„Polisisation” or „City-statism”

How to modell the cumulative disparities in the CEE region?

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Theories of Cumulative disparities

- Kuznets curve – not contradicting with territorial disparities
- Williamson curve – under criticism
- **Backwash effect**

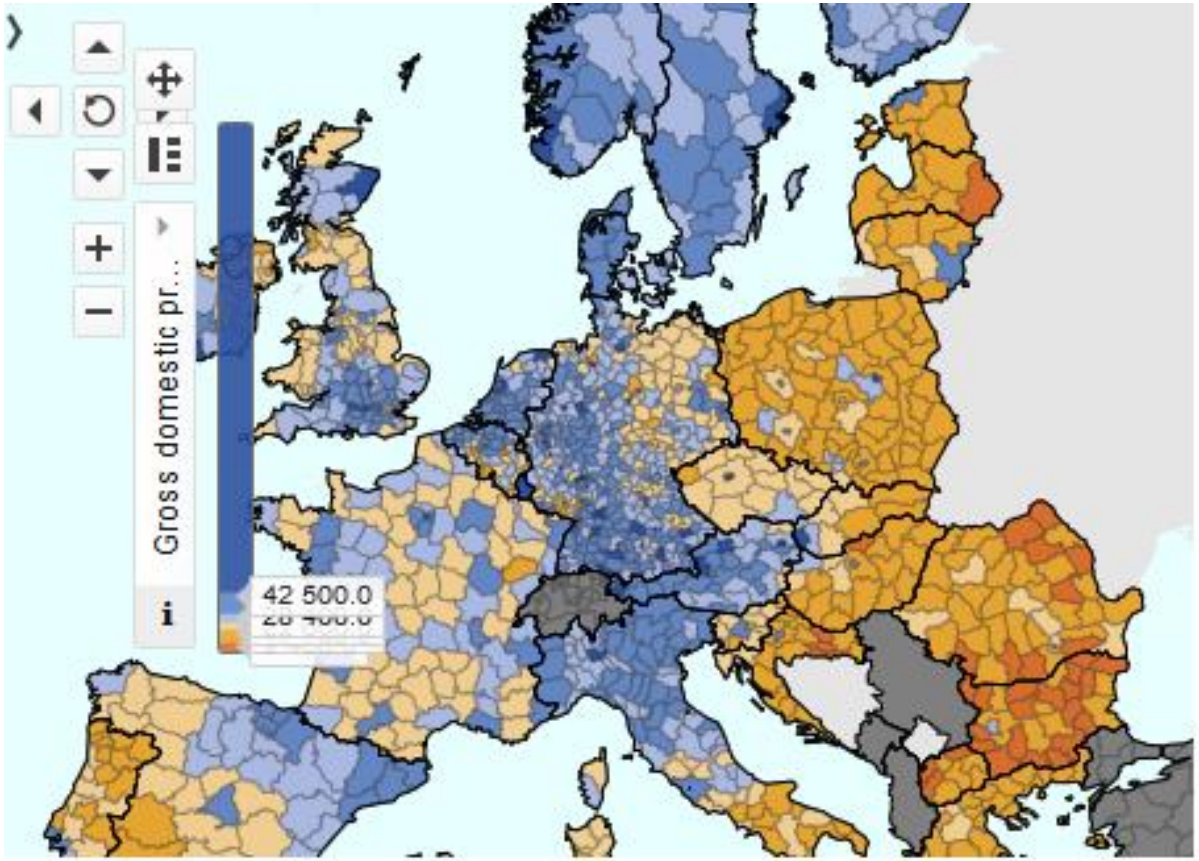
- **Key factor: flow of human capital**

What factors can strengthen the backwash effects?

- Too wide gap between core and hinterland
- Hinterland is below the take-off treshold (75% of GDP)
- Monocentric national economies (core of innovation = core of administration = core of education = core of manufacturing = core of tourism), without federalist tradition
- Post-fordist development in a pre-fordist economy
  - Underdeveloped hinterland
  - Hubs not embedded in an urban network

  Romania: airlines-connected cities, instead of road/railway network

Why polisisation or city-statism?



