *Towards a new model of regional policy in Poland*. The challenges of the XXI century, volume one p. 15

¹⁸⁶ Compare chapter I and II

Primo – the encounter of three worlds of futurology, the world of knowledge, the world imagination and the world of utopia¹⁸⁷

Secundo – the interpretation of the three paradigms of the future of the region

Tertio – the core triangle of futurology: diagnosis – visions – strategies

The encounter of three worlds.

The world of knowledge¹⁸⁸.

In the years 1990-2010 we have observed dynamic processes in three domains.

Primo – in the domain of multiplication of the resources of information. According to The Economist the: „information has gone from scores to super abundant. That brings new benefits but also big headache.”¹⁸⁹

Secundo – in the development of the information society. The creation, diffusion and absorption of information has changed in to the foundation of this society

Tertio – in the domain of knowledge based economy, which has internalized knowledge as the basic endogenic development factor.

The climate of the interrelated dynamic development of these 3 domains has created a strong silent assumption, that we have entered into a new era of development eliminating the phenomenon of crisis.

The great pentagonal crisis of the years 2008-2010 has annihilated this silent assumption. We have seen that the new pentagonal crisis was a great historical surprise¹⁹⁰ similar to the unexpected great crisis of the years 1929-33.

We are recognizing the painful reality that the information society and knowledge based economy have not created on immunity in relation to the cyclical nature of capitalistic development. We have discovered also that there is no linear dependency linking the growth of information, the development of information society, the development of knowledge bases economy and the growth of the power of futurology.

In this context we have to formulate the question if the world of knowledge is improving our capacities to face the enigma of the XXI century.

It is very easy to accept the brilliantly formulated reasoning of N.N. Taleb¹⁹¹ that any prevision of the future is just impossible. **We have to accept the paradox that the prevision of the future is impossible but necessary (see footnote 144).** This is the trajectory of thinking developed in RFP.

The world of imagination

L'imaginaire¹⁹² the world of imagination is not a phenomenon created by a narrow group poets novelist and artists. **In the conditions of the XXI century the world of imagination and the world of reality are not representing contrasting dimensions.** Just the opposite. Imagination is now an important element in the interpretation of the changing reality. Imagination is an necessary dimension of the mind of each eminent politicians scientist or businessman.

In the conditions of global uncertainty the observation of Albert Einstein that ,imagination is more important than knowledge” is assuming the rank of dramatic importance. The observation of A. Einstein is an indirect

¹⁸⁷ Ekspertyza A. Kuklińskiego. *Wizje i strategię rozwoju szkolnictwa wyższego w Polsce w perspektywie roku 2050*, Ministerstwo Nauki i Szkolnictwa Wyższego, Warszawa 2010 in Polish. The english title: *Expertise. A. Kukliński, Visions and strategies In the development of higher education In Poland*. The Ministry of Science and Higher Education, Warsaw, April 20 2010

¹⁸⁸ Compare the definition of knowledge in R.E.Ernst, *Goals in Higher Education. Knowledge and critical foresight, leading to societal responsibility* [in:] A. Kukliński, K. Pawłowski (eds) *The challenges of the XXI century*, Nowy Sącz 2008

¹⁸⁹ *Data, data everywhere*. A special report on monitoring information, The Economist, February 27 2010

¹⁹⁰ In the small non surprised community of personalities we can mention N.N. Taleb the author of Black swan. The impact of highly improbable,, Random House, 2007

¹⁹¹ N.N. Taleb op.cit

¹⁹² P. Musso, L. Ponthou, E. Seulliet, *Fabriquer de futur. L'imaginaire ou servicee de l'innovation*, Village Mondial, Paris 2005, G. Durand, *L'imaginaire Essai sur les sciences et la philosophie de l'image*, Hatier, Paris 1994

critic of the ideology of the enlightenment, which the highest level of hierarchy has reserved for the rational mind putting in shadow the world of imagination.

Probably this motivation is an inspiration for us to reinvent the culture of Renaissance which has successfully integrated the knowledge and imagination. **It is very difficult to overestimate the role of imagination in the interpretation of the enigma of the XXI century and in the creation of different models of regional strategic thinking¹⁹³.**

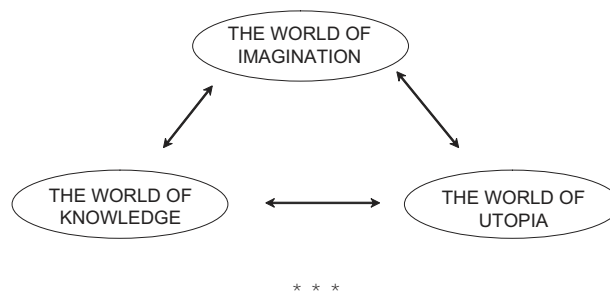
The world of utopia.

Thomas Moore is the author of the famous opus which was published in 1516. In the title of the book we found for the first time the term utopia. „Libellus de optimo reipublicae statu deque nova insula utopia”. The concept of Utopia has Greek roots in two words: ou – „not” and „place” – topos. „Nova insula utopia” is an non existing place.

The utopian thinking is an opposition term to the thinking in real terms it is an attempt of liberation from the „prison” of real contemporary experiences.

In RFP we will practice the art of utopian thinking, trying to create the world of invented future of the year 2050.

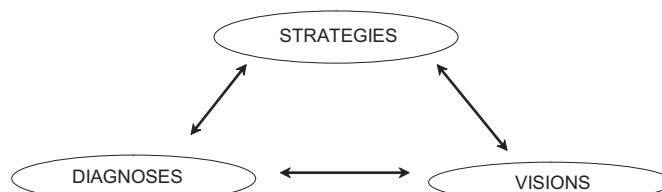
I would like to formulate a paradoxical thesis, that the great pentagonal crisis can be a source of the development of utopian thinking as an way out from the „prison” of the contemporary world dominated by the vanishing trends. Therefore I think that the triangle the world of knowledge the world of imagination, the world of utopia should be considered in the construction of RFP.



The second problem of the new futurology is the interpretation of the three paradigms outlining the „personality” of the regions of the XXI century¹⁹⁴. We can analyze the nihilistic „personality”, the voluntaristic „personality” and the realistic „personality”. This was done in chapter III of this study.

* * *

The third problem of the New Futurology is the pragmatic triangle: diagnoses – visions – strategies. The foundation of the effective performance of this triangle is the knowledge, imagination and courage to define the key holistic questions, which enter into the scope of our diagnostic and prospective attention.



In the interpretation of this pragmatic triangle we might read once more the content of chapter IV and V of this study. Maybe this pragmatic triangle is the core of the anatomy of strategic thinking¹⁹⁵. However we can see this problem also in another perspective of the following trajectory of thinking:

The pragmatic triangle is not a static, schematic presentation

¹⁹³ Compare Annex A, in the Polish version of this study

¹⁹⁴ The new Encyclopédia Britannica, volume 12, p. 220, 15th Chicago 1991

¹⁹⁵ Compare B. de Wit, R. Meyer, *Strategy Synthesis*, Thomson Learning 2005

The pragmatic triangle is a reflexion of a network of dynamic processes of multidimensional interactions

The diagnoses the visions and the strategies are seen as a field of interacting forces transforming the diagnostic knowledge of the past into the strategic vision of the future

We have to stretch our imagination to find new approaches in the interpretation of the transformation of the diagnostic knowledge of the past into the strategic vision of the future.

* * *

To my mind the futurology of RFP could consider 3 futurological horizons 2020-2030-2050.

The horizon of 2020.

These decades in optimistic interpretation will be a core period to overcome the pentagonal crisis and at the same time a period of initial crystallization of the new global order and the reconfiguration of the global space of the XXI century.

Let us quote four documents related to the next decade. This is not a comprehensive list, it is only a sample of approaches which may be useful in our thinking in terms of 2020.

Primo – the first document is Europe 2020. An European strategy for smart, sustainable and inclusive growth¹⁹⁶. This document is a good mirror of conventional wisdom and political correctness dominating in Brussels. This is not a document to discover the great may be tragic problem of Europe of the XXI century. Nevertheless the critical analysis of this document should enter in the construction of RFP.

The second document is the National Strategy of Regional Development 2010-2020¹⁹⁷. Regions, cities and rural areas, Warsaw July 13 2010. This is a competent teleology of Polish Regional Policy in the perspective of the year 2020.

