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Special Issue: Territoriality and Governance in the Globalizing European Eastern Peripheries

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Introduction to the Special Issue: Territoriality and Governance in the Globalizing European Eastern Peripheries

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1. Introduction

Territory and territoriality have attracted the attention of social scientists studying the interaction of policy, planning and governance in the European space for some time. As an "abstract principle for creating and reproducing social order" (Perkmann 2007, 256), territoriality has arisen as a concept applied in the ever-changing European territorial arrangements across the disciplines. The territorial dimension of European policy presents challenges and opportunities for governance from political, economic and environmental aspects, while the elusive policy goal of territorial cohesion, which has been the guiding principle at the heart of EU Regional Policy and the European Union's long-term development strategy, remains largely undefined and poorly understood, seemingly to the detriment of peripheries. This introduction to the *Special Issue* considers the themes of territory and governance and aims to extend the meanings of major concepts in the literature from the perspective of the European Eastern peripheries, specifically the post-socialist states of Central and Eastern Europe (CEE).

The aspect of territoriality has become widespread in a range of European policy areas, including spatial planning, regional policy and governance. Increasing awareness of territoriality in turn lends to a recognition of regional inequalities and their associated problems, which can be considered in terms of the core-periphery relationship and related processes, institutions and power structures. Regional inequalities have long been the target of EU policy by way of Regional and Cohesion Policy, which disperses vast sums of European Funds to lagging territories, based on an economic productivity criterion in the aim of balanced territorial development. Meanwhile, global processes affecting the territorial distribution of capital and demographic shifts are reinforcing territorial differentiation and polarization, undermining local initiatives and democracy and further entrenching peripheries. CEE has been particularly prone to such processes of polarization and peripheralization (Lang et al. 2015). Yet, political attention and subsequent policy indicates a shift in favour of core urban areas in order to address European and national economic growth and competitiveness goals (European Commission 2014), thereby neglecting the growth and innovation opportunities of peripheries.

This special issue focuses on the governance of peripheries in CEE from a multiscalar perspective to identify current policy responses and practices at the European, regional, cross-border and local levels. We attempt to unite various paradigms of peripheries by taking a governance approach – paradigms that, when used independently, threaten to further fragment our understanding of non-core territories across CEE. The introductory paper progresses from discussing the territorial basis of peripheries, through rescaling processes and issues of governance, to the introduction of the selected papers of this issue.

2. Major Themes in Territoriality

A review of the literature finds that territoriality is approached from politico-institutional and socio-spatial perspectives. Territory has been defined as the institutionalized forms of social representation and domination based on bounded geographic spaces and populations, which therefore are sites of governance (Perkmann 2007). Meanwhile, territoriality, providing the basis of the state system (Anderson and O'Dowd 1999), can be described as the influence of such institutionalized power on the territory. It is no surprise, then, that territoriality has garnered much attention by scholars focused on the European Union, with its ever-changing territorial arrangements and experimental governance structures. Due to this attention, major themes in the literature are distinctly related to the European project and processes occurring within and across Member States, including the distribution of competences between various levels of government, subsidiarity and multi-level governance (Faludi 2013), the construction of regional identities (Healey 2006; Paasi 2013) and effects of changing border regimes on border regions (Anderson and O'Dowd 1999). These we describe as the politico-institutional and socio-spatial aspects of territoriality, which align with various scholars' frameworks for analyzing territorial issues, e.g. instrumental institutions of control and identity-providing institutions (Blatter 2004), hard and soft spaces (Allmendinger and Haughton 2009, 2010; Faludi 2013) and regulatory, social-integrative and discursive dimensions (Perkmann 2007). For the purposes of this article, we will focus on issues of governance and territoriality applicable in the EU context over the wider globalization literature, since the European Commission, Council of Europe, Member States and related institutions have been instrumental in shaping a distinct strand of the discourse on territoriality.

The politico-institutional situation of territory in the EU is currently defined by the state system and principles of the European Union, namely the subsidiarity principle defining Member State-EU relations and reinforcing the state system as well as – until recently threatened by Brexit and the rise of right-wing populism – the trend towards integrative, power-sharing activities, such as multi-level governance. The Committee of the Regions (2009) understood subsidiarity to refer to the responsibilities of different levels of government and multi-level governance to the interaction between different levels of government, whereas subsidiarity has also been described as the principle of keeping functions as low as possible (Swianiewicz 2010). Cross-border cooperation, a hallmark of European integration and experimental governance, is an example of multi-level governance operating in new terrains of transnational actors (Perkmann 1999, 2007). Territorialism is enforced through the

subsidiarity principle and is therefore fixed upon hard spaces, ignoring real-life experiences of soft spaces (Faludi 2013), whereas the soft spaces of regional identities can be seen as social constructs arising from "plural and contextual discourses" (Paasi 2013) and characterized by "relational complexity" (Healey 2006). The EU contributes intensively to the creation of these soft spaces, e.g. Euroregions and Local Action Groups, differing from the existing administrative structure, thereby acting as a driver of soft planning (Purkarthofer 2016).

Territorial cohesion as a policy goal is left up to the Member States to implement even though considerable incentive is exercised by the EU to guide territorial development through Structural and Cohesion Funds and their related policy frameworks. Specific programmes funded by the EU, such as INTERREG, have long targeted specific territories by implementing cross-border cooperation largely between non-central state or local actors (Perkmann 1999). However, outcomes tend to be unbalanced towards Western partners and/or city-based consultants, as the CEE local and regional authorities lack both the true knowledge necessary to understand EU policies in depth and the capacity to compile and manage projects with high bureaucratic demands (Raagmaa 2015). Therefore, the real place- and network-based soft spaces may significantly differ from the theoretical policy-based soft spaces.

Thus, socio-spatial aspects of territoriality encompass the social construction and reproduction of regional identities through state and non-state actors and everyday practices. These necessarily demonstrate high variability across regions and are historically contingent. In contrast to the INTERREG programme, which is defined by hard spaces and governmental actors, the EU's LEADER programme for rural development takes a bottom-up, network approach including non-governmental actors and is thus amenable to the social relatedness and complexity of soft spaces as well as the locality of territory. Nevertheless, such programmes emphasizing the role of local and regional actors, whether implemented through top-down or bottom-up processes, must not neglect the external forces shaping the reality in their territories, reinforcing the importance of wider knowledge and expertise to navigate complex global processes.

Recognizing the distinction between politico-institutional and socio-spatial aspects of territoriality, it is important to also acknowledge the wider set of factors affecting both sides, such as globalization. Contrary to earlier notions of diminishing territoriality associated with globalization (e.g. Ohmae 1990, 1993, 1995) and the transition from "spaces of place" to "spaces of flows" (Castells 1996), previous claims of de-territorialization were considered to have been overestimated in the literature (Anderson and O'Dowd 1999). Instead of shrinking into obscurity, territoriality has taken on inherent contradictions and increased in complexity. As some aspects of boundedness have softened, others have hardened. Borders have become more differentiated and taken on a multiplicity of meanings (ibid.). Institutional models in Europe, including multi-level governance and cross-border cooperation, have been territorial (Blatter 2004), but such structures of governance have not fully incorporated territoriality (Faludi 2012), and the gap between territorial knowledge and institutions of governance has not been bridged (Schmitt and Van Well 2016). A deeper understanding of these applications in CEE over the course of more than ten years holds a promise of bringing new meanings, interpretations and outcomes.

Thus, major issues surrounding territoriality and the changes in territoriality must continue to be explored from multiple perspectives in order to understand their impacts in peripheral regions.

3. Scales, Boundedness and Borderlands

Several concepts related to territoriality help to analyze peripheries: scale, boundedness and borderlands. According to Perkmann (2007), scale has regulatory, social-integrative and discursive dimensions and can therefore be analyzed in terms of functions as sites of governance, nature of social formations and construction through narratives and discourses. In addition to these three dimensions, scale can be described in terms of horizontal and vertical aspects (Dicken 2015), as it refers to both bounded places as arenas and objects of governance as well as external processes, such as globalization. Driven by transnational corporations and world-scale organizations (e.g. the World Bank), i.e. vertical aspects, globalization has a major impact on governance and particularly on horizontal rescaling, as local and national governments have to adjust to transnational corporate needs. Limiting scale to the horizontal meaning, Perkmann defined territorial re-scaling as "the establishment of government functions at a scale that is different from previously situated" (2007, 256), a phenomenon which can be observed in various decentralization and centralization processes between the local and supranational levels in the European Union. Territorial re-scaling therefore highlights changing institutional arrangements of governance in response to global processes as well as European initiatives and development programmes.

Notions of peripherality are dependent on scale and the relative identification of the core within the territory. Within the EU, Northern, Eastern and Southern states are traditionally deemed peripheral in relation to those wholly or partially integrated with the European core – the so-called "blue banana" (Brunet 1989) – while within the majority of states, core-periphery dynamics can be detected between capital regions and the rest of the territories. Cross-border cooperation programmes have been established across Europe to connect peripheries between states with the aim of overcoming structural deficiencies of borderlands. These cooperations are supposedly examples of multi-level governance networks functioning in new terrains for transnational actors (Perkmann 1999), but, especially in CEE, they have scarcely spurred integration (e.g. Špaček, this issue).

Such multi-scalar peripheral territories rest on our understanding of bounded places. To borrow from the border-studies literature, peripheries are considered the objects rather than the subjects of policies and politics in a state-centric system, while territoriality necessarily focuses attention on borders (Anderson and O'Dowd 1999). Territorial rescaling therefore involves the shifting and recombining of such places in ways that challenge existing understandings of subsidiarity, governance and the region itself. As Perkmann stated, "the 'object of governance' is not preconstituted but co-evolves with the operation of governance institutions" (1999, 660). From the perspective of peripheries, the question is how they can adapt and cope with regional dynamics, such as territorial re-scaling and regional polarization. After more than ten years in the EU, these concepts merit revisiting in CEE in order to

understand how governance in peripheries and the understandings of peripheries in CEE border regions have really evolved, especially apart from the often-times Western cases from which the EU cross-border structures emerged.

Territories as bounded places take their meaning from endogenous characteristics and relationships with other territories. Extending this argument, peripheral territories are seen to be lacking valuable attributes in relation to others. Therefore, governance plays an important role to develop such attributes through policies, institutional structures and leadership initiatives targeted to the conditions in their territories. As the next section shows, European and CEE peripheries in particular are faced with a diversity of problems and pre-conditions, but tackling these through a governance approach presents an opportunity to unite under common principles as we delve into local policies, practices and adaptations.

4. Objects of Policy: Conceptualizing and Governing Peripheries

European peripheries have long been spaces of targeted policy intervention, but the conceptualization of the region as the basis for policy has been the subject of academic debate since the 1980s. This debate on the territorial versus relational conceptualization of the region has settled towards an uneasy convergence that recognizes both various relational constructions of the region and the territoriality of structural local characteristics of place: "'Territorially embedded' and 'relational and unbounded' conceptions of regions are complementary alternatives, and actually existing regions are a product of a struggle and tension between territorializing and de-territorializing processes" (Varró and Lagendijk 2013, 21). Indeed, it is difficult to deny both relational and territorial aspects in peripheries that are now widely recognized to be affected by globalizing processes. Relationists such as Paasi (1999) demonstrated that the territoriality of peripheries is partially defined by boundedness and exclusion as socially constructed and significantly produced by the core. Meanwhile, the European policy of place-based development put forth in the Barca Report (Barca 2009) is built upon harnessing the potentials of endogenous characteristics of bounded territory and administered through territorially defined programme areas. Policy and governance increasingly tries to bridge the gap between relational and territorial discourses, as they account for endogenous and exogenous forces shaping peripheral regions in their particular contexts.

European peripheries are not homogeneous, and their myriad problems fit into various development models. Uniting peripheries under a single framework of governance activities, such as guiding policies, strategies and targeted actions, can therefore be difficult. Typologies of peripheries vary, from those based on economic diversity and rurality, such as Watkins' (1963) primary and single-industry staples economies evolving through globalization processes towards Woods' (2007) global countryside of farmlands and branch plant economies, to those more focused on competitiveness and institutional depth, such as the organizationally thin peripheries and overspecialized and inefficient old industrial regions described in the regional innovations-systems literature (Isaksen 2001; Tödtling and Trippl 2005). A common aspect to these paradigms of European peripheries nowadays is that their current condition has been largely shaped by globalization, causing shifts in their traditional

economies, demographics and power structures, with implications for local governance. A common question is, therefore, how peripheries can provide similar- or even better-quality governance and institutional arrangements as the core to compete amidst globalization, to support economic development, diversification, reinvestment and innovation, social and demographic development and to mitigate environmental degradation. Isaksen (2001) believed that organizational thinness, reflecting a lack of regional actors and institutional capacity – commonly describing peripheries – should be understood from territorial and functional perspectives. Nevertheless, with comparatively little recent attention paid compared to economic competitiveness (i.e. innovation systems), the lens of governance, it seems, provides a particularly useful way forward in understanding peripheries.

Various turns have affected the governance of peripheries in CEE countries since their transitions. Not only did they have the opportunity to reform public administrations and systems of governance, but transitioning meant that some countries built new institutions from scratch (Drechsler and Randma-Liiv 2015). One universal trend in public administration that was transferred to CEE countries was New Public Management (NPM); researchers have been critical of definitive conclusions drawn from this due to the variety of implementations between countries (ibid.). The guiding NPM principle of lean and efficient administration may undermine institutional capacity more so in peripheries than cores, since peripheries must actively respond to the more often devastating effects of globalization.

Meanwhile, the LEADER approach for rural development has provided a framework for local governance that has met some success in CEE (Chevalier et al. 2012). This bottom-up, territorial approach has depended on the cooperation and partnership of local actors as opposed to previously centralized regimes in CEE, challenging the limits of local institutional capacities. However, the emergence of clientelistic practices amidst a weak and disinterested civil society (ibid.) as well as a professional "project class" able to navigate complex and bureaucratic processes (Kovách and Kučerová 2006) have threatened the legitimacy of the approach. In a similar vein, relatively early research on the INTERREG programme was critical towards the more vertical integration in cross-border regions lacking knowledgeable local actors and capacities, in some cases operating without them (Perkmann 1999), while others have more recently pointed to the pressing need for enhanced institutional and leadership capacities in peripheries in order to realize development potentials (Sotarauta et al. 2012; Beer and Clower 2014). Methods of governance imported from the West are increasingly recognized to deliver inconclusive or lacklustre results in CEE, and more research is needed to uncover what works amidst on-going globalization and peripheralization processes in Europe's Eastern peripheries.

Drawing together territoriality and governance, a dilemma emerges in CEE countries regarding core strategies of regional development for peripheries. Place-based development, as mentioned above, relies on endogenous potentials to promote growth in economically lagging regions (Barca 2009), while weak endogenous potentials and the characteristic lack of institutional capacity and know-how presents challenges for local leaders, who in turn engage in a variety of multi-actor leadership practices that are, indeed, difficult to pin down. Place leadership has therefore been identified as a key factor of regional development, but knowledge of effective prac-

tices is lacking and difficult to generalize in different national, institutional and power-structure contexts (Sotarauta 2016). In the globalizing peripheries, expanding networked power relations of place leadership have the potential to overstep territoriality and formality.

5. Advancing Research on Governance in European peripheries

The selected papers in this issue address interactions between territoriality and governance of European peripheries, drawing on cases from Central and Eastern Europe and Baltic regions. Theories of governance in relation to particular EU structures and programmes and its operationalization through actors, practices and leadership qualities are expounded in the Eastern peripheries. In the first paper, Bradley Loewen turns to the issue of scale and institutional arrangements shaped by EU Regional Policy within national contexts through the cases of Estonia and Hungary, arguing that inconsistent decentralization and centralization tendencies supported in pre- and post-accession EU programming may threaten institutional capacities and support for regional-policy objectives. Second, Alexandru Brad investigates how regional actors understand and interpret global and EU processes, drawing conclusions for regional and local capacities, regional development and socio-spatial polarization in Romania. Eva Purkarthofer and Hanna Mattila follow with institutional arrangements at the regional level in their analysis of a regional self governance experiment in Finland's Northern peripheral region of Kainuu, claiming untapped potentials of integration and coordination for regional development. In the fourth paper, Martin Špaček investigates local decision-making processes and actor-network relations in the under-realized cross-border development regions of Germany, the Czech Republic and Slovakia, finding evidence that governance of cross-border regions can, in practice, be led by personal and special-interest groups rather than fulfilling EU-favoured theories of multi-level governance. In the closing paper, Martiene Grootens examines local leadership in peripheral Estonia and the diverse practices that can lead to increased visibility in a centralized political system as well as the challenges that such visibility can present.

These papers identify shared problems of the European peripheries centred around the following issues: unrealized potentials of institutional arrangements, in terms of both regional-development models and programme and funding structures; effective management of horizontal, vertical and asymmetrical coordination in order to develop a shared understanding of the often ambiguous "region" and to define the roles, responsibilities and competencies of its members; and qualities of actors, both in terms of leadership and the often necessary multi-functionalism that arises in peripheral places, also related to coordination. These problems indicate a need for capacity-building that has hardly been addressed through past policy reforms. Moreover, the issue of governance has retreated from the policy agenda since reforms related to the EU's Eastern expansion. In light of the continuation of global trends exacerbating regional polarization and the limited impact of regional-policy interventions, the evidence indicates that governance, and indeed the deficiencies of governance and proactive leadership in peripheral places, warrants due attention through policy and programming interventions and therefore a more prominent position in the regional-policy discourse.

6. Conclusion

> We live in a highly territorialized world, the most obvious manifestation of which is the political division of the earth into separate countries or states. However, this macro-scale territorialization is accompanied by a myriad of much more micro-scale variants involving the staking of claims to geographic space, the "production" of territories, and the deployment of territorial strategies. (Storey 2015)

Addressing territoriality is inevitable in order to understand changing governance and to secure the effectiveness of regional policy. As stated by Paasi (2010, 2300), "Region building brings together various forms of power, varying from coercive to immanent, from power that bounds spaces to power that opens them up." However, both the ICT revolution-boosted globalization and the neoliberal turn that amplified after the (temporary) collapse of the Soviet (Russian) empire reduced the importance of territorial aspects so that spatially blind sectorial thinking became dominant. Capitalist development concentrated in the metropolitan regions, and the "interpretations of territorial cohesion" were "grounded in a belief that favours economic concentration" (Brad, this issue) that, arguably, would help CEE peripheries to quickly catch up to Western European welfare levels. The acceptance of the Washington Consensus and New Public Management principles was particularly strong in CEE countries that were prone to react against the former state-dominated and deficit-afflicted economic system. Thus, approaching 30 years of neoliberal policies, there have been dramatic consequences to the development of peripheral areas, where in all CEE countries, but also in other European peripheries, the market-adoring non-planning attitude led to irreversible spatial polarization, uncontrolled urban sprawl and – as a result – numerous spatial development fiascos. The most affected regions suffering from massive outflow of population are the peripheries-of-the-peripheries along the external border of the EU. This, especially after the security situation has escalated in the Eastern (and also Southern) borders, has European policymakers increasingly concerned, and, as such, the European policies and governance structures leading to this situation need to be critically reviewed.

In Central and Eastern Europe, the exuberance regarding the freedom that followed the breakdown of the Soviet Union first generated massive decentralization and re-establishment of pre-war structures. The CEE governments carried out a number of administrative and territorial reforms, but even when hotly debating borders, territoriality was obscured by sectoral interests. Old and new administrative silos had risen to new heights by the turn of the millennium. Under pressure from the Commission during the pre-accession period, CEE countries advanced their administrative capacities on the national level, while lower administrative tiers – just 10 years earlier enthusiastically re-established and expanded – were gradually reduced to administrative roles with little power to influence planning decisions made by the central administration and political establishment. As the central-government civil servants had to invest more of their time in the corridors of Brussels, this left far less attention to their local affairs.

Thus, when most Western European countries intentionally tested subsidiarity and multi-level governance-based devolutionary territorial policies, CEE countries somewhat paradoxically experienced "the absence of effective decentralization or regionalization", such that "the basic institutional arrangements for the central delivery of EU Regional Policy programmes do little to support programme objectives in themselves, and there is a missed opportunity to support programme objectives through institutional design" (Loewen, this issue). The forced attempt to apply NUTS-2 regions in Hungary, setting up powerless Romanian regional-development agencies and almost completely writing off the regional dimension in Estonian EU Structural Fund applications, ignored existing territorial structures and intraregional networks, diminishing their administrative role to a minimum: the Hungarian government abolished Euroregions but set up central government offices in the county seats, leaving little space for local decision makers; Romanian Regional Development Agencies became project organizations producing pseudo-strategies supported by neither central nor local authorities; Estonian central government silos "succeeded" in their own turn to create thirty-three parallel territorial divisions purely based on administrative needs and ignoring territorial logic as well as interests of local stakeholders.

Czech, Estonian, Hungarian and Romanian practices as well as the Finnish Kainuu experiment (see Purkarthofer and Mattila, this issue) showed that while the central government agencies do not trust peripheral regional structures, local leaders also tend to be short-sighted, skimpy and selfish for jointly developing "policy instruments which should support supra-local coordination, and redistribution of intervention capacities. The gist of the idea is to enable demographically declining, under-financed, and under-staffed local authorities to access expertise for taking part in wider projects or for pursuing their own interventions" (Brad, this issue).

The directly EU-driven, multi-level governance-promoting policies like INTERREG tend to fail for not considering territorial realities. Špaček (this issue) analyzed cross-border cooperation and discovered a persistent multi-level mismatch and therefore multi-level gaps because of different territorial governance systems and, consequently, incompatible political and administrative competencies. Despite wishful thinking of so-called "eurocrats", the top-down designed Euroregions and dictated institutional models do not fit together because they ignore existing and territorial institutional and cultural specifics. The "official cooperation" only works because of generous EU finances: "Many initial cross-border activities cease after the end of support or do not achieve the expected outcomes" (ibid.).

EU and national policies attempting to find standardized solutions and to promote best practices often tend to generate "grey mass" in the peripheries. Therefore, local strategies and policy documents have to use similar formulations to national and EU guidelines. How to differ? How to become visible? One option is to go global. When local places succeed in attracting a global transnational corporation or are included in the UNESCO heritage list (see Grootens in this issue), their uniqueness may be recognized from the core and thus be taken seriously. Capable leaders are therefore necessary, who are able to engage with global processes, involve passionate actors, and also empower followers who are locally embedded in a similar way.

Thus, territoriality matters. What is more, the process of "creating and reproducing" territories (Perkmann 2009) and the deployment of territorial strategies (Storey

2015) that can ideally be combined with EU and national resources matters. On the basis of the following papers and the evidence they present, we have good reason to suspect that increased awareness of and concern for territorial issues – and particularly for spatial polarization in the European Eastern peripheries-of-the-peripheries – may not affect all governance levels and policy makers in a similar way. Also, the practice of importing Western models to the governance of peripheries in CEE has produced inconclusive and lacklustre results. Hopefully, this special issue contributes to the better understanding of complex territorial processes *per se*, and their outcomes will contribute towards more adequate policymaking in the future.

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From Decentralization to Re-Centralization: Tendencies of Regional Policy and Inequalities in Central and Eastern Europe

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Abstract

The issue of decentralization in the postsocialist countries of Central and Eastern Europe (CEE) has faded from the research agenda since the democratic transition and EU accession. Conventionally presented as a global policy goal for supporting local democracy, improved governance and reduced regional inequalities, decentralization has been met with uncertain results in less developed regions. EU Regional Policy, initially supporting decentralization and related regionalization processes in CEE, has met challenges in lagging regions facing institutional legacies and capacity limitations. Perceived failures of decentralization point to a trend of re-centralization of regional policy in CEE countries, on the part of both national and EU levels, potentially exacerbating the trend of increasing regional polarization within countries. The cases of Estonia and Hungary illustrate these tendencies, drawing attention to national responses and the need for a continued dialogue on institutional development and EU Regional Policy reform in order to better target regional inequalities.

Keywords: decentralization; governance; regional policy; institutions; Central and Eastern Europe

1. Introduction

The issues of decentralization and regionalization once occupied a high-profile position in the discourses surrounding institutional reform in the postsocialist countries of Central and Eastern Europe (CEE) as they underwent political and economic transition and prepared to enter the European Union. Decentralization programmes, informed by a literature on the universal indications of decentralization applied from Western models, satisfied initial requirements of local autonomy in many cases (Illner and Andrle 1994). Nevertheless, over time and through the development of diverse institutional arrangements in CEE (Jüptner et al. 2014; Swianiewicz 2014), as well as through its failed application in low- and middle-income countries

around the world (Andrews and De Vries 2007; Litvack et al. 1998), the decentralization literature has become uncertain regarding the reduction of regional inequalities. Over a similar time period, CEE countries participating in EU Regional Policy have seen increasing regional polarization within the countries, in spite of general convergence between countries themselves (European Commission 2014; Kühn 2015; Monastiriotis 2014), which raises new questions about the lessons of decentralization in light of recent institutional transformations.

By tracing the institutional transformations of CEE countries and their work towards common EU goals such as territorial cohesion, the comparative study of CEE countries can make a fresh contribution to the decentralization literature, reflecting on the development and complexity of various national institutional contexts in the postsocialist period. This paper compares decentralization and regionalization processes in Estonia and Hungary by focusing on national institutions related to EU Regional Policy* and how institutional arrangements relate to policy objectives, namely the reduction of regional inequalities. Drawing on fieldwork consisting of in-depth interviews with regional policy experts, the research aims to reinvigorate the decentralization debate by elaborating arguments from the perspective of the peripheral countries of CEE and distinguishing those arguments from the sometimes inapplicable and non-transferable "best practices" based mainly on the experiences of either highly developed or developing countries.

The paper proceeds with an overview of the decentralization literature as it pertains, first, to governance and development in general and, second, to regional inequalities. Following that, the processes of decentralization, and regionalization as a form thereof, are put into the context of EU Regional Policy and the particular situation of the postsocialist CEE member states. The cases of Estonia and Hungary are thereafter presented in a comparative fashion, outlining the institutional developments surrounding their national regional policy and highlighting the potential impacts of sequential reforms on regional polarization. The paper concludes by drawing implications for the future of EU Regional Policy.

2. Decentralization as a policy goal

2.1 The decentralization toolkit: An ideal approach to governance and development?

Defined as the "transfer or delegation of legal and political authority to plan, make decisions and manage public functions from the central government and its agencies" to lower-level "functional authorities, autonomous local governments, or non-governmental organizations" (Rondinelli 1981, 137), decentralization has been promoted by international governmental organizations and policy think-tanks with the aim of improving issues of governance such as democracy, public participation, efficiency, transparency and anti-corruption, as well as issues of economic development. Various dimensions of decentralization have been specified in the literature,

* In this paper, "EU Regional Policy" refers collectively to Cohesion Policy and related supranational EU strategies and programmes, while the lower-case "regional policy" refers to its national iterations and/or implementations.

such as fiscal, administrative and political decentralization, and decentralization can take the forms of deconcentration, delegation and devolution in the public realm, which increase in their degrees of decentralization, as well as partnerships and privatization (Agarwala et al. 1983; Rondinelli 1981). More practically, decentralization is commonly revealed by the downloading of public functions to lower levels of government and, ideologically, is associated with various turns in governance in the late twentieth century, such as the neoliberalization of the state and New Public Management.

Early literature on the subject tends to offer a broader consideration of the indications and implications of decentralization than is often expressed in more recent interpretations. Prescriptive in nature, decentralization has been viewed as an ideological principle and justifiable political objective in itself and has been linked to increased skills and development, knowledge of local conditions, efficient and equitable allocation of resources, and even national unity and solidarity (Rondinelli et al. 1983). It has been widely prescribed in the 1980s and 1990s for promoting democratic governance and economic adjustment in former authoritarian regimes, wherein lessons have pointed to the importance of institutional capacity and to the relationship between decentralization and economic development amidst globalization (Cheema and Rondinelli 2007). Others have stressed issues of legitimacy, such as political and administrative accountability and capacity, when considering decentralization in developing countries. Amidst the relatively active period of decentralization programmes, Litvack et al. (1998) found that political accountability can be a necessary requirement before decentralization is undertaken, while capacity can be developed incrementally and opportunistically through asymmetric decentralization. Moreover, they specified a range of institutional weaknesses that must often be addressed, including: democratic processes; legal, regulatory, information and financial systems; and markets.

Interest in decentralization has fluctuated from a high point in Western Europe in the 1980s and 1990s, as attempts to implement decentralization programmes across the developing world failed to produce the intended results. In this way, the historic roll-out of decentralization programmes aimed at increasing development and legitimacy have yielded lessons pertaining to procedural issues in implementation, while less is certain about how decentralization should look. Indeed, since the high point, some Western countries serving as models have initiated new forms of centralization (for example Denmark; Andersen 2008), shedding doubt on the normativity of decentralization as a principle in itself. Rather, higher but related principles of democracy, transparency and economic governance now dominating current EU discourses – and which decentralization had been deemed to support – may take more direct precedence in the future.

In addition to the governance aspects of decentralization, economic aspects are also touted through dominant discourses of regional development such as endogenous-growth theory and strategies such as place-based development in the European Union. Through the "Lisbonization" of EU Regional Policy, the territorial development strategy of the bloc has turned from socio-economic harmonization towards economic competitiveness and growth (Avdikos and Chardas 2016; Mendez 2011). Through this re-orientation of Regional Policy, Europe's lagging productivity has

been consistently identified as the main issue to tackle in its regional development programme (Barca 2009; European Commission 2004, 2010, 2014; Farole et al. 2011; Sapir et al. 2003). Scholars have noted, however, that the influential Barca Report cementing the place-based development strategy also discouraged government intervention (Avdikos and Chardas 2016), a paradox in what has traditionally been a redistributive government programme. Thus, issues of centralization and decentralization continue to play out strongly in the EU Regional Policy discourse.

2.2 Decentralization and regional inequalities

Taking regional development and inequalities as a point of departure, the issue of decentralization can be examined in a narrowed context. Theories surrounding decentralization highlight the socio-political and economic advantages of increased autonomy and efficiency of local governments, leading to better service provision for citizens, under the assumption of sufficient institutional capacities. In order to draw conclusions about decentralization in various institutional contexts, the different approaches to decentralization – from economic, concerned with the level of economic development, to political, concerned with forms of state (e.g. federal and unitary) and governance – should be considered together across countries of varying levels of development.

