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CHALLENGES FOR LOCAL ECONOMIC DEVELOPMENT POLICY IN POLAND
- INSTITUTIONAL AND ORGANIZATIONAL ASPECTS;
What can we learn from American theory and practice?

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FOREWORD

Massive political changes have occurred in Poland and other Eastern European countries since the Polish-American Joint-Project was initiated by the Institute for Policy Studies /JHU/, the University of Lodz, and the Polish Academy of Sciences last year. Only two years ago when we started to talk about our joint-project, we had doubts about the direct and immediate utility of our output. Now our mutual cooperation look much more promising. There is real demand for the results of our cooperation in Poland as, I hope, in the USA.

This paper is just related with one of the sub-topics of this Joint-Project, and it runs under general title "Economic development problems in Polish economy in its transformation period". Here I concentrated only around 2 of many essential problems. These are; meaning of local economic policy in a market economy, and institutional involvement in economic development.

In that part of the paper I would like express my great thanks to the Institute for Policy Studies JHU, which awarded me of the International Fellowship in Urban Studies for spring semester 1990. Thankfully this opportunity I had access to many American people and institutions. This gave me also better understanding of
functioning of market economy.
My visit in USA would not be so fruitful, if I was not supported organizationally and meritoriously by many of my former and new American friends.
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I. General remarks on economic development issues in Poland

The Contemporary situation in Poland resulting from the transfer of power from a communistic central government to a democratic one creates a powerful new opportunity for our economy. The new Solidarity Government is determined in its effort to introduce market rules and strict cooperation with the IMF and World Bank.

The shock economic therapy of Vice Minister Balcerowicz, introduced January 1, is well known in the business world. There is a real chance now that the experiences of developed countries can find application in Poland in its transformation period to a modern market economy.

On January 1, 1990, Poland finally crossed the rubicon. After nearly half a century of an economy based on fiat and centralized management, the Poles have entered the domain of a liberal market economy. One can say, it is a result of nearly 10 years of political struggle between followers and opponents of the communistic regime. Pressure from the Solidarity movement and international moral support enabled Poles to successfully reject, without a bloody revolution, an unwanted communistic regime. In the period between 1980 – 1988 economic restructuring actions
were not significant. There was a strong tendency to reproduce a traditional industrial structure using high level of energy and raw material consumption, in spite of it being at odds with the formally declared objectives of state economic policy and action. This illustrates the point that former attempts at reforming the Polish economy have been ineffective.

That long 10 year period of concentrated efforts to rehabilitate the "socialistic economy" has proved to the entire society and even to the Polish communists that the former system is not reformable. The functioning of the economy was, and I dare to say still is, strongly influenced by specific "private interests" (the bureaucratic elite) which dominated the activity of the bureaucratic apparatus. The period of 1980-1988 was marked by the emergence of a new management class more sympathetic to marketization. The replacement of the orthodox bureaucracy by a new one, resulted in the gradual disintegration of the former centralized management system, but without substitution by a new one.

In spite of these negative phenomena, there were also positive features of uncontrolled restructuring of that period, such as the development of the private sector. Private sector growth still has meaningless participation in GNP, and in the supply of consumer goods. During the 1980-1988 period the disintegration and deconcentration of large state owned enterprises begun. As the result of that process, the number of enterprises has been growing and their monopolistic power on the market has been diminishing. The
inability of the former regime to reform the Polish economy retained the unfavorable structure of the heavy industry, which is not competitive enough on the international market, and which offers low added value. Heavy industry in an environment of an unconvertible currency, and isolation of the national economy from international competition, was able to get more funds from the state and even gain other financial and material state preferences for investment in fixed assets, than so called modern and high-tech industry. As a result we have a less decapitalized traditional industry sector, compared to other sectors. This poses a certain threat for the new government. In the dramatic state of the Polish economy, the state may be tempted to promote traditional industry in order to achieve socially desired quick economic growth in the short term.

As side effects of the political transformation, we can observe a dramatic economic situation; deregulation of the economic system, high inflation, growing debts, a hazardous ecological situation, and social apathy.

Within this environment the shock economic therapy of Prime Minister Leszek Balcerowicz, with clearly defined market rules as basic economic instruments, gives great hope for a better future and has been generally accepted by Polish society. That unusual credibility has been given to the Solidarity Government, in spite of an obvious great social cost which is to be born by the Poles. The shock program involves the elimination of price controls, the
introduction of zloty convertibility and continued access of importers to a convertible currency in Polish banks, an end to most industrial subsidies, a restricted credit policy, and a wage freeze. The program also anticipates: bankruptcies, unemployment, and a twenty per cent decline in real wages.

The early results of the shock therapy in stopping the inflation are as follows: in January, the inflation rate was 76.8%, February, 23.9% and in March, the anticipated rate was to be ca 6.0%.

An undesirable side effects of the program is a major economic recession. For the first time in the post-war history of Poland, a barrier on the demand side has been created. The recession was intensified by the inability of the existing bureaucratic and monopolistic structure of Polish trade to bolster demand. Marketing activity, advertising and product publicity are a new forms of business which are now gradually developing in independent from the state entities in Poland. These practices are attainable in local markets, but are far more difficult to achieve in international markets.

One can also observe the gradual retreat of the communistic regime from the territorial government. Lodz was the first province in which (after a long - 5 month period of intense political struggle and stalemate), in November 1989 the president of the regional Solidarity group, was appointed by the Prime Minister and finally accepted by the provincial people's council.
In early of 1990, it was decided to legitimate self-government on the local level and schedule the first free local council election in May. This strongly support the belief that the stalinist system of a unified territorial state government will be at last abolished. This new situation open the doors to local democracy. The local level is the most proper place for the self-education and re-education of Polish society within the forgotten area of democratic governance. The new national government pays a great deal of attention to this educational process. It is the reason that a plenipotentiary minister of the state, responsible for the introduction of self-government system in Poland, has been appointed. Concurrent with the establishment of local self-government, communal property will be reestablished; that is, municipal property will be separated from the state property and given under management of local self-government. The second important point, proving that Mazowiecki's government is determined in its efforts to restructure the economy, is the appointment a plenipotentiary of the state for restructuring of the ownership of national property. The concept is to gradually transform state-owned property into various forms of private and public-private ownership forms based on the structure of developed countries.

In spite of many positive political changes, the Polish economy still struggles with many other barriers and shortcomings resulting from the past 45 years. These are economical, political, social and bureaucratic concerns. Two generation have been raised in a
completely socialist state. These people do not understand and market rules, new international economic relationships and Western business finance. This re-education great barrier cannot be overcome by Polish society in a reasonable period only by using own human and financial resources. Thus, the external support for the re-education and retraining of Polish managers and future entrepreneurs is so important. That support should be also extended to politicians, their consultants and people involved in territorial administration and councilors' activities. It will give important input in human capital, which can be of great importance in promoting new economic development.

