Discussion Papers 2008.
Socio-Economic Analysis of the Carpathian Area 93-109. p.

11 The general economic position of the Carpathian region

11.1 Historical background, current processes

The expansion of the European Union in 2004 and in 2007 made possible the accession of the eastern periphery to the European economic space. The economic shortfall of these countries is a result of more than a hundred year's backwardness.

a) The industrial revolution here was taken place later and it was caracterised by a lower intensity of industrialization than in the core areas of the present European Union. The shortfall of industrial development reduced the growth of commerce and services as well, partly because the industrial sector creates demand for itself and partly because of the slower growth of residential incomes. The flexibility of incomes is a specific feature of the tertiary sector which can dynamically grow if the volume of residential income growth is sufficient for changing the structure of consumption. Within this new economic structure the role of agricultural sector was decreasing at a slower speed and it has still a higher role in European comparison than it could be accounted for its more favourable conditions.
b) From the viewpoint of settlement development the late effects of urbanisation both in quantitative (the increasing number of urban citizens) and qualitative (the increasing role of urban lifestyle and infrastructure and functioning as employment and economic centre) aspects are direct outcomes of the above-mentioned process.
c) Following World War II the socialist regime, by implementing the two-sector economic growth model (favouring the manufacturing of production instruments against consumer goods for 'closing-up' purposes) further increased the area's economic backwardness. This kind of heavy industry dominated the industrialization based on mass-scale production plants that produced weaker net growth and continuously contributed to the quickly increasing structural problems in the economy; the depression in mostly mono-cultural heavy industrial zones and the need for restructuring following the raw material crisis at the end of the 1970s. This sector was a determinant element of the economy and its crisis – with several other factors – resulted in a massive and serious (foreign) debt crisis in the 1980s over the whole region making the absence of development capital almost persistent (both for local communities and economic organisations).

The problems of the socialist development model had already become obvious by the late 1960s, as in economically advanced countries – chiefly in the USA –

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

some signs of a new world economy emerged (as it was described by the words of J. K. Galbraith 'a new industrial state'), that has been purified through the resource and energy crisis in the early 1970s and ended up with economic globalization.

Since the 1960s, changing the world economy into a three-polar following the rising economy of Japan (European, Atlantic-American and Pacific-East Asian economies) – the intensive growth of world economy and consumer society were practically continuing the expansive, post-fordist economy of the interwar period with the wasteful utilization of (cheap) resources and energy pursuing the interests of high gross output values and output-oriented economic philosophy. This process (with some other world political and social factors) soon led to a resource and energy crisis in the early 1970s. The quick increase of prices changed the main trends in economy in a very short time: economic lobby groups and economic philosophy are apparently bound to value-added (net increase oriented) production cutting down resource and energy consumption per product. An increasing number of economic activities is getting free from geographical limitations of resource and energy production and from the physical determinations of locating their business sites. In the idea of consumer society an 'insider' globalisation switches into a higher gear: by the transformation of its economic organisation system (breaking up the big fordist organisation into specific and smaller internal units, by outsourcing, sub-dividing product manufacturing systems into smaller parts and separating them geographically and reintegrating them at a later phase through logistics into an emerging new economic sector). By the rapid development of technology and personal skills the minimum level of the economy of scale is getting higher and higher (the minimum volume of production granting profitability for the manufacturing of a product or delivery of a service) and the horizontal scheme of production – the same production phase on geographically different locations, but manufactured within the same production system by the same method – is manifested in the spatial division of labour; logics of the consumer society is expanding, manufacturing generates demand. By satisfying and regenerating demands production will be continuously expanding to an increasing (or the total by its long-term perspectives) part of the world; the development of transport and communication provide infrastructure for this with cheaper and cheaper per unit costs; the increasing number of international organisations and institutions is either abolishing or unifying the barriers of their regulation. National economic policies are increasingly compelled to following forced paths and they are getting weaker as well: an 'invisible hand of market' rules over everything; competitiveness becomes a fundamental category (from European, national, regional, microregional, local aspects and also from corporate, sectoral and economic structure perspectives). Competitiveness as a concept is linked to development (besides growth it refers to qualitative changes in the living-space of

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

people), but the rationalization of its operation is mostly determined by growth only (the quantitative and qualitative improvement of manufactured products and delivered services).