Despite the various potential approaches to decentralization studies, the literature largely consists of studies of developed countries that are mostly focused on fiscal decentralization, due to issues of data availability and measurement. For instance, local autonomy has been scarcely considered as an indicator of political decentralization, the majority of studies focusing on the more readily available shares of total government expenditures, thereby providing only a partial view of fiscal decentralization. The lack of reliable regional data from developing countries makes it difficult to investigate these issues widely across countries (Marks et al. 2008). Furthermore, research has suggested that decentralization theories may hold a developed, Western, welfare-country bias and that decentralization has been shown to serve ulterior political purposes in the developing world (Andrews and De Vries 2007).

The segment of the literature focused on fiscal decentralization and regional economic growth, bringing together studies of federalism, public finance and public administration from the national to local levels, has produced mixed results. On the topic of fiscal federalism, associations were drawn between country size, income per capita and fiscal decentralization (Oates 1972). The economic case for fiscal decentralization is based on "the presumed responsiveness of local governments to the welfare of their respective constituencies" (Oates 1993, 240), invoking the public-choice theory in which the local government is viewed as the provider of a unique bundle of public goods and individual citizens select their location according to their preferences (see Tiebout 1956). The responsiveness of local governments would then be conditional upon adequate local revenues and responsible administration, which can both be lacking in developing countries. Other studies in this strain increased the number of significant variables related to decentralization to include taste differentiation and level of democracy (Panizza 1999) as well as federal or unitary constitution (Dziobek et al. 2011).

Theoretical arguments against decentralization, nevertheless, continue to be invoked as explanations for varying results of fiscal decentralization based on individual country characteristics. The basis of these is that the central state is best suited to perform the redistributive function, thereby promoting regional equality and controlling macroeconomic stability (Prud'homme 1995). Moreover, decentralization can present challenges related to insufficient information, corruption, the quality of local bureaucracy, technological change and mobility, and public expenditures, which are more likely to become issues in developing countries (Tanzi 1996). In practice, such dangers of decentralization may often be due to poor design and implementation, since political stability, public-service performance and equity are also amongst the purported benefits of decentralization (World Bank 1999).

In accordance with the above theories, researchers and policymakers became more concerned with the relationship between decentralization and regional inequalities, and a string of empirical studies following both fiscal and political aspects have narrowed in on this area. These different aspects of decentralization will henceforth be addressed jointly. While decentralization is generally found to have a positive effect on regional inequalities in developed countries, it tends to have a negative effect in developing countries. Shankar and Shah (2001) found that fiscal decentralization had a restraining effect on regional inequalities between industrial and developing countries characterized as either federal or unitary states. Their results further challenge the theoretical argument that central states can better perform the redistributive function, noting that unitary states are generally more unequal than federal states, both developing and developed, according to a variety of measures. They took widening regional inequalities as evidence of failed regional development and considered fiscal decentralization to be a political risk, particularly in federal states, driving separation movements of rich and poor regions. Canaleta et al. (2004) associated political decentralization with regional equality in developed countries from 1980 to 1996, while Ezcurra and Pascual (2008) associated fiscal decentralization with regional equality in (developed) EU countries from 1980 to 1999. Others focused on developing countries have shown negative relationships between decentralization and economic growth (Davoodi and Zou 1998) and regional disparities (Rodríguez-Pose and Ezcurra 2010). More recently, Lessmann (2012) found that fiscal and political decentralization could lead to higher regional inequalities in developing countries and lower inequalities in highly developed countries. However, Ezcurra and Rodríguez-Pose (2013) did not find a significant relationship between political decentralization and economic performance in developed countries. Most recently, fiscal decentralization and regional inequalities have been connected to government quality in the most advanced economies (Kyriacou et al. 2017), which offers an alternative approach to capturing the political dimension apart from political decentralization, specifically, and may hold promise in its application beyond the richest countries.

The mixed results coming from these empirical studies are partly due to the complexities of measuring decentralization, which have been thoroughly discussed in the literature (see Panizza 1999; Meloche et al. 2004; Marks et al. 2008; Ezcurra and Rodríguez-Pose 2013). One reason to stress is the difficultly in distinguishing fiscal autonomy from decision-making and implementation autonomy at the sub-

national level; another, the difficulty comparing sub-national units' responsibilities and resources across countries. Due to complexity in describing decentralization, the comparative case study method can provide more deeply contextualized information for CEE countries in question.

Of particular interest to this study, Rodríguez-Pose and Ezcurra (2010) associated GDP per capita and a variable representing CEE/transition countries with increased regional disparities, suggesting that it is important to consider the effects of decentralization on CEE countries separately due to some unique underlying characteristics. Relating to Prud'homme's (1995) warnings, increasing regional disparities and the need to control macroeconomic stability became key foci of CEE countries in the aftermath of the financial crisis. According to Rodríguez-Pose and Ezcurra (2010), decentralization has the ability to disproportionately benefit regions with greater capacities and handicap poorer regions due to lost economies of scale, the lost equalizing function of the central state, lower access to capital, a smaller tax base, and weaker infrastructural and institutional endowments. It becomes apparent, therefore, that certain conditions may be necessary for successful decentralization, such as high-quality institutions, a conclusion repeated by Muštra and Škrabić (2014), and that regional growth dynamics could affect the viability of a decentralization programme and even promote re-centralization in poorer regions. These conclusions are further explored in the cases of Estonia and Hungary to follow.

3. Decentralization, Regionalization and EU Regional Policy in CEE

Amidst the mixed results of decentralization studies presented above, the appropriate level of decentralization in EU Member States remains elusive to policymakers and amounts to what has been termed, "a fantasy of optimal scale" (De Vries 2000, 203). For governance, decentralizing and centralizing tendencies represent a tension between democratic legitimacy and administrative efficiency; for economics, between endogenous development and macroeconomic stability. These political and economic elements are necessarily intertwined and reflected in the literature linking decentralization with economic development. Likewise, regional policy has been defined in terms of potentially conflicting aims of equity and efficiency (Keune 1998). As such, decentralization and regional-policy discourses are linked by core concepts, and the issue of decentralization in institutions of governance is prone to enter into the EU Regional Policy discourse. The relevance of decentralization to CEE countries is not only limited to the early transition period, but is reinforced in the on-going policy- and institution-shaping dynamics between the EU and Member States and between national, regional and local levels of government. To use EU terminology, decentralization is supported by the subsidiarity principle (Dabla-Norris 2006) and is therefore subject to EU-related processes of institutional change. The following section describes decentralization and regionalization as it relates to EU Regional Policy and the institutional transformations that broadly swept through CEE countries as they became oriented towards EU models of regional development.

In the European context, decentralization has been described as a form of territorial rescaling that changes institutionalized forms of social representation and domi-

nation in bounded spaces, calling up changes to institutions and power structures (Perkmann 2007). Meanwhile, regionalization, more specifically, has played a part in the EU strategy to restructure territorial governance (Scherpereel 2010), contributing to new concepts and practices, forms of participation and dimensions of power-sharing (Rizvi and Bertucci 2007). EU Regional Policy has thus been credited for the resulting experimentalist form of multi-level governance in Europe (Mendez 2011). With these developments in mind, decentralization – and regionalization as a re-scaled form thereof – can be interpreted as part of the European integration project. Hereafter, regionalization will be treated as an extension of decentralization processes furthering the aim of transferring authority from central governments. The present state of the decentralization movement, as the result of the political and economic processes unfolding in CEE countries since the systemic transition, may represent a weakness or challenge to European integration and regional polarization.

EU Regional Policy has targeted structurally weak regions through the promotion of territorial cohesion, or "balanced and sustainable spatial development" (European Commission 1999, 8), especially as the policy was reformed to encompass the comparatively underdeveloped regions of CEE. The related funds, including pre-accession funds through programmes such as CADSES (Interreg) and Phare, provided incentives for administrative reforms and mechanisms for CEE countries to learn from their Western neighbours. Such reforms began in these countries around the time of their political and economic transitions towards market democracies, and in some cases beforehand, often under the guidance of international financial institutions in order to work towards Western best practices. EU Member States from CEE came to be amongst the most advanced decentralization reformers of the transition countries (Dabla-Norris 2006). Meanwhile, the resulting territorial administrative and institutional structures varied widely across CEE, which, in accordance with EU accession, was reshaped from country to country in order to benefit from EU Structural and Cohesion Funds.

Decentralization was widely included in the first wave of administrative reforms of the 1990s to re-assert the authority of local governments across CEE (Illner and Andrle 1994). This was driven in part by localism, as a response to the central-planning systems of the socialist period (Illner 1997). In their reorientation towards the European Union, CEE countries saw decentralization as a means of restoring pre-Soviet structures, thus ensuring democracy and supporting a more sustainable local and regional economic development. As local self-government was seen as an antidote to the central state and an expression of European identity (Campbell and Coulson 2006), decentralization was used to support democratic transformation and social and economic development: "[E]verywhere in the region, decentralization was declared by the national governments as one of their legitimate programmatic goals after 1989/1990" (Illner 2000, 395).

Constitutional reforms to empower local governments after the fall of socialism were largely pursued through devolution, leading to the problem of "fragmented local governments … unable to command meaningful resources" (Illner 2000, 396). This resulted in CEE countries having some of the smallest average sizes of municipalities by land area and population in Europe, which can point to a lack of institutional capacity in local administration and complicate regional cooperation. The

fragmentation of municipalities can thus be considered a major obstacle to the effective decentralization of functions including regional policy from the central government (Swianiewicz 2010). CEE local government systems are characterized by a belief in decentralization that identifies with democratization and weak intermediary levels of government (Swianiewicz 2014), even though the functional decentralization varies widely and falls short of other countries such as Germany and the Nordics (Loughlin 2001). As a result of initial decentralization in CEE, a functional gap is often missing at the regional level (with the general exception of Poland), while the autonomy of local governments re-established at the fall of socialism largely prevents further rescaling efforts.

Aside from widespread decentralization, CEE countries also had an impetus to regionalize during the restructuring period of the 1990s and early 2000s as they prepared to enter the EU and become beneficiaries of Regional Policy. This relates to a practical aspect of delivering Regional Policy, the imposition of the NUTS (Nomenclature of Territorial Units for Statistics) system defining various regional levels and, often, new territorial units for the purposes of EU policy. The creation of the NUTS-2 level, in particular, on which eligibility for funding and regional programmes were based, often resulted in new spatial units that had little to no historical basis in CEE countries, challenging existing institutional structures, and building up certain expectations of a future decentralized regional policy following EU accession.

These expectations were, nevertheless, not only based on this practical framework for policy implementation. Prior to CEE accession in 2004, Regional Policy promoted regionalization alongside the politically motivated "Europe of the Regions" strategy that reflected the democratic values associated with decentralization; this characterized the trend of growing European integration and federalization (Loughlin 1996). While regions built up policy-making power and representation in Brussels through the 1980s and 1990s, Structural Fund reforms during this period continually reasserted national over regional control (Sutcliffe 2000). Meanwhile, EU lessons for CEE indicated support for decentralization by pushing for regional development to fall under the purview of regions rather than central governments (Keune 1998). Approaching EU expansion, the 1999 Regional Policy reforms affecting the 2000-2006 programming period reinforced the partnership principle with central governments and gave them power over the participation of regions in Regional Policy. Thus, contrary to general beliefs of many CEE countries, associating EU membership with support for decentralization, accession often strengthened national governments (Baun and Marek 2006; Bruszt 2008). Moreover, the Commission largely maintained its influence over Regional Policy concentration and programming in negotiation processes with those national governments (Bachtler and Mendez 2007). In this way, the role of regions and the "Europe of the Regions" strategy became sufficiently weakened once CEE countries joined the EU, allowing the present situation of fragmented local governments and weak or non-existent regional governments – again, with the exception of Poland – to prevail throughout much of CEE.

The situation described above draws together EU Regional Policy and decentralization with the state of territorial cohesion, namely the persistence of regional

inequalities in CEE. Regional inequalities have been widening across Europe as a whole (European Commission 2014), with most recent indications showing that this trend has slowed (European Commission 2017). Nevertheless, it is well accepted that increasing inequalities in CEE have led to spatial patterns of regional polarization that Regional Policy has been unable to reverse; processes of polarization and peripheralization have become entrenched in economic, social and political dimensions (Kühn 2015). In the longer term, the transition period that showed rapid growth was found to have generally benefited capital regions in CEE, thereby increasing regional disparities (Horváth 2000), while regional policy tended towards being set and delivered centrally. By the start of the current Regional Policy programming period, the official review of the policy not only mirrored the dominant place-based development paradigm that rests on the knowledge and participation of local and regional actors, it also called for programme simplification and a renewed focus on good governance, highlighting comparatively low-quality governance and low regional self-rule in CEE countries, factors purported to reduce the impact of Regional Policy (European Commission 2014). This has been repeated in the most recent policy review, by the mid-term of the current programming period (European Commission 2017). In light of these deficiencies, several authors have commented on the "projectification" of Regional Policy and the related emergence of a "project class" of specialized experts that came to fill institutional gaps in CEE during the previous programming period, especially in the most peripheral regions (Kovách and Kučerová 2006, 2009; Aunapuu-Lents 2013). For a closer look at the institutional development with respect to decentralization and regional-policy trends in CEE, the cases of Estonia and Hungary are developed in the following section.

4. Comparative cases: Institutional Development in Estonia and Hungary

The comparative cases are built upon fieldwork in Estonia and Hungary investigating institutional development and transformation surrounding regional policy since their political and economic transitions to the present. Estonia and Hungary are both unitary states, which, according to the decentralization literature, may make them prone to wider regional inequalities (Shankar and Shah 2001). Both countries have benefited from EU Regional Policy since their accession in 2004 and have generally seen relatively fast national growth until now despite their internal regional inequalities (European Commission 2017). While much of the decentralization literature reviewed above relies on a quantification of decentralization and its relation to an outcome such as economic development or inequality, running into the aforementioned difficulties in measurement, the cases below rather aim to describe the institutional reforms with respect to decentralization and regionalization trends, offering explanations for the resulting institutional arrangements and for their implications for regional policy and territorial inequalities. In doing so, decentralization is treated as a "cross-cutting issue" (Litvack et al. 1998) rather than focusing on specific aspects (e.g. administrative, fiscal or political) that are difficult to separate in practice. In this respect, the methodological issue of measuring decentralization is left behind, and the ideals and practical implications of a decentralized regional policy in the two different national contexts come to the forefront.

Interviews were conducted with policy experts who worked to develop and implement regional policy during this period and, therefore, can attest to the institutional transformations. The issue of a decentralized versus centralized regional policy featured prominently in interviews, calling up interpretations of the purpose of regional policy and expectations of EU membership and programming with respect to institutional reforms, as well as their perceived challenges and failures of these policies and institutions. Ten regional policy experts were interviewed in Hungary and five in Estonia from November 2015 to February 2017. Experts were selected based on their personal knowledge of regional policy formulation and implementation as well as experience with institutional transformations. They primarily represented the public sector in government and academic roles, with considerable overlap between the two, while overlap with the private sector (i.e. consulting) was also common. From both countries, leading national experts and experts with long-term experience dating to the socialist period were included, thereby imparting a comprehensive view of institutional development. The semi-structured interviews ranged from 45 minutes to two hours in length, with an average length of over one hour. Interviewees were asked to trace the timeline of institutional development, along with changes in policy orientation, conflicts and challenges. They were also asked to comment on key features of EU Regional Policy in their national policy development, such as territorial cohesion and the application of the competitiveness and growth agenda.

The cases reveal several aspects of institutional development pertaining to regional policy and the on-going tension surrounding the issue of decentralization that follow in the sections below, and the sections are arranged in two parts. First, the decentralization, regionalization and re-centralization trends in the transition, pre- and post-EU accession periods are developed. Following this, implications of these processes on the overall stability of regional policy institutions between Estonia and Hungary are discussed.

4.1 Decentralization, Regionalization and Re-centralization

In the investigation of regional policy institutions in Estonia and Hungary, a central theme in experts' accounts was still the decentralization processes of the 1990s, followed by different responses to EU-inspired regionalization, which, nevertheless, resulted in similarly centralized policy institutions. Scholars of the postsocialist transition period highlighted different points of departure between countries leading to more institutional variation within the region, noting that, "innovators had to work with and around existing institutions," relating to the institutional aspects of power, actor-network and legitimacy (Stark and Bruszt 1998, 6-7). The inertia of existing institutions varied widely, and between Estonia and Hungary, one can observe different responses to institutional transformation through initial decentralization processes.

Estonia has had a two-tiered system of government since the 1993 Local Government Organization Act abolished the county level, leading to what was effectively considered fiscal decentralization, albeit with low autonomy for local governments, which was deemed by external organizations to be detrimental to efficiency

and accountability (World Bank 1995). Likewise, Hungary's 1990 Local Self Government Act defined roles and responsibilities of regions, counties and local governments, and provided local governments with a range of revenue sources (World Bank 1992), although earlier reforms of the 1980s already began to introduce privatization and regional development principles (Interview, 25 November 2015 (1), Pécs, HU). The 1996 Act of Regional Development and Physical Planning created Regional Development Councils, further enforcing decentralization through regionalization and (temporarily) reinforcing the intermediary levels (Pálné Kovács et al. 2004). Comparing these first-wave reforms in the two countries, it is apparent that different approaches to decentralization, leading to a relatively simple fiscal decentralization in Estonia and a complex separation of powers in a multi-tiered Hungary, could present different opportunities and challenges for tackling regional inequalities as well as different conditions for implementing Regional Policy.

Moving towards EU accession, the availability of EU Structural and Cohesion Funds and their pre-accession counterparts was instrumental in shaping regional policy and related institutions in Estonia and Hungary, albeit in different ways. This brings the logic of the EU Regional Policy system as applied in CEE into question with regards to the territorial unit, NUTS-2 regions, that offered different possibilities and altered expectations for national regional policy in Estonia and Hungary. Experts in both countries indicated that the NUTS-2 level, used to determine eligibility for Cohesion Funds and to provide the territorial framework for regional interventions, were (and still are) considered irrelevant territorial units within the national systems, which had implications for regional policy after accession.

In Hungary, the articulation of NUTS-2 regions was considered by the EU to be an internal affair (Horváth 1999). Nevertheless, the EU made their creation compulsory, even though these NUTS-2 regions did not work in Hungary (Interview, 25 November 2015 (1), Pécs, HU). The intermediary level of government was traditionally the county level (NUTS-3) – greatly empowered during the decentralization programme of the 1990s – and the NUTS-2 level was at a territorial scale without historical political or institutional precedent. Hence, the resulting regions providing the basis for Regional Policy did not reflect spatial or functional relations. According to interviews with policymakers involved in the creation of these regions, the boundaries are viewed to be more or less arbitrarily defined (Interview, 30 January 2016 (1), Békéscsaba, HU; Interview, 30 January 2016 (2), Békéscsaba, HU). Thus, their function became limited to that of statistical areas rather than natural units for territorial development, and the transfer of functions and creation of new institutional capacities at the NUTS-2 level was seen as untenable. Moreover, without regional identity and institutional capacities, the regions could be used as concentrated organs of the central government (Interview, 25 November 2015 (1), Pécs, HU).

In comparison, Estonia, as one single NUTS-2 area, eliminated any push for differentiation between more and less developed areas in the country in terms of Regional Policy. Its traditional counties, representing functional areas, fall to the LAU-1 (i.e. local) level according to the NUTS system. The neglect of Regional Policy to address Estonia's internal regional inequalities was seen to contradict the logic of pre-accession instruments that were focused specifically on problem regions:

> [T]he approach that the EU had was very different [from] the implementation logic that we had to use after we became a member, so that the Phare funds were somehow designed from the logic that only parts of the territory were eligible in the Structural Funds … [T]here was some regional development project that prepared, for example, regional development plans for Western Estonia [and] Southern Estonia, with the hope that according to those longer term development plans certain Structural Funds would be used, but later, of course, it turned out that Structural Funds were not meant for specific territories within Estonia, but for the country as a whole, and very much [for] specific sectors (Interview, 17 May 2016, Tallinn, EE).

Furthermore, innovation support built into EU programmes for economic development tended to favour the relatively prosperous core cities, Tallinn and Tartu, through spatially blind competition (Interview, 28 February 2017, Tallinn, EE). This national, sectoral orientation of regional policy in Estonia is very much in contrast to formal programme ideals and implementations in larger countries.

Despite the necessary movements in the creation of NUTS regions to implement EU Regional Policy, a functioning intermediary level has failed to institutionalize in Estonia and Hungary. Rather, EU influence entrenched centralization processes. Campbell and Coulson (2006) claim that regionalism may have been seen as a less legitimate aim in CEE than in Western Europe due to the more pressing need to consolidate the nation-state and support local democracy, while Bruzst (2008) contends that the Commission attempted to flatten multi-level governance in the new member states. In the Czech Republic, the potential for regionalization has been attributed to EU accession (Baun and Marek 2006). However, the delay of its implementation indicates the low priority of region-building, as responsibilities for regional policy remained centralized in the Ministry for Regional Development. In Hungary, EU conformity eventually necessitated the creation of a highly centralized system to deliver EU Regional Policy in the pre-accession period, a system that would parallel and then supplant the earlier decentralized system developed with Phare funds that included, as an aim, "strengthening the role of decentralization through regional authorities" (Fazekas and Ozswald 1998, 44). As mentioned above, the NUTS-2 level failed to materialize institutional capacity, and the functioning intermediary level of the counties (NUTS-3) lost power and capacity as the centralized EU structures drew away national funds. In the most recent centralized system, an expert saw "over-politicization" in everything related to regional policy (Interview, 25 November 2015, Pécs, HU), which could have detrimental effects on the impact of Regional Policy according to the earlier mentioned governance indicators (European Commission 2014, 2017). In Estonia, the promise of EU funds led to the creation of a centralized system to administer sectoral projects nation-wide, where comparatively little funds for regional policy existed beforehand. Nevertheless, the centralized regional policy was not framed in terms of having detrimental governance aspects in the Estonian case, but rather highlighting contradictions between Regional Policy objectives and the programming framework for its implementation in terms of its (lacking) focus on regional inequalities. The difference between the two countries' approaches to regionalization and how the centralized systems may

operate belies a relatively interventionist regional policy in Hungary versus non-interventionist policy in Estonia, which is reflected in the complexity of institutional arrangements.

EU Regional Policy requires a high degree of governmental control and coordination, aspects of governance that have long been likened to over-centralization and overreaching from top hierarchical levels in developing countries characterized by weak institutional capacities (Agarwala et al. 1983). In such countries, the strong need of central governments to coordinate was seen, perhaps paradoxically, to indicate a need for decentralization rather than improved efficiency and tighter controls. In CEE, the weakness of the newly reformed institutions and the necessity of building capacity quickly for EU compliance may have rendered the countries particularly vulnerable to renewed forces of centralization. While EU Regional Policy has no doubt shaped the development of related national institutions, its centralizing influence after accession seems to have come as a surprise in both countries.

4.2 Implications of Institutional Change and Regional Policy

The processes of decentralization, regionalization and re-centralization of regional policy institutions in Estonia and Hungary described above indicate different paths of institutional development, presenting certain implications for the associated theoretical benefits of decentralization and regional inequalities. In the following section, the implications of institutional change and regional policy related to the above-described processes are discussed.

Viks and Randma-Liiv (2005) remarked that very little change had occurred in public administration in Estonia despite numerous discussions surrounding reform packages. In the case of Regional Policy, relative stability appears to be the case according to several national experts. The portfolio itself has transformed from a shared responsibility between the Ministries of Agriculture, Economic Affairs and Interior in the early 1990s, to a distinct Department of Regional Development under the Minister of Regional Affairs in 1997, which was then shifted to the Ministry of Interior in 1999 and finally the Ministry of Finance in 2015 (Interview, 5 May 2016, Tallinn, EE). Moreover, regional (i.e. country-level) competences have been gradually centralized into these relatively stable national institutions (Interview, 5 May 2016, Tallinn, EE), and the neoliberal ideology of non-intervention has remained constant (Interview, 17 May 2016, Tallinn, EE) along with political continuity of the ruling party.

A shift occurred in the power of policy actors representing the regional dimension in Estonia, as county governors – initially ministers without portfolio acting in the national public sphere – were diminished in status, and the competences of counties were stripped away. Recent reforms passed in the parliament aim to abolish county governments altogether and enforce amalgamations of municipalities with fewer than 5000 inhabitants. Without expounding upon the merits of amalgamation, the crude action of territorial rescaling in the Estonian context, characterized by sparse population centres and low population density outside the capital region, may provide an impetus for further institutional transformations, effectuating a form of regionalization or enabling future decentralization to stronger municipalities.

In contrast to Estonia's institutional stability, the Regional Policy portfolio in Hungary has been subject to continuous institutional change. Hungary's home-grown regional policy dates back to the 1970s and went through bureaucratic, transitory and decentralized policy periods until the late 1990s (Horváth 1999). The Ministry of Environment and Regional Policy established in 1990 consolidated activities previously divided between the Ministry of Environment and Regional Policy, the Ministry of Transport, Building and Communication, the Ministry of Finance, and the Ministry of Interior (Interview, 16 December 2015, Budapest, HU), during which time the 1996 Law on Regional Development and Physical Planning ushered in the most significant period of decentralization. Before and after EU accession, regional policy continued to be shuffled into reorganized ministries and government offices, largely coinciding with frequent changes of government and their corresponding political ideologies. In 1998, regional policy was moved to the Ministry of Agriculture and Regional Development, and in 2002 and 2004, the National Office for Regional Development and National Development Office, respectively, were established in the Prime Minister's Office. In 2006, the Ministry of Local Authorities and Regional Development was established, and the National Development Office was transformed into the National Development Agency. In 2008, these responsibilities were moved to the Ministry of National Development and Economy, only to be divided again in 2010.

On-going centralization in Hungary can therefore be distinguished over the past fifteen years, over which time the quality of governance has also decreased (European Commission 2017). An expert considered the resulting policy to be ineffective due to the high turnover of ministers who did not hold their positions long enough to properly grasp the subject or their responsibilities (Interview, 16 December 2015, Budapest, HU). Nevertheless, stability existed in the form of some staff members who followed the portfolio through the institutional transformations, a characteristic of the Hungarian case which may contrast with the generally high turnover observed in the Estonian civil service (Viks and Randma-Liiv 2005). Despite this, the quality of governance in Estonia has risen above the EU average (European Commission 2017).

Independent and EU-driven institutionalization processes have been used to explain cross-national differences of regional policy in CEE countries in the pre-accession period. According to Brusis (1999): "The EU and the pre-accession constellation, the legacies of state socialism and of early institutional choices during the transition, the challenges of economic restructuring, and the domestic actor constellation are the determining factors in the institutionalisation of [regional development] policy" (19). These are certainly applicable to the relatively complex and unstable institutional arrangements in Hungary compared to the simple and stable institutions in Estonia. Moreover, a two-stage transition has been identified in CEE: first, through the reorientation of regional development policy from socialist-style equalization to supporting endogenous capacities; second, through the transfer of Western institutional models, especially in the cases of Hungary and Estonia (Brusis 1999). More than ten years following EU accession, conflicts between Brusis' determining factors have produced further variation of institutional arrangements, particularly some exceptionalism of Estonia, which is likely to be shared amongst other small member states.

The analysis thus far indicated that EU constellations promoted territorial rescaling and regionalization as well as centralization of regional policy. This can be seen in the Hungarian case, through the technical translation of NUTS regions and the ultimate failure to institutionalize regional capacities, although there is no indication of rescaling driven by EU Regional Policy in Estonia. As mentioned, the independently organized regional policy institutions in Hungary and Estonia, as well as institutional transformations supported by pre-accession instruments such as Phare, proved to run counter to the logic of post-accession EU instruments requiring a high degree of centralization. As a result, the independently produced structures, operating as programmes in problem regions in Estonia and regional administrations in Hungary, were all but scrapped in favour of central managing authorities.

Brusis' (1999) vision of a post-accession regional policy agreed with the expectations of experts in Hungary and Estonia, believing that pre-accession instruments would transition to a further decentralization of policy institutions: "The pre-accession constellation leads to an institutional homogenization in [regional development] policies since the adoption of the EU cohesion policy entails setting up cooperative and decentralized implementation structures in all applicant countries" (23). Nevertheless, this expectation of decentralization involved, amongst other features, "participation of regional authorities and economic actors, programme-based instead of project-oriented [regional development] planning and financing … [and] NUTS-2 compatible regions" (24). These relate to institutional capacities and count amongst the failures of the current policy identified by experts in both countries.

Institutional stability or instability has also had implications for institutional capacities. Along with the movements of Hungary's regional policy portfolio between various ministries and agencies, the training and employment of professionals has varied between different levels of government and the public and private sectors (Interview, 30 January 2016 (1), Békéscsaba, HU; Interview, 30 January 2016 (2), Békéscsaba, HU). Policy experts indicated that they were involved in the training of new professionals for the emerging field of regional development, which contracted as regional agencies were centralized, and shifted to the private sector to compensate for losses in institutional capacity. In this sense, decentralization through privatization has been a significant force in Hungary, as shown by the emergent project class (Kovách and Kučerová 2006, 2009).

The situation in Estonia, however, reflects the limited personnel in a small country and the culture of multi-functionalism amongst qualified professionals who move legitimately between public, private and academic sectors, which may lead to a concentration of power (Aunapuu-Lents 2013). Combined with relatively low population density, these aspects demand reflection upon the potential ideological goals of a decentralized regional policy in Estonia, where the issue of local and regional capacity may be more a matter of scale than representation in policy formulation and implementation. In this respect, it is not clear that the centralized regional policy of Estonia is necessarily detrimental to local and regional development in the same way that it has been represented by Hungarian experts. This can be confirmed by the recent review of Regional Policy that considers the impact of quality of governance on Regional Policy performance, showing improvements in governance in Estonia (in spite of regional policy being consistently centralized) and declines in quality of

governance in Hungary (European Commission 2017). Perhaps the current municipal amalgamations process in Estonia will serve as a form of regionalization, thereby presenting an opportunity to improve capacities further at the sub-national level. Nevertheless, this reorganization of resources approaches the problem in terms of efficiency in an already relatively efficient administration, favouring the centralization argument. Instead, the issue of weak local and regional institutional capacities in Estonia may be better addressed through other innovative and, possibly, non-territorial approaches, the likes of which could be welcome solutions across CEE.