The third document is a spatially differentiated analysis of the German demographic drama in the perspective of the year 2020¹⁹⁸.

This is a master study from the point of view of analytic and prospective apparatus. The European Commission should extend this inquiry in to the scale of European Union. We will discover a new category of European Regions – the dying regions. This is a great problem of tragic dimensions. The dead silence the will not solve this problem.

The fourth document is the paper of the III Cracovian Conference presented by K. Rybiński. *The golden Polish decade*¹⁹⁹. This is an innovative contribution of the potential glory and misery of Poland in the perspective of the year 2020.

Horizon 2030

I am convinced that the two decades 2010-2030 should be the core period of the futurology of RFP.

In this way in the network of problem oriented monographies we will find an equilibrium of the depth of diagnostic and prospective approaches 1990-2010-2030. This equilibrium is introducing an element of intellectual discipline. We can compare the diagnostic and the prospective glory and misery of the regions, contrasting the real experiences of 1990-2010 and the potential experiences 2010-2030.

The proposed problem oriented monographies can use the inspiration of two schools of strategic thinking.

¹⁹⁶ Europe 2020, March 3 2010, European Commission, Brussels

¹⁹⁷ Ministry of Regional Development, *National Strategy of Regional Development*, Warsaw July 13 2010

¹⁹⁸ S. Kröhnert, N. van Olst, R. Klingholz (eds) *Deutschland 2020 – Die demographische Zukunft der Nation*. Berlin-Institut für Weltbevölkerung und globale Entwicklung, Berlin 2004

¹⁹⁹ K. Rybiński, *Złota polska dekada. Quo Vadis Polonia?*, III Konferencja Krakowska, Kraków czerwiec 2010, K. Rybiński, Szkwał rozwojowy. Tygodnik Powszechny, 4 lipca 2010, wkładka Polonia Quo Vadis

The first school is represented by the Team of Strategic Advisors²⁰⁰ of the Prime Minister of Poland which has prepared and published an innovative document Poland 2030 – development challenges.

This is a prospective analysis of the Polish scene in a broad context of comprehensive and well selected international comparisons.

The second school of thinking is the concept Polonia Quo Vadis outlined in chapter X of this study. This is a project of the Ministry of Regional Development extended and improved by the III Cracovian Conference which took place in June 2010.

The encounter of these two schools of strategic thinking will improve the quality of the problem oriented monographies of the Polish and European Regions (see Annex A).

Horizon 2050

In the initial years of RFP we had the impression that the reflexion of the invented future of 2050 is entering in the domain of realistic and pragmatic expectations²⁰¹.

Unfortunately the great pentagonal crisis has created climates slowing down our capacities to consider the invented future of the year 2050. The great scale studies Europe 2050 have not emerged maybe with one exception the demographic studies. Waiting for better times we must restrict the attention of RFP to the year 2030. Naturally we may argue in the opposite direction. In the climate of great crisis we must try to escape from the prison of the dominating contemporary problems into the utopian world of 2050.

* * *

This is not of full perception of the shape of RFP. We see only some fragments of this picture as an inducement for a new interpretation of the assumptions and context of RFP. In this context we may read the paper of R. Galar. Thinking about Region for the next generation²⁰². This is a complementary vision of RFP. A joint interpretation of this two visions is deserving a comprehensive attention of different schools of Polish Regional Studies.

VII. The conceptual panorama of the organization of knowledge and imagination of the RFP

This is a new vision of RFP to organize our knowledge and imagination. In this spirit we could interpret the chapters IV, V and VI of this study. In this context we can outline a system of key concepts which have some innovative capacity in the field of regional polices and regional studies. There are four groups of these key concepts”

Group is incorporating the long duration, resources for the future, barriers for development and turning points. This is the extended concept of long duration and turning points, which are very important in the interpretation of the past and the future of regions.

Group is incorporating the Gordian Knots and Alexandrian solutions (see chapter IX of this study)

Group is incorporating the broadly defined concepts of path dependency, path destruction and path creation (see chapter VIII of this study)

Is incorporating four concepts following different pragmatic and cognitive motivation *rerum cognoscere causas, mutare in melius, quo vadis, Triple Mezzogiorno.*

The following table is a panorama of the key concepts and methodologies of the Program.

²⁰⁰ M. Boni, *Raport Polska 2030. Wyzwania rozwojowe*, Zespół Doradców Strategicznych Premiera RP, Warszawa 2009

²⁰¹ Compare the Preface to volume 1

²⁰² Volume 3 p. 29-49

The concepts	Methodological approaches			
	diagnosis	visions	scenarios	strategies
Long Duration				
Resources for the future				
Barriers for development				
Turning Points				
Gordian Knots				
Alexandrian Solutions				
Path Dependency				
Path destruction				
Path creation				
Rerum cognoscere causas				
Mutare in melius				
Quo Vadis				
Triple Mezzogiorno				

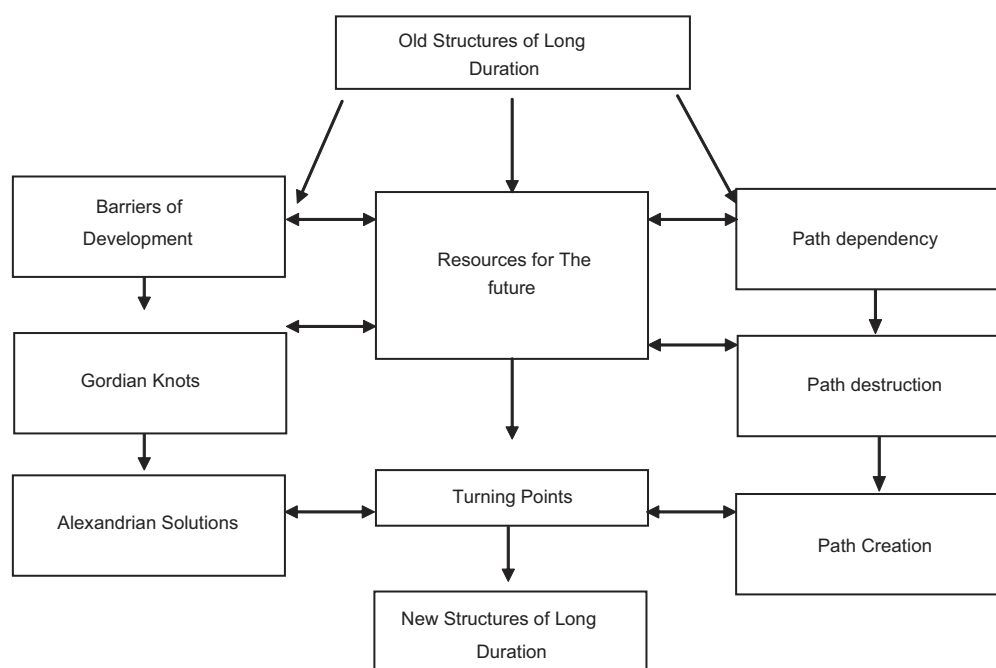
This network of concepts and methodologies is representing a set of comprehensive approaches in the inquires related to the history and the future of regions. **To my mind the proposal of an integrated application of this network to the regional reality is an original contribution of the Regio Futures Programme.** This proposal can be reformulated and presented as a map of three trajectories:

Primo – the „natural“ evolutionary trajectory, long duration RFF, Turning Point, Long Duration

Secundo – the „dramatic“ trajectory, long duration, path dependency, path destruction, path creation, turning point, long duration

Tertio – the „tragic“ trajectories long duration, barriers, Gordian Knots, Alexandrian Solutions, Turning Points, long duration

The map – Three Trajectories



The panorama and the map interpreted jointly in the framework of the five REDEFO volumes open the perspective for a new stage in the development of the Regio Future Programme.

We may ask the question if this panorama of 13 concepts and four methodologies is a comprehensive summary of RFP. It is not excluded that the next stages in the development of RFP will create inducement to enrich this conceptual and methodological Panorama.

VIII. The concept of path dependency

Already in the initial stage²⁰³ of RFP we have recognized that the concept of path dependency is a trajectory of great cognitive and pragmatic potential.

