Cohesion Policy Contributing to Territorial Cohesion - Scenarios
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Abstract

The Barca Report argues for developmental policies to be place-based. This relates to the notion of territorial cohesion. Territory is the arena in which strategies of households and businesses and public authorities interact and thus a platform for integrating disparate approaches, also under ‘Europe 2020’. Thus, much like Durkheim positing social cohesion as resulting from the social division of labour, if only certain conditions such as sufficient regulation are met, territorial cohesion, too, may result from the territorial division of labour: it makes optimal use of territorial capital. This requires integrating markets, civic processes, technical systems, social networks and common visions. Such integration is difficult. It requires well-established democratic accountability (Governance Type I) and also proper responses to the exigencies of technical systems and markets (Governance Type II), with each governance type imposing its own criteria of success and thus its own approach to evaluation. To complicate matters, the scale and complexity of the territorial division of labour are steadily increasing, and so must the scale and complexity of policy responses. Out of necessity, all levels of government, including the EU, are implicated and, because of enhanced mobility and the permeability of borders, there also need to be governance arrangements dealing with new functional areas transcending existing borders within and between states. If during most of the twentieth century nation-states were seen as the most appropriate, indeed the exclusive level for dealing with cohesion, in the twenty-first century this can therefore no longer be the case. Unfortunately, the legitimacy of the EU, representing one of the most determined and most advanced efforts to face this new situation, is still weak. This of course relates to the new Europe 2020 Strategy and in this context also to the future role of cohesion policy. The jury is still out on whether Europe 2020 will be mainly a matter for DGs to each pursue their own sectoral policies (Governance type II), with more specific and flexible answers to problems, but dire consequences in terms of territorially speaking incoherent outcomes, or whether cohesion policy with its more integrated and decentralised approach, involving many levels of government and stakeholders (governance type I) will be allowed to form platforms for integrating policies. The outcome will depend on whether, as the Commission has recently proposed in its Budget Review and the Fifth Cohesion Report (CEC 2010a), cohesion policy will be allowed to continue along lines set out by Jacques Delors, or whether it will be reduced or even, as the saying goes, ‘renationalised’. Thus, one arrives at four scenarios:

1. ‘Anglo-Saxon’: combining limited governance type II-regulation of the Single Market with a weak cohesion policy restricted to what is strictly necessary to demonstrate solidarity with new Member States;

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2. ‘Saint-Simonian’: combining a high level of governance type-II regulation and provisions of public services with a weak cohesion policy;
3. ‘Rhineland’: emphasising governance type I in the context of a cohesion policy with little scope for EU type II initiatives;
4. ‘European’: combining governance type I and II at all levels with a strong, ‘Delors-type’ cohesion policy encouraging initiatives from above and below which of course would be the best option for territorial cohesion, but for this a number of conditions must be met which even in the best of circumstances can only be achieved over time.

This paper first discusses the present and uncertain future of EU Cohesion policy. The Barca Report argues for all developmental policies, including EU Cohesion policy, to be place-based. This makes for territorial cohesion becoming an important element in the equation. Territory is after all the arena in which households and businesses and public authorities interact. It is thus a platform for co-ordinating public and private actors and their sometimes disparate approaches. Since the future is uncertain, rather than making any predictions, the paper then outlines four scenarios building on the ESPON scenario study\(^2\). This latter study concerns a ‘baseline’, a ‘competitiveness-oriented’ and a ‘cohesion-oriented’ scenario after which it constructs a ‘roll back’ scenario representing a vision of Europe developing according to principles enunciated in the European Spatial Development Perspective (ESDP). Whilst the scenarios in this paper do not exactly correspond to the ESPON scenarios, the authors nevertheless recognise the influence on their thinking of this important study.

**The Context**

The three dimensions of the context to be discussed are the features of existing Cohesion policy, ‘Europe 2020’ and the budget debate.

\(^2\) Spatial scenarios in relation to the ESDP and EU Cohesion Policy (ESPON Project 3.2)
Cohesion policy combines one main and one subsidiary story-line. Under the main story it aims to reduce regional and social imbalances which the Single Market tends to exacerbate. The subsidiary story line is about what was once discussed as European spatial planning, a concept that has now been superseded by that of territorial cohesion. This is not the place to discuss the differences, if any, between spatial planning, especially as practiced at European level, and territorial cohesion. Suffice it to say that there is so much continuity in terms of the actors involved and their concerns between the discourse on European spatial planning and on territorial cohesion that the authors feel justified in viewing them as two sides of the same coin.

Now, under the main story line, the objective is what is presently termed ‘Convergence’. To this end, NUTS2 regions receive support, with eligibility and assessment criteria defined mainly on the basis of GDP per capita and of unemployment rates. This is not all. There is a second strand in the main story line. According to Jacques Delors’ vision, EU Cohesion policy is not a compensatory policy, but a developmental one that stimulates investments in ‘hardware’, whilst also putting emphasis on ‘software development’: coordination, cooperation and capacity building, and this not only in the ‘least developed regions’, but throughout the EU. There is a sliding scale, with investments in ‘hardware’ most prominent under the Convergence objective and the funding of ‘software development’ under ‘European Territorial Cooperation’ at opposite ends and ‘Regional Competitiveness and Employment’ occupying an interim position.

‘European Territorial Cooperation’ relates to the second and less well articulated ‘spatial planning’ story line in Cohesion policy. This is because the spatial planning story line, too, emphasises capacity building and good territorial governance. In fact, even if spatial planners had not tried to get their oar in, trying to attach themselves to Cohesion policy in the late-1980s, early-1990s, coordination of Community policies as they impact upon spaces or territories would have arisen as an issue, and this is what spatial planning is about.

