



FORSCHUNGSINSTITUT FÜR ÖFFENTLICHE VERWALTUNG

Klaus König/R. Scott Fosler (Hrsg.)

REGIONALIZATION BELOW STATE-LEVEL
IN GERMANY AND THE UNITED STATES

REGIONALISIERUNG UNTERHALB DER LANDESEBENE
IN DEUTSCHLAND UND DEN VEREINIGTEN STAATEN

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in Deutschland und den Vereinigten Staaten**

Speyerer Forschungsberichte 197

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**Forschungssymposium/Workshop
vom 30. März bis 3. April 1998**

**FORSCHUNGSINSTITUT FÜR ÖFFENTLICHE VERWALTUNG
BEI DER DEUTSCHEN HOCHSCHULE FÜR VERWALTUNGSWISSENSCHAFTEN SPEYER**

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Acknowledgement

As the executive director of the Research Institute for Public Administration at the German Post-Graduate School of Administrative Sciences and host of the workshop „Regionalization below State-level in Germany and the United States“ I would like to thank the President of the National Academy for Public Administration, *R. Scott Fosler*, for the fine and intensive cooperation which was the precondition for the good atmosphere and the fruitful scientific exchange during the conference.

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Finally, I would like to express my gratitude to *Ann Mladinov* and *Natascha Füchtner*. Their close trans-atlantic preparatory management, their organizational work and assistance to the participants guaranteed the smooth and successful proceeding of the conference.

Speyer, December 1998

Klaus König

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Opening Address

by *Klaus König*, Speyer

Dear President *Scott Fosler*, Ladies and Gentlemen, Dear Colleagues!

As the executive director of the Research Institute for Public Administration at the German Post-Graduate School of Administrative Sciences (the *Deutsche Hochschule für Verwaltungswissenschaften Speyer*), I wish to welcome you very warmly to Speyer. We are holding this meeting in the assembly hall of our school's senate. On the wall, you can see a picture of our late colleague *Fritz Morstein-Marx*, who was a unique representative of both the American and the German administrative world. He worked as a practitioner in the Hamburg administrative authorities, and as an emigrant, he rose to be a member of the White House staff. He was professor at renowned American universities, among them Princeton, and he spent the last years of his professional life here at the Speyer Post-Graduate School. In the USA he became well-known, above all, for editing the first textbook on public administration after the Second World War. In Germany, he later on became the pioneer of comparative administrative science. Those who have known him personally or have studied his works, will feel deep respect for him.

This hall has already witnessed many discussions with numerous American colleagues, since a great number of American professors have worked at the Research Institute as visiting researchers or attended specific events on their own. Yet this is the first time that we are collaborating as an institution with an institution in the United States.

Now, I would like to present the Research Institute to you in brief: For many years, the institute was a component part of the Speyer Post-Graduate School. In 1976, it was given independence. Although it uses the Post-Graduate School's services, above all its library, it is a separate organization which is supported and funded by the Federal government and the 16 state governments. From the academic viewpoint, the Institute is a member of the *Wissenschaftsgemeinschaft Gottfried Wilhelm Leibnitz*. This scientific community unites about 80 non-university research institutions in Germany, among them renowned economic research institutes.

The Institute's mission is doing research in the field of administrative sciences with particular attention to the requirements of public administra-

tion in practice. Accordingly, our research ranges from basic research projects to projects of practice-oriented research. Most projects unite both aspects even to the point of consultancy in administrative practice. Members of the Institute are the more than 20 professors of the Post-Graduate School and also more than 25 junior researchers with full-time posts.

It is in accordance with the German and also the Continental European tradition that the most varied disciplines relevant to public administration are allowed for within the scope of administrative sciences. These include public law, the various economic sciences, in particular fiscal economics, as well as sociology, political science, psychology and history, but also computer science with specific orientation to public administration. Besides these, there is also administrative science in the singular which – similar to Public Administration in the United States – endeavours to integrate all the varied findings.

Yet the Research Institute is not only multi-disciplinary and interdisciplinary. It tries to improve the status and profile of research through cross-sectional perspectives and focusses of research. One of the cross-sectional perspectives is the modernization of public administration; moreover, the Research Institute's work focusses its attention on processes of integration like the unification of Germany, the European Union and globalization. The focusses of our research are (1) citizens, state and public responsibilities, (2) civil service and organization (3) planning and decision-making (4) public finance and economic policy, and (5) legislation and judicial policy. It may be considered as a measure of the Institute's productivity that more than 400 books and innumerable articles and papers have been published during the past two decades.

The Research Institute for Public Administration is unique in Germany both within and outwith the universities. Accordingly, we are endeavouring to be the prime interlocutor for international cooperation in the public administration field. We admit foreign visiting researchers, hold international seminars and cooperate on an institutional level with comparable institutions abroad. It is a particularly great pleasure for us that we are now collaborating with such a distinguished institution in the United States as the National Academy of Public Administration. May I therefore welcome the delegation from the Academy once again most cordially here in Speyer.

When I was discussing with *Scott Fosler* in Washington what might be an appropriate subject for cooperation between NAPA and the Research Institute, we were well aware that there is an abundance of issues common to democracies and industrial countries like the United States and Germany,

although the relevant approaches do diverge. For instance, comparable to the Reinventing Government approach in the USA, there is the „lean state“ movement in Germany. We then agreed, however, that problems of federalism and regionalism should be our mutual topic of work. For, on the one hand, the United States and Germany have comparably decentralized politico-administrative systems with Federal, state and local administrations. On the other hand, however, both the Academy and the Research Institute are concerned in all three levels of government. So regionalism seemed to be a topic of particular interest, for it is relevant among the classical levels of administration and raises questions of quite some importance both in the United States and in Germany. In addition, Speyer and its surroundings offer a number of interesting illustrative cases in regard to regionalism. For Speyer is located within a poly-centric metropolitan area with cities like Mannheim, Heidelberg, Ludwigshafen, Worms and Viernheim; and these cities and counties belong to three Federal states, i.e. Rhineland-Palatinate, Baden-Württemberg and Hesse. So, this is a state-crossing region. Moreover, Speyer is not far from the French border. And this is why regional problems crossing national borders are also encountered here between France and Germany, for instance in the Strasbourg/Kehl area.

With this opportunity of collecting concrete experience in situ, our first common programme was appearing in outline. It is divided into three phases. The first phase is intended to rouse mutual appreciation of regionalism in Germany on the one hand and regionalism in the United States of America on the other. The second phase will be a matter of discussing classical regional problems encountered in the various fields of policy including regional economic promotion, regional passenger transit, and environmental protection in the region. In the third phase, the problems of state-crossing regions on the one hand and those of frontier-crossing regions on the other will be dealt with. It is true, however, that regional aspects intermingle with the various fields of policy.

Countries practising federalism and local self-government generally have traditional administrative borders. The dynamics of economy and society do not usually adhere to these borders. In the Federal Republic of Germany, it was in the 1960s and 1970s that the administrative borders of municipalities, communes, counties and intermediate-level administrative districts were re-organized on a large scale. For example, the number of rural counties in West Germany was reduced from 427 to 237, the number of municipalities not incorporated administratively into a county decreased from 236 to 91. This organizational enlargement served above all to strengthen the performances of public administration in rural areas. Still, regions have remained

the platform of economic and social dynamism. So the administrative reorganization of regions is now again being given greater attention in Germany. It is in keeping with the nature of the National Academy of Public Administration and the Research Institute that we have scheduled these administrative issues for the final part of our negotiations.

With the programme of our Workshop, i.e. „Regionalization below State-Level in Germany and the United States“, we are probably asking more questions than can be answered during one week. I wish to all participants interesting discussions and negotiations, and our American guests a pleasant stay in Germany.

Regional Governance in the United States: An Introduction

by *R.Scott Fosler*, Washington, D.C.

Introduction

The regional challenge to governance is evident throughout the world. In nearly every country, the practical problems confronting government rarely correspond neatly to the boundaries of formal political jurisdictions. Rather, they follow the contours of *de facto* economic, social, and environmental regions, some of which have historic traditions dating back through the centuries, and some of which have emerged with swift force in recent decades. Certainly this is true in Germany and the United States.

That is why the Research Institute for Public Administration in Speyer and the National Academy of Public Administration in Washington, D.C. decided to hold a joint conference in Speyer, March 31- April 3, 1998, to compare experiences with regional governance in their respective countries. We were fortunate that the German Marshall Fund shared our belief in the value of such a project, and are grateful for the financial support of the conference.

Purpose of the Conference

The conference had three main purposes.

The principal purpose was to share knowledge and broaden mutual understanding of the nature of the critical challenges at the regional level (below the scale of a state or *Länder*) in Germany and the United States. This included examination of current governmental approaches to dealing with these challenges and new and innovative public and private sector institutions, processes, and administrative options being developed to address them more effectively in the future. More specifically, we wanted to examine the similarities and differences between our two countries in several areas:

- the institutional frameworks and nature of the regional governance systems in the two countries;

- the challenges to those systems and the reasons why we need to strengthen our approaches to regional issues;
- the special issues related to state-crossing and nation-crossing regions
- regional questions in specific functional areas, especially economic development, passenger transportation, and environmental protection.

The second purpose was to accelerate trans-Atlantic learning on regional governance, with specific attention to approaches in the United States and Germany. The timing here was key, since we were seeing a surge of interest in regional issues in both countries, reflecting corresponding interests around the world. This was an unusual opportunity to bring together thinking about regional issues, share and compare experiences and perspectives in the two nations, and sharpen thinking about how to harness the energy behind the regional movement to improve regional governance.

Much of the trans-Atlantic discussion to date has focused on particular policy areas, including economic development, transportation, and environmental protection. This conference aimed to build on those exchanges, but focus specifically on the governance dimension, and in particular on the regional governance dimension, of these key issues. It offered an opportunity to gain leverage in attacking these problems by recognizing that the key barriers to progress in these and other key policy areas are institutional in nature; they require rethinking basic policy systems and learning how to operate in a new environment.

The third purpose of the conference was to forge closer institutional ties between the United States and Germany on the issue of governance. Both the Research Institute of Public Administration and the National Academy of Public Administration share a common interest in the institutional dimension of public policy: how to design, structure, and manage public institutions across a broad range of policy concerns, in order to achieve effective results for the people. This conference served as a means of opening a new channel of communication in the German-American dialogue on this important topic.

The Academy's Interest in Regionalism

The Academy is an independent, non-partisan organization chartered by the U.S. Congress to address key issues of governance and public management. It is comprised of 480 fellows elected to the Academy based on their distinguished careers in public service. The Academy has long viewed an understanding of regions as key to effective governance. Simply put, economic,

social, and environmental regions create the natural and historical definition of where people live and work, so it only makes sense that they should be governed well. But if people live and work in economic, social, and environmental regions, they vote and pay taxes in politically defined jurisdictions that rarely correspond to those regions. Reconciling the tensions caused by this disjunction is an ongoing challenge to governance.

The concept of regional governance also provides an integrating mechanism to bring together the disparate pieces of the governance puzzle: federal, state, and local government; an array of functional programs in such areas as transportation, economic development, housing, and the environment; and the interaction among government, business, and the civic sectors.

The Academy's interest in this topic dates back to the 1970s when it undertook a long term project to promote effective regional governance in four metropolitan areas in the United States. More recently the Academy completed a project to determine how the federal government could become more „region friendly.“ We have been working with several cabinet agencies and the vice president's office in developing policies and approaches to this end. The theme of the Academy Spring Meeting in Boulder, Colorado, in June 1998 was „the regional challenge to governance.”

The Regional Challenge in the United States

Regions in the United States are variously defined. The large, multi-state regions of the South, the Middle Atlantic States, New England, the Mid West, the Rocky Mountains, and the Far West, all have their own particular features, traditions, and challenges. Most American states form but a part of such vast regions. But the states themselves are comprised of smaller regions, many of which follow their own economic and physical contours across two or more state boundaries.

Even a state as small as Maryland is comprised of such distinct regions as the mountainous western part of the state; the rolling agricultural land in its center where the Appalachian mountain range falls to near sea level; the distinct but gradually merging metropolitan areas of the cities and surrounding suburbs of Baltimore and Washington, D.C.; and the rural and water-based economies of the Chesapeake Bay tidewater region. Each of these regions has its own identities and needs which do not respect municipal, county, and state political boundaries.

While all such regions below the state level have pressing problems, the urban regions in the United States today tend to confront a similar, and formidable, range of challenges. The typical metropolitan region in the United States, especially in the older industrial areas of the country, is comprised of a faded „downtown” surrounded by concentric rings of poor neighborhoods, somewhat better off inner suburbs, wealthier outer suburbs, sprawling exurbs, and scattered commercial and industrial concentrations. But new regional forms have also emerged, including such mega-urban regions as Southern California and Southeast Florida. Quasi-rural regions with a new semi-urban flavor, such as much of North Carolina, include both struggling and prosperous towns, with homes and enterprises widely scattered across the landscape. In virtually every type of region in the United States, scores if not hundreds of governments and countless business and civic groups share responsibility for their piece of the regional puzzle.

How are these places to solve the problems that prevent them from functioning as effective economic, social, and environmental regions? How are they to be governed? To date, most regions have gotten by with piecemeal political jurisdictions attending to their own challenges and cooperating with their neighbors only when it suits their clear self-interest. Indeed, in many U.S. regions, government, business, and civic leaders have shown remarkable ingenuity in overcoming political, programmatic, and financial fragmentation by collaborating to address mutual concerns, tailoring solutions to specific problems, such as air and water pollution and transportation congestion. Will this be sufficient to assure that U.S. regions can produce and sustain livable communities with a high quality of life in an intensely competitive global economy?

Roots of the Regional Challenge

The regional challenge to governance in the United States is not new. It began almost as soon as the European colonies began to spread beyond their first concentrated settlements along the Atlantic coast in the 17th century. By the time of the American Revolution, local communities within the new states had begun to develop diverse identities and patterns of economic exchange, although most were still geared more toward trade with Europe than with one another. Most early American regions tended to be encompassed, if not defined, by state boundaries. But by the eve of the American Civil War, the regional identities of the „North” and the „South” were firmly fixed in the American psyche, and these two vast regions confronted irrec-

oncilable differences rooted in sharply contrasting economic and social traditions.

After the Civil War, the acceleration of industrialization and urbanization transformed the American urban landscape, and increasingly the rural areas that surrounded it. By the late 1800s, U.S. cities were widely viewed as poorly managed, if not chaotic. Populations were swelling through a combination of high rates of natural population growth, immigration from abroad, and the migration of rural people into the cities. Housing was inadequate, transportation congested, water supplies unsafe, sewage systems nonexistent, and crime on the rise.

In response to this 19th century urban challenge, the Progressive Movement at the turn of the century argued for more rational, professional government, including modern budgeting and accounting systems, centralization of executive responsibility, better regulation of elections and voting, non-partisan and at-large election of council members, the city manager plan, and civil service protection. By this time, America's urban areas had been expanding their geographic perimeters for a century, but largely within the political boundaries of the municipality. In those instances where urban areas had spread well beyond municipal boundaries, the outlying communities often were annexed into the city jurisdiction; in the case of New York City, multiple parallel municipalities had developed and those adjoining jurisdictions were consolidated. Yet even in these instances, urban populations continued to spread beyond the extended municipal boundaries. Recognizing the reality of these new metropolitan regions, the Progressive brand of planning called for viewing the urban area as a whole, encompassing the entire metropolitan area, even if the planning functions were centered in and financed by the core city.

But by the 1920s, urban expansion in many cities had begun to outpace these conventional techniques. The older cities confronted a combination of neighborhood deterioration, chronic poverty, transportation congestion, pollution, crime, fiscal incapacity and inequity, and low-quality public services. And suburban communities were seriously competing for middle class taxpayers and creating a fragmented complex of political jurisdictions. Such problems required new thinking about metropolitan approaches.

Probably the first comprehensive study of the metropolitan challenge to government in the United States was sponsored by the National Municipal League (now the National Civic League) in the late 1920s. *Paul Studenski*, with the assistance of the League's Committee on Metropolitan Government, argued that „The problem is one calling for scientific treatment coupled with

constructive imagination. A new form of government seems to be indicated. It is the obligation of political science to devise a form that will work” (*Studenski*, p. 41). However, the Great Depression of the 1930s slowed (and in some cases reversed) the urban growth that was causing the immediate pressure. And when World War II ended the Depression, the nation turned its minds to the more pressing concerns of national security.

Following World War II, state and local governments began to make sporadic attempts to deal with metropolitan growth that was spilling over central city boundaries. Regional planning efforts were established in several jurisdictions throughout the United States, including: Lane County, Oregon; Atlanta, Georgia; Detroit, Michigan; Northern Virginia; and Reno-Sparks, Washoe County, Nevada. By 1947, eleven states had passed enabling legislation for cooperative planning by two or more local governments. By the late 1950s, councils of governments were in existence in Salem, Oregon, and Washington, D.C.

By the mid-1960s the federal government concluded that metropolitan problems were growing faster than the ability of state and local action to accommodate them. U.S. Secretary of Housing and Urban Development *George Romney* called the metropolitan area „the real city” which required more comprehensive governmental approaches. Congress and federal agencies began to intervene with federal mandates such as the „A-95” executive order that called for the federal government to announce any project proposed in a region and seek public comments.

But the real federal impact in shaping metropolitan regions was largely inadvertent, and not necessarily conducive to orderly regional development. The 1956 National Defense and Interstate Highway Act which funded construction of the national network of interstate federal highways – including „beltways” to divert intercity traffic around congested downtowns – in fact changed the physical form of many inner cities and created the new „main streets” of America’s expanding urban regions. And federal subsidies for home purchases, such as allowing individuals to deduct the interest they paid on home mortgage loans from the federally taxable income, facilitated home construction and the relocation of city dwellers to the suburbs. With such federal assistance, urban populations streamed to the suburbs, where every family aspired to achieve the American dream of a free-standing residence with a garage and a plot of green space in the bucolic countryside.

Regional Government: The Limits of Structure

A few metropolitan areas undertook more radical steps to establish what they believed to be rational metropolitan-wide governments. Consolidations of city and county governments occurred in Indianapolis and Marion County, Indiana, Jacksonville and Duval County, Florida, and Nashville and Davidson County, Tennessee. A new metropolitan government structure, Metropolitan Dade County, Florida, was established for the greater Miami area. And a Metropolitan Council was created for the Twin Cities of Minneapolis and St. Paul, Minnesota.

But political resistance was strong to such comprehensive structural approaches, especially the idea of a single metropolitan government. Residents identified with their local governments and were suspicious of losing control to a much larger and more distant regional government. This was especially true for recent white migrants from the city to the suburbs who had no desire to become entangled in the urban problems they had left behind. Nor did the black residents who remained in the central city – and were beginning to achieve the demographic and political strength to take control of city government – want to expand the municipal boundaries to include white suburbanites who would dilute black voting strength.

In an effort to account for these political realities, the National Academy of Public Administration in 1969 proposed a „metropolitan federated system” which included „two necessary and fundamental, yet apparently contradictory, structural reforms of particular application to large urban areas – metropolitan centralization to reduce fragmentation and neighborhood decentralization to reduce remoteness” (*DelGiudice*). This approach was also endorsed by the national business leaders of the Committee for Economic Development (CED), who argued that the key question of the late 1960s was: „Can existing forms of government in metropolitan areas be modified to permit solution of area-wide problems and at the same time permit local communities to manage their own affairs and maintain their own identities” (CED, p. 11). Both NAPA and CED rejected consolidation or unitary regional government as politically unfeasible, and pushed for two-tier government, balancing centralization and decentralization.

With support from the U.S. Department of Housing and Urban Development, NAPA worked from 1972 to 1977 to determine „How metropolitan areas should be governed.” Demonstration projects were undertaken in four metropolitan areas: Tampa/St. Petersburg, Florida; Rochester/Monroe

County, New York; Denver, Colorado; and Portland, Oregon. For each region, various forms of „multi-tiered” government were proposed, including „the decentralization of certain functions and activities, the centralization of others, and a sharing of other responsibilities between the levels.” The NAPA study found that, „In all four of our study areas, and probably in most American metropolitan areas, intermediate levels of local government seem most strongly established, and the region-wide and neighborhood units most in need of strengthening” (*DelGiudice*, p. 261). Of the four regional initiatives, only the Portland effort resulted in the creation of such a metropolitan government, enacted by the Oregon legislature in 1977.

In a 1974 retrospective on the governance of U.S. metropolitan regions, *Samuel Humes*, a pioneering scholar and practitioner in the field, lamented that not much new had emerged in two decades. *Humes* observed that noted administrative theorist *Luther Gulick* had warned nearly 20 years earlier (*Gulick* 1957) against politically unrealistic schemes for metropolitan reform, and encouraged a more incremental approach. *Humes* had followed *Gulick’s* guidance in designing the early „councils of government” in the United States, and found that „much of what he said [in 1957] remains true today” (*Humes*, p. 237). *Humes* argued that the „problem of developing support for the regional concept has been aggravated by the extent to which the many outspoken advocates of regional reform have apparently insisted on regional government as the only logical approach and have not articulated a non-threatening structure of regional governance.” The consequence, he said, was to create the impression that „such part-way measures as COG’s are either a waste of time or a block to regional reform” (*Humes*, p. 236).

Given the powerful resistance to comprehensive metropolitan government, most metropolitan regions continued to work at the margins of structural change. Such marginal institutions as councils of government, regional planning agencies, and area-wide clearinghouses, which had been virtually unknown before 1950, were spreading throughout the country. For example, by 1977, the U.S. Office of Management and Budget counted 545 area-wide clearinghouses which encompassed 95 percent of the U.S. population (*Hume*, p. 262). David Walker identified 17 types of regional approaches to service delivery in use in the United States by 1995, ranking them from the easiest to the hardest to implement (*Walker*):

Regional Approaches to Service Delivery

Easiest

1. Informal cooperation
2. Interlocal service contracts
3. Joint-power agreements
4. Extraterritorial powers
5. Regional councils/councils of governments
6. Federal encouraged single-purpose regional bodies
7. State planning and development districts
8. Contracting (private)

Middling

9. Local special districts
10. Transfer of functions
11. Annexation
12. Regional special districts and authorities
13. Metro multipurpose district
14. Reformed urban county

Hardest

15. One-tier consolidations
16. Two-tier restructuring
17. Three-tier reforms.

In the face of determined political resistance, the hardest of these structural changes were rarely undertaken, let alone accomplished. However, experimentation proceeded with varying methods of applying the easier of the structural changes.

Regional Governance

But if efforts to change radically the basic structures of government in urban regions came to a virtual halt in recent decades, activity to work more cooperatively within and across existing structures appeared to accelerate. The new initiatives were less structural and more „economic, organic, social, strategic” in character (*Peirce and Johnson*, p. 1). They included *ad hoc* alliances and collaborations among groups both in and outside of government that recognized the practical necessity of working together across political boundaries to solve common regional problems. *William Dodge* and *Carl Stenberg* found that these initiatives ranged „from single- and multi-

purpose public authorities to regional chambers of commerce and growth associations, college/university regional studies institutes, regional civic organizations, multi-sector regional leadership forums, and a vast array of special-function organizations to address regional economic, social and physical needs" (*Dodge and Stenberg*, p. 77) So prolific were these largely low visibility activities that *Dodge and Stenberg* concluded, „More regional initiatives have been launched and more varieties of regional organizations have been created in the last decade of this century than in the first nine" (*Dodge and Stenberg*, p. 76)

In some instances these new initiatives were led by government officials and agencies. But in many others, business and civic leaders took the initiative. Indeed, one of the principal tenets of many of these efforts was that governmental solutions, especially structural or organizational solutions, were not only politically unfeasible, but managerially unworkable, and perhaps even undesirable. Instead, a new emphasis was placed on collaborative efforts in which business and civic leaders worked in partnership with government, or even totally outside of government, to solve mutual problems. The new focus, in short, was not on how to *restructure government*, but how to forge new *processes of governance* that worked across not only political boundaries, but across the sectoral boundaries of government, business, and civil society.

The new initiatives addressed many long-standing regional problems, but they also addressed a new generation of challenges to strategic planning for the region, growth management, workforce preparation, and developing regional economies as the building blocks of an increasingly integrated and competitive global economy. In such regions as Silicon Valley in California, creative work was undertaken by teams of people living in close proximity who shared common interests. Leaders there found that high value entrepreneurs and capital were attracted by a „milieu of innovation" and a high quality of life, and set about to protect, restore, or create such values (*Henton*).

Much of this experimentation has escaped popular or media attention. But in the past two or three years, the importance of the regional issue has begun to be more widely recognized in the United States. Regions are increasingly being touted as „the building blocks of the new regional economy." The National Association of Regional Councils held a Regional Summit in February 1998 which assembled about 400 civic and government leaders from around the country to address the topic, producing a „regional agenda" of widely varied approaches (National Association of Regional Councils). The President's Council on Sustainable Development also has

begun to emphasize the importance of regions in the promotion of livable communities. The regional civic organizations across the country have established a national organization. The Academy's report on the federal role in regional development bases its recommendations principally on the need for the federal government to encourage and facilitate such local efforts, rather than attempt to impose any major new national mandates on regions (National Academy of Public Administration, 1998)

Conclusion

In sum, the United States today finds itself at a crossroads in its wide-ranging efforts to address the regional challenge. Urbanization has spread metropolitan regions far beyond the boundaries of core cities. Attempts to comprehensively restructure government in metropolitan areas commensurate with this urban expansion have failed in all but a few instances. Efforts to *restructure government* have given way to incremental steps *to improve the process of governance* within the established political structures, frequently involving collaborations among the government, business, and civic sectors. Awareness has grown that the people and organizations within a given region have an interest in joining together to fashion a common approach to regional problems, especially as regions are viewed as building blocks of a competitive global economy.

In some respects, the resurgence of interest in regional issues results from a backlog of pressures that have continued to grow, including the need for managed growth, education and labor force development, economic development, environmental quality, and transportation. These issues have also been underscored by racial tensions and growing inequities among neighborhoods.

The challenge in most regions of the United States is to find the right combination of structural and process changes that will permit key actors across sectors to contribute to the solution of common regional problems. The wide-ranging experimentation among U.S. regions to find the appropriate combination for each circumstance will provide a rich source of experience with which to address the next generation of regional challenges.

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Regionalization in the Federal Republic of Germany

by *Arthur Benz*, Halle/Speyer

1. Introduction: The concept of region and regionalization

Regionalization is a topical proposal in discussion on the modernization of government and administration. It is presumed to improve efficiency and effectiveness of policy-making and to reduce estrangement of people from politics which is caused by globalization and Europeanization, to bring government nearer to the people. For these reasons it is widely accepted.

However, the more regionalization becomes popular, the more it is doomed to be applied as a pure catchword without a clear meaning. This is not only due to simplifications in public debates, but also to the fact that social science does not provide a clear definition of the concept. In a very simple way we can understand regionalization as a process of institutional or policy change by which the context of a region is gaining in importance. This can imply, that centralized policies react to regional variations of problems and effects or that responsibilities are allocated to regional arenas or institutions. This definition confronts us with the task to clarify the term region, which is not easy (*Pintaris* 1995). Even if we leave aside that the German Länder governments define their territory as „regions in Europe“, we nevertheless find that different units are labeled as regions. In most Länder, there are planning regions or city regions. Sometimes, counties of a certain extension are called regional counties (Regionalkreise). Recently, administrative districts of the Länder (Regierungsbezirke) are considered as part of the regional level. Moreover, we have cross-border regions which reach beyond the territories of Länder or the nation state. Finally, regional units exist for specific policies, e.g. labor market regions, economic regions, technology regions or cultural regions.

In sum, the regional level of the German state is composed of different regional units with different territories and different institutional structures. Therefore, the definition of regions is far from being clear and there are ongoing debates about what are the characteristics of a region and what are adequate structures and territories of regions.

For the purpose of an outline on regionalization in Germany, I use the following definition of a region: A region is a territory smaller than that of a nation state and larger than that of a local government. However, a region is not a level of government, it is not a territorial unit of a state or an administrative district, which are designed to delimit the reach of power and jurisdictions. Instead, a region is characterized by economic, social, cultural or ecological functions, by interdependent social developments, and by interactions between organizations and actors. It is the result of „social construction“, it emerges from ongoing interactions of regional actors. The territory of a region is defined in relation to specific functions or to the density of interactions.

In the following sections, I summarize the main reasons why regionalization is currently held to be particularly important (2.). Then I will give an overview on politics of regionalization (3.) and describe different forms of regional organization, implemented in Germany (4.,5.). I finish with some remarks on the limits of regionalization (6.).

2. Reasons for regionalization

Since the beginning of the 20th century, regional institutions have been part of the public sector in Germany. First forms emerged in great agglomerations, where regional administrations were established in order to improve land use planning and environmental policies (preservation of green zones). During the 1920s and 1930s, planning regions were organized in most parts of Germany. The NS-regime transformed them into lower-level organizations of a centralized territorial planning system, but even then some of them kept actually some autonomy. In the Federal Republic, the responsibility for regional organizations was assigned to the Länder governments. During the administrative reforms of the 1950s and 1960s, planning regions were re-established, their organization varying from Land to Land. They are designed to better co-ordinate land-use and infrastructure policies of local governments. Thus, their principal function was to overcome deficiencies of decentralized policy-making, which increasingly produces external effects and was not able to effectively manage common goods in a region.

This „old“ argumentation is still influential in contemporary processes of regionalization. However, current discussions arose on a quite different background. They can – by and large – be interpreted as reactions to a pretended or real crisis of the nation state and of centralization and fragmentation of policy-making. There are at least four „discourses“ in which we find

arguments for regionalization: they relate to changes in economy, Europeanization of polity and politics, the limits of the welfare state and problems of democracy.

2.1 Economy between globalization and regionalization

The economic discourse on regionalization is not new. Economy was since the 1950s a central subject of regionalization. The federal and the Länder governments have implemented regional policies in order to achieve a balanced economy in the whole territory of West Germany. A joint regional policy of federal and Länder governments is determined to transfer financial resources to less developed regions. Following the prevailing problem definition according to which these region lack the prerequisites for a sufficient economic growth, governments tried to stimulate investments of private firms and to advance the quality of infrastructure by giving special grants to local governments.

In a increasingly globalized economy, the theoretical basis and the practical effects of this policy became doubtful. The old regional policy was based on a theory which expected the reduction of economic disparities between regions by a transfer of external resources into disadvantaged areas. This theory was challenged by the experience, that the growing international competition among firms in the Common European Market and in the world market is accompanied by an intensive competition between locations. Grants to ailing regions are no longer sufficient to achieve competitiveness of a location. According to new theories of regional economics (*Camagni 1991; Pyke, Sengenberger 1992; Grabher 1993; Rehfeld 1995*), competitiveness depends on the existence of a coherent regional pattern of loosely coupled industries, adequate sets of infrastructure, effective public institutions and „cultures“ of communication and co-operation. In addition, economic development should be stimulated by flexible specialization of regions on economic sectors and by fostering „endogenous“ potentials of locations. Territorial differentiation of economic structures rather than equalization is recommended.

Hence, as a paradoxical result of globalization, regions have not lost but gained in importance. They constitute an action space for private investors, who evaluate locations according to the supply of adequate sets of supplementary economic activities and public goods in a particular regional „milieu“ or „network“. As a consequence, public policies which are determined to foster economic competitiveness have to be „regionalized“. They

should focus on individual regions and seek to overcome deficiencies in the development potentials, including infrastructure, social, cultural and environmental conditions. Such policies have to be formulated by those actors who are familiar with the situation of regional economies. As a former minister for economic affairs of North Rhine-Westphalia explained, regional development policies „cannot just be decreed from above, nor is it enough just to make the necessary funds available. Success in this field is dependent much more on the mobilization of creativity as well as the will, in the individual regions, to co-operate and succeed in shaping a distinctive locational profile capable of contributing to regional wealth generation“ (Jochimsen 1992: 91).

2.2 Regionalizing Europe

Regionalization is a central topic in the discourse on European integration. In public debates and in particular in declarations of Länder and local governments, Europeanization was often criticized for leading to centralization of power. The Single European Act and later the foundation of an European Union (Maastricht Treaty) induced the German Länder governments to assume a leading role in the battle of European regions for defending their interests. Together with regions of other member states, they formulated and advocated the concept of a „Europe of the regions“. It should at least include the subsidiary principle and institutional arrangements enabling the regions to participate in European policy-making.

Meanwhile, Länder governments participate in intergovernmental relations, which constitute the EU (Kohler-Koch et al. 1997; Morass 1994). The Maastricht Treaty introduced a Committee of the Regions, a consultative assembly of regional and local governments. An amendment of the German Basic Law granted the Länder governments effective rights to co-operate with the federal government in European affairs, when decisions of the EU affect the jurisdiction of the Länder. In order to improve the flow of information and co-ordination between Länder governments and the EU, the former set up special ministries or departments in ministries designed to deal with European policies, and they organized information bureaus in Brussels which serve as their „embassies“.

European integration has also considerable repercussions on sub-Länder regions. City regions are challenged by competition among regions in the Common Market. At the same time, the EU fosters networks among those regions in order to create a system of linked centers of economic growth.

Therefore, city regions have to improve internal co-ordination and efficiency of administration in order to become more attractive to firms, and they have to organize interregional relations (*Frenzel 1998*).

Less developed regions are affected by regionalization of regional development policies of the EU. In 1988, a reform introduced new implementation procedures for the structural funds. Now subsidies to selected regions are granted on the basis of development programs, which are to be elaborated at the regional level. The EC introduced the partnership principle which attributes the regional actors an effective role in decision-making on the use of regional policy grants. In addition, rules of the structural funds require that regional administrations should include public and private actors into the decision-making process in order to achieve broad support for policy goals and to gain comprehensive information on development potentials. Thus, the EU encourages the emergence of policy networks in economic regions (*Hooghe 1996; Marks 1996; Staeck 1997*).

2.3 Limits of the welfare state: regionalization of public services

The third discourse on regionalization emerges from discussions on the limits of the welfare state. The relevance of regionalization in this context is evident, if we consider the territorial dimension of the welfare state. The German constitution stipulates that government should provide for a certain balancing of economic and social living conditions in all regions. Therefore, a complicated system of redistribution by transfer payments to less developed regions and fiscal equalization between the Länder was established.

These redistributive policies are currently under severe stress. One reason for this is globalization of the economy: In order to make domestic firms competitive in international markets, national governments are forced to reduce tax burdens and payments for social service. As a consequence, the financial basis of redistributive policies, which constitute the core of the modern welfare state, is declining. Moreover, after German unification, the system of fiscal equalization has been confronted with dramatic disparities between East and West German Länder. The amount of money transferred by specific programs and by revenue sharing multiplied. Finally, redistributive policies are blamed for causing inefficiencies and for undermining competition between regional governments and administrations.

Although it is an open question whether and to what extend redistribution between Länder and regions will be curbed, current debates show, that the aim of equalization of living conditions no longer finds unanimous approval.

In addition, regionalization is discussed as an alternative to centralist welfare policies. Regionalization of the provision of public services is said to improve the effectiveness and efficiency of policies.

This proposals is advocated by different arguments: One reasoning is derived from economic theory of federalism, according to which competition among autonomous regional units should foster efficiency and innovativeness. Revenue sharing and fiscal redistribution is criticized for penalizing efficient and compensating inefficient governments (*Lambsdorf 1997*). According to a second theory, all regions have advantages and disadvantages in the competition between locations. Instead of making them all equal in terms of standardized economic indicators, regional policies should rely on existing potentials, emphasize the differences from other regions, and implement a strategy of selective development (*Hahne 1985*). A third argumentation advocates regionalization of service provision because it enables a comprehensive approach of social policy, which is deemed to be much more effective than providing standardized and very special services to individuals. Policies aiming at job creation, for instance, are more effective, when public and private organization co-operate in order to simultaneously improve the qualification of unemployed and the quantity and quality of the supply of jobs. Regionalization is thus part of a strategy to create networks of social service provision, which include clients of social policies (*Münch 1997: 219-251*).

2.4 Citizen participation and social integration

Finally, regionalization is supported as a way to modernize democracy. While the actual practice of parliamentary democracy is blamed for its tendency to an elitist politics, dominated by functionaries of political parties, manipulated by the media and captured by big associations, decentralization and regionalization should bring politics nearer to the people, improve communications between citizens and their representatives, extend channels of influence, and contribute to social integration of the civil society.

With some simplification, we can distinguish two different reasonings for regional democracy:

The first is based on theories of federalism (*Laufer/Münch 1997: 24-27*). Here, decentralization is taken as more democratic form of policy-making than centralization. It is praised to offer more opportunities for citizens to participate, to reinforce the political rights of minorities, to lead to division of power, to encourage democratization in political parties, and to make the

identification of citizens with their government more likely. Moreover, in a regionalized organization of government, citizens can react to policies of a government not only by „voice“ but also by „exit“ and can choose between different sets of public policies (as far as they bear the costs of mobility).

The second argumentation for regionalization derives from theories of a „deliberative“ or „discursive“ democracy (*Dryzek 1990*). In this context, the region is regarded as an appropriate arena of direct participation of citizens and societal associations in public policy-making. Communication and discussions among „relevant societal actors“ should add to existing forms of decision-making in parliaments in order to improve the quality of information and arguments supporting decisions and to contribute to the acceptance of policies.

3. The politics of regionalization

It goes without saying that not all proposals, which have been put forward in discussions on regionalization, are realistic. This is not only true for ideas concerning alternative forms of democracy and social integration, but also for the concept of a Europe of the regions or a regionalized economy. And it is still an open question, whether and to what amount regionalization advances effectiveness and efficiency of public services or whether it simply contributes to the waning of the welfare state.

Whether and how the diverse proposals will be implemented is a question of politics. Evidently, regionalization is a process of institutional reform, which affects the allocation of power in the political system. Therefore, it provokes support as well as opposition. As experiences show, the process might end in a deadlock due to intensive confrontations. A positive outcome depends on the power of advocacy coalitions promoting regionalization.

Driving forces of old forms of regionalization, i.e. the introduction of regional planning administrations were Länder and local governments. When the latter took the lead, as it was the case for example in Baden-Württemberg, the result was an autonomous regional organization predominated by local representatives. Other Länder implemented more „statist“ organizations and made their deconcentrated administrations (*Regierungspräsidien*) responsible for elaborating drafts of regional plans, whereas assemblies of representatives of citizens or local governments decided on the proposed plan

Since the 1980s, growing pressure for regionalization comes from Europe. The Commission of the EU is interested in powerful regional institutions and regional partnerships, which ensure that funds of the EU are implemented efficiently. Regionalization is also supported by the European Parliament, which in several resolutions pleaded for a „Europe of the regions“. However, the effects of those suggestions is diffuse. European institutions never give precise information in how regionalization should be implemented in a member state of the EU. As they are not involved in institutional policies of member states, they have no power to advance regionalization. Nevertheless, European policies have changed the context of discussions and policy-making at the national and regional level.

In the German federal system, it is still true, that Länder and local governments are central actors in regionalization. But in contrast to former reforms, regionalization is no longer an affair of executives of the Länder and local governments alone (*Frenzel 1998*). Now, actors from various societal associations pursue regionalist ideas and engage in promoting regionalization of the public sector. In particular, representatives of industries call for the reorganisation of existing regional organizations of government. In several regions, they successfully brought regionalization on the agenda of Länder governments, they influenced debates by organizing conferences and by their publications, and they participate in reform processes as members of consultative committees.

Reforms of the regional level are also strongly supported by mayors of central cities in agglomerations. While representatives of the regional industry recommend to make administration in a region more efficient, mayors are primarily interested in new ways of joint planning and financing of infrastructure and in correcting the existing distribution of local revenues between the central city and suburban local governments. Despite different reasons, both groups agree in proposing a strong regional government.

Such proposals are mostly rejected by smaller local governments in regions. They fear to lose influence if regional institutions would replace existing planning associations, in which they are in the majority. Moreover, a powerful regional government would be able to effectively control developments in the suburban areas. Local governments also oppose all plans to change the distribution of resources and to revise financing of regional infrastructure.

The Land government is in an intermediary position in the conflict between local governments. Therefore, it neither pushes reforms of regional organizations nor does it obstruct them. On the one hand, it is interested in

an effective regional organization capable to co-ordinate policies of local governments, on the other hand, it is not willing to provoke conflicts with powerful mayors by advancing institutional reforms. For this reason, the success of reform processes is unlikely unless it is based on a broad consensus among the political parties in the Land parliament.

Particular problems of implementing regional institutions arise in cross-border regions (*Benz/König 1995; Scharpf/Benz 1991; Fürst/Müller/Schefold 1995*). Here, conflicts among local governments are duplicated by conflicts between Länder governments. Moreover, there is no superior institution competent to decide. The federal government has neither the power nor is it inclined to engage in regional conflicts. Any reform of regional organizations must result from negotiations between governments of the affected Länder and they must pass more than one parliament. This has considerable repercussions on regionalization in Germany, as nearly half of the great agglomerations are cross-border regions. For this reason, the question of a reform of Länder territories is still on the agenda.

4. Types of regionalization

Despite new challenges of globalization and Europaenization, the practice of regionalization in Germany is to a considerable degree still influenced by old reasons and is coping more with internal problems of regional planning and co-ordination between local governments than with problems of government in the new global order. Old models of regional organizations are still relevant. Moreover, even the new reasoning on regionalization implies different practical consequences regarding the structure of regional policy-making. Therefore, processes of regionalization and institutional reform in regions lead to various organizations. We can reduce variety by distinguishing two types, which I denominate regional government and regional governance.

The terms government and governance are taken from political science to describe different structures of policy-making. Government means decision-making in formal institutions and implementation of decisions by a central authority endowed with the power to guide and control. Governance is a form of „governing without government“, it means policy-making and implementation without a central authority in a non-hierarchical, network-like structure and in processes of negotiation and co-operation, which include not only representatives of the public sector, but also representatives of association and private organizations (*Rhodes 1997*).

4.1 Regional Government

Regional government is the type of regionalization, which is appropriated to solve problems of interlocal co-ordination. It is also the adequate form for regions, which participate in European politics. Intermediation of regional interests in the EU requires institutions and procedures in regions, which guarantee accountability of actors. Regionalization of public service and decentralized organization of representative democracy call for regional government, too.

The old regional institutions in the German Länder can be identified as a weak form of regional government (Fürst et al 1990). The weakest type is represented by regional associations of local governments, which constitute planning regions. Such regions emerged „from below“, by self-organization of local governments. Since the 1960s, the Länder have regulated the creation of regional planning associations in laws. Members of these associations are counties, cities and local governments. As a rule, they are responsible for territorial planning, in some Länder, they are endowed with further competences.

Recently, strong forms of regional government are gaining in importance. The strongest form is represented by regional counties, which – up to the present – do not exist in Germany. A reform proposed for the region of Hannover aims at implementing a similar model. The category of strong regional governments also includes regional associations with a directly elected parliament and with extended responsibilities. The city regions of Frankfurt and Stuttgart provide examples for this type of organization.

Strong regional associations of local government and regional counties can use authority to implement their decisions. However, even they are not so powerful that they can overcome resistance of opposing local governments or administrations of the Land. As a rule, processes of planning and implementation are characterized by co-operation. A strong government, however, can rely on „the shadow of hierarchy“ which makes co-operation more effective, because non-co-operative participants have to anticipate higher costs in case of failed negotiations.

4.2 Regional Governance

Regional governance is justified in all new discourses on regionalization. Co-operation and networks are the consequences of economic strategies of regionalization, which are encouraged by regional policies of the EU. The

strategy of endogenous development is merely possible in public-private partnerships. Discursive democracy implies open communication in a regional society, which is not predominated by professional politicians.

Forms of regional governance emerged during the end of the 1980s in regional economic policy. The North Rhine-Westphalian government was the first to implement such approach to regionalization (*Hesse et al. 1991; Heinze, Voelzkow 1997*). It requires that regions, which demand financial aid, have to find a consensus among relevant governments, administrations, associations and social groups on development concepts and on projects to be assisted. The intention of this approach is "the activation and mobilization of a much underestimated intraregional potential for inventiveness and innovation and of the potential for co-operation between employers, workers, engineers, academics and politicians right down to the local level" (*Jochimsen 1992: 91*).

The Land government neither defined the boundaries of the regions nor designed it any procedural or organizational rules for regional co-operation. It has relied on self-organization „from below“, which has been stimulated by financial aid. In reality, processes of self-organization and co-operation have been guided by „political entrepreneurs“, which in most regions have come from public administrations or from chambers of industry and commerce. These actors now form a core-group of intensively communicating persons, which elaborate proposals for decisions, co-ordinate policies of the regions with the Land administration, and manage the implementation of regional projects, while the larger regional conferences meet infrequently. As a consequence, regional co-operation develops more in informal processes and emergent networks linking an elite of public and private actors, than in institutional structures established by the involved governments.

In general, regional governance differs from regional government in so far as it is less formalized, it is more characterized by networks than by formal authority, and it includes private actors in processes of communication, negotiation and co-operation. The main function is the development of regional development concepts and the management of joint regional projects.

4.3 Regionalization of specific policies

The forms of regional government and governance mentioned above concern policies related to territory. They constitute institutions or procedures for regional policy-making focused on territorial planning and regional devel-

opment policies. However, regionalization is also relevant for other public policies. Regionalization of public transport and the federal program for bio-regions seem to be the most interesting examples.

Discussions on a regionalization of local public transport began in the 1970s, when the federal government demanded the Länder and local governments to participate in the financing of deficits of the federal railway. These redistributive conflicts could not be solved until the EU induced the privatization of the railway. Part of the reform package, which the federal parliament passed in 1993, was that the Länder became responsible for regional and local transport. Meanwhile, all Länder have enacted laws which regulate the organization of planning and provision of public transport services.

At first glance, these organizations appear like well-known regional associations of local governments, if not the Land government has kept responsibility. However, they have to co-operate with suppliers of transport, from which they have to buy services. Thus regionalization led to complicated structures of public-private co-ordination and contracting, which correspond to the type of regional governance.

The same holds true for regional structures emerging in bio-regions. These regions were constituted when the federal ministry for research and technology invited to a competition for financial assistance for biotechnology. In several highly industrialized regions, public and private actors came together to formulate a regional strategy for the development of biotechnology. These co-operations continued to exist even in those regions, which were not selected for assistance from federal funds. The organization of bio-regions comes very close to an ideal type of regional governance: The „BioRegion Rhein-Neckar-Dreieck“, for example, is a cooperation of university institutes, firms, the chamber of industry and commerce, the technology park of the city of Heidelberg, and other public and private actors. They have established a non-profit association in the form of a private association, which is responsible for the development of projects. For the implementation of projects, a profit organization has been founded by the participating firms. Financial resources are supplied by a seed capital fund.

It goes without saying that these function-specific regionalizations are of fundamental importance for policies of regional development. In order to enable co-ordination of policies, regional governments set up linkages to private organizations, either in form of persons which are members in both organizations, or by joint fulfillment of administrative functions. Under these conditions, regional politicians and planners are increasingly occupied

with co-ordination; regional planning turns into regional management (*Fürst 1998*).

5. Explaining varieties in regionalization

My simple typology gives only a weak insight in the great variety of regionalization in Germany. One reason for this is that in the German federal system, the Länder governments are responsible for the organization of regions. Therefore, these organizations are the result of different political processes in the Länder and they are influenced by specific traditions in the relationships between Länder and local governments. However, even in the Länder, we observe different forms of regions. They can be explained as follows:

First of all, the institutional form of a region is influenced by dominant problem definitions or functions determining regional policy-making. Regional governance is regularly chosen in order to improve regional development policies. Forms of regional government are more likely, when distributive conflicts among local governments prevail in a region.

In addition, it seems plausible to assume a certain correlation between the territorial structure and the political structure of a region. In monocentric region, there is often a clear confrontation between a central city and the surrounding municipalities. Here, a regional government not only is better able to manage conflicts, it is often also supported by a coalition among the Land government and the central city against the opposition of the municipalities. In polycentric regions, weak regional governments or regional governance are a more likely outcome of institutional policies

Regionalization of specific policies regularly advances the evolution of regional governance, because it is accompanied by increasing involvement of private actors. In some regions, this provokes critics on too complex, intransparent and uncontrollable processes. Such arguments are reinforcing advocates of strong regional governments. However, private organization of technical services may have advantages in terms of efficiency, which outweigh the costs of co-ordination.

Finally, regional structures in trans-border regions differ from regions inside a Land. They represent either weak forms of regional government or variations of regional governance. Different institutional structures of the neighboring Länder and the refusal of Länder governments to give up control impede the establishment of a unitary regional authority. Therefore,

more complicated structures are necessary. An outstanding example is the two level structure of the Rhein-Neckar-region, in which a trans-border association is linked to planning regions which have been organized by the three affected Länder according to their own laws.

6. Conclusion: limits of regionalization

Despite obvious successes in regionalization and ongoing tendencies towards regionalization, we should not ignore, that there are countervailing processes and limits to policy-making in sub-Länder regions.

Firstly, regional organizations operate in a persisting institutional context of the state. In order to implement their policies, they often have to rely on Länder or local governments. Moreover, when they try to get into contact with federal and European institutions, they compete with the Land government. In regional development policy, the Länder governments alone occupy the positions of „gate-keepers“ in processes of interest intermediation to the EU despite the mobilization of regional actors in this policy field. The new regional institutions and networks are isolated from European policy-making by which they are affected.

Secondly, regional policies are influenced by the ups and downs of institutional reforms and of co-operation among regional actors. We often observe, that times of mobilization are followed by times of stalemate. Regionalization is attractive for actors interested in economic development or in forming coalitions against central institutions. However, the more regional policy-making is burdened with redistributive problems, the more difficult it is to realize co-operation. Under such circumstances, even strong regional governments are threatened to get into crisis.

Thirdly, the effectivity of regionalization comes to its limits due to scarcity of resources. Regional organizations regularly do not have an own tax base, they depend on grants from central and local governments. If regionalization of responsibilities is not accompanied by an appropriate transfer of finance, then it may end in a mere symbolic use of politics.

Finally, regionalization will be confronted by growing opposition, when the gains in efficiency do not exceed the costs in terms of disparities between regions. The German tradition of welfare state is still very strong and citizens are not disposed to accept too much inequalities. Therefore, the future prospects of regionalization will be decided in the less developed regions.

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Regionalism in the United States

by *Curtis Johnson*, St. Paul, Minnesota

I am struck, as I am sure are my American colleagues, with the number of similarities between experiences in the United States and Germany in the „regionalization” challenges facing us, as local issues with national significance. With the historical context set by Mr. *Fosler*, let me proceed to lead you through a valley of dark despair, examining what we Americans have done to ourselves over the past 50 years of urban development, and then carefully maneuver toward the light of bold optimism, where we can focus on the evidence of change.

1. Regions are slowly, but surely, being „discovered” today, as the recognition grows that the functional, dynamic, even organic realities of the way the economy works and people behave in society matter more than jurisdictions do.

When *Neal Peirce* and I were working on the *Citistates* book back in 1993, I recall a conversation that *Neal* had with *Daniel Kemmis*, then the mayor of Missoula, Montana. *Kemmis* thought our thesis about regions eclipsing the nation-state carried the implication that only big places were modern citistates. He went on to describe the Missoula region, swelling the city’s 40,000 people threefold, covering a territory that was one market for retail, media, health care, for jobs and culture, Missoula and all its close by communities sharing a generally common sense of place and moving within a dynamically interactive economy.