In volume one we have published 6 competent papers²⁰⁴ interpreting the theory, the empirical dimension and the institutional framework of the concept of path dependency. In this context we will try to outline 8 problems as an inducement to incorporate into RFP the concept of path dependency:

1. The concept of path dependency in the framework of modernistic and post modernistic theories of regional development
2. The main elements and sources of the path dependency concept
3. The strategic discourse in the processes of the creation of a new path of development
4. The institutional importance of the path dependency concept
5. The typology of regions related to the path dependency concept
6. The case of Finland
7. The case of Piedmont
8. The case of Triple Mezzogiorno

* * *

The concept of path dependency in the context of modernistic and post modernistic theories of regional development.

We support the observation of B. Domański, that the concept of path dependency has different interpretations in the modernistic and postmodernistic theories of regional development. Let us quote two theses of B. Domański²⁰⁵.

²⁰³ Volume 1

²⁰⁴ Volume 1, p. 373-381 and p. 169-226

²⁰⁵ B. Domański, The history and future of European Regions, volume 1 p. 373-381

Thesis one

There is a long tradition of conceptualizing development as modernisation and progress. In this perspective, the processes of development lead regions to more advanced stages than before. The social and economic changes which comprise regional development imply the approaching of certain ideal circumstances and may be seen as necessary and irreversible outcomes of, for example, technological progress and the accumulation of knowledge. The salient characteristics of the widespread understanding of the development of regions and countries in the twentieth century was its treatment as a process of change of a teleological, singular, linear, normalizing and instrumental (technical) nature. The attractiveness of this view of development as a historically singular process rests on the fact that it portrays the world as an ordered entity, all parts of which are governed by similar rules. This order may manifest itself in the linearity of development, where subsequent stages are always a change for the better. As a result development is basically tantamount to normalization and is intended to bring the attributes of various regions up to the best conditions possible. From the point of view of public authorities, regional policies aimed at promoting regional development are a technical task, relying on the rational selection of available instruments for the achievement of a well-defined goal.

Thesis two²⁰⁶

The limitations and weaknesses of a modernization approach became the object of massive criticism at the end of the previous century. This even leads to the total rejection of the concept of development. Consequently, in the view of postmodernist anti-essentialism, there are no underdeveloped and backward regions; there are only multiple parallel narratives of development (see e.g. Escobar, 1995; Hart, 2001). Still, the postmodernist celebration of diversity and traditional economic activities may in practice result in the further marginalisation of many regions. The question is whether the concept of development can avoid both the major shortcomings of the modernist perspective and the postmodernist rejection of the evaluation of regional development trajectories and policies.

I share the point of view of B. Domański that we have to accept some of the elements of the post modernistic critical approaches keeping however the value judgments related to the path dependencies of regions.

In this context we might be inclined to compare the evaluation of modernistic and post modernistic approaches by B. Domański and the evaluation of old and new regionalism by Anna Gąsior-Niemiec²⁰⁷.

The main elements and sources of the path dependency concept. In the set of quoted papers we find a comprehensive interpretation of the path dependency concept. Let us present the following observations of two Italian authors²⁰⁸.

The path dependence concept, originally developed in natural science and applied in a broader sense to social science by authors such as David (1985), Arthur (1988), and Arrow (1994), implies that each development step taken by an individual, a social institution, an organization or – as in our field of research – a region, is critically influenced by previous steps. Thus, historical events have a fundamental role in shaping the evolution of a social system (or a regional economy). Anyway, this must not be confused with past dependence. If we consider a system as „past-dependent“ only, we assume that its status in a step t wholly depends upon its status in step $t-1$, denying any influence from deliberate action by individuals. On the contrary, the path dependence approach considers the role of intentional actions made by individuals, which are able to influence and modify the outcome of the transition between the different steps in the evolution of a system. Agents are thus able to influence the development path, which is yet open to the effects exercised by a variety of attractors eventually shaping the process itself and its outcome.

The comparison of the point of view of the Italian team and the point of view of B. Domański is supporting the interesting reflexion related to deterministic and non deterministic concept of path dependence, path creation and path destruction.

The strategic discourse in the processes of path creation. B. Roncevic has introduced a new approach into the analysis of the theoretical and pragmatic concept of path creation. **This new approach is the strategic discourse, which is an instrument of path creation.** Let us quote the relevant observation of B. Roncevic²⁰⁹.

²⁰⁶ B. Domański op.cit

²⁰⁷ Volume 1, p. 353-373

²⁰⁸ D. Ietri, S. Rota, *Beyond path dependence and path creation*. The case of Piedmont, volume 1, p. 202-215

²⁰⁹ B. Roncevic, *Strategic discourse a path creation tool for latecomers*, volume 1, p. 315-326

However, it is obvious that these mechanisms, which enable path-creation, are successfully activated only in the most developed societies. We showed that in the case of successful latecomers, specific forms of systemic discourse were a key factor which triggered developmental leap in these societies – other factors already existed, sometimes decades prior to that.

Successful systemic discourse as a path-creation tool requires specific socio-cultural conditions. Many authors especially emphasize the role of social capital. It is a catalyst of dissemination of human and intellectual capital, a lubricant of network type of organizations, it enhances development of intermediary organizations and thereby allows synergy and coordination (Adam in Ronfievic, 2008). It is thus a necessary condition of successful strategic processes and social development. Lack of interpersonal trust (proxy for social capital) is a key obstacle to systemic discourse.

Developmental leap therefore requires transformation of strategic processes. Strategic actors, including the state, have to develop capacities to engage in such sophisticated forms of interaction, if they want to engage in strategic process with positive outcomes.

The model of thinking developed by B. Roncevic deserves a careful attention in the framework of RFP.

The institutional importance of the concept of path creation. The pragmatic analysis of the path dependency concept is indicating that this concept may be an useful instrument in the identification of the field of manoeuvre in regional policy. Let us quote B. Domański again²¹⁰:

First, it is vital to capture two basic types of process of path dependency, which sustain the direction of development:

1. self-reinforcing mechanisms
2. reactive sequences.

Self-reinforcing (feedback) mechanisms include growth processes based upon cumulative effects (virtuous circles) as well as vicious circles of backwash effects and/or lock-in mechanisms. Reactive sequences are processes where successive phenomena/events A, B and C are linked by cause-effect relationships, where A leads to B, B to C, etc.

Second, the path dependency theory attracts attention to turning points or critical junctures. This is at such a point or juncture when the future direction of development is decided from among numerous possible paths. In other words, it is when path creation happens and/or the break-out from an earlier (locked-in) development trajectory occurs.

In this place we find strong interaction linking the world of path development and the world of long duration and turning point.

Typology of the trajectories of path dependent regions.

This typology is an innovative approach developed by B. Domański.²¹¹ We are reproducing the table of B. Domański suggesting an integrated interpretation jointly with table 1 and 2 included in chapter VII.

Table. The typology of path – dependent trajectories of regions

Effects		Dominant mechanism	
		Self-reinforcing	Reactive
		Lock-in	Decay of former dynamic functions
	Negative		
	positive	Cumulative growth	New pathway

In the next chapter of this study we will discuss the phenomenon of path creation and the phenomenon of „lock-in“.

The case of Finland

In volume one we find two papers of G. Schienstock²¹² and R. Galar²¹³ analyzing the problems of path creation in the experiences of Finland, which in the last decades was one of the global leading regions.

We have to remember that the two papers were published before the beginning of the great pentagonal crisis. We see now that Nokia, the spiritus movenus of the new path of Finland, is not immune in relation to the crisis. This means not

²¹⁰ B. Domański, volume 1 op.cit

²¹¹ B. Domański po.cit

²¹² G. Schienstock, *Path dependencies and path creation in Finland*, volume 1

²¹³ R. Galar, *Path dependency and path creation*, volume 1

that both papers have lost their original validity. Especially important in this context is the conclusion of the paper of R. Galar²¹⁴.

The considerations presented might offer some hint for a research program concerning the regional path creating potential. Such a program should abstract from the well known benchmarks associated with the path dependent progress (patents, publications, R&D employment and resources). It should concentrate instead on the attitudes, competences and social practices that are conducive to the breakthrough innovations. For example:

- *inventive courage Moving from the positive local identity;*
- *challenges specific to the locality that demand specific reactions;*
- *a distinct pool of competences;*
- *innovative achievements of the people educated in the region;*
- *individualistic attitudes and the culture of cooperation;*
- *public spirit embodied in informal networks;*
- *low procedural entanglement enabling learning by trials and errors;*
- *institutions and traditions of patronage offering long term creative freedom.*

In his paper on the future of regions research priorities Kukliński writes about the grand political and economical factors that are going to shape this future. Still, as far as imitative or innovative future is concerned, the humble cultural factors might turn out to be the necessary ingredient of the long term success. This aspect seems very important, if only because it is usually overlooked.

