Summary
The key message of this paper is that the EU membership has been the key determinant of changes in the socio-economic situation of Polish voivodships in the 21st century. The position of voivodships has changed significantly as a result of impulses arising from the European integration, with the European cohesion policy playing a particularly significant role. The first part of this paper presents the impact of European integration on the socio-economic development of Polish regions. The next part discusses the current developmental position of Polish regions and the third one characterises European determinants of the development path for Polish regions in the coming years.

Keywords: European cohesion policy, regional development, regional policy, European integration, regional competitiveness

Streszczenie
Podstawowym wnioskiem tego opracowania jest to, że podstawowa determinanta zmiany pozycji socjalno-ekonomicznej polskich województw wynika z członkostwa w Unii Europejskiej. Sytuacja województw zmieniła się znacząco w rezultacie impulsów płynących z europejskiej integracji, w której europejska polityka spójności odgrywa znaczącą rolę. W pierwszej części tego opracowania przedstawiam wpływ procesu europejskiej integracji na socjoeconomiczny rozwój polskich regionów. W kolejnej części artykułu zajmuję się aktualną pozycją rozwojową polskich regionów. W trzeciej zaś części pracy charakteryzuję determinanty ścieżek rozwoju polskich regionów w nadchodzących latach.

Słowa kluczowe: Europejska polityka spójności, rozwój regionalny, polityka regionalna, integracja europejska, konkurencyjność regionów
1. The impact of European integration on socio-economic development of Polish regions

In early 1990s local territorial government was established in Poland (in cities/towns and municipalities). However, this was not accompanied by corresponding systemic changes at the regional level. For nearly the entire decade of 1990s Poland had 49 small voivodships (provinces) governed by representatives of the central government i.e. the voivods. This led to a situation where the existence of comprehensive regional policy in Poland was challenged given the absence of local government entities at the voivodship level. The successes of local government at the level of cities/towns and municipalities, as well as the size of Poland, a country which cannot be reasonably managed when only two levels of administration (central and local) are self-governed, inevitably led to the growing need to undertake a profound systemic reform of the state. It was assumed that the key element of the reform would be to vest the intermediary level (between the local and national one) with adequate competencies. However, only starting from 1 January 1999 a comprehensive administrative reform of the country was launched, involving, among others, 16 large voivodships instead of the previous 49 small ones. The new voivodships had their own budgets and were governed by elective representative bodies which could become the core territorial units of intervention for the European cohesion policy in Poland. This enabled the regional policy in both essential dimensions which ensure its comprehensiveness, i.e. inter-regional (central government vis-à-vis individual voivodships) and intra-regional (voivodship governments within each voivodship).

The European integration process, eventually leading to EU accession, was the key external determinant of the socio-economic development of Polish regions in the last twenty years. The first important stage on Poland’s path to membership was the Association Agreement with the European Community, signed on 16 December 1991 and effective from 1 February 1994. The Agreement states, among others, that the key aim of the association was to achieve Poland’s membership in the European Union. Thanks to political changes which occurred in early 1990s, Poland gained access to pre-accession funding, initially under PHARE, and then also under ISPA and SAPARD. Those programmes did not only cover the macro-economic dimension of pre-integration efforts but also the regional dimension of EU’s structural aid for Poland.

Having negotiated the terms of accession and having achieved the ratification of the agreement by all EU member states at that time, Poland joined the EU on 1 May 2004, gaining all obligations and privileges associated with the membership. This organisation, the deepest integration grouping in the modern world, runs an active structural policy on the continental scale. One of its tokens is the European cohesion policy, which employs non-returnable instruments such as structural
funds and the Cohesion Fund, and the financial engineering instruments built on this basis, as well as returnable instruments, usually launched via the European Investment Bank. The intensity and directionality of support granted under the European cohesion policy through structural funds, focuses on the regional level of NUTS 2 areas (Nomenclature of Units for Territorial Statistics). Poland has sixteen voivodships at this level, among 270 regions in 27 EU member states. It is very often the case that the benefits of Poland's EU accession are reduced nearly exclusively to financial transfers available under the European cohesion policy. However, the impact of the European Union on the development trajectories of Polish regions is much broader and involves, among others, the following:

- Access to the European Union market. This is translated, among others, into the opportunities arising from increased exports and location of FDI in Poland's regions;
- European standards concerning not only individual products and services but also, among others: economic policy, accessibility of public services, introduction of European legal regulations (acquis);
- Opening of member states' labour markets to exports of workforce from Poland and financial transfers made by those working abroad, as well as the related know how acquired in this process and often used in various regions;
- Accelerated structural changes in Poland's economy and society driven by European integration.

