THEORY OF ECONOMIC CLUBS: SPATIAL PLANNING PRACTICE IN THE EU

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ABSTRACT

This paper discusses the importance of the theory of economic clubs for the spatial-planning study of Europe. This means that the subject of this paper is the economic development of countries/regions, as the leading indicator of differences in today's Europe. Understanding this issue requires knowledge of the theory of economic clubs and the general classification of public goods [2]. Buchanan modified the previous type of goods [18] and defined "strictly public good," which is not a rival, is exclusive and indivisible between persons, and is contrary to "strictly private good," which is presented as a rival, exclusive and utterly divisible between individuals. The logic of this economic development is clarified through world-system analysis, which defines poles such as the center, periphery, and semi-periphery [22]. In today's Europe, these poles are recognized as the traditional core or European Pentagon (center); the periphery is a vast hemisphere in the Mediterranean and eastern zones with low-income regions (GDP), while the semi-periphery is a wide range of geographic NUTS2 regions with medium incomes. The first authors presented the functioning of the EU through the model of economic clubs and based their analysis on the daily EU offer of several goods and services, starting with the standard agricultural policy, common foreign and security policy, common currency, and access to structural funds [19]. The modern interpretation of economic goods is explained by the insufficient balance in public goods in terms of rivalry and exclusivity [9], which indicates that the EU functions as a multi-producer club, with about 50 countries divided into lower-ranking units [3]. This theory has found practical application in numerous analyzes of the EU Directorate for Regional Policy ([4], [5]).

Keywords: theory of economic clubs, core-periphery, spatial planning practice, EU clubs VH, H, M, and L.

INTRODUCTION

Paul Samuelson wrote a concise article on economic goods, in which he defined the existence of goods for collective and private consumption through the analysis of the new welfare economy [18]. Determining the optimal conditions for establishing these goods, Samuelson linked with marginal conditions, utility limits, and collective consumption concepts. His definition of the public good starts from the fact that they are "goods that everyone enjoys together, in the sense that the consumption of such a good by each individual does not affect the consumption of that good by any other individual ..." From this definition derive its main properties, which are non-competitiveness and non-exclusivity. The opposite of the public good is the private good.
Buchanan upgraded Samuelson's classification of economic goods, between which there is a sharp division (the awesome Samuelson gap) into "strictly public goods" (non-exclusive, indivisible, and non-rival) and "strictly private goods" (exclusive, divisible and

rival) [2]. Buchanan explained this sharp division through the utility function of a particular good (exclusivity). The starting point was the realization that public interest is non-competitive and non-exclusive (pure public good). There can be a public good that is "always only to a certain extent or only for a while like that, "i.e., it is non-competitive and exclusive (unclean public goods). He marked such goods as a club (theory of economic clubs) and thus made a new classification of goods based on the optimal size of the club. He defined two essential tools for his analysis (modified utility function and cost/production function), combined to establish balance (club size) and classify a particular good. Some premises had to be set to strengthen this revolutionary theory because Buchanan based his analysis on the assumptions of homogeneity among club members and that individual members have similar preferences for the goods the club provides. Also, the author considered that exclusivity does not include: costs, perfect and symmetrical information, and the existence of only one club reasonable.

> This does not mean that property rights will, in practice, always be adjusted to allow for optimal exclusion. If not, there is the problem of the "free rider." This perspective suggests one issue of the utmost importance, which the analysis of this paper has neglected. It is a question of the costs involved in securing an agreement among group members. Suppose individuals think that exclusion will not be entirely possible, that they can expect to provide benefits as free-riders without really becoming full members of the club. In that case, they may not be willing to enter into cost-sharing arrangements voluntarily. This suggests that an essential means of reducing costs is through the provision of voluntary cooperation agreements, which will allow for more flexible property arrangements and the introduction of instruments that exclude them. For example, if a lathe hunter is allowed to chase poachers, then it is more likely that potential poachers will be willing to pay in advance for a hunting license [2]..

METHODOLOGY AND DATA

Based on Buchanan model, several additions were developed to build a theory that is more in line with reality, most notably the matrix (2 x 2) on types of economic goods, based on relevant notions of exclusivity and competitiveness:

Table 1: Types of economic interests in terms of competitiveness and exclusivity

Variety of goods	Exclusive	Non-exclusive
Uncompetitive	Club goods (parks, copyright, hall)	Public goods (Air defense)
Competitive	Private goods (food, parking, cars, clothes)	Common goods (trees, fish, coal)

Based on: [3].

It can be seen from the previous table that Chohan and D'Souza emphasized that club goods are only one of the four types of goods, which are non-competitive and exclusive [3]. By non-rivalrous, they mean that the use of public interest at some point by a particular person does not exclude the possibility of using that good by other persons. In contrast, by non-exclusive, they mean that using a good does not preclude other people from abusing the same good simultaneously or in space. They explain that with the example of air defense, which is uncompetitive and non-exclusive in providing public services. If the city has air defense, the person covered by that air defense perimeter will not benefit at the expense of any other person, so it is uncompetitive. Also, all people staying within the defense perimeter cannot be expressly excluded from coverage by air

defense. Therefore it is non-exclusive and represents an example of the public good. To define EU economic clubs as club goods, it is necessary to clarify important issues related to the regional development of Europe. Also, Buchanan's model with various additions, has become a methodological framework for establishing economic clubs within the EU over the last decade. Confirmation of this can be seen through the strategic development documents of DG Regio [5], in which the theory of economic clubs becomes very visible. It is based, primarily, on data on the movement of GDP p / c in member countries, i.e. their NUTS 2 statistical regions ([24], [25]).