This idea to develop studies which should discover the regional potential to create new paths of development has a new meaning in the conditions which will try to overcome the great pentagonal crisis of the years 2008-2011.

Case of Piedmont

The paper of the Italian Team analyzing the experiences of Piedmont is a good example of the Myrdalian Triangle: theories – questions – empirical materials.

The paper is analyzing a specific case of path dependency and path creation, where a new idea of short-cut has emerged. This is the most interesting dimension of this paper which should be quoted in this place²¹⁵.

In this paper we addressed the topics of path dependence and path creation proposing a third perspective in which both creation and tradition contribute to the development of a regional economy: the crosscutting perspective. The hypotheses at the basis of this proposal are two: old industrial regions are likely to suffer from lock-in effects at a large extent provoked by path dependence; development path is no longer linear, but winding. Some regions succeed in abandoning traditional paths and create new technological and organizational trajectories. Some others are so firmly tied with their past specialization that path creation is not possible. In these cases, anyway, it is possible for the region to seek for deviations in the traditional path, i.e. new technological trajectories that – as short-cuts – may help in attaining/achieving further stages of development, without dropping the traditional path for good. This is possible because the technological change is adopted for a period that is not long enough to induce mindful change in the organizational paradigm as well.

In the interpretation of this quotation let us consider the relation linking the old and a new path. These processes of the dynamic development of the new path must not necessary be performed in the ruins of the old path, which can continue its existence as a relatively shrinking less dynamic field in comparison to the new more dynamic path.

The case of Triple Mezzogiorno

It would be interesting to answer the question, why the Tripple Mezzogiorno Conference and the Post Conference Volume have given a very limited amount of attention²¹⁶ to the path dependency concepts and realities. We will return to this question in chapter X.

* * *

In the conclusion of chapter VIII let me say that the concept, reality and methodology of path dependencies is a field which should be explored theoretically and empirically in the next stage of development

²¹⁴ R. GAlar, volume 1, p. 190-201

²¹⁵ D. Ietri, S. Rota op.cit. volume 1, p.203

²¹⁶ Volume 5

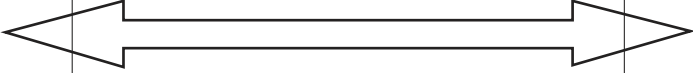

of RFP. This is a really dynamic field of transdisciplinary European regional studies. The global perspective is also very promising from this point of view.

IX. The concept of Gordian Knots

The concept of the Gordian Knots is not only a scientific concept, but also a metaphor to mobilize our knowledge and imagination in the processes of development of global and regional strategic studies. This motivation was probably the source of the decision of the team of K. Rybiński to prepare in the framework of RFP a pioneering study: Gordian Knots of the 21st century²¹⁷.

This decision has created a study defining the concept of Gordian knots and Alexandrian solutions as an instrument to interpret the most important challenges of the XXI century. Table 4 is presenting the intellectual and pragmatic axis of the volume²¹⁸.

Table 4. The axis of the volume

The Gordian Knots	The fields of transformation of Knots into Solutions	The Alexandrian Solutions
A	The discovery and analyses of the Gordian Knots	A
B		B
C		C
D		D
E		E
F		F
Ect.		Ect.

From the pragmatic point of view, the most important chapter of the study is chapter V²¹⁹ outlining a bold formulation of five Alexandrian solutions of the XXI century.

1. Alexandrian Solution to the „political cannibalism” Gordian knot
2. Alexandrian Solution to limits of growth
3. Alexandrian Solution to aging and migration
4. Alexandrian Solution in the rise of China and the failure of Western Democracy
5. Alexandrian Solution to financial market hegemony and the emergence of new global players.

This pattern of five Alexandrian solution is a bold and innovative formulation. This is not a holistic formulation incorporating not only the spheres of economy, finance, demography, politics and ecology, but also the sphere of culture, which is so important in the shape of XXI century.

We have a long way to go to create a really holistic interpretation of Gordian knots and Alexandrian solutions. This study of K. Rybiński is a first opening step of this field. The concept of the Gordian knot can be applied in six spatial scales: global, continental, subcontinental, national, regional and local. In each scale we find the specific features of the Gordian knots.

²¹⁷ REDEFO volume 2

²¹⁸ Compare A. Kukliński, volume 3 p. 215

²¹⁹ Volume 2 p.93-105

We have to find a common denominator in the minimum threshold of the scale of the institution at systems involved in the creation of the Gordian knots and potential of responsible for the Alexandrian solution. **There is no doubt that the region as a social economic, political and cultural community can be an „ego” of Gordian knots and Alexandrian solutions.**

In order to incorporate the Gordian knots and Alexandrian solutions into the framework of regional studies and policies I have proposed to following line of thinking²²⁰.

Primo – in the process of long duration of a given region, a set of developmental barriers is emerging. The economic, social, political and cultural structures of the region are not able to reverse this process, so the barriers are stronger and stronger in the consecutive chapters of the historical experiences of the given region.

Secundo – the conventional decision making reality is not able to outline and implement a set

of strategic choices which would create a turning point liquidating the historical barriers. Tertio – This situation of cumulating of unborn, not formulated and not designed and

implemented strategic decisions overcoming the developmental barriers is defined as a Gordian Knot.

Quatro – Following the failure of the conventional decision making process the Alexandrian Solutions are the only way to cut the Gordian Knots of the given Region.

This line of thinking was developed in chapter IV of volume two and in volume 5 p. 48-49.

In this way we have opened the trajectories to incorporate the concept of Gordian knots and Alexandrian solutions in to broad domain of regional studies and regional policies.

In the next stage of RFP we should explore not only the theoretical foundations of the concept of Gordian Knots, but we should try to use this concept in the proposed network of diagnostic studies (compare annex A).

X. The concept of Quo Vadis

Quo Vadis is a very old European question since Henryk Sienkiewicz was awarded the Nobel Prize for literature in 1906²²¹. This splendid tradition was an inspiration to formulate after 100 years a new interpretation of Quo Vadis in the form of a grand set of diagnostic and prospective studies facing the challenging mega historical question Polonia Quo Vadis²²²?

I would like to formulate a thesis that the Polish social sciences and especially economic, sociological and political sciences should try to answer the fundamental question „Polonia Quo Vadis?” It is impossible to be continuously lost in the forest of detailed questions. It is necessary to formulate a frontal question Polonia Quo Vadis. This is a holistic question, a question which is grasping the essential features of structure and dynamics of the given object of theoretical and pragmatic studies. Poland is the object of these studies.

Quo Vadis is a dynamic question is a question interpreting the trajectory of thinking: the past – the present – the future. Quo Vadis is a teleological question related to the goal of our visions. Please remember the observation L. Seneka: „Ignoranti quem portus petat nullus ventus suus est”.

The question Polonia Quo Vadis entered into the field of attention of RFP in 2009. In march 2009 A. Kukliński following the initiative of the Ministry of Regional Development has prepared a study „The role of the Polonia Quo Vadis Project in the development of the Regio Future Programme”. This study opened a field of conferences and publications which found successful implementation in the years 2009-2010.

Let me mention only volume 4 of REDEFO published by the Ministry of Regional Development in 2009.

²²⁰ Compare volume 3, p. 142

²²¹ Volume 5, p. 66

²²² Compare volume 4p. 11

In this volume²²³ the concept Quo Vadis is tested not only in the experiences of Poland but also in the experiences of Slovenia, Finland, Flandria, Ural and Piedmont. This stream of comparative studies could be developed by the Ministry of Regional Development in cooperation with the European Commission, OECD and the World Bank. We can note with great satisfaction that in the last 3 years we observe the development in new centers of strategic thinking promoting innovative interpretations of the Polonia Quo Vadis question.

We have to mention the three Cracovia Conferences of the years 2008-2009-2010. The Cracovian publication trilogy²²⁴ has emerged as an network of 50 eminent sometimes charismatic contributions developing the problematique of Mundus Quo Vadis, Europa Quo Vadis, Polonia Quo Vadis.

