

# CAPITAL CITIES: EMBRACING THE CHANGE AND TAPPING INTO OPPORTUNITIES

13th December 2013  
University of Latvia  
Riga, Latvia



Maciej Smętkowski

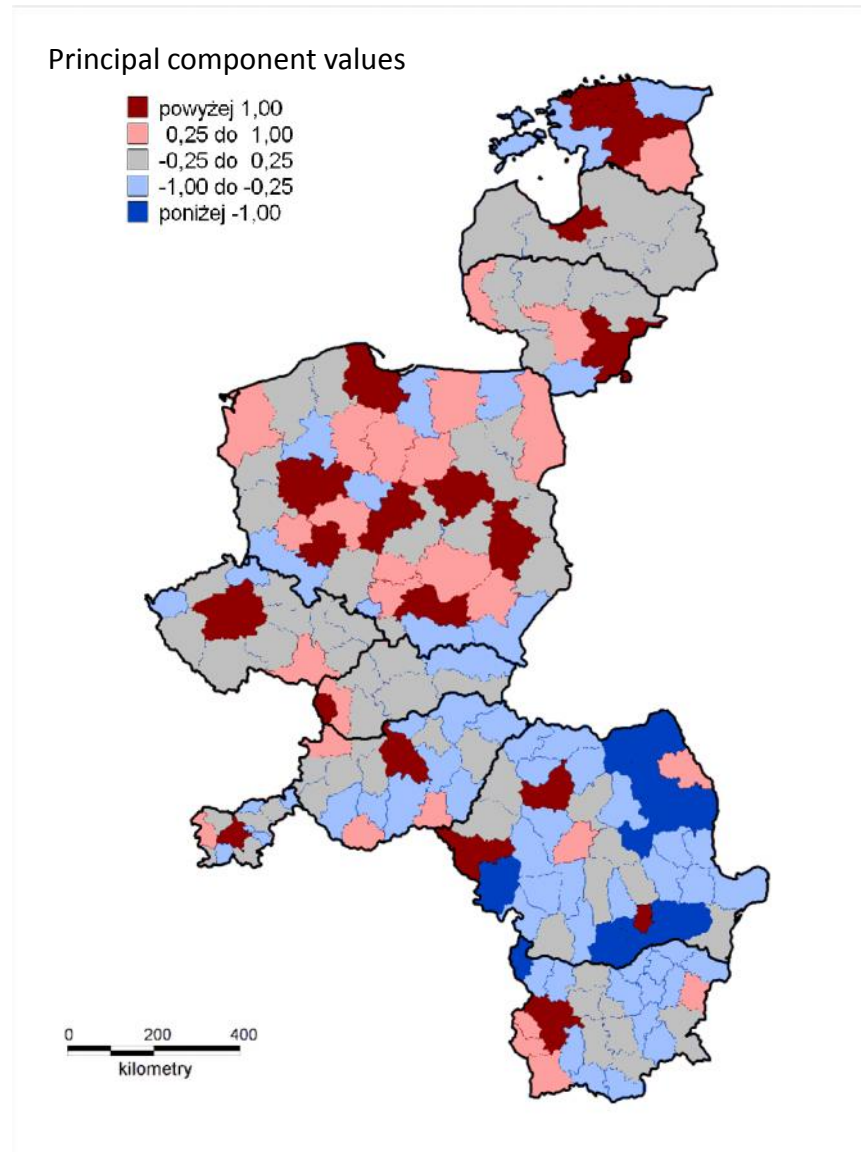
# Regional development patterns in CEECs – focus on capital city regions in crisis period



# Plan of presentation

1. Metropolisation process in CEECs
2. Impact of global economic crisis on capital cities in CEECs
3. Regional dimension of capital city development before and during the crisis

