

PATH DEPENDENCE OF REGIONAL POLICY

Decentralization and recentralization of regional policy in CEE

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Background - CEE affected by increasing regional inequalities; Europeanization of spatial planning; ambiguity of EU concepts and goals; and policy and institutional transformations since transition period

Research Aims

- Follow RP institutional development in CEE countries (CZ, EE, HU)
- Describe and compare path dependent processes in institutional development

Research Questions

- How has RP been transferred and transformed to national contexts in CEE?
- How has RP addressed the EU concept of territorial cohesion and regional disparities in national contexts?
- What factors of RP are particularly effective for reducing regional disparities in CEE?

Approaches and Concepts

Qualitative-comparative methods

Comparative Politics

Historical Institutionalism

Variation of national strategies regarding the competitiveness and growth agenda within the EU streamlining process

Programming Period	Czech Republic	Estonia	Hungary
2004-2006	<ul style="list-style-type: none"> Economic competitiveness through productivity and low cost strategy 	<ul style="list-style-type: none"> Economic competitiveness through technology and skills development 	<ul style="list-style-type: none"> Socio-economic development through increased employment and social inclusion
2007-2013	<ul style="list-style-type: none"> Economic competitiveness through upgrading skills and knowledge; Transition from low-cost strategy; Promotion of growth pole producing spill-over effects; Removal of barriers to economic development 	<ul style="list-style-type: none"> Benefit from global economic integration; Knowledge and entrepreneurialism through communication and mobility; Transition from low-cost to knowledge-based economy; Global attractiveness and place competition (e.g. clean environment) Promotion of polycentric urban structure 	<ul style="list-style-type: none"> Increased employment through skills development; Social stability and efficient delivery of social services; Increased territorial cohesion through development of regional growth poles; Improved accessibility through transport infrastructure
2014-2020	<ul style="list-style-type: none"> Improved functioning of labour market; High quality business environment; Support to SMEs; Transition to non-price competitiveness; Social inclusion including employment services 	<ul style="list-style-type: none"> Increased productivity replacing employment; R&D capitalisation, venture capital, foreign direct investment; Efficient use of resources; Transition to low carbon economy; Global connectivity 	<ul style="list-style-type: none"> Fiscal stability and structural reforms incl. social services; Necessity of economic growth from all investments



- **Literature** – Enhanced local and regional autonomy is linked to lower regional inequalities in developed countries and higher inequalities in developing countries
 - Lack of knowledge about transition/post-socialist/etc. countries
- The “fantasy of optimal scale” (De Vries 2000) and tensions between decentralizing and centralizing tendencies
 - Implications for Governance – democratic legitimacy versus administrative efficiency
 - Implications for Economics – endogenous development versus macroeconomic stability
- Aims of decentralization and Regional Policy find parallels
 - Decentralization supported by EU and international governmental organization transition programmes for CEE
 - Regional Policy promotes ‘place-based development,’ regionalization and Europeanization in CEE

- Hungary and Estonia exhibit path dependences stemming from different institutional legacies, imperial bureaucracy, convergence (or not) under socialism, and different paths of extrication, therefore indicating different mechanisms

Ex. Transition	Ex. Pre-accession	Ex. Accession
<ul style="list-style-type: none"> HU – early experimentation with liberalizing reforms; institutional layering and incremental change (Thelen, 2003) EE – rejection of Soviet structures and development of new institutions from scratch; event sequencing (Mahoney, 2003) and backlashes (Pierson, 2000b) Empowerment of local governments unfolded differently for RP <ul style="list-style-type: none"> HU – RP targeted regional polarization leading to decentralization EE – abolition of the intermediary level and policy of non-intervention led to virtually no RP 	<ul style="list-style-type: none"> Attention was directed towards building up institutional capacity, while programs (e.g. Phare) were spatially targeted and considered in both countries to be effective Different approaches to regionalization, i.e. establishing NUTS-II regions <ul style="list-style-type: none"> HU – regions lacked political legitimacy EE – one country as one NUTS-II regions, therefore no change 	<ul style="list-style-type: none"> Harmonization or policy convergence to implement Ch. 22 of the <i>acquis communautaire</i> contradicted previous RP transformations, interrupting the (new) path trajectories of institutions <ul style="list-style-type: none"> HU – failure of regional level EE – from spatially targeted to spatially blind interventions Overall centralizing effect of RP contradicted ideologies of decentralization and regionalization dominating the transition and pre-accession period

- Estonia and Hungary have been subject to:
 - Early decentralization during the transition period
 - Different approaches to regionalization within the same EU frameworks
 - Recentralization since EU accession, as a response to EU regulations
- Emergent Issues:
 - Institutional stability and instability
 - Challenge of institutional knowledge and capacity
 - Yet to be addressed in any RP reform
 - Basic institutional arrangements do little to support RP objectives in themselves
 - Theoretical benefits of decentralization, needed for the development of lagging regions, are unrealized

- Can institutional arrangements benefit inequalities/RP objectives?
- Future EU Regional Policy reforms should revisit the issue of decentralization to address institutional capacity
 - Need to examine unintended consequences of first and second waves of reforms in post-socialist countries, and the contribution of EU processes
 - Explore new aspects/forms of decentralization
 - Is it time for a third wave of reforms?
 - It is starting in Estonia
 - Can RP objectives be promoted through institutional design?
 - Innovative (e.g. a-territorial) approaches?
- Czech case will add richness – third way of institutional development
 - *What differences have you noticed already?*