The European cohesion policy offers a favourable framework for shaping a modern regional development policy in Poland. Among others, this is done through the following:

- Regional policy standards concerning: programming, management, financing, project selection, monitoring and evaluation;
- Considerable resources available under structural funds and the Cohesion Fund that would allow to co-finance regional development in Poland on a major scale;
- Introduction of a decentralised model of European cohesion policy implementation, which has facilitated the empowerment of the voivodship level of government.

However, many of those benefits are statistically documented only on the national scale whereas only approximate estimates are available at the voivodship level.

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1 NUTS (Nomenclature of Units for Territorial Statistics) is a universal regionalisation system in the European Union. A total of three levels are identified: NUTS 1 (macroregions), NUTS 2 (regions) and NUTS 3 (subregions). In the classification which has been in force in the European Union since 1 January 2012 the following were identified: 97 macroregions, 270 regions and 1294 subregions. In Poland, the following were identified: 6 macroregions, 16 regions and 66 subregions. This applies not only to territorial statistics compiled by EUROSTAT, but also the intensity of allowable state aid and European cohesion policy solutions where NUTS 2 regions are beneficiaries.
Such benefits may include, among others, full and unlimited access to the EU market for Poland-based economic agents and the resulting opportunities for increasing imports and developing business ties. Approximately 85% of Polish exports end up in EU countries, most notably in Germany (approx. 26%), France (approx. 7%), United Kingdom (approx. 6%), Czech Republic (approx. 6%), Italy (approx. 6%) and the Netherlands (approx. 5%). In 1990-2010 Poland’s exports rose approx. six times (in fixed prices) and were directed towards EU member states. Various analyses point out that Poland’s exports are concentrated in the strongest regions, with the greatest benefits from export expansion being reaped by regions associated with major urban centres and those located near the Western and Southern Polish frontier.

The systemic transition opened Poland to foreign direct investments (FDI) and the EU accession accelerated this process even further. Data show that major cities and their regions are the key FDI targets. Except the Podkarpackie voivodship, FDIs play a marginal role in Eastern Poland. This territorial structure of FDI, especially greenfield investments, was related to the fact that the best business environment which is essential to stimulate business activities was present in Warsaw, as well as Katowice and its Upper Silesian agglomeration, Cracow, Łódź, Poznań, Tri-city and Wrocław. As a result, this is where most FDIs are located.

Another important factor for Poland’s socio-economic development in the 21st century was the adoption of European standards associated with the harmonisation of legal regulations in force with the *acquis communautaire*. The EU furnished Poland with essential legal regulations for modern market economies. Apart from the formally binding regulations, indicative guidelines also play an important role, as they provide a model for countries and regions of the Community. Overall, the standards of common market have probably worked for the benefit of the strongest regions where the difficult adjustment processes were much easier.

As a pillar of its existence, the EU has laid down four freedoms, one of them being the freedom of movement and employment. Given the demographic potential of the new member states which raises concerns as it might upset the balance on local labour markets, 2004 marked the start of a transition period for citizens of new member states (incl. Poland) regarding the freedom of their employment in the old EU member states. Those restrictions were allowed to persist for up to seven years following the accession. Various member states gradually repealed those restrictions after 2004, with Germany and Austria (the last two countries) waiting until 1 May 2011. After labour market opened for Polish citizens, this propelled emigration, estimated at 1.2 million people. Migrations entail a variety of consequences, interpreted as both positive and negative, such as financial transfers from migrant workers to Poland which are estimated to reach, on average, nearly PLN 20 billion a year. Polish regions are highly diversified in terms of the scale of migration versus the population. The loss of population due to
this cause varies from under 2% in Greater Poland (Wielkopolska) to over 8% in the Opolskie voivodship.

