

Chapter 16: Conclusion: An Evolutionary Look at New Development Paths

Gábor Lux and László Faragó

Introduction

Researching the regional transformation of Central and Eastern Europe has been a subject often neglected in social sciences which were dominated by macrolevel analyses and thematic studies. While the EU accession period saw the proliferation of research programmes on structural and cohesion policy, most of the thematic volumes contained studies on the regional transformation of individual countries focusing on specific topics (e.g. declining industrial regions, the spatial distribution of FDI, the transformation of rural spaces, or new directions in urban development). However, relatively few works have presented a comprehensive view of a macroregion in a monographic format, and most of these were written more than fifteen years ago (Heenan and Lamontage, 1999; Bachtler, Downes and Gorzelak, 2000 and Turnock, 2001); more recent works include Gorzelak, Bachtler and Smetkowski (2010) and Lang et al. (2015). Neither have the new development directions and the questions of the post-crisis period been adequately explored.

With an eye towards the most important development paths, this chapter aims to present both the current situation and the upcoming challenges of CEE regional development. This development undoubtedly rests on strong path-dependence, but while some trajectories are old mainstays in socio-economic development, others are getting exhausted or are already on their way out. Which is which and what makes the difference? As the contributions of this volume attest, the post-crisis period increasingly appears to be a significant turning point in many respects.

When dealing with the long-term development paths of the CEE macroregion, we inevitably have to face questions about the *longue durée* of regional development and the weight of history. Indeed, where does post-socialism end? This term has been in common use since 1990 (although some transformation processes were already under way by the 1980s), and it has served well to describe a period of transition and European (re-)integration. But even if the inherited structures are prominent and the socio-economic phenomena path-dependent, can we describe a macroregion with the legacies of a political system that has been defunct for more than 25 years? Judging by the popularity of ‘ruin porn’, the photographic exploitation of decaying post-industrial landscapes, there is a certain fascination with this wreckage in the public eye. Although they enjoy worldwide popularity, these images are indelibly linked to the perception of Central and Eastern Europe, and they are enduring symbols of a ‘historical failure’ (Herrschel, 2007) or ‘the Eastern wilderness’ (Domanski, 2004a). They also play a role in the ‘reinscription of otherness’ in Europe’s eastern enlargement (Kuus, 2004), something that is just as often rejected by the macroregion’s own citizens as it is embraced (Sucháček and Herot, 2014).

Even if the weight of history remains too important to deny or reject, the findings of this book suggest that we might speak of post-socialism coming to its end, or as something that has

already become a thing of the past. It is hard to draw a definite dividing line. The 2004 EU enlargement seems to be too early. The onset of the 2008 crisis and the new landscape of post-crisis Europe appear to be a point of departure for something new. The existing development paths produce diminishing returns, and hopefully other opportunities will emerge to take their place. The *post-transition* era is still greatly influenced by historical legacies, among them the surviving patterns of the socialist period are just one, while the *sustainability* of the post-socialist model is becoming a primary question.

Social sciences in CEE have always had to struggle with the issues of delayed or underdevelopment, and after a few exuberant years following 1990 these questions returned as a series of apparent paradoxes. How to develop efficient and prosperous economies from badly decayed foundations (Chapters 2 and 4)? How to build entrepreneurship without entrepreneurs (Chapter 3), or effective regional governance with persistent legacies of centralisation (Chapters 7)? What about the openness of borders in a macroregion where the former borders have so often been painfully redrawn and contested (Chapter 9), and where ethnic minorities have never had it good – but there were important distinctions between ‘bad’ and ‘much worse’ (Chapter 10)? Since the new financial and economic crisis, a spirit of defeatism and cultural determinism has come to haunt the discussions about socio-economic issues (Pogátsa, 2014, 2016), and it has been fashionable in CEE discourse to treat the macroregion’s prospects with dismissal or blatant contempt. Yet contempt for the self is not more noble than contempt for the other.

Indeed, many of the aforementioned issues have shown gradual improvement, if they have not been completely or even permanently resolved. Good practices have emerged and gained traction. Time may heal many wounds – in which case the questions to be asked are perhaps: ‘But do we have that time?’ and ‘Where should we be going next?’ In lieu of a recapitulation of the preceding chapters, such questions – and there are more questions than answers – will occupy this chapter. Two sections will deal with a discussion of current development processes and future challenges *within* Central and Eastern Europe, while the other two will extend the scope of the debate to focus on the issues of *broader* European integration from a CEE perspective.