So today, when we speak of citistate regions, we are clear that these can be constellations of small cities in northeast Nebraska, an economically-driven area traversing state and national borders like the „Cascadia” region of the Pacific Northwest, even a cohesive rural cluster along the Red River valley, as well as the *Philadelphias*, *Seattles*, and *Atlantas* of our nation.

And we speak from a growing sense that the stakes are rising fast for regions to recognize their potentials and act. It may help to make the assumption that we are already operating in the 21st century. Indeed, a colleague of ours advances an intriguing theory that all centuries are actually of uneven length. For example, the 18th century may be said to have begun with the major treaties of 1714-15, and came to a crashing end with the outbreak of the French Revolution in 1789. By contrast, the 19th century

dragged on from the days of the French Revolution until the First World War in 1914 revealed (or perhaps caused) the collapse in world balance of power. This 20th century then, whose doors our leaders plan to close with such ceremony, may have already expired – on November 9, 1989, when the Berlin wall fell, and totalitarian regimes began to yield to the rushing forces of globalism. By such reasoning, we are already nine years into this much awaited 21st century, and regions are not recognizing the risk of being left behind in the churning dust of fierce competition.

This growing recognition of change also reveals a fundamental mismatch between most of our arrangements for making public decisions and the levels on which we find our most pressing problems and most fascinating opportunities.

Just as it is in Germany, our governance is arranged by federal, state, and local government bodies. But where are the fastest growing problem areas? Many are inescapably international; no nation alone can make currency exchanges rational or reduce the damage to the ozone layer. Where is anyone's economy without global trading?

But equally true is that Americans are finding that their most deeply troubling worries – things like kids shooting each other, or young girls getting pregnant and not getting educated, or violence over drugs that destroys livability, are issues that are turned around only at the neighborhood level. There are hundreds of success stories of overcoming these terrible conditions in the United States, and they are *all* „neighborhood” stories. Yet, we rarely if ever find any formal arrangements for making policies or governing ourselves at that level.

Much of the remaining agenda of important public work lies in between – at the regional level, where it is also rare to find any formal organization machinery for advancing the public interest.

2. *Regions in the United States are reaping a harvest of consequences from a half-century of highly consumptive urban form.*

That we have overconsumed energy is well known, as is our penchant for complicating life with ever-expanding material stuff of all kinds. In the long run, though, it is our tendency to use up the land (we have so much of it, we still think) at a rate five to eight times faster than our population grows that will prove most troublesome to our economic and social future.

We have developed around all our old cities in ways that now totally depend on the automobile. Now, if you set out to get a one-pound loaf of bread you have to fire up a two or three-ton assault vehicle to get there. If

you find yourself in a typical American commercial and retail center, with errands to run and clients to meet, you'll discover that you have to get back in your car, drive to the next building, and park again, even if the next destination was so close you can see it. We've made it dangerous to walk.

Even as the baby-boomers are reaching the empty-nest stage and simplifying their lives, an astonishing proportion of them have opted for what one colleague calls „starter-castles” carved into a hillside, or forest, or sometimes simply sitting alone out on the prairie.

We have tolerated, sometimes even promoted, a pattern of economic segregation, watching the core of our regions slip from disinvestment, from concentrations of the poorest citizens there, from policies encouraging a proliferation of new job opportunities at region's edge.

The harvest from our policies and propensities is a collection of cities that have become dangerous places; wonderful, old, tree- and sidewalk-lined neighborhoods rendered unlivable; disastrous failure rates in urban schools condemning students to a culture in which kids don't see anyone going to legitimate work in the mornings, leaving them the bleakest of life choices.

Our governments remain largely scattered in so many fragments that it is rare to see policy match up with the scale of the regional challenge. In many of our regions, relationships between core cities and surrounding suburbs have degenerated into caricature. City folks speak contemptuously of the sterile suburbs – Nobody knows anyone else, no sidewalks so kids play in the streets, people driving everywhere in their steel boxes, never walking. Suburban folks dismiss the city as an antique irrelevance to life as they know it – Who would ever go into the city anyway, except for a sports event or a rock concert? It's noisy, dirty, you couldn't find a place to park, and you'd probably get mugged.

But more than anything else, we've reaped a fulsome harvest of traffic. In more and more places that historically looked smugly down on cities like Boston, Chicago, Los Angeles, we now have real traffic. You can see, as it grows, the damage to productivity, the irritations that lead to „road-rage,” the threat to air quality, and erosion of quality of life. In most places, it is „designed congestion.” We did it to ourselves, by insisting on development forms featuring limited access communities and cul de sac streets. Forcing ourselves to funnel all the traffic into a few collector streets, and even fewer major arterials. Using interstate highways as streets.

3. If you look carefully, there is growing evidence that Americans are waking up, assessing the damage we've done to ourselves, and beginning to support a change in direction.

- There is rising, if reluctant recognition of how interdependent we are within each region.

One of our Federal Reserve Bank districts did ground-breaking research in the early 1990s showing that suburban incomes rose faster in regions with healthy center cities. Later, the National League of Cities selected nearly 30 regions to track and found the same correlation. The Wharton School of Business at the University of Pennsylvania is conducting a series of research projects on interdependence. In one early project, they asked whose loss it is if the large downtowns lose value as real estate properties. They started with the query: „Who owns the downtowns?” The answer, which most people guess intuitively, is large bank companies, insurance firms, and pension funds. Then they asked, „Who owns the companies?” It turns out that most of them are publicly-traded firms, in which a majority of shareholders are people who – You guessed it – live in the suburbs! That puts a finer point on the question for most people.

In 1996 the Metropolitan Council in the Twin Cities was busy engaging citizens around questions of managing growth for the next 20-40 years. Even though most folks have trouble thinking beyond the next month, many did show up for special town meetings and even electronic interactive focus groups. One of the most surprising of the findings from this research was the discovery that people who lived in the suburbs of the Twin Cities seemed as concerned about keeping Minneapolis and St. Paul in healthy condition as the citizens of the center cities themselves. This just might indicate that people are catching on, that if suburbanites allow the center of their region to become economic sinkholes, and islands of social disarray, that everybody suffers the loss in productivity; everybody feels the weight of rising social costs. And business prospects for the whole region will take a hit to their reputation eventually. This recognition translates into growing support to clean up polluted sites, to clear neighborhoods of drug dealers through zero-tolerance programs, to invest in community and job development that allow our historic center cities to participate in today’s prosperous economic times.

- There is rising interest in transit – a direct response to growing traffic.

Of course it must be different in the enlightened valley of the Upper Rhine, but back home we consistently find it nearly impossible to get serious about any major problem until it’s nearly too late to do anything about it. And with transportation issues, the lead time for doing anything of consequence is long.

But optimism here is stirred by seeing more of our regions finding the political vision to start investing in serious transit infrastructure. Where rail systems were started in the past couple of decades – places like Portland, San Diego, St. Louis, Sacramento, Denver – they’re making moves to expand. And the list is suddenly growing of regions convinced that they have to make this investment – Houston and the Twin Cities, for example, two places where resistance to dedicated transit corridors has historically been stubborn.

There is further excitement over the prospects for passenger and commuter operations to share existing railroad tracks with freight rail companies, where they might ease congestion in commuting corridors, and begin to attract new development around the corridor. The Siemens Company has been all over the United States with its Flexliner model for passenger rail transportation, raising interest and expectations. In Charlotte, North Carolina, the demonstration came on a cold, blustery winter day, but 7000 people showed up at the first stop wanting to try it out.

No one imagines that a movement toward stronger transit service comes without costs. Indeed, before most passenger rail projects can proceed, rail options will be properly challenged to survive strict scrutiny of their costs, which are typically high and often higher in upfront capital and operating costs than competing alternatives.

Neither do most of us imagine that rail or other fixed guideway transit will deliver us from the inevitable traffic congestion we are certain to experience in the coming years. But what it will do is provide *real choice*. That is something we do not have today. And if there is one distinguishing difference between modern European transportation practices and those of the United States, it is this matter of choice. European transportation investments have been more nearly balanced (the Swiss do it best of all). Ours have been tilted every way imaginable toward the automobile.

- We are witnessing a surge of enthusiasm in most urban regions for a return to the traditional principles of neighborhoods, even in our newest developments.

This so-called „New Urbanism” isn’t really new at all; it’s the way we used to build our communities. Smaller lots, shorter setbacks, sidewalks along the streets, cars in the back of the houses in alleys and garages. Lots of open space shared in common. A mixture of housing types and incomes. Opportunities to walk to groceries, the civic center, the elementary school, the dry cleaners. Transit stops close by.

Emerging just a few years ago as a neo-traditional architectural movement, this idea has gained momentum as a way to restore a stronger sense of community. We know it is becoming a mainstream idea, because the Disney company is doing it with a large new community development near Orlando, Florida.

A couple of years ago the Metropolitan Council was developing a growth management strategy for our region. We did lots of demographic and economic research and then set out to conduct meetings with citizens all over the region. We asked lots of questions about the kinds of community situations people wanted to find themselves in across the next 20 years or so. The single most intriguing response was a pattern suggesting that most people wanted to live in small towns – even though none of them did now and few are ever likely to. When combined with interviews and phone surveys, this response suggested to us that people feel that the urban development form of the past generation sacrificed something – this sense of community, of belonging to a place and neighbors you know. People wondered if there might not be some way to get that back.

Let me not imply, however, that a majority of Americans have rushed to support more compact, community-oriented, transit-served community forms. In fact, there remains a fascinating sort of disconnect phenomenon. People will come over to Europe, spend thousands of dollars touring the stately cities, immerse themselves in the rich mixture of commerce, culture, recreation, and living spaces all mixed together in a compact area. They take hundreds of photos which they thrust mercilessly in front of all their friends for weeks thereafter. Then, believe it or not, they'll show up at a hearing in their neighborhood to protest some development that involves high density or mixes residences with shops. They ride the trains in Europe and congratulate themselves on their wise choice of travel and come home and vote against a sales tax to support expanded transit services in their own region.

It's a connection most people don't yet make – that different urban form that mixes functions and creates densities and makes transit cost-effective actually delivers the high quality of life that they've traveled to faraway places to admire.

We are getting somewhere, though, with new, sophisticated visualization technology. Showing people what a new development or a redeveloping area would actually look like seems to make a powerful difference in overcoming stereotypes and bad assumptions.

- The idea of „smart growth” seems to be taking root in a growing number of regions and states in the U.S.

Sometimes new terms like „smart growth” offer fresh opportunities. Under this banner, some communities are now asking really tough questions about proposed new developments. They are engaging consultants to do econometric projections of the long-run impact on public costs of major new developments. In some cases, communities have learned to their horror that a shiny new development they were embracing with such affection will actually propel them into bankruptcy in less than a decade.

Smart growth is also beginning to spell wider participation in making decisions about urban development. It is no longer just government deciding things, or merely developers or highway engineers controlling the agenda. Increasingly we are seeing public-private partnerships, such as the San Diego Dialogue or the Austin-San Antonio Corridor Council – groups composed of local governments and many business leaders and citizens – creating an unofficial but powerful force of governance. And citizens’ leagues are enjoying a new wave of interest, sometimes through establishing new organizations such as the ones now emerging in the Indianapolis, Oklahoma City, and the Charlotte regions, and sometimes by reinventing an old one as we see in the St. Louis area. And the church community shows signs of abandoning its seat on the sidelines and getting into the fray on issues of land-use and urban revitalization. Cleveland, where Archbishop Pilla is an outspoken leader on regional issues, is likely our best example of churches crossing the line into regional politics.

This new era is fundamentally more attuned to globalism. When you ask Bill Stafford, who heads the Greater Seattle Area Trade Alliance – itself a public-private group – why they spend the time and money taking delegations of their leaders to far-off spots like Singapore, Hong Kong, Kensai, London, or Rotterdam, he’ll tell you that he’s „building the most internationally sophisticated leadership group in the U.S.” Seeing the competition and talking with leaders elsewhere are the tuition costs they pay to lead the competitive class.

Smart growth in the United States is beginning to pay attention to each region’s roots – its core city. Indeed, Michael Porter, international business guru on strategic planning, has turned his attention in recent years to creating a network of business schools in 30 regions that are linking their marketing and technical expertise with the labor markets and entrepreneurial talents in the inner cities. He claims, with good numbers on his side, that inner cities are vastly overlooked as retail markets and underutilized for their busi-

ness and labor advantages. Political support for cleaning up polluted sites to create new jobs where people are looking for them is growing all across the nation.

Our states also are getting smarter about development. Maryland, for example, passed a „Smart Growth” law last year. The state of Maryland isn’t silly enough to order local communities and developers to stop their sprawling ways. It just cuts off the subsidies – the „fiscal oxygen” – and forces communities that insist on building in ways and locations that are not in the state’s best interest to pay all the bills themselves. This is likely to be a powerful driver for change in our political system.

And respect is growing for places that took strong stands on growth long ago, such as Portland, Oregon. Long regarded in some circles as the „people’s republic of Portland” for its controlled urban growth boundaries, it now emerges as a model place that is a magnetic to new business and more livable than most of its competition. Pilgrimages to see it now replace the old patronizing, dismissive comments about its relevance to reality. And there’s even a glimmer of interest in some regions in establishing some variation on a metropolitan council, or experimenting with tax-base sharing.

In Chattanooga, Tennessee, a place left-for-dead 20 years ago, citizens taking destiny in their own hands, creating goals and getting them accomplished has produced a remarkably livable place and the site of today’s most ambitious U.S. proposals for creating truly sustainable collections of business firms and community practices.

The „sustainability” theme now routinely shows up in conference programs. The President has a council to study its potential as economic strategy. Mayors and county officials, in a rare collaborative act, are jointly pursuing this agenda.

So I leave you, after this brief bath of optimism about developments in the United States, with a potentially unsettling question. When we see the pressures growing on the borders of European cities and consider the astonishing annual increases in the rate of automobile ownership, we wonder what it means. In the most conspicuous case, we can now see that the Berlin wall, for all its horrifying politics, may have been the world’s most effective growth boundary. Commuting was not an option for many. With the fall of the wall, the pressures for affluent suburbanization are dramatically evident, and questions are raised about the viability of future ridership of your world-class transit systems. Is it possible that, just as the United States may be awakening from its era of rampant individualism and destructive urban

form, the cities of Europe are poised to repeat the worst of our latter 20th century experience?

Regional Economic Promotion

by *Gisela Färber*, Speyer

1. Regional economic promotion in Germany – the four tiers federal game

In the Federal Republic of Germany, regional economic promotion is carried out by federal government, state governments and communities as well as by the European Union. The instruments used are different according to each level. Differences show also in aims and interests of the local jurisdictions involved depending on whether they compete among each other as subordinate regional corporations for settlement and maintenance of enterprises and jobs or whether they aim from a higher perspective at achieving a more even economic development in different regions of the federal state. Furthermore, since the 1970s, activities of the EU overruled national policies of regional economic promotion.

The EU developed promotion instruments of their own as well as it undertakes the control of subsidies control according to art. 92 EC-contract which assesses national policies to make sure they don't obstruct competition in the now completed domestic market.

The following paragraph aims at giving a summary of the rules and instruments of regional economic promotion as well as its problems. Therefore the second paragraph begins with some basic information on regional economic development in Germany which prompts the use of regional promotion instruments. Afterwards the available instruments are presented and finally – in due shortness – some basic concepts of economic theory are presented which form the functional background of regional economic policy in Germany. The third paragraph is dedicated to the concepts and instruments in detail as well as their problems.

2. Theoretical background for regional economic policy instruments

Under a regional perspective, economic development and growth never spread evenly across the whole territory of a nation. They will much rather arrive at possibly very uneven growth rates according to natural (dis-)ad-

vantages as well as the economic growth perspectives and problems of the industries and enterprises already settled in the various regional locations. Furthermore the general structural change – first from agricultural to industrial sector and for the last 30 years increasingly from the industrial production to a service sector¹ enrolls itself from a regional perspective in various ways. Thus rural areas have been losing jobs and population for more than 100 years while cities keep growing to such an extent that their former jurisdictional boundaries were no longer sufficient to facilitate life and work for a large part of the population within their boundaries. Especially the large conurbations – in Germany Greater Munich, the Rhine-Neckar area, the Rhine-Main area, the Ruhr area and finally in the north of Germany the conurbations of Hamburg and Hannover include (in spite of a regional reform carried out at the beginning of the 1970s) more than one local jurisdiction. The economic activities have been systematically going beyond state boundaries for a long time.

In contrast to this rural areas and especially industrial branches such as coal, steel and shipbuilding show signs of rapid decline. In rural areas, the per-capita-income is usually below average. The problems of structural change cause a high rate of unemployment in regions which have been industrialized for a long time which for several reasons cannot be amended by settling young and prospective enterprises there. The structural change in the new Länder, which represents a change from a socialist planned economy to a market economy has created economic and political problems to an extent so far unknown. Keeping this in mind the instruments of regional economic promotion in Germany had to face specific challenges.

2.1 Differences in per-capita-income, unemployment and growth rates among German regions

One can give a rough summary of the differences of economic development in Germany using different statistical indicators. Although one can find in practically all states various regions with differing economic structures and growth rates, a comparison of the indicators on the state level can already depict the problems sufficiently. In 1970, the regional GDP per inhabitant

1 See Clark, Colin: *The condition of economic progress*, 3. ed., London 1957; Fisher, Allan G. B.: *Production, primary, secondary and tertiary*, in: *Economic Record*, 15/1939, pp. 24-38; Fourastiér, Jean: *Le grand espoir du XXe siècle*, 3. ed., Paris 1963.

was between 8,9 thousand DM in Saarland and 17,8 thousand DM in Hamburg. The GDP per inhabitant in Hamburg was twice as high as in Saarland. By 1991 this range had shortened only marginally among the old Länder. Now however Schleswig-Holstein with a per-capita-GDP of 34,5 thousand DM was even behind Lower Saxony (34,8 thousand DM), Rhineland Palatinate (35,2 thousand DM), and Saarland (35,5 thousand DM) and formed the final position among the Länder - (see also Pic. 1). However Hamburg's GDP per inhabitant with her 67,6 thousand DM was nearly twice as high as that of the poorest Land. In 1995, Rhineland-Palatinate finally marked the back of the race with her 37,7 thousand DM per inhabitant while Hamburg achieved approx. 205 % of the net output with her GDP of 77,8 thousand DM per inhabitant. Moreover the extraordinary net output of Hamburg and Bremen during the whole period can be explained by the fact that being *city states* (like Berlin) they have a net output above average anyway.

GDP	1970	1991	1995	1991	1995	1995
	in 1000 DM per inhabitant			1970=100%		1991=100%
BaWü	11,9	44,3	48,2	372,3%	405,0%	108,8%
Bav	10,3	42,2	49,9	409,7%	484,5%	118,2%
Hes	11,6	48,8	55,6	420,7%	479,3%	113,9%
LowSax	9,5	34,8	39,8	366,3%	418,9%	114,4%
NW	11,5	38,6	43,5	335,7%	378,3%	112,7%
RPL	9,8	35,2	37,9	359,2%	386,7%	107,7%
Saar	8,9	35,5	40,1	398,9%	450,6%	113,0%
SH	9,3	34,6	40,1	372,0%	431,2%	115,9%
HB	14,8	51,7	57,1	349,3%	385,8%	110,4%
HH	17,8	67,6	77,8	379,8%	437,1%	115,1%
Ber	12,2	42,2	42,9	345,9%	351,6%	101,7%
Bran		13,9	25,3			182,0%
MP		12,4	23,4			188,7%
Sax		12,5	24,3			194,4%
SaxAnh		12,8	23,4			182,8%
Th		11,5	23,1			200,9%
av. old Länder	11,1	41,3	46,4	372,1%	418,0%	112,3%
av. new Länder (incl. Ber)		12,9	27,7			214,7%
total average		35,7	42,3			118,5%

Pic. 1: GDP per inhabitant of the German Länder 1970, 1991 and 1995

Source: German Central Bank; own calculations

The „new“ Länder, to which West Berlin was added already in 1991 for statistical reasons, show – with the exception of Berlin – a dramatically lower net output than the „older“ states. They have in fact achieved considerable growth rates between 1991 and 1995 and were nearly able to double their GDP per inhabitant, yet they are still about two thirds below the level of the old Länder.

population	1970	1991	1995	1991	1995	1995
	millions of people			1970=100%		1991=100%
BaWü	8,895	9,899	10,295	111,3%	115,7%	104,0%
Bav	10,479	11,526	11,954	110,0%	114,1%	103,7%
Hes	5,382	5,796	5,994	107,7%	111,4%	103,4%
LowSax	7,082	7,427	7,746	104,9%	109,4%	104,3%
NW	16,914	17,423	17,847	103,0%	105,5%	102,4%
RPL	3,645	3,789	3,963	104,0%	108,7%	104,6%
Saar	1,120	1,075	1,084	96,0%	96,8%	100,8%
SH	2,494	2,636	2,717	105,7%	108,9%	103,1%
HB	0,723	0,683	0,68	94,5%	94,1%	99,6%
HH	1,794	1,661	1,707	92,6%	95,2%	102,8%
Ber	2,122	3,439	3,471	162,1%	163,6%	100,9%
Bran	2,652	2,562	2,539	96,6%	95,7%	99,1%
MP	1,925	1,908	1,828	99,1%	95,0%	95,8%
Sax	5,420	4,722	4,575	87,1%	84,4%	96,9%
SaxAnh	3,221	2,849	2,75	88,5%	85,4%	96,5%
Th	2,757	2,591	2,511	94,0%	91,1%	96,9%
old Länder	60,651	61,915	63,987	102,1%	105,5%	103,3%
new Länder (incl. Ber)	17,062	18,071	17,674	105,9%	103,6%	97,8%
total	77,709	79,984	81,661	102,9%	105,1%	102,1%

Pic. 2: Size of population of the German Länder 1970, 1991, and 1995

Source: Federal Statistical Office; own calculations

A further indicator for economic development can be detected in the relative growth rate of the population of a state because people provably emigrate from places where they cannot find jobs and move to places where the economic development generates additional jobs. This connection has become even stronger considering the continuous mass unemployment in Germany during the last years. Pic. 2 shows that economically strong Länder – with the exception of the city states and the number of inhabitants of Berlin which is already marked by historically specific developments – generally achieved

gains in population above average while the economically weaker Länder – such as Saarland among the old Länder as well as the new Länder – either stagnate or even had to take population losses. The economic problems of the new Länder cause an estimated net emigration of 180.000 people p.a. into the old Länder. Without the net immigration into Germany which has been going on for about ten years from foreign countries the new Länder would have even less inhabitants.

One peculiarity regarding the connection between development of economy and of population shows in Rhineland-Palatinate which had in the years between 1991 and 1995 the lowest per-capita GDP and the highest net immigration rate. This phenomenon can be explained by its geographical position close to the metropolitan areas of Rhine-Main and Rhine-Neckar, the economic centres of Hessen and Baden-Württemberg. People however chose residence in Rhineland-Palatinate due to its more economic conditions. Finally, the city states of Bremen and Hamburg suffer remarkable losses in population. This can be explained by the fact that in consideration of the residential problems of big cities since the 1970s many people all over Germany moved to the surrounding countryside. Statistically this shows only in the city states because they don't have a surrounding countryside worth mentioning. Their hinterlands are in the surrounding Länder of Lower Saxony and Schleswig-Holstein and are increasing the size of their population whereas the economic production „remains“ in the city states.

As a third indicator for the economic development of the states the level of unemployment can be used (see pic. 3). The absolute number of people out of work between 1970 and 1995 documents the increase of mass unemployment from recession to recession. Noteworthy are also the relative differences in growth of unemployment between the separate Länder at which e.g. the high rate of Baden-Württemberg can be explained by the fact that this state started off in 1970 with an extraordinarily low unemployment rate. Therefore the indicator „number of unemployed as proportion of the entire population“ offers a more precise idea than the absolute number of unemployed. Here the outstanding position of Baden-Württemberg in the year 1970 becomes clearly understandable. But also in 1995 Baden-Württemberg showed the second lowest unemployment rate relative to her population. Only Bavaria had a relatively lower unemployment rate. The highest unemployment rate among the old states showed in Bremen, closely followed by Lower Saxony and North Rhine-Westphalia. All three states harbour crisis stricken locations of coal-, steel-, and shipbuilding industry.

Furthermore tab. 3 shows unemployment above average and also highly increased in the new Länder. With a proportion of 6,8 % of the total popu-

lation the registered unemployment rate in the new states runs up to approx. 180 % of the level in the old states.

These few indicators may be sufficient to outline the different ways in which regional development in Germany takes place.

Land	unemployed in 1000			unemployment rate as a share of population		
	1970	1991	1995	1970	1991	1995
BaWü	9,7	155,9	332,7	0,10%	1,60%	3,20%
Bav	62,5	231,5	375,5	0,60%	2,01%	3,14%
Hes	12,9	124,2	216,4	0,24%	2,14%	3,61%
Low Sax	31,3	252,6	350,1	0,44%	3,40%	4,52%
NW	40,6	569,0	786,2	0,24%	3,27%	4,41%
RPL	12,4	84,7	136,8	0,34%	2,24%	3,45%
Saar	4,6	36,4	50,4	0,41%	3,39%	4,65%
SH	11,7	85,4	105,8	0,47%	3,24%	3,89%
HB	3,3	32,9	40,4	0,46%	4,82%	5,94%
HH	3,0	65,4	77,2	0,17%	3,94%	4,52%
Berlin		169,2	212,8		4,92%	6,13%
Bb		124,4	166,3		4,86%	6,55%
MV		120,5	135,2		6,32%	7,40%
Sax		210,6	300,3		4,46%	6,56%
SaxAnh		143,7	209,0		5,04%	7,60%
Th		133,0	178,7		5,13%	7,12%
total or av. old Länder	197,8	1638,0	2471,5		2,65%	3,86%
total or av. new Länder		901,4	1202,3		4,99%	6,80%
total or av. all Länder	197,8	2539,3	3674,0		3,17%	4,50%

Pic. 3: Number of registered unemployed and unemployment rates (as a share of population) 1970, 1991, 1995

Source: Federal Institute of Labour; own calculations

2.2 Instruments of regional economic promotion

An also regionally balanced growth requires not only to keep enterprises and jobs alive in affluent nodal areas but also in regions where agriculture prevails or in regions suffering special hardship due to economic structural change. Regional economic promotion therefore has to emphasize those factors which strengthen and secure competitiveness of these enterprises. In this respect individual regions can have different location factors due to their geographical conditions as well as their historical and economic development. In the end the specific regional mixture of these factors will determine the perspective of economic development for each resident enterprise.

Location factors are specified into „hard“ and „soft“ location factors. Pic. 4 includes a list of these location factors. It is noticeable that the majority of these factors are not only a question of the private market but much rather a responsibility of state and local government.

location factors	
<p>hard location factors</p> <ul style="list-style-type: none"> • location to purchase and sales markets • traffic connections • labour market • supply of commercial areas • costs of areas • costs of energy and environmental protection • local taxes • supply of promotions • contacts to other enterprises • chances of communication and cooperation • universities and research activities 	<p>soft location factors</p> <p>enterprise related soft factors</p> <ul style="list-style-type: none"> • national/local/regional economic climate • image of location • chances of career • innovative climate within the region <p>personal soft factors</p> <ul style="list-style-type: none"> • residential conditions • environmental quality • educational institutions • social infrastructure • leisure quality • natural and architectural quality of city and/or region

Pic. 4: „Hard“ and „soft“ location factors

Source: *Hahne, Ulf*: Neuere Entwicklungen in der Regionalförderung; in: *Ridinger, Rudolf; Steinröx, Manfred* (ed.): Regionale Wirtschaftsförderung in der Praxis, Köln 1995, p. 15

Among the „hard“ location factors, local governments are especially responsible for extent, structure and prices for industrial estates, the amount of municipal taxes, local networks for communication and cooperation. Traffic connections belong to the duties and responsibilities of state and local governments while universities and research activities are funded by the states, partly with financial contribution of the federal government. Financial promotion in Germany is basically determined by all three federal levels whereby the promotion conditions especially of states, federal government and Europe are regulated by a partly legally ratified, but otherwise institutionally strictly determined framework which will be specified in chapter 3.

Equally the „soft“ location factors which are usually distinguished in enterprise-oriented and person-oriented factors are largely determined by federal and municipal institutions. Thus e.g. the economic climate cannot be considered as separate from the corresponding decisions of the responsible governments. But the image of a location can also be influenced with tools such as city marketing. Finally the soft personal location factors are without exception subject of municipal and Länder policies.

Instruments of regional economic promotion	
<p>national/regional promotion of investment exp.</p> <ul style="list-style-type: none"> · investment grants · credit grants · reduction of interest rates · subsidies for risk capital · promotion of research and technology <p>local incentives</p> <ul style="list-style-type: none"> · land prices · rent prices · local taxes · local fees and charges · deferrals of payment 	<p>Influence of regionally and locally bound locational factors</p> <ul style="list-style-type: none"> • provision of commercial areas • infrastructure policy • education and employment • promotion of locational communities • advice activities • locational marketing • cooperative governmental activities

Pic. 5: Instruments of regional economic promotion

Source: *Hahne, Ulf: op. cit., p. 18*

Pic. 5 includes a list of tools of regional economic promotion. The left column specifies between the instruments of a financial promotion of regional investment expenditures, which are in Germany administered under the joint responsibility of federal and state governments, and instruments which allow municipal governments to influence directly the local costs of enterprises. In contrast to this the right column includes indirect instruments for regional and local governments to enhance the attractiveness of a location for enterprises in general whereby larger resident enterprises or enterprises seeking residence may well be able to influence these political decisions in their negotiations.

So Germany disposes of a multitude of instruments of economic and fiscal policy which aim at influencing purposefully the economic development of individual locations and especially of disadvantaged regions. The instruments are also applied in other nations. It is however a German and also especially a European characteristic to arrange these instruments in a hierarchical order which either forces the financial promotion possibilities in the various German regions and promotes them with means of their own budgets or otherwise forestalls them. Before this special concept of regional economic promotion shall be presented in the following paragraph a piece of background information is required on German and European economic policy since the beginning of the 1990s under which the regional economic promotion should be applied in the most promising way if it wants to maintain its legitimacy.

2.3 Regional economic promotion and globalisation

Since the beginning of the 1990s, Germany has been facing a double challenge:

- On one hand the completion of the European internal market and worldwide globalisation are forcing structural change. Enterprises which are no longer competitive in the world market shrink or disappear from the markets, larger enterprises cut down their staff to „competitive“ numbers. Acquisition and merging of enterprises aim at reaching a new position in the globalized markets in the course of which their commitment to their former production locations deteriorates.
- On the other hand the process of reinforced structural change due to the fall of the wall between Eastern and Western Europe, which is particularly strong in Germany due to its close vicinity to the iron curtain has not (yet) been completed. It could much rather gain new strength in the

course of the expansion of the European Union towards the east. Germany actually expects special growth gains from the Eastern enlargement of the EU. However these will not cover the whole area but will also produce regional winners and losers. Especially the agricultural and old industrial regions which are today disadvantaged anyway will in the course of this development be more heavily strained than the expanding nodal centers of the German metropolitan regions.

The concrete aims regional economic promotion should reasonably pursue need considering the suspension between two basic approaches of economic policy which cannot be looked at without considering conflicting goals:

- On one hand regional economic promotion in Germany and Europe pursues the concepts of forming export bases in economically disadvantaged regions, which will start independent and extroverted development processes there by establishing corresponding enterprises. This concept however requires high investments into the public infrastructure as well as high grants for private enterprise investments before a self-supporting economic development can start. The „natural“ cost advantages of economically strong nodal areas cannot be so easily overcome by subsidies.
- The structural change taking place concretely on a territorial level tends to change the conflict between center and periphery for the worse while economic policy believes in fact that it can reduce the economic distance between center and periphery by taking the due means. There is however massive doubt whether this policy can secure lasting success due to the continuous loss through migration from areas with a weaker structure in favor of stronger nodal areas.

Possibly only here the transfer of the fairly recent approach of a sustainable economic policy in the field of regional economic promotion offers promising chances to stop the continuous loss of jobs in areas with a weak economic structure.

3. European, national, regional and local economic promotion – does it really work?

First of all this paragraph gives a summary of the various level-specific approaches of regional economic promotion. For Germany the development of instruments and their respective meaning require a distinction between:

- the establishment of the joint responsibility „promotion of the regional economic structure“ since 1969/70

- the development of the European regional policy, which is reflected both in the control of national subsidies and by applying separate European promotion programs.
- the more recent development of promotion concepts by states and local governments.

3.1 The joint responsibility „promotion of the regional economic structure“ since 1969/70

The formation of a specific set of instruments of regional economic promotion in the context of the cooperative German financial constitution is closely linked with the great financial reform of 1969/70. Since then subsidies in the context of regional economic promotion can only be given according to a common framework which is regularly amended. Deciding authority is a common committee of federal and states governments into which all the Länder delegate one representative and the federal government a corresponding number of members each with a right to vote so that federal government and states share the votes by halves. Decisions need a majority of three quarters of the votes so that the federal government always has a blocking minority. Minority positions of the states however can be outvoted.

In the course of the years this authority has worked out promotion criteria according to which certain regions in the Federal Republic of Germany became promotion regions. An economic gross output below average per inhabitant as well as unemployment rates above average play a major part here and at the same time during the first years of the joint responsibility the criteria were interpreted quite generously. As a consequence in affluent Germany approximately 63,1% of the territory of the Federal Republic with a proportion of 45% of the population were marked out as promotion regions in 1985.

State governments could give investment grants only in identified promotion regions and according to an approved common plan for promotion. These grants are funded by halves by federal and states governments. Apart from that certain infrastructural projects which were entitled to subsidies were included into the framework. Pic. 6 shows the activities which are allowed to be subsidized.

2 See Färber, Gisela: *Binnenmarktgerechte Subventionspolitik in der EG - Strukturen, Normen, Defizite*, Frankfurt/New York 1995, p. 342.

conditions of grants	
•	investment expenditures of enterprises <ul style="list-style-type: none"> – a minimum size (more than 150% of the average deduction of the last 3 years) – a minimum of additional jobs (more than 15%), particularly for investment expenditures – increasing employment in regions of severe labour market problems – enforcing the regional innovative capacity – <i>setting up new enterprises</i> – providing jobs and training vacancies for women and young people
•	other expend. of industrial and commercial enterprises in the context of special Land programs for <ul style="list-style-type: none"> – consultant activities – education and training activities – human capital investment activities – applied research and development activities
•	promotion of tourism enterprises
•	promotion of local infrastructure for <ul style="list-style-type: none"> – <i>development of industrial and commercial areas</i> – reconstruction of i.& c. areas – traffic connections – foundation or enlargement of training institutions – foundation or enlargement of industrial or commercial centers

Pic. 6: Conditions of grants in the framework of the German regional promotion programs

3.2 European regional policy: between grant programs and supervision of financial aids

With regard to regional economic promotion, the European Union is endowed with competencies in two respects:

- on the one hand the supervision of National Financial Aids

- on the other hand means from the European budget and from the European Investment Bank are given to regions with a weak structure as promotion means according to certain regulations.

3.2.1 Supervision of national financial aids

Already in their foundation contract the first six member states of the European Economic Union agreed that the EEU should have the competence to prohibit national subsidies which distort competition within the community or which are likely to restrict trade. This construction which is singular in the context of supranational contracts was derived from the idea that national subsidies should not interfere with the unlimited European market which was about to be established. Especially since the 1970s and heading towards the completion of the Common Market in the 1980s the General Direction for Competition of the European Commission worked out criteria and agreements of a binding nature which determined to what extent member states could subsidize industries and enterprises at all. Nowadays each national subsidy project with a volume of more than a certain amount (de-minimis-rule) must be reported to the authorities in charge within the European Commission which will then examine its conformity with the contract. In case of doubt subsidies granted contrary to the terms of the contract must be refunded.

Control of national financial aids (art. 95-94 EUT)

- national financial aids are forbidden which distort the competition or are able to distort it by favouring certain enterprises or industrial sectors as far they interfere with trade among member states.
- compatible with the Common Market are
 - ... c) aids in favour of the economy of certain German regions concerned by the division of Germany as far as they are able to compensate the disadvantages caused by the division
- as compatible can be seen
 - a) financial aids to promote the economic development of regions where the level of living conditions is extremely low or unemployment is considerable
 - ...

Pic. 7: Control of national financial aids as concerned with national regional policies according to the European Union Treaty

As early as 1971 the European Commission passed in its „Resolution about the general subsidy regulations with regional objectives“ two coordination principles which were by now several times extended, refined and completed. Above all in the course of the years an indicator system was developed, which made it possible to define promotion regions for the national promotion programs. After that a double indicator system is valid. :

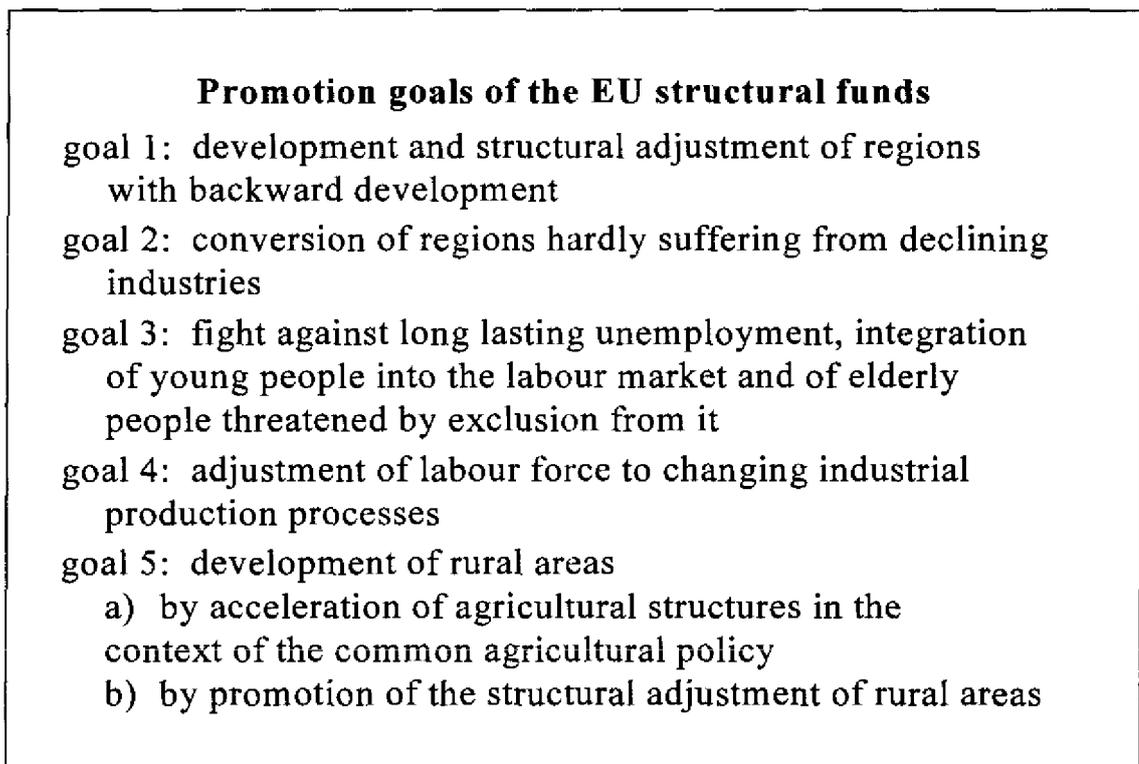
- In areas where the per-capita-income lies 75% below the average of the community and the unemployment rate is far above average, national aids amounting to 75% of a so-called net-subsidy equivalent of the first time investment, a maximum of 13.000 ECU per newly created job are permitted. This highest promotion category includes Ireland, Portugal, parts of Greece and Spain, Northern Ireland, Corsica, and the French Overseas Territories.
- To a lower extent subsidies can be granted in such regions where the gross domestic product (GDP) per inhabitant lies below 74% and the average unemployment rate over 5 years is higher than 136% of the respective national average.
- In the course of the years these criteria to define promotion regions were restricted so that the proportion of promotion regions in the prospering member states decreased.

Nowadays not only individual subsidy projects of the federal and states governments must be presented to the European Commission with an application for approval. What is more each new promotion plan of the joint responsibility „Promotion of the regional economic structure“ remains subject to the approval of the European Commission until the latter has finally decided on the admissibility of the promotion measures. Above all considering the huge problems of the structural change in the new Länder it was several times urgently suggested to restrict promotion in the old Länder. As a consequence resulted the increasing difference in subsidies for old and new Länder which particularly in the first half of the 1990s caused some location transfers from westgerman regions with a relatively weak structure which could now no longer be subsidized into highly subsidized eastgerman promotion regions.

3.2.2 EU structural funds, cohesion fund and loan programs of the European Investment Bank

Apart from the supervision of national financial aids, the European Union funds subsidy programs of her own with regional political targets out of the budgetary appropriation transferred by the member states. Already in the

1960s the European Community for coal and steel paid subsidies for adjustment measures in regions affected by the coal- and later also by the steel crises. In 1975, the European Fund for regional development (EFRE) was founded³ which was intended to be an instrument of the common regional policy. Furthermore promotion instruments with reference to regional political targets were established in the European Social Fund, the European Agricultural Funds – structural department – as well as in the loans of the European Investment Bank.



Pic. 8: Promotion goals of the EU structural funds

3 The condition behind the establishment of the European Regional Development Fund (ERDF) in 1975 was Great Britain becoming a member of the European Union: As the United Kingdom did not participate in the agricultural expenditures like the other member states, a new instrument of financial redistribution was set up (see Frick, Siegfried; van der Beek, Gregor; Hüniger, Franklin: *Die Regionalpolitik der EU: Reformperspektiven aus finanzwissenschaftlicher Sicht*; In: *List Forum für Wirtschafts- und Finanzpolitik* 22(1996), G. 4, p. 354. The former Chancellor of Germany, Helmut Schmidt, called it just a „mechanism for redistributing finance ‘clothed in a pair of bathing trunks with ‘regional policy’ painted on them“ (Bulmer, Simon; Paterson, William: *The Federal Republic of Germany and the European Community*, London 1987, p. 202.)

The regulations for the allocation of means from the EU structural funds are most strongly formalized. Five respectively six different goals are affected by the subsidies (see pic. 8). For Germany the targets nr. 1 (Development and structural adjustment of regions with backward development), nr. 2 (Conversion of regions suffering from the decline of crisis industries) as well as target nr. 5 (development of rural areas) in the version a) (by accelerating agricultural structural change in the context of the common agricultural policy) resp. b) (by generally promoting structural adjustment of the rural area) are most important. The German Länder can apply in favour of regions affected by problems for means from each matching budget for the separate targets which have to be completed by their own budgetary means.

Especially for the goal 1-regions an indicator concept was developed similar to the concept for national economic promotion. Starting from 1 Jan. 1997 the following indicators were included into the index:

- the average unemployment rate between 1992 and 1995 weighted by 40%
- the per-capita-income of employed people liable to pay social insurance premiums weighted by 40%
- a special indicator of regional infrastructure endowment weighted by 10%
- prediction of unemployment rate weighted by 5%
- growth or decline of unemployment rate between 1992 and 1995 weighted by 5%

In regions to which these definition criteria can be applied certain expenditures of enterprises and local jurisdiction can be subsidized insofar as certain conditions for their use are fulfilled on the side of the receiver. With respect to general investment promotion there continue to be limits for maximum promotion proportions in different types of regions:

- in so-called A-regions, i.e. regions with a particularly strong backward development – in Germany these are the regions with the strongest structural problems in Eastern Germany – investments in small and medium enterprises can be subsidized by a maximum of 50% of the total expenditures, in larger enterprises by a maximum of 35%
- B-regions are regions with particularly heavy structural problems (these are all the other regions in Eastern Germany). Here the maximum subsidy for investments in small and medium enterprises is 43% of the total investment expenditures, for larger enterprises 28%.

- C-regions in Western Germany are regions with serious structural problems. Here the maximum promotion in small and medium enterprises amounts to 28% and to 18% in other enterprises.

Germany does not participate in the promotion means of the European Cohesion fund since these means are reserved for countries which lag more seriously behind the development of other European member states. Germany, to speak more precisely: state or local jurisdictions or enterprises can however apply for loans with low interest rates at the European Investment Bank provided that they meet the requirements for the programs offered there. The latter are basically projects in the area for infrastructural endowment and environmental protection but also promotion programs for small and medium enterprises.

3.4 Results of regional economic promotion policies in Germany

Already the summary of the various promotion programs of national and European regional promotion suggests that there may be a coincidence, a layering and partly also a substitution of the different subsidy programs. Attachment 1 shows a map of the different promotion regions in Germany:

- the dotted areas are promotion regions of the joint responsibility „promotion of the regional economic structure“
- areas of the different promotion programs in the context of the European funds for regional development are marked in different shades of grey.

It is clearly noticeable that particularly Eastern Germany and a few other old industrial regions as well as parts of rural Germany are favoured by the national and the European regional grants.

In the period between 1994 and 1996 in the old Länder approx. 2,2 billion DM were granted to enterprises and subjects of infrastructure, in the new Länder more than ten times this amount, that is to say approx. 27,5 billion DM. Especially the 16,3 billion DM promotion means for commercial economy in the new Länder had been linked to an investment volume of 71,3 billion DM. According to calculations carried out by the Federal Ministry for Economic Affairs, these means were used to create 178.000 additional jobs, 209.000 jobs were secured.

Land	Gewerbliche Wirtschaft					Infrastruktur		
	Investitions- volumen in Mio. DM	Anzahl der Vor- haben	Zusätzliche Arbeits- plätze	gesicherte Arbeits- plätze	Bewilligte GA-Mittel in Mio. DM	Anzahl der Vor- haben	Investi- tions- volumen in Mio. DM	Bewilligte GA-Mittel in Mio. DM
Bav	1401,5	152	2197	12513	143,1	142,3	83	54,0
BaWü	1896,2	341	2100	13747	302,7			
HB	141,9	20	271	114	21,3	16,2	4	9,4
Hes	204,8	64	463	1336	22,7	9,7	13	5,3
LowSax	3225,3	544	7668	18470	305,9	369,3	173	158,4
NW	3623,2	424	9796	9452	403,6	756,0	44	273,6
RPL	1011,7	299	2616	3130	79,8	98,5	31	26,9
Saar	1734,5	252	3287	3646	254,0	23,8	9	15,7
SH	495,3	37	947	4806	63,9	139,2	77	75,3
total	13734,4	2133	29345	67214	1597,0	1555,0	434	618,6

Pic. 9a: Financial and economic results of the regional economic promotion grants in the old Länder 1994 – 1996

Source: 26. Rahmenplan der Gemeinschaftsaufgabe „Verbesserung der regionalen Wirtschaftsstruktur“ für den Zeitraum 1997 bis 2000 (2001); BT-Drs. 13/7205.

Land	Gewerbliche Wirtschaft					Infrastruktur		
	Investitions- volumen in Mio. DM	Anzahl der Vor- haben	Zusätzliche Arbeits- plätze	gesicherte Arbeits- plätze	Bewilligte GA-Mittel in Mio. DM	Anzahl der Vorhaben	Investi- tions- volumen in Mio. DM	Bewilligte GA-Mittel in Mio. DM
Ber (E)	2243,4	706	5067	9139	601,2	1499,4	87	1302,4
Bran	12546,2	2469	27765	35055	2605,8	2789,8	216	1947
MP	7289,8	2210	15285	13260	1634,1	2629,8	607	1609,4
Sax	21725,5	4424	43133	86621	4643,3	5969,2	1489	3793,7
SaxAnh	14381,4	1567	31518	20466	3551,2	2120,1	182	1386,8
Th	13162,3	4763	55204	44830	3220,6	2236,6	315	1250,9
total	71348,6	16139	177972	209371	16256,2	17244,9	2896	11290,2

Pic. 9b: Financial and economic results of the regional economic promotion grants in the new Länder 1994 – 1996

Source: 26. Rahmenplan ... op. cit.

Pic. 10 shows the financial scheme of national regional promotion as well as the promotion from the European regional fund for Eastern and Western Germany in the period between 1997 and 2001. It becomes evident that in Germany national promotion means predominate. Only a minor part of the means for regional economic promotion is paid out of the European budget.

It is also perceptible that the means from the federal government for national economic promotion are going to be reduced in the course of the planned period. These reductions will affect particularly the new Länder. It depends however on further political negotiations between federal and Länder governments and European Union as well as on decisions of the Federal Government which wants to consolidate its budget also with respect to the regional promotion how far these reduction measures will become politically relevant.

Geplante Maßnahmen	Finanzmittel					
	1997	1998	1999	2000	2001	1997-2001
I. Investive Maßnahmen						
1. Gewerbliche Wirtschaft						
- GA-Normal- förderung	4606,764	3890,150	2594,178	1415,842	1357,422	13864,356
- EFRE (Ziel 1)	977,819	959,365	999,814			2936,998
- EFRE (Ziel 2)	18,223	18,358	18,561	1,000		56,142
2. Wirtschaftsnah Infrastruktur						
- GA-Normal- förderung	2692,012	2449,489	1721,459	950,398	858,818	8672,176
- EFRE (Ziel 1)	621,356	570,816	633,120			1825,292
- EFRE (Ziel 2)	15,873	15,923	16,173			47,969
3. Insgesamt						
- GA-Normal- förderung	7298,776	6339,639	4315,637	2366,240	2216,240	22536,532
- EFRE (Ziel 1)	1599,175	1530,181	1632,934		0,000	4762,290
- EFRE (Ziel 2)	34,096	34,281	34,734	1,000	0,000	104,111
II. Nicht-investiv Maßnahmen						
1. Gewerbliche Wirtschaft	86,380	97,380	81,680	81,680	81,680	428,800
2. Wirtschaftsnah Infrastruktur	16,050	16,050	14,250	14,250	14,250	74,850
3. Insgesamt	102,430	113,430	95,930	95,930	95,930	503,650
III. Insgesamt (I+II) davon in West- deutschland	9034,477 713,750	8017,531 713,935	6079,235 627,455	2463,170 613,840	2312,170 612,840	27906,583 3281,593
IV. Zusätzliche Landesmittel (werden nur von westdt. Ländern eingesetzt)	109,950	3,315	3,217	5,000	5,000	126,482

Pic. 10: Planned financial frame of regional economic promotion grants 1997 - 2001 (1 ECU = 1,93 DM)

Source: 26. Rahmenplan ... op. cit.

In pic. 11 also the extent of the regional redistribution in the context of the joint responsibility „promotion of the regional economic structure“ becomes clear. Here the population numbers resp. the part of the total population is contrasted with the number of inhabitants of the respective promotion regions. Furthermore the part of the population in promotion regions is compared with the share the respective Land receives from the total sum of promotion means in the old Länder. It becomes evident that the economically strong Länder Baden-Württemberg and Hamburg have no (more) promotion regions. The economically strong Länder Hessen and Bavaria show only a part of the population in promotion regions which is far below average. This applies also for the altogether economically weak state of Rhineland-Palatinate. In North Rhine-Westphalia however which is as a whole economically strong the Ruhr area with 25% share of the population is a promotion region due to its structural problems in the coal mining and steel industries. In Bremen, Lower Saxony and Schleswig-Holstein \pm 50% of the population live in promotion regions. In Saarland, which has been affected for more than 30 years by particular problems of the structural change in the coal mining and steel industry, even 91% of the population live in promotion regions.

