An Institutionalist View on Experimentalist Governance: Local-level obstacles to policy-learning in European Union Cohesion Policy

Stefan Telle

Abstract

The paper has the dual objective of contributing to theory development as well as to the debate about the added value of EU Cohesion Policy. Experimentalist governance theory suggests that a virtuous feedback loop between policy design and implementation can the input- and output-legitimacy of policy making. EU Cohesion Policy formally resembles this experimentalist setting, but persistent debates about its added value suggest that the virtuous loop is blocked. The paper uses new institutionalism theory to systematically identify theoretical explanations for this blockage. It argues that the experimentalist link between organizational structure, pooling of experiences, greater participation, and policy learning is highly precarious. First, the rational-choice perspective suggests that the link rests on the optimistic assumption of a common utility function among the participating actors. Moreover, the structural funds provide strong incentives for grant-seeking. Second, the discursive perspective shows that the identification of shared interests depends on highly demanding speech conditions. Third, the sociological perspective highlights that the evaluation of information is socially conditioned. Therefore, learning may be based on fallacious assumptions and lead to undesired results. The paper substantiates these insights with empirical evidence from one case of institutionalized cross-border cooperation in East Central Europe.

Keywords: experimentalist governance, institutionalism, cross-border cooperation, policy learning, EU cohesion policy

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1. Introduction

Experimentalist governance stipulates a virtuous feedback loop between policy design and policy implementation. According to its proponents, this minimizes the trade-off between overall policy inclusiveness and responsiveness (de Burca et al. 2014; de Burca et al. 2013). On the one hand, lower-level actors are granted sufficient freedom for developing place-based strategies towards reaching overarching framework goals. On the other hand, the pooling and sharing of their experiences is expected to enable policy learning and periodic framework adaptation. In other words, EG boosts both, the input- and output legitimacy of a policy (Scharpf 1997).

The paper contends that this argument is premised on a problematic functionalist understanding of learning, in which better information leads to better outcomes. While some authors have, indeed, characterized the EU as a “learning machine” (Faludi 2008), others have cautioned that EU governance is merely “pseudo-experimentalist” (de Burca et al. 2013). The latter alludes to the fact that despite its striking formal resemblance with experimentalist governance arrangements, efficiency- and legitimacy-issues continue to plague EU policy-making. Hence, a question arises: What blocks the virtuous feedback loop?

To answer this question, the paper focuses on EU cohesion policy. On the one hand, cohesion policy is one of the key drivers in mainstreaming innovative governance arrangements in the EU, such as multi-level governance (Hooghe 1996). On the other hand, the attainment of cohesion policy’s overarching framework objectives primarily relies on financial incentives. In other words, cohesion policy’s structure emphasizes multi-level coordinated problem-solving, while the funds create incentives for bargaining.

The paper investigates factors which inhibit experimentalist policy-learning in EU cohesion policy. It does not investigate whether experimentalist learning is, in fact, taking place. In this regard, a key assumption of experimentalist governance is that agreement about overarching framework goals will periodically be established. However, critical evaluations of its added value (Haase 2014; Molle 2007; Commission 2015; Mairate 2006), its alleged “Lisbonisation”, and its increasing competitiveness-orientation (Birch & Mykhnenko 2014; Rodríguez-Pose & Novak 2013; Brust 2008; Avdikos & Chardas 2015) suggest that there is little consensus about the overarching framework objectives.

Informed by a new institutionalism perspective, three challenges to the virtuous feedback argument are presented in the paper. First, the rational-choice institutionalist literature views learning as a process of bargaining among rational actors with separate utility functions. Therefore, when distributive issues are concerned, more information does not necessarily lead to better overall outcomes. Second, the sociological institutionalist literature suggests that learning implies adjustment in preferences, but “is agnostic as to whether the endpoint of social interaction is greater common interest” (Checkel 1999, p. 557). Finally, the discursive institutionalist literature argues that communication can
indeed reveal positive-sum solutions to shared problems and lead to corresponding adjustments of actor preferences. However, policy making contexts rarely resemble ideal speech situations. The paper, thus, uses the institutionalist literature to challenge experimentalist governance theory’s optimistic assumptions and to define the preconditions for a functioning virtuous feedback loop.

These insights are subsequently substantiated with evidence from one case of institutionalized cross-border cooperation in East-Central Europe: the Euroregion Bavarian Forest – Šumava – Mühlviertel (henceforth Euroregion Šumava). The evidence was gathered in 26 semi-structured interviews with the Euroregion’s administrative staff, representatives of regional development agencies, university experts, local politicians, and INTERREG staff. Of the informants, 16 were Czech, 10 German, and 7 Austrian. On average the interviews lasted one hour and were conducted in German or English language or with the assistance of a Czech interpreter. The audio files were transcribed and coded. The coding departed from a limited set of theory-derived codes, but allowed for the emergence of additional codes to account for local context. In addition to the interviews, INTERREG program documents, the homepages of the three Euroregion sections, and resources obtained from the interview partners served as data. Moreover, the author spent March and April 2016 in the region to gain a better understanding of the local conditions.

