

REGIONAL GOVERNANCE IN CENTRAL EUROPEAN REGION: THE CENTROPE CASE

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Introduction: new modes of governance

Local governments have become increasingly engaged in fostering and encouraging new ways of local development and employment growth and have been involved in economic development activities related to production and investment. This occurs in a context of “glocalization” (*Swyngedouw, 1997: 103*) (and “global-local disorder” that implies a host of institutional changes within the local and regional state apparatuses (*Brenner–Peck–Theodore, 2006*) and a “re-scaling” that differs from the previous state development model – the “National Keynesian Welfare State” (*Jessop, 2002*) which emphasized the national scale. In this sense, local governments strive to respond to an enhanced scope due to the emergence of important new problems, which cannot be resolved “through top-down state planning or market-mediated anarchy”, implying a “shift in the institutional centre of gravity (or institutional attractor) around which policy-makers choose among possible modes of co-ordination” (*Jessop, 2003: 102*).

Following Moulaert et al (2002) and Harvey (1989), these changes affecting local governments have converged in an entrepreneurialist form of state that develops a new type of growth coalition, involving local chambers of commerce, local financiers, industrialists, property developers, etc., resulting, therefore, in a more intricate form of state, as the power to organize space derives from a whole complex of forces mobilized by diverse agents. Consequently, local governments seek new technologies of government and a new form of multi-scalar governance is emerging.

There is a wide array of notions of governance, which can easily be related to various views of planning or political theories (*Moulaert–Sekia, 2003*). Governance is here understood as the “emergence, proliferation and active encouragement of institutional arrangements of ‘governing’ which give a much greater role in policy-making, administration, and implementation to the involvement of private economic actors on the one hand and to parts of civil society on the other hand in self-managing what until recently was provided or organised by the national or local state” (*Swyngedouw, 2005: 1992*). Additionally, governance also entails explicitly the multilaterally involved interests and the necessity of mutually satisfactory decisions and projects. It can also be understood as: “the reflexive self-organization of

independent actors involved in complex relations of reciprocal interdependence; this self-organization is based on continuing dialogue and resource-sharing to develop mutually beneficial joint projects and to manage the contradictions and dilemmas inevitably involved in such situations” (*Jessop, 2003: 103*).

In what concerns the governance of governance, i.e. the meta-governance (*Jessop, 2003*), states have a major and increasing role. According to Swyngedouw and Jessop (2006) states “provide the ground rules for governance and the regulatory order in and through which governance partners can pursue their aims; ensure the compatibility or coherence of different governance mechanisms and regimes; act as the primary organizer of the dialogue among policy communities; deploy a relative monopoly of organizational intelligence and information with which to shape cognitive expectations; serve as a ‘court of appeal’ for disputes arising within and over governance; seek to re-balance power differentials by strengthening weaker forces or systems in the interests of system integration and/or social cohesion; try to modify the self-understanding of identities, strategic capacities, and interests of individual and collective actors in different strategic contexts and hence alter their implications for preferred strategies and tactics; and also assume political responsibility in the event of governance failure” (*Swyngedouw–Jessop, 2006: 22*).

Even pursuing the meta-governance responsibility, local governments, through local governance systems, seek to promote economic development by a new institutional setting which incorporates public-private-partnerships and “flexible” institutions giving much greater role to actors of civil society. It, however, raises the question of the actors to which role is given and the results of the governance system in terms of policies.

Considering these lines, the present work describes the intentions and first results of a PhD dissertation, which aims at investigating the governance system in terms of growth alliances in a produced space: the newly emerging so-called Central European Region – “Centrope”, in the border region of four European countries: Austria, Hungary, Czech Republic and Slovakia. In this created region, which do not coincide with a formal political administrative unit, local governments launched a project to face economic challenges through a cooperation building that aimed to gather different actors.