Promoting economic growth with the active restructuring of the Polish economy is also restricted by the underdevelopment of social and technical facilities, infrastructure and services, such as banks, hotels, motorways, airports, and telecommunication systems. Traditionally, territorial government was very involved in servicing the business environment. Now, however, local authorities do not have funds for such initiatives. We should not expect any radical financial improvements of local budgets from central sources. The creation of local self-government will not solve the fiscal austerity of local authorities. Fiscal austerity means that grants and subsidies from central level will be very limited. Thus mean that, local governments will have to look for local sources of revenues. We know also that local authorities will collect local taxes. But we do not know to what extend and what kind of taxes
will be locally collected. We know that local authorities will have rights to issue local bonds. But again operational rules are not prepared yet. Thus the proper assumption for our analysis could be as follows: financial system of local governments will be gradually developed during 1-2 years. That situation opens the doors for bringing the new ideas from market economies countries. There is a question now, what kind of incentives are or will be the most useful for Polish as central as local governments to promote economic development in new circumstances i.e. in the situation of market economy, but having in mind also that local governments will act in the situation of fiscal austerity.

Economic growth depends on many factors. Among others it depends on accessibility to:
- land
- material resources
- financial resources
- technical infrastructure
- skill labor force
- market
  etc..
Economic growth can occur when locally produced goods and services are competitive with others local, regional, national and international markets. That full hierarchical structure of markets has particular meaning for complex economic systems. By that we
mean regions, cities with well developed endogenous and exogenous functions. Of course, between that two basic activities exist strong feedback relations, conditioning mutual growth.

One of decisive catalyzing factor for using these above mention external resources in effective way in market economy is properly organized and delivered information. That is why in modern economies we have so many institution giving to the businesses different kind of assistance and where information plays decisive role in creation of entrepreneurial climate.

A realistic goal for the new territorial self-government system would be creation of a proper relationship between local economic growth and the revenues and expenditures of local budgets. Since fiscal austerity will be a feature of Polish local government, the traditional policy of servicing the land by local authorities for future developers will be very limited. The solution for such a situation can be the public-private partnership. We hope to look to the American local government experience, since many American cities have also struggled with financial need.

I would like discuss another aspect of economic development. The civilized world is challenged to restructure its economies to provide economic growth friendly to the natural environment. The Polish economy must follow that direction. The global approach will force countries to gradually abandon from polluting industries and
replace them with clean technologies on a greater scale, in order to minimize energy consumption and production of waste. Socialist centralized economies proved that they were not able to accommodate efficient modern and high technologies. In a world with intense international market competition and international division of labor, socialist countries competed on the international market, by over-exploiting their natural resources and environment. The environmental situation in all of the socialist countries is the worst in Europe. Poland is in the unpleasant position of leading in that field. The journey from a centralized system to a democratic and market one is now accompanied by an economy that is rapidly declining. This results, as was noted above, from the political fights between followers and opponents of the reforms, and the inability of managers, educated for the needs of a centralized economy, to run businesses in new circumstances. Many other shortcomings, barriers, obstacles and traps of the former system are becoming noticeable, appearing on the surface of social and political life. During the transition period, the traditional administrative orders are losing their meaning. The new economic instruments, however, are not efficient either. The low productivity of industry is accompanied by a dramatic distortion of the environment. Pollution is continuing in spite of the growing sensibility of people to environmental problems. Poland, on its way to a market economy has to cope with major environmental barriers of local, national and international character. Poland affects other European countries
strongly. We are under pressure by developed countries to invest in the environment. On the other hand, they see Poland and other eastern European countries as new major markets for environmental equipment. The developed countries offer us the technologies to treat waste and pollution at the "end of pipe" production process. Contemporary Poland is not able to protect the environment in this way. A better current solution for Poland is the promotion of an integrated approach to the environment by industry, known also as the pollution prevention and waste minimization approach. This approach gives an opportunity for economic development, restructuring production, making products more internationally competitive, and is also friendly to the environment.

One of the biggest barriers for economic development is lack of experiences of local authorities and lack of professional institutional infrastructure on the local level. Polish local governments must be acquainted with the experiences of local economic policies in advanced market economies countries and local institutional involvement in economic development.

II. The new economic policy in market economy countries

Two important forces transformed the economies of many developed countries in the world. This was technological advance and global competition. The microelectronics revolution and the global market
have altered the very elements necessary to produce economic growth. During the industrial era, manufactures looked for raw materials, abundant low-cost labor, cheap power, and good transportation markets. Physical infrastructure was the key. Today they look for educated workers, outstanding research universities, entrepreneurial climate, and attractive quality of life. Good roads and airports are still important, but intellectual infrastructure is the key. Manufacturing muscle has been replaced by industrial intelligence. During the industrial era, the average time lag between a research breakthrough and its commercial application was 15 years; by the mid-1970s, it was three to four years. The average life span of a new product was once measured indicates; today, in electronics, it is three to five years. During the industrial era, stability was an important element of economic growth: corporations strove to create stable markets and work forces, while governments strove to create stable environments for corporations. In the new economy, rapid change is the norm, and flexibility—not stability is the key to success.

Polish politicians, managers, entrepreneurs must be aware of these facts in order to be able compete and cooperate on the national and international markets. These above mentioned two forces affected also very strongly communistic countries accelerating there big political changes. These political changes created preconditions for further reforms aiming to build free market economies. Free market economy in Poland means that Polish economy has to follow the international
economy rules. Accepting that point of view it is obvious that experiences of any developed market economy countries can be of great importance for Poland. American case is particularly interesting for Poland, because that economy has been strongly affected by international competition and forced national and states government to look for new forms of economic policies.

American economic problems are relatively well reflected in the economic literature. It can be interesting for Polish reader to cite American economist D. Osborne (1987) describing the most important factors of new environment for today's economic growth of American economy. "To stimulate growth in .. new environment we must create a context in which innovation flourishes as a continuous, everyday process. Government's primary role is to nourish the elements that make innovation possible: a vibrant intellectual infrastructure; a skilled, educated work force; an attractive quality of life; an entrepreneurial climate; a sufficient supply of risk capital; a healthy market for new products and processes; a commitment to industrial modernization and flexibility; and a social system that supports innovation and change. According to D. Osborne, every American state initiative to create economic development falls within one of these nine categories. Let's quote him;

The intellectual infrastructure.

"In today's economy, rapid growth tends to cluster in areas that have quality universities, top-flight research laboratories, and
sophisticated network of investors and entrepreneurs who turn innovative ideas into new or improved products and services. ... To improve their intellectual infrastructures, state governments have poured money into their universities, funded new research institutes, funded university research parks, and created programs to bring academic and business research together".

A skilled, educated work force.
"Nothing is more important, in the long run, than the skills and capacity of (American) work force - what some call "human capital". Further Osborne stress " New technologies can be copied by other nations, even exploited before we (Americans) have a chance to get then to market. But unlike financial capital and technological expertise, human capital is largely immobile. If our (American) work force is better educated, more skilled, and more attractive than those of other nation, we have a competitive advantage that cannot be taken from us".

An attractive quality of life.
"Unlike smokestacks industries that need access to raw materials, and transportation, high-tech plants locate where the quality of life is high enough to draw a skilled force.

Given that physical environment is one ingredient of high quality of life, environmental protection can no longer be viewed simply as hindrance to growth. In many areas, it is now a critical element of growth".

