

# BUILDING 'EURO-REGIONS'

## LOCATIONAL POLITICS AND THE POLITICAL GEOGRAPHY OF NEOLIBERALISM IN POST-UNIFICATION GERMANY



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### Abstract

Against the background of recent debates on state spatial restructuring in the European Union (EU), this article elaborates a critical geographical interpretation of the contemporary debate on locational competitiveness (*Standortdebatte*) in the Federal Republic of Germany (FRG). On the one hand, the current debate on *Standort Deutschland* (Germany as an investment location) represents the growing instability of the 'Rhine model' of capitalism under conditions of accelerating globalization and European integration. In this aspect, the contemporary locational debate has served to justify various forms of deregulation and institutional erosion at each level within the German political system. On the other hand, the contemporary locational debate has also entailed the delineation of new subnational geographical targets for major socio-economic policies. The protection and enhancement of nationally specific competitive advantages within an integrated European economy is increasingly seen to hinge upon the construction of 'Euro-regions' associated with territorially specific conditions of production, socio-economic assets and

institutional forms at subnational scales. The politics of deregulation in post-unification Germany have therefore been closely intertwined with a broader reterritorialization and re-scaling of state power in which new subnational institutional spaces are being mobilized as the geographical spearheads for renewed economic growth. These arguments are illustrated with reference to two major realms of debate on locational competitiveness in the post-unification era, each of which has entailed a distinctive scalar articulation of neoliberal political agendas: the regionalization of national spatial planning policies (*Raumordnungspolitik*); and the debate on 'competition federalism' (*Wettbewerbs-föderalismus*) and fiscal equalization (*Finanzausgleich*) among the German Länder. However, against essentializing interpretations of subnational regions as privileged geographical loci for neocorporatist social compromises or for post-Fordist spatial fixes, contemporary regionalization processes in the FRG are conceptualized here as an institutional medium through which the German state is engaging in strategies of crisis-management.

### Regions, states and the political geography of neoliberalism

... [T]he apparent resurgence of the regions makes less sense as a phoenix-like re-emergence of regional economic crucibles than as the effect of top-down policies to replace the 'imagined community' at the national level with an 'imagined unit of competition' at the regional level. (John Lovering, 1999: 392)

... [M]uch new regionalist thinking has paid insufficient analytical observance to the intricate social relations and interconnecting properties that may exist between the recent regional renaissance and the restructuring of the state. (Gordon MacLeod, 2000: 221)

The phrase *Standort Deutschland* has become a key-word of German political discourse during the 1990s. Literally, *Standort* means 'location', as for instance in a location delineated on a city map. However, in the current political conjuncture in the Federal Republic of Germany (FRG), the notion of a *Standort* has acquired a more specific and ideologically charged meaning: it refers to a location for capital investment, and implicitly, to the structural competitiveness of that location relative to other possible locations within and beyond the national territory. The locations in question vary in geographical scale, from the national economy (*Standort Deutschland*) to regional economies

(*Standort Hessen, Standort Bayern, Standort Sachsen*) and individual cities (*Standort Berlin, Standort Hamburg, Standort Frankfurt*), but throughout the FRG major debates on socio-economic policy and institutional restructuring are being conducted in terms of an overarching question: To what extent does a given policy or state institution contribute to, or undermine, the structural competitiveness of a particular *Standort*? From this perspective, economic competition is viewed as a struggle not between firms but between political jurisdictions (be it at national, regional or local scales) to fix mobile forms of capital investment within their boundaries. The catchword *Standortpolitik* – translated here as ‘locational politics’ – is being used widely in German political discourse to refer to the diverse strategies through which state institutions are attempting to achieve this goal.

In general, debates on the future of *Standort Deutschland* (Germany as an investment location) have been dominated by the rather anxious assertion that the German national economy has become uncompetitive within the European Union (EU) and the world economy due to its high labour costs and taxes and its burdensome regulatory system. Although diverse political-economic trends have been invoked in the contemporary *Standort* debate, the apparent stagnation of the German economic system in the current period is generally said to have been caused, or to have been severely exacerbated, by intensified global economic competition under the new international division of labour, by the new competitive pressures associated with the latest thrust of European economic integration, and by the massive financial burdens that have resulted from reunification (Albert, 1993; Läßle, 1997; Streeck, 1997). However, whereas diagnoses of Germany’s *Standort* problems differ in emphasis and focus, they have nonetheless converged markedly in their proposed solution – namely, *deregulation* (Bergmann, 1998).

During the course of the 1990s, the concept of *Standort Deutschland* has become broadly synonymous with a cost-cutting, neoliberal politics which aims to downgrade existing social protections, to enhance competitive pressures upon major political institutions and societal actors, and, thereby, to bring the German political system more closely into alignment with regulatory standards within other EU countries.<sup>1</sup> As Deppe and Detje

(1998: 162) indicate: ‘Above all since the 1980s, the *Standort* debate has had the function of weakening trade unions, eroding the welfare state and undermining wage regulations’. This neoliberal political agenda, oriented towards lowering the costs of production, expanding commodification, enhancing the discretionary power of capital and rolling back entrenched political compromises, has been articulated in a range of policy debates in contemporary Germany – including, for instance, labour market and industrial policy, monetary and financial policy, technology, health and educational policy, debates on internal security, policing and crime control, and immigration policy. In each of these spheres, the question of locational competitiveness has figured ever more prominently in public political discourse during the 1990s (Bischoff et al., 1998). In this sense, the *Standort* debate has served as one of the major political catalysts through which neoliberal policies have been mobilized in post-unification Germany. More generally, the current *Standort* debate can be viewed as a vivid political expression of the growing structural instability of the so-called Rhine model of German social capitalism – with its high wages, its strong export orientation, its elaborate system of social welfare and its intricate system of corporatist collective bargaining – which underpinned the German political economy throughout most of the postwar period and, in a restructured form, well into the 1970s and 1980s.<sup>2</sup>

This article approaches the contemporary *Standort* debate as an analytical lens through which to explore various ongoing transformations within the *political geography* of post-unification Germany. Insofar as it refers to a territorialized ensemble of productive capacities, socio-economic assets and institutional forms, the notion of a *Standort* is profoundly geographical. In particular, three distinctively geographical dimensions of contemporary debates on locational politics can be distinguished:

1. Debates on locational politics entail the delineation of determinate *spaces of competitiveness* – from the national economy to regional and urban economies – which are seen as the key territorial zones in which place-specific economic advantages are to be promoted.
2. Debates on locational politics also entail the

delineation of determinate *spaces of competition* – such as the world economy or the EU – in relation to which the *Standort* in question is to be strengthened.

3. Debates on locational politics entail the mobilization and/or construction of *scale-specific state policies and institutions* – whether of the national government, the Länder, metropolitan authorities or municipalities – by means of which localized competitive advantages (spaces of competitiveness) are to be strengthened in relation to broader competitive pressures (spaces of competition).

Building upon these distinctions, I argue here that the current neoliberal offensive in post-unification Germany has been articulated in a determinate geographical form. Locational politics have entailed not only the consolidation of new political priorities (such as global structural competitiveness, flexibility and constant innovation) and regulatory strategies (such as cost-cutting, deregulation and institutional downgrading), but also, just as crucially, the delineation of new spaces of competition, new spaces of competitiveness and scale-specific policies and institutional forms through which renewed economic growth is intended to occur. In contrast to the Fordist–Keynesian project of national-developmentalism, in which diverse socio-economic regulations were introduced by the German central state to promote the balanced growth of the entire national economy, the contemporary *Standort* debate in the FRG has entailed a redifferentiation of national economic space into an amalgamation of subnational economic spaces (including Länder, regions and cities) which are increasingly said to have their own distinctive developmental trajectories. Under these circumstances, the promotion of national competitiveness within an integrated European economy is seen to hinge upon the construction of 'Euro-regions' associated with territorially specific conditions of production, socio-economic assets and institutional forms at subnational scales. Thus the *regional* scale is now widely promoted as the key territorial arena for economic competitiveness while the *European* scale is increasingly seen as the 'natural zone' for economic competition.

Strategies of endogenous regional development

in the FRG and elsewhere have frequently been grounded upon associationalist, social democratic, neocorporatist and neo-Keynesian political agendas (Cooke and Morgan, 1998; Eisenschitz and Gough, 1993; Herrigel, 1996; Scott, 1998). I argue here, however, that we are today witnessing the articulation of specifically *neoliberal* projects of regionalization in the FRG that privilege economic growth over social redistribution, competition over cooperation, cost-cutting over regulatory protection, labour discipline over class compromise and efficiency over democratic accountability. Within this emergent neoliberal project of 'Euro-regionalism' (MacLeod, 1999), each subnational administrative entity is increasingly being forced to secure on its own the socio-economic preconditions for maintaining structural competitiveness and constrained to relate to other European regions primarily as 'hostile brothers' (Peck and Tickell, 1994) in a zero-sum race for external capital investment and jobs. In this sense, the neoliberal backlash in post-unification Germany has been closely intertwined with a *reterritorialization* and *re-scaling* of national state power in which diverse subnational institutional spaces are being mobilized as the geographical spearheads for renewed economic growth. More generally, through this case-study of post-unification Germany, I argue for a more sustained attention to the role of *national* state institutions both as animators and as mediators of the contemporary 'regional resurgence' in the EU (see also Brenner, 1998a; Jones and MacLeod, 1999; Lovering, 1999; MacLeod, 2000).

Against essentializing interpretations of subnational regions as privileged geographical loci for neocorporatist social compromises or for post-Fordist spatial fixes, contemporary regionalization processes in the FRG are analysed here as an institutional medium through which the German national state is engaging in strategies of crisis-management. From this perspective, neoliberal politics in the FRG have entailed the construction of new regional 'projected spaces' (Lipietz, 1994) – unstable, emergent and contradictory regulatory experiments articulated within determinate territorial boundaries – rather than the solidified institutional basis for a new mode of regulation or a coherent resolution to the deepening crisis of Rhineland capitalism. A central goal of this analysis is to explore the role of such regionalized projected

spaces in the ongoing remaking of national state spatiality in contemporary Germany.<sup>3</sup>

The next two sections examine the national-developmental political geographies that underpinned the Rhine model of capitalism in the FRG until the late 1970s, and their subsequent unsettling during the 1980s. Following a general overview of the contemporary German *Standort* controversy and its political-geographical ramifications, I investigate the interface between neoliberal politics and regionalization strategies in two major realms of debate on national locational competitiveness: the regionalization of national spatial planning policies; and debates on competition federalism and fiscal equalization among the Länder. A concluding section sketches an interpretation of these debates as expressions of a contradictory, and intrinsically geographical, politics of crisis-management.

