

A photograph of a man in blue shorts jumping in a lake. The background features a dense forest of trees and a rainbow in the sky. The text is overlaid on the top left of the image.

Globalization and Europeanization: changing governance and its impact to local/regional development”

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Outline

- Globalization – the process
- The effects of globalization and other processes
 - Technological and demographic changes
 - Sources for Green and Silver economies
- New (European) governance concepts and their impact to territorial development
- Europeanisation - leading to peripheralization so far

Why globalization and rural peripheries?

- European peripheries are nowadays largely shaped by globalization, causing shifts in their traditional economies, demographics and power structures, with implications for local governance.
- **Can peripheries provide similar or even better quality of life, incl. governance and institutional arrangements as the core to compete amidst globalization?**

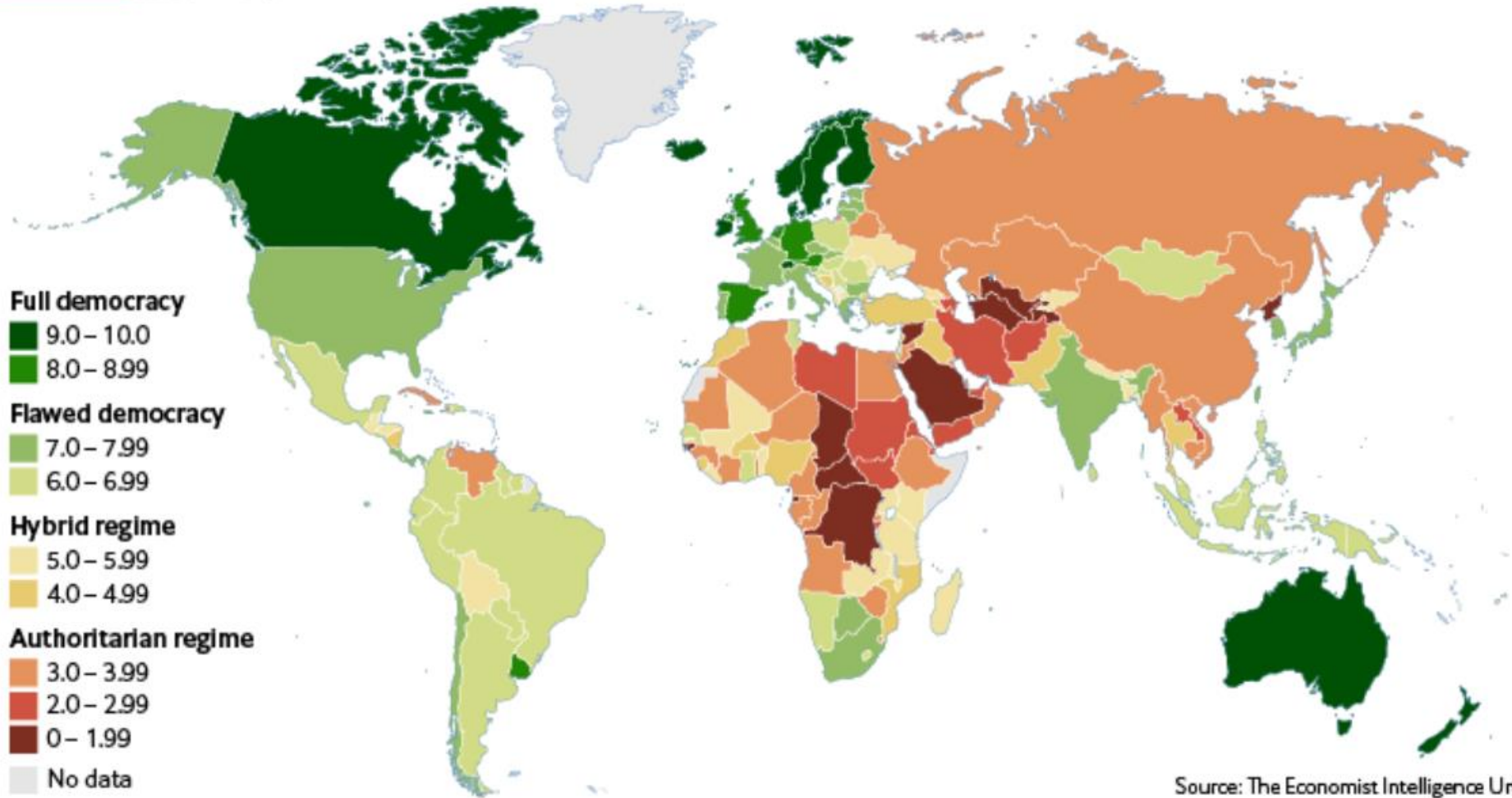
Definition

- **Globalization** is the action or procedure of international integration arising from the interchange of world views, products, ideas, and other aspects of culture.
- Globalizing processes are affected by business structures (mainly TNCs), big powers (governments), technologies, work organization, socio-cultural factors, and the natural environment.
- Academic literature commonly subdivides globalization into three major areas:
 - **economic,**
 - **cultural and**
 - **political globalization.**

The Hyperglobalist View

- Open markets and free trade across global markets allow more and more people to share in the prosperity of a growing world economy.
 - Economic and political interdependence, meanwhile, creates shared interests that help prevent conflict and foster support for common values.
- Democracy and human rights, it is asserted, **will spread to billions of people in the wake of neoliberal policies** that promote open markets and free trade.
- Hyperglobalists believe that the current phase of globalization signals the beginning of **the end for the nation-state** and the “denationalization” of economies.

Democracy Index 2017



Source: The Economist Intelligence Unit.

The Skeptical View

- Contemporary global economic integration represent nothing particularly new – the talk about globalization is exaggerated.
 - The skeptics look to the nineteenth century statistical evidence of world flows of trade, labor, and investment.
 - They argue that contemporary economic integration is actually much less significant than it was in the late nineteenth century.
- The skeptics are also dismissive of the idea that the nation-state is in decline.
 - National governments are essential to the regulation of international economic activity and that the continuing liberalization of the world economy can only be facilitated by the regulatory power of national governments.
- The skeptics understand regionalization and globalization to be contradictory tendencies.

The effects on globalization

Urbanizing spiky world

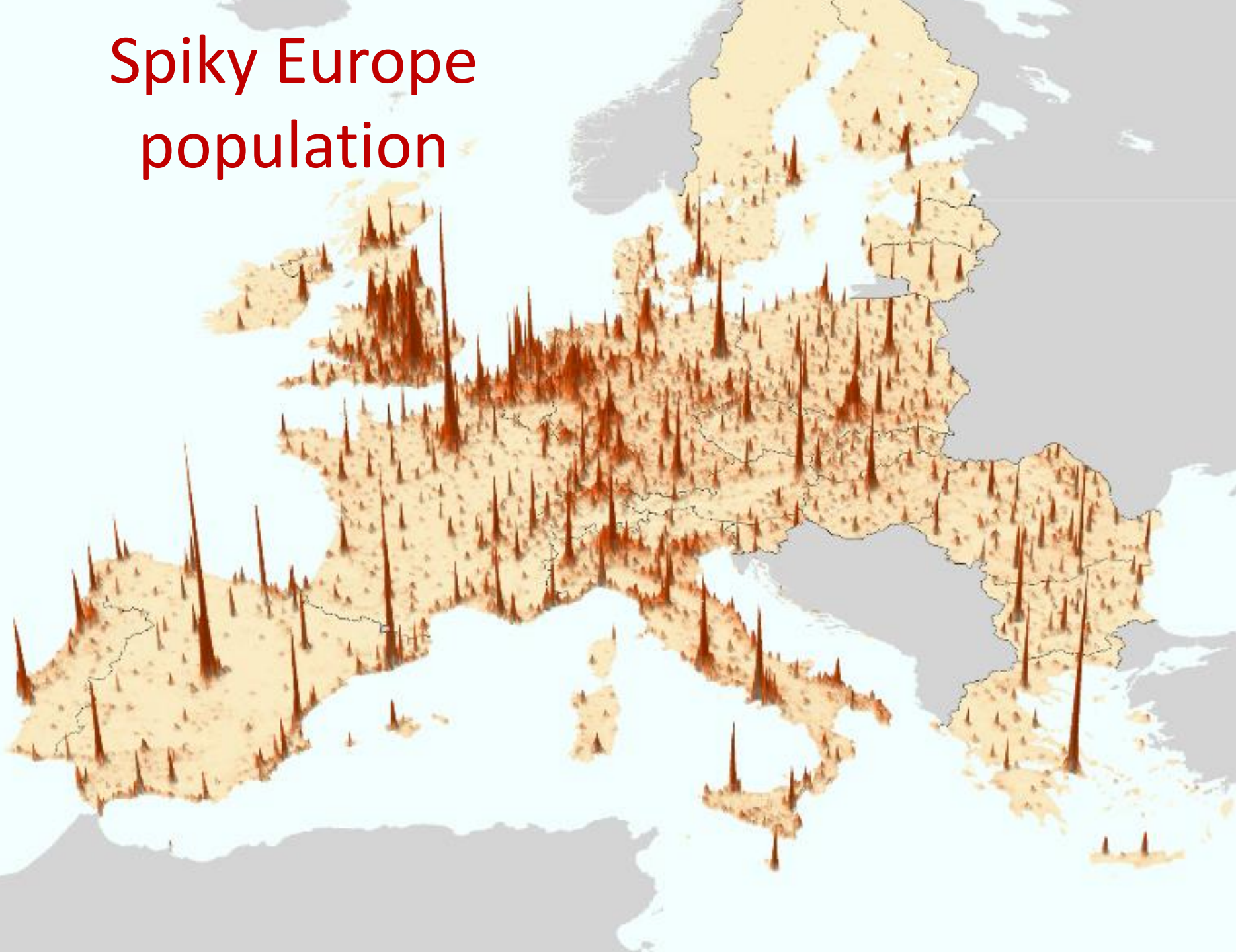
Shrinking and restructuring economic space

