

Regional Studies Association
 THE INTERNATIONAL FORUM FOR REGIONAL DEVELOPMENT POLICY AND RESEARCH
 The Association welcomes as members all individuals and organisations who are interested in the study and understanding of regions and regionalism



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Associate Professor Wu, Centre For Urban & Regional Development Studies, South China Normal University, China

"Membership of the Regional Studies Association is a no-brainer – there is no better way to stay up-to-date in the field, to read the key research articles, meet the leading thinkers and access the funds to kick start my own career."
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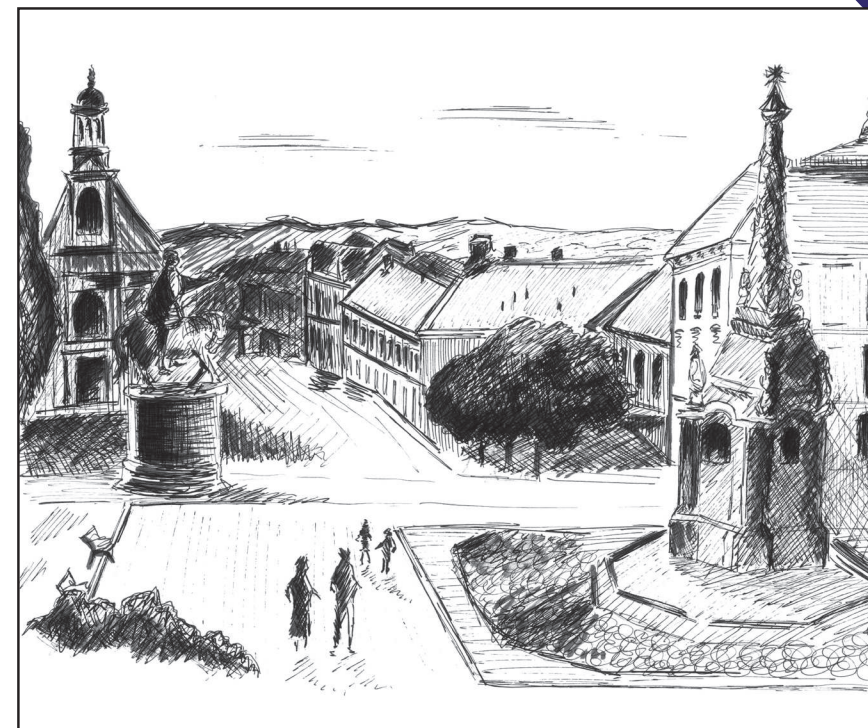
"The Regional Studies Association helps to make the extensive research on regional studies accessible to policy makers and practitioners. I have been a member for over 10 years after attending an excellent conference and continue to look forward to the up-to-date analysis and having access to the networks through the association."
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REGIONAL RESPONSES AND GLOBAL SHIFTS: ACTORS, INSTITUTIONS AND ORGANISATIONS

Regional Responses and Global Shifts: Actors, Institutions and Organisations

ANNUAL INTERNATIONAL CONFERENCE 2010
Pécs, Hungary 24th – 26th May



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Regional Responses and Global Shifts: Actors, Institutions and Organisations

Annual International Conference

Monday 24th May-Wednesday 26th May 2010

University of Pécs
Hungary

This volume has been compiled by
Auréliane Beauclair

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Welcome

DEAR COLLEAGUES

We extend you a warm welcome to the sixteenth Annual International Conference of the Regional Studies Association – *Regional Responses and Global Shifts: Actors, Institutions and Organisations* which takes place in the beautiful city of Pécs, Hungary, European Capital of Culture in 2010.

Many of you will know of the Regional Studies Association, and probably all of you will be familiar with our two journals, *Regional Studies* and *Spatial Economic Analysis*.

Our Association has much to offer with genuine membership benefits including:

- Print and online journals, (10 issues of *Regional Studies* and 4 issues of *Spatial Economic Analysis* each year);
- The widely read, quarterly membership magazine *Regions*;
- 1 issue of our new magazine *Regional Insights*;
- Funding for Research Networks organised by members for members (up to Stg £3,000.00);
- Our Travel Grant Scheme (up to Stg £200.00);
- Our new Event Scheme Support –ESS (up to Stg £1000);
- A 30% discount on books in the Association's *Regions and Cities* Series;
- A 30% discount on all subject related Taylor and Francis books and e-books including Routledge;
- Online access to a bundle of 8 Taylor and Francis relevant journals;
- A number of high profile prizes and incentives to excellence;
- A range of annual conferences, an expanding events programme and a growing spatial network.

If you are not already a member enjoying these benefits, then why not look at the membership form at the end of this book and consider joining us? The form also explains our newly introduced territorial membership rates which recognise geographical differences in ability to pay. As a result, your active participation may cost you much less than you think and you will be eligible for a further membership discount if you join during the event.

As always with a conference of this size there are many people whom we need to thank and first among these are our hosts and local organisers Professor Gyula Horváth Director of the Centre for Regional Studies of the Hungarian Academy of Sciences, Dr Gábor Rappai, Dean of the Faculty of Business and Economics and Dr Gyula Berke, Dean of the Faculty of Law from the University of Pécs. The facilities for this (largest ever) Association international conference have been provided by the university and their exam timetables have been reorganised around the needs of the event. Of course there are many others who have been very active behind the scene and without whom the conference could not have taken place and chief among those are Katalin Süle and Marta Bakucz who have been invaluable in their intellectual and practical contributions to the conference and who have ensured that we are well organised for a stimulating and exciting event.

We are also indebted for the work of the conference gatekeepers who have organised the submitted papers into sessions and have coordinated the gateways. The latter have worked with authors to improve both the fit and the quality of the papers for the event. This additional effort is time consuming but important and we would like to say a special thank you to them.

We would also like to thank my colleagues at the Association for their unfailing efforts in the delivery of this event.

Finally we would like to thank you, the participants. The RSA Board believe that our conferences have a reputation both for quality and friendliness and both of these characteristics reflect the contributions of our participants.

This conference is our annual international networking event where we seek to greet old friends and make new ones – if you are an existing member or are interested in joining don't forget to talk to our staff team about how you could benefit from our many activities and publications. You'll be very welcome.

David Bailey
Chair, Regional Studies Association

Sally Hardy
Chief Executive, Regional Studies Association

The Centre for Regional Studies of the Hungarian Academy of Sciences; was founded as a network of institutes in 1984 as the legal successor of the Transdanubian Research Institute founded in 1943. The CRS has its headquarters in Pécs and four institutes with further three departments covering the entire territory of Hungary.

CRS employs economists, geographers, political scientist, sociologists and lawyers whose researches are aimed at European and Hungarian regional development. 70% of researchers have PhD and DSC title, hold significant positions at universities and are internationally known. Centre for Regional Studies is an important actor of Hungarian and CEE regional science, has its own periodical, scientific society called Regional Science Association. The fellow workers of CRS lead Master and PhD schools and courses in regional development and policy. The researchers of CRS regularly provide scientific establishment for the local-regional and central decision making processes concerning development plans and regulation of regional policy. The several disciplines of CRS researchers' allow the elaboration of complex interdisciplinary works. All researchers carry out basic researches in their fields, the results of which are also utilised in applied research done on external contracts. HAS Centre for Regional Studies conducted more than 150 national and international projects since 1990 among others several ESPON, INTERREG, 5th and 6th Framework Programmes, researches for the European Commission's Directorate Generals. Acknowledging its scientific excellence CRS was awarded the right of the organisation of the annual international conference of Regional Science Association 2010.

Basic research activities:

The primary field of study of the **Hungarian and international features of regionalism:**

- regional economic development and urban and rural development: development of the territorial structure of the economy, the appearance of new organisation forms, the spread of innovations in space, correlations of the territorial factors and the economic structure, territorial analysis of financial and income processes, regional competitiveness
- survey of the urban structure and the spatial structure of the society: Modernisation of urban functions, spatial structure of the urban network, differentiation of rural settlements, demographical and sociological analyses;
- Hungarian regional policy and regional administration: Theoretical establishment of the further development of the structure of Hungarian regional administration, analysis of the regional development activities, establishment of the professional and effectiveness requirements becoming more and more important within the local governmental system (regional planning, financing, other means and institutions of the regional policy);
- regional policy in the European Union, international and interregional co-operations; new driving forces of regional development of the post-industrial Europe;
- environmental researches: survey of the breaking points leading out of the environmental crisis and examination of the requirements, objectives and tools of sustainable development.
- Lately increased attention is devoted to towns, urban networks and the issue of urban development, urban governance and the topic of city and its surrounding. The Centre for Regional Studies was assigned by the Hungarian Government with the professional establishment of the Hungarian Settlement Network Development Concept, in the course of which we have utilised our experiences collected during our participation in the different ESPON Programmes.

Frequent publications:

- Space and Society, published every quarter year since 1987, periodical,
- Regional and Urban Studies (35 monographs have been published until currently),
- Regions of the Carpathian Basin – series of monographs (8 volumes published),
- Europe of Regions (3 volumes),
- Great Plain Studies (19 volumes),
- Discussion Papers, English language series (85 published).



THE UNIVERSITY OF PÉCS



THE HISTORY OF THE UNIVERSITY

The modern University of Pécs was founded on 1 January 2000 through the merger of Janus Pannonius University, the Medical University of Pécs and the Illyés Gyula Teacher Training College of Szekszárd. However, its roots go back to 1367 when the Anjou king of Hungary, Louis the Great established the first Hungarian university in Pécs.

With its ten faculties - Faculty of Adult Education and Human Resources Development, Faculty of Business and Economics, Faculty of Health Sciences, Faculty of Humanities, Faculty of Law, Medical School, Faculty of Music and Visual Arts, Faculty of Sciences, Illyés Gyula Faculty of Education and Pollack Mihály Faculty of Engineering - the University of Pécs plays a significant role in Hungarian higher education. The University offers a broad range of training and degree programmes, ensuring high-level knowledge-transfer and research. With its more than 31,000 students and nearly 2,000 teaching and research staff the impact of the University of Pécs extends well beyond the borders of Pécs.

In September 2006, a modern higher educational training system initiated by the European Union was introduced in Hungary too, known as the Bologna process, which offers students an opportunity to pursue their studies in a dynamically developing, convertible European higher educational system. The traditional college and university level training programmes were replaced by a three-tier system consisting of a basic training programme (BA, BSc), a master level programme (MA, MSc), and doctoral level (PhD, DLA) programme.

In order to meet the demands and the needs of the surrounding community for continuing education, the University of Pécs has started to develop its programmes within the area of life-long learning. In addition, the University attaches great importance to training in the colleges for advanced studies. Nearly every Faculty offers training in the framework of this organisation that encourages students to pursue their own research.

Due to the credit system, first introduced in Hungary here in Pécs, an increasing number of Hungarian students participate in international study programmes as an integral part of their education, and likewise, an increasing number of international students and researchers come to the University of Pécs to study and conduct research every year. Therefore, the University continuously works on expanding and improving its co-operation with other universities and international research institutions and is already part of a large network at different levels.

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Information Lost: New York City's Securitization Food Chain Manuel B. Aalbers, Ph.D. University of Amsterdam Department of Geography, Planning and International Development Studies Nieuwe Prinsengracht 130 1018 VZ Amsterdam The Netherlands <http://home.medewerker.uva.nl/m.b.aalbers/> The securitization of residential mortgage loans started a number of decades ago in the US, but was nonetheless said to be at the origins of the global financial crisis of 2007-20xx. After briefly discussing the history and geography of securitization, this paper focuses on the securitization food chain in New York City, including mortgage loan originators (lenders), securitizers such as investment banks, and credit rating agencies. This paper does not focus on servicers or investors. Based on in-depth interviews with people who were (and in a few cases, still are) working in NYC's securitization food chain, evidence is presented of how RMBS and CDO's were 'fabricated' by investment bankers in cooperation with credit rating agencies, but where mortgage loan originators were merely seen as 'suppliers' of 'stuff to dice and slice'. In this 'fabrication' process, RMBSs and CDOs were 'optimized' or 'maxed out' in order to sell as many securities or obligations with a AAA-rating as possible. But at the same time, a lot of information about the loans got lost. The rating agencies were dependent on information provided by the securitizers who, in return, were not really interested in most information that originators could have supplied. The dynamics of this process were such that, even when more and more of the people involved started to realize things were getting out of hand, the incentive to make money 'before the market would disappear in thin air' was dominant. Many of the people involved at some point expected something would go wrong, but since they did not anticipate such a radical break but rather a soft landing, they did not expect the effects of their behavior to be so far-reaching. The paper finished with a discussion on the importance of information and argues that securitization per se was not the problem, but that securitization through the private label channel got out of hand when RMBSs and CDOs became fabricated through the cooperation by securitizers and credit rating agencies who ignored the fundamentals of mortgage lending.

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In order to manage resources sustainably, a key environmental objective of the UK government is to reduce the amount of waste produced and to increase the rate of recycling. The waste management strategies, 2000 and 2007 established recycling targets for the UK's local authorities. To help meet these targets, the central government introduced several initiatives, such as the Landfill Escalator and the Landfill Allowance Trading Scheme. Financial support to local governments has led to a rise in kerbside recycling facilities and new waste treatment facilities. As a result, the UK's recycling rate has risen from 7% in 1996 to 34% in 2007, which is still behind that of other comparable European economies. Despite the improvements nationally, waste recycling rates vary significantly across the UK. The aim of this paper is to investigate why this is the case? Using data disaggregated to the level of local authorities, we consider the specific demographic and socio-economic characteristics that can account for the differences in waste recycling rates. The variables that we use include: the population density of the local authority and the level of income, educational achievement and age structure of the household. We supplement this with a new data set produced by wastedataflow.org, which contains information on the type of recycling policy offered by each local authority. Inclusion of this variable in the analysis allows us to assess the importance of the provision of a kerbside recycling facility, as well as how the quality of the facility influences the household recycling rate. We also explore the relationship between recycling rates and residual waste collection. Specifically, we test whether the type and frequency of waste collection affects the level of recycling.

LIFE IS SHORT, ART IS LONG: FROM BOHEMIAN GRADUATES TO THE CREATIVE CLASS

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In recent years, the literature on human capital and regional economic development has become increasingly interested in the role of the 'creative class' and the 'bohemian occupations' in generating spillovers and economic growth. In order to analyse their impact on regional development, this paper studies the jobs and career opportunities offered to, and filled by, individuals with higher education in the creative disciplines (bohemian graduates). Using longitudinal student micro-data collected by the Higher Education Statistical Agency (HESA) in the United Kingdom, we investigate the mismatch between the supply of bohemian graduates and job opportunities in the creative sectors, and the reasons for the low economic rewards received by graduates from the bohemian disciplines. Our analysis highlights the need to differentiate between different types of human capital and different job markets, and the role of longer time-horizons in bohemian careers in explaining the observed mismatch and low salary levels in the creative sectors.

THE ROLE OF THE CIVIL/NONPROFIT ORGANISATIONS IN BUILDING LOCAL DEMOCRACIES

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The state and local government actors play an important role in the local development, they ensure the legal framework to the realization of the goals. But the key actors of the development are those local actors, who can promote the development through their activity. The main role of the transition countries in the almost past two decades is the learning of democratic and decentralization processes, this type of learning is still in progress. In this type of learning the civil/nonprofit organisations have important role. On the one hand they can shape communities, on the other hand they can contribute to realizing the development goals and to satisfy the local needs. Because these organisations are close to the citizens during their activity, they are informed on the local needs, and they can relay them to the decision makers. The aim of my paper is to show what kind of roles do the civil/nonprofit organisations have in the local democracies, how can they participate in local communities. On the basis of a survey made in a Hungarian region during 2007 I would like to answer the following questions: How do the participation forms of the civil/nonprofit organisations appear in the practice? How could be the organisations involved in shaping their community and the social and economic processes? What kind of role do they have in the local democratic processes?

NEGOTIATING BORDER REGIONS: RETAIL DEVELOPMENT IN LUXEMBOURG AND THE GREATER REGION

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Over the last twenty years the European Union has sought to enhance exchange between its member states through diminished border controls facing border regions with the task to balance out inequalities and integrate differences. Located peripherally to their national centers and justified domestically, border regions resemble dissected landscapes that are limited by the incompatibility of, for example, their national legislation and planning systems. The high number of European cooperative arrangements and initiatives emphasizes the need of neighboring countries to address trans-boundary issues collaboratively. These efforts have been accompanied by an increased research interest in cross-border collaboration particularly focusing on the impact of the European Union INTERREG programs and Euregios on cross-border cooperation. This paper presents an actor-centred, context-sensitive approach of cross-border planning processes that goes beyond formal political arrangements and regulations. Using the example of retail development in Luxembourg and the Greater Region

it focuses on the 'informal' character of decision-making processes between multiple actors in border regions. The Greater Region – encompassing Luxembourg and its neighbor regions – faces particular challenges through the involvement of multiple spatial scales of decision-making from the local to the EU level. Even though the Greater Region has a relatively long history of cooperation characterized by formal agreements and joint development strategies, coordinated and coherent approaches to regulate retail development are missing. In this unregulated environment actors including economic interests have different opportunities and scopes of action than they would, for example, in a national context. Cross-border development is frequently negotiated informally as actors take advantage of inconsistencies in and lack of coherent formal regulations and procedures. Formal arrangements then are informed, supplemented or even replaced by informal, non-regulatory forces at multiple spatial scales.

Gateway F1

A REGIONAL ANALYSIS OF ROMANIAN LABOR AND HUMAN CAPITAL LOSSES

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The transition to market economy and in the early post-accession Romania has made significant losses of labor and human capital. There are three major causes of these losses: the demographic decline, emigration and the economy functioning below potential (potential loss). The authors intend to examine these phenomena and to achieve a regional profile of loss of labor and human capital of Romania in the last two decades. In that concerning demographic decline, we believe that Romania is gradually entered a normal trend in the EU, drastic decline in the early years of transition is due mainly demographic regulations forced removal from the communist period (sanctioning abortion and celibacy tax). In the first years of transition has registered a demographic shock reflected a decrease of relative rate of population growth exceeding 6%. Some experts feel that the population decline in the last decades is the largest recorded by any country during a period of peace. Additional Romania has experienced a drastic accentuation of an aging population. The economic slowdown and easing conditions for the movement of people has spurred strong emigration from Romania. The phenomenon has been stimulated by hesitant process of introducing democratic reforms in the early years of transition. Despite the incomplete and controversial statistical data is noted the amplexness of the phenomenon and its regional dynamics is quite interesting. The estimation is difficult due a large scale of illegal emigration, those who work abroad for limited periods of time without changing the home and circular migration. Temporary emigration increased sharply after Romania's EU accession. The authors consider it is necessary to analyze the potential losses of labor and human capital of Romania in the last decades, whereas this potential gap stimulated the emigration and the moving abroad for temporary jobs. To assess the scale of this phenomenon, the authors have used the OECD methodology that is based on a determination of structural unemployment, using the specific rate NAWRU (Non-Accelerating Wage Rate of Unemployment). It accepts the hypothesis that NAWRU change gradually over time. Under these conditions, the values observed in succession on changes in current rates of inflation and unemployment can be used to estimate the corresponding time series NAWRU default value. Based on the differences between the actual rate of unemployment and NAWRU, we calculated and econometric tested the potential workforce losses on development regions (NUTS 2) of Romania, over 1990-2009. The authors have attempted such an estimate of potential loss of workforce in regional profile for 2010 taking into account the economic recession in Romania.

Gateway A

ICT-BASED DEVELOPMENT STRATEGIES AND REGIONAL INEQUALITIES IN HUNGARY

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Influenced by international streams of the last decades Hungary recognised the necessity of focusing on new dimensions of regional competitiveness, namely on regional development questions of information society, as well as on the elaboration of regional strategies based on information and communication technologies (ICT). After national level strategies (NITS) regional policy also acknowledged the importance of this topic or at least its possibilities. Documents of enhancing regional information society development, the Regional Information Strategies (RITS) formulated several development opportunities, directions and proposals. After a couple of

years it can be already seen what changes happened or happened not in the reduction of regional inequalities and in the development of the information society. This paper tries to present through the introduction of plans and experiences the real application possibilities of the tool of ICT-based development policy. Since 2004 and 2005, when Regional Information Strategies were created, it was entitled to expect wider range of results of information society development in the Hungarian regions. Real experiences of development policy are, however, not reassuring enough. Aims and thoughts formulated in regional strategies has been achieved and accomplished slightly or just indirectly. Interviews made with fellows of regional development agencies focusing on the afterlife and consequences of Regional Information Strategies tried to reveal real opportunities of this development tool. It made possible also to emphasise problems of information society development, and to collect the steps done since the publication of the strategies. According to the opinion of the professionals of regional development agencies the effectiveness of strategies are questionable, however, there were some good examples (e.g. the network of telecottages) on regional (local) information society development, which had on the other hand not much connection with the previously mentioned strategies.

Gateway E

MEDIATOR IN REGIONAL SPATIAL DEVELOPMENT

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This paper explores the role of a mediator in the planning process on the regional scale. The European territory is constructed of a network of cities which no longer can be treated as unrelated entities. The cities are forced into a new organizing logic on regional scale to enhance their competences and competitiveness on the global market. This new organizing logic can range from networks of two neighboring cities to mega-regional development transcending the national borders. The consequence is that the spatial development mismatches the administrative borders leaving the scale of development without governmental representation. The regional scale is therefore not clearly defined by a territory or an authority. It is proposed that the scale should be determined by the various dynamics centered on a specific theme(s) and constructed by key-actors, which makes it flexible and adjustable to different needs. The key-actors can be classified as representatives of the business, government and civic society organized in various forms of governance. The flexibility of actor-alliances, the themes they center around and therefore also the scale is as both an advantage and a disadvantage for spatial development. On one hand it allows and even encourages surprise and synergetic networks while on the other hand a wide range of sometimes conflicting interests can hinder and/or block the projects in progress. Thus the traditional (hierarchical and straight-forward) planning strategies for the city do not meet the needs of the regional scale. One of the proposals is to reverse the process of planning from inside-out to outside-in and let it be guided by a mediator. Turning the process outside-in means that spatial plans are constructed after the qualities of the region and needs of the key-actors are analyzed. Contrary to that traditional way of planning often includes planning without precise intention to meet the needs of key-actors. A new way of planning could include a mediator which would indicate the possibilities of a certain scale. In other words the mediator would define the theme which has the potentials to unite different interests of the key-actors including government representatives from the cities and/or nation-state. Besides that a mediator could coach, encourage, and inspire the parties to give shape to synergetic and durable coalitions.

Gateway J2

CONCENTRATION AND DIVERSITY OF ECONOMIC ACTIVITY IN THE EU27 REGIONS: IMPLICATIONS FOR REGIONAL CONVERGENCE IN LABOUR PRODUCTIVITY

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In this paper the effects of two kinds of agglomeration externalities on EU27 regional productivity convergence are examined. The first are known as 'localisation' externalities, and refer to effects stemming from the concentration of a specific activity in a region. The second kind of externalities relate to the variety of activities in a given region, that is to say 'diversity' externalities, often referred to as urbanisation externalities. Although, there is a long tradition in examining spatial externalities in the strand of economic geography, nevertheless, their impact on regional convergence remains a relatively unexplored area. In this paper a model is developed that explicitly takes the concept of 'externalities' in the mainstream analysis of regional growth. This model

places particular emphasis upon the dynamic effects of spatial externalities and the significance of knowledge spillovers in shaping the pattern of regional convergence. An empirical specification, is then, outlined and the model is tested using data for the EU27 NUTS2 regions during the 1995-2006 period. The empirical application indicates slow tendencies for regional convergence, in terms of labour productivity. In particular the results establish that the EU27 NUTS2 regions exhibit a relatively slow rate of absolute convergence (about 0.65% per-annum). This slow rate remains virtually unchanged even after conditioning for concentration and diversity externalities. However, when the model is extended by taking into account spatial interaction, an increase in the rate of convergence is detected. According to the econometric results, the effects of spatial interaction, captured by the spatially adjusted error-term, augment the average rate of convergence to 0.8% per-annum. In addition, the results reveal that convergence is strongly connected to the externalities associated with the degree of diversity, rather than localisation, in regional economic activities. An immediate implication of the results is that improvements in the diversity of lagging regions might constitute a source of convergence.

Gateway A

TECHNICAL CHANGE AND RETURNS TO EDUCATION IN SPAIN (1993-2007)

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A large and growing literature surveys and attempts to explain changes in wage dispersion in many developed countries over the past decades. Many researchers, like Ruiz Arranz (2001) or Acemoglu (2002), have studied the US case and have found that returns to education fell during the 1970s, when there was a very sharp increase in the supply of skilled workers, and then began a steep rise during the 1980s. Furthermore, the skill premium (the ratio between wages of skilled workers and wages of unskilled ones) in the US has increased after 1979. For the Spanish case, Torres (2000) has studied skill premium to find out an increasing trend in the eighties where as Nuñez and Alfaro (2009) show evidences of a decline during the nineties. The recent consensus is that technical change favours skilled workers, replaces tasks previously performed by the unskilled, and exacerbates inequality. So, in this paper, we analyze the evolution of the production function in Spain over the period 1993-2007, testing the type of technical change in the Spanish labour market. Moreover, Spanish Regions production functions are analyzed in 2006. Our objective relies both on the differentiation of efficiency units in skilled and unskilled work and on the study of the interaction between technical change, skill premium and capital-skill complementarities in Spain. On the other hand, a coherent Spanish wage micro-data base is achieved, using several data sources. So, labour force proportions of skilled and unskilled workers and skill premia are obtained, using 1994-2001 data from Eurostat's ECHP, 2002-2003 data from the Spanish ECPF and, finally, 2004-2007 data come from Eurostat's EU-SILC. Capital stock is obtained through the estimations provided by BBVA Foundation and IVIE Institute, whereas PIB data come from the website of the Spanish National Statistics Institute (INE).

Gateway M1

THE 'CREATIVITY' AND MOBILITY OF GRADUATE HUMAN CAPITAL: EVIDENCE FROM THE UK DESTINATIONS OF LEAVERS FROM HIGHER EDUCATION SURVEY

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The human capital endowment has long been perceived to be of paramount importance to regional growth and development. In recent years, there is also a widely held belief that creativity, going hand in hand with innovation and knowledge creation, readily translates into regional competitiveness. Therefore attracting quality human capital and cultivating creative industries/class have been given an unprecedented level of significance in regional policies. Amongst all forms of human capital, that contained in graduates is of superior class yet highly mobile at the same time; and therefore the attraction and/or retention of such graduate flows holds the key to deepening creative human capital in a region. It follows that the issues concerning which factors and to what extent they determine the migration behaviour of graduates have clear implications for policy making. In addressing these issues and advancing our understanding of the relationship between creativity and mobility of human capital, this study provides the first empirical analysis of the role played by graduates' subject background (i.e. creative vs. non-creative subjects) in influencing their migration choice in the UK. Our data

employed in this paper primarily draw on the Destinations of Leavers from Higher Education (DLHE) Survey 2005/06, collected by the UK's Higher Education Statistic Agency. We have also merged the Students in HEIs data into our dataset to incorporate auxiliary information covering individual characteristics, such as age, gender, degree class, subject background, etc. Following Faggian and McCann (2006), graduates are classified into five categories based on their distinct migration activities (from domicile to university and then onto workplace), viz. non-migrants, late migrants, return migrants, university stayers and those that migrated twice. A multinomial logit model is estimated to identify the determinants of each type of migration patterns (vis-à-vis non-migrants as the benchmark group). Separate models have been estimated for undergraduates and postgraduates given their known differences, and our overall findings suggest that graduates had a higher propensity to migrate if they were male, educated full-time in Russell Group or other older universities, receiving first-class degrees and usually younger (e.g. the age of 25 seemed to be a threshold beyond which mobility started to decline). In terms of the impact of subject background, those with business/management and more importantly engineering/technology background had a remarkably higher likelihood to migrate twice; in contrast, subject background in creative arts, education or law did not appear to have any statistically significant impact on graduates' mobility. Lastly, we have also discovered rather pronounced regional effects.

Gateway A5

GLOBALIZATION AND THE TRANSITION OF CLUSTERS: A COMPARATIVE STUDY OF TWO CLUSTERS

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During the last period of globalization traditional clusters have been challenged in different ways. Traditional clusters have been competitive due to strong local networks for learning and knowledge transfer. When firms in these clusters have internationalized by being acquired by external multinationals and / or invested abroad, some clusters have been strengthened by adding new global knowledge networks to the existing local ones. Others have not managed to adjust to the new global economy. The purpose of this paper is to discuss why traditional clusters react differently to international challenges. The paper will do that by analysing two industrial clusters in one Norwegian region, Sunnmøre. One of these, the maritime cluster, has emerged to a world leading cluster, while the furniture cluster has declined. The paper compares these two clusters based on a literature review on the impact of internationalization on the knowledge flow within clusters and to cluster. The following variables will be highlighted: First, the structural character of the clusters focusing on theories on how age, structure and dynamism of a cluster may influence the ability to create new knowledge networks across borders. Second, the relationship and complexity between the firms and other actors within a cluster as these relationships are expressed in Porter's cluster model. Third, the character of the internationalization process focusing on the character of inward as well of outward internationalization. Forth, firms' motives for internationalization with a special focus on cost-saving versus market and competence searching motives. Fifth, the impact of internationalization on existing social networks within the clusters. Finally, the degree of meta-management meaning to what extent key strategic decisions are taken at cluster or firm level. The paper is based on an eclectic and dynamic approach arguing that all these variables should be considered in order to understand the unequal development of clusters.

Gateway A10

REGIONALISATION EFFORTS IN THE HUNGARIAN INNOVATION POLICY

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In the last decades regional and local level became more and more important almost in all fields of socio-economic processes despite of globalisation. In economic development, especially regarding to innovation and technology based development the geographical closeness, the regional synergies, spillovers and clusterisation processes and bottom-up local initiatives play important role for long term competitiveness of a region. Regarding to the literature and the western lessons the stimulation and the support of these effects and processes and the operation of a successful innovation system needs some degree of decentralisation in governance and policy. In Hungary regionalisation and decentralisation started from the mid 90s, primarily connecting to regional development, however it reach innovation and technology policy only in the last five years. As the

OECD country report on innovation concludes (OECD 2008), owing to political centralisation and concentration of capacities in the capital region regional science and technology policy is not very developed. However this has been changing in the recent years with the establishment of various regional bodies, but well functioning institutions and the capabilities required for policy formulation and implementation will be required. The aim of the paper is to explore the regional dimension of the Hungarian innovation and technology policy features, summarize the most important processes of the past few years and give some recommendations for more effective regional innovation policies and systems. Methodology contained existing document analysis and interviews with the regional actors from all seven regions in Hungary (policy makers, stakeholders, experts and professionals). The most important results are the followings. The influence of the regions on the Hungarian science, technology and innovation policy and the formation of innovation system is very limited almost negligible. In Hungary we can not talk about real and strongly independent regional innovation policy, it has not even its organizational, institutional or human conditions. Rather, a small professional field outlines under the umbrella of the regional innovation agencies, regional innovation councils or innovation subcommittees of regional development organisations. The reason of it is that there is a lack of critical R+D+I mass (on the operation and effectiveness) in the six rural regions (opposite to the capital region) of the policy could represent. Innovation will not be dominant in regional level policy without the real and measurable strengthening of the regions innovation capacity, even if it is a priority in strategic or conceptualising view in both national and regional level.

Gateway H

GOVERNANCE DYNAMICS IN EUROPEAN REGIONALISATION: THE ENVIRONMENT CASE IN THE MEDITERRANEAN

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Governance dynamics in European regionalisation: the environment case in the Mediterranean Battistina Cugusi (battistina.cugusi@cespi.it) and Andrea Stocchiero (andrea.stocchiero@cespi.it) Regions have increased their role in the Mediterranean governance: they are new protagonists in the definition and implementation of the cross-border cooperation (CBC) component of the European Neighbourhood Partnership Instrument and the Assembly of Regions and Local authorities in the Euro-Mediterranean basin has just been created. Furthermore they are launching a new campaign for the creation of a macro-region in the Mediterranean trying to copy from the Baltic process. Priorities of region's policies are on innovation, environment, transport and culture ... But what are the real governance dynamics shaping the region role? The analysis focuses on the participation of regions in the Euro-Med governance dynamics. It is investigated according to a multi-level and multi-actor approach: vertical subsidiarity (multilevel linkages), horizontal subsidiarity (participation of diverse stakeholders), transnational relationships (cross border and transnational cooperation). The analysis concentrates on two case studies of environment policies: Natura 2000 Network and Prevention and Fight against Forest Fires. Document analysis and interviews to different stakeholders have been carried out in diverse regions: Andalusia and Catalunya in Spain, PACA in France and Latium and Piedmont in Italy. The research was sustained by the Medgovernance project financed by the CBC Med programme. The analysis highlights effective multi-level power sharing in the decision-making and policy implementation between European Commission, central governments and regions. Horizontal subsidiarity appears to be less effective as well as transnational relationships. In order to overcome these weaknesses some regions are trying to produce new governance dynamics framing Euroregions in the Adriatic basin and in alpine cross-borders, the setting up of European Groups on Territorial Cooperation and recently scouting the possibility to build a macro-region in the Mediterranean. However, also these processes have shortcomings and different opportunities. Conclusions present an integrated evaluation of the governance dynamics as well as policy recommendations for strengthening the region role in Euro-Mediterranean governance are put forward.

DISPELLING STYLISTED FALLACIES AND TURNING DIVERSITY INTO STRENGTH: AN INTRODUCTION TO THE EDORA PROJECT

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The aim of the ESPON EDORA (European Development Opportunities in Rural Areas) project is to develop a systematic view of the socio-economic changes, development challenges, and opportunities facing diverse types of rural areas in Europe, and to formulate an appropriate policy rationale which will support them in realising their potential. The first step was to review and 'catalogue' - from the academic literature - a range of socio-economic changes which are affecting rural Europe, together with proposed explanations. Inevitably such a review was illustrative, rather than comprehensive. However it provided sufficient material to allow a suite of three 'Meta-Narratives' of rural change to be formulated. These are: an Agri-Centric narrative, an Urban-Rural narrative, and a narrative of Globalisation and Capitalist Penetration. It is important to stress that these overarching 'bundles' of social and economic changes have not resulted in increasing uniformity, rather, they have played a decisive role in the increasing differentiation of rural areas. Without underestimating such diversity, or the role it may play in regional development, it is a precondition for spatial (regional) analysis to be able to benchmark regions in a variety of ways. The next step was therefore to develop a suite of three classifications of 'non-urban' NUTS 3 regions within the ESPON space which allow us to orientate each area according to its rurality/accessibility, its economic structure, and level of economic performance. This serves as a framework for analysis of the current situation, scenarios of the future, and policy recommendations, within the EDORA project. This paper presents the conceptual framework, the typologies and some of the findings in terms of the current situation in the non-urban regions of Europe. Future perspectives and a rationale for appropriate policy will form the subject of a second paper in this conference session.

INDUSTRIAL DEVELOPMENT, LOCAL INSTITUTIONS & ENDOGENOUS SOLUTIONS FOR SMES' INFRASTRUCTURE UPGRADING: SOME LESSONS FROM SIALKOT, PAKISTAN

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Conventional policy prescriptions for infrastructure provision in developing countries rely on the classic supply-driven approach that reifies market reforms or pushes for additional government expenditure. This neoliberal view is shared by international agencies and government policy-makers alike regarding the purposeful redirection of resources and it radically underplays the role of local knowledge, informal processes and local institutions, which are indispensable for the improved provision of highly specific public inputs such as infrastructure for industrial development. In traditional ways of thinking about infrastructure provision for industrial development private actors play a negligible role in designing public solutions. Often they are viewed as free riders or presumed to have an interest in lobbying government for their personal interest at the expense of the public. In developing countries such as Pakistan where small and medium scale enterprises (SMEs) contribute significantly to the economy and rely heavily on inefficiently provided state infrastructure, international agencies presume such resource starved firms have no alternative but to remain passive recipients of supply-driven reforms whereby efficient resource allocation will lead axiomatically to desired outcomes. Since industrial policy in Pakistan privileges large-scale manufacturing, it is unlikely that a conventional supply-side approach for infrastructure provision can address adequately SMEs demands. Evidence suggests firms in Pakistan contend with extensive infrastructure scarcities and depending on sector and institutional capacities, these create a greater burden of adjustment on SMEs. Recent research by Hausmann, Rodrik and Sabel(2007) on reshaping industrial policy posits that market failures are a 'rampant feature of the landscape' in developing countries, and this poses a challenge for traditional ways of thinking about designing interventions. Since governments have limited ex ante knowledge about how, when, and where to provide specific public inputs such as infrastructure for private production, requisite interventions are bound to fail because governments do not respond automatically to signals being generated. Similarly, private firms engaged within their sectors in a process of self-discovery to remove inefficiencies have a reservoir of practical knowledge but contend with extensive uncertainty. Hence, there is an overriding necessity for collaboration between governments and private firms. When governments connect with firms in local contexts opportunities emerge to learn novel

approaches for identifying solutions that are often closer to development realities. A principal question then is: what type of institutional arrangement facilitates connectivity between governments and SMEs, and can collaborative processes of experimentation and an open-ended form of learning engender solutions for infrastructure problems? There is an extensive body of literature (Schmitz and Musyck, 1994; Schmitz, 1995; Schmitz & Nadvi, 1999; Rabelloti, 1999; Gereffi and Bair, 2001) on SMEs industrial districts that refers to the ability of firms in developing countries to compete in global markets as enhanced significantly by the provision of suitable national infrastructure. Paradoxically it provides limited insight into how SMEs can cope if sophisticated transport logistics fail due to deteriorated ‘hardware’ or poor quality roads and drains, and overall poor maintenance and management of services, a widespread condition in countries such as Pakistan. Moreover, even though scholars (Schmitz and Musyck, 1994) have underscored correctly the importance of local institutions in supporting industrial policy for SMEs, they have provided no guidance on how these can assist specifically in resolving infrastructure problems, especially for firms located in landlocked regions where geography can exacerbate the problem of distance to foreign markets. This paper then sheds light on an informal and open-ended process that generated a successful endogenous solution for SMEs infrastructure problems in Sialkot. It highlights the institutional arrangements that connected firms with different layers of the state to harness resources and monitor plans. By using case material based on the City Package Project that flourished in Sialkot from 1999 to 2006, this paper analyzes the informal micro-process which led to a transformative change in relations between firms and government. In doing so, it aims to increase our understanding of a type of state-SME relation in which business associations played a proactive role in strengthening institutional arrangements to resolve infrastructure constraints. This paper employs insights from the learning-by-monitoring literature (Sabel 1992, 1994) to understand how state initiatives and SMEs’ efforts combined to generate a group-based coordination process of searching and collective learning for new ideas and the formation of a new institution. This paper makes an empirical contribution to the literature on industrial districts by showing how endogenous solutions based on the strength of local knowledge, informal processes and supportive institutions can facilitate SMEs’ infrastructure upgrading for industrial development. So far virtually all empirical cases have focused on the merits of technological upgrading and knowledge diffusion. I use a case from Sialkot, Pakistan, to analyze how an informal process based on practical knowledge and collective learning for problem solving developed and enabled SMEs and the state to improve inadequate infrastructure for competing in global markets.

Gateway E

DEVELOPMENT OF EU COHESION POLICY EVALUATION FRAMEWORK IN LATVIA: A CASE OF NEW MEMBER STATE

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The concept of policy evaluation appeared in the Latvian public administration domain largely due to the necessity to perform evaluations of pre-accession assistance funds such as PHARE, ISPA and SAPARD. This was followed by the need for ex-ante evaluation of the Single programming document of 2004 – 2006 programming period as well as the ex-ante evaluations of programming documents for the period 2007 – 2013. The objective of this paper is to analyse the main stages in development of EU Cohesion policy evaluation framework in Latvia by assessing the role and capacity of involved institutions, type and scale of performed evaluation studies. It is intended not only to concentrate on Latvia’s experience, but also try to put it in a broader perspective by attempting to come up with the conclusion whether Latvia can be viewed, as typical case in the development of evaluation culture in a New Member State or rather shall be considered as an exception to the common pattern. Therefore the experience in development of evaluation practise will be compared with other New Member States, mainly – in Estonia and Lithuania. Particular attention will be paid to the existence and functioning of tools and mechanisms for the implementation of recommendations elaborated as a result of carried out evaluations. This will strengthen the role and relevance of policy evaluation practise in the management and implementation systems of EU Cohesion policy in the New Member States.

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This paper will unfold the effect of within regions' governance process and state restructuring to region disparities. This research analyzes economic activities in relation with political, social, and institutional process. This paper attempts to capture governance process in the era of decentralization in Indonesia regions. Builds on governance analysis through vertical and horizontal networks, the analysis endeavoured to identify actors, relationship between actors, forms and scales of actor networks, and observe decision-making processes and conflict management. This research selected Indonesia for the reason that the country provides case studies on the impact of national state restructuring of decentralization. Indonesia is a country with thirty years of highly centralized political system that in less than five years is regarded among the most decentralized system. Thus, it is interesting to study the rapid political shift with the capacity of local government and governance capacities. The study is arranged into two main ideas, whereas the first concept deals with the political economy of regions with focus on interest groups, central government and regional competition. While second part of this paper studies multi-level governance between different levels of governments and actors, and how this impacts decentralization process. This paper will organized as follows, first section will brief discuss on Indonesia decentralization and second section discuss the role of regional government and national state. Third section will study in-depth on governance and networks, and last section will conclude the research result.

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Karlsen James, University Of Agder, NORWAY

Locally Embedded, Externally Owned and Globally Competitive. A case study of the oil and gas equipment supplier cluster in Agder, Norway By Arne Isaksen and James Karlsen, University of Agder and Agder Research The literature increasingly underlines that regional clusters and regional innovation systems are no longer mainly 'regional' phenomena. Cluster firms are more and more integrated in the global economy. Cluster firms expand by investing outside the clusters, for example by setting up offices or production units, or relocating production and R&D activities to other areas. A parallel development trend concerns the fact that cluster firms are bought up by external owners. Many Norwegian regional clusters have experienced that their most competitive firms have been bought up by multinational corporations (MNCs). The experience so far indicates that high end activities of the firms most often continue to be located in the clusters. This may point to the existence of some sticky factors that contribute to embed firms in specific regional clusters and innovation systems, i.e. that these to some extent still are 'regional' phenomena. Cluster firms that are part of MNCs may thus constitute an important test bed in analysing the 'sticky factors' of regional clusters and innovation systems. The paper analyses the oil and gas equipment supplier cluster in Agder, Norway. The cluster contains about 45 firms and 6000 jobs. Firms in the cluster have developed world leadership in some technological niches by the use of a typical DUI (Doing, Using Interacting) mode of innovation. Most of the firms were started by local entrepreneurs, while nearly half of the cluster firms, and particularly the largest ones, have been taken over by MNCs. These firms still keep strategic activities, such as management, marketing, innovation and advanced production at Agder. Several firms have also introduced systematic R&D-activity in order to complement their DUI mode of innovation with more strategic management of their innovation activity. The paper analyses why cluster firms that are part of MNS carry out their innovation activity (including R&D, prototype production and testing) at Agder. The main research questions include: • What characterise the innovation activity of externally owned oil and gas supplier firms at Agder (compared to locally owned firms)? • To what extent do externally owned firms rely on knowledge and resources at Agder versus in their innovation activity? • What remain more generally as sticky factors in regional clusters and innovation systems?

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1. Idea of pr. A. Kuklinski on two types of regional policy (socially oriented or economically oriented) confirmed by the experience both of developed and transitional countries, including Russia.
2. The main term of modern regional policy «cohesion» in “Western” countries is treated as a process, but not the final result (of global equity) – very popular idea in Russia.
3. Russian regional policy is also socially oriented and could not be other under the conditions of tremendous spatial differentiations: Russia regions/territories varied from natural economy areas till post industrial ones. Scales of the country also predetermine social orientation of regional policy. Russia and EU counties have very similar problem areas by differ greatly by distance between them.
4. Under the conditions of depopulation of vast areas and westward migration, country needs regional policy of organized retreat. And the same time social economic leveling (Russian equivalent for term cohesion) is under permanent critic as part of socialism and past).
5. As the result, Russian regional policy is non-organized mixture of both regional policies. This prevent Russia from using of western experience. Both sides do not understand each other. “Terminology” problems is one of main obstacles on the route of new regional policy.

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The increasing economic globalisation and the emergence of more knowledge-based economies has strengthened the attention towards industrial and regional advantages promoting learning and innovation, and further, how policy can support development of such advantages. The main elements in the concepts of regional advantages are said to be agglomeration economies, distributed knowledge networks and industrial knowledge bases characterized by distinct types of knowledge flows and innovation processes. In order to analyse regional advantages in city regions in Norway we carried out a survey focusing on knowledge generation, networks and innovation processes in firms. Through an analysis of register and survey data we pose the question whether knowledge networks and innovation processes in main industrial sectors can be understood through firms’ knowledgebases. We find empirical validity for the relevance of the knowledgebase typology as a rough categorization of functional and spatial differences in the privat sector in Norway. In the article we also discuss what kind of implications this may have for policy and further research. It is argued for the need of further development of a more differentiated knowledge base concept, and more rigorous criterions for the classification of industrial sectors in this respect. This is important if the concept should be more useful in informing innovation policy in different kinds of regions.

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Informal venture capital investors, also known as business angels, have been recognized as an important source of early-stage finance for young entrepreneurial ventures in the US and several European countries. Business angels market seems to become more and more important over time as the institutional venture capital industry seems to be in crisis with falling returns, decreased inflow of capital into the market, and declining investment activities. Considering these recent developments, it is especially important to understand what are the experiences and lessons learned from efforts to promote business angel investing in Europe. The study is intended to provide a more structured view of policy efforts and initiatives in Europe to support informal

venture capital investments. It takes a comparative perspective and intends to contribute to learning concerning results and effects of various initiatives in their national context and to provide tools for future efforts to develop initiatives and programmes to promote the informal venture capital market. The countries covered by the study are the UK, Denmark, Finland, Belgium and France. The findings in this paper are based on interviews with policy-makers, researchers and representatives for policy efforts and initiatives in Europe aiming to support business angel investments, as well as document studies and existing reviews of business angel policy. The results show that activities take place in several European countries to support and stimulate business angel investments. The most common measures are (i) support to business angel networks, (ii) co-investment funds with institutional investors (often public financiers) and (iii) efforts with the aim of developing and preparing the companies for external investments and/or programmes that develop the ability of future business angels to invest in small companies. Many of the measures have been introduced in recent years, which means that evaluations and impact analyses are scarce. One important finding is that largely similar measures are being implemented in the five countries covered by the study, even though they are different, not only in size and geographical conditions, but also in the relative significance of small enterprises and, particularly, the dynamics in the financial markets. Further, it appears that these factors are indeed important for the success of the policy efforts. This calls for policy-makers better taking in account the national context when developing future policy towards supporting business angel investors.

Gateway H3

LOCAL COMMUNITIES IN SEMI PERIPHERAL REGIONS OF RUSSIA BY THE EXAMPLE OF THE UP-VOLGA-RIVER REGION

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The up-Volga-river region is one of the earliest settled regions in Russia, as it is situated nearby Moscow, the capital, and it stretches along the Volga-river, that has always been an economic and social basis of the development of the whole country. But during the time the position of the up-Volga-river region has changed, as the vector of the countries development and inner migrations turned from its northern direction to the eastern and southern borders of the country. As a result a deterioration of the economic situation took place and the region was losing its population along with forming a specific social environment. Most active young people of the up-Volga-river region have been moving to Moscow and other large cities of the central Russia during last two centuries. Consequently a stable negative 'natural selection' took place. Today population of the region is characterized by low enterprising and migration activity, lack of motivation for work and education. Only those left who couldn't have moved to another region. And a general purpose of their lives is to assist their children in moving to larger cities nearby. Nevertheless 4.5 mil people still lives on the territory of the up-Volga-river region, forming various local communities.

The most common types are:

1. Local communities of small towns depend significantly on the state of local industries. This type of communities is distinguished with a parasitical way of conscience and a permanent dissatisfaction with the social environment. Communications and joint actions are directed exceptionally forward leisure activities. The most enterprising people are involved in shift work arrangements in large cities nearby.
2. Rural territories have been losing population for even longer time during the 20th century. The crisis of the 1990s worsened the situation. Local communities of these territories are most likely characterized as 'marginal'. At the same time rural way of life presupposes a larger set of available economic activities than the one in small towns, therefore it's not unique for villages to have local communities with active life position. Rural inhabitants have to cooperate to sell off agriculture products they produce.
3. Big cities inhabitants, mainly citizens of the regional centers, are characterized by larger activity comparing with other types of local communities. They are interested in the development of their cities and regions; they are integrated with a social and economic environment of their territory deeply. Though they are more mobile than others leaving their native town to find a place where to reveal their potential. As a result in spite of location within the central part of Russia the up-Volga-river region experiences a constant deficiency of active population. This leads to a complicated social atmosphere and slows down regions development.

THE FUTURE OF COHESION POLICY: LESSONS FROM EVALUATION

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The debate on the future of Cohesion policy after 2013 can draw on a growing body of research on the effectiveness and efficiency of Structural Funds over the past decade, including the most ambitious ex post evaluation of the ERDF ever conducted. This paper will review the research evidence, focusing in particular on the management and implementation of the Funds, based on extensive evaluation and other research, and will draw lessons on the future of the policy.

Gateway A1

REGIONAL RESPONSES TO RECESSION: THE WEST MIDLANDS TASK FORCE

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This paper looks at the impact of the recession on the West Midlands region of the UK, which has seen the fastest rise in unemployment and largest drop in output in the UK. The reasons for this are explored, before the work of the West Midlands Regional Task Force is examined in responding to the recession. Such Task forces were set up across the English regions in late 2008. In evaluating the role of the Task Force, the paper notes some successes in improving data and intelligence gathering, in fostering partnerships and in leveraging spending by associated organisations. Key firms and sectors and vulnerable places were also supported. However, the resources available were modest in relation to the scale of the downturn, and questions remain over the longer-term sustainability of the Task Force's work.

Gateway K2

THE CHANGING OF MULTI-FACE RURAL AREAS

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After 1989 Hungary had to face three major challenges: stabilization and modernization of the macroeconomy and the transition to the market economy. The stabilization, modernization and restructuring of the economy was followed by the strengthening of processes of regional differentiation, the fast gaining on, and loosing of importance by certain areas, mainly rural areas. So the rural development became an important and specific element of regional policy, especially after our EU-accession. It has become clear that rural development is not equal with regional development and improvement of agriculture, but it is not independent from them. It is closely linked to development of ecosocial economic, ie development of local economy, social policy and environment management with the most advanced technologies, training and cultural policy. So it is needed the integrative approach that is the interconnection of many key professions affecting on rural areas. Effective and renewable rural development is not based on new technologies and it is not only an issue of financial investments but to create a new awareness and a creative balance between new achievements and value conservation. In my study I want to highlight that important effective external approaches and tools which can enforce the internal resources for improving the so many times mentioned "population retaining ability" which should base only on improving the "local abilities" (natural resources, human capacity etc). Jánosomorja is one of those Hungarian settlements which could use its local abilities as much as possible. This typical rural settlement could/can quickly react on continuous changing circumstances and adapt new strategies of an effective settlement management which ensures the long term prosperity, sustainability and renewal capacity.

THE MATTER OF INFORMATIONAL BASE IN MEASURING OF THE PERFORMANCE OF REGIONAL INNOVATION SYSTEMS

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The interpretation and measurement of the innovation performance of territorial units represent well established research areas. Nevertheless the way this issue is usually addressed raises several questions. In present paper we are dealing with one of these problematic fields: the informational base of performance measurement. In present paper we attempt to use a non-traditional informational base, that diverges with respect to the level of territorial aggregation of the data on one hand and the aspect from which innovation performance is judged (considered to be effective or desirable) on the other hand. Innovation is certainly a spatial phenomenon. In addition to that it is very much a local phenomenon, which is argued by many regional scientists. In order to reflect to these characters – beyond national or regional analyses – subregional (local) examinations are desired. However empirical analyses hardly go beyond the regional level. Beside the question of “where”, the question of “what” (is to be measured) seems to be even more problematic and neglected. The innovation performance of a territorial unit can be interpreted as the effectiveness of the system of innovation. This approach inevitably has a subjective element: the ex ante definition of effectiveness. In the literature the aspect from which effectiveness is judged is characteristically the ability to contribute to economic growth or the ability to speed-up technological change. When considering technological change a complex (socio-ecological) phenomenon this point of view seems to be inadequate, or at least accidental. Therefore we provide an empirical analysis on a Hungarian data set, which is carried out at subregional level, and attempts to link territorial innovation performance to the well-being of local residents. Both theoretical and methodological challenges emerge when trying to interpret and measure well-being and innovation performance at this very low level of territorial aggregation. Present paper aims to be a small step in contributing to handle these challenges.

DEFINING SUB-REGIONAL HOUSING MARKET AREAS IN THE ENGLISH REGION: METHODOLOGICAL APPROACHES AND PRACTICAL IMPLICATIONS

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In recent years, housing market research and policy in the UK have come to acknowledge that housing markets are heterogeneous and characterised by local issues. However, engaging with local housing market processes has been difficult because of the dominance of a narrow research and policy agenda that has tended to focus on the national level housing market. Traditionally, local authorities have co-ordinated local housing provision and have been responsible for assessing and allocating the amount of land needed to accommodate new housing and this has led to an acceptance of local authority administrative boundaries as approximations to local housing markets. However, in practice, local authority administrative boundaries have little functional meaning within housing markets. In response, there has been increasing emphasis in recent years on understanding the analysis of sub-regional housing markets processes. Planning Policy Statement 3: Housing (PPS3) encourages the identification of ‘functional’ sub-regional housing market areas as a basis for developing a housing evidence base that could be used to inform regional and local plans and policies. However, how sub-regional Housing Market Areas (HMAs) should be defined has been subject to much debate in England. There has been limited guidance offered by central government in the form of its Housing Market Assessment Manual (2004) and more recently the Housing Market Area Advice Note (2007) but, significantly, the Advice Note offers no firm recommendation as to how best to define Housing Market Areas, instead suggesting three broad approaches that could be adopted: house price modelling, migration patterns, and travel-to-work patterns. This paper draws on research currently being undertaken on behalf of the English National Housing and Planning Advisory Unit (NHPAU) involving an examination of the implications of different methodological approaches for the purposes of defining sub-regional HMAs within the North West region alongside a broader review of the methodologies that have already been adopted by all regional planning bodies across England. In doing so, it considers the implications of adopting alternative approaches for defining HMAs in terms of housing market analysis and the development of spatial planning policies.

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Introduction Different assessments focusing on competitiveness establish that employment has a decisive role in promoting competitiveness. Numerous factors influence employment rate, such as demographic processes, labour market regulations, structure of economic growth, training and educational systems, and partnership between government and private sector. Material and Method My research activity focused on the assessment of health culture, lifestyle and the role of university centers in influencing and shaping the work performance of the population as the factor that determines regional competitiveness. The institutions in higher education have a role in developing local life quality. The health condition of the Hungarian population, taking international data into consideration, is extremely unfavourable. Hungary ranks high in certain illnesses and mortality causes in international statistics. This has a number of reasons but are all connected to the lifestyle of the population. Education for a healthy way of living must not end when leaving public education, it should be continued among young adults as well. Therefore, higher education institutions have to strive to develop the need for a healthy lifestyle, daily exercise routines, right nutrition and lifestyle, and a responsible attitude to the environment among students. On the other hand, they must pursue activities in public service, consultation, professional forums, education, conferences involving the residents. They must also take a role in prevention, training for a healthy lifestyle in order to improve the health status of the public. The survey to be introduced was carried out in Debrecen and Pécs, at university clinics among inpatients. In the survey we assessed the data of two regions (Northern Great Plain and Southern Transdanubia) processing data of the Hungarian Central Statistical Office and collected questionnaires. Conclusions I examined the validity of my hypothesis regarding the role of regional university centers by assessing responses to the following issues: ; interest expressed by the interviewee regarding health-illness issues, ; participation ratio at university events dealing with health-illness issues, ; reading of university publications and papers dealing with health-illness issues, ; judgement of the universities play in developing a healthy lifestyle from the respondents point of view. The data were processed and assessed by using Excel application, while interrelationships were evaluated by using SPSS statistical software. The evaluation of regional differences was done by Mann-Whitney, Chi-square test and Anova evaluation.

Albina Balidemaj, Hungarian Academy Of Science Centre For Regional Studies, HUNGARY

This paper studies the reconciliation in Kosovo with a focus on factors that facilitate reconciliation between Kosovar Albanians and Kosovar Serbs from three societal levels: top-level (international and national tribunals), middle-range level (media and truth commissions) and grass-roots level (the population itself) – each with its own actors and methods. Therefore, the focus is to identify, explore and analyze issues and process of importance for these three levels of reconciliation. In addition, understandings of the concept of reconciliation among ordinary Kosovars is studied. The focus is on reconciliation between 'ordinary' people, since this dimension has received little attention in research. Many different factors are important for the process of reconciliation. Six of the most essential that will be used in this study are: territorial, historical, socio-cultural, economic, political, and psychological. In this research, reconciliation is defined as a process, which includes the reduction of hostility and of negative, derogatory or hostile attitudes and feelings, as well as the enhancement of positive, peaceful, non-violent attitudes and feelings (among which trust, tolerance and respect are particularly important), between the parties after a conflict has caused rapture in their relationship. The research is based on extensive fieldwork conducted all over Kosovo. The main method used is through standardized questionnaires, interviews and observations. The theoretical framework is based namely on reconciliation theories and intergroup relations theories. Although the reconciliation processes are studied in many transitioning, post-war countries including most of the Balkan countries, there yet has to be one study with the focus on Kosovo alone. This study aims to show that there is an optimistic future ahead for the Kosovo Serbs and Albanians to live in neighboring territories in harmony.

THE SPATIAL AGGLOMERATION OF THE ENTERPRISES FROM THE PERSPECTIVE OF CORPORATE DEMOGRAPHICS

Koos Balint, Hungarian Academy Of Sciences Centre For Regional Studies, HUNGARY

The spatial concentration of the population and the economic activity has a long tradition and it is still affecting the change of the settlement structure and the business investment decisions. However, a great number of publications deal with the process of spatial agglomeration, nevertheless, space still represents the last frontier to economics (Krugman, 1998). Therefore, we make an attempt to create a general model within the population approach - corporate demography – that is capable of grasping the spatial agglomeration processes of economics and its motivations and limitations. The theoretical framework for building up the model is based on the corporate demographics approach, so we examine how the number of companies changed and what factors influenced the change. We put great emphasis on spatial and neighborhood influences. It will be explored, by taking into account the spatial dimension of the process, how the number of companies belonging to the wholesale and retail trade supersector (section G) has changed since 1988. Considering that special attention is paid to spatial aspects we use exploratory spatial data analysis (ESDA) as well as spatial econometrics – mostly spatial autoregressive – models. The results of the investigation will allow us to outline the a corporate model of agglomeration: at the beginning of the process the studied companies are concentrated in the economic center (the dominant cities). Slowly, the social environment becomes supportive and this makes it easier for new companies to get hold of manpower and capital. As a consequence, more and more companies come to life (legitimizing effect). The population starts to grow and in the beginning the number of companies increases only in the economic centers. Soon after, however, the regions close to the center start to grow as well. The number of companies increases and competition for resources becomes more and more frequent. This tendency decreases the motivation for creating new business enterprises and it partly contributes to the increase of the cessation rate. The cessation rate of companies is far from being equal. In the peripheral regions it is much higher than in the centers. This might be influenced by advantages deriving from external economies of scale but also by experiences gained in business competition (Barnett–Hansen, 1996). As a result of the cumulative process, the companies are more and more concentrated in new economic agglomerations - in metropolis areas.

THE IMPLEMENTATION AND ASSESSMENT TOOLS OF THE TERRITORIAL COHESION IN LATVIA

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The EU Cohesion policy is considered as one of the policies that have a positive role on the balanced and sustainable development in the regions lagging behind. Despite this fact there are no objective indicators to separate the influence of the Cohesion policy from other policies. The continuation of the Cohesion policy justifies its importance by paying attention to less developed territories, but it also promotes competition between the Member States to grab a bigger share of the EU budget. Timely assessment of implementation of the cohesion policy is essential for the decision taking for next planning period on setting priorities and distribution of available resources. This is the key issue on EU agenda and very important at national level in Latvia. The aim of the paper is to analyze the implementation of Territorial Cohesion policy in Latvia and to propose assessment tools to be used at the country level. This kind of research is important, as there are discussions, but no achieved agreement on methodology for assessing territorial cohesion in Latvia. The author's research shows the need of more targeted approach to certain territories based on regional specificities. In case of Latvia the implementation of Regional policy since its independence from 1991 has evolved through several stages. As the economic situation of 2009 shows the policies implemented to improve the regional development and economic performance of Latvia outside the capital city Riga did not work. It demonstrated that in spite of the set goals for reaching balanced regional development and to boost rural regions by investing EU and national financial resources the actions taken has failed. The crucial question is how to optimize the use of the Cohesion policy.

**DIVERSITY OF INTERNATIONAL ORGANIZATIONS AND ENVIRONMENTS THEY PRODUCE
(CASE STUDY: PRISHTINA/KOSOVO)**

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Tefik Basha, University Of Prishtina, ALBANIA

This paper evaluates the state of post war Kosovo, emphasizing the diversity of the involved international organizations and the situations which they create as well as the impact of the urban development of the capital of Kosovo, Prishtina. Kosovo, being one of the newest countries in the world and whose state establishment was greatly impacted by the assistance of international organizations; is a case which easily detects the international net of strategies and practices derived from different types of organizations. The post war situation finds Kosovo with demolished governing structure and with no reliable past country organization to be referred to; Making a fertile ground for seeding of different planning policies. The big number of international organizations came in different shapes and sizes, all of them having its own mode of recovering a state. Having such a big number of actors into one place can be taken as a micro scaled situation of interactive strategies and practices of different regions and countries toward a common problem - "All in one place". Tracing down the aspiration behind every flag and emblem, leads to the understanding of the environment that they produce. By production this study takes into account, organizations: representation; design principles; spatial interventions; design in the paper vs. design in practice; possibilities of critical practice; and sustainability. Conclusion will draw attention to the actions and environments which generate sustaining regional development and attain a positive respond from the society.

DEBT CRISIS IN DUBAI: WHITHER THE 'ISLAMIC FINANCIAL ALTERNATIVE'?

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Ben Derudder, Ghent University, BELGIUM

Frank Witlox, Ghent University, BELGIUM

The recent global financial crisis has, perhaps ironically, created an opportunity to reassess a number of fundamental shifts in the global financial system, that were already underway before the crisis set in. First, geographically, the crisis has reinvigorated the debate on the 'reOrientation' of the world economy. While 'traditional' IFCs have been hit hard by the crisis, Chinese cities are booming, and Gulf Cities are profiling themselves as hubs in between. Second, critique on the financial system as a whole, and the demand in consumer and investor markets for safe and responsible investments, have been rising. As a result, it appears the content and character of financial services is changing, affecting the way these products and services are produced and traded. In this context, IFCs in the Arab Gulf (Abu Dhabi, Bahrain, Dubai, etc.) have emerged as nodes on both mainstream and 'alternative' financial circuits, such as the fast-growing Islamic financial services (IFS) sector. This is perhaps best illustrated by the importance of Islamic bonds (sukuk) in Dubai's strategy to finance its major real estate and infrastructure developments. However, the image of Arab Gulf cities as emerging nodes on financial circuits suffered a serious blow by the end of November 2009, when the largest development agency of Dubai, Dubai Holding, announced it was in serious need of a restructuring of its soaring 59 billion US\$ debt. Particularly its real estate subsidiary Nakheel was on the verge of a default, and asked for a six-month standstill, as its 4 billion US\$ sukuk was nearing maturity. Quite soon it became clear that Dubai's elites were either unwilling or unable to uphold Dubai's status as an emerging IFC, thus leaving questions about the sustainability of Islamic finance as an alleged alternative to debt-trading risk-ridden mainstream finance. In this paper, then, based on a global database of maturing Islamic bonds, we analyze the major actors in Dubai's sukuk issuance process (i.e. local development agencies and global investment banks). As such, we scrutinize Dubai as a physically and discursively 'engineered' emerging market for global investors, and discuss the possible role and sustainability of so-called Islamic 'alternatives' in Dubai's finance strategy, and as a post-crisis strategy in global financial markets.

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All firms need access to different resources, like financial and human capital, information and knowledge, production capacity and capabilities. Accessibility can be difficult if the firm is small, new and unknown, or located in remote areas with few local partners to interact with. For firms experiencing rapid growth over a short period of time such access can be of great importance to actually manage this growth. Several theoretical contributions have revealed the importance of external relations and networks in getting access to different resources outside the organisation, but fewer have empirically investigated where and from whom firms receive resources, and the importance of their locality in the phase of rapid growth. In this paper we will study the importance of locality and network for rapid growth firms. Different external factors, as geographical location, markets, industry and interorganisational relations, and internal factors, like the size and age of the firm, management's experience, educational level and more are measured and compared. The empirical material rest on a survey of Norwegian firms defined as gazelles based on rapid growth in the period 2003 – 2006. Despite what some theories predict, we find that the local area is a more important source of knowledge and information in remote areas, and a less important source in more central regions, even though there are more actors and assumed better accessibility in larger cities.

Gateway C

CIVIC ENGAGEMENT – ODDS OR OBSTACLE FOR ENTREPRENEURSHIP IN RURAL AREAS? EVIDENCE FROM THE SWISS CASE

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1. Research background Since the 1990ies, regional policy (see e.g. OECD (2006)) and regional development theory alike (see e.g. STATHOPOULOU et al. (2004), LABRIANIDIS (2006)) focus on endogenous regional development in non-core regions by fostering entrepreneurship. While the determinants for entrepreneurship and new firm foundations are widely studied at the national (VERHEUL, et al. 2002) and the regional level (BERGMANN 2004), the influencing factors for entrepreneurship at the local level, particularly in non-core regions, are not yet well understood (BERGMANN/BAUMGARTNER in press). TRETTIN/WELTER (2008: 12) consequently identify “emerging entrepreneur’s communities and the re-shaping of localised societal structure” as a promising field for scientific investigation. Our contribution therefore focuses on one aspect of the localised societal structure, namely the role of civic engagement in volunteer organisations and its role as a determinate for entrepreneurship in non-core regions.

2. Aim and working hypotheses of the paper The aim of this contribution is to critically assess the influence of civic engagement in volunteer organisations on the creation of new firms in non-core areas. To this end, we test two working hypotheses. Our first hypothesis state that the more volunteer organisations exerting both bridging and bonding functions are present locally, the more ventures are founded in non-core areas. This hypothesis bases on PUTNAM's (1993) positive assessment of the role of civic organisations for regional development (see CALLOIS/AUBERT (2007) for more recent evidence in rural France); Our second hypothesis, however, follows UZZI's (1997) argument of the paradox of embeddedness: We thus expect the venture creation rate to describe a negative-U-shape curve with respect to the amount of purely locally active volunteer organisations.

3. Data and Methods For our empirical analysis, we rely on two datasets. The first dataset contains information on volunteer organisations in rural Switzerland. This data has been collected by field research in Summer 2009. A questionnaire concerning the number and basic characteristics of locally active volunteer organisations was sent to a representative sample of 481 local (municipal) authorities in rural Switzerland (response rate: 50.2%). The second dataset contains new firm foundation rates in rural Switzerland. This data is derived from the Swiss statistics of company demographics (UDEMO). These two datasets will be explored applying descriptive and analytical statistics.

4. Expected Contribution to the Literature We expect to contribute empirical foundations for an assessment of the relation between civic engagement and entrepreneurship – two concepts commonly seen as important pillars for endogenous development.

ASSESSING THE SOCIAL AND ECONOMIC IMPACT OF INDIGENOUS HOMELANDS IN AUSTRALIA: TOWARDS A RECONCEPTUALISATION

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Hans Pieters, Flinders University, AUSTRALIA

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Indigenous Australians comprise two per cent of Australians with the largest population centres located in the major metropolitan areas, such as Sydney, Brisbane and Adelaide. While the single largest population centres are metropolitan based, Indigenous Australians are over-represented in rural and remote regions where they are confronted by poor quality housing, limited access to employment opportunities, inadequate infrastructure and social dislocation. Many Indigenous Australians in rural and remote regions live in relatively large communities whose origins reflect Australia's colonial past. Frequently these communities are not located on the traditional 'country' of the residents and there can be high levels of social dislocation, including substance abuse, domestic and other violence, low rates of participation in schooling, unemployment and high rates of disability. Beginning in the 1970s, some Indigenous households in rural and remote regions began to move away from the larger communities and established smaller settlements called Homelands. Over the past four decades Homelands have received varying levels of policy and financial support from governments but increasingly their relevance and contribution to the wellbeing of Indigenous Australians has been called into question as governments have sought new policy solutions that advance the welfare of Indigenous Australians. This paper considers the present and future of Homelands in Australia and focuses on 10 Homelands in and around Ceduna on the Far West Coast of South Australia. The paper argues that conventional accounts of Homelands, their costs and benefits, are too narrowly constructed and that changes within Australia's economy and polity are creating new roles for these settlements. The paper suggests that there is a need for greater awareness of the emerging contribution Homelands make to their regions and their communities and that government policy should seek to both sustain and expand Homelands in at least some regions.

REGIONS AND REGIONALISM IN A RESOURCE BASED ECONOMY: AUSTRALIAN PERSPECTIVES ON REGIONAL STUDIES

Andrew Beer, Flinders University, AUSTRALIA

Australia's pattern of regional development diverges substantially from the experience of Europe and the USA and this is a reflection of Australia's brand of Federalism, the nature of the economy, urban settlement processes and the adoption of neoliberal philosophies of government. These processes have affected the nature of regional studies in Australia with respect to its subject matter, geographical focus, the distribution of both practitioners and researchers and engagement with wider societal debates. This paper builds upon earlier work to map out the major concerns of regional studies practitioners and researchers in Australia in the 21st Century. It argues that there has been a significant change in the scale of regional development engagement in Australia by policy makers and that academic research into regional issues reflects both an on-going concern with the performance of our national economy and an enduring focus on rural issues.

FACILITATING INNOVATION AND KNOWLEDGE SHARING IN THE REGENERATION SECTOR: THE IMPACT OF FUSION CUMBRIA LEARNING LAB

Flo Bell, University of Cumbria, UNITED KINGDOM

Frank Peck, University of Cumbria, UNITED KINGDOM

This paper addresses the issues related to facilitating knowledge sharing through an innovative programme delivered in Cumbria to raise the capacity of organisations engaged in delivering sustainable communities and regeneration by providing training opportunities to relevant professionals across the public, private and third

sectors. Sharing knowledge is identified as being a crucial aspect of the 'new' strategic leadership of place and networking is a key part of this process. However, how does this knowledge exchange occur across sectors and professions which until relatively recently have been accustomed to working in 'silos'? In Cumbria, the Fusion Cumbria Learning Lab was developed to address these issues. The paper examines evidence from two evaluations of this programme to identify its impact in facilitating knowledge sharing across and between organisations. Results demonstrate that the programme has made a contribution towards developing new networks between individuals working for organisations delivering sustainable communities and regeneration. However, the findings also show that the dissemination of ideas and application of new learning within organisations has been limited due to a variety of institutional barriers and inflexibilities. The paper concludes by considering the implications of the findings for collaborative learning and the nature of these institutional barriers that appear to inhibit the transfer of innovation. The likely effect of the current changing resource environment within which public authorities operate is also considered.

Gateway A7

CRITICAL NODES AND CONTEMPORARY REFLECTIONS ON INDUSTRIAL DISTRICTS

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Giacomo Becattini, University of Florence (Firenze), ITALY

Lisa De Propris, University of Birmingham, UNITED KINGDOM

Taking advantage of the recent publication of 'A Handbook of Industrial Districts', edited by Giacomo Becattini, Marco Bellandi, and L. De Propris (Cheltenham: Edward Elgar), this paper, first of all, presents the main lines of a wide-ranging debate spreading over the last decades on: a) what Industrial Districts (IDs) have represented in the past, b) what they are undergoing at the present time, and c) the challenges and opportunities they are facing in a socio-economic context where global and local forces increasingly interact. It is here taken the view that IDs are a clear expression of local societies finding their way in the national and international division of labour through the constitution and elaboration of productive specialisations congenial to the attitudes and preferences of their people. Secondly, the paper goes in depth on some contemporary tendencies and prospects for IDs and for the ID facing new challenges and opportunities. Key concerns of a reflection on such topics are reviewed and given an interrelated frame of interpretation: (a) types of knowledge and worlds of production; (b) patterns of socio-economic networks in an increasingly globalised world; (c) capitalist relations within IDs and around them; (d) evolving and multi-faceted policies for industrial development

Gateway J

LEARNING FROM GOOD PRACTICES: METHODOLOGICAL ISSUES AND POLICY LESSONS FROM THE TUSCAN EXPERIENCE

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Patrizia Lattarulo, IRPET, Florence, ITALY

Marco Mariani, IRPET, Florence, ITALY

In recent years international competition among countries, regions and locations has become increasingly harsh. Under these circumstances, the welfare achieved in many old industrialised regions is challenged, calling upon decision-makers to implement actions in favour of competitiveness, innovation and change. These actions have to be targeted not only to the technological and organisational upgrading of enterprises and clusters, but also to sectors that are less exposed to international competition, such as education, public administration, personal services, etc. Consequently, a large number of European regions have established policies aimed at promoting innovation in particular domains or sectors: these policies are often hinged upon the good practices successfully experimented at the level of single project, which are subsequently generalized into policy programmes in order to favour their mainstreaming and transfer (Bardach, 2003). Within this kind of policy pattern, the role played by public decision-makers has been described - in contrast with the traditional top-down approach - as that of a catalyst in a collective process (European Commission, 2007). In fact, the exchange of good practices has been adopted both as a policy tool and a governance model in the framework of EU- and regional policies (Kern, 2008). This happened because of two distinct reasons. First, the good practice is a "demonstration" and, as such, is able to meet the cognitive dimension of policies, that is the necessity to operate not only on objective data, but also on the mental models of actors, on their system of values, their perceptions and expectations. The second

reason refers to the need of designing policies as a collective and interactive learning process (Nooteboom, 1999; Christensen, 1999; Benz and Fürst, 2002; Rodrik, 2004), in contrast with the traditional prescriptive approach. Drawing on premises inspired to the regional system of innovation framework (Cooke et al., 2004), Tuscany's regional policy-makers have started out an extensive in-depth multi-sectoral scanning of good practices that a variety of local actors (public and private; individual and collective) have already spontaneously implemented in the most diverse sectors of the regional economy and society. The aim of the paper is twofold. First, drawing on the results of past researches on the field, the paper defines a methodology for the design and the identification of good practices in a complex, multi-sectoral regional context, trying to highlight their potential for replication. To this purpose, we follow the methodology of case studies, illustrating and discussing a wide range of issues, all of which are highly debated in modern economies and societies, including: technological and organisational innovation for enterprises, networks and clusters; internationalization; public service supply; public administration efficiency; social and environmental sustainability; etc. Second, the paper tries to outline the basic ingredients of an interactive learning approach to regional policy, where these good practices are recognized and diffused within the regional system, in order to foster competitiveness and growth.

Gateway M

CREATIVE INDUSTRIES IN THE MODERN CITY: ENCOURAGING ENTERPRISE AND CREATIVITY IN ST PETERSBURG

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St Petersburg, Russia's cultural capital, was the first Russian city in developing new urban strategies by emphasizing the role of the creative sector as key economic player in urban development. This work was done within Tacis CBC Project 'Creative Industries Development Partnership: St Petersburg, Helsinki, Manchester', initiated in 2000 by St Petersburg's Leontief Centre for Social and Economic Research and the Prince of Wales International Business Leaders Forum. The Creative Industries Development Partnership was formed to exchange with St Petersburg the experience of west European cities in re-evaluating the impact of culture - to cherish it as a continuing source of inspiration and identity, but also to understand its potential for increased self-sustainability and even consider the significant economic benefit it brings. The three city authorities were cooperating to increase the role of creative enterprise in their economic and social development, to avert unemployment, to enhance the economic performance of large cultural institutions, to increase earnings from tourism, to develop networks and create jobs for young, talented professionals through specific support schemes tailored to creative enterprise needs. The Tacis project demonstrated that the further development of the city's creative industries requires clear understanding of the possibilities of the sector and consciousness of common interests. Only if this is achieved will the creative industries become a real sector of the economy, able to articulate its problems and needs, and to produce its own leaders to represent these interests vis-à-vis higher levels of government. This paper argues that shift towards enterprise in cultural sector will deliver its full useful impact if governmental policy makers begin to construct a working environment in which creative entrepreneurs can flourish and get an easy access to specialist information, skills training, financial support. This will require creative producers to act for themselves: St Petersburg's creative industries sector needs a more coherent voice – it needs to be able to articulate its requirements in influencing change in local structures of governance.

Gateway A2

MECHANISMS FOR UNIVERSITIES TO CONTRIBUTE TO COMMUNITY ENGAGEMENT

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Lynne Humphrey, KITE, Newcastle University, UNITED KINGDOM

There is now a widespread acceptance that we are moving towards a knowledge economy, where human capital is as important for economic growth and social well-being as land, labour and machinery (see inter alia Temple, 1998, for a review). This new 'knowledge economy' creates particular challenges for urban and regional planning, not least because of the propensity of knowledge capital to agglomerate without decreasing returns to scale (Romer, 1994; Solow, 1994). The rise of multi-millionaire 'World Cities' is one manifestation of this trend, with ever growing megapolises (Beaverstock, 2004) which face new kinds of planning challenges in the forms of congestion, pollution and sustainable development. However, more everyday challenges face the vast

majority of regions which are located outside what Smith (2003) refers to as Global World City Networks. The knowledge economy has potentially socially divisive effects at the regional scale, creating new social cleavages between the knowledge 'haves' and 'have nots'. Byrne (1999) & Moulaert (2000) have highlighted the problems that this can create for particular communities poorly endowed with knowledge capital. Indeed, the result can be a vicious cycle in which a lack of human capital encourages capital flight from these places, making them to social problems. Yet those problems are not entirely endogenous, with barriers preventing economic growth from benefiting them. For those not excluded from the circuits of knowledge production, the university has in recent years reasserted its role as a centre of knowledge capital production (OECD, 2007). Demand for 'useful knowledge' driven universities responses to create knowledges which can drive economic competitiveness (Gibbons et al., 1994; Smith & Webster, 1997). But it is not just universities' roles as centres of learning which facilitate this: universities can help to configure local policy to respond to the needs of clients (such as businesses) creating new infrastructures such as business parks which support this activity (Benneworth & Hospers, 2007). One element of the vicious cycle of social exclusion can be regarded as barriers preventing socially excluded communities engaging with universities to improve their own situation (Kellogg Commission, 1999). Historically, evidence from America has suggested that universities that engage with communities can develop social capital and help them to improve the conditions of those communities (Austrian & Norton, 2005). Universities may help to equip such communities to better engage with participator planning and produce physical spaces better suited to their needs (Healey, 2006). But the contemporary university faces many demands on its resources, and excluded communities are not always well positioned to articulate these demands. In this paper we explore the interaction between universities and socially excluded communities in three UK regions, the North East, the North West and Scotland. We examine the techniques that universities are developing to attempt to meet the needs of these communities, from promoting student volunteering and team projects to developing entirely new campuses within excluded communities to drive localised learning and re-engagement. We build on three detailed case studies from the North West and Scotland to explore the mechanisms by which university community engagement can make a difference, and hypothesise about its theoretical and policy potential.

Gateway A

FACING GLOBAL CHALLENGE IN THE WEST MIDLANDS AUTOMOTIVE INDUSTRY: THE ROLE OF ACCELERATE, THE BUSINESS DEVELOPMENT PROGRAMME

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Stewart MacNeill, Centre for Urban and Regional Studies, UNITED KINGDOM

The automotive industry has been undergoing structural change. In the West Midlands, the policy choice was to assist firms to modernise and to diversify out of the industry. Accelerate, initially set up to assist firms to achieve improvements in manufacturing processes, evolved to take this wider strategic approach by assisting firms to diversify and modernise, and is largest single policy response to the global challenge faced by the industry. Delivered through a number of instruments, it was funded by the European Union, the Regional Development Agency and industry own contribution. This paper looks first at the challenges facing the industry and describes the Accelerate Programme. The evaluation of the scheme suggests that it was successful. Evidence from benchmark data and a survey of assisted firms shows Accelerate assisted firms fared well against a backdrop of a fall in employment, GVA, and turnover in the industry. However, there is no cause for complacency, given the recession and changes in the UK policy framework for business support; the challenges remain. Firms in the industry require financial support and that demand is sustained.

Gateway G

BANKING AND FINANCIAL SYSTEMS AND REGIONAL DEVELOPMENT IN RURAL AREAS

Tibor Beres, HUNGARY

Background In a previous study, it has been proved that flow of capital is controversial if we focus on the regional development aspect of operation of commercial bank sector. (in: Tér és Társadalom, 2008/4.) The deposit and loan proportion is unbalanced. That is, in the branch offices of savings cooperatives in the poorer settlements, we could find higher deposit ratio (related to the loans) than in the more developed ones. This fact suggests that clients in poor or disadvantaged settlements provide the capital for the enterprises in more

developed settlements. Moreover, because of the high risk - or assumed higher risk - the financial enterprises are reluctant to provide loans for habitants in disadvantaged settlements (lower value of real property or lack of incomes from legal and real employment). Because of the problems mentioned, poor households in the underdeveloped settlements are exposed to illegal money lenders or 'loan sharks' of financial enterprises providing quick loans with extremely high interest. The well-known microfinance sector offers innovative instruments against this unbalanced financial situation. The theory of group lending methodology originated from underdeveloped countries (Bangladesh, Pakistan, India, some African countries) seems to be possible solution but there is no methodology adapted to the Central-European circumstances. In 2009, Autonomia Foundation designed and piloted a financial development program called 'Esélykassza'. The aims of the program To develop the financial skills of the participants by financial education (curriculum developed for the program) To design a feasible loan-product for so-called 'un-bankable' people Not to encourage the consumption, but enforce the long-term financial planning ('asset building') To set up a flexible, quick and efficient organizational structure. To disseminate the lessons gained in the program. The methodology Compulsory pre-savings as a condition of the loan. (Individual savings accounts, monthly reporting) Mentoring (local mentors employed in the program) Organizing local groups of 8-10 participants per settlements Financial education (designing and testing curriculum, interactive local training sessions on household-management, basic banking skills, budgeting) Loan-providing with assistance of www.noba.hu (Community Loan Program) and Microcredit P.L.C (Mikrohitel ZRt.) as 'back office' provider Program evaluation Key findings I Microfinance schemes developed for less developed countries cannot be used in Hungary without adaptation. The main reasons are the following: Different socio-economic background; More developed welfare system; Obstacles of SMEs; Strict legal regulation of microfinance enterprises; High cost of establishment of SMEs. II Microfinance and group-lending methodology is inappropriate for SME development in Hungary because of the reasons mentioned above. Nevertheless, group-lending can be efficient instrument for financial education and against for the 'debt trap' and over-consumption. If the emphasis is on the long term financial goals ('asset building') instead of the consumption microfinance schemes can contribute for the fight against the illegal or usury like money lending. III Group lending (and microfinance schemes) can be used as rural development financial instruments in disadvantaged settlements where services provided by commercial banks are not available. This way, savings and deposits can be used locally and the flow of capital out from the villages can be stopped. IV Regarding the indicators, use of compulsory savings and financial education training part served very strong informal collateral of loans. In the program, the total outstanding capital was covered by savings with 114% ratio. This is strong evidence that the poorest part of the Hungarian society can be bankable if the aim and the methodology of the program is well designed for the target group.

Gateway M

ENTREPRENEURIAL CREATIVITY: WHAT DRIVES COMPETITIVE TRANSFORMATION IN MATURE INDUSTRIES?

Marco Bettiol, Università Di Padova, ITALY

Vladi Finotto, Università Ca' Foscari Venezia, ITALY

Creativity has been central in recent research in economics and management (Florida, 2002). Its importance in triggering processes of economic growth and transformation has been recognized especially in innovation studies, where it is considered a driver of the renewal of products and processes in a variety of industries (Gil & Spiller, 2007). Innovation studies have emphasized the role of creativity in renewing products and business models of companies in mature industries (Verganti, 2006). A stronger focus on creative functions and activities such as design, branding, marketing and communication is considered fundamental in avoiding price competition, a visible threat connected to the rise of low-cost manufacturers in emerging economies (Robertson, Smith, & von Tunzelmann, 2009). The problem with such a position is that it tends to assume creativity as a managerial function that produces specific outcomes – a novel design, an evocative brand, an enticing brand experience. On the contrary, we argue that creativity is not a coherent and standardized set of procedures but is inherently disruptive and related to entrepreneurship. Our contention is that entrepreneurship plays a fundamental role in triggering and sustaining the transformation of companies in mature industries. Drawing from recent literature in entrepreneurship we consider it as a function occurring in newly-founded firms as well as in existing firms, and we focus on entrepreneurship as a set of actions put in place by entrepreneurial individuals or teams that create opportunities and orient the actions of other individuals within a firm (Klein, 2008)(Alvarez & Barney, 2007). In the conceptual framework we propose, creativity is inherent in entrepreneurship and is based on sense-making processes carried on by the entrepreneur. The entrepreneurial individual or team creates opportunities making sense of the uncertain environment and of weak signals coming

from the market and consumers. Creativity is a part of the entrepreneurial process in that it is the result of the sense-making efforts put in place by the entrepreneur. In making sense of uncertainty, the entrepreneur taps into competences and knowledge which are rooted in the cultural and social environment she is located in and recombines them originally, generating novel concepts that in turn orient the actions carried out by other participants in the firm. Design, marketing and communication are the levers through which the firm precipitates the concepts and meanings created by the entrepreneur and that allow to capitalize them on the market. The proposed conceptual model is clarified through the analyses of three case studies which are used also to contribute to further theoretical developments.

Gateway F

THE CHANGING POLITICS OF LOCAL AND REGIONAL DEVELOPMENT IN ROMANIA AS EVIDENCED BY THE CASE STUDY OF JUDETUL (COUNTY) NEAMT IN THE NORTH-EAST REGION

Michail Biniakos, Newcastle University, UNITED KINGDOM

Since the 1960s, where local and regional development has become a central issue in academic discourses and political agendas, the context of actors, institutions, patterns and strategies has been significantly reshaped. As a result, several schools and approaches have suggested various concepts and theories of local and regional development and government/ance. The common denominator of these approaches however, is their geographical focus on the Western Europe. The collapse of the Iron Curtain has generated an intensive interest for the ex-communist countries but, once again, the research interest was concentrated disproportionately on Central Europe and some parts of the ex-Soviet Russia. As a result, there is a serious lack of existing work concerning the regional policies of the so-called Balkan States. This paper explores how the 'region' has emerged as an institutional novelty in the transitional Romanian political scene and what exactly were the purposes and the justification for the creation of this sub-national organisation. It also investigates the different perspectives and anticipations that numerous local, regional and national actors have by the foundation of this institution and the role of regions in promoting different strategies and intervention tools for local and regional development in the Neamt County. Two distinguished time periods with significant different characteristics on the planning and implementing processes of local development strategies in the case of Neamt are identified. During the first period, from 1990 to 2000 (the 'think national-act national' period), the political instability and fiscal tightness at the national level in combination with the ineffective representation and inefficient administrative infrastructures at the local level have left Neamt in the discretion power of the central government to decide upon the development strategies and practices. In the second period that begins in 2000 and is expanded till nowadays (the 'think regional-act national' period), the local authorities have become increasingly engaged with local development policies due to the administrative reforms under the prism of the EU accession. This paper concludes that although Romania created a new institutional framework at the sub-national level and increased the autonomy of local authorities, the degree of compliance with the western patterns of local and regional development is still strongly challenged. The Europeanisation of local development politics had only a mimetic affect in terms of planning and practising procedures allowing particular actors to acquire or to maintain an important role in local development debates and strategies, whilst others have continues to be excluded or sidelined.

Gateway J

A MODEL TO MEASURE THE DEGREE OF COMPETITIVENESS OF MEDIUM-SIZED CITIES IN THE CHIHUAHUA REGION OF MEXICO

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Jimenez Gaspar, Instituto Tecnológico De Chihuahua, MEXICO
Ibarvo Virginia, Instituto Tecnológico De Chihuahua, MEXICO
Alvarado Claudia, Instituto Tecnológico De Chihuahua, MEXICO
Quijano Gil, Instituto Tecnológico de Hermosill, MEXICO
Lopez Esteba, Instituto Tecnológico de Oaxaca, MEXICO

Competitiveness has been the subject of intense study in recent years, with competitiveness indexes being calculated by country and by city. However, small cities have not been included in such studies. This project

responds to the need to measure the level of competitiveness of medium-sized cities in the state of Chihuahua by looking at factors that provide concrete data that will help explain why there are such significant differences between regions in the state. Since the 60s, the state of Chihuahua has undergone a remarkable economic growth that has had a significant political and social impact. Since the 30s, the government has supported farming, particularly in the municipality of Delicias, thus leading to an increase of cotton production and exports, as well as other crops, which gave rise to the urban growth of small communities and the weakening of others, with the exception of the city of Chihuahua, capital and financial hub of the state, and Ciudad Juarez, the border city whose business activities were boosted by the role of the United States after World War II. This scenario leads to a number of questions, such as, what is the level of competitiveness of medium-sized cities in the state of Chihuahua? Which factors determine the differences between cities? How have medium-sized cities evolved in recent years? The goals of this project are to prepare a competitiveness index for medium-sized cities in the state of Chihuahua, to develop a comparative analysis between the cities in the study and to produce a pattern of behavior for those elements that are key to the development of competitiveness in medium-sized cities. A literature review of state-of-the-art competitiveness and endogenous development was completed. Then, a model was designed to measure competitiveness, taking into account elements considered by other studies and adding those that were appropriate to medium-sized cities, the core of this project. Data considered relevant were selected to set an indicator for each area of the study. Once the study size, indicators and units of analysis were chosen, indexes were built to represent the behavior of municipalities in the areas of competitiveness and development. It should be noted that the procedure used when creating the index number was the same procedure used by the United Nations Development Programme (UNDP) to calculate the Human Development Index (HDI).

Gateway K3

TERRITORIAL COMPETITIVENESS AND COHESION: THE EFFECTS OF RISING ENERGY PRICES

Oihana Blanco, Innobasque - Basque Innovation Agency, SPAIN

This paper is based on the major findings of the ESPON project ReRisk (Regions at Risk of Energy Poverty), which is focused on a major European policy concern. Concretely, the European Commission considers that the high energy prices are squeezing the purchasing power of all EU citizens, affecting mostly energy intensive sectors, as well as transport and agriculture. The ESPON project ReRisk (Regions at Risk of Energy Poverty) aims to give a global view of the risk of energy poverty of the European regions, by obtaining a clear picture on how the increase of energy prices will affect regional cohesion and competitiveness, and establish adequate policy options in order to cope with this challenge. According to the initial findings of the project, differences in regional vulnerability mainly derive from the consumption side and are closely related to the regions' economic base, the transport structure, the social situation as well as climate conditions. These variables have been the base for a clustering process and that has led to the construction of 4 clusters, which represent different characteristics of vulnerability of the regions. These clusters are compared to region's typologies defined in earlier ESPON projects. The objective of this exercise consists in generating new data that can be analysed and lead to policy options relevant for EU's aims on cohesion and competitiveness. Alongside the clustering process, the project provides a view of 4 future plausible scenarios for Europe. The project is presently elaborating medium and long-term adaptive strategies, which will help to reduce the vulnerability to rising energy prices in different types of regions for the reference year 2030.

