BORDER & REGIONAL STUDIES
FORMERLY KNOWN AS POGRANICZE POLISH BORDERLANDS STUDIES (2013-2020)

Cross-border ties in the light of the EU common market

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https://doi.org/10.25167/brs2199
Submitted: 24 Sep 2020; Accepted: 29 Dec 2020; Published: 2 Jan 2021

Abstract:

Cross-border regional economic ties in the EU have been the subject of numerous studies across various academic fields. A special dose of attention, however, has been paid to the ties between the EU border regions. This is no doubt related to the intensification of European integration, in particular at the regional level. One source of particular impact on border regions is the economy of the common market. Surprisingly enough, this economy has not found its proper reflection in the research on border regions and their problems in the light of the broadly defined European regional studies. As a consequence, it is necessary to carry out an in-depth analysis of the literature on cross-border cooperation and economic integration in order to capture the impact of the single market on cross-border relations. The aim of this paper, therefore, is to analyze the economic determinants of cross-border economic ties between the EU regions. To this end, the text begins with an overview of (1) the key characteristics of the common market, followed by (2) the impact of market economics on the regional ties, with particular emphasis on the border regions. The problem has been illustrated on the basis of the Polish-German borderland. The conducted examinations indicate that the economic ties between border regions vary in intensity. At the same time, the vicinity of the border is often insufficient as a factor ensuring a high degree of intensity in the movement of production factors or business relations across the border. It is market mechanisms rather than the location on the border that comprise the primary determinant in this regard. The primary focus of this study is the movement of production factors. The methodology of this text has been based primarily on the analysis of the subject literature on the notions of market economics, optimum currency area, and the broadly defined European regional studies.

Keywords:

common market, cross border cooperation, free movement of production factors, European integration, European Union

Citation (APA):

Wróblewski, Ł.D. (2020). Cross-border ties in the light of the EU common market. *Border and Regional Studies, 8(4):* 187-205.

Introduction

Cross-border regional economic ties in the European Union have been the subject of numerous studies across various academic fields. A special dose of

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attention, however, has been paid to the ties between the EU border regions. This is no doubt related to the European integration processes occurring at the international, regional, and local levels, from the establishment of the Dutch-German Euroregion EUROREGIO, through the adoption of a number of conventions on cross-border cooperation by the Council of Europe (e.g. The European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities), and the institutional and financial support extended by the EU to different forms of cross-border cooperation (e.g. INTERREG).

One particularly interesting instance of cross-border cooperation has been the collaboration of regional authorities. The subject literature has focused primarily on the cooperation of local governments across Europe, with most studies focusing on the regions within the EU (Perkmann 1999, 2003, 2007a, 2007b; Perkmann and Spicer 2007; Dołzbłasz 2012; Dörry and Decoville 2013; Bański and Janicki 2013; Sohn and Reitel 2013; Nelles and Durand 2014; Wróblewski 2017, 2020a, 2020b). Some of the most frequently studied issues include the forms of barriers to, and conditions for, the collaboration of local authorities, including the projects financed from the EU structural funds (Hansen and Serin 2007; Pikner 2008; Löfgren 2008; Raczyk et al. 2012; Dołzbłasz 2012; Durand and Nelles 2014; Nelles and Durand 2014; Wróblewski 2017, 2020a, 2020b).

The specific situation of the border regions results in the recurrent and various types of ties between them, such as business cooperation, shopping tourism, worker migrations, or informal economies. The cross-border cooperation of business entities has been a relatively new yet intensely covered research subject (Wastl-Walter and Kofler 1999; Green et at. 2001; Strüver 2002; Bouwens 2004; Lammers et al. 2006; Van der Velde and Spierings 2010; Bergs 2012; Raczyk et al. 2012; Van der Velde 2012; Decoville et al. 2013; Wróblewski 2014, 2017, 2018, 2020b; Koff 2015; Bressan 2017; Dołzbłasz and Raczyk 2017; Szytniewski and Spierings 2018; Kooiman, Latten and Bontje 2018). Shopping tourism and employee mobility have been studied to a slightly lesser extent. These three notions determine the degree of intensity of regional ties. Each region, including border regions, may form a network of ties with other regions (Isard 1965; Wróblewski 2018).

