



SILESIA AND THE MIDDLE INCOME TRAP PROBLEM

CZECH AND POLISH REGIONAL PERSPECTIVES

EDITED BY LUKÁŠ VOMLELA AND RAFAŁ RIEDEL



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OPAVA, 2021

Publication is funded by the project “**Silesia and the problem of the middle income trap – Czech and Polish regional perspectives**”, reg. project number **CZ.11.4.120/0.0/0.0/16_013/0002404**. The project is co-financed by the European Regional Development Fund under the INTERREG V-A Czech Republic – Poland program through the 2014–2020 Micro-Projects Fund in the Euroregion Silesia.

Abstract:

The present collection of texts is the result of the project “Silesia and the problem of the middle income trap – Czech and Polish regional perspectives” which was implemented in 2020 and 2021. The opening text provides a voice in the scientific debate on the middle-income trap by trying to answer the following questions: What are the conditions for a successful transition from a middle-income economy to a high-income economy? What can policymakers do to accelerate economic growth? What measures should be taken to deal with the problem of the middle income trap? This text aims to answer the above questions by referring to the contemporary literature on the subject, to the experiences of other countries, as well as concerning the case of Silesia, with particular emphasis on its Polish and Czech parts.

Key words

Middle income trap, Poland, Czech Republic, Silesia, regional perspective

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ISBN 978-80-7510-483-0 (online)

ISBN 978-80-7510-482-3 (print)

ISBN 978-80-7510-479-3 (čes. vyd.; online)

ISBN 978-80-7510-480-9 (pol. vyd.; online)

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INTRODUCTION

THE MIDDLE INCOME TRAP AS AN ANALYTICAL CATEGORY – SILESIAN EXAMPLIFICATIONS

Rafał Riedel & Lukáš Vomlela

Abstract

The present collection of texts is the result of the project “Silesia and the problem of the middle income trap – Czech and Polish regional perspectives” which was implemented in 2020 and 2021¹. The opening text provides a voice in the scientific debate on the middle-income trap by trying to answer the following questions: What are the conditions for a successful transition from a middle-income economy to a high-income economy? What can policymakers do to accelerate economic growth? What measures should be taken to deal with the problem of the middle income trap? This text aims to answer the above questions by referring to the contemporary literature on the subject, to the experiences of other countries, as well as concerning the case of Silesia, with particular emphasis on its Polish and Czech parts.

Key words

Middle income trap, Poland, Czech Republic, Silesia, regional perspective

The “middle growth trap” problem can be defined as a situation where an economy that has travelled the distance from low levels of growth to average levels of growth remains “trapped” there and is unable to bridge the distance from average levels of growth to high levels of growth (Ye & Robertson 2016). There are different ways of defining individual income levels, however, according to the World Bank, it can be assumed that a given economy is considered to be moderately developed when its GDP *per capita* according to the purchasing power parity is between USD 1,005 and 12,275. Of course, many other authors and many other institutions

1 The project “Silesia and the problem of the middle income trap – Czech and Polish regional perspectives”, reg. project number CZ.11.4.120 / 0.0 / 0.0 / 16_013 / 0002404. The project is co-financed by the European Regional Development Fund under the INTERREG V-A Czech Republic – Poland program through the 2014–2020 Micro-Projects Fund in the Euroregion Silesia.

define these thresholds on slightly different levels, but this does not change the fact that the Polish economy – in the perception of Poles themselves – remains a moderately developed economy. On the other hand, the very word “trap” suggests that we are dealing with some external or internal barriers from which the economy needs to liberate itself.

These limitations are defined by various analysts in various ways, some point to the shortages of natural resources, others to the low quality of human capital (education, qualifications, competencies), and yet another to the high level of corruption (Staehr 2015; Shelburne 2016). These barriers are also stigmatized by politicians and various recipes for economic development appear in the public discourse. In Poland after 1989, we had already dealt with many economic strategies (not to mention the earlier infamous “five-year plans” typical of the countries of the former Eastern bloc). In addition to the famous “shock therapy”, i.e. the plan by Leszek Balcerowicz (the only plan so far that has in fact been implemented to a large extent), the Polish economy has also experienced the plan of Grzegorz Kołodka, Jerzy Hausner and Marek Belka – to name only the most important plans prepared by the most prominent politicians of individual political formations. The plan of M. Morawiecki is the answer of the political party called PiS (Law and Justice) to the identified problem of the “middle income trap” in Poland and sets strategic goals for the development of the Polish economy after 2030.

The collection of texts that make part of this study is an attempt to look at Silesia and its inhabitants at the threshold of the third decade of the 21st century in the context of the threats related to the above-mentioned trap of average income. The authors who contributed to this study participated in open lectures, conferences and debates that took place as part of the project over twelve months. The invited authors are specialists in a wide variety of fields, such as economics, political science, sociology, social geography, administration, cultural studies and many others. Such diversity guarantees the interdisciplinary nature of the study which in itself is an added value. Multidimensional development processes and their impact on the life of the cross-border region take place on many intertwining levels and dimensions, and as a consequence, an interdisciplinary analysis should also be applied to them. Obviously, this publication is not able to exhaust all the aspects essential for the functioning of the region in the dynamic reality of the integrating economic bloc. Nevertheless, the selected texts present an important illustration of the state of Silesia as a cross-border region in relation to the problem of the middle income trap.

What is a cross-border region – it is undoubtedly not only the farthest part of the territory of a given country. Nor can it be understood only as a historical region divided by a state border. The cross-border region should be characterized by intensive cross-border relations of an economic, social nature, cultural exchange and cooperation at the political and administrative level. It is also important that these relations do not concern only the elite (economic, political, etc.), but the broadest social base possible. There is a risk – especially in the context of the availability of funds offered by the European Union – that such cross-border cooperation is stimulated artificially and disappears with the cessation of the inflow of financing. Meanwhile, funds for cross-border cooperation should only complement it, give it a richer and more mature dimension, and should not create it artificially.

Cross-border cooperation may, of course, also be motivated by factors of a negative nature, e.g. environmental pollution, imbalance in migration transfers and others. Then we will not be dealing with rich and massive cross-border relations, but with the cooperation of entities interested in solving cross-border problems tailored to the challenges. Undoubtedly, such cross-border cooperation is also needed, but in such a situation it is impossible to speak of a cross-border region.

The collective work entitled “Silesia and the Problem of the Middle Income Trap – Czech and Polish Regional Perspectives” is therefore a very interesting collection of texts that deals with the most important problems in the functioning of the region. This publishing project gathered a number of eminent experts on Silesian issues. It is also a real project, not only in a declarative, interdisciplinary way. Moreover, it connects the sub-national dimension with the trans-national and supra-national levels, recognizing the mutual interactions between them. The concept of “Europe of Regions” suggests that our continent is perceived through the prism of local and regional communities which naturally constitute an ecosystem for social and economic life. Often misunderstood as a doctrine intended to reduce nation-based states to regions of the wider supranational organism, this concept gives more power to regions and their inhabitants. Therefore, it is important not to reduce the reflection on participation in the European integration project to a national perspective. Such an interpretation framework does not allow to notice many nuances which are visible on a regional or local scale just like in a lens. In particular, the regional differentiation of both Poland and the Czech Republic allows for an interesting comparative analysis relating to the problem of the middle income trap.

In the introductory chapter entitled “The Middle Income Trap as an Analytical Category – Silesian Exemplifications”, Lukáš Vomlela and Rafał Riedel take part in the scientific debate on the middle income trap, trying to make the region a unit of analysis. In this particular case, it is a cross-border region of Silesia with a particular emphasis on its Polish and Czech parts.

The first part of the collection, entitled “Silesia as a Border Region and its Statistical Image in the Context of the Middle Income Trap” opens with the analysis by Pavlína Pellešová, entitled “The Middle Income Trap from an Economic Point of View.” The subject of the author’s interest is the analysis of the average income trap, i.e. a situation in which the analyzed region has become richer to some extent in the past period but exhausted the existing competitive advantages and is looking for a new growth model. The author provides a description and explanation of the term middle income trap. In addition, the text identifies the causes and possibilities of counteracting the risk of falling into the middle income trap.

Another text by Nikola Starzec, Lukáš Vomlela and Rafał Riedl is a study entitled “Silesia – a Statistical Image of a Polycentric Peripheral Region”. The starting point for the analysis carried out in this chapter is the thesis, well-established in the literature, about the systemic rigidity of world hierarchies and rare cases of changes in the position of individual national economies in the centre–periphery structure. However, the unit of analysis in this study is not the national economy, but the regional economy – its basic parameters and position in relation to other regions. On the other hand, the empirical exemplification is the region of Silesia which

offers a great potential for internal differentiation, making it an excellent subject of regional development research in the context of the problem of the middle income trap.

Then Hynek Böhm, in his analysis entitled “Czech-Polish-Slovak Cross-border Region in the Middle Income Trap: a Comparative Perspective” deals with the issues of the development policy of the cross-border region. Cross-border cooperation may contribute to the elimination of barriers related to the existence of a state border. Through mutual cooperation, border regions of individual countries in some cases form functional cross-border regions with many types of cross-border interactions. The author tries to compare three border regions: Franco-German-Swiss Upper Rhine, Luxembourg-Belgian-French-German region and Czech-Polish-Slovak Trojmezí Region. Hynek Böhm concludes that, unlike the two cases examined in Western Europe, the Czech-Polish-Slovak cross-border region is at risk of falling into the middle-income trap.

The next part of the collection is entitled “The Middle Income Trap – Conditions and Ways of Manifestation”. It opens with an analysis by Nikola Starzec entitled “Migrations and the Middle Income Trap – an Analysis of Determinants and Search for Interdependencies. Case study of the Dolnośląskie, Opolskie and Śląskie Voivodships”. In her analysis, the author attempts to identify the correlation between migrations and the economic development of voivodships (including taking into account the concept of the average income trap and GDP per capita), based on a review of the literature and statistical data adequate for the analyzed problem areas. The thesis put forward assumes the interrelationships between economic development and migration. The territorial scope applies in particular to three Polish voivodships: Dolnośląskie, Opolskie and Śląskie whose situation is analyzed in relation to the national average and the values of indicators for other Polish voivodships.

Adequately, the text by Tadeusz Siwek entitled “Depopulation of the Moravian-Silesian Region and the Theory of the Middle Income Trap” focuses on the Czech part of Silesia. The author is inclined to claim that the theory of the middle income trap does not quite fit the explanation of the depopulation tendencies and the decrease in the income of the population in the Moravian-Silesian Region. According to Tadeusz Siwek, everything points to the fact that the Moravian-Silesian Region is actually adjusting to the national average, but is approaching it “from above”, from the previous top position which the region occupied in the mid-twentieth century.

Lucie Kamrádová in her study entitled “Support for Small and Medium-sized Enterprises (not only) at the Regional Level” focuses on economic regional development, with a particular emphasis put on the role of small and medium-sized enterprises. The author considers small and medium-sized enterprises to be one of the key factors in economic development in individual countries – they are a source of innovation, new jobs and a driving force for the economy. It is the support for small and medium-sized enterprises that leads to the development of the local economy, especially at the regional level. The aim of the article is to analyze the current situation of support for small and medium-sized enterprises at the regional level, taking into account the pandemic situation (2020/2021) and its consequences for this business.

The last part of the work entitled “Regional Development – (Co)Governance in a Multilevel Political System” contains a collection of texts focusing on the quality of governance at the regional level. First, Lukáš Vomlela, in his analysis entitled “The Middle Income Trap and the Role of Regional Political Actors – a Case Study of the Moravian-Silesian Region”, analyzes the regional political elites. The author describes and explains the role of regional political actors and their influence on development policies in the Czech Republic. The chapter describes the process of decentralization and the emergence of regional political elites, then focuses on the importance of regional structures in the decision-making processes in the Czech Republic and analyzes the main goals of regional strategy development of neighbouring regions and tries to answer whether regional political actors cooperate or compete in implementing their strategies.

Marie Sciskalová, on the other hand, looks at the “Characteristics of the Independent Competencies of a Commune in Theory and Practice”. The independent competence of local government units covers matters in the interest of municipalities and regions. The independent competence of the designated territorial district includes, inter alia, concern for creating conditions for the development of social welfare and meeting the needs of its inhabitants. It is primarily about meeting housing needs, the protection and development of health, transport and communication, the need for information, education and training, general cultural development and the protection of public order. The rights defined in this way make local government units one of the most important actors deciding on the factors influencing the risk of falling into the middle income trap of a given region.

Then, Joanna Podgórska-Rykała in her analysis “Deliberative Innovations to Improve the Quality of (Co)governance in Cross-border Regional Policy” proposes an application of legal and political methods and tools that may affect the management and governance of local and regional communities, and consequently their place in development hierarchies. In the process of modern public management, formal and practical challenges emerge which are focused in the field of public policy, also in regional policy, in particular in relation to cross-border regions. Various types of deliberative *mini-public*, including *citizens’ assemblies* in particular, may be an answer to issues which, given their characteristics, “cross borders”, which means that they constitute challenges shared by neighbouring regions that are found within administrative borders of different countries.

Finally, in the last part, the editors of the volume – Lukáš Vomlela and Rafał Riedel – refer to selected elements undertaken in individual analyses included in the collection. The authors root the narrative in the main scientific discourses, and at the same time refer to the main debates in the field of the centre–periphery relationship, dependency theory, the world system, growth conditions, the diversity of capitalism, and derivatives – in particular those related to the middle income trap. In the final part, they refer to their scientific inspirations which were at the basis of this project. The significant correlation between the past and present determinants of growth observed in Silesia positively verifies the recognized statements that can be found in the literature on the subject. Therefore, the undertaken analysis constitutes both an important synthesis of knowledge about the risk of falling into the trap of middle development and a starting point for further considerations on individual groups of determinants determining socio-economic development and further evolution from average income levels to higher levels.

PART I

SILESIA AS A BORDER REGION AND ITS STATISTICAL IMAGE IN THE CONTEXT OF AGGREGATION ON THE MAP

- **THE MIDDLE INCOME TRAP FROM AN ECONOMIC
POINT OF VIEW**

Pavĺína Pelleřov

- **SILESIA – A STATISTICAL PICTURE OF A POLYCENTRIC
PERIPHERAL REGION**

Nikola Starzec, Lukř Vomlela & Rafał Riedel

- **CZECH-POLISH-SLOVAK CROSS-BORDER REGION
IN A COMPARATIVE PERSPECTIVE: IN THE MIDDLE
INCOME TRAP**

Hynek Bhm

THE MIDDLE INCOME TRAP FROM THE ECONOMIC POINT OF VIEW

Pavλίna Pellešová

Introduction

The middle income trap has recently become an issue. It is a theory that economists have been discussing especially in connection with slowly developing countries or countries with middle income. The middle income trap can be defined as an economic phenomenon when a country is not capable to make use of comparative advantages in form of labour demanding production and its economic growth stagnates. This economy thus remains in the doorway between poor countries with cheap labour and developed economies with high income. In its Transition Report 2017–2018, from 23 November 2017, the European Bank for Reconstruction and Development (EBRD) warned about the danger of the countries of Eastern and Middle Europe falling into the middle income trap. The middle income trap is a relatively frequent topic, for example the website patria.cz, in connection to the countries that managed to get among countries with middle income but have problems with further economic growth.

1. SELECTED ECONOMISTS' VIEWS ON THE THE MIDDLE INCOME TRAP CONCEPT

There are several limitations and definitions of the middle income trap. Garrett (2004) states the threat of the stagnation of middle income economies. He also says that the main chance to avoid being trapped in the silent slump, is to find a path towards technological advance.

The concept of the middle income trap was first introduced by Gill and Kharas (2007), the World Bank economists, when comparing the conditions of the Middle East with Eastern Asia economies, which have a very slow growth. They describe how the transit from low to middle income powered by cheap labour, the re-distribution of capital with low productivity is often followed by lower growth. They also describe the loss of comparative advantage of the countries that have fallen in the middle income trap, especially in the export of products of the manufacturing industry and how they cannot keep up with developed economies on the market of products with added value. That is why especially the newly industrialized economies have not been able to leave the group of countries with middle income and they

suffer with low investments in innovations, slow growth in the secondary sector, un-diversified industry, income in-equality, and bad conditions on the labour market. The authors define the middle income trap as a situation when countries, thanks to given comparative advantages, reach certain level of income, but they are not able to use these advantages anymore, and their growth then stagnates on this level for a long time (World Bank, 2007). The economies in the middle income trap, have been specified as surrounded by competitors with low income that stand out in mature industrial sectors and between rich countries that stand out in sectors that are undergoing a quick technological change (Gill, Kharas a Bhattachali, 2007).

Ohno (2009) sees the problem of the middle income trap in the following aspects. The economy should concentrate on moving in the value chains and should not rely on growth strategies because they have their limits such as natural resources and the influx of investments. His understanding comes from the fact that the middle income trap is about relying too much on the macroeconomic growth while the economies should much more focus on proactive industrial policy.

Authors Felipe et al. (2012) have divided the countries according to their income per capita in dollars, based on the parity of purchasing power in 1990, in four groups. The group with low income (less than 2000), low middle income (2000–7250), higher middle income (7251–11750), and high income (11750 and more). On basis of the research of 124 countries of the world, for which there were available data from the years 1950–2010, they found out that if a particular country spends more than 28 years in the group with low middle income or 14 years in the group with higher middle income, it can be described as the middle income trap. The analysis indicated that, in 2010, there were 35 countries out of the 52 observed middle income countries in the middle income trap.

Eichengreen et al. (2013) postulated mathematical solutions to the trap of the middle income trap. Their basic approach consisted of the question whether there is a probability of a slowing down of the growth of middle income countries. A crucial element in this approach is the decrease in the growth of gross domestic product (GDP), which means that a particular country can be threatened by the middle income trap at certain GDP decrease. They concentrated on countries whose economic growth grew at least by 3.5 % in the last seven-year period and their income per capita was at least 10,000 USD in prices as of 2005. A two percent decrease was considered as stagnation in growth in comparison with the seven-year sliding average of growth of the country. They defined two groups that are the most susceptible to slow down their growth. The first group is in the range of 10,000 to 11,000 USD in prices in year 2005, the second in the range of 15,000 to 16,000 in prices in the same year. Countries slow down the most on the level of middle and higher income.

Aiyar et al. (2013) defined the middle income trap as a special case of the economy slowing down which is defined as a big, sudden, and permanent departure from the development of growth which was predicted. They used deviations from the Solow growth model to measure the decrease. The decrease was defined as the difference between the real economic growth and the predicted growth. They used the sample of 138 countries, which included 11 periods measured between 1955 and 2009. A period included a five-year panel that formulated the

average growth of GDP per capita in constant prices in year 2005. Countries with incomes between 1,000 USD to 12,000 USD in parity of purchase power were marked as middle income countries. These are the countries that have the biggest pre-requisite for their economy to slow down and therefore also for the middle income trap.

Gill et al. (2015) in a more complex approach, have divided the definition of the middle income trap into three groups. In the first group, the authors' approach of the definition concentrates mainly on the political view of the country and its institutional changes. From this point of view, the trap could be defined as incorrect or unsuitably chosen pro-growth strategies and the inability of the country to fulfil these strategies.

The economist Taylor (Patria.cz, 2020), talks about the middle income trap in connection with countries that managed to get into the group of countries with middle income but have problems with further economic development. He points that out and then continues to talk about, in connection to this trap, the development in China – in the study China's Growth Outlook: Is High-Income Status in Reach? which was done in the Federal Reserve Bank of New York.

2. THE DIVISION OF COUNTRIES AND THE WORLD BANK VIEW

The World Bank categorizes countries based on the only criteria – income per capita. In its classification from 2015, the organisation says that a country is considered a low income one if its GDP per capita is 1,045 USD or less. A middle income country is then such economy whose incomes per capita are in the range of 1,046–12,736 USD. This interval is then divided by the line of 4,125 USD which is the line for higher middle income. Countries with higher incomes then reach the value of GDP per capita over 12,736 USD (World Bank, 2015).

On basis of the above stated division by the authors, in comparison with the World Bank, the division of countries according to the income groups, can be summed up, see the chart. The chart shows the wide range of the conception of middle income, which is from 1,000–12,736 USS per capita. You can also see the differentiation of the concept of middle income into several groups, starting from lower middle income up to the higher middle income.

Chart no. 1: Income groups – income in USD per capita

	Felipe et al.	World Bank	Eichengreen et al.	Aiyar et al.
Low income	less than 2,000			1,045 and less
Lower middle income	2,000–7,250			
Middle income		1,046–12,736	10,000–11,000	1,000–12,000
Higher income			15,000–16,000	
Higher middle income	7,251–11,750	4,125–12,736		
High income	11,750 and more			

Source: compiled by author

3. CAUSES OF THE MIDDLE INCOME TRAP

In general, the following problems can be considered the causes of the middle income trap (World Bank East Asia and Pacific economic update, 2010):

- isolation of economy
- wages growing faster than the work productivity
- inability of country to relocate to higher value chains
- low qualification of the labour
- low work productivity,
- low added value of import values,
- poorly working financial and labour market,
- low competitive ability of the country,
- unfavourable investment environment,
- absence of original innovations,
- demographic problems,
- high level of corruption,
- poor infrastructure,
- absence of economic reforms,
- big social differences in the country,
- increasing costs.

The cause of the middle income trap is connected with the Lewis turning point, Lewis (2013) says the if a country starts to grow very quickly and starts importing modern technologies, the rural labour moves to industrial sectors. These workers are not usually very qualified and are usually considered a cheap labour. After some time however, the surplus of cheap labour is over, and the wages begin to grow. But thanks to low qualification of the labour, the productivity of work does not grow comparatively. It may even slow down. This situation affects also the company environment and makes the companies less able to compete. In majority of countries, the Lewis turning point occurs exactly on the level of middle income. With this Lewis turning point, majority of these countries lose their previous comparative advantage of cheap labour.

According to the World Bank, the main cause of a country being stuck in the middle income trap is not managing to get over several so-called transitions. These transitions should be well planned by the government and always specific for a particular country. They are not universal. Not being able to find other comparative advantages is then among other crucial causes, also not being able to move to more capital demanding industries, poor improvement of technologies and development of human capital (Gill & Kharas, 2015).

The cause of being stuck in the middle income trap is described in the article Getting caught in the Low or middle income Trap (2015), as a combination of many factors. Apart from insufficient innovation, there are also missing investments into infrastructure and education. The problem is that the country does not start to create good education system and to support the science and research connected to that. In order for countries to continue their growth,

their global integration into international business is necessary. The biggest challenge is the transformation from a country that is dependent on cheap labour into a country with high productivity and innovation.

There are several reasons for some countries to be stuck in the middle income trap according to Felipe et al. (2012): the role of the changing structure of economy (from activities with low productivity to those with high productivity), types of imported products (not all the products have the same impact on growth and development) and diversification of the economy.

4. THE POSSIBILITIES OF FACING THE MIDDLE INCOME TRAP

Authors and institutions present several possibilities of escaping the middle income trap. The priority is given to investments. For example, Ohno (2009) characterizes standard procedures thanks to which the country can avoid the middle income trap. These are: investments into infrastructure, investments into education, property rights, reforms on the labour market and domestic demand.

The European Bank for Reconstruction and Development (EBRD) understands the middle income trap as a condition of a country that has become relatively rich (usually to the level of 1–2/3 GDP per capita in USA) but it has exhausted its previous competitive advantages, especially in the form of cheap labour, and is incapable to find another growth model. EBRD is also warning that there are even groups in these countries that would prefer this condition not to change. According to EBRD, there is no generally functioning defence against getting stuck in the middle income trap. The institution points out that there is no generally working defence against being stuck in the middle income trap. Nevertheless, there are certain basic suggestions that could help in the report. These are (Česká spořitelna / Czech Savings Bank, 2017):

- making space for the creation and growth of new and go-ahead companies;
- avoiding the over-regulation of labour and capital market;
- investments into the infrastructure;
- emphasis on the improvement of the environment.

Diversification and sophisticated production are identified as the main propelling forces of the competitiveness ability of countries with middle and low incomes on the world market. Production based on tasks is then considered an opportunity for countries to develop comparative advantages in particular segments of international value chains and to increase the technological sophistication, as was the case of Chinese and Indian export (UNIDO, 2009).

A crucial element for countries with middle income has always been the transition from growth based on factors to growth based on innovations. The analysts agree, not considering their theoretic frame, that the transition from middle income economies to economies with

high incomes includes internalisation of innovative activities on a wide scale. They differ in definition of the middle income trap, causes that lead to it, and political recommendations to escape it. Countries with middle income must acquire a strategy based on ability, to support innovation, strengthen the value chain and create work positions. Countries, where more elements of the innovative ecosystem have been evolving, will have a bigger chance to avoid the middle income trap. The starting point must, nevertheless, be the existence of political will to initiate strategies focused on innovation with the necessary active policies to execute them (Paus, 2018).

To prevent the fall into the middle income trap (Wang, 2018), the necessary reforms and political acts could be shortly summed up: (a) to adopt again neutral and careful monetary policy to decrease debt and lower financial risks; (b) to redirect the government emphasis and investment gains to public services, social security and re-distribution of the income in order to increase the household spendings and lower the rate of investments; (c) to introduce government reforms with the goal of decreasing administrative costs of government and enable the market to play a decisive role in resource allocation.

The analysis of income helped the authors (Felipe et al., 2012) to ascertain the number of years that a country needs to spend in lower and higher middle income groups, for it to fall in the middle income trap: more than 28 years in the lower middle income group and more than 14 years in the upper middle income group. It follows that a country that becomes a lower middle income country needs to reach the average tempo of growth of at least 4.7 % to avoid the fall into the middle income trap, and that a country that becomes a higher middle income country needs to achieve the average tempo of growth of at least 3.5 % to avoid falling into the middle income trap. What need the countries do to avoid falling into the middle income trap? The development problem of today is how to accumulate the abilities to produce and how to express them as more products and in products that require more complicated and greater abilities. This is why particular countries are differentiated one from another by their production structure and specific characteristics of the product they export. Those are dependent on the abilities of companies. The export of this paradigm is a process of creation of new activities and the expiry of others. The primary propelling power of growth is the gradual increasing of the abilities of companies which increases real wages in whole economy. Another complementary effect is the accumulation of capital: thanks to higher real wage, it is profitable for each company to move to capital more demanding techniques. As the company does this transition, the growth of the rate of its capital and labour continues to increase the income from the marginal product of work at the company level; in this way, it is the basis of the real wage.

To achieve more dynamic and balanced growth, it is necessary to apply combination of policies, says Łukasz Pokrywka from the Kosciuszko Institute. Although Poland is not in the middle income trap, there are certain risks. The reasonable use of European structural funds, especially in the area of innovation, should be a part of the new model of growth. It is necessary to pay attention to the composition of direct foreign investments, meaning their evaluation not only from the point of view of their size but also their effectiveness. The investments into human capital should be prioritized concerning the public investments. In the area of research

and development, it is, on the other hand, necessary to motivate private resources. Research and development should be the basis of innovative industry policies (Euractiv, 2015).

5. THE MIDDLE INCOME TRAP AND THE CZECH REPUBLIC AS WELL AS SLOVAKIA

The Czech Republic was, opposite to the rest of the Visegrad group, at its own request crossed off the list of countries that the EBRD helps to with its advice and loans. The recommendations concerning the investments, new companies support and market regulation are, nevertheless, still valid even for the Czech republic (Česká spořitelna / Czech Savings Bank, 2017).

The Czech Republic is probably in the middle income trap (ipodpora.odborny.info) which is not much of a perspective phenomenon. The history of economy and current situation offer enough examples of countries that managed to move forward in their development and to open up for long time increasing of the living standards of their citizens. Kotýnková (2017) states factors that cause the locking up of a country in the middle income trap in the Czech Republic and Slovakia:

- depletion of cheap labour as a production factor,
- human resources – quality of education system,
- insufficient absorption of new technologies,
- productivity of work,
- innovativeness of economy,
- science and research,
- insufficient approach towards advanced infrastructure,
- inequality and discrimination in society.

In Slovakia (Euractiv, 2015), there is no easy recipe for the reorientation to growth based on the outer demand to growth that propels the domestic demand, say the main analysts for Middle and Eastern Europe in Sberbank Europe. For the countries that want to overcome the middle income trap, the innovative business activity is absolutely inevitable. It is necessary to focus on long term strategy for the fight with structural unemployment, growth of wages in concord with the growth of productivity, better use of structural funds and stimuli for investing into research and development.

According to the categories of the World Bank, the Czech Republic has not been a middle income economy for years. Although there are certain positives which could direct it among the convergence with developed countries, there are also several inner institutional barriers that make up the so called glass ceiling. The accepting of strategies for economic growth and convergence with a vision for the following decade is recommended. That needs to take into account the ageing of population. There are two strategies, adaptation of the labour or early restructuring of the economy towards new sectors (such as social services). The country should

taken the image of a country where it is effective to make business. The environment with well regulation, the founding of industrial clusters, targeted building of knowledge-based economy through the reform of the educational system and enticing of talents from abroad. Czechia has space to better use domestic capital, which is today fixed in the savings of households, through little investments (Euractiv, 2015). The collective of authors (2019) states that we know for sure how will our position in the European economy evolve if we continue the way of cheap labour policy. This is the way of technological lagging behind and descend to lower production levels, with lesser added value, with lesser appreciation, lesser productivity, and of course lesser wages. It is the way of permanent lock-down of the Czech Republic in the middle income trap.

The Czech government (2020) in its model of growth states (Vision of CR in 2030) in Article 5: Czech Republic is probably in a strange version of the middle income trap and in a risk of a slow or halted convergence with advanced economies. (5.3) In the case of the possibility of stagnation, it is basically the question whether we found ourselves in some kind of a new type of so called middle income trap which has been partially confirmed for some of the less developed economies. This issue has been, nevertheless, discussed in the other countries of the region where the solutions for avoiding of the trap are being sought for. It is nevertheless necessary to document or disprove this phenomenon on statistic data on a larger sample of countries. (5.4) In case of temporary slow down, and if there is a real chance for a reversal through international business, it could be the cooperation with the economies which are already dramatically growing, for example through the attempts for a closer cooperation with South East Asia, Latin America, or the BRICS group. Is it also possible in this case to talk about the potential for a future “middle income trap”, into which the Czech Republic has also fallen?

(5.5) There is another hypothesis, which argues that the Czech Republic has not gotten in the middle income trap thanks to the crisis but because it has surrendered the ownership of companies and rights connected with them. Instead, it aspired to become a successful manufacturing plant for foreign companies with the predominant kind of work which corresponded to the specialisation and reputation which the Czech Republic had in the 90s of the previous century. Public policies have not yet aspired to develop a national technological leader that would produce, on the basis of the domestic research and development, on a global scale, top-class products and enable high profits for the domestic economy, well-paid work, and high income for the national treasury. The relative underestimation of investments into human resources, connected with that, also seems crucial. Several domestic top-notch experts work for foreign companies and support their innovations globally, while the Czech Republic does not profit from the gains from these innovations. (5.6) It is also possible that the middle income trap for the Czech Republic, lies in the inability to groom these technological leaders, to invest into their education and development, and to gain a reputation of a country with high general level of education, sophisticated research and development, and innovative abilities that would attract foreign investments looking for more complicated and better-paid work.

There are many tools that the governments of particular states can adopt to prevent falling into the middle income trap. The authors that write about the theories of growth, state these tools: building of modern infrastructure with high-speed communication networks, strengthening of

proprietary rights, implementing of reforms on the labour market, that especially in combination with the development of science and research and support of innovations. The mentioned tools thus urge the highly qualified labour into productive sectors and the economy gains a chance to continue growing. It is also necessary to find new markets for the export of production.

To revive the economy after the covid-19 pandemics, the EU Council (Březina. 2021) has stated 6 areas which will be supported by the facility for revival and endurance:

- green transition,
- digital transformation,
- intelligent, sustainable, and inclusive growth,
- social and territorial cohesiveness,
- constructing of endurance and readiness for crises,
- policies for future generation, including education and skills;
- domestic plans – at least 37 % of the budget on climate and biological diversity, another 20 % on digitalisation. They prohibit financial measures that would significantly damage the environment.

These selected areas of revival of the economy can also be considered as the factors that can lead country out of the middle income trap and can be sources of growth of the economy.

Conclusion

The term middle income trap is currently a widely discussed issue, not only on the level of particular countries. The issue is also being discussed in the paper of the National Council for Sustainable Development in Article 5, Czech economy is probably in a strange version of the middle income trap and in a risk of slow or halted convergence with advanced economies. It is obvious that the stated issue is being discussed in other countries of the region, but also in other countries of the world where the solutions for this problem are looked for. The middle income trap is an economic phenomenon that has currently got many supporters, but also many opponents who are not mentioned in the text.

This paper had as its goal to analyse the term middle income trap, the condition when a particular region became rich to a certain degree in the past time, but it exhausted its competitive advantages and it is looking for a new growth model. It is impossible to find a universal solution. The governments have to adopt such measures to increase the competitiveness that would restore the productivity. On the basis of available data, a description of definitions and delineation of the term middle income trap were done. Causes and possibilities of defence and searching for approaches, strategies and policies that would help against falling into the middle income trap, were specified. Based on the studied materials, it can be recommended for the authorized subjects that influence the growth of economy, to focus on aimed building of knowledge economy, stimulation of investments into science, research, education, infrastructure, and solving of structural unemployment.

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SILESIA – A STATISTICAL PICTURE OF A POLYCENTRIC PERIPHERAL REGION

Nikola Starzec, Rafał Riedel, Lukáš Vomlela

Introduction

The starting point for the analysis carried out in this chapter is the thesis, well-established in the literature (Wallerstein 1974), about the systemic rigidity of world hierarchies and rare cases of changes in the position of individual national economies in the centre–periphery structure. (Babones 2012) The unit of analysis in this study is not, however, the national economy, but the regional economy – its basic parameters and position in relation to other regions. Determining the current *status quo* using available socio-economic indicators will allow for a relatively precise determination of the dependent variable which is the subject of explanation in individual, subsequent parts of the study. Paying attention to the lower levels of governance is justified because according to the concept of *multi-level governance*, according to which the power at the central level no longer has a dominant position in making certain decisions, power is dispersed from the central level to other actors (*non-state actors* and actors at various territorial levels). (Bache, Flinders 2004) An important feature of the European Union countries is the increasing use of solutions based on cooperation of various levels in accordance with the principle of subsidiarity and the concept of multi-level governance in which regional authorities also play an important role.

This approach has a tradition in development research from a regional perspective. In his text “On the Periphery of the Industrial Revolution. Structural Conditions for the Economic Development of Polish Regions”, Piotr Koryś focuses on the regional level, analyzing the relative development differences of individual Polish voivodships. The author focuses on the question of whether and to what extent the development diversification of contemporary Polish regions has historical and – most importantly – permanent sources. In the conclusion, he notices a strong correlation between the past and present level of development of Polish regions and little influence of centrally implemented (national or supra-national) regional policies on the elimination of these differences. (Koryś 2016, 73–85)

Moreover, it is Silesia (of course with different boundaries than in the past) that emerges from this analysis as an exceptionally interesting case study. In particular periods of modern history, this region lost or gained the most in relation to the “centre”. While in 1900 the level of

development of Silesia in relation to the then German average exceeded 90 % and before the end of World War I, the region was the second largest industrial region on the European continent (Kamusella 2009, 19), in 2000 it was already significantly below 50 % (Koryś 2016, 82) – which was the greatest loss compared to all other historical regions included in the present-day Republic of Poland. Some parts of Austrian and later Czech Silesia were in a similar situation, together with parts of North Moravia which today belong to the Moravian-Silesian country. The industrial revolution started numerous processes as a result of which the industrial areas of Cieszyn Silesia and the city of Moravian Ostrava and its surroundings gained importance as the largest industrial center in the Austro-Hungarian monarchy. (Kamusella 2009, 589) After 1918, the region became the most important industrial centre in Czechoslovakia. (Przybylová 2013, 175) The processes of economic restructuring took place in the 1990s, which contributed to the decline in the importance of this region.

From this point of view, it is Silesia itself that constitutes an interesting analytical laboratory allowing to verify selected statements present in the literature in the field of regional development, the centre–periphery relationship or the middle income trap.

1. THE ANALYSIS BACKGROUND

Silesia is a region with a turbulent and complex history, based on political premises and the changing affiliation of the region to different countries depending on the period in history. Changes in the sovereignty over the region, its numerous divisions and transformations, and consequently its inhabitation by many nations and ethnic groups, have all influenced its contemporary image, including multiculturalism. The present understanding of the Silesian region does not always correspond with its history. This is due to both the complexity of defining Silesia itself (the need to specify the period in history) and the changing and differently interpreted definition of the region. The terminological ambiguity results from the use of the term region by various groups of researchers: historians, sociologists, economists, geographers or lawyers, as well as its colloquial use. However, regardless of the definition, certain features of a region can be drawn, directly or indirectly, from all definitions. Undoubtedly, a region is a certain territory with specific features that allow it to be distinguished. For the purpose of this article, for functional and pragmatic reasons, a territorial and administrative approach was adopted, according to which, since the introduction of the three-tier administrative division in Poland (1999)², the region is

2 See *Act of 24 July 1998 on the introduction of the basic three-stage territorial division of the state*, Journal of Laws 1998, No. 96, item 603 as amended.

identified with the voivodeship³ which is an intermediate level between the central (government) level and the local level, these two levels being those of powiats and communes. As a result of the administrative reform in the Czech Republic which was carried out in 1997 (Ústavní zákon č. 347/1997 Sb.), the state was divided into 13 self-governing countries and the city of Prague (14 units in total) which are equivalent to Polish voivodships⁴. The law entered into force on 1 January 2000 (Ústavní zákon č. 347/1997 Sb.). In the same year, further legal acts regulating the competences of regions were adopted (Zákon č. 129/2000 Sb.). Taking into account the above, the analysis carried out in this study will cover the areas that were largely the historical region of Silesia on the Polish side (Dolnośląskie, Opolskie and Śląskie voivodships) and on the Czech side (Moravian-Silesian Region). It must be noted, though, that the historical region of Silesia does not fully coincide with the contemporary administrative borders of the regions.

