Learning from Leipzig?\textsuperscript{1}

Regional Development and Socio-cultural Transition

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Abstract: This paper describes developmental pathways of two regions in Central and Eastern Europe: Leipzig (Germany) and Petrosani (Romania). Once being strongholds of traditional industries, these regions have developed along distinctive socio-economic trajectories over the last two decades. While Leipzig has reinvented itself into a ‘learning region’, Petrosani is still struggling to find its road to growth and prosperity. The paper analyses the interplay between locally bread cultures and regional learning capabilities. It argues that capacities and capabilities for innovation and learning develop out of a community-specific reservoir of traditions, values, and life-styles that surpasses phases of socio-economic transition. Consequently, while much emphasis has been put upon developing a region’s ‘hardware’ (e.g. infrastructure), developmental policies and strategies need to reflect the corresponding ‘software’: regional culture!

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1. Introduction

The paper explores how two regions in Central and Eastern Europe formerly under state socialist regimes - Leipzig (Germany) and Petrosani (Romania) - have tried to find their place within a capitalist market economy. Historically, both areas were strongholds of traditional industries (mining, heavy manufacturing, and chemical industry) that allowed for moderately high standards of living, at the price of heavy penalties to the regional ecology. Yet, while Leipzig has made some ground in reinventing itself into what has recently been dubbed a learning region (e.g. Cooke & Schienstock, 2000), for Petrosani the anticipated road to socio-economic prosperity has relapsed into a downward spiral. The paper analyses the interplay between regional cultures and their learning capabilities to highlight the extent to which capacities and capabilities for innovation and learning develop out of a community-specific reservoir of traditions, values, and understandings. We argue that regional development unfolds within the context of specific cultural heritages thus connecting to an existent symbolic order and way of life.

\textsuperscript{1} The title is adapted from the paper ‘Learning from Leipzig’ by Scott Lash (1989).
Regions are “socially constructed for specific purposes, both discursively and materially, and in relation to specific criteria” (Hudson 2001: 255). What effectively constitutes a region – or for the case at hand, its culture – and what has to be included/excluded from scientific analysis is therefore subject to debate and cannot easily be read off the territory under scrutiny. Consequently, one can conceive of a region as a process, “or, more accurately, a nexus of processes rather than a thing, especially a thing to which other things (usually bad, sometimes good) are done” (MacKinnon et al., 2002: 297). This point is significant as it establishes a space for economic activity and political intervention, both of which have to connect to regional life. A learning region, in this sense, is not an object to be trained; but rather a ‘way of life’ specific to a certain community and accessible only through scientific sensitivity and cultural empathy. It is worth recalling, therefore, that even a developed regional infrastructure or a rich reservoir of regional capital can neither create innovation nor produce economic development. After all, it is human beings who live and labor in, thus developing, a region not least as carriers of certain capacities and capabilities.

2. The Context of Transition

For nearly three decades, the thrust of globalization and the socio-economic transition of hitherto state controlled and centrally planned economies in Central and Eastern Europe have constituted formidable challenges to an enlarged European Union. Throughout Europe these societal changes have affected most regions in one way or another; yet, particularly those located at the peripheries of the global knowledge economy have been facing an uphill climb. Negative economic growth rates, the decline of traditional industries, and the exodus of “the young and qualified” have meant that for such regions the pathway to economic prosperity and social cohesion has often relapsed into a downward spiral.

Policy makers, educators, and academics have tried to understand the nature of these changes to maximise the chances of responding positively to the challenges ahead, so far usually with limited success. While some Eastern European regions have managed to reinvent themselves as players within the global knowledge economy, others have failed to adapt and to enter a new path of socio-economic development. Both academics and practitioners have pointed at ‘path dependencies’ and ‘lock in’ as obstacles to regional learning and development. Rarely, though, has culture featured as a relevant factor in such debates; and, when its significance has been noticed, conclusions drawn have been inconsistent and/or in need of empirical validation.

Therefore, the most popular solution has been to invest into the territorial ‘hardware’ (e.g. infrastructure, capital equipment, human resources) of regions in decline. These responses have underemphasized the role of cultural heritages and the extent to which regional learning capacities and capabilities are socially and culturally ‘embedded’ within a reservoir of traditions, values, and lifestyles. We argue that the potency for industrial and social recuperation develops within the context of community-specific work-settings, local cultures, and civil sentiments, advocating that developmental policies have to reflect regionally distinctive cultural roots.

