

ISSN 2081-4461
e-ISSN 2449-9781

NR 21
(2021)

BIBLIOTEKA REGIONALISTY REGIONAL JOURNAL

Stanisław Korenik

Wrocław University of Economics and Business

e-mail: stanislaw.korenik@ue.wroc.pl

ORCID: 0000-0002-7629-0484

SOCIO-ECONOMIC DEVELOPMENT OF THE REGIONS AT THE BEGINNING OF THE 2020s

ROZWÓJ SPOŁECZNO-GOSPODARCZY REGIONÓW NA POCZĄTKU TRZECIEJ DEKADY XXI WIEKU

DOI: 10.15611/br.2021.1.04

JEL Classification: R100

© 2021 Stanisław Korenik

This work is licensed under the Creative Commons Attribution-ShareAlike 4.0 International License.

To view a copy of this license, visit <http://creativecommons.org/licenses/by-sa/4.0/>

Quote as: Korenik, S. (2021). Socio-economic development of the regions at the beginning of the 2020s. *Biblioteka Regionalisty. Regional Journal*, (21).

Summary: The modern economy is characterized by rapid, multidirectional, even turbulent transformations, where the COVID-19 pandemic has come to the fore, beyond the current causes (shaping the new economy, globalization, financialization, etc.). As part of these changes, the situation of individual regions has begun to change. Regions characterized by an economy with multifunctional modern structures adapt better to the transformations that have occurred and the so-called new normality.

Keywords: COVID-19 pandemic, socio-economic region, new economy, globalization, regional development, innovations.

Streszczenie: Współczesna gospodarka cechuje się gwałtownymi, różnokierunkowymi wręcz turbulentnymi przekształceniami, gdzie poza dotychczasowymi przyczynami (kształtowanie się nowej gospodarki, globalizacja, finansyzacja itp.) na plan pierwszy wysunęła się pandemia COVID-19. W ramach tych zmian zaczyna ulegać zmianie sytuacja poszczególnych regionów. Regiony charakteryzujące się gospodarką o wielofunkcyjnych nowoczesnych strukturach adaptują się lepiej do zaistniałych przekształceń i tworzącej się tzw. nowej normalności.

Słowa kluczowe: pandemia COVID-19, region społeczno-ekonomiczny, nowa gospodarka, globalizacja, rozwój regionu, innowacje.

1. Introduction

The phenomenon of development, so important in contemporary economic realities, according to the assumption of Brodzicki (2014), is always temporal (it is a dynamic phenomenon and not necessarily one-way, irreversible) and spatial. Referring it to a region functioning in contemporary socio-economic realities, and based on our knowledge so far, we are not able to fully describe the transformations taking place in its broadly understood socio-economic system. The beginning of the 2020s is a period that strengthens and multiplies the unprecedented transformations of socio-economic life (its virtualization; the transformation of local communities formed in order to improve social welfare into communities of risk). At the same time, apart from these general civilizational changes in the functioning of individual societies, the pandemic has left its mark, which seems to be not over yet and will have to be included in the programming of socio-economic processes in the future. Intensive transformations, especially during the pandemic, are also subject to forms of the organization of social and economic life processes (virtualization, remote work, networking), which to a large extent results in a change in the role and importance of the existing actors in the economy (states, regions, local societies, business corporations, etc.). During this period, the adopted development doctrines of individual countries or regions have been verified. The concept (strategy) of dependent development, used in practice by many countries, especially developing ones, and referring to basing the development of regions, for example on tourism, has revealed a high sensitivity to the phenomena caused by the pandemic. This has contributed to serious socio-economic problems.

However, it should be emphasized that, despite the pandemic, the course of socio-economic phenomena is still largely influenced by the increasing globalization of the world economy, which results, among others, in the liberalization of flows of capital and people, the expansion and deepening of various forms of economic integration – including regional ones. The expansion of globalization is related to both a-territoriality and the re-territoriality of space in all its dimensions. Tendencies of a- and re-territoriality of such space directly refer to various spatial units. Their occurrence means that the role, meaning, functioning and development of the region have a common feature: instability or changeability.