The paper is structured as follows. The second section presents the theory of experimentalist governance, outlining the basic mechanism of the virtuous feedback loop assumption and illustrates that EU cohesion policy is becoming increasingly (pseudo-) experimentalist. The third section presents an institutionalist critique of experimentalist governance, focusing on the role of learning in the virtuous loop of experimentation, information sharing, and framework revision. The fourth section contains the case study of cross-border cooperation in the Euroregion Šumava.

2. Experimentalist Governance and Policy Learning

The paper follows Carrigan and Coglianese’s (2011) view that collective action problems constitute the core of governance theory. Accordingly, one central question for governance theorists pertains to the trade-off between overall policy responsiveness and the democratic participation. Governance theory challenges the notion that politico-bureaucratic hierarchies – characterized by a clearly defined pyramid-like structure of authority and accountability – constitute an appropriate solution to this problem. While most scholars of governance recognize the continued importance of government and hierarchy (Heritier & Rhodes 2011), they argue that the introduction of market elements (i.e. more competition of ideas) and networked decision-making (i.e. broader inclusion of actors) may alleviate the “trade-off problem”.

In this view the transaction costs of political coordination in pluralist political systems can be reduced by establishing appropriate organizational structures (i.e. multi-level governance, cf. Hooghe
and Marks, 2001; Bache and Flinders, 2004; Piattoni, 2010) and by encouraging collaborative practices (i.e. deliberation, cf. Dryzek, 2000; Bevir, 2010; Puetter, 2012). However, governance theory has relatively little to say about how organizational structures and practices are related. The virtuous feedback loop assumption of experimentalist governance constitutes an effort towards theorizing this relationship (Zeitlin & Vanhercke 2014; Sabel & Zeitlin 2008; Sabel & Zeitlin 2010; Zeitlin 2015; de Burca et al. 2014; de Burca et al. 2013).

The theory of experimentalist governance presupposes the existence of a multi-level institutional architecture and an unambiguous definition of formal competences (Sabel and Zeitlin 2010, p. 3) This arrangement provides the preconditions for the virtuous feedback loop (Table 1). According to the theory, higher-level actors grant ample freedom to lower-level implementers for devising tailor-made solutions within the boundaries of the previously established overarching framework. As such, the experimentalist learning mechanism harnesses the creative potential of local-level knowledge and experience. The underlying idea is that both levels will benefit over time.

On the one hand, the pooling and sharing of the individual experiments in a “new kind of center” (de Burca et al. 2014) creates opportunities for comparison and, thus, encourages the adoption of better solutions. Moreover, because peer-review and performance comparison generate incentives to adopt best-practices, they replace the compliance-creating function of hierarchy as a credible threat of sanctions. On the other hand, allowing lower-level actors to search for differentiated solutions to shared problems avoids potential deadlock among the multitude of potential stakeholders (Kölliker 2010). Periodic framework revisions introduce opportunities for overall adjustment and ensure the overall coherence of the policy.

This virtuous feedback loop is assumed to engender a dynamic of continuous improvement of the problem-solving capacity of the policy. The engine of this self-improving dynamic is the facilitation of reflexive learning by creating an overall framework that ensures the right balance of inclusive deliberation and a benevolent competition of ideas.

### Table 1: Structure and Procedure of Experimental Governance. Based on Zeitlin and Sabel (2010, p. 3)

<table>
<thead>
<tr>
<th>1. Framework Conditions and Goals</th>
<th>Framework goals (such as ‘good water status’, safe food, non-discrimination, and a unified energy grid) and measures for gauging their achievement are established by joint action of the Member States and EU institutions.</th>
</tr>
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<tr>
<td>2. Experimentation</td>
<td>Lower-level units (such as national ministries or regulatory authorities and the actors with whom they collaborate) are given the freedom to advance these ends as they see fit. Subsidiarity in this architecture implies that the lower-level units have sufficient autonomy in implementing framework rules to propose changes to them.</td>
</tr>
<tr>
<td>3. Pooling and Sharing</td>
<td>But in return for this autonomy, they must report regularly on performance, especially as measured by the agreed indicators, and participate in a peer review in which their own results are compared with those pursuing other means to the same general ends.</td>
</tr>
<tr>
<td>4. Framework Adaptation</td>
<td>The framework goals, metrics, and procedures themselves are periodically revised by the actors who initially established them, augmented by such new participants whose views come to be seen as indispensable to full and fair deliberation.</td>
</tr>
</tbody>
</table>
But does this mechanism work in practice? Recent studies have found evidence of experimentalist governance in a large number of policy fields (de Burca et al. 2014; Sabel & Zeitlin 2008; Zeitlin 2015; Zeitlin & Vanhercke 2014; de Burca et al. 2013; Sabel & Zeitlin 2010). One prominent example is the Open Method of Coordination (OMC), endorsed by the European Commission as a means towards making integrative progress where the traditional community method of integration has resulted in deadlock (Borrás & Jacobsson 2004; Scharpf 2002). Particularly in the field of EU social policy coordination, the flexible and non-binding character “open coordination” appear to enable voluntary agreements that go beyond the regulatory power of the EU (Barcevicius et al. 2014; Zeitlin & Vanhercke 2014). However, comparing the Social OMC to the Employment OMC, another study laments that “outcomes have diverged significantly among OMCs, depending largely on the actors’ disposition to allow others into the decision-making processes” (de Burca et al. 2013, p. 52). More drastically, Dyson (2010, p. 229) concludes that the “unwillingness of Member State governments to be taken hostage to firm commitments” resulted in the “depressing conclusion” that the Lisbon Strategy, based on the OMC, “had failed to deliver sufficient structural reforms”.