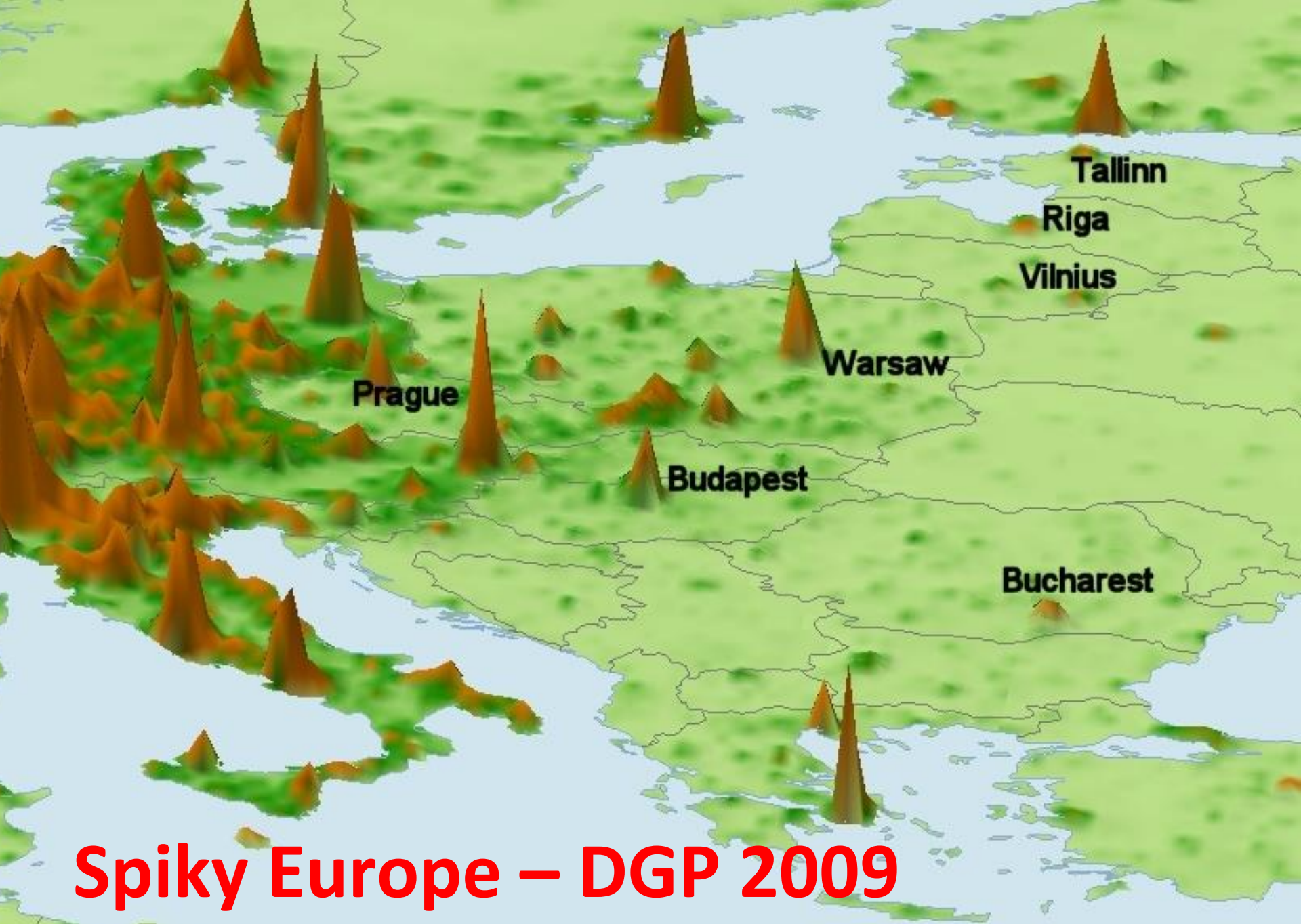
Global climate and population changes





Spiky Europe population

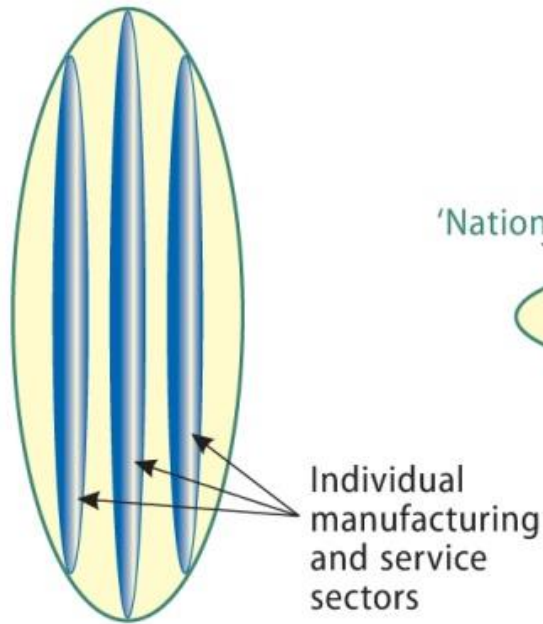




Spiky Europe – DGP 2009

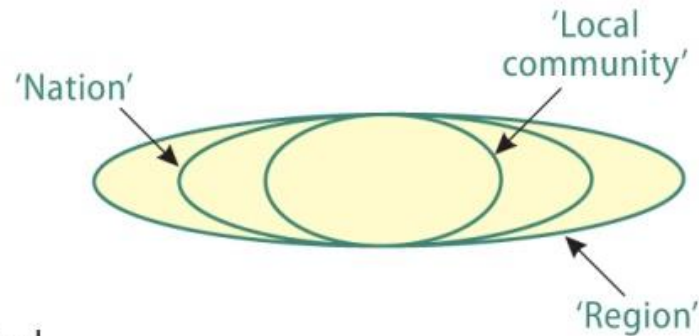
Interconnecting dimensions in a globalizing economy