From a global perspective, practically the capital city region can be detected

Main political achievements are impossible without capital cities

Central and Eastern Europe

- Old Member States: unemployment is bigger in urban regions
- New Member States: unemployment is bigger in rural regions

Croatia:

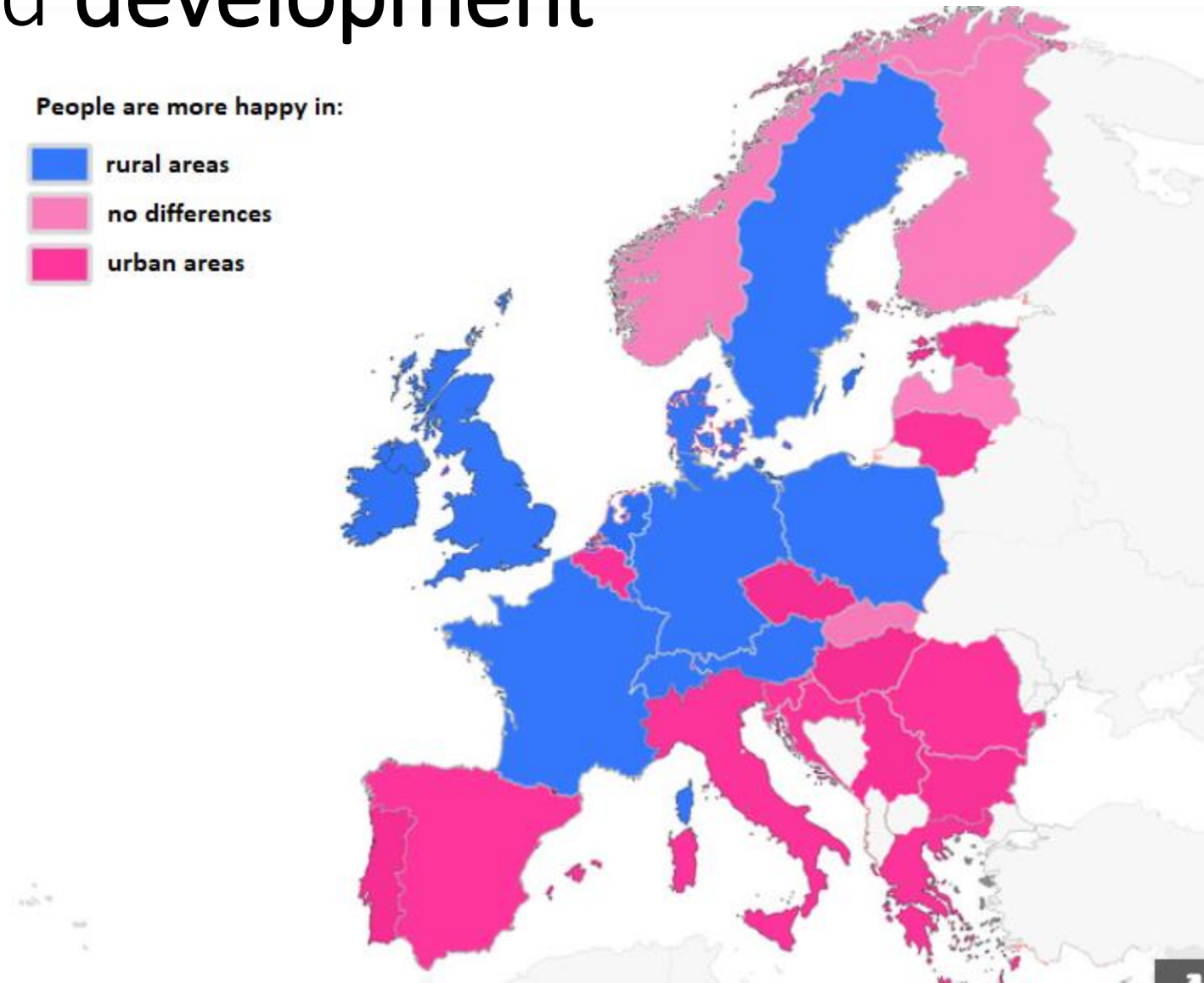
Rural Employment Rate: 48,5%

Urban Employment Rate: 96%

	Urban region	Suburbs & Towns	Rural regions
	%	%	%
Greece	25,6%	25,8%	23,1%
Spain	21,8%	22,8%	19,1%
Portugal	14,1%	11,4%	10,7%
Italy	12,9%	11,0%	11,1%
France	10,1%	10,5%	9,5%
Belgium	10,0%	6,3%	8,7%
Austria	8,3%	5,4%	4,0%
Finland	8,0%	10,2%	9,9%
Croatia	7,9%	19,8%	18,7%