Land	population of Western Germany dec. 31, 1994					% of grants
	total	share of population	inhabitants of prom. regions	in % of total pop.	in % of prom. pop.	
Bav	11921944	18,7%	1647348	13,8%	12,5%	11,4%
BaWü	10272069	16,1%				
HB	680029	1,1%	353932	52,0%	2,7%	2,6%
HH	1705872	2,7%				
Hes	5980693	9,4%	428263	7,2%	3,2%	2,9%
LowSax	7715363	12,1%	3444917	44,7%	26,1%	28,3%
NW	17816079	27,9%	4504785	25,3%	34,1%	31,4%
RPL	3951573	6,2%	696399	17,6%	5,3%	7,1%
Saar	1084201	1,7%	984400	90,8%	7,4%	7,1%
SH	2708392	4,2%	1158848	42,8%	8,8%	9,1%
total	63836215	100,0%	13218892	20,7%	100,0%	100,0%

Pic. 11: Population in promoted areas and share of promotion grants

The emphasis of the promotion intensity becomes once more evident if one compares the part of the population living in promoted regions with the share paid by the Länder into the total subvention sum. Here the regions which are economically stronger in comparison once more show a slightly lower share of the promotion means than the Länder with the weakest economy. So it can be ascertained that there is a slight redistribution of promo-

tion means in favour of regions with the strongest economic structural problems.

	Regional- entwick- lung	Eur. Verkehrs- und Tele- kommuni- kations- infra- struktur	Umwelt- schutz, Lebens- rahmen	Energie- pol. Ziele	Int. Wettbe- werbs- fähigkeit	Kleine und mittlere Unter- nehmen
Belgien	236	222	10	7		247
Dänemark	397	540	88	29		46
Deutschland	2297	450	1334	1039	396	295
Griechenland	730	310		454		41
Spanien	2352	835	686	360	5	279
Frankreich	1614	1133	263		109	409
Irland	108	38	18			44
Italien	2853	171	2249	641	364	882
Niederland	17	236	56	196	103	38
Österreich	254	185		26	140	49
Portugal	1288	435	398	489	4	3
Finnland	10	234	138	6		5
Schweden	317	695	105	111		2
Vereinigtes Königreich	1331	619	530	674	61	253
Gleichgestellte Operationen		403				
insgesamt	13804	6506	5875	4032	1182	2593
davon Teildarlehen	3179	151	891	245		2593

Pic. 12: Loans of the European Investment Bank according to European policy goals in Mio ECU

Source: European Investment Bank: Annual Report 1998.

Pic. 12 includes a list of the loans given by the European Investment Bank with respect to the member states. German subjects of infrastructure and enterprises received in 1996 loans with low interest rates to an extent of approx. 6 billion DM. There are hardly any or very insufficient criteria for the programs of the European Investment Bank concerning regional promotion entitlement. What counts are only the grant conditions for the general promotion targets which can already be ascertained on a national level, so that also the large and economically strong member states receive remarkably

high shares of the total loan sum. Furthermore it can be noted that in granting means the emphasis is not on underdeveloped national promotion regions but that e.g. in Italy and Greece the large and economically strong metropolitan areas participate with preference in these promotion means.⁴

3.5 Problems of regional economic promotion in Germany

The system of multi-level regional economic promotion shows a series of specific problems designed to question the promotion structures. These problems can be summarized in three points:

- definition of regional promotion criteria and their material consequences
- problems of coordination of the different programs of the participating governmental levels,
- problems of effectiveness of the promotion programs with regard to their goals

The first set of problems includes questions which have been discussed for a long time. Thus in the federal Republic of Germany it was already indicated in the 1970s and 1980s that the applied concepts to determine promotion regions – in spite of the successive inclusion of additional indicators – is basically too one-dimensional to actually record the regional economic structural problems appropriately. Furthermore the actual definition of promotion regions was often enough a question of political negotiation of the Länder under the heading of the joint responsibility „promotion of the regional economic structure“ with or against the federal government. Since the programs were linked to a regional redistribution of taxes each Land wanted to see its own share secured. Before this background it is not surprising that in the beginning of the joint responsibility in the 1970s more than 50% of the area of the Federal Republic of Germany was reported as promotion region. Only under the pressure of the European supervision of national financial aids which was more and more extended to include also national regional promotions in the 1980s, it was possible to reduce the size of the regional promotion areas step by step. The inclusion of the economically extremely weak new Länder into the set of promotion instruments has forced this process even further ahead.

4 See Färber, Gisela: loc. cit., p. 334.

However the problems which come up on the boundaries of promotion regions and non-promotion regions still remain to be solved. The neighbouring district of a promotion region need not necessarily be economically very strong. It is sufficient that it is just well enough off to be excluded from promotion. The fact that in the neighbouring district subsidies can be paid for settlement and investment of enterprises often causes enterprises to migrate only a few kilometers onwards in order to benefit from promotion means since there are hardly any differences between neighbouring districts with regard to regional infrastructural endowment. As a consequence regional economic promotion in districts adjoining promotion areas can often act as genuine discrimination.

A further large problem complex of regional economic promotion in Germany results from the coincidence of European, national and partly also *Länder-specific* promotion systems. Not only does it result in certain substitution effects, i.e. if a European program is on offer e.g. national programs are withdrawn. This multi-level promotion system means much rather a multiplication of bureaucratic processes. This leads to a particularly complicated administrative system which is fueled by special peculiarities of the European bureaucracy.

Besides that there are coordination problems especially between the European supervision of financial aids and the structural funds on one hand and the European Investment Bank on the other hand. On the level of the specific programs in Germany occasionally rather absurd promotion constructions come up namely that an actual stipendiary of a project has to negotiate with up to four different administrative partners each of whom will insist on the observation of the promotion regulations necessary for the allowance of their money. There is no need to stress that such negotiation and administration structures are in principle harmful to the actual goals of regional promotion since it multiplies the administrative expenditures.

During the last years another specific problem has come up in the context of the financial misery of regions and local governments in Germany. There have been several cases in which *Länder* and even more so local governments due to a lack of proper sufficient financial endowment were no longer able to contribute their funding share in order to be able to benefit from these matched grants at all. Reversibly it has been known well enough for many years that promotion regions by constructing mixed fundings hide themselves from a generally necessary consolidation, and it needs to be emphasized again at this point in the context of the consolidation of public budgets in Germany.

Finally the fact that the regional economic promotion programs are so inefficient that they provoke reactions in the recipient of the subsidies which are effected only to get access to the promotion means and are not covered by the program targets, requires a critical reading. So it is e.g. notable that enterprises create new branches only to get access to the means of the European structural fund for a second time which is prohibited according to the promotion conditions. Although it has not yet been proved for Germany there are indicators in other European member states that bribery sums are paid in order to get access to the means of the structural fund.

Besides that the promotion regions are suffering from a certain „likelihood to blackmail“ insofar as enterprises can successfully threaten that they only settle their companies in the Land resp. promotion region or that they only carry out extension investments if they receive promotion means. That is to say that even if the investment into settlement or extension were per se profitable companies would apply for subsidies as extra awards. From a national economic perspective this results in so-called taking in effects. Furthermore the budgets of the local jurisdictions which are generally already affected by structural problems are further burdened.

Finally another grave problem results from the fact that under the heading of regional economic promotion at least in some cases investments of enterprises are promoted which according to sectoral regulations of the supervision of financial aids stand under strict subsidy codizes. The European frame concept concerning financial aids tries to consider these problems in the context of national regional economic promotion and prohibits especially general regional subsidies for such enterprises. However it is not difficult to work out institutional constructions to avoid the subsidy prohibition to a good deal.

4. Needs of reform and further perspectives

With regard to the many problems concerned with the multi-level system of regional economic promotion in Germany under a double European frame of regional subsidies on the one hand and control of financial aids on the other hand fundamental reforms are necessary. The basic decision concerns whether the existing system of various subsidies for regional purposes should be maintained or whether it is beyond repair and should therefore be abolished and integrated into the different fiscal equalisation approaches used by state governments in favour of municipalities and by the federal government in favour of the Länder.

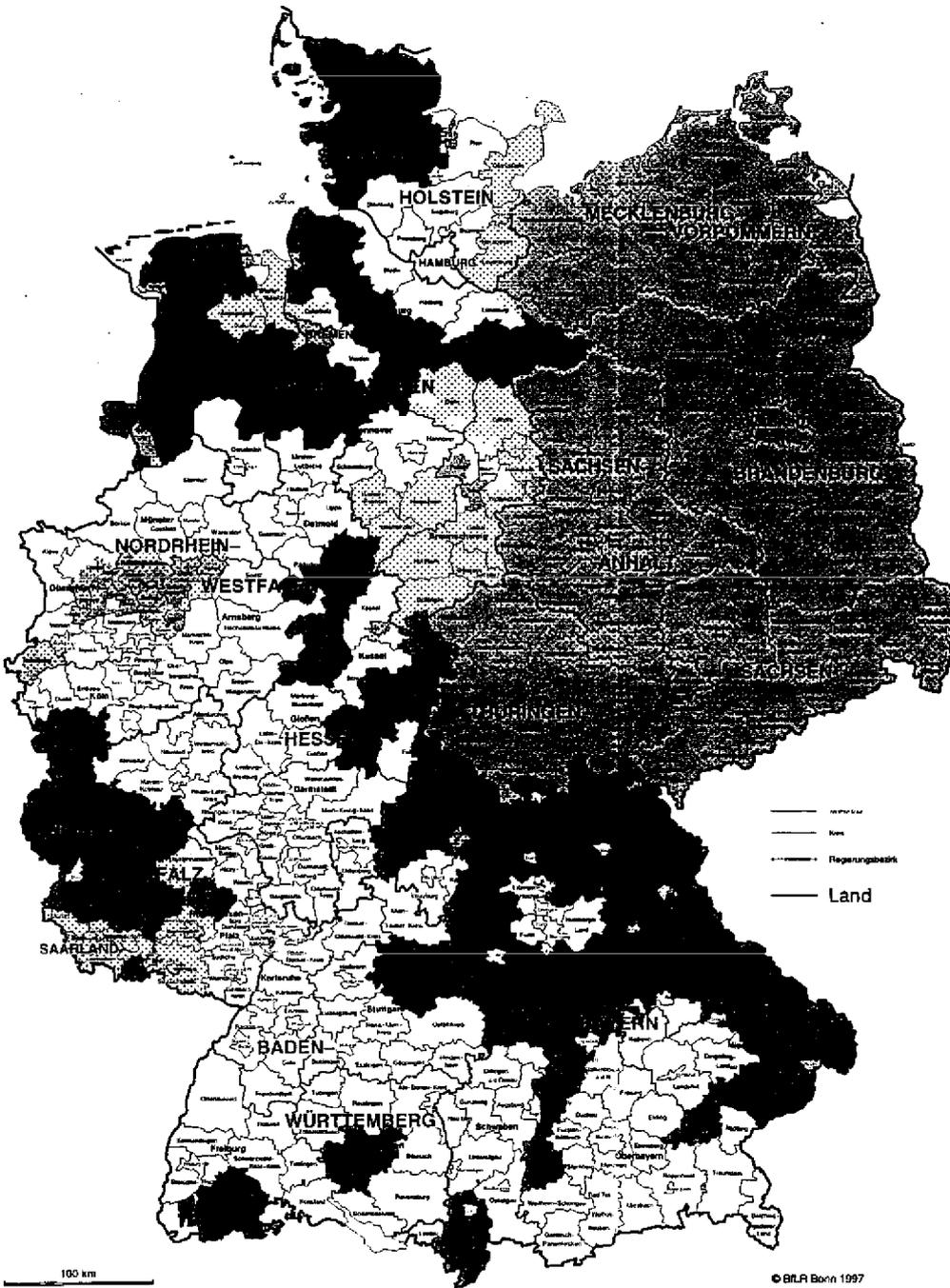
With regard to reforms of the regional subsidies by European, federal, state and local governments the problem related with coordination of the different programs should not be underestimated because no government tier will negotiate the reform openly as a result of its special political interests. Each government will also try to shift financial means from the budgets of the other participating jurisdictions to its own. An efficient and welfare increasing use of the bound tax revenues never will be achieved under that type of regulation. Remarkable doubts also remain with regard to the goal of declining the income gap between the rich central regions in Europe respectively the rich metropolitan areas in the European member states on the one hand and the periphery countries and regions on the other hand.

More success promises a strategy of decentralisation concerning the particular decisions which investments and infrastructure projects should be subsidised. From the point of view of efficiency a restriction of subsidiation to infrastructure endowment is desirable. In order to maintain the global equalisation effects resulting from redistributing European tax payers' income from rich to poor member states, from rich to poor regions, the introduction of a special fiscal equalisation scheme of global investment grants comprising all the various governmental levels in Europe should help to avoid inefficient bureaucracies and subvention fraud as well as corruption and rent seeking activities. The European supervision of national aids could in the field of regional economic promotion programs be combined with the control of intended use of the grants.

Whether that type of global and decentralised regional economic promotion schemes ever will be established is to be doubted. Too many political and administrative interests are in favour of maintaining intransparent subsidies to have instruments for their election campaigns and additional means for „their“ relevant rent seeking groups. Only the European tax payers would desire a more efficient use of public money. May be they succeed in a better allocation of financial resources when the European Union becomes closer and the European „government“ level is heading for a necessary completion of powers, among them a proper right of taxation.

Attachment 1: Regions of regional economic promotion under different national and European regimes of regional policies, source: 26. Rahmenplan der Gemeinschaftsaufgabe „Verbesserung der regionalen Wirtschaftsstruktur“ für den Zeitraum 1997 bis 2000 (2001); BT-Drs. 13/7205, card 2.

Landes-
kunde
und
Raum-
ordnung



**Gebiete der Gemeinschaftsaufgabe
"Verbesserung der regionalen Wirtschaftsstruktur"**

in gemeinschaftlicher Abgrenzung
Stand: 1. Januar 1997



Gebiete des europäischen Fonds für regionale Entwicklung

-  Ziel-1-Gebiete
(Regionen mit Entwicklungsrückstand)
-  Ziel-2-Gebiete
(Industriegebiete mit rückläufiger Entwicklung)
-  Ziel-5 b-Gebiete
(ländliche Gebiete)

Regional Economic Development in the United States

by *Janis Purdy*, Cleveland, Ohio

I. Introduction

Americans expect their government to play a role in many areas of public life, including transportation, social welfare, and environmental protection. Many citizens and politicians, however, heartily disagree about government involvement in our „free market” economy. Among all the public policy debates in the United States, there are few that are more fundamental than the one about how much government should be involved in the marketplace, especially when the impact of economic policies affects groups differently. How the federal government should intervene in regional markets and economic development is a question now receiving considerable attention in policy circles.

U.S. government for centuries has been willing to put the people’s purse behind economic development. Long before the United States became a nation, the Mayflower Compact, which defined the settlement of the Massachusetts Bay Colony, contained incentives for building the first iron smelter in the colonies. Since then, scattered throughout U.S. history, is evidence of government action to achieve regional economic goals:

In the early 19th Century, President Thomas Jefferson made federal funds available to Lewis and Clark to explore the Northwest Territories, and to identify both barriers to settlement and natural resources for economic development.

Private companies built the Transcontinental Railroad on federal land and, in turn, were granted some of the property on either side of the tracks to use for settlements at strategic locations or sell to pioneers moving West.

New Deal programs, initiated during the Great Depression of the 1930s, tested Constitutional limits of public sector participation in the private market with far reaching activities such as banking and securities regulation, which changed forever Americans’ expectations about government involvement in their economic lives.

Foreign trade zones and enterprise zones, created in more recent years, target economic development to areas requiring additional incentives to spur business development or economic revitalization.

These and other government initiatives refute observations frequently made that intervention in economic development is „new,” a notion often heard during the late 1970s and early 1980s. Those were particularly dynamic times for experimentation with public incentives for economic development because of severe economic recession that hit manufacturing areas in older central cities and the „rust belt” of the Midwest. Government involvement approached a level of activity not encountered since the New Deal solutions of the 1930s.

The economics and the politics of the 1970s and 1980s demanded action and paved the way for new programs. Public expectations that government should „Do something!” to solve economic problems resulted in creative solutions like Community Development Block Grants, Urban Development Action Grants, and tax and regulatory relief programs. Public sector and private sector partnership arrangements made many new financing tools and techniques more legally and politically acceptable. These experiments succeeded to a sufficient extent to raise public acceptance for government involvement in economic development activities. These programs, however, were primarily designed to address local economic problems such as blighted neighborhoods and downtowns, not the needs of larger geographic regions.

In the 1990s, the larger scale metropolitan region demands attention, but in most regions of the United States, the tools, administrative agencies, and political jurisdictions are not properly aligned to meet the needs or development objectives of the growing metropolitan regions. Policymakers and public administrators continually work to apply lessons of the past to present day problems by adapting old tools and techniques to new realities.

What follows is a summary of the economic development programs that would be found today in many U.S. regions, along with a description of how they might be organized. This summary proves that current efforts at government stimulus to achieve economic goals are sophisticated, targeted, and dynamic. The examples are often focused on the state or local level problems, but economic development activity is slowly shifting to address regional issues, much to the relief of advocates for regional excellence.

II. Economic Development Objectives

Economic development is a dynamic process by which growth in the level of business output is achieved within a defined geographical area. Whether the area of concern is the nation, state, city, or region, economic development is the process by which individuals and governments enhance the quality of life by creating new wealth.

Economic development is envisioned, planned, and implemented by public sector, private sector, and community participants through a selected set of policies and related programs. There is no single successful strategy, policy, or program for achieving economic development objectives. Communities face unique challenges because each differs in its geographic attributes, social organization, resources, performance expectations, and the capacity of their political institutions. Policies and programs, therefore, must be tailored to fit local needs.

It has been noted that the absence of an economic development strategy is a strategy nonetheless. Increasingly, political jurisdictions are aggressively adopting explicit strategic approaches to guide their economic futures. These strategies are designed to meet a number of commonly held objectives including promoting business, increasing the base for tax collection, creating jobs, making the best use of natural resources, generating personal income, and raising the standard of living.

Business Retention and Expansion – Business retention and expansion are primary economic development objectives. Expanding businesses create new jobs, attract other similar businesses, and are instrumental in stimulating supplier industries. Business retention and expansion efforts encourage companies to stay in the area or help protect them from going out of business. Assisting a company often requires helping it gain access to credit and capital, finding needed workers, and creating business networks.

Business Attraction – Business attraction efforts are the most visible activities in economic development portfolios, often encouraging businesses to move into a community with the lure of financial incentives. While this is a risky approach and its value has been widely questioned, securing one large firm with its hundreds of jobs is generally treated as a major victory for local development officials. Local officials use sophisticated market research, incentives, and marketing pitches to interest and attract firms. The downside for development officials, however, can come a few years later when the jobs don't materialize or the firm hits an economic downturn and closes.

Encouraging Entrepreneurship – Aid to entrepreneurs is gaining a prominent place as an economic development objective. This kind of business development goal might be chosen if the interest is to diversify the local economy, stimulate certain industry clusters, take advantage of a nearby university research base, or reduce the rate of small business failures. Typical strategies include programs that provide guidance on basics such as accounting and financing. Training programs include classroom training, workshops, speakers, or counseling.

Job Creation – One of the core objectives of regional economic development is job creation. A strong link exists between employment levels and the overall health of the local economy. Job creation is not just about increasing the number of jobs but also about improving the quality of jobs. While every new job contributes to a family's income and the local tax base, there is a difference between simply creating work and creating jobs that provide a good standard of living and an opportunity for advancement.

Targeting – Economic downturns in selected industries often prompt a government response targeted to specific industries and industrial clusters. Targeting economic development for disadvantaged population groups in specific geographic areas has also become an acceptable objective for public and private action.

III. The Federal Government's Role

The federal government creates the economic and political environment in which local, state, and regional economies function. The influence of national government policies is broad and significant. It includes setting fiscal policies that create the general framework or structure of the economy; raising taxes to provide public funding for economic development and job creation; stabilizing the nation's financial, legal, and banking systems; providing access to national and global markets; and building physical infrastructure.

Fiscal Policy – Fiscal or budget policy structures the national government's use of public revenues and expenditures to achieve policy goals. The balance between spending and revenues affects the amount of government borrowing and thereby the overall demand for loan funds and the interest rates that must be paid to loans. Public revenues include tax and non-tax income, including all forms of tax revenues, fees, and domestic borrowing. Tax money pays for infrastructure, education, and police – all essential services for business prosperity. The nature of the spending also affects eco-

conomic activity and growth in specific industries and regions (see below for further discussion of taxation and infrastructure spending).

Monetary Policy – Monetary policy is the governmental regulation of the amount of money in circulation. The government uses monetary policy to achieve maximum employment, stabilize prices, and moderate interest rates. It has the ability, too, to minimize dramatic shifts in the business cycle.

Banking System – Government maintenance of a stable banking system is a key component in establishing the business climate. Banks provide the finances that businesses use to start and to grow. Access to capital drives economic growth. Banks play a central role in determining the parameters of economic development. The banking system helps stabilize economic activity by setting interest rates and controlling the money supply in response to changes in production, employment, and inflation.

Legal Structure – The federal government establishes and enforces the nation’s legal structure. This rule of law provides the foundation to protect property rights and enforce contracts. Business needs to know that a contract can be enforced when it enters into a business deal. Government establishes corporate and business regulation to protect reasonable competition.

Regulation and Taxes – The government in Washington, DC, sets the national regulatory and tax structure. High taxes and regulations place heavy burdens on businesses, especially smaller ones. Taxes compete directly with corporate efforts to retain funds that a business would use to reinvest in the company. Reinvestment creates jobs and increases the tax base through increased production and increased revenues. The impact of taxation and regulatory issues points to the basic need for dialogue and coordination between the federal government and the states and regions.

Physical Infrastructure – The federal government also provides money and administrative mechanisms to design and build major projects, particularly projects that cut across state lines. National investment in public infrastructure has a significant impact on business health and the ability to move goods across the nation and to global markets. The St. Lawrence Seaway and the Interstate Highway System are two examples of major federal infrastructure projects, along with hundreds of other smaller and large projects.

IV. „Instruments” or Tools to Meet Economic Development Objectives

Although economic development objectives are effected by national government policies, economic development programs are most frequently man-

aged at lower levels of government because local agencies can design programs to meet the precise needs of local business. Economic development activities in the United States are usually implemented through programs sanctioned by the states.

Local governments are the primary implementation agents for economic development. They address a variety of economic development objectives through a wide range of „tools” or „instruments.” This does not mean that all 50 states have different tools in the toolbox. National professional associations and federal government programs encourage a certain degree of uniformity across the nation. The tools described below can be found in most states today.

Developing Knowledge – Data about local businesses, their patterns of change, and their markets are a fundamental component of an economic development agency’s toolbox. Cluster studies of regional business markets have replaced econometric modeling efforts of the 1980s. They are being used to design very sophisticated strategic actions.

Case studies of „best practices” in development strategies and programs are being gathered and shared among professionals in the economic development field. Regional profiles, like those being developed by the National Association of Regional Councils, provide information about regions across the country in order for comparisons about success to be shared.

Benchmarking, a corporate management technique, is now being adapted for use by several regions. Benchmarking compares a group of competitors on a range of economic indicators to allow for the identification of „best in class.” Business leaders and public officials use this information to devise strategies for their region to „close the gap” between their position and the best performing region.

Strategic Planning – Strategic planning is a systematic process by which communities can imagine their future and create the appropriate steps to achieve that future. Strategic planning is a continuous process used to ensure that existing policies and programs meet the economic development needs of a community within local resource constraints. It involves realistic appraisal of available resources, constraints, and opportunities; development of achievable goals; and formulation and implementation of project action plans to reach those goals. An effective strategic plan organizes responsibilities, tasks, and timelines; guides staff and others involved in executing the plan; provides management controls; and designs systems for monitoring and evaluating results.

Expanding Markets – Trade missions are important means to expand business opportunities, especially for opening foreign markets. State governors and mayors of major cities frequently lead trade mission as an important investment in a region's future. Private money, secured through Chambers of Commerce, is often used to support these activities. Seattle is frequently held out as the „best practice” example for use of this tool. Its annual business trips are designed to learn from other countries, as well as to share business pride in Seattle and its potential for economic development.

Tax and regulatory relief – Relief from prevailing regulations and taxes are both tools used by local and state governments to assist firms, through specific actions to ease the burdens of government policies that would otherwise apply. Requirements for building code compliance, zoning code compliance, and operating permits can add up to a heavy burden for business, especially small business. Many local governments set up a „one stop shop” to help business owners resolve these issues within a minimum amount of time. Environmental protection regulations can be costly, too. Creative solutions, like creating a market to trade pollution credits and debits, are experiments at compromise worth watching.

Land Use Planning – Techniques like instituting „smart growth” measures or establishing urban growth boundaries are relatively new regional development concepts in the United States. U.S. traditions provide for local land use control with little or no interference from county, state, or federal levels of government. This has led to inefficiencies in resource allocation and costly patterns of urban sprawl. Some state governments and regional utility agencies are beginning to stretch their powers and withhold services to developers of outlying areas as an indirect means of land use control.

Building Infrastructure – Public infrastructure expansion and maintenance are required to meet the infrastructure needs of new, expanding, or relocating firms. Providing these basic services is a function of available money and likely to be successful only if the multiple governments with some responsibility for the planning, building, maintaining, and financing infrastructure development can be coordinated. Federal initiatives in recent years through the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and its successor, the Transportation Efficiency Act of 1998 (TEA-21), have helped in this regard.

Workforce Development – Workforce development programs focus on education, training, and recruitment of workers. They typically concentrate on improving the skill base and job placement of the local labor pool. Training programs sponsored by government are sometimes tailored to the

specifications of businesses. Another critical need for matching prospective employees to the available jobs – getting urban workers to suburban areas where new jobs are being created – is being addressed by regional transportation agencies, sometimes with federal, state, or private sector funds.

Financial Incentives – During the 1970s and 1980s, new programs provided substantial federal dollars to state and local governments for economic development. Urban Development Action Grants (UDAG) provided large subsidies to support catalytic development projects in distressed areas, usually central business districts. This program is no longer active. Community Development Block Grants (CDBG) continue to provide money for a broad range of revitalization activities, but not in the high amounts of previous decades. Federal loans for small business support local economies. Federal mortgage subsidies add fuel to local housing markets, supporting homeownership and stable neighborhoods.

Opportunity Events – Frequently an event can be the catalyst to target resources and rally people and programs to stimulate development. The 1996 Olympic games in Atlanta, Georgia, led to a massive construction project involving housing as well as sports and entertainment facilities. Another common opportunity might be a decision to mark an anniversary, such as the celebration of the bicentennial of Cleveland, Ohio. Millions of dollars were raised in the preparations for that occasion and channeled into housing redevelopment and lakefront development projects.

Catalytic Projects – Industrial parks, designed to provide businesses with services and support structures, are being built on inner city sites by local governments to compete with suburban office parks. They create a setting for office, manufacturing, and research and development facilities by combining beauty and function in a campus-like setting with quality architecture, landscaping, and services.

Business incubators buildings, frequently old recycled manufacturing facilities, are a mechanism used to encourage and support young companies until they become viable. They provide new firms with affordable space, assist them with technical and management support, help them to secure equity and long-term debt financing, and find qualified employees.

Large scale projects like sports stadiums, strategic retail malls, „halls of fame,” convention centers and museums are changing American cities. Though controversial because of their high price tags, they have repeatedly proved to be agents of downtown revitalization and magnets for tourist dollars.

V. Leadership

Local traditions and circumstances define the response to each area's economic development toolbox, but in all parts of the United States, a visitor to a region is likely to find the public, civic, and private sectors working together in organizations to solve problems. This is especially true at the regional level, where private sector organizations are often playing a leadership role to address problems for which no single unit of government has responsibility. In most regions there is an organizational array that contains a mix of public, private, and partnership organizations, but in no two U.S. regions will the mix look or act the same. The leadership equation includes individuals and institutions.

Business Organizations – The private sector, usually working through a Chamber of Commerce, acts as a partner in designing, financing, and implementing economic development programs. Projects or programs can be long term or short term efforts. Businesses learn best from other businesses. They teach each other valuable lessons about mistakes they have made or successful ventures they have taken. This exchange of knowledge occurs through networking and basic teaching methods, such as mentoring. By interacting in various ways, businesses are able to learn what to do and what not to do.

Regional Councils and Development Agencies – These are independent agencies initiated by state government or municipalities throughout a region. Most importantly, they serve as a coordinating body, bringing together stakeholders and ensuring appropriate developmental projects and infrastructure systems are funded. Many advocates of regional solutions believe these organizations should be empowered through greater authority or more funding in order to support growing regions.

Community Development Corporations – These non-profit organizations take a long-term and comprehensive approach to economic development, usually at the neighborhood level. They provide full-time professional staffs and at least some planning capacity. The key to a successful CDC is that they are flexible. CDCs use private development techniques for public purposes; target benefits to communities in need; work directly with small business; use incentives to operate programs efficiently; reinvest resources in the community; and link planning to implementation.

Media Outlets – Regional media markets have the potential to become effective partners in regional development. Newspapers can provide information that informs citizens about change in the region. Most metropolitan

daily papers are looking for ways to expand their market so the focus on news of the region is logical and good business, too. Major papers in Atlanta and Cleveland are rising to the challenge, with increased regional reporting. Regional or „city” magazines also help focus attention on regional issues and can be a catalyst for change. *Northern Ohio Live* has developed a quarterly feature about the regional agenda and has served as a convenor of regional leaders to discuss regional development priorities.

Universities – Universities are providing research and community service activities that recognize the new opportunities and problems associated with our rapidly growing regions. While most stop short of advocating specific measures, their work can give legislators and public officials the facts they need to accomplish legislative change. They also can contribute directly to economic development, through their own construction projects involving university facilities including housing and sports facilities, and through their partnership with other public and private interests to develop research laboratories and related technical and development enterprises.

VI. Prospects for Regional Economic Development

During the first half of 1998, healthy regional economies are supporting a vibrant national economy. Times are good. Government revenue is strong and public budgets are in good shape. There is little reason to propose a flurry of new economic development programs. Americans expect less from the federal government than a decade ago and it is „politically incorrect” to talk about new federal spending for regional economic development. At the regional level, public officials give more attention to designing effective partnerships, or creating effective government processes and structures, than they do to project subsidies or tax relief.

The extent of government involvement in economic development is especially sensitive to the economy’s performance and the politics of the times. Today, although a Democrat holds the presidency, general conservatism and Republican legislative power prevail. The economy has soared and support for government intervention has declined. The late 1990s are not a time of significant experimentation at either the federal or local levels, but this is a time for innovation at the regional level.

Regional solutions are not coming from Washington, DC, but from state capitals or regional planning organizations and citizens groups. Considerable experimentation is going on but most of the knowledge about national examples and best practices is still anecdotal. Where the economy is good, re-

gional officials are debating the question of government's role in economic development. Significant regional economic development activity, likely to be in the form of catalytic projects, will probably be undertaken by the private sector through voluntary organizations and not-for-profit development organizations.

With few exceptions, there are no formal government jurisdictions with substantial political power between the states and the counties or cities in most U.S. metropolitan regions. Regional Councils, the administrative vehicle for federal transportation planning and financial distribution, are the best hope, but they are frequently kept weak by state legislatures and municipal officials concerned about giving up any power they now hold. Without strong political jurisdictions at the regional level, those interested in regional economic development are concentrating on refining a variety of voluntary, cooperative, or collaborative approaches or legal mechanisms to achieve regional goals.

„Do something!” is the cry when some group or some place is faced with a problem that needs remedial action. It was heard when the coal markets disappeared, exacerbating enormous poverty in the Appalachian Mountains – a problem addressed by creating the Appalachia Regional Commission which spanned several states with economic development programs.

The cry for regional solutions today is coming from citizens all across the United States who are concerned with the negative impact of sprawling regional development and the absence of land use planning and controls at the county or state level. Business executives, many of whom have located facilities in distant suburbs and been unable to find workers, are beginning to be alarmed by unplanned growth, too.

Regions have become a new focal point for economic development efforts. The regional context offers challenges and opportunities to area governments and citizen leaders. They are borrowing tools and organizational arrangements created in the 1970s and 1980s to solve local problems and adapting them to the regional problems of the 1990s. The region is no longer being ignored and is becoming an important arena for making political decisions and designing economic development programs because it is the real economic geography in which Americans will live during the next century.

VII. Contacts for Additional Information

CUED – Council for Urban Economic Development

1730 K Street, NW, Suite 700

Washington, DC 20006

(202) 223-4735

(<http://www.cued.org>)

CUED is a nonprofit membership organization committed to the economic development and revitalization of cities around the world. It is recognized as the premier economic development organization serving local economic development professionals from both the public and private sectors.

NARC – National Association of Regional Councils

1700 K Street, NW, Suite 1300

Washington, DC 20006

(202) 457-0710

(<http://www.narc.org>)

NARC is the non-governmental organization that advocates for regional councils and metropolitan planning agencies in the United States. As regional issues become more important, NARC is expanding its services to members as well as its advocacy on their behalf.

ICMA – International City/County Management Association

777 North Capitol Street, NE, Suite 500

Washington, DC 20002

(202) 289-4262

(<http://www.icma.org>)

ICMA is the professional and educational association for more than 8,000 appointed administrators and assistant administrators serving cities, counties, and other local governments and regional entities around the world. Its purpose is to enhance the quality of local government through professional management and to support and assist local government administration.

The Urban Center

Maxine Goodman Levin College of Urban Affairs, Cleveland State University

1737 Euclid Avenue, Cleveland, OH 44115

(216) 687-2134

(<http://urban.csuohio.edu/~ucweb/>)

The Urban Center is the flagship of the Ohio Urban University Program. Its mission is to investigate issues and challenges facing urban communities and to apply its resources to solutions. During the past two decades, it has expanded its research and outreach capacity, and is now a recognized source of expertise to address a broad range of public policy and regional issues.

Appendix

Case Example of Cleveland, Ohio

The heyday for economic development in the United States was probably the period when heavy industry, particularly steelmaking, was developing in the great cities of the upper Midwest. Since that time of „chasing smokestacks,“ the nation or at least the public officials in many cities and regions seemed to have lost the vocabulary and the ability to communicate about economic development needs and opportunities. While citizens and businesses expected government to be involved in transportation, sewer and water service, education, and social welfare, some of the most intense political and economic debates in the country concerned whether and to what extent government should be involved in private markets.

The 1970s and 1980s were a vigorous and creative period for economic development. „Rust Belt“ cities such as Cleveland were experiencing many economic changes, perhaps parallel to those faced by many European cities today, and were trying to make a transition to a different pattern of economic activity.

The Cleveland example illustrates several common patterns:

1. Usually economic development efforts have been triggered by a crisis of some kind, such as the default of the municipal government in the city of Cleveland – the first instance of local government bankruptcy since the days of the Great Depression.
2. Sometimes a positive event can trigger major development, in the case of the Cleveland bicentennial, which led public and private forces to regroup and come together in revitalizing the city.

Though the issue of economic development was of strong interest to federal, state, and local governments, most of the development efforts were carried out by the private sector with little federal participation. It is rare, however, for economic development to be led entirely by the public sector. Often development initiatives begins with the private sector and are picked up by the government, which shaped programs to meet the needs of the private sector. In the case of Cleveland, the Chamber of Commerce was involved, but two other important forces were:

1. Cleveland Tomorrow, a private group of 52 Chief Executive Officers in the area

They joined together to work toward a healthier economic future because the nature and extent of economic activity – and the survival of the city and the region – matter to them. This group is not democratic and not inclusive; citizen voices often are not heard. For example, when they developed their „downtown implementation plan,” they did not allow for significant citizen input except through a handful of public forums convened after coverage of the plan by local media began to create pressure to open up the process.

2. Cleveland Citizens League, also a private group but open to anyone

The Citizens League generally chooses a few issues each year to focus on, such as education for the future. It has been a major force in sharing „best practices.” In the past several years while I was Executive Director of the Citizens’ League, we canvassed several dozen local organizations to identify their interests and priorities, and we divided our attention between marketing and „fix it” programs for the region.

Many public-private partnerships are also involved in local economic development efforts. For example, Build Up Greater Cleveland brings together the Cleveland Chamber of Commerce and local governments for the common purpose of stimulating and strengthening economic activity in the region. The group came together for the first time in 1979. In a county of 1.5 million people, there are 66 government entities and prior to formation of the partnership, there was no coordination for infrastructure planning, construction, or maintenance. The Chamber agreed to provide advocacy and lobbying for projects the members identified as priorities, while philanthropic organizations provided the money to pay for an initial inventory of public and private sector programs affecting economic development opportunities in the region.

Local government and business programs frequently have specific targets or goals. For example, some are aimed at assisting unemployed or dislocated workers, while some are intended to move people from public welfare to work. Other programs are designed to bolster particular industries. In Cleveland, we have attempted to project where manufacturing is going or if the region will even have manufacturing. One futurist has predicted that the regional economy would have only services, while another said it would be based entirely on manufacturing. A number of recent programs such as the urban empowerment zones target distressed areas, including the former sites of steel mills, auto plants, and other heavy industries like those that were previously located on the waterfront in Cleveland.

Most of these areas are also covered by federal programs. Some federal programs still offer cash incentives for specific types of development activities, though the extent of that funding is nothing like it was under revenue sharing in the 1970s with the large federal Urban Development Action Grants and the Economic Development Administration planning grants. There are still federal Small Business Administration loans available, as well as community development block grants. Those programs are directed primarily to counties, however; no federal economic development grants are aimed at the region as a whole.

Some research in this area is still supported by government programs. The state of Ohio has recently granted \$400,000 to Cleveland State University to support economic-development related research, including evaluation and measurement of various tools and techniques.

One primary force driving economic revitalization in Cleveland has been the local political leadership, particularly the leadership of former mayor now governor George Voinovich (who has just been elected to the U.S. Senate from the state of Ohio). He recognized the needs and the potential represented not only by the city of Cleveland which he led but also the Cleveland region as a whole.

Recognizing the importance of regional awareness as well as strong regional leadership in the private sector, the Cleveland Chamber of Commerce now offers a leadership training program, one new element of which is a presentation on the nature and importance of the region.

The quality of local public education is also getting increasing emphasis as public and private sector leaders realize that business and industry pay attention to the education level of the local labor force and favor regions with larger pools of workers with a solid secondary school education, as well as technical skills or more advanced college or university background.

Media and communications also have played an important role in stimulating and facilitating regional economic development in the Cleveland area. The state of Ohio has produced a brochure, „Northwest Ohio,” presenting the general characteristics and opportunities in the area. There is also a quarterly regional report called „Northern Ohio Live” which draws attention to economic conditions at the regional level. A supplement entitled „Cleveland: Is This Heaven?” was printed in the national *Fortune* magazine referring to Cleveland as the „most improved” city in the United States.

The regional magazine in the Cleveland area, *Cleveland Tomorrow*, also produces a supplement on the region every year, which it introduces at an annual conference for regional leaders from the public and private sectors. It

is rare to have a magazine take this kind of leadership in a region, but the magazine recognized that as a regional periodical, it can improve its own circulation – and its prospects for survival – if it promotes the awareness and health of the region as an entity. Newspapers are generally regional in their circulation, and citizens are becoming more aware that they belong to a region, rather than just a municipality or a state.

BP America gave the Citizens League a grant to do benchmarking, to examine the competitive markets and assess how government can contribute to the region's economic health. We developed 114 possible measures of regional economic health, which we distilled down to 36. We used those measures to compare Cleveland to 24 other regions, including trend analysis. The report was printed by the regional magazine and went to 25,000 people. Our hope is that community groups can use the data to see how a particular sector is keeping up with other sectors in contributing to the region's economic health, and can apply that understanding to assess what programs and initiatives are likely to be most effective in achieving more effective economic performance.

Now that local governments don't have the expectation of increased federal funds for economic development, states and some localities are becoming better at using the economic development tools of planning, marketing, tax and regulatory relief, and environmental programs such as air pollution credits or „emissions trading.” Historically, local government was not really included in the discussion of economic development, but now with most local government budgets in balance or surplus, this may continue to change. For the next century, I expect that in Cleveland and other regions we will see more public-private partnerships, more private sector initiatives („Get the job done!”), and more use of data, not to construct massive econometric models of the economy but to look at economic clusters and to identify best practices for achieving constructive future economic development.

Public Transit in the Rhine-Neckar Metropolitan Area

by *Wolfgang Patschke*, Mannheim

1. Preliminary Remark

To begin with, I should like to mention that you should not expect an expert lecture as might be given, for instance, by a manager from a public utility, by an official from the Ministry of Transport or an employee of an engineering company. You are visiting here a planning institution engaged in environmentally sound and sustainable overall spatial planning. Accordingly, the standards of our work do not only include the degrees of traffic flow and accessibility; the effects exercised by traffic on the environment and on land use are of equal importance or may even be given priority. In the passenger transport field, the question of how to attain a target-oriented modal split is in the forefront of all planning. To put it plainly, the objective is to reduce the number of car trips. Also, I wish to refer in this context to the targets defined in Rio in „Agenda 21“, above all for the reduction of CO₂ emissions.

2. Present Traffic Situation

Luckily, we have at our disposal a quite recent transportation study on our entire region, a study that had been commissioned by our association. In the following, I would like to present to you some basic data from this study:

Trip/traffic generation in 1986:

6 million passenger trips per day (on weekdays)

Modal split:	53 % trips by car
	8 % transit (public transport) trips
	13 % bicycle trips
	26 % pedestrians

This means that just under half of the traffic is by modes that may be considered environmentally sound. At first glance, this is an acceptable result.

We must take into account, however, that 61 % of the trips by motorized means of transport cover considerably longer distances (i.e. averages of

about 16 - 18 km), while pedestrians and cyclists do not walk or ride more than 3 km on an average. Concomitantly, a balance of mileages, for which only estimates can be given here, would reveal a much higher share of car trips (namely about 83 %), the portion of non-motorized traffic thus only amounting to about 6 % of the mileage covered on weekdays.

So distances covered by pedestrians and cyclists are only of minor importance in regional transport. It, therefore, appears justified to consider, in the following, motorized transport only. In this context, developments over the past are of interest as well:

Trip/traffic generation (weekdays)	In 1969	In 1990/91
Passenger trips (in millions)	2.1	4.7
Modal split (in percent)		
by car	69	89
by transit (public transport)	31	11

Data from another source, namely censuses, make it possible to illustrate the development of the modal split in commuter traffic from the surroundings into the cities of Mannheim and Ludwigshafen even more clearly:

With almost constant numbers of people employed within the two cities, the number of in-commuters increased in the period from 1961 to 1987 by about 39 % due to the suburbanization of population development. In terms of modal split, this resulted in a very clear shift of transport volumes from public passenger transport (or mass transit) to private means of transport. The share of local public passenger transport decreased from 61.5 % (in 1961) to 15.9 % (in 1987), while the volume of car trips tripled.

This trend contrasts sharply with the declared targets. Therefore, the political bodies in the region were dissatisfied with these results and charged the administrative authorities with the task of searching for ways and means to stop and reverse this obvious trend. One of the aids we are using to this end is the above-mentioned transportation study.

As in other economic regions of the Western World, the development outlined above is attributable primarily to two causes:

- Economic conditions prevailing in these economies have permitted a rise in private car ownership, which has not yet slowed down so far. In spite of the high levels attained, an end of this trend is not yet predictable. In the Rhine-Neckar Metropolitan Area, we have 524 passenger cars or 604 motor vehicles respectively per 1,000 inhabitants (1997 figures).

- The traditional quality of local public passenger transport services as they were was getting increasingly unsatisfactory in the presence of users' demands that are becoming more and more oriented to private car standards, in particular as regards criteria like availability, trip duration, service intervals, and convenience. The transport utilities, which had formerly been able to operate without any rival competitors, were now being faced with choice drivers or riders able to refuse inadequate services, which they actually did in large numbers. Those who owned a car used it.

Endeavours to steer the outlined trend in the sense of reversing it can hardly be successful if focussed on the development of motorization. Rather, the prime objective must be to bring local public transport services closer to the convenience offered by private car trips or to exceed it even in certain respects. This is why the „Raumordnungsverband Rhein-Neckar“ – our institution is an association of subregional planning authorities responsible for the Rhine-Neckar area – has made great efforts since the early 70ies to improve local public transport, and, we can say today, been successful.

3. Reorganizing Local Public Transport

When looking back in retrospect on local public passenger transport in this area, our visitors are doubtlessly not very much interested in a report of the deficiencies of our former public transport system, as similar conditions are still prevailing in a number of regions in Europe and in the United States as well. Instead, they might be interested to hear what we did and what the situation is today.

From our regional viewpoint, improving the system of local public passenger transport had to focus on four cardinal points:

- Instituting an organizational structure which ensures a clear separation of responsibilities in terms of competence and funding, between the political bodies, the management and the utilities
- Creating a uniform and easily applicable system of fares to operate in all means of transport in our metropolitan area
- Developing the railway track infrastructure with the aim of providing regular fast train services (rapid transit) on the axes or corridors of settlement and local public transport in our area
- Introducing a basic-interval timetable on the area's fast railway lines

Since 1973, on the initiative of the „Raumordnungsverband Rhein-Neckar“, up to 23 institutions of our area (3 Federal Länder, 11 municipal and rural districts, 8 transport utilities as well as our association itself) have made efforts – of varying intensity and with varying success – to establish a public transport or transit federation. In late 1979, the 23 members were finally able to establish a preparatory institution, namely a transit cooperative. Yet it was only towards the end of 1985 that a joint body of local authorities could be founded and the respective articles of association passed. This also permitted the joint body of local authorities to conclude a framework agreement with the Federal government and the authorities of the three Federal Länder on the introduction of a first stage of joint tariffs.

It was not before the summer of 1989 that the system of treaties comprising five individual agreements was signed in a ceremonial act; this allowed the transport utilities to be organized and further details of the transport federation to be laid down. In December 1989, a compound fares system was finally introduced within the entire territory of the Rhine-Neckar transport federation, and the numerous corporate tariffs applied by the various transport utilities were abolished. To the passengers, above all to regional transport passengers, this meant a marked improvement of the offered public transport services, but 16 years had been much too long for that operation. One of the most difficult problems to be coped with was making up for shortfalls in receipts which resulted from the joint tariffs within the federation. Approximately DM 9 million had to be spent each year for such shortfalls by the joint body of local authorities and the three Länder. The transport utilities had to bear the cost of the management organization.

4. Regionalization of Public Transit

However, with the aforesaid operations, the reorganization of local public passenger transport in the Rhine-Neckar area had still not been terminated. The next stage of organization was due to the European Community's anti-trust regulations as well as to Federal German legislation on the reorganization of the Federal railway system there. In a workshop dealing with Regionalization below State Level, these facts may not be left unmentioned.

In Germany – and elsewhere, too, probably – local public passenger transport has always been organized at the communal level, i.e. local authorities have borne responsibility and costs. Only for local passenger transport by the national railways, responsibility lay with the Federal authorities. This situation has now been altered by the „regionalization act“

(„Regionalisierungsgesetz“) that took effect on 1 January, 1996. Since then, responsibility for local passenger transport by the national railway company – in terms of both subject matters and costs – are no longer with the Federal authorities but with the Federal Länder. The Länder governments are entitled to lay down the details by Land legislation.

This is a point of great interest to the regional level and the regional planning bodies, as the „regionalization act“ stipulates that efforts are to be made to unite responsibilities for the planning, organizing and funding of local public passenger transport in order to strengthen its economic efficiency. The underlying reason is the idea that those concerned, namely passengers, population, electorate and those responsible at local level should decide themselves, in a democratic procedure, what kinds of local transport services they desire. To allow these decisions to be taken and implemented in compliance with the demand, territorial congruence of areas with closely interdependent communication systems, of the decision-making bodies' responsibilities as well as of administrative structures would be a great advantage.

At the level of communes, of municipalities not incorporated administratively into a district and sometimes even at the level of rural districts, such congruence in fact largely prevails. As regards regional transport, however, matters are different. Here, no decision-making and administrative structures are available by nature that would coincide territorially with the interdependent regional transport systems.

Up till now, this problem has been mastered with the aid of auxiliary models. The south German Länder, for example, now possess a regional planning authority each for their entire territory. At regional level, the regional associations of planning authorities („Regionale Planungsverbände“) are the only institutions with democratically elected bodies developing concepts of regional purport, which means pursuing a regional policy. These favourable preconditions for planning and organization would have made possible an optimum coordination of spatial development and the extension of local public passenger transport. It would have been an obvious choice for those responsible for regional public transit to resort as far as possible to the regional planning institutions for the fulfilment of these functions.

Now that the relevant legislation has been passed, the reality looks different. In the South West, only the Stuttgart metropolitan area will be in a position to shape its regional public transport itself; everywhere else, the Land authorities are to assume responsibility for railway transit, while the districts are to undertake responsibility for the rest of the local public pas-

senger transport. Yet, under certain preconditions, Baden-Württemberg's public transport act admits exceptional solutions as to responsibility for specific functions. In the Rhineland-Palatinate, deviating from the Land principle is only admissible with trans-border transport, in which case treaties must be concluded between the Länder concerned. So far, it is not conceivable that there could be one single regional agglomeration in south Germany apart from the Stuttgart metropolitan area, where local public transport would be shaped uniformly and responsibility for it undertaken by one single body in accordance with democratic rules.

As regards responsibility for local public railway transport, the public transit acts that have been adopted so far by the Federal Länder can be classified basically in two types. One group of Länder including Hesse, North-Rhine/Westphalia, Lower Saxony and Saxony assign the entire competence for local public railway transport as well as for the remaining public transit to the district level, obliging the district authorities, however, to join together in transport federations or special-purpose associations, in order to fulfil functions extending beyond their district borders, local public railway transport being one of them. In general, no responsibilities are left with the Land authorities.

The second group of Länder comprises Bavaria, Baden-Württemberg, Schleswig-Holstein and, with some reservations, also the Rhineland-Palatinate. These Länder have retained responsibility for local public railway transport at Land level, merely charging the districts and cities not incorporated administratively into a district with the remaining public transit as part of existential maintenance.

An assessment of the Länder legislation known to date from the viewpoint of spatial planning came to the conclusion that only the group of Länder including Hesse/North-Rhine/Westphalia/Lower Saxony/Saxony has paid tribute to the concept of subsidiarity, namely defining the services and undertaking financial responsibility locally. In the other group of Länder, legislators have abandoned the fundamentals of the regionalization discussion and act in disregard of the very need of harmonizing planning activities. Different bodies are made responsible for regional/subregional planning, for overall transport planning, the planning of local public railway services and the shaping of public transit, the consequences being, at best, increased expenditures for harmonization and, at worst, rivalling plans.

A specific dilemma is being encountered in agglomerations belonging to several Federal Länder and thus being confronted with differing Land legislations. This is particularly true for the Rhine-Neckar area, but also for the

transit cooperation area around the Rhine-Main transit federation („Rhein-Main-Verkehrsverbund“). From the viewpoint of these agglomerations that have to cope with differing local public transport acts, local public transport plans („Nahverkehrspläne“) may possibly offer a suitable makeshift solution to ensure the necessary coordination within an agglomeration beyond Land borders.

