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IIASA Research Memorandum
June 1976

Hansen, N.M. (1976) Alsace-Baden-Basel: Economic Integration in a Border Region. IIASA Research Memorandum. IIASA, Laxenburg, Austria, RM-76-051 Copyright © June 1976 by the author(s).

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RM-76-51

ALSACE-BADEN-BASEL: ECONOMIC INTEGRATION IN A BORDER REGION

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June 1976

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Preface

This study complements the author's earlier research memorandum on *The Economic Development of Border Regions* (RM-76-37), which examined, in a general manner, the effects of international frontiers on border regions from the viewpoints of location theory and the growth center literature. The present paper represents a specific case study carried out in the light of problems and issues raised in the earlier paper.

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1. Peter Hall, Niles Hansen and Harry Swain, *Urban Systems: A Comparative Analysis of Structure, Change and Public Policy*, RM-75-35, July 1975.

2. Niles Hansen, *A Critique of Economic Regionalizations of the United States*, RR-75-32, September 1975.

3. Niles Hansen, *International Cooperation and Regional Policies Within Nations*, RM-75-48, September 1975.

4. Peter Hall, Niles Hansen and Harry Swain, *Status and Future Directions of the Comparative Urban Region Study: A Summary of Workshop Conclusions*, RM-75-59, November 1975.

5. Niles Hansen, *Growth Strategies and Human Settlement Systems in Developing Countries*, RM-76-2, January 1976.

6. Niles Hansen, *Systems Approaches to Human Settlements*, RM-76-3, January 1976.

7. Allan Pred, *The Interurban Transmission of Growth in Advanced Economies: Empirical Findings Versus Regional Planning Assumptions*, RR-76-4, March 1976.

8. Niles Hansen, *The Economic Development of Border Regions*, RM-76-37, April 1976.

9. Piotr Korcelli, *The Human Settlement Systems Study: Suggested Research Directions*, RM-76-38, April 1976.

Abstract

The Alsace-Baden-Basel area is an especially interesting "laboratory" for the study of border region problems and opportunities. Although the Common Market has tended to reduce the role of the Franco-German border it has not affected the Swiss frontier. Morever, economic integration of the area is still inhibited by the effects of three very different national administrative structures. In many respects, border region issues in the trinational area tend to focus on a French region in an essentially germanic setting, and especially on the question of whether Alsace should be more closely integrated with France or with the Rhine axis. The nature and significance of these options are critically discussed in some detail.

Introduction

The Alsace-Baden-Basel area is an especially interesting "laboratory" for the study of border region problems and opportunities. Although the Common Market has tended to reduce the role of the Franco-German border it has not affected the Swiss frontier. Moreover, economic integration of the area is still inhibited by the effects of three very different national administrative structures.

In many respects, border region questions in the trinational area tend to focus on a French region in an essentially germanic setting. Within the French national context Alsace is generally regarded as one of the more developed regions. For example, in 1970 gross disposable income per capita in Alsace amounted to 10,600 francs. Only three of France's 21 program regions--the Paris region, Rhône-Alpes and Haute Normandie--had corresponding values in excess of this level (INSEE, 1975, p. 20). Yet, as will be seen, in the context of the Rhine axis, Alsace appears to be one of the weaker regions. Thus, there is considerable ambivalence in Paris and among Alsatians about whether Alsace should be more closely integrated with France or with the Rhine axis.