At the time of the economic transition in the East-European countries in late 1980s and the early 1990s economic development policies were facing extraordinarily big challenges due to the following circumstances:

a) The transition to market economy was accompanied by the urgent demand of adaptation to a completely different environment of world economy;
b) There was an inappropriate development trend of economy based on depressing structure of obsolete industry and stagnating service sector;
c) There was a significant deficiency in domestic capital funds with high foreign debts.

The economic transition of the 1990s in Eastern Europe was simultaneous with the faster expansion of globalization (multinational) in Europe. As it is seen from the above-mentioned facts the major part of the new economy is necessarily based on foreign investment-based or restructured economic organizations. The expansion of multinational firms yielding their profits from their absolute price advantages (cheap products) in the first period of transition served as a basis for this new economy. East-Europe proved to be a good territory for this. The region has been preserving its advantages for attracting foreign direct investments. After the turn of millennium absolute price advantages gradually have been replaced by quality-price ratio (comparative advantages in a sense) and the majority of East-European countries are keeping pace with their European competitors. The new economic development model is primarily built on product export-oriented processing industry, its relation and cooperation system (both in market and development aspects) are determined by international networks.

All these have several major implications on the economic situation and position of the Carpathian region:

a) The economic performance of national economies primarily depends on the performance of multinational companies; their spatial expansion is following a hierarchical pattern, usually they are strengthening the earlier spatial structure, even if they were built int he framework of 'green field investment' projects (conditions of the site are generally favourable in areas with prospering economy in the past). From spatial structural viewpoint they are increasing spatial development differences and the backwardness of peripheral areas.
b) The majority of relations and interests having a vital role in the economy is selected by the system itself. Multinational firms are typically less embedded into their host country's or region's economy (the local environment of multinational firms plays a minor role in their economic activity and it is

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

limited to direct product manufacturing process only). Local embedment is mostly achieved through the building of local subcontractor networks, but these networks do not play a vital role in the overall activity of multinational firms as a whole unit. Currently, their multiplier effects are low for other actors of economy, such as SMEs, major organisations and major employers of the economic system. They have only a minor direct role in the renewal of the whole national economy, although they grant higher economic development ratio for their host countries than the average of the economically advanced countries (as regards the objectives of the EU they facilitate economic cohesion but this is not true for the regional level).

c) From the early 1980s the orientation of international economic relations of East-European countries gradually shifted towards the economically advanced countries of West-Europe. By the early 1990s the common foreign relations of post-communist countries dropped to a minimum level and they built concurrent cooperations with West-European countries. During the 1980s this process was generated mostly by the problems of domestic economy and the increasing national debts, but in the 1990s it was evidently facilitated by the expanding relations with European economic networks resulting from the inflow of multinational investments and their quick market-driven economic growth. All these are encouraged by the efforts for EU accession and by the preparation for the EU membership which means an adaptation to the patterns provided by EU-15 countries. As regards markets and production factors, multinational investors evaluated the countries of this region as homogenous. Strong competition started among East-European countries for attracting investors by using a comprehensive system of tax reduction, tax benefits which was a further step towards reducing intra-regional cooperation.
d) On the scale of national economies West-European orientation has serious impacts on cross-border cooperation as well. It can partially be explained by historical reasons: borders were functioning rather as separating 'borders' than open 'frontiers' connecting neighbourhoods with each others. Initiations usually got stuck just on the level of plans due to insufficient local competences or development resources. The Austrian-Hungarian border zone and some parts of the Czech-German and Polish-German border are the only exceptions of this rule as they were much more successful in building their cross-border relation systems.

Summarizing the facts above we can firmly declare that the economic processes and trends following the early 1990s have not favoured so far the rebuilding of economic relations and cooperations between the countries of the Carpathian and East-European Region. Although these countries are facing the same prob-

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

lems and have common interests they are still competing for better positions in linking themselves to the advanced countries of the Western world. For this reason cross-border cooperation among the countries of the Carpathian region is rather an issue of serious challenge. It might even be regarded as a pilot project as there are only very few 'best practices' in the field of European cross-border cooperation.

It seems quite evident that Carpathian countries do have common interests in such issues as managing environmental problems for example (the environmental rehabilitation and development of the Carpathians provides a fundamental solution for the flooding problems of rivers and inland waters in the southern plains of the Carpathian Basin). The identification of common interests in the concrete socio-economic issues of cross-border cooperation seems to be a far more challenging task.