# Metropolisation – main territorial outcome of globalisation



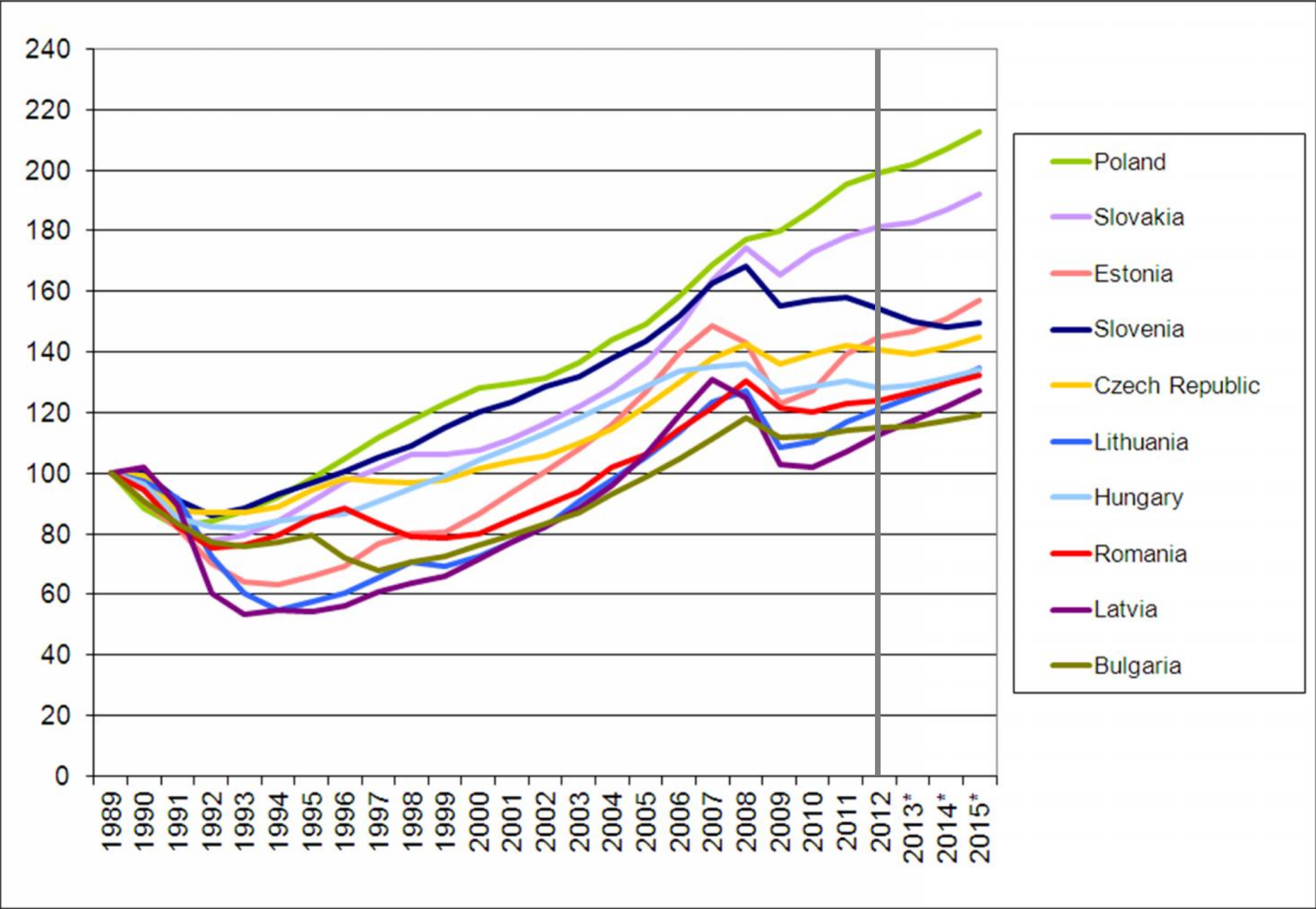
## „Metropolisation”:

- **Knowledge economy:** (R&D expenditures and employment, human capital resources – educational attainment and students)
- **Entrepreneurship and labour activity:** (high number of self-employed, low unemployment rate)
- **Attractiveness** (FDI inflow and high investment expenditures)
- **Good infrastructure** (basic infrastructure and airports)