Given that the highest future impact of Regional Policy is foreseen in CEE, including in Estonia and Hungary, and that governance indicators have worsened in Hungary during the period of re-centralization (European Commission 2017), it follows that renewed attention to institutional capacity focusing on issues related to decentralization and regionalization could feed back into reducing regional inequalities.

5. Conclusion

In the past decade, decentralization has faded from the policy agenda in the postsocialist CEE countries, raising questions about the relationship between the related principles of democracy and efficiency and the persistence of inequalities in the region. This investigation has characterized regional policy institutions as relatively stable, albeit centralized, in Estonia and relatively unstable and complex in Hungary, demonstrating differences in institutional development in the two countries over the course of a quarter-century of transformation. As the general waves of decentralization and regionalization swept across CEE, the institutional arrangements in Estonia and Hungary diverged, only to become highly centralized again in both countries under the EU Regional Policy regime. While democratization and EU accession brought incentives and, indeed, assistance to decentralize, the examination of national regional policy institutions suggests that EU membership countered the political desire to decentralize with new re-centralization forces motivated by the efficiency argument.

The cases of Estonia and Hungary reveal contradictions between the logic of EU Regional Policy, as it was transferred to CEE countries during EU accession, and other political objectives associated with decentralization and regionalization – institutional development, capacity and legitimacy – that could theoretically have impacts on regional inequalities. Thus, institutional capacity and stability remain important issues for regional policy in these countries. Despite early reforms supported by the EU and international governmental organizations since the time of political and economic transition, decentralization has not been continually pursued through institutional transformations, even though evidence from Estonia and Hungary suggests that decentralization was indeed an ideological objective during the first waves of administrative reform. Preparations for EU accession that supported principles tied to democratic reform through decentralization and regionalization were short-lived; regionalization failed in Hungary and never took off in Estonia, partly due to programme technicalities of EU Regional Policy. After EU accession, subsequent reforms to EU Regional Policy further reinforced centralization for programme efficiency.

The purported benefits of decentralization to local and regional autonomy are unrealized in both countries, while the necessary institutional capacities remain underdeveloped. This situation could potentially pose a hindrance to the development of lagging regions in countries where EU Regional Policy is the main resource for targeting regional inequalities. Centralization may indeed bring efficiencies in programme delivery, but policy experts consistently referred to institutional challenges for local and regional actors to realize successful projects on the ground, such as the capacity to navigate the complexities of Regional Policy. The gains in administrative efficiency may be offset by losses in project quality, affecting the overall impact of the policy. It is therefore suggested that, in the tension between democratic legitimacy and economic efficiency, the appropriate level of decentralization in CEE countries should find a medium that errs towards democratic legitimacy once more. EU Regional Policy, with its demonstrated ability to influence institutional development, could be used to that purpose.

The effects of the institutional transformations on regional inequalities in Estonia and Hungary cannot be directly determined by this study. Nevertheless, the theoretical implications can be expounded. The cases of Estonia and Hungary suggest that, in the absence of effective decentralization or regionalization, the basic institutional arrangements for the central delivery of EU Regional Policy programmes do little to support programme objectives in themselves, and there is a missed opportunity to support these objectives through institutional design. This is reinforced by the supposed irrelevance of the NUTS-2 level for Regional Policy delivery in both countries, even though the national regional-policy programmes are currently highly centralized. Thus, it is suggested that the future Regional Policy should consider innovative new ways to deliver programme benefits at relevant scales within member states that might further support the higher principles related to decentralization, even if the political drivers of decentralization within particular CEE countries themselves may be relatively weak. The policy would thus respond to weak governance and institutional capacity in the post-2020 period that appears to be a hindrance to inequality-reducing developments, according to both the cases herein and the official policy reviews.

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Alexandru Brad. 2018. "When Romania Met the Cohesion Policy: Regional Governance between National Conventions and European Ideals." *Administrative Culture* 18 (2), 127-148.

When Romania Met the Cohesion Policy: Regional Governance between National Conventions and European Ideals

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Abstract

This article is about the practice of territorial governance emerging at the junction of European Union-sanctioned ideals and Romanian development-planning traditions. On the one hand, the European agenda emphasises a smart, inclusive, sustainable model of economic growth. However, the persisting centralised workings of the Romanian state significantly alters the scope of regional interventions. As such, while core cities grew their economies swiftly, peripheral places were left in an unrelenting stagnation. My first aim is to provide a theoretical ground for a practice-centred approach to understanding territorial governance. Second, by drawing on Romania's regional policy context as an example, I give an insight into how practices of partnership and competition fare in a context of ongoing territorial polarisation. I conclude by emphasising the need for a regional redistributive policy mechanism, one which should enable and assist non-core areas to access capacities for defining and implementing development projects.

Keywords: Regional policy, Cohesion policy, Romania, Regional governance, Central and Eastern Europe

1. Introduction

For the past decade, the use of regional policies in Central and Eastern Europe (CEE) has, amongst other things, favoured the rapid growth of core cities and urban networks (Farole et al. 2011, 1093; Herrschel 2011, 87), with the overall goal of a market-driven spread of economic development benefits across the society – to peripheral places, and to disadvantaged/low-waged people (Ehrlich et al. 2012). The prevalence of arguments for competitiveness and agglomeration in both the Lisbon Agenda and Europe 2020 has sidelined redistributive interventions to punctual, reactionary, life support-type measures (Avdikos and Chardas 2016). It is therefore no surprise that across the CEE territory in particular, socio-spatial inequalities have persisted, with the core city-regional periphery gradient posing a notable dimension (Lang 2015, 172).

These broad trends manifest themselves in variegated contexts across the Union, being subject to manifold practices that emerge at the junction between norms advocated by the European Commission and national political conventions. Keeping to the territorial focus of this special issue, this paper aims to address one question: *how do national political conventions and European ideals of cohesion shape practices of territorial governance in Romania?* The argument outlined in this paper attempts to show the extent to which logics of competitiveness have attained a dominant position in supra-local development planning at the expense of more redistributive measures – both from a financial, but also from a joint-intervention point of view.

Romania's case is revealing of a setting that makes extensive use of European Structural Investment (ESI) funds. This is a two-way affair. On the one hand, the design and implementation of the Operational Programmes sets an off-putting bureaucratic maze that requires substantial expertise to navigate. On the other hand, the Open Method of Coordination between the European Commission and member states gives sufficient leeway for countries to define their own substantive goals and organisational settings. Nonetheless, the rationale that underpins such decisions must be justified in accordance to the Union's general goal of tackling structural conditions that inhibit economic growth. This rather vague objective has been subsequently attached to two broad currents of thinking: that of cohesion (i.e. convergence between the Union's regions), and, since 2014, that of place-based development (i.e. engaging under-utilised potentials that have the prospect of generating economic growth).

Apart from altering bureaucratic settings, normative claims for bottom-up development have thus far had little impact upon the manner by which development planning is practiced in Romania. Driven by a sense of "otherness" in relation to the rest of the Union, and coupled with a modernisation-inspired imperative to alleviate development deficits, little value has been given to integrating matters such as decentralisation, capacity-building, or governance-driven planning reforms (e.g. partnerships) in this progress. Such topics have come to bear increasing relevance in policy responses to complex issues that the contemporary networked society poses, one marked by a variety of value preferences, unclear rules of the game, and one that does not warrant top-down set solutions (Hajer and Wagenaar 2003).

Seen through the lens of practice, persisting territorial polarisation and consequent processes of peripheralisation (see Kühn 2014) reveal themselves as systemic outcomes of dominant political ideas that inform decisions about space, place, and development. This article takes on this matter from a governance perspective, seeking to cast practical understandings of normative choices in a CEE country's regional policy. In the first part of the next section, I will outline a framework for an understanding of governance positioned at the intersection of national political conventions and European ideals. The second part highlights the implications of such an approach for studying regional uneven development, while also engaging theoretical lines of arguments that have been found to have practical relevance. The first part of section three outlines Romania's regional development context, emphasising how territorial polarisation is enabled through the country's policy setup. The last two parts will then explore the integration of collaborative development plan-

ning at a regional and supra-local level. This emerging imperative of joint-up action emerges from the use of Europe's Cohesion Policy and sits rather uneasy within a wider setting of an individualised approach to development. The last section draws conclusions and proposes a research outlook for grasping planning processes in the face of rising territorial intra-regional territorial development disparities across CEE countries.

2. The Governance of Regional Economic Development

Supporting regions that are on the peripheral end of globalisation, structural change, and European integration processes has been a core business of the European Union's spatial development policies (Kunzmann 2006). This approach is underpinned by a range of multi-scalar, politically desensitised understandings of growth-oriented regional development. Markets, innovation, firm location, specialisation, endogenous growth, network building, or convergence are but a few of the relevant development domains (see Dawkins 2003 for an extensive review). Such knowledge in economic thinking, far from fulfilling the role of detached observations, has had an active role in performing, shaping, and formatting social relations embedded in the economy, either at paradigmatic or micro-practical scales. Technocratic as it is typically portrayed (see Hadjimichalis 2006), regional development remains nonetheless a practice steeped in politics.

In this article, I approach the politics and strategies of regional development as a device of meaning-making. Within the European Union, regional development is rooted in an inherent dichotomisation between cores of progress and opportunities and peripheries of disadvantage and restructuring. Back in the 1990s, polycentricity became the first expression of territorial cohesion, resting on an argument for an equilibrium between zones of strong global integration and a balanced system of metropolitan regions (Commission of the European Communities 1999, 21). Poles, corridors, and priority aims were added as guiding principles, in a manner that emphasised the salience of polymorphic development – i.e. that supports the interaction of diverse territorial functions (Faludi 2010, 71). More recently, "cooperation for smart, inclusive, sustainable place-based economic growth" (Territorial Agenda of the European Union 2020, 2011) is the latest iteration that argues for complementary governance arrangements that ought to fulfil the territorial dimension of cohesion. However, while outlining ideals, no exact principles have ever been set on how cooperation for complementarity should be achieved. Left to its own heuristic devices, the notion of territorial cohesion reveals multiple facets, reaching a point where it can in fact signify neither territories, nor cohesion. It has much rather become a nodal point for growth-oriented neoliberal and social discourses, resulting in a balanced competitiveness imperative, one that ought to lead towards a harmonised European space (Muller 2013, 222). Put in the context of the European single market, this flexibility led to interpretations of cohesion that by and large reproduce and accentuate persisting economic disparities both between and within regions. I will return to this issue later in my empirical exposition.

The major trouble in engaging with such different interpretations is that they are not offered on a silver platter in the myriad of policy texts that set the rules of and

implement Cohesion Policy. Rather, differences lurk about in the pluralist political settings which they target – that is, the 'doings' of the policy makers, the professionals, the relevant local and regional actors together with their respective publics. It is in this fuzzy process that my question focused on the practice of regional development policies is crystallised. To open up research avenues, the first part of this section details a theoretical approach that is grounded in a decentred[1] understanding of governance, one that is about "unpacking a practice as the disparate and contingent beliefs and actions of individuals" (Bevir and Rhodes 2010, 73). Following this take on governance has implications on how research engages with various theoretical positions and how the issue of rising development disparities is approached in policy settings – issues that will be explored in the second part of this section.

2.1 Governance as a Practice: Foundations

Definitions of governance are typically situated in an explanatory context that seeks to mark the departure from hierarchic bureaucracies towards a patterned use of markets, quasi-markets, and networks in the delivery of public services and decision-making (Bevir 2010, 29). On the one hand, the widest body of literature on urban and regional governance is very much engaged in explaining models of governance (Treib et al. 2007). Various means of overcoming societal fragmentation through the building of networks for regulatory actions and solving collective urban or regional matters are widely discussed (Pierre 1999; Mayntz 2004, 72). Relevant points of inflection here coagulate around issues of state-induced top-down action versus heterarchical bottom-up initiatives, flexibility versus rigidity, and public versus private interests. On the other hand, in the European context, governance bears a strong normative imperative, as member states (particularly A10 and A2 accession states) are externally incentivised to adopt understandings of governance that are sanctioned by the European Commission as enablers of more inclusive, legitimate development (Grabbe 2001; Schimmelfennig and Sedelmeier 2004). Good governance, new public management, or multi-level governance prevail as normative imperatives which put forth procedures that establish the terms under which participation in governance is allowed and conducted (Triantafillou 2004, 497).

Governance thinking has the prime effect of shifting decision-making towards social relations that extend beyond the state apparatus. This move, on the one hand, presupposes a system of rule enforcement and incentives for the sustainable coordination of action. Complementing this, as Offe (2009) points out, are norms and values that such a move touches upon, as more often than not, successful policy implementation relies on the support and cooperative action of individual citizens (559). In the context of development planning, the state remains inextricably engaged in shaping the context of governance frameworks (Börzel 2009). States do not just "metagovern" per se – i.e. set the formal norms and rules for the government of governance (see, for instance, Bell and Park 2006). Rather, state activity poses an

[1] In the literature on decentred governance, this ideational background against which people hold beliefs is labeled as "tradition" – see Bevir and Rhodes (2010).

ambivalence between reflecting societal values, while at the same time constituting practices through ideational work. This latter part is expressed through discourses that attempt to shape the very mentality of development agents, creating an appreciation of what is appropriate and likely to be valued in a particular policy area (Atkinson 1999, 67; Jessop 2004).

Regardless of how centralised a state bureaucracy is, ideas and traditions cannot be solely contained within governmental organisations. Rather, the pluralism accentuated through the proliferation of governance thinking leads towards a dispersal of policy-relevant sites. Voices that hereby emerge across territory and society are par excellence the outcome of contextual, community-specific cognitive-ideational frames and experiences. Moreover, vague, easily contestable policy domains (such as development) favour divergences from the ideals repertoire of central administrations. Policy voids, design flaws, responses to unforeseen circumstances, localised "ways of doing", together with context-tied problems contribute towards diversifying the spectrum of policy practices. Models of governance themselves oftentimes become entangled in the debates that underlie such processes. Debates on how decision-making ought to be dispersed, shared, or negotiated, are all part of the policy game itself (Stone 2012, 268). This state of affairs renders such models weak analytical devices for grasping the dispersed ideational base of policy responses and the complex arrangements that underpin them.

One promising starting point for transcending the thinking within logics of patterned actions is to approach governance as a practice. The groundwork for this rests in Hans-Georg Gadamer's philosophical hermeneutics, whereby meaning-making is embedded within a constantly unfolding horizon within which the world is grasped. Horizons, to put it in Gadamer's (2004) own words, are "the totality of all that can be realised or thought about by a person at a given time [offering a context] into which we move, and which moves with us (304). In other words, interpretations of social reality are not performed exclusively by tuning into available meanings. Situated reflexivity is equally essential in seeing through available discourses and navigating around the shifting meanings thrown by new situations (Keane and Lawn 2016, 26).

In spite of this analytic elevation of micro-practices, the relevance and constant work of strong, persisting ideologies should not be dully sidelined, particularly given our contemporary, increasingly globalised setting. Reflections on the present-day dominance of neoliberal ideals should engage with the manner by which market-centred thinking guides understandings of the world and its economic organisation (see Peck and Tickell 2002, 382). The concept of hegemony comes in handy here, by highlighting forms of intellectual and behavioural captivity (Femia 1981, 24). As this captivity is not enforced, agents consent to hegemony by actively participating in the social processes set in motion by the hegemonic bloc, or by being passive to them – i.e. by not forming an opposition. The shared beliefs and practices do not emerge from individuals' own doings but are rather imposed and sustained among others through institutions and government technologies (Morton 2007, 96). This means that a hegemony binds individuals to a dominant stream of rules and normative ideas. On the other hand, understood through Gadamer's thinking, hegemony can be grasped in discursive terms, as the horizons of intellectual and practical possibility,

moral authority, and of collective and individual imagination that includes both political and civil society (Wagenaar 2016, 99). A hegemony hereby stands to shape the sense-making beliefs and systems of judgements that mould individual and collective horizons. Captivity is inflicted through the background knowledge used in shaping horizons, knowledge embodied through past or present practices, as well as tacit understandings and prejudgements (Wagenaar 2016, 100).

2.2 Governance as a practice: implications for studying uneven regional development

A practice-centred understanding of governance grasps policy interventions as unpredictable endeavours at their best and riddled with unintended consequences at their worst. How should research engage with persisting, as well as rising (spatial, urban, regional, local) uneven development and planning endeavours that seek to grasp this? And, moreover, should we put our interventionist cloak on, what can the myriad of expertise and regulations be geared towards, if planning deals with complex and consequently unpredictable problems (see Rittel and Webber 1973)? Keeping to my initial emphasis on practices, I aim to argue for the relevance of policy framing as a means of reflecting multiple sources of meaning in policy formulations.

Setting the context for this, a brief highlight of contemporary regional policies' role is warranted. Like any forward-looking planning endeavour, regional interventions exert influence over complex, fragmented, yet interdependent processes and networks of actors. As a result, regional policy instruments are spread across multiple domains, shaping economic, social, and environmental matters (see Maier et al. 2006). Typically engaging with the steering of economic growth, a central, yet oftentimes inexplicit dilemma in regional policy, revolves around the extent to and means by which economic activity should be spatially concentrated (i.e. polarised) or redistributed. The message driven by Cohesion Policy ambiguously advocates for "balanced competitiveness" in territorial development (Tewdwr-Jones 2011), urban policies (Atkinson and Zimmermann 2016), and social issues (Fargion and Profeti 2016).

Experience from CEE shows that this flexibility is acted upon pragmatically, leading to national responses that aim to address countries' relative economic peripherality through sectorial interventions that seek to enhance competitiveness (see for instance Faragó and Varró 2016). One such approach (but also consequence) relates to the intra- as well as inter-regional territorially polarised model of development. The logic for this, to follow Albert Hirschman (1958), is that states may reasonably justify polarised development to establish a growing national economy and then at later stages seek to introduce policies that spread out economic activity in other places (localities or regions). Nonetheless, the emergence of the post-Keynesian, rapidly neoliberalising world stood to alter the scope of state intervention in planning for economic development. The redistributive emphasis of urban and regional policies has been, to a great extent, superseded by emphases on competition, with a prime focus on the consumption interests expressed through markets or quasi-markets (see Campbell and Fainstein 2012, 553). In substantive terms, social and environmental improvements become dependent on innovation-led economic growth and the trickle-down (or spread-over) effects that this generates. As such, developing

economies that disturb polarising tendencies risk to disconnect from global development processes and hence experience a fall-back in the national level of development (Maier et al. 2006, 88). Underdeveloped places are therefore viewed to be dependently related to cores, being subject to initial mechanisms of polarisation – most commonly flagged as diminishing economic activity and loss of population. In this assumed dependency, fortunes could be turned around if economies within the cores overheat in certain sectors, if satellite companies are established in relation to those located in cores (Richarxdson 1980), or if new innovation centres are introduced (Friedmann 1973). On the other hand, top-down state intervention may, through targeted policies, address market imbalances by investing in training, transport infrastructure, and technology (Krugman 1991; Amin 2004, 48), while local actors may form coalitions to pursue boosterist-type interventions (Barlow 1995).

The sustainability of this logic, and the self-advocated generalisability of such approaches, have, however, long been brought into question, mainly because any form of coherence that emerges in such places (if any at all) will be unstable, brief, and most likely unreproducible elsewhere (see for instance Painter 2006). Influences from institutionalist thinking portray the evolution of the economy to be tightly linked to the adaptations that take place in the face of changing economic contexts and to the values and rationalities of actions embedded in networks of economic interactions, with an emphasis put on the norms and means by which information is distributed (Amin 2004, 49-51). Regional relational perspectives, in particular, emphasise that idealised structures of classical economic geography are at odds with the polycentric dispersed forms and landscapes of most contemporary urban (and regional) areas (Vigar et al. 2005, 1393). Understanding regional processes through traditional spatial dichotomies of centres-peripheries, city-country, or core-fringe become obsolete, as urban processes increasingly imply relations that cannot be singularly constricted to city or country in themselves (Skeates 1997, 6). As a result, economic development and planning policy interventions of recent years have become increasingly focused on facilitating endogenous approaches towards economic growth by targeting market failures for land, capital, and labour, ensuring clear communication and response to market signals, and emphasised human capital, innovation, and technological development as key areas of intervention (Pike et al. 2006, 157). As Hadjimichalis and Hudson (2013) point out, it appears that "all cities and regions can become 'winners' by finding a successful niche in the globalising economy – provided that they adopt appropriate institutional arrangements, appropriate social attitudes and successfully utilise their resource endowments, whatever they may be" (212). Hadjimichalis and Hudson (2013) integrate this point within a wider argument that highlights the limitations of de-politicised approaches to regional development theories.

I should at this point admit that my short, highly selective theoretical excursion reflects my engagements with regional and county-level development professionals in Romania. Models of thinking, such as those mentioned before, reveal themselves to be deep-seated (albeit not explicitly acknowledged) in the background against which actors respond to provisions stated in regional policies. Other constituting elements to this a-priori picture are past experiences, visions of the future, and means by which they can be constructed, as well as afforded policy moves within

the wider legislative or social context. This situated knowledge guides how a policy issue is framed by policy makers (politicians, policy designers) and policy takers (publics, target actors) alike. To approach a policy as an outcome of a frameing process is to attempt an understanding of the setting in which the object of the policy is selected, made sense of, communicated, and ultimately acted upon (van Hulst and Yanow 2016).

All in all, a practice-centred approach for uneven regional development should attempt to complement mainstream regional theories by engaging with the unordered, oftentimes unruly policy settings in which their ideas might be used. If regional policy analysis is to transcend the analytical limitations of core-periphery dichotomisations, a process-centred approach that focuses on the ways in which such categories are constructed becomes desirable. Peripheralisation is a relatively newly emerged concept that aims to bring together research emphasising dynamic processes that create and reproduce multi-scalar, multi-dimensional (Soja 1989), a-spatial (see Copus 2001), relational (see Kreckel 2004) peripheries. In the realm of policy analysis, peripheralisation is seen as a tool that can advance understandings of the powerlessness of peripheral actors to act (Kühn 2014, 10) – powerlessness that is, so far, understood to stem from "a loss of capacities of actors and institutions to act" (Beetz et al. 2008, 305), resulting in exclusions from decision-making centres and networks (Herrschel 2011, 98).

Operationalising this concept in a decentred understanding of governance, one that is grounded in anti-foundationalist thinking, would, as a starting point, avoid alluding to composite concepts such as power or institutions. It would rather seek to engage with the norms, ideas, and practices that guide policy responses. The supposition that peripheries are made and re-made because their representative actors cannot gain an impactful voice at the policy table is, in this sense, a manifestation of the forms of knowledge employed in (national) policy system design and regional and local responses. There is an underlying assumption of socio-spatial justice in my thinking, in so far as the public interest is concerned. But what is the best position from which to articulate this interest? As described before, dominant neoliberal thinking puts faith in markets. Yet, as Deborah Stone (2012) painstakingly points out, the polis is in fact riddled with a whole host of complementing, conflicting, contradicting ideas and needs. Understood in this light, at the root of peripheralisation lie practical policy dilemmas of deciding who gets what in the context of an intervention.

2.3 Methodology

The empirical research that informs this article has been conducted by following a methodology grounded in constructivist theory. Space restrictions inhibit an in-depth exposition of the underlying assumptions and implications of using this approach, yet there is enough room for two key points. First, the core principle of this line of work is that it steers clear of claims of objectivity and follows an inductive discovery of conceptual categories (i.e. taxonomies in positivist language) that lead to the generation of substantive theory. Second, the interpretive epistemology that underpins this approach does not value criteria of validity, generalisability, and

reliability as markers of trustworthy data. Rather, unfolding understandings are considered to yield multiple and relevant aspects of the analysed subject, with research concluding when new insights cannot be further gained (i.e. theoretical saturation is reached). I have also followed triangulation as a principle for validity by engaging with multiple data sources – expert interviews (as a main source) and document analysis. The data was collected between January and April 2016, as well as in February 2017 in two regions of Romania, namely North-West and West. The document analysis served to provide the foundation for subsequent expert interviews, and give the overall statutory context in which regional policies are placed. The documents under scrutiny were national, regional, and county development planning policies and statements, with the following being most prominent: Regional Development Plans for 2007/13 and 2014/20, Regional Operational Programmes for 2007/13 and 2014/20, National Strategic Partnership Framework (for 2007/13) and Partnership Agreement (for 2014-20), Territorial Development Strategy (2015), National Regional Development Strategy (2015). Analysis was first conducted in breadth, and at later stages in depth, as the use of certain keywords was followed: "disparities", "peripheries", "small towns", "marginalisation", "territory" – before interviews, and "partnerships", "competitiveness", "capacity" – as part of memo-writing and emerging conceptual categories.

Following Meuser and Nagel's (1991) argument, I defined experts to be people who are/were responsible for the development, implementation or control of solutions/strategies/policies, or people (e.g. civil servants) who have had access to information about groups of decision makers (443). Seven interviews varying in length between thirty minutes and two and a half hours were used in this analysis. Respondents were selected through initial contacts in circles of experts. Using the snowballing principle, the initial contacts were asked to provide further contacts across scales that fitted the criteria of access to decision-making settings. Face to face interviews were conducted with experts from the regions, and two county authorities belonging to one region (highest/lowest developed counties). Where consent was given, interviews were recorded and transcribed. Where not, summaries were written immediately after the interviews and were used as memos. For data protection reasons, the interviews have been anonymised.

3. The lure of polarisation in Romania's regional-development approach

Regional development in Romania, as in most CEE countries has been instated through the Union's Eastwards expansion that took place in 2004 and 2007. Regionalism is not a way of thinking, and certainly not a policy-delivery approach, engrained in the country's own political and territorial development system. In spite of a recent ascent of "regional" policy nexuses, planning processes, discourses, and expertise, this scale and approach to policy-making is not the main driving force for regional development per se. Rather, regional development tends to be a discursive construct that summarises the central government's desire to strengthen economic competitiveness in a move to overcome the peripheral setting within the Union's market.

At a central level, the overall stated goal for regional development is to contribute towards "ongoing improvements in life quality by ensuring wellbeing, environ-

mental and social cohesion for sustainable communities that are able to efficiently manage resources and engage innovation potential, as well as the balanced economic and social development of regions" (Ministry of Regional Development and Public Administration 2013, 239). In a nutshell, this statement integrates the buzzwords for good development: polycentricity, sustainability, inclusiveness. Yet in pursuing this, territorial disparities are assumed and marked as a sign of progress. Nonetheless, these disparities are not necessarily an outcome of deliberate policy action, but rather of a detached approach that does not respond to market evolutions. Moreover, interventions financed through European Structural Investment funds are bemoaned to lack an integrative approach and rather favour a "zero-sum game" practice of development.

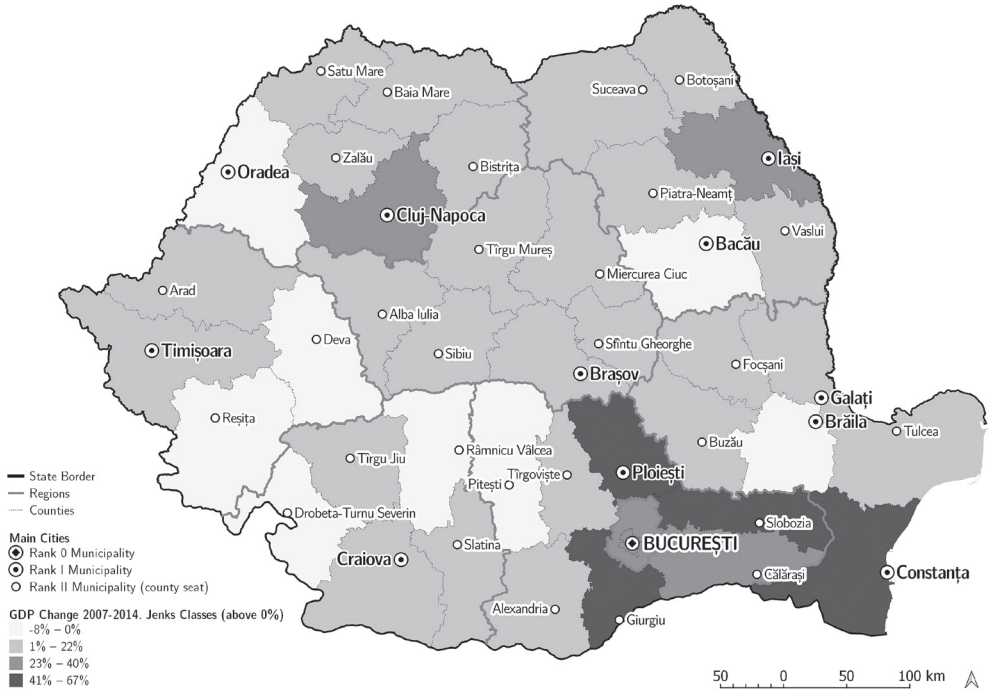
3.1 Territorial unevenness and structural shifts

Before delving further into policy matters, an outline of the conditions that underpin Romania's uneven development is in order. A dominant storyline of territorial peripherality stems from the influence that socialist legacies and post-socialist developments hold across CEE states. Romania's Communist Party established what Kitschelt (1995) calls a patrimonial type of communism – one which only marginally relied on bureaucratic institutions and rather featured hierarchical chains of personal dependence between leaders and an entourage of clientelistic networks (453). In this administrative setting, urbanisation was a vehicle for eliminating class differences between agricultural and industrial workers (Ronnås 1984, 12). Following this line of argument, the country's rural agriculture-based economy would be gradually shifted towards an urban, manufacturing-centred one. In so doing, Romania's predominantly raw material and semi-finished goods production was deliberately spread to all parts of the country, leading to the emergence of centres that contributed to the reduction of interregional economic disparities (although "region" was not a term that was explicitly used in socialist planning). This centrally-planned equalitarian approach significantly skewed the manner in which production was to be adapted to place-specific capacities, while also curtailing the rise of cities large enough to counterbalance Bucharest (Săgeată 2010, 82). Nonetheless, stark socio-economic intra-regional differences persisted between industrialised or urbanised areas and their rural hinterlands (Hallet 1997).