The structural changes in Poland’s economy accelerated significantly thanks to its EU membership. In recent years, the services sector saw rapid growth, with the role of industry declining somewhat, and the significance of agriculture generally diminished. However, the Common Agricultural Policy slows down the restructuring processes in agriculture, which is a paradox. Those changes are more visible when we look at the structure of sources of national income yet they occur much more slowly on the labour market. Institutions operating within the financial sector and the business environment evolved as important elements of regional socio-economic structures. The European Union co-financed the development of supply-oriented segments of Poland’s economy, which considerably augments the competitiveness of various voivodships. Voivodship capitals, including the country’s major urban centres, have been the greatest beneficiaries of structural changes in recent years. However, Poland’s voivodships continue to be highly diversified in terms of the degree of modernity in their structure since farming, hunting, forestry and fishing concentrate between 4% of those working in Silesia to over 30% in the Lubelskie, Podlaskie and Świętokrzyskie voivodships. Since work efficiency in agriculture reaches around 20% of the figure recorded in industry and services, a high share of agriculture translates into low per capita income. Overall, farming, hunting, forestry and fishing in Poland generate merely approx. 4% of gross added value, with the extreme values being: 1% in the Śląskie voivodship and 11% in the Podlaskie voivodship.

As mentioned earlier, following its EU accession Poland gained the opportunity to support its socio-economic growth under the European cohesion policy. This enabled Poland to build potential in its multi-annual development policy. The first time horizon covered the years 2004-2006, the next one pertained to 2007-2013, and the next one covers 2014-2020. The activities undertaken under the European cohesion policy are focused primarily on the poorest NUTS 2 regions, where the Gross Domestic Product (GDP) per capita using purchasing power parity (PPP) does not exceed 75% of the EU average. None of the Polish voivodships achieved that level, either in 2004-2006 or in 2007-2013. After 2013 only Mazowieckie, the most affluent region in Poland, broke out of that group. Under the aforementioned policy the average annual financial transfers to Poland versus the GDP (capping) reached slightly over 2% in 2004-2006 and approx. 3.5% in 2007-2013, with 2.35% being the target suggested for 2014-2020.

Poland decided to launch a decentralised model of the European cohesion policy, with regional operational programmes becoming their important component, facilitating the empowerment of the regional level of governance. Overall, during 2007-2013 approx. 36% of financial resources from structural funds and the Cohesion Fund were managed at the voivodship level. The regional allocation algo-
rithm adopted by Poland and the launch of a special macro-regional programme dedicated to Eastern Poland (in 2007-2013) meant that the weakest regions received very strong support within the regional segment. However, economically strongest voivodships, associated with major urban centres, were the main beneficiaries of sectoral programmes.

The European cohesion policy enabled considerable decentralisation of public finance. This is a beneficial development since territorial governments allocate a relatively higher share of funds to public investments in comparison with central governments (Table 1). As can be seen from the data, the level of decentralisation in public finance achieved by Poland is close to the EU average but also considerably higher than in most unitary states. Of course, the size of Poland and the considerable diversity of its socio-economic structures at the voivodship level means that the role of the regional system is important.

Tab. 1. Decentralisation indices for public investments in Poland versus EU-27

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Poland</th>
<th>EU-27</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public investments vs public spending</td>
<td>8.8%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Public spending at the regional and local level vs total public spending</td>
<td>30.8%</td>
<td>33.6%</td>
</tr>
<tr>
<td>Public investments at the regional and local level vs total public spending</td>
<td>66.7%</td>
<td>67.4%</td>
</tr>
<tr>
<td>Public investments at the regional and local level versus public spending at those levels</td>
<td>19.0%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>


2. The current development position of Polish regions

During the last decade, the strong development drivers arising as a result of the European integration helped to bring about radical improvement in the situation of Poland as a whole and of its regions. Since the statistics concerning the origination and distribution of national income in the territorial dimension are compiled with some delay, it is only now that we can relatively reliably describe the position of Poland’s regions at the turn of the first and second decade of the 21st century.
Tab. 2. GDP per capita using PPP in voivodships, versus EU-27=100 in the years 1997-2010