**Metropolitan / non metropolitan divide:**  
explains 30% of total variation between NUTS3 regions in CEECs

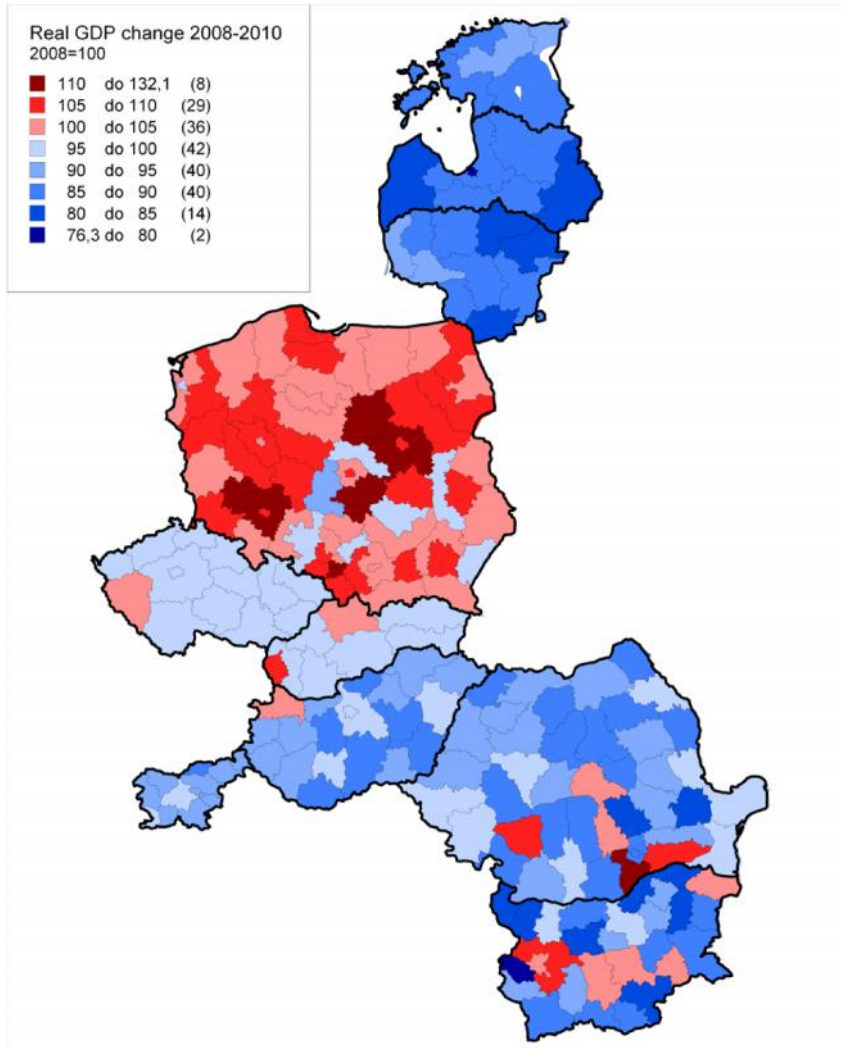


# Real GDP growth (1989=100)

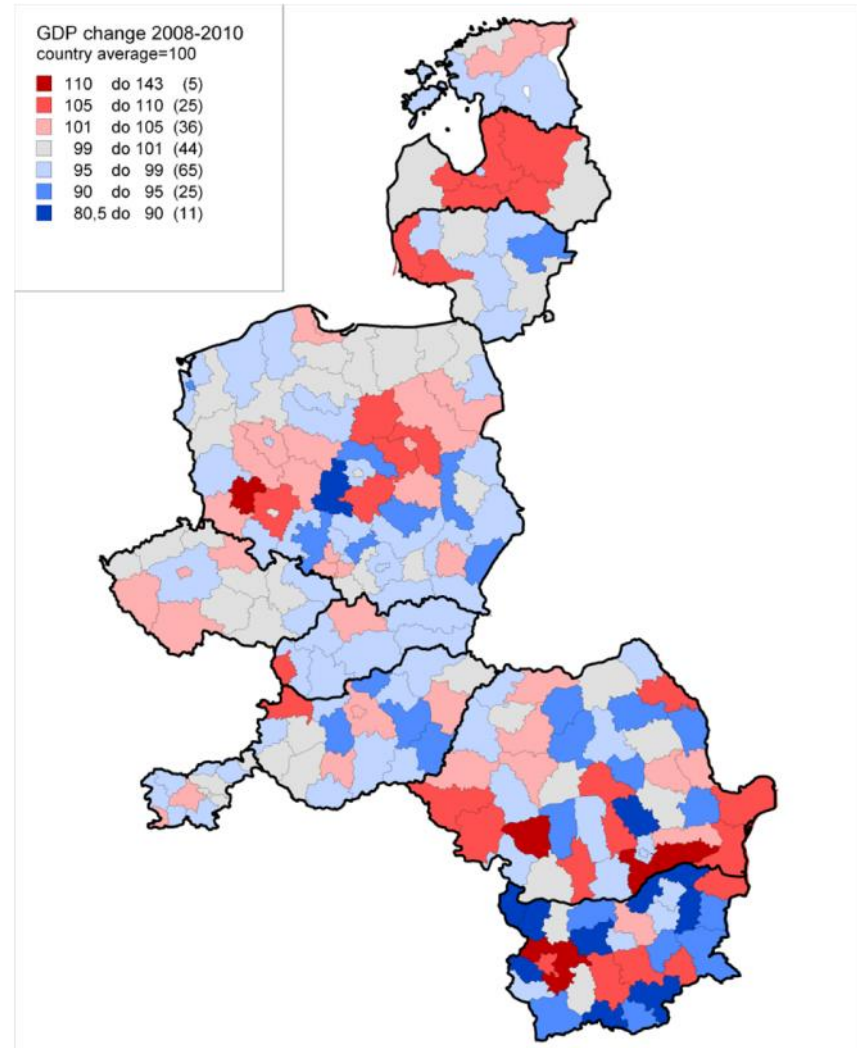


# Real GDP growth 2008-2010

a) %



b) Country average=100

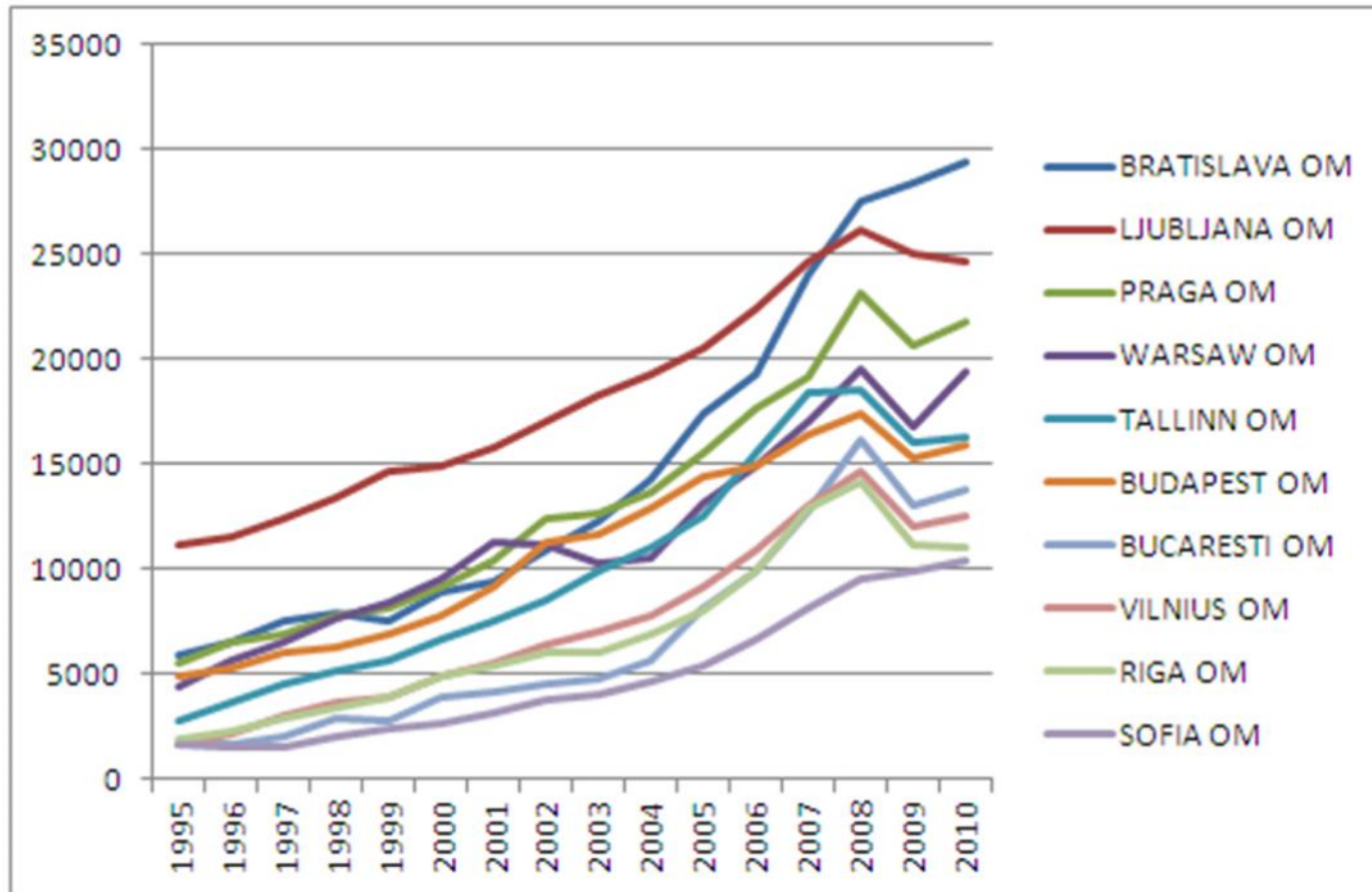


## The regional patterns of the crisis

- Mixed pattern – some export-oriented (modern industry) regions perform quite well, but also some regions with more diversified economy
- Metropolitan regions (mainly capital cities) doing relatively well
- Quite stable regional disparities (convergence 2008-2010: EE, LV, RO, divergence SK, BG) – the role of capital cities
- However, it is still too early to formulate final conclusions.