In terms of formal structures and procedures, EU cohesion policy increasingly resembles experimentalist arrangements. It is the essential multi-level policy of the EU (Hooghe 1996), it relies on implementing broad framework goals (European Parliament and Council 2013) through an increasingly place-based approach (Barca 2009; Avdikos & Chardas 2015). Moreover, the role of evidence-based policy learning is becoming more central (Leonardi, 2005, ch. 3; Rodríguez-Pose and Novak, 2013; Neascu and Petzold, 2015) and periodic policy reforms have led to considerable changes in policy substance and structure (Bachtler & Mendez 2007; Molle 2007). Moreover, the partnership principle (Demidov 2015) aims at the involvement of national, regional, and local actors in determining program priorities. Finally, initiatives like ESPON and INTERACT are specifically intended to promote evidence-based decision-making by enabling the gathering and dissemination of knowledge acquired through the implementation of cohesion policy (Faludi 2008).

Cohesion policy’s added value continues to be widely debated (Mairate 2006; Commission 2015) and critics laments that recent reforms have led to a “Lisbonisation” of cohesion policy (Avdikos & Chardas 2015), replacing a focus on distributive justice with one of competitiveness enhancement. In this sense, both the input- and the output legitimacy of cohesion policy are being questioned. De Burca et al. (2013, pp. 49-54) have coined the term pseudo-experimentalist for governance arrangements which do formally resemble experimentalist governance but do not produce the substantive results associated with it. They list the following reasons for such failures: political disagreement,
an excess of shared confidence that the essentials of the solution are already understood, entrenched veto-positions, limited commitment to fuller participation.

The paper seeks to contribute to this literature and presents a theory-driven investigation of the barriers to the virtuous feedback loop. In this regard, it follows George (2004, p. 118) who suggested that the new institutionalism literature may provide a more refined understanding of the interaction between policy structure and the actions of individual stakeholders.

3. **An Institutionalist View on Experimentalist Governance**

How does the experimentalist learning process work in detail? The previous section has outlined how the pooling and sharing of experiences may enable actors to get informed about the best available practices for achieving their objectives. In other words, it serves as the foundation for evidence-based decision-making. The expectation is that adopting best practices translates into better local and overall outcomes. However, knowledge transfer and best-practice models of learning are not without critics (Pea, 1987; Dolowitz and Marsh, 1996; Scharpf, 2002, pp. 656-659; Newell, 2005; Clark, Huang and Walsh, 2010, pp. 1289-1295).

In what follows, the paper develops a rational-choice (RI), a discursive (DI), and a sociological (SI) institutionalist challenge to the experimentalist understanding of policy learning. Before doing so, however, the basic propositions of the different new institutionalist approaches are briefly outlined. To begin with, the different strands of the new institutionalism literature agree that institutions matter for explaining behaviour. Three variants of the new institutionalism are presented in Table 2. They differ significantly in their understanding of what institutions are and how they relate to action.

<table>
<thead>
<tr>
<th>Object of Explanation</th>
<th>Rational Choice</th>
<th>Sociological</th>
<th>Discursive</th>
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<tbody>
<tr>
<td>Behaviour of rational actors</td>
<td>Norms and culture of social agents</td>
<td>Ideas and discourses of sentient agents</td>
<td></td>
</tr>
<tr>
<td>Definition of Institution</td>
<td>Incentive structures</td>
<td>Cultural norms and frames</td>
<td>Meaning structures and constructs</td>
</tr>
<tr>
<td>Logic of Explanation</td>
<td>Consequence</td>
<td>Appropriateness</td>
<td>Communication</td>
</tr>
<tr>
<td>Approach to Change</td>
<td>Static – continuity through fixed preferences, stable institutions</td>
<td>Static – continuity through cultural norms and rules</td>
<td>Dynamic – change (and continuity) through ideas and discursive interactions</td>
</tr>
<tr>
<td>Explanation of Change</td>
<td>Exogenous</td>
<td>Exogenous</td>
<td>Endogenous</td>
</tr>
<tr>
<td>Epistemological Paradigm</td>
<td>Positivist</td>
<td>Constructivist</td>
<td>Constructivist</td>
</tr>
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Table 2: An Overview of the New Institutionalisms. Based on Schmidt (2010, p. 5).
Rational-choice institutionalism perceives institutions primarily as stable incentive structures (North 1990; North 1991; North 1992; Scharpf 1997) within which rational actors – with exogenously defined preferences – strive to maximize their individual utility. Sociological institutionalism understands institutions as norms and frames which set limits to appropriate action (March & Olsen 1984; Wiener 2008; Checkel 1999). In this view, actors might carry with them different understandings of utility and of appropriate action, depending on their socialization. Discursive institutionalism (Schmidt 2008a; Schmidt 2008b; Schmidt 2010) emphasizes the transformative power of ideas transmitted via communicative action (Habermas 1981).