EXISTING ECONOMIC DIFFERENCES

Significant socio-economic inequalities in Europe are beginning to be recognized with the advent of modernity. They should be linked to the fact that the UK has become the first country to achieve continuous growth. However, it flowed slowly, starting from the second half of the 18th century, and lasts today. This process is associated with the intensive application of technical and technological inventions (First Industrial Revolution) to gradually transfer these inventions to British close partners in the Commonwealth (Canada, Australia, New Zealand) and then to the United States and Western Europe. All these are generally accepted attitudes, and Acemoglu and Robinson [1] present an exciting thesis according to which, in the domain of distribution of global wealth (the richest and poorest countries), there have been no significant changes during the last century and a half. This means that only a few "East Asian tigers" entered the circle of the wealthiest thirty countries, apart from the first industrialized ones, and that the situation is identical (without changes) with the list of the poorest countries (mostly sub-Saharan Africa). Therefore, they question the reasons for the prosperity of some nations and the poverty of other nations, emphasizing the supremacy of "Western European nations and their colonial offspring with European immigrants," noting the existence of different hypotheses about the reasons for such distribution of wealth in the world.

The French philosopher Montesquieu [16] first suggested the geographical hypothesis who was one of the first scientists to connect the economic and geographical development of the world with the climate [8]. He asked questions: why are there different peoples and ethnic communities as they were before; is there a connection between geographical location, physical differences, and social and moral capabilities of other peoples? The answer was that climate has the most significant impact on establishing differences within human society. Acemoglu and Robinson support this thesis with the views of economist J. Saxony, which, in addition to the influence of climate on the thought and work process, mainly emphasizes the factors of tropical diseases and low soil productivity in these areas [1]. Naturally, all these factors negatively affect the economic development of the tropical regions. However, they are irrelevant to explaining the pronounced regional differences on European soil.

The hypothesis of culture unites the second group of factors [15]. Max Weber [17] indicated its contours by emphasizing the importance of religion (Protestantism) for the industrial development of Europe, i.e., of the Catholic-Protestant West [23]. This work derives from his rich theoretical work (theory of social action and rationalization), which has left a

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[16] See: Mutabdzija, Geophilosophy of the premodern, 250-251
[17] See: G. Mutabdzija, Sociological theory in geography: phase of empirical - analytical science, 2021

significant mark in the social sciences [13]. However, his second theory (rationalization) has greater significance for culture, in which he recognized the considerable influence of the ethics of different religions in the development of capitalism. For Calvinists, this influence was based on eschatology (the notion of predestination), which considers business success the main sign of choice (the path to paradise). So, this Belief contributed to the formation of moral qualities in workers and entrepreneurs (thrift, diligence, accuracy, honesty, pursuit of money), which significantly improved the spirit of capitalism, based on the motive to succeed as an expression of moral norms, not greed. Related to this is the structure of government, which has different legitimacy (tradition, charisma, and legality) and which, depending on the degree of rationalization, develops in the direction of traditional, charismatic, or rational-legal. Suppose we were to translate Weber's theory of rationalization elements into contemporary European circumstances. In that case, we might explain the differences in the level of economic development of predominantly Protestant Flanders (economically more prosperous community) than predominantly Catholic Wallonia (obsolete industry). Still, that logic does not apply to a country such as France on the one hand and Spain and Portugal on the other.

The third hypothesis can be recognized in the work of Immanuel Wallerstein [22], which is part of the neo-Marxist grand-theory [18]. It is based on economic entities and the division of labor and is not limited by political or cultural boundaries. The broadest framework of this theory in the world-system [19] is a vast economic entity composed of different social structures and social groups with a certain lifespan. From the spatial-planning aspect, two dimensions of this theory are essential. In the first, the world capitalist system implies the existence of an asymmetric division of labor between producers of highly profitable essential commodities and producers of much less good peripheral goods, leading to the establishment of a clear hierarchy through a center-periphery form [20]. There is also a middle zone called the semi-periphery, so the tripartite spatial division of labor is completed, which showed specific mobility during its existence (up and down). Based on the structural analysis (core-periphery) of world history, Wallerstein explained the development of modern capitalism through the exploitation of peripheral resources. The debate of this theory is complemented by the knowledge of the existence of resistance (peoples of the periphery) to imposed exploitation and domination (peoples of the center), which has played a decisive role in shaping world history. The best Examples of center-privilege theory are provided by the current economic picture of Europe [12]. in which there is a traditional center (European Pentagon) and a significantly poorer periphery (Balkans). The second dimension of this theory is Wallerstein's concept of Geoculture [21], which emerged as an analogy to geopolitics. It refers to norms and ways of discourse that

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[18] Ricer (2009) recognizes two such theories, namely: critical theory (1923) and the theory of the transformation of Fordism into post Fordism (1974), where Wallerstein's work is part of this second theory.

[19] He recognizes only two types, the world empires that have disappeared (e.g. Rome) and the modern world capitalist economy, with the former emerging from military and the latter from economic domination. He foresaw the possibility of the emergence of a third world system, the socialist world government. Unlike the transitional type (separating the political and economic spheres), the new type should reintegrate them.

[20] The center is the dominant area that exploits the rest of the system, the periphery supplies the center with resources, and the semi-periphery is a set of regions located between the exploiters and the exploited.

[21] Described in detail in I. Wallerstein's "World-system analysis: An introduction", part four: The Creation of a Geoculture

are widely accepted as legitimate within the world system and do not arise automatically with the emergence of the world system but must be created. This means that it refers to a wide area of manipulative actions of the government through the imposition of various ideologies, social movements, and social sciences.

CLUB GOOD

According to Buchanan, the economic theory of clubs is applied to goods that have three key characteristics: exclusivity, divisibility, and congestion [2]. The first is recognized by the fact that individuals who do not finance the club (membership fee) do not have access to the benefits of the club. The second refers to the optimal size of the club, i.e., a division that depends on demand. This means that individuals who want to join or are previously excluded can form a new club that will produce and consume the same good. In the end, although spending is not fully competitive, each member of the club imposes a negative impact on other members. This negative impact materializes in congestion, which reduces the quality of the benefits that everyone consumes (e.g., Wi-Fi). Finally, the club's functioning is defined by a series of clear rules (rights and obligations of members). The "free riders" problem often appears as the most challenging economic problem faced by club members. This means that non-members use the benefits of the club, e.g., utility costs in condominium communities (one reported, but there are two members).

