Chapter 13. Economics

Ganev, Georgy

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Georgy Ganev

The task of describing patterns of contemporaneous conceptual regionalization[1] in Europe according to economic factors is at once seemingly easy and extremely difficult. It is seemingly easy due to clear institutional divisions within the economic sphere for most of the period under consideration (the twentieth century), which most of the time quite neatly divide different European countries into different groups. At the same time, it is difficult due to the fact that how contemporary people conceptualize the division among European regions according to economic factors is next to impossible to trace beyond a few academic publications, which reflect the public's attitudes only to a limited extent. It is very tempting, but would be methodologically indefensible, to try to use noneconomic divisions, even though they are clear and contemporaneous, as a basis for the story. A prime example of such a division at present is the Schengen area. It is a clear regional concept, but it is not economic, even if some economic consequences do occur. It is a regionalization based on border security considerations, and there is not even a single economic criterion among the many criteria for membership in this area. Thus it cannot serve to define contemporaneous conceptual regionalization in Europe according to economic factors.

The problem of determining how the economic regions of Europe were framed becomes even more acute the further back in time one goes, due to the fact that economic considerations seem not to have had a separate importance, and regionalization evolved mostly along other lines, such as political, ethnic, linguistic, religious, or cultural. At the same time, further back in history the clear institutional compartmentalization of the twentieth century was not present. The more subjective, or academic, exercises are usually affected by at least three factors. The first is the authors' own inherited opinions as to the important determinants of regionalization. The second is the chosen methodology for discovering and determining the borders and the intrinsic qualities of the different regions—an exercise in which improvisation, intuition, and metaphors seemingly always supersede qualitative rigor, and in which even the possibility of such rigor can reasonably be questioned. And, third, more often than not such regionalizations are not strictly contemporaneous, but follow economic realities with a significant lag.

The more objective, or institutional, divisions of Europe into regions suffer mostly from two different objections. First, while they are to a large extent really objective, coming from the outside, they are not aiming at discovering economic realities, but mostly at serving the purposes of the "outsider"—such as, for example, the League of Nations, or the United Nations with its specialized bodies, the World Bank and the International Monetary Fund, as well as more recently the European Union (EU), despite its very peculiar position as both supranational body and also "insider."

When trying to describe the contemporaneous economic regionalizations of Europe, it is impossible to select one of the two approaches based on rigorous reasoning. A natural outcome of this recognition is the choice of describing and following both as much as possible while keeping in mind their deficiencies. As will become clear, in reality this has a bearing on the structure of the chapter due to the fact that the academic studies focusing specifically on economic realities are relatively recent and feature mostly in the discussion of the last quarter of a century, while further back in time the institutional divisions were prevalent.

Another methodological issue is the starting point of perceived European economic regionalization. Usually, a convenient starting point is a specific large and important event or some sort of cataclysm that can serve as a visible break both in economic structure and in perceptions. But this approach must bear in mind that there is a certain inertia in economic perceptions, and they do not necessarily change quickly due to a specific event. Nevertheless, such an approach comes nearest to the possibility of having a clear and defensible starting point, and therefore it is the approach taken here.

Along these lines, the starting point of this analysis is the end of World War I. It is chosen for two main reasons. First, it is a clear breaking point, coming after a relatively long period of dominance of the Great Powers regime, which formed after the Vienna Congress and evolved only slowly into a status quo with several empires and some peripheries. This relatively clear structure obviously had a bearing on economic regionalization as well. World War I shattered this status quo and gave birth to the supranational organization, the League of Nations, which covered a significant part of the continent, and, besides its political role, had a very specific economic role to fulfill. The other regionalization was also clearly institutionally distinguished in the communist experiment.

Therefore, at the end of World War I there is a clear break with the old status quo, and the emergence of an institutional framework allowing for the observation of contemporaneous patterns of regionalization. From then on, institutional developments on the European continent allow for a relatively coherent story about the different European regions within the institutional framework, shaped to a large extent by the parallel development of the United Nations with its bodies, the European Economic Community, and the socialist bloc.

The end of this period in 1989 brought another reshaping of the institutional framework on the continent, but also coincided with the almost explosive emergence of a number of academic studies on regionalization and its prospects on the continent. While not unrelated to one specific institutional development, namely the EU's regional policies, this academic development presents a parallel and relatively independent view on European economic regions, which allows us to delve into a more informed analysis and attempt some more generalized inferences.

