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Multi-Level Governance – The Eastern Versions  
Emerging Patterns of Regional Developmental  
Governance in the New Member States

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## **Abstract**

This paper deals with emerging configurations of developmental regionalism, different patterns of multi-level governance in the CEE countries using examples from the Czech Republic, Hungary and Poland. EU conditionality and pre-accession programmes linked to the idea of a Europe of the Regions played considerable role in the changing, and in the case of some of the aspiring member countries, in the creating of regional institutional landscapes. While later, the same programmes became instigators of (re)centralization and re-nationalization, the interaction between uniform EU conditionality and diverse domestic conditions resulted in various emerging versions of NMG, different configurations of regionalism

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## **Introduction**

In the 1990s, new prominence was given to the notion of the Europe of the Regions, an old idea revived by the reforms of the European Union's Structural Funds (SF) (Loughlin, 1996; Borras-Alomar et al., 1994). The idea of a Europe of the Regions was one of those multivocal slogans that have meant different things to various constituencies: transformation of territorial government for some, an increasing role for regional actors in European developmental programmes for others. The revival of the discourse on the changing position of regions in the process of European integration has never produced either a unitary political vision or a single dominant analytical frame. The older and more utopian 'zero sum version' of this idea saw integration as a factor of the withering away of the nation state, or at least as a factor in redistributing large part of national governments' powers upwards to the level of European institutions and downwards, to the regions. A later positive sum version of the idea saw in the reformed SF policies a move towards 'networked governance', a win-win arrangement improving the positions of both the regions and national governments (Ansell, 2000). It strengthened government capacities to direct territorial development and make it more inclusive by way of extending its political accountability upwards to the Commission, downwards to the regions and sideways to non-state actors. This notion of networked governance corresponded to a reformulated and upgraded version of the old Madisonian idea of strengthening government by distributing its authority (Ansell, 2000; Bruszt; 2002). A third perspective was represented by those scholars who challenged the dominant state-centered account of European politics, and studied the diverse types of involvement of sub-national and other actors in policy making and implementation. In this approach, based partly on the study of the evolution of the SF policies, the content and the extent of 'involvement' of the regions in national and supra-national arenas was variable. This approach did not expect (and did not claim to have found) a unitary pattern of regional involvement. If in the first approach the talk was about 'decentralization' of central state power, and in the second, on the 'distribution of authority', in the third approach the formulations were more reserved. The emphasis was on the negation of the monopoly of the decision-making powers of central governments, the emerging and changing structure of the opportunities and constraints created by European integration for regions, and the diverse ways regions have used these opportunities (Hooghe, 1995; 1996; Hooghe and Marks, 2001; Bache, 1998, 1999; Keating 2001). This approach allowed for seeing decentralization in some cases, distributed authority in others, or some other change that challenged the monopoly of the government in still others.

These diverging perspectives have peacefully co-existed and at times cross-fertilized thinking on the actual or potential role of the regions in Europe in academic and political fields. At other times the dialogue among these perspectives resulted in an increased misunderstanding and cacophony. Multi-level governance (MLG) was one of those concepts that more often than not have contributed to the latter. It has been freely used by policy makers and scholars to refer to any of the three potential and/or actual processes sketched out above: change in territorial government, the remaking of territorial developmental governance or just the ending of the decision-making monopoly of the government implying some involvement of regions in policy making and implementation in one form or another at multiple levels.

In the pre-accession period, local and regional actors in the new Eastern member countries acquainted themselves selectively with diverse elements of the concept of MLG through the mediation of diverse EU assistance schemes. Throughout the 1990s, some of the EU programmes, and the EU instructors coming with them, stressed the vague principle of partnership among actors at the different levels of the state. Others put the emphasis, somewhat

misleadingly, on decentralization whilst forgetting the minor detail that domestic territorial state organization was the responsibility of the Member States, and was not part of the conditions of participating in the SF programmes targeting primarily the governance of territorial developmental programs (Keating, 2006). Diverse assistance and twinning programs also brought to the would-be member countries the disciples, some would say the evangelists, of Jacques Delors, the EU Commissioner who orchestrated the 1988 reform of the territorial development programs of the EU. Making references to the idea of a Europe of the Regions, the devotees of the third road ideas of the Delors Commission were not so much concerned about decentralization, as about promoting a notion of partnership that was about distribution of authority among national and regional players in developmental programming, implementation, and monitoring. More than that, as a precondition for the right use of distributed authority, they suggested and promoted programmes for regional (and local) empowerment, which implied upgrading the skills, the organization and capabilities of regional level actors. Until the late 1990s, even the Commission stressed a vaguely defined MLG and ‘regionalism’<sup>i</sup>.

The actual implementation of the EU conditionality linked to the SF programmes was also not free of ambiguities and contradictions. Throughout the 1990’s regions, and regional capacities were in the focus of several of the diverse pre-accession programmes guided mostly by values linked to the 1988 EU reform of territorial development policies. These pre-accession programmes have played a considerable role in the changing, and in the case of some of the aspiring member countries, in the creating of regional institutional landscapes, in the bringing about institutions for territorial developmental governance. Also, the same programmes have played a central role in populating these institutional fields with actors having the capacity to participate in regional developmental policy making and implementation according to the SF rules. Despite of some notable experiences with regional development governance in the early nineties (Bruszt, 2005), most of the would be member countries did not have at the time of the starting of the EU pre-accession programmes explicit regional developmental policies or institutions. Regional economic and social problems were addressed primarily through centralized and uncoordinated sectoral programs; in most of these countries there were no elected regions, and sub-national state and non state actors were weak and disorganized. The implementation of EU conditionality, in these countries meant to create a new policy field *de novo*, with new actors. By the time the new member countries actually had to adopt and use the newly updated SF rules and procedures, the organizing principles of using SF monies had dramatically changed. As accession drew closer, the Commission - disregarding all previous references to MLG and the investments in creating and/or upgrading local and regional capacities to produce and implement developmental programs - gave central states in the new member countries the prerogative to control regional policy making and implementation (Hughes, Sasse and Gordon, 2004, Bruszt, 2002, Keating 2006). The same SF programs that contributed to the revival of such notions as the Europe of the Regions or development through local empowerment in the 1990s became instigators of (re)centralization and re-nationalization by the time the new Eastern member countries acceded to the EU.