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mazowieckie</td>
<td>62.9</td>
<td>89.9</td>
<td>97.3</td>
<td>102.5</td>
<td>+39.6</td>
</tr>
<tr>
<td>Śląskie</td>
<td>49.9</td>
<td>61.6</td>
<td>65.2</td>
<td>67.4</td>
<td>+17.5</td>
</tr>
<tr>
<td>Wielkopolskie</td>
<td>46.3</td>
<td>59.5</td>
<td>64.6</td>
<td>65.6</td>
<td>+19.3</td>
</tr>
<tr>
<td>Dolnośląskie</td>
<td>46.0</td>
<td>61.3</td>
<td>66.3</td>
<td>70.9</td>
<td>+20.3</td>
</tr>
<tr>
<td>Zachodniopomorskie</td>
<td>44.3</td>
<td>51.7</td>
<td>53.4</td>
<td>54.8</td>
<td>+9.1</td>
</tr>
<tr>
<td>Pomorskie</td>
<td>43.5</td>
<td>54.1</td>
<td>59.2</td>
<td>60.5</td>
<td>+15.7</td>
</tr>
<tr>
<td>Lubuskie</td>
<td>40.5</td>
<td>48.9</td>
<td>51.9</td>
<td>53.2</td>
<td>+11.4</td>
</tr>
<tr>
<td>Opolskie</td>
<td>40.1</td>
<td>48.3</td>
<td>49.7</td>
<td>50.1</td>
<td>+10.0</td>
</tr>
<tr>
<td>Kujawsko-Pomorskie</td>
<td>39.0</td>
<td>49.2</td>
<td>51.5</td>
<td>52.9</td>
<td>+13.9</td>
</tr>
<tr>
<td>Łódzkie</td>
<td>39.0</td>
<td>53.1</td>
<td>55.5</td>
<td>58.0</td>
<td>+19.0</td>
</tr>
<tr>
<td>Małopolskie</td>
<td>39.0</td>
<td>49.2</td>
<td>52.2</td>
<td>53.5</td>
<td>+14.5</td>
</tr>
<tr>
<td>Podlaskie</td>
<td>35.4</td>
<td>41.6</td>
<td>44.8</td>
<td>45.8</td>
<td>+10.4</td>
</tr>
<tr>
<td>Warmińsko-Mazurskie</td>
<td>35.2</td>
<td>42.3</td>
<td>44.9</td>
<td>46.2</td>
<td>+11.0</td>
</tr>
<tr>
<td>Lubelskie</td>
<td>33.6</td>
<td>39.6</td>
<td>40.9</td>
<td>42.6</td>
<td>+9.0</td>
</tr>
<tr>
<td>Podkarpackie</td>
<td>33.4</td>
<td>39.3</td>
<td>41.6</td>
<td>42.4</td>
<td>+9.0</td>
</tr>
<tr>
<td>Świętokrzyskie</td>
<td>33.3</td>
<td>45.6</td>
<td>47.2</td>
<td>47.8</td>
<td>+14.5</td>
</tr>
<tr>
<td><strong>Poland</strong></td>
<td>44.2</td>
<td>57.0</td>
<td>60.8</td>
<td>63.0</td>
<td>+18.8</td>
</tr>
</tbody>
</table>


The per capita Gross Domestic Product (GDP) adjusted for the purchasing power parity (PPP) in relation to the EU-27 average is a synthetic measure which reflects Poland’s position in the European Union. In 1997-2010, this index for Poland rose from approx. 44% to approx. 63% of the EU average. Such data were compiled for the new voivodships for the first time ever in 1997, and the most recent data relate to 2010. As can be seen from Table 2, no other voivodship except Mazowieckie exceeded 50% of the EU-27 average then. In seven subsequent voivodships the index rose above 40%, and in the remaining eight voivodships it was merely just above 30% of the EU-27 average. Over those thirteen years the position of Polish regions improved, not only in quantitative but also in qualitative terms as the GDP per capita adjusted for PPP exceeded the EU-27 average in Mazowieckie in 2010, rising slightly above 70% in Dolnośląskie and exceeding 60% in three more voivodships. The index fell below 50% of the EU-27 average only in five regions of Eastern Poland (Lubelskie, Podkarpackie, Podlaskie, Świętokrzyskie and Warmińsko-Mazurskie).