The Age of Empires

World War I marked the end of an era in the development of the European continent, and this was the era of the Great Powers. Even though the century preceding the war was marked by important developments, revolutions, experimentation with forms of government and constitutional setups, and also by the emergence of the last two great nation-states on the continent (Italy and Germany), the institutional structure was relatively clear and functioning. It was the age of European (colonial) empires, and the clear establishment and observance of most of the relevant borders meant a relatively clear division of economic space as well. Seemingly unruly regions, such as the Iberian and Balkan peninsulas, were also gradually incorporated into this international order. During this period most of the relevant cleavages, including economic ones, naturally fell around the imperial borders.

At least in the trade and monetary area, however, there were deliberate attempts to create supranational structures, some of which were relatively successful. Three such examples can be given. The most successful effort in this respect, ultimately leading to the integration of the different participating parts into a single state, was the *Deutsche Zollverein*, or the customs union of the German lands, which began in the 1820s and expanded to include most of the German states. Coupled with the operation of the gold standard and standardization of coinage and of weights and measures, this deliberate economic integration really did create a common economic space.

There are at least two other attempts at supranational structures in the monetary area, both based on the gold standard: the Latin and the Scandinavian monetary unions. The Latin monetary union was created in the 1860s on the initiative of France, incorporating Switzerland, Italy, and Belgium. It extended to the two troublesome peninsulas mentioned above—the Iberian Peninsula (Spain) and the Balkans—with the membership of Greece and later association of Serbia, Romania, and Bulgaria. Using standardized coinage and free acceptance of the different currencies, it operated relatively successfully for a number of years, coming to an end only with the tensions of World War I, which de facto ended it; de jure dissipation came in 1927.

The Scandinavian monetary union, inspired to some extent by the developments in Germany and the Latin countries, was established in 1873 over the northern portion of the European continent and was a relative novelty in that even banknotes were interchangeable and accepted across borders. Though it had overcome various tensions, this monetary union was also brought to an end by World War I, with the de jure dissipation coming in 1924.

These examples show that World War I was a true cataclysm, economic as well as political and military, in that it brought about a change in established or emerging economic structures throughout the continent. The age of empires was effectively over, and other factors came into play in delimiting the economic regions in Europe.

In terms of deliberate scholarly reflection on the issue of economic regionalization in Europe during this period, the economic literature does not offer much material. This is probably because economics as a discipline was itself only emerging during the nineteenth century, and even at the end of the imperial period its very methods as a science were under contention, culminating in the well-known *Methodenstreit* between the Austrian and the historical schools of economics.

It is relatively easy to identify definite spatial overtones in the initial literature on economics. Adam Smith's (1776, book 1, part 3) concept of the "extent of the market" has a direct territorial and spatial meaning. The same is true of Malthus's (1826) idea about the link between economic prosperity and population, including population density relative to agricultural resources. Ricardo's (1821) concept of comparative advantage can immediately be translated into regionalization based on resource availability and geographical characteristics.

However, all these ideas did not secure concrete implementation for specifying economic regions and could only serve as starting points toward such a classification. On a theoretical level, both the insights of the Scottish Enlightenment and later developments by Ricardo and Malthus do contain the seeds of a potential theory of regional development, but such a theory was never actually formulated. On an empirical level, there do exist comparisons—for example, between England and the Netherlands, France, or Spain—but they are more national than regional in character and pertain to illustrating theoretical concepts different from the ones that might lead to a theory of economic regionalization.

Toward the end of the nineteenth century, the major thrust of economic science followed the example of the natural sciences and developed theories and inferences based on universal and generally valid principles, deliberately ignoring differences based on context and specific environments. Only the German historical school was interested in context. The thinking of some of its representatives, such as Schmoller (1900-1904) and Wagner (1902), has definite spatial and regional overtones, and much of the enormous amount of concrete data gathered by them could potentially lead to a definition of explicitly regional aspects of economic development.

Also, even earlier the push toward the *Zollverein* indicated clear thinking on the part of precursors and early representatives of German historicism beyond political borders and toward a conceptualization of the idea of a common economic space.

Thus it is no surprise that the most significant concept leading to definite regionalization in Europe sprung precisely from the German historical school. It is found in Weber's ([1905] 1930) division based on aspects of religious beliefs, which basically split Europe into southern/Catholic and northern/Protestant regions with different economic development. Even though, from the point of view of identifying specific economic regions, the Catholic-Protestant/southern-northern division based on Weber's insight is still quite crude, it is nevertheless a valuable effort in creating a concept for the basis of differences between different modes of economic development on the continent.