3. Regional Culture

Culture is a complex field of study and numerous taxonomies have attempted to capture variations of values and behavioural patterns at a societal level (e.g. Allaire and Firsirotu, 1984). Most definitions follow a biological metaphor that portrays culture as a “complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society” (Buono et al, 1985). Here, culture features as “a type of indicator of the optimal way of acting in the world and of understanding the world” (Leontiev, 2006: 52). Culture is something that is learnt, most intensively in the early years of life; and it has a continuing impact on a person’s way of thinking and acting throughout life. A concern with culture therefore deepens our
understanding of how and why members of a given community typically behave in everyday situations. In this sense, culture has a twofold function: it provides a form of social glue for members of a given community; and, it guides individuals’ decision making.

Significantly, most Hofstedian approaches to culture emphasizes the role of ‘strong cultures’ as paramount to economic and social development at organizational, industrial, regional, and national level. Our paper extends this view by focussing on the interplay between regional culture and capabilities for learning, while recognizing the embeddedness of regions within a wider socio-economic context.

Emanating from the visible and explicit aspects of regional culture (i.e., human activities, traditions, and artefacts), we are mostly concerned with the underlying ‘intangibles’ (i.e., people’s understandings, values, and sentiments). These are aspects of ‘culture’ thought of in terms of a ‘collective programming of the mind’ (Hofstede, 2001) – a sort of ‘software’ that operates the socio-economic ‘hardware’ of a region. Of central concern to this paper is therefore the possible mismatch between those ‘taken for granted understandings’ sedimented in association with declining or disappearing traditional industries and those sentiments and attitudes necessary for embedding future kinds of more diverse, flexible, and service-based employment relations that sustain contemporary ‘knowledge economies’.

As regional development evolves within extra-regional, historically developed institutions and legal structures, regions need to identify, and perhaps reconsider, their respective cultural dynamics. In some instances, they will follow or intensify the existent developmental pathways; on other occasions they will have to overcome ‘path-dependencies’ to open up new directions of development. Either way, regions need to respond in a culturally sensitive way to the challenges of today’s global economy to develop and realize their locally distinctive capacities and capabilities. To transform a specific locality into a ‘learning region’, it is imperative to utilize and develop those capacities and capabilities that increase creativity and innovation and that allow for regaining or acquiring competitive advantage. When major disjunctions persist between local cultural orientations and objective economic chances, solidarity and social cohesion are jeopardized and major intergenerational disruptions and dislocations may occur – while illegal or pathologically state-dependant options opening up.

4. Leipzig and Its Road to Recovery

Leipzig is the densely populated heart of an extended industrialized region that also comprises the city of Halle and is populated by nearly one million people. A former settlement at the junction of the rivers White Elster, Pleisse, and Parthe, Leipzig’s history traces back to the 12th century. Located at one of the major medieval trade routes, the town – quite rapidly – became a hub for trade and a home to widely known fairs. Leipzig has also been a centre of science and arts for centuries. Founded in 1409, Leipzig University is among the oldest of its kind in Europe and has contributed to Leipzig’s status as a centre of science and education. Industrial development traces back to the 16th century, when the town became a pivot of German printing; while in the wake of industrialization, Leipzig attracted chemical and heavy industries and formed the heartland of a vast open cast mining area.

The economic structure of the region is to a large extent shaped by the industrialization of the first half of the last century. A large cluster of chemical industries developed in several places near Leipzig (Böhlen, Espenhain to the south of Leipzig, Bitterfeld, and Leuna and Schkopau to the south of Halle) which in the 1930s became major sites of the ‘notorious’ “IG Farben”. During that period, opencast-mining began and started to dominate the area, giving the region its distinct economic profile. After the second World War, central planning within the economy of East Germany led to a re-establishment of the chemical industry as well as the energy sector (mining), as the region was designated in these ways to balance the scarcity of natural resources within East Germany. This gave
prominence to environmentally destructive, capital intensive industries, while the region turned into one of the most heavily ecologically impacted landscapes in Germany.