# Performance of capital city regions 1995-2010

a) per capita in EUR

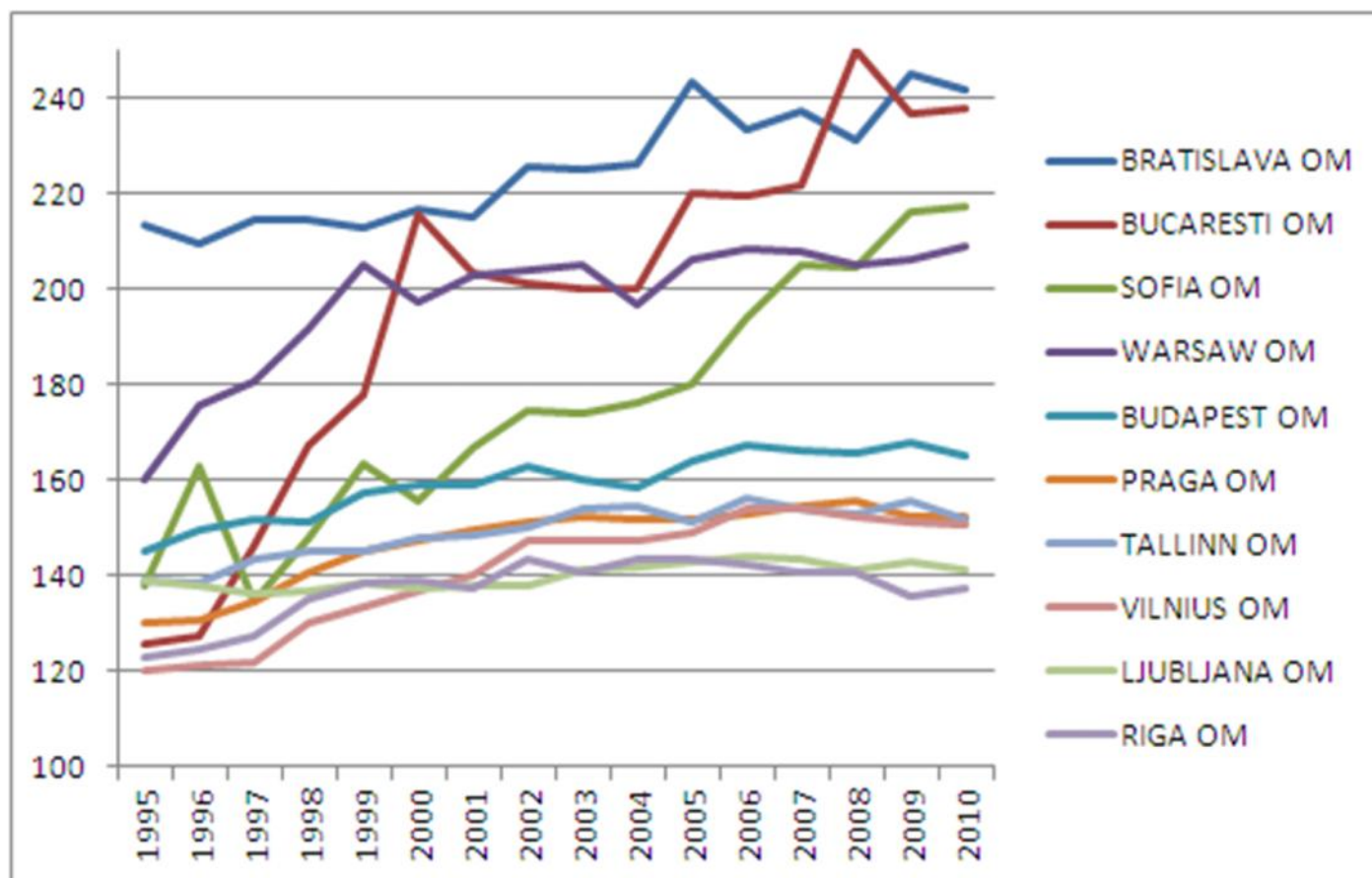


- Bratislava (winner) and Ljubljana (loser) - different results of euro adoption
- Warsaw – 2009 crisis in EUR, but temporary
- Bucharest success story 2004-2008 (3 times growth)
- Baltic states capitals – the sharpest decline 2008-2010



