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**Sustainable Regional Development:
what does it mean for governance?**

ABSTRACT: Since the UNCED conference 1992, Sustainable Development (SD) should be implemented worldwide as the guiding policy principle. Although SD was first discussed on a global level, now Regional Development is challenged to implement it. This will have repercussions on different levels of public governance. Whereas during the last century the national level seemed to be the most important one, we are witnessing a shift toward a multilevel system in which not only the global and the local gain importance, but also the regional and the continental one. In fact, internationalisation in many instances means continentalisation and not globalisation. In order to cope with this new complexity new means for orientation are needed and as a consequence also changes in governance. The concept of SD may be such a means for orientation. After first considering the function of SD as a 'regulative idea', we point to traps for the concept of SD and examine the region as level for implementation of

SD. An integrated regional approach is then laid out. We finally show that implementing SD on sub-global levels may 'reinvent' government as a by-product.

1 Introduction

In 1992, the notion of Sustainable Development (SD) has got its 'kick-off' in Rio de Janeiro with the signature of a global obligation by 179 countries. The most popular formula for sustainability has been coined in the Brundtland-Report of the World Commission on Environment and Development in 1987 defining SD as a "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland Commission 1987, 46). This definition put equity problems into the foreground. The recognition that natural resources are limited immediately led to the question who should be allowed to use them to which extent. The Rio Declaration which has been formulated by the United Nations Conference on Environment and Development (UNCED) in 1992 puts forward a much larger approach in its 27 principles (Rio Declaration 1992). Since then multiple efforts have been made to define more precisely what sustainability should mean. But regardless of how convincing the concept of SD is, the extent of its success will lie in the implementation on all levels below the scale of the worlds' definition as the preamble of Agenda 21 states.

Regional development today is challenged by quite a few events. All the major changes, issues and debates that are of interest in the area of regional development today are very much related to a long term process whose parameters, structure and implications we do not yet understand well (Suarez-Villa 1991). Long term structural change has an economic, social and political component. The transformation process is made up by various sub-processes which interact and thereby change our lifestyles (Castells 1995). Although ultimate causes are hard to isolate, there are two distinctive lines of development that are interlinked and interact permanently: technological and organizational change.

Underlying both lines of structural development are two tendencies. *Internationalization* is parallel or followed by *regionalization* of politico-economic processes and of socio-cultural needs. Regionalization can be interpreted as a counter-movement that is fed by the need for clarity and the need to regain power to shape one's own future. Second, the continuum of

internationalization and regionalization opens up a growing variety of behavioural and organizational modes. The increase in potentials to make own decisions, at the same time goes hand in hand with growing demands in decision-making power. Growing chances are opposed by growing responsibility and an increase in uncertainty of decisions. Therefore politics and public governance have to look for a framework which leaves open to individuals a maximum of freedom to choose.

When first looking at the *economy*, it shows that in recent years, the flows of goods, services, information, capital and people across national and regional lines have increased greatly, giving rise to the notion that modern economic activity is somehow becoming 'globalized'. But global development and regional or local responses are not a antagonism. Internationalisation is not a 'machine' that does not leave the region a single choice to act on its own. On the other hand it has to be accepted that regions are much more dependent from outside forces than a century before. Only to think in 'this-or-that' category is not very productive. 'Glocality' is a term which depicts an intermediate position between the two polar opposite cases of a fully territorialized "economy of interdependencies and specificities" and the fully deterritorialized "economy of flows and substitutions" (Storper 1995). The notion of 'glocality' gives a more forward looking perspective. It opens up discussion for the relative possibilities of regions, of increasing and regaining the mass to manoeuvre. In this context it is the institutionalist and evolutionarist approach which stress the importance of territorialized productive factors, the "thickness of institutions" (Amin, Thrift 1993), the emdeddedness of the regional development process (Granovetter 1985; Grabher 1995).

