From Government to Governance?
Cooperative Regional Development in the Munich Region

1. Munich Region: Trends and Challenges

As capital of the German federal state (Bundesland) of Bavaria - the biggest (by area) of the 16 states - Munich forms the south eastern pilar of Germany - with strong relations to Austria, Italy and the new EU-member states in middle-east Europe. 

Munich Region is nowadays one of the very few German metropolitan regions, that are still growing - and will grow further with a rate between 8 and 12 % until 2020. It is by number of inhabitants smaller than the regions of Berlin, Hamburg or the Rhine-Ruhr-Region (Cologne, Düsseldorf, Essen, Dortmund), but it is one of the most successful German regions in terms of economy, innovation and job creation. The GDP of more than 43.000 € (year 2000) exceeds by far the German average of 25.000 €. Munich Region is - together with Stuttgart Region - the leading innovation region, according to the number of patents pended.

From automobile production (BMW) over electrotechnical/communication network industry (Siemens), aircraft- and space-industry, bio-technology, IT- and software-business, banks and insurance/re-insurance-companies to media (TV, film, newspapers, books) and a lot of small and medium sized firms the structure of the economy has a great variety and stability. Unemployment rates are therefore with about 6 % far below the German average - and only one third of some regions in eastern Germany.

Due to a very high quality of life with mountains, lakes, forests and a beautiful rural landscape just outside the city boundaries - and due to the high number of first class cultural institutions like museums, theaters, opera houses, two universities, a university of applied sciences (Fachhochschule) and a great number of other academies (for theology, music, film, performing arts, arts) and research-instituts - Munich Region is very attractive as place to live. Between 1999 and 2002, the population of the region did increase about 120.000 inhabitants, mostly by inner German and European migration.

Half of the 2.6 mio. inhabitants live in the city of Munich on only 310 sqkm; the other 1.3 mio. inhabitants live in 184 villages and small or medium sized towns in the eight counties, that form - together with the city of Munich - the Munich Region with more than 5.000 sqkm. Suburbanisation is a fact also in the Munich Region since the 1970ties. Every year, about 6-7.000 inhabitants per saldo are lost from the city to the region. Nevertheless, the city did slightly grow over the last 30 years by a positive immigration balance with the rest of Bavaria, Germany and Europe.
For the future, the following trends and challenges are remarkable:

1. The social-demographic change, which leads to an enormous increase of elder (and very old) people and to a more or less shrinking population in most of the German regions. In the Munich Region, this shrinking process will not start before 2015. Internal and cross-boarder migration will play a more and more important role in the social and cultural life of city-regions.

2. Increasing disparities between the regions in Germany and Europe - but also a higher degree of difference within a single region - for instance between the slowly developing west of the Munich Region and the very fast developing north-east, where the airport is situated.

3. Increasing traffic problems due to the transit-function of the Munich Region and increasing regional and local car traffic - despite a very good public transport infrastructure with S-Bahn (regional commuter railway) and buses around the city and underground, tramway and bus-system within. Since too much of the settlement for a growing population took place far away from the main arteries of public transport in the last decades, traffic problems would escalate, if there is no change of the settlement patterns (location, density) in the near future.
4. A very tense housing market with high rents and house-prices, which could become a severe limiting factor for the further development of the region. During the last four years, completion of dwellings collapsed and reached a level of about only 50% of the completion-rates of the 1990ies.

![Figure 2: Production of Dwellings and Growth of Employees, 1992-2002](image)

Planning Association Greater Munich (PV)

5. A severe crisis of the public budgets on all levels: federal, state, counties and cities. Especially the reduced amount of the local business tax (Gewerbesteuer), which feeds the local budget between 20 and 40 percent, caused a deep crisis of the cities financial status - being crucial for the standard of public services and for the investment in the local infrastructure (traffic, schools, other social and cultural institutions, parks and sports-facilities). Globalisation and the possibility to balance profits with deficits of branches or daughters abroad

6. An accelerating competition of cities and regions in Europe about private investments, work places and people also affects rather prosperous regions like Munich. Flexibility, knowledge and innovation become more important than tradition and size.

