

discussion paper

15

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Europe and its regional areas

A new division of labor on political levels

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This discussion paper contains a speech given at the meeting "A Single Market and the Environment in the EC" on October 4 and 5, 1990 in Freiburg i.Br.

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Born 1952. 1961-70: European School in Varese Italy. 1970-77: University studies in Bern (physics, mathematics, chemistry, and economics). 1978-85: free lance journalist in Bern, specializing in the topic area Science-Technology-Nature-Society, with energy policy as a focal point; consulting activities and work in environmental protection organisations, especially 1976-82 in the directing committee of the Swiss Energy Foundation ("SEE?"). 1985-88: move to Germany, participation in the building up of the Association and the Institute for Ecological and Economic Research (VOW and IOW), research project on Regional Technology Policy in North Rhine-Westphalia. Since 1989 founder and director of the EURES Institute. Numerous publications concerning regional development and european environmental policy.

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1 Two Theories

I would like to preface my remarks with two theories which will be explained and justified during the course of my speech:

1. Environmental problems are forcing us to search for nothing less than new development models. These are needed to replace the previous industrial ones projected about EC integration, which were based on high standards of living through growth and mass production. Accordingly, the necessary basic conditions for market integration has to be fundamentally modified.

2. The subsidiary principle and especially regionalization achieve decisive significance in an environmentally sound development policy. That means there must be a division of labor adequate for dealing with problems between local, regional, national and European interrelated aspects and levels on a political as well as an economic and technological basis. Sectarian and technologically oriented organization structures and procedures have to be expanded and even replaced at times by integrated territorial approaches.

2 The EC in the Industrial Tradition

The European Community was formed during the heyday of industrialization. The fundamental treaties were signed in the fifties, only a few years after the Second World War. The nations, which determine Europe's order today, distrusted each other at that time.

However, there was not only distrust. The experiences of the war had led many to the opinion that overcoming nationalism and understanding between the peoples of Europe were imperative for maintaining peace. At first there were ambitious plans for a political union by a few influential visionaries like Robert Schumann. However, they soon failed. Afterwards, the pragmatic strategy prevailed of overcoming political and societal differences through economic integration. Material goals were preeminent for many people, and the economic miracles in many European countries seemed to point the way. The adherents of an advance degree of integration banked on the sequence "Vision - Integrated Market - Internal Pressures - International Understanding - Political Cooperation".

Industrial and technological visions of the future were generally accepted as the foundations were laid for European integration. We only need to think back upon the problem free energy future and corresponding increased industrialization because of it that was imagined when the European Atomic Association was founded in 1957. The uncontested goal of economic growth was the center of these efforts. The unmitigated belief in the blessings of technological progress and the efficiency of increasingly larger economic and technical units stamped EC policy and its institutions' creation. Europe had an inspired vision of the future at that time. I can still remember the committed pioneer spirit in the sixties when I attended the European School in Italy. The school belonged to the Euratom Research Center where my father worked at that time. The atmosphere was replete with the convincing powers of the "European idea". Little remained of this later.

European integration has essentially been an integration from above right up until today. It has remained a "Europe of Fatherlands". Only the executives of nations are involved in decisions on a European level. The corresponding heads of state have determined integration rhythm and the direction to take in the past and are still doing it today. Given the magnitude which European

legislation has attained over the years, the structure of the European Community is directly opposed to the democratic achievements of its membership countries. It has become incomprehensible for most citizens.

However, we should not underestimate what has been achieved - especially by the EC - in the nature of understanding and solidarity in post-war Europe. This must be recognized as a political victory compared to other regions of the world. The EC, however, has not been able to abolish disparities between membership countries and regions. If it has been successful at all, then it has been in the sense of creating industrial models.

The individual nations had set the essential basic conditions by the end of the second World War. The nation states were the point of orientation for industrial development for more than a century, after smaller countries and regions had been deprived of their power with the creation of national states (especially in Italy and Germany) during the 19th century. Social legislation, product standards and tax systems were developed on the national level parallel to this industrial development, which affected the interaction of market forces in partially differing degrees. Above all within the framework of national economies, not only companies but whole regions as well adopted certain roles.

Common basic conditions had to be then created in the wake of European economic integration. The EC bureaucracy tried wherever possible to set centralized standards. In so doing, it was in accord with the industrial development model, which is based on mass production and mass consumption and sets great value on the creation of standardized markets. The accompanying standardization and homogenization of consumer habits, culture, tastes, landscapes, and housing was often hailed or damned as Americanization.