This is where the Barca Report comes in. Barca articulates the main story-line as described, but in so doing he invokes notions like ‘place-based policies’ and ‘territorial public goods’ close to the concerns of spatial planners. In fact, no sooner than Cohesion policy received its present shape under Jacques Delors, spatial planners from the Member States were already articulating notions similar to Barca’s, highlighting the, sometimes unintended effects of EU policies on
Member States, regions and localities. They were arguing for a spatial or territorial framework for these policies to fit into. This led to the formulation of common spatial development guidelines like polycentric development and urban-rural partnership, parity of access to infrastructure and knowledge and the responsible management of the natural and cultural heritage. The ESDP (CEC 1999), the Leipzig Charter of Sustainable Cities and the Territorial Agenda of the European Union, the latter two both of 2007, articulated this message further. All-too-often though, the protagonists of Cohesion policy as the single-minded pursuit of quantitative growth – the first strand within the main Cohesion policy story-line – turned a deaf ear. The fact that the national planners concerned, whilst emphasising the importance of such a framework, were at the same time emphatic about the EU having no competence in the matter did not help. Different public policy systems in Member States where in some the same ministries are in charge of both spatial planning and regional development and in others not and where spatial planning is situated at either national or at sub-national level, depending on whether the Member State is federal or not, do not help with co-ordination at EU level.

By adding territorial cohesion to economic and social cohesion, the Lisbon Treaty now makes explicit that space, or territory, is relevant to promoting competitiveness and to addressing regional and social inequities, issues which EU policy seeks to address in the balanced way which is of the essence of the ‘European model of society’ advocated by Jacques Delors. (Faludi ed. 2007) The message is that, inevitably, relevant policies take shape in territories: cities and regions. Success is thus conditional upon active participation of public and private stakeholders. The configuration in space of assets – what Barca calls ‘integrated bundles of public goods’ – often determines success or failure. However, the wider context of EU Cohesion policy is changing, with global challenges receiving increasing attention. These challenges are what ‘Europe 2020’ (CEC 2010c) is about.

‘Europe 2020’ is the title of the follow-up to the Lisbon Strategy of 2000 aiming to turn Europe into the most competitive knowledge-economy globally. By the mid-2000s it had become clear that this was not going to happen with, according to the Sapir Report (Sapir et al. 2004) and the Kok Report (High Level Group 2004) EU economic governance, including Cohesion policy, getting some of the blame. Upon his appointment in the mid-2000s, José Manuel Barroso set his sights on reinvigorating the Lisbon Strategy with a Communication ‘Growth and Jobs’. DG
REGIO scrambled to refocus EU Cohesion policy, one of the few effective instruments available to the Commission, on this agenda. Other than with the Lisbon Strategy as such, relying as it does on voluntary Member State compliance, under its right of initiative, the Commission is responsible for making proposals to the Council of Ministers. This the Commission did in the ‘Community Strategic Guidelines on Cohesion 2007-2013’ (CSG). The guidelines invoked the concept of territorial cohesion, saying the famous words that ‘geography matters’. With the Lisbon Treaty in the offing, and encouraged by the Territorial Agenda of the European Union formulated by the Member States, the Commission decided to publish the Green Paper on Territorial Cohesion.

Under whichever name, the next CSG will once again focus EU Cohesion policy on the medium-term strategy enunciated in ‘Europe 2020’, and well for the same reason: It is the chief EU funding instrument available. The Commission acknowledged in the Budget Review published in October 2010, that it ‘…provides investment for modernisation, galvanises growth in the least prosperous parts of the EU and acts as a catalyst for change in all Europe’s regions’ (CEC 2010a). So the next guidelines will amongst others need to address the territorial dimension of ‘smart, sustainable and inclusive growth’ during the decade to come. A new ESPON Synthesis Report (ESPON 2010) has already homed in on the issues, claiming that attention to good governance and territorial co-operation are vital at every geographical scale, including partnerships at the level of city-regions and larger macro-regions, as well as across policy sectors, themes that are central to spatial planning/territorial cohesion as here conceived. However, the preliminary issue is that of the future of Cohesion policy as such and whether it will be allowed to play the major role which is envisaged, surely one of the determinants of whether the EU can play a leading role in decades to come. So negotiations concerning the next Financial Framework are bound to be tough. This so-called budget debate, to be discussed next, is already casting a long shadow.

The Budget Debate. This debate will question the very rationale of the comprehensive Delorian EU Cohesion policy as practiced. The political realities are such that support for lagging Member States and their regions under the Convergence objective is bound to continue, although the level of funding is already a bone of contention. Poland and the Czech Republic have come out against any idea, floated by net contributors, to make substantial cuts. The issue with which the debate
has started – an issue already raised during the last budget debate in the mid-2000s – is whether under ‘Regional Competitiveness and Employment’, what are called ‘richer regions’ should continue to be funded. If not, then the latter would no longer have to abide by EU regulations so as to recoup a fraction of the money their countries pay into the Community coffers. In the jargon used, the ‘pumping around of money’ would come to an end. This would allow, in the view of economists like Sapir, to reallocate EU money to other EU policies for investments with EU added value, such as R&D projects or missing links of the Trans European Networks in the field of transport or energy; or simply to reduce the EU budget, the preferred option of some Member States for the next period.

It has also been suggested to let the Member States concerned, rather than the Commission, administer the funds under the Convergence objective, hence the label of ‘renationalisation’ given to this proposal. This would eliminate any Community engagement with the second strand within the main story line labelled as ‘software development’ above. In terms of the sums involved a minor issue, the ‘European Territorial Cooperation’ objective is not generally discussed. Anyhow, rather than its present comprehensive coverage, EU Cohesion policy would concern a limited part of the EU territory: the opposite of what Jacques Delors and lately also Commissioners Danuta Hübner and Johannes Hahn argued. The strand aimed at ‘software’ development: capacity building and learning – and with it the ‘spatial planning’ story-line – would become weaker, if not extinct, with whatever remains of ‘European Territorial Cooperation’ the only reason for pursuing it. Anyhow, the reaction to the Green Paper on Territorial Cohesion coming from the UK as the leading proponent of renationalisation already intimated that territorial cohesion was mainly, if not exclusively, a Member State concern, which if true would mean to invalidate the rationale behind including it in the Lisbon Treaty as a shared competence of EU and the Member States.