The Interwar Period

In terms of economic regionalization, the period between the two world wars features relatively clear institutional structure and is dominated by two related processes, which are both political and economic. The first is the emergence of a new structure and subsequent recovery after World War I, and the second is the positioning leading to World War II. In terms of the first process, the economic structure in interwar Europe can be described mostly by the outcome of the war itself, and the European continent can be split in four. This split is loosely based on the divisions implicit in the activity of the Economic and Financial Organization of the League of Nations (Clavin and Wessels 2005).

A central, stable place in this structure is held by the countries which won the war, mostly the UK and France, which seem to be the ones setting the agenda and looking for solutions not only on the economic issues, but more generally. They can be seen as the order-providing core, even though it is a matter of careful consideration whether they were successful in managing this task. One opposite party to this core was devastated Germany, coupled with debilitating punitive debt obligations imposed by the victors. The country was not allowed to become a member of the League of Nations and was de facto turned into an outsider, left to cope alone in an unfriendly environment (until 1926, when it was finally accepted). Another opposite pole to the leading core was communist Russia, and later the Soviet Union. This was a territory in the far eastern part of the continent, which was effectively torn from whatever level of economic integration into the overall European economy it had achieved. Like Germany, it did not become a member of the League of Nations and was not involved in its economic activities. This economic space took off on a completely separate economic trajectory, a fact clearly recognized by all contemporaries (see, e.g., Webb and Webb 1935).

Besides the two large nonmembers of the League of Nations, who by this very institutional setup formed a separate economic space, there were the countries in Eastern Europe, many of which had newly emerged after the war (Poland, Czechoslovakia, and Hungary), or greatly expanded in the wake of the war relative to the period of the Empires (Romania, Yugoslavia, Greece, and to a lesser extent Bulgaria). Most of these countries faced severe economic difficulties and were in a position to need economic assistance, which was provided through the institutional setup of the League of Nations.

The second part of the interwar period was marked by two interrelated developments: the Great Depression and the repositioning on the continent, both political and economic, which ultimately led to another world war. The Great Depression, quite like the Great Recession eighty years later, hit the core as well as Germany hard. Its effect on the Soviet dynamics was less obvious, except that it made the Soviet model of economic organization look even more intriguing and attractive. Its effect on the periphery in Central and Southeastern Europe was mostly a consequence of their own internal weaknesses, rather than of transfer of the Depression dynamics.

The latter part of the 1930s saw a clear division of Europe into three parts, which were also visibly separated economically. Western Europe, with its (relative) market democracies continued to have a specific and separate economic dynamic. (East) Central Europe became dominated by dictatorships or dictatorial regimes, and also became economically dominated by Germany, which served as a major economic attractor. This tendency of the time is explicitly evident in the "Lebensraum" concept, in the resurfacing of the "Drang nach Osten" (Spread to the East) slogan around the Sudeten crisis,[2] and the specialized trade and economic agreements between Germany and East-European economies such as Hungary, Romania, and Bulgaria. Finally, the Soviet Union, with its five-year plans, continued on its own trajectory, clearly noted and distinguished by many contemporary observers both empirically (Webb and Webb 1935) and theoretically as exemplified in the socialist calculation debate (e.g., Lange 1936 and 1937).

This clear separation and lack of economic integration should be considered among the leading factors that made the second severe armed conflict within a human generation in Europe possible. The very observation of the relevance of such an economic factor, then, should be considered as a major impetus for the formation of a new political, but also economic, order in Europe after World War II.

During the armed conflict of 1939–45, a vision for the development of a specific European economic vision was drafted and put into practice. This was the implementation of the *Generalplan Ost* of Nazi Germany (Madajczyk 1990, Mueller 1991), aimed at Eastern Europe, and especially at Ukraine. Being essentially a plan for economic colonization of the territory of Eastern Europe, it necessarily included a certain vision for the economic purpose of this space. In general, this purpose was seen in terms of specialization in raw materials provision and in agricultural output serving the needs of the more highly developed industrial heartland of the Third Reich.

Thus, even though it is relevant only to a part of Europe, namely portions of Central and Eastern Europe, the *Generalplan Ost* essentially combines two distinct principles of economic regionalization, which will continue to emerge throughout the present study. The first is division along certain geographical lines, in this case West and East. The second is division based on specialization, in this case an industrialized, developed, high-value-added core, or center, and a less developed hinterland or periphery with low-value-added primary outputs (raw materials, foodstuffs).

The Iron Curtain Period

Institutional factors continued to dominate the economic divisions within Europe in the wake of World War II. However, in the Western part of the continent, the division clearly became more complex, involving different levels of economic groupings and decisions. At the same time, the West-East divide, which emerged along ideological lines after World War I, moved from the relative periphery of the continent to its very center in the form of the Iron Curtain, which included not only political and military juxtaposition, but also a strong economic split. As a structural consequence, there was very little room for a relative periphery between the two camps, or blocs.

