

**GETTING EUROPE BACK TO WORK
CRISIS (RE)PRODUCTION
AND CRISIS OVERCOMING IN EUROPE**

Edited by

Tomasz Brańka and Joanna Skrzypczyńska



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Prof. UAM dr hab. Radosław Fiedler

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Cross-border Cooperation and Economic Growth in the Post-Crisis European Union: Economic, Social and Normative Dimensions

1. Introductory remarks – European integration, crises and cross-border cooperation

The European Union is without doubt the most important political, economic and cultural project that has been designed and implemented in post-war Europe. It not only brought peace and stability to millions of Europeans, but also contributed to economic reconstruction and wealth dissemination throughout Europe, from Lisbon to Tallinn and Athens. At the same time, however, the current debate on the integration process seems to concentrate on high politics, with national and Brussels elites being accused of being alienated from the problems of “ordinary Europeans”. The problem is reflected, *inter alia*, in the debate on the “democratic deficit” (Sorace, 2018) in the European Union and Europeans’ feelings of being excluded from the debate about current problems and the future of the continent. These feelings tend to strengthen in a situation of uncertainty, as illustrated in the time of economic crisis of 2008 and the post-crisis period.

Despite the fact that European integration has led to outcomes strongly visible in the everyday life of the European public, it was the economic crisis (Frieden, Walter, 2017) that recently has framed the perception of the EU. Imported from the United States of America across the Atlantic Ocean, it strongly affected not only the European project itself, but first of all the lives of Europeans, becoming one of the most important political and economic challenges for both state leaders and EU institutions. One of its most striking outcomes was the economic recession, which resulted in high levels of unemployment that particularly affected young

Europeans – those who were entering the labour market after completing their education after 2008. At the same time, however, this problem has not been evenly distributed across the European Union and its member states. Some countries, especially those located in the European South, have been more severely affected than others. But, also, another spatial dimension of the crisis can be detected. Some of the regions within the EU member states, regardless of their northern or southern location, experienced difficulties more than others. They were usually the less developed provinces. A more general picture reveals that the more remote areas are usually (but not always) more underdeveloped than the central ones tend to be. National centres represent spots of resource concentration, whereas national peripheries often suffer from underinvestment, remoteness and, consequently, underdevelopment. They are very often located along state borders.

Border provinces, counties and towns often experience economic difficulties more intensely than national centres. The crisis of 2008 – in many cases – much more significantly affected them than other regions, with consequences for the prospects of young people and, especially, the migration of the young to other, more dynamic regions.

At the same time, however, the European Union has been supporting the economic development of the border territorial units. The INTERREG programme has been one of its most efficient instruments, aiming not only to equalise opportunities by enhancing economic development, but especially to propose cross-border collaboration as the main tool of better usage of (co)existing potential and, consequently, of achieving (more dynamic) economic progress.

The aim of this article is to investigate cross-border collaboration as a source of economic growth. The author claims that, in the post-crisis European Union, remote areas, especially border areas, have seriously suffered due to the fallout from the crisis. At the same time, fuelled by the European Union's instruments supporting cross border collaboration, border regions and border towns are equipped with an additional set of tools helping to overcome the crisis. Moreover, the INTERREG programme, despite concentrating on economic growth, also stresses the social and normative dimensions of collaboration.

This text is divided into five sections. After the above-presented introductory remarks, the economic crisis is approached from the border perspective, and the relationship between cross-border cooperation and economic development is described. Then, the INTERREG programme

is presented as an instrument of overcoming crises, and the text is completed with conclusions.

2. Economic crises from the border perspective in the European Union

Numerous studies have tried to understand the economic crisis of 2008 in the European Union (Esposito, 2014), attempted to resolve it (Kundera, 2015) and designed measures to prevent a similar crisis from developing in the future, usually concentrating on political and macroeconomic instruments (Višnjički, Bosna, 2015). Very few have employed the border perspective at the same time. Yet, as stated by François Bausch, the EU is “facing huge challenges, such as migration, climate change and a financial and economic crisis, which need a better shared understanding, shared interpretation and policy coordination in particular in cross-border areas” (Bausch, 2015). Márton Pete claims that “the financial crisis of 2008 exercised its most painful effects on the (...) peripheral regions, [due to] the economic convergence formerly experienced at member state level ceasing or at least slowing down.