### The political geography of Rhineland capitalism

There is an immediately striking and intimate relationship between Fordism and national space. Never before has the space of capital been so closely identified with the national framework. (Alain Lipietz, 1994: 29–30)

It is crucial to situate the post-unification locational debate in the FRG in relation to the political geographies that prevailed during the postwar period. Although the West German political system evolved dynamically between the 1950s and the late 1970s, its basic components have generally been classified under the rubric of the 'Rhine model' or the 'German model' (*Modell Deutschland*) of capitalism in the literatures on comparative political economy.<sup>4</sup> According to Streeck (1997: 41), the lynchpin of the Rhine model of capitalist growth was the imposition of 'constraints that make low-cost production prohibitively costly' while offering 'rich opportunities for strategic upgrading'. Accordingly, throughout much of the postwar period, the leading industrial sectors of the West German economy were oriented primarily towards quality-competitive markets rather than towards cost-competitive markets. This growth strategy was in turn grounded upon an elaborate framework of

corporatist negotiation through which capital, trade unions and state institutions continually renegotiated the national redistribution of the social product (Esser, 1998: 123–5). In Streeck's (1997: 42) interpretation, this corporatist, consensus-based model of capitalist growth hinged upon three structural preconditions: sufficiently large global markets to sustain domestic employment through the production of quality-competitive rather than price-competitive goods; effective product innovation in quality-competitive goods within the German economy; and an appropriate labour supply for quality-competitive goods production.

Most crucially here, the Rhine model of capitalist growth also rested upon determinate geographical preconditions insofar as – much like other national-developmental states of the Fordist–Keynesian epoch (see Jessop, 1997a; Jessop, 1997b; Martin and Sunley, 1997; McMichael, 1996; Peck and Tickell, 1994) – it promoted the *national* spatial scale as the primary territorial unit of economic growth, of socio-economic governance and of political consensus. Indeed, even as the institutional architecture of West German capitalism evolved during the course of the postwar period, it continued to be grounded upon a paradigm of socio-economic governance in which industrial growth was treated, at core, as national economic expansion. This national-developmental political project translated into a pervasive ideological premise that underpinned most of the major socio-economic, spatial and infrastructural policy initiatives of the postwar era; namely, that a central aim of state policy should be the promotion of a nationally organized *spatial equilibrium*. An overarching goal of state policy, in this context, was to alleviate spatial disparities through the 'spreading' of capital investment and population across the entire surface of the national territory, like butter on a piece of bread. It was generally assumed, in each policy sphere: (a) that the national scale was the ontologically primary site of industrial development, administrative organization and political regulation; and (b) that a replication of formally homologous patterns of industrial growth and socio-economic governance within the Länder, regions and cities would lead to balanced, sustainable growth on a national scale. Under these conditions, subnational political and economic units were seen to operate primarily as building blocks

within a larger, nationally focused system of administration, industrial growth and sociospatial cohesion. Throughout the postwar era, these assumptions were articulated and implemented at each level of the German administrative hierarchy (central state, Länder and municipalities) in a range of institutional contexts and policy debates – for instance, in debates on federalism, fiscal equalization and the territorial redivision of Land and county borders; in discussions of central–local relations, administrative rationalization, public service provision and municipal autonomy; and in important aspects of social policy, infrastructural policy, spatial planning and industrial relations policy.<sup>5</sup>

The history of postwar spatial planning policy (*Raumordnungspolitik*) in the FRG illuminates this constellation of political-geographic practices and institutions. Since the approval of the Spatial Planning Law (ROG) in 1965, the core goal of spatial planning in the FRG has been the 'equalization of life-conditions' (*Herstellung gleichwertiger Lebensbedingungen*) throughout the national territory (ROG, 1965: 5–6).<sup>6</sup> The original version of the ROG was grounded upon the notion that balanced economic development could occur only through the equalized spread of urbanization among central places that were symmetrically positioned throughout the entire national territory (Brenner, 1997). From the 1950s until the late 1970s, this overarching goal of producing and maintaining a spatial equilibrium at a national scale was pursued through various forms of federally financed public service provision, infrastructure investment and subsidies, particularly in rural and so-called 'lagging' areas, which were to be promoted as sites of industrial growth and population settlement. The Joint Task for the Improvement of Regional Economies of 1969 (GRW) likewise pursued the goal of promoting investment in regions whose economic capacities were beneath the 'federal average'. The Territorial Reform of the 1970s was grounded upon closely analogous assumptions: its central priority was to rationalize state bureaucracies by simplifying the hierarchies and mechanisms of public service provision. In 1975, the Federal Spatial Planning Programme slightly modified the postwar framework for spatial planning by redefining its territorial units; however, even within this revised framework, the basic goal of

securing spatial equilibrium and equalized life-conditions at a national scale was replicated in its original form (Väth, 1980: 211–70).

It was not until the early 1970s, as the Fordist regime of accumulation was destabilized throughout the older industrialized world, that this national-developmental model of political and economic space began to unravel in the FRG (Hirsch and Roth, 1986). On the one hand, the global economic crises of this period triggered a wave of profound internal sociospatial restructuring – manifested, in particular, in processes of de-, neo- and re-industrialization – which severely intensified disparities among the major West German cities and regions. The resultant geographies of internal spatial polarization – whose basic contours have persisted well into the post-unification period – have replaced the classical Fordist opposition between core industrial cities and peripheral rural hinterlands with new forms of interspatial competition and uneven geographical development throughout the German urban and regional system.<sup>7</sup> On the other hand, from the late 1970s to the late 1980s, these transformations of Germany's economic geography occurred in close conjunction with a number of institutional shifts that preserved many of the basic institutional features of the Rhine model while nonetheless subtly redefining its political-geographical foundations (Herrigel, 1996; Simonis, 1998; Streeck, 1997).

Throughout the 1970s, an array of national crisis-management strategies were mobilized by a succession of governing coalitions led by the Social Democratic Party (SPD) under the Brandt and Schmidt chancellorships. Following an initial wave of administrative centralization under Brandt's socio-liberal coalition in the early 1970s, the Schmidt Government attempted to modernize the Rhine model through the introduction of new technology and labour market policies intended to strengthen West Germany's most internationalized fractions of capital (Hirsch, 1980; Jessop, 1989). The neo-conservative *Wende* (turn) of 1982 signalled less the dissolution of this strategy than its 'self-correction' through a rejuvenated 'economic attack on the world market' (Jessop, 1989: 272). The Kohl Government abandoned classical Keynesian priorities, such as full employment, in favour of supply-side measures to rejuvenate industrial expansion, to accelerate technological

innovation and to loosen labour market rigidities, particularly in the export-oriented capital goods sector (van der Wurff, 1993). As Schlupp (1992: 317) notes, the *Wende* introduced under Kohl signalled:

... a change in accumulation strategy in the direction of a 'supply-side' policy with the goal of improving profitability by means of lowering costs (that is, wages), increasing productivity, reducing business taxes, decreasing social expenditures, diminishing labour protection laws, wage structures and generally making more flexible conditions and hours of work.

However, in addition to these deregulatory tendencies, the Kohl Government also attempted to protect the global strategic position of West German capital by introducing reinvigorated technology policies and by rechannelling public funds into research and development projects. Particularly in SPD strongholds such as North Rhine Westphalia, the Saarland, Bremen and Hamburg, Land governments focused their attention primarily on the restructuring of older industrial sectors. Meanwhile, the federal level played a particularly active role in mobilizing public resources to enhance the competitiveness of German high-technology industries. In contrast to the relatively 'pure' form of neoliberalism elaborated under Thatcher in the UK during the 1980s, neoliberal politics in the FRG during this period linked various deregulatory policies, tax breaks and welfare state retrenchment to an intensive mobilization of state institutions to enhance the global competitiveness of German capital (Läpple, 1997; van der Wurff, 1993). Although supply-side and monetarist currents promoted various forms of deregulation, privatization and liberalization, a 'leaner' welfare state and more flexible work conditions throughout the 1980s, Kohl's version of neoliberal politics focused equally upon the issues of technological innovation, structural competitiveness and labour supply in large- and medium-sized export-oriented firms (Esser, 1998; Jessop, 1989; Simonis, 1998). In this sense, as Schlupp (1992: 317–18) notes, the wave of political-economic restructuring that unfolded under the Kohl Government was grounded upon a 'mixture of neo-liberal, traditionally fiscal-conservative, pragmatic-conservative and neo-technocratic and étatist elements of economic and social policy'. The more

recent *Wende* associated with German reunification must be viewed as an extension of this 'mixed' neoliberal, neoconservative, neotechnocratic and neostatist accumulation strategy in the context of Germany's geopolitical manoeuvres to strengthen its hegemonic power within the EU.

### Geographies of crisis-management: an emergent politics of 'endogenous' growth

The so-called 'crisis' of Fordism implies a significant rescaling of a series of regulatory practices. . . . In particular, regulatory codes, norms, and institutions are spatially shifted from one scale to another. These rescalings are invariably highly contested, and the outcome varies considerably from scale to scale. (Erik Swyngedouw, 1997: 156)

Throughout the 1973–89 period, the national geographies of West German Fordism were subjected to powerful new tensions and internal fissures. On the one hand, the federal government introduced a number of initiatives to address the specific problems of rustbelt regional economies, most prominently, the aforementioned Joint Tasks Initiative, or GRW. Nonetheless, most major central state socio-economic and spatial planning policies continued to promote the national scale as the predominant institutional nexus for industrial growth, for neocorporatist social compromises and for crisis-management (Benz et. al., 1999). On the other hand, throughout this period, economic restructuring in the FRG unfolded in regionally specific forms, leading to a range of place and territory-specific political responses by the Länder. Hence, even as the central state continued to deploy neo-Keynesian strategies of crisis-management and to pursue the traditional Fordist goal of subsidizing growth in lagging areas throughout the 1970s, Länder such as North Rhine Westphalia, Hamburg, Bremen and the Saarland elaborated regionally specific industrial, technology and employment policies to confront the economic problems of their manufacturing-based cities and regions. In this context, the priority of promoting what was popularly labelled 'endogenous development' (*endogene Entwicklung*) within regional and local rustbelt economies acquired an unprecedented centrality to

political debate within many of the Länder.<sup>8</sup> Although these subnational strategies of endogenous economic development within monostructural industrial regions were generally grounded upon traditional social democratic strategies of class compromise, redistribution and collective consumption, they played an important role in laying the institutional and political foundations for the neoliberal projects of regionalization that subsequently emerged during the post-1989 period.<sup>9</sup>

The Ruhr industrial region of North Rhine Westphalia (NRW) represents a paradigmatic instance of a social democratic politics of endogenous growth within a regional rustbelt during the post-1970s period. During the 1970s and 1980s, various regional economic and social policies were deployed in the Ruhr region, whose major extractive and manufacturing industries (in particular, coal and steel) were in the midst of a deep structural crisis.<sup>10</sup> In contrast to earlier federal and Land policies of directly subsidizing declining industries, these regional programmes attempted to diversify the region's technological base by improving various place-specific economic conditions such as infrastructure, transportation, labour qualifications and production sites. These 'bootstrapping' regional policies were widely viewed as a means to establish new capacities for local economic development, to overcome technological lock-ins and thereby to counteract industrial decline. According to one advocate of such policies in the early 1980s:

Endogenous development strategies proceed from the specific, natural locational advantages of individual regions. They seek out, for instance, industrial traditions, particular qualifications of the local labour force, existent resources, in short, special regional 'talents'. Such strategies then attempt to make use of the possibilities for regional development which can be recognized on this basis. (Schulz-Trieglaff, 1983: 172)

Early versions of such endogenous growth policies in the 1970s included the Ruhr Development Programme of 1968–73 and the North-Rhine-Westphalia (NRW) Programme of 1975. The Ruhr Action Programme of 1979 entailed a partial retreat into a more defensive strategy of promoting industrial modernization in declining industrial sectors, such as mining. However, in the early 1980s, the Land government of NRW introduced a more aggressive programme for

reinvigorating endogenous regional growth: the Land Initiative for Future Technologies. This policy was expanded in the late 1980s with the introduction of two additional regional industrial programmes, the Initiative for the Future of Coal, Iron and Steel Regions in the Ruhr region (ZIM) and the Initiative for the Future of the Regions in North-Rhine-Westphalia (ZIN) which extended the ZIM throughout the entire Land of NRW (Danielzyk, 1992).