One particular source of impact on the border region is the economy of the common market of the EU. It facilitates the intensification of the exchange of goods, services, and capital between enterprises, along with the satisfaction of consumer needs among individual customers, and the optimal allocation of labor. And yet, the impact of the European common market has not found its proper reflection in the research on border regions and their problems in the light of the broadly defined European borderland studies (Leimgrüber 1991; Van Houtum

1998; Dunford 2005; Pikner 2008; Dołzbłasz 2012; Decoville et al. 2013; Sohn and Reitel 2013; Bański and Janicki 2013; Dörry and Decoville 2013; Nelles and Durand 2014; Wróblewski 2014, 2018; Kallioras and Pinna 2016; Durand and Perrin 2017; Kooiman, Latten and Bontje 2018; Szytniewski and Spierings 2018). Consequently, it is necessary to carry out an in-depth analysis of the literature on cross-border cooperation and economic integration in order to capture the impact of the single market on cross-border relations. The aim of this paper, therefore, is to analyze the economic determinants of the cross-border economic ties between the EU regions. To this end, the text begins with an overview of the key characteristics of the common market, followed by the impact of market economics on the regional ties, with specific emphasis on the border regions. The problem has been illustrated on the basis of the Polish-German borderland. The primary focus of this study is the movement of production factors. The methodology of this text has been based primarily on the analysis of the subject literature on the notions of market economics, the optimum currency area, and broadly defined European regional studies.

I. Economic premises for cross-border regional ties in the EU

The notion of market as an economic category seems to be a generally intelligible one. The market is the place of transactions in which goods or services are exchanged using money or, less frequently, through barters between entities that offer goods/services and entities that demand them for consumption or production. However, when compounded with such prepositives as common, internal, or single, the market may be more difficult to define, even though the semantics behind these prepositives is frequently taken for granted (Czarczyńska and Śledziewska 2003; Musiałkowska et al. 2012; Nowak-Far 2013; Wiktor 2005; Wróblewski 2011, 2012, 2018; Watts 2001; El-Agraa 2011). Still, these notions are far from being identical to one another, although the differences between them stem from political treaties rather than from economics.

The common market involves the lifting of customs and quotas within the community, coupled with the free movement of people (by default, the labor force)[2], services, and capital, as well as a common commercial policy (article 2 of the Treaty on European Union; TEU). The common market also includes the exchange of goods or services with a clear territorial dimension, i.e. the European

2 The common market does not regulate the free movement of individuals, but that of labor force. The notion of the free movement of people stems from the idea of the EU citizenship, first introduced by the 'TEU.

Union. Access to the common market is granted on equal terms to all entities functioning on their respective domestic markets, with concurrent limitations imposed on third country entities. The internal market, in turn, is an area without internal borders, ensuring the free movement of goods, people or capital within its confines (article 26, item 2 of the Treaty on the Functioning of the European Union; TFEU)[3]. By contrast, the single market follows from the Single European Act and refers to the departure from holistic harmonization in favor of the so-called new approach directives.

From the economic perspective, the common (internal or single)[4] market is the third among the five stages of economic integration distinguished by B.Balassa. The common market is assumed to determine the free movement of goods, services, workers, and capital[5]. In reality, the free movement of goods and services lies within the domain of the customs union rather than the common market as such. The common market, in turn, regulates the free movement of production factors (Czarczyńska and Śledziewska 2003; Nowak-Far 2013; Wiktor 2005; Wróblewski 2011, 2012; 2018; Musiałkowska et al. 2012; El-Agraa 2011).

In particular, the common market determines the economic ties of border regions, including business cooperation, shopping tourism, and the movement of labor (Wróblewski 2014, 2020b). The free movement of goods, services, and capital provides businesses with unobstructed access to new outlets or suppliers, while also enabling them to establish new companies, branches, or agencies. At the same time, shopping tourism allows consumers to satisfy their consumer needs; the free movement of labor, on the other hand, empowers workers to seek and take up employment on the domestic markets of other member states, while also enabling employers to seek out, delegate, and hire those workers (Wróblewski 2018).

The common market effects

The effects of the common market may be static or dynamic and micro- or macro-economic. These effects are mutually compatible.

The fundamental static effect, and the central goal, of the common market is the optimal allocation of production factors (labor, capital). Allocation is

3 Such an approach tends to be ambiguous, since the EU market does not lift state borders, but rather removes barriers in trade within the community.

