



# WAYS AND EXPERIENCES OF REGIONAL TRANSITION TO MARKET ECONOMY IN EASTERN AND CENTRAL EUROPE (THE CASE OF RESEARCH AREA)

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# MAJOR CHANGES IN THE CONDITIONS OF REGIONAL DEVELOPMENT

- Transition from a state-planned economy to a market economy
- The structural and technological transformation of the economy
  - ▶ Declining traditional sectors
  - ▶ Rise of services, knowledge-based industry and business services
  - ▶ New economic geography
- An increased pressure to adapt the consequences of globalisation and the external economic influences



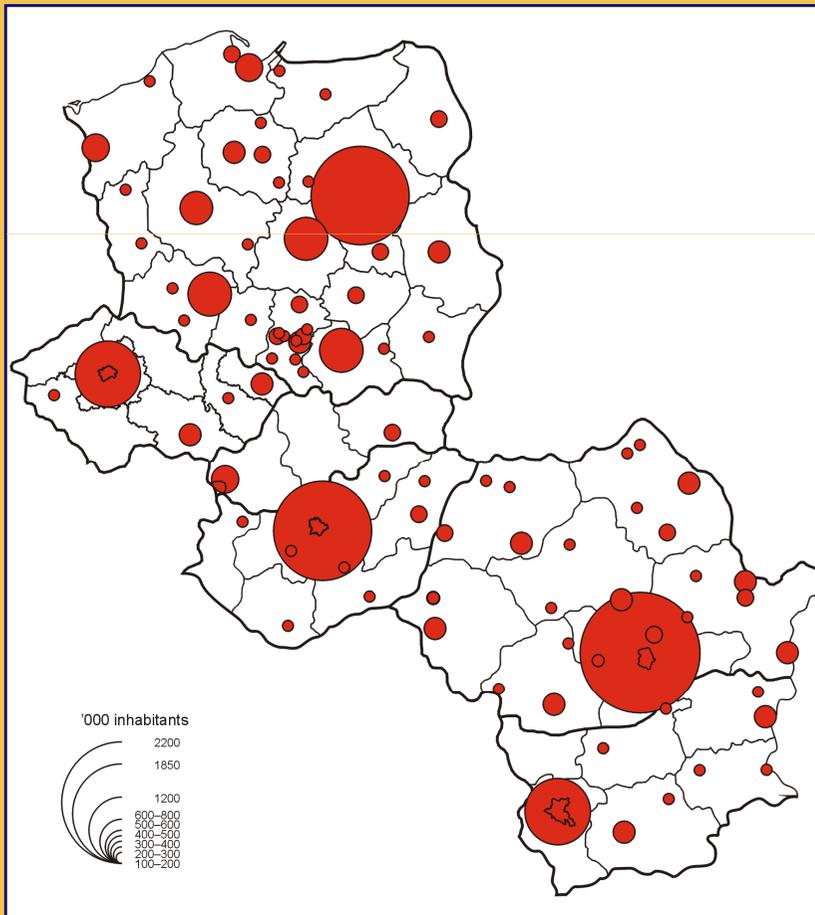
# THE CONSEQUENCES OF THE TRANSITION TO THE MARKET ECONOMY

- Weak economic performance
- Structural problems
- Unemployment
- Low employment rates
- Lack of innovation capacities
- Growing regional disparities
- Losers and winners among the regions
- The appearance of regional policy

