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Regional development



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Regional development is a cross-sectional issue, which is relevant at various action levels, from public administration to bottom-up processes. Its impact concerns all levels, from EU target areas to local projects. The quality and duration of the processes vary considerably and are generally managed by governance arrangements.

1 Definition

Regional development is both a public task – as far as the administration, coordination and implementation of the EU cohesion policy (▷ *European regional policy*) are concerned – and part of the intermediate (▷ *Cooperative planning*) level of service provision between the state in the sense of public authorities, the market and civil society; moreover, it is part of self-organised bottom-up processes managed independently or endogenously. Depending on the responsibility of the public authorities or the federal structure, national policies, such as education and infrastructure policy, affect the responsibilities for regional development. The bandwidth, varying scale levels and the differences in quality and duration (or permanence) of the development processes illustrate that regional development is not clearly defined from a legal or material perspective. Hence, at various times in the past and still today, the interpretation and impact of regional development differs from country to country and according to the different stakeholders involved.

2 Context of action and regional development objectives

Regional development is embedded in policymaking at the European level, at the national, federal state and municipal level and regional stakeholders (e.g. the regional economy, associations, cooperatives and advisory institutions). While regional development was frequently interpreted from a sectoral perspective in the past, the context of action is now largely systemic or integrative among the relevant actors and action levels. Thus, regional development is an intervention in a context-specific system; today, this is frequently referred to as ‘learning regions’ or ‘learning systems’.

Yet the different administrative levels and management logic reveal tensions between distinct, frequently diverging interests and different strategic orientations. For example, while the focus at the European level is on long-term strategies of regional development, the focus at the regional level may often be diametrically opposite. Results in the sense of the demonstrable success of regional development are required at a small-scale level, in particular as the persons responsible are visible at the local level – they are in the public eye and want to be (re)elected in some cases. Likewise, regional policy strategies range from complex, overarching guiding principles and objectives to local projects that can be operationalised.

However, all interpretations are based on the shared understanding that they are cross-sectional tasks, which aim to coordinate and reconcile as far as possible diverse societal activities and the sectoral policies and planning geared towards them (▷ *Spatially-relevant sectoral planning*), and which as a rule relate to the same area. This means that an arrangement considered to be (economically, ecologically or aesthetically) desirable and/or (economic or social) change (development) considered to be positive is achieved (Heintel 2005: 23). However, at the same time this fact shows that the terms *regional development* and *regional policy* are not used very distinctly.

While diverse notions of spatial development were still postulated in many places and in various spatial development schemes as a compensation for regional disparities (▷ *Disparities, spatial*) as late as the early 1990s, the discussion of regional development now focuses predominantly on the

improvement of living and economic conditions to achieve the goal of cohesion. Decisive in this regard is the moderation of sustainable development processes (▷ *Sustainability*) as well as the elastic guiding principle of equivalent living conditions (▷ *Equivalence of living conditions*), which is generally embedded in the spatial planning provisions at the national and federal state levels.

Regional development can be optimised only through constant coordination of the different administrative levels and through the reconciliation and consideration of diverse perspectives and interests; harmonisation (convergence) of different communication levels are a prerequisite for this. Hence, the challenge or difficulty is to dovetail the perspectives on regional development of the ▷ *European Union*, the national level and policy responsibility at the federal state level as well as (particular) regional interests.

3 History

Both in the general sense, in the degree of institutionalisation and implementation in practice, regional development has undergone significant changes in the course of the past 40 years. The arc of the organisation of regional development spans from selective (self-organised) approaches to regional and local development in many European countries during the 1970s and 1980s to the current, highly professional development and advisory agencies, which act, in part with state support, in all member states of the European Union, thus reflecting a trend towards increasing professionalisation and institutionalisation.

It appears that the fields of ▷ *Spatial planning (Raumplanung)* and regional development have gradually merged and that the two disciplines no longer co-exist 'side-by-side'. In addition, the view that associated regional development with rural peripheral regions (▷ *Rural areas*) in particular has ceased to hold since the mid-1990s. The administrative reorganisation of urban regions (▷ *Urban region*), agglomerations (▷ *Agglomeration, agglomeration area*) and areas comprising cities and their surrounding areas (▷ *Relations between cities and surrounding regions*) has been re-evaluated for various reasons and practical constraints.