4 For the purposes of this study, these notions will be used interchangeably.

5 Added to this list may be the free movement of payments and entrepreneurship. However, its character is largely accessory to the other freedoms.

understood as a completely unimpeded movement of labor and capital among the EU member states and their regions, assuming that production factors are mobile and recur on a regular basis within the integrated area. Remuneration refers to the price of labor, while interest rates constitute the price of capital.

The basic condition for the mobility of these factors is the supply and demand imbalance, along with the diversification of their prices and efficiency. Movement always ensues between complementary regions, i.e. from the region characterized by the surplus of production factors to the region with significant deficiencies in this regard, and from the region with a lower labor efficiency to the region with a higher labor efficiency. For example, investments move from the market characterized by a high savings rate and low profitability to the markets with a lower savings rate and high profitability. From a short-term perspective, the growth of interregional movement and, by consequence, the use of external production factors while simultaneously preserving one's own factors, generates a one-off economic benefit in the form of a mutual income growth. However, in the long run, the movement of labor and capital balances that of prices and resources, which renders their use more efficient.

One dynamic effect includes a general grown of welfare (Wróblewski 2018). The free access to new outlets and supplies, guaranteed by the free movement of goods and services, as well as the free movement of labor and capital, stimulates production, boosts management efficiency, multiplies the production factors and their efficiency, enhances the codependence of national economies and investment rates, and improves the stability of economic policies. Thus, individual regional economies are projected to develop faster than those operating outside of the integrated area (El-Agraa 2011).

Not only does the free movement of capital optimize the allocation of capital (from the point of view of its owners), but it is also beneficial to the size and structure of investments. Concomitant with the effects of the common market are the positive changes in the field of management efficiency, terms of trade, production structure and absorbency, as well as the integration of capital markets and consumer goods. As a result of increased exports and price effect projections, changes may also occur in the balance of payments.

Contrary to optimal allocation, these benefits have a long-term nature. They constitute far more important growth factors at the level of income than location benefits, which comprise the fundamental economic effect of the common market. The former are related solely to rent-seeking by the owners of production factors. However, the macroeconomic effects are not distributed evenly, because not all regions participate evenly in the exchange of goods and production factors.

Therefore, the impact of the common market on individual regions may vary. For instance, the growing investment rates and changing investment structure in one region entails the outflow of production factors from other regions, in many cases detrimentally affecting their level of development. This means that the establishment of the common market does not necessarily balance the production factors (Wróblewski 2011, 2012, 2018; Czarczyńska and Śledziewska 2003; Musiałkowska et al. 2012; Nowak-Far 2013; Wiktor 2005; Ascani et al. 2017; El-Agraa 2011). What is more, instituting coherent business conditions across the field may compound the processes of regional divergence. This problem has been noticeable in certain regions of the community following the adoption of the common market, among others in France, Belgium, and Holland, in particular in the regions that served no metropolitan functions and represented a lower level of economic development (Wiktor 2005; Iammarino and Santangelo 2000).

According to the neoclassical version of international trade theory, the supply and demand imbalance and the diversity of goods, services, and production factors intensify commercial ties, including those between regions. Interregional movement ensues between complementary regions, i.e. in a situation in which one region has a surplus of a specific type commodity, and another faces an acute shortage of this very commodity. Therefore, interregional ties enable the internal demand to be satisfied by another region, while at the same time satisfying the external demand through exports. Each administrative region, including border regions, is also an economic region that is part of a network (Wróblewski 2014, 2018; Czarczyńska and Śledziewska 2003; Wiktor 2005; Kallioras and Pinna 2016). This means that the degree of intensity of interregional ties is determined above all by market factors, with the same type of ties maintained in different directions at a different intensity.

Still, in the long run, intensified interregional ties reduce the diversification of prices of goods, services, and production factors, e.g. with regard to consumer goods, which eventually weakens the ties themselves. However, this process does not occur in all types of markets. In the case of pharmaceuticals, household appliances, electronic goods, electric energy, or public transport, discrepancies in prices have been observed (Clark 1994; Hoover 1962; Wróblewski 2018; Wiktor 2005; Xheneti et al. 2012; Green et at. 2001).