The main goal of the article was to indicate the areas of the region's functioning and the threats posed by changing economic paradigms, as well as to mark the role of innovation in shaping the socio-economic situation in the described spatial unit. The basic method was a literature review and critical analysis. The main conclusion cannot be that it used to be better, and it could only get worse. It is true that the new reality will be completely different from the one we all know and are able to comprehend, but based on the development of civilization so far, one can show moderate optimism.

2. Uncertainty and the functioning of the region

Contemporary regions, also in the conditions of Poland (and more broadly – the European community), are functioning in more and more turbulent circumstances. This situation is caused by the overlapping of various trends, including developmental, occurring in various spatial cross-sections, i.e. global, continental or national, with the increasing phenomenon of the transition of “forms of socio-economic activity from the real world to the virtual world” (Paprocki, 2018). At the same time such a phenomenon, as suggested by Haskel and Westlake, is characterized by scalability, i.e. an unlimited increase in economic operations, because in the so-called cloud computing there are no barriers to increasing the ability to provide services (Haskel & Westlake, 2018, p. 33). This has undoubtedly contributed to an increase in the freedom to locate economic activity in space, which in the new concepts of regional development is referred to as a transition from place to space (Derlukiewicz, Korenik, & Rogowska, 2010, p. 10). This phenomenon, underestimated in the theories of economic growth, gives a new dimension to shaping the economy in space, similar to the theory of differential rent in the Ricardian concept.

This and other shaping of phenomena in the environment, as well as in the regions themselves, strengthens the increase in the uncertainty of their functioning and causes the process of their development to become more and more complex and multidimensional. Meanwhile, Castells and Himanen indicated that people nowadays can fulfill their expectations only through the appropriate targeting of this process (Castells & Himanen, 2014, p. 1). Regardless of the doubts concerning the development itself, according to Hausner, this process must involve the phenomenon of empowering people and societies. This empowerment is also responsible for all changes, including those related to new technologies with unpredictable consequences. He argued that an important element of a correct and relatively appropriate (including predictable) development process is that the previously indicated “subjectivity becomes not due to autonomy and flexibility, but due to axionormatively ordered co-production” (Hausner, Paprocki, & Gronicki, 2018, p. 11). Thus the community of the region must transform into a community which, unanimously and demonstrating a willingness to sacrifice, is ready to achieve a long-term goal expressed in the form of an idea” (Hausner et al., 2018, p. 11).

The modern economy is undergoing deformation, at the base of which Sadowski indicates financization, i.e. “introducing volatility and uncertainty into the real sphere, which has become dependent on dominant, and inherently unstable, financial markets” (Sadowski, 2014, p. 157). The progressive destabilization of the economy caused by the spontaneous (chaotic) and at the same time accelerating shaping of financial markets (including the creation of the so-called “casino capitalism”¹)

¹ It manifests itself in the creation of ever-more sophisticated financial derivative instruments, which are becoming a kind of speculative game based on pure risk.

despite the pandemic, has also affected the situation of the regions. The expectations that the regions in the turbulent environment would become a kind of island of stabilization and a buffer for their communities turned out to be in vain, instead they have been brutally involved in the ever-stronger global competitive struggle, where economic success is what counts, and not, for example, social justice.

At the same time, along with the shaping of a new development paradigm, the dematerialisation of production factors or the formation of a knowledge-based economy, the very process of regional development is becoming increasingly complex. This complexity is a manifestation of the different structure of resources (tangible and intangible) influencing the situation of the regions, which enforces different ways of organizing their economic activities. Undoubtedly, a significant transformation turned out to be the anchoring of the innovation process in regions in endogenous resources, which directly began to affect the way in which the regions were developed. As pointed out by Gorzelak (2003, p. 43), such relations and dependencies directly translate into the processes of regional development, leading to the differentiation of economic regions. This means:

- 1) innovations are created and, importantly, directly penetrate the market in areas with significant innovation potential, including the entities and relations between them – such as: enterprises, the research and scientific sector, high qualifications of human capital, the climate for innovation, and the pro-innovation policy of the public authorities;
- 2) areas with a relatively high level of development may participate in the output phase; the more modern the production is, the greater the requirements in terms of the production environment;
- 3) late-developed regions, peripheral regions that are unable to meet the requirements of modern production, undertake cost competition (e.g. for investments), however, this is an area of competition of intensified action and rivalry, where the poorest spatial units most often win, and whose communities are satisfied with low wages and/or bearing negative externalities.