(a) The 'vertical' dimension



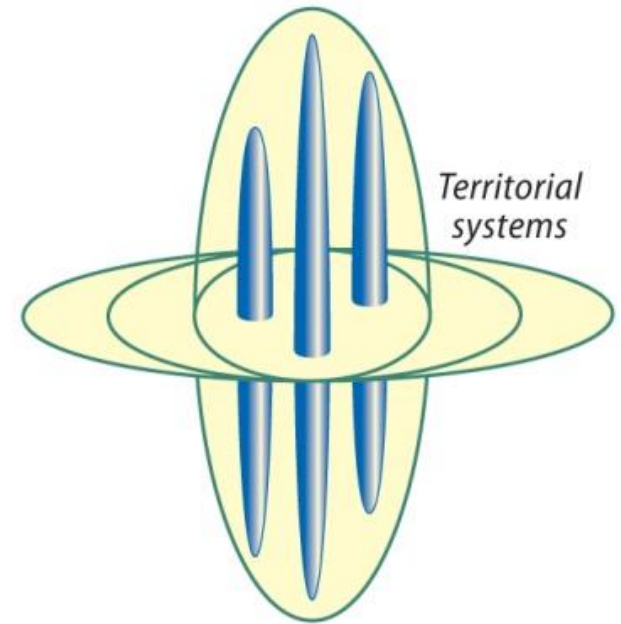
Global production networks

(b) The 'horizontal' dimension



Territorial systems at different geographical scales

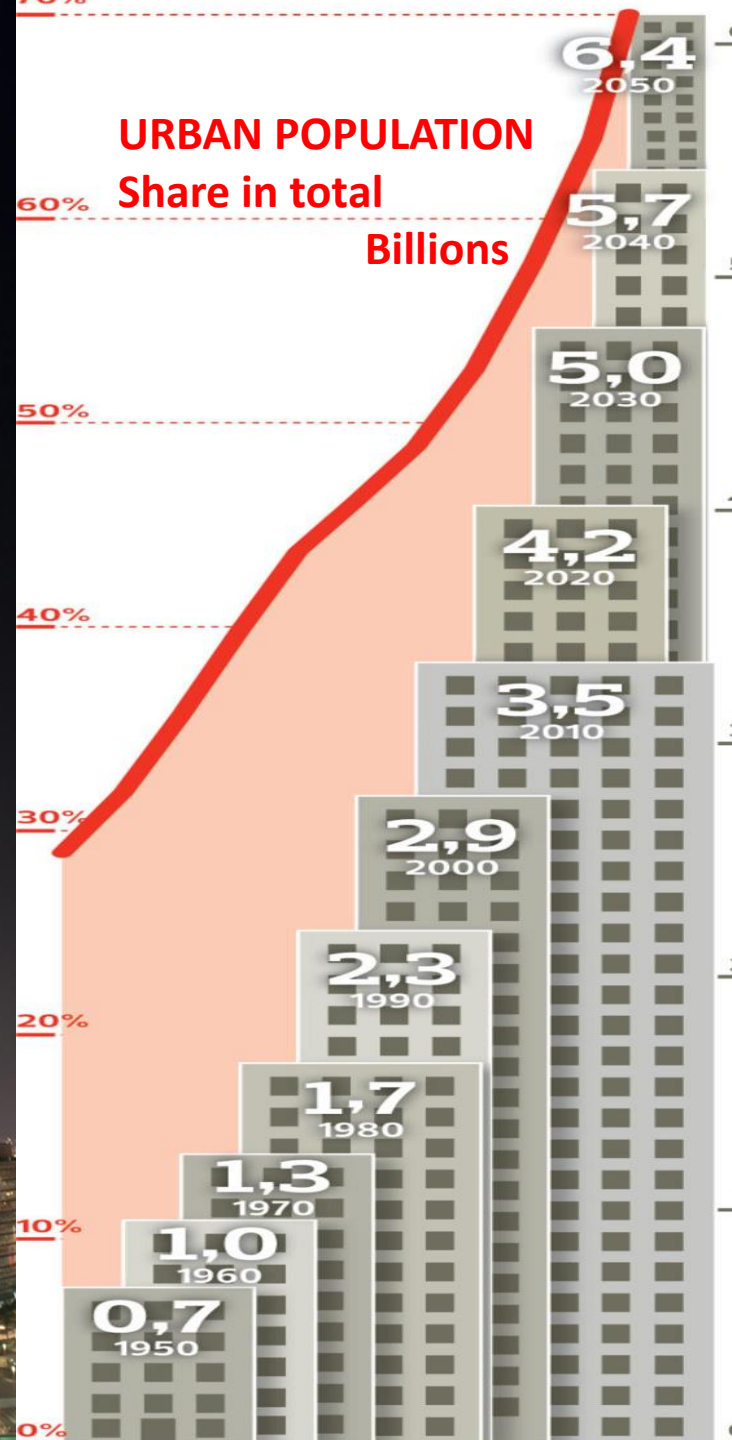
(c) The 'global' system



Global production networks

Source: Dicken 2015

The greatest icon
of the vertical
world so far -
Burj Khalifa



Very different „urban landscapes“

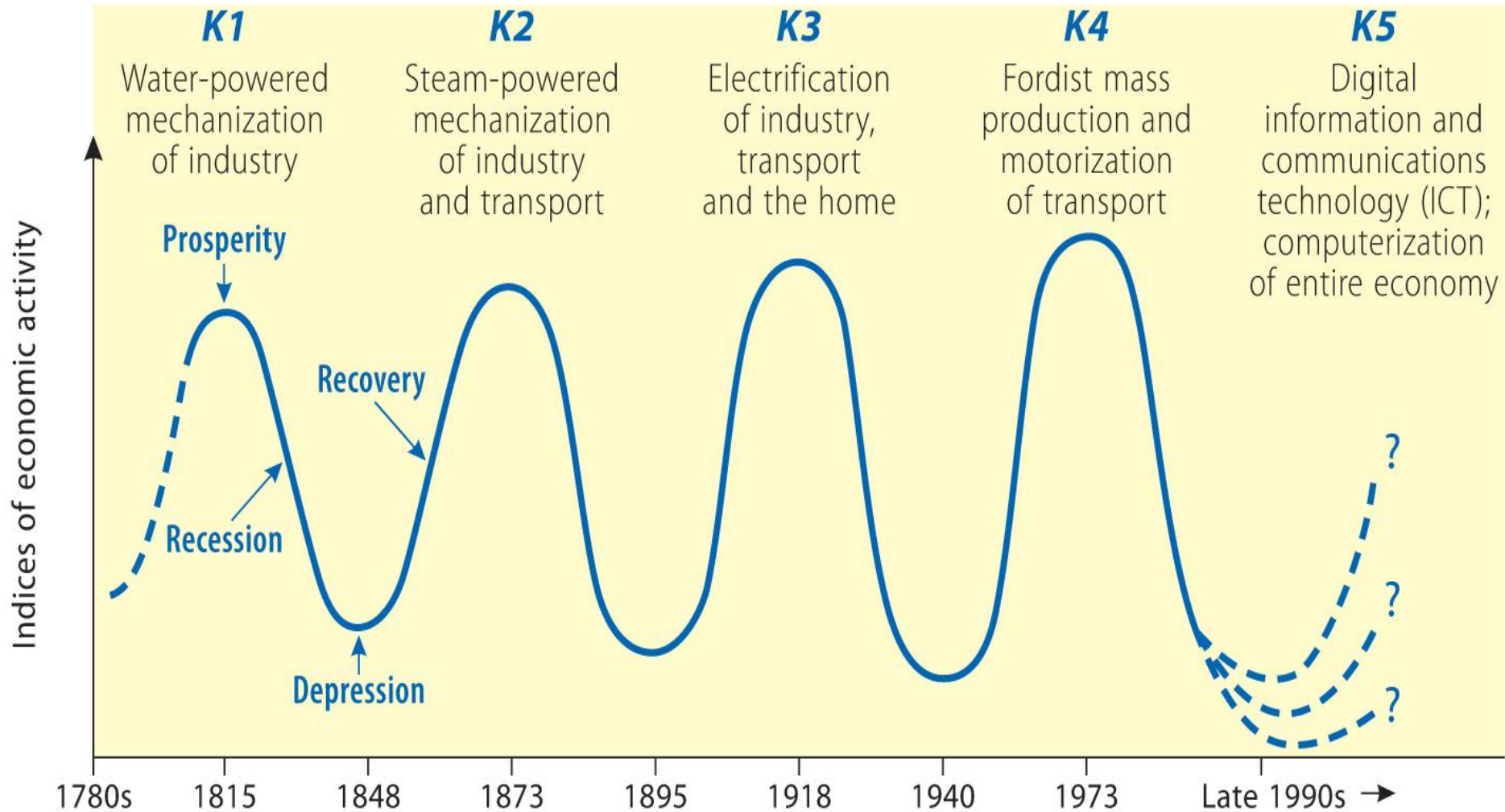
Košice, Lunik 9



Urbino

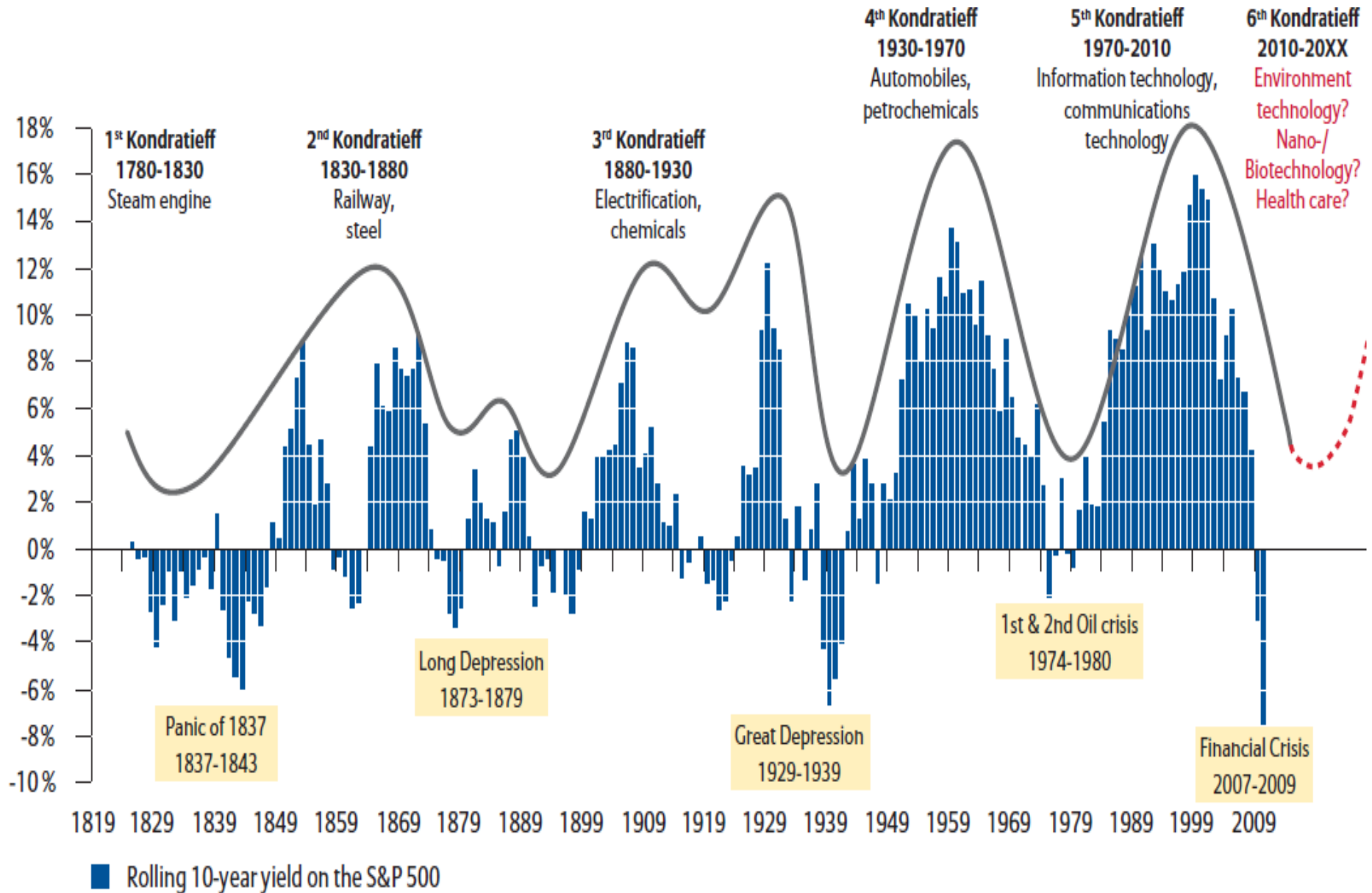


Kondratiev long waves



Source: Dicken 2015

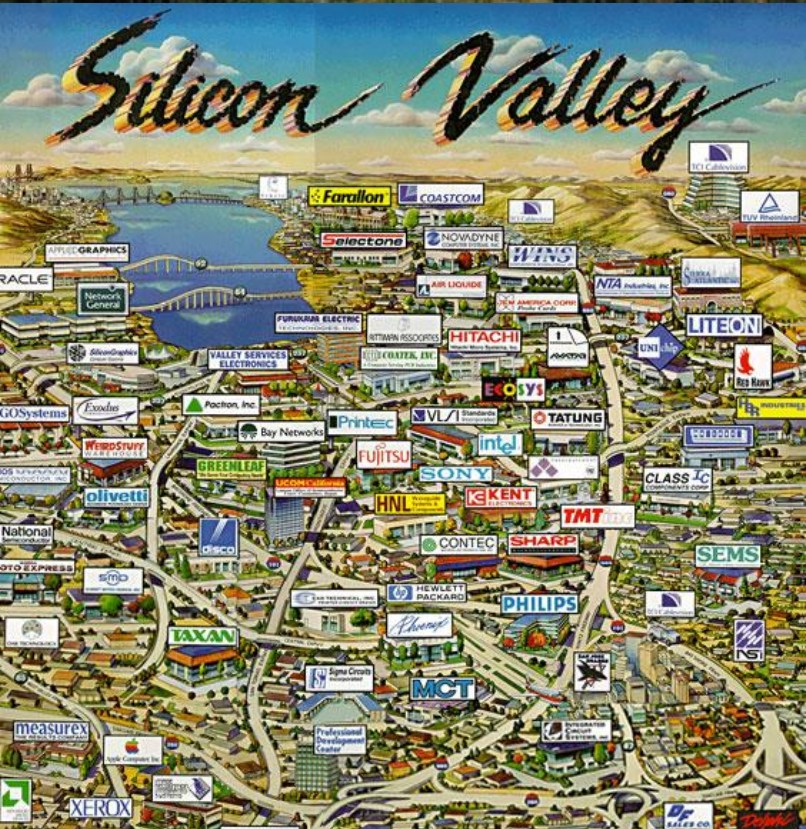
Technology change: 6th Kondratiev wave – starts NOW!



Manchester II-III wave region
New industry avoids regions dominated
by previous industries (Hall, 1999)