5. Future Traffic Situation and Functions in the Transport Field

We are today observing a clearly positive development in local public transport. In recent years, success has been achieved in the following respects:

- Under the prevailing general conditions described above, the organizational structure may be considered as operative or, considering the tasks to be solved, even as optimal.
- The compound fares system has been extended by ever new offers (for instance for the elderly or for commuters) with the aim of winning over new passengers at long term. Upon request by neighbouring areas, the territory where the transport federation's compound fares system and joint tariffs are applied is extended year by year, and at present by far exceeds the territory of „Raumordnungsverband Rhein-Neckar“.
- Among the transport services offered, regional railway transport has made the greatest progress. In the part of the territory situated on the left bank of the Rhine, almost all lines are served at half-hourly intervals on all workdays; on the right bank, improvements are to be made step by step. The different service levels on both sides of the Rhine are due to responsibility lying with different bodies.
- Work has begun on the extension of a regional fast railway system. Presently, two transit lines in East-West direction are being improved to meet high-efficiency standards. At the core of these construction measures are a second railway bridge over the Rhine and a new railway station in the city centre of Ludwigshafen. In some critical places, the region's very busy long-distance traffic has been separated from local traffic by constructing new railway tracks, in other places such new construction is being prepared or planned.
- Supplementary bus lines or feeder services such as park-and-ride or bike-and-ride facilities or dial-a-taxi services with shared taxis are being provided step by step, where required.

Now, what will be the effects of these improvements on the modal split, the criterion decisive in every respect. In the above-mentioned transportation study, this issue was researched into on the basis of various transportation networks. For a local public passenger transport system with optimum facilities and optimum services, the following changes vis-à-vis the analysis data are predicted:

Traffic/trip generation (on workdays)	In 1990/91	In 2005
Passenger trips (in millions)	4.7	6.3
Modal split (in percent)		
by car	89.5	86.8
by public transit	10.5	13.5

These results are conflicting. In spite of the enormous efforts made to improve local public passenger traffic one will not succeed in stopping the rise in private car traffic nor in reversing this trend. Within a 15 years' interval, an increase by about 31 % must be expected. So the aim of reducing CO₂ emissions will be missed in this area.

But there is a good chance of reversing the present trend of the modal split. The predicted, apparently little, shift of 2.7 % in the modal split, after all, means a growth of approximately 70 % for public transit; besides, this percentage constitutes an average figure, which means that growth rates between 100 and 200 % may be expected for particular railway axes. To master these transport volumes, it is absolutely imperative to extend capacities.

Now, what are the commitments still to be met by our association of planning authorities and by subregional planning policy? These result inevitably from the spatial characteristics of the settlement and public transit patterns, namely

- Keeping the spaces and sites required for local railway transport free and safeguarding them
- A conception of the links between the local public transport system, on the one hand, and land use and settlements on the other. This implies ameliorations of the stations and also improvements of bike-and-ride as well as park-and-ride facilities.
- Developing the settlement structure with the aim of creating centres of settlement in the vicinity of fast railway stops. In order to prevent air pollution as well as to protect climate and free spaces, scattering settle-

ments all over the country and further car traffic must be avoided, whenever possible. This means that the settlement structure must be harmonized carefully with the concept of free spaces and also with the network of local public transport. These targets are being followed in close cooperation with the Rhine-Neckar transport federation.

U.S. Transportation Programs and Policies: Evolution and Movement toward a greater Regional Role

by *Thomas D. Larson, Pennsylvania*

To begin, I should say that while it seems simpler to discuss passenger transportation separately from freight transportation, in our world of scarce resources, it would probably be denying reality to try to deal with them individually. In the United States, the same infrastructure – particularly roads, intercity rail lines, and even airports and airways – are used for both passenger and freight traffic.

Several years ago, I was part of a delegation of U.S. transportation officials to Rotterdam, Köln, Karlsruhe, and Zurich. Of all the regions we visited, Zurich was probably doing the best job at handling its passenger transportation needs. I asked someone how often public transit – rail or bus – was running and the answer was „always”. Round-the-clock transit operations are very rare anywhere in the United States. But even with an extraordinary level of transit service in Zurich, the city was already having a hard time holding back the growth in automobile ownership and automobile use. I understand that automobile ownership and use are continuing to rise sharply throughout Europe.

In the past year, I led a congressional study of Amtrak (the quasi-public National Railroad Passenger Transportation Corporation), which handles somewhat under 1 percent of all intercity passenger travel in the nation, and also provides some commuter service in major metropolitan regions. We found that Amtrak services on almost every major intercity corridor – like public transit services in our cities – are losing significant amounts of money each year, in spite of the tremendous investment in Amtrak over the last 25 years by the federal government and in some cases by state government. Our conclusion was that the United States should move in much the same direction as the United Kingdom and several other nations are trying: to assign responsibility for intercity passenger rail operations.

In the United States, transportation officials are constantly grappling with the challenge of how to maintain an economical multimodal transportation system that will meet needs without wasting public resources. In other words, the question is how to offer practical reliable choices for people without overextending public expenditures for systems that are not well

used. As background, it is important to recognize that from 1973-1993, the mileage of highways and roadways in the United States (now more than 4 million miles) increased by 2.6 percent. This compares to:

	1973-1993 <u>percent change</u>
Population	22 %
Licensed drivers	42.5 %
Registered motor vehicles	54 %
Vehicle-miles driven	75 %

One of the points I always make to my transportation colleagues is that in general, every user of the transportation system know more about the services they use than the nominal leader of the transportation organization responsible for those services. I believe very much in listening to citizens. The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), the law that guides the federal programs funding highway and transit transportation, marked a real milestone, not the least because it opened up additional avenues for citizens and regions to participate in transportation planning and decisionmaking. In several regions across the country, innovative public and joint public-private initiatives, using the power and flexibility provided by ISTEA, are bringing more people and interests into transportation planning processes, to share in thinking about and determining the future shape of their communities and regions.

In recent years, U.S. transportation organizations and officials have also become much more capable of looking at the quality of transportation systems and services. For the first time, the U.S. Department of Transportation (USDOT) has published a user assessment of the nation's transportation system. A national passenger transportation survey has just been completed, as well as a similar survey covering freight transportation. The congressionally mandated biennial Condition and Performance Report has just been published for 1997, including all surface transportation modes and freight as well as passenger travel. Within USDOT, the Bureau of Transportation Statistics (BTS) was established by ISTEA to collect and publish transportation data on all modes of transportation and types of services. These advances in tracking the use, quality, and demand for transportation are primarily the achievements of one man, United States Senator *Daniel Patrick Moynihan*, Democrat from New York State, who started the very powerful and well respected Bureau of Labor Statistics (BLS) in the U.S. Department of Labor.

Let me add several notes of explanation: 1) My focus is surface transportation, principally highways, which account for the vast majority of transportation activity at the national and regional levels, including the extent of facilities, expenditures, passenger traffic, and freight movements. Public transit and rail play an important but lesser part in the transportation picture, particularly in major metropolitan regions. 2) My emphasis is federal programs and policy, which have created the framework (and financial base) for investment in highway, transit, and regional planning and also in road, bridge, subway, and light rail construction at all levels of government, as well as, in many cases, the private sector. Though the governmental programs I discuss for funding transportation operate primarily at the national or state level, rather than regional, they have created incentives, institutions, techniques, and models for regional planning, so they make the appropriate starting point for the regional discussion.

Federal surface transportation programs and policies have evolved continuously over the century. When the federal highway program got its start just over 100 years ago, a primary purpose of paving roads was to provide connections to the rail lines and „get the farmers out of the mud”. In some parts of the nation, roads play that basic economic function to this day, while in other regions, highways quickly became the backbone of dense and vibrant urban and suburban development. In still other regions communities or for at least some constituencies, modern highways and other transportation systems grew to be hated symbols of excessive and insensitive „sprawl” which frayed the fabric of communities and diminished the quality of life.

President *Eisenhower's* Interstate Highway program, launched in 1956, marked a dramatic expansion and change in both the surface transportation system and the federal role, as the federal government offered 90 percent of the funding to construct a national network of limited access highways which the states would own and maintain. Just ten years later, during the peak period of interstate highway construction, the National Environmental Policy Act of 1967 (NEPA) was adopted, establishing the first national requirement for environmental impact statements to accompany significant federal projects. NEPA signaled a new era for highway and transportation planning and construction, involving greater sensitivity to both the natural environment and human communities. In 1991 ISTEA, with its emphasis on a seamless interconnected multimodal („intermodal”) transportation system, symbolizes yet another phase for surface transportation. Today, the markers seem to be pointing toward a future when transportation will not only have to contribute to environmentally healthy, sustainable communities, but will also be seen as

an absolutely essential strategic element in allowing the nation and its regions to remain economically competitive.

1. Introduction: Transportation is always embedded in a complex context

Trying to understand transportation in any country outside the known setting and context is always difficult – and perhaps dangerous. What is taken as a given by some may seem impossibly obscure to others. I will, therefore, begin by reviewing the context for surface transportation in the United States, but only so far as seems necessary to explain the platform on which the developing regional role is evolving.

To set the necessary context, these remarks will cover four topics or what may represent four eras in the development and governance of surface transportation in the United States:

- The period of expansion in the highway system – roughly 1900 to 1991
- Changes in surface transportation policies and programs under ISTEA which has remained in effect through the present
- One example of an evolving regional role, the Bay Area Partnership, in the San Francisco Bay Area of California
- Looking to the future

This is admittedly a somewhat simplistic and arbitrary set of topics for capturing a complicated, turbulent 100 years. The pace of change over this century, indeed over almost any portion of it, is difficult to comprehend – moving from a period when communication and transportation were essentially synonymous from the perspective of speed or time, to our era of global mobility, space exploration, and instantaneous communications via the World Wide Web.

2. The highway expansion period

Beginning with President Thomas Jefferson in the early years of the 19th century, the task of knitting together a vast continent was seen as a preeminent role for transportation in the United States (Figure 1). Jefferson realized that he had to connect the nation to keep it together, so he decided to invest in „internal improvements,” specifically canals and roads. *Albert Gallatin*, Secretary of the Treasury for Jefferson in 1808, came up with a

plan to finance these public works improvements at the national level. He recognized that states had different types and levels of transportation needs: some states needed roads, some needed waterways; some had greater or more immediate needs than others. Therefore, the only way a national program could work would be to spread the benefits across all the states and regions in a way that would gain the widest possible support for the program as a whole. Since Jefferson's day, transportation initiatives have fulfilled many other purposes besides transportation – including economic development, jobs creation, social and cultural benefits, and other political purposes – some with full public approbation and others, especially in more recent days, drawing considerable public censure.

„Getting the farmer out of the mud” fails to capture the full scope of the roles and objectives for highways in the late 19th and early 20th centuries, but it does effectively convey the sense of a society with a predominantly rural focus, when access to land was the primary mission for roads. Early federal and state initiatives, tracing to the beginning of the 20th century, marked the rise to dominance of state highway departments, or as they are now known, departments of transportation (Figure 2).

By the nature of the government programs and funding structures during this time, states had the main responsibility for developing highway plans, selecting projects and programming funds for them, and overseeing construction and maintenance. While cities and counties have responsibility for – and official ownership of – most surface streets in their jurisdictions, local and regional governments with few exceptions do not have substantial responsibility for highway construction and have not received direct shares of the significant federal surface transportation funds. The majority of local jurisdictions do not have special taxes or other financing mechanisms in place to raise revenues to cover highway construction costs. Thus, during most of the century, building roads under predominantly state control was the focus of government surface transportation programs and spending.

The federal government also played a major role in this era. From the beginning of the century, the Bureau of Public Roads, which later became the Federal Highway Administration (FHWA), has played an important role in setting the direction for transportation programs, even though ownership and direct responsibility for all roads is at the sub-national level, predominantly the state. The Federal government has contributed a major share of the total funds devoted to highway planning, construction, rehabilitation, and research – in part to ensure a fair distribution of funds and transportation access to all the states and in part to achieve other federal goals such as uni-

form standards for design, construction, and safety across the country and competition and integrity in construction contracting.

The highway building period and the crescendo of state activity in U.S. surface transportation came with the Interstate Highway Program (officially known as the National Defense and Interstate Highway Program), adopted by Congress in 1956. Supported and initiated by then-President *Eisenhower*, the new program provided federal funding for new or upgraded highways in all the states. With some 44,000 miles of divided, high-standard expressways (Figure 3), this program has had, and continues to have, profound impacts on the nation, its communities and citizens – possibly the most profound impacts of any federal program in history. Until 1991, when Congress adopted new surface transportation legislation, the Interstate Highway Program and associated surface transportation programs set the context for highway planning and construction.

Beginning in 1964, the federal surface transportation legislation required „continuing, comprehensive, cooperative” planning (so-called 3Cs). Under that requirement, highway and transportation planners in virtually every major metropolitan region developed regional transportation plans, generally including projected population and development patterns, travel patterns and levels, and highway or other transportation facilities to meet expected demands. Some are still serving as the basis for the road and transit projects being funded today. Most of the plans, however, incorporated a limited set of options (either routing alternatives or modal alternatives).

The period of major highway building, through the decades of the Interstate Highway Program, has often been characterized as a time of hard-charging, „build-and-be-damned” policies by states and the national government. The staffs of the state and federal highway agencies were typically led by civil engineers trained in design and construction techniques, and their major mission was road and bridge construction, with the objective of serving expanding communities and residential, commercial, and industrial development. The engineers were typically white males from middle class backgrounds with degrees from established engineering schools. Most of the state highway departments had large staffs who made their careers in the agency; promotions were often from within the agency, resulting in a strong and relatively homogeneous organizational „culture” and outlook. (Today, as a result of the changing society and the concerted efforts of the agencies, there is considerably more diversity in background and perspective in state transportation departments and in the transportation field in general.)

Recently the national Public Broadcasting System presented a television series entitled, „The Divided Highway” (based on a book of the same name by *Tom Lewis*), which traced the history of the Interstate Highway System. For anyone looking to understand this centerpiece of U.S. transportation, the book and the series are highly recommended. *Tom Lewis* noted that during the time of Interstate Highway construction, the context and the constituents shifted; the national plans were made and the nation changed. The so-called „highway people” (planners and engineers and public leaders working in highway agencies around the country) provided a service, which was demanded and in most cases almost immediately used at or beyond expected levels – and then they were blamed because those services were so heavily used and had such major often unexpected effects.

The road building era has also been strongly shaped by the specific categories of federal funding or „programs” in the federal legislation, such as the Interstate Highway Program, the Interstate Maintenance Program, the Federal Aid Primary Program, bridge programs, and various other targeted sub-programs for research, safety, or specific types of projects. In recent years, increasing federal funds have been directed to the categories of reconstruction and rehabilitation. All these programs, created in the federal laws adopted every few years to reauthorize the surface transportation programs and funding, have had massive influence in how state transportation programs have been organized and implemented. Prior to ISTEA, federal legislation generally treated all the states uniformly, taking what has been termed a „one size fits all” approach. The next section will focus on ISTEA and how it „paved” the way for changes in transportation priorities, greater flexibility in programs and funding, and a larger regional role.

Some new directions began emerging in U.S. surface transportation before ISTEA which presaged the policy shifts embodied in ISTEA. By the 1990s, most of the 4,000,000 miles of roads and highways and the 700,000 bridges in the United States now require increased investment in maintenance, as the system ages and the level of use increases. Thus, the focus of transportation investment has substantially shifted from construction to maintenance and rehabilitation in many parts of the country, particularly as the 44,000-mile Interstate Highway System reached virtual completion in the past decade. In addition, transportation agencies and planners are now paying increasing attention to „sustainability” in transportation policy and planning. Many of the states are working to understand this new thrust and some, especially those with large urban populations and environmental constituencies, have already embraced it.

The environmental movement, particularly as incorporated in the 1970 National Environmental Policy Act and the requirement for each federally funded project to carry an Environmental Impact Statement (EIS), is reflected in many aspects of surface transportation. When they are developing plans for highway projects, transportation officials in the state must consider alternative routings and designs, as well as transit options; evaluate the costs and benefits, including the environmental effects; and submit the proposed options for public review and comment. Many proposals have been modified or abandoned because of public opposition, sometimes as a result of agency decisions to avoid further controversy and sometimes as a result of court decisions in citizen lawsuits lodged under environmental laws. A number of transportation agencies have incorporated tough environmental standards into their day-to-day work, which has softened the traditional image of the agencies, their staffs, and the profession of highway engineers.

Attention to the function and value of transit has also increased during this period. While urban and interurban rail service – and later bus service – accounted for large shares of passenger trips in earlier decades of this century, they were primarily private for-profit operations and not part of local, state, or federal government programs or responsibilities. As transit costs grew and ridership fell throughout the century, however, local rail and bus systems – those that were not abandoned – were sold or transferred to a public sector operating authority, usually a newly constituted local or regional entity assigned to take that responsibility. In the 1970s, as urban issues became more visible and urgent concerns for national as well as local officials, the Urban Mass Transit Administration was established as part of USDOT and it began administering increasing federal funds appropriated by Congress for capital and operating expenses of local transit systems.

In addition to purchases of buses, federal funds in this period were also made available for a number of rail transit „new starts” – light rail or heavy rail systems in a number of major cities and metropolitan areas that had not previously had those types of systems – on condition that the local authorities submit their plans to the federal government with an application for financial support and agree to provide a specified level of local and state matching funds for the project. Some transit projects – as well as many highway projects – have also been explicitly designated in federal legislation to receive federal funding, at the request of the state’s congressional delegation, including some that were not on the priority list of the state agency or incorporated in the state’s formal surface transportation investment plans. In the successive federal legislation governing surface transportation programs over the last three decades, Congress also has authorized transfer of some of

the funds designated for interstate highways to use instead for transit alternatives, at the request of the state and with the approval of USDOT.

3. The Intermodal Surface Transportation Efficiency Act and its major impacts

Signed into law in December 1991 by then-President *George Bush*, ISTEA arguably marked the most profound paradigm shift in the history of U.S. surface transportation programs. The statement of policy accompanying this legislation particularly merits attention:

It is the policy of the United States to develop a National Intermodal Surface Transportation System that is economically efficient and environmentally sound, provides the foundation for the Nation to compete in the global economy, and will move people and goods in an energy efficient manner.

ISTEA made progress in redirecting the focus of transportation policy and programs on several fronts. Perhaps at the most fundamental level, the legislation recognized that „one size can no longer fit all” (Figure 4). In other words, no single, uniform institutional, procedural, financial, or programmatic structure will be capable of meeting the needs of every state or metropolitan area. Though „one-size-fits-all” may have been a necessary approach during the era of highway expansion, by the 1990s it had become evident that urbanized areas, where approximately 80 percent of the U.S. population resides, had dramatically different transportation needs from rural and less densely settled and developed areas. California’s needs are certainly unique and different from those of a rural state such as North Dakota.

The response established in ISTEA was to build flexibility into many categories in the federal surface transportation program. In particular, ISTEA provided that funds authorized for maintenance could be used for construction dollars or vice versa, and a large share of funds authorized for highway projects could be used for transit. To meet unique urban needs, the legislation specified that the long-existent but relatively weak regional transportation planning bodies, formally grouped under the term Metropolitan Planning Organizations (MPOs), would have to be consulted by the state transportation agency on programming priorities and funding allocations, as part of developing formally adopted metropolitan transportation plans required by ISTEA. One program established by ISTEA, Congestion Mitiga-

tion and Air Quality (CMAQ), was developed as a specific response to those increasingly problematic dimensions of urban transportation.

Finally, in response to continuing growth in highway usage, and the impending completion of the Interstate Highway Program, ISTEA proposed creating a new designation of roads and highways – the National Highway System (NHS) – which would be the focus of federal interest and funding. (The NHS was not adopted until subsequent legislative action, following an extensive process of gathering input from the states on which roads and highways they would recommend for inclusion in the designated system.)

At the end of the six-year term of ISTEA, some of its impacts can be documented; others must evolve over a longer period of time. (More discussion of the always uncertain future will be presented in a final section.) One hallmark of the new era under ISTEA is the vigorous dialogue it has fostered in cities, states, and regions across the country on the role of highways in a complex, interrelated multimodal transportation system. In general, the state transportation agencies continue to maintain a strong focus on highways, which is not surprising considering their history and the realities of the system and travel demands that they face. Meanwhile, a growing coalition of interests is pointing to what they view as the practical limits of continued expansion of highways and automobile use. Their position, rooted in real environmental and land use concerns, is that „We cannot build our way out of our growing congestion.”

Reality challenges both positions. Highways are clearly the travel mode of choice for the vast majority of passenger trips in the United States today. Trend lines from the present are, however, not likely to be sustainable into any distant future, without major changes in technologies, costs, operating systems, and perspectives.

Texas may provide a useful example of the tension still facing many states. Texas has 70,000 miles of roads, mostly rural roads connecting communities across the more than 265,000 square miles of land area in the state. At the same time, Texas has 25 significant metropolitan areas, including Houston and its more than 5 million residents. The new executive director of the Texas DOT has said that he is going to take the agency back to its basic business, which is 95 percent highways. This may not be a viable approach for the long term, particularly for the metropolitan areas, but for the 1990s it appears to match the interests of the preponderance of Texas constituents – citizens, shippers, suppliers of transportation goods and services, and other business users of transportation.

The dramatic growth in freight movements is an important reality for transportation officials. U.S. railroads are seeing such rapid growth in traffic that rail capacity is severely strained in some parts of the system, including the grain producing areas of the Midwest and the corridor reaching from California to Texas. At the same time, the volume of freight on the highways is pressing the trucking industry and the highway infrastructure to their limits. (At present, the trucking industry is advertising a shortage of 400,000 truck drivers!) The growth in freight movements is a natural concomitant of the consumer-driven global economy, and with present economic trends, further growth seems inevitable.

In briefest summary, ISTEA redefined the federal role in highway and transit transportation and provided more flexibility for states as well as regions to have a larger role in their transportation futures. Through the mechanism of MPOs, regional entities are now meaningful partners in urban transportation planning and programming. (For the first time, ISTEA officially recognized the concept of a „Metropolitan Transportation System” or MTS.) Requirements for state and metropolitan planning were strengthened, and new requirements were added for management systems to guide functions such as maintenance, safety, intermodal connections, and congestion. In addition, sensitivity to the environment was explicitly built into the planning and programming requirements. Finally – an essential element in gaining passage of the legislation by Congress – ISTEA provided more federal funding for surface transportation in total so that every state and every interest could expect to gain as the new legislation was implemented.

4. The Bay Area Partnership

Most observers agree the San Francisco Bay area and its core city, San Francisco, merit the many praises lavished on them. But much of what charms visitors and natives alike – a complex topography, building from the splendid, many dimensioned bay – poses grave challenges for transportation. The five million inhabitants, who live in dense yet heavily auto-dependent patterns between the ocean and coastal mountains, have produced a persistent air quality problem. Bay Area residents led the „freeway revolt” in the mid-1950s, which became the foundation for much of the environmental movement in the transportation community. The region built one of the first modern heavy rail systems in the United States, the Bay Area Rapid Transit (BART) system, extending virtually around the entire bay, which has been used as an example by many other U.S. communities considering rail rapid

transit. All of these factors made the Bay Area a special „test bed” for ISTEA. Even prior to ISTEA, concern for air quality had led to court suits in California and elsewhere around the country, calling for a halt to proposed highway projects unless proponents could document that the projects would have minimal or no adverse impacts on air quality – an almost impossible task.

To turn the Bay Area’s many challenges into opportunities, the Metropolitan Transportation Commission (MTC), the highly respected MPO for the region, spurred formation, on a purely voluntary basis, of the Bay Area Partnership. Launched in 1992, shortly after ISTEA was enacted, the partnership brought together for the first time the 35 different agencies that are the major players in environmental protection and surface transportation, including BART, the state DOT, the federal transit and highway agencies, public transit operators, and local transportation officials. The purpose was to share concerns, and more importantly, to share in finding solutions. This focus on solutions was a deliberate force for unity from the start. In addition, the fact that MTC has a role in allocating a substantial amount of federal transportation money each year contributed to the members’ interest in participating. The group began by identifying some long-standing and troublesome concerns. From this set of concerns, the partners developed a shorter list of those concerns amenable to partnership solution. By this means, the partnership quickly won respect for its effectiveness.

Building on the early successes and fueled by the increased funds and program authority granted by ISTEA, the partnership has enjoyed continuing success. And they work hard at it! Group actions apportion the hundreds of millions of federal, state, and local funds for surface transportation to projects of many type, including the very high visibility HOV („high occupancy vehicle”) lanes, extending BART to the airport, and developing a single fare card that is accepted by all the transit providers in the partnership. In addition, MTC and the other members of the partnership have found increasing room and reason to share responsibility with the California Department of Transportation, which is one of the key members of the partnership.

While this partnership illustrates a growing role for regionalism in U.S. transportation affairs, it is by no means the only example that can be cited. Clearly ISTEA revived and empowered the MPO, a form of organization that had languished since its inception. Of the some 240 MPOs in the United States, perhaps 40 are using their new-found strengths in effective ways. As MPOs learn more about carrying out their new roles, the state DOTs also must learn to share programs and authority – a difficult task in many cases, especially in states with strong rural interests and/or „cultures” that contrast

or clash with the cultures of the metropolitan areas or other regions that make up part of the state.

As noted earlier, the last word on the impacts of ISTEA for regionalism and much else is yet to be heard. Meanwhile, Congress has developed successor legislation to ISTEA, signed by the President on June 9, under the title „Transportation Equity Act for the 21st Century” (TEA-21).

5. Speculation on the future of U.S. transportation and regions

Both ISTEA and TEA-21 provide that transportation policies and programs should be seen in the context of regions and communities, including both the economies of metropolitan and rural areas and the natural environment. TEA-21 adds a new program to foster transportation access to jobs around an entire metropolitan region as a means to help move people from public welfare programs to paid long-term work. TEA-21 also introduces a new approach to land use challenges, establishing a \$120 million program to go to state, local, and regional agencies that join with each other, non-profit organizations, and private sector interest, to integrate land use and transportation decisions.

I believe the growing contributions to the U.S. transportation scene by regions and other sub-state entities and levels of government will continue. Drivers for this growth will include:

- Continuing urbanization of the population, and a consequent misfit with rurally oriented state DOTs
- Maturing of MPOs as they become more accustomed to and better equipped for their roles in surface transportation, as a necessary adjunct to their planning roles
- The growing share of total transportation funding coming from sub-national levels. (The federal share is now approximately 25 percent.)
- The growing importance of urban nodes, especially to freight transportation and to high value package distribution in particular
- Integration of metropolitan transportation systems, particularly in port areas where the activities and demands of global transportation require efficient and effective coordination within and across modes

As the local and regional roles in surface transportation expand, neither state nor federal roles will disappear. State DOTs are learning new strategies

and ways of doing their work, and this learning will continue, especially in states with large urban populations that increasingly are controlling the political processes in those states. The federal role is also evolving. Federal multimodal service centers are being created in key cities. The Federal Highway Administration (FHWA) is proposing regional service centers, which will offer assistance to states in various technical specialty areas.

TEA-21 will likely bring continuing emphasis on flexibility and support for a further strengthening urban transportation's role through some form of sub-state authority – likely the MPO. One development that is gaining attention and acceptance in surface transportation as well as many other policy and program areas is „devolution” – the strategy of devolving responsibility from the federal government to lower levels of government. As an example, a major emphasis in the legislative debate over the successor to ISTEA was on shifting substantial authority over surface transportation from the federal to the state level. That strategy, which was supported by several states, has been deflected for now by (1) providing more federal money for surface transportation, and (2) promising that each state would receive federal surface transportation funds equivalent to at least 95 percent of the federal gas taxes collected in that state.

The greatest driver for change in surface transportation programs will be a public that increasingly takes good transportation as a right, and sees it as commensurate with other essential public services such as health care, criminal justice, and education. Only as congestion in their communities and delays in their daily travels become more severe is the public likely to raise an irresistible outcry; at that point, citizens' mood will probably be hostile. The biggest question confronting the transportation system for the future: Can we continue to allow automobile traffic to grow, or will we provide for sufficient transit and managed growth to reduce demand for roads and automobile use? The democratic system as it has evolved in the United States has not permitted citizens, politicians, or the transportation field to come to grips with these questions, or to match the experiments that European regions are trying.

Under the predictable technical and fiscal constraints that will likely face surface transportation in the future, it will be a struggle for the system of governing surface transportation to develop solutions and offer relief to citizens' problems. New paradigms seem essential; urbanized areas will have to change in structure and function to beat the transportation trend lines. The San Francisco Bay Area and the Twin Cities region may present some pieces of a model that can work more effectively in the future.

One thing that seems apparent to me is that, in the face of the conditions I have outlined, we will find that the closer to the problems the responsibility rests, the more likely will be the opportunity for real, lasting solutions. Regions are the level at which most citizens consider and encounter transportation options and organize their daily travels, so regions may be the most effective scale for those solutions to be developed.

FIGURE 1:

„By these operations [roads, rivers, canals, etc.], new channels of communication will be opened between the states; the lines of separation will disappear, their interests will be identified, and their union cemented by new and indissoluble ties.” Thomas Jefferson

FIGURE 2:

EVOLUTION OF STATE DEPARTMENTS OF TRANSPORTATION

EARLY 20 TH CENTURY	1956	1969-70	1991
Focus on road building („getting farmers out of the mud”)	Begin Interstate Highway building era	National Environmental Policy Act (NEPA) (beginning of requirement for environmental impact statements for major federal projects)	Passage of ISTEA (promoting seamless multimodal transportation)

FIGURE 3:

MAP OF THE U.S. INTERSTATE AND DEFENSE HIGHWAY SYSTEM

(See next side)

FIGURE 4:

**CHANGE IN PERSPECTIVE
FOR TRANSPORTATION AGENCIES AND OFFICIALS**

	<u>Old perspective</u>	<u>New perspective</u>
PRIMARY END PRODUCT	Highway facilities	Transportation services
CUSTOMER	Standard motor vehicles	People – both system users and non-users
CRITERIA FOR MAKING DESIGN CHOICES	Industry standards for characteristics of the physical plant	Responsiveness to users' transportation and other demands
IDENTIFICATION OF VITAL NEEDS	Aggregate of needs of all classes of users	Trade-offs between specific users and non-users
PUBLIC INPUT	Hearings and comments on a limited set of alternatives for carrying out identified projects	Interests and input integrated throughout development of overall program plans and individual projects
ORGANIZATIONAL CAPACITY	Unitary role	Multi-disciplinary roles

Administrative Reorganization of Agglomerations

by *Klaus Mandel*, Mannheim

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1. Introduction

Administrative organization and reorganization is a subject that has been discussed time and again for decades, in particular, in agglomerations or city regions and that has given rise to manifold forms of organization. The reasons for this are obvious, as agglomerations have always been and continue to be the prime movers of developments in the social, political, scientific, technological and cultural fields. Here, problem situations become evident at an early stage and cause the strongest pressure calling for action. This is why I refer to „agglomerations“ instead of „regions“ in the title. Even where regions undergo joint developments such as the change-over from the industrial society to the service and information society, they are individual entities all the same, a fact that is evidenced, for instance, by their ranges of functions and their organizational structures.

In my report to you today on approaches to the administrative reorganization of agglomerations, with relevant examples, my statements are based, above all, on the findings of a joint study group of two German institutions for urban development and regional planning, namely the „Deutsche Akademie für Städtebau und Landesplanung (DASL)“ and the „Akademie für

Raumforschung und Landesplanung (ARL)“, which deals with regional administrative and planning structures in agglomerations („Regionale Verwaltungs- und Planungsstrukturen in Großstadtregionen“) – and they are also based on my own experience in the Rhine-Neckar area.

2. Regionally Significant Developments

The regional level is going to gain in importance during the next few years.

I should like to substantiate this prognosis by presenting the following reflections:

- Human life functions like housing, working, recreation, transport, education and community life are no longer carried on primarily at local but likewise at regional level. A primary precondition for this is the high degree of mobility among the majority of the population.
- Although the internet permits a world-wide (virtual) presence, people seem to take an ever greater interest in regional topics. To substantiate this thesis, I should like to refer to the success won by regional radio and television stations in our region during the past few years. Yet, possibly, the interest in regional topics is precisely a reaction to economic globalization and to the levelling of cultures and cultural identities. It is still an open question, however, whether the interest observed in regional matters will result in a true regional awareness.
- The economy has largely left the local setting. The forms of production and servicing with their world-wide division of labour create demands on economic locations that can no longer be met by single communes, not even cities; this is all the more true as – against the background of an almost complete infrastructure in the fields of transport, supply and disposal – locational factors, so far called „soft factors“, such as landscape, recreational facilities, art and culture, are continually gaining in importance. Thus, the scopes of intra-regional cooperation and a region's uniform outward presentation of itself have become important locational factors.
- In spite of all globalization, regional labour markets permitting frequent face-to-face contacts are of paramount importance precisely for creative and innovative activities (*Danielzyk 1997*).
- Many supply and disposal functions like water supply, waste water treatment and waste disposal are, already today, frequently exercised by joint inter-communal authorities.

- Environmental problems such as ground-water and air pollution do not stop at communal borders and can only be solved through measures at supra-local level.
- The financial neediness of public authorities implies the danger of greater disparities arising particularly in agglomerations between core cities and smaller places in their vicinity. While communes in the surroundings of a city continue to attract high-income social strata and innovative businesses, the core cities are hardly able to provide funds for publicly assisted housing, hospitals, public transport or for the consequences of unemployment, which has risen strongly in all agglomerations. Financial resources (i.e. tax revenue) are shifting more and more away from the core cities to peripheral areas. Moreover, competences for decision-making and granting approvals within an agglomeration are spread over a wide variety of administrative authorities, causing great expenditures. So approaches to new forms of organization must contain rules for the balancing of advantages and burdens within a region and must offer synergy effects, greater transparency as well as more citizen-oriented modes of administrative action.
- The „Europe of Regions“ that is emerging more and more distinctly entails new competitive situations; these, too, can be mastered only at the regional level. Also, the standards for promotion by the European Community are frequently geared to the regional level.

In spite of all these trends, no German agglomeration has so far succeeded in finding a regional form of organization suitable to counteract efficiently the aforementioned problems, to utilize the presently offered regional development chances and to gain wide acceptance. This fact is also becoming evident from the ever-recurring talks of possible dissolutions (e.g. with local authority associations like „Umlandverband Frankfurt“ and regional bodies, called „Regionalverbände“, in Baden-Württemberg).

For the assessment of existing forms of organization and for the development of new modes, the following criteria and structural elements seem to be decisive:

- mono- or poly-centric regional or settlement structures
- an area's importance at regional, national and/or international level
- the dominance of individual branches of economy and – the most important criterion – whether an agglomeration forms part of one or several Federal Länder (cf. the Rhine-Neckar area). About half of the agglomerations in Germany belong to several Federal Länder.

3. Regional Functions and Responsibilities

All deliberations on organizational models start with the question of what functions are to be undertaken by such a regional organization. This issue must be seen against the background that „regionally significant functions“ are actually fulfilled by state authorities at all levels, by the most varied institutions under public law, and also by private-law institutions, with responsibilities frequently overlapping both territorially and in terms of subject matter.

Regionally significant fields of activity include the following functions:

- Drawing up an overall concept of regional policy to ensure sustainable development in the region
- Steering the development of settlement (functional mix, region with short distances, supra-communal priority areas for settlement and industrial locations, cf. the Stuttgart region)
- Safeguarding free spaces and developing them adequately (e.g. by developing a network of big parks in the region) (in the Rhine-Neckar and Rhine-Main areas)
- Integrated regional transport and communication networks
- Improving structures and promoting the economy in the region (location marketing, locational information systems, coordination of congresses, fairs, cooperation among scientific institutions)
- Supply and disposal services
- Social integration (concepts to prevent the formation of ghettos, poor quarters)
- Arranging public administration in the region
- Representing regional interests both internally and externally

4. Instruments

To allow the mentioned regional functions to be fulfilled, efficient instruments must be available to the regional actors. It is conspicuous that most instruments have been developed in agglomerations because of the great pressure for action prevailing there. Generally, it can be observed that informal proceedings and „soft“ instruments are gaining importance, whereas

the (traditional) regulatory and development instruments tend to lose importance.

In the opinion of the joint study group, an instrument mix must be provided which is tailored to the specific situation in the city region concerned and which comprises **regulatory instruments**, **precautionary instruments** and **bargaining instruments**; yet control and coordination are helped more by social and political acceptance than by provision with ever newer and more sophisticated instruments believed to be stronger.

The **regulatory instruments** include planning targets laid down in formal plans and programmes, the so-called „central places“, zoning, regional planning procedures as well as mandatory planning, a subject to which I will come back in connection with the association of local authorities in the Stuttgart region. It is in particular with regard to the „central places“ instrument that scepticism as to its efficiency is growing in view of new trends such as large-scale retailer's projects (factory outlets). The new Regional Planning Act that has taken effect on 1 January 1998 permits several communes to establish a kind of common town map for the region, equally serving as a subregional plan. This new type of plan appears to be particularly interesting for city regions with their high degrees of interlocking and interdependence and the land use conflicts resulting therefrom and also with a view to the fact that space is a non-renewable resource.

The classical **precautionary instrument** is the zoning of areas and locations for specific purposes, which is particularly effective when it defines the sites precisely.

It has been clear at least since 1995, when the „Ministerkonferenz für Raumordnung“, a ministerial standing conference for regional policy, established a respective framework of action („Raumordnungspolitischer Handlungsrahmen“) that the **bargaining instruments** have acquired paramount importance in the presence of ever more difficult problem situations in the agglomerations. Bargaining instruments are intended to allow a consensus to be found, to balance advantages and burdens and also to win acceptance so as to admit planning management. One of these bargaining instruments and the first management element is the „Regionalkonferenz“, a standing regional conference, instituted in Stuttgart, for example, as the foundation for administrative reform, its results depending essentially on the skills of its moderator. The achievement of that standing regional conference is a concept for regional action and development specifying regional focusses of action as a second element. Although informal proceedings, „soft“ instruments and key projects are gaining ever greater importance, it must be ensured that

these are applied with moderation. In this regard, one must agree with *Fürst* who warns against the flood of round tables and regional conferences, pointing to the enormous amount of time expended.

5. Organization of Metropolitan Areas

There was agreement within the joint study group that there should not be a discussion of administrative reform in general but that organizational models should be offered, endeavouring to optimize the fulfilment of functions within the existing general setting.

Like the mix of instruments, the organizational structures must equally comply with the functions in question and with the spatial structure characteristics of such city regions. Yet it is a matter of fact that cooperation confined to specific subjects and cases is not sufficient and that planning and coordination – above all where longer-term functions are concerned – must therefore be institutionalized at the regional level in order to allow interests to be permanently balanced among all parties concerned. And this is not only a matter of cooperation between local government units but of cooperation also with other regionally significant institutions of state, economy and society.

Two forms of organization appear to be ideal for the coordination of regionally significant activities; these are, on the one hand, the institution of regional administrative authorities, exercising the functions of counties (Kreise) and intermediate-level authorities, so that these become superfluous in this regard („Regionalkreis“, i.e. „regional county“ in the Hanover area); on the other hand, functions indispensable for the steering of development can be bundled in a new type of administrative authority that operates within the framework of the existing levels of administration. In the opinion of the joint study group, the formation of „regional counties“ comes into consideration only for a small number of city regions – not only for reasons of political opposition. In city regions extending beyond the borders of one Federal Land, instituting „regional counties“ may be considered not feasible at all.

Working out concepts and managing regionally significant projects are the core functions of a regional organization. In this capacity, it must be able to initiate and coordinate other organizations' contributions to the direction of regional development. The regional organization is the junction at the core of „inter-organizational structures“ and must enable a consensus to be found. The territorial boundaries of a city region are laid down definitely

only for certain specific core functions; in all other regards, they result from particular functions in line with the cooperation agreed upon by the various actors at regional level (cf. the figure on the Rhine-Neckar area). For such regional planning and administration in city regions, the joint study group proposes two organizational models, namely a „Regionalverband“, a regional association of local authorities, and a multi-stage organization within the region.

The minimum responsibilities undertaken by such an association of local authorities located within only one Federal Land are to include strategic overall planning, establishing a regional plan for its territory, coordinating regionally significant plans and measures, steering their implementation, cooperating in communal planning as well as in project planning by state authorities, and safeguarding the region's interests.

These minimum competences are to be supplemented by the responsibility for specific functions of strategic importance. In all other respects, such responsibility should be left with the relevant specialized organizations. One half of the members of the association's main political body should represent the communes, the others being elected directly as representatives of the region. An advisory body with a right of initiative vis-à-vis the „regional assembly“ and composed of the socially relevant groups is to further the region's policy.

For city regions extending beyond the borders of one Federal Land, a multi-stage organization is considered recommendable, where the Federal Länder and communes cooperate in a regional umbrella organization. However, the degree of organization must be confined to a minimum. The umbrella organization has the same minimum competences as the aforementioned regional association of local authorities, but it shall not undertake wider responsibility for any specific technical functions, as different legal regulations and administrative structures prevailing in the various Länder concerned imply great conflict potentials. The umbrella organization is to be given the right to initiate and organize specific technical organizations and to define the relevant modes of procedure and funding. Also, specific technical functions can be assigned to a particular administrative unit responsible for part of the territory. The umbrella organization's general assembly could be made up of members representing the Länder and the communes. With trans-border organizations, particular importance must be attributed to the advisory committee. It should be instituted in the form of a standing regional conference, meeting at regular intervals in order to gain a lot of publicity.

In all city regions, cooperation with private organizations is of great importance in the fulfilment of joint regional tasks. The advantage offered by such cooperation is its flexibility; however, arrangements must be made to ensure that the region's political level remains able to maintain the overall control of the region although certain functions are assigned to other parties.

In many regions, the funding of regional tasks and functions is the main problem. According to the joint study group, realistic sources of finance do not only include adjustable contributions and allocations but also task-related joint financing in the sense of a regional equalization of burdens. For instance, communes are to contribute to the funding of regionally significant institutions and facilities that are provided and run by decentral organizations, such financial contributions being calculated in accordance with the benefits likely to be enjoyed by them.

6. Relevant Examples

6.1 „Verband Region Stuttgart“ – *An Association of Local Authorities in the Stuttgart Region*

In the Stuttgart region, 25% of the Federal Land's population (2.59 million) live in 10% of its territory (3,654 km²). 30% of the gross value added is gained here. In 1991/92, the Land government instituted a standing regional conference to deal with financial, public-transport and land-development problems in the surroundings of Stuttgart and the Land capital. On 7 February, 1994, an act on the strengthening of cooperation in the Stuttgart region („Gesetz über die Stärkung der Zusammenarbeit in der Region Stuttgart“) was adopted, and – by amending Baden-Württemberg's planning act – the uniformity of its planning law was ended. Members of the association are the Stuttgart county as well as the counties of Böblingen, Esslingen, Göppingen, Ludwigsburg and Rems-Murr (i.e. a total of 179 cities and smaller communes).

The functions undertaken by the association include subregional planning, landscape planning, the planning of public transport, responsibility for the suburban fast railway system, economic promotion, the marketing of tourism as well as parts of waste disposal. Together with partners from economy, society and the communes, „Wirtschaftsförderungsgesellschaft Region Stuttgart mbH (WRS)“ was formed in 1995, a company to promote the region's economy. With a two-thirds majority in the regional assembly, the association can undertake further functions such as responsibility for and

coordination of regionally significant congresses, cultural and sports events as well as responsibility for regionally significant fairs or participation in exhibitions. As to the new Stuttgart fair, the association will contribute 10% of the building costs up to max. DM 100 million.

Its organs include the regional assembly, the chairman, and the regional director elected for a period of 8 years.

The regional assembly with its 87 deputies is elected directly for a period of 5 years and replaces the former 266 members of various bodies representing different organizations that have been dissolved in favour of the association (e.g. the former association of local authorities and the special-purpose authority for public passenger transport in the Stuttgart region). Besides these, there are the committee on economics, infrastructure, and administration, the planning committee as well as the transport committee. A strong instrument available to the association is mandatory planning (obliging the communes to establish local plans) for regionally significant projects, although this, so far, has not been applied yet. And there is the general hope that the threat of mandatory planning will suffice to enforce the desired planning targets in the region.

Funding of the association is effected by allocations from the Land government for regional planning and by adjustable contributions from its members. Beyond this, adjustable contributions are levied from the municipality of Stuttgart and the counties for the regionally significant public transport.

The association also cooperates with other institutions such as the „Forum Region Stuttgart“, an all-party initiative endeavouring to strengthen and promote the region both inwardly and outwardly, the „KulturRegion Stuttgart“, by which the communes realize joint cultural projects on a voluntary basis, as well as „Stuttgart RegioMarketing und Tourismus GmbH“, serving the communes to market their touristic sights.

6.2 „Raumordnungsverband Rhein-Neckar“ – An Association of Subregional Planning Authorities in the Rhine-Neckar Agglomeration

With its almost 2 million inhabitants, the so-called Rhine-Neckar „triangle“ is the seventh largest agglomeration in the Federal Republic of Germany, being located in the Federal Länder of Baden-Württemberg, Rhineland-Palatinate and Hesse. The association's territory covers an area of 3,324 km² and includes 156 communes.

In the Rhine-Neckar „triangle“, regional cooperation has a long tradition: after first ideas of cooperation in the Rhine-Neckar region had been defined as early as in the 1920ies and 30ies, it was in 1951 when the municipalities of Mannheim, Heidelberg, Ludwigshafen and Viernheim as well as the Ludwigshafen and Heidelberg counties founded a special partnership called the „Kommunale Arbeitsgemeinschaft Rhein-Neckar-GmbH (KAG)“ which ordered the first regional/subregional planning programme.

In March, 1969, the Länder of Baden-Württemberg, Hesse and Rhineland-Palatinate concluded the „Rhine-Neckar Treaty“, on which basis the association of subregional planning authorities in the Rhine-Neckar area („Raumordnungsverband Rhein-Neckar“) was founded in that same year. Members of the association are the „Regionalverband Unterer Neckar“ (an association of local authorities on the lower Neckar, yet excluding the territory of the Neckar-Odenwald district), the „Planungsgemeinschaft Rheinpfalz“ (an association of planning authorities in that region, but excluding the „Südpfalz“ area) as well as the Bergstraße county.

Regional planning in the association's territory is two-stage. The regional planning programme to be drawn up by the association serves as a framework for the Lower Neckar (sub)regional plans and the regional plan for the Rheinpfalz territory. The association's organs are the general assembly, the members of which are delegates from its three member organizations, the administrative board and the chairman. Funding is through adjustable contributions levied from the members and through allocations from the Länder concerned. There is a joint administration also serving the „Regionalverband Unterer Neckar“ and the „Planungsgemeinschaft Rheinpfalz“, the authorities responsible for subregional planning. The association initiated or helped to initiate the „Verkehrsverbund Rhein-Neckar“, a joint transport federation, the Rhine-Neckar joint authority for waste management, as well as the „Rhein-Neckar-Dreieck e.V.“, an institution responsible for marketing the region, and it acts as an agency for all of these.

Regional actors watched the creation of new structures and functions in the Stuttgart area with particular interest, as effects on all regions in Baden-Württemberg were considered possible. A detailed analysis of these new structures showed two results: firstly, regional cooperation there has reached a quality standard which is considered exemplary by other regions and which partly exceeds cooperation within the territory of the association of local authorities in the Stuttgart region. On the other hand, it became obvious that developing the association of subregional planning authorities and strengthening regional cooperation could not just be a matter of copying the Stuttgart model. Rather, agreement was soon reached that the Rhine-Neckar

„triangle“ needed organizational and functional structures tailored to suit its particular needs.

Among the specific characteristics of the Rhine-Neckar agglomeration is its being part of three Federal Länder, and it was this fact which traced out the mode of reorganization. Considering the circumstance that neither a reorganization of the Federal Länder nor an administrative reform redefining the levels of public administration are foreseeable, the fulfilment of regional tasks must be optimized for the time being within the scope of the prevailing conditions.

So, in the amended articles of association, the establishment of a regional planning programme as the framework for subregional planning is again named as the primary and fundamental function of the association of subregional planning authorities. This regional planning programme lists the development targets for the region as agreed with the communes.

In accordance with the increased importance of informal modes of planning, the amended articles of association concentrate on specifying the coordination functions in concrete form. By coordinating (frequently communal) activities in the fields of economic promotion (establishment of a locational information system), locational marketing, integrated transport planning, the safeguarding and amelioration of environmental conditions (local measures to reduce CO₂ emissions), optimized waste management, implementation of priority locations for housing and industry, development of nearby recreation areas and leisure-time facilities in the area, as well as information and communication techniques (a joint regional telephone market), the regional administrative authorities are trying to contribute to cooperation within the region and to improve its prospects for the future.

It becomes evident already at first sight that these are functions that have always been and will continue to be dealt with by regional-level authorities such as public passenger transport as well as supply and disposal services. But, on the other hand, change in the political, economic and social spheres is entailing new ranges of tasks.

These coordination functions are to be exercised on the basis of subregional development concepts and concepts for land use in the region.

Also, coordination can help to achieve an essential target of regional policy and regional planning, namely the equivalence of living conditions in all parts of the region. That this will continue to be a critical subject is likely to become obvious in future also in the liberalized communication market; for it must be feared that competition among service providers, though fa-

avourable to users, will turn to account in agglomerations only, and that rural areas will face considerably higher telecommunication costs. At medium term, a single-stage mode of planning, regional and subregional, has to be aimed at, requiring one single overall plan for the entire region.

Yet cooperation and development control in the region are not only contributed to by institutions under public law, as can be seen from successful participation in the „Bioregio“ contest; participation in that contest held by the Federal Ministry of Education, Science, Research and Technology, was prepared by a private initiative named „Initiativkreis Bioregio Rhein-Neckar-Dreieck“. The area's distinction as a model region which has given a big boost to regional thinking, was due expressly not only to the outstanding expert competence, but also to the region's networking.

6.3 „Kommunalverband Großraum Hannover – Region Hannover“ – An Association of Local Authorities in the Greater Hanover Area and the Hanover Region

Covering a surface of 2,287 km², the association of local authorities in the Hanover area has about 1.1 million inhabitants. It includes the Land capital of Hanover and the Hanover county. Regional cooperation has been organized there since 1962; at present, they are discussing the fourth amendment of their articles of association which, among the cases presented here, goes furthest.

According to *Priebs*, a regional instance with mere planning and coordination competences is not sufficient in the opinion of the regional actors to solve the problems faced. In their view, operative competences with clearly defined administrative and political responsibilities are needed. The association's present range of functions includes subregional planning, local public passenger transport, economic promotion and nearby recreational facilities; besides, it owns and runs the Hanover zoo and cooperates in a technology centre, in a real estate company named the „HannoverRegion Grundstücksgesellschaft“ and also the Hanover tourism association.

According to *Priebs* (1997), the cornerstones of the Hanover region's reform model are as follows:

- The Hanover region is to be made a regional administrative unit (comprising Hanover and the 20 communes presently incorporated in the Hanover county).

- The region authority is to be made the legal successor of the county and of the present association of local authorities, both of which will be dissolved.
- The Land capital loses its status as „kreisfreie Stadt“, i.e. the status of a city not incorporated administratively into a district, but it is given a special status.
- The region authority will exercise regional functions of an intermediate-level authority (district-government – „Bezirksregierung“) as well as of some special-purpose state authorities.
- In accordance with the principle of subsidiarity, the communes are to be strengthened; and citizen-orientation within the authorities is to be improved.
- Political responsibility will be incumbent on a directly elected regional parliament, and the public administrative authorities are to be headed by a directly elected regional president.

The region authority is to unite responsibility for public passenger transport and the network of streets, roads and motorways in its territory, for supra-local economic promotion, subregional planning, nature conservation and nearby recreational facilities, water resources management, waste management, hospitals, health services as well as for social welfare benefits and vocational schools. The legal form and the organizational structures for the fulfilment of these functions have not yet been laid down. It is intended to institute a so-called „Gemeindekammer“, a communal chamber, where all communes are to have one vote each, and which is to exercise an advisory function for the region's parliament. In the discussion on modes of financing for the Hanover region, possibilities of its incorporation into the system of financial balancing among local authorities and a concept of adjustable contributions within the region are being considered.