11.2 The region's socio-economic position

In the development history of the European integration each accession period was followed by a more or less decreasing economic performance of the newly joined territories (the average GDP per capita). The new accessions in 2004 and 2007 (which can be regarded as two phases of the same accession period) had such great impacts – together with the special features of the new member states – that may influence the European Union's regional policy as a whole.

The territory and the population of the European Union has significantly increased with the entry of countries with weak economic and employment performance and the 'statistical phenomenon' has been set up: the average GDP (PPS) per capita in the EU, and the 75% threshold limit for the classification of convergence regions would have been set so low that several NUTS2 territorial units would have surpassed the eligibility criteria of subsidization. For these more than 10 regions the EU (following the earlier scheme and practice of phasing-out) has introduced the phasing-in model. From the Carpathian region Central-Hungary with Budapest as regional centre belongs to this model (The Bratislava NUTS2-NUTS3 region has already been headed under this chapter for competitiveness purposes) (*Figure 8*).

The general underdevelopment of the whole group of the new members had further impacts as well.

The economic backwardness of the new East-European members can be illustrated by the following fact. Their lagging behind of the EU-15 average on individual state level is on the same scale of a convergence problem as the development differences between the new member states' regions, since these are generally smaller than the regional differences within the advanced EU member states

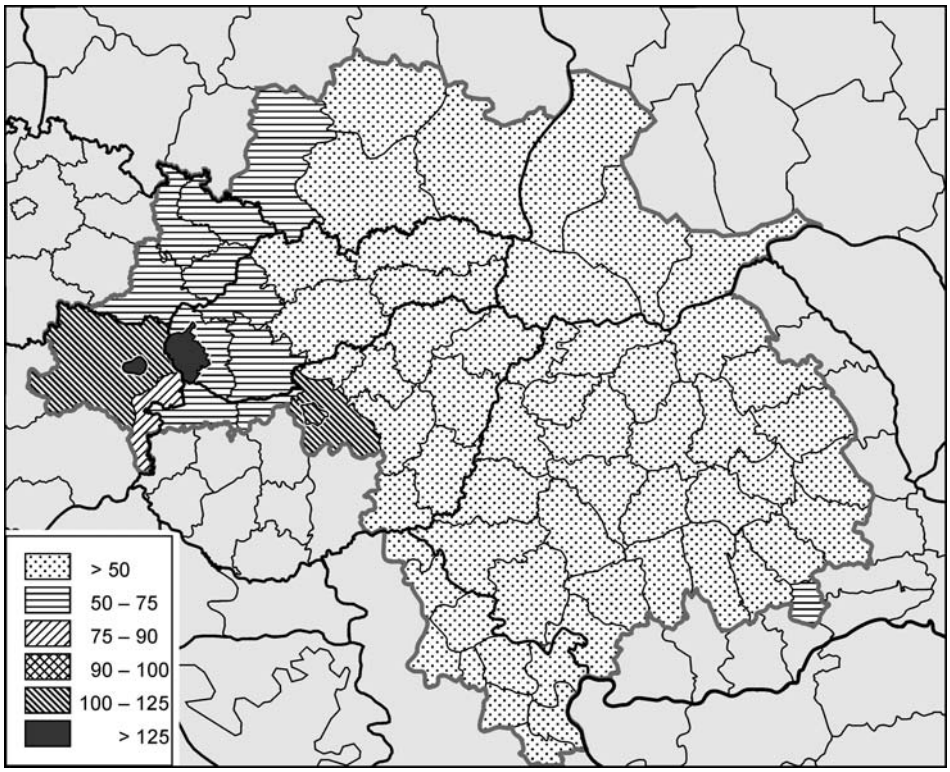
The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

(*Figure 9*). According to the preliminary statistical data of the year 2006 the difference between the two extreme values of GDP per capita (Luxemburg and Bulgaria) was sevenfold.

In this case, besides the convergence of the Carpathian new member states towards the EU standards the convergence of the Carpathian region as a whole is a part of a more comprehensive spatial problem. The best chances of economic development may be offered by decentralised regional programmes and the region could best benefit from its special geographic features – besides the implementation of environmental programmes and the intensification of cross-border cooperation as a part of socio-economic development project – in such a way.