Scale: An Issue of Staying Power or One of Increasing Importance?

Regional development in our time favours the centres rather than the peripheries and foments concentration on all spatial scales, while abandoning, or at least diminishing, the relevance of the regulative barriers and redistributive policies which had previously kept these concentration processes under control. The *global interface* – formed by myriads of linkages in communication, transport and trade – emerges as a highly permeable medium which does not give rise to ‘the death of distance’, but serves to greatly reduce its significance. Globally integrated spaces become ‘closer’ than the ones separated by less physical distance, but they are not deeply embedded within the world system, which results in ‘subverted proximities’ (ESPON ET 2050, 2015). Globalisation is not merely a top-down process, since it is also a product of localities and individuals engaging in everyday trade and consumption. However, the overall process has its dominant drivers and unambiguous winners. The worldwide rescaling process allows the interconnected space of global integration to wedge itself between the smaller local, regional and national spaces, reconfiguring them according to its own logic. The success of metropolitan city regions is a potent argument in favour of the policies that provide further privilege for their development model. In adapting to the conditions set by ‘limitless

globalisation’ and a ‘metropolitan world’, Europe itself reframes the debate about its strengths, values and identity – in fact, it reframes the questions before it could even consider the answers.

Several chapters in this book deal with the various ways the rescaling process affects Central and Eastern Europe, a macroregion with less dense networks and less prominent centres. Scale and density are the most path-dependent variables in regional development; they are the results of long-term accumulation processes which are revealed most clearly in urbanisation. The long-term urbanisation deficit as compared to Western Europe has historical roots and is a key issue of future development. As ‘carriers of history’, urban networks can be more stable than states; while the state formation processes in CEE entered a new phase after 1990, the towns and cities remained relatively stable. Even where the cities themselves have declined due to the late arrival of suburbanisation, city regions have gained importance.

In examining this ‘foundation’ underpinning many other networks, Chapter 5 has shown how *post-socialist restructuring was city-lead in many ways*. Transformation was mostly about the affairs of cities, and groups of large cities and metropolitan areas have increasingly emerged as the most competitive actors of the post-transition period. Corridors and transport systems mainly serve to connect these regional hubs and to further their integration and competitiveness at both European and global levels (Chapter 12). The present era of globalisation does not offer minor cities and small towns a correspondingly important role; they find it much harder to develop competitive functions, or even to maintain their former positions in structuring and integrating the space economy. It remains a question whether large cities can assume the role of integrating the surrounding territories, or they will integrate into European and global networks, thus undergoing disembedding, reducing their attachment to their hinterlands. The lack of successful territorial integration will undoubtedly result in increasing territorial and social polarisation.

The relevance of city networks and the rescaling process can be found in many aspects of regional development. The uneven geographies of the post-industrial service economy affect the economic structure (Chapter 1), manufacturing (Chapter 2), entrepreneurship (Chapter 3), business and financial services (Chapter 4), and also the spread of the knowledge economy (Chapters 13 and 15). Successful service-based economies thrive in the central regions and at selected points in space, while manufacturing remains a powerful dynamising force in the provinces, delineating the spaces of integration and disintegration. It is not simply the level of urbanisation that matters: there are also other dividing lines, most prominently the one between the Visegrad countries and Slovenia on the one side, and South-Eastern Europe on the other. The most advanced functions of the modern post-industrial age seem to be restricted to the metropolitan or submetropolitan settlement tier, as is the case with KIBS, ICT activities, or R&D and innovation – factors which in fact reinforce territorial concentration in the globalised economy (Audretsch, 1998; McCann, 2008; McCann and Ortega-Argilés, 2015). This ‘geographic determinism’ of our time (Sucháček, 2010) sometimes appears to be insurmountable.

