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**The Basic Assumptions of the European Regional Policy
and the Lisbon Strategy**

Abstract

The main changes in the European regional policy are taking an active form. It finds expression in the influence of factors, which determine competitiveness of particular regions. These factors include also the quality of human resources and the capability of creating and introducing innovations, i.e. “soft” factors of the regional development. “Hard” factors are also very important in enhancing the competitiveness of regions. Globalization processes and the Lisbon Strategy attached a great importance to “soft” factors taking into consideration other determinants of development.

1. Introduction

At the threshold of the 21st century the united Europe faced challenges connected, among other things, with globalisation. It created new opportunities and new requirements. The Old Continent's response to these challenges is adoption of the Lisbon Strategy and reorientation of the EU's policies in accordance with its assumptions. These measures are indispensable to maintain a high welfare level, social cohesion, environmental protection, life quality and new job creation in Europe. The European Commission accepted these challenges formulating the following main goals (till the end of the decade) already at the beginning of its term of office (2004):

- welfare,
- solidarity,
- security,

- Europe as a partner for the world.

It is the intention of this paper to present the very essence of globalisation, goals of the Lisbon Strategy, the main factors determining the regional development and assumptions of the regional policy from the viewpoint of globalisation determinants and challenges posed by the Lisbon Strategy.

2. What is globalisation?

A number of different interpretations of this phenomenon depending on needs of scientific analyses can be found in the pertinent literature. Researchers most frequently underline that globalisation results in a free movement of goods, labour and capital between countries and that it opens opportunities for external competition. Consequently, globalisation is synonymous with abolishing national border barriers in access to the market, removing constraints on mobility of physical and intellectual capital of highly developed countries, which allows to create favourable conditions for its use in practice or with liberalisation and integration of markets operating in isolation hitherto in one world market (Kołodko 2003; 27) According to some authors globalisation means acceleration of the internationalisation process of economies, which has been already taking place for a long time, and they underline that it is a process of integrating national economies. Its characteristic feature is growth of trade turnover, international transfer of capital and services.

It is also frequently underlined that globalisation should be understood as complex and interdependent processes occurring on the world scale in such fields as economy, sociology, technique or culture. Taking into account the fact that integration is an inseparable element of the world economy and integration groupings are its entities, it could be said that integration is the basis and the first step towards globalisation. However, on the other hand, globalisation exerts its influence on integration groupings, which accept globalisation challenges.

Globalisation as a phenomenon connected with economies going beyond national borders is not an entirely new phenomenon. However, globalisation processes taking place at the present time have peculiar characteristics distinguishing it, for instance, from trade liberalisation in the 19th century. The pertinent literature most frequently points to (Kołodko 2003:30, Stankiewicz 2002: 45-47):

- growing integration of financial markets, which is accompanied by movement of capital on a large scale;
- intensifying migration;

- spreading of new technologies;
- complexity, varying size and inter-dependence of entities participating in this process;
- integration, that is, merging of business activities conducted by particular entities on international scale;
- growth of competitiveness on international scale.

Globalisation has both its supporters and opponents. Globalisation enthusiasts often stress the fact it contributes to an accelerated economic development in the poorest countries and regions and that it minimises economic and social disproportions. In turn, opponents of globalisation warn, for example, against slower economic growth rates, recession in the poorest countries, growing unemployment and leading the world towards a global catastrophe. Globalisation has certainly become a fact, which has to be reckoned with by the world and national economies; economies of particular countries or economic groupings. Europe does not remain indifferent in the face of globalisation opportunities and threats accepting the Lisbon Strategy as an objective of its activities.

3. Main characteristics and objectives of the Lisbon Strategy

The Lisbon Strategy is a social-economic programme adopted at the European Council's summit in Lisbon in March 2000. Its objective is creating the most competitive economy in the world on the area of the united Europe. The accomplishment of the above supreme objective will be aided by the following goals and activities:

- rapid transition to a knowledge-based economy including development of IT society, research and innovations;
- liberalisation and integration of these markets and sectors, which have not been encompassed actually by the single market (telecommunications, transport, power engineering, postal and financial services);
- development of entrepreneurship including easier access to capital and technologies, as well as lowering of legal-administrative barriers;
- growth of employment and economic activity rates, more elastic labour market, upgrading of education, modernising social insurance system, reduction of poverty and social exclusion;
- protection of natural environment including bigger control over climate changes and protection of natural resources.