Figure 8

GDP per head (PPS, EU27=100) in 2004

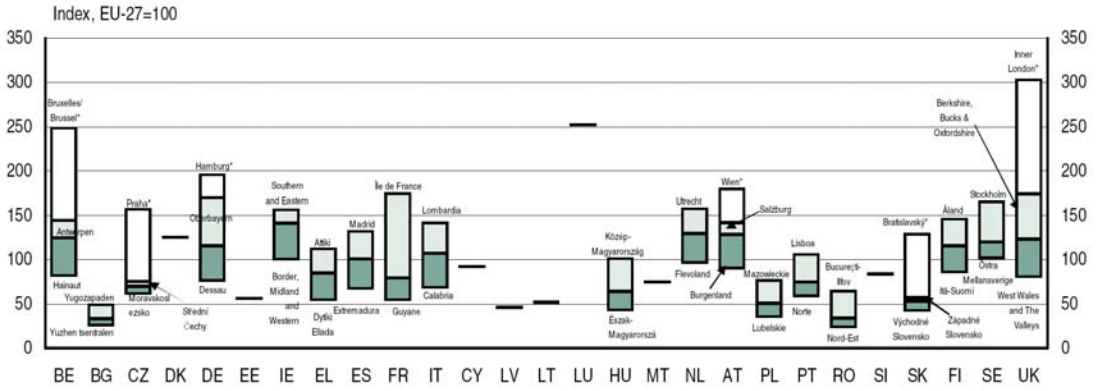


Source: On the base of 1.2 Map in 4th Cohesion Report of EU, p. 8 and national statistical yearbooks.

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

Figure 9

GDP per head (PPS) by country and regional extremes (2004)



* In these regions, the GDP per head figure tends to be overestimated because of commuter flows.
Source: 4th Cohesion Report of EU, p. 10.

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

Both in the European Union and in the member states this decentralisation process has slowed down and the concept of achieving convergence through regional level development projects – i.e. the idea of the Europe of regions – has been suppressed for the time being.

Due to the EU's internal institutional problems and reforms, to the problems of the social macro-systems of member states (acquis communautaire), to the tasks of their transformation, to the slow progress of the Lisbon process and to the weaknesses of European competitiveness the EU's decentralised, regional-level development strategy was neglected. It was replaced – or rather supplemented – by a polycentric model of spatial development.

The new regional development scheme based on (big) cities and their environment and on the functional cooperation of urban networks is satisfying the demands of global development and of the changing spatial structure: today the satisfactory and at the same time attractive resources for foreign capital, good geographical location for transport connections and the easy accessibility of markets are the most essential factors of the site selection strategy in businesses: This scheme should follow the main stream of growth (export-oriented processing industry in medium or big-sized organisational units having close links to big multinational corporation systems).

The Carpathian region, particularly its highland territories, is rather unsuitable for meeting these criteria. Due to its geographical formation it has a lower than average population density, central cities are concentrating lower amount of resources, the physical accessibility of their gravity zones is limited or inappropriately shaped[1], the majority of their former industries – generally bulk manufacturing or heavy industry with their complementary light industry (based mostly on female labour force) – were terminated during at the introduction of market economy, and the majority of the regions has been excluded from foreign direct investments (and from privatization process) in general, therefore their industrial restructuring has not been accomplished yet. Instead of introducing business sectors that could guarantee an East-European style sustainable economic growth some small-scale manufacturing and service sectors have been introduced here. The region – particularly its highland zone – is much more suitable for the implementation of a rural style economic development programme. The rural development strategy is based on alternative, complementary and external territories and centres regarding employment, income-earning and partly public service functions. The impact of rural development initiatives is generally restricted to microregions and very rarely covers the whole territory of NUTS3 areas.

[1] The European Union's Third Cohesion Report among others provides details on the problems of regions with extreme geographical position. Within the Carpathian region only the territories of Slovakia are evaluated as areas with good physical accessibility.

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

During the delimitation of the borders of the Carpathian region with the inclusion of its lowland regions – being sometimes on the development level of the European Union – the programme was aware of and even took this aspect with its possible outcomes into consideration. However, we have no information what kind of economic-employment links these economically advanced satellite regions have built with highland territories. Practice has proved that even in countries having some traditions in the development strategy of decentralised regions very few horizontal-schemed inter-regional relations have been established. These relations have rather more of a vertical character cooperating with central state organisations (and very often this is the way how cross-border cooperation, but otherwise neighbourhood-like programmes 'de facto', are launched).