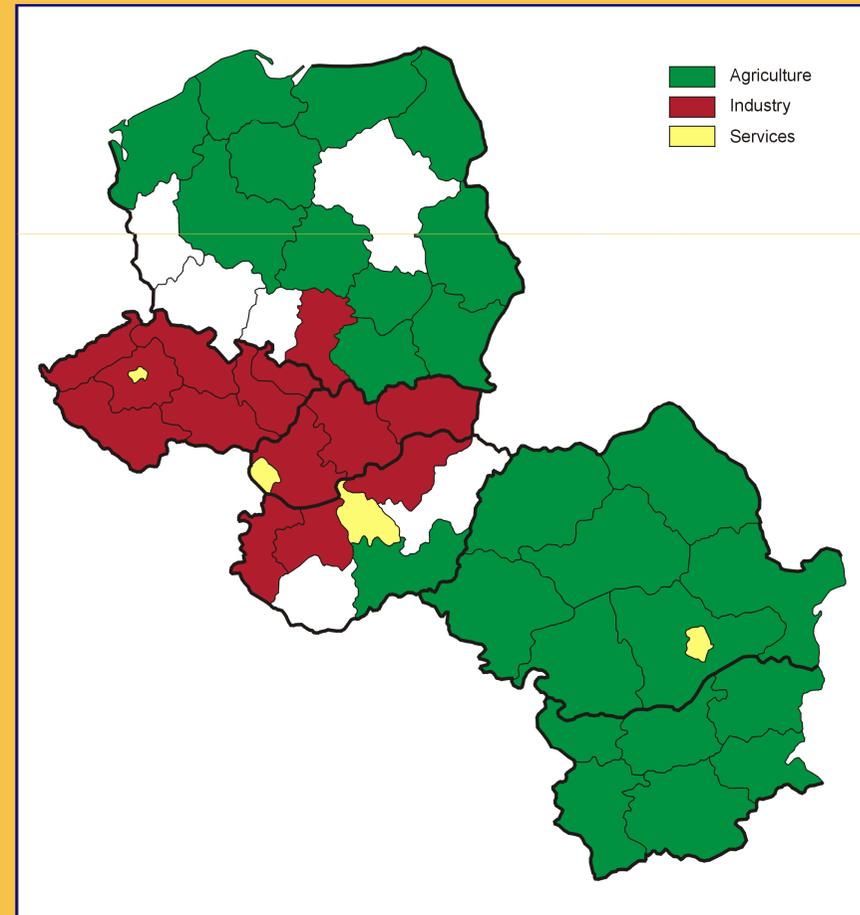


# FACTORS DETERMINING TRANSITION OF THE REGIONS I.

## URBAN STRUCTURE



## SECTORAL BACKGROUND OF THE ECONOMY

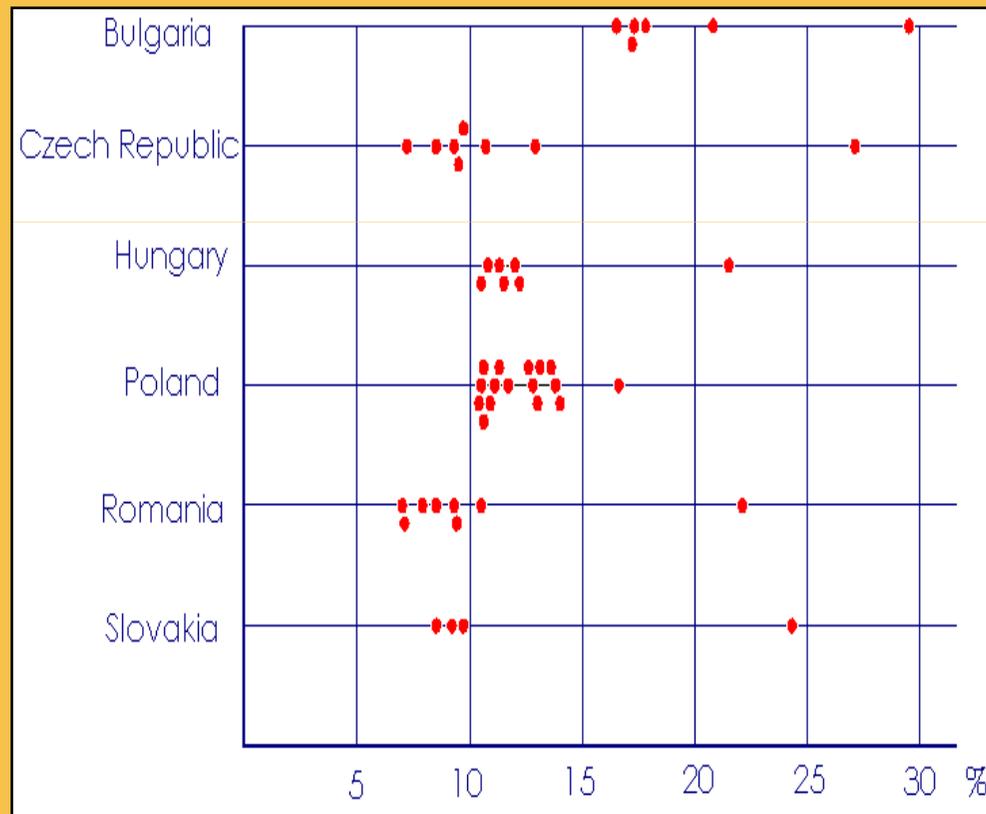




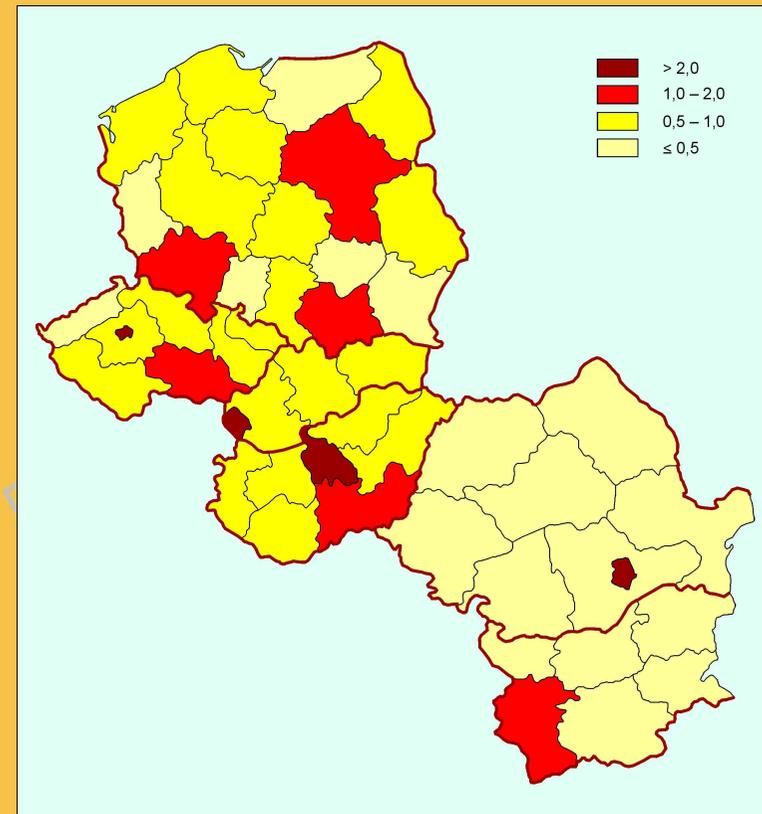
# FACTORS DETERMINING TRANSITION OF THE REGIONS II.