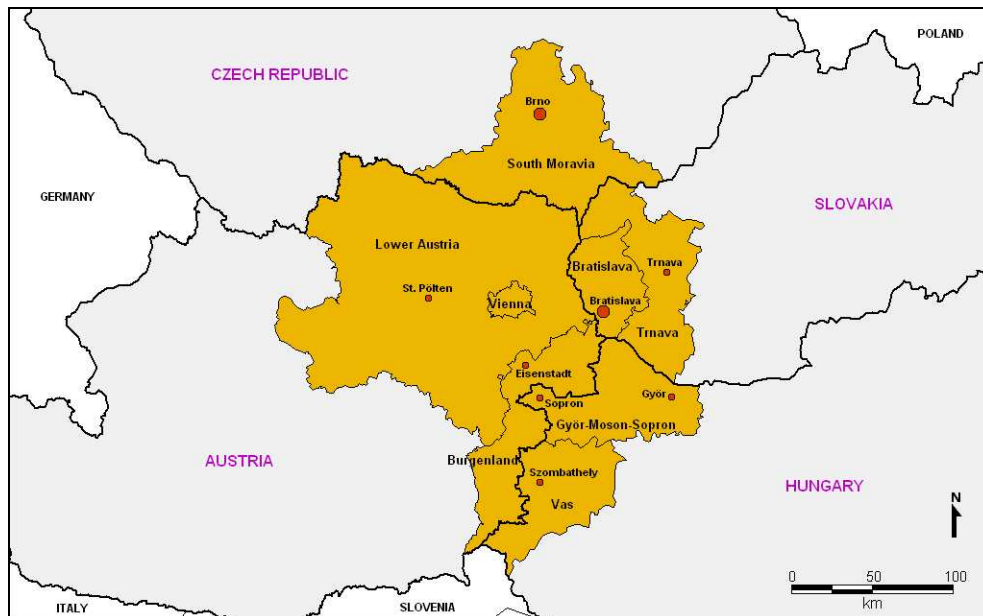
Centrope: re-creating an old trans-national region

An emerging region

Central Europe is an intermediary region between Western and Eastern Europe with deep historical roots, though later the West became urban and industrialized, while the East remained rural and agrarian (Anderson, 1980). Within the Habsburg Empire these centre-periphery relations were found within the political-military unity of the Austro-Hungarian Empire. Austria ruled over the Western, Hungary over the Eastern part and their respective nations. After 1918 the region experimented with democratic, authoritarian and fascist regimes and after 1945, the East was disconnected from the West by the Iron Curtain, a border nearly identical to the border of the Carolin empire around 800 (Szücs, 1990: 13). After 1989, the fall of the Iron Curtain, attempts to cooperate with neighbours changed the geopolitical position of Vienna from the most Eastern part of Western Europe to the historical position linking Eastern and Western Europe (Musil, 2005) (Figure 1).

Figure 1

The Centrope Region



Source: CENTROPE (2006).

“Centrope is the lead project which develops a multilateral, binding and lasting cooperation framework for the collaboration of regions and municipalities, business enterprises and societal institutions in the Central European Region” (www.centrope.info). The launching idea was to “create a prospering European Region”, where a governance system could be established.

The project is financed 50% by the European Union, in the framework of the Structural Fund INTERREG III-A, and 50% by the three Austrian Federal provinces of the region: the governments of Lower Austria, Burgenland and Vienna.

The very first aims of Centrope were divulged at its launching event. The project was officially inaugurated by a meeting of local governors in September 2003 in the Austrian town of Kittsee. At the occasion, local governments signed the “Kittsee Declaration”,¹ the three main statements of which could be roughly summarised as: 1) to establish a common region; 2) to create an internationally attractive location; 3) intensify co-operation, networking existing initiatives, communicate the future potential of the region to the public at large and strengthen social and entrepreneurial commitment to the region.

Additional objectives of the project involve issues such as public relations, networking and communication; assistance to the coordination of existing cross-border activities; and mobilisation to engage public, commercial and social bodies in regional attempts. Further subjects are: research and training; economy and the labour market; regional development, infrastructures, culture, location marketing and the promotion of “success in competition between European regions” (CENTROPE, 2006).

Antecedents of the Centrope Project

Efforts have been made by Austria, and more specifically from Vienna, since the early 1990’s to establish co-operation with neighbours and “to maintain but also to extend its grown role as an attractive site for international co-operation and to position itself as a competence centre of European co-operation” (*Vienna–Stadtregierung*, 2004: 2).

Centrope is not a first action in this direction, some of previous attempts are: (a) the association of governments of Vienna, Lower Austria and Burgenland in the so called “Vienna-Region”; (b) the sequence of seminars in the years of 2000–02 with participants from four countries launched and coordinated by the Europaforum Wien, a Viennese non-profit organisation, by initiative of Vienna’s government; (c) the cross-border project DIANE (Direct Investment Agency Net), launched in 2002

¹All Political Declarations of Centrope can be downloaded at http://centrope.info/baernew/topics/Project_Conferences.

by the three local development agencies of the “Vienna-Region” to build a network of the local (governmental) development agencies of the four countries of Centrope.