Following the 1989 change of regime, a number of large industrial complexes and ancillary economic activities found themselves in locations and productive sectors that were unable to sustain their activity at competitive prices – either due to high transport costs, unrealistically sized production, or nonexistence of an international market after the change. The opening-up of trade with Western competitors has rendered industrial locations chosen by state planners incapable of generating regional competitive advantages. Put in plain English, industries found themselves in the wrong places, unable to perform and adapt to new market-based logics without high subsidies (Finka 2012, 106). The political decision makers of the '90s constructed a broad discourse that highlighted the financial burden that the unprofitability of such companies poses and pursued "reform" actions that either led to closure or privatisation. However, the patrimonial culture established during socialism to a

great extent rolled over after the change of regime. Ultimately, in most cases, decisions lacked a clear strategic direction or were coupled with forms of "wild capitalism" and nepotism that roamed the country through the '90s (see Gallagher 2005, 182-3). By and large, the uncertainty that characterised this process created a vacuum of development in mono-industrial and predominantly rural areas.

The lessening activity and unclear futures of such territories favoured the spawning of capitalist cores within and, later, around big urban centres, but also along major transport corridors. Stark national economic divisions emerged along the East-West and Bucharest-country axes. As the rapidly growing market relied heavily on foreign investments, activity has been concentrated in places where most returns were deemed possible – generally speaking, the "core" cities. A sizeable part of this emerging market located in Bucharest, given its good international links, comparatively big size, pool of available workers, and proximity to decision makers. Second-rank cities – most notably Cluj-Napoca, Constanța, Iași, and Timișoara – subsequently acted as polarising magnets for development in their vicinity, first driven by markets' locational preferences, and later encouraged through growth-pole policies (see Map 1).



Map 1: **GDP Change at NUTS3 (county) level between 2007 and 2014.**
Source: Eurostat 2017

3.2 The regionalisation of development

Romania's regional development law dates back to 1998 (scantly amended in 2004) and can be traced to the country's pre-accession negotiations with the European Commission. It is by and large part of an unfinished governmental devolution that was last debated at the turn of this decade. In practical terms, the eight NUTS2 Development Regions were set in place as voluntary associations between NUTS3 counties. Each region is brought into being through two interconnected organisations with direct responsibilities for regional development: the Regional Development Agency (the executive branch) and the Regional Development Council (the deliberative forum). Neither bears statutory administrative or planning powers.

In a wide context of centralised regional development objectives, the executive branch fulfils contractual duties as an intermediate body, duties that are assigned by relevant Management Authorities of European Structural Investment (ESI) funds in Bucharest. This can be either in full (e.g. the Regional Operational Programme, contracted by the Ministry of Regional Development and Public Administration) or partial – e.g. the 1st Priority Axis, and part of the 3rd Priority Axis of the Economic Competitiveness Operational Programme, as contracted by the Ministry of Economic Affairs for the 2007-2013 programming period. This absolute dependency on the central level binds the fulfilment of regional development objectives to a governmental agenda that is detached from specific regional needs, especially as "bottom-up approaches, and subsidiarity is practiced only as a purely bureaucratic process" (Regional development professional 2017).

Nonetheless, Regional Development Agencies are bound by law to "prepare [and] ensure the realisation of the regional development programmes" (Regional Development Act 2004, art. 9, sect. a-b). Content-wise, regional plans outline the region's socio-spatial structure, set a list of objectives, and propose a list of priority projects grounded in the thematic objectives set by the European Commission. However, there are no mechanisms in place that legally bind the decisions made within the deliberative forum, or for implementing the Regional Development Plan. Given this, regional planning has an illocutionary value, acting as a set of recommendations that ought to communicatively guide economic development practices taking place at levels nested within them.

The best that regional authorities can do is to create the setting for discussions at the planning stage, which may or may not lead to concrete actions. Regional partnerships therefore emerge as statutory development planning processes (Regional Development Act 2004, art. 9, sect. a), and are conducted between elected representatives and regionally relevant actors – i.e. representatives of public and private organisation (see Minister of Regional Development and Tourism 2012). This mechanism evolved as part of the regions' experience with using European Pre-Accession and Structural Funds. In practice, regional partnerships are not necessarily oriented towards formulating a sequence of interventions, but rather aim to identify local projects that could gain European financing. A technique for achieving this has been to offer a setting for learning about future funding conditions, while ideally fostering interactions between administrative counties, localities, and various social, environmental, or economic organisations within the regions. Yet oftentimes,

discussions in such forums focus on questioning the relevance of such processes, or end up in debates about responsibilities for certain interventions, lacking action or initiative. Nonetheless, the task of following up on agreements primarily falls on the eligible beneficiaries, as indicated in the Regional Operational Programme – these can be various territorial or sectorial public authorities, businesses, NGOs, etc. In this sense, the engagement of a wide pool of actors in articulating regional development needs and formulating responses is believed to maximise the spillover benefits of emerging projects. Nonetheless, keeping in line with remains of the socialist administrative culture, the coordination of such actions from a regional level is most effectively done in person: "forward official communication, and it will most likely be ignored. Call the right person, the one who cares about development, and things will start moving" (Regional development professional 2016).

3.3 The practice of territorial cohesion

When it comes to substantive interpretations of territorial cohesion, Romania's policy approach is grounded in a belief that favours economic concentration through a strong second-tier urban system. The intent of doing this is to "connect people from less developed areas to opportunities available in big cities, … with the long term objective that competitive advantages will spill over to poorer areas nearby" (Ministry of Regional Development and Public Administration 2015, 18). Rising inequalities are acknowledged to be "natural" occurrences that will eventually be addressed through market-based processes. Urban growth poles and metropolitan areas have become the key vehicles for the country's socio-economic development. Yet in spite of their prevalence in national policy, a set of practical drawbacks inhibit the much-acclaimed spill-overs: lack of staff within the administrative structures, a mismatch between established areas and functional ones, or a tendency for core cities to be controlling rather than enabling of development (see Bere 2015; Dranca 2013).

On the other hand, market processes within and around the core cities have favoured an uncontrolled urban sprawl, a predominantly debt-financed homeowner housing market, rising rents, spikes in job growth (albeit predominantly within an FDI/subsidiary model), together with an accentuation of issues associated with agglomeration – congestion, pressure on public services, and environmental issues. These planning problems are the hallmark of a dysfunctional urbanisation process. Indeed, while enabling development, the planning system is not designed to cope with the spatial consequences that surges in economic activity pose. Planning seldom assumes the role of either managing and controlling, or predicting and providing. Rather, a reactionary mode of responding to unravelling issues is practiced. This extends far beyond the interpretation of "in-vogue" ideas into the legal sphere. Most notably, granting exemptions from legally binding development plans is a big inhibiting factor for a predictable, plan-based coordination of development.

Within this setting, *competition* emerges as a cross-cutting approach that guides local authorities' development practices. As a way of acting, it transcends the logic of economic competitiveness goals stated in policies and official strategies. Competition is rather inscribed in the practices that guide access to public resources.

This model of competition nonetheless differs from the practice of competitive bidding (i.e. the principle according to which the most qualified bidder is awarded a contract). The competitive practices I signal are underpinned by a rough consensus model of decision-making – a type of agreement that is tacitly accepted out of expediency, as a best way to get about under a set of particular circumstances (see Sørensen and Torfing 2014, 122).

Situational consensus appears to be a de-facto approach to development planning in Romania, being the outcome of development planning that is of a project- rather than strategy-driven nature. Given the multitude of long-overdue palpable problems, mayors and the public alike have become accustomed to expecting immediate noticeable interventions. It is hard to sell a strategy, but much easier to promote a flagship project – a bridge, a business estate, a new road, or a sewage system. In most cases, these are long-overdue justified needs. Yet limiting success to tangible infrastructure provision favours a conceptualisation of development in material rather than processual terms. This dissociation is well mirrored in the design of the Operational Programmes, as "soft" interventions are not at the core of regional development. The cleavage between means and ends springs from a desire for transformative change – that is a sharp break from a not too distant past riddled with poverty. Local authorities hence gear their efforts towards making their localities attractive places to live, work, and visit in relation to others. This is materialised in a handful of flagship projects. In following through courses of action, local elected officials are infamous for their reluctance to support initiatives that spread beyond their own turf, as this is oftentimes conflated with a loss of local autonomy:

> We've been looking for ways to overcome industrial collapse in [area name]. They have a well-established ski resort … Once the European money came in, every local authority sought to ground their economy in winter tourism. But you can only live off snow sports for a few months in the year. So we suggested a business park for the whole area. The idea was met with enthusiasm. But when we got to doing it, the 'fighting' began: each local authority wants it on their own turf, because they'd be able to charge taxes, and gain political capital. They are, however, all aware that the whole area would benefit from it, but don't seem to notice that endless bickering wastes time that could be spent on thinking how to best integrate it in their existing context (Regional development professional 2017).

What does this practice of development have to do with peripheralisation then? The area mentioned above ran into all the issues associated with the long-term decline of a former mono-industrial powerhouse. The policy instruments to deal with such issues are in place. The funds are available, the need is identified, the administrative capacity suffices, and the regional agency aids with expertise. Nonetheless, local political bargaining brought the project to a standstill. Such circumstances are not favourable in a first-come/first served competition, as withholding development may prolong peripheralisation while others get ahead. Two underlying matters are of relevance here. First, a culture of development that separates means from ends encourages decision makers to pursue their ends by whatever means are at hand.

This emerges from the belief that theirs is the right way forth, leaving little room for democratic procedures – consultations, negotiations, public debate (see Friedmann 2000, 465). Second, the rough consensus reached in non-binding local but particularly supra-local agreements allows sufficient room for subverting decisions while or after they are reached. Such subversions may very well work within the framing of a response by deploying alternative storylines sustained by a credible set of different facts (e.g. why a different location may be more suitable or why different priorities are needed). This points to an inherent oversight in the mechanistic, expertise-driven strategy-making model that is deployed in regional development. This favours a process which is limited to bureaucratic (rather than community) capacities of formulating and prioritising responses for programmes that are designed elsewhere. The realm of development politics, while actively at work through bureaucratic conformity and political bargaining, is typically veiled by privatised expertise.

The extensive privatisation of development planning processes comes to no surprise, given overwhelmingly local authorities have endured a gradual withdrawal of resources. On the one hand, an ongoing process of so-called "financial devolution" has been gradually shifting the management of public services onto local authorities. Devolution nonetheless remains a wishful narrative, given that the transfer of responsibilities has not been complemented by sufficient financial resources, or by a framework that enables local authorities to retain more taxes. Such is the magnitude of the problem that, since 2010, this system has been deemed to hinder perspectives of local development (Profiroiu, Profiroiu and Szabo 2017). To generate desired growth effects, ESI funds need to be in a frail balance with local tax collection and governmental tax transfers (ibid.) – a setting most often found in and around county capitals in general, and in the largest urban centres in particular.

On the other hand, when it comes to forward planning, there is an acute lack of qualified administrative staff. This is coupled with a lack of legal clarity. To put it in the words of a county development professional:

> Over the past years, a lot of our people have literally run away. Better wages are one side of the story, undoubtedly. However, the abysmal state of our national legislation is what puts most people off. You [as a civil servant] can make a decision in perfectly good faith, which abides to the law. But you'll then find out that there are another seven changes to that law, which are impossible to track without legal expertise. Whenever you do something, you just have to hope the mistake you'll eventually make won't land you in trouble (County development professional 2017).

This culture of uncertainty, and ultimately of fear for one's actions, significantly slows down the quality and timeliness of responses to development needs. It also favours the use of solutions that have been tested elsewhere in terms of their legality, with substantive relevance being of secondary import. Moreover, the pragmatic moulding of objectives to available funding opportunities is not uncommon, although a rational approach is usually advocated (e.g. SWOT analyses-based responses). Pragmatic as it is, the downside of such an approach is the lack of

support and of broad cooperative action of policy subjects, a cornerstone for realising a strategy.

All in all, peripheralisation in Romania's regional development can be understood as the outcome of three factors. First, the government's policy strategists firmly believe in market spillover-driven redistribution. Following this dogma, urban and regional development policies do little to lessen the so-called "natural" market concentration processes. Second, economic development appears to be decoupled from interventions performed by local and county authorities. Put simply, the speed of bureaucracies is no match for the versatility of market evolutions. This by and large renders any redistributive mechanism inefficient. Third, the vast array of requirements for project submission paves the way for the use of informal channels to bring a project to a halt. Complex bureaucratic requirements and ambiguous laws shape such arenas. In these cases, peripheralisation is primarily driven by stagnation. All in all, the governance practices of regional development appears to reinforce the rising disparities between well-off and lagging localities.

4. Conclusion and Outlook

In this paper, I aimed to explore the governance implications of Romania's regional policies. I have outlined the theory that a practice-centred approach builds upon and discussed the implications of using it to gain new understandings on processes of uneven spatial development that occur within CEE countries and regions. Discussing Romania's case, I first highlighted the post-socialist transformative setting in which regional policies have been implemented. This brings to light the red line followed in the design of spatial policies – that of spatially polarised development, which eventually spills over to other parts of the territory in time. The territorial instruments that emerged in the years since regional policies have been implemented are hereby not designed to coordinate the planning of development and ultimately cannot handle rising spatial unevenness. My empirical proceedings engaged with the overall context of regional development and highlighted two practices that take place within the context of regional territorial governance – that of partnership and of competitiveness. Through this, I aimed to explore the blend of EU-driven regional policies in national political conventions. In a nutshell, this is a process of contextualising mostly abstract ideals within political and administrative cultures. In Romania, this mix appears to favour an ongoing territorial polarisation towards the large cities, which consequently leads to the peripheralisation of communities disengaged from development competition.

What can this exposition mean for potential policy shifts? Discussions on regional policy shifts in Romania are typically placed in a wider context of regionalisation – that is the devolution of administrative functions from Bucharest towards the regions. Streams of ink have flowed on arguments concerning the boundaries, scope, and structure of such future regions, so much so that the idea itself has stalled in endless debates. Yet the limitations of the current polarised model of development could be addressed independently from a future turnaround in public administration. Of primordial importance are practices that build on a self-centred understanding of

competitiveness. Its current application renders development as a race between spatial development interests in accessing money, rather than pushing for a coordinated partnership between actors. Shifting this conceptualisation would on one hand enable a more inclusive exploitation of regional assets, an endeavour that typically transcends the immediate responsibility of one locality, agency, or public institution. On the other hand, it would entail the design of policy instruments which should support supra-local coordination and redistribution of intervention capacities. The gist of the idea is to enable demographically declining, under-financed, and understaffed local authorities to access expertise for taking part in wider projects or for pursuing their own interventions.

Last, policy research on spatial development and planning could be complemented by engaging with aspects of economic development that cannot be directly observable and measured. Political processes of formulating development approaches, or the build-up and functioning of economic development networks are such examples. While this article follows practices set in motion by regional policies, I do not aim to understand the appropriateness of those policies in addressing development needs of non-core places. I hope it has become clear from my exposition that such places have a hard time to pursue their development potentials. Yet, while the limitations of the one-size-fits-all approach are well rehearsed both in academia and policy reasoning, little research sheds light on how relevant actors understand, debate, and reflect on in-vogue ideas in CEE. In Romania in particular, little is known about the processes of framing local-regional responses to development challenges of non-core urban centres, as well as the value given to courses of action that deviate from dominant ways of thinking about territory and development. Whose voices matter most when strategies are decided, what development stories do they sell, and what kind of arguments do they ground their reasoning in? The interpretive repertoire (see Wagenaar 2011; Yanow and Schwartz-Shea 2015) is well suited to provide insights into such political processes in which ideas, beliefs and discourses shape debates and consequently the models of intervention that policy communities follow.

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Integrating Regional Development and Planning into "Spatial Planning" in Finland: The Untapped Potential of the Kainuu Experiment

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Abstract

With Finland's accession to the European Union in 1995, a regional level of administration responsible for regulation-based land-use planning and incentive-driven regional development policy was introduced. The administration of both policies on the same spatial scale and within the same organisation suggests increased coordination of spatial impacts and a move towards an integrated conception of spatial planning. In practice, however, the relationship of these two fields remains ambiguous. In the Finnish case, one potential explanation for this detachment lies in the de facto weakness of the regional scale. In the Kainuu region in Northeastern Finland, ambitions to strengthen the regional scale resulted in a self-government experiment between 2005 and 2012. This article addresses the implementation of this experiment, its implications for integrated regional governance and the lessons to be learned for the upcoming regional reform in Finland.

Keywords: Spatial planning, Northeastern Finland, Kainuu experiment, periphery, regional planning, regional development, Cohesion policy

1. Introduction

The term region has been around for centuries, referring to a somewhat cohesive and coherent territory. Nonetheless, no other spatial scale is characterised by as much ambiguity and ascribed as many different meanings as the region. One factor contributing simultaneously to the standardisation and diversification of regions is the European Union (EU). On the one hand, the EU has promoted the narrative of a "Europe of the Regions" (Elias 2008; Keating 2008, 2009; MacLeod 1999), gaining popularity in the 1980s and 1990s. Interpretations of this narrative range from the idea that nation states would be significantly weakened or even cease to exist to the acknowledgement and consideration of regional differences and identities in policy making at the European level. On the other hand, the EU has developed a system of subsidies with a regional focus, aimed at supporting economic growth and com-

petitiveness while reducing regional disparities within Europe. While the success regarding these objectives is debatable (see, e.g., Bachtler and Gorzela 2007; Boldrin and Canova 2001; Le Gallo et al. 2011; Le Gallo and Dall'erba 2008; Leonardi 2006; Rodríguez-Pose and Garcilazo 2015), the establishment of EU regional policy certainly had an effect on regional governance in many European countries. Sub-national authorities have taken up new tasks and assumed major responsibilities for implementing and enforcing European legislation in the context of cohesion policy (Elias 2008). In order to comply with the requirements of EU regional policy, member states had to adapt their governance structures, by either creating a regional tier of government from scratch or integrating new administrative tasks into existing institutional structures. Moreover, while the term region traditionally refers to a sub-national scale, the EU brought out new conceptions that transcend the boundaries of nation states, such as cross-border regions or macro-regions (Deas and Lord 2006; Hansen and Serin 2010; Perkmann 2003, 2006).

The point of departure of this article is the observation that with the emergence of EU regional policy, regional planning as well has experienced a significant enhancement in many countries. In Finland, where this article's case-study region Kainuu is located, the regional scale is a fairly new addition to the administrative system, even if the concept of region has existed in the Finnish language for a long time. Although the potential advantages of establishing regional self-governance have been discussed ever since the late 19th century, the position of regions between a strong central state and powerful municipalities has remained weak, as is typical for the Nordic administrative tradition.

With Finland's accession to the EU in 1995, however, the country was comprehensively divided into regions, based on functional and economic grounds as well as historic regions, and regional councils ("*maakunnan liitto*") were established. The regional councils can be understood as "politically guided statutory joint municipal authorities, which formulate, in cooperation with other relevant regional actors, regional land-use plans, regional development strategies and EU programmes" (Luukkonen 2011, 259). The assignment of these tasks to one organisation suggests a more integrated approach towards regional planning, regional development and EU regional policy, that is, towards the emergence of spatial planning. However, there is also a risk of a "false bottom" situation, in which a connection seems to be established superficially, but the policies remain detached in practice.

In the Finnish case, a potential explanation thereof lies in the weak character of regional-scale governance, which is a projection of local and national interests onto the regions rather than a self-contained level of administration. As this weakness has been a well-known challenge for years, in 2016 the Finnish government drafted a proposal concerning a regional government reform, stating the intention to establish new autonomous counties based on the existing regions (Ministry of Social Affairs and Health and Ministry of Finance 2016).

In anticipation of the reform, a self-government experiment was carried out in the Kainuu region in Northeastern Finland between 2005 and 2012. For the duration of the experiment, the Kainuu Regional Council was elected directly and given competences that usually lie within the jurisdiction of the state or the municipalities. This article scrutinises the regional self-government experiment in Kainuu and pays close

attention to the changes in regional governance that occurred. It aims to answer the question whether a politically stronger regional scale furthers the development of an integrated spatial strategy, contributes to overcoming the detachment of regional planning and regional policy matters, and thus supports a move towards spatial planning at the regional level. With spatial planning, we are referring to planning as "shaping spatial development through the coordination of the spatial impacts of sector policy and decisions" (Nadin 2006, 18).

The article first sets out to briefly outline trends of regionalisation across Europe, to identify the role of the European Union for regions and to highlight potential linkages between EU regional policy and domestic regional planning. Subsequently, it takes a look at regions and regional governance in the Finnish context and provides an analysis of the Kainuu self-government experiment. It concludes by exploring the obstacles to integrated regional governance, and by setting the findings in the context of the current regional reform in Finland.

2. Regionalism across Europe and the EU as advocate of regions and spatial planning

Processes of regionalisation are inherently complex and multifaceted. In the last decades, regionalisation processes have received increased attention in public administration and academic literature, especially against the background of a growing European Union, a globalising economic market and increasing interspatial competition (Brenner 2003; Keating 1997). Functional change, political mobilisation and institutional restructuring typically give an impetus to strengthen regions. While the internationalisation of the economy and new communication technologies accelerate globalisation in all spheres of life, local factors and specific characteristics of territories are increasingly acknowledged, too. The complementary logics of the global and the local meet at the regional level, which is intermediary both in the territorial and functional sense and can thus play a crucial role regarding governance and administration. In some cases, regionalisation is also carried by political movements, adhering typically to specific ideas of regional autonomy regarding economic and social issues. The political support, orientation and significance of these movements varies greatly between countries and regions, and so do their aims, which range from regional independence to stronger integration into the nation state (Keating 1997, 2016).

The establishment of regions as arenas for political debate, however, does not necessarily imply the creation of government institutions at the regional level. Institutional restructuring, in turn, is mainly driven by European integration and administrative rationalisation. As EU regional policy requires some form of regional administration, member states needed to establish or reinforce regional institutions upon accession to the EU (Gualini 2004; Keating 1997). Especially in many Central and Eastern European countries where regional administration was built from scratch, this process has caused problems or inefficiencies (Bachtler and McMaster 2008; Bruszt 2008; Dąbrowski 2013, 2014; Hughes et al. 2004; Kovacs and Cartwright 2010; LaPlant et al. 2004; Marek and Baun 2002; Pálné Kovács et al. 2004). Moreover, regional boundaries had to be (re-)drawn as the NUTS (French:

Nomenclature des unités territoriales statistiques) classification was introduced (Paasi and Metzger 2017). Though first intended as a hierarchical system of statistical units, NUTS regions drawn up by member states did not only reflect existing political and cultural regions but also economic concerns, as the NUTS system quickly turned into a spatial framework for EU regional policy. The exact territorial demarcation and location of boundaries could thus prove to be of significant economic importance in the disbursement of EU regional policy funding (Paasi 2009).

Moreover, the NUTS regions also played a crucial role in visualising the "Europe of the Regions" narrative and creating a more or less unified regional map for the whole of Europe. While NUTS boundaries were defined in a top-down manner by national actors, the EU has lately increasingly addressed sub-national actors directly, and sub-national actors have increasingly shown interest in EU institutions and policies. And while regions never enjoyed any formal status at the EU level, a range of opportunities for regions to influence European politics opened up during the last decades, such as representation offices in Brussels, the Committee of the Regions or the European Parliament (Keating 2008; Tatham 2008). Whether regions are viewed as an element in the multi-level governance system created by the European Union (Hooghe and Marks 2003) or as independent "spaces for politics" characterised by their own power structures and logics of action for which the EU acts as a driver of change (Carter and Pasquier 2010), scholars agree that Europeanisation is amongst other things a regional phenomenon. "[T]here are numerous ways in which the EU remains highly important for regions, and in which regional politics plays a significant role in shaping the nature and direction of European integration" (Elias 2008, 487). However, the EU does not specify requirements and characteristics associated with regional governance. Correspondingly, the institutional responses to Europeanisation differ greatly at the regional level.

In many cases, changes regarding governance also affected land-use planning, first and foremost planning at the regional level, potentially paving the way for the emergence of spatial planning, i.e. a more integrated approach of steering spatial development, although yet again arrangements differ considerably between member states. While some countries have established structures dealing with regional planning and regional policy within the same institution, others have divided the tasks into two parallel systems: Newly established institutions take care of the technicalities and acquisition of European Union funds in the course of regional policy, while government administration continues to make regional plans. The separation of regional planning and regional policy into two detached institutional settings can be regarded as problematic and can potentially compromise the effectiveness of public investments if coordination is not ensured. The EU Structural and Investment Funds are aimed to support regional development and long-term programming in order to increase competitiveness. This is especially crucial to support the cohesion of European regions "lagging behind", the underlying rationale of regional policy, as well as peripheral and sparsely populated areas. However, the detachment of strategic visions, often incorporated into regional plans, from financial tools for project implementation reduces both their chance of realisation and their political significance.

Though evaluations and academic research agree that EU regional policy has, in addition to its socio-economic effects, shown "noticeable indirect, 'qualitative'

impacts" (Dühr et al. 2010, 282), such as changes regarding governance, its connection to regional planning is seldom directly addressed. It can be assumed that the higher the congruence regarding certain linkages, such as spatial imagery, governance structures or alignment of objectives, the stronger the influence of the European Union on planning in a particular region through the means of regional development policy. However, practice shows that even if the linkages are established, EU funds are not necessarily used in a strategic manner to further regional planning goals. One reason for this detachment, so we argue, lies in the institutional arrangements at the regional level. Regional actors could be significantly empowered by using the EU funds strategically, making use of their leverage effect, facilitating the implementation of regional planning measures, and boosting regional development. Yet, regional governance is often faced with several hindrances, such as the lack of regional identity, the inability to determine a collective regional interest or the political or constitutional weakness of the administration.

Ultimately, it has to be mentioned that the EU has not only triggered changes regarding governance, but also regarding the conception of planning in general. The Euro-English term "spatial planning" was introduced in the 1990s (Faludi and Waterhout 2002) and is nowadays used in planning practice, theory and research. Although the EU has never aimed to define spatial planning, the European Spatial Development Perspective (CEC 1999) uses the term and emphasises the need for horizontal and vertical cooperation of spatially relevant policies, a claim that "carries with it implications of a broader form of integrative 'spatial' planning" (Shaw and Sykes 2005, 185). While different actors might have their own interpretations, spatial planning is often associated with a wider understanding of planning and a focus on strategic coordination rather than legal regulation. It is thus closely intertwined with other policies, such as regional and environmental policies, and can be perceived as spatial development policy or territorial governance (Böhme and Waterhout 2008).

This section has opened up a theoretical-conceptual framework to scrutinise the interplay of regionalisation processes, regional governance reforms, and changes in the conception of planning against the background of European integration. In the following sections, this framework will be applied to Finland and the Kainuu region.

3. Regional development and planning in Finland: Upscaling or downscaling, integration or detachment?

Although the EU has played an important role in assigning new meanings to territory and re-scaling state spaces, as briefly illustrated in the previous section, domestic factors have also significantly shaped transformations regarding the understanding of regions in different countries. Subsequently, this section outlines changes to regional governance in Finland since the 1990s.

Following the Nordic administrative tradition, Finland is a unitary state with strong local government (Sjöblom 2010). Local self-government is stipulated in the constitution, and the municipalities are responsible for the provision of local and welfare services. Alongside the central state, municipalities are also given taxation rights in order to cover the costs of service provision. The central state and the municipalities

are also the important actors in the Finnish planning system, which is based on the Land Use and Building Act (LBA 132/1999). Although the LBA defines three planning levels – national, regional and local – and attributes certain tasks and functions to each level, a fairly asymmetrical distribution of powers can be observed in which local self-government is favoured over state intervention (Hirvonen-Kantola and Mäntysalo 2014). In addition, the hierarchy of plans does not always work in practice: General-level plans such as regional plans often merely reflect local interests rather than steering local planning (Kilpeläinen et al. 2011; Newman and Thornley 1996).

The national level, primarily the Ministry of Environment, is responsible for the preparation of planning legislation, the establishment of general goals and objectives, and the definition of planning issues of national importance. The guidelines specified by the ministry are not legally binding and do not affect local detailed planning directly unless incorporated into regional land-use plans or local master plans. In addition to the Ministry of Environment, other ministries also contribute to planning at a national level with regard to their specific sectoral focus.

At the local level, municipalities enjoy a monopoly in land-use planning, meaning that they are solely responsible for drawing up plans, ensuring sustainability and favourable living conditions within their jurisdiction. Individuals (e.g. landowners) do not have the right to request the development of a plan from the authority, and regional or national actors do not have means to control or disapprove local plans. Municipalities can make use of different planning instruments: A local master plan serves to provide guidance regarding the urban structure and land use, while a local detailed plan regulates the detailed organisation of land use, building and development for a certain area within a municipality (see also Valtonen et al. 2017).

While the national parliament and the municipal councils are directly elected every four years, there are no elections at the regional level (with the exception of the autonomous Åland Islands[1]). Nevertheless, regional state administration exists in several forms, and regional governance is practiced through different institutions. In 1994, in the course of Finland's accession to the EU in 1995, 19[2] regional councils were established. They are joint municipal authorities, composed of representatives from municipalities, and headed by managing directors who are appointed professionals. The regional councils have a statutory responsibility for regional development, regional land-use planning and the preparation and coordination of the EU structural funds programmes (Sjöblom 2010). To this end, the regional councils issue the regional land-use plan as well as the regional development strategy and regional development programme. The regional land-use plan is the hierarchically highest plan in the planning system and forms the legally binding basis for municipal planning. Although regional plans are legally binding and formally steer municipal planning, the steering capacity of regional planning has been frequently put into question because of the decision-making structure within the regional councils. The fact that the members of the regional council represent municipalities and that their demo-

[1] All statements about the Finnish administrative system in this article refer to mainland Finland and not the Åland Islands unless otherwise specified.

[2] The number of regions was reduced to 18 in 2011 when Uusimaa and Itä-Uusimaa were merged into one region.

cratic mandate is based on municipal elections allows municipalities to project their interests into regional plans in a fragmentary manner instead of making strategic choices at the regional level (see, e.g., Kilpeläinen et al. 2011). The regional development documents, in turn, usually do not have legal effects towards citizens or municipal planning. They are guidance documents containing long-term development goals for the next 20 to 30 years (strategy) and more concrete targets, key projects and measures for the next four years (programme).