An entrepreneurial climate.
"Many areas with major universities and attractive qualities of
life have not experienced significant growth, because they have not entrepreneurial climates. They lack whatever it is that encourages people to start new companies and pursue new ventures... Often their economies are dominated by large corporation that fail to nurture entrepreneurial behavior within their own ranks and discourage spin-off by employees.
In order to improved entrepreneurial climate, in dozen of states, governments have created business assistance centers, small-business incubators, financing programs for new and small businesses, even tax and regulatory reforms to encourage entrepreneurs".

Risk capital.
"One essential of entrepreneurial climate is a supply of risk capital, to finance innovative ventures. Growing economies require a wide variety of financial institutions capable of providing an array of investment: seed capital; venture capital; loans to small businesses; long-term debt for growing firms that are struggling to turn themselves around. Capital markets dominated by a few large financial institutional often fail to provide this array, because large banks and institutional investors tend to become bureaucratized. To improve their capital markets, many states governments have set up public or quasi-public venture capitals pools and loans funds. More important, they have worked to create new financial institutions in the private sector. They have directed portions of their employees' pensions funds to venture capitals investment or small-business loans. And most important of
all, they have changed the rules governing the private marketplace, to encourage more venturesome investment behavior".

**A market for new products and processes.**

"An early market is a critical element in the survival of any innovative venture. Often new technology companies spring up around large, existing firms, which buy their products and services. Occasionally an entire industry emerges because government has created a demand for its product. The states have tried a number of methods to help their smaller businesses find markets. They have set up procurement assistance programs, to help them tap the federal market. They have helped small firms find work as subcontractors for larger firms in state. And they have developed firms sell their goods abroad.

**A commitment to industrial modernization.**

"If we (Americans) are to be competitive in the new economy, innovation cannot be limited to new enterprises. Mature industries must also embrace innovation and flexibility, by modernizing their manufacturing technologies and adopting production methods that allow them to adjust to rapidly changing markets. To help their mature manufacturing firms make this transition the states have set up a variety of "industrial extension" systems. These services typically provide consultants who help firms analyze their needs, choose the automated equipment they need to remain competitive, and train their work force to use it. Generally they work with smaller firms, which often find it difficult to negotiate the complexities of the microelectronic age on their own".
A new industrial culture.

"The process of continual innovation necessitates a fundamental change in the culture of industry, from hierarchical, adversarial relations between labor and management to cooperative systems in which responsibility and awards are far more equally shared. Corporation can continually improve and change their products and processes only if their workers buy into that process: if they are willing to try new methods, to come up with new ideas, and troubleshoot when problems develop. State governments have begun to encourage this process by funding local labor-management committees and by providing technical assistance to companies and unions that are working to change their internal cultures. A few states have launched efforts to help workers buy out firms that are closing and run them as employee-owned enterprises".

Better social organization.

"In an economy undergoing a transformation as fundamental as that America (and other developed countries) experienced over the past 15 years, economic growth requires social reorganization. A society that asks its people to embrace continual innovation, for instance, must ensure that they are not victimized by the changes that result. American system of social welfare is built on assumptions of stability, rather than change. It assumes that most workers will spend their entire careers in the same type of job. (This statement in fully concerns Polish economy). Fact is now that, American worker changes his job several time in his career, but training system still does not in fully follow that challenges."
Workers who know that they will not be retrained and reemployed at skilled jobs, with decent wages, resist the introduction of automated equipment. People who know that there are no financial systems in place to help them get further education or training resist career changes. In US governments have begun to respond to these problems by transforming social welfare systems into social adjustment systems. They have begun to revamp their vocational-technical education systems and to create new programs designated to retrain people as technologies change. They have begun to provide subsidies for child care and to work with the private sector to expand the availability of child care. And they have set up programs to respond to plant closings and major layoffs with counseling, job training, and relocation assistance. 

III. Meaning of local economic development policy in market economy.

Local economic development and employment generation are relatively new terms that have recently come to mean a number of things depending on where they are used. They are no authoritative definitions for these and other terms used to describe the activities being undertaken around the world to stimulate local economic activity and employment. Local economic development refers to the process in which local governments or community-based organization engage to stimulate or maintain business activity and/or employment.

One can say that it is a process involving the formation of new
institutions, the development of alternative industries, the improvement in the capacity of existing employers to produce better products, the identifications of new markets, the transfer of new knowledge, and the nurturing of new firms and enterprises.

The principal goal of local economic development is to develop local employment opportunities in sectors that improve the community using existing human, natural, and institutional resources to build a self-sustaining economic system. In market-driven economies, communities are marketplaces too. That kind of rather evident approach for market economies can be of something new for Polish local officials. As a result of such approach, communities must put themselves in a position to market their resources intelligently and gain competitive advantages to create new firms and maintain their existing economic base.

IV. National versus local economic policy

In US, both federal government and local officials tacitly agreed that the federal government should remain in the background, using its money but not its muscle to bring about economic change. (Blakely 1989 p.48). But as he further stresses, "the mixture of funding and intervention has become more difficult with the decline of federal funds available for local use. As the nation's industrial stock diminishes, local officials have more need for federal assistance: however, less assistance is forthcoming. Local and state governments are hard pressed both to meet social
commitments to the unemployed and to stimulate development". Essentially, the national government is giving local officials more authority to deal with fewer resources. Herein comes the need for, and the difficulty in, engaging in local development. Local policymakers must take constructive actions to meet the needs of their residents in both the short and long run. National policy may be well suited to long run. Communities faced with plant closures, high unemployment, rising crime, family disintegration, and increasing public assistance burdens must face the long run by taking steps to deal with their economic destiny sooner rather than later.

It is rather obvious that properly organized and integrated central and local economic policy will give higher social productivity improvement. For national economic (or industrial) policy is of great importance to have locally implemented programs. In that way localities can better utilize their comparative advantage. Blakely argues (p.50), "because of the major changes in the international economy, rather in spite of them, local communities can pursue development policies that complement national economic objectives".

Blakely, classify policy measures in its spatial dimension context (p.50)

Scheme for Classification of Policies

<table>
<thead>
<tr>
<th>Sectorial Economic</th>
<th>Spatial Dimension Policy</th>
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In US all these approaches have been tried during differed periods. Blakely points "that a nonpolicy, even when there is a shift in emphasis, is a poor and impractical approach to governance".

A symptom of new national economic policy is incorporating regional and local opportunities by the introduction all over the USA Organization for Economic Cooperation and Development 1986.(OECD).

The objectives of regional/ local economic development, according to the OECD, include (Blakely 1989 p.51)
- strengthening the competitive position of regions and localities within regions by developing the potential of otherwise underutilized human and natural resource potential;
- realizing opportunities for indigenous economic growth by
recognizing the opportunities available for locally produced products and services;
- improving employment levels and long term career options for local residents;
- increasing the participation of disadvantaged and minority groups in the local economy; and
- improving the physical environment as a necessary component of improving the climate for business development and enhancing the quality of life residents.