The regional policies deployed in the Ruhr district during this period had a marked neocorporatist character: they were not imposed from above by the Land government but resulted from negotiations between diverse local and regional organizations, including major firms, chambers of commerce, trade unions, municipalities and civic groups; their overarching goal was to 'minimize regional inequalities while recognizing historically entrenched particularities' (Heeg, 1996: 216). The purpose of the ZIM was 'to improve the cooperation between state authorities and regional target groups in both the public and the private sector . . . [Meanwhile] the government takes up the role of moderator, mediator or catalyst to promote the region's "endogenous potential"' (Hesse, 1987). Thus, in addition to the project of reestablishing industrial competitiveness, these regional policies introduced diverse redistributive strategies. As Danielzyk (1992: 98) notes, their basic goal was to target the 'potentialities, needs and deficits within the region while decentralizing political conflicts and distributional battles'. Analogous projects to promote endogenous growth potentials were adopted during the 1980s in a number of other Länder, including: the Rural Regional Programme of Hesse in 1984; an initiative to establish regional production networks in the flax and linen sectors in the Bergischen Land in 1988; and the Autonomous Regional Development Programme in Baden-Württemberg in 1988 (Schikora, 1994: 97–98).<sup>11</sup>

During the same period, the German trade union confederation (DGB) likewise elaborated a variety of regionally specific policy demands in the face of persistent mass unemployment and sustained economic crisis in the older industrial regions (Albers, 1994; Herrigel, 1996: 282–3). Throughout the 1970s and 1980s, these programmes focused on issues such as job creation and the reduction of working time, particularly in

the steel and shipping sectors within rustbelt regions such as the Saarland, the Ruhr district, Bremen and Hamburg. In addition to employment-creation measures, many regional branches of the DGB also attempted to establish labour retraining programmes and negotiated strategies of technological innovation. As noted, many of the trade unions were involved in the development of regional restructuring policies in NRW; analogous arrangements were established in regionally specific forms in Bremen and the Saarland during the 1970s and 1980s.

These early forms of endogenous regional policy in the FRG can be viewed as strategies of neocorporatist crisis-management that emerged in response to regionally specific processes of industrial restructuring and economic decline. On the one hand, they articulated an approach to industrial restructuring which, in contrast to the neo-Keynesian redistributive policies deployed by the central state during the 1970s, focused on the endogenous developmental potential of regional industrial complexes rather than upon the articulation of regional economic spaces to the national space-economy. Regionally specific policy frameworks and institutional forms were introduced, under these conditions, in order to confront place-specific regulatory problems, socio-economic dilemmas and political conflicts (Herrigel, 1996: 275–86). On the other hand, in contrast to the later forms of endogenous growth policies that were subsequently adopted throughout the FRG, the regional neocorporatism of this era explicitly privileged the issues of social balance (*Ausgleich*) and cross-class political compromise over the productivist imperatives of growth, innovation and structural competitiveness. The regional policies of the 1973–89 period can thus be aptly labelled *neo-Fordist*: throughout this phase of state spatial restructuring, the classical Fordist project of spatial equalization was transposed from the *national* to the *regional* scale by means of these emergent subnational neocorporatism.<sup>12</sup>

It should be noted, however, that the rudiments of a neoliberal, cost-cutting politics of endogenous growth were already being promoted during this period in the sphere of central–local intergovernmental relations. As of the mid-1970s, the German central government began to pressure the municipalities to ‘fend for themselves’ in promoting local economic development and in

managing the local social consequences of industrial restructuring (Häußermann, 1992). Some left-wing commentators initially interpreted this tendency as the basis for a ‘renewal of politics from below’ in which municipalities could potentially serve as a ‘counterforce’ (*Gegenmacht*) to the neoliberal agendas of the central state (Bullmann and Gitschmann, 1985). However, as various critics subsequently indicated, these decentralization measures operated above all as strategies of ‘off-loading to the periphery’ through which the German central state was attempting to delegate downwards various fiscal responsibilities and socio-economic tasks (Krätke and Schmoll, 1987). Consequently, confronted with a vicious circle of declining revenues, increased administrative burdens and growing socio-economic polarization, West German municipalities began to restructure themselves aggressively in order to manage the deepening urban crisis and to promote renewed capital investment within their territorial jurisdictions.

As of the early 1980s, new entrepreneurial urban policies were being elaborated as municipalities throughout the FRG attempted to streamline local administration, to roll back entrenched systems of public service provision and to enhance locally specific economic assets (Krätke and Schmoll, 1987; Mayer, 1991; Rödenstein, 1987). Throughout the 1980s, Germany’s local states were transformed from local social welfare agencies into instruments of entrepreneurial policies that attempted above all to enhance the competitive positions of their territories, often through the privatization of public services, the deployment of new economic development and boosterist policies, the construction of public–private partnerships in key planning projects as well as through deregulation, administrative reform and tax cuts. In short, the task of establishing the social, infrastructural and territorial conditions for renewed accumulation within major German cities and city-regions was being gradually transferred downwards, towards the *Länder* and the municipalities. The Fordist project of forcing municipalities to adapt to central state macroeconomic policies was thereby displaced during the 1980s by a broadly neoliberal project of forcing localities to become ‘self-reliant’ (*eigenständig*) in securing financial resources, external capital investment and popular legitimation (Mayer, 1991; Rödenstein, 1987). Thus, in marked

contrast to the politics of endogenous *regional* growth during the 1973–89 era, which were generally grounded upon neocorporatist priorities, the politics of endogenous *local* development during this period privileged neoliberal goals such as maintaining structural competitiveness, administrative efficiency and a 'good business climate' over questions of redistribution, class compromise or local democracy.

By the late 1980s, the political geographies of national-developmentalism in the FRG had been significantly unsettled: the entrenched, nationally crystallized scalar hierarchies of state administration and political regulation upon which the Rhine model had been grounded were being systematically reshuffled in conjunction with diverse subnational regulatory experiments and restructuring strategies. The project of establishing a spatial equilibrium on a national scale through the redistribution of population, state subsidies and private investments was severely undermined as new projects for promoting endogenous growth at subnational scales were introduced by the *Länder* and the municipalities. These early projects of endogenous growth were initially articulated as strategies of crisis-management 'from below' under conditions in which central state support for declining regions and cities was being rolled back. Nonetheless, as the preceding discussion indicates, the political content of these local and regional economic initiatives remained quite heterogeneous throughout the 1980s insofar as diverse models of endogenous – social democratic, neoliberal and 'hybrid' – were articulated at various institutional niches and territorial locations within the German administrative hierarchy. By contrast, during the 1990s a specifically neoliberal politics of regionalization has been articulated in important policy arenas within the German federal system. Before we examine this realignment, the German *Standort* debate and its associated neoliberal politics must be situated within a broader geopolitical and geoeconomic context.

Geographies of the *Standort* debate: neoliberalism and the 'locational hysteria'

Since the global economic crises of the early 1970s, the basic message of neoliberal national

governments throughout the older industrialized world has been twofold: first, that excessive state intervention in the form of Keynesian and social democratic policies has been a primary cause of economic stagnation, inflation and unemployment; and second, that the current economic crisis could be resolved only through a radical reduction of government spending, the dismantling of inherited Fordist collective bargaining arrangements and the construction of more open, competitive markets. The most aggressive neoliberal counter-revolutions took place in the USA under Reagan and in the UK under Thatcher during the 1980s, but a politics of market-access neoliberalism has subsequently been adopted by neoconservative, christian democratic and centrist social democratic regimes in western Europe, in the former state socialist countries of Eastern Europe, in Latin America and in other parts of the erstwhile Third World (Agnew and Corbridge, 1995; Moody, 1997; Overbeek and van der Pijl, 1993).

As indicated, neoliberal politics were introduced in a mixed form in the FRG during the 1980s under Kohl's christian democratic regime insofar as it combined various deregulatory policies with new forms of industrial, technology and labour market policy that were intended to enhance the strategic advantages of West German capital on the world market. During the post-1989 period, however, the Rhine model of capitalism has been subjected to unprecedented pressures, as manifested, for instance, in rapidly escalating unemployment levels, rising income polarization, declining labour productivity, increasing product stagnation and the massive public expense (about \$100b a year) incurred through German reunification (Mahnkopf, 1999; Streeck, 1997). The latest thrust of global and European economic integration has further eroded popular support for the inherited Rhine model of social capitalism in Germany, leading to the aggressive mobilization of new deregulatory initiatives, not only by Free Democrats (FDP) and Christian Democrats (CDU) but also, notably, by centrist Social Democrats as well.

In a recent pessimistic assessment, Streeck (1997) has argued that these trends signal the impending exhaustion of the Rhine model: the inherited system of social capitalism, Streeck suggests, cannot survive the triple challenges posed by German reunification, European integration and globalization. Likewise,

according to Albert's (1993) widely discussed analysis of 'capitalism against capitalism', the high-performance, quality-competitive and innovation-based model of industrial growth associated with the Rhine model has become increasingly unsustainable: it is likely, he argues, to be modified into some version of an Anglo-American model emphasizing cost-based forms of inter-firm competition and a minimalist welfare state.