State-Crossing Regions

by *Jonathan Howes*, Chapel Hill

Many regions cross state lines in the United States, and some of these regions have regional councils that play a crucial role in regional governance. For example, the regional council serving metropolitan Washington, DC, the Metropolitan Washington Council of Governments, has been a notable success, though its efforts are made more difficult by the fact that the Washington region crosses the borders of two states (Maryland and Virginia) and the federal District of Columbia. Despite the presence of many state-crossing regions in the United States, there has been little leadership from the federal government in this activity.

I will present two case examples of regional cooperation in the United States, both from my home state of North Carolina: the Metrolina region around Charlotte and the Research Triangle region, including the cities of Raleigh, Durham and Chapel Hill. The Metrolina region includes a portion of the adjoining state of South Carolina. While the Research Triangle region does not currently extend beyond North Carolina's borders, it certainly has state-crossing implications in its future and makes a useful comparison.

North Carolina has little effective state policy affecting regions. The state ranges from the Atlantic coast, known for its barrier islands and beautiful sand beaches, fishing, tidewater farms, and maritime ports, through the populous piedmont area to mountainous western North Carolina.

Both metropolitan Charlotte and the Research Triangle region are located in the piedmont area of central North Carolina. Raleigh, the capital of North Carolina and the largest city in the Research Triangle, lies at the fall line at the edge of the 200-mile wide coastal plain, historically the least industrialized area of North Carolina. The Research Triangle region is located about 50 miles south of the border with the Commonwealth of Virginia and 100 miles north of the border with South Carolina.

Charlotte, located about 150 miles southwest of Raleigh, is the largest city in North Carolina. Mecklenburg County, in which Charlotte is located, borders South Carolina. Many South Carolina residents commute to jobs in metropolitan Charlotte.

The major agricultural product of the state has long been tobacco. Today, the state has a total population of about 7 million people – and 12 mil-

lion hogs. While agriculture has dominated the economy, textile and furniture manufacturing are quite prominent. More recently, financial services in the Charlotte area and high-tech, knowledge-based industries in the Research Triangle region have emerged as important components of the state's economy.

A. Metrolina (Charlotte)

Charlotte (which was named for a German princess who became Queen of England) is the headquarters of two major U.S. banks – First Union and Bank of America. It also boasts major league professional sports franchises in football and basketball, the only ones between Washington and Atlanta. Its rapidly growing population is included in the territory of two councils of government (COGs) in North Carolina and one in South Carolina.

The region has done strategic planning for the Catawba River basin. The river rises in the foothills of the Blue Ridge Mountains and flows to the Atlantic Ocean through North and South Carolina. This work was undertaken by three COGs and was supported by Duke Energy Company, the electric utility serving the region. The utility has major dams on the Catawba River. These are used for hydroelectric power generation and for cooling Duke's nuclear and fossil fuel plants. In addition to the utility and industrial interests, water from the river is used for recreation and for drinking water supply in several major cities. The river also receives treated wastewater from several plants along its course.

Growing out of the strategic planning effort, regional interests formed the Catawba River Foundation, a non-governmental group with no public funding. The Foundation has been designated the regional water quality monitor and appointed a „Riverkeeper“ to conduct the program.

Charlotte also hosts the Carolina Urban Coalition, made up of 15 North and South Carolina municipalities. Through the Coalition, municipalities have worked to coordinate public transit operations. Municipal police systems have also developed coordinated information systems.

These are only two of many areas where regional cooperation has occurred in the region. Its economic success testifies to the value of regional cooperation in economic development.

B. Research Triangle Region (Raleigh, Durham, and Chapel Hill)

The Research Triangle region derives its name from the three nationally-ranked research universities located at the points of the triangle: the University of North Carolina in Chapel Hill, Duke University in Durham, and North Carolina State University in Raleigh. The three institutions have worked together to create Research Triangle Park (RTP), one of the oldest, largest, and most successful of the university-based research parks in the United States. RTP is now home to Glaxo Wellcome's corporate headquarters and major research and manufacturing operations of IBM, Cisco Systems, Sphinx Pharmaceuticals and Nortel. The two major U.S. government installations in RTP are the National Institute of Environmental Health Sciences and the Environmental Protection Agency's air quality standards office. Altogether, there are currently more than 40,000 jobs in RTP.

Though Raleigh has the largest population of the cities in the Triangle, unlike Metrolina, there is no dominant central city. The region's population passed the million mark in 1995, doubling growth of the 1970-1995 period. The region now faces problems of rapid growth, especially rapidly increasing traffic and congestion.

Only 25 percent of the region's population live in its largest city, Raleigh. This compares with 35 percent of the Metrolina population who live in Charlotte and 53 percent in the Austin, Texas, region who live in that capital city. A very high percentage of the Triangle region's population commutes from home to work across county lines. Thus, the region is thoroughly auto-dependent.

The Research Triangle region as a whole has very low unemployment and high average per capita income. There is significant in-migration from other parts of North Carolina and the rest of the United States. People in the area enjoy a very high quality of life. The crime rate is the lowest among all North Carolina communities. The region offers impressive educational and cultural opportunities.

Because each of the three communities – Raleigh, Durham and Chapel Hill – grew up when contact among them was more limited, each community has its own historic character and there is considerable interest in preserving each community's distinctiveness within the regional context.

Residents also are deeply concerned about environment protection and the physical appearance of their communities. From 1970-1995, the Research Triangle region preserved close to 100,000 square miles of open space and parkland. With the substantial increases in traffic congestion in

recent years, the region is not likely to be able to continue to handle the present rate of growth in motor vehicle travel. Regional leaders have formed the Triangle Transit Authority (TTA) which has developed plans for a regional passenger rail system. TTA has just identified station locations along the first line to be served, beginning in 2000.

The region's COG, called the Triangle J Council of Governments (TJCOG) was formed in 1957 just as the RTP was getting started. Regional leaders at the time recognized that, if successful, RTP would generate significant growth pressures, requiring higher levels of governmental cooperation than had taken place to date.

As a Council Member and Mayor of Chapel Hill, I served as chair of the Board of Directors of TJCOG. I sought to improve regional planning in the Triangle, but felt that mandatory regional government would never be politically acceptable to the people of the region. When the COG was formed, it was one of the first in the country. Currently, restructuring TJCOG is under consideration. One of the objectives is to broaden the membership base, currently limited to official representatives of the area's local governments.

The COG has, at five-year intervals, sponsored major conferences on the state of the region. Termed „World Class Region” conferences, these were the brainchild of the late Avery Upchurch, a former Mayor of Raleigh and chair of TJCOG. Following the second conference in 1992, the Greater Triangle Regional Council was formed to complement TJCOG. With the heads of the major universities and businesses in the region serving on its board, GTRC was explicitly designed to be an organization that crossed sectoral lines in the region, just as TJCOG crossed governmental boundaries. So the current discussion about restructuring TJCOG might result in a merger of the two organizations.

The third „state of the region” conference, in May 1998, focused on aspects of the region's quality of life. These included the public schools, its cultural life, environmental quality and transportation.

Public Education

K-12 public education (kindergarten through 12th grade) is locally governed, by school boards operating in each individual community. Through the creation of regional demonstration schools, education leaders hope to demonstrate the possibilities associated with public schools that have a global curriculum.

Cultural Life

The area universities, state and local governments, and nonprofit organizations share responsibility for cultural institutions in the region. Efforts have been made to better coordinate activities on a regional basis. However, much remains to be done to make regional cooperation a reality.

Environmental Quality

Preservation of open space and maintenance of water and air quality are the key environmental issues to be addressed by the region. This effort will require high levels of cooperation between the state and local governments, since the state has primary regulatory responsibility for the environment.

Urban sprawl poses a particularly challenging problem. Land use is regulated at the local level, and regional cooperation in land use decisions has been difficult to achieve. This is due to the strong tradition of local decision-making on land use.

Transportation

Decisions regarding transportation are closely related to those involving the environment and land use. As noted above, the local governments of the region have created the Triangle Transit Authority which is moving forward on a regional rail transit system. The state of North Carolina has primary responsibility for the region's roads and highways. And local governments regulate land use. Thus, achieving a coordinated approach to transportation requires extraordinary levels of intergovernmental cooperation.

Conclusion

What are the lessons of the Research Triangle for regional planning and governance? First, cooperation among local governments is difficult to achieve, even with the best of intentions by local leaders.

Second, regional institutions must cross lines between sectors as well as governmental jurisdictions. The region's universities are central to this effort. They set the cultural tone for the region. More important, they are the employment leaders. Thus, they must be involved in the key regional institutions. Similarly, the major businesses of the region must be involved in regional decision-making.

Finally, continued economic progress can be achieved only when governments work together. Without regional cooperation, problems associated with transportation, traffic congestion, and urban sprawl will continue and increase in severity.

Cross-border Cooperation in Europe - The example of the upper rhine -

by *Joachim Beck*, Kehl/Strasbourg

1. Introduction

During the last twenty years the concept of the region has gained growing importance in Europe. Influenced by a number of interrelated factors, the evolution of the region as a politico-administrative level has become one of the key-elements characterizing the process of today's European integration leading even to the notion of a decentralized „Europe of the regions“.

Due to the fact, that the state traditions, the cultural preconditions, the government and administrative structures as well as the degree of vertical differentiation are very different from one member state to another there still exists, however, no consensus about which elements really constitute and stand for this level in an European context.

In theory one has agreed upon to consider the region as the sub-national level, thus including territorial units having – according to the national constitution – the quality of states. However, to define the region as a politico-administrative meso-level, located between the macro-level of the state and the micro-level of local authorities allows a better and more detailed analysis of the recent politico-administrative changes, taking place within the context of European Integration.

Beyond the creation of a supra-national governance-structure, the process of European Integration has led to important challenges for this regional meso-level. On the one hand, the transformation of European law into national legislation and the implementation of this new regulation can reduce the scope of action. The possibility to influence supra-national policy-making has on the other hand created the necessity of a better vertical aggregation and representation of regional interests. Over and above that, the realization of the common European market has brought fundamental economic and social change, leading to a new situation of concurrence between European regions in the light of the discussion of locational factors. Finally, and perhaps mostly important, the European Commission has set up a system of financial support for underdeveloped regions and regions suffering from

structural economic crises, combined with restrictive control-mechanisms concerning public subsidies. The European regional-policy which – after agriculture – holds today for the second important budget-post has influenced and changed the administrative structures and patterns of regional policy-making in many member states, aiming at the evolution of a decentralized, integrated and endogenous policy-approach. Measures of administrative reorganization are thus on the agenda of Europe's regions.

The necessity to develop regional solutions for policy-problems which can't be solved on the local or state level, however, is by no far new in Europe. In administrative history many examples can be cited to show, that existing administrative boundaries have always been changed, according to new socio-economic realities. While traditionally planning and infrastructural functions have been conceived and implemented at the regional level, recent developments show the regionalization of many policy-fields, be it economic promotion or environmental protection, public transport or tourism, employment and social policy or the marketing of the regional profile in an international context. To better develop the regional potentials is often seen as the essential precondition of successful policy-making, both on the state and the local level.

One of the characteristics of this new regionalism in Europe can be seen in the fact, that the process of regionalization is mostly not accompanied by measures of separate institution building. The regional meso-level more and more consists of the voluntary cooperation between different private, public or social actors, based on concrete issues and guided by the institutional or material interests of these actors. To establish effective procedures of coordination and negotiation is often seen as more important than the creation of new institutions.

On the other hand, existing institutions are getting under growing pressure, like in Germany's administrative landscape for instance both the government districts, the counties as well as the regional planning bodies. The more the perception of regional policy changes from regional planning to a more active, integrated and development oriented approach, the question of regional reorganization arises.

There is of course no unified answer to these questions and one will find different institutional solutions not only in Europe but also within the member states themselves. Further more, the nature of the regional problems can vary to a great extent: The redistributive challenge between the big town and its surrounding communities needs a different institutional solution than the necessity to integrate the ideas of various corporate actors to gain a real-

istic regional developpement strategie in rural or polycentral regions. Changing problem-constellations may even require the modification of the traditional policy-approach within one region to cope with structural crises as it can be studied in Europe's old-industrialized regions.

While the individual solutions may vary from one region or member state to another, the common characteristic of the majority of the european regions can be seen in the fact, that the regional cooperation processes are taking place within the uniform legal, institutional and cultural context of a single nation-state. Being confronted with the same policy-challenges, the european border regions, however, are facing a distinct starting position. Being in the situation of socio-economic interdependence with a territorial unit of a neighbour state, the preconditions for regional cooperation are different in a substantial way. Not only that cross-border regions have to be composed out of parts of existing national regions being themselves integrated in distinct institutional frames. Different to their national equivalents, neither the nature of the actors involved, nor the forms, the scope of action or the legitimation to cooperate with a foreign institution is clear per se. Further more, horizontal cooperation structures have to be set up and developed by the regional actors themselves. According to the constitution, official horizontal cross-border cooperation of their decentralized or deconcentrated units, however, was not possible in most member states for decades. Only the early 90ies brought either changes at the constitutional or legal level or international agreements, providing legal guidance for decentralized actors.

Looking at the history of international relations, the nation-state, constituted by its territory, its people and its power, was for centuries considered as the exclusive and only actor. Studying the history of the Public administrations in Continental-Europe, one will even more realize their close legal and territorial relation with each nation-state, thus leading to different public and administrative law in today's Europe. It was not before the 70ies that the concept of transnationalism allowed to recognize the changing realities in international relations, drawing attention to those new patterns of cooperation taking place at the sub-national and regional level, with a special focus on the border-regions.

Legal, conceptional and logistic support by the Council of Europe, the Assembly of the European regions, the Association of European Border Regions and the European Parliament and Commission has promoted the growing importance of the active role the border regions play in Europe. The European commission promotes the cooperation at Europe's internal

and external borders, especially through the financial programmes INTER-REG I and II.

From another perspective the border-regions of the European Union are also detectors to measure the degree of the entire European integration-process. On the one hand the positive effects of European harmonization can be seen in a very concrete way: While the mobility of people or firms between Munich and Paris for instance, is actually not very developed the socio-economic exchanges between Strasbourg and Karlsruhe are an ever growing reality. On the other hand, those policy-fields which have not been harmonized at the supra-national level or which have been regulated by Europe but are implemented differently in two neighbouring member states are still real obstacles for the horizontal flow of people, services, capital and goods. To develop effective decentralized solutions for the policy-problems emerging within the cross-border regions is thus not only of regional but also of European importance: the people living in the border regions are to a higher and more sensitive degree both national and European citizens, expecting concrete lightening in their everyday lives.

Taking this as a background and using the upper-rhine as example, I will after a short structural description first show, which forms of cross-border cooperation are practiced in this region and how they developed during the last 20 years. I will then analyze, which characteristic patterns of transnational policy-making can be identified and how they can be explained.

2. The regional structure of the upper-rhine

The upper-rhine region is composed out of four territories, belonging to three different nation-states, only two being member of the European Union. In the north, we find four counties of the government district of Rheinhesen-Pfalz belonging to the state of Rheinland-Pfalz, four counties of the government district of Karlsruhe belonging to the state of Baden-Württemberg and three arrondissements of the Département du Bas-Rhin, belonging to France. In the middle there are two counties of the government district of Freiburg (Baden-Württemberg) and four arrondissements of the Département du Bas-Rhin (France). The southern part consists of three counties of the government district of Freiburg (Baden-Württemberg), six arrondissements of the Département du Haut-Rhin (France) and parts of four cantones belonging to Switzerland. The region of Alsace covers the territory of the two Départements of Bas-Rhin and Haut-Rhin.

4.8 million people are living in the upper rhine, 47% of them in Baden-Württemberg, 34% in France, 11.2 % in Switzerland and 6.1 % in Rheinland-Pfalz. Nearly 40% of the net product per inhabitant of this region however comes from the swiss part, with Baden-Württemberg counting for 25%, Rheinland-Pfalz 20% and France only 17 %. The Baden-Württemberg part of the upper-rhine today faces an unemployment rate of 8.6% which is slightly higher than in Alsace (8.1%), clearly higher than in the swiss part (3.9%) but lower than the south of Rheinland-Pfalz (11%). The unemployment-rate of people under 25 is clearly higher in Alsace, whereas the percentage of longtime unemployed is the highest in the part of Rheinland-Pfalz. All territorial parts of the upper rhine, however, are clearly below the national unemployment rate and still above the national average in terms of economic prosperity. In an european context, the upper-rhine can be estimated as one of the richest regions.

In addition to these structural aspects, the upper-rhine is characterized by some striking features, showing a dense border-crossing socio-economic interdependence between the different parts.

First of all, there are more than 60.000 cross-border workers in the upper-rhine valley. These are people who live in one state but work in another state and come back to their homes every evening. A remarkable observation is the imbalanced direction of this daily flow of people across the national borders. The cross-border worker is to the overall majority french and works in Baden-Württemberg or in Switzerland. But also many germans from the southern part of the upper-rhine are working on the swiss side. The phenomenon can be easily explained, regarding the relatively higher level of wages in these countries. Furthermore, due to the fact, that the french cross-border worker pays his taxes in his residential state, he pays lower taxes compared to his german or swiss colleague. Earning a german or swiss salary for a long time also brought advantages concerning the exchange rate.

The majority of the cross-border workers are not employees but manual workers, very often working far below their french qualification. But an important number are also specialists, mostly in technical or commercial professions.

To illustrate another element of the socio-economic interdependence in the upper rhine: before the realization of the common european market only 5% of the small and medium sized enterprises carried out economic activity in the neighbouring state. According to a recent enquiry of the Chambers of Commerce and Industrie in the upper rhine, this number lies today already around 20%.

Looking at the housing market in France, we discover another phenomenon: More and more German or Swiss people buy houses or apartments on the French side. Either they change their residence and move to France while continuing to work in Germany and Switzerland or they look for secondary residences. Around 30.000 Swiss and Germans are living in Alsace. The percentage of Swiss or Germans at the housing market in Alsace counts today for nearly 20%. In some rural French villages, close to the border, the percentage of Germans or Swiss is even more than 50%.

Closely related with the high number of cross border-workers and the intensification of mutual economic exchange are the traffic, pollution and land-use problems in the upper-rhine valley. Due to both the geological conditions with the river of the Rhine separating the region as natural boundary and the historic national perception, the traffic lines are primarily developed in the north-south direction: The rationality of the nation-state was to allow a fast connection between Freiburg and Karlsruhe and not between Freiburg and Strasbourg. There are only 25 possibilities to cross the river of the Rhine at a distance of 300 kilometres! Between Baden-Württemberg and Alsace for instance, there is only one train connection crossing the European bridge at Kehl. Not all connections, however, are bridges, but also barriers or even small ferries. Especially the border-crossing systems of public transport are still not very developed. This is why the majority of the cross-border workers uses the car, to go to work, a phenomenon, leading to traffic problems in the region.

The number of airports is on the other hand relatively important. Two bigger airports exist on the French and the Swiss side (Strasbourg and Basel) while as a consequence of military conversion between Karlsruhe and Freiburg two new airports have also been created on the German side. With four airports on a territory of only 19.000 km² the necessity to coordinate their profiles is obvious.

Due to the geographic situation with the Black-Forest mountains in the East, the Vosges mountains in the West and the Jura mountains in the South, the air-quality in the upper-rhine is traditionally low. Big chemical industrial plants in Bielefeld, industries, harbours and bigger agglomerations along the river and a high level of transit traffic on the one hand, low natural air-circulation on the other hand are thus leading to summer and winter smog. It was not just by chance, that the phenomenon of forest dying was first discovered in the Black-Forest.

Due to intensive agricultural activities at both sides of the river of the Rhine as well as the traditional potassium industry on the French side the

quality of the ground water too is highly under pressure. Like the air, the flow of water too does not respect national borders or national administrative protection systems. The ecological spill-overs have thus for a long time been one of the most negativ features of the upper-rhine. Intensive use of land for human purposes and the high exploitation of natural rессources like gravel have lead to a critical situation in a region, which is surrounded by mountains. Sensible areas along the river are also in danger.

Environmental protection, the use of scarce natural rессources, settlement and economic development, traffic and infrastructural solutions as well as touristic promotion are conflicting objectives which in the upper rhine cannot be harmonized without a close cooperation across the national borders. Not to speak of the social, employment, cultural, science, education, health or criminal dimension arising today as the side-effects of the common european market.

Many of the above mentioned interdependencies in our region, however, existed for decades. But it was not until the early 70ies, before active political and administrative measures took place, trying to establish a system of coordinated transnational cooperation.

3. Levels and forms of cross-border-cooperation in the upper rhine

3.1 The German-French-Swiss Government Commission

The beginning of the official cross-border-cooperation in the upper-rhine region can be seen with the creation of a joint government Commission in 1975. Based on an international convention between the Governments of Germany, France and Switzerland, the Commission is composed out of three national delegations with eight members, appointed by the respective governments. Each delegation is headed by the respective Ministry of Foreign Affairs.

The aim of this Commission is to consider all questions and problems, which are of border-crossing importance for the upper-rhine. For the first time, the necessity to coordinate policy-fields such as regional planning, environment, economic promotion, transport, social affaires and so on was officially recognized by the national governments in Bonn, Paris and Berne. In addition, the territorial frame for this cooperation was fixed and authorization was given to the regional representatives of the national governments to develop dezentralized solutions. The regional actors fixed by the convention were the governments of the states of Baden-Württemberg and Rhein-

land-Pfalz, the Prefect of Alsace and the two governments of the cantones of Bale town and Bale country.

Two regional committees were created for the northern and the southern part, to better integrate the respective regional specificities. The regional committees were filled with the deconcentrated representatives of the above mentioned regional actors, on the German side for instance the presidents of the government districts of Freiburg, Karlsruhe and Rheinhessen-Pfalz.

The government conference, however, has no decisional competence but the only function, to develop recommendations for the national governments and to draw up international treaties for transnational problems. The more concrete work is done in working groups which have been set up for every policy-field defined by the convention. Besides the generalists of the regional level, also specialists of both sides of the Rhine are integrated, to give advice on policy-related questions. Within these working groups of the regional commissions, important processes of consultation and coordination set in. This is why already very early, actually the regional committees became the level of cross-border cooperation.

Concrete projects, however, could only hardly be developed. With a negotiation process initiated in a top-down manner, the work consisted primarily of the identification of the central problems and not so much in the design of possible solutions. The government-commission and her working structures were perceived by the actors involved as a platform of mutual information about the national regulation and administrative structure in the respective policy-field. The focus was primarily set on traditional approaches of spatial planning without being able, however, to harmonize the different systems of the three states. The working results were abstract, the internal negotiation and decision-making procedures highly formalized, thus indirectly reproducing at the regional level the patterns of classical diplomatic (non)decision-making. Further more, the few concrete decisions taken, like for instance the agreement to mutually inform the neighbour about all important incidents, issues or projects, which could have a border-crossing consequence in the area of environmental protection, were either not implemented at all or in a different way.

Cross-border-cooperation at this time was a purely state-centred approach: Neither local or territorial authorities nor local or regional politicians or other actors were integrated. On the other hand, many informal exchanges of both expertise and documents took place, leading to a better knowledge of the neighbour's administrative structure, which should not be underestimated.

Leading only to a low degree of substantial innovation in cross-border cooperation, the state-centred approach lost its anyway low dynamic in the 80ies and became more and more ritualized. It was at this time when the ironic notion of the „politeness of the upper-rhine“ was created, trying to characterize a process which – at least below the level of the heads of the involved institutions – was estimated as a ritual.

3.2. The Conference of the upper-rhine

To become more problem-oriented and to better handle the existing regional problems on the one side and to change the decision-making process to a more bottom-up approach, in 1991 the two regional committees of the government-commission were desolved and replaced by a new structure, the Conference of the upper rhine.

Right from the beginning, this new structure also replaced more and more the old Government-Conference, thus leading to a more decentralized structure. The number of working groups was reduced and the german district governors, the swiss cantones and the french prefect became heads of the national delegations. New actors were integrated: in France the territorial and regional authorities as well as the big towns, in Germany and Switzerland the joint regional planning authorities, representing indirectly the county and the local level.

Although even today there still can be observed a clear predominance of the state administration, new impulses were given by those regional and territorial actors. A new dynamic emerged at the beginning of the 90ies. Meanwhile, also some of the most important structural deficits of the Government-Commission were changed within the work of the Conference of the Upper-Rhine, to give only a few examples:

- The nine existing working groups have now clear defined missions and are limited in their existance
- The frequence of the assembly-sessions has been increased: Concrete working results are to be presented all six months. This leads to better controlling and a more result-oriented work
- The Conference has a changing presidency, altering between the national partners every six months
- Each presidency has to define a concrete working programme of only a few realistic issues

- Finally and mostly important: The preparation of the assembly sessions and the controlling and guidance of the implementation of the decisions is now guaranteed by one single administrative structure: The new permanent secretary of the Conference.

Before the creation of this secretary, the decisions were prepared and controlled by public servants, working in a different administrative context and being separated spatially. Their coordination job was moreover more or less a supplement to other functions, they had to carry out within their home-administrations. Today, three full-time colleagues, each one representing one national side, are working together as a team, in one office, separated only by the walls of their working rooms. Obviously, not all obstacles to transnational coordination and cooperation can be solved by three individuals. But informal strategies and team work structures allow the collective preparation of the decisions, to consider national restrictions, to clear up different positions and to avoid the escalation of conflicts. Further more: the common secretary, financed by the three partners, is equally a symbol of the willingness to cooperate more closely and to trust the preparatory work, that is been done by the administration of each side.

To illustrate both the dynamic and the importance of the Conference of the Upper-Rhine: in nine working groups and around 25 expert groups more than 500 mostly public actors are today developing concrete solutions to the regional cross-border problems. Being in a steady and decentralized communication process across the borders, the preconditions for real innovations have been set.

Already by now, the number of projects and initiatives can hardly be overseen. To name just some of the most important in 1997:

- A common greenland-protection sheme has been developed
- The first crossborder index of the location of industrial plants with emissions higher than 150 tonnes per year was set up, serving as base for a common future planning
- An agreement between the pedagogical universities has been signed, to promote the exchange of students and the idea was born to create a border-crossing Diploma, allowing teachers to later work in the country of their choice
- a report on legal and financial problems of cross-border medical treatment has been pased with concret measures to advance the existing procedures
- A bilingual school-book for the entire upper-rhine has been conceived and printed to promote regional identity among pupils

- Statistical data about the traffic-situation has been collected and worked up for future decisions

One of the reasons, however, why the work of the Conference has become more concrete during the last years can be seen in the fact, that the European Commission has supported the cooperation-efforts both financially and by an externally developed approach of regional policy-making, which has been internalized by the actors in the upper-rhine.

3.3. The EU-Initiatives Interreg I and II

Regarding infrastructure, unemployment and economic growth the upper-rhine is highly above the European average. This is why the region cannot participate at the financial support programmes of the European regional policy. Also, the classical concepts of this policy-approach do not consider the situation of the border-regions and thus are not responding to the specific needs of this type of region. This is why the decision of the European Commission in 1990 to set up a special initiative for the border regions was of fundamental importance for the upper-rhine. Through the Interreg I and II programmes for the first time financial support for concrete measures of cross-border cooperation could be used by the regional actors. In addition, the use of these subsidies was closely bound to a specific mode of interaction, defined by the respective European directive of 1990. Between 1990 and today more than 50 million ECU of european funding have been invested in the region, initiating the same amount of national co-financing.

The basic philosophie of the European regional policy aimes at the mobilization and integration of decentral actors through the elaboration of regional developement programmes, finally leading to concrete projects, which have an impact on regional promotion. Regional and local actors have to first analyze the positive and negative characteristics of their region, have then to develop integrated operational programmes with different lines of action based on this regional profile and should then derive measures in the form of projects, implemented through the close cooperation between various actors. Within the context of the INTERREG initiatives, this mode of regional policy-making has stimulated the decentralized cross-border cooperation in a very concrete manner. For the first time not only actors of the state but also local and territorial authorities became actors equal in weight.

The European commission gave priority to measures which have been equally conceived and implemented in a close partnership between the regional actors of both sides of the rhine, which were able to promote a better

transnational flow of information between institutions both of the public, the private and the third sector and which helped to build up new border-crossing institutional and administrative structures, finally deepening cross-border cooperation in a longer, sustainable perspective. The INTERREG initiatives were thus promoting an inter-institutional approach with a clear focus on local and regional projects.

More than 200 of such projects have been created since 1991 and – different to many other European regions – all European subsidies available have been used for concrete measures of transnational cooperation. The implementation of the INTERREG initiatives took place within two operational programmes one for the northern part and one for the southern part of the upper-rhine. Remarkable to notice, that right from the beginning, due to demands of their German and French neighbours, the European Commission allowed also the participation of the Swiss partners, giving thus a clear signal to the Swiss government, that a closer cooperation at the external borders of the Community was welcome and politically supported. Even more, not only the Swiss partners of the Cantons of Basle but also new actors from other Cantons like Jura, Solothurn or Aargau were integrated. The Swiss partners participated actively in the administration of the southern programme and played an equal role in the decision-making process of the respective structures.

According to the INTERREG regulations a steering-committee was set up at the political level assembling the heads of the regional programme partners plus one representative of the European Commission (Directorate of regional affairs). The presidency of the southern programme is carried out by the district governor of Freiburg, for the northern part the president of the Département du Bas-Rhin, the territorial authority, covering the northern part of the French side, took this function. The steering-committee has the function, to formally and politically pass the projects submitted by the various actors. To prepare the decisions of the steering-committee, a working group of all partners was set up at the technical level, headed by the first vice-president of the Region of Alsace, the regional authority, covering the whole territory of the French side. The working group is assisted by a specially created programme secretary, affiliated with the Region of Alsace.

Both in the steering-committee and in the working groups local and territorial authorities are represented as well as representatives of the French state and the governments of Baden-Württemberg, Rheinland-Pfalz and the Swiss Cantons. Decisions are made according to the principle of unanimity, projects thus can only pass, if all partners do agree. This principle reflects the nature and ideology of the INTERREG initiative. All projects are confi-

nanced by the European Commission to 50%, the resting 50% are to be shared between the respective german, french or swiss partners. The total ammount of the European partizipation is provided and shared out to the differend activity lines at the very beginning of the operationel programme period. How the EU subsidies are used in detail and which projects are accepted according to the programm objectives, however, is to be decided by the local or territorial actors themselves. The steering-committee meets twice, the working group around 10 times a year.

Like the programme as a whole, also the different INTERREG-projects have to be administrated by the partners themselves. Sharing a common cross-border budget, developing common missions and working programmes and liberating personnel for the transnational teams working exclusively for these new structures is thus both a symbol for a close cooperative approach and a common problem perception.

The INTERREG initiatives have fundamentally changed the character of cross-border cooperation in the upper-rhine. Whereas previously a planning and conceptual approach was practiced during the 70ies and 80ies, the 90ies brought a shift towards a more project-based cooperation. Within the INTERREG programme of the southern part, for instance, a priority has been set in the creation of new decentral structures for either sectoral or cross-sectoral forms of cooperation, leading to various smaller bi- or trinational agencies. As example may serve the network of the four INFOBEST-offices, which are cross-sectoral institutions, having the mission of informing and guiding cross-border workers and other transnational citizens, serving as a clearing unit and partly also as a mediation-body for the administrations of both sides of the rhine and finally being the central promotor for new regional cross-border initiatives. The INFOBEST-offices also play an important role for the INTERREG initiative by creating project-based partnerships across the national borders.

Another focus was set on preliminary studies for new transnational infrastructure, especially in the areas of public transport, tourism and education. Concrete innovation has also been achieved in the area of environmental protection. Between Strasbourg and the county of the Ortenau for instance, a nation-border crossing air-pollution protection plan has been conceived with concrete measures of individual traffic regulation being already implemented on the french side. The proposals of this air-pollution protection plan have even served as a model for a recent change in the french national air-pollution legislation: The measures for example, which have been taken during the winters smog in Paris in 1997, were actually developed as part of this very plan.

The following projects shall be mentioned as only some further examples of successful decentralized cooperation:

- Cooperation between the hospitals of Wissembourg and Bad Bergzabern as well as between Offenburg and Selestat
- Creation of an institute for ecological agriculture
- Creation of the EURO-Institute to promote cross-border continuing education for civil servants
- Creation of a Management Centre offering seminars for S.M.E's of the region
- Creation of a Regio-certificate for industrial products
- Installation of two centres for technological transfer
- Creation of a trinational education scheme for ingenieurs
- Creation of an Agency for consumer's advice
- Creation of a binational youth-centre

The INTERREG initiative will end by the year 1999. Whether a follow-up programme is actually conceived at the european level is not known by now. The redesign of the entire European regional-policy system, however, taking place within the proposals of the Agenda 2000 and the new focus on the external borders in eastern Europe will probably have serious consequences for Europe's internal border regions. Also one will have to see, how many of the pilot-projects created from 1991 onwards will survive the end of the INTERREG-II Initiative in 1999. According to the regulations and the design of the programme, the financial gap will have to be filled by the regional and local project-partners. With the budget restrictions becoming more and more seriously the question arises, which projects will be maintained. Whether the project-based approach has been of sustainable character is thus not clear by now.

3.3 Other forms of Cooperation

3.3.1 Cooperation between politicians

Already by the end of the 70ies french regional politicians initiated a closer cooperation with their german and swiss colleagues opposite to them. As the german-french-swiss Government Conference only represented state officials and was limited to consultive processes between the executive level, an in-

formal working group with local and regional politicians was founded. Members of parliament of the state of Baden-Württemberg and the regional Council of Alsace launched finally the idea to create a transnational parliament for the entire upper-rhine. After long and controversial discussions and the consideration of the limited scope of action for regional politicians, to cooperate across the rhine – both according to national constitution and international peoples law – one has in 1997 finally agreed upon, to install a so called „Council of the upper-rhine“.

This new institution, which officially has been opened on April, 23rd 1998 in Strasbourg, unites 71 representatives of all regional state or territorial parliaments in the upper rhine. According to the internal regulation signed by the presidents of the state parliaments of Baden-Württemberg, Rheinland-Pfalz and north-western Switzerland as well as by the president of the regional council of Alsace, the Council of the upper-rhine has only consultory competences. Furthermore, the local level is only indirectly represented by the german chief county executives and the french Départements. However, the creation of three decentralized working groups is planned, to develop new locally oriented cross-border relations at the political level, serving as frame for better coordinated actions.

The missions of the Council of the upper-rhine are to accompany the work of the Conference of the upper-rhine, this is why the areas of responsibility are reflecting exactly the existing working groups of the Conference. By now, however, no separate secretary is foreseen. The preparatory work for the sessions will have to be done by the administrations of the respective parliaments. To what extend the Council of the upper-rhine therefore will actually be able to effect real political control-functions for the Conference of the upper-rhine, rests uncertain. Taking the experiences of other european border-regions, one can say, that the fundamental precondition of effective parliamentary control lays within a very problem-oriented and pragmatic perception of the regional cross-border context. Sufficient administrative capacity is also required. Finally, the public administrations, carrying out cross-border-cooperation by now, are politically legitimized and controlled by the parliamentary structures of their respective national context. Different to executive cooperation, transnational parliamentary cooperation thus requires a specific legitimation. On the other hand, the council of the upper-rhine may serve as a common platform to better clear up and define the very priorities of future transnational action and to articulate the region's unified interests towards both the EU and the national governments in Bonn, Paris and Berne.

3.3.2 Administrative Cooperation

Beyond the official forms of the above mentioned institutions, a variety of other forms of transnational cooperation between public administrations is taking place. Mostly these forms cannot be named cooperation in the real sense of the word, but would be better characterized by the terms consultation or even information. To give only a few examples:

Twice a year, the District Governor of Freiburg meets the french Prefects in Alsace to consider open questions of practical cooperation between the two administrations. The meetings are having purely informal character but do actually lead to concrete interaction between the two institutions. Before each meeting, all sections are internally invited to make proposals for the agenda. The french and german proposals are then integrated to one binational agenda with the respective national specialists reporting on each topic. This allows a very open-minded and transparent consideration of all-day obstacels in inter-administrative cooperation. The topics considered for instance are border-crossing natural reserves, environmental and air-pollution protection, infrastructure, veterinary medicine, bilingualism of personnel and administrative forms and more general questions like the nameing of official counterparts at the technical level. Furthermore, in october 1997, the two administrations carried through the first common disaster prevention exercise in the upper-rhine, taking a hypothetical accident in the close french nuclear plant of Fessenheim as a starting point. Important experiences for a better future coordination of the national actions have been gathered.

As second example may serve the signature of a treaty between high police-officials of the Länder of Baden-Württemberg, Rheinland-Pfalz, Saarland and France in september 1997, to assure a better cooperation. The fields of cooperation are exchange of information, data and personnel, common exercises, a better harmonization of the technical infrastructure, the nomination of specific counterparts for demands, coming from the other side of the border as well as language courses for all levels of personnel. One problem, however, could not be solved until today: Communication via radio set is not possible, due to different technical standards in France and Germany.

Regular meetings are also taking place between representatives of the employment-administration, the social insurances and the tax administrations. Exchange of documents and personnel as well as workshops about the respective systems, regulations and recent changes are carried through, leading to dense informal communication processes across the border – not

forseen by any national legislation. Although the areas of unemployment and social protection have been regulated by a European Directive already in 1971, the need to bring closer together these national administrations is obvious. Relationships of these services with the new created INFOBEST-agencies have also emerged during time, as the need for transnational inter-sections became more and more evident.

3.3.3 Local approaches

In 1991 the Conference of the mayors of the upper-rhine was founded. To better coordinate and integrate the local interests, the mayors of the bigger towns in the upper-rhine agreed upon to meet at least once a year and to formulate their local point of view, regarding cross-border questions. The conference has no formal structure and can be seen as an informal circle without any decisional power. Several resolutions have been passed anyway.

More important for the local level are the direct border-crossing links between two or more towns of each side of the rhine. After World War II, for instance, many local partnerships have been created in the upper rhine, separated very often only by a few kilometers. Today these already long-existing structures are more and more rediscovered as fruitful potentials for further cross-border cooperation. Within the given frame of these inter-local partnerships, common strategies in the areas of tourism or leisure time organization but also exchanges of personnel and joint-ventures of S.M.E's as well as partnerships between school are developed.

The signature by the german, the french, the swiss and the luxembourgian governments of the Convention of Karlsruhe in 1996 now also provides a legal bases for local cross-border cooperation. New instruments are available and can be used by neighbouring municipalities in developing more steady and institutionalized structures of cooperation. While for a long time only private or associative law could be used to structurize the local approaches, the Karlsruhe Covention allowes transnational cooperation within the area of public law, thus enabling the actors to set up border-crossing joint local government bodies to solve local problems. With the Karlsruhe Convention the local level in the upper-rhine has now the same legal scope of action for cross-border cooperation like for inter-local initiatives within the national context. Areas for the implementation of the Convention could be for example cooperation between the fire brigades, adult education centres, water supply, the creation of border-crossing trade-parks or even joint development planning with coordinated legally binding local plans. A first

step into this direction could be the project between the towns of Kehl and Strasbourg, to organize a common horticultural exhibition in 2004, which no longer takes the river of the rhine as a natural boundary, separating the territories but as a green tie, lying in the heart of a new common centre.

3.3.4 Further forms of cooperation

Finally, the social partners too are more and more realizing the necessity to cooperate across the borders. Two interregional Councils of the Labour Unions have been created and also the employers are building up common platforms for transnational discussion. These approaches have, however, until today only led to marginal results. Besides the fact, that the social partners have mostly not been integrated into the official cooperation-structures, this can at least partly be explained by a certain concurrence between the economic actors at both sides of the rhine. Concerning the Labour Unions, one has to notice, that the principle of membership is often defined by national categories: If they have problems with their german employer, french cross-border workers, for instance, get legal advice from german Labour-Unions only very hesitating, even not at all, if they are not member of any Union. Meetings on specific problems, where border-crossing similarities are obvious – like for instance the eastern european concurrence in the transportation sector or the question of different security standards in the construction sector – are anyhow more frequently organized in recent times. Also the project to establish in the upper-rhine a European Employment System with a special border-crossing perspective (EURES-T) has already initiated more project-oriented cooperation efforts both at the employer's and the labour unions's side. For the social partners the chance to be represented in the corporatist steering-committee of the border-crossing EURES-T project is seen as an important step towards a better participation at the entire cross-border related decision-making process in the upper-rhine.

Right from the beginning, however, the social partners were actively integrated in the so called „Congress of three Countries“ (Dreiländer-Kongreß). To better use the potential of social partners, professional associations, universities and individuals, since 1988 every two years such a Congress takes place with different topics and different hosting institutions: in 1988 about traffic problems on the german side, in 1989 about culture in France, in 1991 about environmental protection in Switzerland, in 1992 about the economy in Germany, in 1995 about education and youth in France and in 1997 about S.M.E.'s in Switzerland. The philosophy of these congresses is to consider one topic in more detail and to give new impulses

for the official cooperation in the upper rhine. The topics are fixed and prepared commonly between the three sides with important integration of external expertise from the social, associative or the academic sphere. The working-results, fixed in a final declaration and signed by high officials of the three sides, are integrated into the working structures of the Conference of the upper-rhine.

4. Patterns of cross-border policy-making

Allready this short description of the main levels and fields of cross-border cooperation in the upper-rhine has shown, that transnational cooperation in Europe is by no far only a theoretical concept but a real response to the regulary challenges of closely interdependent regions of neighbouring states. In some fields, the cooperation taking place within this nation border crossing context has even lead to better substantial outputs than the cooperation-processes accuring within the national context. One can also use the upper-rhine to show, how decentralized structures of cross-border cooperation have finally emerged during time and how the regional meso-level has gained growing importance. Regionalization below the state level is thus today also the administrative response to new or changing horizontal interdependencies in Europe's border-regions. Insofar an astonishing similarity with regionalization within the national context can be constated. Different, however, to the regional cooperation taking place within the national context the patterns of cross-border policy-making are characterized by some striking features.

Firstly, all transnational decisions have to be taken according to the principle of unanimity. As shown above, border-crossing projects can only be realized if all partners of the three sides do agree. Proposals from one side thus have to be compatible with ideas also existing on the other side, problem perceptions have to be the same, potential partners beyond the border must already be identified in advance. These are preconditions, which may also exist within the national context. The important difference, however, can be seen in the fact, that regional partners within a singular national context have the theoretical choice in selecting their partners, whereas the partners of cross-border cooperation are not variable and have to be taken as given. The power, to use a veto position for stopping a project-initiative is thus more present and has to be anticipated by all actors already in the state of defining a project proposal.

Majoritarian vote, as it is more and more often practiced at the European level can not be implemented in the transnational context because this would symbolize a degree of horizontal integration, which until now is not given. The principle of unanimity, however, does on the other hand lead to early consultation between potential partners. This supports the early mutual consideration of all existing interests. In practice, however, second-best or even only satisfying solutions are more easily accepted to avoid blockades or the failure of a project.

The second distinctive feature of transnational policy-making can be seen in the fact, that the negotiation-process between the partners is not only dominated by the mutual consideration of diverging material interests, but also by the necessity to explain and integrate different administrative systems. Material interests are thus very often only secondary compared with the more important institutional or formal aspects of cross-border cooperation.

Especially between Germany and France, but also between Switzerland and France, the fundamental administrative basis for cross-border cooperation can only hardly be compared. This is why already in the past very often not so much the absence of a transborder legal frame was the essential obstacle to cooperation but the impossibility to mutually identify actors, sharing the same competences and providing the same scope of action or the impossibility to agree upon the fundamental basics, according to which a transnational project would also successfully fit into the national institutional background.

Taking public transport as only one example: In Germany, the counties have the alone competence to set up regional systems of passenger transport. In France, until very recently, this competence was exclusively carried out by the national railway company SNCF. Due to a change of french national legislation, the competences for regional passenger transport were at least partly transferred to the Region as territorial authority. However, in the french administrative landscape, also the Département has certain competences in public passenger transport and the metropolitan council of the Strasbourg area has its own Passenger transport company. The meetings taking place, to develop a cross-border passenger-transport scheme between the county of the Ortenau and the Strasbourg agglomeration were thus very complicated. Not only that the actors involved were relatively unbalanced represented: One representative of the county's transport company facing at least four french public servants, each one representing another administration with different institutional interests and overlapping competences. More striking was the observation that with the advancing of the project, the dis-

cussions got more and more internally french in character, with the german partner being forced to moderate the diverging points of view.

The fact, that only a low degree of vertical differentiation between the french regions, départements and inter-local associations does exist and that in all transnational questions according to the french legislation, the préfet has to play a dominant role in policy-coordination, leads very often to a situation of misunderstanding by the german and swiss partners. The scope of action the french partners actually have can only hardly be estimated. Even more, the internal vertical coordination processes between the four principal french actors are very costly and can very often not be adequately explained within the cross-border context. On the other hand, however, once the french actors have internally agreed upon to carry through a project, only little flexibility is left for cross-border coordination with the german or swiss partners.

This leads to the third important feature of cross-border policy-making. Different to the national context, the inter-cultural factors are playing a far more important role. While the three sides of the upper-rhine may share some cultural or historical similarities in a more global sense, clear differences do exist between the administrative cultures. Although being member of the same family of Classical European Administration the functioning of the respective administrative systems as well as both the way they see themselves and the formal role individual civil servants play show important deviations. Whereas in Switzerland and Germany, for instance, the head of a section but also his collaborators have relatively clear defined areas of responsibility which allow relatively high decisional freedom both in sectoral and financial matters, the french public servant even in all-day-work highly depends on the decisions either of the head of department, the president of his territorial authority or the opinion of the member of the council, specialized in the respective question. According to german administrative culture the head of a department or the chief of an territorial authority also is only contacted in the case of substantial problems, whereas the sectoral questions can only be considered by the french civil servant, once the highest political or administrative level gave it's principal agreement. Both, the german, swiss and french civil servants do of course influence the final decisions taken by the institution they represent. The difference, however, is, that according to swiss and german administrative culture the period of decision-preparation is the moment to bring in sectoral competence and to coordinate the interests of other actors involved, whereas in France only little can be coordinated until the basic decision of the highest executive level is taken: In France, the influence of the single civil servant begins thus with the im-

plementation of a project whereas in Switzerland and Germany the preparation of a project is more important. Easy to imagine how difficult the sequentialization of the cross-border decision-making is, to assure the necessary compatibility with each administrative culture and to avoid misunderstandings or mutual blockade.

Another difference in administrative culture is the role, meetings are playing and how the german, swiss and french actors do behave in transnational interaction. While especially the germans prefer a clear and detailed agenda with carefully prepared and written working papers for every point, the french actors often see transnational meetings as a possibility to discuss basic questions and to create ideas, which can be implemented later on. Also the agenda is very often not respected, with the french actors jumping from one point to another, always in accordance with the evolution of the discussion itself. Many important and innovative aspects can be considered this way, with the german actors, seeing ignored their carefully prepared agendas. In general, cross-border meetings are characterized by a more linear way of thinking and arguing of the german and swiss actors and a more circular way of the french. German and swiss actors in general tend to very directly explaining their point of view, while the french administrative culture prefers to drop veiled hints. Also, the german and swiss actors tend to be more result oriented, trying to clear up all open questions during one meeting whereas the french actors – especially during the first meetings of new actors – often do hardly contribute to concrete decision-making within one meeting, but try to gather information to better be able to clear up their position for the internal french discussions. This leads to the feeling of being manipulated by the german and swiss actors: very often french actors fear, that they would only be used to implement already existing ideas and projects from the other side of the rhine. Thus, in general, cross-border decision-making raises the danger, that at the end of the meeting, both sides leave the room with different results in mind.

To admit: Many of these and other examples that could be cited are in perfect accordance with the superficial clichés the three sides have from each other. However, in cross-border cooperation these very clichés often play an important role in transnational decision-making, leading to misunderstandings which finally complicate the processes. In practice specific measures of inter-cultural management are required which are regularly very time-consuming and do lead to far more longer decision-making procedures than within a single national context.

The importance and the influence of the respective external or national administrative context can also be seen in the fourth feature I will present.

Taking the INTERREG-Initiatives as example, cross-border cooperation has always to be developed and co-financed out of already existing national policy fields and within sectoral administrative programmes. The solutions developed and the projects suggested depend to a high extent on the support of actors, which very often are not actively integrated into the regional decision-making process. This is a pattern, which is particularly true for the german and french side.

The necessity to co-finance all INTERREG-projects to 50%, for instance, can rise the question, whether enough funding would be available among the local and regional actors. Also very often the projects suggested are touching policy-programmes, already existing at the state-level with the problem arising, to have to clear up sectoral details with the respective department at the state-level. This is particularly true for those projects, which are controlled by the district-governors or the prefects. As these actors do represent the nation-states which themselves are the contracting partners of the European Union, a very important control-function is dedicated to them. All project-conventions must therefore also be co-signed by the french prefect and the district governor. Very often sectoral control is combined with financial support, especially if a cross-border project is in perfect line with existing objectives of the state run programmes. With the representatives of the state department being only hardly present in the upper-rhine, however, these external sectoral criteria as well as the legal procedures may have concrete consequences for regional cross-border projects – to an even higher degree, if the respective departements of the state do not have direct communication links with their colleagues in Paris or Strasbourg, which is very often the case. Anyhow, all projects are, after the first discussion in the INTERREG working group, passed to the respective state department to get a sectoral opinion.

But also the European Commission did not allways follow clear and transparent criteria for the eligibility of project proposals. The Commission was more than once obliged to insist, that all INTERREG-projects would finally have to be co-financed by the European Fond for Regional Development, thus requiering a clear priority of measures concerning explicit or implicit economic promotion. Although the European Commission only rarely actively stopped projects which have been presented by the regional actors of the upper-rhine, very important influence regarding the design and the details of the projects was undertaken. One problem within this context was for a long time the lack of clear criteria for the project selection. Not all criteria could be developed by the regional actors themselves, as the internal restrictions at the European level were only indirectly transmitted. The

European Commission too has the possibility to use its veto-position. With an amount of 50% of the total project-costs concerned the more or less external opinion of the European Commission played an important, if not decisive role.

And of course, also the local and regional level itself does influence the transnational-decision-making processes, often according to external interests. For instance many already long-existing project ideas have been redesigned in a cross-border manner to gain European funding. As the European support is available for the entire programme-period, processes of mutual assistance do emerge, to realize an informal proportional distribution of the European funding between the three sides involved. In combination with the principle of unanimity this leads to tied businesses between the three sides. The fact, that this kind of negotiation takes place, can be interpreted as an indicator for the existence of a good and functional cooperation between the partners. With no separate exclusive national funding for cross-border cooperation available, however, side-payments are not possible, to solve political problems arising from the rejection of projects. Project-suggestions coming from the main regional partners of the INTERREG-Programme are thus only hardly rejected, even sometimes ignoring the material criteria of the operational programme and reducing its internal coherence.

Cross-border cooperation is thus in practice designed as a winning game, with redistributive questions being faded out systematically. This may lead to a loss of the necessary problem-orientation concerning the real structural deficits of the border-crossing region and may favour the particular institutional interests of the actors actually involved. On the other hand the external influence of the state departments, the prefects or the European Commission may disturb regional and local consensus across the border, leading to longer and more complex decision-processes than within the national context.

