

ROUTLEDGE · TAYLOR & FRANCIS

The Future of Regions and Regional Development

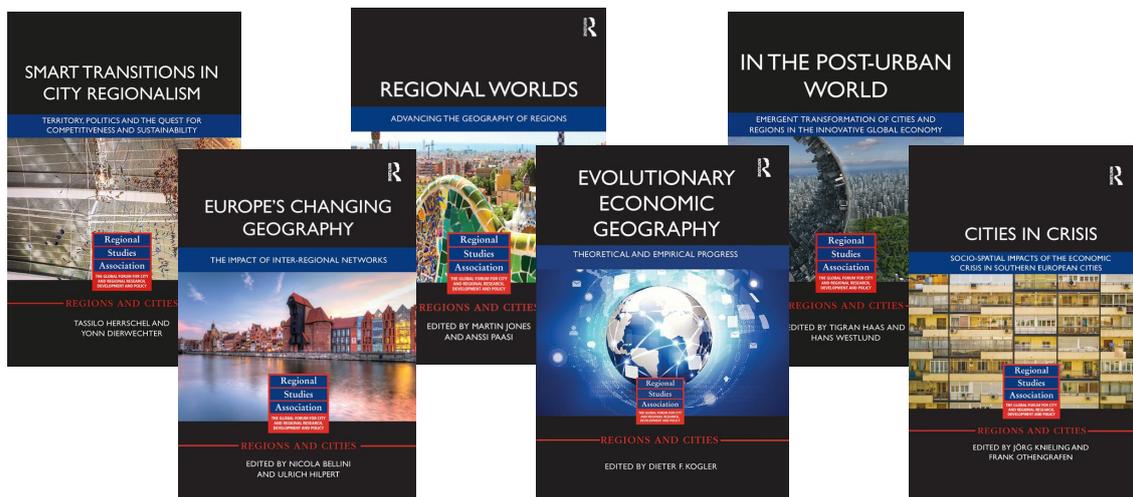
A curated chapter sampler in collaboration with the RSA



Regional
Studies
Association
THE GLOBAL FORUM FOR CITY
AND REGIONAL RESEARCH,
DEVELOPMENT AND POLICY

Contents

1. Going for 'smartness': reframing city-regionalism
From: *Smart Transitions in City Regionalism*, by Tassilo Herrschel and Yonn Dierwechter
2. European macro-regions as a new dimension of European geography: Networks of collaboration in the light of culture, history and language capabilities by Alexander Nagler
From: *Europe's Changing Geography*, edited by Nicola Bellini and Ulrich Hilpert
3. Configuring the new 'Regional World': On being caught between territory and networks by John Harrison
From: *Regional Worlds*, edited by Martin Jones and Anssi Paasi
4. Path renewal in old industrial regions: Possibilities and limitations for regional innovation policy by Lars Coenen, Jerker Moodysson and Hanna Martin
From: *Evolutionary Economic Geography*, edited by Dieter Kogler
5. The future of public spaces in the dawn on rapid urban growth by Kyle Farrell and Tigran Haas
From: *In The Post-Urban World*, edited by Tigran Haas and Hans Westlund
6. Sharing cities for a smart and sustainable future by Duncan McLaren and Julian Agyeman
From: *In The Post-Urban World*, edited by Tigran Haas and Hans Westlund
7. Learning from each other: Planning sustainable, future-oriented, and adaptive cities and regions by Jörg Knieling, Frank Othengrafen and Galya Vladova
From: *Cities in Crisis*, edited by Jörg Knieling and Frank Othengrafen



30% Discount Available

Did you know? As an RSA member you can enjoy a 30% discount on books in the *Regions and Cities* series, and other subject related Taylor and Francis books and e-books including Routledge titles. To order simply e-mail Joanna Swieczkowska, joanna.swieczkowska@tandf.co.uk, or phone on +44 (0) 207 017 6364 and declare your RSA membership.

4 Going for “smartness”

Reframing city-regionalism

Introduction

This chapter provides an overall analytical framework for the empirical application of the conceptual fusion of transition and smartness in city-regional governance. The evaluation adopts two comparative perspectives based on our synoptic concept of a “dual transition,” which we argue shapes the ways in which specific city-regions move towards adopting smart governance principles and practices. The dual transition consists of changes to the *external* context, that is, the situation of city-regions, as well as changes to their *internal* conditions. In addition, we propose that both transitions are circumscribed by place-specific interactions between structure and agency. We thus study these interactions at two scalar levels: *within* and *outside* city-regions. The key idea advanced throughout our discussion is that interactions between external and internal transitions produce time- and place-specific circumstances for the adoption and concrete manifestations of smart governance. In this sense, we emphasize the nature and relative “weight” of the two processes of change, that is, the negotiated *balance* between external and internal factors as they impact the city-regional adoption of smart governance. This includes the primary rationales, values and goals underpinning established “orders” in governance regimes for city-regions and how they help to address competing interests and expected policies (both electoral and special-interests).

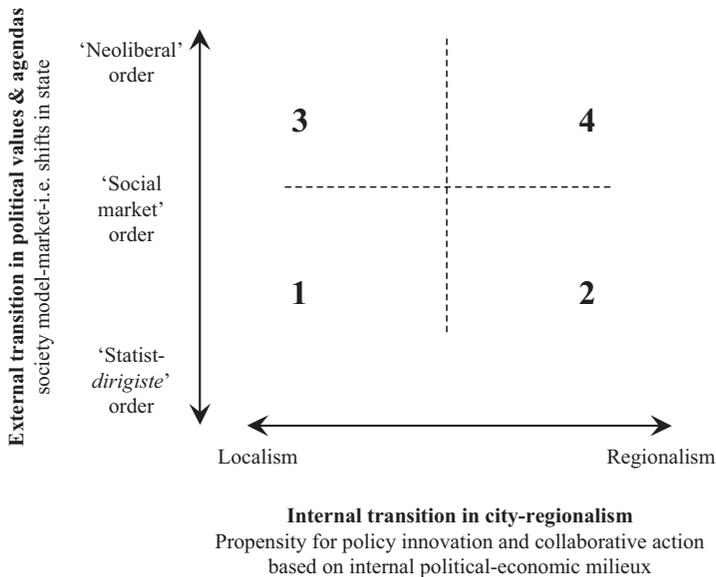
One example is the current tension between globalization-based competitiveness and socio-spatial cohesion within (and especially in Europe, *between*) states. The role of the state thus differs between fostering competitiveness, actively facilitating economic development through state support, and seeking to maintain cohesiveness through redistributive interventions and economic and fiscal equalization measures. These rationales, and their respective importance, manifest themselves in public and political discourses and values which shape justifications, expectations and *modi operandi* of governance in city-regions. Indeed, place-based factors matter too, such as established values concerning the interest of the individual *vis-à-vis* that of the collective, historic experiences with municipal self-government versus a centralized state system or just the simple habits and inherited routines of governing. Importantly, we

Going for “smartness”

further posit that the ways these traditions, views and ways of doing things are brought together, and practically elaborated, in response to changing contexts – especially when they conflict with one another – *are empirical signs of “smartness” in governance*. Building upon the themes introduced in Chapter 1, smartness is therefore broadly understood in this and subsequent chapters to include deliberation and negotiation – or “creativity” and “learning” – in the ongoing search for more effective and responsive governance structures and policies, viewed against agreed objectives and expectations, and within what we furthermore call the “power field” between external and internal structural and dynamic factors.

Our initial framework of a “dual transition” in city-regional smartness is illustrated in Figure 4.1, which reflects analytical and normative considerations.

Analytically, we explore the *external transition* specifically through three main “orders,” which embody more concrete regime principles and rationales of control and operation between the development-political “poles” of competitiveness and cohesiveness. These orders help to define the external position



- 1 = *statist/localist, non-collaborative, hierarchical, dependent, defensive*
- 2 = *statist/regionalist, collaborative through state-incentives/intervention, also reaching across scales*
- 3 = *neo-liberal competitive/localist (metropolitan elitist), self-centred (‘independent-minded’), feeling ‘held back’ by struggling neighbouring localities, or seeking support by ‘clinging on’ successful*
- 4 = *neo-liberal-competitive/regionalist, opportunistic-collaborative at different scales, internationalist in networking, ‘elitist’ metropolitanist, confident*

Figure 4.1 Smart city-regionalism as “dual transition.”

Going for “smartness”

of city-regions as crucial nodes of economic activity and policy-making in relation to locally-defined priorities as well as developments and policies in wider national settings. For instance, are city-regions allowed to “leave behind” their respective national territories in pursuit of their own opportunities and policy agendas? Alternatively, are key city-regions required to follow external trends and national processes as part of a strictly hierarchical, top-down political-administrative project? (The remarkable insistence by hundreds of US cities to ignore in toto the Trump administration’s high-profile withdrawal from the Paris Climate Agreement in 2017 is a recent example of the growing conflicts in American society between “internal” and “external” transitions and shifting political values.)

Different principles connect to different types of city-regional governance experiences, based on pre-dominant rationales, the relative roles of the state and capital in shaping space-economies and of course policy approaches. Accordingly, *equitable* (social market economy, neo-Keynesianism), *dirigiste* (socialism, ideology/idealism, statism) and *competitive* (market-centric, neo-liberal) principles give rise to:

- 1 a “neoliberal market” order, which is largely business-driven and set in a free-market, corporate understanding of individualism, globalization, and associated uneven opportunities between inevitable “winners” and “losers”;
- 2 a “Social market” order, which is driven by greater socio-spatial equity, democratic accountability and social justice, such as reflected in conventional, territory-based equalisation policies in the EU’s Structural Fund scheme; and
- 3 a “Statist-*dirigiste*” order, which is more driven by the state apparatus in a neo-mercantilist tradition, wherein city-regions are “pushed out” as the best (competitive) horses in the race for economic opportunities and appeal to (presumed) globally footloose capital. City-regions are thus expected to act both individually (to be successful) and on behalf of the state as a whole.

The “choice,” or, as the case may be, requirements, among these orders is a product of the “dual transition” advocated here: that is, the time-dependent varying interactions between two main (changing) factor dimensions, and the negotiated aspirations around topical priorities and *modi operandi* of governing a city-region. The result may be different, place-specific, “paths” towards adopting smartness in city-regional governance, as shown in Figure 4.1.

The conditioning impact of external parameters on actors within city-regions, combined with place-specific internal factors, circumscribe the acceptability of policies among local electorates. This shapes the conditions within which policy-makers feel able, as well as compelled, to deliver policies more likely to lead to political reward at the next election. It is here, once again, that “smartness” may (need to) be developed to utilize existing

Going for “smartness”

possibilities, overcome inherent obstacles and pursue novel agendas in order to reconcile politically and more effectively seemingly conflicting, competing or, at times, contradicting expectations. Smartness thus involves continuous adaptability among policy-makers, as neither external nor internal factors are static. They are subject to the pressures and expectations emanating from globalization, technological innovation and individual, as well as institutional, learning among political and economic actors and the public. Established values, priorities or agendas may need to be revised. Structures matter, too, as they set the framework and scope for, and interest in, flexibility, individuality and experimentalism in policy-making. Flexibility contrasts with simply following orders “from above” – pursuing politically safe, largely technocratic solutions. The underlying dynamic also questions, and/or continuously requires to review, established and typically more familiar frameworks of power arrangements and sources of legitimacy, including the perceived scope for policy success.

This framing allows us to explore broader questions of territorial development and embedded path-dependencies, of the policy choices and governance principles of city-regions. These may sit between, on the one hand, a rather *laissez-faire* approach by their respective states, with varying degrees of devolved powers and thus scope for own action, and, on the other hand, a much more state-*dirigiste* approach, in which cities are effectively reduced to mere agents of national agendas and policies and, thus, little more than *locales* for the “acting out” of such externally-defined policies and developments. For instance, in the former scenario, city-regions are permitted to do their “own thing” – indeed, they may be required to do so to protect their own interests and prospects in the absence of a state-provided “safety net.” Examples include an increasingly more widespread venturing onto the global stage (see also Herrschel and Newman, 2017) as self-managing actors to pursue opportunities unavailable within the confines of their states.

These differences in context are likely to have fundamental implications for the formation of city-regions, and, especially their governance and policy directions as shaped by localist versus regionalist sensibilities. In Figure 4.1 we capture this as the *propensity for policy innovation and collaborative action* based on *internal* political-economic milieu. A change in context, such as through shifting national policy interests, or structural contexts in the wake of globalization, are bound to impact also on the nature of city-regional governance. Specifically, this may affect the ways in which complex and usually conflictual issues and agendas are addressed. The external dimension’s focus on structural and ideational concerns refers to how different national contexts help influence actors’ minds, expectations and political interest in finding new policy agendas and approaches. Choices may consider national guidelines, funding arrangements for local initiatives and, in particular, expectations and responses by the local electorate and particular interest/lobby groups. This dimension of transition thus draws attention to key tensions both in terms of scale – between national and international interests – and topical perspectives (policy fields).

Going for “smartness”

Our framework also helps us to explore the main empirical questions raised by the case studies about place- and time-specific preponderance for shaping and adopting “smart” city-regional governance. This includes the nature of, and main actors in, policy-making processes; the mechanisms of negotiation and involvement, or exclusion, of participants; the identified goals, the effects of place-specific as well as more general political modalities, democratic traditions and electoral expectations about policy outcomes and state involvement in achieving those. In other words, there is a place-specific and broader, more general, political milieu as product of institutional cultures and established ways of defining and implementing policies.

This interplay between structure and agency applies to both the territorial (relational versus place-based geography) and institutional (structuralist versus actor-centric) interpretations. The latter is closely linked to relational geography, such as expressed in notions of “soft spaces” or “virtual regions” (Walsh, 2012, 2014; Herrschel, 2011, 2012) as part of the concept of “new regionalism” (Söderbaum & Shaw, 2003; MacLeod, 2001; Keating, 1998) or “soft institutionalism,” which contrast with conventional, more institutionalized regionalism. The “soft” varieties of territorial governance focus on agency as part of innovation in political strategies and policy applications, rather than being merely shaped and conditioned by given territorialities. Inevitably, there will be tensions between the two perspectives, so that smartness will need to be applied to the ways in which structures can be made more responsive by adding elements of agency. At the same time, agency needs to be “organized” within structures in order to provide a dose of continuity and predictability, as well as credibility and state-administrative capacity. Reconciling the two approaches is where we see “smartness,” as actors seek to negotiate between contrasting traditions and thus generate novel forms in city-regional governance. It is the interaction between external and intra-city-regional parameters that circumscribe the propensity among actors and the general public to accept and engage with “smart” principles in political discourse and practical policy approach.

In the end, as seen in the “heart” of Figure 4.1, we argue that all these various dynamics generate *four different types* of city-regional “transitions.” More will be said of these quadrants later in this chapter – and indeed in subsequent chapters. But for the moment, in brief, we note only that city-regions located in the first quadrant (“1”) are defined by the “external” legacies of state-*dirigisme* and the “internal” absence of new forms of collaborative regionalism. For its part, the second quadrant (“2”) reflects much greater evidence of city-regional collaboration, but nonetheless remains also shaped by the external state-market dynamics of state-*dirigisme*, albeit in rather different forms in different world regions. The remaining two quadrants show a greater impact of neoliberal values and agendas with the main difference between them the effect of place-specific factors. Accordingly, the third quadrant (“3”) includes city-regions shaped by neoliberal competitive/localist dynamics, including greater struggles to initiate new forms of regional collaboration, while the fourth and final quadrant (“4”) are city-regions that reflect variegated admixtures of both neoliberalism and regionalism.

Going for “smartness”

Finally, the book openly acknowledges at the outset that our “dual transition” theory in city-regional smartness also includes a strong *normative* element in addition to the analytical dimensions just presented. Ideally, in our view, “smartness” implies that differently-situated city-regions all around the world should converge towards new and more effective forms of city-regional collaborations, and that, moreover, these new collaborative efforts in creative policy innovation *should strengthen* and reflect wider political-economies characterized by social-market values and more equitable forms of governance. Put another way, our dual transition framework is significantly informed by our ethical-philosophical sense of an ideal “smart city-region” that is collaborative, creative and dynamic, but also – and no less importantly – socially equitable and ecologically resilient, even as the bulk of this book is focused more on a detailed empirical exploration of “actually-existing” city-regional transitions in different social, historical and geographic contexts.

Transition as directional regime change

The term “transition” *per se* points to a transformational process towards an envisaged ultimate stage of development. For this to be achieved, the widespread notion had been the need for satisfying certain formal, structural preconditions to allow democratization to take a foothold. Illustrating the longevity of the structuralist perspective nearly half a century ago, Rustow (1970) pointed to the role of structural variables in shaping political-economic transitions (mainly in relation to liberal democratization), especially historic factors found in a locality. As a result, he argued, regime transitions may vary between “rapid” and “gradual” speeds of change, and also in their depth of change, reflecting the varying senses of urgency and desired extent of change in a place and at a particular time. Referring to developments in Central and Eastern Europe after the end of communism, for instance, Stark and Bruszt (1998) pointed to the influence of place-specific factors in the various countries, as they compete for prevalence, including past experiences, historic legacies, existing network relationships and own agendas. They include a communist-era culture of doing things (Seleny 1994), attached to a distinct statist tradition (Szarvas 1993), with expectations that things will get taken care of “by the state.” It is these particularities, Haggard and Kaufman (1995) argued, that encourage subsequent political processes. “For example,” Anderson and O’Dowd (1999, p. 11) elaborated, “variations in historical patterns of state formation between coercive and capital-intensive paths and in their reliance on external or international dynamics may well create cultural and social structural predispositions toward certain types of political regime.” The underlying notion of path-dependency is thus less structurally determined – although that varies between places – than process-based, and thus ultimately haphazard, unpredictable and contingent; it does not necessarily follow a predictable linear route. These structural divisions included the resurfacing and clear manifestation of underlying differences in economic

Going for “smartness”

opportunities and competitiveness, as assessed by the newly and abruptly applied market criteria in the immediate post-socialist years.

Prior to the end of the communist regimes, “transition” referred primarily to developing countries and their expected progress towards a Western-style market democracy as envisaged ultimate evolution. Such a rather one-dimensional understanding of the outcome of societal development was strongly advocated during the 1980s, with the struggle between communism and liberal market democracies now seen as won by the latter. Indeed, Fukuyama (1992) famously claimed “an end to history.” The so-called “transition paradigm” (Diamond et al., 2014) maintained that a country in transition was one embarking on a process of democratization. The transition paradigm takes as its starting point an authoritarian (military, single party or personality-based) regime (Huntington, 1991) which then shifts towards liberal democracy. Each type of authoritarian regime presents different prospects for the realization of democracy: perhaps surprisingly, military rulers are not considered to pose significant institutional obstacles to democratization (Rafti, 2007, p. 8). In other words, the concept of transition presumes an automatic process of “adjustment” to democracy as the “naturally” preferred choice, given an absence of suppressive or, in particular, obstructive ideational obstacles. Democracy as the outcome of a natural flow of regime development is thus an inherently normative assumption of the alternative to authoritarianism. The transition paradigm focuses on the choices made by the political actors, and much less those from business and civil society, including the negotiation of power transfers between old and new elites. One question here is the extent of “rupture” versus processes of institutional continuity and gradual change of norms and routines (p. 9).

As Nofosi (2005) points out, three main modes of transition may be distinguished, based on the different nature of processes of change and underlying dynamics: reform, compromise and overthrow. Under “reform,” the existing political elite remains engaged and actively participates in shaping the transition process. Here, there is little opposition to their leading roles. The focus is on continuity, not at least in terms of holding power. In contrast, “compromise” is required in instances of power parity between the old regime and the propagators of a new agenda and political discourse. The allocation of power in such circumstances needs to be changed, with the old elite seeking to retain as much as possible. Lastly, “overthrow” is the most radical type of transition. It is a response to an old regime reluctant to accept change and loss of power and insisting on maintaining the status quo. Under conditions of rupture, the new regime has the support for the most far-reaching changes in access to power and control of policies, often based on high expectations of improvements to conditions for the general public.

Once in motion, the simplistically linear “transition paradigm” suggests a process divided into three steps/sequences: first, *opening* the process of change through discursive challenges, then, as second step, *breakthrough* denotes the process of transformation, where the new values, actors and agendas manage to replace the existing elite and discourse. Lastly, the *consolidation* phase encapsulates

Going for “smartness”

the general acceptance of the new regime, its discourse and agenda, as well as lead actors and holders of power. That achievement, so the “transition paradigm” holds, is first and foremost the result of personal agency of key actors (individuals or groups) and is not shaped and/or predetermined by structural factors. In other words, transitions can be ubiquitous and ad hoc. Their nature, however, varies as different circumstances affect speed, extent, objectives and outcomes. In practice, therefore, transitions are not always clear-cut, simply reaching from A to B. Rather, they may involve compromise and incorporation of local conditions, including established power structures and political conditions, which may lead to a fusion between old and new, with varying inputs by the two. Consequently, transitions can become stuck in a “grey zone,” somewhere between the old and new regimes, and this to incomplete transitions, where democratization is used as criterion. Here it is very difficult for new arrangements to emerge as “good practices”—made too unclear by the circumstances and directions of agenda, interests and expectations. This includes variations across scales between particular local, regional and national experiences and ambitions, as well as across society. The currently observed acceptance of authoritarian elements of governing in parts of Eastern Europe, but also in the Western world, suggests that experiences with, expectations of, and thus support for, democracy can vary temporally, geographically and socially. This suggests that a one-way linear expectation of the transition desired is too simplistic, even naïve.

The focus of debates on regime transition has been on a neoliberally informed understanding of competitive political economy and the resulting spatial and institutional arrangements, in close conjunction with expected democratization of political processes. Increasingly, other economic development agendas have been acknowledged, too, including alternative values and a broader perspective than merely least cost production and maximum profitability. Examples include alleviating climate change, protecting and/or boosting environmental qualities or questioning lifestyle. Indeed, responsibility for climate change has become a critical issue as part of globalization and the need for cross-scalar governance.

Debates on regime transformation may be divided into two main theoretical strands: one focusing on structural determinants of action, and the other placing greater emphasis on people-based determinants of actor agency. Sinpeng (2007) refers to this as contrasting structuralist and voluntarist approaches Adeney and Wyatt (2004, p. 1) call this the “structure–agency dichotomy,” insinuating that the two are, in effect, mutually exclusive. But that need not be the case. Almost 50 years ago, Rustow (1970), for instance, questioned the (then) prevailing notion in academic and public debate, rooted in structuralist views, that democratization needs a specific set of supportive factors as prerequisites to establish itself and keep a foothold in a society. These included such broad variables as economic prosperity, level of education and widespread adherence to liberal or democratic values. Instead, he turned the focus on agency, process and the bargaining between actors, moving away from a primary concern with structures and institutions, and thus broke new ground

Going for “smartness”

in the interpretation and analysis of transitions to democracy. Questions of leadership, networks and imagined opportunities become major elements in this agency perspective.

Despite the contrasting debates on different rationales and purposes, “structure” and “agency” are not, of course, mutually exclusive but, as our opening chapter suggests, co-constitutive (Giddens, 1984). Their respective impact and relevance, however, varies. *Structuralists* argue that regime changes are facilitated and shaped by specific structural contexts, such as economic patterns, power structures, political traditions, experiences and socio-political milieux, historic legacies of ways of doing things, values and so on. In contrast, *voluntarist* approaches place human behaviour at the centre of regime transformation. From this perspective, behaviour reflects actor interests and agendas as well as personalities. Career ambitions, personal convictions and ideological beliefs drive political engagement. This can have a major impact on initiating, directing and implementing regime change processes and outcomes. There is thus no structurally predetermined course of events and developments, but, instead, considerable scope for steering developments on the basis of actor will.

It is here that Cultural Theory introduces its focus on the role of particular societal traits, such as histories, social practices, memories and identities in shaping political-economic regimes. Culture, in this context, is understood as the combination of values and beliefs and social relations. Inevitably, this implies place-specificity as well. Cultural Theory thus includes what we consider an important aspect of agency – the relations between places and their “contents.” Thompson et al. (1990) refer to these as the two dimensions of *sociality*: “groups” and “grids” capture the environment’s impact on socio-economic decisions. There is thus reference to both territorially- and relationally-defined factors. “Groups” refer to bordered territorial order, and thus an essentially static system of economic activities, in which actors are organized in like-minded and like-interested groupings. In our cases, here, this corresponds with the population of a city or city-region, which, of course, expresses underlying values and agendas. “Grid” by contrast refers to the linkages and relations that reflect interdependencies and dependencies, as well as power relations, and these two may embrace territory and society as actor reference.

The intersection between those two dimensions, Thompson et al. (1990) argue, produces two sets of contrasting variables as descriptors of power relations and sources of value systems: (1) egalitarian vs hierarchical and (2) collectivism vs individualism. The emphasis varies in terms of the organization and location of power and the role of identified collective interests versus individual advantages. Both are, of course, interdependent, even if that is not always evident to local actors (and the electorate). Major external changes can be expected to influence the range of actors involved, the prioritization of values and agendas, and thus the relative positions, and publicly and politically perceived relevance, desirability and capability of actors and their interests. And this, in turn, circumscribes the nature and rationale of groupings and their interactions and

Going for “smartness”

likely agreements on joint actions and agendas. Such major context includes globalization and the retreat of the state vis-à-vis capital as part of a dominant belief in neoliberal principles since the late 1970s; democratization as the shift away from authoritarian rule in several waves (Huntingdon, 1993); and, more recently, a growing awareness of global ecological interdependencies and dangers. The collapse of communism in Eastern Europe, the demise of apartheid in South Africa, or post-colonial changes elsewhere, are each examples of such major political-economic shifts in the external environment of city-regions at the national level.

Actor relations with their underlying priorities and searching for opportunities are thus considered at least as important as structure in shaping regimes. Interests and calculations may well go beyond mere economic interests and follow personal or group-specific aspirations. Existing value systems, political and public narratives and discourses about desirable developments and developmental priorities matter for the acceptability of, support for and likely political capital from, decisions made by actors. This provides greater or lesser support/pressure for policy choices. Structure also comes into play as place- and time-specific conditions, albeit not as pre-determinants. Actor agency may seek to counteract them, rather than follow the easiest path. Actors may or may not encounter and consider them, as they map out, and seek to pursue, their goals, including changes to an existing political-economic regime (Mahoney & Snyder, 1999).

Looking at actually-occurring regime transitions from communism to liberal market democracy in Eastern Europe, the crucial role of which way becomes evident in which changes take place. Anderson and O’Dowd (1999), for instance, point to the importance of the process of transition; especially, how power is transferred as a key factor in shaping the likely path (and success) of democratization. This can be orderly, through negotiations between old and new political actors, allowing the old elite to shape the new regime and thus ensuring a degree of continuity of governance; or it can be abruptly, through revolutionary processes. When revolutionary, there is a decisive, clear break with the past and a new beginning, with completely different actors and governmental arrangements, rationales and practices. This, they argue, contributes to the emergence of individual country-specific circumstances, and underlying dynamics, rather than the mere “rolling out” of a standardized, one-size-fits-all approach.

Observations of actually-occurring regime changes have thus highlighted that there is not just one path of, for instance, post-authoritarian development, nor just one standard type of liberal democracy as the universal outcome for all. “Transition” has therefore also been challenged as much too normative, with “transformation” a favoured alternative. The question of normativity matters here, as there is some indication that some political agendas and discourses become non-negotiable, as they are deemed to be “without alternative” in a post-political sense (Swyngedouw, 2014). Alleviating climate change and ecological sustainability have become such post-political, universal agendas.

Going for “smartness”

In contrast, place specificity suggests the outcome is not clear-cut, as existing circumstances and policy-making cultures generate “hybrid” regimes that fuse aspects of old and new values and practices in governing. Among political-economic regime transitions, fusions between elements of authoritarianism and democracy often may be the result (Case, 1996a; Collier & Levitsky, 1997; Carothers, 2002; Ottaway, 2003). Effectively, this is a way of having it both ways: staying with the familiar old, while also seeking to try out something new.

But such hybrids may be unstable. Competing interests push in different directions as they attempt to gain influence. Structural challenges and different forms and personalities of political agency also seek to shape policies and governance in the image of their values and agendas. Indeed, it is their “in between” nature that gives them an inherent dynamic as part of an experimental process of shaping regimes. This, of course, has fundamental implications for the ways in which sub-national governance can emerge, articulate itself and function, as it depends on the established degree of devolution, the scope and capacity to govern, and adherence to multi-level governance between (localist) individualism and (regional) collectivism. “Hence,” as Rafti (2007, p. 9) notes, “political transition ultimately entails *regime change*, which in turn entails a procedural, ideological and/or behavioral change.”

Dual transition of structure and agency

As discussed earlier, the main concept used here to underpin the different examples of city-regional governance is that of “dual transition” as a product of two intersecting processes at different spatial and societal scales: one external and one internal to the locus of governing city-regions, now developed further in Table 4.1.

The notion of “external” and “internal” itself applies to two scalar relationships: the international vis-à-vis the national arena and the national vis-à-vis

Table 4.1 Dual transition and the adoption of smartness: concurrent changes of internal and external structural factors and discourses

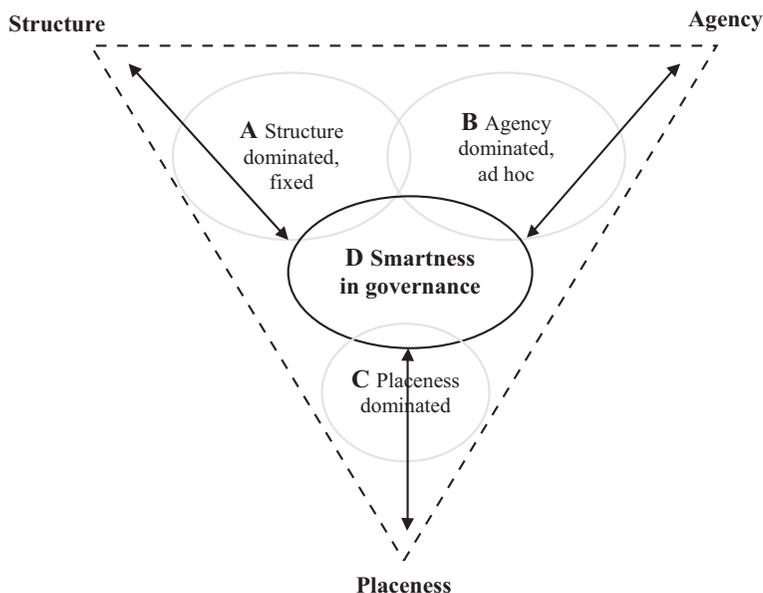
<i>Level of inter-action</i>	<i>“External” factors (general dynamics and values)</i>	<i>“Internal” factors (domestic, territory/place-specific)</i>
T1 National Transition: changing discourses and challenges	Globalization, international politics by international organizations, international discourses, international regulation	National political-institutional structures, political traditions, societal values, public discourses
T2 City-Regional (sub-national) Transition: changing discourses and policy-making practices (e.g. collaborative action)	National political-institutional structures, political traditions, societal values, public discourses	City-regional governing structures, econ conditions, public discourse city-to-region (suburbs), policy-making capacity, leadership

Going for “smartness”

the city-regional. Both, of course, are interconnected via the (national) state as interlocutor between the two scales of relationships which are shaped by political-economic circumstances and dynamics, established practices and policy-making structures. The latter include centralized, hierarchical decision-making, on the one hand, and more devolved, self-organizing arrangements within city-regions, on the other. This dichotomy is underpinned by held values and expectations in public discourse, such as the role of competitive individualism versus “responsible” collectivism. We see the political implications of this tension in the current rise in populism on the back of criticizing globalization for its production and/or reinforcement of inequalities. These *wider external variables*, at both the national and international scale, may include moments of major regime change in societal-economic and political-institutional terms, which alter the points of reference, scope and capacity for actors to effect policies and claim legitimacy for the criteria used in the principles of practiced governance at city-regional level. This can be focused on the choice between fragmented localism or collaborative regionalization.

There are thus two arenas of held values and perceived priorities and urgencies, which may also undergo greater or lesser degrees of change, or “transition”: Transition 1 (T1) at the national (state) level, and Transition 2 (T2) at the city-regional scale. Both T1 and T2 are shaped by a combination of “external” and “internal” factors which sit at the international-to-national interface (T1) and national-to-city-regional interdependency (T2). Both may go concurrently and thus produce greater dynamics of change, including possible ruptures, by encouraging, or even discursively or circumstantially requiring, bolder or radically different governance approaches locally. Alternatively, changes of T1 and T2 may point in the opposite direction and thus create tensions between, or even counteract, each other in their goals and effects on governance choices. The result may then be that “internal,” that is, city-regional, scope to modify governance agendas, mechanisms and principles changes very little, AND even stagnate. It thus shows few, if any, signs of developing and adopting novel and imaginative, perhaps “smart,” responses to identified challenges in governing city regions. The extent of this scope for city-regions to innovate policies and governance may be expected to vary with the degree of concurrency – or discurrency – of external and internal transition dynamics.

Smart governance involves the innovative, task- and place-specific utilization of existing, conventional state structures and territorialities and the associated powers and responsibilities. In particular, it involves the opportunity to marry flexibility (but also inherent uncertainty of innovativeness in its likely effects) with needed reliability and efficacy offered by territorial and institutional state structures. Connecting and fusing the inherent experimentalism of *agency*, as expressed in new network relations, with the predictability of static *structure*, and doing so in response to place-based applications, is the essence of smart city-regionalism, *a process aided, but not determined, by new digitized technologies*. The actual outcome thus depends on the respective influence of



- A = governance scenarios still dominated by structures
- B = governance scenarios dominated by actor relations and ad hoc networks
- C = governance scenarios still dominated by specific local factors
- D = position in equilibrium between all three factors of influence

Figure 4.2 Smart city-regional governance in a power field between structure, agency and placeness.

three factors – structure, agency and placeness – and thus includes variations in the use of clearly defined powers and responsibilities in relation to more *ad hoc* actor relations and networks of power and influence (Figure 4.2)

The outcome may thus be a particular, more or less harmonious, combination of place-specific “tie-ins” between, on the one hand, relationally-defined, opportunistic and imagined spaces of policy-making ambition, and, on the other, established static, state-administrative territorialities and institutionalizations of power and public authority. Examples include emancipating and re-energizing cities and their economic and political-ecological regions, as they build city-centric networks around particular policy goals and thus seek to merge local and regionally scaled interests and opportunities. The inherent selectivity of the relational, network-based way of policy-making and governance has obvious implications for democratic participation and representation of the (state-) territorial heritage. And so a tie-in with established structures of democratic control, legitimacy and participation may well be a precondition

Going for “smartness”

for necessary political support by the local electorate for such regional engagement through inter-local collaboration and required compromise.

Dual Transition – Dimension 1: The “big picture” of transition among external parameters: national and international changes in values, agendas and regimes

As discussed above, Dimension 1 of transition involves the effect of *external* structures and processes at the wider international and national level. Such structures may drive, or hinder, the dynamics of regime and agenda change in city-regions. They include the predominant globalization discourse and neoliberal policies, emphasizing borderlessness, openness and competitiveness between places and spaces, with a clear focus on individuality in obtaining success. This push for individuality, through the competitiveness agenda, becomes evident in the growing role of place-specific profiles, such as place marketing, a feature of globalized competitiveness that Swyngedouw (1997b, 2004) calls “glocalization.” In addition, over the past 30 years or so, the hegemonic forces of neoliberal globalization, reaching the point of a post-political status “without alternative,” have ruled, until recent populist contestations. The end of communism reinforced neoliberal globalization by provoking the notion of a systemic and moral Western political-economic superiority. And that reinforced the impression of a compulsory, all but inevitable, “one-size-fits-all” globalism. Yet, upon closer inspection, there have been different Western approaches to internationality. The EU as political-economic framework offers a different “version” of “Westernism” than North America and, especially, the United States, with much stronger statist traditions that valorize redistributive interventions in economic processes in the interest of maintaining societal and geographic cohesiveness. However, increasingly, this has been undermined by the apostles of free market capitalism and the putative gains it promises for everyone, even if only within rather unspecified time horizons.

Importantly, as recent political developments in Europe and beyond have shown, there is no simple one-directional shift in values and ways of doing things from “there” to “here,” as suggested by the binary logic of the word transition. In particular, the process of establishing and deepening liberal democracy, as in Poland for instance, has been notably difficult. Authoritarian aspects of governance may, in fact, be preferred, seemingly offering more certainty, less struggle and less responsibility for people to worry about, especially if the individual rewards of democratic principles and practices are not immediately clear nor manifested in economic improvements. At the city-regional level, that means collaborative action among municipalities may blossom only where individual (i.e. local, institutional, actor-specific) rewards can be identified and clearly attributed to the current regime. If not, collaboration may be in vain and, instead, give way to either self-centred individualism or a more centralized, top-down, *dirigiste* approach by the state, as it seeks to organize city-regional matters by decree in the interest of its own priorities and strategic ambitions.

Going for “smartness”

Past experiences with, and attitudes towards, particular regime practices may further influence the susceptibility to engage in city-regional governance or, rather, merely administer policies determined elsewhere.

As a result, *transitions follow diverse routes* in response to external and/or internal structural heterogeneity of a city-region. It is the particular combination of internal and external changes that produce specific city-regional circumstances which, together with a pre-existing local policy-making milieu, for example, the adoption of an inward-looking localist (individual) versus outward-looking regionalist (collective) perspective, produce place-specific policy solutions and governance structures and practices. For instance, while there may be a general transition to adopting “smartness” as a new phase in governance, including a particular set of narratives, priorities and ways of doing things, their local/regional manifestations and applications may vary considerably between adopting such narratives wholesale as “without alternative,” as associated with the so-called rise of city-regionalism (e.g. Jonas, 2013), or just seeking to resist such change, opting instead to continue as before.

The inherent dynamics of both dimensions, in their interdependence, mean that the whole system of dual transition is in constant flux. This makes it difficult to capture its characteristics, directions and destinations. As globalization and technological changes continuously redefine societal-economic parameters, values and political agendas, they, in turn, set the scene for the adoption of flexible responses through innovative policies which draw on past experiences. Additionally, responses may seek to reconcile structure and agency across spatial and institutional divisions. Importantly, as suggested in previous chapters, such broad changes include *a general shift from post-Fordist, neoliberal paradigms*, to “beyond post-Fordism” (Scott, 2011). Alternatively, they refer to climate change which demands changes to the ways we conduct our economies and daily lives and frame relevant policies across all scales. What they share, is an underlying change in values and discourse which, in turn, circumscribe the nature and range of arguments that policy-makers may employ to justify and support their choices. Here, economic structures may matter, such as a sense of participation versus exclusion; success versus vulnerability through weak performance; or domination by few large, international corporations, versus a more balanced, regionally-based, small business structure more embedded and interested in the locality of a region. Particularly, when policy decisions are more contentious and/or contested, references to external pressures of wider changes and decisions made elsewhere, can serve as an excuse for mistakes and, hence, reduce the heat from local/regional policy-makers. The simplistic arguments brought forward by populist politicians during the Brexit campaign in 2016, or the presidential campaign by Donald Trump, have illustrated this.

The importance of external effects has become starkly evident in transforming societies and economies, as in post-communist Eastern Europe and post-apartheid South Africa. Regime changes here have cut up existing, and established new, patterns in economic opportunities, granting some parts, especially the main urban regions, new and greater opportunities than perhaps available to

Going for “smartness”

other, more peripheral (or old industrial), parts of the territory and/or society. Negotiations about the urgency of sustainability vis-à-vis competitiveness (Herrschel, 2013) have been fundamentally affected by these far-reaching socio-political and quite broad transitions and the rifts they have produced elsewhere. In the United States, and in different parts of Europe, such as between East and West, or North and South, such discussions have become leading debates over the past 30 or so years, albeit with differing degrees of emphasis and enthusiasm. This reflects variations in dominant societal values and discourses about neo-liberalism versus the social market economy.

The outcome of the dual transition process, here the governance concept of *smart city-regionalism*, is thus understood as opening up, and pressing for, important new ideas about democratic legitimacy and political inclusion in the consideration of interests and concerns. This may involve reaching across social, economic, sectoral and geographic divisions and differences. Yet in order to do so more effectively, context matters as supporter or inhibitor of such developments. Public discourse, for instance, may encourage or discourage policy-makers to stick out their necks when it comes to innovative policies. This may include private views by citizens, institutional assessments, or corporate or political interests and their expressions. Likewise, state policies and statutory/structural provisions may either enhance or inhibit moves towards new, more innovative and enterprising policy approaches. This may be either owing to insufficient power, or political reward systems which are tilted against such attempts (Hauswirth, Herrschel, & Newman, 2004). In addition, direct central interventions can impose new approaches from “above,” as in France with the creation of metropolitan regions (Hoffmann-Martinot & Sellers, 2013).

Kuzio (2001) also recognizes the complexity of transitions, as they consist of several concurrent processes with varying degrees of congruence, each with particular dynamics. He thus develops the concept of “quadruple transition,” which refers to the political, economic, societal and state/nation (identity)-based factors in shaping transition processes, be they open-ended or more focused on a particular outcome as part of a wider trend. Structure matters, yet so do dynamic factors, such as actor-specific and wider societal experiences, concerns and values, as well as political relationships and internal dynamics of parties, society, public administration.

Relationships between context and processes of change in socio-technical regimes affect the ways in which actors, institutions and networks behave in response to policy challenges, whether within or outside a particular locale, such as a city-region. In particular, they react to differences in the degree of coordination effecting such change, and identify four different contexts for regime change: (1) “purposive transitions” (change effected by outside actors), (2) “endogenous renewal” (change initiated by regime members themselves), (3) “re-orientation of trajectories” (ad hoc modifications to established modi operandi in response to changing relationships and dynamics within a regime) and (4) “emergent transformations” as the unintended consequence of changes initiated by outside regimes and arrangements.

Going for “smartness”

External factors are recognized as potentially important, albeit not predominant, drivers of regime change with two dominant factors identified. The first factor distinguishes primarily between intended and unintended (“imposed”) regime changes, which, in turn may be planned and initiated by the regime (its agents) itself, or, alternatively, by a set of actors *within* the regime using established relations and networks. The second factor concerns the availability of required fiscal and executive resources to effect and direct regime transition. These may be readily available either within the existing regime, or outside the regime with limitations to access. The *locus* of the resources determines the ease of their access and availability and thus likely vulnerability to external factors/interests.

Dual Transition – Dimension 2: “Internal transition”. City-regionalism and factors of smartness in city-regional governance

Internal arrangements of city-regions vary, be that on grounds of the number of localities involved or the size of any negotiation “team” and variety of voices involved. Then, there is the internal hierarchy between places, being either organized around a dominant city or metropolis (monocentric), or several competing cities, such as in polycentric arrangements (Herschel & Newman, 2002; Krätke, 2001). In either case, local traditions, competitive thinking and notions of local pride, all play a role in the willingness to collaborate. As shown in Table 4.1, several variables have been used to establish the societal-political and economic milieu in a city region, including the preferred agenda, methods of political implementation, the type of policies and range of actors involved and the detailed operational empirics. Viewed together, they allow the establishment of not just spatial variations, but also those based on values and paradigms. These are identified and evaluated with regards to their manifestation of the three main overarching political-economic models that impact on the scope to adopt and shape smart governance in city regions: equitability, state *dirigisme* or competitiveness. They are reflected in the ways in which the main indicators used express themselves: nature of politics, types of actors or goals pursued.

Keeping a fine balance between local particularities and collective opportunity is usually translated back into particular local advantages and benefits from such collective action. “Smartness” here is taken as a rationale and modus operandi effecting, and responding to, such *internal city-regional* structures as well as interests, as they form around the local-regional nexus, seeking to strike a balance that suits individual local interests in such a city-regional collectivity. This may push for exploring new forms and targets of engagements and thus a transition in governance in purpose and/or modus operandi to a different way of doing things. This involves adopting a more regional, rather than narrowly local, perspective when assessing policy-making needs and likely outcomes. Concern is with reconciling seeming contradictions between established growth agendas and a rising concern with a broader range of qualitative

Going for “smartness”

parameters, for instance, such as societal and territorial cohesion in “quality of life.” Once again, since emerging as a planning concept in North America during the mid-1990s to tackle urban sprawl (Dierwechter, 2008), as discussed earlier in Chapter 1, the smartness concept has steadily morphed to capture more reflective and innovative way of doing things, well beyond planning, land-use and transportation approaches (Caragliu, Del Bo, & Nijkamp, 2011).

Having concentrated initially on the morphology of urban space and its functioning as a way of creating a new urbanity, “smart” cities now typically incorporate wider concerns with economic competitiveness, ecological sustainability, energy budgets, improved administrative efficacy, data integration and coordination, technology, citizen empowerment, and, ultimately, a more agile, “intelligent,” efficient, and problem-oriented culture of territorial (e)governance. Yet, what they all share is a focus on improving efficiency in achieving set objectives, thinking in new ways and trying to depart from/set paths of past development to reach new goals, which all requires looking for more information to obtain task-specific answers. Smartness thus has become a by-word for a more holistic, yet also more complex, multi-layered and critically reflective policy-making perspective that recognizes, and seeks to address, the multiplicity and, at times conflictual, nature of the political task to reconcile multiple goals and turn them into “do-able” policies through “intelligent decision-making and efficient political dynamics within and between cities and city regions” (Shahrokni & Brandt, 2013, p. 117). Yet, the context varies considerably, being more encouraging, or less, drawing on pressures to act (or be seen to act) on behalf of different incentives or disincentives. These are subject to changes, such as through new discourses, political agendas and economic shifts.

Building on Chapters 2 and 3, the following sections now look at the second main transition, that is, *within* city regions. These sections sketch out external scenarios as a framework for regime transition processes and their impact on the ways in which city-regional governance manifests itself.

Transition as political-economic and societal regime change: from state *dirigisme* to liberalized market democracy in Eastern Europe

The phenomenon of regime collapse and subsequent transition to a different mode of organizing state power, society and socio-economic relations and structures has attracted considerable attention in the context of former communist Europe (Altwater, 1993; Gowan, 1995), especially because of its unprecedented scale which meant a de facto end to the Cold War. It also created a sense of superiority among Western countries that liberal market democracy was the now “only show in town” – not by force, but simply as a matter of choice. Yet, while “structure” remained an important consideration in explaining the cause of regime change, such as economic (under)performance, absence of markets and thus consumption as incentives to innovate, and a de facto fossilization of the status quo, arguments also revolved around the nature of change,

Going for “smartness”

as an important factor in shaping the outcome. It mattered, so the argument held, whether the process would be ad hoc and complete (Sachs, 1993; Sachs & Lipton, 1990), very much in the mold of “shock therapy” (Popov, 2007), or more gradual like “transformational recession” (Kornai, 1993, 1994) or “rebuilding the boat in the open sea” (Elster, Offe, & Preuss, 1997).

As evident from this, much of the focus was on the economic dimension of change, that is, the shift from state *dirigisme* to a dominance of market forces. In other words, it was a shift from “big state” to “small state.” In particular, the redistributive role of the state, locating economic activity on the basis of utilizing productive capacity also outside the – from a competitiveness perspective – less attractive areas. Overruling market rationale for the sake of political expedience meant lost productivity, innovativeness and thus wealth creation. On the other hand, it produced a social-economic system with smaller differences and “gaps” between the urban centres and the more rural (and small town) periphery. The far-reaching abandonment of that striving for cohesion in favour of more competitiveness under the impression of globalization is now producing political tensions that challenge existing narratives and presumed certainties about democratic representation and the advantages of Western liberal democracy. Structures thus clearly matter, as also evidenced by the Arab Spring of 2011/12, where the limits of agency like the “Facebook revolution” vis-à-vis established patterns of societal and economic arrangement became evident in the face of varying distributions of power.

Referring to extant changes in former communist Eastern and Central Europe since 1989, Bunce (2010) points to the variations in democratic transitions there and also other parts of the world and the much less clear outcome in terms of democratization and liberalization than many had presumed, until quite recently. This, she argues, ought to also be seen in light of the expectations around the Arab Spring which, again, were frequently – and immediately – understood in the West as a sign of the inevitability of democratization (Huntington, 1991; Carothers, 2002). And prior to that, enabling a “natural” development towards democratization once a dictatorship had been removed, served to justify intervention in the second half of the 2000s in relation to Iraq. She differentiates between external (international) and internal (domestic) factors that may be held responsible for the differences in adopting democracy – both in terms of quality and timing it took to emerge, and thus nature and dynamic of transitional processes and pressures of change resulting from those. Transition is thus viewed as a time- and place-specific combination of domestic, that is, local (intra-city-regional) factors/determinants, including histories, historic experiences and political cultures (comprising experience with city region building, established institutional structures and qualities), as well as people’s engagement and attitudes towards city-regional cooperation, and external factors. Such include proximity to Western states and the EU as ideational and political reference point for intended “adjustment.” Attempts at qualifying to join the EU serve as “conditioning factor.” The outcome is a variety of transitions, and applied to democratization, they stretch from

Going for “smartness”

authoritarianism, at one end of the scale, to liberal democracy, at the other, with a range of hybrid arrangements in between.

So, once again, transition is not a clearly prescribed, linear shift from one regime to another, but may lead to a wide range of mediated regimes combining elements of competing scenarios into individual, place and time-specific “versions” of a – here democratic – regime. And this will then have implications for the emergence of governance arrangements during that process of change. For instance, the existing degree of centralization will shape the scope for local governments to act on their own behalf, including building co-operative regions, and will also shape the likelihood of sufficient political resolve to pursue more autonomous city-regional politics, and thus an acceptance of regions as actors (Herrschel & Tallberg, 2011). As a result, policy solutions are likely to vary considerably, and with them any notions and practicalities of “smartness” as a value system or political goal. Referring to the regime changes after the end of communism, Bunce (2010, p. 38), however, rejects any notions of structuralist ideas of path-dependency and, instead, argues that, “The problem here, however, is that the variations in post-communist political trajectories are *not* predicted by the age of the state.” Instead, the time a regime has had to establish itself, and a combination of factors inside and outside a regime’s territory, need to be considered. There cannot be a “one-size-fits-all,” one-directional inevitability with no alternative, as was implied by discussions in the United States about the Iraq from 2002 to 2009, resulting from the end of the bipolar world in 1991. This means that the outcome of transition is far from certain when it comes to democratization. Current support for populism and propagation of less liberalism in Europe and North America, illustrates that. Indeed, as we can currently observe in Poland, Hungary, Russia or Turkey – and perhaps even the United States – democratization may also be reversed or, at least, severely corroded. Nofosi (2005) speaks even of a “reverse wave” of democratization as a form of backlash.

In any case, context changes and is likely to produce its own momentum for city-regional governance in its focus, manifestation and operation, resulting in different ideas that may be competing on the basis of local and national dynamics in regulation. These variations question the dominance of a singular transition paradigm, such as liberal (Western) democracy or, at the city-regional level, sustainability or, indeed, smartness. Smartness under such circumstances may now involve taking into consideration not just different paths of transition, but also outcomes with a degree of unpredictability. This limits, of course, the scope to “sell” a political agenda, or copy policy-making and policies across places, as so conveniently suggested by notions of good practice and policy transfer on the back of shifting discourses and agendas. And, with democracy having largely been considered a “natural” process of political development, so evidently popularized by Fukuyama’s “end of history” thesis, the collapse of the communist regimes across Eastern Europe raised many new questions about the likely nature, forms, processes, variations and mechanisms of transitions, and whether there was an inherent tendency to catch up with the West

Going for “smartness”

(Kolodko 2001). Important have been both a sense of missing out and being left behind from global, especially economic, developments and associated envisaged higher standards of living. Important, too was a growing frustration with the great inefficiencies of a highly bureaucratic state-centric regime dispensing a one directional, top-down flow of governing orders, which stifled, indeed inhibited, individual entrepreneurialism and initiative, and, instead, turned collectivism and adherence to official political doctrine into the primary *raison d'état*.

By the end of communism, a distrust of state regulation and bureaucracy was deeply entrenched, affecting the ways in which new structures could emerge, find acceptance and thus manage to gain efficacy. Following the long-time “anti-model” of Western market economy, for many the United States seemed the way to go, made attractive as the place where previously unfulfilled wishes and aspirations would seem achievable. Indeed, the anti-model of market forces and low levels of state regulation embodied the antidote to the communist regime, with its total control of personal lives. The more the market ruled the greater the distance from communism.

Central European countries chose different paths of adopting Western liberal market-democratic principles, sometimes meandering between more or less state control of the economy and, as evident recently, varying degrees of authoritarian input in governing. Thus, for instance, in Poland and the Baltic States, but also former East Germany, neoliberal ideology was widely adopted, favouring market-driven development over state regulation in local and regional development. Yet, as recent developments suggest, the sharp difference between “winners” and “losers” in society from economic change, especially between the urban centres and the more rural peripheries, has created a political backlash in the form of support for rightist, even authoritarian, and certainly reactionary, populism. Such divisions were not entirely new as such, because the communist system also knew differences in the allocation of investment and consumer product allocation by the state authorities; most of the resources went to the capital city as “shop window” of the respective nation state’s political-economic development.

In East Berlin, for instance, in the late 1970s, the East German regime wanted streets to look more “Western” by populating them with a greater number of Western cars, so that they ordered 10,000 VW Golf cars as part of a trade deal between East and West Germany. These cars were only available to East Berlin residents, many linked to the state administration. Such preferential treatment of the capital city, followed by the next tier of regional cities, created resentment among the rest of the population outside these centres, where consumer goods and public investment were much more difficult to obtain – if at all. This resentment has lingered, making collaborations between cities and surrounding hinterlands more difficult, as both the cases, Berlin and Prague, in Chapter 6 aptly illustrate. New municipal rights in the wake of democratization produced a new sense of empowerment at the local level and thus attempts at taking a stand against the (still) dominant cities by the more rural municipalities.

Going for “smartness”

This also became evident in the re-organization of the former communist states, where the regional level was at first largely resented as the main relay point for distributing national resources and political agendas to the respective subordinate municipalities. In Eastern Germany, for instance, the boundaries of the new formal planning regions were in several instances cut in such a way as to obscure their association with their socialist-era predecessors (Herrschel, 2000). Likewise, in several central European states, there were attempts to avoid giving regions place-names that referred to the respective regional capitals and, instead, choose more “egalitarian” names based on geographic landscapes instead, even if little known outside those regions. Role and rationale of the geography of planning regions was thus guided by post-socialist ideological concerns (Elander, 1997), such as municipal equality in administrative powers and responsibilities, rather than the pragmatic necessities of economic development policy and management. So, desirable collaborative action from an administrative rationality point of view was resisted for reasons of emphasizing local governing autonomy. This autonomy was considered a crucial sign of democratization by most concerned, including the international organizations supporting Washington Consensus policies of marketization, liberalization and democratization. After the end of communism, it thus was the local level that gained most attention, as it also promised to be best suited to foster democratic principles and practices (Andrusz, Harloe, & Szelényi, 2011; Herrschel, 2007). Municipalities were strengthened as a sign of moving away from centralist, top-down managerialism to more devolved and decentralized grass-roots decision-making at the local level – understood now as “democracy in practice.”

The effects of such localist agendas varied, however, between different states, based on their varying histories in organizing the state, for example, Poland, the Baltic states, the Czech Republic or Slovakia. Nevertheless, the former communist states all have in common a centralized state system that limits the scope for local policy-making and, indeed, has a historic antipathy to regions as more autonomous policy-making entities. Also, only the main cities, especially the capital cities, possessed sufficient political and economic clout, as well as institutional capacity and expertise, to engage in more strategic local policy-making, including at the city-regional level. Interestingly, both Prague and Berlin established strategic development offices in the 1990s. The Berlin-Brandenburg Joint Planning Office (Hauswirth et al., 2003) and the City Development Authority Prague with a Strategic Planning Department (Turba, 2005), respectively, were positioned outside the main administrative hierarchy, enjoying a degree of independence and access to the city leadership. As shown in Chapter 6, both were also seen as efforts to look “beyond” planning-technical perspectives that tend to end at the city limits. Yet, with little enthusiasm for the regional scale of governance after new-found municipal empowerment, governance at that level, therefore, needs to work primarily through informal, collaborative arrangements, using state-defined structures.

Market forces, and the drive for competitive advantage and opportunity, favoured the main urban areas, especially the capital cities with their access

Going for “smartness”

to governmental power and decision-making, while largely ignoring the more peripheral, rural parts. This affected, in particular, sparsely populated and structurally weak border regions with little economic appeal. Those areas experienced disinvestment as state-backed enterprises and economic structures were abandoned as no longer competitive on market principles. The only visible investment the more peripheral areas experienced was in the form of warehouse complexes along major transport arteries cutting through the peripheries. Inevitably, growing divisions between successful cities and functionally and structurally dependent surrounding municipalities have grown. Legacies from the previous regime’s hierarchical system favouring the main cities in the form of resentment by the smaller municipalities, and newly gained local powers, have created a mix that tends to work for localism and against collaborations.

Among those benefiting less from the transformation process, low participation in elections, voting for radical or single issue parties as an alternative to the “mainstream” governing parties, or voting for former communists, are expressions of discontent and disillusionment (Taras, 2015). But they also reflect an emerging newly defined, often nostalgic (Velikonja, 2009), but also increasingly assertive, “Eastern” identity vis-à-vis the perceived threat of “all-out Westernization” and loss of local characteristics and ways of doing things, including local histories and particularities. It is a concern also voiced now vis-à-vis globalization and “open borders” by newly rising nationalist-populist parties. This trend is quite evident from recent elections in Eastern Germany (regional elections), Hungary or Poland (Bútorá et al., 2007), where either former communists or newly-nationalist conservative parties have gained considerable support, especially from outside the main metropolitan areas and among the older generation with memories of the communist years. Such tendencies seem to move towards a more authoritarian, centralized form of governance, such as is currently observed in Hungary and Poland, thus reducing scope for independent local policy-making, including in city regions.