Fifth wave region – California



Sixth wave regions – based on media and emotions





Katthult
Mattisborgen
Junibacken

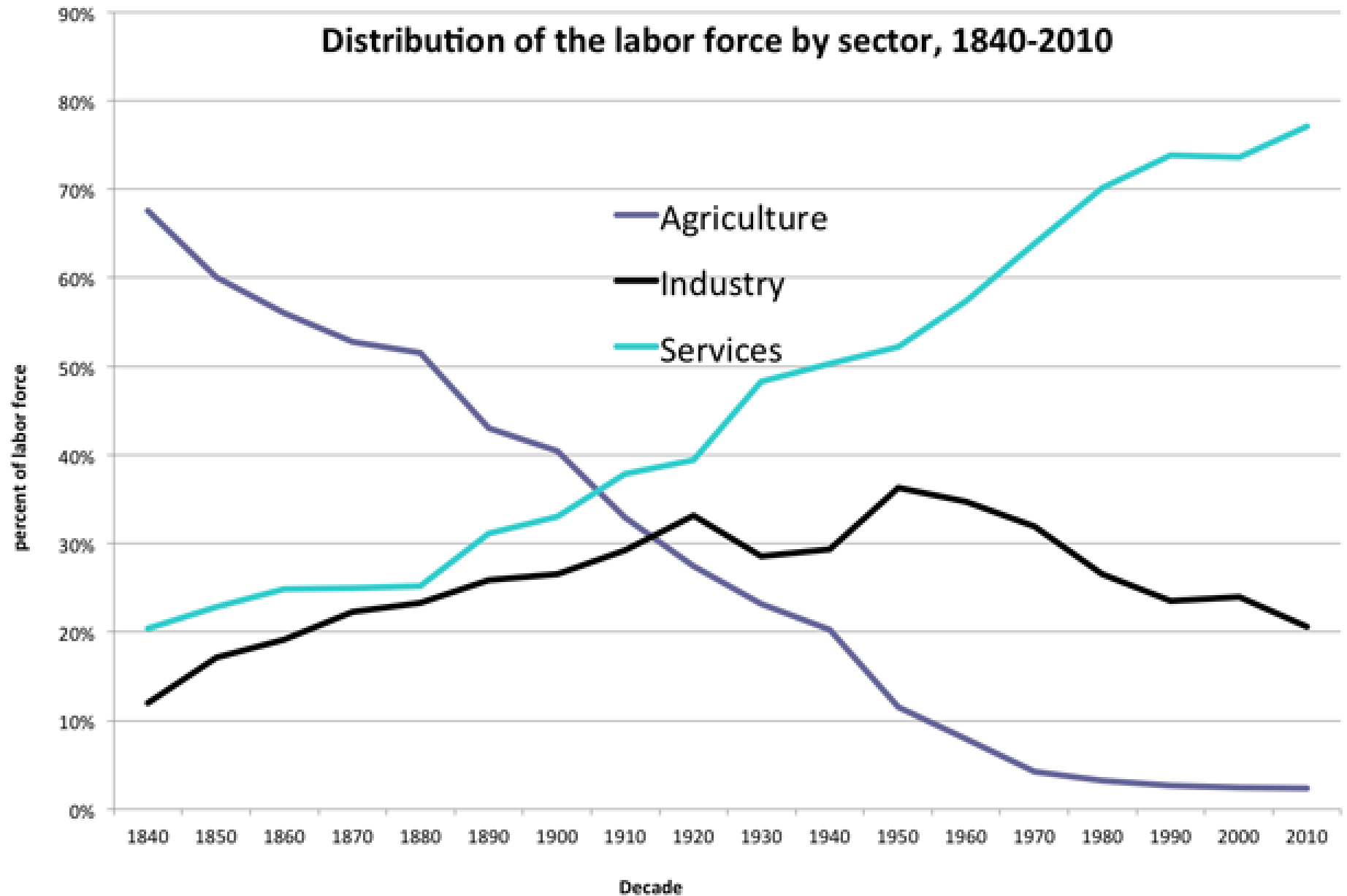
Resans på luffen
Torrrosdalen

Information

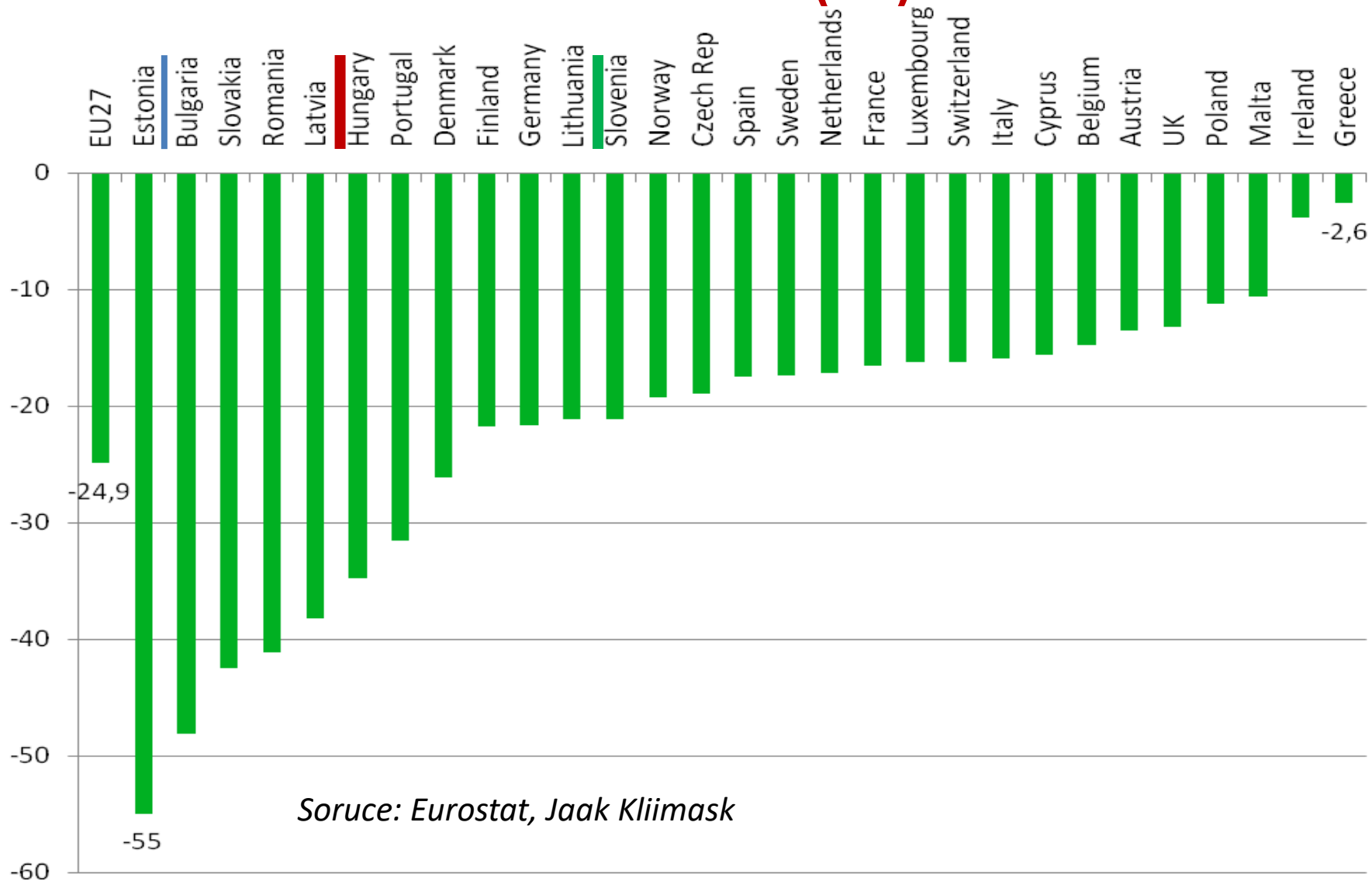
Den Svenska Flygförbundet



The structural change in USA



Agricultural employment change 2000-2009 (%)



Soruce: Eurostat, Jaak Kliimask

Deserting a farm...



... & mining settlements



Shrinking cities 1950-2000



Einwohner

- > 10 000
- 5000-10 000
- 1000-5000
- 500-1000
- 250-500
- 100-250

Einwohnerverluste

- > 80%
- 40%-80%
- 20%-40%
- 10%-20%

Schrumpfende Städte 1950-2000

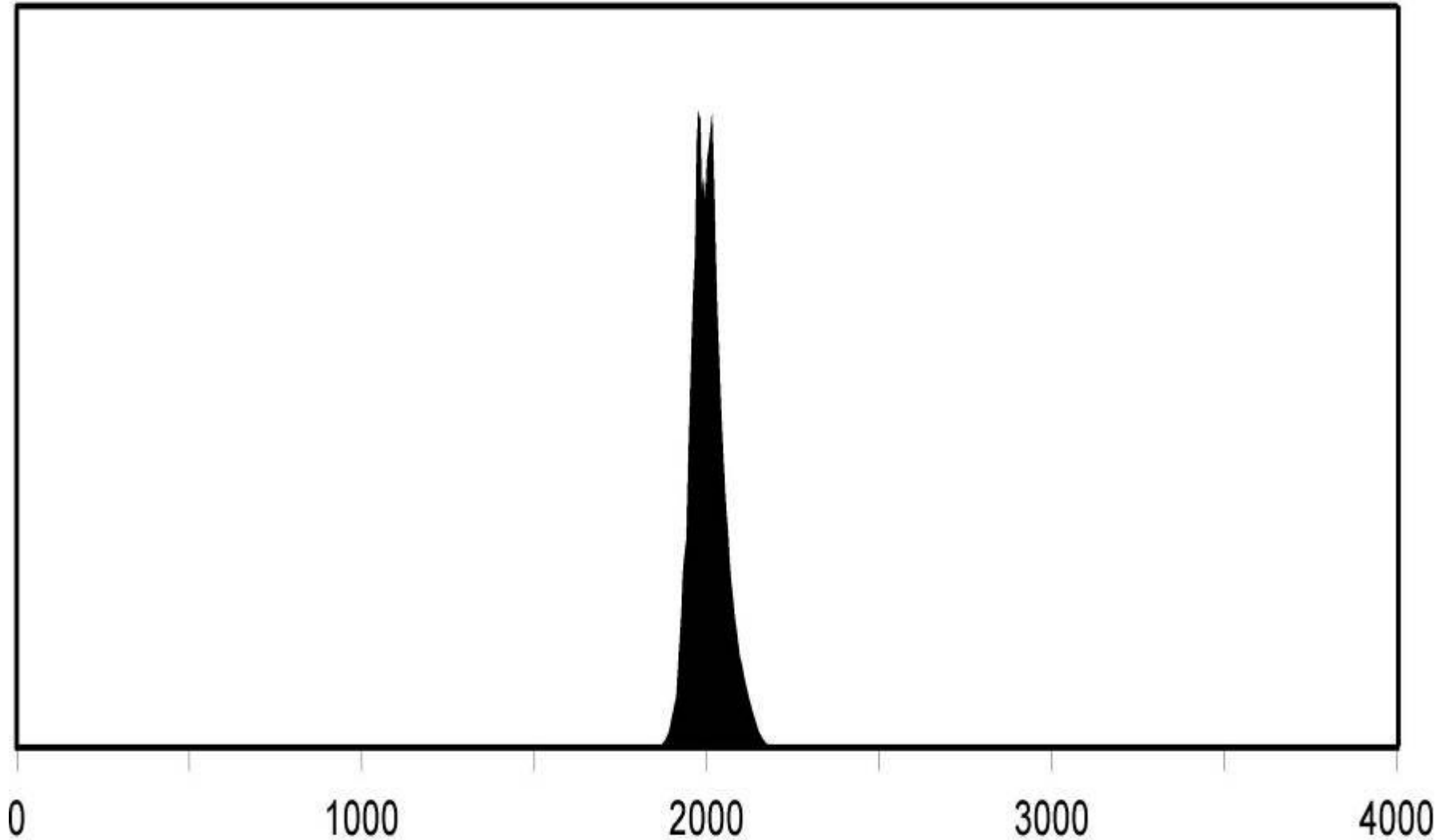
Schrumpfende Städte über 100 000 Einwohner.

Kurzzeitige oder dauerhafte Bevölkerungsverluste über 10%.

Detroit



Oil consumption in human history



The Stone Age didn't end because we ran out of stones...

Climate change





Green economy and new green geography

- Green economy is an economy or economic development model based on sustainable development and a knowledge of ecological economics (Burkart 2009)
 - Increasing demand for energy and food
 - Rapidly growing share of renewables
- Prices can only rise (in the long run) – global race for grabbing land and other resources by governments and TNCs
 - Key question is whether local/regional community and/or nation state has proper **control over the resources and is able to secure owners/community revenues**
- Many new opportunities for peripheral regions supplying traditional resources: freshwater, land, wood- and wetlands, due to
 - new micro-scale energy generating technologies
 - increasingly important (organic) food quality
 - the fact that **green production requires MUCH MORE SPACE**

Extremely high density in Tokyo



Industrial park in SE-Estonia

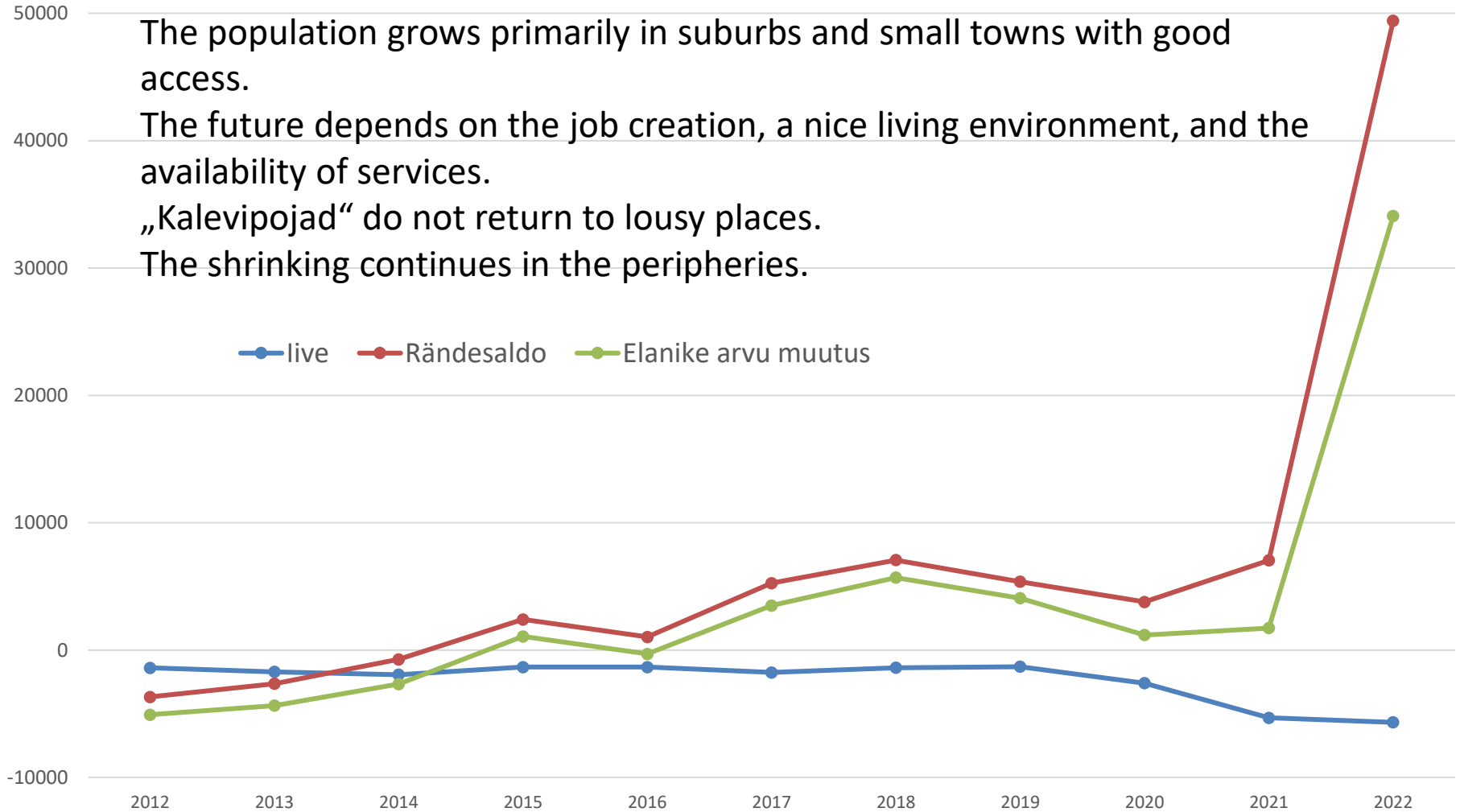
Saving carbon and producing energy from biomass