Some differences in the common classification of the Nomenclature of Territorial Units for Statistics (NUTS)⁵ introduced at European Union (EU) level should also be borne in mind. Polish voivodeships were classified as NUTS 2 units (with a separate Warsaw capital region), while Czech countries were classified as NUTS 3 (the level corresponding to Polish subregions, units grouping powiats). In the Czech Republic, there are 8 regions⁶ at NUTS 2 level (including the separated city of Prague). After the revision in 2021 at the NUTS 1 level, there are 7 units (macroregions) in Poland while the whole territory of the Czech Republic constitutes 1 unit⁷. The division into NUTS 2 and NUTS 3 level units in Poland and the Czech Republic is presented on the maps below.

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- 3 In the commentary to the Act on voivodeship self-government it was indicated (according to J. Lemańska) that the region is “a separate, highest territorial division unit of the state, the authorities of which are independent of the government administration, equipped with legal personality, with a regional assembly as a decision-making and control body from direct elections and a regional body with executive and administrative competences, a budget with its own sources and a significant range of tasks and competences, constituting an area that is relatively homogeneous from the economic, social and cultural point of view. The region is to be situated between the state and other levels of territorial organization, regardless of their number”. According to: Dolnicki, B. Act on the voivodeship self-government. Commentary, B. Dolnicki (ed.), <https://sip.lex.pl/komentarze-i-publicacje/komentarze/ustawa-o-samorzadzie-wojewodztwa-komentarz-587334771> (accessed on 21 January 2021).
 - 4 Czech regions (voivodships), <http://www.czechy.astra28.eu/kraje.html> (accessed on 6 February 2021).
 - 5 See more in: *Rozporządzenie delegowane Komisji (UE) 2019/1755 z dnia 8 sierpnia 2019 r. zmieniające załączniki do rozporządzenia (WE) nr 1059/2003 Parlamentu Europejskiego i Rady w sprawie ustalenia wspólnej klasyfikacji Jednostek Terytorialnych do Celów Statystycznych (NUTS)*, OJ L 270, 24 October 2019.
 - 6 In the public database of the Czech Statistical Office, for units at the NUTS 2 level, you can also find the definition of Cohesion Policy Regions (in Czech: region soudržnosti, in English: cohesion region).
 - 7 *Rewizja NUTS 2021 [The 2021 NUTS Revision]*, <https://stat.gov.pl/statystyka-regionalna/jednostki-terytorialne/klasyfikacja-nuts/rewizja-nuts-2021/> (accessed on 6 February 2021).

Map 1 Administrative division of Poland into NUTS 2 and NUTS 3 units



Source: *Klasyfikacja NUTS w Polsce* [NUTS classification in Poland], <https://stat.gov.pl/statystyka-regionalna/jednostki-terytorialne/klasyfikacja-nuts/klasyfikacja-nuts-w-polsce/> (accessed on 6 February 2021)

Map 2 Czech administrative division into NUTS 2 and NUTS 3 units



Source: Czech regions (voivodships), <http://www.czechy.astra28.eu/kraje.html> (accessed on 6 February 2021).

In order to maintain the possibility to perform comparison within the NUTS classification, the analyses presented below refer to the NUTS 2 level, both in Poland and in the Czech Republic. It should be mentioned that in the case of the Moravian-Silesian Region, the area of analysis remains unchanged (it is the same unit at both the NUTS 2 and NUTS 3 levels)⁸.

⁸ The above should be taken into account in comparative analyses of Czech units – the Moravian-Silesian Region (NUTS 3) may look much better in comparison to the other Czech territorial units at this level while at the NUTS 2 level where other regions group into larger units, the Moravian-Silesian Region (similarly to Prague and the Central Czech region) remains unchanged in terms of territory (therefore, its social and economic potential, etc., does not change, either).

The Silesian region in the broader sense of the term faced, just like Poland, the Czech Republic and other territories of Central and Eastern Europe, a double challenge in 1989. First of all – like the whole country – Silesia was faced with social and political changes including all the opportunities and threats that were associated with these. Secondly, however, a significant part of the region – both on the Polish and Czech sides of the border – was confronted with the necessity of a rapid evolution from the classical industrial economy (based on traditional heavy industries – mainly mining and metallurgy – concentrated in the area of today's Śląskie Voivodeship and the Moravian-Silesian Region) to a knowledge-based economy that can cope with competitive pressures within the country and in the opening European markets. Thus, the socio-economic transformation was also accompanied by an intensive process of industrial restructuring which brought with it many effects both for the economy of the entire voivodeship and for the population living in its territory (*Województwo Śląskie w liczbach*, 2014).

After more than three decades of transformation (and almost two decades of membership in the European Union), it is worth looking at the basic social and economic parameters that will allow to define the position of the Dolnośląskie, Opolskie and Śląskie voivodeships in the structure of the country, as well as against the background of the integrating continent. In the case of the analysis conducted here, the European context is extremely valuable in view of the objectives of socio-economic cohesion that the European Union sets before itself. The main part of the study is the analysis of selected contextual indicators concerning the demographic and economic situation of the studied regions, including: population growth, migration balance and Gross Domestic Product per capita (in euros and according to the purchasing power parity). The chapter is also enriched with a comparative perspective, i.e. some of the presented indicators are analysed in relation to other regions of Poland and other regions and countries of the European Union. The choice made does not, of course, constitute a complete list of the region's strengths and weaknesses but only an original selection of those strengths and threats which, in the authors' opinion, have and will continue to be of increasing importance for the socio-economic development of the regions.

However, in this analysis – as in the entire collective work – the intention of the authors is to go beyond the previously popular interpretive frame of post-communism through the centre–periphery frame. It avoids the trap of assumptions about the uniqueness of the transformation era. Inscribed in the longer optics of the historical process, the era of exiting communism loses much of its uniqueness – it is more and more often treated as another attempt in the history of Central Europe to overcome underdevelopment which bears many similarities to other modernisation projects (Kolasa-Nowak 2019, 176). As a result, the middle income trap, which is the theoretical reference point for many of the analyses contained in the publication, offers a kind of key to a better understanding of the socio-economic processes taking place in the region.

2. STATISTICAL PROFILE OF THE AREAS STUDIED

Silesian voivodships, like the historical region in the past, are very diverse in terms of socio-economic development. Lower Silesia (Dolnośląskie Voivodeship), with its capital in Wrocław, is developing dynamically, both from the social and the economical perspectives, occupying leading positions among Polish regions in terms of the values of the main statistical indicators. However, it should be noted that, as in the case of many other regions, a high level of social / economic development is concentrated in large urban centres and their immediate vicinity. In the Dolnośląskie Voivodeship, a higher level of development is visible in Wrocław and its neighboring communes, as well as in other larger centers (including Jelenia Góra, Wałbrzych, Legnica). The advantages of the region include: good communication (characteristic of all “Silesian” voivodships), high tourist attractiveness (related to, among others, varied tourist routes, rich cultural offer, number of monuments, developed infrastructure and the sector of services focused on tourists), Wrocław, as an important academic centre, investment attractiveness, developed entrepreneurship (including innovative enterprises) or the share of people employed in R&D activity higher than the national average. In turn, the weaknesses / threats include the growing disproportions within the region, resulting from the diversified level of development. (Marshal’s Office of the Lower Silesian Voivodeship 2018// Urząd Marszałkowski Województwa Dolnośląskiego 2018, 24–25, 37–45).

The Opolskie Voivodeship (the smallest in Poland in terms of its area and the number of inhabitants) whose capital is Opole, is a region that has been struggling with unfavourable demographic trends for decades, which were determined in the past by an unfavorable migration balance and at present mostly by negative population growth. The centre of the region’s development is the capital – Opole and the Opole Agglomeration. Despite the “compactness” of the region, development disproportions are also visible in the Opole voivodship – with visible deficits in its southern part. The strengths of the region include the relatively high quality of life of the inhabitants, efficient operation of local governments and high agricultural values (agricultural productivity, quality of agricultural production space) (Management Board of the Opolskie Voivodeship// Zarząd Województwa Opolskiego, 2021, 22.)

The Silesian Voivodeship, with its capital in Katowice, is the most industrialized part of Silesia, with a large Upper Silesian Agglomeration, made up of 14 cities with powiat rights. The traditional mining industry which plays an important role in the voivodeship is of great importance on the local labour markets. Although, in terms of economic indicators, the region is usually classified as one of the better developed voivodeships in Poland, it has been struggling with unfavourable demographic phenomena for years (negative migration balance, negative birth rate, low fertility rate, unfavorable changes in the age structure of the population). Before Poland’s accession to the European Union, the Śląskie Voivodeship generated GDP *per capita* measured by the purchasing power of money amounting to only 49 % of the EU average. (EU Publication Office 2004). This GDP indicator was over 4 % more

than the national average (44.9 %) and it was the second best result in the country following the Mazowieckie Voivodeship⁹. All the neighbouring voivodships had a much lower rate – e.g. Małopolskie 38.8 %, Opolskie 36.4 %. Another voivodeship belonging to Silesia understood in the broader sense of the term – Dolnośląskie – achieved the result of 45.6 % which is also slightly more than the national average but still less than the Śląskie Voivodeship. In relation to the objectives of the EU cohesion policy, it is worth noting the rather special situation of the Śląskie Voivodeship. On the one hand, the region has been systematically catching up catching up with the EU average in socio-economic development and, in many respects, the standard of living (e.g. average gross salary, share of green areas, etc.) and development opportunities (e.g. concentration of universities, relatively low unemployment, etc.) in the voivodship significantly exceed national standards. However, on the other hand, depopulation processes, an aging society and the social, ecological and economic degradation of many post-industrial areas contribute to the negative image of the region. Finally, the special situation of the Śląskie Voivodeship results from the internal differentiation of its area. As shown by the results of GDP per capita in sub-regional terms, the differences between some sub-regions (e.g. the Tyski or Katowice Sub-regions on the one hand, and Częstochowa or Bytom on the other) can reach 50 %. This is undoubtedly a challenge for provincial and central authorities, as well as supranational authorities – in fact, for all decision-making levels responsible for regional policy. A natural postulate resulting from the conducted analysis seems to be the need to take into account the subregional specificities within the voivodeship. The Śląskie Voivodeship, mainly due to its population potential (despite unfavourable changes, in comparative terms, the region is still inhabited by a large number of inhabitants) and the economic one, is too large an entity to be treated as a whole. Finding a common denominator between the Bytom powiat and the Bielsko powiat, or the Gliwice and Częstochowa powiats, is a real challenge from the point of view of development policy. A different policy is needed in the industrial town of Zabrze, another in the agricultural Częstochowa powiat, and another in Bielsko, a powiat attractive for tourists. All instruments of regional policy regardless of the level (supranational, state, sub-state) should be applied taking into account the subregional particularities¹⁰.

On the other hand, the Moravian-Silesian region stands out among others in terms of the population density which is significantly above the average for the Czech Republic, although the population is decreasing – both due to the negative birth rate and the unfavourable migration balance. The regional economy is mainly based on industry. Moreover, mining and metallurgy still play an important role in the development of the region, although a decline in these sectors has been visible ever since 1989. According to the Czech Statistical Office, over onethird of people employed in the domestic labour market still work in these two sectors. (ČSÚ, www.czso.cz) Due to economic problems and changing coal prices, decisions were

9 It should be pointed out that the high GDP per capita in the Mazowieckie Voivodeship (69.9 %) is mainly a statistical effect of the capital city.

10 To learn more, see: *Strategia Rozwoju Województwa Śląskiego na lata 2000 – 2020* [Development Strategy of the Śląskie Voivodeship for the years 2000 – 2020]. Document adopted by the Silesian Voivodeship Parliament on 4 July 2005.

made to close the region's hard coal mines by 2022. Due to the purpose of this part of the study, which is to present the statistical profile of the studied regions, selected data¹¹ are presented below, which allow to get to know the research area more closely and undertake a comparative analysis.

In 2019, the Dolnośląskie Voivodeship was inhabited by nearly 2,900 thousand persons which constituted 7.6 % of the Polish population (the 5th place in the country). In the longer term (1995–2019), Lower Silesia's population decreased by over 88,000. people 2.9 %), but in the subsequent five-year intervals¹², a smaller decline in the number of people was visible. The population density in the region in 2019 was 145 people / km², with the country average of 123 people / km², while the population density of built-up and urbanized areas was lower than the national average (1,978 people / km² compared to 2,187 people / km² in Poland). The Opolskie Voivodeship, as mentioned above, is the smallest region in the country. In 2019, it was inhabited by just over 982.6 thousand persons which constituted 2.6 % of the country's population (16th place in the ranking of voivodships). In the years 1995–2019 the population of the voivodeship decreased by over 110.5 thousand people which constituted a negative change by 10.1 % (the largest loss in Poland). Although in recent years (analysis of five-year intervals) the unfavourable change in the number of inhabitants has decreased, the Opolskie Voivodeship is still one of the regions with the fastest depopulation in Poland. The population density (in total) as well as built-up and urbanized areas significantly differs from the national average, amounting to 104 people / km² and 1,677 people / km². The Śląskie Voivodeship is inhabited by the largest number of inhabitants among the analyzed regions. In 2019, it was 4,517.6 thousand people (2nd position in the country, behind the Mazowieckie Voivodeship), which accounted for 11.8 % of the Polish population. Nevertheless, Upper Silesia is also struggling with a population decline – in the years 1995–2019 the population of the region decreased by nearly 390.3 thousand people (-8.0 %). When analyzing the five-year intervals, no positive trend can be noticed. Despite the fact that the greatest decrease in the population was recorded in the years 1995–1999 (by almost 131.1 thousand people, -2.7%), in subsequent periods changes in minus are subject to significant fluctuations, reaching relatively high values. Due to the small size of the voivodeship (14th place in Poland in terms of its area), the population density of the region significantly exceeds the average value for the country with 366 people / km², and in built-up and urbanized areas it is 2,789 people / km². In 2019, the Moravian-Silesian region was inhabited by over 1,200.5 thousand persons (7th place in the Czech Republic, fewer people lived only in the northwestern region)¹³, which accounted for

11 Unless otherwise stated, data for Polish regions come from the *Local Data Bank* [Bank Danych Lokalnych] (<https://bdl.stat.gov.pl/BDL/start>) or the *Demografia* database (<http://demografia.stat.gov.pl/bazademografia/>) of the Main Statistical Office [Główny Urząd Statystyczny] (GUS), while data for the Moravian-Silesian region and other Czech regions originate from the Czech Statistical Office [Český statistický úřad] (ČSÚ) (<https://www.czso.cz/>).

12 The analysis period was divided into five-year intervals, covering the years: 1995–1999, 2000–2004, 2005–2009, 2010–2014 oraz 2015–2019.

13 Taking into account the NUTS 3 units, the Moravian-Silesian country is in 3rd place (14th position), behind the Central Czech Republic and Prague.

11.2 % of the population of the Czech Republic¹⁴. In the years 2003–2019, over 59.7 thousand people left the region (4.7 %). When analyzing the changes in the population number year on year, significant fluctuations in the value of the indicator are visible. The average change for the above-mentioned period was 0.3 %, the largest decrease in the population was recorded in 2011 (over 12.6 thousand people, -1.0 %) compared to 2010, while in 2006–2008 a slight increase in the number of inhabitants by 607 persons was recorded (0.05 %) in 2007 as compared to the previous year and 358 people (0.03 %) in 2008 as compared to 2007. Since 2008, the downward trend has continued. In 2019, the population density in the region was 221 people / km² while the national average was 136 people / km² (2nd place in the Czech Republic, after the capital).

The data described above are important for the analysis of the statistical profile of the regions. Bearing in mind the signaled demographic changes which also affect the economic dimension, it is necessary to take a closer look at the current trends. The changes in the population are influenced by: the number of births and deaths (natural increase rate)¹⁵ and the number of people leaving and coming (permanently) from and to a given unit (net migration)¹⁶. Although the range of demographic indicators is very wide, the use of the data presented above seems to be sufficient for the purpose of this study. In order to obtain comparable values, relative values were used – converted per 1,000 inhabitants of a given region.

In 2019, a negative natural increase was recorded in the Dolnośląskie Voivodeship. The value of the indicator per 1,000 inhabitants was -2.00 ‰ (with the country average of -0.91 ‰), which was the result of the number of deaths (32,719) being greater than the number of live births (26,922) by more than one-fifth. The demographic situation of the region is improved by the favorable permanent migration balance, the value of which amounted to 1.67 ‰ in 2019 (with the average for Poland 0.16 ‰). The favourable migration balance in Lower Silesia was influenced by both internal and international migrations, with a predominance of domestic ones. In the case of the balance of internal migrations (for permanent residence) per 1,000 inhabitants, the value of 1.45 ‰ was recorded in the region while the value of the balance of international migrations (for permanent residence) was 0.22 ‰. In the Opolskie Voivodeship, the negative natural increase has been permanent since 2000. In 2019, the value of the

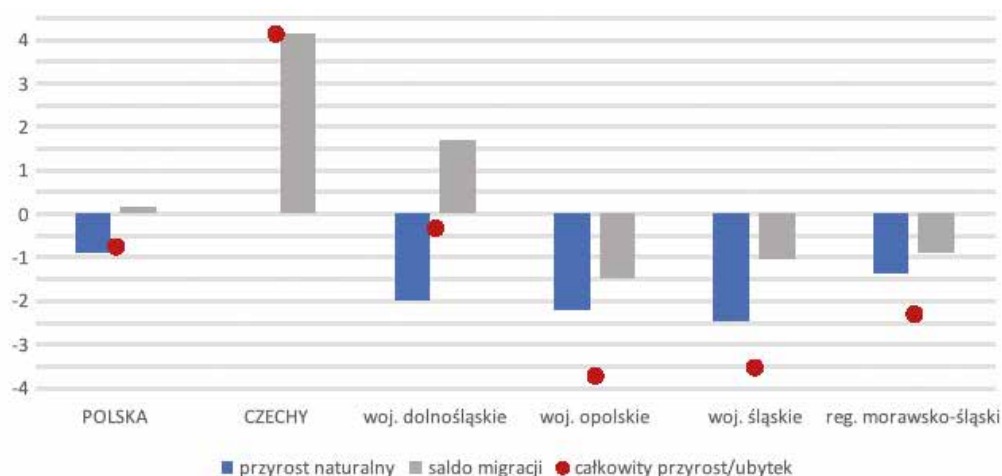
14 Until 2008, the Moravian-Silesian Region was inhabited by the largest number of people among the Czech regions. Later on, the region lost its position due to unfavourable migration trends and negative population growth.

15 The Central Statistical Office [Główny Urząd Statystyczny] defines the population growth as: the difference between the number of live births and the number of deaths in a given period. Source: <https://stat.gov.pl/metainformacje/slownik-pojec/pojecia-stosowane-w-statystyce-publicznej/405,pojcie.html?pdf=1> (accessed on 6 February 2021).

16 The Central Statistical Office [Główny Urząd Statystyczny] defines the net migration for permanent residence as: the difference between the number of people who permanently immigrated to a given administrative unit / country in a given period and the number of people who permanently left a given administrative unit / country in a given period. Source: <https://stat.gov.pl/metainformacje/slownik-pojec/pojecia-stosowane-w-statystyce-publicznej/2260,pojcie.html?pdf=1> (accessed on 6 February 2021).

indicator per 1,000 population was -2.24 ‰ and the number of deaths (10,694) outweighed the number of births (8,493) by more than one-fourth. The negative demographic trends are also influenced by migrations – both domestic and foreign, which significantly reduce the already small population potential of the voivodeship. The net migration for permanent residence in 2019 amounted to 1.48 ‰, with the value of the internal migration balance being -1.02 ‰, and that of the foreign migration equalling -0.45 ‰. The most unfavourable value of the birth rate per 1,000 inhabitants was recorded in the Śląskie Voivodeship – it was 2.49 ‰ in 2019. The number of deaths (51,766) outweighed the number of live births (40,508) by nearly 28 ‰. The values concerning migration were also unfavourable – the net migration for permanent residence amounted to -1.04 ‰, with a relative balance of departures within the country and abroad (the values being -0.94 ‰ and -0.98 ‰, respectively). In the Moravian-Silesian Region, the birth rate per 1,000 inhabitants in 2019 was unfavourable and amounted to -1.42 ‰ (average for the Czech Republic being -0.01 ‰). The number of deaths (13,762) was higher than the number of live births (12,056) by 14 ‰. The migration balance per 1,000 inhabitants was also negative and amounted to -0.9 ‰ – in 2019 it was the only Czech region where the value of the indicator was negative.

Chart 1. Natural increase and net migration (permanent stays) and the total increase / decrease in the number of population per 1,000 inhabitants in 2019 in Poland and the Czech Republic, in the Dolnośląskie, Opolskie and Śląskie voivodeships and in the Moravian-Silesian region (in ‰).



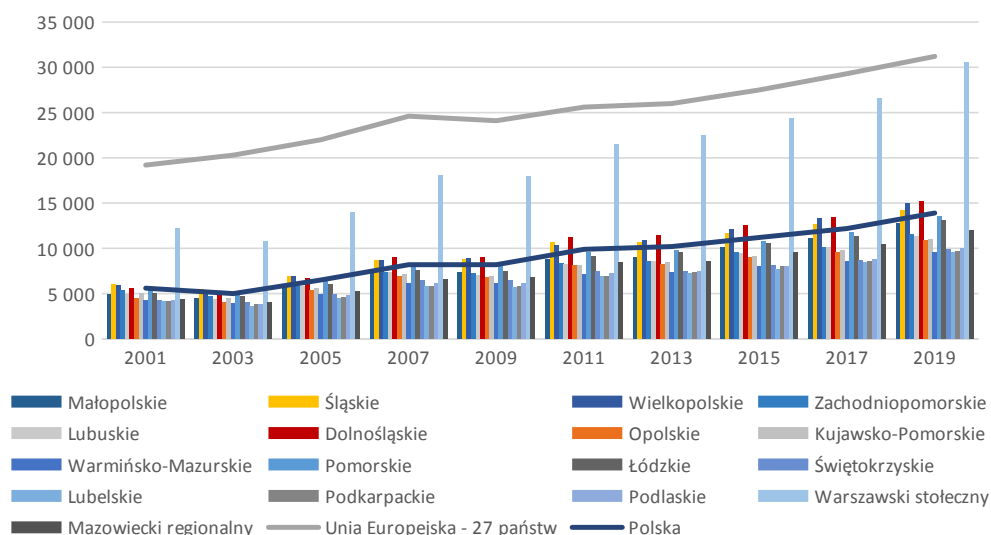
Source: Own study based on GUS and ČSÚ data.

The data presented in the chart clearly show that in terms of population potential, the Czech Republic, due to the favourable migration balance and lower negative population growth, is in a better situation than Poland. The analysis of data at the level of the regions covered by the study showed a decline in the population in all of them. The Dolnośląskie Voivodeship was in the most favorable situation in 2019, where, despite a significant negative birth rate,

a positive net migration was recorded. The least favorable situation was recorded in the Opolskie Voivodeship which has been struggling with the phenomenon of depopulation for years.

When presenting the statistical profile of selected regions of historical Silesia, apart from demographic data, it is also necessary to present data relating to the economy of the studied areas. The key macroeconomic indicator relating to the level of economic development is the Gross Domestic Product (GDP)¹⁷. As the value of the indicator is expressed in money, in order to enable interregional comparisons of Polish voivodships with the Czech Moravian-Silesian region, data from the Statistical Office of the European Union (Eurostat) was used, which publishes data for GDP expressed in euro and PPS¹⁸. Below are the values of selected indicators per capita of a given country / region (*per capita*), also in relation to the EU average, which allows to approximate the place of the studied units on the regional map of Europe.

Chart 2. GDP per capita in Poland and voivodships in 2001–2019 (odd years, in euros)

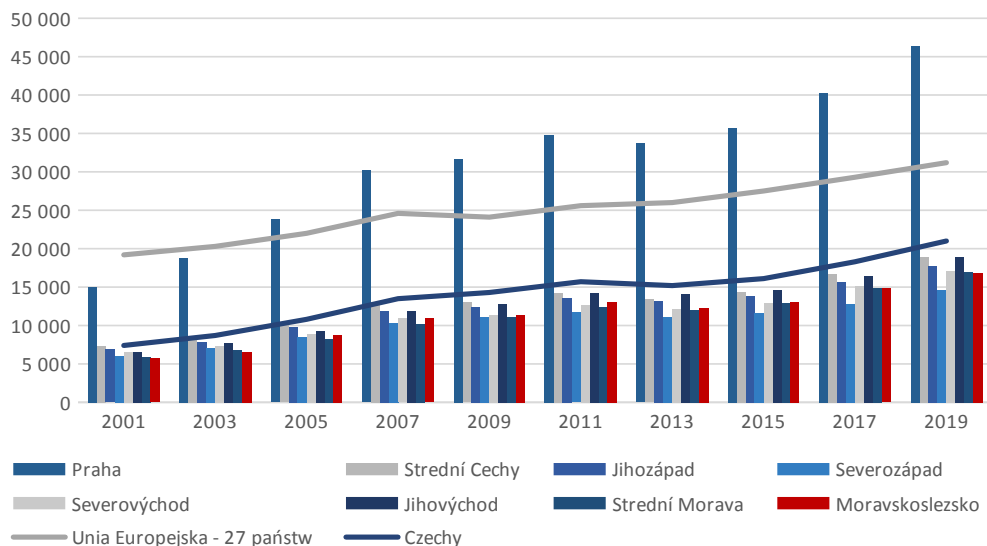


Source: Own study based on Eurostat data.

17 The Central Statistical Office [Główny Urząd Statystyczny] defines GDP as: the final result of the production activity of resident producer units. The indicator can be defined in three ways: a) production approach: GDP is the sum of gross value added of individual institutional sectors or individual industries plus taxes on products less subsidies on products (which are not allocated to sectors or industries). It is also the balancing item in the production account of the total economy; (b) expenditure approach: GDP is the sum of the final uses of goods and services by resident institutional units (final consumption and gross capital formation), plus exports and minus imports of goods and services; (c) revenue approach: GDP is the sum of uses in the generation of income account of the total economy (compensation of employees, taxes on production and imports less subsidies, gross operating surplus and mixed income of the total economy). Source: <https://stat.gov.pl/metainformacje/slownik-pojec/pojecia-stosowane-w-statystyce-publicznej/364,pojecie.html?pdf=1> (accessed on 6 February 2021).

18 The data for Poland and Polish voivodships for 2019 are estimates.

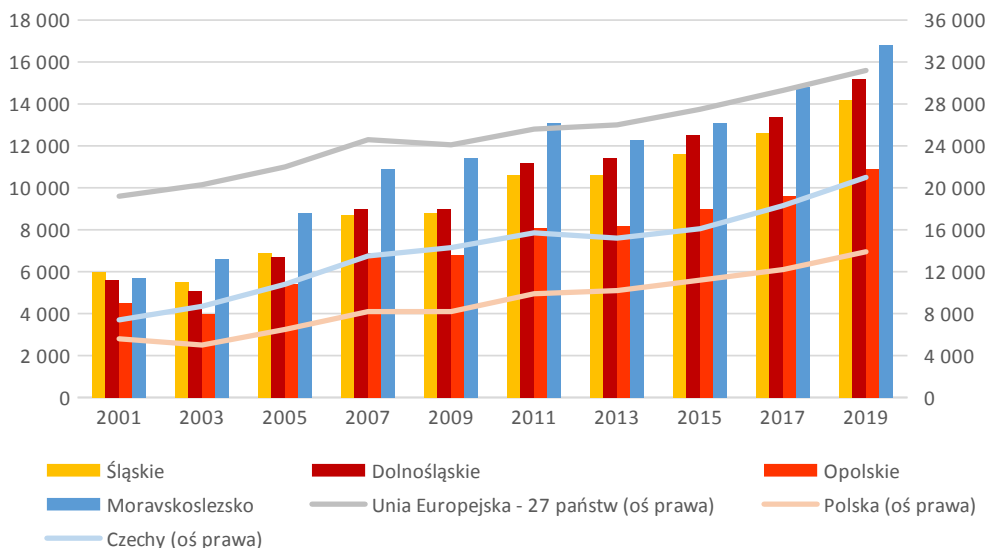
Figure 3. GDP per capita in the Czech Republic and Czech NUTS 2 units in 2001–2019 (odd years, in euros)



Source: Own study based on Eurostat data.

The analysis of the data presented in the above charts shows the situation of the analysed regions in relation to the national average (for Poland and the Czech Republic) and the EU average (EU27). Both in Poland and in the Czech Republic, the domination of the capital city regions is visible. Among the surveyed voivodships, the favourable position of Dolnośląskie and Śląskie was visible – throughout the entire period of the analysis, they occupied high positions in the ranking of regions, exceeding the average value for Poland. In 2019, the value of the GDP per capita indicator (in EUR) placed the Dolnośląskie Voivodeship in 2nd place in the country, and the Śląskie Voivodeship in 4th place. The Opole region took 12th place in the ranking. The Moravian-Silesian region was ranked 7th among the Czech NUTS 2 units.

Chart 4. GDP per capita in Poland and the Czech Republic, selected NUTS 2 units and the average value for the EU27 in 2001–2019 (odd years, in euros)



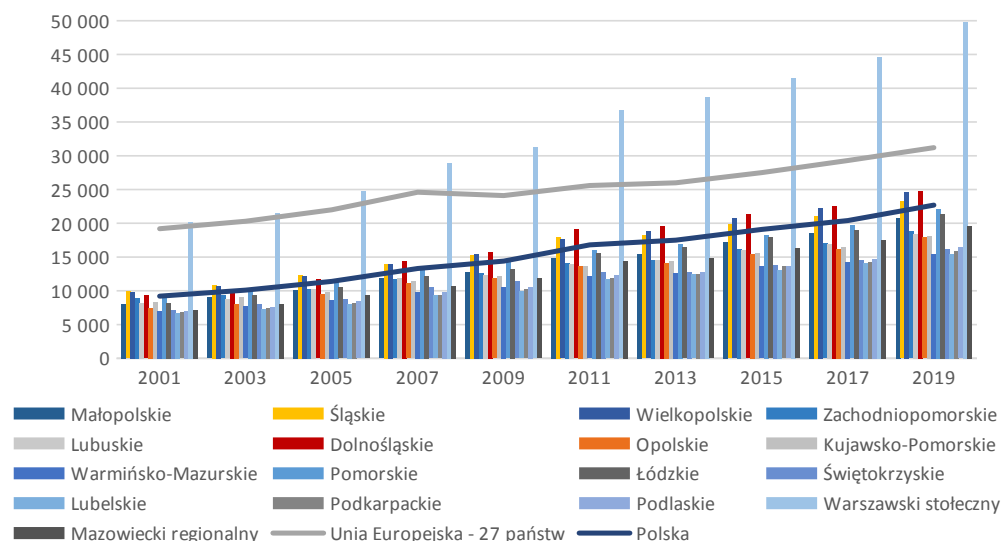
Source: Own study based on Eurostat data.

The data presented in the chart above shows that GDP per capita is higher in the Czech Republic than in Poland (EUR 21,000 compared to EUR 13,900, respectively), although both countries significantly differ from the EU average (in 2019, the value of the indicator for the Czech Republic was 67 % of the average for the EU27, and the value for Poland only 44 %). When analyzing the values for NUTS 2 units, with the exception of 2001, the most favourable position of the Moravian-Silesian Region is visible, which in 2019 recorded the value of GDP per capita at the level of EUR 16,800 (54 % of the EU27 average). In the years 2001–2005, the Śląskie Voivodeship held the second position, and since 2006 it has been Lower Silesia, where in 2019 the value of the GDP per capita indicator was EUR 15,200 (49 % of the EU average). In the same period, in the Śląskie Voivodeship the value of the indicator was EUR 14,200 (46 % of the EU27 average), and in Opolskie EUR 10,900 (35 % of the EU average).

As can be seen from the above data, the presentation of GDP in relation to the number of population shows data that allows for reliable comparative analyses. At this point, it is worth presenting the values for the GDP per capita indicator expressed in PPS. PPS (*Purchasing Power Standard*) is a conventional unit of measurement expressing the value of the indicator calculated according to the *Purchasing Power Parity* (PPP). Expressing the value of GDP per capita in PPS allows to correct differences in price systems occurring in individual countries. The indicator is a key variable in the classification of NUTS 2 regions under the EU's structural policy. The European Commission adopted the principle of recognizing Gross Domestic

Product per capita expressed in purchasing power of money (GDP *per capita* – PPP¹⁹) as the starting and basic indicator allowing to determine the level of development disparities in individual regions of the Union. At the same time, it should be noted that GDP as a measure of disproportion is not entirely precise. GDP captures the added value of each registered legal economic transaction, which is not the same as the actual level of economic potential of a region and related productivity, employment and other important macroeconomic indicators. Additionally, it is sufficient to consider the issue of making statistical surveys at the so-called NUTS levels²⁰. NUTS units correspond to administrative rather than economic territories and this leads to anomalies in cohesion policy. (de Rynck, McAleavey 2001) This situation proves the lack of a satisfactory system of indicators that would allow an efficient allocation of structural funds. Nevertheless, for the purposes of this analysis, the key parameters illustrating the socio-economic situation have been selected.

Chart 5. GDP per capita in Poland, voivodships and the EU27 average in 2001–2019 (odd years, in PPS)

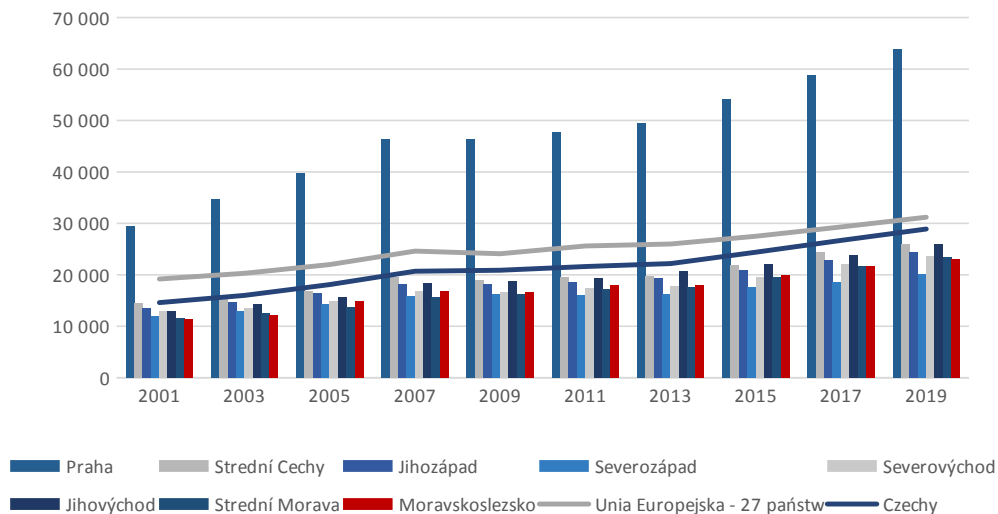


Source: Own study based on Eurostat data.

19 GDP determines the total value of goods and services provided in a given area in all market and public sectors. It is assumed that the difference in GDP per capita should reflect differences in productivity and employment rates.

20 Nomenclature for Territorial Units (NUTs) – Territorial units adopted for statistical purposes for the purpose of distributing funds.

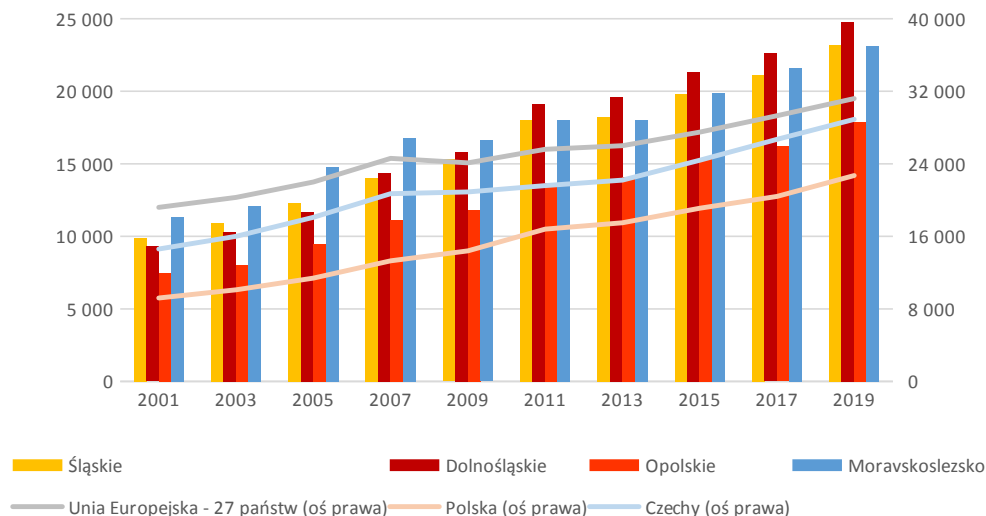
Figure 6. GDP per capita in the Czech Republic, Czech NUTS 2 units and the EU27 average in 2001–2019 (odd years, in PPS)



Source: Own study based on Eurostat data.