In the East, a clearly defined and easily observed economic bloc emerged as a result of the establishment of communist dictatorships. After their political settling, these dictatorships introduced economic changes based on the communist ideology, involving specific organization of economic life. Several years later, in the mid-1950s, the next step was taken and a supranational economic organization, the Comecon (formally Council for Mutual Economic Assistance, or CMEA) was formed. For the next three decades, this part of Europe became a distinct and clearly defined separate economic region, based on state-owned property, full-scale economic planning, and Soviet Union–dominated international division of labor and trade.

In terms of regionalization, the Comecon can simultaneously be seen as creating divisions among and homogenizing the different European members of the Eastern bloc. The divisions mainly involved different members of the bloc specializing in different specific industries (products) with a somewhat limited intra-industry division of labor. The homogenization came from the fact that all countries were expected to develop both raw materials, agriculture, and lighter and heavier industries, so that none could be seen as subordinate to others in the economic chain of value added. Despite this second thrust of the Comecon, it is clear that in terms of planning, coordination, decision making, and conflict resolution there was a definite center—the USSR—and a clearly defined periphery: the other socialist countries.

This Eastern, or socialist, bloc was characterized by relatively strong trade integration, internal transfers based on centrally made decisions about the prices at which goods were to be traded and the division of labor between various participating states, and the clear leading role of the dominating Soviet Union. However, it did not include all countries embracing socialism—for example, Yugoslavia and Albania remained a less integrated periphery. In the case of Yugoslavia, the country established relatively strong ties with the Western part of the continent.

In the West, initially at least, three different processes developed simultaneously, overlaying each other, and having different effects in terms of economic integration, linking, and ultimately regionalization. The first such process was the Marshall Plan (formally the European Recovery Program). It involved aid (capital transfers) from the USA to all European countries desiring to participate, which ultimately included all of what would be termed Western Europe (but including Greece and Turkey), except for Spain and Finland. The rejection of the proposed 1947 plan by the Soviet Union and its satellites was a clear, institutionalized indication of the economic split of the European continent. Regardless of how the concrete effects of the plan are viewed and assessed, its very existence and unfolding in the specific context of the time indicated the major economic divide that was to dominate the European continent for the next four decades.

The second process in Western Europe was integration within the framework of international cooperation and joint decision making realized through the United Nations Organization (UNO). In terms of the economic importance of this development, the relevant structures were the United Nations Economic Commission for Europe (UNECE), and the UNO-parented international financial organizations known as the World Bank and the International Monetary Fund. Both were established to provide assistance for development and financial stability to member states. The formation of Western Europe as a region is most evident in the lists of memberships of countries in these bodies.

The strongest impetus for regionalization in Western Europe, however, came through the process of deliberate European integration known today as the European Union. Its very beginning (in the form of the European Coal and Steel Community and the European Atomic Energy Community) was strictly driven by economic considerations, and especially by the desire to render further armed conflicts between European states less likely through close economic ties and interdependence. The institutional framework of the European Union through time provided a clear trajectory for the development of different economic regions on the continent from the time of its creation in the early 1950s. It also allowed the formation of various groupings within the Union itself, due to its capacity to develop different processes within the same general framework.

Initially, the specific integrational effort by the six founding members (France, German Federal Republic, Italy, Belgium, the Netherlands, and Luxembourg) clearly set them apart with respect to the other Western European countries and established an easily identifiable European economic region defined by free trade, first in specific resources, but with the target of a general free trade zone and eventually a common market.

After the evident initial success of the arrangement, it started attracting the interest of other European countries, especially the UK, which until then had always formed a somewhat separate entity in any European regionalization. This resulted in the first expansion of the European Union to include the UK, Ireland, and Denmark, increasing this specific economic region of Europe and greatly expanding its potential. From then on, the EU has been a major attractor and structuring force for the Western (and later the whole) European economic space. However loose (at least at the beginning), its institutional character demonstrates a high level of self-identified regionalization of the continental economic space. Its expansion has led to specific developments in this sphere as well, by gradually forming distinct "camps" within the Union.

This process began clearly with the second expansion of the Union in the 1980s, when within the space of several years a clearly recognized southern periphery was admitted in the form of Greece, Spain, and Portugal. A major legitimizing factor in this second expansion was the concept of economic convergence. More specifically, one of the postulates of neoclassical economics, namely the understanding of diminishing marginal returns to capital and therefore the inevitable—within a common economic space—catching-up of less capitalized countries with more capitalized countries in terms of real income per capita, clearly served as a strong argument in favor of expansion. The economic reality was that this development led to the introduction of significant economic disparities within the Union (which before that had mostly been confined to the contrast between Southern Italy, and in part Ireland, and the rest of the Union) on a relatively massive scale that was impossible to ignore. Economic convergence, even when it really happens, takes time, while the disparities immediately turn into political reality.

