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Questioning the Convergence of Cohesion and Innovation Policies in Central and Eastern Europe

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1 Introduction

As EU Cohesion Policy has become focused on economic competitiveness and growth in less favoured regions, measures that traditionally were in the realm of Innovation Policy have emerged, raising questions about the compatibility, complementarity and even necessity of these two policy streams in reaching Cohesion Policy goals. Through the Regional Innovation Systems literature, in particular, innovation has emerged as a key factor in regional development. As innovation began to infiltrate Cohesion Policy, a debate has arisen about the compatibility of these two policy areas for less developed target regions, since it is rather the highly developed cores that are poised to benefit the most from a regional policy based on innovation capacities. This has implications for Central

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and Eastern European (CEE) countries, which are experiencing strong patterns of regional polarisation (Kühn 2015; Lang et al. 2015). CEE countries are heavily dependent on Cohesion Policy interventions for regional development, which are shaped by increasing conditionality and are becoming closely associated with innovation strategies themselves. Through EU integration leading up to the European Union's eastern expansion, member states held uneven positions in a multi-scalar system in shaping supranational policies and expertise (see Hudson 2003; Kuus 2011), which would potentially put countries like those in CEE that are heavily dependent on European core economies at a disadvantage in shaping the policies that target their own development such as Cohesion Policy. Despite progress towards economic convergence between CEE countries since accession, other events such as the financial crisis have furthered regional polarisation across Europe, calling into question the effectiveness of these supranational European policies in less favoured regions (European Commission 2013, 2014, 2017; Hadjimichalis 2011; Hadjimichalis and Hudson 2014).

In the following, national policies in Czechia, Estonia, Hungary and Slovakia are investigated to assess how the interrelations of supranational EU policies—Cohesion Policy and Innovation Policy—have unfolded in CEE countries. The subject matter and empirical results form a contribution of the Marie Curie Initial Training Network, “RegPol²—Socio-economic and Political Responses to Regional Polarisation in Central and Eastern Europe”. These four countries, amongst others in CEE, emerged from similar socialist legacies but followed different institutional and policy trajectories through their transitions (Stark and Bruszt 1998; Bohle and Greskovits 2007), joining the EU through parallel accession processes that availed Cohesion Policy as a significant development tool. Nevertheless, they have followed different institutional and policy trajectories, which provides an opportunity to investigate various national responses to and impacts of supranational policies. After presenting the overarching policy frameworks, the analysis compares policy-related programming documents such as strategic reference frameworks, partnership agreements and operational programmes (OPs), which are complemented by interviews of policy experts in the four countries, to determine whether the generally

observed convergence of Cohesion and Innovation Policy can be beneficial for addressing regional polarisation in different types of CEE countries.

2 The Evolution of Supranational European Policy

The expansion of the EU to include the post-socialist CEE countries has been faced with the challenge of integrating regions of starkly different levels of economic development. This problem persists to this day through regional polarisation and peripheralisation processes resulting, in part, from the integration of all regions in the EU into the single economic market. As the balance of population and economic activity of the European Market moved eastwards following its 2004 expansion, the description of the average European region adjusted to reflect the relatively low economic productivity and institutional legacies of the so-called new member states. The EU would expand by approximately one quarter in territory and one fifth in population, but the total GDP would only stand to increase by 5% (European Commission 1997). In consequence, Cohesion Policy was reformed to benefit most regions in CEE, drawing substantial investment away from Southern Europe, in an attempt to offset the negative economic consequences of EU integration on the least developed regions. As conditionality for drawing EU funds and in adherence to the partnership principle, Cohesion Policy goals were translated into national development plans in CEE countries for the use of European funds through strategic frameworks for investment negotiated with the European Commission and further elaborated in Operational Programmes.

Always attracting the attention of academics and policy-makers, Cohesion Policy has been the subject of much debate, not least because the coming of each seven-year programming period offers a fresh possibility for reform. As such, the ideals of Cohesion Policy have been subject to both radical and incremental reforms in recent decades (Mendez 2012), including the reorientation of Cohesion Policy towards the Lisbon Agenda of 2000 and its economic competitiveness

and growth objectives (Mendez 2011), in an attempt to condition the EU for globalisation after Eastern enlargement. Key documents in the reform of Cohesion Policy are listed in Table 1. In adhering to the focus of this chapter on the post-socialist period, we approximate three EU policy periods to structure the development of Cohesion Policy and Innovation Policy: the ‘Europe of the Regions’ period of the 1990s to early 2000s; the Lisbon Agenda period of approximately 2000–2010; and the Europe 2020 period of approximately 2010–2020.

