Chapter 8
Strategic Planning and Urban Governance: Effectiveness and Legitimacy

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8.1 Planning as a Political Process in the Framework of Transforming Governance

Since the 1990s, planning as a political process has changed profoundly. Planning is no longer considered a state function governed by strict hierarchies accompanied by explicit competencies. Central, regional and local governments are no longer the only stakeholders involved in the process, neither is land use regulation the only policy area affected.

Today a plethora of elected and non-elected, governmental, quasigovernmental and private sector actors and institutions from all spatial scales, voice their interests in new systems of local governance. These multi-actor and multi-level systems of local governance which are emerging to combat the lack of horizontal and vertical integration in traditional planning processes, it is believed, will help policy-making become more flexible, adaptable and holistic in approach. Resulting policies benefit from an enhanced sense of ownership and the planning process becomes more sustainable through greater participation. Special emphasis is given also to environmental issues, which have to be integrated into all sectoral policies including spatial planning.

Tewdwr-Jones (2002, p. 278) characterises planning as having undergone a "transformation from an end product into a strategic enabling of means-based activity within a much broader framework of governance" driving spatial agendas and resulting in customised policies.

In the first part of this chapter, I will examine the transition from government to governance. Considering government failure as a lack of effectiveness and legitimacy, the shift from 'government' to 'governance' is explained as a re-orientation away from 'hierarchies' towards 'heterarchies'. The main questions posed refer both to the opportunities and risks that may be derived from governance arrangements and to the prerequisites for the avoidance of governance failure. It is important for

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policy-makers to be aware of the co-existence and complementarities of governance modes, avoiding risks and enhancing opportunities for participatory governance, thus ensuring both effectiveness and legitimacy.

The second part will look into the Europeanisation of domestic politics and the main principles of strategic planning and participation within the framework of urban governance. Europeanisation is understood not as a linear and homogeneous adaptation of the domestic institutional structures to an ideal type of norms and regulations, but as an interactive process of political and institutional changes in which territorial specificity plays a crucial role. Institutional innovation and learning processes differ from country to country and the principles of partnership and strategic planning (e.g., *European Spatial Development Perspective* – ESDP, CSD, 1999) for territorial cohesion have different outcomes in different localities.

The third part of the chapter discusses the transformation of planning and the shift from the traditional/conventional planning policies to contemporary planning policies which enable multi-level and multi-actor governance arrangements. However, this shift from 'government' to 'governance' creates not only opportunities but also risks, which planners must be aware of in their quest for strategic, collaborative and sustainable planning, in order to avoid new problems.

The last part offers an insight into strategic planning and the diversity of small- and medium-sized cities in Europe. Based on the data provided by a specific study on small- and medium-sized cities in European countries (ESPON 1.4.1, 2006) different definitions and typologies are presented, and three important aspects concerning the dilemmas and perspectives of strategic planning are highlighted: (1) principles, (2) territorial specificity and (3) alternatives.

In the end presents some conclusions regarding the transformation of planning as a political process in light of the transition from government to governance.

8.2 From 'Government' to 'Governance'

8.2.1 Government Failure: Lack of Effectiveness and Legitimacy

Haus, Heinelt and Stewart (2005) consider effectiveness and legitimacy to be the criteria for evaluating government success or failure. Effectiveness they define as the 'governing capacity' of the government to solve problems by reflecting on its options, arriving at strategies for addressing these problems and having the ability to follow these strategies in their political actions. Legitimacy refers to the acceptance, ownership and justifiability of the decision and implementation processes and the policy objectives themselves. Legitimacy is closely linked to democratic self-government and participation. The principle forms of democratic legitimation are presented in Table 8.1.

Input-legitimation through participation relates to the possibility to voice one's opinions and have these opinions considered in the formulation of policy. Throughput-legitimation means that with transparent institutions and processes,

Table 8.1 Different forms of democratic legitimation (Haus et al., 2005, p. 15)

Forms of democratic legitimation	Principle	Criteria	Phenomena of crisis
Input-legitimation	Participation	Consent	Decrease of voter turnout, etc.
Throughput-legitimation	Transparency	Accountability	Opaque institutions, etc.
Output-legitimation	Effectiveness	Problem-solving	Policy failure, etc.

understanding of the policy-making process and actor accountability are enhanced, rendering implemented policies more legitimate. Finally, output legitimacy relates first and foremost to the legitimation of policies based on the involvement of the necessary actors and the use of available information to make informed decisions.

8.2.2 Definitions and Contents: From Government to Governance

Different forms of democracy and democratic reform score differently with regard to the legitimation 'principles' in the second column of the above Table 8.1. However, none is successful in all the above forms of legitimation and effectiveness and in the resolution of market failures. Hence a discourse advocating the shift from government to governance emerges. "The literature on governance rejects the dichotomy of 'state' vs. 'market' and re-examines the interrelations between civil society, state and market, arguing that the boundaries have become blurred. The shift from 'government' to 'governance' signifies a re-orientation away from the hierarchy of the state and the institutions whose role is to promote conventional forms of political representation (party system, electoral participation, majoritarian principle), to heterarchy. In a heterarchy a highly diverse range of actors with different interests, power and histories, pursue their goals through participation in cooperative forms of action, and joint decision-making processes. In this sense, 'governance' places emphasis on the conditions enabling 'civic cooperation', formal and 'informal arrangements', 'networking and coordination of efforts' and 'alliances/coalitions' between different interest groups in concrete policy domains in a multi-level framework. These prerequisites refer to the tasks and objectives of 'mutual understanding', 'negotiation and bargaining', 'institutional capacity', 'trust' and 'social capital'" (Getimis & Georgandas, 2001, p. 2).

8.2.3 Governance Opportunities

Getimis and Kafkalas (2002, pp. 157–158) consider that the emergence of new forms of governance presents five main opportunities.