In many CEE countries (except for Poland, and partially Czechia and Romania), strong urban counterpoles are missing, and thus the benefits of modern knowledge economy may remain restricted to national capitals and their surroundings, while the costs may be spread out over the peripheries. As Chapters 3 and 13 have evidenced (findings reinforced by the national data from the World Bank’s Knowledge Assessment Methodology, 2012), the CEE macroregion does not have a full-fledged knowledge economy yet, only some of its developed ‘islands’ have these

characteristics. The missing tier of large cities is a development challenge emphasising the importance of polycentric development scenarios and the role of territorial cohesion, something which might represent an alternative path to the current mode of unlimited global/metropolitan competition. We should learn more from the good examples of those German, Italian and French regions which have relied on mid-tier, non-metropolitan urban centres and achieved strong social cohesion and network integration. Although this growth model has been slightly 'out of fashion' since the rise of metropolitanism, its study should be revived and its lessons be applied broadly.

Regional Development Patterns and Emerging Structures in a System of Dependencies

The relationships in which the CEE economies and social milieus have found themselves after transition are characterised by multiple dependencies in terms of financial capital, the source of know-how and even policy transfer. These dependencies are notable because while they are gradually becoming mutual, they remain both asymmetric (the periphery is more dependent on the core than *vice versa*) and unilateral (the periphery is dependent on one core, but the core has a set of multilateral linkages all of which are relevant but none critical). Integration can offer mutual benefits, but it can also transmit the results of shocks which get magnified on the periphery or become unequally distributed in a centre–periphery relationship – as exemplified by the Eurozone crisis. This relationship has far-reaching consequences for the macroregion's development outlook and its political bargaining power; and it has led to a unique brand of modern capitalism that simultaneously resembles the core's model and is distinct from it.

Indeed, the whole CEE development path fits into what the 'varieties of capitalism' debate in comparative economics dubs the 'dependent market economy' (DME) model (Bohle and Greskovits, 2004, 2006; Rugraff, 2008; Nölke and Vliegenthart, 2009). In contrast to the less regulated liberal market economies (LMEs, e.g. the US), as well as their co-ordinated counterparts (CMEs, e.g. Germany), DMEs' competitiveness is tied to '*a specific type of comparative advantage that is not based on radical innovation (LMEs) or incremental innovation (CMEs), but rather on an assembly platform for semistandardised industrial goods*' (Nölke and Vliegenthart, 2009, p. 679). The mutually dependent relationship has led to unquestionable advantages – rapid integration into global networks, capital inflows, knowledge and policy transfer – but the 'fast-track' development path has also entailed tradeoffs and increased vulnerabilities.

- TNCs exhibit *different firm behaviour* on home markets and near their subsidiaries: the most valuable segments of the value chain are kept close to corporate centres in developed economies, while the associated production functions on the peripheries receive much less attention. There are further differences in the local features of value chain management, the use of business services, local connectivity, attitudes towards the social net, etc.
- There are notable risks associated with *capital movements*, as production sites engage in intense competition for the reinvestment of company profits which can be easily repatriated or moved to other sites according to corporate strategies.
- Even in successful regions, over-reliance on FDI can result in *crowding-out and congestion effects*, targeting the product and labour markets of local companies and taking over their development niches.

- *Dependent financialisation* leads to different lending activity and development priorities in the centres and on the peripheries; risk-taking and consumer protection are both lower, while profit repatriation is higher.
- Most importantly, low-road competitiveness and external dependency pose long-term problems in the accumulation of financial, human, and maybe even social capital. Low-road, low-income competitiveness leads to a development trap: it hinders the formation of new, well-capitalised domestic enterprises, while encouraging skilled workers to move westwards in pursuit of higher wages. This leads to long-term human capital loss in CEE and undermines the potential sources of qualitative improvement.

The structures of dependency are self-reinforcing and can lock regions into static development paths, eventually making them succumb to economic crises and low-cost competitors.

The FDI-driven restructuring of manufacturing (Chapter 2) has reused the salvageable production factors of declining socialist industries, but has not yet produced a domestic milieu of high value-added production with strongly integrated networks. In many respects, the same applies to the service sector (Chapter 4) and agriculture (Chapter 6). In the early years of transformation there had been too much faith placed in the benefits of ‘creative destruction’, which entailed significant social and opportunity costs. Today we can see that over-reliance on FDI-based development was not only the easy path of European integration, but it has also been a source of vulnerabilities. The lack of ‘national champions’ – important actors in the rise of East Asian economies, and also in many EU states – and the weakness of domestic entrepreneurship are opportunity costs of transition. While the former problem cannot be remedied easily, the second should receive more attention. This is becoming increasingly a question of quality: high value-added economies with higher factor intensity and knowledge content, together with localisation, local embeddedness and network development (even network design). While the vertical logic and the authoritarian philosophy of central planning were antithetical to the development of horizontal socio-economic networks, the FDI-driven spaces of modern production also lack strong networks, because the main actors are *simply not interested* in them. Strong localisation is still more the exception than the rule. It is therefore a challenge of the next decades to proceed towards greater embeddedness and network development in production, and taking the ‘high road’ is the surest way to achieve that.

