TERRITORIAL DISPARITIES AND COHESION: CONCEPTUAL APPROACHES

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Why disparities and cohesion?

- The old dilemma of regional policy:
  - Equalisation – equal opportunities
  - Efficient territorial structure – COMPETITIVENESS
  - What is acceptable for politicians?

- Failures of the EU regional policy

- Increasing importance is devoted by politicians to territorial cohesion (Lisbon Treaty, TA 2020 etc.)

- BUT THE CONCEPT OF COHESION IS ITERPRETED IN DIFFERENT WAYS

MIXING CONCEPTS

- Sentences like:

„Many large countries … also have wide differences in regional GDP per head and have turned to EU Cohesion Policy to learn how to reduce them."

Fifth report on economic, social and territorial cohesion, p. XII.

MIXING CONCEPTS

- Definitions like:

territorial cohesion is „…a situation whereby people and firms are not unduly handicapped by spatial differences in access to basic services, basic infrastructure and knowledge"

Molle, W. 2007, p. 84.

MIXING CONCEPTS

- Concepts (aims) connected to cohesion:
  - Disparities – territorial differences
  - Accessibility – equal access to infrastructure and know-how
  - Polycentrism – a balanced urban system
  - Trusteeship – prudent management of heritages
  - Convergence – decreasing differences

Factors of geographic differences

- – Physical circumstances, natural resources
- – Distance from markets / resources / centres
- – Opportunities for co-operation
- – Agglomeration advantages /disadvantages owing to nearby location (externalities)
- – Limits to enter into a local market
- – Local monopolies, local externalities, rents (e.g. water resources, public services, labour force etc.)
- – Social conditions, traditions, customs and relations
- – Growth has to start somewhere, and the distribution is a process

Dimensions of territorial disparities

Dimensions	Aspects		
	State	Process	
		pozitive	Negative
Location	position	Movement - migration	
Quantity	size	growth	decrease
Quality	Development level	Development process	retrogression
Structure	arrangement	differenciation, homogenisation	
Activity	functions	Gaining functions	Losing functions
Connections	flows	Increasing flows	Losing flows
Relations	interrelationships	independence	dependency

Source: Nemes Nagy, 2004

Convergence in the EU25 - Correlation between National Growth of GDP per Capita 1995-2001 and GDP per Capita 1995 (PPS)
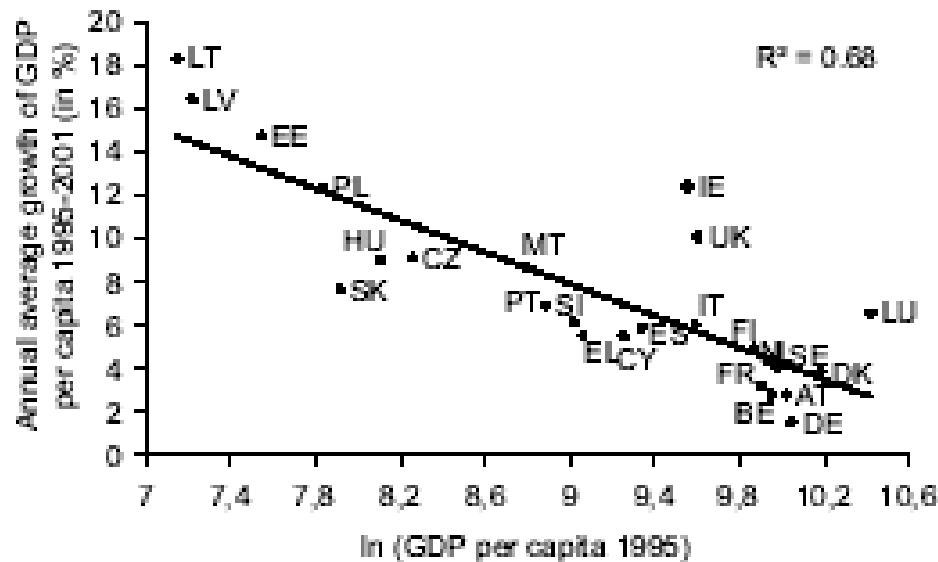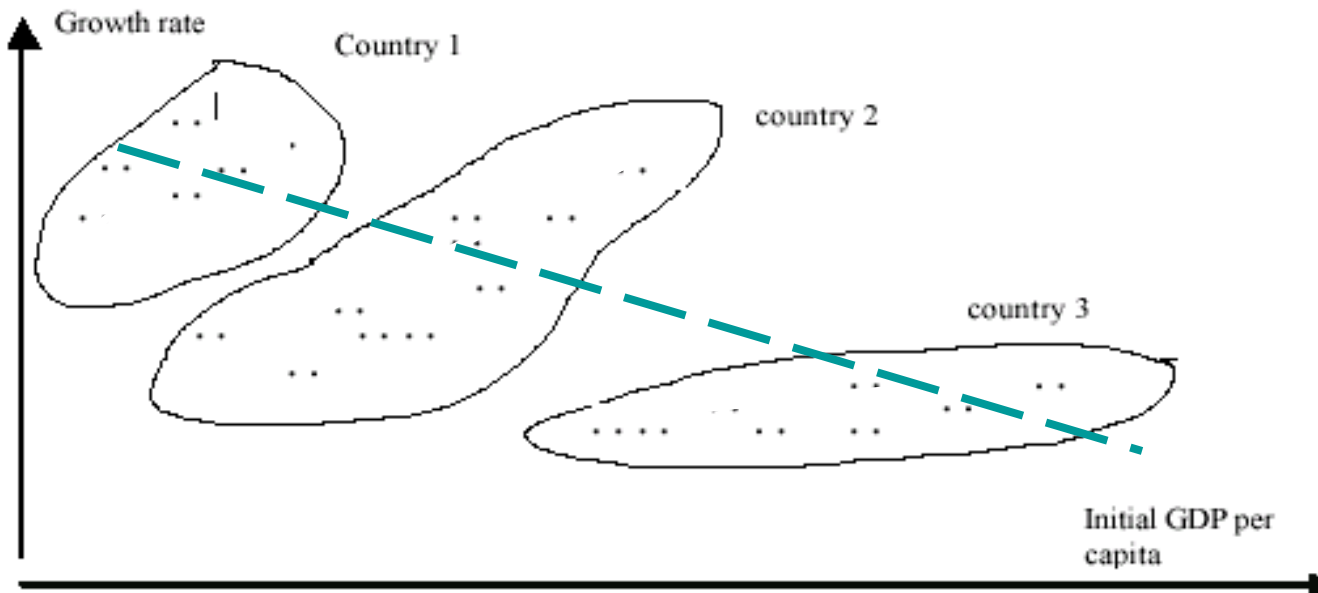