The attempt to impose a uniform mode of centralized governance was resisted to different degrees in the new member countries depending on the outcomes of previous state reforms, and of prior experimentation with territorial developmental programmes. Instead of uniform re-nationalization, regions have played diverging roles across these countries in the emerging regimes of territorial developmental governance. Using the examples of the Czech Republic, Hungary and Poland, this article argues that despite the drive for re-centralization in the years immediately prior to accession, regions have been involved in territorial development

governance at several levels; in none of the new member countries could central states completely monopolize developmental governance, nor did they necessarily want to. While in this sense we can talk about the emergence of some forms of MLG in these countries, it will be argued that these configurations of MLG, patterns of developmental regionalism, differ not in degree, but in kind.

The focus of this article is on territorial governance and the role regions play in the design and implementation of territorial developmental plans in the framework of the EU's SF programmes. In most of the new member countries there is only very limited developmental action outside the SF programs. In this sense, talking about changes in the governance of SF monies in these countries also means in most cases talking about the changing developmental role of regions, different configurations of regionalism. The next part of the paper offers an analytical frame for the discussion of patterns of developmental governance and locates the ideal type of regionalism that was the closest to the ideas of a Europe of the Regions revived by the 1988 SF reforms. The largest part of the paper is devoted to the discussion of the ways the EU conditionality and assistance interacted with diverse domestic conditions and resulted in various emerging versions of NMG, different configurations of regionalism.

### **Patterns of territorial developmental governance...**

Territorial developmental governance is still in the process of changing in the new member countries. The first 'planning period' in the framework of SF policies (2004-2006) started in all of the new member countries in the framework of centralized and hierarchical governance giving regions and regional actors only limited role, if any. The making of regional developmental programmes was centralized, meaning that contrary to the expectations raised by some of the EU pre-accession programmes, in the 2004-2006 period regions did not get autonomous room for making developmental policies on their own. The governance of these policies was also hierarchical, in the sense that central governments did not institutionalize power sharing with the regions in designing the sectoral programmes affecting the development of the regions. There was some move away from exclusive centralized and hierarchical control over development planning in all countries, but the direction of these changes varies. One can already observe differences in governance across the regions within these countries, and not unlike in the old member countries, the involvement of regions can vary dramatically across the stages of developmental governance<sup>ii</sup>. However, as will be discussed below, one can find the biggest differences across the different countries; in this respect, there are also similarities with the role for regional actors in older member countries.

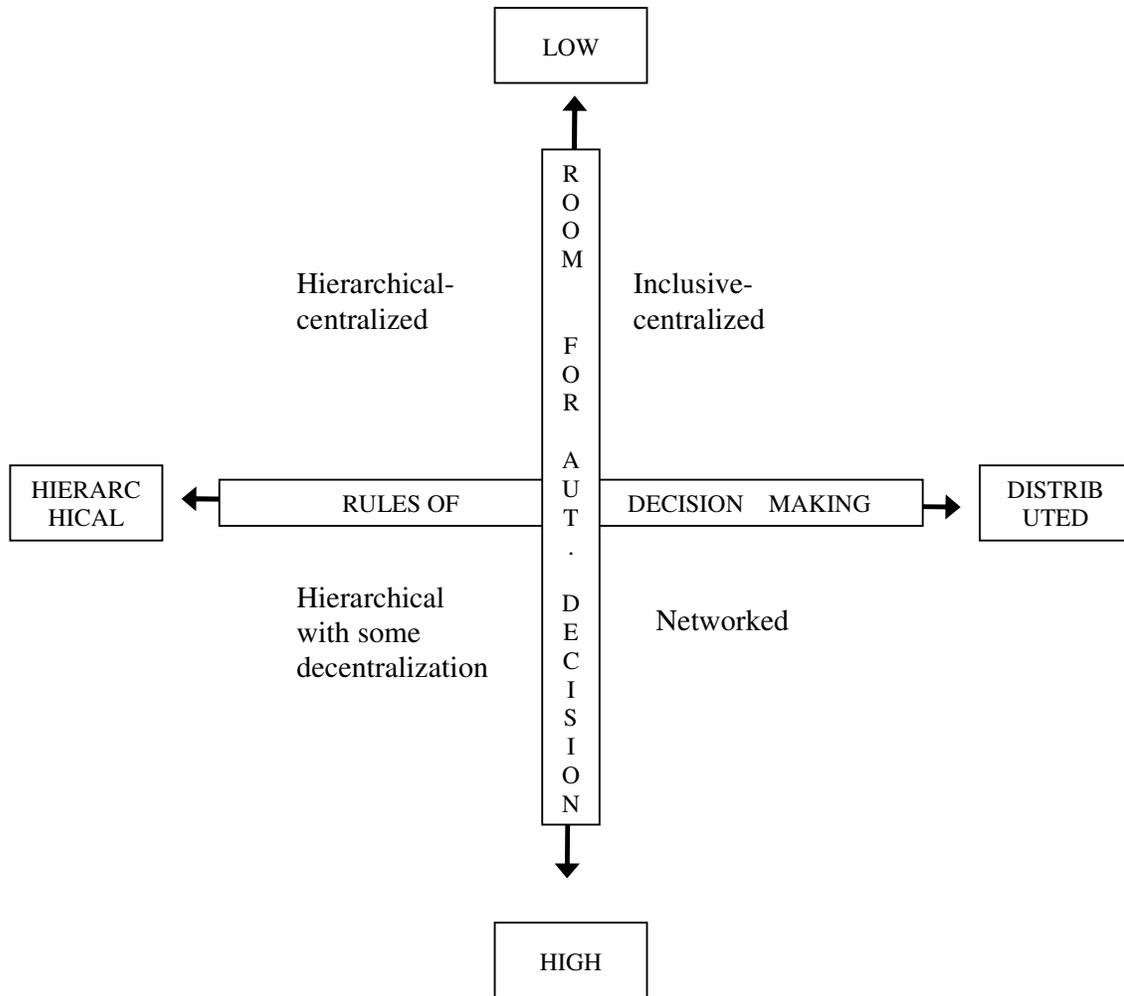
Since developmental governance is primarily about the power to decide who has a say and what counts in planning development, basically all discussions of the diverse patterns of governance take the diverse dimensions of the distribution of power into account in one way or another. For the discussion of diverse patterns, I propose here to use the two most obvious dimensions that matter most from the viewpoint of the changing positions of regions in developmental governance: the properties of the rules of making binding decisions about the goals and means of sub-national development, and the distribution of opportunities for autonomous action for lower levels of the state.