The sponsor of these publications – the Cracovian Obserwatory of Development Polices is changing itself in a new actor of the Polish and European Scene of regional studies opening at the same time a new chapter in the development of RFP.

In the academic year 2009-2010 the Polish Economic Society and the Polish Association for the Club of Rome have promoted the activities and publications of the Forum of Strategic Thinking²²⁵. In November 2010 The Forum will organize a Conference using the provocative title²²⁶ – „The centenary of the European Union”? Last but not least we should mention two initiatives of Lower Silesia.

The first is the excellent performance of the annual Conferences in Krzyżowa promoting inter alia the Polonia Quo Vadis Question in the broad academic, business and self governmental Communities.

The second initiative is the international Conference Europa Quo Vadis which took place in June 2010. The post conference volume will be published in October 2010.

This examples are indicating that the Quo Vadis concept is incorporated into a broad stream of academic, governmental, selfgovernmental and social activities and trajectories of innovative thinking.

This rich and differentiated record of publications and conferences is a good background to formulate 3 questions stressing the dramatic validity of the Polonia Quo Vadis Programme.

The first question: How to promote the culture of strategic thinking of the Polish political elites and the Polish society in toto? The question Polonia Quo Vadis is a grand holistic challenge for our mind and imagination. The Polish „mind” is too strongly dominated by historical thinking. How to introduce a strong futurological dimension into the Polish thinking of the XXI century.

The second question: How to design the processes of the evaluation of the transformation of Poland in the years 1990-2010? The Polish society should have the knowledge, imagination and courage to face the evaluation of the transformation of Poland of the last two decades.

We have to see the glory of this transformation, the renaissance of the independency of Poland, the genius of the Polish economy, Polish state and society, science and culture to find the trajectory of successful adaptation to new conditions created by the global market economy and by the European parliamentary democracy. We have to see the grand geopolitical success of Polonia Restituta, the full membership in the European Union and NATO. Seeing the glory of the Polish transformation we should not forget the reverse side of this coin, the real field of the misery of this transformation, the record of lost historical opportunities²²⁷.

There is no doubt however that in the final result the Polish transformation is a great success not only in the scale of the history of Poland, but also in the scale of the history of Europe.

²²³ volume 4p 11-134

²²⁴ Cracovian volume 1, *Kreatywna i innowacyjna Europa wobec wyzwań XXI wieku*, Kraków 2009, cracovian volume 2, *Polska wobec wyzwań cywilizacji XXI wieku*, Kraków 2009, cracovian volume 3, *Polonia Quo Vadis?*, Kraków 2010

²²⁵ A volume, *The forum of strategic thinking. Experiences and prospects* will be published in September 2010

²²⁶ This is the potential centenary 1957-2057

²²⁷ Compare J. Sztaniskis, *Nie mamy kryzysu*, Tygodnik Powszechny, 5 lipca 2009

The third question – to what extent is the leap forward of the civilization of Poland in the years 2010-2030 a feasible reality or an utopian illusion?²²⁸

In the optimistic interpretation of the potential Polish experiences of the XXI century, these two decades will be a great turning point of leap forward of the civilization of Poland. Poland will enter the community of highly developed creative societies represented by advanced levels of the information society and knowledge based economy. Poland will cross the invisible line separating the European center and the European periphery. This leap forward would be created by a dynamic and innovative society which will be able to elect a system of governance designing and implementing pro-developmental policies, placing Poland in the higher domains of the global ranking records. This is not an utopian vision. This is a vision implemented by Finland in the years 1990-2010.

It is interesting to analyze the documentation of this optimistic vision in the Report Poland 2030, the developmental challenges²²⁹. This Report is not a book dominated by naïve optimism. The Report is outlining 10 challenges which are *conditio sine qua non* of the implementation of this vision.

The leap forward of the civilization of Poland in the years 2010-2030 is not an automatic verdict following the implementation of the optimistic vision. We must discuss also a pessimistic vision assuming that the prevailing forces of the Polish society will select an innovation averse trajectory of stagnation. This will be the result of the strategic paralyzes of the prevailing forces of the Polish society and of the system of governance. The critical evaluation of the long experience of Polish history is indicating that the probability of this paralysis is small, but that the specter of this paralysis cannot be totally removed from our reflexion concerning the XXI century.

This means that the years 2010-2030 will be the crucial decades for Poland of the XXI century. The leap forward versus the paralyzed of stagnation. Let us quote in this context the last sentence of the brilliant paper of W. Orłowski²³⁰ presented during the III Cracovian Conference.

We can imagine the radical leap forward of the civilization of Poland in the years 2010-2030. But the probability of this leap forward is low. The biggest barrier for the potential leap forward is the mentality of the society unable to accept the scale of necessary change. If however the Polish society will be able to overcome this barrier then who knows?²³¹

The paper of W. Orłowski is an important contribution in the processes of the creation of the climate of frontal charismatic discussion – Polonia Quo Vadis.

This climate of a frontal charismatic discussion was an important dimension of the success of the Cracovian Polonia Quo Vadis Conference. Let us hope that the October 2010 International Conference organized in Warsaw by the Ministry of Regional Development will grasp the spirit of the frontal charismatic discussions related to the future of European regions and of the European Union in toto²³². We need to develop a new methodology of strategic thinking to face this charismatic challenge.

XI. The concept of the Triple Mezzogiorno

In RFP we have a strong motivation to look for new approaches in the inquiry into the nature of the dynamic mosaic of European regions. We are trying to find new objects of comparative studies, which will integrate the cognitive and pragmatic motivations.

In this context the idea has emerged to introduce into a holistic comparative perspective the experiences of Southern Italy, Eastern Germany and Eastern Poland. As a common denominator the concept of Triple Mezzogiorno was proposed²³³. *Prima facie* it is very difficult to prove the validity of this choice. We can find many arguments that each of the three regions is representing a different context of civilization and different shape of long duration.

²²⁸ Compare the title of the contribution of W. Orłowski to the Polonia Quo Vadis conference Cracovia June 2010 The civilization leap of Poland 2010-2030 real chance or illusion?

²²⁹ M. Boni, Zespół Doradców Strategicznych Premiera RP, *Raport Polska 2030 – wyzwania rozwojowe*, Warszawa 2009

²³⁰ W. Orłowski, op.cit.

²³¹ This is my translation of the original Polish text of W. Orłowski. I hope that the intentions of the Author are well reflected in this translation.

²³² See the Panorama of the Warsaw October Conference. New paradigm in action recent developments and perspectives of regional policies, Warsaw October 27-28 2010

²³³ Compare volume 3 and 5

Nevertheless these regions have a *genus proximum*. These regions are examples of the processes of long duration which have created the biggest European regional Gordian Knots. Therefore we represent the opinion that the concept of Triple European Mezzogiorno is a concept having a pronounced theoretical, empirical and pragmatic validity. The concept can be a foundation of an interesting research Programme and even some decisions in the field of regional policy of the European Union.

This point of view found a strong support in the interesting International Conference organized in Warsaw in September 2009 by the Ministry of Regional Development²³⁴.

The problematique of Gordian Knots of the Triple Mezzogiorno found a comprehensive scientific and pragmatic documentation in volumes 3 and 5 of REDEFO²³⁵.