In order to avoid new and unacceptable imbalances caused by the transfer of economic activities, the EC found itself forced to look for increasingly new balancing mechanisms. The EC had increasing difficulties with the standardization of basic conditions, above all in the agricultural sector. At times it threatened to founder on the disputes concerning the gigantic compensation payments which had become necessary in this sector.

The rapid integration process of the EC's early years began to flounder at the beginning of the seventies and then stagnated for a long time. It is possible to pinpoint the causes for this: the model for European integration - the model of industrial growth - which was uncontested until then became questionable. To put it more precisely, it is Henry Ford's method, which became widespread in the thirties and forties and added the principle of the growth inspiring element mass consumption to that of division of labor in mass production. A crisis evolved in mass production, which first became clear with the large strikes in

the automobile industry around 1970. It became increasingly difficult to convince citizens, who had become self-confident with increasing qualifications, to remain content in monotonous work processes with an extreme division of labor. The oil crisis turned attention to the ecological consequences of the development model. Economic growth began to flounder, the future basic conditions became unpredictable, and small, flexible units proved to be more adaptable and efficient in many sectors than large structures.

The European integration process experienced renewed acceleration in the eighties. However, this time the impulses came less from a motivating vision than from the fear of a threat, from a concept of an external enemy. The "American and Japanese challenge" and "European sclerosis" were the slogans. Computers and electronics introduced a technological revolution, the scope of which was underestimated for a long time and still is today. The answer was an increased orientation to the international market, billion dollar heavy subsidy programs for a high-tech boom in computer science, electronics, new materials and even genetic engineering, the creation of huge markets and huge companies, promotion of the service sector. The EC Single Market is maneuvering subject to this logic. Dangerous opponents are supposed to be forced out by new technologies and still larger economic structures; continuous growth is supposed to be initiated according to the old formula once again. The Cecchini report sounds like the last strange monument to industrial pipe dreams. It contains no positive vision for the future.

3 Counter Movements

The model of European integration up till now has been experiencing increasing difficulties since the middle of the seventies.

3.1 Disregarding the Needs of the People

The combination of market liberalization and technocratic standardization on the level of the EC often does not correspond to the varying needs of different regions and peoples. There is a great deal of cultural variety in the European community, and its equalizing by standard market mechanisms is increasingly being felt as a loss and meeting with opposition. Whole regions are threatened with becoming economic boondocks, are no longer able to maintain themselves with their own resources, and are losing their life-blood. Qualitative needs (e.g., peace and quiet, human contact) as well as the needs of groups with less buying power or political leverage (old people, children, housewives, sick people) are systematically neglected by market mechanisms and centralized bureaucratic regulations. Added to all that, discontent is growing over the unfathomable ways of the still influential EC decision mechanisms and organization structures.

For these reasons, there have been more and more emphatic demands for democratization and regionalization of the EC. There have also been increasing efforts in the European parliament and the EC administration in this sense.

We do not intend to further discuss the various propositions for democratization here. I would only like to point out the most important but perhaps less well-known attempts at regionalizing EC structures:

- The Council of European Regions was founded in 1985.
- The European parliament passed the Community Charta of Regionalization in November, 1988 with far-reaching demands.

- The commission created an advisory council of regional and local area public corporations, which - however - has no power of decision.
- For the first time a conference on "A Europe of Regions" took place in Munich in October, 1989. A second conference is supposed to follow in the near future. At that time, the initiator and Bavarian minister president stated:

"The closer Europe grows together, the more pressing is the question about its future internal structure. ... Federalism and different levels have to be Europe's architectural principles. Europe has to be built from the bottom up. ... Nations, regions and autonomous communities have to be the foundation of the great European house."

A first if rather modest answer was given to this challenge with the standardized European treaty and the reform of structure funds. Even after the doubling of structure funds, their volume is only one twentieth of national resources for structure policy and less than 0.3% of the European gross domestic product. In order to compensate for the currently increasing disparities, either greatly increased transfer payments or subtly differentiated attention to regional conditions and potential is necessary. Strategies and basic conditions, which are oriented to a simplistic maximization of European-wide growth, would necessarily lead to the desolation of whole regions.

3.2 The Destruction of the Environment

The environmental issue has also put into question the integration and development model of the EC until now. The Cecchini report and its blindness to environmental questions and the task force report about "Environment and the Single Market" have made clear that this relatively new aspect for the EC bureaucracy requires an even more fundamental restructuring of basic conditions than the amalgamation of various national markets. Growth as a priority and goal is no longer tenable in the form it has had up till now. Other development models are necessary.