2.1 The Europe of the Regions

While not an official EU policy, the ‘Europe of the Regions’ slogan represented a suite of policies and institutional changes associated with experimental governance practices backed by subsidiarity and

Table 1 Key reports influencing cohesion policy in CEE countries

Year	Document	Author
1997	Agenda 2000: For a stronger and wider Union	European Commission
1999	ESDP—European Spatial Development Perspective	European Commission
2003	An agenda for a growing Europe: Making the EU economic system deliver (Sapir Report)	Sapir et al.
2004	Facing the challenge: The Lisbon strategy for growth and employment (Kok Report)	European Commission
2005	Working together for growth and jobs—A new start for the Lisbon Strategy (Barroso communication)	European Commission
2009	An Agenda for a Reformed Cohesion Policy (Barca Report)	Barca
2009	The White Paper on Multi-level Governance	Committee of the Regions
2010	Europe 2020: A strategy for smart, sustainable and inclusive growth	European Commission
2014	Investment for jobs and growth: Promoting development and good governance in EU regions and cities (Sixth Cohesion Report)	European Commission

partnership principles, thereby driving regionalisation processes. According to Loughlin (1996), amidst discussions of European federalism in the 1990s, the rise of the ‘regional question’ was partly about reclaiming regional policy from central governments. The concept of a ‘Europe of the Regions’ articulated the potential for EU–regional relations and laid the groundwork for regional competition (Borrás-Alomar et al. 1994). The European development strategy *Agenda 2000* identified ambitious projects including enlargement, the adoption of the euro and the creation of the single market, as well as mentioning strategies for tackling regional problems of industrial restructuring by way of technology infiltration, human skills development and SME support (European Commission 1997). Meanwhile, the European Spatial Development Perspective formalised regionalisation and territorial cohesion as core to Cohesion Policy, furthering the institutionalisation of European spatial planning processes for targeting regional inequalities (European Commission 1999). Here, we begin to see potentials for coordination between Cohesion and Innovation Policy. The translation of such experimental governance models, economic restructuring strategies and territorial development objectives to CEE countries, nevertheless, would come to present new challenges for implementation and raise new questions about the policy priorities in CEE.

In terms of Innovation Policy, the EU started to ‘Europeanise’ the production of scientific and technological knowledge from the 1980s through its Framework Programmes, which aimed to foster research and technology across member states and strengthen competitiveness (Borrás 2003). During the pre-accession period, the EU intensified its ambitions to develop an Innovation Policy that would acknowledge the cohesion objective in less favoured regions and contribute to the EU’s innovation capacities (Lagendijk 2011). Out of these considerations, the EU created a joint programme of regional and industrial policy based on the EU’s Innovation Programme and Article 10 of the ERDF, resulting in the launch of Regional Technology Plans (RTP) for less-favoured NUTS 2 regions and Regional Innovation and Technology Transfer Strategies (RITTS) focused on innovation support structures for increasing competitiveness in all regions. Moreover, networking and knowledge transfer arrangements such as the Innovating Regions

in Europe network (IRE) and its associated Mutual Learning Platform enabled implementation and diffusion of the RIS methodology across EU regions (European Commission 1994). Thus, the first innovation support programmes began to address spatial differences in innovation capacity and competitiveness.

2.2 The Lisbon Agenda

Lagging productivity with international competitors led to the Lisbon Agenda of 2000 for promoting economic competitiveness and growth in the EU, drawing together Cohesion Policy and Innovation Policy in a coordinated European strategy intended to integrate across sectoral policies (see Sapir et al. 2003; European Commission 2004). After lacklustre results, the Lisbon Agenda was relaunched in 2005, further emphasising innovation and entrepreneurship to encourage growth (European Commission 2005). Meanwhile, the Eastern enlargement and the financial crisis further contributed to the debate on Cohesion Policy reform during the 2007–2013 programming period, resulting in the promotion of a place-based development model as a means for delivering both traditional cohesion and Lisbon-related growth objectives (Barca 2009; Farole et al. 2011).