![Figure 3: Local Tax Revenues - Income Tax, Local Business Tax, Land Property Tax, 1992-2002](image)

Planning Association Greater Munich (PV)
2. Regional Cooperation: Instruments and Organisation

In terms of political representation and administration, the Munich Region does in fact not exist. Beside the state authorities of Bavaria, the eight rural county-councils and -administrations and the 185 local councils and -administrations, there is no elected regional council, regional president or a strong regional administration. Contrasting the economic prosperity, the firm identity and the bright image of the Munich Region, its constitution and organisation is rather poor. Many important actors in the region don’t see this as a deficit; they see this administrative weakness of the regional level and the relatively strong position of the 185 local authorities as one of the sources of the positive development after the second world war and as a precondition for the long lasting success of the region.

Since a regional government is not existing, the institutions and rules of a voluntary cooperation of the state and the high number of district and local authorities become very important. "Governance instead of government", cooperation and negotiation instead of ruling by power - under this modern perspective of the organisation of the society, a deficit may prove as an advantage.

Cooperation and institution-building for supra-local tasks has a long tradition in the Munich Region. 1950 the voluntary "Planning Association Greater Munich" (Planungverband Äußerer Wirtschaftsraum München - PV) was founded to bring the local planning of land use, settlement and infrastructure on a higher degree of professionalism and to coordinate the spatial development across local boundaries. 1973, together with the introduction of a compulsory regional planning in Bavaria, the "Regional Planning Association" (Regionaler Planungsverband - RPV) was founded, to whom all counties and local authorities in the region belong, and which prepares and decides the regional plan as the legal framework for the local land use plans.

On the operative level, the oldest regional cooperation is since 1965 the "Association for the Development of Regional Recreation Areas" (Erholungsflächenverein - EFV), which created till now more than 30 big recreation areas, most of them with artificial lakes, with a total surface of nearly 600 hectares - and a bycicle network of more than 500 kilometers. Most important for the everyday life and the mobility within the region is the "Munich Public Transport Cooperation" (Münchner Verkehrs- und Tarifverbund - MVV) since 1972. It coordinates all the public transport on rail and street, so that you can use it with a single ticket and with an integrated tariff all over the Munich Region.

Beside these main associations for cooperation in the region, there is a great number of associations, which care about questions of nature-preservation, recreation, economic development etc. in parts of the region. The oldest of these associations is the "Isar Valley Association" (Isartal-Verein), founded 1902 by the architect and artist Gabriel von Seidel. Together with the Chamber of Commerce, with big firms like BMW or Siemens and with the state of Bavaria, there are since 10 years several initiatives, projects and research-programs to solve the traffic problems of the growing region.

On the expert-level, there are several working groups which exchange information and prepare new initiatives on a supralocal level. In addition, work groups of mayors were founded in the last years on a voluntary base to solve problems as the increasing land consumption or to formulate long term guidelines for the regional development, based on a strengths- and weaknesses-analysis.

This variety of associations and initiatives for regional development is indeed flexible, integrative - and seen from outside a little bit confusing. But it is surely not a powerful structure to solve problems, to define priorities or to prepare and take decisions on controversial questions.

Is this structure an old fashioned relict from times of unlimited growth and prosperity, which will not meet the needs of the future? Or is it a modern form to integrate the goals and to balance the power of a great number of regional actors, from the private sector as well as the elected county- and local councils?
3. Formal Organisation versus Informal Cooperation

Resuming the national discussion among the “German Cities Association” (Deutscher Städ tetag), to whom belong all big and many of the medium sized cities in Germany, the mainstream tends to formalise regional government by a directly elected Regional Council, headed by a regional President, and a strong regional administration, which combines planning competences for the regional or land-use plan, traffic and landscape planning with operative competences in public transport, higher education, social services, housing, recreation/sport and economic development (land management, trade fair, tourism, airports…). Regional marketing and regional management of key projects are also important tasks of the new level between local authorities and state government. Important is the chance, to balance the unequal budgets of the mostly poor central cities and the wealthier core, the oftenly so called “Speckgürtel”. Only two regions in Germany so far introduced this “ideal” regional organisation: Stuttgart Region and Hannover Region. Due to specific political and economical circumstances - and a personal constellation of important regional leaders - these regions are so far the only ones to overcome the mere voluntary cooperation model, which is also present in the Munich Region.