The main determinants of the above objectives are inherent in the knowledge-based economy. Its carriers are high-technology industries, research and development centres, education, development of business services and IT society services. They pave the way for economic growth. The OECD also sets out similar important development determinants for the 21st century in its research project: focussed on economic growth causes:

- effective use of technique and organisational infrastructure;
- strengthening of innovation potential, creation of knowledge and technology transfer;
- strengthening of education and upgrading quality of human potential;
- assistance provided for establishing new firms and entrepreneurship (www.euroap.del.pol.pl).

To achieve the objectives of the Lisbon Strategy it is assumed primarily that favourable conditions will be created for setting up new firms and new job creation both in the field of quality and also labour mobility. It requires undoubtedly changes in the field of pursued community policies and, in particular, the regional policy, which in accordance with this strategy should be assuming a more active character laying emphasis on development and growth of competitiveness of regions, and on factors enhancing this competitiveness.

4. Main factors in the regional development

It could be simply said that the regional development implies a stable growth of economic potential and inhabitants' living standards on the scale of a definite territorial unit, that is, a region. And a region constitutes a homogeneous area differing in its natural and acquired characteristics from adjoining areas. The most important problem in the context of these deliberations is the question concerning factors determining the regional development.

The European Commission emphasises in "The Sixth Periodical Report on Social and Economic Situation and Development of the European Union's Regions" that one of the most important factors determining the regional development of the Communities and the improvement of situation in the so-called 'problem regions' is creating prerequisites of long-term economic growth through increasing competitiveness of their economies. The competitiveness is interpreted in the report as: "ability of regions to achieve a relatively high level of incomes and employment in conditions of international competition"(European Commission 1999: 32 and Wysokińska 2001:37).

The above report emphasises four main factors determining the development of regions in the Communities and exerting impact on their competitiveness (European Commission: 36)

- modern structure of economic activity finding expression, for example, in the structure of employment in particular sectors and their share in GDP generation in the cross-section: agriculture-manufacturing industry-construction-market services-non-market services;
- intensity of activity in the field of product and process innovations;
- a region's access to markets determined by availability of transport of goods and services produced in a region to markets outside this region;
- skills of labour force reflecting human resources' quality.

Apart from the above mentioned factors of primary importance, the report points also to other factors: business culture, public-private partnership and social capital of regions being a configuration of 'soft' cultural factors, that is, established traditions, individual and group interests, moral and religious norms, psycho-social characteristics of people, risk propensity (European Commission 1999: 64).

Increasingly more attention in the era of globalisation and adopted assumptions of the Lisbon Strategy is paid to the so-called 'soft' factors, because it is easier to influence and shape them. These factors enhance undoubtedly the investment attractiveness of regions and in this way their competitiveness, which should be taken into account by the new regional policy in its latest assumptions.

5. The new EU's regional policy in the face of globalisation and objectives from Lisbon

The following periods can be distinguished in development of the EU's regional policy:

- 1975–1985 – organisation of the regional policy;
- 1986–1992 – signing of the Single European Act and its impact on the regional policy;
- 1993–1999 – the Maastricht Treaty and its impact on the regional policy;
- 2000– 2006 – AGENDA 2000 in development of the regional policy.

It had rather a passive character during the first two periods and it was oriented at eliminating a regional disproportion within the Communities and eliminating variations in the development of regions. It was making allowances, first of all, for influencing the so-called 'hard' factors of the regional development. Such regional policy led to numerous economic and social

achievements, which found expression in its continuation in accordance with the Maastricht Treaty (stage 3). Concentration of attention of the six objectives in the regional policy yielded desirable results in the poorest regions, in the regions retarded in economic development, in the regions with a high unemployment and completely peripheral regions with their extremely unfavourable natural-demographic conditions and with big population migrations.