The functional decline of rural areas (Chapter 6) particularly raises the issue of reconsidering the current development model. Rural areas and small towns experienced further marginalisation in the post-socialist period, losing much of the little employment role they could muster (this process was especially marked in Hungary, causing the decline of a slowly emerging, broad and well-educated rural middle class). Neither agriculture, nor the labour-intensive food and light industries of small towns escaped without heavy long-term losses. Rural development has been a rather contested field of transition, shaped not only by the values and interests of local society, but also by the economic and social concerns of the non-rural elite groups. The national policy approaches, themselves the products of long-term historical development paths, both ‘channel’ and ‘filter’ the EU’s policy goals, and this strongly influences their effectiveness.

Conflicts between agriculture and its different models (small and large-scale farming, private and co-operative farms, crop production and complex product chains), as well as questions about recreational use, landscape preservation, rural tourism and the quality of life, are more often decided by decision-makers in the core regions than by the real needs of rural society.

Therefore, issues of employment and social cohesion have been sidelined by both business and, paradoxically, the ‘post-modern rural economy’ (Póla, 2016). Although this raises serious European concerns, the deep socio-economic problems of underdeveloped rural areas are not treated properly. One of the consequences of provincial hollowing-out has been rural poverty. However, the long-term result is depopulation and migration to both the national capitals and the European core regions. Population losses in Poland, Romania and since the economic crisis in Hungary have been intrinsically tied to these migration flows. Emigration might serve as a partial solution to underemployment issues, but the long-term losses of human capital, knowledge and working-age population can be expected to further worsen the prospects of rural CEE in terms of the economy, society, local politics, land use patterns and above all resilience.

Which way leads forward in the post-crisis, post-transition era? One key to the development of the CEE regions is capital accumulation, the other is greater investment into human capital. Path-dependent development can be seen in both successful and unsuccessful regions, in virtuous as well as vicious accumulation processes. The mutual dependencies and the co-evolution of local industries, knowledge creation and governance take shape in different forms. Successes tend to imply some sort of collective capital accumulation: in the form of valuable, localised knowledge, regional re-specialisation, or examples of good governance. All of these can become the seeds of new development paths, and they hold the promise of strengthening endogenous development capacity. The future will provide greater opportunities, but also greater responsibility for the local actors: effective governance (Chapter 7) will be just as important in the success or stagnation of a region as localised knowledge – all around the space economy.

Human capital is still a neglected field of regional development. While human potential is the key to unlocking new development paths, to the modern knowledge economy, and it is an important aspect of resilience (Chapter 11), its relevance has not been sufficiently considered in the CEE countries. Paradoxically, the conditions of post-socialism led to the chronic underfunding of education, healthcare and research and development just as they gained critical importance in development policy. Despite the rising number of higher education graduates, the regional knowledge creating and disseminating institutions have always been the first to suffer funding cuts. Meanwhile, the regional knowledge transfer role of universities, even the mid-range ones (Chapter 13), has become ever more important. Human capital is a major cornerstone of regional resilience, whether we perceive it as shock absorbing capacity, the ability to adapt to the future or to develop efficient and democratic institutions. The findings of Chapter 11 suggest that national capitals show the strongest resilience and peripheries the weakest. This clearly calls for investments in the peripheries to strengthen their own knowledge-creation, diffusion and adaptation capacities. It is a great challenge to change the trend of metropolitan knowledge concentration and to solve the absorption problems in the less favoured regions.

