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# Geographica 41 | 1



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Olomouc 2010

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## PLACE BRANDING AS A USEFUL TOOL OF PLACE COMPETITIVENESS

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### Abstract

This paper is dedicated to the discussion about the issues of applicability of the concept of place branding as a useful tool of place competitiveness. Modern place marketing and place branding approach is rooted in the understanding of general principles of place functioning, applicable to the whole range of its various representations. It uses all the accessible information about the given place. That is why we derive philosophical basis of place marketing and place branding concept from the concept of a “place”.

Many places all around the world have achieved great successes primarily thanks to the city marketing or the city branding, consequently they can serve as a clear argument why we should pay more attention to this issue. Brands and their images facilitate not only the identification of places, but also speak about the perceived quality. We try to show the concept of branding as a natural part of regional development and a challenge for underdeveloped regions.

**Key words:** concept of place, place marketing, place branding, place image, place identity.

### CONCEPT OF PLACE AS A PHILOSOPHICAL BACKGROUND

Philosophical basis of city branding concept may be derived from the concept of a “place”. However, the issue is that nobody knows exactly what we talk about, when we talk about a place. A place does not represent a peculiar part of academic terminology. It is a word we use daily in our life. It is a word muffled by general connotations. On one side, the subconscious knowledge makes it easier to be understood. On the other side it can be ticklish. Geography has been explicitly dealing with the concept of place since the first half of the 20th century, however it has been intuitively involved in it since its very beginnings, what indicates its good elaboration but also a considerable diversity of approaches. Based on the Habermas’s cognitive conceptions’ classification, three basic approaches can be distinguished:

empirical-analytical tradition, hermeneutic tradition and critical tradition (Johnston and Sidaway 2004:20-22; Matlovič and Matlovičová 2007; Matlovič 2006:16; Matlovič 2007). In the frame of already mentioned classification we will present principal features distinctive to individual approaches to the place.

The conception of places as singular points located on the Earth’s surface characterized by a unique combination of physical-geographic and human-geographic features represents the first stage in the development of geography, so called empirical-analytical research tradition. The world was at that time seen as a diverse, rich and fascinating mosaic of places that has got a changeable and variable character. This understanding of a place was asserted as the fundamental aim of geography since 1939. Much merit for that was brought mainly by R. Hartshorn

(the main representative of this tradition), who says that it is geography that should examine spatial differentiation of the world, understood in terms chorological paradigm as a part of the mosaic. The concept of place in this period is rather vague and a place is rather an implicit category. The concept was based on the absolute understanding of space. Space is perceived as a container, which includes a place as a bounded territorial unit (Matlovič and Matlovičová 2007; Hubbard et al. 2002; Matlovič 2007).

The 1950s and 1960s brought a change. As for the concept of place it meant its reduction to the localization in space. This approach is typical for neopositivist quantitative geography that emphasises research techniques leading to the revealing of general areal patterns, rather than places and people as such (Cresswell 2004:19). This was reflected mainly in the shift from idiographic approach to the nomotetic one (Matlovič 2007). Quantitative geography did not really need the place concept, if it did need it then just in the concept of spatial location specified by coordinates.

The period of the 1970s through 1990s represent a significant advancement in the development of the concept of place. In geography, criticism of absolute conception of space and place has escalated, being pursued primarily by quantitative geography, and two new approaches to the conception of place were developed during that period too. Hermeneutical approach (which perceives place as a meaning), typical for the hermeneutical research tradition and critical approach (which perceives place as a process) had been promoted by followers of critical research tradition. The main representative of hermeneutical research tradition is humanistic geography. Its methodological basis and interpretative frameworks were found in phenomenology, which was a major breakthrough in philosophical thinking and created a new "philosophical paradigm". Phenomenological approach represents radical criticism of sentiments and rejection of scientific quantitative explanatory methods. The understanding of phenomena is promoted instead (Hubbard et al. 2002:39-40; Matlovič and Matlovičová 2007). The main basis of humanistic approach represents a different understanding of space. Absolute understanding of space is rejected

and replaced by a relative one. In other words, space is becoming a meaningful place through the activity and thinking of people. According to this tradition space is not given, but socially produced and constructed. It's not considered to be an objective structure, but a social experience (e.g. Massey 1994 in Hubbard et al. 2002:14; Matlovič and Matlovičová 2007). Compared to the previous empirical-analytical approach a place in hermeneutic tradition is understood through the meaning, which it conveys. Different people can carry different associations with the same place. For example if we consider a concrete locality, a photographer can see a perfect place for taking pictures in it, a farmer can have associations of hard work on the field, and to a businessman it might appear as a great place for his hotel, etc. The heterogeneity of meanings that can be generated by a place is expressed not only in relation to the different groups of people (in a sense of social, economic, etc.) but it undergoes a change of perceptions in terms of time, such as it is conveyed in the following example: if the social status of a farmer is changed, for example of he leaves to study in the capital city, later when he comes back he might hold a different opinion as he does not see anymore in the presented place a place suitable for farming but e.g. a suitable place to live in with his family, or it may be associated with pleasant memories of his childhood.

Unlike the previous approach, humanistic approach, on the contrary, expresses an attitude to the world, emphasizing the subjectivity and experience rather than the logic of spatial science. The place is therefore closely connected to the meaning – subjective (but not particular) sensation of people, including both the mission and role of place in their individual or group (collective) identity. Awareness of the importance of a place has led to the development of marketing techniques heading to the disclosure of character and formation of a place image (Castree 2003:167; Matlovič and Matlovičová 2007).

Another essential aspect of place perception in hermeneutic tradition is a scale. For example what comes to your mind hearing a word *home*? Probably for most of you it is *Earth* in terms of James Lovelock's Gaia hypothesis – which represents the Earth as a home of mankind. For some of you it could be



a concrete continent, a state or a city you are from. Finally it could be your flat, a favourite chair or a couch as a home as well. Place is thus in the centre of interest for people, regardless of the scale zoom level (from your favourite chair in the living room to the entire Earth as a home of mankind) (Tuan 1977, Tuan 1991).

The ability of place to create a history is being brought to life today, and thus it contributes to the production and reproduction of social memory. Memorable places play an important role in the exclusion of memories in both literal and figurative meaning. Auschwitz, a concentration camp being a place where 4 million people had died and 87 percent of them were Jews, can serve as a next example. The period of socialism had interpreted it as a place of aggression between the East and the West. It commemorated only those “people”, who suffered there, however not the Jews. At one of the memorial tablets we can find the following text: *“4 million people suffered and died here, in the hands of Nazi murderers between the years of 1940 and 1945”*. But in fact, this place served mainly as a Jewish extermination camp. However, the 1970s have brought a change. It was related to controversial efforts to “Romanize” Auschwitz in other words to marginalize and exclude the Jewish history of the place as a sign of genocide. It appeared as a result of the strengthening effort of Polish Catholic feelings. Cardinal Karol Wojtyła, later Pope John Paul II, had several services in the camp where he mentioned the prisoner, catholic clergyman Kolbe, who assisted in converting of Jews in the camp. Father Kolbe was later declared saint. During one of the masses there was an altar in the shape of a giant cross built obviously at a place where Jews were sent to the gas chambers. It was placed there also as an unspecified message for the Jews who were killed at this place. There was also a monastery founded on the outskirts of Auschwitz in 1984. This controversial location immediately became a worldwide headline in news, after Rabbi Weiss had protested against its positioning. There is a huge cross at the observation place in Auschwitz (Charlesworth 1994). Memorable places play an important role in the exclusion of memories in both literal and figurative meaning. The above example reveals that places are

not bounded territorial units, but they are situated in a social, political, economic and historical context that shapes them (Relph 1976; Cresswell 2004).

In geography, the critical research tradition is represented by both structuralist and realistic approaches (such as radical and feminist geography, Giddens theory of structuration, realistic and new cultural geography). Places are perceived as very complex entities that are situated within their own hypothetical limits, but are formed by external forces emanating from beyond these assumptive limits (Hubbard et al. 2002:17). Thus, the place is a result of mutual interaction between structure and activity. In the contemporary critical human geography, there is a dominating debate about places seen as socially constructed entities. If we assert that a place is constructed socially, it implies that it is not a natural entity, but has been created by a man, and can also be changed or destroyed by a man (in the aspect of meaning and in the material aspect). Critical geography understands a place as a process. The place is “what is continuously happening”, and what is involved in history in a specific context through the creation and use of real (tangible, physical) environment (in the aspect of meaning and in the material aspect). Places are interconnected and interdependent. And this supports the fact of the existence of mutual coincidences (when separate things happen by chance at the same time). Places are endless, they are produced by reiteration (continuous repetition) of procedures (practices) – by repetition of seemingly trivial daily actions. They are compared to switching points or nodes in the translocal network. Different places are involved in different groups of relationships with different intensity (Pred 1984:279; Matlovič and Matlovičová 2007).

## FROM CONCEPT OF PLACE TO THE PLACE MARKETING

A place, however, means different things to the different people (Hubbard et al. 2002:16) in the spirit of hermeneutical approach. This cognition has contributed to the development of new marketing techniques attempting to determine the nature of identity and the image of a place. In this sense Aaker (2003:60) says: *“... a local identity is just as a place, being*

*looked for in order to be apprehended. A local identity is a unique set of associations that identify a place which the management wants to either create or retain. The associations represent what a place means and indicate a promise to potential visitors based on local life and institutions.*" Nowadays, no one disputes any longer that the identity of a place can be a result from activities planned within the framework of place-marketing projects and, unlike the image, we regard it as an objective state of place perception. We see it as a sum of characteristics by which a particular place differs from the others. It represents an active portion of marketing planning, and it can be influenced. Being a result of marketing communication, but also a result of coincidence processes, image is a passive process (Matlovičová 2007). Unlike identity, the image of a place is *"a set of subjective views, ideas, senses and feelings that people get from a place. Any image will thus represent a simplification of a huge amount of associations and partial information associated with a particular place. [...] in simple terms, image is something more than just trust [...] it is a personal perception of a place that may vary greatly from person to person"* (Kotler et al. 1999:160-161; Kotler et al. 2002:229). An identity, a brand and image should be viewed as mutually dependent elements of a product called 'place'. We often perceive the difference between these on an intuitive basis only.

An important impulse for the use of marketing approaches in city governance (in this case we consider mainly the territorial-administrative units of various scale such as cities and villages) was the lack of free capital and shortening of state subventions, which was intensively manifested in the 1970s. This shortage compelled the cities to look for non-standard solutions. One of the possibilities was the extension of the concept of marketing and its application to the cities. At that time a new concept of a city governing appears in practice – perception of the city as a commercial company so called "entrepreneurial city".

Critical approach to a place supported this idea by allowing the perception of external environments' impacts upon the formation of the resulting image of a place. It thus can be seen as another spur for marketing analysis of place seen as a product in the competitive battle for resources (Matlovičová 2007).

As we have already indicated above, a place represents an interesting phenomenon that has been, is, and probably will be for a long time a subject of interdisciplinary and transdisciplinary studies. Modern place marketing and place branding approach is rooted in the understanding of general principles of place functioning, applicable to the whole range of its various representations. It uses all the accessible information about the given place (Matlovičová 2007). The tenet of marketing approach to a place is its perception as a product. However, as we have already mentioned, a place in terms of hermeneutical approach can be perceived by means of its meaning which it conveys. Therefore we perceive it as a product also by means of its non-material characteristics such as e.g. impression, atmosphere, feeling, etc. In marketing terms, the notion of "a product" covers any and all manufactures, services, and also experience, persons, places, organizations, information and thoughts, which means everything that may possibly become a medium of exchange, an item of use or an article of consumption, everything that may satisfy the needs and desires (Kotler and Armstrong 2004:382). Kotler and Armstrong (2004) extend the above list by events, persons, places, organizations, ideas or various combinations of these elements. One of the biggest problems regarding the place marketing is a high degree of heterogeneity of a place as a marketing product. In practice (mainly with larger areas) it is therefore divided into subproducts with higher rate of uniformity. The complicated inner structure as well as the internal and external relational levels of a place foreshadow some difficulties associated with its definition. One of the aspects of the view of a place is based on the fact that it represents virtually a kind of "heritage" passed from generation to generation, representing thus a base of the new direction in marketing (heritage marketing). However, the essence of marketing process consisting of its adaptation to the preferences and needs of clients, does not necessarily exclude the creation of a new place without having any prior history (Matlovičová 2007).

## PLACE BRANDING AS A USEFUL TOOL OF PLACE COMPETITIVENESS

Based on the actual debates we may state that a place as a product is a specific complex of material and non-material subproducts with the functional and spatial aspect (Florek 2006). In addition to functional components, a place also involves semantic integral components such as image, local cultural climate, business climate, the capability of self-organization and the capability of creating network relations between and among various subjects, communication system, and the quality of economy. Their meaning lies in inimitableness, and therefore they are critical inputs to the process of gaining a competitive advantage over other places (Matlovičová 2007). By formation and adaptation of a city to the actual needs of market it is possible to influence its development positively. Place prosperity, as a goal in the widest sense, can be initiated, maintained and developed by suitable and systematic application of existing marketing tools.

However, regarding the recent efforts to raise the competitiveness of cities and to attract capital, we observe continual transition from place marketing towards place branding. Application of the concept of brand formation in relation to the cities (as areas of various scale) was inspired by practices of commercial companies which started to use it in order to differentiate their products from the other products seemingly physically identical. Because a product brand represents some added value for which a customer is willing to pay even more than for any other generic product.

However, branding does not represent something new. Cities have always been a brand in the most accurate sense. In the past, cities were often labelled by coats of arms, flags, what is now seen as a reflection of more or less glorious history and fate of the city. *"As places have long adopted marketing as a form of planning and management, as argued at length elsewhere, it is not particularly surprising that they should also increasingly embrace the idea of place branding. [...] This idea is hardly new and is probably as old as civic government itself. The acquisition and exercise of city rights has nearly always been accompanied by nomenclature, regalia, armorial trappings,*

*distinguished public buildings and ceremonies, all designed to assert the existence and individuality of the place to outsiders and insiders alike"* (Ashworth 2009:10).

In current globalized world, the need for differentiation of the cities of various scale grows proportionally with the intensity of competitive struggle for the sources. The number of actors on the market, growth rate and frequency of decisions is so high that individuals and organisations do not have enough time to study all the places, but rather rely on the simplified and generalised idea about them. As Anholt (2007:1) says: *"We all navigate through the complexity of the modern world armed with a few simple clichés, and they form the background of our opinions, even if we aren't fully aware of this and don't always admit it to ourselves: Paris is about style, Japan about technology, Switzerland about wealth and precision, Rio de Janeiro about carnival and football, Tuscany about the good life, and most African nations about poverty, corruption, war, famine and disease. Most of us are much too busy worrying about ourselves and our own countries to spend too long trying to form complete, balanced and informed views about six billion other people and nearly 200 other countries. We make do with summaries for the vast majority of people and places – the ones we will probably never know or visit – and only start to expand and refine these impressions when for some reason we acquire a particular interest in them."* Good, powerful and positive reputation makes a place not only stronger in the competitive struggle for sources, but also resilient e.g. in the period of economic recession.

But what is a brand? A concise formulation of essence what a brand represents could be expressed by general definition: *"Brand is an identifiable entity that makes specific promises of value"* (Dolak 2001). According to Kapferer (1997 in Moilanen and Rainisto 2009:6) *a brand is not only a symbol that separates one product from the others, but it involves all the attributes that come to the consumer's mind when he or she thinks about the brand. Such attributes are tangible, intangible, psychological and sociological features related to the product. The brand is a personality the customer relates to the product.* A brand is an impression perceived by a client's mind about a product or a service. It is the sum of all tangible and intangible elements, which makes the selection unique.

Everyone looking at the Statue of Liberty will think about New York, looking at the Eiffel tower about Paris, etc. It sounds like a “trivial example”, because for most of people it is more than obvious and they do not think why it is like that. But what actually makes us to build such unusual, interesting and technically extremely demanding buildings? Would not it be easier and less expensive to build any easier building than the Opera House in Sydney is? Or for example the less showy hotel than the hotel Burj Al Arab in Dubai? Why it was not enough for Cheops or Chephren to have traditional tombs of those days and they made an incredible effort to build the pyramids? Despite the series of arguments that we could give, at the beginning of all decisions there was and still is COMPETITION. Whether we are realizing it or not, competition directly or indirectly affects our decisions and does so also in relation to the places.

In this sense we could raise a question: how can a city compete with the other cities? Most often there were one or two buildings or statues, cathedrals, skyscrapers or giant wheels. These iconic monuments have helped to raise the awareness of cities. They are of great importance for the city as they attract tourists, but what is more important they build respect and awareness. They attract investments, but also: create a visual image of the place making it easier to remember. If a place does not possess these visual icons it's very difficult to become famous, to gain good reputation and to be associated with a good image. According to studies (Anholt 2007, 2010), the Eiffel Tower is the most popular monument in the world. The tower was built as an example of urban heritage. Its purpose is that one could say: *“this is Paris”*. Today's Paris without the Eiffel Tower would be unimaginable. The tower represents a symbol, a brand, an image of the city and even an image of the country. This is perhaps the best example of successful branding, which is now tried to be imitated by many other cities around the world. At the top of the list of the world's famous monuments is Sydney, which can not be imagined without the Opera House. The Opera House in Sydney is extremely unique and incommutable. If you ask about the capital city of Australia, there are certainly many people today whose answer will be Sydney. Why? It is not only because it is the largest

city, but rather because of the fact that common people do not match Canberra with any icon. However, Sydney is identified by unconventional Opera House, which popularity has placed it among the new wonders of the world. An example of Bilbao city confirms the fact how even a single building can literally boost prosperity and change the image of a city. Before Frank Gehry's Guggenheim Museum was designed and built in Bilbao, many foreigners hardly knew about its existence. Such an expressive, titanium building shocked the world and thanks to this building Bilbao was literally put on the map. Since 1997, when the museum was opened, it has attracted about 11 million visitors; roughly one million visitors annually. Half of them were foreigners coming just because of Guggenheim. In past ten years the activities of the museum contributed to gross domestic product by two billion dollars. However this statistics do not include the contribution of Museum's brand to the value of city's economy which is also very important, as this contribution is sometimes beyond calculation (Anholt 2007, 2010). Therefore, the underdeveloped towns started to build new, majestic looking buildings such as the Burj Al Arab in Dubai, which has become a symbol of modern Dubai, icons like e.g. the Atomium in Brussels or the Eiffel Tower in Paris or well-known buildings of cultural and social centre, the Esplanade in Singapore, which looks like famous tropical fruit Durian, that is also why tourists called this centre “Singapore Durian”. The Shanghai World Financial Centre officially opened in 2008.