In the agricultural sector, which is especially closely connected to local conditions, standardization has not only destroyed rural social structures, but has

¹ according to Knemeyer, Franz-Ludwig (ed): Die Europäische Charta der kommunalen Selbstverwaltung. Baden-Baden 1989, p. 451.

also substantially contributed to greatly impoverish multifaceted cultural landscapes and to poison water and earth through excessive use of chemicals. In the transportation sector, the projected increased growth of traffic on the roads is ecologically unjustifiable. It is possible to foresee in the energy sector that climate problems will force a modification of basic conditions.

A strict regional differentiation is necessary in order to deal effectively with environmental problems especially for the following reasons:

- The ecological conditions - both the sensitivity as well as the potential - are and will remain different; they cannot be harmonized.
- Ecological conditions which are destroyed are not always reproducible.
- The initial economic conditions of regions and their ability to deal with ecological problems varies greatly.

The integration method used until now, first to integrate the market and then to press for the necessary political integration, has ineluctable fatal consequences in the environmental sector. In contrast to social legislation, environmental protection is a relatively new field of conscious governmental regulation, and environmental organizations are not as strongly organized as unions, so that its significance in political debates can more easily be overlooked. Market mechanisms alone are only geared to consumption and not to maintaining natural resources. They therefore urgently require supplementary controls. That is why a switch of the integration steps employed until now has to be effected. Market integration must not occur before creating the proper basic conditions.

The Common Market has also made a hesitant first step for a new policy in the environmental sector with the establishment of environmental protection as a goal of the Community.

4 The Necessity of Regionalization

It is imperative to find an answer to this fundamental challenge. It is imperative to create a new integration model, a new development model for Europe.

A new development model, which does not only have limiting damage as a goal but which includes an inspiring vision, cannot be limited to market mechanisms and standardization procedures given the problems facing us. Neither can it pin its hopes on blessings of technological developments and the future prospects of a few branches of the economy. It has to fundamentally begin with human needs, which the economic activities are supposed to serve, and from the ecological interrelationships and conditions in which we live.

Traditional approaches are insufficient for the concept of sustained development. Comprehensive, integrated development ideas are necessary.

European integration has been understood in the past to mean a transferring of powers from a national to a EC level. This is in tune with the old logic of industrial mass production, which always strove for larger units. The standardization of the European market and the centralization of the bureaucracy has led to a further disregard of spatial dimensions and the regional variety of the developmental conditions in the EC. This seems to be an essential reason for the difficulties which have arisen.

Europe's strength in the international market, the relatively comfortable living conditions and the relatively small social differences in comparison to the USA, are partially based in its creative diversity, a long history of the embedding of the market economy in social and governmental controls, highly qualified workers and a still existent tradition of skilled trades. These qualities have increased in importance since traditional mass production entered a crisis in the seventies. Regional corporate networks, especially those with new and flexible production techniques, have proved to be extraordinarily competitive. It is imperative to link up with these adaptable and diversified structures instead of destroying them, especially in conjunction with the ecological crisis.

It appears that an essential key for answering the challenge sketched above is an increased regionalization or rather a more highly diversified division of labor between the different spatial levels in the European Community.

Increased attention to regional interrelations is above all of great importance for ecological reasons:

- Material and energy circulation over a small area is easier to include in natural, ecological relationships. Their effect can be more easily grasped and justified, and usually leads to less of a local burden (e.g., water supply and treatment, food supply from regional agricultural products).
- Technologies can be employed in small area frameworks, which are suited to local conditions (e.g., using recycled energy).
- The demands of transportation are reduced by the smallest possible supply structures.
- A prerequisite for the effective assumption of responsibility is created above all through direct experience.
- The control and coordination efforts are smaller in easily comprehensible structures with informal communication relationships than in structures covering large areas, which have to be controlled by formalized steering mechanisms.

Many needs can largely be satisfied on a regional level given the current state of technology, e.g., water supply, energy supply, a large part of the food supply, the acquisition of building materials. Traffic problems are largely regional ones, as well as coping concretely with the waste disposal problem.

Many of these areas, however, require suitable European basic conditions in order to be satisfactorily solved on a regional level. We only need think of garbage disposal and traffic. It is thus a question of finding a new division of labor between different levels. This should avoid both European centralism as well as traditional fixation on the nation-state, but neither should it lead to a new kind of totalitarian regionalism.