The ‘Lisbonisation’ of Cohesion Policy strengthened the orientation, monitoring and evaluation of results, and showed multiple paths amongst member states to achieving the strategic guidelines (Mendez 2011). Nevertheless, by concentrating regional development programmes towards economic rather than social and environmental interventions, cohesion came to be increasingly defined in terms of productivity and competitiveness complementary to a broad-based innovation strategy. The debate on Cohesion Policy reform during the Lisbon era foresaw contradictions in crossing a place-based Cohesion Policy with a spatially blind Innovation Policy, finding potential for “perverse dynamic structural effects” and “divergent capacities to engage in development” (Farole et al. 2011, 1097).

Despite the controversy, the Lisbon Agenda was supported by the Committee of the Regions due to the strengthened role of regions

in the design and implementation of Cohesion Policy. Thus, the Lisbon Agenda was integrated into its conceptualisation of multi-level governance in an attempt to circumvent the strategy's top-down nature (Committee of the Regions 2009). Others agreed that the regions played an important role in the 'Lisbonised' policy to combat underdevelopment (Farole et al. 2011). Nevertheless, decentralisation of regional policy had its downfalls. The multiplication of regional Operational Programmes during the 2007–2013 programming period placed greater demands on the regional (NUTS-2) levels, testing their institutional capacities. The disappointing results of the period, stemming from administrative burden, delayed implementation and low absorption due to pressures of the financial crisis on public expenditures, would lead to greater centralisation and tighter controls in the following programming period (European Commission 2013).

Innovation became a central theme in the Lisbon Agenda and Cohesion Policy, which, according to Lagendijk and Varró (2013), led to three major trends of policy integration. First, Cohesion Policy and Community programmes such as Interreg moved larger amounts of funds to innovation-oriented measures (European Commission 2006). Second, industrial and regional policies were increasingly connected through the elaboration of 'place-based' cluster approaches (Barca 2009). Third, an idea was put forward to connect research policy (including the European Research Area) to 'place-based' innovation approaches (Soete 2009). These moves aimed at building a stronger alignment of regional policy, industrial policy and research policy, in view of the Lisbon Agenda's main ambitions to strengthen the Union's competitiveness and cohesion. Nevertheless, the Eastern expansion of the EU slowed down the adoption of 'place-based' approaches in innovation policy, since most accession countries in CEE lacked sub-national governance structures. At the same time, the principles of efficiency, management and accountability were more strongly emphasised in policy-making, since more countries were now eligible for structural support. In response, the EU re-emphasised a more centralised approach to implement Cohesion Policy (Bachtler and McMaster 2008).

2.3 Europe 2020

The Europe 2020 strategy effectively succeeded the Lisbon Agenda in renewing competitiveness and growth objectives for the 2014–2020 programming period. The strategy for “smart, sustainable and inclusive growth” (European Commission 2010) responded to issues exacerbated by the economic crisis, such as the de-growth that was occurring in some regions (Lois González 2013). Regional development strategies were to be driven by the concept of Smart Specialisation, which attempts to translate a sectoral concept to a spatial context, bridging the EU’s Innovation Union strategy with Cohesion Policy (McCann and Ortega-Argilés 2013). The Innovation Union is a so-called ‘flagship initiative’ to implement the Europe 2020 strategy, whose proclaimed overarching goal is to enshrine a focus on innovation in a variety of political instruments, measures and funds to improve framework conditions for knowledge-intensive products and services.

In their analysis of the Europe 2020 strategy, Avdikos and Chardas (2016) interpret diminishing cohesion through convergence and enhanced place-based growth that “ignores the uneven relations of regions and localities in capitalism production” (p. 110) and “emphasizes ‘soft’ factors of development” (p. 111) such as knowledge and innovation capacities, calling for strong reservations over place-based policies. This comes after reviews of territorial development policies and programmes showed increasing regional disparities throughout the Lisbon era, especially in CEE (ESPON 2014; European Commission 2014). Recent research confirms these concerns, finding that the Partnership Agreements setting the national programmes for the 2014–2020 period focus on economic competitiveness rather than socio-economic convergence as the driver of Sustainable Urban Development strategies addressed through Cohesion Policy (Nosek 2017).

