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Essay

Re-uniting the Twin Cities

*The effects of INTERREG II and III on the social- and economic cohesion and
integration in Euroregion Viadrina*

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Introduction

In Central Europe we can find the "Twin Cities" of Frankfurt (Oder) and Slubice, which are not only divided by a river, but also by a border: that between Germany and Poland. Originally, the two cities were one and shared a single history that goes back at least 750 years when Frankfurt received its charter. It was the building of a bridge over the Oder that gave Frankfurt a key trading role in the middle ages, eventually elevating it into the Hansa league.¹

It was with World War II, and the following Cold War, that Frankfurt changed thoroughly. In the 1940s the bridge, that had held the city together, was destroyed and thus the city was divided in two. After the war, with the establishment of a new border between Germany and Poland, the Oder-Neisse line, the city was officially cut up. Although the bridge would soon be repaired, the two cities took on strict national ethnic profiles and oriented themselves away from each other: Frankfurt toward Berlin and Slubice toward Warsaw.²

Cautious cooperation between the two socialist states started in the 1960s and reached its peak in 1967 with the opening of the East German-Polish border to the free exchange of people, information and goods.³ In this period of cautiously fading boundaries between the two nations, Frankfurt and Slubice began cooperating more closely again in the fields of education, culture and sports. At the economic level, cooperation consisted mostly of the employment of Polish workers in the GDR and the cross-border movement of consumer goods. International tourism and the rate of German-Polish intermarriage also increased during this period.⁴ On average, during the 1970s, around forty million Polish and East German citizens traversed the shared border annually.⁵ However, because of civil unrest in Poland (with the rise of the Solidarity movement), Erich Honecker, in fear of revolutionary sentiment spreading to his country, decided to shut the East German-Polish border completely in October of 1980, thus ending any form of cross-border cooperation.⁶

¹ R. Halle, "Views from the German-Polish Border: The Exploration of Inter-National Space in Halbe Treppe and Lichter." *German Quarterly*, 80.1 (2007): 78.

² Halle, "Views from the German-Polish Border": 78.

³ Cecilia Chessa, "State Subsidies, International Diffusion, and Transnational Civil Society: The Case of Frankfurt-Oder and Slubice." *East European Politics and Societies*, 18.1 (2004): 81.

⁴ As of 1996, there were 160 German-Polish marriages in the city of Frankfurt (Oder), see: Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 82.

⁵ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 81-82.

⁶ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 71.

Things changed again a little more than ten years later with the *Wende*. On April 8th 1991, the border between a unified Germany and Poland was opened to visa-free travel for citizens of both states.⁷ It was around the same time that the European Union started its first INTERREG program (1991-1993), which was meant as a financial support to border regions designated Objective 1 (relatively poor) and Objective 2 (facing structural economic difficulties).⁸ The aim of this financial support was the enhancement of trans-European cooperation across borders, to support economic and social cohesion and to contribute to further socio-economic integration of the EU area.⁹

The East German Länder of Brandenburg (of which Frankfurt is a part) and Saxony applied for financial support through INTERREG in 1992, following the rationale that the new Länder not only (as former part of the GDR) had a relatively low GDP, but also were handicapped since they shared borders with a disadvantaged Central Europe.¹⁰ As negotiations between local elites, state officials of the Länder, and the EU were proceeding, it became clear that future INTERREG funds would be made available only under the condition that Euroregions were formed; a demand that was clearly inspired by the subsidiarity principle.¹¹

To conform to this demand, the Euroregion "Pro-Europe Viadrina" was founded on 13 December 1993 in Frankfurt and Slubice. The goals were (and still are) to raise the standard of living in the region by creating a cross-border economic region, to further the idea of European unity and international understanding, to foster a good neighborly relationship between Poles and Germans, and to promote an integrated identity among Germans and Poles living in the border region through the pursuit of an interdependent trajectory.¹² Ever since, Viadrina has received funds from the EU INTERREG programs, and also from PHARE (an annual fund meant as an assistance for restructuring the economies of Poland and Hungary).¹³

⁷ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 70.

⁸ Jennifer A. Yoder, "Bridging the European Union and Eastern Europe: Cross-Border Cooperation and the Euroregions." *Regional & Federal Studies*, 13.3 (2003): 94.

⁹ Rolf Bergs, "Cross-Border Cooperation, Regional Disparities and Integration of Markets in the EU." *Journal of Borderlands Studies*, 27.3 (2012): 345.

¹⁰ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 86.

¹¹ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 96.

¹² Yoder, "Bridging the European Union and Eastern Europe": 96-97. And: Euroregion Pro Europa Viadrina, *Entwicklungs- und Handlungskonzept Viadrina 2007* (2006), 27.

¹³ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 96.



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Within the academic discourse there is, however, disagreement about whether the EU Cohesion funds, such as the INTERREG programs (and particularly those that are meant for former Eastern bloc countries), actually have a positive effect on regional cohesion and economic and social integration. H. Bertram is very skeptical, arguing: 'there was great hope in the instrument of a cross-border region, or Euroregion, for border development. Nevertheless, experiences from border regions interior to the EU cannot be simply transferred to the German-Polish border.'¹⁵ According to Bertram, long-run development can only be achieved if cultural and economic fields are harmoniously joined and: 'as long as there is competition between two national economic systems and harmonious decision-making by the administrations involved is unlikely, both personal contacts and cooperation which create trust, and consequently economic success, will have difficulties to emerge.'¹⁶

Philipp Mohl (economist for the European Commission since 2013) is slightly more positive. In *Empirical evidence on the macroeconomic effects of EU cohesion*

¹⁴ "Euroregion Pro Europa Viadrina", <http://www.euroregion-viadrina.eu/> (visited 17-11-2016).

¹⁵ H. Bertram, "Double Transformation at the Eastern Border of the EU: The Case of the Euroregion Pro Europa Viadrina." *GeoJournal*, 44.3 (1998): 217.

¹⁶ Bertram, "Double Transformation at the Eastern Border of the EU": 223.

policy (2013) he combines a multitude of empirical studies in which some authors do find evidence of a positive impact of structural funds on economic growth, but others only find weakly positive, no statistically- significant, or even negative impacts.¹⁷ He concludes that: 'EU funding is only conditionally effective. The Cohesion Policy does, in fact, have a positively significant impact on economic growth', but only if 'the quality of the institutional setup is high, the governmental structures are decentralized, or if it is spent for less-developed regions', and only after three or more years (i.e. Mohl notices a time lag between the investments and any economic effects).¹⁸

Finally, Rolf Bergs (evaluator for several EU funded cohesion policy programs, such as INTERREG) notes that: 'a history of cooperation matters predominantly for European Union cross-border economic integration'.¹⁹ Using an econometrist method, Bergs makes a distinction between six variables (of which HIST, i.e. history, is one) that influence the degree of disparities between regions and the integration of markets. According to his study 'we clearly see that HIST has a significant influence' on these, whereas 'strength of cooperation in terms of strategic partnership, or the common understanding of needs for cross-border regional development seems not to matter'.²⁰ To be precise, with HIST Berg denotes the extent of cooperation tradition prior to the commencement of the INTERREG programs. Also, it comprises the evolution and formal strength of institutional governance in cross-border cooperation.²¹

Although econometric results and theories provide us with a good understanding, I would agree with Peter Philips (Yale University, Economics) who, in his essay *Laws and limits of Econometrics* (2005), states that 'econometrics opens up a maze of complexity as we study it more deeply. The frontier is at once broader in scope and at each point of investigation we continue to discover more fine grain details to resolve. Moreover, as we collect more data and data of different types, we often find that we simply have more to explain and that our understanding of economic behavior does not necessarily improve with larger or even better data

¹⁷ Philipp Mohl, *Empirical Evidence on the Macroeconomic Effects of EU Cohesion Policy*, (Wiesbaden: Springer Gabler, 2016), 2.

¹⁸ Mohl, *Empirical Evidence on the Macroeconomic Effects of EU Cohesion Policy*, 156.

¹⁹ Bergs, "Cross-Border Cooperation": 345.

²⁰ Bergs, "Cross-Border Cooperation": 345, 359.

²¹ Bergs, "Cross-Border Cooperation": 345.

sets.²² I would therefore argue that only using an econometric method would not enable us to find out what the possible effects of INTERREG are on the region of Viadrina. Rather, whether structural funds have a *positive effect*²³ largely depends on the socio-economic historical context. Therefore, this essay will combine econometrically acquired results with the following (partly specifically Polish and East-German) contextual markers (that will be discussed in more detail further on): the socialist legacy on participation in civil society organizations, the role of the church in more (or less) maintaining an active civil society, the role of boundaries in making cooperation (im)possible, and the role of having the same socio-economic starting points and objectives in increasing the chance of a successful cooperation. With this combined approach I want to answer the following main question: **how have the INTERREG II and III (1994-2006) programs affected the socio-economic situation in Viadrina?**

In order to answer this question, I will pose three sub-questions, the first being: **how does the socialist legacy affect the development of a civil society and cross-border cooperation?** After all, when taking in the historical and socio-cultural context, we cannot ignore the (possible) effects of socialism on both Poland and East Germany. Cecilia Chessa argues: "To the extent that Eastern Europeans were denied experience as participants within a public sphere prior to 1989 and had little or no exposure to a culture of free association based on liberal- democratic principles, they cannot be expected to automatically assign meaning and value to such participatory forms, let alone to have acquired the requisite skills. Hence, it is unsurprising that research more than a decade since the breaching of the Berlin wall continues to demonstrate that East European civil societies are weak and can be expected to remain so."²⁴ Seeing that the civil society, as part of the subsidiarity principle of the EU, plays a central role in the implementation of the INTERREG programs, this legacy can put a strain on the socio-economic development of the region.