Against this background, the question of this paper can be restated with more precision: When do actors agree to the pooling and sharing of information and how do these shared resources influence actor preferences and behaviour? The three new institutionalisms provide different answers to this question as the following sections show.

a) The rational-choice reading of experimentalist learning
In the rational-choice perspective information is unambiguous and determines whether actors will adopt cooperative or competitive strategies towards utility maximization. The difference between the new institutionalism and the new governance literature consists in that institutionalist approaches focus on compliance creation through monitoring and sanctioning (Pollack 1996, pp. 443-448), while new governance theories are interested in cooperative alternatives to “command-and-control” regulation (Carrigan and Cogliansene 2011, pp. 115-117). This raises the question of whether and how the non-coercive control mechanisms proposed in experimentalist governance do “encourage compliance with socially valued norms of behavior” (Carrigan and Cogliansene 2011, p. 107).

The assumption that actors use information resources for maximizing their own utility leads to some problems for the virtuous feedback loop: First, power-differentials among participants determine to which extent individual actors can benefit from better information – with less powerful actors being more restricted in the meaningful application of their improved knowledge. Second, especially with regards to distributional issues, actors are likely to decide strategically about sharing and withholding information (Scharpf 1997; Majone 1996).

This point can be expressed more clearly by distinguishing between public and private goods: information sharing is a valid approach for the production of public goods (i.e. economic, social, territorial cohesion), because low excludability makes it difficult to avoid free-rider problems in the first place and non-rival consumption ensures that the producers will be able to benefit from their efforts. However, where free-rider problems are avoidable and consumption is rival, as in private goods (e.g. cohesion funds), better information is likely to be most beneficial for powerful actors (Kölliker 2010).

Therefore, if problems concern coordination, rather than collective-goods or distribution (Scharpf, 1997, pp. 70f.), information sharing can, indeed, lead to better overall outcomes, because the “new center” helps to
overcome the segregation and uneven distribution of knowledge (Newell 2005). But information sharing and pooling are unlikely to lead to better overall outcomes in case of distributive problems, because rational actors are expected to use informational resources instrumentally to maximize their own utility.

Whether or not experimentalist governance represents a strong enough compliance mechanism, therefore, depends on whether actors think they can profit more from the production of a public good or from the consumption of a private good. With regard to EU cohesion policy, lower-level actors face a choice between problem-solving and a grant-seeking.

b) The discursive institutionalist reading of experimentalist learning

While in rational-choice institutionalism claims that “ideas are present but not causally central” (Moravcsik 1999, p. 675), discursive institutionalism puts them centre stage. In response to the challenge of instrumental information sharing and utilization, discursive institutionalism suggests that the transmission of ideas through communication can overcome the “iron grip of vested interests” (Rodrik 2014, p. 194). Against the rational-choice view, discursive institutionalism argues that actors’ preferences may be determined by flawed interpretations of information, which may prevent them from taking all gains “off the table”.

In this perspective information acquires meaning through the act of communication. In particular, arguments can change the way people think about the world and make them adjust their preferences accordingly (cf. Christiansen, Jorgensen, and Wiener 1999; Schmidt 2008b). While the distribution of power and the potential for coercion remain central concerns, the literature on communicative action argues that the better argument should ultimately carry the day (cf. Bevir 2010; Habermas 1981). The closer conditions approximate an ideal speech situation, the likelier it is that subjective value-claims can be validated through communication and support the emergence of consensus. An ideal speech situation is the hypothetical configuration in which access to deliberation is unrestricted, no time limits exist, internal and external coercion is absent, and information is perfectly distributed (Habermas 1981).

Rather than merely upgrading informational resources (as in the rational-choice perspective), communication is expected to change the way actors think about the world. In this way, previously unthinkable solutions may become apparent and convince actors to adjust their preferences. Hence, changes in preference are not external, but emanate from communicative action. Communication, in this reading, can reveal previously unimaginable strategies that lead to better overall outcomes.

However, the theoretical preconditions for successful deliberative learning are demanding (cf. Scharpf 1997, pp. 161-166 and 251-257; Checkel 1999, pp. 549-550; Habermas 1981). According to the theory of communicative action, the structure of language precludes unintended consequences to the extent that communication takes place in an ideal speech situation. However, in the real world, barriers to communication and incentives for “cheap talk” abound. In the discursive institutionalist
sense, therefore, learning only takes place to the extent that value-claims, expressed through language, are eventually redeemed by facts.

In the discursive view, the pooling and sharing of information appears as a valuable source for evidence-based communication. On this foundation, communicative action can lead to converging preferences and to a shared understanding of what ought to be done. However, some of the problems of communicative action are exacerbated in experimentalist settings because of the ambition to make policy-making more inclusive: a greater number and diversity of participants is likely to make agreement on framework adaptations more cumbersome.

c) The sociological institutionalist reading of experimentalist learning
From a sociological institutionalist perspective information is ambiguous and requires interpretation, because “without [a] common understanding those receiving the transferred knowledge will not be able to understand it” (Newell, 2005, p. 283). However, as socialization endows people with different logics of appropriateness (March & Olsen 1989), the interpretation of information may lead to differing inferences about the appropriate course of action. Majone has pointed out that “although people consider what to do before they act, they act in the light of what they are already doing and of what is presently happening” (1989, p. 35). In consequence, March and Olsen (1984, p. 740) have argued that because institutions are “defining and modifying values and meanings of action”, they explain inefficient outcomes.

