Alternative Forms of Capital and Regional Science: Overview of the Central European Research Perspectives

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Introduction

• **Alternative forms of capital (AFC)** have gained considerable attention in the past decades
  – By this time, it is also obvious that **AFC came through and advanced regional science** → especially regional economics & regional policy thinking (e.g. Kitson et al. 2004, Stimson et al. 2006, Huggins–Izushi 2008, Carayannis et al. 2012, McCann 2013, Capeillo 2016)
  – **Research tasks on topic has been intensified** in the last couple of years and is currently vital, especially in the Central European countries and context

• Opinions about how AFC conceptually have improved science and scholarly thinking are various → **it is high time for researchers to try placing an order on the issue**
Duality in the notion of capital

• Depending on the discipline/field in which the term ‘capital’ appears, it presents itself in various guises:

  1.  **CAPITAL IN THE TRADITIONAL SENSE**

     **Origin: (pure) economic theory (positive economics)**

     • fixed capital – circulating capital (*Smith 1776, Ricardo 1817*)
     • real capital (goods) – produced capital (*Schlözer 1805, Müller 1809*)
     • physical (material) capital – intellectual (mental) capital (*Müller 1809, List 1841*)
     • private capital – national capital (*List 1841*)
     • constant capital – variable capital (*Marx 1867*)
     • landed capital – personal capital (*Walras 1874*)
     • social capital (!) (=capital of a society) (*Böhm-Bawerk 1888, Clark 1908*)
     • human capital (*Pigou 1920, Schultz 1959, Becker 1962*)
     • ...
Duality in the notion of capital

- Depending on the discipline/field in which the term ‘capital’ appears, it presents itself in various guises:
  
  2. **NEO-CAPITAL** (Lin 2001, Storberg 2002) = **ALTERNATIVE FORMS OF CAPITAL**
     
     *Origin: anthropology, sociology, applied economics (normative economics, art-of-economics), regional science & policy domain (!)*
     
     - **social capital** (Hanifan 1916, Bourdieu–Passeron 1970, Bourdieu 1983)
       
       - Earlier version: *reproducible capital* (Hartwick 1977)
     - **creative capital** (Florida 2002)
     - **territorial capital** (Leader EO 1999, OECD 2001, Camagni 2008)
     - **other forms:** institutional, political, relational, structural capital ...
‘Capital frameworks’: an example

The roots and context of TC approach

• Why has the concept of *territorial capital* (TC) become remarkable in recent years?

  1. *Shift to endogenous factors and alternative forms of capital*
     • Tangible + intangible resources: economic + social + environmental + institutional factors function as a *sentient organism*
     • *Result:* Regional development has been closely associated with capital available in a given territory

  2. *Shift in focus on economic planning strategy*
     • From competitive advantage to collaborative advantage (*Huxham 1993*)
     • *Result:* Encouraging firms and regions to collaborate in competing for strategic advantage (particularly through integrated strategic planning, partnerships and alliances) has become a significant issue in regional economic development thinking
The roots and context of TC approach

• Why has the concept of *territorial capital* (TC) become remarkable in recent years?

3. *Shift to place-based approach*
   • Fragile and uneven development $\rightarrow$ criticism of EU cohesion policy *(BARCA 2009)* $\rightarrow$ modern place-based arguments *(BARCA 2011)*
   • *Result:* Policy tools are designed with a focus on the mix of hard capital and soft capital *(e.g. OECD 2009, McCANN 2013, CAPELLO 2016)*

4. *Shift to supply-oriented approaches*
   • Local economic development tends to be increasingly focused on supply-side initiatives besides demand-side remedies *(PERRY 2010)*
   • A more selective pattern of growth models is likely to emerge, which differentiates among the development paths of regions *(CAMAGNI 2008)*
Current issues in CEC countries

• There has been a clear need for conceptualising and operationalizing AFC in the past years
  – Researchers in CEC countries argued for a great variety of multivariate statistical methods and spatial contexts
  – Concerning TC, the approach has been used to verify development issues through different case studies:
    • NUTS 2 regions of EU with CEC countries (e.g. CAMAGNI–CAPELLO 2013, FRATESI–PERUCCA 2014)
    • Danube Region (GIFFINGER–SUITNER 2009)
    • Vienna Metropolitan Area and border region (GIFFINGER–HAMEDINGER 2013)
    • Case of Serbia (e.g. BODANOV–JANKOVIC 2013, BODANOV–NIKOLIC 2013)
    • Case of Poland – LAU 1 (e.g. BRODZICKI–CIOLEK 2015, KOMORNICKI–CIOLEK 2015)
    • Case of Hungary – LAU 1+2 (e.g. JÓNA 2014, TÓTH 2014, OLÁH–SZABÓ–TÓTH (EDS.) 2017)
TC: Tangible + intangible factors
Average scores – LAU 2

TC: Tangible + intangible factors
Average scores – LAU 1

Oláh – Szabó – Tóth (eds.) (2017)
Research perspectives in CEC countries

• Conceptual merits & analytical challenges

  1. Researchers managed to relate the AFC (and TC approach) to other research themes ... 
     • ... yet, the understandings are muddled and mixed together with multiple research and policy perspectives 
     • Usual research themes and AFC: information society, sustainable development, social and territorial cohesion, urban competitiveness, rural development 

  2. Outstanding databases on LAU levels (e.g. Hungary, Poland) ... 
     • ... which are not appropriate for measuring AFC 
     • AFC cannot be fully understood in terms of indicators and technological solutions 
     • Attention should be drawn to the unique soft elements by involving quantity and quality measures
Research perspectives in CEC countries

• Analytical challenges & academic vs. policy perspectives (?)

  3. There is no point in interpreting differences in such conditions ...
  • ... however, the unique and often contradictory attributes of AFC that occur in the various spatial contexts should be emphasised
  • In addition, empirical investigations should focus on how strongly the various factors are connected to each other instead of aligning them or analysing them separately

  4. Approaches over AFC should be closely connected to positive economics rather than normative economics (art-of-economics) managed by international organisations and employed by national governments and public institutions
  • Putting academic perspectives ahead of policy wishes and perceptions is needed
  • Further arguments on the issue should be more theoretical and systematic than methodological and practical
Thank you for your attention!

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