There is logic in focusing scarce resources on Member States and regions lagging behind and to let others fend for themselves. The social and economic fabric of the latter is primarily a Member States responsibility. However, the fact remains that EU policies like agriculture, research, environment, transport, energy have territorial impacts, and that EU integration is a win-win and not a zero-sum game. The subsidiary ‘spatial planning’ story-line addresses the need for coherence and coordination between policies at all levels, including that of the EU, and also
between the different levels. The issue is whether, in order to give strategic stimuli and to promote ‘software development’, some kind of financial incentives is needed. The alternative would be to pursue an intergovernmental approach supported by EU networking to promote the transfer of experiences and benchmarking, like under the Open Method of Coordination, or OMC, the UK’s preferred option. Would this suffice without the incentive of albeit limited support for ‘hardware development’? Maybe not! In any case, there is advantage in a mixed approach. The idea behind the National Strategic Reference Frameworks and Operational Programmes as required under the current regulations bears this out. They should present integrated strategies for projects funded by the EU as well as others. EU added value should come from the catalytic effect of dialogue with the Commission; this is exactly what Barea advocates in his report.

So these are the battle lines in the budget debate as far as Cohesion policy is concerned. It should be clear that much more is involved than the allocation of scarce resources. The budget debate sets the parameters for the future, not only for Cohesion policy, but for European integration as such. The terms commonly used to describe the position of the advocates of radical change, ‘renationalisation’, says it all.

**Territorial Cohesion**

Cohesion policy is by now routine, but beyond the operational definitions as laid down in the regulations, what is economic and social cohesion, and what is territorial cohesion? It is clear that there is no broad agreement, not even on the meaning of the former, well-established though the relevant practices are, but the discussion here focuses on territorial cohesion.

To our minds territorial cohesion bears close relationship to sustainable development with its three pillars: efficiency (the economic pillar); equity (the social pillar); preservation of the environment, for reasons of, amongst others, intergenerational equity. The debate is about trade-offs between these and subject to the principle of social justice. (Rawls 1972) Originally, EU Cohesion policy has focused on the first two pillars. Under the Delorian ‘European model of society’ (Faludi 2007), the issue has thus been to find one of the proper balance between economic and social cohesion. Under the Lisbon and Gothenburg strategy, now both superseded by ‘Europe 2020’, due to heightened awareness of challenges such as climate change, Cohesion
policy has progressively taken environmental issues on board, so the balancing act is becoming more delicate.

This relates to other pertinent discussions. A French sociologist, Pierre Bourdieu (1984), has extended the economic notion of capital, articulating its social, symbolic and cultural dimensions. The optimal use of capital in all its various dimensions depends on where the agents concerned are located in space. Thus, place as such represents capital in terms of access to social relations, services, jobs and so forth, which is why the geographer Jacques Lévy (1994) has proposed the notion of ‘spatial capital’. Similarly, the OECD has invoked that of ‘territorial capital’ (Camagni, 2001), a concept emulated in the Territorial Agenda of the European Union. It is thus that, according to the CSG of 2006, geography enters into the equation. In the pursuit of competitiveness, territorial capital is simply a factor, subject to trade-offs faced by households and businesses. As Fabrizio Barca recalls, ‘…a place based development policy, far from being a policy promoting people’s immobility, is a policy aimed at increasing the freedom to rationally decide whether to move or to stay via public interventions aware of their limits.’ Likewise, efficiency requires territorial integration; territory – what he calls place - is important also for combating social exclusion. Lastly, where the environment is concerned, the natural heritage, addressed amongst others in the ESDP, is clearly rooted in territory. The emergence of territorial cohesion has been an opportunity for environmentalists to develop views in this area. (EEA 2010).

The concept of territorial cohesion thus articulates what has always been implicit: that geography matters for the efficiency and equity of policies. Both may crucially depend on where policies take effect and which other policies may have a, positive or negative, as the case may be, cross-impact upon them. This is what the spatial planning story-line in Cohesion policy has also articulated.

The most common, even if not universally agreed understanding is, indeed, that territorial cohesion addresses territorial interdependency and solidarity, for instance between urban and rural areas, between areas with a predominantly productive and those with a predominantly residential economy, and so forth. Importantly, it is not only about the development of individual territories; it is also and in particular about the integration of territories in their wider spatial
context, now including the EU scale. Territorial cohesion thus means assuring a balanced – not to be equated with equal – spatial distribution of activities and people, promoting interdependency between regions and in so doing the overall coherence of policies.

Addressing the territorial dimension of EU Cohesion policy more in particular, the specificities of EU multi-level governance – and with it the secondary concern within the dominant storyline in Cohesion policy – come into play. In this, the EU represents a new dimension, always keeping in mind that, given the relative size of EU and national budgets, cohesion in a broad sense of maintaining an overall balance between various economic and social concerns is still mainly a national issue. The above suggests the following definition:

Territorial cohesion is about enabling citizens and enterprises, wherever they happen to live or operate, to benefit from, and contribute to, European integration and the functioning of the Single Market, and to make the most of the territorial capital of places with due respect to sustainability.

This has consequences for territorial governance addressed during the consultation on the Green Paper on Territorial Cohesion. Territorial governance becomes that more challenging since it requires what in UK parlance is called a ‘joined up’ approach and what in EU-speak, reflecting French thinking, is described as coherence: making relevant policies from various sectors and levels forming a coherent whole. In other words, an integrated approach is required, firstly at each territorial level between sectors: horizontal coordination delivering the ‘integrated bundles of public goods’ (Barca) contributing to the sustainable development of the place concerned, be it on the local, regional, national or the EU level. Secondly integration is required between levels: vertical coordination. This means not only that each task should be performed at the most relevant level, local where possible, higher level where necessary; but also that different levels, too, have to co-ordinate their actions because of the simple fact that we all live simultaneously at different scales. Thirdly cooperation is needed between different territorial entities with the aim of identifying synergies resulting from interdependency: challenges cross administrative and political boundaries and finding answers requires taking into account functional areas. To do all this, what is required is capacity building: in the terms invoked before ‘software’ development. Software development is important in Cohesion policy generally. Where territorial cohesion is concerned, since the coherence of policies as they apply to territories or spaces is of such great
importance, software development is of its essence. In other words, there is a good reason why territorial cohesion should be so central to the European Territorial Cooperation objective of the Structural Funds.