Nonetheless, before the direct attempts, the Viennese government has made other movements to benefit from the fall of the socialist regimes in Eastern-Europe and to associate with its neighbours, which had already belonged to the same state during the Habsburg Empire at the 19/20th centuries.

The cooperation after the collapse of the Iron Curtain is considered “the return to a new normality”, as “only the political events of the 20th century that split this socially, economically and culturally integrated region into a space divided by borders” (Centrope 2006: 5).

Although based on the partnership idea, Centrope Project represents, however, a shift in the traditional organisation of social forces in Austria. During the interwar years, Austria went through an economic crisis and the Vienna social democrat local government – known as “Red Vienna” – opted for a local welfare state to diminish the effects of the crisis. After World War II, the whole of Austria was embedded in a Fordist economic model supported by an alliance between productive capital, the middle classes and organised labour. A restrictive wage policy – achieved by agreements with labour unions – and an expansive fiscal base prolonged the lifespan of Austrian Fordism until the 1980’s (Becker–Novy, 1999).

Austria turned towards European unification to combat the crisis, by adopting a restrictive fiscal policy and privatisation. After Austria had joined the EU, the labour unions and new social groups became less capable to organise themselves and to react to the changes than the enterprise associations. New agreements with unions ended in more restrictive wage policies, which raised unemployment rates and reduced incomes. The new challenge was to improve international competitiveness; Vienna strived to “become an international finance and service centre”, turning itself into the “Gateway to the East” (Novy et al. 2001: 132). Local institutional changes aiming at the attraction of external investments included restructuring government towards an entrepreneurial model and new institutions that aim at giving local government better capacity to respond quickly and flexibly to investors’ requests (Novy–Becker, 1998: 18). Business agencies were created to implement new economic policy and large urban projects based on public–private partnerships. The new planning forms were more open to the business sector and appealed to a public of “qualified” persons. Planning started serving an “ideological shift towards entrepreneurialism, managerialism and business friendly policies” (Novy et al. 2001: 139). With these attempts Vienna has abandoned the corporatist system to enter an internationalised liberal European mode of governance.

The Organisation of Centrope Project

Centrope's regional development initiative reflects the Viennese ideological shift towards entrepreneurialism and its engagement in building joint proposals with its eastern neighbours. Vienna has a key role in the project, which is conducted mainly by Austrian partners. Four organisational bodies are involved in Centrope:

Political Conferences are the meetings of the heads of the sixteen local governments of Centrope. It represents the higher decision level, which guides the operative implementation of Centrope. So far there were three conferences, all in Austria: the inauguration Conference in Kittsee (Burgenland), September 2003; the second in April 2005 in St. Pölten (Lower Austria); and the third in Vienna, in March 2006. The secretary board of Centrope (see below) translate the discussions of the Conferences into documents, the "Declarations", which contain the political guidelines to all Centrope's actions, their common view and desired common future.

Advisory Board is a discussion forum composed by two representatives of each local government of Centrope. The representatives are "normally from lower political level or higher administrative level". That could be, for example, political secretaries of the local executive government, local legislators (connected to the head of the executive) or heads of local offices (as in Vienna, whose main representative is the head of Planning office). The Board is only a consulting body, not a decision making level.

Steering Committee: is formed by the three Austrian Federal provinces that co-fund the Centrope project, i.e. the governments of Lower Austria, Burgenland and Vienna. The Committee is the actual executive decision making body, responsible for selecting the projects presented by the *Consortium* that will receive financial support, i.e. will have the authorisation to be implemented.

Consortium: is the executive body, responsible for practical everyday implementation actions, i.e. "building the multilateral co-operation" by assisting the coordination of existing crossborder activities and the regional working groups, writing projects to submit to the Committee, selecting ideas, etc. The main tasks are executed by governmental agencies and collaborators. It is formed by the following Austrian entities:

- Vienna Business Agency (WWFF), the city's governmental development agency.
- Ecoplus: the governmental business agency of the province of Lower Austria.
- WIBAG – Business Service Burgenland: the governmental province's agency.
- Regional Consulting ZT Ltd: an Austrian private consulting company.
- Europaforum Wien: a non-governmental and non-profit organisation, which has the Viennese government as main and quasi exclusive client. It holds the

secretary function: elaborating communication material (as Political Declarations, website and planning documents), launching and coordinating meetings to strengthen regional cooperation and engagement of neighbours.