The limitations in gaining or enhancing decentralised regional-level competences for the territories of the Carpathian region originated not only from the EU's changed opinion on regions. Apart from Austria, the countries of the Carpathian region have long traditions in central state initiated and funded regional development policies. This is true even in case of Poland and Hungary where regionalisation was a 'living practice' even before the 1990s. The preparation for the EU accession and the regional development practice of the new EU states did not accelerate the process of decentralisation neither on NUTS2 nor on NUTS3 levels (local communities may be the only exceptions from this rule). Before the accession of the new members in the year 2004 no regional-level operation plans had been prepared, regional level development projects were initiated by central state authorities only (it was among others explained by the insufficiency of decentralised regional-level administrative management capacities for the planning and implementation of independent from the state regional development programmes).

The fact that after the economic restructuring of the 1990s the indicator of the former socialist countries presumably exceeded the EU's economic growth within an unchanged spatial structure and that politicians' concepts on economic reforms were reduced to 'tax competition' between the new EU members has another negative impact on the economic development of the Carpathian region and on the region's international and interregional cooperation system which is necessary for the expansion and enhancement of local-regional power and competences. These growth potentials can be utilised principally through the investments of multinational firms. The development of their subcontractor, small and medium-sized enterprises and their adaptation to the standards of European and global markets has a much inferior role in the economic growth process. As the creation of new jobs is getting more and more dependant on these elements, their productivity (GDP per employee): the most critical factor of cohesion is increasing at a slower pace than it would be necessary for the economic convergence.

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

As a summary, we can conclude that the economic convergence of the Carpathian region as a target should be achieved in a context of large underdeveloped regions with low productivity of their domestic economies. The Carpathian region's special geographical environment and historical background require a specific developement trends programmes which are different from the standard European and which can be implemented only in those cases where the heavy dominance of state gives way for the recognition and enforcement of regional interests and local-regional platform-based initiatives can be launched for the implementation of regional development programmes.

The EU's social cohesion objectives are targeted at the life quality of member states and spatial units. The population strategy was based on the idea of 'preserving and improving the acquis communautaire'. The formulation of objectives in such a more generalised framework can be reasoned by two basic factors:

a) The term 'life quality' itself has a complex meaning comprising such components as employment, income, age and professional skills of the population, health and expected lifetime. The chances of integration into socio-economic life, as well as its opposite, the socio-economic exclusion are also integral parts of the meaning of this term.
b) There are significant differences in the welfare systems of the different EU member states and development policies may also follow different strategies: total economic freedom was granted to interventions (subsidizations) even by the treaty of Rome for member states (it is excluded from the rules of competition regulation).[2]

The general objectives of the EU's social cohesion policy comprise two priorities: the increase of employment (which serves as a basis for life quality) and combating socio-economic exclusion (which serves as a basis for granting equal chances for individuals). Indicators and indexes can be used only for the comparison of employment in case of the member states.

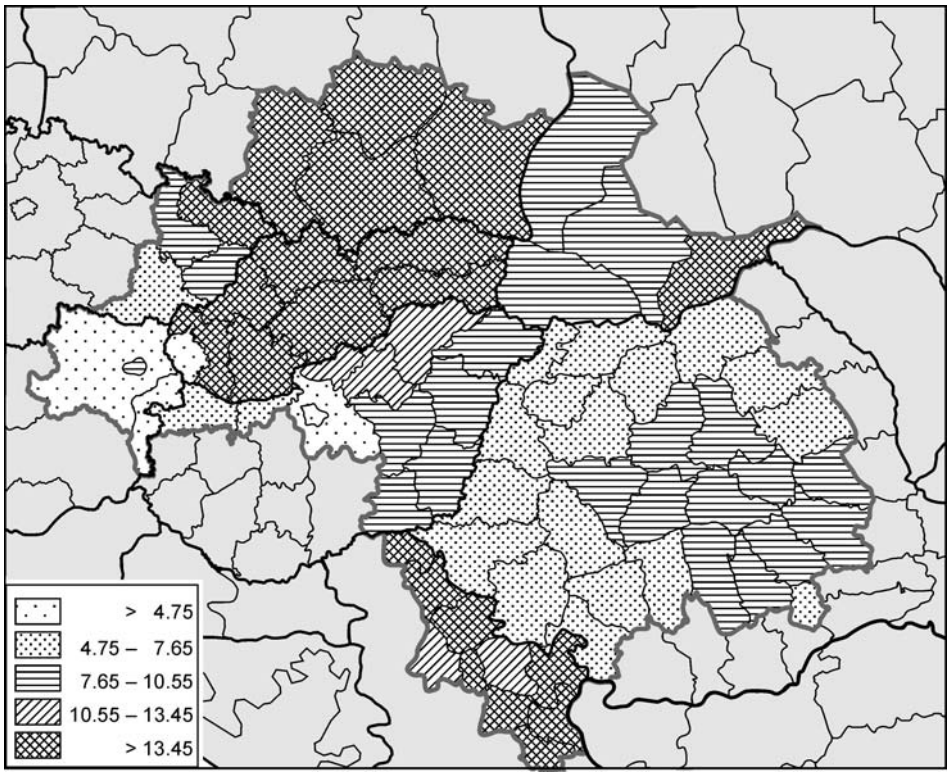
Both in the new EU member states and in the countries of the Carpathian region employment and unemployment – unlike in the cases of economic development and performance – have no special characteristic features and differing from the EU-15 (*Figure 10*). Although practically all the regions of Poland and Slovakia have the highest unemployment indicators in the EU, several regions in East-Germany, Southern-Italy, Southern-Spain or North-Finland are facing the same problem. The unemployment indicators of the other three new EU states and Austria are average or even better than the EU average.

[2] This difference is reflected by the fact that during the assessment of economic performance and development level GDP per head values are calculated on the basis of PPP (purchasing power parity); therefore nominal values should be modified by wage-price ratio.

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

Figure 10

Unemployment rates, % of labour force (2005)



Notice: EU27= 9.0%.
Source: On the base of 1.9 Map in 4th Cohesion Report of EU, p. 26 and national statistical year-books.

Different levels of economic development and performance are just like the unemployment 'heritages of the past' in a sense: with the economic transitions of the 1990s the population of the new member states was for the first time hit by unemployment in large scale; this was a serious shock for them. For this reason government policies in these countries were very sensitive for employment-un-employment issues. This made them set up large-scale employment instead of optimal-scale employment as the main objective of their employment policies.

Sustainable employment primarily depends on the improvement of economic performance and on the modernisation of the structure of economy. (This is true for all the actors of employment: for employees, sole traders or wage earners of any other employment category).

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

In many cases economic interventions of social type are unavoidable, but if growth and development capacities of the economy are left idle, i.e. the tasks of economic reforms and the modernisation of the economy (e.g. terminating the dual economy of multinational firms and domestic small and medium-sized enterprises in all the countries of the Carpathian region) are not accomplished it may lead to permanent contradictions between economic performance and employment positions, i.e. low economic productivity and performance.

The present development practice of lagging or rural areas tends to support local employment programmes (in NUTS3 or NUTS4 areas) albeit the evaluation of European trends shows that on the level of balanced and polycentric regions (NUTS2 areas) only an optimal-sized employment level can be regarded as appropriate. In case of the Carpathian region this means that for highland areas the economically much more advanced satellite regions will preserve their employment function for a long time.

11.3 The internal structure of the economic development and employment level of the Carpathian region

Before evaluating the internal circumstances of the Carpathian region some methodological remarks should be made. The weak points of any cross-country evaluations are the absence of reliable and comparable data which were based on a common database structure and content. Within the ESPON programme the final lesson of researches targeted at the structure of the European space and at the evaluation of the effect of development policies was that although a methodology was elaborated for cross-country researches, no common statistical systems are available for the applications (as within the member states it is available the method has a case study character, i.e. it is a comparison of country-level researches or a comparison of country reports, tailored to the potentials of the given country).

For cross-country researches no common research programmes have been elaborated (even within the EU-15 countries) which could be implemented within the territory of a member state.[3]

Eurostat has a statistical system which is limited to some basic indicators (territory, population, age-grouped population structure, GDP, GDP-PPS, unemployment rate) and it is used on a regular basis. Paradoxically, in methodological sense, the most frequently used statistical data, the GDP-PPS, among others due to the currency rate calculation of the domestic currency of countries falling out

[3] Sometimes research task is nothing more than selecting the most suitable data from the different ones from different resources for a specific phenomenon.