The reaction of political leaders there on these "models" of a higher level of integration of regional politics and administration was mostly sceptical, sometimes strictly opposing. Many politicians fear, that the role and influence of the central city Munich might be strengthened and decisions could be streamlined according the intentions of the only big city. The mayors around, directly elected by people and "little kings" in their village or town, fear the reduction of influence and power. The county presidents, also directly elected, fear for their influence on the mayors and local authorities. The state parliament and administration feared a strong concurrence by a regional council and administration in the economic heart of Bavaria. Only the Chamber of Commerce had some cautious sympathy with the ideas of a more effective regional administration, hoping hat this might accelerate decisions about infrastructure-projects and planning permissions.

From the perspective of the City of Munich with its red-green majority since 11 years, many intellectual and rational arguments concerning financial, technical, social or administrative questions speak for an integrated regional government. This may be more effective to solve future problems and to meet the needs of a growing region in the European competition. But politically, the question of switching from voluntary cooperation to obligatory structures which make possible decisions by majority against the local will, is not really a question. Since regarding the position of the conservative two-third-majority in the Bavarian Parliament and the position of nearly all mayors around, there is no chance to come within this election period (or even the next) to a systems change. Regarding this, the Munich Region must find an authentic way to a more integrated regional planning and policy, and can not adopt models from Stuttgart or Hannover.

Key-elements of this "Munich-Model" for regional cooperation are the following:

1. Identity and image: Almost all partners in the region know and accept, that Munich as the center and as a real big city gives the region their identity. All partners in the region take their advantage from the strong international image of Munich. Innovative milieus need big cities with a rich variety of lifestyles, opportunities and dense interpersonal contacts. Nevertheless, the rural landscape, the lakes, the villages and little towns with their traditions and qualities for housing and leisure, are an inseparable part of the Munich-image and identity.

2. Coordination of the associations: To coordinate the different agencies and associations of regional cooperation and to give them a common voice towards the federal and state authorities or the public, a sort of common "roof" is necessary. This could be a regional coordination office attached to the Regional Planning Association. The competence and responsibility for the respective tasks should nevertheless remain with the single institution.

3. Balance of risks and advantages: Steering regional development goes along with setting priorities of structural and spatial development. This may only be executed consequently, if
tax income and running costs are not only reserved for local authorities which are suitable for development, but also for those, who stay behind and freeze development to give better suited locations priority. The general tasks of medium sized centers and the central city have to be financed also by the community of the region, not only from the central cities budget.

4. Regional management and regional marketing: To give the region more profile from outside and to create a better position in the interregional competition, not only the city of Munich has to be known with its advantages, but the region as a whole. Regional Marketing must also try to give the region "a face", i.e. to communicate personal messages by leading actors who stand personally for the quality of the region and for the service of its local authorities. Economic development policy and the service for companies interested in the location should have one adress for all the region. Regional management means to bring forward projects and innovative ideas and to bring together public and private actors to increase positive synergies. Information policy and a regional monitoring are further elements of a regional management system.

5. Key-projects on the operative level: Regional conferences and regional key-projects help to communicate and to act together. The Federal Garden Exhibition (BUGA 2005) is one of the most successful regional key projects in the last years. More than 40 local authorities cooperate in 50 projects combined with the BUGA, among them a bycicle course around Munich. Regarding regional landscape parks, a regional shopping and retail expertise, regional traffic initiatives for infrastructure and traffic management and a joint project for a sustainable settlement policy by reuse of vacant land and concentration on sites within the regional rail corridors, many regional key projects are actualy in the pipeline.

6. Regional Budget: To create influence and responsibility, a regional budget should replace the project orientated co-financing of important infrastructures by federal and state government. Since this is not only a question of money, but of power, a solution is not visible.

4. Strategic Confidence Building: Success-Formula or Illusion?

All these approaches to better regional governance on a voluntary level or a contract base are not possible without confidence. The experiences in the Munich Region with more than 50 years of voluntary cooperation and the strategy of confidence-building show some conditions and limits as well as chances concerning this key element of voluntary cooperation processes.

To build up confidence, the first condition - but by far not the only - is to know each other, to know about the problems and restriction of the partner, to speak and negotiate often together and to solve (in the beginning only smaller) common problems. To solve means: to create win-win-situations, from which every partner can take advantages home. Confidence-building means to do not everything for the own interests, what would be possible and to use not 100% of the given power to optimize the standing of the own city. Since it is a very personal and subjective question, confidence building needs the personal involvment of the leading politicians and can not be delegated on executive staff.