Cohesion policy as here conceived, and with it territorial cohesion, relates to core issues in European integration, like whether that latter is exclusively about the Single Market. Now, in French social philosophy ever since Émile Durkheim cohesion has social and political dimensions. For Durkheim, the issue was how, increasing autonomy and differences between individuals notwithstanding, modern societies preserved their cohesion. His answer was that the division of labour created interdependency, with not only economic but also moral dimensions. He identified interdependency as the source of an ‘organic solidarity’ between social agents (Durkheim 1933 for the English edition). However, solidarity cannot be sustained solely on basis of contractual relations. It also requires non-contractual relations by way of developing civic morality, laws, administrative and governmental functions. This thesis is considered to be the source of ‘solidarism’: the ideological basis of the French State emerging after the Second World War (Peyrony, 2007). Durkheim himself nowhere addressed ‘territorial cohesion’ in so many words. Nevertheless, he did discuss the issue of interdependency and solidarity between territories, which can be seen as reflecting a kind of territorial division of labour. With many of the initiators of cohesion policy, including its territorial dimension, Jacques Delors and Michel Barnier amongst them, having been French, the body of thought discussed here is important.

It is by strengthening integration and solidarity in the face of the territorial division of labour that EU Cohesion policy can contribute. The opposite, restricting the EU to the Single Market, environmental regulation and macro-economic policy, whilst reserving matters relating to social and territorial cohesion to Member States can only widen the rift between Europe and its citizens, thus diluting the European project.

Four Scenarios

Summarising the above, much like Durkheim positing that social cohesion results from the social division of labour, territorial cohesion, too, responds to the territorial division of labour. In so doing it ensures that optimal use is made of territorial capital. This requires integrating markets, technical systems, social networks, civic processes, shared opinions and visions. Boltanski and
Thévenot (2006) have elaborated on these six dimensions of cohesion, naming them each poetically as a ‘city’: the economic ‘city’: the Single Market; the civic ‘city’: democratic European institutions; the ‘city’ of fame: Europe in the media and public opinion; the industrial ‘city’: the investments in European hardware such as infrastructure; the domestic ‘city’: links between individuals across borders; and the ‘city’ of inspiration: the emergence of a common European vision or culture. The integration of these ‘cities’ is difficult. It requires well-established democratic accountability which this paper, following Hooghe and Marks (2010) refers to as ‘Governance Type I’. It also requires proper responses to the exigencies of technical systems and markets, described by the same authors as ‘Governance Type II’. Their starting point is that governance ‘…must operate at multiple scales in order to capture variations in the territorial reach of political externalities’. (Hooghe and Marks 2010, 17) These authors, too, distinguish two types.

Type I conceives of the dispersion of authority to jurisdictions at a limited number of levels. The jurisdictions concerned do not intersect, so that ‘…every citizen is located in a Russian Doll set of nested jurisdictions, where there is one and only one relevant jurisdiction at any particular territorial scale.’ (op. cit, 17-18) The intellectual foundation of this type of multi-level governance is federalism. Type II as against this refers to functional jurisdictions that tend to be lean and flexible and task-specific. The public sector is thus seen as being composed of many public service industries – what planners are fond of describing as ‘sectors’ – with intersecting memberships criss-crossing the boundaries of the jurisdictions under type I.

The biases of the two arrangements are: intrinsic community, voice, conflict articulation (Type I) – in the terms of Boltanski and Thévenot the domestic, civic and inspired cities – and extrinsic community exit and conflict avoidance (Type II) – according to the same French authors the market and industrial cities. Hooghe and Marks (2010, 28) put it as follows:

They embody contrasting visions of collective decision making. Type I jurisdictions are suited to political deliberation about basic value choices... Type I jurisdictions are at the heart of democratic elections.... [They] sustain a class of professional politicians...

Type II jurisdictions, in contrast, emphasize problem solving....

The two types are thus different in orientation:

Type I multi-level governance is oriented to intrinsic communities and to their demands for self-rule. It is predisposed to the articulation and resolution of conflict, including conflict on
redistributive issues. Type II jurisdictions are well suited … when redistribution is not salient. Yet, despite these differences – or more accurately, because of them – Type I and Type II multi-level governance are complementary. (op cit., 29)

Each governance type imposes its own criteria of success and thus its own approach to evaluation, with ‘hard’, quantitative evaluation generally more appropriate – and more successful – when relating to Type II. To complicate matters, the scale and complexity of the territorial division of labour are increasing, and so must the scale and complexity of policy responses.

These two types of governance obviously co-exist within the EU, Type I being pursued through EU institutions such as European Parliament (the voice of EU citizens) and the Council of Ministers (the voice of national governments), and Type II through the Commission and its sectoral Directorates General in charge of the Single Market, technical networks and so on. It is worth recalling that historically, Governance Type II has come first in the EU. It has been the brilliant idea of Jean Monet and Robert Schuman to begin with a transfer of competences to the European level being limited to the Common Market and some sectoral policies so as to avoid conflict between Member States under a Governance Type I logic.

Governance Type II is also ubiquitous in organizing transnational spill-overs and is common in cross-border regions, with Governance Type I being obviously limited by the persistence of national political borders.