After launching the Innovation Union initiative and mainstreaming the Smart Specialisation approach, the focus on innovation has become a key strategic pillar in EU Cohesion Policy. Smart Specialisation aims at establishing innovation as a priority for all European regions. However, the concept’s theoretical grounds are still provisional (Foray et al. 2009), and it contains a number of elements that were already

present in the innovations systems and entrepreneurship literature (McCann and Ortega-Argilés 2013). In policy terms, the basic novelty of Smart Specialisation is that it provides a clear policy prioritisation logic that is adaptable to different types of regional settings. This is accompanied by a move towards a more differentiated view on regional opportunities, by which only certain regions can be at the frontier of research and innovation (Lagendijk and Varró 2013). Accordingly, non-core regions are supposed to find a made-to-measure way to position themselves in the global economy.

Overall, the EU is still struggling to meet the policy objectives set in the Lisbon Agenda and Europe 2020 as well as with making sure that policy efforts to reduce regional disparities among European regions are effective. Key indicators such as the number of people at risk of poverty or social exclusion worsened in recent years as a result of the financial crisis (European Commission 2014), providing further evidence for processes of regional peripheralisation (Kühn 2015; Lang et al. 2015). Some scholars argue that one of the main reasons for this trend is the asymmetric economic integration of countries into the European Union, since the productivity gap is largely of a structural nature (Avdikos and Chardas 2016; Kalman and Tiits 2014). While the more advanced member states in the EU's core specialise in high-income activities with increasing returns, such as knowledge-intensive services and medium- and high-technology manufacturing, more peripheral regions are focused on basic, less knowledge-intensive, low-income services and low- and medium-technology manufacturing (Hansen and Winther 2011). This renders a rapid catching-up of peripheral regions fairly unrealistic, even with the help of targeted policies.

Moreover, a number of elements of EU Innovation Policy—and the EU's economic policy framework on the whole—face major challenges in adequately meeting the realities and needs of all member states with different spatial structures, institutional settings and historical legacies. By putting scientific excellence and cutting-edge research first, Innovation Policy mostly helps the largest and strongest institutions in Europe. It follows that the EU and the general macroeconomic framework of the Eurozone, with its barely controlled market forces (e.g. cross-border flows of capital in the speculative finance, insurance and

real estate sectors to quickly developing CEE markets, Kalman and Tiits (2014), played a far greater role in influencing growth in CEE countries from the 2000s than the political intent of the Lisbon Agenda or Cohesion Policy (Hadjimichalis and Hudson 2014). In spite of coordinated policy measures, peripheral regions become an alternative location for capital and business activities in times of upturn, while in times of downturn, firms and capital tend to concentrate in urban, metropolitan locations (cf. Kalman and Tiits 2014). These upturns and downturns affect cohesion, potentially furthering processes of regional polarisation.

Further to the above-described shifts in Cohesion and Innovation Policy, the question nevertheless remains, how closely do the national policies in CEE integrate the innovation agenda with Cohesion Policy? The following section analyses the development of these policies in the CEE context, drawing from national policies and reflecting upon feedback from policy experts.

3 Cohesion Through Innovation or Cohesion Versus Innovation? National Responses from Central and Eastern Europe

As explained above, Cohesion Policy has developed through several eras of supranational EU policy guiding regional development, and, shifting focus towards economic competitiveness, has become closely intertwined with a growth-through-innovation strategy. Turning to CEE national contexts, where regional inequalities are relatively high and significant development activities are funded through EU programmes, contradictions between policy goals, programme requirements, and capacities on the ground are most apparent.

The general orientations of domestic policies regarding cohesion and innovation can be traced through official documents, to the extent that they are formalised. The compulsory national programming documents for Cohesion Policy, therefore, provide a basis for comparing strategies between countries where cohesion and innovation may not necessarily be high-profile political objectives. The following analysis of policy

documents supplemented by interviews with policy experts (see Appendix, Tables 3 and 4) reveals convergence tendencies between Cohesion Policy and Innovation Policy in selected CEE countries. The conflation of regional and innovation policies may, however, have different effects in countries characterised by different spatial and economic structures that pursue different strategies for growth and/or tackling regional inequalities. Indeed, shares of Cohesion Policy budgets allocated to specific thematic objectives varied widely across CEE in the 2014–2020 period, indicating different national preferences and priorities (KPMG 2016). This also has implications for Innovation Policy with respect to supporting rapid growth in the core or pursuing development activities in the peripheries.

