REGIONAL DEVELOPMENT IN SLOVENIA

Simon Kušar
Janez Nared

Trends toward the unification of space have been an ever-present historical phenomenon and were the consequence of the belief that the power of a state depends on the number of its population since they pay taxes and serve in the army. Today, unification is driven by economics. The common economic space formed by the European Union is thus an attempt to overcome European diversity and create the necessary mass of consumers. However, a common economic space does not necessarily mean equal conditions for individual national economies or more balanced development.

The European Union faces great differences in achieved levels of regional development. In accordance with the »core-periphery« theory, it is usually divided into the central more developed part that includes Belgium, Denmark, Luxemburg, Germany, The Netherlands, and Great Britain and other countries marked by slower or even stagnating development including Greece, Portugal, Spain, and the ten new members. The differences in the level of regional development achieved between individual members of the European Union are largely due to varied physical-geographical factors, different historical circumstances, political conditions, and economic development.

On May 1, 2004, the European Union experienced a major change. Its previous fifteen members were joined by ten new members: Cyprus, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia, and Slovenia. Each of these faces unique regional development problems. Here, we should not forget several common factors of regional development linked to their geopolitical circumstances in the 20th century. For several decades, the majority of the new joining members have been developing in the framework of a central planning system and a socialist social system that emphasized the great importance of industry but forgot the fact that development is a constant factor and it cannot be based only on the ruthless exploitation of natural and human resources. However, it would be unjust to mention only the negative factors. Economic development after World War II also brought development in the social and infrastructure spheres.

Slovenia, which with its 20,273 km^2 is one of the smallest countries in the expanded European Union, developed historically in the framework of the Habsburg Monarchy for a long time as a less developed peripheral region. The importance of the territory populated with Slovenes increased with the construction of the Vienna–Trieste railway in the middle of the 19th century, and the rapid economic development of the once mostly rural provinces began. From the end of World War I until 1991, Slovenia was the most developed part of the various Yugoslav states (Kingdom of SHS, Kingdom of Yugoslavia, Socialist Federal Republic of Yugoslavia). The independence of Slovenia in 1991 brought a brief economic stagnation, but by the middle of the 1990's, stagnation and regression were replaced by growth and development in all fields.

Today, Slovenia is a member of the European Union. The degree of its achieved development can be compared with that of other members of the European Union on the basis of a comparative analysis of variables illustrating socioeconomic, spatial, and environmental characteristics. Modern regional policy sees potentials for more balanced regional development primarily in stimulating the development of the information society, technologically demanding industrial branches, research and innovations, and in the increase of human resources. For a comparative analysis, the following variables were selected: Gross Domestic Product according to buying power per capita in EUR, real growth of the GDP relative to the previous year, the rate of inflation, the proportion of funds in the GDP devoted to research and development, the number of patents registered at the European Patent Office per

million inhabitants, the number of university graduates in the field of science and technology per 1,000 inhabitants aged 20 to 29, the level of unemployment, the growth of employment, and the proportion of households with access to the Internet.

Table 1: Individual indicators of regional development in the European Union from 2001.