The most important parameter for defining economic clubs is the achieved GDP per capita. According to this criterion, the practice is recognized by such three clubs (high, medium, and low GDP per capita), while DG Regio, for its reasons [22], and uses a four-degree scale [5]. Each club is characterized by a specific "growth path" that differs from others, which leads to the establishment of transparent geographical regions of different levels of economic development. Therefore, the attention of spatial planners and regional geographers is shifting from the national to the regional level because economists have recognized the existence of different entities (mainly NUTS 2), which show different levels of development (primarily based on GDP, but also savings, investment, and demographic growth). Based on the previous matrix (Table 1), an example of the European Union as a club good can be reported, excluding several non-EU countries' services. In contrast, some of these services are not competitive in consumption (or at least some are).

Nevertheless, several of these non-competitive services are essential for the functioning of the EU, primarily the "four freedoms" (movement of people, goods, services, and capital) within the internal market. Chohan and D'Souza [3] also discuss some current interests for which there is no consensus regarding their status (social status, media, cyber security, crypto currencies). There are no such examples in the mentioned matrix of public goods, where cyber security is a relatively straightforward public interest case. At the same time, social media and cryptocurrencies are more nuanced and debatable. All these examples indicate that the EU functions as a multiproduct club, in which there are about 50 countries divided into lower-ranking units.

This issue has been addressed in more detail by McNutt, who states that the economic theory of clubs is "an attempt to explain the insufficient balance in the provision of public

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[22] Mutabdžija (2022) analyzes the distribution of GDP at the level of NUTS 2 and notes that out of 24 regions with very high incomes, the first eight NUTS 2 belong to non-EU countries (Switzerland and Norway).

goods, which raises many different and controversial issues affecting government policy"
[9]. In the public sector, club goods offer an alternative to the centralized state provision
of local public goods in many respects. Of particular importance is exclusivity, which can
affect the equal and democratic distribution of club goods. He emphasizes Buchanan's
original concern about voluntary clubs and the possibilities of the given theory to define
the optimal number of club members and, at the same time, the maximum usefulness for
all club members. As a special feature, it emphasizes the challenge of scientists who try
to theoretically describe the emergence of public goods because they can "abandon the
conventional postulate of maximizing individual utility and critical evaluation so that
rational behavior in individuals can be encouraged to provide public goods voluntarily."
Sandler and Tschirhardt [19] were the first authors to emphasize the importance of
multiproduct clubs and their theoretical foundation. They raised this issue and presented
a model of such a club. They based its analysis on the EU's daily offer of several goods
and services, ranging from a standard agricultural policy, a common foreign and security
policy, a common currency, and access to EU structural funds. These were the starting
points about the European Union, as a heterogeneous club, which also contained a dose
of caution in its sustainable development. However, after almost seven decades of
functioning of the EU, despite its standard products' significant heterogeneity and
diversity, it has shown sustainability and adaptation through frequent additions to these
theoretical assumptions, as evidenced by the cohesion policy. At the same time, within
the EU club, certain contradictions between club members are harmonized and reconciled
(different cultures and languages, different values of GDP, stages of development, growth
rates). This has led to many challenges, from the decision-making process, determining
membership fees, opportunities, and characteristics of sharing certain rights, to the need
to establish central bodies (seven institutions and several other bodies). From club theory
and the existence of club goods, the EU provides non-competitive and exclusive goods to
its member states through various funds. This means that each member state, if it has an
average level of GDP p / c lower than 75% of the EU average, automatically acquires the
right to access the Cohesion Fund. At the same time, all NUTS2 regions (only those with
a GDP below 90% of the EU average) have the right to access any of the funds [5].
Therefore, EU funds can be seen as an instrument for harmonizing economic disparities
in the Member States, i.e., as a club asset that promotes growth within countries and
regions, enabling the reduction of economic differences between them.

Classification of EU economic clubs
After the general remarks on the genesis of the emergence of club theory, we can focus
on the emergence of European economic clubs. They are based on theoretical assumptions
that there are economic differences between countries, regions, and cities, which can be
sublimated through their division based on their wealth, i.e. GDP p / c. Such regions may
belong to different "development clubs," each characterized not only by different income
levels but also by different structural characteristics, such as level of education of the
population, infrastructural equipment, innovation capacities, and institutional quality.
Clubs are systematically different in these dimensions, and for each club, there are
specific needs and challenges related to its starting point. Grouping similar regions create
insight into economic development and provide a perspective for pursuing a successful
regional policy. According to the EU methodology on economic clubs, uneven regional
development between regions is revealed based on income. This fact helps identify the
means that enable overcoming obstacles to development and lagging behind such regions.
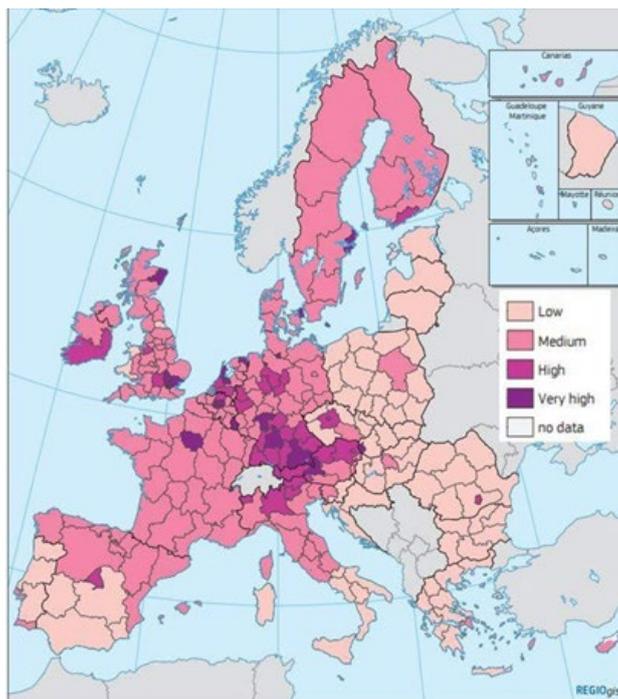
Figure 1. EU Economic Clubs (Source: [5])

The previous diagram shows the number of NUTS2 regions by country and extreme values of GDP (max and min). Their color immediately indicates their affiliation to a particular club. Therefore, this is an introduction to dividing the NUTS2 region into two large groups (above-average and below-average developed), with their limit being the national average. This division is essential when accessing individual structural funds. The second division is related to the average GDP p / c compared to the EU average (100%). It concerns the existence of four different clubs: the first club is VH (very high) with very high incomes (GDP p / c 150% or more), H (high) high-income club (120-149%), M (middle) middle income club (75-119%) and L (low) low-income club (below 75% of the EU average). The examination of the labor market in different clubs provides a broader insight. Certain regularities in the movement of individual parameters can be observed, which are expressed through average annual growth values. Therefore, Map 1 can also be presented in tabular form, allowing a better overview of these regions within each country.