There were two results of this change. First, already in the 1980s there were calls within the union to institutionalize the fact of the differences in level of economic development and integration so that more developed and less developed and integrated parts of the union had their own paths. This concept gradually became known as the idea for Multispeed Europe. Second, and in opposition to the idea of separate development paths within the union, came the first conscious attempts to introduce convergence, or cohesion, policies, with the side effect of a strengthened interest in the regional dimensions of the European economic landscape and development.

From Transition to Eastern Enlargement

In 1989 two processes relevant to the dynamics of perceived economic regionalization in Europe came to a critical point. The first was the competition between the two big blocs, ideologically and institutionally divided straight down the middle of the continent. After going through a series of convulsions during the late 1970s and the 1980s, the socialist bloc collapsed, while at the same time Western Europe demonstrated a relatively good growth capacity and improved standards of living. The second process was related to internal EU developments and had an academic character, namely the development of spatial models of regional economic development, which led to a series of metaphorical formalizations of perceived regions within the Western European, and later broadly European, economy.

At the same time, within the EU the increased variety of member states and continued institutional innovation led to specific internal divisions, once again (after the nineteenth century) centered on the issue of monetary union. In any case, besides the institutional changes in Eastern Europe due to the collapse of the planned economies, the institutional changes within the EU continued to provide a rich institutional basis for changes in economic regionalization, despite the emergence of different, more academic and visionary, perceptions of existing regions.

The collapse of communism and the planned economies of the Soviet bloc, coupled with the collapse of the Soviet Union itself, was the beginning of another major institutional turbulence in the eastern part of the European continent. The definition of this region can be clearly traced by following the activities of various international financial institutions, with none more clear than the European Bank for Reconstruction and Development (EBRD). Created for the sole purpose of providing support for countries in transition from planned to market economies, it had a very specific area of focus, initially covering the European members of the socialist bloc, and later the separate countries resulting from the split of the Soviet Union, Czechoslovakia, and Yugoslavia. Geographically, the area recognized in this manner as "Transition Europe" spans the territory from Central Europe to Central Asia as far as Mongolia.

The main publication of the EBRD, the series under the title "Transition Report," clearly identified three separate economic regions, differentiated by the bank's set of "transition indicators," within this vast space: the CEB (Central Europe and the Baltics), the SEE (South-

Eastern Europe), and CIS (Commonwealth of Independent States, the ex-Soviet Union). In terms of relatively successful self-identification, four of the CEB countries, namely Poland, the Czech Republic, Slovakia, and Hungary, identified themselves early on as the Visegrad Four and embarked on a process of relatively quick integration into the European Union.

In fact, the splitting of Transition Europe in three by the EBRD turned out to anticipate subsequent events quite correctly. The group identified as transition leaders (the CEB) were the ones who managed within fifteen years of the change in 1989 to become members of the EU. The middle group (the SEE) were considered as doubtful about integrating into Europe, and it has turned out that some of these countries are now members (Slovenia, Romania, Bulgaria, Croatia) while others are still far from membership. The third group (the CIS) has very poor prospects for EU integration and is still undergoing economic, as well as political, transition and turbulence.

The center of gravity defining these movements in Transition Europe, it becomes clear, is the European Union. Ultimately, it is around this center that the Eastern European countries are ordered—from relatively deeply integrated (CEB), to relatively poorly integrated (Bulgaria, Romania), to nonintegrated (part of the Western Balkans, Eastern Europe), to actively opposing (Russia, Belarus). In effect, the change during these years has been that a select number of Eastern European countries have managed to transform themselves from the relatively richer Western part of the Soviet bloc to the relatively poorer, but integrating, part of the European Union.

Thus the EU has become the defining general framework within which and in relation to which economic regions in Europe are perceived and are actually formed. It seems that its internal developments and dynamics will continue to be the defining factor for the actual and the perceived regionalization of Europe for some time to come. Probably the most encompassing metaphor describing the presence of a variety of different levels, directions, and tempos of development on the continent is the image of Multispeed Europe, which can be applied in different degrees to all concrete examples of conceptual regionalizations given below.