Confidence building nevertheless is no success formula in its own. Its strength, the personal envolvement of the key-actors, is at the same time its weakness. Change of persons and functions may destroy years of successful work, if the successors don’t find a way of confidence building.

Confidence building may also tend to become an illusion, if there are no intersubjective rules and regulation to deal with conflicts. Conflicts need clear and rational processes to solve them by decision - if there is a legitimated decision maker - or by compromise.

Confidence building may prove as an illusion also, if the financial conditions and results of decisions and projects are neglected. Every mayor or responsible officer of local or state government - and of course every private investor - is forced to optimize the economic situation of his budget or firm - at least in the long run. Confidence and sympathy is not able to overrule these basic limits of cooperation.
Confidence building is only possible, if the partners share a common vision and common values. The process of working on a paper about the long term guiding principles for the region was a very important step in confidence building in the last years. Not at least, confidence-building is not only a task for politicians and administration, but in the first hand of the regional civil society. In Munich many associations, chambers, non profit organisations, non governmental organisations (NGO’s) for ecological or social purposes, the trade unions, economic leaders, universities, churches etc. are involved in the Regional Planning Association meetings, in work groups, projects and initiatives. The policy of "joint action" (Bündnisse) has been successful in the last years in the city of Munich in respect of housing problems, traffic problems and in other fields. This model should be used for a "joint action for the future of the Munich Region", which not only adresses state and local authorities, but also the citizens in the region, who live in the one city, work in an other and spending the weekend in a third location.

To reach people living in the region with themes of regional development, it is very important to create a regional focus in the local press. Until today, every local newspaper edition of the biggest newspaper "Süddeutsche Zeitung" includes mainly news from the respective town or county. The reader can find news from all over the world, but hardly a condensed overview about interesting events, discussions and decisions in the entire Munich Region.

If the process of confidence-building is successful, it may one day become the first step of a process of "institution-building". The dialectical process of organisation development of a more and more complex and diverse society may lead the debate from the rejection of a formal constitution and a powerful organisation for the Munich Region via the process of confidence-building and soft, voluntary cooperation strategies to a higher degree of integration and reliability, which had not been possible without success in conflict- and project-management. Confidence may create partnerships beyond the fence of power and money, if the actors feel responsible not only for their own portfolio, but for the regions well being. So confidence building may help to open the "window of opportunity" for an integration of local policies in a real regional policy.

So at the end confidence-building seems to be neither a universal success-formula nor an illusion - but a necessary step on the long way towards a new quality of regional governance, meeting the challenges of the future. More and more (especially of the new generation of young) mayors are aware, that "the future of the city is the region", and that the region without the big central city has no future. The "hybrid regional citizens" see and use the region as a space of opportunities, not as a limited place. They don’t care about local administration boundaries - they want service, employment, leisure and flexibility/mobility. Local identity is important, but not depending from real local self government. May be, that the integration of local policies will not produce a strong and powerful Regional Government with rights and ressources to create a better region - but an open and multifocussed regional governance, which enables the regional stakeholders to participate and to negotiate about the best way for the future of the region.
Appendix:

"Guiding Principles for the Munich Region 2030
As approved by the Planning Committee of the Regional Planning Association, May 2004

Preface
Under the chairmanship of the regional planning association’s secretary a working group of mayors and high-ranking administrators of the City of Munich convened several times in 2003 to draft – on the basis of the region’s strengths and weaknesses – a policy paper on regional long-term guiding principles.

The paper was presented to the planning committee in February and approved in the committee’s May meeting. Intentionally, the paper does not cover all possible aspects of regional development but establishes priorities.

Building Elements

Overall and highest ranking is the principle that the region be preserved and further developed as an attractive area to live and work in. To cope with future challenges and aiming at an economically, socially, ecologically and culturally balanced development the municipalities and the other regional stakeholders are required to trustingly cooperate.

Economy
The region of Munich’s economic structure, i.e. its variety of big, medium- and smaller-sized businesses and its mix of sectors and lines of business, shall be maintained. Fostering the region’s competitiveness the business location’s advantages over other national and international agglomerations shall be cultivated and extended.

Special demand-driven locations for business and research clusters shall be addressed and, on the basis of quality-ensuring site-concepts, prepared in planning and be designated in the regional plan, business foundations be supported and promoted.