This necessitates rethinking the development philosophies, including the presently used policy instruments. The CEE countries haphazardly adopted the EU policies based on knowledge and human capital, and we may often speak of a kind of ‘mimetic’ development, where the development policy rhetoric was adopted, but the genuine content is missing. It is always easy to find exceptions, but we should generally be more concerned with the average. We are mindful of the good examples and good practices, but we are suspicious of the idealised case studies originating from the most advanced European or US regions, stripped of their contradictions and complexity. Some policies, such as the EU’s S³ (smart specialisation)

platform or the LEADER approach, are particularly suited to serve local needs, but what really matters is to empower the local actors and communities to reintegrate the socio-economic space (Chapter 1).

Questions for European Regional Policy

The enlargement of the European Union to 28 member states (2004, 2007, 2014) raised new challenges for regional policy, too. While the Union's territory grew by 36% and its population by 30%, its GDP growth barely exceeded 10%. Almost all of the newly joined regions are 'less developed', below 75% of the EU's average GDP at purchasing power parity. The EU's twenty least developed regions are all in the new member states. In spite of development funding, it is now clear that cohesion and catching-up are much slower than many had expected. The most developed member states do not necessarily have an interest in solving the problematic centre-periphery relationship, they are rather interested in developing a more accommodating and more adaptable periphery.

In the last fifteen years, two important shifts have taken place in European regional policy:

- Regionalism fell out of fashion as the member states' role in treating regional differences increased and attention gradually shifted from regions to cities, particularly the metropolitan areas.
- Regional policy based on redistribution was replaced with the narrative of 'encouraging growth and jobs' in *all regions*. In practice, support previously reserved for the less developed regions has been extended to their developed peers.¹

Previously, the Union's structural funds and the Cohesion Fund had supported the catching-up of selected (underdeveloped, restructuring, sparsely populated, etc.) regions, focusing on the 'cohesion countries' where most of these were to be found. The regional approach was based on the idea that functions taken over from national governments (e.g. restructuring, the mitigation of regional differences) would be easier to implement in a regional framework and that the regions can better formulate their own economic problems and cultural needs, and implement their own development programmes. The political and economic 'federalist movements' and the decentralisation efforts based on subsidiarity (see e.g. the works of Leopold Kohr, Denis de Rougemont, Jean-François Gravier and Guy Héraud; or in Hungary, Gyula Horváth, Ilona Pálné Kovács and János Rechnitzer) had brought regionalism to the forefront by the last decade of the previous century, well expressed in the term 'Europe of the Regions'. Cross-border co-operation (the Interreg or the European Territorial Co-operation programme) contributed to filling interregional co-operation with content.

European *new regionalism* was mainly built on the idea that the new territorial networks and the clustering of the post-Fordist economy would take place in regional frameworks. At the same time, there was neo-liberal consensus in questioning the role of central governments in economic development and regulation. The EU's 'four freedoms' have partially eroded the influence of national governments, but the 2008 crisis has shown that the operation of the free market needs more (local and national) community control. Companies, clusters and networks operating on the global markets exist within their national framework and function by using local resources. Consequently, they are heavily influenced not only by international competition, but also by national regulations and local circumstances (milieu, atmosphere, territorial capital). If Europe is built merely on the free flow of products, capital, services and

¹ In the 2014–2020 period, 'transition regions' receive 35.4 Bn euros, while the 'more developed regions' 54.4 Bn. Under the old scheme, disadvantaged regions could have received the full sum.

persons, then concentration processes arising from international competitiveness and increasing returns to scale will become the primary force behind economic localisation, and regions will be unable to provide better (more flexible or accommodating) framework conditions than the nation state.

The meaning of ‘bottom-up’, ‘endogenous’, ‘place-based’, ‘smart’ or ‘tailor-made’ development is self-evident: every state/region/settlement can grow through the most effective exploitation of its territorial capital. This is one of the undeniable truths of *spatially aware* development approaches. Yet the same principle receives a peculiar spin in contemporary European regional policy. These strategies start from the assumption that unfavourable, ‘less developed’ territories are able to utilise only smaller amounts for development effectively (cf. the lowering of the absorption ceiling), whereas support for developed regions is utilised more efficiently. Every region should fully use its capabilities, and whether they are more or less developed, all of them should be supported in this effort. This approach can be found in various documents and declarations made by EU leaders supporting implicitly or openly ‘multiple-speed Europe’.² In setting the mission for the Directorate General for Regional and Urban Policy (the name itself is a telling shift from DG REGIO) in 2014, the mission statement set forth a plan ‘where people in all our regions and cities can realise their full potential’ (EC 2014, 6).