During the 1990s, the region’s industry largely withered away and the remaining ‘industrial foundations’ (comprising in particular the aforementioned big chemical plants) were reorganized to meet ‘Western’ technological and environmental standards, also precipitating massive redundancies. In the former German Democratic Republic (GDR), 180,000 workers were employed by the chemical industry in the region, but by 2005 only 20,000 of these were left. Similarly, the mining and energy-sector was heavily affected; only a few open-cast mines are still producing lignite and most of the power-stations have been demolished with very few being renewed. Within a few years, most of the large plants based in the Leipzig-Halle region shut down and the economic basis of the region weakened – only a few parts of these plants continued as subsidiaries or branch offices of West German companies or as small or medium size enterprises. Today traditional industry no longer plays the decisive role and especially the plants in the inner cities have almost all ceased to exist – the number of industrial jobs in Leipzig, for instance, decreased from about 100,000 in 1989 to approximately 10,000 in 2006.

However, the gross regional product (GDP) per employed person rose dramatically during the first half of the 90s. The reduction of the employment over-capacity of the GDR economy allowed for a catch up-process with respect to productivity rates. In the year 2000 the GDP per employee in the Leipzig-Halle Region reached 73.8 % of the average in united Germany. The employment rate in the Leipzig-Halle-Region (61.7 %) was about 4 percent lower than the German average, and the unemployment rate increased to nearly 20 %.

A new service sector was established during the early years of economic and industrial transition but it did not make up at least numerically for the tremendous loss of industrial labor. New establishments comprise knowledge-intensive companies – as for example the technology of the logistics centre of mail order giant Quelle AG – or the low-voltage switchboard plant in Böhlitz-Ehrenberg. These days region of Leipzig and Halle belongs to the most advantaged urban regions within the ‘New Federal States’, and compared to other regions in East Germany its economic prospects are rather good. Most recently, there have been successful efforts to attract big companies to open up industrial plants in the region (DHL, BMW), and in the town of Schkeuditz, situated between Leipzig and Halle, a competitive international airport with rather impressive growth rates has been established. In the heartland of the region a new industrial cluster has emerged: The so called ‘Solar-valley’ propelled by Q-Cells, the world’s leading independent solar cells manufacturer with 1,500 employees. The Solar-valley enterprises became a job-motor and it is foreseen that 10,000 new jobs will be created over the next few years.

5. Petrosani and Its Road to Decline

The City of Petrosani has a long history dating back to 1640. The city is in the heart of the Jiu Valley. Jiu Valley is a geographically self-contained area of approximate 1,000 km, with a total population of about 148,000 and an urban area formed by a cluster of six cities: Petrosani, Lupeni, Vulcan, Petrila, Uricani and Aninoasa. A recent picture of the Jiu Valley – drawn in the ‘Main Report of The Assessment of Economic Competitiveness and Poverty’ in the region performed by a World Bank Team (Draft, March 2004) – reveals an economically and socially distressed region, which has been almost entirely dependent on hard coal mining for its historic growth and economic viability. The socio-economic conditions have been worsened by reforms undertaken in Romania after 1990. Restructuring of the coal mining industry further aggravated the economic dislocation caused by the country's ongoing transition to a market economy and transformed the population of the Jiu Valley from one of the most prosperous within the country into a below-average one.
For decades the main economic driver in the Jiu Valley Region was the coal mining industry which still accounts for well over half of total labour wages and for one third of the value-added creation. With 75 to 80 percent of total employee wages dependent upon the evolution of the coal extraction sector, the labour market in the region became inflexible and unable to generate new job opportunities. Moreover, given the heavily mono-industrial structure, the business environment in the region did not evolve and still suffers from immature organizational behaviour of its actors, underdeveloped business infrastructure and entrepreneurial spirit, and a scarcity of management and financial resources.

Further recent retrenchments of the coal industry have had further impacts on downstream industries. These include, among others, the energy sector, machinery and heavy equipment suppliers, the food industry, and the construction materials industry. Emerging sectors - such as high tech industries, agriculture and construction still represent a very low percentage (less than 10-15 percent) of the economy and cannot be expected to offset the decline of the coal industry in a short-term or medium-term perspective.