Not only can the socialist legacy have an effect on participation, but also on

²² Phillips, Peter C.B. "Challenges of Trending Time Series Econometrics." *Mathematics and Computers in Simulation* 68.5 (2005): 401-416. 49.

²³ To clarify the term of "positive effect", in this essay I regard increased economic cohesion (as measured by GDP) and increased integration (as measured by intra-regional trade, i.e. the amount of cross-regional commuters and investments) as "positive".

²⁴ To clarify: in this essay I apply this term, "civil society", as situated between the state, on one hand, and the market and civil privatism, on the other. It can potentially serve as a mediating layer between them. See: Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 73, 75, 76.

cross-border cooperation. Historically, animosities exist between Germans and Poles and these have been furthered by the sometimes hostile border dealings during the state socialist period.²⁵ In this regard, it is important to take note of Anssi Paasi's distinction between borders and boundaries. To clarify, the latter should be regarded as 'phenomena that are located in the socio-spatial consciousness and collective memory of people.'²⁶ Paasi argues that: 'to establish and institute something, giving it a social definition or identity, means at the same time the establishment of boundaries. Power holding actors within social systems define and symbolize the social and spatial limits of membership. Members at the same time usually share an iconography (these are human creations that also render visible the power emerging from social practice, from social and spatial relations), which helps to differentiate insiders from outsiders and define the boundaries of the political community in the discourse.'²⁷ Persistent boundaries that put emphasis on the differences between Frankfurt and Slubice (and more generally between Germans and Poles) could in fact inhibit socio-economic development in the region despite the decreasing importance of the border since the 1990s. Thus, Paasi's distinction between borders and boundaries is of methodological use to this essay.

After sketching out the importance of the socialist legacy for Viadrina, I will discuss in more detail the academic discourse on the socio-economic effects of the EU cohesion policy. I will first look at the most important econometrical results, and then move on to some contextual remarks. Thus, the focus in this chapter will be on: **how can EU Cohesion Policy funds in general, and INTERREG funds specifically, influence the socio-economic situation in a region?**

In the next chapter, this essay will move from a macro to a micro perspective and look at the socio-economic developments in Frankfurt (Oder) and Slubice between 1994 and 2010. This time frame is a conscious decision based on Bergs' statement that cohesion funds don't cause immediate changes, but that there is rather a time lag of at least three years.²⁸ Since most of the currently available data goes on till the year 2010, I have chosen this year as the terminus of this timeframe. Altogether, this chapter wants to answer the question: **how did Frankfurt and Slubice develop**

²⁵ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 90-91.

²⁶ Anssi Paasi, *Territories, Boundaries, and Consciousness: The Changing Geographies of the Finnish-Russian Border*, (Chichester, England: J. Wiley &, 1996), 305.

²⁷ Paasi, *Territories, Boundaries, and Consciousness*: 27-28.

²⁸ Bergs, "Cross-Border Cooperation": 345.

socially and economically in the period 1994-2010?

In the conclusion, this essay will try and answer the main question by combining the econometrical approach with a socio-economic historical perspective. On forehand it should, however, be noted that it is difficult, if not impossible, to show a causal relationship between Viadrina's regional development projects and the decrease, or increase, of the socio-economic gap between East and West. However, like Jennifer A. Yoder, I would like to argue that 'we can examine the types of projects and their effects on the border communities'.²⁹ I would thus state that this essay could in fact provide us with a tentative conclusion. By doing this, this essay wants to give some insight in the potential socio-economic effects of INTERREG in general, and on the effects within a post-communist civil society specifically.

²⁹ Yoder, "Bridging the European Union and Eastern Europe": 92.

Chapter 1: How does the socialist legacy affect the development of a civil society and cross-border cooperation?

As Bertram argues: 'Cross-border cooperation cannot be prescribed "from above". Although this cooperation needs planning and funds "from above", it can only be the result of local actions made by local actors; that means, it must come "from below".'³⁰ The European Commission is well aware of this, as exemplified by their emphasis on the subsidiarity principle, and by their demand for the creation of Euroregions.

At the same time, we could ask ourselves how much there is to work with "from below", i.e. from the local, East German and Polish levels. In the academic literature, inhabitants from the former socialist states are regarded as relatively passive and demobilized.³¹ Stephen E. Hanson argues: 'The long decades of separation from the West, the lack of historical experience with the rule of law and citizenship norms, the economic upheaval produced by the collapse of the Stalinist socio-economic system, and the production of a distinctive late Leninist culture of cynicism and alienation from the public sphere should combine to enable populist demagogues and authoritarian leaders to subvert attempts at liberal capitalist institution-building'.³²

Moreover, Ken Jowitt notes that: 'the community political culture of a society in which state and society are related on the basis of an effectively institutionalized citizen-role should differ considerably from a society in which the mass of society has historically been excluded from political recognition and participation.'³³ From this perspective, citizens from the former socialist states cannot be expected to automatically assign meaning and value to participatory forms, such as the INTERREG program. This seems to be supported by Anna Gwiazda's research *Democracy in Poland*, which shows that, although participation in civil society organizations has increased over time in Poland, it is still low in comparison to other

³⁰ Bertram, "Double Transformation at the Eastern Border of the EU": 223.

³¹ See: Stephen E. Hanson, "The Leninist Legacy and Institutional Change," *Comparative Political Studies* 28 (July 1995): 306. And: Ken Jowitt, *New World Disorder: The Leninist Extinction* (Berkeley: University of California Press, 1992), 56.

³² Stephen E. Hanson, "The Leninist Legacy and Institutional Change," *Comparative Political Studies* 28 (July 1995): 306.

³³ Ken Jowitt, *New World Disorder: The Leninist Extinction* (Berkeley: University of California Press, 1992), 56.

countries in the EU.³⁴ In January 2006, twenty-three percent of survey respondents participated actively, whereas seventy-seven percent were disengaged. In 2011, Poland was placed in the 25th position in the Eurobarometer Survey in terms of membership, only ahead of Lithuania and Slovakia.³⁵

Chessa, who used Frankfurt and Slubice as a case study for her research on cross border cooperation, also argues that: 'democratic norms of citizenship and participation have not been widely internalized', and that: 'civil society can indeed be characterized as "weak"'.³⁶ However, when it concerns Frankfurt and Slubice, her overall argument is more nuanced. According to her, Eastern European societies are not simply 'flattened, passive, or demobilized' by the socialist legacy. She notes that separate voluntary associations have in fact appeared, of which some have their roots in the state socialist period.³⁷ We should recall the 1970s period in which there was in fact cross-border cooperation between the GDR and Poland.³⁸ However, most of the contact took place on the national level. As far as there was local contact, it was mostly the result of the impetus of local elites. Chessa: 'A quite circumscribed group of predominantly German - but also Polish - politicians, administrators, and civic leaders committed themselves from the fore to improving transnational relations and to cultivating an identity for the region that would be centered on its unique location at the "frontier"'.³⁹

There is, however, some danger in the fact that elites are the most active in the local civil society organizations. A good example of this is the Viadrina University, which was established in 1991 (as part of a project launched by Euroregion Viadrina). Following Michael Storper's argument that regional actors, such as universities, can positively influence regional development, we could argue that Viadrina University

³⁴ Note that Gwiazda defines "civil society" as 'the sphere of institutions, organizations and individuals located between the family, the state and the market in which people associate voluntarily to advance common interests'. According to her definition, political parties, trade unions, business associations, charitable bodies, cultural groups and other voluntary associations are all examples of civil society organizations. See: Anna Gwiazda, *Democracy in Poland: Representation, participation, competition and accountability since 1989* (London, Routledge, 2015), 23.

³⁵ Anna Gwiazda, *Democracy in Poland: Representation, participation, competition and accountability since 1989* (London, Routledge, 2015), 78.

³⁶ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 76.

³⁷ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 77.

³⁸ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 81-82.

³⁹ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 93.

will benefit the Euroregion and has an important cross-border function.⁴⁰ However, it is questionable if Storper's argument can be implemented within the East-German-Polish context. Especially in a situation where the existing network of cross-border contacts is still relatively weak, a central, regional actor can also have a negative effect, as Kamal-Chaoui et al. argue in their OECD report on *Competitive Cities in the Global Economy* (2006): 'Although the creation of such a central institution generally has a high symbolic value and might act as a catalyst for further development, it is important to beware of the dangerous illusion that a single institution responsible for cross-border co-operation would solve all problems. Such an institution, however designed, can still create problems of insiders and outsiders, with the latter feeling excluded. [...] The establishment of a weak central catch-all institution might combine the negative effects of keeping potential actors passive without providing a working institution that could tackle and advance issues of mutual interest. This seems to be the case in the Euroregion "Pro Europa Viadrina", where a central institution was created that – in the absence of a rich substrate of local initiatives – virtually developed into a tool for the administration of external funds.'⁴¹

This rather pessimistic outlook is supported by Chessa who, although she notices some participation and local initiatives, still concludes that Frankfurt and Slubice are 'facing the strain of Leninist legacies in terms of dire socioeconomic displacement and cultural confusion; indeed, political participation in the form of associational activity is a sufficiently impaired prospect within these respective cities.'⁴²

What we should take from Chessa's (somewhat contradictory) argument is that, yes there is some civic society experience prior to the end of socialism, but the basis is nonetheless weak and this is something that can also impair the potential of a regional actor such as Viadrina University. However, what the above-mentioned

⁴⁰ See: Michael Storper, *The Regional World: Territorial Development in a Global Economy*, (New York: Guilford Press, 1997). It is also important to note that the cross-border function of the university is somewhat restricted. Initially, the plan was to establish one university with faculties on both the Polish and the German side. However, as the government of Brandenburg saw a lot of legal and financial problems, the project was altered. The university was build on the German side only, in Frankfurt, but did commit itself to accept a share of thirty per cent of Polish students. Also, student's accommodation is build on both sides of the border and as a supplement, the Collegium Polonicum for Polish legal and cultural sciences has been created in Slubice. See: Bertram, "Double transformation": 220.