Throughout the analysed period, in both countries the capital city regions – Warsaw and Prague – had the best position. On the other hand, the researched voivodeships in Poland recorded different positions – Dolnośląskie and Śląskie were always at the forefront of Polish regions, reaching values higher than the national average (in 2019, Dolnośląskie was 2nd in Poland, and Śląskie – 4th), and Opolskie Voivodeship in the second half of the ranking (12th place in 2019). Throughout the analysed period, the Moravian-Silesian Region noted values below the national average, in 2019 it could be found in the second half of the ranking (7th among NUTS 2 units). Compared to all the regions of the Czech Republic, the Moravian-Silesian region was ranked 9th. (ČSÚ, www.czso.cz)

Figure 7 GDP per capita in Poland, the Czech Republic, selected NUTS 2 units and the average value for the EU27 in 2001–2019 (odd years, in PPS)

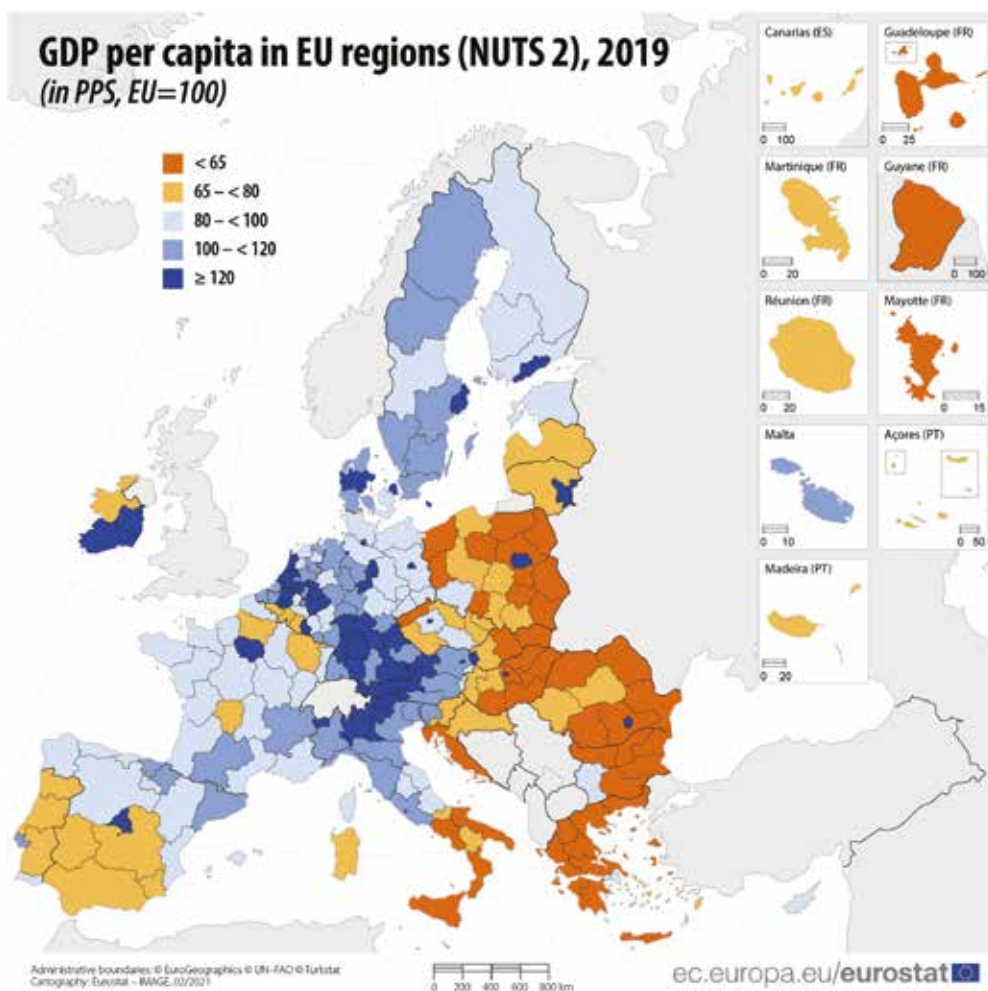


Source: Own study based on Eurostat data.

Throughout the analysed period, the Czech Republic had a higher GDP per capita (in PPS) than Poland (in 2019 it was PPS 28,900 compared to PPS 22,700). Both countries, as in the case of GDP per capita expressed in euros, were below the EU average (31,200 PPS in 2019), however, the disproportions in GDP per capita expressed in PPS were smaller than in the case of the indicator expressed in euros. In the last year of the analysis, the Czech Republic reached a value equal to 93 % of the EU27 average, and Poland was at 73 %. The analysis of the GDP per capita value in PPS at the NUTS 2 level shows changes between the studied regions: the Moravian-Silesian Region had the highest values in 2001–2009 while since 2010 it was the Dolnośląskie Voivodeship that had the best position, reaching the value of PPS 24,800 per capita in 2019 which accounted for 80 % of the EU27 average. From 2010, the Moravian-Silesian Region was in the second position (in 2011 *ex aequo* with the Śląskie Voivodeship) until 2018. In 2019, the Czech region reached the value of PPS 23,100 per capita (74 % of the EU average) and vacated the second position for the Śląskie Voivodeship, for which the value of GDP per capita in PPS was slightly higher and amounted to 23,200 (74 % of the EU27 average). The Opolskie Voivodeship, with PPS 17,900 (57 % of the EU average), came last among the surveyed regions.

As mentioned above, based on the ratio of GDP per capita in PPS to the EU average (equal to 100 %), a classification is determined according to which the EU structural funds are divided. It is assumed that higher values of the index indicate a higher level of development of a given unit. The distribution of the indicator's values across EU regions is shown in the map below.

Map 2. GDP per capita in EU27 regions in 2019 (PPS; EU = 100)



Source: *Regional GDP per capita ranged from 32 % to 260 % of the EU average in 2019*, Eurostat, 3 March 2021, <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210303-1> (accessed on 15 July 2021).

Among the regions of Poland and the Czech Republic, only the capital regions exceeded the average value for the EU27 (Warsaw capital region: 160 %; Prague region: 205 %). Two of the surveyed regions were classified into the group 65- <80 (Śląskie Voivodeship and Moravian-Silesian Region). The Opolskie Voivodeship was included in the last group of <65. However, it is worth noting that the Dolnośląskie Voivodeship, with the value of the indicator at the level of 80 % of the EU average, was transferred to the group of more developed regions of the EU.

Conclusion

Similarly as for the whole country, the last decades have been a period of a spectacular economic boom for Silesia. As shown by the data of the seventh cohesion report of the European Commission, GDP per capita in Poland increased by 22 percent in relation to the EU average compared to the state before the accession to the European Union. This translates into an almost twofold increase in GDP compared to the state before 2004 (EU Publication Office 2004). All other economic parameters, from employment and unemployment rates, through foreign direct investment, to disposable income of the population, followed a positive direction.

Two of the three Silesian voivodships belong to the top four in terms of GDP per capita in Poland. The latest available data show 80 % of the EU average in the Dolnośląskie Voivodeship and 74 % in the Śląskie Voivodeship; the Opole Voivodeship stands out clearly with a result of 57%, more typical for the “eastern wall”. A closer look suggests that in the case of the Dolnośląskie Voivodeship, a disproportionate concentration of wealth in Wrocław itself is clearly seen. On the other hand, the poor result of the Opole Voivodeship should be rectified adding that the low GDP ratio is accompanied by a high level (above the national average) of disposable income, which is related to the high volatile migration of the region’s population and income from transfers from abroad. The economic structure of the Śląskie Voivodeship is even more complicated; within its current administrative boundaries it comprises sub-regions with completely different economic characteristics. On the one hand, the vast majority of the potential is located in the industrial Upper Silesian Agglomeration while, on the other hand, Częstochowa remains a poor agricultural area and the Beskids live mainly from tourism. The Upper Silesia Agglomeration itself is also highly diversified, e.g. the Tychy subregion generates GDP twice as high as the Bytom subregion.

In relative terms, compared to other regions in Poland, Silesia is doing extremely well. In terms of most parameters, it is at the forefront and the average standard of living is higher here than in other regions of the country. However, if we enrich the analysis taking into account a wider time horizon, it turns out that this is the one that has historically lost the most. A hundred years ago, Breslau (Wrocław) was the second largest city in the then Germany (after Berlin), and Upper Silesia was the second largest industrial center after the Ruhr region. The average standard of living was above 90 % of the then German average. Today, compared to the middle-German economic level, the entire region is well below 50 %. On the other hand, other regions of Poland, despite the fact that today they are below the level of Silesia, are in the position of the regions that gained relatively because their initial state was much worse. The situation is similar at present: the average economic parameters of Silesia are quite decent when compared to the other Polish regions but in dynamic terms, the observation shows a relative downward trend.

The conducted analysis allows to confirm partially the thesis about the relative durability of the development hierarchies visible in the diversity of Polish and Czech regions. The example of Silesia (especially its contemporary Polish part) shows at the same time that the

historically changing dependence on different centers (Warsaw or Berlin) and belonging to different economic systems causes the effect of dynamically changing positions in development hierarchies in relative terms – in relation to historic centres. Silesia remains a relatively prosperous region in relation to the contemporary national average but in relation to the German economy, an integral part of which it was for entire centuries, its position has significantly decreased. Moreover, in relation to its position in the interwar period (in relation to the Polish economy) when the region enjoyed the richest economy in the Second Polish Republic (Koryś 2016, 73–85), its position has also relatively decreased and in modern times we can observe its further relative degradation. Of course, the phase of economic development in general is not without significance here – the years of Silesia belonging to Germany coincided with the industrial boom but in later decades (both the interwar period and the Polish People's Republic), the region depended to a large extent on heavy industry and mining. Nowadays, when the mining industry is approaching its decline, it is rather a burden for Silesia both in the economic (costs of restructuring and liquidation of the industry) and ecological (environmental degradation) aspects. The above is of particular importance in the case of the Śląskie Voivodeship and the Moravian-Silesian Region whose economies are largely based on this sector. Transformations of the economy towards knowledge-intensive and innovative industries seem to be the most appropriate direction of changes which may ensure further development of regions and eliminate differences at the European level.

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THE CZECH-POLISH-SLOVAK CROSS-BORDER REGION IN A COMPARATIVE PERSPECTIVE: THE MIDDLE INCOME TRAP

Hynek Böhm

Cross-border cooperation contributes to the elimination of barriers associated with the existence of national borders. In some cases, national border regions, through mutual cooperation, form functional cross-border regions in which many types of cross-border interactions take place. Cross-border labour market flows are one of the most important. This paper is based on a literature study and semi-structured interviews. It attempts to compare three cross-border regions: the French-German-Swiss Upper Rhine, the Luxembourg-Belgian-French-German Grand Region and the Czech-Polish-Slovak Tri-border region. We note that, unlike the two Western European cases studied, the Czech-Polish-Slovak cross-border region is at risk of being “trapped in a middle income trap”. This is mainly because the local cross-border labour market does not yet cover high value-added industries and the level of cooperation activities is very low compared to its “Western European” counterparts.

Keywords

Cross-border cooperation, cross-border flows, cross-border labour market, comparative perspective, middle income trap

Introduction and objectives

The European Union (EU) has reached its current size after seven decades of integration. The European Coal and Steel Community and the European Economic Community were a response to the two world wars in the 1950s and were intended to bring lasting peace to Western Europe (e.g. Jakš 1997). This goal was achieved, and most of the countries of Western and Northern Europe joined the original six founding countries over the following years. After 1989, the countries of the former Soviet bloc also began to move closer to the EU after association agreements were concluded in the 1990s which was followed by full EU membership between 2004 and 2013. With the withdrawal of the UK, the current EU is now a territory of 4.23 million km² with a population of 447 million (Eurostat 2021).

Roughly 40% of the EU's aforementioned land area is made up of border areas – as measured by the NUTS 3 numerical territorial classification corresponding to our regions. They are home to one-third of the EU's population. In the Czech Republic, this figure is even higher – according to Jeřábek (1999, p. 174). In many cases, these are economically weak areas, with generally less developed infrastructure and higher unemployment rates compared to the inland. The economic and cultural disadvantage limits the prospects of young people moving inland, thus worsening the demographic structure of the border region (e.g. Jeřábek 2004). The existence of national borders, therefore, plays a negative role for these areas.

Borders, mostly created over the last three centuries in the process of nation-state formation with an isolating function reinforced by the creation of the Iron Curtain, have erected physical, legislative and other barriers among regions in many places in Europe that historically belonged together, and imposed on some of them the status of economically and geopolitically peripheral areas. Removing the potential conflict and animosity between nations at the interface by intensifying contacts between citizens of previously hostile nations and removing the image of the enemy in their minds became a prerequisite for political and economic cooperation. The consequences of the Second World War could also be overcome thanks to good cross-border cooperation, e.g. on the Franco-German or German-Dutch border, where the first form of cross-border cooperation, symbolically called Euregio, was established in 1960 (Dokoupil 1999, p. 159). Although this organisation had nothing to do with the structures of the European Communities or the Council of Europe, it foreshadowed the later emergence of cooperation units bearing the name “Euroregion”, which in time became one of the important vehicles of cross-border cooperation.

It is, therefore, worth noting that, despite advanced integration, the territory of the European Union is not a fully functioning organism. The main cause is the existence of national borders. Territories divided by borders have to overcome many barriers resulting from different legal, political and administrative structures on both or more sides of the border, which are in many places reinforced by historical animosities. Cross-border cooperation, therefore, has an important role to play in eliminating these barriers.

Cross-border cooperation was dealt a severe blow by the coronavirus pandemic, which led to the closure of borders and the freezing of cross-border flows. However, we should not idealise the pre-pandemic image of border crossings and cross-border cooperation either. The Schengen area has never been perfectly integrated and borderless (Falludi 2018, Rufi et al., 2020). Capello et al. (2017) stressed that the European Single Market still faces several obstacles. This is due to (i) the barriers still present (ii) the fact that key policies to support the Single Market have not been fully implemented and (iii) the fragmentation of legal and administrative frameworks, which is still strong even after seven decades of integration processes. The estimated cost of imperfect European integration is up to €458 billion, representing 3% of European GDP and 8.8% of the total GDP of border regions. It also means not creating more than 6 million jobs, 3% of total European employment and 8.6% of employment in border regions (Capello et al. 2017).

Recognising the untapped potential of border regions, in 2015 the European Commission, in cooperation with national and regional administrations, selected border experts and other relevant cross-border cooperation players, launched a comprehensive review of the framework conditions for cross-border cooperation and subsequent cross-border integration. Among other things, this investigation identified 239 cases of legal and administrative barriers at 37 of the 40 internal EU land borders between countries forming the single market (European Commission 2015). These barriers were in a third of all cases in the area of the labour market and education. Most of these barriers stem from different national regulations on both sides of the border, incompatible administrative processes, or a lack of common spatial planning (Falludi 2018). The review highlighted that national legislation is “blind to the existence of borders” and found that the Member States are the players that should do the most to mitigate the effects of barriers.

This cross-border review resulted in a Communication from the Commission to the Parliament and the Council entitled “Promoting growth and cohesion in the EU’s border regions” (2017). This Communication identified 10 measures to facilitate further growth and cohesion in Europe’s border regions.

- 1. Deepening cooperation and exchanges.*
- 2. Improving the legislative process.*
- 3. Ensuring cross-border public administration.*
- 4. Providing reliable and understandable information and assistance.*
- 5. Promoting cross-border employment.*
- 6. Promoting multilingualism in European border areas.*
- 7. Facilitating cross-border accessibility.*
- 8. Supporting greater merging of health care facilities.*
- 9. Consideration of the use of an appropriate legal and financial framework for cross-border cooperation.*
- 10. Learning about cross-border interaction for informed decision-making.*

The report also gave examples of mechanisms/actions that already exist in border regions. With one small exception – multilingual kindergartens in the Austrian-Hungarian-Slovak border area – all of these examples are from the “old EU”. This finding motivated me to ask whether the lower economic and living standards in the “new EU” – whose regions, according to many authors, are stuck in the so-called “middle income trap” – could also be attributed to significantly lower activities towards mutual cross-border integration.

The paper will therefore compare the degree of cross-border integration of the Czech-Polish-Slovak cross-border region, where cross-border cooperation is institutionalized in the form of the European Grouping of Territorial Cooperation (EGTC) TRITIA, with the degree of integration of the so-called Greater Region (German-French-Belgian-Luxembourg cooperation) and the German-French-Swiss Upper Rhine region. For comparison, data from the aforementioned survey on administrative barriers to cross-border cooperation will be used, assessing the frequency of attempts by relevant players in the three cross-border

contexts studied to remove barriers of a similar type through participation in the B-solutions initiative, as well as the distribution of existing cross-border public services in the current EU (ESPON 2018).

1. THEORETICAL FRAMEWORK FOR THE RESEARCH PAPER

Van Houtum (2000) categorized three basic approaches to studying the degree of integration of cross-border regions: research on cross-border flows, governance structures of cross-border cooperation, and research on the ideational dimension of cross-border cooperation. Permeable borders should lead to massive cross-border interactions that will lead to the elimination of the barrier effect of national borders (Sohn, 2014).

Decoville, Durand, Sohn, & Walther (2003) argue that PS is asymmetric, usually based on the “metropolis” of a given borderland. If cross-border areas are integrated, the urbanised areas flourish through specialisation: there are more favourable housing conditions on one side of the border and a better supply of jobs on the other. The greater the economic disparities, the higher the level of interaction as measured by cross-border commuting, as well as the proportion of “cross-border functioning” residents in a particular cross-border region (Decoville, Durand, Sohn, & Walther, 2013).

Cross-border integration is naturally complicated by several unresolved obstacles. Some are site-specific, but some barriers can be found across the EU (Medeiros et al. 2020). The dominant “soft” or “cultural” barrier is European linguistic diversity. Especially in cross-border regions with higher cross-border labour market flows, cross-border workers then face problems caused by differences in social systems (Svensson and Balogh 2018). Legal barriers arising from different administrative systems could be partly removed by effective approaches to territorial policy integration (Medeiros and van der Zwet 2020; van der Zwet and Ferry 2019), better application of multi-level governance (Faludi 2012), rigorous application of subsidiarity principles (Barca 2009) and cross-border spatial planning (Beer and Clower 2019; Colomb and Tomaney 2020; Dühr 2018; Walsh 2014). The persistence of physical barriers at the border, such as the lack of common public transport systems and infrastructure (Dörny and Decoville 2016; Medeiros 2019b), also calls for further interventions (Medeiros et al (2020)).

In a recent article on cross-border integration, Durand and Decoville (2019) conducted a systematic and multidimensional analysis of cross-border integration along the EU’s internal borders. They highlighted the similarities and differences among different European regions in terms of the intensity of the three dimensions of cross-border integration as identified by van Houtum (2000). They defined six different models of cross-border integration in the EU. In a nutshell, we can say that the highest level of cross-border integration is seen along the Rhine, where there are strong cross-border flows and mutual

trust among the population. Our part of Europe generally does not see such strong cross-border flows or mutual trust between people. One can agree with the vast majority of the findings of both authors. It is important to note, however, that the pandemic has shown a relatively high level of functional linkages and mutual trust, at least in the divided cities, e.g. both Czech and Polish Těšín can be mentioned.

Table 1: Territorial models of cross-border integration

Model	Characteristics
Eastern European - the Baltic States, Romania, the northern and southern borders of Poland, the eastern borders of Hungary and Slovakia and the Greek borders	Low mutual trust between populations living on both sides of the border, the low intermingling of neighbouring territories by populations (few cross-border activities are observed), and Significant use of the INTERREG programme, which takes care of much of the visible cross-border activity.
Scandinavia	relatively strong PS dynamics with symbolic cases such as Copenhagen-Malmö or Haparanda-Tornio, but low population density complicates cooperation
Maritime model - Interreg A programme areas located on the North Sea, Baltic Sea and the Adriatic Sea coasts	low level of cross-border activities, trust towards foreign neighbours and involvement in PS projects on both sides of the border
Western Continental Model - along the Rhine, Benelux and the German-Austrian border	strong functional symmetric integration, high level of trust on both sides of the border, low number of players involved in the PS
Central European model contact zone between the former Soviet bloc countries and the eastern regions of the German-speaking world	the relatively low propensity of people to have social mutual trust in their neighbours, the strong mobilisation of European cooperation instruments and the density of players involved in PS projects
Southwest Europe (Portugal, Spain, southern France, western Italy, Croatia)	A relatively low number of cross-border activities, significant differences on both sides of the border in terms of the social trust indicator

Source: Durand, Decoville (2019)

2. MIDDLE INCOME TRAP

Generally speaking, debates about the middle income trap occurs in many economies after they leave the group of low income countries. It affects former communist countries as well as, for example, Turkey or China (Riedel 2017). Naturally, low income countries grow faster. However, the more these emerging economies converge with the better-developed economies, the slower further convergence will be. Some economies manage to close this convergence gap (e.g. Ireland), but others are stuck at middle income levels (e.g. Portugal).

low income countries at the beginning of their growth period mainly exploit their disadvantages (the “benefits of underdevelopment”). For example, they may generate a higher expected return on capital (due to little existing capital or the relatively simple technology and know-how transfer). However, at higher levels of economic development, where the production process is characterised by a higher level of complexity, certain other characteristics are important. This concerns in particular the continuous improvement of education, training, research and innovations. Thus, after the initial “easy” increase in productivity, the economy must develop its engines of growth.

The word “trap” also suggests that middle income stagnation may be the result of some internal or external barriers from which the economy needs to be freed. One of these barriers is the existence of the state border, so we also take the liberty to link this topic with the issue of cross-border cooperation, which is aimed at eliminating barriers.

3. METHODOLOGY

The research was based on the method of content analysis (Krippendorff 2004). We draw our conclusions from an assessment of development since the in-depth investigation initiated by the European Commission in July 2015 (EC, 2017). Work on this paper began with an analysis of the documentation produced for the cross-border review, which, among other things, contains a comprehensive inventory of 239 obstacles to cross-border cooperation.

The barriers identified during the work on this review (Pucher, Stumm, & Schneidewind, 2017) were also revealed by a public consultation held in autumn 2015 in the form of an online questionnaire that included a combination of closed and open-ended questions and was available in 23 EU languages. Geographically, the survey covered both intra-EU and border regions between EU and European Free Trade Association (EFTA) and European Economic Area (EEA) countries.

We also analysed the Communication from the Commission to the Parliament and the Council entitled “Promoting growth and cohesion in the EU’s border regions” (2017), which identified 10 types of actions to be implemented in Europe’s border regions, as listed in the introduction. These actions also outlined areas/themes where barriers to further cross-border integration should be removed – including through the B-Solutions initiative, which aims to address legal and administrative barriers/difficulties along the EU’s internal borders. All cases in which the B-solutions initiative provided financial assistance to cross-border cooperation players in the regions studied in an attempt to remove an administrative barrier were analysed. For the sake of completeness, it should be added that the B-solutions initiative emerged as a direct consequence of the previous cross-border review.

The high number of barriers identified is indicative of the deep cross-border integration of the territory, as these barriers were identified due to the numerous existing cross-

border flows. We base our research on the assumption that the high number of identified existing barriers to PS is an indicator of the existence of an integrated cross-border region that seeks to remove these barriers. Conversely, border areas without identified barriers to cross-border integration are likely to experience very low levels of cross-border flows and interactions. Engl and Evrard (2018) mention this paradox: “(...) the more active you become in cooperation, the more you discover problems in everyday life, problems that go against the spirit of European integration.”

However, rather than relying solely on the study of barriers to further cross-border integration, we also analysed the territorial distribution of cross-border public services in the EU. The Cross-Border Public Services Synthesis Assessment (ESPON 2018b) complemented the picture obtained by studying the barriers to cross-border integration in studied regions.

4. RESULTS

4.1 The geographical and current distribution of obstacles to cross-border cooperation

The inventory of 239 legal and administrative barriers in border regions showed that about a third of all barriers identified in the study (73 cases) were in the labour market and education. Four other policy areas are also significantly affected: social security and health (20% – 48 cases); transport and mobility (16% – 38 cases); (territorial) planning of public policies/services (13% – 30 cases); and industry and trade (12% – 29 cases). The remaining cooperation areas are less significant, as they together affect the remaining 9% of all barriers.

The study has shown (see Table 2) that nineteen of the EU internal borders monitored have systematic monitoring of obstacles to cross-border cooperation. This was largely expected, especially in the case of the borders where there is a permanent working group focusing on PS, which are the two Western European cross-border regions studied in this thesis, the Upper Rhine and the Greater Region. This high level of barrier monitoring demonstrates good cooperation and advanced integration. The other 18 monitored borders are significantly less monitored in terms of barriers to cooperation, which is also true for the monitored Czech-Polish-Slovak cross-border region.

Table 2: Number of barriers identified in each European border region

Broad coverage (a large number of barriers in different policy areas)	Limited coverage (limited number of barriers in several policy areas)	Poor coverage (one or two barriers in specific policy areas)	No coverage (no documentation)
SE-N; DK-S; B-F; IE-UK; B-NL; D-NL; ES-F (AD) – (Pyrenees), B-D-F-LU (Greater Region); B-NL-D (Euregio Maas-Rhine), D-F-CH (Upper Rhine)	FI-S; D-DK; D-PL; BG-EL; EE-LV; LT-PL; FI-NO; HR-SI	AT-D AT-HU; AT-SI; AT-SK; HU-SI; HU-HR; HU-SK; SK-PL; CZ-SK; CZ-PL; CZ-D; BG-RO; F-IT; IT-SI; F-CH; IT-CH; AT-D-CH-LI	LT-LV; AT-CZ; HU-RO

Source: Pucher, Stumm, Schneidewind 2017

A detailed analysis of the geographical distribution of the barriers identified then shows deep cross-border integration in the 'core EU' around the Rhine, where the highest number of barriers to cross-border integration were reported. These barriers are particularly high in the labour market and education and the related areas of social security and health, planning and public services and cross-border transport. A particularly high level of cross-border integration can be observed in the Upper Rhine Valley and the Greater Region. The second-highest number of cross-border barriers, especially in the labour market and social security, was found in Scandinavian countries. This high number of reported cross-border barriers – despite the relatively low population of Scandinavian countries – is mainly due to the high cross-border integration between Copenhagen and Malmö.

Significantly fewer barriers were identified in southwestern and eastern Europe, as was the relatively low level of cross-border integration between East and West.

4.2 The B-Solutions initiative

The B-Solutions initiative was one of the actions initiated by the cross-border review. The initiative is managed by the Association of European Border Regions (AEBR). Moreover, the initiative should offer sustainable and replicable solutions for individual cases of obstacles to cross-border cooperation. The initiative operates as an autonomous grant programme under which public bodies from European border regions can apply for support from external experts to help find solutions to a specific problem.

In 2018–2020, the AEBR launched three separate calls for proposals and supported 66 pilot actions. Table 3 shows that the highest number (26) of advice cases selected related to problems identified in the EU core. The number of totals (14) CBC counselling cases between the "new EU" countries – with 4 cases in the Polish-Lithuanian and 3 in the Hungarian-Slovak context – is twice as high as the 7 cases identified between the old and new EU in the context

of Central European cross-border integration, where 3 cases were carried out in the Austrian-Slovenian context. However, no advisory case focused on cooperation in the Czech-Polish-Slovak border area.

Table 3: Geographical distribution of B-solutions consulting cases

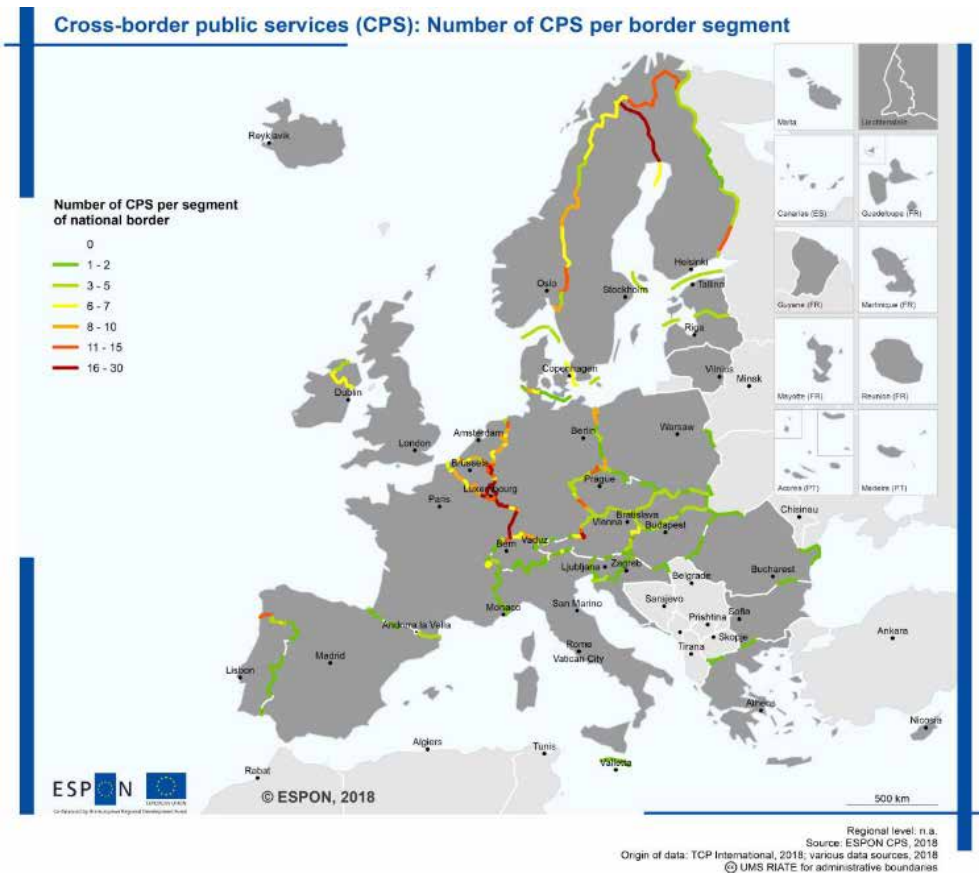
Model	Employment	Transport	Health	Institutional cooperation	Multi-lingualism	E-government	Information services	Total
"New" EU - EU13	LT-PL, PL-LT, HU-SK, HU-SK (4)		EE-LV, LT-PL (2)	LV-LT, LT-PL, HU-SK, RO-BG, HR-HU, HU-HR, HU-RO (7)				13
Scandinavia							S-N (1)	1
Western Europe	B-F, D-NL, B-NL, B-NL, B-NL, NL-D (7)	F-D, D-B, F-D, NL-B-D (4)	B-NL, F-B, D-NL-B (3)	F-D; B-L-D-F (GR), F-D, D-F-CH (Upper Rhine), L-F-D (GR), B-NL, NL-D, B-NL, F-B (9)	NL-B-D (1)		F-D-CH, NL-D (2)	26
Central European Contact Zone	IT-SI (1)	IT-SI, CZ-PL-D (2)	CZ-D, AT-CZ (2)		AT-HU-SK (1)	IT-SI (1)		7
South-west Europe	ES-PT, F-ES (2)	ES-PT (AD), PT-ES, F-(M-C)-IT, PT-ES, F-ES (5)	ES-FR, PT-ES (2)	ES-PT, PT-ES, ES-PT-F, ES-PT, ES-PT, ES-PT, ES-PT (8)	ES-F (1)		ES-PT (1)	19
Total	14	11	9	24	3	1	4	66

Source: own elaboration

4.3 Cross-border public services

Cross-border public services (CPS) are provided jointly by public authorities on both/multiple sides of the border for an indefinite period and with a target group on both sides of the border. CPS address common problems or development potentials of border regions in a clearly defined cross-border area and can be implemented in a wide range of public policy areas (ESPON 2018). Cross-border public services are considered as one of the possible instruments to eliminate the consequences of the peripherality of border regions (Böhm, Kurowska-Pysz 2019). 42% of the nearly 600 CPS identified by ESPON studies (2018) are established along the borders of Benelux, France, Germany (and Switzerland). High densities of CPS can also be observed along the German-Czech, German-Danish and (partly) German-Austrian borders. Other borders show very little CPS, including the Czech-Polish-Slovak border. CPS are mainly present along borders that either has a long tradition of PS and high population density or in rural areas where the provision of public services across borders is more efficient.

Figure 1: Distribution of cross-border public services in the EU



The spatial distribution of CPS focus is quite uneven across Europe, with some boundaries showing a clear focus on one or two themes, as opposed to other more broadly oriented ones. CPS in Scandinavian countries has a strong focus on civil protection, crisis management and cross-border healthcare.

Conclusions

The coronavirus pandemic has contributed to the return of physical barriers at (internal) European borders, which has suspended or significantly reduced cross-border flows within Europe. This article has documented (1) an overview of existing barriers to cross-border integration, (2) efforts to remove them with the B-solutions initiative, and (3) the highly uneven provision of cross-border public services in the EU.

The level of cross-border integration varies considerably across the EU. The highest level of cross-border integration has been documented in the “core EU” along the Rhine. Particularly deep integration can be observed in the Upper Rhine Valley and the Greater Region. The main common denominator is the functioning cross-border labour market there. Thus, numerous cross-border flows still face obstacles, but regional cross-border integration stakeholders seem to be working to remove them, as the analysis of the use of the B-Solutions initiative shows. The “core EU” is also experiencing an increase in cross-border healthcare provision and a high level of cross-border public services in general.

In the ‘new EU’, cross-border cooperation is based on a high number of actors that use INTERREG as an important incentive for PS (Durand and Decoville, 2019). Despite this, the aggregate level of cross-border flows appears to be generally low. The lower number of cross-border barriers and cross-border public services identified in the ESPON study should be attributed to the shorter period these countries have been cooperating across borders.

It is probably too bold to claim that the lower cross-border integration of the Czech-Polish-Slovak border region – compared to both the Upper Rhine and the so-called Greater Region – is one of the significant reasons why the Visegrad countries are stuck in the middle income trap. We believe, however, that a higher level of this cross-border integration would provide one of the impulses that would help boost the economic performance of the regions under study, freeing up some of the financial and human capacity that the central governments of all the V4 countries have to devote to peripheral areas to work towards lifting the V4 countries out of the middle income trap.

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PART II

THE MIDDLE INCOME TRAP – CONDITIONS AND WAYS OF MANIFESTATION

- **MIGRATIONS AND MIDDLE INCOME TRAP –
ANALYSIS OF DETERMINANTS AND SEARCH FOR
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- **DEPOPULATION OF THE MORAVIAN-SILESIA REGION
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(NOT ONLY) AT THE REGIONAL LEVEL**

Lucie Kamrádová

MIGRATIONS AND MIDDLE INCOME TRAP – ANALYSIS OF DETERMINANTS AND SEARCH FOR INTERDEPENDENCIES. CASE STUDY OF THE DOLNOŚLĄSKIE, OPOLSKIE AND ŚLĄSKIE VOIVODSHIPS

Nikola Starzec

Abstract

Migration is one of the determinants of the development of a given territory. Population movements have specific effects on both the sending region / country as well as on the receiving ones. The analysis of factors, on the side of determinants and consequences of migration, allows to identify areas that significantly condition the socio-economic development.

For the purposes of this study, an analysis of migration processes was carried out in relation to the *middle-income trap* (MIT). The MIT concept relating to the slowdown in economic development after a period of relatively rapid growth indicates the problem of getting out of the level of average income (or more broadly – middle development), which prevents or significantly hinders the transition to the level of highly developed countries / regions. In the specialised literature, most experts refer to economic indicators among the factors leading to falling into the middle income trap or getting stuck in it. Meanwhile, the development of countries and individual regions is also strongly related to the social potential of a given territory, which migrations can effectively diminish or strengthen.

In this article, the author attempts to identify the correlation between migrations and the economic development of voivodships (including taking into account the concept of the average income trap and GDP per capita), based on a review of the literature and statistical data adequate for the analysed problem areas. The thesis put forward assumes mutual (bilateral) connections between economic development (explanatory variable) and migration (explanatory variable). The territorial scope applies in particular to three Polish voivodships: Dolnośląskie, Opolskie and Śląskie, whose situation is analyzed in relation to the national average and the values of indicators for other Polish voivodships (ranking).

Keywords

Migrations, middle income trap, economic development, synthetic index, Polish voivodships

Introduction

Migration is one of the determinants of regional development. International mobility (foreign migrations), as well as interregional mobility (internal – inter-voivodeship migrations) have effects in the socio-demographic (individual and group dimension – families, local / regional communities) and economic (labour supply, unemployment, earnings, etc.) domains. The main majority of international migrations and flows of people between regions are, in most cases, motivated by economic reasons. People decide to leave their place of residence in order to take up a better job (a better-paid one, satisfying, providing opportunities for development) or also find any job (most often it concerns people whose education does not meet the needs of the local / regional labour market). Considering the above, the direction of the flow of migrants seems to be natural – from economically less developed countries / regions or for various reasons less attractive in the opinion of migrants to more developed, more attractive places. Analysing migration processes in the context of the MIT concept, focus should be put on the economic aspects of migration and one should look for determinants and interdependencies based on the literature on the subject as well as the values of indicators relating to the link between migration and the economy. In the context of economic displacement of the population, it is worth paying attention to various problem areas related to the economy, including: the labour market, public finance and economic growth (*Is migration good for the economy?*, 2014).