In practice, as shown in the latest report of the European Commission, Polish regions show a very low rate of innovation. According to the data from July 2021 presented in Figure 1, Poland and its regions are among countries with a low level of innovation. Only three EU countries are in a worse position (Romania, Bulgaria and Latvia) in terms of innovation. Kot and Kraska in their research on the innovation of Polish regions state that the innovative environment of the regions is petrified and the undisputed leader is Mazowieckie (Kot & Kraska, 2018, pp. 127-140), as can also be seen in Figure 1. In fact, the leaders in terms of innovation in Poland are regions where the level of economic development is higher and in which there is a large urban centre with the features of a modern metropolis. The report confirms the findings of the European Commission to date, where the basic diagnoses include the fact that innovations are not evenly distributed in the EU regions, the innovations

themselves tend to be spatially concentrated and that regions with a similar innovation capacity differ in terms of economic growth. This is obviously due to the fact that the foundations of innovation, i.e. ingenuity and creativity, must always be supported by activities aimed at translating them into practical action.

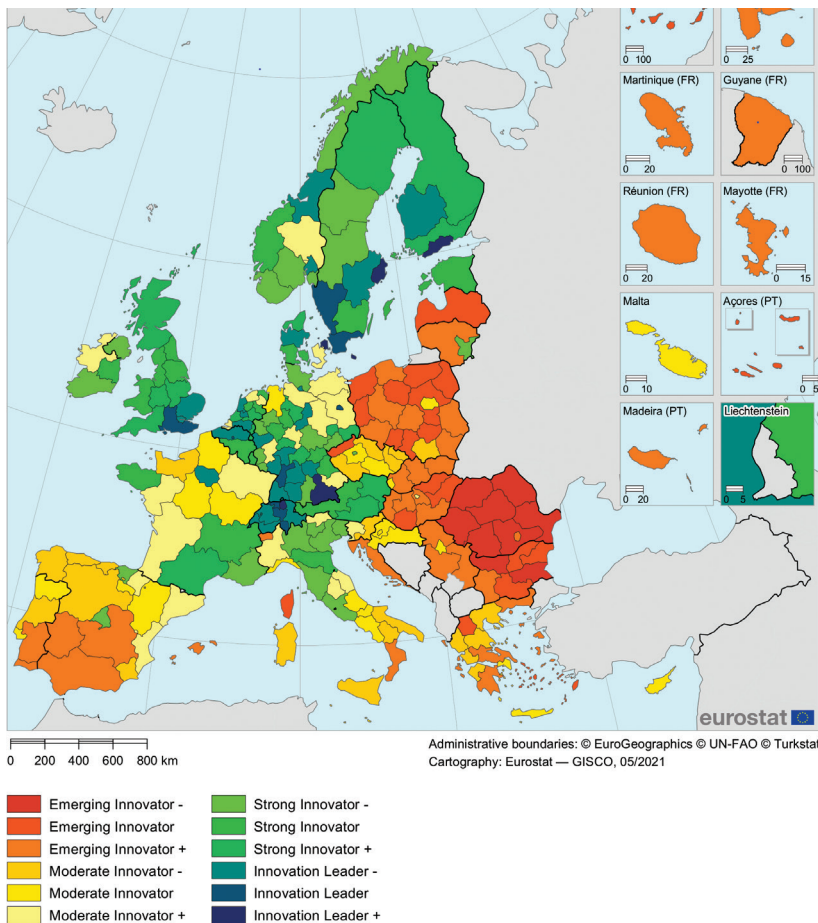


Fig. 1. European Innovation Scoreboard in 2021

Source: (European Commission, 2021).