As to the first dimension, the rules of binding decision-making might be hierarchical retaining the right to take binding decisions on issues of regional development to a single unit (for

example, a central state agency), or they might be based on distributed authority. The second dimension - the distribution of opportunities for autonomous action - might range from cases where only the central state has room to undertake autonomous developmental action to cases where lower levels of the state also have autonomous room for identifying and solving problems of territorial development.<sup>iii</sup> It should be noted that this conceptualisation takes as granted that all types of governance involve, in one way or another, government – the entity that in the end has the right (and/or the obligation) to take binding decision in issues of territorial development. Government, in the Williamsonian sense, represents **the** hierarchical mode of governance *par excellence* (Williamson, 1975, 1995). It can function in specific policy fields in the framework of different institutionalizations of relationships with the other sub-national state and non state actors. When talking about modes of governance, therefore, we refer to patterned ways of distributing rights and authority between governments and other supra- or sub-national state and non state actors in a specific policy field.

Based on the combination of the above two dimensions, one can differentiate between four ideal types of regional governance (see Figure 1). The first two types are variants of the hierarchical mode of developmental governance, in which specific (usually sectoral) central state agencies have exclusive monopoly to define regional developmental goals and the best ways to achieve them. Hierarchical governance modes might differ from each other in the degree they allow for independent resources and powers for making autonomous developmental programs within the regions designed and implemented by regional actors. Governments, as it will be discussed below, sometimes gladly ‘download’ developmental responsibilities to the regional level whilst being very careful to retain the exclusive right to decide about key aspects of development.

The distribution of authority is the common feature of the other two types of governance, and this may also differ in the level and form of devolving autonomous developmental opportunities to the regions.



**Figure 1.** Four ideal types of governing regional development

A potential problem with this ideal typical conceptualization is that without clarifying the boundaries of the different types one could end up with many, or perhaps most, ‘real-life’ cases falling somewhere in between these types and/or moving from one mode of governance to the other. For the sake of conceptual clarity, it is important to define where the lines can be drawn between the different patterns of governance. On the first dimension (rules of decision-making implying variation in distribution of authority), one of the biggest sources of confusion in the various analyses of territorial governance is the soft use of concepts like ‘partnership’, ‘involvement’ or ‘inclusion’. Here I propose to differentiate institutionalised forms of power-sharing from any other form of ‘consultation’ that retain the formal monopoly of taking binding decision with the government. This distinction may be at the cost of losing several ‘in-between’ categories. However, it has the advantage of allowing making a clear distinction between two different types of role that states can play in governing development. Namely, this distinction allows us to differentiate between what Evans calls a “developmental state” and Ansell’s notion of “networked governance”. In the former case, in the absence of institutionalization of distributed authority, the act of consultation of even the widest variety of regional state and non-state actors is meant primarily to improve the intelligence of a top down ‘developmental

state' (Evans, 1986; Ansell, 2000). The introduction of the 'partnership' principle in the SF rules in most cases did not mean more than upgrading the capacity of the government to make developmental decisions based on better information, in the better knowledge of the possible social or political consequences of the hierarchical decision making. While even such 'consultations' might result in the emergence of temporary developmental alliances between the centre and the regions, we can speak of the transition to governance based on distributed authority when formal rules oblige the central state to base binding development decisions in broader or narrower fields on the accommodation of the heterogeneous interests of regional actors. All in all, for the first dimension it is proposed to distinguish between governance modes that are based on non-discretionary power sharing in decision-making, and those that are not. In the former case, formal rules force national level state actors to take the interests represented by regional actors into account while making binding developmental decisions.

With regard to the second dimension (devolution of room for autonomous developmental action), we can speak of devolution in a meaningful way in cases where there is a direct or indirect political representative body that is accountable to sub-national actors at the regional level, and, that has room for making and implementing developmental programs. Cases where such a body is absent, or where it is present but does not have autonomous powers to design and implement developmental programs, are not included in the devolution category.

Based on this distinction, we can exclude from the pattern of governance involving devolution cases where the 'regional' entity in policy-making is not composed of directly or indirectly elected political representatives of the region or sub-regional entities. This means that we exclude "Regional Developmental Councils" or "Regional Development Agencies" of 'administrative regions' consisting primarily of actors handpicked or approved by the central government. These bodies might have the right to control and distribute considerable resources but, since they have no formalized accountability relationships towards regional actors, they form part of more or less disguised centralized forms of governance. We also exclude cases where the formal or informal distribution of functions and fiscal resources between the central government and the units of regional government forecloses the making of autonomous development programs at the regional level.

