Divisions between rich and poor regions remain one of Europe’s major problems, as continuous attempts to reduce spatial disparities within Europe have so far had only limited impact. The 2007–2008 financial crisis and subsequent austerity measures have further impoverished those people and places that already suffered from lasting economic problems. In Europe’s peripheries, marginalization, ambivalence, and lack of employment prospects have led to growing popular skepticism about the legitimacy of the EU, and to disillusionment with government, traditional political parties, and the mechanisms of representative democracy. Populist political parties and movements exploit people’s fears, claiming that they can help those who have been left behind and who have had enough. The rise of nationalist and far-right parties in many European countries can threaten political stability at home and undermine European integration at large. Addressing these complex challenges is vitally important for the future of the EU, its political and economic stability, as well as its role in the world.

The problems of peripheries are complex and cannot be solved by traditional economic measures alone. There is no doubt that market forces play a role in defining winners and losers, but so do our understandings of spatial problems, economic development, and cohesion policies. Current approaches praise large cities and metropolitan areas as countries’ principal engines of growth, while all places in between large cities, including rural, remote, and former industrial regions, are deemed less productive and seen as a burden to more privileged areas. In that respect, peripheral should be defined not only by geographical proximity to urban centers or transport networks, but also by political marginalization, various dependencies on the centers of power, and cultural stigmatization. The complexity of the problem is that, on the one hand, peripheral regions are sidelined and marginalized; on the other, they still accommodate sizable populations and provide various resources, including clean water, recreational spaces, and agricultural land, on which metropolitan regions are highly dependent. There are many arguments, including political, economic, environmental, and ethical, that indicate the economic potential and important roles that peripheral regions play for the wellbeing of countries as a whole. Yet, achieving positive changes is not a simple task.

Peripheries are often in the most disadvantaged position, lacking sufficient resources of their own while also being unable to benefit from growth taking place in more prosperous metropolitan regions. Remote regions may not have labor pools suitable for attracting large firms. Finding new forms of specialization in former industrial regions may be a particularly challenging task due to the structural, institutional, and cultural legacies of previous specializations. Achieving socially inclusive, environmentally balanced, and economically sustainable development in less privileged regions requires revising the existing approaches. This article discusses the current research and policy approaches towards peripheral regions, and outlines a new approach to revive peripheries using agents of change. The paper argues that better understanding of the processes and conditions necessary for establishing new development paths in peripheral regions requires new approaches to conceptualizing the process of regional change: specifically, combining approaches of evolutionary economic geography, new institutionalisms, and policy studies.

**KEY WORDS:** Peripheral regions, Europe, regional development, agents of change.

**abstract**

This article discusses the current research and policy approaches towards peripheral regions, and outlines a new approach to revive peripheries using agents of change. The paper argues that better understanding of the processes and conditions necessary for establishing new development paths in peripheral regions requires new approaches to conceptualizing the process of regional change: specifically, combining approaches of evolutionary economic geography, new institutionalisms, and policy studies.

**Current debates on regional development and peripheries**

Spatial polarization has become one of the EU’s most pressing issues. While the EU Member States have shown convergence in economic development, interregional inequalities within states have increased considerably. Polarization means that urban ag-
glomerations and capital city-regions demonstrate population growth and increasing prosperity, while a growing number of rural, remote, and old industrial regions suffer from economic and demographic stagnation or decline.\(^7\) The growing divides between rich and poor regions are caused not only by economic laws. They are also produced by cultural perceptions, planning and budgeting practices, political and economic dependencies, and limited decision-making power, which make poor regions peripheral vis-à-vis centers, and also peripheralized by the very structure of the center/periphery relations.

**THE CONVENTIONAL APPROACH** to addressing economic disparities is based on the idea of closing the “gap” between leading and lagging regions, caused by low economic productivity in the latter. The current consensus postulates that regional development should aim to close the “productivity gap” between the two.\(^8\) On the other hand, the idea of competitiveness welcomes concentration of investment, people, and industries in large metropolitan regions—on the assumption that wealth generated in these selected locations would create benefits for all.\(^9\) In that sense, more equitable development should occur as a by-product of economic growth in successful regions. Although catch-up strategies may be feasible for some regions at certain times, they cannot be a universal solution for all peripheral regions since their conditions vary. The conventional approach is informed by the experiences of city-centers of agglomerated economies that benefit from the positive effects of concentration, agglomeration, colocation, etc. Many positive changes occur there simply because they enjoy concentrations of skills, institutions, and industries. Regions and localities outside agglomerations do not benefit from all those positive effects—on the contrary, they often suffer from thin institutions, small labor pools, outmoded industries, extra transportation costs, worn-out infrastructure, etc.