This point is particularly pertinent in the context of EU policy-making. To the extent that ideas, preferences and practices of lower-level actors are embedded local institutions, they will not necessarily be able or willing to adapt easily to experimentalist learning practices.

While experimentalist governance holds that, given the right institutional framework conditions, information sharing and communication will enable learning and the discovery of more efficient and legitimate outcomes, sociological institutionalists would counter that “learning may be superstitious, and fallacious rules of inference may persist for long periods [while] connections between problems and solutions may be less dominated by a logic of causal linkages between means and ends than by less problematic temporal linkages of simultaneity” (March and Olsen 1984, p. 740). In other words, sociological institutionalism suggests a weaker form of social learning (Checkel 1999, pp. 548-551) which holds that because institutions shape preferences, more information will not unequivocally lead to better outcomes. In this view, pooling and sharing experiences ought to be complemented by a knowledge mediation mechanism – i.e. structured deliberation – that helps individual actors to reach a shared understanding of what is at stake.

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In sum, the rational-choice perspective suggests that the pooling and sharing of experiences is more likely to support the emergence of a virtuous feedback loop between policy designers and policy implementers when
coordination problems are concerned; and less likely when distributive issues are concerned. The discursive institutionalist perspective suggests that the pooling and sharing of experiences may support the emergence of a virtuous feedback loop to the extent that the conditions in which the periodic deliberations about policy design take place approximate an ideal speech situation. The sociological institutionalist perspective suggests that the appropriation of pooled experiences is context-dependent and may lead to social learning and inefficient outcomes. The following section presents evidence from a case of institutionalized cross-border cooperation (CBC) to illustrate that these theoretical challenges to the virtuous feedback loop highlight real challenges in EU cohesion policy implementation.

4. Cross-Border Cooperation in the Euroregion Šumava

Institutionalized cross-border cooperation in Euroregions is particularly suited for scrutinizing the theory of experimentalist governance, because they simultaneously seek to promote horizontal coordination across national borders and vertical integration within the framework of EU cohesion policy.

First, EU cohesion policy promotes CBC through the INTERREG programs as part of the policy’s European Territorial Cooperation objective. As such, the processes of program design and implementation formally approximate the conditions of experimentalist governance. Euroregions may be involved in various ways in these processes. Not only are they generally consulted during the program design stage, but they are also often members of the committee responsible for project selection. Furthermore, they often manage so-called Small Project Funds (SPFs), in which they act as an intermediary between the INTERREG program and the beneficiaries. In what regards the allocation of the structural funds, this intermediary position lends substantial discretionary power to the Euroregion.

Second, Euroregions have often been referred to as laboratories for experimenting with new modes of governance (cf. Svensson 2013, p. 165, FN 82). Moreover, they direct the focus to local experiences, which constitute the source of policy learning according to experimentalist governance theory. The local-level focus also highlights the ways in which, and the extent to which, general framework goals are being translated into local practices. Because membership is voluntary, it can be assumed that members consciously subscribe to the objectives of the Euroregion. Hence, their preferences are likely to be similar, which, in turn, ought to facilitate knowledge transfer. Additionally, the clear focus on border related issues is likely to facilitate mutual understanding and agreement on common strategies. The availability of EU structural funds for CBC provides another incentive for cooperation.

Third, Euroregions are a particular kind of soft spaces (Allmendinger & Haughton 2009), i.e. arenas of experimentation for tackling policy issues that cut across the traditional administrative boundaries of the nation state (Haughton et al. 2010; Haughton et al. 2013). They may change in form, content, and participation in response to evolving challenges
and opportunities (Allmendinger et al. 2015). Thus, Euroregions are, by design, conducive to framework adaptation. The following analysis focuses on the Euroregion Šumava in Central Europe.

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The Euroregion Šumava was established in 1993 and is a voluntary institutional arrangements which consists of three loosely coupled national sections and is situated at the border triangle between Bavaria (Germany), South Bohemia (Czech Republic), and Upper Austria (Figure 1).

*Figure 1: Schematic position of the Euroregion Šumava in Central Europe.*

For over four decades, the area covered by the Euroregion Šumava was divided by the Iron Curtain. As a result, the levels of economic development, demographic development, and infrastructural endowment are below the respective national averages in all three national sections. Moreover, the region is characterized by the physical barrier of the Bavarian-Bohemian Forest, which divides the region in a North-South direction. Moreover, it is situated in the predominantly rural periphery between the urban agglomerations of Munich, Linz, and Prague.

While the three national sections are rather similar in terms of their peripheral border position, their physical geography, and their settlement structure, they vary significantly in terms of administrative organization. The Austrian section covers four districts (*Bezirke*) in the Mühlviertel in Upper Austria. The Czech section covers four former districts (*okresy*) within the self-governing regions Plzensky Kraj and Jihočesky Kraj. The German section covers seven districts (*Landkreise*) in Niederbayern and Oberpfalz within the Free State of Bavaria. Differences in the levels of economic development, politico-administrative structures, as well as language and physical barriers are less pronounced between the Austrian and the Bavarian sections.