1. *Widening the forms of representation – legitimacy gains*. Given the growing crisis of the political institutions and the democratic deficit at all levels of political representation, new forms of governance, based on arguing and bargaining, broaden legitimacy through the involvement of new types of actors (e.g., committees, new bodies) and through new forms of interest intermediation. It should be mentioned however, that empirical examples suggest that in so far as the broadening of legitimacy is concerned, more often than not, the old government structures have been maintained and the new forms of governance have been simply added upon them.

2. *Broadening participation – effectiveness gains*. The new governance arrangements provide for empowerment and access to holders, with or without legal entitlements, and thus may lead to effective policy outcomes (i.e., effectiveness), which cannot be derived from conventional forms of government. The new cooperative partnerships, oriented on common tasks, go beyond legalistic rights, supporting cooperation and widening forms of participation (e.g., at the European, national and local level). However, it is not always clear whether effectiveness comes as a result of more participation per se or because participatory governance triggers the reconsideration of certain failures of command and control policies. In any case, some real progress can be detected.

3. *Continuous learning and improvement – knowledge gains*. New governance arrangements give new opportunities for permanent learning to the different actors involved, regardless of the success or failure of the policy outcome. Different actors, with different histories and power, test their knowledge, arguments and powers and learn from each other in the new forms of participation. Again, empirical examples cannot provide conclusive evidence on whether learning processes correspond to the new governance arrangements or to the combination of other factors at work.

4. *Early conflict resolution – consensus gains*. Participatory governance emerges as a means of conflict resolution. One could argue that the aim is to avoid a conflict resolution by courts. This can be achieved through early integration of specific actors with their respective interest from the beginning (i.e., in the phase of development and implementation of the policy instrument). This opportunity is linked to the rules of selection and the empowerment/disempowerment of those holders who participate in, who are excluded from or who 'opt out' of the new governance arrangements.

5. *Institutional, organisational and technological restructuring – innovation gains*. Participatory governance seems to trigger organisational restructuring, sometimes as a direct response to failures in the application of command and control policies ('hierarchies'). For example, the turn towards participatory governance can lead to institutional and organisational innovations bypassing structures dedicated to respond to top-down hierarchical decision-making. This role becomes even more important whenever it is coupled with broader societal objectives such as the pursuit of sustainability or consensus building.

8.2.4 Governance Risks

We are turning to governance as the solution (Getimis & Georgandas, 2001, p. 3) after the crisis of the welfare state (top-down), in the 1970s, the subsequent turn to market forces of the neoliberal political project of global deregulation, which peaked in the 1990s, and the market's failure to solve developmental, social and ecological problems (externalities). However, we should also anticipate and address possible governance failures.

1. *Ineffectiveness – 'eye wash effect'*. In this case all decisions are already taken, and the involvement of certain actors has a purely public relations or marketing purpose. The aim could be to obtain information for a better negotiating position or to gain knowledge about new technologies, for which the enterprise would otherwise have to pay. Thus, increased participation does not necessarily lead to the achievement of certain policy goals, such as sustainability, which may simply be ignored or added to lists of goals without intent or commitment. This effect allows the new governance structure to become an instrument of shifting responsibilities rather than committing all actors to the pursuit of specific policies (Getimis & Kafkalas, 2002, p. 169). Jessop (2002) labels this governance risk as 'noise' or a 'talking shop'.
2. *Non-accountability – transparency – legitimacy loss*. This is associated with the diffusion and probably dilution of responsibilities within ad hoc governance agreements where unequal partners participate in a policy process with an uneven distribution of costs and benefits. This dilution of responsibility makes the participants non-accountable in both political and legal terms. Non-accountability feeds the temptation to pursue targets that no actor acting on their own could support. This leads us to the increased danger of the reproduction of the uneven distribution of power among the participants, entering the process based on different forms of legitimacy and power (e.g., legal entitlement on the one hand and de facto power on the other). This should be compared with and weighed against the performance of existing government structures (Getimis & Kafkalas, 2002, p. 168).
3. *Governance overestimation*. There is an underestimation of the strengths of existing normative frameworks of hierarchies (e.g., political representation, party system and majority) and an overestimation of the potential of another value system of heterarchy (negotiation, bargaining, commitment to dialogue, networking, etc.). This leads to a shift from general rules and legal perspectives (political and civil rights) to partial rules and holder claims ('citizenship' vs. 'holdership') (Getimis & Georgandas, 2001, pp. 2–5).
4. *Compartmentalisation of policy – fragmentation – comprehensiveness loss*. Although governance arrangements reduce the general problems of democratic participation and the democratic deficit through structured participation procedures and problem-solving in concrete policy domains, this is done without reference to the broader political and socio-economic context. It is a participation and democracy 'à la carte'. Participation procedures of coalition partners

take place in fragmented policy areas (fragmentation), while cooperation and networking among actors are conceived and analysed on the basis of selective incentives and tasks (selectiveness) (Getimis & Georgandas, 2001, pp. 2–5). Inconsistencies may thus be multiplied and synergies undermined between particular policies that become apparent in their parallel pursuit within the same territory without any *ex ante*, ongoing or ex post assessment of their combined impact upon the territory (Getimis & Kafkalas, 2002, p. 169).

5. *Instrumentalisation – substantial rationality loss*. The emphasis on problem-solving and the 'effectiveness' of policy outcomes, combined with the dominance of a technocratic rational, may underestimate important aspects of political legitimacy and social justice. The danger lies in the overestimation of the internal and external functionality in the policy process and the dominance of technocratic knowledge (e.g., 'managerial' assessment of policy outcome, benchmarking, etc.), at the cost of democratic participation and the empowerment of civil society. Empirical cases support this but not in a systematic way, while countervailing tendencies have also been recorded, for example, in the combination of managerial trends with sustainability objectives (Getimis & Kafkalas, 2002, p. 169).

In order to avoid governance failure the following advice is offered.

1. *Co-existence and complementarity of coordination modes*. If all modes of economic and political coordination (government, market and governance) are prone to failure, successful policy-making may depend on the complementing of market, state and network modes of governance (Getimis & Kafkalas, 2002, p. 157) and "on the capacity to switch modes of coordination as the limits of any one mode become evident (. . .) [or] meta-governance" (Jessop, 2002, p. 52). The interest in governance becomes, in fact, a search for the appropriate combination of markets, hierarchies and networks that will collectively provide the steering and control capacities (Getimis & Kafkalas, 2002, p. 157).