It is in this political-economic context that the post-unification *Standort* debate must be situated. As Mahnkopf (1999: 150) notes, all the major German political parties – from the FDP and the CDU to the SPD and the Greens – have framed the debate on globalization 'almost exclusively in terms of the competitiveness of *Standort Deutschland* (Germany as an economic location)'. Disagreements focus primarily on which strategy is considered most appropriate for ensuring economic competitiveness rather than on the relative importance of this priority or on the divergent ways in which it might be interpreted (Hirsch, 1998). Whereas the backers of the Kohl coalition emphasized cost reduction measures, more flexible employment conditions and a rolling back of various social services and tax laws, the more recent proposals of the SPD and the Greens amount to 'a milder version of the same policy' in which cost reduction strategies are to be balanced by an enhanced emphasis on product and process innovation strategies (Mahnkopf, 1999: 150–3). The agenda of the current Red–Green coalition under Schröder closely approximates this latter position while nonetheless aggressively promoting a number of deregulatory projects in areas such as labour market policy, welfare policy and social security (Hickel, 1999; Hirsch, 1998).<sup>13</sup>

Recent critical scholarship on the political economy of deregulation has effectively dismantled the neoliberal myth that deregulation leads, in practice, to a rolling back of state power and to an unleashing of market relations unencumbered by legal, political and institutional constraints (see, for instance, Altvater and Mahnkopf, 1995; Gill, 1995; Hollingsworth and Boyer, 1997; Röttger, 1997; Snyder, 1999; Vogel, 1996). From this perspective, the relatively familiar, ideological aspect of deregulation – the project of 'lifting or abolishing ... government regulations on a range of economic activities in order to allow markets to work more

freely, as in classical capitalist economic theory' (Cerny, 1991: 173) – entails, in practice, a shifting of the tasks and burdens of regulation to new institutional sites that are coordinated by the state yet largely insulated from public scrutiny and democratic accountability (Duncan and Goodwin, 1988; Gill, 1995; Overbeek and van der Pijl, 1993). The contemporary deregulation movement – both in Germany and elsewhere in the world economy – can thus be reinterpreted as a constellation of historically specific political strategies to redefine the nationally organized institutional spaces that predominated under Fordist–Keynesian capitalism in favour of transformed configurations of state power that systematically privilege the interests of transnational capital and the most internationalized factions of the domestic bourgeoisie.<sup>14</sup> The politics of actually existing neoliberalism, in other words, entail less the rolling back of the state and the rolling forward of the market than the mobilization of relatively unaccountable state institutions to promote intensified commodification, corporate welfare and publicly financed capital accumulation.

The key issue for the present analysis, however, is the distinctively geographical form in which the contemporary debate on *Standort Deutschland* has been articulated. As Hickel (1998) notes, the *Standort* debate in Germany has provoked a kind of 'locational hysteria' (*Standort-Wahn*) in which political and economic actors at nearly every level of the state have become obsessed with the structural competitiveness of their territorial jurisdictions relative to other European and global locations. However, even in the midst of this apparent locational hysteria, certain determinate scales of political and economic organization have been privileged in the *Standort* debate, in particular, the *European* scale of interspatial competition and the *regional* scale of locational competitiveness.

On the one hand, the mobilization of locational policy in post-unification Germany has occurred in close conjunction with the latest round of European economic integration, which has undermined various national regulatory functions that were previously monopolized by central governments (such as the regulation of trade and monetary flows) while simultaneously intensifying competition among subnational locations within the EU to attract mobile forms of capital investment. On the other hand, as Lipietz (1994: 36) remarks, the

current neoliberal counter-revolution has also entailed a 'reshuffling of the hierarchy of spaces' associated with Fordist–Keynesian forms of regulation and, concomitantly, the mobilization of new institutional arenas, such as regions and cities, as 'breeding grounds' for the development of new productive forces. As in many other European states (see Brenner, 1998a; Jones, 1999; Jones and MacLeod, 1999; Keating, 1997; Sharpe, 1993), this ongoing reterritorialization and re-scaling of state power in the German context has occurred above all with reference to the *regional* scale, which is increasingly promoted by dominant political and economic actors and organizations as the engine of national industrial growth and as the natural basis for economic competitiveness within an integrated European space-economy.<sup>15</sup>

In post-unification Germany, the *Standort* debate has served as one of the major political and institutional catalysts for implementing these re-scalings of state spatiality. While the national economy, *Standort Deutschland*, remains a major geographical target for important forms of locational politics in the FRG, its meaning is being qualitatively redefined in the context of contemporary regionalization tendencies. As we have seen, a heterogeneous array of political and economic interests crystallized around the neocorporatist regionalization projects of the 1980s. However, the regionalization strategies of the 1990s have been moulded decisively by neoliberal sociopolitical forces, including, above all: prominent market-liberal local, Land and national politicians and bureaucratic elites in each of the major political parties; major business organizations such as the German Association of Industry and the German Confederation of Employers; a host of right-wing, neoconservative and boosterist think-tanks, research institutes and newspapers which play a major role in influencing public debates on socio-economic policy; major local and regional rentiers; and diverse authoritarian-populist and 'nimbyist' (not in my backyard) political alliances among various sectors of the bourgeoisie and working classes in many of the major western Länder and city-regions (see Bischoff et al., 1998; Herkommer, 1998; Hirsch, 1998; Plehwe and Walpen, 1999; van der Wurff, 1993). For these loosely overlapping constituencies, which together constitute a powerful if unstable political alliance in the current conjuncture of

German economic development, the regional scale is increasingly viewed as the key institutional arena in which modernizing strategies of societal transformation may be pursued to outflank the supposed 'reform inertia' (*Reformstau*) of existing state bureaucracies.

Lipietz (1994: 34–5) refers to those scales of political and economic organization that emerge as privileged loci for accumulation strategies and for regulatory experimentation as *projected spaces*. Projected spaces can be understood as the territorial expressions of sociopolitical strategies: they entail both the delineation of a spatial arena in which a particular political project is to be pursued and a 'hegemonic vision' (Zukin, 1991) as to what its social and ideological content should be. Below I explore two key arenas of regional policy in which neoliberal projected spaces are currently being constructed in the FRG:

1. *The regionalization of spatial planning policy.* In this policy arena, the German central state is attempting to rechannel the productive forces into the most internationally competitive urban regions and industrial districts. New, highly technocratic projected spaces are thus being constructed as regulatory 'armatures' (Lipietz, 1994) for the geographical concentration and enhancement of the productive forces.
2. *The debate on competition federalism and fiscal equalization.* In this policy arena, the German Länder are competing aggressively for their own share of tax revenues and central state subsidies. New projected spaces are thus being constructed through a territorial politics in which Germany's most prosperous regions are attempting to minimize their fiscal linkages to declining, rustbelt regions within the national territory.

The unifying, specifically neoliberal features of these otherwise divergent political-geographical strategies are: their one-sided privileging of capitalist growth, in the form of *Standortpolitik*, over other sociopolitical goals; their aggressive promotion of interspatial competition for investments and jobs between subnational administrative units both within and beyond the national territory; and, most crucially, their treatment of uneven geographical development within the national space-economy as the natural

*basis* for capitalist expansion rather than – as had been the case under the Rhine model until the late 1980s – as a *limit* or *barrier* to economic development. In this sense, above and beyond its inherently productivistic logic and its deregulatory agenda of cost-cutting and institutional erosion (Lipietz, 1994), the *spatial* essence of neoliberalism at any geographical scale is arguably the political project of intensifying interspatial competition, uneven development and territorial inequality rather than of alleviating or overcoming the latter (see Allen et al., 1998; Amin, 1998; Brenner, 1998b; Spacelab, 1997).<sup>16</sup>

### Neoliberalism with a technocratic face: the regionalization of spatial planning

How shall we organize the spatial structures of our country so that they . . . secure economic competitiveness for this location (*Standort*) relative to other locations (*Standorten*) in Europe and the world? This is the *central question*, and it will be posed more explicitly as the process of globalization continues. (Klaus Töpfer, Federal Minister of Spatial Planning, October 1997; quoted in Töpfer, 1998: 19; italics added)

This neoliberal project of promoting renewed economic growth through an intensification of interspatial competition and uneven geographical development has been pursued aggressively since the early 1990s in the field of national spatial planning (*Raumordnungspolitik*). In contrast to the traditional redistributive and compensatory agendas of spatial planning that prevailed in the FRG roughly from the mid-1960s until the mid-1980s, during the 1990s the issues of locational politics and national economic competitiveness gained increasing centrality to all major policy debates on the goals, instruments and targets of spatial planning. In this context, under the directorship of the christian democratic minister Klaus Töpfer, the notion of endogenous regional growth became the lynchpin of German spatial planning. However, in marked contrast to the politics of deregulation in the FRG, which have frequently been a topic of intensive debate in the public sphere, this form of neoliberal politics has been mobilized in a technocratic manner, primarily by bureaucratic managers, urban and regional planners and economists

working in the Ministry of Spatial Planning, Construction and Urban Development in Bonn. Although the legal and institutional mechanisms of spatial planning have important ramifications for the geographies of public spending and infrastructural investment, this policy field has remained largely insulated from public debate in the FRG. For this reason, post-unification spatial planning in the FRG may be characterized as an arena of neoliberal political strategy 'with a technocratic face': here national state agencies are imposing new forms of locational politics, competition-oriented policy and public-private interaction 'from above' upon strategic urban and regional spaces.

The turn towards a neoliberal project of regionalization in the field of spatial planning became evident immediately after German reunification, though hints of this impending realignment had already emerged during the second half of the 1980s.<sup>17</sup> In the wake of the explosion of the *Standort* debate following reunification, a systematic redefinition of national spatial planning goals and policies was swiftly put on the agenda by the central government. First, the new planning frameworks introduced during the 1990s have emphasized the regional scale rather than the national economy as the most crucial geographical target for spatial planning policies. Second, in contrast to the earlier focus on the equalization of industrial growth and the overcoming of spatial disparities within the national territory, since the 1990s the question of economic competitiveness has become the central focus of national spatial planning. In this sense, spatial planning has been redefined into an instrument of competitiveness policy rather than being seen as a compensatory mechanism for managing the polarizing socio-territorial effects of industrial growth. Third, under these circumstances, the traditional notion of an 'equalization of life conditions', which had long been the lynchpin of West German spatial planning, has been radically redefined. Although the issue of socio-territorial 'equalization' remains central to the practice and ideology of spatial planning, it has been redefined during the last decade to be rendered consistent with the federal government's new priority of enhancing the productive forces of major urban regions and industrial districts. In these ways, the current *Standort* debate has been closely intertwined with a major reorganization of the

frameworks that have underpinned spatial planning in the FRG since the mid-1960s.