Thus, we can conclude that from the point of view of national government, is of interest to support regional and local economic development policies. This is because that policies are able to bring about more equitable distribution of development as well as to use the enormous capacity of localities to promote and sustain the development process.

V. Local economic development in American practice

Local governments and community groups throughout the United States are examining their opportunities for improving the economic and employment base. Recent local government initiatives have covered a broad range of activities, from sponsoring local employment projects to actually acting as joint venture partners with private enterprise to develop and manage new enterprises. Similarly, depressed neighborhoods and rural unincorporated areas are developing their own approaches to stimulate local businesses or
creating new institutions like cooperatives to generate jobs or stabilize the community's economic base. In some instances, local governments and community groups are acting on their own, while in others they are cooperating with other communities or tiers of government to embark on economic development activities, as well as the initiatives undertaken, are nearly as diverse as the nation itself. Irrespective of the form, the goal is the same; namely, to provide the neighborhood, locality, or region with greater capacity to contribute to determining its own economic destiny.  

Local American Governments gradually change their approach to the promotion of economic development. The simple approach to economic growth meaning to most people creation of more jobs, more plants, and more buildings has no value any more. "In reality, of course any government can give the appearance of creating jobs, plants, and buildings, simply by spending taxpayers' money (which would be otherwise have spent on others things, creating other jobs, plants, and buildings). Many governments have done just that. They have recruited industrial plants with lavish subsidies. They have launched public-sector jobs programs. They have built infrastructure projects, ..some time huge and ambitious..And growth has stubbornly refused to follow".

Economic development may not be useful or reasonable for every local government or community. Nonetheless, communities
irrespective of their size or location must consider their destiny as a major component of their political agenda.  

"Economic growth is an elusive goal. It is not a thing but process - capricious and unpredictable. It is a chain reaction in which one investment leads to another, one innovation triggers the next. This chain reaction requires certain ingredients, and government has critical role to play in providing them: top-flight universities, quality education systems, funding for research, training, and others elements the private sector cannot provide on its own. Government obviously sets the rules by which the marketplace functions, and manages the macroeconomic fundamentals so important to a predictable investment climate. Recent state experiences has demonstrated that government also has an important role to play - as a catalyst, broker, and partner with the private sector - in ensuring that the ingredients of growth come together in the right mix. But government cannot control the process of growth; it cannot be made to happen in a step-by-step manner."  

"In other words, economic development is the process of innovations, in a context that makes it possible to apply the innovations to everyday creation of products and services."  

VI. Local institutional involvement in economic development
Economic development is, as American practice shows, an institution-building process. As a result, it requires the emergence of planning systems and institutions that can manage the development process over extended periods of time. It is the planning process, not the plan or document, that is significant. An institution with specific responsibility to coordinate each step of the local economic development process is essential. The development strategy plan, as well as the process itself, requires fiscal resources, technical expertise, leadership, and imagination. Some type of fully staffed, locally based institution must be available to assist in identifying and mobilizing all these resources in order to carry out strategic planning. (Blakely p. 254)

Local institutional involvement in economic development is an extremely complex process. It requires increased knowledge and cooperations on the part of governmental officials, business, unions, professional leaders, and community groups. Therefore, community organizations or local government officials must carefully consider whether they possess the necessary institutional resources as well as economic development opportunities before they embark on any activities.

Regardless of what form the development organization takes, the essential point is that it should have sufficient authority and resources to undertake at least the following activities: (Blakely p. 254)

research- to provide background information on the area's
needs;

information provision- on identified target activities;
marketing- customized according to specific development strategies; and,

coordination of activities of other groups important to the achievement of the overall development strategy.

Blakely summarized the most important features of well developed organization involved in economic development. According to him;
1) It should have an appropriate legal structure. Appropriate legal structure should reflect the needs and goals of the organization and venture and should also as simple as possible.
2) It should be a clearly written definition of management and staff roles and responsibilities.
3) It is a need to be balance between funds devoted to staffing and funds provided to staff for work-related costs. Blakely argues that "too much funding devoted to salaries can result in staff not carrying out important tasks because they cannot provide project funding."
4) There must be a specific person responsible for preparing and monitoring reports, and who is in charge of analysis.
5) Well organized and strong financial planning controls and forward-looking financial planning system. "The financial system should be structured so that overhead and administrative costs are not hidden, but are allocated fairly and openly between the various programs. Strong financial controls enable the organization to keep
accurate records of its finances and pinpoint trouble spots quickly".

6) It should have also strong economic and employment planning component. "This will enable the organization to look to the future and place current and short-term community interest and needs in the context of long-term perspective on community revitalization and independence", and also effective targeted marketing programs for development activities.

7) Another feature is strong connection with the private sector and good relations with all the social groups within the community. "This helps ensure that the organization is meeting the needs and expectation of these groups and enables the organization to make use of the community's resources to create healthy ventures. The support of the private sector is essential for obtaining businesses advice, financing, and possibly also contracts", public support can strengthen the ability to obtain public and other grant funds.

8) Organization should identifies and develop its activity through vertical and horizontal integration with other institutions involved in economic development.

9) Well-developed, Local economic development organization, should be aggressive in identification of new areas for growth. Blakely argues that "for continuing success, the organization must constantly move forward, identifying new ventures and activities that will help it to meets its goals". Key role in that kind of activity should play expert officer (economic development
specialist).

In USA there are generally three types of development organization.
1. There are government agency organization. These are components or complete delegate agencies of national government, state government or city government.
2. There are private development associations, which are sponsored by local/regional businesses and operate with the permission or endorsement of state/local government. These are private bodies usually affiliated with, or component of, chambers of commerce, manufactures, or other similar bodies.
3. There are local development corporations. They act as semi-independent bodies that coordinate and actually managed development projects for or with local government. These organizational approaches are seldom observed in their pure form.

Each of these forms have their advantages and disadvantages. Blakely argues (p.258), "the major advantage of the government agency is its connections to the political system and, as such, it has access to the political resources of the locality as well as state and federal governments. Its chief disadvantage is being subject to the delays of government bureaucracy. In local development planning, where speed is essential, this may be fatal flaw unless local government is genuinely in support as manifested through city council actions.

Private development organization can themselves act quickly, but they are bound by limited interest. Generally, they are only
concerned with the promotion of existing private businesses and with the real estate and investment opportunities associated with new firms. There is seldom room on the agenda in private organization for involvement in wider employment and community welfare activities. Private groups, however, can function far more effectively than government bodies in economic sector such as tourism and retail development.

Development corporations, that involve government as well as business and community are the most used form of organization. The reason for this is that such organizations continue to enjoy government and private support." Further Blakely stress, "that in some instances these organization are given too little power and responsibility from either the private sector or government agencies".

Conclusion from above consideration is that; it must be, theoretically taken matter, a certain optimal equilibrium between power and responsibility of those organization functioning on the regional/local level which, when achieved, could diminished essentially social cost of promoting of economic development.

In the appendix to this paper I gave more detailed discription of 3 chosen Maryland's organization these are; Department of Economic and Employment Development (DEED) - State of Maryland, Baltimore Economic Development Corporation (BEDCO) and Small Business Development Centre (SBDC).

