

Shallow determinants of growth of Polish regions. Empirical analysis with panel data methods.

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We derive and then estimate an augmented growth model to identify major shallow determinants of development of Polish NUTS-2 regions. Of particular interest to us is an attempt to assess the impact of investment in transport infrastructure and investment in human capital due to a large influx of EU Structural Funds after the accession in 2004. We utilize various panel data techniques in order to reach the major conclusion. Most of results are in line with theoretical predictions. The obtained results are however sensitive to the introduction of spatial effects and their particular specifications. At regional level agglomeration effects are clear with metropolitan status of the region playing a major role. We formulate several important policy recommendations.

Key words: regional development, economic growth, panel data analysis

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