While in its early stages, regional development in Europe was often conceived as selective crisis management, it has over time given rise to a form of organisation which is characterised by advisory services and management tasks of regional and usually of supra-regional significance. Sectoral management has given way to cross-sectoral management. This goes hand in hand with changing forms of communication. While the 1970s and 1980s were strongly characterised by different interests and critical social confrontations in regional development, a trend towards cooperation has been discernible since the early 1990s (Knieling 1994: 116). While European regional development at the outset was primarily concerned with highlighting disparities and temporarily questioning the previously applicable development guidelines and established strategies (e.g. the central-place theory), it now tends to focus on elaborating consensus-based solutions and proceeds in an action-driven and project-oriented manner (Heintel 2001: 193 et seq.).

Regional development within the territory of the EU 28 is nowadays largely standardised due

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to the requirements of the European Commission and is often equated with European cohesion policy in the public perception. While national measures for regional development still played an important role in the past, uniform objectives and harmonised national strategic framework plans, shaped by the programme agenda and corresponding requirements of the EU cohesion policy, now predominantly determine the administration, execution and material focal points of regional planning.

In purely budgetary terms and as in the past, the European Union's regional policy – together with the European agricultural policy, which also impacts regional development – dominated the European budget in the 2014–2020 structural fund period. At the same time, the regional policymaking tasks at the federal and state levels were reduced to the management of EU regional funding; this has increasingly exposed the responsible administrative authorities to criticism for lacking willingness to shape and steer regional development at the national level.

The European Union's cohesion policy is primarily understood as an investment policy and pursues 11 themed objectives in the period from 2014 to 2020 (cf. European Commission 2015), which are funded by the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund (CF). Research funding, the development of communication technologies, the enhanced competitiveness of SMEs, sustainability and conservation of resources play as important a role as lifelong learning, the funding of high-quality employment and the elimination of different types of discrimination.

4 Selected theoretical approaches to regional development

4.1 Classic theories of economic geography and spatial development

Regional development and regional policy have been influenced in past decades by various theoretical approaches (▷ *Regional economics*; ▷ *Regional economic policy*). There is a stock of (paradigmatic) assumptions, which has to some degree shaped the action of various stakeholders over a given period. The supply-oriented neo-classical theory, which perceives regional disparities as a temporary phenomenon and promises equilibrium through the movement of the factors of production, was characteristic of regional development in the postwar period in the European core countries together with approaches based on polarisation theory, such as the growth pole strategy, which relies to a great extent on the state's steering function. Post-Keynesian theoretical approaches that rely on investment as a basic prerequisite for regional economic growth also contributed to the foundations of regional development and policy. In these perceptions, too, the state plays an important steering role, e.g. by further strengthening enterprise-friendly infrastructure to remove locational disadvantages or by stimulating settlements through investment incentives.

Despite the different theoretical approaches, all theories shared the declared objective of

ensuring that peripheral areas (▷ *Peripheries/peripheralisation*) retain their ability to access centres and of alleviating remaining general and specific developmental disadvantages; moreover, they sought to advance the independent development potential of structurally weak and underdeveloped regions. Due to the evident weaknesses of the supply and infrastructure-oriented postwar policy, the 1970s saw the first signs of a turnaround in many regional policy strategies, which were no longer looking for regional deficits but rather sought to emphasise regional strengths.

4.2 Independent regional development

Independent (especially in rural/peripheral regions) and innovation-oriented regional development (particularly in old industrial regions) formed the starting point for newer strategies for regional adaptation and competitiveness. A trend is thus discernible in regional development, which increasingly focuses on strengthening strengths instead of compensating for weaknesses. Independent regional development looks back on a long tradition, especially in the western European peripheral areas, and served in rudimentary terms as a model for the concept of European regional policy, e.g. in the context of the former Community Initiative LEADER, which has been a mainstream programme of European policy since 2007.

Independent regional development is not a fully elaborated, theoretical concept, but rather a concentration of guidelines in response to existing disparities and has been strongly influenced – at least initially – by ideals (cf. Mose 1989). The thinking on independent regional development focused primarily on potential alternatives to a traditional sectoral policy for rural and peripheral regions. In the early days, this approach was combined to a great extent with emancipatory, cultural and educational policy ideals as well as with opportunities for participating in a comprehensive development (▷ *Participation*), and was in part charged by (party) politics and ideologies – both from the left ('uncoupling') and the right ('homeland'). Furthermore, boosting regional economic activities was considered an essential aspect of independent approaches to regional development.