Cohesion policy, with its multi-level governance process combines a ‘Type I’-decentralized approach involving national and infra-national levels, with specific arrangements suited to each specific national context, and a Governance ‘Type II’-approach. More and more, Cohesion policy presents itself as a tool of implementation of EU sectoral policies, as the Communication on the Budget Review (CEC 2010a) states. This explains why the idea of a form of European spatial planning based on a European master-plan has been a scarecrow, and this not only because spatial planning is claimed by the Member States as their competence, but also and in particular because, if it did exist, an EU planning competence would infringe upon sectoral policies. Clearly, a case of conflict between two types of governance!

Out of necessity, all levels of government, including the EU, are implicated in Cohesion policy in general and in pursuing territorial cohesion more in particular. The reason is that, because of enhanced mobility and the permeability of borders, there need to be governance arrangements
dealing with new functional areas transcending existing borders within and between states. During most of the twentieth century nation-states representing the ultimate in terms of Governance Type I were seen as the most appropriate, indeed the exclusive level for dealing with cohesion. At national level, compromise between Governance I and II was possible. In the French case, it is thus generally acknowledged that administration is built on what Boltanski and Thévenot call the ‘civic-industrial compromise’ between politicians and engineers. But in the twenty-first century nation-states can no longer be the exclusive territorial frameworks for reaching such compromises.

Unfortunately, the legitimacy of the EU, representing one of the most determined and most advanced efforts to deal with this new situation, is still weak. As Barca explains in his report, the EU is far less legitimate than the federal level in the US, which is why the US model of strong federal public intervention is impossible to emulate.

This of course relates to the new ‘Europe 2020’ strategy and in this context also to the future role of Cohesion policy. The jury is still out on whether Europe 2020 will be mainly a matter for DGs to each pursue their own sectoral policies (Governance Type II), with more specific and flexible answers to problems, but dire consequences in terms of, where territories are concerned, incoherent outcomes, or whether Cohesion policy with its more well-established integrated and decentralised approach, involving many levels of government and stakeholders (Governance Type I) will be allowed to form platforms for integrating policies, the risk being a loss of strategic impulse from the EU level. The outcome will depend on whether, as the Commission has recently proposed in its Fifth Cohesion Report (CEC 2010c), cohesion policy will be allowed to continue along lines set out by Jacques Delors, as well as to play the strategic role advocated by Barca against all sorts of ‘inefficiency and social exclusion traps’ in the Member States. The alternative is for its scope to be much reduced or whether for it, as the saying goes, to be even ‘renationalised’.

Rather than speculate, drawing, as indicated, inspiration from the scenarios under ESPON 2006, the remainder of this paper presents four scenarios for the future of Cohesion policy, and with it of territorial cohesion. Whereas the ESPON scenarios are built on quantitative models, our focus here is on qualitative aspects: concepts, values, visions that are at the basis of different understandings and practises of cohesion policies. The key to characterising each scenario is the
prevalent mix between Governance Type I and II, whether strong or weak. The resulting two-by-two table has of course four fields representing one scenario each. We label the scenarios Anglo-Saxon, Saint-Simonian, Rhineland and European respectively.

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<tr>
<th>Governance Type I weak</th>
<th>Governance Type II weak</th>
<th>Ango-Saxon</th>
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<tr>
<td>Governance Type I strong</td>
<td>Governance Type II strong</td>
<td>Rhineland</td>
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Table 1: The Four Scenarios

Based on this, the paper explores the implications in terms of European integration in general, cohesion policy more in particular together with it’s the territorial impacts of pursuing each scenario.

**Anglo-Saxon**

This represents a combination of weak Governance Type II-regulation of the Single Market with a weak cohesion policy restricted to what is strictly necessary to maintain solidarity with the new Member States. The values held under this scenario are liberty, individual responsibility, mobility and flexibility. They are highly relevant in the context of global challenges. However, with its claim for reducing the role of public intervention, it is clear that as far as a Cohesion policy contributing to European integration is concerned, this is a minimalist scenario.

This translates into a much reduced budget. Cohesion policy takes the form of a cheque for the poorest Member States, with priority going to specific sectors like R&D and so forth. Other EU policies are targeted towards strong regions. Infrastructure investments are market-driven and this also applies to public services. There is a predilection for widening rather than deepening the Union. Immigration is encouraged so as to increase labour supply. Environmental policies and policies to combat climate change are undertaken where profitable, if only in the long term. An

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3 Some aspects, and particularly the names of the 4 scenarios, are partially inspired by the study "Questions vives pour une prospective de la mobilité quotidienne", realised for DATAR by INRETS in 1993, which proposed 3 scenarios: the Californian (that we call here Anglo-Saxon); the Saint Simonian and the Rhineland Scenario.
intergovernmental approach receives priority over the ordinary legislative procedure, what has been described as the Community method in the past.

Significantly, when making proposals like these back in the early-2000s, the UK government as the key advocate of policies under this scenario promised to compensate its regions for any losses incurred as a result of Cohesion policy falling by the wayside. This highlights what this scenario is about: The reinforcement of the role of Member States in matters of cohesion, hence the term renationalisation that has become common for this scenario which, along with the intellectual source on which it draws, justifies calling it Anglo-Saxon. The UK reaction to the Green Paper underlined the same in relation to territorial cohesion, saying that it was a Member State concern.

One can estimate the effects of the Ango-Saxon Scenario in terms of larger flows of immigration from outside the Union and, as a consequence, a lowering of the median age of the population. Economic growth may be expected to increase, alongside with social conflicts and also emission levels.

In territorial terms, one can expect metropolitan areas experiencing demographic and economic polarisation combined with urban sprawl, more concentration in the ‘pentagon’ London-Paris-Milan-Munich-Hamburg with a few corridors extending towards Vienna and Copenhagen, the marginalisation or rural areas with an aging population leading ultimately to demographic decline and a greater exposure to natural hazards like draught, forest fires and flooding.

In sum, this scenario performs well economically but far less in terms of cohesion and the environment. It also incurs technological, environmental and social risks. Integration is restricted to matters of trade and the Union risks being diluted to the point where it no longer plays its stabilising role in a world that is becoming more and more dangerous.

