

DEVELOPMENT PROSPECTS FOR RURAL AREAS AGAINST CHANGING CONCEPTS OF REGIONAL POLICY IN POLAND

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Abstract

At the threshold of the new programming period 2013-2020 Poland has to take a crucial decision on the future model of regional policy to be implemented. Presently taken into consideration growth-oriented and equalization-oriented models will in practice create quite different development prospects for rural areas, particularly those lagging behind in social and economic development. This is the reason why the paper discusses concisely conceptual framework for these two models and comments on their impact onto the development prospects of rural areas in Poland. In conclusion, it recommends implementing optimal model (concept) of regional policy, which addresses problems and needs of both rural and urban areas within regions and allocates limited financial resources between these two spatial targets in the most effective and efficient way, in order to achieve internal and external cohesion.

Key words: rural development, regional policy concepts

Introduction

EU enlargements, which have taken place six times so far, revealed a considerable differentiation of regional development among and within Member States. Apart from international differences and significant disparities among regions within countries (Hallet 1997), some regions experience considerable internal development disparities between urban and rural areas (Rakowska 2009), which make a serious challenge for governments both on national and regional levels.

In Poland, social and economic problems of rural areas (of which a considerable part is lagging behind in social and economic development) result from development bottlenecks such as combination of human capital outflow, aging and low level of education of remaining population, high unemployment rates, domination of small farm agriculture in the regional economy, very few scarcely dispersed cities of considerable economic potential, insufficient transportation and social infrastructure, lack of external investors and weakness of local SMEs, to mention only the most

unfavourable factors (Ministry 2008(a)). The lack of job prospects outside agriculture and lower living standards drive people, especially the young and qualified, to seek opportunities elsewhere. This has cumulative effects on the peripheral rural areas, leaving them with an ageing population and shrinking basic services (European Commission 2004, 2007 and 2010(b)).

Priorities and objectives approved in *Europe 2020 Strategy*¹ (European Commission 2010(a)) are fully adequate to the needs of rural development in Poland. It would be especially desired to achieve increase in employment of people aged 25-64 to 75%, to decrease the share of population finishing their education too early to 10%, to increase the share of university graduates to 40% and to significantly decrease population threatened by poverty. It would be particularly beneficial for Polish economy to obtain these goals also in rural areas lagging behind in social and economic development. Hence it is a crucial issue to implement an effective and optimal model (concept) of regional policy supporting also development of such areas.

Thus the crucial question: should regional policy move more towards goals of economic efficiency or should it provide support for regions and areas which will always be adversely affected by factors of geography and economics and thus lagging behind?

The aims of the article are:

1. to present the conceptual framework for two theoretical models of regional policy considered for implementation in Poland post-2013 in academic and government ongoing discussion and
2. to discuss their potential influence on rural areas in Poland.

Material and methods

The research and discussion presented in the article are based on the analysis of EU and Polish laws, regulations and strategic documents regarding regional policy, as well as experts' opinions, evaluations and findings of statistical analyses on rural areas in Poland.

The part of the paper relating to the application of growth-oriented model briefly presents opinions put forward in report 'Spatial Differentiation of Rural Areas in Poland – Condition and Development Perspectives in the Context of Functional Connections', commissioned by the Ministry of Regional Development (Rakowska, Wojewodzka-Wiewiorska 2010).

Conceptual framework

¹ Similar, but more generally expressed objectives are set up in the *Law of 6 December 2006 laying down principles of conducting development policy*.

The rationale, paradigms, dilemmas and models of regional policy have been controversially discussed for a long time (Barrios and Strobl 2005).

The pure neoclassical theory claims that any policy aimed at strengthening lagging regions remains futile, because according to the assumption of decreasing returns to scale, there will be automatic process of convergence any way, resulting from a faster growth of lagging regions than that in developed ones. In practice however, one finds major market imperfections and inequalities of opportunities (Bergs 2001), which make the above discussed model of automatic convergence quite unrealistic.

Author of classical work on regional development, Williamson (1965) argued that national growth dynamics may drive, at least initially, to a rise in regional inequalities. Williamson pointed out that the relatively lower absorptive capacity of investment in lagging regions and the budget limitations suggest a concentration of growth in capital centres and urban areas with relatively higher development potential. In later stages the automatic positive spill-over onto surrounding rural areas may occur through a number of channels: migration of labour force from the poor to the booming areas and next capital flows from the booming to the poor region. This lays the basis for theoretical model of growth-oriented model of regional policy.

Growth-oriented concept of regional policy aims at supporting the economic growth of centres of economy, while surrounding areas would benefit from spill-over of positive economic and social effects. According to the theoretical considerations (Rosenfeld 2003), it could be expected that there would be a change into the direction of implementing this model in some EU countries and is proposed in Poland now.

Equalisation-oriented model aims at shifting or creating/strengthening resources and growth potential in the less developed regions (in case of Poland these are mainly regions of so called Eastern Wall (five NTS 2) of predominantly rural character). This model is said to be dominating in practice (Rosenfeld 2003).

Recently, it has often been stressed that evening up the levels of social and economic development between regions should be transformed into support for both competitiveness as well as cohesion. OECD (2009) work suggests that there is no one-size-fits-all answer to regional growth policy. Regions grow, stagnate and degrade in very varied ways. That is why regional policy concepts have moved towards a polycentric network approach to spatial development, where urban and rural areas are seen to be complementary to each other rather than competitive (Bachtler 2001).