2. *Reflexive learning*. By encouraging 'self-reflection, self-regulation and self-correction' learning will be facilitated, side-stepping the risks outlined above. The reflexive process will further facilitate the selection of the optimal mode or mix of coordination (market, government, governance) (Jessop, 2002, p. 55).

3. *Participatory governance.* It is based on the complementarity between political leadership and community involvement. Forms of participatory governance achieving a good balance and complementarity between leadership and democratic participation can enhance legitimacy and effectiveness. "Leadership may solve some of the problems related with community involvement through a participatory management of policy networks and by ensuring their public accountability. Community involvement on the other hand can bring dispersed knowledge and awareness of negative externalities in decision-making and implementation processes and can shed public light on proceedings in representative and administrative bodies" (Haus et al., 2005, p. 23).

8.2.5 Some Conclusions

Clearly, the understanding and application of local governance as a solution to the failures of alternative modes of coordination pose a number of challenges.

Against the types of risk outlined above we should think of both: (1) the possible benefits stemming from the mobilisation of many, until now underused or isolated, individual and institutional resources and (2) the achievement of consensus through deliberation and active participation with freedom of entry for an increasing percentage of the population. In order to increase the possibility of a positive outcome we have to reconsider the important aspects of democracy, participation, political legitimacy and social justice, not only in fragmented and specific policy fields, but in all policy-making frameworks (in which the state still plays a key role), and at all levels (especially at the global level, where despite the proliferation of many political and economic institutions the lack of democratic representation remains a crucial issue). It should be mentioned however, that the situation is characterised by the rather low probability of success, despite the fact that the meaning of success itself becomes conditional upon the achievement of the fragmented partial targets of each particular governance agreement (Getimis & Kafkalas, 2002, p. 169).

The inconclusive effects of governance point towards the importance of the flexible coexistence of old and new forms of government and governance including state administrative hierarchies, market-led solutions and participatory governance initiatives. This argument is equivalent to a plea for the selective re-regulation of particular stages in policy-making and policy implementation in order to achieve the optimum combination of effectiveness and legitimacy through participatory governance (Getimis & Kafkalas, 2002, p. 170).

The prudent combination of different coordination modes, including hierarchies and the market, will allow the pursuit of both effectiveness and legitimacy between which, as many have concluded, there is a trade-off.

8.3 Europeanisation and Domestic Politics: Urban Governance, Partnership and Strategic Planning

8.3.1 Different Aspects of Europeanisation

By the term Europeanisation we refer to a set of processes through which the EU political, social and economic dynamics become part of the logic of domestic discourses, identities, political structures and public policies (Radaelli, 2000). For the needs of this chapter, the dynamics of Europeanisation will be confined to the domain of political structures and policies.

Broad Europeanisation changes can be discerned in two domains of urban politics (Getimis & Grigoriadou, 2004, pp. 3–7). The first is related to the transition of traditional urban government towards urban governance focusing on new horizontal partnerships, networking and community involvement in policy formulation and

decision-making. In particular, divisions and conflicts between different politico-administrative units and between public and private actors have to be eliminated for urban resources to be mobilised and the potential access to EU funding to be utilised (Benz & Eberlein, 1998). The result is the empowerment of politics at the local level and their transformation from nationalised and hierarchical forms towards more negotiated and independent practices in a manner that involves the urban society and a wide range of interest groups (Peter, 2000).

The second one concerns the reorientation of urban policy away from fragmented actions of arbitrary development towards integrated, strategic, local action plans and initiatives for sustainable development policies, which contribute to the improvement of the quality of life in cities and the preservation and enhancement of the urban environment. Strategic, sustainable, urban development very often implies a commitment to a shared vision of urban change requiring a combination of resources from different sectors (public, private and community).

The promotion of sustainable urban development and the implementation of the partnership principle are two complementary, mutually reinforcing goals of EU policies aiming at successful urban governance. The former seeks the protection and improvement of the urban environment so as to improve the quality of life, safeguard human health and protect local and global eco-systems. This is achieved through the encouragement of partnership building. In particular, the establishment of good urban governance entails the vertical integration of activities at different levels of government and the better horizontal integration at the local level among the concerned organisations and citizens. In accordance with EU policies, partnership building emerges as a crucial factor for improving the quality of life in cities and for managing the urban environments in more sustainable ways (CEC, 2001a). For example, the programmes Urban and Life for the Development and Implementation of Community Environmental and Urban Regeneration Policies have had a catalytic effect on urban policies and partnership formation.

Furthermore, the *White Paper on European Governance* (CEC, 2001b) is indicative of the importance the European Union (EU) places on community involvement as integral part of good governance. In this paper, the European Commission strongly argues that broad citizens' participation should be ensured throughout the policy chain from design to implementation. Consequently, the White Paper's proposals are underpinned by two good governance principles: openness and participation (Knodt, 2002). However, the *implementation* of Agenda 21 has already introduced the principle of citizens' participation in the EU political agenda. Many of the European Community's programmes and policies have been based on the principle of the active involvement of the concerned groups throughout the relevant procedures. Consequently, civil society has been given specific mechanisms for participating in the development and implementation of Community policies (CEC, 1997a).

According to the EU, a number of interdependent factors explain the importance of the implementation of these principles:

1. the establishment of a more balanced European urban system as a precondition for economic and social cohesion;

2. the reinforcement of the cities constituting the drivers of the European economy;
3. the achievement of the new EU commitments and obligations vis-à-vis the global environment[1];
4. the resolution of complex and interrelated urban problems and the maximisation of urban potential, which are both undermined by the predominance of traditional sectoral approaches and the fragmentation of powers and responsibilities among various levels of government (CEC, 1997b).