EU 25

Convergence

(1995-2001, between states)

(F: Niebuhr, A. – Schlitte F. 2004)

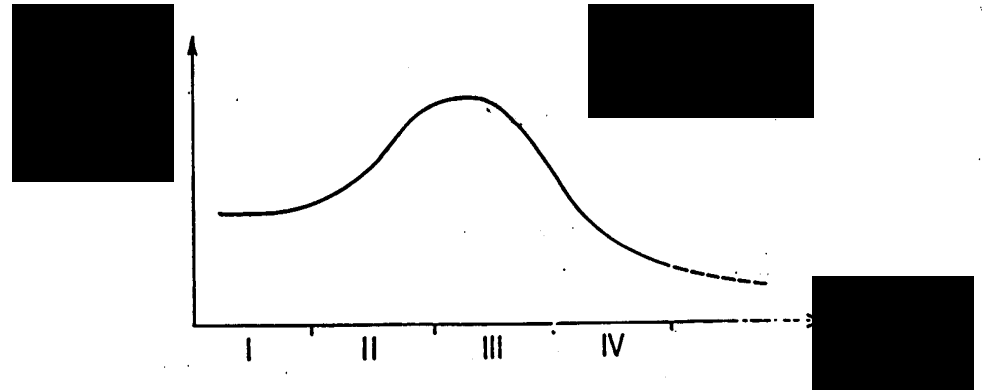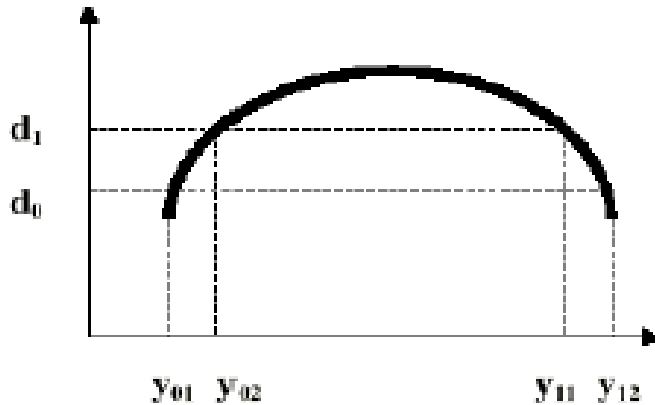**„National" divergence – „Continental" convergence**

(F: Martin, P. 1999 nyomán)

NNJ 2004

National development – Regional inequalities

Economic theory: convergence (*R. Solow*) or (?) divergence (*G. Myrdal*)
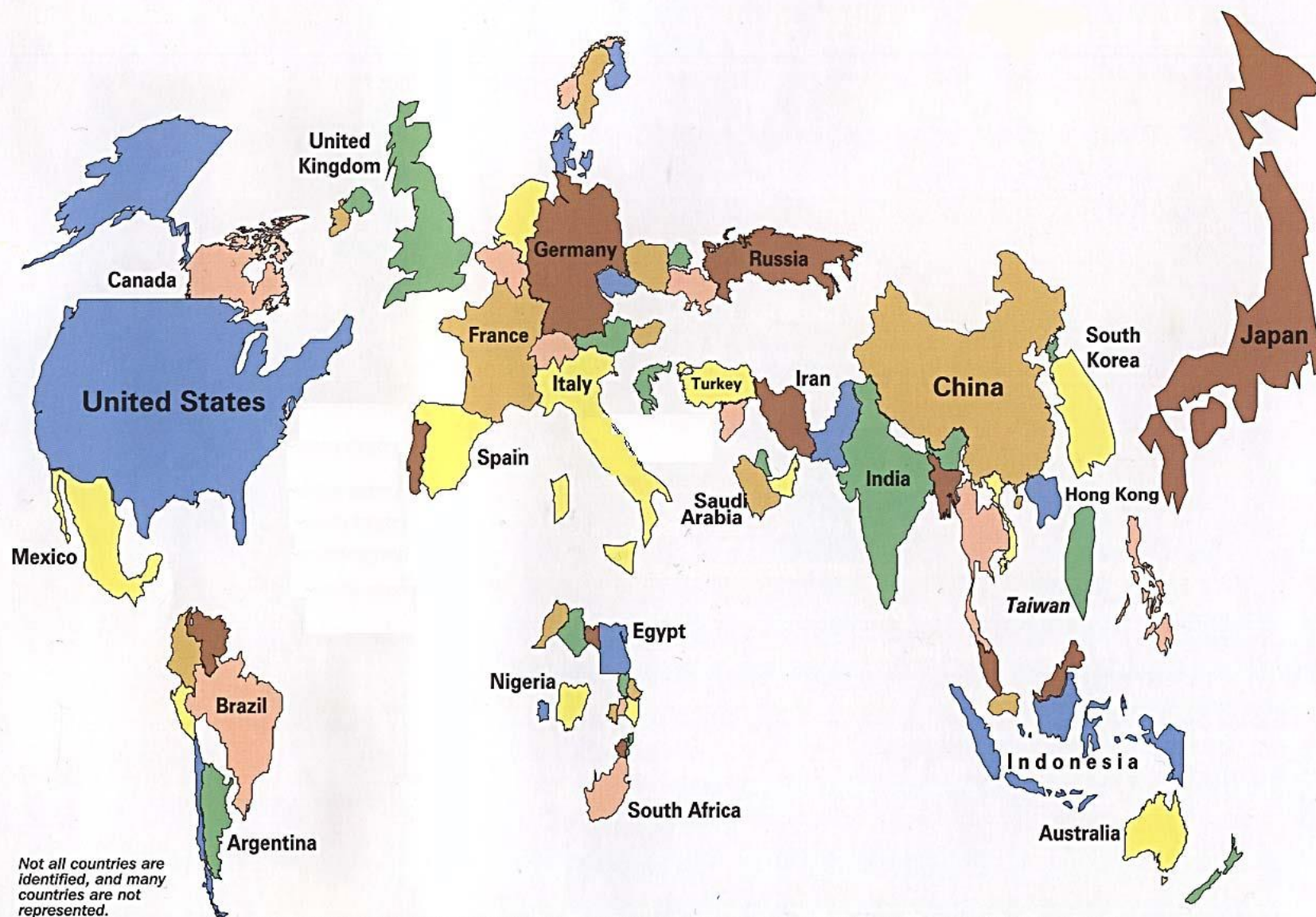
An „inverse U-shape"

(Kuznets, S. 1955 – „social",
Williamson, J. G. 1965 – „regional")

Nemes Nagy J. 1987

Empirical tests: Davis, S. – Hallet, M. 2002, Milanovic, B. 2004,

Figure 5. Market Size by Gross Domestic Product, 1995

Relative size of country indicates relative size of Gross Domestic Product.