Country	GDP per capita	Growth of GDP (2000–2001)	Inflation	R & D	Patents/ million inhabitants	University graduates	Level of unemployment	Growth of employment	% of households with Internet
Austria	26,140	0.8	2.3	1.9	174,150	7.3	3.6	0.7	46.2
Belgium	24,970	0.6	2.4	2.17	151,790	10.1	6.7	1.4	34.7
Cyprus*	18,190	4	2	0.27	14,464	3.7	4.4	–	20
Czech Republic*	14,160	3.1	4.5	1.22	10,701	5.6	8	0.4	11
Denmark	26,930	1.6	2.3	2.4	211,046	12.2	4.3	0.4	58.9
Estonia*	9,000	6.5	5.6	0.78	10,961	7.3	11.8	0.9	9.8
Finland	24,270	1.1	2.7	3.41	337,777	17.2	9.1	1.5	48.1
France	24,470	2.1	1.8	2.23	145,337	20.2	8.5	1.8	26.2
Greece	15,680	4	3.7	0.64	7,721	–	10.4	–0.4	11.7
Ireland	27,480	6.2	4	1.17	85,551	21.7	3.9	2.9	46.2
Italy	23,380	1.8	2.3	1.11	74,650	6.1	9.4	1.9	32.9
Latvia*	7,790	7.9	2.5	0.44	7,574	7.6	12.9	–	2.3
Lithuania*	8,690	6.5	1.3	0.69	2,435	14.8	16.1	–4	3.2
Luxemburg	45,360	1.2	2.4	–	211,330	–	2.1	5.6	43.6
Hungary*	12,020	3.8	9.1	0.95	18,971	3.7	5.6	0.4	–
Malta*	16,219	–1.2	2.5	–	10,194	2.7	6.7	2.9	–
Germany	23,460	0.8	1.9	2.51	309,864	8	7.8	0.4	37.9
The Netherlands	26,450	1.2	5.1	1.89	242,728	6.1	2.5	1.8	58.5
Poland*	9,550	1	5.3	0.64	2,522	7.4	18.5	–2.2	7.7
Portugal	16,510	1.7	4.4	0.85	5,497	6.4	4.1	1.4	23.4
Slovakia*	10,430	3.8	7.2	0.64	6,095	7.5	19.4	0.9	–
Slovenia*	**15,840**	**2.9**	**8.6**	**1.57**	**40,676**	**8.2**	**5.8**	**1.7**	**24**
Spain	19,670	2.8	2.8	0.95	24,109	11.3	10.6	2.3	23.4
Sweden	24,790	0.9	2.7	4.27	366,564	12.4	4.6	1.9	64.3
Great Britain	24,620	2.1	1.2	1.89	133,450	19.5	5	0.6	46.5
Average EU-15	**24,945**	**1.9**	**2.8**	**1.96**	**165,438**	**11.3**	**6.2**	**1.6**	**40.2**
Average EU-25	**19,843**	**2.7**	**3.6**	**1.5**	**104,246**	**9.9**	**8.1**	**1.1**	**30.9**

Key: – – no data; * – members of European Union since May 1, 2004.
Source: Eurostat. Structural Indicators. http://europa.eu.int/comm/eurostat/ (22. 4. 2004).

Gross Domestic Product is the most frequently used variable for establishing the level of development achieved. In 2001, with 15,840 EUR of GDP per capita, Slovenia reached 65% of the average GDP per capita of the old European Union (EU-15) or almost 80% of GDP per capita of the expanded European Union (EU-25). Its GDP ranks Slovenia at the top of the ten new members. A similar height of GDP per capita was also reached by Greece, Portugal, and Spain.

The growth of the GDP in Slovenia in 2001 was not as fast as in the majority of the other new members of the European Union, but it still exceeded the growth of the GDP in all of the old members. The level of inflation (8.6%) is still Slovenia's primary macroeconomic problem since it was higher only

in Hungary (9.1%). Regarding the proportion of the GDP devoted to research and development (1.57% GDP), Slovenia ranks immediately behind the most developed countries of the expanded European Union. With 40,676 registered patents per million inhabitants, Slovenia overtook all the new members of the European Union. Slovenia ranks among the medium-developed countries of the expanded European Union also on the basis of the variable of number of science and technology graduates per 1,000 inhabitants aged 20 to 29. The level of unemployment in the country (5.8%) should not present a major problem[1]. The information society is also well developed in Slovenia. A quarter of households had access to the Internet in 2001, and today the proportion is probably much higher. With this proportion, Slovenia overtook all the new members of the European Union, as well as Greece, Portugal, and Spain.

With its achieved level of development, Slovenia ranks among the most developed of the new members of the European Union and reaches the level of development of some of the less-developed members of the former fifteen. This is also proven by the cluster analysis made on the basis of the selected variables. Slovenia ranked in the same group as the Czech Republic, Greece, Italy, Hungary, Portugal, and Spain. However, we must point out that the actual development of Slovenia is even higher than indicated by the analyzed data. Due to the dominance of single-family housing, the relatively well-preserved environment, the developed infrastructure, and the quality of education, the quality of life in Slovenia is higher than it was presented with above mentioned figures. However, this does not mean that within the country there are no differences in the achieved level of regional development.