The Structural Funds constitute the main funding mechanism for urban partnerships promoting sustainability in the EU. More specifically, partnership is one of the key principles underlying the Structural Funds. From the 1988 reform on structural policy, which introduced the principle of partnership as an institutional basis for implementation, to the recent 1999 reform, the definition of partnership has been broadened. In the 1988 reform, partnership in line with the principle of subsidiarity was defined as close consultation for the pursuit of common goals between the Commission, the concerned member states and the competent authorities, which are familiarised with the problems of disadvantaged regions. In subsequent reforms, a broader approach of partnership was adopted to ensure the involvement of all the concerned partners such as economic and social partners and environmental and non-governmental agencies. Subsequently, the 1999 regulation abandoned the 1988 decentralised approach to partnership for a wider approach that addresses all concerned bodies (Bache, 2000; Bollen, 2000).

Although partnership formation is a substantial prerequisite for the implementation of the Structural Funds, a recent report funded by the European Commission (Kelleher, Batterbury, & Stern, 1999) underlines the existence of significant variations and differences in the implementation of the partnership principle among the member states. In particular, this report indicates that where member states have little experience in partnership formation, the EU requirements have often 'kick-started' processes of partnership building. Regarding the composition of these partnerships, it is argued that the role of social partners and NGOs has often been limited. To explain these variations, a number of factors have been proposed. Of particular importance are the national institutional and cultural traditions, the well-established corporatist models and prior experience in partnerships.

8.3.2 Europeanisation and Institutional Innovation

The inherent ambiguity in the concept of 'Europeanisation' is reflected in the different and often controversial theoretical approaches (Getimis, 2003, pp. 81–83). Intergovernmental approaches stress that Europeanisation enhances the role and power of nation states vis-à-vis supranational and sub-national political actors (Moravcsik, 1995). On the other hand, neo-institutionalist approaches to European integration argue that supranational European policy provides new opportunities and resources to sub-national actors ('sub-national mobilization'), and this in turn leads to the gradual weakening of the nation state.

A third approach, which accepts neither the 'hollowing out' of the state nor its strengthening, argues that EU policy is produced by a complex web of policy networks of actors ('organized feedback loops') in a multi-level policy arena (Heinelt & Smith, 1996; Hooghe, 1996; Marks, 1993; Staeck, 1996). However, these networks are not highly stabilised and integrated but are characterised by a variety of differentiations: (a) the new internal organisational differentiations of collective actors; (b) the differentiation (sequentialisation) of decisions on different levels; as well as (c) the functional differentiation between a decision-making arena on the EU level and implementation arenas in the member states/regions (Heinelt, Lang, Malek, & Reissert, 2001).

European-level regional policy, based on the structural funds and aiming at socio-economic and territorial cohesion and European integration, is a very important policy area.

In this context it is important to clarify to what extent European regional policy, besides its positive redistribution effect, promotes institutional innovation based on the 'partnership' principle at the sub-national, regional level. How do new policy networks emerge and what is the degree of fragmentation or coherence? How important is local/regional embeddedness with regard to institutional capacity, and socio-political and cultural specificity of the region, in the success or failure of regional institutional innovation in the different member states?

European regional policy constitutes a rather enduring and long-standing challenge for the administrative and institutional structures of the member states. At the same time it provides opportunities for institution building and network creation at the national and sub-national levels, even if the pre-existing institutional capacity is poor (e.g., in many Objective 1 regions) (Paraskevopoulos, 2001; Paraskevopoulos, Getimis, & Rees, 2006).

It is generally accepted that 'the principle of partnership has enabled local elected representatives, social and economic organisations, non-governmental organisations and associations to be more involved in decision-making. However, apart from the formal respect for the obligation, the extent of partnership in practice has differed greatly' (CEC, 2001c; Kelleher et al., 1999).

8.3.3 Multi-level and Multi-actor Governance Arrangements. The Need for Loose Coupling Mechanisms

It has been argued that European policy in a multi-level governance system faces a risk of fragmentation and isolation of sectoral or territorial policies and needs to build further coherence mechanisms for 'loose coupling' of the policy networks' structures and arenas (Benz, 2000; Heinelt, 1996). This multi-level governance approach has gained wide acceptance in the academic debate since it provides fruitful understanding of the political integration of Europe at all levels (local, regional, national, European).

Europeanisation is not conceived as an 'homogeneous' and 'cohesive' top-down process, derived as an 'independent' (external) variable, that affects domestic

institutions. It is rather an interactive and conflicting process of creating frag-mented/differentiated policy structures with loose, coupling coherence mechanisms within the framework of an emerging system of multi-level governance, in which different European, national and sub-national actors in competition and/or coopera-tion share their power (Getimis, 2003, pp. 81–83).

8.3.4 Territorial Specificity and Local Embeddedness

The different political structures of each member state operate as a filter, which refracts Europeanisation pressures in different directions and styles. European policy impacts differ by area, because domestic responses to EU policies have var-ied considerably across policies and countries (Knill, Heritier and Borzel cited in Getimis & Grigoriadou, 2004, pp. 3–7). The regions' responses to the opportuni-ties offered by European policy vary depending on their institutional capacity and endogenous potential (Getimis, 2003; Keating & Jones, 1995).

   The territorial specificity depends upon and varies according to the specific socio-economic local development and the concrete political and institutional context. This is reflected by the fact that the strengths and weaknesses of all policy schemes and initiatives designed at higher sectoral and territorial levels become visible at the local level. But there are additional reasons for the relative importance of the local level for the introduction of the new forms of governance. On the one hand, markets become increasingly global and, in any case, they correspond to the exchange of products without any particular consideration of the social and political conditions under which these products are produced. On the other hand, hierarchies in the form of either nation states or the various intergovernmental schemes retain an adminis-trative character that represents variations of the subsidiarity principle that assigns controversial but hierarchically determined functions to each territorial level. As such, the local context may be viewed as the testing ground not only for the effec-tiveness of the new forms of participatory governance but also for the success or fail-ure of the hierarchical regulatory policies. As the interrelations at the European and national level have changed, the national and regional and/or local scale has been altered accordingly, in some specific areas maintaining the command and control approach of the past, and in other cases integrating and adapting new and old forms of governance to their structural individualities. The local level emerges as the most appropriate for the implementation of the new ideas of participatory governance, involving the networking of actors and the participation of a variety of holders in specific types of partnerships, initiatives and policy networks. In this respect the sta-tus and the quality of actors is instructive (Getimis & Kafkalas, 2002, pp. 160–161).