Planning, Participation and Discourse in Centrope

In this fashion, the planning and decision making of Centrope is conducted by the Political Conferences on the general strategy and by the Consortium and Steering Committee on the tactics and practical issues. Hence, two points are remarkable: the absence of non-governmental actors; and the concentration on the Austrian governments.

The second point is already a source of conflict, as non-Austrian governments complain of the lack of a common space for financial decisions. The intended solution is to foster complementary INTERREG projects under a Centrope umbrella, with non-Austrian governments as projects leaders and co-financers and, as a result able to take financial decisions. The first additional project is the Slovakian was to be launched at the end of 2006. The Czech one is ongoing.

Regarding the absence of private and civil society actors in Centrope, notably is the lack of formally institutionalized channels to incorporate the interests of non-public actors. The participation could solely be achieved in the working groups, the pilot projects or the Centrope Platform. The working groups are formed by “experts” and organised to discuss development themes. They can produce diagnoses and “jointly deliberate on appropriate strategies and development steps” (www.centrope.info). However, the discussed themes are selected by the Consortium and the Secretariat is responsible for publicizing the results of groups’ discussions in Centrope informative channels. Moreover the “experts” are almost totally from local and regional governments or regional agencies.

Although any local actor can suggest projects, the pilot projects are launched by the Consortium, as it has the scope of writing projects and submitting them to the financial decision level: the Committee. They are implemented by various actors, but analogously to the working groups, it involves mainly public administrators. The Platform counts in its majority on private and civil society participants, on the other hand it is an information forum with no decision making or planning scope. With this concentration on state actors, the discourse is therefore constructed by collaborators of governmental of the above described organisational levels.

The principal planning document is the brochure “We grow together – Together we grow: Centrope Vision 2015” which consolidates the results of the third Political Conference, held in Vienna in March 2006. Furthermore, it brings a synthesis of the working groups and pilot projects results. The common “Vision” is focused in the selected regional themes such as economy, education and culture

and others and describes the intended regional plan, the desired common future. Its object is to reach the population and promote the project to a mass public.

Official documents related to Centrope are differentiated according to two different target groups, but have the common characteristic of advertising folders: one aims at the population in general in order to “communicate the future potential of the region to the public at large” (Kittsee Declaration 2003; www.centrope.info). These documents stress cultural and employment/labour issues, thereby, constructing a regional identity. The second type of documents is directed towards investors and gives information concerning locational advantages of the region. It includes information on tax cuts for corporations and all kinds of governmental subsidies or services offered.

As showed, the main actors in Centrope come from government or outsourced public bodies. These are highly educated and cosmopolitan bureaucrats who become key opinion maker and “organic intellectuals” (*Gramsci*, 1971) of regional integration. They form an increasingly internationalized elite network and elaborate their own “discourse of competence” (*Chau*, 2000), which incorporates and institutionalizes new (mainly liberal) ideas and embeds it in everyday practices and common sense through documents and speeches that contain selected narratives.

Governance in Centrope

The conception of Centrope is an attempt to create at the same time a region and a mode of governance. It is a spatial as well as political innovation. This final section will display some preliminary analysis of this new arrangement by focusing on the new institutions and its balance of power and the participation of regional actors.

Centrope is a region with no constitutional status, but a long history. It articulates local and state governments, two federal units, in a supra-regional territory. Czech Republic, Hungary and Slovakia are unitary states, which implemented decentralisation recently during adhesion to EU. In its totality, Centrope is a trans-borders and trans-national region as well as a top-down initiative of public policy. The region has not only a historical root, but is increasingly becoming a meaningful territory for living, working and investing. They condense relations of production and reproduction, regulation and accumulation and institutionalize socioeconomic relations, a prerequisite for formation of new territory. It shows that the regional level is becoming more suited to the challenges of socio-spatial restructuring than the local.

Institutional changes to a new region?

The role of the involved governments in Centrope is marked by leading executive powers that foster relatively homogeneous strategies and discourses.