In a European Union with 28 member states and a common European regional policy, the national means to steer these processes increasingly lose their significance. These means are now absorbed in supranational alliances and agreements, while steering instruments and options for state management at the regional level have been shown in part to be inadequate, inefficient or too hierarchical. In addition, the criticism that state steering activities have a neo-liberal orientation goes hand in hand with declining confidence in endogenous development impulses through self-steering.

4.3 Regional governance

For the aforementioned reasons, intermediary structures have formed (▷ *Regional management*), and the state assumes new roles of cooperation with regional institutions. The theoretical context is largely characterised by a cooperative state, which defines the framework and orientation but increasingly remains in the background as a stakeholder at the regional level. In so doing, the state actively relies on cooperative forms of action with the objective of advancing the potential of regional self-steering. Danielzyk explains that this is based on the core insight that stereotypical, 'top-down' administrative action is neither efficient nor can it be easily legitimised due to the

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increased complexity of the problems, increasingly differentiated interests and perceptions, as well as due to growing demands for participation (Danielzyk 1998: 71).

The hierarchical and vertical form of state steering is supplemented and at times even replaced by a political multi-level system. New general conditions (e.g. legislative amendments, shifts in competences, programme organisation) and incentive systems (e.g. project-related subsidies, establishment of networks based on European programmes, competitions) can advance the elaboration of regional steering competences in regional development. In the light of the above, new forms of steering at the regional level also become more important. This relates both to the level of institutionalisation and to that of cooperation and communication in networks (▷ *Networks, social and organisational*).

These developments have given rise to a new form of steering in regional development, which is reflected as a horizontal priority and a guiding principle in various spatial development schemes of European countries and is referred to as *regional governance*. Regional governance focuses primarily on the strategic options of regional steering and the collective ability of constellations of regional stakeholders to act (cf. Benz 2001; Fürst 2001; Mose/Suda/Fiedler 2014).

In this way, regional development in the context of regional governance becomes increasingly detached from a previously ascribed territoriality and is expressed in a more flexible or situational manner based on topical events/occasions (cf. van Assche/Beunen/Duineveld 2014); this is exemplified in the Austrian spatial development scheme of 2011 (▷ *Urban and spatial development in Austria*), the purpose of which is ‘to develop models of regional governance which no longer relate to a fixed territoriality but are based on flexible demarcations in accordance with the functional tasks. The actual models may range from loose and exclusively informal, cooperative structures to legally binding organisational models. This development of models should be supported by the Federal Government and the federal states concerned’ (ÖROK [Austrian Spatial Planning Conference] 2011: 83).

5 General conditions of regional development

5.1 The present situation

Spatial interactions have greatly increased in frequency, intensity and quality. Interconnectivities extending beyond political and administrative action regions and networks at various levels increasingly define communication and cooperation in regional development and are of growing significance for locations competing at the interregional level.

Not only urban regions increasingly compete with different types of rural regions; a new form of competition, which is at the same time a form of cooperation, has evolved between centres and between rural/peripheral regions. City networks and partnerships increasingly define the European landscape, as much as diverse forms of cooperation in peripheral regions based on supra-regional, often project-based partnerships, but frequently also due to financial constraints.

The establishment of networks, on the one hand, and competition between regions on the

other hand, require a new type of planning culture and new planning instruments at the spatial level. The mere planning process at an administrative level is no longer sufficient in view of the high level of interaction between allies in a multi-level system and a constantly fluctuating integration of regional stakeholders in relational networks with strategic demarcation vis-à-vis non-members. The focus on achieving consensus and stripping away ideologies and hierarchies are particular phenomena of this development, as much as the orientation toward action and implementation as well as auditing (▷ *Evaluation, audit*) as more recent quality objectives.

Hence, regional development and planning now require dynamic instruments and constantly new forms of steering instead of strictly hierarchical spatial planning. This means that ▷ *Regional planning* should not be limited to creating documents with objectives but also needs guidelines with specific recommendations for action in a framework that can be operationalised as well as their ongoing evaluation. Regions in globalised competition have in any event long upended traditional notions of territorial units and the capacity of territorial administrative structures to shape developments. Regional development as the sum of European, national and regional policy requires interaction and coordination between these different policy levels to ensure efficiency and quality. In this context, the resilience of regions becomes increasingly important in current research (▷ *Resilience/robustness*).