### **...and the idea of networked governance**

The Commission has never had the power to impose on member states uniform rules of territorial developmental governance, and SF regulations have always given national governments ample room to interpret EU rules and adjust them to diverse domestic institutional realities. The ideal type of networked governance linked to the 1988 reforms of EU regional policies, and, the revival of the idea of a Europe of the Regions, has served more as a template or as a guiding ideology uniting the many diverse regional, national and EU level actors, participants and observers alike, who for one reason or another have rejected the older 'territorial Keynesianism' that gave the central state the task of governing territorial development. Networked governance, in its ideal-typical form, foresaw the removal of central state's *exclusive* right to define the means and goals of sub-national development on its own. However, this model did not simply propose the devolution of some rights of making and implementing policies downwards to the level of regions; instead, a/it included sub-national state and non state actors in the design of national level programs affecting the regions and / gave rights to regional actors to create and implement separate regional programs on the condition of defining and monitoring jointly the principles of using developmental resources. It thus aimed at creating a networked system of governance involving regional, national and

supra-national level actors in an interconnected decision-making system (Hooghe, 1998; Ansell, 2000). The ‘hardware’ of the envisaged networked governance, meaning the formal institutional set-up (the constitution of territorial government and the formal legal regulation of the relationships among the different constitutive units of regional governance) would remain the responsibility of the member states. As such, the Commission’s scope for influencing the shape of the mode of governance would primarily relate to the ‘software’ of the governance set-up. This would mean, on the one hand, the setting of the rules and principles of the disbursement of the SF monies in ways that made it hard for governments to use EU resources in a completely hierarchical and centralized way. On the other hand, the Commission could influence the evolution of the governance process by investing in upgrading the capabilities of diverse sub-national state and non state actors, thus helping them to become players in the game of ‘bottom up Europeanization’, pressing from below for distributed authority.

From the perspective of the central state, the ideal-type of MLG as networked governance would mean a radical departure from the hierarchical and centralized ‘territorial Keynesianism’. It would involve the extension of the political accountability of government agencies responsible for regional policy-making upwards to include the Commission (responsible for setting the principles and rules of the disbursement of SF moneys) as well downwards and sideways towards lower levels of the state and towards different types of non governmental organizations. Such distribution of authority combined with devolution of part of the developmental decision-making to regional level conditional upon meeting criteria jointly defined and monitored by actors at sub-national, national and supra-national levels would make participating members at different levels *interdependent*. Actors at different levels representing diverse interests would also be forced to continuously seek to produce public policies based on the accommodation of heterogeneous developmental considerations. From this viewpoint, networked governance could be seen as a way of organizing heterogeneity, integrating in developmental programs interests, values and considerations represented by heterogeneous state and non-state actors participating in the making and implementing of developmental programs. As a mode of policy-making, it is different both from ‘*hierarchy*’, which is a way of organizing a policy field or a polity according to one selective metric; it is also different from ‘*poliarchy*’ which, according to Robert Dahl’s usage of the term, represents diversity according to majoritarian metric (Dahl, 1972). Rather, this model of MLG would approximate a ‘*heterarchy*’, a mode of organizing diversity based on the institutionalisation of the search for accommodating heterogeneous metrics of valuation (Ansell, 2000; Bruszt, 2002). While only few empirical cases got close to this ideal-type of MLG, the concept of network governance played a powerful role in the process of setting the principles, rules and guidelines of the SF policies, and these principles guided several of the representatives of the Commission who have helped and directed preparation of the accession countries for the SF policies.

### **Factors of institutional change and divergence**

As was mentioned above, all new member countries were pressed by the Commission prior to the accession to move towards a flattened version of MLG, in which in the end only one level - the level of the central state - played a dominating role, and which excluded regional state and non-state actors from decision-making. Exclusionary governance did not become a stable equilibrium in these countries, however. In all of these countries one can find signs of ongoing struggles among domestic actors to redefine the imposed rules of the mode of governance. While one can see signs of departure from the exclusionary model in all of these countries, the outcomes of the contestation of the rules diverge country by country.

*A/ The Commission*

The analysis of the factors of institutional change and divergence begins with the role played by the EU and SF policies. From the viewpoint of aspiring member countries –Poland, Hungary and the Czech Republic included - the EU was perhaps the most active player in institutional change by setting the rules of SF policies, by attaching positive and negative sanctions to these rules, and by playing an active role in creating conditions that could improve the chances of participating regional and national players to successfully play a role in the framework of the SF programmes. While the possibilities for the Commission to directly influence change in the mode of regional governance was much weaker after accession, the EU as an arena offers domestic actors opportunities that can be used to influence the parameters of SF programs both at the national and the EU levels.

As stated above, the EU used strong incentives to influence government incumbents in these countries but its policy demands in relationship of the actual governance of the SF monies were incoherent. (Hughes et al.2004). Whilst in the 1990s, EU incentives were used to encourage power dispersion, as accession approached they were used to push CEE countries in the direction of re-centralization and a hierarchical mode of governance. Throughout the 1990s, the Commission made consistent attempts to influence the would-be member countries towards regional devolution, but the actual effects of these primarily informal pressures were ‘solely’ to help put regionalism on the agenda; domestic factors, rather than EU incentives, determined the nature of actual state reforms (O’Dwyer, 2006, Keating, 2006).

The EU conditionality and the different pre-accession support programs did, however, play a considerable role in altering the sub-national institutional landscape in these countries and empowering diverse sub-national actors by providing them with cultural capital (know how, skills via diverse training and exchange programs) and social capital (by including them in diverse domestic and transnational programs and projects with incentives for intra-regional and cross-regional networking, resulting both in increased sub-regional associativeness and increased number of relevant transnational ties). Also, by disseminating visions, ideas and norms related to ‘bottom up development’, the EU played a role in the establishment and/or strengthening of ‘regionalism’ in these countries. Finally, EU assistance programs played an important role in nearly all new member countries, by encouraging experimentation with the basics of making and implementing developmental programs in the framework of structured policy networks consisting of regional and national state and non-state actors<sup>iv</sup>.

