



INSTITUT FÜR HÖHERE STUDIEN
INSTITUTE FOR ADVANCED STUDIES
Vienna

The increasing economic importance of the regions and cities of Europe

Prof. Bernhard Felderer

**4th Conference of European Regions and Cities –
Economy meets Politics**

25 August 2008

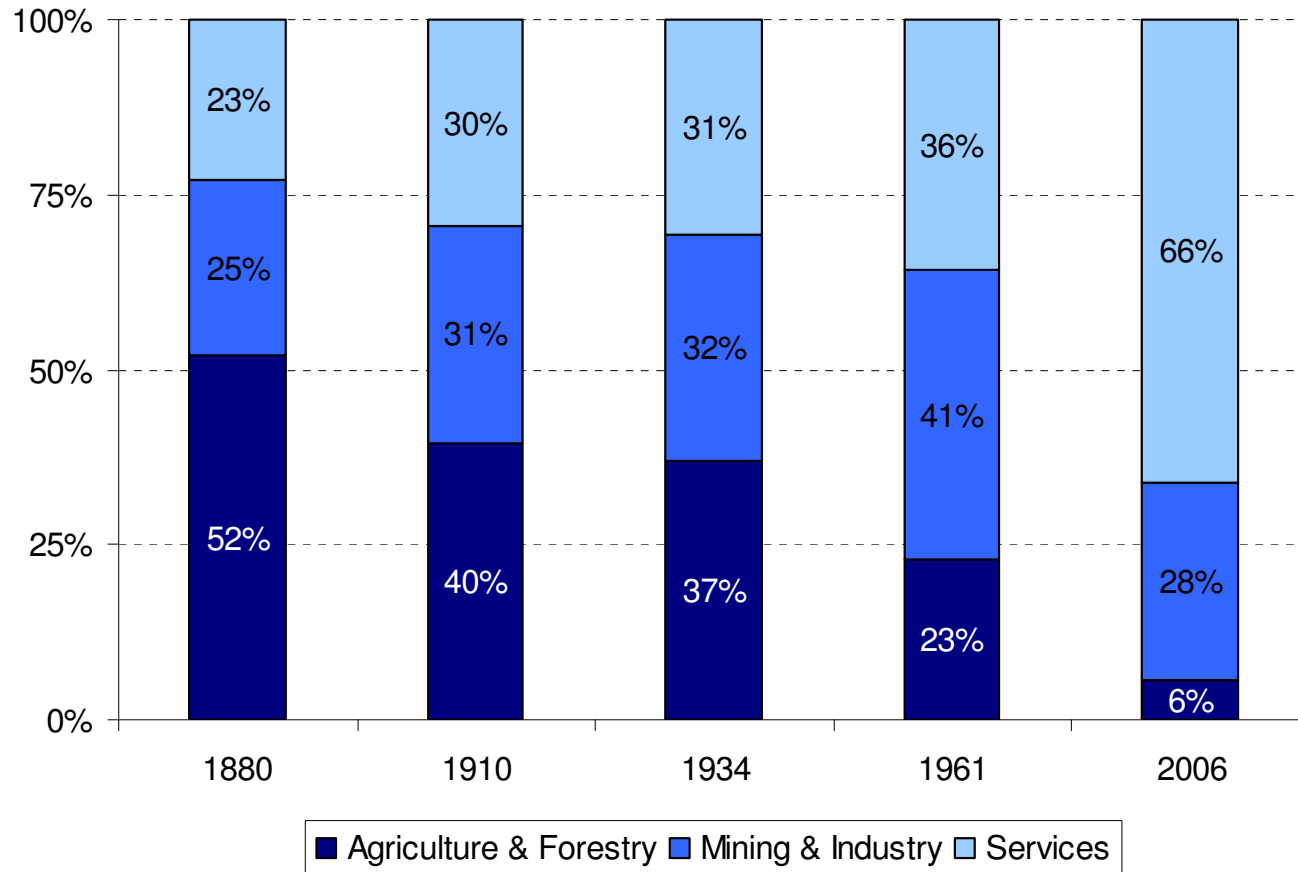
Introduction

- Historically, densely populated areas favoured the development of grand civilizations (Mesopotamia, Athens, Rome,)
- Localisation economies also favoured the development of urban agglomerations prior to and during the industrial revolution
- The allocation of employment across sectors of the economy therefore changed over the last three centuries dramatically