Historical and Geographical Setting

From the Middle Ages to the seventeenth century the area around the Rhine, which formed a link between the Low Countries and Northern Italy, enjoyed a relatively high degree of economic prosperity. Between the seventeenth and nineteenth centuries its growth was eclipsed by the rapid expansion of maritime areas; moreover, national conflicts transformed it into a threatened frontier zone. The revival of the Rhine in the last century was essentially a German phenomenon based on the coal of the Ruhr. Gradually, however, the whole Rhine area came to participate in rapid economic growth. A major reason was the establishment of a network of high-capacity, low-cost transportation facilities: navigable waterways, electrified railways, express highways, oil pipelines, and gas pipelines. This was facilitated by the pre-existence of favorable natural conditions and dense

population settlement. Today the Rhine is the major development axis of the Common Market and its industrialization depends on imported oil, Dutch gas, Alpine hydroelectricity and, little by little, nuclear power. In other words, the development of the area has become international in nature even though it still is linked to the river axis. And growth rates are no longer highest in the Ruhr but in The Netherlands, Baden-Württemberg, and Switzerland.

Between Basel and a point near Karlsruhe the Rhine is the border between the Federal Republic of Germany (F.R.G.) and the Alsatian departments Haut Rhin and Bas Rhin. The spatial organization of this border area differs markedly from that found in the area downstream from Karlsruhe, and even more particularly, from Mannheim. In the latter area each city with 300,000 or more inhabitants has a rather restricted geographic influence sphere, usually with a radius of 25 to 40 miles. However, generally high population density means that each of these spaces typically contains between 1.5 and 2 million people and each offers highly specialized goods and services. In other words, greater spatial integration is not needed in order for a complete range of goods and services to be available to the entire population (Juillard, 1971).

Upstream from Mannheim this kind of regional organization has been impeded by a number of factors. In its natural state the Rhine south of Mannheim was a torrential Alpine stream with multiple, shifting channels. The cities in the Alsace-Baden area were all founded some miles back from the Rhine; only Basel had any real influence on the opposite side of the river. The Rhine became navigable as far as Strasbourg only in 1890, and as far as Basel only in 1932. Although the textile industry has long been present in Mulhouse and Basel, the development of more modern industry linked to the Rhine was late. Among the cities of the area, only Strasbourg and Basel have a noteworthy history as commercial centers. However, the greatest obstacle to economic integration has no doubt been military and economic rivalry.

Alsace as a Border Region

International Commuting

In addition to its relatively favorable location within Europe, Alsace also has a highly skilled labor force (Maugué, 1973). However, many of these workers commute to the F.R.G. and to Switzerland. Between 1960 and 1969 the number of commuters from Bas Rhin to the F.R.G. rose from 1588 to 5041. In contrast, only 270 German workers commuted to Bas Rhin in 1969 (Urban, 1971, pp. 618-619). By the end of 1975, 11,065 Alsatian residents were working in the F.R.G. (Conjoncture alsacienne, 1976, p. 18). The data in Table 1 show that the number of workers who commuted from Haut Rhin to the F.R.G. and to Switzerland increased from 6410 in 1966 to 18,319 in 1974. The increase in commuting to Switzerland was especially pronounced during this period, rising from 4835 to 16,564. A survey carried out in 1965 indicated that the four principal causes for international commuting from Alsace were, in order of importance: (1) higher wages in the F.R.G. and Switzerland; (2) the threat of unemployment in Alsace; (3) insufficient transportation facilities in Alsace; and (4) better working conditions across the Rhine (Urban, 1971, p. 619). It should be noted that the devaluation of the French franc in relation to the German mark and the Swiss franc in the early 1970s increased the economic incentive for Alsatians to commute to work across the Rhine. In view of these considerations it is not uncommon to find complaints in France that the rapid growth of Baden and Basel represents a brake on the expansion of Alsace, because their growth deprives Alsace of skilled workers. But then one must ask why employment-inducing investments are not greater in Alsace.

Foreign Investment

Productive investments in Alsace certainly were hindered for a long period by the fact that it was a border region on an unstable frontier. As a result of the Franco-Prussian War (1870), Alsace became a part of Germany just when its linkages with the rest of France were beginning to bring significant economic

Table 1. Number of Workers Commuting from Haut-Rhin to the Federal Republic of Germany and to Switzerland, 1966-1975.