In the given examples the architecture presents a way how a city communicates with the surrounding world. There is an attempt to transmit a signal: “look at us, we are progressive, we do businesses, come here and join us, we are the future”. It has happened also to Petronas Twin Towers in Malaysia. They were the world's tallest buildings since 1998 when they were finished. It was a way how Malaysians wanted to inform the world about their certain technological progress. They wanted to show that reaching certain technological standard they are able to build not only the world's highest building, but they can do whatever. To construct the world's tallest building is a matter of prestige and recognition. Therefore, in 1931 the completion of the Empire State Building

became an impulse for a competition who can build even higher building. But just few years were enough for competitors to break the record of Petronas and today they were overwhelmed four times more. If we look at the map of the world, we find out that this is an obvious attempt of Southeast Asian countries to show the world that their economic strength grows continually. It is obvious that the completion of the world's tallest building in Dubai in January 2010 drew an attention to Dubai. Even in case of Dubai it should be noted that the projects currently being implemented there, are beyond the limits, conveyed with rather arrogant attempts to show to the world that there are really no obstacles that could discourage them. The whole project of building new Dubai distinctly recalls the biblical story of Babylon tower construction or rebuilding of famous Eden. Judge for yourselves, even the world's highest building has not been finished yet and new project for even higher building – Nakheel Tower or Al Burj – had been already completed. The expected height should be 1,400 m but in January 2009 the project was stopped for now due to financial problems. However, e.g. the Eiffel tower is a clear evidence of the fact that the size is not the most important. The new super buildings cause sensation all around the world. But the time and branding are the entities which can decide whether all super buildings will become icons or images inseparable from the city in which they are located.

All that was mentioned so far is very closely connected to the concept of place branding – *the management of place image through strategic innovation and coordinated economic, commercial, social, cultural, and government policy. Competitive identity is the term to describe the synthesis of brand management with public diplomacy and with trade, investments, tourism and export promotion* (Anholt 2007). However, it should be noted that its success depends on whether its application is consistent and this fact is undoubtedly related to its correct understanding as a complex process (e.g. Kavaratzis 2005). From this point of view it is evident that place branding is not a slogan, it is not a logo of the city, it is not a coat of arms or a city flag, it is not a municipal budget, it is not a leaflet or a prospectus, it is not an advertising campaign or an event, but all these partial elements help to bring a place brand to life.

As we have mentioned above, a city coat of arm or a city flag is now seen as a reflection of more or less glorious history and fate of the city. However, the brand reflects the promise for the future, says about what the city represents now and what the city wants to be in the future. For example: Paris is the promise of romance, Milan – style, fashion and New York – energy (Anholt 2007).

Place branding itself is inseparably linked to its image and identity. If the city agrees on a set of characteristics that are to be presented with the help of successful marketing communication, then appropriate image or perception of individual identity can be achieved. Of course, it does not have to work so well. This process is influenced by a variety of factors that should be predicted by the city, that represent surroundings of the city (competitive cities, the media, etc.) and can broadcast so called communication disturbances. Its effect on the resulting image is not only positive but also negative. It is important for the cities to define, analyze and then communicate their image, because if they do not pay enough attention to it, it might happen that someone else (with stronger market position) will form it. It is an example of Bratislava. This is no longer about branding, but rather about labeling, in which usually a competitor consciously tries to stick the city with a negative image. One of the examples we can find in Slovakia. Some years ago the movie *Hostel* has been presented on the market. Bratislava was shown as a nursery of dubious existence of street gangs and murderous business groups. But actually the film was shot in Prague and authors of the film have never been to Bratislava. Moreover, they did not bother with the fact that mediated information about Slovakia is not reliable. Paradoxically, it contributed to the widespread and useless advertisement of rather a poor movie, at the expense of deteriorated image and perception of Bratislava and whole Slovakia in the eyes of potential clients, who had seen the film and did not have a chance to confront it with reality. Poor territory perception may devalue its image and may have far-reaching consequences for its future prosperity. These negative associations may reduce the probability of incoming investments, to disrupt the activities of existing companies and may also have a



devastating effect on numerous groups of visitors, and consequently can thereby deepen the decline of a territory. To have a good communicating brand of a place means that people are aware of it and through this brand some associations are created in connection to the given place.

Hot discussion about the devastating impact of the mentioned movie on the image of Slovakia capital and also on the whole country, contributed to the fact that not only Bratislava, but also other cities in the country have begun to take an image of the city more seriously. Bratislava has come up with its new logo and slogan "Bratislava – Little Big City". The official website of the City presents Bratislava as a modern city, struggling with socialism impact and uniformity. Building of a new dominant feature, Apollo Bridge, also contributed to the formation of a new image of the city, and the country as well. Development of brand perception can be reversed by the downward trend. Then the appropriate conditions for the revival process might be prepared.

Brands and their images facilitate not only the identification of places, but also tell about the perceived quality. They are perceived very sensitively mainly in the tourist destinations – as places which are the destinations of tourist travels. There are some differences according to place branding. *"Destination branding is the marketing activities a) that support the creation of a name, symbol, logo, word mark or other graphic that both identifies and differentiates a destination; b) that convey the promise of a memorable travel experience that is uniquely associate with the destination; c) that serve to consolidate and reinforce the recollection of pleasurable memories of the destination experience, all with the intent purpose of creating an image that influences consumers decisions to visit the destination in question, as opposed to an alternative one"* (Blain et al. 2005:331-2). From the point of view of global perspective, some places failed to attract very large investments or some sort of tourists because their brand is not sufficiently strong or positive as much as they would deserve (e.g. Romanian tourist destination Mamaia with beautiful beaches; or Ukraine, which proposes innumerable amount of attractions such as mountains, wide plains, sandy beaches or marvellous Orthodox churches and cathedrals).

On the other hand, some places benefit from the positive tourist brand although they had made a little effort to reach it (Anholt 2007). The brands such as Tahiti, Seychelles, Bahamas are associated with luxury, exotic vacations by the sea. Chamonix, Cortina d'Ampezzo, Risoul are symbols of great skiing, etc. The fact that these places possess a vibrant brand name nowadays is the result of refined destination branding, while in this case the target segment is a solvent group of tourists.

However, branding also works outside of tourism. For example, the Wall Street is a place that became a symbol of finances, wealth and prestige. Or Las Vegas is a symbol of entertainment and gambling. Hollywood is a symbol of film industry and show business. The London area of Docklands is a good example of re-branding. The Old London's docks have long been experiencing the image of decline and the state of gloominess. A change was achieved firstly by the implementation of crazy looking project that suggested rebuilding of the whole area into the new, modern financial and commercial centre. Naturally, there were huge problems at the beginning, since this part of London was one of the worst places for living ever since. And as we know, an address nowadays represents a personal brand of each of us, based on which we indicate our social position and express if we are doing well or not. Obviously, the most common way for application of branding to the cities is through the focus on visual elements of branding such as a new logo, a new slogan, and creation of a new campaign which is related to all the mentioned visual components (Kavaratzis 2008). For example, *Amsterdam recently initiated a new branding campaign based on the slogan: "I Amsterdam"*; *Athens, a successful host country of Olympic Games in 2004 welcomed visitors by the slogan: "surprise yourself in Athens Attica"*. *London comes as the "Totally London"*, *Berlin presents itself as "Das Neue Berlin"*, *Edinburgh as "Inspiring Capital"*, *Basel declares: "Basel beats differently"* (Kavaratzis 2008). Extremely successful was the campaign in New York. Perhaps each of you know, "I love New York" which I guess has appeared on every possible thing on which the slogan can be put. The reality that it is perfectly communicating brand is proven by the fact that even if you do not speak Arabic, you are able to identify this slogan in this language.

## CONCLUSION

The above mentioned examples make it clear that the concept of branding is a natural part of regional development. It represents a challenge for underdeveloped regions. Many places all around the world have achieved great successes primarily thanks to the place marketing or place branding, consequently they can serve as a clear argument why we should pay more attention to this issue. *"If a county has a good image, everything is easy; if it has a bad or weak image, everything is twice as hard and costs twice as much"* (Anhold 2010:157). *"A positive place brand encourages inward investment, and tourism is a magnet for talent (both new immigrants and returning members of the diaspora), and if properly managed can create a renewed sense of purpose and identity for the inhabitants of the country, region or city. [...] the branding of products and services from places, and the branding of those places themselves, will increasingly be seen as a key focus of marketing, as well as a crucial component of foreign and domestic policy, international relations, economic and cultural development, trade and tourism. For the first time, the art and science of branding has an opportunity to prove its value beyond the tired old litany of 'improving shareholder value', and become recognized as one of the most valuable and relevant disciplines of postindustrial society"* (Anhold in Morgan et al. 2004:28-30).

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## Resumé

### „Place branding“ jako užitečný nástroj konkurenceschopnosti místa

Článek diskutuje záležitosti aplikovatelnosti konceptu „place branding“ jako užitečného nástroje konkurenceschopnosti místa. Přístup k modernímu marketingu a značkování míst je ukotven v pochoopení obecných principů fungování místa, jež je aplikovatelná na celou řadu jeho různých reprezentací. Využívá dostupných informací o daném místě. Proto odvozujeme filosofický základ konceptu marketingu a značkování místa z konceptu „místa“.

Mnoho míst na celém světě dosáhlo velkého úspěchu primárně díky marketingu města či značkování města, což také může sloužit jako jasný argument, proč bychom této otázce měli věnovat více pozornosti. Značky a jejich obrazy ulehčují nejen identifikaci míst ale také vypovídají o jejich pozorovaných kvalitách. Snažíme se ukázat koncept značkování jako přirozenou součást regionálních rozvoje a výzvu pro zaostalé regiony.



## DECENTRALISATION PROCESSES IN CENTRAL AND SOUTHEAST EUROPEAN TRANSFORMATION COUNTRIES: A COMPARATIVE SURVEY

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### Abstract

Decentralisation has an important meaning in the context of European integration, since a Europe composed of subsidiary spatial units is to be constructed and a “Europe of regions” is on the agenda of many political discussions. From the early 1990s, the European Communities, later the European Union, promoted the idea of administrative decentralisation also in transformation countries. For EU accession decentralisation was made one of the prerequisites. But it met centralistic traditions originating not only in the Communist era and could partly be enforced only with considerable difficulties.

The paper investigates in a comparative way into the efforts made and the results achieved so far in East-Central and Southeast European countries to establish local as well as regional self-government. A special focus is laid on the regional level, to which administrative powers have been devolved only later and partly insufficiently. It is also observed to which extent administrative regionalisation has respected historical regional and cultural identities which are strong and vivid in many countries, but had been covered by Communist administrative systems. Decentralisation processes and their progress are illustrated by the examples of Poland, Slovakia, Slovenia and Bulgaria.

**Key words:** political geography, decentralisation, regional identities, administrative regionalisation

### INTRODUCTION

Research on administrative decentralisation processes in European transformation countries has become voluminous in the meantime. This paper is essentially based on research as documented by Committee of the Regions (1999), Jordan et al. (2001) and Jordan (2010).

The study Committee of the Regions (1999) comprised the at that time “first wave accession countries” including Poland and Slovenia, the study Jordan et al. (2001) the “second wave accession countries” including Slovakia and Bulgaria. Both studies investigated into the progress of the decentralisation process, into its driving forces and obstacles.

Jordan (2010) provides for a comprehensive survey over administrative decentralisation processes in the transformation countries of East-Central and Southeast Europe with a focus on the regional level and on the background of administrative traditions. It is based on most of the literature published on this topic after 2001 – a literature that is too voluminous to be presented and discussed here in detail (see for a more complete list of references Jordan 2010). In representing this much larger number just the various reports of the Council of Europe on the situation of local and regional governance in transformation countries (see references) and for Poland the article of Czyż 1999 may be mentioned.

## GENERAL CHARACTERISTICS, CAUSES AND OBJECTIVES OF THE DECENTRALISATION PROCESS IN THE TRANSFORMATION COUNTRIES OF EASTERN EUROPE

In the course of the transformation process, the countries of Central and Southeast Europe increasingly came under the influence of the European Communities, which had become the European Union (EU) in 1994. They accepted this and were themselves (with some initial, but in the end only a few exceptions) very eager regarding integration. Amongst other things, this meant the consideration of the principle of subsidiarity as it is represented by the EU (Preamble and Article 2 of the Maastricht Treaty).

However, in contrast particularly to West-Central Europe (Switzerland [Schweiz/Suisse/Svizzera], Germany [Deutschland], Austria), there is little tradition of subsidiarity in the transformation countries of eastern Europe. This applies especially to East and Southeast Europe, to a lesser extent to East-Central Europe, where the countries belonging to the Austrian part of the Austrian-Hungarian Monarchy, Transylvania [Ardeal], Croatia but also Poland and Hungary feature certain federalist traditions.

The centralistic administrative principle that was used early on by the Roman and Eastern Roman Empire was faithfully continued by Byzantium and carried into all parts of Byzantine-dominated East and Southeast Europe. The Ottoman Empire also adopted centralism along with other political and social models (e.g. the close connection between church and state). The young nation states, including those in East-Central Europe with clear subsidiary traditions, which formed after the disintegration of the multinational empires (the Ottoman Empire, the Habsburg Empire, the Russian Tsardom) during the 19th and 20th centuries, were additionally impressed and influenced by the French model of a Unitarian and centralist state.<sup>1</sup>

<sup>1</sup> Which had first developed from previously subsidiary structures, as it did in England, out of the emergence of absolutism in the early Modern Age.

Eventually, the principle of centralism was deepened across all of East-Central, East and Southeast Europe by half a century of Communism, which was a centralist ideology *par excellence*, even though some Communist countries (Yugoslavia, Czechoslovakia, the Soviet Union) had federative structures. But even here, the all-powerful Communist parties (the „Communist League“ in Yugoslavia) controlled every level of the state and of society right down to the smallest political and economic unit.

In addition to these older factors, which still reverberate strongly today, the current situation provides good reasons, which support centralism. In part, large national/ethnic/cultural minorities are often perceived as a threat to the unity of the nation state. It is feared that allowing the regions where they live a greater degree of self-government is tantamount to increasing this threat. Equally, regions with a strong cultural identity are sometimes viewed as danger for the state unity. For this reason they should not receive additional support through self-government. Both of these factors are closely related to the new sovereignty, only recently (with great effort) obtained and often perceived as vulnerable. Centralist attitudes are often justified by pointing to the political apathy of the population, which is widespread in post-Communist countries, particularly among members of the older generation and in rural areas. This supports the argument that self-government at a regional and local level meets with little interest anyway, and is of use to very few. A further common argument used by defenders of centralist administration is the reference to the (genuinely existing) lack of qualified administrative staff, particularly in rural areas and at the lower administrative levels. By shifting competencies to the subnational levels, one causes the quality of public administration and services to decline.

Against this background it is of no surprise that decentralisation in former Communist Europe only proceeded sluggishly and was often half-heartedly managed by national governments. The governments accepted it as a condition of European integration, but rarely acknowledged that it may lie in the interests of their own country. This is particularly true for the regional level in terms of

the large and medium-sized administrative units of the NUTS-2 and NUTS-3 dimension according to the European Union (EU) classification system.<sup>2</sup> In contrast, the local level, which consists of many small and therefore „harmless“ units (usually called „communes“, NUTS-4, NUTS-5) was allocated many competencies relatively quickly, though often without assigning adequate financial coverage.

However, it should be recognised, that similar conditions prevail to a large extent in the „old“ EU states such as France or Greece [Ellada].

The European institutions (EU, European Council) have several reasons for supporting decentralisation and especially regionalisation:

- Both processes correspond to the principle of subsidiarity, which forms part of the guiding idea of the EU and the European Council.
- They cause the diffusion of democracy across all political levels.
- They contribute to the preservation of European cultural diversity, because „regions are the cultural building blocks of Europe“.
- They allow the EU to distribute its (significant) funds for regional and structural support directly to the competent territorial administrative units, rather than to the state governments, which then determine the allocation.

The primary incentive behind many of these motives is presumably the notion that, following World War II, the European integration project must overcome the nation state and the associated excesses of nationalism, which have caused Europe so much harm in the past two centuries. In order to achieve this it is necessary to break the power of the nation states and to shift some of their competencies to levels of the EU on the one hand, and to the level of regions and communes on the other hand. This has proved to be a laborious process, firstly because strong powers and interests continue to operate for

the benefit of the nation states<sup>3</sup> and because this process, secondly, has to be driven by representatives of the nation states themselves, who consequently effectively disempower themselves.

European identity and European awareness, but also regional identities and regional awareness would be very helpful here. A European awareness is still barely developed. Regional awareness and regional identities do exist, to a certain extent even in those countries that are not far advanced in the process of regionalisation. They are often only covered by a thin veil of national identity and could not even be made to disappear in areas where totalitarian Communist regimes particularly pursued this objective by introducing frequent changes to the administrative structure.

The strengthening of regional identities and regionalisation could be in a position to halt nationalism and to reduce the likelihood of large-scale conflicts. Switzerland offers of good example of this: thinking in national categories (German, French, Italian) is significantly fractured by the existence of small, but politically and financially powerful cantons.<sup>4</sup>

Political control and structural support by the EU could also ensure that the development of „regional feudalisms“ and the increase of socio-economic disparities are prevented – two phenomena that are presented as arguments against regionalisation – and not without justification.

<sup>3</sup> In 1994 the Hungarian historian Ferenc Glatz named five arguments that are used against the relaxation of the nation state idea and associated centralism: (1) „Part of the intelligence that is linked to the classical liberal principles of the past century feels reluctance, because it grew up under the spell of the idea of freedom introduced by the French Revolution and the French state, which rejects any kind of group privileges and group rights.“ (Glatz 1994: 15) (2) The efforts of the state bureaucracy to maintain their position. (3) The survival of classical anti-fascist political traditions. (4) Fear of the German economic power, which could take root in autonomous areas no longer controlled by nation states. (5) The fear of small nations, particularly in the Eastern part of Europe, of being taken over by the „large nations“, when the former are unable to protect their identity with the political, educational and economic means of a nation state. (Glatz 1994: 15ff).

<sup>4</sup> However, some examples also exist that show that regions support national thinking, in cases where their borders coincide with the settlement area of nations: Kosovo, the Basque Country in Spain, the Serb Entity in Bosnia-Herzegovina.

<sup>2</sup> NUTS = Nomenclature des unités territoriales statistiques. The EU currently has 211 NUTS-2-regions with an average area of 15,800 sq km and an average number of inhabitants of 1.747 million. At the NUTS-3-level there are 1,093 regions with an average area of 3,050 sq km and an average number of inhabitants of 337,000.

## FOUR EXAMPLES OF DECENTRALISATION PROCESSES AND THEIR PROGRESS

### Poland [Polska]

#### *Cultural and administrative traditions*

From the very beginning, Poland developed as an aristocratic state with relatively weak royal power (central authority). With its territorial dominions (voivodeships) the powerful nobility shaped distinctive regional identities. These were further reinforced by the fact that, over the course of history, the function of capital of the nation wandered from Poznań to Cracow [Kraków] and on to Warsaw [Warszawa]. The personal union (1386), and later the real union (1569) with Lithuania brought Poland dominance over an empire, which – next to the Habsburg Empire – was the most important adversary against the Ottoman Empire in Europe. In the late Middle Ages the Hanseatic League spread not only along the coastal regions, but also reached far into the interior of the country, e.g. as far as Cracow. Together with other cities under German law they produced the bourgeoisie, which faced the sovereign and the nobility as a separate political force. Even before its three partitions in 1772, 1793 and 1795 the country was larger than it is today, and was located further to the east.

During the extremely formative phase of the 19th and the beginning of the 20th century (industrialisation, railway construction), the total division among Prussia (later Germany), Austria, (later Austria-Hungary) and Russia from the late 18th century until World War I, produced very different economic and cultural influences in the three parts of the country, which reverberate to this day even though sections of the population were replaced after World War II.

In 1916, once again a „core Poland“ emerged, which expanded significantly until 1923, moving to the east into areas that are Ukrainian and Belorussian today. The political post-war order forced Poland to shift to the west by 200-250 km, which brought with it a massive population transfer. It was as late as 1992 that this was finally sealed by the German-Polish agreements.