⁴¹ Lamia Kamal-Chaoui, et al, *Competitive Cities in the Global Economy*, (Paris: OECD Publishing, 2006), 190.

⁴² Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 90.

omits is the potential role of the church in preserving some of the civil society and democratic values. Mary L. Gautier argues: 'Western academic, apparently along with many communist officials, may have falsely assumed that those societies [i.e. former Eastern European societies] had been so thoroughly secularized and the churches there had been so effectively marginalized as to pose no threat to political authority. Nevertheless, churches managed to persist in the harsh environment of Soviet totalitarianism. They not only provided social and spiritual services for the masses, they also played an important part in the prodemocracy movement, which culminated in the democratic transformations of 1989.'⁴³

In East Germany, the SED disliked religion in general, but permitted the church enough autonomy to continue as an institution of civil society to legitimize the regime.⁴⁴ "Enough autonomy" did, however, entail a severely curtailed church. In practice this meant that Young Christians faced severe discrimination in their educational and career opportunities; generally, church members were made to feel like second-class citizens.⁴⁵ The position of the SED on religion also meant that the Protestant church had to delicately balance between opposing and appeasing the socialist regime, and although this sometimes compromised the position of the church (causing it to look like an extension of the socialist state), it did manage to retain its place as an institution of civil society.⁴⁶ Especially in the 1980s, when the church became involved in the peace movement, it served as a protective "free space" for organized protest against the regime. Around the same time that cross-border cooperation (which used to contribute to the existence of a civil society in the region), came to a halt, the church became the new haven for an active civic role.

In Poland, the Catholic Church was in a same way curtailed by the state, and was thus also forced to make concessions in order to maintain a certain position within Polish society. But as in East Germany, the church was also a haven for opposition and Gautier notes a clear link between the Solidarity movement and the

⁴³ Mary L. Gautier, "Church Elites and the Restoration of Civil Society in the Communist Societies of Central Europe." *Journal of Church and State*, 40.2 (1998): 289.

⁴⁴ The socialist state was dependent upon the Protestant church in the field of health and social services (the church administered over 50 hospitals, 89 institutions for the physically handicapped, and numerous other similar institutions). The church was also a major private employer, providing jobs for people who would else have to depend on the state. Also, it provided support for thousands in a state threatened by high rates of divorce, suicide and alcoholism. See: Gautier, "Church elites": 298.

⁴⁵ This resulted in a steep decline in the number of religious adherents. In 1950 the proportion of religious adherents was approximately ninety percent of the population, by 1989 the proportion of adherents had dropped to around 36 percent of the population. See Gautier, "Church elites": 297

⁴⁶ Gautier, "Church elites": 298.

church.⁴⁷ However, there is also a difference between the East German and Polish situation. What could be argued is that, within the hierarchical Catholic Church, there was a central role for the Bishops and the Cardinal (who could appeal to the Church of Rome for their authority), whereas the average Catholic had much less influence and had a far more marginal civic role.⁴⁸

This connection between Protestantism and the civil society on the one hand, and Catholicism and the civil society on the other, has been the object of study before (the former was most famously described by De Tocqueville in *Democracy in America*). Pui-Yan Lam combined multiple studies in his research *Religion and Civic Culture* (2006) and concludes that 'Protestants are more likely than Catholics to be members of a voluntary association [...]. The observed positive Protestant effect, however, would be better described as a negative Catholic effect, since there is no significant difference between Protestants and those who belong to "Other" or no religions.' In fact, the results from this study suggest a double negative Catholic effect, not only that individuals who live in Catholic nations are less likely to hold voluntary association memberships, but also that Catholics, regardless of the religious tradition of the nation they reside in, are significantly less likely than Protestants to be members of any voluntary group.⁴⁹ According to Lam, it appears that the influence of Catholicism, whether it stems from its institutional or value orientation, works against voluntary membership and is ingrained in a society's civic culture as well as individuals' values.⁵⁰

Whereas the above-mentioned highlights how, despite the centralized socialist regimes, a more active civil society may have survived in East Germany than in Poland, we should also take into consideration another part of the socialist legacy, which creates persistent boundaries. Chessa notes historical animosities between Germans and Poles, 'which in certain respects have been further irritated by the sometimes hostile "border dealings" during the state socialist period.'⁵¹ What Chessa aims at is that the "heyday" of German-Polish interaction during the 1970s was not

⁴⁷ However, the succession of Cardinal Jozef Glemp as Primate of Poland upon the death of Cardinal Wyszynski in the spring of 1981 signaled a turn away from active involvement of the church in the Solidarity movement. See: Gautier, "Church elites": 306.

⁴⁸ Gautier, "Church elites": 307.

⁴⁹ Pui-Yan Lam, "Religion and Civic Culture: A Cross-National Study of Voluntary Association Membership." *Journal for the Scientific Study of Religion*, 45.2 (2006): 188-189.

⁵⁰ Lam, "Religion and Civic Culture": 189.

⁵¹ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 90-91.

solely characterized by friendly cooperation, but also by hostility and animosity. For instance, the open borders allowed Slubicans to travel to Frankfurt and purchase, what were even then considered to be, superior foodstuffs and consumer goods. 'Most Frankfurters resented this "buy out" of German products, sometimes even refusing to sell to "Pollack's". For many East Germans in the border regions, then, the closing of the border in October of 1980 represented a positive development.'⁵²

This example stresses the important difference between borders and boundaries that Paasi makes. Whereas the border "disappeared" during the 1970s, the boundaries also persisted up to the 1990s and are still there, despite the INTERREG programs. Just before the start of INTERREG II, in 1992, a poll was taken among residents of Slubice and Frankfurt regarding attitudes toward one another. This poll illustrates the entrenched nature of this reciprocal disaffection during the post-unification period.⁵³ Sixty percent of those polled in Slubice believed that a unified Germany presents a significant threat. When asked whether they thought that reconciliation between Poles and Germans would be possible, sixty percent of Frankfurters and sixty-five percent of Slubicans answered with an unambiguous "no". And when asked whether "you could conceive a neighbor from the other side of the border becoming a member of your family, only 2,4 percent of Frankfurters and Slubicans answered in the affirmative.'⁵⁴ The research of Katarzyna Stokłosa (*Neighborhood Relations on the Polish Borders: The Example of the Polish-German, Polish-Ukrainian and Polish-Russian Border Regions*) from 2012 shows that these attitudes have not changed, she notes: 'Attitudes on the German side of the border are dominated by negative images of Polish car thieves, high levels of criminality and the perception of "Polish slackers," expressed in German with the startlingly offensive identification of a characteristically "Polish Economy." The spectrum of attitudes found in Poland also exhibits some markedly negative tendencies, including the disparagement of Germans as "Nazis".'⁵⁵ The work of Elżbieta Opilowska also

⁵² Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 90-91.

⁵³ Also consider Ewa Bojar's research on Euroregions in Poland. She sees persisting boundaries are one of the main obstacles for productive cooperation, she argues: "artificially created boundaries cause an artificial division in the market for goods, services and even labor. One part of the market is in the "own" country, the other part just across the border in a neighboring country. The same goes for the labor market, raw materials, capital and infrastructure.' See: Bojar, "Euroregions in Poland": 446.

⁵⁴ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 91-92.

⁵⁵ Katarzyna Stokłosa, "Neighborhood Relations on the Polish Borders: The Example of the Polish-German, Polish-Ukrainian and Polish-Russian Border Regions", *Journal of Borderlands Studies*, 27.3 (2012): 246.

confirms this view of border-life as dominated by mistrust and prejudice. A survey of the towns on the German-Polish border area conducted in 2010 demonstrated that the inhabitants of the so-called divided towns identify not with the whole town, but their respective halves. Projects of cross-border cooperation conducted within the framework of European integration are predominantly viewed as an elite project best left to town officials. Although the levels of cross-border contact in the border towns are statistically higher than the respective national average, a common identity, or even identification with the border region is conspicuous by its absence. Mental barriers still represent a serious hurdle to daily contacts.⁵⁶ Cooperation at the border is further undermined, according to Yoder, by the economic disparity, which fuels mutual distrust.⁵⁷

⁵⁶ Stokłosa, “Neighborhood Relations on the Polish Borders”: 246. Also see: Opilowska, E. 2011. *Grenze im Verschwinden? Deutsch-polnische regionale und grenzüberschreitende Zusammenarbeit. In Erwachsene Nachbarschaft. Die deutsch-polnischen Beziehungen 1991 bis 2011*, eds. D. Bingen, P.O. Loew, K. Ruchniewicz, and M. Zybura, 269–79. Wiesbaden: Harrassowitz Verlag.

⁵⁷ Yoder, “Bridging the European Union and Eastern Europe”: 96.

Chapter 2: How do EU Cohesion Policy funds in general, and INTERREG funds specifically, influence the socio-economic development of a region?

The aim of INTERREG has been the enhancement of trans-European cooperation across borders, to support economic and social cohesion and to contribute to further socio-economic integration of the European Union area.⁵⁸ As mentioned in the introduction of this essay, there is some debate whether cohesion policy funds actually have a positive socio-economic effect.