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## QUALITY OF HUMAN RESOURCES (Population with HE degree)



## R&D CAPACITY





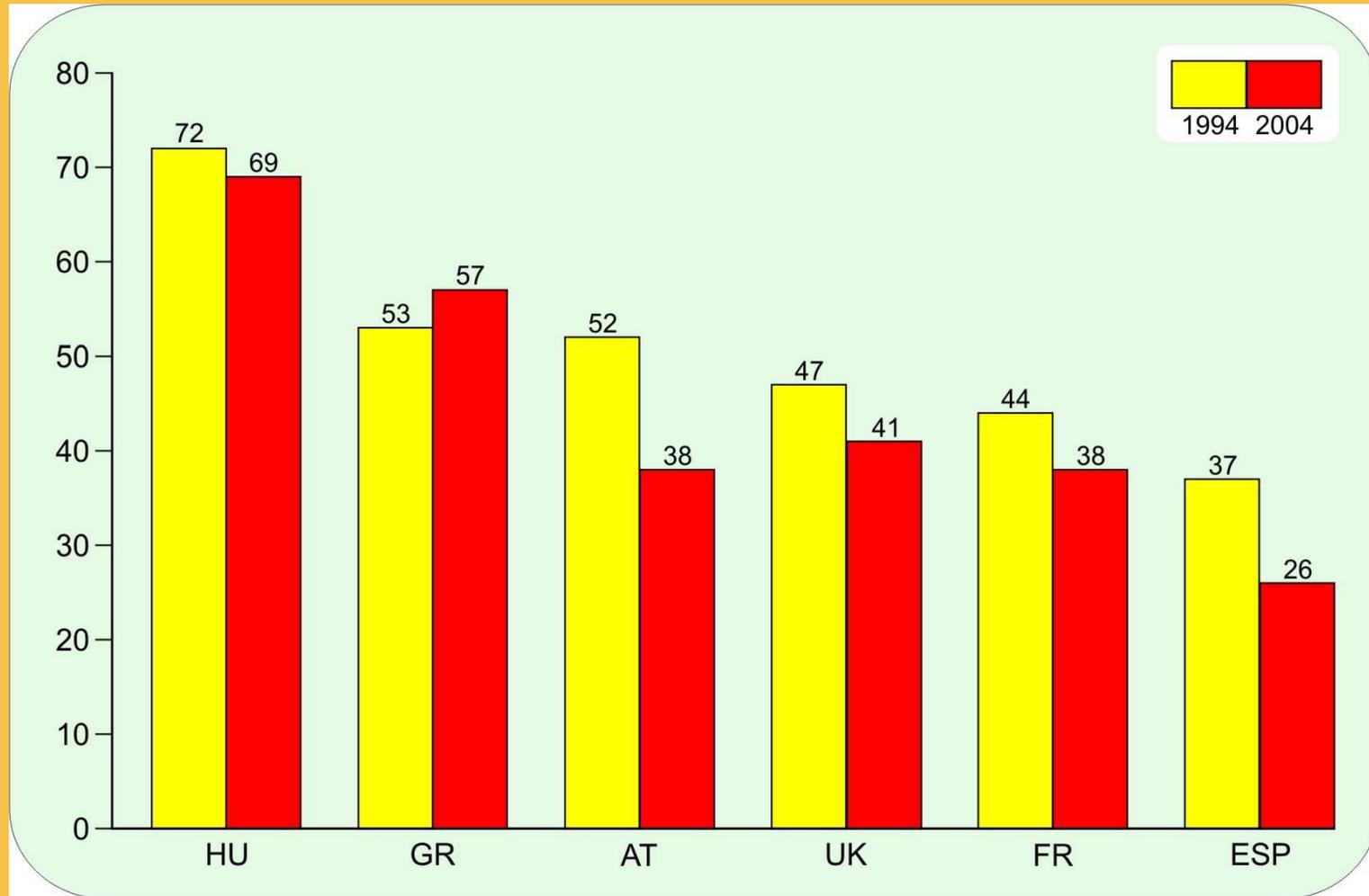
# DOMINANCE OF CAPITAL CITIES

<i>Activity</i>	<i>Sofia</i>	<i>Prague</i>	<i>Budapest</i>	<i>Warsaw</i>	<i>Bucharest</i>	<i>Bratislava</i>
GDP	24.6	24.5	35.0	n.a.	16.5	24.2
Industrial output	15.9	13.0	17.6	11.8	17.0	37.3
Foreign direct investment	49.9	25.7	56.5	33.0	46.7	71.2
Tertiary education students	43.3	31.4	49.2	16.7	32.4	83.0
Employees in R&D	72.7	48.0	55.8	30.0	39.0	40.2