Its service portfolio includes cross-border cooperation in the fields of economic cooperation, traffic and mobility, labor market, social affairs, agriculture, ecology and environment, tourism, education, sports and culture, technology transfer and energy efficiency (*Euroregion Šumava 2017*). The Euroregion Šumava depicts itself as a contact point for actors with an interest in realizing cross-border projects in the region. As such, its expertise lies in the planning, coordination and implementation of
cross-border projects as well as in the procurement of national and EU funds. Furthermore, it describes itself as a lobbying platform for local interests at the European level and it seeks to inform the local population about EU-related issues.

Despite these common goals, the Bavarian, Czech and Austrian sections operate relatively independently (Table 3). They raise their own membership fees and cooperate to access INTERREG funds, both as beneficiaries and as intermediaries in the SPFIs. Collective decisions are taken in the general assembly, which meets annually. Moreover, working groups on specific issues formally exist, but meet in rather irregular intervals. Finally, after the creation of the Euroregion Šumava, the individual sections adapted to their respective national contexts and developed divergent organizational structures and objectives. For example, while the Austrian section was incorporated into the regional development agency of Upper Austria, the Czech section preserved its independence at the costs of being marginalized after the creation of the Czech regions in the year 2000.

<table>
<thead>
<tr>
<th>Euroregion General Assembly</th>
<th>Operational level</th>
<th>Working groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUREGIO Mühlviertel</td>
<td>Regional Development Agency Upper Austria</td>
<td>Regional Development Agency Upper Austria</td>
</tr>
<tr>
<td>Regional Development Agency Upper Austria</td>
<td>Euregion Šumava – Jihozápadní Čechy</td>
<td>EUREGIO Bavarian Forest – Lower Inn</td>
</tr>
<tr>
<td>External function of Chairman: Member of OÖ Parliament</td>
<td>External function of Chairman: Mayor</td>
<td>External function of Chairman: District Administrator</td>
</tr>
<tr>
<td>Steering Committee</td>
<td>Steering Committee</td>
<td>Steering Committee</td>
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a) Shared Problems vs. Shared Funds: better information to what end?

According to experimentalist governance theory, the pooling and sharing of information helps actors to identify and adopt best practices. The rational-choice reading has, however, highlighted that this assumption is problematic when redistributive problems are involved, because, actors are likely use information strategically in order to maximize their own utility.

With regard to CBC in the EU, this leads to an interesting situation: On the one hand, the rationale of CBC is to contribute to regional development by overcoming the limiting effects of national borders on economic and social processes. In this view, contributing to regional development by solving shared problems constitutes a strong incentive for actors in border regions to engage in CBC. On the other hand, however, the stakes in border regions change fundamentally with the introduction of EU structural funds. In particular, the funds create incentives for local actors to reframe domestic issues in a cross-border narrative in order to gain access to external funding. To reign-in this dynamic, EU cohesion policy draws on
a wide set of conditionality, reaching from multi-annual programming, the partnership principle, ex-ante conditionalities, and investment priorities, to strict monitoring and evaluation processes. On the surface, these mechanisms resemble an experimentalist governance framework, but they serve the opposite purpose – not experimentalist learning, but accountable and efficient fund allocation is the aim.

What kind of incentive structure does this framework present to local-level actors in the Euroregion Šumava? To begin with, virtually all informants confirmed the crucial importance of the structural funds for the initiation and maintenance of cooperation in the Euroregion Šumava. In this context, it is interesting to note that, both in terms of the number of implemented projects and the amount of EU-funding, the municipalities in which the Euroregion’s offices are located performed exceptionally well (Dokoupil et al. 2014, pp. 114-118).

Correspondingly, political representatives of those municipalities in which the Euroregion offices are located expressed a positive attitude towards CBC in the Euroregion Šumava. One Bavarian local politician presented CBC as a crucial developmental strategy for the predominantly rural border region because, in the informants view, it contributes to limiting out-migration towards bigger metropolitan regions, like Munich, Prague, or Linz. The mayor of a neighbouring Bavarian town (Euroregion member, no CBC projects, no Euroregion office) was, however, more sceptical about the Euroregion and supported a more liberal, competition-driven approach to regional development in the border region.

Other municipalities are formal members of the Euroregion Šumava but, in practice, do not engage, and do not plan to engage, in cross-border projects. These members often considered the administrative burden and legal responsibility involved in carrying out an INTERREG project as a barrier. Their membership in the Euroregion Šumava was motivated rather by being part of the network and the fear of being “left out”. These passive memberships seems to suggest that the initial bottom-up drive of cooperation in the Euroregion Šumava has somewhat slowed down over time and that membership fees are seen as low enough to sustain membership even in the absence of tangible results. Moreover, multiple Czech informants claimed that national contexts differ too much to allow for meaningful cooperation.

