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## Regional Policy in the Coordination Phase

by Klauspeter Zanzig, Hamburg \*

**The multiplicity of institutions that are responsible for West Germany's regional policy is creating numerous coordination problems. A fundamental solution of these problems is expected from the forthcoming Federal Space Use Programme.**

In our days questions of regional policy are gaining a steadily increasing weight. On the one hand, this is traceable to the strengthening of spatial disequilibria and a growing differentiation of cyclical trends relating to particular regions and branches of activity. On the other hand, the economic growth target is today being modified by problems of personal and regional distribution.

So far, the striving after that allocation of resources which maximises the chances for economic growth, has been regarded as the focal point of regional policy. Consequently the Federal Government's Report on Spatial Development<sup>1</sup> 1972 mentions as common and superordinate objectives to improve the economic structure and to take care that in all regions unused or badly used production factors are mobilised for overall economic growth.

### Multiplicity of Competences

In contrast to other fields of economic and social policies, there is no single institution which is exclusively responsible for questions of regional policy. Numerous, mostly uncoordinated activities of organs of the Federal Government, the Lands, the local authorities as well as of private institutions exercise an influence on the development relating to regional policy. In addition there are effects of EC policies.

The multiplicity of institutions, that are responsible for regional policy, is creating numerous coordination problems which, in the interest of a purposeful federalist governmental structure, have to be solved. A coordination of administrative activity in order to improve the chances of achieving the aimed at objectives of regional policy, requires a tuning of the competent authorities' decisions about the nature of projects, and the date and the place of their prosecution.

Approaches to coordination can generally be undertaken on a horizontal, vertical or depart-

mental level. The principles of regional policy, the Federal Law on Space Use (§§ 4 and 8 (1) ROG), all planning laws of the Lands, as well as the opinion of the Federal Constitutional Court demand a superordinate and concerted planning of a spatial order that meets the economic, social and cultural requirements. Thus certain tasks are *horizontally* removed from the hierarchic system and handed over to special agencies and their staff-departments. Among the most important of them are the Lands' planning authorities themselves and, in some cases, their consultative committees, the Federal Government's Consultative Committee for Space Use (§ 9 ROG), the "Interministerial Committee for Space Use" (IMARO), which pursues the coordination of the Federal Government's whole regional programme, and the "Interministerial Committee for Regional Economic Policy" (IMNOS), which is in charge of the administrative coordination of the Federal Government's measures<sup>2</sup>.

On the *vertical* level the Federal Government and the Lands in 1967 constituted a "Ministers' Conference for Space Use" (MKRO), whose deliberations are held by disembodied general and technical committees. Several times also ad-hoc committees or working parties were set up for special and limited tasks.

Due to a coincidence in the object of planning, the plans of different boards and levels are superimposing more than once and thus contribute to the well-known confusion of regional promotion. „Federal Government, Lands and local authorities, in the promotion of regions, do not operate jointly, but side by side and frequently even against each other“<sup>3</sup>.

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<sup>1</sup> Raumordnungsbericht 1972 der Bundesregierung, published by Presse- und Informationsamt der Bundesregierung, Bonn, 1973, p. 94.

<sup>2</sup> See T. Thormählen, Integrierte Regionale Entwicklungsplanung, Göttingen, 1973, p. 54 f.

<sup>3</sup> T. Thormählen, loc. cit., p. 3; see also Raumordnungsbericht der Bundesregierung 1972, p. 67.

Space use and regional policy in the main underwent four phases in development since the foundation of the Federal Republic. The reconstruction phase was, for the most part, marked by problem-oriented ad-hoc measures in order to meet the economic emergency. However, due to the lack of a spatial overall concept or a coordinated system of targets, the chances of creating early a spatial structure capable of being developed further, were missed in the Federal Republic <sup>4</sup>.

During a second phase a discussion followed about the need of measures of regional policy and their conformity with the existing economic system. During the next phase in development obligatory principles and objectives of space use and regional policy were enumerated. This phase ended with the becoming effective of the ROG.