Following this documentation I would like to present 6 comments as an inspiration to change the Triple Mezzogiorno concept into a significant program of studies and international cooperation:

1. The problematique of the Triple Mezzogiorno. The rich content of volumes 3 and 5 open the myrdalian field: theory – questions – empirical materials
2. The methodology: volumes 3 and 5 have a strong methodological dimension expanding the framework of reflection presented in volumes 1 and 2. Especially interesting is the encounter of conventional and non conventional wisdom tested especially clearly in the German experiences²³⁶
3. The empirical dimension of the Triple Mezzogiorno should be expressed in the shape 20 charismatic monographies exploring the experiences of the Triple Mezzogiorno in the years 1990-2010. The proposed dynamic diagnoses should be not only a text of well performed conventional methodology. It should be also an act of intellectual courage to discuss the real and not the apparent problems of the regions. The experiences of the Triple Mezzogiorno are a very delicate matter exposed to the pressure of conventional wisdom and political correctness. The text of the volumes 3 and 5 is very interesting also from this point of view.
4. The futurology of the Triple Mezzogiorno. This is the idea of prospective monographies analyzing the potential experiences of the Triple Mezzogiorno in the decades 2010-2030. In the conditions of the pentagonal global crisis it is difficult to outline the visions and strategies of the Triple Mezzogiorno in the perspective of the year 2030. It is difficult but not impossible. We have no choice the Triple Mezzogiorno must face the enigma of the XXI century.
5. The world of the Triple Mezzogiorno should be observed in the context of the dynamic reconfiguration of strong and weak regions in the European Union and in the global scale. This idea has already emerged in the papers published in volume 3 and 5. We remember that the meaning of the global context in the XXI century will be different in comparison with the experiences of the XXI century.
6. **The world of the Triple Mezzogiorno is already an object of international cooperation and especially an object of Polish-Italian cooperation. Let me mention only the cooperation of the Ministries of Regional Development of Poland and Italy and the decision of Professor Bruno Amoroso to organize in Rome in march 2011 on international Conference – The Triple European Mezzogiorno. The Rome Conference 2011 will be a big push for the ideas develop in the framework of the Warsaw 2009 Conference.**

In this context we should mention also the Lublin Project organized by the Lublin School of Economics and Innovation. In the conclusion I would like to emphasize that the Triple Mezzogiorno is functioning already not only as a concept of scientific analyzes, it is also a metaphor inspiring our knowledge and imagination.

In his context we could formulate a question if in the experiences of the Triple Mezzogiorno we should enter also in the fascinating world of art and especially the great novel „The Leopard” of Giuseppe de Lapmedusa²³⁷ is a great contribution to the imaginative interpretation of the experiences of the Italian Mezzogiorno. In the same spirit we can mention also the great documents created by the famous Italian school of Filmmaking.

²³⁴ E. Malak-Petlicka, *The Conference Report The Triple European Mezzogiorno. The challenges for cohesion in Europe*, REDEFO, volume 5 p. 135-150

²³⁵ REDEFO volume 3, *The future of Regions in the perspective of global change*, Warsaw 2008, Redefo volume 5, *Southern Italy, Eastern Germany, Eastern Poland.*, Warsaw 2010

²³⁶ por. REDEFO volume 5 p. 225-295 compare also S. Lentz (ed) *German Annual of Spatial Research and Policy. Restructing Eastern Germany*, Springer, Berlin 2007, J. Röpke, *Ost Deutschland in Entwicklunges Falle. Oder die Münchhausen chance*. Perspective 21, Issue 21-22, p. 19-40

²³⁷ Charlemange, *Lessons from the Leopard*, The Economist, December 12 2009

XII. The pragmatic horizons of RFP

The publication record of RFP is demonstrating that the Programme has a potential of cognitive and pragmatic success in the field of regional studies in Europe. The RFP changed itself into a field of effective cooperation of 50 Authors who are supporting the Programme contributing their knowledge and imagination to the developmental of RFP. Unfortunately the pragmatic effects of RFP are smaller than originally expected. Up till now the envisaged consortium of 20 regions willing to prepare problem oriented monographies of the empirical and prospective experiences of the years 1990-2030 has not yet emerged and it is an important task for the future. **Some elements of implementation we are finding in volume four of REDEFO.** This is a set of individual contributions incorporating the elements of diagnostic and prospective thinking.

However, this set cannot be described as a turning point opening the implementation stage of the Programme in European scale. This turning point was achieved in the scale of Poland following the activities of the Cracovian Observatory of Development Policies.

The activity of this Observatory has created an important contribution to the development of RFP. Let me mention the three Cracovian Conferences of the years 2008-2009-2010 and three postconferences volumes which created on extended interpretation of RFP. The three Cracovian volumes should be included into the publication record of RFP²³⁸. At the present moment this is only a change in the Polish chapter of RFP since the Cracovian volumes were published only in Polish. We hope however that Cracovian Observatory will publish a synthetic volume in English concerning the best papers presented during the three Cracovian Conferences.

The cracovian scene is changing itself into a dynamic growth pole of RFP. The Cracovian conferences were already mentioned. In volume four we find the diagnostic study of the transformation of Malopolska prepared by the team of B. Domański²³⁹. This study is a valuable contribution to the discussion answering the question how to prepare the problem oriented diagnostic monographies of the transformation of the European regions in the years 1990-2010. We have also the promising perspective of the cooperation Cracovia-Torino, the comparative evaluation of the experiences of the Italian and Polish Piedmonte²⁴⁰. This is an inspiring metaphor for historical and prospective studies.

We are convinced that the model of the Cracovian growth pole²⁴¹ building up the cognitive and pragmatic structures of RFP will find different channels of diffusion across the Polish and European regional scene. A prominent place in these channels is already defined by the networks created by the Triple Mezzogiorno Conferences in Warsaw 2009 and in Rome 2011.

* * *

These are three pragmatic horizons of RFP, the Polish horizon, the horizon of the European Union the global horizon.

The Polish horizon

It is difficult to assume that the whole set of 16 Polish selfgovernmental regions will join the RFP and prepare comprehensive problem oriented monographies covering the diagnostic period (1990-2010) and the prospective period 2010-2030. We can assume however that a group of 5-7 Polish regions will emerge as members of the International Consortium of RFP. This is not a formal membership. It is a membership per facta et pacta concludentia. The development of the RFP growth pole in Cracovia is a very good example of the feasibility of this trajectory.

The horizon of the European Union

Volume 4 and 5 are indicating that same elements of RFP are already existing in a small group of European Regions. How to extend this group and develop comprehensive problem oriented monographies outlined in Annex A?

²³⁸ See footnote 224. The content of the cracovian trilogy can be summarized as reflexion around three questions, Mundus Quo Vadis, Europea Quo Vadis, Polonia Quo Vadis.

²³⁹ Volume 4, p. 95-134

²⁴⁰ In the experiences of the XIX century Malopolska. The region of Cracovia was presented as Polish Piedmont.

²⁴¹ I am not trying to say that the Cracovian growth pole is the most important growth pole in Poland. I am saying only that Malopolska, the region of Cracovia was the strongest supporter and participant of RFP. We can present a list of five or six Polish Regions which have directly or indirectly supported the RFP and which I hope will support the RFP in the future

The global horizon

There is no doubt, that in the present conditions of the XXI century, the RFP must be globalized. This means, that the proposed consortium of 20 regions should incorporate the experiences of American, Indian, Chinese, Brazilian and Russian regions. In this paper we have proposed the initiative of the European Union to organize two grand conferences analyzing the experiences and prospects of Indian and Chinese regions. An alternative way of the globalization of the RFP is the cooperation in the framework of OECD.

* * *

To my mind this paper is just the beginning of a brainstorming discussion of a brainstorming discussion how to discover and develop new pragmatic horizons of RFP.

XIII. The cognitive horizons of RFP

I would like to formulate a thesis that RFP has created an introductory outline of a new model of thinking related to the past and the future of Regions. The problematique, the conceptualization and the methodology of this thinking was outlined.

The maybe controversial concept of the „mind” and will of the region was formulated. It was emphasized that the „self programming capacity” is the most fundamental attribute of the real autonomy of the region.

The Program has analyzed different interpretations of the path dependency concept stressing that this concept has a large potential in the studies related to the past and the future of regions.

To the domain of concepts which are applied in regional studies, the RFP has introduced three new approaches: the gordian knots, quo vadis, the Triple Mezzogiorno.

The review of nine volumes created in the framework of RFP is an inducement to try to outline the main thematic and methodological streams which in the years 2007-2010 have created some element of a new model of thinking about the past and the future of regions.

A question can be formulated if this new model in statu nascendi is a potential contribution to the creation of a new paradigm of European regional studies.

This is an optimistic interpretation of RFP. In the pessimistic interpretation RFP is only an episode on the margin of the main conventional stream of European regional studies, an episode which will be forgotten very soon. Is there any chance that the RFP will be recognized as a very modest contribution to the development of a new paradigm? The creation of a new paradigm means not only a new model of thinking. A new paradigm is first of all a trajectory of construction of a new system of questions defining our interpretations of the past and the future. In this context I would like to present a list of 10 fundamental questions emerging from RFP.