5.2 Outlook and action in practice as exemplified by cross-border regional development (former east–west border)

If regional development is to be shaped in future essentially at the European level, the challenges in connection with regional governance – apart from quite fundamental issues of financing, distribution and the prioritisation of content as well as striking a balance between competitive orientation and the balancing objective (▷ *Territorial cohesion*) – lie in the following, which exemplify cross-border regional development (▷ *Cooperation, cross-border*; ▷ *Cooperation, transnational*).

The principle of confidence: Cooperating as part of governance arrangements and in networks requires confidence in the contributing partners. In regard to cross-border regional governance, for example, there is often a lack of confidence, especially if the border was formerly defined by the Iron Curtain. Regional development as part of European Territorial Cooperation (ETC) is an essential agenda of European policymakers. The ‘mental border’ remains an impeding factor even today, with a lasting impact across all generations. Building confidence as a basis for cooperation in the context of cross-border regional governance is perceived as an extremely tough and slowly growing process, even if there is a fundamental consensus across the border on some issues, e.g. conservation areas/green belts. Competing forms of steering logic in networks (e.g. national interests versus a federal orientation, the economy versus the environment, etc.) become more clearly discernible and lead to obstacles in the project or to contradictions.

Legal situation and competence: Despite the potential of a European Grouping of Territorial Cooperation (EGTC) and the lead partner principle, any bilateral cross-border cooperation involves reconciling at least two national legal systems. The European legal landscape and diversity of laws is simply too heterogeneous. This becomes clear in the case of cross-border regional development with project partners at the interface of different political systems. Depending on the centralist or federalist orientation of the member state concerned, the institutionalisation of regional

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development at the local level may be of lesser or greater significance. This often produces a bilateral imbalance and a legitimacy issue for regional action. The cooperative partners concerned are not on a par in terms of hierarchy, which may lead to coordination and communication problems or even to personal slights. Language barriers may aggravate the issues.

Transfer weaknesses and effectiveness: Good governance as a normative aspiration sometimes reaches its limits in cross-border cooperation. The expectation of a transfer of good governance styles, which is implicit to the programme and is the hallmark of regional development subsidised by EU funds, is even more difficult to implement in the context of cross-border regional development than at the national level. Cooperation cannot simply be imposed from above, even if it is required as the basis for a project approval. Cooperation is based on trust and voluntary commitment; it does not function simply because it is programmatically embedded in a project as a funding basis. If regions are treated as social systems, the acting stakeholders cannot be replaced at will. In the case of border regions, which are also peripheral locations on a national scale, structural conservatism also impacts projects in rural/peripheral regions.

Willingness: Regional governance requires as its foundation both willingness and civic bodies which are willing to engage (▷ *Civil society*); these are often lacking in a cross-border context with the new member states. The social situation and general conditions, the degree of concern, politically legitimised responsibilities and the individual political systems are too diverse even within the European Union. Civic activities differ in orientation between the new member states of the EU, the former EU 15 and the US, for example. The expectation of relying on social security benefits is significantly lower in the US compared to the EU. The willingness to accept responsibility in regional development processes must be developed first, especially as far as public goods are concerned. Likewise, the options for engaging in participatory planning as well as the demand and willingness for this vary.

Bureaucracy: Different administrative cultures and requirements in the individual member states increase the complexity of the bilateral implementation of regional development projects. Each of the administrative levels concerned strive for legal certainty, which in turn leads to reciprocal obstacles in internal project control. Programme management, the inspecting authority and the European Commission are affected in this case. The co-financing of projects is an increasing problem for many project owners. For the new member states, the co-financing requirement as such is already a problem, while an increasing number of small project owners fail because they lack the resources of a large organisation. A publication by the Austrian Spatial Planning Conference (ÖROK) criticises the increasingly formal requirements of this programme type which lead to a 'reduction in value' (ÖROK 2013: 34 et seq.). At the same time, it leads to a creation of 'closed shops' of an extremely exclusive character for a limited, unchanging group of participating stakeholders, who benefit from this situation. A dismantling of bureaucracy for the implementation of EU-funded regional development programmes would be desirable in future, in particular for the benefit of the objectives to be achieved.

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