

## FOREWORD

Severe economic crises present challenges to the established development model, prompting it to evolve. Many experts saw the global financial crisis of 2008 as the deepest economic downturn since The Great Depression. While its ultimate effects are still difficult to gauge, it is possible to draw conclusions that the measures which were undertaken by many countries in its wake helped to prevent the 1930s scenario from happening again. Therefore, it can be assumed that the present growth centres, that are metropolitan areas, and capital city regions in particular, should be able to maintain their privileged role in the development of information economy.

The research network ‘The impact of the global economic crisis on capital cities’ initiated in 2010 and supported by the Regional Studies Association (RSA) brought together researchers and practitioners from many European countries who were able, through a range of engagements, to present the impact of the crisis on different capital cities. The various dimensions of mitigating its consequences – national and local government policies, business strategies and adjustments, social and human innovations, perceptions and brands of the cities – were investigated through the lens of their ability to contribute to adjusting the development trends to post-crisis realities and creating new paths of growth and competitiveness. In 2011-2013, in the framework of Network’s activities, three seminars were organised to bring together researchers interested in this sphere. These were:

- the Warsaw seminar ‘Crisis and cities: a dual world of capital cities’ on 23rd September 2011, which was organised by the network founders and EUROREG, University of Warsaw.
- the Kyiv seminar ‘Four years on: how have capital cities dealt with the crisis’ on 26th October 2012, which was organised by the network founders and the local partner, Kyiv National Economic University (KNEU).
- the Riga seminar ‘Capital cities: embracing the change and tapping into opportunities’ on 13th December 2013, which was organised jointly by the network founders and local partners – the Jean Monnet Centre of Excellence, University of Latvia, and the Baltic Interregional Development Hub, Latvia.

The findings presented by the network members have enriched empirical research in the field of regional development and regional policy, particular as related to the development of capital cities. The overall conclusion was that despite being the most integrated into the global economy, capital cities are usually able to manage the consequences of crisis better by spreading the risks across the

range of different sectors of their very diversified economies. The substantial differences in mitigating the negative consequences of global economic crisis emerge when underlying factors are analysed, such as the governance model and administrative capacity; the types of businesses attracted to the city; regulatory framework; the quality of human and social capital, etc.

The main aims of the network activities were concentrated on answering the following research questions: a) What were the factors underlying the relative success/resilience of capital city-regions in the face of the current economic crisis? b) How important is the decentralisation of power for adapting to the (impending) external conditions? c) Which sectors/branches were the most vulnerable to the crisis in capital city-regions, and why? d) What austerity measures have been taken by capital city authorities, and what might their final outcome be? e) What opportunities and challenges has the crisis created for spatial planning in capital city-regions?

These questions form a basis for developing recommendations for central and local level policies aimed at improving the competitiveness and resilience of city economies at different stages of the economic cycle.

The current issue of the quarterly magazine *Studia Regionalne i Lokalne* contains some of the most successful papers prepared in the framework of these research network activities, as established by the review process. The first paper, written by **L. Dolega and D. Celińska-Janowicz**, offers an in-depth view of resilience, a concept which is of paramount importance in understanding the way in which territorial systems can respond to external shocks such as economic crises. It also provides an interesting framework for applying this concept to an analysis of the retail sector, taking into account the specific context of the developments taking place in the cities' central areas, particularly in the capital cities. The second paper by **M. Smętkowski** discusses the impact of the economic crises on metropolisation processes in the capital city-regions of Central and Eastern Europe. According to the author, these capital city-regions have coped quite well with the consequences of the crisis, whereas metropolisation processes, which are manifested *inter alia* by a constantly increasing role of advanced business services, tend to continue, even in those cities which were hit hardest by the recession. This paper in a sense provides a link to the papers that follow, which analyse the situation of selected capital city-regions in the region of Central and Eastern Europe. In his paper, **Z. Gal** describes how Budapest has evolved into an international financial centre, offering a comparison to similar processes taking place in Prague and Warsaw. He emphasises the distinct dependency of the analysed financial centres on external sources of capital, and points to the distinct dissimilarities in the development paths of these cities and their varying exposure to crisis phenomena. He attributes the weakening role of Budapest as a financial centre to such factors as macro and micro conditions of the local economy, as well as to the growing competition among capital cities to obtain a greater share of the market of financial services. The authors **D. Burneika** and **R. Ubareviciene** investigate the impact of the economic crisis on the evolution of Vilnius as an urban centre and its relationships with regional surroundings, using

the example of the construction and housing sectors. On the basis of their studies, it can be concluded that while the initial consequences of the economic crisis hit the economy of the capital city more heavily, it was also the region that recovered the fastest, and the observable suburbanisation processes have continued. In another paper, **O. Mrinska** shows in an insightful way how manifestations of the economic crisis and social processes taking place at the grass-roots level have combined to create possibilities for adopting a new approach to the governance and administration of Kyiv, the capital city of Ukraine. In these circumstances, the decentralisation processes in the country's governance model, which are imminent following the demise of the former president and government in 2014, can provide the basis for a lasting and competitive economic development of Kyiv. These expectations go hand in hand with the hopes that have been raised in connection with the 'place-based' policy in Latvia, which is advocated in the paper by **L. Baltina**. With a more efficient use of the local potential, it should be possible not only to reduce the economic dominance of the Riga city-region, but also to create development opportunities for other cities and areas in the broader capital city-region as well.

To sum up the discussed issues, in particularly in relation to the Central and Eastern European countries, it is possible to say that despite being somewhat slowed down in the period of the global economic crisis, earlier globalisation trends are persistent in national and regional economies. What came to the fore during the recession and economic slowdown were the dissimilarities in the development paths of individual regions and cities. On the one hand, this indirectly implies that relevant pro-development policies should be pursued to foster the consolidation of the capital cities and their regions. On the other hand, it shows the need to curb the negative aspects of the crisis of central capital city areas caused by uncontrolled urban sprawl processes. This in particular should involve the introduction of new governance practices in the cities, ones that would tap into the potential offered by social mobilisation at the grass-roots level, and be accompanied by an effective use of the available local resources.

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