Blue Banana and Beyond: New Models of Economic Regionalization

The process of conceptualizing the developmental and integrational challenges facing the European Union after it accepted countries in the 1980s that, in economic terms, clearly belonged to a periphery led to the emergence of specific regional policies and to the formulation of explicit notions about how the European economic space is structured in terms of identifiable regions. Within the period 1989–2002 at least six such metaphors emerged, each having at least some idiosyncratic specifics.

It was in 1989 that Roger Brunet (1989) developed an image of a core of the European economy along a curved discontinuous corridor, later termed "The Blue Banana" due to its shape on the map. Covering the economic area from Northwest England to Northwest Italy, the area exhibits relatively high levels of real income per capita, seems to concentrate very high levels of economic activity, and seems to be an attractor for other areas. Later interpretations developed this idea, expanding it to include some of the areas along the Mediterranean (down to Northeastern Spain) and indicating specific potential directions for expansion of this formation (Hospers 2003, Figure 1). This included three specific peripheries to the core: Western (Ireland, Western France, and the Iberian Peninsula), Northern (Scotland and Scandinavia), and Eastern (from Central Europe down to Southern Italy).

This metaphorical image was the first to grab public attention and people's imaginations, and was to serve as the basis of further similar exercises, some of which will be mentioned below. However, it is based on a relatively rigorous application of specific spatial concepts and ordering according to a set of economic indicators, and it holds useful information beyond the mere image. The question, as is the case with all other representations here of the European economic space, is the extent to which it reflects generally held perceptions about regionalization, and also the extent to which such representations influence such perceptions in the general public or in other academic circles.

Interestingly, the image of the Blue Banana carries a certain resemblance to much older economic patterns in Europe, in particular the reemergence of long-distance trade and the formation of relatively independent cities after the Dark Ages, especially related to the transfer of goods through the Alps northward using the Rhine. This economic core was later reinforced both during the blossoming of ocean trade routes in the early modern period and once again during the industrial revolution. It is actually quite natural for this area to continue to be an economic core some two centuries later.

Only a year after the Blue Banana, Lutzky (1990, summarized in English in Nijkamp 1993, 11 and Figure 5, and also noted in Metaxas and Tzavdaridou 2013, 16–17 and Figure 2) significantly expanded on the idea, incorporating notions of the international division of labor based on certain geographical and natural economic advantages. The result is an image of Europe of the Seven Apartments, each with its own specific features. In this image, Apartment 2 corresponds quite clearly to the Blue Banana and is named “Technology Network West.” The other six apartments are, to an extent, of special interest, mostly because they also seem to reproduce relatively traditional, even ancient, perceived divisions. Apartment 1, for example, called “The Sun Belt” and spanning Greece, Italy, the Mediterranean islands, and the Iberian

Peninsula—that is, roughly from Istanbul to Lisbon—is seen as an agrarian and recreational space, also providing labor force for the Banana. Its geography literally overlaps with the ancient Hellenistic and Roman economic space. Apartment 3, named "North-Sea Partners," encompasses the North Sea and its neighbors from Scotland through Eastern England to the northern parts of the lowlands (today the Netherlands and Belgium), Denmark, and Norway. It is seen as specializing in working the resources of the North Sea, including food and energy, and providing harbors and shipbuilding services. Apartment 4, named quite directly "Baltic Hanse," is another clear reference to an economic region of older times. Like the North Sea region, it is envisaged in this regionalization as providing sea-related services, some raw materials (especially timber), and trade routes for channeling other resources to the core.

The other three apartments comprise the regions of the old Soviet bloc, newly emerged from decades of planned economy. They quite closely coincide with the implicit division, mentioned above, of this same vast region by the EBRD, and the three apartments are almost exactly the same as the three groups from the Transition Reports. The only difference is that Lutzky distinguishes them not according to progress along a set of transition indicators, but along spatial dimensions and lines of potential specialization under the envisaged common European division of labor. Thus Apartment 5 is the "Middle-European Capitals," including the four Visegrad capitals, Berlin, and Vienna. It is envisaged as a very competitive extension of the Banana, specializing in administrative activities, research and development, heavy industry, and trade both as a transit and as internally generated flows. In this way, the vision of Lutzky, not unlike Brunet's original idea, envisages an actual expansion of the Banana to the East. Apartment 6 corresponds to the CIS area from the Transition Reports, including mostly the ex-Soviet republics, and is appropriately named "East-Slavic Federation." Following another traditional stereotype, which nevertheless seems to be confirmed by later economic data, this region is envisaged as a provider mostly of fuels, raw materials, and agricultural products. Given the low value-added of this specialization, it is expected to remain the poorest of the European apartments. Finally, Apartment 7 is quite optimistically named “Balkan Take-Off,” expected to develop toward providing light industry products, foods, and transportation services. It was also expected to be among the poorer regions due to its specialization. The expected take-off has not materialized yet, but in defense of this vision it must be said that political factors and armed conflict may have played a more important role than the economic specifics underlying the particular vision of the Europe of Apartments.

