



## Interview: Boris Gehlen

### Keywords

Criteria for legitimacy / Ideal circumstances vs. political feasibility / Relationship between the economy and the state / Continual necessity of making fine adjustments

### Focal points of the interview

Actors and players on the sides of the state and the corporations

Economic history perspective on the Rhineland and entire river basin

Spatial effects and bases of various economic-spatial identities, for example, Rhine capitalism

**We would like to begin with an observation from the last National Urban Development Congress in Mannheim on the theme of “Trade in the City – The Role of Industry.” It was evident that the representatives of industry that were present have withdrawn from any discussion and public position on the relevant themes, such as local politics and conditions for competition. Do you have an explanation for that?**

I believe that such questions are addressed on an entirely different level; they are not aired publicly. The discussion presumably takes place hidden in the local spaces, that is to say, in the form of informal conversations between companies and the department heads at the local level. Representatives of industry usually only involve themselves in public or political discourse in the form of generally synthesised statements.

**Is that not somewhat paradoxical in view of the fact that there is an intense debate regarding participation and the involvement of citizens? Is it not the case that the desired transparency is difficult to achieve given such a process?**

That appears to me to be normal in the case of political processes. The earlier a project is made publicly known, the more likely it is that there will be critics; there are critics in the case of any project.

For those people who are largely in agreement with regard to the justifiability of a project, it can be correspondingly more valuable to stake one’s claims from the outset and identify resistance.

Basically, the search for and demand for transparency in political planning processes lead to a greater lack of transparency in the beginning of these processes. But in the final analysis these are in particular informal planning spaces that to a very great extent are inaccessible to historians.

**Does this mean that such projects are therewith inaccessible to a comparative economic perspective?**

That is difficult to judge. Normally the local usefulness on the demand side is evident. Whether this will lead to an economically efficient solution is a question that only becomes particularly relevant in the case of large projects such as airports or exhibition halls. This is a consequence of the lack of congruency between economic spaces and organisational spaces. This can automatically create other kinds of logic. Thus one could argue that the new Berlin airport, as an international connection point for Berlin industry, has positive effects (and is therefore desired by the municipality), but from the point of view of national economic policy a third or fourth international hub does not appear to be necessary.

**If one considers the playing field for organisational spaces and economic spaces historically, have there historically been clear lines and demarcations between industry and politics?**

If we think of the development of the industrial cities of the Ruhr region, then development there was very clearly driven by the companies. The companies settled there at a point in time at which cities as organisational spaces did not yet exist. They have only come into existence through the massive industrialisation of the space since 1850. In industrial cities such as Leverkusen, Ludwigshafen, or Wolfsburg, the city administrations were, if one sees it maliciously, an extension of the companies. On the other hand, the state has also attempted to harness private companies for its purposes. A

good example are the railroad networks or communication networks, for the construction of which private financing was used to a certain extent. These private investments, however, were regulated by the state – particularly with regard to secured profit guarantees. The motivating factor at that time was already, as it is today, a tight budget situation that more or less excluded the possibility of complete state financing.

This raises a central question: What incentives does the state offer to private investors, and how can the state guarantee that on the one hand processes of spatial concentration are not intensified to such an extent that they produce social costs, and on the other hand ensure that all areas are supplied with infrastructure? That is the classical problem of infrastructure networks: There are always areas and lines that are highly lucrative, while for the most part it is not possible to recover the costs of investment in the medium or indeed in the long term in rural regions. For this reason it is necessary to find instruments so that private-sector parties can contribute in the interests of the state. As an example one can take the discussion regarding the availability of broadband connections in rural areas. There are cases in which local companies and communities have wanted to participate in the expansion of telecommunications networks in rural areas. This is comparable to the approach in earlier processes for the construction of telegraph networks in the nineteenth century. However, this is today blocked by EU procurement guidelines (impermissible subsidising of individual companies).

**How should one view the restructuring of energy policies and the decisions that are associated with it?**

In the case of the restructuring of energy policies there is the suggestion that the impacted parties should partake of the profits from the networks so that it is possible to achieve a greater degree of acceptance of the construction of power lines and wind power facilities, which are perceived as disruptive. Whether this will succeed is difficult to judge, since in a post-materialistic world we have a situation in which money is not everything: an unrestricted view is even more important. These phenomena too, however, have occurred again and again historically. As soon as the concrete interests and the realities of the lives of individual citizens are affected by an infrastructure measure, even one that may be quite well justified in terms of the national economy, there is resistance.

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### Is there a historical example of such compensation?