The list of major institutions involved in economic development in
Maryland, presented in Appendix, is to give the Polish reader the image on the scope and importance of institutional network within the well developed market economy.

State of Maryland has relatively very well developed system of that kind of institutions. To great extend that system reflects situations in other states. Maryland is also a good example of studies because in this State we can find very broad spectrum of approaches to economic development. For example, among 55 different financial incentives used by the states in 1985, to promote economic development, this state used 23. It was the biggest amount at that time.  

VII. Conclusions

Considering application of American experiences we must be aware of the fact that in centrally planned economy, management was oriented on top-down relation. Horizontal relation which prevail in free market economies have been generally neglected as by decisionmakers as by directors of state owned firms. In spite of that ignorance, local environment\(^1\) has had evident influence on effectiveness and efficiency of state owned firms, and in much more broader sense, on social productivity. Because it was neglected and ignored it causes unwanted and unforseen side effects.  

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\(^1\)In that case, by local environment I mean horizontal relations between all elements of the environment and given business and related with that local externalities..
The problem for new Polish economy is, that the Polish managers have got used to a top-down system of management. Reorientation of their behavior, to make them look for opportunities resulting from horizontal relation will be of great importance for improvement of Polish economy. That kind of reshaping of managerial orientation can be successful only when local communities and locally established institution will be actively involved in economic development. Reestablishment of relationships from vertical subordination of the firms to the central headquarters towards horizontal cooperation between them and other legal entities of given territory, will not be easy job. That is why, according to me, creating of the system of professional economic development institutions, acting on the local level, is so important. Properly developed institutional network on the local levels could assist firms, businesses and other emerging activities, not only in understanding market economy rules, but also be involved in shaping the new business environment necessary for promoting of economic growth in quite new situation. Besides this, only when we built up the system of that kind of institutions, we can properly use of different forms of incentives suitable for market economy and cope with challenges of international competitions. One can say that establishment of economic development organizations is a basic precondition for further developing of different tools and incentives by politicians wanting effectively to support economic growth.
From American model results that the most popular organizational form of local economic development corporation is a non-profit, tax-exempt entity that can received contributions. Typically, the corporation is supported by funds donated by member companies. Advantages of that kind of corporations, as well as other private bodies (like business councils) is that, they can solicit private funds from corporate members and other sources for economic development that are not accessible to territorial governments. Besides that, they can supplement local governments by spending funds for activities that local government is not authorized to undertake. That possibility, can be of great importance in Polish situation, when local governments are being under deep reconstructing process and their real competence are/or will be in certain time uncertain.

Recommending for Poland a necessity of establishing institutional infrastructure for economic development is important to stress that, grouping different functions to be promoted within the same agencies must be considered very carefully. As results from American experiences, some obvious and logic functions in theory, can in practice have conflicting agendas. If it is too many programs in the hands of one corporation, it can also create problems with proper operation of this agendas,- where should be focus attention - and some times some important programs are neglected.
Polish Central Government should create legal and political infrastructure encouraging businesses, people, local governments etc., to establish different economic development institutions. Within these frameworks particular regional/provincial, municipal governments etc., may create institutional structure, and elaborate own economic development strategy. In the beginning creation of economic development institutions (agencies) could have character of "local demonstrations projects". As a pattern for establishment we could use American experiences. I would recommend, for example to founded economic development corporation in Lodz, following the experiences of BEDCO. Having now confirmed sister state relationships between Maryland State and Lodz Region, is a great chance to get training, and counseling support from BEDCO.

Just recently, Chamber of Commerce has been founded in Lodz. That creates another opportunity to match the Lodz Agency with some of others of that kind in Maryland. It can give the Lodz Chamber of Commerce great chance to use American experiences in the marketing field. It can also benefit both cooperating sides financially by establishing oversees market opportunities for Maryland's and Lodz Region's businesses. That kind of links are strongly recommended to be developed within other sister city programs, which has been established between some of Polish and American cities.
1. Participation of private sector in national employment was: 1980 - 4.9%, 1986 - 8.6%, 1988 - 11.2%.

2. I dare to say that the problem has not been solved yet. This is a real challenge for international studies in that field and a recommendation for the Polish territorial government in its transformation period.


Boston, Massachusetts), p. 3


6. E.J. Blakely, p. 15


DEED is State - public Institution, acting on State, city, municipality and county level.

Maryland DEED promotes economic development and jobs through its efforts in five areas:

1. Business Development, Retention and Expansion
2. Marketing and Promoting of Maryland
3. International Trade
4. Financial Assistance
5. Employment Security and Training Services

DEED is an employer for 1328 of people.

Its professional structure looks as follows:
<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>official/administrators</td>
<td>66</td>
<td>5,0</td>
</tr>
<tr>
<td>professionals</td>
<td>807</td>
<td>60,8</td>
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<tr>
<td>technicians</td>
<td>24</td>
<td>1,8</td>
</tr>
<tr>
<td>protective service workers</td>
<td>9</td>
<td>0,6</td>
</tr>
<tr>
<td>paraprofessionals</td>
<td>154</td>
<td>11,6</td>
</tr>
<tr>
<td>office/clerical</td>
<td>246</td>
<td>18,5</td>
</tr>
<tr>
<td>skilled craft workers</td>
<td>8</td>
<td>0,6</td>
</tr>
<tr>
<td>service/maintenance</td>
<td>14</td>
<td>1,1</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td>1328</td>
<td>100,0</td>
</tr>
</tbody>
</table>

Organizational structures of the DEED presents chart no 4.

DEED as part of State Government is financed from state budget.

Relations and connections with other institutions.
In terms of the federal government, DEED is implementing institution/agency for job service, unemployment insurance, federal job training, community development block grants and some small business administration programs. DEED receives funding and oversight from appropriate federal agencies.
At the state level, DEED is one of 13 cabinet agencies and cooperate with all other agencies in the implementation of administration policy. It provides funding and technical assistance to counties and municipal governments throughout the State.
DEED has very broad spectrum of clients and customers like:

* business community (includes national and international)
* individual workers
* tourist
* local elected and appointed officials, particularly local economic development and tourist offices
* special interest groups, i.e., film community, arts organizations, sports groups.
Figure 1

Maryland
Department of Economic & Employment Development

Secretary

Deputy Secretary

Administration

Executive Office
EEO
Attorney General
Public Information
Program Analysis & Audit
Research

International Division

CDBG-ED
Day Care
MICRF
MIDFA
MLSP
MSB DFA

Business Development

Technology Development

Employment & Training

Board of Appeals

Training
Employment Services
Employment Insurance

Tourism & Promotion

Arts Council
Film Commission
MD Magazine
Sports Promotion
Tourism Development
OFFICE OF THE SECRETARY - responsible for coordination of all programs within the department.

LEGISLATIVE LIAISON OFFICE - responsible for DEED's interaction with the Maryland General Assembly, including preparation of departmental legislation and testimony. Follow up on legislative requests and scheduling of legislative activities.

OFFICE OF EQUAL OPPORTUNITY - administers a comprehensive Equal Opportunity Compliance Program and ensures that all departmental programs and activities comply with the requirements of applicable state and federal laws, regulations, policies, procedures and guidelines prohibiting discrimination.