# PERCENTAGE SHARE OF CORE REGIONS IN THE R&D EXPENDITURES

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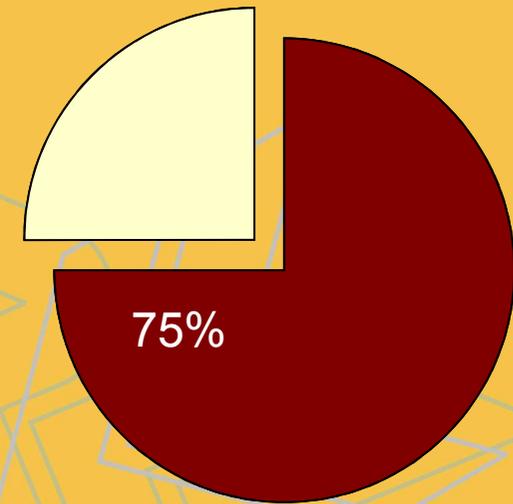
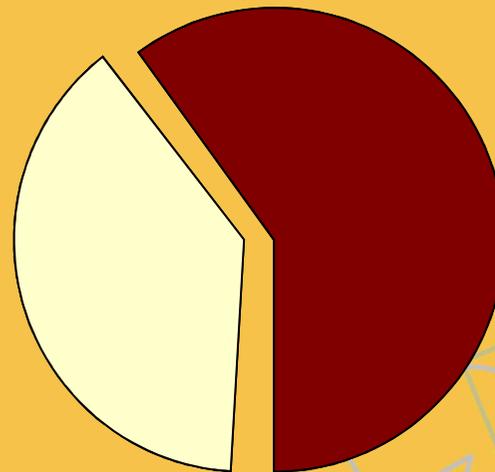
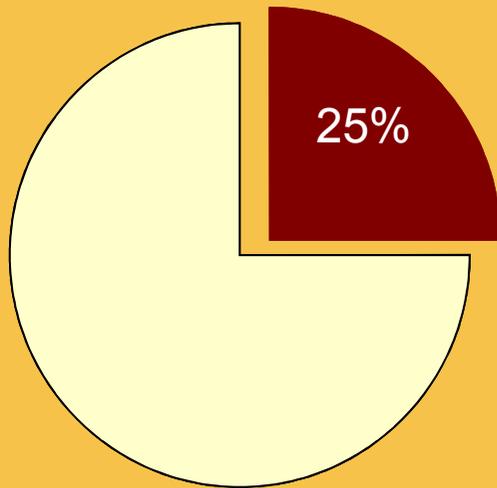
# SHARE OF POPULATION LIVING IN NON UNITARY STATES, EUROPE

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1950

1990

2010





## SCIENCE IN THE COMMUNIST PERIOD

- Privileged position
- Significant share in the GDP (2.0–3.0 percent)
- Strong state control and progressive financing
- Dominating technical and natural sciences
- Neglected university researches, leading position of the academies of sciences
- Relatively high level of the business sector
- Low level of the industry–science relationship
- "Ivory tower" syndrome
- Geographical concentration in the core regions (capital cities' dominance)