1. RELATIONS BETWEEN MIGRATIONS AND ECONOMIC DEVELOPMENT IN THE LIGHT OF THE LITERATURE ON THE SUBJECT

The extensive literature on the subject, focusing on migration processes, indicates a number of factors that affect the decision to leave (temporarily or permanently) the current place of residence. When examining the issues of determinants of migration, one should start with the criterion of the cause of departure, which distinguishes forced and voluntary migrations. The first type is related to the influence of an *external push factor* without the need for *pull factors* in the target country. Changing the place of residence in the event of forced migration is usually caused by political or administrative pressure. On the other hand, voluntary migrations are free from external pressure, and the migration decision largely depends on the balance of profits and losses, subject to subjective assessment of the potential migrant. This type of mobility often results from economic reasons, such as the possibility of taking up employment, the difference in wages and living standards, as well as for personal reasons, e.g. taking up new challenges, gaining new experiences, willingness to test one's abilities, family reunification, etc. (Kawczyńska-Butrym, 2009). Contemporary migrations from Polish voivodships are voluntary, further analysis therefore focuses on this type of mobility.

As indicated above, a frequent premise for making a decision to leave are economic motives (labour migrations), but there are also non-economic ones (educational migrations, related to family matters, treatment / rehabilitation, other) (*Migracje zagraniczne ludności. Narodowy Spis Powszechny Ludności i Mieszkań 2011* [Migrations abroad. National Census of Population and Housing 2011], 2013). A number of studies addressing the motives (determinants) of migration have confirmed the decisive role of the first of the above-mentioned factors – earnings. The results of the National Census (NSP) conducted in Poland in 2011²¹ indicated that work was the motive for leaving for nearly 73 % of respondents while family matters, located in the second position, reached the result of less than 16 %. Providing a more detailed answer, nearly onethird of the respondents indicated that the reason for leaving for work was higher earnings abroad, 31 % of respondents indicated difficulties with finding a job in Poland, and 3 % – greater opportunities for professional development abroad. Other responses in this regard were: job offer abroad, work in Poland inconsistent with qualifications, running a company operating abroad, secondment by an employer. More than 93 % of the emigrants for whom work was the reason for leaving lived in Europe, of whom over 88 % lived in the EU. The percentage of people staying in different countries for work in general for Polish emigrants was varied. In two main destination countries – the United Kingdom and Germany, it was respectively: 77.9 % and 67.5 % (*Migracje zagraniczne ludności ...*[International migration of the population...], 2013). More recent data (*Migracje zarobkowe Polaków IX* [Labour migrations of Poles IX], 2018), relating to the motives of migration of Poles, have not fundamentally changed the picture of migration – the economic ones, determined by *pull factors*, such as higher earnings, higher standard of living, professional development opportunities, better social conditions, predominate but there are also *push factors*, e.g. lack of suitable work in Poland. It should be noted, however, that the first type of factors prevails in many cases, which proves that the sending region / country is less competitive.

Apart from a number of factors determining mobility (determinants of migration), based on the analysis of the literature on the subject, its consequences can also be indicated both in the sending and destination countries / regions. The benefits of migration (positive aspects) are usually observed on the side of the countries / regions accepting economic migrants, and the scope of the analyses focuses mainly on labour markets. The consequences of migration mentioned in this area relate to, inter alia, the increase in the supply of labour resources, filling niches in various areas of the economy or increasing the flexibility of the labour market. The skills and motivation of immigrants and the ability to find appropriate employment (without crowding out native workers) are important (*The Economic Impact of Immigration*, 2008). It is worth noting that post-EU-accession migration from Poland is characterized by a relatively young age and good education of people who leave the country, which should generate positive effects for the economy of

21 Although the Census was carried out in 2011, it is worth referring to the census data, as it is a common study – conducted among all Poles, so its scale is incomparably greater than other subject studies on limited samples.

the host country. In the sphere of public finances, it is indicated that migrants participate to a greater extent in tax and insurance contributions than they receive from the system as part of benefits. On the other hand, in terms of broadly understood economic growth, the important issues are those related to the increase in the working age population (the largest group of migrants), GDP growth, human capital development (migrants arrive with specific skills) or participation in technological progress (*Is migration good ...*, 2014). Immigration can increase *per capita* income by increasing the absolute size of the national labour force, increasing the share of the working age population, having and using special skills and abilities, filling gaps in the labour market (undertaking jobs that locals do not want to do), making the economy more flexible (*The Economic Impact ...*, 2008). On the other hand, it is indicated that migrants take up jobs for lower wages, often in subordinate sectors of the economy or specializations which domestic workers do not want to undertake, which is associated with the phenomenon of *brain waste*. However, from the point of view of the economy of the destination country / region, the economic migration balance is favourable. Of course, some favourable phenomena are also noted in the sending country / region – if unemployed people leave, the value of indicators relating to this phenomenon decreases, transfers of foreign earnings contribute to an increase in the standard of living in migrant households, consumption increases, and temporary migrations they strengthen human capital with new experiences and skills, which, together with returnees, return to the country / region. Nevertheless, on the side of unfavorable phenomena or threats, there are more factors, including departures of young and educated people (*brain drain*), departures of people of working age (reduction of labour supply resources), shortages in local / regional labour markets (structural gaps), professional deactivation of people who stay in the country and make a living from transfers, increasing the requirements for remuneration in the national / regional labour market. The above-mentioned factors and problem areas, limited (necessarily) to economic issues, are most often undertaken by

researchers of the impact of migration processes on regional development²². Nevertheless, it should be noted that the effects of migration may vary depending on the receiving and sending country / region, the situation on the labour market, as well as the profile of incoming / outgoing people.

2. MIGRATION PROFILE OF THE REGIONS STUDIED

When starting the analysis based on statistical data, it should be noted that most of the available data includes only flows for permanent residence while a large part of the migration potential moves without a formal notification of departure (check-out) and arrival (check-in). Public statistics also provide data on temporary migrations but they are also based on recorded flows – they are not complete and focus on resources – as of December 31 of a given year (*stock data*), and not on migration flows (*flow data*) (*Bank Danych Lokalnych* [Local

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- 22 The literature on the subject is developed both at the national and regional level – especially in voivodships where migrations have a significant impact on development. See more in: Dobrowolska P. (2016). Wpływ migracji społecznych na polski rynek pracy [The impact of social migrations on the Polish labour market]. *Rynek – Społeczeństwo – Kultura*, 3 (19), 63–67; Heffner K., Solga B. (2016). Migracje zagraniczne jako czynnik sprawczy rozwoju regionów w Polsce [Foreign migrations as a factor contributing to the development of regions in Poland]. *Studia Migracyjne – Przegląd Polonijny*, 3 (161), 149–164; Heffner K. (2018). Migracje a rozwój regionu opolskiego. Znaczenie procesów migracyjnych w kontekście regionalnej konkurencji. [Migrations and the development of the Opole region. The importance of migration processes in the context of regional competition] *Studia Śląskie*, 83, 163–184; Homoncik T., Pujer K., Wolańska I. (2017), *Ekonomiczno-społeczne aspekty migracji. Wybrane problemy*. [Economic and social aspects of migration. Selected problems.] Wrocław: Wydaw. Exante. Pobrane z https://depot.ceon.pl/bitstream/handle/123456789/11603/migracje_1p.pdf?sequence=1&isAllowed=y; Jończy R. (2011). *Zagraniczne migracje zarobkowe z województwa opolskiego w latach 2008–2010 oraz ich wpływ na opolski rynek pracy i sferę fiskalną samorządów terytorialnych. Diagnoza i rekomendacje w kontekście rozwoju regionu*. [Foreign labour migrations from the Opolskie Voivodeship in 2008–2010 and their impact on the Opole labour market and the fiscal sphere of local governments. Diagnosis and recommendations in the context of the development of the region] Opole: Urząd Marszałkowski Województwa Opolskiego; Jończy R. (2015). *Ekonomiczno-społeczne skutki współczesnych migracji w wymiarze regionalnym – na przykładzie regionu opolskiego*. [Economic and social consequences of contemporary migrations in the regional dimension – on the example of the Opole region.] Warszawa-Wrocław-Opole: Wydaw. Instytut Śląski; Puzio-Waławik B. (2010). Społeczno-ekonomiczne skutki migracji Polaków po akcesji Polski do Unii Europejskiej. [Socio-economic consequences of the migration of Poles after Poland's accession to the European Union.] *Zeszyty Naukowe. Polskie Towarzystwo Ekonomiczne*, 8, 179–193; Solga B. (2017). Znaczenie migracji zagranicznych w rozwoju regionalnym w Polsce [Importance of foreign migrations in regional development in Poland], *Studia Ekonomiczne. Zeszyty Naukowe*, 309, 122–130; Solga B. (red.). (2020). *Województwo opolskie 1989–2019. Przemiany społeczno-gospodarcze i przestrzenne oraz wyzwania rozwojowe*. [Opole Voivodeship 1989–2019. Socio-economic and spatial changes and development challenges.] Opole: Politechnika Opolska.

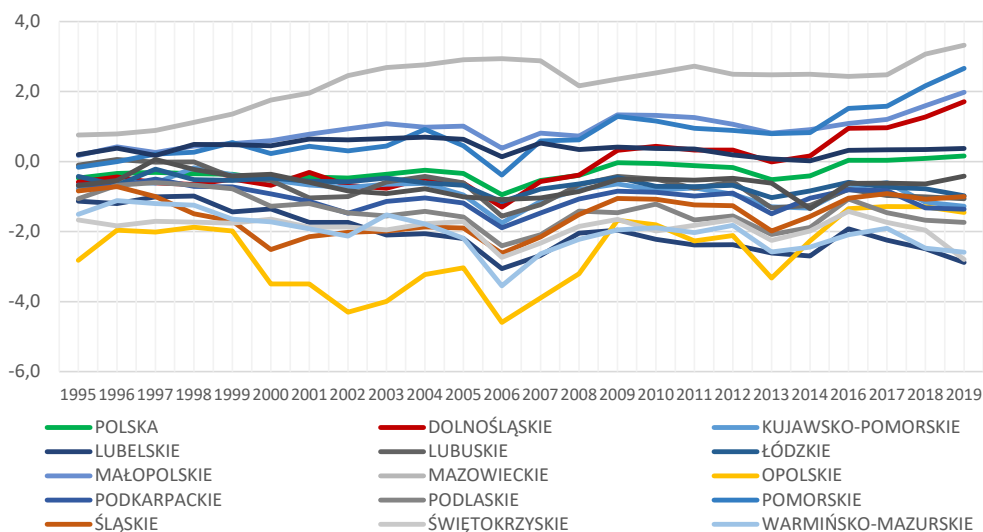
Data Bank]²³. Difficulties in fully measuring mobility result mainly from the multitude of definitions, concepts, methodologies and systems used in order to collect data and in research on migration in different countries / organizations, the free movement of people and failure to register registration on which most databases are based (Adamski, 2015) . The problem of unregistered migration has been relatively well researched in Silesia (especially in the Opolskie Voivodeship) thanks to the conducted field research and analyses based on data from alternative sources (Jończy, 2019; Bukowski et al., 2020). Although it is estimated that the scale of unregistered departures is significant²⁴, many researchers base their research on data from public statistics because despite the above-mentioned shortcomings, these data are available, are free, regularly updated and comparable. In view of the above, taking into account certain limitations, the author of this article also relies on the data of the Central Statistical Office (GUS), published in the databases: Bank Danych Lokalnych [Local Data Bank] (hereinafter referred to as BDL) or Demographics, with the reservation that the presented analyses actually illustrate only parts of the migration “reality”.

The basic migration indicator which reflects the positive or negative situation in the migration balance is the permanent migration balance, which is the difference between the number of people who arrived for permanent (registered) residence in a given administrative unit / country in a given period (most often in a given calendar year) and the number of people who left this unit / country in the same period of time (*Pojęcia stosowane w statystyce publicznej* [Terms used in official statistics]). A region or country with a positive balance attracts human resources and a negative one has more people leaving. In order to guarantee the comparability of data between small and large regions, absolute values should be recalculated in relation to the population of the voivodship. Bearing in mind the above, the author uses the following indicator: migration balance per 1000 population. The values for the indicator in question are presented below (Figure 1), which were calculated on the basis

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- 23 According to the definition of the Central Statistical Office (GUS) (information assigned to the subgroup of indicators: Migration for temporary stay by type, direction and sex of migrants): Internal migration of population for temporary stay (until 2005 – more than 2 months, from 2006 – more than 3 months). The data concerns the number of persons registered for temporary residence as of December 31 of each year (this is not the number of persons registered for temporary residence in a given year – the data describe resources, not migration flows).
- 24 Microcensus records in rural areas of the Opole region were carried out many times in the last dozen or so years by R. Jończy and showed that the share of unregistered migrants who left the region permanently on average amounted to approx. 17–20 % of those registered (Jończy, 2019). The analyzes taking into account the data of the Central Statistical Office, the National Health Fund and the corrective factor were presented in the report of the study “Impact of depopulation on the development prospects of the following voivodeships: Opolskie, Świętokrzyskie and Warmińsko-Mazurskie,” commissioned by the Marshal s Office of the Opolskie Voivodeship. The presented data show that in 2018 the difference between the population indicated by the Central Statistical Office and the population adjusted for the phenomenon of unregistered emigration using the correction factor amounted to: -8.4 % in the Opolskie Voivodeship, -6.2 % in the Dolnośląskie Voivodeship and -5.3 % in the Śląskie Voivodeship, with the country average of -5.5 % (own calculations based on: Bukowski et al., 2020).

of the net migration (for internal and international migrations) and the population (as of June 30) for the years 1995–2019²⁵.

Chart 1 Permanent migration balance per 1,000 persons in Poland, by voivodships in 1995–2019



Source: Own study based on GUS data.

Due to the fact that this article focuses mainly on three Polish voivodeships: Dolnośląskie, Opolskie and Śląskie, a further detailed analysis concerns these units. The data presented in the chart above shows that in terms of the balance of migration per 1,000 persons, the Opolskie Voivodeship was (in the period 1995–2008 and in 2013, the last position in the country) in the least favorable situation where a negative balance of both internal and foreign migrations was recorded. On the other hand, the Dolnośląskie voivodeship was the most favorable in terms of the indicator in question (since 2009, the net permanent migration per 1,000 persons above the national average; 4th or 5th position among Polish regions).

As mentioned in the previous part of the article, when analyzing the migration processes in the context of economic development, attention should be paid to the flows of people of working age, which supply labour markets, and as the results of the 2011 Census proved, people leaving Poland after accession to the EU were characterized by young age, as well as relatively good education (*Migracje zagraniczne ludności ... [Foreign migrations of the population...]*, 2013).

25 The year 2015 was excluded from the analysis, because due to insufficient quality of data on international migration for permanent residence for 2015, these data, as well as data on long-term migrations, have not been published.

The data for the post-accession inter-voivodeship and foreign migration ratio²⁶, taking into account the economic age groups of migrants²⁷, are presented in the tables below.

Table 1 Net migration rate – migration for permanent residence between voivodeships by economic age groups

in pre-working age	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DOLNOŚLĄSKIE	-4,8	-1,8	-0,4	0,8	4,1	2,2	3,3	0,9	3,8	5,2	5,8	6,2	6,3	8,6	7,8
OPOLSKIE	-1,4	-6,4	-3,6	-1,0	-2,8	-1,0	-3,6	1,3	-1,4	-1,4	-1,2	-1,6	-2,9	-1,0	-1,3
ŚLĄSKIE	-4,5	-6,5	-5,0	-4,3	-6,8	-5,3	-5,9	-5,9	-6,6	-6,0	-6,4	-6,3	-5,1	-6,7	-5,9

in working age	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DOLNOŚLĄSKIE	-1,7	3,8	3,4	3,8	6,2	8,4	8,4	9,5	12,3	12,5	13,2	13,6	13,5	16,6	22,7
OPOLSKIE	-8,4	-10,7	-10,1	-5,9	-8,2	-9,4	-8,9	-6,8	-13,2	-10,3	-11,7	-10,1	-10,9	-10,8	-17,0
ŚLĄSKIE	-8,7	-9,7	-9,9	-8,0	-8,0	-8,5	-9,8	-8,5	-10,0	-9,6	-9,0	-8,9	-8,5	-11,2	-11,7

in post-working age	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
DOLNOŚLĄSKIE	-7,9	-4,7	-5,8	-5,2	-5,1	-2,9	-4,1	-1,8	-1,7	-2,6	-0,8	-1,5	-1,7	-2,0	-1,7
OPOLSKIE	-2,0	1,0	0,5	-1,0	-0,6	-1,4	-0,8	-0,8	-0,4	-0,3	-2,4	-3,2	-1,0	-0,8	1,6
ŚLĄSKIE	0,0	-2,0	-1,7	-1,8	-2,3	-2,5	-3,0	-3,6	-4,8	-4,1	-4,2	-4,4	-5,1	-6,4	-6,5

Source: Own study based on GUS data.

26 Net migration rate: net migration for permanent residence of people of a certain age per 10 thousand. people of this age (Local Data Bank).

27 The GUS definitions for economic age groups are as follows: pre-productive age – the age at which the population has not yet achieved work capacity, i.e. age group 0–17 years, productive age – working capacity age, i.e. age group 18–64 for men years, for women – 18–59 years of age, post-working age – the age at which people usually end their professional career, i.e. for men – 65 and more, for women – 60 and more (Terms used in official statistics). The GUS definitions for economic age groups are as follows: pre-productive age – the age at which the population has not yet achieved work capacity, i.e. age group 0–17 years, productive age – working capacity age, i.e. age group 18–64 for men years, for women – 18–59 years of age, post-working age – the age at which people usually end their professional career, i.e. for men – 65 and more, for women – 60 and more (Terms used in official statistics).

**Table 2 Net migration rate – migrations for permanent residence abroad
by economic age groups**

in pre-working age	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		2016	2017	2018	2019
POLSKA	-0,5	-4,8	-3,0	-1,2	2,3	3,5	3,6	2,8	-2,1	-0,9		7,3	6,9	7,7	9,4
DOLNOŚLĄSKIE	-0,5	-9,3	-4,1	-2,1	4,2	5,9	4,7	1,9	-5,4	-3,7		6,5	6,8	10,3	11,6
OPOLSKIE	-13,7	-23,0	-16,4	-17,6	-9,6	-7,5	-7,9	-13,4	-16,8	-9,6		4,4	8,0	6,9	7,6
ŚLĄSKIE	-5,6	-9,4	-7,4	-2,2	1,9	2,8	2,2	0,1	-7,1	-5,3		3,4	4,6	5,4	7,3

in working age	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		2016	2017	2018	2019
POLSKA	-5,0	-13,0	-7,3	-5,5	-1,1	-1,8	-2,7	-3,4	-7,3	-6,0		-1,5	-1,5	-0,9	-0,4
DOLNOŚLĄSKIE	-4,7	-18,4	-9,1	-8,3	-2,3	-2,6	-3,8	-4,6	-10,9	-8,8		-1,1	-1,1	-0,3	-0,1
OPOLSKIE	-30,7	-49,1	-41,4	-34,6	-12,4	-12,8	-19,7	-21,7	-30,7	-19,8		-10,2	-8,8	-9,6	-8,6
ŚLĄSKIE	-15,8	-23,8	-17,5	-12,2	-5,1	-6,0	-6,7	-8,2	-15,4	-10,0		-4,6	-4,5	-4,2	-3,6

in post-working age	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		2016	2017	2018	2019
POLSKA	-0,5	-1,0	-0,5	-0,8	-0,3	-0,2	-0,4	-0,2	-1,0	-0,8		0,2	0,2	0,4	0,6
DOLNOŚLĄSKIE	0,2	-0,9	0,4	-0,2	0,0	0,2	-0,2	-0,5	-1,0	-0,9		0,5	0,7	0,9	1,1
OPOLSKIE	-11,7	-10,6	-11,9	-13,4	-5,6	-7,9	-8,5	-4,7	-8,7	-7,3		-3,4	-2,9	-4,8	-2,0
ŚLĄSKIE	-4,0	-5,9	-4,6	-4,4	-3,0	-1,9	-2,1	-2,0	-4,0	-2,4		-0,9	-0,9	-0,6	-0,4

Source: Own study based on GUS data.

The data presented in the tables above show that in the case of inter-voivodeship migrations, the Dolnośląskie Voivodeship was definitely in the most advantageous position. The net migration rate in the region, both among migrants of working age and pre-working age, shows the potential to attract human resources that can supply the labour market on an ongoing basis, as well as those that will enter it. The favorable balance of migration of people of working age and pre-working age also indicates the migration of families with children, which in turn may indicate a desire for a longer or permanent stay in the voivodeship ("being rooted" in the region). The opposite situation was observed in the Śląskie Voivodeship where the rate of net migration of people of pre-working age recorded the lowest values and the values for the indicator for people of working age, although not the lowest among the analyzed regions, were also unfavorable, which indicates, in the case of the Śląskie Voivodeship, the advantage of emigration over arrivals of people at the working age, including children. In the analyzed period, the Opolskie Voivodeship was also losing its population as a result of inter-voivodeship movements, however, there was a significant advantage of the departures of people of working

age (the position amongst the regions mentioned above benefits the least) over other groups. In the case of internal migrations, it should be noted that this type of migration began to prevail in the Opolskie Voivodeship, which was a traditional region of foreign migration for decades, as shown in the data presented in Table 2 – until 2014 the lowest – unfavorable value of the migration rate of people in pre-working age and the least favorable position among the surveyed voivodeships in terms of the net migration rate of people of working and post-working age in the entire analyzed period. The Dolnośląskie and Śląskie voivodships also recorded negative values of the indicator in question for the group of people of working age throughout the entire analysis period, however, in the case of foreign migrations, no such significant relation was observed (except for the Opolskie Voivodeship until 2014) with the net migration rate of people of pre-working age, which may indicate a smaller scale of departures of entire families (the improvement of the situation in this respect is visible especially after 2016), but also an increased scale of immigration to Poland.

3. GDP PER CAPITA AND THE MIDDLE INCOME TRAP

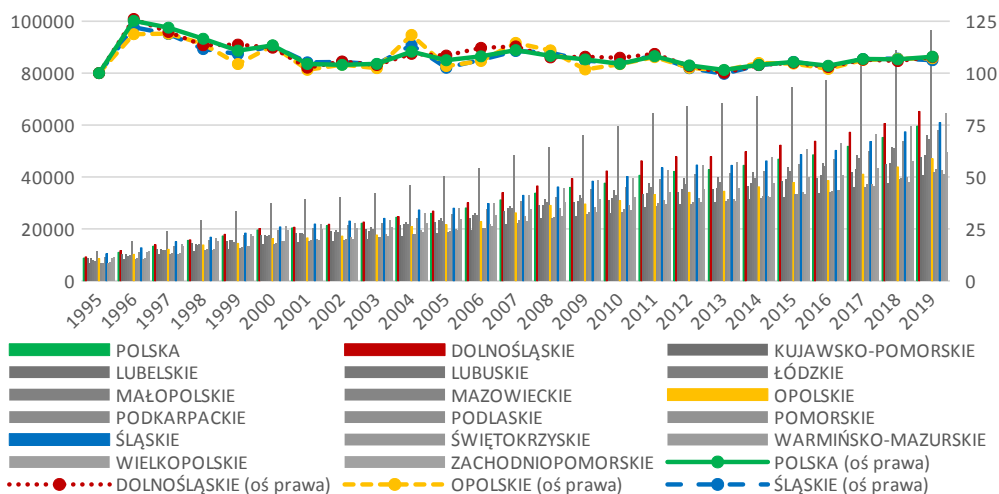
The basic indicator, which, despite many objections mainly from economists (Stiglitz, Sen, Fitoussi, 2013; Coile, 2018; Stiglitz, Fitoussi, Durand, 2019), is used to illustrate the state of the economy of a given country / region is the GDP which is a measure of the volume of goods and services generated in a given country over a given period of time (most often during the year) (Stiglitz et al., 2019). In order to enable comparisons between regions, the value of the GDP per capita is used, which relativizes the value of the indicator in relation to the number of inhabitants of a given unit.

Figure 2 shows the values for the GDP per capita indicator for Poland and voivodships in 1995–2019²⁸ and the dynamics of GDP per capita growth in Poland and the researched voivodships in 1996–2019. The first of the above-mentioned indicators were characterized by an increase in the value for the entire period for Poland and almost all voivodships (except for the Śląskie and Świętokrzyskie voivodships, which recorded lower values of the indicator in 2013 compared to the previous year). In turn, the dynamics of the GDP per capita growth began to record a lower growth rate over time. The above proves the development of Poland

28 For years 1995 to 1999, the data come from the BDL archives and are recalculated (in relation to the number of inhabitants) by the author herself. For the above-mentioned period, data for the GDP index (current prices – PKD 2004) were used. In turn, since 2000 the data presented in the BDL refer to the GDP per capita (current prices, PKD 2007 – ESA 2010). The figures for 2019 are estimates. When analyzing the presented data, one should take into account any changes that have been made in the methodology of calculating the indicator in question.

and individual regions, but in recent years at a slower pace than it was in the second half of the 1990s or the first decade of the 2000s²⁹.

Figure 2 The GDP per capita in Poland and voivodships in 1995–2019 (in PLN) and the GDP per capita dynamics (axis on the right) in Poland and selected voivodships in 1996–2019 (in %, previous year = 100)



Source: Own study based on GUS data.

The above could indicate a trend characteristic of countries that fell into the middle income trap – after a period of relatively fast growth, the dynamics of GDP growth began to decline. This threat was noticed in the country’s medium-term development strategy – “Strategy for Responsible Development until 2020 (with a perspective until 2030)” (SOR, 2017) which also included the middle income trap among the five development traps. Referring to the national data on the amount of GDP per capita (45 % of GDP per capita in the USA) and earnings of Poles (half earn less than PLN 2.5 thousand net; salaries approx. 3 times lower [in nominal terms] than in highly developed countries), the SOR (2017) states: “In the last 25 years, Poland has narrowed the gap with developed countries. Currently, however, we are witnessing depletion of the existing levers of growth and competitiveness. Without building new ones, Poland will get stuck in the group of middle-income countries, therefore new impulses for development are necessary”. Although the wording contained in the SOR only signaled the threat to Poland, without prejudging its current position, this problem was taken up by both the media and researchers who began to conduct analyses towards the verification of the thesis

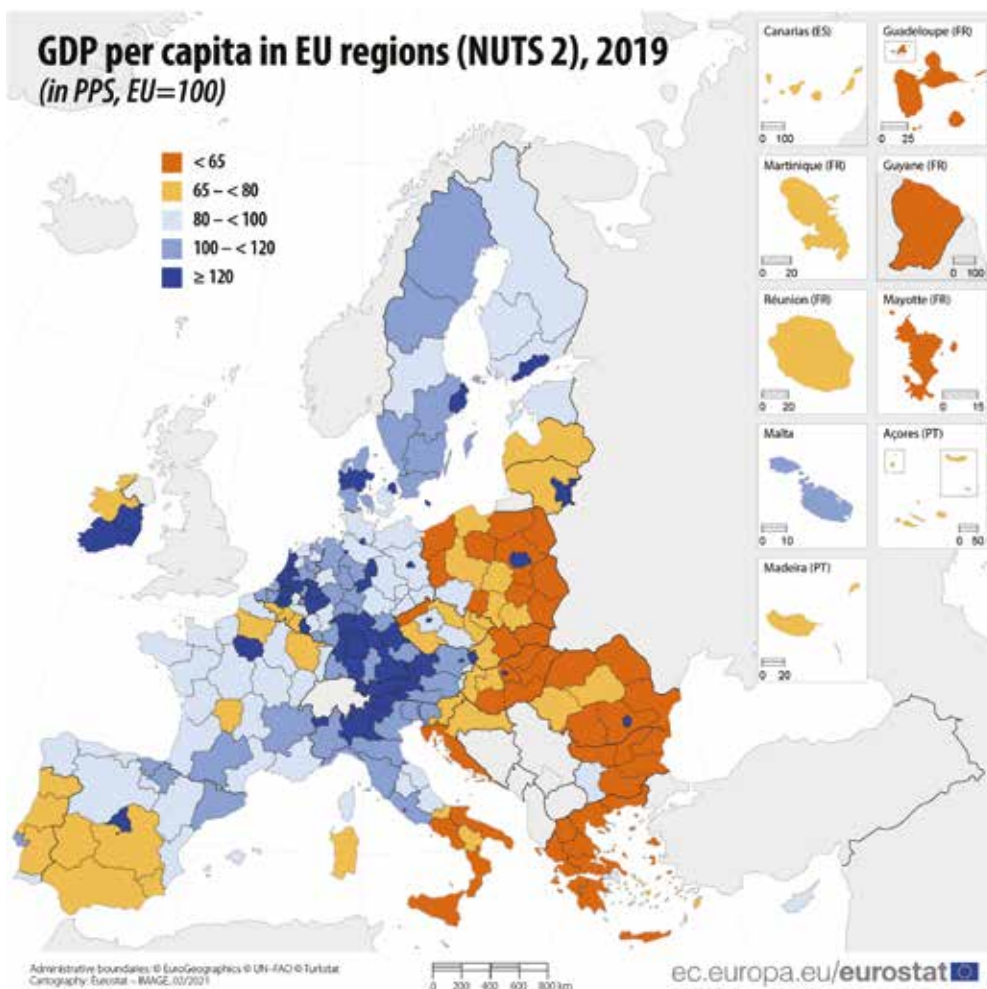
29 The average growth rate in 1996–1999 amounted to: 118.6 % in Poland, 118.3 % in the Dolnośląskie Voivodeship, 114.1 % in the Opolskie Voivodeship and 115.4 % in the Śląskie Voivodeship. In the years 2000–2009, the average growth rate was 107.7 % in Poland, 108.3 % in the Dolnośląskie Voivodeship, 107.6 % in the Opolskie Voivodeship and 115.4 % in the Śląskie Voivodeship. The last decade for which data are available, noting that for 2019 these data are estimates, covers the years 2010–2019. During this period, the average growth rate was 105.2 % in Poland and Dolnośląskie voivodships, and 104.8 % in both Opolskie and Śląskie voivodships.

put forward in the strategy. The results of the analyses were much varied – some showed that Poland was in danger of getting stuck in the middle income trap or had already fallen into it while in others, the thesis that Poland could join the group of countries trapped in the trap, and even that such a trap existed was disproved³⁰.

Since Poland became a member of the European Union on 1 May 2004, other member states and the so-called EU average, have become the most frequently presented reference point in various statistics – including those related to GDP. Using the GDP per capita indicator calculated according to the *Purchasing Power Parity* (PPP), the value of which is expressed in the common contractual currency PPS (*Purchasing Power Standards*)³¹, it is possible to determine the level of income of Poland and individual voivodships in relation to other Member States and EU regions in NUTS 2³² level by comparing values expressed e.g. in million PPS or against the EU average (= 100). At the time of Poland's accession to the EU (2004)³³, GDP per capita (in PPS) for the country was 51 % of the EU average (EU27 = 100) (*Gross domestic product (GDP) at current market prices by NUTS 2 regions*). According to the latest Eurostat data, in 2019 GDP per capita (PPP) in Poland amounted to 73 % of the average value for the EU27.

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- 30 The subject was discussed, among others, by Ciesielska D. A., Radło M. J. (2014). Determinanty wejścia w pułapkę średniego dochodu: perspektywa Polski. [Determinants of entering the middle income trap: Poland's perspective.] *Kwartalnik Nauk o Przedsiębiorstwie*, 2, 5–13; *Kierunki 2016. Polska w pułapce średniego dochodu. [Poland in the middle income trap.]* DNB Bank Polska S. A., Deloitte, Downloaded from <https://docplayer.pl/24774870-Kierunki-2016-polska-w-pulapce-sredniego-dochodu-dnb-bank-polska-s-a.html>; Fic M., Fic D., Ropuszyńska-Surma E. (2016). Pułapka średniego dochodu zagrożeniem dla rozwoju gospodarki polskiej. [The middle income trap as a threat to the development of the Polish economy.] *Studia i Prace WNEIZ US*, 44/3, 127–140; Kowalski R. (2019). Nierówności ekonomiczne a pułapka średniego poziomu rozwoju. Wnioski dla Polski. [Economic inequalities and the trap of an average level of development. Conclusions for Poland.] *Optimum. Economic Studies*, 2 (96), 37–52; Piątkowski M. (2019). *Europejski lider wzrostu: polska droga od ekonomicznych peryferii do gospodarki sukcesu. [The European Growth Leader: The Polish Path From the Economic Periphery to the Success Economy]*, Warsaw: Wydaw. Poltext; Sieroń A. (2019). Czy Polska wpadła w pułapkę średniego dochodu? [Has Poland fallen into the middle-income trap?] *Optimum. Economic Studies*, 2 (96), 53–68; Raszka J., Smyk A. (2020). *Pułapka średniego dochodu – mit czy realne zagrożenie dla polskiej gospodarki?* [The middle income trap – a myth or a real threat to the Polish economy?], *Zeszyty Studenckie "Nasze Studia"*, 10, 121–135.
- 31 PPS (Purchasing Power Standards) is a conventional currency that eliminates price differences between countries. Per capita calculations make it possible to compare economies and regions that differ significantly in absolute size. GDP per capita in PPS is the key variable determining the eligibility of regions at NUTS 2 level under the EU structural policy (Regional gross domestic product (million PPS) by NUTS 2 regions).
- 32 Within the EU, a common classification of the Nomenclature of Units for Territorial Statistics (NUTS) has been established. The division of units in force in Poland (from 1 January 2018) designates 97 NUTS units at three levels: NUTS 1 – macroregions grouping voivodeships – 7 units; NUTS 2 – regions (voivodeships or their parts) – 17 units; NUTS 3 – subregions grouping powiaty – 73 units (*Klasyfikacja NUTS w Polsce [NUTS classification in Poland]*).
- 33 After the 2004 enlargement, the EU had 25 member states. Eurostat published the data for 2004 for the EU25, inter alia, in press releases (*GDP per capita in the Member States ranged from 43 % to 227 % of the EU25 average in 2004, 2005*).

Picture 1 GDP per capita in EU regions (NUTS 2) in 2019 (in PPS, EU27 = 100)



Source: Regional GDP per capita ranged from 32 % to 260 % of the EU average in 2019, Retrieved from <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20210303-1>.

On the other hand, the values of the indicator for the analyzed regions in 2004 amounted to 57 % in the Śląskie Voivodeship, 52 % in the Dolnośląskie Voivodeship and 44 % in the Opolskie Voivodeship (since 2006, the Dolnośląskie Voivodeship began to record higher values than the Śląskie Voivodeship). In 2019, the value of the indicator increased in all regions and amounted to: 80 % in the Dolnośląskie Voivodeship, 74 % in the Śląskie Voivodeship and 57 % in the Opolskie Voivodeship (*Gross domestic product (GDP) ...*). The above data indicate a positive direction of changes, nevertheless the achieved values still classify two of the analyzed regions as less developed (below 75 % of the average value for the EU27), and the Dolnośląskie

Voivodeship reached the level classifying them as a region in the transition period (between 75 % and 90 % the average value for the EU27) (*Fundusze Europejskie w Polsce [European Funds in Poland]*).

Due to the purpose of this article, it is important to present the concept of the middle income trap, and then try to implement its main assumptions at the regional level. It should be noted that the relatively new concept of MIT was developed on the basis of an analysis of trends and comparisons between countries (national economies). The values of GDP per capita and the dynamics of development of individual countries were most often compared to the results recorded by the USA. The main assumption of the MIT concept is to demonstrate that in countries with a long-term economic slowdown, there are, after a period of relatively rapid growth, barriers that prevent them from moving to a higher level of development (convergence with highly developed countries is impossible or very difficult) (Sieroń, 2019). I. S. Gill and H. Kharas (2007) used the term middle income trap to refer to countries which, according to the authors, were supposed to maneuver between two strategies (compete in two fields) – poor countries with low wages, dominant in mature industries, and innovators from rich countries at the forefront of industries that are undergoing rapid technological change. The challenge signaled above seems to be very difficult, if not impossible. Significant changes in the development strategy should be introduced when the state achieves a per capita income of USD 1,000–10,000. The indicated directions of changes should concern: transition from diversification to specialization, from investment to innovation and from primary to higher education (Gill & Kharas, 2007). After several years of research, S. Gill and H. Kharas (2015) concluded that after a decade of research on the middle income trap, three things should be emphasized. First, the development of the MIT concept was a response to the lack of a satisfactory development theory from which to derive information for middle-income countries' development policies rather than a formulation of the general phenomenon of development. Second, the trap was supposed to convey the empirical regularity that past successes do not guarantee future successes. It was therefore intended to alert policymakers to make them avoid a lack of vigilance having the capacity of resulting in a long period of growth below potential. Third, the trap was a way to spark discussions about political choices in middle-income countries. Over the years, the MIT concept has been gaining popularity, also in Poland, among development specialists, especially economists,

political decision-makers, and in the media discourse. The idea of the middle income trap has been developed, modified, “tested”, but also criticized and even questioned in practice³⁴.