Not all countries are identified, and many countries are not represented.

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Map G0.4 How markets view the world
A country's size shows the proportion of global gross domestic product found there
*Source:* WDR 2009 team using 2005 GDP (constant U.S. dollars).
Note: The cartogram was created using the method developed by Gastner and Newman (2004). This map shows the countries that have the most wealth when GDP is compared using currency exchange rates. This indicates international purchasing power—what someone's money is worth if spent in another country.
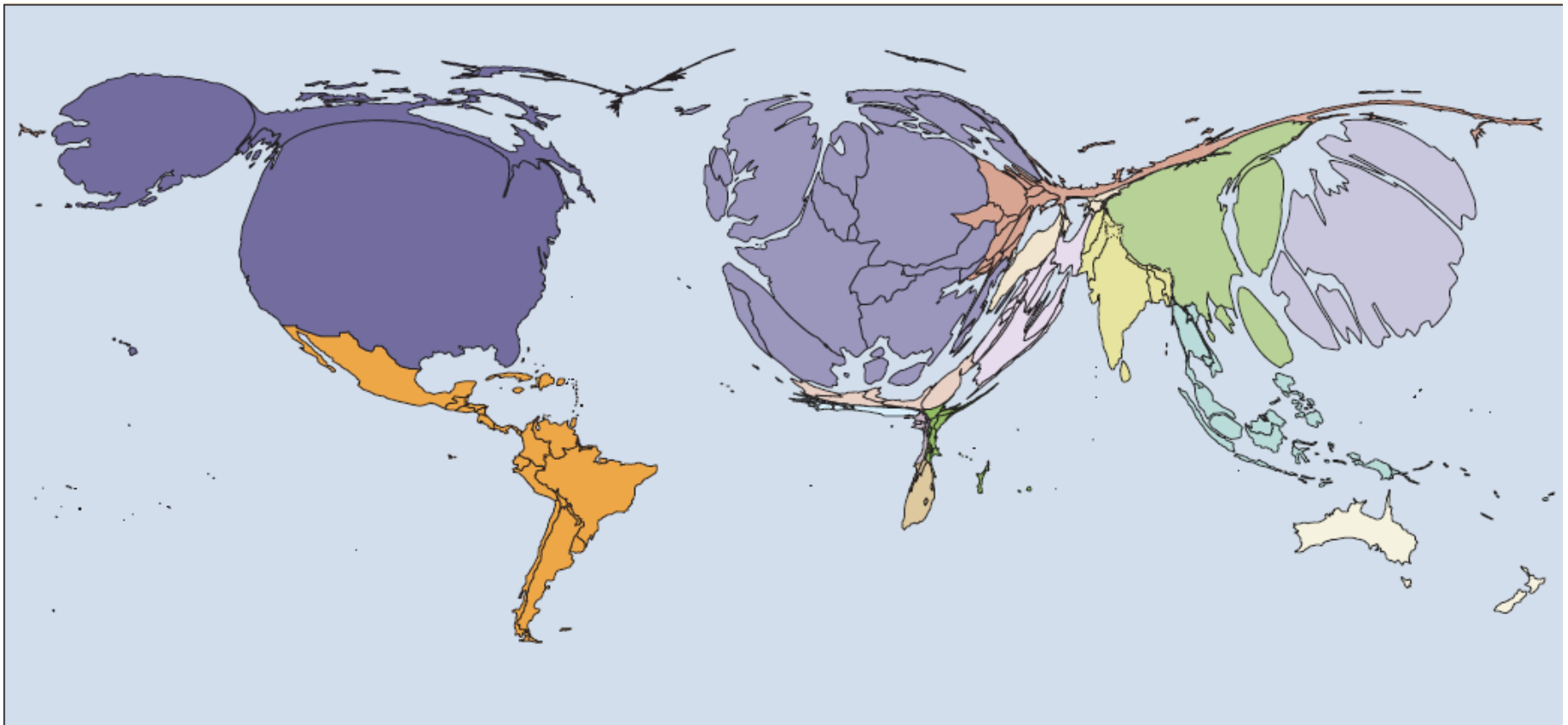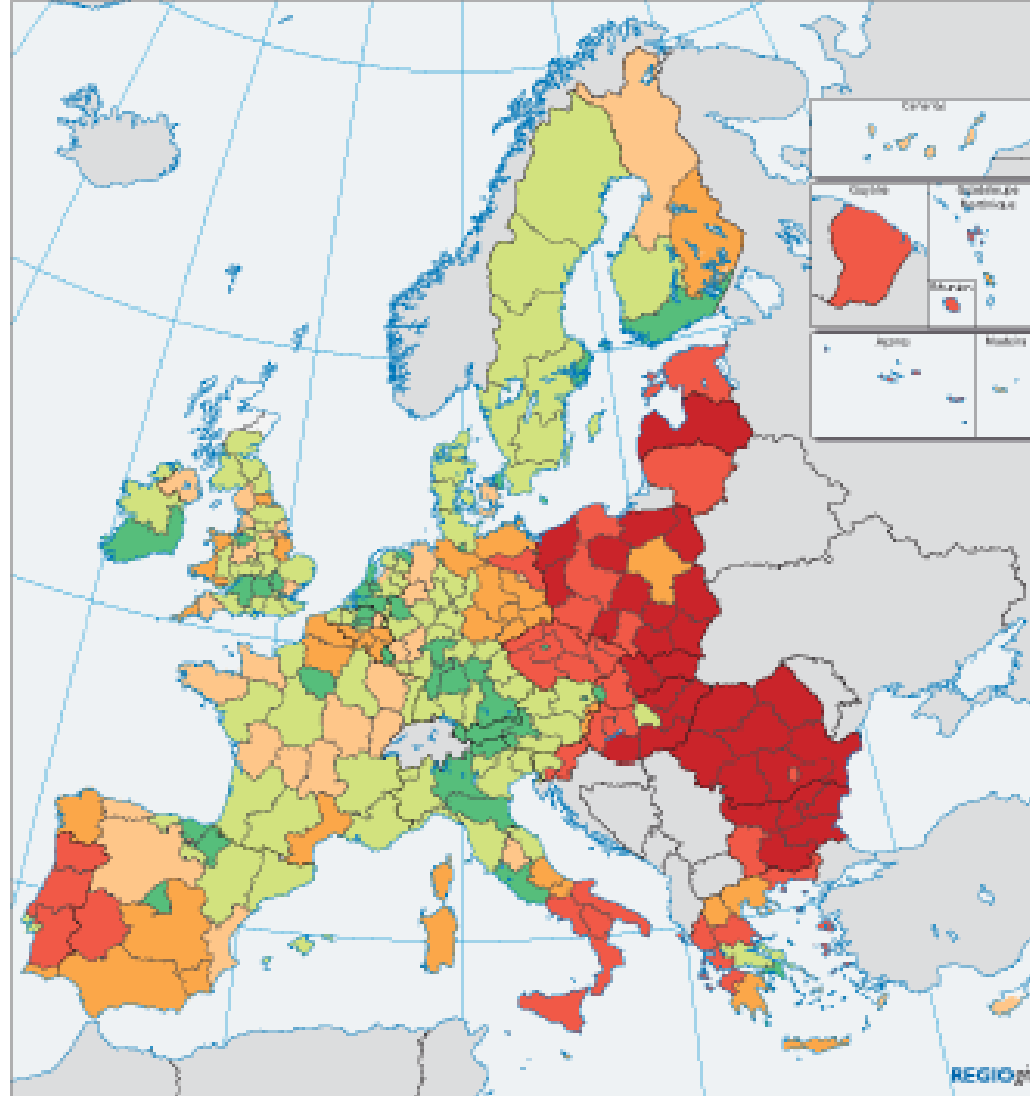
GDP/head (PPS), 2005