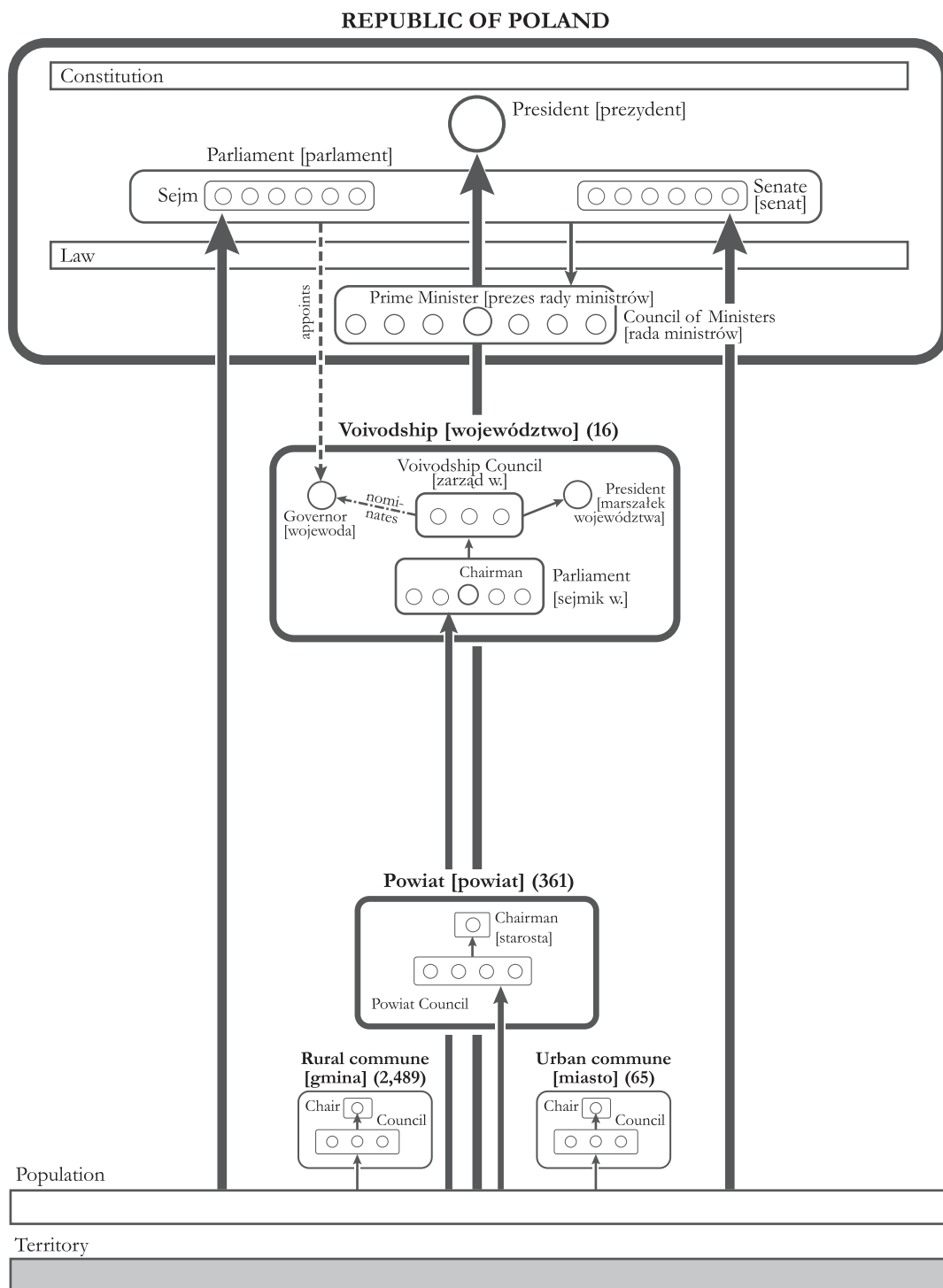
Communist post-war Poland retained the three-tier administrative system of the inter-war period until 1974, with certain modifications. In the territory of post-war Poland it was composed of 17 voivodeships [województwo]<sup>5</sup> on the upper regional level, powiats [powiat] on the lower regional level and communes [gmina] on the local level. Until 1950 the latter enjoyed self-government. As cities, Warsaw and Łódź were treated like the voivodeships. The newly acquired, previously German territories were immediately incorporated into the existing system of voivodeships in 1945, though the 1937 state borders were not reflected on the voivodeship borders.

The large voivodeships in the west were subdivided in 1950, resulting in the three new voivodeships Koszalin, Zielona Góra and Opole. Later, the large cities of Poznań, Cracow and Wrocław were each bestowed the status of a voivodeship as well. The system was heavily centralised and self-government did not exist on any level. The increasing power of the Communist party leaders within the voivodeships led the party central office to reinforce the competencies of the communes in 1972 and 1973, which in turn resulted in the polarisation of the balance of power between the voivodeships and the communes, and made the powiats appear superfluous. The administrative reform of 1975 took account of this, eliminated the level of the powiats, transferring most of their competencies to the communes and establishing 49 voivodeships (including 3 cities at the level of voivodeships), instead of the initial 17 (with 5 cities).

#### *Developments 1989-2007 and the current administrative-territorial system*

An initial administrative reform immediately after the political turn-around in 1990 reintroduced the self-government of the communes in the form that had existed until 1950. The issue of the arrangement of the regional level triggered long discussions, mainly due to the number and size of the voivodeships, and these were not brought to a close until 1999 and resulted in the three-tier system that still exists today.

<sup>5</sup> The official designation of the term in the local official language/s is always given in the singular nominative, even where the English expression does not correspond to number.



**Figure 1** Poland's current administrative system

Since January 1, 1999 the Polish administrative-territorial system (see Fig. 1) is composed of 16 voivodeships [województwo] on the upper regional level, 361 powiats [powiat] on the lower regional level, as well as 2,489 rural communes [gmina] and 65 urban communes [miasto] on the local level.<sup>6</sup> The voivodeships correspond to the NUTS-2 level of the EU classification, the powiats to the NUTS-4 level, and the communes to the NUTS-5 level. All three levels are exclusively or additionally self-governing.

The following were significant motives for this administrative reform, and in particular for the re-introduction of large voivodeships and a three-tier system as was in place until 1975: the expectation of large-scale and efficient regional planning, the replacement of the „artificial“ Communist system symbolised by the structure as it existed in its final years, the alignment (of the voivodeships) with historical regions, the promotion of democratisation through self-government and the need to comply with the requirements of the EU.

In many cases, the 16 **voivodeships** do indeed correspond at least roughly to historical cultural regions, whose identity was frequently shaped early on in the Middle Ages, and which are firmly rooted in the consciousness of the population. They often also bear the names of these historical units and cultural landscapes: Greater Poland [województwo wielkopolskie], Lesser Poland [województwo małopolskie], Masovia [województwo mazowieckie], Pomerania [województwo pomorskie], Silesia [województwo śląskie], Podlachia [województwo podlaskie], to just name those that are better known. In most cases there is also a good match with the central place system, the functional regions of the large regional centres (macrocentres). However, in some cases they are too small for the central place macroregions and divide them further (especially Katowice, Cracow, Poznań, Gdańsk). Indeed, the initial reformation plans had only provided for 12 voivodeships. The larger number was the result of the consideration of local needs.

<sup>6</sup> The numbers of administrative units given here and in the further text as well as in the figures refer to 1 January 2007.

The voivodeships simultaneously have institutions of self-government and of deconcentrated state administration at their disposal (Fig. 1). For the first time in Poland's more recent history, the voivodeships are consequently self-governing.

A Parliament [sejmik województwa] is elected for a term of four years and it, in turn, elects the Council of the Voivodeship [zarząd województwa] as its government, as well as the President<sup>7</sup> [marszałek województwa]. Voivodeships with up to 2 million inhabitants have 45 delegates, for every additional 500,000 inhabitants, 5 further delegates are added.

The Governor [wojewoda] is a representative of the deconcentrated state administration, and counterbalances these institutions of self-government. He is appointed by the Polish Council of Ministers and is thus a representative of central government. However, the Council of the Voivodeship has the nomination rights. The Governor can annul decisions made by the self-government, if they are in violation of the national law. However, his decisions can be challenged before the administrative court. He is also responsible for public safety.

The competencies of the self-governing institutions of the voivodeships comprise

- education,
- economic and regional development,
- transport infrastructure,
- culture,
- healthcare and social services,
- development of rural areas,
- protection of the environment,
- public safety,
- bilateral and multilateral cooperation with foreign partners.

The revenues of the voivodeships are only self-generated to a very small extent (mainly as a share of property tax and income tax). Instead, they primarily consist of national transfer payments. These, too, are

<sup>7</sup> In this text references to functional titles (e.g. his vice-mayor) always represent both the female and male form. It would impede legibility if both forms (his/her) were used throughout. The use of the female form only would introduce a greater discrepancy with reality, as the majority of officials are male at this time.



severely restricted and have to be renegotiated year after year. Voivodeships have the option to enter into contracts with the state about the execution of particular functions, which are then specifically funded by the state (e.g. road construction). Overall, this represents a rather weak financial basis for the execution of a considerable range of functions within self-government. Consequently, the effect of these competencies is very limited. Sometimes communes and powiats surrender functions to the voivodeships, together with the associated necessary funds.

The primary role of the 361 **powiats** is to support and coordinate the communes. They are exclusively self-governing. The powiat councils are elected for a term of four years and are made up of 20-60 delegates who, in turn, elect a Chairman [starosta]. The competencies of the powiats are relatively restricted and consist mainly in the cooperation with the voivodeships and the communes in relation to their respective administrative territory.

In contrast, the 2,489 rural and 65 urban **communes** are endowed with much stronger competencies. They are also relatively independent financially. For their budget they receive shares of the income tax revenue in the commune and they are allowed to own property. The communal council is elected for a term of four years and has the duty to elect the communal board, which holds the executive functions.

Furthermore, the Polish Constitution provides for the instrument of the referendum in relation to all three subnational administrative levels. This can be used to remove elected institutions from office.

Subnational territorial administrative units have several options to represent their interests vis-à-vis the state. The Senate is one form of representation of interests that is embedded in the Constitution, the second chamber of the Polish Parliament in addition to the Sejm. Already in 1989, this was transformed into a representation of the (49 at the time) voivodeships with 100 senators. Every voivodeship provided two senators, the two largest voivodeships, Warsaw and Katowice, each supplied three. In addition there are associations of the local and regional authorities, which have the status of NGOs:

the Association of Polish Cities, the Association of Small Polish Towns, the Association of Large Polish Cities, the Association of Rural Communes, the Association of Powiats and the Confederation of Polish Communal and Regional Associations. They intervene with the central authorities and are systematically consulted by the Polish government in matters of local and regional administration.

As far as the progress of the decentralisation process is concerned, it can be concluded that among all transformation countries, Poland has made the relatively greatest progress. It features self-government on all three subnational administrative levels; the NUTS-2 level is also furnished with self-governing territorial administrative units and corresponds to a large extent with historically evolved cultural units. However, the financial resources of this administrative level in particular are highly insufficient.

In carrying out the spatial delineation of the voivodeships, the „danger“ of providing ethnic minorities with a better opportunity to represent their interests by gathering them in one administrative unit was not evaded, even though this „danger“ is objectively slight in view of the average Polish minority proportion of 3.3% (2002): for the benefit of the relatively most compact minority, the Germans in the area of Opole, the cultural region of Silesia was divided into three voivodeships. Thus, the Germans account for a share of 10% of the total population in the Voivodeship of Opole [województwo opolskie] and have good opportunities to be represented in the Council of the Voivodeship.

Particularly in the 1990s, the driving forces of the decentralisation process in Poland were the trade union movement Solidarność in cooperation with the Roman Catholic Church.

## Slovakia [Slovensko]

### *Cultural and administrative traditions*

The territory of present-day Slovakia formed an integral component of the Hungarian state for as long as this had been in existence (approximately since the year 1000), and became part of newly

formed Czechoslovakia after World War I. In this state, Slovakia was one of the four provinces of Bohemia [Čechy], Moravia-Silesia [Morava-Slezsko], Slovakia and Subcarpathia [Podkarpatská Rus']. It adopted the Hungarian county system (Slovak for county: *župa*) and retained it until 1922, when it was replaced by much larger units (but also called *župa*). With the First Vienna Award dated November 2, 1938 Hitler accorded Hungary, which was allied to him, the majority of the Hungarian-populated areas in southern Slovakia. In March 1939, the remainder of Slovakia became an „independent“ state by Hitler's favour. After the end of World War II, following the will of the victorious powers, Czechoslovakia was re-established inside the borders of 1920, but had to cede Subcarpathia [now ukr. Zakarpattja] to the Soviet Union in June 1945.

In the year following the Communist seizure of power (1949) a three-tier administrative system was introduced in all of Czechoslovakia, which consisted of regions [kraj], districts [okres] and communes [obec]. Six of the regions and 92 of the districts were located within Slovakia. The next reform that applied to the entirety of Czechoslovakia was implemented in 1960 and reduced the number of regions within Slovak territory to three (Western Slovak Region [Západoslovenský kraj], Central Slovak Region [Stredoslovenský kraj], Eastern Slovak Region [Východoslovenský kraj]). These regions corresponded fairly well to cultural identities and functional relationships. At the lower regional level the number of Slovak districts was reduced to 33, but in 1968 again increased to 37.

The federalisation of Czechoslovakia from January 1, 1969 onwards made Slovakia an autonomous constituent republic of a federal state. At the same time, the Slovak capital Bratislava was promoted to the status of region and hived off from the Western Slovak Region. On August 11, 1969 the regions were temporarily rescinded, but then they were reintroduced again on December 28, 1970. No further modifications were made to this three-tier administrative system in Slovakia until the political turn-around in 1989.

#### *Developments 1989-2007 and the current administrative-territorial system*

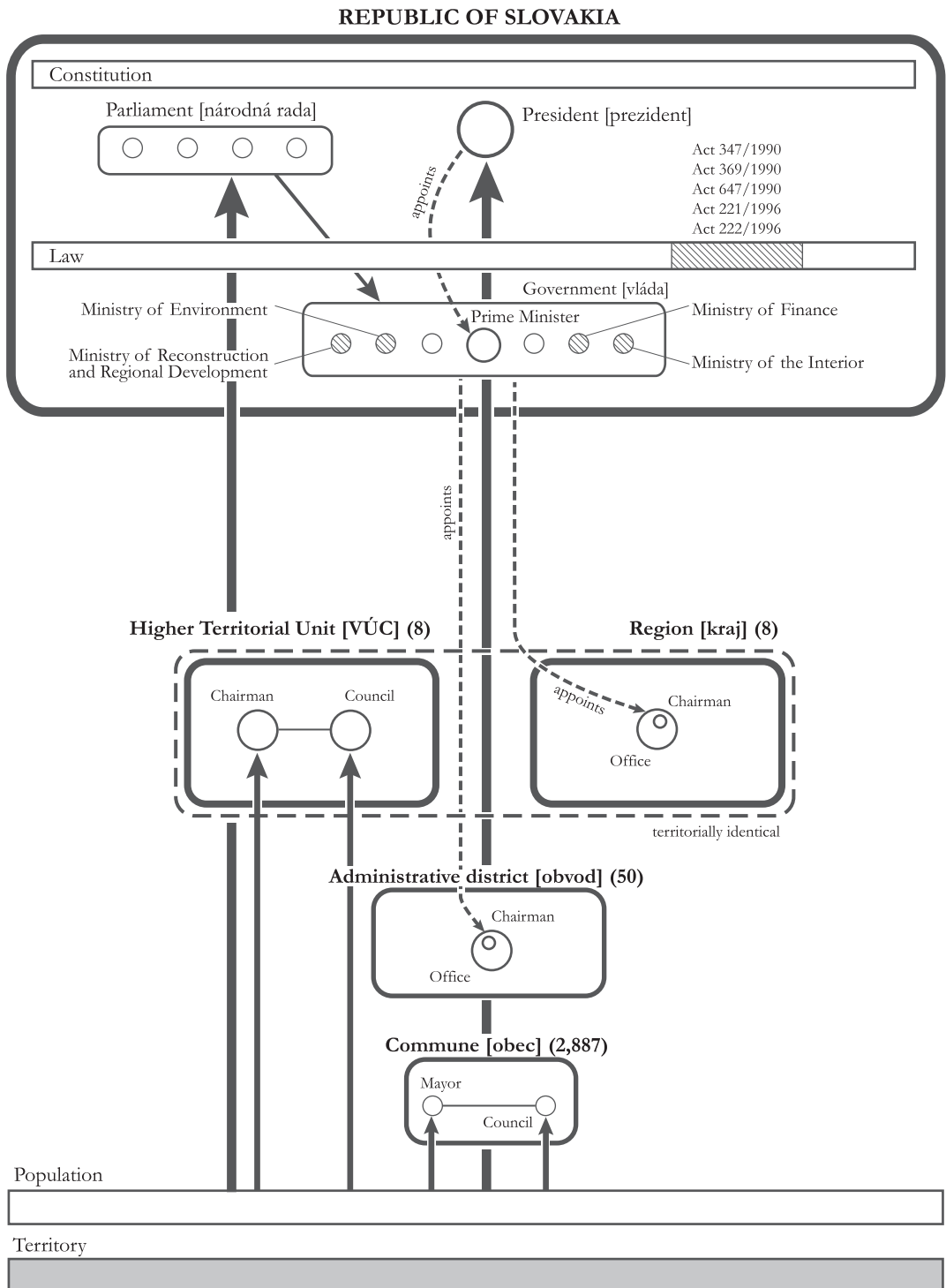
While still a part of Czechoslovakia, but already under a post-Communist government, Slovakia introduced the self-government of communes. The detachment from Czechia and the state of independence from January 1, 1993 onwards was carried out without a referendum. Intensive negotiations began immediately about a new administrative system at the regional level. This was finally introduced on 24.7.1996 under the government of Vladimír Mečiar. This new system had three tiers and consisted of 8 regions [kraj], 79 districts [okres] and 2,867 communes [obec].

The population sizes of the 8 regions were similar and corresponded to the NUTS-3 level of the EU. However, they did not align with the historical units and cultural regions, for example with the initially Hungarian counties, which were Slovak in the inter-war years, and which are still very much alive in the consciousness of the population. They also do not correspond to the central place system (functional regions). This regional structuring had the effect of cutting off Bratislava from its hinterland, and the eastern Slovak centre Košice lost the northern half of its catchment area. In many regards this regional structuring features similarities with the first Communist system between 1949 and 1960.

Clearly, two political motives also played an important part: (1) To curtail Bratislava and Košice, the two largest cities, where Mečiar's structure-conservative and nationalist Movement for a Democratic Slovakia [Hnutie za demokratické Slovensko, HZDS] had achieved the weakest results in the parliamentary elections of 1994; (2) to shape the regions in such a way that the significant and compactly settled Hungarian minority was prevented from reaching 30% anywhere.

The regions established in 1996 only carried out deconcentrated state administration, no self-government, and were funded exclusively by the state. They did, however, have the authority to engage in transnational cooperations.