The legacies of the communist period have had an important impact on the subsequent economic and regulatory development of the Central and Eastern European countries. While showing basic similarities in the main features of the planned economic geography created under state socialism, country-specific particularities remained in the form of the implication of communist era practices in governing and administration. The initial simplistic and somewhat naive understanding held in the West was increasingly challenged in the second half of the 1990s, when the fundamental problem of developing a new economic structure became more apparent to now more seasoned policy-makers. This included the realization that market forces *alone* would not bring about effective governance and successful economic development was a precondition for a “feel-good factor” under the new market democratic arrangements. Consequently, as evidenced by more recent developments, alternative self-help solutions emerged in those regions where policy-makers grasped the wider situation and adopted a broader perspective more rapidly than elsewhere. As part of

Going for “smartness”

that process, the meaning of “region” has slowly begun to extend beyond the étatiste *planning region*, and obtained a more competitive, marketing-oriented and business-focused dimension, accepting and utilizing the role of networks and relations, rather than structure and hierarchy alone. This may include international engagement and greater visibility beyond state borders (Herrschel & Newman, 2017).

Focusing on networks and shared interests and agendas among actors encouraged the building of new virtual (conceptual) regions of collaborative engagement, based on common policy objectives between localities and actors, rather than fixed, structured arrangements of interconnection. For instance, the need to project an attractive place image and offer business-friendly “responsive” policies has encouraged collaborative governance at the regional level, so as to boost visibility and appeal among external investors. This includes the agreement to develop the region as projection space and platform for new initiatives, rather than viewing it simply as a spatial subdivision of the territorial state and its administration. The case studies illustrate this approach, for example in the promotion of Berlin’s Capital City Region, which includes parts of two federal states. The focus is on emphasizing functional spaces based on actual communication and exchange of shared interests, rather than the simple implementation of pre-defined fixed policy objectives handed down the administrative hierarchy and guarded by bureaucracies competing for influence and control.

As a result, varying combinations of the two traditions – planning centred and policy based – have emerged, adding to the complexity and multi-layeredness of territorial governance in “transition countries.” The cases provide interesting examples of the interaction between “internal” (local societal) and “external” (national institutional and global economic) factors and their impact on the nature and process of city-regionalization when seeking to address complex agendas, such as economic development and increased sustainability. The external parameters affecting this form of regionalization exercise two types of impact: (1) attracting interest by projecting a clear place image for external consumption by different interest groups, and (2) establishing operational relations and paradigms of potential gains, which are shared among actors and drive coordinated policy-making. In Eastern Europe, the socialist legacy is one important common historic experience, shaping identity, establishing practices and providing societal reference points. The other main factor is the sudden exposure to the forces of globalization in 1990, which quickly unearthed inequalities that had been obscured by state politics and investment decisions across state territory, following political, rather than market, rationales.

Keynesian cohesiveness and neoliberal competitiveness in Western Europe and North America?

Western Europe’s transition is marked by two main trends in public and political discourse: economic globalization and the rise of concern with

Going for “smartness”

sustainability and climate change. The former is characterized by an ideological as well as practical shift from Keynesian-style regional equalization policy aimed at levelling out inequalities in opportunity and quality of life across state territories and societies, to a much more selective, individualist competitiveness agenda driven by neoliberal rationale. Suggesting a trickledown effect in expected positive development effects from such deregulatory approach was to counteract criticism about likely growth in inequality (Allen et al., 2012). While the intended goal had been to set up a North American-style competitive, entrepreneurial, urban (metropolitan) localism (Hall & Hubbard, 1998), the result has been a de facto abandonment of a traditional direct support to “lagging regions” by individual states and the EU, so as to limit an emerging gap between “winners” and “losers” from an opportunity- and rent-seeking market economy. Role, view and status of cities and city-regions have thus experienced a fundamental re-interpretation and re-presentation: from being mere parts of a region and state territory, to standing out as places and actors in their own right, performing now as nodes (or central places) of relations and connections linking opportunity spaces/places across administrative boundaries and also national borders.

Naturally, these changes have affected the ways in which cities and city-regions seek, but also have been required, to define and implement own policies. The main challenges have been a growing withdrawal of blanket support for regions – and cities as part of those – that was originally put in place to counteract inequalities in economic development – in favour of targeting cities and city-regions, especially those with success, as “beacons” of national competitiveness and success. In Eastern Europe (or Central Europe), the shifts have been even greater. In Western Europe, the growing role of the sustainability debate is often projected as in direct conflict with the modernist “growth” agenda which has predominated in postwar politics up until the present day. This has required learning to do things differently to tailor policies more specifically to individual cities’ and city-regions’ characteristics to achieve greater policy efficacy – albeit within the changing demands and circumstances set by national and international regulations and political pressures. Finding their particular solutions to the conundrum of competing and conflicting agendas and expectations across policy fields and scales requires “smartness” as understood here in its innovative, experimental and entrepreneurial meaning.

Europe’s city-regions are part of a multi-level governance arrangement which stretches from the local to the international. Outside Europe, the international layer of governance, as provided by the institutions of the EU, is largely absent, with merely a few international organizations, especially the United Nations (UN) and World Trade Organization (WTO) and the International Monetary Fund (IMF), framing policies that influence city-regional governance. Thirty years ago, the 1987 Brundtland Report drew attention to the importance of cities in challenging and, eventually helping to address, sustainable development as a global task. A few years later, the 1992 UN Conference on Sustainable Development in Rio de Janeiro explicitly placed *local* government

Going for “smartness”

in a leading role to seek and develop partnerships with local stakeholders and communities in working towards local sustainable development. This included efforts to strengthen participatory, democratic processes in governance vis-à-vis conventional political elitist managerialism with emphasis on devolved decision-making to reflect the trans-scalar nature of the challenges and thus the required answers.

One of the policies that came out of this has been Local Agenda 21 which, in the United Kingdom for instance, has translated into a framework for developing “sustainable communities” (Bulkeley & Betsill, 2005, p. 42). In Germany, sustainable urban development featured in a federal competition for good practice in planning and developing the “City of the Future” (BBR, 2004), and also developing “Urban Strategies to Tackle Climate Change.” As a result, climate change has become a dominant agenda in, and explicit task of, local governance. Conditions attached to international loans to national governments also circumscribe favoured provisions for city-regional governance. In North America, structural changes have been fewer as compared with Europe, and especially Central Europe. Agenda changes have thus been more important at the policy-making level, working through established structures, rather than creating new ones. Political and policy changes are thus mostly a matter of change in emphasis, public discourse and leading personalities. Nevertheless, the radical change in political discourse emanating from a White House under Donald Trump in relation to the Paris Climate Summit Agreement has triggered strong metropolitan responses of defiance and, instead, continuing to adhere to the Summit-agreed agenda (Boffey, 2017; Comstock, 2017).

Successive European treaties have increased the penetration of European programmes into Europe’s cities and regions. Programmes impacting directly on cities and regions include those concerned with transport policy (for example, completing the Trans-European Networks); environment policy (for example, the standardization of approaches to assessing environmental impacts since the Environmental Assessment Directive of 1985); and regional policy supported by a range of funds to support weaker regions. Since the end of the 1990s, an important issue has been the increasing attention to policies that specifically focus on urban, as opposed to wider regional, issues. For Europe’s cities and regions, there are important issues of both policy-making and policy change and institutional adaptation to European policy. This dual focus of change has facilitated rescaling of policy-making and institutional innovation, including a shift to the city-regional level, whether formally institutionalized or a more “virtual” form based on collaborative arrangements (see Chapter 3).

The development of European institutions has from the start been a political process and the development of regional policy no less implicated in the machinations of political relationships between member states, while aiming at the sub-national regional scale as primary platform for implementing its structural policies. The primary driver of EU policies has been greater harmonization of living standards and opportunities as a means to enhance greater integration and a sense of “Europeanness.” This common objective encouraged a continuous

Going for “smartness”

“Europeanization” of once nationally defined, if EU supported, regional policies. The result has been greater EU control and definition of policy objectives and eligible projects right down to the local level. Systematic regional intervention started essentially as a supra-national exercise, with little regard to a state’s federal or unitary organization and thus the specific role and position of regions and municipalities to obtain control of support funding and pursue their own policies.

The inclusion of poorer countries, starting in 1986, challenged the existing distribution of regional funds on the basis of a much widened inequality. Member states agreed in the Maastricht Treaty to substantial changes to European treaties to create a single European market and thus heightened pressure for greater competitiveness through more open borders. At the heart of this concept was the acknowledgement of the political relevance of disparities between rich and poor regions and a shared objective that these divisions should not widen because of closer economic integration and, so, increased competitive pressures. Quite the contrary, improving prospects in the disadvantaged areas should muster support for the EU and its policies. And regional policy was an important instrument in pursuing these seemingly contradictory aims. In addition to this new environmental focus, the economic project of the single market went beyond the conventional territorial approach and acknowledged the growing importance of relationally defined spaces of economic activity and opportunity: European transport planning and the idea of TENs (Trans-European Networks), highlighted the relevance of linking together cities, regions and states through strategic transport investment across Europe.

For cities and regions, location on new strategic road and rail links or, the absence of such, could have as profound an economic impact as the flow of regional development funds, although the former has a more locally selective effect. Not gaining access to the new network would seem to cement peripherality and reduced relevance, setting those localities on a self-reinforcing spiral of stagnation or decline. Quite evidently, such policies were still in the Keynesian tradition of public investment (and thus the state) directing markets, including through “enablement” and “incentivizing” by creating competitive advantages. And this intention gained efficacy and visibility through a series of initiatives concerned with spatial planning as a more direct form of centrally-directed policy-making. Focusing at first, in the early 1990s, on “trend scenarios” of trans-national super-regional development, such as the Atlantic Arc, as part of an emerging EU-wide development planning to at first counteract inequalities, (Herschel & Newman, 2002), the formalized European Spatial Development Perspective (ESDP) was to bring in a more implementation-oriented approach. The term “Perspective,” however, signals a rather “soft” approach; it was chosen to avoid the fear of top-down policy implementation suggested by the word “Plan,” something that could undermine regional self-government, especially in federal states, as well as notions of national sovereignty. The ESDP argued for stronger integration of European regions into the global economy to improve the competitiveness of the European economy and thus quality

Going for “smartness”

of life. At the same time, the ESDP acknowledged inter-regional differences in competitiveness and opportunities, when it identified regions as “global economy integration zones” (Atkinson, 2001).

This reflects the contradiction between favouring cohesion through a broader spatial approach, and competitiveness, focused on *selected* locales, and especially, metropolitan areas. While the ESDP has marked a significant development in European urban and regional policy, funding support to effect policy developments is limited and strictly spatially targeted, with cities and city-regions increasingly at the top of the list of support. In the studies for the Europe 2000 and Europe 2000+ projects, urban Europe came to the fore (see CEC, 1994, 1992). And here, city-regional approaches, based on collaborative arrangements between neighbouring and functionally connected municipalities, gained greater visibility. The shift towards such a more competitively focused approach reflected the growing appeal of neoliberalism vis-à-vis established, post-war Keynesianism (post-war consensus), and was made explicit in the launch of the urban-centric URBAN programme in 1994 with 85 individual programmes focused on infrastructure and measures to tackle high unemployment (Herrschel & Newman, 2002).

As discussed above, national policy-making and governing traditions and political frameworks matter for the extent and speed of changes to governing regimes, such as the respective established roles of the state vis-à-vis capital interests, or, in other words, reliance on statism rather than neoliberalism. Northern and northwestern European cities have developed more experience of dealing with Brussels in the decades of emerging EU regional policies. This has increasingly included collective bargaining and lobbying through networks, such as Eurocities, reaching across national territories and governing systems. Meanwhile, southern European cities have held traditionally a much greater reliance on the national level to filter information, channel funding and allow local interests to become involved. Dependence on often inefficient national administrations, therefore, contrast with the more locally based entrepreneurial attitudes developed in the north, frequently driven by a retreat of the state under the impact of neoliberal ideology. Indeed, leading European cities organized in the Eurocities network, a lobbying organization of self-defined dynamic cities, shared technical knowledge and expertise, and sought to get the European Commission to grant them specific competence in urban as well as regional governance.

The ideal city imagined in Brussels was very much a northern city and one which had shrugged off its industrial past, looking instead to innovativeness, hi-tech and direct engagement on the international and global market (Herrschel & Newman, 2017). Southern cities, more used to relying on the certainties of state agency, may well lack the technical administrative capacities of many northern cities. And so there is varying preparedness for engaging in partnerships with other actors and scales of governance, which go beyond usual experiences. Paradoxically, the leading (city-) regions are regarded as “models” for the less successful and less developed ones to follow as part of

Going for “smartness”

“good practice,” but that may not necessarily be the most appropriate or, indeed, realistic, path to take. Most of the big cities have by now direct representations in Brussels to lobby for funding (Herrschel & Newman, 2017) and thus seek daily to enhance their international status by undertaking large projects (Swyngedow et al., 2002).

The shift in Western European policies from the regional to urban (and city-regional) scale reflects ever closer linkages between cities and European institutions and a new set of ideas about the dynamic properties of city regions in the European economy. The “Europe of the Regions,” which had seemed to represent the future of European economy and institutions at the end of the 1980s and into the 1990s, has been ousted by an image of city-regions as the *real* economic motors and new focus for European policy intervention. Political attention and policy focus has thus shifted away from an egalitarian and integrationist concern with support for lagging areas to avoid their being left behind and the undermining of the envisaged equal quality of life across the EU’s territory and so the sense of benefiting from the European Project. Yet, capacity to follow this new approach, and be successful in an economically focused way, varies, and so the likelihood of a “filtering down” of gains made in the successful urban nodes to the “rest.” Inequalities are likely to grow, with the most pro-active and innovative and politically apt cities and city-regions able to boost their opportunities and move ahead. This gives a completely new meaning to the Thatcherite mantra of “freeing enterprise.”

The North American context for the shaping of city regional governance differs from that in Europe in terms of the role of historic complexity and “depth,” the perceived and accepted role of the state, equally, and the role of the business community and the weight of its voice and political relevance in matters of economically relevant policy-making. A multi-level federal arrangement is found in both the United States and Canada, although there are differences in the degree to which – in relation to direct local matters – central government (provinces, states) are permitted to become active locally and intervene in local affairs. Also, the role of ethnicity and its geographic manifestations in the cities as driver of local unevenness differs between the United States and Canada. Canada allows for more direct intervention by the provinces in local matters, as municipalities are creatures of provincial parliaments, allowing city-regions to be created and abolished as seen fit at the time. The Toronto city region of Greater Toronto is one such example (Slack, 2000; Savitch & Vogel, 2009). This is less evident in the United States, where municipalities in most states enjoy so-called home rule, protecting their territorial status through secured fiscal provisions and protection from state intervention (Vanlandingham, 1968). Changes, such as building city-regions, are more likely through bottom-up, collective agreement among local governments.

In the United States, despite a lackluster pursuit of city-regional governance, such discussions go back to the beginning of the last century, when local government reformers were attracted by managerial practices in the business world and the concern with raising efficiency and effectiveness of the administration

Going for “smartness”

and provision of services. This normative perspective contrasted with the public choice-based view of competitive localism as a means to improve service delivery efficiency, as advocated by Ostrom et al. (1961), for instance. There, as first suggested in Chapter 2, a more top-down approach was suggested, with a clear emphasis on “governing” which also involved a dedicated metropolitan government, and thus a link between metropolitan governance with regionalism. For instance, Mathewson’s (1978) *Regionalist Papers*, sought to make a collective case for metropolitan regional government. In this collection of a broad range of contributions, Mathewson used the term “metropolitan region” as synonymous with “city-region.” Indeed, such metropolitan regions are defined by functional relationships rather than administrative boundaries of responsibilities. The “glue” holding such a metropolitan region together he considered to be a sense of “regional community” as a product of the lived interdependence of urban and suburban interests. Such a regional community, he suggested, draws on shared values, aspirations and a “*regional ethic*.” In other words, metropolitan regionalism is understood as comprising a sense of togetherness and interdependency (p. 8). These units should be run on the basis of self-government, a *regional version of “home rule”* (p. 15).

The focus was thus on adding *another* layer of government at the regional level and shift some local responsibilities to that level, while also subordinating local, especially planning, responsibilities to the region-wide strategic objectives formulated by that new governmental level. Yet, such a move, in most places, faced considerable resistance, as it involved re-structuring the territoriality of existing governments through either merging existing units or inserting an additional tier of metropolitan-wide (regional) government, directly challenging the notion of municipal self-government (home rule). On those grounds, in the United States local public involvement and support is required whenever municipalities are to be merged or otherwise modified in their territoriality and capacity. This makes attempts at re-organization – whether through horizontal merger, or additional vertical layers at the regional level – inherently more difficult and political than in Canada, for instance. Removing a locality from existence through merger affects its very existence as an entity and thus goes to the foundations of the notion of localism as an expression of the historic right of self-governing autonomy. Informal, network-based and self-organizing principles of “scaling up” local government to the city-regional level have thus become the more “acceptable face” of metropolitan regionalization, as it is perceived as less interventionist, less permanent and not imposed but instead locally “owned.” The view is of a pragmatic, workable and, ultimately, effective compromise between the need for acting “bigger,” yet remaining locally rooted and controlled (Savitch & Adhikari, 2017).

And it is under such conditions that a regional agenda is, on the one hand, needed to retain an overall cohesion of developments to avoid counter-productive localist non-cooperation, such as a competitive race to the bottom in taxation in the pursuit of securing politically useful “successes” in securing the location of new businesses. There are variations in the application

Going for “smartness”

and “severity” of home rule principles. Thus, in the Pacific Northwest, for instance, compared with other parts of the United States, for example the South East, there is a stronger sense of shared responsibility for maintaining the natural resources as a key ingredient of a generally much valued quality of outdoor life, which, in turn, provides a crucial factor in promoting economic development, especially at the high end innovation-centred sector. Yet, different perspectives and priorities exist among cities and city regions as to the utility of Nature as an economic resource versus its value as key contributor to quality of life and “amenity” (Dierwechter, 2008; Seltzer, 2004). What North American cities share, however, is a distinct sense of local enterprise and entrepreneurialism, with local business playing an important role in local politics and policy-making, again as discussed initially in Chapter 2. Unlike in Europe, the state has historically been an extensive safety net provider for municipalities, generating a distinct need and preparedness to adopt entrepreneurial policies to boost a locality’s standing. Yet, as in Western Europe, there is no hard and fast rule, and local leadership may make a big difference. The much-reported success of Barcelona in preparing for the Olympics and developing a new sense of urbanity and urban action (Garcia-Ramon & Albet, 2000), illustrates that entrepreneurialism, “smartness” and southern-ness may well go together.

Transitions in South Africa: managerial city-regionalism under disintegrating neo-mercantilist conditions?

Finally, we note that the post-apartheid transition in the geopolitical economy of South Africa provides a complement to the other world-regional cases in North America and Eastern Europe. In particular, the nature of the South African state cannot be reduced to the hypothesized “post-colonial” problems of many other African states, particularly in terms of bureaucratic-administrative incapacity to govern, although these problems cannot be ignored either. Moreover, while South Africa still strives to replicate liberal democratic values that arguably bind it to (originally) “Western” norms and principles of state–society relations, notably regarding constitutional-legal rights, South Africa also shares (with many Asian societies) a parallel set of organizational expectations that characterize neo-mercantilist debates about the so-called Developmental State. South Africa is, therefore, concomitantly of/in Africa, peculiarly Western-liberal and also “developmentalist,” yet at the same time none of these exactly, at least not in toto. Steven Robins (2005) provides a particularly compelling summary:

While the South African state is, by African standards, a massive and well-resourced apparatus, its capacity to govern and meet the social, economic, health and housing needs of citizens is severely compromised and limited. [...] The South African state, it would seem, is caught between its contradictory and ambivalent desire to extend its reach and delivery development ... and the neoliberal imperatives of the downsizing,

Going for “smartness”

rightsizing and outsourcing state. [...] It is not a classic neoliberal state and neither is it a textbook modernist social democracy or socialist state. Instead its policies appear to be the product of perpetual improvisation and pragmatic maneuvers.

(pp. 10–11)

There is a sense, in other words, of something we call here neo-mercantilist improvisation, particularly in regard to the recent elevation of key city-regions like Cape Town and Johannesburg as crucial scalar platforms for economic development and social transformation in a now demonstrably unsustainable world order. Here we mean not only that national authorities are indeed trying, albeit pragmatically and often inconsistently and unevenly, to affect the “competitive advantages” of city-regional territories, as Roberto Campagni (2002) might put it, but to help improve the socio-cultural functionality and ecological sustainability of these same spaces too. Again, smartness has emerged as a key governing discourse through which such a critical territorial project might move forwards, at least in theory.

Context and caveats, however, are important. Concerns with “dysfunctional” and “corrupt” central state practices – that is, with the otherwise common post-colonial pathologies of African state (dis)formation, political (dis)order and institutional decay (Fukuyama, 2013) – have been growing much louder since the ousting of Thabo Mbeki by Jacob Zuma (Russell, 2009). One of contemporary South Africa’s most strident critics, R. W. Johnson (2015), ultimately questions how long the country as presently configured territorially can “survive.” He draws attention especially to high-level corruption among the ANC (African National Congress) elite, to the ascendance of a rent-seeking kleptocracy, as well as fiscal mismanagement, patron–client tribalism and (relatively) insufficient state capacity and technical expertise given extant challenges and aspirations. Forty years ago, Johnson (1977) asked the same question of apartheid South Africa in the late 1970s. Apartheid collapsed; South Africa did not. While open civil war (and territorial disintegration) could well have occurred throughout the 1980s and early 1990s, particularly in/from Kwazulu-Natal, less alarmist readings since 1994 tend to emphasize South Africa’s otherwise common “middle-income” problems, notably the extreme contrasts in wealth produced by the still strong path-dependencies of a once primary sector resource-extractive economy (Butler, 2005). Like other such economies around the world (e.g. Brazil), the South African economy grew robustly in the 1950s and 1960s, averaging between 4 and 6 per cent per annum. But as first discussed in Chapter 2, the post-OPEC crisis of the mid-1970s sharply impacted economic growth dynamics in South Africa. The subsequent fiscal crisis of the now heavily “militarized” apartheid state, the anti-apartheid movement and, ultimately, the global divestment campaign further depressed growth rates throughout the 1980s – to around only 1.5 per cent per annum through the end of the apartheid system. More fundamentally, and from a more radical perspective, apartheid collapsed under a number of

Going for “smartness”

contradictory pressures engendered mainly by an accumulation strategy that depended on cheap, expendable African labour and capital-intensive industrialization (Marais, 1998, p. 37).

Post-apartheid South Africa’s main problem, then, has been “jobless growth” (Banerjee et al., 2008). While the economy finally picked up again in the early 2000s, large-scale structural unemployment has remained stubbornly at between 25 and 40 per cent, depending on the exact definition of unemployment used. Thus, the obvious importance of the country’s key city-regions to the overall national project, even the “survival” of South Africa as presently conceived, if Johnson’s critique is accurate. As we shall show in Chapter 6, for example, the province of Johannesburg–Gauteng alone generates about one-third of South African GDP, and 40 per cent of value added (New York, by contrast, produces 8 per cent of US GDP). The profound irony of the project is that the strategic elevation of city-regions by central authorities may paradoxically accelerate new “post-Westphalian” forms of what Sheering and Wood (2005) call “nodal governance” and “denizenship.” Deploying the classical theme of “security” services associated with the state, they argue that:

We have, for or the past several decades, been living in an age where the empirical regularities that we took for granted have changed radically. Today, as studies of the governance of security are making clear, the relationship between nodes of governance is considerably varied [...] People now live within a world full of crisscrossing memberships that operate across and through multiple and layered governmental domains.

(pp. 100–101)

Still another paradox is that while the hypothesized “rise of city-regions” (Scott, 2001) may eventually undermine the traditional Westphalian model of the territorially and culturally hegemonic liberal nation-state, the expansion in, for example, the nodal governance of security within city-regions like Johannesburg is leading to a “defensive urbanism” characterized by “spatial partitioning” and a “fortification aesthetic” (Murray, 2011). “Johannesburg is a city,” Murray specifically notes, “... scattered over vast distances, surrounded by protective barriers, buffered by vacant dead space, and connected by high-speed freeways” (p. 213). Smart efforts to overcome such “partitioning” through improved urban spatial policy integration, as Behrens and Wilkinson (2003) have shown specifically for housing and urban passenger transport, are profoundly challenging, and certainly not amenable to simplistic policy transfers from elsewhere. South Africa is interesting and worth studying in comparative perspective, in consequence, because its main city-regions are managed and shaped within a neo-mercantilist framework dealing simultaneously with deep race and class cleavages, path-dependent economic inefficiencies and insufficient, but also quite ambitious, state capacity. In addition, mounting concerns with kleptocratic pathologies (Rotberg, 2004) cannot be waved away either.

Going for “smartness”

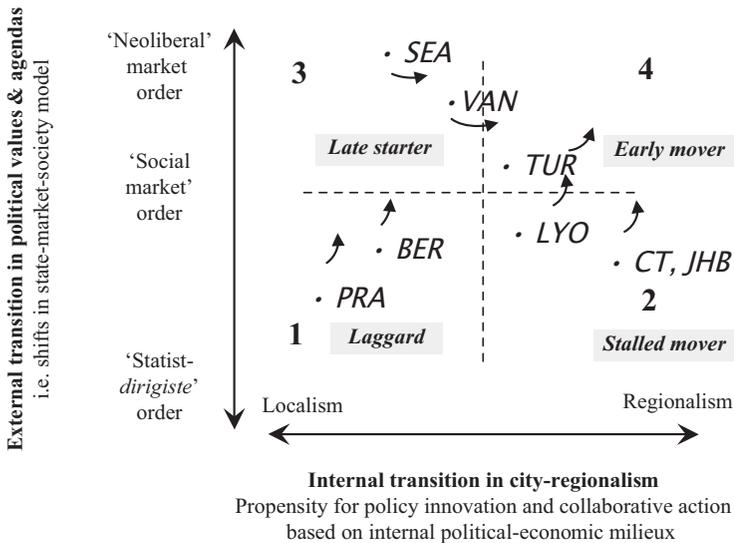
Reflecting again upon our opening themes here, we thus theorize South African city-regionalism mainly through a “managerial” rather than neoliberal or equity lens per se – notwithstanding the importance of both these latter discourses. This book attempts to show later on that the “external” transition in South Africa to neo-mercantalist improvisation – that is, neither “neoliberal” nor “social democratic” – has shaped, in turn, an “internal” transition within city-regions like Cape Town and Johannesburg. The overarching search for “smartness” implies a place-based institutional and political capacity to reconcile competing demands and interests; this, in turn, entails ongoing debate, productive deliberation, social learning and careful negotiation in the search for appropriate structures and policies for regional development. Smartness promises to overcome socio-spatial fragmentation, civic disengagement and the concomitant goals of competitiveness, sustainability and cohesion. This, too, is theoretically producing new spaces of regulation and nascent modes of governance and institutional experimentation, however inchoate, improvised and likely reversible. In city-regions like Cape Town, what we see in this book as examples of smartness – such as the Knowledge Transfer Program – concretely reject the “best practices” argument that “singular, inflexible, non-context specific, universally applicable and accepted practice can lead to policy change” in favour of what Patel et al. (2015, p. 201) have called a more creative search for “fine practices,” which explicitly foreground “adopting modes of work that are contextually grounded, as well as sectorally and organisationally specific.”

Mapping smart transitions in city-regionalism: the empirical cases going forward

As we move forward in the coming chapters with our detailed empirical invitations of smartness and transition, it is perhaps helpful here to summarize the overall narrative we shall present by synthesizing visually the above conceptual tools, themes and core claims. This is done in Figure 4.3 below, which applies the same basic heuristic framework deployed in Figure 4.1, but now adds the various “*smart transitions*” in city-regionalism that we aim to tease out in Chapters 5 and 6 – and indeed that make up the overall title and subject of this book.

Specifically, the four quadrants illustrate the relative “positions” of our eight city-regions as they show different engagements with, and acceptance of, various elements of “smartness” in their approaches to their multi-scalar governance. Nonetheless, it needs to be emphasized at the outset that – as a heuristic device only – such positions, or “mappings”, are simply symbolic; they are deployed in the coming chapters to assist our interpretations of smartness in the empirical context of the contested and inchoate production of economic and political city-regionalism around the world. In this sense, Figure 4.3 is not derived directly from, for instance, rigid quantitative assessments, “ranking”

Going for “smartness”



- 1 = *statist/localist, non-collaborative, hierarchical, dependent, defensive*
- 2 = *statist/regionalist, collaborative through state-incentives/intervention, also reaching across scales*
- 3 = *neo-liberal competitive/localist (metropolitan elitist), self-centred ('independent-minded'), feeling 'held back' by struggling neighbouring localities, or seeking support by 'clinging on' successful*
- 4 = *neo-liberal-competitive/regionalist, opportunistic-collaborative at different scales, internationalist in networking, 'elitist' metropolitanist, confident*

Figure 4.3 Transitions toward “smartness” in existing city-regionalism.

exercising or index-statistical benchmarking – all of which are increasingly popular techniques in both smart city and global city discourses (e.g. IESE Business School, 2016).

We have provocatively suggested a normative “zone” for “ideal smartness” as *both more effectively “regionalist” and strongly “social-democratic” in nature* – as discussed earlier in this chapter and in later chapters too. That said, our actually-existing evaluations of smartness are based on reviews of political and policy debates over the last few decades in those localities and regions. In addition to interviews with key stakeholders, we have analyzed meta-themes, formal statements and specific project initiatives. Furthermore, the analysis engaged critically with policy documents and Web-based discourses. The objective, here, is to provide a sense of the attitudes to regional engagement and policy-making as they shape moves towards adopting smart principles. Important to our discussion, then, are the general directions of transitions, including starting points and likely destinations, albeit all within the power fields defined by external and internal circumstances. And again, as also earlier discussed in this

Going for “smartness”

chapter, these dynamics are shaped by place-specific combinations of internal and external factors that “push” or “pull” policy-makers in key directions. There is no common starting point, nor a uniform outcome, just the synoptic claim that these variables exert pressures and eventually lead to policy responses in scale and agenda over time. Within this context, we see four broad categories within the wider context of our theory of a dual transition in the external and internal dynamics of city-regions. In the first quadrant, illustrated in this book by the cases of Prague and Berlin, we see “*laggards*.” Here the propensity for policy innovation and city-regionalist collaborative action – that is, for “smartness” – is less evident, even though “post-socialist” shifts in state-market society model are obviously important. We suggest specifically that Prague has struggled far more than Berlin to shake off the various legacies of the previous statist order, even as both city-regions, we also claim, are relatively *non-collaborative, hierarchical, dependent and defensive*. In quadrant 2, we contend that transitions to city-regionalism are more advanced in both Cape Town and Johannesburg, but are today also “*stalled*”, in part because their (socio-spatial and institutional) shift away from the manifold of legacies of apartheid are not sufficiently supported by a smart “external” transition as the central state apparatus increasingly shows signs of patrimonial rent-seeking and abject corruption. Reflecting stronger traditions of social-market political economies, both the cities of Turin and (especially) Lyon are structurally closer to the normative smart zone we discussed earlier. Both show evidence, for example, of policy innovation and collaborative action – of local agency – across local borders and scales of governance. Yet smart city-regionalism in Lyon reflects French traditions of state-incentives/intervention, whereas Turin has been an “*early mover*.” We also see the Canadian city-region of Vancouver, British Columbia as an “early mover,” with relatively advanced discourses and practices of regional collaborations but also, like nearby Seattle, Washington, in the United States, shaped more significantly by North American-style neo-liberalism. Unlike Vancouver, however, we show that Seattle’s efforts are more recent, thus a “*late starter*,” even as its high-technology economy produces smart city innovations.

Conclusions

The notion of “smartness” has become somewhat of a catch-all label in public policy, even though the actual added value of “smart” as adjective is not always clear at all when it comes to city-regional governance. The primary reason is the growing complexity of city-regionalism and its governance as conventional ways of governing – through fixed institutional structures, lines of representation and accountability, and sources of power, just as much as a reliance on the caring state – no longer seem to be able to produce effective answers to the challenges and changes triggered by globalization.

Both discourse and practice are going through a dual transition as intersection of, firstly, wider political-economic regime change, and, secondly, place-specific

changes to values and modi operandi of defining and making “smart” policies. Differences in the wider context, marked as Transition 1, set the framework for the development of an in-principle acceptance of city-regionalism as a desirable governance level in public and political discussions. They set the external “stage” for the formation of an internal place-specific milieu, for accepting the utility of such arrangements and thus the general direction of, and emphasis in, city-regional development per se. Changes in the internal approach in city-regions to their own governance, labelled here as Transition 2, shape the local political milieu and thus local readiness to adopt principles and practices of “smartness,” as described above, in policy-making. Changes in technology, and a sheer awareness of challenges and opportunities, may produce greater or lesser impact on the course of this second transition within city-regions.

The following two chapters investigate the interdependence of the two transitions – extra- and intra-city-regional – of the proposed dual transition in city-regional governance and their determination of the role of “smartness” as discourse and agenda. In particular, the role of a paradigmatic *leitbild*, a leading vision and concept, as found in different national governing traditions, will be explored.

References

- Adeney, K., & Wyatt, A. (2004). Democracy in South Asia: Getting beyond the structure-agency dichotomy. *Political Studies*, 52(1), 1–18.
- Allen, J., Cochrane, A., Henry, N., Massey, D., & Sarre, P. (2012). *Rethinking the region: Spaces of neoliberalism*. London: Routledge.
- Altvater, E. (1993). *The future of the market: An essay on the regulation of money and Nature after the collapse of “actually existing socialism”*. London: Verso.
- Anderson, J., & O’Dowd, L. (1999). Borders, border regions and territoriality: Contradictory meanings, changing significance. *Regional Studies*, 33(7), 593–604.
- Andrusz, G., Harloe, M., & Szelényi, I. (Eds.) (2011). *Cities after socialism: Urban and regional change and conflict in post-socialist societies*. Chichester, UK: John Wiley & Sons.
- Atkinson, R. (2001). The emerging “urban agenda” and the European spatial development perspective: Towards and EU urban policy? *European Planning Studies*, 9(3), 385–406.
- Banerjee, A., Galiani, S., Levinsohn, J., McLaren, Z., & Woolard, I. (2008). Why has unemployment risen in the new South Africa? *Economics of Transition*, 16(4), 715–740.
- BBR (Ed.) (2004). *Städte der Zukunft, Kompass für den Weg zur Stadt der Zukunft. Sonderveröffentlichung*. Bonn: BBR.
- Behrens, R., & Wilkinson, P. (2003). Housing and urban passenger transport policy and planning in South Africa cities: A problematic relationship? In P. Harrison, M. Huchzermeyer, & M. Mayekiso (Eds.), *Confronting fragmentation: Housing and urban development in a democratising society* (pp. 154–174). Cape Town: UCT Press.
- Boffey, D. (2017). Mayors of 7,400 cities vow to meet Obama’s climate commitments. *The Guardian*, 28 June 2017.
- Bulkeley, H., & Betsill, M. (2005). Rethinking sustainable cities: Multilevel governance and the “urban” politics of climate change. *Environmental Politics*, 14(1), 42–63.
- Bunce, V. (2010). The regional transition. In V. Bunce, M. McFaul, & K. Stoner-Weiss (Eds.), *Democracy and authoritarianism in the post-communist world* (pp. 30–59). Cambridge: Cambridge University Press.

Going for “smartness”

- Butler, A. (2005). *Contemporary South Africa*. New York: Palgrave.
- Bútora, M., Gyárfášová, O., Mesežnikov, G., & Skladony, T.W. (2007). *Democracy and populism in Central Europe: The Visegrad elections and their aftermath*. Bratislava: Institute for Public Affairs.
- Camagni, R. (2002). On the concept of territorial competitiveness: Sound or misleading? *Urban Studies*, 39(13), 2395.
- Caragliu, A., Del Bo, C., & Nijkamp, P. (2011). Smart cities in Europe. *Journal of Urban Technology*, 18(2), 65–82.
- Carothers, T. (2002). The end of the transition paradigm. *Journal of Democracy*, 13(1), 5–21.
- Case, W. (1996a). Can the “halfway house” stand? Semidemocracy and elite theory in three Southeast Asian countries. *Comparative Politics*, 28(4), 437–464.
- Case, W. (1996b). *Elites and regimes in Malaysia: Revisiting a consociational democracy* (No. 38). Clayton, VIC: Monash University Press.
- Collier, D., & Levitsky, S. (1997). Democracy with adjectives: Conceptual innovation in comparative research. *World politics*, 49(3), 430–451.
- Commission of the European Communities (CEC). (1992). *Europe 2000: The development of the Community’s territory*. Luxembourg: Office for Official Publications of the European Communities.
- Commission of the European Communities (CEC). (1994). *Europe 2000+: Cooperation for European territorial development, Volume 93*. Luxembourg: Office for Official Publications of the European Communities.
- Comstock, A. (2017). US cities and states want to implement the Paris Climate Accord goals: It’s not that simple. *The Washington Post*, 13 June 2017.
- Diamond, L., Fukuyama, F., Horowitz, D. L., & Plattner, M. F. (2014). Reconsidering the transition paradigm. *Journal of Democracy*, 25(1), 86–100.
- Dierwechter, Y. (2008). *Urban growth management and its discontents: Promises, practices and geopolitics in US city-regions*. New York: Palgrave.
- Edwardsen, U. (1997). A cultural approach to understanding modes of transition to democracy. *Journal of Theoretical Politics*, 9(1), 211–234.
- Elander, I. (1997). Between centralism and localism: On the development of local self-government in postsocialist Europe. *Environment and Planning C: Government and Policy*, 15, 143–159.
- Elster, J., Offe, C., & Preuss, U. (1997). *Institutional design in postcommunist societies: Rebuilding the ship at sea*. Cambridge: Cambridge University Press.
- Fukuyama, F. (1992). *The end of history and the last man*. New York: Free Press.
- Fukuyama, F. (2013). *Political order and political decay*. New York: Farrar, Strauss and Giroux.
- García-Ramon, M. D., & Albet, A. (2000). Pre-Olympic and post-Olympic Barcelona: A “model” for urban regeneration today? *Environment and Planning A*, 32(8), 1331–1334.
- Giddens, A. (1984). *The constitution of society*. Cambridge: Polity Press.
- Gowan, P. (1995). Neoliberal theory and practice for Eastern Europe. *New Left Review*, 213, 3–60.
- Haggard, S., & Kaufman, R. (1995). *The political economy of democratic transitions*. Princeton, NJ: Princeton University Press.
- Hall, T., & Hubbard, P. (1998). *The entrepreneurial city: Geographies of politics, regime, and representation*. Chichester, UK: John Wiley & Sons.
- Hauswirth, I., Herrschel, T., & Newman, P. (2003). Incentives and disincentives to city-regional cooperation in the Berlin-Brandenburg conurbation. *European Urban and Regional Studies*, 10(2), 119–134.

Going for “smartness”

- Herrschel, T. (2000). Regions and regionalization in the five new *Länder* of eastern Germany. *European Urban and Regional Studies*, 7(1), 63–68.
- Herrschel, T. (2005). “Competing regionalisation” through territory and cluster networks: Experiences from post-socialist eastern Germany. *GeoJournal*, 62(1), 59–70.
- Herrschel, T. (2007). Regions between imposed structure and internally developed response: Experiences with twin track regionalisation in post-socialist Eastern Germany. *Geoforum*, 38(3), 469–484.
- Herrschel, T. (2011). Regional development, peripheralisation and marginalisation and the role of governance. In T. Herrschel and P. Tallberg (Eds.), *The role of regions: Territory, scale, governance* (pp. 85–102). Christianstad: Region Skåne.
- Herrschel, T. (2012). Regionalisation and marginalisation: Bridging old and new divisions in regional governance. In M. Danson, & P. de Souza (Eds.), *Peripherality, marginality and border issues in Northern Europe*. Routledge *Regions and Cities* series (pp. 30–48). London: Routledge.
- Herrschel, T. (2013). Sustainability and competitiveness: Can smart growth square the circle? *Urban Studies*, 50(11), 2332–2348.
- Herrschel, T., & Newman, P. (2002). *Governance of Europe’s city regions*. London: Routledge.
- Herrschel, T., & Newman, P. (2017). *Cities as international actors: Urban and regional governance beyond the nation state*. London: Palgrave.
- Herrschel, T., & Tallberg, P. (Eds.) (2011). *The role of regions – networks – scale – territory*. Kristianstad: Region Skåne.
- Hoffmann-Martinot, V., & Sellers, J. M. (2013). The emerging metropolitan political ecology of France. In J. Sellers, D. Kübler, R. A. Walks, & M. Walter-Rogg (Eds.), *The political ecology of the metropolis: Metropolitan sources of electoral behaviour in eleven countries* (pp. 161–198). Colchester, UK: ECPR Press.
- Huntington, S. (1993). *The third wave: Democratization in the late twentieth century*. Oklahoma: Oklahoma University Press.
- IESE Business School. (2016). *Ranking the world’s smartest cities*. Retrieved from <https://www.forbes.com/sites/iese/2016/07/06/the-worlds-smartest-cities/#5ad9aa3a4ab9>, accessed 13 Nov. 2017.
- Johnson, R. W. (1977). *How long will South Africa survive?* New York: Oxford University Press.
- Johnson, R. W. (2015). *How long will South Africa survive?* London: Hurst & Co.
- Jonas, A. E. G. (2013). City-regionalism as a contingent “geopolitics of capitalism”. *Geopolitics*, 18(2), 284–298.
- Keating, M. (1998). *The new regionalism in Western Europe: Territorial restructuring and political change*. Cheltenham, UK: Edward Elgar.
- Kolodko, G. (2001). Globalization and Catching-up: From Recession to Growth in Transition Economies. *Communist and Post-Communist Studies*, 34, 279–322.
- Kornai, J. (1993). *The socialist system: The political economy of communism*. Oxford: Clarendon Press.
- Kornai, J. (1994). Transformational recession: The main causes. *Journal of Comparative Economics*, 19, 39–63.
- Krätke, S. (2001). Strengthening the polycentric urban system in Europe: Conclusions from the ESDP. *European Planning Studies*, 9(1), 105–116.
- Kuzio, T. (2001). Transition in post-communist states: Triple or quadruple. *Politics*, 21(3), 168–173.
- Lock (1994).
- MacLeod, G. (2001). New regionalism reconsidered: Globalization and the remaking of political economic space. *International Journal of Urban and Regional Research*, 25(4), 804–829.

Going for “smartness”

- Mahoney, J., & Snyder, R. (1999). Rethinking agency and structure in the study of regime change. *Studies in Comparative International Development*, 34(2), 3–31.
- Marais, H. (1998). *South Africa limits to change: The political economy of transition*. Cape Town: University of Cape Town Press.
- Mathewson, K. (ed.) (1978). *The regionalist papers, 2nd edn*. Detroit: Metropolitan Fund.
- Murray, M. (2011). *City of extremes: The spatial politics of Johannesburg*. Durham, NC: Duke University Press.
- Nofosi, I. (2005). A new conceptual framework for political transition: A case-study on Rwanda. In *L’Afrique Des Grands Lacs. Annuaire 2004–2005* (pp. 71–94). Paris: Editions L’Harmattan.
- Ostrom, V., Tiebout, C. M., & Warren, R. (1961). The organization of government in metropolitan areas: A theoretical inquiry. *American Political Science Review*, 55(4), 831–842.
- Ottaway, M. (2003). *Democracy challenged: The rise of semi-authoritarianism*. Washington, DC: Carnegie Endowment for International Peace.
- Patel, Z., Greyling, S., Parnell, S., & Pirie, G. (2015). Co-producing urban knowledge: Experimenting with alternatives to “best practice” for Cape Town, South Africa. *International Development Planning Review*, 37(2), 187–203.
- Popov, W. (2007). Shock therapy versus gradualism reconsidered: Lessons from transition economies after 15 years of reforms. *Comparative Economic Studies*, 49(1), (March), 1–31.
- Rafti, M. (2007). *A perilous path to democracy: Political transition and authoritarian consolidation in Rwanda*. IOB Discussion Paper 2008-03, Nov. 2007. Institute of Development Policy and Management, University of Antwerp. Available from www.uantwerpen.be/images/uantwerpen/container2143/files/Publications/DP/2008/03-Rafti.pdf, accessed 30 Nov. 2017.
- Robins, S. (2005). Introduction. In S. Robins (Ed.), *Limits to liberation after apartheid: Citizenship, governance and culture* (pp. 1–21). Athens: Ohio University Press.
- Rotberg, R. (2004). Strengthening African leadership. *Foreign Affairs*, 83(4), (July/August), 14–18.
- Russell, A. (2009). *Bring me my machine gun: The battle for the soul of South Africa from Mandela to Zuma*. New York: Public Affairs.
- Rustow, D. (1970). Transitions in democracy: Toward a dynamic model. *Comparative Politics*, vol. 2. Here re-printed in L. Anderson (Ed.) (1999). *Transitions to democracy* (pp. 14–41). New York: Columbia University Press.
- Sachs, J. (1993). *Poland’s jump to the market economy*. Cambridge: MIT Press.
- Sachs, J., & Lipton, D. (1990). Poland’s economic reform. *Foreign Affairs*, 69(3), 47–66.
- Savitch, H., & Adhikari, S. (2017). Fragmented regionalism. *Urban Affairs Review*, 53(2), 381–402. doi:10.1177/1078087416630626
- Savitch, H., & Vogel, R. K. (2009). Regionalism and urban politics. *Theories of Urban Politics*, 2, 106–124.
- Scott, A. (2001). Globalization and the rise of city regions. *European Planning Studies*, 9(7), 813–826.
- Scott, A. (2011). Emerging cities of the third wave. *City*, 15(3–4), 289–321.
- Seleny, A. (1994). Constructing the discourse of transformation: Hungary, 1979–82. *East European Politics and Societies*, 8(3), 439–466.
- Seltzer, E. (2004). It’s not an experiment: Regional planning at Metro, 1990 to the present. In C. Ozawa (Ed.), *The Portland edge: Challenges and successes in growing communities* (pp. 35–60). Washington, DC: Island Press.
- Shahrokni, H., & Brandt, N. (2013). *Making sense of smart city sensors*. Paper presented Urban and Regional Data Management, UDMS Annual 2013. Proceedings of the Urban Data Management Society Symposium 2013, pp. 117–127, London.

Going for “smartness”

- Sheering, C., & Wood, J. (2005). Nodal governance, denizenship and communal space. In S. Robins (Ed.), *Limits to liberation after apartheid: itizenship, governance and culture* (pp. 97–112). Athens, OH: Ohio University Press.
- Sinpeng, A. (2007). Democracy from above: Regime transition in the Kingdom of Bhutan. *Journal of Bhutan Studies*, 17, 21–47. Retrieved from <https://core.ac.uk/download/pdf/1323039.pdf>, accessed 30 Nov. 2017.
- Slack, E. (2000). A preliminary assessment of the new city of Toronto. *Canadian Journal of Regional Science*, 23(1), 13–30.
- Söderbaum, F., & Shaw, T. (2003). *Conclusion: What futures for new regionalism?* Basingstoke: Palgrave Macmillan.
- Stark, D., & Bruszt, L. (1998). *Postsocialist pathways: Transforming politics and property in East Central Europe*. Cambridge: Cambridge University Press.
- Swyngedouw, E. (1997a). *Excluding the other: The production of scale and scaled politics*. London: Arnold.
- Swyngedouw, E. (1997b). Neither global nor local: “Glocalization” and the politics of scale. In K. Cox (Ed.), *Spaces of globalization: Reasserting the power of the local* (pp. 137–166). New York: Guilford Press.
- Swyngedouw, E. (2014). *The post-political and its discontents: Spaces of depoliticization, spectres of radical politics*. Edinburgh, UK: Edinburgh University Press.
- Swyngedouw, E., Moulaert, F., & Rodriguez, A. (2002). Neoliberal urbanization in Europe: Large-scale urban development projects and the new urban policy. *Antipode*, 34(3), 542–577.
- Szarvas, L. (1993). Transition periods in Hungary: The chances for democracy? *Journal of Theoretical Politics*, 5(2), 267–276.
- Taras, R. C. (2015). *The Road to disillusion: From critical Marxism to post-communism in Eastern Europe*. London: Routledge.
- Thompson, M., Ellis, R., & Wildavsky, A. (1990). *Cultural theory*. Boulder, CO: Westview Press.
- Turba, M. (2005). The city of Prague: New challenges. *Presentation at METREX – XIX Meeting of the Network, Nürnberg*, June 2005. Available from http://www.eurometrex.org/Docs/Meetings/numberg_2005/Presentations/Milan_Turba_Prague.pdf, accessed 13 Nov. 2017.
- Vanlandingham, K. E. (1968). Municipal home rule in the United States. *Wm. & Mary Legal Review*, 10, 269–290.
- Velikonja, M. (2009). Lost in transition: Nostalgia for socialism in post-socialist countries. *East European Politics and Societies*, 23(4), 535–551.
- Walsh, C. (2012). Spatial planning and territorial governance: Managing urban development in a rapid growth context. *Urban Research & Practice*, 5(1), 44–61.
- Walsh, C. (2014). Rethinking the spatiality of spatial planning: Methodological territorialism and metageographies. *European Planning Studies*, 22(2), 306–322.

2 European macro-regions as a new dimension of European geography

Networks of collaboration in the light of culture, history and language capabilities

Alexander Nagler

Introduction: Europe's changing geography and the emergence of transnational spaces beyond country borders

In the two decades since the fall of the Iron Curtain, Europe's geography has been characterized by fundamental change in the context of European integration. More specifically, the emergence of an integrated supranational political and economic space in Europe and the changing international division of labour have led to a diminishing importance of national borders, while regions – their repositioning within these newly emerging spaces and particularly collaborations across regions from different countries – have become increasingly important (Hilpert 1991; Hilpert 2003; Krätke and Borst 2007; Scott 1999).

Regions learned to make use of the financial resources provided by the European Union, which represented a funding source independent of the nation state. Furthermore, regional governments identified a variety of new extra-national channels for policy-making such as the opportunity to stimulate regional development based on synergies from collaboration (see the introduction of Ulrich Hilpert to this book; Hooghe and Marks 1996; Fitjahn 2010). Conversely, the European Union launched a series of programmes like INTERREG which aimed directly at supporting the process of integration by fostering intense inter-regional collaboration.

While this had a clear impact on the spread of cross-border regions in all countries of the European Union,¹ as well as on the formation of networks such as the 'Four Motors for Europe' initiative based on mutual interest and common or complementary assets rather than on territorial contiguity (for the 'Four Motors for Europe' initiative see the contribution of Alberto Bramanti and Paolo Rosso), one could also observe processes of region-building and integration that involved larger geographic areas such as the Baltic Sea Region or the Mediterranean Arc.² These processes of macro and regional integration have been most obvious in the case of the Baltic Sea Region. Once divided by two military blocs and sub-regions fundamentally separated from each other, the Baltic Sea Region

Alexander Nagler

has now earned a reputation as a showcase laboratory of transnational cooperation, which is characterized by a plethora of organizations – estimates speak of approximately 600 organizations promoting a Baltic-Sea-related cause – creating a dense network of collaborations dealing with a variety of thematic issues and involving partners from almost every sphere of society (firms, universities, interest groups) and almost every level of government (in the case of the Baltic Sea Region see the contribution of Carsten Schymik to this book). Recently, the emergence of a new transnational space in the Baltic Sea Region became more visible when the European Union adopted the first macro-regional strategy of its history in 2009. Officially labelled as the ‘EU Strategy for the Baltic Sea Region’, the strategy not only introduces a new policy instrument to foster regional development and territorial cohesion, but also exclusively focusses on macro-regions as the relevant territorial level, where concrete measures such as environmental, infrastructure or single market policies, can be addressed and coordinated (Dubois *et al.* 2009).

Yet, despite the fact that the adoption of a second macro-regional strategy for the Danube Region in 2011 and several proposals for the creation of macro-regions in the Adriatic Sea or the western and eastern part of the Mediterranean Sea indicate some kind of ‘macro-regional fever’ in the European Union (Dühr 2010, 9), rather less scientific attention has been paid to the processes of macro-regional integration and collaboration. While many scholars and studies have addressed the issue of cross-border collaboration³ and particularly the question of how these spaces are institutionalized and governed (Löfgren 2008; Popescu 2008), previous works on macro-regions have mainly been concerned with macro-regional strategy itself (see for example Joenniemi 2009; Dühr 2010; Schymik 2011).

Given that the European Union adopts macro-regional strategies as a new policy tool to promote cohesion and regional development, while at the same time most recent case studies point towards the emergence of strongly integrated transnational spaces in some parts of Europe, which potentially reshape the orientations and behaviour of the actors involved, the question to what extent larger geographic areas are indeed involved in processes of macro-regional integration gains particular relevance. More precisely it must be asked (i) which macro-regions can be identified despite politically defined spaces (e.g. through the comprehensive and comparative analysis of social interactions such as cooperation networks and trade and investment flows); (ii) how these transnational spaces can be characterized with regard to intensity of integration and degree of internal cohesion, the hierarchy between actors and places involved in these processes and the way different actors make use of the macro-regional setting; (iii) how an emergence of macro-regions is related to the well-studied processes of cross-border cooperation and collaboration; and finally (iv) which factors impact as incentives or obstacles upon the process of macro-regional integration? In other words: under what conditions do macro-regions emerge?

Because it is widely assumed that regions use collaboration to achieve their aims while taking advantage of EU programmes, it can be suggested that patterns of collaboration between regions can be identified when they freely choose

Macro-regions: a new dimension

their partners. Thus, examining programmes such as INTERREG IIIC, that promote collaboration between subnational actors, clearly aids understanding of such processes of inter-regional networking. Since INTERREG IIIC not only gives a comprehensive view about subnational collaboration in Europe but additionally reflects the decision of regions that have the possibility to freely choose their partners, it is chosen to prove whether there are indeed macro-regions or not.

Analyzing patterns of collaboration under INTERREG IIIC clearly illustrates that macro-regions emerge as a complementary layer of integration, implying a new and fundamental dynamism towards changes in Europe's geography. But instead of being institutionalized, Europe's newly emerging macro-regions manifest themselves as dense networks of collaborative projects and economic relationships involving only particular selections of regions from several countries. Furthermore it is found that processes of macro-regional integration did not occur everywhere in Europe but have so far proceeded furthest in the Baltic Sea Region and the Western Mediterranean Area. By examining both cases in more detail, it is shown that the interplay of socio-economic capabilities, supportive EU policies and cultural similarity over time are crucial to explain the emergence of European macro-regions and also how widely they have developed. Whilst the former offered plenty of opportunities for increased economic integration or the merging of resources in collaborative projects, similar socio-cultural orientations and particularly common language capabilities foster the emergence of macro-regions as they allow for easy communication and collaboration. Moreover, it is argued that successful macro-regions offer a strategic opportunity to participate effectively in globalization and EU integration. This is clearly highlighted by the fact that strongly integrated transnational spaces such as the Baltic Sea Region and the Western Mediterranean Area have socio-economic potential and innovative strength comparable to even the largest European countries: Italy, France, Germany or the United Kingdom. By comparison, South-East and North-West Europe appear to be typical situations in which larger geographic areas are not involved in macro-regional integration. While South-East Europe has problems in performing as a macro-region due to a deficit of economic opportunities and an anti-macro-regional orientation of national governments, strong regions in North-West Europe do not participate (or only to a low level) in processes of macro-regional integration since they are already well established in globalization and European integration.

The rise of macro-regions as a new and complementary layer of integration in Europe

EU regional policy, inter-regional collaboration and their impact on European integration: the case of INTERREG

It is widely assumed that regions use collaboration to achieve their policy goals. During this activity they will not only maintain existing successful and efficient relationships with partners or search for new and appropriate partners, but also take advantage of political support, such as the EU's programmes. Therefore, patterns

Alexander Nagler

of collaboration between regions can be identified by examining programmes promoting collaboration between subnational actors. Similarly, it is reasonable to assume that the existence of macro-regions can also be unveiled by the empirical analysis of collaborations.

Perhaps the most important and famous example of initiatives encouraging collaboration between governmental authorities from the regional or local level is the INTERREG programme of the European Union. First launched by the European Commission in 1990, the INTERREG programme has been renewed several times since then (1994, 1999, 2007), while the latest generation of the programme – INTERREG IV – is still in operation, covering the period 2007–13. As an integral part of the EU's regional policy, INTERREG was designed to stimulate socio-economic development and community cohesion by reinforcing collaboration on the cross-border, transnational and inter-regional levels. Accordingly, the INTERREG III programme was divided into three sections called 'strands', which were related to these different types of collaboration.

INTERREG IIIA (strand A) was focused on the objective of overcoming the specific problems of border areas by subsidizing collaborative development projects involving local and regional actors in adjacent border areas. In the past these border zones had been in a rather peripheral position within their national situations for several reasons. Because nation states tried to concentrate socio-economic development on their key regions and heartlands, trade, investment and employment opportunities showed a tendency to concentrate in these regions (see the Introduction by Nicola Bellini and Ulrich Hilpert this book and Fitjahr 2010). As a consequence, infrastructure and accessibility in border regions also remained frequently underdeveloped. Particularly where national borders converged with the borders between the West and the Soviet bloc, these tendencies to economic marginalization were reinforced by military defence considerations, since investments in infrastructure could potentially facilitate hostile operations across the borders (Löfgren 2008). But when the Common Market was established, it became clear that economic development in border regions was indispensable to the prospects of further economic, social and territorial integration in Europe (Johnson 2009; see the introduction of Ulrich Hilpert to this book). As these regions constituted the connecting elements between the former national economic spaces, the European Union provided substantial funding for both the improvement of infrastructure in border areas and the creation of a trans-European transportation network, thereby complementing the INTERREG initiatives which aimed directly at the construction of integrated regions across borders (Rocha-Medeiros 2010).