Nation-states proved to be too big for certain tasks and too small for others. The nation-states will not only have to relinquish some powers to the EC, but also to lower levels. The degree of decentralization varies in the EC countries. The federal structures in Germany could be an interesting starting point, but in reality centralism often prevails more in Germany than in formally centrally organized countries. A politically desirable aspect of regionalization could be that the threatening predominance of a unified Germany could be countered by depriving the nation-states of their power.

There is no patent remedy for the area of conflict between autonomy and integration on the local, regional, national and European levels. The industrial development and the one-sided growth orientation of the last century have lead

to structures in many cases whose magnitude is no longer justified given the ecological problems and new technological possibilities. An adequate dimension for technological and political structures and supply areas and adequate political regulation levels have to be discovered in the different sectors for the problems ahead. We are just at the beginning.

5 Creating Basic Conditions on Different Levels

The political world is thus faced with the task of creating the basic conditions for economic development on different levels anew. There are essentially four approaches for this:

- a modification of price relationships (with taxes and duties)
- a modification and supplementation of standards and regulations
- restructuring or purposeful strengthening of infrastructures (effective in the medium term)
- and finally education and training of workers (effective in the long term)

Basic conditions are different everywhere in Europe anyway. To leave an alignment of them to market forces could have disastrous consequences both socially and ecologically.

The necessity of making fine differences in regulations will be demonstrated in three examples.

This is clearest in agricultural policy. The commission has already introduced the first approaches for decentralized control too. Agriculture is especially closely connected to various ecological conditions. A farmer in Sicily works under very different conditions than his colleagues in the Alps or on the North Sea coast. That is why it is not surprising that the concept of standardization has encountered the greatest difficulties here. The common agricultural market has had severe social and economic consequences in many regions. Gigantic costs have arisen in order to avoid even worse, which despite cuts still make up the major share of the EC budget. The amount of taxes needed for the common agricultural market is enormous. Only a small part of the EC agricultural subsidies benefit the farmers themselves. Transportation costs are also very high. The current tendency to bring the agricultural prices slowly in line with the international market ones is leading to an accentuation of previous problems, i.e., above all:

- destruction of social structures
- destruction of traditional European cultural landscapes
- increased pollution of ground, water and air through industrial agriculture

- increased environmental danger through increased use of genetic engineering methods
- decreased quality for foodstuffs

A fine differentiation is imperative here, both according to regions and product groups. Limited regional markets are sufficient for some products; European-wide trade relationships are sensible for others. I would find it acceptable if I could only buy apples from Baden in Freiburg, but I also like to eat olives, which only grow in southern regions.

We have learned in the last fifteen years from the example of energy policy - the sector where the development of ecological oriented alternatives has made the most progress - that small-sized structures with new technologies are much more efficient in many cases. Well thought-out concepts in comprehensible, local relationships allow multiple use of energy or the joint use of power and warmth in producing electricity. It enables adapting the use of regional resources (sun, wind) and taking better advantage of specific energy saving possibilities. Smaller systems in a network enable flexible use, tie up less capital and allow more leeway for later investments in efficient utilitarian technologies. The integrated consideration of energy problems in territorial relationships can open new pathways for solutions - not only technologically but also organizationally. The most developed and finely differentiated ideas about which structures and powers should be established where are in the energy sector, that is if an economically and ecologically efficient policy is to be pursued.

It has become clear in the area of traffic policy in recent years that a new relationship between the different levels is necessary in order to effectively confront the ominous ecological problems which the transportation sector causes. Here are only a few individual examples:

- The antiquated and on a national level centralized organizational structures of the railways have proved to be too inflexible faced with the finely differentiated transportation requirements and the extremely flexible road traffic. The national railways are obviously incapable of contributing substantially to solving the problems of local traffic problems on the one hand, and on the other to produce a network of efficient European-wide connections (esp. in the freight sector). A multi-level system of regional railways, national railways and a European railway corporation - which could operate the railways on a partially joint, state financed infrastructure - would probably be substantially more productive.
- Local and regional powers are urgently needed for road traffic in order to limit traffic when there is too much pollution. Only then can a goal orient-

ed environmental policy be carried out, which sets necessary measures from the standpoint of environmental qualitative targets flexibly and determinedly.

- Austrian and especially Swiss traffic policy are extremely important examples of how a traffic policy more in tune with the environment can be achieved. That such a role is only possible because these countries are not members of the EC demonstrates how important it is to create more leeway for forerunner roles and protection for especially endangered regions.