When looking at the *socio-political side*, globalisation nowadays means also an overall interdependence which acts in such a way that local actions have very broad consequences, both in distance (space), time and dimensions. Globalisation is the coming together of different, also unique, individual and fragmented initiatives. Since local and global are relevant and simultaneous, only a connecting strategic thinking (holism) can comply with complexity, respecting what is diverse (and divergent), the multidimensional facets of situation and problem (fractal and hologram) and operating on their interdependencies. In words very well

known by environmentalist, this means to *think globally and to act locally with its reverse, to act globally and to think locally*:

- the first direction is more suitable for government and initiatives at lower level; the second direction for those at higher level;
- the first one is typical of the bottom-up approach; the second one of the top-down approach;
- the connection of the two directions and approaches is of a vital importance in management, organisational behaviour and governance; a new notion was introduced to clearly represents this capacity - *glocacity* - which can be defined “as the capability to act locally with a global perspective, and to be effective globally with both global and local perspectives” (OECD 1996).

Whereas during the last century the national level seemed to be the most important one, we are witnessing a shift toward a multilevel system in which not only the global and the local gain importance, but also the regional and the continental one. In fact, internationalisation in many instances means continentalisation and not globalisation (Schleicher-Tappeser, Hey 1997). In order to cope with this new complexity new means for orientation are needed and as a consequence also changes in governance. The concept of Sustainable Development may be such a means for orientation. It was first discussed on a global level, now Regional Development is challenged to implement it. This paper first considers the function of SD as a ‘regulative idea’ (section 2), points to traps for the concept of SD (section 3), then examines the region as level for implementation of SD (section 4), opts for an integrated regional approach (section 5) and finally analyses the question whether implementing SD will reinvent government as a by-product (section 6&7).

2 Sustainable Development as a 'regulative idea'

The Rio declaration can be looked at as a good basis for building a wide consensus on what sustainability should mean to us. The 27 principles are formulated in an international perspective and embrace quite different approaches, they have been put together in a rather

pragmatic way and are far from being systematic. In trying to translate them on a national or regional level and into concrete policy, different problems have arisen:

- The scope of the concept of sustainability is so vast that attempts to formulate more concrete guidelines end up in very long lists of statements covering most of the debates we had in the last decades triggering new, necessary and fruitful discussions but not easily leading to consensus.
- Some hoped to be able to deduct convincingly clear rules for policy and individual behaviour. This old and misleading hope of all doctrines of salvation has been disappointed by the discussions of the last years: “Until now there is no sufficient definition of sustainability. It cannot exist, because already the search for it is erroneous. What sustainability is, resp. what can be meaningfully understood by this term, we will know somewhat better after a searching, learning and experiencing process that will take decades. But we will never know it in a definitive way. Just as a physician does not need an operational definition of health before beginning a therapy, an operational definition of sustainability is no precondition for politics” (Homann 1996, 37).
- Discussions in the international and in the European context have shown that different cultures and different regions inevitably interpret the general idea of sustainability in a different way. Already in the relatively homogeneous context of the European Union we find considerable differences in interpretations and perspectives between central and peripheral regions, south and north, latin and germanic cultures.

It seems that Sustainability is a “regulative idea” in the sense of Kant, of the same kind as health, freedom, justice or beauty. If we think of the huge effort that was necessary to operationalise the idea of freedom by developing and implementing rules of law which allow to assess in a specific situation what “freedom” means, it becomes evident that there is still a long way to go for operationalising sustainability, and that there will be always differences in interpretation between different regions and cultures (Schleicher-Tappeser et al. 1997).

According to numerous environmentally orientated economists and scientists, the most *important concepts of sustainability* are the following (Macgillivray 1995; Karas et al. 1995): development versus growth (1); sustainable development versus conventional development (Khan 1995) (2); environmental limits (IUCN, UNEP, WWF 1991) (3); precautionary

principle (4); resilience as society's capacity to react and adapt to natural or induced stress or shock situations (5); environmental efficiency (6); environmental productivity (7). The larger the number of concepts to choose from the bigger public confusion and the dangers of misunderstanding or deliberate abuse (Thierstein, Walser 1997).

3 Be aware of traps

Public and private actors should not be over optimistic about easy progress in implementing SD. Among others, two misconceptions conceal a distinct analysis.