Finally, the number of actors being actually integrated into the decision-making on cross-border questions in the upper-rhine region is very limited. The active coordination work is done by a close network of representatives nominated by each of the principal cooperation-partners. These partners are the District-governors of Freiburg and Karlsruhe for the state of Baden-Württemberg, the Cabinet's office of the Land of Rheinland-Pfalz, the Regio Basiliensis for the Swiss cantons, the prefect of Alsace, the Regional Council of Alsace and the two Départements of Haut-Rhin and Bas-Rhin. As all these institutions are represented both in the Conference of the upper-rhine, the Steering-Committee and the working group of Interreg-Programme, the Congresses of the Three Countries and so on, it is always

more or less the same informal coordination network of these institutions which is charged to prepare the decisions, later officially taken by the political level. The inner circle of around only twenty persons consists of civil servants who are generalists by formation, are performing the german and french language and who are exclusively charged for cross-border questions within their institutions. They work together at all levels of cooperation, know each other and meet several times per week, always, however, within an different institutional cross-border context.

Regarding both the linguistic and institutional differences between the three states involved, this network can be seen as the garant for mutual trust and successful overcoming of the existing structural restrictions. As especially in the sectoral administration the practice of a foreign language is not necessarily required the cross-border communication is very often maintained by the generalists of this coordination-network. They prepare the bilingual reports, follow the dossiers, bring together the specialists from the three sides and try to clear up diverging positions within their respective administrations. As direct communication links between the sectoral administrations have emerged only recently, stimulated by personnel exchange, language courses and the wish of the heads of the principal partners, to deepen the cooperation, the network of the officials in charge of cross-border questions still plays an important role. On the other hand, the generalists can only create general solutions and with sectoral questions getting more and more important, the danger of individual overload is real. Also, the members of this informal communication-network cannot decide on specific issues. They always have the problem, that they are depending on actors sitting behind them, be it sectoral specialists with a perception of national sectoral standards or politicians with a rationality based on the territorial interests of their respective national constituency: To invest public money in cross-border projects is very often not the first priority of both politicians and sectoral specialists, neither to actively participate in transnational meetings or project related working groups. To bring closer together both the politicians and the specialists from both sides of the rhine is thus not always a successful venture, requireing far more time, interaction, and persuasion than similar activities taking place within a national context.

Perspectives

Maybe this very perception of cross-border cooperation being only a secondary policy-field, which still can be observed very often within the national

administrations and governments of the three sides is one of the most important obstacles to a more effective transnational policy-making. It is the expression of the strong role national regulation and administration still play.

To overcome this structural restriction, however, not so much the regional or local actors but the deconcentrated actors of the state-administration will have to play an essential role in the years coming.

Regarding the sometimes overlapping structures of cooperation, one will also have to better separate and clear up the regional competences and levels of action: not every problem identified in the upper-rhine can also be solved by the regional actors themselves. This holds particularly true for the central areas, influencing and sometimes hindering horizontal mobility: Social and tax legislation, industrial and administrative law, public and private procurement, medical treatment and health policy and so on are all still determined by national standards and very often historically grown state traditions. To inform about the existing differences is one thing and is done by a number of regional agencies already. With both the horizontal socio-economic interdependencies and the cross-border cooperation becoming more and more concrete, however, in the long run national legislation will have to be modified, to allow more decentral and flexible practices of the public administrations in the border-regions. To what extent, for instance, opening clauses could be carried through at the national level, however, rests uncertain. To give only one very simple example: Until today the department of finances in Bonn does officially not allow to set up bilingual administrative forms for the tax-declaration of french firms, doing business in Germany. Many other examples of this kind could be mentioned in both national directions.

Using the experiences of the border-regions gathered as the laboratories of European integration will thus require a better and more effective strategy of the regional actors, to collect the structural legal and regulary obstacles and to pass them on to the national governments. Without this feed-back from below neither national legislation nor European harmonization will be adapted according to the specific needs of the people and the economic and administrative actors in the border-regions of Europe.

Perhaps this may be the irony at the end of the 90ies, that after years of successful decentral ad project-based cross-border policy-making, substantial progress in transnational cooperation will finally require more active support by the nation state – both at the national and the European level.

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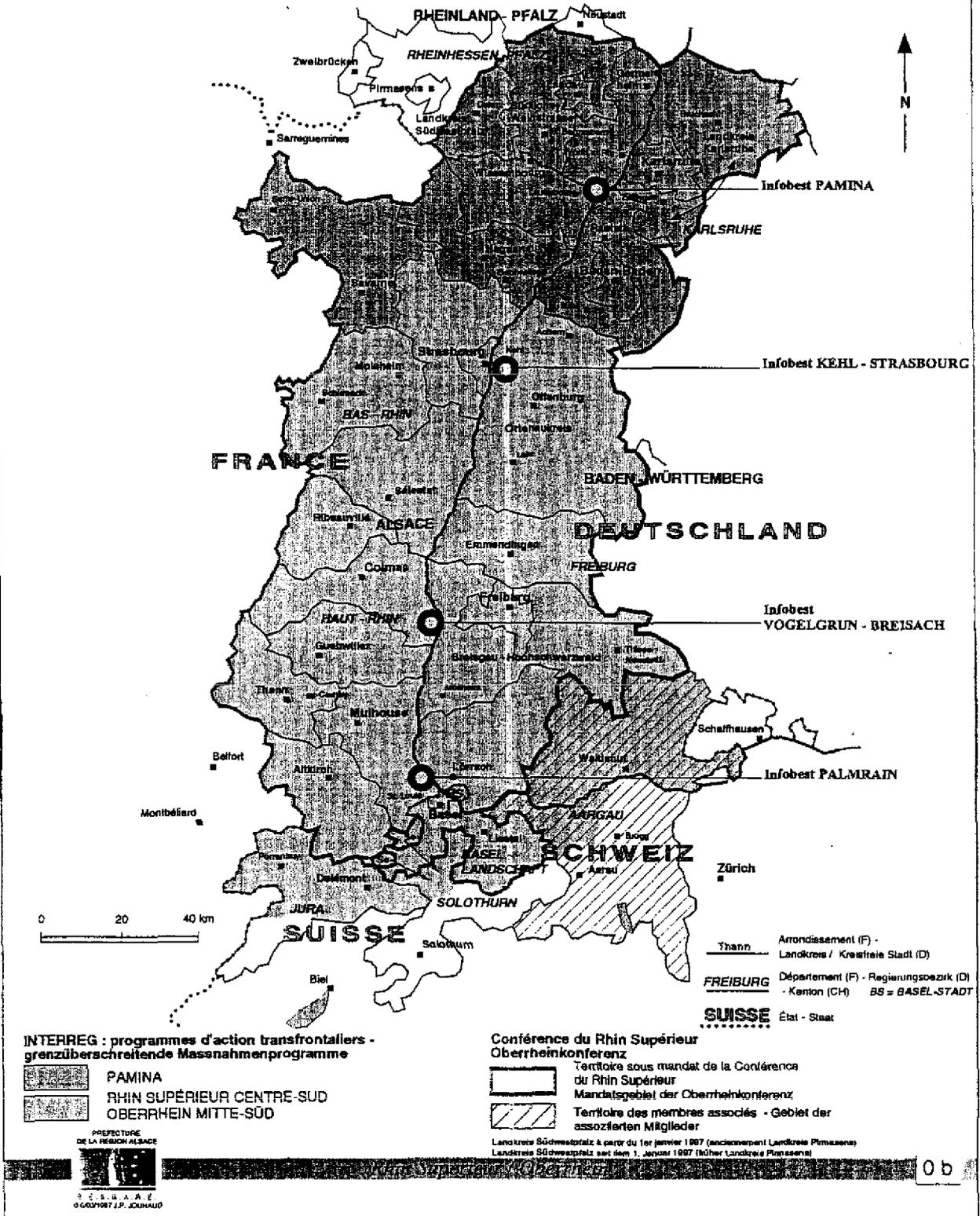
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"PAMINA" et
"Rhin Supérieur Centre - Sud"

"PAMINA" und
"Oberrhein Mitte - Süd"



Transnational Regions in North America

by *Mark Pisano*, Los Angeles

Regional competitiveness in a global economy will require that we think and act differently. Thinking and acting outside the box could mean acting outside national boundaries. Southern California is one of the fastest growing and dynamic regions in the world, with the regional GNP being the 12th largest in the world – just after Canada and ahead of South Korea. While the region experienced a decline in employment during the recent recession, the economy is now expanding in virtually all sectors, with total employment in June 1998 of more than 6.2 million jobs. Southern California's industrial base is built around entertainment, information services, business services, trade, tourism, and – in what may seem an interesting contrast – manufacturing. In fact, the region is the largest manufacturing center in the United States.

In assessing the competitive future of the region, it is clear that trade and manufacturing will play an important role. Manufacturing accounts for 1.1 million jobs, which is 17 percent of the region's employment. The geographical location of the region, as well as the composition of the labor force, provide compelling arguments for expanding these sectors. One out of every seven jobs in the region is directly or indirectly related to export activity.

Trade through Southern California ports is almost matched by trade through its airports, and the region is rapidly becoming the dominant trading center in the nation in terms of quantity and value of goods traded. The region currently handles 24 percent of all the imports and exports of the United States. The labor force is a unique blend of highly skilled and lower skill participants, which presents both a problem and an opportunity.

The challenge for the region is to develop a strategy that capitalizes on and leverages these competitive advantages. Michael Porter in **The Competitive Advantage of Nations** suggests that firms – particularly multinational firms operating in global marketplaces – grouped in industry clusters, are the framework for a new competitive theory. To maximize competitive advantage for these firms, the linkages of interdependent system or network activities that support the firm, should be expanded or enhanced. Firms in Southern California have both lower order labor and resource ad-

vantages and also technology, finance, and labor advantages that are higher order competitive advantages. How does the region both expand and enhance these advantages in a world order that increasingly is becoming globally competitive?

One approach to achieve this „expansion and enhancement” is to consider a broader geographical area that has similar competitive advantages. This concept leads to a possible linkage of the Southern California region to the regions east to Texas and south to Northern Mexico, an area which could be called the Southwest Compact Region. This paper will explore the possibilities of such a region.

The Southwest Compact Region

Some have suggested that the Southwest Compact Region should be an area 100 miles on each side of the Mexico-U.S. border. However, a region of this shape and size would not have the elements needed to enhance the competitive position of the region, nor would it have the resources needed to advance the region. In the United States, the counties on the border of Mexico, with the exception of San Diego, are among the poorest and have the highest unemployment rates of all the counties in the United States. Instead, the region should be comprised of the citi-state regions of Los Angeles and San Diego, CA; Phoenix and Tucson, AZ; El Paso, San Antonio, and Houston, TX, in the United States and the six northern states of Mexico (Figure 1). This region would have the size, composition, and location to be an international competitive force.

The population of the Southwest Compact Region was 43.6 million in 1995 and is expected to increase to 57.1 million by the year 2010 (Table 1). The population in this region is growing faster than the population of the respective countries. In 1995, the region had 18.9 million jobs and is expected to grow to 25.7 million jobs by the year 2010. The U.S. portion of the region has 10.6 percent of the nation’s total jobs and it is expected to grow at a faster rate than the nation as a whole. Because of the presence of the „Maquiladora” industry, the Mexico portion of the region has a disproportionately higher percentage of that nation’s jobs. As shown in Table 3, if the total gross domestic product of the Southwest Compact Region were combined, it would rank seventh among the nations in the world – larger than China and just behind the United Kingdom – and the region would qualify as a substantial marketplace for goods and a significant trading block.

Figure 1

Southwest Compact

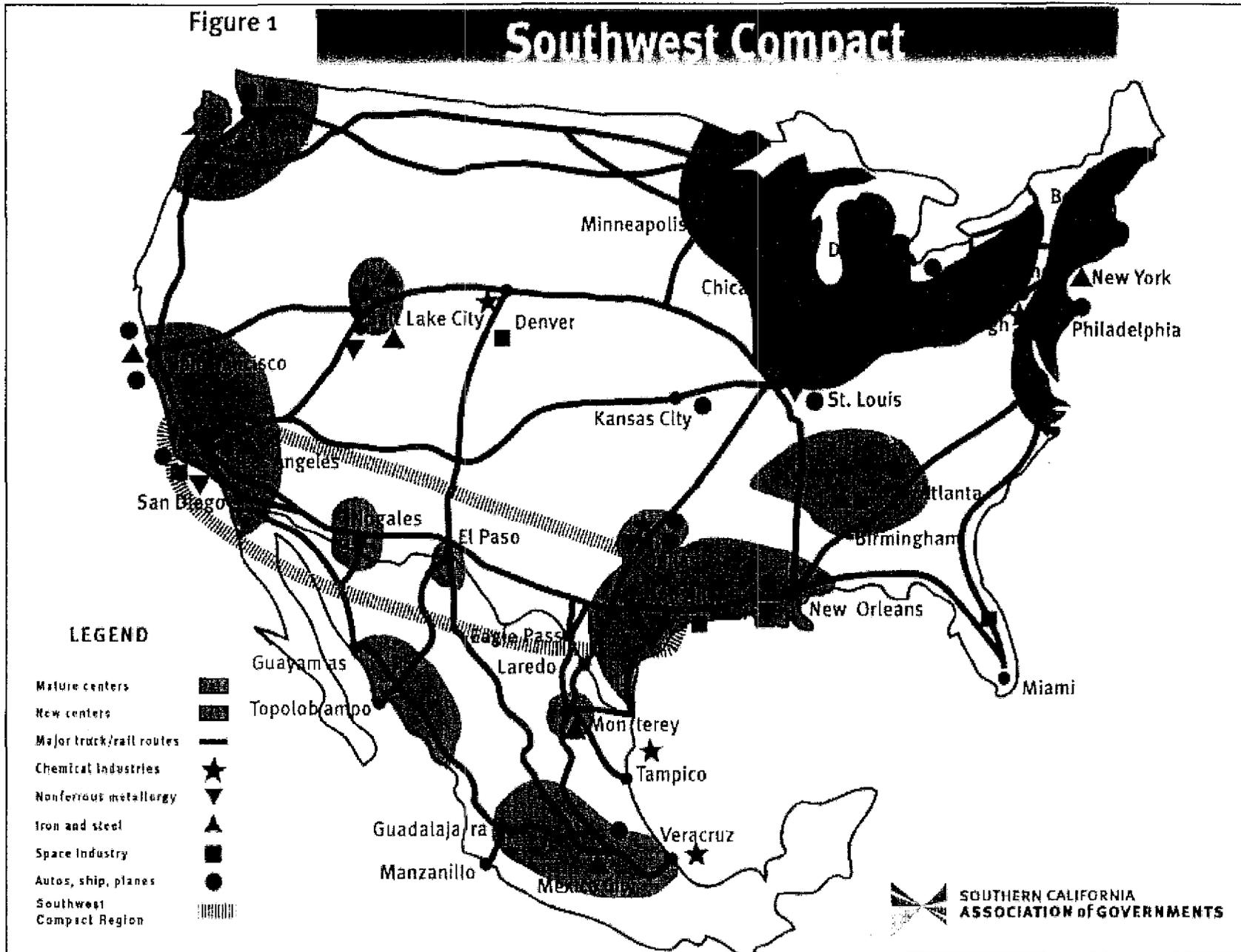


Table 1 **Population and Employment Trends**

Population				
U.S.	26,911	28,399	30,579	34,387
% of Nation	10.50	10.80	10.96	11.32
Mexico	13,247	15,242	17,556	22,773
% of Nation	16.30	16.72	17.17	18.33
Total				
Growth Rates	U.S.	1.37		
	Mexico	3.1		
Employment				
U.S.	14,736	14,925	16,485	19,049
% of Nation	10.6	10.26	10.46	10.81
Mexico	4,181	5,019	5,857	6,695
% of Nation	17.9	19.8	21.36	22.8
Total				

(Source - Southern California Association of Governments)

Table 2 **Economic Growth Trends**

Mexico GDP (Billions \$96)	341.8	374.4	419.5	470.0
Mexican-6 Border State GDP (Billions \$96)	70.9	79.3	91.2	105.0
Percent	20.7 %	21.2 %	21.8 %	22.3 %
U.S.-GDP (Billions \$96)	7,631.0	8,239.6	9,072.9	9,872.1
U.S.-4 Border States GDP (Billions \$96)	1,668.7	1,756.0	1,963.1	2,161.9
SW Passage Area (Billions \$96)	846.1	890.4	997.0	1,099.6
Percent of U.S. 4 Border State	50.7 %	50.7 %	50.8 %	50.9 %
Percent of U.S. Total	11.1 %	10.8 %	11.0 %	11.1 %
Combined SW Passage Area and 6 Mexican Border States				

(Source - Southern California Association of Governments)

Table 3 **Ranking of Global Economies**

United States	7,631,022
Japan	4,599,700
Germany	2,353,200
France	1,540,100
Italy	1,207,700
United Kingdom	1,145,801
<i>Southwest Compact Region</i>	<i>916,958</i>
China	815,412
Brazil	748,916
Spain	581,600
Canada	579,300

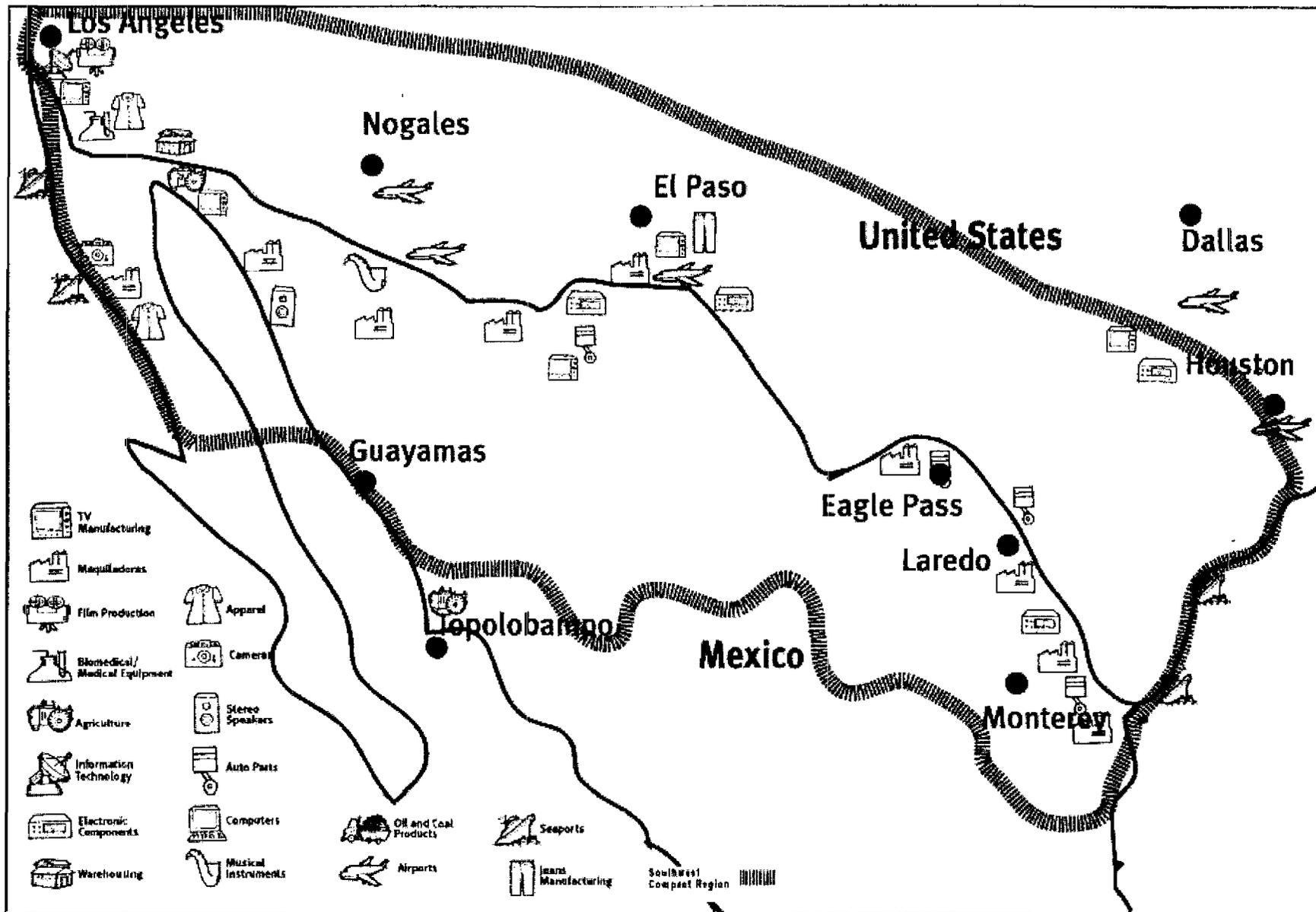
Competitive Advantage of the Region

The Mexico portion of the region is a highly productive portion of the Mexico economy. A study by the University of Monterey rated the six states in the region among the top ten most productive states in Mexico. In fact, the first four most productive states in Mexico were all in the region. The manufacturing sector, including both durable and non-durable goods, is an important and growing part of the economy in both countries, accounting for 28.5 percent of production in Mexico and 11 percent in the United States. In the future, the growth in manufacturing in the U.S. portion of the region is projected to be 2.5 to 3.0 times greater than the growth in manufacturing in the rest of the United States.

The challenge for the United States is how to gain a competitive advantage from the integration of the U.S. and Mexican regions and not a loss of employment in the United States. Porter's competitive theory provides a framework. Figure 2 maps the industry clusters in the citi-state regions of the United States. The conclusion of this effort was that the industry clusters in the Southwest Compact are growing and that the United States has a competitive advantage in these clusters. Of particular interest were the manufacturing clusters common to both nations: electronic components, including computers, auto parts, and apparel. When the networks supporting the firms in these clusters are evaluated, the wages by occupation in Mexican border

Figure 2

Industry Clusters in Southwest Compact



states are in most cases only a fraction of those in San Diego (Table 4). When coupled with the higher order advantages of technology, design, and marketing in the United States, the competitive advantage of the region becomes all the more clear. The Maquiladora experiment of the past decade, with its many U.S. firms, is an indicator of what is possible – as well as problems that must be overcome – if a transnational region is to be created. Fundamental to the creation of such a region is the capacity to increase the employment in the industry sectors that are similar in the two countries without shifting employment from the relatively higher wage labor force in the United States to Mexico. Stated differently, how do we create the network of linkages that Porter describes, that will lead to increased employment in both countries ?

Table 4

Technical Sales & Administration	9.5 %
Services	8.0 %
Professional & Managerial	16.5 %
Precision Production & Craft	7.0 %
Operators and Fabricators	8.3 %
Farming, Forestry, and Fisheries	10.5 %

A concerted effort to facilitate the networking of higher skilled and costly manufacturing components in the electronic computer and auto industries with the lower cost and lower skilled processes of assemblage of the final product is the essence of this strategy. What must be accomplished is expanding the productivity and efficiency of production, thus expanding the amount of economic activity and having a transportation system that supports just-in-time production with the capacity to export to the east, west, north, and south.

Institutional Approaches

Among the more significant issues that must be confronted to address that threshold challenge is the lack of an institutional framework to mediate the commercial, environmental, infrastructure, public safety, social, and cul-

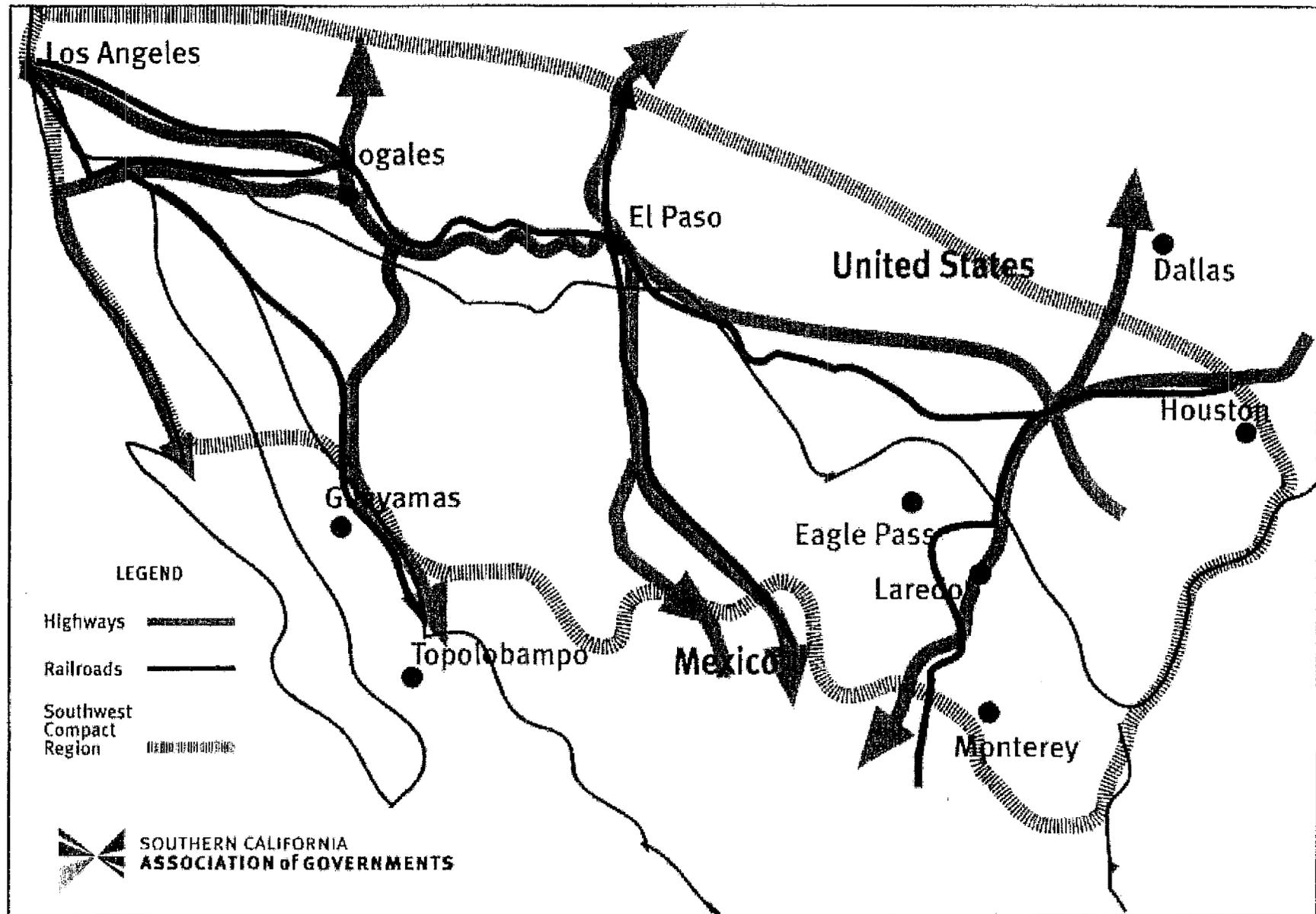
tural issues that would arise from such integration. The European experience – where nation states are now participating in the European Union (EU) to mediate economic integration, and where states like Bavaria in Germany and Salzburg in Austria have formed a EuRegio to implement economic and social integration in the cross-border region – can serve as valuable learning experiences for the United States and its states and regions. At present, the North American Free Trade Agreement (NAFTA) and the side agreements negotiated with the treaty, along with the NadBank (North American Development Bank) that was established when NAFTA was enacted, are the primary vehicles that can be used to begin to deal with problems and opportunities brought by this process.

One part of the NAFTA side agreements covered transportation and the movement of goods. It established the Binational Transportation Planning Joint Working Committee (JWC) involving the Department of Transportation in both countries, the states along the U.S.-Mexico border in both countries, and the State Department in both countries. The mission of the committee is to achieve binational consensus and provide advice on how to solve cross-border issues related to transportation. In order to understand the challenge of this committee, it would be helpful to understand the movement of goods that is occurring on the transportation facilities in the Southwest Compact cross-border region (Figure 3) and some of the obstacles that must be overcome if trade is to be enhanced and economic development encouraged.

In 1996 trucks moved 80 percent of the \$100 billion trade between the United States and Mexico, which is expected to double by the year 2020. Currently trucks make approximately 11,000 crossings per weekday into the United States from Mexico, with 66 percent of the movements occurring in Texas. There is not sufficient capacity at the Ports of Entry (POEs) along the corridor. The access roads to the POEs in the rural areas are under the required capacity now and will only get worse as the volumes of traffic increase. Additionally the topography along the border is mountainous with little east-west access in Mexico, meaning that east/west movements are mainly possible only in the United States.

The volume of goods moving on the U.S. freeways in the corridor will more than double by 2020; however, the freeways in the urban areas along the corridor are currently congested. Since rail service in Mexico is being privatized and partnership ventures are being formed with U.S. carriers, it is likely that an increasing share of goods in the region could be moved by rail. Similar to the situation with truck traffic, the urban areas along the corridor are experiencing problems with increased delays at railroad grade crossings

Figure 3 **Transportation System in Southwest Compact**



and noise impacts along the rail lines leading to port. To compound the challenge, the United States, unlike Mexico, is decentralizing the funding and decision-making for transportation infrastructure, which will place additional responsibilities on the U.S. federal government to be involved in developing a coordinated response to this transnational issue.

Conclusion

Moving goods between portions of the region and across the border between the two countries is a good starting point for creating linkages among the economies of the Southwest Compact Region. It will be a good learning experience for the governmental agencies and businesses in the region. But it will not resolve the fundamental dilemma of creating increased employment in both countries without disruptive employment shifts, given the differential wages, working conditions, and social conditions in the two countries. The experience and results of the European experiments in cross-border regions could serve as a useful model for the public policy steps that the United States and its regions might take in the future. Despite the obstacles, now is the time to begin a process that is likely to benefit everyone. Acting „outside the box” and forming the Southwest Compact Region will provide economic benefits that increase the employment and standard of living for all in the region and could help deal with difficult immigration, public health, and safety issues that the United States is facing.

Regional Environmental Protection in Germany

by *Eberhard Bohne*, Speyer

I. On the concepts of „region“ and „regional environmental protection“

1. *Dimensions of the concepts*

There is no generally accepted concept of region, and, hence, no common usage of the term „regionalism“ in Germany (*Weichhart* 1996).

The conference organizers are using the term „regionalism“ for referring to phenomena and issues of transportation, economic development and environmental protection which

- 1) reach across existing administrative boundaries, and
- 2) occur at a spatial scale which is generally between the size of a county and the size of a state.

This combination of territorial, functional and administrative dimensions of „regionalism“ is reflected in the commonly used German terms „regionale Wirtschaftspolitik“ (regional economic policy) and „regionale Verkehrspolitik“ (regional transportation policy). Both terms tend to carry the perspective of central policymakers – at the federal or state level – who are designing and implementing promotion programs for geographical areas suffering from economic problems or deficient transportation systems.

The beneficiaries of these programs are not only actors with defined administrative jurisdictions but include any form of public-private cooperation.

a) Environmental dimension

In contrast to the fields of economic and transportation policies, regionalism is not an established concept in environmental protection (*Schleicher-Tappeser* 1992). The terms „regionaler Umweltschutz“ (regional environmental protection) or „regionale Umweltpolitik“ (regional environmental

policy) are more commonly used in spatial planning where they refer to geographically defined environmental problems.

In the field of environmental protection the concept of regionalism is even viewed with some scepticism by environmentalists (*Rehbinder* 1994). This is because economists are often using this concept when criticizing uniform environmental quality standards and uniform emission standards such as „best available technique“ (BAT) as inefficient. They call for flexible environmental regulations which account for – among other factors – the ecological load-carrying capacity of regions. However, regionalization of environmental standards conflicts with German environmental philosophy as expressed by the precautionary principle. An early attempt by former Chancellor Schmidt to regionalize ambient air quality standards was squarely defeated in the Federal Council.

The issue of uniform vs. regional environmental standards also constitutes a long-standing feud between Germany and the UK at the EU level. The British view Germany's demand for uniform standards as a poorly disguised attempt at selling more German environmental technology to her European partners.

In contrast, Germans criticize the British as environmental laggards who are relying on the natural diffusion processes of the sea and the Atlantic winds rather than cleaning up the environment. As a result, EC directives tend to comprise both concepts leaving their reconciliation to national transposition of directives. A recent example is article 9 para 4 of the Council Directive 96/61/EC of 24 September 1996 concerning integrated pollution prevention and control (EC OJ No. L 257/26 of 10.10.1996) which prescribes that permits of industrial installations include emission limit values based on BAT „but taking into account... geographical location and the local environmental conditions“.

b) Political, historical and cultural dimensions

At the European level, the concept of regionalism has become very popular. Charles de Gaulle's vision of a „Europe of Fatherlands“ seems to have been replaced by the vision of a „Europe of Regions“ (*Labasse* 1991, *Schelter/Wuermeling* 1995, *Ammon* 1994).

The driving forces behind the idea of European regionalism have political, historical and cultural roots. They are reflected by the definition of region in article 1 (1) of the „Community Charta for Regionalization“ of 1988 which reads as follows:

Article 1 (1):

*„...the word region shall be taken to mean a **territory** which constitutes, from a geographical point of view, a **clear-cut entity** or a similar grouping of territories where there is **continuity** and whose population possesses certain **shared features** and wishes to safeguard the resulting specific **identity** and to develop it with the object of stimulating cultural, social and economic progress.“*

Politically, European regionalism is a counter-movement against the centralized and technocratic rule of the European Commission and the Council of Ministers in Brussels.

Regionalism is also a reaction to the democratic shortcomings of these institutions and of a weak European Parliament. As article 1 (1) of the Community Charta points out:

the population of a region wishes to safeguard and to develop its specific identity.

To some extent, European regionalism also reflects historical rivalries between national governments and territories which seek or defend their autonomy (see the articles in *Sharpe* 1993).

These territories constitute – as the community Charta puts it – clear-cut geographical entities, and have a population which shares the same language, culture and other identity-creating features.

When the Maastricht treaty was concluded in 1992, European regionalism was politically strong enough to be incorporated into the EC treaty. Articles 198a – 198c of the EC treaty formally recognize the regions as players in the European Union.

This recognition opens the field of environmental protection as a playground to European regions.

Since the EC treaty does not define the term „region“, the question arises:

Who are the regional players in Europe?

2. *Definitions of European regions*

Since 1988 it has been common practice of EC institutions to use a statistical classification scheme – the so-called „National Units of Trade Statistics“ (NUTS)¹ – for the definition of regions. As table 1 indicates, the scheme distinguishes three regional levels and two local levels which are primarily based on national administrative jurisdictions. EU member states have agreed on the NUTS 2 level as the major regional level for political measures and analytical purposes.

The NUTS scheme is a useful administrative tool for the European Commission to design and implement regional development programs. However, the scheme does not take political, cultural and other factors of regional identity into account.

Therefore, it is left to the national governments to define their respective regional players under article 198a of the EC treaty.

In Germany, the Laender have been designated by law² as „regions“ within the meaning of article 198a of the EC treaty. The institutional setting for regional activities at the European level is presented in the following brief overview.

1 Regionen. Systematik der Gebietseinheiten für die Statistik - NUTS, März 1995, EC OJ No. L 107, 24.04.1997, p. 41-109

2 See section 14 of the Federal Act concerning the Cooperation between the Federation and the Laender in Matters of the European Union of 12.3.1993 (BGBl. I S. 313). The terms „Laender“ and „states“ are used synonymously in the following discussion.

Table 1: Relationship between NUTS Levels and National Administrative Units

	NUTS 1		NUTS 2		NUTS 3		NUTS 4		NUTS 5	
BE	Régions	3	Provinces	11	Arrondissements	43			Communes	589
DK		1		1	Amter	15			Kommuner	276
DE	Länder	16	Regierungsbezirke	38	Kreise	445			Gemeinden	16176
GR	Groups of development regions	4	Development regions	13	Nomoi	51	Eparchies	150	Demoi /Koinotites	5921
ES	Agrupacion de comunidades	7	Comunidades autonomas + Ceuta y Mellila	17 1	Provincias + Ceuta y Mellila	50 2			Municipios	8077
FR	Z.E.A.T. + DOM	8 1	Régions + DOM	22 4	Départements + DOM	96 4			Communes	36664
IE		1		1	Regional Authority Regions	8	Counties/ County boroughs	34	DEDs /Wards	3445
IT	Gruppi di regioni	11	Regioni	20	Provincia	103			Comuni	8100
LU		1		1		1	Cantons	12	Communes	118
NL	Landsdelen	4	Provincies	12	COROP regio's	40			Gemeenten	672
AT	Gruppen von Bundesländern	3	Bundesländer	9	Gruppen von politischen Bezirken	35			Gemeinden	2351
PT	Continte + Regioes autonomas	1 2	Comissaoes de coordenação regional + Regioes autonomas	5 2	Grupos de Concelhos	30	Concelhos-municipios	305	Freguesias	4208
FI	Manner-Suomi / Ahvenanmaa	2	Suuralueet	6	Maakunnat	19	Seutukunnat	88	Kunnat	455
SE		1	Riksomraden	8	Län	24			Kommuner	286
UK	Standard regions	11	Groups of counties	35	Counties/ Local authority regions	65	Districts	485	Wards /Communities /Localities	11095
EUR 15		77		206		1031		1074		98433

II. Regional environmental protection at the European level

1. Committee of the Regions (COR)

Article 4 (2) of the EC treaty provides for two committees with advisory functions to support the Council of Ministers and the European Commission:

- Economic and Social Committee,
- Committee of the Regions (COR).

The Committee of the Regions was established in 1994 (*Schelter/Wuermeling* 1995, p. 97 passim, *Hasselbach* 1996, p. 109 passim).

a) Members

COR is composed of 222 members and an equal number of alternates who are appointed for 4 years by the Council of Ministers acting on proposals from the respective member states.

Germany, France, Italy and the UK each hold 24 committee seats. The distribution of seats in the COR is shown in table 2.

Table 2: Distribution of Seats in the Committee of the Regions

Belgium	12
Denmark	9
Germany	24
Greece	12
Spain	21
France	24
Ireland	9
Italy	24
Luxembourg	6
Netherlands	12
Austria	12
Portugal	12
Finland	9
Sweden	12
UK	24
	222

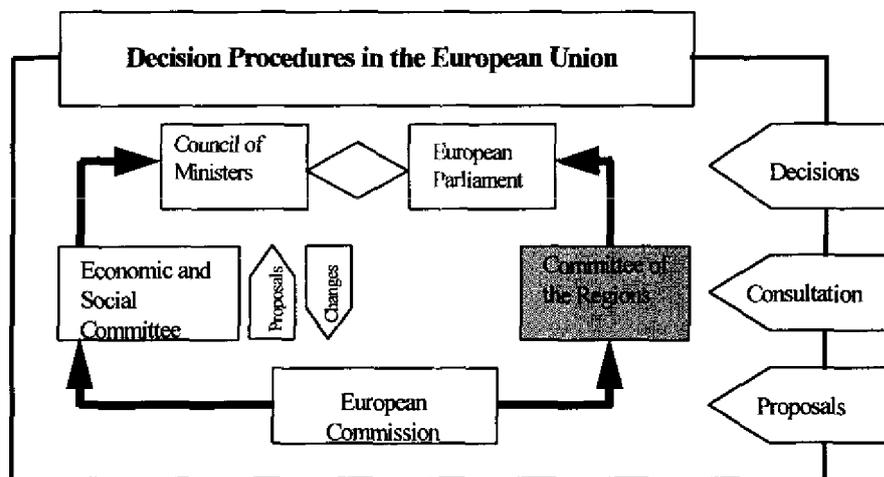
The COR members are independent and free of any mandatory instructions.

Germany is represented in the COR by 21 state ministers, two mayors and a county manager.

b) Functions

COR has only advisory functions. This is shown in figure 1.

Figure 1: Functions of the Committee of the Regions in EU Decision Procedures



There are three forms of consultations by the Council of Ministers and the European Commission: mandatory, optional and accessory consultations.

Matters of mandatory consultations are prescribed by the EC treaty. Environmental protection does not fall into this category. Consultations in this area are either optional or accessory. Accessory consultation means that the COR may also give opinions on matters where the Economic and Social Committee has to be consulted. This is the case with environmental protection (article 130s of the EC treaty). Besides that, the COR may give opinions on its own initiative.

c) Environmental protection

COR has set up eight commissions to perform advisory functions. Two commissions are concerned with matters of environmental protection and spatial planning.

The political impact of COR opinions on environmental decisions by the European Commission and the Council of Ministers has been, by and large, negligible. The same thing holds true for opinions by the Economic and Social Committee. Even the European Parliament has only very limited influence on decisions made in Brussels. This is because the consultation process shown in figure 1 starts at a point in time when the major aspects of Community decisions have been negotiated and fixed by government experts of the member states.

In practical terms, COR is more like a political „outlook post“ for European regions which gives them direct access to the information flow in Brussels and enables them to participate in informal lobbying processes. The German Laender are heavily engaged in political lobbying at the Community level.

2. Conference of regional ministers and other authorities responsible for the environment in the EU

An informal forum for political lobbying constitutes the conference of regional ministers and other authorities responsible for the environment in the European Union. The conference convenes every two years. It passes resolutions on regional environmental problems and coordinates regional environmental activities.

In 1995, the conference passed the „Environmental Charta of the European Regions“ in Valencia which formulates the principles of regional environmental protection in the European Union. They include the precautionary principle, sustainable development and the ecological modernization of European economies.

3. Other forms of regional cooperation in the EU

There are many different forms of regional cooperation in the European Union. To mention but a few:

- 1) *EUREGIOs* are concerned with transboundary cooperation. This is probably the oldest form of regional cooperation. In 1958, counties and cities in the border region of Germany and the Netherlands founded the first EUREGIO (*Gabbe 1997*). Today this EUREGIO is composed of 105 cities and counties. Its activities cover all areas of mutual concern,

and include transboundary environmental problems, especially waste management.

- 2) *EUROCITIES* is a forum of 65 metropolitan cities in Europe which was founded in 1986 (Füchtner 1997, 106). Under the roof of its Environment Committee several cities run pilot projects such as cleaning up of contaminated land or ecological urban planning.
- 3) The „*Four Motors of Europe*“ is the name of a working group of four prosperous European regions: Baden-Wuerttemberg/Germany, Lombardy/Italy, Catalonia/Spain and Rhône-Alpes/France (Füchtner 1997, 88). As the name indicates, these regions conceive of themselves as driving forces of European regionalism.

There are four standing commissions with sectoral working and project groups. The commission for spatial planning is also responsible for environmental problems. This commission is headed by the French region of Rhône-Alpes and has run, for example, a pilot project on „soft tourism in protected natural reservations“. The project results are meant to serve as guidelines for similar projects funded by the European Commission.

4. Conclusions

It is difficult to assess the practical political impacts of the described regional activities on environmental protection in Europe. Systematic empirical analyses of these activities are not available. From a political perspective, these activities may be interpreted as evidence of the common historical experience that the economic, cultural and geographical diversity of Europe is, in the long run, not compatible with the centralized and democratically deficient political structure of the EC treaty. Maybe, European regionalism is a step towards more democracy.

However, it should also be critically observed that mayors, county managers, Laender ministers and other regional officials like to travel and to enhance their political prestige through international activities. „Political tourism“ is also a characteristic of European regionalism.

III. Institutions of Environmental Protection between Laender and county level in Germany

Let us now examine environmental protection in Germany occurring at a scale which is between the size of a county and the size of a Land.

With the exception of the Federal Waterways Administration, the Federal Government is not represented at this level. A federal agency like the U.S. EPA with regional offices all over the country would be unconstitutional in Germany. Under the German constitution all Federal laws – except the Act on Federal Waterways – are implemented and enforced by Laender administrations and local governments.

1. Laender District Governments

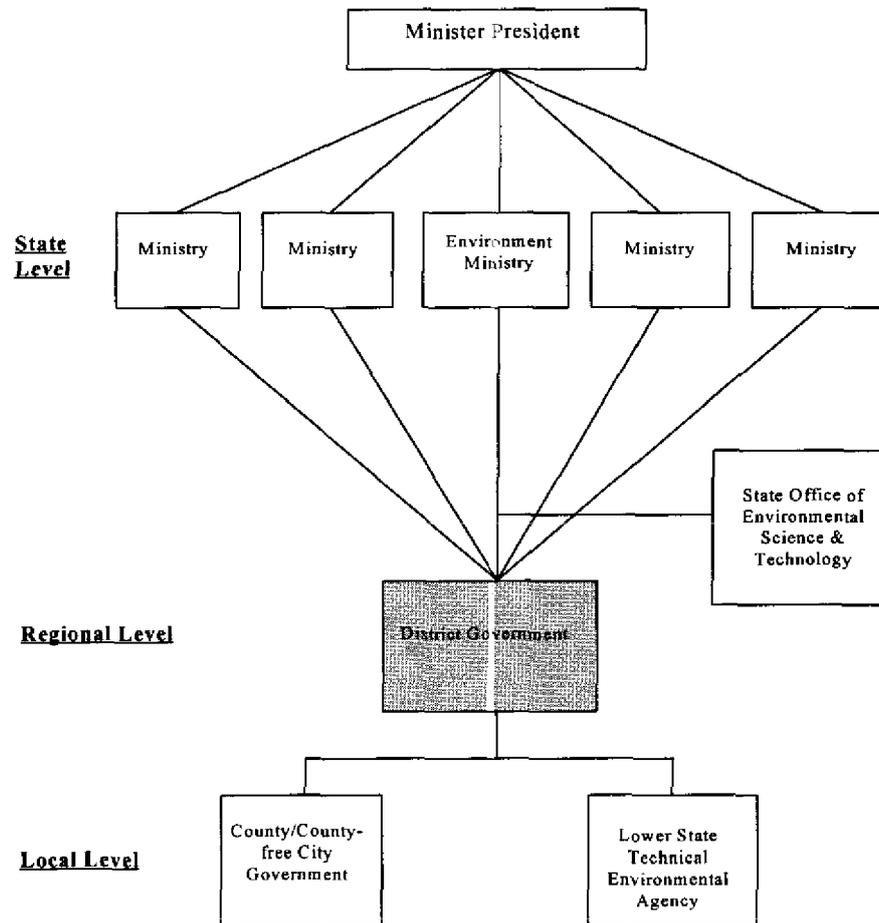
The basic organizational structure of Laender environmental administrations is shown in figure 2.

The same structure exists in almost all other policy areas. Traditionally, Laender administrations have three levels of administrative hierarchy:³

- Laender ministries,
- Laender district governments (Bezirksregierung),
- county/county-free city governments and lower Laender agencies.

³ Exceptions are the city states of Berlin, Hamburg and Bremen and the Laender Brandenburg, Mecklenburg-Vorpommern, Saarland, Schleswig-Holstein. These Laender have a two-tiers administrative structure, while Thüringen has a three-tiers structure but no district governments.

Figure 2: Basic Organizational Structure of Laender Environmental Administrations in Germany



Bohne 1998

In the area of law enforcement which constitutes the largest and most important part of environmental protection, counties and county-free cities also have the functions of lower state agencies. In their capacity as law enforcement authorities, counties and county-free cities are supported in environmental protection by state technical agencies. Main examples are water management agencies (Wasserwirtschaftsaemter) and industry inspectorates (Gewerbe-aufsichtsaemter or Staatliche Umweltaemter) which are generally responsible for air pollution control, noise abatement and accident prevention in the industrial sector.

However, the distribution of administrative competences varies considerably from state to state.

If difficult scientific or technical environmental problems arise, public authorities will consult with an advisory agency which has statewide responsibilities for environmental science and technology.

In practice, the most powerful actor is the district government at the regional level. Its jurisdiction covers all policy areas including environmental protection.

The district government has supervisory functions over local authorities and direct enforcement competences, e.g. in the field of permitting and inspections of major sources of environmental pollution including traffic (*Helbing* 1998, 5 ff.).

Although the district government is subordinate to the state ministries in their respective policy areas, experience shows that a powerful district president (*Regierungspraesident*) can often control the state ministries by outplaying one ministry against the other. This is because he has comprehensive and detailed information on the activities of all state ministries while the information base of ministries is much more limited in scope.

Finally, district governments are farther removed from state and local politics. They are regarded as being less partisan than ministers and mayors.

All things considered, a district president who knows how to handle the news media and the press is as powerful as a former regional prince. An example is the present district president of Cologne. He has served in office for over 20 years. He does not hesitate to criticize state ministers in public when he believes that their policies are wrong, e.g. in the area of waste disposal.

2. *Environmental regional associations and commissions*

Due to the hierarchical relationship between state ministries, district governments and lower state agencies, they constitute – what is called in Germany – „direct state administration“ of the *Laender* (*unmittelbare Staatsverwaltung*).

There are a great many public organizations with specialized functions which enjoy an autonomous status. They are also part of *Laender* administrations. Because of their legal autonomy they constitute the so-called „mediate state administration“ of the *Laender* (*mittelbare Staatsverwaltung*).

The main characteristics which distinguish these public organizations from normal state agencies are:

- legal personality,
- self-government,
- own financial resources.

a) Water Management Associations (Wasserverbaende)

In the field of water and land management these autonomous public organizations have a centuries old tradition and are called „Water and Land Management Associations“ or simply: „Water Management Associations“ (Wasserverbaende) because water management is their main task (*Czychowski 1994*).

There are some 10.000 water management associations in Germany. They range in size from small organizations which only operate a local waste water treatment plant to large organizations which are responsible for the protection and management of entire rivers such as the Ruhr river in Northrhine-Westfalia.

Water management associations are created under the Federal Management Association Act of 1993 (Wasserverbandsgesetz)⁴ by

- unanimous decision of all affected public and private parties, or
- majority decision of all affected parties with the approval of the state government, or
- by decision of the state government if the creation is in the public interest.

Large water management associations are usually created by state law, e.g. several river associations in Northrhine-Westfalia and in the Saarland.

aa) Members and organizational structure

Members of water management associations are in particular

- private landowners whose property is positively or negatively affected by the activities of the association,
- counties and cities,
- other private and public bodies as determined by the state government.

4 BGBl I, 405; BGBl III, 753-11

Water management associations have an assembly which comprises all members of the association. They elect the association's chairman or a management board.

Water management associations are financed through fees which are paid by those members, who benefit from the association's activities.

The assembly decides on the rate of fees and the budget.

bb) Functions

Historically, water management associations were created for economic reasons. They had the function to manage the use of available water resources for the benefit of all members, and to protect them from floods and other water damages.

Today, environmental protection is a main function of these associations. Their environmental responsibilities include

- waste water treatment and disposal,
- water supply,
- waste management,
- nature conservation.

b) Waste Management Associations (Abfallentsorgungsverbände)

Since water management associations are regarded as successful examples of self-regulation in environmental protection, this organizational model has also been applied to specific problems of waste management and to the cleaning-up of contaminated land.

In 1988, the State of Northrhine-Westfalia has created by law the public „Association for Waste Management and Land Decontamination“ (Abfallentsorgungs- und Altlastensanierungsverband Nordrhein-Westfalen).⁵

Members are private waste management companies, counties and cities. This association has statewide functions to solve regional and local problems of waste management and land decontamination.

5 GVBI NW Nr. 28, 18.07.1988, 268

c) Environmental transboundary commissions

Germany is surrounded by nine neighbour countries. Transboundary environmental problems are, therefore, of major concern for Germany and her neighbours.

There are numerous regional transboundary commissions which deal with transboundary environmental problems.