Ireland	7,6%	8,3%	10,6%
Lithuania	7,6%	9,7%	9,9%
Danmark	7,4%	5,6%	6,1%
Sweden	7,1%	8,0%	6,6%
Latvia	6,9%	14,8%	11,3%
Netherlands	6,9%	6,9%	5,2%
Poland	5,7%	7,6%	8,7%
Romania	5,7%	6,5%	7,3%
Slovakia	5,7%	10,5%	14,6%
UK	5,6%	4,1%	4,8%
Malta	5,4%		
Germany	5,3%	4,3%	4,2%
Estonia	5,2%	11,0%	6,2%
Hungary	5,1%	6,7%	9,1%
Bulgaria	4,3%	10,0%	12,5%
Czech Republic	3,1%	6,3%	4,2%

No take-off between **urban congestion** and **development**

Eurostat/Quartz survey about urban/rural „happiness”



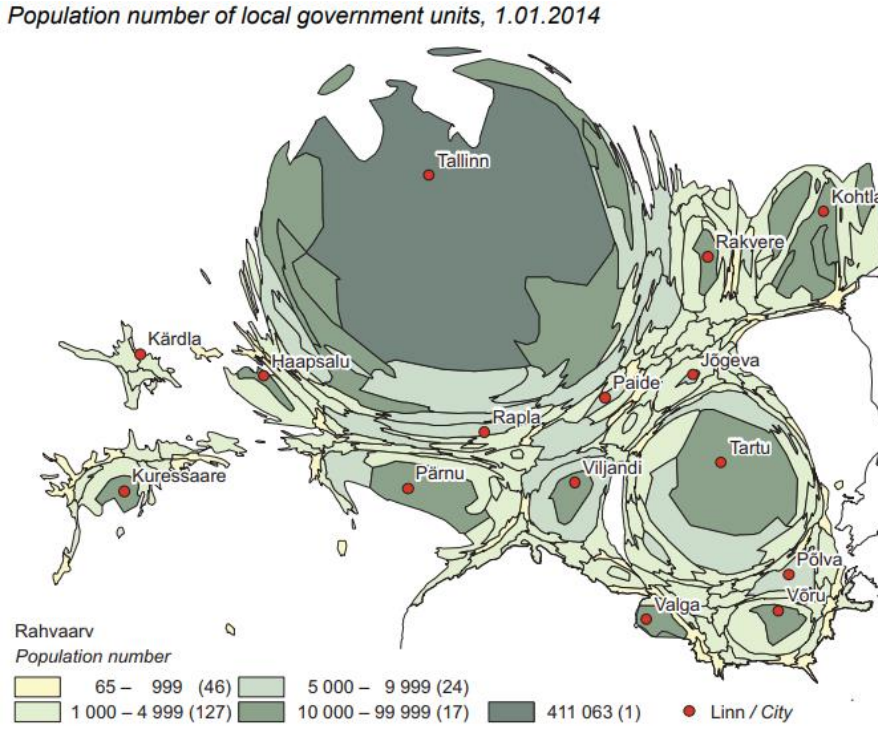
- Better life quality in the urban areas in CEE…
- Better-educated people move there…
- …Life quality remains better in urban areas.