By contrast, INTERREG IIIB (strand B) aimed at intensifying collaboration between national, regional and local actors across large contiguous groups of regions to foster a more balanced and sustainable development of the territory, both within these transnational spaces and the European Union as a whole. INTERREG IIIC, meanwhile, was designed to promote the exchange of knowledge and experience regarding development and cohesion policies and techniques through inter-regional cooperation. (European Communities 2000; Perkmann 2003).

Macro-regions: a new dimension

In comparison with section A, which focusses on cross-border collaborations, and strand B, concentrating on cooperation in transnational spaces, INTERREG IIIIC offers two crucial advantages, making it the appropriate tool to analyze the collaboration of regions. First, the INTERREG IIIIC programme of the EU supported and co-financed 281 projects of subnational collaboration with 2,818 different participating partners and 16,820 collaborations (City of Vienna 2006). Consequently, this large number of different cases allows the uncovering of patterns of collaboration between regions and helps to explain how regions choose their partners.

Moreover, INTERREG imposes few restrictions on how regions have to choose their partners. While cooperation under strand A of the INTERREG III programme was limited exclusively to partners from the same cross-border region or Euregion, potential partners for collaborative projects under section B had to be selected from the same transnational cooperation area. By contrast, INTERREG IIIIC allowed regional and local authorities to build networks across the entire EU territory including even partners from neighbouring countries such as Russia or Norway. Furthermore, INTERREG IIIIC requires few financial resources and personnel, which implies that weaker regions are not systematically hampered from participating. From a complementary point of view, these characteristics of INTERREG IIIIC also allow for the effect of financial incentives on collaboration to be systematically controlled. Here, one may argue that co-funding provided through the INTERREG III programme is of negligible importance for regional and local authorities as the budget for the period 2000–6 amounts to a total of €4.9 billion (in 1999 prices), which is equivalent to only 2.4 per cent of the total Cohesion Policy budget (€201.4 billion) for the same period.⁴ All in all, it is reasonable to suggest that the already existing collaboration actors from the regional or local levels are reproduced and displayed by INTERREG IIIIC in a relatively unbiased way and the observed patterns reflect the decision of regions that have the possibility to freely choose their partners. So, because the programme is not exclusive, the emerging pattern gives a comprehensive view of subnational collaboration in Europe.

Considering the theoretical discourse, which stresses the importance of mutual interdependence and a high degree of exchange as a condition for integration (Dubois *et al.* 2009), the existence of macro-regions measured by collaborations can be demonstrated by following empirical criteria. First, a considerable proportion of collaborations should take place within the macro-region. This means that an area can only be regarded as a macro-region if it accounts for a significant proportion of the overall number of collaborations analyzed. Second, the majority of collaborations of a region from a certain macro-region should not take place with partners from the same region or national state. That means that the existence of a macro-region cannot only be explained by intraregional collaboration or the importance of national context. Finally, there should be a statistically significant difference between the collaboration patterns of members of a macro-region and regions that do not belong to the macro-region. In other words: collaborations of an individual region should be oriented to partners within the macro-region. These

Alexander Nagler

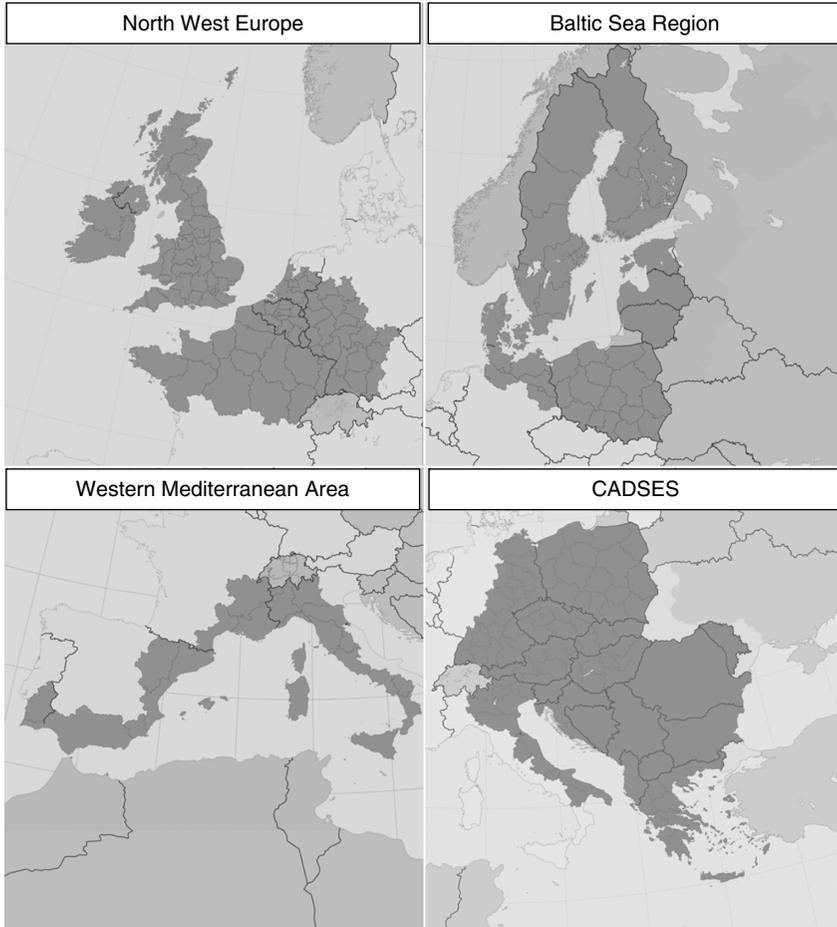


Figure 2.1 Selected programme areas under INTERREG IIIB.

Source: Own elaboration based on DG for Regional Policy 2011.

are the decisive criteria in determining whether a macro-region can be regarded as a substantial and distinctive layer of integration.

The best way of testing these propositions is to use the 13 transnational cooperation areas which were designed as a part of INTERREG IIIB (see Figure 2.1).⁵ Originally, the idea of fostering collaboration across large-scale contiguous areas emerged already in the early 1990s. Based on two studies by the European Commission (Europe 2000 and Europe 2000+), the initial concept aimed at the intensification of collaboration within transnational areas defined primarily by mutual interdependence. While some of these areas were delimited on the basis

Macro-regions: a new dimension

of already existing cooperation networks (for example the Baltic Sea Region), others – such as the Central and Capitals Region in North-West Europe or the Atlantic Area – were identified by common challenges (for example spatial planning concerns or environmental problems). Referring to this it is interesting to see that the coherence of these areas has been controversial early on. Besides this it is important to note that these initial concepts were considerably expanded and altered over the course of time due to political lobbying or as a response to administrative considerations when they became the basis for the allocation of additional resources under the INTERREG IIC initiative in 1997 (Dühr 2010).

If this is true, some of the transnational cooperation areas under the third generation of the INTERREG programme should come close to the macro-regions supposed by the research literature and the macro-regional strategies, whilst in other cases they can hardly be recognized as macro-regions by the definition put forward above. In other words, by using the quantitative operationalization outlined above, it is possible to distinguish real macro-regions from merely imaginary ones.

Networks of inter-regional collaboration and exchange of goods: where macro-regions emerge

When analyzing patterns of collaboration under INTERREG IIIC, it becomes obvious that out of 13 transnational programme areas only the Baltic Sea Region and the Western Mediterranean Area (MEDOC) can be considered as macro-regions without any doubt, if all four criteria outlined above are taken into account together.⁶

As clearly indicated in Table 2.1 (see columns 5 and 6), in most cases the proportion of collaborations exclusively taking place with partners from the same programme area is much less than five per cent of all 16,776 collaborations analyzed. By contrast, there is a clear concentration of collaborative projects in the Baltic Sea Region, CADSES, the Western Mediterranean Area (MEDOC) and North-Western Europe. Yet, despite these commonalities, remarkable differences between these individual macro-regions can be observed. While the networks formed within the Baltic Sea Region or the Western Mediterranean Area (MEDOC) – which largely converges with the area frequently labelled as the Latin or Mediterranean Arc (for details on the territorial delimitation of the Mediterranean Arc see the contribution of Antoni Durà-Guimerà and Xavier Oliveras-González to this book) – account for 8.4 and 9.3 per cent of all collaborations respectively, cooperation projects in the North-West of Europe make up just 6.3 per cent of all collaborations under INTERREG IIIC. The remarkable concentration of collaborative networks in the Baltic Sea Region and the Western Mediterranean Area is even more impressive when viewed in relation to the population of individual programme areas (see Table 2.1 column 6 and Table 2.2 column 2). Whereas North-West Europe has the lowest per capita level of collaborations of all programme areas (6.5 collaborations per million inhabitants), the

Alexander Nagler

Baltic Sea Region and the Western Mediterranean Area lead the field with 17.6 and 16.5 collaborations per million inhabitants respectively.

Besides this, the Baltic Sea Region and Western Mediterranean Area appear as the most integrated and coherent macro-regions when the overall importance of the macro-regional setting for the cooperation pattern of individual regions is taken into consideration. While in most programme areas individual regions on average select just about a quarter or less of their partners from the same macro-region (see Table 2.1 column 1), the collaborative behaviour of regions from the Baltic Sea Region, the Western Mediterranean Area but also the CADSES Region is clearly oriented towards their macro-regional situation as they select on average 36.9 per cent, 45 per cent and 49.4 per cent of their partners from within the same programme areas respectively.

These findings become even more credible if the collaboration pattern of individual regions within a programme area is compared to the pattern of their counterparts outside such areas. As the figures in columns 1 and 2 of Table 2.1 clearly suggest, regions from a certain programme area generally tend to choose partners from the same region more frequently than those from outside such programme areas. The most substantial differences, however, can once again be observed in the Baltic Sea Region and the Western Mediterranean Area, as regions from both programme areas on average have 21.3 per cent and 23.1 per cent more cooperations with partners from the same area respectively than regions from outside these areas.

On top of that, the Baltic Sea Region and the Western Mediterranean Area are not only characterized by a high density of collaborative relationships and strong internal cohesion, but also by the predominantly transnational orientation of the networks formed under INTERREG IIIC (see Table 2.1 columns 3 and 4). While individual regions in the programme areas of Archimed, the Adriatic Sea and South-West Europe on average show collaboration patterns that are clearly centred on regional and national settings, the profiles of regions of the remaining areas show a much clearer orientation towards the macro-regional situation – on average, less than a third of all cooperative relationships are established with partners from the same region or nation state. However, also in this group the Baltic Sea Region and the Western Mediterranean Area are in a class of their own. When directly comparing the average proportion of transnational collaborations within the programme areas in question, it can be seen that in the case of the Baltic Sea Region and the Western Mediterranean Area transnational relationships on average account for about 80 per cent of all collaborations. Moreover, as indicated by the analysis of trade relations in the Mediterranean Arc and the Baltic Sea Region, processes of macro-regional integration which have taken place in both areas during the last two decades were not solely limited to the issue of collaboration between governmental authorities, but were accompanied by the emergence of transnational economic space across country borders.

While the majority of studies still use the size, direction and composition of trade or foreign direct investment (FDI) flows to measure the degree of economic integration and interdependence between countries or to gain additional insights

Table 2.1 Patterns of collaboration under INTERREG IIIC, 2000–6

Column number Share in per cent	Collaborations with the macro-region (arithmetic mean)			Collaborations within the macro-region (arithmetic mean)			Macro-regional share in all collaborations		
	1 From the macro-region	2 Other	3 Regional	4 National	5 Number of observations	6 Macro-macro	7 Macro-other	8 Other-other	9 Number of observations
Archimed	15.9	8.6	8.7	32.4	387	1.3	15.6	83.1	16,776
Adriatic Sea Region	21.9	7.5	6.5	32.8	573	1.9	13.0	85.1	16,776
Alpine Space	26.0	11.5	4.1	21.6	764	2.4	18.5	79.0	16,776
Atlantic Area	23.5	13.7	8.9	23.0	1,056	3.4	22.5	74.0	16,776
Baltic Sea Region	36.9	15.5	4.6	12.8	2,622	8.4	26.6	65.0	16,776
CADSES	49.4	31.6	1.8	13.0	6,045	18.6	39.0	42.4	16,776
Mediterranean	53.9	27.6	2.0	16.1	4,880	15.1	35.9	49.1	16,776
Western Mediterranean Area	45.0	21.9	2.2	17.9	2,996	9.3	32.1	58.6	16,776
North Sea	21.1	9.8	9.3	21.2	813	2.8	18.3	78.9	16,776
North-West Europe	27.1	18.0	5.0	20.7	1,948	6.3	29.8	63.8	16,776
South-West Europe	22.3	13.7	9.6	39.9	1,020	3.3	21.4	75.3	16,776

Source: Own calculations based on INTERREG IIIC Joint technical secretariats 2008, data with the author.

Alexander Nagler

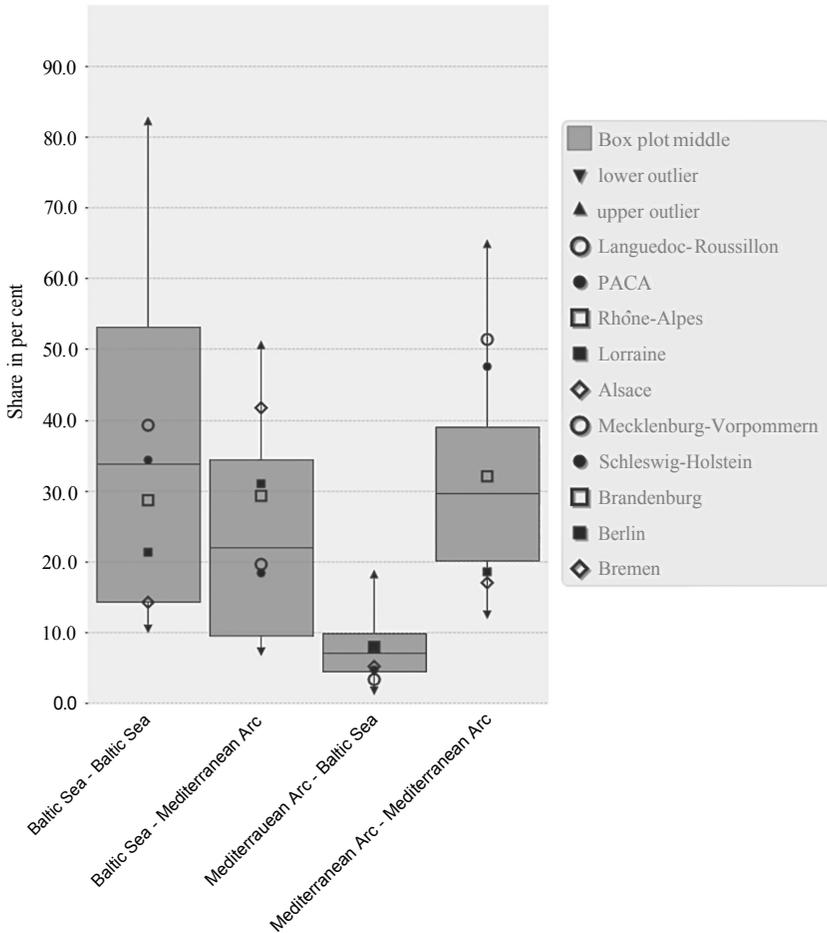


Figure 2.2 Patterns of trade in the Baltic Sea Region and the Mediterranean Arc between 2007 and 2009.

Source: Own calculations, for data source see note 7 in this chapter.

into their competitiveness and positioning in the world market (for example Vanags 2011; Dubois *et al.* 2009; Vihalemm 2007), a couple of empirical studies (see for example Ghemawat *et al.* 2010 or Lafourcade and Paluzie 2011) as well as the highly regionalized nature of socio-economic development in advanced industrial societies (Hilpert 2003) make a good case for analyzing trade patterns from a regional perspective.

In doing so it becomes obvious that the foreign trade of regions within the Mediterranean Arc and the Baltic Sea Region is strongly oriented towards their macro-regional situation.⁷ As evidenced by Figure 2.2, regions around the Baltic

Macro-regions: a new dimension

Sea between 2007 and 2009 conducted on average 33.7 per cent of their intra-EU trade with partners from the same macro-region. By contrast, the Baltic Sea Region was significantly less important as a trading partner for the Mediterranean Arc, as it accounted on average for only 7.1 per cent of the intra-EU trade of Italian, French and Spanish regions.⁸ Conversely, Italy, Spain and France were leading trading partners for regions from the Mediterranean Arc, accounting on average for 29.6 per cent of their intra-EU trade between 2007 and 2009. In comparison, the share of these countries in the intra-EU trade of regions from the Baltic Sea Region on average amounted to only 21.5 per cent.⁹ Moreover, when paying close attention to the trade patterns of individual regions in larger countries it becomes even more apparent that Europe's newly emerging macro-regions form a new and genuinely transnational layer of integration. For example, the southern German states of Bavaria and Baden-Württemberg, but also the highly internationalized trading hubs of Hamburg and Bremen, conduct less than 15 per cent of their intra-EU trade with the Baltic Sea region (see Figure 2.2, graph 1). By contrast, trade patterns of the northern German Länder (states) are much more strongly oriented towards the Baltic Sea Region. Although not the dominant import and export market of Estonia, Latvia or Lithuania, which conduct more than half of their intra-EU trade within the macro-region, the Baltic Sea Region makes up 39.4 per cent of Mecklenburg-Western Pomerania's and 34.4 per cent of Schleswig-Holstein's intra-EU trade. Similarly, southern France is closely connected to the Spanish and Italian regions in the Mediterranean Arc, while the regional economies of northern France are much more oriented towards Germany, Belgium and the United Kingdom. For instance, whereas Spain and Italy contribute less than a fifth to the foreign trade of Lorraine and Alsace (17.1 per cent and 18.6 per cent respectively), the proportion of both countries amounts to 32.2 per cent of Rhône-Alpes', 47.6 per cent of Provence-Alpes-Côte d'Azur's and no less than 51.5 per cent of Languedoc-Roussillon's intra-EU trade.

In light of these findings, it has to be borne in mind that both the Mediterranean Arc and the Baltic Sea Region represent one of the most important concentrations of industrial and economic capacities in the European Union. This situation offered its wealthiest and most economically advanced member regions such as Catalonia, Provence-Alpes-Côte d'Azur, Rhône-Alpes and Emilia-Romagna in the Mediterranean Arc or the Øresund region, Stockholm and Helsinki-Tallinn in the Baltic Sea Region plenty of opportunities to increase economic integration (via trade or FDI) or to merge their resources and create synergies from collaboration. However, the availability of economic opportunities not only provides an initial condition for success of macro-regional integration, but also points towards the strategic option inherent in these processes. Since the Baltic Sea Region in 2007 had a population of 79 million and a GDP of €1.5 trillion, while the Mediterranean Arc in its broadest sense had a combined GDP of no less than €2.5 trillion and a population standing at 94 million (see Table 2.2), the socio-economic potential of both macro-regions is comparable to that of large European countries (Germany, as the single largest national economy in Europe in the same year, had a GDP of €2.4 trillion and a population of

Alexander Nagler

Table 2.2 GDP and population of INTERREG IIIC programme areas in 2007

<i>Column number</i>	<i>1</i>	<i>2</i>	<i>3</i>
<i>Region</i>	<i>GDP in million euros</i>	<i>Population in million people</i>	<i>GDP per capita in euros</i>
EU 27	12,392,921	495,292	25,021
North-West Europe	5,255,497	162,482	32,345
CADSES	2,830,155	170,397	16,609
German part	916,560	32,149	35,075
Italian part	823,840	27,985	33,969
South-East and Central Europe	1,089,755	110,263	10,118
Western Mediterranean Area	2,503,985	94,024	26,631
Germany	2,428,500	82,315	29,503
Alpine Space	1,937,630	59,279	32,687
Atlantic Area	1,841,490	74,357	24,766
North Sea	1,770,938	54,976	32,213
Baltic Sea	1,504,931	79,572	18,913
South-West Europe	1,478,992	65,290	22,653
Adriatic Sea Region	570,679	32,143	17,754
Archimed	302,001	17,874	16,896

Source: Own calculations based on Eurostat 2012a–d.

82 million). In other words, highly integrated and successful macro-regions such as the Baltic Sea Region or the Mediterranean Arc are also characterized by the necessary economic strength and innovative capacity which allows their member regions and states to participate effectively in globalization and European integration.

Apart from these successful examples, the cases of North-West Europe and CADSES – though for different reasons – indicate that macro-regions are neither a necessary nor the dominant level of integration for individual regions. As demonstrated by Table 2.2, North-West Europe indisputably forms the centre of economic activity in Europe, generating about 42 per cent (€5.3 trillion) of its total GDP and accounting for 33 per cent (162 million inhabitants) of its total population in 2007. What is more, the overwhelming majority of this socio-economic, industrial and scientific potential is concentrated in just a handful of ‘Islands of Innovation’, such as the Greater London area, the Île-de-France, the Randstad centred on Amsterdam and Rotterdam; but also the Rhine-Ruhr Area, Hesse centred on the Rhine Main Area and Baden-Württemberg centred on the Stuttgart conurbation (for details on the concept of ‘Islands of Innovation’ see Hilpert 1991 and Hilpert 2003).

As indicated by the example of the German Länder, the incentive to participate in macro-regional integration is rather weak, since these regions are already well established in globalization and European integration. Focussed on research-intensive manufacturing (Gornig and Schiersch 2011), the German Länder in general – and Baden-Württemberg, North Rhine-Westphalia, Hesse and Bavaria in particular – had, by 2007, achieved export ratios of about 30 per cent or more,

Macro-regions: a new dimension

which is more characteristic of small countries and trading hubs such as the Netherlands than for economies of comparable size like France, Italy or the United Kingdom.¹⁰ Beyond that, the nature of the federal system and their ability to set their own budgets allow the German Länder to act relatively autonomously. They are therefore well placed to exploit the variety of new extra-national channels for policy-making and the additional financial resources provided by the European Union.

While this remarkable dis-involvement is based on the economic strength of regions which can be highly selective when it comes to participating in macro-regional integration, the absence of macro-regional integration in South-East Europe is influenced by the lack of economic opportunities, as well as political and socio-cultural reasons.

Admittedly, the CADSES area is characterized by a significant concentration of cooperations, as it accounts for 18.6 per cent of all collaborations under INTERREG IIIC (see Table 2.1). However, this impressive concentration of collaborations should be treated with some caution, as CADSES is by far the largest programme area, including not only the entire South-East Europe, but also most of Central Europe (including also the Eastern German Länder, as well as Baden-Württemberg and Bavaria) and the Italian regions along the shores of the Adriatic Sea. More importantly, one can easily identify coherent sub-regions within the CADSES area (for example, the Adriatic Euroregion, which alone accounts for about 10 per cent of all collaborations within the CADSES Area). But, in contrast to the successful macro-regions, these sub-regions remain rather detached and disconnected from each other in terms of collaboration. For this very reason, it is also difficult to consider CADSES as an integrated socio-economic area comparable to the Baltic Sea Region or the Mediterranean Arc. When taking out the socio-economic potential of the Italian regions or the German Länder, the remaining CADSES area in 2007 had a combined GDP of just €1.1 billion and a population of 110 million, which is equivalent to €10,118 per capita – the lowest figure of all programme areas (see Table 2.2). On top of that, processes of macro-regional integration in South-East Europe were effectively hindered by a number of socio-cultural and political factors. For instance, the presence of ethnic minorities in border regions (for example, Hungarians in Slovakia or Romania) could have played an important role in facilitating the development of a transnational space. However, due to the belated processes of nation-state formation in South-East Europe, central governments perceived these minorities and any kind of cross-border collaboration as a threat to the integrity and sovereignty of the nation-state. Thus, ethnic tensions, reinforced by stereotypes and fears, the absence of supportive policies by central governments and a lack of economic opportunities have not only created a ‘cognitive block to cross-border relationships’ (Medve-Bálint, this book), but also explains why South-East Europe is currently unable to perform as a macro-region (for a full discussion of the situation in South-East Europe see the contribution of Gergő Medve-Bálint to this book).

Alexander Nagler

Macro-regional integration and uneven regional participation in new spaces

The impact of economic opportunities, cultural proximity and time on the heterogeneous and uneven structure of macro-regional integration

A complementary way of conceiving the characteristics of macro-regional integration is offered by using the analytical tools and visualization techniques developed in social network analysis. Social research is usually predominantly concerned with the description and analysis of attributes for given or defined cases (for example, the politico-administrative units under the NUTS classification scheme), while network analysis is based on the assumption that the interaction between actors and the structure of these relationships are of crucial importance for the understanding of social phenomena. For the purpose of assessing the characteristics of entire networks, as well as the positioning of individual actors or groups of actors within them, social network analysis has developed a wide range of measures (for a short overview of concepts and measures see Ladias *et al.* 2011; Krätke 2010). Thus, analyzing the networks of collaborative projects in the Baltic Sea Region and the Western Mediterranean Area this way not only provides additional insights into the structure of these macro-regions with regard to the hierarchy between actors and places involved in them, but also helps to clarify how the processes of macro-regional integration are related to the issue of cross-border cooperation. Moreover, applying network analysis to cooperative projects in the Mediterranean Arc and the Baltic Sea Region may contribute to a better understanding of the factors that shape or facilitate processes of macro-regional integration.¹¹

First of all, by paying attention to the network of collaborations in the Western Mediterranean Area, it is striking that there are enormous differences between individual regions with regard to the absolute number of collaborative relationships and that these discrepancies follow a geographical centre-periphery pattern. As clearly evidenced by Figure 2.3, regions which are regarded as the core of the Mediterranean Arc (the Valencian Community, Catalonia, Languedoc-Roussillon, Provence-Alpes-Côte d'Azur, Liguria and Tuscany) are in a particularly prominent position as they perform on average about 112 relationships with partners from the Western Mediterranean Area. Additionally, it is interesting to see that the adjacent regions of Aragon, Rhône-Alpes, Piedmont, Lombardy, Emilia-Romagna and Lazio also maintain large and diverse networks with, on average, more than 100 collaborations just within the Western Mediterranean Area. In contrast to these regions, which belong to the Mediterranean Arc in the broadest sense, the entire southern rim of the Mediterranean and also the regions of Greece, Portugal and southern Italy have few linkages to partners from the Western Mediterranean Area (on average 30 per region).¹² As a result, these areas are clearly peripheral to the network.

Moreover, as shown in Figure 2.3, patterns of collaboration in the Western Mediterranean Area are characterized by the significant degree of interconnectedness between all regions at the centre of the Mediterranean Arc

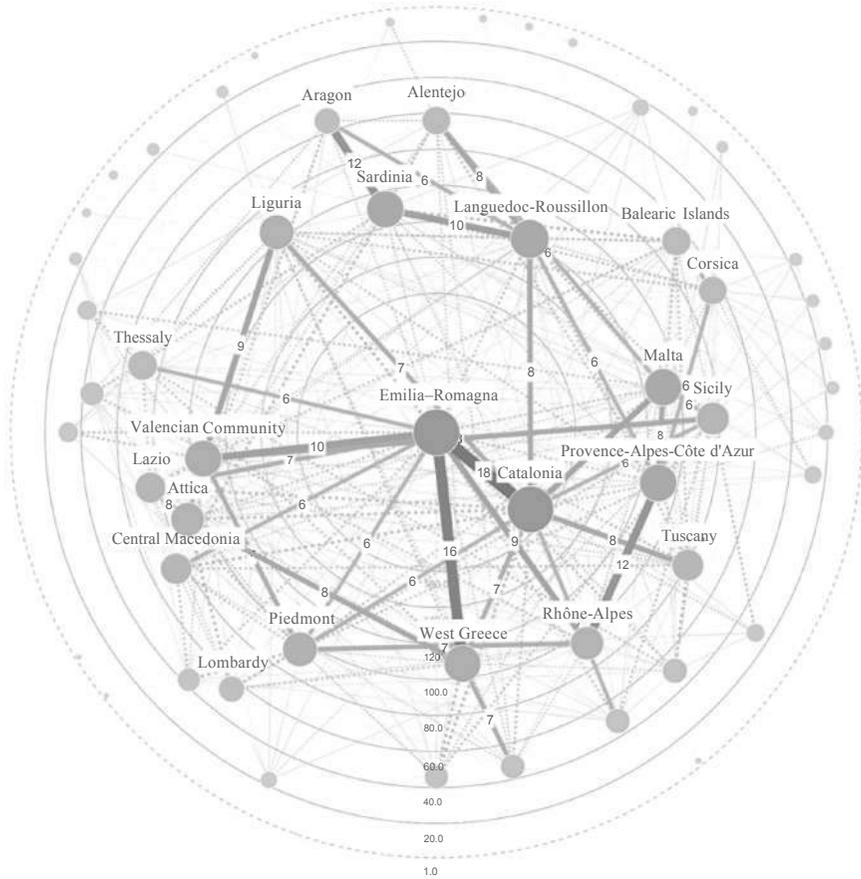
Macro-regions: a new dimension

Figure 2.3 Networks of collaboration under INTERREG IIC in the Western Mediterranean Area.

Source: Own elaboration based on INTERREG IIC Joint technical secretariats 2008, data with the author.

(typically indicated by the strong and central relationships between Catalonia and Emilia-Romagna, which both belong to the socio-economically most advanced regions of Europe), thereby highlighting once more the genuine transnational character of this macro-region stretching out across the borders of Spain, France and Italy.

However, while the economically advanced regions take up prominent positions, Figure 2.4 clearly indicates that the Spanish region of Andalusia is indeed the central node in the entire network, with more than 270 connections with partners from the Western Mediterranean Area. Thus it becomes apparent that programmes such as INTERREG do not accurately reproduce the pattern of wealth

Alexander Nagler

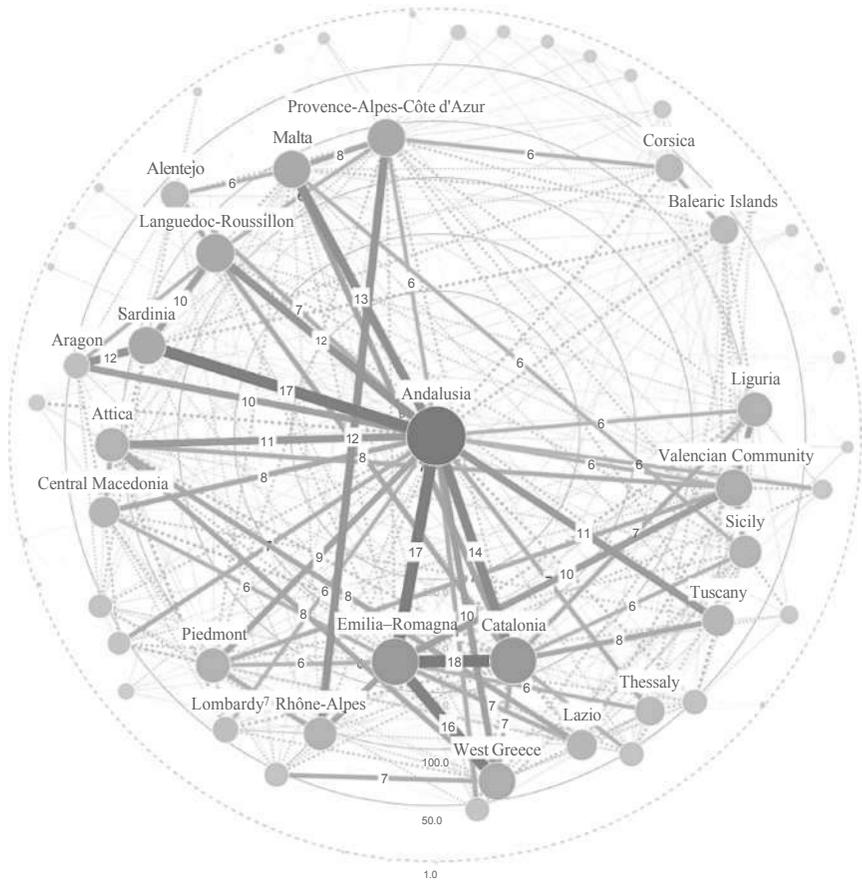


Figure 2.4 Networks of collaboration under INTERREG IIC in the Western Mediterranean Area (including Andalusia).

Source: Own elaboration based on INTERREG IIC Joint technical secretariats 2008, data with the author.

and innovative capacities in Europe – which is in fact characterized by the hegemonic role of closely interlinked ‘Islands of Innovation’ – but reflect the strong impact of European policies on processes of macro-regional integration. Thus, Andalusia illustrates how a less dynamic, peripheral region can make use of EU programmes to achieve its policy aims, provided it has certain advantages, such as a capable regional government and a comparatively broad socio-economic base (in 2007 Andalusia accounted for 13 per cent of the Spanish GDP of €1.1 billion and had a population of 7.7 million). In other words, while stronger regions seize the opportunity of macro-regional integration to pool their resources for joint projects or to win and secure markets, weaker regions can take advantage of the

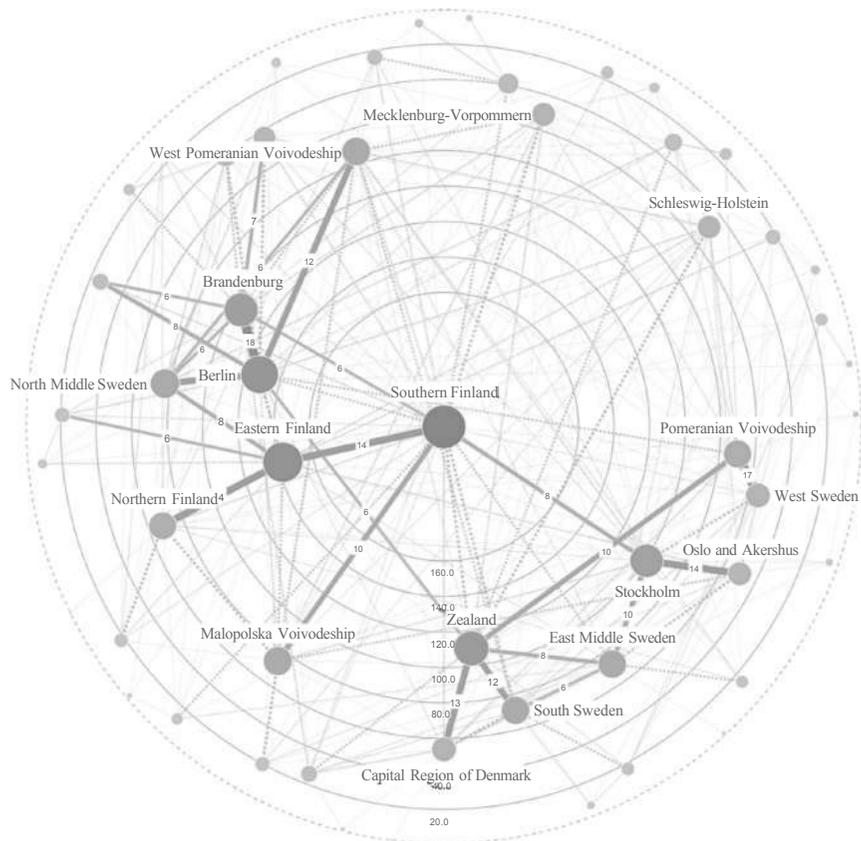
Macro-regions: a new dimension

Figure 2.5 Networks of collaboration under INTERREG IIIC in the Baltic Sea Region.

Source: Own elaboration based on INTERREG IIIC Joint technical secretariats 2008, data with the author.

macro-regional situation to avoid tendencies of socio-economic marginalization in an enlarged European Union.

When comparing this situation to the patterns of collaboration in the Baltic Sea Region, it becomes obvious that both networks exhibit surprisingly similar properties. Again, just a handful of regions such as Southern Finland (Etelä-Suomi), Berlin and Brandenburg, the Øresund region (made up of the Danish island Zealand and the Swedish province Scania) or the Swedish capital region of Stockholm have about 100 or more collaborations with partners from the Baltic Sea Region, while others – the Kaliningrad Oblast, the Kuyavian-Pomeranian voivodeship in Poland, the Central Denmark Region (Midtjylland) or Agder og Rogaland in Norway – have less than 20 relationships with partners from the Baltic Sea Region. Furthermore, it becomes evident from Figure 2.5 that

Alexander Nagler

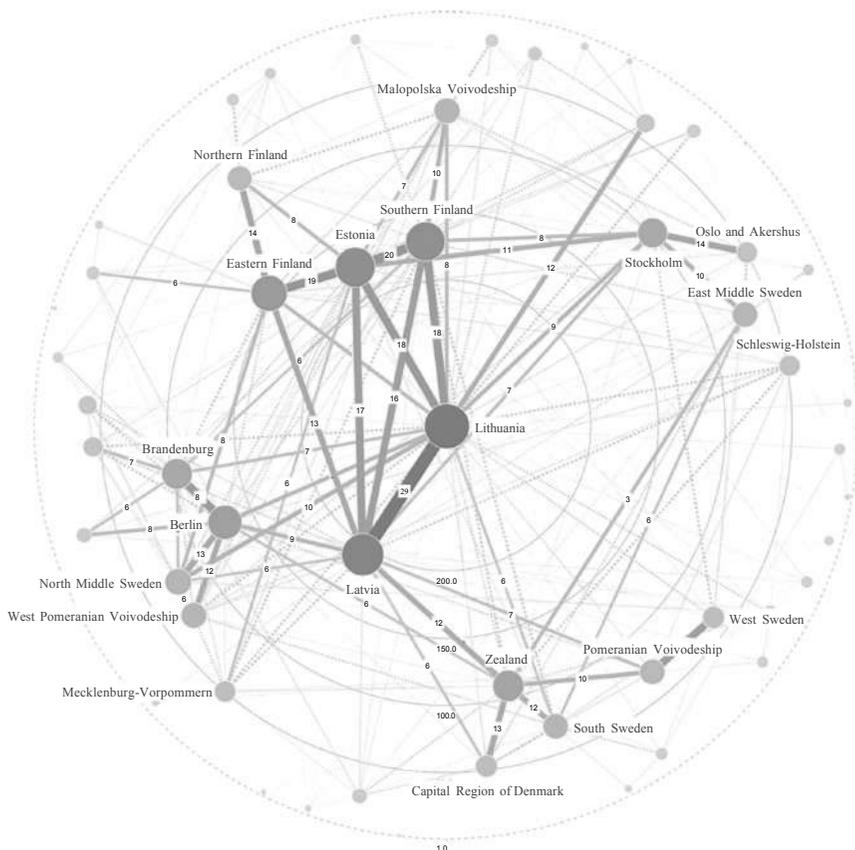


Figure 2.6 Networks of collaboration under INTERREG IIIC in the Baltic Sea Region (including the Baltic republics).

Source: Own elaboration based on INTERREG IIIC Joint technical secretariats 2008, data with the author.

cooperation projects show a strong tendency to concentrate in metropolitan and urban areas, as these regions on average have about 59 connections to partners from the macro-region, while the figure for rural and remote areas is only 42. Thus, such as in the case of the Mediterranean Arc, the overall structure of the Baltic Sea Region appears to be highly selective and hierarchical, with urban and metropolitan regions being important actors which form a dense transnational network of collaboration among each other.

Nonetheless, in this case too the central network positions are not assumed by these most advanced regions, but by the small states of Estonia, Latvia and Lithuania, which had strong demands for modernization and socio-economic development (see Figure 2.6). By taking advantage of EU programmes the Baltic

Macro-regions: a new dimension

republics managed to build up particularly intense political and economic relationships with the neighbouring Nordic countries, thereby contributing to the development of a shared macro-regional situation in the Baltic Sea Region during the last two decades.¹³ Conversely, the prominent position of Finnish regions and particularly the strong linkages between Southern Finland and Estonia centred on their capitals Helsinki and Tallinn once again illustrate how socio-economically more advanced regions can effectively use macro-regional integration to gain additional advantages. Since both city regions have a relatively small size by European standards and even in comparison to other metropolitan regions in the Baltic Sea Region, the development of a common economic space or the pooling of resources across borders offers an opportunity to raise their profile and to achieve a competitive advantage in international markets. In addition, further macro-regional integration may help to reach a critical mass of scientific and industrial expertise which allows the linking up to the network of highly internationalized locations – ‘Islands of Innovation’ – which are at the forefront of techno-industrial innovation and socio-economic development (for a more detailed analysis of the Helsinki-Tallinn Euregio see the following section).

While shared economic interests have to be regarded as drivers of macro-regional integration, similar socio-cultural orientations as well as common language capabilities played a major role in shaping and facilitating these processes in both areas. When analyzing the situation in the Mediterranean Arc, it can be seen that particularly the widespread use and knowledge of French, Italian and to a lesser extent also Spanish had a positive impact on the formation of a transnational macro-region during the last two decades (for similar findings see the contributions of Antoni Durà-Guimerà and Xavier Oliveras-González or Francesc Morata and Andrea Noferini in this book). The specific importance of common languages in fostering communication and collaboration in the Mediterranean Arc becomes clearly visible when the ability to speak French, Italian and Spanish is analyzed on a regional instead of a national level. For example, when looking more closely at the French situation by using Eurobarometer survey data it can clearly be seen that the ability to speak Spanish or Italian is not evenly distributed across the entire country, but can mainly be found in southern France, which has much closer economic and social ties to regions from the Mediterranean Arc than other parts of the country (see previous section). So, while in the northern and eastern parts of the country (that is, the Île-de-France, the Parisian basin, Nord-Pas-de-Calais, the East of France including Alsace and Lorraine, and the Centre-East including Rhône-Alpes) only about 15 per cent of all respondents declared that they were able to converse in Spanish, the figure was more than 50 per cent in the South-West (including Aquitaine and Midi-Pyrénées) and still about 40 per cent in the Mediterranean area – Languedoc-Roussillon, Provence-Alpes-Côte d’Azur and Corse. In a similar way, knowledge of Italian is far more common in Mediterranean and Centre-East areas. Here, about one quarter of all respondents stated that they were able to have a conversation in Italian, while the figure for the rest of the country was only six per cent. Conversely, the knowledge and use of French seems to be more widespread in the north-western part of Italy – including Liguria,

Alexander Nagler

Lombardy and Piedmont – and the North East – including Emilia-Romagna and Veneto – where about 40 and 30 per cent respectively of all respondents declared that they were able to have a conversation in French (own calculations based on European Commission 2006a).

When paying close attention to the importance of language barriers as a main obstacle to cross-border collaboration, it needs to be stressed that English – in contrast to the situation in the Mediterranean Arc – is commonly used as a *lingua franca* in the Nordic countries. As evidenced by Eurobarometer survey data, the proportion of respondents who declared that they are able to converse in English was 86 per cent in Denmark, 89 per cent in Sweden and still 63 per cent in Finland, compared to only 38 per cent in the entire EU 25. The same pattern was found when the actual use of English was analyzed. In this case, 44 per cent of all Danish, 39 per cent of all Swedish and even 25 per cent of all Finnish respondents stated that they used English on a daily basis, which is well above the figure of 12 per cent in the entire EU 25.

Additionally, there is a high degree of mutual intelligibility between the Scandinavian languages, which implies that two speakers can understand each other without switching to the language of one speaker or using a *lingua franca*. Furthermore, despite this specific pattern of linguistic behaviour, labelled semi-communication (for detailed data see Gooskens 2007), the ability to speak another Scandinavian language is also fairly common in the entire Baltic Sea Region. This is underlined by the fact that about six per cent of all Swedish respondents declared that they were able to have a conversation in Danish (compared to less than one per cent in the entire EU 25). Additionally, about 11 per cent of all Danish respondents replied that they are able to have a conversation in Swedish, which is also clearly above the EU 25 average of one per cent. Interestingly, these figures are far exceeded in Finland, where 41 per cent of all respondents stated that they were able to converse in Swedish. Here, the widespread knowledge of Swedish, which is even recognized as a second state language, reflects not only the close historical ties between the two countries but also the lack of similarity between the two languages (for detailed data on knowledge and use of foreign languages see European Commission 2006b: Annex).

Moreover, by comparing the successful examples of the Baltic Sea Region and the Mediterranean Arc with the situation in the Adriatic Sea Region it becomes apparent that time is a key factor in understanding how the interplay of cultural similarity, economic opportunities and supportive EU policies facilitated the emergence of European macro-regions and, in addition, how widely they developed. In the Baltic Sea Region and the Mediterranean Arc about 20 years of common EU membership – which were in the case of the Nordic countries preceded by several decades of experience in international and subnational cooperation – helped to realize a high level of economic and social interconnectedness between regions from different countries. In contrast, macro-regional integration in the Adriatic Sea Region was practically absent until the end of the Yugoslav Wars in 1999–2001. This is also indicated by the networks of collaboration in the Adriatic Sea Region, which during the period 2000–6 had proven to be less intense and mainly

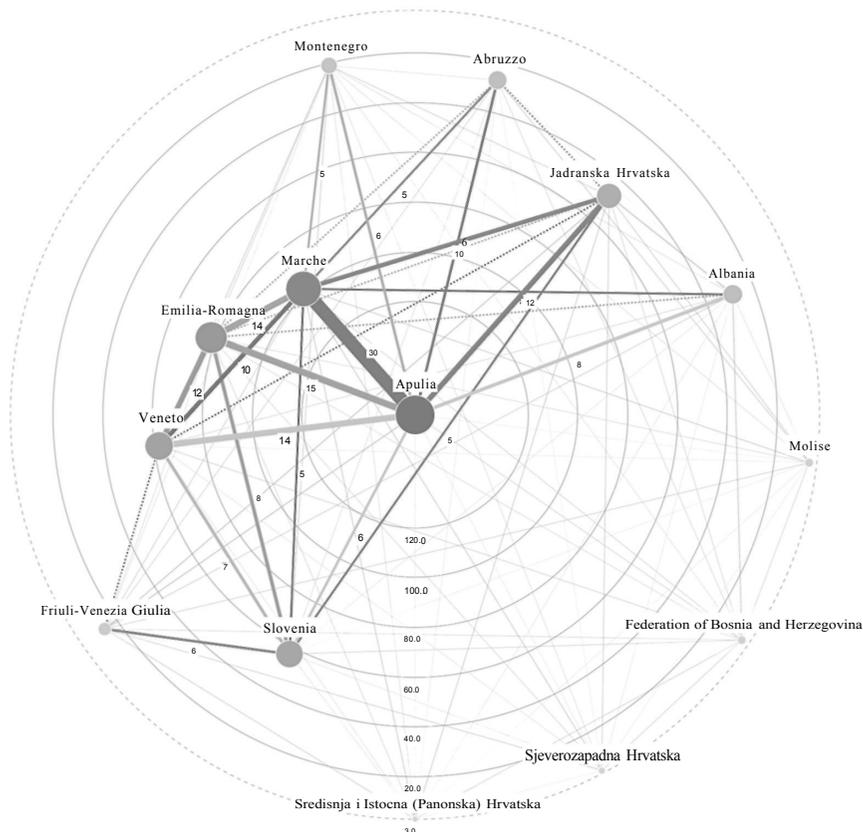
Macro-regions: a new dimension

Figure 2.7 Networks of collaboration under INTERREG IIIC in the Adriatic Sea Region.

Source: Own elaboration based on INTERREG IIIC Joint technical secretariats 2008, data with the author.

oriented towards partners from within national borders or immediate neighbours (see Figure 2.7).

However, several indicators show that the Adriatic Sea Region from that time on started to re-emerge as a common economic, social and cultural space under Italian supremacy. First, the analysis of trade flows reveals that Italy was the main trading partner for the smaller countries in the Adriatic Sea, accounting for 20 per cent of Slovenia's, 27 per cent of Croatia's and no less than 51 per cent of Albania's foreign trade between 2005 and 2010 (own calculations based on European Commission 2010 and Statistics Albania 2012a and b). Additionally, these tendencies of economic integration were fostered by the widespread use and knowledge of Italian, which could potentially serve as a lingua franca for the whole region. This is indicated by the fact that 14 and 15 per cent of respondents in Slovenia and

Alexander Nagler

Croatia respectively declared that they were able to converse in Italian (compared with only 3 per cent in the EU 25). Finally, the foundation of the Adriatic Euroregion in 2006, as well as Croatia's accession to the European Union in 2013, which also involves the availability of additional funding, suggest that the Adriatic Sea Region has to be regarded as a macro-region in the making (for a detailed discussion of the situation in the Adriatic Sea Region see the contribution of Alberto Bramanti and Paolo Rosso in this book).

When comparing the macro-regions, it becomes obvious that they are highly heterogeneous. Some regions are clearly central when it comes to collaboration and economic performance. Other regions remain rather peripheral but enjoy increasing opportunities for collaboration which may allow for new opportunities of development. When there are appropriate institutional or administrative structures, this may allow for less developed regions to make extended use of EU programmes and additional funding. In this context, patterns of collaboration reveal that (supranational) policies can play a crucial role in making use of these opportunities. In addition, cultural convergences and language capabilities across borders help to identify shared interests and provide for easy communication. Although this was clearly helpful for facilitating and accelerating the whole process, comparing three examples of macro-regional integration showed that it takes several decades to build vital and prosperous transnational spaces.

How vital cross-border regions form integral parts of successful macro-regions: the role of geographic proximity

When taking a close look at the networks formed in the Baltic Sea Region (Figure 2.6), it can clearly be seen that well-known examples of cross-border cooperation, such as the Øresund region, the Helsinki-Tallinn Euregio or the Euroregions along the German-Polish border, reappear as cohesive clusters of collaboration within the macro-region. But, rather than being isolated, these clusters are closely linked to each other by a multiplicity of collaborative relationships. Hence, patterns of collaboration indicate that the character of Europe's newly emerging macro-regions cannot fully be grasped without reference to processes of cross-border cooperation. Put another way, it can be suggested that appropriate and highly integrated cross-border regions, such as Øresund and Helsinki-Tallinn, have to be regarded as constitutive elements for successful macro-regional integration.

While many cross-border regions in Europe exist more on paper than in reality, the Øresund region has by now developed a strong reputation as a 'role model for a new Europe without borders' (Löfgren 2008, 195). The genuinely transnational character of the region is powerfully symbolized by the bridge crossing the Øresund strait between Denmark and Sweden, linking Copenhagen and its hinterland with the Swedish province of Scania, centred on the cities of Malmö and Lund. But besides its more symbolic value and a temporary boost to the regional economy related to its construction in 1994–2000, the Øresund bridge constitutes a basic infrastructure that has proven crucial to the development of the transnational

Macro-regions: a new dimension

metropolitan region in various aspects. As described in detail elsewhere, the main motives behind the decision to build the bridge can be found in the severe structural crisis faced by Copenhagen and Malmö during the 1980s, as well as in the vital interest of leading Scandinavian firms in improving their access to the main markets in Western Europe (Nelund and Norus 2003; Lundquist and Winther 2006 and the contribution of Magdalena Schönweitz in this book).

However, it is important to note that these multifaceted processes of region-building were not only fostered by additional funding available through various EU programmes but also benefited enormously from the geographic and cultural proximity in the Danish and Swedish parts of the Øresund. Thus, it is not surprising that people started to take advantage of the different situations on both sides of the strait quite soon after the bridge was opened in 2000. Even though all kinds of traffic crossing the Øresund increased between 2001 and 2009, commuting and business travel experienced a particularly remarkable upswing. While commuting was almost negligible during the 1990s (about 2,500 commuters a day, mainly by hydrofoil ferry), in 2009, at the height of the financial crisis, more than 20,000 people commuted daily between their homes and workplaces on the other side of the Øresund. When examining the driving forces behind the formation of an integrated regional labour market in the Øresund – indicated by the 700 per cent increase in commuting during the last decade and the primarily regional orientation of passenger traffic (78 per cent of all passenger car traffic and 90 per cent of all passenger train traffic across the Øresund bridge) – two main triggering factors can be identified. On the one hand, Danes took advantage of the huge gap in housing prices (but also in other services and commodities) by moving to Scania while keeping their well-paid jobs in Copenhagen. On the other hand, there was a strong incentive for Danish firms to overcome the labour shortage caused by the economic boom on the Danish side, at least partly by extensively hiring labour from the Swedish side (for detailed data on commuting and traffic see Øresund Committee 2010).

While this kind of integration rested on the different situations on both sides of the strait and was facilitated by cultural proximity and a significant improvement in intraregional accessibility, one could also observe processes of region-building in the Øresund that were based on similarities rather than on complementarities. During the 1980s, in the face of the structural crisis, the formation of a transnational industrial region focused on life sciences seemed to be the most obvious alternative for future economic growth. Because both sides of the Øresund have a lot in common – from industrial competencies (manufacturing of pharmaceuticals) and excellence in scientific research, to similar educational and health care systems (e.g. clinical trial systems) – the pooling of these assets across borders allowed the region to link up successfully with Archipelago Europe, the hegemonic network of locations where the most advantageous socio-economic developments take place (Hilpert 2003; Nelund and Norus 2003). However, even if this process is largely determined by the simultaneous presence of cutting-edge research and a reference industry to which scientific findings can be applied, geographical and cultural proximity clearly played a role in making it possible and

Alexander Nagler

helping it grow. First, geographic proximity and improved intraregional accessibility fostered the formation of a transnational cluster of advanced producer services and knowledge-based industries such as plastics or medical and surgical equipment which provided specialized intermediate inputs to science-based industries such as biotechnology, chemicals and pharmaceuticals, thereby strengthening the outstanding position of the Øresund region in these industries (Øresund Committee 2010).¹⁴ Second, certain cultural similarities, such as the generally high appreciation of science and technology, a longstanding tradition of collaboration or the widespread knowledge and use of English, facilitated the pooling of resources across borders, which in turn helped to accumulate a critical mass of scientific expertise that made the Øresund region an internationally renowned centre for scientific and industrial research (Matthiessen 2000). For these reasons, the Øresund region is not only able to attract and retain qualified scientists, but also large-scale research facilities, such as the ESS (European Spallation Source), which will further improve the region's competitiveness and economic prospects (see also the contribution of Magdalena Schönweitz in this book).

Having elaborated this in detail, the role of cultural and geographical proximity in shaping and facilitating collaboration and integration between Finland and Estonia or the regions along the German-Polish border can be summarized as follows. Despite the fact that all Baltic States were eager to secure independence by expanding their political and economic ties with Western Europe, especially the Nordic countries in the Baltic Sea Region, this reorientation happened especially fast in the case of Estonia. The present significance of the macro-regional situation for Estonia is highlighted by the fact that countries from the Baltic Sea Region account for about three quarters of Estonia's intra-EU trade and inward foreign investment (Vanags 2011; Vihalemm 2007; own calculations based on European Commission 2010). Although Denmark, Germany and Norway have been important trading partners and investors too, Sweden and especially Finland have been particularly prominent. While Sweden accounted for about 18 per cent of Estonia's intra-EU trade volume (average 2007–9) and 17 per cent of all foreign-owned workplaces (2008), the Finnish share in the same period was significantly higher (26 per cent of Estonia's intra-EU trade volume and 30 per cent of all foreign-owned workplaces) (Statistics Estonia 2011a, own calculations based on European Commission 2010). When looking at these particularly close relations with Finland, it again becomes obvious that both geographic and cultural proximity (about 20 per cent of all Estonian respondents declared that they were able to converse in Finnish) had a great deal of influence in setting up and supporting social relations between the two countries. Nonetheless, in this case too socio-economic considerations have to be regarded as the key drivers of increased integration.

Because of this it is not surprising that economic and social relationships as well as collaborations under INTERREG IIIC tend to concentrate on Tallinn and Helsinki, which are the undisputed administrative, economic, cultural and scientific centres of their respective countries.¹⁵ However, as both city regions are relatively small by European standards, once more the formation of the transnational

Macro-regions: a new dimension

city region, frequently dubbed ‘Talsinki’, and the pooling of resources seemed to offer an opportunity to raise their profile and gain a competitive advantage in international markets. In this connection, processes of region-building between the two cities have been further stimulated by the availability of EU structural funds since Estonia’s EU accession in 2004 and the establishment of the Helsinki-Tallinn Euregio in 1999, supporting a variety of collaborative projects mainly in the field of spatial planning, common infrastructure and research and development. However, besides their increasing economic integration, both cities are still far away from forming a common economic space comparable to the Øresund region. Even though transport connections between Tallinn and Helsinki are generally considered good and the number of passengers has increased steadily since 1993, the development of a common commuting area and labour market has been seriously hampered by the seasonality of ferry transport and the high cost of alternative means of transport, such as planes and helicopters, which significantly reduce the travel time between the two cities.¹⁶ Indeed, as indicated by the recent debate about a fixed link between Tallinn and Helsinki (Pikner 2008), time is a crucial factor in explaining varying degrees of integration between certain regions within a macro-region. Given that both twin city regions not only represent centres of economic activity but are in addition characterized by geographical as well as cultural proximity, the higher degree of integration achieved in the Øresund region is strongly related to the fact that processes of region-building have taken place over the course of nearly 30 years. In contrast, increased attempts to unite Tallinn and Helsinki into a transnational region are still less than 15 years old when choosing the establishment of the Helsinki-Tallinn Euregio in 1999 as a reference point.