Prior to the implementation of the institutional framework required to meet the EU conditionality for participating in the SF policies, both the bottom up demand for and the state capacity to supply elaborate territorial development policies was weak in the CEE countries. Regional institutions and actors, if there were any were weak, and with some notable exceptions the uncoordinated interventions of the sectoral ministries of the central state dominated sub-national development.. The weak civil societies in the CEE countries lacked sub-national territorial organization, and, could not politicize and transform into effective demand the territorial problems of economic transformation. On the supply side, besides having weak incentives, central states in most of the CEE countries also lacked the resources and skills, level of coordination among branch ministries to experiment with decentralized integrated and inclusive sub-national policy making.

The role played by EU conditionality and the related pre-accession EU assistance programs was to induce departure from institutional stagnation, partly by strengthening (in some countries, by creating) the demand side for changing territorial development governance and helping to upgrade also the supply side. They have played a considerable role in the changing, and in the case of some of the CEE countries, like Hungary, in the creating of regional institutional landscapes by contributing to the coming about of regional institutions with the capacity to design, implement, administer and monitor multi-year integrated development plans. Also, the same programmes have played a central role in populating these institutional fields with actors having the demand, and the capacity to participate in regional developmental policy making and implementation according to the SF rules.

In the early 2000s, in the period prior to the accession, the Commission changed its priorities and used its leverage towards the would-be new member countries to push them towards more hierarchical mode of governance (Bruszt, 2002; Hughes et al.; 2004). Changes in the Commission's policy priorities followed changes in the official EU definition of relevant state capacities that have to be strengthened in the would-be new member countries, and of the dominant metric of effectiveness in the framework of SF policies. In the first period, during the 1990s, the Commission stressed the need for creating sub-national endogenous problem-solving capacity with a focus on increasing the capacity of regional state and non-state actors to participate in integrated developmental policies. In that period, the envisaged role of the central state was primarily to co-ordinate, help, and monitor the making and implementing of regional developmental policies. Partly as a justification of the change in approach, however, after 2002 the Commission stressed the weakness of regional administrative capacities to manage and 'absorb' EU monies, and pushed the applicant countries towards centralized management (Hughes et al.2004). References were also made to the weakness of regional actors and civil society and the dangers of clientelism as a justification for re-centralizing management. This represented a clear change in the philosophy of the Commission. One of the justifications for the earlier regional level activism of the Commission was the need to nurture local actors who might counteract, or, at least weaken the clientelistic proclivity of national political parties and the paternalistic dominance of branches of national ministries within the regions. While the claim with regard to the general weakness of regional administration and civil society has never been empirically tested, the weakness of sub-national actors might prove to be a self-fulfilling prophecy under the conditions of the reinforced prerogatives of central state bureaucracies and national political party networks.

The new EU regulations for the 2007-2013 planning period did not alter the 'renationalizing' tendencies of the SF policies significantly, and for the time being the Commission does not seem to be interested in re-kindling its pro-regional activism in the 1990s.

#### *B/ National governments*

While central governments have been the clear winners of the new SF policies, government incumbents may not always be interested in monopolizing decision-making and/or centralizing all SF-related programmes. Governments might opt for some regional involvement and/or devolution if it helps them to improve effectiveness while not weakening, or actually strengthening, the dominating hierarchical mode of governance. The incentives to decentralize or re-centralize might also change over time. In the new member countries, there was experimentation with power-sharing modes of territorial governance in regional development before the introduction of the SF policies. In Hungary, for example, the first democratic

government after 1989 devolved sub-national labor market policy-making and implementation to tripartite self-governing bodies consisted of the representative organizations of business and labor and including the representatives of the county level state. The central government gave substantial funds to these bodies and gave them the right to decide about the distribution of these monies for diverse types of active and passive labor market policies to alleviate local employment problems. The Hungarian government thus gave up exclusive discretionary control over the national employment funds; at the same time, however, whilst the government lost control over previously centralized employment funds, it gained the possibility of sharing responsibility with local actors, thus shifting part of the blame for rising unemployment onto the latter. Once the immediate pressure was gone, the self-assured new government incumbents re-centralized the employment funds. In Poland, mounting problems of economic restructuring were behind steps by the central government to introduce elements of something resembling multi-level networked governance in some of the regions most hit by economic hardship already during the first half of 1990s (Dornisch, 2002, 2003; McDermott, 2002, 2004). This experimentation would also have been short lived were it not for the parallel emergence and strengthening of sustained pressure for regionalization (Bruszt, 2005).

Whilst immediately after accession hierarchical governance dominated in all the CEE countries, besides the pressure from below, it was the fear of weak 'absorption capacity' that led national governments to willingly give up part of their exclusive control over SF monies, and include regions and/or sub-national actors in parts of the planning and programming processes. Even in Hungary, one of the most centralized and hierarchical accession countries, nearly one fifth of SF monies will be devolved to the level of the regions during the 2007-2013 planning period; this is less as a result of pressure from below, and more in order to strengthen the absorption capacity of the country. In comparison, in countries with vocal elected regional governments like Poland and the Czech Republic, nearly a third of all the EU monies will be spent in the framework of regional developmental plans, called Regional Operative Programs (ROP)<sup>v</sup> an institutional structure that approximates networked governance. The remaining 60-70% of the disbursement of the SF monies for diverse sectoral programs will still happen within the framework of hierarchical governance, giving the regions at best the right to be consulted. In centralized countries without elected regions like Hungary, the incumbent government controls the regional developmental councils. Such countries have solely 'statistical regions' where the locally elected *notables* from lower levels of the state will have a limited say, if any, in the designing of regional plans. However, even in Hungary, the government supports the creation of planning associations among the small and fragmented municipalities in order to increase their 'project generation capacity'.