The root causes of this problem seem to lie in a decreased price flexibility with regard to imported goods and, in the case of the regions functioning in different currency areas, e.g. those situated along the Polish-German border (see part 2), in such factors as the currency exchange rates and mark-ups. The reduction of trade barriers does not have to involve an even reduction in prices. Moreover, some goods are not subject to commercial exchange, just as some markets manifest differences in consumer preferences, purchasing power, and fiscal systems.

It is also assumed that intensive ties are maintained between regions with different levels of economic development, i.e. between growth peripheries and growth centers (Dołzbłasz 2012; Raczyk et al. 2012; Wróblewski 2018; Decoville and Durand 2018; Bański and Janicki 2013; Dunford 2005; Decoville et al. 2013; Meijers et al. 2018; Vanolo 2010). However, studies described in the subject literature do not seem to fully corroborate such claims. The interrelation between the level of development measured by GDP per capita, on the one hand, and the intensity of interregional ties, on the other, is not to be taken for granted, and yet numerous authors tend to render it in an overly simplified fashion, and they do so for several reasons.

Firstly, the GDP is at the same time the best and the worst measure of the level of development. It does not account for a number of variables impacting the level of development. It is also characterized by shifts, which means that the GDP may be produced in one region and consumed in another, which is particularly noticeable in the relations between the center and the peripheries, and between border regions (e.g. cross-border commute). As a result, the GDP fails to render the actual level of development.

Secondly, cross-border ties are determined above all by market mechanisms, which are not necessarily directly related to the level of development. The basic premise for businesses to engage in cross-border cooperation with other entities is the desire to execute their respective market objectives. Market objectives are understood as the aspiration of a given business entity to maximize its profit or minimize its cost, to expand its network of outlets or suppliers, and to maximize its goodwill or fulfill the ambitions of its managerial staff. Market objectives constitute the fundamental economic criterion in business activity. Businesses engage in cooperation with other enterprises in order to pursue their own goals, which may create an overlap. In turn, individual customers strive to satisfy their consumer needs through shopping tourism.

The subject literature abounds in examples of advantages opening for business operating within an internal market[6]. Each commodity and service is characterized by a specific market area, which follows both from the mutual impact of businesses and their environment, as well as the market networks demarcated

6 See: Watts 2001; Van Houtum and Van Naerssen 2002; Czarczyńska and Śledziewska 2003; Wiktor 2005; Raczyk et al. 2012; Dołzbłasz and Raczyk 2012, 2017; Xheneti et al. 2012; Nowak-Far 2013; Kallioras and Pinna 2016; Ascani et al. 2017; Wróblewski 2018.

by state borders, i.e. customs borders (Lösch 1961). Market areas can thus be distorted or restricted, orienting businesses towards local, regional, or nationwide markets in a situation when the border constitutes a barrier for different kinds of ties. Contrary to the administrative borders of regions, state borders cut crosswise through market areas (Hoover 1962; Van Houtum and Van Naerssen 2002; Lösch 1961; Dean et al. 2018; Durand and Nelles 2014). The free access to new outlets and suppliers enables enterprises to streamline their effective production scale, reach the minimum effective production rate, improve their competitiveness, flexibility, efficiency and productivity, and concentrate production factors, thus minimizing individual production costs by means of economy of scale, and hence reinforcing their financial and economic growth, as opposed to the businesses functioning outside of the common market. The common market may also expedite industry restructuring and increase the gross value added of enterprises (mostly production-based enterprises; less so with service-based businesses). It is so because services are regulated to a greater extent at the level of member states. Changes to border permeability resulting from the integration of an EU member state in the common market without derogation are particularly beneficial to businesses based in border regions, as they enable such entities to generate location rente in shorter spans thanks to the possibility of expanding the assortment and territory of their relevant markets.

On the other hand, enabling foreign entities to freely access domestic markets leads to increased competition for domestic businesses. This interrelation mostly affects SMEs, which are often unable to compete with the strong competitive pressure of entities backed by foreign capital, in particular in the conditions of limited access to external sources of financing. This may (but does not have to) pose a barrier to their further development, largely depending on the relevant and territorial market of a given entity.