**Figure 2** Slovakia's current administrative system

In the autumn of 1998, not long after Mečiar's autocratic government was voted out of office, discussions about regionalisation and self-government at the regional level came back to life. The government now formed a broad anti-Mečiar-coalition with the inclusion of the Hungarian Party (Hungarian Coalition [Magyar Koalíció/Maďarská koalícia]). By the summer of 2001 the discussions had produced five recommendations. All of these shared a two-tier system consisting of local administration (communes) and regional administration. The idea was that the regional administration was to be made up of two parallel systems, covering the same territory, these being regions [kraj] for deconcentrated state administration and „Higher-level Territorial Administrative Units“ [vyšši územni celky, VÚC] for regional self-government. The VÚC represented the introduction to Slovakia of self-government at the regional level. Districts [okres], as they had existed until this time, were to be disbanded and their powers distributed to the regions [kraj]. The intention was to combine the regions into four planning regions without legal status at the NUTS-2 level.

The differences between the five suggestions could be found in the number of regions and VÚC (12 instead of 8), and in their configuration. The greater number of 12 would have allowed the Hungarian minority in the southern part of the country to achieve a share above 30% in two regions, and to possibly gain political majorities in the elections. The proposal put forward by the Hungarian Coalition also provided for a region that was more or less identical to the compact Hungarian settlement area.

Following severe political clashes, which almost caused the government's coalition to shatter, in July 2001 a decision was taken in accordance with the principle of the lowest common denominator. The spatial structuring that had existed hitherto and that had established a basic structure of eight units in 1996 was retained, the districts were not disbanded. Higher-level territorial administrative units (VÚC) were introduced in parallel to the eight regions and were congruent with these (see Fig. 2).

Since January 1, 2002 Slovakia consequently has a three-tier administrative system, which consists of eight regions at the upper regional level [kraj], and an equal number of higher-level territorial administrative units [vyšši územni celky, VÚC], which coincide in their territories. The former represent deconcentrated state administration, the latter represent self-government. The lower regional level is comprised of 79 districts [okres] as territorial administrative units of deconcentrated state administration, and the local level has 2,887 communes [obec], which have been self-governing since 1990. While the regions and higher-level territorial administrative units correspond to the NUTS-3 level, the districts can be allocated to the NUTS-4 level, and the communes to the NUTS-5 level.

The eight regions finance themselves exclusively through national transfer payments. The eight higher-level territorial administrative units, which are spatially identical to the regions, are endowed with elected institutions, but are also financed by the state for the most part. Their competencies are weak and are primarily related to the coordination of subordinate territorial administrative units. However, they can enter into cross-border collaborations with foreign regions.

In 2004 the districts were renamed to administrative districts [obvod], but retained their functions and their territorial configuration (Fig. 2).

In recent years the relationship between regions and higher-level territorial administrative units has shown a tendency towards fusion, with the institutions and competencies of self-government gaining the upper hand. The term used is almost always „region“ [kraj] nowadays, while the (complicated) expression „higher-level territorial administrative unit“ is disappearing more and more. Today, road signs at the borders of the regions only use the term „kraj“.

Since 1998, two to three regions respectively are combined to form four „statistical and planning regions“ at the NUTS-2 level. They do not have their own juridical personality and are not constituted as territorial units of the administrative system. Financially, and in terms of directives, they are allocated to central government.

In other words, the reform of 2002 created a (particularly for a small country) hypertrophic system with three administrative levels (one of these being double) and one additional planning level. With regard to decentralisation, it also features considerable deficits: the subnational territorial administrative units have no or only insignificant financial autonomy; together, the budgets of all subnational units only account for 10% of the public budget and self-governing territorial administrative units can only decide on the distribution of 16% of their income; regional self-government (VÚC) has very little in the way of own authority; the NUTS-2 level does not consist of separate territorial administrative units and is therefore entirely dependent upon central government.

Important reasons for this include (among others, which apply to many transformation countries) (1) the existence of localized regional identities, which are related to the former Hungarian counties and do not match the present-day regions; (2) the poor correlation between administrative and functional regions; (3) and, last but not least, the large, culturally very aware and compactly settled Hungarian minority (9.7% in 2001), which some, or at any rate the nationalist and populist parties, perceive as a threat to the national integrity.

## Slovenia [Slovenija]

### *Cultural and administrative traditions*

Slovenia first emerged as a political entity in 1945, when it became a constituent republic of the federal Communist state of Yugoslavia. Prior to this, Slovenes only existed as an ethnic and linguistic category, which was dispersed across several countries and administrative units and which was dominated by majority populations or elites that belonged to other ethnic and cultural groups (with the limited exception of Yugoslavia during the inter-war years). The dominance by a variety of other cultures moulded Slovenian culture in different ways and left its traces in the cultural landscape, in regional identities and in the regional consciousness.

The most pronounced and diverse impressions were left by the Republic of Venice [Serenissima Repubblica di San Marco] in the Adriatic façade of modern Slovenia, and the Habsburg Empire in the remaining areas of the country. While the influence of Venice found its expression in the Mediterranean architecture and the Mediterranean lifestyle in parts of Slovenia, the Habsburg Empire left its mark in terms of Central European (Alpine, Pannonian) traditions. Looking beyond this cultural-historical bisection, the individual crownlands of the Habsburg Empire also left traces behind, producing a lively regional consciousness that exists to this day: the Slovenian Littoral [Primorsko] that was Venetian until 1797, then became Austrian; the medieval Habsburg crownlands of Carniola [Kranjsko], Styria [Štajersko] and Carinthia [Koroško], as well as Prekmurje [Prekmurje], which was ceded by Hungary after World War I.

None of the administrative-territorial structures implemented after 1918 reflected these historical and cultural identities. Instead, the area of present-day Slovenia was always subdivided in numerous smaller entities, varying in number between 20 and 62, and fluctuating in name between district [okraj, srez] and commune [občina]. Only for the time between 1922 and 1929, in the Kingdom of Serbs, Croats and Slovenes [Kraljevina Srba, Hrvata i Slovenaca, SHS] did the subdivision of the Slovene territory belonging to this state (the western areas belonged to Italy) into the regions [oblast] Ljubljana and Maribor correspond to the historical division between Carniola and Styria.

Between 1945 and 1991, Slovenia was one of the six constituent republics of Yugoslavia. This status, and particularly the degree of autonomy that was further deepened through the Yugoslav Constitution of 1974, can retrospectively be regarded as a necessary preliminary stage for the independence, which was gained in 1991. During this time, Slovenia was divided into greater communes [občina], numbering 62 in the end, which were self-governing. No further administrative level existed between these communes and the constituent republic.

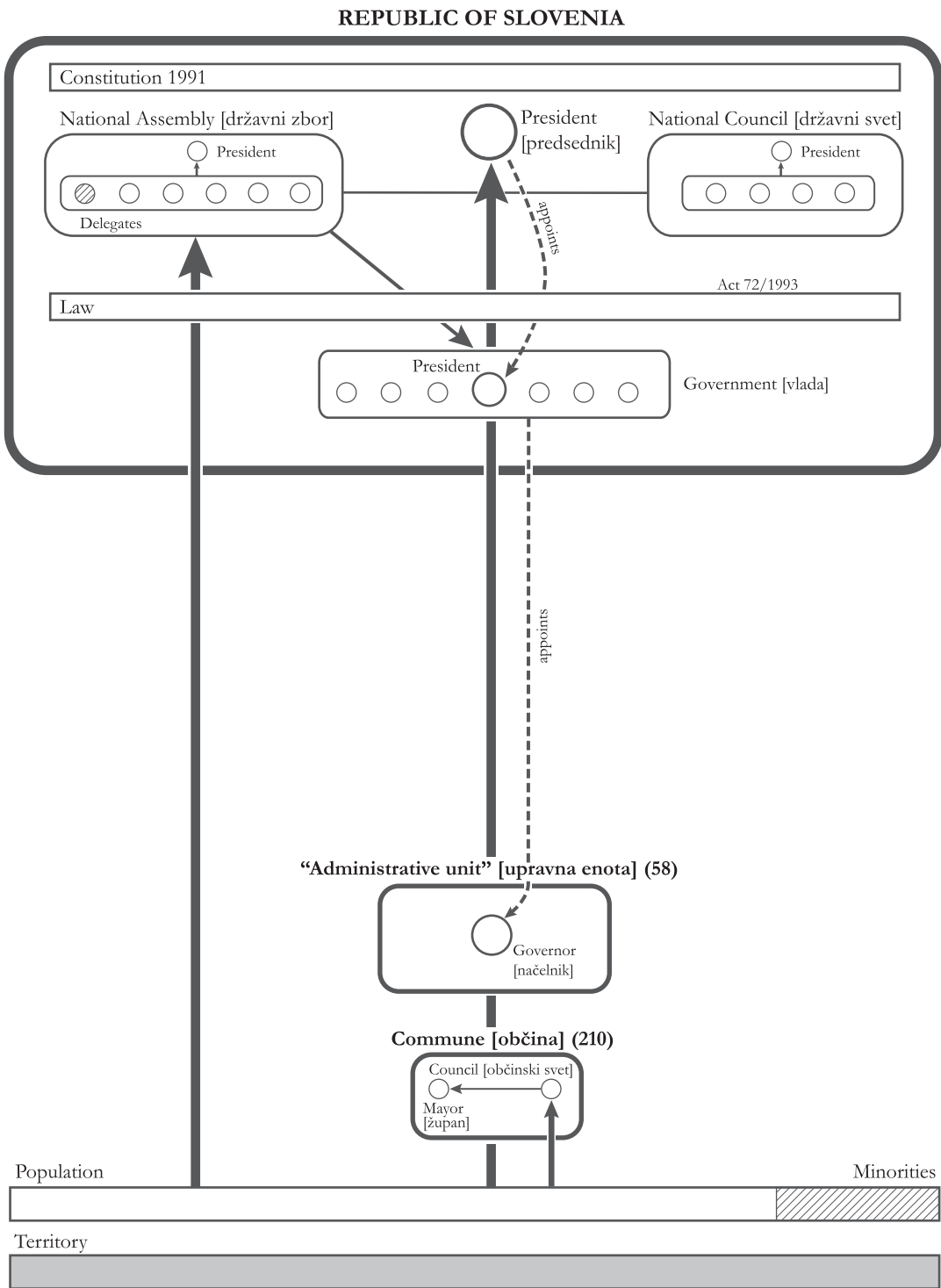


Figure 3 Slovenia's current administrative system

*Developments 1989-2007 and the current administrative-territorial system*

The first administrative reform to take place in independent Slovenia on October 3, 1994 (see Fig. 3) replaced the 62 communes, each with an average area of 336 sq km and an average population of 28,000, with 147 communes [občina], each with an average of 138 sq km and 13,000 inhabitants. Consequently, they no longer corresponded to the NUTS-4 level (as the former greater communes had done), but to the NUTS-5 level instead. They too, were self-governing. By January 1, 2007 their number had been augmented in several stages (August 8, 1998: 192; June 15, 2002: 193; March 14, 2006: 205; June 14, 2006: 210) to reach 210, gradually reducing the average area to 96 sq km and the average population to 9,400. Eleven of these are urban communes [mestna občina], these being Celje, Koper/Capodistria, Kranj, Ljubljana, Maribor, Murska Sobota, Nova Gorica, Novo Mesto, Ptuj, Slovenj Gradec and Velenje. Urban and other kinds of communes are each endowed with the same competencies.

The **communes** are defined as the basic local self-governing units according to the Constitution of 1991 and in the Local Government Act (72/1993). Following the Constitution their number can only be increased up to a total of 300. The institutions of the communes are the communal council [občinski svet] elected for a four-year term and the mayor [župan], who is elected by the communal council and also serves for a term of four years. There can be up to three deputy mayors [podžupan]. The communal council also elects the communal government [občinska uprava].

Communal revenues are sourced primarily from taxes and rates. Communes in peripheral areas, which are not able to finance themselves exclusively with self-generated revenues, receive state transfer payments in the way of disparity equalisation.

Simultaneously more or less with the new communes (October 4, 1994), 50 so-called „**administrative units**“ [upravna enota] were also established. To a large extent they correspond to the territories of the former larger communes, and thus also to the

NUTS-4 level, and they represent deconcentrated state administration by offering spatially dispersed governmental administrative services. They are lead by a governor [načelnik], who is a civil servant.

To date, self-government has not been established at the regional level, even though the Constitution allows for this option and related discussions began as early as 1991. One possibility, which is repeatedly mentioned, would be the elevation of the 12 existing statistical regions [statistična regija] to administrative regions [pokrajina]. They correspond to the NUTS-3 level, are largely well matched to the previously mentioned cultural landscapes and their respective subdivisions (e.g. the division of Carniola into Upper Carniola [Gorenjsko], Inner Carniola [Notransko] and Lower Carniola [Dolenjsko]) and also align with the functional territorial units (Vrišer 1998). However, the political parties have been unable to agree upon a solution so far. There is also support for the widely held opinion that a small country such as Slovenia does not require an additional and costly administrative level. A further argument, mentioned less openly, suggests that self-governing regions could release centrifugal forces, if one considers that pronounced regional identities supported by self-government gain gravitas and could pose a threat to the statehood and national unity, which are still young and vulnerable.

## Bulgaria [Bălgarija]

### *Cultural and administrative traditions*

From 1360 onwards the territory of present-day Bulgaria was the first goal of the Ottoman expansion into Europe. More than half a millennium of direct Ottoman rule brought about particularly pronounced Ottoman characteristics. Thus, the Ottoman manorial system became fully effective, a large number of ethnic Turks settled there, parts of the Slav population converted to Islam (Pomaks) and the Roma predominantly became Muslims. Ottoman centralism, bolstered by Islam as state religion, did not allow a strong aristocracy or a strong bourgeoisie. The administrative system of the Ottoman Empire that functioned according to central state principles also barely allowed the formation of stronger regional identities.

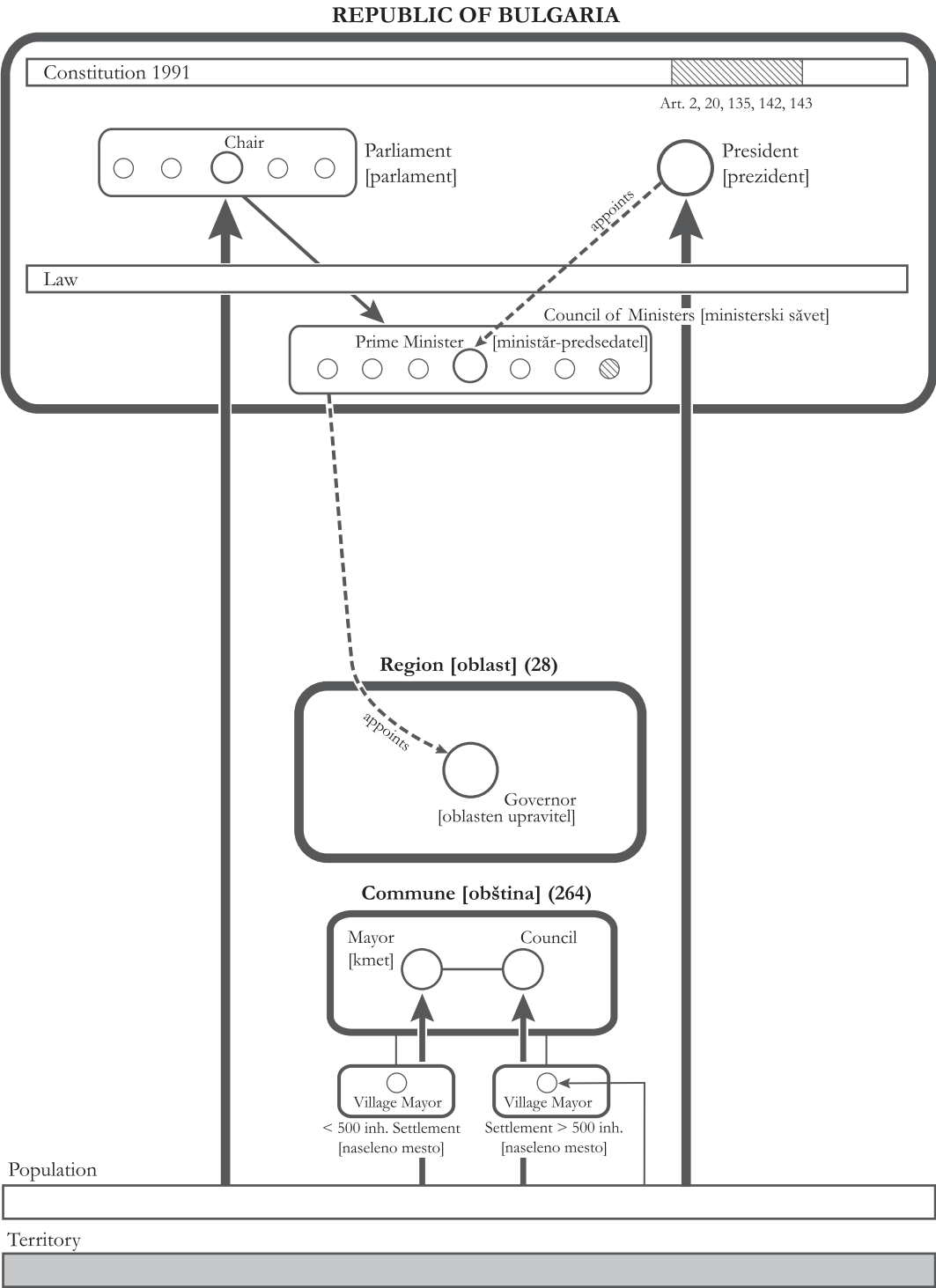


Figure 4 Bulgaria’s current administrative system

After 1878 (Congress of Berlin), Bulgaria passed through stages of autonomy leading to independence while simultaneously expanding its territories (1885, 1908, 1912). In this, it was substantially supported by Russia. During the time of Communism Bulgaria also maintained its special relationship with the Russian-dominated Soviet Union and among all Communist states in Eastern Europe it copied Soviet Communism most faithfully. This also affected the subnational administrative system that knew regions [oblast] following the Soviet model.

#### *Developments 1989-2007 and the current administrative-territorial system*

Based on the Constitution from the year 1991, the present-day two-tier administrative system was established in 1998 (see Fig. 4). It consists of 28 regions [oblast] and 264 communes [obština]. They correspond to the levels 3 and 4 respectively of the NUTS-classification. This system replaced a different two-tier system comprised of 9 regions [oblast] and 246 communes [obština] that had only entered into force during the final phase of the Communist era, on 1 January 1988. The 9 regions had proved to be too large and too inefficient in the exercise of their competencies. A further incentive for the reform was presumably also the desire to move away from Communist structures.

The 28 **regions** today are units of deconcentrated state administration. This is exercised in the region by the governor, who is directly appointed by the Council of Ministers (Fig. 4).

In contrast, the **commune** is an institution of self-government; not just since 1998, but since the reformation of 1988, which fell within the phase of (Soviet) perestroika. Compared to 1988, the numbers and borders of the communes have not changed significantly. A few larger communes were merely divided. New communes should have at least 6,000 residents. The executive institutions of a commune are the communal council and the mayor. Both are directly elected for a term of four years. The direct election of both institutions can produce a situation where the mayor does not belong to the majority party of the communal council. The

number of council members is proportional to the size of the commune's population.

Every **settlement** [naseleno mesto] within a commune has a „village mayor“. In settlements with more than 500 residents the mayor is elected by the population, in settlements with less than 500 residents the mayor is appointed by the communal council. The village mayor does not have a separate budget.