Whereas the municipality-driven regions date back to the 1990s, the latest reform of regional state administration was carried out in 2010. One of the central objectives of the reform was to enhance cooperation between regional councils and state authorities at the regional level and to strengthen the role of regional councils in the steering of regional development (Suomen Hallitus 2009). As a result of the reform, various state organisations at the regional level were rearranged under two organisations. Centres for Economic Development, Transport and the Environment ("*ELY Centres*") were established by merging together Employment and Economic Development Centres ("*TE centres*"), Centres for Environment and road districts. Today, ELY Centres are primarily associated with the Ministry of Employment and the Economy but also deal with tasks under the administrative branches of other ministries. There are currently 15 ELY Centres in Finland, and, with a few exceptions, their regions are spatially identical with those of the regional councils.

Moreover, six Regional State Administrative Agencies were established ("*aluehallintovirasto*") in Finland. Their mission is to promote regional equality by carrying out executive, steering and supervisory tasks laid down in the law. The agencies' areas of responsibility comprise basic public services and legal rights, education and culture, occupational health and safety, environmental permits as well as rescue services and preparedness. They are subordinate to eight ministries, and their exact tasks and objectives are specified by the current government programme. As there are only six agencies in the whole of Finland, their covered regions are significantly bigger than those of the regional councils.

Although, as outlined above, different regional institutions have taken up certain tasks in the Finnish administration, the governance structures at the intermediate level remain weak. The regional councils were established "to provide an avenue for democratic regional participation and an integrated approach to spatial development, but they were not granted proper decision-making competence" (Eskelinen et al. 2000, 48). Due to the lack of regional elections, Finnish regions cannot be seen as a self-contained administrative level. Rather, interests of the municipalities and the central state are projected to the regional scale through the regional councils and ELY Centres respectively and negotiated there. As the regional councils consist of representatives of the municipal councils, "there is an element of indirect democracy in these bodies" (Virkkala 2008, 106). The weak point is thus not necessarily a lack of accountability or legitimacy of Finnish regions as such, but rather the potential inability to establish a collective regional interest. Since regional decision makers are at the same time elected members of municipal councils, the risk of being biased towards specific municipal interests must not be overlooked (Kilpeläinen et al. 2011).

With the construction of the regional scale, an opportunity arose to apply a more integrated approach to the Finnish planning system. Traditionally, spatial planning

– for which no equivalent expression exists in the Finnish language – was covered by three separate policy fields: land-use planning, urban and regional (economic) development, and environmental policy (Eskelinen et al. 2000). Although the system moves slowly towards a more integrated approach, divisions are still visible, for example at the level of ministries, where both the Ministry of Environment and the Ministry of Economic Affairs and Employment are involved with planning matters. Additionally, "one can still sense cultural barriers between the interests and perspectives of land-use planning, environmental policy, and local and regional development" (Eskelinen et al. 2000, 43) as well as differences in terms of their conceptual and theoretical underpinnings. Nowadays, as the Finnish regional councils are in charge of both regional development and regional planning, a more integrated approach to spatial development at the regional level seems likely, but frequently the two issues remain detached.

In addition to the top-down regionalisation, supported by the accession to the EU, there are of course also bottom-up regionalism processes taking place in Finland in which regional actors ideologically construct their territory and create networks. Compared to other countries, regional identification is rather weak in Finland. However, the degree of regional identification varies greatly between the regions: while some are relatively well established, others lack a clear profile (Virkkala 2008). In a study by Paasi, respondents gave a variety of answers to the question in which region they currently live, ranging from the names of local municipalities to those of regions and counties (Paasi 2009, 143). Despite this often vague identity associated with Finnish regions, regional councils have recently actively used and shaped the regional identity rhetoric. The brought up themes often echo EU narratives, highlighting how the European Union is intertwined with the Finnish regions, albeit in many cases only on a discursive level (Moisio and Luukkonen 2015; Paasi 2009).

4. Self-government experiment in Kainuu, Finland: Towards integrated regional governance?

This section addresses the self-government experiment taking place between 2005 and 2012 in the Finnish Kainuu region. The main objective of the experiment was to explore the effects of regional self-governance on regional development, on the provision of basic services, on citizen participation, on the relation between the region and the state, and on the functioning of municipalities as well as the state administration at the regional level (Suomen Hallitus 2002). Various studies have assessed the experiment (Airaksinen et al. 2005; Airaksinen and Haveri 2012; Haveri et al. 2011; Jäntti 2016; Jäntti et al. 2010; Pyykkönen 2008), but their focus has been mainly on the experiment's effects on service provision, while its influences on regional development have attracted little attention. An exception is a study by Haveri et al. (2011), which finds that while the experiment brought about economic improvements regarding the provision of services, its effects on regional development were marginal. Moreover, the authors identify tensions between service provision and regional development during the experiment. However, the rela-

tion of both fields with regional planning is not addressed. Hence, this article aims to highlight the experiment's effects on regional governance in general and the relationship between regional development and regional planning, in particular. The study is based upon information obtained from reports and evaluations as well as five semi-structured expert interviews with regional and local administrators and politicians conducted in February 2017 by the authors. In the interviews, the self-government experiment as well as regional planning and regional development in Kainuu and Finland were discussed. The interviews were conducted in Finnish and English and transcribed and analysed by the authors.

Figure 1: The Kainuu region in Finland and the eight municipalities in Kainuu[3]

4.1 The Kainuu region and the self-government experiment 2005-2012: An overview

The region of Kainuu is located in the Northeast of Finland and borders the Finnish regions Northern Ostrobothnia, North Karelia and Northern Savonia as well as the Russian Federation. With approximately 75,000 inhabitants living in an area of 21,000 km², Kainuu is the second most sparsely populated region in Finland after Lapland. The region comprises eight municipalities, of which the administrative capital Kajaani is by far the most populous, accounting for roughly half of Kainuu's population. Despite its relatively low number of inhabitants, Kainuu is a NUTS 3 region and has its own regional council and ELY Centre. Like other peripheral

[3] Since January 2016, the municipality of Vaala has belonged to the region of Northern Ostrobothnia. Although Vaala was still part of the Kainuu region until 2016, the municipality did not participate in the experiment.

regions in Finland, Kainuu has been facing economic challenges during the last few decades. Between 1987 and 2016, its population decreased by approximately 20,000 inhabitants, both due to natural decline and out-migration. Especially young adults move to Finland's bigger cities, as the opportunities for tertiary education in Kainuu are very limited.

Against this background, Kainuu was selected to serve as a testing ground for a regional self-government experiment between 2005 and 2012. Although the initiative for the experiment came from the Finnish government, and then Prime Minister Paavo Lipponen, local politicians and administrators were quickly convinced of the idea, as they realised that the decline of population and entrepreneurial activity requires innovative actions. Moreover, they saw the importance of a strengthened regional level in securing the independence of Kainuu as a region, but also to avoid municipal mergers, which were strongly supported by the central government in the course of the local government and services reform in the year 2006. An official from Kainuu Regional Council summarises why the region was chosen for the experiment as follows:

> I think Kainuu was compact and small enough. We understand our problem that we must develop our area more effectively. And we want to keep our area independent, and that was one possibility to strengthen this independence and try something new, quite new.

The Kainuu experiment could thus be seen as what Fürst (2006) calls "experimental regionalism" in the German context: While the state defines objectives, determines the rules, and assesses the results, it relies on the voluntary commitment of regional or local actors to participate and find innovative solutions. Haveri et al. (2011) understand the experiment as "rescaling through a restructuring of hierarchy" (29), i.e. the transfer of decision-making powers upwards and downwards from the municipal and state levels, respectively.

The experiment focused on three main issues: regional democracy, increased responsibility for decisions regarding regional development, and provision of certain basic services at the regional level. In order to strengthen regional democracy, the first direct elections of the regional council in mainland Finland were held in 2004 and 2008 in Kainuu. Additionally, municipal elections remained in place and were held simultaneously. As a result, voter turnout of approximately 52% for the regional elections was in line with the common turnout of municipal elections in the Kainuu region (Oikeusministeriö 2015), and shares of political parties were similar as in the municipal elections.

Regarding regional development, which is the responsibility of the regional council in all Finnish regions, the innovation of the experiment lay in the move of decision-making powers from the state level to the regional level. Kainuu was thus enabled to directly decide on the allocation of a large share of regional development resources from the nation state and the European Union. A development fund for Kainuu ("*Kainuun kehittämisraha*") was established by gathering different budget items in the state budget and delegating the decisions concerning their use to the regional level. The development fund accounted for 44.8 million euros in 2005,

when the experiment started, and for nearly 60 million euros per year at the end of the experiment (Valtiontalouden tarkastusvirasto 2009, 7).

Although these tasks and decision-making powers were transferred from the national to the regional level, the Kainuu Employment and Economic Development Centre and the Kainuu Centre for Environment (later merged to form the regional ELY Centre), representing the interests of the ministries, were not included into the newly formed regional governance structure. Regarding regional planning, changes triggered by the experiment were limited. Regional planning and industrial policies remained responsibilities of the regional administration, while municipalities continued to be responsible for local land-use planning.

The third innovation concerned the provision of healthcare, social and educational services at the regional level. Traditionally, the provision of basic services lies within the jurisdiction of the municipalities. During the experiment, the municipalities continued to finance the services according to previously defined shares, but the administration and organisation of services took place at the regional scale. This way, the experiment aimed to ensure basic services and their quality for all inhabitants in Kainuu, while increasing the efficiency of the service sector. As healthcare, social and education services account for most of the municipal budget, this aspect of the experiment attracted most attention, both among local decision makers and among academics (Jäntti 2016; Jäntti et al. 2010).

The experiment was based on the consensus principle, requiring all municipalities to agree unanimously on its continuation. As negotiations were not successful, the experiment came to an end in December 2012. The main reasons for the discontinuation were concerns or disagreements regarding the legislation, the cooperation culture and the financial aspects (Kainuun hallintokokoilun seurantasihteeristö 2013). Subsequently, the additional regional governance structures were dismantled, giving Kainuu's regional authorities the same responsibilities as all other Finnish regions.

4.2 Opportunities for and obstacles to an integrated regional perspective

Even if a more integrated view on regional governance was not an objective of the Kainuu self-government experiment as such, the experiment unquestionably afforded opportunities to strengthen a comprehensive understanding of policy and decision making at the regional scale. The integration of different responsibilities within one regional authority is certainly a step towards creating stronger ties between different policy fields, even if the organisation under one roof does not necessarily imply a close connection. The peripheral location and small population size of the Kainuu region might, however, support the integration of different policy fields, for the simple reason that organisations such as the regional council have a limited amount of employees who are continuously in close contact.

However, it seems that the regional self-government experiment in Kainuu has not exploited the potential to make a strong move towards integrated regional governance. We identify three main obstacles that contributed to hindering a more comprehensive approach at the regional level: the narrow conception of spatial planning, the ambiguity of responsibility at the regional level, and the missed opportunity to make strategic use of EU policies and funds. These obstacles should by no means be

confused with the reasons for discontinuation of the experiment itself. The self-government experiment came to an end primarily due to a lack of trust and communication between different actors and disagreements regarding financing. If these issues had been resolved, the experiment would most likely have been continued; however, not necessarily in an integrated manner.

The narrow conception of spatial planning

As mentioned in the previous section, the term spatial planning does not translate into the Finnish language. In the Finnish context, "planning" has been traditionally understood as land-use planning, that is, as the designation of areas for different types of uses. Hence, spatial planning, in the meaning of "shaping spatial development through the coordination of the spatial impacts of sector policy and decisions", to employ Vincent Nadin's (2006, 18) definition, has not been fully embraced in Finland. Although the establishment of regions clearly posed an opportunity to take up a broader view on spatial development, the separation into land-use planning, economic development and environmental policy prevails. In the Kainuu case, a stronger regional level did not significantly soften the divide between the policies. If anything, the addition of new competences and responsibilities to the regional level increased competition between different policies: When time and resources are scarce, some policy fields might be disregarded at the expense of others. According to an official from the Kainuu Regional Council, this was also the case during the self-government experiment:

> I think the biggest problem during this experiment was that the healthcare system is so big. And they are using such a big amount of money there. It takes too much energy from the politicians and the decision making, because the budget is so huge. And when the same politicians are working with different kinds of problems, then the regional development will stay in the background. And that was the problem in our experiment also.

The evaluation reports assessing the Kainuu experiment also mention that planning and development issues were disregarded simply because they are abstract and difficult to understand, whereas services are very concrete and form a part of people's everyday life (Haveri et al. 2011; Jäntti et al. 2010, 114-115). The abstractness and complexity of spatial-planning issues suggested to some of the interviewees that it would not even have been worthwhile to try to make the political decision-makers interested in planning issues:

> When the experiment started, we [regional planners] could work more independently. We were given more decision-making powers. … They trusted us.

Not only the political decision-makers but also the key actors in the administration were often experts either in the service sector, or the planning and development sector. It was rare that an administrator would have expertise in both sectors and would thus support the integration of sectoral policies and plans.

> … our director – the director of the council – back then was very much oriented towards social and healthcare issues. He wanted to be involved in all the social and healthcare issues. So, he did not have that much time for regional planning issues, not at least for the concrete questions related to drawing up regional plans.

Admittedly, from a legislative perspective, healthcare and social services are not part of regional planning or regional development, as these two issues lie within the jurisdiction of the region, while the municipalities are responsible for the provision of services. However, if all issues are dealt with at the regional scale, as was the case in the Kainuu experiment, it becomes unclear why a strict separation must be enforced, especially since the provision of services in a sparsely populated area is without doubt an issue with a strong spatial dimension (see e.g. Humer 2014; MDI 2015). Although this is acknowledged in the region, the experiment has not brought about any willingness to make strategic choices related to the structure of the region (MDI 2015). The problem remained after the experiment ended, as for instance the Kainuu regional programme 2014-2017 shows: It emphasises the importance of well-functioning regional structures as a pre-requisite for service provision. However, when it comes to the concrete goals set in the framework for regional planning, priority is given to the development of the central city of the region, municipality centres, smaller communities and rural areas (Kainuun liitto 2015, 60), thus not focusing resources on certain activities or areas. In other words: when everything is prioritised, nothing is prioritised.

Even if the conception of spatial planning is not stretched to include services, but limited to its key components – planning, development and environment – the Kainuu experiment did not support an integrated view on the three issues. Despite the creation of a stronger regional authority with independence regarding the allocation of development funds, the ELY Centre continued to exist, ensuring the implementation of environmental policies. A previous study indicated that some experts suspected that the experiment would have been more meaningful, had the ELY Centres been merged with the regional administration and the government been willing to give up its powers in different sectors of administration (Kainuun hallintokokoilun seurantasihteeristö 2013; Pyykkönen 2008).

However, regional planning and development, despite being responsibilities of the regional council, seemingly did not come closer to each other, either. Concerning regional planning, the experiment was not regarded as a big opportunity for change or consolidation, especially since the municipalities continued to make their own master plans and detailed plans. Consequently, the Finnish paradigm of "strong" municipal planning and "weak" regional planning was not overcome in the course of the Kainuu experiment.

For regional development, in turn, the increase in decision-making powers and direct rule over the allocation of funds provided an opportunity to sharpen its profile. However, despite the chance to act more flexibly and steer bigger investments, which was seized, for instance, when the paper company UPM closed its factory in Kainuu, the decisions regarding the allocation of funds did not become significantly more strategic (Jäntti et al. 2010; Kainuun hallintokokoilun seurantasihteeristö 2013;

Pyykkönen 2008). An exception was the decision of the regional council to allocate funds for public transportation services (Jäntti et al. 2010, 101). Nonetheless, it has also been noted that a large share of the development funds which came under the administration of Kainuu during the experiment were in fact already allocated to road maintenance and employment issues, giving little leeway to regional decision-makers to re-allocate that money in practice (Jäntti et al. 2010, 102). The comments of the interviewees confirm this:

> The quality of road maintenance just cannot change at the border of two regions.
>
> The Ministry of Employment made sure that we took care of the employment issues in the same way as before. They did not ratify our plans, but they were monitoring us very carefully.

In addition to being overshadowed by the service sector, regional policy remained weak due to the continuation of industrial and commerce policies at the municipal level. Since the responsibilities concerning services were largely transferred to regions, municipalities had more resources to enhance entrepreneurship and industry than they had had before (Jäntti et al. 2010, 108). The advancement of regional industrial policies took place not only via the regional council but also through the joint development company "*Kainuun etu*" that was established to support the companies in the area and to realise projects requested by them. Despite the successes that the company has had in obtaining EU funding for projects to support, for instance, the development of the key clusters in the area, the interviewees identified one main problem. Local actors, who fund *Kainuun etu*, wish to see that every euro invested in a project is just as profitable to their own municipality as it is to the other municipalities:

> The idea was, when we established this, that we can get bigger projects that generate more value for enterprises. I know that this amount of funding would be used [in the municipalities] in any case. But the money would go to some other purposes unless we had these enterprise-oriented projects going on. That is the advantage [of Kainuun etu]. Nonetheless, last year it started again. It was alleged that Kainuun etu is not democratic and impartial enough. Some municipalities have gotten more than the others. So now some municipalities wish to reduce their share of funding. Here we go again.

As a result, both regional planning and regional development did not change significantly during the experiment, and neither did their relation to each other. Even if the two fields have reached a state of mutual acknowledgement, their design and implementation remains detached. It can be assumed that this is not a problem unique to Kainuu, but one that applies to many Finnish regions.

Ambiguity at the regional level

Ever since their creation, the Finnish regions have been caught in a tug of war between the state and the municipal level. With the ELY Centres and the regional councils, respectively, both levels have their representation at the regional scale,

while a self-contained regional level is missing. The Kainuu experiment provided such a strengthened and directly elected regional level, but nonetheless the ambiguity of responsibilities and competences at the regional level remained, as one former official of the Kainuu Regional Council remembers:

> There has been a lot of debate as to whether it should be a two-tiered or three-tiered model. And the model [of the experiment] has been a fuzzy mixture of these. The middle layer has been dominated by different kinds of joint municipal organisations and a lot of ambiguity.

In order to carry out the Kainuu experiment, a new law concerning self-governance was enacted. However, amending other existing laws was avoided, making the new legislation an add-on and thus increasing complexity, rather than clarifying the tasks of the regional scale or reducing bureaucracy. Moreover, the financial model remained roughly the same, resulting in a situation where government transfers were still channelled through municipalities, which then paid their shares to the joint municipal authority. In addition, the regional ELY Centre continued to exist and operate as a representation of the central government and its ministries, even if its responsibilities were reduced. One interviewee claims that the divide between state and municipalities was too difficult to overcome:

> I don't know the exact reason [why the ELY Centre was not part of the experiment] but I think this border level between state and municipality, it was too hard to break then. Now [in the upcoming reform] we are doing it, in this new experiment. Well, it's not an experiment, it's just a change.

Thus, neither the state nor the municipalities were completely removed from the regional level. However, most actors describe the cooperation with the ELY Centre as representation of the central state in the region as working well, as two interviewees remember:

> It is true that we had TE-centre and Environmental centre[4] with us for the part of some funding sources – and we could decide about this funding in the council. But we could have gone further and merged the organisations, as it is going to be in the future. But it did not matter that much that we were separated, because we all knew each other. But better integration would have facilitated grass-roots cooperation.
>
> Kainuu regional council personnel was 20 people, and that remained the same. However, there was more cooperation with the TE-centre. Also, quite a lot of unofficial cooperation. We had small project-based working groups where we went through all the issues and could allocate resources in a more adequate manner. This was one of the best things.

[4] TE-centre and environmental centre were reformed into one ELY Centre in 2010.

The presence of state, region and municipalities at the regional scale during the Kainuu self-government experiment highlighted tensions between the region and the central state, as well as between the municipalities within the region. Regional actors primarily criticise the central government's indifference towards the Kainuu region:

> On top of everything, also the central government played against us. All the ministries had the attitude that since you have your own thing in Kainuu, you can take all the responsibility of it – we don't care about you. No extra resources were given. This shared pot we had and the liberties … well, you could not have divided the cake in any other ways.
>
> The government decisions are the main problem. They forget these areas. I suppose they remember Lapland, but this Northeastern part of Finland is often forgotten.
>
> The political leadership in Finland is a general problem for us in Kainuu. It doesn't focus on the rural areas, even with Centre Party in the government and Sipilä as prime minister. Most people live in cities, so that's where politicians can get most votes, so that's where they try the hardest. They want to get Helsinki, they already have Oulu, but Kainuu is not important to them.

In addition, the experiment created – or potentially simply brought to light – tensions and disagreements between the municipalities. Instead of enjoying increased self-determination as a region, some municipalities felt that the control was merely relocated.

> All in all, we started this experiment because we wanted to bring the decision-making powers from Helsinki to Kainuu, but then in the end, the municipalities felt – on a smaller scale – that the decision-making powers were now in Kajaani, and that the central administration in Kajaani made the decisions and they could not influence the decisions. All they could do was to pay the costs.
>
> Everything is concentrating here [in Kajaani]. Some people think that this is a problem but anyway, Kajaani is half of the population of Kainuu. Some people think it's too much and that Kajaani has too much power, but I think today the people are moving to centres, it's a big wave everywhere.

Under these circumstances, the Kainuu region did not gain enough weight to act as a counterbalance to the municipal and national level. One additional factor suppressing the importance of the regional scale might have been the temporary nature of the regional self-government model. Although a continuation of the experiment seemed possible and even probable until shortly before its end in 2012, the status as an experiment and the duration of only eight years might not have provided strong enough commitment and a long enough time frame to establish a common regional interest.

However, a common regional identity seems to exist at least to a certain degree in Kainuu. Not least due to the region's long-lasting economic difficulties and small population, municipalities show solidarity with each other – especially with the central state in mind, as one interviewee notes:

> Well, often it is the case that Kajaani and Sotkamo stick together against the rest of the municipalities. Of course, there are also some disagreements between those two. But, of course, the regional identity and regional interest need to be emphasised with a view to Helsinki – otherwise our region will cease to exist very soon.

Even if municipal interests are still prioritised over regional interests in many regards, first steps towards a self-contained regional level and associated regional politics were taken during the Kainuu experiment. One actor from the regional council describes the situation as follows:

> It's not easy, because some of the people, they just take care of their own municipal interests. But there were some people, real regional-level politicians. And I believe this is coming. … And we like to promote this kind of thinking that they represent the region, not the municipalities they come from.

Missed opportunities to make strategic use of EU policies and funds

Ultimately, it seems that Kainuu was not able to seize opportunities offered by the EU to strengthen its position as a region and to address regional development and planning in a more integrated manner. The experiment offered more flexibility regarding the allocation of national development funding. However, a large share of these resources was already allotted to specific issues, such as road maintenance or unemployment measures, undermining the self-determination claim of the regional authority. This limitation, however, did not apply to resources coming from EU funds, as they are not allotted to a specific use, as long as investment priorities defined at the EU level are met. An empowered regional authority thus had the chance to attach increased importance to its spatial strategies through targeted allocation of EU funds. Yet, during the experiment, EU regional policy funding continued to be handled in a similar manner as before. This must of course be seen against the background of a decrease in total EU funding for the Kainuu region due to the EU accession of the Central and Eastern European countries in 2004 and 2007. This reduction in funding could thus have contributed to the perception that EU regional policy was not that crucial for Kainuu.

Regional actors, however, acknowledged the potential of other EU funds, targeted for example at rural development or research. The former is implemented through the LEADER programme, carried out by two Local Action Groups at the sub-regional level and is regarded as successful in supporting rural areas and villages. Due to its sub-regional implementation, the LEADER programme was not included in the regional self-government experiment.

In order to improve the competitiveness of the region on a larger scale, the region would also need research and innovation funding. One hindrance in this regard is the lack of expertise in Kainuu. As the region has no independent university but only a small university consortium coordinated by universities from other regions, support from experts to get EU funding is difficult to obtain. In addition, the task of admin-

istrating EU funds requires certain resources that are not present at the regional scale to that extent. During the experiment, although decision-making powers were shifted from the national to the regional level, expertise was not shifted, and additional resources ensuring this expertise were not provided (Jäntti et al. 2010, 102-103). The situation is mirrored in the understaffed regional representation of Northern and Eastern Finland in Brussels, which can thus only provide little support for the region, as one interviewee explains:

> We don't have enough professionals in this field in our area. We have only our EU office there in Brussels, [the office of the] Northern and Eastern Finland councils. Of course we use it, but if we don't know ourselves here what we want and what we might need, they can't help us. Because there are only two or three people working there for the whole of Northern and Eastern Finland.

If the necessary expertise and regional leadership could be established, Kainuu might be able to make better use of the opportunities the EU provides. The creation of know-how and expertise is, however, a circular problem: Without the much needed professional expertise, the region will not be able to attract knowledge-intensive businesses and services, potentially providing the know-how to qualify for future EU funds that could support regional development.

5. Future of the regional scale in Finland

In 2017, at the time of writing of this article, regional governance is being reformed once again in Finland – now in a more comprehensive manner than in 2010 when the ELY Centres were formed. This time both the state functions at the regional level and municipality-driven regional councils are planned to be merged into regional government at the county level. These counties, which correspond geographically to the current regions, would then form the intermediate tier of government between the state and the municipalities. The re-organisation of healthcare and social services has been the focus of the upcoming reform, as the counties are to take the responsibility for these services starting from January 2019. However, changes in the Land-use and Building Act and Regional Development Act are underway, as well, since the counties will be responsible for regional planning and regional development as well as functions that have until now belonged to the competence of the ELY Centres. Keeping these changes in mind, the question, whether any lessons have been learned – or could be learned – from the Kainuu case remains to be answered.

The financing arrangements in the Kainuu model have been criticised in many reports, and also the interviews conducted for this article highlight that, when it comes to the funding of regional service provision, municipalities tend to monitor carefully that they get their share of each individual project. The report of the National Audit Office, for instance, criticises the design of the Kainuu experiment for not having made use of the possibility to transfer taxation rights to the region and observe the influence of this change on the genuine search of a regional interest (Valtiontalouden tarkastusvirasto 2009). The current proposal for the Act on the

Financing of the Counties does not include regional taxation either, but it states that the central government is to finance the counties and steer their financial management (Ministry of Social Affairs and Health and Ministry of Finance 2016). The interviewees see both opportunities and threats in this model:

> There was a flaw in the financing model of our experiment, because the funds were channelled through the municipalities. Now in the model that they are suggesting, funding comes from the central government. There should not be small-scaled tensions like we had.

> Our experiment was different [from the current reform proposal], since the municipalities financed this system and so municipalities want to control how the regional level uses their money. But now the money is coming from the state, and the control is there, and that's why the municipalities, and I also, I am a little bit nervous, what will happen when the state is the boss, there on the regional level … It's a big difference. And some municipalities are afraid about this financing system, they are afraid about independence, real independence of this regional-level governance. Because the state gives the money, and they want to steer it.

As regards planning, the tendency has not been to strengthen the role of the state, but rather to increase the power of municipalities and – to some extent – the power of regions. Before the Land-use and Building Act (LBA 132/1999) came into force, municipal master plans were subjugated to ratification by the Ministry of Environment. Regional plans were subject to ratification by the Ministry until the year 2016, but today the regions are entitled to ratify their own plans.

Furthermore, even though the decision of including ELY Centres in the new county administration has been taken, a current government draft proposes amendments in the LBA to diminish the power of ELY Centres in steering municipal planning. According to these changes, ELY Centres are seen as equal partners to municipalities rather than supervisors of municipal planning. This is a substantial difference with regard to their role, which would transform from the guardians of the legality of local plans to an institution that is supposed to primarily comply with the will of political decision-makers. As one of the interviewees states, the officials in the ELY Centre might not see current changes as giving power to the state, but rather to local political decision making:

> After that [the experiment] the ELY Centre has also noticed that it is easier anyway to be in the same organisation … but the state is a little bit afraid, the politicians. On the municipal level, the politicians are very near, they are local politicians who are here every day and we are discussing with the political level all the time. And that's not common in the state organisations. Because they have only the ministers there, and the biggest powers are a very long way, in Helsinki, and they are doing what they want here in the area. But the municipalities, they have very big and very effective political control on this level. And that's why the state, the people who are coming from state organisations like ELY Centre, they are a little bit nervous: What is going to happen with this political steering?

Time will show whether the tensions between the state and the municipalities continue to exist regarding regional planning specifically and regional governance generally, or whether the counties are able to establish a genuine tier of government that is driven neither by the state nor by the municipalities. On the one hand, the Kainuu experiment thus shows that elections at the regional level are not yet a sufficient condition for the establishment of a political mentality that can look beyond local interests but does not resort to central-government powers. On the other hand, it underlines that financial issues are an important factor in the success of regional governance, as well.

6. Conclusion

This article has scrutinised the Kainuu self-government experiment and its implications for regional development and planning. The aim of the experiment to strengthen the regional level politically and administratively holds a lot of potential for a more integrated view on planning and development, moving towards the European idea of spatial planning. However, in the case of Kainuu, this potential remained largely untapped. Although the regional responsibilities and decision-making powers for allocating development funds were increased, decisions were not made in a more strategic manner, taking into account all spatially relevant policy fields. The article identifies three main obstacles why regional development and regional planning remained detached.

Firstly, the conceptions of regional development, regional planning and other policies with a spatial dimension such as education or the provision of healthcare and social services remained narrow. Instead of steering them in an integrated manner – either under the umbrella of spatial planning or as regionally coordinated sector policies – the experiment saw competition between different policies. As the provision of healthcare and social services at the regional level was regarded the biggest innovation and accounted for the lion's share of the newly formed regional budget, most of the human resources and political discussions were centred on this topic. Secondly, ambiguities as to who constitutes the regional level were not dispelled in the course of the experiment. Both the central state and the municipalities remained as strong players in the region, undermining the emergence of a self-contained regional level. Disagreements between local, regional and national actors regarding responsibilities, financing and political steering ultimately led to the discontinuation of the experiment. Thirdly, Kainuu was not successful in obtaining support from the European Union. EU development funding allocated to Kainuu could have been used in a more flexible way than national funds. However, there was no significant change in their use resulting from a stronger regional level. Moreover, the region lacked leadership and specific knowledge to obtain additional strategic EU funds, for example targeted at research and development, which could help to mitigate emigration and unemployment.