3.1 Competitiveness and Convergence

National strategic documents for Cohesion Policy programmes from the three programming periods since CEE accession were analysed for elements of Innovation Policy and approaches to the competitiveness agenda (Appendix, Table 3). The results from Czechia, Estonia, Hungary and Slovakia indicate a variety of responses emerging from within shared European policy frameworks (Table 2). Prior analysis showed that competitiveness and growth were pursued through different national approaches including: service upgrading in Czechia; science, technology and entrepreneurialism in Estonia; and greater labour force participation in Hungary (Loewen 2015). In comparison, competitiveness in Slovakia has focused on utilising low-cost labour in manufacturing through FDI investments as well as service upgrading, as in the Czech case (Ministry of Construction and Regional Development 2003, 2007; Government of the Slovak Republic 2014). These cross-country differences reflect heterogeneity in size, economic structure and level of development as well as in their national development strategies and approaches to core concepts of Cohesion Policy such as socio-economic convergence.

Regarding convergence, it is important to distinguish between the spatial scales of national strategies with respect to innovation programmes and whether they are oriented towards developing cores or

Table 2 Key trends in competitiveness and convergence in national policy

	Czechia	Estonia	Hungary	Slovakia
Competitiveness	Service upgrading	Science, technology, entrepreneurialism	Increased labour participation	Low-cost labour/FDI attraction, service upgrading
Convergence strategy	National	National	National, regional	National
Innovation patterns and spatial focus of innovation policy since 2000	<ul style="list-style-type: none"> –Inflow of FDI in R&D-intensive sectors –Public support for R&D and innovation heavily fragmented –Vast majority of measures aimed at R&D institutions in Prague region and Brno –Only formal devolution of power to the regions 	<ul style="list-style-type: none"> –Concentration on R&D, renewal of knowledge base and building institutional capacities –Spatial focus on few centres with R&D activities (high-tech/ICT) and universities –From 2014, RIS3 serves as umbrella development strategy to harmonise R&D, higher education and enterprise policy 	<ul style="list-style-type: none"> –Since 2000, large number of policy measures to support basic R&D activities which lacked coordination –Low share of innovative companies 	<ul style="list-style-type: none"> –Main concern with knowledge production, but little commercialisation of R&D –Few existing policy measures directed at basic research in university cities –Very strong spatial focus on Bratislava region since 2014, with minor support to outside clusters

Additional sources: OECD STI Outlook Country Profiles (2008, 2016), Suurna and Kattel (2010)

peripheries. Expert interviews indicated that national convergence strategies have been favoured in Czechia, Estonia and Slovakia, while the reduction of regional inequalities remains relatively important in Hungary, due to strong historical patterns of polarisation. In Czechia, regional inequalities have been historically low, and were therefore not considered to be a significant problem (Interview, Pardubice, 3 July 2017). Similarly, experts in Estonia and Slovakia indicated that regional inequalities remain a relatively low political priority despite their strength (Interview, Tallinn, 5 May 2016; Interview, Tallinn, 17 May 2016; Interview, Bratislava, 18 January 2016 (2)). In contrast to the others, the reduction of regional inequalities remains relatively important in Hungary, due to strong historical patterns of polarisation. The reduction of regional inequalities has accordingly been a core development priority since the late socialist period (Interview, Pécs, 25 November 2015 (1)), and remains a prominent objective within the current highly centralised system (Interview, Budapest, 24 November 2015 (1)). Nevertheless, the shift to the competitiveness agenda has enabled a stronger case for investment in the capital regions in all four countries due to the promotion of agglomeration and spillover effects, on the one hand, and centralisation of policy programming and implementation, on the other.