### *C/ Regional institutions and actors*

As will be discussed below in more detail, it is the pre-existing distribution of fiscal, political and functional powers between the central state and the regions that has been the most significant factor in leading to the divergence in the way in which regional developmental planning is governed in CEE countries. In the Czech Republic and Poland, there was *de jure* decentralization prior to the implementation of the SF rules. In both cases political devolution played a role in empowering regional actors to constrain central governments. In Hungary, where there is a fragmented system of municipalities without political regions, there has been no institutional constraint to counteract the centralizing drive of the national government. Although the specifics of fiscal, functional and political devolution differ in Poland and the Czech Republic, neither national government gave regional actors enough powers to keep hold of the authority that was re-distributed to them; in the first planning period when Brussels

‘suggested’ centralized governance, the regions were forced to comply. Once within the EU the centralizing SF rules were relaxed, and a move towards more inclusive policy making was initiated in both countries.

Although there are important differences among new members, the weakness of diverse non-state actors is a general problem in these countries (Rose-Ackerman, 2004). In most of the new member countries sub-national stakeholders are poorly organized, if at all, and lack cohesive regional developmental alliances. In a previous study on the mode of governing regional development prior to the SF policies we found evidence of the meaningful inclusion of civic actors in developmental programs in Poland, and to a much lesser extent in Hungary (Bruszt, 2005). Also, while we found some signs for attempts by central governments at empowering sub-national actors in Poland at around the time of accession, with the change of government such policies were discontinued even there. In the Czech Republic, throughout the 1990s, it was the official policy of the incumbent governments to strictly exclude non-state actors from policy making. Immediately after accession, Polish NGOs were the most vocal in demanding a bigger say in development planning. In Hungary, a weaker alliance of NGOs did the same a year later. National and regional NGOs from both these countries - primarily environmentalists and NGOs fighting against discrimination - successfully lobbied at home and in Brussels for changes in the developmental plans submitted by their governments. However, in none of these countries was evidence found of strong and cohesive regional alliances. In Poland, and to a lesser degree in Hungary, there are signs that such regional developmental alliances are emerging; the same can be observed, albeit to a much lesser degree, in the newly formed regions of the Czech Republic. The organizational power of the different types of sub-regional stakeholders – like labor, business and diverse civic organizations – varies in these countries but it is weak in most of the countries. Few of the organized non-state actors have the skills, motivations and the know-how to actively and effectively participate in making and implementing of regional development programs. While in all of these countries one can observe signs of pressure from below to include investment in the upgrading of civil society in the SF programmes, to date actual developments in this field are limited.

#### D/ Norms of appropriateness

Among the factors that might influence institutional change, finally, one can consider the dominating rules of appropriateness of the day: visions, arguments, principles that try to conserve or alter the definition of what sort of governance mode is appropriate, what is the ‘right’ metric of appropriateness, and in general, what is the ‘normal’ role of regions in governing development in the enlarged EU. In previous decades there was an ongoing debate in Europe over issues such as the goals that should guide territorial development, the right unit of regional development, or what were the conditions that would give rise to efficient local government (Keating, 2006). Until the 1980s, the top down model of redistributive ‘territorial Keynesianism’ dominated in Europe, giving exclusive powers to central governments and placing the emphasis on bureaucratic efficiency. That model was strongly criticized in the 1980s and 1990s for several reasons. From the viewpoint of the new Eastern member countries, perhaps the most important critique was that a top-down territorial developmental model left local actors in a position of ‘learned helplessness’ by preventing them from developing capacities of local problem-solving. Arguments from the New Public Management perspective and various third road ideas on local empowerment and inclusive governance were taken up by state reformers in the accession countries. Arguments for the replacement of the paternalistic redistributive state with an ‘enabling state’, busy with the creation of regional endogenous growth capacities, also resonated with these political actors, as did ideas about replacing the

earlier growth-centered developmental programmes with integrated developmental plans combining purely economic goals with diverse social, anti-discrimination or environmental goals. The critique of growth-centered developmental programs went hand in hand with a critique of the exclusionary policy making style and the increasing popularity of the argument about extending the political accountability of incumbents to guarantee that developmental programs will integrate diverse developmental perspectives. However, whilst these and similar ideas might have been popular among regionalist and state reformers in the new member countries, the ‘new’ ideas that have been dominant in the Commission since the early 2000s have proved increasingly popular among state bureaucrats and party politicians in governments. Here, we refer to the Commission’s more recent espousal of ideas that dominated in the 1960s and 1970s, namely arguments about the virtues of centralization and bureaucratic capacities. These renationalizing tendencies in Brussels went hand in hand with the ‘Lisbonization’ of the SF policies, which meant the streamlining of the goals of developmental assistance.

**Table 1. Factors of the dynamics of the mode of governing regional development in the in the new member countries**

	<b>Czech Republic</b>	<b>Hungary</b>	<b>Poland</b>
<b>“EU factor”</b>	Throughout the 1990s pushing towards devolution and helping to empower sub national actors. Stress on endogenous growth capacities. Prior to the accession (2002-2004) change in priorities and principles: pushing CEE countries towards centralization. Stress on administrative state capacities and ‘absorption capacity’		
<b>Problems with state capacities/effectiveness</b>	Excessively centralized policy making weakens ‘absorption capacity’ pushes governments towards some devolution and inclusion		
<b>Pre-existing institutional framework</b>	Existence of elected regions gives regional state actors relatively strong bargaining power to push for devolution and inclusion	Absence of regional state weak push for devolution and/or inclusion	Existence of elected regions gives regional state actors relatively strong bargaining power to push for devolution and inclusion
<b>‘Regionalism’ Territorial Development Alliances</b>	Weak	Emerging regionalist alliances pushing for some devolution and inclusion	Relatively strong regionalist alliances pushing for devolution and inclusion
<b>Norms of appropriateness</b>	Move within the EU from ideas of endogenous local/sub national empowerment, inclusion of local stake holders and increased political accountability of the government towards increased fiscal/administrative accountability, central management of development programming and ‘absorption capacity’		