Table 2: Average values of population growth, employment, and patents 2001-15.

Club	GDP p/c	Population	Employment			Unemployment	No. patents / 1 mil. inh.
			Change	Industry	Av. change		
VH	1,4	10,7	0,8	12,3	-1,2	5,8	254
H	0,9	7,3	0,5	16,9	-0,8	5,9	232
M	1,0	6,2	0,3	14,4	-1,5	8,4	103
L	1,7	-2,0	-0,6	20,3	-1,0	11,6	8
EU-28	1,3	4,4	0,1	16,1	-1,2	8,5	113

Source: [5]

The movement of the population shows an apparent regularity through the declining trend, from the richest to the poorest, and this general rule, with certain deviations, is present in other parameters, especially in the unemployment rate and the number of

patents. In the domain of GDP growth rate p / c, there is a trend of steady decline in regions with higher incomes (VH, H, and M), while in those with low incomes (L), it has increased. Regions with very high and low incomes have experienced the highest GDP growth p / c due to their level of competitiveness and specialization in the production of high-quality goods and services. Indicators on the share of employees in the industry are also indicative, with a declining trend, which can be related to the economy's structure, and probably to GVA and the level of personal earnings. This means that industry is not the main branch of the economy in the wealthiest regions. Still, it is service activities, research, and development, in which highly educated staff with specific knowledge are in demand. Therefore, it is essential to clarify the spatial distribution of individual economic clubs and describe the challenges they face in more detail.

> While low-income regions are catching up with the more developed ones, taking advantage of their ability to mobilize cheap capital and work in the fight to get jobs gives them a competitive advantage. At the same time, middle-income regions had the lowest growth. They faced a unique challenge, the so-called "Middle-income trap," because they are neither cheap nor particularly innovative or productive. Their manufacturing sector tends to be smaller and weaker than in regions with higher GDP p / c or lower, and their costs are too high to compete with the latter, such as innovation is not strong enough to compete with the former [5]

Before moving on to the geographical distribution of individual clubs, it is necessary to briefly get acquainted with an essential structural element of wealth and competitiveness of particular regions, which is related to the organization of the economy in which a large group of systemically and functionally related companies plays an important role. This organizational form is called a cluster [23]. According to Jovanović, it must have a critical mass, not only quantitatively but also in the domain of concentration of "knowledge, skills, and specialized institutions in a certain geographical area" [7]. This functional relationship between companies refers to suppliers, competitors, associates, and customers through the circulation of accumulated knowledge and skills through the circulation of staff. The concentration of functionally related business activities within a relatively small area provides companies with a collective profit, which would not be available if these companies were distant from each other. These expected benefits or external effects are different from those created within a single firm because clusters develop economies that are "external to individual firms but internal to the network of firms in the cluster." Venables states that this demand will be high in areas where most producers have chosen to locate (circular interdependence process or cumulative causality) because there is a certain degree of uncertainty in the location of activities. After all, firms are located due to the presence of other firms. And not because of the essential characteristics of the site. As a confirmation of this thesis, Venables states that "there are about 600 tanners in Arzignano near Vicenza, most of whom employ only a few dozen workers, and this region accounts for 40% of European leather processing" [21]. In that area, a complete technological process of leather processing has been

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[23] The company is located in an area where there are companies from the same or related industries because: it has production links with other companies; can benefit from an already existing group of suppliers; there are common services such as finance, information, consulting and maintenance; there may be a set of trained and experienced workforce; businesses can reduce costs, and the effects are so great that they can serve as an example for economic comparison with an integrated Europe.

achieved, which includes not only "soaking, dyeing, stretching, sealing, cutting and shipping materials used for Gucci bags, Louis Vuitton suitcases, Nike sneakers, and BMW car seats, but also produces gold chains, clothing, and machine tools, many of which are for export." From this follows the economic regularity that the main problem of a small or medium enterprise is often not that it is "small," but in its isolation, and grouping can overcome this problem. The most recognizable examples of specific European clusters are watchmaking (Geneva and Jura), knives (Solingen), financial services (London), fashion clothing and motorcycles (northern Italy), entertainment (Paris), flowers (Netherlands), carpets (Kortrijk). Significant features of the European urban system are polycentricity and concentration of solid metropolises, so based on that, the European Spatial Planning Network (ESPON) has developed two potential scenarios for researching the effects of EU cohesion policy.

> The first scenario is cohesion-oriented, which analyzes social, economic, and territorial goals as the priority of cohesion policy. The second scenario refers to competitive orientation, with the primary goal being to achieve the global competitiveness of the EU economy. The cohesion-oriented method showed that the number of areas at risk of marginalization and declining activities was comparable to that in the baseline scenario. Still, their size was reduced and their intensity lower. The final picture of the 2030 competitive-oriented scenario showed a stronger attraction and polarization of the potential of metropolitan areas and concentration in the traditional Pentagon. A minimal number of the urban regions outside this area will generate significant effects of attraction and polarization [5].

Characteristics of EU clubs

The most recent developments in the spatial distribution of GDP p / c at the level of NUTS2 regions across Europe, including non-EU countries, confirm most assumptions about grouping regions with similar characteristics into broader regional units ([10] [11]). This means that the wealthiest regions are concentrated in the central and western part of Europe, they are moderately developed, mainly in the north, and the least developed in the southeast and east of the continent. Therefore, the overview of European economic clubs will be presented through a combined summary of economic reality (GDP p / c), an analytical framework developed by the EU Directorate-General for Regional Policy [5], and parts of the regional geographical description derived from general civilization (history and culture) and spatial-functional (population, urban-rural relations) framework. If we try to unite the existing clubs into geographical regions by generalization, then we can also give names according to the methodology of Mutabdžija [24].