However, besides the fact that geographic proximity was a building block for regional economic integration in the Øresund and between Helsinki and Tallinn, it is obvious that the whole process fundamentally depended on the strategic opportunities created by the economic capacities available in both parts of the region. This is also clearly illustrated when looking at the pattern of collaboration between Polish voivodships and the German Länder of Berlin and Brandenburg. Rather than following a simple logic of geographic proximity, collaborations between German and Polish regions under INTERREG IIIC correspond to the pattern of inter-regional flows of foreign direct investment between the two countries. As previous research has shown, both Germany’s and Berlin-Brandenburg’s FDI is concentrated in the regions of Upper Silesia (Dolnoslaskie) centred on Wrocław, Greater Poland (Wielkopolskie) centred on Poznań, and Masovia (Mazowieckie) centred on Warsaw, which belong to the major metropolitan regions and economic centres of Poland (in the early 2000s major Polish conurbations accounted for about 70 per cent all FDI in manufacturing (Krätke and Borst 2007)). In a similar way, the voivodships of Greater Poland, Masovia and Upper Silesia appear closely connected to Berlin and Brandenburg, as these regions together account for 47 and 65 per cent respectively of all collaborations with Polish partners under INTERREG IIIC. In contrast, the Lubusz voivodship had a share of just 15 per cent in all collaborations between Brandenburg and Polish regions, while Western Pomerania (Zachodniopomorskie) accounted for 31 per cent of all collaborations

Alexander Nagler

between Polish partners and Berlin and for 15 per cent of all collaborations between Polish regions and Brandenburg. With regard to FDI, both border regions are in an even more peripheral position, as they attracted just six per cent of FDI made by German firms and only 4.3 per cent total FDI in the Polish manufacturing sector (Krätke and Borst 2007).

Overall, it was shown that cross-border regions play an important role as forerunners and relevant building blocks for macro-regional integration. While in the heyday of the nation state border regions had usually been marginalized socio-economically, the diminishing importance of state borders has allowed these regions in a gradual manner to identify shared problems and realize mutual benefits from increased collaboration with their immediate neighbours. By building up a well-developed and smoothly functioning infrastructure and taking advantage of socio-cultural similarities on both sides of the border, some of these regions have even managed to become prosperous transnational spaces that are crucial for the development perspective of their respective countries and macro-regions. Beyond that, it could be demonstrated that several decades of experience in cross-border collaboration based on cultural similarities helped to develop views and orientations generally favourable to transnational integration. Consequently, vital cross-border regions can be identified as integral parts of successful macro-regions.

Conclusions: From macro-regions to ‘Islands of Innovation’: transnational spaces as a strategic opportunity to succeed in globalization and European integration

While the EU recently introduced macro-regions as a new territorial development model, this chapter clearly showed that macro-regions, rather than being mere politically defined spaces, emerge as a new and complementary layer of integration in Europe. From a broader perspective it has become apparent that the emergence of macro-regions is not an isolated phenomenon but indicates a general process of territorial restructuring or spatial reconfiguration which essentially changes Europe’s existing geography. Indeed, what makes the whole phenomenon highly relevant is the fact that these newly emerging macro-regions pose a conceptual and methodological challenge for scientific research in several aspects. First, the rise of macro-regions adds a complementary layer of integration in Europe that is neither subnational nor supranational, but encompasses particular selections of regions from neighbouring countries. But in contrast to cross-border regions, which are rather small, these large-scale contiguous areas have a size and socio-economic potential that is comparable to even the largest European countries. However, the main difference between these transnational spaces and nation states lies in the fact that these macro-regions are neither institutionalized nor legitimized democratically, but emerge as a consequence of collaborative projects and agreements among regional authorities and administrations as well as close economic relationships such as trade and foreign direct investment. Nonetheless – and all the more in the most effective cases such as the Baltic Sea Region or the Western Mediterranean

Macro-regions: a new dimension

Area – macro-regions have become an important element of reality which shapes the orientations and behaviour of actors involved, affects the everyday life of people and provides opportunities for socio-economic development that had not existed in this manner before. While these newly emerging spaces become increasingly important for regional economies and societies and therefore at the same time represent both an emerging challenge and a new opportunity structure for policies originating at the regional, national or supranational level, processes of macro-regional integration have occurred unevenly throughout Europe and been most manifest and intense in the Western Mediterranean Area and the Baltic Sea Region.

An examination of these remarkable differences in macro-regional integration across Europe reveals that socio-cultural orientations and especially the widespread knowledge and use of common languages had a great influence in fostering communication and collaboration between regions around the Baltic Sea Region and in the Western Mediterranean Area. However, besides the fact that similar socio-cultural orientations and language made it easier to identify appropriate partners to create synergies from collaboration, time has proven to be a key factor for the understanding of the emergence of European macro-regions and, in addition, how widely they have developed. So, regions in the Nordic countries, the Western Mediterranean Area and also in Western Europe had several decades to develop an increased awareness of their shared situation within a uniting Europe and learned to think of cross-border collaboration and macro-regional integration as an opportunity to realize mutual benefits and achieve policy goals. By contrast, the former Soviet bloc countries – especially those in South-East Europe – were anxious to secure their newly won independence and struggled to develop a national identity. Consequently one could observe a general reluctance to any kind of cross-border collaboration rather than orientations favouring macro-regional integration. But even if there are promising initial conditions such as cultural similarity and the availability of a regional lingua franca, the comparison between successful examples of macro-regional integration illustrates that it takes several decades to develop a vital macro-regional situation. Hence the key issue is that the interplay of common languages, cultural similarities and open borders over the course of time fostered the development of socio-cultural orientations and views, which allowed regions to perceive macro-regional integration as a strategic opportunity to continue their socio-economic development against the backdrop of the new international division of labour and European integration. Put another way, when directly comparing successful macro-regions such as the Baltic Sea Region and the Mediterranean Arc with areas such as South-East Europe it becomes obvious that appropriate socio-cultural orientations fundamentally determine the ability to use macro-regional settings as an opportunity to participate effectively in globalization and European integration. So while regions in the Western Mediterranean Area and the Baltic Sea Region faced the danger of falling behind Europe's innovative core, South-East Europe had a strong demand for socio-economic development and modernization. But besides these commonalities, a crucial difference between these areas could be observed. Both the Baltic Sea Region and the Western Mediterranean Area had

Alexander Nagler

developed transnational orientations that allowed the unlocking and exploiting of a socio-economic potential and innovative capability that is comparable to even the largest European countries such as Germany. By contrast, South-East Europe passed through a process of belated nation-state formation, which effectively hampered the emergence of attitudes that could have allowed a similar path of development to be taken.

Besides this, a closer look at the Baltic Sea Region and the Western Mediterranean Area revealed that macro-regions are not homogenous, but of different importance for different types of regions. On the one hand, less developed and more peripheral regions, which have only limited opportunities to achieve their policy goals, may use collaboration and macro-regional integration as a strategy not to become fully decoupled from socio-economic development and to at least partially counterbalance tendencies of political and economic marginalization in an enlarged European Union. Yet, macro-regional integration poses a dilemma for less developed and more peripheral regions. While additional support from the EU provides an opportunity to supplement scarce resources and allows participation in macro-regional integration, the exploitation of these opportunities nevertheless requires a minimum of institutional capabilities and administrative resources. Accordingly, this situation favours regions which have certain advantages, such as a capable (regional) government and a comparatively broad socio-economic base.

On the other hand, socio-economically advanced regions – as a rule metropolitan and urban areas – may gain additional advantages by the merging of resources in collaborative projects or by complementing their profile by fulfilling specific functions for their macro-regions (e.g. as trading and logistic hubs). But besides their role as centres of newly emerging macro-regions, which makes them particularly relevant for the cohesion and further development of the whole system, socio-economically advanced regions also possess a large variety of social, economic and political relationships with similarly strong partners from outside the macro-region. In this context a better understanding of these external linkages and especially of networks formed with ‘Islands of Innovation’ – highly internationalized locations which are at the forefront of techno-industrial innovation and socio-economic development – is highly relevant in order to grasp the dynamics and prospects of macro-regional integration. These linkages further emphasize the essential role of socio-economically advanced regions as hubs which link up the macro-region to the highly internationalized flows of knowledge, expertise and highly skilled labour. But beyond that, analyzing these connections in more detail might help to explain why the strongest European countries can be highly selective when it comes to engaging in processes of macro-regional integration with their immediate neighbours. In comparison to peripheral regions, which give particularly high recognition to the opportunities of macro-regional integration, these regions draw their socio-economic strength and vitality from participating in networks, which are based on the exchange of cutting-edge scientific expertise and rare manufacturing competencies rather than on cultural similarity and geographic proximity.

Notes

- 1 While there were only about 20 institutionalized collaborations commonly known as ‘Euroregions’, ‘Euregios’ or ‘Working Communities’ in the mid-1980s, this figure had increased to about 70 cross-border regions by 2003 and at present virtually every local or regional authority is engaged in some kind of cross-border collaboration (Church and Reid 1999; Perkmann 2003; Pikner 2008).
- 2 Traditionally, the term macro-region was coined by scholars working in the field of International Relations. In this context it was applied to a spatially coherent group of two or more states that were linked by mutual interdependence (Dubois *et al.* 2009). In this chapter, the term macro-region is applied to a spatially coherent selection of particular regions from different countries.
- 3 See for example Church and Reid 1999; Scott 1999; Perkmann 2003; Blatter 2004; Pikner 2008; Popescu 2008; Johnson 2009; Rocha-Medeiros 2010; and the contributions of Magdalena Schönweitz; Francesc Morata and Andrea Noferini; and Gergő Medve-Bálint in this book.
- 4 Own calculations based on European Communities 2009 and Perkmann 2003.
- 5 The 13 transnational cooperation areas under strand B of the INTERREG programme are: Açores-Madeira-Canarias, Alpine Space, Archimed, Atlantic Coast, Baltic Sea, CADSES, Caribbean Area, Indian Ocean Area, Western Mediterranean (MEDOC), Northern Periphery, North Sea, North-West Europe, South-West Europe.
- 6 As there have been virtually no collaborative projects within the Açores-Madeira-Canarias Area, the Caribbean Area, the Indian Ocean Area and the Northern Periphery, these areas have been excluded from further analysis immediately. Consequently, these areas can hardly be recognized as macro-regions.
- 7 For the larger European countries data come from the following public sources: Spain: Instituto Español de Comercio Exterior – ICEX, France: Institut national de la statistique et des études économiques, Italy: Istituto Nazionale di Statistica – Istat, Germany: Statistisches Bundesamt – DESTATIS. Foreign trade data for smaller states has been taken from the statistical yearbook of external and intra-EU trade published by the European Commission.
- 8 Due to the size of its economy and its strong export orientation, which makes it the major trading partner both for regions from the Baltic Sea and the Mediterranean Arc, Germany’s share is not included in the above figures in order to avoid erroneous conclusions about the economic integration in the Baltic Sea Region. This of course also explains the low importance of the Baltic Sea Region as a trading partner for the Mediterranean Arc.
- 9 Due to a lack of data, the figures for trade within the Mediterranean Arc do not include inter-regional trade between regions from the same country. But since exploratory studies for Spain found that these flows tend to be at least of the same size or larger than international trade (Ghemawat *et al.* 2010), the above figures actually underestimate the importance of the Mediterranean Arc as a market for its member regions. Furthermore, as described by econometric gravity models, bilateral trade flows tend to increase with the economic size of the trade partners (usually measured by GDP) (Nicolini 2003; Paas and Tafenau 2005). Therefore, it is not surprising that Italy, France and Spain, which have a GDP of a billion euros or more, play an important role as trade partners for the Baltic Rim.
- 10 Own calculations based on Arbeitskreis ‘Volkswirtschaftliche Gesamtrechnungen der Länder’ 2011 and Statistisches Bundesamt 2012a and 2012b.
- 11 The analysis and visualization of collaborative networks under INTERREG IIIC has been performed with Visone. For further details on Visone see Brandes and Wagner (2004).
- 12 A similar pattern can be observed in the Baltic Sea Region. When examining the overall distribution of collaborations among regions more closely, it becomes apparent that

Alexander Nagler

- EU membership clearly has a positive effect on the collaborative behavior of individual regions. While regions from Belarus, Russia and Norway on average possess only about 16 relationships with partners from the Baltic Sea Region, regions of EU member states on average have more than 50 linkages with partners from the macro-region.
- 13 The rather clear relationship between the institutional and administrative capabilities of regions and their possibility to engage in macro-regional integration becomes even more apparent if the distribution of lead partners under INTERREG IIIC is taken into account. In general, lead partners are responsible for coordinating and monitoring the network, carrying out its financial management and communicating its progress and achievement. On the one hand, this allows lead partners to exert significant influence on the aims and orientations of particular networks. On the other hand, particularly in large projects such as Regional Framework operations, assuming a role as a lead partner requires substantial financial and personnel resources. It is, therefore, quite clear that socio-economically more advanced regions or regions with a capable regional government are in a much better position to deal with the administrative effort of being a lead partner. For example, the German Länder of North Rhine-Westphalia, Saxony and Berlin, but also Catalonia, Emilia-Romagna and Scotland host five or more lead partners. In comparison, three lead partners were located in Andalucía, while all three Baltic republics together accounted for only two lead partners under INTERREG IIIC.
 - 14 The increased structural integration is reflected in the growing level of Swedish or Danish ownership on both sides of the Øresund. While in 2007 Sweden was the largest owner country in the Danish part of the Øresund (29 per cent of all foreign-owned workplaces and 23 per cent of the total turnover of foreign-owned enterprises), Danish-owned workplaces accounted for about 14 per cent of foreign-owned workplaces in Scania. Interestingly enough, the analysis of foreign ownership once again reveals the macro-regional character of integration in the Baltic Sea Region. So, besides the limited size of their economies, Denmark, Finland, Sweden and Norway account for a large percentage of all foreign-owned workplaces in the countries of the Baltic Sea Region (e.g. 38 per cent in Denmark (2007), 27 per cent in Sweden (2008), 43 per cent in Finland (2008) and 39 per cent in Norway (2009)) (Øresund Committee 2010; Official Statistics of Finland 2009a; Statistics Norway 2010; Statistics Sweden 2010).
 - 15 In 2007 the capital region of Uusimaa (Southern Finland/Etelä-Suomi) accounted for 26 per cent of the total Finnish population and 35 per cent of the total Finnish GDP. In Estonia the dominant position of the capital region is even more pronounced, as Harju County in 2008 accounted for 40 per cent of the total Estonian population and no less than 60 per cent of the total Estonian GDP (own calculations based on Official Statistics of Finland 2009b and Statistics Estonia 2009).
 - 16 During the Cold War, transport connections between Estonia and Finland were limited to one ferry service attracting about 10,000 passengers a year during the 1980s. Since then there has been a sharp increase in both the number of daily connections – about 40 departures a day between Tallinn and Helsinki alone – and the number of passengers from both countries, rising from slightly more than two million in 1993 to about seven million in 2011 (Jauhiainen 2002; own calculations based on Statistics Estonia 2006 and 2011). Interestingly, these figures are comparable to the six million passengers who used the hydrofoil boat connection between Copenhagen and Malmö in 1999, the last year before the bridge was opened (Matthiessen 2000).

References

- Arbeitskreis 'Volkswirtschaftliche Gesamtrechnungen der Länder' (2011) 'Bruttoinlandsprodukt, Bruttowertschöpfung in den Ländern und Ost-West-Großraumregionen Deutschlands 1991 bis 2010', Frankfurt a. M.

Macro-regions: a new dimension

- Blatter, J. (2004) 'From "Spaces of Place" to "Spaces of Flows"? Territorial and functional governance in cross-border regions in Europe and North America', *International Journal of Urban and Regional Research*, 28: 530–48.
- Brandes, U. and Wagner, D. (2004) 'Visone – Analysis and visualization of social networks', in Jünger, M. and Mutzel, P. (eds): *Graph Drawing Software*, Berlin et al.
- Church, A. and Reid, P. (1999) 'Cross-border Co-operation, Institutionalization and Political Space Across the English Channel', *Regional Studies*, 33: 643–655.
- City of Vienna – Municipal Department for EU-Strategy and Economic Development (2006) 'Effectiveness and Impact Assessment of InterregIII C Operations on Regions located in Interreg III C East Zone', Online. Available at http://www.interreg3c.net/sixcms/media.php/61/A2906_FinRep-PhaseA_20060929.pdf (accessed 14 June 2011).
- DG for Regional Policy (2011) 'Interreg III: maps', Online. Available at http://ec.europa.eu/regional_policy/archive/interreg3/carte/cartes_en.htm (accessed 22 July 2012).
- Dubois A., Hedin S., Schmitt P. and Sterling J. (2009) 'EU macro-regions and macro-regional strategies – A scoping study', Nordregio Electronic Working Paper 2009: 4, Stockholm.
- Dühr, S. (2010) 'Baltic Sea, Danube and macro-regional strategies: A model for transnational cooperation in the EU', Working Paper, 2011, Online. Available at http://www.notre-europe.eu/uploads/tx_publication/Etude86-Macro-regional-strategies-en.pdf (accessed 26 October 2011).
- European Communities (2000) 'Communication of 28 April 2000 from the Commission to the Member States laying down guidelines for a Community Initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory (Interreg III)', Official Journal C 143 of 23.5.2000, Online. Available at http://europa.eu/legislation_summaries/regional_policy/provisions_and_instruments/g24204_en.htm (accessed 23 January 2012).
- European Commission (2006a) 'Eurobarometer 64.3 (2005)', TNS OPINION & SOCIAL, Brussels [Producer]. GESIS Data Archive, Cologne. ZA4415 Data file Version 1.0.0, doi:10.4232/1.4415.
- European Commission (ed.) (2006b) 'Europeans and their languages', Special Eurobarometer 243, Wave 64.3, Brussels.
- European Communities (2009) 'EU budget 2008 – Financial Report', Luxembourg, Online. Available at http://ec.europa.eu/budget/library/biblio/publications/2008/fin_report/fin_report_08_de.pdf (accessed 24 February 2012).
- European Commission (2010) 'External and intra-EU trade - statistical yearbook', Brussels.
- Eurostat (2012a) 'Gross domestic product (GDP) at current market prices at NUTS level 3 (nama_r_e3gdp)', Online. Available at http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (accessed 20 April 2012).
- Eurostat (2012b) 'Population at 1st January by sex and age from 1990 onwards (demo_r_d2jan)', Online. Available at http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (accessed 20 April 2012).
- Eurostat (2012c) 'Candidate countries and potential candidates: Population – demography (cpc_psdemo)', Online. Available at http://ec.europa.eu/budget/library/biblio/publications/2008/fin_report/fin_report_08_de.pdf (accessed 20 April 2012).
- Eurostat (2012d) 'Candidate countries and potential candidates: GDP and main aggregates (cpc_ecnagdp)', Online. Available at http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (accessed 20 April 2012).
- Fitjahn, R. D. (2010) 'Explaining variation in sub-state regional identities in Western Europe', *European Journal of Political Research*, 49: 522–44.
- Ghemawat, P., Llano, C. and Requena, F. (2010) 'Competitiveness and inter-regional as well as international trade: The Case of Catalonia', *International Journal of Industrial Organization*, 28: 415–22.
- Gooskens, C. (2007) 'The contribution of linguistic factors to the intelligibility of closely related languages', *Journal of Multilingual and Multicultural Development*, 28: 445–67.

Alexander Nagler

- Gornig, M. and Schiersch, A. (2011) 'German manufacturing withstands the rise of emerging economies', *DIW Economic Bulletin*, 5/2012: 10–14.
- Hilpert, U. (1991) *Archipelago Europe – Islands of Innovation*, Synthesis Report, Prospective Dossier No 1: Science, Technology and Social and Economic Cohesion in the Community, Brussels.
- Hilpert, U. (2003) 'Globalisation and selective localisation of industry and innovation: The role of government in regionalising socio-economic development', in U. Hilpert (ed.): *The Regionalisation of Globalised Innovation: Locations for advanced industrial development and disparities in participation*, London.
- Hooghe, L. and Marks, G. (1996) '“Europe with Regions”: Channels of Regional Representation in the European Union', *Publius – The Journal of Federalism*, 26: 73–91.
- INTERREG IIIC Joint technical secretariats (2008) 'INTERREG IIIC – All zones (North, East, South and West) – Overview of project partners involved in approved operations'.
- Jauhiainen, J. (2002) 'Territoriality and topocracy of cross-border networks', *Journal of Baltic Sea Studies*, 33: 156–76.
- Joenniemi, P. (2009) 'The EU Strategy for the Baltic Sea Region: A Catalyst for What?', Danish Institute for International Studies, Copenhagen.
- Johnson, C.M. (2009) 'Cross-Border Regions and Territorial Restructuring in Central Europe: Room for More transboundary Space', *European Urban and Regional Studies*, 16: 177–91.
- Krätke, S. (2010) 'Regional Knowledge Networks: A Network Analysis Approach To the Interlinking of Knowledge Resources', *European Urban and Regional Studies*, 17: 83–97.
- Krätke, S. and Borst, R. (2007) 'EU Eastern enlargement and the configuration of German-Polish interfirm linkages', *Tijdschrift voor Economische en Sociale Geografie*, 98: 621–40.
- Ladias, C., Hasanagas, N. and Papadopoulou, E. (2011) 'Conceptualising “macroregions”: Viewpoints and tools beyond NUTS classification', *Studies in Agricultural Economics*, 113: 138–44.
- Lafourcade, M. and Paluzie, E. (2011) 'European Integration, Foreign Direct Investment (FDI), and the Geography of French Trade', *Regional Studies*, 45: 419–39.
- Löfgren, O. (2008) 'Regionauts: The transformation of cross-border regions in Scandinavia', *European Urban and Regional Studies*, 15: 195–209.
- Lundquist, K.-J. and Winther, L. (2006) 'The Interspace between Denmark and Sweden: The industrial dynamics of the Öresund Cross-Border Region', *Danish Journal of Geography*, 106: 115–29.
- Matthiessen, C. W. (2000) 'Bridging the Öresund: potential regional dynamics: integration of Copenhagen (Denmark) and Malmö–Lund (Sweden) A cross-border project on the European metropolitan level', *Journal of Transport Geography*, 8: 171–81.
- Nelund, R. and Norus, J. (2003) 'Competencies and opportunities: Building an Island of Innovation apart from Europes innovative centre', in Hilpert, U. (ed.): *The Regionalisation of Globalised Innovation: Locations for advanced industrial development and disparities in participation*, London.
- Nicolini, R. (2003) 'On the Determinants of Regional Trade Flows', *International Regional Science Review*, 26: 447–65.
- Official Statistics of Finland (ed.) (2009a) Foreign affiliates in Finland, Appendix table 3. Personnel of foreign affiliates by country 2005–2009, Helsinki, Online. Available at http://www.stat.fi/til/ulkoy/2009/ulkoy_2009_2010-11-26_tau_003_en.html (accessed 24 February 2012).
- Official Statistics of Finland (2009b) Indicators of Regional Economy 2000–2007, Helsinki, Online. Available at http://www.stat.fi/til/altp/2007/03/index_en.html (accessed 24 February 2012).

Macro-regions: a new dimension

- Öresund Committee (ed.) (2010) 'ÖresundTrends', Online. Available at <http://www.tendensoresund.org/en/download> (accessed 21 February 2012).
- Paas, T. and Tafenau, E. (2005) 'Regional Trade Clusters in Promoting Eastward Enlargement of the European Union', *Transition Studies Review*, 12: 77–90.
- Perkmann, M. (2003) 'Cross-border-regions in Europe: Significance and drivers of regional cross-border co-operation', *European Urban and Regional Studies*, 10: 153–71.
- Pikner, T. (2008) 'Reorganizing cross-border governance: The case of Helsinki – Tallinn Euregio', *European Urban and Regional Studies*, 15: 211–17.
- Popescu, G. (2008) 'The conflicting logics of cross-border reterritorialization: Geopolitics of Euroregions in Eastern Europe', *Political Geography*, 27: 418–38.
- Rocha-Medeiros, E. J. (2010) 'Old vs recent cooperation: Portugal-Spain and Norway-Sweden', *Area*, 42: 434–43.
- Schymik, C. (2011) 'Blueprint for a Macro-region, EU Strategies for the Baltic Sea and Danube Region', SWP Research Papers, Online. Available at http://www.swp-berlin.org/fileadmin/contents/products/research_papers/2011_RP10_shy_ks.pdf (accessed 21 June 2012).
- Scott, J. W. (1999) 'European and North American Contexts for Cross-Border Regionalism', *Regional and Federal Studies*, 33: 605–17.
- Statistics Albania (2012a) 'Export by Countries 1993–2010'. Online. Available at <http://www.instat.gov.al/en/themes/external-trade.aspx?tab=tabs-5> (accessed 22 May 2012).
- Statistics Albania (2012b) 'Export by Countries 1993–2010'. Online. Available at <http://www.instat.gov.al/en/themes/external-trade.aspx?tab=tabs-5> (accessed 22 May 2012).
- Statistics Estonia (2006) 'TC16: International passenger traffic through ports (1993–2000)', Online. Available at http://pub.stat.ee/px-web.2001/Dialog/varval.asp?ma=TC16&ti=international+passenger+traffic+through+ports+%281993%2D2000%29&path=../I_Databas/Economy/34Transport/16Water_transport/&lang=1 (accessed 20 January 2012).
- Statistics Estonia (2009) 'Maakonnad arvudes 2004–2008' [Counties in Figures 2004–2008], Tallinn.
- Statistics Estonia (2011a) 'FS060: Financial statistics of foreign affiliates (with 20 or more persons employed) by economic activity (EMTAK 2008) and country', Online. Available at http://pub.stat.ee/px-web.2001/I_Databas/Economy/09Financial_statistics_of_enterprises/09Foreign_affiliates/09Foreign_affiliates.asp (accessed 21 June 2012).
- Statistics Estonia (2011b), 'TC161: International passenger transport through ports (quarters)', Online. Available at http://pub.stat.ee/px-web.2001/Dialog/varval.asp?ma=TC161&ti=international+passenger+transport+through+ports+%28quarters%29&path=../I_Databas/Economy/34Transport/16Water_transport/&lang=1 (accessed 20 January 2012).
- Statistics Norway (ed.) (2010), 'Enterprises under foreign control by country of ultimate owner 2009', Online. Available at http://www.ssb.no/utfono_en/tab-2011-09-12-04-en.html (accessed 24 February 2012).
- Statistics Sweden (ed.) (2010) 'Utlandska företag 2009' [Foreign enterprises 2009], Örebro.
- Statistisches Bundesamt (2012a) 'Außenhandel der Bundesländer (Ausfuhr)', Wiesbaden.
- Statistisches Bundesamt (2012b) 'Außenhandel der Bundesländer (Einfuhr)', Wiesbaden.
- Vanags, A. (2011) 'Economic integration and cohesion in the Baltic Sea region: A critical perspective from the Baltic States', *Journal of Baltic Sea Studies*, 42: 91–102.
- Vihalemm, P. (2007) 'Changing spatial relations in the Baltic Sea region and the role of the media', *European Societies*, 9: 777–96.

Configuring the New ‘Regional World’: On being Caught between Territory and Networks

JOHN HARRISON

Department of Geography, Loughborough University, Loughborough, UK.

HARRISON J. Configuring the new ‘regional world’: on being caught between territory and networks, *Regional Studies*. Recent years have witnessed a tremendous appeal in debating the relative decline in ‘territorially embedded’ conceptions of regions vis-à-vis the privileging of ‘relational and unbounded’ conceptions. Nevertheless, the most recent skirmishes have seen some scholars emphasize how it is not the privileging of one or other that is important, but recognizing how it is increasingly different combinations of these elements that seem to be emerging in today’s *new* ‘regional world’. Here emphasis is being placed on a need to analyse how the different dimensions of socio-spatial relations (for example, territory, place, network, scale) come together in different ways, at different times, and in different contexts to secure the overall coherence of capitalist, and other, social formations. The purpose of this paper is to make visible the politics of transformation in North West England by uncovering the role and strategies of individual and collective agents, organizations and institutions in orchestrating and steering regional economic development. For it is argued that the unanswered question is not *which* socio-spatial relations are dominant, emerging or residual in any given space-time, but understanding *how* and *why* they are dominant, emerging or residual. The paper suggests the answer to this and other questions is to be found at the interface between emergent spatial strategies and inherited socio-spatial configurations.

HARRISON J. 配置新的“区域世界”：领土与网络，区域研究。近年来，“领土嵌入式”理念与日益受到垂青的区域“相关与无界”概念之间存在着激烈的讨论。然而，在近期的小规模碰撞中已出现部分学者不再强调支持某一方或反对另一方的观点，而是开始认识到在目前新“区域世界”中正出现越来越多上述要素的组合。重点在于有必要分析不同的社会-空间关系（例如，地区，地方，网络，尺度）是如何以不同方式、在不同的时间以及语境下进行组合，以保证资本主义以及其他社会形态的连续运转。本文的目的在于显像英格兰西北部转型的政治性通过解释个体以及集体行为者以及组织与机构在策划和督导区域经济发展中的作用。有待解决的问题并非是哪种社会经济空间关系在某特定时空占主导、出现或残留，而是需要了解他们是如何及为何占主导地位、新兴发展或残留。本文表明，这一问题与其他问题的答案通过综合新兴的空间战略与后继社会经济空间结构得以解答。

HARRISON J. La configuration du nouveau ‘milieu régional’: être coincé entre des territoires et des réseaux, *Regional Studies*. Au cours des dernières années on a porté un grand intérêt à discuter du déclin relatif des notions de régions ‘ancrées dans les territoires’ par rapport aux notions ‘relationnelles et sans bornes’. Néanmoins, les escarmouches les plus récentes ont vu des spécialistes soulignent qu’il ne l’est ni l’un, ni l’autre qui importe, mais reconnaître que ce sont des combinaisons de plus en plus différentes qui semblent faire le jour dans le *nouveau* ‘milieu régional’ d’aujourd’hui. Ici on souligne le besoin d’analyser comment les diverses dimensions des rapports socio-géographiques (par exemple, le territoire, l’endroit, le réseau, l’échelle) se réunissent de façons différentes, à des moments différents et dans des contextes différents afin d’assurer la cohérence globale des formations capitalistes, parmi d’autres. Cet article cherche à améliorer la visibilité des politiques en faveur de la transformation dans le nord-ouest de l’Angleterre en dévoilant le rôle et les stratégies des agents, des organisations et des institutions individuels et collectifs quant à la direction et à la gestion de l’aménagement du territoire. On affirme que la question restée sans réponse n’est pas *quels* rapports socio-géographiques sont dominants, naissants ou résiduels, quels que soient l’espace ou le temps, mais comprendre *comment* et *pourquoi* ils sont dominants, naissants ou résiduels. Cet article propose que la réponse à cette question parmi d’autres est à trouver à l’interface entre des stratégies géographiques naissantes et des configurations socio-géographiques héritées.

HARRISON J. Konfiguration der neuen ‘regionalen Welt’: vom Gefangensein zwischen Gebiet und Netzwerken, *Regional Studies*. In den letzten Jahren hat sich eine Erörterung des relativen Rückgangs von Konzeptionen der ‘territorialen Eingebettetheit’ von Regionen zugunsten einer Privilegierung von ‘relationalen und ungebundenen’ Konzeptionen enormer Beliebtheit erfreut.

REGIONAL WORLDS

Dessen ungeachtet betonten einige Wissenschaftler bei den jüngsten Scharmützeln, dass nicht die Privilegierung der einen oder anderen Konzeption wichtig sei, sondern vielmehr eine Anerkennung der Tatsache, dass in der heutigen *neuen* 'regionalen Welt' zunehmend unterschiedliche Kombinationen dieser Elemente zu entstehen scheinen. Hierbei wird die Notwendigkeit betont zu analysieren, wie sich die verschiedenen Dimensionen der sozioräumlichen Beziehungen (z. B. Gebiet, Ort, Netzwerk, Maßstab) auf unterschiedliche Weise, zu unterschiedlichen Zeiten und in unterschiedlichen Kontexten miteinander verbinden, um die Gesamtkohärenz der kapitalistischen und sonstigen Gesellschaftsformationen zu sichern. In diesem Beitrag soll die Politik der Transformation in Nordwestengland sichtbar gemacht werden, indem die Rolle und Strategien der einzelnen und kollektiven Akteure, Organisationen und Institutionen bei der Orchestrierung und Steuerung der regionalen Wirtschaftsentwicklung verdeutlicht werden. Ich argumentiere nämlich, dass die unbeantwortete Frage nicht lautet, *welche* sozioräumlichen Beziehungen in einer bestimmten Raum-Zeit-Kombination dominant, im Entstehen begriffen oder noch verbleibend sind, sondern dass es darauf ankommt zu verstehen, *wie* und *warum* sie dominant, im Entstehen begriffen oder noch verbleibend sind. Im Beitrag wird die These aufgestellt, dass die Antwort auf diese und weitere Fragen an der Schnittstelle zwischen den entstehenden räumlichen Strategien und den übernommenen sozioräumlichen Konfigurationen zu suchen ist.

HARRISON J. Configuración del nuevo 'mundo regional': atrapados entre el territorio y las redes, *Regional Studies*. En los últimos años hemos sido testigos de un enorme interés por debatir el declive relativo de las concepciones de 'integración territorial' de las regiones, y también el privilegio de las concepciones 'relacionales e ilimitadas'. Sin embargo, las escaramuzas más recientes se deben a que algunos académicos han puesto de relieve que lo importante no son los privilegios de las concepciones, sino que hay que reconocer que en el *nuevo* 'mundo regional' de hoy día existen combinaciones cada vez más distintas de estos elementos. Aquí hacemos hincapié en la necesidad de analizar cómo las diferentes dimensiones de las relaciones socioespaciales (por ejemplo, territorio, lugar, red, escala) se combinan de distinto modo, en diferentes momentos, y en distintos contextos para asegurar la coherencia global de formaciones sociales capitalistas y otras. La finalidad de este artículo es hacer visible las políticas de la transformación en el noroeste de Inglaterra al revelar el papel y las estrategias de los agentes individuales y colectivos, las organizaciones y las instituciones en la orquestación y orientación del desarrollo económico regional. Y es que sostenemos que la cuestión sin responder no es *cuáles* son las relaciones socioespaciales dominantes, emergentes o residuales en cualquier espacio-tiempo determinado sino comprender *cómo* y *porqué* son dominantes, emergentes o residuales. En este artículo sugerimos que la respuesta a esta y otras cuestiones se halla en la interfaz entre las estrategias espaciales emergentes y las configuraciones socioespaciales heredadas.

INTRODUCTION: IN WHAT SENSE A NEW 'REGIONAL WORLD'?

Advocates of a given turn are often tempted to focus on one dimension of spatial relations, neglecting the role of other forms of sociospatial organisation as presuppositions, arenas, and products of social action. Worse still, some scholars ontologically privilege a single dimension, presenting it as *the* essential feature of a (current or historical) sociospatial landscape. In most cases this overontologizes questions that are best resolved in more concrete-complex terms.

(JESSOP *et al.*, 2008, p. 391, original emphasis)

It could be argued that the relational and the (hierarchically scalar) territorial can be seen as both/and rather than either/or conceptions, that 'territorially embedded' and 'relational and unbounded' conceptions of regions are complementary alternatives, that actually existing regions are a product of a struggle and tension between territorializing and de-territorializing processes. Depending upon the circumstances and the specific situation of particular regions, policy and politics may be informed by a bounded territorial and hierarchical conception or by a relational conception that emphasizes a flat ontology

of networked connections as the more appropriate perspective from which to view the region.

(HUDSON, 2007, p. 1156)

A little over a decade ago the economic geographer Michael Storper famously declared that we are all now living in a 'regional world', where regions are the fundamental building blocks of a globally interconnected modern world (STORPER, 1997). Alongside this, the political geographer John Agnew argued that far from disappearing in globalization, 'regional economic and political differences seem, if anything, to be strengthening', implying that regions must be conceptualized as 'central rather than merely derivative of nonspatial processes' (AGNEW, 2000, p. 101). Symptomatic of a much wider academic debate and policy-related discourse known as the 'new regionalism' (cf. KEATING, 1998; LOVERING, 1999; MACLEOD, 2001; HADJIMICHALIS, 2006; HARRISON, 2006) these headline-grabbing claims are indicative of how regions were seen by many to be *the* pivotal sociospatial formation at the end of twentieth century (OHMAE, 1995; STORPER, 1997; SCOTT, 1998).

In large part this reflected a belief among economic geographers, institutional economists and economic

REGIONAL WORLDS

sociologists that regions are focal points for knowledge creation, learning and innovation – capitalism's new post-Fordist economic form (MORGAN, 1997; SCOTT, 1998; STORPER, 1997). Part also reflected a belief among political and social scientists that regions are important sites for fostering new post-national identities, increasing social cohesion, and encouraging new forms of social and political mobilization (KEATING, 1998). And underpinning it all was a recognition that a select group of regional economies – the exemplars being California's Silicon Valley and the 'Four Motor Regions of Europe': Baden-Württemberg (Germany), Catalonia (Spain), Lombardy (Italy) and Rhône-Alpes (France) – were bucking the trend of national economic decline to emerge as early 'winners' in post-Fordism.

Lauded for its pioneering research, theory converged around the notion that regions represent the *only* scale through which order can be re-established following the collapse of the nationally configured Fordist–Keynesian institutional compromise. Nevertheless, the new regionalism is not without critics (LOVERING, 1999; MACLEOD, 2001; HADJIMICHALIS, 2006; HARRISON, 2006). One among many lines of critique is the failure of its proponents to define their object of study clearly. Often assumed, rarely defined, critics describe how the region remains 'conceptually vague' (LOVERING, 1999), an 'object of mystery' (HARRISON, 2006), and an 'enigmatic concept' (MACLEOD and JONES, 2007) in many new regionalist writings. Even in the work of the political scientist Michael Keating, one of the most consistently insightful scholars on this aspect of the new regionalism, while it is acknowledged that regions take various forms (for example, administrative, cultural, economic, governmental, historical) his and others' concern remains principally with regions as actual or potential sub-national political units – be they administrative or governmental (KEATING, 1998). Taking this one stage further, PAINTER (2008) acknowledges how this is symptomatic of regional geographer's 'cartographic anxiety': a tendency to want to present regions as integrated and bounded territorial wholes despite recognizing how they take various forms, which rarely (if ever) correspond, or have congruent geographies.

In an increasingly mobile world characterized by all kinds of flows and networks, this avowedly territorial and scalar logic is today challenged by those advocating a more radically 'relational' approach to the study of cities and regions (ALLEN and COCHRANE, 2007, 2010; ALLEN *et al.*, 1998; AMIN, 2004; AMIN *et al.*, 2003; MASSEY, 2007). Disturbing notions of regions as bounded territories, for these authors emerging sociospatial formations are not necessarily territorial–scalar but constituted through the spatiality of flow, juxtaposition, porosity and connectivity. Supported in policy terms by the emergence of an expanding plethora of 'unusual regions' – so called because they do not conform to any recorded territorial units (DEAS and LORD, 2006) – from this alternative perspective interpreting regions as

spaces of movement and circulation (of goods, technologies, knowledge, people, finance and information) 'reveals not an "area", but a complex and unbounded lattice of articulations' (ALLEN *et al.*, 1998, p. 65).

All of which is leading to suggestions that we might now be living in a new relationally constituted 'regional world' (cf. STORPER, 1997) where capital accumulation and governance is

about exercising nodal power and aligning networks in one's own interest, rather than about exercising territorial power ... [for] there is no definable territory to rule over.
(AMIN, 2004, p. 36)

But it is also prompting us to confront searching questions over the degree to which the relative decline in 'territorially embedded' conceptions of regions vis-à-vis the privileging of 'relational and unbounded' conceptions is part of some zero-sum either/or logic. For important differences continue to exist around the conception of 'the region'. In political science, the need to distinguish territorial (non-overlapping) governance from functional (overlapping) governance in theories of multilevel governance reflects a clear division between international relations scholars who came to view processes of global integration as producing a non-territorial vision of governance that challenges the autonomy of the nation-state, and scholars of federalism who point to processes of decentralization and regionalization as evidence of regional territories and jurisdictions formally administered or governed by the nation-state continuing to be strengthened by global integration (BLATTER, 2004; HOOOGHE and MARKS, 2003). A related, albeit less pervasive, division can be seen in aspects of human geography. For the first decade of this new century can be characterized by a theoretical impasse between those steadfast in their view that the spatial grammar of flows and networks calls into question the usefulness of representing regions as territorially fixed 'in any essential sense' (ALLEN and COCHRANE, 2007), and those calling for a retention of territorially oriented readings of political economy and when appropriate their conjoining with this non-territorial, relational approach (HUDSON, 2007; MACLEOD and JONES, 2007; MORGAN, 2007).

Today, interventions by scholars more inclined toward the latter than the former are doing much to suggest the dawning of a new era in these debates (cf. BRENNER, 2009a, 2009b; JESSOP *et al.*, 2008; JONAS, 2011; JONES, 2009; JONES and JESSOP, 2010; JONES and MACLEOD, 2010; LEITNER *et al.*, 2008; MACLEAVY and HARRISON, 2010; MCCANN and WARD, 2010; PRYTHERCH, 2010). Most notable in this regard is JESSOP *et al.*'s (2008) attempt to devise a heuristic framework for theorizing sociospatial relations as 'inherently polymorphic and multidimensional'. Stimulated by their conviction that those who ontologically privilege a single dimension (for example, networks) and present it as the 'essential feature' of any given sociospatial

REGIONAL WORLDS

landscape bend the stick too far and neglect the role of other forms of sociospatial organization (for example, territory, place, scale), Jessop *et al.* envision a future where the privileging of any single dimension is replaced by an understanding that what really matters is how the relative significance of the multiple dimensions of sociospatial relations come together in different ways, at different times, and in different contexts to secure the overall coherence of capitalist, and other, social formations. A proposition suggests that in future it will be important to see such conceptual development

as a set of overlapping tendencies in which some ideas are residual (former dominant ideas that are losing their academic power), some are new dominant ideas and some are emerging, perhaps to challenge the dominant ideas in the future.

(PAASI, 2008, p. 407)

All of which marks an important departure from the 'either/or' versus 'both/and' debate – itself the subject of much conjecture in this journal's recent past (PIKE, 2007). Indeed, the current issue goes a long way to highlighting how it is already a catalyst for new enquiries into how best to conceptualize regions and regional change. But at the same time it serves up a number of new challenges for the regional researcher. Not least is that although Jessop *et al.* are successful in making visible the politics of transformation occurring in social scientific thinking and presenting a strong case for more systematic recognition of polymorphy in sociospatial theory, how one then translates this into practice, that is, more grounded and empirical research, is a key challenge currently facing those interested in interpreting spatial concepts such as the region.¹

It is with this in mind that the current paper represents an initial endeavour to make visible the politics of transformation in an 'actually existing region': North West England. The aim is initially to demonstrate, then understand, how and why it is new combinations are emerging that appear more suited to stabilizing society in today's new 'regional world'. To achieve this task the empirical part of the paper examines the three 'key diagrams' produced as part of the regional strategy making process in North West England following the collapse in 2004 of the UK Labour government's territorially articulated 'new regional policy'. In adopting this approach the working assumption is that attempts to secure the overall coherence of regions is the goal of regional governance and, following THRIFT (2002, p. 205),

to govern it is necessary to render the visible space over which government is to be exercised. This is not simply a matter of looking: space has to be represented, marked out.

The purpose of this paper then is to demonstrate how these 'key diagrams' represent a more than useful starting point for beginning to understand how these configurations are constructed politically. For it is clear

they are not simply the outcome of capital accumulation strategies but are mediated through institutional forms and diverse social forces. The paper therefore seeks to uncover the role and strategies of individual and collective agents, organizations and institutions in actively structuring how the multiple dimensions of sociospatial relations are brought together in different ways, in different moments, to secure the overall coherence of regions such as North West England (JESSOP *et al.*, 2008). The unanswered question is not simply *which* sociospatial relations are dominant, emerging or residual in any given space–time, but understanding *how* and *why* they are dominant, emerging or residual.

CONCEPTUALIZING THE RESURGENT REGION: FROM ONE-DIMENSIONALISM TO POLYMORPHY?

With the crisis in North Atlantic Fordism prompting the demise of the nationally configured Fordist–Keynesian institutional compromise, the primacy afforded to territory–place is being challenged and replaced by scale network as the dominant sociospatial dimensions. In its broadest terms, this is seeing the a priori status of the nation–state as the arena in and through which economic management is conducted, social welfare delivered, and political subjects are treated as citizens challenged by the emergence and institutionalization of 'new state spaces' (BRENNER, 2004). Moreover, and alongside this, the intensification of globalization sees these new state spaces (but also firms, capital and knowledge) appear increasingly free from the regulatory control of national states and gives rise to what CASTELLS (1996) calls the 'network society', where the importance attached to *national* 'spaces of places' gives way to a *global* 'space of flows'.

It is against this backdrop that JESSOP *et al.* (2008) begin their call for a more systematic recognition of polymorphy in social scientific enquiry.² They identify how the search for a new spatiotemporal fix for capitalism has seen the privileging of four distinct sociospatial dimensions: territory (T), place (P), scale (S) and network (N). Each associated with its own explicit 'spatial turn', it was assumed that, for a time, this single dimension possessed some exclusive explanatory power and predictive value, only to be challenged and overtaken as consensus switched to a different dimension of sociospatial relations. Successful in making visible the politics of transformation occurring in social scientific thinking over the long-term, what follows constitutes an 'in retrospect' take on one-dimensionalism and how, perhaps unsurprisingly, it has characterized regional studies over the same period. The first part concludes by pinpointing how attempts to construct the 'new regionalism' as a new institutionalist paradigm for regional development in the 1990s revolved around a loose bundling together of these different

REGIONAL WORLDS

dimensions, exhibiting all the weaknesses of one-dimensionalism identified by Jessop *et al.* The second part then looks at more recent developments in regional studies, illustrating how and why relational and territorial approaches are deemed compatible by some and incompatible by others, why it is necessary to think of regions as the product of fluid configurations of individual sociospatial relations, and how one might begin researching regions in this way.

Applying the TPSN framework to the 'new regionalism'

Despite a long and illustrious past, the 1950s and 1960s saw regions, regional studies, and regional geographers all deemed to be of diminishing importance and worth. This was due partly to industrial capitalist economies enjoying a long period of growth and the widely held assumption that the institutional mechanisms of spatial Keynesianism would ensure regional differences gradually disappear. Part also had to do with those political parties seeking regional autonomy or independence having little support and being increasingly marginalized from mainstream politics at this time. That was until the late 1970s when the crisis in the Fordist–Keynesianism institutional compromise and, in certain countries, an associated upsurge in regionalist politics signalled the birth of a 'new' regionalism.

Much of this work was undertaken by political geographers and political scientists working in Europe, and centred on regionalism as a political movement for greater territorial autonomy (ROKKAN and URWIN, 1982). In this way it formed the basis of what became the political strand of the new regionalism, and the work of its leading proponent, Michael Keating. Commenting on how the crisis and vulnerability of the state enabled certain groups and actors to permeate political discourse, Keating's intuitive analysis of the new regionalism in Western Europe identified how these conditions helped foster a territorially articulated politics at the regional level (KEATING, 1998). Empirically supported by the rise of regionalist and nationalist parties (prominent examples include the Lega Nord in Italy and the Scottish National Party) but more broadly by the European Commission's strategy for creating a 'Europe of the Regions', this version of the new regionalism is concerned principally with regions as actual or potential units – be they governmental or administrative. From this perspective regions are discrete bounded and non-overlapping spatial units, limited in number, the products of politico-administrative action, and are principally articulated through the spatial grammar of *territory*. Nevertheless, this representation of regions as static and fixed has been the subject of extensive critique over recent years, with many critical theorists now preferring to think of regions as dynamic, fluid and evolving social constructs which are always in the process of 'becoming' (PAASI, 2010).

Such theoretical developments owe much to the importance of place in contemporary geography.

Place has been central to accounts documenting a regional resurgence but not always under the banner of 'new regionalism'. In fact, it was in the 'new regional geography' of the 1980s that place assumed prominence in the lexicon of regional geographers. At a disciplinary level, the turn toward a post-positivist paradigm among geographers and sociologists in the late 1970s and 1980s led to a re-examination of the specificity of places and interpretative understandings of people and place (PRED, 1984). Not of regions per se, it was only in the late 1980s and 1990s that non-essentialist accounts of regions emerged. A distinguished proponent of this 'new regional geography' was the Finnish geographer Anssi Paasi, who in drawing upon this new found emphasis on contingency and becoming, alongside recognition that places have a degree of integration and coherence, established principles for better understanding the emergence of regions 'not as static frameworks for social relations but as concrete, dynamic manifestations of the development of a society' (PAASI, 1986, p. 110). The move away from static frameworks was given further impetus in the 1990s when Massey's influential essay on a 'global sense of place' argued places and regions are constituted and reconstituted as the contingent outcome of interaction between diverse (often competing) economic, political and social forces operating both proximate to, and at a distance from, a particular locality (MASSEY, 1991). These ideas were then later incorporated into the new regionalist literature by the British state theorists Martin Jones and Gordon MacLeod, who, noting their despair at how much of the literature documenting a resurgence of regions had to that point concealed fundamental questions relating to how regions are historically constructed, culturally contested and politically charged, set about uncovering how regions were being socially and materially (re)constituted by the rescaling and reterritorialization of capital under globalizing conditions (MACLEOD and JONES, 2001).³

A more controversial turn to *scale* in the 1990s accompanied the recognition that spatial scale is not a nested hierarchy of fixed platforms for social activity, but a dynamic concept. In the same way regions and places are understood as both resources for, and outcomes of, social action, spatial scales came to be recognized as the outcome of those activities and processes to which they in turn contribute (SWYNGEDOUW, 1997). In the regional debates of the late 1990s and 2000s, the new lexicon of geographical scale proved conspicuous in tracing the development of what SCOTT (2001a) identified as

the apparent though still quite inchoate formation of a multilevel hierarchy of economic and political relationships ranging from the global to the local.

(p. 814)

REGIONAL WORLDS

Informed by new regionalist interventions and debates, it is within this context that regions came to be seen as competitive and strategic territories in a complex system of multilevel governance (MACLEOD and JONES, 2007). While some economic 'boosterist' accounts of globalization heralded this emergent multi-level hierarchy as signalling the death of the nation-state, more sophisticated accounts began registering how the relative decline in the power of the nation-state vis-à-vis the emergent power structures of regions is an 'attractive and persuasive story' (LOVERING, 1999, p. 380), but one with only limited theoretical worth and whose empirical referents only tell part of the story. Critics of the new regionalist orthodoxy came to recognize how the rise of the regional state – and formation of a multiscale institutional hierarchy more generally – was not necessarily or purposively at the expense of the state but an example of spatial selectivity by the state (MACLEOD and JONES, 2001). To be sure, the literature on 'state rescaling' has drawn attention to how the state remains the primary orchestrator and enabler of change, engaging in ever more complex, tangled and diverse rescaling processes in pursuit of a multiscale political-economic fix for organizing and structuring globalized forms of capital accumulation (BRENNER, 2004).

These multiscale territorial approaches adopted by both proponents and critics of the new regionalism alike are, however, being challenged of late by scholars whose focus is on emergent *network* geographies (CASTELLS, 1996). Attaching particular significance to transnational relations, connections and flows, research on the geographies of networks has resulted in the growing attraction of an alternative, non-territorial, approach where space and regions are conceptualized as open, fluid and unbound (AMIN, 2004). Nigel Thrift, for one, is unequivocal in his assessment that

space is no longer seen as a nested hierarchy moving from 'global' to 'local'. This absurd scale-dependent notion is replaced by the notion that what counts is connectivity.

(THRIFT, 2004, p. 59, emphasis added)

Within the bounds of the new regionalism, this is allied, in part, to claims that a certain type of region – the 'global city-region' – now functions as *the* pivotal socio-spatial formation in globalization (SCOTT, 2001a). Indicative of processes of deterritorialization, the global city-region discourse has extended the logic that saw 'global cities' defined by their external linkages to consider how processes of global economic integration and rapidly accelerating urbanization – the defining features of globalization – are producing large-scale urban formations that are networked externally on a global scale, as key staging posts for the operation of multinational corporations, and internally on a regional scale, as city expansion sees the functional economies of large cities extend beyond their traditional

administrative boundaries to capture physically separate but functionally networked urban settlements in the surrounding hinterland. The emergence of transnational, trans-regional and trans-frontier economic spaces – prominent examples being Europe's 'Blue Banana', the Singapore–Johor–Riau Growth Triangle, and the 'Cascadia' region of Pacific North-West North America – are doing much to advance claims that city-regions comprising multiple functionally interlinked urban settlements are acting quasi-autonomously, that is, outside territorial structures formally administered or governed by nation-states (SCOTT, 2001b).

Taking stock of these developments, and acknowledging their own previous advocacy of a scalar turn, it is exactly this type of one-dimensionalism that JESSOP *et al.* (2008) have come to disavow so much. For them the constant privileging of a single dimension contributes to the unreflexive 'churning' of spatial concepts and a series of troubling methodological tendencies, namely:

theoretical amnesia and exaggerated claims to conceptual innovation; the use of chaotic concepts rather than rational abstractions; overextension of concepts and their imprecise application; concept refinement to the neglect of empirical evaluation; and an appeal to loosely defined metaphors over rigorously demarcated research strategies.

(JESSOP *et al.*, 2008, p. 389)⁴

Encompassed in claims that one-dimensionalism leads scholars to conflate a part (one dimension) with the whole (the totality of sociospatial organization), Jessop *et al.* argue for an approach that can grasp the inherently polymorphic, multidimensional character of sociospatial relations. For not only is it important to analyse how the relative importance attached to territory, place, scale and network varies across space-time, but also how increasingly it is the possible combination of some or all of these dimensions of sociospatiality that matters more in securing the coherence of spatio-temporal relations (JONES and JESSOP, 2010).

This has important connotations for the new regionalism. During its period of orthodoxy the new regionalism was deemed a 'chaotic concept' (cf. SAYER, 1992), one that was guilty of bundling together too many diverse theories for it to be considered a coherent intellectual project (LOVERING, 1999; HARRISON, 2006). In this context critics referred to the way different theories were hastily coalesced under the banner of the 'new regionalism' with little consideration – other than some putative and loose attachment to the 'region' – of how, and in which contexts, they may be deemed complementary. In the current context a similar and related claim can be made that in the quest to present the new regionalism as a new institutionalist paradigm for development, academic and policy advocates were equally guilty of bundling together the different dimensions of sociospatial relations, that is, work on

REGIONAL WORLDS

territorial restructuring, new regional geography, state rescaling and the network society (cf. PAINTER, 2008). Put like this, the new regionalism is an important example of the pitfalls of one-dimensionalism. But at the same time it provides a useful empirical test bed for considering the degree to which various dimensions of sociospatial relations can be deemed complementary alternatives.

*Conceptualizing regions: both networked and territorial*⁵

In regional studies, the debate over one-dimensionalism has its roots in a decade-long back-and-forth exchange between a group of relationalists who argue that territorial-scalar approaches should be jettisoned in preference for a wholly networked approach (ALLEN and COCHRANE, 2007, 2010; ALLEN *et al.*, 1998; AMIN, 2004; AMIN *et al.*, 2003; MASSEY, 2007) and those who wish to retain and further develop territorial-scalar approaches alongside, and in recognition of, the increased importance of geographical networks (HUDSON, 2007; JONAS, 2011; MACLEOD and JONES, 2007; MORGAN, 2007; HARRISON, 2010; MCCANN and WARD, 2010; PRYTHERCH, 2010). Underpinning arguments made by the latter are claims that relational approaches are at their most convincing when analysing cross-border economic flows, but they 'bend the stick too far' when relating this to acts of political mobilization and cultural identity which are often 'territorially articulated' (JONES and MACLEOD, 2004). In conceptual terms the degree to which regions are interpreted as territorial or relational must thus remain 'an open question: a matter to be resolved *ex post* and empirically rather than *a priori* and theoretically' (MACLEOD and JONES, 2007, p. 1186).

If, as PAASI (2008) suggests, territorial bounded spaces have been like a 'red rag to a bull' for many relationalists, then the pigeon holing of relational approaches as useful for analysing regional economies but only partly useful for interpreting the regional politics is only serving to irk them more. Keen to underline how relational approaches are equally applicable for issues of politics as they are economics, ALLEN and COCHRANE (2007) now acknowledge that while it might appear in their earlier work that relational approaches are at their most convincing when analysing cross-border economic flows (cf. ALLEN *et al.*, 1998), they are at pains to stress that more recent forms of networked regional governance evidence how

regional politics no less than regional economies may be seen to take their shape from the open, discontinuous spaces that are called here 'the region'.

(ALLEN and COCHRANE, 2007, p. 1163)

Here they point to the impressive array of non-standard regions and hegemonic discourse surrounding city-regions as clear evidence that regions are being remade in ways that 'directly undermine' the idea of a region

as a 'meaningful territorial entity'. For albeit these new regional spaces are often defined in the first instance by a narrow set of empirical and theoretical issues relating to their economic logic (JONAS and WARD, 2007), the design and construction of more flexible and responsive frameworks of city-regional governance is providing a rich policy context from which relationalists can advance their claim that

the governance of regions, and its spatiality, now works through a looser, more negotiable, set of political arrangements that take their shape from networks of relations that stretch across and beyond regional boundaries.

(ALLEN and COCHRANE, 2007, p. 1163)⁶

While all can agree that there is undeniable logic to the relational argument that contemporary expressions of territory are being materially and experientially transformed by an untold myriad of trans-territorial flows and networks in the era of globalization, the final point relating to regional boundaries is of critical importance because it is here that the debate is currently being fought. Relationalists contend that with regional boundaries more porous than ever before and increasingly punctuated by trans-territorial networks and webs of relational connectivity, by its very nature this renders regional boundaries less important and increasingly redundant in the new 'regional world'. In very practical terms this is seeing 'regions' increasingly free to 'override purely political boundaries', with all the implications for regulatory supervision on the part of national states (SCOTT, 2001b, p. 4).

Doing little to appease critics of these most 'radical' relational approaches, for them, the indomitable appetite of relationalists to vanquish territorial-scalar approaches is leading them prematurely to erase regional boundaries, and by implication, territory and territorial politics from their enquiries. While this may be desirable for advancing a more progressive and effective spatial policies centred on cooperation and collaboration across regional boundaries (AMIN *et al.*, 2003), as JONAS and PINCETL (2006, p. 498) usefully note in their analysis of the new regionalism in California, in the end one still has

to confront the hard reality of fiscal relations and flows between State and local government, jurisdictional boundaries, and distributional issues of each place in the State.