The diminishing competitiveness of the Jiu Valley's economy is reflected in assessing its value-added indicators against a benchmark of national averages. The value-added generated in the region’s industry amounted to 15.26 million lei per employee, about three times lower than the national level of 43.87 million. The relative share of the hard coal industry in the overall value-added creation declined from a level of approximately 60 - 65 percent in 1999 to 32.7 percent in 2001, whilst the relative share of the manufacturing industry increased correspondingly, registering a peak of almost 20 percent of the total value-added production by 2001. Also, the share of the services sector in the total regional economy remains inadequate, despite an increase from 15.7 percent in 1998 to 32.3 percent in 2001.

The evolution of the private sector is aligned with the overall trend in Romania. However, the number of exits is higher than the national average, resulting from pressures stemming from declining demand within the internal market of the Jiu Valley, (i.e., from consumption and horizontal economic activity). The private sector is highly fragmented, with an inward-looking market orientation, and generally composed of very small firms, representing individual or family businesses. The number of registered firms in the region increased by 37% between 1998 and 2001 reaching 4579 firms in 2006.

Foreign direct investment is extremely low in the Jiu Valley, with only a very limited number of instances within the IT, textiles and waste management industries.

The overall poverty rate is high compared with the rest of urban Romania. Feelings of frustration have increased among the local population for two reasons. First, there is a general deterioration of the standard of living, associated with the uncertainty of the labour market, the decline in average relative income (as compared with the national level) and the backwardness of the infrastructure, including housing and transport. Second is the increase in income disparity between the rich and the poor in the Jiu Valley, which is more and more felt by a large stratum as a consequence of the restructuring of the coal industry. Poor people in the Jiu Valley are considerably poorer than benchmark averages for other urban areas.

6. Why Leipzig and Petrosani?

The glimpses into these two regions are illustrative for two reasons. First, these regions are examples of two distinct socio economic models: while in the wake of reunification, Leipzig followed the corporatist German model, Petrosani in Romania cultivated a ‘pirateering’ type of neo-liberalism. The corporatist model (Epsing-Andersen, 1990) sees the working of the market as needing to be balanced by an extensive system of welfare provision with political intervention and institutionalized bargaining between employers and unions being elaborate and pervasive. Due to its corporatist structure, this system is highly status conscious and rigid, evolving around membership within status
groups and corporatist bodies. Much of the meaning of work thus still derives from a ‘traditional’ Protestant work ethos that emphasizes craftsmanship, skill, and seniority. With the advance of new Labourite policies and a general individualization of German society post reunification, the corporatist model was challenged by all pervasive neo-liberal rhetoric but may be re-trenching itself in the current debt crisis led slump. In Romania, a hitherto strong socialist tradition has given way to a pirate form of capitalism that sees private corporations, whether internal or external, given free reign. Consequently, traditional hierarchies have eroded and the weakened state has become increasingly capricious, regulating and taxing certain enterprises and individuals, funding others and ignoring many aspects of business activity. The emergence of the nouveau riche class has made many cynical (both managers and workers) about the importance of work for personal fulfilment or the advancement of society. Second, both regions exemplify distinctive regional cultures. Leipzig bears a long history as a centre of trade, of science, and the arts. Hence, trade-oriented and entrepreneurial attitudes evolved over generations and still characterise the local culture. ‘Leipzigers’ are said to be “fichelant” – a term of Saxon jargon that traces back to Napoleonic times and describes the locals as clever, attentive, and skilful. It is this climate, which is generally favourable to business and innovation, that provides the context for socio-economic restructuring and regional development in the post-communist era. In contrast, in Romania we witness a strong hold of manual labour culture where men are expected to work and drink hard while women are seen as second class citizen who contribute income to the household but also carry out all the domestic work relating to children upbringing and general household chores.


To date, much scientific interest in economics and social science is directed at a global dimension, identifying globalization as a process of transgressing hitherto natural limits of time and space with the help of new information technologies, as blurring established geographical boundaries through an extension of global trade and an intensification within the international division of labour, and as accumulating economic power within – predominantly – Western economic centres and within the headquarters of transnational corporations. From this perspective, globalization is often misconstrued as an external phenomenon that threatens the inner logic of states and regions. Globalization, in this sense, features as an anti-thesis to everything local, petite, or limited.