Very high-income club (VH)

These regions are located within the EU, called the European Pentagon or the traditional core, and which frames five major cities: Paris - Amsterdam - Hamburg - Munich – Milan [12]. Also, there are highly developed regions outside the EU borders (UK, Switzerland

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[24] The names of the five regions (west, north, center, south and east) reflect the unity of three concepts: the dominant climatic phenomenon (fog, boreal, wind, sun and ice), socio-economic specificity (institutions, monarchies, money, religion and spirituality) and ethno-psychological characteristics of individual regions (superiority, endurance, rationality, ease and modesty).

[25], and Norway [26]). In the further analysis of the spatial distribution of these most developed regions, it is realized that within the EU, of the existing sixteen NUTS2 areas with very high incomes (based on data for 2020), eleven are within the Pentagon, and five are outside (Bratislava, Salzburg, Copenhagen, Stockholm, and Dublin). If we expand the focus to the whole of Europe, this club includes all seven Swiss, one Norwegian, and one British NUTS2 region. That is why it is essential to make a summary overview of all European areas. In addition to the spatial distribution of the wealthiest regions of the EU, Switzerland, Norway, and the UK, it is necessary to look at their mutual relations (ranking) and explain the reasons for this schedule. The overall population change varies depending on the gradation of the club, with people moving to higher-income regions and away from low-income ones. Many high-income regions had high population growth rates between 2001 and 2015, except Germany. In many low-income areas, in the east and south of the EU and the industrial parts of north-eastern France and northern England, the population is declining. Some low-income regions have experienced population growth during this period, but these are usually those regions with a wide range of content and low cost of living.

The area of concentration of flows and activities within this club is recognizable within a broad and compact area from the Paris Basin, Benelux, and Germany to northern Italy, which is called the European core or traditional Pentagon due to five major cities (Paris, Amsterdam, Hamburg, Munich, and Milan). Its name comes from the fact that this area was the first to be urbanized, and after later industrialization (compared to the UK), it achieved the highest degree of economic development and social wealth in Europe. This area specializes in the production of high-quality goods and services, and within it stands out the agglomeration of Greater Paris, three highly urbanized conurbations (Rhine-Ruhr in Germany, Randstad [27] in the Netherlands, and Flemish Diamond [28] in Belgium), which are interconnected in the south with the Alpine foothills (Swiss cantons and the Po Valley) and influential cities in the north (Hamburg). Jovanović [7] explains the aspects of business in conditions when the concentration of business becomes too high, which is somewhat appropriate in this area. However, there may be negative consequences for work and private life (pollution, problems with water purifiers and waste disposal, congestion, crime, and increased land prices and rents). This can affect the expansion and decentralization of businesses and their relocation to other regions, as companies may want to leave "vulnerable" regions. Also, this is a space of very developed and powerful clusters, which act as generators of national development and integrators of essential industries (the best example is the automotive industry).

The second zone within this club is the edge of the traditional core, which refers to regions [29] with very high incomes, which are outside the European body and most often belong

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[25] The data refer to GDP p / c for 2019, which are originally presented by cantons in CHF, which the author converted into EUR and presented as 7 NUTS2. Official statistics do not provide an average value for the level of NUTS 2, so the author expressed this in the form of an index (EU database = 100) which amounts to 124 to 467% for cantons (NUTS 3).

[26] Data were given for the NUTS3 level, so the author presented their individual values within NUTS2. A more detailed description of all 7 NUTS2 and associated NUTS3 with an overview of GDP p / c.

[27] Amsterdam Rotterdam, The Hague and Utrecht.

[28] Brussels, Antwerp, Leuven and Ghent

[29] Based on data from DG Regio, 2017, the cartographic basis and methodology was developed by Eurostat (2021), according to which the threshold for VH club was lowered to 146% of the EU average, and since the UK is no longer part of the EU, it has not been processed

to the areas of capitals, and which can be classified into three geographical units (island, Scandinavian, Central European). The first region, according to the DG Regio methodology [5], includes two Irish parts (Dublin and Limerick) and the Scottish area (Edinburgh). The Scandinavian region consists of three capitals (Copenhagen, Stockholm, and Oslo). According to the first methodology, the Central European part is only Bratislava, and the second is Vienna, Prague, Budapest, Warsaw, and Bucharest. The general characteristic of all areas of the VH club is that they have a tremendous gravitational force (all of them are capital cities, except Edinburgh) in attracting the population. However, some have high unemployment rates and have not developed enough since the economic crisis. According to Dijkstra et al. [4], their primary concern is to keep pace with global competitors, maintaining their high specializations and comparative advantage in high-paying industries. Of the mentioned six regions [5], it is noticeable that only one part did not previously belong to this highly industrialized and highly urbanized area, the Bratislava region. The most straightforward reason why Bratislava is in this club is the result of the development phase of capitalism and its spatio-temporal shift. This led to the formation of a powerful automobile complex right next to the border with Austria and Germany, in the city of one of the former Eastern European capitals, which is located only 50 kilometers from Vienna. This region was one of the first gates of Western capital to the world of the former socialist republics of the Slavic East.

The predominantly Catholic (Slovakia and Poland) and Protestant states (Czech Republic) were chosen first. Before the fall of the Berlin Wall, there was only one BAZ (Bratislavské Automobilové Závody) factory in Slovakia, which Volkswagen [30] privatized in 1991. After a very successful start, and thanks to a good business environment and geographical location [31], the following car factory was opened by Kia Motors [32] in Žilina. PSA Group (Peugeot-Citroen) [33] started working in Trnava, and recently JLR (Jaguar-Rover) in Nitra. Due to this, the automotive industry is the essential branch of the economy in Slovakia, which directly or indirectly employs 250 thousand people, and whose value is over 40% of the total Slovak exports. The importance of this industrial sector is shown by the fact that there are more than 350 factories in Slovakia that produce specific automotive components in addition to the mentioned factories. It is now clear why Serbia is struggling to preserve the production of FIAT cars because this industry generates many subcontractors, thus creating a synergistic effect for the entire economy [12].