   The integration assumptions leading to the study of the vertical relations between regions, nation states and the EU as well as to their transformation have recently been complemented by studies focusing more systematically on the horizontal changes of domestic policy processes resulting from the impact of EU pol-icy. According to these approaches, significant importance has been attributed to the degree of acceptance or resistance to change from domestic urban political

institutions and structures, illustrating the importance of domestic factors in adapting to European principles and funding conditions (Bache, 2000; Borzel, 1999; Paraskevopoulos et al., 2006).

8.3.5 Learning Process

There are differences with regard to the political influence of the state government vis-à-vis the sub-national level in programming, implementation, monitoring and evaluation of European policies. Especially in unitary states such as Greece, Ireland and France, national government dominates the regional policy process: from negotiations with the Commission to the programming and implementation of regional development plans and operational programmes. Sub-national authorities have only limited political influence, however, they gradually gain important benefits through institution building and learning at the regional level (Getimis, 2003, pp. 81–83).

Besides the aforementioned differences, there are others, with regard to centre–local relations in each country, that relate to the administrative styles and to the dominant models of interest intermediation among local, regional, national and European levels of governance: confrontational and/or consensus-oriented. These factors determine the substance of formal network building (like the I, II and III Monitoring Committees of the Community Support Framework), which are established at the regional level in all member states. The implementation of the 'partnership' principle in countries with a tradition in negotiation, bargaining and social dialogue, either through institutional arrangements (e.g., Germany, bureaucratic and negotiating administration), or through non-institutionalised processes (e.g., United Kingdom, Ireland, dissention and flexible negotiation), demonstrates extensive and successful network and institution building, where public and private actors cooperate with mutual understanding and trust. On the contrary, in countries which lack consensus-oriented governance through negotiations, formal networks and ad hoc cooperation of actors are cultivated, aiming primarily at fragmentary benefits of the European regional programmes. Under these conditions, these network structures are susceptible to central influence and control and they are unable to build a permanent and comprehensive web of locally embedded institutions (Getimis, 2003, pp. 81–83).

However, even in these cases, there is evidence of a slow learning process in which different actors from the public and the private sector and non-governmental organisations (NGOs) test their knowledge, rights and negotiating power and learn from each other (Paraskevopoulos et al., 2006). The Greek experience, starting from the programming and implementation of the Integrated Mediterranean Programmes (1987) and passing through two/three Community Support Frameworks (CSF I 1989–1994; CSF II 1994–2000; CSF III 2000–2006), is a characteristic case of this positive impact that the 'Europeanisation' of regional policy had on the existing institutional and administrative edifice (Getimis, 2003, pp. 81–83).

Although pre-existing features of hierarchical and clientelistic relations, a confrontational mode of interest intermediation and a weak civil society hindered

extended institution and network building, significant progress can be ascertained in the last 15 years. Important factors contributing to this change are the institutional decentralisation reform at the regional level (1987), the strengthening of the political legitimacy and efficiency of the Local Government (I and II tier 1984, 1994), the institutional and financial incentives towards public–private partnership and the motivation of network building and institutional learning through education and training policy (Getimis, 2003, pp. 81–83; Paraskevopoulos et al., 2006).

8.3.6 Territorial Cohesion and the ESDP as a Strategy

The concept of territorial cohesion is a key concept for integrated and holistic solutions to different territorial problems and geographical inequalities. It integrates diverse values in a wide range of territories (typologies): social inclusion and equity, parity of access, innovation, competitiveness, entrepreneurship, protection of natural and cultural resources, partnership and cooperation. The complementarity of these values is, however, not given. It is always a difficult goal to achieve and it requires new forms of multi-level governance. These are based on principles of participation, negotiation and partnership between all actors involved, strengthening institutional capacity (especially at the regional level) and increasing democratic participation. The building of public–private partnership networks and the increase of political legitimacy are crucial for territorial cohesion (Getimis, 2005).

More precisely, the concept of territorial cohesion is reflected in the ESDP. The ESDP is built on the acknowledgement that the achievement of the fundamental goals of the EU requires taking into account the territorial dimension, though spatial planning, regional planning and geography. This first major contribution to this '(new) way of thinking'[2] derives from an integrated view of the EU fundamental goals, illustrated by the 'triangle of sustainability': economy, society and environment. The triangle suggests the balance and complementarity between the goals.

According to the ESDP, these three fundamental goals must be considered together, pursued simultaneously in all regions, and their interactions must be taken into account. Such a vision is closely linked to the concept of territorial cohesion.

The Commission expects that, although regional disparities have grown after the 2004 Enlargement, cohesion policies and especially the territorial cooperation policies will strengthen economic growth, productivity and competitiveness in the middle-term and will promote a new spatial transformation towards a more polycentric structure of the European territory. Such policies are expected to increase the wealth for all the European citizens, since the satisfaction of social needs can be fulfilled mainly through the economic growth and development, spatial integration and cohesion of the European territory. Such a concept helps to broaden public participation procedures and increase political legitimacy that safeguards social stability (e.g., through social integration policies in less developed areas or in declining neighbourhoods within big agglomerations in the core of Europe).

The ESDP as an 'intergovernmental' consultation and negotiation process is an example of Europeanisation having different impacts on spatial planning traditions in the different member states. It is clear that the aim was not to prepare a European Master Plan, nor did the Commission have the competency or role to impose binding regulations and directives. The ESDP is a strategy about new principles and discourses concerning the European territory, generating structural changes in domestic, spatial planning systems and policies in the member states (Faludi, 2002; Rivolin & Faludi, 2005). However, these transformations are not an outcome of a top-down imperative European policy but a product of complex restructuring processes of adaptation and resistance to change diverging nationally (Giannakourou, 2005).