The ongoing, intense debate among policy makers and academics takes into consideration two main models of regional policy: growth-oriented model and equalisation-oriented model.

Potential impact of proposed regional policy models on rural areas in Poland

The long-lasting dispute is now of even greater intensity in Poland as the government seeks a new model of regional policy to be implemented post-2013 and adequate to the differentiated social and economic needs of the country.

The characteristic of economic situation in Poland is that most growth poles/ centres are situated in big cities, while rural areas experience most disadvantageous economic development conditions. It is a generally accepted opinion that large city agglomerations in Poland are development engines, while rural areas constitute the key problem for regional development (Hausner 2001).

At present the Ministry of Regional Development (2008(b), 2008(c) and 2009) promotes the growth-oriented regional policy to be implemented in the post-2013 programming period, while the Ministry of Agriculture and Rural Development backs implementation of equalisation-oriented model.

Implementing *growth-oriented model* would mean concentration of measures on programmes and projects carried out mostly in urban areas, while leaving rural areas with much less assistance under regional policy.

Based on the diagnosis of social and economic situation in rural areas, authors of the report (Rakowska and Wojewodzka-Wiewiorska 2010) concluded that implementing growth-oriented model of regional policy brings in the risks of strengthening unfavourable development conditions especially in rural areas out of the influence of large cities of large development potential. Impact of a large city is decreasing proportionally to the distance from it. At presents zones of large cities impact on the rural areas are too small and do not make a sufficient basis for implementing such model, as the only or even the dominating concept of regional policy. This strategy would be especially unfavourable to regions of Eastern Poland where large cities of metropolitan character are scarce.

In case of three basic types of rural areas (European Commission 1997), the potential effects of implementation of growth-oriented model are as follows:

- a) *integrated rural areas*: will expand and lose typically rural character, in case of rural areas directly situated next to big cities they will become 'informal districts' (out of city borders, but tightly connected), their agricultural character and functions will be eliminated (because of increasing demand for land to build and thus its increasing prices), in longer time-perspective they will unify with the core-city in respect of social and economic features;

b) *intermediate rural areas*: in case of effective and competitive farm production they will retain their character, but in case of economically ineffective farming, with majority of small-sized farms, this group may fall apart into:

- integrated rural areas, if they are influenced (according to the assumptions) by the enlarged impact of cities and
- remote rural areas.

c) *remote rural areas*: the scale of negative social and economic phenomena will expand and/or increase, including increase in long-lasting unemployment, poverty, social exclusion, etc., after a longer time there will be weakening or even atrophy of key pro-development factors, i.e. human capital, cultural inheritance, infrastructure, which in the worst case may result in depopulation of these areas (already in process).

Implementation of the growth-oriented model may lead in a long time perspective to a further increase in civilisation disparities not only between rural and urban areas, but also between integrated and remote rural areas. Some elements of this process can already be observed.

If rural areas are to become an attractive place for living and working, keeping their unique natural, landscape and cultural character for future generations, then regional policy needs to be implemented in a different form.

Implementation of *equalisation-oriented model* aims at spreading regional policy measures onto the whole area of the state, without specifying territorial/spatial areas target even indirectly. The main restriction to a successful and effective implementation of this model is limitation of resources - especially funds - that regional policy may allocate under its programmes and actions. The equalisation-oriented model has often been criticised for using the relatively scarce structural and cohesion funding to improve situation in lagging areas instead of investing them in growth poles boosting the whole national economy. This model has also been described critically as another quasi social policy instrument for lagging areas, where the costs are evaluated to be too high when compared to mostly social effects and lack of growth-boosting economic influence.

As the marginal opportunity costs of spatial equalisation increase in course of development process, the question is whether the equalisation-oriented policy can be borne by some countries without jeopardising the achieved level of economic integration (Bergs 2001).

Despite the disadvantages and drawbacks, it seems that at least some elements of equalisation-oriented model should be implemented as the

experience of the previous financial perspective of 2000-2006 (2004-2006 for Poland) showed that rural regions and beneficiaries were less competitive in getting funds under sectoral operational programmes than urban ones (Ministry 2008). Thus, although treated equally, rural areas did not benefit from those instruments of support offered by regional policy as much as those more competitive, mostly urban ones (this resulted in deepening intra-regional urban-rural disparities).

Conclusions

Intensified integration process in EU favourable to strong and rich regions, may increase and strengthen threats to less developed regions or those lagging behind and over a longer time perspective will maintain or even deepen disparities in regional development. Such effect is most undesirable not only from the viewpoint of Poland's economy but also from the perspective of the European Union cohesion.

In case of Poland scarce urban centres of considerable growth potential, situated far away from each other are not factors strong enough to influence surrounding rural areas in a way sufficient to even intra-regional disparities, and at the same time to strengthen regions' competitiveness so that the interregional disparities could also be reduced.

Development policy of Poland should be aimed at both strengthening growth centres and preventing from social and economic marginalisation of rural areas lagging behind.

In this context it is especially recommended to support increase in human and social capital, knowledge, innovations and infrastructure which have the biggest positive impact on the development of rural areas.

Thus optimal model (concept) of regional policy for Poland should, in author's opinion, address problems and needs of both rural and urban areas within the region, in order to achieve internal and external cohesion. However, the limited financial resources should be allocated between these two spatial targets in the most effective and efficient way.

Selecting the optimal – probably eclectic - model of regional policy should be based on thorough analysis and possibly extended ex-ante evaluation of social and economic conditions.

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