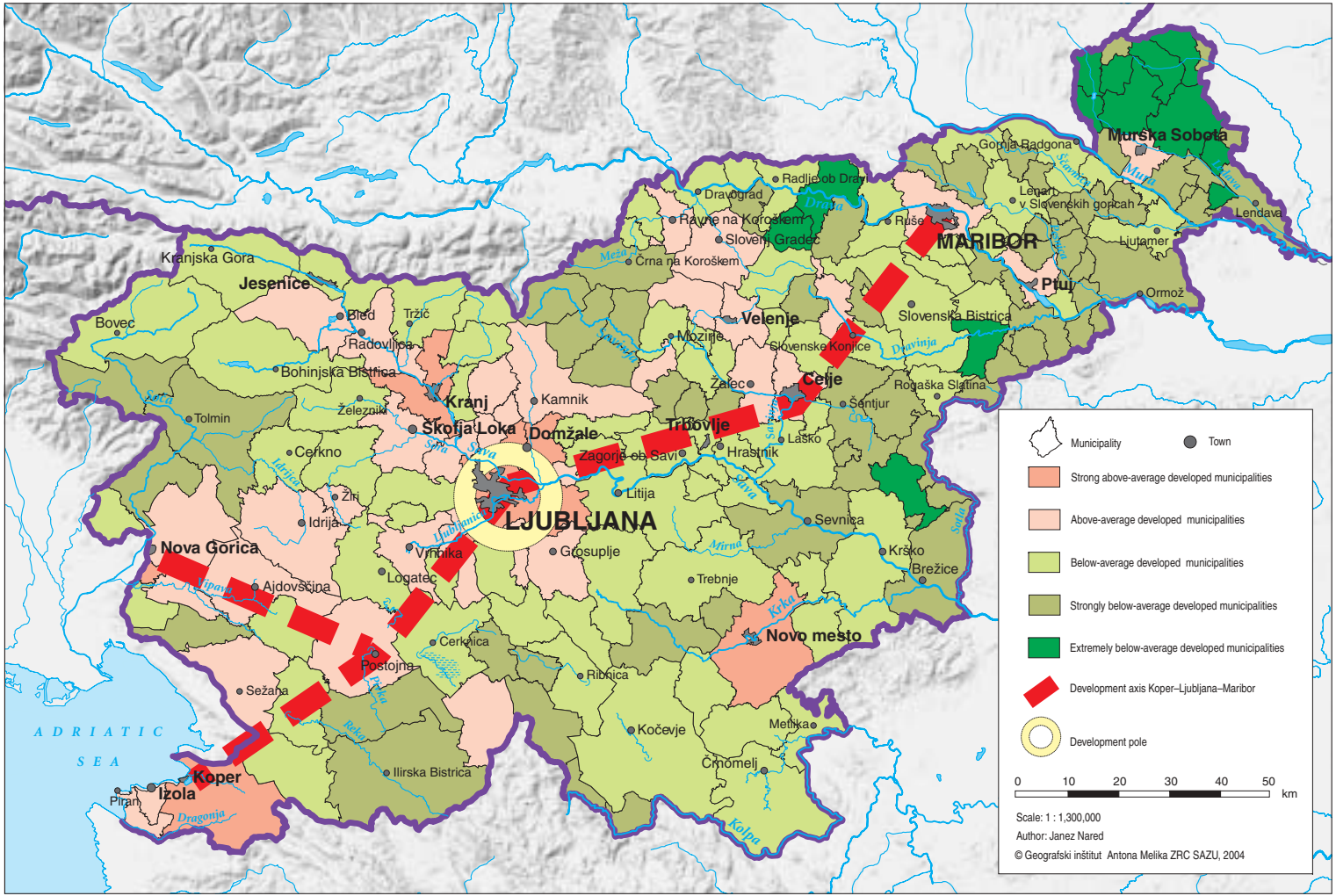
The structural changes that encompassed Slovenia following independence profoundly transformed Slovenia's spatial reality. Along with the events in the Balkans, the changed geopolitical situation and the transition from a planned economy to a market economy radically interfered with the previous economic, transportation, cultural, population, and political streams that had maintained the existing economic, settlement, and social structures in Slovenia. Suspended ties with the countries of the former Yugoslavia meant the loss of Slovenia's most important market and created problems for numerous companies whose production had been oriented toward the undemanding Yugoslav markets. Simultaneously, the establishment of new borders caused the appearance of extensive border areas that began to decline as a result of the separation from their functional complementary vicinity.

Numerous changes also occurred due to the social upheavals within Slovenia. Democratization and the introduction of a market economy combined with denationalization and privatization stimulated social differentiation, which manifested itself in the appearance of few entrepreneurial elites on one hand and numerous marginalized groups (unemployed) on the other. This phenomenon often appeared in the framework of regional (spatial) disparities, because a number of the structural changes had a regional (spatial) dimension. Individual monostructural areas could not adapt to the rapid changes, resulting in numerous bankruptcies and mass layoffs of workers. The difficult situation in which these regions found themselves was often further aggravated by the poor qualification structure of the labour force, the lack of flexible managerial and innovation structures, and a low level of entrepreneurial skills and initiative. The reaction of the government was also inadequate. Hoping to establish governing power structures as quickly as possible, the government often overlooked the problems of individual regions and branches of the economy and applied numerous intervention measures that gave only minimal results instead of creating a suitable entrepreneurial system.