- 1. Why we should try to discover the sources of the crisis of the old paradigm of European regional studies and policies? Why we should try to outline the shape of the new paradigm?**
- 2. How to interpret the greatest transformation of the global space in the last 500 years? How to interpret the processes which are creating the new map of the world?**
- 3. How to interpret the role of the European Union as an institution creating the new European megaspace?**
- 4. How to interpret the regional dimension of the dramatic or even tragic demographic crisis of Europe of the XXI century?**
- 5. How to interpret the European megaspace as a scene of the emerging of the new paths of developmental and the destruction of the old paths of development?**
- 6. How to interpret the concept of Gordian knots of the European megaspace?**
- 7. How to interpret the cognitive and pragmatic potentials incorporated in the studies of the Triple Mezzogiorno?**
- 8. How to interpret the diagnostic scene of the transformation of the European regions in the years 1990-2010?**
- 9. How to interpret the prospective scene of the transformation of the European regions in the years 2010-2030?**

10. How to interpret the European megaspace as a scene of the development of regional centers of strategic thinking?

This list of 10 questions is trying to outline the scope of attention of RFP. I am not trying to say that this is an „optimal” list. It is only a proposal to review the thematic content of RFP. In this way we are seeing the confluence of two trajectories of RFP. The first trajectory is the new model of thinking. The second trajectory is the list of problems oriented questions in the style of Gunnar Myrdal Author quoted many times in the publications of RFP.

* * *

I hope that this paper was able to grasp the spirit and letter of RFP. I would be most grateful if the Authors of contributions published in the framework of RFP would like to express some critical judgments concerning the RFP and my presentation of the experiences and prospects of RFP.

Now the judgment is yours – Ladies and Gentlemen.

Warsaw, September, 2010

Annex A.

RFP as a system of problems oriented monographies.

RFP is a system of problems oriented monographies of the Region. We have to develop the original assumptions of RFP presented in volume 1²⁴² and later developed in volume 4²⁴³. The program is already a well functioning, invisible college of 50 authors, who have participated in different stages of the development of RFP". We have to implement the initial assumptions that the Programme will perform as a consortium of minimum 20 regions supported by efficient regional institutions. Each member of the consortium will prepare a problem oriented monograph following the experience of OECD²⁴⁴, World Bank²⁴⁵ and the European Union²⁴⁶.

These monographies should be created in a concentrated effort of the next two years 2011-2012. In the publication record of RFP we find good starting points for these efforts especially interesting are the experiences of six regions: Malopolska²⁴⁷, Piedmont²⁴⁸, Flandria²⁴⁹, Finland²⁵⁰, Eastern Poland²⁵¹ and the Italian Mezzogiorno²⁵². I hope that the list of the potential members of the Consortium will grow²⁵³ to create a community representing of a sufficient scope and differentiation of experiences. The group of six regions can be defined as a new growth pole of RFP. Each member of the proposed consortium will prepare a problem oriented monography including five chapters²⁵⁴.

Chapter one – the methodology in the perspective of critical evaluation of RFP²⁵⁵

Chapter two – the empirical and diagnostic dimension of the monography the dynamic diagnoses of the transformation of the region in the years 1990-2010

Chapter three – the futurology of the monography. The region facing the enigma of the XXI century. The transformation of the region in the years 2010-2030

Chapter four – the region facing the reconfiguration of the global scene of the XXI century

Chapter five – the strategic thought of the region and the improvement of the self programming capacity of the region.

Naturally each region will demonstrate different dimension of original thinking²⁵⁶. Each monography would see the region in universal perspective and also the perspective of a niche – a place where special nonuniversal experiences are emerging.

We need however following the experiences of OECD to establish certain patterns of methodology and thematic community of the whole system of regional monographies²⁵⁷. In this way the principle of comparability will be introduced into our system of monographies.

* * *

²⁴² Volume 1, p. 455-485

²⁴³ Volume 4 p. 11-134

²⁴⁴ Volume 1, p. 467

²⁴⁵ *World Development Report 2009. Reshaping economy geography*. The World Bank, Washington DC 2009

²⁴⁶ Compare inter alia Volume 1 p. 483

²⁴⁷ Volume 4 p. 95

²⁴⁸ Volume 4 p. 77

²⁴⁹ Volume 4, p. 57

²⁵⁰ Volume 4, p. 40

²⁵¹ Volume 5 and M. Stefański, *The Lublin Project*, op. cit

²⁵² Volume 5

²⁵³ At especially interesting case is the triangle Eindhoven, Leuven, Aachen, proposed in Volume 4 p. 67

²⁵⁴ Compare the OECD methodology, Volume 1 p. 467 and 469

²⁵⁵ Compare especially Volume 1 p. 455

²⁵⁶ compare volume 3 p.29

²⁵⁷ compare OECD op.cit, volume 1 p. 467

The idea to start the cooperation of six regions is a feasible reality having the potential of an extension incorporating the experiences of 20 regions. In an optimistic scenarios this community will be extended to fifty regions in the global scale. This would be a very great global success of RFP. But the scale of 20 regions is the minimum size of the consortium to change the RFP into a pragmatic success. The empirical and prospective foundations of RFP must broad and strong to open the field of generalization related to the regional futurology of the XXI century²⁵⁸.

This is the greatest challenge of the future development of RFP.

²⁵⁸ Compare volume 1 p. 478-479

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Zbigniew Strzelecki is a graduate from the Faculty of Economic and Social Committee of the Central School of Planning and Statistics in Warsaw (now Warsaw School of Economics – WSE). Since 1972 he has been working in WSE (former SPS) subsequently as an assistant and now as a Professor at the WSE. In 1979 he obtained a Ph.D. in economics and in 1989 post-doctoral degree in economic sciences. Since 1989 he has been also affiliated with the Office of Regional Planning in Central Planning Office (CPO), where he was a Director in years 1991-1995. From 1995 to 1996 he was a Director of the Department for Social Development of the CPO and in years 1997 – 2003 Vice President of the Government Centre for Strategic Studies – Undersecretary of State. In years 1998-2003 he headed an Interministerial Task Force on Labour Demand Forecasting appointed by the Prime Minister. Since 1992 Prof. Strzelecki has been a President of the Polish Demographic Society, and since 1999 also – the President of the Government Population Council. Professor is a member of the Committee of Demographic Sciences of the Polish Academy of Sciences (since 1990), Committee for Spatial Economy and Regional Planning of the Presidium of the Polish Academy of Sciences (since 2007) and Vice-chair of the Committee „Poland 2000 Plus” of the Presidium of the Polish Academy of Sciences (since 2005) and a member of Statistics Council (since 1998). Since 2001 he has been a head of Department of Local Self-Government and Development of the Collegium of Social and Economic Science at the Warsaw School of Economics and since 2003 he has been a Director of Mazowieckie Regional Planning Office in Warsaw. Starting from 2009 he is a Project Manager for *Mazovia Development Trends* project, co-financed from European Social Fund within the Operational Programme Human Capital, sub-measure 8.1.4. He is specialized in problematic of demographic development, regional and local economy and spatial planning.

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Professor Paul Drewe

Paul Drewe is emeritus professor of spatial planning, Delft University of Technology, The Netherlands. He also participates in the Regio Futures Programme. His work has focused on:

- Information & communication technologies
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- Cross-border cooperation (both between & within nation states, down to borders within cities)

He has applied a strategic planning approach comprising:

- analysis (strength & weaknesses, opportunities & threats)
- mixed scanning of strategic visions & strategic projects
- ex-ante & ex-post evaluations
- management of uncertainties (including scenario building)

Jacek Wozniak

Jacek Wozniak is a graduate in Law from the Jagiellonian University in Cracow and a scholar at the University of Regensburg. In 1998, he worked in the Chancellery of the Prime Minister. Linked with the regional self-government since its establishment, initially as a director of the Department of Regional Policy and Structural Funds of the Marshal Office of Podkarpackie, then Director of Regional Policy Department of the Marshal Office of Malopolska Region, since 2009 the Representative of the Voivodeship Board of Strategic Planning. Chairman of the Task Force for regional policy objectives in the framework of the National Strategy of Regional Development. University lecturer, author of numerous publications on regional development. A member of the Task Force of the Committee for Spatial Economy and Regional Planning of the Polish Academy of Sciences and a Program Board of Public Service and Administration at the Jagiellonian University.

Professor Paweł Swianiewicz

Paweł Swianiewicz, is a graduate of Faculty of Geography and Regional Studies (1985) and a Ph.D. in Economic Geography at Faculty of Geography and Regional Studies at the Warsaw University (1989). In 1998 he made a habilitation in Economics, Faculty of Economics at the Economic University, Poznan.