3.1 SD not exclusively an ecological concept

SD is regarded all too often as an ecological concept with the environment at the core of action. Contrary to actual discussion, the concept of SD is not primarily ecological in nature. Its strengths lie in its cross sectional character integrating economics, ecology and social aspects. To be more precise, Principle 25 of the Rio declaration states, "Peace, development and environmental protection are interdependent and indivisible" (Rio declaration 1992). In fact sustainable development includes a wide range of concepts which are at the base of a very intensive debate involving many disciplines (ecology, biology, economics, political economy, sociology, psychology, anthropology, mathematics, meteorology, physical sciences, planning, programming and so on). They have contributed in various ways to improve, strengthen and consolidate the rationale of SD, encompassing a new historical epoch, new cultural products, and new types of theorising.

In parallel and complementary ways, the philosophy of sustainability contributes to some extent to develop postmodern thinking, which can be understood as an innovative source of new ideas, a complex attempt to improve knowledge looking for a plurality of heterogeneous cultures, within a process of re-combination between different theories, disciplines and sciences (Lyotard 1984). Nowadays many scientists (e.g. Baudrillard) reject the whole idea of disciplinary boundaries. This is made possible by means of positive uncertainty which helps creativity to be nourished whatever and wherever the differences can be.

According to this approach, nothing is absolute and there is not dichotomy but continuity within an on-going holistic process (see the concepts of *fuzzy* thinking elaborated by Kosko 1993). In the end, one can discover the unity of and the connection between concepts often taken into account as different and contrasting (for instance, uncertainty and certainty, chaos and order, simplicity and complexity, and so on). One of the most important aspect is the effort to reconcile what in classical industrial society was artificially separated: the close connection between nature and society. In our time they are deeply intertwined. Social changes affect the natural environment as well as it is true the vice versa: “nature *is* society and society is also *nature*” (Beck 1992).

3.2 SD no exclusive problem of substitutability

SD is treated by mainstream economists as a problem of substitution of non-renewable resources with man-made capital. “A major assumption of the conventional economic paradigm is that natural and human-made capital are near perfect substitutes and that technological change will eliminate any resource constraints to unlimited growth.” (Costanza, Folke 1994, 4). In fact natural resources are that which is being transformed into a product; manufactured and human capital are that which is effecting the transformation. But for any given product embodying any given level of technical knowledge, human-made capital and natural capital are, in general, complements, not substitutes. Following the ‘mainstream’ economists’ line of reasoning, one would ignore - like the afore mentioned reduction to a environmental concept - that SD is as much a social, that means a procedural and cooperative endeavour, as it is a question of the scale of consumption.

Economists are divided over this issue and even though many accept the Daly's concept - natural capital and man-made capital are complementary and not substitutable (Daly 1992a) -, we can distinguish two broad environmentalist positions or perspectives. The former (technocentric) assumes “that there will continue to be a *very high degree of substitutability between all forms of capital* (physical, human and natural capital)”, while the latter (ecocentric) rejects “even a policy of 'modified' development based on the sustainable use of nature's assets” (Turner et al. 1994). In any case, the prevailing economic point of view

identifies a sustainable state as one in which (Perman et al. 1996): utility, consumption and natural capital stock are non-declining through time (1); minimum conditions of ecosystem stability and resilience are satisfied through time (2); resources are managed so as to maintain a sustainable yield of resource services and to maintain production opportunities for the future (3).

4 The regional level: nexus for implementing SD

In order to bring together the discussions on Sustainable Development (SD) and on regional development (RD), a short comparison of the two approaches is useful (Schleicher-Tappeser et al. 1997).

4.1 'Regional' and 'sustainable'

Already the comparison of the terms 'regional' and 'sustainable' shows, that both concepts are not to be collocated on the same level. "Regional" designates a spatial level, whereas "sustainable" designates a certain quality. The concept of Sustainability stands for a vast paradigm shift which is taking place since decades, for a new way of looking at the development of human societies on this planet. From the new perspective the old value systems do not seem coherent anymore. In the public discussion this normative aspect plays a prominent role. But the longer the discussion lasts, the more evident it becomes that the often requested clear-cut criteria for what is sustainable, cannot simply be given. Sustainability is not something like the digestibility of a mushroom, but more a general concept like freedom. The focus of the concept lies on the relationship between human societies and nature. However, the scope meanwhile also includes all kinds of societal aspects not necessarily connected with nonhuman nature. A consensus broadens, that besides environmental, economic and social aspects, also institutional - that means aspects of global, european, national and regional governance - have to be included. It covers all levels from the global to the individual ones and tries to look far into future.