Involved in governance system are the head of local governments (in the Political Conferences of Centrope) and development agencies, which belong to or concentrate only representatives of the executive. The result is a concentration of authority in the executive power. The system formally opens space for local and regional legislators; however, room is given solely in a discussion forum (Advisory Board). Besides, the degree of their participation is minimal.

In addition, the leading role of executive power is reinforced the “flexible” agencies responsible for implementing regional development projects. The formation of governance institutions in the case resulted in creation of more governmental instances (development agencies) or enhancement of scope of existing ones, instead of resulting in a minimal state. The mainly public funding of initiatives, moreover, is also present in the case.

The chosen economic strategies for development emphasise the discourse of promoting the region by regional marketing, efficiency and competitiveness. Focus is on attracting foreign investments by advertising the region and on employment generation by labour market strategies that attract new companies (e.g. fostering professional qualification and advertising the qualities of their labour force). The attraction of new investments focuses in the automotive industry and modern service-firms. Supporting enterprises is also a main issue.

Implementing these economic development strategies and providing support services to enterprises became a responsibility of the governmental agencies. However the embedded discourses of competence and of New Public Management required a new organisational model, in order to ensure competitiveness. This guideline asserted by top strategic level (normally the head of executive) increases the confusion of function of these agencies between public and private organisational models, principles and images. Consequently, the collaborators of agencies interiorize the above mentioned discourses and tend to see themselves as working in efficient private services pools that implement the best strategies for development. Therefore, they reinforce the entrepreneurs discourse by knowledging technologies as meetings, planning and advertising documents, conversations with other governmental spheres and with entrepreneurs (*Sum, 2005*). Their everyday practices are changed in order to fit into the “modern and efficient” discourses of competence and of New Public Management.

Growth Alliances and Participation

Concerning the growth alliances in the governance system of Centrope notably is the lack of incorporation of workers in the governance institutions and planning procedures. In Centrope the former Austrian corporatist tradition based on a tripartite alliance between state, capital and labour is gradually disappearing.

On the other hand, strong in Centrope is the main intention of building cross-borders co-operation systems to strengthen entrepreneurial commitment to the region. However, a long-lasting articulation of public and private actors has not yet been achieved, although it has contributed to the organization of capital in space: i.e. in Centrope occurred a stronger association and dialogue between the institutions representatives of enterprises (as industrial and business organisations). This reveals an improved capacity of enterprises to organise themselves regionally for lobbying and influencing planning, though using different channels than those institutionalized by the intended regional governance system.

The structure of governance system permits a type of participation of entrepreneurs connected to short term interests. This is mainly due to the leading role of executive above affirmed and the absorption by governments of the mainstream discourse of governance, which preaches that the participation and incorporation of private actors must be actively encouraged. The concentration of power and actions on executive results in obstacles to accountability and social control and enhances the effectiveness of dominant private actors' lobby, which can concentrate their demands in one destiny. The governance discourse enthusiastically assimilated generally leads governments to celebrate any participation of entrepreneurs in planning and dialogue. As a consequence their demands tend to be promptly accepted.

Moreover, the structure benefits large enterprises by the privileged incorporation of business associations, generally administrated by large enterprises, even when majority of their members are small and medium firms. The lack of formal participation channels beyond those large enterprises as small firms, communities and population boosts narrow and exclusive mode governance.

Hence, room is given to private actors to participate in occasions connected to their short term interests but a solid and long lasting cooperation is not yet clearly achieved. Austrians invest heavily in its neighbouring countries (*Musil, 2005*), but these investors are not formally represented or participating in Centrope. Raffeisen, an Austrian bank, promotes its own website (www.centrope.at) and activities on Centrope, parallel to the governmental attempts. The Austrian Industrial Chambers sponsor an own "Centrope Platform" that gathers together industrials of Centrope region to discuss their intentions and needs, but this attempt is not connected to the official governance system.

In this sense, although the analysed experience of association of local governments have built a new region and created conditions of furthering commodifica-

tion, by reinforcing the discourse of competitiveness and embedding the belief that an environment favourable to capital is the only requirement to employment generation, the local governance systems did not achieve to connect big capital with local space. Instead, fragile and temporarily alliances were formed. The formation of accountable institutions for a continuing dialogue and for resource sharing between broad ranges of relevant actors is not yet a reality in the Centrope region.

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