Only the national parliament has legislative authority. The executive powers of the governor include

- the regional representation of the state;
- supervision to ensure that the policies of subnational administrative units do not run contrary to those of the state;
- supervision to ensure that state law is complied with in the region;
- organisation, development and implementation of strategies and programmes for regional development;
- the coordination of these strategies and programmes with the communes;
- the protection of state property;
- the organisation of military mobilisation measures;
- the organisation of disaster relief;
- the maintenance of public order;
- „regional foreign policy“, including contacts to and cooperations with regions in other countries.

Thus, in all public spheres the governor has an important control and coordination function. He not only exercises this function vis-à-vis the communes, but also as counterpart to the representatives of the social partners, of public welfare and healthcare facilities and of NGOs.

The executive powers of the communal council are comprised of

- setting commune policies,
- establishing expert commissions,
- electing a chairman of the communal council,
- electing the deputy mayor(s) following a proposal by the mayor,
- passing a resolution on the annual municipal budget,
- setting local taxes and local rates.



The mayor is responsible for

- the maintenance of public order,
- the execution of the municipal budget,
- long term development programmes,
- protective measures in the event of disasters,
- „communal foreign policy“,
- construction permits,
- environmental protection,
- organisation and maintenance of educational and healthcare facilities.

While the regional administration is financed solely by funds from the national budget, communes draw their financing from several sources. Thus, the share received of the taxes set by the state are important: property tax, inheritance tax, gift tax, land transfer tax, motor vehicle tax, their own municipal tax, value added tax for juridical persons owning more than 50% of businesses in the commune. Added to these taxes, there are also municipal rates for refuse collection, market stalls, the commercial use of municipal property, nursery schools, leisure facilities, social services facilities, technical and administrative services, dog licences, graves, as well as revenues from approvals, fines, interest payments. A large part of the commune's revenue is however made up of national transfer payments. These consist of the basic subsidy, which is based on a list of criteria and is set annually by the national budget; they further consist of ring-fenced subsidies for special and long-term projects; and of subsidies that are granted in the case of particular needs and under specific conditions. Since 1999, the share represented by these national transfer payments in terms of the communes' revenues lies between two thirds and three quarters averaged across all communes, with a variation by commune between 12% and 83%.

The main problem that arises from this financing arrangement stems from the fact that most communes are not able to meet the cost of performing their functions using regular revenues (statutory revenues that are fixed, basic state subsidy). The numerous functions of the communes are not met with the corresponding (regular) revenues. Most communes, therefore, generally generate a budget deficit, which ultimately has to be covered

by unscheduled government grants. *De facto*, these grants and their amounts are linked to political concessions and leave the communes dependent on national, and frequently on party political attempts at influence. The financial scarcity in the communes also means that they primarily focus on fulfilling their basic functions, while additional and optional duties are deferred or not completed at all. Frequently, the national transfer payments are made after long delays, in turn forcing the communes to delay the salary payments to civil servants, teachers or hospital staff. A further element of uncertainty is introduced by the fact that national transfer payments to communes (including the basic subsidy) have to be agreed year upon year with the new national budget. The amount with which the communes are endowed, therefore also depends on the general state finances and on the spending priorities of the respective political majorities. This reduces their planning certainty.

On the national level the interests of the subnational territorial-administrative units can partly be leveraged by the delegates to State Parliament. In accordance with the wording of the law these represent their constituencies, which correspond to the regions, with two exceptions (Sofia [Sofija] and Plovdiv). Although voting in parliament primarily follows party loyalties, there is balancing of interests within the individual parties between the delegates from different regions and communes. As members of the National Council for Regional Development the governors are represented in the Council of Ministers. Additionally, there is a national association of territorial-administrative units that is organised as a non-governmental organisation (NGO).

Bulgaria has no territorial-administrative authorities or units at the NUTS-2 level. In the year 2000 only 6 planning regions were established, each comprising between 3 and 6 of the 28 administrative regions. They are not separate legal entities and serve the purposes of regional development and regional statistics. They are Bulgaria's reaction to the corresponding EU requirements, but do not comply with the intention of these requirements, as decisions for these regions are not taken at the subsidiary level, but at the state level.



It can be said that the decentralisation process has not yet progressed very far in Bulgaria. Only the communes can rejoice in self-government, while the NUTS-3 level is occupied by state-controlled regions and the NUTS-2 level merely by planning regions. Also, the financial autonomy of the communes is very restricted. This creates a significant dependency upon the state and impedes their ability to participate in EU-funded Structural Funds projects.

In terms of driving forces behind a greater degree of decentralisation, this term still fits the requirements posed by the EU best; these are at least accepted and supported by part of the political elites, to an extent also by regional and local media, who articulate regional and local interests. The lack of political participation among large parts of the population remains a weighty obstacle, particularly in rural areas. Regional identities that are not very distinctive and the significant ethnic minority of the Islamic Turks (2001: 9.4%), which is concentrated in two sub-areas of the country and compactly settled there also play a role that should not be underestimated.

## SYNOPSIS

The synopsis shown in Fig. 5, of the formulation of subnational territorial administrative units in the transformation countries of Central and Southeast Europe with self-government, delegated self-government, delegated state administration and deconcentrated state administration, depicted by countries in their spatial arrangement and by NUTS-levels, suggests the following conclusions:

- The **local administrative level** (NUTS-5; in Lithuania, Bosnia-Herzegovina, Montenegro, Serbia and Macedonia NUTS-4) is endowed with self-government, with the exception of Belorussia, which is a dictatorship. This self-government had already been established in the successor states of Yugoslavia during the Communist years, and was adopted by the other transformation countries immediately before or very soon after the political turn-around. It expresses the early quest for democratisation “from the grass roots”, but with the small size

of the local units it only embraces political dimensions that do not pose a threat to the central government.

- The **regional administrative levels** (NUTS-2 to NUTS-4), on the other hand, are only exclusively self-governed in exceptional cases. Where, as in Hungary, Croatia and Bosnia-Herzegovina, this is the case, the self-government is either endowed only with moderate competencies (Hungary, Croatia) or it does not correspond to the ideal type of administrative regionalisation, but is rather a form of administratively supported and therefore solidified ethnic segregation (Bosnia-Herzegovina: entities on the NUTS-2 level and cantons at the NUTS-3 level in the federation). Slovenia, Montenegro and Macedonia have no regions. This deficit in the decentralisation process at the regional levels, in other words – with regard to a “real” administrative regionalisation – can be explained by administrative traditions, but beyond that also primarily by the poorly consolidated national identity and statehood. Against this background, different central administrations are keen to interpret various signs (ethnic and other minorities, pronounced regional identities, gravitational pull of foreign centres, socio-economic spatial disparities, etc.) as good reasons for demonstrating restraint in this matter.
- **New autonomies**, in the sense of partial territories of a state that are endowed with special competencies of self-government, were exclusively the result of national movements during the transformation phase (Gagauzia, Crimea; the Autonomous Province of Vojvodina already existed at the time of Yugoslavia), while regionalist movements, which occurred frequently and with vehemence, (for example, Moravia, Istria [Istra], Transcarpathia [Zakarpattja]) were not able to prevail.
- **Administrative traditions** display a strong impact. Thus, for most successor states of the Austrian-Hungarian Monarchy, deconcentrated state administration at the lower regional



administrative level (NUTS-4) following the pattern of the Political Districts [Politischer Bezirk] during the end phase of the Austrian-Hungarian Monarchy is quite characteristic (Czech Republic, Slovakia, Slovenia). The different approaches chosen by Croatia and Bosnia and Herzegovina can be partially (Croatia) or fully (Bosnia-Herzegovina) explained by the circumstances of war that prevailed in the 1990s. Hungary switched to a different model only recently. In Romania, the Romanian administrative system that was tailored after the French model, unfolded itself over large sections of the innercarpathian territories, which had belonged to Austria-Hungary until 1918. In contrast, in most successor states of Communist Yugoslavia, the self-governing large communes were retained at the lower regional level (Bosnia-Herzegovina, Montenegro, Serbia, Macedonia). Only Slovenia and Croatia returned to small communes immediately after gaining independence, this being the structure that had existed there prior to the years of Communist Yugoslavia.

In the successor states of the Soviet Union, state administration generally also comprises all regional levels of administration. To date, only a very partial loosening of the structure has been achieved through the introduction of elements of self-government.

- What is less tangible in the synopsis, because it does not provide information about the competencies of self-government, the financial resources of self-government, the relative size of self-governing territorial administrative units, and the correlation between self-governing subnational units and cultural-spatial identities, is the **lesser degree of decentralisation**, particularly at the regional level, **in the territories that were moulded by the Byzantine and Ottoman cultural traditions**.

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## Resumé

### Decentralizační procesy v transformujících se zemích střední a jihovýchodní Evropy: komparace

Decentralizace má v kontextu evropské integrace důležitý význam, protože Evropa musí být sestavená ze subsidiárních prostorových jednotek a „Evropa regionů“ je na pořadu politických debat. Od raných 90. let dvacátého století prosazuje Evropské společenství, později Evropská unie, myšlenku administrativní decentralizace také v transformujících se zemích. Aby mohly přistoupit k EU, byla decentralizace jedním z požadavků. Setkala se však

s centralistickými tradicemi majícími svůj původ nejen v komunistickém období a mohla být částečně prosazena pouze se značnými obtížemi.

Článek zkoumá komparativní metodou snahy, které byly učiněny, a cíle, které byly dosaženy v jednotlivých zemích středovýchodní a jihovýchodní Evropy v oblasti lokální a regionální samosprávy. Zvláštní pozornost je věnována regionální úrovni, na kterou byly administrativní pravomoci převedeny až později a částečně nedostatečným způsobem. Dále sledujeme, do jaké míry administrativní členění respektuje historické regionální a kulturní identity, které jsou v mnoha zemích dosud silné a živé, ale byly zastřeny komunistickými administrativními systémy. Decentralizační procesy a jejich vývoj jsou dokumentovány na příkladech Polska, Slovenska, Slovinska a Bulharska.

## SOCIO-ECONOMIC TRENDS IN CONTEMPORARY CENTRAL AND EASTERN EUROPE: THE CASE OF SLOVENIA

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### Abstract

The participation of Central Eastern European (CEE) countries in the integration project was a first hand success for the political European project. Political changes transformed the economic and social system that mainly depends on the influence of the country on market economy. It was clear from the GDP structure and GVA of CEE countries' economic sectors that their economies had structural problems. Twenty years after the collapse of communism we at last can notice that the conquest of freedom turned out be a lot easier than the construction of economy and democracy.

After 1991, Slovenia's economy began changing to market economy and the privatisation process was started. During the accession process, the new Slovenian state had to form its statehood and adapt its legislation to the European. At the same time, it had to transform the economy and secure social peace. Structural social and economic changes proceeded in a relatively slow manner because the Slovenian government decided on a step-by-step policy with gradual changes aimed at market economy, secure national economy and clearly defined national interests.

**Key words:** CEE, Slovenia, global recession, structural transformation of economy, social survey

### INTRODUCTION

As state socialism collapsed, capitalism and democracy were rapidly introduced in Eastern Europe. The participation of Central Eastern European (CEE) countries in the integration project was a first hand success for the political European project. This added to Western self confidence and to the conviction to continue with the Western way in order to unify the continent.

The accession of new Member States (CEE countries: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia and Cyprus, Malta) to the European Union in 2004 represented the biggest ever enlargement of the European

Union in terms of population (19 percent) and area (22 percent), but a smaller increase in terms of economic output (9 percent). Romania and Bulgaria joined to the EU in 2007. For all these post socialist countries (except for Cyprus and Malta), EU membership represented a major milestone in their transformation to market-based economies (Lorber 2010).

Twenty years after the collapse of communism we at last can notice that the conquest of freedom turned out be a lot easier than the construction of democracy. This mental and cultural change that has to replace public apathy and develop political consciousness requires much time and patience. The restored entrance to the West does not mean

sudden appearance of a democratic civilian population. A democracy is not so much based on a – communal – history as on a democratic disposition of its people, fair elections, a constitution and an open and transparent political setting. In Central Europe, the past too often functions as an obstacle or even an alternative for politics. Europe might be united; its past definitely is not.

Beyond the possible influences of the focus on technical handling another thing was rather neglected in the integration process of the Eastern Europe. It was the fact that in Western Europe national interest was often “disguised” as European interest. So, the European dimension stood in the foreground while French or German leadership was trying to sell national politics as European. Additionally, as this way of integration had been successful, it was hardly thought upon whether there would be an acceptance – problem by the new Eastern members and whether they would be ready to play according to the established rules of the game.

The revolutions of 1989 have had a paradox impact on the process of European integration. On the one hand, the divisions of the Cold War were overcome, subsequently enabling the enlargement of the Council of Europe to 47 Member States and of the European Union to 27 Member States. The new Member States in Eastern Europe are hesitant to give up their newly won national sovereignty. The failed referenda for the European constitution in France and the Netherlands signal that citizens in Western Europe are distrustful about this new Europe that emerged as a result of the revolutions of 1989. Fear of migration, labour competition and a weakened welfare state seemingly prevails over the desire for a Europe united in peace and liberty (Armbruster et al.).

Concerning the Union's definition of the boundaries of Europe, it has become clear that the EU has not developed a clear and unambiguous idea about the outer fringes of our continent. Perhaps more by default than by design, the picture that emerges is the following. The ten new Member States from Central and Eastern Europe that have joined the EU in recent years as well as Turkey and the (potential)

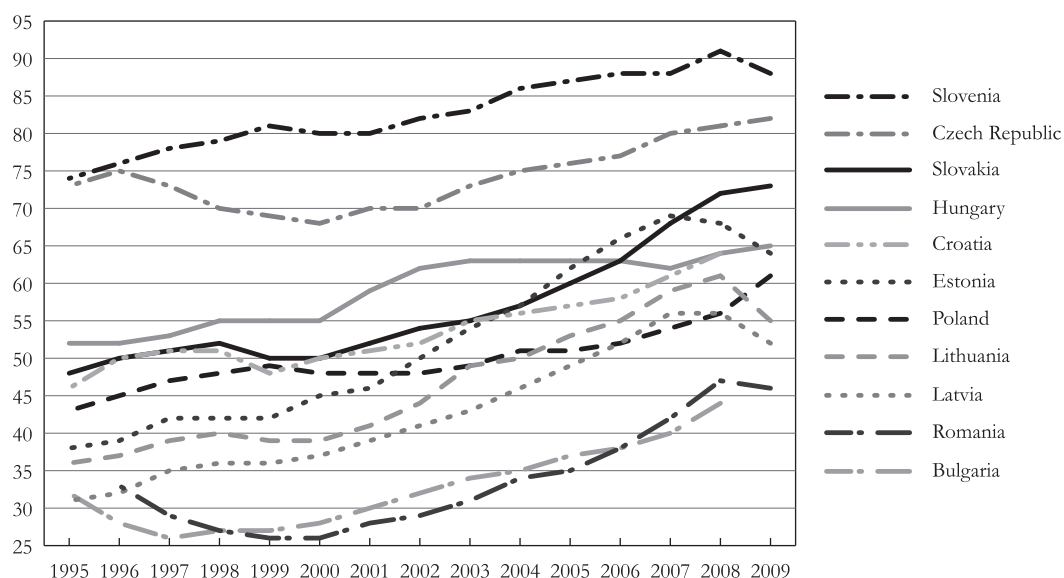
candidate Member States from the Balkans can be said to belong to the European continent.

The paradox impact of 1989 is also visible in discourses on the significance and meaning of this year. It is clear that the events of 1989 are of world-historical significance like those of 1789 or 1848 and not merely a ‘rectifying’ revolution by which Eastern Europe returned to the general and normal path of European integration. Debates on the significance and impact of 1989, however, occur mostly in national contexts. Moreover, Europe is still split into East and West in its memory of 1989. Although the changes impacted the entire continent, it is still seen as an event that took place in Eastern Europe and really changed only this part of the continent (Armbruster et al.).

The immediate effect of the Soviet Breakdown was the emergence of a large number of new nation-states. As the USSR had been a federalist formation, this also discredited federalist states of multitude of nations, thus contributing to the collapse of Czechoslovakia and Yugoslavia. The decline of former Yugoslavia however, was less peaceful. Slovenia and Croatia, once part of the Habsburg Empire, declared themselves independent and the first war on European territory since 1945 followed. Croatia and Slovenia both stated that they were Western and differed fundamentally from the other (Orthodox and Muslim) parts of Yugoslavia. Central Europe was used in a normative way, namely as an instrument for in- and exclusion (Van der Poel 2009). Indeed, it could be argued that the Soviet collapse has considerably narrowed the scope of what is seen as a viable project of state buildings as well as contributed to the future prevalence of the small nation-state in Europe (Armbruster 2008).

In sum, it would be false to say that all of the former communist states have successfully completed the twin-processes of transformation and integration. In this sense, the ‘return to Europe’ has not become a reality for each and every country that used to belong to the Eastern side of the Iron Curtain. And while that Iron Curtain itself has been lifted, dividing lines continue to exist in present-day Europe (De Deugd 2009).





**Figure 1** GDP per capita in purchasing power standards (EU 27 = 100). Source: Eurostat.

Central European countries are, more than ever before, integrated into Western institutions (EU, NATO) to guarantee their safety and independence. Furthermore, the population has never been as homogenous as it is nowadays, since the German and Jewish presence has been wiped out. The visible references to the communist era have now been cleared away: statues are removed (not in all countries), street-names changed (not in all countries), flags adjusted; but the less visible aspects – more on a mental level like attitudes and dispositions – still play a decisive role, their disappearance takes more time (Van der Poel 2009).

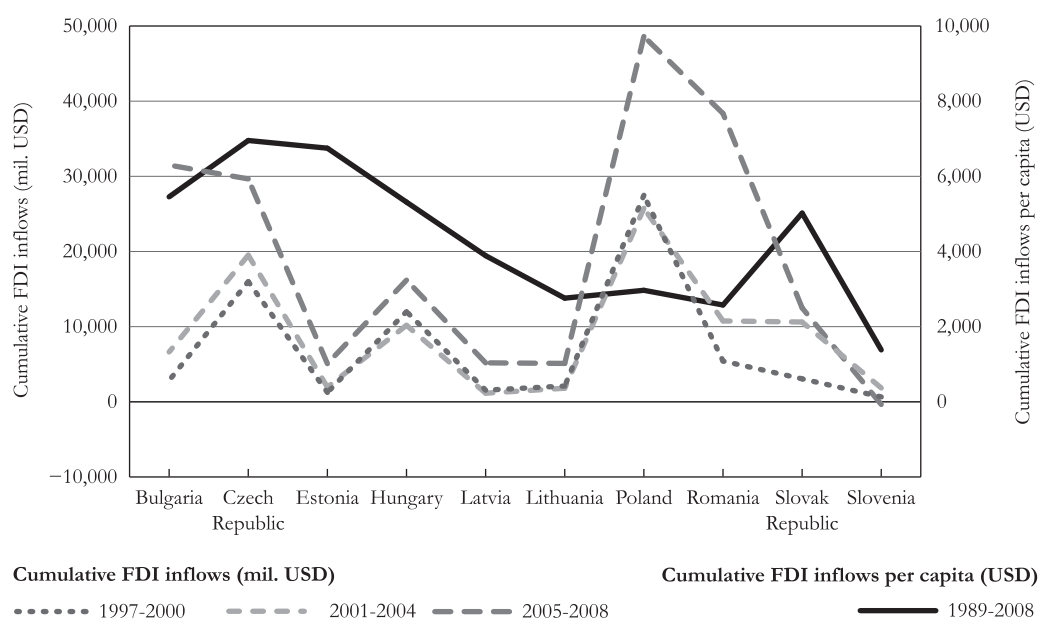
### CEE ECONOMIC SURVEY

Restructuring economy and introducing lawfulness into a market economy both dictate the linkage of CEE countries in transition into the European division of work and decentralisation of power. The transition process of post-socialist countries has three basic characteristics – democratisation, privatization and the opening of markets (Haggard and Webb 1993). Political changes transformed the economic system that mainly depends on the influence of the country on market economy. Although

economic development mostly depends on economic rules, in this case, the influence of the country's policy prevailed (Lorber 2008b).