The problem is that neither the priorities of the EU2020 strategy, nor the thematic objectives breaking it down (Community Strategic Framework) contain explicit goals relating to territorial cohesion; they suffer from ‘spatial blindness’. None of the five thematic goals outlined there are ‘spatially aware’. They focus on employment, R&D investments, climate protection and sustainable energy, education, and the fight against poverty and social exclusion. The specific issues and aspirations of countries only appear in connection with their implementing and localising these objectives, while regions are entirely omitted.

As Chapter 8 – and also some others in this volume – imply, territorially differentiated regional policies focusing on redistribution can best serve the objectives of reducing European territorial differences, and it is the principles of subsidiarity and multi-level governance which can help ‘translate’ them onto the regional and local levels. It is not sufficient for the Union’s political and administrative centres to occupy themselves with supra-national concerns; effective national and subnational solutions are also needed. The Mediterranean as well as the Central and East European countries are all interested in supporting the principle of solidarity and in continuing or expanding cohesion funding. We argue that this interest is mutual with the EU’s core countries because:

- A further increase in regional development gaps will lead to significant political and socio-economic (*especially* opportunity) costs that are higher than the costs of the amelioration of regional differences would be.
- The expansion of the internal market, the improvement of socio-economic conditions, and new co-operation opportunities between core and non-core regions are all mutually beneficial.
- Further European integration is unlikely to succeed with the Union’s current development differences, whereas increasing community-level territorial cohesion would provide a further impetus for this project.

² See Juncker (2014, 12): ‘My firm conviction is that we must move forward as a Union. *We do not necessarily all have to move at the same speed* – the Treaties provide for that and we have seen that we can work with different arrangements. Those who want to move further, faster, should be able to do so.’

- An internally strong European Union will also find it easier to deal with external challenges which can be expected to increase with climate change, the waning influence of US policy on European development and security, and the growing uncertainty in this multipolar world.
- Most importantly, a return to the European model of shared responsibility and solidarity will contribute to the strength of the Union, which it will not find if playing by the rules of unmitigated global (metropolitan) competition.

Concluding Thoughts: Europeanisation and the Challenge of Decentralisation

In the last two decades, many had expected *the further unification of Europe* by transferring functions from national governments to supranational institutions. Transfer processes were also expected from national government level to regional institutions being between the national and the local levels. Through the creation of the Committee of Regions by the Maastricht Treaty (Art. 198) and the preparation of the Community Support Framework (CSF) plans, regions had become part of the Union's planning and decision-making mechanism. At the same time, Commission and Brussels bureaucracy measures manifested themselves at the regional level. Co-operation between the Union and the regions served one another's legitimacy, 'capturing' national governments in a 'vise', 'sandwich' or 'nutcracker' (Borrás-Alomar, Christiansen and Rodríguez-Pose, 1994). Today we already know that this has brought no fundamental structural changes in the operational logic of either the EU or the national governments. Regions are only weakly involved in EU-level decisions, while the other two tiers are locked in power struggle. The notion of 'federalist Europe' was not underpinned by real development processes.

The EU started to see itself not only as an organisation representing European unity and striving for some 'sum total' or 'average' of diverse European interests, but also as the prime facilitator of further integration, having its own goals and supra-national or post-national interests (Chapter 9). These interests sometimes overruled the concerns of both the member states and EU citizens. Fearing to lose their sovereignty not only because of the EU, but of the apparently 'unlimited' globalisation as well, and also due to the series of crises sweeping the continent in 2008, 2010 and 2015, member states have responded in a similar way. This contradiction, always present beneath the surface of European integration, has come to the fore in recent years.

This conflict may be the result of a phase of development, or it might foreshadow a process of European disintegration. At the core of the matter we find that in abandoning their mutually set goals, the main shapers of integration – the nation states and the EUropean centre – have subverted the concept of regionalism and replaced its operational logic with their own centralist ambitions. We can speak of subverted regionalism in multiple respects:

- The EU–member-state balance and the spirit of co-operation have been replaced by the mutual antagonism of competing centralisms: one in Brussels and several others in the national capitals, neither of which serve the needs and interests of their respective peripheries.
- In lieu of subsidiarity, the EU has developed its own "civilising mission", to be achieved by any means if it serves the common interest; meanwhile nation states have returned to nation-building agendas at the cost of the community. Both of these are the products of top-down philosophies.
- Instead of serving the interests of territorial cohesion and the development of the peripheries, regional policy has been repurposed to fit central agendas: supra-national

and pro-globalisation interests at community level, and national goals at the nation state level.