A growing awareness of the usefulness of strategic spatial planning can be observed both in the academic community and in the policy-making arena. Strategic planning as a process refers to the institutional design and to the new forms of governance, where multiple actors at different levels participate in arenas of decision-making and action. Strategic planning is directed at integrated policies and outcomes that combine legitimacy and effectiveness (Albrechts, 2001; Healey, 1998).

8.4 Transforming Planning: The Perspective of Strategic, Collaborative, Sustainable Planning and Urban Governance

8.4.1 Planning Policies Under Transformation

Spatial planning system traditions and policies differ across the European territory. This is obvious in the EU Compendium of Spatial Planning Systems and Policies (CEC, 1997b), reflecting the differences between the member states. Comparative work on this topic (Newman & Thornley, 1996), focusing on institutional competencies and tools of the planning systems, has shown that these differences reflect the differences among the countries in terms of constitutional and institutional set-ups, central-local relations and functional and contextual relations of the actors involved in the planning process (Faludi, 2004, p. 155). This implies that there is no homogeneous 'planning paradigm' across Europe. However, we can identify specific common features concerning the planning policies developed in Europe over the last 50 years as well as the transforming processes of the contemporary planning policies.

8.4.1.1 'Conventional' Planning Policies of the Past

Traditionally, planning has been defined as a state competency and was managed and conducted through a central, regional or local government as a state process. The greatest change can be observed in strongly hierarchical planning

systems such as those of the Napoleonic family (Newman & Thornley, 1996), but also in more heterarchical networked planning systems, such as that of the Netherlands.

Participation and vertical coordination were not absent from the process, but were confined to predefined actors whose competencies were explicitly stated (often legally). Participation may have taken a discretionary form (e.g., United Kingdom), or an institutional (e.g., Germany), and the degree of centralisation varied markedly.

Yet despite these differences and those of regulatory and legalistic traditions, most European planning systems treated planning as a more or less tightly defined statutory process of the regulation of land uses and development. Thus planning served as a control function to organise and regulate development.

8.4.1.2 Contemporary Planning Policies

Since the 1990s, planning has undergone a transformation as a result of the transition from government to governance and the Europeanisation pressures presented in the previous sections. From the state's point of view its unique 'planning competency' has waned and been replaced by planning as a 'strategic enabling function' (Tewdwr-Jones, 2002) of the state, which must facilitate and coordinate the now much broader policy-making process involving central and local government as well as many public organisations and private sector actors.

Horizontal and vertical coordination and cooperation, including with the EU, which until now took place in a discretionary or legally explicit fashion, are now incorporated as necessary characteristics of the policy-making process. Planning at the commencement of the twenty-first century should be viewed as a much broader all-encompassing activity, since it exists to coordinate policy, cement partnerships and facilitate much-needed change (Healey, 1998). "The key issue for policy-makers from now on will be how to reconcile the apparent irreconcilable tensions inherent within the new governance of planning and how to meet the perceived high expectations from a range of government tiers, agencies, organisations, businesses and the public on why planning exists and what planning, and indeed the new political processes more generally, is expected to deliver" (Tewdwr-Jones, 2002, p. 279).

The encouragement of participation from the grassroots up is taken as an explicit characteristic of contemporary planning policies enhancing the sense of policy ownership and inclusiveness and thus legitimacy. The multitude of actors and institutions involved in the participatory process, in combination with the parallel process of devolution of power from the central state, can lead to policy fragmentation. Partnership principles are being applied between the public and private actors involved, in order to reduce this fragmentation of policy arenas. To counter this fragmentation tendency, there is also pressure for a recentralisation of strategic planning to the state in order to improve coordination. The pressures for the recentralisation of strategic planning have also been a result of the entry of the environmental sustainability theme onto the world scene and the perceived need for state influence for the legitimate inclusion of this perspective into policy-making in all fields and at all

scales. This inclusion of sustainability principles in all policy fields and at all scales is made all the more challenging by the self-sustaining rise of market-led principles. Market-led principles are now being systematically brought into the policy-making arena throughout Europe at all spatial scales.

Contemporary strategic planning also seeks to be more flexible, accommodating, dynamic, taking local specificities into account in order to develop customised spatial development agendas and new forms of governance to take these agendas forward. This flexibility is ideally complemented by a capacity to learn. Learning processes are increasingly proving vital for effective coordination within these new governance forms.

Finally, it should be noted that contemporary planning policies as described above have not overwritten those of the past but have added to them and modified them. For example, we may still have strongly hierarchical, Napoleonic-style planning systems in parts of Europe, but they encourage participation and engage market principles more directly than in the past.

8.4.2 Opportunities and Risks of the New Strategic Planning Policies

Picking out some of the inherent opportunities and risks of contemporary planning policy, as described above, we can see that they are closely related to the opportunities and risks of the transition from government to governance. Broadening participation patterns from the inhabitants of an area to public institutions from all tiers and private sector actors presents an opportunity for those policies which enjoy greater support and ownership. If operated transparently, this participatory process may also improve throughput legitimacy and accountability. The learning potential in the new systems of governance, when properly harnessed, promises more effective policy-making processes.

The risks associated with contemporary strategic planning relate largely to the fragmentation and compartmentalisation of policy fields, a result of the inclusion of a multitude of institutions and actors in the policy-making process, and the challenge of coordinating a focused spatial agenda in this context. There is also a risk associated with the shift and sharing of power from the state to the participants in this broader process and with the 're-scaling of governance arenas and networks' (Healey, 2006). State leadership is emphasised as a necessity for guiding and coordination if effectiveness and legitimacy are to be maintained. There is a risk that the new governance systems supported by contemporary strategic planning processes will be perceived as a panacea, overlooking the aforementioned risks and leading to a 'dual tension' between high politics (national agenda setting) and low politics (policy implementation) (Tewdwr-Jones, 2002). This problem may be acknowledged and addressed through the raising of awareness among participants of the purpose of the new governance systems in the broader policy-making apparatus.

8.4.3 Strategic, Collaborative, Sustainable Planning

In the ongoing efforts to establish strategic, collaborative, sustainable planning systems which facilitate learning through discursive processes and/or argument, the dual aim of effectiveness and legitimacy must be emphasised. This aim can only be reached with the aid of state leadership. Planners should be aware of the opportunities and risks associated with contemporary strategic spatial planning policies and the new forms of governance. Albrechts (2001) concisely summarises the characteristics of successful strategic spatial planning systems as defined by Healey (1997); Granados-Cabezas (1995); and Faludi (2000).

8.5 Strategic Planning and the Diversity of Small- and Medium-Sized Cities in Europe: Dilemmas and Perspectives

8.5.1 Different Definitions of Small- and Medium-Sized Cities in European Countries

There are three main approaches to defining urban areas in Europe. Definitions within these approaches vary widely resulting in disparities in the criteria defining Small and MEdium Sized TOwns (SMESTOs).

Using administrative boundaries, such as those of municipalities, to define the extent of urban areas, relates not only to the organisation of the country by the state but also to the scale at which local actors interact in governance systems. Often the administrative unit is defined as urban or rural depending on its population and, immediately here, we can see how the definition of an urban municipality may differ from country to country. In Switzerland a threshold population of 10,000 is required, while in Luxembourg or the Czech Republic only 2,000 is required, and in Austria a threshold of 20,000 is accepted (Table 8.2).

Table 8.2 Population thresholds for defining urban municipalities (ESPON 1.4.1, 2006, p. 42)

Country	Name	Definition of the agglomeration
Switzerland	Commune Urbaine Städtische Gemeinde	More than 10,000 inhabitants
Austria	Statutarstadt	More than 20,000 inhabitants
Czech Republic	–	More than 2,000 inhabitants
Spain	–	More than 10,000 inhabitants
Italy	–	More than 10,000 inhabitants
Slovakia	–	More than 5,000 inhabitants (combined with function as a centre)
Luxembourg	–	Population of communes with an administrative centre of more than 2,000 inhabitants

Table 8.3 Synthesis continuous built-up area (ESPON 1.4.1, 2006, p. 46)

Country	Distance threshold (m)	Population threshold
Finland, Sweden and Denmark	200	200 inhabitants
Norway	50	200 inhabitants
Wales and England	50	1,000 inhabitants
Scotland (urban settlements)	50	3,000 inhabitants
Greece	200	10,000 inhabitants
Ireland	200	50 occupied dwellings
Belgium	250	150 inhabitants (in the statistical sector) Population density > 500 inhabitants/km^2

Morphological characteristics such as the extent of built-up areas or population density are also sometimes used to define urban areas. This definition treats the settlement as a physical or architectural object. The extent of built-up areas is defined by the distance between buildings. A maximum distance of 50 m is permitted in the United Kingdom before a building is considered outside an urban area, while the in Belgium 250 m is taken as the maximum.

Again we can see that the definition of an urban area varies widely. Land uses accepted within morphological urban areas also vary across the EU. For example, public, commercial and industrial uses are excluded in France, while they are included in other EU countries, which could give the impression that urban areas in France are more fragmented. Where the aggregate population is used to define an urban area, differences are even more striking. While Belgium and the Nordic countries set a threshold of 200 inhabitants, Austria and Greece require 10,000 to consider an area 'urban' (Table 8.3).

Functional approaches define urban areas in terms of interactions between the urban core and the hinterland around it. These approaches are often related to commuting flows which define the spatial extent of a labour market. Otherwise, a variety of criteria are used to define SMESTOs such as the provision of goods, services and housing and the ability to retain particular levels of economic activity. These often relate to mobility and/or accessibility. Even symbolisation functions: using symbolic, cultural and image definitions of a settlement are employed to define a SMESTO.

8.5.2 Grasping the Diversities: ESPON Project 1.4.1

Having considered the above disparities in the definition of SMESTOs in Europe, and a variety of related factors such as agglomeration economies, competitiveness, human capital and exogenous and endogenous development theories, ESPON

Project 1.4.1 (ESPON 1.4.1, 2006) weighted and combined indicators from all three approaches (administrative, morphological and functional), to develop a typology. Four types of SMESTO emerged:

1. *dynamic and growing SMESTOs*, where most of the proposed quantitative indicators are positively related;
2. *declining SMESTOs*, where most of the proposed indicators are negatively related;
3. *restructuring SMESTOs*, where several indicators show deterioration of functions but a process of upgrading of the functions is ongoing;
4. *potential developing SMESTOs*, where new trends are emerging for different endowment resources (geo-physical, historical, location related, quality factors).

8.5.3 Highlighting Three Important Issues

8.5.3.1 The Principles of 'Strategic Planning': Awareness

Strategic planning, in essence, is a long-term vision or perspective of development in a defined area. The key characteristic of strategic planning is inter-sectoral cooperation at all spatial scales, enabling partnerships and discursive processes among actors and stakeholders, stimulating common action based on negotiation and bargaining and aiming for sustainable outcomes with a good balance of effectiveness and legitimacy. These principles of collaborative, sustainable, strategic planning correspond with the new participatory, sustainable governance arrangements and are common for effective and legitimate outcomes at all spatial scales. Therefore, planners at all scales and in settlements of all different sizes including SMESTOs and large metropolitan areas should be aware of these principles.

8.5.3.2 Local Embeddedness: Urban Dynamism and Crisis (Vicious Circles)

Local circumstances must be part of the core considerations of strategic planning. Not only should the size, population and economic drivers (labour force, particular industries, etc.) of a SMESTO be taken into consideration, but the governance and participatory traditions should also be closely observed in the promotion and coordination of new urban governance systems.