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

of the euro-zone is not free of errors. The fact that the EU's 3rd Cohesion Report is devoting nearly one page to methodical remarks of this and similar phenomena also refers to the existence of problems in research methodology.

The complexity of this problem is even higher in case of the Carpathian region. In the majority of the new EU member states regional policy and regional development were pushed into the background with only a limited amount of statistical categories. The adaptation to the statistical system of the Eurostat is slow. And there are still many other problems to combat: the system and registration of enterprises varies by countries and the comparison of relevant statistical data (e.g. economic structure, the distribution of economic sectors) requires great care with taking the methodological comments and comparison methods of the relevant statistical information into account.

Another problem is that the territory of the Carpathian region covers such countries as Serbia and Ukraine where very limited statistical information is available on territorial units and both the methodology of collection and the exact content of these data are unknown.

Even if a standardized series of statistical data has been collected the majority of problems is still not eliminated. In our case let us see the NUTS3 and NUTS2 level data of unemployment. In the Carpathian region the relevant statistical resources indicate missing data in two Austrian and two Romanian NUTS3 areas (commented as 'unreliable or uncertain data'). Even if we can find some data sometimes we should be suspicious of their validity. It is hard to accept the 9.1% unemployment rate of Vienna if the same indicators of all the surrounding Austrian regions show by far lower figures. We also should think that the very high unemployment rates of Slovakia have resulted from their data collection method which is different from the EU's standard.

As it comes from the above-mentioned facts – on the basis of the detailed data of the Carpathian region's NUTS3 and NUTS2 units and their dispersion values – the internal economic development of the Carpathian region and the region's spatial structure of unemployment can be characterised by five general factors or tendencies as follows:

a) The development level of the NUTS3 and NUTS2 units in the Carpathian region on the basis of GDP per head (PPS) with the unemployment indicators are primarily depending on their own country's general economic-employment indicators. Local features based on the territorial unit's geographical or landscape dependent delimitation have secondary impacts on them.
b) Geographical and landscape level impacts are principally manifested by the fact that the majority of the Carpathian region consists of NUTS3 and NUTS2 units situated in peripheral border zones. The economically ad-

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

vanced foreground areas lying off the border are the only exceptions from this rule. In highland border-zone territories practically no areas can be found which could get into the 'phasing out' development stage in optimal case. This chance is available only for some Czech and Hungarian territories beyond those Austrian, Hungarian and Slovakian territories which have already exceeded the 75% GDP per capita threshold value of phasing out. (In Austria Burgenland is a phasing-out region since the beginning of the current programming period while the development indices of Lower-Austria and Vienna exceeded the EU's average development level for a longer period. Central Hungary with Budapest as regional centre is a phasing-out region since the new programming period beginning by the year 2007 while the development index of Budapest, Hungary's capital city is 131.3%. In Slovakia the Bratislava region had a 129% development index of the EU average in the year of Slovakia's EU accession). Beyond the above-mentioned regions in Poland the NUTS3 territory of Cracow (in the year 2004 the area's GDP (PPS) per capita value was nearly 79% of the EU average) and in Romania the Bucharest region (67.1%) can be mentioned as regions with outstanding economic development. The GDP per capita indexes of the majority of the Carpathian region's NUTS2 and NUTS3 units are about half of the EU's average while in Romania several NUTS2 and NUTS3 units produce only 30% economic development indices of the EU average (*Table 20* and *21*).

Table 20

GDP per capita (PPS) in percentage of the EU25 average in Carpathian region (2004)

Name	GDP per capita (PPS) in percentage of the EU25 average						
	Country in EU25 average	NUTS2 maximum	NUTS2 minimum	NUTS2 difference	NUTS3 maximum	NUTS3 minimum	NUTS3 difference
Austria	128.7	179.7	89.8	89.9	179.7	67.9	111.8
Czech Republic	75.2	67.4	59.8	7.6	69.7	59.8	9.9
Hungary	64.0	101.6	41.9	59.7	131.3	34.6	96.7
Poland	50.7	57.0	35.4	21.6	78.7	29.5	49.2
Romania	34.0	64.5	23.6	40.9	67.1	22.9	44.2
Slovenia	56.7	129.3	42.3	87.0	129.3	34.4	94.9
Serbia	n/a	n/a	n/a	–	n/a	n/a	–
Ukraine	n/a	n/a	n/a	–	n/a	n/a	–

Source: Eurostat (calculations by authors).

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

Table 21

GDP per capita in euro in Carpathian region (2004)

Name	GDP per capita in euro								
	Country average	NUTS2 maximum	NUTS2 minimum	NUTS2 max/min, %	NUTS3 maximum	NUTS3 maximum (without capital city NUTS3)	NUTS3 minimum	NUTS3 max/min, %	NUTS3 max/min without capital city, %
Austria	31,019	40,281	20,129	200.1	40,281	32,518	15,233	264.4	213.5
Czech Republic	8,544	7,652	6,792	112.7	7,920	7,920	6,791	116.6	116.6
Hungary	8,143	12,931	5,331	242.6	16,718	9,413	4,409	379.2	213.5
Poland	5,342	6,004	3,730	161.0	8,283	8,283	3,111	266.2	266.2
Romania	2,806	5,328	1,949	273.4	5,544	3,894	1,890	293.3	206.0
Slovenia	6,292	14,342	4,696	305.4	14,342	6,456	3,817	375.7	169.1
Serbia	2,643	n/a	n/a	–	n/a	n/a	n/a	–	–
Ukraine	1,467*	1,082*	728*	148.6	n/a	n/a	n/a	–	–

* Date of Statistical Office of Ukraine; territorial units: oblast; 2005.
Source: Eurostat (calculations by authors).

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

c) As the above listing shows, in countries of smaller territory or population the regions are more advanced economically while the spatial units of Poland, Slovakia, Ukraine and Romania (with their host countries occupying the major part of the Carpathian region are on a lower level of development stage and in some areas are seriously backwarded. In case of Ukraine it should be remarked, however, that the country's GDP per capita indicator was unavailable, but in the currency of euro only, therefore the above-mentioned statement can be verified only by the literature of the Ukrainian spatial structure. The availability of spatial economic data is similarly poor in case of Serbia, but its spatial units belonging to the Carpathian region are economically more advanced in general than the average development level of their domestic economy.
d) Both the GDP per head and unemployment rate values are verifying the fact – taken into account during the delimitation of the Carpathian region – that a strong core-periphery relationship has evolved between the region's lowland and highland territories (*Table 22*).
e) And finally the spatial units of the Carpathian region follow the standard spatial formation of the west-eastward development slope. In Europe this means that moving off the so-called European growth (competitivness) pentagon the level of economic development is gradually decreasing in a linear way. It is not only the physical distance that rules this process, but also the European history of economic development and the present-day 'invisible hand of the market'.

In the Carpathian region, by progressing eastward from the west the development level of spatial units gradually decreases, prooved by the in a decreasing development level of national economic environment. The continuous reference to national economic environment has impacts on the region's socio-economic development chances as well: the success of international (cross-border) cooperation depends on the fact whether cooperation projects and programmes can be integrated into the national development plans of the Carpathian countries. It does not seem that the Carpathians as a mountain chair would represent any particular interests concerning the socio-economic development of its countries. Its special interests are rather bound to the protection (rehabilitation) of its natural heritage.

The General Economic Position of the Carpathian Region.
In: Socio-Economic Analysis of the Carpathian Area.
Pécs: Centre for Regional Studies, 2008. 93-109. p. Discussion Papers, Special

Table 22

Unemployment rate (15 years and over) in Carpathian region (2005)

Name	Unemployment rate (15 years and over)						
	Country average	NUTS2 maximum	NUTS2 minimum	NUTS2 max/min, %	NUTS3 maximum	NUTS3 minimum	NUTS3 max/min, %
Austria[a)]	5.2	9.1	4.3	212	9.1	3.3	276
Czech Republic	7.9	13.9	7.7	181	13.9	8.1	172
Hungary	7.2	10.6	5.1	208	12.0	4.3	279
Poland	17.7	19.0	15.2	125	21.5	14.2	151
Romania[a)]	7.2	9.2	5.7	161	15.1	4.2	360
Slovenia	16.3	23.1	5.3	436	24.7	5.3	466
Serbia	20.8	n/a	n/a	–	n/a	n/a	–
Ukraine	6.7[b)]	9.8[c)]	7.0[c)]	140	n/a	n/a	–

[a)] 2 NUTS3 units have no relevant data.
[b)] ILO estimation.
[c)] Date of Statistical Office of Ukraine; territorial units: oblast.
Source: Eurostat (calculations by authors).