OFFICE OF THE ATTORNEY GENERAL - provides counsel and representation for departmental programs and activities, including representation in circuit courts and courts of appeal, as well as the writing and negotiation of contracts for business, financing and economic development in the state.

OFFICE OF PUBLIC INFORMATION - coordinates public information and community relations activities including media relations, publications development, audio-visual services and internal agency information.

OFFICE OF PROGRAM ANALYSIS AND AUDIT - evaluates and audits internal programs for program performance and compliance with enabling legislation.

OFFICE OF RESEARCH - provides data and economic analysis of state policy issues affecting the Maryland economy.

DIVISION OF ADMINISTRATION - directs, coordinates and evaluates the delivery of administrative services for the department.

OFFICE OF BUDGET AND FINANCE - prepares and monitors program budgets; responsible for payroll and payments to vendors.

OFFICE OF CONTRACTS AND PROCUREMENT - prepares and oversees departmental contracts and procurements.

OFFICE OF GENERAL SERVICES - manages DEED facilities in Baltimore and 27 local offices throughout the state; coordinates printing operations, mail distribution and supplies for agency.
OFFICE OF INFORMATION PROCESSING - develops and maintains information systems for the department.

OFFICE OF LABOR MARKET INFORMATION AND ANALYSIS - builds and interprets data files on Maryland workforce to support departmental programs.

OFFICE OF PERSONNEL - provides recruitment, staff development activities and other personnel services to the department.

DIVISION OF BUSINESS DEVELOPMENT - markets the State of Maryland's advantages to businesses, respond to the needs of resident businesses and assists new businesses.

MARYLAND BUSINESS ASSISTANCE CENTER (MBAC) - business information serving Maryland businesses and individuals.

NATIONAL MARKETING - markets the state to businesses wishing to relocate or start-up a branch plant of office.

MARKETING RESOURCES - provides research services and information support to business development projects.

SMALL BUSINESS DEVELOPMENT CENTERS - coordination of five centers around the state that offer counseling and technical assistance to aspiring entrepreneurs and small businesses.

OFFICE OF TECHNOLOGY DEVELOPMENT - assists existing businesses in expanding and/or adapting to new technologies; assists new emerging businesses; recruits new high-tech and biotech firms to Maryland.

DIVISION OF EMPLOYMENT AND TRAINING - coordinates the state's public and private resources in employment and training and administers Maryland's Unemployment Insurance Program.

OFFICE OF EMPLOYMENT TRAINING - develops, manages and implements training programs and provides employment and training services, including the state's summer jobs program, industrial training program, and apprenticeship grants to ten Service Delivery Area's for the federal Job Training Partnership Act program.

OFFICE OF EMPLOYMENT SERVICES - provides labor exchange and referral services, to employers and jobseekers together with Unemployment Insurance, operates 27 local offices located throughout the State.
OFFICE OF UNEMPLOYMENT INSURANCE - administers a fair and equitable State unemployment compensation system for workers who become unemployed through no fault of their own; together with Employment Services, operates 27 local offices throughout the state.

FINANCING PROGRAMS - responsible for the overall coordination of finance programs administered by the department.

MARYLAND INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY (MIDFA) - provides financial support for in-state businesses or those considering locating in the state, by issuing bonds and insuring loans.

MARYLAND SMALL BUSINESS DEVELOPMENT FINANCING AUTHORITY (MSB DFA) - provides loan guarantees and financing assistance to small and minority-owned businesses, and to companies owned by socially or economically disadvantaged business persons.

MARYLAND INDUSTRIAL AND COMMERCIAL REDEVELOPMENT FUND (MICRF) - provides grants and loans to local jurisdictions for industrial and commercial development projects.

MARYLAND INDUSTRIAL LAND ACT (MILA) - provides direct loans to local governments to create adequate sites for industrial and commercial development.

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG) - administers federal funds for economic development projects that benefit low and moderate income persons; addresses a community's "urgent needs."

DAY CARE FINANCING PROGRAMS - guarantees bank loans and provides direct loans for day care facilities.

MARYLAND INTERNATIONAL DIVISION - directs the state's diverse international marketing programs and activities, including reverse investment and international trade; coordinates marketing activities of DEED and the Departments of Transportation and Agriculture.

OFFICE OF INTERNATIONAL TRADE (OIT) - expands the international trade consciousness of Maryland firms, assists companies which have the capability and interest to develop overseas markets and helps those which are exporting to increase their sales to existing markets and/or develop new ones.
SISTERS PROGRAM - promotes improved understanding and increased trade between Maryland and our sister cities, counties, ports and states through community involvement and people-to-people relationships.

DIVISION OF TOURISM AND PROMOTION - coordinates the public and private resources available to promote the State of Maryland; directs Marketing Roundtable of all state agencies who market the state.

OFFICE OF TOURISM DEVELOPMENT - provides information on the many tourist destinations and events Maryland has to offer to national, international and in-state travelers.

MARYLAND MAGAZINE - publishes a quarterly magazine on lifestyles in Maryland including history, events, people and business. Also, produces and sells gift items and publications with a Maryland theme.

MARYLAND FILM COMMISSION - promotes production of feature films, television programs, documentaries, advertising, etc. in Maryland.

MARYLAND STATE ARTS COUNCIL - the official arts agency for Maryland, which provides matching grants to artists and art organizations, initiates and administers programs to make art of high quality available to citizens.

OFFICE OF SPORTS PROMOTION - works to promote awareness of and participation in Maryland sports.
Baltimore Economic Development Corporation (BEDCO)

BEDCO has been established in 1975.
It acts on the area of City of Baltimore.
BEDCO provides assistance to new and existing businesses interested
in expanding at their present location, financing new and expanding
operations, and expanding market opportunities. Ombudsman
assistance includes expediting the review of public approvals and
other government services in Baltimore City. As the City's economic
development agent, BEDCO's goals are two-fold: increasing job
opportunities and expanding the tax base.
BEDCO is a private but non-profit organization. Public character of
the corporation results from that, that it is representing
interests of the City and has at the disposal city's money for the
economic development (ca 80 %). 20 % of expenditures is covered by
own incomes resulting from its business activity like ;incomes from
selling land, participation in profit of joint-ventures etc..
In BEDCO work 24 person; Professional staff consist of 14 highly
educated and very skilled person;
The rest of staffpeople are involved in technical assistance.
Corporation has very well developed relations and connections with
other organization. They are formal, resulting from representing
of City's interests, and informal resulting from personal
involvement of staffpeople in different City's and State's councils
and commissions associated with controlling of urban and economic
development. BEDCO is also a member of different national
association. Through that membership it has access to information and experiences of other similar corporations.

Forms of activity, available incentives and instruments

BEDCO administer development funds from both public and private sources;
- manages industrial estates and commercial facilities for the government;
- operates parking facilities and other services as joint public-private ventures;
- enters into contracts and borrow funds for various development projects;
- engages in marketing and promoting activities;
- takes part in technical assistance for small business - etc.