Gateway H4

BORDER REGIONS – STRIPS OF CONTIGUITY AND DISFUNCTION AT THE EASTERN BORDERLINE OF THE E.U. THE CASE OF ROMANIA

Nicolae Boar, Babes-Bolyai University, ROMANIA
Alina Simion, Babes-Bolyai University, ROMANIA
Sorin Kosinszki, Babes-Bolyai University, ROMANIA

Borders represent the vertical planes that determine the territory of two neighboring countries. In situ, the border becomes a space that includes the “border corridor” of 5 km out of each country’s territory and the 20-meter long border “security strip”. Border police exert their professional obligations in the “border zone”, stretching

over 25-30 km along the borders, which is to say that the actual border is more complex than the “red line” drawn on maps. Borderlines could be compared to atmospheric fronts, as they also change their trajectory along the time when the pressure is higher. In older times, borders were rather meeting areas, regions connecting different entities. However, the modern world, with the construction of national states, established the new type of border, through which passage is conditioned by the passport. The barrier role of borders was introduced in the east by the “iron curtain”, not only between the socialist and the Western European zone, but also between socialist states. Thus, a process which was positive in its essence at national level (leading to the establishment of national states), eventually engendered extremely strong social and economic consequences. It led to the cleavage of well-established territorial systems, to the division of transport systems, to the destruction of infrastructure elements etc. After two world wars, aimed at solving border problems, proved that imposing force is not the best option, there is a new tendency emerging in Western Europe to optimize cooperation across the borders through the association of regional or local entities, known as Euroregions. After the deep changes that took place in the early 90s in Eastern Europe countries, several Euroregions appeared across their borders. The European unification allotted significant funds for strengthening cross-the-border cooperation at its Eastern boundaries. The present study aims at analyzing the present-day situation and the prospects of Romanian-Ukrainian and Romanian-Moldavian cross-the-border relations.

Gateway M

THE GEOGRAPHY OF CREATIVE INDUSTRIES IN EUROPE: A COMPARISON ANALYSIS IN ITALY, FRANCE, THE UNITED KINGDOM, SPAIN AND PORTUGAL

Rafael Boix, University Of Valencia and IERMB, SPAIN

Luciana Lazzeretti, University of Florence, ITALY

Francesco Capone, University of Florence, ITALY

Lisa De Propriis, University of Birmingham, UNITED KINGDOM

Daniel Sanchez, OECD, Organisation for Economic Co-operation and Development, FRANCE

The creative economy is a holistic and multidisciplinary concept that deals with the interaction between economics, culture and technology, and centred on the production of creative contents in goods and services. One of the most relevant dimensions of creativity is the territorial one. Despite the emphasis put on the theoretical definition of creativity, the measurement of creative industries and the use of these concepts in macro units as well as in isolated case studies, it is necessary to strengthen comparative research for the identification and analysis of the kind of creativity embedded in the territory, its determinants and its patterns of concentration. This compared research relies on the measurement of the creative industries and the identification of their territorial patterns of distribution in the local production systems of five European countries: Italy, France, the United Kingdom, Spain and Portugal. Creative local production systems are identified in these countries departing from local labour markets as territorial units, firms and jobs in creative industries, and focusing on two different kinds of creative industries: traditional cultural industries and technology-related creative industries. The results show that creative industries are more important in some countries like Italy and the United Kingdom, and that their spatial patterns of distribution are significantly different across countries, where three basic models emerge: distributed, concentrated and polarized. The implications of these patterns on the analysis of creative industries as well as on the design and implementation of policies are discussed.

Gateway A2

WHO'S REGENERATING WHO?

Selena Bolingbroke, University Of East London, UNITED KINGDOM

Ray Wilkinson, University Of East London, UNITED KINGDOM

The Thames Gateway is the largest regeneration area in Europe. Stretching 42 miles from east London through South Essex and North Kent. 150,000 new homes and 200,000 new jobs are planned for development over the next 20+ yrs. The University of East London is located at the western tip of the Gateway, located in two key development areas; Stratford, adjacent to the new Olympic Park, and the Royal Docks, within sight of Canary Wharf – the focus for many of the new jobs to be generated in the Thames Gateway in future years. Over 60% of the new jobs created in the Thames Gateway are anticipated to require level 3 or 4 qualifications as the economy shifts from manufacturing to ‘knowledge economy’ employment. Social and economic regeneration is

at the heart of our corporate vision. 80% of our home students are local - more than half are Thames Gateway residents. Our University has been transformed over the last 10 years, and this transformation mirrors the renewal of the east London landscape as new homes, jobs and community facilities have been created. The number of graduates we produce has doubled in the last 10yrs; we feel that we have played a strategic and integral role to the regeneration and renewal of east London. UEL was one of the first HEIs to enthusiastically adopt a regeneration agenda influencing both student recruitment and the 'third stream' agenda. We have taken a high profile activist approach – championing the case that HE is an integral part of the regeneration story. Being at the forefront of the creation of collective actions that focus and steer HE relationships within the regeneration 'community'. For example, we host a Thames Gateway skills partnership that is Chaired by the UK Minister for Higher Education and whose members fund the secondment of a member of staff to work full-time within central government; Knowledge East, a knowledge exchange partnership between 9 universities; The Creative Way Partnership, a lifelong learning network of both public and private sector training providers. As well as sharing some of the story of the skills landscape in the Thames Gateway, and UEL's experience of being an active participant within it, this session focuses on the relationship between the skills experience for communities (new and old) within the Thames Gateway and education providers and regeneration agencies and consider who is best equipped to maximise regeneration opportunities.

Gateway H

BORDER REGIME AND ITS INFLUENCE ON SOCIAL-ECONOMIC DEVELOPMENT AND CROSS-BORDER COOPERATION: CASE-STUDY IN CROSS-BORDER REGIONS OF RUSSIA, UKRAINE AND BELARUS

Tatiana Borodina, Institute Of Geography Russian Academy Of Sciences, RUSSIA

Research was carried out in borderland regions and local municipalities of Bryansk oblast of Russia and the adjacent regions of Chernigov oblast of Ukraine and Gomel oblast of Belarus. These regions are economically depressive enough, and the territory part is polluted as a result of the catastrophe on the Chernobyl atomic power station that leads to economic activities restriction. The Euroregion "Dnieper", created in 2003, can become an instrument of cross-border cooperation development. The analysis of present situation in cross-border cooperation in Bryansk, Chernigov and Gomel oblasts has shown, that the Russian-Ukrainian-Belarus cooperation mainly is limited by regional level and has rather not cross-border, but inter-regional character. Municipal regions and local municipalities as subjects of cross-border cooperation have no sufficient legal powers, the majority of contacts is based not on legally issued agreements, but on personal contacts with administrations of the adjacent regions of Ukraine and of Belarus and is limited by spheres of culture, education and sports. The state border "connecting functions" degree analysis has shown, that the border with Belarus is open, on the main highways there are "points of notices reception" where the state control of the international motor transport streams is being carried out. The "barrier functions" degree of the Russian-Ukrainian state border constantly increases. On the Russian-Ukrainian state border in Bryansk oblast there are 1 railway and 3 automobile multilateral check-points where citizens of any countries can cross border, where there are all 6 kinds of the state control, they are the most equipped. Also there are 3 bilateral automobile check-points for citizens only of Russia and Ukraine, two of which works under the simplified scheme (only border control without customs) for local population. Such check-points are the most convenient for local residents. Agreements between Russia and Ukraine envisage 9 such check-points in Bryansk oblast, but are opened only 2, the others are not equipped, therefore are closed. Through multilateral check-points on the Russian-Ukrainian border transit transport streams prevail, the profit on their functioning is completely directed in the federal budget, but they create additional labour market for local population. The increase in quantity and improvement of work of bilateral check-points, including those that are working under the simplified scheme can become real stimulus of development of cross-border regions. It would promote development of cross-border trade, small enterprises development, would regulate employment problems. Development of cross-border cooperation is restrained by imperfection of existing legal base, including absence of laws on cross-border cooperation and the status of cross-border regions.

Maria Giovanna Bosco, IReR, ITALY

A blossoming stream of the regional innovation systems (RIS) literature is being devoted to investigate the relationship between RIS efficiency and productivity growth. Our study aims at evaluating: first, the ex-post relative technical efficiency in innovation in a sample of OECD regions by means of a DEA (data envelopment analysis) methodology. We will also match these results with regression analysis of a “knowledge production function”. Secondly, it aims at assessing if there is a positive linkage between increased efficiency in innovation and labor productivity gains at regional level. The policy implications from the empirical results are of uttermost relevance for local governments and administrations, especially when evaluating the leverage given by the inputs in the knowledge production function, and since, increasingly, RIS are seen as a target for economic policy while pursuing the more general objective of competing in the global innovation economy.

Kerstin Bruckmeier, Institut Für Arbeitsmarkt- Und Berufsforschung, GERMANY

The insurance function of federal budgets in fiscal federations against regional asymmetric shocks in income is well known in the literature. Empirical studies, mainly for the United States, provide estimates of the amount of stabilisation between the states. Especially automatic stabilisers, like the unemployment insurance, show a large reaction to regional imbalances. During recent years the interregional stabilising mechanism gained importance as the strong economic upturn and the sharp decline following the global financial crisis lead to high volatilities on regional labour markets. Comparable to other European states, regional unemployment disparities in Germany are characterized by a high degree of persistence over long periods. Although regional disparities still remain high between Western and Eastern Germany there are large differences in unemployment rates within Western Germany. Nevertheless, there is a different sensitivity of the regions to the macro-economic cycle and additionally to income redistribution, there is also a stabilising effect on regional incomes. The goal of the paper is to estimate the amount of redistribution between the regions in Germany on a small area level. Therefore we use quarterly data from the national unemployment insurance on the level of the 96 German spatial planning regions for the period between the years 2000 and 2007. On this regional level financial transfers within the German States become visible. Estimates for the stabilising effect - based on variance decomposition - are provided for expenditure on active labour market policies, unemployment assistance as well as contributions paid towards the unemployment insurance. The results indicate that unemployment assistance is an efficient mechanism for regional income smoothing, while expenditure on active labour market policies mainly provide regional redistribution.

Amma Buckley, Curtin University Of Technology, AUSTRALIA

New governance arrangements emerging from the expansion of the extractive or mining industry in regional Australia mark the potential for substantial change in relationships between the state, the community and the private sector. It is generally conceived that a move away from horizontal structures of government towards a supposedly ‘flatter’ form of governance-accompanied by new discourses of participation, empowerment and power sharing-offer great potential to reduce exclusion, and the discounting of community and regional concerns. In the governance of natural resources, for example, mining and other industry groups, Indigenous peoples, environmental lobbyists and other ‘stakeholders’ are beginning to occupy the space once filled by state and local government. Well-resourced private or corporate actors such as mining companies, located in regional or remote areas offer a salient example of these new arrangements, particularly as they negotiate the ‘social

licence to operate' with constituent communities. In doing so, mining companies often encounter an implied responsibility to take a lead in local matters and resolve infrastructure deficiencies not only within the host community but in the broader region. This blurring of governance boundaries offers an excellent opportunity to bring this previously absent sector to the forefront of regional governance analysis. In order to demonstrate the complexity of such arrangements, this paper draws on the findings of social research into newly established mining operations in regional Western Australia. While confirming the relevance and legitimacy of local government as a key instrumentality, the paper examines the challenges for all level of government and particularly the host community of managing well resourced corporate actors with global business orientation and acumen chiefly concerned with the business of their business. This study concludes that to some extent these new discourses of participation obfuscate where power resides in an increasingly complex and global system.

Gateway D

FROM RESTRUCTURING PROJECT TO RESTRUCTURING COMMUNITY

Oddbjørn Bukve, Sogn Og Fjordane University College, NORWAY

This paper discusses whether public-private restructuring projects can be efficient tools for building innovation capacity in small and peripheral communities. By analysing restructuring projects in three communities, I study the effects on local innovation capacity and on the development barriers typically mentioned in the literature: fragmentation, lock-in and thin institutionalisation.

Lock in is not found to be an important barrier for restructuring. Our communities have been through several waves of industrial crises, and resistance to change is not longer seen as a realistic option. Another finding is that it has been important for the restructuring work to build on and develop local skills and competencies. The restructuring projects contributed to learning and knowledge transfer through co-operation between local actors and providing assistance from external institutions. As a result, the institutional thickness in and around the communities increased. We can talk about multi level innovation systems around these communities.

During the project period, several external actors have invested in the communities. But extra public funding during the project period explains much of this result. And structural barriers persist. The local labour market is too narrow to attract high skilled labour and to make the community robust when one of the bigger companies need to restructure. For this kind of communities, innovation policies are necessary, but not sufficient. Policies to address the structural weaknesses through creating bigger and more varied labour markets are also crucial.

Gateway K1

DEFINING AND MEASURING POLYCENTRIC REGIONS: THE CASE OF TUSCANY

David Burgalassi, University of Pisa, ITALY

The paper investigates the several dimensions involved in the definition of polycentric development in regions and its measurement. The interest around this concept is increasing (see, e.g., Nordregio et al., 2004) and many are policy claims about the possible advantages of polycentric regions, as compared to monocentric settlements and scattered development. This is a central issue in assessing competitiveness, cohesion and environmental sustainability. However, many of the advantages of polycentrism are maintained without being explicitly modelled and proved. Few empirical researches have been carried out to confirm these statements. The lack of evidence is partly due to the problem of defining what a polycentric region is. In fact, since many dimensions are involved, several measures can be used. This work aims to provide an integrated and multidimensional approach. First, the importance of the polycentric development for spatial policy is described by reviewing the assumed advantages connected with polycentric spatial structures. Then, some definitions of polycentricity and measures used in the literature are discussed, considering both "morphological" and "functional" dimensions of polycentricity. Within this framework, I carry out an empirical analysis on Tuscany Region (Italy), by using data about population (from 1951 to 2001) and commuting flows among cities. Tuscany has been assumed to be a polycentric region both by literature (Becattini, 1975) and policies (Regional Government of Tuscany, 2005). The results show that Tuscany can be configured as a polycentric spatial structure or, in other words, as a

“Regional city” – especially in comparison with other Italian regions – both considering morphological and functional dimensions.

Gateway A4

DETERMINANTS OF KNOWLEDGE DYNAMICS – A CROSS-SECTORAL ANALYSIS

Anna Butzin, Institute For Work And Technology, GERMANY

The question, why and in which shape innovations arise in our economy and society has a long standing tradition in social, economic and spatial sciences. Apart from mere economic approaches, manifold socio-economic concepts such as systems of innovation, clusters or innovative milieus were developed in order to explain the phenomenon of innovation. Research in the light of these concepts focuses on relations between knowledge actors such as firms, institutions and markets and captures the importance of systemic interrelatedness and territorially based resources needed to support innovation. The determinants of the concrete development processes from which innovations arise are less researched. In the paper it is argued that a greater understanding of these determinants and in particular of their underlying knowledge dynamics is important for the further development of the above mentioned systemic concepts. Against this background, the 6th framework project EURODITE has developed a qualitative methodology termed ‘knowledge biographies’. Knowledge biographies are detailed accounts of development processes, centred on the time-line of a single product, process or service innovation. Data from the biographies make it possible to better understand the sequence and interaction-patterns of events and actors involved in an innovation process. Furthermore, by utilising the time dimension of the biographies, we will be able to shed light on knowledge dynamics as a continuous process. The first part of the paper explains the methodology of knowledge biographies in detail. The second part presents findings from an analysis of a database derived from 55 knowledge biographies carried out in seven sectors (biotech, ICT, food & drink, tourism, KIBS, automotive and new media). The aim of the analysis is to better understand the importance of specific determinants of knowledge dynamics in innovation processes as well as to address its temporal and sectoral dynamics. Special attention is paid to factors such as: drivers of innovation processes; modes of interaction; proximity/distant relations; actor constellations as well as learning and competence building.

Gateway F

SOCIAL NETWORKING, LOCAL COMMUNITIES AND ECONOMIC GROWTH IN RURAL AREAS: THE IMPORTANCE OF VILLAGE PUBS AS CENTRES OF SOCIO-ECONOMIC AGGREGATION

Ignazio Cabras, University of Cumbria, UNITED KINGDOM

In times dominated by globalisation processes, powerful communication means, and distance shrinking, social networking still represents an essential part of every community, especially for those in peripheral and rural areas. In Great Britain, village and rural pubs are often the nodes and centres of the local social networks, and play an important role in enhancing and stimulating socio-economic activities inside communities, such as business activities, volunteering organisations and charities, and leisure services. A recent econometric study conducted by Cabras and Reggiani (2009) on rural parishes in Cumbria, a peripheral county in Northern England, has demonstrated a positive relationship between the presence of village pubs and the amount of socio-economic activity shown by local communities. Findings from this study confirm that pubs are vital for rural communities, as they perform important social, economic and community functions in maintaining village life (Countryside Agency, 2001, Maye 2004). Despite this, there has been a constant decline in the number of village and rural pubs in the UK during the past decades (Jones and Pratten 2001, Leach 2009, Townsend 2010). Their disappearance often results in the vanishing of socio-economic benefits arising from initiatives which frequently have an origin in the village pubs, which work as a network tier for the entire area. In non-urban and peripheral areas, like Cumbria, village and rural pubs are even more disadvantaged, because their levels of custom are restricted by spatial remoteness and demographic factors. However, in the recent past there have been a number of initiatives undertaken by villagers in the attempt to save their local pubs, such as the constitution of co-operatives or other ideas aimed at providing financial and logistic support to pubs experiencing difficulties. The aim of the study presented in this paper is to identify and investigate such initiatives. The author explores original data obtained from primary research, including interviews held with

owners, managers and customers of village pubs. Furthermore, the author describes village pubs and their potential for hosting and creating social networks, and evaluates the socio-economic opportunities associated with the presence of these places. In addition, the paper attempts to identify effective policy solutions aimed at preserving the existence of pubs in remote areas.

Gateway E

CITIES IN THE EUROPEAN UNION'S POLICY FRAMEWORK

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In the late Nineties cities began to receive an increasing attention in the European Union's regional policy. Towards an Urban Agenda in the European Union (COM(1997)) marked the beginning of a number of analyses and official statements on the position of cities in the European economy and in the EU's policy framework, opening up the way to an increasingly larger importance to be assigned to urban policies in EU regional policy. The new role assigned to 'urban policies' have raised a number of theoretical, methodological and institutional questions that have not been adequately debated yet. The paper focuses on the following three issues, which seems to be of particular relevance with regards to the aim of improving the foundations of EU's urban policy: a) the amount of the resources available for urban policy and its relationship with the nature and strength of urban dis-equilibria; b) the considerable differences in the cognitive ability of local authorities; c) the long term implications of structural differences in the EU's urban systems. The amount of resources commanded by EU's urban programmes appears to be 'negligible' when compared to the scale of the economic processes taking place in cities. This fact points to the question under which circumstances – and through which instruments – cities' development trajectories can be effectively shaped by public policies. Indeed, one may raise the question whether the focus on urban policies is not, de facto, assigning to nation states and to city councils the full responsibility of shaping urban development trajectories. The considerable differences in the 'cognitive capacity' of European cities – that is, differences in their ability to choose the 'right' development strategy (and, hence, to select the 'right' development projects) – is an awkward question. The attention on 'democracy' and 'leadership' one finds in the EU's discourse is certainly important but the objective of reducing current differences in the problem-solving ability of local governments seems to go beyond that. In fact, precisely the role that "democracy" and "leadership" are expected to play in the urban policy-making process may reinforce differences in the ability of European cities to design and implement effective development strategies. The third question concerns the implications of European cities' diversity in "size" and, above all, "structure". It is often implied in the current discourse on urban policies in Europe that urban development is a matter of finding a 'niche' in the European or global market, and that 'territorial competition' will ensure this outcome, forcing cities to exploit their (specific) assets. At closer scrutiny, however, reality seems to be much more multifaceted. The specificity of their structures (and their sizes), rather than being a factor of competitive advantage, might push many cities in Europe into unsatisfying development trajectories, leading to wider economic disparities among European cities. A polycentric territorial organisation characterised by cities that are socially inclusive, endowed with a high quality urban scene, environmentally sustainable and economically viable is a rather attractive scenario – one that meets European Union's huge expectations. The agreement among member states' governments on trying to turn this scenario into reality may be very wide, as the political support given to the Leipzig Charter (2007) seems to show. Yet to date the conditions under which the new institutional and economic context would generate a balanced urban development in Europe have not been fully explored. Indeed there are instances, in the European Union's territory, of persisting "urban crisis". This paper intends to examine the extent to which – and the conditions under which – the current European Union's policy framework can deliver the desired scenario for European cities.

Gateway K

STRATEGIC DEVELOPMENT PLAN OF VALE DO RIO PARDO (RIO GRANDE DO SUL, BRAZIL): METHODOLOGICAL AND CONCEPTUAL APPROACHES

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This work aims to present the main results achieved from the process of the Strategic Plan for the Vale do Rio Pardo (Rio Grande do Sul, Brazil), established along 2009. The region under consideration is situated on Central portion of the Rio Grande do Sul State, in South of Brazil; with a territorial area of 13.255,7 km² and a total

population of 416.121 inhabitants (FEE) allocated in 23 counties. As the main source of the economy we point out to the production and manufacture of tobacco leaf under the control of some multinational companies linked to tobacco business. The elaboration of this Plan is part of a wider project of the Forum of Development Regional Board (COREDEs), private rights entities organized and run as “pro bono” civil associations with political representation for regional communities of Rio Grande do Sul. The proposal of the 28 States COREDEs Forum to carry out a technical and participative analysis of the varied regional realities was financially supported by the State Government with the National Integration Department support as well. So, this is not a plan strictly linked to initiatives that favors one specific region; better yet, covers unprecedented interests in Rio Grande do Sul. The elaboration of this Strategic Plan had three converging methodological conditions resulting from distinct experiences as the start off point. The first one was the proposal presented in the Strategic Management Course in Local and Regional Development, promoted by the National Integration Department and supported by the Latin-American Institute and the Caribbean Social and Economical Planning – ILPES, linked to the Economic Group for the Caribbean and Latin-America – CEPAL and the Inter-American Cooperation Institute for Agriculture – IICA in Brazil. This course in particular allowed for a discussion carried out by different representatives from the state regions around methodologies and ways to approach the many regional realities. The second proposition resulted from the efforts of the COREDEs Forum, to come up with an approach good enough to make viable a common methodology to elaborate strategic regional plans in 2009. The third and last proposal was similar experiences developed by the Vale do Rio Pardo Development Regional Board (COREDE/VRP) in previous periods, in a partnership with the University of Santa Cruz do Sul (UNISC) resulting in the elaboration of the Strategic Development Plan for the region (1998) plus the realization of the Regional Agenda 21 (2002).

Gateway A

FROM AN ASSEMBLY PLATFORM TO A KNOWLEDGE-BASED ECONOMY? - OUTSOURCING OF SERVICES IN THE VISEGRÁD COUNTRIES

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Foreign direct investments (FDI) in the service sector have been widely attributed an important role in bringing more skill-intensive activities into the Visegrád Four (V4) - a region which until recent times has relied heavily on FDI in manufacturing that was often found to generate activities with only a limited skill content. Tracing the history of the service sector FDI and service sector outsourcing into the V4, deconstructing the chaotic concept of the ‘service sector’ by analyzing the actual nature of activities and investors involved, and investigating the international links and local embeddedness of the firms, this contribution interrogates the role of the service sector FDI in the international division of labour with the competition based on knowledge and innovation. The paper combines data obtained through 35 in-depth case studies of service sector outsourcing projects in the Czech Republic, Hungary, Poland, and Slovakia, interviews with executives of respective investment promotion agencies, and publicly available data and statistics on activities within the service sector in the region.

Gateway A1

RELOCATIONS AND COORDINATION: THE ROLE OF SECTORAL AND REGIONAL CONTEXTS

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Relocations are generally considered by the economic literature as a part of the globalisation process conducive for economic growth through goods and knowledge flows. At the macroeconomic level, the statistical evaluation of relocations remains a complex task as their definition are not always clear (from the narrow definition of “pure” relocations to more complex considerations of the global value chain) and their scope is always a source of debate (OECD, 2007 or Fontagne, Lorenzi, 2005, for the french case). The decline of trade barriers has progressively favoured the use of global value chains by multinational firms and, at the same time, conduced to more competition between locations. From the policy makers’ point of view, relocations are also a matter of employment loss and of local attractiveness. In the recent years, the qualitative evolution of the phenomena at the sectoral and regional levels (from low cost offshoring to more technological intensive

relocations) became a new concern for the public debate. The aim of this paper is to try to understand relocations from the firms' point of view within these regional and sectoral contexts. We adopt a broad definition of relocations considered as a specific dimension of firms' mobility. Our main question therefore deals with coordination. The globalisation of the value chain in a context of open innovation leads to a more external access to knowledge for firms, but the increasing combinatorial dimension of knowledge leads also to the question of proximity inside and outside the firm. This "knowledge constraint" is analysed through the concepts of the economics of proximity (Rallet, Torre, 2005 ; Boschma, 2005). Relocations decisions are also the result of a complex decision process involving the different parts of the firm. The knowledge constraint is often unable to fully explain the mobility decision for which rationality may appear bounded. We therefore cross the proximity approach with an institutional conception of the firm. The articulation of four main relations at the firm and sectoral levels (financial, labour, commercial and purchasing relations following Jullien and Smith, 2008) allows us to identify the conditions of anchoring and mobility of firms in space. The grid is used to analyse the results of two different surveys realised in the Aquitaine region in 2008 and 2009 (FP6 Eurodite integrated project and the Escape project founded by the Aquitaine Regional Council).

Gateway H

REGIONAL INNOVATION STRATEGIES AND TERRITORIAL COOPERATION: A PARTICIPATORY ACTION RESEARCH IN THE NORTH OF PORTUGAL

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During the last years, some regions started to pursue a stronger link between regional innovation strategies and (extra-regional) territorial cooperation initiatives, towards a more proactive and strategic action vis-à-vis the funding opportunities opened by EU territorial cooperation schemes and other frameworks. In this paper we analyse the practice and the results of a participative action research project in which we were involved as external consultants of the Regional Development Bureau of the Portuguese Norte region, towards the development of a "new generation" territorial cooperation strategy – a deliberate effort to foster knowledge linkages external to the region and access the needed variety to support the regional innovation strategy, based on state-of-the-art literature in regional studies and economic geography. A central objective was to "use" territorial cooperation towards the internationalization of an emerging regional innovation system (RIS) in Norte. The establishment of cooperation links with prominent European RIS was looked as a central issue in reaching a higher level of autonomy regarding the national innovation system (NIS) architecture. Additionally, the cooperation links would be a key opportunity to benefit from the international experience of some interfaces between research university centres and firms that form presently the main component of the emergent RIS in Norte. Following a cyclical participatory action research methodology and adopting its canonical principles to the context of regional strategic planning, we analyse the processes of i) diagnosis and problem identification, ii) strategy and action planning, iii) action taking, iv) evaluating and v) learning. During 2006 an extensive number of data collection procedures, discussion meetings and regional consultation tasks took place in order to design the territorial cooperation strategy and action plan. In early 2010, we went back to the field and to the organization in order to assess the implementation mechanisms and mid-term results of this strategy. Despite the success in some specific arenas, implementation results point towards the presence of a "trap" between limited organizational learning and multilevel institutional and political blockages. We conclude by discussing the bottlenecks that may hamper the implementation of this type of strategies in similar regions, and raising the question of whether some of the objectives of these strategies are too ambitious for regional governments to effectively deal with.

DYNAMICS OF THE URBAN-RURAL INTERFACE AND THE SETTLEMENT SYSTEMS RESTRUCTURING. BUCHAREST AND GORJ AREAS, AS CASE STUDY

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The passing from a centralised system to a democratic one, specific for the market economy, led to a sudden re-organising of the urban-rural relations. The abrogation of the restrictions with a direct and indirect territorial impact determined a confuse spatial projection of the relations village - town, especially in the segment defined by the neighbouring relations. The article analyses, based on two case studies (the interface Bucharest - environmental rural area, as well as the types of interfaces between towns and their immediate rural space from a mining area, as Gorj county), the dynamic of the relation urban - rural in their contact area. Bucharest, a town with more than two million inhabitants, is a real metropolis for Romania, with a major spatial impact upon rural area. The lack of a clear spatial planning instrument led to a chaotic structure of the interference space. Under the permanent pressure of the town, the rural is transforming itself, losing its identity. In its turn, by the chaotic and excessive development, Bucharest suffocates under its own expansion. In contrast with this situation, in a mining area, characterised by small and medium sized towns, which determined a strong decrease of industrial activities, it seems that the interface encourages the rural which penetrates the urban. There are enough cases, even of rustication of the urban, due to the fact that the agricultural sector has become the most important economic sector, and the behaviour of the inhabitants from the town resembles that of the inhabitants from the countryside. The conclusion is that the evolution and the structure capacity of the urban - rural interfaces depend on the dynamic of the towns around which they individualise.

Gateway M2

CREATIVITY AND REGIONAL INNOVATION

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This paper aims to explore the connectivity between creative clusters and regional innovation. Key issues to be address include an understanding of the innovation performance of creative industries across British regions and to what extent this relates to the innovative performance of regions. The conceptual analysis is framed in the regional innovation system paradigm. The empirical analysis is based on UK data from Community Innovation Survey (CIS) 2007 for the period 2004-06. It comprises two parts. One is a descriptive quantitative analysis of the innovation performance of creative industries at regional and sector levels. The other is an econometric estimation of the determinants of firms' innovation performance which will unearth what internal, external, sector and regional factors impact and in what way on firms' innovation.

Gateway E

CONCEPTUALISING THE DOMESTIC IMPACT OF EUROPE: THE REGIONAL POLICY OF THE EUROPEAN UNION AND THE THIRD COMMUNITY SUPPORT FRAMEWORK (2000-2008) IN GREECE

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The paper aims to explain the institutional impact that the third Community Support Framework (CSF) had in Greece by adopting a conceptual framework based on the theories of Europeanisation and implementation. The four principles that govern the operation of the programme – partnership, subsidiarity, concentration and co-ordination – provided the stimulus for the changes in the domestic institutional system. It seems however that despite the significant changes that took place in the patterns of policy-making in this particular policy area, the previously established characteristics of the Greek political and administrative systems changed very little. The argument is that the introduction of the mechanisms for the governance of the third CSF led to partial and superficial reorganisation of the institutional authorities involved. In particular, the centralising tendencies of the

Greek state and the reluctance of the central government to devolve any significant responsibilities to lower levels of government are postulated as the main factors that impeded more substantial changes to take place. Thus, although there has been undoubted progress in the fields of the policy orientation, the institutional structures that were supposed to promote the effective use of the Structural and the Cohesion Funds in the third CSF continue to follow old practices. Hence, the country seems to have adapted the requirements set out by the principles that govern the European Union Regional Policy in a selective and formalistic manner.

Gateway A2

UNIVERSITIES, MULTILEVEL GOVERNANCE AND ENGAGEMENT WITH PLACE: THE CASE OF AUSTRALIA

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Universities operate in a changing and complex system of governance, particularly the scales of governance which influence university funding and regulation. Whilst national governments often take responsibility for basic funding, there are new roles for other levels of government, and for a wider array of external stakeholders. Different higher education systems provide for different degrees of engagement of national and state or regional government in the funding and regulation of universities. In addition universities also operate in a global context and hence higher education systems are becoming what Marginson has described as glonacal (global, national and local). At the same time there is an international trend towards an increasing interest in the role of universities in regional economic development, which introduces the possibility of contested governance over the purpose of universities. Changes in the balance of power between spatial scales of governance regarding HE policy are likely to impact on the orientation of universities towards regional, national or even international interests. Against a backdrop of international trends towards university regional engagement there are specific challenges facing Australia and Australian cities to which universities might be expected to contribute. Some of these challenges are consequences of the specific Australian environment – a sparsely populated continent with extreme levels of urbanisation, global peripherality yet with high resource export links to China, and a national debate about its future as a knowledge nation. Other challenges are shared with other developed economies – suburbanisation, high carbon emissions, aging population etc. The Australian university system has experienced a stronger shift than most towards a neo-liberal agenda in recent years (Pick, 2006), with consequences for the ways in which national, state and global influences have played out within the sector. Underpinning this shift has been an acceleration of privatisation on a number of levels, and shifts in the relationship between universities and governments (state and federal). Thus whilst demographic and urbanisation pressures at state level create growing demands for university presence, the powers of state and federal governments to influence universities are reduced as universities grow more dependent on international students. These dynamics work through in the form of changing geographies of universities with an increasing number of campuses differentiated according to location and student clientele. There is pressure for greater investment in areas outside the central areas of the state capitals – suburban and rural – driven by national funding and typified by the current debate on ‘regional cost loading’. At the same time universities seek to develop a presence in multiple capital cities and offshore to lure high fee international students. Australian universities are torn between regional engagement and international income generation, whilst the major campuses are to some extent disconnected from their metropolitan areas. Examples are provided of the very specific geographies of institutions emerging at metropolitan and state levels with a case study of the universities in Brisbane and the wider position in Queensland. Here we see simultaneous centrifugal and centripetal forces as metropolitan universities invest in the outer suburbs and rural areas whilst universities from smaller towns and cities look to the capital city for growth. In this context engagement is often less a university-wide strategy as something associated with certain campuses and particular groups and communities. Yet this is also where financial pressure is most acute and some of these smaller engagement campuses are vulnerable to closure. The paper concludes by drawing out some of the implications and issues of current debates on the reform of higher education policy in Australia for the future development of regional engagement, and the role of state and federal governments is influencing that engagement.

SPATIAL DEVELOPMENT AND INEQUALITY IN GLOBALIZING CITY-REGIONS IN CHINA: A CASE OF LAND-USE AND HOUSING DEPRIVATION IN GUANGZHOU

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The rapid outward expansion of urban space is one of the most visible changes in Chinese cities over the last two decades. Such rapid urban growth has been characterized by a restructuring of city centers and a major shift of people and economic activity toward outer city zones. At the same time, city economies and rural-urban migration have continued to grow at unprecedented rates. This has created tremendous strain on the environment, especially on the environments surrounding cities. The growing importance of city fringes in absorbing the forces of industrial production, urbanization, and migrant and city-born populations is accompanied by the specter of increasing inequality and deepening environmental degradation within these areas. In general, urban environmental degradation has the most immediate effects on poor urban residents. The urban poor in China are increasingly faced with social economic uncertainties and environmental problems due to the following two trends: (1) more and more low-income residents are pushed to the outer zones of cities due to raised property prices in the core, and (2) the fringes continue to absorb most of the rural-urban migrants to cities. This paper attempts to explore the rising inequality and marginality issues associated with land-use conversion and housing (re) development during the process of urban expansion in several large city-regions in China including Beijing and Guangzhou. More specifically, we will first discuss the dynamics shaping the outward and inward expansions of city-regions. Then, survey data from Guangzhou will be used to examine the impacts of expansion and housing development on various social groups. Finally, policy recommendations are made to tackle the rising conflicts among the stake-holders during the process of metropolitan spatial development.

PUTTING CROSS-BORDER REGIONS ON THE MAP - CONSTRUCTING REGIONS OF TRANSNATIONAL COOPERATION

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In recent years, cross border cooperation has seen quite an increasing relevance throughout Europe. Due to the successive liberalization of national borders, many cross border areas have started to cooperate on a regional level in order to improve functional links and infrastructure equipment. In parallel, numerous cross border cooperations have started to position themselves on a higher political level; they try to put themselves on national, European, or even global agendas and maps. In this process, the territory becomes a tricky notion not only from a conceptual but also from a political point of view: The delicate question is how to organize the political mandate on subnational level in a cross-border region: Whom to involve? Where are the delimitations of the cross-border cooperation? Who has the political mandate to act (where!)? ... The paper starts with several 'institutional mappings' of the Greater Region around Luxembourg and the Upper Rhine around Basel: (non-) variable geometries, multi-level decision making and mismatches of competencies illustrate the challenges. In a second step, a Delphi study – conducted in both regions – shows how the political decision makers deal with the situation. The carrying narratives in the political arena have to bundle and bridge the heterogenous political ambitions of the cross-border multi-level context. This paper is partly based on the ongoing research project METROBORDER in the framework of the EU programme ESPON.

GLOBAL REGION-BUILDER GEO-CODE PROTOTYPE

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Regional analysis in the United States is limited by the alphabetic FIPS codes which were assigned in the 1960's. The base codes assigned alphabetically for states, then alphabetically for counties and comparable geographies within states, made it simple to lookup individual state or county data in a list. Some regional

aggregation was done in the establishment of Metropolitan Statistical Areas (MSA), which were separately coded. Many of these regions matched the geography of early Metropolitan Councils of Government. The relationship definitions which defined such MSAs by workforce commuting, led to their widening over time to more jurisdictions, as well as necessitating combinations of MSAs for market analysis. Since the geographic base changed over time, there was little opportunity for long term analysis of change on standard geography. Totals used obscured differences within the underlying territory. There was no comparable national system to aggregate non-metropolitan counties into standard regions, although most states established some form of multi-county regional councils. Some, like Virginia, used sub-state districts for data aggregation and use by other State agencies, allowing the region number to act like a FIPS code. In the 1990's, commerce, industry and even workforce commuting expanded along Interstate and Primary routes, showing connections between MSAs and a broad range of non-metropolitan counties, often in adjoining states. To understand these relationships, there was clear need for multi-regional analysis, but no data sets supported this. The author began work in 1998 to promote the development of such a system, submitting a comment to the U.S. Census Bureau February 12, 1999 relative to: Alternative Approaches to Defining Metropolitan and Nonmetropolitan Areas. Continued work on the issue and a review of other national and international systems led to the conclusion that a global geo-code system was needed, since existing formats had tended to be based on an alphabetic approach. Given the multiplicity of regional alignments, multi-national, multi-state, a global geo-code system appeared appropriate. The purpose of this paper is to present the prototype design for the purpose of further consideration by the user communities. The system is based on a geocode scheme set up for earth that focuses on established political boundaries as a basis for regional grouping of nations, states and localities. It is decimal system based to take advantage of the sort criteria for numbers in computers. It utilized the Sector Group and Region codes of the United Nations and ISO. The basic geocodes are: 0000 Earth 0900Arctic Ocean 1000 Europe 2000 Africa 3000 Atlantic Ocean 4000 Antarctica 5000 Americas 6000 Pacific Ocean 7000 Oceana 8000 Asia 9000 Indian Ocean The codes were assigned beginning at the north pole as the zero point. The directional path used to circumnavigate the world and assign geocode numbers in the order that continents and oceans were encountered was to move North to South, then East to West (NSEW). To encompass the earth in ten sections, the most inclusive geographic features were used. Beginning at the Arctic Ocean, the number 0900 was assigned for the Arctic Ocean itself, with 0000 reserved for the Earth. Moving south along the prime meridian, Europe is encountered first and assigned 1000. Next, moving south is Africa, assigned 2000. Moving west, the north to south feature is the Atlantic Ocean, assigned 3000 with Antarctica and the southern pole 4000. Returning to the north pole and moving west, the Americas run north to south and were assigned 5000. Next west is the Pacific Ocean, assigned 6000, with the term Oceana used for the area inclusive of Australia – New Guinea and related islands. Again returning north, Asia is the next continent and assigned 8000. Moving south, the Indian Ocean is assigned 9000 to complete the system. The gross code system assigns large block of potential codes to oceans which have few political jurisdictions for which to manage information. There are different systems of accounting for continents. These can be reviewed at <http://en.wikipedia.org/wiki/Continents> The purpose of this system is to cover all geographic territory of our local planet within a ten base system. From this framework, sub-coding can go to as fine a level as necessary. The intent of the geocodes is to group political entities based on relative proximity, not the alphabetical relationship which is the basis of Federal Information Processing Codes (FIPS). Using the Sector and Region names utilized by the United Nations, <http://unstats.un.org/unsd/methods/m49/m49regin.htm>, a global geocode system can be developed. Numbering codes have been developed in prototype for sub-state regions and combinations in multi-state regions and multi-national regions, as well as multi-state and multinational regions which have related governance regions. Formats and classification rules for coding regions for aggregation are set out in the complete paper. See current listing of geo-codes in development as the tag list at <http://delicious.com/I.see.regions.work>

Gateway E

THE EX-POST EVALUATION OF THE EU COHESION POLICY PROGRAMMES 2004-2006 ON POLISH REGIONS: THE IMPACT ON REGIONAL INCOME AND EMPLOYMENT

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Bartłomiej Rokicki, University of Warsaw, POLAND

In this paper we study the impact of European Cohesion Policy Programmes on regional income and employment in Poland at NUTS2 level, applying two-step evaluation method. First, we estimate the system of two equations consisting of the regional production and labour demand functions in order to find regional factor elasticities. Here, we use a panel data for the period 1995-2007 and 12 sections of the economy at NACE two-digit level. Second, we calculate the increase in stock of each production factor due to structural interventions,

using data extracted from the SIMIK , and multiply it by previously estimated factor elasticities. Thus, we obtain its contribution to growth of production and employment. Our results differ substantially to the ones received in other studies (e.g. ex-ante HERMIN evaluations), especially in terms of employment. According to our findings, Cohesion Policy programmes 2004-2006 would lead to an increase in employment by barely thirty thousands (ex-ante studies claim that employment should grow by hundreds of thousands). Furthermore, we find that the these programmes will hardly affect economic performance of the most developed Polish voivodships, while the regions with medium and low level of per capita income may improve their economic performance. However, despite the positive short-run effects the least developed areas may become the net losers of the process of European integration in the long-run.

Gateway A2

THE GEOGRAPHIES OF UNIVERSITIES: EXPLORING HOW PLACE MATTERS

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The convenient myth that universities somehow exist in a separate sphere from the rest of society, dedicated to the propagation of national elites alongside disinterested research and scholarship, continues to cast its long shadow over discussions of higher education policy. But, of course, today's discussions take a rather different form. There has always been an argument that levels of spending on higher education translate relatively unproblematically into national economic growth. But now the emphasis is more specific: universities are explicitly tasked with finding ways of improving national competitiveness in a global marketplace. The language of work based skills, employability, widening participation, knowledge transfer and exchange has taken on a new centrality. At the same time they are expected to find some means of engaging with wider publics, justifying their existence more actively. Nowhere is this clearer than in the burgeoning debates around the regional role of universities, specifically in relation to notions like the learning region, and the knowledge economy. Universities begin to be positioned as nodes around which innovation and development can be expected. Of course, the shift from one discourse to another is by no means complete. Both national policymakers and some universities remain committed to the process of identifying elite universities whose protected status is guaranteed and which are expected to play a global role rather than any specifically regional or civic one. Here, drawing on work undertaken as part of an ESRC funded project concerned with higher education and regional social transformation, the focus will be on exploring the wider geographies of universities, locating them within the wider sets of relationships that position them within particular places. Too often a distinction is made between those (generally less prestigious) institutions that are expected to play a regional role and those (generally more prestigious) whose role is seen as national or even global. The paper considers how place matters, not just for those universities that are more or less explicitly allocated regional roles, but also for those that seek to play a more explicitly global or national role. The complex relationships between place and institution, as each helps to shape and define the other are charted with the help of case study evidence.

Gateway A

W(H)ITHER REGIONAL GOVERNANCE IN AUSTRALIA?

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In the absence of regional (sub-State) government in Australia, those concerned with managing or coordinating region-scale planning or regional development activities have developed over time a wide range of informal and semi-formal mechanisms and institutions. This has led to highly complex relationships, including funding relationships, that may or may not involve local, State and national government programs and policies. From the mid 1990s, national government sponsored institutions came to be involved more directly in developing regional strategies and funding community improvement projects. A change in government at the national level in 2007 ushered in new arrangements and created, for the first time, combined State and national regional development bodies – Regional Development Australia Committees. While this is a welcome development, there are still many unanswered questions about what exactly these bodies will do, what powers they will have, and what it means for regional governance and regional development. There are ongoing and unresolved issues of both legitimacy and capacity that are highly contentious. The paper explores how regional collaborations and

partnerships can best be supported within the emerging institutional framework and unpacks the various roles that regional institutions can play in a polity that does not formally recognise regions.

Gateway A

ETHNIC ENTREPRENEURSHIP AS A GATE TO A MORE ENTREPRENEURIAL ROMANIA: THE CASE OF TURKISH ENTREPRENEURS

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At present the contribution of ethnic minorities living in various countries to the economic prosperity and cultural diversity of those countries and the integration of ethnic minority communities in the host country's civil society are two issues of major interest. In the last decades, a specific response to these issues has been ethnic entrepreneurship. Research studies on motivation and critical success conditions for ethnic entrepreneurs demonstrate that performance conditions vary across ethnic groups. These studies also emphasize the role of education, informal social networks and traditional cultural attitudes in shaping entrepreneurial spirit and practice (Masurel et al., 2002). Based on these overall considerations our paper proposes a spotlight on Turkish entrepreneurs in Romania, as a success story which can provide meaningful lessons in the current international context. It demonstrates the role played by the robust ethnic entrepreneurship of the Turkish minority, mirrored not only by the development of successful economic businesses, but also by the construction of a cultural identity in the host country. A distinctive feature of the Turkish community in Romania is represented by its combination between the "old branch", mainly living in Dobrogea region, and the "new wave" of dynamic immigrants established in Romania since 1990. The former contributed to the smooth integration of the newcomers, while the latter offered their support to the preservation of the cultural and religious identity of the Turkish minority. Romania becomes increasingly attractive for the Turks settled for decades in Western Europe as well, and this can determine a growing share of Turkish capital as well as a higher quality of the entrepreneurial culture in the Romanian economy. The information for this case study has been collected through in-depth interviews with top representatives of Turkish-Tartar minority associations in Romania and of Turkish Businessman Association (TIAD), and combined with statistical data from various sources such as Statistical Yearbook of Romania, National Bank of Romania's reports, Turkish Businessman Association's reports, UNDP – Human Development Report, World Values Survey data, etc.

Gateway D

GOVERNANCE AND SUSTAINABILITY INDICATORS: INTERNATIONAL EXPERIENCES, GOVERNMENT STRUCTURE AND METHODOLOGIES USED FOR SUSTAINABLE DEVELOPMENT GOVERNANCE

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This article was developed with the objective to present the state of the art in sustainable development, governance and sustainable indicators; it especially concerns to what has been developed through the governmental public administration in Brazil and around world. It makes a brief survey to the following subjects: Sustainable Development, International Experiences and Government Structures, Environment Governance and Indicators, Sustainable Development Governance Methodologies and National Accounts and Satellites Accounts Adjustments. This is a bibliographical research in a qualitative boarding. The final result shows sustainable development indicators to support politician managers and to guarantee they take better informed decisions. Many international organizations, countries and regions have presented the use of pointers, but few have controlled its use.

CREATIVE MILIEUS AND URBAN GOVERNANCE: A TYPOLOGY BASED ON 10 CASE STUDIES IN LISBOA, BARCELONA AND SÃO PAULO

Pedro Costa, Lisbon University Institute, PORTUGAL

Some territories and experiences have been particularly noticed, as “creative milieus”, as they distinguish in offering specific conditions or ambiances which seem to be determinant to embed sustainable creative processes. Specific governance mechanisms have been noticed as fundamental in most of these success cases. The aim of this paper is to explore the conditions for the development of creativity in these spaces and their relation to urban socioeconomic and morphological dimensions, focusing on the governance mechanisms that are the key for the development and sustainability of each of these experiences, in diverse metropolitan contexts. In the framework of a broader research program (the “Creatcity” project), studying the forms of governance associated to creative dynamics in 3 cities (Lisboa, Portugal; Barcelona, Spain; São Paulo, Brazil), this paper covers a wide range of “potentially creative” situations, comparing 10 case studies: 3 cultural districts (Bairro Alto - Chiado, Lisboa; La Gracia, Barcelona; Vila Madalena, São Paulo), two reconverted or expectant industrial areas (22@, Barcelona, and Alcântara, Lisboa), a consolidated large scale event (São Paulo Fashion Week), a multicultural based neighborhood (Martim Moniz, Lisboa), two special particular institutional experiences (Palo Alto, Barcelona, and SESC, São Paulo) and a “regular” quarter (Almada, Lisboa). The characteristics and dynamics of each of these experiences are discussed, departing from the representations and motivations expressed by the agents interviewed in each case study, in order to analyze the governance mechanisms that support them. A typology of governance experiences is developed and some concluding remarks regarding policy-making orientations are drawn.

TOWARDS A TERRITORIAL OF THE FINANCIAL INDUSTRY: FROM A GLOBAL FINANCIAL SYSTEM TO A REGIONAL/NATIONAL SYSTEM?

Olivier Crevoisier, University Of Neuchâtel, SWITZERLAND
Thierry Theurillat, University Of Neuchâtel, SWITZERLAND

The current financial crisis has revealed the structural changes made by the development of a financial system based on a globally interconnected financial market. It poses the question of the relationship between the financial and real spheres of the economy. This question, and more broadly the question of money, hasn't been much a research object in economic geography (Pike and Pollard, 2010; French and al., 2008). Moreover, Engelen (2010) calls, by combining comparative studies on institutionalism and financialization, for studies on the “geographies of financialization” going beyond the methodological nationalism. The integration and connection process of the different regional / national financial systems to a global and financial markets based system hasn't been homogenous. Varieties of financial systems still exist. However, the various institutional and political reforms, inspired by the anglo-american financial model, have had the goal of realizing the mobility/liquidity of capital (Corpataux and Crevoisier, 2005). Financial markets provide indeed investors with the possibility of withdrawing rapidly their capital at any moment and redeploying it elsewhere, in activities located in other countries or regions. For us, the financialization consists of a process of constructing the liquidity / mobility of the capital by the creation of a financial industry, with its own actors, its own financial intermediation and evaluation forms, that develops new financial products by capturing new economic sectors and territories within a 'financialized space'. By showing that the financial industry has developed by the change of its relationship to territory (institutions, place, scale, networks), the aim of this article is to present an institutional and territorial approach of the financialization process and of its articulation with real economy. On one hand, the spatial and temporal differences of institutional changes and the kind of relations created by financialization are emphasized. On the other, this enables to put forward the heterogeneity of the impacts of financialization, and specifically of the current financial crisis, on regions and countries.

Jørn Cruickshank, Agder Research, NORWAY

Roger Normann, Agder Research, NORWAY

Hans Kjetil Lysgård, Agder Research, NORWAY

Ever since the 1960s cultural politics have gained an increasingly important role in city and regional planning in both Europe and the US. Culture is today perceived as a central element in sociocultural change, but is also regarded as an important tool for economic growth and regional development. In “Sørlandet”, the southernmost region in Norway, culture as a strategy for development was particularly focused in the beginning of the 1990s. In the regional strategy that surfaced in the document “Common goals for Sørlandet” the worry was that most of the traditional industrial base would disappear. The solution to this “problem” was to follow in the tracks of sunny California, the Southern part of England and Provence, and to support the idea that “Sørlandet” is an attractive place to work and live. The establishment of a cultural discourse did not take place in a vacuum, but was confronted with two established and well defined regional discourses. One discourse is organised around the strong clusters in the delivery and process industry along the coast. The other discourse tells the story about a region that struggles with a number of challenges when it comes to living conditions; such as marginalisation, gender equality and a high social benefit ratio. In this paper we will look closer into how the attempts to establish a cultural discourse in “Sørlandet” is being limited and made possible through these two ways of thinking and acting, and we will analyse how the play between these two discourses has shaped the content of the cultural politics of the region. We will suggest that a value creation discourse have made a bigger impact on the cultural discourse than the poor living conditions-discourse.

László Csák, CDC Consulting, ROMANIA

In the present programming period rural areas are covered mostly by EAFRD funding, and the CAP is supposed to deal with rural issues. ESPON research on the territorial impact of the CAP clearly shown that LEADER might be the only rural development tool which had positive effect on territorial cohesion – but LEADER has too small allocated sources to be really effective, even if its planning capacity building impact is evident. There is a certain debate at EU level on including rural development in the Cohesion Policy during the next programming period. Rural areas close to MEGAs or large towns can be handled for example by FUA-based generalization of the integrated urban development planning practice, but there are too many peripheral rural regions with poor accessibility and with no nearby MEGAs or even SMESTOs, which can not be covered by means of urban planning. In the present paper I would like to analyse the opportunity of the application of the LEADER approach in the context of urban-rural partnership, polycentric development and I am going to argue that during the next programming period rural development should be integrated in the Cohesion Policy by reflecting typology of rural areas, described in an urban planning context (FUA-based approach). In this respect I want to enter into detail how LEADER experience and practice can serve as a harmonized tool to be used in the special case of remote rural areas in the context of Cohesion Policy.

Márton Czírfusz, Centre For Regional Studies, Hungarian Academy Of Sciences, HUNGARY

After 1990, human geographers on both sides of the fallen Iron Curtain have become increasingly interested in theorising post-socialist socio-economical transformation processes in relation to global shifts. Monographs (such as Pickles–Smith 1998, Meusburger–Jöns 2001, Barta–G.Fekete–Kukorelli Szörényiné–Timár 2005,

Herrschel 2007, Pickles 2008) and articles (Fassmann 2000, Smith 2002, Kuus 2004, Stenning–Hörschelmann 2008) dealing with this topic all played a crucial role in shaping post-socialist transformation discourses. However, the majority of these works are rather inconsistent in terms of explaining spatial and temporal continuities and discontinuities of the changes. The paper takes up Michel Foucault's idea put forward in his seminal work *The archaeology of knowledge* (1969) in which the author calls for the identification of ruptures in the history of ideas. Although transformation discourses are mostly based on suggesting discontinuities between the past and the present (that 1990 signalled a break after which everything had to be rebuilt), they also impose narrative continuities (e.g. that the transition is a part of a global development continuum) on the processes, a phenomenon not discussed by Foucault but described in detail elsewhere (Livingstone 1992). Foucault's thesis and genealogical method concentrates only on the continuities and discontinuities in time, but for geographers space is also of interest. The paper attempts to show how similarities and differences between Western and Eastern Europe, among the countries of the latter as well as within these countries are created through transformation discourses, and examines whether these are in contradiction. In conclusion, we argue that the analysis of spatial and temporal continuities and discontinuities leads to a deeper understanding of imaginative geographies, regional development and different actors' practices in a post-socialist Central and Eastern Europe.

Gateway K

VOLUNTARY INSTITUTIONAL COLLABORATION AND STRATEGIC SPATIAL PLANNING OF CITIES AND REGIONS.

Gordon Dabinett, University Of Sheffield, UNITED KINGDOM

Uneven spatial development has been regarded as a legitimate concern of national governments for a considerable period of time. Most commonly this is expressed through policies that have an explicit or implicit objective to influence the distribution of economic development or growth. Any major imbalance in the regional distribution of wealth creation and retention is commonly perceived to potentially pose threats to economic, social and political stability. It is also often argued that a wider 'national' interest underpins the aims of such measures. However, the expression of common territorial interests has become increasingly contested. Strong normative views of spatial policy and planning have emerged where policies and strategies provide frameworks that not only justify investment but also the regulation of activities. In this view, a strategy typically articulates those spatial organizing ideas and policy principles that have the capacity to influence and structure the actions of other agencies and become to be seen as much about social process, institutional design and mobilization as wealth and job creation. This paper seeks to explore this relationship between policies designed to address spatial development and changes in spatial governance by attempting to construct and discuss a suitable conceptual framework within which the growing practices of strategic spatial planning based upon institutional collaboration might be assessed and examined. This framework seeks to explore the normative spatial development ideas that underpin emergent policy ideas and analytical constructs such as city-regions (Herrschel & Newman 2002) and mega-regions (Ross 2009) in Europe and North America, and sets this with discourses about rationalities that might provide explanations of the varied forms of institutional collaboration that are advocated to support the development of such spatial forms. This voluntary collaboration is often viewed from perspectives such as those of rational choice (Feiock 2007), state rescaling, (Brenner 2004) and metropolitan governance (Otgaar, Van Den Berg, Van Der Meerr Speller 2008; McKinney & Johnson 2009), but this paper seeks to explore the nature and purpose of regional planning as a normative activity seeking collective good and greater spatial justice. Brenner N. (2004) *New state spaces*. Oxford: OUP. Feiock R. (2007) *Rational choice and regional governance*. *Jnl of Urban Affairs* 29(1) 47-63. Herrschel T. & Newman P (eds) (2002) *Governance of Europe's city regions*. London: Routledge. McKinney M. & Johnson S. (2009) *Working across boundaries*. Cambridge Mass: Lincoln Institute. Otgaar A et al (2008) *Empowering metropolitan regions through new forms of cooperation*. Aldershot: Ashgate. Ross C. (eds) (2009) *Megaregions: planning for global competitiveness*. Washington: Island Press.

József Attila Darabos, Babes-Bolyai University Cluj-Napoca, ROMANIA

Following the negotiations for Chapter 22 – Environment of the Accession Treaty, Romania has certain commitments that imply substantial investments in environment infrastructure. The most important strategic document for the 2007-2013 planning period is the Sectoral Operational Programme Environment (SOP Environment). SOP Environment is designed to contribute substantially to the achievement of thematic priority “Develop Basic Infrastructure to European Standards”. Its global objective is to improve the living standards and the environment, focusing in particular on meeting the environmental acquis. This objective should be seen in the light of the unprecedented increase in disparities within the enlarged European Union and the long-term nature of the efforts that will be needed for Romania to reduce them. The needs are really huge. Only for the strategic direction “Improvement of accessibility to public utilities in Romania and support conditions for economic development in the regions” needs investments estimated to about 29 billion Euro by 2018. The amount offered by SOP Environment signed in July 11, 2007 is about 5.5 billion Euro. The North-West Region was created under the influence of the European regional policy and it consists of six Transylvanian counties: Satu-Mare, Bihor, Maramures, Salaj, Bistrita-Nasaud and Cluj. The importance of using EU financing was understood in this region. Out of 15 prepared projects on national level for 2007 four of them are from this region. Among them the most important project is “Modernization of water/waste water infrastructure in the main agglomerations from Cluj-Salaj counties” according to the Feasibility Study the costs are around 170 millions Euro. There is still another project prepared in water sector for Turda-Campia-Turzii area. Another important priority axis is “Development of integrated waste management systems and rehabilitation of old ecological burdens”. Two projects shall be started in 2007 in the North-West Region in Bistrita-Nasaud and Maramures counties.

Alexandra David, Institute for Work And Technology, GERMANY

The study results of seven European regions conducted as part of the EU project Corporate Culture and Regional Embeddedness (CURE) show that regional advancement especially with regard to open innovation processes can be achieved by successful regional networking activities. The regional network structures studied within the project were identified and classified in the sense of the Triple Helix (TH) model (Etzkowitz) - namely government, university and industry. First outcomes suggest varieties among the identified TH models within the regions. The TH models differ from region to region with regard to their structure, the partners/functions and their degree of involvement. Moreover, a regional difference concerning the integration of further groups in regional network activities was observed, as well as different regional tendencies and openness to extend the network and go beyond the TH model. Since regional cultures were recognized as one of the reasons for regional differences, this paper will elaborate the results of the studied regions concerning their network activities and compare them with regard to their regional cultures. The findings aim at a presentation of cultural path dependencies within regional networking processes and at the same time intends a rethinking of regional network structures based on the TH especially with regard to its extension.

**NURTURING THE DEVELOPMENT OPPORTUNITIES OF NON-URBAN REGIONS:
PERSPECTIVES AND POLICY IMPLICATIONS FROM THE EDORA PROJECT**

Thomas Dax, Bundesanstalt Fuer Bergbauernfragen (BABF), AUSTRIA

Petri Kahila, Nordregi, SWEDEN

David Meredith, Irish Agriculture and Food Development Authority (TEAGASC), IRELAND

Paul Courtney, University of Gloucestershire, UNITED KINGDOM

This paper reflects the reformulated policy rationale which does not place regional problems into the centre but seeks to explore opportunities of rural regions and to support them in realising their potential. The synthesis work presented from the ESPON EDORA (European Development Opportunities in Rural Areas) project on the policy implications is based on the systemic analysis of the diversity of 'rural' contexts and pathways for future perspectives. The changing position of localities and regions in a more globalised political economy has been recognised as an origin for the diversity and variety of forms of social and political development. The regional and local actors have thus gained relevance and cooperation and mutual relations are crucial for assessing policy implications. This makes governance of non-urban regions a rather complex, and not automatically coherent process. As the influential drivers in development strategies can be both exogenous and endogenous, any development process might result both from using local potentials and from capacities to attract external resources, including taking advantage of external investments. The analysis of main drivers and divergent concepts to explain spatial changes are used as starting point for relevant policies in these areas. In particular, the various forms of rural-urban cooperation may well prove central to the goals of territorial cohesion policy, particularly with respect to allowing citizens 'to make the most of the inherent features of their territories'. Cohesion aspects with regard to challenges of sustainable development are particularly relevant for the different contexts of non-urban regions and have an increasing relevance as a counterweight to concentration trends. Policy implications will have to outline views on future perspectives, focus on the interrelations of regions and highlight the need to valorize the opportunities of different rural regions. Thus it is envisaged to contribute to the actual debate of cohesion policy.

**THE SPATIAL INDUSTRIAL ORGANIZATION OF INNOVATION - EMPIRICAL REFLECTIONS
WITHIN A HOMOGENIZING RESEARCH DESIGN**

Pieter De Bruijn, Ministry Of Economic Affairs, NETHERLANDS

This paper contributes to the understanding of spatial determinants of innovation, notably on the intersection between collective learning processes and network linkages. Spatial dimensions of innovations are assessed from the individual firm's perspective, drawing on spatial interpretations of theoretical contributions within industrial organization, notably dynamic transaction costs theory and the competence- (or resource-)based view of the firm. On the basis of micro-level data, drawn from the second Community Innovation Survey, a number of hypotheses is tested on Dutch firms engaged in collaborative innovation processes. Conclusions concern, firstly, a positive connection between the distance between collaborating partners and transaction costs. Secondly, in explorative learning strategies, firms attach high importance to extra-regional and international linkages. In explorative learning stages, firms have to tap from a variety of sources which are often not readily available within the regional environment. However, when firms, active in explorative search strategies, are situated in a regional environment that is able to offer access to the set of complementary competences needed to successfully accomplish the innovation process, these firms derive competitive advantage from the regional network environment.

THE INFRASTRUCTURE OF KNOWLEDGE IN THE PERIPHERY - THEORY, METHODS AND SOME PRELIMINARY RESULTS

Peter De Souza, University College Of Hedmark, NORWAY

A presentation of historical and up-to-date contributions and discussions in the field. Also a discussion on theoretical and methodological preconditions and an introduction of what will be an empirical analysis in the county of Hedmark. The analysis and arguments usually get stuck on the level of Higher Education and especially the presence and functioning of Universities in, in this case, regional development. Very much of modern regional growth and development theory (RIS, Triple Helix, learning regions etc) are, probably by nature of their importance focused on the connection between the university/ies and society. We would like to take one step further, i.e., to the establishment and eventual functioning of the University College and their pros and cons, but enlarging the scope to what we loosely define as the knowledge infrastructure system. What we will consider is the whole range of educations and their institutions, but also a framework of institutions like general and specialized R&D institutes, libraries, archives, consultants and all the way out into the morass of tacit knowledge. The argument is quite simple, the knowledge dimension of the regional development process is a function of the totality, i.e., the dynamics of interaction in the field. Fragments of what has been said in the field so far will be presented and an indication of some of its inconsistencies, failures and drawbacks – and what has been said about the periphery in special. Which brings us into a special definitional exercise also covered elsewhere. How peripheral should the periphery be in order to be noted as a special case. What are the variables and characteristics. What are the quantities and qualities. What we are theoretically ending up with is a discussion on the incompleteness of structures, when they are most eloquently defined, and the implications of that. Hedmark county will tentatively be taken as an example including preliminary steps in a historical description.

LARGE ENTERPRISES AS EMPLOYERS IN RURAL PERIPHERAL AREAS: AN OPPORTUNITY OR AN OBSTACLE FOR LOCAL DEVELOPMENT?

Magdalena Dej, Jagiellonian University, POLAND

Large enterprises located in peripheral areas are not a frequent phenomenon. Apart from resources (significant for the mining industry and selected branches of the processing industry) and accessibility (proximity of main transportation routes), factors which condition localisation of such companies include the desire to decrease production costs by using local work force. Production in such enterprises is characterised by high labour consumption and low qualifications of labourers. Apart from employing local population, such enterprises usually have weak ties with the place of localisation, mainly due to the fact that their cooperation with local entities is limited. They exert greatest impact on local labour markets which is the subject matter of detailed deliberation. Main objective of the study is to indicate the benefits and threats for local development of rural peripheral areas resulting from operation of a single large employer. The research was conducted in twelve rural communes located outside of metropolises and having large enterprises within their borders (a minimum of 200 employees). The following data was gathered during field research: - information provided by companies on employment size and structure, residence of employees, wages, working conditions; - employers' opinions on local labour markets, further operation plans and localisation motives collected via interviews with the managerial personnel; - opinions of local community representatives, including employees of large enterprises obtained via questionnaires distributed among residents. Moreover, data provided by commune offices and data from the Central Statistical Office was also used. Collected information allowed for determining: - degree in which local labour markets are dominated by large enterprises and their stimulating or constricting role for local entrepreneurship; - working conditions offered by large companies in comparison to other economic entities; - impact of enterprises onto quality of personnel on local labour markets; - degree in which residents of analysed areas employed in enterprises draw from the models of immigrant workers; - role in local development ascribed by local inhabitants to enterprises; - impact of the enterprises onto changes in migration tendencies and vocational plans of young people. It seems that large enterprises located in rural peripheral areas may become a stimulus for development, provided they stimulate endogenous development, i.e. when ties of the enterprises with the local environment are not solely based on exploitation of local labour force. This phenomenon is observed in the case of enterprises whose owners come from the local community (whose localisation motives - apart from economic calculation - also included personal emotional relation to the analysed area).

RESILIENCE AS THE GUIDING METAPHOR FOR URBAN REGIONS ADAPTING TO CLIMATE CHANGE?

Sonja Deppisch, HafenCity University Hamburg, GERMANY

Climate change is occurring and poses risks for urban regions through rising temperature or extreme weather events for example. Climate change scenarios are accompanied with uncertainties, and the specific local consequences of climate change are difficult to predict. Early adaptation measures can reduce the impact of potential threats. Even with a successful reduction of greenhouse gas emissions, inertia within the climate system means that climate change will continue. Therefore, striving for a long-term socio-ecological regional development, it becomes essential to develop comprehensive adaptation strategies. A challenge is to prepare for the uncertainties and to become resilient towards unforeseen future impacts of climate change. This is especially the case in urban regions that experience manifold pressures on their spatial development. Within this context, the paper tackles mainly the following questions: Can the concept of social-ecological resilience (Folke et al. 2002, Berkes et al. 2003, Walker & Salt 2005) serve as guiding principle for regional development confronted with the challenges of climate change? What lessons could be learnt through examining the applicability of this concept and its further conceptualization to the regional and local level (Pendall et al. 2007, Wallace & Wallace 2008) to the question of how to treat uncertainty and potential nescience while striving for sustainable regional development? Which consequences could be evoked through an orientation towards this concept? This paper is mainly based on literature research and analysis of conceptual and theory-orientated literature of social-ecological resilience and of regional development. Additionally, preliminary results of the analysis of documents on regional development and adaptation to climate change impacts and some qualitative interviews are supporting the argument. The paper tries to contribute to the topic of regional development under climate change from a theoretical perspective and takes a critical viewpoint on the concept of social-ecological resilience and its application as potential new guiding metaphor for regional development.

'ESTIMATING THE CAPITAL STOCK FOR THE NUTS-2 REGIONS OF THE EU-27'

James Derbyshire, Cambridge Econometrics, UNITED KINGDOM
Ying Chou, Cambridge Econometrics, UNITED KINGDOM
Ben Gardiner, Cambridge Econometrics, UNITED KINGDOM
Jon Stenning, Cambridge Econometrics, UNITED KINGDOM
Sevrin Waights, London School of Economics, UNITED KINGDOM

In the past many countries joining the European Union, such as Spain, have qualified as a single unit for support from cohesion and development funds. However, as accession countries have become more developed, regional disparities have emerged similar to those already in existence in the more developed nations of the EU. As a result, in order to identify and target lagging regions as part of cohesion policies, policy makers now require statistics to be produced at regional level. In many instances it is not possible simply to compare regional-level statistics produced by Member State national statistical offices as there is considerable variation in the methods and assumptions used to produce them. Capital stock statistics at the national level have been available for most countries of the EU-27 for some time, but statistics at the regional level are absent for almost all countries. Where they do exist the methods used to produce them are not consistent across countries.

LEARNING FROM COLLABORATION: LEADERSHIP, VOICE AND IDENTITY - THE CHALLENGES OF INTER-ORGANISATIONAL CO-OPERATION

John Diamond, Edge Hill University, UNITED KINGDOM

This paper attempts to identify the ways in which models of leadership within public and private sector organisations are seen as being appropriate for not for profit organisations. In particular, the paper draws upon

an on-going collaboration between a large public agency (a university) and a not for profit organisation . The paper discusses the contrasting and competing models of leadership present and the ways in which concepts of voice, authority ,and identity were discussed, contested and played out within the partnership. A key element of the relationship was the attempt to co-construct a curriculum for intending leaders in the not for profit sector. The paper examines the ways in which the different participants in the enterprise understood the models present.

Gateway K

THE INTEGRAL APPROACH AS AN INDISPENSABLE ELEMENT IN THE SPATIAL PLANNING IN CHIHUAHUA

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Aida Rodriguez, Universidad Autonoma De Chihuahua, Facultad De Ciencias Agrotecnologica, MEXICO
Mario Maldonado, Universidad Autonoma De Chihuahua, Facultad De Ciencias Agrotecnologica, MEXICO

Result of the globalization process, the competition schemes have been modified. Now the flow of goods, services and people occurs all over world-wide geography; the political borders are no longer a barrier, the majority of the world economies have chosen to open their borders to the commerce with other nations. What it has been translated in a common exigency for the regions: a higher level of competitiveness to face the challenges that these new conditions represent. In this order of ideas, the State of Chihuahua has not had a homogenous process as far as the global economic dynamism; this has been built in the growth of sectors such as: manufactures; electricity, gas and water; commerce, transport and communications and financial services. It emphasizes, with singular preoccupation, the reduction of the farming activities in the generation of the state wealth. The preparation of the human capital that requires the state of Chihuahua, today and in the future, is a priority recognized by the University of Chihuahua, reason why the Faculty of Agro technological Sciences has taken the task of presenting a proposal like an alternative to the formation of human resources in these disciplines that help to the regional harmonic development. With this vision, was developed the degree program denominated Spatial planning Engineer who constitutes a new perspective of integration of different knowledge areas in the scope of the university professional formation. This proposal implies an active and permanent relation with the social environment. It constitutes a new perspective of integration of different knowledge areas in the integral development of the regions of the State of Chihuahua offering alternative of development before diverse problematic and situations that appear doing it from a democratic and participating perspective, with social, institutional and environmental, integral and integrating an approach.

Gateway K

GLOBAL CHALLENGES AND STRATEGIC RESPONSES IN URBAN DEVELOPMENT: THE CASE OF THE HUNGARIAN REGIONAL CENTRES

Zsuzsanna Doktor, University Of Pécs, HUNGARY

European spatial development is again focusing on cities since spatial processes are constantly becoming more concentrated on this territorial unit. The character of cities and the nature of their function determine the development of their broader areas, and they both generate and display competitiveness. This change can be well followed through in the focus of the Hungarian scientific literature in according to spatial development of recent years. The main goal of urban development is to improve the living standards of the residents, which makes the policy-makers to choose between competitiveness and cohesion carefully. According to the new, so called soft factors of success these dimensions became tightly related as ever. The significance of the knowledge-based and service sector, the range of business services (information economy, production services, R+D sector) became drivers of development. The new growth factors and resources redrew the competitiveness map of cities, which means that in cities that were lagging behind according to the traditional factors (e.g. location and infrastructure) with a good strategic plan policy-makers can help to restructure the economy and create a business friendly environment and a good to live in city. Our cities are facing global challenges, while they are in competition both in nationally and internationally to attract investments and residents. They can match these challenges only with consequent strategic programs, which have to offer solution for the global economic challenges and social conflicts of the 21st century. The main goal of my presentation is to introduce

the global challenges the Hungarian pole-towns are facing and the strategies along which they hold on to the competition and become real regional centres.

Gateway A

THE GEOGRAPHY OF INNOVATION: UNDERSTANDING ITS COMPLEXITY

David Doloreux, University Of Ottawa, CANADA

Richard Shearmur, INRS-UCS, University of Quebec, CANADA

The geography of innovation is usually understood from an institutionalist and regionalist perspective: given the attributes of firms (sector, exports, R&D...) innovation is thought to occur more readily in regions that possess certain qualities - labour market, institutions, culture, related activities. In this paper we test this understanding against a complementary but little studied one, i.e. that certain types of innovation may occur if firms have access to, but are not necessarily located within, large and medium sized urban areas. Using an original wide-scale survey of establishments, we test these two hypotheses - the regionalist and the accessibility ones - on Knowledge Intensive Business Services in the province of Quebec Canada. In particular we seek to explore whether geographic patterns of innovation are similar for different types of innovative behaviour. More specifically, we aim to respond to the following questions:

- i- to what extent different types of innovation vary from key markets and key sources of information;
- ii- ii- to what extent do the firms characteristics in terms of collaboration, sources of information, size, etc. account for the differences for the geographic pattern of innovation in KIBS.

Gateway E

SHOULD WE FIGHT LOCAL AND REGIONAL DISPARITIES IN ECONOMIC DEVELOPMENT?

Boleslaw Domanski, Jagiellonian University, POLAND

Spatial disparities are commonly viewed as a negative phenomenon and are therefore regarded as one of the most important challenges to regional policy. The paper addresses the issue whether a policy focused on reducing local and regional disparities in economic development is truly justifiable. The author's main proposition is that an assessment of these disparities should depend above all on whether we are talking about disparities in standards of living or in economic activity, on the long-term effects of these disparities for regions and areas of low living standards as well as on the spatial scale and time span. It is argued that public authorities should target their intervention primarily on raising living standards in deprived areas, rather than restricting the spatial concentration of economic activity. Economic growth is bound to remain spatially concentrated, because this offers benefits to enterprises and contributes to overall economic growth. At the same time, living standards may rise outside metropolitan areas and poles of economic growth leading to diminishing divergence vis-avis these areas. Intra-regional convergence in terms of living standards can be achieved by integrating places preferred by industry with residential areas. Public authorities should therefore target their policies at overcoming barriers that restrict access to social goods by means of supporting this integration primarily in the area of infrastructure, public services, institutions and human capital. These measures will also help economic growth, which, however, does not need to be faster than in metropolitan areas. At an inter-regional scale government policy should focus on economic integration between the more backward and more developed regions so that the former are better capable of utilising development stimuli generated by the latter. The success of local centres of growth in less developed regions should help increase the standards of living in these regions provided that it is accompanied by intra-regional integration, even if the economic growth of the entire region is slower than in more developed regions. It is argued that the contradiction between dynamic economic growth of metropolitan areas and the concept of territorial cohesion is the result of a misguided understanding of both spatial disparities and territorial cohesion. Territorial cohesion, at both intra-regional and inter-regional scales, should be understood in terms of economic and social integration, rather than as an equalisation of spatial disparities.

BEING POOR IS NOT ENOUGH: THE DISTORTION IN THE ALLOCATION OF THE EU STRUCTURAL FUNDS

Nicola Francesco Dotti, Politecnico Di Milano, ITALY

The European regional policy is conceived to support 'regional convergence, competitiveness and cooperation'. However, given the complexity of the European multi-level governance (MLG), the 'Structural funds' policy (SF) suffers an 'economic democratic paradox' because the allocation of these funds follows the EU eligibility criteria to a limited extent. Specifically, eligible regions have shown different capabilities to attract these funds, determining significant distortions respect to those criteria (below 75% of the EU average for GDP per capita and unemployment). On the other hand, the European MLG seems unable to assure stronger support in these regions, although they have been recognized as more needy. This fact might be seen in a both positive and negative way. Assuming a positive perspective, this distortion might be seen as a way to reward regions able to provide 'better' programmes for regional development. Otherwise, assuming a negative perspective, this fact makes evident the presence of political and institutional lobbies that are able to distort the funds allocation, undermining the rationale of this policy. Furthermore, in a context of growing decentralization, regional governments become more relevant as actors involved in the process of funds allocation. Finally, the extremely complex and heterogeneous institutional framework of the EU should be considered when the Structural Funds are studied and evaluated. Assuming the 'territorial capital' approach, the hypothesis is that regional governments work as pivot in the territorial collective action in order to collect the Structural Funds, given the complex and uncertain framework of the EU MLG. Specifically, the EU Commission required satisfying the criteria of additionality, partnership and programming to access these funds. This capability becomes a crucial asset of the 'territorial capital'. Specifically, smaller regions are more able to collect funds, considering their level of regional development in comparison with other regions, because smaller and homogeneous groups are more successful in their own collective action. However, the results change according to the different degrees of institutional decentralization: stronger regional governments are more relevant in 'more federal' countries. In order to test the hypothesis, a quantitative analysis will be applied to the allocation of the SF since 1989 to 2006. The analysis will be carried out on the EU-15 States where there are almost three regions in the same Objective (Objective 1 or Objective 2 regions), and where there are elective regional governments.

EVOLUTION OF BILATERALISM IN TRADE RELATIONS OF ASIA AND PACIFIC REGION. AN OVERVIEW

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In their drive to find an alternative solution to WTO and APEC, countries of Asia and Pacific region reach for bilateral trade agreements. Bilateral relations in trade patterns of the region under study are actively sought not only within the region, but also in trade agreements with distant countries that represent the pro-import markets. With impact of the Asian financial crisis of 1997 – 1998, with resulting need to re-orient trade relations, with liberalization of trade and capital flow and with scarce potential to enter into multilateral agreements, countries of Asia and Pacific region chose bilateral approach as the key alternative to a wide spectrum of trade patterns. The evolution of bilateralism in Asia and Pacific region may be perceived as a series of phases. The first phase of this process concentrates on the roots of bilateralism, namely the effects of external shocks such as the end of Cold War and financial crisis of the late 1990s, as well as the resulting wariness in regard to perspectives of multilateral agreements in trade. The above phenomena seem to motivate the countries of the region in their preference for bilateral agreements, characterized by a varied degree of cooperation, varied nature of the ties (liberal vs. protectionist) and varied scope (i.e. the number of areas subject to trade agreement). In phase II, original bilateral agreements evolve in response to a number of factors of economic and political nature. Those changes may take the form of modifications to the original content and scope of bilateral agreements, broadening of product and/or sector structure within the existing agreements and incorporation of new countries. The last, third phase of the evolution process is concerned with the effects of new forms and specificities of the agreements upon the existing trade contracts. Do the new trade agreements incorporate well within the wide spectrum of regional and multilateral agreements or do they pose a threat to the trade relations at hand? Negotiation of bilateral agreements and their potential expansion towards multilateral trade contracts, together with effects of the shift in trade and investment flow, may significantly affect broader trade agreements, such as AFTA, APEC, NAFTA and WTO. The large number of bilateral agreements initiated in Asia and Pacific region

in the first decade of the 21st century, though widely acclaimed by supporters of trade liberalization, bears the risk of the so-called spaghetti bowl effect. It is therefore necessary to devise efficient instruments and methods that warrant cohesion across the multitude of bilateral agreements, so that regional cooperation does not stray towards a chaotic knot of decidedly conflicting regulation. It is not a question of institutional superstructure, as such solutions may be perceived as contradictory to the values of bilateralism. It is a question of precise rules for construction of individual agreements; rules that offer transparency and clarity of procedures, as well as secure economic and political interests of both parties, regardless of their status of an economic power (Japan, China and the USA) or a petty actor of the region (Vietnam and Cambodia).

Gateway A

NETWORKS OF FIRMS, FIRMS IN NETWORKS - THE CASE OF SMES IN SPARSELY POPULATED REGIONS OF SWEDEN

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Rural regions and small businesses are often portrayed, in globalisation studies, as being marginalised in the processes of contemporary globalisation. The present paper presents the conceptual framework and preliminary results of a study investigating the spatial and socio-economic structure of the business networks of SMEs in the northern, sparsely populated areas of Sweden. Small firms in those territories cannot draw on external economies of agglomeration due to the long distance to large metropolitan markets as well as the long distance between the regional settlements. The study claims that the networking economies gained through the development of effective relations of these firms both inward, within their surrounding business environment, and outward, outside their domestic markets, provides economic benefits that may substitute the effects of localisation and proximity. Processes of contemporary globalisation have further emphasized the fact that local economic agents are evolving in webs of networks whose structure may vary in spatial extent and intensity, and overlap. The author argues that the process of global integration of those firms is parallel to a process of embeddedness, or territorial anchoring, in the local business environment, and not opposite to. The author further argues that the role of non-business actors is instrumental in bringing together the firm's business network. Local and county authorities, professional associations and educational centres may act as 'global connectors' for the local SMEs. The investigation of the spatial and socio-economic structure of the business networks of a sample of SMEs located in sparsely populated areas of Sweden will provide insights on how national and regional policy initiatives may provide efficient support to local entrepreneurs 'for going global'. The need to understand regional development in its relational dimension rather than taking it as a purely place-bound, territorial one is, in fine, the main conceptual objective of this work.

Gateway K

CROSS-NATIONAL COMPARATIVE RESEARCH IN PLANNING: BUILT ON SOLID METHODOLOGICAL FOUNDATIONS?

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In the context of increasing international cooperation of planning researchers and practitioners, comparative planning research now holds a firm place. Cross-national comparisons are undertaken to inform and enrich policy debates by learning from experiences abroad (Dolowitz and Marsh 2000; Evans and Davies 1999; De Jong 2004). In Europe, where planning is increasingly influenced by EU policy and legislation, comparisons often analyse the reasons for differences in responses to supra-national influences, and seek to better understand the challenges of cooperating on spatial development across national borders. Variations in the culture of planning have become important in explaining challenges in communication in transboundary cooperation initiatives and barriers to the successful transfer of policies (e.g. Sanyal 2005; Knieling and Othengrafen 2009). However, in contrast to the theoretical debates, there has been little discussion on the methodological challenges of undertaking cross-national comparative research in the past decades. This paper presents an analysis of the empirical research approaches in journal articles on cross-national comparative planning topics, with a particular focus on the researchers' reflections on the potentials and challenges of undertaking planning research in a comparative perspective. Set against theoretical discussions on planning cultures, lesson drawing and policy transfer, the paper argues for more methodological clarity and concludes with a critical discussion of the requirements for doing sound cross-national comparative research.

IS IT TOO DIFFICULT TO HAVE SYMBOLIC KNOWLEDGE IN TOURISM SECTOR FOR REGIONAL DEVELOPMENT? SOME FIRM LEVEL EMPIRICAL RESULTS FROM ANTALYA REGION

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While knowledge economy has been decisive on regional development, it is mainly examined through the lenses of technical innovation and analytical knowledge, leaving non-technical innovation relatively unexplored. However non-technical innovation today covers wide range activities of the service sector including the tourism. Due to its dynamic nature, less dependency on technology and intensive human orientation, tourism sector has been targeted by both developed and underdeveloped regions to foster economic development. As a part EC funded Framework Project (EURODITE) this paper explores non-technical innovation processes and the evolution of symbolic knowledge in a particular Mediterranean destination, namely Antalya. In Antalya the massive shift in incoming tourists from European toward CEEC and Russia enforced the firms to take necessary precaution in order adapt to the knowledge needs of which mostly consisted of symbolic knowledge. The responses include vertical and horizontal integrations among the firms and unprecedented labour mobility which have supported adaptation of different business models and strategies, services and on-site-services like language, cuisine, inferior design, entertainment activities. These combinatorial knowledge needs are correlated with the profile of new markets namely, cream de cream, ultra rich class (e.g. customers for thematic hotels), mass tourism (e.g. 4S, but with a Russian modification), cultural tourism. Unlike analytical and synthetic knowledge symbolic knowledge activities necessitate adjustment to local and regional circumstances although most of the knowledge adaptation and transfer seem simple. Nonetheless the market structure of tourism sector in Antalya displays an irony concerning the symbolic knowledge: generally, the domestic tour operators and hotels are bounded to international operators through an asymmetrical relation. Knowledge (about customers, market research) is generated somewhere else but exploited or used locally. Domestic companies do not have the ability to control and direct the market; instead it becomes a must for them to accept the demand which is directed to them. Thus vertical and horizontal integrations become a vehicle for knowledge transfers likewise labour mobility. Due to market dominancy, competition determines the knowledge relations but the variety of tourism activities necessitates cooperation among supplementary services which are subject to knowledge canals at local level unlike the knowledge pipelines at the international level. On the other hand we observe that the scientific and educational organizational activities that support the knowledge transfers are relatively poor, most probably due to combinatorial and composite nature of symbolic knowledge. Finally, the paper also explores the mechanisms which cause anchoring and mobility of knowledge.

RECENT DYNAMICS IN EUROPEAN CROSS-BORDER COOPERATION: TOWARDS A NEW PHASE?

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The paper wants to show the evolution and development of territorial cooperation at sub-state level, which includes mostly cross-border cooperation, along with interregional and transnational cooperation. After the appearance of the first initiatives in Central Europe (along the boundaries of Germany, Switzerland, France and the Netherlands) during 1950s, hundreds of experiences have appeared across European borders, especially from 1990s. We can say that nowadays virtually all border sub-state authorities participate in cooperative initiatives, under names such as Euroregion, Working Community or Eurodistrict. This phenomenon is part of a broader process appeared in Europe during the 20th century, particularly after the Second World War, linked to different scales, administrative levels and actors. At supranational level it has developed an intergovernmental cooperation that has led to the creation of the European Union and the Council of Europe among others. At local scale twin towns and sister cities have been consolidated. At regional and local level have been developed some forms of association (AEBR, CPMR or AER), in addition to sub-state territorial cooperation. The carried analysis allows detecting three major phases in the development of sub-state territorial cooperation. The first, from its appearance until 1970s, was characterized by a weak development, lack of experience and support, and initiatives concentrated on Central Europe and Scandinavia. The second phase takes place during the 1980s, at

which the first legal supports were applied, especially by the Council of Europe (Madrid Outline Convention, 1980) while cooperation initiatives were also extended towards Southern Europe. The last phase corresponds to 1990s and 2000s, at which financial support is added, mainly from European Union (Interreg and, more recently, European Territorial Cooperation programmes), while initiatives are also extended to Eastern Europe: both are key factors for a considerably quantitative increase. In this last stage it is made a special emphasis on recent developments, such as EU regulation for European Grouping for Territorial Cooperation (EGTC, 2006), and CoE regulation for Euroregional Co-operation Groupings (ECG, 2009) that may lead to a new phase.

Gateway D

WHAT'S NEXT IN CLUSTER POLICY RESEARCH: CLUSTER GOVERNANCE FOR EFFECTIVE CLUSTER POLICY

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The theoretical and policy debate on cluster reinforcement has, so far, largely focused on the economic-geographical dimension, underplaying the complex administrative context in which policymaking is undertaken. I wish to bring to light the significance of policy leverage – the formation and effectiveness of cluster policy. Currently, cluster policy develops either unfounded as many policy officials exhibit a groundless faith in ‘replicating prescription-policies’ or by chance as policy officials act on a ‘fingerspitzengefühl’. Not surprisingly, application is not all roses as interventions are mismatched and effectiveness falls short. This research project assumes that one underlying deficiency is that the intelligence base of cluster policy is largely based on generic ideas and routines, and fails to take into account the more detailed insights and encountered needs of the cluster actors – these remain clouded due to a lack of (pre-) consultation and co-producing engagement of cluster actors in cluster policy development. To put it crudely: cluster policy development occurs in a vacuum. A stronger coupling between cluster policy development and so-called local strategic intelligence is desired and strategic action needs to be collectively undertaken. This research project therefore contends that a demand-initiated, bottom-up cluster policy is preferred with a key role played by local civic entrepreneurs. It proposes a cluster governance structure – nicknamed a dignitary get-together – that allows for an informal, flexible, continuous strategic dialogue on cluster actors’ needs. The attained strategic intelligence is ‘put to work’ in a collective determination of interventions embedded in a distinct implementation strategy. This paper will present the conceptual framework of the research project and explain how this will be applied to four case studies (Nijmegen, Enschede, Hengelo and Leeuwarden) through the employment of action research.

Gateway A

EUROPEAN INTEGRATION AND REGIONAL DIMENSION OF UNBALANCES

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The economic effects of the enlargement process in the EU are mainly approached from two points of view concerning, on one side, the consequences for EU former members and, on the other, those for entrants. The hypothesis that integration has to be considered for new comers as a “fast lane to prosperity” is assumed. Potential economic benefits can broadly be grouped in three main categories: opportunities linked to trade liberalization; increase in efficiency driven by competition and increasing specialization together with delocalization processes. Possibilities for less developed entrants to catch up seems linked to their capabilities to follow a path of transformation and specialization in production processes coupled by change in institutional and organizations’ assets and performance. Following this premise, in the paper concepts above resumed will be discussed. The analysis will be centered specifically on highlighting critical elements in the integration process of countries with different degree of development. It will be discussed the possibility that the change dynamics taking places inside some countries (CEECs in particular), even if coherent with long term catching up strategies, could cause widening of gaps internal to these countries. The approach that will be followed in the paper will emphasize the relevance of knowledge economy mechanisms which undoubtedly can support gap reduction but could as well emphasize process of polarization.

THE ACADEMIC ENTREPRENEUR: MYTH OR REALITY FOR INCREASED REGIONAL GROWTH IN EUROPE?

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Attila Varga, University of Pécs, HUNGARY

Knowledge flows from universities to the regional economy can take different forms ranging from formal research collaborations to consultancy and informal personal connections. One of the knowledge communication channels drawing substantial interest of both researchers and regional policy makers is academic spin-off firm formation. According to the concept of the 'academic entrepreneur' (Etzkowitz) university spin-off firm formation has grown naturally from the academic culture of the US where professors traditionally behave very much like entrepreneurs while setting up and maintaining research labs, hiring research assistants, 'marketing' research results in conferences and publications or networking with colleagues and funding agencies. Spinning off a company is just a step forward from such entrepreneurial tasks of academics. Thus according to this concept academic motivations are main drivers in university spin-off firm formation in the US. Despite this challenging view the empirical literature pays relatively little attention to the particular 'academic' features of university spin-offs and rarely considers the specificities of university entrepreneurship most notably the role of scientists as entrepreneurs. Empirical evidence suggests that Europe performs less successfully than the US in transferring knowledge from university labs to the regional economy via spin-off companies. One potential reason behind this difference is that institutions that determine the continental European research system hold back the emergence of academic entrepreneurs. Thus it is the main research question in our paper whether those specific 'academic' drivers behind university spin-off firm formation are present at all in the continental European context. The related question is whether professional characteristics of the academics, their social capital, the norms of academia and the academic and business environment support or hinder these academic motivations? This paper is based on interviews carried out with university researchers who actively participate in firm formation in Hungary. Hungary is an excellent European case since the features of its university system are rooted in the continental (mainly German) tradition, but it also inherits some characteristics from the even more centralized socialist (soviet) tradition.