Although Kainuu is facing economic difficulties and challenges due to its peripheral location, the region holds a lot of potential when it comes to regional governance. In addition to a relatively strong regional identity, the number of involved actors is limited, making the integration of policies manageable in practice. Kainuu's peripheral status might even support governance innovation, as municipalities in the

region feel enough strain to cooperate, a situation that might be considerably different in Finland's bigger cities. However, during the Kainuu experiment, neither the municipalities nor the state were willing to withdraw from the regional level to a degree that would allow a new form of regional planning to emerge.

It remains to be seen if or how the upcoming regional reform in Finland addresses the topic of spatial planning at the regional level. Based on discussions so far, there is a serious risk that, similar to the Kainuu experiment, an integrated view will be superseded by a strong focus on certain sectoral issues, such as healthcare and social services. If this is the case, the potential of planning to frame development processes in a broader way will likely remain untapped. However, if the opportunity to establish spatial planning at a regional scale was exploited, it could give additional purpose and attach importance to the Finnish regions. The sectoral division prevailing at the national level and the strong adherence to administrative boundaries at the municipal level could both be overcome at the regional level, ensuring the integration of different sectors and the consideration of functional relations. This way, the regions could evolve from a projection of state and municipal interests into a self-contained spatial scale with an added value regarding policy making.

If the Finnish regions are not reformed to that effect, it might be worthwhile to reconsider the regional level as a whole and ask a fundamental question: If different policies are not viewed in an integrated manner, why are they even addressed at the same spatial scale? A move from fixed regional boundaries to softer, variable arrangements for different purposes might in the long run be more constructive to advance specific policies. A first step in this direction was already proposed in the context of the Kainuu region: In a report on regional development, commissioned by the municipalities in Kainuu, a development corridor based policy was proposed (MDI 2015). Variable development corridors could frame different long-term or short-term plans, resulting in more strategic choices and ultimately a more efficient use of development funding. Although this approach bears the danger of working against the balancing objective, it certainly supports economic development and competitiveness. Administrative borders are of minor importance to businesses and entrepreneurs, which are so desperately sought after in the Kainuu region. This is also reflected in the remarks of one interviewee:

> I know that the companies could not care less about the municipality borders. They do business in the areas where they can find competent people. This is the main dilemma.

As this analysis of the Kainuu experiment has shown, from a viewpoint of planning and development, the current organisation of the regions in Finland could be improved, as the potential for coordination and integration of different policies remains untapped. A move either towards policy integration or soft spatial arrangements could mend the state of the Finnish regions – both seem to be viable future options at the moment. However, it remains to be seen whether they will be taken into consideration in the upcoming or future reforms of Finnish regional administration.

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Multilevel Cross-Border Governance in the Czech-Saxon Borderland: Working together or in Parallel?

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Abstract

Despite a large amount of literature on multilevel governance, relatively little empirical attention has been paid to decision-making in Central and Eastern Europe. This paper contributes to closing this research gap by focussing on multilevel cross-border decision-making across the Czech-Saxon border region. Specific attention is paid to the involvement of non-state actors and to the main challenges of cross-border multilevel governance in the case study's region. Although there is a tendency on both sides of the border to invite partners from the private and non-profit sectors into the decision-making process, the situation in the case-study region is far from the normative conceptualization of EU multilevel governance. For whole region the most important obstacles to balanced regional development were shown to be a multilevel mismatch, different languages, and the lack of a common strategy, while insufficient capacities at the local and regional levels were found on the Czech side.

Keywords: Multilevel governance, institutions, Cross-border cooperation, EU, Regional development

1. Introduction

Ongoing changes in EU governance can be characterized by the decentralization and regionalization of governance in recent decades (Schakel et al. 2015). Such changes go hand in hand with the implementation of the EU's subsidiarity principle, as well as the processes of European integration, which tend to increase the importance of cross-border regions. This represents challenges for national governments and results in the increasing autonomy of regions exposed to global competition.

This paper looks closely at the decision-making processes in the territory. The paper aims to understand cross-border decision-making interactions of actors under EU multilevel governance by identifying and analysing: (1) the main challenges for cross-border cooperation, (2) the main decision-making centres in relation to cross-

border cooperation, and (3) the extent of involvement of regional and local non-state actors represented by different social and economic partners, such as companies, citizens, interest groups, universities, non-governmental organizations (NGOs), etc., in Central and Eastern Europe (CEE). Both vertical multilevel cooperation and cooperation with non-state actors within the decision-making process is investigated. The focus is on cross-border cooperation in the understanding of European Territorial Cooperation represented by INTERREG programmes as well as cross-border cooperation with more general consequences.

The dominant position of national governments in decision-making is changing. Scholars dealing with EU multilevel governance stress that state competencies are delegated to the European level, and regional and local levels of government are being empowered (Marks 1993; Bache and Flinders 2004; Hooghe et al. 2010). There is also an increased involvement of non-state actors in decision-making processes (Rosenau 1997). Such changes in territorial administration and governance towards the more regionalized arrangements already common in Western European countries are transmitted to the governmental systems in the new EU member states with their specific institutional context. This process went hand in hand with preparations for accession to the European Union in 2004, and those changes have been further enhanced by the implementation of EU Cohesion Policy in CEE countries (Dabrowski 2008; Pálné Kovács 2009). The EU principles based on the creation and empowerment of new sub-national tiers of government and implementation of elements of participatory decision-making represent a challenge for traditionally centralised former socialist states.

When presenting EU governance trends, this does not mean that we can witness similar changes in all territories around Europe to the same extent (if at all). It is therefore necessary to focus on a case study testing whether the empowerment of subnational bodies and other actors within multilevel governance can be considered a general feature of interactions of governmental actors in the EU, or whether such are specific to particular territories or sectors (Jordan 2001; Kull and Tatar 2015). There is still a research gap between theoretical conceptualizations of multilevel governance and its validation through empirical insight into the practices in particular regions, especially from CEE countries with their specific institutional context. The paper aims to bridge this research gap by bringing evidence from one cross-border-region case study to answer the following question: To what extent do actors from different governmental (European, national, subnational) levels as well as other social and economic partners interact to make decisions about balanced regional development? The focus is on reviewing the identified practices in a case-study region with the theoretical concept of multilevel governance. Moreover, particular attention is given to the main challenges actors have to face in steering the cross-border region, and, based on these findings, potential institutional solutions are outlined to make the processes more efficient. The paper discusses the specifics of governance in the cross-border-region case of North Bohemia (Usti Region) and the Free State of Saxony (Dresden Region). In the case-study region, different governmental and institutional traditions meet, and in cross-border cooperation, both systems of governance interact.

In terms of governance, cross-border regions are a specific case because, by its nature, cross-border governance and cooperation is characterized by networks and

polycentric organization which faces hierarchical governmental structures and their limitations, and by interactions between two governmental structures. Thus, a key challenge of EU cross-border multilevel governance is to identify appropriate mechanisms to coordinate actors and their interests that emerge at multiple scales, in diversified spaces and crossing pre-existing jurisdictions. To do so, it is important to understand the current decision-making processes based on interactions between actors, whilst taking into account the institutional context in a particular territory to enhance regional development.

The logic of the paper is ordered as follows. Firstly, EU multilevel governance is discussed with regard to the reality of regional polarization in CEE. The following chapter is focused on the specifics of cross-border governance and its challenges. The fourth chapter briefly describes the applied data and methodology. The fifth chapter deals with the characteristics of the case-study cross-border region. Then the following two chapters present results from the analysis of interaction between the main groups of actors operating in the investigated territory and the institutional challenges they face. Finally, the conclusion indicates potential solutions to streamline processes in the region.

2. Understanding EU multilevel governance in relation to regional polarization

The system of EU governance has undergone many changes during the ongoing process of European integration and globalization in recent decades. The number of actors involved in the process of decision-making has increased rapidly, and the whole system has become more cluttered and fuzzy.

One vein of changes refers to alterations in governance. The dominant position of traditional states as the main governmental bodies responsible for decision-making was deliberated, and responsibility moved towards other governmental levels (e.g. Marks 1993; Peters and Pierre 2001; Hooghe and Marks 2003; Bache and Flinders 2004; Hooghe et al. 2010, Schakel et al. 2015). But the process of changes has been slowed or even reversed in recent years in some European countries as a result of the fiscal crisis (Peters 2011; Hajnal and Csengodi 2014). Under multilevel governance, mutual independence in decision-making at various levels of government is fading, and new roles of national and regional governments are being defined as a consequence of European integration. In relation to the empowerment and increasing importance of subnational levels, mainly regions, some authors started to use the term "Europe of the Regions" (Delanty 1996; Keating 1997; Jeffery 1997), which was subsequently revised as "Europe with the Regions" (Benz 2001), which more precisely expresses the important position of regions as partners in European multilevel governance policy-making.

Although agreement can be found that territorial governance in Europe is a multilevel structure – where different actors from different levels or tiers interact in the decision-making process – there is no general consensus on how interaction between actors at different levels takes place and who the most important actors are in determining EU policies. On the one hand, Herrschel (2009) expresses that regions are established by higher levels of governments within hierarchical structures for the top-down management of their agendas, regardless of the will of regions. On the

other hand, Marks et al. (1996) emphasized that subnational administrative and political levels may cooperate and negotiate with the supranational level, independently from national governments, to directly influence EU policies. Peters and Pierre (2001) add that in multilevel governance, interaction between actors "is characterised more by dialogue and negotiation than command and control" (2001, 133). Recently, scholars have been giving increased attention to the mapping of administrative interactions, as well as diversified actors' constellations in the policy process of EU multilevel governance (Heinelt and Lang 2011; Stephenson 2014).

Changes in empowerment at the sub-national level have taken place during the ongoing process of changes in the market. The integration of the world economy increases the pressure on European regions to succeed against competitors on the globalized world market. As a result, ongoing regional polarization has been present in Europe in recent decades, especially in CEE (Fischer-Tahir and Naumann 2013; Lang 2011). Hudson (2007) explains the situation by means of the natural processes resulting from the logic of capitalistic economic arrangements that were shifted even more by the ongoing process of globalization, where some regions' "failure" is the price for other regions' success. In the European context, regional polarization is characterized by increased economic disparities between European core regions – usually capital cities and other metropolitan areas that benefit from strong economic development – and other peripheral regions, including border regions, which economically lag behind (Lang 2012). Despite geographic location definitely not being the sole determinant of peripherality (see e.g. Kühn 2015), many peripheral areas in new member states are located in border regions.

Even though there is economic convergence between new EU member states and old members (Balázs and Jevcák 2015), we can witness the ongoing process of peripheralization and regional polarization in CEE where, consequently, economic differences between core and peripheral regions are increasing (Fischer-Tahir and Naumann 2013). It is necessary to understand the specifics of the economic development in CEE countries, which can be characterized by path dependency, when, during the process of economic transition from commanded economies, the new market-oriented model of economy was built on already existing bases of economies. This resulted in different evolutionary trajectories of economies than in Western European countries due to their later entrance to the global market (Novotný et al. 2016; Rodríguez-Pose 2013; Nölke and Vliegenthart 2009). Nölke and Vliegenthart (2009) mark them as "dependent market economies" and characterize them as countries with a favourable ratio between a skilled but cheap labour force, where innovations are transferred from the core (usually Western) regions, which results in an orientation of CEE economies toward less knowledge-intensive sectors, followed by outflow of capital to foreign owners.

In relation to the increasing complexity, dynamism and diversity of the problems to be solved by public actors, Kooiman (1993) stresses the necessity of cooperation between various governmental and non-state actors. Rosenau (1997) highlights the increasing importance of non-state actors influencing decision-making, leading to a shift from government to governance. The process of decision-making is not only situated within different levels of government, but moves beyond the governmental structure by wider involvement of non-state social and economic partners. Hence,

the EU is not only multilevel but also multi-sectoral (Jordan 2001). Sometimes the changes may be in quite an extreme position as seen with "governance without government" (Rosenau and Czempiel 1992; Rhodes 1996), which relates to the exclusion or by-passing of national government in a governing process.

Opinions regarding the benefits of presented changes in EU governance vary considerably among scholars. On the one hand, according to Kooiman (1993) and Bache (2010), it can lead to the democratization of decision-making processes and better policy targeting. On the other hand, others see potential risks in the interference of powerful interest groups, obstructions, or the questionable accountability of involved non-state actors in decision-making (Peters and Pierre 2001; Scharpf 2007; Geissel 2009), and it could also result in the diversification of powers and interests and potential conflicts between actors (Milio 2014). Nevertheless, the partnership principle between diversified actors from different levels and sectors in decision-making is supported by the EU within the design, implementation, monitoring and evaluation of EU Cohesion Policy (see, e.g., European Commission 2014), which aims to increase competitiveness, especially in less developed European regions, and reduce regional polarization.

There is still little evidence about the generalizability of the discussed trends in governance across Europe. Moreover, it is important to realize that only one practice does not fit the whole EU, but rather there is a vast number of approaches in the implementation of multilevel governance and the involvement of non-state actors. These widely differ between particular countries due to unique institutional arrangements and governmental traditions. Dabrowski et al. (2014) stress that inter alia, because of a more centralized system of governance and usually non-collaborative decision-making cultures in new EU member states from CEE, the implementation of EU Cohesion Policy brings different results compared with Western European countries. Milio (2014) provides evidence about differentiation in the implementation of EU policies at the regional level in Italy based on institutional settings, administrative tradition, relations between civil society and sub-national institutions, and stakeholders' ability in terms of effectiveness and efficiency. In a similar institutional framework based on a comparison of the economies of Austria and the Czech Republic, Novotný et al. (2016) express the need to enhance "overall culture, responsiveness and performance of public administration" (805) among key challenges of Czech economic development.

3. Cross-border multilevel governance and its challenges

The ongoing process of European integration brings along increasing importance for cross-border regions in the EU context. Border regions are important in relation to EU territorial cohesion, and their development is supported via the implementation of EU Cohesion Policy (in the current programming period allocations amount to over EUR 10.1 billion). Different EU funding instruments represent an opportunity for the shared development of cross-border areas, yet integration remains short of expectations in Central Europe, and borders still matter. The situation is incomparable with borders in Western Europe, where there are common significant flows of local people, goods and services that boost the development of cross-border

regions (e.g. the Greater Region or the Upper Rhine Region). Despite EU efforts to balance out regional disparities through the implementation of Cohesion Policy, the gap between richer and poorer regions has remained static or even widened in new EU member states. The issue of cross-border cooperation and territorial integration became even more pressing after the EU enlargement in 2004 and 2007, when the EU's length of internal borders increased by 174% although the EU population increased by only approximately 20%. Almost two thirds of borders in the new CEE member states are internal borders, in comparison with 81.5% of coastline borders in EU 15 (ESPON 2006).

Cross-border regions are specific in that they usually lack "own" territory steered under only one jurisdiction (Chilla et al. 2012) because they comprise two or more border territories under different jurisdictions of particular countries. In terms of governance, this means that there is no jurisdiction that covers the whole territory of the cross-border regions or exercises authority over them (Faludi 2012). Moreover, all cross-border cooperation between political or administrative levels can be classified as multilevel governance because two or more governmental systems from different countries enter into such interaction. Issues of the territoriality of cross-border regions persist, even though regions have the opportunity to set up a European Grouping of Territorial Cooperation, which allows the establishment of cross-border legal entities and the delegation of subnational competences (Council Regulation (EC) 2006).

Building on Hooghe and Marks' (2003) multilevel governance Type I and Type II, Blatter (2004) adopted these concepts in relation to cross-border cooperation between territorial and functional governance. In the former, cross-border interaction can be characterized as the "space of flows," task-oriented jurisdictions, and rather polycentric organization and networks of actors; while the latter refers to the "space of place" and hierarchical organization with general-purpose jurisdiction. Europe has experienced an obvious shift from the cross-border cooperation characterized by Blatter (2004) as rather institutionalized with the predominant involvement of governmental or administrative actors – with a division of space according to administrative units focused on many policy fields and with higher stability over time – to a model that favours focusing on problem-oriented approaches and respecting flows in space. Certain EU Transnational Cooperation Programmes (Danube, Baltic Sea, Adriatic-Ionian and Alpine macro-regions) or Euroregions can be viewed as such soft spaces. Both types of cross-border multilevel governance ought to be seen as complementary rather than opposing or conflicting with each other – both co-exist within the same territory at the same time. Which one prevails and how are mutual interactions designed in a territory? The answer requires more empirical evidence from mapping governance practises in particular regions.

Cross-border cooperation faces many challenges that can limit cross-border development. For the development of cooperation, it is clearly necessary to identify and share common needs and interests between partners, but by nature, costs of cross-border cooperation are high, which can also result in overambitious expectations (Healey 1997) and failure of cooperation. Administrative barriers to cross-border cooperation include the various structures of public administration with different competencies at the same level across a border (Chilla et al. 2012) as well as

different legal frameworks (Knippschild 2011). According to a European Commission report (2016), the other main obstacles in border regions include language barriers and difficult physical access. The Metroborder project (2010) identified other potential barriers to cross-border cooperation, such as the absence of a common strategy, lack of political will or being on the political agenda, or the size of the territory. Cooperation between partners or regions also cannot be automatically anticipated, and the shared will of partners to participate rather than compete is important (Giffinger 2005; Jeřábek 2012). In the same vein, Blatter (2004) emphasizes that trust among cross-border partners is crucial for cooperation.

The literature review brings up general challenges with which cross-border actors have to deal, but situations usually differ between and along national borders. Each territory has its own specifics, institutional arrangements and administrative systems with differentiated power balances among particular actors that influence the manner and intensity of links between actors in the EU multilevel environment. A detailed case study of the Czech-Saxon borderland shows how these aspects affect cross-border development and cooperation.

4. Data and methodology of the research

To link theoretical concepts with practical knowledge of actors in the multilevel governmental arena in a region, the analysis used a combination of methods. The presented research uses the actor-centred approach (see, e.g., Marks 1996), and the analysis methodology for the decision-making process is based on the Governmental Analytical Framework developed by Marc Hufty (2011). The original framework is based on the analysis of key problems, actors, social norms, processes and nodal points, these being centres of decision-making where actors and institutions interact. The research focuses on the identification of key actors and their role in governance in the case-study region in relation to regional development and an analysis of their main institutional challenges.

It is clear that organizations cannot have power independently of the individuals who constitute them, but, analogically, membership in a specific organization facilitates or enables certain actions that would not otherwise be realized by individual actors. Lowndes (2001) marks organizations as collective actors. Although individuals play an important role in directing the actions of non-state organizations or governmental bodies, the focus of the current research is rather on the organizational level, and both organizations and individuals are generally considered actors.

A combination of methods was used for data collection. Similar to Dabrowski (2008, 2012) or Kull and Tatar (2015), mainly interviews with regional informants with everyday practical experience of local processes were used as data sources, accompanied by document analysis. Semi-structured interviews were conducted with different actors – such as regional and national political/administrative authorities, representatives of Euroregions, chambers of commerce, NGOs, municipalities or other cross-border actors – to identify their interactions within decision-making processes related to regional development in each cross-border region.

Twenty interviews were conducted, recorded, transcribed and coded in 2016 in the Czech-Saxon cross-border region covered by the Euroregion Elbe/Labe – of

which twelve were on the Czech side and eight on the Saxon side. See detailed information about the sample of respondents in Table 1. As other sources of data, strategic documents in relation to the case-study territory were also analysed: INTERREG operational programme documents, evaluations, EU directives, national and regional strategic development documents, and particular actors' development strategies.

Table 1: **Distribution of the sample of respondents by sector and nationality**

Sector / Nationality	The Free State of Saxony	The Czech Republic	Total
Public	3	5	8
Private	3	4	7
Academia	2	3	5
Total	8	12	20

Source: Own data

5. Characteristics and history of the case-study region

The case-study region is situated on the border between the Czech Republic and the Free State of Saxony, Germany, along the river Elbe. The investigated territory corresponds to the area covered by the Euroregion Elbe-Labe (see Figure 1) – the border comprises parts of the Ore Mountains and parts of the Czech-Saxon Switzerland national park. An important train route from Prague to Dresden, Berlin and Hamburg follows the course of the navigable river Elbe, and the Dresden-Prague highway goes through the region.

Figure 1: **Map of the case study region (Euroregion Elbe-Labe)**
(Adapted from Euroregion Elbe/Labe (2008) with author's own additions)

In the case study region, two political and administrative structures meet. Germany is a decentralized federal country where individual states (Länder) have a high degree of autonomy. After German reunification in 1990, Saxony quickly implemented a system of governance and institutional arrangements common in former West Germany and followed a path of decentralizing political power and administration functions (Wollmann 1997). Although in the Czech Republic there was the creation and empowerment of the regional administrative level at the turn of the millennium in connection to EU enlargement, it was rather formal, as was the case in other Central European countries (Pálné Kovács 2009). In fact, the Czech Republic is still a relatively centralized state where the majority of competencies is kept at

the national level and only to a limited extent transferred to the regional and municipal levels (Bachtler et al. 2013).

The region also has a complicated historical background. After the expulsion of the German population from the Czech border region after World War II, the area was repopulated from other regions in former Czechoslovakia. Moreover, the border was closed after socialist regimes were established in both countries. Although the regime was less strict than on the borders between Western and Eastern European countries, natural interaction between neighbours was disrupted for the next 40 years (Kowalke et al. 2012). After the regimes fell, new opportunities for the development of border regions arose. This process was accelerated by the establishment of Euroregions in the 1990s and the accession of the Czech Republic to the EU in 2004 and was further enhanced by Czech accession to the Schengen area in 2007 and the joint EU labour market in 2011.

Although both nations had a very similar historical development for many centuries, their paths of development diverged significantly after the fall of the socialist regimes. Saxony became part of the reunified Federal Republic of Germany and had the opportunity to use massive transfers of capital, infrastructure investments and institutions from former West Germany. It started the modernization of its industry, which led to today's focus on high-tech. The Czech Republic went through a noticeably slower transition process from a centrally planned to a free market economy, which was characterized among other things by the attenuation of the heavy industry that struck the especially highly industrialized North Bohemian region. The region is still struggling with that. As a result, the current economic reality is different on both sides of the border, which also has an effect on different development strategies. Whereas the Usti Region strategy, among other things, still focuses on building basic infrastructure (buildings and transport structures) and quality enhancement of educational, social and other public services to promote economic development, strategic documents of the Free State of Saxony put more emphasis on innovation potential and the development of modern technologies.

Although cooperation between the Czech Republic and Saxony has been investigated from various perspectives in recent years (see, e.g., Knippschild 2011 for an overview of challenges in cross-border cooperation in spatial planning or Jeřábek 2012 for an overview of different thematic areas of cross-border cooperation), little analysis has been conducted of the relations between actors from different spatial scales and/or sectors, their role in decision-making, and challenges with regard to territoriality and multilevel governance.

6. Which structures and actors operate in the case-study region

It is crucial to understand the important actors, their roles in the process of decision-making in relation to cross-border cooperation, and their interconnection in the case-study region (not only across borders but also within the countries) in order to be able to identify the structures with the main decision-making power as well as the nodal point where actors meet to make decisions. The analysis is focused on the different actors and their interests that emerge at multiple scales and diversified spaces. First, the vertical cooperation of governmental actors at different adminis-

trative levels and their roles in cross-border cooperation are discussed. Second, the roles of various other social and economic partners in the cross-border region are explained, followed by the identification of the main nodal points which represent arenas where decisions are taken about the development and direction of cross-border cooperation.

6.1 Vertical multilevel cooperation in the cross-border region

The main governmental actors operating in the region include the European Commission, Czech and Saxon ministries, Czech regions, Saxon districts and municipalities on both sides of the border. For an overview of administrative structures in both countries, see Table 2.

The European Commission plays a role in cross-border cooperation by setting up frameworks for EU Structural Fund financing. Since 1994, it was possible to use the PHARE cross-border cooperation programme, and after accession to the EU in 2004, it was possible to start using the INTERREG programme. There are 11 thematic priorities for the 2014-2020 programming period (European Commission 2015). Each cross-border operational programme had to address four main priorities that support the region with EU funding. For the case study region, the following priorities were chosen: education and training, better public administration, climate change and risk prevention, and environment and resource efficiency. The European Commission also plays a role in processes of monitoring and controlling implementation.

The current Operational Programme of the Free State of Saxony-Czech Republic 2014-2020 represents the main source of finances for cross-border cooperation, especially for public-sector organization from the Czech side of the border. The operational programme does not itself represent an actor in the sense described in other cases, but rather within the programme, other institutionalized bodies are related to project management, such as the Monitoring Committee, Joint Secretariat at Saxon Development Bank (Sächsische AufbauBank – SAB) which is responsible for programme administration, and the Saxon State Ministry for Environment and Agriculture as the managing authority with the Ministry for Regional Development of the Czech Republic as the national programme authority. Both responsible ministries represent governmental bodies which play an active role in the whole process of programming and coordination of other actors. Whereas in Germany, the responsibility for and management and control of the programme was fully delegated to the Free State of Saxony without involvement at the federal level, in the Czech Republic, competences are centralized at the national authority, although regional authorities are involved in the decision-making process regarding the programme's content orientation. The question arises to what extent the issue of cross-border cooperation and decision-making about its development is in the hands of regional and local actors (from peripheries), and to what extent important decision-making is taking place outside the particular region (in cores).

Designing the programme represents the most important part of the programming process, because there are established priorities and strategies, which are then implemented in the region. Although the main basic priorities are defined at the European level, respondents generally agree that the process of preparation of the

programme provides sufficient space to adapt it to the regional needs. Whereas on the Saxon side, the Saxon State Ministry for Environment and Agriculture was referred to as the main actor responsible for the preparation of the content of the implemented policies, on the Czech side, the answers were not so unambiguous; respondents practically identified specific regional authorities (kraj) and the Ministry for Regional Development as responsible for the content of the programme. The other actors participate in the preparation of this strategic document rather marginally, and most often only later through the implementation of individual projects.

Subnational political and administrative levels are represented on the Czech side of the border by the Usti Region (Ustecky Kraj) and on the Saxon side by the Rural District Saxon Switzerland-Eastern Ore Mountains (Landkreis Sächsische Schweiz-Osterzgebirge) and the Urban District of Dresden (Kreisfreie Stadt Dresden), which acts as a municipality. Czech regional authorities are responsible for general-purpose policy-making and implementation in the given territory, hold political power, and are led by "hejtmans" as their political leaders. Saxon county authorities are also multifunctional, but in comparison with the Czech side, are rather administrative units. The Czech regional authorities are more active and hold higher political decision-making power in establishing frameworks for cross-border cooperation. Saxon authorities rather operate via the Euroregion and the implementation of particular projects.

Municipalities play an important role in cross-border cooperation according to respondents. Their role is to come up with ideas about projects to be realized, rather than active participation in decision-making at the regional level, but municipalities are grouped under the umbrella of Euroregions, through which they enter the decision-making process. In the case study territory, specific roles are held by the regional/national centres – the City of Dresden and the city Cf Usti nad Labem, where many important actors are located. Whereas the Saxon capital has the capacity and power to be an active actor in decision-making, this is not the case for the regional centre in the Czech Republic. Both centres are involved in various international networks of cities, but direct cross-border links operate to a limited extent, most often only through the implementation of projects funded under the INTERREG programme.

6.2 Social and economic partners' role in cross-border cooperation

Although many actors other than governmental bodies – such as Euroregions, NGOs, companies and universities – involved in cross-border cooperation are more or less connected with the public sphere, they are not part of the hierarchical order of the territorial administration and to a certain extent act independently. Each is involved in the process of shaping cross-border cooperation from a different perspective and with different interests.

Euroregion Elbe/Labe is an actor with cross-border cooperation as the main purpose of its existence. Although it unites actors from municipalities and counties, it is not particularly anchored in hierarchical structures of public administration. The Euroregion was established in 1991 and consists of two independent parts, each

on one side of the border with their own legal entities. Both sides of the Euroregion cooperate intensively, although links are built mainly on a personal basis. Besides municipalities, members of the Saxon part of the Euroregion include Landkreis Sächsische Schweiz-Osterzgebirge and the City of Dresden, which is also personally connected with its secretariat. The mayor of Dresden is the president of the Euroregion, whose active involvement contributes significantly – according to many respondents – to the importance of the Euroregion on the Saxon side, in terms of cross-border relations. In comparison, the Czech side of the Euroregion is only based on municipalities' voluntary membership and is struggling with a reduced member base that reduces the financial resources for their activities and weakens the negotiating positions of other actors. Hence, mainly among Czech respondents, there is a tendency to see a decreasing importance of Euroregions in recent years. It is often put in relation with the establishment of regional authorities in the Czech Republic at the beginning of the 2000s, which gradually took over many functions that Euroregions used to have in their competencies. On the other hand, the Euroregion still plays an important role in the eyes of many local actors as a platform for seeking cross-border partners, and also because it is responsible for the management of the Small Projects Fund. That fund is financed by the European Regional Development Fund as one project within the INTERREG operational programme, which represents more easily accessible financial resources for these actors.

Among the recipients of such support are also universities, which were mentioned by respondents as one of the most active groups of actors in cross-border cooperation. Directly in the region there are two universities, on the Czech side the Jan Evangelista Purkyne University (UJEP) in Usti nad Labem and, on the German side, the Technical University (TU) in Dresden. In the area covered by the cross-border operational programme, there are three more universities, one in the Czech Republic in Liberec and two in Saxony in Freiberg and Chemnitz. Although universities are active in cross-border interaction, further cooperation between universities is limited because of the significant difference in size and focus. Whereas TU Dresden is an excellent technically-oriented scientific and research organization with international overlap and almost 40,000 students, UJEP is a regional university with just 12,000 students. Despite those limitations, there is intense cooperation between regional universities, based mainly on particular projects but without any long-term frame or strategy. Saxony also has many other research institutes for which it is difficult to find a relevant cross-border partner.