Saint-Simonian Scenario: This combines a high level of Governance Type-II regulation and provisions of public services with a weak Cohesion policy. The reference is of course to Claude-Henri de Saint Simon, the count who fought with Lafayette for the independence of the USA, came back with the dream of a United States of Europe (pursued further thereafter by Victor Hugo), initiated by economists and engineers so as to counteract the predisposition of nation-states to make wars; renounced his title during the French Revolution to become a theorist of expert rule and a source of inspiration both for Socialists (including Marx), as well as for French bankers who developed railways and canals, including the Suez and Panama Canal. Indeed, elite
administrators and engineers operating public services keep the French Republic on course (Peyrony, 2007), but at the same time form fiercely independent bastions, which is what the Directorates-General of the European Commission, each focussing on one particular policy also are. This scenario reminds of the Sapir Report emphasising European structural policies concerning energy, transport and research at the detriment of Cohesion policy considered an unnecessary drain on the budget. The values which the Sapir and also the Kok Report support are those of technical progress, effectiveness, mobility and solidarity responding to social and spatial division of labour. The Europe of networks emerging conforms to the original logic behind European integration privileging a select few policy sector. Like Saint-Simon, Jean Monnet was after all imbued with the value of technical expertise and progress. Having been the fist president of the action committee for the United States of Europe, he was of course also aware of the need to build a ‘political’ Europe, but his idea was to begin with the Common Market, a fact for which to the present day some do not cease to blame him. Be that as it may, the scenario can thus be seen as transposing onto the European level a Saint-Simonian social and political vision under which legitimacy of public intervention derives from the quality of service provision. It is in this respect surely relevant to remind ourselves that territorial cohesion first cropped up in the EU treaties even before the Lisbon Treaty in an article in the Treaty of Amsterdam relating to services of general economic interest.

The budget is assumed to remain stable, with priority given to R&D. European industrial champions and various networks receive substantial support from sector DGs, but without taking account of their territorial implications. Rather than the philosophy underlying the European Regional Development Fund (ERDF) with its emphasis on stakeholder involvement and governance, Cohesion policy reflects the logic of the Cohesion Fund going directly to governments. Metropolitan regions considered to be performing better in terms of competitiveness and energy efficiency receive favourable treatment. Member States and the Union jointly identify one or more such regions per Member State for priority treatment. An ambitious investment programme allows for the development of grand European public services in the fields of energy – nuclear energy included, although the fallout of the recent nuclear emergency in Japan remains to be seen – and transport, invoking public-private partnerships, with an environmental performance surpassing that of the Anglo-Saxon Scenario.
Under this scenario the approach to widening and deepening the Union is more balanced. Thanks to European policies of improving higher education in particular, the need for qualified labour is after all met more completely from within the Union than under the previous scenario.

In terms of its territorial implications, thanks to grand infrastructure works and a policy of favouring metropolitan growth, the Saint-Simonian Scenario is accompanied by greater expansion of the pentagon than in the Ango-Saxon Scenario. Metropolitan regions are the targets of ambitious policies promoting public transport. Their compact form allows for less suburban development and for environment improvements, including emission reduction, but social tensions remain. Intra-regional inequality, too, remains unabated, with adverse consequences for cohesion. Some rural regions attract migration, including retirees, from metropolitan areas and are thus doing better than in the Anglo-Saxon Scenario due to improved accessibility, but this is not true for others.

The Saint-Simonian Scenario presents advantages – European integration, coherence, a critical mass globally – but also entails risks. The powerful metropolitan regions experience social segregation and become unattractive, in fact unaffordable, for the middle, let alone the lower classes. There are technological risks owing, amongst others, to the prominence of nuclear energy, if indeed it the nuclear industry continues to thrive. The level of public control is high, making these risks seem manageable, but at the same time such controls, even if successful, may present a threat to democracy. There is a distinct risk, in other words, of a gap opening up between policies imposed from above and the popular mood. Governance Type II, with its technocratic bias, promotes unity without diversity, and the aspirations of citizens are neglected. Some rural areas become refuges for part of the population resisting this model.

Rhineland Scenario: This puts emphasis on Governance Type I and looks favourably upon cohesion, including territorial cohesion but, in conformance with the subsidiarity principle strong under federalism, there is little scope for EU initiatives in the matter.

Much value is put on the regional natural and cultural heritage. Individual social and ecological responsibility is also strongly felt, but always with the local and regional community receiving prime attention.

In this scenario, the Structural Funds are reinforced at the expense of sector policies and in particular the Common Agricultural Policy. Cohesion policy is being pursued with the aim of
achieving balanced development, but with little emphasis on the European level. This is to the exception of intergovernmental cooperation, for example at the level of cross-border territories or macro regions. European policies like regional policy, but also sector policies, focus on the least-developed regions. Peripheral regions receive priority treatment in matters of infrastructure development. There is more public intervention, but in a decentralised, bottom-up fashion under multi-level governance supported by the Structural Funds. Except under voluntary cooperation, political and administrative borders remain inviolable, making a functional approach, for example to the management of metropolitan areas, less practicable.

Priority goes to deepening rather than widening of the EU. External immigration is restricted. In matters of energy policy, priority goes to the decentralised production of renewable energy. Environmental policies and more in particular climate change policies are ambitious but more oriented towards local and regional resources and mobility management than grand European technological projects. In comparison with previous scenarios, growth is more restricted but better balanced. Socio-economic polarisation and segregation are less. Vulnerable groups are better integrated in the labour market. Emission levels and the effects of climate change are weaker. The natural and cultural heritage is better protected.

As far as spatial or territorial development is concerned, accessibility is more diffused at the regional level but less on the continental level than in the previous scenario. The regional population structure is more balanced and the competitiveness of metropolitan areas is less. Urban development is more polycentric, with a preference for compact cities and short supply chains so as to mitigate mobility. The pentagon expands, but less so than in the preceding scenarios. Thanks to diversification, rural regions are more prosperous. Like the ESDP has proposed, global economic integration zones emerge outside the pentagon, but this is subject to the constraints imposed by limited European financial resources for infrastructure and the in essence bottom-up approach continuing to govern cooperation. There are fewer areas in risk of being marginalised than in the previous scenarios and the risk from natural disasters, too, is less.