Before moving on to this discussion in more detail, we should first acknowledge that the aim of INTERREG to "support socio-economic cohesion", and to "further socio-economic integration" are in fact two separate aims. Following Bergs, I would argue that, although "cohesion" and "integration" are two closely related variables, they cannot be simply regarded as one and the same, and should therefore not be used interchangeably. While the level of cohesion in a cross-border region could be rather high (something we could assess by comparing the GDP in purchasing power standards over time), interregional trade, or flows of factors (commuters, investments) could stay behind.⁵⁹ This also shows the usefulness of Paasi's definition of boundaries. After all, we might see a convergence concerning standard of living, employment rates, and education, but nonetheless no, or hardly any, cross-border cooperation and communication (i.e. we may see no increasing integration). Interestingly, Bergs, in this regard, notices a strong correlation between income differences and the levels of commuting, stating that: 'it seems that the more the cross-border regions are balanced in their per capita income, the less they exchange via commuting.'⁶⁰ In other words, increasing cohesion might in fact lead to decreasing integration. In this way, the two aims of the Cohesion Policy funds could come into conflict with each other. With this in mind, I will move on to the actual debate.

Mohl's econometrical research focuses on analyzing the growth impact of the total of Regional Structural Funds Payments and makes a distinction between

⁵⁸ Bergs, "Cross-Border Cooperation": 345.

⁵⁹ Bergs, "Cross-Border Cooperation": 346.

⁶⁰ Bergs, "Cross-Border Cooperation": 346. This confirms Stokłosa's and Opiłowska's argument, who refer to the German-Polish border-life as 'dominated by mistrust and prejudice despite a high level of cross-border travel in pursuit of relaxation and consumer goods'. See: Stokłosa, "Neighborhood Relations on the Polish Borders": 246.

payments meant for different kinds of regions: Objective 1 (which are meant for regions that are relatively poor and less developed), Objective 2 (which are meant for regions that are affected by industrial decline) and Objective 3 (which are meant for regions that are fighting long-term unemployment).⁶¹ Concerning the effects of cohesion funds on employment, Mohl notes a positive impact in regions with a low share of low-skilled population, and a negative impact in the case of a high share of low-skilled population: 'broadly summarizing, we find that a one per cent increase of total structural funds payments leads to a positive (negative) impact on the regional employment by approximately 0,05 percent in regions with a high (low) share of skilled population.'⁶² Thus, Mohl concludes that the high-skilled population in particular benefits from EU structural funds payments.⁶³

Concerning the effects on GDP, Mohl notices differences between the different kinds of Objective regions. According to him, the above-mentioned Objective 1 regions benefit the most from the funds: 'we find that a one per cent increase of Objective 1 payments, i.e. those funds used for the poorest regions, leads to a small but positive impact on the regional GDP per capita by approximately 0,05 percent.' However, this growth impact doesn't occur immediately, but rather after a time lag of more than three years.⁶⁴ At the same time, EU aid has no statistically significant, or even negative impact, on the regional growth in Objective 2 and Objective 3 regions.⁶⁵ The problem is that in these regions there are no exact criteria of what EU funds should be spend on, which, according to Mohl, leaves room for political bargaining. Thus funds may go to 'politically feasible projects to the detriment of economically efficient ones'.⁶⁶ Furthermore, his data provide evidence that some crowding out of national public investment takes places. In other words, countries might be inclined not to raise the welfare level of regions which are close to the critical value of getting EU support, as this would possibly imply a reduction in future financial EU support. 'Hence, it is possible that the resources are not used for

⁶¹ Mohl, *Empirical Evidence on the Macroeconomic Effects of EU Cohesion Policy*, 2, 48.

⁶² Mohl, *Empirical Evidence on the Macroeconomic Effects of EU Cohesion Policy*, 103, 104, 157.

⁶³ This is interesting as both Brandenburg and Lubuskie (the province of which Slubice is a part) have a percentage of students that is below their national averages. In 2005, 29,5 percent of the population, aged 20-24, participated in tertiary education (ISCED 5-6) in Brandenburg, whereas the German average in that year was 46,4 percent. In Lubuskie, 39,3 percent participated, whereas the Polish average was 64,1 percent. See: Eurostat, Education indicators by NUTS 2 regions.

⁶⁴ Mohl, *Empirical Evidence on the Macroeconomic Effects of EU Cohesion Policy*, 55.

⁶⁵ Mohl, *Empirical Evidence on the Macroeconomic Effects of EU Cohesion Policy*, 55.

⁶⁶ Mohl, *Empirical Evidence on the Macroeconomic Effects of EU Cohesion Policy*, 55.

projects that would have the largest direct and indirect impact'.⁶⁷

Other research generally supports Mohl's findings that Objective 1 regions, regarding GDP growth, benefit the most from Cohesion Funds. The matter of these funds having a positive effect on employment is, on the other hand, all but settled.⁶⁸ Sascha Becker et al. cannot find any significant employment effects.⁶⁹ Becker: 'There may be various reasons for a positive GDP growth effect and the absence of an employment growth effect. One reason could be that Objective 1 transfers mainly stimulate the volume and change the structure of investment. Another reason could be that job creation takes longer than the duration of a programming period of five to seven years.'⁷⁰ Concerning the effects on GDP, Becker et al. note that 'on average, Objective 1 status raises real GDP per capita growth by roughly 1,6 percent within the same programming period.'⁷¹ F. Busillo et al. agree that European Regional Policy has a 'positive, even if moderate, impact on regional growth' on Objective 1 regions, but are at the same time more cautious than Becker et al. According to them, between 1995 and 2006 the GDP of regions that acquired cohesion funds grew 0,8 percentage points more than in regions that did not receive these funds. Thus, the results support the effectiveness of the policy, but at the same time, they note that the causal effects are 'modest, lower than the estimates presented in the recent paper of Becker et al.'⁷²

What the above-mentioned discussion, and contradicting results show, is that there are certain limits to the usefulness of econometric studies. Busillo et al. note: 'although a large amount of literature has been devoted to the econometric evaluation of the impact of such a type of policy, the empirical evidence is still mixed and ambiguous. While some authors find evidence of a significant positive impact of Structural Funds on regional growth and convergence, others only find a weak impact, or none at all. The main reasons at the root of this are the low availability and comparability of regional expenditure and income data, but also the technical and methodological problems faced when trying to identify the causal relation between

⁶⁷ Mohl, *Empirical Evidence on the Macroeconomic Effects of EU Cohesion Policy*, 24.

⁶⁸ On the agreement of cohesion funds having a positive effect on GDP, see: F. Busillo, et al, *Working Paper: Measuring the Impact of the European Regional Policy on Economic Growth: a Regression Discontinuity Design Approach*, (University of Rome, 2010), 31-32. Hans Joachim Kujath, *Pre-Accession Aid Impact Analysis Final Report*, (Institut für Regionalentwicklung und Strukturplanung, Germany, 2005), 172-173. Sascha O. Becker, "Going NUTS: The Effect of EU Structural Funds on Regional Performance", *Journal of Public Economics*, 94.9-10 (2010): 578, 589.

⁶⁹ Becker, "Going NUTS": 589.

⁷⁰ Becker, "Going NUTS": 589.

⁷¹ Becker, "Going NUTS": 589.

⁷² Busillo, et al, *Measuring the Impact of the European Regional Policy on Economic Growth*, 31-32.

Regional policy actually implemented and the observed outcome.⁷³

This is also what Jerzy Pieńkowski and Peter Berkowitz encounter in their working paper *Econometric assessments of Cohesion Policy growth effects* (2015), which bundles a multitude of econometric studies on Cohesion Policy Funds and their relation to economic growth and convergence. They note multiple problems concerning the econometric studies they analyzed. First, 'the studies often focus on the details of their econometric methodology and on the statistical robustness of the results, but usually do not sufficiently explain the complex economic mechanisms behind these relationships. Only some of the analyzed studies address the detail of Cohesion Policy. In a number of cases, the policy recommendations for Cohesion Policy appear oversimplified and may be difficult to implement in practice. In some other cases, the conclusions are not directly linked to the results of the econometric analysis, but repeat the usual recommendations for Cohesion Policy.'⁷⁴ The second problem they see is that research usually is focused on the EU-wide Cohesion Policy, or concerns the entire group of Objective 1 regions, and 'in the few cases when the regressions lead to the results for individual regions, the results are not sufficiently differentiated (even when the analysis brings surprising results) because the analysis does not take account of regional specific factors to explain these results.' Thus, 'the studies fail to provide convincing explanation of differences in the performance of regional economy.'⁷⁵

In this regard, it is interesting to turn to another research that takes a, somewhat, different approach in comparison to the other studies. In his econometric study, Bergs, tries to find out what variables are most important for the Cohesion Funds to have any positive effects on socio-economic cohesion and integration. Bergs looks for correlations between six variables, of which HIST (i.e. history: the extent of cooperation tradition) turns out to be the most important. Bergs results show that HIST has a significant influence on both reduction of disparities and cross-border trade.⁷⁶ Bergs: 'Other variables characteristic for "willingness to cooperate," like common understanding of joint needs (JOINTN), strategic partnership (PART), or the volume of genuinely cooperative projects (JOINTP) do not seem to determine

⁷³ Busillo, et al, *Measuring the Impact of the European Regional Policy on Economic Growth*, 31.

