



Hungarian Regional Science Association

15th Annual Meeting

Mosonmagyaróvár, 19-20 October 2017

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

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*SUPPORTED BY THE ÚNKP-17-4-I NEW NATIONAL EXCELLENCE PROGRAM OF THE MINISTRY OF
HUMAN CAPACITIES*

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, CAPELLO 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***

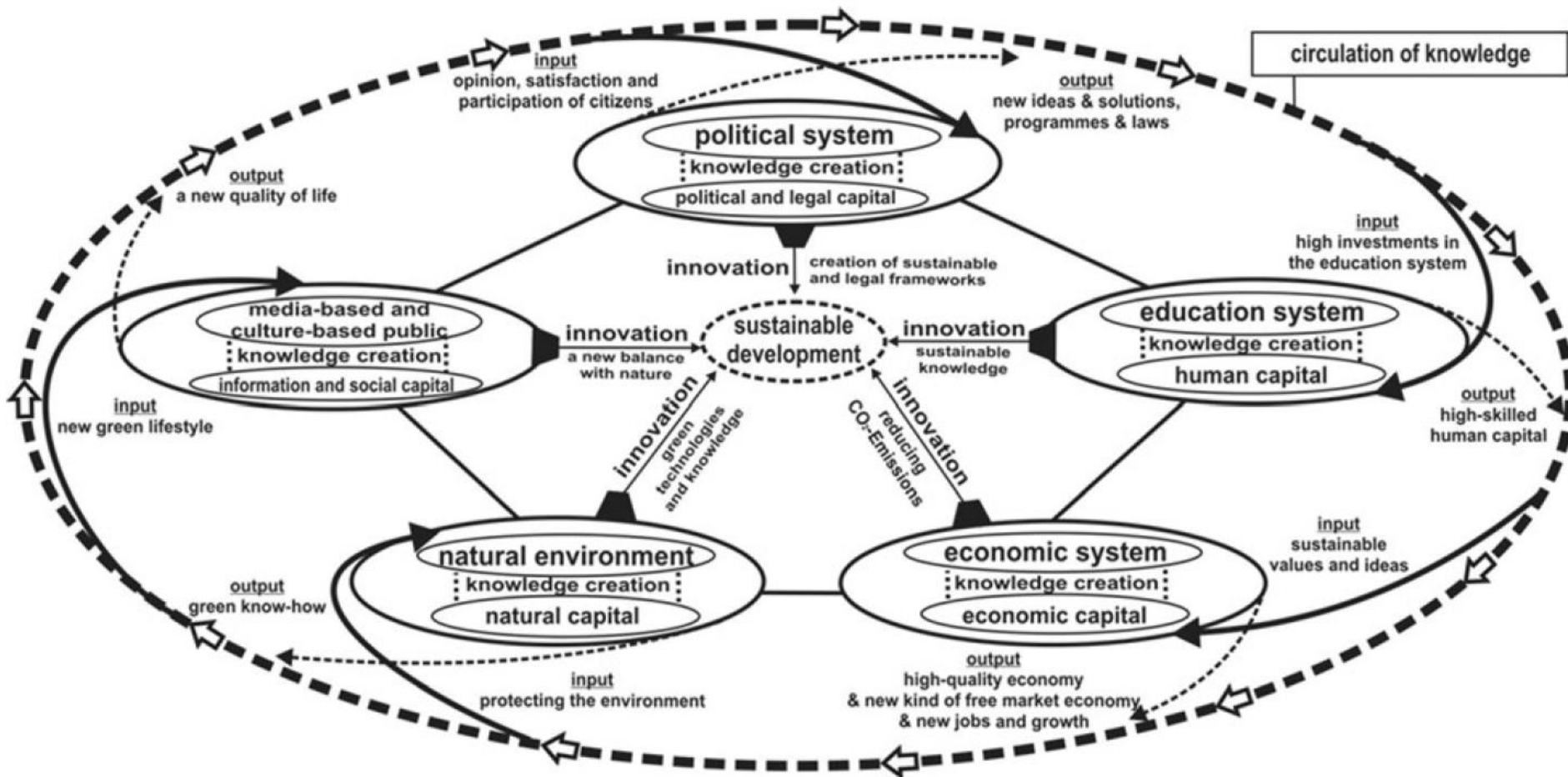
Origin: (pure) economic theory (positive economics)