The EU regional policy sees the answer in establishing new development paths via innovation and diversification. Great emphasis has been placed on smart specialization (RIS3) policies that aim to identify sectors and projects capable of providing self-sustained growth.\(^9\) Although this smart specialization may be the first policy approach to incorporate a bottom-up perspective of the entrepreneurial discovery processes,\(^9\) the actual policies are often designed in a top-down manner that is insufficiently sensitive to variations of local conditions.\(^9\) Policy often fails to predict economic and political change accurately, as conditions change faster than policy makers can respond.\(^9\) Local policy makers may be reluctant to respond to policy directives from higher levels of government.\(^9\) Although the role of the state in supporting innovation, building favorable institutional environments, and facilitating learning in less-developed regions is paramount, the ineffectiveness of top-down policy raises concerns.\(^9\) This critique suggests that EU regional policy can only work when it appreciates the diversity of local conditions and allows creative responses from local actors.

For disadvantaged regions, establishing a new development path may be a way out of despair and can mean the creation of new areas of specialization, the importation of industries, path renewal, and the creation of a new institutional path.\(^9\) Barriers to path creation include pervasive cognitive, institutional, and network-related lock-ins due to existing specializations. For instance, old industrial regions are often characterized by a homogenous knowledge base and by limited connections to networks of actors outside the declining industry. In such a context, creative approaches are needed to stimulate diversification processes that move the region towards dynamic growth trajectories. Reviving old industrial regions, or “awakening the beauties” as the authors of *The Smartest Places on Earth* put it, requires sharing brainpower across the whole ecosystem of participants involved in innovation activities.\(^9\)

Existing regional development theories and related policy approaches raise concerns with regard to their applicability to peripheral regions because they imply a certain universality in the way localities and regions respond to external shocks and dynamic changes in the economic environment. Despite the various similarities that unite them vis-à-vis more prosperous and centrally located regions, peripheral regions are diverse in their geography, development history, and economic potential. New policy approaches should achieve better outcomes in reconciling the goals of economic growth and human wellbeing and thus ensure that the positive effects of growth are long-term, sustainable, equitable, and inclusive.\(^9\) Establishing development policies for peripheral regions requires creative, non-standard solutions to the diversity of regional challenges in Europe and beyond, including through experimental territorial governance.\(^9\) Policy must respond to the diversity of regional settings and take into account the roles of actors (local and non-local) in order to determine why, despite similarities in their structural conditions, change may happen in one region but not in another.

**New research agendas moving between problems, policies & politics**

Development policies take the idea of economic growth as natural and inevitable. Demonstration of growth is equated with success, and appears instrumental for attracting further growth, thereby becoming a self-propelling force of economic development strategies and planning policies.\(^9\) Alternative visions challenge the idea of development as constant expansion and accumulation of various assets, such as population and investment. Despite the hegemonic position of the idea of growth, current debates explore possibilities for defining development and plan-

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**ILLUSTRATION: RAGNI SVENSSON**

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ning beyond growth.29 One take on this is to discover non-material values in remote and peripheral regions. People often associate regions, natural and cultural landscapes, heritage sites, and monuments with specific cultural values and uses, and with collective identities. People may choose to live in peripheral regions due to discontent with large cities or the attractiveness of natural and pristine landscapes and the otherness of remote locations.29 People assign cultural values to landscapes and places, creating a sense of sentiment and responsibility among locals looking to protect them and outsiders looking to explore them. Remote habitation may become a value in itself — a phenomenon known as “vicarious habitation”,22 suggesting that the minority resides in remote, rural, or peripheral areas “on behalf” of a larger community that approves the moral and aesthetic sentiment of the minority. Despite the possible marginality of such activities, they may help to address the issue of continuing population decline — provided that some support is available to create basic infrastructure and popularize such activities in the media and regional branding strategies.

ECONOMIC GEOGRAPHERS try to figure out what factors are conducive to growth. Factors such as industrial structure, the size of the economy, institutional thickness, and innovation capacity all appear important for explaining why economic activities and investment occur in certain areas. At the same time, the approaches used in economic geography fail to predict why growth happens in one place but not in others with similar conditions. Additional limitations are imposed by the current fascination with agglomerated economies, and its absence in smaller towns and sparsely populated areas that may have a narrow economic specialization and do not benefit from access to large markets, economies of scale, or knowledge spill-over. As economic thinking is concerned with the behaviors of people en masse and with related economic incentives, little attention is paid to actors, agency, and policy interventions that are considered distortions in economic models.