By employing local characteristics in the strategic plans for an area and in the new urban governance systems for particular SMESTOs, local dynamism and endogenous potentials may be coaxed and developed into stimulating, self-sustaining, socio-economic development. If this is not the case, and particularly, when a SMESTO lies in a region stagnating as a whole, then vicious circles can become established, where economic decline fuels unemployment and innovative stagnation, leading to depopulation and increasing poverty, loss of know-how and the shrinkage of markets, resulting in further economic decline (Fig. 8.1).
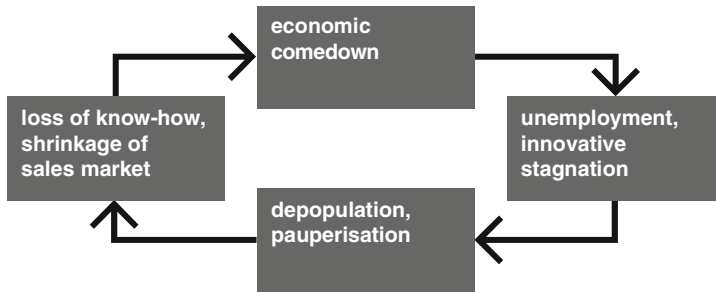
Fig. 8.1 Vicious circle of SMESTO decline (ESPON 1.4.1, 2006, p. 113)

8.5.4 Dilemmas and Perspectives

Networking versus individual solutions. Networking among stakeholders, and the encouragement to cluster enterprises and public and private partnerships for the stimulation of local production systems, is the most effective exit strategy from such vicious circles. The alternative of individual solutions to stagnation can work successfully, where a single industry or even an individual firm becomes the driver for an urban area's economic dynamism. However, where broader networking is sidelined and the narrow network of the industry or firm involved is the only networking activity, there can be the risk of a heavy dependence on this firm or industry and specialisation rather than diversification as discussed below. On the contrary, broader networking of stakeholders can lead to a more evenly distributed regional development.

Specialisation versus diversity. Comparative advantages in concrete sectors such as tourism can lead to specialisation. Diversity, on the other hand, is a more likely outcome of cooperative networking. To maximise and disperse the sustainable development of an area in the case of specialisation, this economically advantageous specialisation must be promoted in a way that integrates supporting industries (e.g., local products). In the case of tourism mentioned above, an example of a method for integrating other industries and dispersing the benefits in an area with a comparative advantage in tourism would be to pursue agro-tourism or eco-tourism, which integrate and stimulate the primary sector.

Urban governance rescaling. Institutions matter and new governance arrangements promoting participation for effectiveness and legitimacy are very important for local development. The new forms of governance can be a means for escaping administrative fragmentation and the confines of jurisdictional or administrative boundaries. By considering urban centres in a functional sense (Functional Urban Areas) (ESPON 1.4.1, 2006), and observing the hinterland with which they interact, or simply by observing the extent of the spatial interactions involved in a particularly dynamic industry which acts as the economic driver for an urban area, we can start to discern planning modes which will harness this potential. One approach through a hierarchical top-down initiative might be to create new institutions to

replace older ones. The new institutions could be responsible for larger areas, for example, the functional area of an SMESTO rather than the urban core alone. This, however, may generate adverse reactions from the existing fragmented institutional structure. Another approach relying on heterarchical structures would stimulate the cooperation of existing municipalities on strategic planning and development issues.

8.6 Conclusion

Having observed and analysed the strengths and weaknesses of the shift from 'government' to 'governance', we turned to the transformation of the planning process from a more or less institutionalised government competency to an adaptive, participatory, multi-level process, in which government can serve as a regulator. The chapter highlights certain important considerations, especially in SMESTOs, where new forms of urban governance and contemporary planning processes can have a decisive positive or negative impact.

We noted that certain opportunities present themselves, in the shift from government to governance, for example, legitimacy gains through widening representation, effectiveness gains through broader participation, knowledge gains (learning), consensus gains and innovative restructuring. However, these opportunities can be jeopardised and outcomes may be the reverse, if we are not aware of certain risks. These include ineffectiveness, resulting from a lack of commitment of the large number of involved actors to a common goal; legitimacy loss, resulting from a loss of transparency through the dilution of responsibilities; a loss of comprehensiveness resulting from the fragmentation of policy areas and a loss of perspective of the broader policy context; and the loss of legitimacy in the pursuit of technocratically assessed efficiency. The aforementioned risks are compounded by a positive bias towards participatory methods of governance. In order to avoid the failure of governance it has first been suggested that different coordination modes – government, market and governance – should be employed in combination with effective meta-governance, harnessing each one's advantages as effectively as possible. Second, reflexive learning can help side-step some of the above problems. Finally, the complementarities between political leadership and democratic participation should be explored.

Similarly, the transformation of the planning process through the pursuit, once again, of participation presents opportunities and risks. The opportunities include enhanced legitimacy as a result of broader participation, whereas the risks include the potential compartmentalisation of policy fields and lack of horizontal and cross-sectoral coordination. With regard to the Europeanisation of domestic planning processes, not taking into consideration territorial specificities and local embeddedness can entail risks for effectiveness and legitimacy. As in the case of shift from government to governance, participation may be viewed as a panacea overlooking the risks involved. Political leadership is likewise presented as a necessity for coordination of effectiveness and legitimacy are to be promoted.

Thus, from the discussion of the shift from government to governance we can learn something new and apply it to the transformation of the planning process. Firstly, just as new forms of local governance present opportunities and risks, albeit different ones to those evident in a hierarchical government system, the same is true of the new forms of participatory planning, when compared with conventional planning processes of the past. Second, in both cases these opportunities and risks must be explored and we must be aware of them.

Finally, governance and contemporary planning process have not replaced government and conventional planning. They are a welcome addition, and complementarities between the old and the new should be sought if we are not to replace old problems with new ones in the pursuit of greater participation, effectiveness and legitimacy.

Notes

1. The pursuit of sustainable development through partnerships and community involvement at the urban level of governance by EU has powerful impetus from the follow-up of the idea of Local Agenda 21 (Action Plan adopted at the Rio Earth Summit in 1992).
2. Third Interim Report/ESPON Project 3.1 'Integrated Tools for European Spatial Development'.

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