- *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)
 - *cultural capital* and *symbolic capital* (BOURDIEU–PASSERON 1970, BOURDIEU 1983, 1987 → THORSBY 1999)
 - *natural capital* (PEARCE–TURNER 1990, PEARCE ET AL. 1990, COSTANZA–DALY 1992)
 - Earlier version: *reproducible capital* (HARTWICK 1977)
 - *intellectual capital* (GALBRAITH 1967, STEWART 1991, EDVINSSON–MALONE 1997)
 - *creative capital* (FLORIDA 2002)
 - *territorial capital* (LEADER EO 1999, OECD 2001, CAMAGNI 2008)
 - *other forms: institutional, political, relational, structural capital ...*

‘Capital frameworks’: an example



CARAYANNIS ET AL. (2012), modified from ETZKOWITZ–LEYDESDORFF (2000)

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*

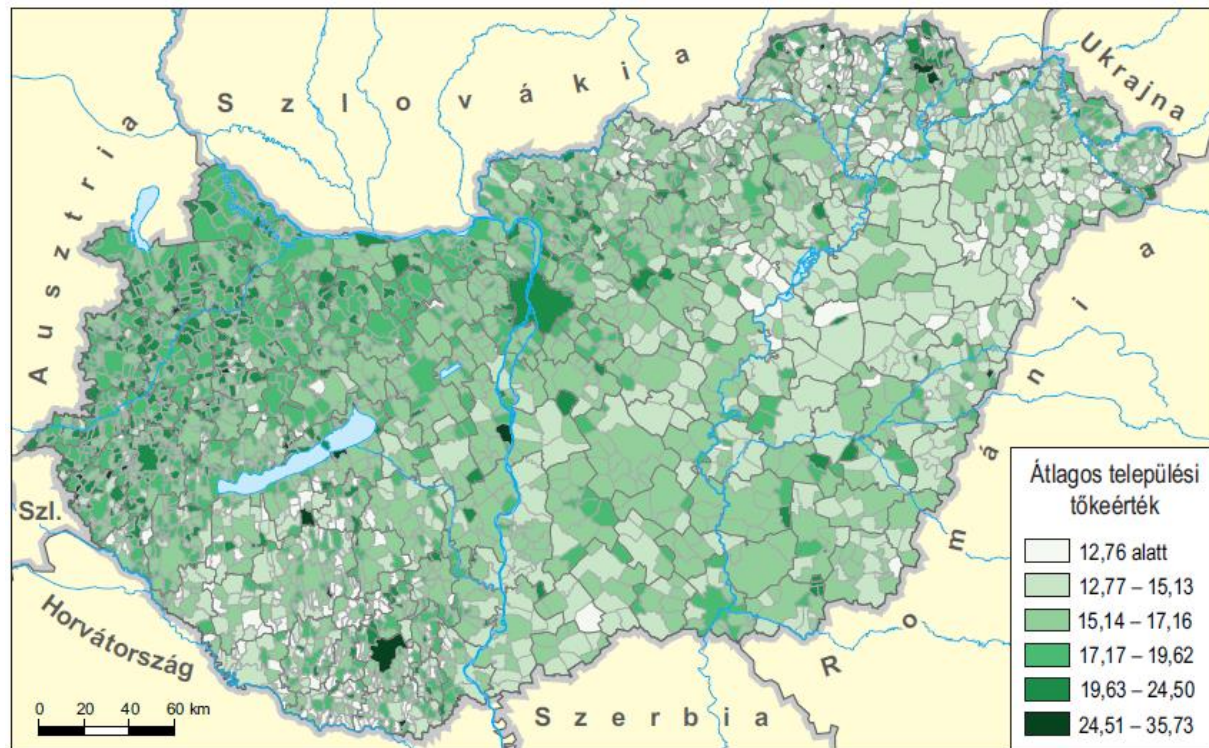
- Fragile and uneven development → criticism of EU cohesion policy (*BARCA 2009*) → modern place-based arguments (*BARCA 2011*)
- *Result:* Policy tools are designed with a focus on the mix of hard capital and soft capital (*e.g. OECD 2009, McCANN 2013, CAPELLO 2016*)

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*)