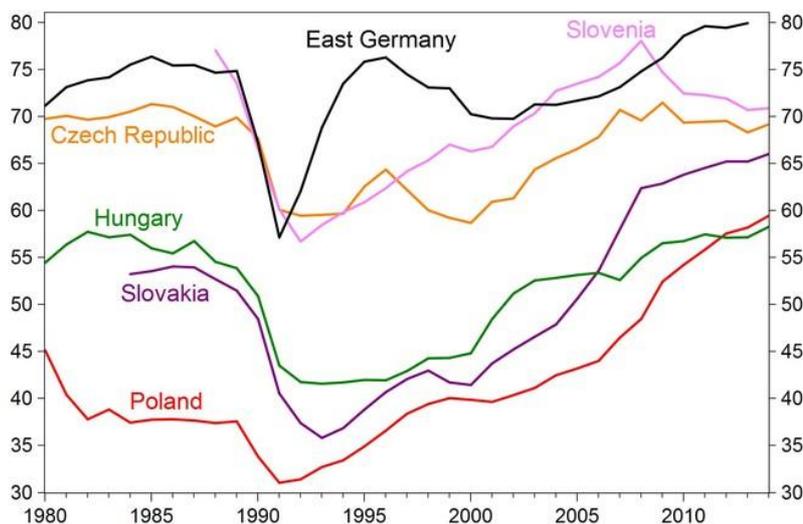
⁷⁴ Jerzy Pieńkowski and Peter Berkowitz, *Econometric assessments of Cohesion Policy growth effects: How to make them more relevant for policy makers?*, (European Commission Regional Working Paper 02, 2015), 9.

⁷⁵ Pieńkowski and Berkowitz, "Econometric assessments of Cohesion Policy growth effects": 9.

⁷⁶ Bergs, "Cross-Border Cooperation": 359.

important variables of development. Apart from HIST, only LOC (innovation and experimentation in cooperation) appears to have a detectable impact, but—if at all, only on the degree of disparities—and rather at the threshold of significance.⁷⁷

Another research that emphasizes the importance of the contextual situation is Bertram's *Double transformation at the eastern border of the EU* (1998). Bertram is very skeptical about transferring the concept of the Euroregion from Western Europe to Eastern Europe and notes two main difficulties for successful cooperation in the German-Polish area. First of all, there is the difference in starting point: 'disparities between Poland and East Germany were much larger than had ever been experienced between border regions in Western Europe.'⁷⁸ Not only are there "extreme" income disparities between the two states, there is also a big difference in the level and quality of infrastructure and the access to subsidies.⁷⁹



GDP per capita at purchasing power parity (% of 10 advanced EU countries), 1980-2014.⁸⁰

The second obstacle is the differences in objectives between the two states (these are partly caused by their differing starting points).⁸¹ Traditionally, the East German border regions are characterized by big industry, whereas economic activities

⁷⁷ Bergs, "Cross-Border Cooperation": 359.

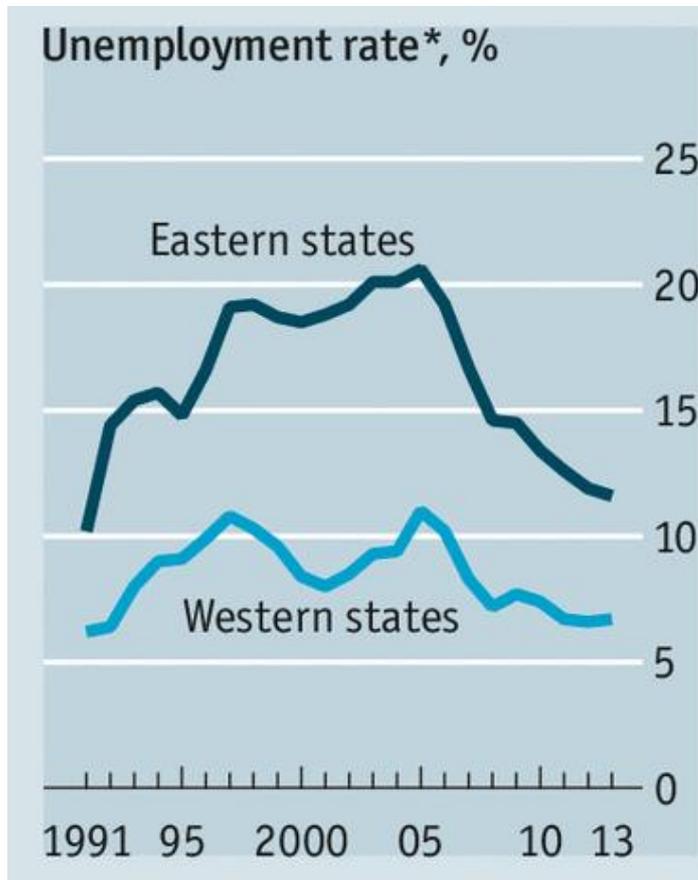
⁷⁸ Bertram, "Double transformation": 217.

⁷⁹ Bertram, "Double transformation": 217.

⁸⁰ "The convergence dream 25 years on", <http://bruegel.org/2015/01/the-convergence-dream-25-years-on/> (visited 2-12-2016).

⁸¹ It is important to note that Bertram's argument of conflicting objectives inhibiting proper cooperation, seems to contrast with Bergs' results, who saw no "significant" influence of "willingness to cooperate" on the success of cooperation. It is, of course, possible that Bergs findings do not fully suit the German-Polish context. See: Bergs, "Cross-Border Cooperation": 359.

on the Polish side are much more diverse (a combination of agriculture, services, trade and industry).⁸² After the *Wende*, thousands of East German firms turned out to be, or became, unprofitable and thus went bankrupt. As these industrial firms used to employ thousands of people, unemployment rose spectacularly.



Unemployment rates in East- and West Germany between 1991 and 2013.⁸³

Being confronted with this, the German government looked for "one size fits all" kind of solutions. In other words, the main goal was to attract new, large industrial companies in order to provide for a large number of jobs and thus reduce unemployment. The Polish side, on the other hand, has had no interest in large industrial companies, as it focuses on agriculture and tourism in order to boost its economy.⁸⁴ From their point of view, investments in industry, and the attraction of new industrial firms is a bad thing, as these might have a negative impact on the environment, thus endangering their objectives of environmental protection and

⁸² Bertram, "Double transformation": 215, 220.

⁸³ "Twenty-five years on", <http://www.economist.com/news/europe/21631130-fall-berlin-wall-closed-question-communism-it-reopened-question> (Visited 19-11-2016).

⁸⁴ Bertram, "Double transformation": 220.

tourism development.⁸⁵

The above-mentioned discussion reveals some important notions for this essay. We could argue that the usefulness of econometric studies is limited concerning ways to determine the effects of Cohesion Funds on socio-economic cohesion and integration, but what they do tell us is that Cohesion Funds can have a positive effect on the GDP of an Objective 1 region. Whether it actually will have this positive effect depends on the structural and contextual situation, such as the extent of cooperation tradition, the educational levels, whether the actors have the same objectives, whether disparities are not too big between regions and whether there is an active civil society. Determining whether these funds actually have a positive effect on Objective 1 regions is hard to achieve through an econometric method because of technical and methodological difficulties and lack of data. Any conclusion should therefore be a cautious one.

⁸⁵ Bertram, "Double transformation": 220.

Chapter 3: How did Frankfurt and Slubice develop socially and economically in the period 1994-2010?

So far, this essay has looked at the socio-historical context of Euroregion Viadrina and at the possible factors and effects of the European Regional Funds on socio-economic development. Both are important in order to determine how influential INTERREG has been for Viadrina, but in order to come to any conclusions that looks at possible (causal) effects, it is now important to get an idea of how Frankfurt and Slubice developed socially and economically in the period that the INTERREG II (1994-1999) and III (2000-2006) programs were active. To account for time lag, this chapter takes the years 1994 till 2010 as its periodization. Also, since the accession of Poland into the EU (2004) and Schengen (2007) caused some important changes (most notably the opening of the borders and the free movement of people and capital), this chapter will be divided in a 'first stage' (1994-2004) and a 'second stage' (2004-2010).

The first stage (1994-2004)

Written two years into the INTERREG II program, Ewa Bojar noted the following most important problems that the region of Viadrina was confronted with: absence of adequate cross border infrastructure, major social problems as a result of increasing unemployment, and difficulties in understanding each others language and culture.⁸⁶ Furthermore, she was skeptical about any positive change, noting that '[..] the Euroregion agreements signed by Poland did not speed up the process of integration and economic development', and that 'expectations should not be too high', as Euroregions 'never have played any significant role in the economy of their countries' because of their peripheral location.⁸⁷ Bojar also noted obstacles when it concerned willingness to cooperate, as Polish officials feared to lose their autonomy to the more "mighty" and dominating Germans. Chessa notes a same kind fear within certain Polish political circles that 'Euroregions could serve as a "Trojan horse" for greater German influence in Poland. There has been, therefore, some reluctance in Warsaw to support the notion of decentralized, autonomous Polish regions-"based on old German territorial boundaries no less"-which might result in a forfeiture of Polish autonomy to

⁸⁶ Ewa Bojar, "Euroregions in Poland", *Tijdschrift Voor Economische En Sociale Geografie*, 87.5 (1996): 446.