# Performance of capital city regions 1995-2010

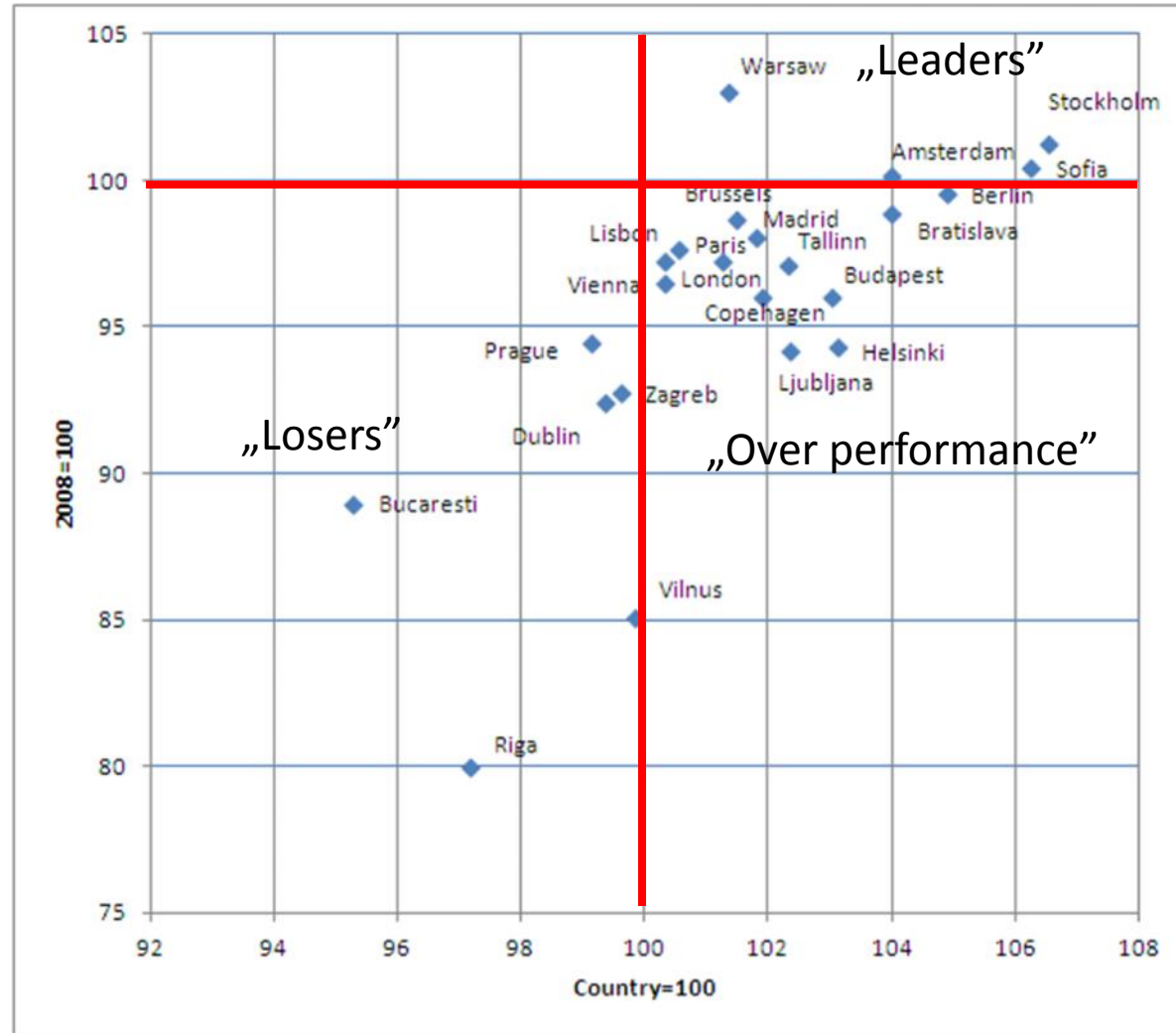
b) Country average=100



- Fast growth of capital city regions versus other regions only in 3 countries: SK, RO, BG, while in Poland only in the first phase of transformation
- Stable situation in the rest of the countries since 2002 or 2006 (crisis did not affect the pre-crisis pattern) – partly result of their high share in overall GDP

# Performance of capital city regions in Europe 2008-2009

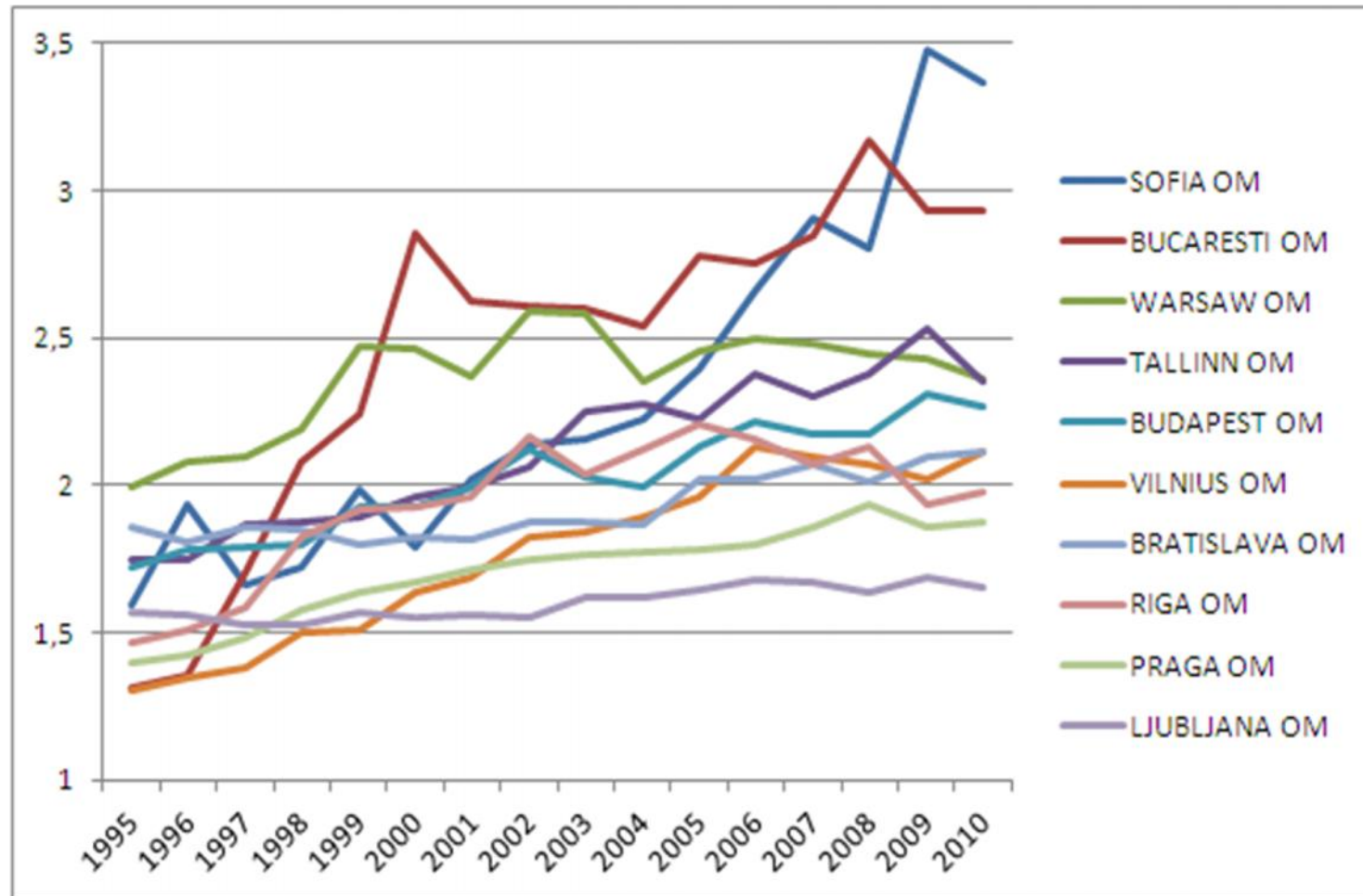
Real performance  
(GDP growth)