The construction of the power industry in Cologne, where Rhineland lignite, which was the cheapest source of energy given the state of technology at that time and which was available at the lowest prices, can be seen as an example. There was a long-term energy-supply contract between the representatives of Rhineland lignite mining and the city of Cologne which enabled the city of Cologne to profit from very low energy prices in comparison to other communities. On the other hand, lignite technology was a very “dirty” technology. Lignite dust in particular had a negative effect on the living environment of the areas on the edge of the city of Cologne. In accordance with this it is possible to clearly characterise the conflict between cleaner air and cheaper energy. The compromise that was reached meant that the costs of filter technology could be added to the price of electricity, but given the fiscal situation at that time and energy costs that were generally in steep decline, this hardly had noticeable effects on prices paid by end users.

**Energy restructuring is not only public-private partnership construction in the broadest sense; it also makes the consumer a producer. In this case the willingness to finance was created in a large part of the population via the leverage of the Renewable Energy Law [Erneuerbare-Energien-Gesetz, EEG]. Does this create a new player between the two poles of industry and politics?**

Such constellations or roles have already played a role historically. Consumer protests and consumer organisation are a phenomenon that basically already existed in the German Empire, dependent though it might have been on areas closely associated with the conditions of day-to-day living such as increases in the costs of foodstuffs and food safety. Already at that time, this occurred was effected through political articulation – in the sense in which this was demanded by social democracy – but also in a practical variant, as exemplified by purchasing associations.

Today, the problems and tasks that have been

addressed from the consumer side have attained entirely different dimensions and an entirely new valuation because the thinking with regard to concrete problems has also changed. It is no longer the people's daily bread but rather sustainability and the shaping of the future that increasingly determine the discourse. This factor must therefore be taken into consideration to a greater extent when political decisions are made. A non-material dimension is therewith added to the pure cost-benefit relationship. The massive subsidising of solar energy – to date the most expensive regenerative technology – can be seen as an investment for the sake of a good conscience; economically it is extremely questionable.

**Increasingly, public-private partnership models are assigned a new role in connection with large private-sector projects. By virtue of their capital resources, they are to be guarantors of the economic feasibility claims made by the public sector; they are to check the validity of such claims, as it were. If private investors pull out of a project, this points up the particular risks inherent in the conception of the project. Industry as the state's watchdog?**

Actually, it should be the other way around. In connection with planning in this area, it is desirable to acquire usable financing scenarios in an early planning stage. Here one can justifiably attribute advantages to private industry because it employs other planning criteria and never loses sight of profitability. Whether the institutional framework is functional in this connection remains questionable, since in the case of large projects one cannot rule out the possibility of political influence from both sides. The separation of the subsystems of state and industry is not clearly possible. Again and again there are diffuse relationships in which the companies have only an indirect interest as far as profitability is concerned.

Both for the state and for the companies it is a question of making decisions for the future, so that a project that does not actually appear to be profitable may appear to be a good opportunity for private industry, for example due to the payment of kickbacks in other areas of business.

**In connection with many of today's projects, the coding of problems and interests leads to discussion in which pragmatic expressions of will and goals are no longer recognisable. Has this been different at some point in the past?**

From a historical perspective, one can note that until well into the 1970s there were few legal

boundaries limiting the actions of politicians and businesspeople. There was a possibility of more direct communication. The interests of the parties that were directly involved could be harmonised in closed rooms with much less friction because these could be realised in cooperation with industry or despite its resistance. For example, Adenauer in 1920s Cologne, as a strong man, could realise large projects well adapted to future needs both in cooperation with the private sector and against its resistance. The green belt or the preferential treatment afforded Cologne construction companies in connection with the construction of the Mülheim bridge as a stimulative project for the Cologne economy in the context of the world economic crisis, the construction of the exhibition hall, the Müngersdorf sports park and also the Niehl harbour are projects that were realised within a very short period of time – not even ten years. Adenauer, who possessed the requisite political power, achieved this together with the city planner Fritz Schumacher. Naturally, a process such as that in which a financially inferior offer was given preference in connection with the construction of the Mülheim bridge in order to support the economy in one's own region is no longer conceivable today because such projects must be put out to tender.

**Schumacher-Adenauer – can one, in such a situation, speak of a Dream Team consisting of a strong regional representative and a powerful politician?**

Certainly one can speak of a Dream Team, and in this connection the decisive component is having politicians who are in a situation in which they can work conceptually. That is somewhat more problematic at the moment because we find ourselves in a situation perceived as a latent crisis, in which politicians often attempt to solve problems retroactively. Under today's general conditions, the politics of conceptual infrastructure are significantly more difficult than might have been the case in a special situation after the First World War, when new construction was basically borne by a new democratic spirit and by the stronger position of the mayor within the institutional structures. At the same time, one must not forget that the inflation of that time created very advantageous conditions for public investments. The projects in effect financed themselves via inflation. With the debt cut of 1924, the investment costs for the city were in fact retroactively reduced to zero, which from the perspective of economic history can be seen to have had both positive and negative effects. The projects surely had a positive effect on the development of the city of Cologne, but how they would have affected the city budgets in the long term under different financial conditions is not known; despite

the debt cut, Cologne was bankrupt by 1931.