Among the critical voices of the MIT concept, there were reservations about the lack of a single, universally accepted and used definition of the trap, too wide and diversified range of GDP per capita values of countries that were to be trapped in the average income trap, an undefined period in which the values of the index assumed in the MIT range were they would be recorded to conclude that a country has fallen into the middle-income trap. Moreover, attention was drawn to the shortcomings of using the GDP per capita indicator itself, taking into account its limitations. The last remark is particularly important from the point of view of the indicators analyzed in this article, and the reservations put forward by the researchers regarding the concept of MIT and the GDP indicator coincide with the critical opinions regarding the too frequent use of (only!) the GDP indicator in order to analyze broadly understood social welfare or development, which are much wider fields of exploration – beyond the scope included in GDP.³⁵ When analyzing more complex processes, such as economic or socio-economic development, it should be remembered that GDP was not created to fully measure the above-mentioned areas. Bearing in mind the above, the Group of High Level Experts on Measuring Economic Development and Social Progress, established by the OECD, recommended – on the basis of discussions, observations and analyses that had been going on for years – to go “beyond GDP” claiming that “[W]e must therefore go beyond GDP” when assessing

34 The topic of the middle income trap was dealt with mainly in the following works: Gill I. S., Kharas H. (2015). The Middle-Income Trap Turns Ten. *Policy Research Working Paper*, no. 7403, 1–27; Doner R. F., Schneider B. R. (2016). The Middle-Income Trap: More Politics than Economics. *World Politics*, vol. 68, no. 4, 608–644; Larson G. M., Loayza N., Woolcock M. (2016). The Middle-Income Trap: Myth or Reality? World Bank Research and Policy Briefs, no. 104230, Retrieved from <https://documents.worldbank.org/en/publication/documents-reports/document-detail/965511468194956837/the-middle-income-trap-myth-or-reality>; Ozturk A. (2016). Examining the economic growth and the middle-income trap from the perspective of the middle class. *International Business Review*, vol. 25, no. 3, 726–738; Ye L., Robertson P. E. (2016). On the Existence of a Middle Income Trap. *Economic Record*, vol. 92, no. 297, 173–189; Bulman D., Eden M., Nguyen H. (2017). Transitioning from Low-Income Growth to High-Income Growth: Is There a Middle-Income Trap? *ADB Working Paper Series*, no. 646, 1–30; Pruchnik K., Zowczak J. (2017). Middle-income trap: Review of the conceptual framework, *ADB Working Paper Series*, no. 660, 1–35; Sieroń A. (2019). Czy Polska wpadła w pułapkę średniego dochodu? [Has Poland fallen into the middle income trap?], *Optimum. Economic Studies*, 2 (96), 53–68; Bresser-Pereira L. C., Araújo E. C., Peres S. C. (2020). An alternative to the middle-income trap. *Structural Change and Economic Dynamics*, vol. 52, 294–312; Riedel R. (2020), Poland and the middle-income trap. W Visvizi A., Matysek-Jędrych A., Mroczek-Dąbrowska K. (red.). *Poland in the Single Market: Politics, Economics, the Euro* (Ss. 86–102). London: Routledge.

35 GDP is aggregate added value – the net value of final goods and services produced in over a determined unit of time in a given territory. GDP is a measure of market output, but does not take into account the results of non-market activities and work, such as housework. Therefore, it is not a sufficient indicator to measure socio-economic progress, and too wide reliance on it may lead to erroneous conclusions and, as a result, actions. For example: the functioning of prisons, spilling salt on the streets in winter, advertising, financial speculation contribute to GDP growth, but household work, e.g. childcare, self-repair, volunteering and community work, as well as transfers of earnings from abroad, are not taken into account in their value (Stiglitz et al., 2013).

the economic condition of a given country, supplementing this measure with a broad set of indicators reflecting the distribution of welfare in society and its sustainability in the social, economic and environmental dimensions. The difficulty is that this set should not be too large to be easily understood but not too small, either, so that it can include everything we care about the most” (Stiglitz et al., 2019). Guided by the above recommendation, and also wishing to achieve the goal set before this study, the author made an attempt to verify the level of economic development of the surveyed voivodeships based on the developed synthetic indicator, which includes not only GDP per capita, but also supplementary indicators constituting components of economic development at the level of regional.

4. SYNTHETIC INDEX OF DEVELOPMENT

The analysis carried out in the previous part of the work showed that development should be measured through a properly selected set of indicators because relying solely on the GDP per capita indicator is limited and may lead to erroneous conclusions. Therefore, in this part of the article, based on the principles used to construct synthetic units, the author verified the level of economic development of the surveyed voivodships against other Polish regions, taking into account the development trends of the analyzed units in approximately the last dozen years³⁶. In this respect, the use of taxonomic methods was helpful, by means of which the strength of the relationships between the partial indicators used for the construction of the aggregate indicator was indicated, and then between the synthetic indicator and the permanent migration balance, in order to verify the relationship between the level of economic development of voivodships and the scale of migration.

The first step to construct a synthetic index was the selection of partial indices. According to the substantive and formal criterion³⁷, indicators relating to the measurement of various

36 The period of the analysis depended on the availability of data necessary to conduct it – in accordance with the principles of statistical / taxonomic analyzes, as discussed later on in the article.

37 The substantive criterion means that the selected features must include properties that are important from the point of view of the subject of the analysis, they must be clearly defined and logically related to each other. The formal criterion relates to the measurability of diagnostic features. The obtained information should be reliable, complete and available in the period covered by the study in order to enable its comparison in time and space (Podgrodzka, 2011). A. Młodak (2006) draws attention to an additional aspect – for taxonomic analysis, it is worth choosing indicators with (relative) variables, as using absolute values may lead to false results.

aspects influencing the economic development of regions³⁸ were selected and their availability in time³⁹ was verified. Then, the coefficient of variation (V) was calculated according to the formula (*Coefficient of variation*):

$$V = \frac{S}{\bar{x}} * 100\%$$

where: S – standard value deviation
 \bar{x} – arithmetic mean of the variable value

On the basis of the obtained results, the indicators with the coefficient values lower than 10 %⁴⁰ in the analyzed years were eliminated. The next step was to calculate the strength of the relationship between the pairs of variables (Pearson's linear correlation – r) in order to eliminate very highly correlated⁴¹ values according to the formula⁴²:

$$r = \frac{\sum (x - \bar{x})(y - \bar{y})}{\sqrt{\sum (x - \bar{x})^2 \sum (y - \bar{y})^2}}$$

As a result of the above measures, four indicators remained, which made up the aggregate measure (GDP per capita, Newly registered entities per 10,000 working age population,

38 These were the following indicators: GDP per capita, WDB per 1 employed person, Investment costs in enterprises per capita, Internal B&R costs per capita, B&R employees per 1,000 professionally active persons, Investments on innovative activities in enterprises per 1 professionally active person, Entities per 1,000 inhabitants of working age, Entities newly registered per 10,000 working age population, Natural persons running a business per 100 persons in productive age, Entities with foreign capital per 10 thousand residents, Adults participating in education or training aged 25–64, Registered unemployment rate, Employment rate of people of working age, Average monthly gross remuneration, Average monthly disposable income per person, Average monthly expenditure per person, Patents granted by the UPRP for 100 thousand inhabitants, Share of population with higher education in the age group 25–64.

39 The longest possible period of analysis was assumed to illustrate trends and analyze the changes taking place. After verifying the availability of data, there were 13 indicators for which the common period of analysis was the years 2004–2018 (the article presents the results for even years). Due to shorter periods of data availability, the following indicators were eliminated: Investment outlays in enterprises per capita, Employed in B&R per 1,000 professionally active persons, Costs of innovative activities in enterprises per 1 professionally active person, Patents granted by the Polish Patent Office per 100,000 inhabitants, Share of population with higher education in the age group 25–64.

40 The issue of variability is also raised in the context of the so-called criterion of information value, which means that the features should have a high ability to discriminate between objects – high variability over time. A low-differentiated feature has little analytical value. Features for which the value of the coefficient of variation is lower than the adopted threshold value (most often 10 %) should be eliminated (Podogrodzka, 2011; Młodak, 2006; Wakuła, 2017).

41 Two highly correlated variables provide similar information, so one of them becomes redundant in data analysis. By means of the correlation coefficient calculated for pairs of variables, the features most similar to others are eliminated. Therefore, there is a strong correlation between diagnostic features and those not selected as diagnostic (criterion of information value) (Podogrodzka, 2011; Młodak, 2006).

42 The calculations were made using the *Pearson* functions of the Excel program.

Adults participating in education or training aged 25–64, Registered unemployment rate). Then, destimulants⁴³ were stimulated (indicator: Registered unemployment rate) and the data was unitarized⁴⁴ in order to make them comparable according to the formula (Wakula, 2017):

$$z_{ij}^I = \frac{x_{ij} - \min X_{ij}}{\max X_{ij} - \min X_{ij}} \quad \max x_{ij} \neq \min x_{ij}$$

where: i – designation of spatial units
 j – designation of diagnostic features
 z_{ij} – normalized value of the diagnostic feature j characterizing the unit i
 x_{ij} – value of the diagnostic feature j in the unit i before normalization
 $\min X_{ij}$ – the smallest value of the diagnostic feature j
 $\max X_{ij}$ – the highest value of the diagnostic feature j

On the basis of the obtained values, the values for the synthetic indicator were calculated according to the formula (Wakula, 2017):

$$z_i = \frac{\sum_{j=1}^k z_{ij}}{k}$$

where: z_i – synthetic index characterizing the level of development
 z_{ij} – normalized values of diagnostic features
 k – number of variables

The results obtained for individual voivodeships (Table 3) indicated that, in Poland, the unquestioned leader in economic development was the Mazowieckie Voivodeship, and the poorest results were achieved by the eastern regions – Podkarpackie, Świętokrzyskie and Warmińsko-Mazurskie voivodships⁴⁵. Among the surveyed voivodships, the best position was recorded by Dolnośląskie, and the least favorable – the smallest, Opolskie⁴⁶.

43 By applying $x(-1)$, obtaining the opposite value.

44 Data normalization by means of zero unitarisation is based on a stimulant evaluation formula. Normalized values of a diagnostic feature, as a result of unitarization, constitute a linear function of its original values. The values normalized in this way are in the range $[0,1]$, which means that the maximum value of the variable is 1 and the minimum is 0 (Wakula, 2017).

45 The indicated regions of Eastern Poland each time occupied the last three places in the ranking (14–16), changing the order among themselves in individual years of the analysis.

46 In the analyzed period of 2004–2018 (even years), the Dolnośląskie Voivodeship occupied consecutively: 2nd, 3rd, 4th, 4th (ex aequo with the Śląskie Voivodeship), 3rd (ex aequo with the Wielkopolskie Voivodeship), 3rd (ex aequo with the Wielkopolskie Voivodeship), 3rd, 3rd position in the voivodship ranking. The Śląskie Voivodeship occupied the 3rd, 5th, 6th (ex aequo with the Małopolskie Voivodeship), 4th (ex aequo with the Dolnośląskie Voivodeship), 6th, 6th, 6th, 6th position. On the other hand, the Opolskie Voivodeship was ranked 13th, 13th, 8th, 11th, 13th, 13th, 13th, 13th.

Table 3 The level of economic development of voivodships in 2004–2018 (even years) according to the value of the synthetic indicator.

Voivodships	value of the synthetic indicator							
	2004	2006	2008	2010	2012	2014	2016	2018
DOLNOŚLĄSKIE	0,63	0,60	0,57	0,58	0,57	0,58	0,59	0,59
KUJAWSKO-POMORSKIE	0,41	0,33	0,32	0,24	0,25	0,27	0,23	0,23
LUBELSKIE	0,47	0,35	0,28	0,35	0,32	0,30	0,28	0,30
LUBUSKIE	0,47	0,39	0,37	0,39	0,35	0,32	0,34	0,34
ŁÓDZKIE	0,48	0,45	0,36	0,41	0,34	0,35	0,35	0,35
MAŁOPOLSKIE	0,49	0,50	0,49	0,52	0,52	0,51	0,51	0,57
MAZOWIECKIE	0,93	0,92	0,92	0,99	0,98	0,95	0,94	0,94
OPOLSKIE	0,36	0,25	0,39	0,31	0,23	0,22	0,21	0,20
PODKARPACKIE	0,20	0,16	0,09	0,11	0,11	0,10	0,09	0,10
PODLASKIE	0,43	0,36	0,33	0,31	0,29	0,25	0,24	0,24
POMORSKIE	0,52	0,64	0,62	0,65	0,67	0,63	0,68	0,65
ŚLĄSKIE	0,59	0,54	0,49	0,58	0,50	0,45	0,46	0,49
ŚWIĘTOKRZYSKIE	0,25	0,18	0,20	0,22	0,20	0,19	0,19	0,14
WARMIŃSKO-MAZURSKIE	0,14	0,19	0,20	0,12	0,07	0,09	0,07	0,06
WIELKOPOLSKIE	0,58	0,56	0,59	0,59	0,57	0,58	0,52	0,56
ZACHODNIOPOMORSKIE	0,52	0,52	0,54	0,39	0,32	0,38	0,32	0,36

Source: Own study based on GUS data.

The level of economic development, calculated on the basis of the synthetic indicator, was consistent, although not identical, to the results obtained during the analysis of the value of the GDP per capita indicator for the analyzed regions, which confirms its essence in analyses diagnosing the level of development. Nevertheless, despite the fact that among the “Silesian” regions, the order of the recorded items did not change, in the overall analysis, the extension of the scope of the indicator to include issues related to entrepreneurship, human capital and the labour market allowed to show the strong position of other regions (especially Pomorskie and Wielkopolskie Voivodships, which recorded better results more than once in the analyzed period than the Dolnośląskie Voivodeship), whose position was not so favorable in analyzes based solely on the GDP indicator (see Image 1).

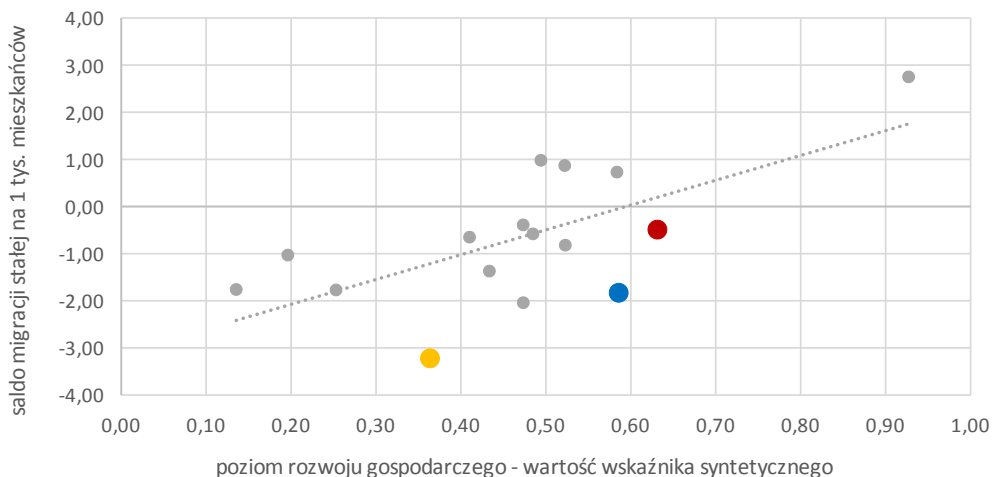
5. MIGRATION AND THE LEVEL OF ECONOMIC DEVELOPMENT – ANALYSIS OF INTERDEPENDENCIES

The purpose of this article was to verify the relationship between the migration phenomenon (permanent migration balance per 1 thousand people) and the so-called middle income trap (GDP per capita). Referring to the extensive literature on the subject indicating the interrelationships between migrations and the level of development, and adopting the position that an independent indicator of GDP per capita is not able to cover all the aspects that create development, the subject of the analysis was extended by indicating the link between migrations and the level of economic development measured using a synthetic indicator.

The conducted analyses showed that the migration phenomenon is significantly positively correlated with the level of development⁴⁷, which means that as the value of one indicator increases, the value of the other increases. However, it should be noted that the correlation coefficient indicates only the strength of the relationship and not the direction of the impact. In the case of migration and economic development, it should be assumed that the impact of the above-mentioned features on each other is two-sided (mutual), as evidenced by the analysis of the literature on the subject. Both the favorable migration balance affects the level of development (mainly people of working age migrate, supplying labour markets, with specific qualifications and skills), and the higher level of development affects mobility (factors attracting migrants, including: higher wages, development prospects, living standards). In the analyzed period, a strong correlation was proved, and the value of the Pearson correlation coefficient ranged from 0.67 (high correlation) in 2004 to 0.91 (almost full correlation) in 2018, which means an increasing correlation in subsequent years.

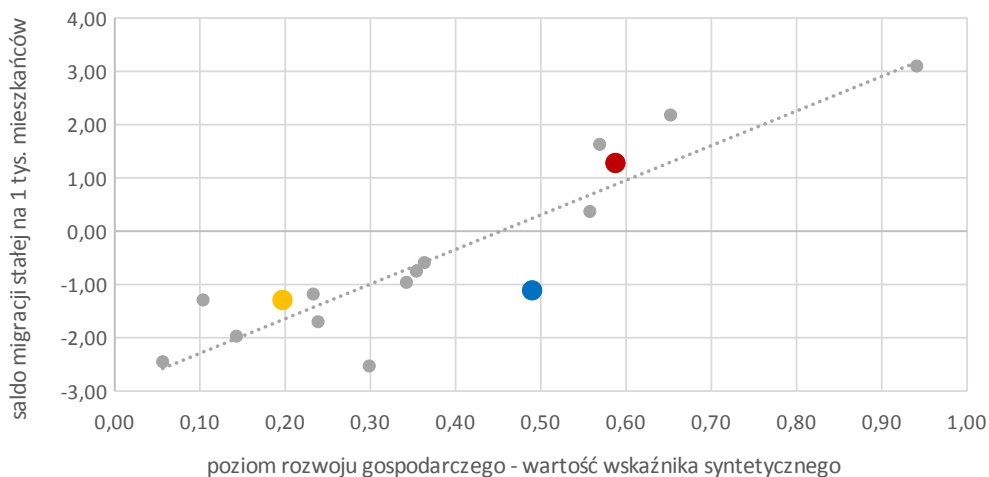
47 For the purpose of the study, in order to interpret the strength of the relationship between the variables, J. Guilford's classification was adopted, according to which: $|r| = 0$ – no correlation; $0.0 < |r| \leq 0.1$ – weak correlation; $0.1 < |r| \leq 0.3$ – weak correlation; $0.3 < |r| \leq 0.5$ – average correlation; $0.5 < |r| \leq 0.7$ – high correlation; $0.7 < |r| \leq 0.9$ – very high correlation; $0.9 < |r| < 1.0$ – almost complete correlation; $|r| = 1$ – full correlation (*Strength of correlation, classification*).

Chart 3 Permanent net migration per 1,000 inhabitants and the level of economic development – the value of the synthetic index by voivodships in 2004



Source: Own study based on GUS data.

Chart 4 Permanent net migration per 1,000 inhabitants and the level of economic development – the value of the synthetic indicator by voivodships in 2018



Source: Own study based on GUS data.

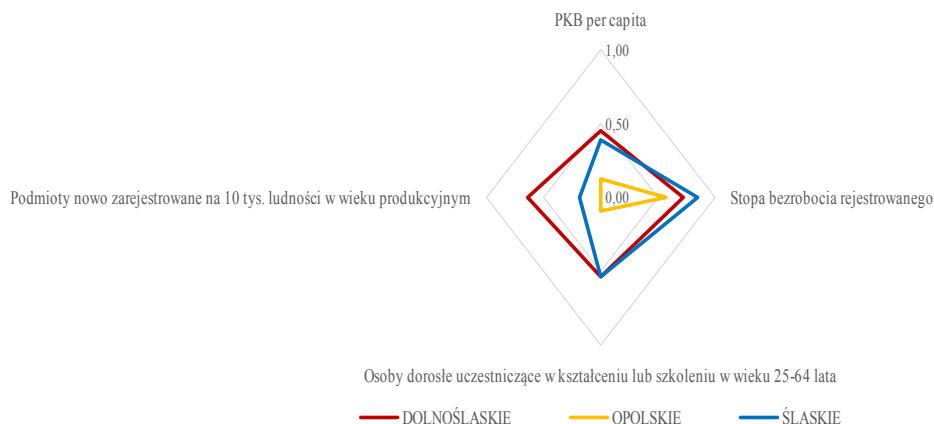
The data presented in the above charts shows that most of the voivodships recording more favorable values of the permanent migration balance per 1 thousand inhabitants, it is also characterized by a higher level of economic development. The Dolnośląskie Voivodship which enjoys the highest level of economic development among the “Silesian” regions, also

has the most favorable migration balance. The Opole region, which has been struggling with the problem of depopulation for years, has the lowest economic potential although its small size and historical conditions for migration from the region should also be taken into account. In the case of the Śląskie Voivodeship, the relationship between the analyzed features was not so strong, and the negative migration balance was higher than one might assume based on the level of economic development of the region.

At this point, it is worth verifying which partial indicators that make up the synthetic measure are most strongly correlated with the migration balance, and whether the regions in a better situation in terms of the migration balance recorded higher values of the higher correlated indicators. The analysis of the data showed that the strongest correlation was recorded for the following indicators: GDP per capita and Newly registered entities per 10 thousand working age population. The correlation coefficient for the first indicator ranged from 0.70 in 2004 to 0.83 in 2018, while the values for the second indicator ranged from 0.61 in 2004 to 0.87 in 2018 (in 2016, the value was even higher and amounted to 0.89). Correlation of the above-mentioned features with the balance of permanent migration per 1,000 persons was definitely stronger in the entire analyzed period than in the case of the other two indicators. In the case of the Registered unemployment rate, the correlation coefficient ranged from -0.33 in 2004 to -0.70 in 2018, and for the indicator Adults participating in education or training aged 25–64, from 0.14 in 2004 to 0.70 in 2018.

The positions of the surveyed voivodships, as well as their differentiation in terms of individual partial indicators that make up the aggregate measure, can be illustrated using a radar chart (see Chart 5). The data for 2018, presented in the chart below, show that the Dolnośląskie Voivodeship, which recorded the best position in terms of the level of economic development (synthetic measure), had the best position in terms of indicators most closely correlated with the migration balance, i.e. GDP per capita and Newly registered entities 10 thousand of the working age population, and within the indicator Adults participating in education or training aged 25–64, the same value was recorded as that of the Śląskie Voivodeship. The Śląskie Voivodeship recorded the most favorable value for the Registered unemployment rate indicator. The Opolskie Voivodeship in all analyzed areas differed from the values achieved by the other two regions (the lowest in the unemployment rate, and the most in terms of newly registered business entities).

Figure 5 Unionized values of partial indicators for the voivodships: Dolnośląskie, Opolskie and Śląskie in 2018.



Source: Own study based on GUS data.

When analyzing the data presented above, it should be noted that the regions recording more favorable values for the balance of permanent migration per 1,000 persons as a rule are in a better position in terms of the level of economic development. The strength of the relationship between the above-mentioned features largely depends on the partial indices used to construct the synthetic measure. In the case of the research conducted for the purpose of this article, a particularly high correlation was observed between the migration balance and GDP per capita, and between the migration balance and newly registered economic entities per 10,000 of working age population. Therefore, it can be assumed that in the case of economic development, and as indicated by a high correlation, the GDP per capita indicator, the value of which (in the long term) in the light of the MIT concept determines falling into or remaining in the middle income trap, one of the essential elements stimulating development is properly conducted migration policy – improving the migration balance of a given region / country. The above observation is consistent with the results of empirical research widely described in the literature on the subject. At the same time, the bilateral influence of the above features on each other should be emphasized, as the regions develop better thanks to the favorable migration balance (new labour force resources, human capital, increased competitiveness and more flexible labour market), and the level of their development stimulates the migration flows (higher wages, living standards, greater development opportunities).

Summary

The analysis carried out in this article allowed to verify the assumed thesis indicating the correlation between a favorable migration balance and the level of economic development in terms of regions. The two-way influence of the analyzed factors means that the dependent

variable may at some point become an explanatory variable. The mobility of the population affects the development of voivodships, but over time it is the level of development that may be one of the reasons for making a decision to leave. Migration is therefore one of the important factors that can lead to a negative or positive development spiral, contributing to falling into a trap or avoiding it.

As part of the analysis carried out, a high correlation was noted both in the statement of the balance of permanent migration per 1,000 residents with a synthetic indicator, as well as individual partial indicators – especially GDP per capita and newly registered economic entities per 10,000 working age population. The Dolnośląskie Voivodeship, which was in the best position among the surveyed voivodships and recorded the highest values of the relative GDP indicators and newly registered entities, also had the most favorable net migration. In the case of the Opolskie and Śląskie voivodships, the migration balance was less favorable, as was the position in the ranking of regions in terms of economic development, although it should be noted that the Śląskie Voivodeship still ranks relatively high in the above-mentioned ranking, and that the net migration is more unfavorable than the economic potential that the region has at its disposal might suggest. Regardless of the differences in the detailed results for individual voivodships, the general relationship has been confirmed, which allows to conclude that the unfavorable balance of migration and the loss of population as a result of migration may inhibit the development of regions, favoring falling into or staying, not only in the middle income trap, but more broadly – in the trap of medium development, and in the case of regions with low potential (social, economic), even low development. Although the level of development and classification of regions / countries will depend on the point of reference (such as the national or EU average) and the disproportion in the values recorded by regions / countries, there is no doubt that the two-way relationship between migratory capital and the level of economic development is important. Thus, in order to influence economic development, appropriate measures should also be taken in the area of migration.

Regional authorities include migration issues in the most important strategic documents, such as voivodeship development strategies⁴⁸, being aware of the demographic changes taking place (including those related to migration movements), the essence of migration capital for the region's development (especially in the economic context) and the consequences of an unfavorable balance migration (especially in the area of the labour market). The Dolnośląskie

48 Currently, strategic documents with a perspective until 2030, i.e. the *Development Strategy for the Śląskie Voivodeship* "The Śląskie Voivodeship 2030", are binding or being prepared in the regions. Green Silesia. Annex to Resolution No. VI / 24/1/2020 of the Parliament of the Silesian Voivodeship of October 19, 2020. Katowice, October 2020, Retrieved from <https://www.slaskie.pl/content/strategia-rozwoju-wojewodztwa-slaskiego-slaskie-2030>; *Opolskie Voivodeship Development Strategy* "The Opolskie Voivodeship 2030". Project Board of the Opolskie Voivodeship. Opole, March 2021, Retrieved from <https://www.opolskie.pl/wp-content/uploads/2021/03/1-projekt-Strategii-Opolskie-2030-do-konsultacji-spolecznych.pdf>

Voivodeship⁴⁹, which is the region with the highest level of economic development (compared to Śląskie and Opolskie), has been attracting new residents for years, which confirms the high positive correlation of the analyzed features. On the other hand, the Śląskie and Opolskie voivodeships, with a lower level of development than Dolnośląskie, struggle with greater demographic problems and unfavorable trends in the field of migration, which is pointed out by both researchers and regional authorities, making efforts to improve the demographic situation, including the balance sheet migration⁵⁰. Therefore, bearing in mind this bilateral relationship, when focusing on research on regional development, it is worthwhile to comprehensively analyze the identified problem areas in which the interdependence of individual components is indisputable and should be treated as inseparable.

49 It should be borne in mind that going down to the lower levels of the analysis, the differentiation within a given voivodeship becomes apparent. In the case of the Dolnośląskie Voivodeship, the favorable migration balance is the domain of especially the Wrocław subregion and the city of Wrocław. On the other hand, in terms of municipalities, the favorable migration balance applies especially to municipalities neighboring with larger urban centers (suburbanization) (*Strategia Rozwoju Województwa Dolnośląskiego 2030* [Development Strategy of the Lower Silesian Voivodeship 2030]).

50 The pro-demographic programs in the voivodeships surveyed are: *The Program of the Special Demographic Zone in the Opolskie Voivodeship until 2020. The Opolskie Voivodeship for the Family*. Marshals Office of the Opolskie Voivodeship. Opole 2014, Downloaded from <https://dlarodziny.opolskie.pl/wp-content/uploads/2017/10/Program-Opolskie-dla-Rodziny-OST.pdf>; *The Śląskie Voivodeship. Demographic challenges. Concept of a policy of counteracting negative demographic changes, depopulation and aging of the society in the Śląskie Voivodeship*. Annex No. 1 to the Resolution of the Board of the Silesian Voivodeship No. 1893/217/V/2017 of 19 September 2017, Downloaded from <https://www.slaskie.pl/content/koncepcja-polityki-przeciwdzialania-negatywnym-zmianom-demograficznym-depopulacji-i-starzeniu-sie-spoleczenstwa>.

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DEPOPULATION OF THE MORAVIAN-SILESIA REGION AND THE THEORY OF THE MIDDLE INCOME TRAP

Tadeusz Siwek

Introduction

This chapter is devoted to analyzing the depopulation of one of the regions of the Czech-Polish border, namely the Moravian-Silesian Region (an administrative unit corresponding to the Polish voivodship) as a result of the impact of economic processes included in the theoretical concept of the “middle income trap”. The middle income trap has been used by World Bank experts to explain the slowdown in relatively rapid economic growth of some developing countries, mainly Latin America, some regions of Asia and Africa (Agénor, Canuto 2012). This chapter attempts to apply this theoretical concept in Central and Eastern Europe, not at the level of states, but their selected administrative units.

1. SOCIO-ECONOMIC AND POPULATION TRANSFORMATIONS IN THE MORAVIAN-SILESIA REGION

1.1. The Moravian-Silesian Region during the Industrial Revolution

In the past, the Moravian-Silesian Region became one of the most industrialized regions of the Czech Republic today, thanks to its natural conditions – mainly rich hard coal and iron ore deposits. The development of heavy industry began when this area was part of Austria-Hungary. Hard coal was discovered in Ostrava as early as the end of the 18th century, but the real industrial development in the region came only after the expansion of the railroad in the mid-19th century. Coal mining had been limited until then, as it served only the local needs of this otherwise peripheral area of the Habsburg monarchy. The construction of the railway and the connection of Ostrava with Vienna and Kraków (1847) and later also with Prague and Wrocław meant that coal could be exported in large quantities to virtually all of Europe. It was an impulse to establish not only more mines, but also ironworks, machinery industry plants and later also chemical plants.

Heavy industry had a great demand for labor. In the nineteenth century, there was little demand for specialists and people with higher education. In mines and steel mills, physical strength was the main factor, so rural people from other places in Austrian Silesia, but also from Moravia, Upper Hungary (present-day Slovakia) and Galicia were willing to come to Ostrava and the surroundings. The work was hard, the living conditions were difficult but the wages were often many times higher than those that could be obtained in the places of origin of the new workers. The historical development of the share of the population of present-day Moravian-Silesian Region in the total population of the Czech Republic is illustrated in Table 1.

Tab. 1. Share of the population of the Moravian-Silesian Region (within today's borders) in the total number of the Czech population

Year of Census	The overall Czech population	The population of the Moravian-Silesian Region	% of the total population
1869	7,565,463	564,203	7.46
1880	8,223,227	620,061	7.54
1890	8,666,456	677,048	7.81
1900	9,374,028	791,328	8.44
1910	10,076,727	892,795	8.86
1921	10,009,480	912,022	9.11
1930	10,674,240	992,941	9.30
1950	8,896,086	867,783	9.75
1961	9,571,531	1,028,762	10.75
1970	9,807,696	1,166,807	11.90
1980	10,291,927	1,257,090	12.21
1991	10,302,215	1,278,726	12.41
2001	10,230,060	1,265,019	12.37
2011	10,436,560	1,205,834	11.55
2021	10,694,480	1,190,516	11.13

Cited according to: Czech Statistical Bureau [Český statistický úřad]

The data from 2021 is not yet the census data, but the data from the current population register

Population growth also resulted in faster urbanization. The cities of the Moravian-Silesian Region – mainly those in the industrial region around Ostrava – grew faster than the national average.

It is enough to look at the list of the largest cities in the territory of the present-day Czech Republic in a historical cross-section. During the first census in 1869, among the 50 largest Czech cities, there were only 4 cities located in the territory of today's Moravian-Silesian

Region. The largest of them was Opava which was in the 7th position. In more distant places were: Cieszyn (22) – then still as one city together with today's Polish part, Nový Jičín (33) and Moravian Ostrava (49). Naturally, Prague occupied the first place and had (within the then administrative borders) only 157,000 residents. In 1900, among the top 50 Czech cities, there were already 7 cities from today's Moravian-Silesian Region, including Moravian Ostrava with 30,000 on the 10th place, the capital of Austrian Silesia, Opava on the 11th place, Vítkovice on 23rd place, then still as an independent city, on the 24th place we can find Polish Ostrava (present-day Silesian Ostrava), on the 26th position in Cieszyn, 38th Krnov on 39th Karviná. In 1930, that is already in Czechoslovakia, the number of cities from the Moravian-Silesian Region in the top 50 Czech cities decreased to 6, because Vítkovice was incorporated into Ostrava, and Cieszyn, after the division into Polish and Czech parts, decreased significantly. After the Second World War, the pace of development of the region's cities increased even more, therefore, during the census of 1961, 9 cities of the Moravian-Silesian Region were among the top Czech cities, with Ostrava, which had previously absorbed a dozen or so surrounding towns, including satellite cities, such as for example, Silesian Ostrava. Ostrava, enlarged in this way, was the undisputed third largest Czech city with 234,000 inhabitants. residents.

The peak of the urbanization of the Moravian-Silesian Region was the turn of the 1980s and 1990s. The census of 1991 showed as many as 10 cities of the local region in the top fifty Czech cities. Ostrava was still the third, quite visibly closer to the second Brno. Four more cities (Havířov, Karviná, Frýdek-Místek and Opava) placed in the second ten. At that time, as much as 20 % of the largest Czech cities were the cities of the Moravian-Silesian Region

The second most populous city in the region – Havířov – did not exist in 1950. It was established in 1955 as a housing base for more and more miners and other workers of the local industry. They moved there by the thousands with their families, which is why communist propaganda called it “the city of young people” – which was not just a slogan, as the average age there was then a record low.

Tab. 2. Cities of the Moravian-Silesian Region in the forefront of the 50 most populated Czech cities (in the then administrative borders, in thousands) according to the censuses of 1869–1991

1869		1900		1930		1961		1991	
1. Praha	158	1. Praha	202	1. Praha	849	1. Praha	1005	1. Praha	1284
2. Brno	74	2. Brno	109	2. Brno	265	2. Brno	314	2. Brno	388
3. Plzeň	24	3. Plzeň	68	3. M. Ostrava	125	3. Ostrava	234	3. Ostrava	327
7. Opava	17	10. M. Ostrava	31	9. Opava	36	12. Havířov	51	11. Havířov	86
		11. Opava	27			14. Karviná	47		
22. Těšín	10			20. Krnov	24			15. Karviná	68
		23. Vítkovice	19			18. Opava	42	16. Fr.-Místek	64
33. N. Jičín	9	24. P. Ostrava	19	24. Karviná	22			17. Opava	63
		26. Těšín	19	26. Sl. Ostrava	22	25. Fr.-Místek	28		
49. M. Ostrava	7							26. Třinec	45
		38. Krnov	15	45. N. Jičín	14	31. Třinec	22		
		39. Karviná	14			32. Orlová	22	33. Orlová	36
						33. Krnov	22		
								42. N. Jičín	29
						48. N. Jičín	17	43. Č.Těšín	29
								49. Krnov	25
4 cities from the region		7 cities from the region		6 cities from the region		9 cities from the region		10 cities from the region	

Cited from *Historical lexicon of the communes of the Czech Republic* (2005)

From the second half of the nineteenth century, industry was the main factor of economic development, which benefited the population of industrial areas – including the population of the present-day Moravian-Silesian Region – in the form of higher incomes, but this does not mean that the GDP was determined solely by heavy industry. This is evidenced by the data on the GDP level in the then Austro-Hungarian provinces in the period preceding the First World War, which is shown in Tab. 2. It shows that the GDP of Austrian Silesia, which covers the major part of the heavy industry area in Ostrava, was high, but not the highest among the Habsburg crown countries. The table contains data only from the so-called Cisleithania, i.e. Austria, except Transleithania, i.e. the Hungarian part of the monarchy. When comparing these data, however, it must be taken into account that the area of Austrian Silesia did not fully coincide with the territory of the present-day Moravian-Silesian Region. Today's country includes, apart from Silesia, also the former industrialized part of Moravia (Moravian Ostrava), where the GDP data for this area in the table below is assigned to Moravia and vice versa, mostly agricultural and sparsely populated until today, the Silesian Jeseník poviat, which during the last structural reform administration in the Czech Republic fell to the Olomouc Region, in Table 3 it decreased the GDP of the historical Austrian Silesia.

Tab. 3. Regional GDP in crowns per person in the years 1911–1913

1.	Lower Austria	850
2.	Czech Lands	761
3.	Upper Austria	626
4.	Moravia	648
5.	Salzburg	641
6.	Silesia	619
7.	Tyrol and Vorarlberg	600
8.	Carinthia	556
9.	Seashore	522
10.	Styria	519
11.	Krainia	439
12.	Galicja	316

Source: Eigner P. i Helige A. (1999)

During the communist period, the development of heavy industry in the region was preferred by the authorities more than it really deserved for purely ideological reasons. The region prided itself on the term “steel heart” of Czechoslovakia. It still needed new employees and new residents continued to come to work here – now mainly from Slovakia.

Due to the communist ideology, the emphasis on industry in the development of the region was artificially maintained even when Western Europe began to depart from the industrial model. In this way, the industrial character of the Moravian-Silesian Region survived until 1989. It was only after the fall of communism that the situation began to change and the Ostrava-Karviná Basin quickly “caught up” with the extinction of industry in other areas beyond Western Europe.