Similarly to municipalities, NGOs do not participate directly in decision-making, but, in terms of cross-border cooperation, they focus on the implementation of particular projects. In Saxony, NGOs are considered to be public-sector partners. On the other hand, their financial capacities are limited because of their dependence on public funding (Zimmer et al. 2004). Nevertheless, in the Czech Republic, public authorities see the role of NGOs as being even more complicated. NGOs face insufficient financial and personnel capacities, and they are historically strongly dependent on public funding. Thus, they are often not perceived by the public sector to be an equal partner, and NGOs' invitation to the negotiating table may be perceived rather as a formality (USAID 2015; Vaceková et al. 2016). Moreover, due to their economic instability and vulnerability, Czech non-profit organizations place insuf-

ficient emphasis on strategic planning, and, therefore, there is no long-term strategy to exit this position (Potluka et al. 2017). Nonetheless, NGOs are seen as important actors in cross-border cooperation who often bring innovative ideas and projects, but rather on smaller scales.

Companies in the region also cooperate. Many Czech companies are owned by Germans and run with German capital. The question is whether the close interconnections between companies are caused by strong cross-border cooperation or rather as a consequence of globalization. Because many companies in the region are small or micro enterprises, many cross-border activities are performed or mediated through chambers of commerce on both sides of the border. Such chambers represent their members in negotiations with public authorities and provide professional services to members including setting up frameworks for cross-border cooperation. However, while membership in chambers of commerce is obligatory for companies in Germany, it is voluntary in the Czech Republic. This fact naturally gives the Saxon chamber of commerce higher relevancy and legitimacy in negotiations, as well as the ability to build own capacities. In Saxony, chambers also have closer contact with a wide range of actors, such as universities and research centres, the government, and municipalities. Nevertheless, there is cross-border cooperation between the chambers. They are using their own private financial sources or other national funding schemes or programmes.

6.3 Nodal points of cross-border cooperation decision-making

Nodal points represent arenas where actors from different sectors and levels interact to make decisions. Few such horizontal partnerships exist in the region among governmental and other economic and social partners to decide issues of cross-border cooperation. Figure 2 illustrates the main nodal points where actors on both sides of the border meet and discuss cross-border issues. The figure also shows what actors benefit from particular grant schemes within the INTERREG programme applied in the territory. Different nodal points playing different roles are characterized by different compositions of the actors and hold different levels of importance in the regional decision-making process.

The Czech-Saxon Intergovernmental Working Group operates at the national level on the Czech side and the Länder level on the Saxon side, where representatives from ministries discuss relevant common issues, share information and coordinate activities in working groups that include representatives from regional authorities and Euroregions. No direct decisions are made during meetings, but information transfer can influence the decision of participating authorities.

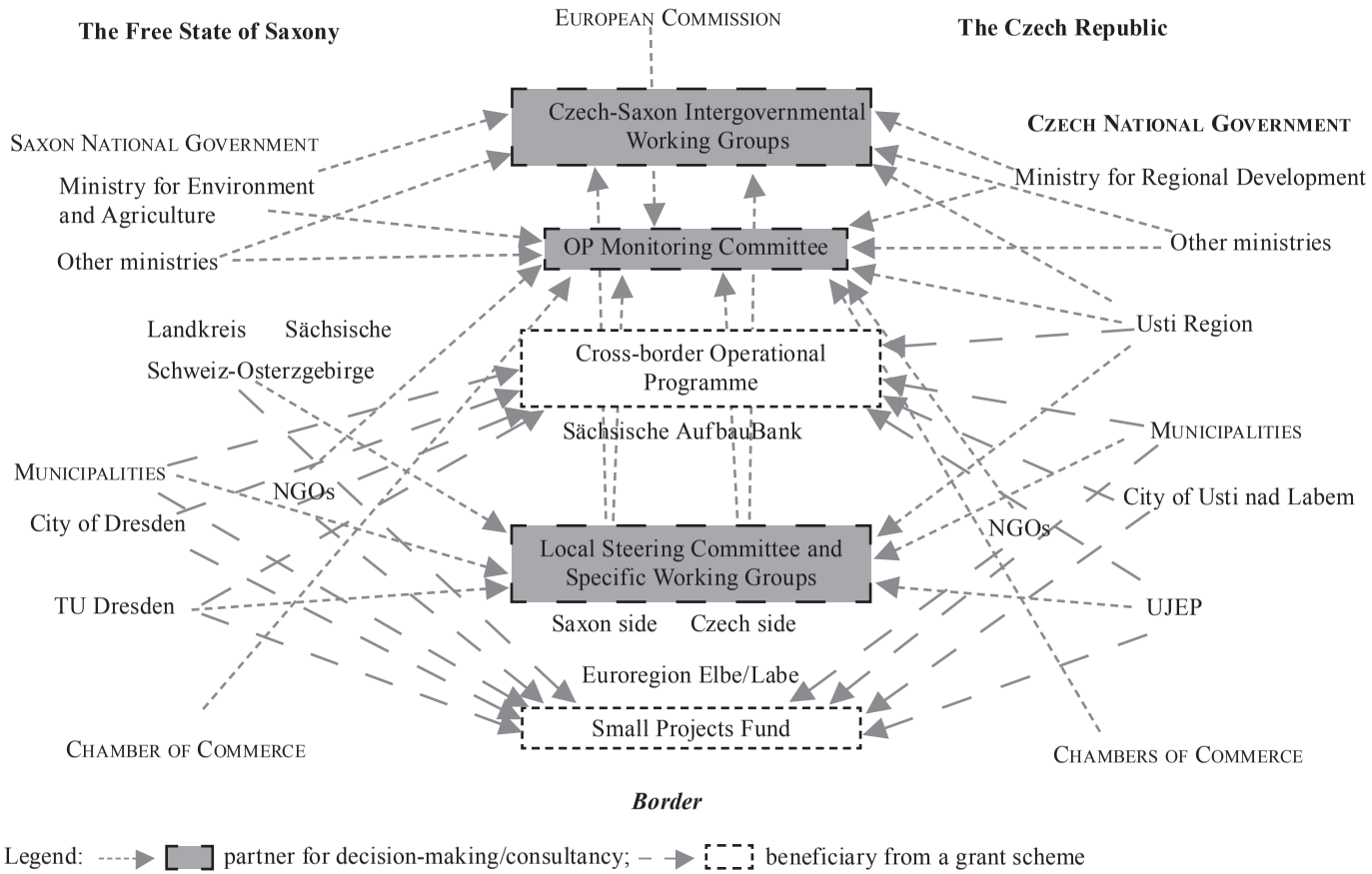

Figure 2: **Main actors involved in cross-border cooperation in the case-study region via different nodal points**
Source: own design based on interviews and document analysis

Also operating at the same level across the border are the Czech-German Working Group for Cooperation in Spatial Development with representatives from ministries and regions and the Czech-Saxon Working Group for Spatial Development, whose members support the CrossData project. This is one of the few such projects to have been realized in the region where actors from different levels met. Within CrossData, eight public authorities (two Saxon State ministries, three Saxon regional-planning associations and three Czech regions) have cooperated on developing a joint informational system for spatial planning. This aims to achieve better and more effective cross-border cooperation in spatial planning and joint land-use planning development in the border area (CrossData 2016).

Another nodal point was identified as the Monitoring Committee of the INTERREG VA cross-border operational programme, where selected representatives of regional or national actors monitor the fulfilment of programme targets and decide support for particular projects from the programme budget. On the Saxon side there are committee representatives from three Saxon State ministries, the Thuringian State Chancellery, four Euroregions, and four other regional economic and social partners, such as the Chamber of Industry and Commerce Chemnitz, the Saxon State Tourism Association, the German Trade Union Confederation in Saxony, the German Red Cross – National Association of Saxony, and the Nature and Biodiversity Conservation Union – National Association of Saxony. On the Czech side, committee meetings are attended by representatives of three state ministries, three regions (kraj), four Euroregions, the Czech Chamber of Commerce, and the Association of Non-Governmental Organizations. Whereas members of the committee from the German side of the border come from various sectors, Czech members mainly represent the public sector. The Monitoring Committee is considered to be the most powerful nodal point since it influences the direction of European subsidies and has the possibility to express support for specific projects. However, non-state respondents believe that the final say in it belongs to representatives of ministries and regional political authorities. Although members have the opportunity to express their opinions, they are not able to exercise much influence on the final decision.

Working groups (or sections) within the Euroregion can be considered another nodal point in the case-study region. These working groups operate at the local and regional levels and comprise elected representatives from the Euroregion and specialists from the public (mainly local municipal level), non-profit and private sectors from different areas. The sections are divided as follows: Business Development/Tourism; Environment; Culture, Education, Sport and Social Affairs; Transport; Civil Protection; Spatial Development. Such a platform is used to exchange information and have discussions, without having a decision-making role. However, these working groups are closely connected to the binational Local Steering Committee, which is responsible for the evaluation and approval of project applications submitted to the Small Project Fund, which is an important source of funding, especially for actors with limited capacities, such as small municipalities and NGOs as well as other non-state actors.

In relation to connections among different actors, multiple links have been identified. The majority of interactions exists between actors from the same sector and the same level (NGOs, universities, Chambers of commerce, public organizations). If there are inter-sectoral connections, they are organized within the state and not across

the border. The governance of cross-border regional cooperation can then be characterized by rather general-purpose jurisdictions, especially in the case of the INTERREG programme and intergovernmental working groups. Only in some specific cases, such as working groups within the Euroregion or at the project level, are task- or problem-oriented partnerships between the actors established in the case-study region.

7. Main institutional challenges of cross-border cooperation in the case-study region

Institutional arrangements create the frameworks for interactions between actors in order to make decisions about cross-border relations. Hence, it is important to identify the obstacles that various actors face. Respondents from both sides of the border identified a multilevel mismatch, different languages, the lack of a common strategy, and insufficient capacities at the local and regional levels on the Czech side as the most important obstacles in the cross-border case-study region.

7.1 Multilevel mismatch and multilevel gaps

The different political and administrative competencies at the same levels across borders represent one of the main obstacles to regional cross-border cooperation. Public authorities have a problem in finding the relevant partners on the other side of the border that hold similar decision-making competencies. As a result, the participation of more than one partner is required, which increases the demand for resources that are needed for cross-border cooperation between actors from different governmental levels. Chilla et al. (2012) emphasize that such an ambiguous situation can also lead to not involving important actors from the other side of the border in a cross-border issue. The situation in the region for public authorities is illustrated in Table 2.

Table 2: **Administrative levels in the Free State of Saxony and the Czech Republic**

<table>
<tr><td>The Federal Republic of Germany
(82.175 mil. inhabitants; 357,340 km^2)</td><td rowspan="2">The Czech Republic
(10.554 mil. inhabitants; 78,867 km^2)</td></tr>
<tr><td rowspan="2">The Free State of Saxony
(4.085 mil. inhabitants; 18,420 km^2)</td></tr>
<tr><td rowspan="2">10 rural districts (Landkreis) and 3 urban districts (Kreisfreie Stadt)
(district average: 0.314 mil. inhabitants and 1,416 km^2)</td><td rowspan="2">14 regions (kraj)
(region average: 0.75 mil. inhabitants and 5,633 km^2)</td></tr>
<tr><td rowspan="2">205 municipalities with transferred powers
6,253 municipalities, including the national capital Prague, (average population 1,688)</td></tr>
<tr><td>432 municipalities (average population 9,456)</td></tr>
</table>

Source: Federal Statistical Office 2016; Czech Statistical Office 2016. Author's own design.
* Data for 31 December 2015

It is difficult to establish a balanced partnership among hierarchical governmental levels. Whereas Saxon ministries represent autonomous governmental units with sufficient competencies in all areas, Czech regions represent a form of self-govern-

ing units that are subject to central government in many administrative areas. Thus, some cross-border issues, such as traffic or environment, can be managed only with its involvement. There is also mismatch in political competencies:

> Politicians and decision-makers always look for a balance in hierarchy. And if you cross the border you will not find it. [The] prime minister in Dresden has to talk to [the] prime minister in Prague, what is not at the same level, he is much more important, or to [the] hejtman, and maybe the hejtman is [a] little less important. So it does not fit together [sic] (Saxon, academia, regional level).

Moreover, in some cases, it is impossible to find another closely related issue, which demonstrates gaps in the system of multilevel governance where no comparable organization is operating across the border:

> The Usti region does not have any natural partner on the other side of the border (Czech, public sector, national level).

Similar gaps can be identified at other levels and sectors. For example, for a city the size of Dresden, there is no comparable city partner dealing with similar challenges in the border region on the Czech side. Also, a similar gap was identified by respondents in research institutions and universities.

Although the multilevel mismatch represents a challenge mainly for interactions between public authorities which are hierarchically arranged, it is also perceived as an obstacle by other actors who come into interactions with the public sector, such as chambers of commerce. However, the mismatch is partly also valid for cross-border interaction between chambers of commerce themselves due to their different organization, which results in different representative and negotiating power and an unbalanced cross-border partnership.

The mismatch is not only in political competencies, but also in the territory covered by a particular jurisdiction. In Table 2, the territorial and population size of particular units are depicted. It clearly illustrates the differences between territorial and administrative systems in both countries. For example, at the NUTS 3 level, Czech regions (kraj) are on average almost four times larger in size of territory and over two times larger in population than Saxon counties (Kreis). It is evident that the policy implementation or realization of a particular project in partnership with jurisdictions of a similar level across the border has a potentially different territorial impact.

> If you take for example a city as a partner, firstly there is a completely different territorial impact and political impact, and secondly it solves a completely different agenda than regions … there is a diametrical difference in the competencies of particular institutions (Czech, public sector, regional level).

At the municipal level there is a difference as well. Whereas in the Czech Republic municipalities are highly fragmented – there are 6,253 municipalities – the Free State of Saxony's municipalities are consolidated into far larger units. Their auton-

omy and self-governance is also much higher in comparison with their Czech partners, the latter being dependent on financial transfers from the centralized governmental budget (Bryson 2008). Thus, for small Czech border villages, the comparison to and collaboration with Saxon municipalities joined into larger units (and vice versa) is seen as difficult.

Notwithstanding that the multilevel mismatch was identified as one of the main obstacles, the majority of respondents agrees it is not a fatal obstacle that makes cooperation impossible. The main negative effect comprises increased transaction costs of cooperation and increased demands on coordination, sharing information, and trust between involved actors. There are examples that demonstrate how to overcome the multilevel mismatch, such as the already mentioned Czech-Saxon Working Group for Spatial Development, which is based on long-term partnership among actors responsible for the spatial planning that has led to the realization of cross-border projects and studies.

In general, respondents do not see the increased number of actors involved in cross-border cooperation as a problem, and in some cases they even see it as an opportunity to develop new ideas and information, but the fragmentation of activities and insufficient coordination has been identified as another closely related challenge in cross-border relations. There is insufficient information-sharing between actors about the preparation of project proposals for funding from cross-border operational programmes or other projects, as well as information about realization and achieved results. No public or private actor or body was identified that aims to coordinate cross-border activities. There is a monitoring committee for the INTERREG operational programme, but it only operates in relation to EU funding and the Czech-Saxon Intergovernmental Working Group and works rather at national levels among ministries to discuss joint issues relevant for both countries.

7.2 Different language and history

The language barrier was identified as one of the main factors limiting cooperation in the case-study region. Very often this factor is based on the problematic history of the territory: the indigenous German majority in border areas was displaced, inhabitants moved in without any roots in the territory after World War II, and the restricted border for the next 40 years meant that bilingualism, trust and social capital were lost in the territory. Even now, poor knowledge of languages among the population on both sides of the border persists, impeding cross-border cooperation mainly at the local level and in everyday connections.

> I would say that in our region the language barrier is the biggest problem, because it makes it very hard to have easy everyday contacts to somebody on the other side of the border. Just take the phone and call somebody is for most of the people in our region more less impossible [sic] (Saxon, private sector, regional level).

Whilst the historical development of the case-study region can be seen as problematic, most respondents do not see history as such as a barrier to cooperation or lead-

ing to any intolerance. If they see history as a problem, it is in the context of path dependency and the recent past, when the borders were shut and natural connections were interrupted, rather than in relation to the strained historical relationship.

7.3 Common strategy

The lack of strategy for cross-border regional development is identified by respondents as one of the crucial regional problems. There are no clearly defined common goals for regional cross-border cooperation, and no joint strategy has been developed to channel cross-border cooperation. Not even the Euroregion, for which cross-border cooperation is the main activity, has a currently applied joint strategy. Only a few exceptions can be identified in the form of the INTERREG operational programme, which was created in cooperation with actors from both sides of the border and covers the cross-border territory and common analytical study of development of the Czech-Saxon borderland issued at the ministerial level (see Ministry for Regional Development CR 2013). As for the best practice of strategic cooperation for economic development, a majority of respondents named the partnership between two national parks, Saxon and Bohemian Switzerland. Both national parks closely coordinate their activities and, together with other regional and local partners, create common development conceptions of the tourism in the area.

Even though other development strategies at the national, regional and municipal level exist, none were created in cooperation or coordination with cross-border partners or for any cross-border cooperation. Respondents see the main problem of a missing strategy in the ad-hoc realization of projects without any real long-term regional impact. With the exception of the "CrossData" and "The Central European cultural landscape Montanregion Erzgebirge/Krušnohoří – the way to UNESCO's world heritage list" projects and on-going cooperation in security and flood-risk mitigation, it is hardly possible to identify any other cross-border activities with real territorial impact in relation to regional development.

7.4 Resources for cooperation

In relation to resources for cross-border cooperation, most respondents do not consider the current situation to be problematic. Whereas financial resources for cooperation are seen as sufficient for activities, much more criticism is levelled at limited personnel capacities at the regional and municipal levels, especially on the Czech side of the border. In the public sector of the Czech Republic, there is a tendency for new tasks and related workload to be allocated to existing positions, rather than creating new positions as in Germany.

> [Cross-border cooperation] is about whether the officers are supposed to deal with the support, whether the city decides to allocate one person to deal with it and then she/he can develop it in detail … It is about what priority politics will give to it, about allocation of human capital, either they will set it apart or give it to someone as a complementary work, and then it never works (Czech, public sector, local level).

In the same vein, Knippschild (2011) mentioned the example of the Polish-Czech-German border area, wherein one public servant at the municipal level serves 60 to 80 inhabitants in Germany, 213 to 453 in Poland, and 266 to 277 in the Czech Republic.

7.5 Other identified obstacles to cross-border cooperation

Varied interests are ranked among other hindrances to cross-border cooperation in the case-study region. This factor is closely related to the different economic development in the region, the differences in basic paradigm that should be followed in the development of regions, and the role of EU operational programmes in the financing system. Whereas responsible actors favour investments into "hard" infrastructure in the Czech Republic, the strategy is for "soft" investments into social capital in Saxony instead.

There is no consensus between respondents whether the current political will to support cross-border cooperation is sufficient or not. Some see it as insufficient and would welcome the greater involvement of politicians. But among them, some do not see the current situation as an obstacle and emphasize that at least there is no political pressure against cooperation. Others consider the current political will to be sufficient. However, the continuity of cross-border cooperation and the sustainability of projects supported by public budgets represent problems identified by respondents on both sides of the border. Many initial cross-border activities cease after the end of support or do not achieve the expected outcomes and long-term impacts in relation to regional development.

Although respondents identified many areas where closer cross-border cooperation can foster regional development on both sides of the border, the more significant shift in these issues is limited. Economic and social issues, such as integration in education, development of cross-border social services or an open cross-border labour market stays beyond respondents' expectations. The main obstacles are seen in various acts of current national legislation implemented in particular states.

8. Conclusions

Territorial cooperation plays an important role in EU Cohesion Policy and in the process of European integration. The paper shows how complicated and complex the interactions among actors are in EU cross-border governance. The complexity of decision-making in EU multilevel governance was taken into account in order to provide evidence that there is not only one clearly defined decision-making centre, but rather many diversified mutually interconnected ones which are connecting diversified types of actors. It represents the mix of hierarchical and non-hierarchical structures.

The paper demonstrated the decision-making practices in the cross-border region of Usti Region and the Free State of Saxony on the territory of the Euroregion Elbe/Labe in relation to regional development. Although cross-border cooperation in the case study region has undergone positive developments in the last 25 years since the opening of the borders, numerous administrative, institutional and other barriers persist which could represent challenges on the road to a balanced regional development. Among the main obstacles in cross-border cooperation the following were identified: multilevel

mismatch; lack of a common strategy for the region; different languages, strong involvement of the central government; limited empowerment of non-state actors, and insufficient capacities at the local and regional levels on the Czech side of the border.

It seems essential to combine both bottom-up and top-down approaches to overcome these challenges and to improve the coordination among actors and their activities. As a bottom-up solution, building up the capacities of local and non-state actors, mainly on the Czech side of the border, and intense language courses at schools on both sides of the border should be supported not only financially but also by the legislation. However, these steps need to be implemented systematically and with a strategic approach that will enable them to be more effectively coordinated in order to strengthen their impact on regional development. To implement these changes, close cooperation and coordination among multiple levels of governance is needed. Many additional proposed changes in processes of decision-making and governance can be considered top-down approaches because their implementation requires support across different administrative and political levels.

In both border territories, the respective governments play an important and active role in designing and implementing cross-border cooperation. Although there are tendencies to invite non-state actors from the private and non-profit sectors into the decision-making process, the situation in the case-study region is far from the normative conceptualization of EU multilevel governance in theoretical and political discourses. Whereas cooperation between different governmental levels seems evident, even across the border and within the wider range of policies, the involvement of non-state actors is practically evident only in connection with the Monitoring Committee. Many actors who are considered important to cross-border cooperation, such as companies, municipalities, NGOs or universities, are not directly involved in the decision-making process, or only marginally. Still, there are significant cross-border differences: on the German side, non-state actors are strongly represented, whereas Czech members mainly represent public sectors with minimal involvement of non-state actors to fulfil the required partnership principle. Moreover, with the strong involvement of central national governments, it is difficult to speak about the genuine empowerment of all subnational administrative and political levels and their self-governance in relation to cross-border relations.

The only real delegation of decision-making power from governmental structures toward non-state actors can be seen in the context of the Small Projects Funds managed by Euroregions and financed from the INTERREG operational programme. Actors from different sectors and levels meet at certain other nodal points, but in the case of working groups in the Euroregion, the opportunity to influence decisions is very limited. In the case of different intergovernmental working groups – although they have a certain ability to participate in decision-making – the involvement of other relevant actors from the private sphere does not exist.

Despite the support of common cross-border decision-making tools by the European Commission, the situation in the case-study region is based on pre-existing separate hierarchical governmental structures on both sides of the border. As a result, the multilevel mismatch in competencies was identified as one of the main obstacles in cross-border cooperation. A potential solution could be a move from general purpose national or regional administrative governmental authorities towards functional prob-

lem-oriented structures, such as different working groups, based on involving actors from multiple scales and spaces. Administrative and political authorities operating in the region represent durable and stable organizations, which, however, also according to theory (e.g. Multilevel governance Type I), are rigid and slow-to-adapt to different conditions or problems. In contrast, problem-orientated organizations that involve diversified actors could lead to an increased flexibility and ability to accommodate given challenges. Although such approaches already exist in the case-study region, they are still relatively rare. Sometimes they are perceived as something that is challenging the current governmental system, but it is certainly not "governance without government" or regional authorities because they would and should play an important coordinating role. Thus, the crucial question is the readiness of the hierarchical administrative and political authorities at all levels to accept, enable and support these changes in EU cross-border multilevel governance. A realization of such changes in the governance needs open discussions and mutual understanding, and it should be implemented on the basis of a long-term development strategy for the cross-border region.

Closer cross-border cooperation could foster regional development in border regions which lag behind other regions economically. However, it can still be said that cooperation in the case-study region remains focused on building capacities, trust, and defining common goals, rather than on drawing up a common strategy, and much less on establishing a common decision-making authority. The implementation of any equivalent to, for example, the European Grouping of Territorial Cooperation, or a shift of cooperation to the level of Western European best practices, remains relatively distant in the case study region. Without solving these basic institutional issues, the cross-border region's path of regional development has many obstacles.

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Martiene Grootens. 2018. "Leading Places on the Map: Opening up Leadership Practices in Two Estonian Peripheral Places." *Administrative Culture* 18 (2), 203-221.

Leading Places on the Map: Opening up Leadership Practices in Two Estonian Peripheral Places

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Abstract

This paper sheds light on processes of place leadership that are enacted through visibility practices. While this strategy to "lead places on the map" has had some intended effects, such as increased tourism and lobby opportunities, this external orientation led to other consequences as well. First of all, it has led leadership to include a wider array of actors than the "traditional" place leaders that are bounded to a certain territory. Secondly, it points to the limitation of leadership in places that are in-between networks or "off the map", thirdly, to the tension between a homogeneous outward image and the inherent heterogeneous nature of all places. Overall, this paper goes beyond a functionalistic understanding of place leadership and provides a more political understanding of how places are led. This contribution is based on fieldwork conducted on the Estonian island of Kihnu and the Estonian town of Järva-Jaani.

Keywords: Place Leadership; Peripheralisation; Visibility; Estonia

1. Introduction

The acknowledgement of the importance of leadership for the development of places is widespread in the academic literature and among policy makers (Beer and Clower 2013; Sotarauta et al. 2012). The aim of this paper is to understand the dynamics of leadership in two peripheral places of Estonia by focusing on its practices and processes. While Central and Eastern European countries in general have seen a closing of the gap in economic performance compared to their Western European counterparts, this has mostly benefited the metropolitan regions of these countries and left their peripheries behind (PoSCoPP 2015). Witnessing these increasing disparities within Central and Eastern European countries in the last few decades, leadership in the so-called peripheries seems ever more crucial. Even though scholars have tried to understand the emergence and reproduction of spatial polarisation between core and peripheral places, these studies have focused mostly on the more

structural and/or economic approaches towards development and have often neglected the role of human agency (Kühn 2015; PoSCoPP 2015). Since human agency in the form of place leadership is seen as promising and as a crucial factor in the in-between position of certain places (Grootens and Horlings 2016), this opens an interest to look at processes of leadership in places which are affected by peripheralisation processes. Especially in the more centralised context of Estonia, as shown by Kettunen and Kungla (2005) and Sootla and Laanes (2015), leadership is said to be of even more importance (Beer and Clower 2013; Sotarauta and Beer 2017). This article will show in which way the leadership of these places is living up to its high expectations. Thus this paper will go beyond a functionalist exercise of analysing what leaders "ought to do" in peripheral places, instead this paper aims to understand the ways in which leadership is enacted in these places and with what consequences this is accompanied.

2. Context of peripheralisation

In this paper the focus is not on the core metropolitan buzz regions of this world, but places which can be seen as peripheral. In studying these places, Kühn (2015) and PoSCoPP (2015), among others, propose a relational process-based approach. They prefer to speak of peripheralisation, a concept that emphasises processes and relations over the notion of peripheries as static localities. This also enables a view of peripheries as produced "through social relations and their spatial implications" (Kühn 2015, 368). In this relational approach, material as well as discursive processes are highlighted and peripheralisation is very much linked to processes of centralisation. This also connects to a more general relational approach to places, in which places are constantly produced and reproduced by various actors and at different scales (Massey 2004; Massey 2005). With the move from studying peripheries as static localities defined by their population figures, often portraying these places as "geographically remote, economically marginal, politically powerless and socially inhomogeneous" (Blowers and Leroy 1994, 203), to studying the process of peripheralisation, attention is drawn back to the actors in these processes, and the human factor of leadership is highlighted in seemingly structurally defined processes.

Kühn (2015) mentions the fuzziness of the concept of peripheralisation due to the many different elements it entails: seeing peripheralisation as relational, process-centred, multidimensional, multi-scalar and temporal does not make it an easy process to analyse and understand. This paper mainly focuses on the political and social elements of the peripheralisation process and the actors contributing to these elements. From a socio-political perspective, processes of peripheralisation and marginalisation are mainly associated with power in the decision-making process and control over agenda setting (Herrschel 2010; Kühn 2015). Going beyond structural, economic approaches toward development, a socio-political view on peripheralisation processes is then characterised by an uneven distribution of power and the exclusion of networks and resources. Kühn (2015) mentions the possible conflicts between central and peripheral elites, the exclusion from resources of power and the overall insufficient possibilities, abilities or willingness to create counter-power. In this regard, the space for negotiation is seen as limited, and the peripheries are

affiliated with powerlessness and the cores with power. There is, on the other hand, perhaps also another perspective possible, in which the promise of leadership in the peripheries can be identified.

Within this socio-political view, Herrschel (2011) differentiates between spatial and social-communicative peripherality, and in this sense talks about peripheries as characterised by a certain "in-between-ness". This peripherality is then based on the exclusion from networks instead of being excluded on the basis of territory only. As a consequence, new peripheries result from communicative distance to core networks, and not primarily from spatial distance between core and peripheral areas. In order to dig deeper into these socio-political elements of peripheralisation, this paper emphasises not only the spatial peripherality, but also pays attention to the in-between-ness of places, as can be seen in the cases used in this article. Moreover, this in-between-ness of certain places is not a static state, but a position in which actors and leaders of these places can play crucial roles. In other words, looking at socio-communicatively disadvantaged places opens back up the possibility of human agency and leadership.

3. Placing Leadership

As mentioned before, leadership is seen as a promising factor for regional development, but first it is important to critically look at this concept. Raelin (2016) has framed leadership as a vague concept, as overused and oversold. It is often accused of meaning nothing and everything at the same time, and, above all, the concept is even seen to be missing any "real" substance apart from being (mis)used by some actors (Kelly 2014). This article will plead for an understanding of leadership that will contribute to a deeper understanding of processes of leadership, which, this article shows, are in fact political processes.

3.1 Leadership as the promise

Leadership in general has been studied intensively from varying research disciplines. Depending on the strand of literature, different conceptualisations and definitions can be found. In the literature, the terms leader and leadership are often used interchangeably. In a classic definition by Kellerman and Webster (2001), a leader is seen as the one: "who creates or strives to create change, large or small" (487). In this approach leaders are seen as the heroes in a time of crisis, a conceptualisation that does not provide any understanding of the processes of leading and merely results in a normative confirmation of what "good" leaders should be like. As Beer and Clower (2013, 5) also mention, "too often leadership is associated with the near deification of great persons."