This serves to make it clear that it is difficult for politicians who wish to be re-elected to think in terms of longer periods of time than election cycles. A city development concept would ideally encompass 50 to 100 years, at least if one conceives of it in the dimensions that were characteristic of Adenauer's concept.

**Does this also require a different idea or a different paradigm for the equal treatment of areas and regions? Or would it make sense to control the shrinking by bits and pieces of missing sections of motorway in accordance with the principle of equal shares for all via the Federal Transport Infrastructure Plan rather than determining infrastructure by means of clear decisions and building in the context of a measure so that these missing sections immediately become functional? Even if this means, for example, that in the new federal states it would be impossible to build many ring roads due to a lack of funds or due to economic necessity?**

**Must we give up the paradigm of equal treatment in order once again to be able to implement strategic infrastructure policies?**

If one thinks in purely economic terms and represents the premise that capital will always seek out the most advantageous investment opportunities and profits, it is surely more rational to invest in economically strong areas and not to support the rural areas to such an extent even if one accepts that living conditions there will not develop as well as a consequence. This is, however, a fundamental violation of the constitution. This is therefore only a theoretical question, particularly because the mechanism can be duplicated at the EU level.

**Can it be proved from a historical perspective that this equality can be created? Are we not under the influence of a misconception in that regard?**

There are certainly positive examples to be found, although it is unclear whether this is to be attributed to politics or to secular processes of economic structural transformation or to the effects of special circumstances such as the division of Germany. The current economic power of Munich and Bavaria in comparison with the 1920s is positive evidence of a reversal of conditions. In the 19th century, parts of the rural regions of the southwest area of the republic in Baden-Württemberg, which is today a wealthy region, still evidenced emigration that to a great extent was a consequence of poverty.

In connection with the equalisation of living conditions the question of which region is to be addressed should be asked. If the same demands as in pulsating big cities are made with regard to infrastructure in every remote village, then this is a misconception. In connection with sustainable structural development it is certainly of central importance to consider what potential certain regions have. The chosen means, which can range from direct investments to mechanisms for financial stimulation and subsidies for private industry, are extremely various and complex. However, it would be incorrect to assume that economic development can be practically forced to take place; this has not worked historically either.

Friedrich List's ideal conception of the German railway network in the 1840s as one based on central sites is relatively identical to the network structure that was realised by 1900, despite the fact that this occurred under entirely different general conditions. He thus foresaw where the central sites would be created and how they would be connected to each other. A long-term perspective on and prediction regarding the spatial effects of economic activity was thus confirmed—which supports the thesis that statements to the effect that certain regions will not develop into motors of economic development for a long time are permissible.

**If the principle "one size fits all" is not true with regard to the development of regions, it would be interesting to understand whether there are different types of organisational spaces and economic identities that bring with them an aptitude for a certain type of development, for example sectoral development. Are there such identities along the Rhine?**

The economic potential of certain regions can be traced back into the Middle Ages. Strong and weak areas were very similar then as they are today. Economically, the Rhine area, broadly defined, from the river's source to its mouth is traditionally the strongest area in Europe. This area has been extended to include northern Italy with its trade via the Alps, for which there have been good reasons historically, and the use of the Rhine as a waterway created new strong economic structures along the Rhine again and again from the Middle Ages onward despite recurring massive structural transformations. Whether it is the chemical industry or the automobile supply industry that has been established in the Bergisches Land and in Württemberg, there have always been structural effects there that can be traced back to the Rhine. These phenomena are to be found in many "river economies." Even in our time, rivers still have a very clear structuring

function owing to which specific know-how always develops locally. Already in the Middle Ages there were traditional trades, and Cologne was always also a trading town; as a result, private banks and insurance companies established themselves early there. This has continued to have an effect on Cologne's economic portfolio until today and has established the status of Cologne as a strong site with regard to insurance. Path dependencies that generally strengthen (themselves) have been created. One could sketch out a similar pattern for Rotterdam, which is strongly focused on the German hinterlands and the Rhine-Ruhr area with extremely dense economic linkages that tend to be historically founded and to have been dependent on the existence of the Rhine. And furthermore there has been "modern" economic activity there that has been responsible for new structural and agglomerative effects again and again.

On the basis of knowledge of German economic history it has thus been possible to formulate the thesis that existing structures are more suited to contributing to the development of new structures than would have been possible in peripheral rural areas. To what extent this thesis can be transferred to other economic and state systems such as the Chinese model remains undetermined, as it is very much conceivable that directed economic programmes initiated by the state can generate new structural effects there.