	1966	1967	1968	1969	1970	1971	1975
To F.R.G.	1575	1610	1571	1671	1713	1970	1755
To Switzerland	4835	5700	7210	8442	10056	12006	16564
Total	6410	7310	8781	10113	11769	13976	18319

Source: Dynamique urbaine et projet régional (1975) Paris, La Documentation Française, p. 90. For 1975, Conjoncture alsacienne (1976), No. 44, Association de Dévéloppement et d'Industrialisation de la Région d'Alsace, Colmar, France.

benefits. By the turn of the century, when the Alsatian economy was finally becoming integrated with that of Germany, the events that culminated in the First World War put a check on German investments in the region. In 1918 Alsace returned to France, but the fortress mentality of the interwar years and the Second World War itself were highly detrimental to the region's development. Thus, "each regime brought its wave of investments but none had sufficient time to realize development potentials. This progression in spurts explains why Alsace has so many small and medium-size firms but few with more than a thousand workers (Traband, 1969, pp. 401-402)."

Private investment in Alsace is no doubt inhibited by deficiencies in public infrastructure. In contrast to neighbouring cities such as Karlsruhe and Basel, which contain numerous specialized services and corporate decision centers, the development of the tertiary sector in Alsace suffers from a lack of telecommunications facilities. The road network in Alsace badly needs improvement, whereas the regions across the Rhine are closely linked to an express highway system serving the industrial heartland of Europe. Moreover, banking and financial facilities are more numerous and more powerful in Baden and Basel than in Alsace. Despite these and similar problems, the evidence (Prud'homme, 1974) indicates that Alsace has been "clearly disfavored" by central government regional policy.

In the past two decades a high proportion of new industrial plant locations in Alsace has been generated by foreign investments. Between the beginning of 1955 and the end of 1973, 204 plants in Alsace were either newly located by or purchased by foreign investors (see Table 2). Foreign investment accounted for nearly one-half of the new firms in the region during this period.

Firms which were primarily controlled (over 50 percent ownership) by foreign investors accounted for about 28,000 new jobs during the 1955-73 period. These jobs represented 42 percent of newly-created employment and nearly 11 percent of total employment in the region in 1973. In terms of new jobs created, the most important sources of foreign investment were the F.R.G.

Table 2. New Industrial Firms and Industrial Employment in Alsace Attributable to French and Foreign Investments, 1955 Through 1973.

Origin	Number of Firms	Percent of all New Firms	Number of Jobs	Percent of all New Jobs
1. FRENCH	214	51.2	37,877	57.6
2. FOREIGN				
F.R.G.	106	25.4	14,098	21.4
Switzerland	37	8.8	3,234	4.9
U.S.A.	16	3.8	5,016	7.6
Great Britain	3	0.7	886	1.4
Canada	2	0.5	730	1.1
Belgium	2	0.5	65	0.1
Other	3	0.7	357	0.5
Total	169	40.4	24,386	37.1
3. MIXED FRANCO-FOREIGN	31	7.4	3,359	5.1
4. MIXED FOREIGN	4	1.0	170	0.3
GRAND TOTAL	418	100.0	65,792	100.0

Source: Derived from Association de Développement et d'Industrialisation de la Région Alsace (1974), Les Investissements étrangers en Alsace, A.D.I.R.A., Strasbourg, France, p. 2.

(21.4 percent), the U.S. (7.6 percent) and Switzerland (4.9 percent). Foreign investment was especially significant in Bas Rhin, accounting for 61 percent of new employment. In Haut Rhin the corresponding figure was 30 percent; in this department the weight of large French firms such as Peugeot, Citroën, and Rhône-Poulenc dampened the role of foreign investment (Association, 1974).