REGIONAL DEVELOPMENT: THE STUDY OF THE SOUTHERN HALF OF RIO GRANDE DO SUL - BRAZIL

Virgínia Elisabeta Etges, Universidade De Santa Cruz Do Sul - PPGDR, BRAZIL

Regional Development: The Study of the Southern half of Rio Grande do Sul - Brazil Prof^a Dr^a Virgínia Elisabeta Etges Professor of the Geography Course and Coordinator of the Master and Ph.D. Program in Regional Development - UNISC etges@unisc.br The National Integration Department was founded in 1999 and has regional integration and sustainable development policies as one of its priorities, as well as the creation of regional plans and programs of development, establishing strategies to integrate regional economies. On the basis of the Annual Long Term Plan - PPA 2004/2007, the Federal Government commended the Integrated and Sustainable Development Programs for Specific Mesoregions that cover a total of thirteen regions in the country. One such specific Mesoregion is the Southern Half of Rio Grande do Sul. The Integrated and Sustainable Development Forum for the Southern Half of Rio Grande do Sul –MESOSUL Forum, was founded in 2002 with the purpose of promoting regional integration and sustainable development and supporting by the strengthening of the local and mesoregional social-economic foundation, social inclusion, stimulus to social participation, qualification of the agents involved in the development process and sustainable use of the natural resources. Amongst the main goals of Mesosul Forum is the implementation of alternative productive chains other than traditional ones; with significant potential necessary to enforce a dynamic regional economy. Forestry and Silviculture; Aquaculture and Fishing; Pottery and Ornamental Rocks are examples. However, data collected shows that in spite of what is foreseen in the region development plan; it's not the productive chain of wood that has been implemented but the monoculture of exotic species in order to extract cellulose, as this is the interest of big transnational companies of the sector; such as Stora Enso (Fin-Sweedish) and Votorantim. Currently, there are three hundred and sixty thousand hectares cultivating eucalyptus and pines in the southern half of Rio Grande do Sul, further promoting the concentration of land ownership with large environmental impact, derived from the practice of monocultures in areas of natural fields and fragile soils associated to the intense use of pesticides.

A LONGITUDINAL ANALYSIS OF UK REGIONAL SMES AND THE IMPACT OF EU FINANCIAL ASSISTANCE ON BUSINESS INSOLVENCY RISK

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This study provides a longitudinal analysis of Welsh regional SMEs in the UK. An extensive database consisting of financial information and non-financial information on over 58,000 firms in Wales was constructed, from which various salient aspects were analysed. The key findings draw attention to the characteristics of Welsh companies in terms of business structure, development, sector composition, technology utilization, geographic distribution, growth and insolvency. Specifically, it was discovered that the Welsh economy is distinctly more reliant on SMEs in terms of employment and turnover as compared to SMEs in England and Scotland. Prior to the recession in 2007 and 2008, Welsh SMEs performed with consistent levels of growth, with around 70% of small and medium firms showing positive growth during the 1995 and 2006 period. Of these, around 30% were high-growth firms with a growth rate of 20% or more. Among the 23,589 SMEs with sufficient data for the growth monitoring over the 2001 to 2008 period, it was discovered that 47% of these firms appear to possess a high level of growth sustainability during the 2007-2008 recession. Furthermore, as one of the main recipients of the EU grants in the UK, Wales has received a considerable support from the European Structural Funds Programme. This study examines whether the substantial financial assistance provided from EU Structural programmes have enabled lower business failures among companies in Wales. Results pertaining to geographic location and financial assistance from EU Objectives 1, 2 & 3 were shown to have notable impact on firm performance. Discrete-time duration dependent hazard models constructed and implemented for this study show significant statistical evidence to indicate that firms located in EU Objective 1 areas are more likely to have lower insolvency risk, and therefore higher level of success, than those residing in EU Objective 2 & 3 areas.

PUTTING CROSS-BORDER REGIONS ON THE MAP - CONSTRUCTING REGIONS OF TRANSNATIONAL COOPERATION

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In recent years, cross border cooperation has seen quite an increasing relevance throughout Europe. Due to the successive liberalization of national borders, many cross border areas have started to cooperate on a regional level in order to improve functional links and infrastructure equipment.

In parallel, numerous cross border cooperations have started to position themselves on a higher political level; they try to put themselves on national, European, or even global agendas and maps.

In this process, the territory becomes a tricky notion not only from a conceptual but also from a political point of view: The delicate question is how to organize the political mandate on sub national level in a cross-border region: Whom to involve? Where are the delimitations of the cross-border cooperation? Who has the political mandate to act (where!)?

The paper starts with several 'institutional mappings' of the Greater Region around Luxembourg and the Upper Rhine around Basel: (non-)variable geometries, multi-level decision making and mismatches of competencies illustrate the challenges.

In a second step, a Delphi study – conducted in both regions – shows how the political decision makers deal with the situation. The carrying narratives in the political arena have to bundle and bridge the heterogeneous political ambitions of the cross-border multi-level context.

This paper is partly based on the ongoing research project METROBORDER in the framework of the EU programme ESPON.

THE ROLE OF CULTURE IN TOWN-DEVELOPMENT AND THE IMPORTANCE OF CREATIVE TOWNS

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The cultural economy gets more and more importance in the course of the development of modern towns. The high importance of culture in the life of cities has already been well-known for a long time (J. Jacobs, R. Florida, D. Throsby and others), although it had a supplementary or indirect role earlier. At present, the earlier producing branches are often replaced by the cultural economy in employment, capital investment and income production in the developed towns. There are several examples in Europe confirming it, where towns and regions of outdated structure are reorganizing their structure with cultural development. The local and regional politics can have a direct and greater effect on all this than on choosing the premises of transnational companies. In the present study I examine the role of culture in town-development and the importance of creative towns.

THE PROCESS ARCHITECTURE FOR EU TERRITORIAL COHESION POLICY

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The process architecture for EU territorial cohesion policy When preparing the European Spatial Development Perspective (ESDP), Member States were supported by the European Commission but denied the EU a competence in the matter. Presently, the Treaty of Lisbon identifies territorial cohesion as a competence shared between the Union and the Member States, so the Community Method comes in the picture. This paper is about the future process architecture of territorial cohesion policy. In the past, this architecture resembled that of the Open Method of Coordination (OMC) (Faludi 2007) which the White Paper on European Governance praised but at the same time defined as limited to areas where the Community Method did not apply. The situation was thus portrayed as a zero-sum game, and this continues to be the case since, under a shared competence, Member States remain in charge for as long as the Union does not exercise it. The situation continues to be defined as a zero-sum game. After all, for as long as territorial cohesion was not a competence, voluntary Member State cooperation as practiced in the ESDP process was the way, and according to some Member States this should remain the case, otherwise they would lose and the Commission gain. However, research into the conduct of a range of EU policies shows approaches like OMC being common, also in areas where there is an EU competence (Zeitlin, Pochet, Magnusson eds. 2005). Sabel and Zeitlin (eds. 2010) talk about 'experimentalist governance'. Building on the finding that OMC and similar approaches are anything but limited to areas outside the areas of competence of the EU, they signal novel patterns of the rule-making characteristics of the governance in the EU and analyse the distinctive and surprisingly effective innovations emerging. These innovations hold the promise of rendering institutions of decision making comprehensible and democratically accountable. Sabel and Zeitlin thus claim that in the EU as a functioning polity decision making is at least partly deliberative so that actors' preferences are transformed by the force of the better argument. This brings into focus the socialisation of the deliberators into epistemic communities, via their participation in committees of experts of various kinds. This is largely an informal process, reminding of European spatial planning having been characterised as a 'learning machine' (Faludi 2008), reason why this paper discusses an experimentalist architecture in the vein of Sabel and Zeitlin for EU territorial cohesion policy. Faludi, A. (2007) 'Now more than ever: The Open Method of Coordination in EU territorial cohesion policy', *European Spatial Research and Policy*, 14(1), 11-24. Faludi A (2008) 'The learning machine: European integration in the planning mirror', *Environment and Planning A*, 40(6) 1470-1484. Sabel, C.F., Zeitlin, J. (eds.) (2010) *Experimentalist Governance in the European Union Towards a New Architecture*. Oxford. Oxford: Oxford University Press. Zeitlin, J., Pochet, P. Magnusson, L. (eds) (2005) *The Open Method of Co-ordination in Action: The European Employment and Social Inclusion Strategies*, Brussels: P.I.E.-Peter Lang.

VALUE PRODUCTION IN NON-PROFIT ORGANISATIONS; THE CONTRIBUTION OF NON-PROFIT ORGANISATIONS TO THE SUCCESS OF THE EUROPEAN CAPITAL OF CULTURE PROJECT

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The goal set by the authors of the paper is twofold: to contribute to a better understanding of both the theoretical and the practical side of knowledge-management in non-profit organisations (NPOs). The theoretical issues dealt with by the paper relate to the positive impacts of increasing professionalisation and of increasing involvement in community projects on the importance of non-profit sector organisations. These phenomena are closely connected to growing demands for higher quality services; and also to other factors, such as competition from the business sector and from other non-profit and government organisations. Paralleling the trends observed in the business sector towards knowledge-based services, knowledge-demand is also increasing in the activities of non-profit organisations - which is the reason why this paper examines non-profit organisations from the perspective of knowledge. The empirical research described in the paper also addresses knowledge-related issues and introduces evidence relating to these issues in NPOs. Public-service non-profit organisations participating in the European Capital of Culture Project in Pécs by offering a broad variety of programmes are also examined. The framework for the latter is provided by the local authority, who have invited applications from civic and non-profit organisations aimed at supporting the city's initiatives relating to the ECoC Project and which rely on active participation by local residents. The paper further examines the grant applications from local NPOs submitted to (and accepted by) the local authority. The main focus of the paper is to explore these applications and, primarily, their contribution to a broader cultural palette of the city. The central concern of the paper is an examination of knowledge-transfer between these organisations and the target groups. The research methodology used can provide the opportunity to show whether the findings support what is said about increasing knowledge-orientation and growing professionalism in non-profit organisations.

THE RETURN MIGRANT EXPERIENCE IN RURAL AREAS - CHALLENGES AND OPPORTUNITIES IN AN ERA OF GLOBALISATION

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This paper, as part of the EU- research project DERREG explores the experience of return migration by Irish nationals to rural areas in the West Region of Ireland. Situated within a wider research context which seeks to better understand the dynamics of development and change within rural areas under globalisation pressures, the paper presents analysis of findings from a series of in-depth interviews with individuals who have returned from periods spent in countries within Europe and beyond. In particular the paper explores the return migration experience from the social and cultural impacts for returnees and associated individuals such as family members, and the extent to which motivations to return are rooted in quality of life considerations that are strongly associated with dimensions of rurality. From an economic perspective, it explores the extent to which the rural played a role in decisions to migrate (e.g. lack of certain opportunities also associated with dimensions of the rural region); the extent to which opportunities availed while 'away' equipped migrants with the necessary resources (in the broadest sense) to return; the reality of the rural context to which migrants have returned in terms of establishing and maintaining a level of economic viability; the extent to which they have remained connected to networks within their former migration location which have been instrumental to their ability to remain in a rural region. Overall the paper illustrates the complexity of the return migrant experience and the impact of factors (positive and negative) that could be described as uniquely rural in nature. It contends that an understanding of the various ways in which these have been negotiated are key to developing strategic interventions to assist the development of rural areas in an era of globalisation.

RESEARCH DIALOGS AND CLUSTER STRATEGIES - INNOVATION IN REGIONAL DEVELOPMENT PROJECTS BY NILS FINSTAD AND JARLE LØVLAND, NORDLAND RESEARCH INSTITUTE

Nils Finstad, Nordland Research Insitute, NORWAY

Jarle Løvland, Nordland Research Insitute, NORWAY

This study is based on analyzing four settings of firms (clusters) joining in a regional innovation program to facilitate research driven innovation. The meso level as a meeting point between micro level with firm strategies and macro level with programs, markets and branch actors, is studied as a level facilitate change. Local development depends on the institutions, competence and learning on local and regional levels (Cook and Morgan 1998). The autonomy at the meso level to make decisions and act in a learning and strategies context is a crucial question to regional problem solving and innovation. The confidence (trustful relations) at the meso level as a learning arena where firm actors meets to cooperate and act in regional strategies, is an important developmental factor. It is also as Ahrne (1990 s 4) says, an arena where action and structure must be intertwined. The framework of social capital development also provides useful insights into how these levels can be present and linked in local innovation and entrepreneurial activity at the meso level. The first case is a rural industrial cluster related to innovative technology development for production of wafers for renewable solar energy production. The second case is the Norwegian Centre of Expertise cluster related to R&D and commercial development of new marine species for aquaculture (cod in particular). The third case is a regional network program for the development of experience based tourism in the Northern part of Nordland County, whereas the last case is related to the organizing of a R&D and innovation center in technology development for cold climate conditions.

THE REGULATION OF THE MEDIUM TIER OF RURAL DEVELOPMENT ACQUIS COMMUNAUTAIRE AND THE COMMON LAW

István Finta, HUNGARY

It is well know, that as the result of the reform efforts of the common agrarian policy (CAP) by a pure sectoral agrarian development approach the rural development gained space gradually targeted at the complex treatment of elements important for the development of the countryside. From this aspect the legal regulation concerning the 2007-2013 programming period we could consider as revolutionary, since besides the development targets of the agrarian sector the issue of the improvement of rural life and the diversification of rural economy was formulated as an independent target: it was integrated in the subsidy system into the third axis, and independently as the Leader program into the fourth axis, which used to belong to the so called common initiatives of the European Committee. Approaching the evaluation of the half time period functioning of this common tool renewed in its name, the European Agricultural Fund for Rural Development it is necessary to raise the question, whether this modified agrarian and rural development policy will be able to contribute to the development of rural areas and whether these policies are appropriate to enhance the real development needs or their implementation or it will continue to function as an agrarian policy tool, within narrow sectoral frameworks. The currently valid legal regulations imply that the central element of the CAP is the agrarian economy. Accordingly, that target areas and the related resources of the majority of community funding try to react to different problems and development opportunities of the agrarian economy. Facts and trends show, that the agrarian sector is able to provide for living for continuously decreasing number of the rural population. According to empirical research, in Hungary even in territories with great traditions of agrarian economy and within that of the intensive farming with fairly high labour requirements, only 10% of the active age rural population lives exclusively from rural economy, either as farmers or as employees. It is true, that employment and economic development is only one, - but central - element of development policy and economic development, but besides a further important factor is the maintenance and development of public services, influencing the rural quality of life significantly. However this target is not among the development aims of the agrarian sector, and in other development policies, where the key role is played by the agrarian sector even the rural public service development is pushed to the periphery. If we wish to characterise the so called rural development policy of the European Union briefly, that we shall state that this agrarian approach could have been an appropriate and modern development policy about 50-100 years ago. A further question of key importance is, whether the current rural development policy and system of the European Union can stop the

further depopulation of the rural and at the same time the growth of urban problems: like the diseconomies of scale of extremely large agglomerations, and the high usage of energy and territory, or the traffic jams, the growing pollution, the social exclusion, the emerging ghettos, crime, etc. Or is it able to reduce the significant differences in the incomes and opportunities of the urban and rural population? Will this policy help to implement the Lisbon and Göteborg strategies and can it contribute to the growth of employment? The answer to the above question is rather negative, since the main course of current rural development is subsidising the agrarian sector, which on the other side effects only a fragment of rural population, and the remaining supports are far not sufficient to enhance the development of local economies or the employment, or to stop the depopulation of villages and to decrease the income differences of urban and rural population. Another important issue is, whether the current rural development policy will contribute to the preserving of natural resources, or whether it will allow the access of urban concentrations benefits like wideband internet or the physical access of different services. The answer is partially yes, since the preservation of natural resources and the reinforcement of environment conscious economy must be the element of agrarian policy. However, the linkage of rural areas with the communication ways and wideband networks is not at all the element of common agrarian policy. Similarly, the physical infrastructure of access of public services is not present in rural development, even though the majority of different services and workplaces are not located locally. These opportunities are for rural areas in lack of accessibility, cut off, segregated as if they were not at all existing. The answers to the above raised questions and the elaboration of solutions, as well as the common action is important for every member state, but is essential for the CEE region - and in Hungary - due to the increased backwardness or rural areas. It is regrettable that the common agrarian policy fragmented into different funds and directorates is unable to efficient and unified action beyond the identification of problems. The question is, what will be the future of rural development, how will it be able to occupy its worthy position. The answer seems to be easy - even if the implementation would require sufficient political will - with the condition, that the entire rural development shall be integrated instead of the CAP into the cohesion policy and structural funds.

Gateway J

REGIONAL INPUT - OUTPUT TABLES AND THE FLQ FORMULA: A CASE STUDY OF FINLAND

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This paper examines the use of location quotients (LQs) in constructing regional input output tables. Its focus is on the modified FLQ formula proposed by Flegg and Webber, 1997. Using data for 20 Finnish regions, ranging in size from very small to very large, we determine appropriate values for the unknown parameter γ used in this formula. We find that the FLQ yields results far superior to those from standard LQ-based formulae. Our findings should be of considerable practical help to any regional analyst who is considering making use of the FLQ formula. We also consider possible improvements to the FLQ formula but find that the inclusion of a regional specialization term in this formula is not helpful and that the original FLQ is just as good.

Gateway A

KNOWLEDGE FLOW IN THE WORLD OF COOPERATION: A STUDY ON THE EFFICACY OF ACCREDITED CLUSTERS IN HUNGARY

*Péter Fodor, University Of Pécs, Faculty Of Business And Economics, HUNGARY
János Weiner, University Of Pécs, Faculty Of Business And Economics, HUNGARY*

A number of high standard studies analyzing the effects of knowledge flow on organizations have appeared since it was acknowledged that the creation of applicable novel knowledge is fundamental to economic growth (Romer 1990). According to Porter (2004) the regional alliance of small- and medium-sized enterprises and supporting institutions could provide these firms such competitive advantages which enable them to keep up with multinational companies even in a globalised market environment. Accredited clusters, subsidized by the EU, are specific kind of alliance formations, that facilitate competence and innovation. Currently (February 2010), there are 18 accredited clusters operating in Hungary a dozen and a half company associations which met the economic and cooperative criteria defined by the EU and thus reached the all-important stage of accreditation in the process of cluster development. These clusters are the subject of the present study and analysis. The first part of our paper introduces various theoretical approaches to the cluster phenomenon,

including also the observation and analysis of intra-cluster knowledge flow characteristics. The main aim of the present study is to describe and assess the actual cluster formation process of accredited Hungarian clusters in order to compare with the theoretical recommendations on national and community cluster formation and to measure the analysed clusters in terms of efficacy. The contrastive analysis is based on quantifiable public data and interviews conducted with cluster management leaders. We also introduce the theoretical framework of an alternative methodology for monitoring cluster knowledge processes and measuring cluster performance. As knowledge transfer between cluster members is essential for innovations. The new methodology reviews and induces the measurement of emerging knowledge processes in order to assess intra-cluster knowledge flow sector-specifically. This novel, applied methodology diverges from conventional analytical practices on several points and makes use of innovative solutions in order to be more in line with the aims stated above, i.e. to capture volatile knowledge flow in the innovation-oriented clusters.

Gateway A

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Gateway K

PROCESS ORIENTED INTERPRETATION OF STRATEGIC URBAN PLANNING IN HUNGARY

Zsuzsa Foldi, HAS Centre For Regional Studies, HUNGARY

Strategic integrated planning is a relatively new tool in the Hungarian urban planning system. The necessity of the related planning document derives from the Leipzig Charter. It is originally used as an obligatory background document for gaining support of high intensity from the EU Structural Funds for the implementation of urban regeneration programmes. Lots of debates emerged over the issue of methodology and the brand new expectations regarding the contents of the document, while considerably less attention have been paid to the near-to-life, process oriented interpretation of this new approach to urban development. Interviews and personal experience in planning suggest that local governments are not ready and prepared to manage the city according to the principles of strategic thinking. Based on their early experience they still presume that making this strategy is another obligation and the product has nothing to do with the every-day realities. The presentation takes the initiative to overcome this general standpoint and focuses on the process of strategic

thinking in urban development instead of solely in planning. By presenting a three-level model the presentation highlights the need to incorporate and consider the experience of strategy-based project implementation and operation in managing urban development. By abstracting these planning-related processes and their mutual relationships, as well as analysing the actors partaking in them the attention is hopefully directed to the unavoidable organisational transformation and the need for a late-coming change in local thinking.

Gateway B

“NATURALLY WORKING BUSINESS MODEL” FOR THE SPATIALLY BALANCED EMPLOYMENT

Tamas Forgacs, HUNGARY

The employment opportunities in the rural areas have significantly decreased in the last decades. The primary sector has been mainly automated, offering much fewer workplaces than before. The globalization also led to cheaper manufacturing solutions in the eastern countries, so the secondary sector is also showing decreased employment capacity. The tertiary sector, the services have become dominant, now offering over 70% of the employment in EU, and shows the most reserve to soak up the unemployment. A solution could be to convince service providers to employ people in rural areas. But the major market for the services are the people, so the primary site selection criteria for the service providers are the bigger cities, where an office can reach the most people. These are the large populated towns. So the people are shifted to move to the cities, reinforcing the centralization towards the cities, depopulating the rural areas. But what happens with the employment outside the cities...? The primary and the secondary sector were much more dominant in the rural regions, therefore the relapse of their absorption capacity in the employment caused unemployment. These trends generate a combined effect projecting us a very centralized vision, which is just opposite of the EU objectives. The regional developers should manage this challenge today, as this trend is an irreversible process. We should analyse deeper the tertiary sector, to understand its location dependence. We should find a “naturally working business model”, which will fit into the requirements of the service industry, but offer a balanced employment. One of the specifics of the tertiary sector is that the most expensive “raw material” for its production is the employee. The most dominant cost component of the service companies are usually the wages, then the infrastructure and the communication. So if we can present eligible employees in the cheaper rural areas and unchanged working environment, then the service companies could reduce their operational costs - and this could be a part of a “naturally working business model” for the spatially balanced employment. We should also find the functions, which could be operated from the rural areas, and which should stay together with the market – defining the front-end and back-end parts of the services. In this study we do some basic analysis of the tertiary sector specifics, attempting to define at least few important elements of the “naturally working business model” for the spatially balanced employment

Gateway A9

REGIONAL KNOWLEDGE BASES AND TERRITORIAL DYNAMICS OF INDUSTRIES A COMPARISON OF BIOTECH, ICT AND AUTOMOTIVE INDUSTRIES ACROSS EUROPE

Gaschet Frederic, GREThA, FRANCE

Carrincazeaux Christophe, GREThA, FRANCE

Since the early 90's, there has been a growing interest into the role of regions in shaping the “knowledge economy”. A major concern has been made about the critical role of regions in fostering new knowledge absorption, creation and dissemination across firms and organisations at the local level. A key issue addressed in this paper is thus to investigate the exact role played by regional knowledge bases in actually shaping knowledge dynamics. A distinctive innovation of the EUODITE project is to propose a new way to look at the spatial dimension of knowledge dynamics, defining the “territorial knowledge dynamics” (TKDs) as the relevant analysis unit. The basic claim of this paper is that the dependence of TKDs on regional contexts is much more differentiated than generally argued, and must be analysed more deeply as the interplay of sectoral and regional contexts. The purpose of the paper is firstly to define more precisely the notion of regional knowledge base. The main claim is that regional knowledge configurations articulate multiscale determinants and remain for a significant part shaped by national regulations and institutions. Secondly it is argued that the understanding of TKDs and their relation to regional knowledge configurations supposes to have a closer look

into the interplay of sectoral and regional knowledge contexts. This is exemplified by a quantitative analysis of the dynamics of three sectors across European regions (ICT, Biotech and automotive industries), showing that local dynamics are mainly the result of a sufficient level of coherence between the regional knowledge configuration and industry-specific knowledge contexts. Since a major hypothesis of the recent literature on TKDs is the growing combinatorial nature of knowledge dynamics, a third purpose is to investigate how compositeness modifies the interplay of sectoral and regional contexts. One could think increasing compositeness to spatially enlarge and diversify the structure of knowledge interactions, thus diminishing the relative importance of local contexts. But an opposite argument can be that combinatorial dynamics, because they involve complex and exploratory knowledge processes, can be fostered by favourable regional contexts. Building on the empirical qualitative material produced within the EURODITE project, we thus propose, a typology of TKDs according to three critical dimensions: the regional knowledge base, the industry-specific local knowledge resources, and the level of compositeness of the knowledge dynamic. This typology is then applied to a subset 16 of regional case studies dealing with three sectors.

Gateway D

THE ROLE OF INSTITUTIONS IN STIMULATING REGIONAL DEVELOPMENT IN ROMANIA

Ramona Frunza, Alexandru Ioan Cuza University of Iasi, Romania, ROMANIA

Gabriela Carmen Pascariu, Alexandru Ioan Cuza University of Iasi, Romania, ROMANIA

In recent years, scientific literature highlights from different perspectives (economic, geographical, historical, political) the connection between institutions and regional development. There have been numerous empirical studies which revealed a positive relationship between institutional quality and economic growth, but there were also studies which concluded that states should have a minimum level of economic development to properly exploit the institutional matrix. The institutions that stimulate development are those that encouraging individual and collective freedom, favors adaptation to change, assimilation of innovation, expansion of common knowledge, capital accumulation, increasing the government performance through a lower bureaucracy, a high degree of cooperation and flexibility, low levels of corruption etc. In other words, institutions and rules of law are the criteria and means to diminish potential conflicts and building a social order. If a major importance is not given to the establishment of viable institutions, which to act responsibly in the economy, then it will be permanently generated only costs that affect the degree of regional development. Based on these assumptions, the purpose of this paper leaves to the need to understand better how to use institutions to create a proper environment for regional development. Thus, we intend to analyze how some institutions influence the development in the eight regions of Romania. The research results will guide us in understanding the capacities of economic enhancement of the regions, through the identifying both poles of growth and problems and, based on these aspects, drawing forecasts on medium term.

Gateway B

RELATIONSHIPS BETWEEN PUBLIC EMPLOYMENT AND REGIONAL DEVELOPMENT

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Katalin Lipták, University Of Miskolc, HUNGARY

The extensive economic literature deals with the role of the state it plays in the area of employment and revitalising demand in order to treat economic crisis; it also includes the probable benefits and drawbacks of the measures. Hungary's employment policy has transformed following the collapse of the state-socialism, however, although the economic policy was on the way of liberalisation, the increased presence of the state was necessary in treating employment problems because of the severe consequences of the economic transformation. Various forms of community employment were developed. Public employment deeply penetrated into the labour market especially in the underdeveloped regions. The study aims to take a closer look at the evolution of the weight of public employment in the labour market of Hungarian regions. Furthermore, it analyses the two-way relationship between regional development and public employment. In other words, we examine, on the basis of Hungarian (especially North Hungarian) examples, whether regional underdevelopment brings about greater public employment, or alternatively, whether greater public employment may contribute to the diminishing of the drawbacks of the underdeveloped regions. According to our hypothesis, the economic revitalizing effects cannot be experienced and only temporary results can be achieved in the social area because

of the dominance of the social nature of public employment in the underdeveloped regions and the short-term focus in treating social crisis. At the same time, public employment, in more developed regions, has a greater ability in fostering reintegration in the labour market and in improving economic conditions. We also examine the opportunities of reorganizing public employment in the most underdeveloped regions and the reinforcement of the alternatives pointing towards social economy.

Gateway A10

CENTRAL EUROPE'S INDUSTRIAL SPACES: PATH-DEPENDENT UPGRADING OR RADICAL RESTRUCTURING?

Lux Gabor, Hungarian Academy Of Sciences Centre For Regional Studies, HUNGARY

Path-dependence in the restructuring of economic spaces, especially Old Industrial regions affected by structural and network agglomeration-related decline, is most often associated with the accumulation of negative phenomena. Programmes to break regions and their networks out of these trajectories are often focused on achieving radical change including an idealised transformation into spaces of post-industrial urban regeneration, architectural conversion and the creative class. In the public practice of regeneration, industrial legacies are commonly evaluated as redundant or even barriers before new growth. However, the ideal type of restructuring masks an arguably much more ambiguous reality. Not only are desindustrialist scenarios over-optimistic about the powers of advanced services to provide post-industrial economic alternatives in place of old structures, the knowledge, institutions and human potential of former industry heavily path-dependent factors often have a more realistic potential to generate economic growth. Moreover, while the spaces of advanced industrial services are strongly concentrated in metropolitan areas, especially world cities, this is not necessarily the case for new manufacturing, which follows more evenly distributed location patterns. Using sub-national data from across Central Europe, the paper critically examines the dichotomy between the service-based economic growth of central regions (almost exclusively national capitals and their surrounding regions) and the rest, where the location or absence of industrial production, especially FDI-based manufacturing industry, is a more powerful influence on economic differentiation. It is argued that outside central regions, tertiarisation in employment does not automatically coincide with the emergence of a powerful post-industrial economy; in fact, spaces which could build on previous manufacturing traditions and rejuvenate the social and institutional networks that underlie them, have been the more successful. In the longer term, a slower and less radical development path mainly based on incremental industrial upgrading and network-building appears to have a greater potential in restructuring than radical change. This is also illustrated by a number of concrete examples from Central Europe including one concerning Pécs, European Capital of Culture 2010 and the site of the conference venue.

Gateway G

NATIONAL FINANCIAL CENTRES WITH INTERNATIONAL ASPIRATIONS IFC DEVELOPMENT IN THE CEE REGION

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Despite its re-integration processes into the global financial markets little attention has been directed towards the financial centre development in East Central Europe. The first part of the paper explores the international financial centre functions of Budapest, Warsaw and Prague (Moscow and Vienna as reference cities) assessing of the preconditions (including the main indicators of banking & capital markets) for the creation of regional or third tiers centres. The paper presents the requirements of the centre formations and discusses arguments on the competition among the CEE metropolises during the first phase of transition. Foreign direct investment is closely connected with the financial (banking) systems in CEE has received considerable attention from both the theoretical and empirical perspective; for reasons why banks establish foreign subsidiaries, and explicit attention is directed to determine which CEE centres exhibit sufficient power to attract multinational financial service firms. However, much less attention is devoted to the asymmetric power relations which are other major determinants of IFC formation within the 'de-nationalised dual banking systems'. The paper examines the unequal parent-subsidiary relations mediate strong controlling functions and also assesses the concentration of these controlling functions over CEE within the European IFC network from where these investments are controlled. The paper evaluates the inter-linkages and the geographical distribution between subsidiaries and

their parent banks locations and these effects on the European IFC network formation. The paper brings evidences on how cross-border financial exposures and the related risks of contagion channelled between West European and CEE financial centres are resulting in asymmetric shift in capital flows and contributing to the further polarization of the post-crisis European financial landscape.

Gateway J2

“THE GEOGRAPHICAL ORGANIZATION OF THE BANKING SYSTEM IN THE INTRA URBAN SPACE”

Carlos Garrocho, El Colegio Mexiquense, MEXICO

In previous studies related to unbanked population and financial exclusion in Mexico, several important factors linked to the spatial organization of the banking system in the intra urban space has been neglected. The following are particularly important: (a) The location strategy of the banking system; (b) The inequalities in accessibility to financial services due to the banking system's location strategy; and (c) The social, economic and spatial factors that determine the banks' branches location in the intra urban space. This paper explores these three questions in the context of the Metropolitan Area of Toluca (MAT: the fourth biggest city in México) to understand the logic behind the spatial behavior of the banking system at the intra urban scale. This understanding is necessary for designing better public policies oriented to increase the accessibility of the unbanked population to the financial system in Mexican cities. The paper is divided in six sections. The first presents the main theoretical elements to explain the location patterns of banks' branches in the intra urban space. Section two describes briefly the area of study and the information sources used in the analysis. The third section examines the spatial pattern of banks' branches in the MAT, specifically: the recent evolution of supply and demand of banking services, the inequalities in its spatial provision, the polycentric spatial structure of the banking system, the intensity of its spatial agglomeration and the co-location phenomenon of banks' branches of different firms in competition. Several spatial statistics techniques are used to achieve these objectives (including K functions). Then, in the fourth section the differences in accessibility to the banking system due to its spatial location strategy are measured and analyzed, through an accessibility Hansen type index. The results of the accessibility analysis are used in the fifth section to build a multivariate correlation model in order to identify the key demand variables (i.e. employment and population segmented by their main characteristics) which determine the spatial location of banks' branches in the intra urban space. The result of the multivariate analysis is the location algorithm used by the banking system to locate its branches in the MAT. Finally, the main conclusions, findings and lessons are discussed in section six and an agenda of public policy measures directed to increase the accessibility of the banking system in Mexican cities is outlined. The paper ends with the list of the bibliography consulted.

Gateway A6

SPACE, PLACE AND FIELDS IN SEVEN EUROPEAN REGIONS

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Space, Place and Fields in Seven European Regions A region cannot be seen as one homogeneous space congruent with administrative boundaries, but as a composition of multiple spaces. Thus, a company embedded in the region is embedded in different, overlapping space layers. The research of the CURE project provides in this regard fruitful empirical material, which will be analysed in the paper, as well as dealing with the main important theories. The following matrix structures the overlapping space-layers and could be used as a blueprint to re-analyse all seven regions. Regions 1 Access Types in history Types today Impact Impact Institutional Spaces, e.G. Chambers of Commerce Administrative Political Spaces Cultures Functional Spaces (Structure and Transaction) Perceptible Space Accumulation Identity, of spaces Images & Branding A kind of space-pattern typology will be conducted from these seven regional matrixes. Space types in this regard could be for instance:

The reference space: the space (generally the city) the company is located in and where the company's local identity comes from. Moreover, it is the space in which problems and questions concerning the CURE "quality of life field" are predominantly treated.

The vicinity space: larger than the reference space and identified as the genuine functional space in which embedded companies primarily take part in human-resources activities, for example in apprenticeship and staff-qualification activities.

The regional space: in which innovation-oriented research and business networks are built, or in which concerted regional image activities take place. After analysing the seven regions and structuring the results in regard to the space question the results should be discussed against the background of the relevant theories and be checked as to how construction of a accumulated space could be used in regional development and branding.

Gateway G

SAVINGS BANKS AND OTHER REGIONAL BANKS: DOES REGIONAL ORIENTATION STABILISE FINANCIAL MARKETS AND POORER REGIONS?

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In regard to the financial crisis the question arises if financial intermediates with a regional scope could serve companies and households more efficient than international acting banks and stabilize financial markets. Or do regionally orientated banks, due to lower returns in structural weaker regions, provide less support for regional development? Regional orientated banks which reduce capital mobility could thereby weaken financial stability and possibly even exacerbate the regional prosperity gap. The suggested paper will present some empirical data which deal with the German situation in the financial crises and show which banks (in regard to spatial question) increase or decrease the credit crunch. Further data will show whether savings banks and cooperative banks - which are both bound to the region - are able to be also successful in economic weak regions. The question if regional banks contribute to stable financial markets should be discussed against this background. Finally the paper will discuss, if factors such as geographical and mental proximity and a sense of responsibility towards staff and the region, in other words factors which are disregarded in financial market theory, are significant for the success of small regional banks.

Gateway I

THE GLOBALIZATION AND ITS PROCESS OF EXPANSION-INTEGRATION AND THEIR ITS EFFECTS IN A REGION IN MEXICO IN THE TEXTILE COMPLEX INDUSTRY

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Given that globalization is a phenomenon inherent to human development, very strong as a result of capitalism and with new elements of manifestation in the last three decades, this work analyzes the expansion of globalization in regions of Mexico and each region's extent of integration to the process. To achieve this, the indicators for expansion used were foreign investment and intraindustrial trade, as well as integration to change productive structures in each region. The study was only applied to the Mexican textile complex, as an example of a traditional industry, one of the most affected by the expansion-integration process of globalization. The results of the study are: there has been an expansion of globalization in the Mexican textile complex due to increased levels of direct foreign investment and intraindustrial trade across the Mexican textile complex. However, with different intensities in the regions, the integration process modified productive structures, particularly in Northern Mexico, with non-developed regions, mostly the Mexican Southeast, being excluded from this process.

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This paper uses a multistage approach to investigate the commercial and manufacturing role played by Italy in the Maghreb countries, a relevant issue for at least two reasons. Firstly, the geography of production networks between Western European and Northern African countries have shown profound changes in the last few years as most Maghreb countries signed commercial agreements with the EU. This evolution allowed Western European firms to take advantage of reduced import/export duties, thus fostering foreign operations and supply through arm's length and proprietary means. Secondly, the physical proximity of Maghreb to Southern Europe, Sub-Saharan Africa and the Middle East, represents a key feature, respectively, to provide Europe with gas, oil, intermediate or final products, to keep linkages with traditional suppliers of raw materials, and to act as a "cultural bridge" with the Arabic peninsula. In this paper we show that Italian import flows for two typical Made in Italy industries, namely textile and clothing on one hand, and leather and footwear on the other hand, are strongly related not only to export flows of the same sector, but also to a set of variables capturing characteristics of Italy and the foreign country. Particular emphasis is given to the evolution of "vertical specialisation" and related vertical trade as a means to stimulate regional integration. Vertical supply integration processes become relevant when firms exploit efficiency advantages at multiple stages of the value chain by linking sequentially facilities located in several countries. "Vertically specialised" manufacturing is the one using foreign inputs, but whose output is not to be used or consumed in the destination market. (Miroudot and Ragoussis, 2009). We stress that "vertical specialisation" is normally associated with vertical FDI, which is investment seeking to exploit cross-country productivity differentials, but we emphasise as well that it may take place together with both intermediate trade and with export-platform FDI related flows. The dimension of vertical specialisation not only depends on a country size, but also on its geography. Countries located nearby, such as in Northern Africa, are more likely to receive FDI for vertical specialisation as the exploitation of national comparative advantages at each production block comes at significantly lower transportation costs if compared to isolated nations. Thanks to the above tools, we are able to supply a first outcome that strongly supports the hypothesis of an international fragmentation of production between Italy and some Northern African countries. To offer this outcome additional strength, we endow the present contribution with information on the attractiveness of the Maghreb countries, looking at the volume of inward FDI flows and stocks. Although we start from a global perspective, we rapidly shift to consider only the Italian investments in the area, with a breakdown by outward region for the two selected industries. Thanks to the availability of a dataset made available by the Bank of Italy, we are able to provide further evidence on the Italian internationalisation in the Maghreb. Our second result highlights the noteworthy heterogeneity within the area, with remarkable linkages between selected regions and countries.

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Traditionally, research on industrial clusters has focused on the internal mechanisms at work in a regional cluster. It has been argued that geographical proximity facilitates transactional and non-transactional interaction among industrial cluster members that enhance the innovativeness of the firms and region alike (e.g. Porter 1990, Keeble and Wilkinson 1999, Maskell 2001). However, more recently the role of permanent geographical proximity or co-location has been scrutinised (e.g. Lorentzen 2007, Wickham and Vecchi 2008) as it is acknowledged that in an increasingly globalised environment, firms engage in inter-organisational networks on a global rather than solely local scale in order to remain competitive. While some authors argue that the use of global networks reduces the significance of the local milieu (Wickham and Vecchi 2008, Lorentzen 2007), other scholars propose that the local and global aspects of clusters may reinforce one another (Bathelt et al. 2004). In an effort to examine local and non-local linkages more thoroughly the notion of proximity, its deconstruction and its role in the development of these linkages has gained more attention recently (e.g. Torre, 2008; Carrincazeaux et al., 2008; Lagendijk and Lorentzen, 2007; Torre and Rallet, 2005; Lorentzen, 2007). Proximity

can be differentiated into various forms, such as institutional, social, cognitive as well as geographical (Boschma, 2005). In this line of thought a primary distinction is made between the relational aspects of proximity and the spatial aspects (Lagendijk and Lorentzen, 2007). The relational aspects constitute institutional, social and cognitive forms of proximity, as they refer to closeness in the sense of sharing, belonging and similarity (Torre, 2008; Lagendijk and Lorentzen, 2007). These in turn explain “the ability of an organization to make its members interact” (Torre, 2008 p.877; Torre and Rallet, 2005 p. 49), which is termed ‘organized proximity’, and therefore captures and subsumes the other relational forms (Torre, 2008; Lagendijk and Lorentzen, 2007). On the other hand, geographic proximity refers to the closeness of actors in terms of space. Typically, the literature on clusters, has focused on permanent geographic proximity or the co-location of various actors in a particular region that produces external economies and enhances their innovative capacity and competitiveness. However, more recently the significance of temporary proximity in the form of conferences, trade fairs and project meetings has been acknowledged in the literature for knowledge transfer and innovation (Bathelt and Schuldt, 2008; Wickham and Vecchi, 2008; Ramírez-Pasillas, 2008). It is argued that geographic proximity does not necessarily have to be in place for organised proximity to occur. As Lagendijk and Lorentzen (2007) purport, strong organised proximity and weak geographic proximity results in “non-localized interaction” (p.461). Conversely, it is contended that for the “success of clusters that work” in the conventional sense both permanent geographical proximity and organised proximity need to be in place (Torre, 2008). The aim of this paper is to explore the significance of local proximity, both relational and geographical, for new firm formation in particular industries. Within the literature, entrepreneurs are viewed as critical to industrial cluster formation and development (Feldman and Braunerhjelm 2006). While a chance event may trigger the formation of a cluster, intense entrepreneurial activity is necessary for its development. Furthermore, clusters are assumed to foster entrepreneurship by providing established linkages and access to knowledge flows. Entrepreneurship is therefore modelled as an inherently local process within industrial clusters. However, given that firms, particularly in high-tech sectors, are often ‘born-global’ the significance of local proximity is ambiguous. The particular research questions addressed in this paper are; How ‘local’ are entrepreneurs operating in global clusters in terms of their prior work experience and skills development, and in terms of the networks they create to establish their companies? How significant, if it all, is being located in a cluster for an entrepreneur when establishing a start-up firm in a high-tech industry? To answer these questions, start-up firms within two cases of industrial clusters, that is, the software and medical technology clusters in the West of Ireland were analysed. Data was gathered from a total of forty semi-structured interviews with entrepreneurs representing twenty start-up firms from each cluster. Preliminary analysis of this data shows that even though many of the firms are ‘born global’ as they establish international trading linkages from the outset the entrepreneurs use co-location with locally-based large multinational corporations to access international networks. In this sense the cluster facilitates these start-up firms in establishing linkages globally. The paper contributes to both the literature on clusters and entrepreneurship. It adds to the debate on the significance of clusters for start-up firms even in the absence of extensive trading linkages locally and also addresses the issue of the geography of entrepreneurship.

Plenaries

LEADERSHIP AND PLACE

John Gibney, University of Birmingham, UNITED KINGDOM

The idea of sustainable place-shaping/place-making is influencing the debate on the form and delivery of integrated (economic development, planning, housing, regeneration, education, transport and health) policy for Europe's neighbourhoods, towns, cities and regions. However, the development and delivery of policy has become a far more complex cross-boundary, trans-disciplinary and relational task - and there is now a requirement for a refreshed approach to urban and regional leadership for collaborative learning, integrative and 'associational' working. The thinking set out in this presentation emerges from a growing academic literature - and a related practitioner interest - concerning the role that leadership plays in the continuing shaping and re-shaping of place (see for example, Collinge et al, 2010; Gibney et al, 2009; Sotarauta, 2005 and 2009; Stough, 2003; Stimson et al, 2009). Whilst there are many dynamics that need to be taken into account when explaining the development of neighbourhoods, towns, cities and regions - this recent work confirms that the (formal and informal) leadership contribution matters and cannot be ignored. At the most general level, it recognises that 'effective' leadership is one of the factors that explains how and why some localities are able to adapt to and exploit the opportunities afforded by the complex and rapidly changing social and economic circumstances of the modern world - and may also partly explain why some places are better able than others to minimise the disruption that change brings. The proposition advanced in this presentation is that 'effective' leadership is part

of the urban and regional development story going forward and from the theoretical perspective a much better alignment than currently exists is required between leadership, place and policy discourses so that leadership in the context of 21st Century cities and regions can be better theorised and explained and consequently improved upon in the field.

Gateway A10

INNOVATIVENESS OF INDUSTRY AS AN ASPECT OF RESTRUCTURING PROCESSES IN POLAND AGAINST THE BACKGROUND OF THE EASTERN EUROPEAN UNION COUNTRIES

Wiesława Gieranczyk, Nicolaus Copernicus University, POLAND

Tomasz Rachwał, Pedagogical University of Cracow, POLAND

In the circumstances of the knowledge-based economy formation, the restructuring processes in industry should be turned towards the development of branches and enterprises producing the up-to-date goods, which are much more in demand than some traditional industrial goods. The modernness of goods is connected with the involved inventions and technological processes. Today, to the group of „modern” industrial branches are being included the high-tech industries, which show to be much more economically effective than the less technologically advanced branches. These industries are the main source of the high value added and the new and highly salaried jobs. Thanks to the performed research it could be ascertained, that the restructuring processes in Poland, in spite of the entailed technological, organizational and labor productivity improvements, did not contributed to the increase in the area of the industry innovativeness, which is just the ability to produce the up-to-date goods. The structure of Polish industry shows some advantageous changes last decades, but industrial production and the value added still consists of nearly fifty percent of the low-tech sector. The restructuring processes of industry in Poland are essentially more advanced than in Romania and Bulgaria, nevertheless they differ from the direction and the pace of the respective processes in Hungary. The high-tech sector in Poland has been growing more slowly than the low-tech sector, while in Hungary has been observed otherwise relation. So, the policies aimed at the restructuring processes in Hungary showed to be quite effective. The similar measures are introduced also to the Czech economic policy. The Hungarian and Czech industrial firms (in particular the big ones) show the greatest inclination to innovations and this is stimulated by the rate of spending in the area of Research and Development, which shows to be higher than in the rest of the Eastern European countries. The performed studies showed that the level of innovativeness of industry in Eastern European countries shows essential disproportions and differences. From the point of view of the future position of Poland in the global economy, the state of our most innovative industries is however not advantageous. Taking into account the fact, that the modern economy strongly depends on the results of scientific research, which is the main source of innovation, it seems to be necessary to change the industrial structure and to make it more knowledge-based. Such restructuring requires however the more efficient communication capacities between industrial enterprises and the scientific institutions.

Gateway D

THE UNEVEN PATH OF ENGLISH DEVOLUTION. LESSONS FROM THE NORTH OF ENGLAND

Arianna Giovannini, Leeds Metropolitan University, UNITED KINGDOM

The initiation of a devolution process in 1997 has profoundly changed the political geography of the UK. Three of the four nations united in the Kingdom have been recognised political representation through Parliament/Assemblies of their own. The people of Scotland, Wales and Northern Ireland have now a direct political expression to their national identities. But what about the English? For RDAs, (unelected) Regional Assemblies and Regional Ministers prove them ill-equipped in such a scenario. By and large, England is the 'big left out' within the UK devolution process, and scholars have referred to it as 'the Cinderella of new Labour's constitutional reform plans' (Tomaney, 1999) or 'the gaping hole in the devolution settlement' (Bogdanor, 1999; Hazell, 2000). What are the reasons and the consequences of such exclusion? How should England be governed in a post-devolution UK? And what are the prospects of English devolution? This paper seeks to address these questions by looking at the case of Northern England. In 2002 the three northern regions (North-East, North-West and Yorkshire and the Humber) were chosen by the ODPM as 'staging posts' to English devolution, and three referenda for the setting up of Regional Assemblies were to take place. Eventually, in 2004, only one referendum was hold in the North-East, and turned into a stinging failure. As a consequence, the whole regional devolution plan was cancelled and silence fell on the issue - leaving the case for English devolution latent. Drawing on the empirical data collected through an extensive fieldwork in the regions, this paper investigates

the pre- and post-2004 scenario in the North, shedding light on the main discrepancies in the process (both at the centre and the bottom) and the reasons for its failure. Such an analysis on the case of Northern England, I argue, links with (and impact upon) the wider national scenario, opening up for further reflections on the possible future(s) for English devolution.

Gateway J

THE DEVELOPMENT OF THE FORMER USSR POLITICAL MAP

Elvira Gizatullina, St.Petersburg State University, RUSSIA

World political map (WPM) as well as regional political maps being its parts are formed and transformed in different historical periods under effect of certain set of factors. In this case the system of international relations and international law present by itself several interconnected variables: as one of the factors influencing the WPM, as the result of objective transformation processes and often as a indicator of the new WPM type formation, which could be considered as global dynamic geopolitical system. Under the political map we imply not only the de-jure states but also the objective situation of sovereign dissemination and transformation processes on a certain territory. According to some researches the shaping of Modern WPM started after World War I could be divided into tree epochs. The last one is the epoch of the socialistic system collapse and activation of multilateral cooperation which we can evidence nowadays. As a result of the socialistic system collapse a number of new states emerged on the territory of former USSR, Czechoslovakia, Yugoslavia. Bipolar world collapsed. Tendency of regionalization has been strengthened while separatist movements have been intensified all over the WPM. National integration and national liberation processes began to reinforce. But there weren't any quality changes in the system of international relations in the epoch. As a result of the USSR collapse 15 new states have emerged. In spite of the principal of territorial integrity, the formation of these states were recognized by international community. The same ongoing processes lead to creation of so called unrecognized states: Abkhazia, South Ossetia, Transdniestria, Nagornii Karabakh. Similar situations took place in Chechnya (in 90th), in Adzharia (in 90-th) and Gagauzia (in 1990-1994). Though international law is objective reality that regulates international relations and is a legal basis for solving the problem of unrecognized states, it is a flexible reality. As it is dependent on fundamental processes and conditions, that are the objective transformations of WPM. In purpose of objective analysis of practical (not juridical) transformations on the former USSR political map the author offers to use approaches and methodology of political geography. From the point of view of it an unrecognized state is enough stable and mature informal territory-political system, that strives to formalize its existence in accordance with the norms of international law. Thus the analysis of an unrecognized state and its "mother-state" with these criteria let us objectively evaluate its ability to exist independently and develop qualitatively, as well as its capacity to integrate into common territory-political system with "mother-state" and stably co-exist. This approach helps us to define whether there is any place for unrecognized states on the WPM. We would like to emphasize that at any case we are not appealing to any dramatic border change. We just suggest to stop consider the WPM as a stagnant conservative system, being an unchangeable result of strongly fixed distributing of juridical sovereign.

Gateway G2

THE FINANCIAL CRISIS IN CENTRAL AND EASTERN EUROPE AND POLICY RESPONSE

Grzegorz Gorzelak, EUROREG, University of Warsaw, POLAND

The paper will present the results of an international project coordinated by EUROREG and the World Bank on the manifestations of the financial crisis in Central and Eastern Europe, its macroeconomic and regional patterns, and policy responses. It will also relate to the origins and nature of the crisis in the global context, and will also reflect on the post-crisis model of development. The paper will systematize the causes of the crisis in particular countries and will examine performance of these countries during the crisis period in a longer perspective of the post-socialist transformation and the first years of EU membership. It will also assess the policy measures undertaken in these countries in comparison to the policies performed in other EU member states.

THE REGIONAL PATTERNS OF THE POST-SOCIALIST TRANSFORMATION IN CENTRAL AND EASTERN EUROPE

Grzegorz Gorzelak, EUROREG, University of Warsaw, POLAND

The presentation will be based on seven following theses:

1. The processes of “longue durée” have a strong bearing on the current situation of the Central and Eastern European countries (CEEC). This thesis will be exemplified by a series of maps showing the most important “dividing lines” across the last Millennium and their striking spatial coincidence.
2. The post-war period had put the CEEC in a specifically difficult position which not only delayed their development but also made their social, economic and institutional structures obsolete and inefficient. The calculations of Janos Kornai showing constant losing distance to the Western Europe during the entire post-war period will be the main proof for this thesis.
3. The transformation begun in 1990-1992 has been an exceptional social and economic experiment not only for these countries themselves, but also for the rich world – an experiment to which nobody was sufficiently prepared. The results are – in general – positive, though differentiated. There seems to be a positive correlation – though with a time lag – between the efforts in reforming the system and the economic results shown by the GDP dynamics.
4. The regional patterns of the transformation were not too distant from the earlier changes of the regional structures in their developed countries, though were condensed in time. Metropolisation was the most important regional process, as well as sometimes painful restructuring of the old industrial regions. However, the rural peripheral regions have not (relatively) changed their unfavorable situation. Regional divergence has been the clear spatial pattern of the transformation. This will be illustrated by data on GDP dynamics for the 10 CEEC 1995-2006 (NUTS3) and some statistical modeling.
5. The regional policies have not played an important role in the transformation process, and their revival was triggered by the accession to the EU within the framework of the Cohesion policy. However, the results of this policy are – until now – vague and a hypothesis that the Cohesion policy has not led to regional equalisation seems stronger than the opposite one.
6. The financial crisis has not seemed to change the regional patterns of the CEEC (though there is no sound data on this, and analyses have to be limited to the labour markets). However, the crisis demonstrated a strongly varied resistance of the CEEC economies to the external disturbances. Also, the policy measures adopted by particular countries have been very differentiated, and only very few (if more than one at all) have applied the policies targeting the post-crisis competitiveness and economic efficiency.
7. Finally, it will be argued that the EU membership should be considered as the end of transformation. This thesis will be substantiated by the situations of particular countries during the current crisis and by the fact that they are in most cases more similar to some western European countries than between themselves – which should lead to abandoning the division of the EU family to “old” and “new” members.

Gateway E

THE CHALLENGES FOR ESF AND EES: AN INTEGRATED APPROACH

Francesco Grillo, London School Of Economics, UNITED KINGDOM

Simona Milio, London School Of Economics, UNITED KINGDOM

The latest policy documents that have animated the debate ‘the future of cohesion Policy 2020’, suggest that there are 4 general challenges for regions:

- 1) globalization will increase competition putting additional pressure on local firms and, indirectly, on wages, especially for low-skilled labour. Many regions throughout the EU will therefore have to restructure their economy and promote continuous innovation;
- 2) demographic trends project that the EU will see a process of shrinking in working age population, ageing society and population decline, which will lead to a low growth due to the shrinking labor force;
- 3) climate change will strain economic, social and environmental systems by constraining development of economic sectors which rely on ecosystem services and natural resources;
- 4) energy use and supply will see an increase in prices and consumption forcing the regions to more efficient and sustainable environmental approach. These four challenges are exacerbated by the ongoing financial crisis and consequent economic recession. In this wider context the paper presented in December 2009 by Pawe Samecki, European Commissioner in charge of Regional Policy, suggested three main goals for Cohesion Policy:

- 1) supporting lagging regions to fulfill their development potential in the context of a low carbon economy through investments of the ERDF;
- 2) supporting continued adjustment at regional level to increase competitiveness and employment facilitating adaptation to industrial changes and fighting social exclusion through the European Social Fund (ESF);
- 3) addressing cross-border barriers in order to foster integration by improving connectivity and environmental sustainability through the Cohesion Fund. Our paper is concerned with unpacking the challenging faced by the second of the above goal. Indeed, the ESF can not operate in an isolated fashion to succeed in such ambitions goal, but need to be integrated with the European Employment Strategy and the Lisbon Strategy. Both these two strategies have as ultimate goal increased employment and social well being. Retrospective data and empirical evidence suggests that so far there has been little success in achieving the stated objective. We aim to shed light on the reasoning behind failures and give direction for future improvement. Our analysis will be supported by the results of a number of studies including the recent ex-post evaluation of the ESF. Four Member states will be used as case study to bring evidence to suggest that one of the main shortcoming of ESF, EES and Lisbon strategy is the poor integration among them.

Gateway L

HOW LARGE BRAZILIAN CITIES BECAME MORE INTERESTING AND ATTRACTIVE IN THE LAST 20 YEARS- THE CASES OF RIO DE JANEIRO, SAO PAULO, AND PORTO ALEGRE

Gustavo Grisa, Managing Partner-Agencia Futuro, BRAZIL
Renata de Carvalho Rodrigues Managing Partner- Agencia Futuro

This paper focuses on how Brazilian Large Cities invested in becoming more interesting and attractive to Corporate Investors, culture and tourism in the last 20 Years. Through the case study of the cities of Rio de Janeiro, São Paulo, and Porto Alegre, we identify common and divergent patterns and choices of government and local society on building new economic, cultural and tourism references. This 20-year effort on building city attractiveness in Brazil developed since the advent of a new national Constitution (1988) which allowed more power and financial resources to city government and influenced by deep transformations in the integration of Brazilian cities to global economic, social and cultural flows. The choice of each one of the cities presents a peculiar view of global integration due their geographical, social and cultural context and heritage: Rio de Janeiro (6 million inhabitants) as still the most important international reference of Brazil for tourism and culture, Sao Paulo (11 million inhabitants) as the largest corporate metropolitan area of Latin America, concentrating headquarters as many migrated from Rio de Janeiro and Buenos Aires, and Porto Alegre (1.4 million inhabitants), yet with a better income inequality index and the least proportion of families below the poverty line among the six Brazilian largest metropolitan areas, still struggles to overcome a relative geographic isolation and a stagnant regional economy. Although these improvements present stronger linkage to the gradual modernization and democratization of the Brazilian society and the efforts for bringing economic growth to the cities than a systemic process of city upgrading in order to offer a better experience to visitors, the business and cultural communities, there is a growing sense of the importance to “rethink” strategically the growth of large cities in the Brazilian development context. As a role, large cities in Brazil suffer with chaotic growth, a perception of lack of safety, and the loss of cultural heritage and identity whilst they struggle to obtain more recognition and attention flows. Rio de Janeiro, Sao Paulo and Porto Alegre are compared to themselves 20 years ago and to sound international standards in order to evaluate the effectiveness of their strategies, coordinated or not. Finally, possible scenarios are developed for the next 10 to 20 years following possible strategies for each one of the cities in order to improve their inhabitants and visitor experiences, and obtain stronger economic results from further international integration.

Gateway K

A MODIFIED E1 PLAN FOR AN ALMOST UNITED (AND ALMOST JEWISH) JERUSALEM

Zoltán Grünhut, HAS Centre For Regional Studies, HUNGARY

The presentation is about one of the most important question of a world-wide well-known conflict: Jerusalem. The city, which is a holy place for Jews, Muslims and Christians too, without doubt has been in the focus of this diversified historical conflict for centuries. Throughout its history — although not always physically but in spiritual terms — having survived among others Assyrian, Babylonian, Roman, Arab, Crusader and Ottoman

attacks, Jerusalem today is a scene of the Israeli–Palestinian conflict. This historical struggle still preserved its tragically bloody, insolvable political, and dogmatic religious/cultural aspects, as centuries before, but currently in a relative peaceful period, the traditional ways of fights are accompanied by “legal fights” in different international and national judicial forums, and in several global, national and local political bodies. One of these “legal fights” is urban planning. Between 1949 and 1967 Jerusalem was a divided city with an unclear status: the east part— within the Old City —was under Jordanian, and the west under Israeli control. After the so-called Six-Day War the Israeli forces unified the city, and later the administrative borders of Jerusalem were expanded. Under these — from the beginning disputed—circumstances the Basic Law was passed in 1980, declaring that the city is the “integrate, undivided and uniform” capital of Israel. The international community not just rejected, but condemned these circumstances. The Palestinians — with the support of the still less influential but ever rising majority of the world — require full control over East Jerusalem within the Old City, and because of this more relevant and more overwhelming challenge for its interests, Israel at all costs tries to prevent an internationally forced separation. Obviously these are not new phenomena, these processes have started decades ago. From the seventies and more from the eighties Israel deliberately constructed a lot of Jewish residential areas —Givat Zeev, Pisgat Zeev, Neveh Yaakov, East Talpiot, Gilo, etc.— in the disputed Jerusalem neighbourhood to extend and reinforce the Jewish majority of the city, and with this, to secure the unified capital’s future. Based on and alongside this urban policy and with regard to the above mentioned changes in the international community, the E1 Plan—with some necessary amendments and revisions — is a comprehensive idea how to start economical and infrastructural developments in an almost united (and almost Jewish) Jerusalem. My paper is to elaborate and to present the essence of the E1 Plan itself and its possible impacts on the development of Jerusalem, and on the Jewish state as well as its inhabitants.

Gateway K2

THE DETERMINANTS OF REGIONAL CONVERGENCE (DIVERGENCE): INSIGHTS FROM INTRA-DISTRIBUTION DYNAMICS

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Francesco Timpano, Catholic University - Department of Economics and Social Sciences, ITALY

Enrico Fabrizi, Catholic University - Department of Economics and Social Sciences, ITALY

Last decades have seen the increasing interest for the topic of regional growth and convergence. The development of new theoretical approaches like New Growth Theory on one side, and the availability of new techniques to explore the Barro-type growth regression on the other one, have attracted back the interest of many researchers and scholars in the field. Moreover, intra-distribution dynamic analysis has received a lot of attention too, given that the focus on the changes in the entire income distribution overcomes the problem linked to the observation of just the second moment of the same distribution, as suggested by neoclassical sigma-convergence tests. Markov chains have been used in order to model transition probabilities over time. One of the most interesting properties of such an approach is the opportunity to compute the so called equilibrium distribution, corresponding to the final distribution once the transition is repeated several times. So far, an equilibrium distribution showing bimodality is taken as a clear evidence of divergence, while an equilibrium distribution concentrated around the average is an evidence in favor of convergence. The really interesting point is that, with respect to the Barro-type regression approach, it is possible to identify which regions are the source of con(di)vergence, growing faster (lagging behind). Therefore it is possible not only to say if there is convergence or not but also who is converging and who is not. Although such results are really interesting both for academics and for policy-makers, the drawback of this approach is that the determinants of development are not explored. Probabilities are just estimated from current and historical data on income and nothing is said on the characteristics of regions who have been able to perform better, in terms of change in the distribution. In other words, one can say who did catch up but not why. In this paper we try to model transition probabilities using a multinomial logit approach. For each of the rows of the transition matrix we explain the probability that one region moves from its current state to another of the possible states as a function of some region specific characteristics. In particular, statistical evidences of spatial correlation of GDP suggest that development is strongly localized, and therefore we will try to assess the relevance of spatial aspects and clustering processes for regional development. Finally, the relevance of clustering will be explicitly modeled making use of spatial transition matrix where income distribution is conditioned to the distribution of income in neighboring regions is analyzed. Here convergence can be observed but toward a value lower than the average, indicating that, beyond clustering, interregional disparities are still of some relevance. The rest of the paper proceeds as follows. After an introduction followed by a brief review of the literature on the use of Markov chains for convergence

analysis, section 3 covers the empirical methodology adopted and the data description. Results are in section four. Conclusions follow.

Gateway A

ACTORS OF THE URBAN SYSTEM STRUCTURE DEVELOPMENT IN KHANTY-MANSIYSK REGION, RUSSIA

Elena Guseva, Moscow State University, RUSSIA

Khanty-Mansiysk region (KMR) is one of the most interesting regions in Russia today: on the one hand it copies a state of modern successful 'oil' Russia, on the other it differs radically from the whole country that was commonly characterised by regression and outflow of people. An urban system structure of any region, that is changed as a result of impacts of various actors, is an exact reflection of the particular territory historical and contemporary trends of development. So the socio-economic situation in Khanty-Mansiysk region can be analyzed through its settlement pattern transformation. The main features of the transformation during 1990-2000s are follows: intensive growth of the region urban system, increase in a coherency of its elements as a result of the rise in incomes of main actors leading development of the eastern part of the region where main assets are located high speed of agglomerations growth, expressed in the intensification of center-peripheral disproportions. Several main actors determine the current situation in KMR: they are business, regional policies and people as inhabitants. Business, especially an oil connected one, has always been the determinating actor in the region. Oil prices is a basic region development factor, major activities directly depend on it. During last years business investment actions stimulate city growth, infrastructure development and improvements in rural territories development. Regional policies became a full-fledged actor at the moment the region became an independant region within Russia and as soon as resources for being independant were provided. The main purpose of regional policy actions was and still remains the proof of its independant status. As a result a rapid growth of the region's capital and a centralization of the disconnected region take place. Inhabitants play a significant role during last years, giving rise to biggest cities and providing growth for rural territories. Migrations in different directions inside the region arose as a result of an enormous salary imbalance between KMR and other Russia. The role of actors is changing significantly during the time. Rapid growth of oil prices strengthened the positions of business. As a result a position of regional policies consolidated upon the 'oil resources'. Transformations taken required more people to attract to KMR to carry out all the changes. The financial crisis hit business and its investment projects first. As a result need in human resources fell down, and out-of-region migration process started, leading to a decay of some cities and rural territory. Regional policy remains the main actor still trying to consolidate the region and intensificate its growth.

Gateway J2

COMPETITIVENESS AND AVAILABILITY POTENTIALS OF THE CITIES IN THE VISEGRAD GROUP

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Zoltan Nagy, University Of Miskolc, Institute Of World And Regional Economics, HUNGARY

It is noticeable, that most of the cities – except the country capitals - were take part mainly in the national competition before. In these days this kind of “competition” becomes more and more international. Regions that belong to bigger cities enhance the territorial disparities; for this reason, the cooperation and networking of the settlements become increasingly important. The main aim is to prove, that the cities of different dimensions would not stay isolated from each other. According to the literature review, the opened economy, the high level of the income per capita with growing tendency, the high employment rate and the population that can realize benefit from the advantages are among the basic aspects of the territorial terms of competition. To continue this idea the competitiveness means acquiring and retaining position in the market, increasing market share and profitability and being commercially successful – the more effective economical achievement in the global competition can be measured by the high level of the income and employment rate. Availability and the adequate infrastructural conditions appear in many sources as an independent term of competitiveness. We have to take into consideration, that in accordance with the economic situation and its main scope of activities and realizable aims, different elements and service claims become the key issue and propulsive power for the economic development in different time period. To study the availability we use territorial potential; according

to this method, territories that have the biggest potential, they involve the greatest economic power, either they are near by centre, or both. In the study we analyse the availability as the term of competitiveness, internal and external connections and of choice of location. The main problems of the cities and agglomeration – in infrastructural aspects – arise from the inadequate road and rail networks – bad condition, quality and low weight-bearing capacity – that are able to delay the economical and social development to a great extent mostly in those settlements that are in the periphery of the regions, in a relative confinement. In the research paper we deal with sectoral differences: most of the processing industry comes out of the biggest cities – instead, the tertiary sector, the strength of the administrative, governing functions, the role of research and development and the higher education, the concentration of the key sectors mean the characters of the bigger cities.

Gateway H1

MULTILEVEL POLICY TRANSFER AS A FORM OF TRANSNATIONAL LEARNING FROM COOPERATION

Verena Hachmann, Federal Institute For Research On Building, Urban Affairs And Spatial Development, GERMANY

Projects for Territorial Cooperation funded by Objective 3 of the EU's Structural Funds (INTERREG) are able to penetrate national and regional planning and policy systems through multilevel policy transfer. When developing joint concepts and building up capacities for cross-border and transnational measures, projects can bundle and increase regional powers. INTERREG represents a form of Europeanisation with many facets; there is horizontal policy transfer taking place between regions, regions are setting up common institutional arrangements in a bottom-up manner, but there is also the top-down implementation of EU regulations. The diversity of planning systems in Europe again limits this transfer if ideas and concepts from other regions and countries. The paper explores these different dimensions of policy transfer and how they contribute to transnational learning in and between the regions. Examples of INTERREG projects shed light on what single projects can achieve in this respect and how they have managed to do so.

Gateway G

FINANCIAL TOOLS OF THE EUROPEAN UNION REGIONAL STRUCTURAL POLITICS FOR BALANCED REGIONAL DEVELOPMENT IN LATVIA

Inese Haite, University Of Daugavpils, LATVIA

The main point: The experience of the implementation of EU structural funds in Latvia and further perspectives for integrated development. The object of the research is social and economical development of underdeveloped regions when planning and using the co-financing through European Union projects. The aim of the research is to investigate and review the development of municipality, the management and implementation process of EU projects, to define the impact of European Union structural policy on sustainable development of different parts of Latvia.

Gateway A9

THE FORMATION OF NEW STATES WITHIN THE POST-YUGOSLAVIA SPACE (COLLAPSE OF SOCIALIST FEDERAL SYSTEM, FORMING 'NATION STATES' AND JOINING THE EUROPEAN UNION)

Zoltan Hajdu, HAS Center For Regional Studies, HUNGARY

Within the states of the Balkan Peninsula, both at the time of the Cold War and later co-existence of the bipolar world, represented the whole political heterogeneity of Europe in 'miniature'. The Socialist system of alliances (COMECON, Warsaw Pact) and the Capitalist system of alliances (NATO, European Community) existed on a relatively small territory, besides the presence of non-aligned Yugoslavia, and orthodox Communist Albania. The Collapse of Yugoslavia and formation of the new states affected every state on the Balkan Peninsula.

Within the Yugoslav separation process the real question was: Who has the right (peoples, nations, republics, autonomous areas, majority settlement areas etc.) to self-determination? Slovenia was the westernmost, economically most-developed, and ethnically the most homogeneous republic in the former Yugoslavia. Slovenia has reached EU (2004) and NATO (2004) and 2007 EURO zone membership. From the summer of 1991 to January of 1998 Croatia formed of uncertainty prevailed both regarding the ruling state structure and state territory. She has become member of NATO in 2009, and can be a member state of EU in 2011. Bosnia and Herzegovina with the Dayton Peace Accords of November 1995 came into internationally recognised entity, but divided inside. The three entities (RS, Croat-Bosnian Federation, Brcko area) came under international supervision, foreign peace-keeping troops were stationed in the country, the chief decision-makers were representatives of the international community. BiH in fact is a 'floating state'. Macedonia was splitted with Yugoslavia entirely peacefully, but she has a basic international discussion with Greece, and at home a divided society between Macedonians and Albanians. Montenegro has decided on its separation from Serbia on a referendum in 21 May 2006. Montenegro is a 'silent member of the EURO zone'. Kosovo has declared her independence in the February of 2008 and recognised by about 65 countries of the World diplomatically. The 'new state' has a very serious problems on international level, and at home as well. Serbia is a 'remainder country' of the former Yugoslavia. We have to acknowledge that among the new states of post-Yugoslavia space state border disputes have always tended to be of a more long-term nature, with the problems of instability. The status of the post-Yugoslav states compared to EU are very different: Slovenia is a member state, Croatian, Macedonia are candidate countries, BiH, Kosovo, Montenegro and Serbia are potential candidate countries.

Gateway A

MULTISCALAR CLUSTERS AND NETWORKS AS THE FOUNDATIONS OF INNOVATION DYNAMICS IN THE BIOPHARMACEUTICAL INDUSTRY

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Marc-Hubert Depret, BETA-CNRS (University of Strasbourg), and University of Nancy 2, FRANCE

Our understanding of the mechanisms at work within the dynamics of the emergence, structuring, coordination and development of the phenomena of the clustering and networking of innovation processes remains incomplete, dispersed and (let's admit it) fairly flimsy (Hamdouch, 2010). To analyze clusters from a new perspective, it is then necessary to open "the 'black box' of the cluster approach" (Benneworth and Henry, 2004, p. 1012). In order to do this, we need to adopt a conception of clusters that is less "geocentric" (by rejecting the idea that "there is no hope outside the cluster"), less dichotomous and determinist (by avoiding a "top down" versus "bottom up" conflict), less narrow (by taking into consideration all innovation stakeholders), less "centripetal" (by avoiding thinking of them as cut off from the outside world or as autarkic), less "market-based" (by taking into account the social and cognitive dimension of the relationships between the stakeholders) and less "static" (by performing a serious space/time analysis of clustering and networking processes). From a more evolutionist perspective, we will therefore attempt, in this paper, to argue the following idea: Although clusters are one of the permissive conditions for the innovation production and dissemination process, they neither constitute a sufficient condition in themselves (in contrast to the "naturalist" hypothesis — to use Torre's expression (2006) — argued within the framework of a traditional or "geocentric" vision of clusters), nor necessarily the organizational form best suited to this end, in particular within an increasingly globalized and uncertain environment. To support this assertion, we will explore the example of the biopharmaceutical industry, which seems to us to be particularly well suited to this study. This is because, on the one hand, the analysis of bioclusters and biopharmaceutical innovation networks has, in recent years, given rise to a great deal of empirical research, some of which tends towards a renewed vision of clusters and on which, naturally, we will base the majority of our arguments. On the other hand, in recent years we have seen the emergence of a new form of industrial organization in which clustering and networking strategies play a structuring role and fundamentally redefine the foundations and forms of competition that exist between a wide range of highly interdependent stakeholders. These new forces at work within this industry are, in fact, at the basis of a gradual reappraisal of market structures, a rationalization of the organizational methods used by drugs manufacturers, and a restructuring (cognitive and spatial) of their scientific and technological activities. This being the case, the transformation of this industry's basic "contextual" parameters (following the sudden emergence and dissemination of scientific principles and research methods arising from the "Life Revolution") has generated new network-based forms of proximity and interfirm coordination. Taking this as our framework, the paper will follow a two-step approach. Firstly, we will provide a brief overview of the decisive role — as most of the empirical studies forming part of the traditional "geocentric" vision of clusters reveal — generally played by

proximity factors and the effects of clustering in relation to the innovation dynamics at work within the biopharmaceutical industry (Section 2). In the second step, we will explain, however, why any analysis of clusters and local networks cannot be solely based on a purely “dichotomous”, “geocentric”, “narrow” and “centripetal” (or “autarkic”) approach (Sections 3 to 6). Section 7 concludes the paper by outlining the underlying theoretical and methodological challenges facing future research in this field, in particular in order to more effectively take into account the spatial, organizational and interpersonal (or cognitive) dimensions of the coordination modes among the various innovation stakeholders.

Gateway A8

MANAGING ORGANIZATIONAL AND GEOGRAPHICAL COMPLEXITY: THE POSITIONALITY OF ADVANCED PRODUCER SERVICES IN GLOBAL PRODUCTION NETWORKS

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Ben Derudder, Ghent University, BELGIUM

Frank Witlox, Ghent University, BELGIUM

In recent years the global production network (GPN) approach has provided researchers with a valuable framework to study global or regional systems of production and consumption. At the same time however, the explanatory power of the approach is partially flawed by its neglect of advanced producer services (APS) and their role for the organization and reproduction of GPNs. Based on a small survey and several semi-structured interviews with plant managers and directors from automobile companies located in the port of Ghent, Belgium, the present paper attempts to address this problem by developing a framework that allows to investigate the positionality of APS firms in a GPN. This positionality has three dimensions which relate to three more specific research questions: (i) a functional dimension where we investigate what services APS firms provide to their clients and how this input affects their clients’ managerial and/or operational activities; (ii) a spatial dimension where we investigate in which service cities APS firms are located and explain the configurations of the spatial relations with the decision cities where their clients are located; and (iii) a governance dimension where we investigate whether the input of an APS firm is merely facilitating, or whether it actually influences its clients’ strategic decision making process and, therefore, the distribution of value in a GPN. In doing so, this paper contributes to an important but still modest line of inquiry that explores the potential benefits of a conceptual integration of the GPN approach and the literature on world city networks.

Gateway F1

SUSTAINING IT USE: WORKING COLLABORATIVELY WITH OLDER IT USERS IN THE UK

Irene Hardill, Nottingham Trent University, UNITED KINGDOM

The Digital Economy is fast emerging both as a key driver of economic activity and as an important enabler of its growth. Western economies in particular, are becoming increasingly reliant on electronic structures and services – the success of which depends on citizens being conversant with conducting their day-to-day activities using digital resources, including accessing public services. In this paper I report on research funded under the British New Dynamics of Ageing programme. One of the key aims in our NDA project is, to create an engaged community of older people who will actively participate in exploring problems and solutions related to sustaining and enhancing Information and Communication Technologies (ICT) use. Older people not only represent a growing proportion of society, they are also the fastest growing group of internet users. Yet as people age, they face changes in health, capability and/or social circumstances which may mean they lose the capacity to use these tools. Such changes may be compounded by the trend for continual enhancement and development of ICTs, often leading for example to increased complexity. As a result it has been predicted that significant numbers of older people will in future move from being ‘digitally engaged’ to becoming ‘digitally unengaged’, with consequent reductions in their quality of life and independence. In this paper I report on some emerging findings from our study of the challenges faced by older people in sustaining IT use, and reflect on co-producing knowledge with and for older people.

Beatrix Haselsberger, Vienna University Of Technology, AUSTRIA

All our familiar maps and atlases confront us with a particular (geographical-cartographic) picture of Europe: a European surface divided into distinct nation-state territories, each demarcated by a line and distinguished by separate colours. Consequently the European Union appears in form of a 'melting pot' composed of several nation-states and characterised by difference in areas such as traditions and culture. This extensive and increasing diversity raises substantive questions for realising the concept of 'territorial cohesion' as a general policy objective. But, as territorial borders and in particular national borders have negative consequences for directly adjoining areas, cooperation across borders and moreover territorial cohesion contributes substantively towards the reducing of disadvantages experienced by the respective border areas that constitute trans-border regions. It appears that effective forms of cooperation across borders are grounded in a recognition that different nation-states deal differently with similar spatial planning 'issues' in accordance with their own traditions and identities, and not assuming that these are insignificant or easily washed away. Many terms describing the key processes of spatial planning have country- or region- specific meanings which are lost when transposed to another setting. The problem is exacerbated in transferring between different languages; in crossing national/language borders, even similar sounding words from different languages can encompass very different concepts and meanings. In this regard the paper builds on the hypothesis that the establishment of a harmonised European planning terminology has to be considered a fundamental precondition towards more substantive trans-border networking as well as towards the building up of a 'unity of diversity'. This hypothesis is explored through the specific case of the coterminous nation-states Austria, Italy and Slovenia. The paper argues that although these three nation-states have evolved within three completely different historical contexts and are belonging (at least in a contemporary sense) to three different legal families (superficial differences) many similarities can be revealed by a closer examination through understanding 'the others' planning terminology and consequently planning approach.

Robert Hassink, University Of Kiel, GERMANY

Claudia Klaerding, University Of Kiel, GERMANY

Oliver Plum, University Of Kiel, GERMANY

As economic globalisation moves on, several theoretical concepts in economic geography stressing the importance of agglomerative forces for fostering innovation and competitiveness, such as clusters, industrial districts, regional innovation systems, have been criticized for among others neglecting extra-regional links. From different angles concepts have been developed which can compensate for this shortcoming, such as global production networks and strategic coupling by members of the Manchester school of economic geography (Coe et al. 2004), district internationalisation (Bellandi and Caloffi 2008), local buzz and global pipelines (Bathelt et al. 2004) and transnational communities (Saxenian 2006). This conceptual paper will critically appraise these newly developed concepts in a comparative manner by focusing on their theoretical background, their aims, their explanatory power, their methods and their empirical operationalisation. In addition and related to the latter, it will review empirical case-studies which have worked with and tested these concepts. The paper will reveal strengths as well as limitations and weaknesses of these concepts and will develop a future research agenda for linking the local with the global and vice versa in economic geography.

KNOWLEDGE CREATION AND COGNITIVE PROXIMITY DYNAMICS IN INTERNATIONAL RESEARCH TEAMS

Johanna Hautala, University Of Oulu, FINLAND

Academic knowledge is created in teams that include often members with different cultural backgrounds. Interactive knowledge creation may result in novel ideas, articles and technological applications in teams that are able to harness the variety of their members. Cognitive proximity of the members refers usually to the similarities in their knowledge bases. Too much cognitive distance can prevent the members to create common understanding and language to create knowledge, but too much cognitive proximity would prevent them to create anything novel. Cognitive proximity is explored in this article both theoretically and empirically. The concept used in economic geography is quite fuzzy. It is usually measured between firms. However, in this article it is considered between the members of teams since they are the basic unit of knowledge creation. In the article cognitive proximity is approached through theory of mental models. Members of a team, who share their work-related mental models, are cognitively proximate. Cognitive proximity is seen as a dynamic process: members of a team can become cognitively more proximate or distant. It is showed that this dynamic has an effect on knowledge creation. In addition, new insights to definition of cognitive distance are suggested. The study is focused on four international top-level academic teams from two Finnish universities. The teams have been followed during 2007-2009 and the material consists of interviews, weekly diaries and observation. The material is analyzed with mental mapping.

ENTERPRISE SUPPORT IN RURAL AREAS: EXPLORING THE CONCEPTUALISATION OF INNOVATION AND DISPLACEMENT IN THE IRISH LEADER PROGRAMME

Kevin Heanue, Teagasc Rural Economy Research Centre, IRELAND

Ireland has a variety of agencies whose focus is to assist new and expanding firms. On the one hand, Enterprise Ireland and the Industrial Development Authority have a national focus on indigenous or foreign firms respectively, which are export focused and have more 10 employees. For micro (and mostly indigenous) firms, the City and County Enterprise Boards and the LEADER programme are the key agencies. Other agencies such as Shannon Development and Údarás Na Gaeltachta have location-specific remits that span both micro and larger enterprises, indigenous and foreign. This primarily conceptual paper focuses on the LEADER programme and its enterprise enabling and support activities towards new and expanding rural micro enterprises. LEADER (Liaison Entre Actions de Développement de l'Economie Rurale) is the EU Community Initiative for Rural Development that provides approved local action groups with public funding (EU and National) to implement multi-sectoral business plans for the development of their own areas. In Ireland, the current LEADER programme runs from 2007-2013 and has a budget of €425 million. The Irish LEADER programme places innovation at the centre of its strategy. It aims to be an 'innovation' (in terms of the guiding principles of participation and subsidiarity that underpin the formation and focus of the local development plans) and also 'a lever for innovation' (LEADER European Observatory, 1997). However, it is argued here that the conceptualisation of the nature and impact of enterprise innovation in the context of the LEADER programme needs to be clarified. The concern is that the conceptualisation of innovation informs the decision criteria applied to assess enterprise funding applications to the LEADER programme in Ireland. Therefore, if the conceptualisation of innovation used is not clear, the decision criteria may not be constructed in the optimum way to ensure that the LEADER programme attains its goal of supporting new and expanding innovative micro enterprises. The first part of the paper explores the conceptualisation of innovation used by LEADER and compares and contrasts this to Schumpeterian understandings of enterprise innovation. Next, the possible effects of enterprise innovation for an economy in terms of 'creative destruction' (Schumpeter, 1934), 'uncreative destruction' (Storey & Strange, 1993; Greene et al., 2004) and 'nondestructive creation' (Bhidé, 2008) are outlined. The first two of these relate closely to issues of displacement, the avoidance of which is a key concern for LEADER companies, as for any other enterprise-funding agency. Therefore, the next section of the paper discusses the relationship between displacement and the various potential impacts of innovative enterprises outlined previously. The penultimate section of the paper analyses a sample of the assessment reports used by some of the 36 LEADER companies in Ireland for enterprise funding applications, to explore how they operationalise and assess the key issues of innovation and displacement. These findings are juxtaposed against

the findings from the earlier part of the paper. The final section contains a summary and recommendations for the LEADER programme.

Gateway D

INSTITUTIONALIZING REGIONS: POLITICAL GEOGRAPHIES OF CONTEMPORARY WALES

Jesse Heley, Aberystwyth University, UNITED KINGDOM

With the National Assembly now over 10 years old, the political landscape of contemporary Wales continues to be dominated by devolution and constitutional change. Coupled with an intense period of (post) credit-crunch economic restructuring, changing processes and practises of government and governance are impacting greatly upon Wales and its various sub-national settings. Incorporating localities and regions - both ambiguous and heavily debated terms in the social sciences more generally - these frames rarely exist in the sense of being autonomous spatial units, yet are constantly employed by those looking to institute material and imagined coherences across space. Bundles of four distinct geographical concerns (recently coined 'TPSN'), these are: territories (borders and boundaries), places (individual and individualised social relations), scales (gestalt constructions), and networks (stretched out and perforated relations) – all of which are evident in the Wales Spatial Plan (WSP). Launched by the Welsh Assembly Government in 2004 (and subsequently revised in 2008), the WSP aims to provide a provincial context for working on public policy, spatial planning and sustainability concerns. A concerted attempt to join up government across all policy areas, area strategies seek to deliver visions that address key regional issues and are attentive to the different roles and functions of places. With six 'area visions' across Wales these areas are not defined by administrative boundaries, allowing partners to work together on common issues in a flexible and more resourceful manner across so-called 'fuzzy boundaries'. Drawing on evidence collected by the Wales Institute of Social and Economic Research Data and Methods (WISERD) Locality Research Programme, this paper considers the impact of the WSP on the machinations of local government in mid Wales and the extent to which one particular area vision – that of the Central Wales Spatial Plan Area (CWSPA) – has become manifest as a particular (set of) spatial imagination(s). On the one hand, it is argued that the success of the CWSPA and its uptake as a *modus operandi* has been undermined by the existence of pre-existing spatial templates; templates which have engendered particular working relationships between local authorities. On the other hand, it is subsequently argued that new structures of partnership working prompted by the CWSPA are actively making this spatial form more concrete and, in the eyes of a number of stakeholders, serving as possible blueprint for a new governmental territories.

Gateway A4

NEW KNOWLEDGE DYNAMICS, NEW REGIONAL POLICY CHALLENGES?

Halkier Henrik, Aalborg University, DENMARK

The paper explores the links between emerging knowledge dynamics and developments in regional policy, building on research undertaken as part of the FP6 project EURODITE. The paper proceeds in four steps. First a brief background is given about the research approach within EURODITE, secondly some key findings of the project regarding trends in knowledge dynamics are presented. Thirdly, results from a survey of regional policy in Europe are presented, and finally the latter are discussed in the light of the emerging knowledge dynamics identified. It is concluded that although regional policy in Europe has moved in a much more knowledge intensive direction, the challenges of coping with increasingly complex knowledge production chains still requires the attention and creativity of policy-makers.

TOWARDS MULTI-LEVEL GOVERNANCE FOLLOWING THE REFORM OF REGIONAL POLICY IN POLAND?

Katarzyna Hermann-Pawłowska, Warsaw School Of Economics, POLAND

The reform of regional policy in Poland is currently being prepared by Polish government in cooperation with regional authorities. The reform, introduced in the National Strategy of Regional Development for 2010 – 2020, assumes a change in roles and relations between all stakeholders of regional development. This change is reflected in a new delivery system of this policy and aims at realisation of multi-level governance – treated normatively as one of the main principles governing the reform of the regional policy in Poland. This paper observes new allocation of competences in the field of the regional development between central, regional and local authorities as well as between these authorities and their non-governmental partners, as proposed in the National Strategy of Regional Development for 2010-2020. The analysis of the change of their roles and relations in the whole delivery system of the regional policy in comparison to the system applied so far serves as a basis to answer the following questions. How is the multi-level governance principle interpreted and translated into practical solutions concerning implementation of regional policy by Polish authorities? Does the provisions of the National Strategy of Regional Development for 2010-2020 concerning the delivery system of the regional policy in Poland provide for a revolutionary change from a centralised system to a decentralised one based on partnership with wide array of participants in regional development placed on different levels of governance? Or maybe is it just a cosmetic change – another tiny step particularly for the regions towards a little bit more independence from centrally planned and delivered regional policy? To what extend will the proposed solutions effectively change the relations between different stakeholders of the regional policy in the direction of multi-level governance? What mechanisms are planned to be introduced which enable the change in relations between authorities and partners at different levels of government? Under what conditions will these mechanisms bring Polish regional policy closer to the realisation of multi-level governance in Poland? And finally, if it is justified to treat the new delivery system as a materialisation of the multi-level governance concept then what type of multi-level governance does the delivery system of new regional policy in Poland present.

COAL AND THE ENVIRONMENT: AN ECONOMIC TRADE-OFF

Stephen Hill, University Of Glamorgan, UNITED KINGDOM

Andrew Crawley, University of the West of England, UNITED KINGDOM

The purpose of this paper is to assess the Welsh Assembly Government's policy on the reduction of carbon emissions in the light of the country's growing energy demands. The issue is contentious, with the government seeking to deliver cheap affordable energy in the short run but at the same time to improve their environmental practises. Wales is meeting its short term energy needs by importing coal instead of utilising endogenous recourses, which is hardly consistent with espoused principles of sustainability. Wales has gone from a region employing around 270,000 people in coal mining in the 1920's to around 1,000 people now. Over the course of the last 3 years the price of coal from Wales has doubled, and supplies of endogenous coal in Wales once thought to be worthless have become economically viable. This paper analyses the two scenarios using a trade off framework linking preferences to consumer demand curves. Local coal, although more expensive in terms of price, may offer greater utility to consumers (both Government and the public) than foreign imports. Fundamentally the paper assesses whether the environmental consequences of secure cheap energy supplies is a price consumers are willing to pay.

THE ROLE OF NETWORKED INNOVATIVE LABOUR MARKETS FOR CONTINENTAL SYSTEMS OF INNOVATION

Ulrich Hilpert, Friedrich - Schiller University, GERMANY

Highly trained labour is of increasing importance for regional development and innovation. Modern industries and high tech services are concentrated at these locations and they indicate a close relationship with regional research structures and universities. Metropolitan areas indicate an outstanding role for innovation and they provide labour markets for particularly innovative labour. While doing so, they also offer jobs for such labour which was educated at other metropolitan areas which perform as Islands of Innovation. When these researchers change their place of work they continue their already existing collaborations in research and provide for networks which are formed predominantly out of such metropolitan cities. It is interesting, (i) that such networks among researchers and enterprises are interrelating these labour markets - forming a networked innovative labour market - and (ii) that these are first of all formed as a North American or a European situation. So, metropolitan cities as a network play an important role in innovation which is based on the researchers they attract and they also provide the basis for divergent processes emerging as continental systems - which are in addition related through the most innovative institutions and enterprises. Such processes of metropolitan development need to be understood on the basis of their participation in both innovative labour markets and continental networks.

SUSTAINABLE INNOVATION IN REGIONAL DEVELOPMENT ---IMPLICATION FOR ECOLOGICAL STYLE OF BUSINESS MANAGEMENT

Makoto Hirano, Kochi University Of Technology, JAPAN

Innovation is a change for business creation, which induces a new idea/resource/tool for establishing a better market environment surrounding an enterprise/organization. In many cases, how drastic to change market/society is one of the important factors for evaluating innovation. However, how sustainably to change market/society and how sustainably maintain ecological, natural environment are the other important factors, particularly in current days. Interestingly, those sustainable-type innovations are found in many rural regions. The reason is that many rural regions are lack of conventional business resources, such as capitalization, natural asset, advanced technology, and so forth, and many rural people need to develop their own business resources by utilizing, recycling, value-adding, or value-finding on something surrounding their daily lives. The paper researched and analyzed many business cases in Japanese rural regions to identify the characteristics of sustainable innovation and induce effective universal implications for business model and innovation methodology in current global world. One typical example is the story of selling-leaves business by Irodori Corporation, in Shikoku Island, Japan. In the remote mountainous village in Shikoku Island, the village people were at a loss in losing their business resource of growing orange by typhoon damage. They invented a new business to sell leaves in the mountains to urban Japanese cuisine restaurants. Because the chefs of those restaurants are many times using natural leaves as decorations of luxurious traditional Japanese dishes, Irodori and the village people could sell their leaves as commercial items. They spent over ten years for marketing leaves to make them suitable for the specifications of the target restaurants, and for establishing relevant supply-chain-management system using broad-band-service Internet technology. The point of this story is that they could establish business by effectively utilizing the existent natural resources and the existent human resources. Their business style is sustainable and ecological. In rural regions, there are lots of cases of similar business creation to utilize existent resource without damaging natural environments. Those cases implicate new style of innovation/business for us to survive in the current century.