- Development policy has become increasingly homogenised, abandoning for uniform solutions its erstwhile flexibility and the idea of local needs, and imposing central ideas about growth and progress on a differentiated socio-economic landscape.
- The prevailing development model – as discussed previously – hinges on privileging the metropolitan (global cities and national capitals) over the non-metropolitan, and subverts the interests and values of the latter in favour of the former.

Subverted regionalism does not only lead to losing an opportunity for growth and a potential European compromise (*Ausgleich*), but it indisputably abandons a valuable achievement (*acquis communautaire* in the original sense) of the European model. Substituting the competing centralisms of nation states and EUropean institutions for subsidiarity, we sacrifice ourselves on the altar of globalisation.

Distrust of the EU in the CEE member states has been less motivated by integration fatigue than by the consistent power asymmetries and the lingering fears both of external control originating from unpleasant historical experience and of becoming ‘voiceless’ or ‘unheard’. The EU institutions’ reaction to dissent on the peripheries has not served to build bridges and increase trust, instead, it often seemed to confirm these countries’ wildest fears. The breakdown of good faith has affected both sides adversely: in Brussels it has become tempting to use blunt force to achieve a desirable ‘European’ solution, while on the peripheries it has resulted in governments strengthening their grip on ‘their territory’ to defend vital interests. This is a conflict without winners, and the related negative prophecies may be self-fulfilling.

There has also been an important misunderstanding in the West–East relationship, explored a decade ago by Domanski (2004b) as ‘the pitfalls of paternalism and a claimant attitude’. CEE has a long, deeply embedded tradition of criticising the European core. The new notion of ‘Central Europe’ itself emerged as a criticism of the great powers’ callousness in treating the macroregion. This topic was discussed most prominently in Kundera (1984), and was expressed by the political movements demanding to end state socialism, restore sovereignty, and return to European normality lost in the World Wars. However, *criticism does not imply rejection*. Ideas and views challenging the European status quo are articulated with the intent to *better* European civilisation, not *best* it (EUrope’s CEE critics like to raise the point that they like the continent better than the post-1968 West does³). Questions striking to the heart of European identity – such as those raised about the financial and economic crisis or the ongoing migration challenge – do not ask ‘Do we want an integrated Europe?’, but rather ‘What kind of Europe do we want to integrate into?’ Such critical views are similarly common in the European core, but their legitimacy is less often – and less *easily* – contested and/or dismissed. (In fact, the notion that the beneficiaries of EU funding should not criticise is a disturbingly common attitude, even in CEE professional circles.)

However, the misunderstanding strikes both ways. CEE’s notion of dependency and victimhood can also become a convenient excuse for rejecting responsibility and substituting the criticism of the other for self-examination. Increased national sovereignty can just as easily subordinate

³ Kundera (1984), again, writing in the 1980s: ‘By virtue of its political system, Central Europe is the East; by virtue of its cultural history, it is the West. But since Europe itself is in the process of losing its own cultural identity, it perceives in Central Europe nothing but a political regime; put another way, it sees in Central Europe only Eastern Europe.’

the interests of individuals and communities; the only difference is that instead of a nebulous 'European project', the name of the concept is 'the national interest'. Centralists of every stripe are not fond of autonomy and independent thought: they seek to marginalise these and reassert their control by one means or another.

The position of the CEE regions and cities – and of course their citizens – in these processes is a key question. Are they simply recipients (subjects) of regional development and Europeanisation, or can they emerge as autonomous actors whose input can shape these processes or even initiate new ones? *Dependent relationships disempower individuals and communities alike. To be achieved through the principle of subsidiarity and a consistent agenda of decentralisation on multiple territorial scales (i.e. at European, national and regional levels), it is only autonomy that ensures that the actors take their fate into their own hands and become equal in exploring a new European future.*

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