The advantages of this scenario lie in its great democratic legitimacy in conformance with the dominance of Governance Type I, the social cohesion and environmental awareness that it generates, including the need to combat climate change. At the same time, there is insufficient European critical mass to face the challenges of globalisation. There is closure towards the
exterior – no enlargement – and so Europe may be said to go to sleep. Public discourse focuses on the national or even the local level. Political legitimacy remains embedded in the national context, as the recent decision rendered by the German Federal Constitutional Court at Karlsruhe⁴ points out. As for economic policies concerning the stability of euro and so forth, this model insists on individual and national responsibility rather than on European cooperation and solidarity. In the end there is diversity without unity, no further European integration and a general decline of Europe’s global position.

**European Scenario:** This scenario combines positive features of the preceding ones. It also combines Governance Type I and II at all levels with fully-fledged ‘Delorian’ EU Cohesion policy encouraging initiatives from above and below which of course would be the best option for territorial cohesion, but for this scenario to materialise a number of conditions must be met which even in the best of circumstances can only be achieved over time.

Under this scenario, the European budget increases thanks to popular support for a virtuous circle of sustainable development benefiting competitiveness, cohesion as well as the environment. The policy mix is characterised by the deliberate choice for a European policy of sustainable development attached to a form of European integration which, in economic, social, environmental and democratic terms is much more pronounced. Multi-level governance establishes a true balance between a bottom-up approach in all those policy areas where information is held at local and regional level and a top-down approach practiced in those areas where the Member States and the Union are better placed to act. All this happens thanks to increased and efficient public funding like under the Scandinavian social model.

Europe’s competitiveness is based on the mastery of green technologies, new sources of energy, appropriate forms of transport and on requisite industries requiring – and receiving – substantial investments capital.

The emphasis on European integration translates into a reinforcement, not only of the classical Community policies like environment, research and transport, but also of policies in the field of education and innovation, not only of the scientific and technical elites but the totality of the population be means of networking and the promotion of exchanges. Next to one’s own mother

⁴ [http://www.bundesverfassungsgericht.de/entscheidungen/es20090630_2bve000208.html](http://www.bundesverfassungsgericht.de/entscheidungen/es20090630_2bve000208.html)

[http://www.bundesverfassungsgericht.de/pressemitteilungen/bvg09-072en.html](http://www.bundesverfassungsgericht.de/pressemitteilungen/bvg09-072en.html)
tongue, any young Europeans is expected to master English as a common second language, alongside with at least one more European language. Border regions are invited to support the learning of the language of their neighbours. Education gives each young person a profound knowledge of Europe’s history, geography and culture.

The transport system is based on a proper, intermodal trans-European network, including motorways of the sea. This network connects metropolitan regions and ports of entry like the great ports and airports and is complemented by secondary networks servicing intermediate areas by linking them to nodal points in the continental networks. Energy policy combines the decentralised production of renewable energy with the safeguarding of interconnections in the form of energy networks spanning the continent.

Territorial cooperation is much more intense than in the other scenarios. This concerns cross-border cooperation, but also macro-regions like the Baltic Sea Area or the Alpine Space that between them cover Europe in its entirety, as well as pan-European networks of actors.

At the cross-border level and at the level of macro-regions, polycentric urban systems are systematically developed alongside with integrated systems of transport and energy, clusters of European universities, green corridors, spaces for the protection of the natural and cultural heritage, all under an approach that combines bottom-up initiatives leaving scope for local and regional initiatives with a top-down approach, with cooperation and integration being a core concern of all, national as well as European strategies. This promises forms of mobility that are at one and the same time local and authentically European and thus more sustainable than in the Saint-Simonian Scenario.

Public services are provided to peripheral and thinly populated areas making use of innovative forms of public-private partnerships.

The Open Method of Cooperation is extended to areas like regional and territorial development, education, health, policies relating to children, in all cases pursuing an approach that includes Community support, particularly through Cohesion policy and through propagating the place based approach. If only to a degree depending on their level of development, all regions benefit from Cohesion policy. Where necessary, the criteria used in existing OMC processes have been more regionalised or territorialised.
Not only that Europe has undergone enlargement, but in its Eastern and Southern neighbourhood, too, functional areas of cooperation and assistance have emerged thanks to programmes in the areas of education and infrastructure and the lowering of trade barriers, in particular in the area of agriculture.

The European Scenario generates a virtuous circle of growth, cohesion and environmental protection. Indeed, this is the basic to its success, also with the electorate. As far as territory is concerned, each region pursues its own mix of developmental policies in line with its regional potentials, thus promoting diversity. The most innovative technologies are concentrated in metropolitan regions, many of them of a transnational kind. These regions are more numerous and better distributed throughout the European territory than under the other scenarios. Other regions give priority to realising the potentials of their natural and cultural resources in terms of green energy and an attractive living environment, always with a view to promoting social and institutional innovation. Each region takes account of its own potential and in so doing adopts a functional approach, both for metropolitan areas as well as less densely populated regions. All regions operate in close cooperation with their neighbours, both within the same state as well as within cross-border and macro-regions, and in the framework of European networks of various kinds; allowing the EU ‘learning machine’ to work from the bottom-up, as well as from the top down.

European integration has a cultural dimension. The motto ‘unity in diversity’ is in the process of being realised. Amongst others through its Neighbourhood Policy, Europe contributes to global stability.