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City Government

BEDCO BOARD (1)

President of BEDCO (2)

Controller Finance Division (3)

V. President Business Devel. Division (4)

V. President Real Estate Division (5)

Figure 2. Model Structure of BEDCO.
(1) BEDCO Board consists of 5 members; it includes representatives from city administration: 1-Housing Department; 2-Planning Department; 3-Finance Department; 4-Mayor's Office; 5-President of BEDCO.

(2) President of BEDCO is responsible for whole activity of corporation. He is appointed by the Mayor of the City.

(3) Finance Division consists of 1 person (Controller) who is responsible for bookkeeping and accounting.

(4) Business Development Division is in the gestion of one of V.Presidents. There work 4-5 staffpeople. Division works on the following subjects:
   - lending
   - labor
   - business retention activities

(5) Real Estate Division is run by second V.President. There work also 4-5 staffpeople. Division is responsible for:
   - construction management,
   - business park development
   - real estate servicing (for privately owned real estate)
c. **Small Business Development Center**

Small Business Development Center (SBDC) is the system of institution which has been developed by State Governments in response to Federal Small Business Development Program which was established 10 years ago. On the central level Small Business Development Program is run by U.S. Small Business Administration (SBA). There are 600 centers of SBDC over USA. In Maryland, SBDC is a part of State program. Formally it is in the responsibility of the Department of Economic and Employment Development (DEED). SBDC has its own territorial organization in Maryland, i.e. it is organized in 6 regions for whole State. Usually they are very small units. The greatest one, which consist of 7 persons, acts on the territory of Greater Baltimore, where lives 50% of Maryland's population.

Local units of SBDC are usually private, non-profit oriented institutions.

This concerns also the Unit of SBDC acting in Greater Baltimore. Its organizational structure and relationships with State and Federal Programs are presented in chart no....

Needless to say that in Baltimorean SBDC is working highly professional staff.

Cooperation with volunteers professionals is the rule of the activity of SBDC. In that way effectiveness and scope of assistance
offered by the considered organization is relatively broad one. People, who work voluntary for SBDC are mostly professional business people. Someone can say that they are working voluntary because they expect in the future some others financial and social benefits.

Expenditure for running the activity are covered from different resources. The basic source however is a grant from Federal Government. It covers 75%. The others financial sources are; State Government donation, Local Governments donation, and other money gifts from financial institutions (banks), accounting firms etc.. Thus, Baltimorean unit is strongly involved in "requesting money" for financing their activity.

Baltimorean SBDC has very well and strong developed relationships with all institutions locally involved in promoting economic development. It is a key for its successful activity in the field of supporting small businesses. The basic forms of Baltimorean SBDC are as follows; -unpaid counseling and advising in; business administration, accounting, financial plan preparation (for these who apply for loans), -organizing conferences and training programs in collaborations with other institutions (like chambers of commerce, universities, colleges etc.)

50
LIST OF MAJOR INSTITUTIONS INVOLVED IN ECONOMIC DEVELOPMENT IN
THE STATE OF MARYLAND

I. PUBLIC INSTITUTIONS

FEDERAL agencies

1. U.S Department of Commerce - Baltimore District Office.

The U.S Department of Commerce is the primary agency responsible for promoting and controlling U.S. exports and other foreign trade activity. Within the Department of Commerce the International Trade Administration oversees the U.S. and Foreign Commercial Service which provides a link between U.S. suppliers and foreign buyers. This department also promotes U.S. exports directly in foreign markets through its commercial offices located in the U.S. embassies abroad and its district offices throughout the United States.

2. U.S. Small Business Administration.

Baltimore District Office.

The Small Business Administration is the U.S. Government's agency for promoting small businesses activity through financial assistance and counseling.

It provides a comprehensive program of business assistance including management counseling, training, and information. Assistance ranges from help with preparing a business plan and market research to financial assistance. Each Small Business Development Center has access to a larger network of resources that are available to area businesses. Training is provided through courses, seminars, workshops, or intensive counseling.

Howard University, located in Washington, DC, serves as the lead center for a network of Small Business Development Centers located at other educational institutions in the Maryland/Washington, DC metropolitan area.

In Maryland there are 2 schools involved in that network;

The University of Maryland (SBDC)-College of Business and Management.

Montgomery College, Center for Small Business.

4. Small Business Institutes;
They utilize university and college business majors and graduate level students in business programs to work as counselors under faculty guidance to analyze and evaluate a business project and provide a written report stating the problem, alternatives and possible solutions.

The network of SBI in Maryland contain 5 institutes at 5 universities.

REGIONAL INSTITUTIONS
Maryland/Washington Export Council.
Members of the Council are appointed by U.S. Secretary of Commerce. It is an experienced group of volunteer community leaders in various fields related to international trade. Members work closely with the U.S. and Foreign Commercial Service and especially with the Baltimore District Office to improve the export performance of local business and create jobs in the Maryland/DC area.

STATE INSTITUTIONS

Department of Economic and Employment Development;
The Department is organized into six Divisions. These include Administration; Business Development; Maryland International Division; Financing Programs; Tourism and Promotion; and Employment and Training.

1) Maryland International Division.

Through a network of State international marketing groups, MID serves as the State's "One-Stop-Shop" for companies interested in, or conducting international trade and commerce, international tourism, direct foreign investment in Maryland, and exporting or importing through the Port of Baltimore or the Baltimore/Washington International Airport.

2) Maryland Office of International Trade.

The Office promotes the development of international trade activities by firms within the State. The services of the Office are
geared to expand the international trade awareness of Maryland firms, to support those firms that have the capability and interest in developing overseas markets.

3) Maryland Industrial Development Financing Authority. (MIDFA). It offers a variety of financial assistance packages for Maryland businesses for both domestic and international projects.

LOCAL INSTITUTIONS

On the local level each county or city has Economic Development Organization.
They are organized in different forms;
The most popular forms are as follows:
Departments or offices of local governments, corporation, committees, commissions, advisory board etc.
In Maryland there are 28 of such institutions.
In Baltimore that group represents Baltimore Economic Development Corporation (BEDCO)
Besides that we can find Multi-County Non Profit Organization.
Contemporary there are 4 of them;

Tri-County Council for Western Maryland,
Chesapeake County Economic Development Corporation
Tri-County Council for Southern Maryland
The Mayor's Office of International Programs and Protocol.
The above listed entities were created to promote and encourage export development activities within their geographic regions and have been providing with matching grants from the Maryland Office of International Trade for that purpose.

II. EDUCATIONAL INSTITUTIONS

Within the well-developed network of colleges and universities of Maryland there are ca 26 major academic departments, bureaus, centers and institutes involved in supporting economic development. They offer broad spectrum of training courses in business management, economic research, counseling, consultation in management technical assistance in international and local businesses, planning services, source information, conferences etc.

Besides them, there are 13 others colleges offering adult education related with economic development.

III. PRIVATE INSTITUTIONS

The most popular form of private organization involved in economic development activity are local Chambers of Commerce. In Maryland there are 27 of them.

There are also other private organization like; -Trade Association (Maryland has 3 of them; these are professional
bodies designated to encourage interaction among those interested in and concerned with international trade.)