Tab. 4. Hard coal mining in Czechoslovakia and the Czech Republic in 1950 – 2019 (over 90 % of the output, and from 2002 onward 100 % came from the Moravian-Silesian Region)

year	mil. t	year	mil. t
1950	17.5	2000	14.9
1960	26.4	2005	13.3
1970	28.2	2010	11.6
1980	28.2	2015	7.6
1990	23.2	2019	2.1
1995	17.0		

Cited according to Smolová I. (2008), updated

A wide offer of jobs, relatively high salaries, greater opportunities to obtain housing (usually in-house), and for men who signed long-term contracts with the mines, the additional privilege of being exempted from the then two-year compulsory military service were the factors that resulted in a higher standard of living in industrial regions. It was balanced by ecological devastation, which was taking on large dimensions in the Ostrava-Karviná Basin. Mining damages were greater here than, for example, in Polish Upper Silesia because coal mining was more ruthless. The so-called filling, i.e. filling the excavations with sand and other material to reduce the size of the sinkholes in the mining areas was not performed. The Czech authorities considered it a natural tribute for the people having warmth and light. With time, entire communes disappeared from the face of the earth, such as the old Karviná, which in the first half of the 20th century had over 20,000 inhabitants and is currently an uninhabited area. The population moved to new districts, such as Nové Město, Ráj or Fryštát, to which the old name of Karviná was transferred, so this town still appears on the maps, but it is not the same as the original village of that name.

The devastation of the surface was caused by air and water pollution, a little less spectacular, but more easily spread and made life difficult for many more inhabitants of the region. As a result, the region of the Ostrava-Karviná Basin was generally perceived as a highly polluted and unfriendly region – in a similar way, Upper Silesia in the vicinity of the Katowice conurbation was perceived in a similar way in Poland. Despite this, thanks to the economic stimuli, the region had no problems with attracting new workforce, and thus new inhabitants.

The high income of the population and, in general, the strong regional development of industrial areas do not have to be a sign of the high share of the industrial region in GDP. Admittedly, during the communist period, data on GDP were not published neither in Czechoslovakia nor in any other country, not only on a regional scale, but even for entire countries. This was due to the fact that these numbers could not be used for propaganda purposes, because GDP was clearly lower in communist countries in highly developed countries of the West. Nevertheless, after the fall of communism, it was possible to reconstruct some components of the GDP. These reconstructions show that in the 1970s and 1980s the share of industry in generating GDP was already decreasing, and the share of the mining industry was almost negligible. Research conducted by Czech economists shows that it contributed to the nationwide GDP of only 4 % (Fischer et al. 2011).

1.2. The Moravian-Silesian Region after the fall of communism

The fall of communism resulted in a gradual reduction of the industrial character of this region. Initially, this process was very slow and many inhabitants and even specialists and representatives of the authorities were under the illusion that the process would not have such significant consequences as in comparable basins in Germany, England, Belgium or northern France. In the first decade, only very few factories were closed and unemployment hardly increased as the loss of jobs first affected workers on short-term contracts, mostly Slovaks, who returned to Slovakia, as it was the period of the division of Czechoslovakia and the formation of new Czech and Slovak states.

After three decades, it has become clear that the effects of reducing unprofitable heavy industry production will nevertheless be significant. The last mine in the Ostrava-Karviná Basin is to be closed in 2022 and the cleaning works in the now closed basin are to continue at least until 2035. Production is also limited by other plants typical for this region, mainly steel mills.

Although they are replaced by new industry and services: IT, scientific institutions and universities, these domains do not need as many employees, and above all not those without education, such as the regular employees of steel mills and mines. The job offer in the Moravian-Silesian Region has significantly decreased and the Karviná subregion is now one of the three Czech subregions with the highest number of unemployed in the national scale.

This causes increased emigration. Contrary to Poland, however, it is only to a small extent that it is about foreign, or rather internal, migrations: to Prague, Brno, Olomouc and other more attractive Czech cities. Today, emigration is the main source of the region's depopulation. See tab. 5.

Tab. 5. Net migration in the three decades 1991–2015

Region	1991–1995	1996–2000	2001–2005	2006–2010	2011–2015	Celkem 1991–2015
Prague						
Central Bohemian	3,350	22,458	58,687	32,817	45,421	162,733
South Bohemian	2,317	1,625	971	912	973	6,798
Plzeň	289	1,253	4,144	2,192	2,970	10,848
Karlovy Vary	-1,058	-2,373	-7,490	-6,257	-5,890	-23,068
Ústí nad Labem	-4,028	173	-9,242	-1,450	-7,159	-21,706
Liberec	868	748	-1,032	-252	-1,325	-993
Hradec Králové	-152	303	-3,217	-1,761	-2,608	-7,435
Pardubice	-18	215	481	15	-1,578	-885
Vysočina (Highlands)	-1,642	-811	-4,969	-2,306	-3,755	-13,483
South Moravian	1,345	2,021	-2,268	-3,031	1,093	-840
Olomouc	757	-659	-5,440	-2,697	-3,419	-11,458
Zlín	619	658	-2,762	-1,256	-3,308	-6,049
Moravian-Silesian	-6,314	-8,701	-14,510	-11,827	-15,585	-56,937

Data from the Data Base of the Inner Migration of the Czech Statistical Bureau (2016)

The directions of internal migrations in the Czech Republic are clearly shown in the following illustration.

Illustration: Directions of migration 1991–2015



Obr. 9: Salda migračních proudů nad 2 500 migrantů podle krajů za období 1991-2015.

Zdroj: Databáze ArcČR 500 (2014), Databáze Vnitřní migrace ČSÚ (2016), Hubl (2019), vlastní výpočty.

Illustration from Richard Hubl's Ph.D. thesis (2020)

The loss of the country's position from the economic point of view of the affluent is clearly shown in Table 6, in which the Czech regions are ranked according to the average gross salary. In addition, the table also shows (apart from the current number of inhabitants) the level of unemployment in 2020. It turns out that the Moravian-Silesian Region was in the 10th place last year. Only 4 other Czech regions recorded a lower average salary. This situation is radically different from the order recorded during the industrial boom half a century ago. At that time, the Moravian-Silesian Region was in the top three on a level comparable to the Czech capital, Prague. And the number of unemployed (in this case relative, but in absolute numbers it would be the same) is the highest.

Tab. 6 Average gross salary and the number of unemployed in the Czech countries in 2020

Region	Number of inhabitants	Average salary brutto (CZK)	Unemployment %
Prague	1,325,280	42,760	3.23
Central Bohemian	1,388,185	34,224	3.32
Southern Moravian	1,192,698	32,880,	4.20
Plzeň	590,461	32,800	3.34
Ústí nad Labem	819,713	31,530	5.41
Hradecký	551,343	31,289	3.02
Liberec	443,842	31,265	4.05
Highlands	509,817	31,181	3.16

Region	Number of inhabitants	Average salary brutto (CZK)	Unemployment %
Southern Bohemian	643,408	30,906	2.85
Moravian-Silesian	1,198,534	30,840	5.56
Olomouc	631,836	30,469	3.68
Pardubice	523,054	30,349	2.71
Zlín	581,862	30,139	3.00
Karlovy Vary	294,331	29,687	5.27
Czechia total	10,694,364	34,077 CZK	

According to the Czech Statistical Bureau (2021)

The demographic development (or rather in this case, regress) and the relative decline in the income of the population of the Moravian-Silesian Region testify to the diminishing importance of this Czech country in the economic and social structure of the Czech Republic. However, can this be considered a symptom of stagnation resulting from the fact that this region has reached the hard-to-exceed threshold defined as the above-described “middle development trap”?

Conclusion

Lack of evidence of a relationship between the middle income trap theory and the depopulation of the Moravian-Silesian Region

It seems that the theory of the middle income trap does not quite fit the explanation of the depopulation tendencies and the decrease in the income of the population in the Moravian-Silesian Region. Everything points to the fact that the Moravian-Silesian Region is actually adjusting to the national average but is getting closer to it “from above”, from the previous position at the top, which it occupied in the mid-twentieth century. The difficult transformation of the economy from heavy industry to more modern economic sectors is causing a decline in both the material position of generating GDP and the material standard of living. This decline has been going on for about three decades now, and it is not known where it will stop. In the new reality, the Moravian-Silesian Region may even fall significantly below the average and be among the economically weakest regions.

The analogy of exhausting the easy sources of economic growth by attracting numerous farmers to work in industry may apply to the entire Czech state, but also in this case it should be stated that this process took place about a hundred years ago. In the Moravian-Silesian Region it happened even earlier, at the turn of the 19th and 20th centuries.

As the very concept of the “middle income trap” is relatively new, it undoubtedly requires continued work on its verification. In the present text, without a more detailed analysis, we

are not able to prove or disprove the thesis put forward at the beginning. We just want to draw your attention to the fact that in the case of the Moravian-Silesian Region it is rather difficult to attribute its current stagnation to the “middle income trap”. Nevertheless, we can assume that after an appropriate modification of this theoretical concept and its adaptation to the regional scale, it will be possible to detect some similarities between the theoretical structure and the description of reality in the future.

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SUPPORT FOR SMALL AND MEDIUM-SIZED ENTERPRISES AT REGIONAL LEVEL AND BEYOND

Lucie Kamrádová

Abstract

Small and medium-sized enterprises (SMEs) are considered to be one of the key factors for the development of the economy in individual states. They are a source of innovation, new jobs and a driving force in the economy. It is the support of small and medium-sized enterprises that leads to the development of the local economy, especially at the regional level. The aim of the article is to analyze the current situation of support for small and medium-sized enterprises at the regional level, with regard to the current pandemic situation and its impact on this business.

Keywords

Municipality, law, trade, region, business

Introduction

The issue of the middle income trap has been addressed for several decades in various countries in relation to their economic development. In essence, it expresses investment in infrastructure and education, ie in building a high-quality education system, which then supports creativity and breakthroughs in science and technologies that can be applied, “returned” to the economy. There are several perspectives on the issue and one of the possible solutions is to support small and medium-sized enterprises, which creates space for factors that reduce the middle income trap. However, it is not just an independent small and medium-sized enterprise, but a relationship between this form and the system of education and state support. In this respect, this creates an imaginary triangle of the relationship between small and medium-sized enterprises – education – the state. However, this issue concerns the whole range of activities and threatens many developed countries. In 2017, the European Bank for Reconstruction and Development (EBRD) drew attention to the fact that the countries of Central and Eastern Europe are at risk of being caught in the middle income trap. Given the current pandemic situation, which for the second year in a row has affected not only society in

the world but also the economic policies of individual states, it is clear that this risk of threat is becoming, not only for Europe, one of the serious problems that needs to be addressed. This solution needs to be set up in both the professional, academic and political fields, which should complement, support and interconnect. The text has set itself, as a priority, to outline the possibilities of preventing or minimizing the middle income trap in advance, through the already mentioned relationship of the imaginary triangle with three vertices, namely, small and medium-sized enterprises – education – the state. The methods used in this text are based mainly on analysis, comparison, deduction, which rather fulfill the principles of qualitative research. The text will also work with secondary data.

1. THEORETICAL DEFINITION OF THE MIDDLE INCOME TRAP ISSUE AND ITS RELATIONSHIP TO BUSINESS AND EDUCATION

The aforementioned EBRD refers to the middle income trap as a state where the country has become somewhat rich, which is usually 1–2 / 3 of GDP per capita, but has exhausted its current competitive advantages, usually mainly in the form of cheap labor. In view of the above, it is then unable to find another growth model. It is the European Bank that points out that in many countries there are actually groups who are interested in ensuring that the status quo does not change. In connection with this, it emphasizes that there is no generally functioning defense against getting stuck in a middle income trap, but it makes some recommendations itself. These include the following factors: creating space for the creation and growth of new companies; avoiding over-regulation of the labor and capital markets; infrastructure investment; emphasis on improving the environment. These recommendations apply in general, however, to the Czech Republic, which was removed almost fifteen years ago from the list of countries to which the EBRD helps with its loans and advice, they are at least a stimulus for discussion.

For example, economist Tim Taylor points out that the middle income trap is mainly discussed in context of countries that have managed to get into the middle income group, but still have a problem with further economic development, where they cannot use their potential more, which follows on the recommendation of the EBRD (patri.cz). The Thesis on the Priorities of the Czech Republic 2030 is very interesting on this issue. This material was submitted to the Government Council for Sustainable Development as the first working output of the Committee for Socio-Economic Development. The material is presented as a purely discussion and we will find in it the definition of ten problems and the possibilities of their solution. The fifth thesis directly describes the current situation, specifically it is defined as follows: “The Czech economy is probably in a special version of the middle income trap and at risk of slow or stopped convergence with advanced economies.” The individual theses are further divided into other subcategories, which the material further analyzes. The whole issue is very interesting, and despite the fact that thesis number five directly speaks of the issue of

the middle income trap, we will also find in the text a reference to theses that relate to the issue, for example in the field of investment, GDP or innovation. In general, however, the material mentions mainly the following.

After 2008, the Czech Republic went through six years of alternating relatively short recessions and insignificant and short periods of boom, which basically compensated by the end of 2014. We can therefore conclude that either the defects of the lost decade are displayed only in the medium term, or that this is a challenge of long-term low economic growth. In view of the above, three hypotheses are offered: 1. The slowdown is temporary, associated with the crisis and strong fiscal consolidation; 2. The slowdown is long-term, but reversible if there is a fundamental reform of the economy; 3. The slowdown is permanent and inevitable, it is related to fundamental changes in the world economy. If we lean towards the possibility of long-term stagnation, the question is essentially whether we are in some new type of middle income trap, which has been partially confirmed for some less developed emerging economies. One of the solutions for a permanent reversal of the economic slowdown is, for example, international trade, based on cooperation with today's rapidly growing economies (Southeast Asia, Latin America or the BRICS⁵¹ group). In the above, however, there is a real possibility that the mentioned countries, as well as the Czech Republic, will neither endanger themselves, nor fall directly into the middle income trap. An interesting idea of the middle income trap is presented by the Committee for Socio-Economic Development with regard to ownership. He further develops this idea as a hypothesis that the Czech Republic did not fall into the middle income trap as a result of the crisis, but by giving up ownership of Czech companies and related rights and instead aspiring to be a successful production manufactory of foreign companies with predominant work, which corresponded to the reputation and specialization of the Czech Republic (Vision of the Czech Republic in 2030, Committee for Socio-Economic Development). This idea basically fulfills the very definition of the middle income trap, when the short-term thinking of individual economic actors led the Czech Republic to the middle income trap, when the way back seems much more complicated than the way there was. In general, we must think self-critically whether the fact that the Czech Republic is not, for example, a technological leader who, based on domestic research and development, produces top products on a global scale that brings high profits for the domestic economy, well-paid work and high revenues for the state treasury, is not the fault of the Czech Republic itself and its public policies. The overall situation therefore evokes an idea, which is the primary goal of the text, namely the support of small and medium-sized enterprises, in which space opens up for innovation and original ideas and solutions. This is complemented hand in hand by the development of human capital associated mainly with quality education supporting creativity leading to the already mentioned innovations and creative solutions. Here it is necessary to point out that the Czech Republic has the opportunity and reserves to work on this issue. Its system of higher education but also apprenticeships is at a very high level, however, the support of entrepreneurship and leadership to it by the state is much less than would be desirable.

51 Designation of the joint economic association of Brazil, Russia, India, China and South Africa.

2. SMALL AND MEDIUM BUSINESS AND EDUCATION AS ONE OF THE WAYS OF THE MIDDLE INCOME TRAP?

The definition and theoretical definition of small and medium-sized enterprises, or entrepreneurship, is essentially reflected in the number of employees and revenues. In general, small and medium-sized enterprises are a category of enterprises with a low number of employees. Different countries and institutions use different criteria to define this category, one of which is, for example, the number of employees. The European Union considers this limit to be 250 employees, while in the United States it is 500 employees. In the literature, the abbreviation SME (Small and Medium Enterprise) or SMB (Small and Medium Business) is often used for this type of business. It is obvious that such a restriction brings both positives and negatives. For example, Novotný and Suchánek state in their text *The Science of Business I* that small and medium-sized enterprises bring benefits such as flexible responses to change, innovation, job creation, resilience to economic recession or speed of business decisions, namely without the complexity of the decision-making process within the hierarchy of corporate structure (Novotný, Suchánek 2004). Havlíček and Kašík supplement the above with flexibility, which in their opinion is one of the main competitive advantages of small and medium-sized enterprises, namely in their position vis-à-vis multinational and large corporations (Havlíček, Kašík 2005). An inseparable advantage is also direct contact with the company's management, which brings a relationship of trust based on knowledge of personal problems of employees. The loss of anonymity and the fact that employees feel more important about their work performance creates an environment for new and innovative practices that have room to emerge. Thanks to a good working atmosphere, many workers are often prepared to exchange high incomes and a comfortable working environment for greater flexibility in employment and job satisfaction that small and medium-sized enterprises bring. It is here that there is a chance to apply new trends in this area and then profit from them, both on the side of the company and on the side of employees. This atmosphere brings new ideas and workflow innovations to the company, where employees can show their creativity and thought potential without feeling threatened by standing out from the crowd, as is the case with large companies. However, if the text mentions the advantages of small and medium-sized enterprises, it must not overlook the disadvantages that are part of every human, social and therefore business process. The already mentioned Novotný and Suchánek approach this issue in a relatively rational way. The main disadvantages in the area of small and medium-sized enterprises are, for example, the limited possibilities of employing experts in administration and management activities, which is mainly due to the structure of such enterprises. Another negative is the higher intensity of work and less favorable working conditions, which according to the author of the text is debatable, due to the positive mood in the workplace and the possibility of developing human potential, which minimally balances the above. Limited opportunities to obtain benefits from the scale of production, in general, this factor can be considered as limiting, but it depends on the nature of business and innovation or innovative product that the business entity brings to the market. As well as limited resources for promotion and advertising, which may in itself be due to the originality of the products produced by SMEs (Novotný, Suchánek 2004). On the contrary, Havlíček and Kašík find the biggest disadvantages in the field of marketing, mainly of a personnel nature. He says that the demands on the qualifications of managers are

much higher than in a larger and more hierarchically divided organization, for example, there is great pressure on human resources and their creativity and analytical thinking (Havlíček, Kašík 2005). From the above, however, it is clear that the negatives of small and medium-sized enterprises are essentially stimuli that should primarily transform them into positives. Small and medium-sized enterprises create a space for innovation and creativity, with an environment for good working conditions and a family atmosphere. Although this statement cannot be taken as a lump sum, it can nevertheless be seen as a profitable investment, precisely from the point of view of preventing the already mentioned middle income trap. One of the major obstacles in the support and operation of small and medium-sized companies can also be considered a small support from the state in the form of favorable loans, grants and bureaucratic apparatus, which significantly affects the motivation in this area to be more realized. Opportunities for support are business platforms and associations, which have an integral contribution to the development of this type of business. An example is the Association of Small and Medium-Sized Entrepreneurs in the Czech Republic.

In connection with the above, an integral part of the path out of the middle income trap and its prevention is the creation of an education system that supports innovation and creative thinking. In the Czech Republic, the education system at all levels is inextricably justified by law. There are also a large number of training agencies on the market that offer a number of retraining courses, including active employment policy, which is guaranteed by state policy. However, it is the education system and the trend of universities, which are currently trying to respond as much as possible to the situation on the labor market, are one of the ways to educate creative individuals with the potential to fill the space for starting small and medium-sized enterprises. In response to the above, however, it is possible to draw attention to the space that has been developing in recent years in education in the Czech Republic, namely apprenticeships without a high school diploma and apprenticeships with a high school diploma. It is the graduates of this level of education who have the greatest preconditions for the establishment of small and medium-sized enterprises with innovative elements and opportunities for cooperation with companies that participate in their education. However, it is a matter of discussion to what extent it is necessary to prepare for this level of education so that they can consider themselves confident graduates with a vision, to establish their own company that meets the definition of small and medium-sized enterprises.

The above therefore evokes the primary goal, which is the development of conditions for the business environment, which in turn does not create space for a middle income trap. There is a kind of direct relationship that indicates that the development of the business environment is affected by the quality of the business environment. This is formed by conditions in the field of legislation, institutional infrastructure, state bodies represented by legislatures and ministries, as well as state-established or state-supported institutions and agencies, courts and public authorities (Council for the Development of the Business Environment, 2007). These conditions can be exhaustively summarized in the following points:

- Finance
- Government policy
- Human resources and education

- Transfers of science and research results into practice
- Business partners, services and law
- Market situation
- Entrepreneurial mentality and business support programs

The first two points are directly related, in terms of the material basis for the creation of an SME. Finance is one of the factors that often limits start-ups with the fear of unfavorable loans and credits, which are often not sufficiently supported by the state. Human resources and education is a factor that is debatable. A good education and a general overview do not lead human resources to start a business on their own. On the contrary, leading educational institutions to support creativity and create a healthy self-confident individual who is willing to succeed in the labor market can be one of the ways to support this phenomenon in society. This is followed by the mentioned transfers of the results of science and research into practice (in this respect, not only the results from scientific laboratories of higher education are meant, but also from apprenticeships). The last area influencing the space for the support of small and medium-sized enterprises is the relationship between the business environment and the environment, which is generally created by the state and legal legislation valid throughout the territory. Insufficient definition then leads to concerns about establishing an independent company, or trying to maintain it at all.

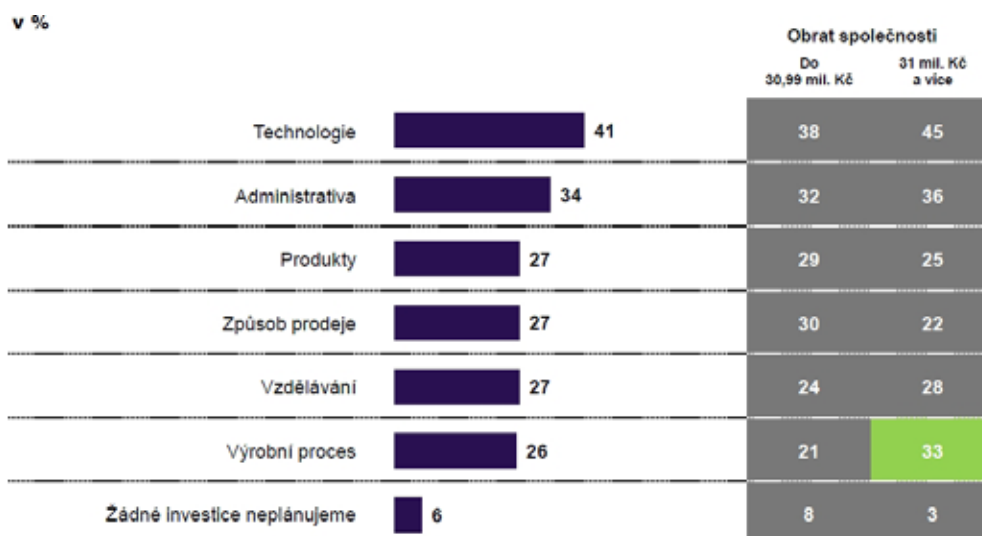
In the Czech Republic, the legal basis for small and medium-sized enterprises is Act No. 47/2002 Coll. The Act on the Support of Small and Medium-Sized Enterprises, which defines the legal status of these enterprises from the general point of view valid for the territory of the Czech Republic.

3. INNOVATION IN SMALL AND MEDIUM-SIZED ENTERPRISES – EXAMPLES OF GOOD PRACTICE

In the context of the pandemic situation, which will have unpredictable effects on the economic situation of particular countries, it is appropriate to react and promote ways to make the middle income trap as small as possible and to try to prevent it as much as possible. The Association of Small and Medium-sized Enterprises of the Czech Republic (hereinafter referred to as AMSP CR) operates in the Czech Republic, presenting itself as an open, non-political platform for small and medium-sized enterprises, as well as sole traders and organisations from all over the Czech Republic. In addition to legislative proposals, it also deals with topics such as exports, innovation, financing and education, which fulfill the conditions for combating the aforementioned middle income trap. In collaboration with its partners, AMSP CR continuously implements projects aimed at topical issues in its area of activity, supported by market research, etc. In 2020, the AMSP CR conducted research on how businesses view the covid-19 framework in today's conditions, as well as innovation in SMEs. Three hundred companies participated in this research (37% of them were family businesses). The main conclusions from the research conducted are very interesting, as

they do not correspond to a catastrophic scenario where SMEs are unprepared for an unexpected pandemic situation and the associated restrictions. In the presentation of the results, the AMSP CR states that companies do not plan to stop investing in innovation even during the pandemic. More than 90% of them plan such investments, most often it is plans for technological innovation, see Chart 1. At the same time, firms that plan investments also anticipate (45%) that the pandemic may slow down their plans. They also agree that they are under pressure and do not have as much room for development of activities. As a result of these indicators, more than half of the interviewed companies talk about the responsibility of state entities towards companies. An interesting finding is in the area of family businesses – compared to others, they rely more on bank loans and less on subsidies to finance innovation, see Chart 2. Very interesting are the results of the 2021 survey conducted in February this year, which was focused on freelancers, business owners, executive directors, directors of small and medium-sized enterprises with 4–250 employees. Here we can already see the consequences of the coronavirus pandemic and the concerns that have arisen from the past year. As reported by the association, one of the main findings of this survey is, for example, that 2 out of 3 SMEs have been negatively affected by the situation around Covid-19. The main and most common cause is a decrease in orders or the need to suspend/limit activities. Three out of ten businesses had to dip into financial reserves due to the situation. The same proportion of companies have postponed investments due to the pandemic. In terms of forms of assistance, it was compensation bonus and the Antivirus Program that were most used by businesses. Four out of ten enterprises did not use any form of assistance. As for the outlook for 2021, businesses are divided with about the same amount of those expecting either growth or decline in revenues. A slight majority (55%) of negatively affected businesses expect it to take them more than a year to recover from the crisis, see Chart 3 for more details (AMSP CR, 2021).

Chart 1 In which areas do you plan to innovate in the next 12 months?



Available from: AMSP CR, 2020.

The association states the above chart shows a classic development because companies know that they cannot afford stagnation. Unfortunately, in recent years investments in innovation has been hampered by illogically high wages and a lack of skilled labor. This is also one of the reasons why the Czech Republic is still below the level of Austria or even Germany. Companies that did not have a sufficient investment ‘cushion’ have now been hit by the era of coronavirus, where uncertainty is the only certainty. In such times, it is logical that companies doubly consider any investments, including those in innovation. At the same time, they know that – if the innovations succeed – they are the way out of the crisis, at least a little. However, instability can put innovation on hold and increase the percentage of firms that do not plan any investments to 20–30% (AMSP CR, 2020).

Chart 2 How will innovations be financed?

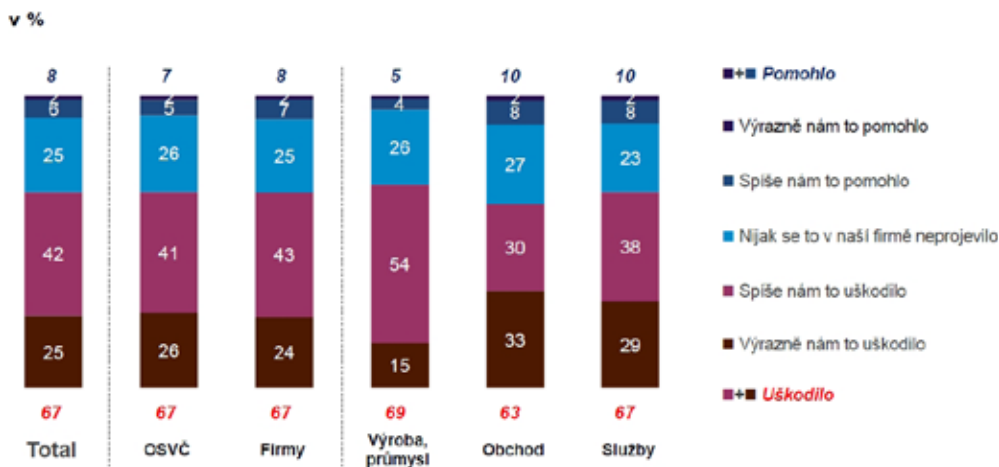
v %, báze firmy plánující inovace

		Obrát společnosti	
		Do 30,99 mil. Kč	31 mil. Kč a více
Vlastní zdroje	79	77	84
Bankovní úvěr	35	32	38
Dotace	27	27	25
Mezifirmní půjčka	7	6	8
Zahraniční kapitál	3	1	6
Vstup českého investora	3	3	2

Available from: AMSP CR, 2020.

The association states that unlike investments in, for example, machinery or building expansion, which companies massively finance from external sources (mainly bank loans), the situation is different for innovation. The point is that innovation takes many forms, some of which may be harder for banks to grasp – at least that is how companies perceive it. For example, investments in process innovation or partial digitisation. In case of subsidies, the disadvantage is that companies have to plan such an investment in the long term, time it well and then “hit” the requirements of the subsidy title. Receiving a subsidy also reflects a certain quality of the project, the business plan of the innovation, etc. (AMSP ČR, 2020)

Chart 3 Impact of the pandemic on business



Source: the AMSP CR, 2021.

The survey was conducted after almost a year of pandemic, and as expected, at least 2/3 of SMEs was negatively affected. Charts 1 and 2 still show an optimistic mood among entrepreneurs after a well-managed first wave. However, subsequent global development quickly turned these moods into pessimistic views on business and subsequent investments. The AMSP CR states: *“Restriction of operation or even its closure is always a serious matter, but after all, for a company with tens or hundreds of employees, it is not about “turning off and closing the door for a while”. You are dragging behind a team of employees that no one fully compensates you for, loan repayments that, without a moratorium, can destroy many years of hard work that business is often associated with in a few months. You pay the contractual rent, services, even if you do not use them. And a number of other fixed costs.”* (AMSP CR, 2021) This suggests that the situation is not the best for small and medium-sized enterprises. It is necessary to rely on the mentality of Czech people and their efforts to overcome the obstacles that arise. For small and medium-sized businesses, the positives of self-employment (above mentioned by the author of the text) still prevails the negatives that the pandemic brought.

Conclusion

It is undeniable that in the first months of 2020, the coronavirus dealt a blow to the global economy and business that many entrepreneurs and countries did not anticipate. This situation has also fundamentally changed the business environment. In particular, it changed conditions for small and medium-sized entrepreneurs, and self-employed people, who have become the most vulnerable groups, mainly due to state restrictions that, as a matter of fact, reduced their operations to a minimum. Given that in the Czech Republic, small and medium-sized enterprises account for 99% and employ around 62% of all employees in the country, it

is clear that their functioning is crucial to the economy, and their existence reduces the threat of the middle income trap quite considerably. However, the situation that has arisen makes us permanently reflect on new solutions to problems and assessments of the situation. Dealing with this issue has also generated ideas that have a positive impact, for example, on sustainability, i.e. more efficient use of resources, promoting collaboration, mobility, digitisation and innovation. Obviously, a sense of unity, social conscience and awareness of one's own mortality are other important factors. The platform, which operates throughout the Czech Republic (AMSP CR), is trying to promote this form of entrepreneurship in response to these issues. Through its expert committees, it is a point of comment and support for legislation, export policy, research, development and innovation, as well as funding, subsidies and education, which is declared not only on its websites but also through the activities it does and presents in this regard. It directs its main activities to the ten groups of small and medium-sized businesses, namely: start-ups, family businesses, craftsmen, women in business, business establishments, small restaurants, small growers, entrepreneurs 55+, digitisation of entrepreneurship and rural entrepreneurs. In each of these segments, it creates information and event services for members. Specific services include the SOS unit, which deals with bullying of small entrepreneurs, or online counselling services focused on current issues (EET, GDPR, Regime Ukraine, etc.)

In relation to the above, we cannot forget the efforts of the state to support these businesses during the coronavirus crisis, through subsidy packages that were proposed and implemented by the government throughout the pandemic. Nevertheless, this support was essentially insufficient in terms of the above mentioned, unfortunately not to the extent declared by the AMSP CR. However, let us return to the primary point of the text, which is the middle income trap and its support. From this we can define the following moments of threat to the whole economy.

- Innovation stagnation – in this case, it is a problem of the whole economy of the country. Insufficient support for innovation, which is linked to other aspects such as education at all levels, leads to the threat of the middle income trap.
- Stagnation in education – the whole education system is linked to this threat, and not only in the Czech Republic. Promoting creative thinking in secondary and higher education is desirable in cooperation with practice. The opposite leads to the threat of the middle income trap.
- Stagnation of legislation – threatening by inadequate and not updated legislation that does not respond to current developments in society and the market (regional, national and global), which leads to the threat of the middle income trap.
- Insufficient support and incentives from the state and platforms at the national and regional levels – the text shows that without a positive view of SMEs from the government and society, it is not possible to exploit the full potential that each segment offers, which leads to the threat of the middle income trap.
- Information – in general terms, sufficient information on the issue is indispensable. This information is important precisely in the relationship among education, government and platforms such as AMSP CR. At this level, it is desirable to cooperate and open up new opportunities to promote support for small and medium-sized enterprises, which include in particular the prevention of the threat of the middle income trap.

The risks mentioned present only an outline of the issues which often contain deeper problems, also in relation to the labor market and employment policy in a given country, eg in the Czech Republic. But what are the opportunities for individual countries, and the Czech Republic in particular, to avoid the middle income trap? This question has also been dealt with in the above text, from which it is possible to identify several opportunities how to prevent the middle income trap. The author of the text considers the following to be important moments for prevention:

- Education
- Information
- Legislation
- Social support
- Tradition

All of the above moments can be understood in both positive and negative perspectives, see the preceding text. Education is essentially the building block for further entrepreneurship. It is necessary to deepen general awareness of the current situation, to encourage creativity and to put any educational activities into practice as much as possible. This is also related to the information that should be provided not only at all levels of education, but also to citizens and organisations, in order to better participate in the economic process. The legislation of the state is inherently connected to any kind of entrepreneurship, therefore it can be stated that sufficiently defined legislation facilitates the process of deciding whether to become an SME or not to do business at all. The last two opportunities are social support, and traditions in the society. In general, it can be said that small and medium-sized enterprises and the related trades have a relatively strong tradition in the territory of the current Czech Republic. The presentation of contemporary innovative entrepreneurs therefore brings about social prestige, support and, last but not least, the idea of one's own self-fulfilment in the field.

The primary level of the text was the presentation of small and medium-sized entrepreneurship as one of the limits of creating the middle income trap. The article focused on the above precisely because of the potential that small and medium businesses have in this regard. It is accessible to all age groups, educational categories and disciplines. The factors that can influence entrepreneurship a lot include education, legislation, government and community support. Interrelationships are often quite simple in their complexity, so the main objective of all actors should be to try to promote this form of entrepreneurship and, last but not least, to present it correctly.

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PART III

REGIONAL DEVELOPMENT – (CO)GOVERNANCE IN A MULTI-LEVEL POLITICAL SYSTEM

- **THE MIDDLE INCOME TRAP AND THE ROLE OF REGIONAL
POLITICAL ACTORS IN THE MORAVIAN-SILESIA REGION**

Lukáš Vomlela

- **CHARACTERISTICS OF THE COMMUNE'S INDEPENDENT
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- **DELIBERATIVE INNOVATIONS IN CROSS-BORDER,
REGIONAL PUBLIC POLICY AS AN ELEMENT OF THE
CONCEPT OF GOOD GOVERNANCE IN THE FACE OF THE
THREAT OF THE MIDDLE INCOME TRAP**

Joanna Podgórska-Rykała

THE MIDDLE INCOME TRAP AND THE ROLE OF REGIONAL POLITICAL ACTORS IN THE MORAVIAN-SILESIA REGION

Lukáš Vomlela

Abstract:

The author of this paper explores and discusses the role of regional political actors in and their influence of the development policies in the Czech Republic. The most important attention is paid to the regional political elites in Moravian-Silesian Region and their emergence. The first part of the chapter describes the decentralization process and the emergence of regional political elites. Chapter also focuses on the importance of the regional structures in the decision-making processes in the Czech Republic and analyses the main goals in regional strategy developments of neighboring regions and tries to answer if the regional political actors are cooperating or competing in order to achieve main their goals.

Introduction

The Czech Republic is still one of the most centralised states in Europe. The current form of its regional and local structure is a result of the reforms that took place after 1989, which were part of a more significant process of large-scale political, economic and social transformation following the fall of communism in Central and Eastern European countries. Public administration reforms and decentralisation processes were also carried out in line with the Czech Republic's accession negotiations with the European Union, for which regional policy is one of the most essential policies, with which the EU aims to reduce economic and social disparities between individual European regions. During the 1970s the prevailing belief was that "the common market alone is not capable of ensuring balanced economic growth throughout at all the common market territories, including the geographically specific areas". (Fiala, Pitrová 2009, 503) Regional development policy has been one of the EU's most heavily funded policies and has played a very important role in the development of regions in Central and Eastern Europe, in countries that have joined the EU, and in this context the role of the European regions themselves is also crucial to the implementation of regional policy. The very notion of region is also subject to certain ambiguity and dispute

in literature, which stem from ambiguity of the term “region” itself. (Fiala, Říchová et al. 2002, 10) In general terms, a region refers to “a certain territory, a part of a country which differs from other territories by bearing certain specific characteristic features. Every region is a territory in some sense, but not every territory needs to be a region” (Siwek 2014, 149). At the same time, there are a number of other definitions where the term “region” can be defined in terms of physical or social geography, demography, infrastructure, environment, or the historical, cultural and administrative aspects, etc.” (Čmejrek 2008, 31) The basic definition of the term “region” is twofold. First, it is based on the spatial dimension and is understood as “the territory between the nation-state and the locality which is at the same time the object of action by different actors acting at different levels.” (Fiala, Říchová et al. 2002, 11) Second, it is based on a functional concept which comprehends a region as “the space where different types of relations between different institutions meet. Thus, as regards their function, regions are action fields of competition.” (Fiala, Říchová et al. 2002, 11) Even this basic definition has not escaped criticism. There exist regions that comply with both the characteristics. Next, there are regions which actually exceed the area of the states upon which they partially encroach. The present text is based on the functional definition of the region for which the Moravian-Silesian Region is considered, established on 1 January 2000⁵², with the main emphasis on the position of this region within the political system of the Czech Republic. The first part of the text deals with decentralisation processes in Europe and then with decentralisation processes in the Czech Republic. This part analyses the position of the Moravian-Silesian Region within the Czech Republic in terms of its powers and assesses the options available to the actors of the Moravian-Silesian Region. The text also deals with the main problems of the contemporary Moravian-Silesian Region, in connection with the statistical chapter, putting the main emphasis on the phenomena related to the middle income trap. This concept was first used by the International Monetary Fund in connection with the analysis of the development factors of individual states. The International Monetary Fund noticed a slowdown in the rate of economic growth following periods of dramatic growth in the Gross Domestic Product as one of the most used economic indicators. Such slowdown mainly results from depletion of certain resources (such as labour force coming from the vicinity of large cities, or of the fiscal resources). In the final part, the present text discusses the tools available for the regional actors to avoid the negative effects of the middle income trap, taking into account the specific conditions which shape the form of decentralization in the Czech Republic. Are the tools available to the regions sufficient? Is the Moravian-Silesian Region a significant actor that will be able to influence its development in the coming years?