Premises related to the movement of capital

The majority of direct foreign investments in the EU come from its member states. However, these investments are located unevenly, both in terms of territory and market sectors, concentrating above all in the sectors of banking, insurance, transportation, telecommunications, and consulting services, as well as construction (Wiktor 2005; Ascani et al. 2017; Iammarino and Santangelo 2000; Meijers et al. 2018). As a rule, they are located in metropolitan regions, characterized by high quality technical and transport infrastructure, as well as the high quality and availability of the human capital. A significant fraction of enterprises backed by foreign capital are also located in border regions, mostly thanks to their advantageous location and the concomitant access to new outlets and suppliers, resulting from the decreased fixed costs of internationalization and deliveries. Border region locations make it possible for the goods and services that are not a subject of international trade be a subject of cross-border sales and purchases (Lammers et al. 2006; Raczyk et al. 2012; Wróblewski 2018; Dołzbłasz and Raczyk 2012, 2017; Iammarino and Santangelo 2000; Xheneti et al. 2012; Kallioras and Pinna 2016; Meijers et al. 2018). Businesses located in border regions also tend to internationalize their operations more frequently than their heartland counterparts, even though such operations are mostly manifested through direct imports and exports of goods or services. In many EU regions, despite advantageous conditions (EU market), cooperation between businesses is marginal, and capital ties are virtually non-existent. Interestingly, some entities frequently seek partners, but not in the direct vicinity of the border, which seems to imply that border location itself is an insufficient factor in intensifying ties. The will to pursue convergent market objectives appears to be more significant in this regard (Wróblewski 2014, 2018).

Premises related to the movement of labor

In spite of appearances, intra-community migrations are not commonplace. On average, the migration of labor from third countries is twice as strong as the intra-community movement (Wiktor 2005). While the inflow of third country migrants concentrates mainly on the countries with historical or economic ties (former colonies), the movement of labor within the common market is quite diverse, both in terms of scale and destinations, with a clear division into the so-called 'old' and 'new' member states. The French migrate to Germany more often than Germans do to France; the Portuguese move to France and Germany more often than conversely. However, one can distinguish certain dominant migration destinations, i.e. Germany, Great Britain, Spain, Italy, and Belgium. Most internal migrants within the EU hail from Germany, Great Britain, Romania, France, and Poland. The highest emigration dynamics in the years between 2004-2012 were observed in Poland, Hungary, Spain, Slovenia, Cyprus, and Denmark. Similar trends may be noticed in border regions across the EU, although there has been a distinctly lower movement of labor in the border regions of the new EU member states. It seems, therefore, that instituting a common market has not significantly influenced the labor mobility factor within the EU, as opposed to the movement of goods and capital (Wiktor 2005; Wróblewski 2018; De Groot and Elhorst 2010; Strüver 2002; El-Agraa 2011; Kooiman, Latten and Bontje 2018). The root causes for this problem may therefore be traced to the low labor mobility in the EU and the suitably low flexibility of EU labor markets in general.

Firstly, labor in the EU is characterized by a significantly lower mobility than in other markets, e.g. in the USA. This might come across as surprising, given the fact that wage and (un)employment diversity is much higher in the EU than it is in the USA, even though these factors vary depending on the EU region. One may also notice a clear diversification of wages between Northern and Southern Europe and between the new and old EU member states, with the provision that in the old EU the noticeable difference essentially results from the differences in non-wage labor costs (Wiktor 2005; Krugman et. al. 2015; Mundell at al. 2005; Mundell and Zak 2002; De Grauwe 2001; McKinnon 1996; El-Agraa 2011). The issue is particularly perceptible in border regions. In certain EU regions, e.g. along the Polish-German border (see part 2), the movement of labor is a marginal phenomenon despite clear differences in wages. The main barrier in this regard is the poor knowledge of the neighboring country's language (or a virtual lack thereof), coupled with prejudice and stereotypes. The problem is also visible in a number of border regions in Western Europe (Strüver 2002; Van Houtum and Van Naerssen 2002; Löfgren 2008; Decoville et al. 2013; Wróblewski 2018; Decoville and Durand 2018; Szytniewski and Spierings 2018).