It should be emphasized that such actions bring with them transformations in society that often take revolutionary forms and result in increased uncertainty and destabilization. It is the cultural differences and changes in social structures that are of key importance to the situation of the region in contemporary realities. The mapping of this type of phenomena can be found in the assumptions of the phase models of regional development (especially in the case of non-economic factors).

As a result, the statements pointing to the location of mobile factors of production in places where their marginal efficiency is the highest turned out to be wrong, which results in the fact that modernist beliefs about the construction of a homogeneous structure of regions become unreal. This is because the postulate of equalizing the marginal utility of the factors of production in space did not occur, and spatial convergence is not a phenomenon reinforced by the market mechanism. The self-balancing of the level of development on an inter-regional and intra-regional scale in practice did not occur, therefore it turned out to be necessary to implement state intervention in the course of economic processes in space, i.e. the implementation of regional policy in various dimensions. At the same time, despite the clear aversion of the contemporary elites to inequalities in various dimensions (including spatial), the differentiation in the level of development of regions became the foundation of economic mechanisms at the beginning of the 21st century. This is important when one takes into account the instability of the contemporary economy in the international dimension. Moreover, as emphasized by Zaucha and Ciołek (2013, p. 144), the concentration of economic activity is inevitable and will continue with stronger integration of the region's economy into the global economy and the accompanying increase in the scale of production. In such a situation, it is the fact of the uneven development in space that becomes a mechanism (impulse) that drives the development process, because, according to the assumptions of the new growth theory, economic phenomena naturally tend to accumulate in space (for example, the increase in differentiation becomes the driving force behind the development of agglomeration). Krugman's findings suggest that the accumulation of economies of scale and the costs of transport overlapping this phenomenon result in the agglomeration effect, which directly leads to the accumulation of economic activity in regions with a higher production level (Krugman & Venables, 1995).

Relating the above considerations to Poland, according to Ciołek, who estimated the GDP on the scale of districts, "economic development measured by the change of GDP per capita was the weakest in the south-eastern part of Poland, but also in Zachodniopomorskie and in Warmia and Mazury. On the other hand, central Poland and central part of the Pomorskie region, as well as parts of Śląskie and Dolnośląskie, recorded an increase in productivity" (Ciołek, 2017, p. 78). These studies confirm the above regularities regarding the uneven shaping of development processes throughout the country. One should also add the fact of the chaos in the spatial management existing in the realities of Poland. According to Kowalewski, one can say that "spatial disorder" is progressing (Kowalewski, 2019, p. 11), and proposals for the reform of comprehensive spatial management are postponed, despite the fact that they are highly advanced. Such a situation makes the declared sustainable development assumed in various types of strategic documents difficult, if not impossible, to achieve.

Returning to theoretical considerations, it should be remembered that a large role in the differentiation of the level of development of regions, according to Friedmann,

is played by a number of overlapping factors, including the domination effect, information influence, psychological effects, modernization, the “feedback” effect and increased efficiency. Undoubtedly, these factors also affect the differentiation of the level of intra-regional development. A particularly important phenomenon is the progressive dematerialisation of the course of economic processes carried out in the region. In addition, in regions with a developed and stable socio-economic situation, clear economic rules and developed social capital, trust plays an important role in economic relations, which significantly reduces transaction costs, and additionally stimulates the greater exchange of information, data and innovation. This creates a specific structure of the region, which Sztompke called a moral space endowed with such attributes as: loyalty, trust, solidarity, reciprocity or respect, and justice (Sztompke, 2016, p. 12).