Relative performance  
(GDP growth relativised by national average)

# Regional dimension of capital city crisis

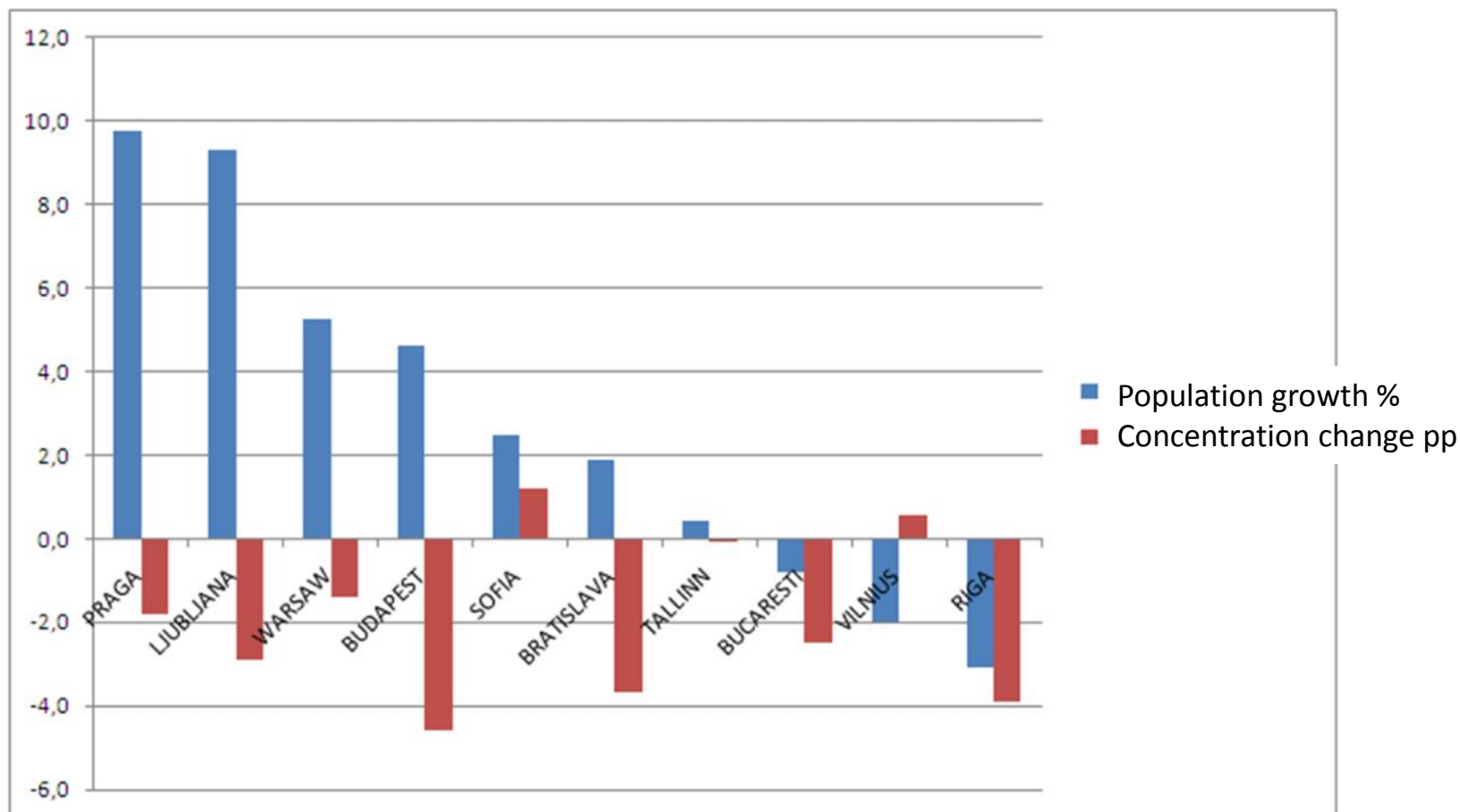
GDP per capita ratio between: a) the capital city region and b) its regional hinterland