⁸⁷ Bojar, "Euroregions in Poland": 446. Also: Bertram, "Double transformation": 215.

the advantage of German national interests.⁸⁸ Because of this, the Polish motives to eventually participate in Euroregions had a very pragmatic character. The funds they received from this were predominantly spent on the improvement of the Polish economy, and not so much on cooperation with the Germans.⁸⁹

In any way, most of the funds did not even go to the Polish side of Viadrina in the long run. This had two reasons. First, the funds that the Polish government received through the PHARE program (Assistance for Restructuring the Economies of Poland and Hungary) were not spend on western regions, which were (and still are) relatively prosperous in comparison to the, socially and economically more troubled, northern and eastern parts.⁹⁰ Second, the European Commission demanded INTERREG funds were spend on EU citizens. Because of this, the German part of Viadrina was privileged and received most of the funds (45 million Euros between 1995 and 1999).⁹¹

That is not to say that the German side received any funds easily. Rather, the INTERREG II program had a rough start. When the local office on the German side of Viadrina approved a project concept, it was passed along to the Brandenburg state government in Potsdam. There, the subsidies originated from three separate funds, including work and social welfare, the economy, and agriculture. Each request for funding had to go through the appropriate ministry, a process delineated in EU guidelines for the project. In practice, the ministries had proved hesitant to actually releasing funds to those areas for which they were intended. Part of this bureaucratic recalcitrance had stemmed from the fact that the state government had to contribute an additional five percent to each project approved. Thus, by February 1996, more than one hundred project proposals had been passed along to the Brandenburg state from the Viadrina office, but not a single mark had flowed toward the designated area.⁹² Moreover, the fact that there had not been a larger number of project proposals

⁸⁸ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 101.

⁸⁹ Bojar, "Euroregions in Poland": 446.

⁹⁰ Between 1990 and 1994, 4.3 billion ECU went to PHARE, of which thirty-four percent was spent on infrastructure, eighteen percent on culture, education and R&D, ten percent on the private sector and small businesses, eight point five percent on local government administration, eight percent on environment, six percent on financial services, five percent on social areas, three percent on humanitarian help, and two percent on agriculture. See: Yoder, "Bridging the European Union and Eastern Europe": 95. Also: Bertram, "Double transformation": 221. And: Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 101.

⁹¹ Yoder, "Bridging the European Union and Eastern Europe": 97-98. Also: Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 100.

⁹² Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 99.

was in part attributable to the painstaking application process. Chessa: "The director of the Viadrina office noted that many individuals, groups, and even small business owners approach the program administrators with good ideas for enhancing the border region, but often take one look at the dauntingly complex application and simply walk away."⁹³

This situation would change for the better in 1997, when the rules for applying for subsidies from the INTERREG program were eased. During the second half of 1997, thirty-six projects were eventually funded. During 1998, the number rose to one hundred, and within the first two months of 1999, forty-six projects received INTERREG II monies and were carried out.⁹⁴ Nonetheless, projects that were truly transnational in spirit and structure still struggled, because of the demand of the European Commission that the funds went to European Union citizens.⁹⁵ Rather than improving cross-border cooperation and social- and economic cohesion, this situation only helped making the disparities between the Polish and the German part of Viadrina greater.

What also made disparities greater was that, with the unification, the eastern parts of Germany inherited the "work promotion" structures, which had already been in place in West Germany. This meant that East Germans would have access to work retraining programs. The "work creation measures" (ABM) program in the pre-1989 West German context incorporated a national public works program targeted primarily at the long-term unemployed. Given the rapid deindustrialization process that began in East Germany in 1991 (which led to an unemployment crisis⁹⁶), the Federal Labor Ministry quickly adopted more aggressive measures. Between 1991 and 1995, the federal government spent 176 billion DM (around 90 billion Euros) on its active employment policy. More than fifty percent of this sum was directed at those workers forced to accept early retirement; more than thirty-three percent went to subsidize individuals engaged in the ABM program.⁹⁷ So whereas billions were pumped into the former GDR, the western parts of Poland were relatively neglected.

⁹³ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 99.

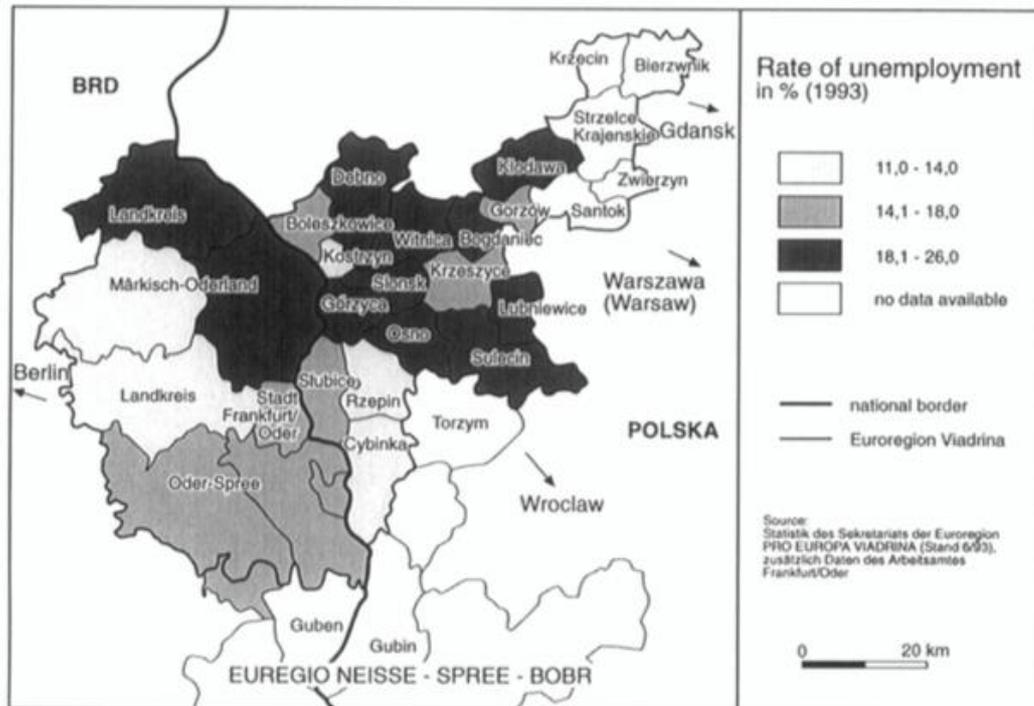
⁹⁴ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 102.

⁹⁵ Bertram, "Double transformation": 221.

⁹⁶ Since the East German border regions were predominantly focused on big industry, thousands of people lost their jobs when these firms went bankrupt after the *Wende*. Only thirty-two percent of those who had a workplace in the East German industry in 1991 were still employed in 1994. See: Bertram, "Double transformation": 216.

⁹⁷ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 87-88.

Or, as one Polish inhabitant of Viadrina exclaimed: 'Wouldn't it be just wonderful if the structures for the care of the unemployed were as well developed in Poland as they are here [in Germany].'⁹⁸ The overall result was that the unemployment rates between the German (above twenty percent in 1999) and Polish (seventeen percent in 1999) side of Viadrina didn't differ as much as they could have.⁹⁹



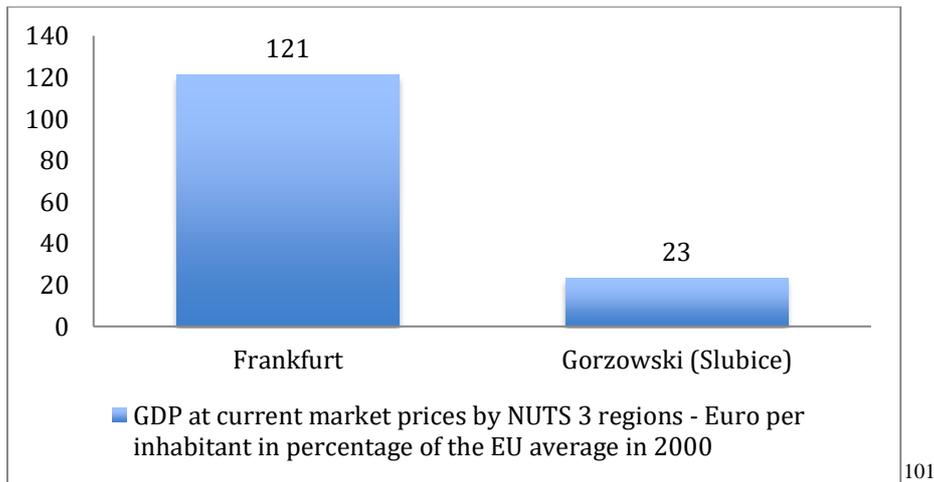
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This is not to say that there were, or are, no disparities in other areas, as the difference in Euros per inhabitant in percentage of the EU average shows.

⁹⁸ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 103.

⁹⁹ "Interreg programme: European Union contributes EURO 96 million for cross-border co-operation between Germany (Brandenburg) and Poland (Voidvodship Lubuskie)", http://europa.eu/rapid/press-release_IP-01-1444_en.htm#file.tmp_Foot_1 (visited 8-11-2016).

¹⁰⁰ Bertram, "Double transformation": 216.



Illustrative for the disparities between Frankfurt and Slubice were the floods of 1997 and 2001. While the western side looked on from its secured banks, the water swept over vast portions of the eastern side.¹⁰² What this also shows is how the Cohesion Funds, up until 2001, apparently did not reduce disparities enough to prevent one side from being flooded, and that while it was one of the main objectives of INTERREG to create the 'capacity to deal with trans-border catastrophes'.¹⁰³ Rather, the "Viadrina 2000" INTERREG II evaluation report notes that one of the "successful" projects that was realized between 1994 and 1999 had been the creation of a 'common environmental catastrophe protection plan'.¹⁰⁴

In total, the Viadrina 2000 report mentions 350 projects of a cross-border nature that were furthered between 1995 and 1999. The largest project was the redevelopment of the steel-industrial complex in Eisenhüttenstadt (which was rather opposed by the Polish side). The EU commission granted 1,2 billion DM on subsidies, which eventually (after three years of negotiations) persuaded the Belgian steel company Cockerill Sambre to invest in the complex. From the 11,500 workplaces the steel factory used to have, 2,300 were promised after the redevelopment.¹⁰⁵ In 2015, 2,512 people worked at the steel factory of Eisenhüttenstadt, so of this project it can rightfully be said that it contributed to the economic development of the region and lowered unemployment.¹⁰⁶

Other examples of projects funded by INTERREG and PHARE included an

¹⁰¹ Eurostat, GDP by NUTS 3 regions.