Cooperation with the most economically developed countries and with the most demanding goods markets, workforce and capital is getting stronger. Following social and political changes the interest of world capital and foreign investors has greatly increased. There were several reasons why. Workforce with suitable degrees of education is cheaper than in developed surroundings and they can be trained relatively quickly for the needs of modern economy. It was possible to comparatively quickly link the Eastern European space into an infrastructure of networks and with logistic networks to create centres with development capacities.

Central and Eastern Europe may have been seen as a boom region since the year 2000; between 1989 and 1995; as they switched to the free market system, however, these economies shrank by 8% p.a. on average. It was not until the mid-1990s that the CEE's economies settled down. The Polish economy was the first to get back to where it was in 1989, which it did in 1995, followed by Slovenia (1998) and Hungary (2000).



**Figure 2** Cumulative FDI inflows 1997-2000, 2001-2004, 2005-2008 in mil. USD and cumulative FDI inflows per capita 1989-2008 in USD. Source: EBRD.

The process of economic restructuring was different from country to country. State authorities were introducing economic changes, demanded by market economy and the EU, at their own pace. With this came foreign investments into restructuring of manufacture and modernisation of technology. Investors were influenced by inner political stability of a given country and investor friendly environment (Lorber 1999b).

This rapid growth allowed the new EU countries to increase their share in global economic output. Greater access to western markets led to a rapid rise in exports and improved access to foreign financing helped boost consumption.

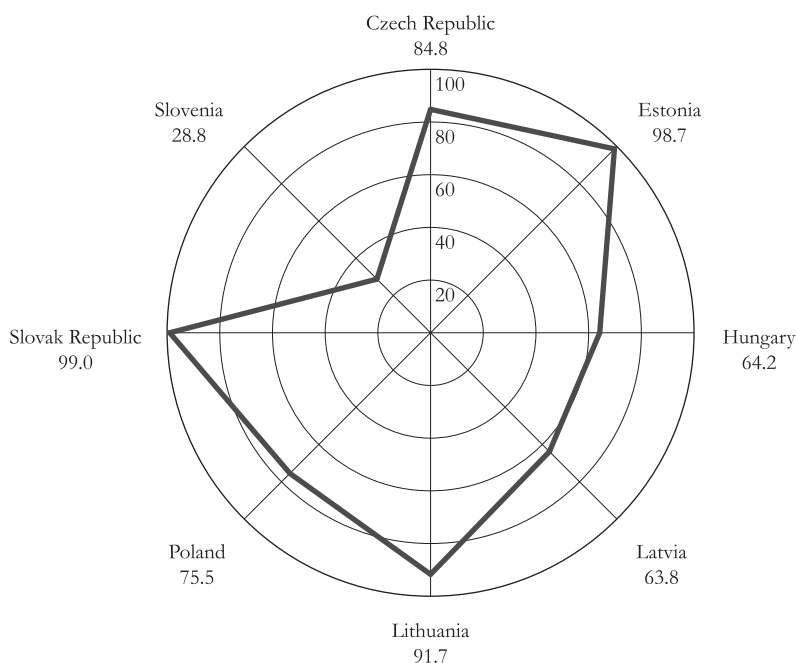
EU membership has been particularly favourable for Slovenia and Slovakia, which have managed to meet all of the Maastricht criteria and enter the euro monetary area. Slovenia was the first new Member State to adopt the euro in January 2007. The country's per capita income in PPS, the highest among the new Member States, reached about 91 percent of the EU 27 average in 2008 (Fig. 1). Slovakia, the most recent entrant to the euro area, in January

2009, has been one of the strongest economic performers among the new Member States, with growth fuelled by productivity gains and exports. Together with Slovenia and the Czech Republic, it is now considered an advanced, rather than emerging economy (Čihák and Mitra 2009).

The implosion of global financial markets exposed the vulnerability of the region's banking sector, while shortfalls of foreign capital threatened the ability of CEE countries to finance their current account deficits. Housing bubbles burst in some CEE countries, while currency devaluations imperilled regional households that had assumed foreign exchange-dominated mortgages in the pre-crisis years. European Union authorities voiced misgivings over the EU's eastward enlargement project, which extended membership to post-socialist economies that now appeared as heavy burdens on West European Member States grappling with their own economic woes.

The new EU states' relative success in stabilizing and reforming their economies, combined with their acceptance into the European Union, appears





**Figure 3** The share of foreign ownership in the banking systems of NMS in %, 2007. Source: EBRD.

to have contributed to rapid interest rate convergence, even though favourable global conditions – low interest rates, ample liquidity, and a widening of the investor base for emerging markets – also played a role. This spurred massive capital inflows to the new Member States, in the form of direct investment (Fig. 2), bank loans, and portfolio investment.

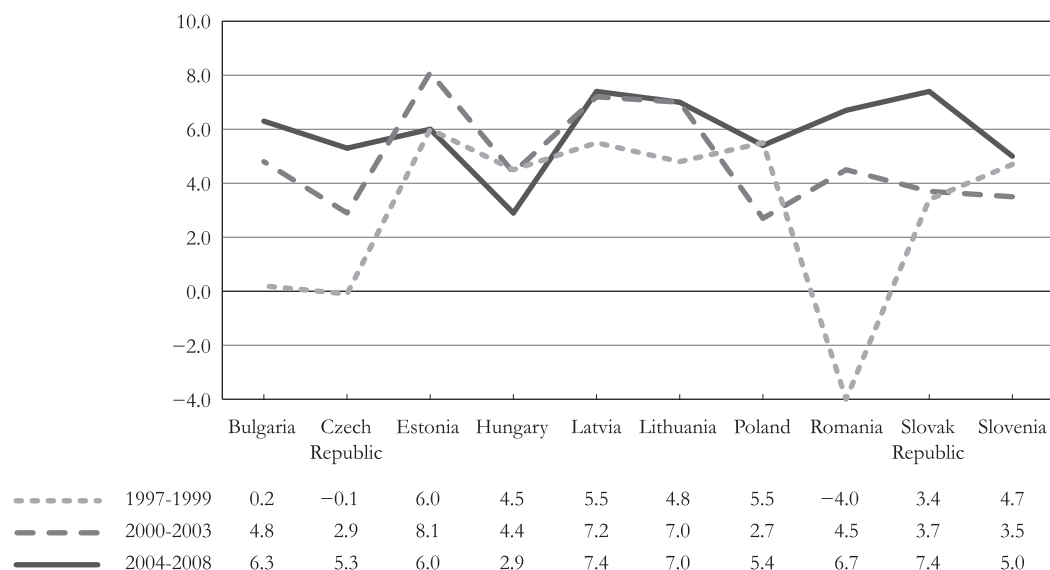
The share of foreign ownership in the banking systems of new Member States (Fig. 3) is higher than in advanced Europe and in emerging markets in other parts of the world. A handful of foreign banks, headquartered in advanced Europe, entered the new markets in emerging Europe mainly by acquiring newly privatized banks. These foreign banks currently control a major part of banking assets in the new Member States (Lorber 2010).

But the close interconnectivity of the EU-15 and EU-10 economies also illustrates the degree to which the growth prospects of Central and Eastern Europe hinge on the resurgence of demand in Western Europe, which represents upwards of 80 percent of CEE exports.

Most of the EU-15 countries are expected to resume GDP growth in 2010. But projected growth rates in the CEE region's primary export markets (Germany, France, Italy, Netherlands, Sweden, U.K.) are tepid and dependent on fiscal/monetary stimulus programs whose effects will soon dissipate. Growth of underlying consumer demand in Western Europe (and hence demand for CEE exports) will remain weak in coming years as the repercussions of the Great Recession slowly unwind.

The variations in GDP growth within Central and Eastern Europe reveal much about the economic profiles of the CEE countries (Fig. 4).

The CEE region breaks down roughly into three groups: (1) Poland, the region's largest and most robust economy; (2) four countries projected to attain modest GDP growth in 2010 (Czech Republic, Slovenia, Slovak Republic, and Romania); and (3) five countries whose economies are expected to contract in 2010 (Hungary, Bulgaria, Estonia, Lithuania, and Latvia).



**Figure 4** Boost to growth in %, 1997-1999, 2000-2003, 2004-2008.

Source: EBRD, Eurostat, SURS, author's calculations.

Poland's economic strength reflects the following factors: a large domestic market, a diversified economic base, strong human capital and the number of economically significant regional clusters.

The second group includes the Czech Republic, whose strong ranking in UNCTAD's foreign investment survey underscores the pull of the country's strong engineering base and skilled work force. Czech Republic's capabilities in advanced manufacturing and favourable geographic locale make it a preferred site for Austrian, German, and Swiss multinationals seeking lower labour costs and weaker trade unions.

At the same time, Czech Republic's status as a high-wage economy in Central and Eastern Europe has heightened competition by Slovakia and other lower cost CEE countries. This development underscores the need for continuing investments in human capital, technology, and infrastructure needed to boost Czech productivity growth.

As the only EU-10 states to have entered the euro-zone by the time of the global financial crisis,

Slovenia and the Slovak Republic are comparatively insulated from turbulence in foreign exchange markets. But euro membership also denies those countries use of the exchange rate as an adjustment mechanism and constrains their ability to run fiscal deficits to spur growth. The small market size and high labour costs of Slovenia narrow that country's appeal to foreign investors, while Slovakia's exposure to adverse trends in the automotive industry (which represents an outsized share of the country's FDI portfolio) limits its growth potential.

Romania suffered one the region's biggest GDP contractions in 2009 (8.5 percent), reflecting both the impact of the global recession and the suspension of capital flows to a country that was running an unsustainable current account deficit. The IMF projects mildly positive growth (0.5 percent) of the Romanian economy in 2010. But Romania's large size (second most populous country in Central and Eastern Europe after Poland) and strong resource base (including oil and gas) indicate substantial scope for growth in the coming years. By the IMF's estimate, Romania will reach 5.0 percent GDP growth by 2014.

The third group of CEE countries in depth economic contraction are Hungary, Bulgaria, Estonia, Lithuania and Latvia.

Hungary, once one of the post-socialist Eastern Europe's best-performing economies, registered mediocre growth numbers in the pre-crisis years (1.2 percent real growth in 2007 against a regional level of 5.5 percent) before slowing to virtually zero growth in 2008 and then a 6.7 percent GDP contraction in 2009. Fiscal mismanagement, a shaky banking system, and an over leveraged household sector have eroded investor confidence in the Hungarian economy.

But Hungary's large installed multinational base (which resulted from heavy inflows of manufacturing-intensive FDI in the 1990s and which generates a disproportionate share of national exports) remains a significant competitive asset. Whether Hungary succeeds in leveraging that asset for sustainable growth hinges on the country's ability to surmount a domestic political impasse that has long delayed structural reforms.

Bulgaria's huge current account deficit (25.5 percent of GDP, the largest in Europe after Iceland and Montenegro) left the country in a highly vulnerable position when the global credit crunch hit in fall 2008. The resultant fall in capital flows to Bulgaria forced a sharp reduction in imports that halved the external deficit. But this externally imposed adjustment also limits the growth potential of an economy that displays one of the European Union's lowest per capita incomes and that requires Western imports to bridge the developmental gap.

The three Baltic states have suffered a dramatic reversal of fortune in recent years. Latvia was Europe's fastest growing economy in the mid-2000s, posting 10-12 percent yearly growth rates. Estonia and Lithuania grew in the high single digits during the pre-crisis period.

But the combination of large current account deficits, excessive credit growth, and mounting housing bubbles precipitated an economic crash that dashed

expectations of a soft landing in the Baltics. Estonia and Latvia were already registering negative GDP growth in 2008 (before the other CEE countries) and endured output falls of 14.0 and 18.0 percent respectively in 2009. The Lithuanian economy contracted by 18.5 percent in 2009, the steepest GDP decline of any European country and one of the biggest in the world.

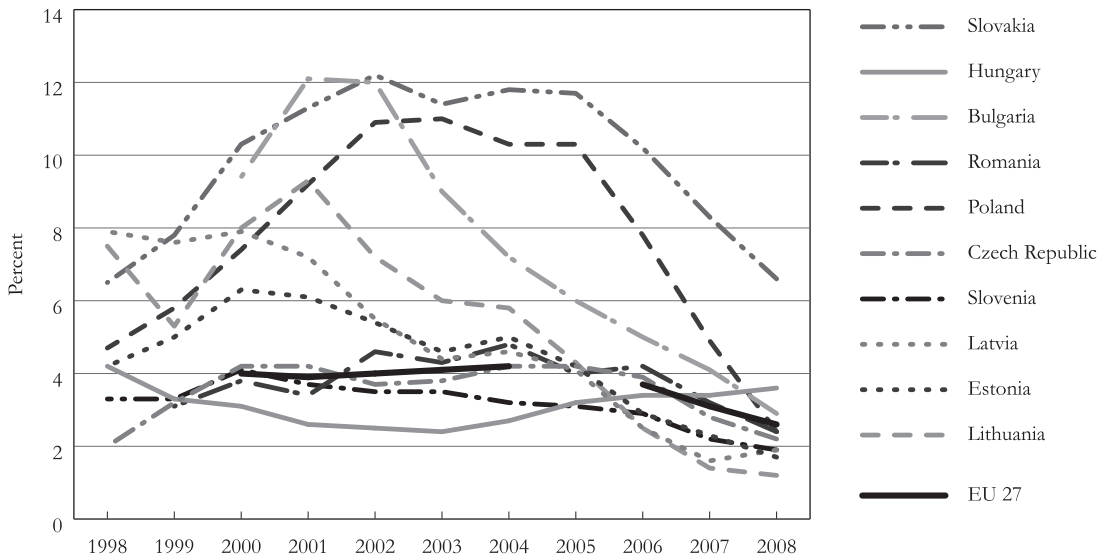
Similar to Bulgaria, the Baltic Republics are undergoing an externally imposed adjustment that has narrowed their current account deficits. Indeed both Latvia and Lithuania posted current account surpluses in 2009, a trend that is expected to continue in 2010. As tiny, vulnerable economies operating in a newly constrained global capital market, the Baltic states have no choice but to enact deep import cuts to correct their external imbalances (RSMI 2009).

## CEE SOCIAL SURVEY

For people the first ten years since the Iron Curtain came down meant a major loss of social security. Unemployment rose to over 10% in 1995. By 2008, it had fallen to 8.4% on average. In terms of purchasing power, the most advanced CEE countries had made a significant progress.

Firm policy intervention and the automatic stabilizers embedded in European welfare systems have limited the economic and social impact of the worst recession in decades. However, the human cost of the crisis is difficult to evaluate fully as yet. The impact on labour markets and on the population, notably the most vulnerable, is still unfolding. Investing in regular monitoring of social trends and enhancing social statistics is crucial for designing early and effective policy responses and assessing their impact.

The crisis has highlighted great diversity within the EU. Its scope, magnitude and effects vary as does the capacity of national welfare systems to provide adequate protection. Not all Member States have the financial means to meet rising demand and some have large gaps in their safety nets. Narrowing these gaps is now a priority.



**Figure 5** Long-term unemployed (12 months and more) as a percentage of the total active population. Source: Eurostat.

At the same time, the need to contain the rise in public spending calls for enhancing the quality of intervention, and in some cases setting clear priorities. This means more effective and efficient social inclusion and social protection, in line with the principles of access for all, adequacy and sustainability.

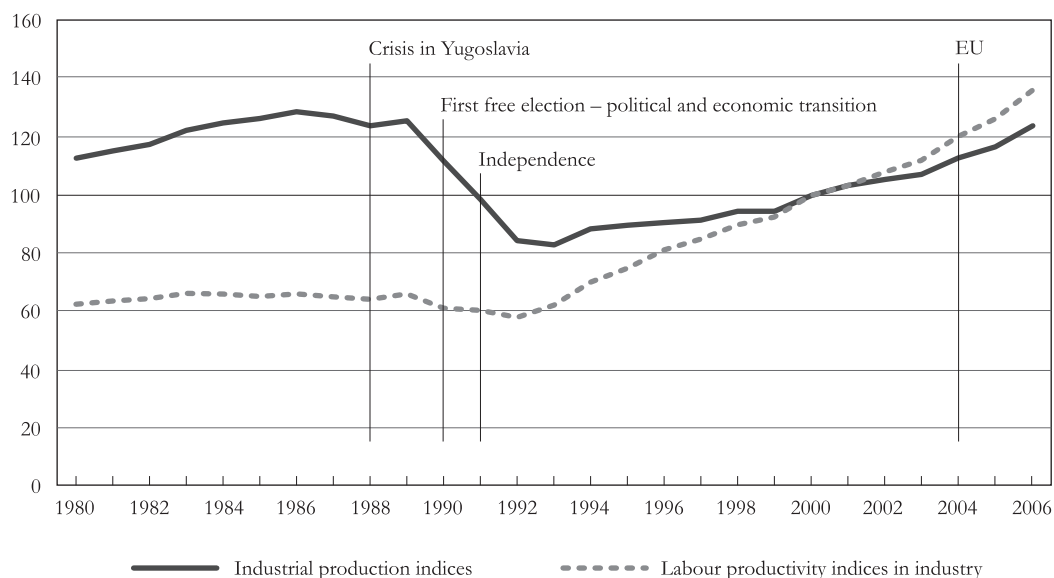
Unemployment may remain high for some time, with risks of long-term exclusion. Fighting unemployment and promoting inclusive labour markets should go hand in hand. With recovery underway, policies need to prepare people to grasp job opportunities, promote quality jobs and avoid long-term dependency. Balanced active inclusion strategies, combining adequate income support, access to the labour market and to social services, can reconcile the goals of fighting poverty, increasing labour market participation, and enhancing efficiency of social spending.

Renewed attention should be paid to old and new forms of poverty and exclusion, in ageing and rapidly changing societies, opened to globalisation and population flows. Preventing and tackling

poverty, child poverty in particular, is crucial to prepare Europe for the future, avoiding a waste of the human potential.

The impact of the crisis will vary with the initial health situations and the capacities of Member States to address the challenges. Increasing demand coupled with severe budget pressure gives new urgency to the efficiency of health care systems. The challenge is to improve efficiency while ensuring access for all to quality healthcare.

Pensioners have been relatively little affected so far, although cuts in payments in some countries with high poverty rates among the elderly are a cause of concern. Still, the crisis and lower growth prospects are likely to impact all types of pension schemes and aggravate the ageing challenge. As pensions increasingly depend on life-time earnings-related contributions, pension adequacy will depend on the ability of labour markets to deliver opportunities for longer and more complete contributory careers (Council of the EU 2010).



**Figure 6** Review of development of mining, manufacturing and electricity and gas (year 2000 = index 100).

Source: SURS, Lorber (2008b).