In 1954 the specific competences of the Federal Government and the Lands were definitely marked by the Federal Constitutional Court's opinion on the building legislation. In 1955 the "Committee of Experts for Space Use" (SARO) was appointed, whose task it was to enunciate principles of space use policy and to deduce therefrom appropriate measures.

Two years later the Federal Government and the Lands concluded an administrative agreement, whose central element was the "Conference on Space Use" (KRO). The administrative agreement which anyhow lacked material principles ended on April 8, 1965.

In contrast to the heavy expectations, it became obvious at the time that the weight and rank of the individual aims and demands of regional policy could not be extracted from the new ROG. Thus there was no guarantee for coordinated activities fixed on uniform aims.

The fourth and last phase in development of regional policy is characterised by efforts to put the principles defined in the law into action by means of regional action programmes and the framework plans of the Community Task. At the same time it proved necessary to achieve a co-ordination of the different planning levels and authorities. It is to be realized by the announced Federal Space Use Programme <sup>5</sup>.

In the Federal Republic regional policy is to a great extent identical with regional economic promotion, whose main tools are the regional promotion plans. In these promotion plans and their followers, the regional action programmes,

which envisage the promotion of areas that are falling or have fallen back, of rural areas as well as of the region adjoining the zonal border, the objective assumes concrete form, to eliminate or reduce inter-regional wealth differentials, at least, however, to prevent them from increasing further. On the one hand, the programmes are addressed to the enterprises themselves (promotion of the expansion of existing plants; of the establishment of new factories; of investments for reorganisation or rationalisation purposes), on the other hand to the local authorities (industrial development and measures aiming at the improvement of municipal infrastructure) <sup>6</sup>.

### Promotion Areas

Three categories of promotion areas are taken as a basis:

*Federal development areas*, which are delimited according to their economic strength by the criteria of population density, per-capita gross domestic product, existing industries and taxable capacity in real terms.

*The region adjoining the zonal border*.

*Federal development places*, which are centres of regions with an insufficiently employed labour force.

The most important types of measures consist of transfer payments to newly settled enterprises and of granting credits on favourable interest terms.

Besides these development plans worked out by the Federal Government there exist also those of the Lands. All of them, however, are disadvantageous because they are uncoordinated and do not cover all relevant spheres of planning. A coordination of all regional policy institutions was the prerequisite to a successful cooperation in these spheres.

With that the regional action programmes were established. Basing on proposals for an intensification and coordination of regional structural policy these programmes, started for the first time in 1969, anticipate the framework plans as provided for by the Law on the Community Task "Improvement of the Regional Economic Structure" as passed in October 1969. They thus bridged a period of transition up to the start of the first framework plan of the Community Task (January 1, 1972).

In contrast to the regional promotion plans not only industrial settlements but the whole economic development of a region is aimed at. The

<sup>4</sup> See H. Hautau, *Entwicklung der Raumordnung und Regionalpolitik in der BRD*. In: WIRTSCHAFTSDIENST, 54th year (1974), No. 5, p. 263.

<sup>5</sup> See H. Hautau, loc. cit., p. 262 ff.

<sup>6</sup> See U. Brösse, *Das Förderungsprogramm der Bundesregierung*. In: WIRTSCHAFTSDIENST, 50th year (1970), No. 10, p. 567 ff.

employment of the funds of the Federal Republic and its Lands, available for regional economic development, was planned jointly. Another essential point was the graduation of the promotion of trade and crafts according to the focal point principle opposing the hitherto practised inefficient "sprinkler principle" and promotion by size of area. Focal point locations must be crystallisation nuclei for the economic development of a larger adjoining area. The focal point principle served to reduce the number of locations to be promoted for the settlement of manufacturing and business enterprises from about 10,000 to 312<sup>7</sup>. The employment of funds serves mainly the creation of new and the securing of existing jobs.

### Framework Plans of the Community Task

The new phase of regional development policy, that already started in 1969 with regional action programmes initiated by the Lands, was legally completed by the introduction of the first joint framework plan of the Community Task „Improvement of the Regional Economic Structure“ on January 1, 1972. The Law on the Community Task supplies new instruments for this purpose. The framework plan has a period to run of four years, is to be worked out for the period of financial planning, is to be examined objectively every year and to be extrapolated annually with reference to changing circumstances, new perceptions and successes achieved. Promotion targets, -measures and funds as well as kind and intensity of promotion are fixed by a planning committee in which the Federal Government and the Lands are represented on an equal footing.