3.2 Cohesion Policy and the Capacity for Innovation

In terms of Innovation Policy, there were no targeted strategies at the national level in CEE prior to EU accession, although there were sustained R&D efforts prompted by the Soviet Union during socialist times (Interview, Bratislava, 18 January 2016 (1)). The political and economic integration of CEE countries in the 1990s was led by influential economic, political and financial institutions such as the EU, the World Bank and the IMF (see, for example, The World Bank 1992, 1995), which national political elites in CEE willingly accepted (Kattel and Primi 2010; Interview, Tallinn, 28 February 2017). European programmes such as PHARE focused on building democratic governance institutions and constructing the internal market during the transition

and pre-accession periods. But they were also instrumental in building the regions and piloting regional Operational Programmes (Bruszt 2008), thus tying into 'Europe of the Regions' ideals of regionalisation and Cohesion Policy mechanisms.

Economic policies inspired by international organisations marginalised the idea of formulating targeted innovation policies, instead aiming at other priorities such as privatisation and attracting foreign direct investment. The political emphasis focused on macroeconomic stability and restructuring processes, such that the erosion of the socialist R&D system and opening to market demand were key forces in reforming the innovation system (Suurna and Kattel 2010). In the post-accession period, the EU impact on innovation policies in all four countries has been tremendous. In countries such as Slovakia, for instance, EU accession brought innovation policy onto the agenda for the first time. National strategies were formulated closely along the normative position of EU policy, and remained very short-term in their outlook (Interview, Bratislava, 2 February 2017). Some authors also point out that the adherence to more general EU conditionalities, such as the principle of fiscal and monetary discipline endorsed by those institutions, has limited the array of policy options available to CEE countries (e.g. Faragó and Varró 2016).

Innovation Policy was introduced in CEE countries in tandem with the 'Lisbonisation' of Cohesion Policy, and they were thus already intertwined during the first two programming periods of CEE participation, 2004–2006 and 2007–2013. In these periods, the new member states designed their regional policy programmes in close consultation with Brussels, producing formulaic and homogenised national development strategies to form the basis of similarly formulaic OPs. Following a different logic of regional development from pre-accession instruments (e.g. PHARE, ISPA), arguably little policy learning from the pre-accession period was transferable. The complicated process orientation of the new Cohesion Policy (through Structural and Cohesion Funds), in practice, shifted the priority towards spending eligible funds rather than tackling real regional problems on the ground (Interview, Pardubice, 3 July 2017), highlighting lacking capacities in the less

developed regions to implement innovative, growth-inducing projects. Poor absorption of available funds became a serious threat to Cohesion Policy in CEE, and project selection moved towards favouring ease of implementation over project merit in achieving policy objectives (European Commission 2013). Moreover, project writing for the peripheral regions was taken up by core-based external experts including NGOs in Czechia and private consultants in Hungary (Interview, Prague, 21 November 2016; Interview, Békéscsaba, 26 January 2016). Scholars have found that a significant ‘project class’ developed in both countries (Kováč and Kučerová 2006), whereas new elites with the ability to cross public and private sectors due to personalism and multi-functionalism also emerged in Estonia (Aunapuu-Lents 2013). In Slovakia, the centralisation of policy-making at the national level led to the concentration of high-level civil servants and experts in the field of innovation policy in the capital city, Bratislava. The same goes for expertise on EU-related issues (Interview, Nitra, 28 September 2016). Also, the impact of the Structural Funds following EU accession reinforced the problems in Estonia and other CEE countries that emerged during the pre-accession period, such as low coordination and cooperation between administrations and weak administrative capacity (Interview, Tallinn, 28 February 2017).

In the current programming period for 2014–2020, even closer policy coordination with Europe 2020 emphasised innovation and competitiveness following periods of poor Cohesion Policy performance. Nevertheless, CEE countries brought experience and lessons learnt from the previous periods. Reforms to Cohesion Policy favoured the centralisation of Managing Authorities and a reduction of Operational Programmes (especially Regional Operational Programmes) across the board. This potentially granted further central state controls over project selection and implementation, while competitiveness (i.e. innovation) programmes extended Cohesion Policy to all regions in Europe, including urban and highly developed areas. In the case of Slovakia, a targeted and long-term innovation strategy only started to emerge in this period, when the EU made it a requirement for member states to draw up Smart Specialisation strategies to access Structural Funds.