Index, EU-27 = 100
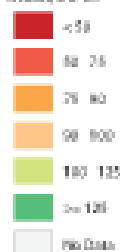
- ■ < 50
- ■ 50 - 75
- ■ 75 - 90
- ■ 90 - 100
- ■ 100 - 125
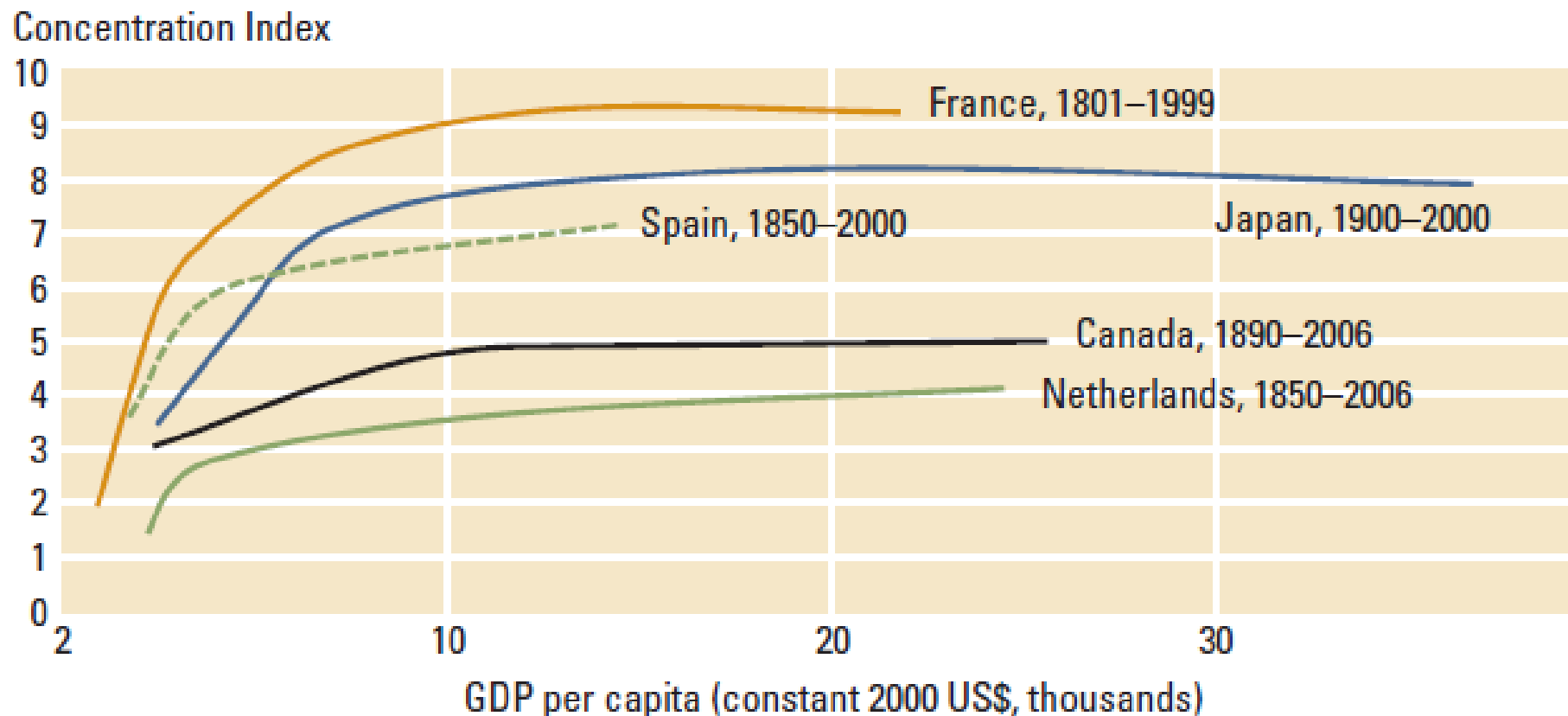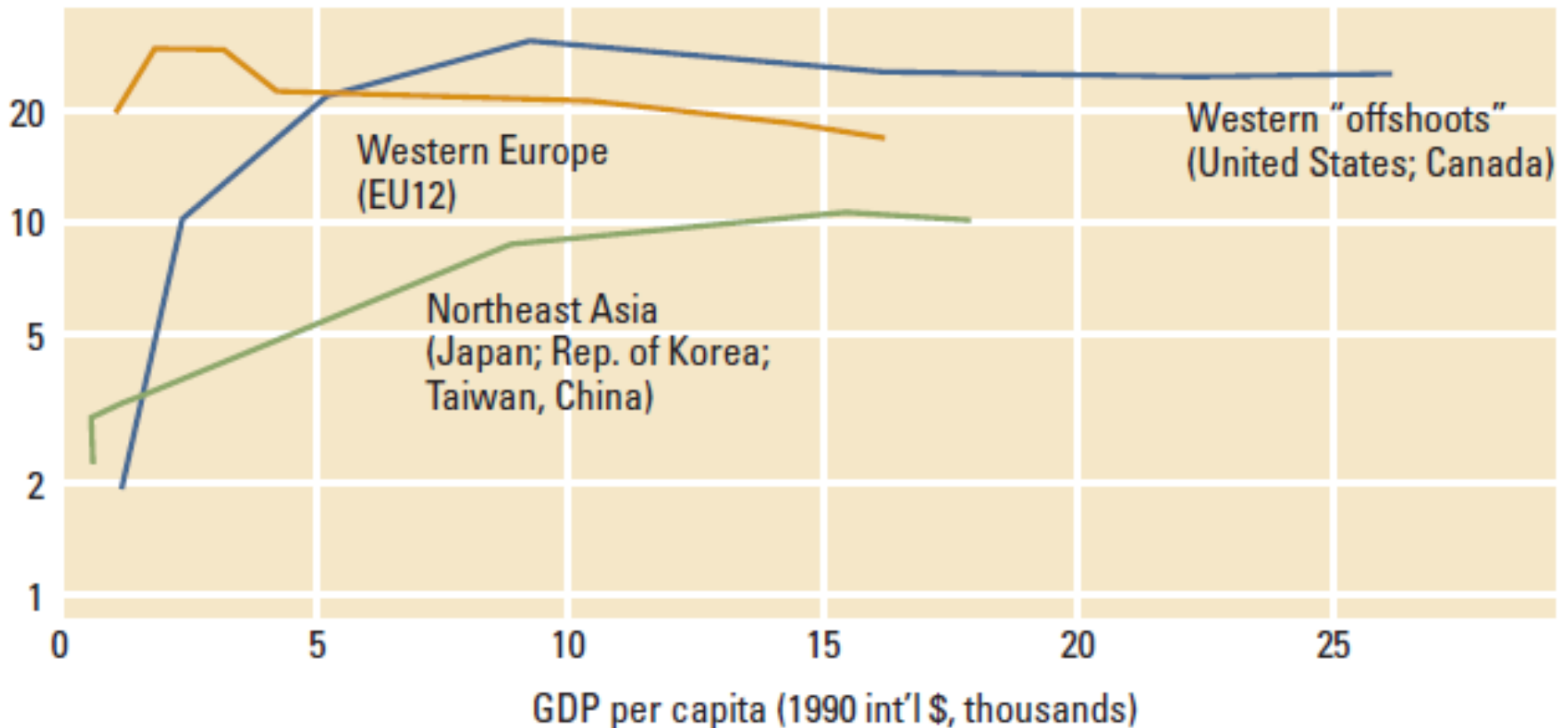- ■ >= 125
- ☐ No Data