‘Regional development’, on the other hand, also is no single concept. There is a series of theories that help to describe and understand the economic development of societies at the regional level, there are normative concepts and action-oriented theories that state what should be done in this respect, and there are established policies to support RD at European, national and regional levels. RD deals with regional issues and has not such a global claim as the much newer concept of SD. The economic focus is still prevailing while other aspects as environment and culture play an increasing role. There are other theories concerning regional culture, regional planning, regional policy making which are all influencing this discussion. Looking at the trends in regional development theory and practice, we can identify three paradigm shifts (Schleicher-Tappeser et al. 1997):

- from exogenous to endogenous approaches,
- from location to development approaches,
- from factor-oriented approaches to approaches focusing on regional actors.

The concept of SD has thus a much broader claim concerning its subject (humans and nature), concerning the scale (from individuals to the globe) and thereby its normative implications (conditions for survival). On the other hand the concept of RD by its focus on the regional level, is much more concrete. The longer history of this concept and its shorter scope in time have allowed for experience with models and practical policies. Comparing SD with RD shows that whereas the concept of RD was the answer to the spatial aspects of the disembedding processes, the concept of SD has stressed the time aspects. The comparison of the above mentioned paradigm shifts in RD with the principles of SD shows that both lines of thinking are well compatible with each other.

To integrate both approaches thus means to look for possibilities to reorientate regional development policies in terms of the regulative idea of SD. The practical problem arises, how to translate this general idea in the world of practical politics. Looking at European regions, we see that the different cultural, economic, political and economic backgrounds call for different policies, different priorities and different concretisations of the general concept of SD.

The litmus test of the concept of SD is ahead of us. SD as a global concept needs implementation on the sub-global level since there is no global supra power which is able to initiate or impose the concept from top down. The concept has to bring a 'feet on the ground' approach, it has to get a handle on the political day-to-day activities with clearcut, legitimate, and evaluative questions. Therefore we have to ask for the characteristics of the regional level. Is it a useful and manageable level for implementing SD?

4.2 The difference between the regional and global level

Transferring the global scale of SD to the region is no easy task at all. The difference between the global locality and a region is three fold (Nijkamp, Lasschuit and Soeteman 1992):

- The global system is a *closed system* dependent on sun light, while regions are economic and ecological systems more or less open. They interact with each other; resource flows circulate as inputs and outputs. Policy measures undertaken in the region may or may not hinder or hurt the development process of neighboring countries or other regions. This idea of space corresponds to 'the full world' conception of Daly, while the dominant economic theory of an 'empty world' is expiring (Daly 1992b). A region can be simultaneously distinguished as a 'clean' and 'sustainable' economy, at the expense of other regions by, e.g., exporting trash or importing energy intensive products.
- Contrary to the global system, regions have *elected legislative bodies* and legitimate authorities that have to represent the local commons and must deal with conflicting situations. The change of special topics depends on the parameters, within which the inter-regional integration must be taken into account. The economic competitiveness and the use of raw materials, have to be taken under the context of global connections; labor markets, transportation relationships and landscape protection do not stop inside of the regional political boundaries. Conflicts between regionally defined political jurisdictions are pre-programed. Difficult areas are seen through a local political view, which is tempted by the use of 'narrow-minded' local politics. Trans-regional problems can increase jurisdictional delegations and lead to over taxation of capacities to solve regional problems: not every region has enough specialists to go around.
- Normally regions have *different economic, ecologic, and social resources*. That is one of the reasons why regions react under these circumstances so differently to trans-regional

development, e.g., exogenous effects. Out of this development, different types of cumulative interactions are generated. Problem spaces and political scope of action collapse more often and solutions are sought through 'géométrie variable' (ROREP 1992).

4.3 The advantages of the regional level

On a regional level in general, those measures are more successful which have a better perception of the problem, require the use of endogenous developmental potential, and require increasing participation and subsidiarity. When we talk about increasing the value of the regions as level of action, we refer to four functions of space (Fürst 1993): the region is a resource space (1); the region as a level for public politics (2); the region as a promoting power for identification (3); the region as a room for networks of actors (4). Table 1 sums up the different advantages of the region as level for implementation of SD.