However, the *disappearance of borders* has likely opened up the opportunity for regional and local entities at state borders to benefit from the economic potential of their neighbourhood rather than depending only on the economic performance of their own country” (Pete, 2014, p. 34). At the same time, removing political borders and tariffs is not a sufficient factor to facilitate economic integration. Infrastructure is needed, alongside knowledge, standardisation and the reduction of economic disparities (Anderson, Wever, 2003, p. 36). Sometimes the crisis situation serves as a push factor to look for new solutions, including cross-border development, as in the case of Copenhagen-Malmö and economic difficulties in the 1980s and 1990s (Hansen, Serin, 2007, p. 54). Sometimes, as in the case of Vienna, cross-border metropolisation resulted from its cross-border “territorial capital” (Giffinger, Hammedinger, 2013).

Some researchers, however, stress another aspect of the situation: the booming economy of the 2004 EU enlargement states, which are developing mainly in central/capital regions, much faster than in their peripheries. This factor is stressed as even more important than the crisis of 2008 in sustaining the underdevelopment of border regions in this

part of Europe (Pete, 2014, p. 34). For example, research on business networks in cross-border regions after the eastern enlargement in 2004 shows that they have hardly appeared, and peripheral regions have benefited less from the integration process than expected (Leick, 2012).

This short overview of key arguments in the debate on the relationship between economic crises and borders can lead to investigating cross-border cooperation and its main instrument, the INTERREG programme, as methods of overcoming negative effects of economic recession and enhancing economic development in the peripheral areas of the European Union.

3. Cross-border cooperation and economic development

As argued in the official publications prepared by the European Union, “185 million EU citizens, or 37% of the population, live in border areas. These are often peripheral, underdeveloped or marginalised areas: sometimes the borders are historical scars. The main aim of cross-border cooperation is to reduce the effect of borders as administrative, legal and physical barriers, tackle common problems and exploit untapped potential” (*European*, 2011, p. 12). At the same time, a survey conducted in 2015 by the European Commission suggests that there are several obstacles for cross-border cooperation declared by people living in the border areas, in particular language differences (57%), social and economic differences (46%), legislative and administrative differences (45%) and cultural differences (32%) (Eurobarometer, 2016, pp. 5–6).

What really are the main motives of cooperation across borders? Numerous analyses show that socioeconomic reasons are behind many cross-border activities (Wastl-Walter, Kofler, 1999, p. 43). Together with the free market construction and erosion of internal borders within the European Union, state edges wanted to be transformed from territorial “ends” within their national economies, to new “centres” (Hansen, 2000, p. 97). Joan Anderson and Egbert Wever remark, however, that “while the forces of globalisation are working to erode borders, the nature of increased economic interaction across borders varies significantly” (Anderson, Wever, 2003, p. 35).

For some local authorities, joining Euroregions has been motivated by economic interests, for others by other ethnic-cultural ones (Medve-Bálint, Svensson, 2013, p. 26). At the local level they are often border



Figure 1. NUTS III border regions in Europe

Source: DG Regio, 2011.

towns and cities trying to take economic, as well as social and cultural, advantage of border disappearance (Castanho, Loures, Cabezas, Fernández-Pozo, 2017). The efficiency of cross-border projects requires not only well-defined goal identification (Kurowska-Pysz, Castanho, Loures, 2018, p. 21), but is also to a great extent determined by social and cultural factors, especially the principles of equality, transparency and mutuality (Kurowska-Pysz, Szczepańska-Woszczyzna, 2017, p. 20). Most of the afore-mentioned aspects are present in the main instrument of the European Union to support cross-border development, the INTERREG programme.

4. INTERREG as a tool for overcoming crisis in border context

The key instrument of the European Union's focus on border areas is European Territorial Cooperation, that, in the form of the INTERREG programme, has been supporting the development of the EU since 1990, with a special focus on its economic, social and territorial dimensions. Its three components concentrate on cross-border (A), transnational (B), and interregional (C) aspects, of which this text will mainly investigate the first. Until now, the programme has been implemented in five steps, as INTERREG I in 1990–1993, INTERREG II in 1994–1999, INTERREG III between 2000–2006, INTERREG IV in 2007–2013, and the current INTERREG V in 2014–2020. Over the years it has not only increased its budget from €1 billion to over €10 billion, but has also undergone significant organisational and political change. In the current form, designed for 2014–2020, the main principles of the Europe 2020 strategy have been incorporated. The central element is growth, which should be of a smart, sustainable and inclusive character. In the A component, 38 internal EU borders have been covered with 60 programmes, and consumed almost 70% of the INTERREG funds (*INTERREG*, 2019). They aim, *inter alia*, to enhance the economic and social convergence of both sides of the border (Järviö, 2011, p. 4). But the programme also concentrates on improving “the implementation of regional development policies and programmes, in particular” (*INTERREG*, 2016).