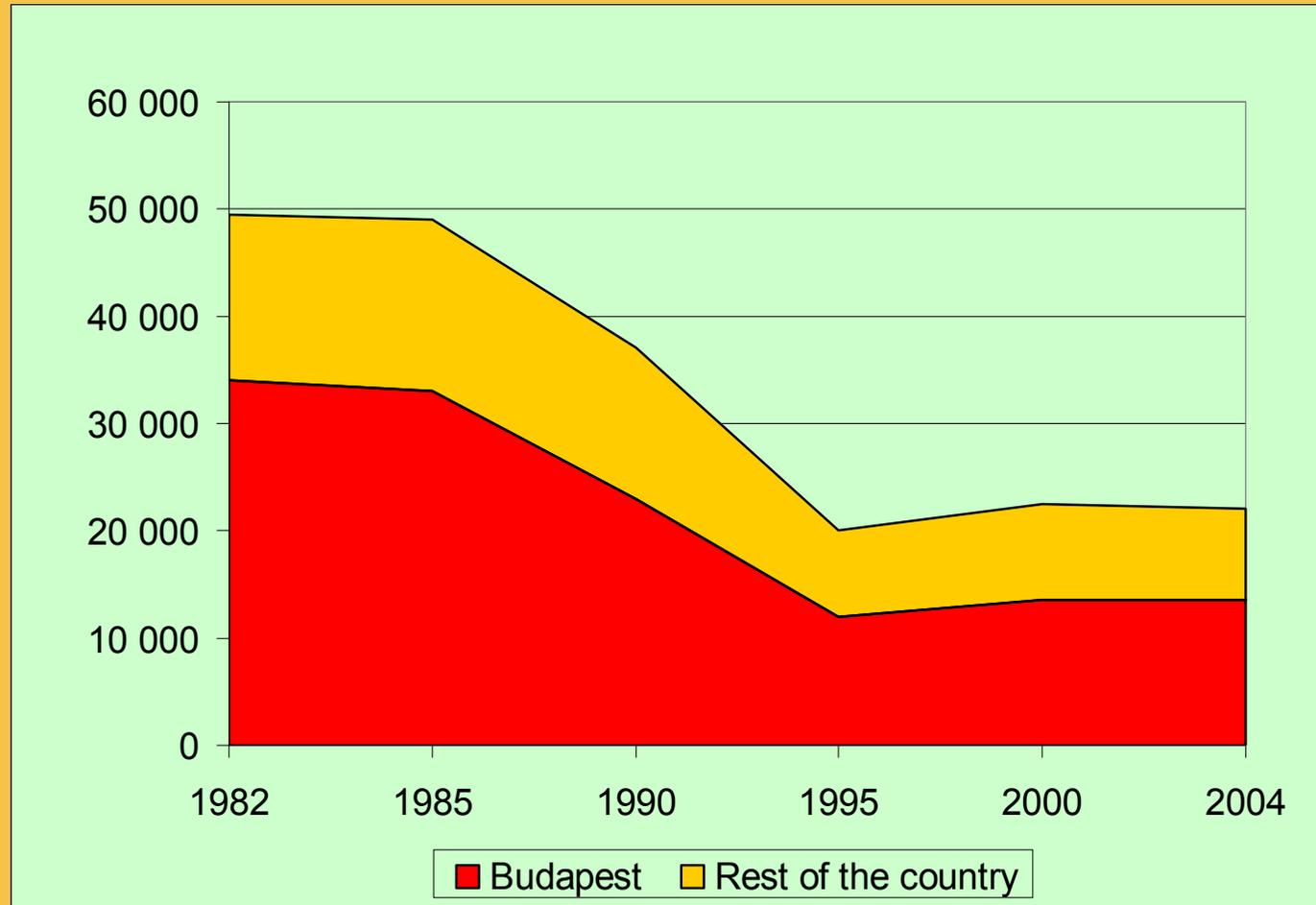
## SCIENCE IN THE TRANSITION PERIOD

- The background of the science collapsed
- Diminishing expenditures, low share in the GDP (0.3–1.8 percent)
- Strong decrease of the number of employees (by 50 percent less)
- Unchangeable disciplinary structure
- Offensive enlargement of the higher education sector (moderate development in the R&D, selection process among the universities)