Foreign investments in Alsace have been largely responsible for the growth of the chemical and plastic materials sectors, and, more recently, the electrical equipment and electronics sectors. Their role has been fundamental in the diversification of regional industry. German investments have been made in a wide range of activities but their predominance is especially great in such traditional branches of Alsatian industry as textiles, leather products, and wood products. American and Swiss investments, on the other hand, have been highly concentrated in high-productivity plants in the electrical equipment, electronics, chemical and plastics sectors (Association, 1974).

It is noteworthy that German and Swiss investors (as well as those in Belgium and Luxemburg) tend to view investments in France as an extension of their enterprises beyond national frontiers. They usually acquire stock in existing firms or buy them outright; the extensions are traditional whether viewed from a sectoral or a regional perspective and they often are made because of labor shortages at home. This contrasts with the behavior of investors from non-contiguous countries such as the United States, Great Britain, and The Netherlands; they tend to consider the whole of France, but the specific decision concerning where to locate is made in the context of an European network of production and an attempt is made to minimize production costs in the individual plant. Essentially, what one is dealing with here is the large, innovative multinational corporation more concerned with setting up new establishments than with geographic extensions of traditional activities (Délégation, 1974A, pp. 25-28).

In France multinational corporations have frequently located new plants in areas with a relatively low degree of industrialization. However, Alsace has received considerable investments

from these enterprises, and particularly from American firms. Although they have been irregular over time, American investments have usually involved relatively large plants; moreover three-fourths of the American plants in Alsace are located in Strasbourg or Colmar, which indicates the important attractive force of economies of agglomeration within the region.

One method for estimating national or regional dependence vis-à-vis foreign countries is to calculate an index of foreign penetration. A firm in any given country or region may depend on a foreign country in many ways. For example, foreigners may be the principal suppliers of inputs or the principal users of outputs or the main creditors. Dependence also may be present in the form of patents and licences. However, it is convenient to treat dependence simply in terms of the control or influence assured by the ownership of part or all of the capital of an enterprise. Thus, if over 50 percent of the capital is held abroad one may speak of foreign control. If between 10 percent and 50 percent of the capital is held abroad one may speak of foreign influence; this term is more vague because in some cases control can in fact be exercised by a minority stockholder. Finally, it may be assumed that ownership of less than 10 percent of the capital does not represent an attempt to influence--much less control--a firm. The index of penetration measures the dependence of a region by expressing the proportion of total employment (or sales or investment) controlled or influenced by foreigners. A firm should contribute to the index to the extent that it actually depends on foreigners and the index should reflect the difference between ownership and control. In the case of indirect influence, that is, where all or part of the capital is held by another firm which itself is dependent on foreigners, an "equivalent" foreign ownership has to be estimated. Thus, the index of penetration in terms of employment in sector X dependent on country Y is calculated in the following manner:

$$I_E\ (xy) = \frac{\sum_{i \in X} E_i P_{i(Y)}}{\sum_{i \in X} E_i}$$, where

ϵ = belonging to

$I_E(xy)$ = index of penetration based on the employment of country y in sector x

X = total enterprises in sector x

i = enterprise of X

E_i = employment of enterprise i

$P_{i(Y)}$ = rate of consolidation calculated according to the rate of equivalent control t_i of country Y in enterprise i as shown in the following table:

Rate of Equivalent Control	Rate of Consolidation
$t_i \leq 10\%$	$P_i = 0$
$10\% \leq t_i \leq 50\%$	$P_i = t_i$
$t_i > 50\%$	$P_i = 1$

This procedure obviously can be generalized to give a synthetic view of the degree of dependence of a region or a whole country in relation to one or several foreign countries.

Index of penetration values have been calculated in the foregoing manner for all of France's 21 program regions (Délégation, 1974A). The index value for Alsace (9.4 percent) was slightly below that for France as a whole (10.7 percent). However, more recent data (Association, 1974) indicate that while this general comparison probably is correct, the index values computed in the original study for individual foreign countries were inaccurate because they were based on erroneous employment data. At least this was the case for Alsace. Nevertheless, in comparing the employment data shown in Table 2 with the employment data used to calculate index of penetration values by country for Alsace, it is clear that revised index values would show that the F.R.G. has a much higher value with respect to Alsace than for any other French program region. U.S. penetration in Alsace is less than in France as a whole. The situation with respect to Switzerland is less certain, but Swiss penetration in

Alsace does not appear to differ significantly from its penetration in France as a whole.