Overall, this vision is among the clearest views of a regionalized Europe. The vision is based on both economic and spatial considerations and on historically established areas related to longer traditions. It clearly shows a desire to see Europe as a single economic space—a single home, with one roof, but with different and specialized rooms and with naturally occurring disparities.

Immediately after these two conceptualizations of European economic regional development, a third one emerged, forming somewhat of a trend in thinking. Kunzmann and Wegener (1991) presented the idea of Europe as a bunch of grapes, called “The Green Grape” in obvious reference to the Blue Banana imagery. In this metaphorical image, the regional development of Europe is presented both statically and dynamically. Its main concept is the idea that a large number of relatively clearly separable urban bubbles (areas centered in economic terms around a relatively large urban formation) are connected with different kinds of economic and infrastructural links. Thus some already form a cluster of such interconnected bubbles, and others will continue to form and join the cluster, which has in this manner an almost limitless (geographical) capacity for expansion.

Kunzmann and Wegener's image is both similar and different from the Blue Banana and Europe of the Apartments metaphors. It is similar in that the several core urban bubbles around which the cluster is forming are in fact the Blue Banana, only this time presented as a connected series of large and highly integrated urbanized areas. From this point of view, the Green Grape may be considered another extension of the idea that economic regions of Europe are defined and will be developing in their economic and geographic relation to this core. However, Kunzmann and Wegener's bunch of grapes can also be interpreted as a much more horizontal and less hierarchical ordering of regions than Brunet's idea of a single super-region (the Banana), or Lutzky's idea of several regions that are all centered on and somehow defined by their relations with this same center. The idea of a bunch of grapes conveys the possibility of a relatively horizontal network of different urban areas and points toward much less hierarchy and a much more equal footing between the different grapes in the cluster. This image much more strongly conveys the idea of separate linkages, independent from a specific core, between different regions.

Another feature of the bunch of grapes idea is that its understanding of the regionalization of Europe is closer to the institutional view of the European Union and the then-emerging concept of a "Europe of regions." The regions in both cases are considered to be subnational, not supranational. Even though not limited by national borders, they form (or coagulate) around certain urban centers and their size is visibly smaller than the size of the economies of the countries. Thus the overall image is that Europe's economic regions will be many, small, and relatively horizontally connected in a complex network.

Several years after the first three emblematic metaphorical images of European economic regionalization emerged in the academic literature, a new strong image appeared in Van der Meer (1998). Again, its basis can be traced to the Blue Banana concept of a core, but it offered a specific and different vision about the manner of growing interconnectedness and extending regionalization. When a map is drawn of these extensions from the core, the image looks like the spread tentacles of an octopus.

In short, the image indicates clear “corridors,” lines, or tentacles of spreading economic linkages, all of them stemming from the original Banana. This spread is envisaged as moving in all directions, except of course due north, where there is only sea. These directions include northeast toward Stockholm through Hamburg and Copenhagen; due east through Berlin to Warsaw and potentially to Moscow; southeast through Vienna, Budapest, and Belgrade into the Balkans; due south to Rome; southwest through Barcelona to Madrid and eventually Lisbon; due west through Paris (famously not in the original Banana), Nantes, and possible Bordeaux; and northwest toward the Edinburgh-Glasgow area.

Akin to the grape image, this visualization of Europe’s economic regionalization is based on economic linkages spreading along interconnected urbanized areas. Unlike the grape image, and closer to the apartments image, the different tentacles of the octopus do not seem to be connected with the other tentacles, only with the core. Thus the Red Octopus once again returns to the idea that the economic development regionalization of Europe will be based in, and related to, a specific core.

Even though developed at the end of this decade of proliferation of spatial images of European economic regional development, the last two metaphors in fact mostly return to the beginning, namely to the idea of a single dominating core. The image of the Pentagon is a return to this type of thinking, only the geometrical shape is different. Also known as the 20-40-50

Pentagon, this core region is spanned by five major cities: London, Paris, Milan, Munich, and Hamburg. According to rough estimates, which of course change with time, at the end of the twentieth century this region comprised about 20 percent of the area, 40 percent of the population, and 50 percent of the real income in the EU.

The image of the Pentagon became very popular in EU documents (European Commission 1999; 2004; 2007a; 2007b), and was used to indicate convergence between European regions in the decade between 1995 and 2005. However, one of the problems of this metaphor is the lack of a concept about the relations and developments among the peripheries outside the core.

