

# Local and regional development 1

## Banks

= institutions providing financial services, accept deposits, provide loans

Types:

- Central, e.g. NBS
- Investment, e.g. EIB
- Commercial, e.g. Istrobanka

Principle: *There will never be all the money drawn from the bank.* (gold vs. gold-smiths)

Nowadays: Central banks control the monetary policy of a country. Main aim is to *stabilise the currency* =>

- Ø *outer control* – controlling the inflation
- Ø *inner control* – controlling the exchange rates

Capitals = great concentration of banks ⚡ dependent on agglomeration effects.

*Periphery saves relatively more, but is invested relatively less.*

## Transport

Costs were higher in the past.

*Location theories* (Thünen, Christaller) =

Periphery = distant from the core.

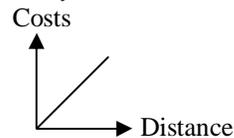
Foot-loose industries + fixing costs (insurance, payments, (un)loading) without the influence of distance.

Support of production => infrastructural improvements (not vice-versa!) ⚡ IRL vs. P

⚡ accessibility (commuting, recreation, etc.)

*Highways + HSR* (also as a barrier and ecological effects) + *Airports*

*Underdevelopment in a periphery is not a transportational problem, but the infrastructural one.*



## Innovation

*Competitiveness* results from the differences concerning the innovation development.

Ricardo: low productivity is not worse for an ELDC, but for the isolated country (economy).

Production factors = 40% of economic growth => economies of scale, agglomeration effects and technologies.

R&D = EMDCs => regional divergence (demand skilled labour) + MNCs (can afford)

Path dependency concept = lock-in the certain (technological) patterns.

4 types of innovation:

- *new products*
- *inventions* developed in order to *remove negatives*
- *innovations* developed in order to *save* (e.g. energy demand)
- *innovations* dealing with *improvements* on the *labour* market

## Marketing

Outer and inner factors influencing market: .....

7Ps: .....

Market segmentation: .....

PR = .....

## Local government and its financing

= public sector => public expenditures (20-50%).

Decentralization of competences – Liberals vs. Marxists

Legislation + Tax policy = main instruments contributing to the efficiency.

*Bureaucracy* = main problem of local and regional governments.

*Networking* of municipalities = CBC

## Keywords

deposit, loan, location theories, core/periphery, foot-loose industries, accessibility, technologies, R&D, innovations, public sector, expenditures, networking, bureaucracy, legislation, municipalities, PR, market, invention, decentralization, competences, efficiency