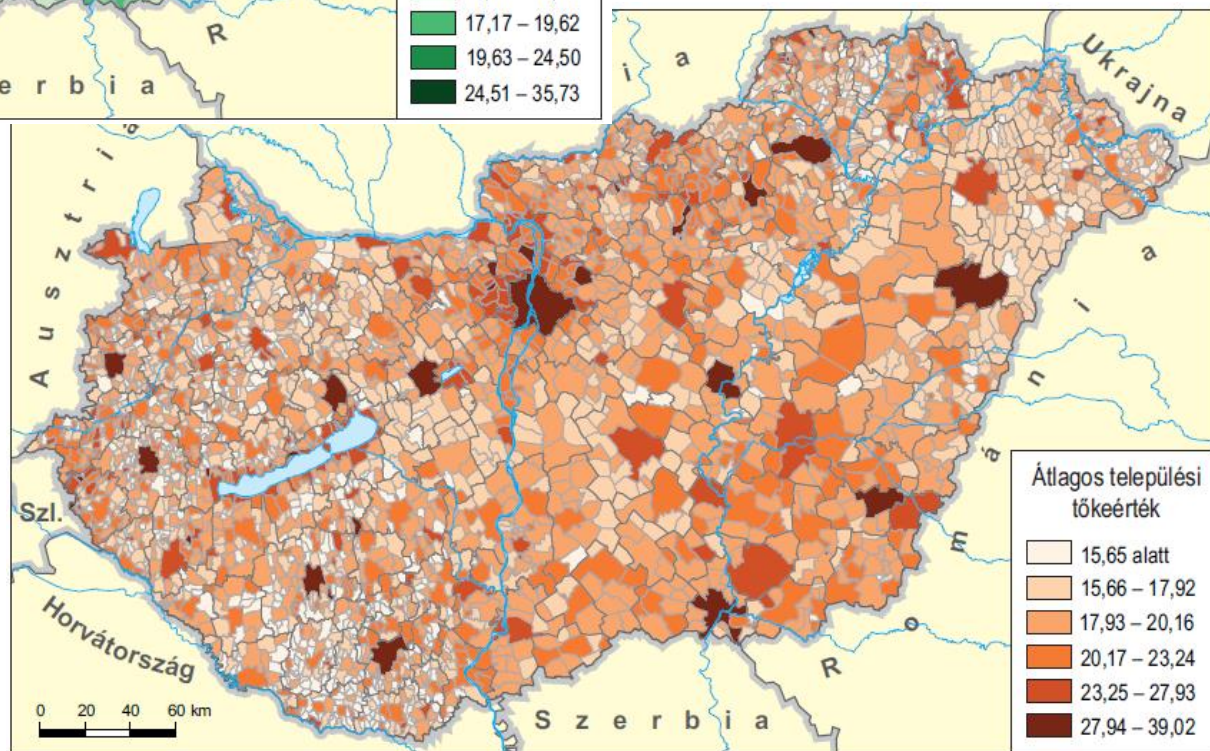
Current issues in CEC countries

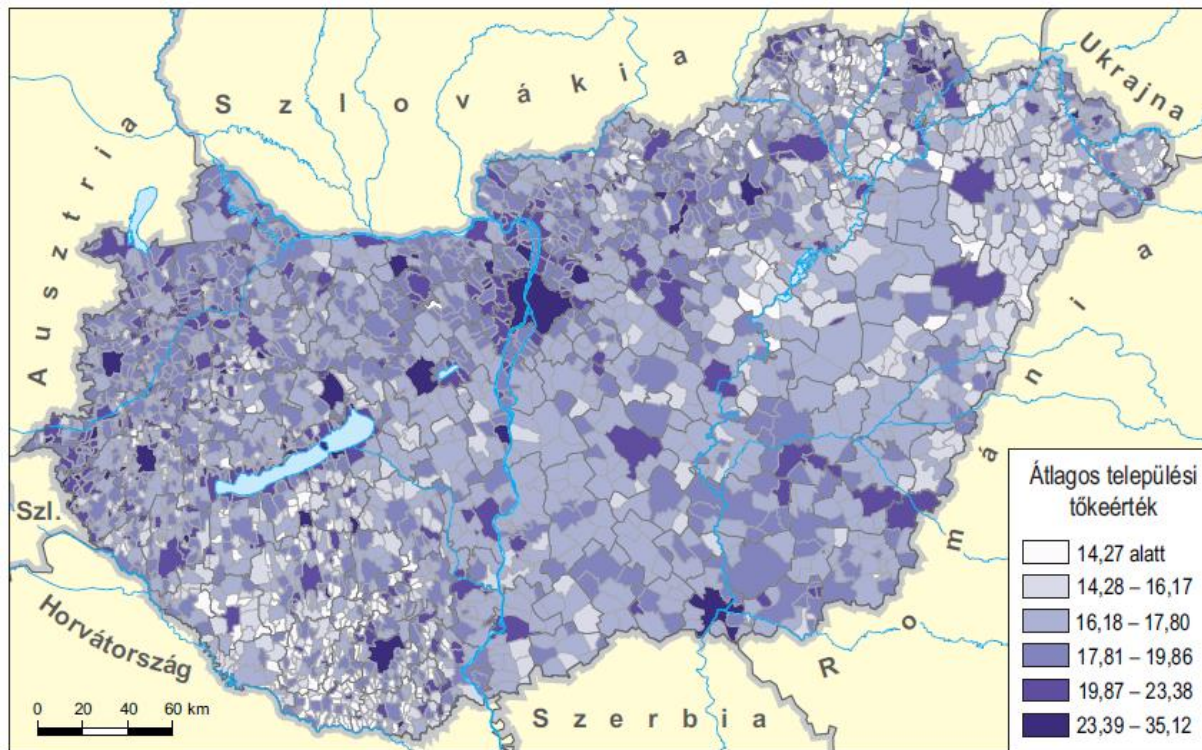
- There has been a clear need for conceptualising and operationalizing AFC in the past years
 - Researchers in CEC countries argued for ***a great variety of multivariate statistical methods and spatial contexts***
 - ***Concerning TC***, the approach has been used to verify development issues through 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. BOGDANOV–JANKOVIĆ 2013, BOGDANOV–NIKOLIĆ 2013)
 - *Case of Poland – LAU 1* (e.g. BRODZICKI–CIOŁEK 2015, KOMORNICKI–CIOŁEK 2015)
 - *Case of Hungary – LAU 1+2* (e.g. JÓNA 2014, TÓTH 2014, OLÁH–SZABÓ–TÓTH (EDS.) 2017)



