

Non-Regional Governmental Policies as a Key Mechanism of Regional Development: The Case of Regional Dimension of Sectoral and Horizontal Policies in the Czech Republic

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The thesis deals with the role of non-regional governmental policies for regional development, more precisely, with the regional impact of sectoral and horizontal policies pursued by the central level of public administration in the Czech Republic. The main aim of the dissertation was to explore regional patterns of the allocation of public capital expenditure that has been distributed from the central level of public administration, i.e. the Government of the Czech Republic. The very importance of capital expenditure lies in the fact that they are dedicated to developmental activities and to actions increasing capital in general. Hence, the allocation of public capital funds induces dynamic / multiplier effects. Consequently, public capital expenditures are considered to be one of the key factors triggering socioeconomic development and contributing significantly to prosperity of regional economies. The issue was tackled from two main standpoints. Firstly, the premise of the regulative role of public finance (public policies) was questioned as one of the main starting points of the dissertation. Therefore, an attempt to look at the regional dimension of governmental policies from the perspective of regulative mechanisms of regional development has been made. More precisely, we tried to answer the underlying question whether the spatial patterns of allocation of public capital funds contribute rather to regional divergence or convergence. Secondly, the policies, which are explicitly designed to address the existing regional imbalances were analysed (i.e. the regional policy itself). Obviously, any particular region is, apart from regional policy measures, simultaneously under the influence of many other public interventions. Consequently, a question emerges, to what extent the attempts of explicit regional development support in diminishing regional socioeconomic disparities can be successful under the condition that the regional impacts of non-regional (sectoral and horizontal) governmental policies (which are from financial point of view much more vigorous) remain mostly unknown. Until recently, however, the main attention of both researchers and decision-makers has been focused upon allocation of public funds via regional policy and on evaluation of efficiency and effectiveness of regional policy measures. However, this type of policy represents only a relatively small proportion of the entire governmental policy (for example, in the Czech Republic, only 0.06 percent of GDP was devoted to explicit regional policy in 2007). Hence, some authors highlight that the entire set of governmental policies brings about much more profound regional impacts than the narrowly-designed regional policy. Since there is a lack of detailed empirical studies focused on regional impact of non-regional governmental policies, the thesis provides - on the basis of a unique dataset of public capital expenditure committed from the central level of public administration in the Czech Republic in 1995-2005 - several important insights into this issue. The thesis dealt the following research objectives: (i) to contribute to the overall understanding of public financial flows within the territory as well as to academic debate on the importance of regional impacts of non-regional governmental policies; (ii) to demonstrate the importance of non-regional governmental policies for regional development (based on empirical analysis), especially for responsible policy makers; (iii) to analyse the regional dimension of allocation and of stabilization functions of fiscal policy of the Czech Republic via the regional analysis of capital expenditure distributed from the state budget and also from relevant state extra-budgetary funds within various public sectoral and horizontal policies; (iv) to contribute to answering the question whether the regional patterns of public capital expenditure allocation has, from the regional point of view, rather equalization or differentiation function; (v) to discuss different concepts of regional policy and to clarify terminological understanding of terms "explicit and implicit regional policy" and "narrow and broad regional policy"; to analyze the recent development of the territorial impact assessment (TIA) debate and to assess current state of TIA methodology; (vi) to outline possible classification criteria for a typology of regional impact of public policies and (vii) to enrich the discussion on prospective synergies between explicit regional development support and "other" public policies. Performed analyses have proved an extremely uneven regional distribution of these investments in favour of the most socio-economically developed region of the Czech Republic - the capital city of Prague. Such a regional pattern for the distribution of public investment committed within sectoral policies is however in the contradiction to the goals of explicit regional policy. Further, a clear conflict between the spatial goals of explicit regional policy (aiming at the support of less well-off regions) and mostly unintended impact of much more vigorous non-regional governmental policies (generally supporting the most developed regions) has been found. This conclusion leads us to call for a strong coordination of regional impact of sectoral and horizontal policies (e.g., via ex ante territorial impact assessment of public policy programmes).