During the period of 1997-2010, the GDP increases versus the EU-27 average reached approx. 40 percentage points in Mazowieckie, which places this voivodship among the fastest-growing regions in the European Union. An increase of approx. 20 percentage points was recorded in four voivodships associated with large urban centres: Dolnośląskie, Łódzkie, Śląskie and Wielkopolskie (and slightly less in Pomorskie: nearly 16 points). The lowest increases, close to about 10 points, were recorded in four regions of Eastern Poland: Lubelskie, Podkarpacki-
kie, Podlaskie and Warmińsko-Mazurskie, as well as in voivodships of Western Poland which had a much better starting position: Lubuskie, Opolskie and Zachodniopomorskie.

Back in 1997 merely one voivodship in Poland had the GDP per capita adjusted for PPP above 50% of the EU-27 average, whereas in 2010 as many as eleven regions could boast such an result. The table documents, among others: a considerable developmental distance between Polish voivodships and regions of Western Europe, the pace at which Polish regions were catching up during the last ten years or so, as well as the aggravating inter-regional disparities, demonstrated through the much faster socio-demographic development in areas associated with major urban centres.

In the conditions of economic crisis, which began in the European Union and around the globe in 2008, we noticed a very particular situation. In the years 2008-2010 both Poland as a whole and its individual regions caught up considerably, in comparison with in the preceding few years. In the case of Mazowieckie and Dolnośląskie, it was respectively 12.6 and 9.6 points whereas Śląskie, Wielkopolskie and Pomorskie improved by more than 5 points. The least visible improvement was recorded for Opolskie, Świętokrzyskie and Zachodniopomorskie (respectively 1.8, 2.2 and 3.1 points). The situation did not deteriorate in any region, which means that Poland’s regions turned out to be generally highly resistant to crisis in the European Union.

However, despite the very significant socio-economic progress which occurred in Poland in the last two decades the position of Poland’s voivodships versus other NUTS 2 regions in the European Union continues to be very weak. The Fifth Cohesion Report, published in 2010, shows the situation of 16 Polish voivodships against the background of all 270 NUTS 2 regions in the European Union. Overall, the position of Polish voivodships is very weak except for Mazowieckie, which stands out with its most favourable indices. Polish voivodships achieve high index values for education, reasonably good indices on waste water treatment and Internet penetration. Regretfully, our regions also have dramatically low productivity in manufacturing industry and services, low levels of R&D expenditure, per capita public investments and regional innovations.
Tab. 3. Positions of Poland’s regions, by indices of the Fifth Report on Economic, Social and Territorial Cohesion

<table>
<thead>
<tr>
<th>No.</th>
<th>Index</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Productivity in services and industrial manufacturing in 2007 – 6 classes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>13</td>
</tr>
<tr>
<td>2</td>
<td>Quality of governance in 2009 – 5 classes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Households with broadband Internet access in 2009 – 6 classes</td>
<td>0</td>
<td>0</td>
<td>12</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>Competitiveness index in 2010 – 6 classes</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>5</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Share of population aged 30–34 with tertiary education in 2008 – 5 classes</td>
<td>1</td>
<td>0</td>
<td>10</td>
<td>5</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Employment index for population aged 20–64 in 2008 – 6 classes</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Early school leavers aged 18–24 in 2007–2009 – 6 classes</td>
<td>14</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>8</td>
<td>Expenditure on R&amp;D in 2007 – 5 classes</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Unemployment rate in 2008 – 5 classes</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>7</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Share of population with at-risk-of-poverty income in 2008 – 5 classes</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>7</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Urban waste water treatment capacity in 2007 – 6 classes</td>
<td>7</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>12</td>
<td>Public investments per capita at purchasing power parity in 2002–2006 – 6 classes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>13</td>
<td>Regional innovation index in 2006 – 5 classes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>

Source: Investing in Europe’s future. Fifth report on economic, social and territorial cohesion, European Commission, Brussels, November 2010; and Investing in Europe’s future. Foreword. Summary. Conclusions. Maps and Comments, European Commission, Brussels, November 2010. Band 1 signifies the most favourable situation and band 5 and/or 6 signifies the least favourable one. The quality of governance index was removed from the final version of the cohesion report.