¹⁰² Halle, "Views from the German-Polish Border": 78.

¹⁰³ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 98.

¹⁰⁴ Yoder, "Bridging the European Union and Eastern Europe": 98.

¹⁰⁵ Bertram, "Double transformation": 220.

¹⁰⁶ "Arcelor Mittal Facts and Figures", <http://www.arcelormittal-ehst.com/company/facts%20&%20figures?lang=en>, (Visited on: 8-11-16).

environmental report on Frankfurt and Slubice, and the sharing of laser and blasting technology. The Euroregion also facilitated the creation of a "Euro-Kindergarten" in Frankfurt, the establishment of the University Viadrina, Polish and German language lessons for school children, long- distance bicycle paths, and the modernization of roads, railway lines and sewage plants on the Polish side.¹⁰⁷ Considering Bojar's earlier-mentioned remarks on the Polish infrastructure being one of the major problems of the region, it is logical that 34 percent of the total of 4,3 billion ECU from PHARE went to infrastructure.¹⁰⁸

The second stage (2004-2010)

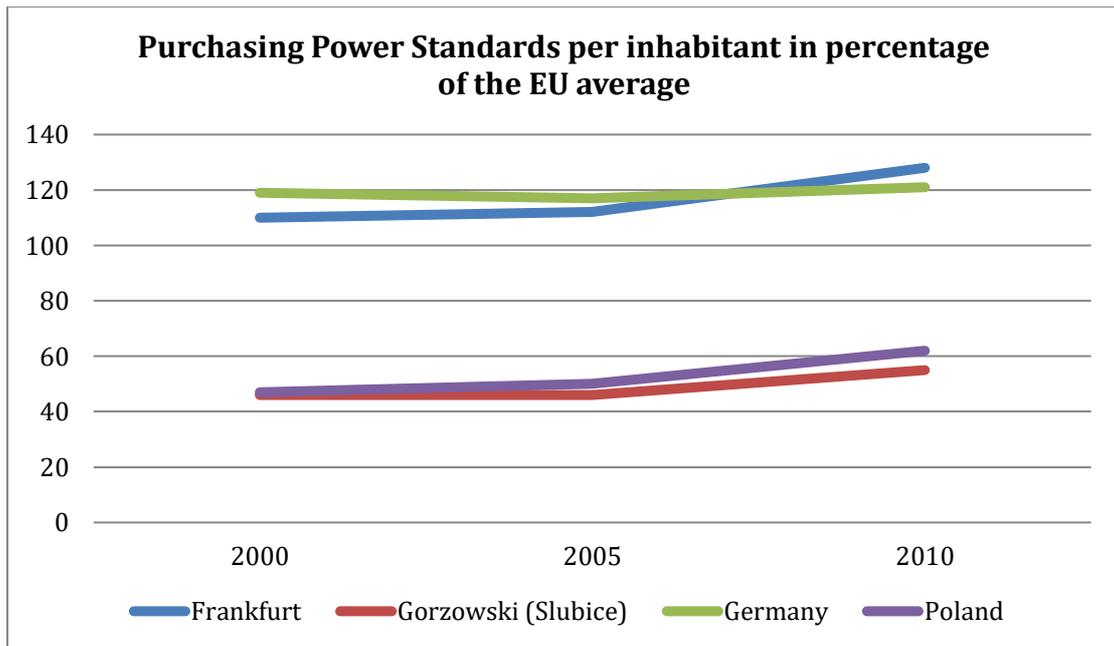
Of course, we should not underestimate the influence that improvements in infrastructure can have on the overall socio-economic development of the region. For this reason, in this second part I will discuss both the economic cohesion (as measured by GDP and unemployment rates) and integration (as measured by cross-border activity in the form of commuters). We cannot, however, isolate the effects of INTERREG, but rather will have to account for possible effects of other factors, such as the accession of Poland into the EU (2004) and Schengen (2007), as well.

When considering the purchasing power standards per inhabitant in percentage of the EU average on a NUTS 3 level, the region of Frankfurt stood at 110 in 2000 and at 128 in 2010 (an increase of eighteen percent points), whereas the region of Gorzowski (of which Slubice is a part) stood at forty-six in 2000 and at fifty-five in 2010 (overall an increase of nine percent points).¹⁰⁹ In the same period, Germany saw an increase from 119 to 121 (with a dip in 2005 of 117), and Poland saw an increase from forty-seven to sixty-two (fifteen percent points). In other words, the growth of the purchasing power of Gorzowski fell behind in comparison to that of the Polish average.

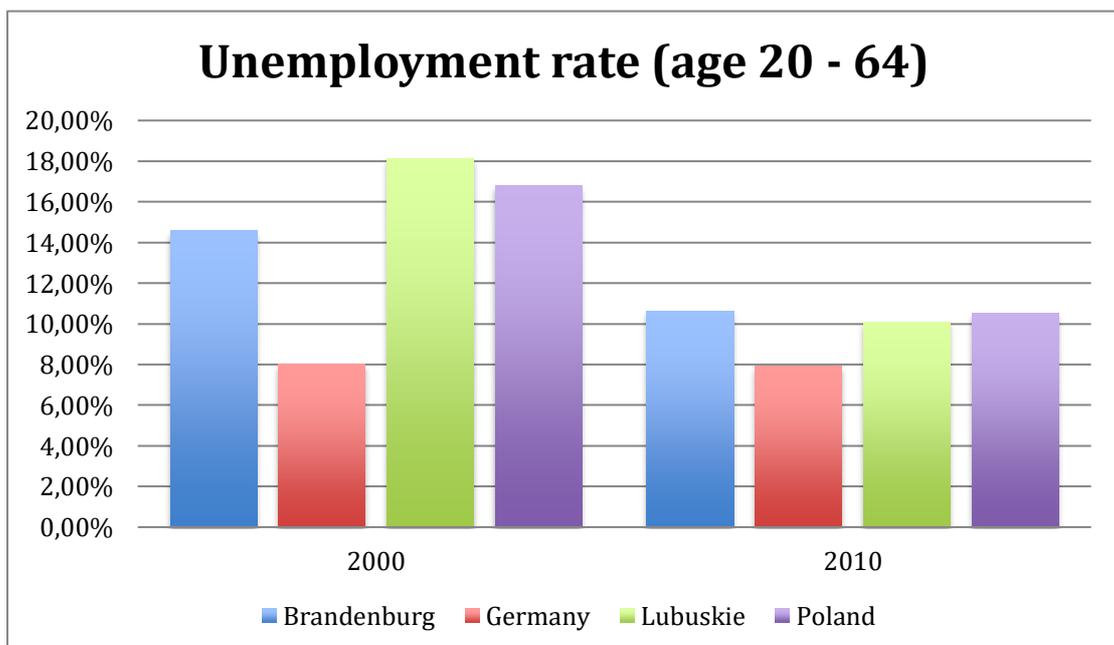
¹⁰⁷ Yoder, "Bridging the European Union and Eastern Europe": 98.

¹⁰⁸ Yoder, "Bridging the European Union and Eastern Europe": 94-95.

¹⁰⁹ Eurostat, Gross domestic product (GDP) at current market prices by NUTS 3 regions.

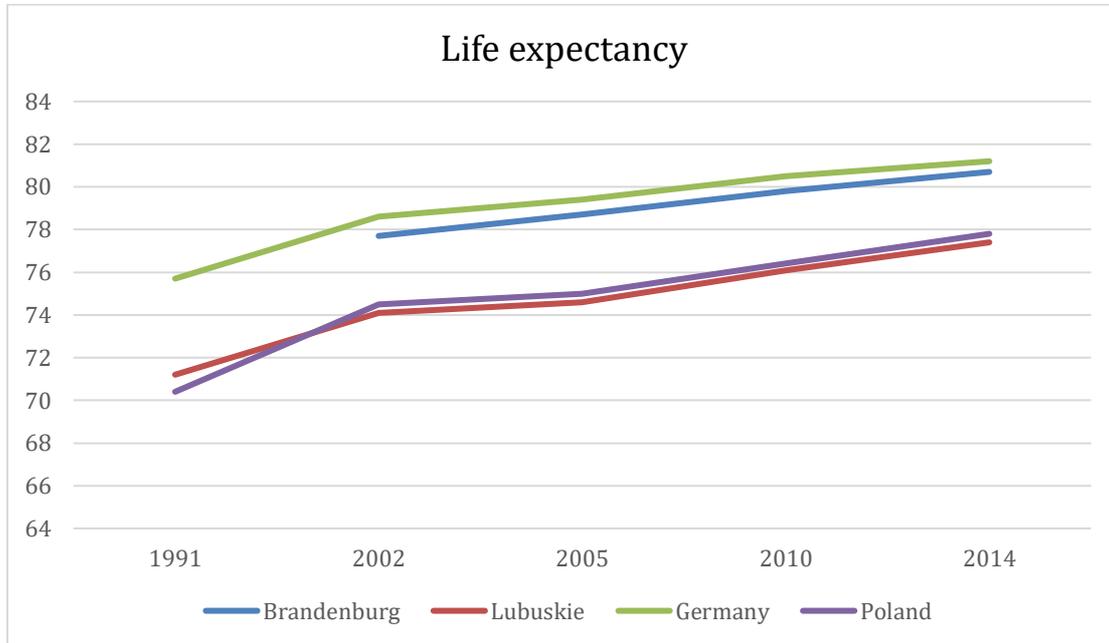


When we consider unemployment, we do see some minor convergence. On a NUTS 2 level, the percentage of unemployed (from 20 to 64 years) in Brandenburg decreased from 14,6 percent in 2000 to 10,6 percent in 2010 (a decrease of four percent points) whereas the average unemployment rate in Germany in 2010 was 7,9 percent. Lubuskie (the province of which Slubice is a part) saw a decrease in unemployment from 18,1 percent in 2000 to 10,1 percent in 2010 (a decrease of eight percent points), whereas the average unemployment rate in Poland in 2010 was 10,5 percent.¹¹⁰



¹¹⁰ Eurostat, Unemployment rates by sex, age and citizenship.