-Greater Baltimore Committee..............................................

-Maryland Economic Growth Association (MEGA) ; It is a professional organization designated to promote the growth of Maryland's economy. It does so by offering a full range of services for businesses investment and expansion, including the sponsorship of international trade missions. It is composed of chief executives of Maryland's largest corporations, professional firms, and academic institutions.
E. CHOSEN STATISTICAL DATA

POPULATION OF MARYLAND

/ in thousands/ Table 1

<table>
<thead>
<tr>
<th>Years</th>
<th>1985</th>
<th>1989</th>
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<tbody>
<tr>
<td>County</td>
<td></td>
<td></td>
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<tr>
<td>Baltimore City</td>
<td>760</td>
<td>744</td>
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<tr>
<td>Baltimore County</td>
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<td>693</td>
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<tr>
<td>Carroll County</td>
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<td>Harford County</td>
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<td>Howard County</td>
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<tr>
<td>Anne Arundel County</td>
<td>397</td>
<td>428</td>
</tr>
<tr>
<td>Total Greater</td>
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<td>2326</td>
</tr>
<tr>
<td>Baltimore</td>
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<td>-</td>
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<tr>
<td>Other counties</td>
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<td>-</td>
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<tr>
<td>Total State of Maryland</td>
<td>4349</td>
<td>-</td>
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Source: Annual Vital Statistics Report Maryland, 1984, p.3
<table>
<thead>
<tr>
<th>Major groups</th>
<th>Number of establishment</th>
<th>% for week</th>
<th>Average employment size of establishment</th>
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</thead>
<tbody>
<tr>
<td>Agriculture, services</td>
<td>1 347</td>
<td>1.3</td>
<td>7.2</td>
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<tr>
<td>forestry and fisheries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mining</td>
<td>136</td>
<td>0.1</td>
<td>21.0</td>
</tr>
<tr>
<td>Contract construction</td>
<td>10 971</td>
<td>10.8</td>
<td>12.9</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4 169</td>
<td>4.1</td>
<td>56.8</td>
</tr>
<tr>
<td>Transportation and other public utilities</td>
<td>3 495</td>
<td>3.4</td>
<td>24.2</td>
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<tr>
<td>Wholesale trade</td>
<td>6 175</td>
<td>6.1</td>
<td>15.9</td>
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<tr>
<td>Retail trade</td>
<td>25 335</td>
<td>24.9</td>
<td>14.6</td>
</tr>
<tr>
<td>Finance insurance and real estate</td>
<td>9 140</td>
<td>9.0</td>
<td>13.4</td>
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<tr>
<td>Services</td>
<td>33 918</td>
<td>33.4</td>
<td>14.7</td>
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<tr>
<td>Unclassified establishment</td>
<td>6 923</td>
<td>6.8</td>
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<tr>
<td>TOTAL</td>
<td>101 609</td>
<td>100.0</td>
<td>15.6</td>
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</table>

59
### Table 3

<table>
<thead>
<tr>
<th>Major groups</th>
<th>Number of establishment</th>
<th>Employees for week</th>
<th>Average employment, size of establishment</th>
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<tr>
<td>Agriculture, services forestry and fisheries</td>
<td>260 1,5</td>
<td>1 485 0,6</td>
<td>5,7</td>
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<tr>
<td>Mining</td>
<td>- -</td>
<td>- -</td>
<td>-</td>
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<tr>
<td>Contract construction</td>
<td>1 775 10,6</td>
<td>21 273 8,0</td>
<td>12,0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>602 3,6</td>
<td>53 191 20,1</td>
<td>88,4</td>
</tr>
<tr>
<td>Transportation and other public utilities</td>
<td>506 3,0</td>
<td>8 673 3,3</td>
<td>17,1</td>
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<tr>
<td>Wholesale trade</td>
<td>1 054 6,3</td>
<td>15 386 5,8</td>
<td>14,6</td>
</tr>
<tr>
<td>Retail trade</td>
<td>4 454 26,5</td>
<td>69 310 26,2</td>
<td>15,6</td>
</tr>
<tr>
<td>Finance insurance and real estate</td>
<td>1 610 9,6</td>
<td>20 195 7,6</td>
<td>12,5</td>
</tr>
<tr>
<td>Services</td>
<td>5 524 32,9</td>
<td>72 726 27,5</td>
<td>13,2</td>
</tr>
<tr>
<td>Unclassified establishment</td>
<td>997 5,9</td>
<td>2 187 0,8</td>
<td>2,2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>16 797 100,0</strong></td>
<td><strong>264 692 100,0</strong></td>
<td><strong>15,8</strong></td>
</tr>
<tr>
<td>Major groups</td>
<td>Number of establishment</td>
<td>%</td>
<td>Employees for week</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>-------------------------</td>
<td>----</td>
<td>--------------------</td>
</tr>
<tr>
<td>Agriculture, services forestry and fisheries</td>
<td>68</td>
<td>0.4</td>
<td>707</td>
</tr>
<tr>
<td>Mining</td>
<td>15</td>
<td>0.1</td>
<td>420</td>
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<tr>
<td>Contract construction</td>
<td>958</td>
<td>6.1</td>
<td>15 159</td>
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<tr>
<td>Manufacturing</td>
<td>1 021</td>
<td>6.5</td>
<td>56 114</td>
</tr>
<tr>
<td>Transportation and other public utilities</td>
<td>581</td>
<td>3.7</td>
<td>25 747</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>1 079</td>
<td>6.9</td>
<td>19 888</td>
</tr>
<tr>
<td>Retail trade</td>
<td>4 082</td>
<td>26.0</td>
<td>50 380</td>
</tr>
<tr>
<td>Finance insurance and real estate</td>
<td>1 481</td>
<td>9.4</td>
<td>36 534</td>
</tr>
<tr>
<td>Services</td>
<td>5 457</td>
<td>34.8</td>
<td>123 218</td>
</tr>
<tr>
<td>Unclassified establishment</td>
<td>940</td>
<td>6.0</td>
<td>3 069</td>
</tr>
<tr>
<td>TOTAL</td>
<td>15 682</td>
<td>100.0</td>
<td>331 336</td>
</tr>
<tr>
<td>Forms of property (Enterprises)</td>
<td>Works establishment</td>
<td>Employment in thous</td>
<td>Average size of enterprise</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>State owned</td>
<td>3 116</td>
<td>9 800</td>
<td>3683,7</td>
</tr>
<tr>
<td>Cooperatives</td>
<td>2 348</td>
<td>17 700</td>
<td>538,7</td>
</tr>
<tr>
<td>Private</td>
<td>210 200</td>
<td>210 200</td>
<td>474,6</td>
</tr>
<tr>
<td>Total</td>
<td>215 664</td>
<td>237 700</td>
<td>4697,0</td>
</tr>
</tbody>
</table>


(1). By works (enterprises) I mean legal production entities having full legal rights,
(2). By establishment I mean physically and technologically separated part of works.

In the process of deconcentration and demonopolization of Polish economy, each establishment can be of potentially independent enterprise.
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