These shifts were first signalled in the Spatial Planning Report of 1990, which contained an entire chapter on the question of Germany's international economic competitiveness – an issue that had never been mentioned in previous Spatial Planning Reports (the immediately previous one was presented in 1986). In addition to this new, prominent emphasis on economic competitiveness, the 1990 Spatial Planning Report analysed national economic productivity with reference to the specific locational features of its major urban regions. In this context, the notion of 'regional competitiveness' was introduced and operationalized with reference to nine empirical indicators in each of Germany's major metropolitan agglomerations (DB, 1990: 17–48). This reorientation of spatial planning was elaborated in greater detail in the next Spatial Planning Report of 1993, in which the massive polarization between the older states of western Germany and the new, eastern states was systematically thematized and analysed. In this context, the goal of securing equal living conditions was explicitly redefined: first, in terms of regional rather than national 'minimal standards'; and second, as a differentiation rather than as a homogenization of national territorial space. In describing the goals of national spatial planning, the authors of the 1993 Report attempted to clarify this somewhat paradoxical redefinition of 'spatial equalization' through a distinction between 'equivalence' (*Gleichwertigkeit*) and 'uniformity' (*Gleichartigkeit*):

The equivalence (*Gleichwertigkeit*) of living conditions should not be confused with their uniformity (*Gleichartigkeit*). Enough room for manoeuvre (*Spielraum*) must be maintained to enable different trajectories as well as initiatives from below (*Eigeninitiativen*) . . . The state cannot guarantee an equalization in all areas, but can merely provide assistance for investments and initiatives – particularly in the realm of infrastructure – which favour self-reliant regional development. (DB, 1994: 2)

Elsewhere in the 1993 Report, this new emphasis on 'regional potentials and endogenous capacities' and on 'regional locational conditions' (*Standortbedingungen*) was reiterated as one of the 'overarching' goals of national spatial planning (DB, 1994: 5). The balanced growth of national economic space was thus now viewed as a task of promoting

regionally specific developmental trajectories rather than as a problem of spreading growth from core regions into the 'lagging' peripheries. The equalization of life conditions was now to be secured by creating the political-economic conditions for intensified regional specialization and territorial differentiation instead of, as had previously been the case, by attempting to replicate certain basic infrastructural conditions and public services throughout the national territory.

The justifications for these policy adjustments were elaborated in greater detail in two major spatial planning documents presented by the German Department of Spatial Planning, Construction and Urban Development during the 1990s: the Framework for Spatial Planning Policy Orientation (*Raumordnungspolitischer Orientierungsrahmen – ORA*) of 1992; and the Framework for Spatial Planning Policy Implementation (*Raumordnungspolitischer Handlungsrahmen – HRA*) of 1995. In the new policy frameworks introduced through these documents, regions are defined as the most crucial 'level of policy implementation' for the major spatial planning tasks (BMBau, 1993; 1995). According to the ORA, a regionalization of spatial planning is needed urgently because regions are today the essential geographical basis for securing national economic competitiveness: 'The major urban regions . . . are the regional growth engines for the spatial development of the national territory as a whole' (BMBau, 1993: 6). A strengthening of 'endogenous regional capacities' is thus viewed as the appropriate means under contemporary circumstances to enhance the competitiveness of 'Germany and its regions as investment locations' (BMBau, 1993: 13). The HRA reinforces this regional emphasis with reference to the same constellation of priorities and delineates six 'European metropolitan regions' – Berlin-Brandenburg, Hamburg, Munich, Rhine-Main, Rhine-Ruhr and Stuttgart – as the 'engines of societal, economic, social and cultural development' (BMBau, 1995: 27–9).

In addition to their emphasis on regional forms of spatial planning, the ORA and the HRA advocate intensified cooperation within the major German urban regions as an essential prerequisite for improving their competitive advantages on supra-regional scales: 'On a European scale, it is no longer individual cities which compete against one another,

but entire regions'; consequently, 'the competition of the regions within the European Single Market demands ... the construction of differentiated locational capacities, which are in turn only possible through intensified intraregional cooperation' (BMBau, 1993: 7, 13). A recent summary of the projects introduced through the ORA and the HRA likewise draws attention to the ways in which 'initiatives have already formed in a few German regions to "take their destiny in their own hands" in order to ... exploit endogenous potentials' (BMBau, 1996: 12). In this conception, then, the mobilization of endogenous growth potentials entails not only a devolution of tasks and responsibilities from the central state to the regions, but also the introduction of new mechanisms of cooperation that force major institutions and actors within metropolitan regions to coordinate their activities.

Crucially, these new strategies of endogenous regional development are being advocated not only in the major urban agglomerations, but also in less densely urbanized regions. To this end, the ORA and the HRA introduce an approach to regional planning which complements the traditional Christallerian notion of 'central place hierarchies' with that of 'city-networks' (*Städtenetze*). The goal of the city-networks project is to bundle the productive capacities of smaller and middle-sized cities together to constitute regionally organized frameworks for infrastructure investment, economic planning and industrial growth. This bundling of individual cities into regionally configured networks of cooperative planning is seen as a strategy to 'secure the competitiveness of Germany and its regions as investment locations' (BMBau, 1995: 13). In this framework, the classical Fordist opposition between urban regions and rural peripheries is replaced by the project of differentiating national economic space among highly specialized urbanized regions, each with its own unique locational advantages, institutional structure and developmental trajectory.

Taken together, these policy realignments represent the most comprehensive reconfiguration of spatial planning in the FRG since the introduction of the first Spatial Planning Law in 1965. In essence, spatial planning in post-unification Germany is being transformed from a system of policies for *alleviating* uneven geographical development into a framework that actively *intensifies* it by

promoting the continued recentralization of growth within specialized core urban regions. Subnational regions – in particular, the Länder, metropolitan agglomerations and inter-city networks – rather than the national economy have become the key geographical targets for spatial planning policies. Meanwhile, economic competitiveness rather than socio-territorial cohesion (*Ausgleich*) has become the core priority for such policies. This fundamental reversal is made most explicit in the ORA, which argues, in one truly hairsplitting formulation, that 'the alleviation of spatial inequalities can only be realized in the long term through the concerted promotion of self-reliant regional trajectories' (BMBau, 1993: 21).<sup>18</sup>

Under these circumstances, the postwar Fordist–Keynesian project of homogenizing space on a national scale is being superseded by national spatial planning strategies oriented towards the redifferentiation of national space among distinct regional economies, industrial districts and urban growth poles. The postwar project of national economic development, based upon the attempt to replicate basic socio-infrastructure conditions throughout the national territory, is today being superseded by what might be termed a 'glocal' developmentalist project, based upon strategies to enhance global competitive advantages by splintering national economic space among highly specialized regional and local economies (Brenner, 1998a; Swyngedouw, 1997). In the new version of the ROG approved by the federal government in 1997, the priority of 'constructing the locational preconditions for economic development' was introduced as one of the legally binding goals of national spatial planning.<sup>19</sup> The issue of enhancing the productive force of urban and regional space has thus become a core concern of German spatial planning, in contrast to the classical problem of overcoming intra-national forms of spatial polarization. In short, intra-national uneven development – now understood in terms of regional specialization and territorial redifferentiation – is today viewed as the geographical basis for national competitiveness rather than as a hindrance, barrier or limit to industrial growth. In this sense, during the post-unification period, national spatial planning has become an important politico-institutional arena for the elaboration of neoliberal projected spaces at *regional* scales.

## Neoliberalism as territorial politics: the debate on competition federalism

Solidarity isn't a one-way street . . . Certainly we can afford to put up with greater inequality among the Länder. Over the long-term, that's the way it will have to be. (Kurt Biedenkopf, Governor of Saxony<sup>20</sup>)

The transformations of German spatial planning described above have occurred in close conjunction with a major redefinition of the role of the Länder within the German federal system. Here, too, the *Standort* debate has served as a political catalyst for the elaboration of new regionalized projected spaces and, concomitantly, major transformations of state spatiality. Although the FRG is highly decentralized relative to unitary state systems such as the UK, France or the Netherlands, the institutional role of the German Länder has nevertheless been periodically redefined (Herrigel, 1996; Jeffery, 1999; Scharpf, 1994). During the period of neo-Keynesian crisis-management in the early 1970s, centralizing regulations were introduced that expanded central state capacities and reduced the autonomy of the Länder and the municipalities. This was the era of so-called cooperative federalism in which a dense network of intergovernmental relations (known as *Politikverflechtung* in German administrative science) was constructed to coordinate tasks, burdens and responsibilities between the central state and the Länder (Klatt, 1991; Scharpf et al., 1976). As indicated above, under the Kohl regime a countervailing wave of decentralization ensued in which the Länder and the municipalities acquired new tasks and burdens under conditions of heightened fiscal austerity. During the 1990s, conflicts between the central state and the Länder have intensified in the face of the aftershocks of German reunification and the latest round of European economic and political integration. In this context, the inherited model of cooperative federalism is being unsettled in favour of a 'competition federalism' (*Wettbewerbsföderalismus*) grounded upon: intensifying competition between the Länder for fiscal resources; and the proliferation of Land regulatory projects to promote endogenous regional growth within their territorial borders rather than the alleviation of spatial disparities on a national scale (Jeffery, 1999).

In Scharpf's (1994) interpretation, the most recent round of intergovernmental conflict and

inter-Land competition expresses a dysfunctional trend within the German federal system in which the central state is attempting to consolidate its power during a period of geoeconomic integration that is increasing the functional importance of the Länder for major aspects of socio-economic policy. On the one hand, according to Scharpf, one of the major consequences of reunification for German federalism has been to undermine the possibility that the Länder might form horizontal alliances against the central state. A delicate balance of power between the Länder and the central state had been maintained throughout the 1980s, a decade in which the Kohl regime cooperated closely with those Länder that were likewise governed by the CDU. However, the establishment of the five new East German Länder in the wake of reunification undermined this arrangement, leading to a greater diversification of Land interests and, consequently, to a 'new round of centralization in the relations between the central state and the Länder' (Scharpf, 1994: 54). On the other hand, Scharpf argues, under conditions of intensified global and European economic integration, the Länder rather than the central state are best positioned to secure the socio-territorial preconditions for economic competitiveness. In the German federal system, the Länder are most directly involved in the formulation and implementation of technology and industrial policies, in the financing of research and educational institutions and in the provision of venture capital. Consequently, Scharpf maintains, as firms come to depend more extensively upon specialized, place-specific locational factors, regional political institutions have acquired an increased significance:

State policies can support this regional specialization in various ways, but in Germany the most effective policy instruments are located not on the central level but on that of the *Länder* and the municipalities . . . To the extent that the economic profile of regions can be influenced at all by political means, *Land*- and municipal policies are required. (Scharpf, 1994: 163)

Under these conditions, during the post-unification period, the role of the Länder within the German intergovernmental system has become a matter of intense political contestation. Whereas the inherited model of cooperative federalism was premised upon the assumption that the wealthier Länder would

subsidize economic growth within the poorer Länder, the doctrine of competition federalism has entailed a direct attack on the principles of national sociospatial solidarity and national spatial equilibrium upon which the Rhine model was grounded (Jeffery, 1999; Mackenstein and Jeffery, 1999).

The turn towards competition federalism was first signalled during the process of reunification as a major debate erupted regarding the appropriate territorial borders for the Länder within the new Germany. This issue has been a topic of intermittent discussion and debate throughout the history of the FRG (Schiffers, 1995). However, whereas previous rounds of this debate in the mid-1950s and mid-1970s focused predominantly upon the need to promote an equalization of life conditions and administrative efficiency on a national scale, post-unification proposals to reorganize Land territorial structures have emphasized, above all, the role of state institutions in promoting regional structural competitiveness, particularly in major urban regions (Brenner and Heeg, 1998).<sup>21</sup> This priority became most apparent in a series of bitterly contested proposals presented in the mid-1990s to fuse the Länder of Berlin and Brandenburg, as well as in various attempts to abolish the city-states of Bremen and Hamburg and to reconfigure the borders of Lower Saxony and Schleswig-Holstein. The same issue was also articulated, if less prominently, in discussions of the administrative fragmentation of the Frankfurt/Rhine-Main region by Land borders during the mid-1990s.