**Conclusions**

It will be clear that the authors prefer the European Scenario representing a synthesis between the Saint-Simonian and the Rhineland Scenario and between Governance Type I and II. This European Scenario could even been said to combine the best and avoid the worst of the three other visions. Thus, from the Anglo-Saxon Scenario it emulates the virtues of the market, private initiative, openness to the world, whilst at the same time avoiding the risk of deserting the European ideal. From the Saint-Simonian Scenario it takes the idea of solidarity and integration through common networks and policies, but avoids the loss of individual and collective
responsibility. From the Rhineland, it takes the sense of local and regional attachment whilst at the same time avoiding the risk of localism and non-cooperation.

Combining the best of diverse national traditions is also what Monti advocated in his report of 2010 on the Single Market:

In particular, Member States with a tradition as social market economies could be more prepared to a new commitment on fully embracing competition and the single market, including a plan with deadlines on putting in place the single market in areas where it is still lacking, if Member States in the Anglo-saxon tradition show readiness to address some social concerns through targeted measures, including forms of tax coordination and cooperation, while there is no need to pursue tax harmonisation as such.

Table 2 summarises the four scenarios

[Here Table 2].

Table 1: Cohesion Policy Scenarios

In these conclusions we discuss the implications in terms of the future of Cohesion policy and consider the likelihood of such a course being taken.

In the context of the prevailing morose attitude towards European integration, the European Scenario may seem Utopian. Remember though that the European budget accounts for, give and take, one percent of GDP, as against the US federal budget which accounts for no less than 25 percent. Surely, the perspective of a United States of Europe which Winston Churchill held up before a battered Europe after World War II is Utopian. At the same time it is true that the US is one of the competitors from whom according the Lisbon Strategy Europe must take its cues, so pointing at this difference is relevant. Suggesting, therefore, as a working hypothesis that the budget might rise beyond the puny one percent of GDP seems anything but unreasonable, the more so if one takes into account ideas as regards generating own resources, like a carbon tax and a tax on financial transactions.


see p9
In terms of objectives, augmenting the budget would allow sustainable development in its original meaning of balancing competitiveness, cohesion and environmental protection to become the frame of reference. So conceived, sustainable development would be the frame of reference at each level. At the European level it would represent the basis for forming a critical mass in the dialogue with other global players. At the national level representing the main arena for collective action and social cohesion, sustainable development would be even more relevant. At the regional and local level, there needs to be coherence between relevant public policies and the actions of the citizens and enterprises concerned.

On condition that the number of eligible actions is kept manageable, existing Cohesion policy can concentrate on innovation, climate change, qualifications and demography, just as the Barca Report proposes. In addition, it could help demonstrating that the European model has a territorial dimension to be articulated in a ‘Common Strategic Framework’ – the document set to become the successor of the Community Strategic Guidelines for Cohesion for 2007-2013 – for the various European funding mechanisms as proposed in the Fifth Cohesion Report. This framework would address amongst others the territorial dimension of ‘Europe 2020.’ The 'Development and Investment Partnership Contracts' deriving from it would not only concern the implementation at the national level of Cohesion policy but also create synergies with national, territorial as well as sectoral policies. An ad-hoc formation of the Council of Ministers would ensure coordination of Cohesion policy with other Community policies with, amongst others, a view on their territorial impacts.

Regional or multi-regional programmes would likewise include regional strategies for sustainable development with strands concerning innovation, social inclusion and policies combating climate change, thereby taking account of the challenges and opportunities in the regions concerned. These strategies would take a functional approach to the most important urban systems, to urban-rural interdependencies, to accessibility and to cooperation with the neighbours. They would result in actions selected from a menu of European priorities, with financial support contingent upon the expected effectiveness of the strategies proposed.

Where cross-border and transnational cooperation are concerned, the strategic reference frameworks would be negotiated between the Member States concerned, with the aim to align strategies, regulations and funding. As is already the case for the Baltic Sea Region, where
Member States ask for it, the Commission would prepare relevant strategies subject to Council approval.

Better financed European-wide cooperation programmes would ensure the valorisation and diffusion of innovative approaches to regional development in the logic of ‘Regions for Economic Change’ 6 , including territorial planning and governance. An enlarged ESPON programme would allow for the development of a multilevel network of observatories of the European territory and its development. This would not only contribute to greater effectiveness of policies, but also to the strengthening of links between regions and the development of a shared European vision of a territory increasingly perceived as common.

To enable the effective management of Cohesion policy, combining the hard (sound administration of the structural funds) and the soft (spatial planning) storylines as identified above, Commission capacity would need to be strengthened, too. This would be the key to invoking the OMC. Coordination of sectoral policies with a view to their territorial impacts would be entrusted to DG REGIO under the guidance of the Secretariat General. All in all, this architecture recommends itself as representing a continuation and enforcement of the ideas of Jacque Delors. It would guarantee stability and learning in the service of a form of European integration that, in order to be acceptable, must appear neither complex nor controversial to citizens.

Let us end by asking whether all this is totally out of sync with the mood of the day. Sure, the signs are ominous, and renationalisation rather than a further strengthening of Cohesion policy seems more likely, the more so since there is a crisis. That same crisis may also hold the germs of a reawakening of the European spirit. Responding to dire need, and if only in ad-hoc fashion, great steps have been taken to safeguard the common currency, including financial supervision and some coordination of economic and fiscal policies. This is not the place nor are the authors in any way expert to evaluate their effectiveness. All that can be said is that in due course and in ways that are still difficult to divine the crisis may lead to a strengthening rather than a weakening of European integration. If so, then the European Scenario for Cohesion policy would become more realistic than it appears now.

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6 http://ec.europa.eu/regional_policy/cooperation/interregional/ecochange/index_en.cfm
There is however no way in which this fundamental change to the better could take effect before the next Financial Framework and the immediate future of Cohesion policy will be decided. For the medium term until 2020, assuming that the next Financial Framework will relate to 2014-2020, the best that can be hoped for is a holding operation, retaining the most of existing Cohesion policy that can be achieved. Maybe the mid-term review in, say 2016-2017 would be the opportunity for getting a Delorian Cohesion policy for the twenty-first century on the rails.

References:


