

Chapter 1: Regional Development Paths in Central and Eastern Europe and the Driving Forces of Restructuring: An Introduction

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Introduction

The transformation of Central and Eastern Europe (CEE) has been the subject of considerable interest in social sciences. With systemic change, EU-integration and accession, followed by the years and aftermath of the global financial and economic crisis, the CEE group of countries has undergone deep socio-economic restructuring, leading to new patterns of regional differentiation and development.

Influenced by a combination of inherited and newly emerging factors, territorial disparities have been on the rise. Examples of catching-up with western EU member states in the capital cities and a handful of successful regions are contrasted by the re-emergence of deep socio-economic problems in traditionally underdeveloped peripheries and newly hollowed-out regions still struggling with the legacies of industrial decline and the loss of economic functions. These differences, reflected in several spheres (e.g. competitiveness, social cohesion, governance and sustainability), shape the new national and sub-national dividing lines of post-crisis Europe.

This volume, collecting the results of a comparative research project on the driving forces of spatial restructuring and regional development paths, aims to deliver a comprehensive view on the complex system of regional development within CEE. In its chapters, focused on the different aspects of restructuring, the authors identify the common features of spatial restructuring, as well as the underlying patterns of socio-economic differentiation, showing the CEE group to be just as heterogeneous as the EU15.

The global financial and economic crisis serves as a common lynchpin for many contributions, as its far-ranging effects can be said to represent the start of something new – a ‘post-transition’ period where the inherited problems of post-socialism slowly give way to new dilemmas. The dilemmas of post-transition evidently continue to be influenced by historical and institutional legacies, but the specificity of ‘post-socialism’ will be weaker, one among a set of influences dominated by deepening European integration, and against the backdrop of a new era of global uncertainties.

Researching the Regional Development of Central and Eastern Europe

Over the transformation of Central and Eastern Europe, studies on the macro-region have mostly been dominated by macro-level analyses and thematic studies. Research on regional development has been a relatively smaller field of enquiry, going through multiple phases of interest. Pickles (2008), as summarised by Czirfusz (2011), put forward four waves of transition studies: a first wave centred around the broad policy issues of economic reforms, a second wave concerning increasing socio-economic inequalities, a third wave on spatially and socially uneven regional development, and a fourth wave ‘when logics and theories of transition studies

became objects of scrutiny' (21). In spite of constant academic interest, research has also had its 'blind spots' where much fewer works have been completed. While the EU accession period saw the proliferation of research programmes on structural and cohesion policy, most thematic volumes have either focused on the regional transformation of individual countries, or on specific topics (e.g. declining industrial regions, the spatial distribution of Foreign Direct Investment, the transformation of rural spaces, or new directions in urban development). In contrast, relatively few works have presented a comprehensive view of the macro-region in a monographic format, and most of these were written more than fifteen years ago (Gorzalak, 1996; Heenan and Lamontagne, 1999; Bachtler, Downes and Gorzelak, 2000; Turnock, 2001 and Hughes, Sasse and Gordon, 2004). Recent works with a broad outlook include Herrschel (2007) and co-authors with a systemic review of post-socialism and transition from a global perspective, Gorzelak, Bachtler and Smetkowski (2010) on development dynamics and policy responses, Gorzelak and Goh (2010) on the early consequences of the financial crisis, and Lang et al. (2015) on polarisation and peripherisation. However, the new development directions of CEE regions and the questions of the post-crisis period have not yet been adequately explored. More research is needed on the subject, and this book can only hope to contribute to the discussion.

The identities and interests of researchers who deal with CEE subjects are themselves worth noting. In a detailed study of publication patterns across 15 leading international journals in regional studies and human geography, extending to the period between 1995 and 2011, the author of this chapter found 485 articles dealing with various development issues of the CEE macro-region (Lux, 2012). Interest in CEE was more or less stable across this period, with most attention dedicated to the subject of urban development (19 per cent of all papers), followed by public administration (11 per cent), then regional policy, manufacturing, regional differences and rural issues (10 per cent each). The specific problems of post-socialism (8 per cent), border issues (6 per cent) and services (5 per cent) received comparatively less attention. There were two features of particular interest in publication patterns: first, *the clear dominance of individual case studies fitted into western theories, with a much weaker representation of comparative, synthetic or theoretical papers* with a CEE connection. Indeed, where the latter three were found, they were usually written by western primary authors, although sometimes with local co-authorship. Second, *the examined articles demonstrated proof of what is commonly referred to as the 'Anglo-Saxon hegemony in human geography'* (for the broader debate, see Gutiérrez and López-Nieva, 2001; Rodríguez-Pose, 2006; Aalbers and Rossi, 2007 and Paasi, 2013; and for the specific question of CEE, Stenning, 2005 as well as and Timár 2004a, 2004b). There was a promising evidence of growing internationalisation: the share of papers with CEE primary or co-authors had risen from 52 percent between 1995 and 2004, to 61 per cent between 2005 and 2011. Nonetheless, for good or ill, the production of regional studies was clearly tied to the dominant research hubs of the United Kingdom, the Netherlands and North America, and reflected the curiosity and research agendas of western academia.

The Rationale for the Book: Emerging Doubts about the CEE Regional Development Model

Regional development in Central and Eastern Europe has long been framed by notions of *transition* from one model to another: central planning to market economy, authoritarian rule to democracy and top-down to bottom-up social organisation. While most components of transition have been articulated on a general, society-wide level, some are anchored in space: eastern vs. western orientation, hierarchies vs. networks, and centralisation vs. decentralisation.

The spatial embeddedness of transition was not generally made explicit at the time of systematic change, and did not emerge as a cohesive agenda of *spatial justice* (c.f. Soja, 2009), but some of its elements were implicitly present in specific goals, particularly concerning the autonomy of local communities, and non-discrimination in development funding.¹

The notion of transition, often conceptualised in the form of dichotomies, suggests instability along with fast-paced, substantial and lasting change towards a new stable system. However, the early hopes of transition failed to materialise: rapid change in some regions was counterbalanced by lagging development or decline in others; improvement in varied spheres by new crises and vulnerabilities. There is, perhaps most prominently in Hungary, also a certain sense of missed opportunities: the CEE macro-region has remained a periphery within Europe and on the global stage, and did not produce the standout growth rates, globally competitive firms, brands and narratives of the iconic post-war examples of successful modernisation. Politically, CEE has little influence beyond its borders and own affairs, and does not play on the European, let alone global scale. It has little in the way of cultural exports, and its outside representation is deeply problematic whether we consider its public image or media coverage. There are success stories and hopeful signs, but hardly a reason for celebration. The roots of this disillusionment reach deep. Crucial empirical evidence of increasing regional differences and limited modernisation under post-socialism was already presented in a comprehensive manner by Sokol (2001) and Dunford (2005), and troubling extrapolations until 2030 and 2050 have been provided more recently by the long-term development scenarios of the ESPON ET2050 programme (2015). Twenty-five years represent a rather long period in the development of countries and macro-regions, and yet expected benefits have failed to materialise, while many socio-economic problems thought to be short-lived seem to have become permanent features of the post-socialist condition. The explanations and responses to this dilemma have given rise to two major interpretations of post-socialist development.

One interpretation places emphasis on the slow-paced nature of regional change. Contradicting scenarios which calculate with fast-paced transformation, this approach posits that the malaises of state socialism are deeply rooted, and change must to take place over decades, perhaps even generations. These explanations can draw especially relevant lessons from the results of the institutional turn in economic geography (Martin, 2000; Amin, 2001), as well as the emerging field of evolutionary economic geography (Boschma and Frenken, 2006; MacKinnon et al., 2009), which offer an array of useful concepts for discussion. Path-dependent development, lock-ins, institutional rigidities, or problems associated with the accumulation of financial, social and knowledge capital may be seen to hold the key to explain ‘historically embedded’ growth processes. Similarly, institutions act as carriers of history – except in CEE, they are often considered the ‘wrong’ kind of institutions, either oriented towards reproducing undesirable results (similar to the vicious cycles characterising ‘Old Industrial Regions’), or insufficiently prepared to accommodate and realise modern policies. Indeed, the chapters in this volume offer a wealth of evidence that hint at the *evolutionary* nature of CEE regional development paths, and to the outstanding relevance of institutions in shaping them. As Lengyel and Bajmóczy (2013, 6) propose, ‘*[u]nderstanding the changes in institutions or the behaviour of individual actors, recognising enduring behavioural patterns or bounded rationality arising from centralised decision-making are all crucial components in understanding post-socialist transition*’.

Another group of responses seems to lead to the conclusion that *in a sense, ‘transition’ may no longer be accurately described as an intermediate development phase, but a new, stable system*

with its own operating logic. These explanations can trace their origins to early criticism of neo-liberal development policies in CEE, particularly two in-depth papers by Gowan (1995, 1996), but they have taken full form in the ‘varieties of capitalism’ debate (Bohle and Greskovits, 2004, 2006; Peck and Theodore, 2007; Rugraff, 2008; Nölke and Vliegthart, 2009) which proposes the existence of a specific ‘dependent market economy’ (DME) model of capitalism to describe Central and Eastern European countries. The DME is ‘neither fish nor fowl’, differing from both the ‘liberal market economies’ (LMEs) exemplified by the Anglo-Saxon countries, and the more regulated ‘co-ordinated market economies’ (CMEs) mainly found in continental Europe.^{2 3} In particular, Nölke and Vliegthart make a persuasive case in charting the modern socio-economic dependencies of the macro-region, and calling attention to its inherently low upgrading potential. Most notably, this train of thought has seen further elaboration by Farkas (2011), who provides empirical proof of this distinct developmental model; by Drahokoupil and Myant (2015), who outline how upgrading processes may take place within a system of external dependencies; and by Medve-Bálint (2014), who places emphasis on the EU’s role in providing substantial policy support to establishing and maintaining this development model through its FDI policies.

While they are both useful in understanding the nature of regional development in CEE, and the truth may indeed lie somewhere in the middle, neither of these interpretations are without serious problems or contradictions. The first explanation can be contrasted by the experiences of geographic peripheries which have managed to chart an impressive development trajectory in recent decades, contradicting the notion that development is an *a priori* sluggish process. These examples include Ireland’s rapid modernisation from a rural, low-wage economy through a predominately FDI-based development path (Horváth, 1998), Scandinavia’s rise through the welfare state’s heavy investments into human capital and the knowledge economy (Pogátsa, 2016), and the developmental states of East Asia (Gereffi, 1995; Rugraff, 2008; Cimoli, Dosi and Stiglitz, 2015). While there is precious little to unite these cases (except perhaps a general attention to developing human capital), and their own problems must not be neglected, they seem to have demonstrated a modernisation performance surpassing that of post-socialist Central and Eastern Europe.

The second explanation, while it is internally self-consistent, and correctly identifies that many of CEE’s problems are not merely symptomatic, but systemic; has an uncomfortable tinge of geographic (and in some cases, cultural) determinism, and robs the varied actors of the macro-region of both their *agency* and their *responsibility*. Defeatist narratives neglect to consider the possibilities of individual and collective action, or even to appreciate the instances where they have achieved lasting, meaningful change (Domański, 2004; Pogátsa, 2014). The second explanation also tends to discount, or at least undervalue the significance of rising inequalities and lagging growth within global/European core regions, and how they influence the growth prospects of CEE countries and regions. If CEE development is characterised by externally dependent relationships, then these dependencies also serve to transmit the ongoing crisis of post-industrial society, projecting its consequences on the admittedly more vulnerable socio-economic fabric of the CEE macro-region (Chapter 4 in this book provides a clear-cut example). All in all, *‘fixing’ the problems of CEE regional development cannot be discussed independently of ‘fixing’ the problems of Europe itself*; and in a sense, this is an encouraging reaffirmation of the positive results of European integration.

The Aims and Scope of the Book

In the original research project that served as the foundation of this work⁴, then over the course of planning and realising the book itself, *we have strived to provide a new synthesis of CEE regional development issues from a comparative, theoretically informed, empirically sound, historically embedded, but forward-looking perspective*. Our aim, explored through the book's nineteen chapters, was to highlight the common patterns of regional development across the CEE group of countries, but also bring attention to the internal fault lines and differences which divide the macro-region and result in *increasingly divergent paths of regional development*.

These divides, ranging from differences between country groups (often the Visegrad countries, South-Eastern Europe, and the special case of Slovenia, although these demarcations are neither exact nor constantly applicable), to centre-periphery relationships (mainly between national capitals and a few more metropolitan areas, and non-metropolitan space) and finer patterns of functional differentiation, have produced a territory which is increasingly heterogeneous, and which is increasingly ill-served by 'one size fits all' development recipes. Indeed, one of our main conclusions is the reaffirmation of the importance of distinction, and with it, a certain vision of spatial justice and a need for increasing subsidiarity on both the national and European level. There is a moral responsibility to recognise the different interests and values of different territories, and their right to be a part of the future on their own terms, and I believe the contributions in this book reflect this notion.

The effort to strike a balance between synthesis and comparison (detail) has invariably coloured the contents of this book. Although our research project involved significant regional-level groundwork and data collection, whose results were published separately (Horváth, ed., 2015), and the partial results have resulted in individual research monographs (including Horváth, 2015 at Routledge) as well as numerous research papers, this book focuses on our main findings. This means *a deliberate emphasis on qualitative analysis*. Data is mainly used either to illustrate salient points, or to offer a macro-regional comparison; with in-depth quantitative methods only being used in Chapters 6 and 15. The chapters are 'theoretically informed' by discussing their results within the context of the appropriate contemporary regional development theories, but it is empirical discussion that dominates. Finally, while the book explores the relationship between policy and socio-economic processes, its focus is mainly on the latter. What we *do* investigate with considerable interest is why certain policies have succeeded or failed across CEE countries. The record is not very convincing, and chapter after chapter finds that *policy transfer which disregards its territorial context, and cannot adapt to local needs and capabilities is setting itself up for disappointment*. This is true for both national and EU-financed initiatives. While warnings about 'new regionalist' policies are hardly new (see, for instance, Lovering, 1999's particularly insightful critique), further risks of policy implementation lie in the macro-region's specific, historically inherited institutional weaknesses and rigidities, another theme explored through the book (with a particular focus in Chapters 9 and 10). Building efficient, democratic public planning is an unsolved puzzle for CEE societies.

The geographic scope of the original research did not encompass the entirety of CEE space, and this limitation is reflected in the following chapters. The main focus was on the Visegrad group of countries (Czechia, Slovakia, Poland and Hungary), as well as Romania, Bulgaria, and the more developed successor states of Yugoslavia (Slovenia, Croatia, Serbia, Montenegro and Macedonia), with this order of emphasis. Missing are the Baltic states of Estonia, Latvia and Lithuania, whose unique trajectory of development – from a particularly deep post-Soviet crisis

to an interesting mixture of Scandinavian knowledge economies and Anglo-Saxon openness – was outside the expertise of our research team. Likewise, while the territory of the former German Democratic Republic offers a host of interesting parallels to our research (c.f. Heimpold and Titze, 2014; Bartoli, Rotondi and Tommasi, 2014 or Horváth, 2012 on the problem of ‘the German Mezzogiorno’), its integration into Germany also comes with a host of differences which would have taken a significant effort to resolve within our research effort. Finally, our analysis did not extend to South-Eastern Europe’s internal periphery (Albania, Bosnia and Herzegovina and Kosovo), or the post-Soviet countries, whose development paths would merit a separate volume of their own. These omissions are acknowledged as our work’s limitations, although we believe that when it comes to offering a synthesis, many of our conclusions remain relevant even in the case of countries we could not investigate in detail.

The Structure of Contributions

With the preceding comments in mind, the book is arranged into three main thematic units, followed by a conclusion. Each of the chapters examines a specific aspect of regional development in Central and Eastern Europe, discussing the most relevant socio-economic transformation processes which underpin them, and drawing attention to current problems as well as emerging challenges.

Six chapters, forming the first part of the book, introduce the reader to the varied economic consequences of transition. Chapter 2, serving to introduce the following chapters, provides an overview of structural shifts, drawing attention to how they are embedded within processes of globalisation and rescaling in post-Fordist economies. Different economic sectors not only create different spatial patterns, they also offer different development opportunities in different regions. Indeed, the territorially uneven processes of tertiarisation produce markedly superior results in metropolitan areas than outside them, and CEE’s urbanisation deficit limits the potential of service-based development in most provincial regions. Instead of a ‘one size fits all’ view on regional development, the chapter suggests that a regionally differentiated sectoral mix offers the best prospects for modernisation.

This notion is further examined in *three contributions dealing with the transformation of specific economic sectors.* Chapter 3, discussing the path-dependent processes of industrial development across CEE industrial regions, reminds that while the global reintegration of CEE manufacturing has taken place under the dominant influence of FDI, the emerging structures are not spatially blind: they draw heavily upon strongly localised productive legacies, networks and production factors. The chapter also cautions that the post-socialist development model is nearing its limits, and may have insufficient upgrading potential without the revitalisation of endogenous, place-specific development potential.

Co-written by Zoltán Gál and Sándor Zsolt Kovács, Chapter 4 sheds light on development processes within the service sector, particularly business and finance services. The chapter confirms that the most valuable segments of the service-based economy show strong territorial concentration, locating in privileged metropolitan areas. However, Gál and Kovács also draw attention to emerging secondary cities which develop specialisation in certain fields, particularly services offshoring. Similar to manufacturing, the influence of FDI dominates development, and this external dependency has come with systemic vulnerabilities exposing CEE to exogenous shocks within the global economic system.

Chapter 5 by Péter Póla is concerned with a particularly difficult area of transition: the transformation of rural areas and agriculture. Not only have CEE's rural areas struggled with historical underdevelopment and peripherality, they have often been adversely impacted by both the socialist system and by post-socialist development. This chapter explores how this picture hides multiple layers of complexity, as development paths strongly diverge on the national level, and are further segmented by the conflicting development interests of local communities and external actors. The chapter draws attention to agricultural and non-agricultural land use as the two pillars of rural development, and places particular emphasis on the potential of the LEADER philosophy for involving and empowering local communities.

In Chapter 6, Balázs Páger investigates how entrepreneurial activity in CEE is increasingly influenced by a range of qualitative factors, reaffirming the significance of localisation and endogenous development. Following the end of the entrepreneurial boom of the 1990s, the most successful enterprises have been those which could successfully draw on their surrounding regional socio-economic environments. Competitiveness and entrepreneurship are not independent of their surroundings, and it is particularly higher education and the surrounding network of existing firms that make the difference in the post-crisis era.

Concluding the first part, Chapter 7 by Márton Czirfusz highlights the role of culture and the creative economy in the reproduction of uneven regional development. His contribution provides a critical look at how a trending topic in regional development shapes the economy and society of CEE cities as well as rural areas, and how cultural mega-projects and key events pose mounting challenges for effective governance across the macro-region. Well-informed by the theoretical and political debates surrounding his topic, Czirfusz draws special attention to the new social movements which oppose creativity policies and for-profit cultural redevelopment.

The second part of the book is concerned with social issues underlying regional development, as well as policy development at the heart of the macro-region's transformation. Chapter 8, the first of this thematic unit, is also of key importance in understanding the socio-economics of Central and Eastern Europe. Zoltán Hajdú, Réka Horeczki and Szilárd Rácz call attention to the historical character and rigidity of settlement systems, yet also note how political change after 1990 has had far-ranging consequences on not just public administration, but also the growth or decline of towns and cities. New growth poles have emerged in newly independent states, and national capitals have become the unambiguous winners of transition. Meanwhile, the position of secondary cities (regional centres) can be much more ambiguous, and in their case, historical settlement patterns continue to dominate. Only a few countries have a genuinely polycentric character, while others struggle with the weight of one or two dominant metropolitan areas. This feature of regional development has far-reaching implications for a host of social and economic issues, as already discussed previously. If we live in 'the urban century' (Nijkamp and Kourtit, 2013; Kourtit, Nijkamp and Scholten, 2015) or 'a metropolitan world' (Lux, 2015), there is a pressing need to rethink the chances of minor cities and areas which lie outside the hinterlands of the main metropolitan nodes.

The remaining four chapters in this part form two interrelated pairs. Chapters 9 and 10 investigate two areas of public policy, governance and managing regional disparities. In Chapter 9, Ilona Pálné Kovács takes an in-depth look into the transformation of administrative systems across CEE. This is one area where national models influenced by long-lasting historical legacies prevail, yet there are still some common lessons to be drawn. In spite of

ongoing divergence, CEE administrative systems are linked not just by unsatisfactory performance, institutional weaknesses and rigidities, but also the growing problem of stalling or abandoned regionalisation (a process rooted in the failure of ‘new regionalism’) and a shift towards the efficiency-driven re-nationalisation and central control of governance. These changes, as Pálné Kovács highlights, have been exacerbated by the economic crisis. The expansion of state power, however, stands in contrast with the principles of subsidiarity and bottom-up social organisation. We have entered a new period where both local governments and medium-level governance structures face harsh financial and political challenges and uncertain prospects.

Yet centralisation is not restricted to administrative systems, nor is it a uniquely CEE phenomenon. Placing the macro-region’s regional policy development in the context of ongoing ‘EUropean’ trends, Chapter 10 by László Faragó and Cecília Mezei scrutinises the centralist impulses which also seem to have infected Brussels decisionmakers. They highlight how existing centre–periphery relationships are giving rise to a generation of regional policies which increasingly serve the EU’s general political interests instead of the European (including Central and Eastern European) regions. As they argue, the discursive deficit of the ‘new’ EU member states has contributed to declining support for territorial cohesion, and an acceptance of significant development gaps. This chapter, an important pillar of our arguments for subsidiarity, also takes a bottom-up look at the efficiency of CEE regional policies. The authors propose that the effective mitigation of regional inequalities require a new commitment to territorial cohesion, and – echoing conclusions from the first part of the book – the exploitation of regional capital and endogenous development potential. Instead of focusing on regions where market-led change is already generating solid growth, regional policy should be focused on realising the potential of less developed regions, and it should be built on multi-layered governance based on the principle of subsidiarity.

The second pair of chapters in this section deals with two heavily intertwined topics. James W. Scott’s Chapter 11 offers a look at bordering processes as well as the rise and (to an extent) decline of cross-border cooperation (CBC) initiatives within the macro-region. He examines how the euphoria of open borders has given ways to more sober and perhaps also more realistic routines in border areas, and how CBC is restricted by local realities. It seems that competing territorial logics at different levels, conflicting attitudes, and the limited means of (often underdeveloped) border areas all contribute to the steady, but slower than expected de-bordering of Central and Eastern Europe.

Not independent of the previous contribution, Chapter 12 by Nóra Baranyai scrutinises how (ethno)regional movements fit into the puzzle of the lagging, sometimes barely visible process of CEE regionalisation. The chapter traces the history, objectives and achievements of CEE initiatives to push for administrative reform, and/or achieve some form of autonomy for specific historical or ethnic–multicultural regions. In a sense, this chapter provides an analysis of a failure, since in contrast with their Western European counterparts, local and regional autonomies have failed to materialise within the centralised CEE countries, and initiatives to this end have met considerable resistance from central governments and nation-building efforts.

Over six chapters (and the conclusion), the third part of the book looks into questions related to the broadly understood concern of sustainability. These chapters form the most heterogeneous section of the book, but they are connected by a common interest: looking into issues which will have a major impact on the regional development of the coming decades.

Perhaps it seems strange at first to place the issue of migration and labour markets here, as they are usually discussed among the fundamental social structures within the scope of demography, or viewed through a resource-based perspective and evaluated on the basis of their potential contribution to economic growth. But there is a good reason that Chapter 13, co-written by Jan Sucháček and Mariola Pytliková, is found here: human potential, along with the ability to renew, attract and retain it, is perhaps the most important lynchpin of socio-economic development in knowledge-based societies. ‘Who will build the future’ is the question of our age, and as reflected across several of the previous chapters, the quality and quantity of skilled, knowledgeable people forms a large part of the answer. The question of human capital, even as its role was attracting worldwide attention in academic discourse and public policy, was neglected during the two decades of post-socialist development, and they have only come to the fore with the recent shortages of skilled labour and the persistent human capital losses brought about by westwards out-migration. Sucháček and Pytliková capture migration and labour market trends at a most important turning point, where CEE countries are at a crossroads between their former, no longer sustainable status as medium-low-wage, net emigration countries, and a position where improving wages provide incentives for strong human capital accumulation. The chapter also discusses how CEE is facing increased immigration, and how these processes have unfolded during the recent migration crisis. Last but not least, it looks into how the spatial patterns of CEE labour markets reflect and reinforce urban–rural polarisation, east-west gradients, and the exclusive position of capital cities.

Chapter 14 by Zoltán Gál and Sándor Kovács further elaborates on the challenges before emerging of knowledge-based societies in their study on higher education and innovation performance. Unsurprisingly, this is yet another aspect of development showing strong polarisation, particularly when it comes to the location preferences of high-tech employment. Yet, neither universities nor innovation are the monopoly of metropolitan centres: in their own way, they also make meaningful contribution to the development of the peripheries, where mid-range universities serve to supply local firms and society with vital knowledge. Accordingly, it is the challenge of the coming decades to narrow the gap, and create opportunities for knowledge-based development outside the main urban centres via investment into innovation and the networks which produce and disseminate it.

Another aspect of sustainability lies in the resilience of CEE regions, explored in Chapter 15 by Adam Drobniak, Adam Polko and Jan Sucháček. Their findings show a general improvement of economic, technological and environmental resilience across the macro-region, albeit with a significant development gap between CEE and the EU15. This, again, has much to do with institutional and path-dependent factors, which also show variance across different countries and regions; as well as the mismatch of local needs and existing administrative and political structures.

Ferenc Erdősi in Chapter 16 considers the situation of CEE through the major trends in transport space. He calls attention to how national and EU-level political support for motorway-oriented transport policies and a select number of main corridors have reshaped the transport space of a macro-region struggling with a weak post-socialist heritage. Indeed, just as the most polluting transport modes, motorway transport and air traffic have gained enormously over recent decades – in a way that has scarcely benefitted the peripheries – more sustainable railway and inland water transportation have been the losers of transition. Erdősi also examines how access to sea ports influences the transport policies of landlocked or largely continental countries, and

how competition among Europe's less prominent eastern sea ports fits into the puzzle. Finally, he warns of the rising importance of interactions with (East) Asia, Africa and the Middle East, connections which have largely remained unexplored by CEE countries.

Chapter 17 by Andrea Suvák reflects on a more 'traditional' aspect of sustainability; the role of spatial planning in environmental policymaking. Suvák accentuates the influence of EU policy transfer in setting the agenda for post-socialist environmental policies and the surrounding institutional system, but also acknowledges the limits of policy uptake. Indeed, CEE environmental policies – here presented through a comparative analysis of policy texts in the Visegrad countries – reveal a different mix of motivations and concepts than their EU15 counterparts, and particularly the dominance of 'resource'-oriented narratives. Amidst rushed policymaking, the resulting policies and institutional systems are often incoherent and riddled with inherent conflicts.

Chapter 18 comes from Gyula Horváth, who had been the principal investigator of the research project serving as this book's foundation, helped develop the book proposal, and who passed away shortly after I could tell him the good news about our proposal's acceptance. In a way, this paper, an abridged and slightly edited version of a longer piece published in our institute's Discussion Papers series, has now become a coda to his life work, which had consistently revolved around the idea of decentralisation and the empowerment of regions and local communities. In the chapter, he charts the evolution of this idea, from its roots to the emergence, proliferation and institutional development of regional studies in Central and Eastern Europe. This question was always close to his heart, and as his student, colleague and friend, I hope to honour his legacy by the paper's inclusion.

Concluding the book but continuing the debate on CEE's future, Chapter 19 proposes *four emerging dilemmas which will impact the sustainability of development paths in the post-transition period*. Of these four, the first two highlight the contradictions of the macro-region's current development paradigm. First, as many chapters in this book have attested, scale issues will remain prominent, or even grow in their importance in the following decades. The worldwide rise of metropolitan areas poses hard challenges for regions with a less dense urban network, and it remains a question how the minor cities and small towns of these regions will integrate their hinterlands. Second, further attention should be dedicated to map the system of external dependencies characterising CEE regional development, and policies elaborated to reduce their negative effects while retaining their benefits. A renewed focus on endogenous development and capital accumulation – particularly of human capital – should serve to transform hierarchical centre-periphery relationships into mutually beneficial network linkages. The second two dilemmas concern the future of European integration. The third is that of European regional policy, where spatially aware development approaches with a stronger emphasis on empowering local communities and regions should return to focus. A new regional policy based on the principles of subsidiarity and territorial cohesion lies in the long-term interests of both the EU15 and CEE member states, contributing to an internally strong European Union. Fourth, the principle of subsidiarity should return to the heart of the CEE-EU relationship. The currently emerging divide between Brussels and national capitals is the product of top-down philosophies, and results in 'competing centralisms' which subvert the European integration process and do not serve the best interests of citizens and communities. Rather, the way forward lies in a renewed commitment to decentralisation on multiple territorial scales – perhaps the most important message presented in our book.

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Notes

- ¹ Experts argued for a clean break with the consciously discriminatory planning practices of state socialism (industry over services and agriculture; cities over rural areas; self-sufficiency over trade), but instead of planning’s democratisation, they achieved its almost complete dismantling, and the rise of new market-driven inequalities.
- ² Citing Albert’s earlier work, Dunford (2005) refers to these alternatives as the ‘neo-American’ and ‘Rhine’ models of capitalism, and points out that the uncritical adoption of the former during early transition has produced lacklustre results across CEE.
- ³ Much more limited attention in academia has been dedicated to drawing lessons from East Asian developmental states, while their example has been studied with considerable eagerness as of late by Hungarian policymakers.
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