Eddy Hogg, Nottingham Trent University, UNITED KINGDOM

There are regional variations in the propensity to volunteer. In the English context, previous research has pointed to the more affluent south recording higher levels of formalised, organisation-based forms of voluntary activity, whilst the less affluent north shows a greater propensity towards more informal, individual help-based activities (Williams, 2003). The nature of voluntary activity in different regions and sub-regions is the result of a complex interplay of socio-economic and socio-cultural factors, such as gender, affluence, ethnicity, class, age demographic and other factors. Added to this, there are regional and sub-regional variations in the structure and composition of the regional voluntary sector infrastructure organisations that promote volunteering and the voluntary sector. This is because some responsibility for overseeing infrastructure support for the voluntary sector has been devolved to the English regions, whilst other support comes from grassroots, sub-regional and locally-embedded organisations, creating a complex patchwork regional network of support. In common with much of Europe, England has an ageing population, with the proportion of the population aged over 50 growing year on year (ONS, 2009). Again the English regions record variations in their demographic profile, with some regions (such as the North East) recording a higher proportion of older people than others (such as London). A number of reports have presented demographic change as a threat, yet an ageing population also presents opportunities, with older people more likely than other demographic groups to undertake formal voluntary work (Citizenship Survey, 2009). Older people are often the residents who feel most embedded to their locality and region. As such, the nature of voluntary activity in a region is likely to affect and be affected by the voluntary work in which older adults are keen to engage. Therefore, on a national, regional and sub-regional level, understanding how policy makers and organisations can utilise the skills and energies of older people to improve quality of life for all citizens is becoming of vital importance. Through an analysis of a recently undertaken survey of over 250 voluntary organisations, my presentation will illustrate the nature of older peoples' voluntary activity across the English regions. I will present an analysis of which types of voluntary activity older people are more inclined towards and where they feel encouraged to undertake voluntary work, and explore how this is mapped out in the regional context. I will also outline the factors which have shown to be significant in determining where older people do and do not volunteer, and to explore why this may be the case. In doing so, I seek to move towards a better understanding of where older people undertake voluntary work, and how this can best be utilised.

Ina Horlings, University Of Cardiff, UNITED KINGDOM

In European rural regions we can see the outline of a 'new rural paradigm' which expresses a shift from subsidy-driven development to development through investments in different countries. The central question is: What is the role of social capital and leadership in the transition of rural European regions, and how is this influenced by policy arrangements? Rural development is conceptualised as a process concomitant to the unfolding of a rural 'web' of interrelations between six conceptual domains: endogeneity, novelty, production, social capital, market governance, new institutional arrangements and sustainability. Social capital is conceptualised by combining an individualistic and collective perspective. We introduce a model for regional leadership with four dimensions. The empirical analysis is based on 12 European regional in-depth case studies. This material was gathered in the context of a large European research project on regional development, ETUDE, carried out by research institutes in six European countries. Our conclusion is that social capital is one of the crucial building-blocks for regional sustainable development. In this process leadership plays an important role. Policy arrangements can function as a lubricant in the rural web under certain conditions.

Gyula Horváth, HAS Centre For Regional Studies, HUNGARY

Regional diversity in the European Union has been sharply increasing since Central and Eastern European enlargement, as reinforced the competitiveness challenge. The present EU regions are already characterized by substantial income, employment and productivity disparities reflecting differing resource endowments and innovation performance. Despite the fact that there are competitive and uncompetitive firms in every region, there are common features that affect the competitiveness of all firms located there. These features include physical and social infrastructure, the skills of the work force, an institutional framework and culture conducting to innovation and the efficiency of public institutions (especially administrative capacity) at the regional level. The lack of competitiveness of CEE economies reflects the long period before transition when they were protected from market forces. State planning led to a distorted allocation of resources and insufficient investment into sectors with the highest return in the long-term, and key aspects of competitiveness were often neglected. The presentation examines two important factors determining regional competitiveness in Central and Eastern European countries. Differences in R&D and administrative capacity are widely recognized as contributing to variation in regional competitiveness. If we examine the spatial location of R&D activity, which should be one of the factors supporting the dynamic of European regional development, we can see that the change of régime and the transition have had the effect of preserving the 'status quo ante' in the new member-states in Central and Eastern Europe. Major regional inequalities are still evident in the regional structure of developed innovation institutions, and the core areas and capital cities still have their privileged position. The regional and structural policies based on EU norms have not stimulated the development of R&D in the new member states, as the operational programmes for 2007-2013 demonstrate. There is no Central or Eastern European country with a regional or competitiveness-related operational programme targeting a comprehensive transformation of human resource development in respect of research and administrative capacities at the regional level. Changes in the factors influencing regional development require the regional policy system of objectives, together with the related instruments and institutions, to be transformed. The long-term trends of European spatial development require the widest range of institutionalised forms of decentralisation to be established in the countries of Europe in the face of their different traditions. The new, Central and Eastern European member states can only meet EU cohesion requirements with the help of decentralised institutions. This is not only a public administration issue, but also a prerequisite for the success of R&D in helping to improve competitiveness. If regionalism progresses, it can bring about the modernisation of regional structures and the need for multi-polar regional development may change the hierarchies of power in those countries still in transition quite profoundly. The sub-national level of the power structure, the region, is a territorial entity which supports the sustainable development of the economy and the modernisation of the spatial structure - with its own financial resources and having at its disposal an autonomous development policy based upon local governmental rights. The regions are becoming the stage for innovative development, and the degree of embeddedness at regional level of the fundamental institutions of innovation output is becoming stronger. The decentralisation of science and R&D has a number of positive effects on the improvement of the regions. The formation of research-intensive sectors increases the number of quality jobs and the business development effects of the setting up of spin-off companies are clearly evident. Innovative business develops the region's export capacity and helps the region to integrate into the European and international research area. Companies which demand or rely on research contribute to the re-industrialisation of the region and to the spread of modern services. All of these improve the income-generating ability of the regions and contribute to the enhancement of regional cohesion. The Lisbon criteria cannot be met without decentralisation.

Márton Horváth, University Of Pécs, HUNGARY

The impact of knowledge transfers on innovations has been studied in several papers since the fact that the basis of economic growth is the production of new economically useful knowledge became evident (e. g. Romer (1990)). However, the number of papers studying the knowledge production mechanism in Hungary is still relatively low, especially those that deal with the effects of university and institutional researches. The impacts

of regional research activity on local innovations are explored (Varga (2006)). The purpose of the present study is to examine the characteristics of knowledge transfers in industries by applying widely used methods of knowledge production function and econometrics. The basis of empirical analysis is panel data on time period 1998-2006 and 13 industries including manufacturing, electricity, gas and water supply and construction. Spatial aspects are also considered because agglomeration effects can enhance innovations. Different indexes measuring the spatial concentration of human capital are tested. Despite data constraints the results of the examination prove definitely how university researches contribute innovation activity and how this effect varies in industries. The science and technology sector transformed gradually between 1998 and 2006; the structure of researches within industries changed and by now, the group of high technology industries can be clearly distinguished.

Gateway A2

THE IMPACT OF UNIVERSITIES ON INNOVATION AND ECONOMIC PERFORMANCE: A REGIONAL PERSPECTIVE

Jeremy Howells, University Of Manchester, UNITED KINGDOM
Ronnie Ramlogan, University Of Manchester, UNITED KINGDOM
Shu-Li Cheng, University Of Manchester, UNITED KINGDOM

The paper explores the role that universities have on innovation and economic performance from a regional perspective. After exploring the general role of universities as actors within regional innovation systems the paper then goes on to examine in more how universities influence regional dynamics and change. The analysis is based on a large-scale, primary survey of firms across three UK 'regions' (the North West, East of England and Wales) and explores the way that university collaboration has on firm-level innovation and economic performance and growth. The paper then concludes by exploring both the conceptual and policy implications of the study and the changing role of universities within global, national and regional economies.

Gateway A

REFLEXIVE FIRMS AND LEARNING REGION? ASYMMETRIC POWER IN TECHNICAL COMMUNITY

Jinn-Yuh Hsu, National Taiwan University, TAIWAN

This paper will reflect on the concept of 'firm as collative community' and its firm-territory nexus. In the beginning, a number of theories of community will be reviewed and the basic elements of the emerging form of community; values, organization, and identity will be discussed in details. As economic geographers should be ever sensitive to the different geographical configurations of firm-specific interactions and practices, the issues of space, place, scale and network in firm theories will be attacked. By mobilizing the concept of community, I will demonstrate the fuzzy boundary of the firm and the ways how firms open up their boundaries, tap into surrounding networks, and create certain realms of firm-territory interaction. A number of case studies, such as Taiwanese investment in China, will be used to illustrate the firm-territory nexus. But, the notion of communities of practice cannot be applied unproblematically to firms because they centre principally on collaboration, socialization, and learning and push issues of dissonance, conflict, and rejection into the background. In fact, through the asymmetric powers carried over by the member of community wield, shape, reshape, drive, misdirect, retard, and destroy firms and businesses. A revisited and refined community-based firm theory with power analysis will be proposed in the conclusion.

Robert Huggins, Uwic, UNITED KINGDOM
Hiro Izushi, Aston University, UNITED KINGDOM
Daniel Prokop, Uwic, UNITED KINGDOM

Universities are increasingly portrayed as knowledge-producing entities that can play a role in providing knowledge for business and industry. Through the use of both social network analysis and regression analysis, the aim of this paper is to analyse the knowledge links between UK universities and large industrial R&D performers located in the UK. We find that those universities with a greater number of links to large R&D-intensive firms have significantly higher levels of research income. Also, firms with a greater number of links to high research income universities invest more in R&D. There is also a strong regional pattern to these knowledge links. Leading research universities in the most competitive regions are better 'placed' to establish links with the relatively high number of industrial R&D performers located in close proximity. These links are important contributors to the research income of universities. However, these networks tend to be concentrated among a small number of elite universities, mainly within the UK's core and most competitive regions, which are also the location for a significant proportion of the UK's most R&D-intensive firms. Networks with large R&D firms in more peripheral regions are less dense, and are not based on the same locational and reputation effects as found in more competitive regions. It is concluded that although much university knowledge transfer policy is based on establishing links with SMEs, it is clear that links with the 'big ticket' large R&D performers are closely connected with university research performance.

Seokjoon Hwang, Keimyung University, SOUTH KOREA

In this paper, we try to find out some conditions for a country to be a pollution haven. Two-way spatial sorting mechanism suggested by Okubo and Rebeyrol (2006) provides the theoretical base for identifying the conditions of pollution haven. We propose the empirical setting with the implication of the above model and estimate the net import function to identify for a country to provide pollution haven. Estimation results show that, to be a pollution haven, a country has not only relatively weak environment regulation but also the relatively large market size or the fast growing economy as the theory suggests. We estimate the import share function of Korea with China, Indonesia, Thailand, Philippine and Vietnam, which includes the share of pollution abatement and control costs (PAC) among total value added by industry in Korea. We can find positive and slightly significant effect of PAC share on the import share only in the case of China. This suggests that both the strengthening of environmental regulation and the consideration of environment friendly economic development strategies are recommended to avoid being pollution haven. And we can observe the possibility of the regional concentration of pollution, too. So we need to study the effect of regional concentration of the pollution on the overall environment qualities of the world.

Simona Iammarino, London School Of Economics And Political Science, UNITED KINGDOM
Pablo D'Este, INGENIO (CSIC-UPV), Universidad Politécnica de Valencia, SPAIN
Frederick Guy, Birkbeck College, University of London, UNITED KINGDOM

A central tenet of theories on regional innovation and growth is that localized knowledge spillovers are a fundamental ingredient of agglomeration economies, and play a driving role in explaining differences in innovative performance between regions (e.g. Anselin et al., 1997; Jaffe et al., 2003; Ponds et al., 2009). Due to their explicit mission towards the generation and dissemination of knowledge, and the formation of human capital, universities play an important role as potential sources of knowledge spillovers (e.g. Rosenberg, 1991;

Nelson and Rosenberg, 1994; Salter and Martin, 2001). Research collaborations between universities and businesses are one channel of potential knowledge spillovers from academic research. These collaborations are a mechanism of frequent interaction between university researchers and non-academic communities, spanning across scientific disciplines and industrial sectors (e.g. Cohen et al., 2002; Mansfield, 1995). Moreover, research collaborations favour both intended and unintended exchanges of knowledge, and facilitate learning processes and the establishment of enduring social relationships between partners (e.g. Breschi and Lissoni, 2004). However, despite the copious literature on the bounded nature of knowledge spillovers from academic research, we still know very little about the factors driving the formation and the spatial distribution of knowledge linkages between universities and firms. On the one hand, the analysis of co-location as a proxy for knowledge exchange (e.g. Abramovitz et al., 2007; Laursen et al., 2010) often fails to account for actual interactions and knowledge linkages. On the other hand, the analysis of co-inventorship or co-authorship (e.g. Jaffe et al., 1993; Anselin et al., 2000; Ponds et al., 2007) is often biased towards the dynamics of particular fields of science and/or industrial activities. Our analysis draws on three sources of data integrated in a unique database: a) Collaborative research grants awarded by the UK Engineering and Physical Sciences Research Council (EPSRC) over the period 1999–2003; b) Geographical distances for each possible pair university-business, and business-business; c) Research quality of the university department, as from the UK RAE 2001. Our dataset provides information on any actual and potential partnership-pair. We follow Sorenson and Stuart (2001) and Sorenson et al. (2006) in examining the likelihood of tie formation by adopting a case-control approach. We then use a Rare Events Logit model to estimate the likelihood of tie formation. By disentangling the conditions under which geographical proximity contributes to university-industry knowledge exchanges, we aim to shed new light on the conditions that favour geographically bounded knowledge spillovers (and thus, local agglomeration economies), as opposed to geographically unbounded, or distant, knowledge spillovers.

Gateway K

SOME WAYS FOR POVERTY TREATMENT AT THE MICRO-TERRITORIAL LEVEL

Ioan Ianos, University Of Bucharest - CICADIT, ROMANIA

Daniela Stoian, University Of Bucharest - CICADIT, ROMANIA

Andrei Schvab, University Of Bucharest - CICADIT, ROMANIA

Territorial poverty represents a challenge from the European spatial development point of view. This phenomenon which deserves a special attention has been frequently enclosed in the sub-development process, and it represents an inheritance or it has appeared instantaneously. The article starts from the importance which must be conferred to poverty processes, at the micro-territorial level. Its diffusion at superior spatial levels can have direct and indirect effects upon territorial development, even at European level. This is the reason why it is necessary to singularize the ways by which territory must be treated as a 'patient' of the 'poverty' phenomenon. Poverty can be generalised or it may appear locally, being placed in certain areas. If in the case of an insular poverty the treatment can be applied, as the causes of its occurrence are known, in the case of a generalised poverty the treatment is extremely complex. In the present article several particular situations are analysed as case studies. Specific treatment methods for poverty areas will result from this analysis. In any of the situations, the treatment refers to elements with an endogenous character, but also to elements regarding the territorial environment of insertion for the respective area. The conscious development, by 'itself', is promoted in an environment of the multiscale solidarity. The main ideas of this article are based on the results obtained within the researches upon some of the poorest territorial areas from Romania.

Gateway H

“IRON CURTAIN” AND “BELGIAN CURTAIN” – NOW AND 20 YEARS AGO

Dóra Illés, Ministry For National Development And Economy, HUNGARY

The aim of the presentation is a spatial and temporal comparison of two important lines on the map of Europe: the “Iron Curtain”, which was the principal dividing line on the map of Europe 20 years ago, and the “Belgian Curtain”, the new dividing line along the external borders of the enlarged Europe to Russia, Belarus, the Ukraine and Moldova. The analysis pursues the development of the economic gap between the two sides of this border line. It raises the issue whether the economic disparities increased or decreased in the last 20 years. It compares the border regions along the two dividing lines from geographic, historic and economic point of view.

The presentation describes the trends of legal, illegal and semi-legal activities across the border lines: employment, smuggling of goods and people, cheap services, bazaar economy (particularly at the current Eastern external border). The paper describes how permeability of the borders has changed: it illustrates how the number and capacity of border-crossings, the volume of freight transport and passenger traffic changed in the last 20 years. The unique natural heritage is also an essential feature of both border lines. The “green belt” along the former Iron Curtain was the zone, where access was denied to ordinary people. Barbed wire and mine-fields were established along the borders of Communist countries. Consequently, green vegetation could flourish undisturbed for decades and constitutes nowadays one of the most important green corridors of Europe. Most of the new Eastern external borders of the EU are of similar nature, because they coincide with the former external borders of the USSR, which were guarded with similar methods. An important part of the study is the development of cross-border cooperation across the two lines. The significance of Euroregions, furthermore the roles and the assessment of EU interventions along these borders (INTERREG III A) are evaluated. Finally, some tentative conclusions are drawn concerning future developments, especially on the new external borders.

Gateway K5

EUROPEAN SPATIAL PLANNING FROM THE BEGINNINGS TO THE PRESENT

Iván Illés, Hungarian Ministry, HUNGARY

From the first years of European Integration, there was a clear ambition to establish guiding principles for European spatial planning and development. Europe is a relatively small continent, where countries have common coastal areas, common river basins, lakes and mountains. Counties, cities and regions are connected with dense railway and road networks. Any intervention in the geographic environment has far reaching impacts in other countries as well. In the first period, Europe was politically divided, so the first efforts of integrated European spatial planning were restricted to the Western half of the continent. The first institution which realised the necessity of co-operation in this field, it was the Council of Europe. CoE established in 1970 the CEMAT (Council of Europe Conference of Ministers responsible for Spatial/Regional Planning). The Conference assembles in every second/ third year. CEMAT adopted important resolutions already at their first conference in Bonn, Germany in 1970 (resolution on the foundations of a European regional planning policy, resolution on the factors to be taken into account in promoting balanced regional development in Europe, resolution on the foundations for European co-operation in the field of regional planning. The 6th CEMAT conference in Torremolinos, Spain, in 1983 adopted - beside other resolutions - the European regional/spatial planning charter. CEMAT established indeed the foundations of European spatial planning. The EU followed the initiative of the CoE with some delay. The reason was that the EU had not so clear mandate for spatial planning issues than the Council of Europe. Therefore the first steps were taken not by the European Commission, but by the member states of the EU. The ministers of the EU member states, responsible for spatial planning convened for an informal meeting in Leipzig, Germany in 1994. They adopted the Leipzig principles for European spatial planning and decided to prepare the 'European Spatial Development Perspectives (ESDP)', which was approved 5 years later in 1999 in Potsdam, Germany. The process lasted so long because member states alternated the responsibility for the preparing of the document in every half year (according to the EU presidency). The Council of Europe worked parallel on the 'Guiding Principles for the Sustainable Spatial Development of the European Continent. (Namely in the meantime occurred the change of the economic-political system in the Central and Eastern European Countries and almost all countries of the region became members of the Council of Europe. This document was adopted on the 12th CEMAT Conference in Hanover, Germany. The European Commission - notwithstanding its unclear status concerning spatial planning - contributed substantially to the development of spatial planning on transnational level. In 1996, the Commission established INTERREG II C, later INTERREG III B transnational cooperation programmes, which enabled the implementation of some transnational spatial planning projects. The last important documents were the Territorial Agenda of the European Union approved in 2007 in Leipzig. Its 'background' document was the 'Territorial State and Perspectives of the European Union', discussed at the informal meeting of the ministers, responsible for spatial/regional planning. With the approval of the Lisbon Treaty and with it the responsibility of the European Commission for 'territorial cohesion', the obstacles to the engagement of the Commission in European spatial planning have also disappeared.

Dessy Irawati, Newcastle University Business School, UNITED KINGDOM

Roel Rutten, Tilburg University NETHERLANDS

The literature on the effect of trust and control on knowledge creation in networks is extensive and seems to be moving towards a consensus that both are necessary. Trust is necessary to create an open atmosphere to engage in knowledge creation while control acts as a safeguard against malfeasance. Networks that neglect either one factor are often found to create less knowledge and yield less knowledge creation outcomes, such as new skills and products. Temporary networks, however, may have to depend more on control than on trust since their temporary nature may reduce the opportunity to develop trust. This paper contributes to the literature on trust, control and knowledge creation by empirically examining these variables in temporary innovation networks in the Eindhoven region in the Netherlands. Previous research showed that these networks contribute to regional economic development. This paper explores the mechanism through which this happens. Temporary innovation networks may lack trust in case the partners have not previously worked with one another. They may therefore rely more heavily on control. On the other hand, these networks are formed with a specific purpose and may have found mechanism to compensate for a lack of trust. So the research question of this paper is: How do trust and control affect knowledge creation outcomes of these networks? Several factors that may affect the above causal relation will be taken into account: - Previous relations among partners, - Mutual dependency among partners, - Level of agreement on project goals. The data for this research were collected in 2005. The paper develops several theoretical patterns on how trust and control affect knowledge creation among the members of the temporary networks and how this yields knowledge creation outcomes. Different levels of trust and control have different effects on the willingness to share knowledge and the use of communication modes. Control encourages formal communication that emphasizes the exchange of codified knowledge, while trust encourages informal communication that emphasizes the exchange of tacit knowledge. Both are necessary to produce knowledge creation outcomes. The paper develops several theoretical patterns that are matched to empirical patterns derived from a selection of networks (cases) in the Eindhoven region. The results show that a combination of moderate control and high levels of trust produce the highest levels of knowledge creation outcomes.

Tomoki Ishikura, The University Of Tokyo, JAPAN

Keiichi Sakai, The University Of Tokyo, JAPAN

Atsushi Koike Tottori University, JAPAN

Demand of trade transport industry is basically derived demand of tradable goods. On the other hand, the demand of general industries is influenced by the magnitude of transport sector in trade gateway city. When transport sector shrinks, a lot of industrial sectors such as real estate, commerce and services may also shrink. The activity of trade transport sector depends on the amount of export and import. The economy of a port/airport city is affected by export/import of mega hinterland city. The purpose of this research is to understand the effects to port/airport city by exogenous trade shock in other city. This paper firstly analyzes the characteristics of industrial structure in airport/port cities in Japan based on regional input-output tables of airport/port cities and municipalities. Comparative analysis regarding Index of Power of Dispersion and Index of Sensitivity of Dispersion shows the degree of the dependence on trade related industrial sector for every port city. Then we build a spatial computable general equilibrium model which features the activity of trade related industrial sector regarding export and import. The behavior of export industry sector and import industry sector are explicitly formulated in the model as well as other industrial sector. Assuming virtual interregional input-output structure, the numerical impact analyses for large port city case and small port city case are implemented. Some numerical analyses derive the implication about the impacts to port city and hinterland city by trade demand shock and technological shock. The impacts to regional outputs by sector and the impacts to regional income are observed. The analysis results describe the contrasting effects between large port city case and small port city case.

CREATIVE CITIES & CREATIVE COMMUNITIES. CHALLENGES AND OPPORTUNITIES FOR ROMANIA & SERBIA

Mina Ivanovici, Academy Of Economic Studies, ROMANIA

Marta-Cristina Suci, Academy Of Economic Studies, ROMANIA

Tamara Klicek, University of Novi Sad, SERBIA

Creative Communities are those communities which have come to understand the enormous challenges & opportunities of the creative economy, and that have taken important steps towards this road. People can hope for prospering within this kind of communities oriented and focused on creative & innovative industries and on the creative & super creative class-according to Richard Florida approach (Florida, 2002). Creative communities, often called creative cities or creative & intelligent territories, are not necessarily big cities or famous technology hubs. They are located now mostly in the most developed countries of the world, like USA, Canada, United Kingdom, Finland, Sweden, Denmark, Australia, New Zealand, Japan etc. We consider that in the near future, mostly due to the global crisis propagated and the complex effects, creative communities and creative cities have to become a reality for emergent and developing nations as well as industrialized ones, suburbs as well as cities, the hinterland as well as the coast. So it is obvious that all over the world, mostly after 2000, a new approach for urban development and for regional development emerges for countries like Serbia & Romania. We choose these two countries taking into account also the idea that the two countries have old tradition in cooperation mostly within the areas near the borders where diversity and multicultural environment can allow for more space for diversity management and tolerance. Tolerance is one of the important 4 Ts according to Richard Florida's vision (Florida, 2008): Talent; Technology; Tolerance and Territory. We consider our paper would be of interest for people participating in the Regional Studies Association Conference 2010 because many urban economists like Florida and Landry consider that creative communities, creative mega regions and creative cities have an important potential to recover even during crisis time. For instance many authors call the example of the mega region Ontario whose strategy called symbolically "Ontario in the creative age" attempts to contribute to the prosperity of the whole region making it to recover from its own ashes like the legendary Phoenix bird. Through local broadband, individuals, small businesses, institutions and local governments have gained access to worldwide information resources and a broad range of tools to connect both globally and locally. Today, broadband offers every community the opportunity to move from the periphery to the center in economic terms and to aspire for prosperity as member of the Prosperity Institute lead by Richard Florida were recently illustrating. It enables small companies to be global exporters – including the "export" of skills and knowledge which were never before transportable across time zones or national borders. The main challenge for the creative communities and for the creative industry sector and for those who engage within is how to encourage longer-term growth of these small lifestyle businesses. It seems that it is quite difficult to identify creative workers due to their diversity (understood in a complex sense, in terms of cultural diversity that is more relevant for creative communities than ethnic, religion or other way to look traditionally into diversity). Research concerning the identities, motivations and working & life style patterns of the creative workers suggests that this sector is different from other sectors. The ways of working in the creative industries are commonly presented as a new way of doing business in the creative economies. An important challenge is also to move away from the traditional understandings of work, learning and training and to consider and respond to the diverse needs and practices of the creative class workers; that means to encourage different ways of organizing and growing the creative sector. The paper is the result of a collaborative work within people coming from the east-central and south-east European countries (Serbia & Romania). A strong focus is given to cross and multi-disciplinary approach. Two of the authors are residents of Romania and one is from Serbia. All the authors are academic staff and two are PhD candidates. The paper intends to perform a comparative analysis between realities in the two countries based mostly on the literature review since this topic is quite new for the two countries. Examples of best practices are included.

THE COTTAGE INDUSTRY SECTOR AND THE STATE IN HUNGARY

Krisztina Ivanyi, University Of Pecs, Institute Of Economics And Regional Studies, HUNGARY

World-wide, "Cottage Industries" are one of the oldest forms of industry or economic activity and, by the 19th century, the sector had won an important share of production in West European countries. In the late 19th century, the Hungarian government first examined the development potential of cottage industries based on

Western experience. In Hungary, of course, the main problem was the employment of agricultural workers during the winter, and cottage industries seemed to offer some solution. State organisation of the sector was introduced by the Minister of Commerce, Gabor Baross, and paralleled the development of the more orthodox Hungarian economy. The productivity of cottage industry cooperatives, their role in the labour market, the "lease-work" system and the organisation by the state of the products involved are all important economic issues. From the late 19th century until WWII, several detailed economic studies were published, but it is difficult to find any comprehensive economic research relating to the post-1945 era. After the change of regime, privatisation and the new economic circumstances had a catastrophic effect on the cooperatives and the great majority were bankrupt within a very few years.

The topic is linked in several ways to Rural Development, as cottage industry cooperatives employed many disadvantaged - mostly female - workers in rural areas, economically and artistically successful whilst, at the same time, preserving both the cultural heritage and handicraft techniques. The "European Charter for Rural Areas" is one of the foundation documents for Rural Development and several clauses mirror, in their objectives, the goals which the cooperatives had earlier achieved.

The primary aim of this research is to collect, synthesise and analyse the available data and information on cottage industry cooperatives before they disappear forever in the hope that this might serve as a solid base for future studies on the perspectives and possible revival of cottage industries in a form appropriate to the 21st century. The author presents a brief but comprehensive overview of the definitions applying to cottage industries, of the legal background and of the effects of state involvement during the period examined.

Gateway H

SPATIAL PLANNING IN CROSS-BORDER AREAS – TRANSFORMING THE BORDER BY WORKING WITH THINGS

Joren Jacobs, Radboud University, NETHERLANDS

The spatial organisation of borderlands is not the result of deliberate attempts to plan the cross-border area. Rather, it is the result of the borderlands being at the margins of spatial planning in two (or more) separate countries. The southern part of the Dutch province of Limburg can be seen, almost in its entirety, as a borderland. It is only 30 kilometres at its widest, and completely surrounded by German and Belgian territory. Its urban centres may be characterised as ultimate border cities with numerous relations across the border. The Dutch cities of Maastricht and Heerlen are part of a tri-national constellation of urban centres, including Aachen (Germany), Liège (Belgium), and other smaller towns. Looking at the map, it seems only natural that advanced arrangements for cross-border spatial planning would be in service for this tri-national space. However, this is not the case. The state boundary represents, in the first place, a juridical boundary, which makes each attempt to coordinate spatial planning across the border into a voluntary enterprise. None of the countries is obliged to cooperate with the others. In the second place, the state boundary represents boundaries of politics, culture, and identity. In each country, a different culture of public administration exists, and officials in each country have strong images about each others' differences. Thus, in addition to juridical incompatibilities between systems of planning, matters such as trust, expectations, and loyalty substantially shape cross-border cooperation. This paper examines the way in which the challenge of cross-border spatial planning has been addressed in the south of Limburg, in particular by looking at the relationship between, on the one hand, instances of strategic spatial planning and, on the other hand, actual commitment and spatial development in the cross-border area. Instead of focusing on formal actors, such as policy-makers and institutions, this paper emphasises things that possess the ability to enrol such actors across the border in a common enterprise. These things may include concrete objects and arrangements, such as spatial plans, funding schemes, and local objects as diverse as an abandoned railway or a newly constructed business park at the border. Rather than aiming at instant outcomes, spatial planning in cross-border areas represents a long-term process in which concrete objects and arrangements are continuously produced, reproduced, and negotiated, thereby creating the conditions for success over time. The paper demonstrates that spatial planning, in this way, may indirectly stimulate shifts and transformations in the juridical, political, and cultural boundaries of the state.

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Ove Bjarnar, Molde University College, NORWAY

Arnt Fløysand, University of Bergen, NORWAY

The aim of this paper is to develop a relational framework that can provide analytical guidelines for understanding clusters and clustering processes as social constructed phenomenon without losing sight of the material dynamism of cluster development and its effects upon its networking and knowledge producing society. Our point of departure is that turning co-located industries into clusters and maintain them as such not only give rise to changing geographical pattern of production, networks and relations of power, but also to changes in identity formation in and around the clusters. To cope with this challenge, we argue for an analytical framework inspired by actor-network theory (ANT) viewing clusters as actant; i.e. “something that acts or to which activity is granted by others” (Latour 1996: 373). Accordingly, we argue against instrumental understandings of clusters as a functional phenomenon with inherent properties for developing firm-capabilities (if firms co-locate they coordinate their actions; build up trust; etc.) (e.g. Porter 2000). We are also critical to the more recent, dynamics approaches of clustering studies focusing upon the individuality of firms and their multiple opportunities of managing a post structural world through local and extra-local networking (e.g. Bathelt et al. 2004). The paper starts by reviewing the cluster literature, followed by a presentation of our argument on how ANT can serve as an approach in studies of cluster dynamics, before we draw on two case studies, respectively the Subsea cluster in Western Norway, exemplifying a cluster as an emerging actant, and the Maritime cluster, also located in Western Norway, exemplifying a cluster as a flowering actant. In the final section we reflect on how an ANT approach towards clustering processes can add to the explanation of why clusters have become so hot among policy makers, academic institutions and economic actors; why some clusters become dominated by SMEs others by TNCs; why some clusters become controlled by local capital and others by FDIs; and why some clusters fade out and others keep growing.

Laura James, University of Birmingham, SWEDEN

Geert Vissers, Radboud University of Nijmegen, NETHERLANDS

Margareta Dahlström, Nordregio, SWEDEN

Sigrid Hedén, Nordregio, SWEDEN

This paper explores the concept of knowledge anchoring and the channels through which anchoring takes place. It pays particular attention to how the combination of different anchoring processes interact, and discusses which channels that seem to be prominent regarding specific types of knowledge and within different industries. Special attention is paid to the channel events – by which we mean an organised and temporary event of some sort (such as a fair, conference, seminar or a study tour) in which people meet physically and interact. The concept of knowledge anchoring has come to the fore alongside the notion of territorial knowledge dynamics. Knowledge relates to the entire scope of knowledge – including technical knowledge, knowledge about trends, marketing knowledge and so on. The theoretical significance of knowledge anchoring lies in three important changes in the way that knowledge interactions have been conceptualised: a widening of focus from internal interactions/assets to include external relations and how the two interact; a broadening of the concept of proximity from geographical proximity to, for example, relational and cognitive proximity; and a shift away from a presupposition of bounded regions or territories towards relations and networks. We define anchoring as knowledge coming from outside a region, which somehow ‘sinks in’ and is re-circulated within the region, i.e. processes by which knowledge is used by other firms/institutions within the region (not just the one that found/adopted the knowledge from an external source). We make no assumptions about the length of time between knowledge entering the region and being re-circulated: this might happen immediately, over a number of years, or not at all (in which case no anchoring takes place). Based on this definition of anchoring and an analysis of the empirical material generated from the FP6 funded EURODITE project, we have identified four ‘channels’, through which knowledge enters and is re-circulated within regions.

Hugues Jeannerat, University of Neuchâtel, SWITZERLAND

Leila Kebir, INRA, UMR SAD-APT, FRANCE

In a knowledge-based economy, knowledge is considered as the major resource in economic processes. On the one hand, knowledge can be considered as ‘given’ resource, that is, as a production factor to be optimally allocated. On the other hand, knowledge can be seen as ‘constructed’ resource, that is, as a situated relation process to be maintained and perpetuated in time and space. The contribution aims to understand dynamics of knowledge creation that take place within different economic and socio-institutional contexts in that second perspective. The central argument that we develop in this paper is that traditional territorial innovation models (TIMs) have been able to explain particular learning processes within specific local production systems taking part to a global and quite “undifferentiated” market. They participated to establish the traditional conceptual dichotomy between local and specialised production systems on the one hand and the global market on the other. Recent literature has emphasised that relational and territorial configurations that take shape between a production system and the end-consumer have largely been “neglected” by regional sciences and economic geography (Grabher et al. 2008; Malmberg et Power 2005). The paper proposes to broaden traditional innovation models towards an understanding of multi-local and multi-scalar relations that take into account diversity of production-consumption configuration. It also seeks to go beyond the debate of science pushed and demand pulled innovation by proposing to analyse knowledge production/reproduction as a complex non-linear process that takes place within as well as between a production and a consumption system. That process is not only situated in time but also in space. In the second part of the paper proposes a typology of different economic systems of knowledge and discuss territorial configurations that such systems implicate for firms, policy makers and regions face. The typology is built on existing literature as well as empirical observations made within the European research called Eurodite. This integrated project, composed of 28 partners across 13 different countries, has been founded by the European Commission under its 6th RTD Framework program during the period 2005-2010. The empirical illustrations that are given participate to the comprehension and consolidation of the ideal typical frames.

Walker Jeffrey, Rappahannock-Rapidan Regional Commission, UNITED STATES

Virginia Polytechnic Institute and State University

As with other growth-minded cities and metropolitan areas, the City of Roanoke, and surrounding Roanoke Region (Virginia, USA) employ multiple and varied strategies in their attempts to facilitate economic development. However, owing to an ongoing pursuit of both conventional (traditional business recruitment and retention) strategies, and series of what might best be described as creative class-oriented approaches (aimed at attracting talented young entrepreneurs and business professionals), including a year-long contractual arrangement with Richard Florida's Creative Class Group (CCG) consulting firm, a unique opportunity exists to qualitatively compare the two types, and assess their respective outcomes to date. This paper presents findings from a preliminary evaluation of each, based on interviews, data analysis, and comparative assessment, attesting not only to the continuing influence of the creative class ideal, but possible complementary potential, despite valid and well-articulated concerns. Among various criticisms with respect to Florida's work, as extensively marketed to a popular audience, is that his designated creative class occupations (computer scientists, academics, architects, and artists; managers, accountants, lawyers and healthcare professionals) are not so much representative of a genuine class with a common cause, as employment types characterized by high educational attainment; moreover, whose collective ability to spur innovation, attracting yet further high-tech economic activity is ambiguous at best (Markusen, 2006). At central issue, are asserted correlations between technology, talent, and tolerance (his three T's), and urban growth, causal relationships since called into question (Glaeser, 2004; Montgomery, 2005; Peck, 2005; Markusen, 2006; Hoyman and Faricy, 2009). Nevertheless, despite such counter arguments, the tenets of Florida's creative class theory, with its emphases on technology and workforce promotion, social and ethnic diversity, area amenities, and community livability, continue to find proponents among municipal economic development officials, the City of Roanoke and Roanoke Region among them,

giving rise to the issue as to whether, if indeed not a demonstrated vehicle for attracting new high tech jobs as detractors contend, what, if any, are the returns on such investments, and do they instead serve a complementary, or alternatively beneficial role?

Gateway K1

KEY FACTORS OF URBAN COMPETITIVENESS IN EAST CENTRAL EUROPEAN SPACE STRUCTURE

László Jeney, Corvinus University Of Budapest, HUNGARY

One of the most spectacular trends in recent European regional processes is the gradually strengthening role of cities in EU's development pattern. This phenomenon characterises particularly the space structure of emerging post-socialist countries in Eastern peripheries (Czech Republic, Hungary, Poland and Slovakia), where cities are seen as dynamic 'pulling regions'. It is stochastically proved that the degree of urban/rural dichotomy in EU member states is not independent from their economic growth. The more rapidly developing economies polarize to a higher extent, because in the take-off period in East Central Europe (ECE) only dynamic centres were able to catch up with the European competition, which makes them winner elements of the post-transition spatial structure. The rapid economic development proceeded spatially selectively, while the hinterlands closing-up could succeed only at further stages of development. Although to a smaller extent than the spontaneous market processes, EU's cohesion policy prefers cities also. Recently increasing attention has been given to the so-called trade-off theories, opposing the change of convergence at national and community level. There's proof for the EU's cohesion policy impedes the reduction of inner inequalities within poorer countries. For Spain, expenditures of Cohesion Fund considerably favour some cities (Madrid, Barcelona), resulting in increasing inequalities within the country. As real dynamism realised by only a few cities, closing-up of poorer countries leads to polarization, especially in urban/rural relations. Thus, community-wide convergence tendency is supplemented with a divergence process within EU peripheries, like ECE. Realising the increasing significance of the role of cities in regional pattern a fundamental question is which the most determinant urban success factors are. Competitiveness of cities is connected to a shift in their sectoral structure. Urban economic growth is due to the considerable increase of their tertiary sector whilst fine differences among rural regions are based mainly on the industrial renewal (especially on machinery). As manufacturing abandons cities, classic explanations of urban advantages are based mainly on elimination of transport costs should be further developed. Approaches and methods of new economic geography appreciate the effect of agglomeration economics. The key city-specific features could be measured empirically with knowledge-based indicators (eg. accessibility of excellent informational infrastructure) supplemented with the level of productivity, the quality of human capital following the examinations of Edward L Glaeser. Cities could be classified by the most determinant factors playing a key role in their competitiveness.

Gateway A

GOVERNMENT-SUPPORTED CREDIT PROGRAMMES FOR ENTREPRENEURS – IMPACT ON REGIONS OF LATVIA

Elīta Jermolajeva, Daugavpils University, LATVIA
Rīta Baltēre, Daugavpils University, LATVIA

Task of the research is – to analyze credit programmes supported by the state government of Latvia as the ways to promote the development of regional and national economy. Credit guaranties can be an effective instrument giving a chance to entrepreneurs to attract the borrowed capital. The main task is to determine the prior economic branches and regions for support. The economic activities in Latvia are being supported by the state government in accordance with Latvia National Development Plan for years 2007–2013 which is the main government mid-term policy planning document for the Latvian economics. It defines the strategic objectives and priorities for development of knowledge-based national economy and sustainable regions, built upon development of educated and creative people, technological excellence and elasticity of entrepreneurs, and development of science and research. Latvia has experienced an economic growth during years 2005–2007 when the increase of GDP in Latvia was the most rapid in the European Union. Since the middle of year 2007 the growth rate started to decrease as a result of global financial crisis, and from the year 2008 it is negative. The Ministry of Economics has developed the economic recovery plan – in the framework of this plan it is supposed

to offer governmental support for attraction of financing for small and medium enterprises (SME). Successful implementation of programmes will promote the economic stabilization in the regions and in whole the country. There are particular measures for the improvement of economic competitiveness by providing about 603 billion LVL (Latvian national currency –1 EUR=0,7 LVL approximately). The entrepreneurship support measures include loan instruments, bails of Latvian Guarantee Agency, state guarantee, risk capital and technology transfer instruments. At the economic situation where there is a rapid decrease within all national economy branches, it is very necessary to dispose these funds correctly and usefully.

Gateway D

ECONOMIC GOVERNANCE IN ENGLISH CITY REGIONS: ASSESSING THE 'DEMOCRATIC DEFICIT'

Andrew Johnston, Sheffield Hallam University, UNITED KINGDOM

As the focus of sub-national economic development shifts from regions to city-regions, this paper assesses the nature of the economic governance within these geographic spaces. The paper builds on the 'qualitative state' approach, focussing on the roles, structures and strategies of organisations working within city regions, in order to build up a complete picture of territorial governance. Using the Sheffield City Region as a case study the paper first outlines the roles of local and regional organisations involved in the governance of the economic development process in the area, as well as their strategies and structures. Finally, the paper examines linkages between economic development organisations and the local elected officials, in order to assess their influence the process or whether a democratic deficit exists.

Gateway A

THE SPATIAL ORGANIZATION OF GERMAN TRANSNATIONAL COMPANIES

Krisztina Juhasz, Harsányi János College, HUNGARY

The spatial organisation of the German transnational companies Since the '80s, the role of foreign direct investments (FDI) has been increasing in the external economic relations of Germany. During the last 25 years, the German FDI outward stock has been growing faster than the exports. This suggests that globalization is changing the traditional export orientation of German companies. Their internationalization is growing and appearing in new forms. With regard to the geographical expansion of German transnational companies, I have studied the way and the degree of change in internationalization using macro and micro data. The regional analysis has been compiled using statistical data from the German Bundesbank for the period between 1979 and 2007. The firm specific analysis has been compiled from a database created by myself using company statistics from international (UNCTAD) and German sources, as well as annual reports. In the analysis I relied on the results from scientific literature and on several statistical methods (such as concentration index, gravity center analysis, correlation, etc.).

Within the analyzed timeframe, it seems that the spread of the international production network of German companies took place mainly during the second part of the '90s. The different periods in the expansion of German firms can be designated as the results of the vertical and horizontal integration of the European Union (EU), and of the globalization. After setting up their capacities in the markets of the developed countries (mainly EU and USA), the '90s saw the German companies' eastward expansion into Central and Eastern Europe (CEE), but also into Asia. From 2000 on within the CEE Russia emerges as the most important market for German expansion. Reasons for investments are also different in each region. In the developed countries the strategic and efficiency seeking investments are the most prevailing ones while in the developing countries it is the resource seeking ones. The market as a location factor continues to play an important role. With each wave, more and more firms are taking part in the internationalization process. At first, the chemical industry followed by a stronger expansion of financial services and vehicle production since the '90s. The growing role of the affiliates leads to a higher level of internationalization. In addition to the real economic dimension of the internationalization its capital market dimension also appears. All this leads the special German corporate governance system to evolve into something similar to the American model.

ENDOGENOUS REGIONAL DEVELOPMENT AND THE ALPINE MODEL OF REGIONAL MANAGEMENT – A CRITICAL PERSPECTIVE

Stefan Kah, European Policies Research Centre, UNITED KINGDOM

This paper examines the role that ‘regional management offices’ play in implementing an endogenous regional development model in Austria and Switzerland. With more than 30 years of experience, Regionalmanagements can be considered established actors in regional development policy in both Austria and Switzerland. However, different routes regarding organisational set-up and range of tasks have been taken in both countries. Although integrated into vertical policy systems, regional management offices remain in principle bottom-up institutions taking account of local specificities. In spite of having gained recognition by policy-makers as competent actors in the delivery of spatially-targeted policies, these initiatives have not attracted wider academic attention outside the German-speaking area. The paper reviews the development of endogenous regional development ideas and examines their application in the evolution of regional management offices in Austria and Switzerland. It assesses whether there are factors that facilitate the uptake of regional management offices and to what extent Regionalmanagements are inherent to the political, social and natural character of the Alpine states or have wider applicability and lessons.

HORTOBÁGY NATIONAL PARK AND REGIONAL DEVELOPMENT – EXAMINATION OF NEW PARADIGM FOR PROTECTED AREAS

Judit Katona-Kovács, University of Debrecen, HUNGARY

The paper examines the existence of the “New Model of Protected Areas”, as part of an ongoing research in the territory of the Hortobágy National Park (HNP) of Hungary, where sustainability of the region is examined. HNP is the first (established in 1972) and biggest (82 thousand hectares) National Park in Hungary. The UNESCO World Heritage Commission entered the area of HNP on the list of World Heritage in 1999, as an outstanding example of cultural landscape shaped by a pastoral human society, preserving intact and visible the evidence of its traditional use over more than two millennia and representing the harmonious interaction between human beings and nature. The work in the HNP examines which of the two concepts of area protection, the static-preservation approach or the dynamic-innovation approach, exists in the region. If there is a shift in paradigm from segregation to integration approach, how transitions toward sustainability of the HNP region can be achieved. Can distinction be made which of the three main eras: the technological era, the local participatory era or the institutional era is the most important in the sustainable development of the region. The results show, that there is a paradigm shift and the existence of dynamic innovation approach is visible. Taking in mind the complexity of systems, distinction can not be made and innovation is needed along each of the examined eras of development.

WHERE HAVE ALL THE PLANNERS GONE? THE LAW OF THE WOLF IN AN ERA OF IGNORANCE

Tom Kauko, NTNU, NORWAY

In the post-socialist countries the sustainability of property developments has experienced various destinies amidst a changing housing and planning context. Since the regime changes of 1990 the tendency of the land use and real estate economic system in Hungary has been an extreme variant of neoliberal, opportunistic and large-scale developments and project planning, where typically the plan follows the physical changes with a lag. As a result of project planning, urban regeneration in metropolitan Budapest is almost exclusively based on private investment. A great deal of such projects are already implemented, but many are in a marketing stage, where the difficulty is to attract and convince investors in the midst of falling demand and existing excess new dwelling and office space supply. With the possible exception of mega-projects where government has an interest in securing the provision of infrastructure, the government only gives permission to develop/build. In this paper,

first the general imperative for government intervention in the property development is outlined. After that a description of urban regeneration and other property development in the Budapest region is provided. The paper concludes with an evaluation in relation to sustainability, and a critical comment on the state of affairs in this context.

Gateway A

GEOGRAPHICAL PROXIMITY AND NEW FORMS OF FOOD PRODUCTION AND CONSUMPTION

Leïla Kebir, UMR SADAPT/INRA/FNS, FRANCE

André Torre, UMR SADAPT/INRA, FRANCE

It is often deplored that the role of geographical proximity in regional development dynamics has been considered of secondary importance even more of no importance at all in the recent debates on the end of the Geography. However the issue of geographical proximity is coming back into force today, notably in one of the basic functions of our society: food. This “return” can be noted in the recent development of a plethora of movements such as short supply food chains development, Community supported agriculture schemes, the Locavores movement, etc. These initiatives give particular attention to localization and to distance in particular between producers and consumers. They give value to geographical proximity in itself, without always defining it precisely. Among others, geographical proximity is about re-building the farmer-consumer relation (“relocation issue”) and by there to people’s reconnexion with agriculture, soil and nature which have been lost through the long and anonymous chains of standard food distribution. It is also about maintaining and protecting disappearing forms of agriculture and more controversially to reduce food miles and carbon prints. This new form of proximity valorisation, challenge the proximity concepts and approaches developed in regional science as it is not associated to terroir or specific know how. Based on the literature on short supply food chains and on the works on proximity, this paper questions this resurgence and aims at understanding its roles, contents and meaning for regional development dynamics.

Gateway A10

SPATIAL AND TRANSPORT CONNECTIONS OF HUNGARIAN INDUSTRIAL PARKS

Eva Kiss, Geographical Research Institute, HUNGARY

Hungarian industry during its 150 year history has witnessed numerous changes and has had to face many serious challenges. Latest, after 1989 relevant changes have taken place in industry. Traditional organisational forms have been renewed, the branch structure of industry has transformed, the number of its employees has decreased, new technologies, new machines, new products were introduced etc. The spatial pattern of industry has also changed and industrial parks which were completely new phenomena have had a great impact on it. Functional and spatial restructuring have gone together. Officially the first industrial parks were established in the second half of the 1990s. Industrial parks are very important for many reasons and not only on regional level, but also for the local economy. The development and importance of the industrial parks also depends on their transport connections and transport geographical situation. The main purposes of the presentation are on one hand to demonstrate the role of industrial parks in the restructuring of industrial space and on the other hand to analyse their transport connections. The presentation is based upon the first results of the research carried out last year by the support of National Scientific Fund (project number K75906).

Gateway F1

MULTIPILLAR PENSION SYSTEMS IN CENTRAL-EUROPE AND RUSSIA

Gábor Dávid Kiss, University Of Szeged, Faculty Of Economics And Business Administration, HUNGARY

Financial markets are complex scale-free networks, established by bounded rational agents which explains the occurrence of pricing bubbles, contagions, extreme bullish and bearish developments, when volatility of

liquidity diffuse through the market. This analysis focuses on the pension reforms of Visegrád countries (Czech Republic, Hungary, Poland, Slovakia) and Russia, where different structures of multipillar pension systems were introduced. The composition rules of pension portfolio in emerging countries are half baked, because they were standardized only on developed countries. The main objective of this paper is to employ BEKK Garch processes to validate bond and stock oriented strategies in the emerging markets. An empirical exercise using the 10-year Bond rates, stock market indexes and exchange rates of the selected countries and the USA and Euro Area on an entire market cycle (between 2002 and 2009) will show that for specific time periods the comovements between series are due to inherent non-linear deterministic dynamics.

Gateway I2

NATURE DRIVEN PATH FOR PERIPHERIES

Tibor Kiss, University of Pécs, HUNGARY

Peripheral countries, regions are frequently forced to follow globalization processes and there is a danger for peripheries of losing their significant competitive advantage, the natural environment, which can be the basis of their future development. Traditional measurement tools of GDP, unemployment rate proved to be inefficient and the current economic growth endangers Nature, human connections, and results in a widened gap between poor and rich. Following this traditional pattern, current problems would extend. For peripheries, following a sustainable way is more reasonable than following leading countries, because peripheries often have a much better competitive position in a sustainable form of development. There are two divergent paradigms that are well documented: the ecology and economy paradigm. Ecology paradigm is eco-centric and is dealing with natural processes, the interconnectedness of species in Earth. Economy paradigm is dealing with the money and/or market oriented economic subsystem, focusing on the transformation of natural resources into products, appropriate for human consumption. There are attempts to reconcile the ecology and economy paradigms. Sustainable development is the most well known that tries to alleviate the burden on the biosphere. However, the borders of sustainable development are set by the economy paradigm. Therefore, it will not place the economic subsystem back to its original position, as the subsystem of the Earth. A real solution, however, could give the guidance back to Nature until the time when people have sufficient knowledge to operate their subsystem in accordance with Nature. A reconciling concept is needed. This paper argues that there are methods which can harmonize with Nature and can be competitive at the same time. This entails a new perception of competitiveness that can create the possibility for a really sustainable life and a long-lasting competitiveness. Countries, following a sustainable way, have to focus on the traditional competitiveness as well, because current economic environment would sort out not profitable institutions, companies. Therefore, a new form of competitiveness should be invented that satisfy traditional measurement tools of profitability, efficiency, and so on as well as the criteria of sustainability. A new definition of competitiveness is given in order to direct countries to a competitive path.

Gateway A6

CULTURE AND COMPETITIVENESS – HOW CULTURAL PERCEPTIONS CREATE HYBRID INTERFIRM PRACTICES OF CHINESE RETURNEES

Claudia Klaerding, Kiel University, GERMANY

By studying Chinese returnees in Shanghai the paper questions whether managerial and organisational knowledge gained from the educational and occupational experiences in the West can be successfully implemented into the Chinese business context in order to improve firm competitiveness. Such practices are conceptualized as interfirm behaviour including selection, evaluation, communication and negotiation processes with native Chinese business partners. Thereby, recent studies are complemented that focus on the transfer of technological know-how for regional development (Saxenian 2006). It is argued that due to the highly tacit nature of management-related knowledge culture plays a crucial role in the transfer process which has not been sufficiently considered in the innovation and learning literature, yet (Williams 2007, Klaerding 2009). Thus, a cultural-economic perspective is applied in order to tackle the following research questions: how do the returnees perceive cultural differences regarding interfirm behaviour and how do they value the practices in terms of competitiveness? It is shown that most practices experienced in the West are evaluated positively, for instance in terms of time-efficiency or openness to business communities. But at the same time, the re-turnee's

perception of Chinese business culture becomes a barrier for transferring practices that are assumed to be more competitive. The study elaborates on the returnee's strategies to overcome this dilemma as hybrid business practices are applied; they combine advantageous practices experienced in the West and behavioural standards that are presumed match the expectation in China. The paper concludes by relating this study to the current concepts of innovation and learning that appear to predict one ideal of structuring interfirm relations in order to promote innovation and competitiveness (James 2005). In response, this study firstly reinforces the integration of culture into the outlined debate as a crucial factor of economic behaviour and organisation, and secondly to allow for a variety of context-related models at the expense of a Western-centrism of theoretical development (Wei 2007).

Gateway L1

REGIONAL FACTORS IN TOURIST FLOWS AND COMPETITIVENESS IN HEALTH AND WELLNESS TOURISM IN HUNGARY

Gábor Klesch, University of Pécs, HUNGARY

Judit Lamperth, University of Pécs, HUNGARY

Marta Bakucz, University of Pécs, HUNGARY

The paper introduces our newly initiated research project focusing on the competitiveness of health and wellness tourism in Hungary, a rapidly developing sector based on the country's abundant resources of thermal and medicinal water. Continuous tracking of travel 'flows' or 'streams' (e.g. visitors' travelling distance and length of stay) is vital for the development and efficient functioning of health tourism, as is the performance of the competition at all levels. In regional terms, we plan in the near future to open up our research from our local regions (peripheral South Transdanubia and competition-threatened West Transdanubia) to the regions across our western border (Burgenland and Styria in Austria and Slovenia). By analysing mainly secondary data, we study the role of health tourism in developing the economy at all levels, prioritising innovation, clustering, and environmental sustainability. Innovation's importance lies in distinguishing destinations and providing them with some form of unique selling proposition - a feature particularly evidenced in Austria), and in this respect Hungary lags behind, especially in peripheral South Transdanubia. Clustering offers potential to extract advantage by collaborating in, say, marketing, attracting more visitors to the broader region (the Pannon Thermal Cluster). We believe in the importance of planning - to minimise direct competition, and in networking - to maximise visitor numbers and length of stay (possibly by a planned variety of facilities). Seriously improved data and analytical tools are needed and we aim to measure and benchmark the influence of this tourism sector on the national economy for broad access. For this, we are planning to explore the development of software to establish a 'Health and Wellness Tourism Information System'. This should achieve 'real-world usability quality' results, and we expect that this, together with the benchmarking system, will support development in domestic destinations, track performance and encourage competitiveness in changing market conditions.

Gateway A5

INNOVATION POLICY AT THE REGIONAL LEVEL AND THE STRUCTURE OF ITS NETWORK: CASE OF EASTERN SLOVAKIA REGION AND LOWER AUSTRIA REGION

Daniel Klimovský, Technical University Of Kosice, SLOVAKIA

Oto Hudec, Technical University Of Kosice, SLOVAKIA

Good governance principles are defined usually in a very vague way. However, regardless of authors' affiliations, nobody contests a necessity of participation principle. This fact is associated with policy networks' importance. Such networks are developed within policy making processes of any public policy, and they vary a lot. If we are concerned with policy making processes at the regional level, innovation policy belongs among the most diversified public policies in terms of heterogeneity rate of policy actors. Our main goal is to point out those features of policy networks which are linked to involvement of private actors (both profit and non-profit) into the innovation policy making at the regional level. For this purpose we present a comparison of two different cases: Eastern Slovakia Region and Lower Austria Region; and we utilize both primary and secondary empirical data. We would like to respond three basic questions in our paper: - What are the institutional (including legal) differences between compared cases (i.e. who, how and why can/should take part in the innovation policy

making)? - What are the qualitative and quantitative features of the innovation policy making between compared cases in terms of participation principle? - What are the lessons to be learnt from comparison of two selected cases?

Gateway A

EAST CENTRAL EUROPEAN MOSAIC MORE DIVERSE THAN EVER?

György Kocziszky, University Of Miskolc, HUNGARY

Dániel Kuttor, University Of Miskolc, HUNGARY

In the last one and half century different intervals of the economic development of East Central Europe can be separated from each other. The significantly changing political, civil systems and the socio-economic orientation have had effects on the spatial distribution of the economic factors and activities, thus on the regional (sub national) development. The main milestones of the 150 years are as follows: the 1st, the 2nd World Wars and the change of regime (at the turn of 1980/90s). From the mid-19th Century the industrialization reached East Central Europe in waves. The growth of secondary sectors share went together with the improvement of infrastructure (railways, canals) and urbanization. The economic development of East Central Europe continued under capitalist conditions till the end of 2nd World War; even if the treaties concluding the 1st World War basically changed the status quo ante bellum, thus the market conditions. Since the 1950s the Soviet Union gained ground in East Central Europe in both political (ideological) and economic spheres. The centrally planned location and management of economy, just as the eastern orientation modified the economic developments and growth paths of the East Central European countries. Although the inner and outer resources and reserves of the socialism continuously shrank since the late 1960s it remained the major economic, politic principle till 1989/90. The collapse of the Soviet Union and the Eastern Bloc created opportunity for the western reorientation in East Central Europe. During the passed two decades the countries got integrated in the EU and the World economy, however the geographically limited presence of FDI and export oriented activities considerably increased the regional disparities in every country of the area. The paper aims to characterize each session of the economic development of East Central Europe and evaluate the factors influencing the spatial structure. The last interval (namely the age of reorientation or transition) is more detailed introduced with the multidimensional analysis of the regional disparities.

Gateway A5

TOOLS OF FORMING THE REGIONS OF KNOWLEDGE IN UKRAINE

Tetyana Korneyeva, TACIS Project 'Sustainable Local Development in Ukraine', UKRAINE

Reorganization of regional development, aimed not on rearrangement of economic resources but rather on increase of their productivity, has to become a major task of economic growth in Ukraine. Development of regions indisputably needs both state and private financial investments, but in the presence of scientifically grounded projects which could have perceptible positive results at the first implementation phase. Creation of the regions of knowledge should become one of the strategic goals of the state Ukrainian policy. On the basis of the formed regional innovative systems which already today are expressly looked over in territorial establishments of knowledge, such regions of knowledge will be a catalyst of implementing national concept of knowledge economy's alteration. Their main value consists in the following: 1) the main paradigm of creation of competitive advantages at the regional level leads to creation and implementation of a new knowledge; 2) a region achieves advantages in specific economic fields, because its local environment is more educated, far-sighted, progressive and enterprising. In particular, priority directions could be those which have a strategic value for strengthening and development of total innovative potential of a region. Such guiding lines of the regional state Ukrainian policy are the following: 1) modernization of a structure of regional economy with a purpose of creating conditions for their economy functioning on principles of post-industrial development type; 2) support of small and middle enterprises, especially small innovative active enterprises and organizations, that is in many cases an economically advantageous method of transforming scientific and technological potential. Thus, regional authorities should solve a dual task: from the one hand, they have to protect perspective productions from destruction and to create conditions for their growth under unfavorable macroeconomic current situation, and from the other hand - to facilitate release of capital and labour from outdated, with-no-prospects productions, readjustment and reorientation of proper production capacities on the basis of modern

scientific and technical developments. The regional state policy should also be aimed on creation of a network of agglomerations which are the concentration of growth poles in Ukraine. The key tool of creation of a development centers' network and a condition of efficiency of such policy is following decentralization of a country and systematic limitation of political influence on economic processes.

Gateway H

SUSTAINABLE ENVIRONMENTAL MANAGEMENT OF THE BLACK SEA

Boian Koulov, Institute Of Geography, BULGARIA

Since 2007, the Black Sea is at the EU borders, while its environmental status has been long seen as unsatisfactory. This investigation studies the geographic compatibility between the Black Sea geosystem and its environmental management system. Its main goal is to identify, on that basis, the main geographic principles on which environmental management of marine regions should rest. This research analyzes critically the state-based approach of the 2008 EU Marine Strategy Framework Directive and reviews some of the problems that arise from its implementation. It reviews the unique physical geography features of the Black Sea Ecosystem and applies cybernetic and geographic approaches to its environmental management system to suggest that, in the case of large marine ecosystems, integrated, watershed-based management is much more efficient, due to the specific characteristics and the high dependence, in terms of environmental protection and sustainable use, of the marine geosystems on their watersheds. A major political geography aspect of the international cooperation in the Black Sea environmental protection management involves definition of the external, as well as internal, geographic borders of the process. The boundaries determine the countries which should participate in the Black Sea environmental management system, the type and, possibly, the level of their participation, as well as the degree of cooperation that they need to achieve. In view of the recommendations of the EU Marine Strategy Framework and on the basis of its special characteristics, this research proposes a Northwestern Black Sea Sub-region, which qualifies uniquely to serve as a pilot sub-region for environmental management purposes. Finally, the investigation demonstrates the need to raise the level of environmental cooperation among the interested parties to integration of their efforts, so that they can aptly respond to the natural complexity and the anthropogenic challenges that the Black Sea ecosystem faces.

Gateway K2

THE AGRICULTURE OF THE WESTERN BALKANS

Terez Kovacs, Centre For Regional Studies of The Hungarian Academy of Sciences, HUNGARY

The Western Balkans region in my interpretation are the member republics (Bosnia and Herzegovina, Croatia, Montenegro, Serbia and Slovenia), and provinces of the ex Yugo-slavia (Kosovo, and the Voivodina region), and also Albania. These states have applied for the membership of the European Union, and are all in different phases of the accession negotiations - apart from Slovenia that joined the EU in 2004. In the next rounds of the enlargement of the European Union, the Community will expand in this direction. The agricultural sector of these countries differs from both the EU and the post-Soviet states. In the Western Balkans the natural conditions for agricultural production are difficult due to the large share (around two thirds) of mountainous, hilly and karst landscape. In spite of this, agriculture plays an important role in the region, both economically and socially. Its contribution to the GDP of the countries is 14% on the average. The agricultural sector provides an important source of employment in all countries of the region. Data on agricultural labour in these countries are not reliable or comparable. Estimates of the real figure of persons engaged in agriculture range from 18% to 58%, depending on the country and definitions used by the surveys. In my presentation I mention how agriculture contributes in the region to the decrease of unemployment and to social safety, especially for the elder generation. I introduce the 'operation' of subsistence farming and what are its main differences compared to the agriculture of the old EU member states. I also deal with the disparities of agriculture across the respective states.

András Kovács, Research Institute Of J. Selye University, SLOVAKIA
Tamás Sikos T., Szent István University, Gödöllő, HUNGARY

After the EU and Schengen accession a new era of cross-border co-operations started to emerge in Central and Eastern Europe. In the framework of this new process several forms of institutional, economic and social co-operation can be traced alongside the CEE-countries borders. These multidimensional cross-border flows have contributed to the rebirth of the long forgotten, peripheral borderside regions. Although considerable scientific attention has been focusing on border problems for decades, there are still several new questions to answer. In this talk we will focus on two main topics from a socio-economic point-of-view. In the theoretical foundations we introduce the classical theories of borders and border regions. After this we do an attempt to clarify and classify the different kinds of terms related to borders and borderside areas. In our new model we distinguish the borderside areas from two points of view: location and internal cohesion. After determining the basic terms related to borders and borderland spaces, we draft a new model of cross-border economic flows. This model focuses on cross-border factor flows (products, services), which are influenced or determined by different agents (geographical, political, economic, cultural, sociological). After clarifying the basic terms and phenomena in connection to borders and border regions, we will focus on a specific, however, until nowadays hardly researched, but more and more important cross-border phenomenon: cross-border retail trade. First we try to differentiate the terms cross-border retailing and shopping tourism, and then we introduce the characteristics of cross-border retail trade in the South-western Slovakian and North-western Hungarian border area. In this part we will outline the shopping behaviour of cross-border shoppers (spending, shopping frequency, preferred products and shops), and finally the characteristics of the supply side (retail chains, gravity zones).

Dezso Kovács, HAS Center For Regional Studies, HUNGARY

Wine is a very special commodity which holds the characteristics of experience goods. Wine belongs to moveable goods, which can be sold in every corner of the world. However, when the wine is sold in the area where it was produced and the production area is installed with several services and amenities, then all of this can create a good basis for experience economy on the countryside. This is the basic formula for wine-roads everywhere in the world. The particular attractiveness to taste/buy wine in its original production place, accompanied with local traditional food or special culinary services and acquaintance with producers and local lifestyles can change the character of a region. Planned and spontaneous developments based on a high quality of wine enriched with additional service elements and attractions can create a genuine rural experience economy in a given region. In the focus of my research is a special wine region in Southern Hungary which clearly represents a process of the development of rural experience economy. During two decades this small wine region was able to transform its character from a single mass wine production area into a popular rural experience economy area based on high quality red wine. The latter is a necessary precondition towards experience economy but several other factors have played important role in this transformation. Now Villány as a brand name covers not just the red wine and wine-road but also its cultural festivals, events, gastronomy and tourism services. I start my analysis with the special characteristics of wine as an experience commodity which allows its place of origin to turn into experience economy. In the focus of my paper is the transformation of a wine production area into experience economy since 1990, the date of the change of the political system. I explore this transformation in different dimensions, namely the production, ownership, attraction and service development, quality assurance and consumption patterns. My aim is to identify all the main factors and their co-existence and co-operation which contributed to this unprecedented development.

Marek Kozak, University of Warsaw, EUROREG, POLAND

Issue of impact of the Cohesion Policy (CP) on the development of lagging behind regions becomes more and more important for the debates about: a/ policies needed by the EU in order to maintain, if not improve its international position, b/ its ability to increase economic, social and territorial cohesion. The latter can be understood as either ability to reduce disparities (equalization function) or contribution to improved competitiveness through structural modernization (change). The latter is much more interesting as it can have decisive role in both European, national and local development increase in the long run (and influences global competitiveness of the EU). Opinions on the role of CP to influence positively development differ. Official reports are generally positive (3rd and 4th Cohesion Reports). Academia is not always this positive: one can notice neutral to positive opinions (see Molle 2007), but also critical conclusions (Boldrin & Canova 2001; Ederveen et al. 2006; Rodriguez-Pose & Fratesi 2004). Member States vary in their opinions: some (mostly largest beneficiaries) express positive notions while some other (mostly net payers) expect reforms. Arguments in the debate refer to different sources of information and instruments: econometric modeling, evaluation studies, case studies. Growing number of econometric models (QUEST, HERMIN, MaMor, EUImpactMod) is used to assess the impact of the CP on EU disparities and development, though what is debatable is quality of assumptions and the fact that models are de facto prognosing rather than explaining real processes. Evaluation reports, if they are to explain relationship between CP and development, would have to be able to extract CP impact from all other factors influencing real development processes. Also case studies have limitations as they may provide qualitative data and insight into specific circumstances and relationships but cannot explain overall impact. Taking into account that when drafting these words neither econometric models nor other sources did not offer information on impacts, I would like to propose that in case of lagging behind areas simple way of checking whether any impact takes place is to analyse structural data. Main objective of this presentation would be to describe the state of affairs and propose explanations based on other available sources of information (official reports on Poland's development, other publications, statistical data, expected soon ex post evaluations). Initial data for the case of Poland suggests that after 5 years in the EU there is little or no evidence of structural change.

Gabor Kozma, University Of Debrecen, HUNGARY

In the new millennium certain places (particularly the central governments and local governments) more and more often use the field of sports within the framework of their place branding activities to create a positive image about themselves among the economic actors, tourists and inhabitants. The literature focusing on the topic differentiates between three platforms (event platform, team platform, place platform), and considers it essential that the individual places should take appropriate steps in the fields of conception-making, infrastructural development and communication activities for the sake of success. Concentrating on the above fields, the paper analyses the steps taken through the example of a Hungarian city, Debrecen, which has been considered as one of the sports capital of the country for the past few years:

- concept: description of the ideas drafted in the various development concepts in relation to their application by the local government within the framework of sport place branding;
- infrastructure: outline of the steps taken for the sake of ensuring the necessary human and physical conditions for the successful activities, and their connection to the expectations mentioned in the international technical literature (e.g. image-creating, urban development and tourism-promoting role of the physical infrastructure);
- communications: analysis of the various means of communications concerning the close relations between the city and the sports. The closing section of the paper focuses on the success of the activities performed by the local government, the results and failures, and the most important conditions for the next steps.

DEMOGRAPHIC PRESSURE TO PERIURBAN TERRITORIES: CASE OF LATVIA

Zenija Kruzmetra, Latvia University Of Agriculture, LATVIA

Rapid growth and spatial changes of the population is the main feature of rural territories located close to metropolitan areas, which are under urban pressure. Major metropolitan areas in Central and Eastern European countries observed periurban growth, changing social and economic characteristics of these territories. Periurban areas are the result of social processes, mainly urban people migration to countryside. Periurban development is observing also in Latvia, it results in visual changes of these territories, changes in social stratification of population, and changes in needs and demands of residents. The aim of this paper is to analyse the changes in population structure of periurban area. The data are from the Population Survey (2007-2009) conducted by Department of Human Geography, University of Latvia. The analysis of these data gives possibility to evaluate the changes in periurban processes. As main result of changes is social multiplicity growing in periurban society. The composition of periurban society involves number of groups: natives, metropolitan migrants, migrants from towns, other rural territories and also from foreign countries. The metropolitan migrants are well educated, with higher incomes as other groups, with higher service demands. Research is supported by European Social Fond.

STRATEGIC PLANNING - APPROACHES FOR THE REGENERATION OF SHRINKING CITIES IN EASTERN GERMANY

Manfred Kuehn, IRS- Institute For Regional Development And Structural Planning, GERMANY

Since 1989 many cities in Central East Europe and Eastern Germany have been confronted with shrinkage processes caused by deindustrialisation, suburbanisation and birth deficits. Strategic urban planning is often seen as a suitable approach for the regeneration of cities in decline. Therefore, planning theories define the task to “manage spatial changes” (Healey, Albrechts). According to normative concepts of strategic planning, the transformation of former industrial cities into post-industrial, service- or knowledge-based cities requires both: long-term visions for building consensus between main actors (“shared future”) and short-term projects for symbolizing regeneration progresses and re-inventing the image of the city (“action”). Both should mutually interplay in a revolving and learning system. The paper focuses on the relationship between visions, projects and actors for the regeneration of shrinking cities of Eastern Germany. It bases on five empirical case studies in medium sized cities, which have been the topic of a research project, funded by Deutsche Forschungsgemeinschaft (2007-2009). After introducing a normative model of strategic urban planning, the paper refers to different case studies in East Germany (Cottbus, Dessau, Görlitz, Stralsund and Wittenberge). Leading questions will be discussed: Which actors define regeneration strategies in local policies? Which strategic coalitions do those actors form? Which visions and projects (architectural “flagships”, temporal events) are defined as “strategic”? How do strategic visions and projects interact in shrinking cities (integrated or fragmented planning approach). Finally the paper asks which conclusions for planning theory and practice can be drawn and to which extend strategic visions and projects are able to reverse long-term demographic and socioeconomic shrinking trends in cities in a short period of time.

WHO LIVES IN THE FORGOTTEN PLACES? AGE STRUCTURE PATTERNS AND TERRITORIAL DEVELOPMENT

Laszlo Kulcsar, University Of West Hungary Sopron, HUNGARY
Csilla Obadovics, Szent István University, Gödöllő, HUNGARY
Emese Prihoda, Szent István University, Gödöllő, HUNGARY

Many scholars and studies have found significant association between territorial development and age structure in urban and rural context too. It is also very common that demographic changes of a region are partly causes and partly consequences of its economic and social situation (Lyson and Falk 1993, Spéder 2002, Brown and

Swanson 2003). According to the most statistical data, backward settlements and regions, which are characterized by limited resources and limited access to services have increasing old dependency ratio and decreasing youth dependency ratio. In the paper we analyze the Hungarian micro - regions by economic and infrastructural performance, geographical position, access to urban services. We compare the age structure of backward and developed micro regions and divide four groups of regions: (1) backwardness with high old dependency, (2) backwardness with low old dependency (maybe high young dependency), (3) developed with high old dependency and (4) developed with low old dependency. The analysis of other social - demographic variables presents Hungarian backward micro regions with favorable and other micro regions with unfavorable age structure depending on special geographical and ethnic contexts. The paper also shows that favorable age structure not necessarily runs with social - economic development. Underdeveloped micro - regions with favorable age structure concentrated in some special parts of Hungary, where high level of unemployment and high rate of birth also have observed. On the other hand if the age structure is unfavorable, the good geographical location (near to the city, touristic attractions, etc.) correct this demographical disadvantage.

Gateway K2

URBAN-RURAL PARTNERSHIP AND TERRITORIAL COHESION IN LATVIAN REGIONAL POLICY AND PRACTICE CONTEXT

Laila Kule, University of Latvia, LATVIA

The article aims at exploring the concepts of urban-rural partnerships and territorial cohesion in Latvia regional policy context. It based on policy document review and on the results of the study on urban-rural interactions financed by the Latvia State Regional Development Agency in 2008-2009. The concepts of 'rural', 'urban' and 'urban-rural interactions' are social constructions, categories and typologies that in Latvia context are influenced by the national uprising and former communist ideologies as well as geographical peculiarities. Territorial cohesion is a concept that is new in Latvia regional policy discussions. Its understanding is closely connected with Latvian regional policy integration into regional policy processes of the EU. Both concepts 'urban-rural interactions' and 'territorial cohesion' are interlinked and can have various roles - an aim, a frame and a tool for regional aid policies at various spatial levels. Territorial cohesion in particular country or region can be understood and thus policy intervention design by analysing long-term spatial and social-economical development. Latvia as post-Soviet country has certain peculiarities concerning its spatial and regional development. Numerous types of urban-rural interactions and their spatial implications are inherited from the previous political system of socialism. New types of urban-rural linkages are observed due global changes in information and communication technologies and increased social and geographical mobilities, as well as due to social and economical transformations that undertook after communist system collapse. The survey provided evidence that multiplicity and variety of urban-rural interactions are associated with higher economic performance at local municipality level. Group interviews revealed deficiencies concerning distribution of regional policy-making information from national/European to local level. To be able to comprehend and utilize the concepts used by European and national regional policies by the local level's municipal politicians, their staff and experts are essential for integrated and successful placed-based policies.

Gateway F

ACTOR CONSTELLATIONS IN REGIONAL POLICY FOR REACTING TO DEMOGRAPHIC CHANGE IN SPARSELY POPULATED, PERIPHERAL AREAS IN GERMANY

Patrick Küpper, Institute of Rural Studies, GERMANY

Sparsely populated, peripheral areas are particularly affected by demographic changes. Population decline and ageing have characterised these areas in Europe and Germany in the past and stronger changes than in other areas are predicted for the forthcoming decades. The effects of demographic changes include the closing-down of services of general interest, residential vacancy, urban decline, labour force shortage, changing economic demand and negative fiscal effects. Regional policy offers a financial and organisational framework for reacting to the resulting challenges. Regional policy means here an inter-sectoral development policy by the regions for the regions. This definition is in accordance with developments in regional policy practice (Leader, Integrated Rural Development etc.) and in theoretic debate (endogenous development, collaborative planning, regional governance etc.) since the 1980ies. Theoretic debates imply the increasing importance of non-public actors, like

private companies, civic organisations and citizens. The given reason is the crisis of public finances, and demographic change exacerbates this problem. As a consequence, regional public actors are not able to raise money for own projects and they cannot afford the required co-funding to exploit grants. On the other hand, the increasing number of older people could have an enormous potential for the public service provision by volunteer work. Against this background, the research question is: who develops, implements and finances regional policies in reaction to demographic change and why this actor constellation comes about? To answer the research question, the contribution presents empirical findings of the current practice in Germany. The evidence stems from a survey and three case studies including expert interviews and documentary research. To aid the interpretation, hypotheses are derived from theoretical reflections and regional research on demographic change. The results indicate that public actors dominate the actor constellation. Even though business and civic actors participate particularly in the implementation of projects, municipalities and rural districts (Landkreise) play the most important role in regional decision-making structures. The institutional context, action orientations and situations explain this actor constellation. Public actors possess the decisive legal, financial and knowledge resources and are not interested in relinquishing their power. However, the means of the public authorities are scarce. In order to utilize the resources of non-public actors, great initiative and substantial support are required.

Gateway F1

DEMOGRAPHIC CHALLENGES OF THE HUNGARIAN URBAN NETWORK

Tomay Kyra, VÁTI Nonprofit Ltd, HUNGARY

While in a global context overpopulation is one of the main demographic challenges of the 21st century, ageing and increase of dependency ratio is the most important challenge in Europe and in the post-industrialised societies in general. As part of the Second Demographic Transition (SDT, Van de Kaa, 2002) started in the 1960s, total fertility rate has remained under the mortality ratio, hereby falls under replacement rate. If this demographic deficit is not balanced by international immigration, the natural decrease results in total population shrinkage. Behind this general picture, there are significant territorial differences: the various positions within the settlement network can be characterised by different demographic processes. Metropolises and metropolitan regions often experience opposite or at least different demographic phenomena as rural regions do. While European metropolises are still the dynamic centres of socioeconomic growth, attract young, highly skilled and professional workers; rural regions, old industrial urban areas and peripheries are usually the emitters of this out-migration. Thus not only the natural decrease, but out-migration also intensifies shrinking and ageing of the local population. Hence, it is not only the transition of the social and demographic composition of the population, rather a territorial realignment both at the European and at the metropolitan level. These demographic processes concern not only the Western, but also the Central and Eastern European region, and Hungary too. We have to face the same demographic challenges at the beginning of the 21st century as the Western countries, while international immigration is lagging behind. The unfavourable demographic phenomena can lead to serious socio-economic problems and significant political conflicts. This presentation aims to review the results of a settlement-network-based analysis of the main demographic trends after 1990, with a special focus on the urban-rural inequalities.

Gateway A

MULTIPLE WORLDS IN A SINGLE STREET: THE ROLE OF ETHNIC ENTREPRENEURSHIP IN CREATING A GLOBAL SHOPPING SENSE AT THE WILLEMSWEG IN NIJMEGEN

Arnoud Legendijk, Radboud University Nijmegen, NETHERLANDS

Roos Pijpers, Radboud University Nijmegen, NETHERLANDS

Geert Ent, Radboud University Nijmegen, NETHERLANDS

Bram van Lanen, Radboud University Nijmegen, NETHERLANDS

Laura Maussart, Radboud University Nijmegen, NETHERLANDS

Renee Hendrikx, Radboud University Nijmegen, NETHERLANDS

Almost two decades ago Doreen Massey 'globalised' Kilburn Road, by recounting how a variety of local phenomena could be understood as a manifestation of locally interacting 'global' processes and flows. This seminal piece of work presented a key step in the development of a spatial relational perspective. Since then, there has been much discussion on how the global is locally grounded and what that means for our conception of

place. Our paper takes up this issue by discussing the institutional and discursive aspects of local grounding, elaborating on the concept of 'mixed embeddedness'. We are particularly interested in how, within a setting of mixed local and ethnic entrepreneurship, and active policy engagement, different actors and groups develop a sense of place, and how that impacts upon local (inter)action. The latter also includes the formation of street associations and the initiation of street projects. Our case is an alternative shopping street in Nijmegen, the Netherlands, the Willemsweg, which has recently received a substantial amount of municipal support for a major uplift. Our conclusions point out that the 'global' sense of place adhered to by institutional actors is highly different from that adopted by local entrepreneurs, which put a major constraint on further street development.

Gateway H2

LOCAL RESPONSE TO PROCESSES OF PERIPHERALISATION IN EAST-GERMANY AND NORTH-ENGLAND

Thilo Lang, Leibniz-Institute For Regional Geography, GERMANY

The paper is based on a bi-national comparative qualitative study in four old industrial towns in England and Germany hit by economic peripheralisation. This study questions relations between socio-economic initiatives – ranging from social enterprises to start-up initiatives and regional cluster programmes – and key decision takers in local socio-economic policy. In this paper I will highlight 'local' forms of response to socio-economic challenges in those marginalised spaces. What is the story of local initiatives and why are there differences regarding the 'acceptance' of these initiatives? What were factors of success leading to the realisation of 'new' answers to socio-economic challenges? And is there any proof of 'new' forms of governance being innovative and creative, inclusive and heterarchical, inter-systemic and inter-organisational (as promoted by e.g. Jessop, Rhodes and Healey)? Applying a new institutional research framework, the paper shows the limits of local governance (and its normative overload in the governance literature), the local dependence from national discourse and interrelated policy as well as the role of locally specific institutional environments being characterised by normative and paradigmatic orientations narrowing the scope for local action. Acknowledging the relevance of external images, these findings suggest a large portion of (perceived) peripheralisation being internally induced.

Gateway A3

ECONOMIC INNOVATION BARRIERS: EXPERIENCES OF NORWEGIAN INNOVATIVE FIRMS

Ove Langeland, Norwegian Institute For Urban And Regional Research, NORWAY

Innovation is crucial for firm's competitiveness in a modern knowledge-driven economy and thereby for economic growth of regions and countries. The purpose of this paper is to examine the main barriers to innovation for innovative Norwegian firms, and particularly economic barriers since they appear to be most important. Both firm-internal and external and contextual factors can hamper firm's innovative activities and barriers may vary by factors such as firm size, industry, degree of innovativeness and type of region. This paper focuses on barriers related to economic factors, knowledge factors and markets factors, and the main research questions are: - What are the main barriers to innovative activities for innovative Norwegian firms? - Do barriers vary with geographical location, industry and size? - What firm characteristics are particularly important for economic barriers? The two first research questions will be analysed and presented by descriptive statistics whereas the last one will be analysed by a multivariate model. The paper will mainly be based on survey data from The Norwegian Innovation Surveys in 2001, 2004, 2006 and 2008, and the project "City-regions, knowledge bases and innovation support systems" financed by Research Council of Norway for the period 2006-2009.

DEFINING THE CONTENT AND ESSENCE OF THE COUNTRY IMAGE; THE RELATIONSHIP BETWEEN COUNTRY BRANDING, COUNTRY STRATEGY AND THE NATIONS CULTURE

Zita Lang-Somogyi, University of Pécs, HUNGARY

Mária Töröcsik, University of Pécs, HUNGARY

In our paper, after defining the major objectives and assets of country branding, country strategy and the nations cultural identity, we outline the coherence between the aims and possibilities of these specialties. To our belief, authentic country branding can not be achieved without a well defined, constant country strategy or without the support of the nation. What do these fields exactly cover? Perceived country branding means a sum of images, resulted by branding efforts of more specific areas, such as destination branding, nation branding, branding the country as the target of foreign direct investments, tourism, economic and financial image of the country etc. It has to be added, that the current nation always has a spontaneous country image but experts are not able to influence it, since it is a development of a long process, based on personal experiences and beliefs. Determining a country strategy means defining the capabilities and the strengths of the country and deciding on the main focus of the future strategy. When identifying the country strategy it is always crucial to consider an acceptable position according to the nation - otherwise we can not be successful. We believe that these fields can exist and achieve prosperous result separately but in this case we can not talk about overall country branding. We also state that the most important indicator is the defined country strategy. It can be variable in the medium-run and it is the essential for changing the country image what is a result of a much longer and more complex process, however without the support and acceptance of the nation is also impossible to change the actual country image.

TIME-SPACE DYNAMICS OF KNOWLEDGE PROCESSES: KNOWLEDGE BIOGRAPHY CASE-STUDIES IN FOUR SECTORS

Anders Larsson, University Of Gothenburg, Sweden, SWEDEN

Anna Butzin, Institute for Work and Technology Gelsenkirchen, GERMANY

In the current economic-geographic discourse there is an increasing interest in the temporal dimension of innovation and knowledge dynamics. One example is the growing literature based on evolutionary approaches. There are furthermore recent examples of time-geography being revisited as a possible useful theoretical field for the understanding of spatial innovation dynamics. This paper will take its theoretical point of departure in these two strands of literature in order to analyse 25-30 case-studies in the automotive, tourism, new media and ICT sectors. The paper will examine the temporal and spatial dynamics of real knowledge flows based on a specific biographical methodology. Firstly, the paper will examine to what extent time has been used in the study of innovation processes. It is argued that the inclusion of a time perspective is not commonly applied in spatial innovation studies but would enhance our understanding of the procedural and dynamic nature of innovations. This is followed by a comparative analysis with focus on the procedural and dynamic nature of innovations and its territorial linkages in four sectors. Expected results are mainly related to a better understanding of innovation as a continuous but unruly and non-linear process of knowledge creation and use including actors at multiple spatial scales

ENTREPRENEURIAL ACADEMICS AND ECONOMIC DEVELOPMENT: THE CASE OF SPIN-OFFS FROM LONDON'S UNIVERSITIES

Helen Lawton Smith, Birkbeck, UNITED KINGDOM

Dave Chapman, UCL, UNITED KINGDOM

Saverio Romeo, Birkbeck, UNITED KINGDOM

Peter Wood, UCL, UNITED KINGDOM

Timothy Barnes, UCL, UNITED KINGDOM

Previous research has demonstrated that the economic and social impact of companies which originate from universities in the UK is frequently under-reported by official surveys. Whilst it appears relatively easy to count the numbers of spin-off companies in which the university maintains an equity stake, it is much more challenging to capture details of the trajectory of such companies after formation. It may take many years for such companies to grow to a significant size, so that simple counts of spin-off activity do not provide sufficient information for a realistic assessment of their position within entrepreneurial ecosystems in the surrounding areas. Furthermore, such surveys often omit details of start-up companies formed by university staff and students which do not depend upon formal IP agreements with the university but which are university-related vehicles for technology transfer. This paper provides evidence on the prevalence of entrepreneurial academics and students in science and technology subjects in different types of higher education institutions (HEIs) using evidence from pilot study of 13 HEIs in London. The study finds that while London is one of the most innovative regions in the UK economy, and the number of academic spin-offs is relatively high, their direct impact on employment in the local region is surprisingly limited.

TECHNOLOGICAL INNOVATION IN CREATIVE CLUSTER. THE CASE OF LASER IN CONSERVATION OF ARTWORKS IN FLORENCE

Luciana Lazzeretti, University of Florence, ITALY

Francesco Capone, University of Florence, ITALY

Tommaso Cinti, University of Florence, ITALY

Cultural and creative industries are receiving more and more attention either from national and European policies or in terms of financial resources. Conservation of cultural and artistic heritage represents one of the most important sector and Italy detains a competitive advantage thanks to restores' competences and abilities and due to the endowment of cultural heritage presents in its territory. Despite of what we may think, restoration of cultural assets is not a typical traditional sector with few innovations, but it is influenced by multiple relations with other high-tech industries participating in the development of effective innovations for the conservation and protection of artworks. In particular, the field of laser innovation applied to the restoration and cleaning of cultural assets is one of the more thriving. Ablative laser technological systems are able to clean and protect inestimable artworks subject from atmospheric agents and degradation of time. This new technology, which has been developing for the last 40 year, is now available to restorers and it has received a significant success all over Europe. An important contribution in laser innovative process has been carried out in Florence from the local actors of a creative cluster. Object of our analysis is in fact to analyze the genesis of this innovation in the local Florentine cluster and investigate the relationships among main actors that have contributed in it. The study analyze how culture can contribute to the generation of ideas and innovations and which are the creative environments that can favour it. In this context, we analyze the case of laser technologies in conservation of artworks, as a case study of the paths of the creative capacity of the culture. The relationships among the actors of the creative cluster in Florence are analysed with the application of the Social Network Analysis in order to highlight the different roles of the main actors and their centrality in the innovation process. The study is structured as follows. After the introduction, the main characteristics of the paths of the creative capacity of Culture are recalled. Research design and methodology are described in the third paragraph. In fourth paragraph, the innovation history is analysed from the genesis to its international diffusion focusing on the Italian and Florentine experience. In the fifth paragraph, the florentine creative cluster of laser technologies for conservation is analysed throughout a series of research projects financed from Tuscany Region and the relationships among the creative actors are investigated with Social Network Analysis. Conclusive remarks and policy implications complete the study.

Imre Lengyel, University Of Szeged, HUNGARY

More and more scholars of regional science are interested nowadays in the question what role do clusters in microregions play in the knowledge-based economy. This question can be dealt with from the functional or nodal regions point of view and one has to examine the factors that influence regional competitiveness. The answers are especially important for the Hungarian microregions, since between 2007 and 2013 they are aimed with significant subsidies from EU regional development funds to improve their competitiveness. In this paper we outline our analytical framework: the UFO-model of regional/local economic development. After this the paper assesses the competitiveness types of the Hungarian functional microregions, as city-regions (LAU1). A complex methodology, with the help of multi-variable data analysing methods, is used throughout our statistical analysis to underlie the classification of microregions. For the clusters mapping in these microregions we apply the location quotient (LQ) method.

Helena Lenihan, University Of Limerick, IRELAND

Bernadette Andreosso-O' Callaghan, University Of Limerick, IRELAND

Since the beginning of the current economic crisis, job losses in manufacturing-based MNEs in Ireland have contributed significantly to the increasing unemployment rate. Currently standing at 12.9 per cent, the unemployment rate in Ireland jumped from the low 3.9 per cent figure recorded in March 2007. This situation is in contrast to that of another small and open economy, namely Sweden, that has seen its unemployment rate rise only from 6 to 8.9 per cent between 2007 and December 2009. The Swedish economy, which is broadly of comparable size to Ireland, seems to have been to a lesser degree than Ireland impacted upon by the current economic crisis. This contrasting performance puts into question the sustainability of an Irish industrial strategy that has focused on attracting MNEs, to the detriment of the indigenous sector. This paper will explore the issue of whether a strong indigenous manufacturing base is a necessary condition for sustainable economic growth, by comparing and contrasting the cases of Ireland and Sweden. This crucial issue is investigated by examining first the growth impact of the crisis in terms of a number of indicators such as competitiveness, productivity and innovation. The paper goes then into a brief analysis of the industrial development trajectory of both countries so as to highlight the policy choices and the main junctures in terms of structural change.

Moritz Lennert, Université Libre De Bruxelles, BELGIUM

The ESPON FOCI project (Future Orientations for Cities) studies the current state of European cities as well as trends and driving forces influencing them. Different thematic fields are addressed such as economic competitiveness, accessibility, social cohesion, environmental sustainability, city-hinterland relationships, and polycentric structures. New data sources are analysed in order to go beyond the classical Eurostat indicators. These include: the Bureau Van Dijck Orbis and Amadeus enterprise databases, also containing information about ownership relations between companies, the Cordis database on EU Framework Programme research collaborations, the PATSTAT database on patents, air and rail time tables, targeted enquiries of relevant actors, etc. In order to go beyond a purely descriptive benchmarking exercise, accent is put on the interactions between different drivers in the thematic fields addressed. For example, social cohesion within cities is put into relation to the economic development paths of these cities and city-hinterland relationships are viewed from the economic angle, but also from the perspective of the environmental consequences of certain types of such

relationships. To be able to derive policy relevant conclusions, the research identifies the driving forces which are the most relevant for understanding urban evolutions not only today, but also tomorrow. The results of these analyses feed into scenarios for the development of Europe's cities leading to alternative policy options, and combining qualitative and quantitative analyses. In these scenarios, the project also attempts to identify the possible impacts of the current financial and economic crises on the future development of cities.

Gateway M

THE EMERGENCE OF FASHION INDUSTRY IN FORMER TEXTILE REGIONS : CONTRADICTIONS BETWEEN ECONOMIC COMPETITIVENESS AND LOCAL DEVELOPMENT POLICIES. A COMPARATIVE ANALYSIS OF THE LILLE METROPOLITAN AREA (FRANCE) AND THE BOLOGNA REGION (ITALY)

Christine Liefoghe, UFR de Géographie - Université de Lille 1, France, FRANCE

David Celetti, Dipartimento di Storia, Università di Padova, ITALY

Fashion is one of the earliest creative industries. In France, Paris emerged as the capital of art and fashion in the XIXth century when Napoleon III used the prestige of the imperial receptions to promote the french know how in luxury products. Paris was the place to be for the aristocracy and the upper business class, a place for entertainments, cultural exchange and technical innovations. At the end of the XXth century, Paris shares the title of fashion capital with New York, London and Milan. These cities are in fact the creative places of the global fashion industry, included in the international financial system. Because of the uncertainty of fashion cycles, the need of tacit knowledge and frequent face-to-face interactions, fashion industry is concentrated in some urban quarters of these four capitals. Considering this short history and geography of fashion industry, is it possible to imagine that fashion could be a tool for economic growth in a regional capital such as Lille in France or in the Bolognese region in Italy? In the new era of creative economy, the local institutions of these two territories have initiated either the regeneration, either the emergence of the textile industry by the development of craft production in new styles of clothing. In Lille Metropole, the programme named 'Fashion Shops' is a policy to sustain young designers. In North Italy, the aim is the rebirth of hemp production, playing with the image of that raw material in the ecological tendency. In the competitive global economy, the challenge is the switch from a manufacturing production with low creativity on the one hand, or from a agricultural product on the other hand, to a qualitative and fashionable production. Even if there are differences between the two regions, such as the geographical context and the structure of the projects, their historical path of development and the actual economical context are similar. The main goal of the projects is the territorial development, based on craft production and fashion design services. What can be the probability for these initiatives to succeed when the fashion and clothing industry is organised on a global scale by international financial groups? What can be the efficiency of the local policies, such as urban planning programmes, territorial marketing, stakeholders networking, learning centres, to transcend the contradictions between the global economy and the local development in the creative fields?

Gateway LI

HERITAGE PRESERVATION AND TOURISM PROMOTION AS TOOLS TO ENSURE SOCIAL AND ECONOMIC DEVELOPMENT OF REGIONS IN RUSSIA

Leonid Limonov, ICSEER 'Leontief Centre', RUSSIA

The paper provides analysis and main findings of the WB and the RF Ministry of Culture joint Project preparation on cultural heritage preservation and future use in 4 regions of Russia (Leningradsaya, Novgorodskaya, Tverskaya and Pskovskaya). The goal of the Project is to introduce comprehensive approaches to restoration, preservation, and economically and financially effective and efficient use of valuable monuments of the cultural and historical heritage which builds on partnerships between the federal and regional authorities, local community and businesses. The concept envisages that the participating regions, at large, form a 'cultural heritage' corridor between Moscow and St. Petersburg. The Project would essentially support interventions on the local scale and contribute to creation of business clusters around the selected cultural heritage sites. The Project supported interventions would lay a foundation for eventually creating a tourism network between the two main cities of Russia with interlinked chain of local tourism / cultural heritage business clusters. The Project concept has been developed based on the assumption that the regions' cultural and historical resources have not

been tapped to their full extent whereas, in promoting them more effectively and linking them more effectively to the tourism sector, they can become a remarkable growth engine and subsequently improve socio-economic development. During the Project preparation following results were received:

- Development of the set of eligibility criteria for financing cultural and heritage assets through the demand driven process the Project will adopt;
- Screening the cultural heritage assets on the basis of the criteria developed and preparing a Long List of the cultural heritage objects with local socio-economic development opportunities; • Analysis of the Long List, including:
 - Comprehensive survey of cultural and historical heritage landmarks and cultural industries and institutions;
 - Assessment of overall investment needs;
 - Social Assessment;
 - Tourism market assessment, e.g., supply and demand with an emphasis on successful strategic positioning for the cultural tourism market;
 - Economic and financial analysis.
- Preparation of the Short List based on above analysis.

Gateway B

REGIONAL MISMATCH TENDENCIES IN ROMANIA - EVIDENCE FROM BEVERIDGE CURVE

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As a benefit of the recent data improvement regarding the data on job vacancies in Romania becomes an opportunity the examination on short term shifts (between 2005-2008) of the labor markets at NUTS 1 (4 Macroregions) and NUTS 2 (8 development regions) by using the Beveridge curve. In literature is admitted that “the Beveridge curve depicts the empirical relationship between job vacancies and unemployment, which in turn reflects the underlying efficiency of the job matching process.” (Robert G. Valletta.) Based on the TEMPO data base developed by INS (National Institute for Statistics) the variable sets are the unemployment rate and Vacancies rate in two variants by groups of occupations (ISCO-88) and by activity of national economy at level of CANE Rev.1 section. The results of the analysis could offer some evidences of the tendencies of regional labour market performance, including regional mismatch and spatial pattern of convergence in labour demand and supply at regional level conditions. The regional mismatch can occur as a consequence of uneven regional employment growth or in other words when unemployment with job vacancies coexists. Including the localisation of the pairs unemployment rate and vacancies rate, there could be initiate a spatial analysis in view o distinguish between an institutional problem (at national level, considering that in Romania there no variation regarding the labour market policies development) or at regional level blockage.

Gateway I

FROM LUNAR LANDSCAPE TO ATTRACTIVE LAKE DISTRICT INTEGRATING ENVIRONMENTAL REHABILITATION AND REGIONAL DEVELOPMENT IN A FORMER EAST GERMAN MINING REGION

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Since German reunification in 1990, a well funded state rehabilitation programme has been turning the vast lunar landscapes of the former opencast lignite mining areas in eastern Germany into attractive lake districts. Whereas the usual environmental issue is the extent to which a development project, e.g., motorway or industrial estate, damages a given environment and how the development project needs to be modified to avoid or mitigate damage, the former lignite mining areas provide a rare opportunity to study a totally converse situation. In this case, the question is the extent to which massively improved environmental quality can serve general regional development, e.g., re-industrialisation, recreation or tourism. On the one hand, development can be adapted to the improving environment (nascent lakes). This requires those responsible for development to take note of environmental improvements and develop strategies for exploiting them. On the other hand, environmental qualities can be adapted to development needs. This requires those in charge of environmental rehabilitation to take account of the demands made by the people in charge of development. The paper presents

preliminary results from an investigation of the extent and determining factors of sectoral integration between environmental rehabilitation and general regional development, drawing on the case of the emerging Lusatian Lake District (Lausitzer Seenland) located between Berlin and Dresden. Thus, this research on sectoral or environmental policy integration (Nilsson 2005, Jordan and Lenschow 2008) not only addresses the rare case of environmental rehabilitation but also deals with it in a regional governance setting (Le Galès 1998, Fürst/Knieling 2002) whereas investigations on the subject generally emphasise the European Union and national government levels.

Gateway A2

IS HIGHER EDUCATION IMPORTANT FOR STIMULATING PRODUCTIVITY? A CGE ANALYSIS OF SUPPLY-SIDE IMPACTS OF HEIS IN SCOTLAND

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There have been numerous attempts to assess the overall impact of Higher Education Institutions on regional (and national) economies in the UK and elsewhere. However, these have typically focused exclusively on the demand-side effects of HEIs, exerted through university's and student's expenditures within the local economy. In this paper we explore the link between the concentration of higher education graduates in the labour force and regional productivity of labour. A sizeable literature exists which suggests that the wage premium of higher education graduates is an indication of their greater productivity over unskilled workers. If this can be attributed to the education these individuals undertook then there is a clear and direct supply-side impact of HEI activities. Furthermore opinions differ as to what extent the graduate wage premium reflects innate abilities (and education is only used for signalling) and to what extent it can be attributed to the effect of higher education. We use an HEI-disaggregated computable general equilibrium model of Scotland to estimate the supply-side impact of HEIs interpreting information on the graduate wage premium in Scotland as an indicator of productivity enhancement. The robustness of our results is assessed through a range of sensitivity analyses relating to differing views on the interpretation of the graduate wage premium. The paper presents results for two scenarios with nine sensitivity simulations each. Sensitivity simulations combine assumptions about the size of the graduate wage premium and the strength of the signalling effect. Results reveal that the long-term supply side impact of the HEIs on a host economy can be very high – ranging between 3.0% and 10.4% of GDP depending on scenario and sensitivity assumptions.

Gateway J

ACTION RESEARCH IN LOCAL ECONOMIC DEVELOPMENT: LESSONS FROM PRACTICE

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Action Research can be defined as an unconventional methodological approach by which a research question is dealt with by accepting and practicing consciously some degree of researchers' participation to the social process that is the object of research, and not just by observing it from outside. Through Action Research knowledge is therefore generated mainly (but not exclusively) by interactive, mutual learning with practitioners. By so doing, it is expected to gain a more intimate and deeper knowledge of the contents and effects of actions. Of course, this may happen with different variations concerning the level of involvement and the profile assumed by the researcher within the social process, ranging from a leading role to a low-profile participation. In recent times it has been suggested that Action Research could be fruitfully applied to the study of issues in local economic development, where action research can complement (rather than substitute for) conventional research methods in specific research settings. In particular we suggest that Action Research may be most relevant in situations that are characterized by: - post-paradigmatic economic structures where one needs to explore "weak signals" and options for the introduction of discontinuities; - the need to re-define local policy networks and to build "new" social capital, while dealing with the risk of functional, political and cognitive lock-ins. The paper discusses a case of research work in the field of local development, managed by

the authors for the Provincial government of Grosseto (Tuscany), where an Action Research approach has been adopted. The paper describes:

- the characters of the area and its main problems: peripherality, rurality, backward development, low level of innovation, low openness to international markets;
- the prevailing perceptions in the local elites: backwardness and marginality;
- the role of the research team within the political process: the redefinition of the problem (from a negative view of marginality to the opportunities of “connected peripheries” in the knowledge economy); - the methodological choices: focus groups, targeted economic surveys, social network analysis, survey of the “projects in the drawer” etc.;
- the main results and the “quick win” approach. In conclusions, the potentials and limitations of an Action research approach are discussed, as they emerge from our experience. Besides the obvious problems concerning the possibility of generalizations and theory-building based on Action Research outcomes, we stress:
- the importance of Action Research being supported by appropriate data sets and analytical tools (social network analysis; targeted data);
- the dependence on the quality of relationship between researchers and actors, and especially on the level of recognition and trust.

Gateway K4

DEMOGRAPHIC AND SOCIAL CHALLENGES IN THE LIGHT OF EUROPEAN TERRITORIAL POLICY

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Kira Tomay, Vati, SPAIN

Since 2000 the population of Europe as a whole is increasing slowly. Nowadays some 500 million inhabitants live in the EU. Since the 1990s population growth has mainly been caused by international migration (80% of growth), increasing diversification of population is a great challenge. Whereas the previous projection round concluded that the population of EU-27 was likely to decline by 16 million people by the year 2050, the latest projections expect an increase by 10 million people by the year 2060. The difference is mainly due to the higher migration assumption; population growth is mainly caused by the significant international immigration, which may compensate the mainly insufficient natural population changes. Generally if net migration is positive, total population change is also positive (in 80% of the regions). Ageing is reinforced by the increase in life expectancy. The number of oldest old (persons over 75) has risen in almost every European region since 2000, without any specific geographical concentration. In 21% of the European regions average life expectancy is 80 years or over. In contrast in 17% of the regions, mainly in Eastern Europe life expectancy is 76 or younger. In spite of the positive economic environment previous to widespread crisis, in most countries there was no reduction of relative poverty and employment rates increases for vulnerable groups have been more limited than those for the labour force in general. In the EU, the percentage of children and adults living in jobless households has remained unchanged since 2000 at nearly 10%. With the onset of the unemployment crisis poverty rates may rise dramatically. As the Leipzig Charter highlighted, cities are faced with major challenges, especially in connection with the change in economic and social structures and globalisation. Specific problems, among others, are especially high unemployment and social exclusion. Within one city, considerable differences may exist in terms of economic and social opportunities in the individual city areas, but also in terms of the varying quality of the environment. The integration of minorities, such as Roma people or ethnic migrant communities, is an emerging issue. Measures to encourage access and integration into the labour market should include anti-discrimination policies. Labour market policies include subsidized employment programmes, pre employment training, career guidance and supervision to help minorities integrate into the labour market and the appointment of mediators assisting job search. The aim of the presentation is to clarify the link between the social and territorial cohesion, and to emphasize the importance of the first to achieve the later

NEW SPATIAL STRATEGIES IN THE DANISH PERIPHERY: CULTURE, LEISURE AND EXPERIENCES AS LEVERS OF GROWTH

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The aim of the paper is to discuss critically the new wave of culture and experience planning which can be observed in small cities and municipalities. While culture planning has been practised in the context of big cities for decades, today also small cities strive to find a way to turn culture, leisure and experience economy into a much needed 'growth machine'. The paper discusses the rationale behind this wave, the ways in which the strategic focus is integrated in municipal strategies, and the dilemmas and challenges connected to such a strategy in terms of priorities. The paper draws on research in 11 municipalities in the Danish periphery. First part of the paper contextualises the study theoretically and develops a theoretical framework for the study. In this section the role of leisure, culture and experience economy in urban development is discussed, and it is argued that this role can be related to globalisation and urban competition as a condition which calls forward innovative approaches to urban development. Second part of the paper analyses the plan strategies of 11 municipal development strategies from the Danish periphery in terms of priorities and rationales. What are the strategies supposed to achieve, and what kind of resources are they supposed to draw on in terms of money, organisation, knowledge and so on? What are the differences and similarities of the strategies? Is this field characterised by 'one size fits all'? Third part of the paper discusses the possible shift of balance between welfare and market, which the new municipal strategies reflect, and the possible outcomes of this shift. While Danish municipalities for decades have served as providers of welfare, they increasingly focus on local growth and the local business environment. Where does leisure, culture and experience provision fit in relation to this balance? And to what extent can culture, leisure and experience offerings be seen as actual levers of local growth?

RESEARCH DIALOGS AND CLUSTER STRATEGIES - INNOVATION IN REGIONAL DEVELOPMENT PROJECTS BY NILS FINSTAD AND JARLE LØVLAND NORDLAND RESEARCH INSTITUTE

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Nils Finstad, Nordland Research Institute, NORWAY

This study is based on analyzing four settings of firms (clusters) joining in a regional innovation program to facilitate research driven innovation. The meso level as a meeting point between micro level with firm strategies and macro level with programs, markets and branch actors, is studied as a level facilitate change. Local development depends on the institutions, competence and learning on local and regional levels (Cook and Morgan 1998). The autonomy at the meso level to make decisions and act in a learning and strategies context is a crucial question to regional problem solving and innovation. The confidence (trustful relations) at the meso level as a learning arena where firm actors meets to cooperate and act in regional strategies, is an important developmental factor. It is also as Ahrne (1990 s 4) says, an arena where action and structure must be intertwined. The framework of social capital development also provides useful insights into how these levels can be present and linked in local innovation and entrepreneurial activity at the meso level. The first case is a rural industrial cluster related to innovative technology development for production of wafers for renewable solar energy production. The second case is the Norwegian Centre of Expertise cluster related to R&D and commercial development of new marine species for aquaculture (cod in particular). The third case is a regional network program for the development of experience based tourism in the Northern part of Nordland County, whereas the last case is related to the organizing of a R&D and innovation center in technology development for cold climate conditions.

COMPETITIVENESS VS. COHESION OBJECTIVES AND THE ALLOCATION PRACTICE IN THE COHESION POLICY – RESULTS OF AN EMPIRICAL RESEARCH

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In the European Union during the 2007-2013 programming period more serious attention has been paid to fostering the economic, social and territorial cohesion and to reduce the territorial disparities than ever. Cohesion efforts are complemented with the objectives of strengthening competitiveness, both of which are contributing to reach the aims of the EU development policy. However, the aims of cohesion and competitiveness are not the same, and therefore can be associated with the improvement of areas with different development levels. Careful interventions are needed during the territorial allocation of development funds, because if the majority of the funds go to the relatively more developed areas then it can further strengthen the territorial disparities instead of fostering convergence which was the original goal.

Therefore it is useful to analyze the territorial allocation of the funds of the first National Development Plan of Hungary on the level of micro-regions, and the connection between the allocation and the territorial distribution of competitiveness types. The similarity (or dissimilarity) of the two distributions shows us whether certain funds strengthened competitiveness or cohesion, and therefore they decreased or increased the territorial disparities.

Observing the database of the NDP funds and competitiveness in the 2004-2006 period and based on the results of cluster analysis we can conclude that the ECOP (Economic Competitiveness Operational Program) strengthened mainly competitiveness in the micro-regions, which is in line with its original objective. Using the same methodology the results in case of the whole NDP pointed out a stronger competitiveness strengthening focus than reasonable. To reach more precise results we applied the method of multidimensional scaling and we received the same conclusions as previously, which means that in the tendering system of ECOP the more competitive micro-regions got relatively more funds than the less competitive ones. At the same time within the frames of the same operational program, there were some interventions (with relatively large amount of money) concentrating on the cohesion objective. The fund allocation mechanism of the whole NDP was dominantly convergence-centred, thus it allocated more funds for the less competitive micro-regions. Nevertheless, there were some significant interventions concerning the whole NDP which fostered competitiveness (mainly ECOP and HRDOP – Human Resource Development Operative Program). Finally, according to our analysis of the allocation of the funds, we can conclude that the whole NDP mainly attempted to reduce the territorial disparities. However, all of these still do not guarantee the “real convergence”, as to reach this the utilization of the development funds (also in the less competitive areas) should be effective and efficient as well. This analysis is going to be the next phase of our research.

THE GEOGRAPHY OF THE MULTIMEDIA INDUSTRY IN THE FRENCH RHÔNE-ALPES REGION

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In France, the Paris region is the traditional centre for decision-making and creative functions. Unsurprisingly, it concentrates most cultural industries – cinema, multimedia, TV, etc. The aim of this paper is to study how other French cities, and more specifically regional medium-sized cities, can develop this type of activities. We will take the example of the multimedia industry in the French Rhône-Alpes region, the second largest multimedia production area after Paris. We can see that the regional productive system is dominated by a main centre, the Lyon metropolitan area, which developed early and is made up of important social networks of regional companies. These companies collaborate intensively through powerful associations like Lyon Games, for video games production, and Lyon Infocité, for digital technologies. This system of intensive collaborations between firms, schools and research institutes led to the emergence of a powerful lobby, which has strongly influenced the economic trajectory of regional and national public authorities. In 2005, it also allowed “Imaginove” to be labelled as part of the national policy in favour of “competitiveness clusters”. The dynamism of the Lyon metropolitan area has significant impacts on regional space, because three secondary centres, which have close relationships with Lyon’s multimedia cluster, have emerged:

- In the small village of Lussas (Ardèche), a documentary film cluster was created in 1979 thanks to an association which promotes regional films, partly in reaction to the centralization of French movie production;

- Valence has an animated images and video games cluster, built around the Folimage production studio, a school of animation and an association for the diffusion and promotion of local multimedia production;
- In Annecy, an animated images cluster developed around the International Cartoon Film Festival (created in 1960), national groups (Ubisoft) and the Gobelins Parisian school, which offers training in the multimedia and animation sectors. This constitutes a “creative class” (Florida, 2002). To date, these three clusters are still emerging and hope for a fast development thanks to their integration to the Imaginove competitiveness cluster. Nevertheless, these clusters remain confined to subcontracting tasks for Lyon’s firms which often work for Parisian companies.

Gateway E

TERRITORIAL IN TERRITORIAL COHESION? A CASE OF REGIONAL DEVELOPMENT ZONE IN THE NORTHERN PERIPHERY

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The concept of territorial cohesion has been scrutinized widely since its insertion to the Treaty of Lisbon. However there are still some fundamental issues to be discussed before the enforcement of territorial cohesion policy. One essential challenge in formulating the content of the policy is the relationship between spatiality and territoriality. Definitions about the content of the forthcoming policy involve both spatial and territorial elements. On the one hand, territorial cohesion is interpreted as a comprehensive spatial development encompassing spatial strategies which go beyond territorial boundaries. On the other hand, it is understood as a state of affairs considered within the framework of territories. This article studies territoriality as it appears in the territorial cohesion policy of the European Union. Overall aim of the paper is to shed light on the fuzzy concept of territorial cohesion. The concept is studied especially from the perspective of regional level strategic spatial planning and development. First is explored, how territoriality is understood in the definitions about territorial cohesion. In other words, is it handled as a phenomenon strongly related to the power relations among actors or is it merely used as a synonym for different spatial configurations or spatial issues. Second, the regional development zones (RDZs) are discussed as possible instruments realizing the objectives of territorial cohesion. RDZs can be seen as tools for territorial cohesion in the sense that they formulate spatial visions or mental frames for stakeholders to coordinate their policies within regions. In this article is explored, how territoriality comes out in the practices of RDZ-based development. Bothnian Arc is presented as a particular case of zonal development. Through these contemplations is assessed whether the making of territorial cohesion policy pays enough attention to the constraints of territoriality. Territories are usually understood as bounded spaces or sections of space. Space, instead, can be understood as more general and abstract category where territoriality and territories exist. In addition of being theoretically inspiring theme, drawing a distinction between the concepts of space and territory have also policy relevance. Especially within the regional development it is important to recognize the difference between different frameworks of the development policies. Thinking spatially is helpful in creating spatial visions which, for one, could lead to the better coordination of policies among territories. Thus far it seems that the question is very much outside the scope of political discussions related to the objective of territorial cohesion. As a research material are used European Commission’s questionnaire on territorial cohesion to the Member States in 2007 and the questionnaire to the selected actors in the Bothnian Arc in 2007. Additional interviews among the public sector regional planners as well as essential spatial planning strategies were also used. Results indicate that territoriality as a research framework can offer a useful perspective when studying spatial planning and development.

Gateway F

IMMIGRATION IN RUSSIA. ETHNIC, CULTURAL AND SPATIAL PECULIARITIES OF ADAPTATION

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After the breakup of the Soviet Union in 1991 thousands of people from the former Soviet republics moved to Russia as the most developed country. The first wave of the immigration took place after the breakup continued in the 1990s. About 8 million people crossed the border that time and came to Russia . Half of them were ethnic Russians, so there were no problems with their adaptation. Nowadays Russia remains an important destination

for migrants in this region. Most of them are coming from the former Soviet republics as they did in the 1990s. But in comparison with the first wave their ethnic belonging is different. The ethnic diversity is increasing. Our research that has been carried out in the border-regions of Orenburg and Saratov enables us to retrace how migrants communicate with locals, which social network they use to adapt to new conditions, how they influence the competition on the labor market. The South Ural region is very multicultural, therefore adaptation processes progress easily. But the migrants that come to this region are the poorest of all coming to Russia. Among different social problems this may lead to spreading of different diseases and potential social unrest as a consequence. The majority of immigrants have several important benefits which allow them to adapt more easily in Russia. First of all most of them know a bit about Russian culture and language, because only 20 years ago they had been living in one country. But there is also a problem with young people who are the main cohort of immigrants nowadays. They don't know Russian at all and they are more conservative. Not all of the immigrants stay in Russia and adopt the Russian way of life. Year after year the same groups of people move to Russia for the summer period, so their adaptation process is interrupted by the winter period. Many other problems have been carried out during our research. It helps to understand the adaptation processes in these regions and make some important recommendations for the immigration policy.

Gateway K3

TERRITORIAL IMPACT OF SECTORAL POLICIES: DOES IT REALLY MATTER? EVIDENCE FROM THE CZECH REPUBLIC

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The aim of the paper is to contribute to the current debate on reassessing Cohesion Policy. In this debate, a particular attention is being paid to necessity to coordinate and increase coherence of Cohesion policy with sectoral policies at national and EU levels to achieve greater synergies. Previously, there have already been voices among experts advocating that the regional impact of vigorously pursued sectoral policies is much more profound than the regional impact of regional policy itself. Nevertheless, now when the issue of territorial impact of sectoral policies has been shifted to high political level debate, the empirical demonstration of such impact might be beneficial to convince policy-makers that the regional impact of sectoral policies indeed matter. This contribution examines public investments committed from the central level of public administration (national government – i.e. capital expenditure executed from the state budget and selected extra budgetary funds) in the Czech Republic within the period 1995-2005. In other words, territorial pattern of public capital expenditure spent under a label of various sectoral governmental policies is analysed at the level of NUTS 3 & 4 regions on the basis of a unique dataset. Moreover, the relation between the level of the socio-economic development of the regions and the amount of invested public capital expenditure has been investigated. Performed analyses have proved the extremely uneven regional distribution of these investments in favour of the most socio-economically developed region of the Czech Republic – the capital city of Prague. Such a regional pattern for the distribution of public investment committed within sectoral policies is however in the contradiction to the goals of explicit regional policy. In other words, the findings of our analysis indicate that while public capital expenditure has been allocated in accordance with the strategic form of regional policy aimed at the enhancement of the competitiveness of the national metropolis on an international scene, the regional objectives of official regional policy aimed at the support of lagging regions were almost completely suppressed by regional impact of investment part of sectoral policies.

Gateway A9

INTERACTING KNOWLEDGE DOMAINS IN THE MANUFACTURE AND SALE OF LUXURY GOODS: AN INNOVATION/VALUE SYSTEMS MODEL FOR DEVELOPED REGIONS?

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Over the last two decades the concept of the 'knowledge-based economy' has been at the forefront of economic development policy. While the concept is a political and social construct, since all economic activity is based upon knowledge, there are a number of features and changes that are commonly seen to characterise knowledge-based economies. These include the rapid technological change in the last two decades; the digital revolution which has facilitated the global transfer and storage of knowledge; the growth of a business sector (KIBS) based

on intellectual services and knowledge trading as a product in its own right; an increased demand for knowledge workers and high level educational attainment and new ways of integrating manufacturing and services. In addition, advances in ICT have accelerated the process of globalisation with a territorial and intellectual division of economic activities between developed and developing economies. This division has been characterised as a differentiation (initially at least) between innovative, or knowledge, activities and those that are routinised and based upon incremental innovation and cumulative knowledge dynamics. Territorial approaches have identified systemic interactions where networking reduces both search costs for capital, labour, markets and trading partners and the sunk costs of knowledge accumulation. It is further argued that knowledge sharing networks are essential to the innovation process since organisations cannot innovate alone – throwing into sharp relief the importance of the knowledge ‘trade-off’ between protection (appropriation) and openness. The nature of these value systems, and the relational aspects of knowledge acquisition and use inside and outside territories, have been much discussed within the academic and policy communities. Topics of debate have included the mix of internal (to the firms) and external knowledge inputs and how these different ‘knowleges’ can be captured, developed and exploited in economic spaces. While these innovation discourses recognise the importance of inputs from downstream players and consumers, the main focus of both analysis and policy has been on upstream inputs of capital, skills and (often technical) knowledge to the innovation process and/or on firms’ internal processes and organisations. Little analysis has been carried out on downstream value appropriation or the relative dynamics of producer and consumer knowledge regimens. In this paper we report on business models in contrasting categories of luxury goods – high value Swiss watches and UK produced premium segment sports cars. We illustrate a value system involving high technology manufacture, promotional events, product placements and associations with other luxury brands. The work has general interest in informing territorial authorities seeking to capture and hold the economic ‘high ground’ and stimulate the growth of high value activities in their areas of influence. Manufacture and sale of these and other luxury goods represent the ultimate high value economic activity. The paper draws on research in the EC FP6 funded project, EURODITE. The authors therefore acknowledge the funding of the European Commission (Contract nr° 006187). We also acknowledge the inputs of colleagues in the project including Olivier Crevoisier, Laura James and Chris Collinge.

Gateway M

SPINNING THE THREADS! HYBRID ORGANISATIONS AS CREATIVE INTERMEDIARIES NEGOTIATING PUBLIC, PRIVATE AND CULTURAL VALUES

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This paper claims that the blurring boundaries between – culture & economy and public & private – are institutionalised in so-called hybrid organisations as creative intermediaries. It investigates how these organisations manage to negotiate public, private and cultural values. Two case studies in former textile cities nowadays supporting fashion design as part of their regeneration strategy are conducted: Huddersfield (UK) and Mönchengladbach (DE). In these cities’ regeneration stories two organisations stand out to play an essential role: Huddersfield’s “Textile Centre of Excellence” and Mönchengladbach’s “Wirtschaftsförderung” (economic development corporation). As creative intermediaries these organisations combine cultural and economic values, providing business support and network activities for fashion designers. They further act as a voice for the local creative scene and minimise thresholds between public authorities, textile business men, educational institutions and creative fashion designers. As hybrid organisations, they also negotiate public and private values: From an internal perspective the organisations investigated combine public and private financial sources, stakeholders and identities. Moreover, their task to support creative industries has become of public and private concern. The challenging complexity of these organisations’ working environments brought forth the motivation for this research. Whereas idealistically “culture & economy” and “public & private” are spheres driven by diverging values, practically they are interdependent and thus need to collaborate. In order to reveal how these organisations manage to negotiate public, private and cultural values, the research avails itself of a concept developed in management studies: organisational culture. This is the system of shared meanings and values within an organisation. It shapes the way an organisation is managed. Organisational culture is hence of special interest for this research, as hybrid organisations as creative intermediaries are subject to the combination of alleged conflicting values. In light of the empirical evidence, there is however no substantial support to maintain the claim that culture & economy and the public & private spheres are dichotomous per se. Rather, the spheres depend on each other as culture works as an important economic factor for the stimulation of urban regeneration. Hybrid organisations as creative intermediaries here provide the necessary link: They “spin the threads” between public, private, academic and cultural urban key players. As knowledge hubs and strong

voices for the local economic sector (including fashion designers), they are closely linked to locality, disseminate enthusiasm and trust as well as stimulate local identification. As such, they function as bridges binding talent and businesses to locality. These organisations do not consider hybridity a conflict, but as their mission. Even though the organisations do not explicitly identify themselves as hybrid, implicitly they embody an inherent hybrid entity. In answering the main research question “How do hybrid organisations as creative intermediaries manage to negotiate public, private and cultural values?” this interdisciplinary research determines three clusters of phenomena concerning the management of hybridity:

- **External Relations:** By means of extensive networking and bonding with multiple partners, these organisations attach high importance to accessibility, transparency, consistency, neutrality and impartiality. Combining these approaches they add a personal touch and informality in order to create trust. Next to strong customer orientation, a clear positioning of the organisation results essential.
- **Organisational Factors:** Characterised by flexible structures and short ways of communication, these small-scale organisations perform intensive knowledge management and physically combine different departments and tasks in one space.
- **Human Resources:** The employees need to be open, flexible and persistent networker with a multi-faceted background performing a moderating role. Embedded to locality they are enthusiastic and visionary. By means of strong communication skills they are persuasive and solution oriented whilst able to deal with criticism and insecurities.

Gateway J1

DOES REGIONAL S&T POLICY AFFECT FIRMS' BEHAVIOUR?

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This paper aims to analyse behavioural additionality as the result of a regional S&T programme. More exactly, this paper measures the changes produced in firms' behaviour as a result of a programme intervention implemented in the Basque Region. In the S&T policy arena and at regional level, rationales have evolved from a neoclassical to an evolutionary theory. In the framework of regional S&T policy different rationales can be mentioned (Nauwelaers and Wintjes, 2002, Laranja et al. 2008), including certain regional applied theories as neo-marshallian or systemic approaches. Evaluation has followed the same evolution as policy rationales and it has evolved from a neoclassical to a more systemic approach. This can be seen following the evolution of the concept of additionality. Within neoclassical theory, the concepts of input and output additionality are the most commonly used in policy evaluation (Clarysse et al. 2009). Input additionality refers to the additional amount of resources subsidized firms invest in the innovation process, whereas output additionality measures the additional outputs achieved as a consequence of policy intervention. These additionalities are therefore responding to market failures. In the last years, a complementary concept has emerged in the literature: behavioural additionality. Behavioural additionality is linked to a systemic or evolutionary view of the economy and refers to changes in firms' behaviour as a result of policy support (Bach and Matt, 2002). These effects are perceived in a longer term than in the other types of additionalities and according to Geourghiou (2002) they are closer to system failures. More precisely, behavioural additionality includes those behavioural changes that lead firms to collaborative patterns, to continue with R&D investments after the subsidized project has finalized, to internationalize their R&D activities, etc... All of them are related to the organizational learning achieved by the firm after public intervention. (Clarysse et al. 2009). Behavioural additionality in terms of collaboration or interorganizational learning is easier to be promoted within a regional framework, as interactions among different actors and firms benefit from proximity

THE HIVE IN THE CLIFF: AN INNOVATIVE CASE STUDY FOR CULTURALLY LED, CROSS-SECTOR APPROACHES TO SUSTAINABLE SOCIO-ECONOMICAL DEVELOPMENT

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There is long-standing recognition of the role cultural and creative industries play in regional development . Creative and cultural activities contribute to development in regeneration, social inclusion, education, vocational training, social entrepreneurship, celebration of cultural diversity, and the promotion of better physical and mental health. The role of culture in sustainable socio-economical development is being explored in The Hive in The Cliff, which aims to initiate social and economic renewal in East Salford in the development of a culturally led regeneration and conservation programme through interdisciplinary research and cross-sector partnership . This culturally led programme will ultimately inform a £1.5 million bid to the UK's Heritage Lottery Fund, supporting the programme's implementation. The Hive in The Cliff proposes innovative approaches to sustainable socio-economic development, combining bottom up and top down methods to research, consultation, planning and implementation. While work with public partners and current policy establish documented community needs, The Hive in The Cliff favours community-based approaches to understand and react to the ways in which these needs affect local people. In this, The Hive in The Cliff is working with multiple community and third sector organisations, investigating working methodologies that specifically utilise creative, cultural and heritage-based activities to instigate social-economic change. The Hive in The Cliff has substantial aspirations, having gained significant support and momentum in its early stages. It is endorsed and supported by the Vice-Chancellor's Iconic City of Salford Award, which provides £10,000 research grants for projects leading to iconic levels of impact in the city. Confirmed partners include Salix Homes, Contour Housing, the Church of England, The Broughton Trust, and the Higher Broughton Health Centre, as well as numerous partners from Salford City Council and the University of Salford. The Hive in The Cliff also works alongside the SURegen project, a £2.3 million research project creating a knowledge base and workbench for sustainable urban regeneration. This paper will identify the regional context for this case study, discuss working methodologies and explore the aims and outcomes of The Hive in The Cliff project. As the project is ongoing, it will also explore key issues for future development and phased implementation, integrating interdisciplinary research with large-scale public engagement in pursuit of the maximum number of outcomes and best value-for-money.

OAXACA, A STATE OF ECONOMIC INEQUALITIES

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In Mexico, the concentration of the political and economic power in developed cities like the State of Mexico, Distrito Federal, Monterrey and Guadalajara, has propitiated the concentration of financial resources. In contrast, in Oaxaca state, 85% of population is poor in spite of having a great quantity of natural resources. The objective of this work, has been the analysis of the existent inequalities among the different regions of Oaxaca state. To respond the question: What of these regions had the highest level in financial growth since 1988 to 2003?. The state of Oaxaca is divided in eight regions, the most developed are: Istmo, Valles Centrales and Papaloapan; they produce 63% of employment, 69% of remunerations and 82% of internal gross product; the contribution of the less developed regions of the state are minimum. On the other hand, Oaxaca has 570 municipalities that integrate the state, only 13 have a some possibilities of growth and in 9, the growth is moderate. These municipalities look like wealthy islands surrounded by a poor ocean, situation that blocks the economic growth of the wholes of Oaxaca. In our hypothesis, we affirmed that: "the inequalities of the regions have decreased in the period 1988 - 2003", however, it is evidenced that the actions undertaken by the state government and the federal government were insufficient because inequalities are present; therefore, is necessary to design public politics that stimulate the growth of municipalities with financial backwardness, with the state intervention to offer better infrastructure services, fiscal stimuli, better roads and a favorable climate for the enterprise's progress. We also require enable to the work force according to the productive vocation of

each region. The managers must make good decisions in production and commercialization of their products. The entrepreneurs compete with their products; the government must support them to generate employments and incomes for the work force in order to knock down the behind economic and the poverty. It is necessary also to finance productive projects in rural areas, centered in the forest profit, ecotourism, increase the foods production and raises of backyard livestock in order to improve the incomes programmes and life conditions of the population. The objective of government should be centered in creating conditions that allow to the neediest population, to improve their self life conditions when increasing income and to have labor stability.

Gateway D

NEW ROLE FOR REGIONAL ACTORS IN SUPPORTING REGIONAL DEVELOPMENT IN CROATIA

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The paper reflects upon the new roles and responsibilities of the regional actors in supporting socio-economic development in Croatia, as envisaged by the new Law and National Strategy for Regional Development. We start our paper with an overview of the discussions about the centralized/decentralized approach in development policy planning and implementation. We then analyze the first experiences of Croatian regional actors with the implementation of the participatory approach during the elaboration of the regional (county) development strategies and during the preparation of the new national strategic and legal framework. We follow by discussing the application of the partnership principle and shared responsibility between the central and regional level institutions as envisaged in the future, with particular focus on their relationship, with the ability of regional actors to effectively participate in the elaboration and implementation of development programmes. We also analyze the problems with the application of the principles of partnership in the context of the present territorial system based on an enormous number of regional and local units. Finally, recommendations are given as to “how” to further decentralize regional development policy, and yet improve its creativity and effectiveness.

Gateway L

FIRM-LEVEL KNOWLEDGE DYNAMICS IN THE CREATION OF RURAL EXPERIENCE-BASED BUSINESSES: THE CASE OF CREATING A VINEYARD ON THE ISLAND OF BORNHOLM/DENMARK

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During recent years the concept of the Experience Economy has gained relevance to describe the increasing importance of production and consumption of pure experience products, such as leisure and cultural events, as well as of narrative, design and symbolic ‘experience-creating’ dimensions of physical products such as food. Using an empirical firm-level case study from the Danish island of Bornholm in the Baltic Sea about the process of transforming a traditional farm into an experience-based vineyard, this paper looks at the knowledge aspects of realizing the Experience Economy in a rural area. The paper presents the ‘bricks’ of knowledge and the forms of interaction with local and distant actors that were crucial in the development of the vineyard and its physical and experience products, and discusses the implications of the experience economy from the perspective of peripheral, rural areas. Among the conclusions are that experience-based food businesses seem to rely on the abilities to develop and exploit so-called symbolic knowledge on issues such as aesthetics, design, marketing, and storytelling (Coenen et al. 2003; Asheim and Mariussen 2003; Hansen, Asheim and Vang 2005) rather than those types of product and technology related knowledge that traditionally have been central for rural economic activities. The case study also indicates that local consultancy firms play central roles in the transfer and contextualization of such symbolic knowledge, originating from urban settings, and, not surprisingly, that economic traditions within other experience-based sectors such as tourism and arts & crafts can contribute in building of a local symbolic knowledge basis that can be exploited also by food producers. This means new opportunities but also new barriers for rural economic development.

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Diversification of economic activities in rural areas is becoming a prominent theme in promoting rural development. These activities hold the promise of regional growth by promoting not only the economy and the natural landscape but the social and cultural life as well. The emerge of small firms can also be part of diversifying economic activities in rural areas. Small-scale activities can be considered as platforms for further development and growth. In addition, previous research has shown that secondary or supplementary activities in rural areas can also contribute to that. The focus of this paper is on these type of activities which aim at providing a secondary income for rural households. We call them side activities. More specifically, the focus is on the expectations of the future development of side activities. Examining their future can inform us about how side activities will affect the future development of rural communities and whether they enhance economic and social resilience in rural areas. Whether an activity will grow or not, will possibly have an impact on the development of the rural communities. Moreover, the future development of side activities may have spatial consequences, requiring specific spatial policies. The results are based on an empirical study which was conducted in 36 municipalities in the Netherlands. Through an extensive survey (260 cases), we examine the future perspectives of their efforts and we assess the significance and the impact for regional growth and development. As a theoretical background we use literature on development and growth expectations of entrepreneurial small business in rural areas.

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In contemporary days, the forces which act upon the regions over social and economic dimensions more than any other period in human history, has resulted in impacts on the landscape in a determinant form. Such impacts reaffirm the condition of the region whilst social organization structure as it reveals itself as key element in the articulation of such distinctive temporality and it ought to be understood beyond a simple reserve of resources with neither past nor future. It's in such complexity of the physical-environmental and social-territorial realities, that new spatial forms emerge, or yet, old forms start to present new contents determined in reason of the pool of territorial environmental resources, its location and position. That's where the dichotomy between ecology and economy arise, indicating uneven steps that are manifested in the contemporary searches for sustainability and development, environmental justice and human action, cultural value preservation, institutional strengthening and environmental conservation. Upon such reality the counties located in the Rio Pardo Hydrographic Basin Region (Rio Grande do Sul State, Brazil) used to occupy the national scenario as 'fortress and advanced post of the Lusitanian domain border', located in region between the historic Portuguese and Spanish territory of conflicts in the presence of an important port that served as a merchandise channel along the Jacui river – they also redesigned themselves along time, going from a prestigious position to an inferior post in the Tobacco Agrindustrial Complex net in the XIX and XX centuries, with the closure of the port and railway opening. Now, at the start of the XXI century, the counties located in the Rio Pardo Hydrographic Basin experience new environmental and regional challenges that became a reality at the reopening of the port in reason of the lumber dealer production by the Aracruz Celulose, multinational company, which should be shipped via water ways to its manufacturing plant located in Guaiba county. In reason of the exposed facts, the problem that arises upon this investigation faces the necessity to analyze the Rio Pardo Hydrographic Basin landscape throughout the XIX, XX and XXI centuries, considering the environmental and regional transformations and their social and economic impact. This analysis will provide elements for the elaboration of an in depth environmental regional planning proposal which will take into consideration the historic dynamics and the contemporary challenges prospected in the landscape.

THE CLUSTER APPROACH TO ELABORATING A STRATEGY FOR REGIONAL DEVELOPMENT (ILLUSTRATED BY THE PRIMORSKY (COASTAL) REGION OF THE RUSSIAN FAR EAST)

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In this article, the author examines the cluster approach in the shaping of a complex regional tourism development policy by using the example of the Primorsky Region in the Russian Far East. The particular characteristics of the Region are shown, and the current problems of fundamental and applied research in the sphere of tourism and recreation in Russia are highlighted.

In the process, the author studied the general trends in the development of touristic demand globally - together with the strategic targets in the creation of a tourist cluster and the structure of a centre for such a cluster in the Primorsky region.

The author introduces the results of an analysis of the statistical material collected by her over the last 6-7 years of research into the consumer market for tourism services - which can be used in the formation of a regional tourism cluster. The various stages in the formation of the cluster are examined and several optimisation models created by the author for the development of a tourist complex are shown.

In anticipation of the drastic changes which the regional economy is about to face, the creation of a totally new development programme for the region's tourism industry is extremely important, and the theory of economic cluster development should, the author contends, be adopted as the scientific basis for creating the programme.

The formation and development of a tourism cluster are impossible without a Public and Private Partnership (PPP) subject to state regulation and the basic problems needing to be solved when planning a regional tourism cluster are also highlighted.

Any innovative way of development is also impossible without the participation of the scientific potential of the region and, for this, it is necessary to establish stable research teams which can concentrate on solving key problems. The results of their work should be made available to as wide a circle of the scientific community as possible - and also to the community as a whole. This will facilitate an increase in responsibility for work performed and provide sound democratic conditions for wide participation in projects - factors that apply particularly to our country and region.

POLICY TRANSFER OF THE LOCAL DEVELOPMENT MODEL. THE LEADER PROGRAM IMPLEMENTATION IN CENTRAL EUROPEAN COUNTRIES

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The implementation of a new European policy based on integrated rural development is an entirely new experiment in the Central European countries, which formerly belonged to the communist system. The research attempts to explore the conditions and the context in which the Local Development Model is being transferred from former member states to new ones, and the way they implemented it. To examine this issue, we consider European Union's LEADER programme (an acronym of Liaisons Entre Actions de Développement de l'Economie Rurale) which became the fourth axis of the European Rural Policy (2007-2013). The LEADER approach is usually presented as an original way of supporting local development especially through the Local action group (LAG) which is a local body constituted of public and private actors. We focus on how this approach is put into effects at in four new member states (Czech Republic, Hungary, Lithuania, Poland). Downloading policy to the local communities takes place via various hierarchical modes of governance. Domestic authorities (or transfer operators) transpose and implement European rules and norms which are more flexible than the former development policies. Looking at the main differences between the four countries we explore how the original model is being distorted by domestic institutional factors. Policy transfer processes are not restricted to ministries of agriculture but involve a wide variety of non governmental actors mediating the transfer of model to the local stakeholders who are the acting receivers. The LEADER model is experimented in various territorial and social contexts, more or less receptive to this new way of thinking and managing local development. Based on our field investigations in these four countries, we analyze the main outcomes of the policy transfer: on one hand, emulation or copying is the strongest form of transfer entailing the full "borrowing" of the policy model; on the other hand, synthesis involves combining elements of the local

development model with other policy purposes. Those results are part of the ALDETEC program (<http://www.cefres.cz/aldetec/index.html>) aiming at comparing Leader implementation and initiatives in five central European countries (Czech Republic, Germany, Hungary, Lithuania, and Poland).

Gateway A2

THE WIDER IMPACT OF HIGHER EDUCATION INSTITUTIONS IN SCOTLAND: A CGE ANALYSIS OF HIGHER EDUCATION EXTERNALITIES

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The impact of higher education on regional economies has been the focus of a wide range of literatures. In this paper we concentrate on the wider impacts of HEIs on their host regional economies: the external benefits of higher education. These impacts that are often neglected, no doubt in part because of the practical difficulties involved in quantifying them, but according to some authors these represent a substantial part of the total returns to education. As a base for our calculations we use estimates from McMahon (2004, 2009). He attempts to determine a possible range of external benefits of education combining existing literature with own analysis. According to his calculations education externalities constitute between 37% and 61% of total returns to education in the OECD countries. We use the graduate wage premium as a measure of direct private monetary benefits. The system wide impacts are estimated with an HEI-disaggregated computable general equilibrium model of Scotland. The robustness of our results is assessed through a range of sensitivity analyses relating to different estimates of the external benefits and of the graduate wage premium. The analysis demonstrates that the external benefits of higher education can have a substantial positive impact on the host region.

Gateway E

EXPLAINING UNEVEN REGIONAL DEVELOPMENT IN POST-SOCIALIST CENTRAL EUROPE: THE LINK BETWEEN GOVERNMENTAL POLICIES, FOREIGN INVESTMENTS AND EU STRUCTURAL FUNDS

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Since the beginning of the 1990s, patterns of regional development have been highly uneven in the four Central European countries of the Czech Republic, Hungary, Poland and Slovakia. While at the country level GDP per capita has slightly converged, internal regional disparities have significantly increased in the same period. The puzzling in this phenomenon is that patterns of regional inequality, which had developed under the system of centrally planned economies, have been reinforced rather than mitigated after the change of regime, under free market conditions. Although new endogenous growth theories predicting the spatial accumulation of capital, labour and as such, economic activities, may provide an explanation for these uneven regional development trajectories, they usually do not account for the institutional and policy context in which market forces operate. The paper aims to address this somewhat neglected dimension. First, it argues that market mechanisms and the policies of the post-socialist governments that adopted foreign capital-driven, export-led growth strategies have jointly contributed to rising regional inequalities. This claim is supported by quantitative analysis of time series empirical data collected on NUTS 3 level regions, which establishes a strong link between governmental policies aiming to attract foreign investors, the spatial locations of foreign direct investments, and growing regional disparities. On the other hand, the paper also demonstrates that the rather prosperous NUTS 3 regional units have, to a large extent, benefited more from the European Union's Structural Funds available between 2004 and 2006, than the laggard regions. The paper therefore highlights that the EU funds, which were allocated on the purpose of lowering the developmental gap between the rich and the poor regions, did not convincingly fulfill their original goals. Besides its contribution to the literature on regional development in post-socialist Central Europe, the paper also bears direct policy-relevance as its findings call for the reconsideration of regional policies both at the national and at the EU level.

ADAPTATION AND RESILIENCE TO CLIMATE CHANGE: SECURING REGIONAL FUTURES THROUGH PARTNERSHIPS AND ALLIANCES

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The accelerated change in global climate and the growing awareness of its effects on natural habitat and human society has increasingly provoked international attention towards practicable measures focussed on adaptation as a means for immediate localised responses. In the policy arena, global institutions such as IPCC and the UNFCCC have provided broad guidelines and various strategic objectives for adaptation to climate change. The European Commission's recent White Paper proposes a strategic two-phase approach for climate change adaptation (EC, 2009). In the UK, an intricate framework is being formulated for strategic urban policy development and planning in the form of Planning Act 2008, Climate Change Act 2008, and subsequent Carbon Budget 2009 in addition to a number of Planning Policy Statements in existence. In the UK, as the climate change issues are increasingly incorporated in urban and regional policies (Jones, 2008), Bulkeley (2006) has identified how regional bodies are beginning to integrate climate change agenda into spatial planning policies and practices. One such example is the consideration of social, economic and landscape issues in the adaptation strategies to climate change for strategic urban planning (Gill et al, 2008). There are also efforts in place for an integrated approach to decision making within the context of the built environment to increase the adaptive capacity of urban areas (Hall, 2009). However, one specific vehicle of devising and implementing resilience and adaptation strategies in urban setting is through the role of alliances, networks and partnerships. These partnerships may exist at different spatial scales and can be composed of various actors, networks and institutions representing public bodies, private interests, and/or civil society organisations. From the particular perspective of strategic urban planning in UK, this paper will address the following research questions:

1. What are the key processes and mechanisms of climate change adaptation? (such as, policy intervention, awareness raising, producing guidelines, research and development, etc.)
2. How to assess adaptive capacity of urban areas (technically, socially and institutionally)? And what are the key drivers of adaptation agenda?
3. What kind of partnerships, alliances and networks are active in climate change adaptation? And what (if any) are the conflicts and synergies between the institutions involved in the process? An attempt to answer these questions will enable to understand the adaptation priorities in different urban areas and clarify what leverage is given to resilience and adaptation in certain strategic policies. It will also help us appreciate the role of partnership building in climate change adaptation strategies. This paper will elaborate from an ongoing pilot study that looks at the adaptive capacity of the region of North East England that is composed of disparate urban settlements. The case study will allow observing the variety of institutions that are engaged in policymaking as well as implementation of climate change adaptation planning and practice, apart from looking at the conflicts or synergies between adaptation measures and other policies.

TERRITORIAL COOPERATION IN SW EUROPE! HOW IT'S DONE?

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The European Union has developed a series of instruments designed to increase the competitiveness of regions and foster the integration of the Community, as well as to gain benefits and opportunities offered by the Community. INTERREG is a Community initiative of the European Union that receives more funding of the Regional Policy for measures in the area of cross-border, transnational and interregional cooperation, to promote harmonious development and sustainable planning. The "added value" of the territorial cooperation is an undeniable fact. In this way, there is a growing knowledge about territorial cooperation processes by the Interreg programme. Although there is still too much to do in the field of knowledge of the territorial cooperation process in what regards territorial networks, including understanding and monitoring how policies and initiatives are refracted through contextual specificities to yield diverse impacts, it is still an underdeveloped field. In this context, the main objective of this paper is to analyse the cooperation process between the Mediterranean Countries of the European Union. This paper aims to identify the patterns of territorial cooperation between Mediterranean countries especially in a Portuguese perspective. For this propose we interviewed a number of agents that had participated in cooperation projects in the context of Interreg III B and

III C. In this sense we intend to evaluate the success and failures stories through the following analytical dimensions: Actors, partnership, goals, planning cultures, added value and developed networks. Overall this paper seeks to explore the characteristics and dynamics of the social networks existing in the Interreg III B and C projects.

Gateway L1

THE IMPACT OF TOURISM-RELATED INVESTMENT ON RESTRUCTURING AND REGENERATION IN LOCAL ECONOMIES SUFFERING REGIONAL SHADOW-EFFECTS

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The authors of this paper are aiming to investigate local economic development opportunities and to analyse the city marketing activities and settlement development processes in two towns of modest, but approximately the same size and drawn from a population-related category defined by the Hungarian settlement hierarchy. In our view, the two small towns analysed, Körmend in the West Transdanubian Region and historic Szigetvár in the South Transdanubian Region have many similarities in their economic background and in their economic history of the last twenty years. There has been no heavy industry in either location, and light industry has also suffered in both. The latter includes manufacturing units set up in the socialist era and which collapsed following the change of regime (being uncompetitive or unable to find a buyer under the Hungarian privatisation process), and one or more FDI (Foreign Direct Investment) establishments. Interestingly a shoe factory featured in both categories. The local authority is in both cases attempting to replace these in a less orthodox way seemingly looking to the actual interest of one provisional or potential main stakeholder in the town, the tourist. Tourism attractions (fortress, stately home, medicinal and wellness baths) have started to be developed or renovated with the help of EU funds and even as a brown-field investment. We analyse to what extent can such tourism-related developments match a more conventional light industrial infrastructure in any similar modest-sized town and provide profit and a good quality of life for the local residents? In a CEE country such as Hungary, already weakened by the long and difficult economic transition, by the serious mishandling of its privatisation process, by continuous political errors and in fulfilling EU membership requirements, now followed by the global financial crisis, can an economic upswing in a small town be generated by activity mainly providing job opportunities in the services sector? We examine, essentially with the help of secondary data, the impact of these new tourism developments on the local economy and labour market, the changes in direct and indirect tourism-related income in both places together with their competitiveness. We also examine the situation of the two towns, with an eye to the potential shadow-effects of their regions and of the proximity of the national borders.

Gateway A8

POLITICAL ECONOMY OF OFFSHORING BUSINESS SERVICES TO POLAND

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The development of the offshored business services in Poland has been accompanied by a dominant discourse, which creates the image of this industry and the cities where FDI is being located. Authors of this discourse ascribe positive values to the sector, which are supposed to justify increased interest in this sector on the part of national and regional authorities. On the basis of analysis of the content of press materials and Internet sites, the main features of the debate surrounding the FDI in business services in Poland - and in particular in Kraków - have been outlined. The discussion forms a part of more extensive deliberations on the directions of development of Central and Eastern Europe. This discourse is dominated by the perspective of a host country and an optimistic vision of creating new work places. In development of the image of the offshored business services, emphasis is put on the presence of educated employees. In the discourse foreign companies are perceived as a form of "liberation" for the students who fail to find jobs after graduation. Lower labour cost is a secondary issue in the image of the offshored business services. Moreover, the risk of transfer to cheaper locations is also not brought up. After only few years of existence in Poland, the offshored business services already constitutes the largest and the most dense group of foreign investors. On the regional scale, there are no

associations of foreign enterprises relying on sectoral ties; there are ties related to the common origin of investors (which has been the case so far) – the associations of foreign business services companies are the only praiseworthy exception here. All local and national actors, in particular the media, are searching for a new metaphor which could distinguish Kraków among other locations in the world. This is the context in which the comparison of the region to the Silicon Valley appears: the inflow of offshored business services is improperly perceived as a continuation of inflow of investments in the software industry to Poland and Kraków from the second half of the 90. From this perspective, even routine business services are considered, by some, high technology activity. A sudden inflow of FDI in business services in the subsequent years, where the employment level significantly exceeded the employment level in software or R&D centre, contributed to the forging of the term “outsourcing valley.” Criticism of such metaphor is presented in the paper.

Gateway G

THE IMPACT OF ECONOMIC CRISIS ON REGIONAL FINANCE IN THE RUSSIAN FEDERATION

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This paper is devoted to the analysis of changes in regional finance which have taken place during the period of economic crisis. The hypothesis of this work is that economic and finance state of a particular region is determined by three main factors: global economic and finance risks, endogenous regional features and the form of federal policy for regional support. The analysis of regions’ trajectories (under economic and finance downturn conditions) enables to identify three main types of territories:

1) Highly developed regions which predominantly have export-oriented economy and dependence on global markets. These regions illustrated the significant percentage decline in economy and budget revenues but preserved the high level of per capita indicators in comparison with average level across Russian regions. More probably this group of regions will come out from recession with higher rate, showing V-type trajectory.

2) Mid-developed regions. This type of regions is characterized by having a large share of manufacturing industry, especially engineering industry with low competitive power. The increase of federal grants amount in 2009 compensated in part the losses in regional own-source revenues, but per capita level of the key indicators (fiscal budget capacity per capita) remained low. The economic decline across these regions could be most prolonged (L-type) because in this case the accumulated ineffectiveness of regional economy is maintained by administrative barriers (for example, there are restrictions on staff dismissing which results in subemployment increase).

3) Less developed regions. This group includes poorly developed regions of the North Caucasus with “budget-supported economy”, significant shadow sector and some regions of the Far East characterized by remote location, severe natural conditions and primary sector predominance. Less developed regions have a large cushion of federal grants which makes regional revenue base more resistant against state of own-source revenues and economic activity. The Far East regions have higher risks because of extracting industry volatility. In the period of economic crisis the cruelest disadvantages of federal tools for regional support are the lag effect of accounting equalization grant allocation based on the retrospective data and indistinct terms of gap-filling grant allocation. As a result of the research one can make the following conclusions:

- 1) In the context of regional support it’s necessary to pay more attention on mid-developed regions state.
- 2) Certain federal tools for regional support should be more flexible and transparent.

Gateway A9

CAN WE REALLY MEASURE THE TERRITORIAL COMPETITIVENESS?

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Competitiveness is probably one of the most used and abused terms in modern economics. If you type “competitiveness” in the Google search engine today you will receive 11.4 million results. In the last decades Competitiveness has become one of the central concerns of government and industry in every country, entering with high-handedness in both academic and political debate. Most nations around the world have now created their own competitiveness unit. Private and public institutions allocate considerable amounts of energy and money to investigate the subject. However, as often occur for the “fashion terms”, we tend to doubt on its conceptual and interpretational clarity. In fact, a brief theoretical review reveals the absence of a definition

commonly accepted by economic disciplines, thought and authors. Despite the general conceptual sharing about the firm (micro level), regional (meso level) and national (macro level) divisions, yet for all the discussions, debates and writings on the topic, there is still not persuasive and general theory to approach competitiveness at the regional level. In fact, there is not an accepted definition of the term as applied to local economy and there is no consensus of what competitiveness is - and factors affecting competitiveness are quite controversial. At the same time, this theoretical structures boost the creation of various benchmarking, able to shape and modify - from time to time - the economic profile of the selected countries or territories. Notwithstanding, governments have incorporated this vague and ill-measured concept both into policy programs and public investments plans, suggesting that an objective and practical method for identifying regional competitiveness is urgently needed.

- Research questions and o Can we measure local competitiveness? Is the current competitiveness approaches (models and methods) applicable to any region? (also to weak and little regions?) Can we define a general local competitiveness model?

- Research strategy, operationalization of concepts Convinced that the issues of local competitiveness is a matter of considerable importance in both managers and public policy makers alike, coming down into this complex context, our paper would be an analysis for local competitiveness policies, aiming to be a useful tool within the debate about regional development strategies. Therefore, starting from the distinction between competitive process and results, our approach identifies some central economic dimensions to create a firm reference structure to analyze what we can define competitiveness at the meso level. After a brief review on recent practical experiences, we consider if the general models and methods on national competitiveness can be applied with success to any geo-political context. In the third section, we offer a useful technique to investigate and evaluate economic local competitiveness, including a first empirical application. In this chapter, we define a multivariate and a multilevel model for the local competitive performance. Results aspire to a different grounded approach to identifying and assessing competitiveness not just in successful regions, but also in regions and localities where the traditional model can fail. Finally, in the last chapter we discuss some considerations on methodological and policy implications.

Gateway A2

THE IMPACT OF UNIVERSITY-FIRM KNOWLEDGE LINKS ON FIRM-LEVEL PRODUCTIVITY IN BRITAIN

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This study uses data from the UK Community Innovation Survey to consider (i) which firms engage with HEI's in terms of both sourcing information and/or cooperating for innovation activities; and (ii) whether involvement with HEI's impacts on productivity. We are particularly interested in testing the role of absorptive capacity as a channel determining the strength of HEI links and their impacts. In terms of (i) we estimate a model that determines which firms 'select' into linking with HEI's (which includes characteristics such as absorptive capacity, industry, size and location of the firm); this also allows us to determine which variables to use when instrumenting HEI linkages when modelling productivity. When estimating (ii) with HEI linkages instrumented, we use both the full sample and a matching estimator, where the latter comprising HEI linked firms with a control group of matched firms that do not link-up but which do have similar characteristics. The advantage of using the IV-matched sample approach is to try to ensure that any impact of HEI's on productivity is not biased through failure to control for endogeneity/sample selection effects.

Gateway I

FEASIBILITY STUDIES FOR WATER REUSE PROJECTS: ECONOMIC VALUATION OF ENVIRONMENTAL BENEFITS

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Wastewater reuse is emerging as an alternative of great future as it allows increasing the supply of water resources and reduces pollution problems because it prevents the discharge of wastewater into the environment. In recent decades, technological progress in the field of wastewater regeneration have been very important, so much so that today, wastewater reuse project feasibility is currently primarily subject to economic assessment. In spite of this, the economic aspect is perhaps the least addressed in water regeneration and reuse research,

since in general only private costs are considered while the external effects (positive and negative) are relegated to a series of statements about the advantages of water reclamation and reuse. So, usually the methodologies used to analyze the economic feasibility of water reuse projects are focused on the internal costs. As a result, the true benefits and cost of many water reuse projects have never been properly evaluated. Therefore, this paper shows a methodology to assess the economic feasibility of a water reuse project taking into account not just the internal impact, but also the external impact. On the other hand, and due to the few contributions in this research area, a quantification in monetary terms of the environmental benefits gained from a water reuse project is made. The assessment is done through the estimation of shadow prices of undesirable outputs resulting from wastewater regeneration. In this way, a useful economic feasibility indicator can be obtained for a water reuse project taking into account both internal and external impacts.

Gateway A2

LOCAL DEVELOPMENT EFFECTS OF ACADEMIC CONFERENCES: (WHEN) DO THEY EXIST?

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Vassilis Tselios, University of Newcastle, UNITED KINGDOM

Emerging concerns about climate change have led to questions, within academic circles, about the scope and usefulness of international academic conferences, given the carbon footprints they generate. In an era of fast and cheap e-communication methods, where personal contacts and dissemination can be maintained seamlessly, is there still a rationale for organising 'circus conferences' across Europe and beyond? One of the arguments in favour of this is that academic conferences help stimulate local economies, not only by raising demand temporarily (through the inflow of delegates) but also more permanently, by raising the profile of the host city/region (branding), bringing-in sponsorship (funding) and upgrading local human capital (skilling). This is more so for thematic conferences that focus more on regional development issues. We investigate the extent to which such effects are discernable, by estimating the growth effects of academic conferences across a dataset of European regions for a 30-year period. We compare the results obtained from the conference of two regional-studies associations (RSA and ERSA) against those of two economics associations (EEA and EALE), as well as of a set of other academic associations for which data are available, within the context of regional growth regressions. We examine whether the effects vary over time, by type of region, by academic discipline and by conference size. We discuss the implications of our results for the structure and scope of international academic conferences and for local strategies concerning the hosting of academic events.

Gateway G2

REGIONAL STRUCTURES AND THE IMPACT OF THE CRISIS IN TRANSITION EUROPE: DO INEQUALITIES MATTER?

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It is well documented that regional disparities have widened substantially across Central and Eastern Europe (CEE) during the processes of transition and accession to the EU. The spatially uneven distribution of FDI inflows, the significant border effects associated to the opening-up of external markets (trade integration), and the asymmetric spatial nature of industrial restructuring, have all contributed to significant changes in the internal economic geography of the transition countries. This has resulted in most of the cases in an emerging pattern of polarisation, typically with the capital cities and a few areas in the western borders managing to absorb most of the benefits of integration, at the expense, sometimes even in absolute terms, of the emerging peripheries. At the same time, partly owing to the pathological development of many of the CEECs (extreme openness, structural trade deficits, immense reliance on external credit through FDI and remittances, etc), these countries have been hard hit by the global economic crisis. The paper seeks to address two related questions within this spatial-economic context. First, to what extent has the degree of polarisation/inequality and structural imbalance across regions contributed to the severity of the crisis in the CEECs? Second, is there any evidence to suggest that the impact of the crisis is asymmetric (i.e., spatially uneven) and, if so, does it reduce or rather amplify polarisation? The paper addresses these questions mainly through a quantitative analysis of data derived from the Cambridge Econometrics, Eurostat and EBRD databases.

BETWEEN CONFUSION AND IGNORANCE: PUBLIC POLICY RESPONSES TO GROWING REGIONAL DIVERGENCE IN UKRAINE

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This paper analyses policy responses to regional differences and regional divergence in Ukraine over the last five years. It emphasises the patchiness and incoherence of both national strategies and local responses to the challenges faced by Ukraine's local and regional economies – one of the biggest countries in Europe by territory and population. It argues that despite the unique opportunity presented by the so-called 'Orange Revolution' in 2004, Ukraine's governing elites did not acknowledge the significance of regional differences and did not manage to design and implement a regional policy which could not only respect the diversity of its regions and territories but also strengthen economic and social cohesion. Without a unifying national strategy for socio-economic development, Ukraine's economic prosperity and its democratic model of governance remain in doubt. Despite five years when Ukraine was governed almost continuously by pro-European and democratic political parties, the country failed even to get close to crucial principles of European democracy: viable local self-governance; a clear division of responsibilities between tiers and branches of power; and using effective instruments for fair redistribution of national wealth across the country's regions in order to create a truly cohesive society. It is not a lack of redistributive mechanisms as such that is the problem, but the inability to shift the economic model from one that is resource-intensive and low-value-added, dependent on a handful of industrial strongholds and the capital city-region, towards a more diversified and balanced economic model where the strengths of different regions are supported and transliterated into a more robust sector composition of the national product and exports. The global economic crisis has only aggravated these negative tendencies, as this lack of understanding of what is necessary and the political will to make changes have now been complemented by a severe economic downturn and a huge fiscal deficit. Ukraine launched fiscal decentralisation reform back in 2001, but this was only a partial measure. It was not followed by a deeper decentralisation of powers from the centre to the regions and localities. This has led to a situation where local and regional authorities are almost totally financially dependent on the national government and its financial allocations. The tremendous decline in GDP, the growing budget deficit and the national debt all mean that local needs and priorities, even the most basic, are left without funding, and local leaders have little leverage over how to accumulate and distribute resources as they see fit.

THE OPENING OF THE LEDRA CROSSING IN NICOSIA: SOCIAL AND ECONOMIC CONSEQUENCES

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David Jacobson, Dublin City University, IRELAND

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This paper examines some of the consequences of the opening of the Ledra Street crossing – known to Turkish Cypriots as the Lokmaci crossing. The data are based on a survey that was carried out by two separate teams, Greek Cypriot and Turkish Cypriot; the aim was to identify how the opening of the Ledra Street/Lokmaci crossing impacted on social and business aspects of Old Nicosia. The paper briefly reviews the literature on divided cities. From this literature some key issues emerge that suggest the questions addressed in the survey. Among these are questions about how frequently and why people from each of the communities used the crossing. These and other questions are discussed and the results of the survey described. Not least among the motivations for crossing revealed by the research, particularly for Greek Cypriots, is "sightseeing" or tourism. The final section of the paper analyses these results in the context of the literature and discusses the implications for the future of Nicosia and of Cyprus.

DEPRESSION, DEVALUATION AND DIVERGENCE: THE BURSTING OF THE ORANGE BUBBLE AND UKRAINE'S SPACE-ECONOMY

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Adam Swain, University Of Nottingham, UNITED KINGDOM

'Emerging Europe' has been heavily implicated in the unfolding of the 'American' financial crisis which began in 2007. The liquidity crisis prevented the refinancing of private and public external debt whilst post-soviet models of development contributed to produce the macro-economic imbalances that lay behind the economic crisis. This paper examines the impact of the crisis on the Ukrainian economy which has been one of the worst affected within eastern Europe and the former Soviet Union. The impact of the crisis on Ukraine is aggravated by features of its space-economy: high level of territorial imbalances; the acceleration of regional divergence following the Orange Revolution; changing forms of state power; and the existence of specialized regional economies. The paper will examine the underlying development model in which an external credit-fuelled economic bubble occurred following the Orange Revolution which collapsed in late 2008. In addition, the paper will consider the impact of the economic crisis on the country's regional economies and on territorial imbalances. The ramifications of the deep recession of 2009 and Ukraine's future growth trajectory are assessed through the prism of political economy in the context of the country's long electoral year of 2010, starting with the presidential contest in January-February.

A SPATIAL AND SECTORAL ANALYSIS OF U.S. TECHNOLOGY INNOVATION AND VENTURE CAPITAL INVESTMENT PERFORMANCE

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The economic impact of venture capital on the U.S. economy is significant. Global Insight (2007) estimated total revenue of venture-backed companies to be \$2.3 trillion (17.6% of U.S. GDP) and 10.4 million jobs (9.1% of U.S. private sector employment) resulting from VC-backed IPO and M&A exits – the key determinants of venture capital performance. Thus it is no surprise that policy makers see venture capital as an important instrument of regional economic development. Chen et al. (2010) studied the geographic concentration of both venture capital firms and venture capital-financed companies in specific metropolitan areas. They found that venture capital firms located in regions with high success rates of venture capital-backed investments as measured by the incidence of exits. Venture capital firms based in locales that were venture capital centers outperformed regardless of investment stage or location. Authors however paid little attention to the influence of technological innovation on venture capital outcomes, arguably the most important of all Schumpeterian innovations (Schumpeter, 1934, 1942) for technology-based firms (Granstrand, 1998). This paper seeks to address this specific knowledge gap in venture capital research and practice. It builds on resource-based view theory (Penrose, 1959; Barney, 1991) including the more specific knowledge-based view (Grant, 1996; Spender, 1996) and argues that technological innovation is a strategic resource of the firm that can provide competitive advantage (Porter, 1979, 1985) and produce superior performance (Arrow, 1962; Griliches, 1981; Romer, 1986, 1990; Geroski, 1993; Granstrand, 1999). It goes further than recent studies evaluating the impact of sector-specific patenting activity on the venture capital cycle (Mann and Sager, 2007). This research paper is based on matched data compiled from VentureXpert™, Delphion™ and NBER/USPTO databases. The resulting unique and proprietary dataset consists of 1020 VC-backed US technology company IPO exits across all technology sectors in the 20 years from 1980-1999. The relation between technological innovation of VC-backed firms and venture capital exit performance is examined with a focus on the influence of spatial (Acs et al., 2002; Simmie, 2005) and sectoral (Malerba et al., 1996, 1997, 2002) factors which have been found to be meaningful predictors in theories (i.e. regional growth, industrial, cluster and evolutionary theories) explaining the uneven distribution of technological innovation (Schumpeter, 1934, 1942; Nelson and Winter, 1982; Porter, 1998). Results show that sectoral and regional factors influence the relationship between the patenting activity and exit performance of VC-backed technology firms.

OPTIMAL REGIONAL POLICY UNDER FISCAL COMPETITION AND ASYMMETRIC INFORMATION

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Vedrine Lionel, Cemagref-UMR Métafort, FRANCE

The paper analyses the problem that a central government faces when he wants to design a regional policy (to reduce inequalities) when regions have better information about the regional resources. We consider a model of federation with heterogeneous regions that try to attract capital by competing in capital taxes and productive public investment (that enhance the marginal productivity of capital). Tax competition leads to underinvestment in all regions. As suggested by Hindricks et al. (2008), fiscal equalization schemes or regional policy can correct this issue under complete information. We study the asymmetric information case when regions provide the productive public good, but differ in their marginal cost of productive public good supply (private information). A central government allocates subsidies in order to incite regions to provide public good. This subsidy has to be tailored to the regional specific marginal cost of public input. We develop two incentives schemes respectively from 'individual incentive regulation' (when central government allocates a subsidy to a region only conditionally on its own regional characteristics) and 'yardstick competition' (when central government allocates a share of the subsidy to a region conditionally on that of the all regions, or neighbours). The paper offers new considerations on regional policy under asymmetric information.

EMERGING EUROPEAN MACRO-REGIONS: PATTERNS OF SUBNATIONAL COLLABORATION

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Waldemar Klose, Friedrich-Schiller University, GERMANY

Regions and collaboration across regions in different countries are becoming increasingly important. While the EU fosters processes of regional collaboration to support the process of European integration, regional governments identify opportunities to stimulate regional development based on synergy from collaboration. There was a wide discussion about cross-border collaboration and more recently attention is paid to larger European macro-regions (e.g. the Baltic Sea or the Mediterranean Arc). These macro-regions have a degree of integration that cannot be fully explained by the geographical proximity of the regions constituting them. But it remains unclear, whether individual regions indeed use such macro-regional situations for their activities and how strongly these processes are introduced or what it means when EU-policies support such processes. Collaboration is often regarded as important for the generation of knowledge exchange, organizational learning, merging of resources and the identification of shared interests and problems; so, a better understanding of processes of collaboration will help to identify how regions select their partners in such processes. Regions use EU-programmes while they aim at the realization of their aims; during this activity they will continue existing successful and efficient relationships with partners or they will search for new and appropriate partners. So, EU-programmes not only uncover but also accelerate the ongoing processes of collaboration across regions. This paper asks, whether European regions indeed use partners in their macro-regions for joint activities whether do such activities contribute to the emergence of macro regions or do EU-policies provide appropriate opportunities to realize such processes are there different levels of intensity among such processes of macro-region building? Finally, this paper helps to understand how a European wide policy programme may be used divergently throughout the EU and whether it can provide support to further processes of development. So, new European macro-regions should emerge when regions search for their partners. Activities of regional government policies, as a consequence, should than show geographically as emerging European macro-regions, which may add an additional level to wider processes of regional integration, collaboration and European integration.

SHAPING URBAN NETWORK - TRADITIONAL AND NEW ELEMENTS IN ECONOMIC TRANSFORMATION AND GLOBALISATION IN HUNGARY

Gabor Nagy, HUNGARY

Based on the theory of uneven development (Harvey, 1995; Smith, 1990) and core-periphery relations (Agnew, 1987; Storper and Walker, 1989; Dicken, 2007) and post-socialist studies (Gorzela, 2004, Turnock, 2001; Stenning - Bradshaw, 2006) the paper focus on the major changes in Hungarian urban network in the period of transition (1989-2009). The major question is: after a two-decade of economic crisis, stabilization, development and restructuring which are the major new elements of the renewed spatial and hierarchical structure of the country? Which elements were the leading forces of differentiation and modification resulted a successful embeddedness into global economic system, increasing importance in national economy and improving quality of life in longer term? What were the reason of success and failure? Which groups of economic centres became the winners of the transformation and who were unable to move out from the deep economic depression till now? To find the answers we have to analyse the starting situation, the major dimensions of the former (socialist) economic and spatial structure, and even the hierarchy of urban centres in the centrally planned system. We will describe the major stages of transformation period and its effect on Hungarian cities and towns in general, from the pre-transition legal changes to the first half decade as a member of the European Union. In the second larger part of the paper we try to verify the major indicators we can use to describe the position of certain urban centres. The basic problem is, that at the end of the socialist period the success of local economies based on different elements, comparing the situation two decades after. In the former phase the most important ones were: the number of industrial workers, the level of output, the mass of investments etc., however, after the transition period the export capacity, the level of foreign investments, the quantity and quality of business services, the level of IT-infrastructure, of elements of quality of life became far more important. In the third part we try to verify the major groups of urban centres and describe the development paths of transformation. We will point out the mosaic-like structure of urban network of Hungary, try to analyse the major elements of the new hierarchy and make a picture of the large-scaled results of the transformation period.

THE HUNGARIAN PRACTICE OF USING THE EU-FUNDS

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Efficiency or effectiveness? It is not just the matter of definition. The experts and researcher have to make a difference between the qualitative and quantitative approach. In my research in Hungary, I tried to highlight this in two pilot projects. The theme of the research is particularly relevant in consideration of the tripling of the annual EU-subsidies between 2007 and 2013 compared to the period of 2004-2006. For the successful European integration of Hungary, it is necessary to effectively implement the means appropriate in order to ease the differences of regional development. The two research concentrated on the first National Development Plan of Hungary for the Financial Period of 2004-2006. In the first research I carried out a survey amongst the final beneficiaries on the Regional Operational Programme (OP) 1.2 Improving the capacity for tourism. In the second, much larger project, I focused on the SME development of Economic Competitiveness OP. I made a survey of 150 beneficiaries which highlighted the strengths and weaknesses of the Hungarian system of EU funds. The conclusions of the researches are the following:

1. The monitoring system is weak. The indicators are not showing the real effect of EU-funds on micro level, the resources allocated for the monitoring are insufficient.
2. The bureaucratic measures are high, the administration is more than acceptable by the final beneficiaries. These problems are causing severe delays in the decision making procedure, and in the payout system as well.
3. The main problems of the SMEs during the project implementation were: lack of own resources, high costs of management and administration and a Hungarian speciality: the non-refundable VAT of the EU-funded project (in force until 2006), which was ruled out by the Hungarian High Court of Justice in 2009 *ex post facto*.
4. 25% of the final beneficiary SMEs are unsatisfied, and think it was not worth to win and implement the project, 90% of them do not want to apply to any more EU-fund. The other 75% of the SMEs are satisfied, but nearly 50% of them do not want to go through the same bureaucratic and administrative way to win and implement more EU-project, and are not planning to apply in the foreseeable future.

5. Synergic effects could be measured only at projects with higher than average subsidy. That shows the importance of the principle of concentration, which is often neglected.

6. During the whole research it was clear that the micro and small enterprises were less willing to answer, were less satisfied and had more problem during the project implementation than the medium size enterprises. The same distinction can be seen between the SMEs with seats in less developed regions of Hungary.

Gateway E

SOCIAL DEFICITS OF REVITALIZATION: PRODUCTION OF URBAN SPACE IN THE 'EAST' AND IN THE 'WEST'

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European urban policies have been increasingly focused on the issue of social cohesion. Recently, the widely discussed and accepted Leipzig Charter shifted the emphasis towards socially balance in urban development. Paradoxically, this turn was introduced under the increasing uncertainty of the emerging global crisis and growing social polarization and segregation in post-socialist cities. It raises the question whether there are post-socialist peculiarities of the urban policy issues as the follows:

- i) to what extent local urban policies are responsible for social imbalances,
- ii) if urban policies are ready to handle such social problems,
- iii) what role key agents have in managing and reproducing social inequalities. In seeking for the answers, we analyzed and compared revitalization programmes in 14 Eastern and Western European small and medium sized towns that were involved in the INTERREG III.B. CADSES Hist.Urban network. In this paper, our findings shall be displayed through the planning practices in Regensburg, Graz, Arad and Sopot. We have come to the conclusion that the economic and social conditions and opportunities for urban development are partly different in the East and the West. However, the mechanism that shapes social space seemingly follows the same logics because it is underpinned by neoliberal policies. Under such circumstances private developers become key agents of the production of urban space that is reflected in the revitalization projects of the discussed towns. Although, such programmes themselves also raise social problems and conflicts, these side-products of revitalisation (and social imbalances in general), are not ranked as highly significant issues by municipalities as public agents.

Gateway E

EVALUATION, SOCIAL LEARNING, REFLEXIVE AGENCY AND INSTITUTIONAL BRICOLAGE IN THE LEADER PROGRAMME

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This article considers the relationship between centralised, exogenous institutions and the embedded, endogenous institutions of rural governance in Europe through an examination the evaluation procedures of the European LEADER programme, reflexive agency and bricolage as its modus operandi to achieve local development. LEADER is presented in the literature as progressive in terms of innovation and stakeholder engagement. Yet, while the planning and management of LEADER embraces heterogeneity and participation, programmatic evaluation is centralised and is held at arms length from the delivery organisations. The article reviews previous efforts to improve evaluation in LEADER and considers alternative strategies for evaluation, contrasting LEADER practice with participatory evaluation methodologies and reflexive agency in the wider international context. Can evaluation in itself be valuable as a mode of social learning and hence a driver for endogenous development in rural communities in Europe? The article concludes by examining the challenges in producing a hybrid form of evaluation that accommodates both endogenous and exogenous values.

JOINT ACTION IN AND THROUGH CLUSTER 'STRATEGY FORUM'

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All production firms must make and do the things valued in markets. In this respect, “being there”, embedded in regional clusters, have often been claimed to give firms competitive advantage. It gives accessibility to localised learning process as a source of product- and production processes “up-grading”. It is, however, increasingly recognised that such learning processes do not follow in any necessary way from co-located. Moreover, wherever they do exist they do so for the moment only. In many cases, instead of being self-propelling, generation and sustainability of localised learning requires conscious efforts at governance. One tangible approach is the establishment of intermediate organisations, such as cluster associations; “mechanisms” of governance in facilitating co-operative efforts directed towards firm and cluster “up-grading”. This paper investigates such efforts. Specifically, it analyses joint activities in and through a “strategy forum”, set up by a cluster association with the purpose of identifying and investigating common challenges and opportunities and proposing joint solutions. Participation in such activities establishes face-to-face encounters and talk. These again are preconditions for changing existing relations, for example through establishing familiarity and confidence. Moreover, discovering common ground might also establish a focus or projection of common engagement into the future, thus also serving to sustain co-operation. For example, new joint projects might be conceived. These are potential, although by no means certain outcomes.

EGTC IN HELSINGBORG (SWEDEN)-HELSINGÖR(DENMARK)AREA?

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Region Skåne

The possibilities to introduce an agreement on a so-called European Grouping for Territorial Co-Operation (EGTC) in the Helsingborg-Helsingör region in southern Sweden/north-east Denmark (“the HH-Region”) have recently increased significantly. This is due not least to the fact that a law was introduced in Sweden in 2009 that authorises EGTC:s to be founded, in accordance with the EU Regulation 1082/2006. Any Swedish partner’s (i.e. municipality, administrative authority or someone else) participation in such a project will however require the permission of the Government. The so-called HH-region is today generally considered as a more or less ideal EGTC, due to the proximity between the two cities on each side of the narrowest part of Öresund, a vast, already existing co-operation between them and not least the rapid growth of commuters who work on one side of the small sea while living on the other. Against that background, this paper tries to analyse existing EGTC and the idea upon which they are founded from a legal perspective, while also describing a few of the existing co-operations of this kind that may be found and examining how they work in practice. Having that in mind, a closer look will be made at the HH-Region, its historical background and future perspectives.

SITES OF NEO-ENDOGENOUS FACILITATION? AN ANALYSIS OF THE MEMBERS AND NON MEMBERS OF RURAL BUSINESS ASSOCIATIONS

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Rural economic development theories highlight that rural geographies are differentiated and as such rural development must be bottom-up in order to fit the needs of the local community (Slee 1994, Lowe 1995, Terluin 2003). However, purely endogenous development is limited by ‘lock-in’ effects (Uzzi 1996, Atterton 2007), undermined by local apathy and dominated by minorities (Lowe et al. 1998, Ward and McNicolas 1998, Shortall and Shucksmith 1998). As such, neo-endogenous approaches have been valorised as ‘endogenous-based development in which extra-local factors are recognised and regarded as essential but which retains belief in the potential of local areas to shape their future’ (Ray, 2001:4). Key to this approach are the concepts of the neo-endogenous facilitator and of the site(s) where this facilitation takes place. This paper investigates whether the

rural business association, a volunteer led institution of civil society, acts as a site for neo-endogenous facilitation. Certain demographic groups have been depicted as having a role as facilitators. In-migrants have, for example been linked with entrepreneurial processes (Kalantaridis and Bika, 2006), being brokers of information and knowledge between the local and extra-local (Atterton 2007, Bosworth 2008). Rural business associations may provide them with an opportunity to embed (Jack and Anderson 2002) and become members of the local social milieu whilst reinvigorating and refreshing existing culture. As another example, home based businesses have been promoted as a 'sector' that is isolated (Newbery and Bosworth 2010, Dwelly et al. 2005) and in need of network support. Rural business associations might be expected to play a role as the site for facilitation, allowing access by various public agents. Despite existing research (Rosenfeld 1996, Bennett 1996, 2007, Phillipson et al. et 2001, Ring et al. 2009) there is no empirical examination as to the differences between members and non members of these associations. Comparing their characteristics would provide an understanding as to whether business associations can be seen as significant sites for neo-endogenous facilitation by indicating whether they provide concentrations of neo-endogenous facilitators. Using personal and business based predictors, multi-nominal logistic regression models are used to assess differences between members and non members. Two data-sets are combined along key structural variables to create a composite source to understand how members are likely to be different from non members. Findings indicate little difference between members of non local associations and non members. There are however significant differences between members of local associations and non members. Local rural business associations appear significant sites for neo-endogenous facilitation.

Gateway D

REGIONAL GOVERNANCE: CHANGES IN OSTROBOTHNIA REGION AFTER 2003

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The aim of this paper is to investigate the prerequisites for regional mobilization and governance in Finland in 2003 and 2010. The paper examines how the Finnish government system is being adapted to EU's regional policy. The paper takes as a starting point Marsden, Eklund & Franklins article Rural Mobilization as a Rural Development: Exploring the Impacts of New Regionalism in Wales and Finland, published in International Planning Studies published in 2004. The article depicts European policy making and rural development in Wales and Ostrobothnia. The article points out the complex networking that effects rural development in both countries, with separate environmental, cultural, regional and economic development agendas. The regional administration structure in Finland is not uniform. The Regional Councils, the Employment and Economic Development centres (in Finnish TE-centres), and the Regional Environmental Centres do not govern within the same borders. When discussing Ostrobothnia one usually implies the landscape of Ostrobothnia, which also signifies the Regional Council's of Ostrobothnia area of influence. The state regional institutions, on the other hand, govern larger administrative areas, and thereby the landscapes of Central-Ostrobothnia and South Ostrobothnia are also included. The reform project (ALKU) executed in 2010 merged different state regional institution, but the Regional Councils will still cooperate within larger state administration areas. Another reform project, the Project to Restructure Municipalities and Services (PARAS), will bring about restructuring of municipalities and cooperation across municipal boundaries. Extensive changes are taking place in regional government in Finland at the moment. How will these reforms influence regional mobilization and governance? The new financing period of the Regional Development Programme started in 2007 and will last until 2013. What changes have been made since the previous programme and is there any effect on governance in Finland? Additionally, in Finland previously separate development programmes for urban and rural areas have been united in 2010. Ostrobothnia is unique in Finland mainly because of its bilingualism. The landscape is very close to a 50-50 division between the two national language groups Swedish and Finnish. The intention of the paper is to compare the possibilities for regional mobilization in 2003 with the current situation following extensive government reforms and new development programme periods in bilingual Ostrobothnia. The examination will contain a detailed description of the regional government system and existing development programmes in Finland in 2003 and 2010.

THE COLLABORATIVE DILEMMA OF REGIONAL GOVERNANCE

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Creating Collaborative Advantage (Farnham: Gower) Are justifiable and useful governance-network practices dependent upon the presence of a collaborative rationality? If the answer to this question is an unambiguous yes, then there also is a conspicuous mismatch between the world we live in and the institutions we have enabled to develop society and business, represent us, and execute policy. On the other hand, if the answer to this question is an unambiguous no, then we are in just as much trouble since governance networks just are reduced to another steering instrument for actors with power and influence at the risk of being decoupled from the broad set of complexities and challenges affecting those outside the small circle of governance network actors. This paper discusses the puzzle of collaborative rationality in governance network practices in relation to two broader themes: firstly; the governance network system orientation towards a public and a market frame, secondly the governance network systems preference towards steering and leadership, e.g. unified stakeholder leadership vs. broad involvement. The paper addresses these themes and discusses them in relation to 15 years of evolving governance network practices in a medium-sized Norwegian region.

THE PARTICIPATION OF REGIONAL GOVERNMENTS IN THE EU POLICY-MAKING: EVIDENCE FROM SPAIN

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The debate on multi-level governance is suggesting that the European policy-making arena is experiencing a more complex mode of governance than are traditional nation-states. Nevertheless, it is still an open question whether these new modes of governance will enhance regional governments' policy and decision-making autonomy. The 1988 reform of the Structural Funds, by the introduction of a series of new procedures and principles, served as the starting point for the development of a new architecture of European policy-making processes whereby relevant decision-making competences were redistributed and shared among a variety of actors located on different territorial levels rather than centralised in national executives (Hooghe and Marks 2001). After more than 20 years, sub-national governments have increased their influence in many European issues. However, in many cases the direct participation (especially in the preliminary phase of the European law designing) of regional governments is still weak and submitted to the political will of nation-states. Within this new European policy-making architecture, Spain is often considered a success story and a member state in which the European Union's (EU) policy has been used to promote economic growth and to reduce socioeconomic disparities. Empirics clearly show that in Spain economic convergence has occurred, the income gap having decreased by over 20 percentage points in the last two decades. Not only have EU policies contributed to the economic convergence of Spanish territories but they have also prompted relevant institutional and administrative changes which have modernized national and regional policy styles. All Spanish Autonomous Communities (ACs) have now established, for example, their representation offices in Brussels in order to raise their own voice in the European arena. The paper aims to analyse, in a comparative fashion, the EU-driven institutional changes which have deeply affected regional governments' institutional organization in Spain. Based on an analytical approach that combines neo-institutionalism and multi-level governance, the paper seeks to test the hypothesis according to which the greater levels of participation by the ACs in EU policies reinforce both the regional perspective at the EU level and the internal cohesion of the Autonomous State by introducing greater levels of co-operation between institutions and of shared responsibility in the formulation of Spanish positions and in the implementation of European policies. However, the hypothesis also maintains that for the procedure to be efficient existing institutional capacities – particularly AC ones - must be up-graded in order to face up to the resulting organizational challenges.

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Laszlo Kulcsar, University of West Hungary, HUNGARY
Emese Prihoda, Szent Istvan University, HUNGARY

The Census Bureau has traditionally used methods to measure income inequality the shares of aggregate household income received by quintiles and the Gini index. Later they expanded its list of inequality measures to include the ratio of income percentiles, Theil index, mean logarithmic deviation of income, and Atkinson measure. The shares of aggregate household income, Gini index, and ratios of income percentiles are used in the discussion of income inequality as it pertains to money income. (Income, Poverty and Health Insurance Coverage in the United States: 2008. , by Carmen DeNavas-Walt at all. US Census Bureau) The Human Poverty Index is an indication of the standard of living in a country, developed by the United Nations. For highly developed countries, the UN considers that it can better reflect the extent of deprivation compared to the Human Development Index. The Human Development Reports summarizes this as 'A composite index measuring deprivations in the three basic dimensions captured in the human development index a long and healthy life, knowledge and a decent standard of living.' We would like to calculate the HPI for Hungary, but would like to also have comparisons within Hungary, compare the rural micro regions as well. Indicator used:

1. Deprivation in long and healthy life - Measured in the GHDR by the % of people not expected to survive to age 60.
2. Deprivation in knowledge - Measured in the GHDR by the % of people functionally illiterate. The data for this indicator has been collected under a special survey in conjunction with Statistics Canada and OECD. This survey is limited to 18 countries and excludes Hungary for the moment. In the meantime, we want to consider some sort of illiteracy or lack of enrolment measure (% of population age 10-14 not in school, or adult illiteracy rate, etc.).
3. Deprivation in economic provisioning - Measured in the GHDR by the % of population living below the income poverty line as measured by 50% median income. We want to consider including some sort of national poverty measure.
4. Deprivation in social inclusion - Measured in the GHDR by long-term unemployment as % of labour force. We calculate human poverty index and the income indices to show the inequalities between Hungarian micro regions focus on the rural regions. We try to find types or groups of micro region, used some multivariate analysis for it.