The original goals of INTERREG were designed to reduce obstacles to cross-border cooperation, but in practice it moved towards becoming an additional financial source of economic development for the border areas. Later, this changed, due to pressure from the EU, towards well defined aims related to the reduction of the dividing role of borders (Medeiros, 2019, p. 486). As stressed by several authors, the border-related policies of the European Union have been successfully incorporated into its structural policies (Pete, 2014, p. 33).

Today, resources pumped into cross-border projects “are considered to be one of the main EU instruments for achieving territorial cohesion and therefore promoting growth and employment” (Garcia-Duran, Mora, Millet, 2011, p. 358). The NUTS III regions in particular “account for some 60% of the EU area and 41% of the EU population, while 37% of these areas are included in the convergence objective, making their socio-economic support vital for EU territory development” (Medeiros, 2013). NUTS III regions located directly on the border are entitled to

benefit from INTERREG A (Figure 1), when designing and implementing projects alongside partners from the other side of the border. Economic growth is additionally one of the priorities of the Cross-Border Cooperation component of the European Neighbourhood Policy Instrument (*A Selection*, 2014). Territorial units consequently employ the strategy of Euroregions or Eurocities (Castanho, Naranjo Gómez, Kurowska-Pysz, 2019). INTERREG is the main source of financing cross-border projects in Euroregions (Durà, Camonita, Berzi, Noferini, 2018, p. 73). Moreover, “the Territorial Agenda 2020 underpins the territorial dimension of the Europe 2020 strategy. In this context INTERREG EUROPE can contribute by enabling regions to develop place-based responses to the Europe 2020 challenges of smart, sustainable and inclusive growth” (*INTERREG*, 2014, p. 5). Inclusive growth itself is described as “policies supporting the development of SMEs as the main creators of new jobs, programmes promoting female and young entrepreneurship, and skills development for the knowledge economy” (*INTERREG*, 2014, p. 9).

5. Interpretation and conclusions

As declared in the official documents of the EU, “INTERREG EUROPE is one of the instruments for the implementation of the EU’s cohesion policy. With this policy, the EU pursues harmonious development across the Union by strengthening its economic, social and territorial cohesion to stimulate growth in the EU regions and Member States” (*INTERREG*, 2014, p. 5). The question, however, is how efficient for achieving its goals this tool is.

In their investigation from 2011, Patricia Garcia-Duran, Toni Mora and Montserrat Millet tested the impact of EU financial support on cross-border regional cooperation: institutional links and economic functional connections. They found empirical evidence confirming the interrelation between this support and institutional relations, but it is not as clear as one might expect, and neither is its influence on economic and functional cross-border links (Garcia-Duran, Mora, Millet, 2011, p. 359). At the same time, numerous studies show that further strengthening of the INTERREG programme is necessary, especially with regard to resources available. As Eduardo Medeiros claims, “by implementing stronger relational and morphological networks and synergies between both sides of the border, [INTERREG] contributes to a more polycentric territory. It has also been

an important socioeconomic development factor, by supporting economic activity on the EU borders, in areas such as tourism, culture, training and skills” (Medeiros, 2013, p. 29). Especially cross-border tourism has been seen as an element of economic activation of the border areas with the help of INTERREG (Nilsson, Eskilsson, Ek, 2010).

Additionally, research on INTERREG III results suggests that in many cases “the history of cooperation matters predominantly for European Union cross-border economic integration, while the strength of cooperation in terms of strategic partnership or the common understanding of needs for cross-border regional development seems not to matter. Apart from history, the major determinants for cross-border economic integration and cross-border regional disparities are forces outside INTERREG, namely the intra-industry trade of the national economies, Economic and Monetary Union and Schengen” (Bergs, 2012, p. 345). There are however numerous studies on INTERREG B demonstrating its role in strengthening economic and social cohesion, as in the case of the Central Europe Programme (Astrov, Grievesson, Hanzl-Weiss, Hunya, et al., 2018), mobilising resources and creating investments in specific sectors (*Impacts*, 2009), or on INTERREG C, as demonstrated by the city twinning initiatives (Płoszaj, 2013). Also (a)symmetries between opposing sides of the border result in the varying effects that INTERREG-financed projects have on their implementation mode (Martín-Uceda, Jańczak 2018). An analysis of INTERREG-financed projects implemented on selected EU internal borders shows that the most common category was economic development, ranging from one third to half of the total number of projects (Castañer, Jańczak, Martín-Uceda, 2018, p. 81).

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