The first commissions were founded in the last century in order to solve conflicts over the use of rivers which passed through Germany and neighbouring countries. The oldest commission is the Rhine River Commission.

Today, air pollution control, waste management or protection from major industrial hazards have been added to the agenda of transboundary cooperation.

The Upper Rhine Commission on German, French and Suisse Cooperation (so-called Tripartite Commission) is a good example of institutionalized transboundary conflict resolution. Three German district governments, two French prefects and two Suisse cantons meet regularly to discuss environmental problems of mutual interest.

3. The role of multi-functional regional associations in environmental protection

This survey of regional actors in environmental protection will end by drawing attention to the environmental role of – what is called here – „multi-functional regional associations“.

Among the many types of regional associations, the Ruhr Valley Association of Local Governments represents a unique form of regional associations in Germany (*Mecking* 1994, 86, 135; *Kommunalverband Ruhrgebiet* 1995).

This association was founded in 1920.

The county and city parliaments of the Ruhr Valley elect delegates to the assembly of the Ruhr Valley Associations.

This association has comprehensive competences, for instance, in all areas of regional planning, recreation, information services and environmental protection.

There are two other regional associations in Northrhine-Westfalia with comprehensive competences: the Rheinland association (*Landschaftsverband*

Rheinland) in the south and the Westfalen-Lippe association (Landschaftsverband Westfalen-Lippe) in the north (*Mecking 1994, 79*). Their functions include social welfare, youth, public health, road construction and environmental protection.

These three regional associations in Northrhine-Westfalia are considered the strongest in administrative and political terms (*Mecking 1994, 79-82*). There are many other types of regional associations in Germany though of lesser importance for environmental protection. Their domains of activity tend to be social welfare, public health und cultural affairs.

German regional associations are rooted in historical traditions of local self-government not in the modern drive for regionalization. But they have jumped, too, on the „band-waggon“ of European regionalism and are trying to expand their political influence in a Europe of regions (*Mecking 1994, 148-151*).

IV. Instruments of regional environmental protection

The main instruments of regional environmental protection are spatial planning systems which are intended to realize environmental objectives in the development and implementation of public infrastructure projects and private investments. One should make a distinction between project-related planning instruments and area-related planning instruments.

1. Project-related planning instruments

Project-related planning instruments are concerned with single projects and their environmental impacts.

a) Spatial compability assessment (Raumordnungsverfahren)

Public projects (e.g. highways) and large private projects (e.g. power plants) may be subject to a control procedure designed to assess the compatibility of the project with the objectives and requirements of regional public policies including environmental requirements. The control procedure is based in section 15 of the Federal framework law on „spatial order“

(Raumordnungsgesetz⁶) in conjunction with the respective Laender regulations on spatial planning. The competent authorities (usually district governments) have discretion when deciding whether or not a spatial compatibility assessment is needed. It should be noted that the result of the assessment procedure is not a legally binding decision (e.g. planning permission) but solely a non-binding statement on the project's spatial compatibility. This statement has to be taken into account in the ensuing permit or authorization procedure.

b) Project plan authorization (Planfeststellung)

The construction of landfills and public infrastructure projects such as highways and airports require an authorization of the so-called project plan. The authorization is issued by the competent Laender authorities (usually district governments) and has to take into account all private and public interests affected by the project. This includes environmental protection of the region where the project is to be realized. It is common practice that the authorization procedure has been preceded by a spatial compatibility assessment. This assessment becomes legally binding through the authorization in so far as this decision is based on the assessment.

2. Area-related planning instruments

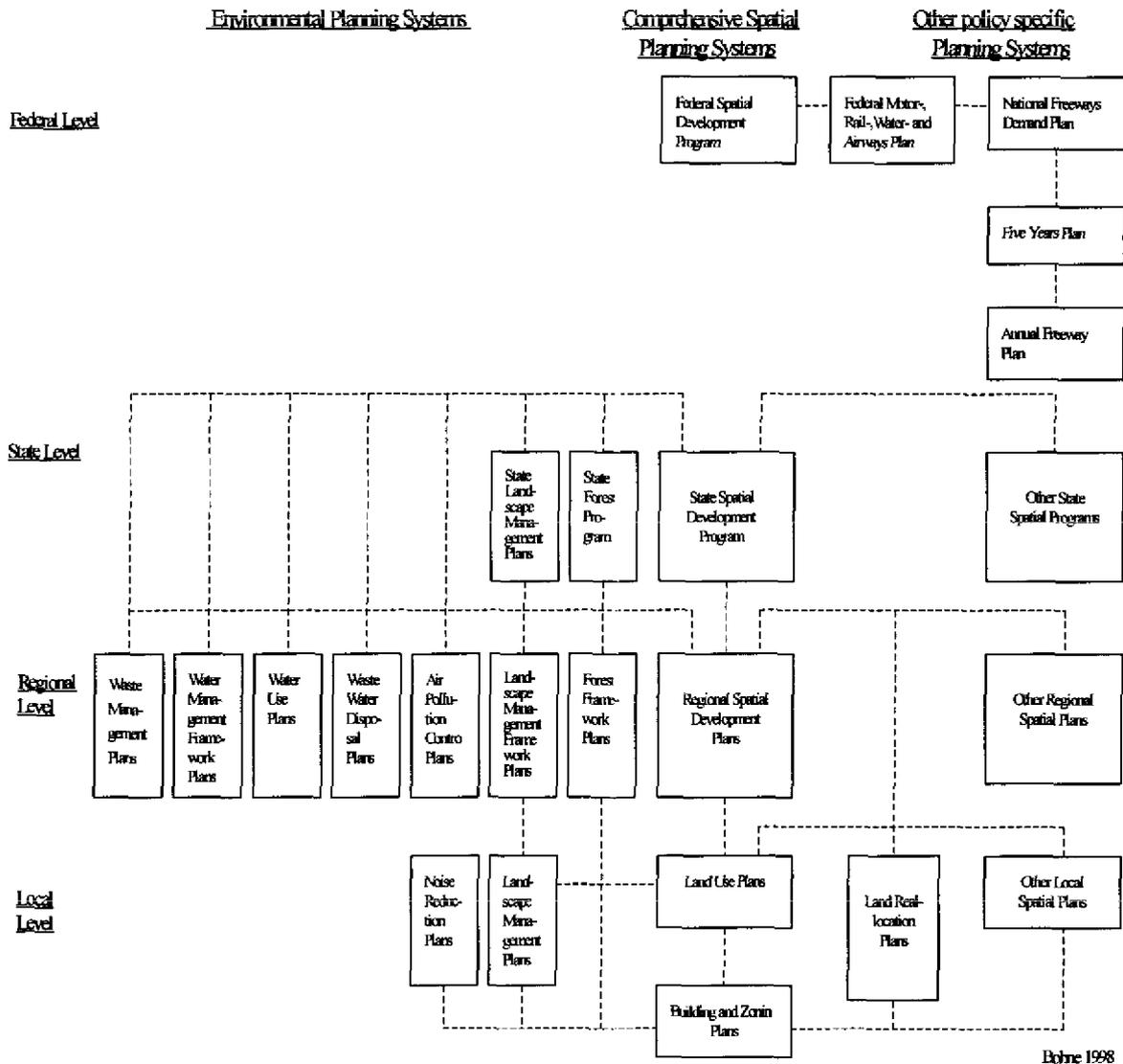
Area-related planning instruments are concerned with the economic and social development and/or environmental protection of a given area. There are three types of area-related spatial planning systems:

- environmental planning systems,
- other policy specific planning systems,
- comprehensive spatial planning systems.

The content of plans, planning procedures and the distribution of planning competences of each type of these systems display a great diversity in Germany. In order to give a general impression of the basic characteristics of planning systems figure 3 shows a simplified model of plans occurring at the federal, state, regional and local level.

⁶ BGBl. I, S. 2081, 18.8.1997

Figure 3: Simplified Model of Spatial Planning Systems in Germany



The assignment of a plan to a specific level in figure 3 indicates the territorial scope of application of this plan, and not administrative competences for planning decisions. The latter vary from state to state. For instance, the competence for regional air pollution control plans may be assigned to the environment ministry rather than to a regional authority in a given state: in other words, the ministry prepares the plans for the regions. With these caveats in mind, area-related planning systems may be characterized as follows:

a) Environmental planning systems

Federal regulations contain planning provisions for waste management, water protection, air pollution control, noise abatement, landscape management and nature conservation, and forest management. As figure 3 indicates, most plans have a regional scope. A three-tiers planning system exists for landscape management and nature conservation (sections 5 and 6 of the Federal Nature Protection Act). Forest planning systems often encompass statewide and regional plans.

b) Other policy specific planning systems

Agriculture, transportation and - in some Laender - mining represent other policy areas with spatial planning systems. Most Laender plans have a regional scope.

One of the most elaborate and methodically advanced German planning systems is the Federal planning system for transportation infrastructures, in particular, the Federal Transportation Infrastructure Plan (Bundesverkehrswegeplan) and the three-tiers Federal freeways planning system.

While these planning systems are primarily designed to promote agricultural, transportation or other policy objectives, they are also required to realize environmental objectives, and include measures which prevent and minimize adverse environmental impacts of specific projects.

c) Comprehensive spatial planning systems

The coordination of environmental and other specific policy plans represents one of the main problems in spatial planning. In order to solve this problem most Laender have established comprehensive spatial planning systems with statewide spatial development programs, regional development plans, and local land use and zoning plans.

The Federal spatial development program is of little practical importance, since it only contains broad political objectives, principles and general statements.

The purpose of the comprehensive spatial planning systems of the Laender is to weigh and balance diverse, often conflicting policy objectives - including environmental objectives - for a given geographic area, and to coordinate specific policy plans and measures. Therefore, the relevant fed-

eral and Laender regulations prescribe that specific policy plans and measures be compatible with the objectives, principles and requirements of comprehensive spatial plans. In practice, however, specific policy planning tends to precede comprehensive planning. Consequently, comprehensive spatial plans often have to adjust to specific policy plans rather than the latter to comprehensive spatial plans.

d) Planning deficits

One can frequently observe that environmental and comprehensive spatial planning does not proceed beyond the stage of draft plans. When the three-tiers landscape management planning system was introduced in the mid-seventies, it was expected to become a powerful instrument of comprehensive environmental planning.

Ten years later, the prestigious Federal Council of Environmental Advisors (SRU 1987, No. 410, 411) observed:

„The balance of previous activities in landscape management is - in spite of... detailed regulations - overall disappointing. ... Thus, one gets the impression that landscape management has become a failure since the Federal Nature Protection Act went into force ten years ago...“

Little has changed since 1987 when this observation was made.

Similar deficiencies occur in comprehensive spatial planning. Local and regional environmental problems are often caused by shortcomings or the absence of land use and zoning plans.

What has gone wrong in environmental and comprehensive spatial planning in Germany? The planning systems displayed in a very simplified form in figure 3 are, by and large, offsprings of the „planning euphoria“ in the sixties and seventies. Planning regulations and legal planning doctrines are very complex. The preparation of plans requires comprehensive detailed information which is often not available. Planning decisions affect many conflicting political interests which need to be weighed and balanced. Not infrequently, there is the risk that conflict resolutions lead to court litigation.

Planning procedures involve considerable administrative, financial and personnel resources. In short, existing planning systems do not adequately account for the numerous administrative, political, financial and intellectual constraints which have been expressed by critics of the rational decision

model through concepts such as „bounded rationality“ (Simon) or „political incrementalism“ (Lindblom).

In order to avoid misunderstandings it should be stressed that planning systems are indispensable instruments of modern governments. However, in the German context drastic simplifications of planning regulations and a reduction of the number of planning systems appear necessary if existing planning deficits are to be eliminated.

For the time being environmental and regional planning is characterized by a reverse relationship between high theoretical and regulatory sophistication and low practical impacts.

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The Place of Regions in Governance of the Environment and Natural Resources in the United States

by *DeWitt John*, Washington, D.C.

Summary

Regional organizations have a relatively minor role in environmental governance in the United States. However, increasingly federal agencies, states, and local governments are trying to address environmental issues cooperatively at the regional level.

The formal responsibilities for governing the environment and natural resources in the United States are organized around federal agencies and states, rather than around ecosystems, watersheds, airsheds, regions, or other places. Federal-state environmental activities are authorized by a relatively large number of separate federal statutes that are quite different in approach, in program structures, and especially in the details of day-to-day operation. States manage many federal programs and may enact more restrictive standards or create additional programs in areas where the federal government has not acted.

The use of privately-owned lands is regulated in quite a different fashion, but in most states, the result is little attention to regional perspectives. Private land-owners have, of course, substantial discretion in how they use their property. There are no federal statutes that address the use of private lands directly or comprehensively; for example, there is no federal program requiring land use planning. Many local governments – not all – do plan and do regulate land use, under authority granted by state governments. Some states – representing a minority of the national population – have strong statutes governing land use and requiring regional planning, and some of these statutes are effective.

The fragmentation of the federal effort, tensions between the states and federal agencies, and the tension between „top-down” environmental policy and „bottom-up” land use regulation ensure that environmental governance in the US is characterized by conflict, confusion, and frustration. Nonetheless, the system has been remarkably successful in setting aside vast areas of beautiful publicly-owned land and in reducing many forms of pollution, es-

pecially from large „point” sources in factory smokestacks and drainage pipes.

In recent years, informal citizen action and civic partnerships have become increasingly important in galvanizing resources to address other, „nonpoint” environmental problems, especially at the regional level. As states have built their technical capacity, there has been a trend towards greater state discretion in environmental regulation and some related areas. Thus states are somewhat freer to find the best way to meet national environmental standards in different ways in different places, depending on local conditions. There have also been increased grassroots efforts to customize environmental governance to particular situations and places. „Civic environmentalism” consists of collaborative efforts at the state, local, regional, watershed, ecosystem levels to address issues that are not fully or adequately covered by federal law or to break through gridlock.

In the last two or three years, many metro regions have experienced an upsurge of public outrage about the impact of sprawling patterns of auto-based suburban development on open space, environmental quality, the character of small towns, and traffic congestion. It is not yet clear what the impact of this rising public concern will be.

I. The Foundations of Environmental Governance

From one perspective, it would be reasonable to organize governance of the environment around places, such as ecosystems, watersheds, airsheds, or regions. In the natural world, the environment is a whole thing, interlinked in wonderfully complex relationships that vary from place to place. President Nixon endorsed this perspective when he established the Environmental Protection Agency in 1970:

„Despite its complexity, for pollution control purposes the environment must be perceived as a single interrelated system.... A single source may pollute the air with smoke and chemicals, the land with solid wastes, and a river or lake with chemicals and other wastes. Control of the air pollution may produce more solid wastes, which then pollutes the land or water.”¹

1 “Message of the President Relative to Reorganization Plans No. 3 and 4 of 1970” (July 9, 1970), in *Environmental Quality: The First Annual Report of the Council on Environmental Quality* (Washington, D.C.: Government Printing Office, 1970), 295.

But when Congress passed legislation which laid the foundations for modern environmental law, it did not embrace a holistic or place-oriented approach. Instead, it erected a series of national environmental programs that address specific issues and are only loosely related. The Clean Air Act, the Clean Water Act, the Wilderness Act, the Coastal Zone Management Act, and many other statutes are similar only in broad outlines: each defines a different national framework of policies, programs, and procedures.

There were two reasons for taking this narrow, national-level approach. One is that many environmental problems are transboundary: polluted air drifts and polluted water flows across state and local boundaries. The other reason is that in the early 1970s, many states lacked the technical capacity and the political will to develop and enforce tough environmental standards. Congressional leaders and others feared that allowing states to set environmental standards would result in a race to the bottom, as states sought to attract industry by weakening environmental standards.

Once Congress made the decision that it would create a national system for environmental governance, it was probably inevitable that the result would be a complex and fragmented system. Fragmentation is built into 20th century U.S. government. Congress works through an elaborate structure of committees, each protective of its jurisdiction. As the public became aware of new environmental issues, individual committees and congressional leaders responded by creating new statutes and programs, usually with minimal attention to how they would fit into existing policies and activities.

As a result, environmental governance in the United States is organized primarily around many semi-autonomous federal statutes and programs, rather than around regions, ecosystems, or watersheds.

Figure 1 shows the formal responsibilities of different federal, state, and local agencies for protecting the environment. It covers a broad range of activities – not just the regulatory programs that usually carry the label of environmental protection but also natural resources, land use policies, and related scientific research. Figure 1 does not describe any specific state; it presents the general pattern of responsibilities. Reality is far more complex. For any box in the figure, and indeed for any statement in this paper, there are important exceptions.

In general, Figure 1 shows three important features of environmental governance:

- **Complexity:** At every level of government, several agencies operate different but closely related programs.
- **Fragmentation:** There is little authority at any level of government for overall coordination.
- **Fundamental tension between environmental governance and regulation of land use:** federal environmental and natural resource laws are central to environmental governance, but the authority for regulating use of private lands lies predominantly with local governments. The federal government has no general policy to address land use; its involvement in land use issues arises from ownership of federal lands and from its own narrowly-focused regulatory programs covering other environmental issues. (Federal policies regarding transportation, agriculture, and taxation also have a significant indirect impact on environmental conditions.)

The practical result is a system of environmental governance that includes recurrent conflicts between different agencies and different levels of government. No one at any level of government has clear authority to coordinate different statutes and programs, and the federal system is resistant to regional (or any other place-based) approaches. As in many other policy areas, the U.S. system of environmental governance has many built-in conflicts and contradictions. It is not designed to be as efficient as possible, but to reflect the diversity of views and interests within the body politic, thus to avoid the necessity of making fundamental choices and to protect individual liberty. Americans can unite to address high-priority issues, and this does happen quite often in times of crisis or at the community level.

FIGURE 1:
Typical Arrangement of Responsibilities for Environmental Protection, Natural Resources, and Land Use

Agencies	Environmental Regulation – air, water, waste, toxics	Environmental Regulation – endangered species	Private land use	Manage public lands
Federal (Dept. of) EPA	Air, water, waste, toxics ¹			
Defence	Army – wetlands, dredging			
Commerce	Coastal zone ²	Fish, marine mammals		Large underused areas
Interior	Surface mining	Other species		Parks, wildlife preserves, other lands
Agriculture	Soil erosion for some farmers ³			National forests
Other	Transportation-shipping			

1 Federal agency can delegate to states; states free to accept or reject; federal agency can act if state does not; EPA does not delegate Superfund (major waste cleanups).

2 Commerce has no separate authority; can act only through state programs.

3 Regulations cover farmers who receive federal subsidies; technical assistance and cost sharing for all farmers.

State (Dept. of) EPA	Air, water, waste ⁴			
Natural Resources	Surface mining	State listed species ⁵		State parks, wildlife areas, forests
Community Affairs			Set rules for local governments; growth management (about 12 states)	
Agriculture	Pesticides ¹			
Local City/County	Regulate industrial discharges into municipal wastewater systems; municipal facilities are regulated by EPA/State		Planning, zoning (most urban, fewer rural areas)	Local parks, recreation facilities
Special Districts				Local parks, recreation facilities
Regional Councils	Advise in preparation of transportation plans, which must be consistent with air quality plans in polluted metro areas		In a few states, prepare regional land use plans/policies	
Agriculture-Dominated Districts	Soil conservation ⁶			

4 States can enact separate programs as well as manage federal programs.

5 Most states have this power, not all.

6 In many metro areas and a few rural areas, not agriculture-dominated.

Typical Arrangement of Responsibilities for Environmental Protection, Natural Resources, and Land Use (continued)

Agencies	Wastewater/waste infrastructure and services	Water storage, irrigation	Science, Research
Federal (Dept. of EPA)	Fund wastewater and water		Mostly applied
Defence		Army - some drainage projects	Navy - marine sciences
Commerce			Marine sciences, weather
Interior		Dams, mostly in the West	Geology, wildlife
Agriculture			Forestry, soils
Other			NASA (space agency), National Science Foundation
State (Dept. of EPA)	Fund wastewater and water		Minimal, applied
Natural Resources		Plan, finance dams	Minimal, mostly wildlife
Community Affairs			
Agriculture			
Local City/County	Construct, operate		
Special Districts	Construct, operate		
Regional Councils	In some states, help allocate funds for infrastructure		
Agriculture-Dominated Districts		Construct, operate dams, irrigation	

II. The Role of Regions

The U.S. system of government is organized around federal, state, and local governments. There is no constitutional basis for regional governance at the federal level, and state constitutions rarely make any significant allowance for regions, except by allowing local governments to share powers if they wish. Nonetheless, many states do use regional mechanisms to address different issues, and many communities have established a large number of regional entities to address specific environmental problems.

- Special single-purpose districts to construct and operate wastewater, drinking water, and solid waste facilities.
- Metropolitan planning organizations (MPOs) which help state agencies prepare metro-politan transportation plans required to obtain federal funds for surface transportation
- Soil conservation districts which provide technical assistance and cost-sharing to farmers
- Some special-purpose districts for parks
- In some states, air quality planning and regulatory districts
- In a very few states, regional water quality regulation or natural resources regulation
- In many states in western, special-purpose irrigation districts, almost always dominated by farmers, have a central role in operating irrigation systems

The following sections describe how these entities operate in practice. There are, of course, important exceptions to each of the generalizations that follow.

III. Air quality

Regional air quality and transportation planning are increasingly important processes. In „non-attainment“ areas – metropolitan and rural regions that are more polluted and fail to meet federal ambient air quality standards – state environmental agencies cannot issue new permits that would degrade areawide air quality. Also, states must prepare plans showing how polluted regions will meet federal standards within specific deadlines. The measures

may include the use of anti-pollution equipment on automobiles and trucks, regulation of small businesses, incentives and regulations for car-pooling, or mass transit, as well as permits issued to industry and municipal waste management facilities.

Federal law provides that state transportation plans must be consistent with state air quality plans and that federal surface transportation funds should be withheld if the plans are not consistent. Many states and metropolitan regions have found it difficult to meet federal air quality standards on time. The Department of Transportation rarely withholds funds, but the funds are so substantial that the mere threat creates significant local controversy and leads to bargaining that often changes the process and frequently the substance of transportation plans.

The federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) enlarged the role of regional transportation planning districts (called metropolitan planning organizations or MPOs). The MPO planning process provides opportunities for NGOs, local governments, and many kinds of transportation users and providers to become involved in planning. However, as a practical matter, MPOs have little influence on state or federal highway planners.

Federal law allows MPOs to consider land use and other factors in doing their transportation planning, but few MPOs do much with this authority.

IV. Water quality

There is little regional planning, but since the mid-1990s, there have been many civic watershed initiatives.

Federally-supported regional water quality planning was abandoned in 1981. EPA provides five or more years of financial support for a highly participatory planning process in estuaries, but no money for implementation.

A 1972 federal law requires that states establish total maximum daily loads (TMDLs) for stream segments and lakes, and assign responsibility for reducing emissions to meet these limits. This could provide the foundation for a regional planning and management process that would be roughly similar to the air quality management process. However, states lack data, are just now setting TMDLs, and lack statutory authority to regulate runoff and many small sources. And the process of setting TMDLs lacks the financial punch of ISTEA; it contains no threat of withholding substantial fed-

eral funds from a politically powerful entity like the highway construction industry.

Most water quality regulation is done on a permit-by-permit basis. Recently some states have synchronized permitting within watersheds. A few states have also established watershed planning councils, with extensive involvement by citizens, non-governmental organizations, and local governments.

In addition, many local „civic“ voluntary efforts have emerged in recent years to „save the bay/river“ or for voluntary cleanups. Especially in the West, many collaborative watershed efforts have blossomed in the last five years to forestall regulatory action or break through gridlock. EPA has built Internet-based information system to provide information about more than 2000 watersheds, to encourage citizen action: „Surf Your Watershed.“ Creating this system in the fragmented world of federal agencies was not easy. It took years of hard work on an interagency level to agree on key variables, specific data elements, data standards, and procedures for integrating data maintained in different information systems.

V. Waste management

There are two reasons for regional management of waste management. One is that as for drinking water and wastewater facilities, there are often economies of scale in building and operating waste management facilities. The other is that neighborhoods and small towns often resist locating waste management facilities in their backyards. Decision-makers have experimented with many ways of overcoming this not-in-my-back-yard (NIMBY) sentiment, one of which is to create regional waste management districts which can negotiate among local governments.

Many waste facilities are sited in poorer communities, often creating pollution, lowering property values, and speeding the decay of these communities. This has led to concern about „environmental justice“ – deliberate or accidental racism in locating environmental threats. During the Clinton administration, EPA has sought ways to combat such discrimination.

Another recent development is the emergence of state and federal efforts to engage local officials and citizens in cleaning up „brownfields“ – contaminated waste sites. EPA and states now provide funding for local planning. At least as important, EPA agrees not to apply federal requirements for cleanup of sites in its brownfield program. This is important because

federal requirements are so restrictive and complex that they can delay agreement on cleanup and can limit the flexibility available to local decision-makers. The federal brownfields program is very popular, often seen as the key to redeveloping decaying inner city neighborhoods.

Most brownfields are small sites, not regional. However, cleaning up brownfields does have a regional impact, because it encourages firms to create jobs in inner cities rather than in undeveloped „greenfields” on the sprawling suburban fringe.

VI. Federal land management

The National Parks Service, Fish and Wildlife Service, U.S. Forest Service, and the federal Bureau of Land Management all own vast tracts of land, over one-third of the total land area in many Western states. For many years, federal land managers focused their attention entirely on their agencies' lands, but in recent years, they have recognized that developments on adjacent private lands can have important environmental impacts on federal lands, because federal lands are almost always part of larger regional ecosystems.

Adjacent communities have also become more concerned about how federal lands are managed. Traditional natural resource users – ranchers, miners, loggers – have long had close working relationships with federal land managers. As cities sprawled into the countryside and people moved to the scenic lands near national parks and forests, the economic base and social character of adjacent communities has changed; now they include people who use federal lands for recreation and oppose some forms of mining, logging, and ranching. Meanwhile, the rising tide of environmental policy has resulted in more restrictions on traditional natural resource-based industries. For example, endangered species laws are cutting deeply into logging in the Pacific Northwest.

The upshot has been a series of efforts to build consensus about environmental issues in watersheds or ecosystems. Sometimes these efforts are led by federal land managers, as they seek to resolve disagreements among an increasing number of stakeholders. In other places, consensus-building efforts are organized by local residents who are frustrated with gridlock among contending agencies or who fear a new, stringent regulatory act such as the listing of an endangered species.

States and local governments are also becoming involved in the increasingly complex politics of managing federal lands. In the mid-1970s, the federal laws governing the coastal zone and some federal lands (not parks or wildlife refuges) began to require that federal land management be „consistent“ with state/local plans. State and local governments used this to forestall off-shore oil and gas development but little else, in part because conservative small towns and counties in the West did not adopt plans.

VII. Devolution of responsibilities to states

States are becoming more influential forces in other aspects of environmental management, and this may open the door to more use of approaches that focus on regions, watersheds, and ecosystems.

In the early days of modern environmental policy in the 1970s, states lacked the technical expertise and in some cases the political will to pass and enforce tough environmental laws. Advocates of strong environmental policies favored strong federal standards, fearing that giving states much flexibility would result in a „race to the bottom“ as communities and states would compete to attract industry by weakening their environmental standards.

Since then, federal regulatory programs have contained detailed requirements about how states should manage these programs, and EPA and other federal regulators have maintained active oversight of state implementation. Today, almost half of EPA's staff are located in regional offices,¹ and about half of these officials are engaged in an often-ambiguous mix of technical assistance to and detailed oversight of state programs. State environmental commissioners have long resented this oversight, and many middle managers in state government also chafe under federal scrutiny.

As states have built their technical expertise and operated programs for years, they have become less willing to acquiesce in federal micro-management. Some states still rely heavily on federal funds for the resources to operate environmental programs. But others have invested their own funds and have designed policies and programs that are tougher than federal policies or address issues on which federal legislation is silent (see figure 2).

1 EPA has 10 regional offices covering multi-state regions, which divide the nation into smaller units for purposes of administering many EPA programs. See *Setting Priorities, Getting Results: A New Direction For EPA*, National Academy of Public Administration, April 1995, pp 16, 18, 77-81.

FIGURE 2: State Environmental Expenditures per Capita, Fiscal Year 1991

State	Per Capita Environmental Expenditures	State	Per Capita Environmental Expenditures
Alabama	\$8.22	Montana	\$12.26
Alaska	\$101.55	Nebraska	\$10.03
Arizona	\$6.20	Nevada	\$11.70
Arkansas	\$6.61	New Hampshire	\$24.32
California	\$27.19	New Jersey	\$40.11
Colorado	\$41.02	New Mexico	\$11.38
Connecticut	\$15.72	New York	\$25.29
Delaware	\$14.27	North Carolina	\$6.98
Florida	\$13.74	North Dakota	\$5.21
Georgia	\$8.18	Ohio	\$7.12
Hawaii	\$7.43	Oklahoma	\$6.71
Idaho	\$21.55	Oregon	\$12.70
Illinois	\$24.63	Pennsylvania	\$11.27
Indiana	\$6.29	Rhode Island	\$21.02
Iowa	\$12.60	South Carolina	\$10.36
Kansas	\$9.19	South Dakota	\$10.80
Kentucky	\$8.08	Tennessee	\$9.92
Louisiana	\$11.69	Texas	\$11.26
Maine	\$18.89	Utah	\$17.10
Maryland	\$16.29	Vermont	\$59.10
Massachusetts	\$31.75	Virginia	\$12.84
Michigan	\$12.15	Washington	\$19.22
Minnesota	\$19.04	West Virginia	\$4.22
Mississippi	\$11.55	Wisconsin	\$19.70
Missouri	\$30.70	Wyoming	\$14.11

Source: NAPAA calculation based on data from R. Steven Brown and K. Marshall, *Resource Guide to State Environmental Management*, Third Edition. Lexington, Ky.: The Council of State Governments, Table „State Environmental and Natural Resources Expenditures, FY 1991,“ 116-25, 1993.

Note: Environmental expenditures comprise the following items: air quality, drinking water, hazardous waste, pesticides control, solid waste, and water quality. State population is from 1990.

Since 1995, encouraged by a small change in the federal appropriations for EPA, states have begun to win substantial discretion in operation of programs. They still must enforce federal standards. But under the new National Environmental Performance Partnership System (NEPPS), states starting to obtain federal funds not by reporting to EPA about their activities but rather by demonstrating that they are achieving performance standards (i.e., desired ambient conditions as well as measures of activities by the agency and by regulated parties). In this emerging system, federal officials in regional offices and headquarters will presumably spend less time monitoring state activities, and states will have more discretion to design their programs as they feel best, as long as they can meet federal and state goals.

EPA is divided internally about state ascendancy. Some federal officials welcome it or accept it as a natural stage in the evolution of state programs. Others, especially in the EPA enforcement office, are watching states with skepticism and are quick to take parallel enforcement actions if they feel states are not performing properly.

The focus on performance could lead to more attention on regions, watersheds and ecosystems, because many states are using performance as a way to take a comprehensive, multi-media view and to tailor their work to conditions in different places.

VIII. Civic environmentalism, community-based environmental protection, and ecosystems

Governance is more than *government*. Governance includes governmental activities plus the activities of a wide variety of public-private organizations, civic organizations, and community-based groups, as well as informal working relationships among professionals and with citizens. These diverse organizations and relationships have become more important as environmental politics has moved into the mainstream, as community-based groups active on environmental issues have become more common, and as state and local governments, as well as corporations, have hired large numbers of environmental professionals.

A new form of environmental governance has emerged: „civic environmentalism.” And many government agencies have tried to tap the energy and moral authority of these grassroots efforts by using new management techniques called „community-based environmental management” or sometimes „ecosystem management.”

Civic environmentalism is an ad hoc form of problem-solving in a particular place. It is driven by cadre of environmental professionals in various agencies and NGOs, working together informally energized by respected local leaders – „sparkplugs” – and encouraged by key elected officials – „sponsors.” Civic environmentalism efforts cut across agency lines and responsibilities, in some tension with the fragmented system.

Civic environmentalism may boil up from below when professionals in many agencies staff seek ways to address complex problems that their individual employers cannot address individually. At other times, civic environmentalism takes the form of an effort by community and local leaders to plan and implement „sustainable development“ visions in numerous communities. Sometimes, civic efforts respond to crisis, litigation, gridlock, or fear of drastic federal regulatory action.

Recognizing the cross-cutting nature of many environmental problems and the consequent frustrations with the fragmented system of legal responsibilities for the environmental protection, several federal agencies have sought to tap the moral authority and energy of grassroots civic efforts by embracing „community-based environmental management” as a regular part of their work. In this approach, agency staff convene, participate in, or support formal consensus-building processes in specific ecosystems or communities.

The Clinton administration has taken a great interest in ecosystem and community-based efforts. Its top officials have invested significant personal and political capital in supporting efforts to restore ecosystems or to design plans that would protect endangered species in extensive areas: desert areas in Southern California, the Florida Everglades, Pacific Northwest forests, and the San Francisco Bay Delta. The administration has also continued to support older EPA-led efforts in Chesapeake Bay and the Great Lakes. Each of these efforts has had a high political profile and has made some impressive accomplishments.

For example, the Florida Everglades initiative settled multi-year litigation and united federal and state agencies behind an ambitious effort to redesign the operations of thousands of miles of drainage and flood control canals in the southern half of Florida. Several hundred million dollars have been committed so far; there are plans for spending several billions; and the effort has spurred an aggressive effort to slow the sprawl of Miami and other cities into wetlands adjacent to a national park and wildlife refuge.

IX. Land use: The reaction to urban sprawl

Metro areas in the US continue to sprawl: that is, population continues to relocate into low density areas on the suburban fringe; there is little mixed residential-commercial-industrial development except in urban core and suburban „edge cities,“ and land use in all but inner cities relies heavily on cars. Suburban sprawl is deeply entrenched in American culture and public policy. Popular, well-entrenched federal and state policies that promote home ownership and build new highways help encourage sprawl. As explained above, in most states, no entity has effective authority to control sprawl or to plan for a different form of land use.

Currently, there is a new wave of public dissatisfaction with sprawl – specifically with traffic congestion, loss of open space and park land, and the loss of character in suburban areas. It is not yet clear how public policy will respond to these concerns. A dozen states have long had state-level „growth management“ policies, which discourage sprawl and often require that funding be available for public facilities before development occurs. When growth has started, many local jurisdictions levy „impact fees“ on development to finance new public facilities. Some state growth management has maintained rural character of lands outside cities (Oregon, Vermont). Other state efforts have not stopped sprawl (Florida).

The new wave of state interest in growth management is called the „smart growth“ movement. Along with more traditional efforts, such as establishing urban growth boundaries, this movement calls for states (and possibly the federal government) to refuse to subsidize new public infrastructure in areas that lie outside designated areas for suburban growth. In some metropolitan areas, a new political alliance seems to be emerging, bringing together environmental advocates, advocates of farmland preservations, and inner suburbs and central cities against government subsidies of sprawl.

Concurrently, there is support both in the courts and in legislatures for limiting on governmental infringement on „property rights“. The property rights movement seeks to require that state and local authorities pay property owners if zoning or planning reduces the value of private land.

It is not yet clear whether the new „smart growth“ movement will be successful. Now that the federal government’s budget has moved out of deficit, additional federal funds may become available for construction of new beltways around metro areas, and that could spur another round of sprawl. On the other hand, citizen action, changing social values, the „new

urbanism” style of development (with higher density and mixed residential-commercial-industrial use), and the rising costs of sprawl could moderate long-standing patterns of low-density, auto-dependent settlement.

X. Conclusion

The public agencies with the greatest responsibilities for protecting environmental and natural resources are federal, state, and local agencies. There are some important agencies that are organized at the regional level, but not many.

However, regions may become more important to environmental governance. As the focus of environmental policy shifts from cleaning up smokestacks and drainage pipes to controlling small sources of pollution, restoring ecosystems, and encouraging new lifestyles that are less dependent on cars, inevitably environmental policymakers and managers will focus more attention on individual places. Since environmental problems are rarely confined within individual communities, environmental governance will inevitably become more regional.

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Administrative Reorganization of Regions

by *Heinrich Siedentopf*, Speyer

1. Basic Preliminary Remarks: Objectives of Territorial Administrative Organization

A reorganization of public administration will always only be applicable on a partial basis. The modern state is structurally characterized by a great complexity and by an immense variety of systemic connections. In the Federal Republic of Germany one must in addition consider several basic principles which represent the constitutional framework for all reorganizations in the public sector:¹

– **Federalism**

The Federal Republic is a federally constituted state which is essentially made up of three levels of territorial authorities: the federal government, the states, and the local self-governments. This basic structure exerts a decisive influence on the structuring and the organization of the authorities responsible for the performance of public functions:

The **federal government** is oriented to perform the central political programming and only in a few areas does it have administrative jurisdictions reaching down into the local level.

The **states** are also involved in central governmental control. The extent of their proper legislative control is, as the number of state laws indicates, relatively limited. On the other hand, they are the regional authorities responsible for the large bodies of administrative personnel (education, police, justice, and fiscal authorities).

The **local self-government** as the basis of the local and regional authority structure is, however, the level of implementation for the majority of the central programs; it is responsible for their adaptation to local conditions. From this results its great importance, in comparison to other political systems, for the distribution of public functions. At the same time, this

1 Cf. Heinrich Siedentopf / Eberhard Laux, *Funktionalreform in Sachsen* [Functional Reform in Saxony], Baden-Baden 1998, pp. 13ff.

governmental structure functionally determines the lines of thought for all reform changes in administrative organization.

– **Democratic Principle**

The democratic principle requires that the opportunity for citizen participation be guaranteed at all three levels and in as many authorities responsible for the performance of public functions as possible. The democratic principle in the structure of administration thus extends far beyond the participation of the population in civil life through the elections of constitutional organs.

– **Decentralization and Subsidiarity**

The functional and horizontal divisions should create the possibility of shifting all territorial administrative tasks as far as possible „downwards.“ The principle of subsidiarity demands that functions recognized as public be performed by the most suitable authority. As the administrative level closest to the citizen, the local self-government is the appropriate instance for the regulation of all the affairs of the local community. Through its anchoring in the political system it has a sufficient democratic legitimation to do so.

A reorganization of the local and regional level affects only one aspect of the reform changes possible in the system of German public administration. One ought not overlook the fact that for an optimization of administrative organization in the direction of its greatest effectiveness additional strategies must also become effective. These are, for example:

- fiscal reform,
- the reform of civil service,
- the internal reform of government agencies (in terms of efficiency and economization),
- the reform of the agency charters of the local authorities.

Common to all the reform initiatives is the search for answers to the central question:

„In what way can the tasks and functions of public administration in their entirety be distributed in accordance with constitutional provisions to the territorial administrative authorities so as to achieve for the population the highest degree of effectiveness with

the lowest utilization of appropriations and the simplest possible control of the performance of functions."²

2. Problems in a Multi-Level System

In reality it can be shown that there are not just the three „classical“ levels of governmental structure described above; upon closer examination one discovers that the performance of public functions are distributed over five or even six levels. Vertically, they are (from bottom to top): the local authorities, counties, the higher associations of local authorities*, public authorities at the intermediate level*, the state, and the federal government. As an extra level, in view of the advancing European integration, the supra-national EU level could also be added. The increasing number of levels are faced with an overall constant or in some sectors even declining number of tasks to perform (the keywords here are the „slimmer state,“ functional critique, privatization, and the „withdrawal of the state“). Every additional level results in additional „bureaucratic expenses“ (its own personnel, higher coordination costs and difficulties in the demarcation of competences between the levels, frictional losses in the transmission of information, etc.). All these arguments are raised by the critics whenever it is a question of establishing a regional level above the counties but below the state level. In particular the local authorities and the counties view a regional level to which they would have to transfer functions of substantial importance as a threat to their existence.³ One argument of the opponents of regionalization is that the administrative power of the local and county level is sufficient by way of voluntary coordination for the independent performance even of supra-regional functions. This, however, does not take into account the fact that in the event of a conflict regional interests are for the most part subordinated to the „localistic thinking“ of the local politicians. Furthermore, the homogeneity variously postulated by theoreticians and practitioners of the size of operations and the numbers of functions on the local and county level

2 Ibid., p. 14.

* Not present in all states of the Federal Republic.

3 This becomes especially clear, for example, in the discussion of the pros and cons of the so-called regional administrative districts [*Regionalkreise*]. See on this subject, among others, Klaus Lang, *Zur Problematik einer isolierten Regionalkreisbildung* [The Problems of an Isolated Formation of Regional Administrative Districts] in *DÖV* 16/1996, pp. 684ff.

is a fiction. A brief look at the territorial and functional reforms of the 1960s and '70s as well as at the most recent developments in this area should suffice to substantiate this thesis.

3. Local Government Reorganizations and Functional Reforms: Yesterday and Today

This terminological separation of these two especially important strategies for the local and regional level between territorial reforms or local government reorganizations on the one hand and functional reforms on the other became common for the comprehensive reforms in the western federal states in the 1970s. As a rule the functional reform, understood as the assignment of public duties to the most suitable authority, was preceded by a more or less far-reaching local government reorganization in the individual states. The „most radical“ was the territorial reform in North Rhine-Westphalia, whereas in the southern states of the old federal republic one proceeded in a relatively „cautious“ manner in redefining how to cut the regions to size. On the whole the local government reorganization of the 1960s and '70s can be regarded as a success – *Thomas Ellwein* spoke of it as the „reform of the century.“ In this way in the period from 1966 to 1978 the number of administrative districts [*Regierungsbezirke*] decreased from 73 to 25, the number of counties [*Landkreise*] dropped from 425 to 235, and that of towns not belonging to a county [*kreisfreien Städte*] went from 141 to 89.⁴

The subsequent functional reforms, which in the individual states led to quite different results in the reallocation of public duties, do not, however, deserve the label „reform of the century.“ Instead, there were various flaws in the solutions that were decided upon which later necessitated and continue to necessitate a „reform of the reform.“

In the new federal states the local government reorganizations and functional reforms, which were begun immediately after the reunification of Germany, led to similar results as in the old federal states. Specific problem situations also became evident here, such as in the regions formed by larger

4 For further details, see Manfred Miller, *Vorstudien zur Organisation und Reform von Landesverwaltungen* [Preliminary Studies on the Organization and Reform of State Administrations], Speyerer Forschungsbericht No. 149, 2nd edition, Speyer 1995, pp. 354ff. (p. 363).

cities and their surrounding areas.⁵ On the whole in the new federal states a remarkable increase in scale has likewise been achieved as a result of the local government reorganizations, although there too optimal operating sizes could not always be obtained. The following statistics show, for example, that the county level in Germany is by no means to be considered as a homogeneous landscape: The least populous county in Lower Saxony has 50,000 inhabitants; the largest county in North Rhine-Westphalia, on the other hand, has 655,000 inhabitants. The county with the smallest surface area in Hesse has a mere 85.7 square miles at its disposal; the largest county in Brandenburg has an area of 1,179 square miles.⁶

At the present time no new local government reorganization is in sight, either at the local or at the county level. In view of the failed fusion of the states of Berlin and Brandenburg, a redivision of states is also not likely in the foreseeable future. On the other hand, the dynamic development of public duties stops „neither at institutions and their territorial borders, nor at a rigid system of competences and a statically structured duty-performing authority.“⁷ German administration has traditionally been organized on the basis of a territorially-focused system for the performance of duties and the exercising of competences. The dynamism in the development of public duties, however, is leading to a change in the regional reference and thus in the organization and authority function of administration. A one-time local government reorganization and functional reform can not codify the „magic triangle“ of function – region – organization (financing) on a long-term basis.⁸

Moreover, in the last few years an ever-increasing number of regional duties have been created. The following could be mentioned in this connection:

- regional planning (regional development and regionalized structural policy),
- regional transportation planning (ÖPNV),

5 Cf. for Saxony: Bernhard Müller / Hans-Heinrich Trute, *Stadt-Umland-Probleme und Gebietsreform in Sachsen* [City and Surrounding Area Problems and Local Government Reorganization in Saxony], Dresden 1996.

6 Similar spans can be detected with reference to community sizes or the dimensions of administrative districts (when present in the individual states).

7 Friedrich Schoch, *Aufgaben und Funktionen der Landkreise* [Duties and Functions of Counties], in DVBl. 1995, pp. 1047-1056 (1048).

8 Cf. Heinrich Siedentopf, in: LKT Rhineland-Palatinate, *Sammelrundschreiben* [collective memorandum] 16 of May 30, 1995, p. 5.

- specific questions concerning waste disposal (e.g. hazardous waste),
- the coordination of regionally significant activities promoting economic development and the marketing of tourism in the region.

4. Already Existing Regional Institutions – the Regional Association of the Palatinate

The impression should not arise that the development of a regional level in Germany „is beginning at zero.“ Right here in the Palatinate there is an institution with a long tradition which in the past has contributed to the development and strengthening of a regional identity and which will continue to do so in the future: the Regional Association of the Palatinate. The historical roots of the Regional Association reach back to the beginning of the last century. The association of today has its predecessor in the *Departement Mont Tonnerre* and the departmental council, which was called the state council from 1816 on. In accordance with the Prussian decree of April 30, 1815, the provincial associations were created in the county on the west bank of the Rhine River, later the Palatinate. The uniform feature of these associations was the „regional connection to historical, cultural, social or ethnic – in short, locally affiliated projects.“⁹ The conception of self-government connected with it understood itself from the beginning as a complement to the counties and communities, virtually as a third level of local self-government. The modern-day Regional Association of the Palatinate is a local authority, a higher association of local government bodies with the right of self-government and an existence guaranteed in the state constitution. Members of the regional council are directly elected and in this way with regard to their democratic legitimation acquire a status comparable to that of city and county councillors. The situation is similar in the Bavarian regions which took as their model the Regional Association of the Palatinate.

However, in contrast to other higher associations of local government bodies, no specific functions with regard to contents are transferred to the Regional Association of the Palatinate; rather, it only administers the (at present 15) facilities and institutions under its maintenance. The local authority thus remains limited to being a maintenance organization.

⁹ *The Palatinate Region in the New Europe*, an evaluative research project rendered on behalf of the Regional Association of the Palatinate by Heinrich Siedentopf in collaboration with Carl Böhret, December 1993, p. 20.

As opposed to this, the regional or landscape associations [*Landschaftsverbände*] in North Rhine-Westphalia have at their disposal a relatively comprehensive number of functions. The size of their budgets are correspondingly large and the number of people they employ is in accord with their extensive governmental functions, which include the following fields:¹⁰

- social services, public assistance to young people and health matters,
- the road system,
- the regional administration of cultural affairs, regional and landscape conservation,
- the local economy.

It is not only in rural regions that the establishment of an additional level above the counties seems under certain circumstances to be reasonable and necessary. Especially in densely populated areas, and in particular in connection with difficult city and surrounding area configurations, attempts have been made and continue to be made to set up such a level.

5. Regionalization Tendencies in Densely Populated Areas

The issues in the problematic city and surrounding area situations are „.... specific developmental and organizational problems within extensive agglomerations of people which are characterized by the concentration of developmental potential, by competition over land use, by a pronounced division of functions between central city and surrounding area, by intensive integration especially in the area of administration and the economy, by crowded transportation links as well as by strains on the ecological balance.“¹¹

To offset the previously mentioned local egotisms in densely populated areas („church steeple politics“) with a regional frame of reference, there were and are initiatives to develop variously strongly institutionalized inter-governmental forms of cooperation. In this connection one can mention the Greater Hanover Area Association, the Frankfurt Area Association, the

10 Cf. *ibid.*, p. 25.

11 Michael Kilian / Ernst Müllers, *Möglichkeiten zur Bewältigung von Stadt-Umland-Problemen in großstädtischen Verdichtungsräumen* [Possibilities for the Overcoming of Problems involving Cities and Surrounding Areas in Densely Populated Urban Regions], in: *VerwArch* 1/1998, pp. 25-69 (26), with further references.

Greater Brunswick Area Association, the Saarbrücken City and Environs Association and, as the most recent example, the Stuttgart Region Association. At the beginning of the '80s in order to be better able to classify these different attempts to find appropriate forms of cooperation between cities and their surrounding areas, *Frido Wagener* introduced into the academic discussion a distinction between „hard“ and „soft“ forms of cooperation.¹² He distinguished between „hard“ and „soft“ associations on the basis of their institutional sovereignty, which in turn expressed itself in the abundance of competences, the provision with resources and the type of legitimation basis. Accordingly, those city and surrounding area associations are „soft“ which only dispose of rather unimportant maintenance functions and due to the delegation principle remain dependent on the member communities. In contrast, „hard“ associations have considerable competences and dispose of a high legitimation due to their directly elected organs.

As sharp as this distinction appears theoretically, in practice there clearly exist mixed forms. The above-mentioned Regional Association of the Palatinate would be classified as „soft“ on the basis of the abundance of functions – merely maintenance functions. However, in view of the legitimacy given to its organs by direct election, the Regional Association must be ranked as „hard.“

The question of the better appropriateness of „harder“ or „softer“ association solutions should not be considered in isolation from the politico-administrative environment and the currently dominant „zeitgeist.“ Moreover, a look beyond the national boundaries reveals that in other countries, corresponding to the predominant cultural and constitutional traditions, specific organizational forms are preferred for the solution of problems in urban agglomeration areas. Thus, for example, in the U.S. and in Switzerland with their strong emphasis on individual and collective autonomy a critical attitude toward „hard“ association solutions is dominant, whereas such solutions are preferred in France or Great Britain where traditionally more importance is attached to the central government and local self-government is accordingly weaker.¹³

12 Cf. Frido Wagener, *Stadt-Umland-Verbände* [City and Surrounding Area Associations], in: Günter Püttner, ed., *Handwörterbuch der kommunale Wissenschaft und Praxis* [Handbook of Local Government Theory and Practice], vol. 2, Berlin / Heidelberg 1982, pp. 413-429.

13 Cf. Dietrich Fürst, *'Weiche' versus 'harte' Kommunalverbände: Gibt es Gründe für eine 'härtere' Institutionalisierung der regionalen Kooperation?* [“Soft” versus “Hard” Local Government Associations: Are there Reasons for a “Harder” Institu-

Under the impression of the difficulties involving the workability and acceptance of the Frankfurt Area Association, which represents a „hard“ association solution in Wagner's typology, and in view of the increasing flexibility of the structures in the private sector of the economy an „intermediary“ model has recently been developed. This new approach is based on the understanding that it is not necessary to set up a completely new level with its own bureaucracy and all the negative tendencies connected with it (coordination expenses, frictional losses, etc.), but that under certain circumstances it would already be sufficient if a „key player“ were to be established at the regional level to identify and organize the cooperation and coordination needs.¹⁴ According to this model, regional cooperation would restrict itself to core functions, such as joint land use planning, the moderation of inter-governmental cooperation and the external representation of the region. To do so would require no new institutions that would often only be able to succeed against the bitter resistance of the local authorities, and especially of the counties. It could instead be attached to the existing regional planning organizations which would then have to transform themselves into „development agencies.“

The fact that the current trend is more in the direction of a „hard“ solution to the problems in densely populated regions is demonstrated by the developments in the Greater Stuttgart area. Here with the „Law on the Strengthening of Cooperation in the Stuttgart Region“ of February 7, 1994,¹⁵ a legally reinforced organizational decision was made to which the label of paternalism by the state has naturally been attached. But certainly in the next presentation Mr. Mandel will take a closer look at this subject.