TC: Tangible factors
Average scores – LAU 2

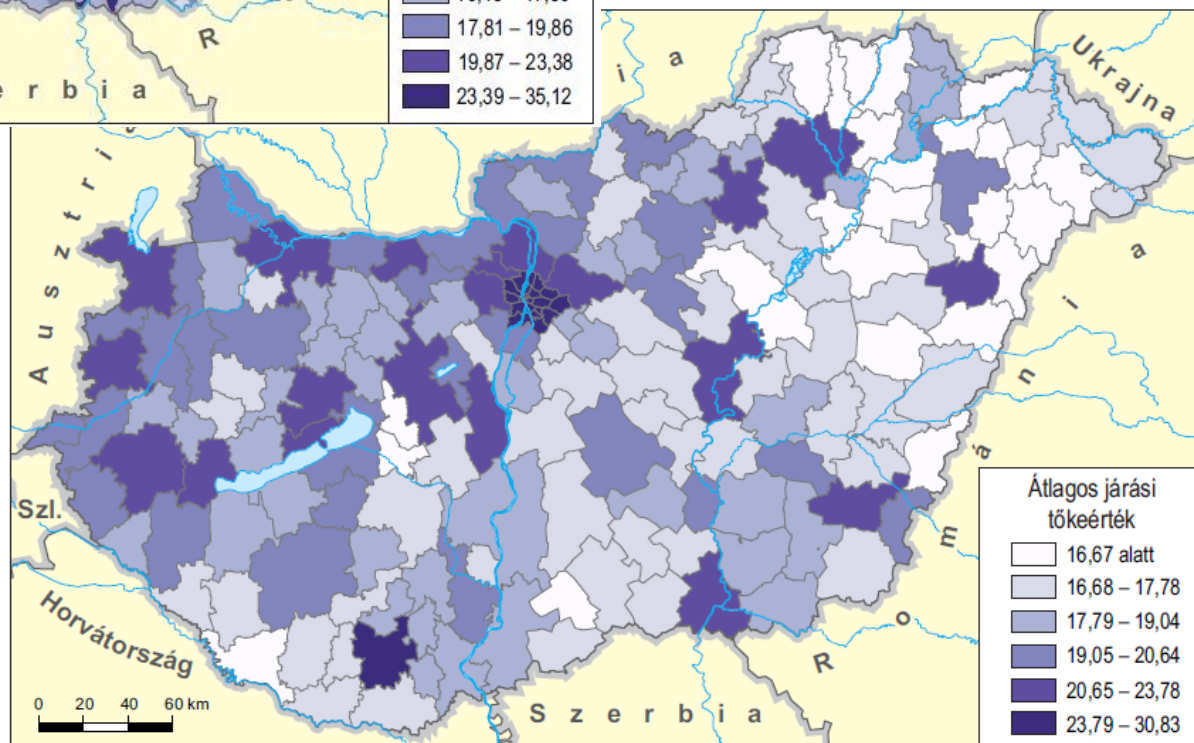
TC: Intangible factors
Average scores – LAU 2





***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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