Summary

When foreign investment and commuting from Alsace across the Rhine are both taken into account, it is apparent that the Alsatian economy is closely linked to those of her contiguous foreign neighbors. On the other hand, the influence of other, non-contiguous countries, while far from negligible, does not set Alsace apart from other French regions in any significant way.

The Importance of Basel

The Swiss Context

Physical geography has limited Basel's territorial sphere of influence within Switzerland but the city's economic influence extends well into France and Germany (see Map 1). Indeed, along the whole Swiss border one finds Swiss cities which exert influence on foreign territory whereas the converse situation is practically non-existent. Thus, the reasons for Basel's regional pre-eminence are to be found in large part in the more general context of Swiss history.

A major factor in this regard has been the protection offered by the Swiss border. In the sixteenth and seventeenth centuries Basel and Geneva welcomed thousands of protestants who fled the Counter-Reformation and the consequences of the revocation of the Edict of Nantes. The knowledge, initiative and capital of these refugees played an important role in the stimulation of local economies. Down to the present day Swiss neutrality has provided security for people, and the stability of the Swiss franc and discretion of Swiss bankers have provided security for capital. Moreover, Switzerland, with its central position in Europe, has long been crossed by a number of major international trade routes. Favorably situated border cities have taken advantage of this fact to develop service activities oriented toward international transit. Similarly, border cities have benefited from an intense development of foreign trade.

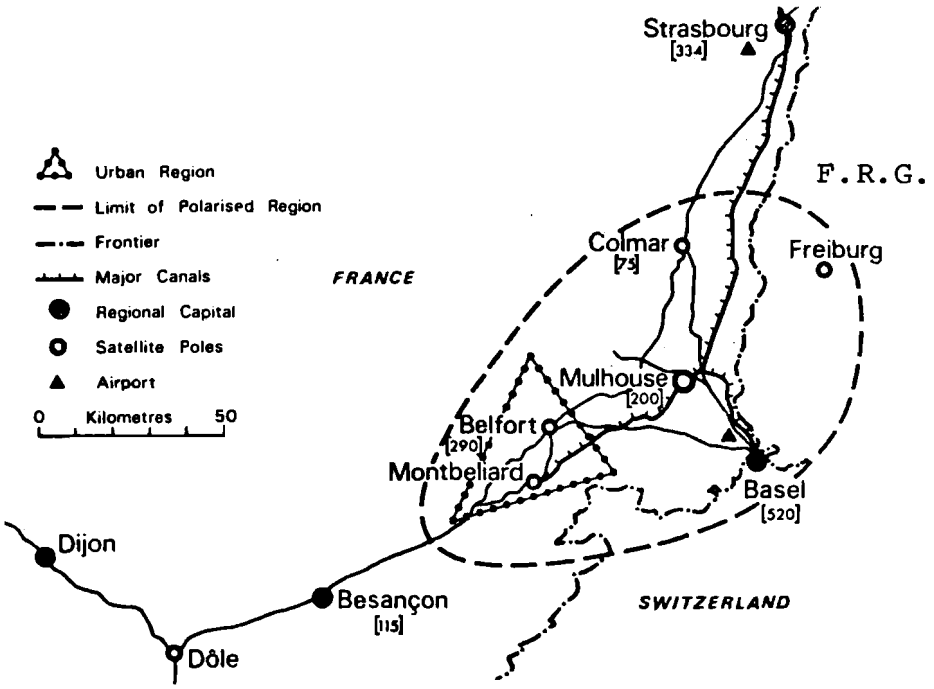
Switzerland has one of the world's highest levels of foreign trade per capita, accounting for about 2 percent of all global exports. Tourism also is an important factor in Swiss prosperity. The annual number of registrations in Swiss hotels is double the number in Great Britain. In sum, then, the wealth and influence of Swiss border cities is a result of a combination of geographic, economic and political phenomena, both internal and external; and it is not surprising that Basel has the highest level of social product per capita in Switzerland and that Geneva ranks second in this regard (Gaudard, 1971).