Despite its high profile in German political discourse throughout the 1990s, these debates on the territorial redivision of Land borders did not lead to modifications of existing structures of Land territorial organization. Although these debates are still occasionally reignited in the city-states of Hamburg and Bremen, the major proposals for a territorial redivision of the Länder were shelved following the failure of the Berlin-Brandenburg fusion in a referendum held in both Länder in 1996. The essential point in the present context is the unprecedented prominence that was attributed to the priorities of global structural competitiveness and endogenous regional growth – in short, to *Standortpolitik* – by all major participants in these debates. Meanwhile, a range of regional industrial,

technology and planning policies continue to be articulated by the Länder to position their regional and urban economies strategically within European and global circuits of capital (Bade, 1998; Benz et al., 1999). As Esser and Hirsch (1994: 86) observe, ‘The adaptation to world market conditions and the assurance of international competitiveness remains the unquestioned imperative of the industrial policy of each *Land*’.

Recent debates on the Fiscal Equalization Mechanism (*Länderfinanzausgleich* – FEM) provide the clearest indication that a new form of competition federalism is being articulated in the FRG (Jeffery, 1999). The FEM is a redistributory policy through which the wealthier Länder are required to transfer substantial revenues horizontally to the poorer Länder: it is the major federal policy mechanism through which ‘uniform life conditions’ (*einheitliche Lebensbedingungen*) are promoted in accordance with Article 107 of the German Constitution. Currently, the five wealthiest Länder (Hesse, NRW, Bavaria, Baden-Württemberg and Hamburg) transfer about DM12b annually to the 11 other Länder. Although the structure of the FEM has long been a source of conflict both vertically, between the central state and the Länder, and horizontally, among the Länder themselves, during the 1990s a new round of conflicts regarding the FEM erupted in the context of the *Standort* discussion. These struggles over the FEM were initially triggered by the question of how to reconcile the constitutional requirement of promoting uniform life conditions with the massive socio-economic disparities between the older states of West Germany and the new, peripheralized states of East Germany.<sup>22</sup> Although this latter issue was addressed primarily through the introduction of various special federal programmes such as the German Unity Funds, it soon led to a more general debate on the future organization of the FEM within the German federal system under the transformed political-economic conditions of the 1990s.

Whereas the weaker, monostructural Länder of eastern and western Germany have generally supported a continuation of the FEM in its inherited form, the most prosperous and economically diversified Länder of western Germany – such as Bavaria, Baden-Württemberg and Hesse – have mobilized a concerted critique of

the FEM and advocated greater autonomy and 'self-reliance' for all the Länder.<sup>23</sup> The Christian democratic governors of Baden-Württemberg (Erwin Teufel), Bavaria (Edmund Stoiber) and – most recently – Hesse (Roland Koch) have been particularly vocal advocates for a comprehensive reform of the FEM that would enhance the fiscal autonomy the Länder and minimize fiscal redistribution among them: they have recently filed a series of legal complaints against the current structure of the FEM in the German Supreme Court.<sup>24</sup> The project of instituting a new model of competition federalism has also been promoted through various prominent German policy institutes, foundations and research commissions, such as the German Institute for Economic Research, the Commission for the Reform of the Social Market Economy, the Future Commission of Bavaria and Saxony, the Friedrich-Ebert-Stiftung (sponsored by the SPD) and the Friedrich-Naumann-Stiftung (sponsored by the neoliberal FDP). The reports and policy recommendations of these organizations have been discussed and debated prominently in the German news media.

A decade after reunification, the future of the FEM remains uncertain; legal battles over the issue are likely to intensify. It is nonetheless instructive to examine the critique that has been articulated against the FEM by the proponents of competition federalism, for their positions have decisively redefined the assumptions and priorities in terms of which public debates on the FEM have been framed throughout the last decade. According to a recent report of the German Institute for Economic Research, the essence of competition federalism is:

... a rejection of the priority of overcoming [national] spatial disparities (*Ausgleichspolitik*) in favour of a stronger emphasis on growth politics (*Wachstumspolitik*). The goal must not be a convergence or uniformity of life conditions but rather a diversity of regional life conditions (*regionale Vielfalt der Lebensverhältnisse*) ... The promotion of 'uniform life conditions' should not be pursued as a corrective to market processes. Rather, it should occur through the process of competition in which each region promotes its comparative advantages. This model is based not upon 'cooperative' federalism but on 'competition oriented' (*wettbewerbsorientierter*) federalism. (DIW, 1996: 85)

As in the previously discussed realignment of

national spatial planning, the model of competition federalism redefines the goal of territorial balance, or *Ausgleich*, to privilege: (a) the regional rather than the national scale; (b) market-mediated competition between regions rather than state-mediated financial transfers or subsidies; and (c) an increasing differentiation of national territorial space rather than its homogenization through the replication or diffusion of regional economic growth patterns. In this manner, the Länder are to be transformed into administrative containers of endogenous economic potentials rather than operating as subnational territorial components within a nationally coordinated administrative hierarchy or space-economy. From this perspective, the project of establishing equal life conditions *between* regions on a national scale must be superseded by strategies to promote endogenous growth potentials *within* regions, independently of their relations to one another within national political space. Jeffery (1999) aptly describes this realignment as a 'Sinatra Doctrine of the *Länder*' in which each Land is pressed to 'go its own way' in providing the socio-economic preconditions for external capital investment and growth. As Jeffery (1999: 332) indicates, 'Money does indeed talk, and currently does so rather more loudly than the old ethos of financial solidarity'.

In general terms, the proposed model of competition federalism can be viewed as a strategy to integrate policies oriented towards mobilizing endogenous regional growth potentials within a federalist administrative framework in which inter-regional inequality has traditionally been construed as being both politically unacceptable and economically dysfunctional. To this end, the proponents of competition federalism argue that the notion of territorial equalization (*Ausgleich*), one of the ideological centrepieces of German federalism, must be thoroughly redefined in terms of the notion of regional self-reliance (*Eigenständigkeit*). According to Kurt Biedenkopf, the current governor of Saxony, intra-national inequality can be viewed as a problem only to the extent that regions are actually compared to one another (Biedenkopf, 1992).<sup>25</sup> In Biedenkopf's view, therefore, regionalization policies must attempt to differentiate regions from one another and thereby to reduce the coherence of such inter-regional comparisons. Biedenkopf suggests that regionalization policies are

currently necessary because they facilitate a greater popular acceptance of sociospatial polarization and territorial inequality within the German political system. As Biedenkopf argued in a 1992 speech:

The constitutionally binding goal should not be to secure equal (*gleiche*) life conditions, but rather to establish comparable (*vergleichbarer*) life conditions ... Large-scale inequalities are only politically acceptable within a federal system when the different units demonstrate a certain independence (*Selbstständigkeit*). They must possess a clear identity, an identity which reduces the comparability among regions and thereby makes easier an acceptance of such inequalities (*eine Identität, die die Vergleichbarkeit der Regionen reduziert und es damit leichter macht, Ungleichheiten zu akzeptieren*). Thus an emphatic (*betonte*) policy of regionalization is a precondition for a greater inequality among the *Länder*. (Biedenkopf, 1992: 634)<sup>26</sup>

A closely analogous formulation appears in the widely discussed Report of the Future Commission of Bavaria and Saxony: to the extent that a regionalization of social policies 'strengthens the differences between the *Länder*', the Report argues, this should 'not only be accepted, but instrumentalized for competition' (cited in Bergmann, 1998: 339). In this framework, then, the meaning of spatial disparities within the national territory has been systematically inverted: uneven development between *Länder*, regions and cities is no longer viewed as a hindrance to national economic development but rather as its very foundation.

The goal of competition federalism is thus to force each *Land* to promote itself as a unique, self-propelled territorial arena for economic growth within the European and world economies rather than to alleviate spatial disparities or to establish social cohesion on a national scale – 'federal competition instead of distributional conflicts' in one prominent recent formulation (Ottard and Linnartz, 1997). Competition federalism is based upon a neoliberal doctrine of 'self-reliance' (*Eigenverantwortlichkeit*) in which regions are viewed essentially as spatial analogues to individuals in neo-classical economics – that is, as profit-maximizing, self-interested units interacting through market competition. Insofar as financial transfers from the central state or from other *Länder* alleviate the pressures of market competition, it is argued, they undermine the ability of regions to promote their own unique locational advantages (DIW, 1996: 87).

This tendency towards 'desolidarization' (Jeffery, 1999) is the ideological core of the critique of the FEM that has been articulated by the advocates of competition federalism: redistributive spatial policies are increasingly said to block economic restructuring within weaker, recipient regions while simultaneously undermining economic expansion within stronger, economically self-sufficient regions.

In the present context, the crucial point regarding the current debate on the FEM is its key role within a growing political movement to dismantle the system of cooperative federalism that prevailed in the FRG throughout the 1980s by redefining the *Länder* into institutional containers of endogenous regional growth potentials. As Jeffery (1999: 340) indicates:

Cooperative federalism is being undermined by new patterns of pursuit of *Länder* self-interest and diminishing cross-*Länder* solidarity. This does not necessarily mean that the *Länder* are thrusting themselves into unbridgeable conflict with one another at the expense of the whole post-war tradition of cooperative federalism. What it does mean is a rather more fluid and differentiated set of interactions within which shifting coalitions of *Länder* will form around specific issues. This might be termed a 'Sinatra doctrine' of the *Länder*, with each *Land* doing it 'my way', sometimes with, sometimes without the support of the others.

Consequently, much like the entrepreneurial cities that emerged throughout the FRG during the second half of the 1980s, the German *Länder* of the 1990s interact increasingly as 'hostile brothers, flinging themselves into the competitive process of attracting jobs and investment by bargaining away living standards and regulatory controls' (Peck and Tickell, 1994: 281).

The preceding discussion reveals various ways in which the German federal system is currently being redefined in conjunction with the contemporary debate on *Standort Deutschland*.<sup>27</sup> The so-called Sinatra doctrine of the *Länder* has articulated not only a new framework of intergovernmental relations but a specifically neoliberal approach to national socio-economic governance in which Germany's local and regional economies are being left to their own devices in promoting industrial growth and in managing internal sociopolitical conflicts. Competition federalism thus represents an important political mechanism through which a

neoliberal project of regionalization – grounded upon the active promotion of interspatial competition for investments and jobs between subnational 'hostile brothers' – is being mobilized in post-unification Germany.

In the era of *Standort Deutschland*, the Fordist–Keynesian goal of establishing equalized life-conditions at a national scale is increasingly being portrayed by dominant political and economic actors as a quaint relic of a bygone 'golden age' in which industrial growth, class compromise and socio-territorial redistribution proceeded hand in hand across the national territory. Meanwhile, under contemporary conditions, new regional institutional infrastructures are being consolidated in order to institutionalize neoliberal political agendas. The Euro-regions analysed above must thus be viewed as key projected spaces in and through which the current neoliberal offensive is being articulated in post-unification Germany.

