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EUROPEAN UNION



MINISTRY OF EDUCATION,  
YOUTH AND SPORTS



OP Education  
for Competitiveness



UNIVERSITY  
OF DEFENCE

INVESTMENTS IN EDUCATION DEVELOPMENT

Course: World Economy

## Contents

The aim of the lecture is to describe the Regional and Local Development in the EU. Text is an overview of information resources for students (including links to official sources and supplement materials (green box)).

### **Content:**

- 1) introduction – Definitions of the regional policy
- 2) goals of the regional policy
- 3) regional policy of the EU, NUTS classification
- 4) regional economic variables

The aim of the European Union's regional policy is to reduce the significant economic, social and territorial disparities that still exist between Europe's regions.

*“The concrete definition of regional policy arises from the current socio-economic situation and from the economic and social policy. That is why there can be many definitions. There are two main concepts of regional policy. The first is a policy of growth, which creates conditions for overall economic growth. It is expected that the dynamic development of the prosperous regions will diffuse and then improve situation also in economically weak regions. The second concept is based on an idea to help directly the economically weak regions”<sup>1</sup>.*

To pursue its goals regional policy uses different procedures in relation to individual regions. The basic motive is to take full advantage of all production factors and the resulting economic growth. Environmental aspects of regional policy are still growing. It is not possible to develop a region at the expense of the environment. Certain roles in decision-making process also have social and political themes, although their significance is lower. Regional policy implementation is linked to the achievement of three basic assumptions: the existence of inter-regional differences, the political will and the economic opportunities to solve the problems. But a certain level of inequalities and disparities is a natural part of any branch and cannot be seen negatively. The variety and diversity of natural, social, economic and other conditions is the basis for stability and functionality of the landscape. So that only some types of disparities should be eliminated. It is also important to solve not only consequences but also their causes.

The motives of the existence of regional policy, it is possible to mention in the area of economic themes (economic development, measured e.g. by regional GDP), ecological, social – different level of the average wage (e.g. in the Czech Republic). From a theoretical point of view, it is possible to define two main groups of instruments and tools (macroeconomic and micro-economic tools). Among the significant theoretical tools of macro-economic regional we can consider fiscal policy and monetary policy.

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<sup>1</sup> <http://www.regionaldevelopment.cz/index.php/regional-policy.447.html>

The objectives of the regional policy of the European Union for the period 2007-2013 are defined in Council Regulation (EC) No 1083/2006. The objectives of cohesion policy as defined in chapter II, article 3 in the form of:

Objective 1 Convergence

Objective 2 Regional competitiveness and employment

Objective 3 The European territorial cooperation

The EU has set ambitious objectives to be reached by 2020 in five main areas:

[http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/index\\_cs.htm](http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/index_cs.htm)

- Employment - 75 % of the population aged 20-64 should be employed
- Innovation - 3% of the EU's GDP should be invested in Research & Development
- Climate change - The "20/20/20" climate/energy targets should be met (including an increase to 30% of emissions reduction if the conditions are right)
- Education - The share of early school leavers should be under 10% and at least 40% of 30-34 years old should have completed a tertiary or equivalent education
- Poverty - Reduction of poverty by aiming to lift at least 20 million people out of the risk of poverty or exclusion

Instruments of EU regional policy

- Information about the tools of EU regional policy

[http://ec.europa.eu/policies/regions\\_local\\_development\\_cs.htm](http://ec.europa.eu/policies/regions_local_development_cs.htm)

Definitions of region

Geographers define a region as a unit sharing the similar natural and geographic features on the earth surface; statesmen think a region is an administrative unit

based on state management; in sociologists' view, a region is an entity which has the same language, religious belief and ethnic origin<sup>2</sup>.

The NUTS is a three-level hierarchical classification. The NUTS subdivides each Member State into a whole number of regions at NUTS 1 level. Each of these is then subdivided into regions at NUTS level 2, and these in turn into regions at NUTS level 3. The current NUTS nomenclature valid from 1 January 2008 subdivides the economic territory of the European Union into 97 regions at NUTS 1 level, 271 regions at NUTS 2 level and 1303 regions at NUTS 3 level<sup>3</sup>

For each EU member country, a hierarchy of three NUTS levels is established by Eurostat;

- a) NUTS 0-constitutes the entire territory of the State,
- (b) NUTS 1 territorial unit of large areas
- (c) NUTS 2-middle level represents a territorially self-governing article breakdown
- (d) NUTS 3 – corresponds to the lowest-level territorial administrative region State administration,
- (e) LAU 1 (NUTS 4) – includes districts, municipal,
- (f) LAU 2 (formerly NUTS LEVEL 5) – includes the village.

The minimum and maximum population thresholds for the 3 NUTS levels

Level	Minimum	Maximum
NUTS 1	3 million	7 million
NUTS 2	800,000	3 million
NUTS 3	150,000	800,000

## Regional economic variables

Demography statistics by metropolitan regions (e.g. area of the regions, population density)

Economic accounts by metropolitan regions (gross domestic product, employment)

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<sup>2</sup> [http://ies.cass.cn/en/UploadFiles\\_8765/201212/2012121015050321.pdf](http://ies.cass.cn/en/UploadFiles_8765/201212/2012121015050321.pdf)

<sup>3</sup> [http://ies.cass.cn/en/UploadFiles\\_8765/201212/2012121015050321.pdf](http://ies.cass.cn/en/UploadFiles_8765/201212/2012121015050321.pdf)

Labour market statistics by metropolitan regions (unemployment rates, employment rates)

Source of regional variables:

[http://epp.eurostat.ec.europa.eu/portal/page/portal/region\\_cities/metropolitan\\_regions/data\\_metro/database\\_sub3](http://epp.eurostat.ec.europa.eu/portal/page/portal/region_cities/metropolitan_regions/data_metro/database_sub3)

<http://epp.eurostat.ec.europa.eu/cache/RSI/#?vis=nuts2.labourmarket>

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