- Collapsing business researches, high percentage of FDI
- New national R&D strategies
- Forming science–industry linkages (influence of the EU)
- Moderate change of the geographical concentration



# DECREASING NUMBER OF EMPLOYEES IN R&D, HUNGARY

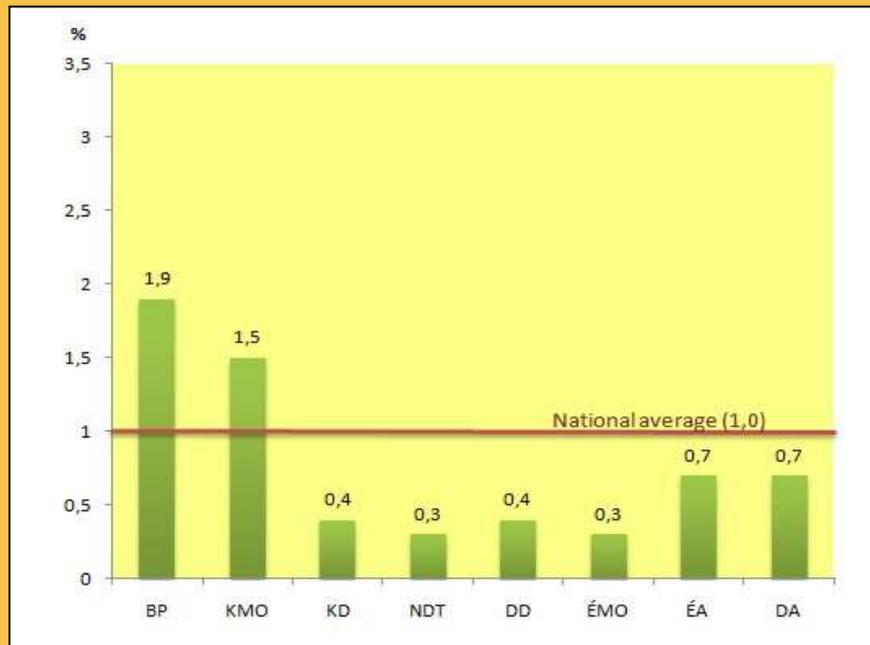
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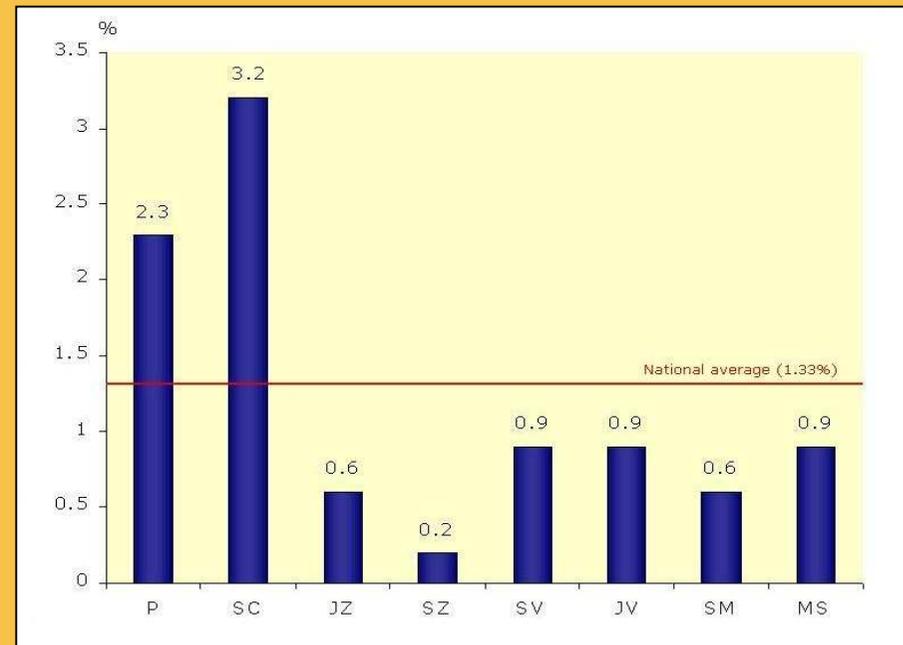