In the sphere of life expectancy, we can also witness a slightly converging trend. Better infrastructure and a higher GDP may account for this.



Taking the above-mentioned statistics into consideration, we could argue that, in terms of pure economic growth, Slubice is not only lagging behind in comparison to Frankfurt, but also in comparison to the Polish average. Things become more problematic for both cities when we take a closer look at the mobility of cross-border workers. Gernot Nerb et al. (2008), who based their findings on data from 2006 and 2007, found some severe obstacles, most notably: the lack of bridges over the rivers Oder and Neisse, inadequate public transport, the school and training systems that are too different between Germany and Poland (recognition of foreign diplomas is difficult, this leads to wages for cross-border workers below their actual qualification), the requirement of a working permit in order to work in Germany (Nerb et al. note that otherwise cross-border mobility could be one hundred percent higher), weak economic structures on both sides of the border, an unemployment rate above the national average on the German side, and mentality, i.e. lack of

¹¹¹ Eurostat, unemployment rates by sex, age and citizenship (age 20-64).

¹¹² Eurostat, life expectancy by age, sex and NUTS 2 region. Note that there are – unfortunately – no statistics on the NUTS 2 region of Brandenburg prior to 2002. To make up for this, I have included national statistics of both Germany and Poland. Seen that Brandenburg is nearly on par with the German average, we can expect Brandenburg to have a similar life expectancy in 1991 of around 75.7.

understanding of Polish culture and willingness to learn Polish on the German side and prejudices of the German population.¹¹³ From the "index of mobility" (the percentage of commuters relative to the employed people in the border region) that Nerb et al. provide in their research, we can get a solid indication on the level of commuting in the Polish-German border area.¹¹⁴ Also, their "obstacle index" provides us with a good idea of how much people in the border area experience too much of a boundary.

According to their research, the mobility index for commuters from Germany to Poland was 0,02 percent (whereas the EU-27 average was 1,77 percent, and the mean square deviation was 2,55 percent), while the obstacle index was 3,25 (whereas the EU-27 average is 2,69, and the mean square deviation was 0,63, i.e. lower is better). Although the mobility index for commuters from Poland to Germany was slightly higher, 0,15 percent, it is still far beneath the EU-27 average, whereas the obstacle index, with 4,00, is much higher.¹¹⁵ Of course, we should keep in mind that these results count for the entire German-Polish border region. However, I do not expect the region of Viadrina to deviate very much, especially since the 2007 Concept Report of Euroregion Viadrina mentions the lack of cross-border mobility as one of its weaknesses (unfortunately the report doesn't provide us with any exact statistics).¹¹⁶

Concerning the last-mentioned obstacle, that of mentality, there are multiple researches that confirm the presence of Anti-Polish prejudice in Germany. Gerhard Besier (University of Dresden) and Katarzyna Stoklosa (University of Southern Denmark, Department of Border Region Studies), who interviewed German and Polish workers note: 'A widely-held anti-Polish prejudice, common both in the GDR and post-unification Germany, is that of the lazy, yet sly Polish worker.'¹¹⁷ Chessa even notes that 'there have been literally hundreds of attacks on Poles in Frankfurt since the opening of the border, ranging from harassment and verbal abuse to more

¹¹³ Gernot Nerb et al, *Scientific Report on the Mobility of cross-border workers within the EU-27/EEA/EFTA countries*, (Munich, MKW Wirtschaftsforschung, 2008), 48-56, 82.

¹¹⁴ Nerb, *Scientific Report on the Mobility of cross-border workers*, 59.

¹¹⁵ Nerb, *Scientific Report on the Mobility of cross-border workers*, 73.

¹¹⁶ Euroregion Pro Europa Viadrina, *Entwicklungs- und Handlungskonzept Viadrina 2007* (2006), 24.

¹¹⁷ Luis Dominguez and Iva Pires, *Cross-Border Cooperation Structures in Europe: Learning from the Past, Looking to the Future*. (Brüs: P.I.E.- Peter Lang S.A, 2014), 174.

serious incidences of assault.¹¹⁸ These researches seem to support the idea that there are still two separate identities in the Viadrina region: one German and one Polish.¹¹⁹

There is, however, some optimism as well. Besier and Stoklosa note: 'a positive factor in shaping relationships (both then and today) was the factor of "friendship". Private contacts played (and indeed, continue to play) a very important role in the development of relationships, irrespective of the political system under which they function. Proving themselves to be of far greater importance than any economic data, the formation of friendships between Polish guest workers and Germans were and are able to combat prejudice and stereotypes.'¹²⁰

At the same time, we should also temper this optimism, as it seems that it is mostly a German elite that is actually committed to improving transnational relations and cultivating an identity for the region.¹²¹ This, I would argue, is problematic as Paasi argued that a social community exists wherever a narrative accounts exists of a "we", and that it is less important if that narrative is correct, but rather that people share, and believe, in this narrative. Currently it seems that only a part of the community in Viadrina believes in a common identity.¹²² This does not have to be problematic, however, as Paasi argues that: 'the educated classes, not the popular masses, constitute the nation at an early stage of development. They have the means to remake histories, codify a language, create spatially extended systems of education, etc.'¹²³

¹¹⁸ Unfortunately she doesn't provide any exact statistics. According to Chessa, just a fraction of these incidents is reported, so exact numbers cannot be provided. See: Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 93.

¹¹⁹ Paasi argues that the identity of the region cannot be reduced merely to the regional consciousness of the people living in it, or to symbolic values, rather the identity of the region is typically expressed in structures of expectations concerning "us" and "them". See: Paasi, *Territories, Boundaries, and Consciousness*, 37.

¹²⁰ Dominguez and Pires, *Cross-Border Cooperation Structures in Europe*, 174.

¹²¹ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 94.

¹²² Rather, the 2007 Viadrina Concept Rapport notes that there is 'noch zu geringe interkulturelle Interessen'. See: Euroregion Pro Europa Viadrina, *Entwicklungs- und Handlungskonzept Viadrina 2007* (2006), 23. For more on boundaries and identity see: Paasi, *Territories, Boundaries, and Consciousness*, 62, 306.

¹²³ Although this argument contrasts with that of Lamia Kamal-Chaoui, et al. See: Lamia Kamal-Chaoui, et al, *Competitive Cities in the Global Economy*, (Paris: OECD Publishing, 2006), 190. And: Paasi, *Territories, Boundaries, and Consciousness*, 83.

Conclusion

Showing a causal relationship between a rising GDP, decreasing unemployment and longer life expectancy on the one hand, and the INTERREG program on the other is, as mentioned before, hard to achieve. What this essay did do is combine an econometric approach with a socio-economic contextual approach, in order to come to a certain conclusion. What has been shown is that, yes, INTERREG can have a significant, positive effect on socio-economic cohesion and integration, but it has the biggest chance of achieving this, if the funds are meant for an Objective 1 region that has an extensive cooperation tradition and a favorable socio-economic context.

Although Viadrina meets the first requirement, it lacks the other two. The socialist legacy, the large economic disparities, the persisting language barriers and the lack of knowledge of, and experience with, the neighboring country, have hindered, and still hinder, regional economic development. Attempts at developing trans-border economic ties are still impeded by the fact that the economic actors on both sides of the border tend to prefer competitive behavior under the circumstances of high unemployment and different economic objectives.

In as far as there is any convergence; the role of INTERREG is unclear in this. The steel factory in Eisenhüttenstadt is probably the best example of a directly achieved effect, but at the same time, this project has been one of the least cross-border ones, and the Polish side even objected to it. Also, it is difficult to state that INTERREG is responsible for the rise in purchasing power, or the decreasing unemployment, if we keep in mind that the entire budget of INTERREG II for the German border region was 2,5 billion ECU, and that of INTERREG III was 4,9 billion euros, whereas the German government pumped nearly 90 billion euros in the East German labor market alone between 1990 and 1995.

I would thus argue that the Euroregion of Viadrina could achieve the most on a social level. Continuing to create understanding for each other's culture and background can actively combat the still persisting prejudice. Research has shown that coming into contact with one another can actively contribute to this.¹²⁴ Moreover, Viadrina can create a common, regional narrative that includes both sides of the river; the fact that the two cities used to be one should make this possible. However,

¹²⁴ Chessa, "State subsidies, International Diffusion, and Transnational Civil Society": 92. And: Dominguez and Pires, *Cross-Border Cooperation Structures in Europe*, 174.

Viadrina cannot do this alone. Following Paasi, it is important to keep in mind that education is a main factor in constructing an identity. Seen that it is not Slubice, or Frankfurt, that constitute the education program, but rather the national Polish government and the Länd of Brandenburg, it is only these two that can facilitate a change by putting less emphasis on a national identity, and more on a regional one.

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