REGIOgis

Pattern of economic activity
Geographic scales and GDP/capita

Sources: Panel a: WDR 2009 team (see chapter 1 for details); panel b: WDR 2009 team (see chapter 2 for details); panel c: WDR 2009 team (see chapter 3 for details).

a. As nations start to develop, people concentrate in towns and cities

Pattern of economic activity
Geographic scales and GDP/capita

b. Nationally, production concentrates in leading areas

Concentration Index

France, 1801–1999

Spain, 1850–2000

Japan, 1900–2000

Canada, 1890–2006

Netherlands, 1850–2006

GDP per capita (constant 2000 US$, thousands)

Pattern of economic activity
Geographic scales and GDP/capita

c. Internationally, wealth concentrates in some regions

% share of global GDP (log scale)

Western Europe (EU12)

Western "offshoots" (United States; Canada)

Northeast Asia (Japan; Rep. of Korea; Taiwan, China)

GDP per capita (1990 int'l $, thousands)

Market access distinguishes world regions

c. The three D's suggest a simple taxonomy of the world's neighborhoods

Regions with
- High-income countries
- Countries close to world markets
- Large countries far from world markets
- Small countries far from world markets

Market access distinguishes world regions

a. Borders are thicker in developing regions

Disparities in Hungary

Standard deviation of GDP in Hungary

Legend:
- Standard deviation of GDP in Hungary including Budapest
- Standard deviation of GDP in Hungary without Budapest
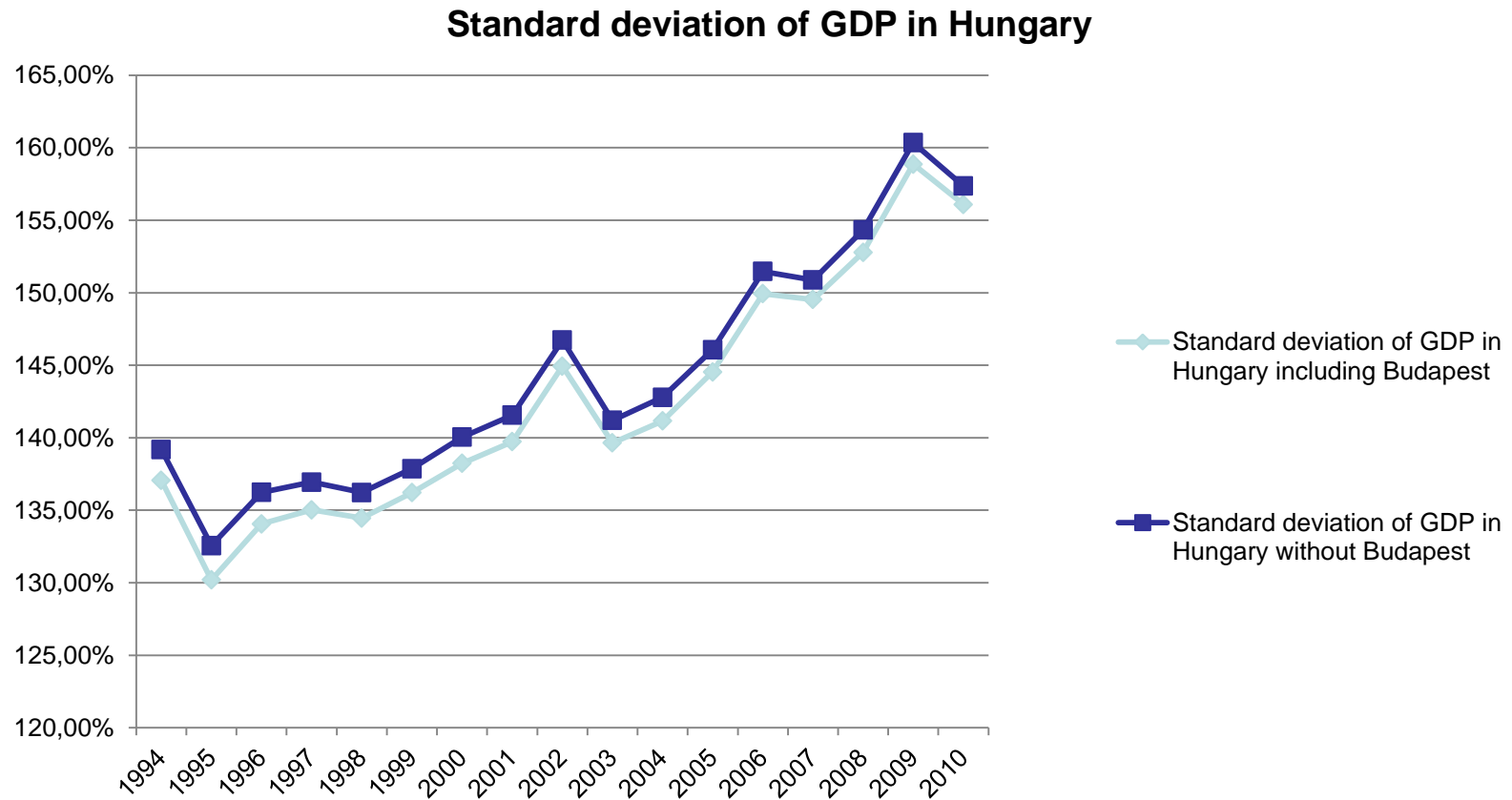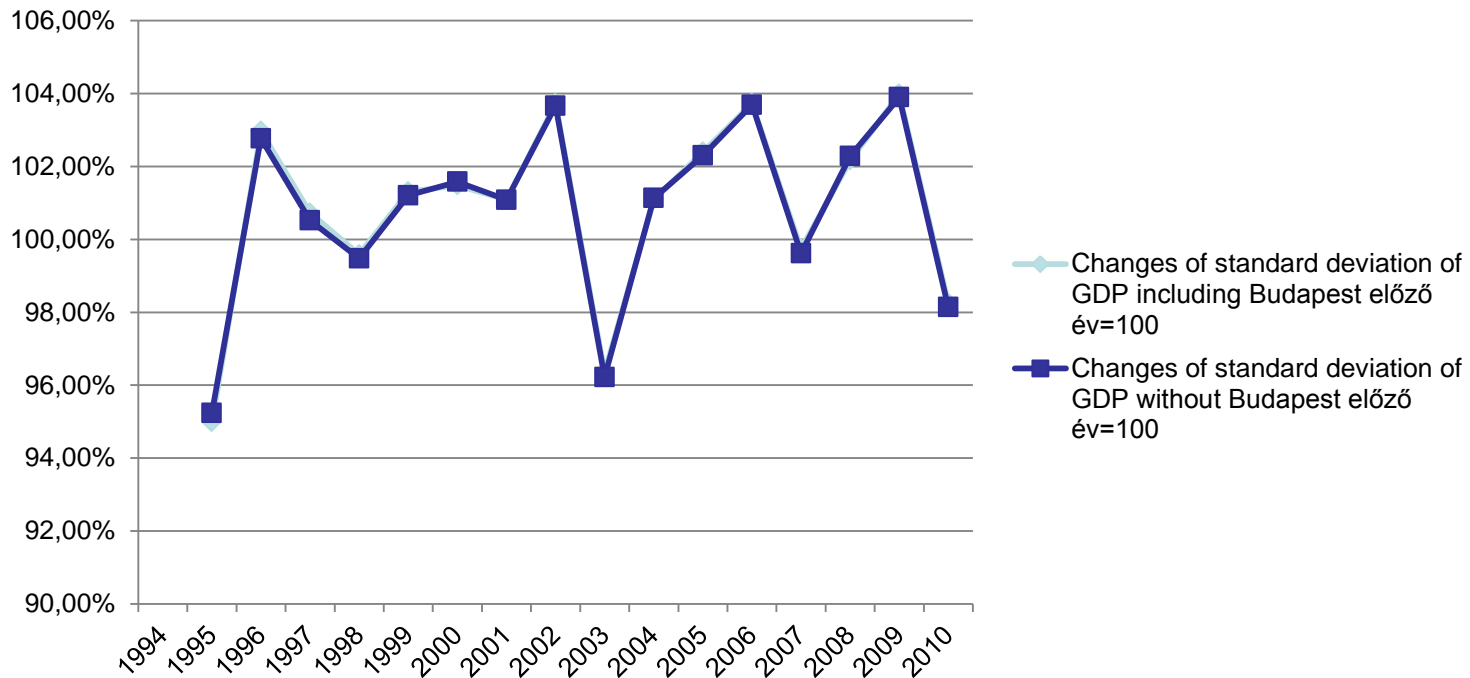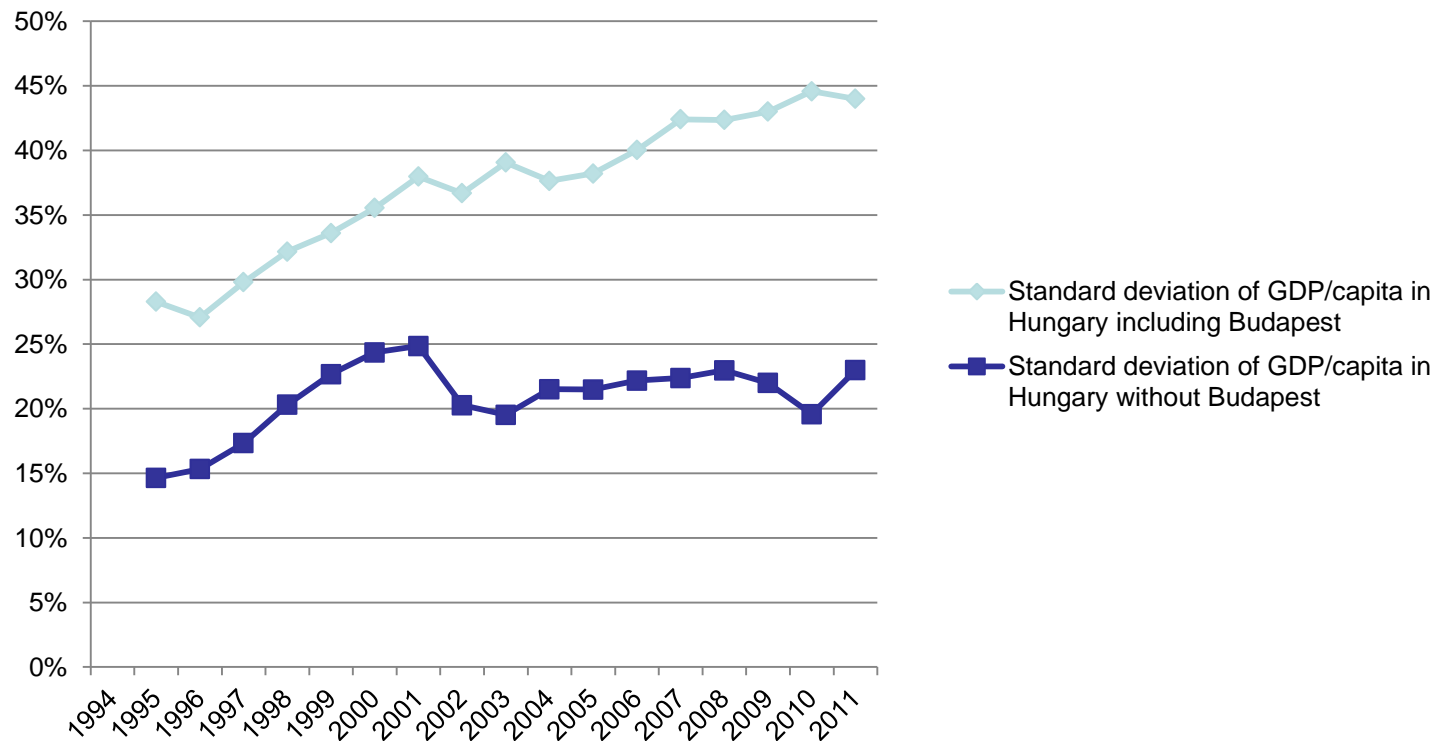
Disparities in Hungary