**If trade is in the economic DNA of the Rhine, are certain political systems also associated with that?**

Success is less the result of political systems as of the transcending of these systems, and is thus a function of the fact that basically the organisational space of the state is always something different from the imagined economic organisational space. This is to say that as great as political conflicts might have been there have always been the efforts of Dutch, Rhineland, and French companies along the Rhine to interact, to engage in trade, and to create production relationships; to invest; and to become linked to each other. This is a process that can be observed well and that has even led to alternative ordering concepts such as the Rhine state, a separate state between the Germany and France of the 1920s. There were similar thoughts in a somewhat different form after 1945. If one later looked at the heart of the European coal and steel union, one could see that this is fundamentally a Rhenish project with the goal of placing the economic and armaments-producing capacities of the Rhein and Ruhr areas under international supervision and peacefully providing enduring security for the existing economic relationships. There have, then,

been efforts to transcend (obstructive) political boundaries or to arrive at crossing points via trade and economic relations.

**Are there other sites with an economic-spatial identity, that is, a strong connection between space and economic behaviour patterns within Europe?**

Northern Italy and the northern area of England are models for this. There are, however, also opposing experiences, such as those of Austria-Hungary until 1918 with regard to the attempt to produce a national organisational space; these efforts were not successful because there were cultural problems in the "economic language" between Bohemia and Hungary. The Bohemian economic area had always been more oriented toward the central German region via the Elbe. Here, too, an economic border area had come into existence, one which played a lesser role during the 20th century, to a great extent for political reasons.

Associations between economic potential and behaviour-based economic goals are thus found relatively frequently.

**A core-periphery model shows the Rhineland as the spine of the so-called "Blue Banana", which is opposed to metropolitan points such as London and Paris. How is this to be evaluated from a historical perspective?**

While London and Paris were the centers of important and successful national states for centuries, a transcending of state organisational spaces with an accompanying increasing division of labour among the regions instead took place along the Rhine. But one must still ask oneself whether this is understood in this way by the political decision-makers in the Rhine region or in the Rhineland in particular. If one were to see Cologne-Bonn-Düsseldorf as one space, then the functional division of labour would need to be taken much further. In this regard there would need to be a focus on the trade fair sites or the harbours.

This was perhaps still somewhat different at the time of Rhenish capitalism, when there was generally a more comfortable situation owing to balanced budgets, which led to structural transformation with state funds at the expense of public budgets. This transformation included the establishment of universities, the expansion of the administration, and the improvement of health care, with which new structural effects were to be achieved through public financing in an early phase. This created long-term debt that remains a problem today.

This was the last time, up to and including the time of German reunification, that there was a state-initiated modernisation programme. Something comparable, albeit under different conditions, took place after reunification in the new federal states with similarly dubious results.

**Critics of the EU maintain that it has grown too quickly and/or that its subsidies are directed to too great an extent across a broad area and to the periphery, so that the core – that is, the "Blue Banana" – is neglected. Is this criticism justifiable?**

From an economic perspective and with regard to the European structural fund this is evident. Behind the criticism is the classical tension between the economic and the organisational space. In the first instance, the wish to establish those EU institutions that are "in demand" and from which economic development and prosperity are expected in the south and east of Europe as well as elsewhere can be rationally understood. This coincides with bureaucratic thinking to the effect that as the EU grows, the power of the administration (for example of the Commission) grows as well. This is a motivation principle for which one-to-one correspondences can be found in the German Empire.

One can see how problematic this can be when one observes a small-scale version: while economic support is being concentrated on the new German federal states, the Ruhr region is decaying. The question is whether the intended equalisation is being carried out too quickly and whether much more distant planning horizons would have been necessary.

Nevertheless, I would like once again to draw attention to the thesis that it is difficult to force development. It should instead be a goal that one allows "air for breathing", that is, that the EU should support certain things and provide infrastructure, but in accordance with certain criteria and for measures that leave room for individual development and in particular do not subsidise competition within the EU (as for example in the case of competing Nokia subsidies in Bochum and Romania).

**Do we, then, need a new kind of communication with regard to planning, new criteria, and more time, and how should one initiate this communication between the disciplines?**

The most important first step would be to find partners who are interested in thinking in terms of entirely different perspectives. Trans- and interdisciplinarity are difficult processes, since every social group has developed its own language for these

processes. Thus it is already a major step even to establish communication.

Also, there are tendencies toward economising in science that make it difficult to invest in projects outside one's own core discipline.

I could imagine that from a historical perspective it would be interesting to take a concrete historical case problem and compare it to contemporary aspects. Thus, for example, the regulation of the railways and the suggestion regarding the separation of track and traffic that was first presented in 1840 as a measure for the encouragement of competition could trigger an aha-experience if it were compared to the current suggestions put forth by the monopoly commission, which call for exactly the same thing.

Interview

Conducted by Helmut Thöle and Matthias Rottmann on 12 July 2013 in Cologne