#### Conclusion: regionalization as a strategy of crisis-management?

This article has traced various ways in which the nationally focused framework of state spatiality which underpinned the Rhine model of German capitalism has been systematically reconfigured during the post-unification period. As we have seen, many of these changes were initiated during the 1980s, under the Kohl regime, in the form of diverse policies oriented towards promoting endogenous growth potentials, intensified interspatial competition and an increasingly self-reliant role for municipal institutions. While many of the policies of this era were significantly influenced by neoliberal political agendas, others were articulated in direct opposition to the latter insofar as they privileged neocorporatist priorities such as redistribution, social cohesion, class compromise and local democracy over the productivist goals of economic growth and structural competitiveness. During the 1990s, however, the politics of endogenous development were integrated directly into the broader neoliberal project of deregulation, institutional erosion and aggressive interspatial competition that has been associated with the *Standort* debate. The traditional

goal of promoting an equalization of living conditions throughout the national territory has been systematically reformulated to emphasize the distinctiveness of regional and urban economies as sites for external capital investment. Concomitantly, the project of promoting a homogenization of national territorial space through the replication of basic socio-economic and infrastructural conditions has been systematically inverted: in the post-unification period, the *redifferentiation* of national space among distinctive regional and local economies is increasingly viewed as the geographical foundation for national competitiveness. Whereas the priority of equalization remains a constitutional requirement within the German federal system, the preceding analysis has suggested that the Fordist–Keynesian project of promoting national spatial solidarity is being subordinated to, or reformulated in terms of, the politics of local and regional economic growth, administrative self-reliance, and structural competitiveness. In essence, then, the political geography of neoliberalism in post-unification Germany is based upon a logic of intensifying inter-organizational competition and intra-national uneven geographical development rather than a nationalizing politics of solidarity, redistribution or socio-territorial equalization.

These transformations have been explored here through the lens of recent realignments within the national spatial planning system and within the framework of German federalism, but they are merely two among many dimensions of the complex reterritorializations of state spatiality that are currently unfolding in contemporary Germany and elsewhere in the EU. In each case, as I have suggested, a major goal of national and Land policymakers has been to construct Euro-regions endowed with place-specific socio-economic assets and oriented aggressively towards interspatial competition against other European cities and regions. In each instance, moreover, a re-scaling of state institutions and policies is seen as an essential means for delineating and strengthening such local spaces of global accumulation. Analogous, if politically contested, tendencies towards Euro-regionalization are being articulated throughout the EU, as European national states struggle to promote their most powerful global city-regions and industrial districts as uniquely competitive locations within an integrated European space-economy. The

political and institutional dynamics of these re-scalings of state power are now being directly investigated in a variety of national and regional contexts, but scholars have only just begun to conceptualize their potentially dramatic ramifications for the future of statehood on the European continent and beyond (Jessop, 1997a, 1997b; Jones, 1998; MacLeod, 1999; Scott, 1998).

In direct contrast to the neoliberal ideology of 'less state, more market', this analysis has emphasized the ways in which the practice of neoliberalism in the FRG has entailed a complex geographical reconstitution of state regulation with reference to new strategic spaces, territories and scales (see also Eisenschitz and Gough, 1996). It is in this context, I have suggested, that the construction of Euro-regions and other neoliberal projected spaces in post-unification Germany must be conceptualized. Throughout the history of the FRG, there has long been an extremely complex system of interdependencies and legal/financial relays between the federal government and the Länder. In the current era, this system is being dramatically recalibrated through the manoeuvres of the central state and the most powerful Länder to rejuvenate and rechannel industrial growth into strategic territorial locations. The current round of state re-scaling in the FRG thus represents not the erosion or 'rolling back' of national state power but rather its reterritorialization into a transformed, 'glocalized' spatial configuration in which, as Nicos Poulantzas (1978: 213) presciently noted over two decades ago, the central state designates 'particular regions as "development areas" to the detriment of certain others.' The construction of Euro-regions within Germany and other European national states must be viewed as a key medium in and through which this neoliberal reterritorialization of state power is being pursued.

It remains to be seen whether the emergent regional projected spaces associated with the current neoliberal offensive in the FRG foreshadow a long-term regulatory solution to the deepening crisis of the Rhine model of German capitalism or represent, rather, merely short-term adjustment strategies that serve to perpetuate or even exacerbate this crisis. The analysis developed here suggests that contemporary regionalization tendencies in the FRG most closely approximate a series of uncoordinated crisis-management strategies

through which neoliberal political alliances are attempting, above all, to *redistribute* both the productive forces and the social surplus among competing administrative units and territorial locations within the German state hierarchy. However, because it adopts a chronically short-termist agenda of 'beggar thy neighbour' and heightened inter-organizational competition, this neoliberal politics of competitive redistribution fails, fundamentally, to address the basic sociopolitical and institutional causes of economic stagnation within *Modell Deutschland*. Most crucially, these neoliberal strategies of regionalization are *internally* contradictory insofar as they intensify uneven development, undermine sociopolitical cohesion and severely compromise the long-term conditions for socio-economic development at once on local, regional and national scales (Eisenschitz and Gough, 1996; Peck and Tickell, 1994). For these reasons, it appears extremely unlikely that the neoliberal forms of regionalization that have been mobilized within post-unification Germany could provide the politico-institutional foundations for a stabilized national model of economic development, political regulation and class compromise following the crisis of *Modell Deutschland*. Indeed, the politics of neoliberal regionalization in the FRG may well herald a centrally induced fragmentation of the Rhine model among regionally specific institutional and industrial systems engaged in aggressive inter-territorial warfare with one another for state subsidies, jobs and investments.

These considerations suggest, finally, a crisis-theoretical reinterpretation of the institutional realignments that are commonly associated with the so-called 'new regionalism' in contemporary academic debates (Keating, 1997; Lovering, 1999; Scott, 1998). As this analysis indicates, regionalization tendencies in contemporary Germany signal neither the self-propelled resurgence of regional economies nor the consolidation of new, stabilized subnational modes of regulation after the crisis of *Modell Deutschland*. Rather, the dynamics of political regionalization in post-unification Germany are best understood as spatial articulations of centrally induced crisis-management strategies: their predominant effect is less to reignite accumulation at any spatial scale than to 'hollow out' the regulatory infrastructures and

political settlements of the Keynesian welfare state, which are increasingly viewed as barriers to economic modernization (see also MacLeod, 2000).

We thus arrive at what is arguably the central geographical paradox of the contemporary debate on *Standort Deutschland*: despite its concerted emphasis on 'freeing' market forces and 'unleashing' industrial growth in the context of purportedly intensified global and European economic competition, the *Standortdebatte* has served primarily to re-scale the effects of national economic stagnation and increased fiscal austerity downwards towards the regional and local institutional tiers of the German state. In this sense, contemporary neoliberal regionalization strategies in the FRG amount, above all, to a 'phantasmagoric figure' (Lipietz, 1994: 35) in and through which class conflicts and distributional antagonisms are being transmogrified into struggles over the territorial and scalar organization of the national state (see Cox, 1990).

### Acknowledgements

I am grateful to the Alexander von Humboldt Stiftung for its generous support of this research in the form of a Bundeskanzler Fellowship during the 1997–8 academic year. The views expressed in this paper represent those of the author alone. Earlier versions of this paper were presented at the Colloquium on Cultural Studies, University of California Santa Cruz, at the Conference on the German *Wende*, University of Washington, in the Workshop on Historical Sociology, University of Michigan, and at the Politics, Protest and Power Workshop in the Department of Sociology at New York University. My thanks to the participants in each of these discussions for their critical engagement. Saran Ghatak, Manu Goswami, Hyun-Ok Park and David Walkowitz provided particularly helpful comments on the final draft.

### Notes

<sup>1</sup> See Bergmann (1998); Bischoff et al. (1998); Läßle (1997); Mahnkopf (1999); Röttger (1997). These arguments were epitomized in April 1997 by the President of the FRG, Roman Herzog, in his infamous

Berlin Speech which attacked the 'reform inertia' (*Reformstau*) of the German political system and advocated a rapid deregulation of labour market rigidities and an aggressive turn towards growth-oriented innovation policies (Mahnkopf, 1999: 156–7).

<sup>2</sup> See Albert (1993); Esser (1998); Simonis (1998); Streeck (1997).

<sup>3</sup> Although social scientists have long presupposed any number of implicit geographical assumptions (Taylor, 1996), it was not until very recently that debates on what Henri Lefebvre (1991 [1974]) famously termed the 'production of space' have attracted widespread attention beyond the parameters of explicitly spatial social-scientific disciplines such as human geography, urban planning and regional science. As contemporary processes of global restructuring have unsettled inherited geographical boundaries, scalar hierarchies and sociospatial relations, social scientists have been forced to make explicit, and often to call into question, their entrenched assumptions about space, territoriality and geographical scale. This rethinking of social spatiality has been particularly urgent in the fields of state theory, comparative politics and political sociology, which have traditionally been locked into a Westphalian territorial trap (Agnew, 1994) grounded upon an ontological and timeless conception of political space as being composed of relatively unchanging, self-enclosed and mutually exclusive national territorial containers (Walker, 1993). In the 1970s, Marxian theoreticians such as Henri Lefebvre (1978) and Nicos Poulantzas (1978) had already begun to escape the territorial trap and to develop more sophisticated and historically dynamic accounts of capitalist political spaces. However, debates on the contemporary remaking of political space first attracted widespread attention in the social sciences during the 1990s, as a number of researchers began to notice: (a) the ways in which entrenched nationally configured political institutions were being reorganized to privilege new supranational and subnational regulatory levels (Jessop, 1994; 1997a; 1997b); and (b) the ways in which more complex, internally differentiated forms of political territoriality were emerging that appeared to be superseding the traditional Westphalian model of self-enclosed and mutually exclusive territorial spaces (Ruggie, 1993). In this context, a number of regulationist-inspired economic and political geographers have recently made notable inroads into analysing the transformed spatialities of state power and political regulation that are currently emerging in the contemporary EU and elsewhere on supranational, national and subnational scales (see, for instance, Agnew and Corbridge, 1995; Jessop, 1997a, 1997b; Jones, 1998; Jones and MacLeod, 1999; MacLeod, 1999, 2000; Swyngedouw, 1997). It is in relation to these debates that the present analysis of state reterritorialization and re-scaling situates itself.