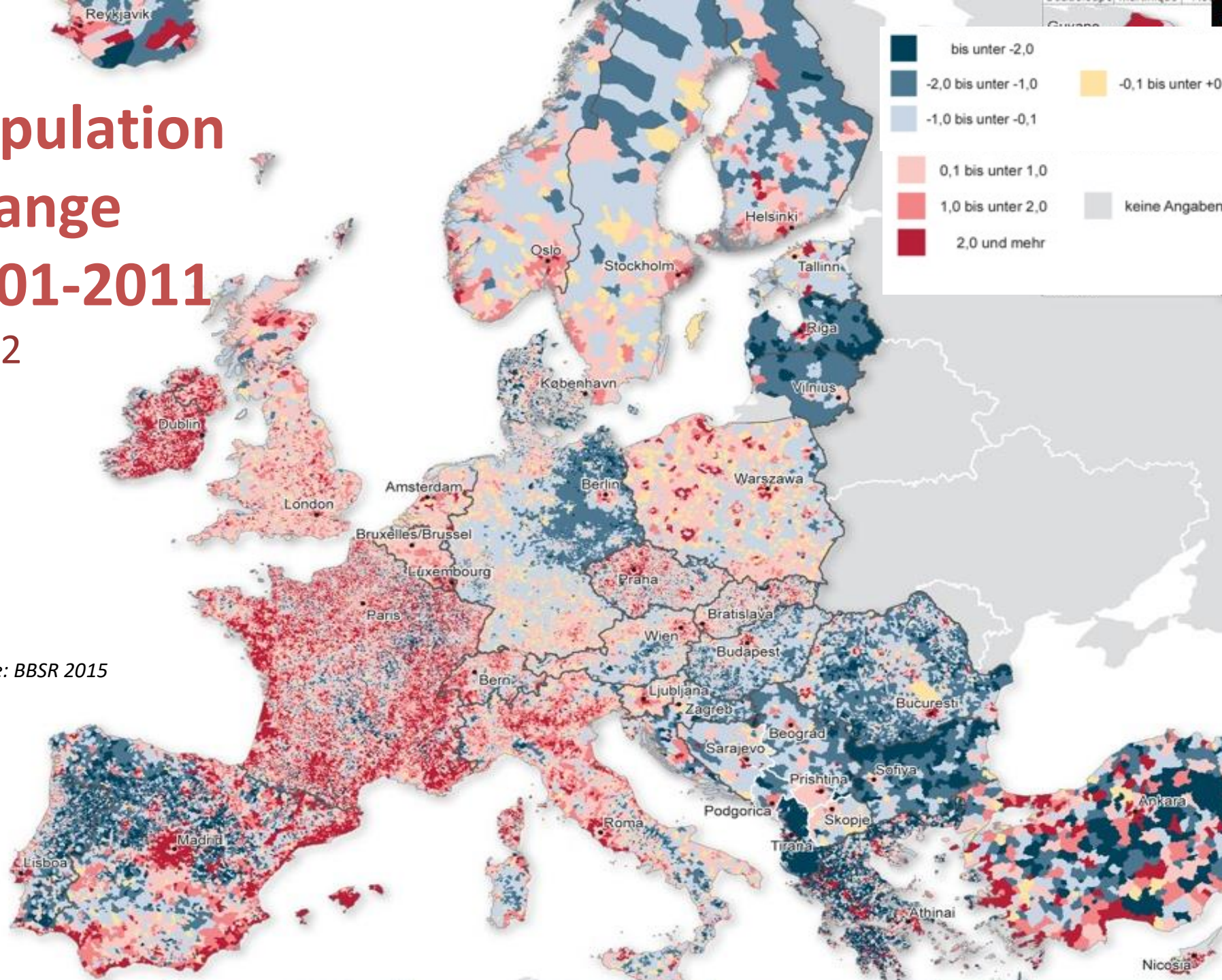
Diversifying European population geography

- 65+ population increases from **26%** in 2010 to **53%** in 2060
- Social and health expenditure will grow:
 - EU public spending accounts for 25% of GDP or about 50% of general government expenditure and it is projected to grow by more than 4% of GDP until 2060 (EC 2015).
 - **public spending on long-term care is projected to double, increasing from 1.8% of GDP in 2010 to 3.4% of GDP in 2060**
 - Shortage of up to 2 million health workers in the EU by 2020
- The **silver economies** generate \$15 trillion per year (3rd largest economy in the world).
- Booming industries will be health, entertainment and culture – **all these need (prefer) more GOOD space.**

