

Katarzyna Kopczewska*, MA
Faculty of Economic Sciences
Warsaw University

GEOGRAPHICAL BENEFITS IN SOCIO-ECONOMICS DEVELOPMENT IN POST-SOCIALIST COUNTRIES

ABSTRACT

Following the fall of the iron curtain in 1989 the post-socialist countries began to bridge the socio-economic gap between them and the Western European countries. The regions situated on the borderlines of the real socialism and capitalist economies became a bridge for integration of this part of Europe. In this research I will try to answer the question whether the countries situated along the iron curtain have benefited from their location and developed faster after 1989 than other regions. Purely economic factors, economic growth rate of Poland, the Czech Republic, Slovakia, and Hungary compared to their western neighbours Germany and Austria were subject to analysis as well as the changes in economic consciousness, cultural and social factors of these regions. This allowed for determining of beneficiaries and losers of the fall of the iron curtain, and also for examining the social aspects of development convergence and diffusion. Spatial error and spatial lag models with appropriate tests, correlogram, variogram and spatial statistics have been used for the purpose of the econometric analysis. The research was conducted on EUROSTAT and EVS data. Calculations were made in R with *spdep* and *geoR* packages.

The results indicate that, contrary to all expectations, the border regions of the post-socialist countries were developing slower whereas Austria's and Germany's border regions became the beneficiaries of the changes. This means that the post-socialist countries did not put emphasis on incorporating the border regions and did not redirect their international activities westwards. Germany and Austria on the contrary have grasped their chance on activating their eastern regions. During the economic growth of 1995-2000, geographical benefits measured with the GDP growth rate amounted to -10% for the eastern countries' border regions and +8% for the western countries' border regions.

Key words: spatial statistics, geographical benefits, post-socialist countries, socio-economic development, spatial models, correlogram, variogram

JEL classification: C31, F15, O18, O52, R12, Z13

* kkopczewska@wne.uw.edu.pl, WNE UW, ul.Długa 44/50, 00-241 Warsaw, Poland