- <sup>4</sup> See, for instance, Esser (1998); Katzenstein (1987); Läßle (1997); Mahnkopf (1999); Simonis (1998); Streeck (1997).
- <sup>5</sup> For more detailed discussions of the political geography of Fordist national-developmentalism in the FRG, see Brenner (1997), Brenner and Heeg (1998), Esser and Hirsch (1994), Herrigel (1996), Hirsch and Roth (1986), Väh (1980).
- <sup>6</sup> This clause was justified as a derivation from Article 2 of the German Constitution, which guarantees each citizen the right to the free development of his/her personality, and Article 72, which requires 'uniformity of living conditions' (*Einheitlichkeit der Lebensverhältnisse*) throughout the national territory.
- <sup>7</sup> Whereas some researchers in the 1980s interpreted this restructuring of the West German space-economy through the metaphor of a 'North-South gradient,' this interpretation was subsequently criticized for its systematic neglect of Germany's growing intra-regional spatial disparities during this same period (Esser and Hirsch, 1994; Simonis, 1992). Consequently, as Krätke (1991: 257) has more recently argued, the restructuring of the German urban and regional system during the last three decades is more accurately conceptualized as a series of 'interregional shifts in position and intra-regional redistributions within a relatively stable spatial structure of location centres'.
- <sup>8</sup> For analyses of the diverse forms of endogenous regional economic policy deployed in the 1970s and 1980s, see Hahne (1985); Benz et al. (1999: 59–86). For a broader genealogy and analysis of notions of 'endogenous' development see Brugger (1986) and Friedmann (1986). As Friedmann (1986) notes, the notion of endogenous development can be traced to the European mercantilist states of the 16th to 18th centuries and to the German *Zollverein* of the 19th century. During the postwar period, the politics of endogenous development were redefined in the context of the import substitution industrialization strategies pursued in the newly industrializing countries as well as through strategies to promote autocentric forms of growth in postcolonial states. During the 1970s, however, the notion of endogenous development was redeployed in the core states of Europe with reference to processes of regional economic restructuring. In the European context, self-reliant or endogenous development was initially understood as a means to promote growth in peripheralized and rural regions (Stöhr and Taylor, 1981). It was not until the 1980s that endogenous growth also began to be seen as an important developmental strategy in core urban regions, such as global cities and major industrial districts (Hahne, 1985: 29–169).
- <sup>9</sup> One caveat is needed here. As Herrigel (1996) argues, regionally organized production complexes have existed since the origins of German industrialization during the 19th century and were in no way destroyed during the Fordist–Keynesian interlude of organized capitalism. From this perspective, the current round of political regionalization in the FRG can be viewed as a state-led attempt to rejuvenate historically entrenched urban and regional economies in the context of the latest thrust of European and global economic integration. The focus of the present analysis, however, is not the specific forms of industrial governance and regulatory order that have been produced within Germany's industrial districts but rather the changing frameworks of *political space* (on European, federal, Land, regional and local levels) within which these regional economies have been embedded.
- <sup>10</sup> On economic restructuring in the Ruhr region during the 1970s, see Danielzyk (1992); Krummacker and Wienemann (1985); Läßle (1994).
- <sup>11</sup> As Schikora (1994: 97–8) argues, it was in the context of these discussions of regionally specific developmental trajectories that ecological issues were first introduced onto the agenda of spatial planning within the FRG.
- <sup>12</sup> However, as Hahne (1985: 37–47) notes, even during this period the notion of endogenous growth was extraordinarily multi-faceted, encompassing a broad constellation of meanings and political projects, including both central state strategies to mobilize regional economic growth or to overcome regional disparities as well as strategies 'from below' to promote regional self-reliance, political decentralization and greater local or regional autonomy. Esser and Hirsch (1994) likewise delineate left-wing and right-wing versions of Land neocorporatism during this era. While similar in policy content, SPD-dominated Länder such as North-Rhine-Westphalia and Christian Democratic-dominated Länder such as Baden-Württemberg developed substantively different styles of regional economic governance and capital–labour relations.
- <sup>13</sup> A number of critical political economists have elaborated sophisticated critiques of the political and economic assumptions that underpin the contemporary *Standort* debate in the FRG; see, for instance, Hickel (1998); Hirsch (1998); Mahnkopf (1999); Röttger (1997). The goal of the present analysis, however, is less to evaluate the social-scientific validity of neoliberal accounts of *Standort Deutschland* than to analyse their real political effects upon the German state apparatus and its associated political geographies.
- <sup>14</sup> For various versions of this argument see Gill (1999); McMichael (1996); Moody (1997); Overbeek and van der Pijl (1993); Röttger (1997); Schaper-Rinkel (1999).
- <sup>15</sup> The current 'regional renaissance' is also clearly related in part to the growing role of subnational administrative units within the organizational system of the EU. For present purposes, however, I focus primarily upon the ways in which regionalization has been promoted by

- national* governments in response to the geoeconomic pressures associated with European integration. In this context, I must bracket the ways in which the formation of 'Euro-regions' has also been influenced, directly or indirectly, by the European Commission – on which see Bullmann (1994), Keating (1997), MacLeod (1999), Tömmel (1996).
- <sup>16</sup> In addition to the aforementioned debates, one further spatial articulation of neoliberal politics has emerged within contemporary German *urban regions* such as Frankfurt, Stuttgart, Berlin, Hanover and Munich, where a number of proposals have recently been introduced to create radically new frameworks for metropolitan governance. In contrast to the technocratic dirigisme and territorial politics of the debates on spatial planning and competition federalism, respectively, here the goal is to promote German urban regions as a 'battle units' (*Kampfeinheiten*) capable of competing against other major European regions to attract mobile capital investment. Although these latter debates are of considerable relevance to this analysis, I cannot discuss them here at any length (see Brenner, 1999b).
- <sup>17</sup> Throughout the 1980s, the notion of 'endogenous developmental potentials' was introduced in internal discussions within the Federal Advisory Board for Spatial Planning, a group of spatial planners appointed by the federal government to evaluate the implementation of federal spatial planning policies. The result of these discussions was a proposal for radically new forms of national spatial planning that would focus on 'regional bottlenecks' (*Engpässe*) and 'regionally specific developmental strategies' (Schikora, 1994: 55, 79–80). However, the federal spatial planning framework, as originally articulated in the Spatial Planning Law of 1965, was only slightly modified during this period. Even though the goal of overcoming spatial disparities at a national scale was viewed with increasing public scepticism, it continued to be embraced formally as the overarching goal of spatial planning policies (Brenner, 1997).
- <sup>18</sup> The original statement reads as follows: 'Hervorzuheben ist deshalb, daß der Abbau der räumlichen Ungleichheiten sich langfristig nur durch die gezielte Förderung der regionalen Eigenentwicklung erreichen läßt'. However, it is unclear how, even under optimal circumstances, the promotion of regional autonomy could actually *alleviate* disparities between regions. Indeed, if we slightly modify the phrase 'self-reliant regional trajectories', the quoted statement can plausibly be translated into the following nonsensical, quasi-Orwellian formulation: 'The *alleviation* of spatial inequalities can only be realized in the long term through the *promotion* of spatial inequalities'.
- <sup>19</sup> Gesetz zur Änderung des Baugesetzbuchs und zur Neuregelung des Rechts zur Raumordnung, *Bundesgesetzblatt*, Jahrgang 1997, Teil I, Nr. 59, 25 August 1997, 2081–110.
- <sup>20</sup> 'Weniger Geld, dafür mehr Freiheit: Zeit-Gespräch mit Sachens Ministerpräsident Kurt Biedenkopf über die Zukunft der *Länder* und den Finanzausgleich,' *Die Zeit*, 4, 15 January 1998, 6.
- <sup>21</sup> It should also be noted that the priority of promoting East–West integration was likewise an important issue in the debates on reconfiguring Land borders of the early 1990s, as illustrated in proposals to fuse Hesse with Thüringia and Lower Saxony with Saxony-Anhalt, thereby combining eastern and western territories into single *Länder*. Another significant priority in these debates was that of deregulation: a reduction in the total number of *Länder* was viewed by some proponents of a territorial reform as a means to establish a more efficient state administrative system.
- <sup>22</sup> The issue of reconfiguring the FEM was also central to the most recent round of debate on reconfiguring Land borders insofar as a smaller number of *Länder* would have conceivably resulted in reduced net financial transfers between them. See, for instance, 'Am meisten bewegt alle die Sorge ums leidige Geld: Wenn die DDR-Länder kommen', *Frankfurter Rundschau*, 20 August 1990; 'Starke Länder braucht der Bund', *Frankfurter Rundschau*, 10 August 1990; 'Vogel warnt vor Partikularismus: Föderalismus im geeinten Deutschland', *Frankfurter Allgemeine Zeitung*, 30 April 1990. Similar arguments were also invoked by the Ernst Commission in the 1970s (see BMI, 1974).
- <sup>23</sup> On the current debate see, for instance, 'Bayern und Baden-Württemberg sind viel ärmer, als die von Bundeszuschüssen verwöhnten Saarländer und Berliner glauben', *Frankfurter Allgemeine Zeitung*, 22 January 1998; 'Föderalismus in der Sackgasse: die Länder wollen wieder mehr selbst bestimmen dürfen', *Frankfurter Allgemeine Zeitung*, 17 August 1998; 'A Not-so-Model System', *The Economist*, 29 August 1998, p. 23; 'Im Gewirr der Kompetenzen: Der Finanzausgleich ist das Ergebnis fauler Kompromisse', *Frankfurter Allgemeine Zeitung*, 31 October 1998; 'Der SPD-nahe Managerkreis fordert eine Reform des Föderalsystems', *Frankfurter Allgemeine Zeitung*, 31 October 1998.
- <sup>24</sup> 'Finanzausgleich: Geberländer beharren auf Verfassungsklage', *Frankfurter Rundschau*, 24 August 1999. See also the position paper drafted jointly by Teufel, Stoiber and Koch: 'Wie die Länder dem Bund ein Stück Macht entwenden möchten', *Frankfurter Rundschau*, 24 July 1999; as well as the response drafted jointly by representatives of the other 9 *Länder*: 'Wer stark ist, würde noch stärker werden', *Frankfurter Rundschau*, 23 August 1999. The Supreme Court's decision, issued in November 1999, required that the *Länder* agree among themselves upon a reconstitution of the FEM by the end of 2005 and that the German

- parliament decide upon the basic guidelines for this reconstitution by the end of 2002 (see 'Zur Sache: Länderfinanzausgleich', *Frankfurter Rundschau*, 25 March 2000). Consequently, at the time of writing, the debate on competition federalism is intensifying.
- <sup>25</sup> See also the interview with Biedenkopf, 'Weniger Geld, dafür mehr Freiheit', *Die Zeit*, 4, 15 January 1998, p. 6.
- <sup>26</sup> The specific model of competition federalism proposed by Biedenkopf would reorganize the Länder around the major urban centres and promote equalization primarily within the Länder rather than between them.
- <sup>27</sup> It is crucial to note one additional dimension of this transformation of the Länder, namely their important new administrative roles within the EU intergovernmental system. Although the Länder cooperate closely with the German central state in many EU policies, they have also promoted strong regional institutions within the EU administrative hierarchy (as embodied, for instance, in the establishment of the Committee of the Regions in 1994) as a means to circumvent central state control and enhance their autonomy. On this complex issue see, for instance, Benz (1998), Bullmann (1994), Hrbek (1998).
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