6. The Regionalization Debate at the Level of the European Union

One important reason for the revival and intensification of the discussion concerning the reorganization of the regional level can be seen in the ad-

tionalization of Regional Cooperation?], in: *Gelebte Demokratie: FS für Manfred Rommel* [Lived Democracy: Festschrift for Manfred Rommel], Stuttgart 1997, pp. 131-157 (132), with further references.

14 Cf. Lorenz Rautenstrauch, *Entwicklung von Organisationsstrukturen im Stadt-Umland-Bereich: Das Beispiel Rhein-Main* [The Development of Organizational Structures in the City and Surrounding Area Region: The Example of the Rhine-Main Region], in: ARL, ed., *Aktuelle Aspekte der Regionalplanung* [Current Aspects of Regional Planning], Hanover 1990, pp. 106-132.

15 GBl. BW p. 92.

vancing of the European integration under the title of a „Europe of the Regions.“ The „Committee of Local and Regional Authorities,“ in short the „Committee of the Regions,“ or CoR, which was introduced by the Maastricht Treaty, has grown in importance as a result of the Treaty of Amsterdam. The CoR now disposes, among other things, of its own administrative foundation (previously shared with the Economic and Social Committee). Its rights to be heard have been significantly broadened – now even with regard to the European Parliament; its right to comment on motions has been expanded.

The development of the competences in the European Union, competences which are constantly increasing in breadth and intensity, is not leaving the local and regional level unaffected.¹⁶ Already today units of local authorities in some political fields are in direct contact with the administration at the European level, as for example in regional policy in the implementation of the development programs of the EU structural fund. Inversely, the European level needs contacts at the local and regional level who are able to articulate their own interests and represent them with confidence. At the same time it is the responsibility precisely of the local and regional level to work to create identity in the sense of a „Europe of the Citizens.“ In a Europe that is continuing to grow together „. . . the federal order of Germany depends upon regions which distinguish themselves by means of a common identity formed by state history, geography and culture.“¹⁷

16 On the position of the local authorities in the process of European intergration see: Heinrich Siedentopf, *Die Kommunen in der Europäischen Union* [The Local Authorities in the European Union], in: *Gelebte Demokratie: FS für Manfred Rommel* [Lived Democracy: Festschrift for Manfred Rommel], Stuttgart 1997, pp. 67-81.

17 *The Palatinate Region in the New Europe*, an evaluative research project rendered on behalf of the Regional Association of the Palatinate by Heinrich Siedentopf in collaboration with Carl Böhret, December 1993, p. VI.

Issues Concerning Regional Structure in the United States

by *James H. Svara*, Raleigh

In order to understand administrative approaches to regionalism at the sub-state level in the United States, it is useful to start by identifying a number of dimensions on which regional structures may differ. These dimensions are particularly important in the U.S. context, but many apply to Germany as well and references are made to Germany where appropriate. After discussing the dimensions of variation, the discussion will turn to identifying the major approaches used in the United States. These approaches reflect the „choices“ made within dimensions, i.e., the way that features have been commonly combined. In overview, the issues or dimensions are the following:

- scope of activity
- relationship between the regional organization and local governments in the region
- whether government or governance is stressed
- the level of leadership and political support for the regional structure
- whether the regional organization emphasizes strategic or operational functions

In addition, I consider the reinforcing legal requirements, e.g., land use control, and services, e.g., transportation, as critical factors that shape the context in which regional organizations are developed even though they are not explicitly features of regions.

It should be stressed at the outset that there is no standard nation-wide approach to organizing regions. The choice of structure is made within each state which usually creates a broad framework for regional organizations and within each region, and local governments have extensive influence in determining what kind of regional organizations exists and what functions and powers it has. The discussion will also make it clear that much regional activity and organizing is originating in the private sector and overlaps government-based organizations.

I. Dimensions

A. *Scope of activity*

First, it is important to distinguish between single purpose and multi-purpose mechanisms for regional approaches:

- **Single purpose mechanisms:** Does the organization provide a single governmental function?
- **Multi-purpose mechanisms:** Does the organization provide many functions?

B. *Relationship between regional council and local government*

The nature of legal or and contractual relationship between the regional organization and local governments – cities and counties – can vary greatly, from voluntary coordination to mandatory controls by a regional government body.

1. **Voluntary coordination:** At this end of the continuum, local governments choose at their own initiative to come together to form the organization and can choose whether to continue as „members.“ The extent of their involvement is variable. The amount of resources they contribute is usually fixed, but payment depends on their continuing affiliation with the regional organization.
2. **Continuing cooperation:** In this approach, the relationship is more structured. The association may have been voluntarily chosen in the beginning, but continuation of the relationship is regularized by one or more of the follow features:
 - required membership
 - structural framework: a legal or contractual arrangement ensures continuing interaction
 - secure funding which contributes to ongoing action and cooperation
 - legal incentives or constraints:

There are positive benefits that come from participation in the regional effort or there may be penalties for not participating. In a sense, the „shadow of hierarchy” is present because local governments face positive or negative consequences depending on their participation

3. **Control:** In this approach, the regional organization can review and approve actions or local governments, it can set regulations that apply to them, or it can independently create and provide services in the region.

C. Government or Governance?/„Soft or Hard“ approaches?

Professor Benz referred to the first distinction – between government and governance – in his presentation. Professor *Siedentopf* cited research by *Wagener* that uses the second distinction – between „soft” and „hard” approaches.

The first distinction was well summarized by Professor *Benz*. In the United States, there is more use and increasing use of „governance” approaches rather than a governmental approach which usually includes some aspects of control in the relationship between the regional organization and local governments.

From the U.S. perspective, one would disagree with *Wagener’s* assertion that soft approaches are confined to unimportant maintenance functions. Although this is often true, one could also argue that some of the highest purposes of regional associations – particularly establishing a strategy for the development of the region – are based on soft approaches and governance rather than governmental arrangements. For example, the models presented by Mr. *Mandel* have both hard and soft features simultaneously. Because of the emphasis in the United States on coordination and cooperation, it is sometimes necessary to distinguish „soft” and „softer” approaches there.

D. Leadership and political support

Separate from considerations of structure and legal status are these issues:

- Does the organization have effective leadership that can define purpose and mobilize action? In many instances, it is the presence of important individuals who make the difference between one organization succeeding and another failing or explains changes in the activity and impact of the same organization over time.
- Does it have the backing of key officials and private interests? The level of political support is more important than structure, in view of the weak legal position of regional organizations in the United States.

- Is there public awareness of the work of the regional council and support for its actions?

E. Strategic and Operational Functions

Regional councils may play a planning, coordinating, and steering role for their region. Some may be service providers as well.

In addition to the formal and informal characteristics of regional councils themselves, it is important to consider whether there are reinforcing legal requirements and public services that support regional purposes in order to compare regions in different countries.

In five areas, there is a great contrast between Germany and the United States:

1. **Region-wide land use controls:** The framework of state and regional territorial planning controls present in Germany is generally not available or effective in the United States.

Often, organizing regional action in the United States is an attempt to control sprawl, i.e., to get leverage over land use decisions that are largely within the jurisdiction of local governments. Controlling the negative consequences of local development decisions is a major rationale for regional planning. The resistance to regional control by local governments and by citizens in localities potentially jeopardizes official and public support for regional councils if they decide to promote the kind of land-use controls that are already established in Germany.

2. **Extensive local and interlocal mass transit:** These public services are much more limited in scope in the United States with some exceptions. Whereas German regional associations can consider how to improve and increase the coordination within existing transit services, many U.S. urban regions face the challenge of creating them.
3. **Regulation:** State or federal assignment of regulatory functions to regional councils are very limited, with the exceptions noted below. The comprehensive set of regional duties listed by Professor *Siedentopf* are not commonly performed by U.S. regional councils.
4. **Reform of local units:** the consolidation and reduction in the number of local government units in Germany and other countries, e.g., the reduction in the number of counties [*Landkreise*] from 425 to 235 and of towns not belonging to counties [*kreisfreien Städte*] from 141 to 89. This con-

solidation may not have been the „reform of the century“ but it is a dramatic change in contrast to the absence of any effort to rationalize local governments in the United States. Indeed, the number of municipalities continues to expand with incorporation of new governments.¹ Part of the challenge of regionalism in the United States is pulling together such a large number of cities – many of which have limited leadership capacity – and counties.

5. **Presence of substate administrative districts:** There is no equivalent of the comprehensive regional district as an extension of state government in the United States.

In summary, most urban regions in the United States have few reinforcing legal requirements and services. If they try to promote land use control, mass transit, and regulatory controls, they risk undermining local government support. There is more governmental fragmentation at the local level, and no state administrative district that represents a regional perspective in addition to that offered by regional associations.

F. Exceptions

There are important exceptions to these generalizations:

1. Regions in states that mandate growth management and assign role to regions in reviewing local plans for conformity with regional plan. These states include Florida, Georgia, Washington, and Oregon.
2. State incentives for local decisions consistent with regional/state interests. For example, the Maryland Smart Growth program provides state support for infrastructure development only when it supports state and regional plans.
3. Transportation planning: Federal ISTEA legislation provides the option of funding the regional council as the Metropolitan Planning Organization (MPO) for transportation planning. Federal environmental protection laws require that regional plans be developed to offset the failure to meet environmental quality standards. Regional councils may be the vehicle for developing these plans.

One final legal/institutional arrangement that can enforce regional action is a mechanism for resource sharing. Such approaches are uncommon both in Germany and the United States. The experience with tax base sharing in the Twin Cities Metropolitan Council in Minnesota and sales tax sharing in

Montgomery County, Ohio, shows that such approaches can both promote equalization of resources among local governments, encourage cooperative ventures among governments, and remove the incentive to defect from regional plans. When all government share part of the benefit from new commercial and industrial development as in the Twin Cities, there is less incentive to secure development that would be good for the specific government where the development is located but bad for the region.

II. Review of Approaches used in the United States

A. Governmental Approaches

Among the governmental approaches to regional organization, most urban regions would have a number of single purpose cooperative approaches and a multi-purpose coordinating body.

1. Single purpose cooperative approaches

- a) **Special districts:** governmental units created to provide a specific function, e.g., waste water treatment, over an area that is larger than a city or county. These are not necessarily, but may be, regional in scope.
- b) **Contracting between governments:** most states allow one government to contract with another to provide a specific service rather than each providing the service separately.
- c) **Sharing resources for specific purposes:** two or more governments come together to share the costs and benefits of a particular project, e.g., a regional airport.
- d) **Functional consolidation of service or transfer of function to larger government:** this is another form of simplification in service delivery among local governments as two or more agree to have the function provided by only one of the governments. The scope of these consolidations and transfers is usually at the county level rather than covering the entire region.
- e) **Ad hoc regional integration of specific functions through agency and professional networking:** It is very common for agencies providing the same function in the separate jurisdictions in the region to arrange for coordination across boundaries informally or through documents such as mutual aid agreements.

2. Multi-purpose coordination

Most regional Councils of Government are examples of this approach. They depend of member governments for support and authority, provide services to members, provide a forum for discussion of regional issues, and raise regional consciousness. Some do regional goal setting, although they rely on governments and other organizations in the region to voluntarily work on the accomplishment of goals.

3. Multi-purpose cooperation: Super-COGs

There are a relatively small number of regional councils of government that have moved beyond the volunteer basis of support and the emphasis on voluntary coordination to promote cooperation among governments reinforced by a supporting legal framework. The legal and financial resources of which they draw include some, although not necessarily all, of the following:

- a) They are designated as the MPO for regional transportation planning and receive federal funding for this function.
- b) They fill a monitoring and quasi-regulatory role in environmental „non-attainment” regions.
- c) They review local development decisions under watershed protection programs.
- d) They are regional data centers.

These activities can also serve as the foundation for regional goal setting and mobilizing regional action.

4. Multi-purpose control

a) Traditional approaches

There are traditional approaches to unifying the urban area under the comprehensive control of a single government that should be mentioned, although they are now obsolete as mechanisms for regional integration.

Annexation was used to bring newly developing unincorporated areas on the fringe of the city into the municipality. In most states, it is not an option for one of two reasons. First, the city may be surrounded by other incorporated municipalities, and there is no land is available for annexation. Second, approval of the residents of the area to annexed is required, and residents of outlying areas do not want to be part of the city. In a few states, e.g., North Carolina, unilateral annexation by cities is still legally possible and commonly used, and, as noted above,

the incorporation of new municipalities close to existing cities is restricted. The combination of annexation and limits on incorporation are important for maintaining the vitality of cities, particularly larger central cities. It is not, however, appropriate for unifying the whole region which is composed of many cities.

City-county consolidation was promoted as a regional approach through the 1960s, but it is now not a viable option for regional organization for two reasons.² First, the political resistance from residents outside the central cities – and often from members of minority groups within the central city who fear dilution of their voting strength – makes consolidation very difficult to achieve. Second, urban regions has spread out to such an extent that most urban regions contain several or many counties. Consolidation of a city and county may still be useful as a means of reducing the number of units and simplifying local government. No one has seriously proposed the consolidation of cities and more than one county to create a consolidated region.

b) Metropolitan tier governments

There are two metropolitan tier governments in the United States. They do not replace the governments at the city and county level but operate separately, providing control and overseeing cooperation of cities and counties in the region.

- (1) Twin Cities Metropolitan Council in Minnesota is a metropolitan government with authority to plan and review actions of local governments and special districts within the region. It operates the tax base sharing mechanism which places 40 percent of the increased tax base from new commercial and industrial development into a fund for distribution to all governments in the region. This redistribution, based on population and fiscal need, has greatly reduced the inequities in the fiscal base of local governments. The Council is supported by taxes. The members of the Council are appointed by the governor of the state.
- (2) Portland Metro in the state of Oregon is a metropolitan government that was assigned regional planning functions as well as taking over and operating a number of existing special districts and regional authorities that had previously operated independently. Metro is responsible for developing and enforcing an urban growth boundary for an area that is supported by existing or planned local and regional infrastructure. New development of an urban character must take place within the boundary, although

development in the city of Vancouver, Washington, which is across the Columbia River but also is part of the metropolitan area, is not controlled by Portland Metro. The Metro CEO and council are elected.

B. Approaches that Stress Governance

Coexisting with the coordinative, cooperative, and control governmental approaches is a wide array of public and private initiatives which have the characteristics of governance. The United States has a rich variety of such „soft“ or governance approaches to regional action. In part this emphasis can be explained by the weak governmental base for regional action. It also reflects the preference of Americans for voluntary approaches to meet a variety of problems. These approaches have the advantage of mobilizing a wide range of individuals and groups who might otherwise not be involved in regional affairs. They depend heavily on private contributions for financial support. This approach also has the advantage of flexibility and spreading the base of support beyond government. A disadvantage is dependence on companies and business organizations for much of the support, although private foundations are another important contributor. At times, the nature and orientation of the regional venture may be constrained by the funding sources.

1. Voluntary coordination—single purpose

Many of these ventures are (or start as) single purpose efforts to meet a specific need. They include the following:

- a) Public-private partnerships and citizen initiatives on specific issues. *John Parr*, former head of the National Civic League, has called these efforts „adhocracy” because they develop in response to a specific concern, pragmatically attack the problem, and often disappear once the need is met.³ Often, many of the same individuals and groups will be involved in subsequent efforts but they will play different roles in a newly created, temporary structure. The boundaries of these efforts will also vary, ranging from the central city and its surrounding county to a larger part or all of the region.
- b) Economic development partnerships. In contrast to the citizen ventures, economic development partnerships tend to be more stable and operate on an ongoing basis to promote the economic expansion of the region. Chambers of Commerce, other business groups, and companies are the main supporters, although some local and state funding

may also be provided. The boundaries of these regions tend to be larger than those of other regional ventures in the same area and include rural areas outside the core urban region that are affected by the regional growth generator.

2. Voluntary coordination-multi-purpose

- a) Cross-sectoral leadership council or forum. Participation on a regional council is expanded beyond government to include leaders of business, universities, and civic organizations. Some are free-standing separate bodies and some operate in cooperation with and the staff support of the council of governments. The Greater Triangle Leadership Council in North Carolina is an example of the latter approach. *John Parr* provided another catchy label for these inclusive approaches to regional coordination when he called for creation of „Regional Councils of Everybody.”
- b) Regional strategic planning efforts: A number of regions have undertaken public-private planning efforts designed to identify strategies for addressing regional problems and goals.
- c) Regional citizens associations: These are ongoing citizen organizations that seek to identify regional issues and mobilize support for regional action such as those found in Cleveland and the Twin Cities.

III. Leadership and political Support

The success of regional ventures depends as much on fostering leadership and developing a broad base of political support as on the formal structure. Approaches to develop such support in the United States include the following:

- Foster a rich network of regional organizations; create a regional web. As the research of *Robert Putnam* and *Allan Wallis* has shown, it is important to have a wide array of regional organizations of various kinds to support successful regional cooperation. Multiple and overlapping groups, even those without an explicit public affairs focus, contribute to the formation of regional „social capital.”
- Use existing regional mass media. The media have not been particularly interested in regional governance issues but the media outlets are in place and view the larger region as their market area.
- Engage political, civic, community, educational, and business leaders in regional affairs. Relying on governmental leaders alone is not sufficient.

- Create a citizen base. Ultimately, there has to be a large number of citizens who expect their local leaders to take a regional perspective rather than a narrow local perspective. Presently, few politicians are helped by being regional statespersons and few are harmed by being parochial. This will change in part by involving the leaders in regional activities, but a larger number of citizens must also expect that elected officials will take a broader view.

Ultimately a function that can be performed by regional councils also contributes to its support. If the regional council is performing a strategic steering function, it will be noticed and many people and organizations will want to be part of its important work.

In conclusion, the question for the future is how a true regional political entity can be created in which people and institutions come together to chart the course for their regional agglomeration. People increasingly work and live in regions. The overriding question is: When will they become citizens of a regional polity?

Endnotes

1. North Carolina is one of a few states that limits the incorporation of new municipalities in proximity to an existing municipality.
2. A related approach is to create an „urban county“ which takes over some functions from the municipal level but does not consolidate them. Metro Dade County in Florida is an example.
3. See „Initiatives for America's Regions,“ Special Issue of *The Regionalist*, Winter 1997.

Regionalization below State-Level in Germany and the United States – Similarities and Differences

by *Natascha Füchtner*, Speyer

One of the merits of international conferences with a comparative view on a specific subject is that the discussion of the respective issue has to develop from the clarification of its basic premises. Definitions of a concept or a certain problem specifying notion have to be compared, different perceptions of the underlying problem have to be clarified, fields of expression as well as the dimensions of the problem have to be analysed, the knowledge about the institutional framework has to be shared and relevant actors identified before ways and instruments of problem-solving can be discussed.

This approach was also determining for the proceeding of the workshop „Regionalization below State-Level in Germany and the United States“ whose purpose was to broaden the mutual understanding of regional challenges and of the respective national problem-solving mechanisms by giving an overview about the importance of the debate in the two countries, by discussing the specific political and institutional demands of state-crossing and nation-crossing regions and by comparing regional questions in specific functional areas like regional economic promotion, regional passenger transport and regional environmental protection. Interestingly, the final discussion about similarities and differences of the regionalization phenomenon below state-level in the United States and Germany showed that it is not so much the conceptual understanding of an anyway blurred concept of „regionalization“ or the perception of regional problems that are differing but the institutional and procedural approaches dealing with those problems.

In the United States and Germany the system of government is organized around federal, state and local government and there is no constitutional provision for regional governance on the federal level. But due to the fact that dynamics of economy and society do not adhere to the traditional administrative borders (*Klaus König*) in both countries „regionalization as a process of institutional or policy change by which the context of a region is gaining in importance“ (*Arthur Benz*) is widely observable. It finds its expression in the growing awareness of regional problems and the search for innovative governmental and non-governmental approaches to cope with these challenges. Regionalization is nevertheless – as *Scott Fosler* and *Arthur Benz* have pointed out – not a completely new phenomenon but finds its

roots in the century of industrialization and urbanization when, with the spreading of the urban population beyond the municipal boundaries, the need for new institutional solutions for land use planning became obvious. With the expansion of highways and the relocation of the city dwellers to the suburbs this issue became even more urgent.

The highly consumptive land-use and tendencies of economic segregation are still eminent forces driving into the direction of „regionalization“, especially in the United States where „smart growth“ has only recently become a matter of concern (*Curtis Johnson*). Though, the process of regionalization is today not anymore only a reactive process coping with urban sprawl but far more an active process aiming at stimulating the economic potential of a region, rendering public services more efficient by adopting them to regional needs and making democracy more viable by fostering citizen´s participation (*Arthur Benz, Curtis Johnson*). In the German case, the growing importance of regions in the political system and the policy processes of the European Union has been furthermore supportive for the status of the regions.

Although in both countries a clear and common definition of the „region“ is missing and a regional identity is still described as underdeveloped, there is a diversity of approaches observable dealing with regional problems differing in the degree of institutionalization as the expression of the kind of competences, the availability of means and the type of legitimation base (*Heinrich Siedentopf*). Especially this degree of institutionalization was perceived as different in the United States and Germany. The lectures of the American participants have shown, that „harder“ forms of regional cooperation – like the Twin Cities Metropolitan Council in Minnesota or the Portland Metro in the state of Oregon as examples of metropolitan tier governments (*James Svara*) – are more the exception as the rule and that the emphasis lays more on informal cooperation and coordination – like the cooperation in the Metrolina region and the Research Triangle region (*Jonathan Howes*) – so that a qualitative graduation could differentiate between „soft“ and „softer“ approaches. On the other hand in the descriptions of existing forms in Germany – like the regional or landscape associations in North Rhine-Westfalia –, recent developments – like the Frankfurt Area Association, the Greater Hannover Area Association or the Stuttgart Region Association as examples of cooperations between cities and their surrounding settlements in metropolitan areas – and future plans of institutionalized regional cooperation – like the so called „city counties“ – „hard“ solutions are dominating and in most examples „hard“ and „soft“ features are at least presented simultaneously.

The examples of cross-border cooperation – on the German side the cooperation of the upper-rhine and on the American side an aspired cooperation in a not yet existing „Southwest Compact Region“ linking American and Mexican frontier areas – made plain that for different levels of institutionalization historical reasons and political framework conditions may be decisive. In Europe after World War II a high importance was attached to cross-border cooperation as a way of promoting mutual understanding and agreement between the nations. Likewise in Germany with its nine neighbouring countries in the beginning the inter-cultural aspect was the driving force behind cross-border linkages on subnational level. In the course of the time other policy-fields like economic promotion, environmental policy and transport policy were included. While in the beginning cross-border cooperation was actively promoted only by the Council of Europe in the process of European integration, border regions received more and more institutional and financial support. The linkages which in the beginning have been mainly build on political and administrative cooperation between the neighbouring local communities got more and more formalised on a broader territorial area first on the basis of a purely state-centered approach and later even integrating other regional and local actors (*Joachim Beck*). In contrast, the US regional cross-border cooperation with Mexico is only a recent development and contacts are focusing mainly on economic exchanges. The relationship is especially sensitive because the economical performance of the two countries is differing so much (*Mark Pisano*). From a comparative point of view the cross-border cooperation between the United States and Canada as a more traditional area of cross-border linkages or between Germany and its Eastern European neighbours, Poland and the Czech Republic, as an example of a more especially economically problematic cooperation area might give interesting insights of the circumstances, the driving forces and the actors of the construction and promotion of transborder regions.

A very similar situation is observable in the field of regional transport policy. While in Germany an already publicly pushed regional cooperation is formalizing more and more in the United States a policy integrating actors from regions and oriented versus the needs of regions is only a recent development. In Germany public transport has a long-standing tradition. In the early 70s when a reducing share of public transit on the whole traffic was observable on the one hand and the growing expenditures for public transport were burdening the budget of the municipalities on the other hand, they decided to cooperate to offer a more attractive and cheaper public transport system. In some cases, these cooperations have evolved to transport federa-

tions – as in the case of the Rhine-Neckar transit cooperative. By 1996 even the local passenger transport by the national railway company was regionalized in Germany in the sense that the Länder governments are now entitled to lay down the details by land legislation (*Wolfgang Patschke*). In the United States public transport was widely neglected up to the 70s when the Congress began to appropriate for capital and operating expenses of local transit systems. But up to the 90s the main aim of the US transportation programme which was mainly in the responsibility of the states was the extension of the highway system and transport policy was implemented following a general policy guideline. Only in 1991 this „one size fits all“ – policy was abandoned and a paradigmatic shift was executed: Firstly, the flexibilization of the programmes was decided so that they could be made adaptive to the specific needs of different areas and secondly, additional avenues were opened for citizens and regions to participate in transportation planning and decision-making. As the consequence of a new concern for „sustainability“ in transportation policy the focus of transportation investment has shifted from construction to maintenance, environmental impacts have to be considered and public transit alternatives are getting more and more popular (*Thomas Larson*).

Neither in the United States nor in Germany regionalism can be identified as an established concept of environmentalism. In both countries environmental governance can be characterized as complex – because a plurality of agencies on different governmental levels is responsible for different programmes – and fragmented – because there is no single government level with a coordinating authority – and the nature of the relationship between spatial planning systems and environmental planning is generally perceived as unsatisfactory. Environmental policy is organized around the multitude of agencies and not around ecosystems or environmentally related areas. And in both countries a shift of competences has taken place which is supportive for a more significant role of regions in environmental governance (*John DeWitt, Eberhard Bohne*): In the United States a devolution of responsibilities from the federal to the state level can be observed in the sense that the states are not only more and more influencing the way of implementing federal programs but are also designing their own environmental policies and funds. The new ascendancy of the states in connection with a new movement of community-based civic environmentalism may lead to a more performance-oriented approach tailored to the specific environmental conditions and needs of regions. In Germany environmental policy is more and more affected by the European Union which is itself growing in importance as a supportive force for europewide regional environmental cooperation. Not

only the Länder as the main regional actors in the European regional policy are taking advantage of all forms of formal and informal political lobbying to express their environmental concerns but in addition metropolitan regions or border regions are enforcing their European linkages and taking part on pilot projects on transboundary environmental problems.

A new quality of regional activism in the United States and Germany gets especially obvious in the field of regional economic promotion though the framework conditions are quite different in the two countries. In the United States economic development programs which are designed by the federal government or effected by its general economic competences and economic development objectives and which are sanctioned by the states are primarily implemented by local governments (*Janis Purdy*). In Germany the peculiarity of the „cooperative federalism“ and the reality of the European regional policy is further complicating the already complex assignment of the programming and implementing tasks in a federal state (*Gisela Färber*). While in the United States in a time of economic prosperity central interventionism in economic promotion is contested by innovations on regional level which are mainly based on private sector activities, the German regional policy based on the joint responsibility „promotion of the regional economic structure“, the European supervision of national financial aids and the allocation of means of the European structural funds seems to be paralysed by solving questions of influence and distribution.

Nevertheless, recent initiatives of local governments to develop regional promotion concepts show that in Germany more informal arrangements – bringing together actors from government, business and civil society – are growing in importance, too. But while in the United States those cooperative approaches tend to be independent from all government interferences, outstanding examples of „regional governance“ in Germany – like the regionalization initiative of the North Rhine-Westfalia government – tend to stay in the „shadow“ of a government who does not interfere but who has the control over financial means sanctioning the consensus-seeking process. The understanding of the role of the state and government – so it was emphasized on different occasions – at least seems to be a different one in both countries. In Germany the state government is still expected to play a mayor role in the process of regionalization as the determining force of the direction, the quality and the speed of the process. In the US the process relies more on the self-organization of private actors to whom often not even financial incentives are offered to cooperate. One participant tapered this observation with the statement that US-regional policy is more performance oriented

whereas in the German case it tends to be more oriented versus the redistribution of means.

Disregarding the differences in the degree of institutionalization and the influence of governmental actors the overview over sectoral regional policies and approaches of specific regions have shown that the search for solutions to pressing regional challenges is not exclusively a matter for „regional government“ anymore but becomes – with the inclusion of non-governmental actors and sometimes with their only participation – more and more a process of „regional governance“ characterized by a „network approach“ based on communication, negotiation and co-operation (*Arthur Benz*).

Documentation:

The Association of Subregional Planning Authorities for the Rhine-Neckar Area

1. Location and Regional Structure
2. Historical Facts and the Establishment of the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“
3. The Tasks of the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“
4. Organisation and Methods

1. Location and Regional Structure

With a population of almost two million, the Rhine-Neckar area is the seventh largest highly urbanised region in Germany where the *Länder* or states of Baden-Württemberg, Hesse and Rhineland-Palatinate meet.

The Rhine-Neckar area is located in the Upper Rhine valley between the densely populated Rhine-Main area to the north and the Greater Karlsruhe area to the south. The *Odenwald* and *Pfälzerwald* nature parks are situated to the east and the west respectively. Approximately one third of the population lives in the area's three major cities and *Oberzentren*¹ Mannheim, Ludwigshafen and Heidelberg. *Mittelzentren* such as Worms, Frankenthal, Speyer and Neustadt to the west side of the Rhine and Heppenheim, Weinheim, Schwetzingen, Wiesloch, Sinsheim and Eberbach to the east side of the Rhine testify to the structural diversity of the area.

The city of Mannheim, an important commercial centre, is well-known for its service industry and its excellent university. It is conveniently situated at the junction of major motorways. Ludwigshafen is a modern industrial city. Its largest industrial sector is the manufacture of chemicals and chemical products. The university town of Heidelberg, rich in tradition, not only attracts many tourists but also an important technology and research centre.

1 Four levels of central places are recognized in German regional policy; they range from *Kleinzentrum*, which is the smallest, through *Unterszentrum*, *Mittelzentrum*, *Oberszentrum* as the highest central place.

These three cities, with their distinctive features, shape and determine the polycentric orientation of the Rhine-Neckar region and its special character.

The future development not only of Mannheim but of the entire Rhine-Neckar area will be strongly determined by the fact that it is situated on one of Germany's major transport routes and in the economic centre of the European Common Market. A diverse industrial structure, encompassing the modern capital goods industry, the mechanical engineering industry, vehicle building and the chemical industry, benefits not only from the two large universities in the Rhine-Neckar area, but also from universities in Karlsruhe, Darmstadt and Kaiserslautern. Specialised institutions of higher education (*Fachhochschulen*) in Worms, Landau, Ludwigshafen, Mannheim and Heidelberg and the Post-Graduate School of Administrative Sciences in Speyer also make their contribution to a dynamic flow of personnel and technology.

The cities in the Rhine-Neckar area obtain agricultural products mainly from farms in the region. The smaller rural sub-areas are predominantly shaped by the nationally and internationally acclaimed wine-growing industry and by the cultivation of asparagus and tobacco. Both the metropolitan areas and the more rural parts make the Rhine-Neckar area a commercially important region that also attracts many tourists because of its beautiful landscape.

Numerous institutions for education, trade and culture as well as facilities for the provision of public utilities can be found in cities as well as in medium-sized towns. Historically evolved boundaries between the *Länder* or states run through the densely populated industrial and social core area of the region. Consequently, the spheres of influence and catchment areas of the three major cities extend into three neighbouring *Länder*. On the local level, the problems caused by these circumstances have frequently led to co-operation projects between the states. In 1969, Baden-Württemberg, Hesse and the Rhineland-Palatinate signed a treaty giving their co-operation a legal basis. Then, in 1970, the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“ was established. Since then, the Association has served as an example for transboundary planning and co-operation. It covers an area of 3324 square kilometres and encompasses approximately 50% of the land in the *Unterer Neckar* region and the districts *Bergstraße* and *Vorderpfalz* in the *Rheinpfalz* region.

2. Historical Facts and the Establishment of the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“

Ever since the Congress of Vienna in 1814/15, a number of *Länder* boundaries that were never fully acknowledged ran through the former Electorate Palatinate and were never accepted by the inhabitants. Right after World War I, it became apparent that these boundaries had a negative effect on the development of the region both on the political and economic level. During the Weimar Republic, the internal structure and the organisation of the German *Länder* could clearly not be established through the new constitution. With regard to the situation in the Southwest, it is not at all surprising that here the formation of a unified *Land* or state was discussed. The southern part of Hesse and the Greater Frankfurt area pushed for the union of Hesse and the Palatinate with the northern part of Baden around Mannheim and Heidelberg.

Especially in Baden, the debate on a possible reform of the organisation of the *Länder* was very lively. There, it was felt that the new location along the border of the Reich and, more importantly, the state boundaries in the Mannheim-Ludwigshafen area, represented obstacles on the way to economic development. The political discussions that focused on a reorganisation of the states in the Southwest took place in the context of diverging interests of the parties and *Länder*. As a consequence, there was not much hope that actions would be taken soon. The first series of debates on a reform of the Reich, therefore, passed without bringing about any changes. The stabilisation of the economic situation in the 1920s put an end to the discussions. On the local level, ideas were developed to do justice to the emergence of densely populated areas by supporting the co-operation of local authorities. The concept of these joint authorities that link local authorities for the joint performance of certain tasks is reflected in a memorandum written by the Vice-President of the Mannheim Chamber of Commerce, Wilhem Vögele. He suggested the establishment of a joint authority between Mannheim and Heidelberg including the local authorities situated between the two cities and the town of Schwetzingen. Among the association's main tasks was to be the equalisation of taxes and burdens; it was also supposed to deal with questions and problems concerning traffic and cultural institutions.

After 1928, during the years of economic crisis, the reorganisation of the Reich again became an issue. Large parts of Mannheim's catchment area, namely the Palatinate and Rhenish Hesse, were occupied by the French. The city saw in the *Länder* boundaries an obstacle for its economic development and was clearly oriented toward the Palatinate and Hesse. Hermann Heim-

erich, the mayor of Mannheim, directly linked the reform of the Reich with closer co-operation between the cities of Mannheim and Ludwigshafen. However, there was strong disapproval of Heimerich's ideas in Bavaria where they were considered to be an open attack not only on Bavaria but also against the Palatinate.

In 1932, Fritz Cahn-Garnier, a lawyer for the city of Mannheim, began a initiative to establish a joint authority under public law between the cities of Mannheim and Ludwigshafen. Its scope of action was supposed to apply to the ports, transport services, facilities for the provision of public utilities, regional planning as well as the cultivation of culture and science. The Bavarian government strictly opposed the plan, interpreting it as the first step toward a separation of the Palatinate from Bavaria. In the Weimar Republic, all attempts of establishing supralocal structures fell victim to diverging interests of the various parties and *Länder*.

The reorganisation of the Southwest after World War II did not alter the borders of the highly urbanised Rhine-Neckar area, which continued to include parts of Baden-Württemberg, Hesse and Rhineland-Palatinate. Although the constitution granted the possibility of reorganisation, plans to that effect were not followed through. Experiences gained through implementing the *Reichsreform* in the Weimar Republic had indicated that solutions were more likely to be found on the level of local authorities. Mr. Heimerich, the mayor of Mannheim, therefore, suggested the establishment of the „Rhine-Neckar Local Working Group“ (*Kommunale Arbeitsgemeinschaft Rhein-Neckar GmbH, KAG*) with the legal status of a private (limited) company. This group was founded in 1951 with the participation of the cities of Mannheim, Ludwigshafen and Heidelberg as well as the districts of Ludwigshafen and Heidelberg and the town of Viernheim. It encompassed an area that extended into three newly formed *Länder*, a fact that gave fresh impetus to the debate on still unanswered questions about the reorganisation. At this time of consolidation of the *Länder*, it was impossible to think about giving a legal status under public law to the „Rhine-Neckar Local Working Group“ by drawing up a State Treaty. Its status of a private (limited) company meant from the outset that there existed clear limits with respect to what it could achieve. Despite its rather narrow scope of action limited both by state laws and by internal difficulties to find a consensus, the Working Group agreed on statutes that basically contained and described the essential tasks and aims of regional policy. Among them were, for example, the „joint planning of transport including port installations, the provision of public utilities (gas, water and electricity), physical planning, the establishment of industries and housing development“.

The Working Group had to deal both with internal problems caused by diverging interests of the participating cities and districts and with external problems stemming from a lack of support from the *Länder*. Its position, therefore, was not at all secure. It nevertheless succeeded in setting up a „Regional Policy Plan“, thus creating a basis from which joint tasks and aims for the Rhine-Neckar area could be pursued.

Starting in 1961, regional planning gradually established a legal foundation, and the term 'region' was introduced. The term implied – first only in theory – that social and economic relations are to be placed above political boundaries. This proved to be constructive for the Rhine-Neckar area as could be seen, for example, in 1961 when the Federal Government called for a report by the „Expert Committee on Regional Policy in the Federal republic of Germany“. In this expert report, the Rhine-Neckar area was given new boundaries that encompassed a larger area than the ones set by the 'Local Working Group'. On the east side of the Rhine, it now included the districts of Heidelberg and Bergstraße, and on the west side of the Rhine it encompassed the towns and districts of Speyer, Neustadt/Weinstraße and Worms. When these cities and districts joined the 'Local Working Group', they formally completed what had already been partially practised in the process of setting up the „Regional Policy Plan“. Aside from minor changes, the area has remained within the above-described borders up to today.

Parallel to the political debates on the reorganisation of the *Länder*, the „Rhine-Neckar Local Working Group“ continued to pursue its goal of establishing a new organisational basis for co-operation in the Rhine-Neckar area. On March 3, 1969, the *Länder* of Baden-Württemberg, Hesse and Rhineland-Palatinate signed a treaty, thus creating the legal basis for the creation of the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“, which was founded on April 30, 1970.

3. The Tasks of the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“

According to the treaty of 1969, a regional policy commission was to be established consisting of the departmental ministers responsible for regional policy. Working on the state level, their task was to co-ordinate the aims and requirements of regional policy and regional planning in the Rhine-Neckar area. The treaty furthermore provided that the main task of the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“ was to set

up a subregional plan that would serve as a framework for regional planning; this plan was to be updated on a regular basis, and new aims and further requirements of regional policy and the respective regional planning were to be taken into account. The „Association of Subregional Planning Authorities“ thus attempts to mediate between regional planning programmes that are set up on the *Länder* level and the aims and requirements of planning that are determined for the entire Rhine-Neckar area.

The Association is also responsible for the management and planning tasks of its two largest members, namely the *Unterer Neckar* local planning authority and the *Rheinpfalz* planning authority. The Association, resulting from the merger of two regional planning authorities and the *Bergstraße* district as part of the *Südhessen* planning region, implements in an exemplary way a two-stage transboundary regional planning programme in co-ordination with the special characteristics of the area. The programme allows room both for the full regional planning competence of the areas that belong to three different *Länder* and the possibility of focusing on certain key components of planning programmes that pertain to the whole area .

Among these are

- a standardised regional transport system
- uniform standards for the determination of the functions of central places and their importance for the settlement and transport structure
- demarcation of settlement areas and undeveloped areas that are to be protected
- establishment of priority areas that are of regional significance
- protection of the landscape along the Rhine and other rare and beautiful landscapes like, for example, the *Bergstraße*, *Deutsche Weinstraße*, *Neckartal*, as well as historical towns and buildings that are of great culturally historical value
- locations and routes for projects that are important for the whole area (for example, retaining reservoirs for flood protection and the express route between Paris and Mannheim)
- securing of locations for regional systems for the provision of public utilities and for sewage and refuse disposal

A unified regional developmental policy for the Rhine-Neckar area requires constant co-ordination, especially in consideration of the fact that the densely populated area encompasses three *Länder*, numerous districts, cities, towns and local authorities, which at times can cause difficulties with regard

to individual spheres of competence. Under these circumstances that are far from being ideal for the co-ordination of the planning and administrative area, the need to co-ordinate planning programmes increases in proportion with the difficulties to find a consensus.

Transboundary co-operation between parliamentary groups, multi-level involvement of all participants and the combination of different political positions are the mechanisms applied by the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“ to find a consensus on the basis of its political local statutes.

The fact that there exists one planning committee both for subregional and regional planning programmes has resulted in significant synergy effects with respect to the time and work needed to manage the Association. The co-ordination of regional planning led not only to the formulation and realisation of planning aims but also to concrete co-operation tasks. The management of the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“ shares close working relationships with the „Joint Authority for Sewage and Refuse Disposal Services for the Rhine-Neckar Area“ (Zweckverband Abfallwirtschaft Rhein-Neckar, ZARN), the „Joint Authority Public Transportation Network for the Rhine-Neckar Area“ (Zweckverband Verkehrsverbund Rhein-Neckar, ZRN) and the *Rhein-Neckar Dreieck e.V. (RND)* working group, which is engaged in regional location marketing. All four co-operate to deal with crucial planning tasks in the field of regional development. With regard to additional tasks, the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“ also receives their support and co-ordinates its programmes with programmes developed by its partners.

4. Organisation and Methods

The „Association of Subregional Planning Authorities for the Rhine-Neckar Area“ performs its duties as a corporation under public law in accordance with the rules and regulations set up for joint authorities. Its executive body, the assembly, consists of 66 members elected by the members of the Association, that is by the regional representation of the „Standing Conference of local planning authorities Rheinpfalz“, the assembly of the local planning authority *Unterer Neckar* and by the district council of the *Bergstraße* district. The assembly of the „Association of Subregional Planning Authorities or the Rhine-Neckar Area“ elects the supervisory board (23 members) and the planning committee (20 members). The chairman of the Association is

elected by the assembly for a two-year-term. The director of the Association, who is employed in a full-time capacity, represents the chairman, is in charge of managing the Association, prepares meetings and is responsible for the implementation of decisions.

To finance itself, the Association levies a charge on its three members that is dependent both on the number of inhabitants and on the taxable capacity of the local authorities. The *Unterer Neckar* local planning authority and the „Standing Conference of local planning authorities Rheinpfalz“ also cover the costs for planning programmes that the management of the Association implements on their behalf. The Association is authorised to set up unified planning programmes for the entire region on the basis of its local statutes. It has also become obvious that the tasks and problems that arise in densely populated areas require regional co-operation and cannot be dealt with on a local level. Aside from physical planning, numerous other tasks such as local traffic, sewage and refuse disposal services, recreation, promotion of economic development or regional location marketing can be tackled in a more productive way from a technical, organisational and financial perspective; yet they still remain within the sphere of competence of local authorities.

For the people in the Rhine-Neckar area, the „Rhine-Neckar Public Transportation Network“ represents a clearly visible result of the coordination and co-operation within the „Association of Subregional Planning Authorities“. The network encompasses 17 local transportation firms and offers standard rates on busses and trains. Many people make use of the services not only to get to work but also to be mobile in their leisure time. What today is taken for granted, is the result of years of hard work and planning.

In February 1995, the decision was made to expand the public transportation network by adding tram routes. The plans for this expansion, like the entire concept for the public transportation network, were first formulated in regional policy plans. They were based on traffic investigations in the region, and in 1978 they became a part of the first regional policy plan of the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“. The approval of the three *Länder* rendered the plans compulsory. Concepts of a uniform public transportation system were already discussed in the early 1970s. Repeatedly, the Association had to function as initiator and mediator between local and state authorities until the wide gap between individual wishes and ideas was bridged.

The first step toward the public transportation network took place in 1973 when the „Rhine-Neckar Local Transportation Network“ was established. In 1979, it covered the entire Rhine-Neckar area. Its members were local transportation firms, urban districts and districts, the three *Länder* and the „Association of Subregional Planning Authorities“. It first introduced standard rates for season tickets. In 1984 with the assistance of the Association, local authorities and districts merged to form the „Joint Authority Public Transportation Network for the Rhine-Neckar Area“. It was this joint authority that established the „Rhine-Neckar Public Transportation Network“ in co-operation with the Federal and *Länder* Governments. Since December 1, 1989, local transportation firms within the public transportation network have offered standard rates on buses and trains. The Association participated in the realisation of the public transportation network not only by giving continuous assistance during the planning process, but also by contributing to discussions in which its leading representatives helped to develop the complicated traffic system in all its details. The work and time invested and spent to set up and co-ordinate the network is exemplary for the co-operation within the „Association of Subregional Planning Authorities“. The path toward a unified local transportation network thus illustrates the developmental process that took place: first the problems within the region were analysed; then followed the definition of regional development measures; finally, a new organisational structure in the form of the „Public Transportation Network Rhine-Neckar“ was developed. The number of participating local authorities and districts suggests that the establishment of a higher planning committee with experience in regional planning programmes was necessary. The reorganisation of the local transportation network can thus serve as an example for the way the „Association of Subregional Planning Authorities for the Rhine-Neckar Area“ works. The co-operation in the areas of sewage and refuse disposal services („Joint Authority for Sewage and Refuse Disposal Services in the Rhine-Neckar Area“) and regional location marketing (*Rhein-Neckar Dreieck e. V.* working group) took place in a similar fashion. With respect to assistance in planning and managing the two institutions, the Association provided personnel and know-how and made non-cash contributions in both cases.

The statutes of the Association specify that the setting up of a regional policy plan constitutes its main task, but they also leave room for regional co-ordination tasks by stating that the scope of action includes

- the representation of joint interests that result from the regional policy plan, and

- the necessary of necessary steps toward the realisation of the regional policy plan.

The „Association of Subregional Planning Authorities“ has frequently taken the initiative to bring about regional policy programmes and to support and promote developmental projects, and not only in the area of public transportation.

The regional co-operation model of the Association emerged as a consequence of the special conditions in the Rhine-Neckar area that stem from the fact that it is part of three federal states. It has proven to be problem-oriented, flexible and successful. A well-functioning work relationship between the participating political bodies was one of the many prerequisites. In view of the structural diversity, it is not surprising that occasional problems occurred. However, it was still possible to find a consensus that allowed room for individual wishes, interests and ideas. Through the political bodies of the participating local authorities and districts, the planning concepts of the Association influenced political discussions and decisions. Although a uniform and joint basis for political and administrative decisions did not exist, it was nevertheless possible to find a balance between the management of the Association and political factors.

Current discussions on the role of regions within Europe – and within Germany – have confronted the Association with new questions that need to be answered. An increased political influence of regions would result in the expansion of their duties and in a review of their organisational structure. The democratic legitimisation by direct election of a regional parliament could possibly correspond to such an increase of political influence, although this can only be achieved on a long-term basis.

It would be possible for the Association to expand its scope of duties by adding the domains of regional promotion of economic development or the co-operation of cultural institutions; the duties would be fulfilled in imitation of the successful administrative and conceptual co-operation that was achieved in conjunction with the „Joint Authority of Sewage and Refuse Disposal for the Rhine-Neckar Area“ and with the *Rhein-Neckar Dreieck* working group. The co-operation model on the basis of a regional consensus has proven to be successful and flexible with regard to dealing with tasks on the state or local level.

Currently, a new model for a unified, single-stage regional planning authority is being discussed. Its sphere of competence would include far-reaching tasks in these areas: infrastructure, protection of the environment, cultural institutions, sports, recreation, social and health services as well as

housing development and promotion of economic development. Legitimisation through direct election of the authority's assembly would suit this model very well.

The „Association of Subregional Planning Authorities for the Rhine-Neckar Area“ performs planning and co-operation tasks on a scale that so far has not been achieved by other regions. However, the fact that its situation extends into three different *Länder* suggests that it could require a long time until an opinion has been formed as to how its political position could be strengthened. The successful co-operation within the Association, but also the necessity of transboundary regional planning programmes illustrate that new foundations for new organisational forms are needed to do justice to the needs of the Rhine-Neckar area.

List of participants

1. Dr. *Joachim Beck*, Official in charge of crossborder problems, Kehl/Speyer
2. Univ.-Prof. Dr. *Arthur Benz*, Martin-Luther-Universität Halle
3. em. Univ.-Prof. Dr. *Willi Blümel*, Deutsche Hochschule für Verwaltungswissenschaften Speyer
4. Univ.-Prof. Dr. *Eberhard Bohne*, Deutsche Hochschule für Verwaltungswissenschaften Speyer
5. Dipl.-Politikwissenschaftler *Gerd Eckstein*, Wissenschaftlicher Mitarbeiter der Deutschen Hochschule für Verwaltungswissenschaften Speyer
6. Univ.-Prof. Dr. *Gisela Färber*, Deutsche Hochschule für Verwaltungswissenschaften Speyer
7. *R. Scott Fosler*, President of the National Academy of Public Administration (NAPA), Washington, D.C.
8. Dipl.-Verwaltungswissenschaftlerin *Natascha Füchtner*, Forschungsreferentin am Forschungsinstitut für öffentliche Verwaltung bei der Deutschen Hochschule für Verwaltungswissenschaften Speyer (FÖV)
9. Ministerialdirigent Prof. Dr. *Klaus-Eckart Gebauer*, Leiter der Kabinettsabteilung, Staatskanzlei Rheinland-Pfalz, Mainz
10. *Carl Haase*, Management Director, Kehl
11. Dr. *Johathan Howes*, Director of University Outreach, University of North Carolina at Chapel Hill
12. Dr. *DeWitt John*, Director, Center for the Economy and the Environment, National Academy of Public Administration, Washington, D.C.
13. Dr. *Curt Johnson*, Chairman, Metropolitan Council – Twin Cities Region, St. Paul, Minnesota
14. Univ.-Prof. Dr. Dr. *Klaus König*, Geschäftsführender Direktor des Forschungsinstituts für öffentliche Verwaltung bei der Deutschen Hochschule für Verwaltungswissenschaften Speyer (FÖV)
15. Dr. *Thomas Larson*, International Transportation Consultant, Pennsylvania
16. Dipl.-Volkswirtin *Elke Löffler*, OECD-PUMA, Paris

17. Dipl.-Geograph *Klaus Mandel*, Mannheim
18. *Ann Mladinov*, Senior Research Associate and program coordinator for the Standing Panel on the Federal System, NAPA, Washington, D.C.
19. Dipl.-Ingenieur *Wolfgang Patschke*, Mannheim
20. *Mark Pisano*, Executive Director of the Southern California Association of Governments, Los Angeles
21. *Janis Purdy*, Senior Policy Fellow, The Urban Center of the Maxine Goodman Levine College of Urban Affairs, Cleveland State University, Cleveland, Ohio
22. *Eckart Schlemm*, Leitender Ministerialrat, Landesvertretung Rheinland-Pfalz beim Bund, Bonn
23. Univ.-Prof. Dr. Dr. h.c. *Heinrich Siedentopf*, Deutsche Hochschule für Verwaltungswissenschaften Speyer
24. Privatdozent Dr. *Karl-Peter Sommermann*, Institutsreferent des Forschungsinstituts für öffentliche Verwaltung bei der Deutschen Hochschule für Verwaltungswissenschaften Speyer (FÖV)
25. Assessor iur. *Christian Specht*, Raumordnungsverband Rhein-Neckar
26. *Gerhard Stepper*, Ministerialdirigent, Ministerium für Wohnungswesen, Städtebau und Verkehr des Landes Sachsen-Anhalt, Magdeburg
27. Dr. *James Svara*, Director, Public Administration Program, North Carolina State University, Raleigh, North Carolina, and currently visiting researcher, Department of Political Science and Public Management, Odense University, Denmark
28. Assessor iur. *Christian Theobald*, Wissenschaftlicher Mitarbeiter bei der Deutschen Hochschule für Verwaltungswissenschaften Speyer
29. Dr. *Gregor Weiner*, Economic Promotion Rheinland-Pfalz, Mainz
30. *Dietmar Weiss*, Management Director, Kehl

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● FORSCHUNGSINSTITUT FÜR ÖFFENTLICHE VERWALTUNG
bei der Deutschen Hochschule für Verwaltungswissenschaften Speyer
Freiherr-vom-Stein-Straße 2 • 67324 Speyer • Postfach 1409
Tel.: 0 62 32/65 43 86 • Fax: 0 62 32/65 42 90
e-mail: foev@dhv-speyer.de • Internet: <http://foev.dhv-speyer.de>

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