### ***Emerging versions of MLGs in the new member countries***

The modes of regional governance evolving in the Czech Republic, Hungary and Poland are all far away from the ideals of an MLG based on distributed authority. They are, however, far away from it not solely to different degrees, but they represent modes of governance of different kinds. Each case is closer to one or the other poles of the modes of governing regional

development discussed above, and each consists of elements that ‘hybridize’ the mode of governance. In nearly all new member countries one can find some contestation of the rules of governance and /or temporary compromises between central state and regional actors that might lead to what historical institutionalism would call ‘layering’, or a ‘change in continuity’. Layering is the emergence of a change on the margins implying local rule transformation within a basically unchanged institution that does not challenge dominant characteristics of the mode of governance.<sup>vi</sup>

Above, some of the major factors shaping institutional change in these countries have been sketched out. Here, the argument is taken a step further in order to better highlight the country-specific path-dependent factors of institutional divergence. Prior to the implementation of the SF rules the evolution of the mode of governing regional development took place on a template of domestic political struggles over the control of policy-making power. These struggles across the region had two common drivers: the fight over controlling the design and implementation of economic policy, most notably privatization (and later economic transformation), which was the defining policy debate of the 1990s; and the fight over institutionalizing the formal distribution of political power at the sub-national level. The way these two struggles intersected and played out, defined the divergent paths of the Czech Republic, Poland and Hungary in their efforts to build regional development capabilities and conform to alternating EU standards.

From among these three countries, Poland had the most vibrant set of sub-national institutions. Despite initial efforts to centralize privatization, central government actors began delegating firm and bank restructuring and ownership change policy to a variety of national and sub-national actors early on, most notably the voivodeship, the regional level still run at that time by administration appointed by the central state (Dornisch, 2002, 2003; McDermott, 2002, 2004). . Moreover, Solidarity’s political strategy during the 1980s was to push for decentralization and build up grass root organizational capabilities. Solidarity activists saw sub-national government levels, especially municipalities, as vital domains of political control and policy change. Hence, these two factors led to the development of a broad array of economic development policies and institutions across the country, including a strong network of public-private regional development agencies, strong municipalities, and robust voivodeship councils. This path continued at the end of the 1990s with the overhaul of regional government jurisdictions, and a decentralization of health and educational policies. In short, Poland started at the centralized hierarchical pole but by the end of the 1990s, the country had moved gradually towards substantial political but considerably weaker fiscal and functional devolution. Despite reforms that gave the regions developmental managing authority shared with the central government, and central government efforts in the early 2000’s to encourage the coming about of regional developmental alliances, in the first planning period regions were weak bargaining partners to the central government. They were weakened both by their excessive fiscal dependence on the central government and also by the centralizing pressures coming from Brussels. In the first years after the accession the mode of governance was pushed back towards centralization, but the centralizing pressures could only temporarily freeze the tug of war between the central state and the regional governments.

In the 2007-2013 planning period, the Polish regions will participate in developmental policy making and implementation in a ‘layered’ governance framework. The dominant role in this period will clearly be played by the central government; the state bureaucracy will control around 60-70 % of the SF monies and will decide about sectoral programs in the regions, leaving the latter with the right to be consulted at the best. The regional operative programmes,

controlling around one third of the European developmental monies and done in a framework resembling networked governance, add a differing layer to the dominating mode of governance.

Hungarian economic and privatization policies were largely driven by central government. Only under the pressure of an economic crisis did the central government decentralize some tools of policymaking to the sub-national levels, such as labor market policies. In the absence of regional self-government, this institutional experimentation was not able to withstand re-centralization drives and was, therefore short-lived. However, the experimentation with governance forms that resembled elements of multi-level governance had a role in bringing about 'regionalism without regions': evolving alliances between central and local state reformers and among diverse regional actors resulting in a weak but vocal pressure for devolution and more inclusive policy making

The mode of governance in Hungary at the time of the introduction of the first National Development Plan ranging from 2004-2006 was closest to the first ideal type, consisting of some informal inclusion of sub-national actors in developmental programming without any formalized devolution. As noted above, problems with 'absorption capacity' were primarily behind the decision of the Hungarian government to transfer approximately 20% of SF monies to the ROPs for the 2007-2013 periods. In some Hungarian regions with more vocal regionalist alliances, this may equate to a move within a basically hierarchical mode of governance towards some non-formalized inclusion in the design of the ROPs. However, in the absence of regional representative bodies accountable to sub-national actors, it is probable that in most of the regional programs the actual mode of governance will be 'hierarchy in disguise' and central state actors will retain their controlling powers through the 'Regional Developmental Councils'

Finally, the Czech Republic falls between these two points of the spectrum. On the one hand, the country's liberal governments in the 1990s were notorious for the systematic weakening and fragmenting of sub-national governments and the exclusionary centralization of economic policymaking, revealed most clearly in the infamous voucher privatization scheme. On the other hand, one of the legacies of break up of Czechoslovakia was that provisions for both a Senate and a layer of regional government were included in the constitution. Driven by their fear of losing full control over policymaking, government incumbents did their best to block progress on both these issues. With the entry into government of the Social Democrats in the late 1990s, regional governments were finally established. In the newly created regions there are still very few actors with the experience of associative forms of governance; consequently, and in contrast to Hungary, in the Czech Republic one could still talk about 'regions without regionalism'. Nevertheless, the establishment of regional governments and their constitutional foundations portends a more systematic and politically contested regional governance regime in the Czech Republic than in Hungary. By the early 2000s, the Czech regional developmental regime has moved from somewhere close to the centralized hierarchical pole to the decentralized hierarchical pole. The establishment of elected regions at the turn of the century, with some autonomous powers and a move towards some power dispersion, happened just in time, before the EU-instigated re-centralization drive reached the country. During the 2007-2013 planning period, regions in the Czech Republic will move in the directions of Polish regions: around one third of the SF money will be devolved to the level of NUTS2 regions that usually consist of two elected regional self-governments. However, whereas in Poland one can expect in some regions with more organized regional actors the formalized inclusion of lower level state and non-state actors in the running of the ROPs, in the Czech Republic the weakness of regional actors makes it unlikely that regional developmental programmes will be developed in extended networks any time soon.