In contrast, one can conceive of globalization as a process of increased interdependency in which events in one part of the world may provoke profound impacts upon other – geographically or culturally – remote areas. Importantly, this process does not confine itself to the level of governments, non-governmental organizations or transnational corporations; it also affects individuals’ jobs, their everyday life, and their sense of identity. Globalization, in this sense, designates a new logic of innovation that relies on both intra-firm and inter-firm relationships. From this perspective, globalization cannot disavow a spatial dimension, nor can it be confined to a factor of production; rather, it valorises the characteristics of specific regional milieus for innovative purposes.

When conceptualizing globalization as a logic of innovation, there is evidence that regional economies have not only survived; by contrast, they have gained increased significance – a process that has been dubbed ‘glocalization’. By drawing on locally established regional networks, regionally based economies have managed to develop endogenous potentials that allow for competing externally: at national, at international, or at a global level. Such networks have been labelled ‘new industrial districts’, ‘innovative milieus’ or ‘learning regions’; and in one way or another they seem to thrive on social and geographical proximity – this is what renders regions as economic localities indispensable. Nor is the global economy populated by ‘footloose companies’ void of geographical roots. Consequently, the global and knowledge-driven economy still is territorially, socially and culturally embedded (Granovetter, 1985). In fact, geographical, social, and cultural roots can act as
‘springboards’ for economic activity and development, particularly at a time when location factors, including a developed transport-energy-environmental infrastructure, a highly qualified workforce or an innovative culture seem to have gained supremacy over the availability of natural resources (Cooke & Schienstock, 2000).

Contemporary knowledge economies thrive on information, which is more portable and less tied to a specific locality in terms of production, distribution, and consumption than goods that are more material. Information has turned from an economic by-product into a principal force of production, a catalyst for economic development and innovation, and a significant object of global trade. While codified forms of knowledge are subject to exchange and trade and thus require mobility, tacit knowledge is much ‘stickier’, not least as it is embedded in work practices and routines or within the ‘know-how’ of those performing these. Tacit knowledge is a crucial repository for innovation and learning, as it accounts for much of human’s creativity, ingenuity, and innate wisdom. Some scholars have even suggested that the regional concentration of centres of innovation is an effect of the type of knowledge distinctive for the respective industry. Hence, the likelihood of innovation to ‘cluster’ primarily results from ‘knowledge spillover’ rather than from a geographic concentration of production (Audretsch & Feldman 1996). In addition, innovation and learning depend upon feedback. This means that both producers and consumers need to communicate recurrently and effectively. Therefore, ‘being close to customers’ is imperative to knowledge-intensive and technologically driven industries. Last but certainly not least, even in times of outsourcing, off-shoring and intensified competition for foreign direct investment, the quality of the local labour force still matters. Therefore, some industries, such as biotechnology, develop in India but not yet in China. Investment decisions evolve out of a complex set of considerations that include costs, but also the type of knowledge required, the creativity of the local milieu, the quality of local labour, and the proximity of consumers and end-users. Regions that provide these features can acquire a ‘competitive edge’ (Lambooy, 2005).

8. Culturally Embedded Regional Development in Leipzig and Petrosani

As well as a region’s attributes and qualities, its resources, amenities, and flair, ultimately, it is social relationships among people that matter and that constitute social and economic life. Geographic areas that have been found capable of competing at an international level are characterized by the extensive scope and the efficacy of their social institutions as well as by their developed civil society (Soskice, 2001). It does not surprise then that successful regions like Leipzig have a rich organizational life, the inhabitants take responsibility, there is good and open communication between key social actors, the political organizations and institutions enjoy popular support and they work for their region locally, regionally, nationally and internationally and in relation to sectors and organizations (Amdam, 2003).

Leipzig, then, seems to epitomize the communal spirit and lifestyle that fosters socio-economic development and, more generally, creativity and resilience. The trading and science culture characteristic of the town and its surrounding regions for decades, has survived within people’s collective memory and has seen many societal, economic and administrative changes. Several waves of foreign occupancy, subordination to changing rule, and a decade marked by two world-wars have come and gone without annihilating or even seriously damaging the entrepreneurial culture of the region. And while state-socialist societies, generally, suffered from a severe ‘institutional poverty’ (Pirker, 1995), Leipzig still harboured its civil society – with vivid niches of artisans, Bohemians, and critically-minded spirits. It does not come as a surprise, then, that the ‘peaceful’ revolution of 1989, which eventually brought down the Berlin Wall, emanated from the famous ‘Monday Demonstrations’ through the streets of Leipzig.