But which other considerations may explain the rationale for joining the Euroregion Šumava? There is little evidence to support the argument that the Euroregion Šumava is pursuing a strategic approach to regional development. In fact, apart from the annual general assembly, the three Euroregion branches operate highly independently. To different degrees, they facilitate cross-border projects or initiate their own projects. In the former function, the Euroregion offices support their members in accessing EU funds. In the latter function, the Euroregion offices themselves are beneficiaries. Arguably the most important function of the Euroregion Šumava with regard to regional development is its involvement in two SPFs. The SPFs support small scales cross-border projects and allow the Euroregion Šumava to act as an intermediary with far-reaching discretionary power in the fund allocation. The Czech
Euroregion section, for example, provides few services for its members beyond the administration of the SPF.

Overall, the evidence suggests that the individual Euroregion offices act as gatekeepers to the structural funds rather than as knowledge pools. In fact, after more than two decades of its existence, practices of pooling and sharing of information and the definition of shared objectives remain very limited. By contrast, access to EU funds appears to be a key incentive for cooperation, both among members and among the Euroregion offices. Finally, financial motives are often intertwined with domestic political objectives. In one interview, a representative of the INTERREG program audit forcefully stated that domestic political prerogatives play a very important role in the cross-border programs. In the opinion of this informant, about one third of the CBC projects between Austria and the Czech Republic had no obvious cross-border dimension in the 2007-2013 programming period.

b) Cross-Border Communication: connecting distributed knowledge?
In terms of geography, history, national-ethnic-linguistic identities, politico-administrative systems, and levels of socio-economic development, the Euroregion Šumava covers a highly heterogeneous area. Natural barriers and national political borders overlap in the sparsely populated mountain range of the Bohemian/Bavarian Forest. After the demise of the Habsburg Empire, processes of nation-building contributed to the separation of ethnic identities and linguistic communities along these national borders. After the Second World War, more than four decades of ideological division consolidated ethnic separation and homogenization (Heimann 2009). Moreover, during this time, the German, Austrian, and Czech parts of the Euroregion Šumava were exposed to different political (liberal democracy vs. socialist democracy) and economic (capitalist market economy vs. planned economy) approaches. On the one hand, the national borders in the region have become more permeable since the fall of the Iron Curtain (1989) and the EU accessions of Austria (1995) and the Czech Republic (2004). On the other hand, pronounced differences persist between politico-administrative structures (federal vs. unitary), bureaucratic cultures, and in the levels of socio-economic development (Stolarik 2016).

According to experimentalist governance, local-level experiences are a crucial source of policy learning. This view, however, assumes that distributed “islands of knowledge” (Newell 2005) can be connected by the pooling and sharing of local experiences. In this respect, it has already been mentioned that the three national offices operate relatively independently. The representatives of the three offices emphasized the role of personal contacts and trust as a remedy for weak institutionalization. Indeed, the heads of all three offices have been in office for extended periods of time. Hence, the personal and institutional continuity facilitates information exchange and knowledge storage in Euroregion Šumava.

By comparison to the Euroregion offices, the members face the challenge of political cycles, which tend to undercut interpersonal cross-border relations. Especially in the Czech section, building social capital
is negatively affected by a high turnover in political and administrative positions. One city representative explained that his predecessor had been involved in several cross-border projects. However, since the informant started working in this position, only one minor cross-border project had been carried out. When the municipal government changed, cross-border cooperation dropped off the municipal agenda. Therefore, even though the local administration acquired some level of expertise in dealing with the INTERREG program requirements, the high turnover in political and administrative positions limited its application.

Nevertheless, several respondents mentioned that cross-border communication has improved considerably over the last years, as formal and informal cross-border networks developed. The central role of the Euroregion Šumava in weaving these networks, especially in the 1990s and early 2000s, is generally acknowledged. Moreover, two recent bilingual publications document the Euroregion’s efforts towards a more strategic approach to cooperation. First, a common strategy for cross-border cooperation 2014-2020 (Hlozek et al. 2014) was developed in cooperation with the Euroregion Silva Nortica. The priorities of the common strategy closely follow those of the three relevant INTERREG programs. As such, the common strategy can be interpreted as an effort to align the objectives of the Euroregion Šumava to the INTERREG program priorities. Second, the Euroregion contributed to another recent publication, which details the national public administration structures in Bavaria, South Bohemia, and Upper Austria (Biskup et al. 2014).

In sum, the Euroregion Šumava has fostered the emergence of cross-border interpersonal networks and, thus, helped to connect distributed knowledge. However, the development of interpersonal networks pertains to the Euroregion offices more than to the connectedness between individual members. By contrast, the low degree of institutional integration suggests that the Euroregion Šumava is predominantly a means for accessing EU funds. On the one hand, the institutional structure allows the Euroregion Šumava to manage the SPF. On the other hand, the SPF is set up as an umbrella project and, therefore, the allocation to the individual Euroregion section is predetermined by national envelopes. As such, the Euroregion Šumava is a vehicle to service three disconnected national constituencies. The importance of EU funds can also be seen in the close alignment of the common strategy of 2014 with the priorities of the INTERREG programs. In other words, in the face of substantial barriers to cross-border communication, the Euroregion Šumava has adopted a strategy through which it gains access to EU funds by building a moderately institutionalized cross-border platform.

c) How Things Are Done Here: towards a common understanding?
From the perspective of sociological institutionalism, social learning occurs within the boundaries of local notions of appropriateness. The issue of appropriateness is particularly relevant for cross-border cooperation, as nation states exert a strong socializing effect over their citizens. Throughout the twentieth century, ethnic homogenization and nation-building – through practices of schooling, state administration, media,
and propaganda, etc. – constructed different life-words in the border region. Considering multitude of barriers to cooperation in the region (see last section), it can be asked to what extent local actors share a common understanding of the challenges and opportunities of the border region.

