„Polisation” 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 threshold (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 polisation 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%*
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 „polisation”?

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):

\[ H = \frac{\text{variation with the capital city}}{\text{variation without the capital city}} \]

\[ H_f = \frac{\sigma}{\sigma_f} \]
How to measure „polisisation“?

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

(Cumulative feature: the values are increasing.)

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<th>Country</th>
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