52 The original name of the region, as in the case of some other regions, reflected the name of the region’s capital city. Based on Constitutional Act No. 176/2001 Coll., the Ostrava Region changed its official name to Moravian-Silesian Region in 2002. See (Gabařová 2012, 8) Along with the Moravian-Silesian Region, the present-day South Moravian Region (Jihomoravský kraj) and the Vysočina Region used this opportunity to change their official names, too. See (Říchová 2015, 153).

1. THE IMPORTANCE OF DECENTRALISATION PROCESSES IN EUROPE

In Western Europe, processes leading to transfer in political powers from the central level to the subnational level took place after 1945, and these took various forms. In some cases, they resulted in eventual formation of regional states (Italy, Spain), or outright creation of federal states (Federal Republic of Germany, Austria after World War II, or, in the later period, Belgium). (Cabada, 2020, 27) In Western European societies, the motives for the transfer of competences were diverse, yet some motives were common. One of the main motives to have influenced the course of decentralization processes in these countries was the desire to effectively face the effects of economic crises, yet besides economic, other motives were ideological, and cultural factors are considered, too, (Vykoupilová 2007, 15) while some countries retained their own specificities and differences in shaping these reforms, consisting in the speed of the changes introduced but also, above all, in the extent to which competences were transferred to regional levels⁵³. These reforms have been crucial for the democratisation of political life and the possibility of addressing the impact of the *centre versus periphery* conflict. (Švikruha, Richvalský 2020, 127) The very view of the concept of the “nation-state” also faced some very substantial changes, with its importance diminishing as the process progressed, (Olszewski 2011, 35) while “the future of the nation-state began to be questioned from many different aspects.” The need for a new view of the long-established states was in many ways reinforced by the fact that nation-states, as originally constituted, ceased to fulfil their function – the area of defence (the defence function) becomes the domain of larger units into which states were grouped, and the economic functions of the state are largely paralysed by transnational corporations taking over the lead in this respect. Territorial issues and related

53 France and the UK in particular have been the model examples having experimented with different forms of taking the regional level into account in their own decision-making processes. While in France these processes were problematised by the experience of the so-called Vichy France during World War II, more extensive reforms were implemented during the 1980s, with the introduction of 22 regions. Similarly, in the United Kingdom of Great Britain and Northern Ireland, there were more significant proposals for partial devolution as early as the 1970s, known as the devolution process, yet these changes were only implemented by Tony Blair’s Labour government after the year 1997, which saw some significant transfer of powers from the central level to the levels of the so-called historic regions of Scotland, Wales and Northern Ireland. The decentralisation processes in Spain, where there have long been tensions arising from the Franco government, have been very fundamental and complex. As a result of the democratisation changes, it was proposed to create 19 provinces which could apply for an autonomous status. All the provinces eventually made use of this opportunity, although there are significant differences between them in terms of the competences transferred. Another example is Italy, which has granted significant autonomous status to a total of five provinces (Sicily, Sardinia, d’Aosta, Trentino-Alto-Adige (Südtirol) and Venezia-Friuli-Giulia). These autonomous regions again differ as to the extent of their competences, but they were also successively granted autonomous status in the period following World War II. A very specific case is Belgium, which was a unitary state until the 1990s. In an attempt to smooth relations between the francophone Walloons and the Dutch-speaking Flemings, Belgium was federalised. A special status was granted to the bilingual capital of Brussels. The German-speaking community, which is concentrated in the south-east of Belgium, also have their strong presence. (Fiala, Řichová 2002), (Dančák, Hloušek 2007).

changes still remain the exclusive competence of the individual states, but the easy accessibility and the creation of border regions put an end to former ‘impenetrability’ of individual territories, and the migratory waves affecting Europe call for joint action by the original nation states. Yet, identification with the nation-state still constitutes a certain anchoring that cannot be ignored.“ (Vykoupilová 2007, 14) These processes are far from leading to an entire loss of sovereignty. However, it comes to gradual erosion of political power. As Carlo Jean puts it, these processes are related to three types of influences exercised on nation-states. Firstly, they result from activities of miscellaneous international organizations, institutions and non-governmental organizations. Further actors that influence state policies at the central level are various local and regional actors, and the last important actors are certain other actors that represent various transnational economic, religious, financial, informational groups that are active in several states and have a transnational character. (Olszewski 2011, 41) The role of the Council of Europe, and especially the European Community, later the European Union (Švikruha, Richvalský 2020, 127) which strongly supported the idea of decentralization, is also crucial in this respect, and these processes have become important for the implementation of the principle of “subsidiarity“ (Cabada 2020, 27), allowing the transfer of competences to the “lowest possible level of government“, which is closer to the citizens, provided that this level has the necessary sufficient capacity to deal with a certain range of problems. Although the idea of decentralisation has been promoted by actors operating at the supranational European level, the European Commission “often changed its views on regionalisation. The Commission has often been reticent and even supportive of central governments in their efforts to re-centralise EU cohesion policy.“ (Ryšavý, Lysek 2018, 4)

2. REGIONAL ADMINISTRATION IN THE CZECH REPUBLIC

Although the 1993 Constitution of the Czech Republic explicitly referred to the existence of the so-called “higher self-governing units“, these units had not been brought to existence at the time of the establishment of an independent Czech Republic, and at the same time there was no agreement among the relevant national political elites on their future form, and the higher self-governing units were only introduced several years later. Discussion on the future regional structure and competences of regional governments continued for several more years, with only partial shifts during the first phases⁵⁴. At the end of 1997, Constitutional Act No. 347/1997 Coll. was adopted, which gave way to constituting

54 Before 1993, the decentralisation issue in Czechoslovakia was overshadowed by the urgent need of resolving the relations between the Czech and Slovak parts of the federation, which eventually resulted in the division of the Czech and Slovak Federal Republic on 1 January 1993. Until 1997, no consensus was found between the parliamentary political parties and mutually incompatible ideas about the future shape of the regional structure prevailed. Reaching consensus on the number of future higher self-government units proved difficult, as did reaching agreement on their future competences. See (Vomlela 2014, 28).

13 regions with the Capital City of Prague being both a self-governing region and a municipality with city status. (Valeš 2006, 196) This constitutional law also defined the territories of the individual regions on the basis of the existing district structure existing of that time. The territory of the present Moravian-Silesian Region thus included the districts of Karviná, Ostrava-město, Frýdek-Místek, Nový Jičín, Opava and Bruntál. (Article 1, Section 13, Constitutional Act No. 347/1997 Coll.) The aforementioned constitutional law on regions only came into force a few years later on 1 January 2000 (Constitutional Act No. 347/1997 Coll.), and the newly constituted regions started to function in reality only during the years 2000 and 2001. (Říchová 2015, 123) Although the territorial delimitation of individual regions was carried out in 1997, there was still no consensus on the powers of regions and their relations to other levels of administration. During the 2000s, other key laws were adopted to anchor the regional structure in the Czech environment, the Act on Regions No. 129/2000 Coll, 129/2000 Coll., which became final and effective on the day of elections to regional assemblies, except a few provisions which only became final and effective on 1 January 2001. (Chapter IV, Section 99, subsection 1, Act No. 129/2000 Coll.) First elections to regional assemblies of the newly established regions were held on 12 November 2000, and on the basis of these elections regional assemblies and councils could be established and the governor of the region appointed (Gabařová 2012, 8) pursuant to Act No. 130/2000 Coll., On Elections to Regional Assemblies and on Amendments to Certain Acts, regulating the election of regional assemblies, which was adopted in April 2000. Despite the fact that both the acts from 2000 defined the administrative powers of regions, the coming years brought eventual changes interconnected with further reorganisation of public administration. Competences of regions and municipalities were increased on 1 January 2003 when the district offices, which had exercised delegated competences, were abolished. The established regional structure did not escape criticism, which focused on a variety of factors. Significant disproportions prevailed among the individual regions in terms of their size, catchment area and population, which particularly applied to the least populous regions with population lower than some of the more populous districts, such as the Karlovy Vary or Liberec regions. Differences between regions also prevailed in their economic performance. The fact that a number of regions did not meet the criteria to be separate NUTS II units proved problematic so that two or three regions were merged into one NUTS II unit. Only the Capital City of Prague, the Moravian-Silesian Region and the Central Bohemian Region form a separate NUTS II unit. Some of the problems stemmed from the fact that the public administration reform, which led, among other things, to the establishment of the current regions, was not led “bottom to top” and the question of the number of future regions and their boundaries dominated the public debate in the first periods, and was without any significant reflection on the question of their competences. (Vomlela 2014, 29–30) Although the regions as we know them were established 20 years ago, they do not have nearly as long a tradition compared to the national and local levels, which to some extent reflects their weaker position in the Czech political environment, and the role of Czech regions is often criticized or underestimated. At the same time, the importance of the regions as a mediator between the local and national level is also shown. (Říchová 2015, 123) The role of the Czech regions is also influenced by political competition between political parties, institutional development of the regions and institutional capacity

of the regions much more than by the European Union itself. These factors, according to J. Lysek and D. Ryšavý, have become crucial factors for the “temporary” strengthening of the regions. (Ryšavý, Lysek 2018, 3) A very crucial fact in the introduction of the regional level in the Czech Republic was the strategy of the then parliamentary parties, which significantly strengthened the regional level in their internal structures, “while in the context of efforts to weaken the influence of party centres, it was this level that gained significant influence in all parliamentary parties at the time. The intended consequence of strengthening the party organisations at the regional level was that the parties would be more closely linked to regional governments.” (Spáč, Voda, Balík, and Pink 2018, 501–502) This strategy also resulted in a stronger position of political elites that established themselves at the regional level. This trend is further reinforced by the fact that the Czech political environment is largely marked by the phenomenon of mandate accumulation, which is apparent at all levels of the political process and is still a common practice among elected representatives operating at various levels, as documented by research on regional political elites, e.g. by Dan Ryšavý (Ryšavý 2007a, 2007b, 2012, 2013) or by Lukáš Vomlela and Petr Hušek. (Vomlela, Hušek 2014)

Elected regional councils are almost always composed of representatives of parliamentary political parties. While in municipal politics, there has been a gradual increase in the number of non-partisan candidates running for city, town and municipal council positions, with a total share of more than 73% of all seats in 2014. In regional council elections, the eventual penetration of independent candidates is more difficult to follow. This phenomenon is mainly due to the more difficult conditions for the registration of non-partisan entities; therefore, entities that participate in regional elections have structures that are often similar to political parties, yet often differ in terms of programmatic non-anchoring or a name that emphasises their independence from the established national parliamentary political parties. In the 2014 municipal elections, these groups achieved representation of 13% of all seats at the regional level. (Spáč, Voda, Balík, Pink 2018, 501) In the regional elections in the Moravian-Silesian region, these entities only managed to succeed twice. In the 2000 election, the Association of Independent Candidates surpassed the 5% artificial closing clause with 5.54% of the vote, and in the 2012 election, the Independents won 5.72% of the vote. (Czech Statistical Office, Elections) In all the regional council elections held in the Moravian-Silesian Region since 2000, one of the main phenomena of the so-called second-order elections was manifested. Until the regional elections in 2016, the elections to the regional councils were always held in the middle of the election cycle with the first-order elections, i.e. the elections to the Chamber of Deputies of the Parliament of the Czech Republic, and all the previously mentioned elections, first of all those in 2008, were strongly influenced by the declining popularity of the previous governments and resulted in the frequent formation of different regional coalitions other than at the governmental level. Opposition parties, in particular, often dominated the regional councils and the regional leaderships were often in opposition to the central government, which lost some of its influence at the national level and also their ability to influence the national level. Thus, various coalitions of political parties were formed on the regional level in the Moravian-Silesian Region, the first one being formed by the Civic Democratic Party (ODS)

in 2000 and its partners were representatives of the Quad Coalition⁵⁵ and the Association of Independent Candidates (SNK). (Vomlela, 2014, 51) Between 1998 and 2002, a ČSSD government (Czech Social Democratic Party) was formed at the national level, which ruled with the support of the Civic Democratic Party under the so-called “opposition agreement“. (Bureš, Charvát, Just, Štefek 2012, 407–408) Before the 2002 election, the agreement was terminated by the ČSSD and in the following period a government of the victorious left-wing ČSSD was formed, together with the KDU-ČSL (Christian Democratic Party) and the then parliamentary party of the Freedom Union (Unie Svobody). Low support for the government led by Prime Minister Stanislav Gross was reflected in the relatively small electoral gains of the ČSSD in the 2004 regional elections. At the regional level, a centre-right coalition was once formed in the Moravian-Silesian Region, led by the ODS and headed by the previous governor and former mayor of the Statutory City of Ostrava, Evžen Tošenovský. (Vomlela 2014, 52) The 2006 parliamentary elections ended in a long-term stalemate between the left and the right, resulting in two Topolánek governments, the second of which only won parliamentary consent thanks to the support of two MPs elected for the ČSSD. The KDU-ČSL and the Green Party (Strana zelených) were part of this government coalition, which received a vote of no confidence in 2009. (Bureš, Charvát, Just, Štefek 2012, 407–408) The regional elections in 2008 were the subject of a rather extensive election campaign by the opposition ČSSD dominated by the issue of health care fees. The party was ready to make use of the relatively strong general dissatisfaction of voters with the then right-wing government and managed to attract a large number of voters, declaring the importance of these elections, which it perceived as a referendum against the current governing coalition. This strategy ensured that the ČSSD won relatively significant victories in all regions. In the Moravian-Silesian region, a coalition was formed between the ČSSD and the KSČM (Communist Party of Bohemia and Moravia). This coalition continued in the same composition after the regional elections four years later. (Vomlela 2014, 52–53) In 2010 and 2013, the government of Petr Nečas was formed. The coalition partners of the Civic Democratic Party were the right-wing TOP 09 and Public Affairs (Věci veřejné) movement. The government coalition broke up in the mid-term elections, mainly due to problems of the smallest coalition partner, yet the scandals of the then Prime Minister Petr Nečas and Jana Nagyová contributed to the fall of the entire government. Following the resignation of Petr Nečas and the resignation of the government, President Miloš Zeman entrusted Jiří Rusnok with the formation of a new government, which ruled until the early parliamentary elections were held in 2013 which brought fundamental changes in the Czech political-party system. The victorious ČSSD formed a government with the KDU-ČSL and the new-established political entity ANO 2011, led by Andrej Babiš. (Hušek, Smolík 2019, 93) Changes in

55 A dominant political force within this grouping was the Christian Democratic Union – Czechoslovak People’s Party (KDU-ČSL). Its partners within this grouping were the Freedom Union (Unie svobody), the Democratic Union (Demokratická unie) and the Civic Democratic Alliance (Občanská demokratická aliance). The coalition broke up before the 2002 elections when the Civic Democratic Alliance was excluded from the Quad Coalition because of the party’s unresolved financial issues. The Freedom Union and the Democratic Union merged to form the Union of Freedom – Democratic Union (US-DEU). This party then stood together with the KDU-ČSL in the 2002 elections. See (Hušek, Smolík 2019, 84)

voter preferences were also reflected in the ensuing regional elections in which the ČSSD struggled to defend its previous dominance. The Moravian-Silesian region saw significant tensions in several ČSSD's local organisations in many parts of Ostrava, too, which crippled the party's operation and credibility in the largest regional city of the Moravian-Silesian region. The problems of the Ostrava ČSSD were even made worse by considerable disputes within the coalition in the Statutory City of Ostrava, which resulted in the dismissal of Deputy Mayor Tomáš Macura (ANO 2011) and the party's retreat into opposition after more than 20 years. The loss in credibility of the ČSSD in Ostrava as well as in some parts of the Moravian-Silesian Region resulted in weakening its coalition potential, which only became apparent after the 2016 regional elections. The ČSSD was not able to retain its position and ended up second with 11.38% of the votes behind the ultimately victorious ANO 2011 (with 35.7%). These elections also confirmed an increased fragmentation of regional councils. (Vomlela 2000, 108) A rather surprising outcome for the Moravian-Silesian Region were the 2020 elections, in which ANO won again, led by the incumbent governor Ivo Vondrák. At the regional level, a coalition of ANO with ODS, TOP09 and KDU-ČSL was formed, supplemented by ČSSD, led in the election campaign by the former ČSSD mayor Petr Kajnar. (Moravian-Silesian Region) This election campaign was not marked with any significant disputes between the main relevant political parties and was relatively consensual. The consensus phenomenon even is confirmed by some research conducted over the last few years that points to a relatively high degree of consensus in regional politics. According to this research, this phenomenon can also be seen within the electoral programmes of the political parties running in the regional elections. According to some authors, the programmes often "identify the problems requiring solutions in a consistent way and only slightly differ in the proposed solutions. Moreover, these often refer to national policies in the form of budgeting or extent of the social services provided." (Spáček, Voda, Balík, Pink, 2018, 502) This state of affairs is due to the technical nature of the agenda that typically belongs to the regional level, as well as the small extent of the competences defined, while some of the areas that belong to regions have some potential, but the competences of regions in these areas are very limited." (Spáček, Voda, Balík, Pink, 2018, 502) Various initiatives that are linked to the regional development policy, which is one of the EU's fundamental instruments, are gaining a very significant space. In addition, it has also been shown that efforts to balance economic and social disparities between regions have become increasingly complex, which has resulted in a change of strategy towards regions and led to the strengthening of the role of regions in the political systems of Western European states. (Výkoupilová 2015, 15) The position of regions is limited by the strongly centralist nature of Czech multilevel governance, which may be characterised as fiscal federalism. The Czech environment is characterised by "a combination of federalism and decentralisation aspects. Its basic characteristic is that neither the municipalities nor the regions are financially self-sufficient political units." (Říchová 2015, 132) The tax revenues allocated to regions in the Czech Republic are often insufficient and regions are also dependent on subsidies from the state budget and state funds. (Říchová 2015, 132)

Conclusion

The shape of reforms which took place after 1989 was marked by extensive changes in the multi-level system of government. These included a major reorganisation of the system

of public administration and local government, with fundamental effects on the regional structures of the previously existing districts and regions. The former regional structure was first abolished in 1990 without replacement, with the final form of the regional structure yet to be decided in the years to come. Discussions among the relevant political actors lasted until almost 2000, when the newly formed regions came to existence. Yet, by 1997, no consensus had been found on the future delimitation of the different regions. There was even more uncertainty about the future competences of the regions on which it was decided in 2000. In terms of competences in the field of local government, regions were rather among the weaker actors, perceived as intermediaries between municipalities and the central level. Nevertheless, we have seen a change in the position of the regions in recent years, the position of the regions starting to change a few years ago. Regions have been acting more strongly in their role as mediators between the local and national level. Political competition has proved to be very important in this respect, with a variety of national parties becoming stronger at the regional level in the past, which led to promoting regional interests. This strategy has also resulted in a significant strengthening of the political elites that have established themselves at the regional level. This is a trend which is further reinforced by the fact that the Czech political environment is strongly marked by the phenomenon of mandate accumulation, which is evident at all levels of the political process and has still been a common practice among elected representatives operating at various levels. The influence of regions and regional political elites tends to increase in periods when members of the ruling parties are represented in the regional council. This is a trend particularly evident in the Moravian-Silesian Region after both the years 2016 and 2013, respectively.

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Ústavní zákon o vytvoření vyšších územních samosprávných celků a o změně ústavního zákona České národní rady č. 1/1993 Sb., Ústava České republiky, Čl. 1 § 13.

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INDEPENDENT COMPETENCE OF MUNICIPALITIES IN THEORY AND PRACTICE

Marie Sciskalová

Abstract:

The independent competence of territorial self-governing units (hereinafter referred to as TSU), i.e. municipalities, regions and the Capital City of Prague, refer to matters that are in the interest of municipalities, regions, and citizens. The independent competence of TSU in the given territorial unit includes creating conditions for the development of social care and meeting the citizen's needs. These include meeting the needs for housing, protection and development of health care, transport and communications, access to information, education and training, general cultural development and the protection of public order. TSU can establish and set up legal entities and organizational units to exercise independent competence.

Key words

Legal regulation, municipality, citizen, right, obligation, responsibility

Introduction

The present paper aims to introduce the functions of the territorial self-government unit (hereinafter referred to as TSU) in terms of the independent competence of the council. Firstly, it defines the legal regulation and gives a general characteristics of territorial self-government units. Secondly, it presents the TSU council in relation to citizens. The exercise of independent competence, which is the topic of this paper, is realised by the TSU council in the given territorial unit. This includes creating conditions to meet the citizens' needs. The TSU council is responsible for:

- meeting the housing needs,
- protection and development of health care,
- transport and communications,
- access to information,
- education and training,

- general cultural development,
- protection of public order.

TSU is a municipality, region, and the Capital City of Prague. At this point we shall mention that TSU is a public corporation, i.e. it is a legal entity and a basic unit of public administration. By virtue of this fact, it is a subject of self-government, and depending on the type of municipality, it exercises state administration in accordance with the current legislation. Among the activities of municipalities, in particular the municipal council, as defined by Act No. 128/2000 Coll., Establishment of Municipalities, as amended (hereinafter referred to as Municipal Act) is the care for the welfare of citizens.

1. LEGISLATION AFFECTING TERRITORIAL SELF-GOVERNING UNITS

This part of the paper will mention the relevant legislation in terms of the subject matter, subjects and some of the rights and obligations. This involves Constitutional Act No. 1/1993 Coll., Constitution of the Czech Republic, as amended, Act No. 128/2000 Coll., on municipalities (Establishment of Municipalities), as amended, Act No. 129/2000 Coll., on regions (Establishment of Regions), as amended, and Act No. 131/2000 Coll., on the Capital City of Prague, as amended.

Constitutional Act No. 1/1993 Coll., Constitution of the Czech Republic as amended by constitutional acts (hereinafter referred to as the Constitution of the CR). (Constitutional Act No. 1/1993 Coll.)

Articles 99, 100 and 101 of the Constitution of the Czech Republic define municipalities as follows: “The Czech Republic is subdivided into municipalities, which are the basic territorial self-governing units, and into regions, which are the higher self-governing units.

Territorial self-governing units are territorial communities of citizens with the right to self-government. A statute shall specify the cases when they shall be administrative districts. Municipalities shall always form part of a higher self-governing region.”

A municipality is independently administered by a council.

A municipality is a territorial community of citizens with the right to self-government (when it forms an administrative district). A municipality is independently administered by the municipality council (as stated in Act No. 128/2000 Coll., on municipalities, it is the highest authority of the municipality). Each municipality forms a part of a higher territorial self-

governing unit. As stated in Article 101 of the Constitution of the CR, a higher territorial self-governing unit can only be created or dissolved by the Constitutional Act (No. 1/1993 Coll.).

Act No. 128/2000 Coll., on municipalities (Establishment of Municipalities), as amended (hereinafter referred to as the Municipal Act), defines the position of municipality in Section 1 et seq. of the general provisions of the Municipal Act. It specifies that a municipality is a basic territorial self-governing community of citizens that constitutes a territorial unit defined by the boundaries of the municipality (the cadastral territory). A municipality is a public corporation that has its own property and manages the property with the utmost care. It means that the municipality is entitled, if the law so provides, to exercise state administration on behalf of the state. A municipality acts in its own name in legal relations and bears the responsibility which ensues from the said relations.

As defined in Section 2 et seq. of the Municipal Act “A municipality attends to the general development of its territory and the needs of its citizens; in the fulfilment of its tasks it also protects the public interest. A municipality with at least 3,000 inhabitant is defined as a town if the President of the Chamber of Deputies so stipulates further to a statement by the Government.”

A municipality, a town, a statutory city (see Appendix 1) and a borough are autonomously governed by a council. A municipality is entitled to attend to its affairs independently (hereinafter referred to as “independent competence”) on its own behalf and with its own responsibility. The scope of independent competence can only be restricted by law. State authorities and selected regional authorities may interfere with the independent competence of the municipality only where required for the protection of the law and only in a manner stipulated by law. A municipality, i.e. the municipal council, may bestow obligations within the scope of independent competence by adopting a generally binding regulation, e.g.:

- to safeguard local matters of public order (among other things, it can stipulate activities that might disturb public order in the municipality or contradict good morals or the protection of safety, health and property),
- for the purpose of organizing, holding and ending sporting and cultural events open to the general public by setting binding provisions in the scope necessary to secure public order.

The TSU council is obliged to publish the general binding regulations (hereinafter referred to as “municipal regulations”) on the official notice board of the municipal office for 15 days. The date of publication of municipal regulations is the first day of its display on the official notice board. In addition, the municipality may publish municipal regulations as is customary in the location. Municipal regulations must be accessible to everyone at the municipal office in the municipality that issued the regulations. The TSU council is further obliged to keep a record of the regulations it has issued. The municipality shall send municipal regulations to the Ministry of the Interior of the Czech Republic immediately after the date of their promulgation.

Municipalities have the right and state and regional authorities are obliged, where possible, to discuss in advance with the municipality proposals for measures affecting the independent

competence of the municipality. The state authorities and the concerned regional authorities provide the municipalities with data and information to exercise independent competence. This shall be done on request and free of charge. Municipalities have the same obligation towards the state authorities and regional authorities.

Among the important features of a municipality are undoubtedly the citizens of the municipality (the features of a municipality are also the territory, the exercise of public administration (state administration and self-government), the status of a legal entity, and also economic independence). As follows from the provisions of Section 16 et seq. of the Municipal Act, a citizen of a municipality is a natural person who is a citizen of the Czech Republic and is registered for permanent residence in the municipality. A citizen of a municipality who has reached the age of 18 years has the right to, e.g.:

- vote and be elected a member of a municipality council under the conditions set by a special law, vote in a local referendum under the conditions set by a special law,
- express opinions on the matters discussed at the meeting of the municipal council in accordance with the rules of procedure, comment on the draft budget and final accounts for the preceding calendar year, either in writing within a stipulated time limit, or orally at the council meeting, peruse the budget of the municipality and the final accounts from the preceding calendar year, the resolutions of the municipal council, the resolution of the municipal board, committees of the municipal councils and committees of the municipal board, and to take extracts from the resolutions.

The rights of a citizen of a municipality also include the right to submit proposals, comments and incentives to the municipal authorities. The municipal authorities shall deal with them without delay, but not later than within 60 days, or within 90 days where the powers of the council are at issue. A natural person who has reached the age of 18 and is a foreign citizen registered for permanent residence in the municipality also has the rights specified in Section 16 of the Municipal Act, provided that this is in accordance with an international treaty concluded and declared by the Czech Republic.

2. INDEPENDENT COMPETENCE OF MUNICIPALITIES

The present paper focuses on the scope of independent competence of a municipality and its application with regard to the researched area, i.e. the middle income trap. Section 35 et seq. of the Municipal Act states that independent competence of a municipality **includes matters that are in the interest of the municipality and for the benefit of the citizens of the municipality**. In particular, the independent competence of a municipality includes creating conditions for the development of the TSU as such and for meeting the needs of its citizens in accordance with local customs and conditions. These include e.g.:

- meeting the housing needs,
- protection and development of health care,

- education and training, cultural development,
- protection of public order.

In exercising its independent competence, the municipality, namely the municipal council, is governed by laws and legal regulations when issuing general binding ordinances as well as in other legal matters. The municipal council approves the municipal development plan, approves the budget and the final account of the municipality, and establishes permanent and temporary monetary funds of the municipality. The municipal council issues municipal regulations, proposes the organization of local referendums, has the right to propose changes to cadastral territories within the municipality, determines the positions of the members of the council. Last but not least, it establishes and dissolves commissions that serve as more than just advisory bodies.

An important authority of the municipal council, especially in the exercise of its independent competence, is the right to establish and set up legal entities and organizational units of the municipality (Act No. 250/2000 Coll., on the budgetary rules of territorial budgets, as amended). On the basis of the provisions of Section 23 of the above-mentioned Act, the TSU may use its property for economic purposes and to ensure public service activities. It may:

- establish organizational units as the TSU's own organizations without legal personality,
- establish state-funded organizations as legal entities which generally do not make profit, educational legal entities and public research institutions.

It can also establish commercial companies, namely joint stock companies and limited liability companies. I would like to particularly emphasise this point, because by setting up companies with the right focus, each of the municipalities, specifically the municipal council, can influence business activities and citizen engagement. This activity on the part of the municipal council can certainly contribute to the development of the municipality.

In terms of the protection of public order, the municipal council may establish a municipal police force. The establishment and activities of the municipal police are regulated by a special law.

In accordance with the provisions of Section 36 et seq. of the Municipal Act, the municipal council may award individuals who have made a significant contribution to the development of the municipality honorary citizenship. The honorary citizen of the municipality has the right to express their opinions at the meeting of the municipal council in accordance with the rules of procedure of the municipal council. The municipality may also award municipal awards. The municipality may further recognise significant life events of its citizens.

A municipality uses assets of the municipality to exercise independent competence. TSU must protect the property of the municipality from destruction, damage, theft or misuse. Unnecessary property shall be disposed of in the manner and under the conditions specified by special regulations. The municipal council is obliged to maintain and expand the property of municipality. Violation of these duties may result in sanctions.

3. THE MUNICIPAL COUNCIL, ITS ROLES, ACTIVITIES AND RESPONSIBILITIES

The municipal council is the highest authority of the municipality; its sovereign position is specified in Article 101(1) of the Constitution of the Czech Republic. (Constitutional Act No. 1/1993 Coll.) The municipality is independently administered by the council. The municipal council is comprised of members of the municipal council. The number of councillors is determined by the municipal council in accordance with this Act not later than 85 days before the date of the municipal elections. The mandate of a member of the municipal council is established on their election. An elected member of the municipal council takes the oath of office at the beginning of the first session of the municipal council the councillor attends after their election, and they confirm the oath by signing it.

A member of the municipal council executes their mandate in person and in accordance with their oath unbound by any orders. The office of a member of the municipal council is a public office and in this respect the rights of the councillor related to their employment or similar relationship may not be reduced due to the holding of the office.

What are the duties of a councillor? First of all, the councillor is obliged to attend meetings of the municipal council or meetings of other municipal bodies if they are a member of such bodies. The councillor must carry out the tasks assigned to them by those bodies, promote the interests of the citizens of the municipality, and to act and perform in such manner that the reputation of the office is not compromised.

The powers of the municipal council in accordance with the provisions of Section 84 of the Municipal Act in matters relating to the independent competence of a municipality include approving the programme for the development of municipality, the municipality budget, the final accounts and the financial statements of the municipality. As already stated, the municipal council is authorized to establish permanent and temporary monetary funds of the municipality. The municipal council establishes and dissolves state-funded organizations and organizational units of the municipality, approves founding document, decides on the establishment or dissolution of legal entities and approves their founding documents, memoranda and statutes, and makes decisions about legal persons that have already been established.

The municipal council is authorized to issue generally binding ordinances, propose local referendums and determine the functions for which members of the municipal council will be released. According to Section 102(2) of the Municipal Act, the municipal council is also authorized to repeal resolutions issued by the municipal board.

A resolution, decree or decision is considered valid only when approved by an absolute majority of all members of the municipal council.

4. ACT ON THE CAPITAL CITY OF PRAGUE

The Act regulates the status of the City of Prague as the capital of the Czech Republic, the region (Act No. 131/2000 Coll.) and the municipality, and the status of the city districts. The Capital City of Prague is a public corporation that has its own property and generates income as defined by this or other acts, and it manages its own budget under the conditions set out in this or other acts. As is the case with the Municipal Act and Act on Regions, the Capital City of Prague is independently administered by the Prague City Council.

The tasks belonging to the self-government of the City of Prague are performed to the extent specified by this or other acts and to the extent corresponding to the needs of the City of Prague. The City of Prague and the municipal districts take care of the general development of their territory and the needs of their citizens; in the performance of their tasks they also protect the public interest as specified in other laws and legal regulations. A citizen of the City of Prague is a natural person who is a citizen of the Czech Republic and is registered for permanent residence in the City of Prague. A citizen of the Capital City of Prague who has reached the age of 18 years has the right to:

- vote and be elected a member of the Prague City Council under the conditions set by a special law, vote in a local referendum held on the territory of the Capital City of Prague that deals with matters falling within the independent competence of the Capital City of Prague under the conditions stipulated by law,
- request that a matter falling within the independent competence be discussed by the Prague City Board or the Prague City Council; if the request is signed by at least 1,000 citizens of the City of Prague, it must be discussed at a meeting within 60 days at the latest.

The independent competence of the City of Prague includes the administration of matters that are in the interest of the City of Prague and its citizens. In accordance with **local conditions and local customs**, it creates conditions for the development of social care and for meeting the needs of its citizens. As with other TSU, the City of Prague is obliged to meet the housing needs and protect the health of its citizens. In particular, it is obliged to provide transport, necessary information, education and training, cultural development and to protect public order.

The City of Prague shall regulate its internal relations in matters of city administration by a statute. The statute shall in particular name the individual city districts and define their territories. It shall also specify the matters which are entrusted to the independent and delegated competence of the city districts beyond the scope provided for by law. The City of Prague has its own property and manages it under the conditions specified in the Act on the City of Prague. Municipal districts shall have their own budget and manage it under the conditions specified by this act, another act, or the statute.

The Prague City Council may, within the limits of the independent competence of the City of Prague, issue generally binding ordinances. These are approved by the Prague City Council and issued e.g. to ensure local public order, safety, health and property protection, to organize, hold

and end sporting and cultural events open to the general public, or to ensure the maintenance of streets and other public spaces, and to protect the environment.

A condition for the validity of generally binding ordinances and regulations of the City of Prague is to promulgate the documents in the Collection of Legal Regulations of the City of Prague.

The Prague City Council is authorized to decide on matters falling within the independent competence of the Capital City of Prague. In particular, the council submits draft bills to the Chamber of Deputies, and proposals to repeal other legal regulations to the Constitutional Court if they are contrary to the law. The Prague City Council can issue general binding decrees on matters falling within the independent competence of the Capital City of Prague, elect the Mayor of the Capital City of Prague and Deputy Mayors of the Capital City of Prague, as well as other members of the Council of the Capital City of Prague, and remove them from office.

5. INDEPENDENT COMPETENCE OF SELECTED TSU

The municipal councils of Opava, Hranice and Hlučín were selected to demonstrate the activities in the area of independent competence of the TSU. From the available documents presented on the websites of the above-mentioned TSU, the aim is to provide public services that contribute to the satisfaction of citizens and also to the development of TSU in terms of education, transport, health, environment, waste management, business activities, infrastructure, etc.

The activities of the representatives of the Statutory City of Opava were based on the Strategic Plan of Economic and Territorial Development of the Statutory City of Opava for the period 2007–2020. According to the city website, “in mid-March, a public hearing was held at which the priorities and measures in five development areas of Economy, Infrastructure, People, City and District Administration, and Environment were presented to the citizens”.

Citizens continue to have the opportunity to actively participate in the city life. They can, for example, implement their own project thanks to the regular call “Ideas for Opava” or submit an appeal for the removal of clutter in the city via the service “We care”.

According to the programme declaration of the Hranice na Moravě City Council for the period 2018–2022 with a view to the period 2022–2026 (Hranice City Council), the members of the City Council based their approval of the document on the first year of the election programme and on the recommendations of the City Council committees, the Secretary of the City Council and the settlement committees. In this regard, they focused their activities on simplicity and clarity of public administration, safety in the city, housing for the young and the elderly, including the creation of conditions for individual housing construction

in the city. In the document, they detail their ideas for the streamlining transport and use of modern technologies to improve the quality of life in the city. Other areas in the document include providing equipment for schools open to innovative education (Hranice City is the founder of the schools) and expanding partnerships with foreign cities. It is therefore evident that the Hranice City Council pays attention to citizens and entrepreneurs. Public matters are addressed at public meetings of the Hranice City Council.

The programme declaration of the coalition parties, members of the Hlučín City Council for the period 2018–2022 (Hlučín City Council) emphasizes, among other things, sustainable development of the city. The document lists computerization in dealing with citizens' affairs, and families, especially mothers with children, as the programme priorities. The council also focuses on education, e.g. by co-financing school trips, supporting talented children, transport and security in the city, e.g. by expanding the camera system. Another area of interest are environmental support, e.g. a subsidy programme for boiler replacement, promotion of entrepreneurship, business partnerships with public administration with a view to joint development projects.