The economy of Basel is characterized by an internationally important tertiary sector (banks, insurance companies, trade, transportation) and by an industrial sector oriented toward rapidly-growing, high-technology activities (chemistry, machine construction, graphic arts). Hoffman-La Roche, Ciba-Geigy and Sandoz, the giants of Basel's chemical industry, ranked second, fifth, and seventh among the world's leading pharmaceutical companies in 1974. The three groups together have well over 200 production and processing plants outside Switzerland and nearly three times as many persons employed abroad as at headquarters. The dynamism of the local economy is supported by close collaboration between the University and industry, sustained scientific research efforts, and a marked capacity for technical and commercial innovation. Talented young people are attracted by the prestige of local industries and creativity is supported not only by the importance of local financial resources but also by the fact that decentralized decision-making has promoted favorable conditions for long-term loans. For its citizens, Basel is in fact the capital of a "Regio" which includes much of Alsace and Baden, as well as immediately adjacent Swiss territory (Urban, 1971, pp. 623-624).

Regio Basiliensis

Regio Basiliensis, "probably the most important transfrontier planning organization in Europe (von Malchus, 1975, p. 34)", was founded in 1963 to deal with problems of mutual concern to Basel, Alsace and South Baden. Two basic concerns led to the founding

Map 1. The "Regio Basiliensis": Urban Regions



Source: J.R. Boudeville (1974), European Integration, Urban Regions and Medium-Sized Towns, in M. Sant, ed., Regional Policy and Planning for Europe, D.C. Heath Lexington Books, Lexington, Mass., p. 136.

of this organization. First was the recognition that Basel, like Alsace and South Baden, is a border area and that the border would continue to play a critical role in Basel's development, especially with the advent of the Common Market. Second was a perception that within Switzerland the marginal situation of Basel was tending to become increasingly pronounced. It was felt that regional planning at the national level would concentrate on the central plateau, a well defined geographic area. This meant that Basel's future opportunities would have to involve collaboration among northwestern cantons and among Basel and neighboring French and German areas, for the good of all concerned (Briner, 1969-70).

In cooperation with government authorities and with public and private planning groups, Regio Basiliensis has taken numerous initiatives with respect to organization and to planning. These include, for example, the establishment of an intercantonal planning body for northwestern Switzerland; the development of an international coordination office to harmonize Swiss, German and French planning efforts; helping to set up a German-French-Swiss Standing Conference for Regional Coordination, as well as a Tripartite Commission (Paris, Bonn, Berne) to link the Standing Conference with national authorities; establishing an Institute on Federalism and Regional Structures to make comparative studies, particularly of border regions; working out a development plan for the Basel-Mulhouse international airport; taking practical action to help solve social and economic problems of international commuters; initiating a comprehensive study of energy and the environment in connection with the location of nuclear power stations; and compiling a large, comparable international data base (Internationalen Koordinationsstelle, 1973). However, despite these achievements the work of the Regio is often regarded with indifference--if not mistrust--by parties outside of Switzerland. This is especially the case in France, where the Regio sometimes is viewed as a device to extend the influence of Basel.

Growth Pole Theory

It is significant that numerous French scholars have attempted to analyze the particular dynamism of Basel and its influence over adjacent French territory in terms of growth pole theory. This approach to regional development processes--pioneered in large part by French economists--has strongly influenced regional development policies throughout the world. As discussed in a related paper (Hansen, 1976), it also has been applied to problems of border regions in Europe.