- huge disparities in Sofia and Bucharest metropolitan macroregions
- significant disparities in case of Warsaw, (stable), Tallinn and Budapest (growing)
- quite stable situation in the rest of countries (fast increase in case of Vilnius)

# Demographic change in the metropolitan areas

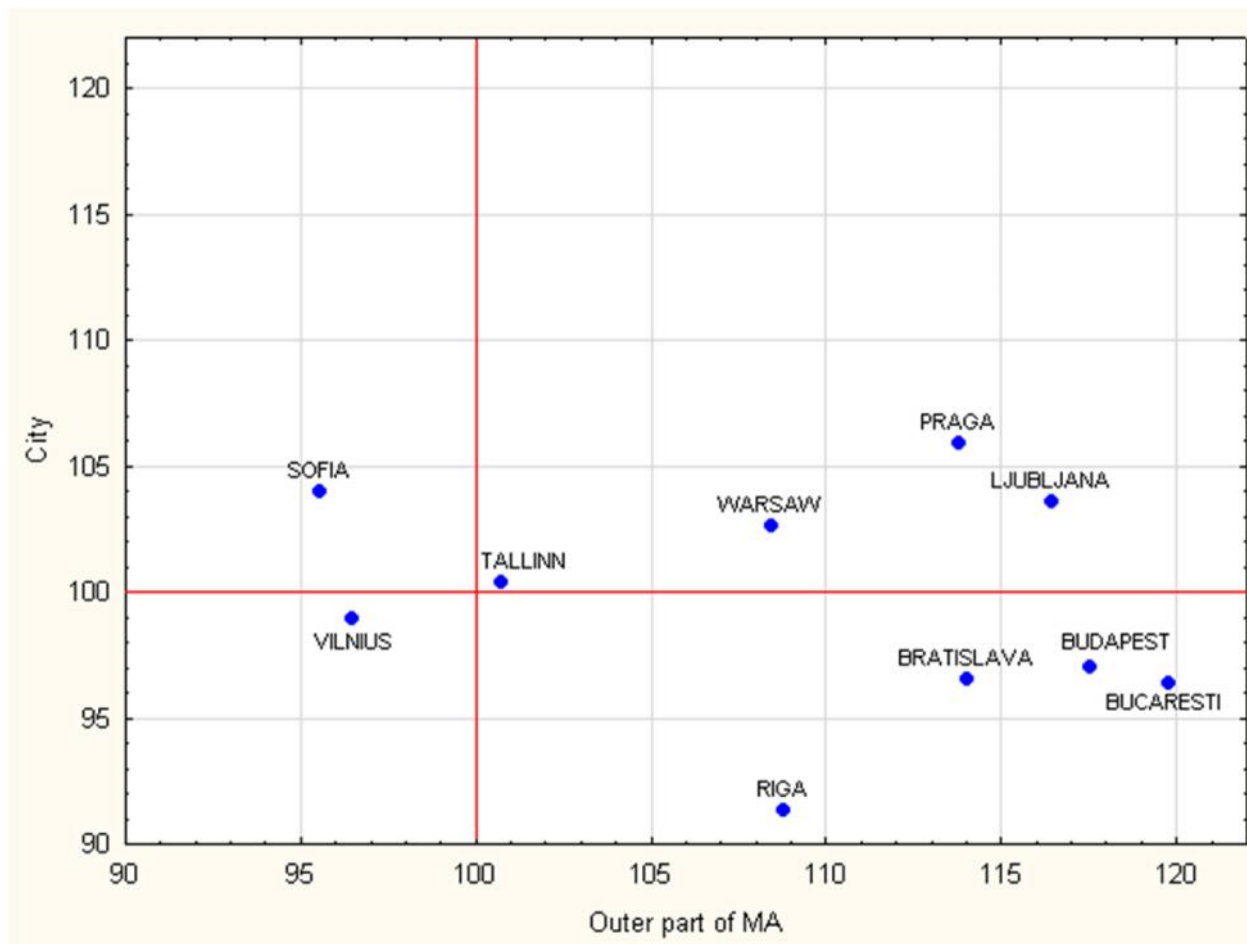
Population dynamics in metropolitan areas in 2000-2011 (in % or ‰)



- population growth was fast in the wealthiest capital city regions: CZ, SLO, PL, HU
- the deconcentration of population took place in almost all capital city regions (with exception of BG and LT)

# Demographic changes in the metropolitan areas

Population dynamics in constituent parts of metropolitan areas in 2000-2011  
(2000=100)



- each metropolitan area manifests unique pattern – special case of Sofia and Vilnius
- suburbanisation and ageing processes more pronounced in 4 countries (esp. Riga) while livability of centre visible esp. in Prague



# General conclusions

- Metropolisation pattern seems to be resistant to the crisis
- First wave of metropolisation took place before EU accession (BG and RO lagging behind, but has decreased the distance to the rest of countries)
- Intraregional disparities within metropolitan macroregions is still a characteristic features of CEECs, but the process of diffusion to regional hinterlands has been started
- Crisis of cities in some prosperous regions – especially associated with combination of suburbanisation and aging processes