As a consequence, two opposing effects occur simultaneously in the space of the region, i.e. backwash and spread. It should be emphasized that they neither cancel out nor exclude each other, as they mostly relate to various socio-economic phenomena. However, if one of them starts to dominate (regardless of the cause) or when one starts to eliminate the influence of the other, unfavorable processes in the space of the region can be observed. One example of the practical development of these effects is the phenomenon of agglomeration and deglomeration. As for the benefits of locating operations in an agglomeration, they are widely known and include not only economies of scale, but also, among others, a developed labour market, the concentration of various economic entities and business environment, a developed infrastructure, as well as the latest phenomena (which include the efficient diffusion of innovation, but it is crucial to remember about the external effects). Let us recall that according to Gorynia et al., external effects are defined as the unintended side effects of one actor’s actions, influencing the situation of another actor (Gorynia, Bartosik-Purgat, Jankowska, & Owczarzak, 2006, p. 186). The external benefits themselves are based primarily on the accumulation of human capital in the region. This translates directly into inducing endogenous economic growth, which results in the concentration of economic activity in selected regions. As for deglomeration, this causes considerable controversy and conceptual inaccuracies (Cieślak-Wróblewska, 2019), and the phenomenon itself means a distraction of inhabitants from economic activity as well as public functions and institutions.

The aforementioned two aspects have undoubtedly shaped the situation in the regions for a long time, especially in the period of intense industrialization, when the phenomenon of agglomeration of space was dominant, but the reaction to its ubiquitous presence were measures taken to deglomerate individual areas of human activity in space. In modern realities one can observe its continuation, often only based on new factors resulting from civilizational changes and their effects in spatial management. As emphasized by the Jagiellonian Club (*Klub Jagielloński*), the socio-economic development was not accompanied by territorial balance, which led to the significant domination of large cities (Klub Jagielloński, 2018). Generally

speaking, it can be assumed that in Poland, socio-economic development takes place in large cities, which are also the beneficiaries of this process. Naturally, a fully spatially balanced development is impossible to achieve and even harmful, because the spatial unification of human activity due to the diversity of the socio-economic space itself is a utopian idea (although they often return as catchy spatial populism). Referring to the earlier observations regarding Polish space, one can point to the findings of Śleszyński, who indicated that in Polish realities one is dealing with a crisis of small and medium-sized cities. This is negative, as urbanization in Polish conditions is a relatively underdeveloped process which, based on the scale effect, strengthens the already developing large cities. According to this author, efforts should be made to maintain and strengthen the polycentric settlement system, which is a significant national asset. One of the activities that may lead to these effects is deglomeration actively implemented by the state, and consisting in the policy of shaping the administrative and territorial division “and the location policy concerning the concentration and deconcentration of functions related to socio-economic human activity (offices, universities, public companies, etc.)” (Śleszyński, 2018, p. 14). Undoubtedly, one should agree with the comments presented, because without the active role of the state, also in the deglomeration concept, it will not be possible to stop the formation of the periphery and the growing disproportions between them and economic centres. Many supporters of active deglomeration point to more developed countries, especially Sweden and Germany. However, not all the solutions applied there were effective, and their financial effects turned out to be arguable (Trzeciakowski, 2019b). In Poland, there are also cases of this type, which include, the deglomeration of the capital, and the example cited is the Polish Space Agency (Trzeciakowski, 2019a, p. 1). Yet, are these negative examples supposed to result in the abandonment of deglomeration? Undoubtedly not, because its balanced and consistent implementation may bring positive effects. Such an idea for deglomeration in the realities of Poland, often quoted, is to give it a two-stage character.

An important phenomenon – which is decentralization – should also be mentioned, however it should not be equated with deglomeration. This is a process currently supported by the structures of the European Union and offers opportunities for the development of areas outside development centres, however the scope and forms of this process are debatable. For example, according to Bywalec, “a low degree of state decentralization acts as a brake on the economy, but excessive decentralization, devoid of central supervision, may bring similar effects. The most favorable macroeconomic effects should therefore be expected at some – obviously difficult to determine in advance – moderate level of decentralization” (Bywalec, 2012, p. 142). However, regardless of the adopted solution, it should not turn into a devolution, when referring this phenomenon to Poland.