Tina Obermeit, University Of Technology Chemnitz, GERMANY
Rainhart Lang, University Of Technology Chemnitz, GERMANY

In the last twenty years after the Velvet Revolution a lot of collaborations between Saxon and Czech institutions, public, governmental, non-profit as well as for profit organizations, have been developed so far, leading to a relatively high intensity of the cross border cooperation. Four different Euroregions were established (Euroregion Egrensis, Erzgebirge, Elbe and Neisse) and connected with this consequence that many institutions have got the opportunity to enter and partially to profit from cross-border collaborations. These developments were reached despite of personal and institutional efforts and motivation especially due to a tremendous governmental financial support. The central question may be now, to which extent these have led to an sustainable network or cooperation which can be seen as established social practice, rooted in interests and motivations of the institutional actors instead of the given funding. We will therefore focus on economy related co operations, and analyze, who is acting with whom, to which extent, aims, and what the outputs of these projects have been. We suppose there are too many projects which deal with the same topics, goals and clients, and the established structure is far from being a efficient network of cooperation, following the different funding initiatives. In the idea of sustainability and efficiency we suggest the different actors should much coordinate their activities and cooperate beyond the funding opportunities.

REGIONAL SPIRIT OF ENTERPRISE: RETAINING AND SUSTAINING STAKEHOLDER COMMITMENT

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Thomas O'Toole, School of Business, IRELAND

In 1987 Birch pointed out, economies that provide the proper environment for start-ups, and for existing firms to expand grow and flourish, whereas those that fail to provide such an environment languish (Corman, Lussier and Nolan, 1996, p.43). In essence what Birch was describing was an entrepreneurial region, a region where all the relevant stakeholders collaborate and cooperate to provide the 'proper environment' for enterprise creation and expansion. Over the last couple of decades many researchers examined entrepreneurial regions to explore the essence of what makes these regions successful. One such comprehensive study was performed by Welter and Kolb (2006), in summary they suggested that there is no one model to be replicated, rather each region has its own set of nuances and thus develops and implements policy accordingly. However, even though regions are diverse, there is a lot of commonality between regions as regards developing and implementing enterprise policy. The issues of trust, collaboration, cooperation, defending boundaries, between and by stakeholders, are all common issues hampering the development of entrepreneurial regions (Bugge et al, 2008). This current paper reviews and assesses the status of South East Ireland's Spirit of Enterprise Forum, and the views, attitudes and beliefs of the key stakeholders constituting the Forum. This analysis takes place five years after the Forum was initiated. The methodology employed is phenomenological in that the members of the Spirit of Enterprise Steering Group (the catalytic group that facilitates the Forum process) performed an in depth interview with 25 of the key stakeholders. This paper also explores the cohesiveness of the Spirit of Enterprise Steering Group. Some of the astounding results from the analysis is that even five years later, in general, stakeholders still do not fully understand the ethos and 'message' of the Spirit of Enterprise Forum. Also there is a degree of reticence to fully engage with the Forum. However, all stakeholders agree with the concept and need for the Forum and each has verbally expressed their organisation's support to the Forum, but it is evident that each stakeholder is still unclear as to how he/she should engage with the Forum. Another very interesting finding was that even though at times it was very unclear if all members of the Steering Group were in unison with Forum's 'message', a simple exercise demonstrated that there is a very strong degree of cohesive thought shared by the Steering Group members.

"STRUCTURATION", "EMBEDDING", "INSTITUTIONALISATION", "COEVOLUTION": THEORETICAL PROGRESS OR RECYCLED CONTENTS IN THE REGIONAL ECONOMIC DEVELOPMENT DISCOURSE?

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This paper analyses some central theoretical concepts that have been used in economic geography in the course of the past two of decades, all having been adopted from neighbouring disciplines. Those are the notion of structuration adopted from the sociologist Anthony Giddens; "embeddedness" adopted from another sociologist, Mark Granovetter; "institution" from institutional economists such as Douglass North and others; and most recently the idea of "co-evolution" from evolutionary economics. The paper analyses the use of these concepts in the texts of some key authors in economic geography. It identifies some divergent emphases but what seems striking is the many common purposes that the use of the concepts seem to serve in the disciplinary debates on regional economic development. Similar ideas seem to be recycled albeit in different conceptual guises. The question arises: what does it tell about theory development within economic geography that its key theoretical notions are constantly changing and borrowed from neighbouring disciplines? Does it represent theoretical progress in terms of conceptual improvement, or is it a question of a concealed intellectual impasse? Both alternatives are scrutinised.

TERRITORIALIZATION STATE RONDÔNIA AND ZONING-ECONOMIC IMPACTS OF ECO-DEVELOPMENT OF THE REGION GUAJARÁ MIRIM

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Jantete Stoffel

George Queiroga

Maray Rodrigues

The intention of this work is to search the territorial order of Rondônia State in the dimension that contemplates an imposition of the Rondônia Farming and Forest Plan - PLANAFLORO, the socioeconomic zoning - ecological, since its 1st approach where the State was divided in six zones and 2nd approach and conclusion where it contemplates three zones and nine subzones, in evaluating the impacts of the ZSEE for Guajará-Mirim region development, this with characteristics and ambient specificities, institutional areas, consisting of the units of conservation of restricted use and controlled, foreseen in law and instituted by the union, state and city. The city has a geographic area of 25.257 km², corresponds 21.85% of the state surface, is limited in developing economic activities, therefore by means of the instituted laws this area must more than conserve 90% of its territory in natural forests.

THE INFLUENCE OF PUBLIC POLICIES ON KNOWLEDGE ANCHORING IN EUROPEAN REGIONS

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Knowledge anchoring is a concept which has come to the fore alongside the theoretical notion of territorial knowledge dynamics. The theoretical significance of knowledge anchoring lies in three important changes in the way that knowledge interactions have been conceptualised: a widening of focus from international interactions/assets to include external relations and how the two interact; a broadening of the concept of proximity from geographical proximity to, for example, relational and cognitive proximity; and a shift away from a presupposition of bounded regions or territories towards relations and networks. This paper explores the concept of knowledge anchoring as well as its relation to public policy. We define anchoring as knowledge coming from outside a region, which somehow 'sinks in' and is re-circulated within the region, i.e. processes by which knowledge is used by other firms/institutions within the region (not just the one that found/adopted the knowledge from an external source). Based on this definition of anchoring and an analysis of the empirical material generated from the FP6 funded EURODITE project, we have identified four 'channels', through which knowledge enters and is re-circulated within regions. These 'channels' are: events, work-place or job related mobility, acquisition of codified knowledge and firm-level interaction. In this paper, we focus on the role of public policies in relation to the four different 'channels' and discuss variations between economic sector policies as well as cross-sectoral characteristics influenced by policy.

REGIONAL DEVELOPMENT OF BOSNIA AND HERZEGOVINA: ACTORS, INSTITUTIONS AND ORGANIZATIONS

Jasmina Osmankovic, BOSNIA AND HERZEGOVINA

Bosnia and Herzegovina is a potential candidate for membership in the European Union. European Union pays special attention to regional development and achieving the objectives of regional development, such as convergence, regional competitiveness and employment, and territorial cooperation. Significant resources over the funds, programs and projects are directed to regional development. Bosnia and Herzegovina is still no

strategy for regional development. Bosnia and Herzegovina participated in three Euroregion (Dunav-Drava-Sava; Drina-Sava-Majeвица, Adriatic euroregion), in three program areas of cross-border regional cooperation under the IPA (Bosnia and Herzegovina - Croatia, Bosnia and Herzegovina - Montenegro, Bosnia and Herzegovina - Serbia). Bosnia and Herzegovina participate in numerous other regional projects (EU strategy for Dunav region, MED, SEE etc.). In this paper, we present actors, institutions and organizations involved in the process of regional development of Bosnia and Herzegovina. In this paper we try to answer the question why and what are the economic and other consequences?

Gateway A2

“HIGHER EDUCATION INSTITUTIONS: IVORY TOWERS OR LEAD COLLABORATORS IN THE REGIONAL ECONOMY?”

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In recent years higher education institutes (HEIs) have assumed a central role in innovation-led economic development and have become an increasingly important ingredient in high tech economies. According to Etzkowitz and Leydesdorff (2008) innovation is understood as a resultant of a complex and dynamic process related to interactions between HEIs, Industry and Government, in a spiral of endless transitions. The Triple Helix approach, developed by Etzkowitz and Leydesdorff, is based on the perspective of higher education institutes as a leader of the relationship with Industry and Government, to generate new knowledge, innovation and economic development. This paper explores how key people within these higher education institutes affect the transfer of technology and knowledge into regional economies. This current research is focused on institutes of technology (IoTs) in Ireland. During the course of this study an examination into the impact that these IoTs have on the regional economy was explored through their number of spin-ins, spin-outs, patents, licenses and jobs created. It is only in the last 10 years that the IoTs have been funded by the government agency Enterprise Ireland in order to improve the actual transfer of technology and knowledge from these institutions out into the regional economy. Even though the current research found that the higher education institutes examined did not have exceptional statistics as regards these measurements, they still made a positive impact on their local regional economies. This impact was made not by patents and spin-outs but by the contacts and network associations of the key people, within the HEIs, who are the actual drivers, either directly or indirectly, of the transfer of technology and knowledge from the institutions to outside communities. It was also found during the course of interviewing the key informants in the IoTs that more often than not the actual institute itself was not fully on board with regards to contributing to the transfer of technology and knowledge, preferring instead to concentrate on student numbers and number of graduates. According to the institutes they have neither the resources nor the capital to fully lend themselves to the technology and knowledge transfer process. This paper describes how it is actually the key drivers in a HEI that make an impact on the regional economy. It is about how these key drivers utilize their networks, both internally and externally. These networks are a conduit through which HEIs have an impact on their local economies.

Gateway E

PRODUCTIVITY AND ECONOMIC STRUCTURE: SOME EMPIRICAL LESSONS OF THIS RELATIONSHIP

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The paper aims to offer some empirical insights into the relationship between the indicators of aggregated productivity and economic structure examining this relationship on the level of the EU-27 countries as well as within one small country of the EU – Estonia. Estonia like the other two Baltic States, Latvia and Lithuania are the only former Soviet Republics that are the members of the enlarged EU. Therefore this country provides an interesting case for generalizing the post-socialist transition and the European (re)integration processes also in the global context. In order to elaborate on the aggregated indicators of the countries’ and regions’ economic structure, the method of principal component in combination with regression analysis is applied in the paper. In order to check for robustness of the empirical results, factor models both on the basis of cross-section and pooled data of the EU-27 economies are estimated. In all cases two aggregated indicators – factors of economic

structure are extracted which describe around two thirds of the initial indicators' variance. According to our interpretations, the first aggregated factor characterizes the development level of the post-industrial service economy; the second factor describes the environment for industry-based technological innovation. In order to study the relationship between the aggregated productivity and structure of the EU-27 economies, regression models based on the Eurostat productivity data and the aggregated indicators of sectoral structure are estimated. The estimated regression models describe more than two thirds of the variability of the aggregated productivity in the EU-27 countries. The results of the empirical analysis also show that productivity of the EU new member states is below-average, in ceteris paribus terms, while the productivity of small countries is somewhat higher than average. The results of the empirical analysis on the level of the regions (counties) of Estonia confirm the validity of the hypothesis that regional disparities in productivity are remarkably affected by the sectoral structure of the regions' economy. Additionally to sectoral structure, the location of a county, measured by the distance between the capital city and regions' (counties') centre, has a significant impact on productivity. There is a core-periphery structure with high income levels in the capital region and low income levels in peripheral regions. The divergence in regional aggregated productivity levels within a small country like Estonia may indicate the concentration of production inputs and development of sectoral structure in regions, where economies are functioning more efficiently. Regional and national policies having target leading to regional income convergence should definitely serve measures both to alleviate poverty and support structural changes improving efficiency of economies.

Gateway A

WHO BENEFITS FROM OUTSOURCING? A STUDY ON CLOTHING FIRMS OF AN ITALIAN REGION

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Ignazio Drudi, University Of Bologna, ITALY

In Italy the phenomenon of outsourcing underwent a boost in the nineties and involved at first the medium firms of textile-clothing and leather-footwear sectors, that tried to defend the competitiveness eroded by the increasingly negative relationship between price and quality. Later, it spread to the other sectors and small firms, with consequences for the organization of production, trade flows, distribution of income and the labour market. The measurement and analysis of the effects of such phenomenon in Italy is particularly interesting for the particularity of the Italian production system, characterised by a prevalence of small and medium firms with a low degree of internationalisation and the tendency to be clustered in industrial districts (Mariotti et al., 2008). In the literature on the theory of international production the consequences of outsourcing have been widely studied. Nevertheless, the impact on firms' performance and in particular on their balance data has been seldom studied through systematic and large-scale analysis (Bengtsson and Dabhilkar, 2009; Windrum et al., 2009). One reason is that the measurement of outsourcing is generally quite complex, because firms are sometimes reluctant to offer details on outsourcing and offshoring decisions (OECD, 2007). A limited number of empirical studies have focused on the effects on productivity (see for example Lacity and Willcocks, 1998; Görzig and Stephan, 2002; Bengtsson and von Hartman, 2005) while the effects on the gain for the entrepreneur, even though demonstrated by Harrison (2004), have not been investigated enough in the literature till now (Olsen, 2006). For these reasons this paper investigates production outsourcing of the clothing industries of an Italian region characterised by a high level of entrepreneurial activity, the Emilia-Romagna. We use a new reach firm-level dataset, the Sector's Studies (SDS), which collects many information on firms since 2002 that the Tax Agency uses to assess the small and medium firms' income-tax returns in order to determine firm taxation. Data from this archive offers the great advantage of containing interesting information on the choice of outsourcing some production process phases and on "the expenses incurred for the production and/or processing outsourced", that no other source provides. Data considered refers to 2005. As other analysts, we concentrate on the small business sector, which represents a peculiarity in the Italian economy, with a prevalence of family-run businesses, organized in industrial districts, do not supported by public incentives (Cassia and Colombelli, 2009), for which a few evidences are available. The production process of those firms, which may be totally integrated or fragmented, is analysed and the outsourcing effects investigated. We study the positive impact of the outsourcing decisions on both firm's per capita value added and the gross earning before taxation (both expressed in logarithms) by estimating econometric models. We propose to use Tobit IV type model (Amemija, 1986) that allows us to incorporate firms' propensity to outsource in the impact evaluation and may be specified for cross-sectional data. Our findings show outsourcing has a positive effect on both productivity and profitability, but the major one regards profitability. This result highlights employers decide to outsource mainly

to increase their profits and is coherent with that of other authors (Giannelle and Tattara, 2009), who focused on bigger firms of another Italian region.

Gateway J2

THE RURAL AND THE URBAN IN THE PROCESSES OF REGIONALIZATION FOCUSING ON THE ANALYSIS AND PLANNING OF TERRITORIAL DEVELOPMENT

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I have four goals in writing this paper. First, I present the MAUP - Modifiable Areal Unit Problem and show the unreliability of statistics generated through an inconsistent system of regions. Next, I propose to overcome MAUP in three ways:

- 1) recognizing that the largest urban centers are outliers and must be researched alone, for they distort the frequency distributions of municipal variables;
- 2) identifying the internal homogeneity of regions based on the analysis of the productive structure and specialization of distinct territories;
- 3) identifying the urban centers of each homogeneous region based on their ability to meet the demands from the adjacent municipalities. The third goal is to prove that the metropolitan region related to the urban system that brings together the whole set of regions must be identified using the same theoretical criteria, and not by empirical or institutional determinations. Finally, I try to prove that my statements and methodological proposals for regional division are perfectly consistent with another traditional criterion: the criterion of endogenous development. Nevertheless, this consistence is hardly recognized, once it presupposes to refuse Say's Law and to accept the effective demand principle is valid in the long run.

Gateway D

NEW BORDERS OLD MECHANISMS. DILEMMAS OF THE RESCALING OF PUBLIC ADMINISTRATION IN HUNGARY

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The 'rescaling', i.e. geographically reshaping the public power structure is considered as one of the magic solutions for modernising local governance systems. The new, larger territorial units are more effective being capable to fulfil new tasks, to save costs and improve qualities, as this was at least assumed by the neo-liberal doctrine. The integration at basic and meso-levels in Central and Eastern European countries has been going on under the label of Europeanisation adapting to the mainstream of West-European regionalism strongly influenced by the regime of the Structural Funds. The paper will show the process of micro and macro-region building, which units do not exist on the official administrative map of the Hungarian Republic. Not just the designation / delimitation of the regional borders is interesting but also the shift of power among the levels and actors emerging in several public policy fields and especially in regional development. The rescaling process has been accompanied by new forms, techniques of governance bringing more horizontal elements into the traditionally vertical and bureaucratic administrative system of Hungary. The changing borders, scales and actors could be an innovation contributing to the modernisation of the territorial governance, however these could be the driving forces of centralisation, client-networks also. Paradoxically the advantages of the rescaling are not so visible than the negative consequences, like elite-networks, expanding state administration, deteriorating transparency, decreasing trust and performance. The author tries to prove evidence that forced rescaling and Europeanisation, without establishment of consensus among stakeholders and fitting the new scales to the domestic context, can easily fail as it happened in Hungary. But the fashionable European patterns like NPM, partnership will be questioned also, maybe not just the pupil but also the teacher must learn?

THE EFFECT OF CO-INVENTORSHIP NETWORKS ON REGIONAL COMPETITIVENESS

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Tamás Sebestyén, University of Pécs, HUNGARY

Dániel Kehl, University of Pécs, HUNGARY

These days are characterised by intensified globalisation, rapid technological change and the appreciation of nonmaterial resources. Production of knowledge and information and the ability to adapt them play an important role in these processes and knowledge production, knowledge diffusion and innovation becomes more and more important in regional competitiveness. In recent years economic development policies evolved around the concept of cluster-based development. Parallel to this process economic geography and networks became two important and mutually dependent research areas in the economic and innovation literature. Theories of economic growth have placed the role of knowledge into the focus which led the analysis of knowledge diffusion and knowledge networks as well as locality in economic growth. In this paper we make use of an extense database, built in the recent years, which contains data on co-inventorship networks in the high-tech industry. The database covers three European countries (Germany, France and the United Kingdom) and more than 25 years. This database allows us to construct knowledge networks among NUTS-2 level regions of these countries, which is a good opportunity to analyse knowledge flows among these regions. Different aspects of this database were analysed previously by the authors. In this paper we attempt to trace the relationship between these knowledge networks and regional competitiveness. Our primary focus is on the effect of different structural characteristics of the networks such as centrality, clustering, interregional and intraregional focus, on different measures of regional competitiveness (GDP per capita, labour productivity, R&D intensity and so on). Measuring competitiveness by the number of patents we are also able to find a role for knowledge network characteristics in knowledge production. Our second aim is to find an acceptable measure for 'network quality' as a basic determinant of performance of vertices in a knowledge network. Our work is still in progress therefore no clear results are available yet. Preliminary results are quite impressive though, as well as our previous analysis of the database.

NORTH AMERICAN REGIONAL DYNAMICS IN THE 21ST CENTURY

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One of the main features of regional dynamics in the USA and Canada is the high rate of internal migration especially towards areas characterized by high natural amenities but relatively fewer economic opportunities. This has led, in the past, to massive migration to the coasts, the Sunbelt, and the arid Southwestern U.S. While this pattern allows North American jurisdictions the opportunity to compete in terms of both employment opportunities and quality of life, it is not clear that current patterns will persist. In particular, environmental challenges such as climate change and water shortages in arid regions suggest that past patterns are not sustainable. What challenges would these changes present for North American policymakers and how should Regional Studies researchers and practitioners respond?

INTERNATIONAL IMMIGRATION AND DOMESTIC OUT-MIGRANTS: ARE DOMESTIC MIGRANTS MOVING TO NEW JOBS OR AWAY FROM IMMIGRANTS?

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Dan Rickman, Oklahoma State University, UNITED STATES

Kamar Ali University of Lethbridge, CANADA

Local area domestic migrant responses to geographically-concentrated immigration flows play central roles in determining the aggregate local economic impacts of immigration and the geography of the ethnic composition of the population. Possible motivations for domestic migrant responses include increased labor market competition associated with new immigrants and ethnic or cultural avoidance. This paper uses U.S. annual state-

to-state migration flows from the Internal Revenue Service to assess whether geographically-concentrated immigration induces domestic migrant responses. And, if so, what motivates the domestic response. The paper finds some evidence of a domestic migrant response, particularly to greater cumulative shares of the foreign born. This is interpreted as providing some support of the ethnic or cultural avoidance hypothesis.

Gateway H3

COMPARATIVE STUDY OF THE PERIPHERALITY IN THE EASTERN BORDER OF THE EUROPEAN UNION

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Peripherality, seen from double perspective, spatial and economic, has been studied especially by adherents of the theory of economic geography, and here we mention P. Krugman, who has described and analyzed in depth the center-periphery model which shows the discrepancies between different regions of a country or between different economies. As we know, regional disparities result from factors that refer to access to markets, transport facilities, production opportunities, decentralization of decision-making processes, natural and human resources, environmental issues, access to public services, demographics etc. Given the importance of this dual structure of peripherality, the specialists in the field have argued that the center had continued to develop and to industrialize by attracting resources from the periphery, leaving the developing countries without the means or resources necessary for development. A similar situation is in some countries which are part of the European Neighborhood Policy and that we will examine in this paper. Based on these ideas, in the first part of the paper, we attempt to analyze which of the factors mentioned above have contributed in a great measure to increase the peripherality degree in the Eastern border states of the EU (Romania, Moldova, Ukraine). To outline this, first, we sketch briefly the essence of center-periphery model and its applicability in Europe and then, we see where are placed the countries taken into account in terms of economic and spatial peripherality in relation to the center of the EU. In the second part of the paper, we will try to draw some lines of action that can reduce cross-border disparities and to make some predictions, based on the results obtained. To reach our objectives, we apply specific research methods (empirical and comparative analysis), through which the variables that define the economic and spatial peripherality (accessibility between places, GDP/inhabitant, labour productivity, average wage level, degree corruption, the taxes, employment by sector of activity) lead us to outline measures/recommendations to reduce the peripherality effect, in order to assure the convergence at the Eastern border of the EU and o good perspective of the economic integration of the Ukraine and Moldova with European economies.

Gateway F

THE ROLE OF BRANDING IN FOSTERING, CREATING AND NURTURING KNOWLEDGE-INTENSIVE REGIONS

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Jukka Teras, Scuola Superiore Sant'Anna, ITALY

Academic interest in place branding has increased significantly during the last decade. However, within the field of regional development, the research on the role of branding in fostering, creating and nurturing knowledge-intensive regions is underdeveloped, despite the big amount of resources spent to brand the “creative” cities and regions all across Europe. The paper is aimed at analyzing the contribution that branding to change are fundamental for being competitive in a highly risky and dynamic global environment. The paper will investigate these fundamental issues in the context of high tech regions by using place brands and the branding process as a lens to analyze the interactions among local actors. The policy network theoretical framework is introduced to understand and analyze the role played by the local identity and to study the values and the related symbols mobilized by the place brand. Indeed place branding literature demonstrates that brand building implies the search for synergies among narratives, imagery, material infrastructure, landmarks and local icons in order to determine a new regional mindset and vocabulary that provide the basis for competitive identities. It is also said that brands capitalize upon the capacity of the community to create something in common and to recognize the power of collaborative schemes. On the other hand, policy network theory suggests ideas, beliefs, values and identity not only matter but are also crucial to the interaction between the nodes i.e. the actors of the network.

That is, the “soft objects” facilitating a common mindset are important and worth being analyzed alongside the definition of collective action. By matching these two theoretical perspectives, the attention will be particularly paid to the process of brand development and its capacity of fostering coherent actions that are driven by the pursuit of common interests. The empirical part of the paper puts the theoretical framework into test by using two case studies of knowledge-intensive European regions . The first case study is the Oulu region in Finland with a track record on ICT technologies, whereas the second case study is about research-driven concentration of high technology in the Pisa region in Italy. A longitudinal perspective on the development of the city brands in these two cases will be assumed in order to understand context, problems, and actions coherency through the analysis of the place brand and its evolution over time. Findings will emphasize the peculiarities of the two regions that for different sets of both structural and cultural reasons give evidence of collective action achieved under their respective brand labels. The paper concludes by summarizing the research results and by analyzing the findings in a wider international context.

Gateway C

THE ROLE OF NON-PROFIT AND FOR-PROFIT PARTNERSHIP IN REGIONAL DEVELOPMENT – EXPERIENCES IN NORTH HUNGARY

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Partnership is an important principle of the regional development policy in the European Union and literature concerning regional issues emphasizes its inevitability as well. The article surveys some theoretical aspects of partnership in regional development, focusing on the problems of post-socialist circumstances. In new democracies non-governmental sector had to be reorganized after 1990. Their embedness into local socio-spatial system is sometimes weak, connections towards each other and the broader society are contingent. Very often NGOs try to fulfil functions originally obliged to different sectors (local self-governments, central authorities etc.). In economically backward areas they often try to create jobs and to contribute to regional added-value. The role of partnership among enterprises is crucial in regional development. Economic clusters are present in the North Hungarian Region in many branches (biomass energy, tourism). Energy sector can play a key role in regional development as well in achieving ecologically and socio-economically sustainable regions. The RUBIRES (2009-2011) (Rural Biological Resources) project is an international development project supported by EU initiative INTERREG IV. Different partners from Germany, Italy, Austria, Slovenia and Hungary participate in it. The final aim of RUBIRES is to set up ecologically and economically sustainable value-added chains through value-added partnership of enterprises, NGOs and self-governments.

Activities of RUBIRES project can be divided into different working packages:

- WP1 Management and co-ordination
- WP2 Communication and the dissemination of knowledge
- WP3 Material-flow management
- WP4 Regional landuse-management
- WP5 Regional value-added partnership

Activities in different WPs need different skills, in some of them experts must be involved, but WP2 and WP5 concern topics suitable for the broad involvement of NGOs. Separately from RUBIRES project a network of civil organizations is formed (“Megújulunk és Fejlesztünk” – We Reform and Develop). Our purpose is to highlight some key aspects of the development of both partnership and to point to possibilities of cooperation between them. Since both projects are still going on our results can reveal only some preliminary results.

Gateway G2

THE 2008–2009 AUTOMOTIVE INDUSTRY CRISIS AND REGIONAL UNEMPLOYMENT IN CZECHIA

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This paper evaluates the influence of the broadly defined automotive industry on regional increases in unemployment in Czechia during the 2008–2009 economic crisis. Drawing on a unique database of 490 firms with 20 or more employees each and a survey of 271 firms, we employ eight indicators to explain changes in the

micro-regional unemployment rate between August 2008 and August 2009. We also calculate the value creation potential, employment stability potential and regional labor market vulnerability index for each firm and investigate the relationship between a firm's position in the value chain and its propensity to dismiss workers.

Gateway K2

REGIONAL RESILIENCE AND COLLECTIVE ACTION: THE RESPONSE OF LOCAL STATE ACTORS TO THE NEEDS OF RURAL ENTERPRISE IN CRISIS.

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The issues that surround the provision of business support to small scale enterprises in rural areas have been recognised in many different contexts. Research has shown, for instance, that lack of integration between policies and organisations is exacerbated in rural regions while there are also inherent dangers of interventions imposed from above that lack sensitivity to local social networks and the norms of behaviour that typify small rural businesses. These issues faced in delivering business support in rural areas are given their most severe test in crisis conditions where the very survival of businesses has been threatened by some extraneous economic or environmental hazard. A succession of such crisis conditions has been experienced by businesses in Cumbria over the past ten years. These include the impacts of the outbreak of foot-and-mouth disease (FMD) in 2001, the floods that affected Carlisle in 2005 and the most recent episode of flooding in the County during November 2009. On each of these occasions, local authorities working in partnership with local business support agencies, voluntary sector organisations and regional agencies in NW England have implemented emergency plans that have included consideration of business continuity and the threats posed to communities by business failure. These plans were implemented in a County where a high proportion of businesses are micro-businesses that tend to be embedded in local communities. This paper draws on findings of several research projects related to the response of the public and private sectors to these periodic business crises in Cumbria. These include surveys of businesses that have benefited from support interventions put in place as part of the FMD Recovery Plan. The various responses to the most recent flood events will be used to illustrate the lessons learnt from past experience. Particular attention will be given to the issues surrounding assessing the impacts, determining business needs, coordinating the response of public bodies and the effect of public interventions in providing longer-term business continuity. The paper concludes by considering the relevance of the concept of regional resilience at the micro-economic level involving adaptations to customary behaviours of individual firms and institutions.

Gateway I

RELATIONSHIPS BETWEEN REGIONAL POLICY AND ENVIRONMENTAL PROTECTION – ASSESSMENT OF THE LOCAL AGENDA 21 IMPLEMENTATION IN THE CZECH REPUBLIC

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There is no question that actual economic policy defines many, until now unidentified, internal relations among particular state policies which can radically influence its results. These internal relations can multiply effects of state sector policies, but they can also reduce efficiency of undertaken measures. Typical examples of sectoral state policies, which are characterized by intense internal relations and for this reason by necessity of coordination, are environmental protection policy, regional policy and regional planning policy. The relations among listed sectoral policies can be not only negative, but positive as well. The negative relations mean e.g. restriction of economic development in structural affected region by protected landscape area declaration or relatively higher affection of rural areas in consequence of consumption tax levied on petrol (less available car as an alternative in transport). On the other hand subvention provided to regions in order to increase their capacities can cause more serious natural resources degradation. An example of positive relation among sectoral policies can be regional migration of qualified labour forces to a region with increasing quality of natural resources. In this case the environmental protection policy is an instrument of regional policy or territorial development policy. Inverse relationship applies as well regional planning, if a territory is optimally, used can

be an instrument for environmental protection policy. In these questions it is crucial to point out to ambivalent relations of regional development and environmental protection aspects (natural resources exploitation). Importance of the relation is (among others) evident from analysis of interregional differences, their causes and origin of so-called problematic regions. In this sense, paper also presents a critical reflection of current approaches and relationships between regional policy and environmental protection by an assessment of Local Agenda 21 implementation in the Czech Republic. Researcher team (including researchers from the University of Economics in Prague and Charles University in Prague) dealt with this theme and try to find answers to these questions:

- (1) in which way particular sectoral policies influence one each other;
 - (2) to identify positive and negative relations among them; and
 - (3) to propose the way how to coordinate these policies in order to increase efficiency of undertaken measures.
- This paper is the result of research findings funded by a financial grant project GACR 402/09/0248, supported by the Grant Agency of the Czech Republic. Authors are much obliged for kind support.

Gateway D

OUTCOME VERSUS PROCESS-ORIENTED SCENARIO PLANNING – A COMPARISON OF TWO SCENARIO APPROACHES FOR EUROPE AND AUSTRIA

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What changes a region or a location is likely to undergo in the future is full of uncertainty. A well-known and frequently used method for planning for and understanding changes in the future is scenario planning. Scenarios are developed to provide a picture of possible and plausible futures to inform decision-making. This paper focuses on two different approaches applied to develop future spatial scenarios. The first is the European wide ESPON 3.2 project, which we classify as a scenario with an outcome-bounded approach. The second is the Austrian ÖROK project alternatively categorized as a scenario with a process-orientated approach. The first approach has advantages such as for formulating quantitative simulations and comparing different policy options. The strength of the second approach is the wide participation and engagement of involved agents. Participation enables a number of benefits such as stimulating broad thinking about the future; a wider perspective on complex issues, bridging the gap between different agents; facilitating collaboration and consensus building; increasing the acceptance of scenarios amongst end users etc. The prospective strengths and weaknesses of the two approaches are summarized and compared, by use of the scenario evaluative criteria designed by Hulme and Dessai (2008). This evaluation highlights a perhaps under valued aspect of scenarios - have scenarios been engaging and enabled learning? This question reminds us that a very important aspect of scenarios is that they provide an opportunity for involved agents to spend time and share thoughts that inevitably lead to the shaping of future developments.

Gateway A4

KNOWLEDGE DYNAMICS IN THE PERIPHERY – THE CASE OF REGIONAL FOODS

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Theorizing on regional innovative systems has traditionally focused on local knowledge bases, particularly technological ones, in order to explain innovative processes which are decisive for regional competitiveness. Since the late 1990s such conceptions have been challenged by theorizing on the growing importance for innovation of regional capabilities of linking into external knowledge flows as well as of socio-cultural dynamics related to creation of product qualities and value-added related to aesthetic, design and experience elements. The EURODITE research project (Crevoisier & Jeannerat, 2009; for example) has theorized on a development from cumulative knowledge dynamics that vary depending on the scale of the region to combinational knowledge dynamics involving multiple locations as well as regional interaction across related sectors. A parallel development has been witnessed within research on the agro-food economy, wherein it is argued that the recent introduction on the markets of new types of 'quality food' such as 'organic', 'local' and

'specialty' food, has been realized through interaction involving actors all along the supply chain including producers, distributors, and consumers forming new networks and communities of production-consumption organized around specific quality conventions (Murdoch 2000; Murdoch et al. 2000, Stræte 2008). This paper will explore such theorizing in a peripheral perspective. Our focus is particularly the anchoring aspects of territorial knowledge dynamics as are played out in the periphery, i.e. the dynamics of obtaining and anchoring new knowledge in a peripheral production system. The empirical point of departure is the case of developing 'regional food' on the island of Bornholm in Denmark, lacking historical traditions for such activities but with long traditions within tourism and arts & crafts businesses. The purpose is to contribute to a better understanding of the concept of territories of innovation seen from a "peripheral producer" perspective as well as communities organized around the quality convention of "regional food".

Gateway E

"TERRITORIAL CONTENT" OF EUROPEAN DEVELOPMENT DOCUMENTS – TERRITORIAL COHESION AS A POSSIBLE HORIZONTAL POLICY?

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This paper introduces the results of a current research on territorial/geographical content of European development documents and also a new planning and implementation method that enhance deeper territorial dimensions of development activities. The Lisbon Treaty has introduced the idea of territorial cohesion as a new common policy of the European community. Current studies on the reform of EU regional and cohesion policies also focus on the importance of territorial considerations. On policy level many initiatives with territorial dimensions can be identified in the EU. We tried to explore how the territorial thinking is applied closer to the practice, at the level of development programmes. We defined several categories of possible territorial content and approaches of a development programme. We examined the existence of these categories in more than 40 European regional development programmes. Our results showed a sometimes cliché like mentioning of territorial messages that occurs more in the overall aims and less in the concrete interventions. Our investigations also pointed out that even the regional documents have mainly a sector driven structure; they are not dominated by complex, integrated and place-based instruments. In the frame of such a European practice, it will be a great challenge to enhance the territorial thinking. In addition, according to the new European territory related initiatives, not only the regional but also the sector policies should have more definite territorial dimensions in the future. A current Hungarian planning invention may be able to support the deeper integration of territorial considerations in planning and implementation. The new idea is to handle the territorial cohesion as a horizontal aim. It was first introduced into the currently most important development plan in Hungary (NSRF 2007–13). We set up four aspects of territorial cohesion, according to them all intervention and project: o has to be found the way to contribute to one of the national territorial aims; o has to be implemented in territorial synergy; o has to realise a favourable territorial impact; o has to be implemented along the principles of sustainable use of the space. It was a really great challenge to define these four aspects of territorial cohesion on project level. We developed criteria sets according to the different aspects and sectors. Projects have to meet these requirements in order to get subsidies during the project selection procedures. We also prepared a handbook and a collection of best practices for programme and project managers.

Gateway K1

POLYCENTRIC DEVELOPMENT AND SUBURBANIZATION PROCESS IN THE EMERGENT METROPOLITAN AREAS. SOME ROMANIAN EXAMPLES

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At present, Romanian cities meet a territorial development process which tries to recover the handicap of the territorial insertion from the communist period. Their functioning as close towns, strictly limited to the initial built surface, did not allow real suburbanization processes. The article tries to answer the question related to the

way of contouring metropolitan areas, by means of two main ways: the classical suburbanization, in grease-spot, and the suburbanization by promoting a polycentric development policy. New emergent metropolitan areas confront with the inconsistency and contradictory character of legislative acts which try to govern their genesis process, as well as the integration in the new structures of the chaotic suburbanization taking place until now. By means of a few case studies, the morphogenesis and functionality diversity of the present emergent metropolitan areas are shown. It is mentioned there are premises for the reduction of negative aspects of chaotic extension of towns, by promoting a polycentric development policy, as a result of encouraging the processes of punctual concentration of activities resulted from decentralization, relocation and development of new activities. However, polycentric development implies a re-thinking of the present configuration of the physical infrastructure and its connections with the urban infrastructure, especially regarding transport.

Gateway H

BORDER, DE-BORDERING, CROSS-BORDER COOPERATION: ON THE ROLE OF BORDERS IN THE CONTEXT OF EU TERRITORIAL COHESION

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Traditionally, borders not only divided areas of influence, increased transaction costs and imposed customs duties, but also created linguistic barriers and potential political and military conflicts. However, since the end of the eighties economic globalization, with the intensification of trade and mobility, has led to the minimisation of the role traditionally played by borders. In the EU, besides the process of economic globalisation, political options such as the construction of the internal market, the deepening of the EU integration process and the expansion towards the East have also played their part in changing the role and the significance of the border regions. In political terms the de-bordering process is being fostered, following a community strategy ultimately aimed not only at greater economic and social cohesion, but also territorial cohesion, so as to contribute a more balanced and polycentric community territory. As such, cross-border cooperation is a key aspect for both local and regional development and as an integration factor in the future regional and cohesion policy. A political effort is therefore underway by both the European Commission and the national and regional governments to promote cross-border cooperation. On an institutional level, cooperation has been facilitated by projects such as INTERREG and by the setting up of Euroregions and more recently in the context EU structural funds for the period 2007-2013 under the objective of territorial cooperation. Although the goal of the EU is to facilitate cross-border relations, it is true that the barrier effect remains after the elimination of the politic and administrative border. Besides, the intrinsic characteristics of the territories, their history, culture and language have transformed each border region into a unique case, sometimes facilitating others hindering cooperation. The aim of this paper, which is part of a larger project on cross-border cooperation between Portuguese and Spanish border regions, is to discuss the changing role of borders in the context of globalization, the concept of border regions and cross-border cooperation and its impact on regional development and territorial cohesion.

Gateway F

ACTORS AND PARTNERSHIPS IN THE LAGS: A NEW CIVIC SPACE? A CZECH CASE STUDY

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LEADER (“Links between actions of rural development”) programs were first launched in 1991-1993 by the ECC in order to support local development actions and to strengthen the capacity of local actors to design their own projects. The LEADER approach is usually presented as an original way of supporting local development especially through the Local action group (LAG) which is a local body constituted of public and private actors. The LAG designs a strategy and selects local projects coming up from public sector, companies or nongovernmental organizations. Since the 1991-1993 period, the Leader approach was extended to the new EU member states. In the current programming period (2007-2013), Leader is no longer a separated program but is integrated (“mainstreaming”) in the rural development program of the Common Agricultural Policy. Our presentation will focus on Leader implementation in former communist new member states where, since the beginning of the 1990’s, local democratic institutions were progressively rebuild in rural areas. In those countries, the leader approach based on local communities’ initiatives contrasts strongly with former top down policies. In this context, are Leader programs only a way of getting additional resources through the use of a

new rhetoric or are they contributing to the emergence of a new civic space? In order to answer this question, we will present results from a research carried out in three LAGs in the Czech Republic. We will analyze who are the social actors in the LAGs, how the LAG project was designed and implemented and finally how this program is connected with the local political context. Those results are part of the ALDETEC program (<http://www.cefres.cz/aldetec/index.html>) aiming at comparing Leader implementation and initiatives in five central European countries (Czech Republic, Germany, Hungary, Lithuania, and Poland).

Gateway A5

REGIONAL RESEARCH TO INNOVATION MODELS IN CENTRAL EUROPE

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Support for innovation processes and improvement of technology transfer is vital if the European Union wants to keep up with the competition. Because of different traditions and national policies in member states, regional models, especially those reaching beyond national borders, could provide solution. The paper aims to present the regional technology transfer (from higher education institutions to the market) in Central Europe from the point of view of innovation system. Our focus is defined by analysis of the innovation systems in regions of seven European Union members in Central Europe, namely regions in Austria, Germany, Hungary, Italy, Poland, Slovakia and Slovenia. In the first part of the article, the framework conditions in the regions are presented. In the second, the major types of technology transfer models – TTOs formed according to U.S. ideal or TTIs in form of PPP agencies or plain private companies – are described, with emphasis on their form and their autonomy within the regional innovation system. Whereas similar framework (policies and strategies; laws about intellectual property; technology transfer organizations and support mechanisms) is established in more or less all regions, the challenges are found in its implementation and in the attention for the non-tangible issues, such as values of openness, cooperation and trust, interaction between the institutions, and entrepreneurial spirit. Institutions and models may be copied, but not the attitudes and the values of researchers. The pros and cons of models are listed and form the basis for the conclusion on what kind of a model(s) would be suitable for the selected regions. The goal of the article is to find out the commonalities and to see whether it is possible to create a common research to innovation model for these parts of Central Europe. The paper is based on the findings of the CERIM – Central Europe Research to Innovation Models project which is funded by the Central Europe Program of the European Union.

Gateway E

SOME EXPERIENCES OF THE LEADER PROGRAMME IN HUNGARY -PRELIMINARY RESULTS OF THE ALDETEC RESEARCH

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After three experimental programming period the EU LEADER programme has become the so called methodology axis of the mainstream rural development programme for 2007-2013. Compared to other mainstream EU policies and programmes the Leader programme has a different character and philosophy of programming and implementation. While other programmes are compiled by national and EU bureaucracies, the Leader programme has a bottom up approach which allows local communities to establish their own organisation, to assess their own situation, to define their own programme and to decide and manage it based on the financial resources provided by the EU. The emphasis in this process is on the role of local cooperation because the financial resources are rather limited even in the new programming period. The bottom up approach, local decision making, networking, innovation etc. are the main principles which (principally) guide the programme. The experimental stages (Leader I, Leader II, Leader+) of the programme were great success in the member states. In general the Leader programme has a good reputation, politicians refer it as an important factor for rural communities. The CEE countries have got acquainted with the Leader programme after their accession. This special type of territorial development was new and in many respect controversial to the previous top-down practices in the CEE countries. 2007 onwards the whole territory of Hungary has been justified for Leader, the 96 Leader action group covers all the justified subregions and rural territories. The main focus of our research is how this European model of local development was received on different decision making levels, and what kind

of programming and implementation methods were selected to establish the Leader within the rural development programme in Hungary and what kind of responses and reactions can be observed in the Local action groups. We scrutinise the history of two action groups to follow the process of the implementation of the Leader programme on local level. Both the action group building and programming process suffered too much top down intervention and political pressure and delays, which resulted disappointment and withdrawal from the activities.

Gateway E

LEADER AS AN OPPORTUNITY STRUCTURE FOR CREATING SUCCESS-POTENTIALS AND IMPROVING REGIONAL GOVERNANCE

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1. The LEADER approach One part of the Rural Development Programmes funded by the European Community is LEADER, which is a bottom up-oriented opportunity structure for collaboration of different stakeholders in regional development processes. These cooperations have to fulfil certain requirements and are equipped with their own budget. In every LEADER-region organisational structures are established: in a local action group (LAG) stakeholders come together and make decisions about the financial support for projects in connection with an integrated concept for regional development. To make estimations about the impacts of LEADER, two especially interesting aspects will be discussed (general success-potentials and improving governance).

2. Creating success-potentials? In order to combine the factors which determine the success of a collaborative planning for regional development, six strategic success-potentials can be identified. It will be possible to judge whether LEADER can contribute to a successful development by observing the influence of LEADER on the following success-potentials:

- a. Quality of concept (planning contents)
- b. Organisational structure
- c. Commitment of the participants
- d. Abilities and of the participants
- e. Level of acceptance and cooperation
- f. Access to material resources

3. Improving regional governance? In this context regional governance can be defined as a network-like collaboration of actors from three different groups (the state, the private sector (economy) and the civil society) with the aim of coordinating actions and regulating processes of common problem solving in regional development processes. A typical attribute is the voluntary involvement (so actors always have an exit-option). Obviously, it is important to what extent each of the three different groups contribute to the LAG (expressed by %-rate). But in addition three aspects are crucial:

A) Estimation about further engagement in the LAG (danger of exit-option)

B) Satisfaction with fairness of decision-making (input legitimation)

C) Satisfaction with outcome of decisions (output legitimation) To get good impression about the conditions of governance in the LAGs a questionnaire was used in 100 LEADER-Regions in Germany (with more than 2000 LAG-Members). In this questionnaire the individual LAG-members answered questions on a six-point scale and now it is possible to compare averages and distributions of the results (sorted by type of actors / by aspects A), B) and C).

Gateway E

STRUCTURAL FUNDS: ABSORPTION CAPACITY DURING THE ECONOMIC CRISIS

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It has been expected that economic activity would decrease during the economic downturn. Private companies are cutting unnecessary costs in order to save money as much as possible. Tax revenues are being decreased due to lower profits in the private sphere. Thus, Public bodies' revenues have decreased too. The Civil Society organizations are in an even worse situation as almost all revenue sources have decreased. It is caused by both

private donors cutting their donations and public bodies cutting the subsidies to NGOs too. This paper studies what has caused this economic situation in the field of the Structural Funds assistance. The impacts have been studied at the micro-economic level of the projects' management. The results of this paper are based on research done during September and October 2009. Structured interviews were conducted across NGOs, Municipalities, SMEs and bigger enterprises in the Czech Republic. The research covers 5 Operational Programmes and all Funds (ESF, ERDF and CF). The research not only looked at the formal absorption capacity, but also at the effect of the assistance of the Structural Funds. Some effects of the economic crisis have been found, which wouldn't be found in the case of normal economic development. The increasing effectiveness of the EU Cohesion Policy assistance has been revealed, where the formal requirements for public procurement enabled it. It concerns not only public bodies, but also private companies. The general conclusions show that the economic crisis helped to increase the effectiveness of the Structural Funds assistance. This conclusion was evident especially in the case of construction works, where the crisis caused a dramatic decrease in the prices of construction works. This effect was strongly supported in the case of projects partly financially covered by funding of the applicant. The Structural Funds assistance helped to boost activities, which couldn't have been done without the assistance during the economic crisis.

Plenaries

THE NEW ENTREPRENEURSHIP-BASED REGIONAL POLICY PARADIGM AND ITS IMPLICATIONS FOR REGIONAL POLICY EFFECTIVENESS IN EUROPE

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A new regional policy paradigm has emerged in the past decade based on the promotion of entrepreneurship. It is founded on a vision of the economy that places innovation at the heart of local growth and sees entrepreneurship as a critical driver through its role in knowledge creation and exploitation. This policy model has taken over from previous paradigms which emphasised employment subsidies, inward investment attraction and physical infrastructure development. The paper reviews how the new paradigm is being applied and arguments on its limitations and how it could be made more effective.

It is argued that the key determinants of local entrepreneurship activity relate to conditions for knowledge creation and diffusion, enterprise finance, entrepreneurial capabilities and entrepreneurial cultures. Evidence on these conditions shows strong variations in the extent to which European regions represent hostile or benign environments for entrepreneurship. In particular, data are strongly suggestive of a divide between many Central, East and South East European regions, where entrepreneurship activity appears to be more strongly constrained, and many Western European regions, where entrepreneurship conditions are more favourable. Implications are that the scale and nature of entrepreneurship policies should vary across regions, whilst the universal relevance of the entrepreneurship-based regional policy paradigm may also be questioned.

Various OECD case study assessments of regional policy approaches at local level are outlined across Central, South and Eastern Europe and Western Europe. There are strong commonalities among them both in their emphasis on entrepreneurship and innovation support and in the methods used for their promotion. The weaknesses appear to lie in the tailoring of policies to local conditions and in achieving coherent delivery across multiple players. However, it is suggested that the underlying policy problem relates to convergence on a single policy paradigm whereas the evidence points to important local contextual variations.

Two conclusions are offered. First, the regional entrepreneurship policy approach should be better adapted to local variations in the scale and nature of barriers to entrepreneurship. Second, the new entrepreneurship-based regional policy paradigm will not be equally effective in all regions, which calls into question the recent convergence of regional policy on this paradigm and its capacity the paradigm to deliver balanced regional development. The paper also asks how we can improve regional policy learning, emphasising the need to better understand the circumstances under which different regional policy approaches work and the degree to which they are transferable across regions.

WHAT IS THE ECONOMIC ROLE OF SMALL AND MEDIUM SIZED TOWNS? TOWARDS A TYPOLOGY OF 'SECONDARY CENTRES' IN THE EAST MIDLANDS REGION OF ENGLAND

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This paper examines the economic role and contribution of small and medium sized towns, or 'secondary centres' within an English region. The paper explores the economic characteristics of these centres, their relative roles within the local and regional economy, and sets out a proposed typology that enables the centres to be classified and policy implications/interventions to be identified and developed. A number of studies have been conducted into the physical characteristics of towns, and their roles as service centres (Courtney and Errington, 2000; Hart and Powe, 2007). However, there has been little examination of secondary centres as a focus of business activity, their functionality, and their roles within the economy. The lack of a structure for conceptualising secondary centres means that there is no clear framework for tailoring policy initiatives to the needs of different types of settlement. The findings are based on analysis of 98 towns in the East Midlands region of England. The towns range from 1,956 resident population as the smallest, to 70,260 as the largest. Regression analysis is used to explore the relationship between a number of variables related to agglomeration, business composition and flow effects. Theory related to economic geography (e.g. McCann, 2001) suggests that large urban centres, with high concentrations of population and more efficient transport connections, are most likely to be the focus of business activity in a region due to the opportunities for agglomeration effects to occur. However, this research shows that vibrant centres exist outside of the region's principal urban areas, such as Nottingham, Leicester and Northampton, and perform a variety of roles in the economy. These are identified as: sub-regional centre; manufacturing/transition economy; strong local economy; healthy town economy; commuter/dependent centre; and centre without critical mass.

MEASURING QUALITY OF LIFE IN HUNGARIAN MICRO-REGIONS

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Researchers use many kinds of indicators in order to measure quality of life (QOF) in Europe and in the world, depending on what they think about QOF itself. What is sure, they always look at the measure as a system of indices. There is a long list of indicators which are generally used for measuring QOF in a country. These indicators and measures are usually structured around social/cultural, economic, environmental wellbeing, and organised under the domains of people's lives. These fields are: knowledge and skills, health, safety, housing, social, connectedness, civil and political rights, economic standard of living, economic development, the natural environment, built environment. Many organisations, projects and publications are objected to form an indicator system to be able to evaluate QOF providing information to decision-makers. It become evident and it is already proved, that there is a huge gap between the quality of life of the European countries, we can observe inequality of the east and the west. There are many other much more layered disparities in the European Union as well. The objective of our analysis is to follow up the social progresses in the European Union with a focus on Hungary accepting the importance of analysing inequalities of QOF between the EU countries, but we lay stress on local analysis. We form groups of indicators which can be used to measure QOF in regions and micro-regions of Hungary. Our goal - after choosing the indicators - is to execute a complex analysis on QOF in micro-regions of Hungary, and to illustrate the territorial differences within the country.

**A LOCAL CASE STUDY OF THE POLITICS OF BALANCED REGIONAL DEVELOPMENT:
STRETCHING THE BOUNDARIES OF DEMOCRACY IN A RURAL TOWN IN IRELAND**

Ruth Pritchard, National University of Ireland, IRELAND

This paper briefly explores the nature of the relationship between the intertwined policy discourses of 'balanced development' and 'strengthened local democracy' in practice in a rural town in the Greater Dublin Area region of the Republic of Ireland. It describes the ways in which the case for enhanced elected representation made on behalf of the town of Blessington, County Wicklow, reveals the politics of balanced development at the local level, where the re-definition of rural boundaries are of particular relevance to the legitimisation of restructured rural spaces. The paper explores the reality of the twinned discourses of 'balanced development' and 'strengthened local democracy' empirically, in the capacity of a local governance group experiencing unbalanced development to effect changes to their electoral boundaries and thereby to enhance their participation in local democracy, during the unique occasion presented by the activity of the Irish Electoral Area Boundary Committee in 2008. This interrogation of electoral boundaries in Ireland, would have repercussions for both balanced regional development and strengthened local democracy, as evidenced by the subsequent publication of the national policy document, the Green Paper 'Stronger Local Democracy'. The paper concludes that the disparate policy discourses that reference 'balanced development' in Ireland accommodate significant contradictions, the primary evidence for which is the extent to which local governance actors appeared to be little empowered by boundary-definition processes that remained impervious to transformative change. In summary, the discourses of 'people' and 'place' may not be fully integrated, since spatial identities, including boundary definitions, are not available to democratic reflexivity. It is argued that a newly complex local governance system in Ireland contributes to a more fluid spatial identity and anticipates enhanced participation, while the prevailing topography of power relations marshalls consensus towards the unbalanced status quo. The case presented further suggests that Irish regional plans may become more important as a lever for balanced development outcomes, but that this entails integrating Irish regional strategic planning for social equity with participatory democratic processes at the scale appropriate to restructured rural communities.

**THE IMPACT OF UNIVERSITY ENGAGEMENT THROUGH KNOWLEDGE TRANSFER: AN
EMPIRICAL ANALYSIS**

Daniel Prokop, Uwic, UNITED KINGDOM

Robert Huggins, Uwic, UNITED KINGDOM

Hiro Izushi, Aston University, UNITED KINGDOM

Universities have come to be regarded as key sources of knowledge utilisable in the pursuit of economic growth, with knowledge transfer activities attaining a more important role within universities. The aim of this paper is to analyse those factors that account for the type of knowledge transfer link firms develop with universities (such as collaborative research, contract research, patenting and licensing, etc.), as well as the impact these links have on the competitiveness and innovation capabilities of these firms. The analysis is based on the results of a survey of firms across the UK, which yielded approximately 400 responses. Using regression techniques, we analyse the propensity of firms to engage in different forms of knowledge transfer, and the impact of this engagement, based on a range of factors including the internal capacity of firms, the external environment (mainly locational factors), the types of knowledge required, as well as the characteristics of universities. It is found that the type of knowledge firms require – e.g. scientific information, R&D, or new technology – are closely associated with the form of knowledge transfer chosen by firms. Locational factors, particularly whether a partner university is located in the same region as a firm, also play an important role but with a different impact. For instance, for collaborative research and contract research, the location of a partner university outside a firm's own region influences this choice as a mode of engagement. In contrast, the location of a partner university in the same region as a firm promotes the choice of knowledge transfer relating to new business venturing. It is concluded that university knowledge transfer activities must become better attuned to both the internal factors (of firms and universities) and the external environment within which they occur, if they are to improve the impact they achieve in stimulating business innovation and improved business competitiveness.

SPECIALIZATION AND DIFFERENTIATION AMONG EMPLOYMENT NODES WITHIN THE CBD OF ISTANBUL

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Aysegul Ozbakir, Yildiz Technical University, TURKEY

Isil Erol, Middle East Technical University, TURKEY

Spatially oriented theorists (e.g., Anas et al, 1998) have demonstrated the polycentric nature of metropolitan regions. Most often, the polycentric nature is described in terms of employment centers; the empirical question is “how” polycentric is the pattern of employment centers. Complexity theorists (e.g., Krugman, 1995, Batty, 2005) have demonstrated how polycentric nodes are the logical outcome of simple agent-based models, allowing system properties such as positive feedback and self-organization to be manifested in the emergent pattern of employment centers. Less well formulated, although hypothesized, is the idea of functional specialization within and/or differentiation among employment centers. This research line, represented in a series of investigations ranging from Giuliano (1991) to Bogart (2007), clearly identifies specialization and differentiation among employment centers but is generally weaker in regard to the “dynamics” of why this observation occurs. Finally, Grant and Nijman (2002) identify the simple pattern of “multiple business districts” within the territory covered by the “downtown”. In this paper, a more appropriate economic conceptualization of specialization and differentiation among employment centers within a metropolitan region is formulated using principles of agglomeration and cluster theory. Using this model, the paper then examines the employment structure of the Istanbul CBD, broadly defined. The Istanbul CBD is conceptualized as a set of five distinct sub-areas. The “employment structure” is captured by an economic base type analysis for each of the sub-areas, in which the focus is on the concentration of firms of different types. Data for this study is drawn from a local survey of office occupancy, function, and rent structures conducted in 2008.

GROWTH DYNAMICS AT THE MUNICIPAL LEVEL – EVIDENCE FROM CROATIA

Jaksa Puljiz, Institute for International Relations, CROATIA

Sanja Malekovic, Institute for International Relations, CROATIA

The paper explores growth dynamics at the municipal level in Croatia in the period 2002-2008. Our main objective is to identify growth leaders and 'laggards' as well as their main characteristics. We will investigate growth in terms of personal incomes and employment. The significance of several factors for the growth dynamics such as convergence process, municipality size, density, education and history will be assessed. The results will confirm that convergence is one of the most important factors in explaining growth dynamics, while other factors play only a minor role. Finally, we will analyze the policy implications of the results, particularly in the context of the coming territorial reform, which aims to significantly reduce the number of local units in Croatia.

ASSESSING THE ADAPTIVE CAPACITY OF SPATIAL PLANNING TO CLIMATE CHANGE IMPACTS IN ALPINE COUNTRIES

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Sylvia Kruse, Swiss Federal Research Institute WSL, SWITZERLAND

Whereas climate mitigation has to be coordinated on a global level, climate adaptation can primarily be dealt with on the local and regional level. Climate change exposures and sensitivities, economic and societal vulnerabilities as well as the capacities to adapt to climate change can be very different between cities and regions as well as between spatial scales. Moreover, the capacity of cities, municipalities, regions and countries to adapt to climate change depends on multiple factors (e.g. institutional, societal, economic, and cultural) (cf. Füssel 2007, Lebel et al. 2006). In this context spatial planning and policy making has to enhance adaptation options and improve the adaptive capacity of cities and regions. Presenting first results from the European

Territorial Cooperation in the Alpine Space research project “Climate Change Adaptation by Spatial Planning (CLISP)” and the ESPON CLIMATE project “Climate change and territorial effects on regions and local economies”, the paper addresses two questions: first, how does the governance of climate adaptation work in multilevel environments such as spatial planning systems; and second, what are the potentials, strengths and weaknesses of spatial planning to improve adaptation to climate change. The paper focuses on the transnational analysis of climate adaptation in the Alpine space. In order to assess the adaptive capacities of Alpine regions, five evaluation criteria are applied: spatial planning policies on different levels (transnational, national, regional, local), spatial planning instruments designed for climate adaptation, the (national and regional) political framework, knowledge requirements as well as institutional barriers.

Gateway D

PARTNERSHIP AND PUBLICITY IN PLANNING OF REGIONAL DEVELOPMENT AFTER THE CHANGING OF REGIME – EXPERIENCES OF A HUNGARIAN ENTERPRISE

Zsolt Radics, Department Of Tourism And Regional Development, Károly Róbert College, HUNGARY

Csaba Patkós, Department Of Geography, Eszterházy Károly College, HUNGARY

Zoltán Bujdosó, Department Of Tourism And Regional Development, Károly Róbert College, HUNGARY

The framework of regional planning has changed in Europe at the end of the 1980s. It can be attached partly to the reform of the regional policy of the EU and partly to the growing importance of actors independent from state and central power. In Hungary this global process together with the transformation crises of changing of regime have changed the system of regional planning to a great extent. More and more new actors independent from state emerged in the processes from the for profit and the non-profit sphere as well. The analysis of the latter was done by many authors, here we will present the change of planning process through the activity of an actor of the for-profit development-planning- advisory sector. In theory an enterprise working in regional planning and development has to compete in a sector functioning according to the principles of “new economy”. We will highlight some aspects of this part of the economy and compare our experiences in Hungary with the expectations of the literature. The enterprise was founded at the turn of the millennium, as a spin-off it emerged from a university environment. Through the change of its circle of clients the transformation of demands of the planning sphere can be followed. In the article we investigate the growth arch of the enterprise in number of contracts, changes of turnover, stock of means of production, labour force. In the analysis beside the mapping of the system of business connections we will examine the content of prepared plans and conceptions. In the conclusion of the study a detailed report of Hungarian regional development and planning partnership of the last 10 years is outlined in connection with the experiences of the firm.

Gateway K

SPATIAL CONTEXT AND NEIGHBOURHOOD OUTCOMES: EVIDENCE FROM THE UNITED KINGDOM

Alasdair Rae, University Of Sheffield, UNITED KINGDOM

This paper seeks to understand the extent to which local spatial context can affect outcomes in individual neighbourhoods. In particular, it will explore the relationship between the most 'deprived' urban areas in the United Kingdom and outcomes typically associated with specific policy interventions (e.g. employment, crime). Building on previous work on spatial context by Rae (2009) the paper first establishes a metric for quantifying spatial context in relation to the various indices of deprivation used in different parts of the United Kingdom. These spatial patterns are then compared to the attribute-centric measures traditionally used to allocate funding to urban areas. Next, a typology of spatial context is developed in order that neighbourhood outcomes can be assessed in light of local spatial milieu. More in-depth analysis follows before conclusions are drawn in relation to the presumed importance of spatial context in the understanding of local outcomes. Rae (2009) 'Isolated Entities or Integrated Neighbourhoods? An Alternative Approach to the Measurement of Deprivation', *Urban Studies*, Vol. 46(9), 1859-1878.

János Rechnitzer, Széchenyi István University; HAS CRS West-Hungarian Research Institute, HUNGARY
Melinda Smahó, Széchenyi István University; HAS CRS West-Hungarian Research Institute, HUNGARY

The Bologna process and the EU access have resulted in notable changes in the life of Hungarian universities, especially at the Austrian-Hungarian border region. Next to the domestic competitors, West-Hungarian universities have to face the increasing backwash effects of Austrian higher educational institutions as well. Both Hungarian and Austrian higher educational institutions are interested in finding the cooperation possibilities in the sharp competition.

The aim of the UNIREGIO project (Austrian-Hungarian INTERREG IIIA) was to explore the existing cross-border cooperations of Ost-Austrian (Vienna, Lower Austria, Burgenland) and West-Transdanubian higher educational institutions (located in Győr-Moson-Sopron, Vas, Zala counties) and to define their possible future directions. During the research 33 interviews were made with higher educational institutions' and regional agencies' leaders, and also a questionnaire of 1300 students were carried out on the Hungarian side of the border.

The research stated that cross-border cooperations of higher educational institutions in the Austrian-Hungarian border region have a pyramid structure. Despite the plenty of existing non-formalized, personal and ad-hoc relations, there are only a few strategic cooperations between the institutions. Despite of the restrictive factors (lack of language skills and capacities, different educational structure, missing internalization strategy, financial and administrative problem) explored mainly in the Hungarian side of the border, it can be stated that higher educational institutions located at the Austrian-Hungarian border region do not take all advantages of their cross-border situation, for example geographical proximity, similarity of their profiles, easy and quick accessibility or opportunities of common applications.

Dieter Rehfeld, Institute For Work And Technology, GERMANY
Phil Cooke, CASS, UNITED KINGDOM

Regional studies focus on different concepts. Clusters, regions of knowledge, regional innovation systems, or the triple helix are key concepts in recent regional studies. Often they study the same cases (regions) but with a specific theoretical and analytical background and disperse results. The presentation aims at linking the different approaches. The frame follows an evolutionary approach that links global trends and regional paths. Starting with the results of the CURE project (and the seven regions that have been studied), a strong focus lies on the cultural aspect in three aspects: Global trends or frames driven by management concepts and political frameworks that guide the company culture, regional paths that influence the regional adaptive capacity and channels that link regional and global cultural trends. Further on, results from the EURODITE-project (which focused on knowledge) and from different cluster studies will be taken into account in order to avoid theoretical lock-ins. The related understanding of culture is a heterogeneous and dynamic one. The hypothesis is that it's not specific cultural features that are decisive. The key aspect is how the cultural frame allows space for learning and adoption and this is crucial in order to understand how regions and the companies within the region face the regional-local dilemma.

CONCENTRATION OF CREATIVITE CLASS IN HUNGARY, ITS EFFECT ON REGIONAL WAGE DIFFERENCES AND REGIONAL KNOWLEDGE BASE

Imola Rittgasszer, University Of Szeged, Faculty Of Economics and Business Administration, HUNGARY
Balázs Lengyel, Institute for World Economics at the Hungarian Academy of Sciences, HUNGARY
Bence SÁgvári, Institute for Sociology at the Hungarian Academy of Sciences, HUNGARY

Today the economic environment is influenced and transformed by other background processes beside globalisation, which have to be paid attention to as area organiser powers. In the knowledge-based economy, the ability to attract and retain highly skilled labour is perceived as crucial to the current and future prosperity of micro-regions as well as regions and entire nations. The quality of human resources and economic development are in very close connection with each other and economic development can be traced back to the quality of the human capital. Florida argues, that the economic growth in developed regions is driven by the creative class, which's spatial concentration can be decomposed to subsets of occupations in order to measure their effect on regional development. There is a growing theoretical and empirical literature on creativity issues in geography, however, the effect of creativity is hardly investigated in less developed regions. This paper is basically composed of two lines of research: Lengyel-SÁgvári (2009) and Rittgasszer (2009) already published in Hungarian language. Thus, the aim of the paper is double: first, it intends to show the role of creative class in less developed regions, and second, it introduces new creative categories in order to build links between creative class and regional innovation systems literature. We investigate spatial concentration patterns of creative class in Hungary by measures of Talent, Technology and Tolerance. After this, regional development is described by new creative occupation categories, of which spatial correspondences with the regional education structure is shown. The starting question of our research is whether the micro-regions as regional units are suitable to examine the spatial position of the creative class. Further basic questions are what sort of connection is there between the position of the creative class and income formation and whether the creative class is really concentrated in urban areas. Our database consists of two sets covering data available in Hungary concerning 3T analysis. The database is built up from the microregional data of 2006 and the national census data of 2001, in addition from the Central Statistics Office after personal data request. Further data is collected from the 1996 and 2005 micro-census, these are representative at 20 counties level, and the 2001 census, which we processed on the 168 sub-regions level. Thus, we have access to a static data from different years but can have some implications over time as well. Changes in the number of regional statistical units in 2006 forced us to separate the empirical work into two. On the ground of detailed dataset we collected from year 2006 we examined the 174 Hungarian micro-regions with multivariate statistical methods, like Multidimensional Scaling (MDS), multivariable regression and Hierarchical cluster analysis. The sub-regional data from year 2001 is used in a 3T path-model, while regional trends over time will be drawn on county level. Our first results suggest that 38 micro-regions are the most outstanding in all the three dimensions and the creative class is concentrated in urban areas. Further findings suggest that the education level of employees describes regional wage differences better than creative occupations in Hungary. However, creative core is proved to be decisive in regional development, and creative professionals also play an important role. Interestingly, graduates of science, engineering and medical science with seem to couple their theoretically mobile knowledge to local circumstances with a higher degree than economists, lawyers, artists and cultural workers, whose knowledge is embedded into local environment. Due to the opening of the Hungarian economy the knowledge required for international and global economic relations has concentrated increasingly in the centre of the country.

THE POSSIBILITIES OF CIVIL ORGANISATIONS IN DEVELOPING REGION THROUGH HIGHER EDUCATION: EXPERIENCES FROM SOUTH OSTROBOTHNIA FINLAND

Sulevi Riukulehto, University Association Of South Ostrobothnia, FINLAND

The Strength of Neutrality Civil Organisation in Developing a Region through Higher Education and Research Work: Experiences from South Ostrobothnia, Finland This is a case study of Finnish experiences in developing the Region of South Ostrobothnia 1999-2009 through higher education and research work. The main attention is given to the role of a non-governmental civil organisation as the coordinator of a triple-helix based network of six universities, cooperating with more than 100 enterprises and some 40 other organisations (such like municipalities and regional developers). The network has been the main instrument in developing the region through research work. The basic facts of the South Ostrobothnian concept are appointed in the presentation.

The results of the ten-year experience of the network are quite encouraging. In order to indicate them some crucial statistics (2000-2009) have been collected and analysed. Parameters such like the cumulative and proportional development of funding sources and their percentage leverages are given; the regional interaction (characterized by the number of partner enterprises and municipalities) as well as the academic impact of the activities (measured by the numbers of resulted scholarly theses and publications) will be given in the presentation in the form of time series. There are many reasons behind the success of the South Ostrobothnian concept. One of them can be found in the exceptional role of the coordinating Association. A civil organisation can have certain advantages in comparison with universities and alternative governmental and municipal organisations. The Association has managed a wide area of tasks from the planning and modelling the concept to preparing and rallying the network up, co-ordinating the administration of the network and overseeing the accomplishment of the partners. A huge amount of more than three hundred agreements have been needed in managing the whole system. A civil organisation has succeeded in coordinating such a complicated network mostly because it has earned a considerable rate of trust in the network. The key factors in gaining the trust can be divided in four classes: openness, flexibility, expertise and neutrality. All the categories are analysed on account of South Ostrobothnian experiences. Finally, neutrality is found to be the most crucial factor concerning the role of the Association. Three elements are distinguished within it: spatial neutrality, institutional neutrality, and neutrality between the chosen areas of expertise.

Gateway J

THE CONCEPT OF REGION IN REGIONAL HISTORY

Tuija Riukulehto, Verkox Ok, FINLAND
Sulevi Riukulehto

In the past three decades a growing number of scholars in the humanities and social sciences have turned their attention to space as a means of understanding historical processes. After the twenty years of linguistic turn historians, too, have risen such terms as 'region', 'space' and 'territory' into the focus of historiography. The turn has also connections with the various forms of history from below, such as the local history, micro-history and family history. On the other hand, it also has connections to the general globalisation analysis and the wave of regionalism in the world. The new regionally oriented directions in historiography are so recent that no generally recognised orthodoxy has yet been adopted. The various elements from localism to globalisation can still be seen in the first works written under the label of regional history. There exist competing views concerning the definition and criteria of a region. In this presentation the different conceptions are analysed by categorising them through a number of dichotomies such as simple–complex, static–evolutionary and administrative–discursive. Certain aspects can better be examined through such multifold qualifications as sub-national – supranational – cross-national and geographical – socio-cultural – economic. Among the numerous variants two groups of conceptions are finally found to be most promising in creating the theory for regional history. In hierarchical conceptions the regional is seen as a level in a hierarchy. Regions are parallel parts of the whole; they form one stage in the continuum of territorial spaces. The idea is usually presented in sub-national form (from bottom to top): local – sub-regional – regional – national – international. A region, thus, is defined as constituting the largest intermediate collectivity between the individual and the nation state. Many variations of the conception can easily be found. If a region is understood as self-defined, spontaneous formation, independent from the hierarchy of localities and nations, the absolute difference between a regional and national consciousness disappears. A region has geographic, strategic, cultural, functional and historic factors that may or may not follow national borders. A region is a local, a national or an in-between formation; it can be even international or cross-national in nature. In order to study regions concepts like meaning, identity, history, territory and power are more useful set of tools than the hierarchy of nation, region and place. Again, the variation in the use of the concept is great.

Paolo Rizzi, Università Cattolica Di Piacenza, ITALY

Roberta Pianta, Università Cattolica di Piacenza, ITALY

Several case studies related to specific fields and projects or analysis prevailing with a national level emerge in the empirical analysis on social capital theory and on its contribution to development. First applications on sub-national level are studied only recently. These researches, linked to the measurement of social capital and to its relations with local and regional development, highlight uncertain connections between income level and social and economic relational stock, and more dubious ones on territorial development paths. From the principal component analysis already tested on Italian regions and provinces (Rizzi, 2004, 2006), using the synthesis method for several indicators of social capital, the paper aims to check these evidences in Europe, first at national level and then at regional level. Micro-indicators of territorial social capital are selected thanks to European Values Survey database (participation to voluntary and social activity, participation to political elections, propension to trust and solidaristic values, crime and relational indexes), which are summarized in some explanatory components with factor analysis (as trust and civiness). So it finds correlation among these national and regional social capital macro-indicators and income level and other economic growth variables. At the end, multi-variated regressions are run to explain growth rates of per-capita income, employment dynamic and other economic variables, since indicators obtained from principal components of factor analysis. Social capital theory hypothesis, as determinant of development, are confirmed only partially from European national and regional data.

Carlos Rodrigues, University Of Aveiro, PORTUGAL

Ana Melo, University Of Aveiro, PORTUGAL

The Triple Helix Model (THM) of university-industry-government relations has gained, during the last decade, a prominent position in the study of the role higher education organisations play in the so-called knowledge society. As in its original formulation (e.g. Etzkowitz and Leydesdorff, 1997), the model provided a metaphor for a new social contract between higher education and society giving rise to a new interactive arrangement based on the operation of equivalent and overlapping institutional spheres with each taking the role of the other and with hybrid organisational structures emerging at the interface. More recently, the metaphor has been transformed into a theory of development (Dzisah and Etzkowitz, 2009), according to which the three interacting helices are assumed as instrumental in the mobilization of development resources and competences, thus contributing to mitigate the dependence of exogenous forces. The success of the model has been swiftly extended from the academic to the policy debate. In fact, it is being widely used as a conceptual reference for the design of policies and programmes aimed at improving the framework conditions supporting innovative activities. Moreover, during the last decade, the credit given to the THM became transversal to the range of policymaking territorial scales, from the supranational to the local level. In fact, there seems to be a common perception that if success is to be attained, the THM is the ideal model, independently of the territorial level. This paper aims to judge the extent to which the THM is the ideal conceptual ground upon which effective development policies can be built up, specifically in the case of local policymaking contexts. It will argue that: i) the degree of effectiveness of the model when seriously and wholly taken as reference to development policy is highly context-dependent; ii) territorial specificities can determine how much scale affects effectiveness; iii) the model's use can be conceptually innocuous, when oversimplified and/or taken as discursive tool for mobilising actors. The arguments draw on experience-based research. Both authors are actively involved in an international policy and practice oriented project, in which the THM is at the conceptual core.

Daniel Rodriguez, University Of Santiago De Compostela, SPAIN

Xavier Vence, University Of Santiago De Compostela, SPAIN

The aim of this paper is to analyse the relationship between inequality and aggregate income level, obtaining data at a disaggregate level of regions. The interaction between inequality and average personal income has been a basic issue in the literature on income distribution over the last half century. Politics and economy have taken into account this relationship raised by Kuznets in his classic paper (Kuznets, 1955). The author postulates the inverse U-curve hypothesis between development and inequality. Afterwards, a relevant controversy took place both at empirical and theoretical levels. The apparent inconclusive debate on the Kuznets curve partially derives from differences in the selection of variables, the range of empirical data, the statistical tests and also the sample of countries. In any case, the common feature of all studies is that they are dealing with country comparisons. By doing so, the empirical realm presents a narrowed range of dissimilarities and, at the same time, we can isolate some huge differences among the institutional systems of countries. Accordingly, many important differences across countries, like institutional set-up, political instability, macroeconomic policy and so on, could be isolated at the regional level. Our purpose is to go beyond studying the income-inequality relationship at a more disaggregate level, e.g., across the European regions. Countries are not uniform and homogeneous spaces as far as inequality and average income are concerned. The European regional diversity has been studied quite well using different macroeconomic variables (GDP, labour market, demography, R&D, infrastructure, energy, etc.). Nevertheless, the variability of personal (household) income inequality patterns among the regions belonging to the same country have not received appropriate attention in the literature. Recent attempts (Vence, 2005; Perugini and Martino, 2008, Ezcurra, 2007) have been made to approach this issue at European regional level. The main idea is that eventual regional disparities in the inequality of personal income should mainly be originated by differences in regional economic and social structures. Finally, cluster analysis permits to classify the European regions into five groups with the relevant case of the metropolitan and rich regions.

Elisa Roller, DG REGIO, European Commission, BELGIUM

One year after the publication of the independent Barca report on European cohesion policy, the debate on the future of the policy, once the current period ends in 2013, has begun in earnest. With the Lisbon Treaty giving the European Parliament new powers over regional policy and a new Commission appointed in February 2010, the stage has been set for the new policy proposals to be thought through and adopted. Nevertheless, the global economic crisis has in many ways polarized the different sides in the debate on the effectiveness of European cohesion policy. With total financial resources of €347 billion for the 2007-2013 period, European cohesion policy has helped to support budgetary stability and public investment in the Member States and EU regions, albeit with varying degrees of success. The future of the policy very much hinges on the policy's ability to help Europe's regions tackle the challenges brought on by the global economic crisis. This presentation focuses on the latest developments in the debate on the future of European cohesion policy and how the global economic crisis is shaping the policy context in which the future of the policy will be decided.

Patrícia Romeiro, CSIC Spain, SPAIN

The rise of concepts like “cultural economy” and “creative economy” have been calling the attention to the economic importance of culture and creativity in contemporary society (GDP and employment). Following the recommendations of some popular authors (like Florida or Landry) many policy makers around the world have been incorporating these concepts to the discourses and practices. These are frequently focused on the economic

dimension, based on the support of cultural and creative (C&C) sectors (incubators, quarters, etc.) and/or the promoting of these activities as commodities to attract capital and human resources (strongly marketing oriented). This kind of discourse and practices, in which disadvantages have been highlighted by many authors, forget the role that C&C activities can have in social development (inclusion, in valuing diversity and tolerance, etc.). Considering the support of C&C sectors and the promotion of innovative environments around them an unquestionable element to urban competitiveness, we support that political strategies on this topic must reflect a broader vision of culture and creativity. In trying to stay away from standardized actions (unreflecting scale and territorial characteristics) we defend the development of a multi-level approach, combining global with local imperatives under the same frame. In an urban development strategy based on creativity and culture, we highlight the importance of four elements: i) Support of development and integration of diversified activities that structure the commodity chain; ii) Explore synergies between C&C sectors with other ones (research; tourism, ICT, etc.); iii) Link production and consumption activities; iv) Promote creative and culture activities developed by and for the citizens. This work draws on empirical evidence from a case study conducted in San Sebastian (Spain). This medium-sized city provides an interesting research area to understand some of the current global dynamics related to C&C activities and illustrate political responses that join economic with social dimensions. This work concludes by highlighting the challenges associated with development strategies based on C&C activities in medium-sized cities.

Gateway I

MEASURING REGIONAL SUSTAINABLE DEVELOPMENT

Judit Roncz, University Of Miskolc, HUNGARY

Klára Szita Tóth, University Of Miskolc, HUNGARY

The concept of sustainable development is present in various contexts with different meanings and in relation to different purposes since the publication of the Brundtland-report. Recently, economic literature makes significant efforts, perceiving this problem, to clarify this conceptual confusion not only at macro level but on regional level too. The purpose of empirical approaches is eventually to identify indicators that can help to judge and to measure the sustainability of regional development processes. One part of these empirical initiatives focuses on ecological considerations explicitly, so concentrates on the natural and environmental effects of human actions. Interpretation of sustainable development by using the level of consumption is another, but popular approach. In contradiction to these one-pillar conceptions there are three-pillar models that intend to cover wider aspects of human actions and existence. However, in many cases, the interpretation of each pillars still concentrates solely on environmental considerations so a radically new attitude cannot be attributed to them. In this paper by introducing these interpretations we argue that multiple pillars are needed to define and to measure regional sustainability on the one hand, and while interpreting non-environmental pillars ecological considerations should be withdrawn on the other hand. Doing so, a complex approach of environment, society and economy can be reached, in which each pillars are independent from each other.

Gateway K2

RURAL DEVELOPMENT TRAJECTORIES IN THE ESTONIAN PERIPHERY: IMPACTS OF THE EU COHESION POLICIES

Antti Roose, University Of Tartu, ESTONIA

Garri Raagmaa, University Of Tartu, ESTONIA

Jaak Kliimask, Estonian University of Life Sciences, ESTONIA

Since the 1990s, rural areas have been the subject of significant demographic, social, economic and environmental changes in Estonia, as they have been in other Central and Eastern European countries. As a rule, rural areas near cities and towns are doing relatively well. Instead of emphasizing division between the urban and the rural, contemporary research points to spatial continuums (Pahl, 2008) and rural development is discussed within a wider spatial and social theory, not just as a space of commodification, consumption and production (Marsden, 2004, Milbourne, 2006). The case study focuses on remote, sparsely populated rural areas in Estonia concentrating on rural change, trends and forecasting development trajectories. Based on key indicators, this study assesses policy implications for the Estonian remote rural areas looking at the EU Cohesion Policy implications and potentials for territorial development and co-operation. If the booming

economy improved welfare in rural areas, as well as balanced regional development, the recession sharpens deprivation and poses socio-economic risks for remote rural areas. Peripheral rural areas cover now more than one third of the Estonia's territory and have only one tenth of its population, are hardly accessible and are characterised by demographic decline and ageing. The availability of public as well private sector services is limited. Weak rural schools cause widening education divide and increasing the number of young families to leave. Women's greater out-migration discourages the creation of families. There are 1.5 times less people with third-level education and a quarter of rural children live below the poverty line. Shadow economy and trafficking (mainly vodka and fuel) gain ground due to loose governmental presence. In local councils, there is a lack of opposition which weakens democracy. However, spreading third sector adds vitality to rural areas. According to European rural studies and studies conducted in Europe's rural regions, and comparisons based on NUTS3 indicators, rural Estonia is still predominantly treated as agrarian (EDORA project of ESPON 2013 programme). The agricultural collapse has been observed in Estonia since late 1980s, indicated by free falling agrarian employment rate from 16.8% in 1989 via 6.8% in 1998 to 2.6% in 2008. Agricultural change, land restitution and privatization, also ecologization such as widespread Natura 2000 regulations played a crucial role in profiling land use and real estate in 2000s. Simultaneously, emerging recreational opportunities and tourism have been considered a smooth restructuring and diversification platform, although the impact has been over-emphasized. White-collar and skilled positions have been disappearing in remote areas in 2000s. Despite the willingness to promote knowledge-based sectors in Estonia, there is a shortage of resources and capabilities, as well as poor infrastructure for the Nordic high-tech model to be applied. Since joining European Union in 2004, the Common Agricultural Policy, including agri-environment and rural development schemes have helped upgrade the agricultural sector and resulted higher competitiveness and further disappearance of jobs. Financed by the cohesion measures, transport infrastructures and environmental projects dominated in more developed areas as the Estonian regional policy has failed to reduce regional differences so far. Regional policy-making has been hindered by the limited financial resources as well as by the un-coordinated sector policies. Due to recession, the local governments in remote districts will not be able to co-finance numerous available EU cohesion measures despite reduced bureaucracy. Local assets such as natural resources, forestry and wildlife, as well as less tangible assets such as civic and community networks, social attitudes and values (local pride, common sense, rural conservativeness), positioning for niche goods and services should be utilized locally to increase competitiveness instead of relying on governmental benefits and support measures. One prosperous option could be the commodification of the rural environment and heritage, preserved and attractive wildscapes. In the future, the effects of climate change may bring forth a renaissance of agriculture. A long-term development strategy for rural areas should be set by cross-governance and it should be implemented on a more centralized, balanced and feasible grounds, not just through a liberal approach and within laissez-faire project-counties or project-communities. Robust, but sharper indications and means to assess the feasibility of rural policy in the local context should be provided to regional and national policy-makers.

Gateway A

GLOBAL NETWORKS AND TERRITORIAL EMBEDMENT. EVIDENCES FROM FOREIGN MULTINATIONAL COMPANIES IN TURIN

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Multinational companies are key actors both in the globalised economy and in local (regional, metropolitan, urban) contexts. Reinvested earnings by foreign MNCs, in particular, are responsible for consistent inward direct investments (FDIs) globally (UNCTAD, 2009). With regard the host socioeconomic system they are also important sources of technical expertise, innovation, qualified employment, strategic relationships etc. Yet, disinvestment decisions - which are in general more rapid in foreign MNCs than in other companies (Barba Navaretti and Venables, 2004) - can also generate dramatic shocks. As a consequence, territories (and local Investment Agencies specifically) are more and more interested in keeping the previously attracted investments from going elsewhere. In such a context, the paper detects some key questions: What does explain foreign MNCs' embedment in a given local system? Are company conditions (command structure, sector of activity, functional and spatial organization) more relevant than external ones (agglomeration and network economies, local policies)? Which is the relevant territorial scale (urban, regional, national) of the embedment process? In order to answer to these questions, the paper synthesizes the results of an overview of the international literature dealing with the concepts of territorial anchorage and embedment. In particular, I tried to verify the pertinence of these concepts to the analysis of global networks' geographies and dynamics. As a result, an analytical framework has been built and it has been applied to the investigation of structural coupling processes between foreign MNCs in Turin (Italy) and the host metropolitan system.

REFINEMENT OF THE OECD REGIONAL TYPOLOGY: ECONOMIC PERFORMANCE OF REMOTE RURAL REGIONS

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Lewis Dijkstra, European Commission, DG Regio, BELGIUM

To account for differences among rural and urban regions, the OECD has established a regional typology, classifying TL3 regions as predominantly urban (PU), intermediate (IN) or predominantly rural (PR). This typology has proved to be meaningful to better explain regional differences in economic and labour market performance. However, it does not take into account the presence of economic agglomerations if they happen to be in neighbouring regions. Remote rural regions face a different set of problems than rural regions close to a city, where a wider range of services and opportunities can be found. This paper suggests a refinement of the current typology to include a criterion on the accessibility to urban centres. The results show a clear distinction between remote rural regions and rural regions close to a city in terms of declining and ageing population, level of productivity and unemployment. This extended typology, which includes a measure of distance from cities for the population living in a rural area, has been first applied to Europe by the Directorate of Regional Policy of the European Commission and then to North America by the OECD.

KNOWLEDGE CREATION IN TEMPORARY REGIONAL NETWORKS

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The literature on the effect of trust and control on knowledge creation in networks is extensive and seems to be moving towards a consensus that both are necessary. Trust is necessary to create an open atmosphere to engage in knowledge creation while control acts as a safeguard against malfeasance. Networks that neglect either one factor are often found to create less knowledge and yield less knowledge creation outcomes, such as new skills and products. Temporary networks, however, may have to depend more on control than on trust since their temporary nature may reduce the opportunity to develop trust. This paper contributes to the literature on trust, control and knowledge creation by empirically examining these variables in temporary innovation networks in the Eindhoven region in the Netherlands. Previous research showed that these networks contribute to regional economic development. This paper explores the mechanism through which this happens. Temporary innovation networks may lack trust in case the partners have not previously worked with one another. They may therefore rely more heavily on control. On the other hand, these networks are formed with a specific purpose and may have found mechanism to compensate for a lack of trust. So the research question of this paper is: How do trust and control affect knowledge creation outcomes of these networks? Several factors that may affect the above causal relation will be taken into account:

- Previous relations among partners,
- Mutual dependency among partners,
- Level of agreement on project goals.

The data for this research were collected in 2005. The paper develops several theoretical patterns on how trust and control affect knowledge creation among the members of the temporary networks and how this yields knowledge creation outcomes. Different levels of trust and control have different effects on the willingness to share knowledge and the use of communication modes. Control encourages formal communication that emphasizes the exchange of codified knowledge, while trust encourages informal communication that emphasizes the exchange of tacit knowledge. Both are necessary to produce knowledge creation outcomes. The paper develops several theoretical patterns that are matched to empirical patterns derived from a selection of networks (cases) in the Eindhoven region. The results show that a combination of moderate control and high levels of trust produce the highest levels of knowledge creation outcomes.

RETIRES IN RURAL AREAS, A DOUBLE-OPPORTUNITY FOR THE CREATION OF ACTIVITY AND EMPLOYMENT

Clovis Sabau, VetAgro Sup - UMR Metafort, FRANCE

Hélène Revol, VetAgro Sup - UMR Metafort, FRANCE

Rural territories of Massif central (France) face imbalanced demographic (and socioeconomic) structures. This is due to three interrelated facts: global ageing of the population; youth emigration to urban job-providing areas; and the arrival / return of retiring population which is not anymore locally constrained by employment (INSEE, INRA, 1998). The percentage of retired people in the overall population is thus increasing. They are expressing specific needs in leisure or services, and breathe new dynamics into those territories. Local consumption from external incomes (tourists, retired people, commuters) are powerful levers for local development (Davezies, 2003 ; Vollet, Callois et Roussel, 2007). The high part of elderly people within the population of some regions might influence the way to handle the development of such territories. Up to last decades, public policies use to consider elderly population as a handicap (lack of dynamism, cost of dependency) (Feller et Ennuyer, 2004 ; Gucher, Mallon et Roussel, 2007). However, man has to reckon with the double-opportunity it constitutes: In one hand, retirees induce the setting up and maintain of services meeting their needs (home help, health, leisure, etc). Davezies (1999) defends this so-called “silver economy”, through the fact that the elderly are solvent people likely to be “the principal basic job-providing, income-providing and growth-providing activity”. In another hand, some territories now consider them as key stakeholders in their development policy (“grey power”) and some researchers works on reconsidering this “grey gold” (Roussel et Vollet, 2004 ; Guillemard, 2007 ; Vollet et Roussel, 2007). Ageing can be considered as “active”; not only does it refer to the ability to be physically active or to participate in the labor force, but also “to continuing participation in social, economic, cultural, spiritual and civic affairs” (World Health Organization, 2002). Indeed, elderly people might also initiate or volunteer in enterprises requiring the hiring of one or more related jobs. Part of the French CreActE research program, focusing on New Activities and Job Creation in rural areas, is dedicated to the creation of services related to ageing population and flood of newly retired people in French countryside. From a review of the literature available on this topic, we are assessing how deep ageing population is related to employment and activity creation in the countryside. Not only will the retirees be passive users of services, but also stakeholders in the process of activity creation and employment in rural areas, benefiting from the spare time of their retirement to put themselves into / to initiate local emerging businesses. In addition to consume offered services, they create ones. This work is the basis of an ongoing fieldwork in Massif central (France).

REGIONAL DEVELOPMENT IN ALBANIA

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Albania has achieved high economic growth and has enjoyed macroeconomic stability over the past few years and average real Gross Domestic Product (GDP) growth rates of approximately six percent – the highest in South-eastern Europe – underpinned by rising exports (albeit from a low base), and continuing improvements in productivity. Maintaining this performance will be increasingly difficult; Albania will need to increase public, private and foreign investment. Despite GDP per capita reaching an estimated US\$3,912 (2008), poverty, high unemployment, and wide regional disparities remain daunting challenges. Institutional capacity at both central and local levels remain among key challenges. Albania has begun to decentralize government functions, but the pace of devolution has been slower than expected due to political constraints and limited capacity at the municipal and local Government levels. Nonetheless, the decentralization process holds great promise to improve the delivery of services to the poorest Albanians, especially in health, education and water supply. The Stabilisation and Association process (SAp) with the European Union (EU) is very important to Albania. Eventual membership in the EU remains an overarching national goal; the signing of the Stabilisation and Association Agreement with the EU in June 2006 has been one of the important achievements in this direction. Albania has begun to implement a new Intergrated Planing System (IPS) in an ambitious effort to streamline its policy development processes and integrate numerous planning frameworks. The IPS will align government decision-making behind a coherent and coordinated long-term vision, ensuring investment decisions are made within the framework of the Medium-Term Budgeting Process (MTBP). The IPS also provides a framework for government consolidation and monitoring of international assistance. The Albanian Government is committed to achieving balanced regional development through measures and priorities in developing public infrastructure,

services and institutional reforms at the regional level. The Government has introduced a Regional Development Cross-cutting Strategy – as part of the National Strategy for Development and Integration – to address widening disparities among Albanian regions, establish a direct linkage between budgetary resources and regional development planning and align regional development policy to EU accession. As Albania is accelerating its preparations towards the EU candidate country status, numerous areas of public policy and practices undergo intensive development processes. One of the most important policy domains in this respect is regional development, which initially will allow the country to tap into IPA Component 3 money, and in the long term will decide on effectiveness and efficiency of use of the EU Structural Funds

Gateway D

COOPERATION, COMPETITION AND TACKLING PERIPHERALITY IN GDAŃSK-GDYŃIA REGION. MULTIDIMENSIONAL PERSPECTIVE

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Gdańsk-Gdynia metropolitan region is included in the number of arguably five or seven urban centres that are going to shape the network of Polish metropolises. Gdańsk is the capital city of the Polish Pomeranian province. However the problems of peripherality and marginality are very much present in the daily policy and in the perspective on the future dynamic development of the region. The paper concentrates on the question of peripherality analysed in different contexts. To explain the contemporary situation of the region a national policy context is critical. In spite of the ongoing processes of decentralization and the growing role of regional self-governance, the policy of the central level has still a decisive role in creating some vital for regional development constraints. The position of the region in the European context is analysed within the Baltic region. The complicated socio-economic and political situation of this region makes its inner relations strongly nation-state policy dependent. Thus the situation of Gdańsk-Gdynia region again depends on the Polish government policy. At the local level, the centre-periphery problem is present in the urban centres inner-region areas relations as well as in the fierce competition between central municipalities for the leadership.