OECD systematically reviews the territorial capacities of its member states, global metropolises and selected regions or macroregions. In 2008 OECD conducted such a study for Poland, revealing meaningful progress achieved by Polish regions during the previous two decades.

3. European determinants of future developmental paths for Polish regions

The profound crisis of the global economy meant that forecasts regarding the socio-economic development of member states and European regions had to be adjusted downwards. It is assumed that the Gross Domestic Product per capita in Poland will increase considerably in 2020 yet all macroeconomic assumptions by 2020 were fundamentally adjusted downwards in view of the economic crisis. Poland’s 2020 Mid-Term National Development Strategy assumes that in 2020 the GDP per capita using PPP would exceed 74% of the EU average even in the worst-
case scenario whereas the optimistic scenario provides for up to 79% of the EU average until 2020.

Various reports indicate that the dynamics of socio-economic growth of Poland has been declining because simple reserves, initially available during the transformation of the economic system and then during the European integration, are getting exhausted. This calls for a radical change in the model of Poland’s EU membership and for developing a new model of socio-economic development.

Under the ESPON programme a research project was launched in 2011 the European Territory 2050 (ET2050), to be completed in 2014. In the first phase the major megatrends were identified which will affect the territorial development of the European Union until 2050. They are as follows:

1. Population ageing in Europe. The European Union records a serious shortage of workforce due to low birth rates. There is a very strong external migration pressure EU coming from the south (Africa, Middle East, Asia), which, however, has a very varied impact on regions and countries. The population in economically active age has been shrinking significantly, which affects economic growth and competitiveness of many European regions. The population ageing in Poland has a very negative effect on innovativeness and dynamics of social and economic processes.

2. Backtracking economy. In recent decades, the gap in GDP and the level of welfare between Europe and other continents has been shrinking. Because of economic crisis we have seen the growth rate fall dramatically in countries and regions of the European Union. The European economy has a higher-than-average dependence on services and advanced tourism whereas re-industrialisation is limited to traditional industrial zones. One opportunity for the European Union arises from the increasing significance local markets of agricultural produce. Certain sectors, such as transport, food processing and design may remain competitive, yet Europe is facing the risk of losing its leadership in many currently strong sectors (among others: microelectronics, computers, software, medicine, nanotechnologies).

3. Evolution of social attitudes. Regrettably, we have seen an erosion of traditional values, which historically contributed to Europe’s socio-economic success. The detrimental social attitudes which encourage societies to run into debt at the expense of future generations might still persist. The ageing of European societies entails a stronger perceived reluctance to undertake risks. Undoubtedly, societies of various European countries will be more than ever sensitive to environmental problems. People’s increased identification with specific territories, making them less open to external influences, the rising protectionism and the reliance on own resources mean that the potential of EU regions and countries will not be fully leveraged. More affluent local territorial units
develop locally-focused strategies of protection against their surroundings. One should expect that informal relations will continue to dominate in the peripheral and less developed zones and in some districts of cities.

4. **Slower innovativeness.** What poses a threat to the European Union is a situation when the new wave of technology associated, among others, with nanotechnologies, biomedicine, energy sector and artificial intelligence will progress more slowly than expected. The implementation of currently available new-generation technologies will most likely progress more slowly as well. Ineffective and unproductive scientific research will be carried out on a greater-than-expected scale. Ineffective research planning will be a problem, preventing the much needed concentration of funding, leading to the development of market-oriented products etc.

5. **Energy shortages.** Energy prices have been rising much faster than recently anticipated. Although significantly more power is being generated from renewable resources, the coming decades will see a continued role of carbon-based fuels. Additionally, the stronger impact of climate change will necessitate more restrictive carbon reduction policies, slowing the economic growth even further. Also, the EU will become more reliant on external energy sources. As a result, conflicts in territorial systems, related to resources and the risk of their unavailability, will become more common and are likely to aggravate.