Concluding these considerations, one can quote the doubts articulated by Lucas, that there is little chance for regions with a low initial level of physical and human

capital to achieve the level of development of those regions with a high level of these capitals (Lucas, 1990, pp. 92-96). Still, the adopted concepts of development are modified under the influence of both the doctrines of economic policy and local phenomena and resources. Adopting at least the concept of two sectors (Kozak, 2008, p. 46) and extending it to the entire economy of the region, one can now see that there are areas where, despite the pandemic and the weakening of economic activity, there are positive effects, and places which have gone so far for in the isolation of the primary sector that its positive impact diminishes.

3. Conclusion

In conclusion, the phenomena of regional development have increased in complexity. The period of the pandemic revealed many aspects that so far had not been fully included in the description of the pandemic. Undoubtedly, however, the significance of progressing globalization is still great (after all, the pandemic itself has a global dimension) and despite overthrowing some isolationist activities, it seems to be a non-threatening process. Regions that have largely based their development on the digital economy in a fairly gentle manner (with some exceptions) experienced pandemic turmoil and in many situations are beginning to 'tame' this state. This is confirmed by (Budner & Gorynia, 2021), indicating that some regions in Poland during the pandemic showed economic resilience in the medium-term perspective, which was sustained. "This applies precisely to regions with a large share of innovative, high technologies. The same is true of the service sector, especially of the higher level (including shared service centres, finance, insurance, marketing)". These authors also point out that "despite the threats and losses caused by the epidemic, larger cities and agglomerations turned out to be more resilient than smaller ones. Some smaller urban centres, especially in weaker regions, have been additionally affected by the phenomenon of 'shrinking cities'. This has consequences not only for demographics (population decline due to migration) and the economy, but also for social life (social exclusion, pauperization). In other words, the picture of income inequalities in Poland is deepening, and that in the scale of the entire country. These findings indicate that, among others, peripheral regions or underdeveloped regions have problems with finding themselves in this turbulent reality, which will result in a growing socio-economic disproportion.

Summing up, it should be emphasized that in this uncertain situation, where the increasing dysfunction of the global economy is evident (Mączyńska, 2018), the future will not only verify the adopted development concepts, but also allow to evaluate the strategies and economic doctrines implemented in practice. This is because in difficult times (and we undoubtedly are in such times) all errors and irregularities are clearly exposed. Undoubtedly, in this new normality (i.e. the world emerging from the pandemic), in many specific cases the phenomenon of addiction, "lock-in"

may be exacerbated, because proven management methods of the past (despite their current inadequacy) may be treated as a specific “blade”, which, regardless of the consequences, will be used as part of the development processes, and in principle – of rescue. Obviously, such actions, although they are not logical from the rational point of view, in specific market realities may be considered reliable, proven, and the only possible way, i.e. based on historical assumptions. For these reasons, the directions of changes in socio-economic space should be closely monitored. This will allow not only to evaluate the practical activities, but above all to develop a set of tools and methods that can be reused in the future in similar circumstances.