Urban, for example, has proposed that growth pole theory is relevant to an understanding of the economic evolution of the Alsace-Baden-Basel area. In keeping with the theory he argues that:

> A pole may include several propulsive firms; then the effects of polarization are especially strong and it is clear that the force field issuing from this pole does not stop at political boundaries but may extend into several foreign countries.
>
> The most powerful basis for cumulative development in privileged zones appears to be the existence of external economies created by certain activities which are then transmitted to surrounding units (Urban, 1971, p. 617).

He also speaks of the urgent need for a solution to "the fact of a cumulative process of development of inequalities and phenomena involving the increasing ascendency of foreign elements over Alsace (Urban, 1971, p. 629)." In spatial terms, the "foreign elements" in question are found in Baden and, more especially, in Basel. In a similar vein, J. Boudeville, the leading French proponent of the growth pole approach to regional development issues, points out that the Belfort-Montbéliard-Mulhouse triangle (see Map 1) in France should be developed "in order to balance Basel's dangerous polarisation at the junction of the Rhine and the Swiss plateau (Boudeville, 1975, p. 232)."

However, in examining these arguments it is by no means clear why Basel (or the relevant cities in Baden) poses a threat to Alsace; nor is it clear that growth pole notions throw much

light on border region problems in general. Urban, for example, in the passage just cited, emphasizes that a growth pole's spread effects override political boundaries. In contrast, another growth pole theorist (Gendarme, 1970) emphasize at length that the principal consequence of a political boundary is to check the spread effects (effets de diffusion) of a geographic development pole. Boudeville (1971) takes an intermediate position. It thus appears that growth pole theory per se has not resolved this question. Indeed, there are a number of reasons for maintaining that growth pole theory does not provide an adequate framework for dealing with critical issues which have been raised with respect to the Alsace-Baden-Basel area, or for that matter with similar situations elsewhere.

Growth pole theory developed in part as a reaction against static location theory, yet it provides few insights into border region problems that were not found already, at least implicitly, in the older literature (Hansen, 1976). It also has been argued that because growth pole theory is deficient it should be subsumed under the more general hierarchical diffusion model of spatial-temporal development (Berry, 1972). According to the hierarchical diffusion model, growth-inducing innovations are transmitted simultaneously from higher to lower order centers in the urban hierarchy and outward from urban centers into their surrounding hinterland areas in the form of radiating spread effects. But Pred (1976) has convincingly demonstrated that these assumptions are mistaken; moreover, the disappointing record of growth center policies--which have been implemented in many countries throughout the world to promote the development of economically lagging regions--reinforces this position.

The Alsace-Baden-Basel region provides further evidence that the growth pole and hierarchical diffusion models are inadequate for dealing with border region problems.

As pointed out earlier, Basel's importance is a result of complex historical, geographical, political, and economic factors, both internal and external. It would be highly simplistic to attempt to explain Basel's wealth and influence in terms of the city's position in a regional or national hierarchy. Greater

understanding in this regard probably would be gained from studies of interurban information flows and intraorganizational spatial employment control linkages (Pred, 1976; Pred and Törnqvist, 1973; Goddard, 1975), but these are beyond the scope of the present paper.

Basel's influence in Alsace, and particularly Haut Rhin, is undeniable. But do commuting from Alsace to Basel and Swiss investments in Alsace represent beneficial spread effects or do these phenomena represent a threat to the French region, as some growth pole theorists have maintained? As a result of commuting French workers have higher incomes than would otherwise be the case. Swiss investments in Alsace create employment and, as seen earlier, usually involve extensions across the border by existing firms. The degree of control exercised by such firms tends to be less than that exercised by investors from non-contiguous countries such as the U.S. In any event, I have not encountered in the relevant literature any specific claim that a Swiss firm in Alsace has acted to the detriment of the region. If the Alsatian economy is not as strong as those of her neighbors this is not the fault of the latter. Solutions must be found within Alsace, but not in a context of isolation. Meanwhile, if people are more important than places, the people of Alsace are fortunate to be located next to Basel and to Baden. In brief, then, Alsatians (chiefly in Haut Rhin) have higher standards of living because of their proximity to Basel; the arguments pertaining to Alsace and Basel also apply to Alsatians (chiefly in Bas Rhin) and Baden. In this perspective growth pole thoery appears to lend itself as much to nationalist rhetoric as to scientific analysis.