6. **Reversed accessibilities.** In the global world, some central places of the European Union, such as the leading urban centres, are perfectly accessible in terms of transport and communication, and connected with the leading centres of socio-economic capacities around the world. Those networks effectively connect key locations in Europe and worldwide. Metropolises of the European Union and its member states have achieved very favourable parameters of connectivity. However, at the same time, the position of many geographically adjacent locations which are in the shadows of such growth hubs is gradually degrading as they become more excluded and isolated.

7. **Polarised development.** Recent years have seen a profound change of the regional development paradigm in developed economies worldwide. This is expressed, among others, in the provisions of the Europe 2020 strategy. We are facing a situation where socio-economic development is likely to be more polarised between major towns and the rest of the region, and between zones within cities. The spending targets under the European cohesion policy are being redirected, negatively affecting the weakest areas. We are also likely to see a reduction of financial transfers and dwindling solidarity between EU regions and countries.

8. **Hybrid geographies.** In recent decades, Europe has seen a gradual evolution of spatial development structures from a traditional model of a dense city,
with activity spots around transport stops, towards less strict regulations on spatial planning and the increasing suburbanisation pressure, which is particularly strong in large and medium-sized cities. Consequently, Europe might become a continent with poor spatial order and unclear spatial arrangement of various functions where there will be no clear distinction between urban and rural areas.

9. *Blocked structural reforms*. If the European Union wants to return to its favourable developmental trajectory, it needs to undertake profound socio-economic reforms. Quite likely, if essential changes are implemented, they will run into the social acceptability barrier. We will experience growing budget balancing problems related to the provision of public services in the social sphere. The investments in infrastructure and R&D will focus on just a handful of areas as they will be, limited in their scope and size. We are also likely to see reduced solidarity with poorer non-EU countries. Territorial governments will be far less effective than at present, in all spatial dimensions. Political power will be exercised by populists or technocrats who are reluctant about reforms. Political power will partially shift towards transnational corporations.

10. *European deadlock*. In order to effectively tackle challenges currently faced by the European Union, essential political reforms are needed as they will enable more efficient handling of new challenges. The decision-making mechanisms currently existing in the EU do not allow it to compete effectively against other parts of the world. There is also a threat that the European integration will not progress to become deeper, and if a need arises for indispensable cooperation of member states, only some policies will be co-ordinated at best, e.g. fiscal issues, migration or labour market. This may give rise to a model of multiple-speed Europe and block further enlargement.

Overall, the aforementioned megatrends set the directions and define the scale of challenges faced by the European Union in the coming decades, fundamentally slowing the socio-economic growth of regions in the EU and in Poland. A failure to tackle those challenges effectively would lead to a profound degradation of the socio-economic position of Europe's regions in the coming decades.

The evolution of the European cohesion policy means that the focus fundamentally shifts from cohesion to competitiveness. This is best illustrated by the *Position Paper* for Poland which describes the priorities of EU structural intervention in Poland in 2014-2020. The *Position Paper* contains a concise core text and an extensive appendix. According to the *Position Paper*, Poland’s essential problem is to maintain high growth dynamics of national income given that simple developmental reserves are being exhausted. In order to bridge the gap between more and less affluent EU member states and to tackle structural problems more effectively, Poland needs to maintain a favourable growth trajectory. The Pa-
per points out the significance of the goals of Europe 2020 strategy, as delineated for Poland in the 2020 National Reform Plan. The following were identified as the most demanding challenges for Poland:

1. **Insufficient infrastructure** (transport, ICT and energy). Particular attention was drawn to the railway network and broadband Internet penetration;

2. **Unattractive research and innovation systems and low competitiveness of business.** The Paper points out to the very low R&D expenditure in Poland as well as the problem of fairly ineffective way of handling structural problems. This curbs Poland’s innovation potential whereas its SMEs have limited capabilities to operate on the Single Market;

3. **Low labour market participation.** Poland’s particular problem is a low share of employed population among older age cohorts, and a very young age at which people exit from the labour market (notably women). The document points out a number of worrying syndromes on the labour market, also those including youth. This situation is accompanied by the inconsistencies of the education system and a high share of people at risk of poverty;

4. **Inefficient management of resources.** Poland’s economy is at least twice as energy-intensive as the average for the European Union. The situation is also disadvantageous when it comes to material-intensity of production and the emission of pollutants. The deficit of water resources is also a source of concern.

