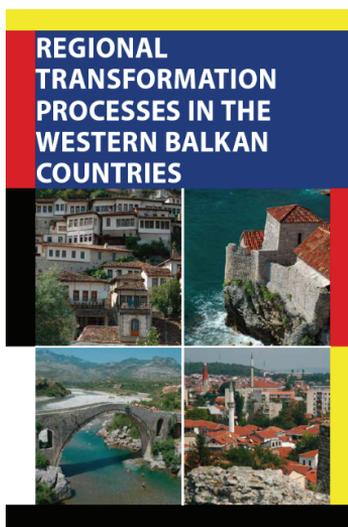


Zoltan Takacs and Imre Nagy
**REGIONAL TRANSFORMATION PROCESSES IN THE WESTERN
BALKANS COUNTRIES**

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The Centre for Regional Studies from Pecs of the Hungarian Academy of Sciences organized the Conference that was held in Pecs from February 24th to 25th 2011. It was dedicated to presentation of a book titled *Regional Transformation Processes in the Western Balkans Countries*. The book has been edited by Prof. PhD Gyula Horvat and Prof. PhD Zoltan Hajdu. The book was published in two languages - Hungarian and English by the Centre for Regional Studies from Pecs, with financial support by the European Union, European Social Fund, and Hungarian Ministry for National and Economic Development.

The title of the project is *Socialization of Regional Science*. The book presentation was the final act of the overall research project that was promoted under the title "Exploration of the Balkans". The project was implemented with the contribution of 22 researchers of the project team who were also the co-authors of the above-mentioned book. During the Conference, which was held at the Faculty of Economics of the University Pecs, the emphasis was placed on the position of the Balkans and particularly on the road of every country of the Western Balkans towards the integration into the European Union, as well as on disparities in regional development within these countries.

Political stakeholders, lecturers, researchers and other parties concerned from these countries took part in the Conference the objective of which was to promote regional sciences following the example of the Balkans. On more than 600 pages, within five chapters, the book shows the characteristics of spatial structures, regional disparities and potential directions of the Western Balkans countries development (Slovenia, Croatia, Bosnia and Herzegovina, Macedonia, Serbia, Montenegro and Albania).

The macro region that has been observed is the Balkan Peninsula. Natural-geographic characteristics of this region are complex, and geological structure is diversified. The region has a strategically important position due to its topographic position - it connects

continents, the West and Central Europe with the Middle East, it connects the Danube countries with the Mediterranean and Asia.

The position of the region is sensitive due to the fact that cohesion of various cultures and social impacts of the neighboring continents is most expressed in this region. Throughout history, the Balkans was a part of various empires but it always represented a peripheral area. The Balkan countries started gaining independence in the 20th century and at the beginning of the 21st century, this region is characterized by transition-economic decline. Nowadays, the common objective of countries that used to be a part of the former Yugoslavia is integration into the European Union and catching up with the level of development of the EU. The stabilization of the Balkans has recently played the key role in the agenda of the political stakeholders of the European Union, who are mobilizing huge resources for strengthening of integration capacities of these countries leading to emergence of mutual interest for accession into the European community. The first chapter is dedicated to presentation of geographical and historical-political characteristics of the constructed macro region.

The second chapter deals with the issue of demography and workforce. The area that was included in the scope of this research has always been diverse when it comes to nationality, culture and religion. Spatial distribution of nations and various nationalities has changed throughout the history. Ethnically homogeneous areas have only developed in some parts of the Balkans; therefore, it has always been considered a multiethnic region. The development of large cities has been based on multiculturalism. This macro region has been characterized by emphasized migration of the population within national borders (from underdeveloped parts into the developed regions), as well as outside national borders. The migration processes of the Balkans population were characterized by migration of the workforce to the countries of the Western Europe, America, and Australia. A new form of migration emerged with the outbreak of civil wars, and it was the so-called internal displacement of population. It is expected that the future will hold ageing of the population, decline of the birth rate and increase of life expectancy. The labor market is affected by these demographic trends. The level of development of the workforce indicates the presence of emphasized regional inequalities. A high unemployment rate is the common characteristic of the region (especially the long-term unemployment and high share of young people). The issue of (un)employment affects most the following groups of people at the Balkans: individuals without a degree, members of national minorities, young people, and women. The development of human capital is one of the most important objectives of the region.