Drawing a similar conclusion, Kevin Morgan is unequivocal in his assessment that

To overcome the debilitating binary division between territorial and relational geography one needs to recognize that political space is bounded and porous: *bounded* because politicians are held to account through the territorially defined ballot box, a prosaic but important reason why one should not be so dismissive of territorial politics; *porous* because people have multiple identities and they are becoming ever more mobile, spawning communities

REGIONAL WORLDS

of relational connectivity that transcend territorial boundaries.

(MORGAN, 2007, p. 33, original emphasis)

In urging this caution it is clear to see the logic and progression that has since led JESSOP *et al.* (2008) to take this a stage further and develop the TPSN framework as a heuristic device for conceptualizing not only two or more dimensions, but also multiple dimensions of socio-spatial relations. In justifying the need for more systematic recognition of polymorphy, these authors are unequivocal in their condemnation of those who continue to privilege one dimension above all others, expressing surprise at how much work in sociospatial theory is dominated by what might usefully be called all-for-one rather than one-for-all approaches to conceptualizing sociospatial processes.

At one level, the sentiments expressed by these authors strike at the very heart of the 'practice' of socio-spatial theorizing. But at another level they open the door to new and potentially fruitful ways of uncovering the different ways in which sociospatial relations are being organized in particular configurations across space-time, and for what purpose. For it is important to note that it is not only social scientists who are guilty of prioritizing one dimension of sociospatial relations. Not surprisingly, political leaders and policy-makers exhibit a similar tendency, often guilty of presenting a single dimension as the necessary solution to a whole host of deeply political issues ranging from uneven development and interregional competition to democracy and social justice. This is particularly evident in recent political praxis in the United Kingdom, and it is to this the paper now turns.

REDRAWING THE BOUNDARIES OF THE UK SPACE ECONOMY

Through most of the twentieth century national economies were described in regional terms to inform policy needs that were essentially territorialist in nature: in CASTELLS's (1996) thinking this was the national economy as a 'space of places'. In the UK this culminated in the Labour government's programme of Devolution and Constitutional Change (1997–1999) and the establishment of a new parliament in Scotland, elected assemblies in Wales and Northern Ireland, an assembly with an elected mayor in London, and (to work alongside Government Offices for the Regions) regional development agencies and indirectly elected regional assemblies in each of the eight English regions. In each case, the component territories of the UK were to find themselves in receipt of additional elected political representation, and by implication new institutional spaces through which to secure the 'new regionalist' promise of increased wealth *and* accountability. All except England that is; for when the English regions were presented with the opportunity to establish

directly elected regional assemblies, the first (and only) referendum held in North East England saw the proposal rejected by 78% of voters in November 2004.

All of which left England as the 'gaping hole' in the devolution settlement once more (HAZELL, 2000). But in so doing it opened the door to a new era of 'relational regionalism' (HARRISON, 2008a). Triggered by the unravelling of Labour's 'new regional policy', but also the changing geography of the UK economy in the latest rounds of global restructuring, a remarkable shift in the policy discourse was observed. Compare, for instance, the UK government's take on sub-national policy in England just before and shortly after the North East referendum:

We recognise the need to evolve our approach further to ensure that regional and local institutions have the capability, capacity and confidence to overcome regional economic disparities. Increasing institutional flexibility around targets, funding and central guidance, tied to stronger accountabilities and performance incentives, will help national, regional and local institutions work better together. The Regional Development Agencies, in particular, have an excellent understanding of what is needed to drive economic growth in the regions.

(H. M. TREASURY, 2004, Foreword)

Cities represent the spatial manifestations of economic activity – large, urban agglomerations in which businesses choose to locate in order to benefit from proximity to other businesses, positive spillovers and external economies of scale. This document sets out how successful cities can contribute to competitive regions, stimulating growth and employment, promoting excellence in surrounding areas and joining up separate business hubs to expand existing markets and create new ones.

(H. M. TREASURY, 2006, p. 1)

Note that where politico-administrative regions remained as the organizing feature of the UK space economy in 2004, by 2006 they had disappeared to be replaced by city-regions. Related to this, where the spatial grammar is primarily (hierarchically scalar) territorial in 2004, focusing on regional disparities alongside centrally defined targets, funding, guidance and accountability, the equivalent extract from 2006 is explicitly couched in the new lexicon of geographical networks, with all the talk being of joining up separate business hubs, proximity and cities contributing to competitive regions. This suggests the privileging of territory as the predominant sociospatial dimension has been replaced by networks in the policy discourse – a point reinforced by a sustained period of city-region institution building in England.

In the months immediately after the North East referendum various alternative solutions were afforded a political hearing. Included in this were calls for an English Parliament, English votes on English laws, English independence, strengthened local government, elected mayors, a return to elected regional assemblies sometime in the future, and city-regions. Each was offering a

territorially embedded alternative form of organization that, in principle, would plug the politico-institutional gap left by the failure to establish elected regional assemblies. That was all except city-regions. Couched in language extolling the virtues of more networked forms of governance for achieving competitiveness, city-regions successfully captured the imagination of an eclectic group comprising academics, policy think-tanks and individual government ministers/departments, all of who stressed the role city-regions could play in the future development of regional policy. The government soon agreed, signalling their intent to promote more networked forms of regional governance when in their enquiry into 'Is There a Future for Regional Government?' they dispensed with probing future directions for regions per se, choosing instead to focus solely on what role city-regions would play in the future development of regional policy (COMMUNITIES AND LOCAL GOVERNMENT (CLG), 2007).

The result has been a series of government-inspired policy measures designed to operate at a variously defined city-regional scale, including: The Northern Way growth initiative, comprising eight city-regions, each with its own city-region development programme; City Development Companies, city or city-region-wide economic development companies designed to drive economic growth and regeneration; Multi Area Agreements designed to enable local authorities to engage in more effective cross-boundary working across the economic footprint of an area; and the establishment of two statutory city-regions in Leeds and Manchester. With the incoming Conservative-Liberal Democrat coalition government signalling their intention to abolish Regional Development Agencies (RDAs) and support for Local Enterprise Partnerships – joint local authority-business bodies brought forward by groups of local authorities to support local economic development – in their place, compelling evidence exists to suggest these new state spatial strategies are compatible with a shift from a spatio-temporal fix organized around territory scale to one that now prioritizes

a looser, more negotiable, set of political arrangements that take their shape from the networks of relations that stretch across and beyond given regional boundaries.

(ALLEN and COCHRANE, 2007, p. 1163)

Nevertheless, the open question remains to what degree these more 'relational and unbounded' forms of regional governance are replacing inherited forms of 'territorially embedded' state spatial organization? And if as many argue they are not, then to what degree and in which contexts are these more networked forms of regional governance compatible with existing forms of 'territorially embedded' state spatial organization? To analyse these and other questions, the remainder of this paper examines the politics of transformation involved in securing the overall coherence of North West England following the unravelling of Labour's 'new regional policy' in 2004.

MAKING VISIBLE THE POLITICS OF TRANSFORMATION IN ENGLAND'S NORTH WEST⁷

A former industrial region, North West England has already proved to be an important lens through which to analyse the new regionalism (cf. DEAS, 2006; JONES and MACLEOD, 1999, 2002; HARRISON, 2008b). In part this reflects a history of institution building predating Labour's programme of Devolution and Constitutional Change (BURCH and HOLLIDAY, 1993; TICKELL *et al.*, 1995). But part has to do with the region being one of the most socioeconomically polarized. Recent figures measuring gross value added (GVA) suggest the regional economy is worth £119 billion per annum, making the North West the UK's largest regional economy outside London and the South East and larger than fifteen European Union countries. Having said that, GVA per head remains 6.2% below the England average, with the region containing fourteen of the twenty-five most deprived districts, including the five most deprived. Add to this the fact the region had the largest funded English RDA in gross terms, many believed Labour's 'new regional policy' would see the North West benefit more than most from the new regionalist policy orthodoxy.⁸

Today, much anecdotal evidence points to the North West being at the forefront of endeavours to build more networked forms of regional governance. Nationally, the region is home to three Northern Way city-regions (Manchester, Liverpool, Central Lancashire), two City Development Companies (Liverpool, Pennine Lancashire), four Multi-Area Agreements (Greater Manchester, Liverpool, Pennine Lancashire, Fylde Coast), one statutory city-region (Manchester), and five Local Enterprise Partnerships. Of more international note is the new Atlantic Gateway – a unique collaboration between the Manchester and Liverpool city-regions, the Atlantic Gateway constitutes a £50 billion strategic framework designed to create a growth area to rank alongside Europe's strongest metropolitan economies (NORTHWEST DEVELOPMENT AGENCY (NWDA), 2010a). Taken together, the North West offers a fertile terrain upon which to examine the politics underpinning attempts to secure coherence by reconfiguring the region in the face of territorializing and deterritorializing processes.

For the past decade, this task of bringing 'coherence' to the region has jointly fallen to the Northwest Development Agency (NWDA), the North West Regional Assembly (NWRA) and Government Office North West. In particular, the NWDA has had overall responsibility for orchestrating regional economic development, while the NWRA had responsibility for all aspects of regional spatial planning. Since their establishment in 1999, the NWDA has been responsible for producing the region's economic strategy (a visionary document that outlines specific regional priorities for

REGIONAL WORLDS

driving economic growth in the region), while the NWRA had responsibility up until 2009 for the region's spatial strategy (a statutory planning document that provides a broad development strategy focused on infrastructure, housing and land-use activities). As regional institutions, the spatial coverage of these strategies and by implication their day-to-day activities are defined by the politico-administrative regional boundary, so not surprisingly the spatial visions produced in the period up to 2004 fit neatly within the formal structures of territorial governance. Yet all this was to change following the collapse of Labour's 'new regional policy'.

2004–2006: Territory → Network

In 2004 the North West was at the forefront of attempts to establish elected regional assemblies. A year previous the region recorded by some considerable distance the highest number of positive responses to a government consultation, welcoming the opportunity to vote on establishing an elected regional assembly. Not surprisingly the North West along with the North East, and Yorkshire and Humberside regions were nominated as the first regions to be offered a referendum. But the resounding rejection of the proposal in the North East meant the North West never got this opportunity. Like many regions, key actors in the North West subsequently switched tack and embarked on a path that was increasingly open to the possibilities of more networked forms of regional governance.

Nowhere was this more evident than in the political construction of *The Northern Way*. Published on 2 February 2004, *Making it Happen: The Northern Way* (OFFICE OF THE DEPUTY PRIME MINISTER (ODPM), 2004) outlined the UK government's vision to establish the North of England as an area of exceptional opportunity combining a world-class economy with a superb quality of life able to close the prosperity gap between Northern England and the UK average. First conceived on the campaign trail for elected regional assemblies in January 2004, *The Northern Way* was to dovetail the economic aspects of the regional agenda (tied to the work of RDAs) with the political and constitutional aspects (in the form of elected regional assemblies) across the three Northern regions. The initial spatial vision made visible plans for a new pan-regional growth strategy based around two growth corridors: one stretching from Liverpool in the west to Hull in the east; the other connecting Newcastle in the north to Sheffield in the south. Appearing without prior notice or consultation, the task of making the vision a reality fell to the three Northern RDAs.

On 26 February 2004 the three RDAs announced the formation of a Northern Way Steering Group, consisting of the Chairs of the three RDA, leaders of the three regional assemblies, representatives from three

Core Cities (a group established in 1995 to represent England's eight leading regional cities, five of which are in Northern England), and representatives from housing, universities and developers. With extensive input from the RDAs, the result was a much revised second version, *Moving Forward: The Northern Way*, which appeared six months later (NORTHERN WAY STEERING GROUP (NWSG), 2004). Most striking was how the original spatial vision of growth corridors was substituted by a multi-nodal inter-urban networked based on eight interacting, but hierarchically differentiated, city-regions.⁹ Looking increasingly like a relationally networked trans-territorial region, the magical disappearance of administrative boundaries, the identification of eight city-regions as key nodes in the space economy, and the recognition that the most prominent lines on the map identified important flows as opposed to politico-administrative boundaries ensured this map became synonymous with claims the UK space economy was not just being discussed in relational terms, but represented and defined as a relationally networked 'space of flows' (HARRISON, 2010).

With regional assemblies fulfilling a key role in the Steering Committee, the advent of *The Northern Way* posed a major dilemma for the NWDA/NWRA: how best to manage their statutory responsibilities for developing economic and spatial strategies based on territorially defined politico-administrative boundaries whilst at the same time driving forward new networked governance arrangements that stretch across and beyond their regions boundary. In other words, regional institutions were thrust to the forefront of contemporary debates on how best to manage the struggle and tension between territorializing and deterritorializing processes (cf. HUDSON, 2007). Speaking at the time, one well-placed interviewee reflected on the nature of the challenge they faced:

There is a challenge which we are looking at and we haven't resolved. And it is up to the RDAs and to the sub-regional partnerships as to whether [their] subregional partnerships need to change to reflect those [city-regions], or whether subregional partnerships themselves can take the City-Region Plans, see what their implications are, and see what part of that plan they should be delivering. Subregional partnerships as they are set up do not reflect in the same way the regional economic geography, but they do represent established partnership-working patterns.

(Senior Policy Official, Northern Way Steering Group)

Coming a little over twelve months after the North East referendum, the publication of the 2006 (draft) Regional Spatial Strategy provided clear evidence that the NWRA believed a networked 'spaces of flows' approach was now essential to bringing 'coherence' to the North West, and perhaps equally important, to maintaining their legitimacy for coordinating the region, its economy and polity (Fig. 1).

REGIONAL WORLDS

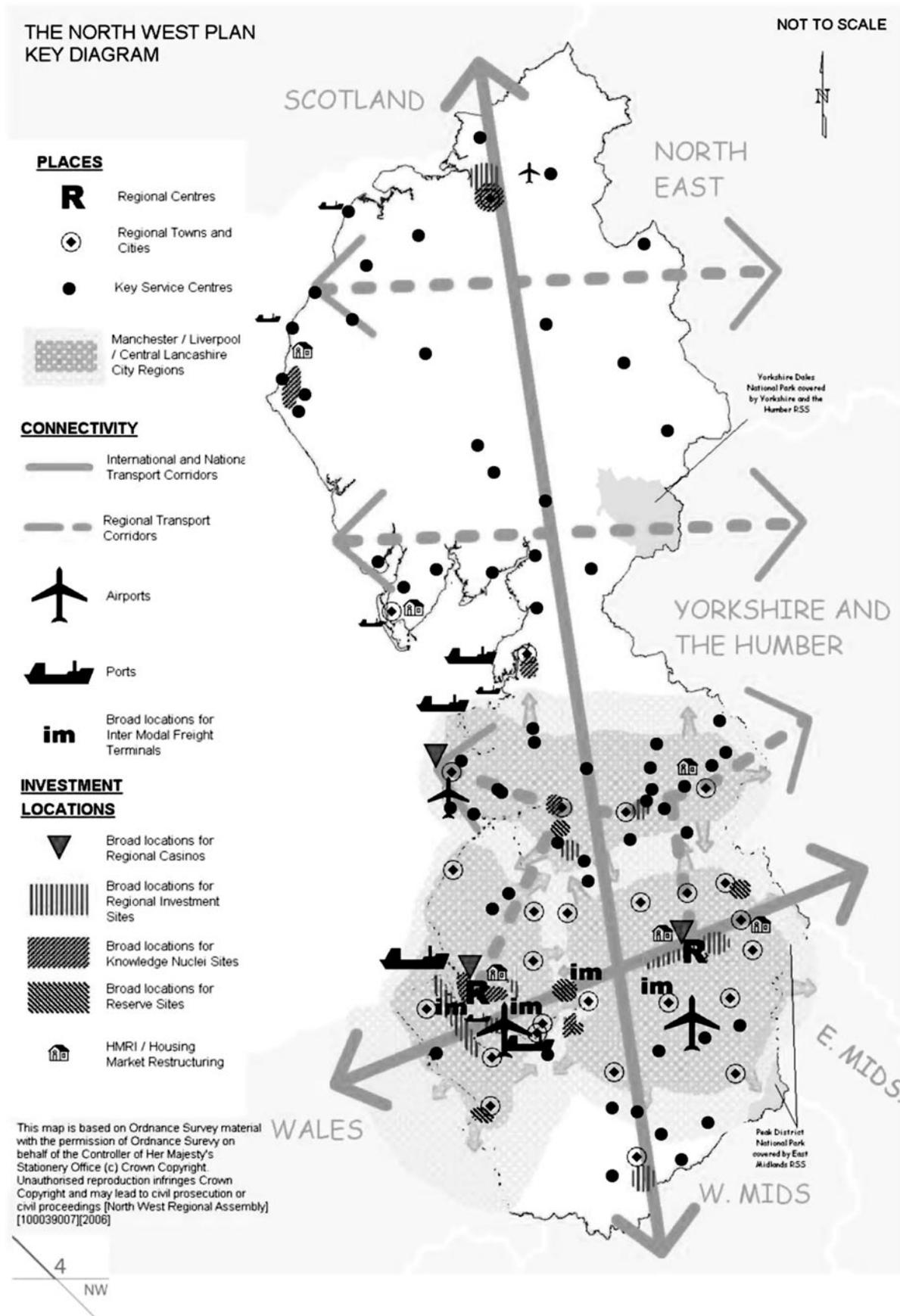


Fig. 1. Key diagram from the 2006 (draft) North West Regional Spatial Strategy

REGIONAL WORLDS

At first glance, the relative weight afforded to the four first-order dimensions of socio-spatiality clearly prioritizes one dimension (networks) over the other three (territory, place, scale). This is evidenced by:

- The most prominent lines on the map referring to international, national and regional connectivity.
- The focus on North–South and East–West growth corridors which map on to the major motorways and rail networks and a legacy of The Northern Way’s original focus on growth corridors.
- The prominence afforded to airports and ports as international gateways.
- The spatial selection of the three Northern Way city-regions as pivotal spatial formations.
- None of these more networked forms of regional governance conforming to any known political or administrative unit.

Alongside this, place is evidently important as denoted by the identification of regional centres, regional towns and cities, and key service centres, but interestingly these are not connected up to form a network, while their place identity is also deemed unimportant. More noteworthy is that a territorial conception of the region is clearly deemed to be a former dominant idea losing its political power. The only territorial articulation evident is the regional boundary (albeit inaccurately defined as it includes three areas not formally constituent parts of the region), but indicative of the privileging of networks at this time, this is faded out where lines of flow are at their most pervasive.

Relating this back to the conceptual debates outlined above, the 2006 key diagram clearly reflects the tremendous academic and political appeal in presenting networks as the most appropriate perspective from which to view the region. Cities are privileged (as key nodes) in the space economy, the regional boundary is shown to be open and porous at points where flows are at their most pervasive, and new relationally networked spaces are shown to be cutting across the territorial map that prevailed in the twentieth century. Alongside this, the three city-regions are constructed in a way that is clearly indicative of SCOTT’s (2001b) ‘global city-region’ concept. Each city-region is shown to be networked externally, illustrated by the lines of flow extending beyond the region, and internally, by the functional economy extending from a core area to capture physically separate but functionally networked cities and towns in the surrounding hinterland.

All in all the 2006 (draft) Regional Spatial Strategy is indicative of the ‘relational and unbound’ region attempting to break free from its territorially bounded politico-administrative regional straightjacket. As such, it could be used as evidence to support ALLEN and COCHRANE’s (2007) contention that regions are being remade in ways that directly undermine the idea of a region as a meaningful territorial entity. Moreover, the

relative decline in territory vis-à-vis the privileging of networks as structuring principles for the strategic coordination of the North West is clearly indicative of one-dimensionalism in action.

So why, one might ask, did regional institutions privilege a networked approach to the strategic coordination of the region when they themselves are territorially bound? Well, as noted, RDAs and regional assemblies were always part of a much grander plan. But coming so soon after the failure in the North East to approve plans for elected regional assemblies, these institutions were extremely vulnerable as the magnitude of defeat threw into question the validity of maintaining unelected regional institutions. Certainly the rhetoric from the UK government suggested regional institutions and their legitimacy for managing the economy was under threat, with the suggestion being that

further devolution needs to encourage and reinforce this co-ordination and collaboration and so ensure maximum impact by better aligning decision-making with real economic geographies such as city-regions.

(CLG, 2006, p. 73)

Place this alongside the emergence of new institutional frameworks of city-regional governance and it is not difficult to see how circumstances dictated to the actors involved in producing the 2006 draft Regional Spatial Strategy that a relational approach to strategic coordination was necessary at three levels: first, as part of a capital accumulation strategy suggesting networks are the essential feature of modern-day globalization and city-regions the pivotal sociospatial formation for anchoring and nurturing wealth-creating activity; second, as a response to the failure of previous state intervention, in this case the collapse of Labour’s ‘new regional policy’; and third, the link between RDAs and regional assemblies to this failed state spatial strategy meant it was key to maintaining their institutional legitimacy for continuing to coordinate regional economic development.

When taken together, these points reinforce how the one-dimensional swing to networks must be seen as a deliberate tactic, part of a wider strategy to politically construct the North West region in this way, at this time, for this purpose. It is equally important to note that albeit the regional boundary remains visible, this relational conception is presented as if this space were a blank canvas. In other words, there is little or no consideration of how this new spatial strategy would complement, contradict, overlap or compete with inherited patterns and structures of sociospatial organization.

2006–2008: Network → Territory and Network

By the time the 2008 (adopted) Regional Spatial Strategy was published the relative weight afforded to the four first-order dimensions of spatial relations had shifted (Fig. 2). Most notable is how territory re-

REGIONAL WORLDS

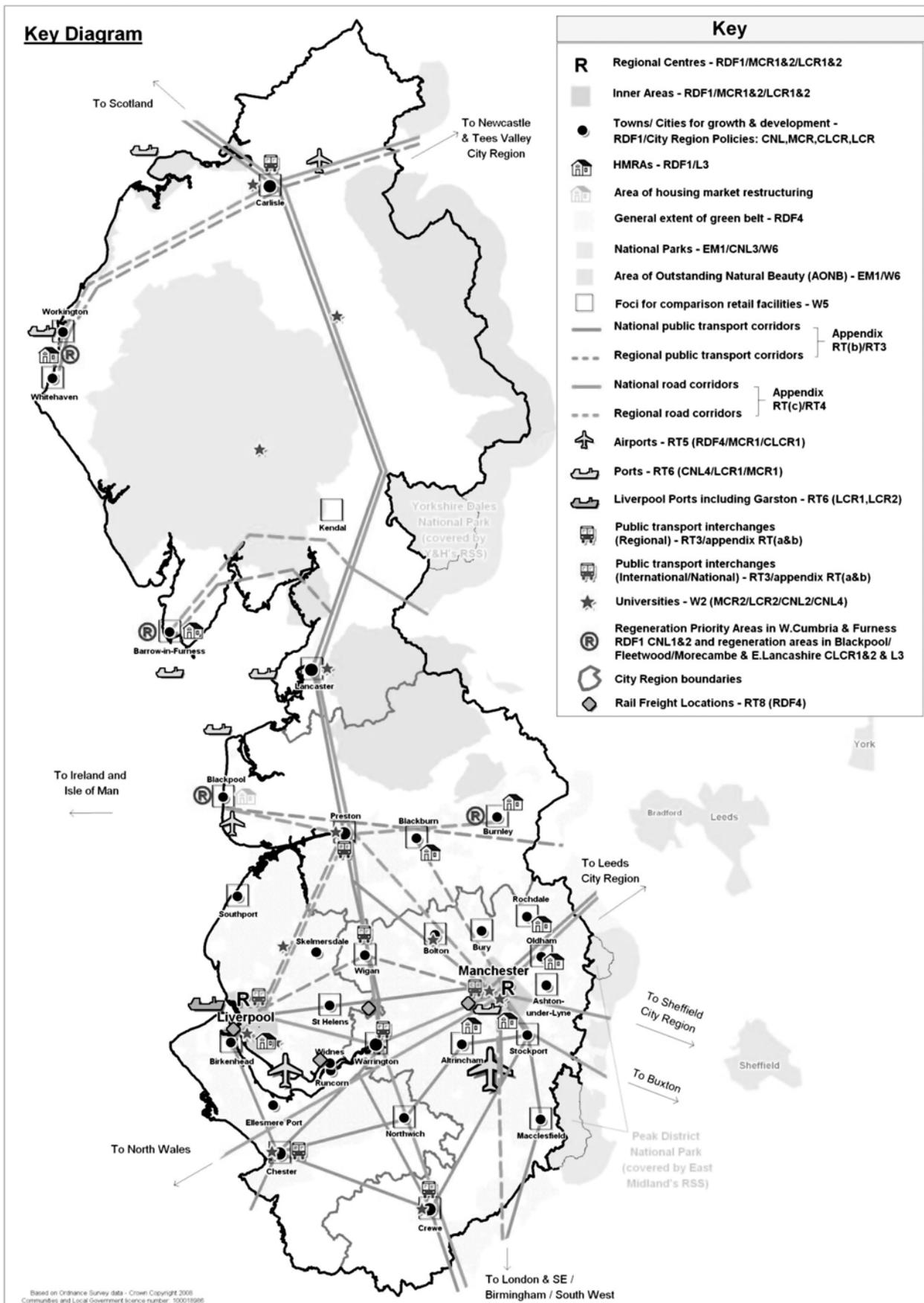


Fig. 2. Key diagram from the 2008 (adopted) North West Regional Spatial Strategy

REGIONAL WORLDS

emerged to challenge the dominance of networks. Illustrated in the first instance by the regional boundary (accurately defined) being the most prominent line on the map, perhaps more striking is how the three Northern Way city-regions are also clearly defined by hard, unambiguous lines on the map. Replacing the loose, ambiguous and schematic interpretation of global city-regions in the making from 2006, the spatiality of the regions Northern Way city-regions now map directly onto known political and administrative units, with each politically constructed around a coalition of local authorities and therefore bounded by local authority boundaries which extend to, but never beyond, the regional boundary.

In contrast, networks are now presented as former dominant ideas gradually losing some of their political appeal. Lines representing important flows become secondary to the aforementioned territorially articulated region and city-region boundaries. Airports and ports also assume less prominence as international connections are played down in favour of national and regional connections (that is, road and public transport corridors).

This is not, however, to suggest networks have been replaced by territory as part of some one-dimensional conception of the region. Networks are still important, as evidenced by the connecting up of regional centres to regional towns and cities to form a multi-nodal inter-urban network;¹⁰ the identification of universities as spaces of knowledge production and key nodes in global circuits of knowledge circulation; and those connections beyond the region being to cities and city-regions. Important to note is how despite territorial boundaries becoming generally less visible (invisible in places) in the period immediately after the collapse of Labour's 'new regional policy', networks and their new institutional forms have clearly been unable to escape the existing territorial mosaic of politico-administrative units and their boundaries in the way that relationalists argue they can.

What can be seen in 2008 is an attempt to make more networked forms of governance compatible with existing forms of 'territorially embedded' state spatial organization. It is clear, for example, that networked forms of city-region governance are themselves politically constructed as the product of a struggle and tension between territorializing and deterritorializing processes (HARRISON, 2010). For sure, to make this more networked approach compatible with a territorially embedded conception of the region a different definition of the 'city-region' was required. In this case that meant jettisoning the 'global city-region' definition adopted in 2006 to promote a relational conception of the region, and replacing it instead with the definition used by the UK government – for which a city-region is

a functionally inter-related geographical area comprising a central, or core city, as part of a network of urban centres

and rural hinterlands. A little bit like the hub (city) and the spokes (surrounding urban/rural areas) on a bicycle wheel. (ODPM, 2005, n.p.)

That this was the beginning of a movement back toward a more territorial approach to configuring the North West was given further support by comments from two well-placed interviewees:

It [mapping functional economic areas] is an endless task actually. Although it is true at a conceptual level that things work beyond those administrative boundaries it is in fact impossible to say what that area is; and that area, whatever it is, it doesn't have a political structure.

(Planning Officer, North West Regional Assembly)

Both we [the RDA] and the Regional Assembly have to deliver strategies based on those regional boundaries. Now within those boundaries there are very, very powerful political groupings. It might be based only on a line on a map but it is actually there, and you can't get away from that. So we have to interface with the real political institutions – and the real political institutions, even those that are 'city-regional', are still based on territorial boundaries.

(Planning Officer, Northwest Development Agency)

Relating this to the theoretical debates outlined above, the notion of networks being unable to escape the existing territorial mosaic of politico-administrative units is indicative of how relational accounts have been challenged by those who contend that regions are the product of a struggle and tension between territorializing and deterritorializing processes (HUDSON, 2007). Conforming to conceptions of regions as both 'relational and unbounded' and 'territorially embedded' it also demonstrates how, far from 'escaping' regulatory supervision on the part of the national state (SCOTT, 2001b), the state retains a pivotal role in centrally orchestrating local and regional development. Indeed, this is crucial to any understanding of *why* the actors involved in producing the 2008 Regional Spatial Strategy saw it necessary to adopt a 'both/and' approach to conceptualizing the North West region.

The in vogue spatial scale among policy elites in England during 2004–2006, by late 2007 the city-region concept was occupying a less-than-glamorous role in the shadow of another spatial concept. Reflecting diminished enthusiasm on the part of the state for city-regions, key announcements coming as part of the UK government's major *Review of Sub-national Economic Development and Regeneration* in England saw 'city-regions' replaced by, or made a subset of, the broader, more politically neutral, and territorially embedded concept of the 'subregion' (H. M. TREASURY *et al.*, 2007). At one level, this responded to a growing recognition that although city-regions were the spatial concept at the heart of these new policy initiatives, the majority of new institutional frameworks established or planned were not in fact city-regional at all. Following on from the territorial articulation of The Northern

REGIONAL WORLDS

Way city-regions in 2008, it quickly became clear that most Multi-Area Agreements and City Development Companies were anything but city-regional. Rather, they were constructed around single or multiple local authorities formed by the scalar amplification or contraction of previous territorially articulated bodies. At another level, it was responding to accusations that a focus on city-regions was simply *too* city-centric – a case of ‘picking winners’ rather than the progressive approach to tackling uneven development that advocates of city-regions actively champion. Add to this cabinet reshuffles in May 2006 and June 2007, which saw key advocates move to positions in government where they could no longer drive the city-region agenda, and it was hardly surprising to observe how networks in general, and city-regions in particular, lost some of their political power (for more discussion, see HARRISON, 2011).

What this also did, however, was to present the NWDA with an opportunity to reassert their territorial control over regional economic development. The following quote is quite typical of what several interviewees observed to be happening in the region at this time:

They [the NWDA] have now said that the subregional partnership will be the only point of contact. Now when I was a Local Authority Chief Executive I would have said to subregional partnerships, as I did then, well to hell with that I am going to go and see Steve Broomhead [Chief Executive of the NWDA] personally. I want to use the old pal’s network. They have cut that off now, and it really has deflated the egos of some who think that they have got a direct line to him, who say, but you can’t do this. Well if you want the [RDAs] money you go through the appropriate networks. So that will make local authorities in particular, engaged subregionally.

(Chief Executive, Subregional Partnership)

When put like this, the politics underlying the decision to configure the North West as both territorial and relational reflects how networks were a former dominant idea losing some of their power. But perhaps more important than this, regional institutions were no longer so reliant on networks for securing the overall coherence of the region, and ultimately maintaining regulatory control and their own legitimacy for coordinating regional economic development. As one interviewee put it to the author, the open question arising from this was now whether this was part of some zero-sum, one-dimensional swing back toward the privileging of territory?

It seems to me that we are at a tipping point in that we have got the RDAs who have been engaged in a process of regionalisation. They are trying to deal with that within their own regional strategies, and then they are trying to find the ways in which they influence the way things work on the ground to deliver the regional strategy. Now I actually think the right level to do these things is probably city-regionally – however you define city-

regions – but it is very difficult to do that when you have still got a regional organisation operating with territorial structures.

(Chief Executive, Economic Development Partnership)

2008–2010: Territory and Network → Polymorphy?

In 2010 the NWDA published the ‘key diagram’ for the 2010 (draft) Integrated Regional Strategy (Fig. 3).¹¹ What can be seen in 2010 is not evidence of a one-dimensional swing back to territory, but a North West region configured around a combination of the four first-order dimensions of sociospatial relations. Territory will first be taken. The territorial boundary of the region remains clearly evident, albeit less striking than in 2008, and once again including three areas not formally constituent parts of the political-administrative region. Alongside this one can clearly see how scale has been brought back in. In recognition of how networks are unable to escape the existing territorial mosaic of politico-administrative units and the UK government’s focus of late on subregions, the five subregions are made visible for the first time since the collapse of Labour’s ‘new regional policy’. In so doing scale appears compatible with territory. A clear hierarchy of place – with subregions given first-order, cities second-order and towns third-order identification – is also seen. Finally, if territory-scale appears as the (re-) emerging and/or newly dominant sociospatial relations, then networks are a former dominant idea losing even more of their power. This is evidenced by the following:

- The disappearance of city-regions, universities, airports and ports, alongside all notions of virtual flows, networks and agglomeration.
- Connections to beyond the region no longer being to city-regions but to cities and regions.
- All flows being, in effect, truncated at or just beyond the regional boundary.
- Lip service being paid to international connectivity in the form of a blank map of ‘England’s Northwest in Europe’ juxtaposed alongside the ‘key diagram’ in the published strategy, where the North West is identified as a single stand-alone territorial unit.¹²

What one has in 2010 then is a new approach to configuring the region – one that appears simultaneously *less relational* and *less territorial*. Therefore the question is why having gone for a networked approach in 2006, a territorial and networked approach in 2008, did the elements come together in 2010 to form this new configuration? One possible answer lies in the growing uncertainty surrounding regions. In the wake of the global economic downturn regions face an uncertain time. Economically, regions such as the North West face uncertainty as to what the impact of spending cuts will be, what business will look like post-recession (Will financial services again drive growth? Where will the jobs of the future come from?), how to develop a

REGIONAL WORLDS

England's Northwest

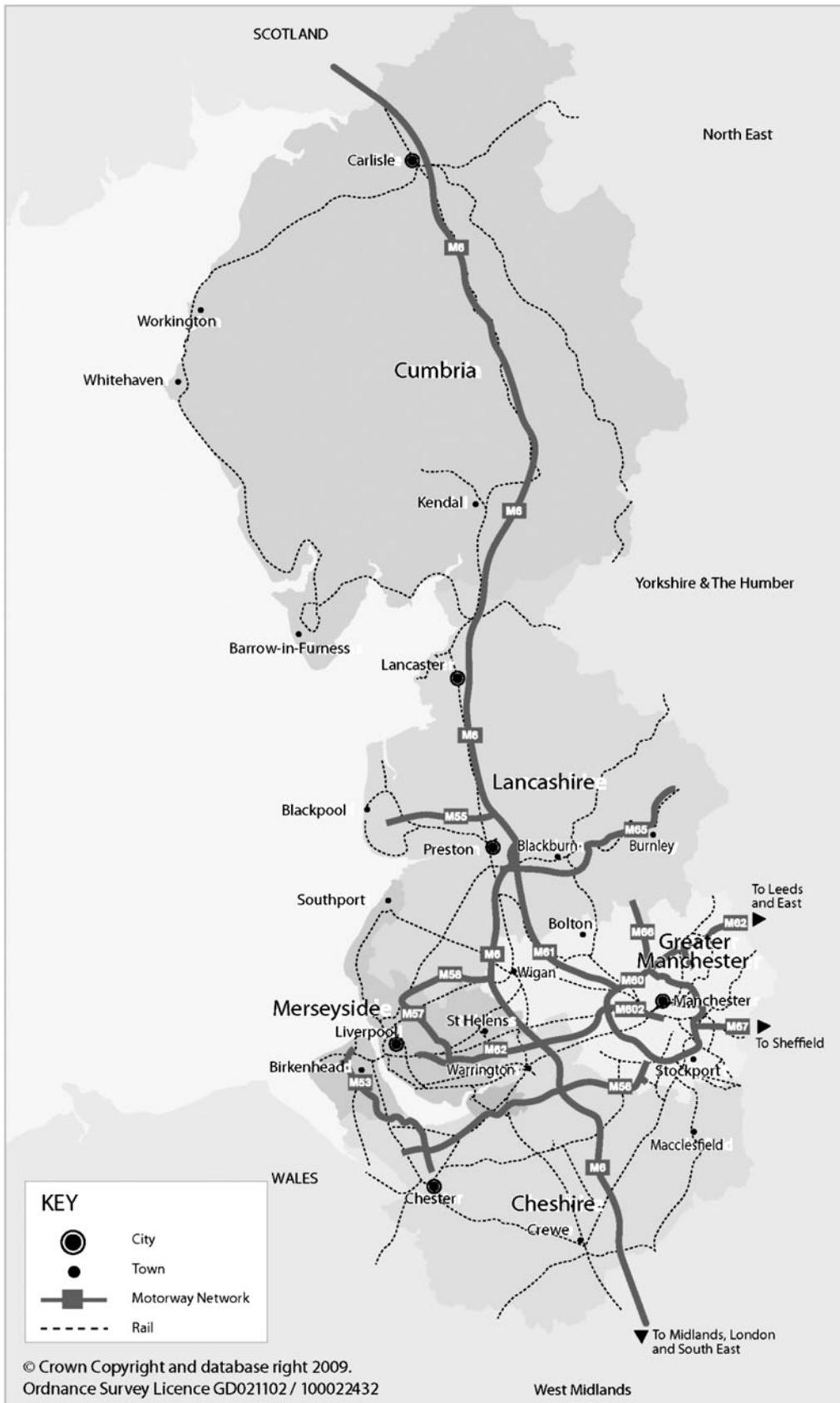


Fig. 3. Key diagram from the 2010 (draft) North West Integrated Regional Strategy

REGIONAL WORLDS

low-carbon economy and the role of new technologies therein, the opportunities and challenges posed by rapidly emerging markets in Brazil, Russia, India and China, and adaptation to increased flood risk and climate change. It is hardly surprising that all the talk then is of this being the 'right time' to think about the future economic drivers of the regional economy, to 'think carefully' about the nature of future growth, and to ask 'fundamental questions about how our economy and society work' (NWDA, 2010b, p. 3).

Politically, uncertainty surrounds the future of all things regional. The Labour government had already abolished unelected regional assemblies before the then opposition, soon to be lead-partners in a new coalition government, Conservative Party committed to abolishing RDAs and dangled the executioner's axe over anything vaguely regional during the 2010 General Election campaign and in the months immediately thereafter. Place this alongside the uncertainty surrounding city-regions and it is hardly surprising that no clear sense of direction prevailed. All of which leads to an important question. To what extent are emerging configurations conducive to producing more effective spatial policies? For in the North West, if the emphasis on networks in 2006 and then territory and networks in 2008 was driven by a clear rationale and certainty amongst key actors as to why it was necessary to adopt this approach, the move to less territory and fewer networks in 2010 appears to be driven by a politics of increased uncertainty over the economic, political and institutional future of regions.

CONCLUSION

This paper set out to make visible the politics of transformation in an actually existing region: North West England. Using the three 'key diagrams' as a reference point, the paper documented the trial-and-error search for a new configuration capable of bringing stability to the region following the collapse of Labour's territorially embedded 'new regional policy'. What has been suggested is that since 2004 there have been three distinct moments, or periods, in this search. First, and triggered by the collapse of Labour's 'new regional policy', the 2006 map appears to indicate a one-dimensional swing from territory to network as *the* structuring principle for securing the overall coherence of the North West. Second, the 2008 map appears to reflect how the pendulum swing back toward territory in recognition that networks are unable to escape the existing territorial mosaic of politico-administrative units and the regulatory supervision of the state in the way many relationalists argue they can. Finally, what the 2010 map indicates is a situation where it could be suggested that the role of both territory *and* network as structuring principles currently appear in decline.

What can be distilled from this is two-fold. First and most obvious is how the three periods clearly mirror the development of academic debate in regional studies – with 2006 indicative of an 'either/or' conception of the region, 2008 a 'both/and' conception, and 2010 signalling an attempt to replace the privileging of a single dimension with an understanding that what is important is how the different dimensions can come together to secure the coherence of the region in that moment (HUDSON, 2007; JESSOP *et al.*, 2008). In this way the 'key diagrams' prove particularly useful in demonstrating how the relative significance of territory, place, scale and network as structuring principles vary in different socio-spatial fixes, while also providing evidence of how the search for a new socio-spatial fix is moving to ever more complex combinations (JESSOP *et al.*, 2008). But it also indicates a degree of movement of ideas and theories from inside to outside the academy.¹³ This raises a number of important questions. Is the fit between academic conceptualization and on-the-ground developments really this neat? How does this play out in other contexts? Is this, as LOVERING (1999) might suggest, another example of theory led by policy? Do new and emerging conceptualizations of regions have any relationship to material and political interests? Are these conceptualizations imaginary constructions or real objects? Do they bring about coherence, however temporary this may be? These are questions that clearly warrant further critical enquiry.

Successful in making visible the politics of transformation, the second and more important step was to consider the politics underpinning how and why the relative significance of the different dimensions of sociospatial relations were dominant, emerging or residual in each moment. What the case study of the North West showed was that although the region was initially configured around an emergent spatial strategy centred on networks, what emerged thereafter was symptomatic of a struggle and tension not only between territory and network, but also between emergent spatial strategies and extant sociospatial configurations (BRENNER, 2009a). This observation is important for two reasons. First, and as BRENNER (2009b) usefully reminds us,

the rescaling of state power never entails the creation of a 'blank slate' on which totally new scalar arrangements could be established, but occurs through a conflictual 'layering' process in which emergent rescaling strategies collide with, and only *partially* rework inherited landscapes of state scalar organization.

(p. 134, emphasis added)

If this is placed alongside the evidence from the North West whereby the emergent spatial strategy of networks is unable to escape the existing territorial mosaic of politico-administrative units, one begins to see the logic behind the need for ever-more-complex configurations in order to make emergent strategies compatible

REGIONAL WORLDS

with inherited landscapes of sociospatial organization, and for new conceptual frameworks capable of theorizing the ‘inherently polymorphic and multidimensional’ nature of sociospatial relations (JESSOP *et al.*, 2008). To this end, it suggests how going forward many of the answers to the questions being faced today around in what ways, and in what contexts, different sociospatial dimensions appear complementary, overlapping, competing or contradictory will be found at the interface between emergent spatial strategies and inherited landscapes of sociospatial organization. After all, and as one interviewee was keen to remind:

In terms of delivering and creating our regional strategies, we have to interact with the world as it is rather than the world as we wish it were.

(Planning Official, Northwest Development Agency)

Acknowledgements – Earlier versions of this paper were presented at the Regional Studies Association International Conference in Newcastle, UK, April 2011; and at the University of Manchester joint Planning and Landscape/Geography Research Seminar, October 2011. The author wishes to thank the organizers and audiences at these events; the Editors of the journal; and two anonymous reviewers for their constructive feedback. The usual disclaimers apply.

NOTES

1. Two of the original authors have since gone on to make a first attempt at this (JONES and JESSOP, 2010).
2. This is not an entirely new call; rather it has roots in earlier accounts on the polymorphic character of socio-spatiality seen in the work of LEFEBVRE (1991, pp. 85–88), amongst others.
3. Often neglected in the accounts of radical relationalist scholars, this was done in a way ‘befitting the current era of social complexity and ever more porous territorial boundaries’ (MACLEOD and JONES, 2001, p. 671).
4. Readers will be reminded of the influential and thought-provoking paper by Ann Markusen on methodological and conceptual practice in regional analysis which made similar claims more than a decade ago (MARKUSEN, 1999).
5. The focus of this paper is on sub-national regions and for this reason the author limits this discussion to debates that have taken place within human geography. It is worth noting that albeit this debate has been informed and influenced by debates in political science, the focus of

the former has been sub-national regions, whereas the latter often concerns itself distinguishing between sub-national and supranational forms of regionalism and regionalization. As this is a theme picked up by other papers in this issue (for example, by GARCÍA-ÁLVAREZ and TRILLO-SANTAMARÍA, 2012), the author focuses on the debates as they developed in human geography whilst recognizing the links to these broader debates.

6. LOVERING’s (1999) shrill warning of the dangers of the ‘policy tail wagging the analytical dog’ should be remembered here. This suggests that the enthusiasm of policy-makers to adopt network approaches to regional governance leads to the construction of more networked forms of governance, which is then used as further evidence of networked spaces acting as autonomous political and economic spaces, thus elevating network approaches to a position of orthodoxy and fuelling further rounds of policy intervention.
7. The following two sections are based on empirical research undertaken by the author and funded by two research grants – ‘Regions in Focus – A “New Regionalist” Interpretation of England’s Northwest’ (ESRC 2002–06) and ‘Cities and Regions in Focus – Exploring the Evolution of City Development Companies in the English Regions’ (British Academy 2008–09). This involved documentary research and interviews with key actors involved in regional economic development and regional policy in England in general, and the North West in particular. A selection of quotes is used to elucidate the discussion by offering insight into the role of political agency and territorial interests in the region over the period.
8. Recent figures seem to bear this out with the North West seeing the greatest rise in competitiveness of any English region since 1997 (CENTRE FOR INTERNATIONAL COMPETITIVENESS, 2010).
9. Available to view at <http://www.thenorthernway.co.uk/downloaddoc.asp?id=418> (accessed on 15 September 2010).
10. Note that the key service centres identified in 2006 have now disappeared.
11. Integrated Regional Strategies were announced by the UK government in 2008 and require regions to combine the Regional Economic Strategy and Regional Spatial Strategy.
12. It would be wrong to say networks have disappeared completely – but where regional connectivity had been about *virtual* flows of knowledge, money and ideas in the years previous, in 2010 it now relates to *absolute* movements of people and goods via the regions’ motorway and rail networks.
13. The author is indebted to the reviewers for raising this point, and for providing some of the questions.

REFERENCES

- AGNEW J. (2000) From the political economy of regions to regional political economy, *Progress in Human Geography* **16**, 99–121.
- ALLEN J. and COCHRANE A. (2007) Beyond the territorial fix: regional assemblages, politics and power, *Regional Studies* **41**, 1161–1175.
- ALLEN J. and COCHRANE A. (2010) Assemblages of state power: topological shifts in the organization of government and politics, *Antipode* **42**, 1071–1089.
- ALLEN J., MASSEY D. and COCHRANE A. (1998) *Rethinking the Region*. Routledge, London.

REGIONAL WORLDS

- AMIN A. (2004) Regions unbound: towards a new politics of place, *Geografiska Annaler* **86B**, 33–44.
- AMIN A., MASSEY D. and THRIFT N. (2003) *Decentering the Nation: A Radical Approach to Regional Inequality*. Catalyst, London.
- BLATTER J. (2004) 'From spaces of place' to 'spaces of flows'? Territorial and functional governance in cross-border regions in Europe and North America, *International Journal of Urban and Regional Research* **28**, 530–548.
- BRENNER N. (2004) *New State Space – Urban Governance and the Rescaling of Statehood*. Oxford University Press, Oxford.
- BRENNER N. (2009a) A thousand leaves: notes on the geographies of uneven spatial development, in KEIL R. and MAHON R. (Eds) *Leviathan Undone? Towards a Political Economy of Scale*, pp. 27–49. University of British Columbia, Vancouver, BC.
- BRENNER N. (2009b) Open questions on state rescaling, *Cambridge Journal of Regions, Economy and Society* **2**, 123–139.
- BURCH M. and HOLLIDAY I. (1993) Institutional emergence: the case of the North West region of England, *Regional Politics and Policy* **3**, 29–50.
- CASTELLS M. (1996) *The Rise of the Network Society*. Blackwell, Oxford.
- CENTRE FOR INTERNATIONAL COMPETITIVENESS (2010) *UK Competitiveness Index 2010*. University of Wales Institute, Cardiff (UWIC).
- COMMUNITIES AND LOCAL GOVERNMENT (CLG) (2006) *Strong and Prosperous Communities: The Local Government White Paper*. CLG, London.
- COMMUNITIES AND LOCAL GOVERNMENT (CLG) (2007) *Is There a Future for Regional Government?* CLG, London.
- DEAS I. (2006) The contested creation of new state spaces: contrasting conceptions of regional strategy building in north west England, in TEWDWR-JONES M. and ALLMENDINGER P. (Eds) *Territory, Identity and Spatial Planning: Spatial Governance in a Fragmented Nation*, pp. 83–105. Routledge, London.
- DEAS I. and LORD A. (2006) From a new regionalism to an unusual regionalism? The emergence of non-standard regional spaces and lessons for the territorial reorganisation of the state, *Urban Studies* **43**, 1847–1877.
- GARCÍA-ÁLVAREZ J. and TRILLO-SANTAMARÍA J.-M. (2012) Between regional spaces and spaces of regionalism: cross-border region building in the Spanish 'State of the Autonomies', *Regional Studies* (in this issue).
- HADJIMICHALIS C. (2006) Non-economic factors in economic geography and in 'new regionalism': a sympathetic critique, *International Journal of Urban and Regional Research* **30**, 690–704.
- HARRISON J. (2006) Re-reading the new regionalism: a sympathetic critique, *Space and Polity* **10**, 21–46.
- HARRISON J. (2008a) The region in political-economy, *Geography Compass* **2**, 814–830.
- HARRISON J. (2008b) Stating the production of scales: centrally orchestrated regionalism, regionally orchestrated centralism, *International Journal of Urban and Regional Research* **32**, 922–941.
- HARRISON J. (2010) Networks of connectivity, territorial fragmentation, uneven development: the new politics of city-regionalism, *Political Geography* **29**, 17–27.
- HARRISON J. (2011) Life after regions? The evolution of city-regionalism in England, *Regional Studies* DOI: 10.1080/00343404.2010.521148.
- HAZELL R. (2000) *An Unstable Union: Devolution and the English Question, State of the Union Lecture*. Constitution Unit, London.
- H. M. TREASURY (2004) *Devolving Decision Making 2 – Meeting the Regional Economic Challenge: Increasing Regional and Local Flexibility*. H. M. Treasury, London.
- H. M. TREASURY (2006) *Devolving Decision Making 3 – Meeting the Regional Economic Challenge: The Importance of Cities to Regional Growth*. H. M. Treasury, London.
- H. M. TREASURY, DEPARTMENT FOR BUSINESS ENTERPRISE REGULATORY REFORM (BERR) and COMMUNITIES AND LOCAL GOVERNMENT (CLG) (2007) *Review of Sub-national Economic Development and Regeneration*. H. M. Treasury, London.
- HOOGHE L. and MARKS G. (2003) Unravelling the central state, but how? Types of multi-level governance, *American Political Science Review* **97**, 233–243.
- HUDSON R. (2007) Regions and regional uneven development forever? Some reflective comments upon theory and practice, *Regional Studies* **41**, 1149–1160.
- JESSOP B., BRENNER N. and JONES M. (2008) Theorizing sociospatial relations, *Environment and Planning D* **26**, 389–401.
- JONAS A. (2011) Regionalism in question, *Progress in Human Geography* DOI: 10.1177/0309132510394118.
- JONAS A. and PINCETL S. (2006) Rescaling regions in the state: the new regionalism in California, *Political Geography* **25**, 482–505.
- JONAS A. and WARD K. (2007) An introduction to a debate on city-regions: new geographies of governance, democracy and social reproduction, *International Journal of Urban and Regional Research* **31**, 169–178.
- JONES M. (2009) Phase space: geography, relational thinking, and beyond, *Progress in Human Geography* **33**, 487–506.
- JONES M. and JESSOP B. (2010) Thinking state/space incomposably, *Antipode* **42**, 1119–1149.
- JONES M. and MACLEOD G. (1999) Towards a regional renaissance? Reconfiguring and rescaling England's economic governance, *Transactions of the Institute of British Geographers*, **24**, 295–313.
- JONES M. and MACLEOD G. (2002) Regional tensions: constructing institutional cohesion?, *City of Revolution: Restructuring Manchester*, pp. 176–189. Manchester University Press, Manchester.
- JONES M. and MACLEOD G. (2004) Regional spaces, spaces of regionalism: territory, insurgent politics, and the English question, *Transactions of the Institute of British Geographers* **29**, 433–452.
- JONES M. and MACLEOD G. (2010) Territorial/relational: conceptualizing spatial economic governance, in PIKE A., TOMANEY J. and RODRIGUES-POSE A. (Eds) *Handbook of Local and Regional Economic Development*, pp. 259–271. Routledge, London.
- KEATING M. (1998) *The New Regionalism in Western Europe: Territorial Restructuring and Political Change*. Edward Elgar, Cheltenham.
- LEFEBVRE H. (1991) *The Production of Space*. Blackwell, Oxford.
- LEITNER H., SHEPPARD E. and SZIARTO K. (2008) The spatialities of contentious politics, *Transactions of the Institute of British Geographers*, **33**, 157–172.

REGIONAL WORLDS

- LOVERING J. (1999) Theory led by policy: the inadequacies of the new regionalism (illustrated from the case of Wales), *International Journal of Urban and Regional Research* **23**, 379–395.
- MACLEAVY J. and HARRISON J. (2010) New state spatialities: perspectives on state, space and scalar geographies, *Antipode* **42**, 1037–1046.
- MACLEOD G. (2001) New regionalism reconsidered: globalization and the remaking of political economic space, *International Journal of Urban and Regional Research* **25**, 804–829.
- MACLEOD G. and JONES M. (2001) Renewing the geography of regions, *Environment and Planning D* **19**, 669–695.
- MACLEOD G. and JONES M. (2007) Territorial, scalar, networked, connected: in what sense a ‘regional world’?, *Regional Studies* **41**, 1177–1191.
- MARKUSEN A. (1999) Fuzzy concepts, scanty evidence, policy distance: the case for rigour and policy relevance in critical regional studies, *Regional Studies* **33**, 869–884.
- MASSEY D. (1991) A global sense of place, *Marxism Today* **June**, 24–29.
- MASSEY D. (2007) *World City*. Polity, Cambridge.
- MCCANN E. and WARD K. (2010) Relationality/territoriality: toward a conceptualization of cities in the world, *Geoforum* **41**, 175–184.
- MORGAN K. (1997) The learning region: institutions, innovation and regional renewal, *Regional Studies* **31**, 491–503.
- MORGAN K. (2007) The polycentric state: new spaces of empowerment and engagement?, *Regional Studies* **41**, 1237–1251.
- NORTHWEST DEVELOPMENT AGENCY (NWDA) (2010a) *Atlantic Gateway*. NWDA, Warrington.
- NORTHWEST DEVELOPMENT AGENCY (NWDA) (2010b) *RS2010 – Principles and Issues Paper*. NWDA, Warrington.
- NORTHERN WAY STEERING GROUP (NWSG) (2004) *Moving Forward – The Northern Way*. NWSG, Newcastle.
- OFFICE OF THE DEPUTY PRIME MINISTER (ODPM) (2004) *Making It Happen – The Northern Way*. ODPM, London.
- OFFICE OF THE DEPUTY PRIME MINISTER (ODPM) (2005) *Planning Glossary*. ODPM, London.
- OHMAE K. (1995) *The End of the Nation-State: The Rise of Regional Economies*. HarperCollins, London.
- PAASI A. (1986) The institutionalization of regions: a theoretical framework for understanding the emergence of regions and the constitution of regional identity, *Fennia* **164**, 105–146.
- PAASI A. (2008) Is the world more complex than our theories of it? TPSN and the perpetual challenge of conceptualisation, *Environment and Planning D* **26**, 405–410.
- PAASI A. (2010) Regions are social constructs, but who or what ‘constructs’ them? Agency in question, *Environment and Planning A* **42**, 2296–2301.
- PAINTER J. (2008) Cartographic anxiety and the search for regionality, *Environment and Planning A* **40**, 342–361.
- PIKE A. (2007) ‘Whither Regional Studies’, *Regional Studies* **41(9)** [Special Issue].
- PRED A. (1984) Place as historically contingent process: structuration and the time–geography of becoming places, *Annals of the Association of American Geographers* **74**, 279–297.
- PRYTHERCH D. (2010) ‘Vertebrating’ the region as a networked space of flows: learning from the spatial grammar of Catalanist territoriality, *Environment and Planning A* **42**, 1537–1544.
- ROKKAN S. and URWIN D. (Eds) (1982) *The Politics of Territorial Identity: Studies in European Regionalism*. Sage, London.
- SAYER A. (1992) *Method in Social Science*. Routledge, London.
- SCOTT A. (1998) *Regions and the World Economy: The Coming Shape of Global Production, Competition, and Political Order*. Oxford University Press, Oxford.
- SCOTT A. (2001a) Globalization and the rise of city-regions, *European Planning Studies* **9**, 813–826.
- SCOTT A. (Ed.) (2001b) *Global City-Regions: Trends, Theory, Policy*. Oxford University Press, Oxford.
- STORPER M. (1997) *The Regional World: Territorial Development in a Global Economy*. Guildford, New York, NY.
- SWYNGEDOUW E. (1997) Neither global nor local: ‘glocalisation’ and the politics of scale, in COX K. (Ed.) *Spaces of Globalisation*, pp. 137–166. Guildford, New York, NY.
- THRIFT N. (2002) Performing cultures in the new economy, in DU GAY P. and PRYKE M. (Eds) *Cultural Economy*, pp. 201–234. Sage, London.
- THRIFT N. (2004) Intensities of feeling: towards a spatial politics of affect, *Geografiska Annaler* **86B**, 57–78.
- TICKELL A., PECK J. and DICKEN P. (1995) The fragmented region: business, the state and economic development in North West England, in RHODES R. (Ed.) *The Regions and the New Europe: Patterns in Core and Periphery Development*, pp. 247–272. Manchester University Press, Manchester.