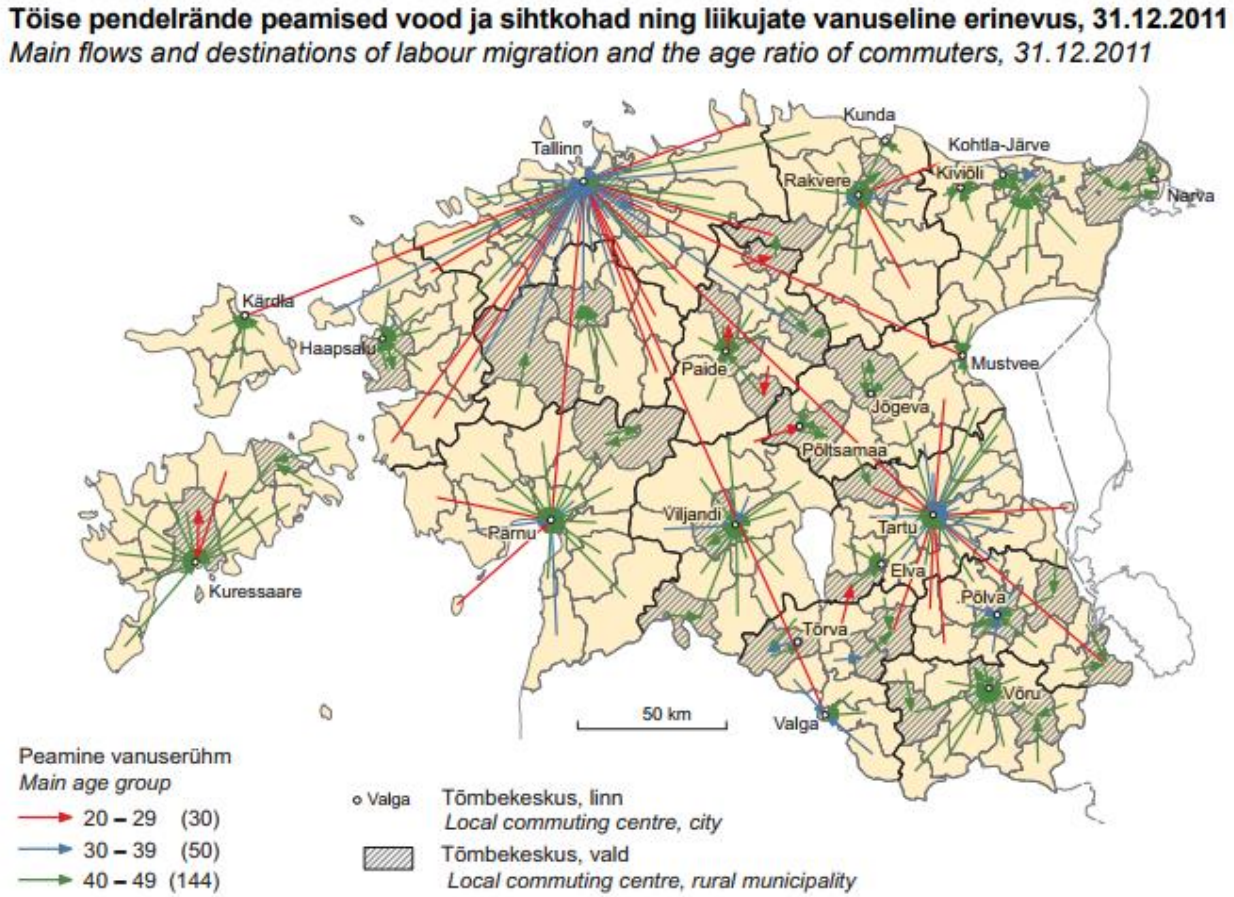
Counter-productive rural policies

- Rural development investments improve capital-countryside (urban-rural) connections,
- But the previously formed centre-hinterland system may become more strong and permanent.

1) **Local educational institutes:** producing the workforce of capital city regions
2) **Highways, railways**: channels of workforce migration into the capital city, and not channels of the FDI diffusion from the capital city.

An example: Estonia – Tallinn, the „vampire region”





How to measure „polisisation”?

Coefficient of variation sheds lights on mass divergence of regions' development (e.g. in Italy)

Hoover Index, Robin Hood Index, HHI-Index: appropriate for cross-year comparison, but not for cross-country comparison (because the values are influenced by the number of regions within a country).

…But they provide us with the appropriate base for creating ***Heterogeneity indices (H):***

H = variation **with** the capital city / variation **without** the capital city

$$H_f = \sigma/\sigma_{-f}$$

How to measure „polisisation”?

Heterogeneity indices within the EU
- the first 14 countries with the highest value

(Cumulative feature: the values are increasing.)

	2005	2013
SK	4,54	5,48
EE	4,45	4,71
BG	3,55	4,01
HU	3,9	3,97
LV	4,17	3,66
SF	3,21	3,62
RO	3,13	3,28
IRL	3,03	3,22
HR	2,96	3
SL	2,46	2,56
PT	n.a.	2,52
PL	2,34	2,4
LT	1,97	2,05
CZ	2,09	1,97