A new dimension of the regional policy has been determined by recent years, the adopted AGENDA 2000 and objectives planned for the years 2007-2012. The main gravity point in the present period of implementing the regional policy has been laid on increasing the competitiveness of regions. In order to ensure its implementation the budget of structural interventions was increased and the number of objectives was decreased in AGENDA 2000 adopted at the European Council's summit in Berlin (1999). It resulted in focussing the regional policy on the following objectives, which increase the competitiveness of regions, reduce unemployment and are subordinated to the Lisbon Strategy – Table 1.

Table 1. Goals of the regional policy in the years 2000-2006 and available funds

Goal type	Goal content	Available funds
Goal 1	Promotion of development and indispensable adjustments in backward regions	ERDF, ESF, EAGGF (orientation section), FIG
Goal 2	Economic and social restructuring of regions	ERDF, EAGGF (orientation section), ESF
Goal 3	Elimination of unemployment	ESF

Explanation of abbreviations of structural funds from Table 1:

ERDF (*European Regional Development Fund*),

ESF (*European Social Fund*),

EAGGF (*European Agriculture Guidance and Guarantee Fund*),

FIG (*Financial Instrument for Fisheries Guidance*),

CF (*Cohesion Fund*) – it is not included in the table as it assists regions covered by goal 1, but only in the poorest countries from the old '15' such as Greece, Spain, Ireland and Portugal.

Source: European Commission, Structural Funds and Cohesion Fund 2000-2006. Regulations and Commentary, Brussels 2000.

However, the biggest funds from structural interventions were absorbed by goal 1 – convergence (69.7%), which focuses attention on raising competitiveness and finds reflection in requirements made for beneficiary regions. Thus, the main point is not only to use resources but to multiply effects. The same refers to goals 2 and 3.

On the one hand, the regional policy exerts its impact on implementing the Lisbon Strategy's assumptions and, on the other hand, the Lisbon Strategy has a priority in activities of the Communities starting from 2000.

It becomes necessary to reinforce and reform the regional policy in the face of the ambitious assumptions of the Lisbon Strategy and progressing integration processes in the economic and currency union, which yield the greatest benefits in the strongest regions and countries. The most important challenges posed by the cohesion policy and the regional policy set out in the Third Cohesion Report boil down to:

- increasing the social and economic cohesion;
- enhancing the priorities agreed upon during the European Council's summit in Lisbon and Gotteborg, which aim at raising the EU's competitiveness on the world scale;
- supporting sustainable development;
- strengthening administrative capabilities and partnership in the Communities (Greta 2005:36).

Thus, the above challenges reflect primarily assumptions of the Lisbon Strategy, which through building the knowledge-based economy, environmental protection and development of infrastructure aims at ensuring competitiveness for the Old Continent's economy. This aspect is taken into account particularly by the proposal of focussing the regional policy in the years 2007-2012 on the three following goals described in Table 2.

Table 2. Goals of the regional policy for the years 2007-2012 making allowances for implementation of the Lisbon Strategy and available funds for their location

Goal type	Goal content	Available funds
Goal 1	<u>Convergence</u> – assisting economic growth and creating new jobs in the least developed countries and regions	EFRR (ERDF), EFS (ESF), FK (CF)
Goal 2	<u>Regional competitiveness and employment</u> – assisting structural transformations in regions, which do not qualify for receiving assistance within Goal 1 (due to the fact that their per capita GDP exceeds 75%), financial support for changes in the labour market	EFRR (ERDF), ES (ESF)
Goal 3	<u>European territorial co-operation</u> – assisting territorial competitiveness, promoting harmonious and balanced development of the EU's areas, assisting peripheral and border regions (including euro-regions)	EFRR (ERDF)*

– abbreviations of the funds are explained under Table 1 of this paper.

Source: Analysis based on materials of the European Commission and the web site http://europa.eu.int/comm/index_en.hm.

The accomplishment of these goals should allow to implement the Lisbon Strategy. It is particularly visible in Goal 2 through shifting the earlier point of gravity from regional restructuring to regional competitiveness and in Goal 3, which covers peripheral regions and will be assisting, in particular, interventions in the framework of trans-border co-operations, and which will find itself in the main financial stream and not as it was the case earlier when it represented only one of the EU's initiatives.

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