Path Renewal in Old Industrial Regions: Possibilities and Limitations for Regional Innovation Policy

LARS COENEN, JERKER MOODYSSON and HANNA MARTIN

*Centre for Innovation and Research in the Learning Economy (CIRCLE), Lund University, Lund,
Sweden.*

*Nordic Institute for Studies in Innovation (NIFU), Research and Education, Majorstuen,
Oslo, Norway*

COENEN L., MOODYSSON J. and MARTIN H. Path renewal in old industrial regions: possibilities and limitations for regional innovation policy, *Regional Studies*. This paper analyses the potential, barriers and limitations for regional innovation policy to facilitate industrial renewal in old industrial regions. It draws on a case analysis of the policy programme 'Biorefinery of the Future' geared to promote renewal of the forest industry in Northern Sweden. It is shown that infusion of radical emergent technology is necessary for new regional path development, but not sufficient. To avoid a singular focus on technology-push, policy should pay more attention to complementary experimentation processes in relation to demand-side characteristics, firm strategies and business models as well as regulatory aspects. Moreover, coordination between regional innovation policy and adjacent domains and levels of policy-making is needed as some of the most pressing obstacles for renewal are not specific to the region but instead to the industry at large.

COENEN L., MOODYSSON J. and MARTIN H. 旧工业区的路径革新：区域创新政策的可能性与限制，*区域研究*。本文分析区域创新政策促进旧工业区域的产业革新的潜力、障碍与限制。本文将分析一个促进瑞典北部林业革新、名为“未来的生物提炼”的政策计划。本文显示，新的区域路径发展，需要激进的新兴科技，但该科技本身却并不足够。为了避免单一聚焦于科技推力，政策必须更为关注与需求面特征、企业策略、商业模式及规范面向有关的补充性实验过程。此外，区域创新政策与政策制定的邻近范畴及层级之间，必须进行协调，因为追求革新的最为迫切的障碍之中，部分并不只专属于该区域，而是对整体产业皆然。

COENEN L., MOODYSSON J. et MARTIN H. La voie du renouveau dans les anciennes régions industrielles: les possibilités et les limites en matière de politique en faveur de l'innovation régionale, *Regional Studies*. Cet article analyse le potentiel, les obstacles et les limites quant à la politique en faveur de l'innovation régionale visant le renouveau industriel dans les anciennes régions industrielles. On puise dans une étude de cas, à savoir le programme politique appelé 'La bioraffinerie de l'avenir' qui est axé sur la promotion du renouveau de l'industrie forestière dans le nord de la Suède. On montre que l'apport de la nouvelle technologie radicale est une condition nécessaire mais pas suffisante pour le développement de nouvelles voies régionales. Pour éviter de donner la priorité à une poussée technologique, la politique devrait prêter plus d'attention aux processus d'expérimentation complémentaires par rapport aux caractéristiques de la demande, aux stratégies d'entreprises et aux modèles d'affaires ainsi qu'aux aspects réglementaires. Qui plus est, il faut la coordination entre la politique en faveur de l'innovation régionale et les domaines connexes et les niveaux de la mise au point de la politique parce que quelques-uns des principaux obstacles au renouveau ne sont pas spécifiques à la région mais plutôt à l'industrie en général.

COENEN L., MOODYSSON J. und MARTIN H. Pfaderneuerung in alten Industrieregionen: Möglichkeiten und Grenzen der regionalen Innovationspolitik, *Regional Studies*. In diesem Beitrag werden das Potenzial, die Hindernisse und die Grenzen der regionalen Innovationspolitik für eine Industriesanierung in alten Industrieregionen untersucht. Ausgangspunkt ist die Fallanalyse des Politikprogramms 'Bioraffinerie der Zukunft' zur Förderung einer Erneuerung der Waldindustrie in Nordschweden. Wie sich zeigt, ist eine Infusion mit radikalen neuen Technologien zur Entwicklung eines neuen regionalen Pfades zwar erforderlich, aber

EVOLUTIONARY ECONOMIC GEOGRAPHY

nicht ausreichend. Um eine ausschließliche Betonung der Einführung von Technologie zu vermeiden, sollte die Politik stärker auf ergänzende experimentelle Prozesse im Zusammenhang mit den Merkmalen auf der Nachfrageseite, den Firmenstrategien und den Geschäftsmodellen sowie auf gesetzliche Aspekte achten. Darüber hinaus ist eine Koordination zwischen der regionalen Innovationspolitik und den angrenzenden politischen Bereichen und Stufen erforderlich, da einige der dringlichsten Hindernisse für eine Erneuerung nicht regionsspezifisch sind, sondern für die Branche als Ganzes gelten.

COENEN L., MOODYSSON J. y MARTIN H. Renovación de las rutas en antiguas regiones industriales: posibilidades y limitaciones de la política de innovación regional, *Regional Studies*. En este artículo analizamos el potencial, las barreras y las limitaciones de la política de innovación regional para facilitar la renovación industrial en antiguas regiones industriales. Nos basamos en un análisis de casos del programa político para la 'Biorrefinería del Futuro' cuyo objetivo es fomentar la renovación de la industria forestal del norte de Suecia. Mostramos que, aunque es necesaria una inyección de tecnología emergente radical para el desarrollo de nuevas rutas regionales, no es suficiente. Para evitar un enfoque único en la introducción de tecnología, las políticas deberían prestar más atención a los procesos de experimentación complementarios con relación a las características de la demanda, las estrategias de las empresas y los modelos comerciales así como los aspectos legislativos. Además, es necesaria una coordinación entre la política de innovación regional y los dominios y niveles adyacentes en la elaboración de políticas dado que algunos de los obstáculos más apremiantes para la renovación no son específicos de la región sino de la industria en general.

INTRODUCTION

Since the early 1990s there has been an ongoing engagement in the field of regional studies with the particular problems, challenges and strategies for renewal of old industrial regions (BOSCHMA and LAMBOOY, 1999; COOKE, 1995; HASSINK, 1993; HASSINK and SHIN, 2005; HUDSON, 1989, 2005; KAUFMANN and TÖDTLING, 2000; MORGAN, 1997; TRIPPL and OTTO, 2009). This literature is primarily geared to identify and analyse the typical problems found in the innovation system of such regions focusing on issues related to path dependence and lock-in. Old industrial regions are typically considered to be those overspecialized in mature industries experiencing decline. A key challenge for regional development strategies concerns the question how such industries and regions may, or may not, be able to break out of locked-in paths of development by pursuing innovation, new technological pathways and industrial renewal.

More recently this debate has gained further momentum through the evolutionary turn in economic geography (BOSCHMA and FRENKEN, 2006; BOSCHMA and MARTIN, 2010; ESSLETZBICHLER and RIGBY, 2007; MARTIN and SUNLEY, 2007). At the core of the agenda in evolutionary economic geography two inter-related issues have been emphasized that are of interest and relevance for discussions on old industrial regions (COE, 2011). Firstly, a shift in the role of agglomeration economies has moved attention away from a predominant focus on specialization within regional clusters towards diversification of regional industrial structures through the notion of related variety (FRENKEN *et al.*, 2007). In particular processes of regional branching seem highly relevant to our understanding of how regions are able to diversify into new areas of industrial

development. Following the argument of regional branching, new industry formation draws on the combination of different but related knowledge, skills and competences found in existing industries in the region (ASHEIM *et al.*, 2011). Secondly, evolutionary economic geography highlights the path-dependent nature of regional development. The distinguishing feature of path dependence is its emphasis on self-reinforcing mechanisms when explaining the dynamics of narrowing down the scope of alternative actions in and among organizations (SCHREYÖGG and SYDOW, 2011). Translated to regional development, this means that 'the combination of historical contingency and the emergence of self-reinforcing effects steer a regional economy along one "path" rather than another' (MARTIN, 2010, p. 3).

At the same time, various scholars have articulated a critique on evolutionary economic geography for an overriding focus on micro-level firm routines in its analyses of regional development at the expense of other actors and institutions (such as the state) (MACKINNON *et al.*, 2009; MORGAN, 2012). Especially, the role of policy has so far been relatively neglected in the literature (ASHEIM *et al.*, 2013; HASSINK and KLAERDING, 2011; RODRÍGUEZ-POSÉ, 2013). This omission is, to our mind, particularly problematic in the context of old industrial regions. As will be explained below, institutions and the role of the state in particular have been integral to much of the previous research. However, the existing knowledge base tends to be predominantly geared to identifying and explaining the specific problems that these kinds of regions face. While this has led to a solid understanding of the troublesome conditions for innovation in old industrial regions and, consequently, its challenges for renewal and revitalization, actual analyses of policy initiatives that seek to facilitate

EVOLUTIONARY ECONOMIC GEOGRAPHY

such renewal are much less developed. Undoubtedly, this is a daunting task as ‘the capacity of a region to transform the whole regional innovation system turns out to be the decisive factor for renewal processes’ (TRIPPL and OTTO, 2009, p. 1231).

Taking stock with this gap, this paper conducts a case study of an existing regional support programme in an old industrial region in Sweden where mature industries dominate. This policy programme explicitly aims to develop a strong research and innovation environment around emergent biorefining technology in order to promote regional growth in the Örnsköldsvik-Umeå area in the north of Sweden. The objective of the analysis is to further insights on the potentials, barriers and limitations for regional innovation policy to facilitate industrial renewal in locked-in regions.

More specifically, the paper provides a case study of an old industrial region where mature industries dominate and takes a closer look at the VINNVÅXT programme ‘Biorefinery of the Future’ (BioF). This initiative targets the forest industry that has been a traditionally important and large industry in this region in terms of employment opportunities. However, due to shrinking global demand for paper products and tightening global competition, scarcity and increased prices of forest raw materials, and increased requirements on more sustainable production methods, the local industry is facing challenges to remain competitive. Being strongly dependent on this mature industry, the future development of this region is heavily tied to its fate (as well as many other peripheral regions in Sweden). In recent years the industry is increasingly seeking new, alternative ways to extract and appropriate greater value from biomass, while at the same time improving its energy-efficiency, carbon-emission impact and overall environmental performance. A biorefinery can be seen as a platform technology that integrates biomass conversion processes and equipment to produce a portfolio of environmentally friendly fuels, power, heat and value-added chemicals from biomass (NATIONAL RENEWABLE ENERGY LABORATORY (NREL), 2014). Instead of using the forest biomass exclusively for the production of paper and pulp, biorefinery technologies allow its conversion into additional or substitute products such as low-carbon fuels (e.g. second generation bioethanol, dimethyl ether and biodiesel), green chemicals, substances used in the construction industry, viscose for clothing, or ingredients for the food and pharmaceutical industry, while making more efficient use of the heat in the production process. The notion of a biorefinery is comparable with that of an oil refinery, yet replacing fossil oil by renewable, low-carbon resources (i.e. biomass). As such, a biorefinery offers a possibility for forest industries to increase their efficiency and diversify into different markets. However, this requires cooperation with and establishing linkages to other industries. In doing so, biorefineries are considered to have the potential to contribute to renewing forest

industries (KARLTORP and SANDÉN, 2012; OTTOSSON and MAGNUSSON, 2013). At the same time, previous studies have shown that there has been a fair deal of resistance in the forest industry against what is considered to be a radical and disruptive technological pathway (LAESTADIUS, 2000; OTTOSSON, 2011). The research question guiding this analysis is as follows:

How can a regional innovation support programme, and its efforts to foster the adoption of science-based knowledge creation and exploitation, contribute to the renewal of mature industries? How is such a transition constrained and/or enabled by the regional context?

The remainder of this paper is organized as follows. The next section presents the theoretical framework of the study, drawing on literature on regional innovation policy, old industrial regions and transitions. The third section provides a short outline of the research design and methods applied in the study. This is followed in the fourth section by a presentation of the regional and industrial context of the policy initiative. The fifth section offers the empirical analysis of the regional innovation initiative. Drawing on the empirical analysis, the sixth section discusses the theoretical implications for regional innovation policy targeting old industrial regions, while the seventh section concludes by providing an outlook on how future research may address the challenges of old industrial regions by drawing on a wider framework based on the socio-technical transition literature.

THEORETICAL FRAMEWORK: REGIONAL INNOVATION POLICY, OLD INDUSTRIAL REGIONS AND TRANSITIONS

As this paper deals with renewal of mature industries in a regional context, the theoretical framework departs from the literature on old industrial regions. This literature is primarily geared to identify typical problems found in the innovation system of such regions focusing on issues related to path dependence and lock-in. While this literature provides a useful framework for identifying barriers to renewal in regional economies and how regions can strive to break out of lock-in (TRIPPL and OTTO, 2009), it is somewhat less developed with regard to explaining extra-regional influences to such regional lock-in and, as a consequence, what are the possibilities and limitations of regional innovation policy to address those barriers. To address this gap, a complementary evolutionary-institutional approach to understanding transformative change is suggested as well the role that regional policy plays in facilitating this.

Systemic innovation policy

In the burgeoning innovation systems literature, which emerged at the start of the 1990s, the regional

EVOLUTIONARY ECONOMIC GEOGRAPHY

innovation systems (RIS) approach has been most explicitly concerned with spatial dimensions of innovation and place-based innovation policies (ASHEIM and GERTLER, 2005; ASHEIM and ISAKSEN, 2002; BRACZYK *et al.*, 1998; COOKE *et al.*, 2004). An RIS encompasses the private and public organizations in the region involved in innovation processes, their relationships and networks as well as the institutions guiding their behaviour (COOKE, 1998). In addition to localized networks and relationships, the RIS framework also takes into account relevant non-local linkages and institutions at higher scales. The approach holds the potential for improved 'on-the-ground' policy know-how about the specific place-based conditions for innovation (NAUWELAERS and WINTJES, 2002).

The approach has been widely used as a framework for the design, implementation and evaluation of regional innovation policy in a variety of countries and regions. Well-known examples are the European RIS/RITTS initiatives¹ as well as current programmes and strategies developed under the banner of smart specialization (LANDABASO *et al.*, 2001; BOSCHMA, 2014; CAMAGNI and CAPELLO, 2013). In terms of the theoretical rationale for the design of policy and choice of instruments, RIS draws on the more general innovation system perspective (LARANJA *et al.*, 2008; BORRAS and EDQUIST, 2013). This implies that public intervention is legitimate and needed if the complex interactions that take place among the different organizations in the RIS do not function effectively. On a general innovation system level, this has been conceptualized through the notion of system failures (SMITH, 2000; KLEIN WOOLTHUIS *et al.*, 2005; BERGEK *et al.*, 2008; WEBER and ROHRACHER, 2012). Examples of such system failures are the lack of appropriate competencies and resources for innovation at the firm level (capabilities failure), weakly developed institutions, both hard and soft, that insufficiently incentivize actors to engage with innovation processes (institutional failures), too closely tied networks leading to myopia (strong network failure), and/or too limited interaction and knowledge exchange between actors (weak network failure).

The general innovation system failure framework informing policy design has been resourcefully translated to the regional level through the seminal work of TÖDTLING and TRIPPL (2005) by looking carefully at specific regional endowments and its relationship to innovation barriers of weak or vulnerable regions (see also TRIPPL and OTTO, 2009; ASHEIM *et al.*, 2011; COENEN, 2007; ISAKSEN, 2001). To avoid a one-size-fits-all, best-practice models to regional innovation policy, they have introduced three main systems failures: organizational thinness, fragmentation and lock-in. Organizational thinness refers to lack of relevant local actors for innovation, fragmentation to lack of regional cooperation and mutual trust, while lock-in refers to regional industry being specialized in outdated

technologies (ISAKSEN, 2001). In reality, regions often face a mix of these deficiencies. However, TÖDTLING and TRIPPL (2005) argue that some innovation problems dominate in certain types of regions and, thus, require more attention than others.

Old industrial regions are typically considered as regions overspecialized in mature technologies and industries experiencing decline, thus facing lock-in. Innovation activities in these regions often follow mature technological trajectories mainly of an incremental character. Efforts to introduce radically new products into the market tend to be limited compared with process optimization and other efficiency-oriented activities. Even though, as TÖDTLING and TRIPPL (2005) observe, the region may have a highly developed and specialized knowledge-generation and diffusion system, this is usually oriented towards traditional industries and technology fields. Moreover, small firm innovation and entrepreneurial activity tends to be low given the dominance of larger firms, incumbent to the established and mature industrial and technological specialization (STEINER, 1985). Examples of old industrial regions are frequently found in regions specialized in heavy industries such as the Ruhr area in Germany (GRABHER, 1993), the North East of England (HUDSON, 1994; COENEN, 2007) or Wales (MORGAN, 2012). These regions are also well known for being sites with severe difficulties dealing with environmental waste and pollution (such as, for example, carbon emissions) (GONZÁLEZ-EGUINO *et al.*, 2012).

As TÖDTLING and TRIPPL (2005) acknowledge, regions may face a mix of RIS deficiencies (failures) as suggested in their typology. The present paper therefore also draws partly on a second type of 'problem description' related to RIS, namely that of peripheral regions and its dominant problem of organizational thinness. Similar to the old industrial region typology, the emphasis is on incremental innovation and on process innovations. But now, the main explanation for a lower level of innovation activity is tied to low density as well as a 'thin' and less specialized structure of knowledge suppliers, technology transfer organizations and educational organizations.

In sum, the key problem of old industrial regions can nonetheless be characterized as primarily one of negative lock-in (HASSINK, 2010). Lock-in is closely connected to path dependence, a concept originating from the literature on evolutionary economics and technological change (DAVID, 1985). It is important to note that lock-in per se does not need to have a negative impact on a regional economy (HASSINK, 1997; ESSELTZBICHLER and WINTHER, 1999). Strong specialization in specific industries is a classic feature of clusters and regional competitive advantage (PORTER, 2000). Lock-in becomes however problematic when its path direction steers to (over)specialization in long-established technologies and industries with little scope

EVOLUTIONARY ECONOMIC GEOGRAPHY

for further economic exploitation of knowledge while, often simultaneously, curtailing efforts by novel industries or technologies to emerge and develop. A closer look at lock-in is therefore required.

GRABHER (1993) highlights the multidimensionality of regional lock-in by distinguishing between three types of interrelated lock-in: functional, cognitive and political, and states that regional lock-in results from the interplay between these three types of lock-in. Functional lock-in refers to how overly strong and often hierarchical inter-firm networks in declining industries tend to block the development of alternative linkages and reorientations in the value chain. Cognitive lock-in refers to how a common world view or mindset among actors reinforces 'group-think' and precludes creativity and imagination needed for the development of new ideas. Political lock-in is related to the existence of dense relationships between public and private sectors that aim at preserving traditional industrial structures that hamper alternative directions for industrial development (GRABHER, 1993; UNDERTHUN *et al.*, 2014).

Adding analytical precision to address the question why it is that some regional economies become locked into development paths that lose dynamism, HASSINK (2010, p. 455) suggests a set of economic-structural and political-institutional impact factors. Economic-structural impact factors primarily leading to functional lock-in includes the following:

- A marked industrial mono-structure: the leading industry having an employment share of at least 30% of the total manufacturing employment in the region as a rough indicator for a mono-structure.
- A specific leading industry: capital-intensive, high entry and exit barriers, above-average company size, oligopolistic market structure and influential trade unions.

Political-institutional impact factors primarily related to cognitive and political lock-in include the following:

- An institutional constellation at the regional level, consisting of local, regional policymakers, captains of industry, regional trade unionists, representatives of industry associations, that is strongly focused on the leading industry and hence weakly on external relations.
- A national political system that enables regional actors to influence political questions concerning industrial policy.
- Supra-national institutions that strongly affect the conditions of industrial policy relevant to the leading industry.

In engaging with discussions on lock-in, recent studies from evolutionary economic geography have figured prominently, particularly with regard to strategies concerning how to unlock or rejuvenate old industrial regions. MARTIN and SUNLEY (2006) suggest a number of 'sources' for new path development

that regions may draw upon to escape lock-in. Given that our case, related to the adoption of biorefinery technology by an incumbent forest industry in the region, mainly draws on path renewal of already existing industry, as opposed to attraction or development of new industry, two strategies seem to be most pertinent. These escape sources are 'diversification into technologically related industries', which refers to the 'transition where an existing industry goes into decline but its core technologies are redeployed and extended to provide the basis of related new industries in the region' (MARTIN and SUNLEY, 2006, p. 420). Another relevant option is the 'upgrading of existing industries' referring to 'the revitalization and enhancement of a region's industrial base through the infusion of new technologies or introduction of new products and services' (p. 420). While examples of regions are provided for both escape routes, the authors also acknowledge that often they are not mutually exclusive but rather that different mechanisms may be at work simultaneously and in mutually reinforcing ways. Whether these escape routes may also counteract on each other is, however, left open for debate.

These mechanisms relate to a well-known advancement made in evolutionary economic geography around the importance of relatedness in knowledge and competences for innovation and renewal, often referred to as related variety (FRENKEN *et al.*, 2007). Especially in light of transformative change, combinatorial rather than cumulative knowledge dynamics are emphasized to foster radical, path-breaking innovations (STRAMBACH and KLEMENT, 2013). However, such combinatorial knowledge dynamics are characterized by high uncertainties in the pay-off and the time horizon of their outcome, and require high investment to ensure mutual understandings between the actors. Similarly, SIMMIE (2012) highlights the disruptive nature of regional new path development and stresses a process of 'mindful deviation' by innovators when introducing new and replacing old technologies (see also GARUD and KARNØE, 2001). While drawing our attention to the need for disruptive path-breaking innovation and technological change to transition old industrial regions into new pathways, it should also be stressed that this is a particularly cumbersome and challenging process precisely because of the path-dependent nature of technological change.

The path-dependent nature of technological change has been fruitfully explained and theorized in the literature on socio-technical transitions, with the help of the concept of 'socio-technical regimes' (GEELS, 2002; SIMMIE, 2012; TRUFFER and COENEN, 2012). Essentially, this concept extends the previous notion of technological regimes (DOSI and NELSON, 1994; BRESCHI *et al.*, 2000) to include 'the coherent complex of scientific knowledge, engineering practices, production process technologies, product characteristics, skills and procedures, established user needs, regulatory

EVOLUTIONARY ECONOMIC GEOGRAPHY

requirements, institutions and infrastructures' (RIP and KEMP, 1998, p. 338). The 'structuration' of this complex is high, providing stable rules and coordinating effects on actors. Reflecting the 'established way of doing things', it primarily enables incremental, cumulative, path-following innovation yet constrains radical path-breaking innovation and helps to explain why combinatorial knowledge dynamics and mindful deviation are indeed difficult to achieve. The concept of socio-technical regimes has been particularly forceful to explain why current energy and transport systems remain locked-in to fossil fuel-based technologies (SMITH *et al.*, 2010; UNRUH, 2000)

The contrasting notion of 'niches' is used to conceptualize the genesis and development of path-breaking and deviant technologies (KEMP *et al.*, 1998; RAVEN, 2005). These niches are 'incubation spaces' for novel, yet immature, emergent technologies that challenge the established regime and, if successful in its maturation process, can replace the incumbent, old technologies. A niche is defined as an application context in which novel technology is temporarily shielded from the structuration forces found in a regime and acts as an important selection environment in which the process of new path creation may be started. As GEELS (2004, p. 912) puts it, '[t]hey provide locations for learning processes, e.g. about technological applications, user preferences, public policies, symbolic meanings. Niches are locations where it is possible to deviate from the rules of the existing regime'. At the same time, it should be stressed that the extent of structuration between the technology, knowledge, skills, user needs, regulatory requirements and institutions in such niches is very loose, at least compared with the structuration effects found in a regime context. In other words, it reflects the uncertainty and heterogeneity found in a situation of combinatorial knowledge dynamics.

Taken together, the literatures on old industrial regions and socio-technical transitions provide an evolutionary perspective, not only on the particular place-specific challenges related to lock-in of mature regional industries but also on the transition pathways to unlock these regions and industries through technological renewal. Here, the transition perspective adds a careful understanding of the room to manoeuvre for policy-making in relation to the introduction of new path-breaking technologies.

The above discussion concerning the challenges for old industrial regions to break-out of lock-in and transition into (re)new(ed) path development is used to frame and identify the challenges that the BioF initiative in Sweden is facing. However, the literature is less developed with regard to questions about whether and how regional innovation policy can in fact contribute to the unlocking and path renewal mechanisms that are needed in light of such a transition, in particular with regard to dealing with the complex interplay between regional and extra-regional impact factors. The analysis of this initiative will therefore contribute

to our understanding about the potentials, barriers and limitations for policy to facilitate industrial renewal in locked-in regions. After the empirical analysis, the paper will revisit the literature concerning old industrial regions and technological path dependence to discuss the role of regional innovation policy as niche experimentation for path renewal.

RESEARCH DESIGN AND METHODS

The analysis is based on a combination of qualitative research methods; document studies and personal in-depth interviews with key stakeholders being the two dominant data sources. Previous research on these and similar industries are used as reference cases, while primary data collection has been focused on publicly available documents such as websites, annual reports, strategy documents and publicly commissioned evaluations. A total number of 20 semi-structured interviews with representatives of the initiative and its target industries were conducted. The group of respondents includes representatives from the public sector (policy-makers) as well as universities and industry. Eight interviews were conducted in October 2008 when the initiative in its current form was recently launched. Six more interviews were conducted in January 2012. While the first interviews primarily aimed at collecting information on the industries, the initiative and the various challenges that served as a main rationale for the initiative, the second round of interviews focused more explicitly on activities, outcomes and remaining problems/deficiencies. In addition to those interviews, which explicitly dealt with the initiative and its target industries, another six interviews were made with actors doing research on or representing the industries, but with no specific stake in the initiative as such. These interviews, carried out in the period March–July 2009, are used primarily for reference and cross-check purposes. The interviews were conducted in Swedish, recorded and transcribed. Important quotes were translated into English by the authors.

REGIONAL AND INDUSTRIAL CONTEXT

Region

The area of Örnsköldsvik-Umeå is located on the Swedish east coast, more than 500 km north of the capital, Stockholm. In terms of administrative regions it covers the Swedish counties of Västerbotten and Västernorrland (NUTS-3). These are thinly populated regions with a population density of 4.7 and 11.0 inhabitants/km² respectively (2011).

The region suffers from typical problems of peripheral and old industrial regions with serious challenges to cope with renewal and economic growth. Since the mid-1990s the region has been lagging behind the national

EVOLUTIONARY ECONOMIC GEOGRAPHY

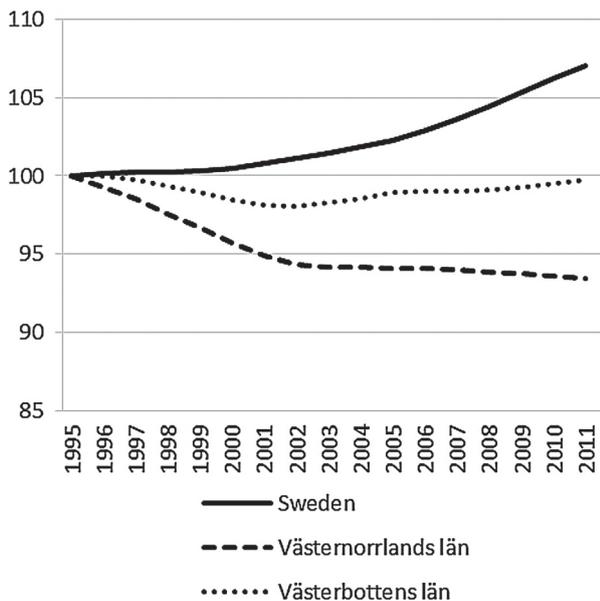


Fig. 1. Change in average yearly population
Source: Statistics Sweden

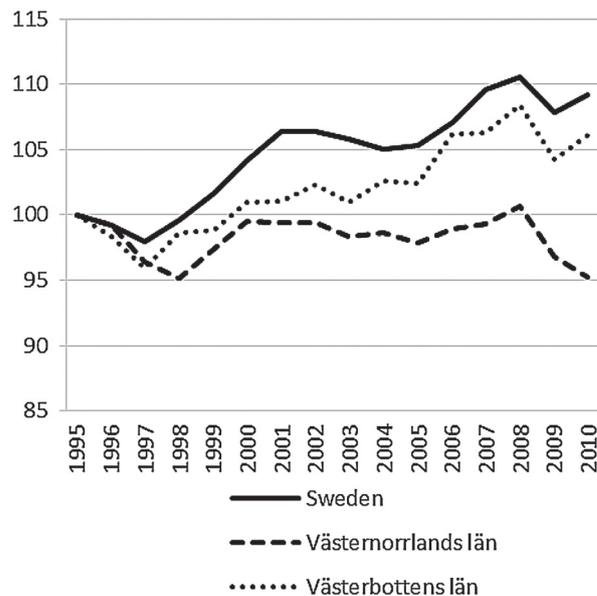


Fig. 3. Change in employment
Source: Statistics Sweden

average on most indicators reflecting economic development. While the Swedish population as a whole is constantly growing, as most European countries, the regional population in Västerbotten and Västernorrland is decreasing. A particular strong decrease is identified in Västernorrland, which displays the strongest depopulation trend of all Swedish regions (Fig. 1). Also regional employment is lagging behind the national average in both counties. This indicates not only gradual depopulation in the periphery but also increased challenges of maintaining regionally based economic growth (Fig. 2). Depopulation and decrease in regional employment is

also reflected in the relative change in regional gross value added, where the region is lagging behind the national average, however not as dramatically as could have been expected (Fig. 3). With regard to private research and development (R&D) expenditures particularly, Västernorrland displays negative development compared with the national average, while Västerbotten has managed relatively well despite a severe downturn in connection with the financial crisis in the early 2000s (Fig. 4).

A large part of the problem with regard to regional economic development can be found in the region's

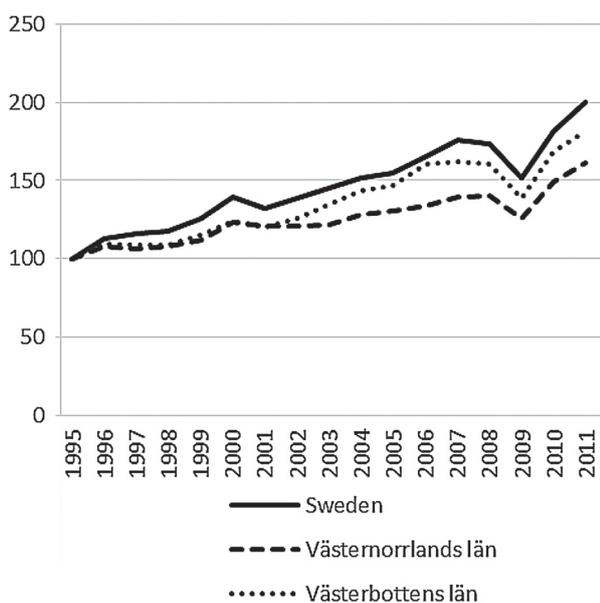


Fig. 2. Change in gross value added
Source: Statistics Sweden

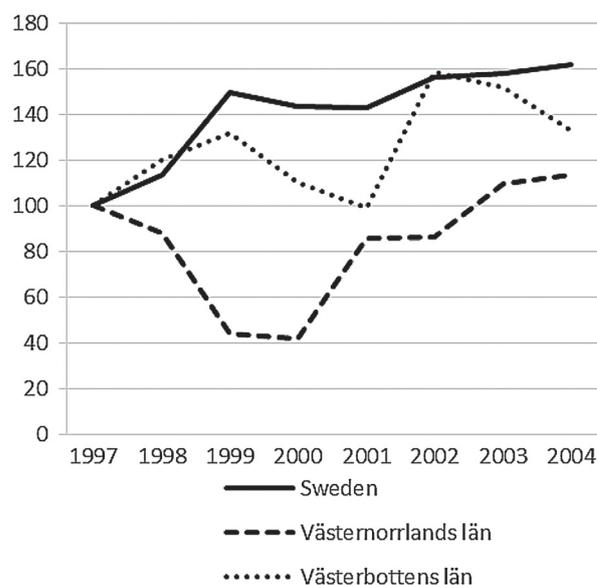


Fig. 4. Change in private sector research and development (R&D) expenditures
Source: Statistics Sweden

EVOLUTIONARY ECONOMIC GEOGRAPHY

relative overspecialization in the declining forest industry. The forest industry represents 30% of the regional economy in Västernorrland and 20% in Västerbotten. This should be compared with the national average of 11%. Almost 30% of the working population is directly employed in the forest industry, which still generates almost 50% of the total regional production value (SKOGSINDUSTRIERNA, 2013). This strong dependence on one industry obviously makes the regional economy vulnerable, particularly when the industry in question is in decline. The total employment in the Swedish forest industry has been reduced by 50% since the 1990s (SKOGSINDUSTRIERNA, 2013).

Industry

As touched upon above, the forest industry has been very important for the northern part of Sweden, and the Örnsköldsvik-Umeå area in particular, since the late 19th century. Prior to the period covered in the descriptive statistics above, important transformation forces were set in motion. Between 1960 and 1990 the industry witnessed a period of structural change. In the 1960s a process of structural rationalization was initiated driven by the need to decrease costs and increase productivity as a result of increased international competition. As a result, production shifted increasingly away from small mills towards large-scale facilities, primarily located along the east coast. This rationalization was paralleled by an increased awareness of the polluting and energy-intensive character of paper and pulp production which, in turn, led to tougher environmental regulation for the industry. As a response to both challenges, the forest industry invested heavily in technology-driven process innovations which resulted in substantial improvements in environmental performance as well as productivity (BERGQUIST and SÖDERHOLM, 2011). During this process of structural change, the Swedish forest industry quickly caught up with North American forest industry and established itself as a dominant global player, capturing increasing shares of the global market (OJALA *et al.*, 2006). As a result of this rationalization process, the regional forest industry became dominated by a few large companies (MELANDER, 1997).

Since the late 1980s a new wave of structural change has started to influence the industry. Similar to the earlier period, environmental and energy concern feature prominently along the factors driving these developments (KARLTORP and SANDÉN, 2012). Concern for climate change and energy security has led to a number of policy measures that have substantially affected energy and feedstock prices for the industry. Exactly how this is going to impact the industry is still an open question. On the one hand, increased demand for bioenergy and biofuels to meet renewable energy objectives has resulted in higher prices for biomass feedstock. On the other hand, the introduction

of green electricity certificates in 2002 has created economic incentives for paper and pulp companies to produce and sell green electricity in their plants (ERICSSON *et al.*, 2014). An additional environment-related factor concerns the introduction of more stringent environmental regulation in the field of waste in Sweden. Increased taxation has created incentives to avoid waste production and, instead, created incentives to refine waste products into tradable products or intermediaries. Increased attention to energy and environmental issues is, however, not the sole source of pressure for change. Substitution of paper-based media by electronic media has led to an absolute decrease in demand for printing paper, traditionally one of the core products of the forest industry. Finally, increased production capacity in South America and Asia and deepening global trade liberalization has led to increased competition from firms with significantly lower production and feedstock costs.²

Increasingly, firms realize that they have to diversify their product portfolios to achieve higher value out of their feedstock. In doing so, the biorefinery concept offers new business opportunities but also represents a major challenge as it entails large investments in new process technology, knowledge and networks required to enter or establish new value chains (KARLTORP and SANDÉN, 2012). In this context, firms in the Örnsköldsvik-Umeå area have the advantage that they draw on a historical legacy. As a response to trade blockades during the Second World War and the resulting shortage of chemicals in Sweden, the paper and pulp industry in Örnsköldsvik-Umeå has made early attempts to broaden the range of products produced from forest raw materials. During these years, the production of bio-based chemicals and ethanol entered the scene and led to unique experiences for the industry with regard to product diversification based on forest feedstock. In the post-war years, however, chemicals production relocated back to the west coast of Sweden due to its closer connection to major international ports, which was of strategic importance for the petrochemical industry. The forest industry in Örnsköldsvik-Umeå returned to its traditional business in pulp and paper production. In the mid-1990s, scientific breakthroughs in life science made it possible to start research with dissolving cellulose by applying alternative technology (i.e. enzyme-based biotechnology processes). One of the paper mills in Örnsköldsvik was among the few pioneers worldwide entering into this field.

ANALYSIS

The BioF initiative

The successful application of the BioF initiative to secure support and funding through the VINNVÄXT programme³ built on existing activities and networks in the region based on a common biorefinery platform.

EVOLUTIONARY ECONOMIC GEOGRAPHY

Following initial research and experiments during the mid-1990s, a technology park located on the site of the pulp and paper industry in Örnsköldsvik was established in 2003. Here, 12 small and medium-sized enterprises related to R&D in pulp and paper technologies, chemicals and energy production started collaborating with two large companies specialized in various applications of forest and chemistry-related production (Domsjö Fabriker AB and AkzoNobel). The primary focus was on energy efficiency, much in line with general trends in industry at this time (see above). The municipality, the county administration, a regional technology transfer agency (Innovationsbron) and a privately owned funding foundation (Kempstiftelsen) with its roots in the region's forest-based industry provided financial support. Over time, linkages to the nearby universities in Luleå and Umeå were established and increasingly formalized. This technology park evolved into a network of related firms and organizations distributed over a territory much wider than its initial core in Örnsköldsvik, encompassing the counties of Västerbotten and Västernorrland. A large grant from the Swedish Energy Agency was used to set up a pilot plant for cellulose-based ethanol production, which gradually developed into a platform for several products, primarily drawing on forest-based feedstock. A central firm in this pilot plant is a producer and developer of ethanol, SEKAB, today considered to be a world leading actor in the field of bioethanol. The pilot plant, the ethanol firm, a small firm specialized in pulp and paper-related R&D (MoRe Research), a large forestry company (Holmen), a sector-specific industry support initiative, and the regional universities can be seen as the nexus for the biorefinery initiative responsible for developing the VINNVÄXT proposal.

In 2008, the consortium with representatives from industry, academia and the regional public sector in Örnsköldsvik made a successful application for VINNVÄXT and received a ten-year grant for their initiative 'Biorefinery of the Future' (BioF). The aim of this initiative was to become a world-leading research and innovation environment for developing biorefineries based on forest raw material and energy crops by combining historical and current strengths in traditional forestry with new cutting-edge knowledge in science-based technologies. BioF aims to materialize industrial renewal of the local pulp and paper industry towards higher value-added activities as a collective regional strategic response to the aforementioned competitive and climate-related challenges. In this context, the BioF initiative acts as an operational incubation and experimentation space for technological learning processes targeting biorefinery technologies.

Taking a closer look at the supportive activities carried out within BioF reveals that an R&D council plays a central coordinating role. The R&D council is where most project ideas are evaluated to assess whether they can be financed through BioF. The

council consists of two representatives from member companies, two from Umeå University and two from Processum, the holding company for the biorefinery initiative.⁴ Its mission is to promote new products and process ideas in the biorefinery area. In funding decisions, the utility for the participating companies is a very important criterion as well as collaboration between industry, academic and public sector stakeholders. In 2012, approximately 100 projects were funded which resulted in ten new processes, 30 new products and prototypes, and just over 30 patent applications. Even though there is a focus on new product and process development, the lion's share of projects can be considered to be applied research with potential for member companies in areas such as green chemicals, products from residual streams, industrial biotechnology, smart processes/process efficiency and energy. More downstream innovation activities are coordinated under the header of 'pilot equipment' to scale up the most promising research, with a view to achieving a commercial scale in the near future. Of these, 11 pilot projects have been carried out in the initiative.

Even though these 'formal' support activities suggest that innovation support is primarily of a technological nature, which can be regarded as rather narrowly defined innovation activities, the interviews revealed that social learning processes have occurred in what could be seen as an indirect effect of the R&D activities and collaborations. The expectations and interests among different actors with regard to the products and processes developed in a biorefinery diverged considerably at the start of the initiative. This had partly to do with the heterogeneity among the firms involved, including paper and pulp companies, ethanol producers, chemical companies and energy utilities. Given their different industrial backgrounds, these firms operate in different markets and draw upon different competences and technologies. Through the BioF initiative, the firms are exploring and assessing the scope for collaborations across industries, which contributes to mutual learning and alignment of expectations within the initiative. For example, in the area of green chemicals, the forest industry is seeking out new applications and wants to learn more about the chemicals market, while the chemical industry is looking for ways how to replace today's fossil-based basic chemicals with a green supply. Another well-known example is the production of bioethanol based on forest material. In this context, the collaborations in the BioF initiative give rise to exploring the possibilities and difficulties in creating new value chains that cut across traditional industry boundaries.

In particular, the BioF initiative has contributed to a better joint understanding or common framing of some of the key challenges which actors in the BioF initiative are facing in their efforts to make products and processes related to biorefineries commercially feasible. As a result of the R&D activities carried out in BioF, a number of

EVOLUTIONARY ECONOMIC GEOGRAPHY

technologies have become (technically) sufficiently mature for scaling up to full-scale application. However, this process has proven more difficult than initially expected across the industry, mainly due to non-technical institutional aspects. Challenges particularly concern the large-scale production of ethanol from forest biomass residuals (i.e. second-generation bioethanol) even though they, to a large extent, also apply for other biorefinery products.

One of the main challenges, related to lock-in, has to do with sunk investments in conventional technology and production facilities. Forest industries are very capital intensive, and massive resources have already been invested in facilities drawing on the existing technological paradigm geared to the production of pulp and paper. As stated by one of the interviewees: 'One has invested into a particular production and it is not easy to just change it over one night. The fact that the investments are so huge leads automatically to inertia in the system' (chief executive officer (CEO) of a local R&D company). These investments traditionally targeted the production of bulk products. This constitutes a challenge to the industry in terms of diversifying its outcomes and, by implication, adapting to (and entering) diversified, small-scale markets. To achieve profitability, a commercial, full-scale biorefinery is expected to require new investments of approximately SEK3 billion. Combined with the current lack of possibilities to employ premium pricing strategies for green chemicals and energy (i.e. an insufficiently developed market), this raises an urgent need for subsidies from the public sector.

An issue that is challenging is up-scaling, to go into full industrial scale, this we have realized over the last 2–3 years. There is very interesting research, but how the rules stand today, it is very difficult to get a commercial viability. [...] The State and the EU should take a more active role. It has become clear to me that it is a political issue.

(CEO, BioF)

This is, however, not exclusively a national, but rather a supranational issue related to a lack of attention on the largely peripherally located forest-related industries within the European Union (EU) policy agenda:

If you read the EU directive, it is not considered sustainable to cut down forest. There is so much to be done on the information side so that [politicians in Brussels] start to realize. [...] In the EU, it is agriculture that is important. Forest is only seen as spare time activity.

(Professor of Chemistry, Umeå University)

While subsidies exist in Sweden today, they lack a long-term horizon, which makes them uncertain and create critical financial liabilities for investors.

The problem with these systems and regulatory frameworks is that they are almost on one-year basis, and this is what limits us. [...] First they subsidize and then they

take it away. Ethanol was in for a while, then it was biogas and now it is electric cars. It is impossible to see what is coming as consumer or producer.

(CEO, ethanol producer)

Government policies are providing unclear and contradictory signals concerning the needs for carbon reductions and a shift to renewable energy and at what costs such needs should be supported. In addition to the direct effect in terms of economic realities for potential investors, these shifting policies also contribute to influencing consumer preferences and societal legitimacy of alternative technologies. It reveals the dependence of the regional actors on a national political system, particularly with regard to learning about demand-side aspects of new technologies. As a result of this lack of a clear future vision, investors hesitate, entrepreneurs are reluctant to take the necessary risks and consumers are ambivalent.

Another barrier to the fulfilment of the aims of BioF has thus to do with the public perception of a new technology. In the public opinion, forest-based biofuels (second generation) are often conflated with agro-based biofuels (first generation), which causes resistance with reference to the crops-for-food-or-fuel debate. In the current public debate, the producers of forest-based biofuels have severe problems explaining the differences in a way that is easy for consumers and investors to understand fully, which again points at the limitations of the regional actors with regard to influencing demand-side-related conditions. As stated by one of the interviewees:

There is good ethanol and there is bad ethanol. There exists a risk of competition with the food production in the world, and you should not make ethanol from that. [...] These facts are communicated and presented, but it does not have any impact in the press.

(CEO, ethanol producer)

On a more general level, being located in a peripheral part of Sweden seems to play an ambiguous role for the actors in the initiative. On the one hand, the location is seen as an important (positive) factor behind the creation and maintenance of social networks of firms and individuals involved in the initiative. The regional identity is considered to be strong. This means that knowledge exchange both within and across industry boundaries in the region is facilitated by a high degree of interpersonal trust. On the other hand, this also leads to less integration in national and international networks since the regional actors are strongly focused on intra-regional networking and consider themselves to be less connected to the outer world.

I feel that we have a pretty good situation network-wise and in terms of contacts. [...] The disadvantage of a small town is that it is some distance away, the advantage of a small town is that, with the right atmosphere, a lot

EVOLUTIONARY ECONOMIC GEOGRAPHY

of people help each other. [...] But it is a disadvantage that we always have to travel.

(CEO, BioF)

This problem, however, seems to be diminishing, partly as a result of the BioF initiative. Recently, one of the dominant forestry companies, Domsjö Fabriker AB (part of the Holmen Group), has been acquired by an Indian multinational firm (Aditya Birla Group), which has led to an increasing focus on high-value-added products and materials (e.g. textiles) in the initiative. Likewise, the establishment of R&D collaborations between regional actors and universities in other parts of Sweden has increased through the BioF initiative, as well as an intensified collaboration with the petrochemical industry at the Swedish east coast.

DISCUSSION

The case presented in this paper demonstrates that regional innovation policy indeed contributes to 'on-the-ground' policy that addresses the specific challenges for innovation in the region. BioF explicitly seeks to transition existing but declining regional industry into new path development through a process of diversification that is fuelled by infusion with radical new technology (MARTIN and SUNLEY, 2006). The region clearly displays symptoms of functional lock-in (HASSINK, 2010) having a marked industrial mono-structure based on the paper and pulp industry that is characterized by industrial concentration in a number of established firms, high levels of capital intensity and high entry barriers. The initiative seeks to break this lock-in through systematic and concentrated R&D and innovation investments in a biorefinery platform. Through this focus on biorefining technologies, it has established new, but also built further on existing, relationships across related industries (and non-firm actors) in the region in a process of combinatorial innovation. To what extent these efforts will eventually result into processes of regional branching remains, however, to be seen. On the one hand, there is indeed evidence of diversification of incumbent firms into new markets as paper and pulp companies are becoming increasingly interested and active in producing biofuels and, albeit to a lesser extent, green chemicals and biotextiles. On the other hand, the involved firms also encounter severe obstacles to make a fully fledged entry into these markets. Here, the findings confirm the arguments raised by STRAMBACH and KLEMENT (2013) that combinatorial knowledge dynamics are conducive to path-breaking innovation but at the same time fraught with difficulties in light of the high uncertainties and time horizons concerning return on investment. Related to this, the case also points to rather modest levels of activity by new firm start-ups and entrepreneurs. If any entrepreneurial activity is to be observed, this

seems to come primarily from existing firms in the region rather than through new firm formation.

In sum, it can be argued that the initiative has been successful in planting and growing seeds for path renewal. At the same time, the regional actors are facing difficulties to develop and implement a large-scale biorefinery facility, which could be seen as an indicator of a more complete transition process. To understand this relative success as well as its limitations, it is important to acknowledge the regional context in which the initiative is placed. The place-bound historical legacy of the current industrial structure is one important factor. Even if the initiative is composed by a fairly large number of independent and relatively young knowledge-intensive small and medium-sized firms, most of which have their roots in the dominant forest industry in the region, providing a basis for technological relatedness. The same is true for a large share of the capital channelled through the private foundation. Between the late 19th century and the 1970s they were all part of the same organization, MoDo (today renamed as Holmen). This common history has been conducive to forging mutual understandings and expectations among the actors even though they over time have diverged into different fields of specialization (such as energy, chemicals, paper and pulp). Secondly, localized social networks built up over time (prior to and during the BioF initiative) provide important conditions enabling knowledge exchange and interactive learning (within and across industry boundaries), and have contributed to giving the actors a collective voice articulating key challenges with regard to biorefineries.

While there is a common and shared understanding among the regional actors in the initiative about critical challenges, it is doubtful that the actors themselves also will be able to address them effectively. The first challenge refers to mobilizing resources for full-scale operations that require large amounts of capital investments.⁵ This is not untypical for the forest industry. Here, actors obviously need to search for investment possibilities from outside the region. Attracting these kinds of investments remains still very problematic and would require a broader interest and legitimacy for biorefinery technologies within forest and related industries at a national and even international level. The actors seem to be very well-aware of this and are increasingly establishing connections beyond the region. However, its location in a peripheral part of Sweden entails structural disadvantages that a more centrally located region would probably not encounter to a similar degree. Also with regard to the second challenge, the initiative's location in a peripheral region is problematic. This refers to the importance of regulatory frameworks in market creation for typically 'green' products such as biofuels and bioplastics (see also DEWALD and TRUFFER, 2012). Most of the markets targeted by the actors in the BioF initiative are strongly affected by energy and environmental regulations through subsidies and

EVOLUTIONARY ECONOMIC GEOGRAPHY

taxations. These regulations are mostly designed and implemented at, again, a national and/or international level. This means that many of the conditions determining the adoption of the new products developed within the initiative are well beyond the reach of influence to regional actors. While the actors collectively argue that compulsory quotas for biofuel or some form of long-term tax relief on green solutions are needed to facilitate the up-scaling of their facility, they lack the means to influence the decision-making process for such regulation. This is part of a political process that is embedded in wider debates and interests in terms of industrial, energy and climate policy. As such, it refers to a lack of coordination and/or integration across policy domains, which has a direct effect on the 'success' of this regional innovation initiative.

It can actually be argued that both these challenges, and the constraints of regional actors to address them effectively, are endemic to the fact that a regional transition from a locked-in mature industry towards related new industries (MARTIN and SUNLEY, 2006) is part and parcel of a wider industrial transition that transcends the regional level. The potential, barriers and limitations for a regional innovation initiative to address lock-in and facilitate industrial renewal should thus be seen in this light. This implies that the difficulties that the regional actors are experiencing to upscale biorefining technologies are not specific to the region, but rather specific to the industry. So far, the regional initiative has indeed been instrumental to technological learning, but ultimately the wider adoption of the technology, its products and processes is contingent on the extent to which the forest industry, and related industries, can deviate from their 'established ways of doing things'. That is, adopting biorefinery technology is not so much a process of technology adoption but would rather require in parallel a change in business models and institutional frameworks.

As such this points to two important limitations to regional innovation policy for industrial renewal, at least the way it is designed and implemented within the BioF initiative. First of all, innovation is still too narrowly defined as primarily relating to technological innovation. The challenge to upscale biorefineries can partly be explained by its tension with the prevalent business models of the paper and pulp industry. In its current form, companies primarily draw on economies of scale, bulk production of commodities and price-based competition. Producing a portfolio of bio-based products, including high-value-added products, as implied by a biorefinery would require economies of scope, a competitive strategy based on product differentiation and quality and ultimately production of niche products. These issues remain, however, beyond the scope of the regional innovation policy initiative alone. Secondly, industrial renewal is strongly contingent on institutional change, specifically in relation to the way markets for green products are to be regulated as well as more

normative institutions concerning demand for green products. Currently, the products and processes developed in a biorefinery can hardly compete with fossil alternatives and require support, either through 'greener' regulatory frameworks or because consumers are willing to pay a premium for the environmental externalities offered by these bioproducts. Again, the critical bottlenecks remain beyond the reach of regional innovation policy. Both limitations refer to wider 'regime' based barriers (GEELS, 2002; RIP and KEMP, 1998) that inhibit, or at least counteract, transformative and path-breaking change. How this now feeds into the theoretical development on lock-in old industrial regions will be discussed in the concluding section.

CONCLUSIONS

This study has shown that regional innovation policy has been important in facilitating the development of new biorefinery technology in the region and, thus, offers a diversification path for the forestry industry in the region. At the same time, supra-regional bottlenecks are constraining further advancement towards a more comprehensive industrial and regional transformation in the direction of a bio-based economy. Market-related regulatory barriers as well as industry-specific norms and established ways of doing things limit the development and adoption of radical, path-breaking innovation, thus hampering the ability of the regional economy to break out of its lock-in. It is argued that this is largely a result of inherent limitations of regional innovation policy in a context of locked-in old industrial regions.

It has been shown that infusion of new technology is indeed necessary for new path creation of old industrial regions, but hardly sufficient. The case of BioF illustrates that innovation support typically has focused most attention and resources on technology-related innovation while changing firm routines and institutional adaptation have been overlooked, or at least underemphasized. As an *indirect* result of collaborative innovation activities, however, these dimensions have become more explicitly framed as key challenges among the heterogeneous set of stakeholders in the initiative. This points to the importance of non-technical, social learning processes related to novel, emergent technologies as highlighted in the literature on socio-technical transitions (RAVEN, 2005). Drawing on this literature, and in particular its insights regarding niche dynamics in deviant, immature technological fields (such as biorefineries), this paper argues for a stronger acknowledgment of the *experimental* features of new technology-based path creation in policy-making. In doing so, inherent, fundamental uncertainties involved in path shaping are stressed not just in technological terms but, more importantly, in institutional terms.

Constructing new regional development pathways through regional innovation policy involves a

EVOLUTIONARY ECONOMIC GEOGRAPHY

co-evolutionary process of technological, industrial and institutional change. Instead of primarily promoting innovation framed as technological change, as often seems the case especially when such technologies are still in an early stage of development and adoption, policy should focus more explicitly on other learning processes: learning about user characteristics and demand, regulatory aspects, mindsets related to firm strategy. Given the immature state of emergent new technology, this often takes shape through expectations that different stakeholders have about a technology and the new or improved products, processes and services it may give rise to. In such an emergent stage of path development, these expectations are often still rather diffuse and there may be considerable variation among the stakeholders, especially when the technological field cuts across different industries. Through iterative processes of learning-by-using and learning-by-interacting among actors, such expectations are articulated, tested, refuted and modified. On a collective level, this leads over time to alignment of expectations and, consequently, may increase knowledge about and legitimacy for the technology, its application context and institutional embedding.⁶ Building such legitimacy is crucial as a selection mechanism to maintain support and mobilize resources for innovation, especially in pre-market stages of development. Regions are seen as key sites to carry out such experimentation due to various proximity effects that compensate for the inherent uncertainties connected to new path creation (COENEN *et al.* 2010; HEALY and MORGAN, 2012). The case of BioF has shown that such experimentation processes have played an important role as an indirect outcome of more technology focused innovation interactions.

While being conducive to broad experimentation in new path creation, we argue that regional innovation policy should also be mindful of some of its inherent limitations related to the scale and reach of its activities. Our study shows that important bottlenecks to unlock an old industrial region prevailed beyond the local level and outside the direct sphere of innovation policy. Some of the greatest obstacles for renewal are not specific to the region but specific to the industry, which makes them largely out of reach for regional policy measures alone. The region, and its industries, is nested in a wider process of industrial transformation and institutional adaptation. Unless being integrated with measures to influence such industry specific institutions at a global (i.e. regime) level, such regional efforts will have a limited effect on path renewal, not only when seen in a global perspective, but also in the region.

In this context, it is argued that a promising topic for future research is to pay greater attention to the role of policy coordination between regional innovation policy and adjacent domains and levels of policy-making (NILSSON and MOODYSSON, 2014). Even though the region may act as a fruitful space for experimentation,

there is a risk that regional innovation policy will only deliver 'small victories' and remain peripheral unless policy coordination and learning beyond the level of regional innovation policy takes place. This study has shown that regional actors (including policy-makers) often are aware of the challenges to break out of the old industrial region 'mould' but are struggling to find ways and practices to effectively do so. This is obviously a long-term endeavour. The evolutionary turn in economic geography has at least opened up for greater attention for the path-dependent nature of regional development and helps avoiding the pitfalls of a quick policy fix in dealing with the problems of old industrial regions. The literature on socio-technical transitions allows for a compatible evolutionary framework to understand the wider context in which such processes of transformative change play out (TRUFFER and COENEN, 2012). More conceptual and empirical studies are, however, needed to arrive at a better integrated framework.

Acknowledgements – The authors would like to thank Michaela Tripl, Markus Grillitsch, Bjørn Asheim, two anonymous referees as well as the editors and guest editors of *Regional Studies* for their comments that helped in improving the paper. Previous versions of this paper were presented at the 3rd Global Conference on Economic Geography 2011 in Seoul, Korea; at the Association of American Geographers Annual Meeting 2012 in New York; and the 3rd International Conference on Path Dependence 2014 in Berlin, Germany: the authors are grateful for all comments received. Finally, the authors extend their gratitude to all the interviewees who facilitated this research.

Funding – Financial support, for which the authors are grateful, was provided by Nordic Energy Research (TOP-NEST project), the Swedish Energy Agency (KIBIOS project) and the Swedish Governmental Agency for Innovation Systems, VINNOVA.

NOTES

1. RITTS = Regional Innovation and Technology Transfer Strategies and Infrastructures.
2. For example, in 2009 softwood prices in Scandinavia were approximately US\$350/tonne compared with US\$90/tonne in South America (FORNELL, 2010).
3. The VINNVÄXT programme is organized as a competition for regions where winning regions receive funding up to SEK10 million per year for a period of ten years. A prerequisite for the programme is the active participation of actors from private, public and research sectors and from the political sphere. Currently, 12 regional initiatives receive funding.
4. Processum AB is 60% owned by the SP Technical Research Institute of Sweden and 40% owned by 21 member companies.
5. To illustrate, Processum (the holding company for the biorefinery plant) has secured €55 million for an

EVOLUTIONARY ECONOMIC GEOGRAPHY

industrial-scale 200 MWth biofuel facility. However, it nonetheless cancelled the investment plans as an additional investment need for €275 million was considered too risky.

6. For a discussion about this process in connection with institutional entrepreneurship and commercialization of clean technology, see also AVDEITCHIKOVA and COENEN (2015).