Changes of standard deviation of GDP in Hungary (previous year=100)
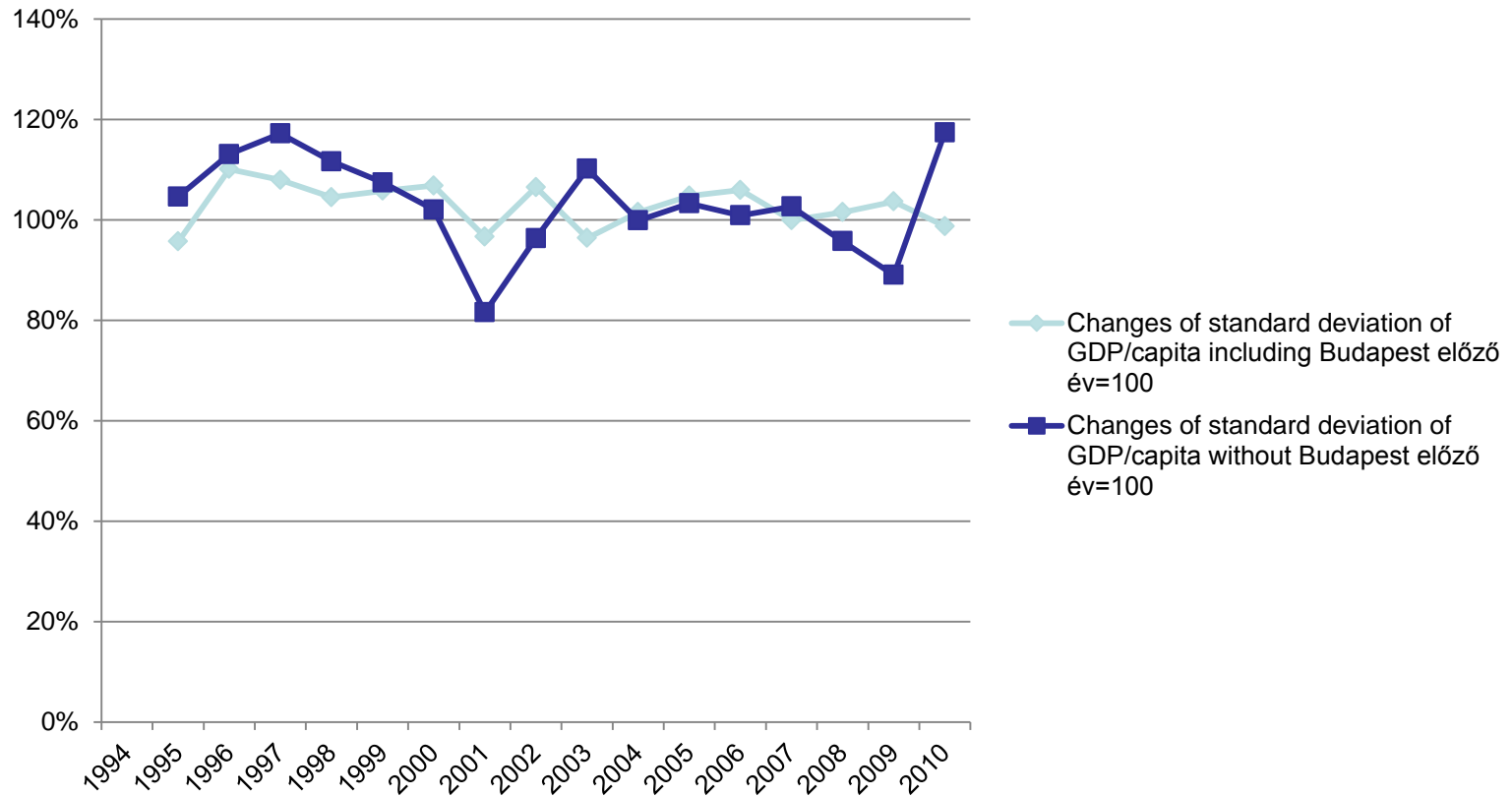
Disparities in Hungary