The third chapter is dedicated to the study of natural resources and uniqueness of the network of cities and settlements of the Balkans. Geological structure and climate conditions are diverse at the Balkans. River and water resources are developed and due to diverse topography, variable geological structure, vegetation and precipitation these water resources (ground and surface) vary to a large extent in certain parts of the Western Balkans. The most important natural resources are: soil, forests, water, and ores. The development of the network of cities and settlements took place partly under the

influence of these available natural resources, as well as under the influence of cultural background of occupational forces. Considering the political and economic instability present in this area, the state administration has been changing constantly, forcing the cities and settlements to adapt to new circumstances and assume new functions. Throughout the history, the cities that experienced significant development were involved in trade flows (marine and those in mountain valleys). However, their development was primarily affected by communication and infrastructure. Urbanization was late due to insufficient level of development of economy, which led to growing number of rural areas and declining number of urban areas. Rural population immigrated on a large scale to cities, industrial centers due to higher probability of employment, higher personal income and better infrastructural coverage. Intensive migration of people from rural areas to urban areas has led to depletion of rural areas.

The fourth chapter describes the system of power structure, social structure and public services system in the Western Balkans region. The important moment in this segment is the relation of a certain countries towards European integration processes. Slovenia has a stable and well-envisaged policy of state management (it became the EU Member State in 2004 already), Croatia and Macedonia are candidate countries for accession into the EU and countries that are in the negotiation process (Serbia, Albania, and Montenegro) are slowly harmonizing the system parameters with the requirements of the European Union. Political process of development and stabilization of the national state is in progress in every country in parallel with these integration processes. We are dealing with unitary states, except for Bosnia and Herzegovina with a federal state administration. The President is the head of the state, the Government structure is represented by the National Assembly under the system of electing members of the parliament, from a diverse political scene. Poverty represents one of the biggest problems at the Balkans, which affects wider social classes, in particular marginalized groups (national minorities, Roma people, and women). Therefore, the main task of the Western Balkans is resolving of the problem of poverty and social exclusion of citizens.

The fifth chapter offers an overall picture of the economy of the Western Balkans. Setting up of economic-territorial structure of the region was affected by the decline of industrial production and employment rate, disappearance of industrial culture and human resources as well as the development of the tertiary sector. Strong deindustrialization has been present during the last two decades, with scope and intensity varying from one country to another. Agricultural economy has a significant tradition in the region and therefore a large number of employees. Agricultural production takes place (depending on geographical, topographical, and climate circumstances) in the form of private holdings on small, dispersed family estates. The economic underdevelopedness of the Western Balkans corresponds to underdevelopedness of infrastructure and transport (foremost road and railway). Geo-strategic position of the Balkans is most emphasized in air and marine transport. Tourism is one of the strongest economic activities, as well as in the rest of Europe, thanks to attractive tourist destinations on the Mediterranean. Banking sector of the Balkans is being restructured with a tendency of development. The domination of a foreign capital is strong while

banking sector is faced with numerous risks in this field (for example, expansion of the household loans). Higher education of the region is changing and developing in parallel with setting of market economy. The number of students and faculties is increasing, but the quality and competitiveness are not on a desirable level. More than a half of students are concentrated in capital cities while the research capacities are below average (in comparison with Europe). The driving force of the Balkans economy is concentrated in the sector of dynamic micro, small, and medium enterprises with a small number of employees. The success of those enterprises depends on competitiveness of products and services. The inclination towards entrepreneurship is high at the Balkans, but there are not enough innovative capacities in this sector. There is a large number of retail stores and the share of grey economy is high in all economic activities. The European Union has been helping the integration of this region since 1991 via various developmental programs that have been described in detail in the last part of this book. The European integration brings with it new perspectives for countries of the Western Balkans, through encouraging regions and institutions in charge of regional development, which is imperative for these countries.

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