References

- Brodzicki, T. (2014). *Przestrzenne aspekty wzrostu gospodarczego. Przegląd literatury teoretycznej*. Sopot: Instytut Rozwoju.
- Budner, W., & Gorynia, M. (2021). *Regionalny wymiar pandemii COVID-19. Nowa normalność*. Retrieved May 15, 2021 from <https://www.obserwatorfinansowy.pl/bez-kategorii/rotator/regionalny-wymiar-pandemii-covid-19-nowa-normalnosc/>
- Bywalec, G. (2012). Dylematy decentralizacji we współczesnym świecie. *Gospodarka Narodowa*, (11-12).
- Castells, M., & Himanen, P. (Eds.). (2014). *Reconceptualizing development in the global information age*. Oxford: Oxford University Press.
- Cieślak-Wróblewska, A. (2019, January 28). Deglomeracja: ulotny prestiż czy realne wsparcie [podcast]. Retrieved from <https://www.rp.pl/Ekonomia/301289992-Deglomeracja-ulotny-pres-tiz-czy-realne-wsparcie.html>
- Ciołek, D. (2017). Oszacowanie wartości produktu krajowego brutto w polskich powiatach. *Gospodarka Narodowa*, (3).
- Derlukiewicz, N., Korenik, S., & Rogowska, G. (2010). *Analiza tendencji rozwojowych regionu w odniesieniu do zgodności ze Strategią Rozwoju Województwa Dolnośląskiego*. Wrocław: UMWD.
- European Commission. (2021). *European economic forecast*. Retrieved July 6, 2021 from <https://ec.europa.eu/growth/sites/default/files/ris2021-big-v2.png>
- Gorynia, M., Bartosik-Purgat, M., Jankowska, B., & Owczarzak, R. (2006). Efekty zewnętrzne bezpośrednich inwestycji zagranicznych – aspekty teoretyczne i wyniki badań empirycznych. *Ekonomista*, (2).
- Gorzelać, G. (2003). Bieda i zamożność regionów. Założenia, hipotezy, przykłady. *Studia Regionalnie i Lokalne*, (1).
- Haskel, J., & Westlake, S. (2018). *Capitalism without capital. The rise of the intangible economy*. Princeton-Oxford: Princeton University Press.
- Hausner, J., Paprocki, W., & Gronicki, M. (2018). *Polski archipelag rozwoju w warunkach globalnej niepewności*. Sopot: Publikacja Europejskiego Kongresu Finansowego.
- Klub Jagielloński. (2018). *Czas najwyższy na deglomerację. Dlaczego „Polska średnich miast”?* Retrieved from <https://klubjagiellonski.pl/2018/07/20/czas-najwyzszy-na-deglomeracje-wstep-doraportu-polska-srednich-miast/>
- Kot, J., & Kraska, E. (2018). Środowisko innowacyjne polskich regionów i jego wpływ na procesy rozwoju gospodarczego. *Studia Ekonomiczne. Zeszyty Naukowe Uniwersytetu Ekonomicznego w Katowicach*, (362).
- Kowalewski, A. (2019). Gospodarka przestrzenna, kryzys, źródła, straty, drogi wyjścia. *Analiza celowa*, (1).

- Kozak, M. W. (2008). Koncepcje rozwoju turystyki. *Studia Regionalne i Lokalne*, 1(31), 38-59.
- Krugman, P., & Venables, A. J. (1995). Globalization and the inequality of nations. *Quarterly Journal of Economics*, 110(4).
- Lucas, R. E. (1990). Why doesn't capital flow from rich to poor countries? *The American Economic Review*, (80).
- Mączyńska, E. (2018). Chaos w gospodarce globalnej, potrzeba instytucjonalno-ustrojowego ładu. *Biuletyn PTE*, (2).
- Paprocki, W. (2018). Granice możliwości oraz wymogi efektywności w nowych koncepcjach mobilności. In J. Gajewski, W. Paprocki, & J. Pieriegud (Eds.), *Mobilność w aglomeracjach przyszłości*, Sopot: Centrum Myśli Strategicznych, Publikacja Europejskiego Kongresu Finansowego.
- Sadowski, Z. (2014). Rozwój gospodarczy i bieda. *Ekonomista*, (2).
- Sztompke, P. (2016). *Kapitał społeczny. Teoria przestrzeni międzyludzkiej*. Kraków: Wydawnictwo Znak.
- Śleszyński, P. (2018). *Polska średnich miast. Założenia i koncepcja deglomeracji w Polsce*. Warszawa: Klub Jagielloński.
- Trzeciakowski, R. (2019a). *Deglomeracja – kosztowna redystrybucja prestiżu*. Retrieved from monitorkonstytucyjny.eu/wp-content/uploads/2019/01/FOR_analiza_degglomeracja.pdf
- Trzeciakowski, R. (2019b). *Mit niemieckiej deglomeracji*. Retrieved from analiza32019mit-niemieckiej-degglomeracji.pdf
- Zaucha, J., & Ciołek, D. (2014). Potencjał konkurencyjny, lokalnie i terytorialnie uwarunkowane czynniki rozwoju. In K. Gawlikowska-Hueckel, & J. Szlachta (Eds.), *Wrażliwość polskich regionów na wyzwania współczesnej gospodarki*. Warszawa: Wolters Kluwer.