High-income club (H)

Although high-income regions (H) have many similar characteristics as VH regions, their recognizability is that they are not large cities. Dijkstra et al. [4] state that their stop employment is high. The challenge is to preserve the innovative potential because these regions are more susceptible to competition from the lower-income areas (M and VL). "They are especially vulnerable to the standardization of what they produce, which allows companies from that club to move to regions with lower costs and less skilled labor."

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[30] Here are produced SUV models of the entire VW group: Audi Q7 and Q8, Volkswagen Touareg and Porsche Cayenne, but also small cars such as: VW up, Seat Mii and Škoda citigo
[31] 300 million potential buyers of their cars live in the perimeter of 1000 km from Bratislava.
[32] Here are the models: Ceed, Ceed Sportswagon, Sportage and Venga.
[33] Models are produced: Peugeot 208, Citroen C3 and Picasso

Their challenge is to advance innovation in their specialization areas and expand into high-value-added (GVA) activities."

Mutabdzija [14] defined Western Europe as "Fogs, institutions, and superiority of the West" and described it through cultural-civilizational characteristics, which in cultural terms represent a heterogeneous whole that is recognized in the framework of civilization based on two essential determinants. First, most of the population belongs to one of the two prominent families of Indo-European peoples, the Germans or the Romans. In religious terms, the dominant Christian religion is emphasized here. However, the existing peoples are not ethnically compact in the ethno genesis sense. Still, they have built their identity (language, culture, majority religion, and historical development) over a long period by mixing with other peoples. Some are wholly extinct or merged with a more dominant ethnic group. In terms of space and functionality, urbanization is very high, and traditional villages have remained only in France and Ireland. With the expansion of cities in space, urban agglomerations were created, called metropolitan areas or, according to the Eurostat methodology of the Larger Urban Zones (LUZ-Larger Urban Zones), defined based on urban transport to create Functional Urban Areas (FUA). Apart from the traditional Pentagon, the largest urban zones in Western Europe are London and Limerick, and Helsinki in northern Europe.

The second region within this majority club is called "Wind, Money, and Rationality of the Center" [14]. From the position of spatial-functional relations, the cultural diversity of this part of Europe in the past was a source of tensions and conflicts. Today, this represents an invaluable potential for the sustainable spatial development of the EU. Especially in the new Member States, there is a risk that only isolated growth areas around metropolitan regions are developing. In contrast, other regions with different sizes and rural areas are excluded from the development process. However, Europe can achieve polycentric development, with significant areas of growth, including those on the periphery, organized as urban networks that will provide dynamism and the necessary externalities to attract additional investment. According to DG Regio [5], polycentric development reduces environmental pressures and social tensions and helps stabilize democratic structures. A simple reproduction of the center-periphery model across Europe would harm the center as much as the periphery. It would not correspond to the historical development of different settlement patterns on the continent. Greater integration of populated areas within and between major European regions is essential for establishing new development processes in remote parts of Europe, leading to long-term strengthening of their urban structures and making them more competitive. In addition to metropolitan areas, the cities of the gate through which communications pass and trade with other continents through traffic ports, major airports, trade fairs, cultural centers represent a step forward towards the model of polycentric growth of the entire continent. While gate cities have developed in the past in the coastal regions of Western (Laurel, Rotterdam, London, Antwerp) and Southern Europe (Barcelona, Marseille, Genoa, Piraeus), opportunities for the development of these cities on the eastern periphery of Central Europe (Gdansk, Warsaw, Prague, Vienna, Budapest), today is the result of the emergence of new transport and energy corridors to Asia. Their priority is to connect metropolitan areas, and they were created based on the shared interests of the EU and future members through which they should pass. The best examples of such regions are large German cities (Berlin, Cologne, Dusseldorf, Hanover) or smaller cities on navigable rivers (Regensburg, Passau, Karlsruhe), as well as large Austrian cities (Linz, Graz, and Innsbruck).

Middle-income club (M)

This club has a large group of regions within which there is a significant structural difference, which makes them different. Therefore, according to DG Regio [5], two subgroups have been formed within Club M, each with specific challenges. One consists of regions that have "lost productive jobs and in which the level of education of the labor force is below that in regions with higher incomes, so they are economically fragile." The second subgroup consists of regions that "record an increase in population, but mostly older people, who are moving there due to local content and low cost of living." This means that older residents are moving out of big cities (more expensive, more complicated, and less healthy) living conditions) towards smaller cities where life is more pleasant (cheaper utilities, more pleasant climate, more recreation areas). Such internal migration stimulates employment in non-commercial local services, thus encouraging "limited development of skills, innovation capacity and export capabilities, thus risking both subgroups falling into the middle-income trap." The specificity of this club is reflected in the fact that the increase in productivity and income shows all the complexity of economic development so that the regions within club M "become less attractive for labor-intensive but also low-skilled activities because raising the value scale requires more investment per worker than is the case in the earlier stages of development." If we tried to group these regions completely geographically, we would fall into the trap of generalization. However, it is possible to state, based on the insight into the statistical atlas of Eurostat, that there are two broad geographical zones dominated by these regions, namely Scandinavia and the western Mediterranean.

The first can be called "Boreal, monarchies, and endurance of the North" [14]. Mainly, due to the pronounced natural geographical difficulties (primarily the climate) and the unfavorable geographical position [34], the area of Scandinavia has been continuously an emigration area. Nevertheless, quality political decisions with far-reaching goals have significantly mitigated this geographical determinism (nature) and made Scandinavia a highly prosperous society despite the obvious problems arising from its geographical location. This is partly explained by Jovanović [7], who states that in critical moments the structure of the economy can become unsustainable and that then decisive measures of the government are necessary to overcome such a situation. He describes it as "certain critical points of branching (bifurcation) at which economic changes acquire new qualitative characteristics" and cites the example at the end of the 19th century. Argentina and Sweden were relatively comparable backward economies based on agriculture. At about the same time, Argentina invested in the education of lawyers and priests, while Sweden invested in the education of engineers. The impact of such choices, combined with other economic policies, on the material living standards of the two countries is evident. Despite the excellent results achieved by the Nordic economies, there is still a very pronounced demographic "threat" to this area. It is directly related to the quality of life and indirectly to the sustainable development (economic, social, environmental, and cultural aspects) of the whole society, which indicates severe problems in most parts of the region. This process of uneven distribution of the population is accompanied by population aging, and it will be further expressed in depopulation regions. They will also increase the challenges in service delivery and maintenance of infrastructure systems. According to current international standards, the Nordic labor markets are among the

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[34] With the increase of geographical latitude, the difference in the duration of the daytime increases during the year, which negatively affects the work, but also the mental stability of people.

highest globally, and Nordic companies are well-positioned and increasingly oriented towards services in the global market. The EU28 (2013) employment average was 64.1%, with all Nordic countries above that average (72.8%). As in most developed countries, the Nordic countries have shown positive signs in several aspects in the last few decades. A large part of the population is employed, the share of women in the labor market has adopted an economic model to strengthen the tertiary sector.