Gateway K5

TERRITORIAL STRUCTURES AND THE TERRITORIAL AGENDA OF THE EUROPEAN UNION

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Attila Süto

The Territorial Agenda (TA), agreed at the informal ministerial meeting under the German Presidency in May 2007 asked the Hungarian EU Presidency to evaluate and review it. Hungary has taken the responsibility to evaluate and review the TA and the closely related to update the Territorial State and Perspectives of the EU (TSP). The TA based on the TSP had been the first document, which identified joint action oriented framework of spatial (territorial) policy on EU level, defining challenges and priorities related to the territorial state and structures of the EU. This first step of a common European territorial policy addressed territorial issues of several thematic issues, such as climate change, growth and innovation, environment, culture, etc. However the TSP in its more synthetic chapters attempted to identify more integrated territorial structures of the European territory, including main geographic dimensions, such as north-south and east-west dichotomies of the space, policentricity of the continent and urban rural patterns. Due to changes in driving forces and new conditions of an enlarged EU the content and also the function should be revised, including its approaches to the territorial structures. The paper is aiming at introducing some of the main findings of the TA revision process, with special reference to the new aspects and trends related to the territorial structures of the Union. There are several factors influencing the identification of potential common territorial priorities of the future, however few of them can be underlined. The present economic and financial crisis restructured the European economies and this restructuring will have long term impact also on the future of European regions; the impact of enlargement can now be better assessed both on old and new member states and neighbourhood policy has been also appreciated in recent years. Finally, the publication of the Green Paper on Territorial Cohesion, and the discussions following this publication contributed also to a more complex view of territorial policies in Europe. This discussion on territoriality could provide deeper understanding of territorial cohesion, which being included in the Lisbon Treaty has recently become a mainstream policy of the EU.

CONSTRUCTING EXPERIENCE SPACES – CREATING EXPERIENCE VALUES A PRAGMATIC INQUIRY INTO THE MATERIALITY AND PRACTICE OF EXPERIENCE CREATION

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The growing demand for meaningful experiences presents many opportunities to be exploited by tourism firms. However, knowledge applicable from academic tourist studies does not necessarily provide adequate guidelines for how to accomplish meaningful experiences for tourists. Since experiences are neither something that can be had by consumers nor given them by producers, some kind of active, creative effort on both parts must be put into the co-creation of meaningful experiences. This constructive effort literally takes place and makes place, involving social, cultural and material elements. The co-creation of meaningful experiences thus implies that tourists constantly interact corporeally with things and physical places. However, current tourist studies largely disregard this fact and have failed to understand the significance of materiality and objects in modern tourism. The influence of the ‘cultural turn’ on tourist studies have had the same unhelpful effect here as on much other theory and research under its influence, melting into symbols and narratives everything that is solid and material. This paper is inspired by current calls for a renewed engagement with the material in cultural geography and sociology. It introduces questions of materiality and material culture into the practical field of co-creating meaningful experiences within tourism, specifically by discussing the concept of ‘experience space’ and its implications for practitioners within the field; how are experience spaces constructed, used and made meaningful? In doing so, the paper stresses the interplay between social, cultural and material elements in experience co-creation. It is shown that material objects and physical sensations are much more central to experience co-creation than traditionally assumed and that extraordinary tourist experiences involve, and are made possible and meaningful by, objects, machines and technologies. Thus it is suggested that a constructive path to follow for future studies of experience co-creation is a further engagement with the ‘material’ – the ‘nuts and bolts’ of the practice field. The paper is structured as follows. First, the pragmatic approach of the paper is introduced together with the empirical context and case studies underlying the inquiry. Second, a conceptual discussion of the practice of experience co-creation is conducted. Third, the implications for practitioners in the field are discussed.

TRAJECTORIES OF REGIONS IN MEXICO FOR GLOBALISATION

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Planning in Mexico, of globalization, is deployed until it issues the planning law in the '90s with the National Development Plan under President Carlos Salinas de Gortari in the decades preceding the programming and budgeting responded to economic models implemented first with the import substitution policy in the 60s, then with the stabilizing development model in the '70s, shared development model in the 80s, and when the NDP is implemented under the neoliberal model of growth since the 90s But development and regional planning are nonexistent to date, since they are not covered by the General Constitution of the Mexican Republic. This would imply the existence of interstate and intermunicipal plans while development plans are only state and municipal. Here then will address planning and regionalization, which are also a combination of the geographically, socio-economic, productive vocations and public purposes, among others, to solve some of the most pressing problems, which also have been implemented separately . Mexico has made some homogeneous regions with similar geo insert or nodal regions, dependent on one or more metropolitan areas and urban centers, there are some territorial areas that require special treatment performance such as resorts and centers or corridors development, leaving some areas with marginalized indigenous language speakers. The regions may be contiguous territories and in some cases non-contiguous. Then they try, that way, in neoliberal Mexico have, outlined the oil region, the industrial region, the territorial scope of tourism and the poles of growth, export-oriented region, the Indian region and their interrelationships between them and urban centers metropolitan and megapolitan.

FOREIGN DIRECT INVESTMENTS AND RELOCATIONS IN BUSINESS SERVICES WHAT ARE THE LOCATIONAL FACTORS?

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Martina Fifekova

Michal Trnik

With technological advancements, especially in the field of communication technologies, fragmentation in services has been made possible. This induced a process of relocation of certain services activities to locations where they can be carried out at lower costs and/or in better quality and opening up new plants due to increased demand for these services. Due to that process, and to the liberalisation of services trade, especially among member-countries of regional integrations, new countries have been increasingly appearing on the map of trade in services. Among others, the Visegrad countries, the Czech Republic, Hungary, Poland and Slovakia are affected to a great extent. They have become hosts to various business services through relocations of these activities from other, higher cost locations, especially from Western Europe. Locational advantages determine which countries are chosen as hosts to new or relocated service centres, in accordance with the theories of Dunning and Porter (see e.g. Dunning, 1993). To find out further details about locational advantages for this type of activities, it is important to differentiate between the locational factors of two distinct types of FDI projects: horizontal and vertical. While services FDI was dominated by horizontal FDI projects for a long period of time (Caves, 2007, p. 13), at present, due to the fragmentability of services production processes, which was made possible by technological innovations (UNCTAD, 2004), vertical type FDI has been appearing in services as well. The analysis is carried out on the basis of thirty detailed company case studies, carried out in 2008-9 in the Czech Republic, Hungary, Poland and Slovakia. The majority of these is vertical FDI (close to 100 % of export/sales ratio), there are cases of confluent projects of vertical and horizontal FDI, where sales to the domestic market are also important, though not dominating, and there are cases horizontal type, in which sales to the domestic market are the most important. The papers main aim is to make an attempt at contributing to filling some gaps in the literature, in terms of analysing locational advantages for vertical FDI in services, specifically in business services, in relation to up till now dominant horizontal ones. It shows that locational advantages, taken into consideration by vertical and horizontal FDI differ from each other to a great extent. It identifies the various elements of locational advantages connected to the different elements of investment motives, in terms of cost reduction, reducing costs of disintegration of production, reducing other costs, and motives arising from the confluence of vertical and horizontal FDI, and the paper relates these elements to the specificities of the business services sector. It makes an attempt at finding out whether there are any differences between the investing companies in terms of their level of independence (in that instance this is perceived as captive and independent business providers), in terms of their market orientation (global, European, regional or local) on one hand and the most important locational advantages they take into account on the other hand. It differentiates general motives, which play a role in compiling the longer list of possible investment locations and then motives which play the most important role in deciding about the final location of the investment, on the basis of the company case studies.

KNOWLEDGE SOURCING AND LOCATION DECISIONS OF SMES IN PERIPHERY

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The paper aims to provide an academic contribution that fills theoretical and empirical gaps in understanding the link between absorptive capacity and external and international knowledge sourcing practices of SMEs in peripheral and rural regions. It seeks to provide a deeper understanding of the contribution of external knowledge sourcing channels in SMEs in peripheral places, a critical review of methods used to assess learning and innovation processes in firms as well as analysis of policy debates around innovation in peripheral SMEs and recommendations on how public policy can be improved. Strong evidence from the existing literature shows that geographic proximity to external knowledge sources depends on the availability and quality of available knowledge, but also on the capacity of firms to adopt and absorb available local knowledge. However, firms in peripheral regions are faced with institutionally thin and knowledge sparse environments. As a result these firms often seek knowledge from outside the region to fill in the knowledge gap. The methodological tools used in this paper consist of a survey and case studies of SMEs in the rural district of Teesdale in North East England. This paper contributes towards a wider knowledge sourcing and firm location decision issues that SMEs face in

peripheral regions but acknowledges that it may be difficult to draw general conclusions from a single case study region.

Gateway F

THE SPATIAL CONNECTIONS OF THE EDUCATION SYSTEM AND MOBILITY IN HUNGARY

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Amongst the many criticisms heard today on the subject of contemporary Hungarian society, two of the most frequently repeated are: 'Hungarian society is not innovative enough' and 'Hungarian society is not mobile enough' (The mobility referred to here is spatial mobility; social mobility in terms of equal opportunities etc. will be discussed later). If we refer to the data relating to these two issues - by, for example, using numerical indicators of the number of patents granted, migration indices and so on - both hypotheses would seem to be true when viewed against similar figures relating to other societies such as West European. Analysing the underlying reasons for these two problems, we need to examine, firstly, the national educational system (a main factor affecting human capital) and, secondly, migration - that is, the opportunities and barriers to spatial change in terms of population. In earlier studies, the author examined the situation in the underdeveloped, rural areas of Hungary and the opportunities emerging. The conclusion was that the development of the education system, and especially of elementary and secondary school education, is probably the most decisive factor. This corresponds totally with the European Union's expressed objective of the provision of equal opportunities. In the light of this, the author has examined the institutional and financial system and also the spatial structure of Hungarian education, and, in this study, certain interesting contradictions have emerged. Economic rationality supports the view that it is not only the ability of settlements to retain their population which is the most important target for improvement; the institutional framework which facilitates an increase in spatial mobility needs also to be evaluated. Increasing mobility - together with an integrated but market-focused education system - could have positive effects on the labour market and could also help to eliminate poverty. In fact, the three topics at issue (the education system, migration and problems in rural areas) are linked together in several, logical ways. Settlement structure and migration processes affect the quality of education; the required standard of education is an essential factor in migration and also in the social and economic development of rural areas. However, practical evidence suggests that it is the better-educated elements in the population who are able to migrate the most easily from disadvantaged areas. This might appear to be a paradox from a rural development point of view, although by the analysis of the situation from more aspects the increase of the education level has more positive than negative effects on the rural areas. A statistical examination of the rural areas shows that the increase in the number of educated people leads usually to a higher income and lower unemployment rate but also to a lightly faster decrease of the number of the population.

Gateway H

TERRITORIAL COOPERATION IN REGIONAL ECONOMIC POLICY – A MORE PROMINENT ROLE FOR BIG RIVER BASINS?

Walter Scherrer, University Of Salzburg, AUSTRIA

The recent debate of the European Green Paper on Territorial Development has identified "cooperation between territories" as a most relevant focus of future EU territorial policies. Cross-border, transnational and inter-regional forms of cooperation ought to be fostered for this purpose. Thus the potential role for big river basins – which are part of several sub-national regions and often stretch across several national states – both as a target and an agent of territorial policies is strengthened. The paper provides an overview of selected concepts from regional economics which might be relevant for an economic analysis of big river regions and some preliminary insights from regional economics.

Volker Schmidt-Seiwert
Adam Radvanski

Territorial structures of the economy in Europe have been considered until now related to cohesion and convergence, based on long term trends being projected on the basis of steady growth. The recent global shocks changed previous expectations profoundly, the path of convergence especially of the eastern Member states has been interrupted and regional structures formally considered as competitive turn out to be economic fragile. Changes in the economy are occurring at a high speed and with high level of uncertainty; nevertheless the territorial consequences are hard to estimate. The crisis affected the European territory in an asymmetric way not only in the real economy, but the tools of economic policy can be used differently throughout Europe. The notion of sustainability in economic terms has gained importance in European regions. The question is, how this after crisis territorial picture might look like, how the economic crisis affects the European territory and in which way territorial potentials have to be redefined in this aspect, what will be the future consequences

Peter Schön, B B S R, GERMANY

Since two decades the EU spatial planning ministers together with the European Commission have been developing common elements of a European Spatial Development Policy. In 1994 the ministers agreed on basic principles stating that responsibilities for spatial policies are basically with the member states and their cities and regions, and cooperation is needed among them, and with the European Commission, on a voluntary, non-binding basis. The European Spatial Development Perspective (ESDP) agreed upon in 1999 elaborated main objectives and policy options for joint acting fostering a polycentric and balanced development of the European territory, equal access to transport and information networks, and the smart management of the natural and cultural heritage of Europe's regions. The ministerial meeting in Rotterdam 2002 confirmed the 'evidence-based' policy approach which already had coined the ESDP and which now led to the expert document Territorial State and Perspectives of Europe (TSP) backing the policy oriented Territorial Agenda for the EU (TAEU, 2007). Based on the ESDP, the TAEU incorporated new developments, esp. the Lisbon-Gothenburg strategy (2000), the EU enlargement (2004, 2007) and the new EU Treaty of Lisbon. Both documents, TSP and TAEU, are currently under review. The Lisbon Treaty introduces 'territorial cohesion' in Europe as a new objective of the European Union and gives the European Commission a shared competency in this policy field. This means, EU member states (with their cities and regions) as well as European Union have their own specific share in the common responsibility to strengthen territorial cohesion within the European territory. The Lisbon Treaty also gives some indication about where special political emphasis should be put on: economically lagging regions and, among them, especially regions with natural or geographical handicaps. With the Lisbon Treaty, the TAEU and the TSP three interconnected elements of political and scientific documents about territorial cohesion and spatial development are currently at the core of the European territorial discussion. The lecture 'Towards an evidence-based European Spatial Development and Territorial Cohesion Policy' will discuss the challenges of and relations between a European territorial cohesion policy and spatial development policy, and will explore how they can be based on scientific evidences.

Tine Schrammel, University Of Passau, ALBANIA

To strengthen their economy, transition economies are in the need of acquiring new markets and thus aim at trading with companies situated in well developed market economies. The differences between the institutional

environment in transition economies and the environment in the EU or other market economies lead to high transaction costs in trade. Whereas larger companies have possibilities to surpass institutional differences and to compensate higher transaction costs, SMEs are constrained by their limited stock of resources. The dilemma is that transition economies rely heavily on SMEs in order to improve their trade balance and foster economic development. On a conceptual level, this article analyzes whether a cluster in a transition economy, through its own screening and signaling mechanisms, has the potential to reduce transaction costs of trade for SMEs from both systems and thus foster economic development in transition economies. To explain the extensive transaction costs in trade between companies of the two systems, the article at first transfers the concept of institutional voids, which emphasizes missing intermediary institutions in emerging countries, to the situation in transition economies. It claims that even though the historical backgrounds differ extremely, the institutional voids observed are similar. In a second stage hypotheses are drawn out of a literature review for possible modes of cooperation for SMEs from the two differing institutional environments. As a result, the article suggests that the membership in a cluster for SMEs from transition economies can fill the predominant institutional voids, since the cluster management functions as an intermediary and thus reduces search- and initiation costs. The article contributes to the literature on the concept of institutional voids, extending it to transition economies. Further value added of this contribution lies in combing this approach with international strategy literature and thus elaborating a potential to foster international trade of SMEs from transition economies.

Gateway M

THE INTERCONNECTIONS OF CULTURAL AND CREATIVE CLASSES: A CASE STUDY FROM SWITZERLAND

Katja Schwanke, IDT-HSG, University Of St. Gallen, SWITZERLAND

This paper presents the experiences we made by the application of Social Network Analysis (SNA) to investigate the interconnections of creative and cultural classes in a medium-sized town in Switzerland. In contrary to rather economic evaluations regarding the contribution of culture to regional development, our approach focus the quality of culture and the interconnectedness of artists and creative industries as well as their embedment in the region. To shed light on, this paper is dedicated to the question as to whether the methodology (SNA) is applicable in the research field of creative regions and, especially in respect for our case study, to find out how and to what extent ideas and resources between different classes in a creative region are exchanged and which actors have the most important roles within this region (e.g. coordinator, gatekeeper, representative, consultant, liaison/broker). In a first step we figured out 344 commonly well known actors in this city and separated them in five groups: (a) visual artists, (b) performing artists, (c) creative industries, (d) local industries (non creative) and (e) political, administrative and NGO actors. In a large survey these actors were questioned about their perception of the cultural contribution, their satisfaction, attitudes and about their sharing (with whom and how often). Concerning the interconnections we focused on two kinds of exchange networks, which are the most important to found a basis for a creative region: the exchange of ideas and the exchange of resources (money, material, personnel). 171 actors participated and gave insights concerning their attitudes and perceptions. Regarding the questions with whom they exchanged ideas and resources within the last year they named 542 actors. Even though, almost all of the participating actors were also named by other actors, still, the size of our data set is quite large (N = 545) and challenging. To anticipate the main conclusion, it is possible to describe and visualize the interconnections of different classes within a region and to name the most important regional actors. These findings may support regional development policies, particularly with regard to their implementation. Nonetheless, due to the extensive process and incompleteness of data, the application of SNA has its limitations.

Gateway H

CROSS-BORDER CO-OPERATION AT THE EU'S EXTERNAL BORDERS: EMERGING POLICY CONSIDERATIONS

James Scott, University of Eastern Finland, FINLAND

With the last enlargements of the European Union in 2004 and 2007 and the advent of a large-scale external policy framework at the Community level (the European Neighbourhood Policy), the EU's external borders have acquired considerable political significance. While issues of security and border management often crowd

out other policy issues, there can be no doubt that cross-border co-operation (CBC) is an important potential resource for local and regional development. This is particularly so for regions at the EU's external borders which often represent 'double peripheries', i.e. both nationally and at a European scale. Despite the fact that CBC no longer enjoys the policy status it once did as a development vehicle, civil society networks are emerging – even thriving – at the EU's external border. This presentation suggests that new policies that extend logics of 'internal consolidation' (e.g. Cohesion) to development initiatives in neighbouring countries might be needed in order to promote co-development and thus prevent new regional divisions from emerging within the 'wider' European context.

Gateway K

CENTRAL EUROPE – SECONDARY AND TERTIARY AIRPORTS DYNAMICS

Daniel Seidenglanz, Masaryk University, Faculty of Science, CZECH REPUBLIC

Air transport in Central Europe is currently a dynamic field of transport (increase in the number of passengers, reconfiguration of existing networks associated with new services and new destinations, the emergence of low-cost model, etc.). Current changes are caused by many factors, the most important of which are the industry deregulation and the ongoing social, economic and political transformation of former socialist countries in this area. The article focuses on the geographical analysis of the dynamics of secondary and tertiary airports in Central Europe from 1990 to the present, particularly with regard to the changes in their participation in air transport networks. Attention will be given to the following factors: the development of the number of destinations, flight frequencies and seat capacities, changes in the geographic structure of those indicators, the development of other indicators. Secondary and tertiary airports used to appear on aviation maps thanks to feeder routes towards national hubs (eg, Frankfurt, Prague, Warsaw, etc.) while nowadays increased activities of low-cost airlines can be observed in this area (new direct flights to other destinations are introduced). Attention will also be paid to these changes. The space of Central Europe (defined for the purposes of this analysis as a territory of the Czech Republic, Slovakia, Poland, Hungary, Austria and Germany) includes countries of various sizes characterized by different political and economic development trajectories and thus varied development dynamics of secondary and tertiary airports can be expected – the differences will be interpreted in the paper. Results obtained will also be used to assess changes in the accessibility of places served by the airports studied. The paper is based on the research funded by the grant of the Czech Science Foundation No. 205/09/P256 'Air transport changes in the Czech Republic and in Central Europe'.

Gateway H4

EUROPEANIZATION AT THE LOCAL LEVEL: HOW IDENTITY INFLUENCED ECONOMIC DEVELOPMENT IN TIMISOARA, ROMANIA

Christian Sellar, University Of Mississippi, UNITED STATES

In recent years, a vast body of work in social sciences has discussed Europeanization, with profoundly different inflections and meanings across various disciplines. In one of its broadest definitions, Europeanization refers to "the ways in which differing concepts and manifestations of Europe – both as a physical entity and an ideological construction – are reshaping... senses of community, including the national, regional, and local (Clark and Jones 2009, p. 193). In recent years, geographers have focused mostly on the supranational level of, investigating the rescaling of power, knowledge, and identity brought by Europeanization. This paper contributes to the literature on Europeanization by looking at the regional level, and by discussing the role of economic development practices and firms' behavior in the rescaling of power and identity. It focuses on the city of Timisoara and its county (judetul) in Western Romania. It analyzes the postsocialist transformation of Timisoara from the perspective of two distinctive elites: the local policy makers, that transformed institutions and governance, and of foreign investors from Italy, that significantly contributed to the economic changes in the city and region. It argues that local elites have mobilized notions of 'Europe' and regional identity to build popular support for neoliberal economic reforms, thus attracting investors, which in turn reinforced new perceptions of 'Europe.' It builds on the Gereffi and Meyer (2004) distinction between private and public forms of governance. Specifically, it looks at the ways in which new forms of public governance at local (city and regional) level and the private governance that Italian firms have established in the region surrounding Timisoara found venues of interaction in the context of a burgeoning 'economic miracle.' The paper addresses

the following research questions. How did Europeanization influence governance in Timisoara? How did Timisoara's elites use understandings of European and regional identity to generate economic development? What kind of interdependent set of decisions of the local government and foreign investors resulted in the 'economic miracle' of Timisoara?

Gateway H

BORDER SETTLEMENTS IN EGYPT BETWEEN TRANS-BORDER COOPERATION AND DEFENDING THE SOVEREIGNTY OF THE COUNTRY

Yehya Serag, Ain Shams University, EGYPT

Through out the 20th and 21st century, the border regions in Egypt witnessed both armed conflicts and political disputes with neighboring countries that questioned the state's control over its land and borders. The political relationships between Egypt and its neighbors shifted several times from being tense to becoming more cooperative and vice versa. These shifts had direct physical impacts on the planning and development of border communities, and the level of attention that these communities gain from the state. This paper aims to look on four cases of peripheral border regions and analyze the spatial impact of regional political stability or dispute on the human settlements of these regions. Though the paper will look at both situations, its main interest is to show how border communities are used to protect the state's sovereignty and control of its land. The cases will be reviewed chronologically, these cases are:

- o The case of Bedouin tribes coming from Libya in 1916 to invade the Southern Egyptian Oases during the relaxed control of the borders in World War One, and the measures taken by Egyptian and British authorities to repel such incursions. Such measures did not only have military impacts but also physical ones on the level of the settlements of the oases.

- o Post 1973 measures taken in Sinai after the conflict with Israel in the 1960s- 1970s, with the approach of developing Sinai and populating its land, hence transforming it into a strategic depth of the country rather than being conceived as a desert land that is easily vulnerable.

- o The case of the Egyptian-Palestinian border town of Rafah which had two phases of trans-border cooperation, the first one during the Egyptian administration of Gaza strip in the 1950s /1960s which took a legal and formal mode of cooperation; while the second reflects the impact of the new political settings in Gaza strip 'popular aid' but also the preach of the borders due to the new political settings in the strip, which led to more segregation across the borders.

- o The case of the Halayeb and Shalateen triangle in the South of Egypt, which witnessed some disputes in the 1990s between Egypt and Sudan. Until 1953 Egypt and Sudan were one country, therefore the whole territory was considered part of the united Nile Valley.

However, with borders in place between the two countries, Sudan had been claiming the right to the triangular territory which was not acceptable by the Egyptian side. The attention was given at that time to stress on the identity of the existing population in that area and provide several tangible physical actions for the existing human settlements to ensure the Egyptian identity. Despite, such disputes, there are still tangible cooperation across the borders due to historical tribal ties. The paper seeks from these cases to analyze and rediscover both trans-border cooperation and segregation in the peripheral border regions of Egypt and the physical impact on human settlements and communities in such regions.

Gateway C

A CROSS-NATIONAL ANALYSIS OF LOCAL FAITH-BASED AND SECULAR CSOS IN PAKISTAN AND BANGLADESH

Karim Sheikh, University of Essex, UNITED KINGDOM

The purpose of this research paper is to examine four local level organizations: two faith based and two secular, in Pakistan and Bangladesh each. In this context it will subsequently investigate the cross-country cross-sectional faith-based and/or secular organizations practical applications of the notions of civil society organisations in Pakistan and Bangladesh by evaluating the social and economic policies of local civil-society organizations that are designed to help to eradicate poverty in the countries. Each organization has been selected on the basis of its work for a specific community and the effectiveness of its implemented programme for the alleviation of poverty through social and economic development. The study will explore the successes,

achievements and impact of local civil society organisations as independent variable(s), and on the other hand, it will analyse faith-based and secular civil society organisations in two different countries as independent variable(s). Then in each country, assessment will be made of the effectiveness of each kind of civil society organisation in the eradication of poverty. The time covered in the study is twelve years, from 1996 to 2007, because this period has witnessed a wave of globalisation of the economy and the appearance of several global-level institutions in the region. A complex, multi-level comparative analysis involved in this investigation is based on qualitative analysis of data and interview that I conducted with civil society organisation leaders in 2006-07 (find the detailed information about my doctoral research project in the separate attachment and the below mentioned conceptual framework). What I will say here is based on my interviews with local secular and faith-based civil society organisation leaders in the two examined countries. The research will contribute to reducing the gap in regional knowledge using a sociological perspective. Besides their sociological value, the findings of this study should be of use to regional and national policy makers and development practitioners in South Asia, and to representatives of the national organizations that act locally in the areas requiring economic assistance. It will generate new information about the different policies and how those actions and policies are effective for the operation of different types of civil society institutions.

Gateway G2

CRISIS SHARPENED THE WEAK POINTS OF LOCAL BUDGETS IN UKRAINE

Olga Shevchenko, National Institute For Strategic Studies, UKRAINE

In Ukraine, financial and economic crisis reflected the situation of the whole economy and certainly, it influenced the welfare. Welfare is the function of state, but in Ukraine, the 80 per cent of this function is executed by local authority. Welfare is filled at the expense of exclusive and state revenue sources of local budgets. Crisis affected the volume of financing of these spheres. The largest sources for local budget revenue are state taxes such as personal income tax (78 % of incomes), single tax on small business (3 %) as well as exclusive taxes – land payment (13 %), tax on transport vehicles (3 %); income of 14 others taxes is insignificant. The restriction of employers' number and salary decrease, huge number of employers on forced vacations influenced the largest source of local budget revenues – personal income tax. The income of this tax decreased and accordingly, income to local budget decreased too. The volume of subventions for social protection is restricted for certain period too. The portion of single tax on small business and its revenue are also reduced evidencing the restriction of entrepreneurial business. Revenues from land payment and portion of this tax in the structure of income increased. The share of tax on transport vehicles isn't changed, because the number of vehicles in exploitation is just growing. This means, that the crisis influenced those taxes which are considered to be basic for local budget (such as personal income tax and single tax). The restriction of revenues to local budgets influenced the welfare. The main direction of expenditures – on social protection – was cut down. It is clear, that after short decrease, the portion of subventions of social maintenance in the volume of transfers increased again. General tendencies in local budgets' sphere were the following: Reduction of equalization grants; Dimension of special grants and non-financing of some of them; Sharp decrease and gradual renewing of growing rate of share of subventions for social protection in the structure of transfers; Dimension of level of capital expenditures; Decrease of growth rate and volume of revenues to the local budget; Increase of the number of local budgets which are not executing revenue plan; Sharp decrease of incomes of personal income tax which is the largest source forming budget. Instability of revenue from personal income tax as well as the single tax on small business doesn't make it the main taxes for local budget. The revenue part of local budget should be based on taxes with another quality, able to provide the income independent of the stage of cycle of economic development and the most of all – to support the anti-crisis budget process at the local level. More attention should be paid to the modification of taxation, such as land payment and real estate tax, which together with the tax on transport vehicles should become the local (exclusive) taxes. And their shares should gradually increase in order to maintain the stability of income. Excessive number of other taxes and wretched volumes of revenues from them demonstrate the obsolescence of taxation principles which should be changed. Weak point of local budget is the social expenditure. Insufficiency of exclusive sources for social expenditures requires the transfers from the state budget. This is because the state takes care of people. However, in that case the capability of local authority to fill the local budget and to use the funds for social purposes (the self-governing of local communities) is narrowing in general. Thus, the strengthening of local budgets and allowing the local authority to maintain the welfare should be realized in three directions: supporting the self-sufficiency of local budgets at the expense of their own revenues, purposive and effective expending of funds, budget resistance not only to fluctuation of the market but also to the global financial shocks and crisis. The accent in reforming the local budget should be paid to the approaches of formation of revenues – the preference should be

given to those taxes which are not only truly local (exclusive), but also not sensitive to cyclic fluctuation. Rational structure of expenditures, necessity of additional funds from the state budget and condition of their providing depend on the above principles. Transformation of the local budget policy should be aimed at the increase of people well-being and on the enforcing the initiative of local authority to mobilize and to spend the funds

Gateway I

RUSSIAN REGIONS IN GROWTH AND CRISIS: EQUALIZATION OR STRATIFICATION?

Evgeny Shiltsin, Institution Economic And Industrial Engineering, RUSSIA

The questions of regional economic development in Russia and its interaction to economic growth during the last decade are considered in the paper. It is shown, that intense increase of regional income differentiation for the last years of economic growth is going hand by hand with strong evidence of regional convergence for the most part of economic space. This specific case of disparities – Quasi-divergence – is provided thanking with few leader regions. Most part of Russian regional space converges with the rate of around 2% per year. On the base of distribution dynamic approach of D.Quah we build ergodic distribution of regional GRP per capita, and show that most part of regional space tends to concentrate to the interval from 1/4 to the average. We also find some evidence of a trade-off between economic growth and regional variation in the Russian macroregions. During the general convergence tendency the short time regional inequality increases are found. These inequality shocks – short time (1-2 years) increases are produced by very high growth rates (accelerations). During next years such risings of differences then follow back to the decrease tendency. On the base of macroeconomic forecasts it was estimated that modern crisis affect for Russian regional economic disparities to increase way. To the 2010-2011 years regional inequality will increase back to the 2004 level. The potential policy implications of this analysis are also examined in the paper.

Gateway E

EUROPE 2020: PREPARING FOR THE 2014-2020 EU PROGRAMMES: STRATEGIC ISSUES FOR THE YORKSHIRE REGION

John Shutt, Leeds Metropolitan University, UNITED KINGDOM

This paper will look at the priorities so far outlined for the 2014-2020 EU programmes and examine the implications for the UK and in particular for a region such as Yorkshire. Post the general election the region will need to begin its preparations for the budget and new programme debates and priorities focused on the Digital region and climate change and energy and global Europe and business will be examined as case studies in terms of the synergies which may be generated by taking a creative look at new opportunities which may be on the horizon.

Gateway K

BETWEEN JEALOUSY AND CONTEMPT. NEW GETTHOISATION IN AN OLD INDUSTRIAL REGION

Veronica Slezak-Tazbir, University Of Silesia, POLAND

Traditionally the notion of ghetto causes an association with World War II and the problem of isolation of the Jewish community from the rest of the society; however, few people know that the first ghetto in the world was set up as early as in the 16th century in Venice and it was a clearly separated spatial unit within the urban system. More and more frequently a notion of spatial ghettoisation is being used to describe a phenomenon of dividing urban space into various enclaves of social life – or socially isolated “sub-worlds”. New ghettoisation – the topic of my paper - results from various social processes which are increasingly reflected in urban space. It results either from differences in the economic standards of inhabitants (wealth – poverty), from demographic differences (old – young), from medical criteria (healthy – sick), from religious differences (in Europe mostly

Christian – Muslim), and finally ethnic (mostly endogenous population – migrants). In many cases these dimensions overlap and thus produce strong division that are reproduced in space. The paper will examine the phenomenon of ghettoisation in a traditional industrial region, namely in Upper Silesia, in relation to diversifications of incomes as well as the aesthetic, architectonic and urban criteria. In particular, two main types of ghettos: social and spatial will be examined. The ghettos of poverty begun to emerge since 1989, that is the beginning of the system transformation. Parallel to deindustrialisation degradation of the entire urban sectors have been observed in the region. The residential areas built solely for the purposes of the industry - after the closure of the factory – entered on the paths of social and economic degradation, and physical decay followed soon (this is well known as a problem of the inner city decline, though in this case we may even speak about the inner region decline)). Pockets of poverty that emerged are identical with the sociological term of natural area, that is an area inhabited by population of common professional tradition, interests, or other cultural features (mining districts can be a model example). Pockets of poverty become a sort of ghettos. The second type, which are not yet very frequent in Silesia region, are the ghettos of affluence. They have the roots in the transformation processes as well. Even though they could be described as typical gated communities, they could be identified as a places of good ecological conditions, higher economical status and also higher level of education and aspiration. These are the ghettos of emerging middle class. Is it possible to prevent the ghettoisation process in space of an old industrial region? How to combine two different social worlds? What mechanisms should be used by different public agents in order to alleviate these processes of special segregation? These equations will be also addressed in the paper.

Gateway H1

UNIVERSITY COOPERATIONS ALONG THE AUSTRIAN-HUNGARIAN BORDER

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János Rechnitzer, Széchenyi István University; HAS CRS West-Hungarian Research Institute, HUNGARY

The Bologna process and the EU access have resulted in notable changes in the life of Hungarian universities, especially at the Austrian-Hungarian border region. Next to the domestic competitors, West-Hungarian universities have to face the increasing backwash effects of Austrian higher educational institutions as well. Both Hungarian and Austrian higher educational institutions are interested in finding the cooperation possibilities in the sharp competition. The aim of the UNIREGIO project (Austrian-Hungarian INTERREG IIIA) was to explore the existing cross-border cooperations of Ost-Austrian (Vienna, Lower Austria, Burgenland) and West-Transdanubian higher educational institutions (located in Győr-Moson-Sopron, Vas, Zala counties) and to define their possible future directions. During the research 33 interviews were made with higher educational institutions' and regional agencies' leaders, and also a questionnaire of 1300 students were carried out on the Hungarian side of the border. The research stated that cross-border cooperations of higher educational institutions in the Austrian-Hungarian border region have a pyramide structure. Despite the plenty of existing non-formalized, personal and ad-hoc relations, there are only a few strategic cooperations between the institutions. Despite of the restrictive factors (lack of language skills and capacities, different educational structure, missing internalization strategy, financial and administrative problem) explored mainly in the Hungarian side of the border, it can be stated that higher educational institutions located at the Austrian-Hungarian border region do not take all advantages of their cross-border situation, for example geographical proximity, similarity of their profiles, easy and quick accessibility or opportunities of common applications.

Gateway E

REGIONAL POLICY MODELS IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

Maciej Smêtkowski, EUROREG, University Of Warsaw, POLAND

The regional policies of individual Central and Eastern European countries evolved in different contexts varying from state to state, depending on its size, scale of regional disparities and traditions in this regard. Nevertheless, irrespective on the adopted policy models, the EU accession of these countries necessitated their adaptation to the Cohesion Policy. Firstly, therefore, the paper aims to analyse the interregional policy models used by CEE countries. In particular, two classical regional policy dilemmas will be addressed in the evaluation, viz.: a) that between productivity and equality, and b) that between spatial concentration and dispersion of resources. It can be assumed a priori that regional policy oriented at productivity and concentration of resources will direct its

support to the strongest regions where key economic sectors are located. In case of resource dispersion, this type of regional policy will be a variation of regionalised sectoral policy focusing on the development of selected economic sectors in all the regions. On the other hand, targeting policy on the equalising of development disparities existing between regions inevitably means that assistance will primarily be directed to problem regions, either all of them in case of resource dispersion, or those with the greatest potential for development in case of resource concentration. At the same time, we should make an assumption that regardless of the adopted model, the impact of regional policy on the existing disparities in the development levels of regions in the individual countries of the macroregion has so far been rather insignificant. Firstly, this is due to the extremely dynamic nature of processes accompanying the transition from industrial to information economy. Secondly, it should be borne in mind that in the pre-accession period the scale of regional policy was quite limited, just as the volume of external EU assistance. Nonetheless, it should be expected that in some of the regions well-targeted policy could be an important development factor. According to this hypothesis, the effectiveness of external assistance in a problem region depends on the right structure of the intervention – one which will stimulate endogenous development potential, and not petrify the existing regional structures which proved to be uncompetitive in a global economy. Secondly, therefore, the paper sets out to evaluate the directions of regional intervention in selected types of regions.

Gateway D

PUBLIC MANAGEMENT VS. DEMOCRATIC GOVERNANCE: DIRECT OR REPRESENTATIVE DEMOCRACY IN THE REGIONS?

David Smith, Middlesex University, UNITED KINGDOM

Enid Wistrich, Middlesex University, UNITED KINGDOM

Federal systems are an important feature of government and governance in Europe, from structural federal features of the European Union itself to federal systems of states like Germany, Switzerland and Belgium. In both federal and unitary states there are regions, often with distinctive identities, which are democratic units of government. Indeed there is a European tradition of organising power relationships which combine federal and regional structures with pluralist values. A different basis for government lies in the need to bring separate states or regions together for the purposes of effective government. Here the division of powers rests on the need of the central government to delegate power and the desire and ability of regional units to operate effectively. In unitary states both the extent and degree of formal delegation of powers is a major issue, as well as the extent to which national government leads and exercises controls over the constituent regions. In the UK since the 1970s, there has been considerable devolution of government functions and democratic powers to the regions of Scotland, Wales and N. Ireland, but in England, which has some 80% of the population, attempts to introduce forms of democratic regional government faltered with rejection of a Regional Assembly in the NE. Government attention turned instead to developing a system of governance for the English regions through which national government could devolve policy implementation to the regional level. Regional economic development is promoted by nine Regional Development Agencies, and a new Act of 2009 requires local authorities to cooperate through Economic Prosperity Boards, each consisting of two or more local authorities. Each region has a Strategic Council representing local authorities (including Multi Area Authorities and City Regions) with a Strategic Leaders' Board as its executive, representing county and district councils, to agree a regional strategy to submit to national government. This complex structure has limited direct democratic responsibility. At national level there are Regional Ministers who meet in a national Council of Regional Ministers, and a Regional Economic Council consisting of business, trades unions, local authorities and the Regional Development Agencies' representatives. There are comparable forums at regional level. These recent developments may be seen as an attempt to inject some democratic governance, but their complex structure and limited powers in England contrast with the direct representative democracy now operative in the other major regions of the UK.

Martin Sokol, Queen Mary University of London, UNITED KINGDOM

Alena Rochovska, Comenius University, SLOVAKIA

This paper argues that the global financial and economic crisis not only exposed the weaknesses of the post-socialist neo-liberal economic development model in East-Central Europe, but also the weaknesses of post-socialist studies in general and the geographies of post-socialism in particular. While the breadth and depth of geographical research of post-socialism in the last two decades has been impressive, inadequate attention has been paid to finance, financial capital and financial services and the way in which they partake on the processes of social and economic transformation. Yet, it is perhaps the financial dimension of transformation that has important implications not only for the economic stability of the post-socialist East-Central Europe, but also for the processes of uneven regional development, growing social inequalities, social exclusion and poverty in the region.

Jose Somoza Medina, University of León, SPAIN

INCITE was the Galician Research, Development and Innovation Plan 2006-2010, developed by the former Xunta de Galicia government. The main aim was the articulation of the Galician Research and Innovation System. The Programme paid special attention to the three main action lines: the creation of research and innovation centres; the construction of technological platforms as real consortia for all agents in strategic sectors in Galicia; and the availability of technological land that may foster the creation of real scientific and technological parks. The articulation of the Galician innovation system was based on favouring cooperation between agents in the system so that there were a common use of resources and so that there were complementarities between them. With this aim, the creation of networks of agents in the system as a way of optimising resources was favoured by the Galician Government through the implementation of this R+D+I Plan. The 2009 Galician elections changed the government when the plan was in their last steps. Now is time to evaluate the goals and mistakes of the INCITE R&D plan, and the present situation of this Spanish region.

Markku Sotarauta, University of Tampere, FINLAND

Both the rapidly expanding policy-oriented and theoretical literature on regional development has celebrated such (city-) regions as Silicon Valley, Cambridge, Boston and Singapore as the stars of the knowledge era. However, in midst of an ever heating global innovation race, there are more and more voices warning policy-makers about the dangers of 'imitate the best practice' and 'replicate Silicon Valley' strategies fairly commonly adopted by many regional policy-makers. It is believed here that regional advantage cannot be constructed on one 'best practice' model but with more focused development policies reflecting the different conditions and problems of respective regions and regional innovation systems. However, research has so far focused quite much on identifying the generic regional development model(s) and hence, we do not know much about who, how and why work to change prevailing institutions for more nuanced and focused development efforts and thus to support knowledge-based regional development. This line of research has tended to neglect agency. This paper aims to raise institutional entrepreneurship among the debated issues in the regional development studies (and related disciplines) and hence, contribute to the literature on knowledge-based regional development by discussing how individual actor (institutional entrepreneur) could be used as the core analytical lens in the analysis of institutional change for knowledge-based development of regions.

EVALUATING COLLABORATIVE DECISION-MAKING IN WALES: THE DEVELOPMENT OF REGIONAL TRANSPORT PLANS

Ian Stafford, WISERD, Cardiff University, UNITED KINGDOM

Since the mid-1990s the governance of transport policy in Wales can be characterised as going through several distinct phases of institutional and organisational change. The reorganisation of local government in 1996, the introduction of the National Assembly for Wales in 1999 and the transfer of further transport functions to the Assembly in 2005-6 fundamentally reshaped the policy context within Wales. Perhaps the most notable development within this period was the establishment of the four Regional Transport Consortia – partnerships set-up by local authorities to respond to the perceived capacity-related issues created by the 1996 reorganisation, the need to respond to transport challenges on a larger scale and to provide a focus for collaborative policy and decision-making. The consortia have developed incrementally and at different speeds, for example, prior to the Transport (Wales) Act 2006 the consortia remained voluntary organisations and the maturity of working arrangements varied across the four bodies. The 2006 legislation conferred on the Welsh Assembly Government a number of key functions, including the statutory requirement to develop a Wales Transport Strategy and powers to ensure the delivery of national policy priorities through statutory Regional Transport Plans. In order to deliver these Regional Transport Plans, the local authorities formalised the policy and decision-making structures around the consortia in order to facilitate the collaborative development of regional priorities. The Regional Transport Consortia submitted their draft Regional Transport Plans to the Welsh Assembly Government in September 2009 and they have been identified as an exemplar in encouraging collaborative decision-making between local authorities within Wales. However, the Ministerial Advisory Group, which published a report on transport in 2009, questioned the commitment of constituent local authorities to regional collaboration and the added-value which the consortia had delivered. Indeed the future development of the consortia beyond the Regional Transport Plans is somewhat uncertain. This paper draws on Klijn and Koppenjan's 'actor, game, network' framework to provide an in-depth evaluation of the policy and decision-making arrangements adopted by the Regional Transport Consortia in developing their Regional Transport Plans. It identifies key lessons for collaborative policy and decision-making from the model adopted within Wales. It draws on key documentary data and semi-structured interviews with officials within the Welsh Assembly Government, Regional Transport Consortia and regional and local stakeholders involved in the decision-making process.

R&D NETWORKS IN THE WAKE OF A NORWEGIAN CORPORATE ACQUISITION IN GERMANY: CONSTRAINTS DUE TO PATH DEPENDENT INNOVATION SYSTEMS

Ingvill Stensheim, NTNU, NORWAY
Asbjørn Karlsen, NTNU, NORWAY

This paper discusses the innovation system (IS) concept and whether IS are objects of internationalisation in the globalizing industrial world. The attention is put on a sector characterized by an autarkic industrial order. The paper presents the case of a Norwegian transnational company acquiring a German transnational company of a corresponding size, complementing each other within the aluminium sector. The paper illustrates the lack of integration of the R&D function and limited changes in R&D networking in the wake of the merger. The case study draws a picture of the respective national innovation systems marked by inertia as they follow a path with strong historical roots. Consequently, parallel to a development of increasing international activity in companies (R&D) the innovation systems remain very marked by their national origins. The case study is partly based on recent interviews with researchers/other key personnel and on secondary sources.

ANALYSIS OF FINANCIAL ENGINEERING INSTRUMENTS WITH A FOCUS ON JESSICA INITIATIVE: CASE OF THE CZECH REPUBLIC

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Financial engineering instruments in the EU Structural Funds (JESSICA, JEREMIE, JASPERS) represent a specific means of regional development financing. These instruments began to be used in the programming period 2007-2013 and so far their use for Member States is voluntary. Financial engineering tools do not represent new sources of funding, but it is a new way of using existing resources from the EU Structural Funds. The significant importance of credit financing before subsidy financing will arise in the future mainly due to long-term lower willingness of contributing large sums from the EU budget and raising of state budget deficits. The main objective of this paper is to analyse the conditions of establishment and implementation of financial engineering instruments with special reference to initiative JESSICA which focuses on regeneration projects in urban areas. It specifies the fields covered by the assistance of JESSICA initiative and main advantages and disadvantages that arise with the introduction of this initiative in the Czech Republic. Paper characterizes also the principle of the instrument, reason of its creation, its focus and defining the authorities responsible for its implementation and administration in the Czech Republic. The last area of interest is focused on the specific context of implementation of JESSICA in the Czech Republic, possibilities of future development of this instrument specialized on case study of cohesion region Moravia-Silesia (North-East part of the CR). The key added value of the paper will be the estimation of critical issues for JESSICA implementation in the Czech Republic on a basis of a case study of Moravia-Silesia cohesion region as a first region from the Czech Republic working with this instrument. A principal step was the issue of brownfields solutions. On this basis the concrete project for JESSICA funding was developed from real needs which are the ideal for financial engineering. On one hand there are gradually beginning with JESSICA implementation with the framework of EIB cooperation but on the other hand there is still pending compliance with national legislation. The primary objective is to analyze the background, conditions, limits and barriers of JESSICA implementation in the Czech Republic. The main conclusion is an evaluation and synthesis of knowledge on credit instruments of regional policy. This paper is the result of the research findings funded by IGS (Internal grant scheme of the University of Economics in Prague), No. F5/7/2010, "Analysis of financial engineering instruments with a focus on JESSICA initiative", that is realized by the support of the Department of Regional Studies, University of Economics Prague.

HOUSING AND SOCIAL EXCLUSION IN A COMPARATIVE VIEW

Harald Stoeger, University Of Linz, AUSTRIA

Research on social exclusion has focused on the labour markets and on social networks. Relatively little is yet known about social exclusion in the realm of housing. Valuable empirical studies on homelessness and on extreme manifestations of socio-spatial segregation put the emphasis on the results of processes of social exclusion in the housing markets. By contrast, research has seldom analysed the process of social exclusion itself, in particular in a comparative perspective. Such an approach would require the analysis of housing biographies that are defined as the sequence of dwellings a household occupies during life. Consequently, HASEC defines social exclusion in the housing markets as a procedural phenomenon. We examine housing biographies of individuals and evaluate the direction of their development. Exclusion in the housing markets is thus understood as a process of deterioration of the housing conditions (in terms of dwelling size, housing quality, neighbourhood conditions) during housing biographies. Furthermore, exclusion is structured, since the direction of housing biographies depends on the interference of macrostructural and individual factors. HASEC hypothesizes that individuals become particularly prone to social exclusion processes in the housing markets, if they are affected by economic and labour market crisis, household breakdown, shrinking social networks and health problems. Related to the macro level, we hypothesize that the type of housing provision influences the way in which these risks shape housing biographies. This macrostructural hypothesis will be tested by varying the housing market context. For comparative research, we hence selected three distinct "housing regimes" (Austria, Germany, Hungary), which differ according to the structure of the housing markets (dualist versus unitary rental systems) and the housing policies. Since housing regimes are supposed to have strong

repercussions at the regional and local level, we chose three city regions for empirical field work. Data is gained by analysing statistics on the local housing and labour markets, by expert-interviews with local/regional housing politicians and gatekeepers of the housing markets and by a survey in selected city areas enhancing information on the housing conditions at the current stage of the housing biography (compared with an earlier stage) and on the reasons for the last change of accommodation (e.g. job losses, divorce, illness etc). Survey data are analysed by using quantitative methods, in particular multivariate techniques such as the cluster analysis for the typologisation of housing biographies. The presentation addresses the comparative framework of HASEC (coordinated by the University of Linz/Institute for Social Policy Prof. Dr. Josef Weidenholzer/Dr. Harald Stoeger) and (preliminary) empirical research results.

Gateway E

MAINSTREAMING THE 2007-13 LEADER PROGRAMME: A COMPARATIVE ANALYSIS OF AUSTRIA AND IRELAND

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The level of funding and the way Leader functions in the current 2007-13 Rural Development Programme (RDP) has changed significantly from previous programmes, not least in terms of its integration (mainstreaming) into the wider Pillar II delivery framework of Common Agricultural Policy (CAP). This paper draws from case studies on assessing the impacts of RDP in a FP7 project (RuDI), providing a comparative analysis of Leader implementation under the current RDP in two European countries – Austria and Ireland. The Leader budget in both countries is three times the size of the Leader+ budget for 2000-2006 and both countries are attempting to rollout Leader across their national territories. The paper focuses on the assessment of how Leader has been affected by the process of ‘mainstreaming’ against its original principles. The comparative analysis is based primarily on interview and case study work with a number of local action groups (LAGs) in both countries. This includes an analysis of the changes of delivery, the status and interpretation of the operating rules, the impacts of mainstreaming on Leader and the wider impacts of the economic downturn on LAGs’ ability to deliver in practice. The indications are that mainstreaming raises some benefits and opportunities for Leader - especially in terms of improving its standing relative to other socio-economic support payments - yet there is also clearly concern that the Leader ethos of bottom-up rural development is, in the new programme, being replaced by a much more top-down approach. In this respect, the principles of innovative, area-based local strategies are in danger of being lost. In Austria, Leader in most provinces has effectively become an agricultural funding programme; whilst in Ireland, LAGs are referred to as Integrated Local Development Companies and thus responsible for delivering capacity building measures. This comparative analysis suggests that many groups feel constrained and frustrated in the current programme, with less freedom to act at the local level and hampered in their ability to fund innovative projects. This raises some important questions for rural academics and practitioners interested in the nature and ongoing potential of bottom-up development as a mode of devolved rural governance.

Gateway M

AROUND DILEMMAS OF CREATING INNOVATIVE CLIMATE IN A TRADITIONAL INDUSTRIAL REGION - CONDITIONINGS OF SILESIA'S DEVELOPMENT

Malgorzata Suchacka, Silesian University, POLAND

Considerations on dilemmas of creating innovative atmosphere should start from interpreting the main notion which results are particularly seen in economy. Innovation as 'genius loci' of the region has its specific conditionings. They are not universal for all the regions but are obviously connected with the influence of history and region culture on different companies, institutions and people living there. Many contemporary authors pay attention on forming local communities towards cooperation of the local stakeholders and generating the innovative climate. The main conclusions of the studies will be based on the research from 2009, with the participation of 122 regional actors from the politics and economy. All the in - depth interviews with

the regional experts were concerned mainly with the economic policy of the regional companies and cooperation of actors, most important in creating the learning region. Gaining knowledge in an active way, its ordering and sensible usage, searching and integrating of personal connections and institutional actors (mainly in the case of knowledge), their wide participation in the private and public partnership and also skilful connecting of competence and gained knowledge were the indicators of the innovative climate. The conducted research show that one can speak of 'the Silesian anchor' syndrome which means the group of innovative climate conditionings having fundamental - negative - influence on restraining the positive changes in the region. This 'anchor' includes historical conditionings, multiculturalism of the region, economical monoculture, actual political conditionings and the mentality of inhabitants. All these elements may be perceived as competitive advantage but also the political bravery of the region's decision makers. And because politically they are the Achilles' heel of the region, the whole process stops. In such a general view of regional elites the exceptions of the dynamically developing boroughs are entered, where such a cooperation is higher than average and the atmosphere is better for the further progress. However, the biggest capital of the region are people and their diligence and discipline. Both entrepreneurs and regional leaders show on these values as the most important ones. Without the innovative climate full of agreement on the basic ways of development the concept about creating the learning region cannot be discussed.

Gateway M

CREATIVE CITIES & CREATIVE COMMUNITIES. CHALLENGES AND OPPORTUNITIES FOR ROMANIA & SERBIA

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Tamara Klicek, University of Novi Sad, HUNGARY

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Creative Communities are those communities which have come to understand the enormous challenges & opportunities of the creative economy, and that have taken important steps towards this road. People can hope for prospering within this kind of communities oriented and focused on creative & innovative industries and on the creative & super creative class-according to Richard Florida approach (Florida, 2002). Creative communities, often called creative cities or creative & intelligent territories, are not necessarily big cities or famous technology hubs. They are located now mostly in the most developed countries of the world, like USA, Canada, United Kingdom, Finland, Sweden, Denmark, Australia, New Zealand, Japan etc. We consider that in the near future, mostly due to the global crisis propagated and the complex effects, creative communities and creative cities have to become a reality for emergent and developing nations as well as industrialized ones, suburbs as well as cities, the hinterland as well as the coast. So it is obvious that all over the world, mostly after 2000, a new approach for urban development and for regional development emerges for countries like Serbia & Romania. We choose these two countries taking into account also the idea that the two countries have old tradition in cooperation mostly within the areas near the borders where diversity and multicultural environment can allow for more space for diversity management and tolerance. Tolerance is one of the important 4 Ts according to Richard Florida's vision (Florida, 2008): Talent; Technology; Tolerance and Territory. We consider our paper would be of interest for people participating in the Regional Studies Association Conference 2010 because many urban economists like Florida and Landry consider that creative communities, creative mega regions and creative cities have an important potential to recover even during crisis time. For instance many authors call the example of the mega region Ontario whose strategy called symbolically "Ontario in the creative age" attempts to contribute to the prosperity of the whole region making it to recover from its own ashes like the legendary Phoenix bird. Through local broadband, individuals, small businesses, institutions and local governments have gained access to worldwide information resources and a broad range of tools to connect both globally and locally. Today, broadband offers every community the opportunity to move from the periphery to the center in economic terms and to aspire for prosperity as member of the Prosperity Institute lead by Richard Florida were recently illustrating. It enables small companies to be global exporters – including the "export" of skills and knowledge which were never before transportable across time zones or national borders. The main challenge for the creative communities and for the creative industry sector and for those who engage within is how to encourage longer-term growth of these small lifestyle businesses. It seems that it is quite difficult to identify creative workers due to their diversity (understood in a complex sense, in terms of cultural diversity that is more relevant for creative communities than ethnic, religion or other way to look traditionally into diversity). Research concerning the identities, motivations and working & life style patterns of the creative workers suggests that this sector is different from other sectors. The ways of working in the creative industries are commonly presented as a new way of doing business in the creative economies. An important challenge is

also to move away from the traditional understandings of work, learning and training and to consider and respond to the diverse needs and practices of the creative class workers; that means to encourage different ways of organizing and growing the creative sector. The paper is the result of a collaborative work within people coming from the east-central and south-east European countries (Serbia & Romania). A strong focus is given to cross and multi-disciplinary approach. Two of the authors are residents of Romania and one is from Serbia. All the authors are academic staff and two are PhD candidates. The paper intends to perform a comparative analysis between realities in the two countries based mostly on the literature review since this topic is quite new for the two countries. Examples of best practices are included.

Gateway K

SUSTAINABILITY CONCERNS IN INTEGRATED URBAN DEVELOPMENT STRATEGIES

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Integrated urban development is a reviving strategic approach of planning that seeks to compound sectoral policies and harmonize different hierarchical levels of plan-making with the aim of creating and maintaining social balance, economic prosperity, healthy environment and a liveable and attractive atmosphere in cities. Whenever it comes to decisions concerning complex matters (e.g. the future of a large town) factors have to be balanced and contested against each other, many times undertaking deficits to certain fields in order to reach a long term overall optimum. At the modern age marked by industrialization, economic growth has been at the focal point of these “optimizing” processes. Today emphasis in urban development matters is shifting towards climate change, social inclusion and creative urban environment, all being vital issues for our modern cities. An “integrated approach” is inherent to the concept of Sustainable Development, which addresses the relations of natural, social and economic (sub)systems. Environmental concerns are specially important in cities where 80% of the European population resides and that are significantly responsible for environmental degradation. In Hungary, an integrated approach of urban development was enhanced by the pressure to meet European Union norms. To receive funds, cities have to prepare their Integrated Urban Development Strategies (IUDS). A special guidebook, the Urban Development Handbook prescribes the necessary elements of any IUDS. The paper examines the formation of integrated urban development approach on European level and explores how environmental sustainability aspects show up along the concept-to-practice line of integrated urban development. Factual Integrated Urban Development Strategies of Hungarian cities are analysed representing the most practical and “local” end of this line.

Gateway D

THE ROLE OF LOCAL, REGIONAL AND NATIONAL POLICIES IN BUILDING A NEW HIGH-TECHNOLOGY AGGLOMERATION

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The presence of support policies has been pointed out as an important element in the emergence and success of technology clusters (Saxenian 1994). However, the academic literature gives contradictory views to the effectiveness of policy interventions: Some studies assert that the empiria gives little evidence that the regional or innovation policies would be effective in creating new agglomerations (Mowery and Sampat 2006, 226) while the others claim that we know little empirically about the effectiveness of active policy interventions. (Wallsten 2004, 229). The opposite views may be due to a fact that public policies supporting the creation of new technology agglomerations act most often indirectly and straight forward cause-effect may be difficult to identify. Despite the varying academic opinions at least six different functions have been identified for public policy to promote the creation of new technology:

- 1) Effective public policy can ascertain the existence of a sufficient knowledge base by investments in education and public research.
- 2) Public policy can promote entrepreneurial experiments by supporting new market openings, providing grants, low-interest loans and subsidies to firms and creating a more competitive environment for new firms.
- 3) In some cases public policy may create markets or guarantee appropriate market conditions by supporting domestic markets or carrying out institutional and policy reforms.
- 4) Public policy may also create the institutional framework for venture capital industry and promote the development of a public capital market.

5) To promote positive externalities public policy can support sufficient labor market and its appropriate division or it can promote different networking structures connecting different actors in a particular field. (Carlson 2007, 273-27; Saxenian 2004, 195-199.)

6) In some cases public policy may advance the connections from the local level to international level with by in hands in contacts with foreign firms or attract foreign firms to establish a branch office to a certain region (Saxenian 2004; Konttinen, Suvinen, Nieminen 2009).

In this paper the focus is on the role of public policy in development of optoelectronics agglomeration in the Tampere city-region. This case agglomeration is located in the city-region where there are different kinds of active public policies to develop new knowledge-based economic activities. Three main questions to be answered in this paper are: Which kind of policies can be identified as related to development of case agglomeration? What active and indirect roles have the local, regional and national public policies had? How has the co-operation and coordination between different authorities and public financiers supported the development process of case agglomeration? The empirical data consists of expert interviews (academics, representatives of firms and intermediary organisations, public authorities and financiers), written documents (like annual reports and policy documents) and various statistics.

Gateway H

EXPLAINING COVERAGE: WHY LOCAL GOVERNMENTS IN CENTRAL EUROPE DO OR DO NOT JOIN EUROREGIONS

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Gerg Medve-Bálint, Central European University, HUNGARY

It has been extensively discussed whether Euroregions – here defined as formalized cooperation initiatives between sub-national authorities, often including private and non-profit actors, located close to a border in two or more countries – constitute an example of newly emerging governance structures at the local level. As the number of these initiatives have grown rapidly in the last decades, discussions around what may influence their chances for long-term viability and institutionalization have intensified. The paper addresses one dimension of institutional success, the ability of Euroregions to attract local governments in the area where they are operating. Building on the various explanatory factors derived from the literature, the main argument is that incentives and obstacles on all political levels jointly determine the extent to which cross-border initiatives can rally support among local governments on the territory they seek to represent. The analysis is performed on two levels. First, the paper brings new empirical data to demonstrate that the degree of willingness of local governments to join these institutions varies greatly across NUTS 3 regions in four countries of Central and Eastern Europe. A statistical correlation is established between local government involvement and the amount of funding from previous EU support programs for cross-border cooperation, however, as the several outlier cases indicate, there is a more complex interaction between other facilitating and hindering factors. Second, since most of these suggested factors do not vary within a regional unit and hence would not explain the variance of local government involvement within a single region, the paper also tries to address this aspect and brings empirical data through a case-study performed in the Komárom-Esztergom county in Hungary. In-depth interviews were conducted with representatives of a randomly selected sample of local governments, including an equal share of those that have and have not joined the overlapping Euroregions existing in this region. The variables that are usually put forward to explain cross-border cooperation (financial incentives, socio-economic pressure to overcome obstacles for economic development or reduce costs for service provision, cultural proximity, externally induced ideational support for European integration, etc.) are assessed by local representatives and set against the local context of other conditions determining decisions. The findings of the paper have immediate policy-relevance for the public and non-governmental organizations seeking to support cross-border initiatives.

Plenaries

POST-DEMOCRATIC CITIES: FOR WHOM AND FOR WHAT?

Erik Swyngedouw, School of Environment and Development, University of Manchester, UNITED KINGDOM

Cities are extraordinary laboratories. As no other phenomenon, cities embody, reflect, and express the signs, conditions, and struggles of our times. The urban offers a privileged scale for dissecting the social body, for

rummaging through the innards of our most intimate fantasies, desires, and fears; for excavating the signs of our political predicament. It is exactly in this sense that I wish to marshal the city in this contribution. The contemporary city holds down the global, while expressing and representing the locale of an increasingly interconnected world order; it is the place for experimentation with new forms, styles, and functions, whether in terms of architectural ornament, innovative gadgets, or sexual preference; it is where the new is born, the old is re-invented and the archaic unceremoniously discarded. Mobilizing the contemporary city as a lens, we can peer into the inner-sanctum of our social, cultural, and economic quandaries, glimpse 'the state of the situation'.

The city has always been the pivotal site for enacting, performing, orchestrating and solidifying new social, cultural, political, and economic orders and spatial practices, establishing new and hitherto undreamt connections and relations. The city is the place where the future has already arrived; it holds up a mirror, broken and fractured as it may be, laced with promises, reflecting the possible and impossible, and imprisoning or excluding the undesirable or the unspeakable. As the ancient Greek polis was for Aristotle and Plato the experimental site for the performance of civic and political life, the contemporary city also holds for us the key to unlocking the contours of the present political constellation.

It is indeed unmistakably so that the city has undergone radical change over the past two decades or so, most dramatically in its modes of urban governing and polic(y)ing (Rancière, 1995; Dikeç, 2007). We shall argue that urban governance at the beginning of the 21st century has shifted profoundly to one that is predicated upon new formal and informal institutional configurations. Urban governing today is carried by a wide variety of institutions and organizations, operating on a variety of geographical scales, and mobilizing a wide range of social actors, including private agents, non governmental organizations, civil society groups, as well as the more traditional forms of local, regional, or national government. We shall characterize these new regimes of polic(y)ing the city as a form of 'Governance-beyond-the-State', whereby the act of governing is widely cast and conducted under the aegis of a broadened, inclusive, and assumedly participatory form of rule making, rule setting and rule-implementation. We shall subsequently interrogate the 'politics' of 'Governance-beyond-the-State' and argue that this new 'polic(y)ing' order reflects what Slavoj Žižek and Jacques Rancière define as a post-political and post-democratic constitution. In other words, contrary to popular belief that these new forms of urban governance widen participation and deepen 'democracy', we shall insist that this post-political condition in fact annuls 'the political' and evacuates 'democracy' from the deliberative consensual spaces through which our contemporary neo-liberal cities are made and remade. In fact, we shall begin by exploring how the making of the contemporary globalised, competitive, cosmopolitan and creative city, actively constructs a post-democratic and post-political consensus, a process that radically silences or marginalizes dissent and forecloses proper urban politics. 'Proper' urban politics is one that fosters dissent, creates disagreement and nurtures the debating of and experimentation with different possible urban futures, a process that is wrought with all manner of tensions and contradictions but also opens up all manner of spaces of possibilities.

Gateway F

REALISING THE DIVERSITY DIVIDEND: POPULATION DIVERSITY AND CITY COMPETITIVENESS

Stephen Syrett, Middlesex University, UNITED KINGDOM

Leandro Sepulveda, Middlesex University, UNITED KINGDOM

This paper critically examines the increasing use of population diversity as a source of competitive advantage and distinctiveness within policies promoting urban economic development. Increasing levels of population diversity are a characteristic feature of many urban areas and this has led to increased policy attempts to realise the so-called 'diversity dividend'. This paper argues that to date, much of this policy thinking has lacked sustained critical analysis of contemporary processes of socio-economic change and specification of the mechanisms by which such strategies can effect change. Through a comprehensive review of existing theoretical and policy practice in relation to population diversity, this paper identifies an often narrow focus upon higher skilled and income populations and their needs within much urban economic policy thinking. It is argued that a more critical and wide ranging approach to the relationship between population diversity and city development is required if objectives of economic competitiveness and social cohesion are to be achieved.

DIFFERENT CARTOGRAPHIC VISUALIZATIONS OF SPATIAL STRUCTURE IN THE DOCUMENTS OF HUNGARIAN SPATIAL POLICIES

Pál Szabó, Eötvös Loránd University Department Of Regional Science, HUNGARY

In Europe the documents of spatial planning usually involve a symbolic representation of the territory. In the practice of Hungarian spatial policies this method is also used but there are significant differences in the use of cartographic visualisations of spatial structure in strategic spatial planning, which may cause problems when the experts of related fields come together to discuss policy options for the territory. The aim of this paper is to analyse the different forms of spatial structures in Hungarian spatial planning documents (national, regional etc.). The results show that on the one hand some of the spatial forms are scientific, but there are simple metaphors as well without serious basis, on the other hand the main cause of difference comes from the different views of spatial structure: this structure is composed of spatial objects (geographic areas, built objects etc.) or this is a regional inequality of social-economic indicators. The paper concludes with a possibility: the combination of physical and social-economic spatial planning appears most appropriate.

CREATIVE INDUSTRY IN HUNGARY IN THE REGION

Rabb Szabolcs, South-Transdanubian Cultural Industry Cluster, HUNGARY

The Southern Transdanubia's cultural industry and the sector's development concept, also the need to establish a sector cluster was first mentioned at the creation of the Regional Innovation Strategy (RIS hereafter) as one of the RIS's regional organizing and coordinating body. The major motivation of the cultural cluster creation was to develop and expand the creative industry in South Transdanubia. The so invented structure can serve its members as a contact and knowledge base, and usable for major projects such as the European Capital of Culture and the Pécs Pole Program. According to Richard Florida, a new type of social class appeared, which could be the developed world's economical growth principal. This class is the new creative class (creative group of people) where Florida listed not just the ordinary creative professions but the "knowledge industry" other conventional representatives e.g. computer programmers. Where the cultural industry is developed, the quality of life is higher; the settlement's ability to retain highly skilled young generation labour force is increasing. Therefore our major goal thus is to increase the region's competitiveness and the development of a knowledge-based creative industry. The EU-funded CREATIVE CITIES project will allow pursuing this objective within a partnership with other Central European cities of similar size. Our common interest is to develop the creative industry, and to organize the creative industries first common market projects. The most important common interests and goals: -To generate such innovative creative industrial processes that have economical potential, which effects the economical development through income generating ability, and can lead the development of quality management systems. TECHNOLOGY -Creative industry recognition and awareness with the society and the representatives of the other developing and/or pulling industries. TOLERANCE -Creative industries present opportunities for exploitation and utilization, the connections between the creative industry, industrial manufacturing, biotechnology, environmental projects, communications and financial services. TECHNOLOGY -Regularly communicate and co-operation network, capable to formulate common interests, sense of the internal market to reduce competition, and cooperation. KNOWLEDGE -Building know-how systems and transfers. KNOWLEDGE

THE SOCIAL IMPACTS OF URBAN SPRAWL ON REGIONAL DEVELOPMENT

Viktoria Szirmai, HAS Center For Regional Studies, HUNGARY

What kind of social impacts of urban sprawl are characteristic in the Central European regional development and especially in Hungary, and whether their impacts are mostly similar or different compared to the social effects which are noticeable in the Western European urban regions? These questions are more and more timely. In the worldwide scientific literature a very general and vigorous professional criticism exists concerning the

impacts of urban sprawl: environmental issues, the extension of urbanised landscape, the erosion of the social capital and social integration, the fortification of social spatial inequalities. Another relevant question is, what is the relation between the social impacts of urban sprawl and regional development. This question indicates a pressing issue, because of the new emergency of this European historical period. Because the global urbanisation model radically changed, due to the conversion of social processes, and globalization. The political, the social and the economic transition of the post socialist countries established consumer societies, consequently the transformation of residential requirements. This period created a new hierarchical and unequal regional social stratification, and also social exclusion. Finally, based on these facts how can we evaluate urban sprawl concerning on one hand the negative social impacts, and on the other hand as a manifestation of the regional economic advancement? It is necessary to pay attention to the relevancy of the above questions and to try to answer them because the Hungarian professional literature particularly stress the negative consequences and search non realistic solutions which are not related to actual social demands. The Hungarian professional literature report mostly the similarities concerning the effects of urban sprawl without asking and researching the possible differences determined by historical reasons and by the consequences of the social regime. The lecture will not be able to fully answer the introductory questions because the answers require large professional cooperation. The aim of the lecture is to underline certain urban sprawl phenomena which are already perceptible and analyse them in the post socialist and historical context to reveal a few important similarities and differences between the Western and Central European processes, particularly in the Hungarian context. The analyses were based on the results of two large empirical researches, which were carried out in the large urban regions and supported by the Norwegian Financial Mechanism and the Hungarian National Research and Development Program.

Gateway J2

ANALYSING RELATIVE LOCATION IN REGIONAL STUDIES

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Relative location in economic space can have an important role in the course of the analysis of economic development level and spatial disparities. The interpretation of the often well-known frameworks of these phenomena can be shaded and enriched with additional information, if we try to see through the trends of spatial processes by emphasizing the interaction factor with the representation of relative location. Relative location itself is a multi-dimensional phenomenon and it can be described in many ways through its several components (e.g. local factors, geographical localization, core-periphery relations, neighbourhood conditions etc.). While these dimensions of the complex notion of relative location describe complex characteristics too, they are still measurable. And not just in a few ways. There are many different models, methods and indexes in regional analyses what help to catch comparatively one or other factor of relative location. Besides, relative location can be described in its complexity by potential model. The model doesn't value the spatial phenomena themselves, but it takes them into a system, whose elements have their influence on one another. The aim of this paper is to analyse the role of relative location from the aspect of regional studies by the evaluation of its factors and their measurements. In addition, another aim is to present a special view on the evolution of the potential model concept from the formation of the model until recent applications, which helps to understand how the notion of relative location and the model linked up together. To confirm the assumptions mentioned above, the paper is supported with specific examples.

Gateway A

CREATIVE CITIES & CREATIVE COMMUNITIES. CHALLENGES AND OPPORTUNITIES FOR ROMANIA & SERBIA

Klicek Tamara, Faculty Of Management, HUNGARY

Creative Communities are those communities which have come to understand the enormous challenges & opportunities of the creative economy, and that have taken important steps towards this road. People can hope for prospering within this kind of communities oriented and focus on creative & innovative industries and on the creative & super creative class-according to Richard Florida approach (Florida, 2002). Creative communities, called sometime creative cities or creative & intelligent territories, are not necessarily big cities or famous technology hubs. They are located now mostly in the most developed countries of the world, like USA, Canada,

United Kingdom, Finland, Sweden, Denmark, Australia, New Zealand, Japan etc. We consider that in the near future, mostly due to the global crisis propagated and complex effects creative communities and creative cities have to become a reality for emergent and developing nations as well as industrialized ones, suburbs as well as cities, the hinterland as well as the coast. So it is obviously that all over the world, mostly after 2000, a new approach for urban development and for regional development emerges for countries like Serbia & Romania. We choose these two countries taking into account also the idea that the two countries have old tradition in cooperation mostly within the areas near the borders where diversity and multicultural environment can allow more space for diversity management and for tolerance. Tolerance is one of the important 4 T according to Richard Florida vision (Florida, 2008): Talent; Technology; Tolerance and Territory. We are sure that our research would benefit if we will include other countries like for instance Hungary who has borders both with Serbia and Romania. We think our paper would be of interest for people participating on the Regional Studies Association Conference 2010 because many urban economists like Florida and Landry consider that creative communities, creative mega regions and creative cities have an important potential to recover even during crisis time. For instance many authors call the example of the mega region Ontario whose strategy called symbolically "Ontario in the creative age" attempt to contribute to the prosperity of the whole region making it to recover from its own ashes like the legendary Phoenix bird. Through local broadband, individuals, small businesses, institutions and local governments have gained access to worldwide information resources and a broad range of tools to connect both globally and locally. Today, broadband offers every community the opportunity to move from the periphery to the center in economic terms and to aspire for prosperity as member of the Prosperity Institute lead by Richard Florida were recently illustrating. It enables small companies to be global exporters – including the "export" of skills and knowledge which were never before transportable across time zones or national borders. One of the main challenge for the creative communities and for the creative industry sector and for those who engage within is how to encourage longer-term growth of these small lifestyle businesses. It seems that there is quite difficult to identifying creative workers due to their diversity (understood in a complex sense, in terms of cultural diversity that is more relevant for creative communities than ethnic, religion or other way to look traditionally for diversity).

Gateway A

TEA INDUSTRY AND LOCAL DEVELOPMENT: QUALITY GOVERNANCE OF THE FORMOSA OOLONG TEA AT PEIPU

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The Taiwanese tea industry is originated in northern Taiwan, with a division of labor of tea farmers producing tea leaves and big-scaled firms processing tea, which formed a Fordist mode of production. Owing to a path-dependency resulted from the state's policy in 1950, the tea industry had gradually lost its competitive advantages in the world market. The tea industry was under a great pressure of transition. The Formosa oolong tea has become the driving force for the renaissance of local tea industry in the late 1980s. Tea farmers at Peipu keep on challenging local conventions and making progress in terms of the commodity chain of the tea industry. The mode of production of the Formosa oolong results in a conflict between the fordist and post-fordist mode of production. The study aims to document how the mode of production of tea industry transformed and how the social conventions of the locality changed as a result. Secondly, the study would explore how the consumers at large accept the new flavor of the Formosa oolong tea and how its distinctive quality is governed?

Gateway A

LOCALIZED KNOWLEDGE SPILLOVER AND THE EMERGENCE OF NEW TECHNOLOGY: THE CASE OF FUEL CELL TECHNOLOGY DEVELOPMENT

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This paper examines whether the theory on localized knowledge spillover (LKS) can contribute to the understanding of the emergence of new technologies. For the past two decades scholars have found support for the thesis that knowledge spills over in geographical proximity to the source of knowledge creation. Moreover, LKS has been shown to be largest when studied as a joint effect of geographical and technological proximity. It is the objective of this paper to examine whether this understanding of LKS can contribute to a greater understanding of emerging technologies and their geographical distribution. This paper examines this thesis by

studying the emergence of a generic technology with a very complex knowledge base, namely the fuel cell (FC) technology. The analysis is carried out on a newly released OECD dataset on regionalized PCT patent applications (OECD REGPAT, June 2009). Because patenting is a common way to appropriate knowledge in the FC field, I argue that patent applications under the PCT are a good proxy for measuring knowledge production activities. Obviously knowledge production also takes place without resulting in patent applications and these limitations of the data, and the results, are discussed in the paper's section on research strategy. The analysis follows three steps: Initially, the data is investigated for a descriptive purpose, and FC patents are mapped across European NUTS3 regions. Second, I test whether knowledge production in FCs are spatial autocorrelated globally and locally. And third, I examine the association between FC patents applications and FC-related knowledge production at the regional level. The analysis concentrates on knowledge production in FCs in the period 1992-2006. The analysis shows:

- 1) that the spatial distribution of FC patents tends to agglomerate and
- 2) this agglomeration pattern correlates to some degree with the general pattern of regional strengths in FC-related technology fields.

These results contribute to 3 findings: First, the results add new evidence of the joint effect of technological and geographical proximity in the process of LKS. Second, the results confirm the usefulness of the theory on LKS to explain the emergence of new technologies. And last, the analysis sheds new light on regional development and diversification along new technological trajectory.

Gateway K

CHINESE RAILWAYS IN THE CONDITIONS OF GLOBAL ECONOMIC CRISIS

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The global economic crisis stimulated the intensive large-scale railway construction in China, growth of passenger railway transportation and stagnation of freight railway traffic. The growth of transportation volumes took place in peripheral areas (north-east, north-west, south-west), but the fall of transportation volumes was registered in rapidly before developing southern and south-eastern coastal areas. Railway network of China will achieve 120,000 km by 2020, that is will increase in 1.5 times in comparison to 2008. The mass railway construction will lead to the GDP increase, will promote the economical growth due to involvement of the new resources (natural and human ones) and the expansion of economic centers network; accelerates the industrialization, the urbanization of the territory; will socialize the population of backward areas and involves it into economic progress. New railways will let enlarge carrying and network capacity (by means its electrification, track doubling, velocity accelerating) of whole transport system, and reliability and security of communication (due to creation of parallel and bypass lines, new closed circuits in the network), improve transportation conditions for people and goods, lead to reduction of transport costs due to shortening of routes and the time of deliveries. Spatial structure of railway network will be sophisticated that improves its quality and increases its structural reliability (in the cases of rail disasters and accidents; natural disasters; strategical safety and topology), reduces the time of journey and delivery of goods. The velocity of communications will increase, so the connections between the large cities will be improved also. The most freight overloaded lines and sections will be loaded-off. The main freight overdense links between the provinces and regions will be shortened and bypass the most overloaded nodes. The unemployment problem will be dissolved partially.

Gateway H

CROSS-BORDER COOPERATION AT THE UKRAINIAN-ROMANIAN-HUNGARIAN BORDERLAND, WITH SPECIAL FOCUS ON TOURISM

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Cross-border relations were formed only after the change of regime in the examined Ukrainian-Romanian-Hungarian borderland, and these relations were and still are stipulated up to this day by a series of conventions. Following the example set by the named countries, agreements about cooperation were signed by regions as well, namely by the Transcarpathian (Ukraine), Szatmár (Romania) and Szabolcs-Szatmár-Bereg (Hungary) regions. These agreements are bilateral, and are renewed and signed each year with updated contents and aims. Cooperation among the districts and micro regions is behind with the regional and twin settlement agreements. The role of twin settlement cooperation is being revised at present; there more favourable feedbacks have been

obtained recently. Alongside with many positive aspects there also exist other points of view. In the Cross Border Programs (e.g.: PHARE) the partner Ukrainian local government could not get support, therefore in many cases cooperation meant signing the declaration of cooperation only. In connection with this in many cases even up to this day mistrust emerges concerning the realization of the common programs. The rate of congestion of the border crossing points might also depend on the above mentioned issue, because after the introduction of the Schengen norms illegal trading was stopped at the Hungarian border crossing points and was transposed to the Romanian ones (fuel tourism, tobacco and spirit smuggling). The congestion of the border crossing points, and the several-hour-long border crossing experience have negative effects on tourism. International judgment is at the same time affected by the infringement of illegal migration and the rate of corruption in a negative way. According to the above mentioned issues, we can say that despite the great number of impeding factors, there do exist tourism co-operations in the Ukrainian-Hungarian-Romanian borderland. In many cases the dominance of Hungarians in the borderland has a decisive role, which dominance surmounts the typical language barriers present in other territories in Europe. The facts that in 2009 common efforts were made so that a common country planning project could develop in the Ukrainian-Hungarian-Romanian borderland, and a common Tourism Destination Management system could be built in the region reflect development of regional cooperation in the named borderland. Now, that the EU placed the regions in a common borderland cooperation program it almost forces them to cooperate, of course in a positive way.

Gateway H2

POLICY MAKING AND 'COMPOSITE PERIPHERALITY': SPATIAL 'EDGENESS' MEETS FLOW 'IN- BETWEENNESS'

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Concern about economic (global) competitiveness drives an increasingly localised city-region-focused policy agenda at national and EU levels. This, in turn, threatens a dissolution of wider policy spaces, such as regions, in favour of more narrowly defined network constructs. The nature of networks places emphasis on inherently linear linkages between nodes (actors), rather than encompassing spaces which are defined by set boundaries and include 'everything' within those very boundaries. Scope for belonging to a network as a strategic objective is quite different from the conventionally more spatially driven and broader approach, where the location of an individual actor in an area also means automatically belonging to it. These spaces are often perceived as centripetally organised around a 'core', such as a major city (or the capital city). Networks cannot cover a space contiguously, instead they subdivide a space into distinct 'corridors of connectivity', separated by 'left out' areas in between as new marginalities. The motion of 'core' and 'periphery' is here organised quite differently - not so much centripetally, leading from a core 'away' to the marginal 'edge', as rather more structured in relation to the belonging - or not - to the linear connections between actors. There is much less of a gradual change in peripherality - an actor either is connected, or is not. Where graduality comes in, is with the number of connections as an indication of centrality. Geography, of course, continues to matter, as it circumscribes developmental prospects per se, largely irrespective of specific policy fields. The overlapping of, and intersection between, space-based and actor network-based peripherality leads to, what is introduced here as, 'composite peripherality': Depending on the specific local combination, actors may find themselves in a potentially more or less advantageous situation, being either 'carried along', or 'held back' by the combined effects of the two types of peripherality - space based ('edgeness') or network based ('in between-ness') respectively. Accordingly, different strategies may thus be required for balancing and implementing policies and policy agendas; and assessing that requires detailed comparative analysis.

**REVEALED COMPETITION AND COMPARATIVE ADVANTAGE OF EUROPEAN REGIONS;
DEDUCTION OF REGIONAL TRADE DATA FROM INPUT-OUTPUT INFORMATION AND
OTHER SOURCES**

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Using regional trade statistics for Europe at the nuts2 spatial aggregation level we present revealed regional comparative advantage and revealed competition between regions. We introduce a new measure for revealed competition. This network measure is based on the importance of different markets and the market share of competitors on these markets. We compare this measure to a more common measure based on the degree of overlap in trade networks for different regions. It gives the most specialized European regions and the regions that have the most common trade structure. It also gives the degree of competition between firms of different regions. Regional data on the trade in goods and services is crucial in regional economics. It is important in spatial CGE analysis, but also in regional econometric research, network analysis and research on regional competition. For instance, the crucial substitution elasticity's in New Economic Geography based CGE models are estimated on trade data. However, regional trade data are generally not available for European regions. This is especially the case for services, where only data is available at a high product aggregation level. The available regional trade data at a lower aggregation level are generally estimated using a distance decay function and transport data. The usage of a distance decay function limits the usefulness of these data because it will affect all results obtained from regional economic or econometric analysis. In this paper we propose therefore a methodology to deduce a regional trade dataset from several sources. The international trade is regionalized simultaneously with the domestic trade using Supply, Use, Import tables, and road and air transport data. The most likely dataset for regional trade is deduced from the information in several data sources and especially the consistency of the complete system. First the national trade data is made consistent with the Supply and Use tables (ESA, Eurostat) for 25 European countries. We use linear programming to generate consistency at the level of trade in goods (60 CPA categories) minimizing the absolute error of prior estimates. Subsequently additional transport data is used in combination with the regional (nuts2) data on regional production (14 sectors) and consumption and a new measure derived from the standard Dixit-Stiglitz based Geographical Economics model to determine the degree of cross-hauling. We use this dataset in our analysis.

**LOCATION, GEOGRAPHY OF KNOWLEDGE SOURCING AND INNOVATION – EVIDENCE
FROM THE ICT SECTOR IN AUSTRIA**

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The competitiveness of many of today's industries largely depends on the ability to innovate. Innovation is nowadays regarded as a result of an open and interactive knowledge process, demanding from companies to generate, absorb and apply knowledge relying both on internal and external sources. Companies often maintain links to a large variety of knowledge sources and partner types on different geographic levels using different channels for acquiring knowledge from these sources. In addition, the location of companies is thought to have an important impact on innovativeness through potential regional knowledge links and accessibility to interregional ones. The location of a company in a "thick" Regional Innovation System (RIS) should lead to a better performance as compared to a location in a "thin" RIS. The paper aims to develop a better understanding of the relationship between the geographical pattern of knowledge sourcing of firms and their innovation performance. In addition the role of location and the relationship between internal knowledge and external knowledge acquisition is investigated. The derived assumptions are tested by developing and applying a multivariate model that investigates the impact of the above-mentioned factors on the innovativeness of firms. The importance of internal knowledge, the variety of knowledge sourcing on regional, national and international levels, the importance of cooperation as a transfer mechanism as well as the location of companies are identified as key determinants of innovativeness in knowledge-based sectors. The paper draws on data from the ICT sector in three regions Austria. Overall, 110 personal interviews and questionnaires were collected from companies in three Austrian regions of this sector.

CO-OPERATIVE TIES AND THE IMPACT OF EXTERNAL FACTORS UPON INNOVATION IN AN INDUSTRIAL DISTRICT: SOME INSIGHTS FROM THE NORTH STAFFORDSHIRE TABLE AND GIFTWARE SECTOR

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Amid concerns of globalisation and the threats posed by low cost competition, there is currently widespread acceptance in both academic and regional policy circles that the survival and future prosperity of Europe's old and traditional industrial districts is best attained through seeking a high road to development, one primarily based upon continuous innovation and higher value added activities (see Pyke and Sengenberger, 1992, Kaplinsky and Readman, 2001). Aligned to this view is that the innovation process itself can no longer be considered confined within the sole domain of the firm, but rather is enhanced through greater associative and co-operative ties between firms as well as with institutions which aid information and knowledge transfers (Lundvall, 1992, 1995). Such ties are also considered more likely to be fruitful where there is geographical proximity between firms in related industries such as in industrial districts or regional clusters, and this has led to an extensive literature on the concept of 'learning regions' and 'regional innovation systems' (see for instance, Cooke and Morgan, 1994, 1998; Morgan, 1997, 2004). Perhaps not surprisingly, these ideas have had a significant influence upon European industrial and regional policy. In the UK, for instance, such policies permeate current thinking towards innovation (see, for instance, the recent Innovation Report by the UK government's Department for Innovation, Universities and Skills (DIUS, 2008)) and are particularly germane within a regional context, where there are specific industry clusters or industrial districts (see also Bailey and De Propriis, 2009a and 2009b). Drawing upon unique survey data from 118 firms and a series of interviews with Managing Directors, this paper explores the impact of both vertical and horizontal co-operative ties and the role of institutions upon innovation in an old, traditional industrial district: the table and giftware sector of the North Staffordshire ceramics industry. The table and giftware sector is most synonymous with the district and has borne the brunt of increasing global competition over the last decade. Our empirical analysis finds that locational economies remain important for aiding innovation within the district, with firms in the North Staffordshire industrial district holding an inherent advantage vis-à-vis non district firms. However while close vertical ties enhance innovation, recent concerns have arisen that horizontal collaboration between district firms and East Asian firms is having a detrimental impact upon innovative capacity within the district. These concerns are also explored in the paper. We also find that the industry's institutions also appear to play an important role in facilitating the innovation process.

MEXICAN TOURISM COMPETITIVENESS: ELEMENTS FOR A MORE RATIONAL TOURISTIC POLICY

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Nowadays tourism is one of the main economical activities around the world as well as a generator of employment and foreign investment among nations. Governments in the world see it as a powerful economical engine which has created a higher level of global competitiveness. Mexico was recently the most important tourist destination among 3rd world countries but it has been overcome by China. Mexico is located next to the biggest tourist market in the world. Tourism is mainly a regional phenomenon. Its power represents regional development opportunities for countries with few industrial opportunities such as Mexico. Many developed as well as under developed countries have believed and invested in tourist activities. They have been impacted in a way we should continue to encourage and on the other hand try to prevent. Mexico has followed an important development process in regards to tourism. It has invested in promotion and financed this activity with an important amount of economical resources. However the outcomes such as segregation and damage to the environment haven't been correctly evaluated. Tourist destinations around the world have improved and become more attractive. Because of this it is necessary to follow a new framework, based on the following competitive strategies: The Destination Competitiveness model by Crouch and Ritchie (2003); The Integrated Destination Competitiveness model by Dwyer and Kim (2003); and The Diamond Model of Competitiveness by Porter (1990), applying these strategies to specific tourist destination represents a bigger challenge. The questions to

answer are: *Has the public budget for tourism been used wisely? *Is it possible to establish a tourist competitiveness model based on recent data? *What are the main factors that determine competitiveness in the various tourist regions, areas and destinations in Mexico? *What's the effectiveness of the current tourist programs? * What are the social, economical and environmental impacts of tourism at a local level? * Is tourism a determining factor in social inequality? Objectives: *Establish a model of the different factors that determine the competitiveness of the principal tourist regions, areas and destinations in Mexico. *Evaluate the rationality of tourist policies regarding financial, training, public budget aspects, etc. *Determine the social, economical, environmental and spatial impacts of the development tourist policy in the principal tourist destinations in Mexico.

Gateway D

TERRITORIAL COMPETITION IN THE NORTHWEST REGION OF MEXICO, 1988-2003

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In the prevailing economic system we always observe countries, regions or cities that can be considered either winners or losers depending on their ability to attract and retain resources and investment which translates into economic growth and improved quality of life. Even though all regions naturally seek to increase productivity and human development some advance more quickly in the process. Territorial competition is broadly defined as the process in which actors undertake actions to increase economic productivity and to enhance the standard of living of their own territories. It is commonplace that governments at various territorial levels and other public and private institutions are concerned about providing the conditions that make their countries, regions or cities attractive for productive activities. Cities particularly are a natural setting for the development of competition because they concentrate most of population and economic activity. This paper deals with the issue of territorial competition within the system of cities in the Northwest region of Mexico. This is a region which borders the US and also one with some of the highest growth rates in the country. Yet the unequal performance of states within the region is noteworthy. A process of territorial competition among cities may have been shaping these disparities. Due to the strong competitive dynamic imposed by economic globalisation is of utmost importance to identify processes of competition within regions with some particular internal interactions, with cities in close geographic proximity, with some economic or political cohesion or similar productive specialisation patterns. We propose to identify and depict a process of competition in the aforementioned region which belongs to a country that carried out an intense liberalisation and export promotion programme since the early 1980's and whose development process has been characterised by a substantial unbalanced performance of its regions. Besides we aim to have a first diagnosis of the ways in which urban competitiveness can be improved or whether there is possibility for cooperation to increase the competitiveness of the region as a whole. We will describe the structure of regional competition in this case study and employ different indicators of territorial performance such as productivity, efficiency and production growth to evaluate the results of this process. We expect to have an initial model explaining the differentials in such results. Given the available economic census data in México the study period will be between 1988 and 2003.