The development of a cross-border regional consciousness appears to be restricted to the interpersonal network among the Euroregion office staff and representatives of those municipalities that were involved in CBC projects. Within the population, awareness about the existence of the Euroregion Šumava or a sense of common identity is low (cf. Dokoupil et al. 2014). This situation enables a limited circle of actors to “manage” CBC as gatekeepers. In other words, CBC endows the Euroregion sections with a structural position of power. As key administrative workers and political representatives of the Euroregion branches tend to stay involved in CBC over extended periods of time, they can draw on their tacit knowledge about formal and informal CBC practices. As a result, their actual influence can be more substantial than their formal position suggests. Accordingly, key actors have a strong incentive to preserve their position of power, i.e. by ensuring the existence of the Euroregion Šumava as a framework for fund acquisition.

From the perspective of sociological institutionalism, the outcome of social learning is not predetermined but contingent on the actual context. In this perspective, the existence of substantial EU funds for CBC in a politically, linguistically, and economically highly diverse and fragmented border region raises an important question for local actors: Is it worthwhile to engage in the process of defining shared objectives and agreeing on a common developmental strategy to exploit underutilized cross-border potentials or are local interests better served by learning how to employ the discourse of CBC in order to gain access to EU funds?

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The last sections have presented some evidence for a genuine interest in CBC in the Euroregion Šumava. At the same time, however, the critical remarks of the second-level audit, the loose institutional integration of the Euroregion, and the gatekeeper function of the offices cast doubt on intensity of cooperation. While the Euroregion Šumava has positioned itself as an intermediary between the INTERREG programs and its members, the horizontal pooling and sharing of knowledge between the three Euroregion sections remains limited. Moreover, the empirical evidence was selected to illustrate challenges to experimentalist policy learning. While these challenges do influence CBC in the ways discussed in the paper, it needs to be mentioned that the nature of the argument inevitably omits many of the positive achievements of the Euroregion Šumava.

5. Conclusion

Experimentalist governance theory proposes a virtuous feedback loop between policy design, experimentalist implementation, the pooling and sharing of experiences, reflexive learning, and framework adaptation.
According to this theory, the virtuous feedback loop addresses the gap between general policy objectives and local conditions, making policies both more inclusive and more efficient. Crucially, local-level experiences are pooled and shared in “a new kind of center” which enables actors to learn from their peers.

However, the paper has suggested that the functioning of the virtuous feedback loop hinges upon overly optimistic assumptions concerning the link between better information, learning, and better outcomes. Subsequently, new institutionalism theory was utilized to specify the scope conditions for experimentalist policy learning. Importantly, each of the three new institutionalism perspectives provides a theoretical challenge to the virtuous feedback loop assumption.

First, rational-choice institutionalism shows that blockages to experimentalist learning may derive from separate and incompatible utility functions, the strategic use and manipulation of information, and the relative power of different actors. Second, discursive institutionalism highlights that communication can support actors to converge towards common utility, but the involvement of many diverse stakeholders in experimentalist governance creates new challenges for communicative action. Finally, sociological institutionalism argues that actors are socialized into different notions of appropriate behaviour. The availability of better pooled information may, therefore, result in divergent evaluations about the success or failure of experimental experiences. Hence, neither institutionalist perspective suggests a straight-forward and unqualified link between information pooling, learning, and better policy outcomes.

The case study evidence illustrated that different historical experiences, politico-administrative systems and levels of socio-economic development in the three national sections constitute barriers to the institutionalization of cross-border cooperation in the Euroregion Šumava. They make the definition of common cross-border objectives cumbersome because actors on different sides of the borders rank their priorities differently, are socialized into different norms of appropriate behaviour, and are confronted with restricted communication channels.

In this context, access to EU funds appears to be the central driving force for cooperation in the Euroregion Šumava. On the one hand, the availability of EU funds creates strong incentives for formal cooperation. On the other hand, it explains why institutional integration did not intensify over time. The evidence suggests that rather than attaching ever more conditions to EU funds, the creation of a unified membership base (instead of three different national sections) would facilitate the definition of common interests and enhance cross-border problem-solving. However, this point seems to challenge a key premise of experimentalist governance: that of harnessing the creative potential of disparate local experiences for policy learning. As such, the EU’s structural funds appear to be the central blockage for experimentalist learning in the Euroregion Šumava.

The paper showed that the new institutionalism literature provides a fruitful perspective for specifying the scope conditions of experimentalist governance. Future research may focus on one of the following questions.
First, how can policy-makers ensure that information pooling and sharing does not benefit more powerful actors disproportionately (RI)? Second, how to create and secure an ideal speech situation for the greatest possible number of participants (DI)? Third, how to reach a common understanding of challenges and opportunities, while also respecting different local experiences (SI)?

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