Experts tend to question the role of cohesion in the current period, and concede that the emphasis on competitiveness promoted by European policy is disadvantageous to peripheries (Interview, Pécs, 25 November 2017 (2); Interview, Pardubice, 3 July 2017). In CEE countries such as Hungary, where Cohesion Policy has traditionally been used to provide basic infrastructure in severely underdeveloped areas, there is a lack of suitable projects in the peripheries for competitiveness-based economic development (Interview, Budapest, 24 November 2017 (2); Interview, Pécs, 25 November 2017 (1)). Moreover, in Estonia, government officials perceive a lack of capable partners in the peripheries, and the blind project selection process tends to favour firms in the core (Interview, Tallinn, 17 May 2016). Therefore, in some cases, an innovation or competitiveness-based strategy can run counter to the objectives of cohesion.

The different national approaches highlighted by experts in CEE countries nevertheless share a common perspective reflecting their peripherality in the EU, whether it is expressed in terms of geographical proximity, relation to the economic core, or influence on policy-making. Moreover, the dependence of certain CEE countries on their own cores (i.e. highly developed capital regions) as centres of innovation and drivers of national development, such is the case in the countries studied herein, bring the relevance of Cohesion and Innovation Policy into question. It is reasonable to predict that in increasingly centralised national settings such as in CEE, an Innovation Policy that benefits the capitals may eventually be seen as more politically palatable than the Cohesion Policy, which faces difficulties in implementation and a history of perceived poor performance.

4 Conclusions

This chapter examined the apparent convergence of Cohesion and Innovation Policy as it particularly pertains to CEE countries, wherein these supranational policies are main drivers of growth affecting spatial patterns of development. The theoretical contradictions between these two policy areas as well as the abilities for member

states to derive their own national responses to promote growth while addressing strong regional polarisation suggests the need to carefully rethink the interaction of these policies for the future EU programming period.

The analysis has shown that Cohesion Policy, increasingly intertwined with Innovation Policy, has been used as a tool for economic growth in CEE countries with little relative regard for regional inequalities. Nevertheless, the traditional aims of Cohesion Policy to support backward regions are still seen to be important for stabilising socio-economic processes related to regional growth and decline, as national policy experts have been shown to recognise incompatibilities between cohesion aims and growth-through-innovation strategies. Some recommendations regarding the policy convergence are formulated below.

While innovation can be a strategy for economic growth, thus contributing to cohesion, it is crucial to avoid essentialising Cohesion Policy in such terms. The relationship between Cohesion Policy and Innovation Policy must be more clearly understood. As Cohesion Policy underwent the neoliberalising 'Lisbonisation' process, reorienting it to competitiveness and growth, the principle of growth-through-innovation has risen as the EU's economic strategy. On a national level, some countries such as Estonia were early implementers of this principle compared to others such as Slovakia, where it was not specifically implemented until the current programming period. Continuing these developments, Innovation Policy has the potential to co-opt Cohesion Policy as a tool for economic development, thereby constraining it, and jeopardising its legitimacy as a moderating force across the EU.

The shift in Cohesion Policy towards narrowly conceptualised post-Lisbon objectives such as 'innovation' run the risk of favouring trendy over banal policy areas. The notion that growth-through-innovation is an appropriate strategy for all regions must be challenged, and regions with poor innovation capacity should not be excluded from interventions. As Cohesion Policy has been extended to all of Europe's regions, and the divisions between the more developed, transition and less developed regions blur, it may be useful to reconsider

the relevant institutional arrangements embodied in territorial and administrative hierarchies. Pre-Lisbon (and pre-accession) institutional arrangements and policies focused on democratic legitimacy and power sharing, such as through the Europe of the Regions strategy and pre-accession instruments to CEE countries, have renewed relevance and could be revisited as a model for Cohesion Policy. Strong regions are a necessary condition for successful partnerships with central governments to implement Cohesion Policy programmes, whether they should be focused on economic development, innovation or otherwise, but the centralisation of policy and programming has weakened legitimacy and capacities. Thus, preserving the integrity of Cohesion Policy should remain top of mind when pursuing a growth-based innovation strategy.