But the field of leadership has moved beyond only looking at the heroes of change. Some of these approaches focus on behaviours of leaders (transactional, transformational approaches), while others focus on leaders in times of crisis or on ethical aspects of leadership. In general, however, most of these approaches have quite an individualistic focus (Alvesson and Spicer 2012; Raelin 2016) and do not have an eye for the context in which leadership is enacted. As Liddle (2010, 658)

mentions, "Several flawed assumptions have arisen from applying individualistic 'traits' models of leadership and reductionist/mechanistic models of organisations to complex multi-agency situations/environments inhabited by 21st-century public leaders." Therefore, authors have pointed at the role of leadership in the development of places, in so-called place leadership. In this strand of literature, authors focus on the potential room for manoeuvre in a complex multi-actor and multi-relational regional setting (Sotarauta et al. 2012; Collinge and Gibney 2010). According to these authors leadership of place connects to a collaborative nature. It crosses disciplinary, territorial, hierarchical, horizontal and thematic boundaries, leadership can be formal as well as informal and is based on mutual trust and collaboration. Hereby it goes beyond only looking at the context of leadership in businesses or organisations, but deals with leadership in the more complex environment that places offer (Collinge et al. 2010).

3.2 Beyond what leaders ought to do

While this conceptualisation of place leadership fits the complex environment in which leaders in local and regional development are operating, it also has a quite functionalistic and normative focus, portraying leaders as connectors and boundary spanners and hereby focusing on what leaders "ought to do". But in order to go beyond this functionalistic approach to studying leaders, it is crucial to first turn to some philosophical underpinnings of some of the studies on leadership of place. As Mabey and Freeman (2010, 506) emphasise: "much writing about LP [leadership of place] draws, not always consciously, upon an eclectic mix of theories" which can be divided into different discourses: the functionalistic, constructivist, dialogic and critical discourse. Depending on the discourse followed, studies can have different views of leadership and different understandings of the leadership phenomenon. This contribution follows a dialogical understanding of leadership in which there are no universally applicable truths and measurable leadership outcomes (preferring duality over dualism), and furthermore the places in which leadership is enacted is seen as multiple, heterogeneous (highlighting dissensus over consensus). In this discourse, the focus shifts from the identification of a single leader towards a "multi-actor process of place-making – brought about through relating and talking", (Mabey and Freeman 2010, 509) and the emphasis moves away from leaders and their capabilities to the act of leading, identifiable in negotiating, consultation and meditation of the possible futures ahead (Sotarauta 2016). This also connects that what Allen and Cochrane (2007, 1191) have named "an assemblage of central, regional and local actors engaged in a complex set of political mobilizations at one point in time". Leadership is therefore understood as the process in which actor(s) consciously shape certain places, in which places are seen as inhomogeneous, relational and socially (and always) under construction (Massey 2005).

This departure from functionalistic accounts also means a move away from seeing leadership as only collaborative, based on trust and collaboration. As this might be true for some "successful" cases, the aim of this paper is not to judge or evaluate certain leadership qualities or outcomes, but to come closer to an understanding of how leadership takes place by focusing on 1) the open-ended processes of leadership,

instead of a focus on single charismatic actors and defined outcomes only and 2) not necessarily assuming that this process is a harmonious exercise; leadership is oftentimes also enacted in a quite non-collaborative and disharmonious way. Hereby it can move away from positivistic approaches to leadership only, away from what leadership "ought to do" (Raelin 2016), since this will only reinforce the normative assumption surrounding the concept and will only reinforce the image that surrounds "successful" leadership. Furthermore, this shift also allows moving away from a merely functionalist account of leadership in which the focus is often on traits and skills that certain leaders need in order to achieve measurable progress of some kind (Mabey and Freeman 2010), and in which place leadership can more appropriately be approached as a political process and not as a technocratic exercise (Sotarauta 2016).

Seeing place leadership as a political process also connects to the direction in which critical leadership studies have moved, whose scholars "try to denaturalize leadership (by showing it is the outcome of an ongoing process of social construction and negotiation), study it reflexively (by reflecting on how the researcher and her methods are implicated in producing the phenomena of leadership), and treat it non-performatively (by breaking away from attempts to optimise leadership" (Alvesson and Spicer 2012, 373). This more dialogic understanding of leadership turns the attention to leadership more to issues of negotiation, power and politics. By looking beyond only the assigned leaders, and also including non-assigned leaders, the actual influence of leadership and the power of certain actors comes to the fore, which is in fact much more difficult to detect (Crevani, Lindgren and Packendorff 2010; Sotarauta 2016).

3.3 Leading in places – practicing and negotiating visibility

Connecting the two literatures of peripheralisation and leadership of place provides the possibility to look at leadership of in-between places and also points attention to the more concrete ways in which leadership is enacted and as a multi-actor process of place-making. Beyond only the material practices in which leadership can be enacted, this article focuses more on the immaterial elements, such as images, visibility and marketing. Seeing places as having material and more symbolic elements (Jones and Woods 2013), leadership can likewise be enacted in more material and symbolic forms. Material practices can, for example, be the construction of community buildings, improving road accessibility, while the more symbolic elements include place marketing, image-making etc. It is especially these symbolic practices of leading in places on which this article focuses. Halfacree (2006) has named this dimension of rurality the representation of the rural. But as Eriksson (2008) has shown, the representation of the "peripheral" can have "real" material consequences. This will make it hard to distinguish between the material and the symbolic per se, since they are often intertwined, as Halfacree (2006) also observes. Paasi (2002) also emphasised the power of words and publicity for "making" regions and hereby affecting the lives of the people living in these regions in a "real" material way.

Literature on representations of the rural often leans in the direction of active agency in order to develop places in the sense of place marketing or branding. Kavaratzis and Ashworth (2008) show that active image-making is not a new phe-

nomenon and could already be identified when the American West was promoted by governments and other agencies for new settlers to come live in the land of opportunities. When looking especially at places that are seen as invisible and socio-communicatively peripheral image-making, practices such as place marketing can be seen as a way to get out of the invisible positions. This can take place in rather "odd" and non-standard ways, such as the round hay bale festival, illustrated by Vik and Villa (2010) in their case study of a small town in Norway. In this town, the image of being a small, quiet and picturesque book town has, at the same time, also led to other rural development aspects, such as internal mobilisation of the community and an overall sense of optimism. Another reason to become more visible is to gain political attention and lobby possibilities. Especially in centralised governance systems, the extra funding or national programme for regional development seems crucial. Kettunen and Kungla (2005) mention the case of Estonia, where, despite having a centralised system with less room for manoeuvre in the formal channels, other channels have gained in importance. See, for example, the importance of party channels in Estonian grass-roots mobilisations (Kettunen and Kungla 2005).

Apart from these positive image-making practices, such as place marketing and lobbying, images also stick to places in more negative forms in the form of stigmatisation. While stigmas can be seen as something that sticks to places and over which people have no control, there are actors behind these images, as well. In this regard, Bürk et al. (2012) mention the importance of the stigmatised and the stigmatisers as actors in these processes. Different actors have a role in these image-making practices, such as officials, NGO-leaders etc. National media play a key role in this, as well, as Plüschke-Altof (2016) shows in her analysis of how the rural is portrayed in Estonian print media. Also, Nugin and Trell (2015) describe how rural inhabitants are usually depicted as "lagging behind, disconnected from the rest of the world and very likely coping with an alcohol problem" in the Estonian media (Nugin and Trell 2015, 265).

However, Vik and Villa (2010) also mention the paradox regarding the practices of connecting rural development to image making. On the one hand, attention and visibility is seen as necessary for striking and impressive images, which also need to be narrow and to have a certain exclusivity. On the other hand, the heterogeneity of different interests, people and relations in the development of places requires a certain broadness and inclusiveness. They emphasise that a certain balance is needed between this broadness and narrowness in this image making for rural development.

Especially when there is only one image to portray to the outside audience, these images often give the illusion that places are harmonious and consensually constructed (Mabey and Freeman 2010; Paasi 2013). Buizer and Turnhout (2011) mention that regarding the different multiplicities in place making, the processes behind the inclusion or exclusion of multiplicities in place making processes themselves are especially important elements in understanding exactly how place making occurs. Pierce et al. (2011) point to the process of negotiating the different place-frames as a way to also capture a relational making of places, a place politics that is not necessarily constrained by administrative boundaries. In this sense, leading through image-making and the negotiations over these images becomes very political again, understood in the way that Grémion (1976, 464; cited in Carter and Pasquier 2010)

has noted: “Critically, it was defined as actor interactions in the exercise of authority and in the name of the local – a politics in the formation of collective decisions.” It is exactly these actor interactions in the name of the local that makes the enquiry into place leadership as a process an interesting exercise.

4. Methods

This article is based on repeated field work, in-depth interviews and participatory observation from 2014 to 2016. Interview partners were people considered to be active in the development of the place, and hereby perceived as important in shaping the place by local, regional and national actors. Additionally, public events were attended where the topic of place development was discussed, with actors from central and/or regional government also present. In these events, the leadership could also be witnessed in a more natural environment, in contrast to the denaturalised context of an interview situation.

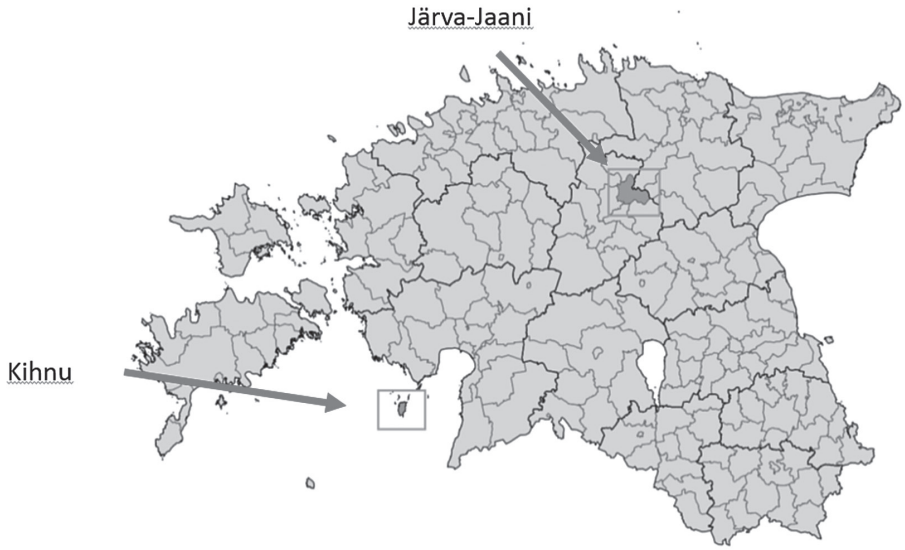

Figure 1: **Case study areas (adopted from Tamm 2016)**

The selection of the cases is based on similarities in terms of problems these places are facing, which are common to so-called peripheral places. Both Kihnu and Järva-Jaani are small places in Estonia with population sizes in 2015 of 689 and 1613 respectively. They both deal with a declining population and struggle with keeping inhabitants and young people as well as their schools and other amenities (Järva-Jaani Municipality 2015; Kihnu Municipality 2015), which are all elements of the more structural factors that peripheral places are dealing with. In another way, these peripheral places can be seen as each other’s extremes. While Kihnu can be seen as the “classical” spatial periphery being an isolated island, socio-communicatively it is quite well connected to relevant policy networks, as also a member of the local

government in Kihnu mentions: "We are an island it will make us a peripheral place, but still it will in some way put us in the centre of … everything, sometimes."

Järva-Jaani, on the other hand, has a much less "classical" peripheral location, being in the centre of Estonia, but has much more socio-communicative distance to functional networks. Based on interviews with regional and national policy makers, Järva-Jaani is not as well connected in functional networks as is Kihnu. Therefore, these cases are chosen to show a similarity in the expected problems of living in the peripheries (in terms of declining population, lack of jobs etc.), but also a structurally different environment in terms of socio-communicative peripherality. Choosing two dissimilar cases with respect to their socio-communicative peripherality made it possible to see the relationship between this environment and the room for manoeuvre for leadership practices in these places.

5. Results

In the following section, this article proceeds with giving an overview on the question of the enactment of leadership in the peripheral places of Järva-Jaani and Kihnu. The results will be structured by first focusing on who is leading, then describing the practices and processes of leadership. After describing the cases individually, the article will proceed with a comparison of the cases and finish with the conclusions.

5.1 Kihnu, Leading, while already being on the map

In Kihnu, leadership is mostly directed towards preserving the cultural heritage. Already from the 1950s on, interests in its folklore and traditions, which have mostly been preserved exactly because of their spatially peripheral position, have been recorded by scientists. From then on, this attention has grown amongst local actors, as well as amongst external actors such as artists, scientists, journalists and lobbyists (Rüütel 2004; Rüütel et al. 2013). Partly because of these efforts, since 2003, Kihnu has been on the representative list of Intangible Cultural Heritage of Humanity of UNESCO. This is seen as an important milestone for the community, since this is the symbol of the recognition that this culture should be protected, internally as well as for the outside world. Leadership is mostly shown in the maintenance of cultural heritage and is mostly enacted by a coalition of people from different fields (tourism entrepreneurs, teachers etc.) of whom some are also part of the local municipality council. Next to the actors living on the island, there are also external supporters with functional networks connected to the capital city, Tallinn. As already noted in an earlier study (Kuutma 2007, 193), there is a "negotiation of agendas by cultural insiders and outsiders on local, national and international level". In this case, it is therefore not only leadership that is bounded to the territory of Kihnu, but much more a multi-actor process of leading on multiple scales. At the same time, this is not a coalition in which the whole community is represented; there are groups living on the island that are not part of this coalitions. As Kuutma (2007) also mentioned, Kihnu is not a homogeneous community and has different camps inside the community, of which not all are represented in the local council.

The preservation of the Kihnu culture has been the common aim in the fragmented leadership of this place. This shows in the development of a Kihnu museum, exhibiting local culture, the organisation of events for the community in the cultural house, the preservation of the Kihnu language, and the promotion of music lessons in traditional instruments in primary school. Outwards, the preservation of culture is practiced, for example, by making documentaries, broadcasting a weekly Kihnu radio, and by connecting this image to tourism aims. The targeted audience is not only limited to Estonia, since also foreign television crews, folklorists, musicians and tourists come visit the island, who all have their different expectations of the island which should be met. In this way, leadership in Kihnu is directed towards protecting local culture and also protecting the livelihoods of the people practicing this culture on the island.

The way in which this process is conducted is mainly by using its image as an island with its specific cultural value in need of protection. The instrumentalisation of this image is done, first of all, using this image as a resource in itself. The most tangible example of this is the Kihnu Cultural Programme, a direct sum of money which can be spent for the preservation of the Kihnu Cultural Space, recognised as such by UNESCO. A board consisting of Kihnu inhabitants, regional and national actors decides which issues this state money can and cannot be spent on. Protection in the intangible heritage list of the world therefore also comes with very tangible material consequences in terms of funding. Next to this very material usage of image, local-municipality officers use this label of Kihnu to get things done at the national government. As an employee of the municipality mentions, "Kihnu, it is like a business card: I'm from Kihnu, please help."

It opens doors for the leaders of Kihnu, only by mentioning the "brand" Kihnu. This also shows that this symbolic shaping of a certain image can have real material consequences in the form of achieved lobby outcomes and a direct sum of money to spend via the Kihnu Cultural Programme. Also, certain visits to the island are organised in which the island and its cultural heritage is shown, and in which certain locally important issues can be discussed. This direct connection is seen as the most beneficial, and sometimes visits are connected with lobbying activities as one of the active cultural persons on the island mentions: "They have visited my home and have been on Kihnu island, and I hope that it helps because when there is some discussion about Kihnu culture in parliament, they support it." The leaders themselves also see their cultural heritage and identity as a resource. When asking for examples of why other regions in Estonia are not supported, one of the local leaders mentions: "Usually the problem is that they don't have culture, roots, tradition anymore. This is a difference." Having this special label, therefore, seems to legitimise the special support for this respondent.

The process of using this image as a resource is not done in isolation. One important partner for Kihnu's leadership towards staying on the map is the media. When some issues arise which need external help, the route to the media is not long. As one of the local inhabitants mentions: "Media help in this as well, oh, small island Kihnu, you can't get there, how does Estonia, as a country fail in these transportation issues and so on. And then all the officials are running." Facebook was especially used by one of the active local people in order to keep the network of journalists, artists,

scientists and general public updated about the island and to instrumentalise this network to the benefit of the place. A clear example of a case in which this was used was with the issue of bird hunters on the island who would hunt for singing birds, which was problematic for some of the islanders. Because this information was shared on the Facebook page of one of the active local inhabitants, this got so much feedback and support from functional networks in Estonia that this local problem was discussed in the National Parliament of Estonia. Overall leadership in Kihnu emphasises the homogeneity of the island as a cultural space and as a place in need of help and uses this image in getting state support (directly and via lobbying).

5.1.1 Leadership in negotiation

This hegemonic image making and instrumentalisation of the image on the island has also led to some resistance. First of all, this tension is directed towards being visible at all, where the presence of media on the island is not appreciated by everyone, when, for example, an inhabitant does not appreciate the attention from tourism or the media or tends not to wear the local clothing. This same inhabitant mentions: "The attention to Kihnu can be positive, but also negative and ruin your mood for the whole day." This comes close to what Kuutma (2007) has pointed out, that Kihnu could in some ways become a living museum. Also signs of irritation against certain media, film crews and exposure have been mentioned. In an example by one of the inhabitants, it is mentioned that more police control is possible on the island due to media exposure. Opening up to the world, on the one hand, creates more opportunities for some, but, on the other hand, also means that Kihnu is becoming more visible for mainland institutions. This shows that the openness to the outside world has also resulted in some less intended consequences, which could be seen as less positive by some of the inhabitants.

Secondly, the hegemonic perception of Kihnu as a cultural space and a consumption space for tourists sometimes clashes with other images of the island. For example, the strong focus on culture and tourism development does not always leave room for other views on how to develop the island. Agriculture and fisheries have received less attention in the place frame connected to culture and tourism, as mentioned by an inhabitant of the island. Within the images connected to culture, different images are required by different audiences. As one of the entrepreneurs mentions about Japanese tourists coming to the island: "near the lighthouse, they never enter, they don't want to go to the lighthouse, they are not coming here for the lighthouse, they want to see handicraft and traditions."

Dealing with different expectations of different tourists, the image of the island is constructed differently. But also on a national level, in terms of lobbying, the choice for a certain image is crucial and its importance is also seen by the leaders of the island. As one of the leaders also mentioned, there is a trickiness to investing in a positive image of Kihnu and keeping the national ministries willing enough to support them as an island in need of help at the same time.

5.2 Järva-Jaani, Leading onto the map

Järva-Jaani's leadership can be seen as a small town which characterises itself by doing many different, new and "interesting" things, events and activities. There is a wide range of sports clubs (e.g. disc golf, football, basketball, etc.), at least nine museums (among which the most famous is the old vehicles park with 451 old vehicles), a historical voluntary firefighting club, dancing, singing, music groups and an active church community. A lot of events are organised as well; festivals on the museum ground for old vehicles, a church festival with 200 young people in 2016, and many others. Leadership is seen as practiced by anyone who is active in the community. A main driving force, though, behind the activities in this town is the municipal leader, who is engaged in many community organisations, formal and informal (e.g. disc golf, rock band, football, dancing group etc.). Also, other active people in leading the place further can be found working for museums, the gymnasium, youth clubs, dancing clubs, church and other NGOs in the community. Overall, leadership is mostly associated with being an active part in the community.

The leadership of Järva-Jaani is mostly focused on engaging in many activities and local NGOs that are trying to make life more pleasant for the people living there, to attract new people to come live there, and to draw tourists to the attractions. New activities, a positive attitude and community engagement are emphasised when talking to the leaders of the place. Organising events, opening museums and drawing tourists is seen as a way to make Järva-Jaani visible, to keep local inhabitants and to attract new inhabitants.

In these practices, standing out or getting on the map is seen as something crucial. The activities taking place in this town seem to focus especially on the things that stand out. As the municipal leader mentions: "We are trying to be like a small centre; we are not big, but doing this interesting stuff." An example of this is the reform that has been made in the gymnasium. In 2014, a new principal started in Järva-Jaani gymnasium and started to make some changes. The school manages this by offering an innovative type of education or, as the school director has mentioned, "by offering something extra." This "extra" is provided, for example, by incorporating specialty knowledge from tourism and the internal security sector into classes, teaching physical education through collaboration with local sports clubs, etc. In this way, the gymnasium is trying to survive the expected closing of gymnasiums around the country, in light of the plans to have fewer state gymnasiums. Another way that leadership is enacted is through an emphasis on openness from the local government to the community. An example which shows this nicely is the process of how an indoor skate park was developed. The idea for this came from a girl from Järva-Jaani who proposed a plan for a skate park by visiting the office of the municipal leader. Some years later, by using the network of the municipal leader, the time and energy of the local community for bringing in and transporting the different parts of the skate park, and some crowdfunding activity, this project was realised.

Also in this case, the role of the media is important in leading this place. As was said by the municipal leader: "the staff of the local newspaper are good friends of mine, and they always try to make news positive." An example is when the

gymnasium fired a teacher and this teacher went to the media. Due to good relations with the media, according to the municipal leader, a "more neutral" story could be put forward. The media portray Järva-Jaani again as open, since the municipal leader also actively uses Facebook, writes a weblog about his activities, and discusses current debates (among which are also the less easy topics, such as administrative reforms).

5.2.1 Leadership in negotiation

Tensions in leadership could be witnessed when looking at the hosting of two TV series in Järva-Jaani which portray this place as the rural backward countryside (including drunk villagers and bad local medical services). Even though these series, first of all, put Järva-Jaani on the map, some people question the benefit of this kind of image. This has led to some discussion (on channels such as Facebook and weblogs) on whether this visibility is good in itself for the place, and whether all exposure is in the end "good" for Järva-Jaani, or for all Järva-Jaani people. While some people emphasise the fun or the joke behind this show and actively use this exposure to create opportunities (by, for example, opening a hostel carrying the name of the TV show), others have emphasised that it is still the image that is connected to the name of Järva-Jaani. In the case of *Doktor Silva*, another TV show, the medical centre of Järva-Jaani is portrayed as having unqualified personnel, while one of the local inhabitants mentions: "but in our doctor's centre, pereartsikeskuses, there are good doctors, very good doctors." This raises the question whether visibility and exposure are good things in all cases at all costs, even if the image portrayed (and made possible by the actors in the place itself) is negative and can even be seen as stigmatising the place.

6. Comparing cases

Looking at the leadership of these two places, in both instances, visibility of the places is strongly emphasised. While being visible and "on the map" is something that in Kihnu is already established and can be instrumentalised, the leadership of Järva-Jaani is mostly concerned with getting on the map in the first place. While both seem to work towards attracting tourists and keeping local residents in their place, these places also depart from different starting points.

The biggest difference comes from either being on the map (as Kihnu) or trying to get on the map (as Järva-Jaani), since this gives these places differential access to functional networks. While Kihnu's established role as a culturally unique island in need of protection leads to some advantages in terms of networks, state funding and a favourable national policy environment, the picture is different for the less visible Järva-Jaani. As one of the youth leaders mentions in Järva-Jaani: "Yeah, I think we don't have that one thing. We don't have that kind of thing. In Kihnu, they have all their Kihnu stuff, but we don't have that." The centrality and importance of Kihnu, already being on the mental map of policy makers, tourists and other functional relations, gives them extra opportunities, which are not available for the less visible Järva-Jaani.

This also reconfirms what Eriksson (2008) has argued, that these representations also have material consequences as can be seen from the increased lobby opportunity that Kihnu has gained, in comparison to Järva-Jaani not having these opportunities. Moreover, this shows that while the focus is often on human agency in understanding local leadership, this also shows some of the limits of leadership for places in an in-between position. As Herrschel (2011) also mentions, it is much easier to build bridges and highways to reduce spatial distance than it is to reduce communicative distance. The promise of networking and building relationships is therefore understandable, but should also be seen in its limited context, since not all places have been mapped yet and might never be mapped.

An element which could be witnessed in both instances was the role of the media as a partner in place making. For both the well-connected Kihnu and the lesser connected Järva-Jaani, media, including the newer social media, were seen as important partners. Even though the reach that both places had with their media differed considerably, they both used this external partner to connect to a wider audience. While the role of media in the construction of places has been recognised before (Paasi 2010), in these cases, oftentimes the rural places are seen as passive receivers and the media as the active agents, while both cases show that the leaders from these places engage in certain coalitions to portray the places in certain ways. It is not necessarily local image-making portrayed upon local places, but also a multi-actor process of image-making, in which these actors need each other; the media need (sensational) stories, and place leaders need their places to be on the map.

This also connects to the difference in the negotiation of leadership in both cases: While the image of Kihnu and its instrumental value is based on a certain homogeneous image of the island, this also leads to power for the people who are connected to this image of the place. Kihnu has created something similar to what Annist (2013) has witnessed in Setomaa, Estonia – support from national and international funding. This support is mostly aimed at the maintenance and preservation of one form of local culture and is framed more broadly as protecting life on the island in general. But it is important to know is that it is only protected in a particular way, and other ways are hereby excluded. Therefore, ideas about certain kinds of culture are supported by national funding schemes giving the actors dealing with this kind of culture certain powers in negotiation, and, at the same time, this exacerbates the exclusion of alternative viewpoints on the island's development. In the case of Järva-Jaani, the perceived need to be in the picture, even if the picture does not look so nice, has also left the inhabitants questioning against which costs certain images should be portrayed for the community? This links to the tensions that Vik and Villa (2010) mentioned between a certain necessary narrowness of an image to be effective and a broadness of an image to speak for the "whole" community. Images, therefore, can by definition not speak for all inhabitants of a community and thereby leave some out. This process of negotiating the images of a place and hereby seeing leadership of place as inherently political is exactly what a processual understanding of leadership enables to grasp.

7. Conclusion & Discussion

When viewing leadership as the process in which actor(s) consciously shape certain places, a tendency can be witnessed for Estonian peripheral places to try to lead their places on the map and then to instrumentalise this position (if possible) for the development of these places. Leadership is mostly directed towards visibility in several ways. In this article, it shows what consequences this has for a more thorough understanding of place leadership in peripheral places. When discussing leadership in places, oftentimes the emphasis is on what leaders ought to do and less on understanding the dynamics of leadership processes. This article has shown that when taking a more open-ended processual approach seeing place leadership as "future seeking but not future defining" (Sotarauta 2016, 55), place leadership can be seen as inherently political and always under negotiation. Based on these statements, the following can be concluded.

First of all, the range of actors involved in place leadership moves beyond only the formal leaders or development actors, but, moreover, can also include actors living in other areas or having different connections to the place; media, artists, entrepreneurs, formal leaders and NGO leaders can all act in a process of leadership. Even though Sotarauta et al. (2012, 2017) already pointed to this before, in this article, it is also shown that these collaborative leaderships of place are not bound to a certain scale. While sometimes leadership of place is seen as a local exercise that automatically contests the national-level actors, this article shows again that leadership can also work in coalition on multiple scales and involving a range of (sometimes unexpected) actors. This once again reaffirms the importance of a relational reading of place and place-making and not viewing places as bounded containers, reconfirming what Massey (2004) refers to as using a hegemonic territorial image in a very relational way. Hereby the shift in focus away from the traditional actors operating from within the boundaries of a place also points attention to networks for place leadership, which has been highlighted before by Sotarauta et al. (2012) among others.

Furthermore, this article has shown that relations do not only enable, but also constrain the agency of leaders. The networks themselves can also become structural elements defining the possibilities and impossibilities of place leadership. Some places are privileged with access to certain functional networks, as could be seen in Kihnu. This moves beyond the idea that networks are simply formed by actors if they wish to, but also points to a structural element in networkedness of certain places and the in-between-ness of other places, which cannot always be changed in the shorter time span of a certain leadership. Seeing networks and networkedness as a necessary and inevitable strategy for "good" leaders of places tends to neglect the exclusionary power of networks and the difficulty of getting inside these networks, when being outside.

Secondly, these cases have also shown that these coalitions in image-making are not necessarily harmonious or consensual per definition, but often tend to leave out. Especially when leadership of place is often seen as a consensual exercise in which the community (as if there is only one community) works together and collaborates, this heterogeneity and multiplicity of relations, people and strategies within places

should not be forgotten and should even be more central in our discussions on place leadership. It is exactly within the politics and negotiation within places where the dynamics of human agency (its leadership) can be identified. This processual, political understanding of leadership in heterogeneity should therefore be central in an attempt to understand place leadership. In this way, the often-used relation between leader and follower can be substituted by the relation between leadership and places, in which places are inherently open-ended, under construction and heterogeneous. It is exactly the heterogeneity of places that defines places and therefore also what should be central in an understanding of place leadership. As Amin (2004, 39) has phrased it fittingly: "different microworlds find themselves on the same proximate turf, and that the pull on turf in different directions and different interests needs to be actively managed and negotiated, because there is no other turf."

This article hereby reemphasises the importance of the multiplicity and heterogeneity of all places, not only the urban dynamic places like London which are often talked about when taking a relational notion of place. By zooming in on image-making as a strategy, places are becoming dependent on a homogeneous image of a place, which neglects the inherent heterogeneity of all places. This is especially so when this strategy of visibility goes hand in hand with certain power relations, in which some images of places are hereby privileged over other images. Consequently, this gives power to a certain coalition of leaders who fit this image. Especially when external actors, government and funding bodies are involved in supporting certain development ideas, this gives power and resources to certain actors who fit this dominant frame and excludes those who do not fit this frame. This is particularly relevant in cases where these development ideas are connected to resources in a resource-scarce environment, like the peripheral places of our world. Actors in these places become more and more concerned with the visibility of their places via easily understandable homogeneous images. The consequences of this strategy of visibility is that it has the danger of hiding the inherent heterogeneity of all places and hereby excludes the actors who do not fit the dominant place frame. In this way, leadership that focuses on one dimensional homogeneous images, that aims to create a more balanced spatial development *between* places on a national scale could at the same time lead to more inequalities *within* places.

As a last point, the role that images have received as a resource for development in itself also questions the equality and uneven ground on which peripheral places themselves have to compete with each other and even with core regions. When visibility has become such an important resource in the development of places, this could potentially also create new exclusions in rural development, based on the "marketability" of certain places compared to others. And just because of the simple observation that one can only have so many UNESCO listings or hay bale festivals, what is then left for the so-called grey spots on our maps without their specific, unique and marketable element? This is a question that many "invisible" peripheries are struggling with today and for which there could also be more attention in policy and academic circles.

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