While in all of these countries hierarchical governance dominates, in all three countries elements of diverse modes of governance can also be identified; moreover, it is reasonable to expect shifts in the direction of different ‘layered’ versions of regional governance in future years. In Hungary, this will be towards an enlightened hierarchical MLG with the involvement of sub-national actors more in the implementation than in the design of the developmental programs. Out of the seven ‘statistical regions’ one, West Pannonia, has a fledgling but vocal bottom up developmental association among towns and smaller municipalities. Despite the fact that, as in all other regions, the central government controls the composition of the Regional Development Council, the bottom up developmental alliance has a say in the regional development policy-making, and it was this region that has opened the first regional representation in Brussels, independent from the central government. This kind of ‘regionalism without regions’ will not alter the dominant features of the hierarchical mode of governance, but in some of the most active regions developmental governance will have elements resembling networked governance.

The Czech and Polish layered MLG models will be more institutionalized and will include bigger guarantees for the power-sharing involvement of regional governments in the designing and implementing of ROPs. It is in some of the Polish regions that one would expect the first formal regulations on the inclusion of *non-state actors* in regional developmental policymaking; it will also be in the Polish regions with stronger and more cohesive regionalism that one can expect the institutionalization of the networked governance of ROPs. In both countries, however, the largest part of developmental governance, within the framework of diverse sectoral operative program, will remain under the hierarchical control of more or less enlightened governments.

## Conclusions

This paper argued that EU conditionality and pre-accession programmes linked to the idea of a Europe of the Regions played considerable role in the changing, and in the case of some of the aspiring member countries, in the creating of regional institutional landscapes. While later, the same programmes became instigators of (re)centralization and re-nationalization, the interaction between uniform EU conditionality and diverse domestic conditions resulted in various emerging versions of MLG, different configurations of regionalism. We have found emergence of elements of networked governance in the field of regional development governance primarily in the form of ‘layering’, as part of a dominating primarily hierarchical and centralized governance regime. Nothing demonstrates better the strength of pre-accession EU conditionality and assistance, and with that, the power of the idea of a Europe of the regions, however, than the fact that when the effective demand for power sharing in regional development governance in these countries re-emerged, it was to a large extent made by the actors supported, and in some cases created, by the EU assistance programs.

## NOTES

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<sup>i</sup> As Hughes et al. recall in their book on regionalism and Europeanization, many in the Commission favored a more decentralized governance, influenced by Hooghe and Marks’s study on multi-level governance, which

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demonstrated strong correlation between regional influence in structural programming and strong regional governance. Hence, DG Enlargement advocated the partnership principle in EU regional policy as best practice for the aspiring new member countries. “The goal was to develop multi-level governance with the appropriate ‘partnership’, ‘programming capacity’ and ‘administrative capacity’ with funds allocated to member states on criteria derived from socio-economic development at the NUTS II territorial level” (Hughes et al. 2004,p.75).

<sup>ii</sup> On the differences in the mode of developmental governance across regions within one country see Morlino et al, on the differences across the stages of governance see Hooghe and Marks, 2001

<sup>iii</sup> These two dimensions of the mode of regional governance basically correspond to a/ the de-facto and/or de-jure *distribution of rights* to participate in the making of binding policy decisions affecting the regions ranging from purely top down hierarchical decision making to one based on the distribution of authority among diverse participating actors including lower level state and non-state actors, and b/ to the *de jure or de facto devolution of fiscal, functional and political powers*, ranging from centralization of such power to the level of the central state to different combinations of devolution.

<sup>iv</sup> In the Czech Republic, for example, in the year 2000 three NUTS II regions were selected in the framework of a PHARE assistance program for the simulation of Regional Operational Programs (North West Bohemia, Northern Moravia and Central Moravia). The same happened in Hungary where PHARE started earlier to experiment with programs assisting the development of the institutional structure to enable the government to include actors from the ‘statistical regions’ in regional development policy making. PHARE assisted in the setting up of some of the first Regional Developmental Agencies in Hungary and through PHARE the EU influenced the number and shape of the developmental regions as well as their organizational structure (Hughes et al. 2004). In Poland the encompassing PHARE Economic and Social Cohesion Program (ESC) played an important role in the development of regional capacities for Structural Fund absorption. The administration of the projects under the ESC program was carried out parallel by two groups of bodies: management of the projects with a view toward assuring their harmony with regional development strategies was under the jurisdiction of the offices of the elected regional leader, the voivodeship marshals. The monitoring and financial aspects of administration were carried out by the offices of the voivodes, the representatives of the central state in the region.

<sup>v</sup> National developmental plans, according to the SF rules have to be disaggregated to specific operative programs. Most of these operative programs focus on specific sectoral and functional aspects of development like strengthening competitiveness or development of human resources. According to the SF rules separate operative programs have to deal with regional development. The distribution of SF monies across diverse sectoral and regional operative programs is largely at the discretion of member states and it is also up to the national governments to decide in what concrete form and to what degree they include regions in the making of regional operative programs.

<sup>vi</sup> On the concepts of layering and conversion see Thelen (2004) and Streeck and Thelen, (2005), and for the discussion of institutional change in similar terms in the field of Europeanization see Borzel and Risse (2000).

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