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Regulating Cross-Border Regionalisation
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Summary

The political scientist Giandomenico Majone declares the European Union to be a “regulatory state” on a supranational level. In that perspective it is a hypothesis that regulation endeavours occur in every field of action related to EU policy areas. Cross-border regionalisation is an EU policy area. Consequently it is expected that EU exercises regulatory influence on the institutional framework of cross-border planning and co-operation, despite the fact that EU has no formal competence to regulate spatial planning. In this paper two different forms of regulation are focused: “hard” regulation according to law, and “soft” regulation according to learning processes and governance by persuasion. My conclusion is that European cross-border regionalisation is regulated the “soft” way, i.e. national spatial objectives, methods and options are harmonised through comparison and learning mechanisms.

Key words:

Cross-border regionalisation, regulation, spatial planning in the EU.

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Preface

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Introduction

During the 1990s, we have seen a growing interest in the Community and pan-European dimension of transnational regionalisation at both European and national levels. Despite the fact that the European Union (EU) has no formal competence in cross-border regional planning, the efforts manifested particularly since 1988 seem to support the creation of a more solid regulatory basis for European spatial planning policies. This can be clearly seen either through the Europe 2000-documents and the Commission's Initiatives or through the intergovernmental arrangements taking place within the Committee of Spatial Development (CSD). The European Spatial Development Perspective (ESDP), the 1997 Noordwijk-document (Commission of the European Communities 1997), gives evidence to this ascertainment. The ESDP enables a flexible "convergence" of national spatial standards, objectives, methods and options through transnational comparison and learning mechanisms. This evolution has been coupled with increasing interest shown by several national and regional authorities in relating their cross-border planning strategies and programmes to European spatial development issues.

For example the ESDP pursues three fundamental goals, which are in line with the general approach of the Community's regional policy. These are economic and spatial cohesion, sustainable development and balanced competitiveness of the European territory. It proceeds with identify three spheres of activity which correspond to the objectives. Spatial and regional planning should promote a balanced and polycentric system, parity of access to infrastructure and knowledge and prudent management and development of the natural and cultural heritage (Commission of European Communities 1997:5-8). It is to be expected that these areas of activity will be repeated in all regional planning projects involving regions in different countries, in order to get financial Community support. In the particular context of the Baltic Sea region, the cross-border co-operation is established already on a strong political basis, which is in line with the ESDP principles, in such a way that project-makers are going through a learning process. Below I will label this sort of regulation "governance by persuasion".

Contrary, if transborder regionalisation is looked upon as a process of creating borders encircling territories strictly regulated by law, traditional thinking will accordingly come up with the idea to let territorial governments, and not regional governance institutions, execute those regulations and laws. Unalterably, the task then will be to put the Euro-regions into a hierarchical system of laws and orders, destroying the borderless, horizontal and networking character of those specific regions. Certainly that would undermine the ability of the Euro-regional regimes to adapt to changing markets, technology and culture, and give them less power to generate targeted development projects and to negotiate strategic planning actions.

The new re-regulation concept

The dominant model of planning in the first two decades after the Second World War was characterised by state intervention i.e. macro-economic stabilisation, income redistribution, regulation and central public planning. Policy implementation was carried out by institutions in a hierarchical administrative structure. Economic growth in the western countries was strong and their national economies were relatively closed. Re-distribution and transfer of financial support (or lack of such support) to underdeveloped periphery areas were carried out by state authorities according to a national Master Plan. Bureaucratic control and public ownership were important elements of the state regulation.

The international economic crisis in the 1970s led to a demand for new forms of planning and management. The new model of planning that grew up included liberalisation i.e. increased competition in the market and in the public sector, welfare reforms and deregulation. Management by objectives replaced bureaucratic control in the public sector (Veggeland 1999).

The new framework for this policy is the globalisation of the economy which means increasing international competition, a new organisation of enterprises often termed post-Fordism (enterprises linked by networks and flexible specialisation) (Amin (ed) 1994) and increasing privatisation in the traditional public sector. It creates an increasing need to find a way of regulating market imperfections, regulating private actors, protecting consumers in the wake of new technology and regulating a sustainable development. Regulation has legitimacy in the Europe of today. It is visible, among other things, in the many European countries, which have in the 1990s elected social democratic governments. The social democratic parties have traditionally distanced themselves, both ideologically and politically, from the liberal and conservative parties, and placed a greater emphasis upon public planning and regulation (Giddens 1998).

In the field of cross-border regionalisation: what form of regulation? According to “positive” rules, or according to learning processes and regulation by persuasion?

Deregulation has been regarded as the most characteristic trait in this model. But paradoxically, this period shows an incredible increase in the number of regulative policies imposed on regional development both on a national and European (EU) level (Majone 1996). The paradox is no more than apparent. What has happened is that traditional forms of regulation, planning and control have collapsed under the pressure of new technological advances and economic and ideological forces. This has been called deregulation, but the concept used in such a manner creates the wrong impression. There has definitely not been any reduction in public regulation in the direction of *laissez-faire*. What has taken place is the implementation of a regional policy based upon a combination of deregulation and re-regulation on different levels of management. New ones replace old forms of planning and regulation. The new forms growing more quickly than the removal of their predecessors (Majone 1996, Veggeland 1998).

Streeck argues, what really distinguishes the emerging European policy regimes from both traditional national ones and other interventionist European policies is “its low capacity to impose binding obligations on market participants and the high degree to which it depends on various kinds of voluntarism” (Streeck 1995:45). In particular, in the field of regional development and re-distributive policies both the absence of a supranational state formation and the dominant market-driven process of unification seem to give rise to a new approach of regulation as an alternative to both hard interventionism and no regulation at all. What Streeck systematises under the term “neo-voluntarism” relies not least upon “governance by persuasion”, “governance by choice” and “governance by consultation and diffusion” (Streeck 1995:31-59). This new approach tries to keep regulation alive while at the same time preserving the voluntarism of intergovernmental relations and regional planning actions and the dominant market-orientation of the European integration process.