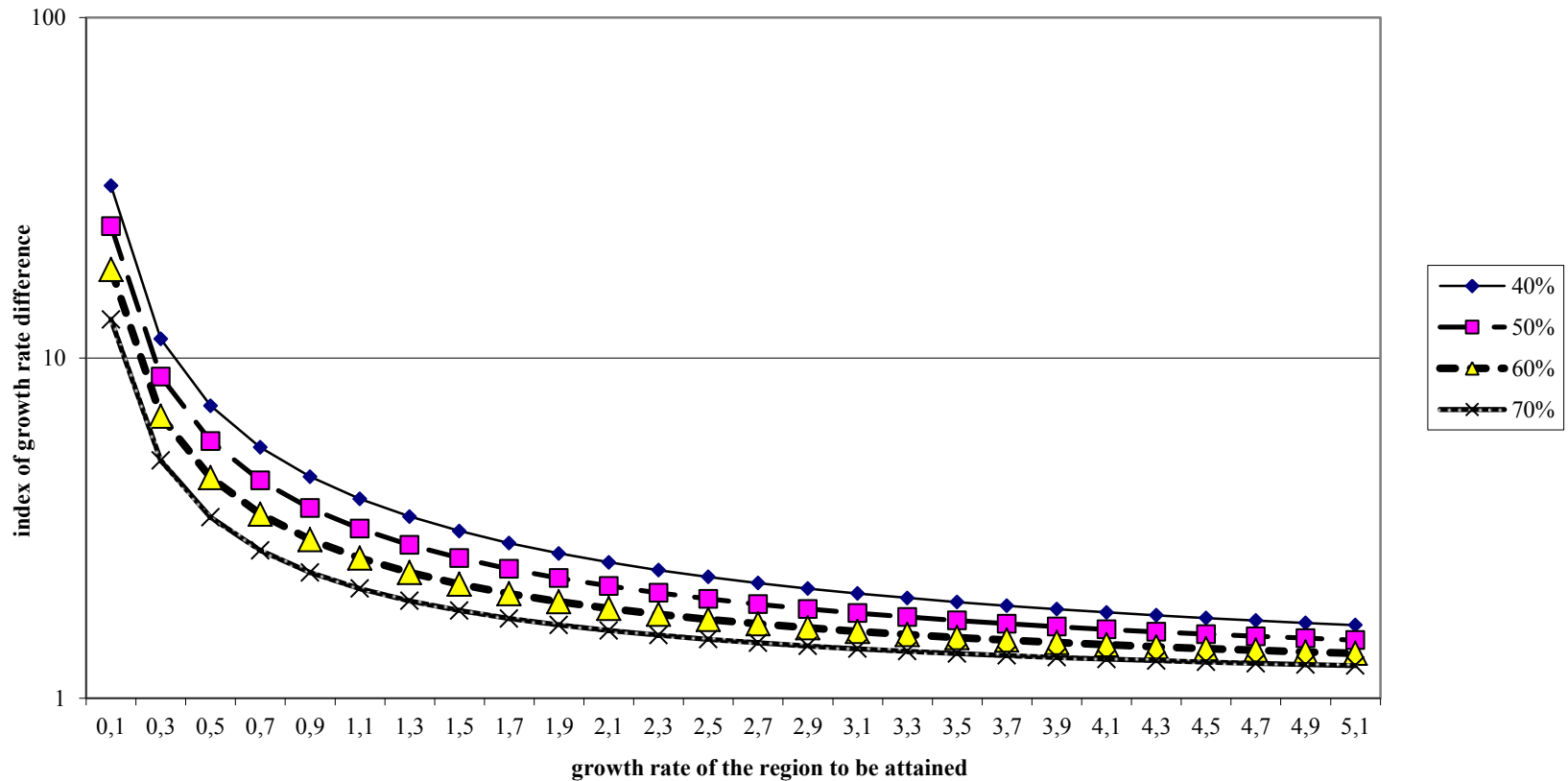Standard deviation of GDP/capita in Hungary

Disparities in Hungary

Sigma convergence in Hungary

Closing the gap?

NECESSARY DIFFERENCE OF GROWTH RATES TO REACH EQUAL LEVELS IN 30 YEARS FROM VARIOUS STARTING GAPS

BUT WHAT IS THE ORIGINAL MEANING OF COHESION?

- „Cohesion is the bonds of trust between members of a small group.
….Cohesion is inversely proportional to the number of men in the group. …. Cohesion is a property of groups who share face-to-face relationships. …"

- Cohesion is a function of continuity, of personal relationships built on trust and common experiences.

- *Stability + Stress + Success = Cohesion*
(S + S + S = C) (Wong, 1985).

BUT WHAT IS THE ORIGINAL MEANING OF COHESION?

- Dimensions of cohesion:
    - Cohesion in physics and chemistry
    - Technological cohesion
    - Economic cohesion
    - Social cohesion
    - Territorial cohesion

There are four types of cohesion
(Stewart, 1991):

- *Horizontal Cohesion* is the trust shared between peers. It is the bonds of confidence within a single unit

- *Vertical Cohesion* is the bonding between subordinates and leaders.

- *Organizational Cohesion* is the relationship of the soldier to his larger military organization. It binds small groups to a higher purpose.

- *Societal Cohesion* is the relationship between an army and the society it serves.

The advantages of cohesive units

- • *Cohesive units fight better.*
- • *Cohesive units suffer fewer battle casualties.*
- • *Cohesive units suffer fewer non-battle casualties.*
- • *Cohesive units train to higher standards.*
- • *Cohesive units do not disintegrate under stress.*
- • *Cohesive units require less administrative support.*
- • *Cohesive units provide a higher quality of life.*

(Improving Unit Cohesion, p.6.)

Steps to create cohesion

- ***Forming***. Initial development of roles and billets. Testing and assessing of new personalities.

- ***Storming***. Competition for positions and informal authority. Cohesion cannot exist until this stage, which is marked by considerable emotional tension, has been completed.

- ***Norming***. Development of group norms and cohesion. Development of group pressure to enforce conformity.

- ***Performing***. Productive task activity.

- (Improving Unit Cohesion, p.12-13.)

Measuring cohesion

- Measuring **stability,** the prerequisite for cohesion.

    - Unit stability can be captured by generating a **familiarity index**, an average of the time each man in the unit has shared with his comrades.

- **Leader Stability Index** for a unit represents the average number of months that each leader has served in his particular billet.

SOME CONCLUSIONS

- Territorial disparities are important influencing factors of territorial cohesion, but it is a much more complex phenomenon and process
- Cohesion policy in the frame of regional policy should be more oriented to
  - increasing tolerance
  - Increasing familiarity
  - Increasing mutual interest and responsibility
  - Increasing readiness for co-operation
  - Increasing stability of communities