Secondly, the common EU market creates conducive conditions for the development of national labor markets. The free movement of labor, combined with the liquidation of transition periods (i.e. the 2+3+2 principle[7]) for the successive national markets, the European Court of Justice preliminary rulings on the principles of the common market, and the subsequent coordination of welfare have essentially liberalized the labor markets within the EU. However, despite such favorable conditions, the EU labor market is characterized by a relatively low flexibility. The problem has deepened along with the successive EU expansions, which strengthened the discrepancies in its employment structure and the disproportions in wages. As a result, the flexibility of the EU labor market has decreased, consequently failing to counter the negative impact of the increasing disproportions. Granted, the USA has recorded similarly high labor market discrepancies, and yet America has been able to alleviate them thanks to a much higher flexibility. The location-based effects of the moving labor, although constituting fundamental and projected effects of the common EU market, were virtually imperceptible in the first years following its adoption (Wiktor 2005; Krugman et. al. 2015; Mundell at al. 2005; Mundell and Zak 2002; De Grauwe 2001; McKinnon 1996; El-Agraa 2011; De Groot and Elhorst 2010).

7 The 2+3+2 principle enables the EU member states to apply a maximum of a 7-year period of restrictions in opening their labor markets.

One significant problem restricting labor market flexibility and labor mobility in the EU is the aforementioned language barrier. The research presented in the subject literature suggests that the movement of labor observed in border regions is much higher in the regions without language barriers (Wróblewski 2018; Decoville and Durand 2018; Decoville et al. 2013; Durand 2015; Pikner 2008; Löfgren 2008). The dynamic of labor movement is much higher in border regions in general[8]. Between the years of 1987-1994, i.e. following the establishment of the common market, the old EU observed an 18% leap in the number of migrants (Wiktor 2005), which was no doubt related to the geographical proximity of labor markets, sometimes referred to as 'cross-border labor markets' in the subject literature (Wróblewski 2018; Durand and Perrin 2017), even though such a notion seems to be used informally.

Thirdly, labor force is not characterized by full homogeneity and pan-sectoral mobility. Thus, the flow of workers refers to specific professions, industries, and sectors, e.g. manual laborers, construction workers, doctors, nurses, or car mechanics (Decoville et al. 2013; Wróblewski 2018). Thus, the projected effect of optimal allocation of labor factors is far from absolute. Comprised of 28 national and 281 regional (NUTS2) labor markets, the EU cannot be treated as an optimal integration area.

II. A closer look at the economic ties of border regions: the case of the Polish-German borderland

The subject literature often mentions a noticeable concentration of businesses with foreign capital alongside the Polish-German border; these businesses tend to be more active on foreign markets than the businesses located in other regions (Ciok et al. 2008; Gruchman 2000; Krok 2007; Lammers et al. 2006). In reality, most of these businesses are micro and small enterprises, devoid of foreign assets in their share capital, and oriented at local markets. The major manifestation of their internationalization is the direct import or export of goods or services (Ciok 2000, 2004; Ciok et al. 2008; Gruchman et al. 2002; Lammers et al. 2006; Wróblewski 2014; 2017, 2018, 2020b). One frequently encountered phenomenon among these enterprises is that they tend to seek trading partners in regions located further away from the border, e.g. in metropolitan regions (Gruchman et al. 2002; Guz-Vetter 2002; Raczyk et al. 2012; Wróblewski 2017,

8 One distinct form of labor movement in the EU is the settlement of workers in the border region located across the state border, combined with continued work in the country of origin (Wróblewski 2018).

2020b). As mentioned above, the cooperation of businesses in the EU is founded primarily on market mechanisms. Interestingly, and in spite of appearances, the intensity of this phenomenon does not depend on the level of development. The intensity of cooperation between businesses remains relatively similar, regardless of the level of regional development (Wróblewski 2014; 2017). It seems that the problem partly stems from the limited knowledge of the neighboring country's language, although the subject literature generally assumes that this knowledge is significantly higher in border regions than in centrally located regions (Guz-Vetter 2002; Raczyk et al. 2012; Wróblewski 2017). Factors such as prejudices, stereotypes, and a low level of mutual trust can also not be ignored.