Since September 2006 he has been a Head of the Department of Local Development and Policy at the Faculty of Geography and Regional Studies of University of Warsaw. Since October 2004 – professor in the Faculty of Geography and Regional Studies, University of Warsaw. Earlier he worked as a professor at the Institute of Economics, Catholic University of Lublin (1998-2001) and the Centre for European Regional and Local Studies, University of Warsaw (2001-2004).

Since 2002 he has been a member of the Executive Board of European Urban Research Association (EURA) and from 2005 to 2010 he was a chair of the EURA Board. (2002) and a chairmen (2005) of European Urban Research Association (EURA). Since January 2006 he is also a member of a steering committee of the Local Government Initiative at the Open Society Institute in Budapest.

Professor Andrzej P. Wierzbicki

Andrzej P. Wierzbicki Master's degree in communications engineering with specialization in Automation acquired in 1960 at the Department of Telecommunications Warsaw University of Technology. In the years 1959-1960 he worked at the Institute of Electrical Engineering, and from 1960-1961 he was a postgraduate internship in Germany. From 1961-2004 he worked at the Warsaw Polytechnic, initially in the Department of Automatic Control (now the Institute of Automation and Applied Informatics), Department of Communications, and later the Department of Electronics (since 1995, Department of Electronics and Information Technology).

He is currently editor of the journal „The Future of The World – Europe – Poland,” the Committee „Poland 2000 Plus” PAN. Since 1974 he has been a member of the Polish Mathematical Society.

He was chairman of the Council of Scientific Industrial Research Institute of Automation and Measurements (PIAP) and the Research and Academic Computer Network (NASK), member and vice chairman of the Scientific Council of the Institute of Systems Research Polish Academy of Sciences (IBS PAN) and other scientific councils (now a member of scientific councils and IBS PAN IL PIB). He was scientific secretary, is now vice chairman of the Committee „Poland 2000”, then „Poland 2000 Plus” PAN. He was chairman of the scientific councils of the Institute of Industrial Automation and Measurements (1992-2004). He was also chairman of the Scientific Council of NASK (Research and Academic Computer Network, 1993-2004).

Is a member of the International Society of Multiple Criteria Decision Making (1990). Is a member of IEEE (Institute of Electrical and Electronics Engineers) and the Polish Association for the Club of Rome.

Professor Willem Molle

Willem Molle is Professor at the School of Economics, Erasmus University Rotterdam, the Netherlands. He is former Chairman of the Board of Management of ECORYS Research and Consulting. Willem's research and publications mostly concern the economic and institutional aspects of the European and worldwide integration process. He has always had a particular interest in Cohesion Policy issues. He has written several handbooks and numerous articles on these subjects.

Professor Iain Begg

Iain Begg is a Professorial Research Fellow at the European Institute, London School of Economics and Political Science. His main research work is on the political economy of European integration and EU economic governance. He has di-

rected and participated in a series of research projects on different facets of EU policy and his current projects include studies on the governance of EU economic and social policy, the EU's Lisbon strategy, the social impact of globalisation and reform of the EU budget. Other recent research projects include work on policy co-ordination under EMU and Cohesion Policy.

He has published extensively in academic journals and served as co-editor of the *Journal of Common Market Studies*, the leading academic journal focusing on the study of European integration, from 1998 to 2003. He has undertaken a number of advisory roles, including being a member of a *groupe de prospective* on the future of Cohesion Policy and being called as an expert witness on EU issues by the House of Commons Treasury Committee, the House of Lords European Communities Committee and the European Parliament. He is a frequent contributor to international conferences on EU economic policy issues and is regularly solicited for interviews by journalists.

Gabriella Fésüs

Gabriella Fésüs is Policy Analyst for Conception, Forward Studies and Impact Assessment in the Directorate-General for Regional Policy in the European Commission. Prior to that, she was in charge of structural funds investments in Hungary at the Directorate General for Regional Policy. Prior to joining the Commission, she worked for the Hungarian Ministry of Health. She obtained a master degree in economics at the Budapest University of Economics and in political studies at the College of Europe in Bruges.

Elisa Roller

Elisa Roller is Deputy Head of Unit for Conception, Forward Studies and Impact Assessment in the Directorate-General for Regional Policy in the European Commission. Before that, she was a Policy Coordinator in the Lisbon Task Force of the Secretariat-General, European Commission. Before joining the European Commission in 2003, she was a Lecturer in European Politics in the Department of Government, University of Manchester, UK. She received her PhD in the London School of Economics.

Professor Danuta Hübner

Prof. Danuta Hübner, Poland's first-ever European Commissioner, is one of her country's foremost economists and policymakers and has played a key role in the enlargement of the EU. Since July 2009 Ms. Hübner is a Member of the European Parliament and Chair of the Committee on Regional Development as well as a member of the Special Committee on the Financial, Economic and Social Crisis and the Delegation for Relations with the United States. In addition she is a substitute member of the Parliament's Economic and Monetary Affairs Committee, the Special Committee on the Policy Challenges and Budgetary Resources for a Sustainable European Union after 2013 and the Delegation for Relations with Switzerland, Iceland and Norway and to the European Economic Area. In 2004 Professor Hübner was entrusted as Commissioner with the regional policy portfolio. Earlier, during the past decade, her roles in Poland's Government have included Minister for European Affairs, Head of Office of the Committee for European Integration and Secretary of State for Poland's Ministry of Foreign Affairs, Deputy Minister for Industry and Trade and Minister Head of the Chancellery of the President of the Republic of Poland. In 2000-2001 Professor Hübner was Under-Secretary-General of the UN and Executive Secretary at the United Nations Economic Commission for Europe in Geneva. She studied at the Warsaw School of Economics where she obtained an MSc (1971) and a PhD (1974). In 1988-1990 Professor Hübner was a Fulbright scholar at the University of California, Berkeley. In 1992 she was conferred with the scientific title of Professor of Economics by the President of the Republic of Poland. She has been awarded with five doctorates honoris causa by European universities.

Professor François Bafoil

François Bafoil is graduated in Philosophy, Polish and Sociology. In 1986, he got his Ph.D. from the Institut d'Etudes Politiques de Paris (IEP), and in 1994 the Habilitation (University of Grenoble II). Extended research fellowships at the Lodz University, Poland (1984). He is Humboldt Foundation Fellow at the Freie University and WZB in Berlin. He stayed in Berlin during eight years, 1988-1994 and in the middle, the Berliner Wall fell down! Then he returned to France in 1994 (Grenoble), and joined Paris in 2003. Before joining CERI he served during 18 months as EU expert in charge of ex-ante assessment in Poland and adviser at the Ministry of Economy in Warsaw (2002-2003). Then he was "Special advisor" to the OECD for the Territorial Review of Poland in 2008/2009.

During 4 years from 2006 to 2009 he organized training sessions for the Asian Development Bank (ADB) and worked therefore in the Great Mekong Sub Region. Since 2010 he is leading a research group CERI/DATAR on the Cohesion Policy and regional development in a comparative perspective.

François Bafail is member of the scientific boards of the Institut für Europäische Politik in Berlin, the Centre for Social Studies (PAN) in Warsaw, the Institut des Hautes Etudes Internationales (CIFE) in Berlin and Nice. He taught at Berlin, Istanbul, Fudan, Frankfurt/Oder and Köln universities. Currently he teaches at Sciences PO. His Research interests are:

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- The EU Cohesion Policy and regional development
- Central and Eastern Europe/Mekong region: regional integration and cross-border cooperation

Professor Antoni Kukliński

Antoni Kukliński is a professor emeritus of the University of Warsaw, Honorary Member of the Club of Rome, Honorary Member of the Akademie für Raumforschung und Landesplanung Hannover, Germany, Member of the Committee Poland 2000 Plus – Polish Academy of Science, Programming Director Forum of Strategic Thinking – Polish Economy Society, Co-editor of the Publication Series REDEFO – Ministry of Regional Development, Co-editor of the Publication Series REUPUS – WSB NLU Nowy Sącz, Director of the Regional Development Programme of the United Nations in Geneva (1967-1971), Undersecretary of State, Ministry of Foreign Affairs (1990 – 1991), Undersecretary of State, State Committee for Scientific Research (1991-1992), Director of European Institute for Regional and Local Development – EUROREG, University of Warsaw (1985 – 1996)