Another conditional region can be called "Sun, Faith, and Comfort of the South," which refers to the western Mediterranean (the Iberian Peninsula, southern France) [14]. In the true sense, it reflects the title of this chapter because, in historical and geographical terms, this is the area of the most dynamic European regions. This is recognized through the cultural and civilizational development of the ancient period when classical Greece and ancient Rome laid the foundations of modern Europe through city building, state development, dissemination of scientific knowledge, and the rise of civilizational values. This was a constant until the end of the Middle Ages when European interests shifted to the Atlantic and the New World and remained so until modern times. In terms of space and function, the turning point in developing these Mediterranean regions was the economic crisis of 2008. Before that, GDP in the EU grew continuously from 1995 to 2007 at an average rate of 2.4%, to record a sharp decline in 2009 by -4.8%. In these difficult circumstances, the EU has responded with various measures, from supporting banks to providing fiscal stimulus and crisis assistance packages.

Nevertheless, it can be seen that the recovery in the countries of Southern Europe has been slower than in other parts of the EU. Employment rates, i.e., unemployment, especially youth unemployment, are essential for the sustainability of development because these indicators assess the quality of life and social inclusion as a cornerstone for socio-economic development and prosperity. On the other hand, unemployment mainly affects people, their families, and their future. Respecting regional differences, e.g., Andalusia and Sicily have the highest values of these indicators, so it is clear how much depression there is in these societies and regions. These indicators are especially characteristic of young people, so the question of the efficiency of the education system and the labor market is rightly praised. One of the most severe problems of today arises from such relations, and that is inequality. It is visible at the EU level and the regional or national level.

The economic aspect of the development of these regions is significantly defined by clusters, i.e., companies that are grouped to benefit from the availability of a network of suppliers and are usually grouped in locations with high local demand. This demand is high in areas where there are the most producers because they have chosen to be located according to circular interdependence or cumulative causality processes. "There is a degree of uncertainty in the location of activities - companies because they are located due to the presence of other companies, and not because of the basic characteristics of the location" [7]. In today's circumstances, the regions that belong to this club are developing within the mentioned area. They are mostly related to the biggest conurbations as centers of NUTS2 regions; Lisbon, Barcelona, Valencia, Vigo, and Oviedo are the Iberian cities. The most important French cities are Lyon, Toulouse, Bordeaux, and Marseille, and this club also includes Italian cities: Rome, Turin, Florence, and Venice.

Low-income club (L)
The short definition of a low-income club, according to DG Regio [5], starts from the fact that these are regions that face a low level of technological and business organization and a workforce with limited skills, and a particular advantage is that they can offer low costs

land and labor. These regions continuously have a negative migration balance, with well-educated young people and the population of certain specialties having a significant share in the structure of emigrants. As their populations move to high-income regions, at the same time, these regions are unable to attract new firms and talented individuals from other areas. These are the fundamental reasons for the intensive emigration of the local population and creating a long-term perspective of poor living conditions. Only the regions of the capitals and some large urban centers of the mentioned regions deviate from such gloomy projections of economic development, which characterize the entire southern and eastern rim of the European continent. Within the EU, these regions are inhabited by their total population. When countries with the status of potential EU candidates or candidates are added and members of the Eastern Partnership and the European part of Russia, it is clear that they are the majority of Europe. Which has a larger population than the previous three clubs. Despite the stated political-geographical diversity of the countries/regions that belong to this club, they can be classified into two conditionally large geographical areas: east and south. A more detailed description will refer to two examples: the Eastern Partnership and the Balkans.

The first region is "Ice, spirituality, and modesty of the East," within which the demographic development (Eastern Europe) since the middle of the XX century. To this day, it indicates two periods [14]. The border between them was the moment of the collapse of the Soviet Union, which was reflected in the demographic growth of all countries in the region. In terms of space and function, the analysis of Eastern Europe as a single region is impossible and similar to the region of Southern Europe; there are two groups of countries. They are characterized by an uneven methodological framework for creating a modern concept of spatial and functional relations in the region's countries. EU members, Lithuania, Latvia, and Estonia in the north and Romania and Bulgaria in the south pursue EU territorial agendas. There are uniform documents, most notably the National Spatial Development Strategy (NSDS), which operate on umbrellas for branch strategies. The common denominator of all these strategies is the need for accelerated development and implementation of the started pan-European transport network as a necessary precondition for good accessibility to large areas throughout the continent. In addition to the principles related to the policy of sustainable spatial development, more detailed measures for the spatial development of European cultural regions have been proposed, and extraordinary measures aimed at achieving more balanced and sustainable development in individual European regions.