Similar observations can be made with reference to shopping tourism. The subject literature frequently assumes the prevalence of this phenomenon along the length of the Polish-German border. It is presumed that the scope of shopping activity of individual customers does not extend behind the radius of 100 km beyond the border, and in most of the cases it falls within the regions located much closer to the border (Ciok 2000; Gruchman 2000; Wróblewski 2017). The research conducted in the Polish and German border regions suggests that shopping tourism is not a universal and symmetrical phenomenon (Wróblewski 2014, 2017, 2020b). The cross-border movement of individual customers is much more noticeable among Germans than among Poles, likely due to the differences in the prices of goods and services. The language barrier is a universal problem (Ciok 2000; 2004; Ciok, Chojnacki 2001; Dołzbłasz and Raczyk 2011; Gruchman 2000; Gruchman et al. 2002; Lammers et al. 2006; Raczyk et al. 2012; Więckowski 2010; Wróblewski 2017; Zschiedrich 2010).

Scholars also frequently assume the universal nature of the movement of labor in the Polish-German borderland, mostly with reference to medical and technical professions, as a means of filling the supply gaps on the local labor markets in Germany. Above all, the phenomenon is driven by the pay and demand gaps (Ciok 2011; Lammers et al. 2006; Zschiedrich 2010). One peculiar form of the movement of labor includes seeking employment in one's home country while changing one's residency to the border region located across the border. The phenomenon often results from the differences in real estate prices, direct and indirect tax rates, or the level of development (Lammers et al. 2006). However, research results published in the subject literature indicates that the movement of labor in the Polish-German borderland is not universal and symmetrical (Lammers et al. 2006; Wróblewski 2017).

Conclusions

The common EU market has been a unique determinant in cross-border economic ties under European integration. The free movement of goods and services enables enterprises to pursue their market objectives by accessing new outlets and suppliers, while also catering to individual customers and their consumer needs. The free movement of labor and capital, in turn, streamlines the allocation of labor factors and, through the intermediation of free entrepreneurship, empowers companies to open new branches and agencies. However, the majority of studies conducted in the field of broadly defined European regional studies have consistently failed to analyze the impact of common market economics and, more broadly, that of market- and currency-related integration, on the ties between the EU border regions.

It is also assumed that the movement of production factors is a commonplace phenomenon in border regions, determining the degree of these ties in the areas of production, consumption, services, goods, and finances. Much like any other economic regions, border regions, too, may create a network of relations.

However, the economic ties of border regions are often not only marginal but also asymmetrical, as best exemplified by the regions of the Polish-German borderland. A number of authors assume the phenomena of cross-border business cooperation, shopping tourism, and movement of labor to be universal in these regions, mostly thanks to their location and the opening of their economies in the course of European integration (Gruchman 2000; Guz-Vetter 2002; Raczyk et al. 2012). However, numerous studies fail to corroborate such claims: the phenomena observed along the Polish-German border occur on a marginal scale and tend to be asymmetrical (Wróblewski 2014, 2017, 2018; 2020b) As a result, the subject literature copiously proves that the theoretical effects instituted by the common EU market do not occur by default, or occur to a limited extent, and that these limitations are not endemic to the Polish-German borderland.

Hence, one should not assume a priori that border locations are a sufficient factor in strengthening cross-border ties. Equally important are the levels of prices, wages and disposable income, the quality and availability of goods and services, the local market situation, the goals and motives of local businesses, the (un)employment rate, as well as the efficiency and productivity of labor, the quality and availability of labor factors, state policies, fluctuations in currency exchange rates, money supply, or interest rates. The economic ties of border regions may therefore be shaped to different degrees and in different directions, depending on various market mechanisms. Thus, it seems reasonable to conduct in-depth analyses in the field of borderlands studies with regard to the impact of common EU market economics on cross-border ties, based on market and currency integration theories (economy of market and monetary integration). Such an approach will likely improve our understanding of the processes and phenomena related to cross-border cooperation.

The second noteworthy aspect is the engagement of regional or local authorities in the activities aimed at the intensification of economic ties. Granted, the internal market and its mechanisms lie outside of the competences of local authorities, however these entities may nonetheless strive to implement cross-border cooperation projects to help intensify cross-border economic ties, including the projects co-financed from the structural funds of the EU. The problem seems to be substantial, as indicated by a number of studies published in the subject literature, which point to the fact that local authorities fail to address the needs of business entities, and the engagement of regional or local authorities in this matter tends to be assessed as insufficient (Wróblewski 2017, 2020b; Raczyk et al. 2012). Thus, it is vital for local authorities to engage in all available activities facilitating the establishment of business contacts and the improvement of labor mobility.

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