REFERENCES

- ASHEIM B., BOSCHMA R. and COOKE P. (2011) Constructing regional advantage: platform policies based on related variety and differentiated knowledge bases, *Regional Studies* **45**, 893–904. doi:10.1080/00343404.2010.543126
- ASHEIM B., BUGGE M., COENEN L. and HERSTAD S. (2013) *What Does Evolutionary Economic Geography Bring to the Policy Table? Reconceptualising regional innovation systems*. CIRCLE Electronic Working Paper No. 2013/5. Centre for Innovation, Research and Competence in the Learning Economy (CIRCLE), Lund University, Lund (available at: <http://www.circle.lu.se>).
- ASHEIM B. and GERTLER M. (2005) The geography of innovation: regional innovation systems, in FAGERBERG J., MOWERY D. and NELSON R. (Eds) *The Oxford Handbook of Innovation*, pp. 291–317. Oxford University Press, Oxford.
- ASHEIM B. and ISAKSEN A. (2002) Regional innovation systems: the integration of local 'sticky' and global 'ubiquitous' knowledge, *Journal of Technology Transfer* **27**, 77–86. doi:10.1023/A:1013100704794
- AVDEITCHIKOVA S. and COENEN L. (Forthcoming 2015) Commercializing clean technology innovations – the emergence of new business in an agency-structure perspective, in KYRÖ P. et al. (Eds) *Handbook of Entrepreneurship and Sustainable Development*. Edward Elgar, Cheltenham.
- BERGEK A., JACOBSSON S., CARLSSON B., LINDMARK S. and RICKNE A. (2008) Analyzing the functional dynamics of technological innovation systems: a scheme of analysis, *Research Policy* **37**, 407–429. doi:10.1016/j.respol.2007.12.003
- BERGQUIST A.-K. and SÖDERHOLM K. (2011) Green innovation systems in Swedish industry, 1960–1989, *Business History Review* **85**, 677–698. doi:10.1017/S0007680511001152
- BORRAS S. and EDQUIST C. (2013) The choice of innovation policy instruments, *Technological Forecasting and Social Change* **80**, 1513–1522. doi:10.1016/j.techfore.2013.03.002
- BOSCHMA R. (2014) Towards an evolutionary perspective on regional resilience, *Regional Studies* doi:10.1080/00343404.2014.959481.
- BOSCHMA R. A. and FRENKEN K. (2006) Why is economic geography not an evolutionary science? Towards an evolutionary economic geography, *Journal of Economic Geography* **6**, 273–302. doi:10.1093/jeg/lbi022
- BOSCHMA R. and LAMBOOY J. (1999) The prospects of an adjustment policy based on collective learning in old industrial regions, *GeoJournal* **49**, 391–399. doi:10.1023/A:1007144414006
- BOSCHMA R. and MARTIN R. (2010) *Handbook of Evolutionary Economic Geography*. Edward Elgar, Cheltenham.
- BRACZYK H.-J., COOKE P. and HEIDENREICH M. (1998) *Regional Innovation Systems: The Role of Governances in a Globalized World*. UCL Press, London.
- BRESCHI S., MALERBA F. and ORSENIGO L. (2000) Technological regimes and Schumpeterian patterns of innovation, *Economic Journal* **110**, 388–410. doi:10.1111/1468-0297.00530
- CAMAGNI R. and CAPELLO R. (2013) Regional innovation patterns and the EU regional policy reform: toward smart innovation policies, *Growth and Change* **44**, 355–389. doi:10.1111/grow.12012
- COE N. (2011) Geographies of production I: an evolutionary revolution?, *Progress in Human Geography* **35**, 81–91. doi:10.1177/0309132510364281
- COENEN L. (2007) The role of universities in the regional innovation systems of the north east of England and Scania, Sweden: providing missing links?, *Environment and Planning C: Government and Policy* **25**, 803–821. doi:10.1068/c0579
- COENEN L., RAVEN R. and VERBONG G. (2010) Local niche experimentation in energy transitions: a theoretical and empirical exploration of proximity advantages and disadvantages, *Technology in Society* **32**, 295–302. doi:10.1016/j.techsoc.2010.10.006
- COOKE P. (Ed.) (1995) *The Rise of the Rustbelt*. UCL Press, London.
- COOKE P. (1998) Introduction: origins of the concept, in BRACZYK H. J., COOKE P. and HEIDENREICH M. (Eds) *Regional Innovation Systems: The Role of Governance in a Globalized World*, pp. 2–25. UCL Press, London.
- COOKE P., HEIDENREICH M. and BRACZYK H.-J. (2004) *Regional Innovation Systems: The Role of Governance in a Globalized World*. UCL Press, London.
- DAVID P. (1985) Clio and the economics of QWERTY, *American Economic Review* **75**, 332–337.
- DEWALD U. and TRUFFER B. (2012) The local sources of market formation: explaining regional growth differentials in German photovoltaic markets, *European Planning Studies* **20**, 397–420. doi:10.1080/09654313.2012.651803
- DOSI G. and NELSON R. (1994) An introduction to evolutionary theories in economics, *Journal of Evolutionary Economics* **4**, 153–172. doi:10.1007/BF01236366
- ERICSSON K., HUTTUNEN S., NILSSON L. J. and SVENNINGSSON P. (2004) Bioenergy policy and market development in Finland and Sweden, *Energy Policy* **32**, 1707–1721. doi:10.1016/S0301-4215(03)00161-7
- ESSLETZBICHLER J. and RIGBY D. (2007) Exploring evolutionary economic geographies, *Journal of Economic Geography* **7**, 549–571. doi:10.1093/jeg/lbm022
- ESSLETZBICHLER J. and WINTHER L. (1999) Regional technological change and path dependency in the Danish food processing industry, *Geografiska Annaler, Series B: Human Geography* **81**, 179–196. doi:10.1111/j.0435-3684.1999.00903.x
- FORNELL R. (2010) *Energy Efficiency Measures in a Kraft Pulp Mill Converted to a Biorefinery Producing Ethanol*. Licentiate thesis, Chalmers University of Technology, Gothenburg.

EVOLUTIONARY ECONOMIC GEOGRAPHY

- FRENKEN K., VAN OORT F. and VERBURG T. (2007) Related variety, unrelated variety and regional economic growth, *Regional Studies* **41**, 685–697. doi:10.1080/00343400601120296
- GARUD R. AND KARNØE P. (2001) *Path Dependence and Creation*. Lawrence Erlbaum Associates, Mahwah, NJ.
- GEELS F. W. (2002) Technological transitions as evolutionary reconfiguration processes: a multi-level perspective and a case-study, *Research Policy* **31**, 1257–1274. doi:10.1016/S0048-7333(02)00062-8
- GEELS F. W. (2004) From sectoral systems of innovation to socio-technical systems, *Research Policy* **33**, 897–920. doi:10.1016/j.respol.2004.01.015
- GONZÁLEZ-EGUINO M., GALARRAGA I. and ANSUATEGI A. (2012) The future of old industrial regions in a carbon-constrained world, *Climate Policy* **12**, 164–186. doi:10.1080/14693062.2011.605707
- GRABHER G. (1993) The weakness of strong ties: the lock-in of regional development in the Ruhr area, in GRABHER G. (Ed.) *The Embedded Firm*, pp. 255–277. Routledge, London.
- HASSINK R. (1993) Regional innovation policies compared, *Urban Studies* **30**, 1009–1024. doi:10.1080/00420989320080921
- HASSINK R. (1997) What distinguishes 'good' from 'bad' industrial agglomerations?, *Erdkunde* **51**, 2–11. doi:10.3112/erdkunde.1997.01.01
- HASSINK R. (2010) Locked in decline? On the role of regional lock-ins in old industrial areas, in BOSCHMA R. and MARTIN R. (Eds) *Handbook of Evolutionary Economic Geography*, pp. 450–469. Edward Elgar, Cheltenham.
- HASSINK R. and KLAERDING C. (2011) Evolutionary approaches to local and regional development policy, in PIKE A., RODRÍGUEZ-POSÉ A. and TOMANEY J. (Eds) *Handbook of Local and Regional Development*, pp. 139–148. Routledge, London.
- HASSINK R. and SHIN D.-H. (2005) The restructuring of old industrial areas in Europe and Asia, *Environment and Planning A* **37**, 571–580. doi:10.1068/a36273
- HEALY A. and MORGAN K. (2012) Spaces of innovation: learning, proximity and the ecological turn, *Regional Studies* **46**, 1041–1053. doi:10.1080/00343404.2012.672725
- HUDSON R. (1989) Labour-market changes and new forms of work in old industrial regions: maybe flexibility for some but not flexible accumulation, *Environment and Planning D: Society and Space* **7**, 5–30. doi:10.1068/d070005
- HUDSON R. (1994) New production geographies? Reflections on changes in the automobile industry, *Transactions of the Institute of British Geographers* **19**, 331–345. doi:10.2307/622326
- HUDSON R. (2005) Rethinking change in old industrial regions: reflecting on the experiences of North East England, *Environment and Planning A* **37**, 581–596. doi:10.1068/a36274
- ISAKSEN A. (2001) Building regional innovation systems: is endogenous industrial development possible in the global economy?, *Canadian Journal of Regional Science* **24**, 101–120.
- KARLTORP K. and SANDÉN B. A. (2012) Explaining regime destabilisation in the pulp and paper industry, *Environmental Innovation and Societal Transitions* **2**, 66–81. doi:10.1016/j.eist.2011.12.001
- KAUFMANN A. and TÖDTLING F. (2000) Systems of innovation in traditional industrial regions: the case of Styria in a comparative perspective, *Regional Studies* **34**, 29–40. doi:10.1080/00343400050005862
- KEMP R. SCHOT J. W. and HOOGMA R. (1998) Regime shifts to sustainability through processes of niche formation: the approach of strategic niche management, *Technology Analysis and Strategic Management* **10**, 175–198. doi:10.1080/09537329808524310
- KLEIN WOOLTHUIS R., LANKHUIZEN M. and GILSING V. A. (2005) A system failure framework for innovation policy design, *Technovation* **25**, 609–619. doi:10.1016/j.technovation.2003.11.002
- LAESTADIUS S. (2000) Biotechnology and the potential for a radical shift of technology in forest industry, *Technology Analysis and Strategic Management* **12**, 193–212. doi:10.1080/713698464
- LANDABASO M., OUGHTON C. and MORGAN K. (2001) Innovation networks and regional policy in Europe, in KOSCHATZKY K., KULICKE M. and ZENKER A. (Eds) *Innovation Networks: Concepts and Challenges in the European Perspective*, pp. 243–273. Physica, Heidelberg.
- LARANJA M., UYARRA E. and FLANAGAN K. (2008) Policies for science, technology and innovation: translating rationales into regional policies in a multi-level setting, *Research Policy* **37**, 823–835. doi:10.1016/j.respol.2008.03.006
- MACKINNON D., CUMBERS A., PIKE A., BIRCH K. and MCMASTER R. (2009) Evolution in economic geography: institutions, political economy, and adaptation, *Economic Geography* **85**, 129–150. doi:10.1111/j.1944-8287.2009.01017.x
- MARTIN R. (2010) Roepke Lecture in Economic Geography: Rethinking regional path dependence: beyond lock-in to evolution, *Economic Geography* **86**, 1–27. doi:10.1111/j.1944-8287.2009.01056.x
- MARTIN R. and SUNLEY P. (2006) Path dependence and regional economic evolution, *Journal of Economic Geography* **6**, 395–437. doi:10.1093/jeg/lbl012
- MARTIN R. and SUNLEY P. (2007) Complexity thinking and evolutionary economic geography, *Journal of Economic Geography* **7**, 573–601. doi:10.1093/jeg/lbm019
- MELANDER A. (1997) *Industrial Wisdom and Strategic Change: The Swedish Pulp and Paper Industry 1945–1990*. JIBS Dissertation Series. Internationella handelshögskolan, Jönköping.
- MORGAN K. (1997) The learning region: institutions, innovation and regional renewal, *Regional Studies* **31**, 491–503. doi:10.1080/00343409750132289
- MORGAN K. (2012) Path dependence and the state: the politics of novelty in old industrial regions, in COOKE P. (Ed.) *Re-framing Regional Development: Evolution, Innovation, Transition*, pp. 318–340. Routledge, Abingdon.
- NATIONAL RENEWABLE ENERGY LABORATORY (NREL) (2014) *What is a Biorefinery?* (available at: <http://www.nrel.gov/biomass/biorefinery.html>) (accessed on 18 September 2014).
- NAUWELAERS C. and WINTJES R. (2002) Innovating SMEs and regions: the need for policy intelligence and interactive policies, *Technology Analysis and Strategic Management* **14**, 201–215. doi:10.1080/09537320220133866

EVOLUTIONARY ECONOMIC GEOGRAPHY

- NILSSON M. and MOODYSSON J. (Forthcoming 2014) Regional innovation policy and coordination: illustrations from Southern Sweden, *Science and Public Policy*.
- OJALA J., LAMBERG J. A., AHOLA A. and MELANDER A. (2006) The ephemera of success: strategy, structure and performance in the forestry industries, in LAMBERG J. A. and OJALA J. (Eds) *The Evolution of Competitive Strategies in Global Forestry Industries*, pp. 257–286. Springer, Amsterdam.
- OTTOSSON M. (2011) *Opposition and Adjustment to Industrial ‘Greening’: The Swedish Forest Industry’s (Re)actions Regarding Energy Transition, 1989–2009*. Linköping University, Linköping.
- OTTOSSON M. and MAGNUSSON T. (2013) Socio-technical regimes and heterogeneous capabilities: the Swedish pulp and paper industry’s response to energy policies, *Technology Analysis and Strategic Management* **25**, 355–368. doi:10.1080/09537325.2013.774349
- PORTER M. (2000) Location, clusters and company strategy, in CLARK G., FELDMAN M. and GERTLER M. (Eds) *The Oxford Handbook of Economic Geography*, pp. 253–274. Oxford University Press, Oxford.
- RAVEN R. (2005) Strategic niche management for biomass. PhD thesis, Technical University Eindhoven, Eindhoven.
- RIP A. and KEMP R. (1998) Technological change, in RAYNER S. and MALONE E. L. (Eds) *Human Choice and Climate Change*, vol. 1, pp. 327–399. Batelle, Columbus, OH.
- RODRÍGUEZ-POSÉ A. (2013) Do institutions matter for regional development?, *Regional Studies* **47**, 1034–1047. doi:10.1080/00343404.2012.748978
- SCHREYÖGG G. and SYDOW J. (2011) Organizational path dependence: a process view, *Organization Studies* **32**, 321–335. doi:10.1177/0170840610397481
- SIMMIE J. (2012) Path dependence and new technological path creation in the Danish wind power industry, *European Planning Studies* **20**, 753–772. doi:10.1080/09654313.2012.667924
- SKOGSINDUSTRIERNA (2013) *Skogsindustrin – En faktsamling. 2012 års branschstatistik* [The Forest Industry – Facts Collection]. Skogsindustrierna, Stockholm.
- SMITH A., VOß J.-P. and GRIN J. (2010) Innovation studies and sustainability transitions: The allure of the multi-level perspective and its challenges, *Research Policy* **39**(4), 435–448. doi:10.1016/j.respol.2010.01.023
- SMITH K. (2000) Innovation as a systemic phenomenon: rethinking the role of policy, *Enterprise and Innovation Management Studies* **1**(1), 73–102. doi:10.1080/146324400363536
- STEINER M. (1985) Old industrial areas: a theoretical approach, *Urban Studies* **22**, 387–398. doi:10.1080/00420988520080701
- STRAMBACH S. and KLEMENT B. (2013) Exploring plasticity in the development path of the automotive industry in Baden-Württemberg: the role of combinatorial knowledge dynamics, *Zeitschrift für Wirtschaftsgeographie* **57**, 67–82.
- TÖDTLING F. and TRIPPL M. (2005) One size fits all? Towards a differentiated regional innovation policy approach, *Research Policy* **34**, 1203–1219. doi:10.1016/j.respol.2005.01.018
- TRIPPL M. and OTTO A. (2009) How to turn the fate of old industrial areas: a comparison of cluster-based renewal processes in Styria and the Saarland, *Environment and Planning A* **41**, 1217–1233. doi:10.1068/a4129
- TRUFFER B. and COENEN L. (2012) Environmental innovation and sustainability transitions in regional studies, *Regional Studies* **46**, 1–21. doi:10.1080/00343404.2012.646164
- UNDERTHUN A., HILDRUM J., SVARE H., FINSRUD H. and VAREIDE K. (2014) The restructuring of the old industrial region of Grenland in Norway: between lock-in, adjustment, and renewal, *Norsk Geografisk Tidsskrift – Norwegian Journal of Geography* **68**, 121–132. doi:10.1080/00291951.2014.894566
- UNRUH G. C. (2000) Understanding carbon lock-in, *Energy Policy* **28**, 817–830. doi:10.1016/S0301-4215(00)00070-7
- WEBER M. and ROHRACHER H. (2012) A systems approach to transition dynamics: providing a foundation for legitimizing goal-oriented policy strategies, *Research Policy* **41**, 1037–1047. doi:10.1016/j.respol.2011.10.015

10 The future of public spaces in the dawn on rapid urban growth

Shifting agendas and a new roadmap

Kyle Farrell and Tigran Haas

We are faced today with a grave threat, not one solely based on the fact that we don't have answers to burning problems in society, but even more to the point that we don't possess a clear apprehension of what the main problems are and clear understanding of their real dimensions.

(Žižek, 2012)

Introduction

As cities grow, the task of managing them becomes increasingly complex. The unprecedented speed and scale of urban growth in the global south is often cited as the largest obstacle to achieving sustainable urban development. This is because alongside the growth in the number of people living in cities, there is also the need to supply quality urban infrastructure and services such as housing, schools, policing, streets, and public spaces. If the supply of these assets does not keep pace with the growing urban population, then the effects of urban diseconomies set in – this manifests itself in the form of crime, congestion, decaying infrastructure, and the inefficient allocation of land, to name a few. With the urban population projected to grow from 4 to 5 billion people by 2030, and with the total built-up area of the world's cities projected to double in the same amount of time, there remains a high degree of uncertainty as to whether or not the cities of the future will be desirable sites of opportunity, or if they will manifest themselves in the form of urban wastelands. This threat is most prominent in the fast growing cities of the global south. Given that urban planning decisions have the ability to lock cities onto specific long term paths, the decisions (or lack thereof) of policymakers today mark a critical juncture for the future of our cities. With 2015 and 2016 having been host to multiple global development processes that have a significant influence on cities – Sustainable Development Goals (SDGs), the United Nations Conference on Climate Change (COP21), and the Third United Nations Conference on Housing and Sustainable Urban Development (Habitat III) – it appears to a certain extent, that the urbanization story has already been written. The imperative question that remains is, will these decisions set our cities on course for a sustainable urban future, or will they deliver the 'coup de grâce' that will lead to their spiraling demise?

K. Farrell and T. Haas

This chapter examines the outcomes of the aforementioned global processes, reflecting on changes in the critical thinking underpinning cities and urban regions. Given that Habitat III is the most substantial process for the future of cities, particular attention has been directed towards this. The findings of which highlight a noticeable shift in emphasis from an approach to city-building focused on the quantitative supply of urban amenities, towards a growing trend that promotes livability and the importance of enhancing quality of life in cities. At the heart of this shift, is the growing recognition of a public space mandate that has been embedded in both the New Urban Agenda that arose out of the Habitat III process and Sustainable Development Goal 11: Sustainable Cities and Communities. Based on the findings of a four year research and policy project focused on public space, this chapter concludes by advancing a number of key principles for leveraging public space as a transformative element of city-building.

A mounting pressure ...

The urban transformation that unfolded in Europe and North America more than a hundred years ago was driven mainly by rural push and urban pull factors. Breakthroughs in agricultural technology led to increased productivity, creating a surplus labor force in the countryside, or as Adna Weber aptly put it, “the divorce of men from the soil” (1899, p. 160). Simultaneously, an industrial revolution had been taking off in the English midlands and spreading elsewhere, attracting surplus labor from the countryside to economic agglomerations in the form of cities with the promise of employment and economic gain. Historically speaking, rural to urban migration was the dominant source of urban growth during this time; as demographic factors in the form of high mortality rates placed a natural ceiling on cities, safeguarding that they would not grow excessively in scale (Davis, 1965). Subsequently, these cities were appropriately labeled ‘demographic sinks’ (Fox & Goodfellow, 2016). Since then, breakthroughs in medical technology, public health, and improved sanitation resulted in changes in mortality and fertility patterns. A particularly large window between reductions in birth rates and death rates created a circumstance in which urban natural population increase has now replaced rural to urban migration as the dominant contributor to the growth of cities (Montgomery, Stren, Cohen, & Reed, 2004). The cumulative combination of these drivers has given rise to unique forms of rapid urban growth, placing substantial pressure on cities of the global south; alternatively earning them the label of ‘mushrooming cities’ (Jedwab, Christiansen, & Gidelsky, 2015). In many instances, this pressure has outstripped the capacity of local governments to respond to the needs of the city and to supply the necessary infrastructure needed to grow efficiently. Consequently, many of the over-congested megacities of the global south are plagued by features of unplanned urbanization. This is most commonly characterized by traffic congestion, infrastructure deficits, overwhelmed basic services, lack of adequate land and housing, and poor supply and maintenance of public

The future of public spaces

spaces (Jedwab et al., 2015; Kumar & Kumar Rai, 2014). In 1950, there existed only six cities with a population greater than 5 million people, and out of those, all but one were located in developed countries; however, today, this amounts to 52 cities, of which 42 are located in developing countries (Cohen, 2004). In contrast to the incremental growth experienced in North America, Europe, and Oceania (and to a large extent in Latin America), the growth that is persistently unfolding in cities across Asia and Africa is of an unprecedented scale.

Figure 10.1 reflects urban population growth by all major regions of the world for the time period 1950–2050. Between 1950 and 2000, the urban population of Asia grew by more than one billion people, with this figure projected to nearly double between 2000 and 2050. Additionally, Africa's urban population grew by nearly 250 million people between 1950 and 2000, with projections of an additional billion people set to occur between 2000 and 2050. Today, urbanization is very much a product of the global south, requiring us to rethink the challenges cities face and how to best plan and manage their growth.

Alongside the growing trend of rapid urban growth set to continue in developing countries in the coming decades, local governments are tasked to come up with innovative approaches for municipal service delivery. If the required resources and planning foresight is not realized, negative externalities in cities are likely to triumph, overrunning the benefits that accrue from agglomeration and economies of scale (Fox & Goodfellow, 2016). Although the vast majority of countries today are celebrating the fact that we have entered an urban age, most countries – especially those located in developing regions – are significantly unprepared for the challenges that will accompany it. With more than 90% of urban population growth between now and 2050 occurring in Asia and

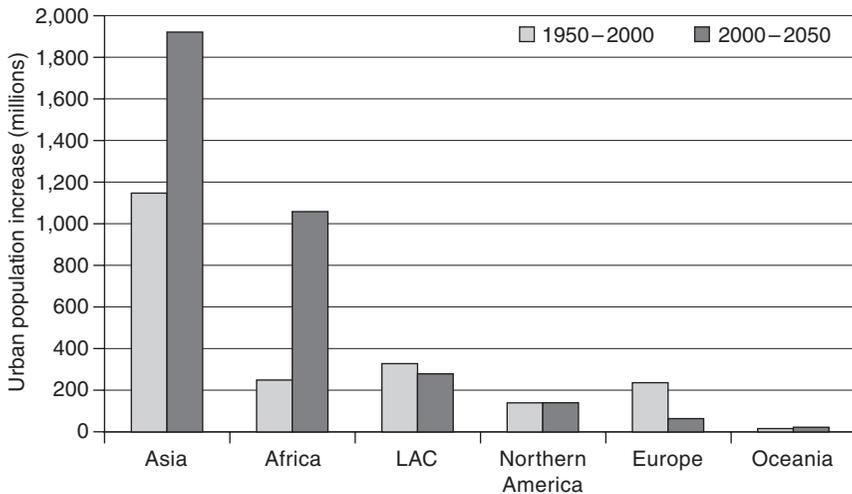


Figure 10.1 Urban population growth by major world region, 1950–2050.

Source: Project for Public Spaces (2016).

K. Farrell and T. Haas

Africa (United Nations, 2014), it is these cities that will be most affected by the decisions taken in the policy arenas of today. In an attempt to cope with such intensive growth and promote the principles of sustainable urban development, experts from around the world have joined forces under the auspices of Habitat III to establish a New Urban Agenda that aims to chart out how cities should be planned and managed over the next two decades.

The New Urban Agenda

The global urban agenda has undergone immense change over the past 40 years. During the 1970s, there was increasing recognition of the uncontrollable growth of cities around the world. In developing countries, the increasing pressure on cities led to high levels of unplanned urban growth, often manifesting itself in the form of informal settlements and decaying infrastructure (Bairoch, 1988). Cash-strapped local governments were unable to provide the necessary housing and basic services to accommodate the growth of cities and in many instances chose the route of forced eviction. At this time, there were hardly any international fora or collaborative dialogues to address such immense urban issues; as previous attention was focused towards rural development (Fox & Goodfellow, 2016). With growing concern over these experiences, it was decided that there would be significant value in shared cooperation, giving rise to the first United Nations Conference on Human Settlements (Habitat I). Attended by government representatives from around the world, the challenges of slums, poverty, and basic services were heavily discussed during Habitat I, leading to the adoption of the Vancouver Declaration on Human Settlements; which was primarily focused on the housing deficit and a lack of access to basic services. Merely 20 years later, economic, social, and environmental concerns persisted in both developed and developing countries. Member States from around the world reconvened in Istanbul in 1996 for the second United Nations Conference on Human Settlements (Habitat II). This gathering took the decision to reach beyond the fundamental issue of access to adequate shelter, broadening the urban development agenda to include issues related to governance, transportation, employment, and education. Given the success that followed the 1992 Earth Summit held in Rio de Janeiro, a sustainability mandate would come to serve as the backbone of the Istanbul Declaration on Human Settlements.

Today, many of the same challenges still persist. Informal settlements are on the rise, with more than 863 million people living in slums, 1 in 10 people live without access to safe water, and 1 in 3 lack access to a toilet (UN-Habitat, 2012). Growth in personal consumption has led to growing inequality, which has spatially manifested itself in the form of segregated neighborhoods, leading to profound volumes of urban sprawl. Today, most cities are experiencing lower densities and more dispersed patterns of urban growth (Angel, 2011); this has created competition between the public and private spheres and resulted in devastating effects to forests and wetlands. Coming out of Habitat III in Quito, Ecuador in 2016, it is difficult to predict what future cities will look like;

The future of public spaces

however, the adopted outcome document gives us some indication of the major concerns that need to be acknowledged and addressed. Figure 10.2 below showcases the substantive issues that have received the spotlight in the New Urban Agenda, and have been quantified based on the number of items in the agenda pertaining to each issue.

It is largely of no surprise to see that substantive issues related to the planning and design of cities, infrastructure and basic services, and housing rank near the top of the list; as these were all key concerns in which Habitat I was founded. Additionally, as Habitat II expanded its mandate, related issues such as ecology and resource management, jobs and livelihood, governance, and transportation and mobility found themselves central to the urban dialogue. That being said, the negotiations surrounding Habitat III have reflected quite a dramatic shift in mandate. Early discussions, issue papers, and preliminary drafts of the New Urban Agenda had demonstrated a growing awareness pertaining to improved quality of life through the enhancement of the social fabric of the city. This can be seen in the recognition of issues such as inclusive cities, safety, culture and heritage, and most interestingly, public space in the New Urban Agenda. Public space has received considerable attention in recent years, also having been highlighted in the Sustainable Development Goals. Target 11.7 calls for the provision of “universal access to safe, inclusive and accessible, green and public spaces, particularly for women and children, older persons and persons with disabilities.” Such an inclusion marks a significant turning point in the dialogues surrounding urban development. Previously, the urban agendas had a tendency to emphasize quantitative approaches to planning cities, which focused predominantly on the supply of hard infrastructure. However, the New Urban Agenda and the Sustainable Development Goals appear to have broken this cycle,

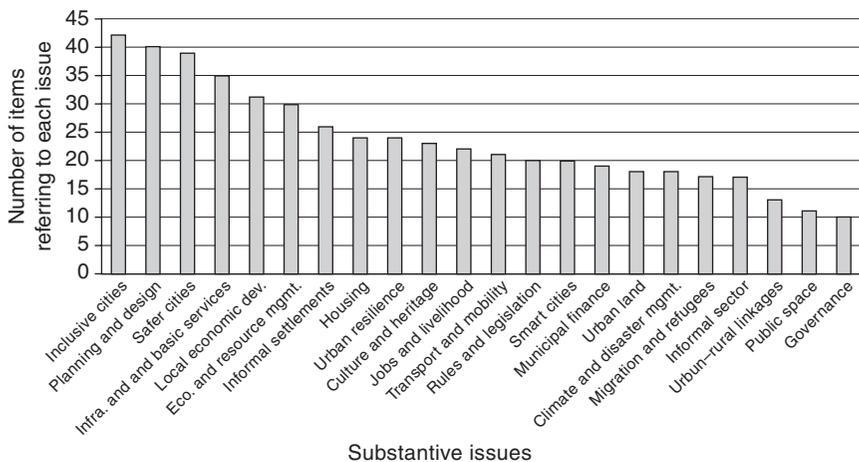


Figure 10.2 Frequency of substantive issues in the Habitat III New Urban Agenda, 2016.

Source: Diagram designed by authors.

K. Farrell and T. Haas

emphasizing the addition of qualitative indicators for measuring progress and the issues of how to design cities that provide structure and empower people to create and control their own lives. Although public space can be viewed as a part of the hardware of cities, it very much characterizes elements of the software of cities as well – inclusivity, health, culture, the occasion for chance experiences, and a growing sense of pride and ownership.

The value of a public space agenda and beyond

As mentioned above, characteristics pertaining to the social fabric of the city have largely been overlooked in past agendas. This is because historically there has been a tendency to view cities as an assemblage of urban infrastructure (i.e., buildings, roads, and basic services). But this is only half the story. Studies have shown that cities that place a premium on immaterial values such as accessibility, health, safety, culture, and heritage have experienced significant urban transformations (UNESCO, 2016); take for example cities like Curitiba, Bogota, and Seoul. Additionally, it is those cities that commit to promoting quality of life and wellbeing that consistently rank among the most livable in the world – Vancouver, Zürich, and Melbourne, for example. The evidence seems to indicate that the most transformative and livable cities view themselves beyond physical assets and instead strive to become lively, vibrant, and dynamic places. At the center of such urban transformation and regeneration projects is the public realm. This is because public spaces – including streets, squares, parks, plazas, etc. – are complex, but also very simple multifunctional areas for human life. They have the ability to offer ecological diversity and appeal, economic exchange on multiple scales, and dynamic social interactions inclusive of cultural expression among a wide variety of people, religions, ethnicities, genders, and opinions. For planners and policymakers looking to enhance the social fabric of their cities, a public space agenda can be turned to as an effective strategy. Figure 10.3 highlights a range of benefits that result from active investment in quality public spaces: accessibility, local economy, social interaction, health and wellbeing, sense of community, and sense of comfort. A shift in focus towards a public space agenda incorporates a holistic, ecological approach to urban planning that correlates the smaller and more personal neighborhood scale with the metropolitan scale of the region. There, within a community led effort, principles of diversity, conservation, and human scale (Calthorpe, 2012) merge with the idea of economic, ecological, and social sustainability, where the benefits of public spaces become crucial for the community.

It is through the formation of ‘community’ that public spaces are most noted for (re)establishing social capital in cities. Traditionally, the main function of the community (or *gemeinschaft*) was to serve as a link between the people and society creating an arena of common interest; that way citizens could relate to their societies in both a geographic and non-geographic sense (Hoggett, 1997; Tönnies, 1988). This becomes a central concept of public space at every level of interaction and experience among people. At the backbone

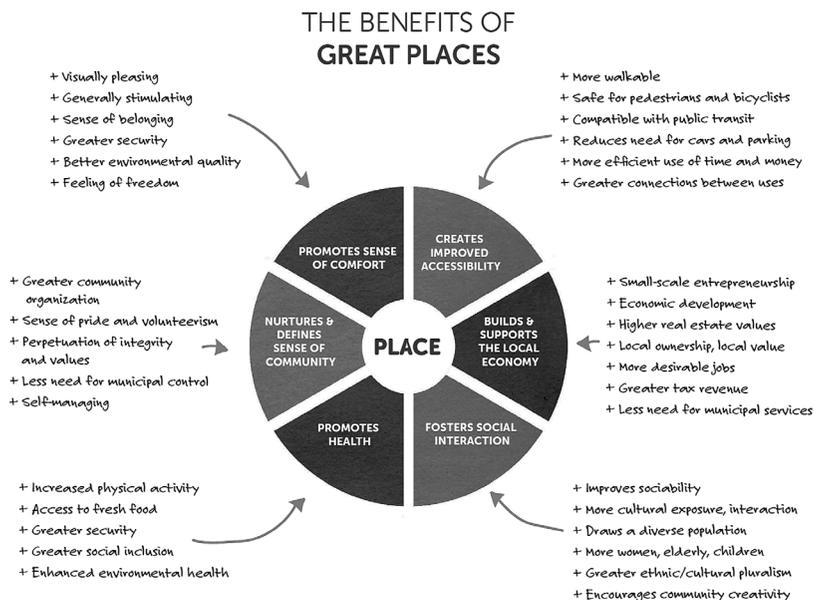


Figure 10.3 The benefits of public spaces.

Source: Project for Public Spaces, 2016.

of ‘community-building’ is the notion of ‘the third space.’ This consists of the social surroundings separate from the ‘first’ and ‘second places’ – those of ‘home’ and ‘work.’ Such places are necessary for allowing diversity to flourish, and people to learn to live with and negotiate among each other. It is in these communal spaces that people generate a sense of pride, social cohesion, and civic identity. Oldenburg (1991) makes the case that third places are integral elements for establishing civil society, direct democracy, engagement, and the feeling of attachment and sense of place. Such spaces serve as arenas for equity, diversity, and justice. It is also in these places where marginalized groups can exercise their rights, voice their opinions, and stand up against injustice in a democratic forum; even if that means in some instances a temporary or permanent loss of order, control, and comfort.

Additionally, vibrant streets and inclusive public spaces become places of economic value and benefit – promoting income, investment, wealth creation, and providing employment (Andersson, 2016). The economic value of interconnected systems of quality public spaces manifests itself via direct attraction-marketing and business points in the form of bustling streets, active parks and squares, and other appealing forms of public space. These spaces attract, retain, and lock people of all kinds; especially if they are well maintained and of high aesthetic quality. Public spaces and good urban places provide numerous benefits to all forms of business, innovation, and entrepreneurship; spanning both

K. Farrell and T. Haas

formal and informal sectors. Furthermore, public spaces can be utilized as a novel approach to intensify the vitality of the city through urban renewal programs. This in turn has the ability to increase property values, which can then be captured in the form of taxes through innovative approaches to municipal finance, such as land value capture.

From an environmental perspective, public space plays an important role in reducing pollution in cities, increasing ecological diversity, and reducing energy consumption (Beatley, 2010). Research has shown that increased exposure to nature and green space has proven to offer additional health benefits, thus reducing the overall public expenditure on healthcare (Kaplan, 1995). Health benefits accrue due to increased access to clean air, reduction in noise pollution, reduced exposure to direct sunlight, and a decline in stress levels resulting from positive aesthetic appeal. Open space conservation and the creation of city parks and public spaces in general can thus be seen as investments that produce significant economic and health benefits for society (Wolf & Flora, 2010).

Threats to an emerging public space agenda

Where a clear and proactive public space agenda exists, public spaces have demonstrated an inherent ability to bring people together. However, when planned, designed, or managed poorly, they also have the ability to create or add to conflict between people and communities, and bring unattractive places of insecurity, loss, and fear. It is thus important to note that it is not just a matter of building public spaces to enhance the social fabric of cities, but also ensuring their quality in order to avoid generating cycles of urban decline. Although a well-planned public space agenda has the ability to redefine the image of a city, under conditions of rapid urban growth the public space agenda still faces many impending obstacles; most noticeable is a growing tendency towards increased privatization and homogenization (Kes-Erkul, 2014). Such obstacles threaten the effectiveness of public space as a means of enhancing quality of life in cities. According to De Magalhaes (2010) traditional functions of public spaces are frequently challenged by new approaches to and alternative forms of public space provision and management, from which several important new trends have emerged. These trends tend to concentrate on a shift towards profit-building, privatization, and strict planning approaches and measures. Alongside the growing privatization of public space, the changing patterns of urban growth begin to threaten the public space agenda. Today we see more and more privatization in the management of public space which also results in public space commodification and homogenization in cities of both the global north and the global south; this places social capital and publicness (the quality or state of public openness) under threat. The adverse effects of privatization, social exclusion, and increased control of space have drawn particular attention towards the concept of publicness in recent years (Németh & Schmidt, 2011). This is important, because it is the overall degree of publicness which tends to define the quality of public space and how effectively it can serve society.

The future of public spaces

A distinction between private and public is critical because it is exactly in the public realm that we find a prime drive toward more privatization, that is, residential desires for safety, security, stability, and relative social homogeneity; all of which influences the choices made on the provision of public space (Haas & Olsson, 2014; Low, 2006). That said, such choices have consequences for the people, whose sense of belonging to a specific area is based on their rights to universal access. The link between urban society, public space, and planning approaches becomes an important element in understanding the complexity of urban transformation in the public realm (Amin, 2008). The important nexus in this respect lies in the private and public domains and in what sense a public space can be defined as a public good (Haas & Olsson, 2014).

Public spaces have always been the arenas of conflict and potential struggle over claims to its control and over its accessibility to different groups in society. Public spaces are meant to characterize positive aspects of urban living – inclusivity, accessibility, the disregard of status, and serve as the domain of the common concern. However, too often, we are seeing private interests get in the way, leading to greater inequalities, growing signs of exclusivity and an overall erosion of ‘the commons.’ This raises questions as to who the city is meant to serve, and whether or not the public realm is really public (Sennett, 2013). Harvey (2008) warns of an increasing threat pertaining to the homogenization of public space in cities, to such an extent that they are no longer promoting a diversity of uses and people. The key issue is that the public realm needs to remain an open and democratic common good of transformative character and not one that is generic and stable.

Public space agendas must therefore ensure that processes are collaborative, inclusive of all actors, and strongly embedded in sustainable stewardship and a profound understanding of what urban commons and public goods really mean for the city. At the same time, to those in power, public space can be viewed as a threat, posing the risk of temporary or permanent loss of order. This is because public spaces serve as arenas for equity, diversity, and justice where marginalized groups are availed an opportunity to make themselves heard and even protest against injustice in a democratic forum (Parkinson, 2012). For the citizenry, public spaces can serve as the primary vehicle for change when other approaches prove to be ineffective. The ‘January 25 Revolution’ that unfolded in Tahrir Square, Cairo in 2011 speaks to the political dynamism surrounding a public space agenda (Figure 10.4). Thus, the struggle for the city and public space will always remain especially in light of the constant threats of neoliberal consumerist agendas.

Moving forward: a public space roadmap for livable cities

Over the past two decades, cities have gained relevance in all areas of environmental, social, cultural, and economic discourse. The most thriving and livable cities as well as sustainable ones in the future will be those that encapsulate the public realm and the people who utilize these places in a vibrant, connected, and

K. Farrell and T. Haas



Figure 10.4 Protests in Tahrir Square, Cairo, Egypt.

dynamic way. Despite the numerous successful examples, the need for public spaces has not been given the attention that it deserves, especially in the cities of the global south. In general, public space is often overlooked and underestimated by policymakers, leaders, planners, architects, and real estate developers. That being said, the New Urban Agenda that arose out of Habitat III and the Sustainable Development Goal 11 will be the largest initiatives directed towards creating more livable cities; offering improved quality of life for their citizens. Although these global processes demonstrate the political will to leverage public space as a tool for making more sustainable and livable cities, the details of what such an agenda should look like have largely been neglected. The following overview provides some insight as to the necessary elements needed to generate a public space agenda capable of promoting livability and improved quality of life in cities. These represent the findings of a four year initiative titled ‘The Future of Places’ aimed at elevating the importance of a public space agenda in various global policy arenas (see Future of Places, 2015). Figure 10.5 below illustrates a selection of key findings from this study.

First, as an arena for public use and social interaction, public spaces are regularly developed, managed, and maintained by municipal governments, often creating a situation where other stakeholders are left out of the discussion. By adopting a people-centered approach to urban planning, local governments increase their potential to effectively establish a shared commitment, creating further opportunities for localized planning and maintenance of public space.

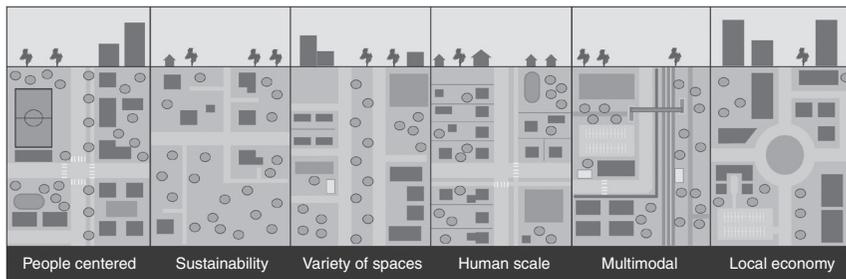
The future of public spaces

Figure 10.5 Selected key messages on public space from the Future of Places project.

Second, a public space agenda is strengthened by incorporating principles of social, economic, and environmental sustainability. Social sustainability requires security, equity, and justice; economic sustainability benefits from affordable capital and operating budgets; environmental sustainability addresses ecological and health issues. Additional attention to culture and heritage will help to ensure that public space is made unique through cultural and contextual elements that complement and enrich identity. Such an approach promotes a diversity of public space typologies.

Third, in many places around the world, there has been a reduction of urban public space, a lack of clear boundaries between the public and private spheres and diminished freedom of expression and movement. This is because the market alone does not always provide a diverse range of public and private spaces. Therefore, a more nuanced approach that provides a variety of open places, including semi-public and semi-private space, is needed. A diversity of public spaces helps to reinforce the idea that the city is there to serve a wide array of its citizens, and that it is not reserved for a select few.

Fourth, all public space needs to be of a human scale and respond to a variety of functions and patterns of use based on an understanding of human behavior, health, needs, sensibilities, and aspirations. In doing so, it should serve vulnerable members of the population, including elderly, disabled, youth, and low income groups, to ensure their physical, social, and political inclusion in the allocation and design of public spaces. Public space thus has a responsibility to be flexible and open enough to serve a variety of users and uses, ranging from informal to formal settlements.

Fifth, streets should serve as multimodal networks of social and economic exchange, forming the urban framework of interconnected public space. Walkability, social interaction, multimodal mobility, and accessibility should be supported by a fine grained block and street network lined with buildings providing amenities and services with a mix of uses and sizes. A holistic, evidence-based approach to the city is necessary with attention focused not only on the space itself, but its form, function, and connectivity.

K. Farrell and T. Haas

Sixth, investing in public space can have powerful social, economic, cultural, and health benefits. If people are committed to their future in a specific place, they invest more time and capital in that place, which has a positive impact on the local economy and creates a virtuous cycle of economic growth. Public space stimulates the small scale, local, and informal economy, as well as generates tax revenue for municipal budgets. Innovative tools such as land value capture can help to ensure that investment in public space offers an economically sustainable approach to city-building.

Some conclusions

The common denominator that gives cities their decisive prowess is their ability to concentrate people; this is because the convenience of proximity benefits all, allowing the city to thrive by bringing people and ideas together. However, if gone unmanaged, cities can lose out to the ‘demons of density,’ paradoxically giving rise to negative consequences of urban concentration (Glaeser, 2011). The advent of rapid globalization and rapid urban growth has initiated a process of urban transformation, posing new challenges for planning and managing cities. As cities grow, the lack of infrastructure, open spaces, and public amenities begins to undermine the wellbeing of their inhabitants. Thus, as new cities and conurbations emerge globally, and older ones grow or decay in urban prosperity or urban blight, it is imperative that we be thoughtful in planning and designing their futures. The cities that will do best in the future will be those that capsulize the public realm and the people who utilize these places. This is because public spaces have the potential to systematically support a complex agenda of livability and sociability, economic prosperity, community cohesion, and overall sustainability for cities. The inclusion of public space in the New Urban Agenda and the Sustainable Development Goals is a welcome shift towards improving quality of life in cities. In doing so, it encourages urban planners and decision makers to shift away from the natural tendency of viewing the city as an assemblage of urban infrastructure, to instead focus on building integrated and holistic cities that deliver the experiences and interactions desired by their citizenry. However, success will not be achieved on its own. As elements of the New Urban Agenda are cemented into urban plans, strategies, and frameworks around the globe, it will take bold leadership from elected officials and the public to realize the true value of public space as a tool capable of defining the image of the city. Cities, both in the north and south, have fallen short in dealing with the most burning problems of our society and also recent critical transformations in the becoming: those of mass and hyper immigrations, financial crisis, breakdown of the traditional industries, globalization and more. They simply cannot fall short or fail on the public space agenda. Those cities currently experiencing rapid urban growth therefore need to be thoughtful in how they deal with public assets and amenities; those that do not plan ahead will find the public realm under serious threat. There is thus a need to encourage national and local governments to establish legislation, policies, norms, and best practices that enable a

The future of public spaces

public space agenda to thrive, and thus promote a holistic and integrated approach to planning and designing cities (Andersson, 2016). Unlike other infrastructure, public spaces afford a human element to the city; offering an opportunity for residents to improve their health, prosperity, quality of life, and overall to enrich their social relations and cultural understanding. Although key decisions have already been taken in the policy arenas of 2015 and 2016, the future of cities is still in the hands of the stakeholders that comprise them. Any attempt to establish a public space agenda that does not place the citizens at the center of it will face severe constraints in their attempt to build livable cities.

References

- Amin, A. (2008). Collective culture and urban public space. *City*, 12(1), 5–24.
- Andersson, C. (2016). Public space and the New Urban Agenda. *The Journal of Public Space*, 1(1), 5–10.
- Angel, S. (2011). Making room for a planet of cities. *Policy Focus Report*. Cambridge: Lincoln Institute of Land Policy.
- Bairoch, P. (1988). *Cities and economic development: From the dawn of history to the present*. Chicago: University of Chicago Press.
- Beatley, T. (2010). *Biophilic cities: Integrating nature into urban design and planning*. Washington, DC: Island Press.
- Calthorpe, P. (2012). *Urbanism in the age of climate change*. Washington, DC: Island Press.
- Cohen, B. (2004). Urban growth in developing countries: A review of current trends and a caution regarding existing forecasts. *World Development*, 32(1), 23–51.
- Davis, K. (1965). The urbanization of the human population. *Scientific American*, 213(3), 40–53.
- De Magalhaes, C. (2010). Public space and the contracting-out of publicness: A framework for analysis. *Journal of Urban Design*, 15(4), 559–574.
- Fox, S., & Goodfellow, T. (2016). *Cities and development* (2nd ed.). New York: Routledge.
- Future of Places (2015). *Key messages from the Future of Places conference series*. Ax:son Johnson Foundation: Stockholm.
- Glaeser, E. (2011). *Triumph of the city: How our greatest invention makes us richer, smarter, greener, healthier and happier*. London: Pan Macmillan.
- Haas, T., & Olsson, K. (2014). Transmutation and reinvention of public spaces through ideals of urban planning and design. *Space and Culture*, 17(1), 59–68.
- Harvey, D. (2008). The right to the city. *New Left Review*, 53, 23–40.
- Hoggett, P. (1997). *Contested communities: Experiences, struggles, policies*. Bristol: Policy Press.
- Jedwab, R., Christiansen, L., & Gidelsky, M. (2015). Demography, urbanization and development: Rural push, urban pull and... urban push? *Policy Research Working Paper 7333*. Washington, DC: World Bank.
- Kaplan, S. (1995). The restorative benefits of nature: Toward an integrative framework. *Journal of Environmental Psychology*, 15, 169–182.
- Kes-Erkul, A. (2014). From privatized to constructed public space: Observations from Turkish cities. *American International Journal of Contemporary Research*, 4(7), 120–126.

K. Farrell and T. Haas

- Kumar, A., & Kumar Rai, A. (2014). Urbanization process, trend, pattern and its consequences in India. *Neo Graphia*, 3(4), 54–77.
- Low, S. (2006). The erosion of public space and the public realm: Paranoia, surveillance and privatization in New York City. *City & Society*, 18(1), 43–49.
- Montgomery, M., Stren, R., Cohen, B., & Reed, H. (2004). *Cities transformed: Demographic change and its implications in the developing world by the Panel on Urban Population Dynamics*. London: Earthscan, 75–107.
- Németh, J., & Schmidt, S. (2011). The privatization of publicness: Modelling and measuring publicness. *Environment and Planning B: Planning and Design*, 38(1), 5–23.
- Oldenburg, R. (1991). *The great good place: Cafes, coffee shops, community centers, beauty parlors, general stores, bars, hangouts, and how they get you through the day*. New York: Marlowe & Company.
- Parkinson, R. (2012). *Democracy and public space: The physical sites of democratic performance*. New York: Oxford University Press.
- Project for Public Spaces. (2016). *The benefits of great places*. Retrieved January 5, 2017, from www.pps.org/.
- Sennett, R. (2013). Reflections on the public realm. In G. Bridge & S. Watson (Eds.), *The new Blackwell companion to the city* (Chapter 32, pp. 390–398). London: Wiley-Blackwell.
- Tönnies, F. (1988). *Community and society* (Gemeinschaft und Gesellschaft). New Jersey: Transaction Publishers, Rutgers.
- UNESCO. (2016). *Global report on culture for sustainable urban development*. Paris: UNESCO.
- UN-Habitat. (2012). *State of the world cities 2012/2013: Prosperity of cities*. Nairobi: UN-Habitat.
- United Nations. (2014). *World urbanization prospects*. ST/ESA/SER.A/366. New York: Department of Economic and Social Affairs.
- Weber, A. (1899). *The growth of cities in the nineteenth century*. New York: The Macmillan Company.
- Wolf, K., & Flora, K. (2010). Mental health and function: A literature review. In *Green Cities: Good Health*. College of the Environment, University of Washington.
- Žižek, S. (2012, May 13). *Nedeljom u dva* (Hard talk). Hrvatska Radiotelevizija, HRT. Croatian Television.

21 Sharing cities for a smart and sustainable future

Duncan McLaren and Julian Agyeman

Introduction

In this chapter we explore the contemporary terrain, contestations, and transformations of sharing in cities and seek to explain how these might be harnessed to rebuild social cohesion in forms suited to a globally interconnected, post-modern, intercultural world. We see new technologies and business models reshaping values and behaviours in ways that could help deliver sustainability and justice: but also in ways that are vulnerable to cooption by destructive and inequitable economic interests. We argue that by learning from the experience and expertise of civic, charitable, and communal sharing, as well as from the commercial sharing economy, cities can adopt a ‘sharing paradigm’ understanding of urban life and social practices, based on recognition, protection, and development of urban commons, and use this to guide strategy and action.

Around half of the world’s population already lives in cities, and by 2050 the share will be over two-thirds. Economic and political inequality between the ‘global city’ (Sassen, 2001) of increasingly interconnected financial and commercial urban cores; and depressed and declining hinterlands (that nonetheless remain essential to the supply of labour and resources) is already severe. Continuing urbanization is thus both a major challenge, and in light of the sharing paradigm, also a great opportunity. The nature of urban space enables, and necessitates, sharing, and the more we share the more we can – at least in theory – enhance ‘just sustainabilities’ (Agyeman, Bullard, & Evans, 2003) by decreasing inequalities, increasing social capital, and decreasing resource use. A focus on sharing offers a new way of understanding and designing urban futures.

The chapter proceeds as follows. In the first section, we outline the breadth of sharing practice, its evolutionary roots, and historic emanations in cities. We then describe and theorize current transformations in sharing from traditional evolved communal forms, to intermediated commercial forms. The third section identifies and discusses forms of urban sharing beyond the commercial, highlighting the focus on urban commons in concepts such as social urbanism. In the next section we highlight the ways in which social inclusion and interculturalism, including recognition of and respect for counter-cultures, is central to the shift in values and norms implied in the sharing paradigm. The fifth section

Sharing cities for a smart future

explores the new and revived forms of collective politics that become possible in a sharing city (contrasting them briefly with the post-political tendencies of ‘smart cities’). In the final section, we outline some of the practical steps necessary to build genuinely smart and sustainable sharing cities.

The roots of sharing

In this section we outline the breadth of sharing practice, its evolutionary roots, and historic emanations in cities. In modern cities – with increasing specialization, ever-longer supply chains, and ever wider environmental footprints – people are more deeply interdependent on one another and in greater numbers than ever. Urban-rural dichotomies are steadily eroding, contributing to what could be called a ‘post-urban’ condition of spatial interdependence.

The human species’ evolved response to interdependence is sharing. From humanity’s earliest days as hunter-gatherers, collaborating in the hunt and sharing in its fruits; to neighbours sharing food, seeds, and recipes across garden walls and kitchen tables; sharing has been an intrinsic part of how people live ‘together’ (Sennett, 2013). Cities have been built around shared spaces – market-places, churches, and public squares; shared infrastructures – roads, water supply, and sewerage; and shared services throughout history. These critical ‘urban commons’ of infrastructure, public spaces and services, social opportunity, and cultural interaction are, however, as much a shared creation of the citizens as the result of city authority planning or investment.

Our understanding of ‘sharing’ follows dictionary definitions in encompassing processes whereby we divide something between multiple users; or in which we use, occupy, or enjoy something jointly with one or more others. We recognize a broad spectrum of things that can be shared, ranging from material resources and production facilities, to services, experiences, and capabilities. In this we echo real life practice and common usage of the terms ‘share’ and ‘sharing’ in which there is also a clear and intended moral undertone of fairness.

In practice, humans share a wide range of things in a remarkable diversity of ways. We share things – like cars or books. We share services like education, healthcare, co-working spaces, or places to sleep. We share our views and values, our activities and experiences (from politics to leisure). Yet we could share much more. Our sharing can be material or virtual; tangible or intangible; it can enable consumption, or production. It can be simultaneous in time, as with public spaces, or sequential as with recycling material; it can be rivalrous like car-sharing, or non-rivalrous like open-source software; and the distribution of shares might be by sharing in parts (as we would share a cake) or sharing in turns (like a bike). Yet we could share more often. We share with other private individuals, in collective groups and as citizens using state provided resources and services, such as green space, sanitation, city bikes, or childcare. Yet we could share more widely.

In all its forms sharing is a product of humans’ evolved nature as social animals. But as contemporary evolutionary science explains (Pagel, 2012), it is

D. McLaren and J. Agyeman

as much a cultural evolution, as a biological one, rooted in our ability to cooperate in tribes and to trust and reciprocate with others in our social groups. Our evolved sharing nature underlies socio-cultural traditions of sharing that persist to this day, and encompass huge swathes of human interaction. In large parts of the world traditional sharing in extended families remains the norm, and across local communities both rural and urban, gift economies based in reciprocal social obligations underpin the basics of life – water, shelter, food, clothing, and care.

Yet in modern cities – especially in the global North – such socio-cultural forms of sharing have been increasingly undermined, not just by social fragmentation but also by commercialization of the public realm and privatization of shared infrastructures and services. It might be argued that trends of social fragmentation, commercialization, privatization, and individualization represent some sort of ‘victory’ for capitalism, and public rejection of the large-scale sharing approaches embodied in state communism, and associated with levels of state control and surveillance that many found unacceptable. But the legacies of socialist systems – with agricultural collectives, nationalized industries, and broad public services motivated by concerns to both increase social justice and conserve resources through sharing – persist, with broad public support, notably in Europe. In Scandinavian cities, for example, shared facilities range from children’s playgrounds to laundry-rooms and storage areas in apartment blocks, while throughout Europe, welfare states use taxation to fund common services including health and education, that are often free at the point of delivery.

Although the spread of liberal capitalism has triggered changes that have decimated both socio-cultural and state-led sharing, it has also offered new freedoms and potential for greater individual equality. Traditional communities are not without social downsides: often heavily gendered, misrecognizing of difference, and oppressive of minorities. Cities have long offered both economic and social opportunities for people to escape the strictures and oppression of traditional communities, to lose and to find themselves, and to reweave the narratives of their identities. Even so, incomers in cities often form new communities in which traditional sharing remains critical for new arrivals, especially within ethnic and national immigrant cultures. The widespread erosion of social capital (Putnam, 2000), loss of community and public support structures and collective capabilities that support health, learning, and our needs for social affiliation and interaction is therefore a serious problem. Neoliberal, individualist markets simply cannot meet such needs, however hard advertisers and brand managers try to persuade us otherwise.

Sharing transformations

In this section we describe and theorize the current transformations in sharing from traditional evolved communal forms, to intermediated commercial forms.

The emergence of new peer-to-peer and forms of sharing at the intersection of cities’ highly networked physical and cyber-spaces is both interesting and

Sharing cities for a smart future

exciting. It promises not only more efficient allocation of resources and opportunities, but to also meet basic human needs for interaction and affiliation, and to establish new inter-cultural modes and norms of sharing that can roll out across the whole of society. Contemporary sharing on a grand scale is not dependent on the same social, political, or technological base that prevailed in the mid 20th century, and has the potential to transcend the stale dualism of state and market. Nonetheless, like state-mediated socialist sharing, and in common with most ‘online’ or web-mediated activity (Bernal, 2014), it too raises concerns about surveillance and privacy, especially when associated with ‘smart city’ approaches.

Following Botsman and Rogers (2010) we see four enabling and driving factors in the rapid growth of ‘collaborative consumption’. First: technological change, in the form of online peer-to-peer social networks and real time technologies. The key new technology is not the internet per se, but the mobile internet, with connected online identities and easy online payment systems. Second: a global recession that provoked serious questioning of consumer behaviours – in particular with respect to behaviours like car ownership. Third: growing concern over unresolved environmental issues, notably climate change, which has driven interest in resource-saving in a ‘circular economy’, in which materials are shared and recycled repeatedly (Ellen MacArthur Foundation, 2012). And fourth, the revival of community values in new forms, often online, promoted and supported by new approaches to branding and marketing (Cova, Kozinets, & Shankar, 2007).