Aiming at sustainability in managing space and building land efficiently fields lying fallow (brownland) and still undeveloped but authorized building land, especially within the inner settlement areas, are to be developed with priority when it comes to providing business sites. Municipalities are required to do their best to coordinate these responsibilities with each other and to cooperate.

Also, the region shall take on the responsibility to support and promote business and economic development, above all by arranging for contacts and mediating services. In doing so the region is required to find and elect a contact partner who is distinctly perceptible to the business arena and who represents ostentatiously the region’s strengths as area to work and live in (regional marketing). Cooperating in the best possible way among municipalities, chambers, associations, institutions and the state the region’s powers and activities are to be linked. In a first step an internet-based presentation of the region and its parts shall be organized.

Financing
The municipalities’ funding must be guaranteed permanently and according to their causal duties. (From the city of Munich’s point of view the guiding principle “For a fair compensation of benefits and burdens must be striven” would have been essential; but though discussed in the working group consensus on this topic could not be reached.)
Settlement and Open Space Structure
Guiding principle of all settlement activities is polycentricity because it contributes to minimizing additional transport needs and to economizing on additional land use. Maintaining local characteristics and using land-use efficient construction methods settlement activities shall be aligned with public passenger transport, especially with the railbound stops of rapid transit, even more insistently than before. This seems to be imperative with regard to decreasing population figures and shifts in the population’s age structure applying also to the Munich region after the year 2020 and to the respective effects on the load-bearing capacity, accessibility and financing of infrastructure facilities.

Open space, green structures and their linking connections become increasingly important, above all where the core city borders the adjacent surrounding municipalities. They contribute to the climate protection, increase the quality of living and have a positive effect on regional identity building. Supplementing the legal requirements of compensating for new building land single regional landscape parcs shall be developed and designated in plans among cooperating municipalities and based on partnership. Regional landscape parcs are becoming more and more important to leisure activities and readily accessible recreation areas.

Mobility and Transportation
Maintaining a socially and environmentally benign mobility is an essential location factor for the region’s future development. Traffic’s infrastructure is limited in agglomerations such as Munich and, therefore, must be rationed by tools of mobility and traffic management compatible with the market economy.

Mobility’s increasing demands shall be met, above all, by combining and coordinating the different modes of transport and by using modern technologies intelligently. Notwithstanding the measures of extension named in the regional plan essentially no additional new measures shall be planned until 2030; instead, funds shall be directed towards an improvement of the existing transport system and an integration of the different means of transport. In the region’s densely built areas (Stadt- und Umlandbereich, area defined and designated by the state’s development programme) the environmentally friendly modes of mass transit, bike and walking shall have priority.

Knowledge and Education
According to its prospective economic and societal importance as a metropolis the region has to follow the guiding principle of an internationally-bound “region of knowledge and education”. Regional policy and regional planning are asked to support and promote this for the future decisive and the economy and the international competitiveness stimulating locational factor applying appropriate initiatives and measures. Preparing highly attractive sites for clustering education, research and development and, if necessary, production by planning methods is as much part of it as are suitable provisions of fulltime day-schools, the improvement of starting positions for highly skilled employees, students and scientists immigrating into the Munich region.

Regional Organization
The further development of municipal cooperation in the region shall continually be founded on the regional planning association in its legal organizational structure based on municipalities. Against this setting networking and cooperation among municipalities, associations, societies and interest-groups shall be fostered, and, to draw more attention to the region’s development as a whole more expression be given to the outward-bound region’s stature.
Moreover, a coordinating office is necessary which is – in the sense of regional management - in charge of delivering reports and decision-making papers, providing informations, preparing public relation activities, initiating and coordinating cooperations and working groups as well as developing project ideas and accompanying their realization.

As a “learning region” Munich shall enter into two or three partnerships with regions (Stockholm and, may be, another one from the EU acceding countries).

**Prospective Projects**

Based on the regional plan the guiding principles on “Region 2030” shall be clearly defined and realized by projects on issues as e.g. regional marketing/regional business promotion activities, land-use efficiency management, settlement structure and mobility, regional landscape parcs, structure of city centres and retail trade, region of sciences. Corresponding projects shall be discussed and agreements be arranged with and among concerned stakeholders during a regional conference in 2004.