Where could the development of Cohesion and Innovation Policies lead? Rather than equating one policy with the other, as some might be apt to do for all practical purposes, it may be useful to dissect the economic domain from Cohesion Policy altogether. If Innovation Policy were to stand on its own as the EU's economic policy, Cohesion Policy could refocus on the traditional domains of infrastructure or social investment in underdeveloped regions. Alternatively, Innovation Policy could be adopted as the economic strategy of Cohesion Policy with equal standing alongside social and environmental strategies. Either way, transparency between the two policy domains would improve understanding of the impacts of different policy interventions, more directly responding to the needs of countries and regions of different levels of economic and social development. In a time of uncertainty surrounding Cohesion Policy and the very meaning of cohesion, efforts must be made to demonstrate its relevance in the (post-) neoliberal era. Clearly distinguishing between economic and other aims of Cohesion and Innovation Policies may serve this purpose.

4.1 Four Key Points

- Cohesion Policy has shifted in its overall aim from reflecting ideals of regionalisation and integration associated with the ‘Europe of the Regions’ strategy, to competitiveness and growth associated with the Lisbon Agenda, and to innovation associated with Europe 2020.
- In CEE countries, these shifts coincided, firstly, with transition and EU accession, democratic and institutional capacity-building, and extreme underdevelopment of peripheral regions, and secondly with ‘catching up’, crisis-induced polarisation, political centralisation and regional competition.
- Recently, the EU’s Smart Specialisation approach has accelerated the ‘Europeanisation’ of national innovation policies, especially in CEE countries due to their brief history in formulating innovation policies. While the EU’s influence has been beneficial in providing policy advice and best practices, it also demands adherence to predefined principles (i.e. ‘ex-ante conditionalities’), thereby limiting the member states’ room for manoeuvre when choosing policy options.
- Cohesion Policy has come to be the EU’s main investment strategy whose distinct competitiveness focus, while having contributed to growth and increased convergence at the member state level, is likely to sustain current polarisation processes among EU regions. As Cohesion Policy is above all trying to keep the EU economically competitive at the global scale, it is moving away from its traditional goal of promoting spatial cohesion by supporting development at the regional and local levels.

Appendix

See Tables 3 and 4.

Table 3 National strategic documents of regional policy in selected CEE countries

Programming period	Document type	Czechia	Estonia	Hungary	Slovakia
2000/2004–2006	Community support framework	Ministry of Regional Development CZ (2003)	N/A	Republic of Hungary (2003)	Ministry of Construction and Regional Development (2003)
2007–2013	National Strategic Reference Framework	Ministry of Regional Development CZ (2007)	Republic of Estonia (2007)	Republic of Hungary (2007)	Ministry of Construction and Regional Development (2007)
2014–2020	Partnership Agreement	Ministry of Regional Development CZ (2014)	Republic of Estonia (2014)	Republic of Hungary (2013)	Government of the Slovak Republic (2014)

Table 4 Interview participants

Interview	Location	Date	Position
Interview	Budapest, HU	24 November 2015 (1)	Civil servant, Ministry for National Economy
Interview	Budapest, HU	24 November 2015 (2)	Public servant, Ministry for National Economy
Interview	Pécs, HU	25 November 2015 (1)	Academic, Centre for Economic and Regional Studies of the Hungarian Academy of Sciences (CERS HAS)
Interview	Pécs, HU	25 November 2015 (2)	Academic, CERS HAS
Interview	Municipality, HU	13 January 2016	Mayor
Interview	Bratislava, SK	18 January 2016 (1)	Director, Innovation Support Agency
Interview	Bratislava, SK	18 January 2016 (2)	Public servant, Ministry of Economy
Interview	Békéscsaba, HU	26 January 2016	Academic, CERS HAS
Interview	Tallinn, EE	5 May 2016	Academic, University
Interview	Tallinn, EE	17 May 2016	Public servant, Ministry of Finance
Interview	Nitra, SK	28 September 2016	Director, NGO
Interview	Prague, CZ	21 November 2016	Academic
Interview	Bratislava, SK	2 February 2017	Director NGO; public servant of Liaison Office in Brussels
Interview	Tallinn, EE	28 February 2017	Academic, University
Interview	Pardubice, CZ	3 July 2017	Academic, University

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