The picture presented by the data on regions often blurs the view of the spatial distribution of individual phenomena. In order to obtain a comprehensive picture of regional development in Slovenia, we therefore analyzed the development of Slovene municipalities.

We combined the available data into three groups (Table 2) and evaluated them on the basis of the deviation from the average for each individual indicator. The first group attempts to encompass indicators of economic development to illustrate the economic structure and the labour market. The second

[1] According to Pečar (2002), the level of unemployment in Slovenia in 2001 was 11.6%.


Murska Sobota
Gornja Radgona
Lenart v Slovenskih goricah
Lendava
Ljutomer
Ormož
Ptuj
MARIBOR
Ruše
Slovenska Bistrica
Slovenske Konjice
Celje
Rogaška Slatina
Šentjur
Laško
Hrastnik
Trbovlje
Zagorje ob Savi
Litija
Velenje
Mozirje
Žalec
Radlje ob Dravi
Dravograd
Ravne na Koroškem
Slovenj Gradec
Črna na Koroškem
Kranjska Gora
Jesenice
Bovec
Bled
Tržič
Radovljica
Bohinjska Bistrica
Tolmin
Železniki
Kranj
Škofja Loka
Kamnik
Domžale
Cerkno
Žiri
Idrija
LJUBLJANA
Nova Gorica
Ajdovščina
Vrhnika
Logatec
Grosuplje
Trebnje
Sevnica
Krško
Brežice
Novo mesto
Cerknica
Postojna
Sežana
Ribnica
Kočevje
Metlika
Črnomelj
Ilirska Bistrica
Koper
Izola
Piran
ADRIATIC SEA
Municipality
Town
Strong above-average developed municipalities
Above-average developed municipalities
Below-average developed municipalities
Strongly below-average developed municipalities
Extremely below-average developed municipalities
Development axis Koper–Ljubljana–Maribor
Development pole
0 10 20 30 40 50 km
Scale: 1 : 1,300,000
Author: Janez Nared
© Geografski inštitut Antona Melika ZRC SAZU, 2004

◄ *Figure 1: The regional development in Slovenia and future perspectives.*

group connects population and settlement indicators to present the main characteristics of settling. In the third group we illustrate the standard of living of the population using the »Number of cars per 100 inhabitants« indicator.

The database foundations include data from the Statistical Office of the Republic of Slovenia, calculations by Pečar (2002), the Statistical Institute at the Faculty of Economics of the University of Ljubljana, and our own calculations.

Table 2. Structure of available data.

Group of indicators	Standards	Indicators
economic structure and labour market	economic power	value added per employee, number of enterprises per 1,000 inhabitants
	quality of work places	gross earnings per employee, taxable earnings per capita
	level of unemployment	registered unemployment rate
settlement and population structure	sociogeographical structure of municipalities	growth/decrease of population 1991–2002, age index
	physiognomic structure of municipalities	density of population
	economic-geographical structure of municipalities	proportion of farmers among active population, number of work places per 1,000 inhabitants, index of daily mobility
standard of living	level of motorization	number of cars per 100 inhabitants

Results

There are eight **strongly above-average developed municipalities.** Although few, relative to their economic influence they are very important for the vitality of the national economy. They encompass 5.7% of the territory and contain 23% of the population. Concentrated here are 35.7% of all jobs, which makes these municipalities important employment centers for the surrounding population. The job density is 551 per 1,000 inhabitants, while the population density is 329 people per km^2, which is more than three times the national average. They are marked by below-average population growth, which is a reflection of pronounced suburbanization. The relatively low level of unemployment also ranks among the important factors of their development.

As a rule, the municipalities in the group of **above-average developed municipalities** are areas of daily mobility to the previous group and municipalities with important regional and local centers, (Nova Gorica, Sežana, Idrija, Postojna, Celje, Slovenj Gradec, Maribor, Ptuj, and Murska Sobota). Together they encompass almost one fifth of the national territory and contain about 30.5% of the population. The population density (148.8 inhabitant per km^2) and job density (409 jobs per 1,000 inhabitants) are lower than in the previous group but still above the national average. A number of regional centers belong in this group, so it provides a high proportion (35.1%) of all jobs.