Administrative Structures

The territorial units that comprise the Alsace-Baden-Basel region belong to three nations; each nation has a different administrative structure and a different orientation for its regional policy. In the F.R.G. a great deal of automony is accorded the various states (Länder) and despite regional disparities there is a remarkable degree of geographic balance in the overall development of the country. The relatively dispersed network of cities

and industrial activities is a consequence of the fact that Germany was not a centralized state at the time of the first industrial revolution, but rather a loose confederation of autonomous states. Since the Second World War the extrinsic position of Berlin--which in any case was never comparable to Paris or London in terms of concentration of population, economic activities or political power--has reinforced the weight of the various regions (Délégation, 1974B, p. 126). Income from taxation is divided among the central government, the states, and the municipalities. The last are free to dispose of their funds as they see fit; in addition, they benefit from easy access to financial markets. Management of the municipalities is facilitated because they know what their financial resources are in advance. Decentralized decision-making also favors rapid adaptation to the requirements of economic and social development. The autonomy of local governments in Switzerland is even more pronounced (Urban, 1971, p. 623).

One of the principal obstacles to meaningful regional planning in France has been the nature of its traditional system of administration. The structure of this system is essentially vertical and hierarchical; each ministry has its central administration in Paris and exterior services in the provinces. Until recently, organic links among the exterior services has been practically nonexistent at the local level. The principal representative of the central government in each of the departments is the prefect, who is appointed by the Council of Ministers. The prefect is charged with, among other things, representing all public administrations and controlling their services, controlling subordinate district prefects and mayors at the local level, keeping the central government informed, and watching over the execution of laws and regulations. Although in principle the prefect represents the whole government, in practice his coordinating role has consistently declined. It has become increasingly evident that greater decentralization and a higher degree of horizontal coordination at the regional, departmental and local levels are essential prerequisites for local initiative and more rational planning.

Despite recent French administrative reforms, it remains true that "if Alsace is to be able to exploit its advantages it increasingly appears that a true regionalization is necessary. The Alsatian economy will never be able to compete with bordering Rhine regions until it can exercise--as the German states and the Swiss cantons--a high degree of autonomy of action, which will permit it to deal directly with its own economic problems (Maugué, 1973, p. 44)."

Future Options

The French government does not yet seem fully conscious of the fact that Alsace is the French part of a large and dynamic international space--the Rhine axis--or that the full participation of Alsace in the growth of this area could only be of benefit to France as a whole. Moreover, certain difficulties persist within the region. For example, "Alsace does not have geographical unity. Rather, the region has been shaped throughout history by complex political events as well as by such divergent forces as linguistic differences, the existence of two sub-regions, the affirmation by the three main cities of different roles (none of which reflects a sense of belonging to the region), and a plurality of urban middle classes which have not formed an Alsatian middle class (Délégation, 1975B, p. 13)."

The Alsace-Baden-Basel area, and especially Alsace, has become a focal point for several trends or tendencies toward change which, in varying degree, are being felt throughout Western Europe. These include the building of a more united Europe, the movement to give more political and economic control to subnational regions, and the awakening of ethnic and linguistic communities. The major options concern the respective roles of the different economic, cultural and political entities represented by the region, the nation, and Europe. Thus the evolution of the trinational area under study deserves close scrutiny, not only because the issues raised in this paper are of obvious local concern, but also because of their much more general significance.

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