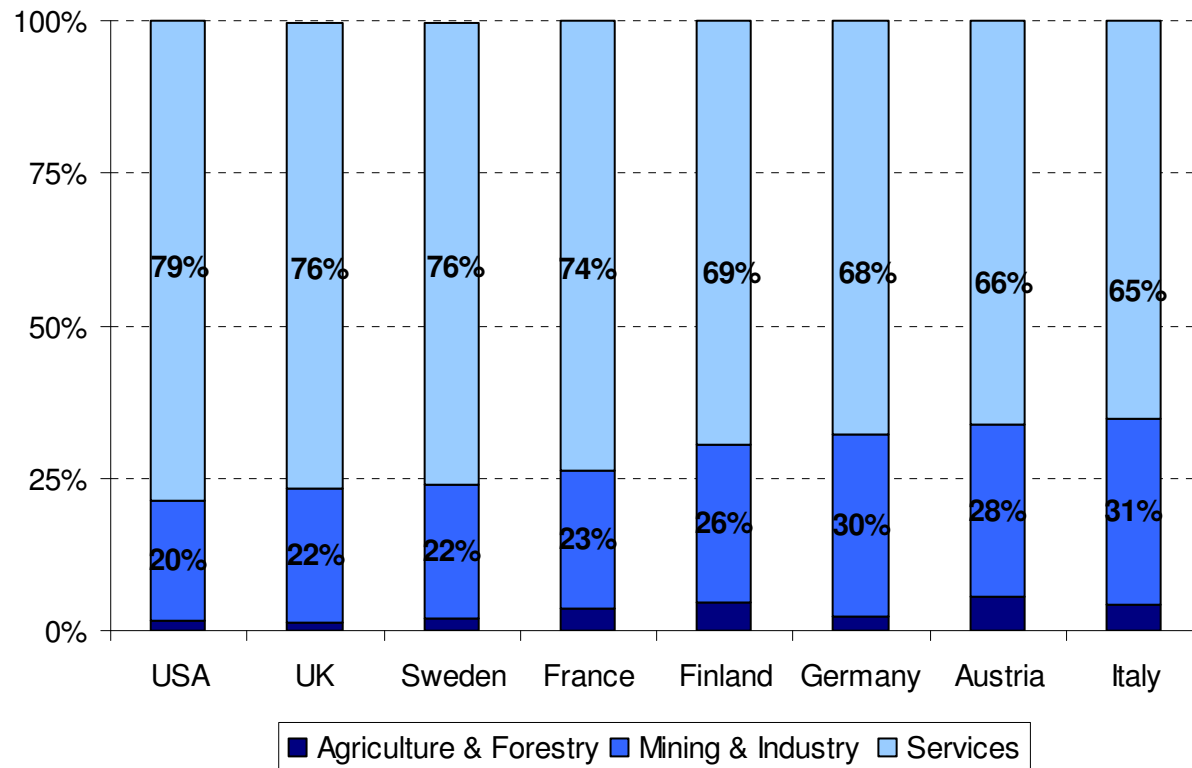
Structural Change

Employed and Self employed by Economic Sector in Austria



Composition of Employment today

Employed and Self employed by Economic Sector in Austria, The US and major European countries