Williams has described the new regulatory attempts in the field of regional policy by four key principles underlying the 1988 reform of EUs Structural Funds: concentration, programming, partnership and additionality (Williams 1996:120). Firstly, those measures should make action by local and central authorities in the field of regional policy more attractive, and stimulate management by objectives. Secondly, as a consequence of the opening-up of the national economies and the European integration, the EUs Interreg-programme, and the Tacis and Phare programmes, were introduced to stimulate on-going transnational regionalisation both inside EU and between EU and neighbouring third countries. Thirdly, The European Spatial Development Perspective (ESDP) is an other new approach of regulation based on voluntarism in the field of spatial and regional development planning (Commission of European Communities 1997). ESDP points out seven transnational meso-regions where the programme should be implemented. Among others the Baltic Sea region and the North Sea region.

Institutionalised cross-border regionalisation

So with regard to the concrete developments of European co-operation on cross-border regionalisation over the last few years, we could distinguish two fundamental trends that seem to be shaping its conceptual and institutional framework. The first one is the replacement of the traditional hierarchical and centralised form of state cross-border action by a horizontal and co-operative model of co-ordinated territorial options. The second is the replacement of substantive rules by procedural, prospective and general frames of references and action, providing information and indicating policy aims and options (Giannakourou 1996:595-613).

With regard to these trends, the discussions and the negotiations operating either within the intergovernmental arrangement or within the informal cross-border, interregional and transnational networks built voluntarily among cities and regions circumscribe the institutional profile of the emerging co-operation. Under intergovernmentalism as well as urban and regional networking, the decision-making process of European regional development co-operation is moving away from a “positive” regulation, relying on hierarchical, hard and uniform harmonisation of national standards. At the same time, it is moving equally away from pure *laissez-faire* integration, relying simply on the competition of the marketplace for the attraction of investment capital and the production of favourable location milieu. Instead, intergovernmental and network co-operation targets principally at producing a new path towards regional integration, as an alternative to both top-down model of regional policy and a total absence of regulation in the field of cross-

border regionalisation. The functional effectiveness of this alternative re-regulating path will be mainly produced through the diffusion of knowledge and successful co-operative practices on regional issues, with the consequent interpenetration of different institutional, administrative and cultural traditions (Veggeland 1998:42-68). The mutually beneficial arrangement of "soft" regulation at European level has helped to create a virtuous circle of improvement in the content and capability of spatial and regional development (Veggeland 1996).

This approach relies not the least upon governance by persuasion. Basically, the ESDP is concerned with matters of redistribution in the fields of regional settlement, infrastructure, and in the promotion of sustainable development. Consequently, the ESDP refers to a policy regime based on governance by persuasion. The principle of subsidiarity is an important part of the implementation process of the ESDP. It means that voluntarism must prevail on all decision-making levels in the EU. EU-measures to promote ESDP as a Master Plan by supporting initiatives with hard EURO are quite weak as well. So far, Interreg has allocated only limited funds, Interreg IIC, in order to strengthen the force of persuasion.

In spite of its voluntarism, the ESDP might still have an influential impact on national spatial planning perspectives and the development of the planning institutions. It might have a regulatory effect in the long run. The ESDP represents an incentive to the European integration process, and in terms of comprehensive "soft" regulation it stands for a focused attempt on regulating European spatial and regional planning i.e. the positive harmonisation of national planning perspectives. - But in what way, since spatial planning doesn't involve decisive community competence?

In the literature in this field, three main hypotheses or perspectives are used to describe or account for processes of policy change. They are commonly known as the thesis of autonomy (Page and Wouters 1995), the thesis of convergence (Rometsch and Wessels 1996) and the thesis of divergence (Olsen 1996).

Regulation by persuasion can be seen in the light of these theses. In the thesis of autonomy the influence of the EU is downplayed; through among other things, it is a failure to present the background for EU regulations in terms of coherent and unified models for national administrations. EU policy is seen to place few formal guidelines or constraints upon institutional policy, and voluntarism is regarded as a dominant principle in the field of regionalisation. Institutional changes come about first and foremost because of internal factors, and institutions are thus influenced by such factors, while remaining autonomous in relation to the European environment. The national implementation of the ESDP seems in the short-term to be most closely aligned to this perspective.

In the divergence thesis it is assumed that adjustment in the EU takes place, but it is an adjustment formed and in accordance with different national and institutional traits. The adjustments don't lead therefore to a unified pattern, instead they are unique for each institution. What we have then, is a possible scenario for the ESDP, but it breaks with the intentions of the EU to becoming a regulatory political power in Europe.

In the convergence thesis processes of integration are seen to assist the level of the steering on the national level, the EU level is more closely joined together and influence is possible on the basis of contact and interaction between different institutions in shared arenas. It is assumed that an influence occurs over time, which results in national actors becoming more and more alike, and that this leads to the development of a common European model. This can be the long-term effect of the ESDP and can represent the most likely scenario for the institutionalised transnational regionalisation process.

The conclusion is the following: Cross-border regionalisation is a denationalised system of governance. From the considerations developed above it follows that the notion of a bottom-up and flexible transnational regional planning co-operation within the Interreg-programme and ESDP network, manifests an increase in regional capacities for spatial co-ordination and voluntary integration. According to this model, and given the supranational purgation endeavours and guiding, the integration process in the field of transnational regionalisation seems taking the form of self-modification of transnational regional planning systems through mutual information, observation and learning processes.

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