Gateway A

LOW-TECH INNOVATION IN A HIGH-TECH ENVIRONMENT? THE CASE OF THE FOOD INDUSTRY IN THE VIENNA METROPOLITAN REGION

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The past two decades have witnessed an enormous concern with high-technology sectors and science-based growth. Recently, this "obsession with high-tech industries" has been criticised sharply by several authors. There is a growing awareness that medium and low-tech industries are also innovative, albeit in ways that differ from those in high-technology sectors. The key aim of this paper is to analyse innovation activities and the pattern of knowledge linkages in the food industry located in the Vienna metropolitan region. The Vienna food industry is a long-established sector which showed little inclination and capacity to innovate in the past. In the mid 1990s, however, critical framework conditions changed dramatically, enhancing the need to innovate. Austria's entry to the European Union in 1995 led to an enormous increase of competition and a sharp decline in prices of food products. Given these new context conditions, high quality production, development of export

markets and, most importantly, permanent innovation activities are of key significance for competitive success. Drawing on 20 qualitative interviews with local companies, knowledge providers (universities and other research organisations) and industry experts it is shown that in the Vienna food sector innovation has now a high importance as competitive strategy. Furthermore, we demonstrate that Vienna's innovative food companies embrace a wide range of different external knowledge sources including suppliers of ingredients, packaging products and processing technologies, universities, and customers. The surveyed companies use a wide range of both formal and informal mechanisms to get access to external knowledge, competencies and technologies. Analysing the geography of linkages to these knowledge sources, reveals that most of them are extra-local in nature. This finding has to be interpreted against the background of an ongoing reconfiguration of the regional innovation system (RIS). Vienna's RIS is in a process of transformation, becoming increasingly oriented on promoting young high-tech industries (in particular the biotechnology and information and communication technologies sectors) and providing only few impulses for innovation in older and more traditional sectors such as the food industry.

Gateway E

CRITERIA FOR EFFICIENT USE OF COHESION SUPPORT

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Main topic of the paper is the evaluation of the EU regional policy. It asks if the cohesion programmes contribute to the reduction of differences. The results of three different methodological approaches are shortly examined to analysing effects in the first part of the study. The answer to the question is not at all unambiguous, that is why the second half of the paper is searching for those factors which can cause the regional policy of the EU not to achieve its desired objectives. According to the literature review these factors are (1) the crowding out effect, (2) existence of rent-seeking and moral hazard, (3) the counterbalancing effect of national policies, (4) a concentration of economic activities (mainly industries representing high added value), and (5) the short time frame. Finally the study establishes those preconditions which when present can be considered necessary and sufficient for the redistributed funds to initiate growth

Plenaries

CONTEMPORARY URBAN AND REGIONAL DYNAMICS IN AFRICA

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The dominant regional development process in sub-Saharan Africa is urbanisation. Contemporary urbanisation in Africa is occurring at the fastest rate in the world, yet it is generally neglected by scholars. One of the puzzles about Africa's urbanisation is why it has not been accompanied by greater economic dynamism. The paper considers the various arguments why economic development in African city-regions seems to have stalled over the last two decades. It also examines some of the current gaps in understanding of contemporary trends. This includes the recent revival of selected regional economies, linked in part to foreign investment by China in mineral extraction and associated infrastructure. The paper also discusses the topical idea of enhanced inter-regional integration through cross-border collaboration to promote prosperity by overcoming the fragmented political geography of the continent.

Gateway B

SOCIAL DIALOGUE IN LOCAL AND REGIONAL GOVERNMENT AS A TOOL FOR EFFECTIVENESS INCREASE IN PUBLIC SERVICE SECTOR (CHOSEN PROBLEMS)

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The sectoral social dialogue for the public service as well as for local and regional government employees has been developing for the recent years in the new European Union member states. The context in which trade unions operate and forms, effectivity and structure of collective bargaining and social dialogue vary among

countries. There are specific factors that influence levels, conditions and forms of social dialogue in public service (with an emphasis placed on local government) including the structure, functions, financing of local and regional government, employment status, public services modernization, ongoing context of collective bargaining as well as the role and operation of labour organisations (trade unions) in local and regional politics. In many new EU member countries social dialogue for public service operates at national central level where social partners, trade unions and government, negotiate collective agreement unified for the whole sector including local and regional government. Separate social dialogue for local and regional government has not been sufficiently intercepted in structural and institutional way and demands more local flexibility within an apparently centralised system. The contribution focuses on chosen problems and future perspectives of social dialogue and social partnership in local and regional government in EU member countries and searches for possible solutions for effectiveness increase in public service sector in regions with emphasis on role of relevant key actors and organizations (social partners, local governments, trade unions, employers' organizations).

Gateway K

THE DEVELOPMENT OF A SCENARIO-BASED IMPACT EVALUATION OF TRANSPORT INFRASTRUCTURE INVESTMENT ON URBAN FORM AND DEVELOPMENT IN THE GREATER DUBLIN AREA

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Accessibility and transport provision have played a key role in shaping the development patterns of major urban areas internationally. While future urban development patterns are subject to fluctuations of the economy and resulting resource decisions we can at a minimum explore potential likely future development scenarios based on current evidence and projections. In this study developed with reference to published comparable international research case studies, the environmental sustainability implications of planned rapid rail infrastructure investments on the urban form in the Greater Dublin Area (GDA) have been analyzed incorporating the scenario analysis approach. Various scenarios are generated by the MOLAND Model (which simulates various development conditions by using the historical land use data sets through the utilization of cellular modeling) applications including: A baseline scenario incorporating dispersed pattern of urban development, and an alternative scenario with rapid rail-oriented corridor development. These scenarios are subsequently examined. In terms of sustainable urban development considerations, dispersed development in the baseline case is analyzed as less desirable since costs of such development exceed the benefits. In contrast, the containment policies -as in the public transport-oriented development could achieve considerable benefits over the baseline scenario by reducing the negative consequences of sprawled type of developments. Further explorations incorporating a Cost-Benefit Analysis (CBA) approach is developed to evaluate the sustainability implications of the two different land development scenarios in the Dublin Area. This is assisted by giving emphasis to the impacts of rapid rail investments on urban form and development as raised in the international comparative literature.

Gateway D

A FRAMEWORK FOR INNOVATION AND PUBLIC PROCUREMENT: TECHNOLOGIES, STRATEGIES AND PLACE

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Public procurement accounts for a significant proportion of overall demand for goods and services and is increasingly seen as an attractive and feasible instrument for furthering the goals of innovation policy. Much of the current debate in relation to the use of public "demand" to stimulate innovation is however limited in several ways. First, it downplays diversity in the goods and services procured across the public sector. It also tends to downplay the varied nature of innovation. The widely used but problematic definition of 'innovative procurement' as 'the purchase of goods or services that do not yet exist' potentially excludes many kinds of innovation. It also overlooks the multiple potential innovation effects of public procurement. Finally, much of the academic and policy debate tends to overlook the spatial impacts of public procurement and the potential conflict of policy goals across levels of governance. In order to understand the influence of public procurement

on innovation the paper adopts a framework that takes into consideration organisational and strategic aspects of the procurement function, the interplay between technologies and markets, and the geographical impacts of procurement. Building on Kraljic's (1983) purchasing portfolio model and Storper's (1997) dimensions of products, the paper proposes a framework and typology of public procurement: procurement of standardized products serving a generic market (efficient procurement); addressing specific demand niches but employing known production methods and practices (adapted procurement); encouraging new technical solutions to meet a generic need (technological procurement); and adapted technical solutions (experimental procurement). In this view procurers are able to move from one segment to another in order to reduce risks for both procurers and suppliers, maximize purchasing power, and minimize cost, through the use of particular procurement practices. The main challenge is to understand the trade-offs involved in each category and to have a strategy for moving from one segment to another. The implications of this framework for innovation, user-producer interactions and spatial dimensions are explored, as well as the opportunities and trade-offs for procurement policy. Illustrative examples and barriers to implementation are explored with reference to the particular case of the Greater Manchester area.

Gateway H

PERIPHERAL MICRO-REGION ON THE CZECH-AUSTRIAN BORDER: CASE VRANOV NAD DYJÍ

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The paper investigates one of the deeply peripheral border areas in Czechia. The Vranov micro-region is distanced from urban centres and main transport routes both in Czechia and Austria. It was distressed with ethnical population exchange after the World War II and consequently with the position near the iron curtain. Original economic structure (agriculture, forestry, handicrafts, processing of local sources) was replaced with collective farming and location of branches belonging to manufacturing enterprises in the interior. Depopulation and lack of investments are present main phenomena in the territory. Small villages do not create market sufficient to keep the basic services including schools. Aging population is not always interested in some economic progress. Education level of population is very low even among other rural border micro-regions. Cross-border collaboration has not brought expected results because also the territory on the Austrian side is underdeveloped. In comparison with other Czech border micro-regions, the area under study is very substandard. On the other side, the micro-region disposes with the Dyje Valley National Park and with other tourist attractions like Vranov water reservoir, Vranov and Uherčice chateaus, Bítov castle etc. The paper discusses questions whether tourism is the prospective branch for development and whether the border position could bring some development impulses after the Czech accession to the Schengen space. The prospects look hopefully but both ideas have serious limitations. Development of tourism is shortened by its seasonal character, poor infrastructure, lack of qualified people, low ability to serve. Cross-border collaboration is restricted with the lack of crossings, mutual distrust given by historical reasons, language barrier, marginality on both sides of the border. The problems described are general in the Czech rural borderland but the Vranov micro-region is one of the extreme cases.

Gateway J2

SPATIAL INTERACTION REGIONAL MODEL FOR THE MEXICAN ECONOMY (SIRMME): A SPECIAL CASE FOR MEXICO CITY METROPOLITAN AREA

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A spatial economic interaction model integrated to GIS is proposed to study the dynamics of regional growth in Mexico. The methodological approach centers on modeling both top-down and bottom-up dynamics in order to explain the growth differentials between regions and the aggregate performance of the country. The modeling builds on some key elements from Capello's MASST model (2007) and other recent spatial and territorial

models which have been adapted to the Mexican case, but it introduces a greater role of the dynamics of metropolitan areas and their spatial interaction. At this stage, the model focuses not only in the linkages between Mexico City economy and the country's aggregate demand but also in the spatial interaction among micro-regions in the metropolitan area of Mexico City. Likewise, besides of considering the fundamental aspects of agglomeration economies in the metropolitan area, the model also takes into account the effects of spatial spillovers on local growth in Mexico City and their actual contribution to explain growth differentials; in particular, the model considers positive/negative externalities in the form of technological or knowledge spillovers that can be proxied at census tract level through economic census data. The estimations of the sub-models are made by spatial econometric approaches including time series, but the model is analyzed as a whole through computational simulations under a framework that resembles agent based modeling linked to GIS. The model matches quite well the spatial empirical regularities that characterizes the regional growth in Mexico City since NAFTA, but its main feature is that provides a prospective tool to evaluate growth scenarios based on regional policy.

Gateway A9

KNOWLEDGE, INSTITUTIONS AND THE REGIONS: SPACE-TIME DYNAMICS ON CLUSTER DEVELOPMENT

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Prominent researchers have been discussing successful cluster advantages. However there is not a complete knowledge of the process. Cluster formation is a process with different development stages where industry and institutions elements co-evolved in a specific set of social relationships (Feldman and Braunerhjelm, 2006). Ultimately, industry creation, institutional elements and social relations are combined at a local and regional level to form networks of collective learning (Ter Wal, 2008). Given that innovation is a social process, the interaction of a myriad of actors in the same geographical bounded space has been pointed out precisely as the major fundamental factor to knowledge and learning dynamics. These are based on the diffusion of solutions that proved to work and become accepted as local routines and operational procedures by the actors in the cluster (Boschma and Frenken, 2006). Institutions are relevant on the establishment of common accepted practices in the cluster and especially a shared vision of the industry development (Feldman and Braunerhjelm, 2006). Thus, proximity turns out to be fundamental to cluster creation and evolution, an argument emphasized by different territorial innovation models (Moulaert, and Sekia, 2003), illustrated by industrial district (Bagnasco 1977, Becattini 1987), clusters (Porter, 1990 and 1998) and milieu innovateur (Aydalot 1986, Camagni 1991) approaches. The close distance networking among agents has been considered a major advantage of industry clusters, in which spatial proximity facilitates the generation of externalities and localized learning processes. However, distant networking may also be quite effective to access new knowledge. These external communication channels are dubbed 'pipelines' and may take different forms such as strategic partnerships, communities of practice, projects, temporary clusters, etc. Thus, local buzz and pipelines uphold cluster knowledge dynamics illustrating the role of both geographical and organizational proximities in learning processes (Amin and Cohendet, 2004). Distant networking complements firms' local networks, which may be important both in the initial stages of cluster formation and on later stages avoiding lock-in effects (Bathelt et al, 2004). An important aspect is the anchoring process of external knowledge at the cluster level in order to attain collective benefits (Tödtling, 1999), entailing the cluster absorption and use of new knowledge acquired elsewhere through the localized interdependencies of firms and institutions (Crevoisier and Jeannerat, 2009). Based on a four year study carried out on Eurodite research project, across 6 sectors (biotech, ICT, tourism, automobile, new media and KIBS) and 20 European regions, the institutions role on knowledge territorial dynamics is studied, emphasizing the knowledge anchoring processes on innovative clusters. Finally, policy implications are put forwarded to promote cluster knowledge absorption and use according to their development stage.

VACATION BEHAVIOUR: FREQUENCY, DESTINATION CHOICE AND EXPENDITURE LEVEL

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For many countries, tourism has a large impact on GNP, and the number of people employed in the tourist or related industries is large. We explain the decision whether to go on vacation or not and how often, the choice of destination and the decision on the level of expenditure, using different micro-econometric models. From these estimations we calculate for example the income elasticities. We use the CVO (2008) cross-section dataset of Dutch households. On average a Dutch holidaymaker spends € 24.68 a day for a domestic vacation and € 60.62 per day for a foreign vacation. Further, we discuss relevant characteristics of the vacations like type and duration of the vacation, the valuation of the vacation and destination. And we will discuss the characteristics of the households such as its composition and location.

SECTORAL DIFFERENCES IN REGIONAL POPULATION-EMPLOYMENT DYNAMICS IN THE NETHERLANDS

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This paper looks into the regional population-employment dynamics in the Netherlands by decomposing Dutch employment into several sectors. Endogeneity and spatial autocorrelation issues are dealt with by using a generalized spatial 3SLS estimator as initially proposed by (Kelejian and Prucha 2004). Our model estimation allows for various specifications concerning the relation between employment and population growth. The results suggest that population growth is predominantly exogenous and causes especially the consumer service sector (those sectors that directly services the population, such as education, health care and government) to grow. However, employment growth in industry and business services do not seem to be much affected by population growth. However, the size of the relation between employment and population growth depends to a great extent on the chosen specification. The latter result is of great importance when using these results in regional population-employment scenario analyzes.

UPGRADING AND KNOWLEDGE BASES: A COMPARISON BETWEEN CREATIVE INDUSTRIES AND THE AUTOMOTIVE INDUSTRY IN CHINA

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This article combines the concept of upgrading with two different knowledge bases; symbolic (arts based) knowledge and synthetic (engineering based) knowledge. We compare the degree upgrading is possible for these different knowledge bases. More concretely, we address the following questions: i) How can companies contribute to upgrading of different knowledge bases? ii) What are the major factors that stimulate, or on contrary, hinder upgrading of different knowledge bases? We analyse strategies of foreign as well as of domestic firms. Empirically, we analyse the extent of upgrading in two Chinese case studies focussing on the two knowledge bases in two industries: creative industries, with focus on architecture, (dominated by symbolic knowledge) in Beijing and Shanghai and the automotive industry in Shanghai (synthetic knowledge is dominant). Preliminary results suggest that in both cases, the government controls the rapid growing market, and therefore, is able to set upgrading criteria. Moreover, in both cases companies play a key role in upgrading. Notable is that both foreign companies as well as local firms contribute to upgrading. However, the major difference between the cases is that, whereas in the automotive industry strong upgrading has been taken place, upgrading of the creative industries faces many political and cultural barriers, despite the high local context

specificity of the product and the production process, which forces actors to be in China and communicate face-to-face. Especially the quality of the education system and the focus on commercial rather than aesthetical values hinder the development of symbolic knowledge in creative industries.

Gateway K4

THE IMPACT OF CLIMATE CHANGE ON TERRITORIAL PERFORMANCE

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Agnes Somfai,

Isidro Lopez

There is growing scientific consensus that climate change is happening and has a territorial impact. A variety of territorial impacts have been linked to climate change: extreme weather events, increased ozone concentrations, faster sea level rise and salt water incursion, reduction in Arctic sea ice, scarcer fresh water resources, soil erosion and landscape structure degradation, invasive species and habitat decline, melting glaciers and permafrost.... To look into this territorial dimension of climate change, we analyse latest research and policy considerations. Considering that climate change is not yet mainstreamed in land use or water management, we question how an EU territorial agenda can underpin climate change policy. While territorial impacts have had noticeable effects on economy, society and environment, the causal relationships between climate change and territorial impacts remain scientifically complex matters. The focus in science is also shifting towards explanations of climate change vulnerability and adaptive capacity, which are - like climate change impacts - highly differentiated across regions and sectors. It comes along with the rather new recognition in policymaking that, besides mitigation, also adaptation to current climate conditions and future climate change is inevitable. These shifts in emphasis bring new challenges to climate change policy that require complex answers. Many systems and regions are actually vulnerable to climate change and need groundwork for actions to sustain territorial performance. To reduce vulnerability, regions however need to address the multifaceted interaction between climate system, ecosystems, socio-economic systems and settlement structures. While adaptation of territorial capital, such as economic or technological resources, can make climate change vulnerability vary over time, also vice versa, regional potentials are shifting due to change in climatic zones. Changes in temperature and precipitation patterns are leading to territorial transformations that alter sectoral conditions considerably. Changes in forest growth, crop yields, river flows, ground water levels, movement of species, resources of energy and tourism, etc, are creating new demands and opportunities and putting increasing pressure for economic restructuring. Moreover, adaptation and mitigation policies are not by themselves complementary and will be affected by many other policies. To avoid unintended negative consequences, integrated approaches are essential, involving all levels of decision-making. Different types of European regions also need tailor-made response strategies because of uneven territorial opportunities. This need for new types of planning projects with a place-based, multi-actor, multi-level and multi-scalar approach, including mid term and long term perspectives, may put climate change on the EU territorial agenda.

Gateway G2

“THE CASH NEXUS IS BRITTLE”: POLITICAL RESPONSES TO WORKER MILITANCY IN UKRAINE DURING THE FINANCIAL CRISIS

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The paper contributes to the literature on the post-communist political economy of protest, and specifically to the question how governments resist public discontent with the outcomes of transition. The paper argues that the current economic crisis disrupts a key element of the post-Soviet political economy, workplace welfare. In the pre-crisis past, workplace welfare was found to contain worker militancy via the discretionary distribution of housing and basic healthcare. The disruption of workplace welfare led to several instances of worker militancy in 2008-2009, and the paper maps how political forces try to contain or use worker militancy for their electoral interests. The paper shows that while the Party of Regions has strengthened its grip over the top echelon of Ukraine's trade union federation (FPU), the current government of Yulia Tymoshenko has shifted from ignoring workers to taking more decisive action in supporting worker demands when such demands evade or go against FPU structures. The paper focuses on the situation in the Kherson and Vinnitsa regions, the sites of recent

worker protests and government action in response to such protests. The data comes from an ethnographic study carried out in 2007-2009 at several Ukrainian machine-building plants throughout Ukraine.

Gateway I

DEVELOPMENT AND/OR SUSTAINABILITY?: PATH DEPENDENCY IN THE HUNGARIAN ENVIRONMENTAL POLICY INTEGRATION

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Since the fifth EU Environmental Action Programme (EAP) has identified the necessity of Environmental Policy Integration (EIP), several straightforward steps have been taken in the field of the assessment of the environmental impact of planning policy. The reforms of Cohesion and Structural Funds resulted in the tool of Strategic Environmental Assessment (SEA) (in the 2001/42/EC Directive) as a realisation of a method which helps planners and decision-makers integrate environmental and sustainability considerations (policy) into planning activities (land-use planning/regional development). Consequently the implement of SEA is a tool of EPI. Regarding the Hungarian legal introduction of the SEA and its adaption in the planning period of 2007-2013 for the EU development funds, the author sought out how the SEA can be feasible in Hungary. The research was carried out both on institutional level and territorial (regional, micro-regional, local) levels. The work was based partly on the G-FORS EU 6th Framework Research Project (www.g-fors.eu) where the author had a key role in the research. Having established a position for the research in relation to the Hungarian frame the author firstly reviewed the premises of the Hungarian SEA by looking through the relevant planning documents and by making interviews with stakeholders and doing questionnaires with them. Although, in Hungary there was experience concerning the assessment of an appropriate SEA, the process was not devoid of ambiguity. On one hand, it was not enough to take into consideration the previous experience since the volume of the SEA related to the second National Development Programme (NDP) and its operational programs was much higher than the previously made SEA, and besides these circumstances the available time for the whole planning process was also short. On the other hand the bad time management, the hierarchical and centralized way of communication caused non-iterative, non-integrated planning process regarding the tool of SEA. Although the available expert knowledge was enough from the side of SEA “maker”, the dominant knowledge form was the institutional knowledge from the side of central planners, and this (bureaucratic) situation caused that the recent situation is not a good milieu for an appropriate environmental appraisal. Having regarded the territorial level (regional, micro-regional, local) the main problem is the lack of information, (expert) knowledge and resources (financial and human resources as well). Therefore in regional development resources, in local land-use planning the integration of sustainable interests, namely the Environmental Policy Integration is missing.

Gateway LI

REGIONAL DEVELOPMENT POLICIES IN TURKEY AND SHIFT(S) IN TOURISM POLICIES IN ANTALYA

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The major aim of this paper is to discuss the development of tourism industry in Antalya in relation to the regional developmental policies within the framework of Five Year Development Plan(s) (FYDP) in Turkey. To this end, first, the measures taken by the state during the preplanned period (1923-1963) and the regional developmental policies outlined in the FYDPs during planned period (1963-2013) will be examined. Second, the development of tourism industry in Antalya will be scanned with regard to the regional developmental policies with a specific emphasis on the period after 2001. Antalya is a major important tourist center, not only on a domestic level but on an international level as well attracting approximately 9 million tourists especially from EU in the year 2009 due to its natural beauty and historical heritage. It is also known, as an important center for major cultural activities, like the ‘Antalya Golden Orange Film Festival’, which has been organized for 46 years. Throughout the presentation the major argument revolves around the shifts in tourism policies. During the pre-planned period the state’s politics can be explained by instrumentalist theories. Beginning with the planned period in 1963 the shift towards managerial politics signals the regional development plans in Turkey. In the planned period tourism policies can be described as social progressive policies, because tourism as one of the

heavy industries was inseminated by the state. After the 1980s, in the “liberal period”, free entrepreneurs started to appear in the agenda, benefiting from the Tourism Support Act (1982) but still supervised by the state managers. Finally, in 2001 a shift to neo-liberal policies occurred, switching from a managerial perspective to an entrepreneurial one. The main focus of this presentation will be given to the analysis of this last period during which Turkey has committed itself to conforming its regional development policies and tourism policies to those of the EU structural policy framework. In order to integrate an actors’ perspective into the analysis, in addition to the critical review of the regional development- and tourism policies in the FYDPs a field research has been conducted in Antalya (2006 - ongoing). Various qualitative research methods were used to collect data, such as interviewing people (representatives of different interest groups, like bureaucrats, local politicians, entrepreneurs, representatives of NGOs, etc.); group interviews conducted with academicians; life history accounts (memoirs); a systematic analysis of news on Antalya in the local newspapers.

Gateway H

(STILL) AT THE MARGINS IN THE CENTRE OF EUROPE: THE RETERRITORIALIZATION OF GOVERNANCE FROM THE PERSPECTIVE OF THE DUTCH BORDERLANDS

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For many, the proliferation of cross-border governance arrangements in the 1990s carried the promise of overcoming national state-centrism within the European Union. Indeed, cross-border regions in-the-making became regarded as ‘laboratories of integration’ that may overcome (some of) the limitations that Westphalian territoriality has posed to the management of space in an era of ‘globalization’ and ‘Europeanization’. However, as many analysts have pointed out, region-building across borders has largely fallen below expectations. This paper examines ongoing attempts at creating transboundary spaces for spatial development from the perspective of the Dutch (–German and –Belgian) borderlands in particular. As local actors confirm, in spite of the long history of cross-border cooperation in the area, and in spite of substantial EU financial support, designing integrated development actions across the border still seems a great challenge. Consequently, although the Dutch borderlands are located in what is designated by EU spatial policy as the core of the EU, they are still very much at the margins. The paper examines Dutch borderlands as spaces where ‘the local’, ‘the regional’, ‘the national’ and ‘the supra-national’ come together. On this basis, the persisting difficulties of transboundary spatial development are discussed in terms of the ongoing reterritorialization of governance in the EU. More specifically, the paper suggests that the difficulties in question are a striking expression of the paradox that characterizes the EU as a neoliberal project of spatial ordering. Briefly, the paradox is produced by the fact that on the one hand, the ‘EU project’ aims at enhancing EU competitiveness by forging a seamless and integrated EU space that better accommodates various (spaces of) flows. On the other hand, the ‘EU project’ pursues competitiveness also by strongly supporting territorially focused strategic thinking at different territorial scales – without, however, encouraging thinking in terms of territories that extend across borders. In fact, recent crisis-induced changes in member states’ territorial management, as well as the latest evolution of European spatial planning indicate that the increasingly visible limitations of Westphalian territoriality are being (re)addressed by national state-centrism. The paper critically reflects on the prospects that transboundary spatial development has along the Dutch border and elsewhere in the EU in light of the above-sketched trends.

Gateway J

DO KNOWLEDGE-INTENSIVE ENTERPRISES 'FLOCK TOGETHER'? EVIDENCE FROM HUNGARY AT SUB-REGIONAL LEVEL

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Today knowledge-intensive industries in production and services have a lead in respect of the development of knowledge-driven economy. They are now the core of growth, with an increasingly high importance especially in less developed countries, like Hungary. Spatial distribution of knowledge-intensive economic activities shows a certain inequality in Hungary, and it is determined by the formation and existence of knowledge poles described as agglomeration or concentration of knowledge-intensive industries in the country. But the fact that these industries and firms flock together, does not mean that all co-location firms cooperate with each other and have joint actions. It is necessary to make a differentiation between enterprises in geographical proximity and in

relational proximity. Recent study aims to identify the spatial coherence and concentration of knowledge-intensive industries in Hungary at sub-regional (LAU 1) level, using the methods and indicators of spatial econometrics and spatial statistics. The research also tries to reveal the special characteristics of distribution of knowledge-intensive industries operating in geographical and relational proximity.

Gateway G

THE ATYPICAL INDEBTEDNESS OF LOCAL GOVERNMENTS IN HUNGARY: SHORT AND LONG RUN FINANCIAL CONSEQUENCES

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In the recent years the indebtedness of the local governments has been growing rapidly, variously and atypically. The main motivating factors of the increasing in-flowing cash from the credit markets are lying in both the decreasing fiscal grants and in the mostly central government independent local financial policy authorized by law. While the entire governmental structure needs a long-run goal focused revision, redesign, and reimplementation. In the article the authors first characterize the system as a whole, afterwards perform an analysis of the indebtedness process of the recent years, while emphasizing what the increasing risks for a local government are in a turbulent uncertain period of economy. The strengthened market relations through local governmental bonds mean exposures for both financial institutions and local governments, while the aims of central governmental level can be affected indirectly. The analysis reveals the connections of rationale, summarizes the facts, and builds up forecasts for the parties in order to provide resolutions of managing the financial and economic risks at a local governmental level.

Gateway A5

RAPID GROWTH FIRMS IN SPACE. WHERE DO RAPIDLY GROWING FIRMS THRIVE?

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The paper reports from an ongoing study of Norwegian rapid-growth firms. Cohorts of rapid growth firms are identified based on accounting data for all Norwegian limited liability companies for the years 1999 – 2007. The first part of the paper includes a literature based study of the spatial distribution of rapidly growing firms. The literature is sparse and not conclusive. One part reports on spatial concentration in the top of the urban hierarchy, another identifies a more even distribution in space. The main purpose of the paper is to map the distribution of rapid growth firms in Norway. We start with an analysis at the county level with data from 2006. We also use 'economic regions' or NUTS 3 as a spatial category and a centre-periphery index to analyze the spatial distribution of rapid growth firms. In Norway the rapid-growth firms are not overrepresented in the capital city region, but a more pronounced phenomenon at the level of regional centers (number two cities). To explain this, location patterns of growth firms and all firms in individual industries are compared and analyzed. Depending on the industry in question, the location patterns can be centralized or decentralized. An overall finding is that growth firms are more concentrated at the dominant location of a specific industry than could be predicted from the location behavior of all firms in that industry. The paper ends with an analysis of the stability of the location pattern of growth firms using ratings of gazelles for the years 2002 to 2008 as the empirical base.

Gateway K1

RE-DEFINING THE BOUNDARIES OF ITALIAN MAJOR CITIES

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In Italy the administrative boundaries of all cities have remained unchanged since their were established in the early XIX century. They have not been modified even after the extraordinary changes in the territorial organisation of the economic and social activities brought about by the Italian industrial take-off of the decades 1950-1980, and the large redistribution and concentration of population and employment that followed. A

process of territorial coalescence that has generated new territorial units. The straightforward consequence of this institutional lock-in –“territorial coalescence without institutional coalescence” – is that the functional organisation of the Italian territory is not at all captured by the current map of municipalities. Very often cities’ administrative boundaries identify nothing more than parts of the corresponding, significantly larger areas, that can be called cities. The discrepancy between the administrative and functional organisation of the economic and social process is a rather widespread phenomenon in Italy, affecting all regions. And, of course, it did not go wholly unnoticed: on the one hand, the Italian Statistical Office has produced a conceptualisation of the Italian territory that led to a map whose elementary units were ‘functional areas’, or ‘local systems’: i.e. clusters of contiguous communes highly integrated spatially and, above all, relationally (ISTAT, 1987, 1997, 2006); on the other hand, some theoretical and empirical research has been conducted on the identification issue of Italian cities. Moreover, in the late 80s the issue was about to enter the political agenda when a law was introduced (L. 142/1990) to facilitate institutional integration in functional urban areas, and especially in what were called ‘metropolitan cities’. Yet no practical changes in the institutional framework has taken place and the implication of the phenomenon is still largely underrated – and the subject matter not enough researched. The aim of this paper is, on the one hand, to shed some light on the qualitative and quantitative dimensions of the discrepancy between the administrative and functional definitions of Italian major cities and, on the other hand, to put forward a proposal concerning their ‘right’ functional boundaries (to be turned into administrative boundaries). The object of analysis will be eight large Italian cities (Milan, Rome, Bologna, Florence, Genoa, Turin, Naples and Palermo) – cities that have played and will continue to play a critical role as ‘engines’ of regional and national development in Italy. The paper will focus on a question which is a source of misunderstanding: in Italy, after the “territorial revolution” of recent decades, it is the boundaries of cities – especially large ones – that have to be redefined and only after having done that, one can raise the question of identifying ‘metropolitan areas’ or ‘city-regions’. The identification of the new boundaries of Italian major cities will be carried out by considering both internal morphological features and functional interconnections among the clusters of contiguous municipalities whose pivotal units are the largest Italian cities. Much attention will be devoted to the policy implications of changing cities’ administrative boundaries - considering the growing power that cities have in different European countries, and in Italy too, in designing and enacting spatial planning policies and development policies.

Gateway E

THE THEORETICAL APPROACH OF CREATING A DANUBE STRATEGY

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With the participation of the INTERREG II/C. community initiative and the contribution of three member states, in May 1990 the document called VISION PLANET was approved. It was the first comprehensive effort for the elaboration of the integrated spatial development strategies of the Central European, the Danubian and the Adriatic space. The objective of the project was to define common strategies, directives and measures for spatial development in the macro-region. The EU Council approved the community strategic guidelines concerning cohesion in 2006. Promoting territorial cohesion should be part of the effort to ensure that all of Europe’s territory has the opportunity to contribute to the growth and jobs agenda. The application of the principles of the regional policy of the EU, approved and efficiently applied for several decades, and the articulation of interests in the dimensions of the Danube strategy (at European, national and regional level), together with the reconciliation and harmonisation mechanisms of these can promote territorial cohesion. The complex approach to the Danube Area requires new approaches and new methods for the elaboration of the strategy. The Danube Area as a significant region of Europe requires a pan-European approach and a European dimension. This way European interests can be asserted. The Danube River as a complex axis or corridor emphasises the transnational character of the strategy making. Naturally the Danube areas are also present in the national development documents and sectoral policies. National interests can be different across countries in some issues. In addition, different focuses and priorities can be stated in the independent development programmes and strategies of the NUTS 2 and NUTS 3 level Danubian regions. More and more dynamically appearing interests are represented by the Danubian cities (ESPON categories), especially in the capital city regions. The elaboration of the Danube strategy thus cannot be part of a traditional planning process where some planning workshop dreams the future scenario it sees optimal, and collects the expectations of the policies and defines professional requirements. Probably a continuously (or at least regularly) operating international planning system will have to be established. Some projects of the INTERREG III. IV programmes already have favourable experiences in this field. On the other hand, there is growing demand for forums which do not serve one-sided information transfer and opinion shaping but are designed for establishing discourses.

INTERPRETING THE DIVERSITY OF EMPLOYMENT PROBLEMS IN RURAL AREAS ON THE BASIS OF TYPOLOGY OF LOCALITIES. A ROMANIAN CASE STUDY

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The European Union's employment policy envisages a higher level of job creation and employment, the stimulation of entrepreneurship, the development of adaptability and the creation of labour market opportunities. This paper firstly demonstrates the importance of achieving a better correlation between the regional and local development strategies for increasing competitiveness, and secondly the need for more detailed analysis of rural localities. The synergy of development factors at regional (NUTS2), county (NUTS3) and local (LAU2) levels can be assured only if the objectives of local development are oriented in the direction of growth of competitiveness of the entire region. This paper begins by presenting evidence of the main bottlenecks of competitiveness in North-West region and of Bistrita –Nasaud county, which gives an indication of the "mainstream" way of development at the local level. The role of cluster analysis of rural localities is particularly emphasised as the basis for a more efficient way of choosing the rural development measures to be used to stimulate rural employment in the direction of the global growth of region. In the literature there are major contributions on the classification of rural areas at NUTS2 and NUTS3 level, but very few on grouping local communities at the LAU2 level, and in particular to demonstrate the interdependence of regional and local strategies. This study is part of the FP7 project 'New Sources of Employment to Promote the Wealth-Generating Capacity of Rural Communities' (acronym: RuralJobs). In the EU-15 the modernisation and diversification of agriculture and of the rural economy, the maintenance of rural society and of the cultural and environmental heritage and the landscape are the main aims of rural policy. In Romania these objectives can achieve only a small reduction in underemployment and a small increase in income level in rural households. It will prolong uncontrollable migration, not so much to the neighbouring towns but more to abroad. In the first part of the paper we analyse the socio-economic and the labour market indicators at the level of the North-West region of Romania and at the level of Bistrita-Nasaud county. Average regional and county level indicators of competitiveness (income per capita,-GDP/cap, labour productivity-GDP/employed, rate of employment-E/working age population, and the share of working age population in total population) indicate the main structural problem of economic growth of the region. In the second phase we analysed the more direct element of the labour force market, the specific aspect studied in RuralJobs project. The decline in rural population, low birth rate, increasingly unfavourable age composition and the growth in of the underutilisation of the workforce capacity could be observed. The above aggregate data can give an indication of the size of the Romanian (and especially Bistrita-Nasaud) rural employment problem but not about the specific local priorities for communities. In remote rural areas households cope with their daily problems by relying on subsistence agriculture, small-scale production and unofficial networks of relatives and friends. Usually in this type of village no one seems to be putting forward any action strategy or programme for the future development of the village. By contrast in many communities with a developed physical infrastructure (paved roads, water and gas pipes, sewage purifying plants, telephone lines, electricity) and good social infrastructure (day nursery, kindergarten, primary school, ambulance station, doctor, pharmacy etc.) the inhabitants are active in animal husbandry and land-tilling activities, in industrial-, trading-, service- or tourism activities. In these settlements Local Action Groups with programmes and development projects are frequently active. Studies of rural communities need to show if their fate appears to be determined by internal or external forces or whether only synergy between the two can generate sustainable development. In the third part we present evidence of the typologies of rural localities determined by hierarchical cluster using the Ward method. We used five groups of criteria: 1. characterising labour force supply (10 indicators); 2. those which describe the structure of employment via economic activities (5 indicators); 3. characteristics of living standards (7 indicators), 4. labour force, natural resources and local income characteristics (11 indicators) and 5. all of these indicators used in the same cluster analyses, after a factor analysis of indicators. We offer a short description of the groups of localities which belong to different clusters by different criteria. This information can help local, county and regional level decision makers to identify the most efficient approaches to stimulating rural employment. The domain of analysis is limited by the limitations of the local database, which in the future must be extended not only for the main economic indicators, but also for cultural and ecological aspects. At present it is extremely difficult to estimate the capacity for collaboration between local inhabitants and the public administration, NGOs and entrepreneurs, and with other localities or regions, which have become important factors of economic-social growth of rural localities.

A MODEL TO MEASURE THE DEGREE OF COMPETITIVENESS OF MEDIUM-SIZED CITIES IN THE CHIHUAHUA REGION OF MEXICO

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Competitiveness has been the subject of intense study in recent years, with competitiveness indexes being calculated by country and by city. However, small cities have not been included in such studies. This project responds to the need to measure the level of competitiveness of medium-sized cities in the state of Chihuahua by looking at factors that provide concrete data that will help explain why there are such significant differences between regions in the state. Since the 60s, the state of Chihuahua has undergone a remarkable economic growth that has had a significant political and social impact. Since the 30s, the government has supported farming, particularly in the municipality of Delicias, thus leading to an increase of cotton production and exports, as well as other crops, which gave rise to the urban growth of small communities and the weakening of others, with the exception of the city of Chihuahua, capital and financial hub of the state, and Ciudad Juárez, the border city whose business activities were boosted by the role of the United States after World War II. This scenario leads to a number of questions, such as, what is the level of competitiveness of medium-sized cities in the state of Chihuahua? Which factors determine the differences between cities? How have medium-sized cities evolved in recent years? The goals of this project are to prepare a competitiveness index for medium-sized cities in the state of Chihuahua, to develop a comparative analysis between the cities in the study and to produce a pattern of behavior for those elements that are key to the development of competitiveness in medium-sized cities. A literature review of state-of-the-art competitiveness and endogenous development was completed. Then, a model was designed to measure competitiveness, taking into account elements considered by other studies and adding those that were appropriate to medium-sized cities, the core of this project. Data considered relevant were selected to set an indicator for each area of the study. Once the study size, indicators and units of analysis were chosen, indexes were built to represent the behavior of municipalities in the areas of competitiveness and development. It should be noted that the procedure used when creating the index number was the same procedure used by the United Nations Development Programme (UNDP) to calculate the Human Development Index (HDI).

TRANSNATIONAL LEARNING ON REGIONAL AND LOCAL DEVELOPMENT

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The shift in regional development policies from top-down to bottom-up and partnership formation processes leads to an increasing variety of approaches to local and regional development in the enlarged EU. We need a better understanding of how partnerships in regions located in different countries may learn from each other. The paper analyse action-research based experiences in promoting learning of good practices between regions, localities and partnerships in different countries. The paper is examining firstly the process and characteristics of good practices of local innovation. Secondly, it will discuss how learning from good practices by other localities/ partnerships in other countries is possible. These good practices were looked for, analysed, compared and finally transferred to the other regions of Nordic countries through action-research interventions. The paper is based on a project funded by a Norwegian-Swedish-Finnish cross-border cooperation programme called Botnia-Atlantica. The programme is one of several European territorial Cooperation programmes, co-funded by the European Regional Development Fund. The project title is New models for regional mobilization - comparison and learning in Bothnia Atlantica region. The cases studied were within food industry, tourism and municipal administration and organization. Methods of trans-national learning were tested, especially the learning history approach. The good practices identified were codified in a way which made it possible for others to transform their own practices. Institutional preconditions for successful learning were identified.

Irina Volkova, Institute Of Geography, Russian Academy of Sciences, RUSSIA

The major characteristic of regional development is reproduction of resources - natural, human, material, including industrial, infrastructural, and housing resources, providing self-supporting development, or 'weak' stability in the concept of a sustainable development. Deficiency in investments on reproduction of the material resources expressed in increasing of tear and wear of basic funds. Regional inequality in Russia continues to increase including concentration of financial resources. The last is highest in regions where less than 20 % of the population of Russia lives. Except Moscow and St. Petersburg, they are richest with natural resources demanded on the world market. In the same time there are a lot of regions, rich with less demanded natural resources and the poorest from the material and financial points of view. There haven't possibilities for reproduction neither natural nor material and social resources like the parts of region cumulative wealthy. Interrelation between the use of natural resources and tear - wear of basic funds during 1995-2008 yy. period was analyzed by comparison a share of raw sector in a total industrial output of regions and dynamics of tear - wear of basic funds. The greatest increase in tear - wear of basic funds (20.2 % - 9.2 %) was revealed among regions with the maximum share of raw sector in a total regional product (96.9 % - 92.0 %): the Magadan oblast, Republics Komi and Sakha – Yakutia, Chukotka autonomous region; the next group of regions with the same increasing tear- wear of basic funds is: Tyumen oblast and its autonomous national districts – Khanty-Mansiysk and Yamal-Nenetsk (shares of raw sector 83.9 % - 81.2 %). Hence, in those regions where there is obviously and considerably is withdrawing unrenewable natural resources capital - the least degree concerning an average on Russia there is a substitution them by material capital (basic funds). Experience of Russia in the post-Soviet period has shown that opinion about automatism of action of market mechanisms in regional development are correct only for use of natural resources, not for their reproduction so that occurs mainly in subsystems of biosphere, hydrosphere, lithosphere, in separate landscapes and ecosystems. As natural subsystems often do not coincide with borders of social and economic regions, reproduction of natural resources cannot successfully dare not only in a circle of direct participants of the market, but also specialized regional administrative structures by which in Russia corresponding functions have been transferred.

Mario Volpe, University Of Venice Ca' Foscari, ITALY

Giancarlo Corò, University Of Venice Ca' Foscari, ITALY

Marco Giansoldati, University Of Venice Ca' Foscari, ITALY

Luca Salmasi, University Of Verona, ITALY

The paper provides evidence on the characteristics of district firms that “internationalise”, either through foreign suppliers of FDI. The innovativeness of the contribution relies on the fact that it explicitly analyses companies pertaining to a district and test whether the key elements of firms’ heterogeneity hold. In this perspective, it seems useful to recall the framework of fragmentation as a powerful tool to understand the international organisation of Italian district firms. We are not focusing here on the disintegration of a previously integrated MNE into different production blocks, but rather on a web of small and medium enterprises that spreads from a local base to an international one. Such firms are tied together first locally and then globally. Therefore, there is room to think about a relational growth, which is more pronounced as we look at districts as they actually are, namely heterogeneous among themselves and internally, i.e. among the firms they are made of. Our writing starts with a critique of the Melitz model by suggesting that local production systems are characterised by a form of relational heterogeneity that may affect the propensity and ability of firms to succeed in the global arena. Two distinct features of the heterogeneous firm framework are carefully analysed. On the one hand, the empirical evidence highlights that size matters to internationalise, i.e. bigger firms have a greater chance to succeed on exporting, importing and embarking in FDI. On the other hand, the width of micro-level studies drives the economic analysis towards somewhat of business-kind of study, which avoids generality and tries to focus on differences among firms. In the second stage of our contribution, we select a sample of Italian district firms (more than 500) to check whether their opening-up internationally proved that lead firms are the most capable to deal with a continuously evolving environment. By applying a simple logit model we noticed that the probability of a firm to be internationalised is higher the higher its human capital, the bigger its size and its

productivity. These results provide support for the literature on firms' heterogeneity, even for district companies. However, this is just a starting point to look for differences between firms pertaining to a district from those who do not when both try to access a foreign market.

Gateway A

TOLERANCE - IMPACT ON REGIONAL ECONOMIC DEVELOPMENT?

Eberhard Von Einem, University Of Applied Technologies, GERMANY

The paper explores tolerance and its contextual embeddedness in urban and regional creative milieus. Currently, it is not possible, to fully explain why regions - *ceteris paribus* - differ in both direction and dynamics of change. Recent research in economic geography - following the Romer-Lucas paradigm - shifted to some extent its focus to investigate the impact of both codified and tacit knowledge. Research into creativity carries the argument a step further. Knowledge refers to a given certain stock; creativity, instead, emphasises the evolutionary dynamics of the knowledge generation process, based upon the personal and institutional capabilities to depart from traditional modes and routines of reasoning. Looking at different grades of creativity in cities and regions, R. Florida elaborates his talent-technology-tolerance argument and draws the attention to urban milieus, in particular, by pointing to tolerance and diversity, an highly controversial hypothesis, not only because he misses to prove the causal link with testable data. Contrary to R. Florida's approach to measure different grades of tolerance in cities and regions, the author uses data of electoral votes in Germany (at regional levels) as an independent variable. In particular cities and regions enjoying over proportional quota of both liberal and green votes in federal elections, seem to perform better in economic terms than others, as measured by regional GDP p.C. and other dependent variables. Voting patterns might indicate specific profiles of local tolerance/intolerance as well as characteristics of urban and regional 'business climates', resulting in a complex process inducing jobs, income and wealth. Thus the author intends to contribute to a better understanding, why highly qualified creative people seem to prefer urban milieus with both a tolerant atmosphere and with positive attitudes towards being more open to entrepreneurs.

Gateway K

TERRITORIAL POLITICS AND FORMAL STRUCTURES OF GOVERNANCE IN SPATIAL PLANNING: INSIGHTS FROM THE DUBLIN CITY-REGION

Cormac Walsh, National Institute For Regional And Spatial Analysis (NIRSA), National University Of Ireland Maynooth, IRELAND, UCD Urban Institute Ireland, University College Dublin, IRELAND

This paper presents the argument that the contents of spatial plans are structured by the political geography of the formal institutions of governance through which spatial plans derive their legitimacy. At the same time spatial planning processes and strategies are themselves active in the social construction of particular spatial (territorial and scalar) configurations. Spatial planning strategies for cities and regions seek to transcend political and administrative boundaries and embrace functional spaces and fuzzy boundaries. It is argued here however, that the spatial reach of spatial strategies in practice may be constrained by formal structures of governance through which such strategies are produced. Recent studies of the contents of spatial planning strategies have found that spatial plans in practice continue to employ territorial rather than relational concepts of space and place. This paper moves towards explaining the territorial character of spatial plans through the elaboration of a political-institutional approach to the study of spatial plans in practice. This conceptual approach draws on recent theoretical work on socio-spatial structuration in critical human geography and related disciplines. The arguments presented are supported by a case study of the Dublin-city-region, drawing on official planning policy documents and qualitative interviews with political decision-makers and planning officials.

LOCAL GOVERNMENT, SPECIALISED WHOLESALE MARKETS AND THE DEVELOPMENT OF SMES INDUSTRIAL CLUSTERS IN CHINA

Jinmin Wang, Nottingham Trent University, UNITED KINGDOM

David Smith, Nottingham Trent University, UNITED KINGDOM

The formation and rapid growth of SMEs industrial clusters in East China has been closely related to the development of large-scale specialised wholesale markets by local government. This paper explores how these specialised wholesale markets have contributed to the formation and development of local SMEs industrial clusters through a case study of the world's largest specialised wholesale market in Yiwu, Zhejiang province, East China. We argue that the specialised wholesale market is a typical institutional arrangement that has combined local government with market mechanisms, promoting the information flow and network effects in the region. Contrary to the conventional neo-liberalists, we argue that local government in Yiwu, as in other parts of China, has exhibited the feature of a developmental state in the process of market building and cluster development. The state has not withdrawn, rather improved its public services to enhance the competitive advantages of local SMEs industrial clusters along the global value chain in transitional China.

EXPLORING TERRITORIAL COHESION – PERSPECTIVES ON OPERATIONALISATION

Bas Waterhout, Delft University Of Technology, NETHERLANDS

Wil Zonneveld, Delft University Of Technology, NETHERLANDS

With the turning into force on the 1st of December 2009 of the Treaty on the Functioning of the European Union (TFEU) territorial cohesion (Art 3) has become a shared competence of the EU. This new (albeit long anticipated) situation creates opportunities for territorial cohesion policy. Yet, in line with the green paper on territorial cohesion of 2008 interim Commissioner Samecki announced that future territorial cohesion policy will be based on the principle of the three 'no's': no new legislation, no new funding, no new organizations. On this premise and with the green paper and the Barca Report (Barca 2009) in mind, this paper will explore five possible thinking lines along which territorial cohesion could be given shape. The five lines are partly inspired by a study of the Netherlands Environmental Assessment Agency (NEAA 2009) and concern the following:

1. territorial cohesion as social and economic cohesion
2. territorial cohesion as economic competitiveness
3. territorial cohesion as spatial planning
4. territorial cohesion as policy coherence
5. territorial cohesion as place-base strategy

Each line will be elaborated in terms of

1) a long term outlook and

2) a perspective on operationalisation. The aim of the paper is directed at stimulating discussion and at an intellectual exploration of the possible interpretations of territorial cohesion. It turns out that the unique selling point of territorial cohesion, as compared to existing EU policy, lies in adding strategy and policy coherence. It also will appear that there are a number of cross-cutting issues such as creating arena's and visioning, multi-level governance and Open Method of Coordination, general measures versus regional diversity, multi-sector approaches with space as framework for integration, and, last but not least, institutional organizational consequences at the level of the European Commission and at the domestic level. The paper, however, will start with discussing the meaning of the shared competence and the co-decision procedure that applies to territorial cohesion decisions. It will be argued that in practice this means nothing else than the Community Method and the right of initiative at the Commission. Whereas this seems to imply a major shift compared to the former intergovernmental setting, in reality it will only result in relatively modest changes. It will in particular enable territorial cohesion policy making in the procedural sphere, rather than in terms of substantive territorial strategy making.

VENTURE CAPITAL FIRMS AS COLLABORATIVE ACTORS: AN EXPLORATORY LOOK AT COLLABORATIVE VENTURE CAPITAL ACTIVITY IN LONDON AND THE SOUTH EAST

Andrew Watkins, The London School Of Economics And Political Science, UNITED KINGDOM

In the UK, as elsewhere, regional policy has looked toward the development of robust venture capital (VC) markets as one means of fostering high tech industries and developing capacities for entrepreneurial led innovation in underperforming regions. Often missing from this policy perspective is the notion of collaboration as a defining characteristic of venture capital behaviour and as an important mechanism through which venture capital firms develop young entrepreneurial firms. Viewing venture capital firms as collaborative actors, the aims of this exploratory paper are twofold: First, the paper will bridge the literature on collaboration and network formation to the literature on venture capital syndication practices and related networks. Questions explored include: how do venture capitals firms collaborate, who do venture capital firms collaborate with, what is gained from such collaboration and what are the regional dynamics that such collaboration fosters? Second, the paper attempts to further expand this notion of collaboration by exploring some emerging forms, specifically collaboration between venture capital firms and multinational enterprises (MNEs). Based on original research, this second aim looks to capture and understand the how, why, and under what circumstances do independent venture capital firms engage in collaborative partnerships with multi-national enterprises, and to present a preliminary understanding as to the role that this particular collaborative activity plays in both the venture capital investment process, as well as the shaping and characterizing of regionally based venture capital networks. Employing a qualitative approach with upwards to thirty in-depth interviews with UK venture capital firms located in London and the South East, this research suggests that

- 1) venture capital firms increasingly collaborate with MNEs to gain certain types of complementary 'value', and
- 2) that this collaboration places MNEs, as key investment partners, firmly within what are increasingly dynamic and regionally concentrated venture capital networks.

REGIONAL DIMENSIONS OF THE TRANSITION TO A LOW CARBON ECONOMY: RESILIENCE, ADAPTATION OR TRANSFORMATION?

Sally Weller, Centre For Strategic Economic Studies, AUSTRALIA

As Australia develops new policy frameworks to encourage the transition to a low carbon economy, major restructuring is likely to occur in regions that currently depend on fossil fuel extraction and fossil fuel-based energy production. Currently, Australia's policymakers anticipate an incremental and crisis-free transition in which firms are prompted by policy incentives and penalties to innovate in ways that reduce their emissions. This ecological modernisation approach assumes an instrumental state and stable relationship among states, firms and region communities. This paper draws on the literatures of restructuring, resilience, adaptation and path-dependent development to examine the differential capacities of vulnerable regions to respond to the challenges created by carbon reduction policies. It asks whether the policy approaches developed in Europe are applicable to the Australian space economy.

UNWELCOME POLICY OUTCOMES OF WORKING FLEXIBLY: INFORMING THE HRM AGENDA

Daniel Wheatley, Nottingham Trent University, UNITED KINGDOM

Bruce Philp, Nottingham Trent University, UNITED KINGDOM

This paper reflects on government and organisation workplace and transport policies as employed by organisations in the UK, specifically providing discourse on unwelcome impacts and outcomes. The paper begins by outlining current UK government and organisation policies affecting workers. Specifically the paper reflects on the Working Time Regulations, the Flexible Working Regulations and Work-Life Balance Campaign, and transport policy including that focussing on CO2 reductions through reductions in car use and

congestion. Empirical analysis is conducted using evidence from the fourth quarter 2008 UK Labour Force Survey, and a 2006 case study of managers and professionals employed in Greater Nottingham (a regional employment centre in the East Midlands region of England). The evidence presented in this paper suggests:

- (i) long working hours persist even after a decade of the Working Time Regulations in the UK;
- (ii) some employers are driving employee flexibility for the organisation, but are not providing the flexibility required by employees, especially women;
- (iii) the use of flexible working arrangements may have career implications in some organisations, and;
- (iv) significant difficulties remain in balancing work-time with the journey to work, and in obtaining adequate car parking, the practical implications of which should be used to inform future HRM policy.

Gateway A2

THE RELATIONSHIPS BETWEEN UNIVERSITIES AND REGIONS IN ALLEVIATING SOCIAL DISADVANTAGE

Ruth Williams, The Open University, UNITED KINGDOM

Against the backdrop of globalisation, there is growing recognition of the importance of regional development strategies that provide a context for universities to become powerful partners in the process of managing local/regional economic, environmental and social change. Linked to this are pressures associated with the rise of the so-called knowledge society, increased participation in HE and its consequences in terms of institutional differentiation, processes of political and administrative devolution, and for increased accountability of public and publicly funded institutions. Together these have led to an increased focus in recent decades on the relevance and responsibility of HE to local and regional communities. Under such pressures universities have been keen (to varying extents) to publicise their 'third mission' and show their relevance through the generation of education, training and skills, and the provision of applied research and other knowledge exchange activities. These instrumental justifications, emphasising the economic nature of the public goods offered, are being supplemented by more pressures in the form of government schemes (to which funding is attached) aimed at raising the profile of universities as agencies of cultural regeneration and of tackling social disadvantage. These developments and the ways in which different UK universities are approaching them are the main focus this paper, which will be explored in the context of the ESRC-funded HEART (Higher Education and Regional Transformation) project. This project is examining the complex relationship between 'disadvantaged' communities and their local universities, focusing on the under-researched, non-economic impacts, such as the attitudes and values of individuals/groups and the communities to which they belong, and on the capacities of various stakeholder organisations involved in the development of civil society and economic regeneration at the regional level. The paper draws on four case study universities/regions to illustrate the discourses of 'engagement', which dominate much university rhetoric. Views from inside the universities and individuals/groups and organisations external to the universities have been gathered to interrogate and challenge these discourses, to gain a better understanding of the ways in which universities relate to their local environment and contribute to processes of local socio-cultural transformation and the alleviation of social disadvantage.

Gateway L

ON A ROAD TO NOWHERE: A COMMENT ON AMENITIES AND URBAN AND REGIONAL DEVELOPMENT

Lars Winther, Department Of Geography And Geology, DENMARK
Hogni Kalso Hansen, Circle, University of Lund, SWEDEN

Currently (urban) amenities as growth drivers are being given much attention in urban and regional studies and it is transmitted into urban and regional policies too. The basic claim is that amenities attract economic activity in terms of firms and labour and especially highly skilled knowledge workers, talents and creative class members that seek to optimise their utility function of amenities. In policy terms local authorities, municipalities, are taking the arguments serious and they are advancing the development of amenities even in small towns and peripheral regions outside the main city-regions as a new universal remedy to secure future growth and prosperity or at least to prevent stagnation and decline. In that sense amenities are seen as a tool to

secure skill provision. The amenity-growth paradigm does offer new perspectives for some cities and regions but as a universal remedy for urban and regional growth it has, as many of its predecessors, its shortcomings. Hence, we are critical of the underlying tenets of the amenity-growth paradigm but the critique is sustained with respect and sympathy for its contributions to urban and regional studies too. First of all, it has brought back a vital debate on urban and regional growth including the distinction between localisation economies and urbanisation economies. Secondly, it has pin pointed the value of labour, human capital, in the new knowledge based economy in terms of knowledge workers etc. Thirdly, it has drawn attention to labour migration and labour mobility underlying structural changes in the economy. The basic tenet has, however, recently been contested theoretically and empirically. Theoretically it remains within the limits of neoclassical economics and hence restrained by the classic pitfalls of being a meteristic, agent based science dominated by ahistorical models and reversible processes. Further, little empirical evidence has been pushed forward to support the amenity-growth linkage. On the contrary, new evidence reveals that for instance labour movements are driven by jobs and not amenities. The paper explores the bulk of literature that in recent years have followed in the aftermath of the cultural turn in urban economic geography. Based on the review of the most important contributions to the field we discuss how culture economy is used as a locomotive for regional planning regardless of regional context.

Gateway I

CAPACITY BUILDING IN MEGASITE REGIONS. GOVERNANCE SETTINGS IN REGIONS WITH LARGE-SCALE ENVIRONMENTAL DAMAGE

Peter Wirth, Leibniz Institute Of Ecological And Regional Development, GERMANY

This contribution deals with the emergence of multi-level governance arrangements in regions with large-scale environmental damage. It examines the question how regional governance capacities can be developed in so called megasite regions under difficult framework conditions. Regional development is a complex process involving a multitude of actors from different societal spheres (politics, administration, the economy, civil society). As a rule, regional co-operation initiatives seek to improve competitiveness and achieve the sustainable development of regions. Today a great deal of experience has been gathered on such processes based on development concepts, master plans and development agencies. It is associated with the emergence of new governance settings and growing regional capacities (cp. Healey 2002). A special category of region is one that has suffered large-scale environmental damage (megasite), mostly the result of smokestack industry and mining. Environmental pollution hinders renewal of these regions for a number of reasons. There are environmental and health hazards. And the regions have to tackle their “black” image. In most cases, regions cannot cope with these tasks alone. They need help from outside, from the state. Though this is often the only option for avoiding further decline, it means greater dependence on external influences. The state is a new actor in the rehabilitation and development process, and regional development can prove a complicated and stressful challenge. East Germany is a highly interesting region with several instructive megasites. As far as size, environmental impact, and rehabilitation costs, the former lignite and uranium mining areas are the most important of these sites. With German unification in 1990, mining stopped in most areas from one day to the next. A complicated process had to be managed in the regions affected. A new economic perspective was needed and the legacy of old mining operations had to be tackled. In response to the problem, the Federal Government launched long-term rehabilitation programmes and founded state-owned rehabilitation companies in both cases. This was an important step for the regions, but it did not automatically give impetus to the local and regional economy. Nevertheless, after 20 years a number of regions can offer impressive examples of rehabilitation and development resulting from cooperation among local, regional, and national actors. One of the examples discussed is the former uranium mining district around Ronneburg (eastern Thuringia). It has been transformed from one of the most polluted areas in Europe to a green-belt and recreation zone. 2007 it became the exhibition area for the National Horticultural Show in Germany.

Dariusz Wojcik, Oxford University, UNITED KINGDOM

The consolidation of national stock markets in Toronto, Sydney, and Sao Paulo in the past have all coincided with these cities becoming the leading financial and business centres of their countries. What happens in national stock markets and financial centres following international consolidation of stock exchanges? Is the latter of any relevance to the balance of power between financial centres? The paper addresses these issues by tracking the development of stock exchange groups OMX and Euronext. The structure and dynamics of the financial industry between 1998 and 2009 is analysed for the core countries affected by these integration initiatives: Sweden, Denmark and Finland (OMX), and France, Belgium and Netherlands (Euronext). Implications are drawn for the more recent emergence of intercontinental stock exchange groups, with NASDAQ-OMX and NYSE-Euronext in the lead, as well as for stock markets and financial centres in Central and Eastern Europe. It is argued that while stock exchange ownership may not matter directly, their location continues to matter.

Shuang Yann Wong, National Institute Of Education/ntu, SINGAPORE

In Malaysia before the 1970s, regional development policies were designed specifically to reduce regional disparity taking primarily the resource frontier or agro-metropolitan approach. With intensifying global competition, the attention has gravitated towards promoting export-oriented manufacturing industries led by foreign direct investment based on the successes of the East Asian NICs. The newly industrialized economy of Malaysia today is achieved at the expense of rising regional disparity as growth and development in the peripheral regions are marginalized as in the case of Sabah, a state in East Malaysia. What has happened to the regional development policies of Malaysia since the developmental state policy was introduced to emulate the experience of the Asian NICs? Has there been any paradigm shift, resulting in greater disparity? Are the spatial, political and economic linkages too thin to create the spillovers to Sabah? Inquiries on these issues rarely surface in the current literature. Policy biases have long been perceived the major deterrents of equity in national development and are also implicated in regional policies. Given the unique history and geography of Sabah, the normative approach to explain Sabah's malperformance may not suffice especially in comparison to the more developed states in Malaysia. The national development strategy that emphasizes the expansion of largely non-resourced-based manufacturing and high-tech industries may not fit Sabah which has greater comparative advantages in natural resources, indicating the need to broaden the scope of existing regional development policies. The local government of Sabah has also devised its own development plans to explicitly spell out its own specific development needs to complement the national agenda. Why did Sabah still lag behind its other counterparts despite having abundant natural resources? Are the regulatory and supportive roles of the federal government in terms of provision of financial and infrastructural amenities enough to rectify the perceived development constraints of Sabah, viz. location, market, skill and capital constraints of Sabah? What else need to be done? A critical examination of Sabah's development problems is necessary in particular, in the context of its political and economic relations with the federal government of Malaysia and the flows of trade, capital and labor between Sabah and other parts of Malaysia. The path-dependent development trajectory of Sabah seems to characterize that of resource curse thesis as evidenced by its brief periods of boom and unsustainable growth in recent years. To suggest measures of improvement would require a full understanding of Sabah's development process as well as a scrutiny of the existing regional development policy and the relevance of national development strategies to spur Sabah's development potentials. The disparities could worsen and the issue of national disintegration is imminent if the process of cumulative causation were allowed to take effect in Sabah.

DO REGIONAL CLUSTERS AND NETWORKS PROTECT FIRMS IN THE GERMAN MECHANICAL ENGINEERING INDUSTRY AGAINST THE FALLOUT OF THE ECONOMIC CRISIS?

Martin Wrobel, Institute For Employment Research (IAB), GERMANY

Since the late 1990s the concept of regional clusters and networks is considered to contribute significantly to regional development. In Germany, politicians, consultants and economic developers alike are convinced that the implementation of clusters stabilises and improves local economic structures. Against this background, this paper deals with the question if regional clusters and networks are protecting firms against the fallouts of the current financial and economic crisis. In Germany, this question is salient in particular regarding the export orientated industries of the country. The drastic decline in foreign demand together with banks' reluctance to lend money forced many companies to cut back working hours, often supported by specifically designed government schemes compensating companies for the reduced hours of work instead of laying off large chunks of their personnel ("Kurzarbeit") This paper gives insight into the situation of companies of the mechanical engineering industry in Germany. The analysis is based on empirical evidence from a survey of over 300 companies in the sector. Findings show the difficult situation the majority of the – mostly export-orientated – companies are currently in. Separating firms in institutionalized and informal clusters within the region from firms not embedded regionally, results from various regression models suggest, first, that being part of a local cluster is contributing to protection from the current crisis. Second, companies of institutionalized clusters benefit most regarding the protective effect of regional clusters and networks. One possible explanation for this finding is the existence of cluster managers in these formations. In his or her role as a mediator, he or she negotiates and balances constantly between members to generate mutual trust and appraisal within the regional cluster. From there, a heightened awareness and innovative strategies to encounter the crisis may arise within regional clusters, for example regarding the temporary exchange of employees.

STUDY ON THE FEASIBILITY OF FREE WALKER MODEL IN THE INDIVIDUAL TRAVEL TO TAIWAN FOR MAINLAND CHINESE

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Chang-Chun Feng, Peking University, China
Ya-Ning Chen, South China Normal University, CHINA

The Free Walker model to Hong Kong & Macao is a policy established by the Chinese government for revitalizing the local tourism after SARS epidemic situation in early 2003 while the tourism suffered a severe blow. This tour model took effect when the Closer Economic Partnership Arrangement (CEPA) had been signed on 29th June 2003. According to statistics, after the policy was implemented, the significant economic effects occurred in Hong Kong & Macao. From 2003 to 2008, the number of people from Mainland China travelling to Hong Kong & Macao increased from 14.20 million at the early stage of opening to 30.60 million, nearly triple than the number before, and the total consumption of travelers increased by 2.6 times. The policy has driven the development of the tourism and its related industries, and has made outstanding contributions for renewing and promoting the economic growth in Hong Kong & Macao, showing that the Free Walker policy has achieved success. With the warmer political relationship between the Mainland China and Taiwan, the political situation has become increasingly stable. In July 2008, the group tourism to Taiwan of Mainland Chinese was officially opened, which boosts the Taiwan's tourism and injects a cardiac for the Taiwan economy which was in downturn. According to the statistic data from Tourism Bureau of Taiwan, during July 2008 to March 2009, the number of group tourism to Taiwan of Mainland Chinese was increased from average daily 300 at the early stage of opening to average daily 2,000 by the end of March 2009. In contrast, the number of people travelling to Hong Kong & Macao of Mainland China averagely reached up to 28,000 every day at the early stage of the opening of the Free Walker to Hong Kong & Macao, which is 93 times than the average daily number of people travelling to Taiwan at the early stage of the opening. Taiwan is one of the most desirable travelling destinations for Mainland Chinese. According to preliminary statistics, there are more than 50 million Mainland Chinese who are willing to travel to Taiwan. Through the comparative analysis between the Free Walker to Hong Kong & Macao of Mainland Chinese, the paper considers that Taiwan has huge potential market of mainland tourists and owning great tourist capacity, and the model of Free Walker to Taiwan of Mainland Chinese has a quite good feasibility. Therefore, both Mainland China and Taiwan can refer to the model of Free Walker to Hong

Kong & Macao on the aspects of simplification of visa procedures, normalization of cross-strait direct flights, reduction of access threshold, reinforcement of guarantee measures of relevant laws and gradual establishment of opening cities in the process of Travel to Taiwan of Mainland Chinese. All these measures will make promoting the development of tourism in Taiwan and enhancing the economic and cultural exchange between Mainland China and Taiwan.

Plenaries

EAST ASIAN CAPITALISMS AND GEOGRAPHIES OF REGIONAL ECONOMIES

Henry Yeung, National University of Singapore, SINGAPORE

This presentation examines the diverse contributions of economic-geographical studies in understanding the changing dynamics of capitalisms in East Asia during the past three decades. As East Asia has undergone tremendous national and regional transformations during this period, we witness diverse capitalist developments unfolding firstly in Japan, and then in different waves of the Asian newly industrialized economies, and more recently in China. These divergent transformations in East Asia have produced distinctive geographies of regional economies that have been well documented in empirically grounded geographical and regional studies. To reflect on the changing field of economic geography and regional studies, this presentation engages with the different epistemological and theoretical framings in existing geographical studies of East Asian capitalisms. In doing so, I reflect on the possibilities of using conceptual ideas arising from these studies to 'theorize back' at mainstream ideas developed in North America and Western Europe. This approach enables us to appreciate better the (re)making of economic geography and regional studies as distinct fields of intellectual enquiry in light of recent development in East Asia.

Gateway D

INTERMUNICIPAL PAYMENT COLLECTION PLAN AND REGIONAL DEVELOPMENT- VALE DO TAQUARI/RS/BRAZIL CASE

Renato Antonio Zanella Filho, Universidade De Santa Cruz Do Sul - PPGDR, BRAZIL

Brasil was settled by Italian, German and Portuguese immigrants at the very beginning. Taking into consideration the hardship the settlers had to face, the leadership that took place in those little communities showed an associative and entrepreneurship spirit. This made the development possible with the construction of churches, schools, hospitals, cooperatives, leisure clubs, roads and others at first. The first municipalities in the region were Taquari (1849), Estrela (1876), Lajeado (1891), Encantado (1915) and Arroio do Meio (1938). Such then fragmented themselves into new other municipalities along the XX century, originating a total number of 30 small counties in its majority with a population under 5.000 inhabitants. From 2004, however, the small counties returned to form groups once more, creating an Intermunicipal Payment Collection Plan for the Development of Vale do Taquari. So, the question this research seeks to answer is what takes these small municipalities of Vale do Rio Pardo, competitive to one another, regroup and create an Intermunicipal Payment Collection Plan aiming the promotion of regional development. The data analysis shows that the intense and accelerated emancipation process, due to local political aspiration, generated in many cases extremely small municipalities in territorial area and almost inexpressive in financial terms with tax return and/or tax collection; situation which began to rely its "survival" on resources from the Municipal Participation Fund. This fact makes the small municipalities, here known as lugares (places), to articulate together around common challenges and hopes and start up regiões (regions) to face the big number of demands coming from the population needs and aspirations. This way, the need to create a new territorial and political base is instituted, strong enough to overcome political confrontation, especially in regards to planning common actions (intermunicipal) in strategic areas, such as, urban infra structure, health and education, just to list a few; and in the search for the necessary resources to put it into practice, to make the regional development viable.

IMPACT OF GLOBALIZATION ON EUROPEAN AND NATIONAL SPATIAL DEVELOPMENT - CONSEQUENCES FOR THE POLICY MAKING

Jacek Zaucha, Gdansk University, POLAND

Tomasz Komornicki, Polish Academy of Science, POLAND

Globalization manifests itself in intensification of world-wide economic, cultural, political, ecological and personal relations and growing interdependencies beyond the national and even continental borders. Although it is a very complex phenomenon one of its main driving force are economic processes which reshape not only economic geography but also lead to important social, demographic and environmental consequences. This paper deals mainly with economic globalization and its different impacts. It analyses globalization from a territorial perspective by defining it as an economy without distance. In the context of globalization distance should be seen as a multi-dimensional category i.e. as a physical distance measured in kilometres or time of journey, but also as a lack of language, cultural, administrative and economic barriers hampering trade, flow of capital and labour and last but not least flow of ideas. Globalization understood in such a way has direct relations to the main three territorial driving forces of socio-economic development identified in the world development report (World Bank 2009, p.6) i.e. density, distance and division. While it is a product of lowering distances and divisions (administrative barriers) it strengthens within-countries density while simultaneously intensifying world-wide relocation of economic activities between different types of countries (i.e. at global scale) as predicted by the models of new economic geography (Fujita, Krugman, Venables 2000, pp.263-281). This in turn might influence some migratory processes, increase demand for energy and accelerate global environmental response. Therefore globalization has important territorial impacts. This has been considered in many national and international strategic documents dealing with spatial planning and spatial and regional development. An example can be Regions 2020 (EC 2008) assessing future challenges for EU regions in which measures of regional vulnerability towards economic globalization, demographic change, climate change and energy shortages have been formulated. In this paper findings from the Regions 2020 have been verified using data from Poland as an illustration. Foreign trade value and structure have been used as the indicators of local economies (county level) vulnerability towards global economic turbulences. The consequences for the national and European spatial polices have been also analysed and discussed. This seems really important since majority of national policies and also EU territorial co-operation policy are framed mainly in EU and closer neighbourhood context underestimating impacts of global phenomena which are reserved for external relation, ecological, transport or foreign-trade policies.

THE RISE OF CHINESE FINANCIAL CENTRES: COMPETITION AND COOPERATION AMONG SHANGHAI, BEIJING, SHENZHEN AND HONG KONG

Simon Xiaobin Zhao, University Of Hong Kong, CHINA

Based on the examination of their developmental conditions, pathways and determining factors, this study reviews and summarizes the historical experiences of development of global financial centres. From the perspectives of Geography of finance, Law-finance theory and the Time-zone theory, this paper synthesized the current theorization on the growth and development of International Financial Centres (IFC). Amid the current global financial crisis and the rise of Chinese economy in the world economy, this study foresees the prospect of robust growth of Chinese financial centres, including Hong Kong, Shanghai, Beijing, and Shenzhen, and their possible competition and cooperation in the post-crisis era.

ASSESSMENT OF ANTI-CRISIS ACTIONS TAKEN BY REGIONAL AUTHORITIES IN NORTH-WEST RUSSIA

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In 2008-2009 global economic crisis became a problem for business, citizens and all level authorities. National as well as regional governments of all countries were developing anti-crisis programs and were taking anti-crisis measures. Were these actions reasonable and successful? How diverse are the anti-crisis policies and their results among the regions? From June 2008 till July 2009 these questions were analyzed by The Leontief Centre. The research was based on monthly monitoring of crisis effects and anti-crisis actions taken by regional authorities in 10 regions of North-West Russia. The following groups were sorted out to study the socio-economic processes: real sector (large and medium-sized business); financial sector; small business; labor market and employment maintenance. Among the authorities' actions much attention was devoted to the budget, budget adjustment, budget administration; local companies' lobbying in order to get the federal aid; business maintenance by the means of regional budget; social policy, employment maintenance; development and implementation of anti-crisis programs. Concerning small business maintenance following characteristics has been studied: amount, dynamics, level and priorities of government support regional programs of small entrepreneurship maintenance 2008-2009; participation in tenders for federal budget subsidies for government measures financing of small and large entrepreneurship in 2009; tax reduction by means of using the simplified taxation; creation of auspicious conditions for purchasing rental premises. The study of regional budget's structure dynamic has detected differences in region's policies. To detect relations between authorities' actions and the economic conditions a typical method was used. On the one hand, regions were ranked and grouped against the anti-crisis actions taken by region's authorities in different areas. On the other hand, they were grouped against the success of the regulated areas. Later, the groups' comparison was drawn. It was found out that a connection between the policy quality and its results can be seen in such spheres as labor market and employment maintenance. At the same time this relation is not evident when studying the small business maintenance sphere. Another research of relation between two indices is planned. First is the regions' democracy level index which was computed in 2000-2004 by Moscow Karnegy Center specialists. Second is the index of regional authorities' anti-crisis policy quality. Such relation has not been found yet, however, leader regions with high index of democracy level (Saint-Petersburg, Karelia Republic, Leningrad Region) distinguish themselves as well with highly efficient anti-crisis policy of employment and small business maintenance.

EU REGIONAL POLICY - TERRITORIAL COHESION OBJECTIVES AND REALITIES

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Our contribution takes a critical look at the development of EU cohesion policies, with a particular focus on territorial cohesion. Various policy documents have been developed over the last decades, beginning with the Leipzig Principles and the ESDP (European Spatial Development Perspective). Successively other policy documents have also included different aspects which can be linked to territorial cohesion. Among them are the Lisbon Strategy, the Territorial Agenda, the Territorial State and Perspectives, the EU Green Paper on Territorial Cohesion and the recent DG Regio working paper on territories with geographical features. Last but not least the integration of territorial cohesion in the Lisbon Reform Treaty needs to be mentioned, and it remains to be seen whether or how the EU2020 Strategy and 5th Cohesion Report and the follow-up of the Territorial Agenda will take on territorial cohesion. A discussion of these documents will stress how the understanding of cohesion has been shaped over time. This has, in parallel, affected the objectives of the related policies, especially the Structural Funds. Also, the development of these policies in relation to territorial cohesion will be reflected when discussing the development of the understanding of the territorial cohesion. Against this background our contribution discusses the empirical evidence of territorial cohesion. The empirical evidence focuses on territorial development rather than territorial impact assesment of relevant policies. This discussion points out how cohesion achievements at one spatial level can affect territorial objectives at other levels. It indicates, furthermore, in how far the objectives of the Territorial Agenda have been realised by territorial developments. This can be illustrated by drawing on a number of EU wide and national studies. Looking for instance at the objective of a polycentric urban system supporting innovation. This has been largely realised in Germany, due to the structure of the German urban system. However, at European level no German

city can achieve the same functional role as the leading European cities London and Paris. And at regional level this can imply further concentration of economic activities. Relating these territorial developments with other priorities, even partially contradicting objectives become apparent. Such perspectives also allow to stress territorial development trends in the light of future challenges, such as globalisation and demographic change. We conclude with the implications these empirical findings have for regional policy. It is pointed out that besides an update of policy objectives in the light of future challenges especially action plans are needed in order to enhance the realisation of EU territorial development objectives.

Gateway G

REGIONAL MONETARY HETEROGENEITIES WITHIN CURRENCY UNIONS CHALLENGES FOR THE EMU AND SELECTED EU COUNTRIES IN THE FINANCIAL CRISIS

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Our research addresses the question whether existing currency unions can be regarded as optimum currency areas (Mundell, 1961). We investigate this question within the context of regional heterogeneity in monetary processes inside monetary unions, and, following Beck et al. (2009), consider it as an equilibrating adjustment mechanism in response to asymmetric shocks. For example, in the literature, large and long-lasting differences in inflation rates were detected across euro area countries, furthermore, heterogeneity is considerably more pronounced across regions than across countries. During the financial crisis it was learned that countries outside the euro area are more vulnerable to the effects of the recession. Some of the difficulties arose because of the risk management techniques followed by the foreign parent banks of the local affiliates who tended to redirect financial resources from the peripheries to the centres on intra- and international scales. The aim of our research is twofold. First, we would like to review the literature in order to get a picture about the existing regional monetary heterogeneities. Second, we try to assess the consequences of the financial crisis and the potential policy implications. Finally, with the help of a Hungarian case study, we demonstrate the size, persistence and nature of within-country inflation and price differentials from an empirical perspective.

Gateway G

CROSS NATIONAL COMPARISON OF THE SYSTEMS OF CORPORATE GOVERNANCE, AN INSTITUTIONAL PERSPECTIVE

Bedo Zsolt, University of Pécs, HUNGARY

The paper hypothesises that the institutional arrangement of the country determines the extent of investor protection and their ability to enforce their interests. This in another word implies that to understand the factors causing divergence in the systems of corporate governance one is to assess the institutional antecedence on the country and even regional level. Based on empirical data we scrutinize how the tax burden, labor market, ethical and psychological conditions influence the extent of investor protection on the country level before and during the current financial and economic crisis. On a European sample we used Amable's (2003) clusters of financial systems to categorize countries and to analyze the different relationships between the independent institutional factors and the dependent investor protection variable. We found no statistically significant difference between the different category relationships, while discovered connections on the full sample.

(1) The inverse relationship between labor market rigidity and investor protection is present in 2006 and 2007 while in the year of the crisis this becomes distorted due to the downturn in employee protection.

(2) The negative correlation between the tax burden factor and the dependent variable also becomes insignificant in the time of the recession.

(3) Through out the three years as ethical condition deteriorates investor protection falls as well.

(4) The same conclusion is relevant in the case of the psychological factor. Our results support the divergence and partial convergence argumentation in comparative corporate governance literature by discovering the connection between institutional dimensions and investor protection. Our findings on the other hand deem to disqualify Amable's clusters of financial system. The appreciation of the deterministic nature of the institutional context on corporate governance and consequently on the financial system should make EU level decision makers rethink their policies on the unification of the EU financial system along a single model. This also applies to the full application of the market driven Anglo-Saxon system of corporate governance and financing.

**CHANGING PROCESSES BETWEEN THE CITIES AND THEIR SURROUNDINGS
SUBURBANIZATION AND CONFLICTS**

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In the past decade the structure of the settlement system, the role of the cities and their connection with other settlements changed radically in the whole world. Due to the urbanization and globalization mechanisms the urban areas concentrated not only the population, the economy, the direct investment, services, culture and become the main places of the consumption, but included social problems and conflicts as well. Increasing this, the development and spreading of the cities, the urban sprawl phenomenon, their growing independence and the suburbanization processes started a new stage of the relationship between the cities and their surrounding settlements. What kind of relations have changed? Firstly, more and more people moved out from the cities to live outside, but their working places, schools, their everyday life, their consumption and social contacts are realised in the cities. They live outside, but consume in the cities. The most visible problems of the suburbanization could be seen at the transport problems, at the service gaps and the ecological problems. The relations between them often realised in social conflicts, for example disagreement between the commuters and local inhabitants, newly inmoving groups and locals, and due to the unequal allocation of resources conflicts between governments of the cities and the small surrounding villages. The settlements have to solve these problems, and develop cooperation between each other, to evolve competitive, multifunctional urban areas. In this presentation I would like to show the development of the conflicts and recent oppositions in the Agglomeration of Budapest, concerning to the suburbanization processes, based on the results of two large empirical researches, which were carried out in the large urban regions and supported by the Norwegian Financial Mechanism and the Hungarian National Research and Development Program.

**FROM A GREENHORN TO AN ANTICIPATORY PRECURSOR MISCELLANEOUS
EXPERIENCES, POLICY LEARNING AND INNOVATION BY 15 YEARS OF ERDF FUNDING IN
AUSTRIA**

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Markus Gruber, convelop - cooperative knowledge design gmbh
Stephan Pech Land Steiermark, Abteilung Wirtschaft und Innovation

With its accession to the European Union in 1995 Austria gained access to European structural funding. Thus, Austria's regional policy achieved important incentives, at the same time its conditions changed considerably - a system had to be taken over that was equally implemented for at that time 15, nowadays 27 member states. What kind of added value of these 15 years of structural funding for the regional policy in Austria can be assessed? And what kind of lessons learnt can help to formulate prospective propositions for 2013+? During the last three funding periods manifold evaluations of single programs have been carried out showing predominantly encouraging results for regional development conditions as well as for the administrative implementation processes. Herewith Austria is currently very well positioned within Europe. But an integrated reflection on the added value of the European funding for the regional policy of Austria has been missing so far. The recent Lisbonising reform of the structural funds brought a new architecture of strategic concepts. In Austria these new requirements were taken as an incentive for a comprehensive and integrative reflection process to provide a sound basis for the national strategy and its follow-ups in 2007-2013. This process was primarily based on a quantitatively oriented pilot study conducted by the Austrian Institute of Economic Research as well as a specific analyses of evaluators from the areas of regional, labour market and rural development policies. The reflections have firstly nurtured the critical assessment of limitations associated with the structural funds - still persisting in the current funding period - leading to uncertainties and restrictions with regard to innovation as well as to a large increase in administrative requirements. But they also offer a basis for constructive inputs for the discussion process for 2013+ aiming at a strengthening of the innovative and impulse-providing power of structural funds programmes. So the paper will discuss the added-value as well as shortcomings of 15 years of structural funding on Austria's regional policy. In addition it will draw the bow from an impact assessment to the ongoing discussion process for 2013+. On the basis of the Austrian experiences the paper will reveal two possible ways for 2013+ altering between simplification on one and a completely new governance role for the Commission on the other hand.

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The macro regional alliance of countries and areas swept by the Danube is a new direction in European Union regional policy. Its development concept is under preparation which wants to determinate the common development issues in each countries and the whole area. It is an especial historical situation that the majority of countries swept by the Danube and its catchment area belong to the same common political union, to European Union. The classic use of concept does not answer many questions of spatial planning, it does not bordered such regional frame whereon it can be based on every level of planning. Also the plan should be multilevel: it should be concerned from the river basin as a physical geographical phenomenon to the delimited catchment area. However, this delimitation should move in political boundaries because of document's nature. It raises the question that what is going to ensure the cohesion of internal region coming alive? The study aims to summarize the concepts on Danube area (political schemes, spatial issues of development plans) considering to the differences of concerned (existing today and existed earlier) countries' views. Its political importance is that a common Danube strategy should based on consensus since the determination of Danube area concerns historical issues and geopolitical concepts as well. But the too general delimitation is in danger of our area will not separate from other European macro regional concepts such as Central Europe, Southeast Europe. That is why it is important to determinate a common internal features. Beside the examination of external borders it is necessary to analyze the internal structure of the area too. It must be aware in what case it is about common Danube area and when it is needed to handle separate its certain regions and similar problem areas. In the basis of these observations the study aims to present alternatives what means Danube area as planning macro region, what ensures and dangers the internal cohesion of a spatial unit. In what kind of relation has got the forming and developing macro region with other macro regions, historical and geopolitical spatial categories. Exact determination of all spatial concepts, their sensitive describe could contribute to strengthen the cohesion of countries in Danube area by the preparing plan.

Chao Zang, University Of Manchester, UNITED KINGDOM

The paper was based on my PhD project-a case study of TZF in its ten years' development. Drawing from the semi-structured interviews with the creative workers most of who were occupational painters, this paper aimed to decipher the dynamics of creative production with the evolvement of place and art market. Firstly, it revealed the role of the creative industries being trailbreaker in the place remaking. The settlement of a few famous artists in the old factory spaces had generated the artistic reputation of TZF. Through adopting the neologism of creative industries as intermediary, old factory buildings and Shikumen houses were prevented from demolishment and speculation. It suggested that the reputation of the forerunner artists, rendered TZF a tempting place for the late comers. Secondly, it explored strategies they used to manoeuvre between the symbolic capital of the place and individual careers, between creative autonomy and market. As the place changing from an artists' quarter themed on visual art to a leisure site with the preponderance of creative retail, the feeling of ambivalence was evident regarding living off art and living for art. On the one hand, the narratives showed complaint or pessimism towards commodification of the artistic ambience and marginalisation of art. Whilst on the other, the popularisation of the place and the downward flow of culture from the fine arts to the cultural products about everyday life also indicated the involvement of TZF into a broader market of the creative industries, which, in other words, implied market potential for the painters. Finally, the policy implications were discussed, focusing on the matters from TZF's bottom-up development, such as the tendency of the creative industries becoming nominal. Suggestions were put forward in terms of setting threshold for coming enterprises and individuals, regulating property rents for creative workers' use and developing mechanism of management within the cluster.

Sit Fung Shuen Victor, The Advanced Institute For Contemporary China Studies , HONG KONG
Xu Karen

Strategic regional cooperation plays a key role in overall competitiveness of the Extended Metropolitan Region (EMR), and it is essential to establish regional coordination institutions in them in light of current rapid global changes in economic, social, transport and environmental development.

This study reviews relevant EMR theories and different related models and experiences in regional cooperation in North America, Europe and Japan. It then examines the significance of regional coordination institutions in promoting strategic regional cooperation in EMRs and discusses their implications for the Chinese EMRs.

This Study suggests that bottom-up regional coordination organizations in the New York EMR and Chicago EMR are important for promoting a high degree of autonomy for individual member cities of the cluster under market economy. They are also key to enhancing overall regional competitiveness, particularly in areas of economy, living environment, technological innovation, land use planning and regional security. In European EMRs, on the other hand, the government plays a crucial role in coordinated regional development. The establishment of the Greater London Authority in London area and the Regional Board in Randstad by the government are significant for regional coordination among member cities in European EMRs for sustainable and balanced regional development. It is found that Regional coordination mechanism that emphasizes resilience and openness is essential for regional coordination among individual cities. The Regional Cooperative Administration in Japan enables local organizations to implement coordinated administration and planning in regional affairs. It effectively fosters strategic cooperation and buttresses economic and social development in the Japanese EMR.

This Study proposes that it is crucial for China to leverage the influence of EMRs to promote overall national economic restructuring and enhance overall national competitiveness. Besides the setting up of Urban Growth Coalition for promoting strategic cooperation among cities in a cluster, both the government, business and social groups at different regional levels should play a proactive role in regional coordination in order to cope with economic and social discrepancies among cities in the cluster to achieve sustainable and balanced development in Chinese EMRs.

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While millions of poor still depend on small scale freshwater fisheries to earn a meager living, the sector shows overall decline in catches over recent years throughout South East Asia. Among few other causes, overfishing is often pointed out as a main issue. However, little research is done regarding the socioeconomic and technical diversity among the fishing communities, being both the victims of the problem, and its possible cause. This research aims to characterize fishing communities in Singkarak Lake (Sumatra, Indonesia) by exploring their socio economic and fishing characteristics and also identifying the problems, constraints confronted by those communities as the entry point for policy formulation in an effort to make small scale fishermen to be well identified and address fisheries related problem appropriately. Results show that fishing communities in Singkarak Lake have high level of homogeneity in terms of their fishing activities which represents the highest in cash households' income. Moreover, fishing is pivotal to their livelihoods, securing basic needs for foods and supporting children's education. The sustainability of fishing resources in Singkarak Lake is under threats due to huge decrease of fish production and some other factors associated such as degraded environmental condition, construction of HEPP and fishing practiced by the fishermen itself. Recent management initiatives still cannot appropriately capture and address these issues.

James Hopkins, University of Manchester, UNITED KINGDOM

During the 1960s 'the region' and regional planning enjoyed favourable attention in Britain. A sympathetic government, along with specific national economic concerns highlighted both the need to address visible problems at the regional level, but also to improve the communication and mutual education of researchers and practitioners. Many working on regions agreed that some form of association to bring together the research community with those working in policy was needed. The Regional Science Association, a U.S. based organisation that had embraced quantitative methods, appeared to be a viable route for British scholars and practitioners. Its founder, Walter Isard, had rapidly established a network of international sections and had been seeking a sponsor to form a section in Britain for some time. Thus, after having liaised with Gunter Hirsch, an economist from Cambridge University and Leslie Jay, a County Planning Officer, Isard came to the UK to address an assembled group of geographers, economists, planners and engineers at the London School of Economics in 1964. At that meeting, those interested in regional science's quantitative approach were joined by a group whose intellectual heritage and focus hailed from the earlier British tradition of empirical physical planning and development of those such as Geddes and Abercrombie. Ultimately, Isard's efforts to establish a British section were thwarted and an independent organisation, the Regional Studies Association, was formed in 1965.

The course of these events established two separate trajectories amongst the limited number of regional researchers and the reasons behind it have attracted attention (Wise 1989; Barnes 2003). The published account of these events by Michael Wise, one of the founding fathers of the Regional Studies Association, argues that the Association was formed as an independent organisation because of a conflict between the 1960s British policy context and a clause in the Regional Science Association constitution forbidding attempts to influence legislation. However, recent research has demonstrated that this was not the case. This paper presents an alternative view of the Association's formation based on three independent archives and oral history interviews with the Association's surviving founding fathers.

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