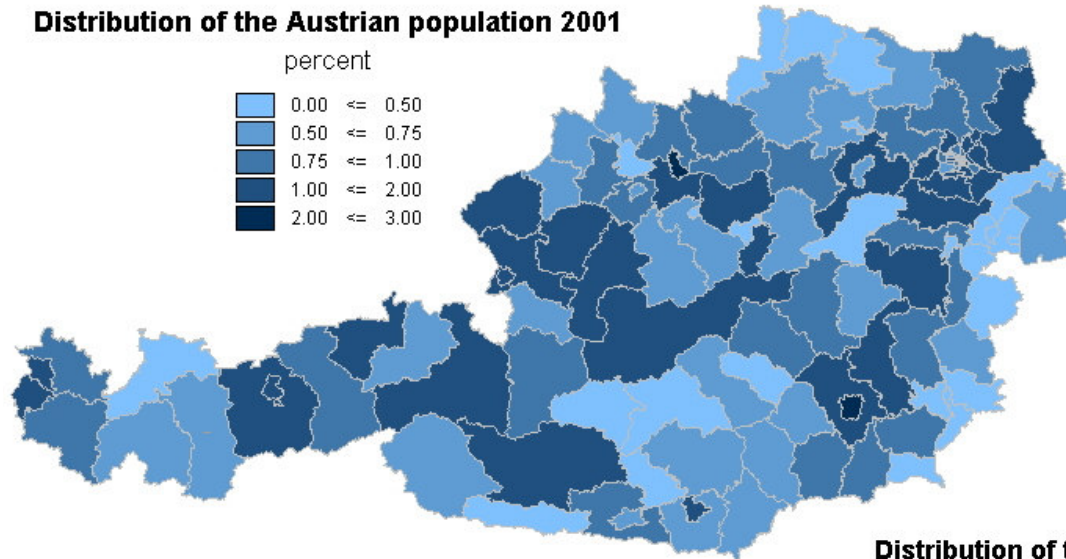
Current situation and developments

- The main part of employment today is concentrated in the tertiary sector (non-tradeable services)
- Globalisation today leads to a more frequent relocation of sites in the secondary sector with impacts on services
- Big cities with their surroundings became major players in the world economy

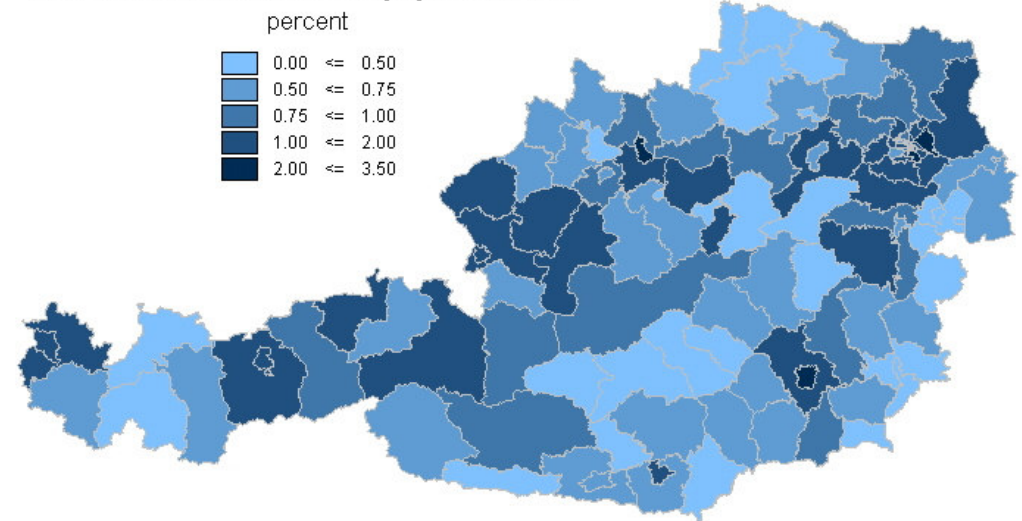


Will these trends continue?

Distribution of the Austrian population 2001



Distribution of the Austrian population 2031



Globalisation and European integration (1)

- Central governments continually lose policy fields in the light of globalisation and European integration
 - This leads to
 - Supra-Nationalisation and/or
 - Regionalisation
- of policy making



Globalisation and European integration (2)

– Supra-Nationalisation

- European Monetary Policy
- WTO rounds
- Lisbon process, e.g.

Market Access and the Services directive



Globalisation and European integration (3)

– Regionalisation

- Different policy problems can better be solved on a local level, these include
 - Health policy
 - Social policy
 - Schooling
 - Employment agencies
- Today regions are formed by culture, homogeneity, language and geographical proximity independent of national borders



Summary

- Due to demographic and economic developments as well as globalisation and European integration strong economic regions evolve today whose interests (partially) oppose those of their respective national states
- There is an increase of identification of citizens with their regions and a decline of identification with their national states that cannot be transferred to the supra-national level



Thank you for your attention!



INSTITUT FÜR HÖHERE STUDIEN
INSTITUTE FOR ADVANCED STUDIES
Vienna