The very nature of these areas characterizes them as areas with a high degree of biodiversity and partial overlap, and geographically, the focus is on two sub regions: the Barents-Euroactics and the Black Sea region. It is first seen as a multimodal transport area covering the northern provinces of Sweden, Finland, Norway, and the Russian Federation - the Republics of Karelia and Komi (Murmansk and Arkhangelsk). There is a clear orientation towards the resources of this region (mineral wealth and gas deposits), whose exploitation implies safe transport flows as a combination of different types: railway-road-water-pipelines. Another region is the Black Sea states Turkey, Georgia, Ukraine, Romania, Bulgaria, and Moldova, while Armenia and Azerbaijan have observer status. From the point of view of spatial development policy, they must not be considered only as elements of comprehensive construction of transport infrastructure, but more important is their interaction with the settlement network, regional economy, regional transport networks, and environmental requirements. All of the proposed ten corridors end in this region, with almost every country (except Estonia and Latvia) intersecting at

least two corridors. The specifics of this region are numerous, and its spatially smaller part is made up of the Eastern Partnership [35] countries. The Riga Summit (2015) defined the strategic goals of this organization and the EU, which relate to strengthening the resilience of the state and society through the stated priorities; economic development and market opportunities; strengthening institutions and good governance; connectivity, energy efficiency, environment, and climate change, mobility and people-to-people contacts.

The second region is best described by the new term Open Balkans[36] as a sub-region of Southeast Europe, which is recognized as a fluid space with unclear borders and ethnolinguistic dependencies, complicated political-geographical relations, and intertwined urban-rural relations. Attempts to "fix" this space for the last 30 years have been between "interference and imposition" by the great and incompetent domestic actors. Perhaps, the common denominator of all the mentioned ambiguities has its origin because there are no clear goals of sustainable spatial development. This stems from numerous and very reference spatial-planning and economic studies prepared by international organizations, according to which this region with about 18 million. In 2017, it had a total GDP of $ 89.1 billion, only half of one of the weakest EU economies (Portugal), with only 10 million inhabitants. In terms of space and function, Serbia is divided into four NUTS2, with a significant difference in the values of GDP p / c (between 8,100 and 21,700), which means that the Belgrade region has an index of 70 or 70% compared to the EU = 100); Vojvodina 41; Western Serbia and Šumadija 27, and Eastern and Southern Serbia 26. Montenegro is treated as one NUTS2 with an index of 50, and in Northern Macedonia, the value is 38. Albania is divided into three NUTS2 (GDP ranging from 7,800-11,500), and index values from north to south are 25-37-22. BiH, Kosovo, and Metohija have not applied the NUTS classification, which speaks of unfinished political-geographical processes.

While Kosovo and Metohija are an integral part of Serbia according to UN Resolution 1244, which declared independence on its initiative, there is no internal consensus in BiH between the representatives of the three nations on the modalities of internal organization and constitutional relations. There are two entities in BiH (RS and FBiH), and the problem is the territorial organization of FBiH (Bosniaks and Croats), in which there is no consensus between the two principles (national and civil). Perhaps this new political agreement can be achieved by applying the NUTS classification as a first step towards creating the desired framework. Population, ethnic and economic imbalances are very pronounced within the existing framework.

Due to the above, creating a measure for the spatial development of this part of Europe is of the utmost importance for this region, and there are two assumptions in this regard. The first concerns completing the Pan-European Road Corridors, where Corridors V, X, and XI are roads, Corridor VII is a waterway (Danube). Corridor V has three branches (a, b, c), which depart from the Adriatic ports (Venice-Trieste, Rijeka, and Ploče) and go via Budapest to Lvov, where it connects to Corridor III (Dresden-Kyiv). Branch Vc goes through the valleys of the Neretva and Bosnia. Near Doboj, it intersects with the highway through the Republika Srpska (Gradiška-Banja Luka-Doboj), making these highways the backbone of the BiH traffic system. Corridor X is of the most significant importance for

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[35] These are: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.
[36] Currently, Serbia, Albania and Northern Macedonia are members, while BiH, Montenegro, and Kosovo and Metohija have not yet commented on the initiative.

Serbia, which it enters from two directions (Salzburg-Graz and Budapest) and continues via Nis towards Sofia (connection with Corridor IV, Dresden-Istanbul), towards Skopje (relationship with Corridor VIII, Durres-Constanta) and continues to Thessaloniki and Igoumenitsa. The newly established Corridor XI connects the southern Adriatic (Bar-Boljare-Požega-Belgrade-Vršac-Timisoara) with Corridor IV (Dresden-Thessaloniki). This will significantly improve the entire region's infrastructure and create an environment for a more favorable business environment.

Another assumption relates to establishing the regional initiative Open Balkans, which should relax economic and political relations in the region and alleviate the terrible economic situation (average GDP index p / c is below 40% of the EU average). An important measure that strengthens the guiding principles of the sustainable spatial development of the European continent is the care of cultural landscapes in Southern and Southeastern Europe. This particular measure is aimed at achieving more balanced and sustainable development in individual European regions, primarily hotbeds of European ancient culture and art, linked to ancient Greece and ancient Rome, but hotspots of other cultures in this region (Byzantine and Ottoman culture, beautiful examples of Romanesque and Renaissance in the Adriatic coast, and Baroque art and classicism in the Pannonian Plain). This confirms that the whole region comprises a multitude of cultural landscapes. They are a significant part of Europe's heritage and witness past and present relations between man and his natural and built environment. Spatial development policy can contribute to the protection, management, and enhancement of protected areas by adopting appropriate measures by organizing better interaction between different sectoral policies while respecting their territorial impacts. Appropriate measures in landscape protection include the integration and development of landscapes through spatial planning and sectoral policies.

CONCLUSION

The concept of economic clubs came to life in theory during the 1960s, but in practice, on the example of the EU, it began to be applied only recently [5]. This means that the path from economic theory to spatial planning practice took a long time and that today it represents a clear framework for defining major regional geographical issues. This implies shifting the focus from large supranational entities (macro-regions) to the subnational level (NUTS2), where the regional (cohesion) policy of the EU member states is implemented. This is well recognized in Serbia, which is trying to reduce regional disparities through reindustrialization and infrastructure works, and thus balance the spatial distribution of the population.

It is evident that modern social problems, not only economic-geographical and spatial-planning, can be recognized, and their dynamics can be predicted based on the theory of economic clubs. The neo-Marxist grand view "from Fordism to post-Fordism" provides a historical basis and ideological guidelines and center-periphery theory as it's an important segment. In modern terms, it is clear that the European Pentagon and its edge represent the center (VH and H clubs), the most significant parts of Northern and Western Europe, as well as the Western Mediterranean (M club) represents the periphery, while the Balkans and Eastern Europe (VL club) represent the periphery.

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