On the contrary, in Romania, we have witnessed an extreme form of communist that has successfully wiped out old institutions and ways of being in the world. The Ceausescu regime
imposed an artificial culture upon the population, one that supposedly adored its leader and had its values subordinated to the creation of communism and the free enlightened individual. Although resisted tacitly by most of the population, little could be done to preserve past traditions and institutions. Going to church for example was forbidden, so was religious education: instead an ideological agenda was imposed in school alongside technical subjects. Humanities and social sciences were seen as too dangerous and therefore abolished gradually from university degrees on offer. The institutions promoted by the communist regime were totalitarian and completely disembedded from the cultural heritage of the Romanian people. This may account partly for the fall of the communist regime and their general lack of effectiveness during the 45 years of communist rule.

Social and cultural embeddedness refers to historically evolved institutions – that is, to shared sets of routines, norms, and obligations, as well as to their symbolic representations as in contracts, for example (Granovetter, 1973). Such a bed, as in the case of Leipzig, is not only constituted by formal means though. Of course, with unification of Germany in 1990, the Leipzig region was subjected to ‘West-German’ governmental and administrative structures almost overnight. Hence, a well established institutional bed was provided with the ‘Beitritt’ of the new federal states to the old West-German territory. However, such a form of ‘institutional export’ might constitute a necessary but by no means sufficient base for socio-economic development. There are plenty of ‘negative’ examples in former East-Germany that inherited the same institutional bed and received (and are still receiving) Federal and EU-funding in substantial amounts, yet failed to recuperate economically and socially from the collapse of the Eastern Block. Hence, it is fair to contend that the creative and resilient culture sustained within the region have contributed substantially to its restructuring; whilst the ‘fichelantness’ of its inhabitants allowed for attracting crucial investments in the years immediately following unification.²

Romanian society has undertaken social transformations which have challenged, weakened and destroyed the social patterns formed during the communist regime. Given that recent communist ‘traditions’ and their institutional carriers were not suitable and flexible enough to be re-interpreted and adapted to the new social arrangements, new institutions and traditions had to be invented. ‘Invented traditions’ refer to practices normally governed by overtly or tacitly accepted rules of symbolic nature, which seek to inculcate certain values and norms of behaviour by repetition, and which rely on some form of continuity with the past (Hobsbawm, 1984). They are usually responses to novel situations and tend to establish their own past by quasi-obligatory repetition.

The overthrow of Nicolae Ceausescu in December 1989 made the communist form of ruling impracticable. This required new methods for establishing a sense of loyalty and togetherness for the Romanian people. Some of these methods were conscious efforts by the government to construct new institutional patterns of behaviour. However, such deliberate efforts were only effective to the extent they were in tune with genuine popular beliefs and drew on a common past shared by most people. Rather than adopting the view of communist governments that social progress is the result of centrally planned and controlled action, the successive transitional governments recognised and attempted to magnify the importance of the spontaneous, of the so-called ‘Romanian spirituality’, in ensuring social coherence and progress.

In so doing, traditions were (re)invented to solve a two horned dilemma: first, there was the problem of attempting to provide some historical legitimacy for the transition period and, second there was an issue of how to deal with a large part of the population which would have preferred the communist regime not to change. One way of dealing with this was to construct a universal

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² Leipzig managed, for example, to modernise and extent its international airport rapidly, while neighbouring Berlin has only commenced construction of its new airport Berlin-Brandenburg-International.
benchmark against which all Romanian people could define their identity. Such benchmark was provided by the concept of freedom, a concept also drawn upon by the communist regime. In fact, freedom appears to occupy a central position in the official accounts of various pasts: history books from past and present tell us that freedom is what Romanians have pursued relentlessly for two thousand years. The struggle for freedom from foreign occupation was always played up by the communists in their own attempt to strike a chord with the masses. However, the institutions of the transition downplay this interpretation, redefining freedom as the successful struggle against the tentacles of communist ideology. Another way of dealing with the horned dilemma was to point to the standard of living of developed countries and to their market economies as the cause. If only such a market economy model could be emulated, the Romanian people would enjoy a similar standard of living and thus political and spiritual freedom could be joined by material freedom.