Population dynamics 2012-2022: migration and natural increase in Estonia

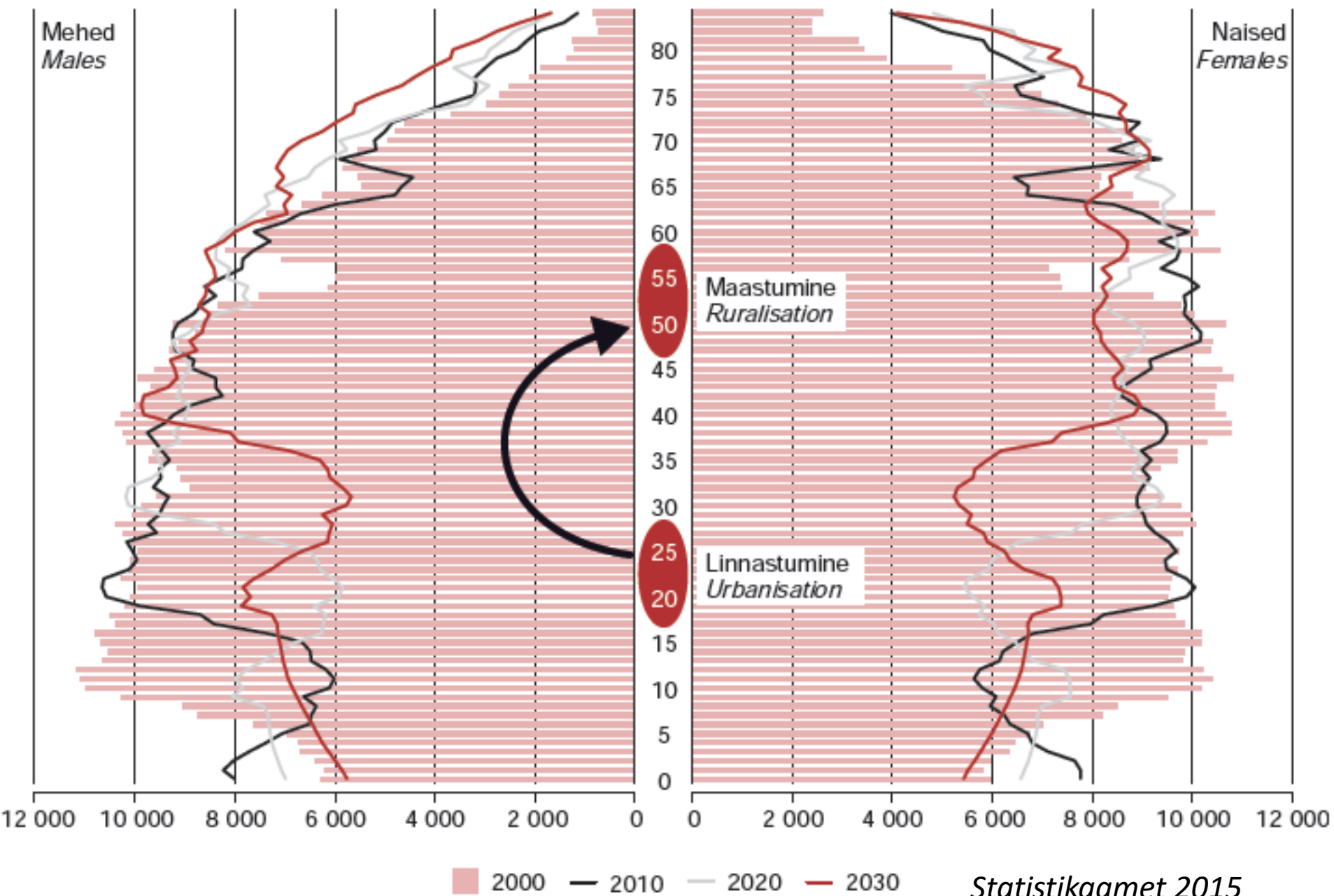


Population change 2001-2011 LAU2



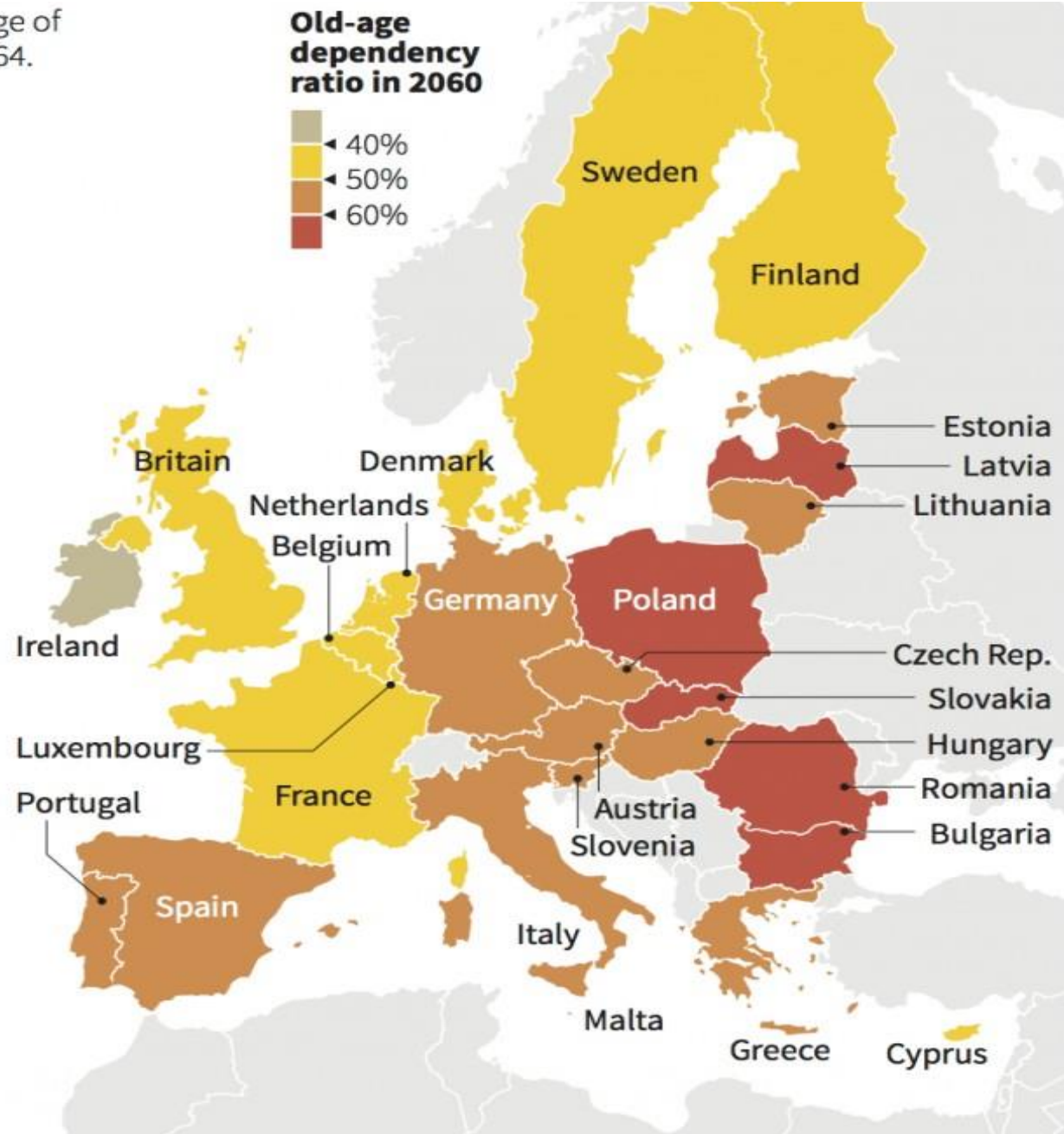
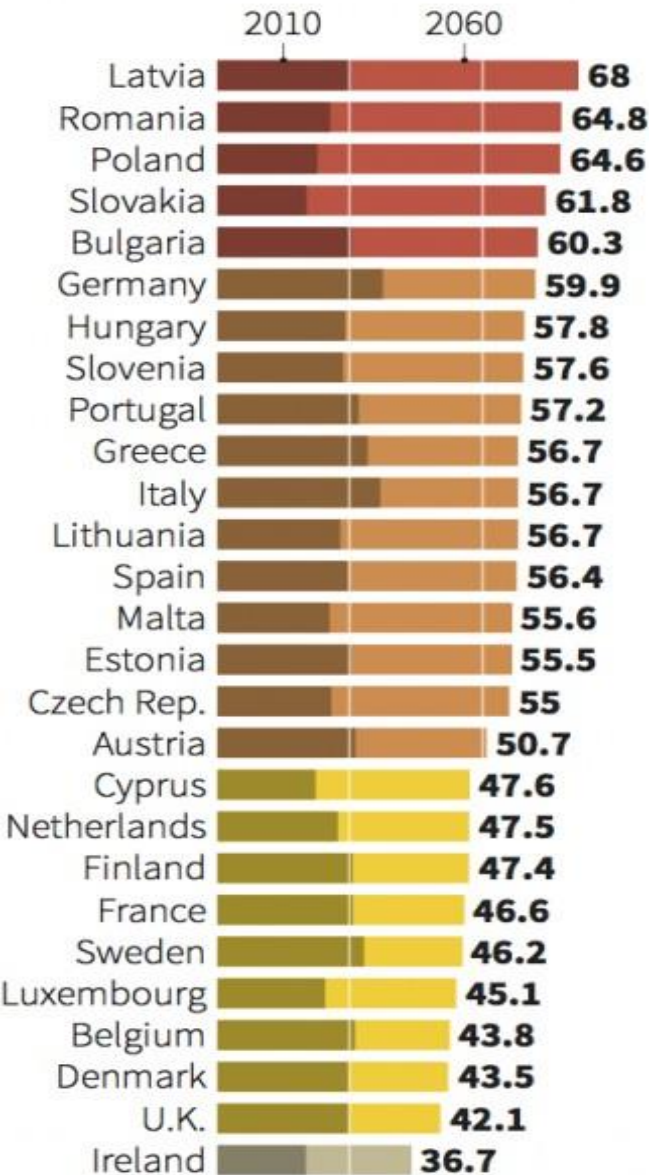
Source: BBSR 2015

From urbanization age to ruralisation age

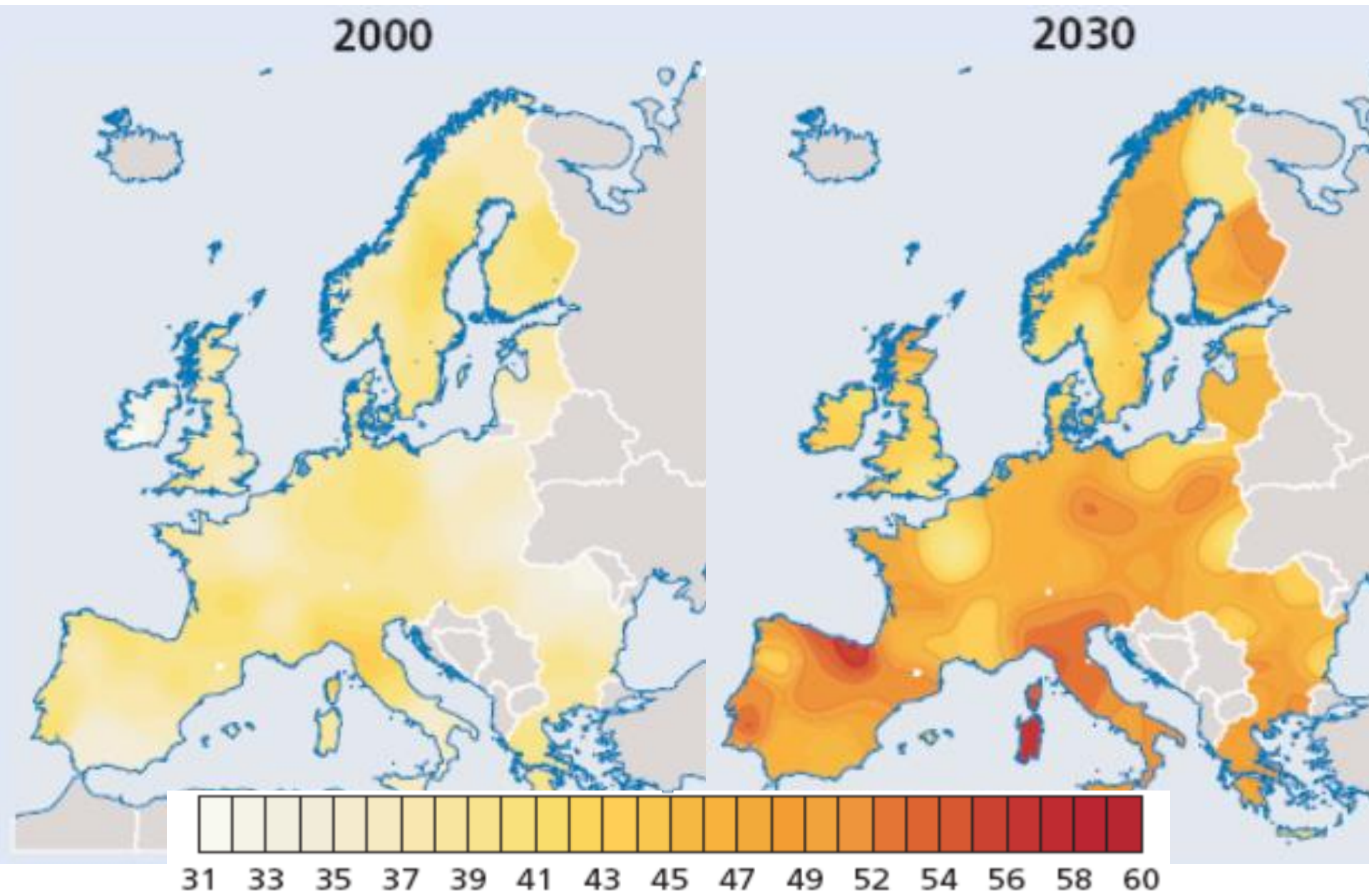


European old-age dependency rate 2060

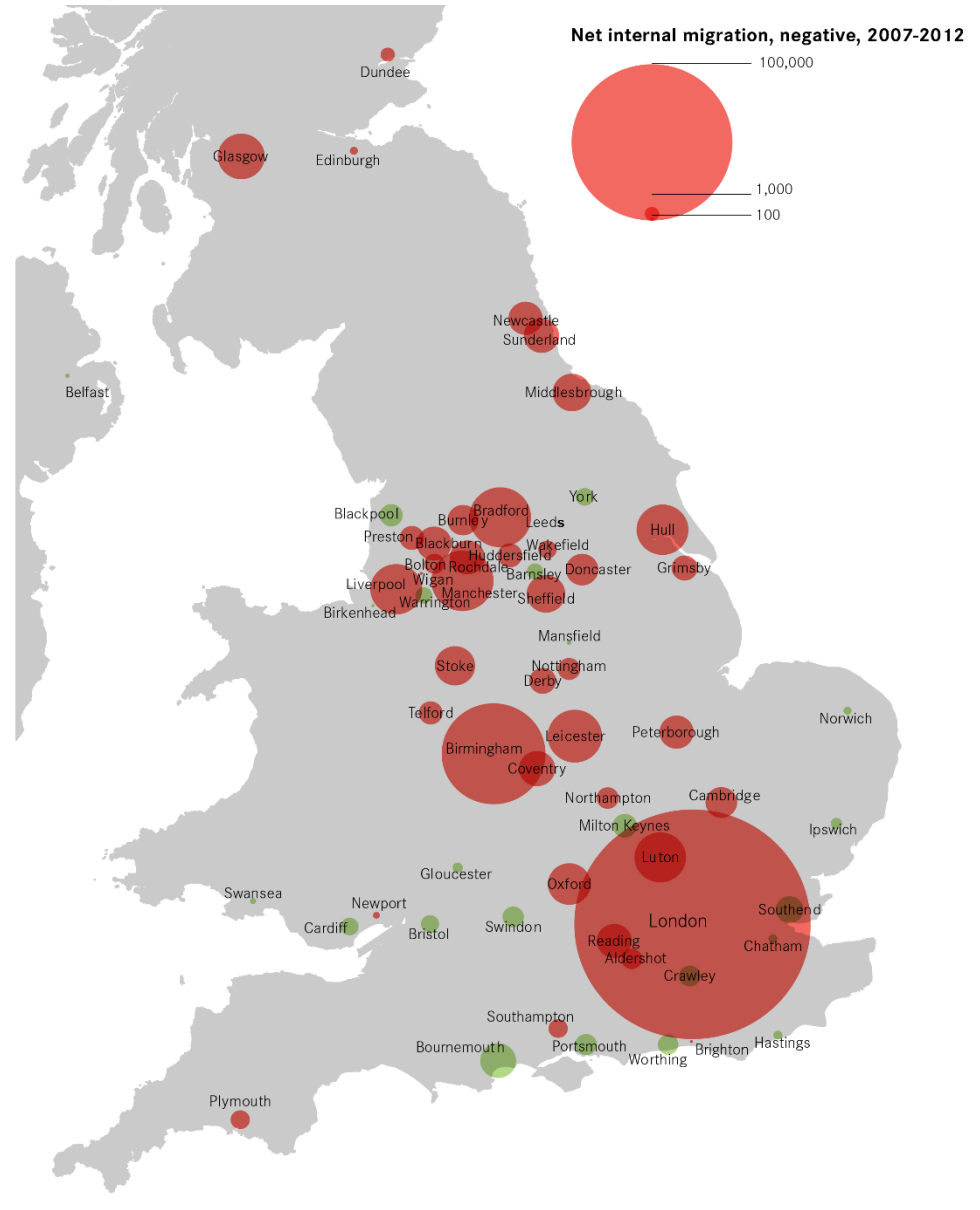
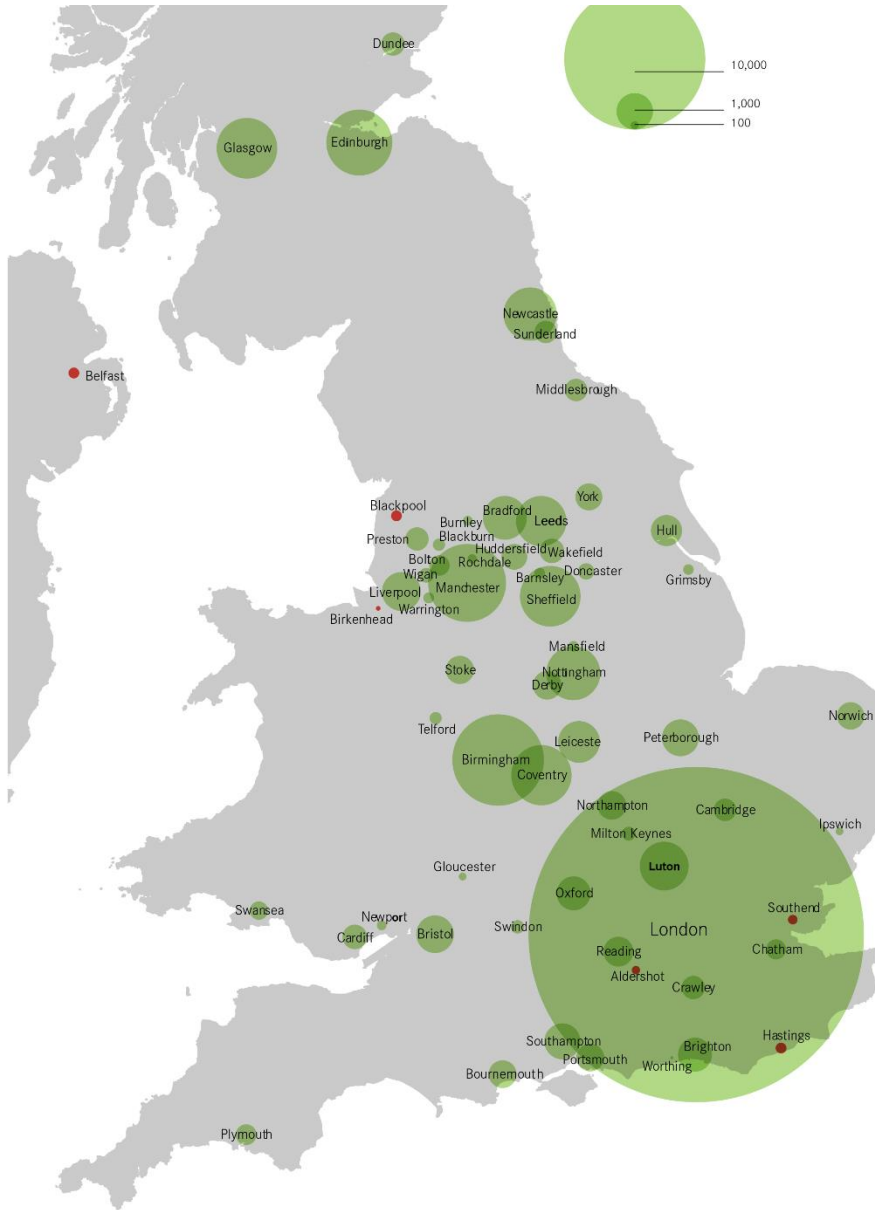
Number of persons aged 65 as a percentage of number of persons aged between 15 and 64.

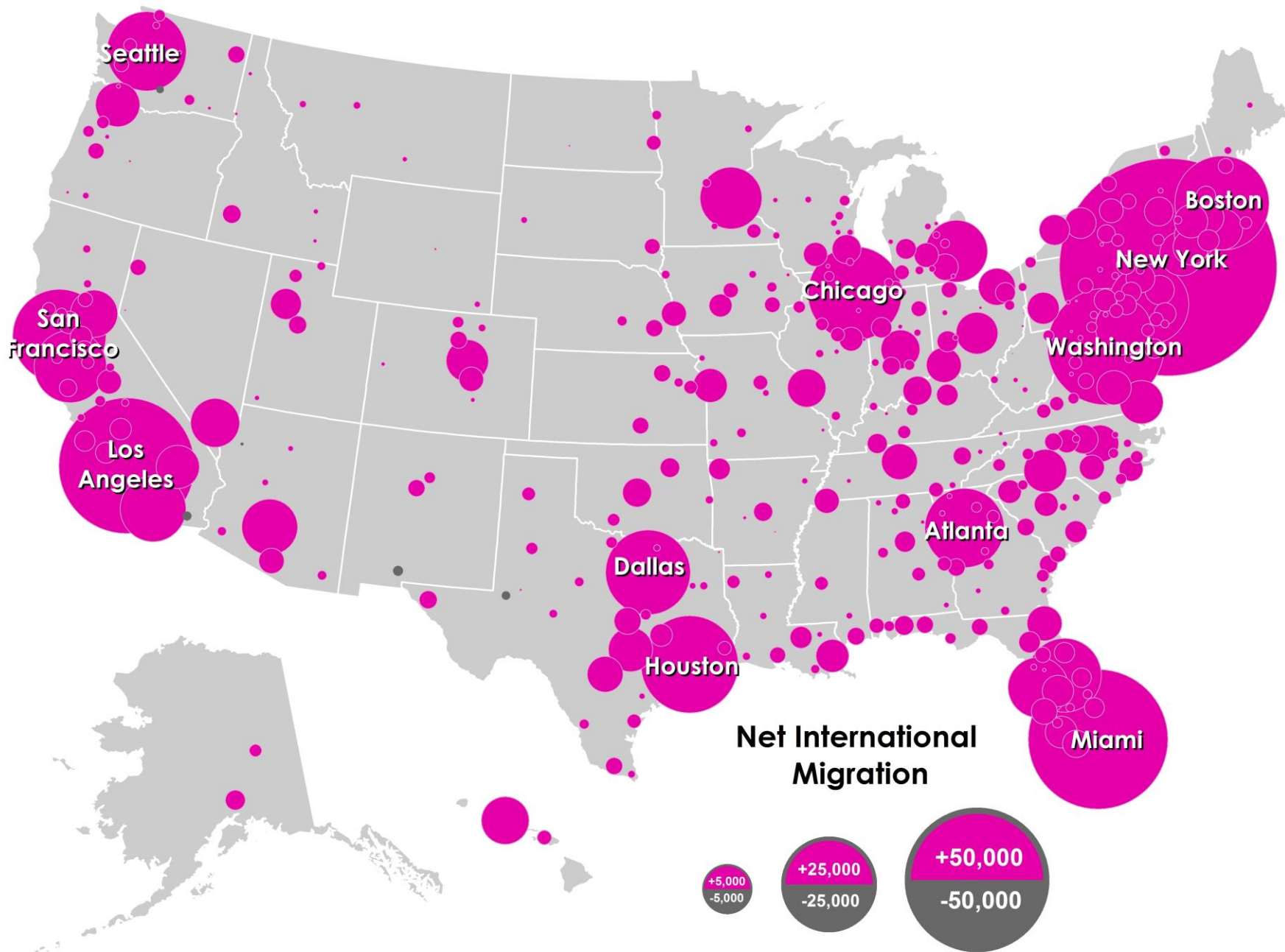


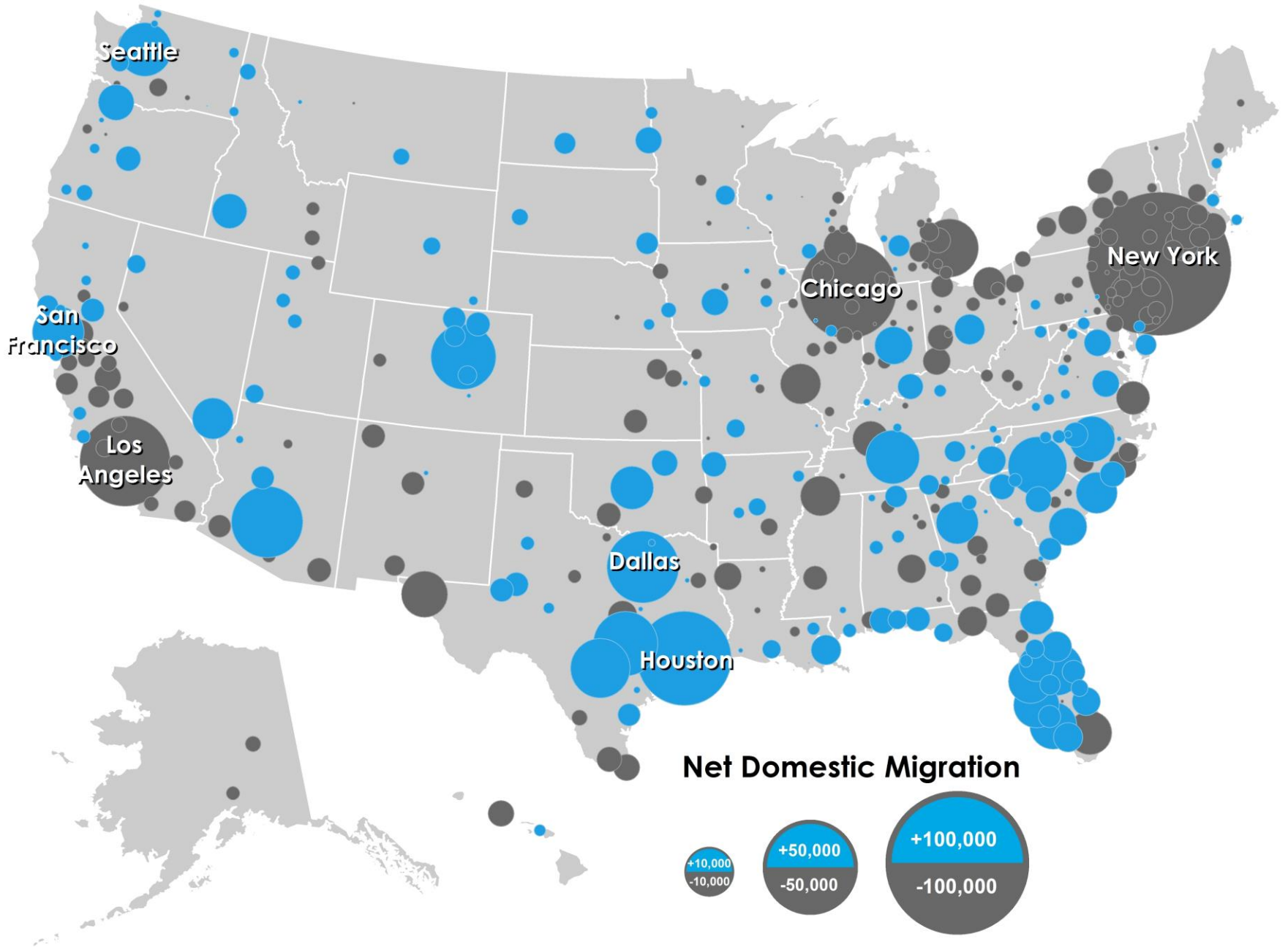
Median age in Europe



International and internal migration in British cities 2007-2012







LÕUNA-EESTI HOOLDEKESKUS



Changing governance and it's impact to local/regional development

Literature

Raagmaa, G. (2015) **The Territorial Governance and Core-periphery Relations.** In: Thilo Lang, Sebastian Henn, Kornelia Ehrlich, Wladimir Sgibnev (Eds.) *Understanding Geographies of Polarization and Peripheralization. Perspectives from Central and Eastern Europe and Beyond.* Palgrave Macmillan: Basingstoke, Hampshire, 287-308.

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Roose, A., Raagmaa, G. & Klimask, J. (2019) **The Remote Rural Pathways in Estonia—Neo-Productivism or Conservation Designated.** In J. Bański (ed.), *Three Decades of Transformation in the East-Central European Countryside*, https://doi.org/10.1007/978-3-030-21237-7_4

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Governance

- Governance is the process, power of governing
- „Governance" is what a "governing body" does
- Governance can be carried out in private, public or nongovernmental sectors
- Governance can refer to different settings: social, political, economic, international, corporate, ethical, technical and can be employed descriptively, theoretically and normatively as an analytical concept (Stead 2014).

Territorial governance

- Territorial governance object is the territory, a complex object per se, and its aim is to regulate, to govern, to manage territorial dynamics.
- **Regional and local authorities** define concrete development strategies in cooperation with economic players and civil society, mobilize and organize institutions and stakeholders to carry out operational projects, including on the basis of public–private partnerships, and ensure the coherence and sustainability of the various initiatives by providing a long-term vision and a development framework (CEMAT, 2010)
- There are two forms of territorial governance, one **multi-level** and one **territorially flexible** (Stead 2013)

Multilevel governance

- The concept of multi-level governance has been defined as a system of continuous negotiation among nested governments at several territorial tiers (Marks 1993): EU, national, regional, and local governments
- From the late 1990s the European Commission began to refer to its own mission as one of achieving multilevel governance, especially in cohesion policy (Leonardi 2005)

Peripheries & governance

- European peripheries are not homogeneous, and their problems fit into various development models.
- Typologies of peripheries vary:
 - such as Watkins' (1963) primary and single-industry staples economies evolving through globalization processes towards
 - Woods' (2007) global countryside of farmlands and branch plant economies
 - competitiveness and institutional related, such as the organizationally thin peripheries and overspecialized and inefficient old industrial regions described in the regional innovations systems literature (Isaksen 2001, Tödting and Trippel 2005).

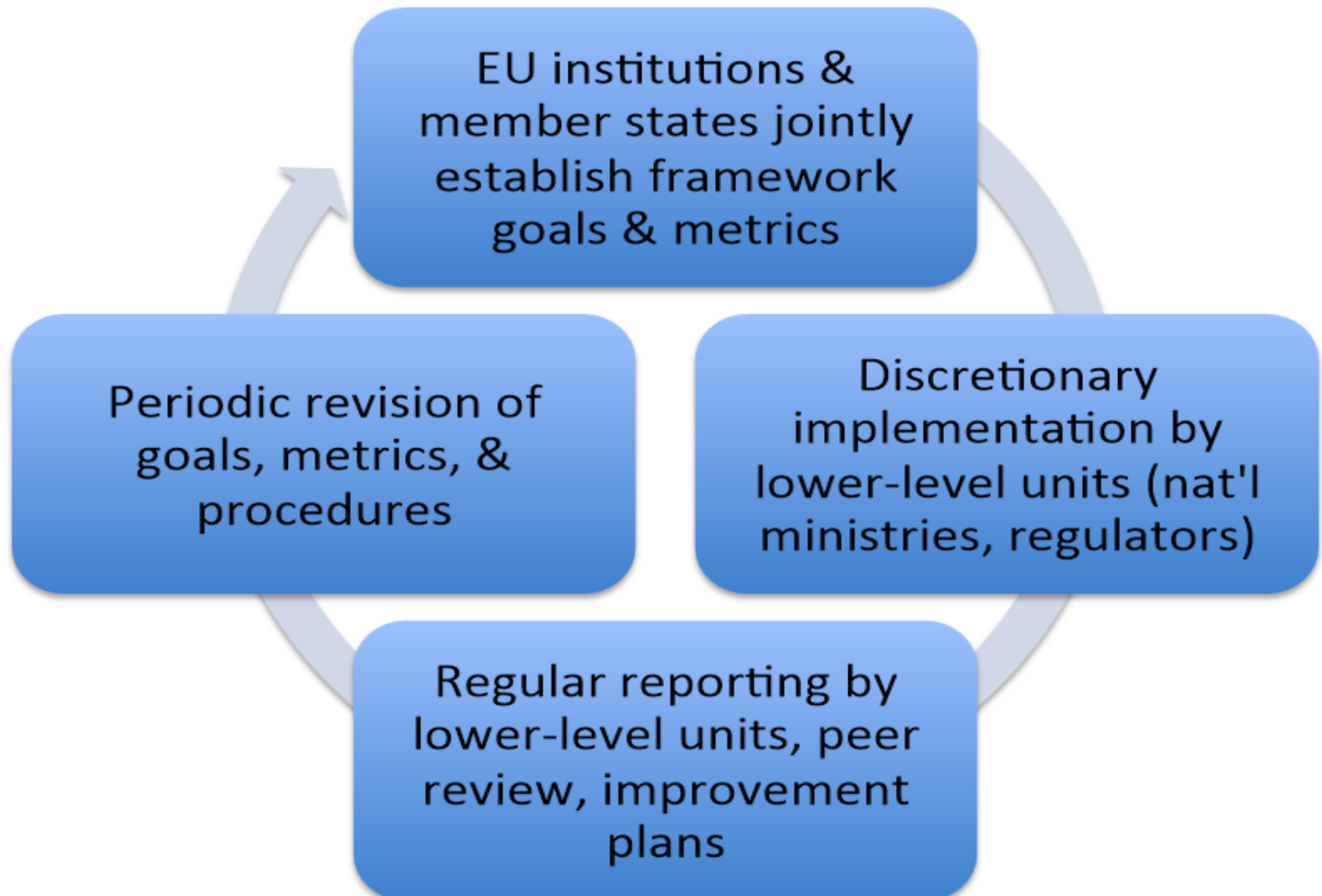
New public management – NPM

- The application of market principles spread into the public sector under the label of the new public management (NPM) (Hood 1991)
- NPM goal is a slim, minimal state in which any public activity is decreased and exercised according to business principles of efficiency (Drechsler 2005).
- CEE countries applied much more eagerly neoliberal thinking, also called as Washington Consensus (Kuczynski 2003)
- In many countries the neoliberal policymaking and NPM has been questioned by now

Experimentalist governance

- excludes territoriality
 - It shall offer a virtuous feedback loop between policy design, implementation, and sharing of experience.
- According to it, the gap between political objectives and local conditions should decrease, making policy more inclusive and effective. ;)
- Relevant local-level experiences are pooled and shared in “a new kind of centre”, allowing actors to learn from their peers (Sabel and Zeitlin 2010, de Burca et al. 2014).
 - However, it is not clear where and what are such centres.

Experimentalist governance cycle



Experimentalist governance

- EU cohesion policy draws on a wide set of conditionality, reaching from multi-annual programming, the partnership principle, ex-ante conditionalities, and investment priorities, to strict monitoring and evaluation processes.
 - On the surface, these mechanisms resemble an experimentalist governance framework, but they serve the opposite purpose – not experimentalist learning, but accountable and efficient fund allocation is the aim (Telle 2017).
 - To get one contract, we need 100 partners. Then we can submit 10 applications, of which at least one succeeds. Experience shows that every 6th application succeeds. We have participated in 80 procurements in the last two years and been successful with 15.

Interview, representative of an international consulting firm, 2017

Project class instead of creative class

- Following the neoliberal approach, several CEE countries have applied extremely liberal, or to be more exact, have had no particular industrial policies.
- NPM has led to disaggregation, competition and incentivization (Dunleavy et al. 2006)
 - NPM affected public policies applying extensively open competition based grant schemes which has created an oversimplified short term oriented regionally non-integrated project thinking

Competition kills co-operation

- Is this the “knowledge centre” of the experimentalist governance of de Barca et al. (2014)?
 - But why should a private company (or a university) share the knowledge and human resources they have amassed and damage their chances of competing successfully in the future?
- Overall, the evidence suggests that the individual Euroregion offices act as gate-keepers to the structural funds rather than as knowledge pools.
 - In fact, after more than two decades of its existence, practices of pooling and sharing of information and the definition of shared objectives remain very limited (Telle 2017).

The new forgotten places in Europe

- According to Faludi (2015), governing such new places requires redesigning democratic legitimacy. Since this is not a separate jurisdiction, it cannot be administered by any government – it is an area no one governs – a no-man’s land.
- Places, according to the Barca Report, are drawn as frames which are irrespective of political boundaries for integrating policies with spatial impacts.
 - For this very reason, they are also a no-man’s land each in the sense of no one government being responsible.
 - Where does this leave the democratic legitimacy of place governance? (Faludi 2015).
 - Creation of places that no-one cares about (Rodriguez-Pose, 2017)
 - The rise of populist-extremist parties supported by Putin in all Europe

Europeanisation - leading to peripheralization of remote areas

The penetration of European-level institutions into national and sub-national governance

The „soft“ spaces of the Commission

- EC gave preference to settling most of the pre-accession aid and later on structural funds at the central government level because of concerns about lacking ‘administrative capacity’ at the sub-national level (Kungla 2007).
- EC has also constructed NEW and alternative structures, so called Euro-regions, LAG’s and invested considerable resources to build up those.
 - This has in some cases led to the weakening or fragmentation of national powers and capacity for policy coordination (Stead 2014).

... and the result

- The Commission focussed on **capacity building on the national level with the cohesion policy**, thus increasing the dissonance between CEE national and regional/local governance.
- CEE administrative systems dealing with EU measures have been effective with the **procedural regulatory and financial obligations** but have had **difficulties with programming, project appraisal and selection, integration of evaluation** (Bachler et al 2014)
- Regions facing serious decline for a long time are not able to manage because of a **critical loss of human resources**, neither they cannot apply for outside aid

Europeanization & EUpeanization

- EU has played an important role in shaping regional-level institution-building (Kungla 2002)
- The point of multi-level governance was **not to replace governments** but rather to supplement governmental processes (Faludi 2013, 1604).
 - In Eastern Europe, in fact, this has happened.
- How sustainable such constructs are and what will happen when those structures lose the financing?
 - Called also as **EUpeanization** when stressing its bureucratic domain.

New spaces increasingly fragmented

- These new spaces are contested in recent geographical studies on the politics of scale, processes of rescaling and impacts on the distribution of power (Hero & Wright 2002, Sheppard & McMaster 2004, Keil & Mahon 2008, Stead 2014).
 - They contributing to **more fragmented and differentiated approaches** as different groups participate in different contexts, according to their interests and values (Meadowcroft, 2002)
 - They are **not always more participatory or more integrated** or better able to respond to complex problems involving different policy sectors (Cohen, 2012)
- Who knows better local needs and represents local interests?
 - Local legally elected mayor,
 - group of local friends or
 - bureaucrat/project manager in Brussels/national capital?

Governmental „fuzziness“ has been increasing in CEE

- INTERREG, LEADER jt. often do not support existing but new territorial structures with fuzzy boundaries
 - In reality, those structures are often compiled between friends and accidentally
 - There is no clear political neither civil servants responsibility
- Such accidentally constructed territorial structures are not stable neither sustainable:
 - They do not have voters mandate
 - They will be terminated when EU support is finished.
- But those new structures are well financed and they employ capable people from exiting territorial structures weakening their capability

Summing up

- **Administrative practices in Europe do not converge or harmonize** but are translated into various processes and formats “as a consequence of deeply embedded differences between European nations in terms of political, professional and administrative cultures and structures” (Stead & Cotella 2011, 13)
- Instead of constructing “multi-area sub-regions“ with further policy measures should applied strengthening the **capacity of local and especially intermediate (regionaal) governance levels**

Places still matter!

Cambridge Journal of Regions, Economy and Society 2018, **11**, 189–209

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The revenge of the places that don't matter (and what to do about it)

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Persistent poverty, economic decay and lack of opportunities are at the root of considerable discontent in declining and lagging-behind areas the world over. Poor development prospects and an increasing belief that these places have “no future” — as economic dynamism

The need for regional policy – again!

- Poor development prospects and an increasing belief that these places have “no future” led many of these so-called “places that don’t matter” to revolt against the status quo.
- The revolt has come via an unexpected source: the ballot-box, in a wave of political populism with strong territorial, rather than social foundations.
 - I will argue that the populist wave is challenging the sources of existing well-being in both the less-dynamic and the more prosperous areas and that better, rather than more, place-sensitive territorial development policies are needed in order to find a solution to the problem.
- Place-sensitive development policies need to stay clear of the welfare, income support and big investment projects of past development strategies if they are to be successful and focus on tapping into untapped potential and on providing opportunities to those people living in the places that “don’t matter”.



**Trump and other populist will
gain from forgotten peripheries**