Table 1: Advantages and disadvantages at the regional level

Disadvantages at the regional level:	Advantages at the regional level:
<ul style="list-style-type: none"> • Competition between regions • different starting points in different regions • transboundary problems and cooperation necessities • tendency of problem solving incompetence 	<ul style="list-style-type: none"> • endogenous resources from regions • tendency to increase the political value of the regional level • the region as an identification area • the region as an actors area with a clear overview • Competition between regions

Source: Thierstein, Walser 1997

The question remains how useful are these advantages for the concept of SD? The next section shows the need for an integrated regional approach.

5 An integrated approach for the regional level

5.1 Towards a consensus on general principles

Practical politics, in dialogue with the public debate, plays the central role in the present transformation process. Acknowledging that we are in a historic situation where our view on the world is deeply changing and where we are engaged in a common search for a *integrated development model* and at the same time recognising that differences in perspectives between stakeholders, regions and cultures are inevitable and fruitful, we can distinguish two basic approaches for intervening in this discussion (Schleicher-Tappeser et al. 1997):

- to propose a consistent high-profile interpretation of sustainability, proposing concrete guidelines, targets and thresholds for central problems, introducing this proposal as a provocative minority statement which tries raise discussions and collect consensus
- to propose a general framework of basic principles which can count on a broad consensus in order to build a foundation for further discussions, a common language for the exchange of experiences and the discovery of different interpretations which might fertilize each other.

The second approach seems to be more appropriate, when taking into account that the concept of sustainability can be looked at as a tool for individual and collective learning as well as for building a new vision. It seems that the best we can expect for the moment is new guidance for learning.

Therefore a limited set of basic principles of sustainability can help us as a common frame of reference for which we can easily find a consensus. Every region can then describe its proper approach and its most interesting projects by using this framework and showing which specific interpretations have been given to the general principles in a specific context.

5.2 Proposal for a set of basic principles of sustainability

Analysing the debate of the last decade one can draw a series of elements from different angles to define sustainability, like the international development policy discussion, the debate about future generations and *holistic thinking* (Morin 1994). In principle we are asking three simple questions:

- What do we want to sustain?

- How shall we deal with different interests, needs and opportunities?
- Which systemic approaches can help us to solve these problems?

To cover these questions we propose the following list of principles (Schleicher-Tappeser et al. 1997):

Table 2: Sustainability principles

- **development dimensions**
 - <Respect for ecological integrity and the heritage of man-made environment (environmentaldimension)
 - <Satisfaction of human needs by efficient use of resources (economic dimension)
 - <Conservation and development of human and social potentials (socio-cultural dimension)
- **equity dimensions**
 - <social and gender equity (inter-personal equity)
 - <interregional and international equity (spatial equity)
 - <equity between present and future generations (inter-temporal equity)
- **systemic principles**
 - <diversity / redundance
 - <subsidiarity
 - <partnership / networking
 - <participation

Two fundamental ideas of the concept of sustainability must be respected while using this list:

- The innovativeness of this approach lies in the combination of all these principles. Combining principles such as economic efficiency, diversity and intertemporal equity show the challenge we have to face.
- Openness for individual and collective learning is considered as an essential prerequisite for dealing with uncertainty. Many of these principles are meant to ensure this.

The next section tries to show how the application of the SD principles also will have repercussions on the management and governance of politics.

6 Reinventing government as a by-product of implementing SD?

6.1 Challenges for policy making in an ever changing environment

Many concepts of the previous era are nowadays disputed. New dimensions have appeared fostering an intense evolution of a very wide range of theories (Schleicher-Tappeser et al. 1997) which concern the meaning of: culture and civilisation; social equilibrium; complexity and ambiguity; chaos; change and contingency; uncertainty; risk and vulnerability; international interrelationships based on acceleration and unity of space-time-physical dimension; knowledge; human capital; and so on. All these changes call for *flexible management* to cope with micro and macro factors which are of economic, social and environmental nature.

In this context, SD requires a *new style of government* able to deal with multilevel interrelationships and to simultaneously connect globalisation and localisation (glocacity and glocality) as a process of world-wide interdependence, improving local initiatives, local actors and commitments to cope with, anticipate, and manage change, being aware of the new dimension of risk. According to Karas (1995), SD requires a number of new dimensions to be introduced into programming and planning:

- a shift in focus; away from demand-led planning towards addressing its ultimate ends in the reconciliation between environment and development;
- an integrated approach, as the interactions between policies in different sectors, calling for a more holistic view in which environmental considerations are given weight in social and economic policies - and vice versa;
- trade-offs, determined by the already mentioned principles of sustainability, in targets, timescale, spatial scale, powers, roles, competences and responsibility.

Especially at the national level this means a good-bye to the traditional idea of hierarchical decisionmaking of a sovereign independent state. Also national politicians will have to see themselves as actors in a worldwide multilevel bargaining system (Schleicher-Tappeser, Hey 1997).

The concept of governance, as a catalyst and facilitator of change, is therefore of extreme importance: “entrepreneurial governments have begun to shift to systems that separate policy

decisions (steering) from service delivery (rowing) [...] Steering requires people who see the entire universe of issues and possibilities and can balance competing demands for resources. Rowing requires people who focus intently on one mission and perform it well” (Osborne, Gaebler 1992). Therefore all new organisational principles have to be introduced in governance: lean and learning; no-hierarchical and participatory; federated and virtual; networked and open; etcetera.

Regional governance and programming is a process that concerns many policies according to the responsibilities and power shared between supranational authorities like the EU, State, Regional and local authorities. Indeed regional governance is not only a formally ruled process but a very socially complex process composed of:

- the collective agencies, i.e. the institutions, interest groups, economic and social organisations, political groups and parties;
- the courses of action adopted by the collective agencies to deal with problems, chosen areas of their application, their objectives and their expectations;
- the relationships between the collective agencies, the courses of action decided upon and their recipient subjects;
- the supporting measures by which these courses of action will be implemented.

6.2 Subsidiarity as an organizing principle

According to the *principle of subsidiarity* decision making competencies and power should be allocated to the lowest possible level in the hierarchy of policy making and be delegated upwards only if tangible advantages for all parties concerned are to be expected. Actually, this principle leaves a wide clearance for interpretation. However, concerning regional development policies which concern different sizes of territorial units and which are formulated at different policy making levels, this concept is of crucial importance. A series of theoretical discussion threads contribute to a systemic understanding of subsidiarity: network theory, regulation theory, welfare economics (Binswanger, Wepler 1993), organisational sociology (Sprenger 1991, Schneider, Sprenger 1990), functionalist approaches and the economic theory of federalism (Zimmermann, Kahlenborn 1980).

The concept of subsidiarity conceives different decision making levels from bottom up. If coordination is needed between different units of the same level, they create a higher level at which common rules are defined. How strongly these levels are empowered, to which degree they gain the possibility to enforce decisions against the will of the subunits, depends on the opportunities of the subunits to leave the system, depends on the competition between systems. Each unit or system develops a regime of regulations, to which the subsystems are bound. Three approaches for allocation of decision-making competencies can be differentiated. (In terms of a combined methodology to identify the appropriate level we sustain that it makes sense to apply them one after the other.)

- From a *functionalist* view it can be recommended which should be the highest level to be involved. It seems to make sense that a global problem, such as global climate change, should be addressed at a global level, whereas the protection of a small forest could be dealt with at a regional level.
- The *economic theory of federalism* argues that most efficient solutions can be found at the lowest decisionmaking level. Therefore it seems necessary to make careful distinctions which general rules can be useful at higher levels without preventing local levels from using most efficient ways for meeting the agreed objectives.
- A third approach considers the allocation of competencies under the perspective of the availability of *appropriate problem solving capacities*. It may be necessary to have very specialised knowledge in order to appreciate problems which are of local character (Binswanger, Wepler 1993).

Simple answers are not to be found (Scharpf, Reissert 1976). The consequent utilisation of the systemic view has consequences for the significance of regional policy making in general. The traditional view is characterised by a duality between the state and the single economic actor (be it a natural or a legal person). The political and economic debate is still strongly shaped by concepts of individual liberty on one hand and state intervention on the other. Fierce debates between right and left wing contrahents are still being faught along these lines. The subsidiarity concept denies this duality and consequently proposes a multi-level approach. There is nothing like a free market without regulations. Every bilateral bargainig, be it between individuals, companies, regions or states, takes place in some regulatory regime defined by a higher cooperation level.

In the view of networking theory, politics is about how to catalyse coordination processes at different levels and how to construct appropriate institutions. If the coordination instances are conceived as organisations which provide some service to their members there is also a competition between coordination instances at different levels. This may set into motion considerable political dynamics when new preferences and new opportunities appear. The strengthening of the role of the EU and the devolution processes which we are witnessing in a series of European countries (Italy, France, Spain) can be interpreted as being connected in this sense. This approach allows to see the development of regional policies in a dynamic way. Coordination functions evolve with their attractiveness and their ability to deliver convincing services. In most countries the regional level has no strong institutional shape. Therefore regional development policies aimed at strengthening regional networks and regional competencies must put an emphasis on convincing their potential constituency of the utility of coordination at this level. The evolution of regional identities is an important prerequisite for such a process. However, from a network theory perspective, a neat delimitation of regions for all kinds of regional issues, as regionalist movements are claiming, does not seem to be necessary for strengthening the regional coordination level. Overlapping networks for different tasks are conceivable.

6.3 Subsidiarity: limits to enthusiasm

Subsidiarity certainly has to be strengthened in a wide range of countries and situations. But still there are limits to enthusiasm (Thierstein, Egger 1997): at lower levels, financial, professional and organizational capacities to solve complex problems are often missing. The prevailing system of delegation is disturbed by a '*Reversed Peter Principle*'. The '*Peter Principle*' says that in 'a hierarchy, every employee tends to rise to his level of incompetence' (Peter, Hull 1970). For example, in the Swiss federal system this principle appears to be reversed because the execution of national laws tends to be delegated down to a political level, where competence is lacking. This '*Reversed Peter Principle*' reveals an important lesson for countries which are undergoing decentralisation and renewing subsidiarity. The delegation of responsibilities to lower institutional levels finds its limits in the degree of incompetence on these same levels.

In a broad sense the above principle is fully included in the concept of subsidiarity, since it says that the higher level can intervene where, when and if the lower level is not able to act, but, at the same time, the higher level must stimulate the lower level to become capable to govern. The top down approach expresses itself by means of an innovative supporting mission, that being to foster and nurture bottom-up local initiatives also as a new culture and practice.

7 Conclusion: it takes two to tango!

Nowadays regional governance and programming require a creative decision-making process, an unconventional wisdom as a combination of rationality and imagination based on:

- an experimental and flexible approach in which local areas (communities, sectors, etc.) operate as learning organisations;
- more exploration, learning by doing, learning from experience, learning to learn, proceeding step by step, making adjustments, taking into account the complex nature of problems and uncertainty (e.g. unpredictable behaviour of markets, actors, etc.).
- fundamental shift in “administrative geography”, that is a twofold decentralisation (Bennett 1997). First a intergovernmental dimension, i.e. decentralization of governance between levels of government from federal/central to state/local and neighbourhood. Second there is a dimension of decentralisation from governments to markets, quasi-market and non-governmental organizations.

To sum up, it takes two to Tango: on the one hand regional development, which has to be perceived as a socially complex process through which *local actors* conceive and implement *innovative courses of actions* based on a synergetic utilisation of endogenous resources, to foster employment by means of the diffusion of entrepreneurial culture. On the other hand, sustainable development requires a style of governance which is more and more orientated towards:

- an *open policy making*, both intra-organisational (within individual institutions) and inter-organisational (between different institutions), because democracy and subsidiarity are closely interrelated and are based on participation and people involvement in decision making;
- *continuous individual and collective learning*, because SD is a half old and a half new concept which needs a comprehensive cycle, that is starting from concrete experiences; making observations and reflections; forming and testing concepts, methodologies, guidelines; making inferences and drawing conclusions; implementing those conclusions; beginning another experiential learning cycle;
- *vision and missions*, because SD requires a set of values to be shared by people concerned;
- *users*, because humanity and all living beings are involved in the process of SD;
- *markets*, because SD regards all the world and the global and local interdependencies between economies, societies, cultures and knowledge;
- *results*, because SD requires a network of initiatives, policies, decisions and actions which should be continuously monitored and evaluated, improving appropriate methodological tools.

Promoting and implementing SD thus can help to gradually reshape and maybe ‘reinvent’ government and thereby filling the often hollow notion of ‘good’ governance with meaning and purpose.

8 literature

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