Conclusion

The territorial self-government units, i.e. municipalities, regions and the Capital City of Prague, undoubtedly play an important role in various areas of activities, including those that help TSU avoid the middle income trap. A municipality is a public corporation, it has its own property and manages the property with the utmost care, as defined in the provisions of Section 2 et seq. of the Municipal Act: "A municipality attends to the general development of its territory and the needs of its citizens; in the fulfilment of its tasks it also protects the public interest. " This statement clearly determines the rights and duties of the municipal councils of the TSU. In their own name, their own account and on their own responsibility, the TSU do everything in the public interest and for the benefit of citizens and business entities. An analysis of the available documents approved by the councils of the selected TSU shows that they have sufficiently defined development objectives in various areas of the local government, e.g. health, safety, transport, education, and culture. For this purpose the municipalities use operational programmes (see e.g. the Statutory City of Opava). The Ostrava City Council has also responded adequately to the changes with their analysis of development prerequisites that will help the city avoid the middle income trap. The present paper focused not only on the theoretical aspects of the independent competence of the TSU, in particular the role of the council, its rights and duties and responsibilities, but also on the practical side, which was to map the situation in selected TSU. The analysis showed that the councils of the selected TSU monitor the issues of legitimate interests of citizens, assess them regularly at public council meetings, and when necessary they take remedial measures.

The findings will be presented to both undergraduate and graduate students at the Faculty of Public Policies in Opava. The author will also use the results of the present study in meetings with officials and members of the TSU councils during the lectures at the Institute for Public Administration Prague.

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Appendix 1

The statutory cities are:

Kladno, České Budějovice, Plzeň, Karlovy Vary, Ústí nad Labem, Liberec, Jablonec nad Nisou, Hradec Králové, Pardubice, Jihlava, Brno, Zlín, Olomouc, Přerov, Chomutov, Děčín, Frýdek-Místek, Ostrava, Opava, Havířov, Most, Teplice, Karviná, Mladá Boleslav, Prostějov, and Třinec.

DELIBERATIVE INNOVATIONS IN CROSS-BORDER, REGIONAL PUBLIC POLICY AS AN ELEMENT OF THE CONCEPT OF GOOD GOVERNANCE IN THE FACE OF THE THREAT OF THE MIDDLE INCOME TRAP

Joanna Podgórska-Rykała

Introduction

The growing popularity of various participatory democracy formulas is directly related to the crisis of representative democracy. (Torcal, Montero eds., 2006; Bedock, Pilet 2001, 485–504) The gradual inclusion of society in the decision-making processes at all levels of government is aimed at restoring citizens' trust in public institutions, which results not only in adopting various forms of co-governance but also, as its constituent element, sharing responsibility for the decisions taken. This direction is an opportunity for the renewal of the idea of democracy, the incarnations of which are dynamically developing and innovative forms of civic participation. Various types of deliberative *governance practices* may contribute to strengthening proactive public activities in the area of the “civil democracy”. (Podgórska-Rykała Sroka 2001; Smith 2009)

There are formal and practical challenges that emerge in the process of modern public management which are focused in the field of public policy, also in regional policy, in particular in relation to cross-border regions. Various types of deliberative *mini-publics* (Escobar, Elstub 2017; Grönlund, Bächtiger, Setälä eds. 2014), especially *citizens' assemblies* (Podgórska-Rykała 2020) may become an answer to issues which, given their nature, “cross the borders”, thus constituting shared challenges of neighbouring regions which exist within administrative boundaries of different countries. This thesis is confirmed by research conducted by analysts from the Organization for Economic Co-operation and Development (OECD) and their latest report (OECD 2020) on the “deliberative wave” in public management processes. This thesis is confirmed by research conducted by analysts from the Organization for Economic

Co-operation and Development (OECD) and their latest report (OECD 2020) on the “deliberative wave” in public management processes⁵⁶.

Popular all over the world, citizens’ assemblies, more and more often used in Europe, and in recent years also in Poland, are used to solve important and usually controversial problems that the election policy – either national or regional – is unable to deal with effectively. Deliberative mini-publics may constitute a space of actual interregional cooperation, creating optimal conditions for cooperation and decision-making with the participation of representatives and stakeholders of various levels. (Fiskin 2018; 2009)

The experience in the use of citizens’ panels of many countries around the world, including Australia, the United States, Germany, Austria, Ireland, Belgium, France and the United Kingdom, proves that this method is not only spectacular but also effective and the recommendations obtained from the participants work well in practice. (Setälä, Smith 2018, 300–314) In Poland, panels are still rather a democratic experiment than a well-established formula although it should be noted that they are gaining in popularity every year. (Podgórska-Rykała 2020)

The use of deliberative formulas in the cross-border decision-making process may significantly strengthen the quality of participatory elements of regional public policy, which in turn will allow for reconciling two important postulates of liberal democracy: civic participation and responsible public governance. This issue is of extreme importance both in relation to the objectives and functions of the regional development policy and in the context of threatening societies with the middle income trap, not only in the traditionally understood economic dimension, but above all in the dimension related to *good governance*. (European Commission 2021) During its development, the concept of good governance was closely related to the effective management of public funds. This concept was introduced in the 1990s by the World Bank and the United Nations which were involved in aid programs targeted at developing countries. The purpose of these efforts was not only to direct financial aid to less developed countries but above all to make effective use of this aid.

It is indicated that the countries being most exposed to the middle income trap are those that experienced a relatively high rate of economic growth but remained at the average level of *per capita* income and do not have adequate potential that would allow them to move to the group of higher income countries. (Zielińska-Głębocka 2016) There are two basic threats that may lead to falling into the middle income trap. The first is the exhaustion of the existing sources of competitiveness and the second is the use of the factors that have so far created the growth potential and the loss of the possibility of getting new impulses for future development. Within

56 The report is based on an analysis of 289 case studies (282 from the OECD countries) of deliberative processes that took place between 1986 and October 2019. On this basis, in collaboration with an international advisory group, twelve different models of deliberation processes were identified and subjected to their evaluation and detailed characterization. It is the first international empirical comparative study of representative deliberative processes of such broad and deep scope.

this area, there are issues related to the weakness of public institutions. Problems are visible especially in creating the legislative infrastructure and good, stable law system, favouring the development of enterprises and entire economies, as well as in relation to the adopted model of public management. It is postulated to focus on organized methods on inclusive co-governance and thus in line with the concept of *Public Governance*. The lack of innovative potential in the indicated areas may constitute a barrier to further economic growth and improved welfare, as indicated by the concepts of the middle income trap.

With these factors in mind, the author of the article presents considerations on the relationship of selected features of citizens' assemblies in the processes of co-governance to formal institutions of power in representative democracy. The text deals with the characteristics of an issue that has not yet been elaborated on in Polish literature available on the subject⁵⁷, expressing the conviction that it will contribute to a wider discussion and further, in-depth research on the subject matter. Due to this, the considerations are multifaceted and in no way exhaust the indicated matter. The task outlined in this way was carried out using elements of legal and system analysis and taking into account the methods appropriate for studies in politics and administration, with particular emphasis on the science of public policy.

2. MINI-PUBLICS AS NOT AN ENTIRELY NEW DEMOCRATIC INNOVATION AND CITIZENS' ASSEMBLY IN THE PROCESS OF DECISION DELIBERATION

The concept of mini-public is inspired by ancient democratic ideals of civic assembly. Following the example of the institution of mature classical Athenian democracy, they are an example of a representative system, and not, that of direct democracy – as the Athenian pattern is usually called when observing it for example through the prism of scale. (Hansen 1999) The starting point for the mini-publishing concept is the assumption that the fundamental elements of the Athenian model, and thus the adopted solutions, principles and practices, may also be valid today. (Dahl 1989) The key to their reception is, above all, the appropriate selection of members of the congregation, and thus their selection. (Manin 1997, Owen; Smith 2018)

Modern mini-publics are collegial decision-making or consultative bodies – assemblies of various types and sizes – composed of randomly selected individuals who constitute a representative part of a given society. Selection by lot was an essential feature of democracy for the Athenians. On the one hand, its idea was based on the belief that all citizens should have equal political rights (*isonomia* in Greek) but on the other hand, that it is not justifiable

57 Among others, the following publications are entirely devoted to panels: (Podgórska-Rykała 2020; Gerwin, 2018).

for everyone to participate in making all decisions which was not only impossible but also impractical. Another important feature of the Athenian model of democracy was the right of every citizen to speak (*isegoria*). It was about taking the floor on a specific issue which was not equal to the right to vote then just as it does not today. It was an individual and universal right of all citizens, which, contrary to all appearances, was of fundamental importance, as one vote means little, but one (correct) information or argument can completely change the final decision. (Bouricius 2013, 1–3).

Based on the idea of deliberative mini-publications, many democratic innovations appear and develop all over the world, gaining more and more popularity (Curato, Böker 2016, 173–190), including civil courts initiated in the USA, planning units initiated in Germany, consensus conferences started in Denmark, deliberative polls first used in the UK, and citizens' assemblies started in Canada.

Citizens' assemblies are collegiate bodies usually consisting of several dozen or more⁵⁸ people selected at random who, after agreeing to participate in the project, meet several times up to several dozen times in order to examine, discuss and formulate recommendations on how to respond to critical situations and problems arising in public life. A citizens' assembly operates in three stages: learning, deliberating and making decisions. Each of the stages has its own specificity and is equally important. The first is to establish relations between panelists and is dedicated to meetings with experts and parties, and the following is meant to create a space for free, creative and unhindered discussion and exchange of views between participants. By deliberating, with the support of independent and professional facilitators, panellists create new knowledge that allows them to more effectively search for adequate and widely accepted solutions to the discussed problems. (Podgórska-Rykała 2020, 26; Gerwin 2018, 51–52) At the last stage, the panellists decide on the final recommendations. The key assumption of a citizens' assembly is to educate its participants who may not have been informed about a specific problem before. By joining the process, they are often laymen, which is why during the panel they are provided with access to the knowledge of experts, analysts, scientists and institutions and organizations (parties) interested and active in a given area. By acquiring new knowledge, learning about different views and absorbing information and arguments of experts and subsequently participating in a collective discussion, panellists are included in the decision-making process as a representation of residents and on this basis they receive their legitimation. (Nimeyer, 2014, 177–202)

Citizens' assemblies are purposeful, they focus on a specific problem, collectively looking for a solution to it. They are used to discuss various topics, ranging from constitutional

58 161 panellists participated in the panel held in the Canadian province of British Columbia in 2004. In the Netherlands in 2006, the citizens' assembly consisted of 143 people, in another Canadian province – Ontario in 2006 it was only 104 people, and in Ireland in 2016 there were 101 people involved. As far as Polish panels are concerned, 75 people were selected for the panel in Wrocław, and 60 in Lublin.

and electoral reforms, through social⁵⁹ and worldview⁶⁰ problems (social policy, health, criminalization of abortion), to climate change⁶¹. However, the catalog is open and examples, not only foreign but also domestic, prove that its framework does not have to be limited by anything. (Escobar, Elstub 2017) This method allows you to make decisions not only at the city level but also at that of the region, state or wider international community, for example the European Union. There are also demands to organize a global panel, for example dealing with the subject of climate change (Vlerick 2020).⁶²

The selection of panel participants is completely random which does not mean that it is coincidental. It is actually quite the opposite. As a group, people selected for a panel constitute a demographically representative group, reflecting the cross-section of a given community in terms of demographic variables (including gender, age, status on the labour market, housing situation, ethnicity, social origin, education) and geographic (place of residence). The rule is that each person concerned by the subject (e.g. lives in a given area) has an equal chance of being selected to participate in a specific mini-public. (Elstub, McLaverty 2014; Elstub 2014) This approach is based on the assumption that democracy is for everyone and there are no people in society more or less predisposed to make public decisions.

The aim of a panel is an in-depth analysis of the problem posed by its participants, i.e. resolving important and specific issues and not supporting decision-makers on an ongoing basis. A panel is by no means a permanent advisory body to any politician or a focus group⁶³. The process of a panel's work consists in an exhaustive and reliable discussion on various, often contradictory solutions, including listening to arguments put forward by experts, stakeholders, decision-makers and the panelists themselves, which is the process meant to lead to the presentation by the panel participants of collective, informed and well-considered recommendations for decisions to be taken. (Podgórska-Rykała, Sroka, 2020)

A feature of most citizens' assemblies is their one-off operation, different from the permanent and cyclical term of office of typical public authorities. The people involved come and go, finishing their mission after completing the task. Consequently, the process

59 For example, The Citizens' Assembly on Social Care, held in the UK in 2018.

60 For example, The Citizens' Assembly panel that was held in Ireland in 2016–2018.

61 For example, the Climate Assembly UK, which was held in 2020 in the United Kingdom.

62 The author found inspiration in the following text: (Dryzek, Bächtiger, Milewicz 2011, 33–42).

63 However, it should be noted for the sake of accuracy that the term "citizens' assembly" also remains in use for any other type of participatory tool. This term is also used to describe the method of consulting residents, often used all over the world, which, however, is not deliberative, and consists in researching public opinion with a large, permanent group, which is also de facto representative. For example, the Bristol's Citizens' Panel has been operating in Bristol, UK since 1998. It is made up of over 1,350 residents who regularly share opinions on many different topics via the Internet. Source: <https://bristol.citizenspace.com/business-change/bristols-citizens-panel>, accessed on 21 July 2020.

is purposeful, organized and closed. However, despite the one-off nature of a particular assembly, the very idea of participation, inclusion, deliberation or reflection is still alive and becomes renewable, having a practical character. Thus, it fosters long-term civic engagement, developing a community's capacity to learn, ponder and resolve complex issues.

The starting point for the idea of citizens' assemblies is the question of how the society would deal with a problem if it had sufficient time and adequate resources, also related to reliable and objective knowledge about possible options for solutions. If such conditions existed, would the society be able to make an informed and rational decision? Referring to this question, special attention should be paid to the method of the panel's work, i.e. deliberation which is a key element of the decision-making process by mini-publics. The aspects related to the debate or dialogue are clearly indicated by the etymology of this concept, explaining them as considering, pondering, consulting with someone (Latin *delibero*), or time to think (Latin *deliberatio, deliberationis*). But deliberation is not an ordinary conversation. It is a dynamic process of collective reflection, a moderated debate in which participants consider various positions and arguments, looking together for the best solutions to the problems posed. (Podgórska-Rykała 2020, 4) People who deliberate show the so-called deliberative stance, i.e. willingness to learn and readiness to change one's position under the influence of arguments and reasons of others but also without the expectation of receiving something in return. (Sroka, Podgórska-Rykała 2020, 58–59) As a process of contemplating and confronting oneself or with others, deliberation is the basic method and tool of a mini-publics. (Dryzek 2009; Owen, Smith 2015)

Deliberation leads to overcoming the limitations characteristic of individual views and interests, helping its participants to develop a new quality and create new knowledge. The process of deliberative debate also aims to remedy the discrepancies or even contradictions of interests that institutional decision-making bodies constantly face and which it is impossible to escape even during a random conversation. The deliberative methods focus on cooperation and the exchange of arguments, allowing for both expert and everyday, local knowledge. People involved in the deliberation process have the right to express their own emotions and individual beliefs. (Zambyr-Jamróż 2020, 79–159; Sroka, Podgórska-Rykała, 59) The popular – often unjustified – division into objective information which is readily admitted in the debate and subjective information which is, at least in theory, to be avoided, is abandoned. Deliberation accepts all positions, views and emotions, and professional moderators and facilitators take care of the quality and content of the debate.

The deliberative processes taking place in mini-publics are characterized by high quality of intra-group interaction and communicative rationality, both in terms of internal and external communication. (Habermas 2005; 2002) This allows to avoid the problems typical of official, public meetings and forums, including, among others, ineffective confrontations, deliberate manipulations, individual domination, lack of time for reflection or learned monologues. The means of communication appropriate to deliberative debates emphasize the importance of deliberate reflection, which allows people to adopt more balanced positions and work out fairer and more effective decision-making compromises.

3. CITIZENS' ASSEMBLIES COMPARED TO ELECTED BODIES: SELF-SELECTION, REPRESENTATION AND INDEPENDENCE

The method of drawing members of the citizens' assembly is an interesting alternative to elections. It allows for a more effective representation manifesting itself in an accurate reflection of the electorate and thus enables the selection of people who, as a group, constitute a specific social median, a "fair sample" of society. (Brown 2006, 205–206) However, when addressing the issue of representation itself, it is worth noting that it has many aspects. From the point of view of political representation, the most important seems to be the degree of representativeness of the representative in relation to people represented. In order for this degree to be as high as possible, various types of compensatory privileges are applied (Judgment of the Constitutional Tribunal of September 29, 1997, file ref. K 15/97) in Poland, e.g. parities and quotas based on sex. (Podgórska-Rykała 2016, 117–118; Wawrowski 2007, 586–626) Moreover, the essence of political representation (Pitkin 1967; Brown 2006) shows that the elected representative becomes a representative of their voters, and thus acts *in their interest, becomes an intermediary between the representative body and the people represented. The latter feature does not apply to citizens' assemblies as panellists generally do not represent any specific, closed, described or unambiguously characterized group of people. Even if their choice was dictated by features such as gender or age – it does not mean that a particular man in the age of 20 represents all men of that age and certainly does not answer to them in any way. The idea of the citizens' assemblies is somewhat different.* The panellists do not represent anyone but themselves but speak for the whole of society. It is assumed that randomly selected participants with the required characteristics (gender, age, place of residence, etc.) constitute a group that is representative for a specific community and this fact gives rise to their political legitimacy. So they do not represent the sovereign, and they are the sovereign themselves, only the one "in a nutshell".

Citizens' panels make it possible to avoid typical traps appearing in public decision-making processes, including, in particular, the problem of self-selection. From the formal point of view, elections are a method of representative selection and in fact they lead to a strong disturbance of the representativeness of the elected representatives in relation to their voters. Diversified amounts are used in citizens' assemblies, which is aimed at additional equalizing the chances of being elected for communities and marginalized groups. Such criteria are also used for many electoral procedures but represent good practice rather than common standards on a global scale. The random selection of panel participants ensures integration and diversity, which are the bases for fair and effective deliberations. It also eliminates negative elements of the traditional electoral system such as elitism and related privileges available only to a certain group of people (including access to education, material status, social capital, skin color, race, sexual orientation or gender). Politicians as persons repeatedly participating in electoral rivalry constitute a qualified group of people who usually have more experience or competences in the field of governing than random people but they represent a small cross-section of the population. Hence, elected permanent political bodies (parliaments, councils) are generally

completely unrepresentative, neither in terms of gender, age, nor other demographic and socio-economic criteria.

The issue of elected delegates representing anyone is also not easy and unequivocal unless we are dealing with voting in binary matters (yes or no), then it becomes a simple process aggregating individual positions. (Brown 2006, 203–225) In public policy, such situations are exceptional. Moreover, political representatives not only have their *particular* views, but also, and perhaps above all, are forced to represent the positions of their parties (cultivating political alliances and ties and being in solidarity with their supporters and coalition partners). In a situation of a conflict of interest, they usually cease to represent their voters immediately, who, as a group, do not have identical views so they focus on implementing the ideological line of their party. However, it is not considered that such behaviour violates the essence of the democratic mandate.

Being constantly active in the public sphere, it is difficult to protect oneself from partiality, not to have one's own opinion, priorities or beliefs, nor not to support any of the political options and not follow its views. These are the elements necessary, for example, in an election competition, directly affecting the candidate's chances of winning a seat. (Bohman 1998) The independence of both the panelists and the entire decision-making process from political influence allows them to work in an atmosphere free from tenders of interests and bias. Panels, more than any other decision-making bodies, have the power to generate conditions of impartiality and rationality, excluding the likelihood of overrepresentation of positions relevant to various interest groups (including business, professional, political, social). The risk of corruption is also significantly minimized.

Randomly selected panelists are not only free from political connotations, but also (though not completely) from public opinion. Professional politicians are often criticized by the media for changing opinions and views, which may translate into a decline in trust in them. The deliberations of the panels are open only in the educational phase while deliberation and voting are not open, which is an additional guarantee of independence of decisions made. Moreover, the very essence of deliberation creates an emphasis on changing original positions and preferences, which is not only allowed, but even recommended. It proves a deep and honest reflection, openness to arguments and a consensual attitude. Being selected randomly, panelists inspire social trust and are treated as ordinary citizens, which means as “one of us”, in contrast to professional politicians who, the higher their functions, the more they distance themselves from average citizens. This principle is an incentive for other residents to follow the work of the panel and identify with its decisions.

4. CITIZENS' ASSEMBLIES VIS-À-VIS ELECTED BODIES: ACCOUNTABILITY AND FOCUS ON THE PROCESS, NOT THE DECISION ITSELF

It is also worth considering the issue of responsibility. The doctrine argues that, in contrast to the traditional authorities, which bear cyclical political responsibility to voters, members of the panel are released from responsibility for the decisions they make. However, this thesis should be rejected, considering that political responsibility means, in essence, being accountable not for the decision itself, or even for its consequences but rather for the reasons underlying its taking. Responsibility understood in this way is therefore based on justification, argumentation, explanation – why the indicated solution will be better, and therefore optimal, more effective and more adequate than others. The idea of the panels shows that they reflect the sovereign, but on a micro scale. So the sovereign decides for themselves. They are also responsible for these decisions (although more often these are only recommendations). In the case of deliberation, the decision is made each time on the basis of reliable substantive and specialized knowledge and an analysis of the diverse positions of the parties involved (institutions, organizations, groups), both based on expert (objective) and local (subjective) arguments. In this case, responsibility is collective, which results from the very specific nature of the citizens' assembly. Only recommendations with high support are passed on to decision-makers in the form of binding or non-binding recommendations, depending on prior arrangements. Following this path, it even turns out that the lack of traditionally understood political responsibility may not be a disadvantage but an actual advantage of citizens' assemblies. Randomly selected citizens are not connected to any party or constituency, which gives them the freedom to consider the arguments of all parties to the debate equally. Moreover, the decisions made by society in a nutshell can be identified by a wider audience as they seem more acceptable to them than those made by elites distant from ordinary citizens.

However, the central category in the case of citizens' assemblies is not the final decision itself but rather the process that precedes it as such and its individual phases. Conferences focused on collective reflection usually lead to a better understanding of the views of others and, ultimately, to greater tolerance for them. With individually divergent interests, debaters must consider the interests of others as well if they are to be successful. Proposals that go radically against the interests of other panel members simply do not stand a chance. (Vlerick 2020, 6) Therefore, it seems that in the absence of strong ideological barriers separating the participants of deliberations (as is often the case with professional politicians), the citizens' assembly evaluates the presented proposals using only a common, actually intuitive, set of standards of fairness, equality and justness, as well as efficiency.

Citizens' assemblies allow for a greater variety of opinions, positions, ways of seeing, interpreting the world, and unique perspectives and problem-solving methods than traditional collegial bodies derived from elections that operate schematically and under time pressure. The related cognitive diversity is an important element of effective problem-solving. The starting point is the belief that group diversity is more valuable than individual ability, charisma or

knowledge. Thus, the collective decisions of a diverse sample of moderately competent citizens can be more effective and wiser than the individual decisions of experts because none of them knows everything the others know, nor can they draw the same conclusions alone that they could draw jointly. An ideally conducted discussion in a wider group is more likely to lead to a correct conclusion than considering different scenarios alone. In general, exchanging opinions with others reduces partiality (one-sidedness) and broadens the perspective. (Vlerick 2020, 4) The panelists come from different backgrounds and function in different contexts on a daily basis, which allows them to keep a distance, not only from themselves and the expressed positions, but also from the proposed schemes of conduct. Contrary to term-elected representatives, who usually have uniform problem-solving methods, panel members are open to new experiences and not caught up in complex political networks.

Deliberation experiments carried out worldwide show that random groups of ordinary citizens can decide on political topics, with a balanced support from experts. (Podgórska-Rykała 2020, 51–52) Also, the quality of the decision-making process is not lower than in the case of decisions made by traditionally elected representatives, many of whom do not even take part in parliamentary debates, do not read legislative proposals, and often vote “blindly” using party instructions uncritically or voting in a populist and totally guerrilla-like way. Deliberative innovations solve this problem by focusing on reflection, argumentation and *conscious decision making*. Empirical evidence shows that citizens’ assemblies often make decisions with a long-term perspective, as opposed to political decisions that are rather based on a specific electoral cycle – term of office. This is due to the specificity of certain difficult or controversial decisions that are costly in the short term but beneficial in the long term. This is because citizens are not subject to the same harmful temptations (including corruption) as professional politicians. Nor do they have to satisfy their electorate in a short time to ensure that they have a chance to be re-elected. (Vlerick 2020, 6)

The dynamics of civic councils are also fundamentally different from the dynamics of political negotiations. The deliberations take the form of an open exchange of ideas, views and arguments leading to practical consensus while political tenders focus on maneuvering – in order to achieve results as close as possible to the original preferences. (Vlerick 2007, 7) In the process of deliberation, one can change their mind while in the negotiation process it is quite the opposite: a complete change of position is unheard of, there is a rather gradual shift of the parties towards a compromise, bearing in mind, however, their basic, initial beliefs. Forcing participants in deliberations to reflect on their positions and justify their arguments makes it difficult for them to maintain and defend strategies that are not only selfish or in the interest of a particular group but also ineffective or beneficial only in the short term. Ordinary citizens are less often (officially, hence publicly) attached to unambiguous points of view and specific political ideologies. However, they have a similar sense of fairness, essentially intuitive, related to distributive fairness. (Vlerick 2007, 226–239; Steiner 2004)

Summary

Each public policy is a response of public administration entities to the challenges that derive from a dynamically changing reality. Its implementation results from geographical, demographic, social, cultural, economic, political, historical, spatial, environmental or technological conditions, in which there are local, supra-local, regional communities, as well as entire countries, as spaces of public interventions of sectoral, interdisciplinary, nationwide and supranational (including European) impact. A specific public policy should fulfill the function of a practical implementation document resulting from a multifaceted analysis of phenomena and a diagnosis of the situation of a given community of inhabitants. Therefore, it must take into account the entire spectrum of complexity of the field of specialised knowledge, often interdisciplinary, in a dynamic and evidence-based approach, including expert knowledge, as well as common (subjective) knowledge coming from the environment, from the addressees of the intended public interventions. Therefore, public policy should meet several fundamental conditions, including the result of reliable, authoritative and comprehensive analyses based on evidence, carried out in accordance with the principle of territorialisation (clusters of problem phenomena in a given area, i.e. physical places of concentration) and internal diversification problem phenomena covered by public intervention and to ensure the adequacy of actions to the needs resulting from quantitative and qualitative analyses. It must also take into account the application of the demand-driven approach (proposals for specific implementation solutions resulting from the actual needs) and have a practical and priority-focused implementation dimension. (Podgórska-Rykała, Sroka 2021)

To achieve this, public administration entities are obliged to prepare and implement it in a participatory manner, only then the developed solutions have a strategic dimension, which means designing a long-term time sequence of actions resulting from the projection of trends in changes in social, economic, spatial, cultural and political phenomena and correlated with the analysis of risks, threats and challenges. Participatory innovations in this process play a significant role, both at the stage of creating and subsequent implementation of public policy because they allow for an appropriate diagnosis of conditions and situations that will determine the course and effects of the actions taken. In this sense, participatory innovations such as the discussed citizens' assemblies constitute an effective tool for improving the quality of (co)governance in public policy, in particular in the face of threatening the regional economy with the middle income trap.

Although various mini-public formulas, including citizens' assemblies, are often used, e.g. in the United Kingdom, Canada, Australia and, more recently, in Poland, they have not become a permanent part of the mainstream political engagement yet. The initial enthusiasm of decision-makers was suppressed by quite large public interest in this method which translated into a growing demand for this type of projects. It turned out that their costs, especially financial, but also organizational ones, are too high for the panels to become an integral part of decision-making processes – at local, regional and national levels. However, if citizens' assemblies were permanently included in the canon of democratic procedures, their costs would drop significantly, as the systematic use of the method would translate into

savings related to the economies of scale (Parkinson, Mansbridge 2012). Standardization of knowledge about processes and good practice in the use of available resources would allow the minimization of overall expenditure.

It is also worth looking at the issue of the cost-consumption of citizens' assemblies through the prism of the challenges related to cross-border cooperation. In this context, citizens' assemblies and other deliberative processes can strengthen and complement the traditional system of representative democracy, not only providing decision-makers with information about social needs and expectations, but also building citizens' awareness and trust in the political process. They are the voice of reason in society, set against the political bargaining of interests. Due to their specificity, they are able to build bridges between citizens, experts and decision-makers – formulating recommendations based on collective considerations of a representative group of society and drawing on various views, knowledge and experiences. Thus, they have “a limited scope but a significant role to play in representative democracy.” (Brown 2006, 221)

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CONCLUSION

Rafał Riedel, Lukáš Vomlela

It should be emphasized that regions have always been one of the basic political and economic units in Europe. They were also a natural place for social life and an equally natural point of reference for identity. In fact, one could say that a situation in which regions are dominated by nation-states is an artificial one and, in a certain sense, a remnant of the nineteenth and twentieth century political dynamics. Regions have always played and continue playing an important role both in the political and economic development as well as in the cultural and social development of states but also in the transnational process of European integration. If we take into account the EU budget, it can even be concluded that European integration was created precisely for the regions. This observation is particularly up-to-date from the perspective of the recipient regions of the Community cohesion policy (which applies to both the Śląskie Voivodeship and the Moravian-Silesian Region) which serves to eliminate the differences in socio-economic development between richer and poorer regions.

It is a huge capital that can be used to the benefit of the region and its inhabitants – both today and in the multi-generational dimension. Therefore, we are dealing with the opportunities and possibilities associated with it but we should not forget about the threats (which are covered in this study by a particular emphasis on the middle income trap). At the same time, it should be remembered that the EU funds will not replace a healthy economic policy on a regional scale. Countries such as Greece and Portugal were, just two or three decades ago, also *champions* in spending the Brussels money, which did not prevent them from falling into a debt crisis – which is, obviously, largely independent of the cohesion policy. But it is worth emphasizing that structural funds are not a *panaceum* for all economic problems and the only path to economic growth – they even generate the risk of dependence on external aid and the risk of failure to reform and pursue a sustainable economic policy. There are underdeveloped investments in some Spanish regions, ghost airports built with European money, simply because they satisfied the unjustified ambitions of local politicians and these can serve as a warning.

Classical economic theory would suggest that the elimination of barriers to trade, capital flows or labour mobility will ultimately lead to the alignment of the levels of socio-economic development, including the standard of living and the level of GDP *per capita* PPP⁶⁴. Capital will move to regions with a lower level of development in search of cheaper labour and lower costs

64 PPP – Purchasing Power Parity.

of other means of production. Employees, in turn, will benefit from the free movement of people and take up employment in regions where entrepreneurs offer more favourable wage conditions – and then they will transfer part of their earnings to economically weaker regions. If we add to this the Community's cohesion policy which offers structural funds to less developed regions, we get a complete picture of the mechanisms that support the equalization of living standards in the long run. However, the above statement shows that the elimination of customs barriers and the introduction of the four freedoms of the Single Market towards regions with a similar economic structure and a similar level of development will most likely not increase the trade, and in general the change generated by such liberalization will be smaller than expected in the case of diversified regions that may complement their strengths and weaknesses.

At this point, it is worth referring to selected scientific inspirations that are at the basis of the project. In the first place, it is worth mentioning the study "Poland as peripheries" edited by Tomasz Zarycki which is an interesting study on the issues of the centre-periphery relationship and related discourses, such as the middle income trap, the theory of dependence or the broadly understood theory of the world system. It is both inspiring and depressing to read. It is inspirational in the sense that it stimulates scientific reflection on an important topic, recalling many relevant scientific discourses, and moreover, it does so from a truly interdisciplinary perspective. It is depressing mainly due to the conclusions of most authors, pointing to the durability of Poland's structural barriers to development. However, it is above all a realistic voice in the discussion on the place and role of Poland and Central and Eastern Europe in the contemporary world. This voice gets even more interesting – from the point of view of the context in which it appeared – when one realizes that it was published in the year in which Mateusz Morawiecki presented the first version of his "Strategy for Responsible Development", i.e. a government document programming Poland's economic development by 2030. The diagnosis of the (then) vice-prime minister Morawiecki largely coincides with some of the considerations of the authors whose texts made up the cited collective work. The editor of the volume refers to the work of Stein Rokkan and Derek Urwin (1983) which differentiates between the outer periphery and the contact periphery. The author argues with the politically articulated development concepts, both the pro-deliberation recognition of semi-peripherality as a development ideal and the anti-core idealistic striving for autonomy. Tomasz Zarycki concludes that Poland's location can be interpreted as a contact, what's more – it is a contact that generates much more negative than positive tensions. In turn, the chapter entitled "What is the peripheral perspective useful for in Poland? On possible uses in social sciences", Agnieszka Kolasa-Nowak tries to answer the question whether the peripheral approach gives a new key to looking at social processes in Poland. The author notes that the centre-periphery frame in the Polish scientific discourse has replaced the so far dominant post-communism frame. From such a standpoint – fitting in the broader framework of the historical process – the political transformation loses much of its uniqueness and begins to be interpreted as another attempt to overcome the underdevelopment of the entire region.

The study most consistent with the considerations in this collection is the one by Piotr Korys who suggests, in his text called "On the peripheries of the industrial revolution. Structural conditions for the economic development of Polish regions", to change the unit of analysis –

in line with the assumptions adopted in this collective work. While most analyses of political economy refer to the level of the national economy, Piotr Koryś focuses on the regional level. The author focuses on the question of whether and to what extent the developmental differentiation of contemporary Polish regions into historical and – most importantly – permanent sources. In the conclusion, he notices a strong correlation between the past and present level of development of Polish regions and little influence on the elimination of these differences of centrally conducted regional policies.

The European context is emphasized by Tomasz Grosse who, in his text entitled “The Tragedy of Peripheral States, or on Poland’s Geopolitical Dilemmas in the European Union”, makes a two-level analysis. First of all, he distinguishes the most important threads of the theoretical discussion on the geopolitical role of peripheral states and secondly, he verifies the most important conclusions of this debate with regard to Poland. The pessimism contained in the title is intensified by the conclusions in which the author notes that participation in the process of European integration strengthens Poland’s peripherality (economic dependence, strategic inertia, limited options in European public policies). On the other hand, Krzysztof Jasiński (author of the analysis “New peripherality in the perspective of the diversity of capitalism. An example of post-socialist states of the European Union”) refers in turn to this part of the world literature which is devoted to the diversity of capitalism and related discourses. Like the previous chapter, also the one by Krzysztof Jasiński is filled with quite depressing conclusions about the “development drift” of Poland and other countries in the region.

Reading the entire collective work entitled “Poland as a periphery” undoubtedly brings the reader closer to the question of whether and how the perspective of the peripheral nature and dependence of Poland and Central and Eastern Europe allows for a better understanding of the specificity of the economic and social processes observed in our region. At the same time, one should remember the internal diversity not only of individual state economies in our part of Europe, but also significant intra-regional differences. While the Czech Republic (as part of Czechoslovakia before 1993) belonged to the most developed post-communist economies from the very beginning of transformation, Poland had a much worse starting point. At the same time, after 1989, the Polish economy was one of the growth leaders not only in the region of Central and Eastern Europe, but also in comparison to other emerging markets in the world. The dynamics of catching up in relation to the highly developed countries of Western Europe was the highest in Poland among the post-communist countries. Against this background, the data on Silesia which are analysed in this collection are particularly interesting. They show that in the post-industrial era, both the Czech and Polish parts of Silesia are experiencing relative loss in comparison to the growth dynamics of other regions. And the simple continuation of the current trends may lead to a relative degradation of the Silesia region in the development hierarchy, both in relation to other regions of Poland or the Czech Republic, as well as in the wider European context.

The problem of the middle income trap from the regional perspective discussed in this collection refers to a number of important scientific discourses, including, for example, the

centre–periphery relationship. Undoubtedly, the issues of peripherality and dependence are becoming, as a subject of research, a subject of growing interest, both on the part of sociologists, economists, lawyers, political scientists, historians and representatives of other related disciplines but also on that of practitioners of social policy – decision-makers at the national, regional and local levels. These issues invariably remain relevant as the subject of research, referring to questions concerning the goals and priorities of the implementation of the development policy. Offering a set of interesting analyses, posing new questions (or posing them anew) and bringing significant empirical findings, this collection of texts presented to the reader is intended to be a voice in this important debate.

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SILESIA AND THE MIDDLE-INCOME TRAP PROBLEM. CZECH AND POLISH REGIONAL PERSPECTIVES

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Publisher: Silesian University in Opava
Faculty of Public Policies in Opava
Institute of Public Administration and Social Policy
Bezručovo nám. 885/14, 746 01 Opava
First edition
Place and year of publication: Opava 2021
Number of printed versions: 200
Graphics: Dorota Lubojacká
Photo on the cover: Mathieu Stern

Book is not for sale.

ISBN 978-80-7510-483-0 (online)

ISBN 978-80-7510-482-3 (print)

ISBN 978-80-7510-479-3 (čes. vyd.; online)

ISBN 978-80-7510-480-9 (pol. vyd.; online)



PŘEKRAČUJEME HRANICE
PRZEKRACZAMY GRANICE
2014—2020



EVROPSKÁ UNIE / UNIA EUROPEJSKA
EVROPSKÝ FOND PRO REGIONÁLNÍ ROZVOJ
EUROPEJSKI FUNDUSZ ROZWOJU REGIONALNEGO

Publication is funded by the project **“Silesia and the problem of the middle income trap – Czech and Polish regional perspectives”**, reg. project number CZ.11.4.120/0.0/0.0/16_013/0002404.



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