The most numerous group comprises **below-average developed municipalities** (74), which cover almost half of the national territory and contain 30.2% of the population. In spite of total size of the municipalities in this group, their area only provides just over 20% of all jobs. Job density and population density are already below average. It is interesting that the average population growth in this group is the highest (3.5%), which can be explained by the fact that several municipalities situated in the suburban hinterland of Ljubljana that experienced a high increase in population in the period following independence are found in this group.

Strongly below-average developed municipalities cover a quarter of Slovenia and lie mainly along the borders. These are traditionally backward, mostly agricultural areas with weak economic and population structures. The consequences of less favourable natural conditions and past emigration are sparse settling (50.7 persons per km^2) and a modest proportion of the population (14.3%). The proportion of work places is also low.

All the **extremely below-average developed municipalities** are found in eastern Slovenia. They encompass a good 4% of the territory and contain only 2% of the population with an average density of 44.5 persons per km^2. They are marked by a weak economic structure with few enterprises and a modest number of work places. The consequence of this is a high proportion of farming population and commuters. The population is aged and falling sharply (–4.6%) because the birthrate does not ensure normal reproduction and many people are also leaving these areas permanently.

A detailed evaluation of the economic structure of municipalities shows the economic bipolarity of Slovenia. Western and central Slovenia have an above-average economic structure broken by individual belts of below-average developed areas. On the other hand, extensive parts of eastern Slovenia are characterized by extremely and strongly below-average economic structures. The situation is of particular concern in the Podravje and Pomurje regions where only the municipalities of Maribor, Ptuj, and Murska Sobota rise above the national average.

The results of the analysis also show that the border areas are most limited in development, a reflection of their distance from influential centers and the fact that the borders in most cases are based on natural barriers. Similarly, natural conditions also greatly obstruct the more successful development of the countryside, as analysis shows on one hand that the majority of enterprises and jobs are located in just few centers and on the other that the sparsely settled regions stagnate economically.

Leaving the process of development to current trends would in our opinion lead into four-level segmentation of development space of Slovenia. Catching the globalization streams would by expectations succeed only in Ljubljana, which has been for long the leading development pole of Slovenia. Based on the among-city cooperation and on university centers new development axis could be formed on relation Koper/Nova Gorica–Ljubljana–Maribor (the fifth traffic corridor).

The active integration of the named axis would be possible only in close cooperation with Ljubljana. Other regions of Slovenia would be left to stagnation or to the step-by-step degradation, with the only exception of the individual regional centers.

Regional development in Slovenia is not left merely to the operation of market mechanisms since the state is playing an active role in the stimulation of a more balanced regional development. Regional policy has its roots in the beginning of the 1970's. Since this period, problem areas have received special assistance from the state. At the turn of the century, a reform of regional policy was made. Regional policy is now a constituent part of the national development policy. Slovenia will increase welfare of all of its population, but based on the principles of sustainable development. The aim of the National Development Program is to reduce the economic gap relative to the average of the European Union and stop the increase of disparities among Slovene regions. In encouraging a more balanced regional development in Slovenia, the common regional policy of the European Union will also play an important role. By 2006, Slovenia will acquire more funds from the Structural Funds and the Cohesion Fund, than it will have to pay into the common European budget. The majority of the total

295.3 billion EUR in the period between 2004 and 2006 will be devoted to the stimulation of (regional) development.

Eurostat. Structural Indicators. http://europa.eu.int/comm/eurostat/ (22. 4. 2004).

Nared, J. 2004: Developmental Aspects Of Slovene Rural And Border Regions. Europe at the Margins: EU Regional Policy, Peripherality and Rurality. http://www.regional-studies-assoc.ac.uk/events/presentations04/nared.pdf (30. 4. 2004).

Pečar, J. 2002: Regionalni vidiki razvoja Slovenije. Delovni zvezki, 11, 7. Ljubljana.

Statistical Databank. Statistical Office of the Republic of Slovenia. http://www.stat.si/eng/index.asp (28. 3. 2004).

Strategija regionalnega razvoja Slovenije. Ljubljana, 24. 7. 2001. Ministrstvo za gospodarstvo, Agencija Republike Slovenije za regionalni razvoj, 37 str.

Subnational Statistical Capacity Building. Needs Assessment Report. Statistical Institute at the Faculty of Economics, University of Ljubljana, Ljubljana, 2002.