If development policies are to overcome the limitations of somewhat abstract and universal economicistic approaches, they should be more sensitive to local conditions, cultures, institutions, and actors.28 To understand the behaviors of actors, several groups of factors need to be taken into account. Institutional theory postulates that actors are constrained by institutions, both formal and informal. The latter facilitate relationships between actors through trust and cultural awareness. For instance, research in Norway suggests that the success of more peripheral regions, dominated by traditional industries, depends on collaboration between industry, university colleges, and applied research institutes; a culture of trust; flat hierarchies; interactive learning, as well as embeddedness in national and global linkages.23 Pinpointing the moment of change has long interested both economic geographers and political scientists. Ron Boschma conceptualized the emergence of a new development path as a “window of locational opportunity” that opens when unrelated industries come to a new location.24 Political scientists conceptualize the moment of policy agenda change as an intersection of three streams: problems, policies, and politics.25 The intersection of all three streams creates a window of opportunity for changing the policy agenda. When the window opens, policy entrepreneurs willing to invest “time, energy, reputation, money — to promote a position for anticipated future gain in the form of material, purposive or solidarity benefit” must act to seize the opportunity.26 Although the “multiple streams” framework is designed to explain change in policy making, it can also be employed to conceptualize the process of discovering new paths in regional development.

Recently, there have been attempts to explore possible linkages between the approaches of economic geography (regional development paths, evolution) and political science (critical junctures and windows of opportunity). Structural factors such as industrial composition, the size of the economy, and level of infrastructure development can only partly explain regional development paths. The concept of opportunity space has been proposed to address the eternal question of necessity and randomness in regional development. Building upon the evolutionary approaches to regional development, they argue that history that not only history matters, but that perceived futures also matters due to “actors’ different capacities to detect and construct opportunities and work on them.”27 Any conceptualization of how development paths form should take into account the ambiguity of economic development trends and the multiplicity of actors whose actions may lead to desired outcomes.

There is no predefined list of agents of change that could be applied to different cases, because leadership and entrepreneurship are socially constructed and geographically contingent phenomena. Actors operating as institutional entrepreneurs discover, abandon, and modify institutional paths and configurations in order to achieve their goals.28 Small towns in peripheral regions are often seen as losers in the globalizing economy and mere burdens for national redistribution mechanisms.” Despite possible variations in local conditions, the collaborative, boundary-spanning role of place leadership is identified as its essential feature. Three are three forms of agency responsible for change: innovative entrepreneurs (chasing opportunities to create value), institutional entrepreneurs (looking for institutional changes), and place leaders (promoting local interests). This conceptualization connects “structure and agency, the past and the future” and “breaks with a deterministic view of path-dependency and shifts attention to how — at any moment in time — the future is shaped in an
Institutional entrepreneurs are “champions of creeping change” as they do not know what kind of institutions they may end up confronting, changing, or creating over time. Combining the approaches developed in economic geography and political science can help to address the existing limitations of each discipline and enable us to better understand the mechanisms of regional change. To illustrate this new approach that strives to borrow the best from both geography (with its interest in economic conditions) and political science (with its interest in actors and agency), this article refers to several research projects conducted at the Leibniz Institute for Regional Geography (IfL) in Leipzig, Germany. While a full account of any of these projects would easily exceed the limits of the current paper, an attempt is made to outline some of the key ideas behind them.

While traditional thinking associates innovation with large cities in which research and development activities as well as supporting infrastructure are concentrated, the presence of highly innovative firms in obscure locations does not fit the current theorizations. The project titled “Peripheral but Global: World Market Leaders Outside of Agglomerations” aims to address this paradox by examining the mechanisms of innovation used by such firms that help them overcome the alleged disadvantages of their location beyond urban agglomerations.

As mentioned previously, spatial analysis and policy prioritize urban agglomerations and large cities as the main drivers of national economies. Small towns in peripheral regions are often seen as losers in the globalizing economy and as mere burdens for national redistribution mechanisms. An international project, “Agents of Change in Old-Industrial Regions of Europe (ACORE)”, attempts to challenge this dominant perception of peripheries’ meager and dependent role, by exploring how small towns located in old industrial regions of the Czech Republic, Germany, Hungary, Sweden, and the United Kingdom discover new development paths leading to socioeconomic revival.

The former needs to overcome silo-based policy regimes in order to design and deliver more integrated policy solutions, while the latter needs to engage and energize new stakeholder communities if peripheral regions are to find joint solutions to common problems.

To better understand the opportunities for creating new development paths in peripheral regions, researchers should focus more on the front line of regional change – actors instrumental for creating new paths of development and links between actors located in different institutional contexts. It may make sense to explore conditions for cooperation between actors, such as the window of opportunity that allows the most effective cooperation between various actors in establishing a new development path. Such approaches may help to tackle the presumption that the success of a few superstar regions is universally transferable to lagging regions.

Addressing these questions would help us understand how remote, rural, and peripheral regions of Europe can create new development paths to achieve economic and social rebounding, while avoiding growth-related conflicts and also strengthening the long-term stability and cohesion of the EU.

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