6 The Significance of Borders

The great challenge of European integration does not require joining everything to form great unities, but rather learning to think simultaneously on several levels. A European fortress with a unified market, unified economic structure and life styles is not an attractive possibility and would hardly help solve the problems.

European integration poses questions about borders on a new dimension. Since the French Revolution and the beginning of industrialization, national borders have provided the most important and until now the most absolute orientation framework on one hand. On the other hand, the crossing and tearing down of borders to obtain new freedoms has been in the forefront of economic and social dynamics.

National Socialism has taught us what it means to make borders or levels absolutes: totalitarian conformity inside them, autarky and war outside them.

Extreme nationalism and regionalism have also been expressions of helplessness confronted with an alienating, uncontrollable economic dynamism. Tearing down all barriers and borders, which characterizes the liberating aspect of capitalism and which had a formative influence on the philosophy of the social movements of the seventies, cannot be the alternative. The significance of borders of the most different kinds - whether ecologically, economically or in the personal sphere - has become clearer in the eighties.

The difficult relationship between independence, integration and exclusion is currently being demonstrated in the relationship of the EC to Europe. It is important here too to enable integration in the greater European house without relinquishing EC achievements. The function of the different kinds of borders has to be reconsidered. The handing over of a defenseless Eastern Europe to the mechanisms of the international market could only lead to helplessness and increasing nationalism. There is great hope in Eastern Europe that the European Community can become a model for a new all-European order.

It is thus imperative to redetermine the significance of communal, regional, national and EC borders. It is imperative to strengthen the ability to control matters on the lowest levels, but at the same time to support exchanges of

experience and mutual learning between the different European regions and cultures.

7 A Crisis of Models

Obviously nothing less will do than to find a new development paradigm. New ideas about models are needed which not only enable crisis management and a limiting of damages, but which offer some orientation and can set free creative forces. The European vision of the sixties included understanding among peoples and improved living conditions through technological progress and economic growth. Instead of improving living conditions, improving economic competitiveness has taken the forefront to a great extent today. A realistic and inspiring idea of a good life is missing. The crisis of environmental and regional policy is not a crisis of means, but above all a crisis of goals.

Much more important than a discussion about the means is therefore a discussion about common models. It can no longer be a question here of one single, standardized model, but rather of finely differentiated and diversified models for different regions, which are compatible with a common European vision, however. Spatial interrelations and an integrated territorial way of looking at things which make individual roles clear within the basic conditions of general development are of great importance for the creation of common goals. These goals should enable the cooperation of the greatest variety of participants. Taking control of one's own destiny on various levels is not possible without models, without orientation.

Regional interrelations are especially important for developing models because it is possible to keep a general overview of them. Visions can be made vividly concrete here and discussed publicly over long periods of time. New approaches and structures can be developed and tried out in a few regions, which could possibly be expanded at a later date. There are no patent remedies for the current crisis. We need a great variety of creative answers to the ecological challenge. The willingness of local and regional communities to tread new paths requires encouragement and more leeway.

New problems and new goals could make old conflicts of interest relative and create a new consensus and new coalitions. That is why it is important that various social groups begin anew to talk with one another, that new common grounds are sought in the discussion about models.

8 conclusion

Neither centralism nor laissez-faire are thus the solution. On one hand, therefore, approaches in the European environmental policy should be discarded which strive for total concurrence. On the other hand, the subsidiary principle should not be misused as an argument for wide-reaching deregulation, for organized irresponsibility on the higher levels. The newest tendency of the commission, to speed up the realization of the EC Single Market by the renunciation of difficult to negotiate common regulations, is dangerous. Therefore concepts which are nuanced and finely differentiated have to be found for individual sectors to achieve a division of authority on different levels. The Community has to set minimum standards, but the lower levels have to have the possibility to set higher requirements for protecting the environment. However, environmental policy is not only protection policy. It has to be above all structural policy too. That is why it is necessary for the Community to create general basic conditions, which protect and encourage ecologically oriented innovations and environmentally hospitable structures and at least no longer put the efficient small area supply and network structures at a disadvantage. Nuanced, finely differentiated concepts have to be sketched in various sectors and put into practice. The purpose of this conference is to contribute to this.

Europe is facing an historic task, the magnitude of which has never been solved. It is time to find a new and democratic division of responsibilities which does justice to problems and needs between different levels, and to conceive and put into practice a new development model compatible with ecological conditions. These two tasks are inseparable.