San Francisco is at the forefront of the collaborative consumption boom, with a proliferation of high-tech sharing companies like Airbnb (accommodation), Dropbox (web-storage), and Lyft (ride-sharing). Such platforms are typically ‘intermediaries’ in a ‘sharing economy’ that, in one way or another, bring together peers to more efficiently share resources, access goods, and provide services. Such ‘mediated’ forms of sharing need not be commercial – governments and not-for-profits can deliver them too. But in San Francisco, the commercial model – utilizing technology and software from Silicon Valley and business models underpinned by risk-hungry venture capital funds – is predominant. The city, following ‘smart city’ rhetoric (Lee & Hancock, 2012), has been broadly supportive of the sharing economy, but in a fairly hands-off fashion. The predominance of commercial models also makes San Francisco a hotbed of legal and social resistance to the downsides of the commercial sharing economy. Legal challenges to the business models of Uber and Airbnb reflect the very real prospect that sharing businesses might casualize labour and increase precariousness by defining employees as contractors; or take socially useful resources (such as rental housing) out of the reach of the poorest by shifting them into the sharing economy. Concerns extend also to the environmental impacts of sharing where commercial forces can lead to harmful rebound effects, for example, where ride-sharing draws more cars onto the roads.

Yet commercialized sharing can bring benefits as well as risks. It is most socially useful when it draws existing, but socially underused resources into the

D. McLaren and J. Agyeman

market. And in already market-dominated societies, it can help renew trust and community values in inclusive or ‘cosmopolitan’ ways. Such ‘cosmopolitan sharing’ strengthens bridging social capital between communities as much as bonding capital within communities. It owes more to ideas of ‘paying forward’ through a community of weak ties than it does to directly reciprocal obligations. Where socio-cultural sharing reflects reciprocal altruism, cosmopolitan sharing could be described as ‘karmic altruism’ – participants don’t know who will do them a good turn or even when, but they expect to be able to call on a wide network of potential aid when in need. Commercial sharing alone cannot build such networks, however, nor the shared public realm or urban commons they depend on, nor the hard and soft infrastructures and resources that are the foundation of all successful urban economies.

Successful entrepreneurial businesses like Airbnb and Uber almost inevitably raise high feelings – on both sides. But we would be mistaken if we were to assume that such companies are all there is to the sharing economy, or that a sharing economy is all there could be in a sharing society. There are both opportunities and risks for sustainability, solidarity, and justice in the changing nature of urban sharing, and these depend on details of the models and institutions involved, as well as the context. For example, the environmental benefits of car- and ride-sharing depend on what it displaces (public transport or private cars), and whether it increases overall mobility and car-use; or by reducing car-ownership and making the marginal cost of car-use more real, reduces use too. Its social impacts depend on who gets access to the new services and whether drivers are empowered or exploited. Both the ownership and business models used by the sharing organizations and the governance models that cities and businesses introduce to guide and regulate the sector are significant. Commercial sharing models driven by venture capital – with the pressure such funding exerts to develop a profitable model ready for a trade sale or a launch on the stock exchange – seem most vulnerable to losing sight of any social purpose, and simply seeking to marketize and sweat their assets: essentially the participants.

However, the cutting edge of the sharing economy is only rarely commercial, combining as it does the anti-corporate spirit of file-sharing and free open source software with the social purpose and altruistic foundations of communal sharing. Many sharing entrepreneurs are social entrepreneurs first and foremost. Moreover, socio-cultural sharing has long informally facilitated the unpaid care, support, and nurturing we provide for one another. Like the blurred margins between sharing and the commercial economy, the fuzzy boundaries between the public sector and sharing are a place where innovative approaches of co-production are multiplying. Cooperative or collective models of sharing platform also offer greater cosmopolitanism with less damage to existing social capital. This is because they provide more power to the participants (and generally) less to the platform owners. Any meaningful concept of Sharing Cities must go beyond the ‘sharing economy’, and explore approaches that are more cultural than commercial, more political than economic, and that are rooted in a broad understanding of the city as a co-created urban commons.

Sharing cities for a smart future

We propose a ‘sharing paradigm’ (McLaren & Agyeman, 2015), which recognizes the shift from socio-cultural sharing practices to mediated ones as the central transformation in contemporary cities, but also highlights a second spectrum from communal to commercial models (see Figure 21.1).

Each combination or ‘flavour’ offers different opportunities, has different circumstances in which it is appropriate, and different implications for governance. Our aim is not to privilege any one category over another, but to trigger new ways of thinking that emphasize sharing resources fairly, rather than by ability to pay; using those resources to directly enhance human capabilities; nurturing the collective commons of culture and society; and treating these resources, those commons, and the natural world as shared heritage and common property. Once the sharing paradigm is understood as offering new ways to create and use collective commons of physical and virtual resources, spaces, infrastructures, and services, a focus on sharing simply as a novel economic tool for allocating access to conventional goods and services is obviously too limited.

Beyond the sharing ‘economy’

In this section we identify and discuss forms of urban sharing beyond the commercial, highlighting the focus on urban commons in concepts such as social urbanism.

The predominant language and discourse of the ‘sharing economy’ is much more significant – and unhelpful – than it might first appear. It frames sharing as

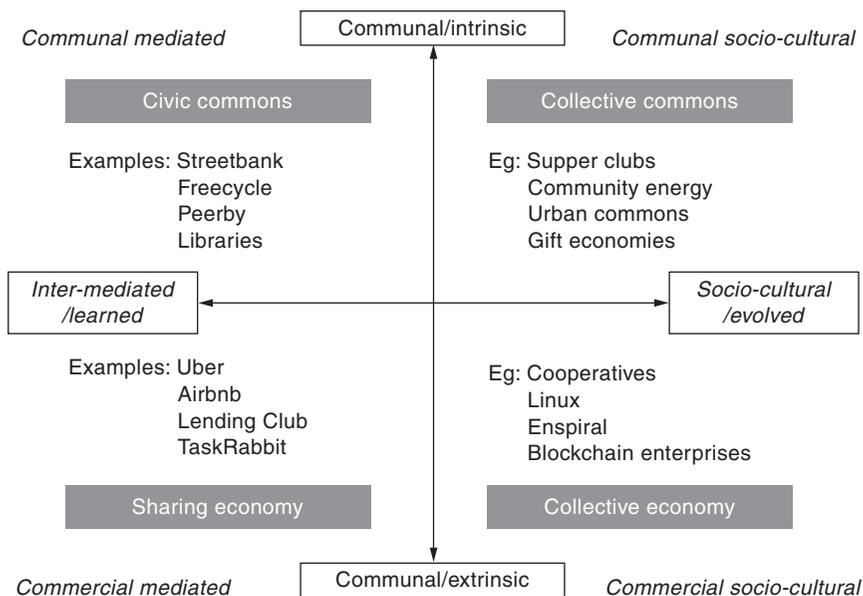


Figure 21.1 The four flavours of sharing.

D. McLaren and J. Agyeman

an economic activity rather than a social, cultural, or political activity. It perpetuates the myth that human society is founded on, and bounded by the economy, rather than vice versa, and that the environment is simply a source of economic resources, rather than the fundamental space in which humans and our societies and cultures evolved and coexist. Moreover, it primes us to seek solutions to our ‘problems’ in markets, in monetized exchange, in the production and consumption of goods and services, constrained by economic frames and drivers. And it encourages cities to look for expertise on sharing amongst Silicon Valley entrepreneurs and venture capitalists, devaluing the long experience of commoners, cooperatives, and civic managers of public services from libraries to transit systems.

Of course sharing has an economic side: it can deliver utility, providing the services goods provide without having to own them. But this is only a first step in understanding the possible contribution of sharing to human flourishing. Understanding that we can gain the benefit of consumption without ownership allows us to begin rethinking what we mean by needs, well-being, and ‘the good life’ (see Table 21.1).

Effective economies turn materials into products, and products into services that people value. But the critical issue is how those services transform into human-experienced well-being or happiness, and that – in turn – depends on our capabilities to live our lives in ways we have reason to value (Nussbaum, 2011; Sen, 2009).

Without the capabilities to transform them, neither materials nor goods nor services will necessarily deliver well-being or meet our needs. So the sharing paradigm begins from the question of how sharing approaches and shared resources can more directly enhance capabilities for all.

Table 21.1 The sharing spectrum

<i>Sharing domain (what is being shared)</i>	<i>Concepts</i>	<i>Examples</i>
Material	Industrial ecology	Circular economy, recovery and recycling, glass and paper banks and collection, scrapyards
Production facility	Collaborative production	Fab-labs, community energy, job-sharing, open-sourcing, credit unions, and crowdfunding
Product	Redistribution markets	Flea markets, charity shops, Freecycle, swapping and gifting platforms
Service	Product service systems	Ride-sharing, media streaming, fashion and toy rental, libraries
Experience	Collaborative lifestyles	Errand networks, peer-to-peer travel, couchsurfing, skillsharing
Capability <i>Intangible</i>	Collective commons	The internet, safe streets, participative politics, SOLEs, citizens’ incomes

Sharing cities for a smart future

But using sharing approaches and shared resources to this end is not simple. It takes more than the sort of facilitating rules and regulations that we are seeing emerge from negotiation between businesses and city authorities in cities like San Francisco. Instead it needs the sort of strong political leadership and active public participation seen in the world's first official 'Sharing City' of Seoul in South Korea. Seoul is actively working to cultivate an inclusive sharing culture – both at the public or civic level and by building public trust in sharing enterprises and organizations – through the city-funded 'Sharing City' project. This project aims to expand physical and digital sharing infrastructure; incubate and support sharing economy startups; and put idle public resources to better use. To make sharing initiatives more socially inclusive, it provides free second-hand smart phones to the elderly and disadvantaged so they can access the same services and apps as others.

Sharing in Seoul reflects the Korean cultural concept of *jeong*, a collective solidarity that motivates “random acts of kindness between people who barely know each other” (The Korean, 2008). This helpfully reminds us that in different cultures, status and recognition are found in different ways. One of the richest possibilities in the sharing society is that we can find identity and recognition in the process of sharing, and who we share with, rather than in what we consume. It might seem that many sharing economy models and platforms actively reinforce consumer norms and brand identities. Rent the Runway, for example, which provides temporary access to top-label fashion brands, appears to simply fuel consumerist desires. Sharing such products, however, does widen choice and also allows those on lower incomes to also more rapidly change image and apparent status compared with ownership. Such a model, allowing people to change their image and identity swiftly to keep up with the rate of change in contemporary life, can be good for our psychological sense of self.

Moreover, commercial sharing that relies on the power of brands is ultimately self-defeating: as the sharing model becomes more popular and well-known, the cachet attached to previously exclusive labels is inevitably diluted. Sharing thus demands that we displace reliance on consumption and possessions to shape our identities. It shifts norms and values, especially where sharing itself is more communal.

From libraries to street carnivals, and from fab-labs to cooperatives, sharing offers new models and norms for living. For example, toy libraries not only cut waste, enhance social inclusion, help parents share values such as sustainability and frugality, and expose children to sharing norms; they also allow children to experiment with and challenge cultural identities – especially those attached to gendered toys (Ozanne & Ballantine, 2010).

Establishing such sharing identities seems more feasible if – as in Seoul – sharing and collaboration extends beyond consumption activities to production and governance. As well as open government and participatory budgeting initiatives, in Seoul co-production between the state and the third sector helps deliver a wide range of public services including childcare, healthcare, library services, and waste management. In these various ways Seoul is feeling its way towards

D. McLaren and J. Agyeman

the holy grail of the sharing paradigm: making sharing the city itself, as a whole, the purpose of urban governance.

In Colombia's second city, Medellín, the same goal has been recognized without explicit adoption of the concept or discourse of the 'sharing economy'. Here 'urbanismo sociale' – social inclusion in a shared public realm – has been the critical driving factor behind the remarkable transformation of the once murder capital of the world. After Pablo Escobar, leader of the Medellín Cartel – a violent and powerful drug trafficking organization, was killed in 1993, city leaders, community activist groups, and residents collaborated to give the city a fresh start. Medellín established a focus on empowering citizens, beginning in the poorest neighbourhoods. Library parks such as Parque Biblioteca España have been constructed in marginalized parts of the city, providing free access to computer and information technology, and educational classes, as well as space for cultural activities and recreation. The city has invested heavily in shared public transit and infrastructure – including bus rapid transit, nine cable car links, and a huge outdoor escalator – to connect the poor hillside *comunas* with the centre. Public facilities such as health centres and schools have been developed at the cable car stations. The major projects have been funded with revenue from the city's public services company, Empresas Públicas de Medellín (EPM) and developed through a participatory planning process with the community, which now extends to an online 'city co-creation' platform, Mi Medellín, which has generated over 15,000 citizen proposals.

Sharing, social inclusion, and counter-cultures

Social inclusion has been the driver for Medellín's transformation, where it is not just about class, or income, but also ethnicity and indigeneity. This section highlights the ways in which social inclusion and interculturalism, including recognition of and respect for counter-cultures, is central to the shift in values and norms implied in the sharing paradigm.

In different ways, Amsterdam too has established a shared urban commons founded on tolerance for difference and cultural diversity. Diverse ethnic minorities make up almost half of the Dutch city's residents, yet there are no ghettos – 'a result' of a history of welcoming squatters to bring empty buildings into use, and also from active mixing in social or public housing allocation. Social mixing has helped maintain social capital and neighbourhood trust. In this it reflects the demonstrated effect of positive intercultural interactions in public spaces: they reduce prejudice not only amongst participants, but also amongst onlookers (Allport, 1954; Christ et al., 2014).

Amsterdam highlights the potential of interculturalism for healthy sharing of the city and its public spaces between different cultural and socio-economic groups. This in turn builds trust, and makes the adoption of new mediated sharing practices easier. 'Stranger shock' from exposure to difference – in the relatively safe spaces of integrated cities – helps us widen our perspectives and our moral communities (Sennett, 2013). While traditional socio-cultural sharing

Sharing cities for a smart future

strengthens bonds within groups, mediated ‘stranger sharing’ also promises to broaden our empathy for others, increasing links between social groups and even between societies.

Sadly, in recent years with the rise of far-right politics, Amsterdam has become less institutionally open to immigrants and squatters. Yet informal sharers such as squatters are symbolic for sharing cities, in the same ways as online counter-cultures are transforming sharing societies. Online norms with respect to music and software have shifted rapidly with forms of ‘piracy’ that challenge consumerism, establish new commons, and redefine identity for those involved. Urban piracy in the form of direct seizure of land and buildings by squatters is typically less widely welcomed, yet widespread, especially in Southern cities, where slum communities typically lack rights to their land, and often depend on informal or even illegal connections to water and power supplies. Innovative approaches to collective community development such as community land-titling offer the prospect of supporting squatters while reinforcing their sharing approaches.

In the North too we concur with urbanist Miguel Martinez (2014) in his conclusion that squats should “be recognized and supported for what they are: vibrant social centers at the very heart of the ‘commons’, actively including the excluded”. In Copenhagen, the history of Christiania illustrates both the conflicts and the possibilities of squatting. For many years practically autonomous, the ‘Freetown’ of Christiania comprises a disused military district in central Copenhagen squatted since 1971. Initial motivations for the squat included the lack of affordable housing elsewhere in the city. Since 1994, Christiania’s 900 or so residents have paid taxes and fees for utility services and in 2012 – as a residents’ collective – struck a deal with the Danish government to purchase the site for substantially below market value, raising the money through a form of crowd-funding. In the intervening years residents successfully established an alternative local currency, restored the buildings, built new homes, and regulated the socially and ethnically diverse district according to collective anarchist governance models. Today Christiania is symbolic of the creativity and tolerance of Denmark. As Freston (2013) notes: “these are people who built their own homes, who stood up to the government and criminal elements for decades, who took in the poor and disadvantaged, who were eco-friendly and racially diverse before anyone else.”

Counter-cultural sharing behaviours like squatting happen in autonomous or ‘interstitial spaces’ beyond the reach of the powers that be. As a result they can, as with Christiania, be the birthplace of subversive approaches to social transformation and re-invention. Subversion shifts values through interventions that can win (temporary) support from mainstream interests – such as women’s rights backed by employers wishing to expand the potential workforce. Re-invention rather seeks to create alternatives in the margins of the conventional economy. From squatting to time-dollars, in communes and transition towns, re-inventors meet needs in ways that are not subject to the existing norms and rules of the system, but in ways that can obtain cultural momentum. When we argue for the

D. McLaren and J. Agyeman

potential for sharing to lead social change, we are not arguing for trickle-down from some newly fashionable niche of ‘sustainable consumption’ but instead for a subversive, bottom-up – simultaneously counter-cultural and intercultural – re-invention of consumption that is a collaborative, shared, identity-redefining, co-production of services and products supplying fundamental needs.

The politics of the urban commons

In this section we briefly explore the new and revived forms of collective politics that become possible in sharing cities as norms and values shift (contrasting them with the post-political tendencies of ‘smart cities’).

We see two distinctive expressions of collective politics stimulated by sharing. The first is the cumulative engendering of civic engagement arising through repeated sharing practices within and across cultural boundaries. The second is the more disruptive form of activist protest, characterized by the Occupy movement and its precursors such as Las Indignadas in Spain. These movements, typically rejecting conventional politics not just the existing parties, and often motivated by concern over the capture of politics by commercial interests, have generated new sharing institutions including alternative currencies and integrated cooperatives, and boosted existing ones such as credit unions. They have adopted sharing platforms and tools to assist refugees arriving from Africa and the Middle East. In some cases they have stimulated new political expressions of sharing and solidarity, notably in the growth of Podemos in Spain and Syriza in Greece, although such parties often remain controversial in the movements.

For cities a systemic focus on sharing can help establish a virtuous cycle – it can shift values and norms towards trust and collaboration; enable both civic engagement and political activism; and rebuild a shared urban commons as a venue for political activity. Perversely, though, sharing’s potential is so great because it is not purely a doctrine of resistance or resilience, but one whose immediate benefits (more efficient use of resources, workforce flexibility and so on) can appeal even to powerful elites, yet in practice rebuild values and norms that could transform existing power relations, when expressed politically. It is not just economically disruptive but also politically subversive.

Communal sharing, whether led by public authorities, civil society organizations (or even companies) rebuilds civic virtues; and challenges the individualist, post-political, technocratic vision of neoliberalism, currently reproduced in ‘smart city’ discourses. Moreover, as the public square of collective politics, community activism, and non-traditional political participation is strengthened, so are investments in sustainability and sharing infrastructures more easily agreed (Portney & Berry, 2010), and those investments in turn can generate more sharing and even stronger social capital. In losing sight of the shared nature of such urban commons, cities have devalued them and thus also undermined their potential to support creative and productive economies. This means that cities have been forced to engage in a ‘race-to-the-bottom’ in social standards

Sharing cities for a smart future

and environmental protection – because they focus on the sections of their economies vulnerable to international competition, instead of on the common foundations of the core economy. Sadly, this misdirection of effort is also being aided and abetted by the marketing and discourses of the ‘smart city’.

As promoted by companies such as IBM and Siemens, smart cities discourses presume that there is a single technological path to the future, and that countries and cities must compete to race along it as quickly as possible. They therefore subscribe to the neoliberal ideologies of privatization and enclosure, using openness only strategically and instrumentally; and often find common cause with advocates of a ‘post-political’ reliance on technology as a solution to inherently political challenges. So-called ‘sharing’ businesses that seek to monetize our every possession and every moment of our time can fit the corporatist smart city model: but approaches to sharing that focus on capabilities, learning, and the reconstruction of community, will struggle to find a place. At their worst, in the built from scratch stand-alone model of Masdar, smart cities promise exclusive private services only for the rich, enabling elite flight from the megacities. Genuinely smart plans for smart cities cannot be economy-driven and technology-led, but socially driven and ethically led. The city and the technologies must be shaped around the people, not vice versa.

Building the sharing city

In this concluding section, we outline some of the practical steps necessary to build genuinely smart and sustainable sharing cities, putting the sharing paradigm into practice.

As cities face the growth of mediated, commercial sharing approaches, we suggest five key principles to make the engagement actively transformative – to shape the norms, regulations, and finance that guides sharing activities. First, the programme, spaces, and platforms involved should be designed in ways that help to build trust and empathy, collectively or individually, and to enable users to obtain and signal their trustworthiness and reputation. Second, utilizing and stimulating intrinsic motivations is generally more effective for rebuilding communities through sharing than focusing on extrinsic (monetary) rewards or sanctions. Third, systems must empower users both to control whether and how much they participate, and to influence the overall design and rules of the system. Fourth, systems must achieve high standards of civil liberties, protection of privacy, security of personal data, and enable anonymity wherever appropriate. Fifth, and most importantly, systems must be designed from the outset for justice and inclusion in intercultural societies. They must be equally accessible and attractive to those from different groups and cultures – especially those otherwise disadvantaged.

These principles seek to reflect a balance between strategic purpose – rooted in a clear social mission and direction; and participatory emergence – recognizing the diversity of urban settings. These guidelines apply generally as cities broaden their engagement with and understanding of sharing. So getting the

D. McLaren and J. Agyeman

rules, norms, and finance right to enable squatting of genuinely empty property is as important as getting them right for Airbnb; for public transit and safe streets for walking and cycling, as much as for ride-sharing; for credit unions as well as crowd-finance; for food-banks and community gardens as much as for supper clubs; for student oriented learning environments as well as massive online courses; for libraries as well as reuse markets like Craigslist; and generally, for cooperatives and unions not just online platforms.

What might this imply in practice? An aspiring Sharing City will actively invest in public services and enable co-production in city-led services, protecting and enhancing public common resources, infrastructures, and services, paid for through taxation or insurance. It will support education and skill development that can build confidence and practice in sharing. It will engage the public in governance, for example, through participatory budgeting. It will also invest in the public realm in ways that enable participation and create physical, virtual, and psychological spaces for insurgent counter-cultures and interculturalism. A Sharing City will also enable collaborative economy operations in the city, reforming policy across areas such as taxation, planning, and licensing; and investing its own capital, land, and resources. It will regulate to ensure inclusion and appropriate social protections for participants, especially against labour casualization. It will directly support non-profit, communal sharing as a direct or enabling intermediary or facilitator. And it will act as a sharing hub, perhaps aggregating and guaranteeing reputation for its citizens, underpinned by enabling open, affordable high-speed (mobile) internet access for all residents. Sharing cities will also network with other sharing cities, enabling both local customization and effective interoperability of sharing platforms.

The Sharing City is a new paradigm for cities, opening a genuine third way between state and market. But unlike many past efforts at social emancipation and transformation it works with both the current zeitgeist and our inherited humanity. Sharing is a critical defining characteristic of what it means to be human. Only by expressing our sharing nature more fully can we hope to flourish in the ‘age of humanity’. By adopting the principles and policies suggested here, sharing cities offer a truly just and genuinely sustainable pathway into our uncertain post-urban future.

References

- Agyeman, J., Bullard, R. D., & Evans, B. (Eds.). (2003). *Just sustainabilities: Development in an unequal world*. Cambridge, MA: MIT Press.
- Allport, G. W. (1954). *The nature of prejudice*. Cambridge, MA: Addison-Wesley.
- Bernal, P. (2014). *Internet privacy rights: Rights to protect autonomy* (No. 24). Cambridge, UK: Cambridge University Press.
- Botsman, R., & Rogers, R. (2010). *What's mine is yours: The rise of collaborative consumption*. London: Harper Business.
- Christ, O., Schmid, K., Lolliot, S., Swart, H., Stolle, D., Tausch, N., ... & Hewstone, M. (2014). Contextual effect of positive intergroup contact on outgroup prejudice. *Proceedings of the National Academy of Sciences*, *111*(11), 3996–4000.

Sharing cities for a smart future

- Cova, B., Kozinets, R. V., & Shankar, A. (Eds.). (2007). *Consumer tribes*. London: Routledge.
- Ellen MacArthur Foundation. (2012). *Toward the circular economy: Economic and business rationale for an accelerated transition*. Retrieved 6 July 2017, from www.ellenmacarthur-foundation.org/publications/towards-a-circular-economy-business-rationale-for-an-accelerated-transition.
- Freston, T. (2013). You are now leaving the European Union. *Vanity Fair*, 9(12). Retrieved 6 July 2017, from www.vanityfair.com/politics/2013/09/christiana-forty-years-copenhagen.
- The Korean. (2008, April 25). Super special Korean emotions? *Ask a Korean*, Blogspot. Retrieved 6 July 2017, from <http://askakorean.blogspot.co.uk/2008/04/super-special-korean-emotions.html>.
- Lee, J.-H., & Hancock, M. G. (2012). *Toward a framework for smart cities: A comparison of Seoul, San Francisco & Amsterdam*. Yonsei University. Seoul: Korea and Stanford Program on Regions of Innovation and Entrepreneurship. Retrieved 6 July 2017, from http://iisdb.stanford.edu/evnts/7239/Jung_Hoon_Lee_final.pdf.
- Martinez, M. (2014, May 13). Squatting for justice, bringing life to the city. *ROARMAG*. Retrieved 6 July 2017, from <http://roarmag.org/2014/05/squatting-urban-justice-commons/>.
- McLaren, D., & Agyeman, J. (2015). *Sharing cities: A case for truly smart and sustainable cities*. Cambridge, MA: MIT Press.
- Nussbaum, M. (2011). *Creating capabilities: The human development approach*. Cambridge, MA: Harvard University Press.
- Ozanne, L., & Ballantine, P. W. (2010). Sharing as a form of anti-consumption? An examination of toy library users. *Journal of Consumer Behaviour*, 9(6), 485–498.
- Pagel, M. (2012). *Wired for culture: The natural history of human cooperation*. London: Allen Lane.
- Portney, K. E., & Berry, J. M. (2010). Participation and the pursuit of sustainability in U.S. cities. *Urban Affairs Review*, 46(1), 119–139.
- Putnam, R. D. (2000). *Bowling alone: The collapse and revival of American community*. New York: Simon & Schuster.
- Sassen, S. (2001). *The global city: New York, London, Tokyo*. Princeton, NJ: Princeton University Press.
- Sen, A. (2009). *The idea of justice*. London: Allen Lane.
- Sennett, R. (2013). *Together: The rituals, pleasures and politics of cooperation*. London: Penguin.

17 Learning from each other

Planning sustainable, future-oriented, and adaptive cities and regions

*Jörg Knieling, Frank Othengrafen, and
Galya Vladova*

Origins and impacts of the crisis

The current socio-economic crisis has its origins in multiple events of the preceding decades and is manifested in a series of socio-political and socio-spatial impacts. Many of the authors in this volume have sought to trace the various causes of the crisis and to provide an in-depth study of its manifold impacts in selected Southern European cities and urban regions. This allows for a comparative analysis of recent developments as well as the identification of challenges for the years ahead.

According to Chuliá, Guillen, and Santolino (in this volume) the current financial system is among the reasons for the financial and economic crisis as it allows the creation of bubbles based on speculative transactions and unrealistic expectations. Additionally, the high level of risk-taking of banks and investors has been fostered through a long period of low inflation and stable growth in most industrialised countries, including Southern European states. An example for this can be found in the irresponsible mortgage lending in the US but also in many European countries such as the UK, Ireland or Spain, Portugal, and Greece. Here, loans were distributed to ‘subprime’ borrowers with poor credit-worthiness for building or buying houses who then struggled to repay the loans. When looking at the situation in the US, the distribution of loans was not a single event but happened in all parts of the country. It led to the burst of the real estate bubble in the country, the collapse of the investment bank Lehmann Brothers, and to far-reaching consequences for the global financial systems.

The impacts of the global financial crisis have also reached Europe and have hit Southern European countries and cities particularly hard. There seem to exist various reasons for this (see the contributions of Chuliá, Guillen, & Santolino; Romero, Melo, & Brandis; Seixas et al.; Serraos et al. in this volume). First, the long period of low inflation and stable growth in most European countries, together with the introduction of the euro as a currency, has raised capital flows from the North-western European countries to the Southern European ones and has provoked the current account deficits of the latter. As argued by Chuliá, Guillen, and Santolino (in this volume) this has resulted in a credit boom in the banking sector that has created jobs in low-skilled industries, such as the

J. Knieling et al.

construction sector (see also the contributions of Mourão & Marat-Mendes; Rodriguez Álvarez; Romero, Melo, & Brandis; Seixas et al.). This development already indicates that the economies of most of the Southern European countries are highly specialised in sectors with low productivity and high employment.

In Spain and Portugal, for example, the financial industry has been strongly focused on the housing business as a strategy for growth (see for instance contributions of Chuliá, Guillen, & Santolino; Rodriguez Álvarez; Mourão & Marat-Mendes; Romero, Melo, & Brandis, in this volume). According to Chuliá, Guillen, and Santolino, banks provided cheap mortgage loans to investors and house purchasers, inflating house prices. As a consequence, and due to the lack of suitable policies and spatial plans or strategies in most Southern European countries to stricter control urban development, the built land and the number of housing plots has expanded enormously in the two decades preceding the outbreak of the crisis. This has provided the construction sector a possibility to increase rapidly producing a large housing stock surplus (see for instance contribution of Mourão & Marat-Mendes). The house price bubble has not been anticipated by policy-makers, and countermeasures have not been launched. 'Even worse, tax deductions were applied to the purchase of a property, inflating the bubble' (Chuliá, Guillen, & Santolino, this volume). The favourable loans granted by banks and the economic specialisation in sectors with low productivity and high employment are thus among the main reasons for the crisis in Southern European countries and might help explain the housing bubble and its eruption.

Another reason for the crisis or the strong impacts of the crisis on Southern European countries is to be found in the socially deeply embedded ambition of Southern Europeans of purchasing their own property (see Cotella et al., this volume). Due to the capital flows banks have also granted generous loans to households and borrowers with poor creditworthiness to finance housing projects. Additionally, people borrowed against overvalued houses (see Chuliá, Guillen, & Santolino, in this volume, for instance). Similar as in the US, the economic crisis, the subsequent economic contraction and the increasing unemployment rates, foreclosures, and mortgage insolvencies resulting from it have faced individuals, households, and families with difficulties repaying their loans and have thus additionally intensified the crisis.

However, it is not only the housing bubble that has led to the economic crisis in Southern European countries. Serrao et al. (in this volume) conclude that the crisis in Greece, for example, emerges as a consequence of the massive budget deficit and the simultaneous inability of the state to attract further external finances. They further argue that the economic growth and prosperity of the last decades were based on increases in government expenditures and debt-fuelling government spending, mainly based on the above mentioned capital flows from North Europe. When capital flows suddenly stopped, due to the overall crisis, this led to major imbalances between state expenses and financing abilities as well as between borrowing and repayment abilities.

In addition, many authors in this volume (see for instance Mourão & Marat-Mendes; Seixas et al.; Papaioannou & Nikolakopoulou) have emphasised that

Conclusion: planning ahead

the economic crisis has also been triggered by pre-crisis urban developments. The neoliberal policies and models followed in the last decades have promoted territorial competitiveness, outsourcing of public services, and privatisation of public space. The different national strands of neoliberalisation in Southern European countries have created conditions that favour large-scale events and projects, the planning by projects and not by plans, and the undermining of participatory processes (see Romero, Melo, & Brandis; Caruso, Cotella, & Pede; Seixas et al., in this volume, for instance). Furthermore, as various examples highlight (e.g. Papaioannou & Nikolakopoulou; Seixas et al.; Rodriguez Álvarez), the Southern European context is characterised by institutional particularities and the existence of internal factors, such as the mistrust in public institutions and corruption, that influence the development paths of the countries but also their ability to enforce and implement targeted policies to mitigate the impacts of the crisis. As argued by Papaioannou and Nikolakopoulou, Greece for instance has experienced decades of short-term policies and plans that have not been focusing on real local needs. This shows that along with the economic crisis, Southern European cities witness also a crisis of territorial governance and of traditional tools.

It could be concluded that the financial crisis, the economic downturn as a result of it, and the austerity politics promoted in response to the financial deficits have had widespread impacts on the territories and societies in Southern Europe. Both developed and less developed cities and regions have experienced a decline in employment and in economic output and have been strongly affected by the shrinking GDP and the increasing public debt. Yet, the stagnation of the real estate property market and the contraction of the building sector have been higher in certain urban and Metropolitan Areas such as Madrid and Athens as well as in coastal areas strongly focused on the tourism industry and dependent on the construction sector. This might result in new patterns of regional polarisation and brings the discussion to the fore why some cities are more resilient to crisis events, why others deal better with the crisis' impacts, and what factors could mitigate these impacts.

The economic contractions from the last years, the explosive increase in unemployment, and the daily evictions have created hardship for millions of people. As shown in many of the contributions in this volume this has led to a significant increase in the number of people at risk of poverty and exclusion as well as to the re-emergence of low living standards (see for instance Papaioannou & Nikolakopoulou; Serraos et al.; Romero, Melo, & Brandis; Chuliá, Guillen, & Santolino). Many authors have also documented that the crisis has severely affected exactly the most vulnerable groups of the population. Rodriguez Álvarez (in this volume) even points to the emergence of two lost generations due to the crisis – the young people that are unable to enter the labour market and the elderly ones that are excluded with limited chances for reintegration. In addition, the crisis has affected the different economic sectors unequally leading to highest percentage of job losses in the construction, real estate, and tourism sectors. The shrinking of the economy, the rising inequalities in income distribution, and the threat of social segregation have resulted in change in the concerns

J. Knieling et al.

of people and in lack of confidence in the future. As a consequence, many Southern European cities witness today net emigration and brain drain that might have long-term effects on their future development. As argued by Caruso, Cotella, & Pede (in this volume) all these recent trends add a further dimension to the increasing social and economic complexities of contemporary urban life in Southern European cities.

Responses and reactions to the crisis

The economic crisis and the prospects of a prolonged period of high unemployment, negative economic growth, and threatened social cohesion have called in question the institutional mechanisms and the urban policies applied by Southern European cities prior to the crisis. The need for new approaches and developments for the years ahead has affected the policy priorities of the Southern European states and has resulted in a series of institutional and regulatory restructuring as well as welfare and budget reforms both on the national and the local level. While witnessing the reorientation of territorial and urban governance, recent years have also seen the emergence of new forms of self-organisation. In addition, the opposition against austerity politics has given rise to instances of social mobilisation and the emergence of new socio-political cultures.

New institutional settings for territorial governance, regulatory restructuring, and policy reorientation

The current economic crisis has directly affected the financial scope of the public budgets and has set in motion new socio-political trends and processes of institutional restructuring. Since the crisis is contextually determined and has partly intervened in ongoing developments, these processes differ according to each specific context's particularities and the existing structural frameworks. Yet, some major similarities might be identified in the recent developments in Southern European countries. These have been largely characterised by financially driven state policies and territorially driven urban development strategies.

Since the outburst of the crisis there has been a strong tendency in Southern European countries towards decentralisation of public responsibilities. This has resulted in new freedoms, rights, and responsibilities for the local governments. The administrative reforms towards more decentralisation aimed at transferring power and authority to the local level and have been combined with changes in the normative framework (see also Cotella et al. in this volume). Portugal, for instance, which is still one of the most centralised states in Europe, has adopted a new law for the delegation of competences from the national level to the municipal and inter-municipal one as well as a law on administrative reorganisation and restructuring of municipalities. By reducing the number of existing parishes and transferring more management competences to them an attempt has been made to increase local government capacities. Yet, as argued by Seixas et al. (in

Conclusion: planning ahead

this volume) the pressure for austerity localism in Portugal has been mainly a result of financially driven central state policies that aimed at expenditure and institutional cuts rather than actual decentralisation. The combination of top-down institutional approaches and local territorially driven political strategies has shown different outcomes in different municipalities. This clearly points to the fact that local structural determinants play a central role in restructuring processes and political lock-ins could slow down the processes and indirectly hamper the development of indigenous potential. The latter aspect also suggests that the performance of cities and municipalities during the crisis should be seen in the light of path dependent development. A cornerstone in the establishment of new development paths is the change of established practices and rules (see contribution of Knieling et al. in this volume).

The reforms of the administrative systems of Southern European countries have been initiated to respond to reduced public expenditures, to existing institutional weaknesses, and to improve the public administration's efficiency. Various approaches towards the implementation of the reforms can be identified in different countries. In Spain and Italy, for instance, the reforms envisage the introduction of Metropolitan Areas, respectively metropolitan cities, as a new territorial level (see contributions of Boira & Marrades, and Caruso, Cotella, & Pedo, this volume). As shown at the example of the Metropolitan Area of Barcelona (see Rodriguez Álvarez), the introduction of this new territorial level has been meant to avoid duplications and simplify administrative procedures, yet its effectiveness has not been evaluated. In contrast to the Spanish case, the introduction of metropolitan governments in Italy mainly follows the logic of public expenditure rationalisation, but pays no specific attention to actual territorial governance needs, which may lead to competition between local political arenas (see Caruso, Cotella, & Pedo, this volume).

Various examples in this volume highlight that the rescaling of competences has also found its expression in a process of recentralisation of public policies (see for instance contributions of Caruso, Cotella, & Pedo; or Seixas et al.). Central functions in important policy areas such as major infrastructure investments have been strengthened. In the course of this process the planning powers at the central level have been strengthened as well, which, as argued by Caruso, Cotella, and Pedo (this volume), has contributed to the recentralisation of decision-making. This has resulted in the revision of main urban and regional planning laws in most of the Southern European countries hit by the crisis (see also Cotella et al. in this volume). In the majority of the cases the revision of planning laws and regulations has aimed at promoting market-oriented strategies and has led to the emergence of a pro-growth planning agenda. In Greece, for instance, new regulations to facilitate private investments of strategic importance have been adopted, which are to bypass the traditional statutory planning and to promote privatisation and the outsourcing of services such as the Environmental Impact Assessment (see Serrao et al., this volume; see also Reimer, Getimis & Blotevogel, 2014). A Special Spatial Development Plan of Strategic Investments has recently been adopted in Greece, which enables landowners and investors to

J. Knieling et al.

override possible restrictions imposed by existing spatial plans. In addition, legislation changes in recent years have inserted tools to avoid costly administrative procedures, to accelerate them with the introduction of so-called fast-track processes for strategic investment projects, and to privatise former public organisations (see contributions of Papaioannou & Nikolakopoulou; Serraos et al.; Crespo, Mendes, & Nicolau, this volume). Thus, the new planning regulations have strengthened non-institutional and private actors in the production of space. At the same time, the promotion of market interests and private initiatives has raised concerns about insufficient consideration of social and environmental aspects in the planning process. It could be argued that these concerns might open space for rethinking terms such as social cohesion and for discussing new concepts such as low carbon territories (see Mourão & Marat-Mendes, this volume).

A topic identified by many authors in this volume is that the recent administrative and legislative changes in response to the economic crisis have mainly been state driven. At the same time it is actually the urban level that has come to the fore and is best placed to deal with the manifold impacts of the crisis. The crisis' effects, various in their nature, require flexibility and open possibilities for the local level to apply place-based approaches in order to recover and trigger development and cohesion (see contributions of Salone, Besana, & Janin Rivolin; Caruso, Cotella, & Pede, this volume). This results in new responsibilities for the urban level in activating local stakeholders and intensifying the coordination between various policy fields. At the same time, the consideration of national political, institutional, and economic frameworks as well as the implementation of EU legislation emphasises the need for strengthened cooperation between initiatives and actors situated at different territorial levels. This points to the importance of new forms of territorial governance and calls for urban policies that combine multi-sectoral visions and are developed in constant negotiations between diverse actors and through compromise (see also Cotella et al., this volume).

Moreover, the severe effects of the crisis require policies that are oriented much more towards the diverse scales of contemporary urban problems and that ensure permanent structures for citizen empowerment and social innovation (see Knieling et al., this volume). In this line it could be argued that the crisis has played an influential role in diminishing the role of landowners, private developers, and real estate companies, which have been the main development agents in the pre-crisis time (see Romero, Melo, & Brandis, this volume), and has given more emphasis to spatial planning and public participation in Southern European countries. In recent years, different tools for civil participation and new participatory processes have been introduced in many Southern European cities (see for instance Rodriguez Álvarez, this volume, who refers to the public referendum La Diagonal and the new Open Governance project in Barcelona). Although their success is still uncertain they are a clear expression of the growing demand of citizens for more direct involvement in planning processes and urban politics (see also contribution of Othengrafen, Romero, & Kokkali, in this volume).

Conclusion: planning ahead

Challenged to tackle the negative effects of the economic crisis many Southern European cities have faced the need to launch new planning initiatives and to adopt new spatial policies and plans. As evidenced by Portuguese experience, a number of programmes for regeneration of deprived areas, e.g. introducing priority intervention neighbourhoods, have been developed (see Seixas et al., this volume). Regeneration policies have been initiated for the central districts of Greek cities as well and a new Plan for Integrated Urban Intervention for Athens has been elaborated recently, which addresses the spatial implications of the crisis and promotes integrated strategies (see Papaioannou & Nikolakopoulou and Serrao et al., this volume). Although it might be assumed critically that the regeneration policies may boost new gentrification trends, their introduction quite recently has not yet allowed the evaluation of their effects.

It is important to stress that the influence of the crisis on Southern European countries should be seen in the context of their planning practices and systems (see for instance Salone, Besana, & Janin Rivolin, and Knieling et al., this volume, on ‘conformative’ planning systems). Additionally, urban policies in Southern European countries seem to focus on ‘economic competitiveness’ as dominant rationale since the 2000s. Many of the authors in this volume (e.g. Serrao et al.; Boira & Marrades; Mourão & Marat-Mendes) emphasise that urban policies during the crisis have continued to focus on the boost of economic activities and growth of revenues. Thus they have strengthened the market orientation of planning and the finance-dominated models of development. It should also be noted that since the outburst of the crisis the discussion on how policies contribute to improve the quality of life in cities (see Papaioannou & Nikolakopoulou, this volume) and how they may foster social and economic resilience is gaining significance (see Lang, this volume).

Welfare reforms, budget, and structural adjustments

The recent economic crisis and the radical austerity policy responses to mitigate its impacts have led to the deterioration of the fiscal positions of the Southern European governments. As various contributions in this volume show (e.g. Serrao et al.; Seixas et al.), the Southern European countries have placed a priority on the cuts of government spending and have imposed serious constraints on local budgets. This, along with the low revenue collection rates due to the weak economic climate, has resulted in a growing scarcity of local public resources, in local government fiscal indebtedness and in the need for local budgetary reforms. Furthermore, the drastic reduction of funds for providing the public services has become an assault on the welfare state, which has been dramatically shrinking while the social needs have been increasing. To fill the existing budgetary gaps and to meet the growing demands of their residents Southern European cities are challenged to identify new revenue sources, to test innovative collaboration forms for the provision of services and the administration of facilities, and to set budget priorities.

In response to the deteriorating revenue collections and the increased needs for expenditures many of the central governments in Southern Europe have voted to

J. Knieling et al.

introduce new taxes and fees or to increase the rates of existing ones. In Portugal, for instance, a mix of tax increases has been imposed on work and pension revenues and consumption (see Seixas et al., this volume). To ensure the growth of its revenues, the Greek government has followed a similar track. In recent years, it has attempted to impose a new fee for the 'regularisation' of illegal buildings and new taxes on real estate property. These were initially meant as a 'temporary' measure, but are to be replaced by a permanent property tax with no tax-free threshold (see Serraos et al., this volume). Local governments, in turn, have enforced a series of local taxes and have increased fees for public services such as public transport and electricity. While it might be argued that fees and taxes related to specific expenses are more acceptable to the public, it might also be true that the raised prices of electricity, heating oil, and gas could lead to a new 'energy poverty' (see Serraos et al., this volume), characterised by the inability of many households to pay their bills and to meet their everyday needs.

The socio-economic environment in the crisis years, characterised by high unemployment rates and lower incomes, has made the rise of taxes a difficult practice. As all contributions in this volume consistently show, many of the attempts for further tax increases in Southern Europe have faced the reluctance of the population, which found its expression in reduced political support, different forms of social unrest, and the blockade of political decisions. Similar reactions have followed the insertion of public administration cost reduction programmes. In recent years changes in the normative framework of many Southern European countries have been made aiming at the reduction of the number of local and regional governments' staff. As highlighted by Crespo, Mendes, and Nicolau (in this volume) these legislative changes might have serious effects on the performance of the local governments, particularly when the scope and quality of provided services are concerned. The case of Portugal, for instance, shows that the new laws directly influence the municipalities' capacity of providing municipal services. The process of administrative decentralisation gives more competences to the local authorities but, at the same time, reduces the organisational structures for the provision of services and the overall number of employees. New organisational norms weaken the scope of public services provided to the population and threaten their quality (see Crespo, Mendes, & Nicolau, this volume).

As a result of the economic crisis and the process of restructuring, local governments gained ground with regard to the rationalisation of public services. In recent years, there has been a clear change towards more strategic governance, operating through networks and other forms of public-private partnerships (Crespo, Mendes, & Nicolau, this volume). The need to find more efficient ways for managing private property and interests has forced local governments to promote new forms of governance and has led to the establishment of partnerships with neighbouring municipalities or other private or public entities (see also Cotella et al., in this volume). Furthermore, responsibilities have been delegated to private companies also in domains such as the planning and implementation of public works, which have been traditionally controlled by the public administration. In many cases this has resulted in shared responsibility

Conclusion: planning ahead

between city governments and private companies in the construction and implementation of facilities (see for instance Rodriguez Álvarez, this volume). Along with the development of a new commitment of local companies to the city, however, new public–private partnerships might also raise mistrust by the citizens. In particular, large-scale urban development projects might raise concerns that they mark a trend towards governmental withdrawal from the public sphere and limit the opportunity for dialogue with the civil society (see Othengrafen, Romero, & Kokkali, and Rodriguez Álvarez). Thus, while the importance of new collaborative forms has been emphasised by many authors (see Crespo, Mendes, & Nicolau; Serraos et al.; Seixas et al., this volume) their restrictions, effectiveness, legitimacy, and applicability in a certain context need further examination.

In line with the above discussion many local authorities in Southern Europe, which face the need for acquisition of additional resources, have established new public–private partnerships for the implementation of already started projects. Looking for alternative revenue possibilities city administrations have also tested new forms of urban enhancement. In Spain for instance unused public buildings have been sold out and public works under construction have been cancelled. Furthermore, city venues, such as public squares and stations of the public transport, have been sold or rented to private companies for marketing and advertisement purposes (see Rodriguez Álvarez, this volume). As several contributions in this volume show, the number of these new approaches for revenue collection is increasing, yet their effectiveness and what they mean for the future use of public spaces is still to be evaluated.

The sharp increase in deficits and debt over the last years has called for changes in the allocation of financial resources and has forced local authorities to prioritise and better target their expenditures. As shown on the basis of concrete examples, the focus of many Southern European cities' budgets has been gradually moved towards increased funding of social policies when compared to the pre-crisis years. Rodriguez Álvarez has illustrated the implications of this change for the city of Barcelona. In 2014, a significant part of the city's budget has been allocated to security measures and social services, such as the provision of food subsidies for children from poorer families. In many Greek cities relief actions such as the reintegration of homeless people have been initiated. These, however, have been fragmented in their nature and, as argued by Serraos et al. (in this volume), may not cope with the serious impacts of the crisis if not integrated into comprehensive policies of the central state. In this line it should also be noted that in several cases the provision of new social services has gone in parallel with the abolishment of existing ones such as the housing provision or inequality reduction, or has led to the worsening of welfare services such as education and health care (see Serraos et al.; Seixas et al.; Romero, Melo, & Brandis; Chuliá, Guillen, & Santolino, this volume). This has resulted in the re-emergence of basic needs among the most vulnerable parts of the population and has given birth to civic uproar as well as new forms of social solidarity and self-organisation.

J. Knieling et al.

New forms of self-organisation and emerging socio-political cultures

Since the outburst of the economic crisis many public services and facilities in Southern European cities, most particularly health care and education, have been experiencing ongoing downgrading. As documented by most of the authors in this volume the dramatic reduction of public expenditure has threatened the fundamentals of inclusive and sustainable driven societies in a disruptive way (see for instance Seixas et al.). As a response to this threat, new self-organised civic groups and forms of social solidarity have been gradually gaining importance. The empirical evidence has shown that in recent years the social networks for support of the most vulnerable groups of the population have been continuously reinforced. Examples of such networks show that the prime field of struggle is everyday life. These developments can be found in almost all Southern European countries. Greek cities for instance have seen the establishment of pharmacies, social groceries, and school support centres for poor children, which are all functioning on a volunteer basis (see Papaioannou & Nikolakopoulou, this volume). Social services based on volunteerism had not been a practice in Greece in the past. In this line the new grass-root solidarity groups, the increased volunteerism, and the establishment of stable structures might be seen as a rescue mechanism for the endangered social cohesion.

The strong rejection of welfare cuts and austerity policies has not only resulted in the organisation of collective action and local initiatives for support of the weakest part of the society, but has also found its expression in large grass-root mobilisations and new social movements. In the majority of the cases these movements have been a reaction against the applied austerity politics and an opposition towards the promoted neoliberal trends that have been largely presented as the only alternative for most of the Southern European cities. The dissatisfaction with the current neoliberal agendas and the existing democratic deficits in cities such as Madrid and Valencia has resulted in the organisation of massive demonstrations and public protests (see Othengrafen, Romero, & Kokkali, this volume). The mobilisation of large masses of people demanding changes of current politics and requiring alternative reading for existing development paths as in the case of the ‘Indignados’ movement in Spain are clear evidence of a changing social structure.

The emergence of new landscapes of public protest movements has been accompanied by the emergence of new political orientations. The recent years have seen the political activation of young and educated people and the ascension of new independent political parties, such as the ‘Podemos’ party in Spain and the Coalition of the Radical Left in Greece. As argued by Seixas et al. and Rodriguez Álvarez (in this volume) these latest developments are a phenomenon for many of the Southern European states that did not exist in the pre-crisis times. It might be assumed that they are first signs for the emergence of a new socio-political culture. In the short term, they could result in significant political changes at the city level, in the orientation of national policies, and in the economic and political model of the European Union. Yet, as discussed by

Conclusion: planning ahead

Othengrafen, Romero, and Kokkali (in this volume), conflicting interests of political parties as well as public protests that take the form of violent manifestations might endanger urban politics both at the national and the local level with polarisation. Hence, an emphasis should be placed on the elaboration of new public strategies which could contribute to social cohesion in the long run. These should be based on better understanding of the emerging socio-political cultures and the rationales behind protest movements and should open new ways of cooperation to include the protest into developing revised urban futures.

Outlook: chances for reflecting urban futures of ‘cities in crisis’?

As the contributions in this volume have shown the recent crisis has resulted in a number of social, economic, and institutional reforms and experiments. While the crisis has necessitated fast reactions to deal with unemployment and economic decline, it has also created conditions for changes in existing practices. Additionally, it has set the ground for initiatives that can open up new perspectives and can point into directions that would not have been accessible in a saturated environment. From a theoretical point of view a crisis opens up the regulative framework and institutional restrictions, and forces people to think beyond their routines. Arguing with the words of transition theory crisis-related change on the higher level can create ‘windows of opportunity’ on the regime and niche level allowing niche innovations to mainstream or at least to have an impact on the routines that are organised on the regime level (see also Knieling et al., this volume). What do those abstract considerations mean for cities that experience financial and economic crisis for several years now? Which sort of niche innovations can be identified or have come to the fore that could prove the hypothesis of ‘crisis as chance’?

This discussion is not meant in a cynical way to trivialise the dramatic situation of millions of people in Southern European countries and cities. It tries to contribute to the development of future scenarios that take the crisis as an initial point and aim at identifying solutions to better understand the crisis’ roots and to overcome its impacts (also Panayotakis, 2014). In the following paragraphs selected future scenarios will be discussed. A particular focus will be placed on the approaches and initiatives that are directly related to urban and regional development, namely:

- local economy initiatives that make use of local and regional cycles of production and consumption, sometimes including elements of a countertrade economy;
- civil self-organisation that brings people together who find solutions in cooperative structures, e.g. housing, agricultural, or food cooperatives;
- post-growth initiatives, sometimes experimenting with the concept of self-sufficiency;
- revival of the ‘commons’ that include appreciation of public goods.

J. Knieling et al.

Local economy initiatives

One of the main reasons for the occurrence of the crisis, its duration, depth, and dimension, is to be found in the globalisation of the economic system. When in Spain the housing bubble burst, the risky game of internationally floating finances had come to an end. For sure, the investors were struck hard and lost a huge amount of money. However, the crisis struck even harder the people that were not able to pay down their loans anymore, and quite often had to even quit their homes. In addition, many of them are still heavily loaded with remaining debts. A counter-reaction to this situation is experimenting with localised economical approaches. Cities offer a ‘laboratory’ for economic cycles in various fields of production, processing, and services. As a result of the crisis many grass-root businesses have been set up producing specialised products and directly delivering them to regionally located traders or even individual clients. For sure, those initiatives will not turn around the globalised economy. However, they demonstrate a changed pattern of economic development that is strongly connected to the theoretical concepts of resilience (see contribution of Lang, this volume). Local and regional economy is no more a losing rest category in a more and more centralising economy but wins new self-confidence as a complementary sector. This development correlates with complementary trends from recent years such as the appreciation of regional products, the strengthening of the links between producer and consumer, or the wish of people to set up an own sustainable business.

Civil self-organisation and participatory economy

The protests in recent years in many cities and regions in Southern Europe have brought many more people on the streets than ever expected. Many of those did not only want to criticise their governments, but to contribute to the establishment of a new path of development. This became obvious when new local civil society groups as well as new political groups recently occurred in Spain, Italy, or Greece. It might be argued that while trying to critically counterweigh to the interests of the ruling political parties these groups also try to bring a radical change in the rules that govern social life and thus to influence future development paths.

The exploration of alternative ways of future development has also found its expression in the establishment of cooperatives that tackle economic and social topics in the regional context. Many European countries have had a long tradition of participatory respectively cooperative economy. However, cooperatives had lost their attraction in the decades prior to the crisis since cooperative economies were often criticised as not efficient and competitive enough on a liberalised global market. The crisis brought their advantages back to the fore: the joint responsibility of the members, the solidarity within the organisation, and the regional orientation of many cooperatives diminishing their dependence on global economic structures and developments. Fields of action can be housing,

Conclusion: planning ahead

agricultural, or food cooperatives etc. Certainly, cooperatives are not the only and ideal way of economic recovery for Southern European cities. Nevertheless, many new initiatives like the ‘Cooperativa integral’ in Barcelona¹ have shown that bringing people together, taking over responsibility for new employment, and integrating this in the regional economic structure offers strong advantages in times of crisis.

Post-growth initiatives

A more radical way of criticising the economic system are approaches that try to establish ways of living and working that go beyond the growth-related paradigm and lead to the development of a post-growth economy. There are several approaches that claim to contributing to the post-growth concept. These range from initiatives aiming at a change from quality oriented growth to ones targeting a sufficiency related development. The latter is based on a fundamental change of individual behaviour and needs. In times of crisis such an approach can offer ways of living that are less dependent on central politics and offer a more sustainable development path. However, the post-growth concept still needs to prove in which way it can contribute to solving basic problems, such as unemployment, lack of housing, or of enough money to live, that dominate the discussion in many Southern European cities.

Revival of the ‘commons’

The twentieth century can be described as a cultural phase of a ‘neglect of the commons’ (Ostrom, 1990). Common goods, like open spaces, waterways or lakes, forests, or farming land, that are owned by the city and are used by the people have been a characterising element of many cities. During the last decades there has been a tendency towards privatisation that has been strongly pushed by neoliberal politics up from the 1980s. In recent years, however, privatisation has been heavily criticised due to its social impacts and negative consequences for individuals and communities.

The economic crisis could contribute to a renaissance of the commons in many cities (e.g. Ferguson & Urban Drift Project, 2014; Ostrom & Hess, 2007). Public-owned infrastructures, land, and real estate offer the chance to launch social or built environment experiments and bottom-up initiatives that contribute to sustainable urban development (e.g. Tonkiss, 2014; Till, 2014). However, the use of the commons has to prove that it fulfils high qualitative expectations and certainly needs innovative forms of urban governance that go far beyond the routines. Moreover, it needs to establish new forms of cooperation between politics, administration, businesses, and citizens for creating the future vision of the citizen community.

The contributions in this book offer a wide range of insights into the origins of the crisis, its impacts on Southern European cities and urban regions and the challenges these face. Furthermore, they discuss a variety of possible solutions

J. Knieling et al.

and identify various approaches. However, it becomes clear that the crisis in different countries has different consequences for the people and the cities. Due to this differentiation the topic ‘cities in crisis’ offers a broad and important field for further research. This book may set a frame and hopes to contribute with useful additional aspects and ideas enriching the multiple efforts that have already been undertaken in recent years to help cities and their citizens to tackle the impacts of the crisis and to set up modernised governance for future sustainable and resilient urban development.

Note

1 For more details see www.cooperativa.cat/en.

References

- Ferguson, F. & Urban Drift Project (2014) *Make_shift city: Renegotiating the urban commons*. Berlin, Jovis.
- Ostrom, E. (1990) *Governing the commons: The evolution of institutions for collective action*. Cambridge, Cambridge University Press.
- Ostrom, E. & Hess, C. (eds) (2007) *Understanding knowledge as a commons: From theory to practice*. Cambridge, MIT Press.
- Panayotakis, C. (2014) Scarcity at a time of capitalist crisis. *dérive*, 55, 10–14.
- Reimer, M., Getimis, P., & Blotevogel, H. H. (2014) *Spatial planning systems and practices in Europe: A comparative perspective on continuity and changes*. New York, Routledge.
- Till, J. (2014) From objects of austerity to processes of scarcity. *archithese. International Thematic Review on Architecture*, 44 (6), 44–55.
- Tonkiss, F. (2014) From austerity to audacity: Make-shift urbanism and the post-crisis city. In: Ferguson, F. & Urban Drift Project (2014) *Make_shift city: Renegotiating the urban Commons*. Berlin, Jovis, pp. 165–167.