Drawing on the lessons of the crisis and of ten years of the Lisbon strategy, there will be a need to foster sustainable growth along with job creation and social cohesion and systematically assess progress of social outcomes, including gender equality. The European Year 2010 for combating poverty and social exclusion offers a timely opportunity to strongly reaffirm the commitment, made by the EU ten years ago, for a decisive impact on the eradication of poverty and social exclusion. This commitment could be further strengthened by evidence-based national target-setting.

## THE CASE OF SLOVENIA

In the 1990s, the accession talks of the new EU Member States began to determine conditions under which a country can become a member of the EU. Basically, the accession process was meant to adapt national systems to the legal and economic system of the EU.

In the 1980s, economic problems began mounting, because the Eastern Bloc countries, including Yugoslavia, no longer received financial help from

developed countries and had to pay back loans. That is why the Slovenian authority decided to introduce economic changes to protect Slovenia's economy. The idea of asymmetrical federation was not successful, because of the dominance of Serbia and its satellites. That is why after the first free elections and a general consensus voiced by a referendum, the new authority decided to declare independency.

After 1991, Slovenia's economy began changing to market economy and the privatisation process was started, but its structural problems soon became evident. The loss of the Yugoslav market only deepened the problems of traditional structures in manufacture and extensive employment policy of past decades.

During the accession process, the new Slovenian state had to form its statehood and adapt its legislation to the European. At the same time, it had to transform the economy and secure social peace (Lorber 2007).

After 1989, Slovenia's GDP started to fall rapidly and reached its lowest point in 1992 when it was 30.8% lower. After that, GDP has been constantly growing. Between 1993 and 2002, the average economic

**Table 1** Sectoral breakdown of gross value added (GVA) as share of GDP and Activity.

Source: Eurostat, UMAR.

Sector	Share of GVA in GDP (%)						Activity (%)					
	1995	2000	2005	2006	2007	2008	1995	2000	2005	2006	2007	2008
A, B	3.8	2.9	2.4	2.1	2.1	2.1	14.1	11.7	10.0	9.5	9.0	8.9
C, D, E	24.9	25.4	23.9	23.8	23.2	22.4	33.4	30.3	27.8	26.9	26.3	28.3
F	5.1	5.8	5.9	6.4	7.0	7.3	6.2	7.4	7.4	7.8	8.4	7.1
G, H, I	18.0	17.9	18.9	18.9	19.6	19.8	21.1	21.4	21.3	21.5	21.9	24.2
J, K	17.0	17.6	18.6	19.1	19.4	19.5	8.2	9.7	12.6	13.3	13.7	14.2
L ... P	16.7	17.5	17.9	17.1	16.5	16.7	16.8	19.4	21.0	21.0	20.7	17.3
<b>Total</b>	<b>85.5</b>	<b>87.1</b>	<b>87.7</b>	<b>87.7</b>	<b>87.7</b>	<b>87.8</b>	<i>918.1</i>	<i>904.7</i>	<i>921.0</i>	<i>934.8</i>	<i>962.6</i>	<i>990.0</i>

*Activity in 1,000*

A, B	A – Agriculture, hunting, forestry; B – Fishing;
C, D, E	C – Mining and quarrying; D – Manufacturing; E – Electricity, gas and water supply;
F	F – Construction;
G, H, I	G – Distributive trades; H – Hotels and restaurants; I – Transport, storage and comm.
J, K	J – Financial intermediation; K – Real estate, renting and business activities;
L ... P	L – Public administration, community, social and personal services

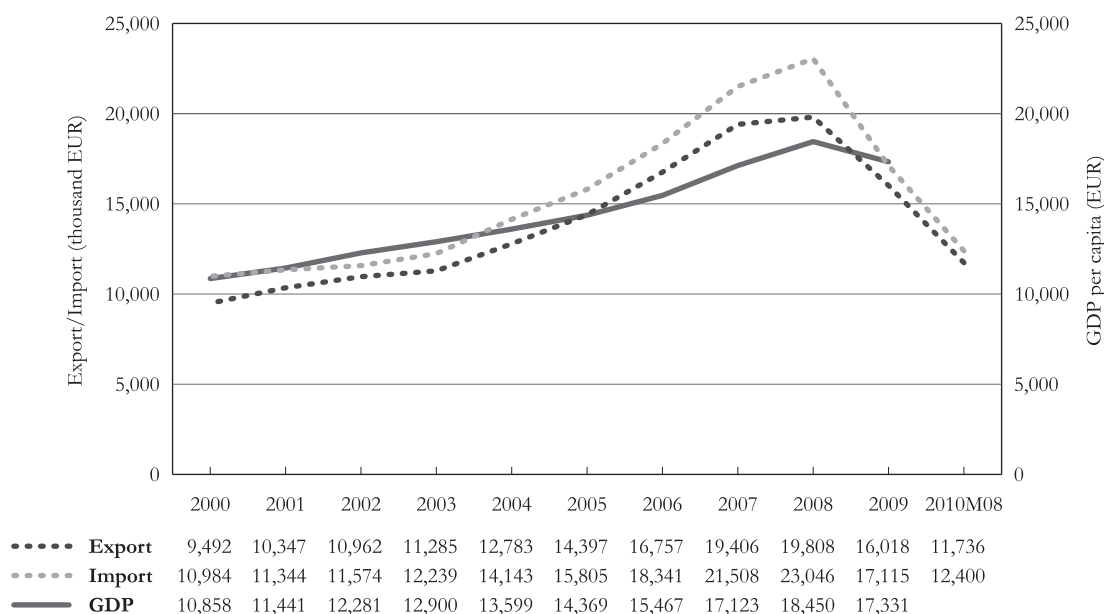
growth rate was 4.1% and it was exceeded by only one acceding country. Economic growth has been more stable than in any other transition country. It was not before 1998, when Slovenia reached the 1989 level, and exceeded it for more than 20% by the end of 2004.

Structural social and economic changes proceeded in a relatively slow manner because the Slovenian government decided on a step-by-step policy with gradual changes aimed at market economy, secure national economy and clearly defined national interests.

Before Slovenia's independence, manufacture had a great influence on the growth of GDP (50% in 1989). After 1992, when the GDP started to grow again, the influence of manufacture on the GDP growth was less strong. In 1993, manufacture reached its lowest point at 66.1%. After 1993, growth was moderate and lagging behind the GDP growth. It was not before 2000, when it exceeded 80% from 1989, 85% from 2003 that accounted for 126.1% compared to the rate from 1992.

The restructuring of manufacture from energy- and labour intense sectors into technologically demanding sectors requires more services. With a higher living standard, the sector of services is developing. There are new job opportunities with higher added value. All these changes cause differences in the sectors' share of GDP. Agriculture and manufacture are on the decline and services are on the rise (Lorber 2008b).

The small size of Slovenia's market has always been orienting Slovenia's economy towards export (Fig. 7). The most important export and import market of Slovenia's economy are the EU 15. Most important export partners are Germany (21.8%), Italy (12.8%), Croatia (9.4%), Austria (7.5%) and France (6%). The recession of the German economy has been influencing Slovenia's GDP growth at approximately 1%. From 1995 on, Slovenia's trade deficit with the EU 15 has been growing and reached record 2.000 million euro in 2004. The main import destinations are Germany (19.5%), Italy (18.5%), Austria (11.3%), France (8.91%), Croatia (3.54%) and Hungary (3.31%).



**Figure 7** Export and Import in 1,000 EUR, 2000–2010M08, and GDP per capita in EUR.

Source: SURS, author's calculation.

Slovenia's economy transformed into production with lower energy and labour consumption. Goods of medium technological demand have had highest growth in export.

## THE REASONS FOR CRISIS IN THE SLOVENIAN ECONOMY

The reasons for crisis in the Slovenian economy were numerous and not all of them appeared 'over night':

- Failing the right time for the necessary modernisation of technological process in the 1960s (Lorber 2008b);
- Low value added per unit of product;
- The time of privatisation – majority internal ownership which is extensively fragmented;
- Insufficiency of fresh capital which would ensure modernisation of the production and enhance new investments;
- There was no sectoral integration in the manufacturing activities;
- The industry was not directed towards achieving specialised production;
- Responding slowly to the demands of the modern global market;
- Political decisions took precedence over the economic ones;
- Deficiency of competent managerial structure;
- Granting state capital subsidies which are granted without submission of development strategies considering the principles of market economy;
- National interests have prevailed over necessary measures needed for economic adaptation to the global international market;
- Political structure deciding for preservation of jobs at any cost for the benefit of social stability.

The interior political stability of the country and the establishment of a friendly environment mainly influenced the decision of investors. However, Slovenia has been less successful in attracting foreign direct investment while there are delays in the privatisation process, particularly in the banking and insurance sectors.

Endogenously devised approach to stimulation of development, based on exploitation of Slovenia's own developmental capabilities, was crucial in that



**Table 2** The main structural indicators for Slovenia compared to EU 27.

Source: Eurostat, UMAR.

	1995		2000		2004		2008	
	SI	EU 27	SI	EU 27	SI	EU 27	SI	EU 27
GDP per capita in PPS	<b>74.0</b>	100.0	<b>80.0</b>	100.0	<b>86.0</b>	100.0	<b>91.0</b>	100.0
Labour productivity	<b>66.7</b>	100.0	<b>76.2</b>	100.0	<b>82.0</b>	100.0	<b>84.3</b>	100.0
Youth education attainment level			<b>88.0</b>	76.6	<b>90.5</b>	77.1	<b>90.2</b>	78.4
Gross domestic expenditure on R&D	<b>1.5</b>	1.8	<b>1.4</b>	1.9	<b>1.4</b>	1.8	<b>1.7</b>	1.9
Comparative price levels	<b>75.1</b>	100.0	<b>72.8</b>	100.0	<b>75.5</b>	100.0	<b>82.3</b>	100.0
Business investment	<b>16.9</b>	17.1	<b>22.4</b>	18.4	<b>21.5</b>	17.2	<b>24.4</b>	18.4
Employment rate			<b>62.8</b>	62.2	<b>65.3</b>	63.0	<b>68.6</b>	65.9
Employment rate of older workers			<b>22.7</b>	36.9	<b>29.0</b>	40.7	<b>32.8</b>	45.6
At-risk-of-poverty rate after social transfers			<b>11.0</b>				<b>12.3</b>	16.5
Long-term unemployment rate			<b>4.1</b>	4.0	<b>3.2</b>	4.2	<b>1.9</b>	2.6
Total greenhouse gas emissions (actual base year = 100)	<b>90.7</b>	67.0	<b>92.5</b>	52.2	<b>97.8</b>	53.6	<b>104.6</b>	55.4
Energy intensity of the economy (kgoe/1,000)	<b>352.5</b>	208.5	<b>299.2</b>	187.3	<b>289.6</b>	184.8	<b>257.5</b>	167.1
Volumen of freight transport relative to GDP (2000 = 100)	<b>114.5</b>	100.8	<b>100.0</b>	100.0	<b>114.5</b>	105.4	<b>152.5</b>	104.0

stage of development. However, only local integration on a global level can guarantee greater efficiency of the development by combining international and state funding, as well as by private funding and building of public-private partnerships.

The review of structural indicators, used by Eurostat to measure the efficiency of implementation of the Lisbon Strategy, shows that, according to the Gross Domestic Product per capita and according to the labour productivity per employed person, Slovenia belongs to the successful new members, while lagging behind in many other areas of interest (Lorber 2007).

Creation of conditions for higher economic growth that would bring Slovenia closer to the level of economic development in Europe is necessary. That means that Slovenia and CEE countries must quickly master the internal market of the European Union and at the same time continuously develop the potentials of its enterprises at the level of general development trends, which are on going in countries of the European Union, Slovenian main foreign trade partners. It is mainly about strengthening investments in

modern equipment and technology, investment in human capital, mastering micro development potentials, technologically more demanding programmes and creating higher added value on employees.

## CONCLUSIONS

Viewed from after 1989, the 20th century has seemed dark, an age of extremes and violence defined in Europe and spreading from there. However, just before 1989, it seemed as if the social question had been resolved, at least in the North: the 20th was seen as the social democratic century. Yet, in the 21st century the social question returns. But, with Marxism discredited and socialism infeasible, no ideas or actors are discernible that could carry the world towards a new resolution of the social question. (Armbruster 2008).

European unification is more than just an adjustment of the East to the West. The historical experiences and cultural richness of the new Member States will have considerable impacts on the societies in the West. The enlargement must for long-term sustainability not be reduced to merely a political and

economic project. If the enlargement is not also made to a cultural project a mental wall will persist where iron curtain once existed (Stråth 2003).

Competition on the common EU market is a driving force of spatial development. Although regions, towns and local administration already began cooperating in different areas, they also compete with each other to gain economic activities, jobs and infrastructure. Since there are considerable differences among individual regions, it is difficult to strengthen economic relations. That is why it is important to strive for a gradual spatial balance and to secure proportional geographic distribution of economic power across the entire EU territory (cohesion policy) (Lorber 2008b).

Large inflows of EU Structural and Cohesion Funds are modernising regional infrastructure and expanding CEE access to the pan-European market. The strong human capital of the CEE countries bolsters their capacity to attract foreign investment by leading West European companies and FDI by non-European multinationals seeking platforms to service the huge EU market.

It has been argued that post-communist societies are characterized by more severe structural problems than those usually identified for Western countries. These concern the system-stabilizing capacity of political institutions, the economic capacity and performance of firms and markets, as well as the social integration capacity of political, economic and societal institutions. It has also been argued that these structural problems are associated with faster changes in the social structure, which are, in turn, resulting in the emergence of broader new social risks types and constituencies. Welfare states in these transition economies are, as a consequence of a difficult and still unfinished process of functional, distributive, normative and institutional recalibration, charged with a double burden of responsibilities. They are, on the one hand, called to find an immediate response to more pressing old and new social risks, while, on the other, they are requested to deal with the challenges stemming from more drastic economic, political and societal transformations that has followed their transition towards democracy (Cerami 2007).

Slovenia's economy had its advantages and weak spots when acceding the EU. Expectations were also big – Slovenia was looking forward to the political and economic benefits of membership. Political benefits included strengthened security and stability. It was very important for Slovenia to become a part of the institutional structure, which is one of the key global actors.

Economic benefits include development that comes with a larger internal market, greater attractiveness for foreign investors, better access to equipment, know-how and new technologies. Businesses find their benefits in smaller business risks, more favourable access to capital and possible penetration of new markets. People, especially young people, can benefit from new jobs and education opportunities.

Data shows that the economic structure is gradually approaching the structure of developed economies. Weak spots include the lagging of business and financial services as well as too slow changes in technologically demanding sectors. Slower price growth and balanced bottom line have a positive influence on the macroeconomic stability. On the other hand, slow economy growth, caused by slow structural changes and tough situation on the labour market, is negatively influencing the macroeconomic stability. Increased productivity, lower costs per unit of added value, increased export as well as inward and outward FDI are positively influencing competitiveness of companies.

The weak spots are too slow restructuring that should bring higher added value and the development of technologically demanding sectors. These weak spots also have a long-term negative influence on the import structure.

In recent years the Slovene population's education level and the lifelong learning projects have been improved. There is more R&D investment and increased usage of the Internet. However, tertiary education, R&D investments in the business sector, the number of patents and the usage of e-business are still quite weak.

Further reforms of the business sector depend on faster reforms in the finance sector, competition policy and the state's efficiency. The construction and implementation of institutions, less traffic impact on the environment and the increased rate of renewable energy are positively influencing the environment. Weak spots are energy intensity, growth of environmentally damaging production, the intensifying of agriculture and greenhouse gas emissions.

During the transition period, Slovenia never completely submitted to Western policy prescriptions. Contrary to the remaining CEE, Slovenia preserved a dominating state influence in its banking system and controlled the opening of the economy for foreign investments by making slow and well considered amendments to laws (Lorber 2010).

The time of recession should be used for implementation of deep structural economic changes which will enable creating and growth of high-quality jobs. In order to do so, flexibility of the labour market and educational reforms will need to be implemented. Missed restructuring of the public sector is supposed to be a future priority for ensuring social cohesion which is the European Union's global advantage in the context of quality of life and development of democracy. By consistent implementation of the European regional integration process and changing priorities regarding European structural resources, a network of European economic power centres will develop, which will be able to reduce regional disparities using their multifunctional influences.

The current crisis, paradoxically, may provide more political space to make these kinds of changes possible, given the widely shared experience of severe economic insecurity by all relevant actors in society.

There is a need to act, even if it requires questioning conventional wisdom in such central aspects as the role of the state and the market in post crisis conditions (Lorber 2010).

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## Resumé

### Socioekonomické trendy v současné střední a východní Evropě: příklad Slovinska

Účast zemí střední a východní Evropy na integračním projektu byla prvořadým úspěchem evropského politického projektu. Politické změny ovlivnily ekonomický a společenský systém, který závisí především na vlivu země na tržní ekonomiku. Ze struktury HDP a hrubé přidané hodnoty ekonomiky zemí střední a východní Evropy je zřejmé, že jejich ekonomiky měly strukturální problémy. Dvalet po pádu komunismu nakonec zjišťujeme, že boj za svobodu byl mnohem snazší než rekonstrukce ekonomiky a demokracie.

Po roce 1991 se začala slovinská ekonomika měnit na tržní a byl zahájen privatizační proces. Během přístupového procesu musel nový slovinský stát vytvořit svoji státnost a přizpůsobit svou legislativu legislativě evropské. Současně musel transformovat ekonomiku a zajistit sociální smír. Strukturální společenské a ekonomické změny pokračovaly relativně pomalu, neboť slovinská vláda zvolila politiku postupných změn zaměřených na tržní ekonomiku, zajištění národní ekonomiky a jasně definovaných národních zájmů.

Slovinsko si udrželo, na rozdíl od zbytku tranzitních zemí, kontrolní podíl ve vlastnické struktuře největších bank. To je důvod, proč Slovinsko nikdy nepocítilo ve velkém rozsahu okamžité dopady globálního finančního krachu. Nicméně problémem jsou turbulence na kapitálovém trhu z důvodu velkých půjček na výkup velkých slovinských firem.



## ECONOMIC-GEOGRAPHIC POSITION AND REGIONAL PROBLEMS OF BOSNIA AND HERZEGOVINA

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### Abstract

Bosnia and Herzegovina is facing fundamental economic-geographic changes in its socio-economic development. With regard to data availability, most attention in this paper has been paid to problems of development of economic activities. In addition, some characteristics of demographic changes in Bosnia and Herzegovina after 1995 have been emphasized herein. Unequal geographic-economic position with the bordering countries is a general regularity of economic development, which is especially expressed in polarisation of economic activities of population and income in particular developmental stages.

**Key words:** socio-economic transformation, economy, Bosnia and Herzegovina, rural area, population, spatial distribution, demographic changes, urban area

### INTRODUCTION

The main goal of this paper is to show fundamental changes of geographic-economic position of Bosnia and Herzegovina in economic development, against bordering countries. Poor traffic connections and unfavourable socio-economic population structure may be primarily distinguished as some of developmental issues in economy of Bosnia and Herzegovina. With regard to data availability, most attention has been paid to problems of geographic-economic position. In addition, some characteristics of development of new activities in rural areas of Bosnia and Herzegovina and demographic changes in the period after 1995 have been emphasized here. Research of the mentioned issues should result in solutions for future creating better conditions in socio-economic development of the entire area of Bosnia and Herzegovina within the European

Union. The emphasis of the paper is in showing the importance of quality economic theory and its adjustment to national characteristics that lead to real prerequisites for equal economic growth (Nurković 2010).