# GROSS DOMESTIC EXPENDITURE ON R&D (GERD) BY REGIONS

## IN HUNGARY



## IN THE CZECH REPUBLIC

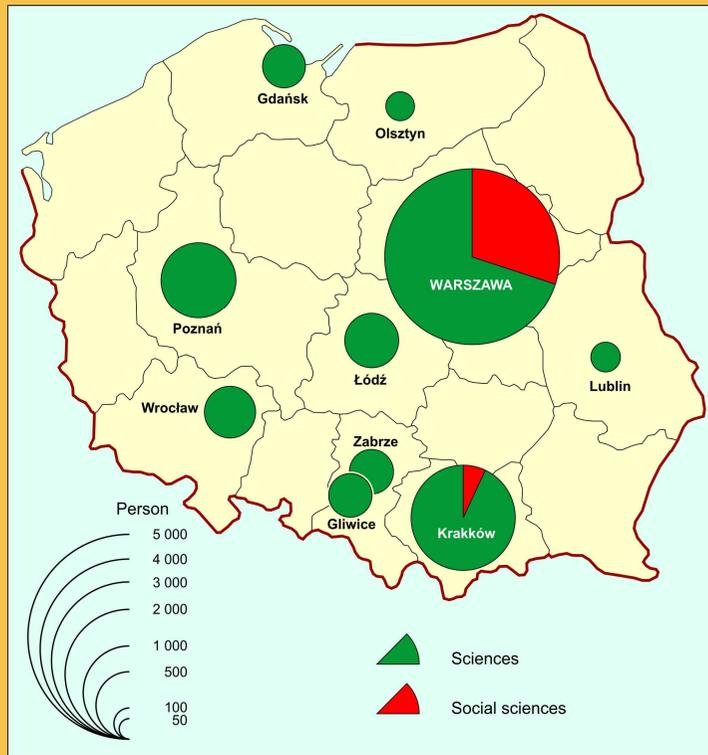




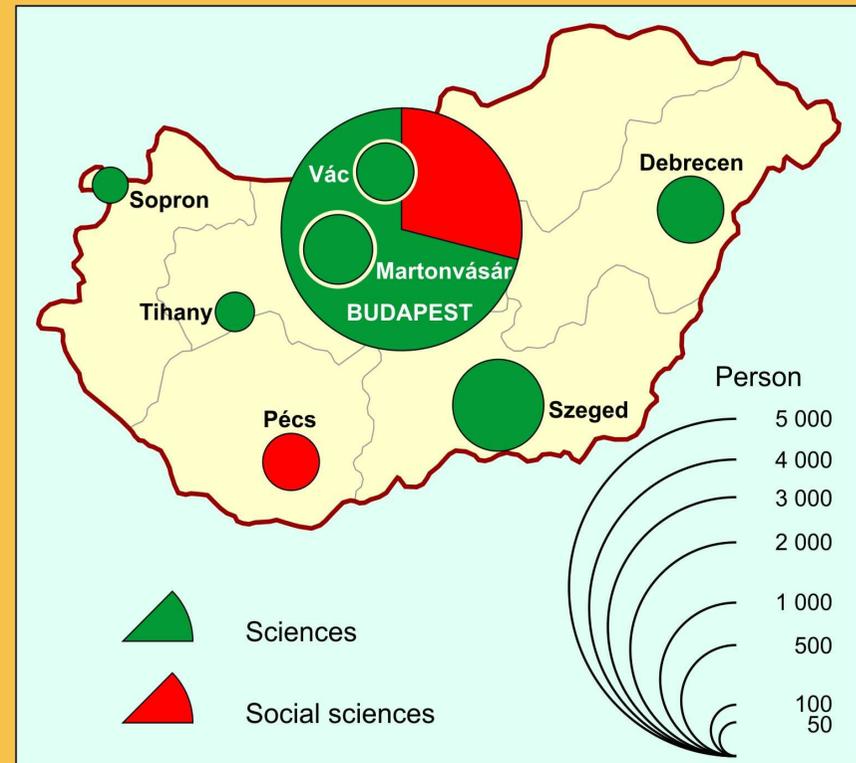
# INSTITUTIONS OF ACADEMIES OF SCIENCIES

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## POLAND

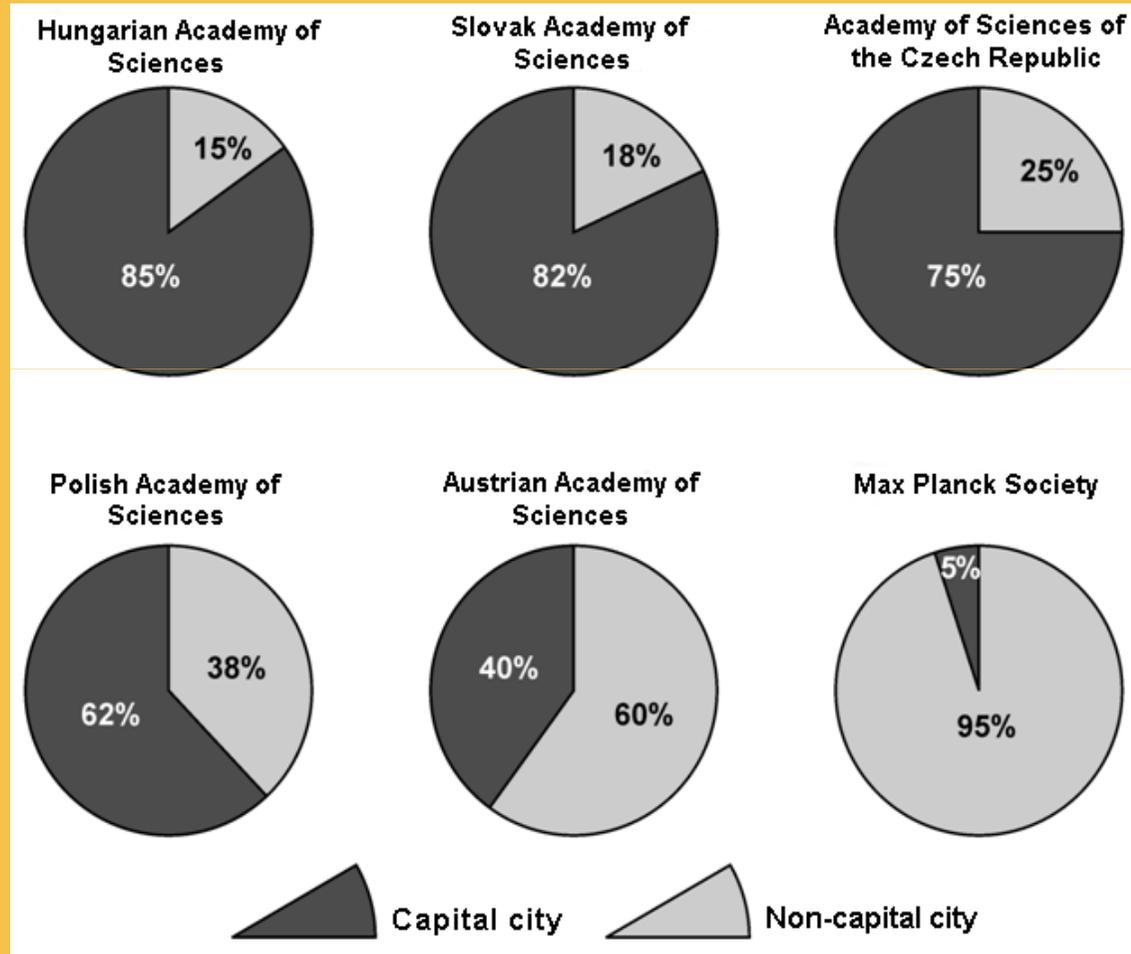


## HUNGARY





# ACADEMIES OF SCIENCES IN THE SPACE





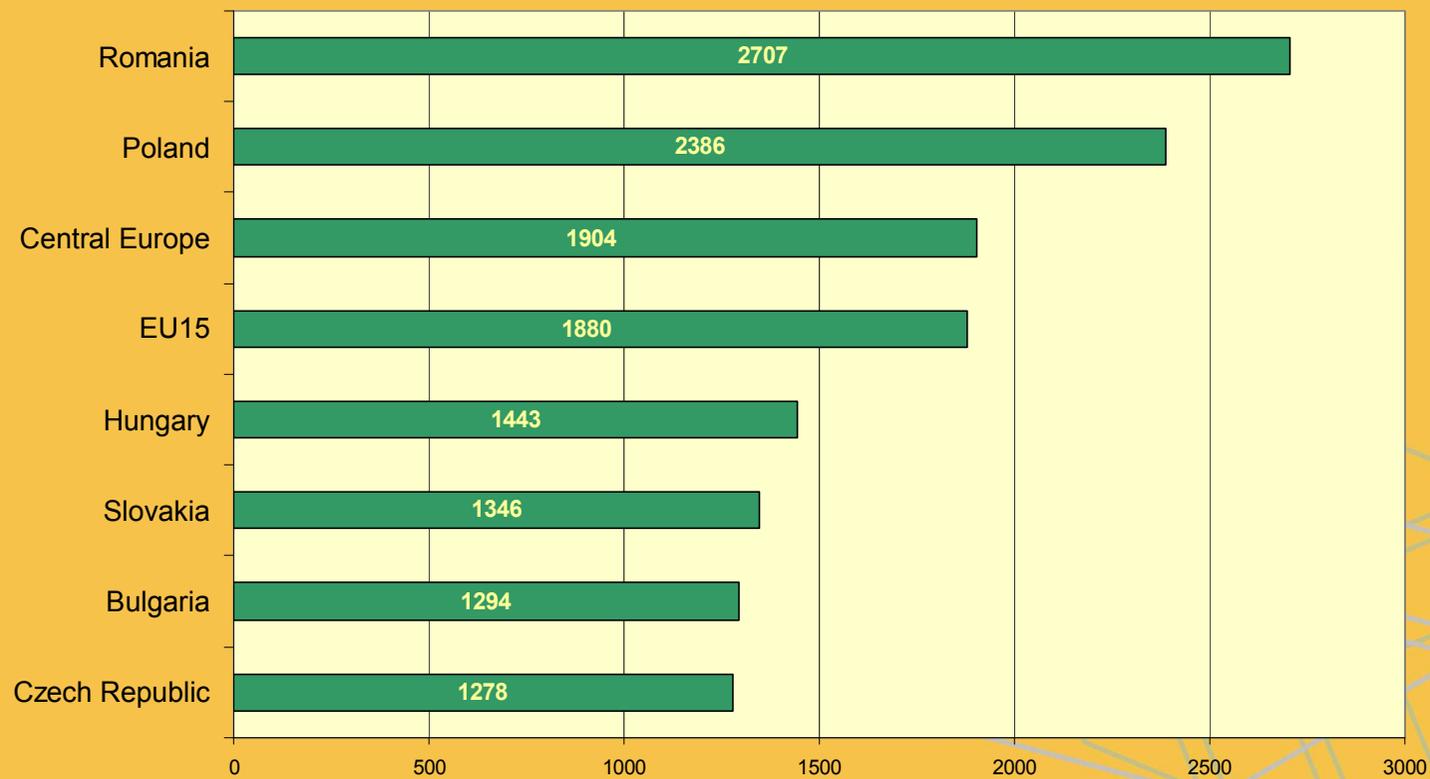
## UNITARY STATES – LARGE NUMBER OF ADMINISTRATIVE MESO UNITS

	1950s	2007
Bulgaria	13	28
Czech Republic	13	14
Hungary	20	20
Poland	22	16
Romania	18	42
Slovakia	6	8



# NUTS 2 REGIONS IN THE CEE COUNTRIES

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Forrás: Eurostat <http://ec.europa.eu/eurostat>



# THE ADMINISTRATIVE CAPACITY OF REGIONAL DEVELOPMENT

- The legal regulation of regional development policy – different solutions (acts, government degrees or resolutions)
- The financial tools of regional development
  - at the regional level
  - at the central level
- The institutional systems of implementation
  - government offices
  - deconcentrated organisations
  - regional authorities
  - local governments
- Decentralisation deficiencies as obstacles of competitiveness
- Difficulties in the enforcement of the core principles of EU structural policy
  - Weak frameworks for subsidiarity
  - The lack of leading organisation of regional coordination





# THE CHALLENGE OF COMPETITIVENESS IN THE NEW MEMBER STATES

- To identify the structural deficiencies in regions having the most damaging effect on competitiveness and growth potential
- To formulate a long-run development strategy in line with comparative strengths
- To avoid the excessive concentration of investment capital cities, to stimulate the development of new growth poles
- To help strengthen the administrative capacity for designing, implementing and managing development programmes at regional level



## CONCLUSIONS

- The rise of disparities can be prognosed
- The need of sharing power
- Regions are the weakest element of regional development policy
- The future of the cohesive Europe depends on the decentralisation strategies
- Autonomous regions – key factor of future progress
- Regional policy of the state + Policy of the regions



# WELCOME TO PÉCS, CULTURAL CAPITAL OF EUROPE IN 2010

Studies