A number of traditions were (re)invented with the view to construct and convey the importance of political and economic freedom in the constitution of a so-called Romanian identity. First, the role of the church in private and public life was elevated to a central place. Drawing on the survival of the church and of religious beliefs throughout the communist years, the institutions of transitions (re)positioned the Church at the core of Romanian spirituality and social harmony. Interestingly, there is no mention of the fact that the Church in its various guises (other than, perhaps, the Reformed Church which openly resisted communist rule in 1989) had aligned itself to communist propaganda as a matter of survival. Secondly, public manifestations and debates were encouraged (as long as they were meeting legal obligations) and recast into ‘normal’ features of social life. Romanians were told that it was quite acceptable to express one’s view in public, to organise and take part in meetings, marches, strikes and so on. Thirdly, one could see a rush to destroy public monuments which paid tribute to the communist regime. In an attempt to wipe communism off people’s memory, durable images associated with the regime had to be more or less erased: monuments and statues were removed, paintings and sculptures were hidden from public view, books were burnt or placed in archives away from the public gaze (Kelemen and Kostera, 2002). However, with admission to the European Union in 2008, the emphasis of recent governments has shifted to ensuring that existing institutions align themselves with the requirements of the EU.

9. Conclusions

In contrast to established debates that address regional development either at the macro-level of socio-economic development or at the micro-level of the individual firm or person, the focus of this paper is on the meso-level, that is, on culture and institutions as mechanisms between individual agents and the social process of regional development. The choice of regions as prime units of comparative investigation also reflects this concern with meso-analysis, as regions constitute place-specific forms of agency in between the macro level and micro level that have gained increased significance.

Reflecting the so called ‘turn to culture’ in social and economic studies, we conceive of regions neither as a coherent spatial entity that is subject to strategic manipulation nor as an economic input. Rather, region here is conceptualized as a process, a ‘way of life’ specific to a certain community. Therefore, each region has to be analysed as evolving within its very own socio-historical and cultural context; while overly general assumptions and conclusion regarding regional development need to be avoided.

The recent revival of a concern with culture within neo-institutional theory and evolutionary economics has emphasised institutional variation across time. Research has investigated, for example, the ways in the innovative initiatives evolve through processes of selection, learning, or emulation. At the same time, ‘path-dependency’ or ‘lock-in’ has been identified as thwarting such development. Our
paper has identified (regional) economic development – and specifically learning, as well as the failure to do so – as a place-dependent process inviting not only an economic but also a cultural perspective.

Institutions, as stable configurations of rules, norms, and routines and their corresponding mechanisms of gratification and sanctioning are symbolic in nature – thus their efficacy depends upon a ‘symbolic universe’ that provides interpretive frames and devices for communication and that is shared by members of a particular population (be it a group, a region, a nation or else). This symbolic universe and the material practices embodying it, can be referred to as culture. Drawing on a common metaphor, culture designates a ‘collective programming of the mind’ and provides the ‘software’ that drives the (regional) ‘hardware’ of socio-economic ‘institutions’, capital equipment, and human resources. In particular, this paper stresses the status of culture as being, at once, product and process – or, in the case at hand, culture is both consequence and key driver of regional development. This implies an understanding that regional development is less prone to manipulation and strategic intervention than commonly assumed. Nor is such development intrinsically benevolent or advantageous to all parties involved. There are likely to be winners and losers of such development and not all change leads to some superior stage of evolution.

With the impetus of recent research and policies having been on developing the knowledge-intensive and creative sector of the economy, chances for regions marked by traditional industries and a manual labour force to leapfrog along the development trajectory seem limited unless putting inter-generational and social cohesion at risk. While recent academic debates have identified ‘path dependency’ and ‘lock in’ as impeding economic development and learning in the context of firms, industries or even regions, thus far these have concerned dependencies of a functional, cognitive, or political nature. Culture needs to be understood and studied sui generis as a relevant source of ‘path dependency’ and ‘lock in’. And, this paper has applied such a cultural focus to invite further investigations into the cultural nature of socio-economic development.

References


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