Finally, to return where it all started, in 2002 Brunet (as presented in English by Curci 2011) presented a new image, showing virtually the same core of the European economy, but this time in the shape of a ring that is surrounded by concentric circles, indicating closer or more distant peripheries. The Ring is a relatively clear oval shape when the cities of London, Paris, Basel, Zurich, Stuttgart, Frankfurt, Cologne, and the region of the Randstad (the four cities) in the Netherlands are connected. In the same publication, the idea is conveyed that the spatial distribution of economic development processes seems to be taking the shape of concentric ovals around this core. Ultimately it returns to the imagery of a core with periphery.

The review of academic conceptualizations of European economic regionalization offers several general inferences. First, the offered images generally constitute a conception along the lines of a core and its periphery, with the possible single exception of the Green Grape of Kunzmann and Wegener. Second, the ideas often replicate historically known regional developments and distinctions over the last two to three millennia. Third, thinking in the direction of conceptualizing the spatial characteristics of European economic development by the imagination of academic researchers seems to have a relation, and may even be shaped by, the already emphasized institutional divisions offered within the framework of the European Union.

The EU in Crisis

The year 2007 signaled two simultaneous changes in Europe's economy. The first was the completion of the fifth wave of enlargement of the European Union with the incorporation of Romania and Bulgaria, uniting most of the continent in a single economic space. The second was the coming of the Great Recession, which for the EU meant a severe financial crisis and also very significant pressure on the newly created monetary union. Both of these changes have led to a relative change in the dynamic of European economic regions. The regional dimension of these changes has not yet entered the academic literature, but is clearly visible in formal institutional changes at the EU level. For this reason, this part of the overview will return to focusing mostly on the changing regional perceptions as they can be inferred from the institutional changes.

The joining of a number of Eastern European countries to the EU created conditions for catching up and a gradual decrease in disparities between them and the more western European core. Besides the fact that macroeconomic data do indeed indicate such convergence, it is notable that, as of 2015, five of these countries managed to join the "inner" club—the monetary union within the economic union. At the very same time, the financial and economic crisis clearly demonstrated severe deficiencies in the economic structure of another area within the economic and monetary union, namely "the South." It is notable that all Southern European countries (Greece, Italy, Spain, and Portugal) are experiencing a breakdown in their economic and welfare systems, and three out of the four had to obtain international financial and institutional support.

The result of all this is that a major shift took place in the focus of EU institutions, especially the ones underlying the monetary union. The European semester, the fiscal compact, and the banking union, as well as the changes in the way monetary policy is conducted in the Euro area, are all a de facto recognition that the Southern European countries are no longer considered an integral part of an economic core, but rather a periphery in need of guidance and help. Coupled with the fact that despite difficulties the new EU members from Eastern Europe seem to be coping with the Great Recession without major breakdowns, this development means that the major regional economic cleavage is not between a Western core and an Eastern periphery, but rather between a Northern engine and Southern trouble. Once again, the idea of a Multispeed Europe is clearly on the academic and political table.

Conclusion

This brief overview of the conceptualization of European economic regions over the period of a century shows a significant dynamic, especially when traced through the way various supranational institutions seem to have viewed the continent. For most of the century, the major split has been between a Western core and a relatively poor and less clearly defined Eastern periphery. The idea of a core, spatially situated along the area most famously designated as the Blue Banana, seems to be attractive for most academic authors involved in such spatial analyses, and also seems to be accepted institutionally at the EU level through the reforms of the monetary union in the wake of the Great Recession. Ultimately, it may be that the presently existing tendency for Europe's regionalization into different economic areas may be changing its most important axis from a West-East toward a North-South divide, but only time will tell whether this existing tendency will develop further. Several very recent developments, such as specific policies adopted in Eastern Europe as a result of recent elections (Hungary, Poland), as well as the vote in the UK to leave the European Union, indicate that a much more complex dynamic may be taking place, and the resulting regionalization may follow axes and cleavages difficult to foresee at present.

Georgy Ganev is an economist at the Center for Liberal Strategies in Sofia and an assistant professor at Sofia University's Faculty of Economics and Business Administration. His research interests are related to issues of macroeconomics, monetary theory and policy, political economy, development and growth economics, new institutional economics, and social capital.

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Notes

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1. Contemporaneous here means that what is under consideration is the division of Europe into regions as perceived by those living in a particular historical period. It is different from ex-post regionalization—i.e., regionalization suggested and conceptualized by people living often significantly later than the respective historical period.
2. Noticed by Carlson (1937) as being used without translation or explanation in American media at the time.