On the basis of aspirations and goals, it is necessary to determine the most precise criteria by which the existing geographic-economic position would be more easily overcome, and some investments into economic activities of Bosnia and Herzegovina justified. On the basis of contemporary trends, spatial distribution of economic activities in Bosnia and Herzegovina is extremely uneven. For such spatial distribution of economic activities and their influence on economic development and socio-geographic transformation, spatial differences in polarisation of work function are a direct indicator of differences in regional development of Bosnia and Herzegovina.



## **SOCIO-ECONOMIC TRANSFORMATION OF ECONOMY IN BOSNIA AND HERZEGOVINA**

Transition, respectively the processes of restructuring the economy and society in Bosnia and Herzegovina, in general, are ongoing very intensively, but in rather deteriorated and special conditions. The standard package of transition applied, more or less, in most post-communist countries was completed by the World Bank and the International Monetary Fund in accordance with principles of neoclassical economic ideology. In transition from the post-communist to market economy, Bosnia and Herzegovina uses its considerable natural-geographic and traffic, as well as demographic advantages. However, these processes are significantly slowed down and deteriorated by the Balkans war crisis in the period 1991-1995. In this context and after this period, the first private accumulation of capital was developing the fastest in field of commerce, tourism and catering, finances, intellectual services and alike; with considerably slower restructuring the industrial production, where a strong dominance of state ownership and influence is still present in a transition stage. In such economic circumstances, processes of deagrarianisation, urbanization, deruralization and restructuring the population toward tertiary activities have been still significantly slow in recent years. From the aspect of processes of regional cooperation and integration, Bosnia and Herzegovina is a specific area. Bosnia and Herzegovina represents one of these areas in the European Union in which these processes do not have a long tradition and deep roots (Lorber 2006).

Today it is a largely unconnected and geographically-economically disintegrated area. It is more known as an area of conflicts and divisions that occurred as a result of interior political, religious, ideological and other differences, but also for interference of the great powers in order to achieve their interests in this area. Therefore, existence of the term 'balkanization' by which divisions, conflicts and absence of inter-state and international cooperation are expressed – is not accidental. A low level of economic and other cooperation among the neighbouring countries and people have, as a

consequence, political instability and economic underdevelopment. In contemporary conditions, economic underdevelopment is manifested in a slow overcoming the economic problems and generally in a slow economic development. For the most part, economic underdevelopment is a cause of an insufficient integration and connections of this area with the European institutions and organizations. Real size and economic development of the Balkans countries may be illustrated with the following data. It is a typical example of beginning of regional cooperation of some countries into a regional integration toward the European Union.

Following the end of war in 1995, volume of B&H economy reduced to around 35% of total annual production. After the Dayton Peace Agreement had been signed, a focus of activities was present at all levels. It has been particularly oriented toward a renewal of economy and society with an extensive international financial and technical assistance (5.1 billion USD). The allocation of government and donor funds was directed to reconstruction of infrastructure and housing developments, and on establishment and strengthening the key bodies and institutions of governments of the states and entities, so that they bear responsibility for implementation of fundamental economic, political and social reforms.

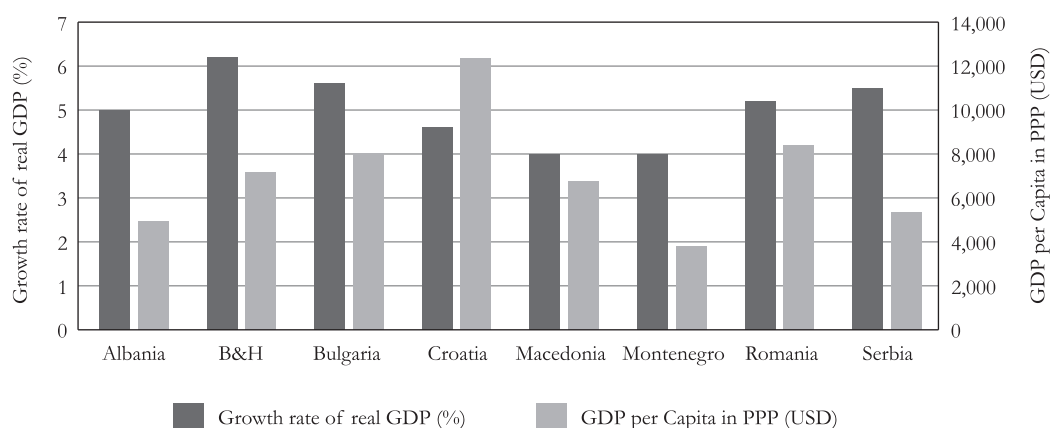
At the beginning of the 21st century Bosnia and Herzegovina made a considerable progress on the macro-economic plan. In 2001, economic growth in Bosnia and Herzegovina was 7% in BH entity, the Federation of Bosnia and Herzegovina, and 1.9% in Republic of Srpska. According to different statistical indicators, that growth ranged within the values under 5 to 6% in 2006. The anticipated GDP growth was 2.3% in 2002 (according to IMF analysts), but actually it increased to nearly 4%. However, due to socio-economic structure that is dominated by industry and mining, and the underdeveloped primary sector, these rates were not sustainable in a long term. Since 2000, the transition process in Bosnia and Herzegovina has been accelerated, for the most part, due to monetary stabilization (a low inflation, a stable currency, a low external public debt), liberalization of prices and reforms of financial system. Economic



**Table 1** GDP growth rate in Bosnia and Herzegovina and selected countries of the Region, 2008.

Source: (GDP) IMF, World Economic Outlook 2006, 2008.

	Population (mil.)	Area (km <sup>2</sup> )	Growth rate of real GDP (%)	GDP per Capita in PPP (USD)
Albania	3.3	28,750	5.0	4,929
Bosnia and Herzegovina	3.7	51,202	6.2	7,168
Bulgaria	8.2	110,212	5.6	8,026
Croatia	4.5	56,538	4.6	12,336
Macedonia	2.0	25,713	4.0	6,763
Montenegro	0.6	13,812	4.0	3,800
Romania	22.7	238,391	5.2	8,413
Serbia	9.3	88,361	5.5	5,348

**Figure 1** Regional comparison of GDP growth rate in selected countries, 2008.

Source: (GDP) IMF, World Economic Outlook 2006, 2008.

development in Bosnia and Herzegovina in 2009, in real conditions, increased by 6.2%, which is the biggest GDP growth in past five years, while its average growth rate in this period was 5.2%. For the sake of comparison it was 5.6% in Bulgaria, 5.5% in Serbia, 5.2% in Romania, 5.0% in Albania, 4.6% in Croatia, 4.0% in Macedonia and 4.0% in Montenegro (Table 1 and Figure 1).

Despite an absolutely and a relatively slow increase in the number of employed people, a more complex economic development has generated a strong socio-economic transformation. It is reflected in intensive process of deagrarization, and also in

adequate increase in number and employment share in activities of secondary and tertiary sector. The fundamental “push factor” of the social restructuring of agricultural workers was a stagnation of agriculture. This may be seen from the lowest annual growth rate of primary sector (1.6%), twice lower than the average of total economy of Bosnia and Herzegovina (3.7%) in the period 1991-2008. On the other hand, superfluous agricultural population attracted noticeably a more dynamical growth of propulsive non-agrarian activities. This is also supported by data on the average annual growth rates of national income of secondary (4.0%) and tertiary sector (4.4%) in the period 1991-2008.

## **SOME DEVELOPMENTAL PROBLEMS OF BOSNIA AND HERZEGOVINA**

Regional developmental differences are the problem all over the world. In Bosnia and Herzegovina there is no administrative or statistical determination of urban regions. Due to demographic studies and achieved results in various researches, we may determine the cities in Bosnia and Herzegovina according to number of inhabitants and activities functioning in them, as well as their size and other characteristics correspond to urban regions. In the centre of such urban region is the largest city with other smaller settlements that make a unique functional wholeness. Migration of employment and participation of the agricultural households in an urban region for each single settlement serve as a measure of functional connections. Urban geographers think that an urban area is defined as a very narrow area, and that it includes only some suburban settlements that were spatially changed with neighbouring cities and – therefore, do not reflect real functional connections of the settlements inside the urban region. In addition to urban regions, we can speak about broader urban areas that have all characteristics of urban regions. A broader urban area includes the areas of more local communities included in urban municipality. These areas are characteristic of a very strong connection with a central city in which numerous jobs are present, and this is why working and other migrations are present here (Černe 2003).

Functional regions that have certain characteristics of an urban region are designated as geographically, functionally and economically completed areas with a clearly recognizable network of settlements, structure of centres and their influential areas. Urbanisation process in Bosnia and Herzegovina is very fast and from year to year results in urbanisation that has largely demographic features, respectively quantitative characteristics. Certain sociological researches show that in rapid quantitative changes of the city size there is considerable unadjustment of settled population in urban conditions, intolerance, aggressiveness and alike. These consequences are also characterised as a conflict between the rural and urban. It has

also been shown that at high urbanity in Bosnia and Herzegovina there is no correlation between economic efficiency and a level of urbanity itself, as is the case in the most developed countries of Europe. Previous trends of the observed occurrences and their expected development indicate that there is simultaneously a tendency of concentration in area of Bosnia and Herzegovina and certain forms of dispersion as well. On the one hand, this dispersion is a consequence of the form of settlement in more than 5,000 scattered rural developments which are constantly emptied, but also withhold a significant number of inhabitants. On the other hand, a relatively dense network of the centres that represent points in space at which social efforts for more even development are crystallized, have been developed (Figure 2).

The network of urban centres in Bosnia and Herzegovina consists of Sarajevo as the capital, and regional centres among which, according to level of development of functions of cities, tradition, urbanity and size of gravitation-functional area, distinguish themselves: Mostar, Banja Luka, Tuzla, Zenica, Doboj and Bihać. In addition to these centres, there are around 15 subregional centres that are within functional-gravitation wholeness, bearers of development of particular functions of higher order against the municipals centres. Small and medium-size towns that are located in areas of large cities, use their advantages but also disadvantages of large cities. Thus in Bosnia and Herzegovina urban regions or regional towns have been formed in which, on the grounds of comparative advantages of single towns, a polycentric system or organically connected units has been developed, adjusted to natural conditions. In the world and Europe, the spatial distribution, respectively regionalization and local communities are based on geographic, functional, economic, historical and other criteria (Hallsworth 1994).

In accordance with socio-economic and other factors of development, the forms and dynamics of urbanisation in Bosnia and Herzegovina are different. In less developed industrial settlements the urbanisation was expressed in a rapid growth of urban population, which is several times bigger



**Figure 2** Network of regional and subregional centres in Bosnia and Herzegovina, 2008. Author: R. Nurković.

than dynamics of growth of total population and in explosive development of large cities. By strengthening the economy, which has recently been primarily a result of development of secondary and tertiary activities in Bosnia and Herzegovina, central settlements gradually change their urban image. Urbanisation level shown in shares of population living in urban settlements, speaks about one more significance of population. Large differences between the urbanised city settlements of Sarajevo, Tuzla, Banjaluka, Mostar and Zenica are noticeable. In order to avoid any premature conclusion on the achieved level of urbanisation, we have decided to search the urbanisation level in Bosnia and Herzegovina for the period 1981-1991 and to make estimation for 2001.

## SEPARATION OF URBAN SETTLEMENTS

The separation of urban settlements in Bosnia and Herzegovina is a problem that is present all the time. Urban settlements have developed various activities, primarily industry and mining, and a production of different industry products and services, not only within their borders, but also in a broader gravitation area. In practice of differentiation of the settlements in Bosnia and Herzegovina a small number of indicators have been applied. The most common are the settlement size, population lifestyle, which has been mainly expressed in ratio of agricultural and non-agricultural population, and other relevant indicators. Today, there is diversity in separation of urban settlements in Bosnia and Herzegovina (Pacione 2001).

**Table 2** Number of inhabitants in main regional centres of Bosnia and Herzegovina, 1981-1991.

Source: The Bureau of Statistics of Bosnia and Herzegovina, Sarajevo 1981-1991.

Municipality	Population 1981		Population 1991		Balance of urban population 1991-1981
	Urban	Other	Urban	Other	
Sarajevo	392,935	55,584	449,050	77,945	+56,115
Banja Luka	123,937	59,681	143,079	52,613	+19,142
Bihać	29,875	35,669	45,553	25,179	+15,678
Brčko	31,437	51,331	41,406	46,221	+9,969
Doboj	23,558	75,990	27,498	75,051	+3,940
Goražde	13,022	23,902	16,273	21,300	+3,251
Mostar	63,427	46,950	75,865	50,763	+12,438
Tuzla	65,091	56,626	83,770	47,848	+18,679
Zenica	63,569	69,169	96,027	49,490	+32,458

The Bureau of Statistics of Bosnia and Herzegovina have separated three categories of settlements: urban, mixed and rural settlements. For these categories a model of settlement size and share of non-agricultural population has been applied. It may be concluded that this model met the needs of differentiation of settlements in 1981, but certain shortcomings appeared in differentiation of the settlements. Therefore, it was necessary to adjust a model of differentiation of urban settlements with a level of existing development. Spatial distribution of Bosnia and Herzegovina appeared as a result of the war from 1992-1995, when ethnical ghettoization was performed. Large cities, Sarajevo and Mostar have been physically divided and thus interactive spatial opportunities and functions of a city as a unique wholeness have been reduced. In the period 1981-1991 most of urban population lived in regional centres of Sarajevo +56,115, in Zenica +32,458, in Banja Luka +19,142, in Tuzla +18,679, in Bihać +15,678, in Mostar +12,438, in Brčko +9,969, in Doboj +3,940 and in Goražde +3,251 (Table 2).

After 1992, a rather expressed polarisation was present in urban development of Bosnia and Herzegovina. It is reflected in a very dynamical monocentrism of metropolis, respectively a domination of the Sarajevo city and regional centres of Banja

Luka, Tuzla and Mostar. The polarization is a consequence of the mass migration of refugees into the mentioned cities. In this way many settlements are very scarcely populated or quite vacant, and on the other hand city functions enable living to newly-settled population so that they return very slowly to their previous areas or do not return at all. Polarisation process is thus intensified and additional provinciality of other areas of Bosnia and Herzegovina has been performed.

## CONCLUSION

The analysis indicates to a high level of interdependence and polarisation between the population and economic activities and the features of regional development of Bosnia and Herzegovina Transition, respectively the processes of restructuring economy and society, as a whole, in Bosnia and Herzegovina are ongoing very intensively, but in rather deteriorated and special conditions. The correlation between development and structure of the work function and a type of regional development and statistical regions, i.e. the spatial-developmental units of regional and macro-regional coordination, is particularly expressed. With regard to contemporary tendency of regional development two groups of spatial units are basically distinguished. The first unit is characterised by more emphasized

concentration of population, a more developed work function and a stronger socio-economic transformation, and the second one with more or less expressed spatial differentiation and adequate, negative structural characteristics.

Functional regions, which have certain characteristics of urban region, have been designated as geographically, functionally and economically defined areas with a clearly recognizable network of settlements, structure of centres and their influential areas. Urbanisation process in Bosnia and Herzegovina is very fast and from year to year causes urbanisation that has, to a large extent, demographic features, respectively the quantitative characteristics. Certain sociological researches indicate that in fast quantitative changes of city size there is a considerable unadjustment of the settled population with living in urban conditions, intolerance, aggressiveness and alike. In contrast, the most unfavourable features of contemporary regional development have marginally located municipalities with a less developed, main central settlement.

Necessity for more rational socio-economic development requires that discrepancy in regional development of Bosnia and Herzegovina is reduced as soon as possible. This implies a need for more decisive incentive of development of less developed regions, those which are largely facing the problems of economic development.

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## Resumé

### Ekonomicko geografická pozice a regionálních problémy Bosny a Hercegoviny

Bosna a Hercegovina prochází v rámci svého socio-ekonomického vývoje zásadními ekonomicko geografickými změnami. O ohledem na dostupnost dat věnuje článek nejvíce pozornosti problému rozvoje ekonomických aktivit. Dále se zabýváme některými charakteristikami demografických změn v Bosně a Hercegovině po roce 1995. Nerovnoměrná ekonomicko geografická poloha vůči sousedním zemím výrazně ovlivňuje ekonomický rozvoj, který je obzvláště vyjádřen v jednotlivých rozvojových fázích polarizací ekonomických aktivit obyvatelstva jeho příjmů.



## REPORTS

### Second International Summer School GEOREGNET, Olomouc 2010

The Department of Geography at Faculty of Science, Palacký University in Olomouc organized, within the CEEPUS programme (Central European Programme for University Students), the 2nd International GEOREGNET summer school entitled *Changes in Geographical Organisation of Society in Central Eastern Europe: Two Decades After*, which took place from 30th August to 10th September 2010. The purpose of the summer school was to continue in the tradition of cooperation among universities in the GEOREGNET network and to contribute through pedagogical work to a better understanding of geographical processes in Central and Eastern European countries. Twenty seven students from nine countries (Austria, Bosnia and Herzegovina, Croatia, the Czech Republic, Hungary, Poland, Serbia, Slovakia and Slovenia) took part at the summer school and contributed to very enriching working atmosphere in the classroom and also in the field.

The topic of the Summer School was focused on the analysis of changes in geographical organization in post-communist countries in Central Europe and Western Balkans over the last twenty years. The participating geographers discussed the different aspects of transition from socialism to the open society. The contributions were focused on the understanding of the socio-economic situation.

Twelve colleagues mostly from GEOREGNET network kindly accepted our invitation and came to Olomouc. It was our honor to have them all here. In chronological order were present at the summer school:

- prof. dr. Peter Jordan (Austrian Academy of Sciences, Vienna, Austria)
- doc. dr. Lučka Lorber (University of Maribor, Slovenia)
- prof. dr. Anton Gosar (Primorska University, Koper, Slovenia)

- prof. dr. René Matlovič (Prešov University, Slovakia)
- dr. Kveta Matlovičová (Prešov University, Slovakia)
- prof. dr. Zoran Stiperski (University of Zagreb, Croatia)
- doc. dr. Uroš Horvat (University of Maribor, Slovenia)
- prof. dr. Vladimír Ira (Geographical Institute, Slovak Academy of Sciences, Bratislava, Slovakia, Palacký University in Olomouc, Czech Republic)
- dr. Josef Novotný (Charles University, Prague, Czech Republic)
- dr. Pavel Ptáček (Palacký University in Olomouc, Czech Republic)
- dr. Craig Young (Manchester Metropolitan University, United Kingdom)
- doc. dr. Zoltán Gál (Hungarian Academy of Sciences, Pécs, Hungary)

The authors of the lectures, seminars and workshops stressed the spatial and functional changes which emerged during the transition processes in the post-socialist countries, the importance of assurance of competitive economy of individual regions and municipalities. A special emphasis was put on the analysis of the success and to the social and cultural aspects of the last twenty years of the transition process.

The selected participating professors kindly accepted our invitation to prepare review contributions on the topics presented in their lectures.

On behalf of the international Programme Committee, I would like to thank to the Department of Geography and to the Faculty of Science at Palacký University for their help and assistance in the organization of the International GEOREGNET Summer School.

*Pavel Ptáček*





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Books:

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Chapters of book:

**Řehák, S.** 2004: Geografický potenciál pohraničí. In **Jeřábek, M., Dokuřil, J., Havlíček, M.** eds. *České pohraničí: bariéra nebo prostor zprostředkování*. Academia, Praha, 67-74.

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