The findings of this diagnosis were linked with four priority funding areas proposed for European funds in 2014-2020, defined by the European Commission as follows:

1. **Modern infrastructural networks** (transport, energy and ICT) which are essential for economic growth and for job creation. This should fundamentally improve territorial accessibility in various spatial dimensions. Railway transport should be a high priority during 2014-2020. The importance of developing integrated transport systems in metropolitan areas is also mentioned. In the case of energy infrastructure, the key identified problem was the need for profound modernisation of the power grid. The enormous investment needs in the sphere of Information and Communication Technologies were aptly identified, with a special focus on the hardware dimension, i.e. availability of web access.

2. **Innovation-friendly business environment.** Poland needs a radical increase in the level and share of private R&D investments. Its economy needs a boost with regard to innovativeness and competitiveness, focusing primarily on the SME sector, and this should also drive employment. The development of e-economy plays a particularly important role as it will reduce the excessive transaction costs dramatically. Access to financial services, including advanced ones, is an area of deficit, particularly affecting the SME sector. It is assumed that efficient and business-friendly public administration will drive positive changes in Poland,
primarily by simplifying administrative procedures, improving the quality of legal services and a systemic approach to e-government.

3. **Increased labour market participation** through improved employment situation as well as social inclusion policy and education policy. In the pursuance of this priority, the key element is to integrate the most vulnerable social groups on the labour market, such as senior citizens, women, youth and disadvantaged people (facing the risk of discrimination and social exclusion), and to propose specific intervention lines for each of those groups. Another important direction for the Commission's intervention is a radical improvement in the quality of education, mostly vocational and tertiary. Another identified need is the effective implementation of the lifelong learning model and to promote universal access to quality preschool education.

4. **Environment-friendly economy which makes an efficient use of resources.**
   The European Commission expects that investments in this area will rise significantly in 2014-2020 in comparison with 2007-2013. Positive structural changes are expected in the economy, with much more efficient use of energy, characterised by much lower demand for carbon-based fuels. This should be facilitated by a strong increase in power generation from renewable resources, which creates the potential to apply innovative technologies. While implementing this priority, attention should also be given to nature conservation and better management of natural resources, incorporating an array of activities, above all concerning the soil and water resource management, flood prevention, conservation of natural resources, promotion of biodiversity, mitigation of climate change and rational management of coastal zones.

   These conclusions are also confirmed in the provisions of the 2020 Mid-term National Development Strategy. This document identifies three areas of strategic intervention:

1. **Efficient and effective state.** The following goals were identified within this strategic area: (1) a transition from administration to growth management, (2) ensuring funds for development-oriented measures, and (3) enhancing the conditions for the fulfilment of citizens’ individual needs and activities;

2. **Competitive economy.** The following goals were identified within this strategic area: (1) enhancing macroeconomic stability, (2) increasing business performance, (3) improving innovativeness of the economy, (4) developing human capital, (5) increased use of digital technologies, (6) energy safety and the environment, (7) increased efficiency of transport;

3. **Social and territorial cohesion.** The following goals were identified within this strategic area: (1) social integration, (2) ensuring access and specific standards of public services, and also (3) enhancing the mechanisms of territorial ba-
balancing of development as well as spatial integration which is essential for the development and full utilisation of territorial capacities.

This is an innovative approach since the previous mid- and long-term strategies developed in the 21st century Poland never focused so much on the importance of efficient and smooth-running state/government, and cohesion was not addressed at such a low level. Clearly, the essential dilemma of Poland’s regional policy, i.e. competitiveness versus cohesion, has been solved in favour of the former.

Those provisions clearly document the European Commission’s excellent grasp of the capacities, deficits and development needs of Poland’s society and its economy. However, they clearly indicate that actions will focus on the strongest areas, most notably large urban centres. Support for weaker regions will be offered not because they are poor but because they have the capacities which may be leveraged as the foundation for socio-economic growth in various spatial scales. This means that the position of all Polish regions in the whole of the European Union in 2020s is very likely to improve considerably, yet the regional disparities in Poland will aggravate, with the voivodships centred around major urban agglomerations being the key beneficiaries of the reformed EU cohesion policy.

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