The tax free investment allowance in accordance with the Law on Investment Allowances of August 18, 1969, is the basis of public promotion. But investment allowance and funds for programmes are to promote only such projects of manufacturing, that are able to initiate an additional and permanent flow of income from economically stronger to weaker regions.

The promotion areas of the 21 regional action programmes, which since 1972 have been taken over into the Community Task, cover 58 p.c. of the Federal Republic's area and about 33 p.c. of its population. Hitherto in these areas 100,000 industrial jobs have been promoted annually with government funds. For the period between 1969 and 1973 the Federal Government registers about 513,000 jobs, which through public aid could be

or are being created in less developed areas, and a promoted industrial investment volume of DM 37 bn.

In the meantime the third framework plan for the years 1974 to 1977 has been passed. It provides for the creation of 464,000 new jobs and the securing of already existing workplaces. Private investments amounting to about DM 14.9 bn are to be promoted for achieving this target. For this purpose about DM 870 mn are earmarked as financing aid apart from the investment allowance<sup>8</sup>.

### Adjourned Problems

As compared with the second framework plan the third one regulates also the transfer of manufacturing establishments, but important problems have been adjourned, e.g.:

- new delimitation of promotion areas,
- unified selection of focal points,
- unified ascertainment of job deficits,
- success control under regional policy aspects<sup>9</sup>.

The isolated side by side of regional economic-, agrarian structure-, energy- and transport policies could be overcome by an integration into the Federal Republic's Space Use Programme. In accordance with a systematically worked out framework of temporal, spatial and objective priorities this programme is to guide the direction and coordination of medium-term action plans. This Federal Programme can provide quantitative fundamentals for decision making regarding the framework plans, which are required for completing the community tasks. This can be achieved since the Federal Programme shows in a regionally differentiated manner, in which focal points of development or rural areas and with which temporal priority infrastructure measures or industrial settlements are to be achieved in connection with an improvement of the agricultural structure<sup>10</sup>. Although this Federal Programme was already announced in July 1969 for 1972, as a new and more effective instrument for the coordination of all Federal funds affecting regional developments, it will probably be passed only this autumn after the negotiations of MKRO.

<sup>7</sup> See *Ergebnisse der Regionalen Wirtschaftspolitik*, BMWi-Text, published by Bundesministerium für Wirtschaft und Finanzen, Bonn (1974), p. 5; see also *Dritter Rahmenplan der Gemeinschaftsaufgabe „Verbesserung der regionalen Wirtschaftsstruktur“ für den Zeitraum 1974 bis 1977*, Deutscher Bundestag, Drucksache 7/1769, p. 9; *Raumordnungsbericht 1972 der Bundesregierung*, loc. cit., p. 95 f.

<sup>8</sup> See U. Brösse, *Der dritte Rahmenplan der Gemeinschaftsaufgabe „Verbesserung der regionalen Wirtschaftsstruktur“*. In: *WIRTSCHAFTSDIENST*, 54th year (1974), No. 7, p. 351 ff.

<sup>9</sup> See *Institutionelle Voraussetzungen für die Planung einer mittel- und langfristigen sektoralen und regionalen Strukturpolitik*. In: *Raum und Siedlung (structure)*, 1971, No. 12, p. 283 f.; and D. Alfeld, *Zielsystem für das Bundesraumordnungsprogramm*. In: *structure*, No. 1, 1972, p. 18 f.

<sup>7</sup> See H. Jürgensen and T. Thormählen, *Regionalpolitik*. In: *Kompendium der Volkswirtschaftslehre*, Vol. 2, 3rd ed., Göttingen, 1973, p. 284 f.; U. Brösse, loc. cit., p. 589 f.; and H. Mehrländer, *Fortschrittliches Förderungsprogramm*. In: *WIRTSCHAFTSDIENST*, 51st year (1971), No. 3, p. 148 ff.