

# strength from diversity?



On 6 October 2008, the European Commission published its Green Paper on Territorial Cohesion, *Turning Territorial Diversity into Strength*<sup>1</sup> (the Green Paper). This marks the latest step in a debate on European territorial development trends and principles which dates back to the late 1980s, when European Community Member States started to reflect collectively on spatial development issues in Europe – a process which ultimately led to the agreement of the European Spatial Development Perspective (ESDP)<sup>2</sup> in 1999.

The new Green Paper is partly a response to recent inter-governmental working between EU States on territorial issues, notably their agreement of a 'successor'<sup>3</sup> to the ESDP at Leipzig in 2007 – the Territorial Agenda of the European Union – *Towards a More Competitive and Sustainable Europe of Diverse Regions* (TA),<sup>4</sup> and later in 2007 in the Açores a 'First Action Programme' for its implementation.<sup>5</sup> In the TA document the EU Ministers for Spatial Planning and Development requested that the Commission prepare a report on territorial cohesion by 2008. The Green Paper responds to this request and seeks to launch a debate on the meaning of 'territorial cohesion' and its potential implications for policy and European co-operation on territorial matters. It raises a number of issues and questions as part of a consultation process which lasts until February 2009.

## The Green Paper on Territorial Cohesion<sup>6</sup>

The Lisbon EU Reform Treaty adopted in autumn 2007 lists territorial cohesion under Article 3 as one of the objectives of the EU, alongside economic and social cohesion.<sup>7</sup> The EU Commissioner for Regional Policy, Danuta Hübner, speaking at the meeting of EU Ministers in the Açores in November 2007, stated that the inclusion of territorial cohesion among the objectives of the Treaty was an explicit recognition that 'geography matters' and that 'more consideration needs to be given in all the Union's

policies to the need for the harmonious and balanced development of the Union's territory, with the objective of better exploiting its diversity and potential'.

She also sought to emphasise the need to arrive at a clear and common understanding of the territorial cohesion concept, and recognised the 'high diversity in the understanding of the concept and the influence that national histories, cultures and institutional structures have on it'. She mentioned the Commission's circulation of a questionnaire among the EU Member States, which was intended to gather information on how different states interpret and implement the concept, and was intended to feed into the process of reflecting on the meaning of territorial cohesion and the development of the Green Paper.

The first section of the document, 'A territorial perspective on economic and social cohesion', opens by stressing the 'rich territorial diversity' which exists in the EU. This diversity is picturesquely evoked by contrasting the 'frozen tundra in the Arctic circle' with the 'tropical rainforests of Guyane'; 'the Alps' with the 'Greek islands'; and the 'global cities of London and Paris' with 'small towns and villages dating back centuries'. It is argued that 'Territorial cohesion is about ensuring the harmonious development of all places and about making sure that their citizens are able to make the most of inherent features of these territories'. Territorial cohesion is presented as 'a means of transforming diversity into an asset that contributes to sustainable development of the entire EU'.

What might be described as an 'endogenous' view of growth is thus articulated. This posits that 'Increasingly, competitiveness and prosperity depend on the capacity of the people and businesses [located in particular places] to make the best use of all territorial assets'. Competitiveness is also dependent on building links with other territories to ensure that 'common assets are used in a coordinated and sustainable way'. Co-operation and the 'flow of technology and ideas as well as goods, services and capital' are presented as vital aspects of territorial development. Public policy is seen as having a role in assisting territories in making the best use of their assets, by helping

them to respond to common problems, attain critical mass, exploit complementarities and synergies, and overcome divisions due to administrative borders.

The concept of territorial cohesion also 'builds bridges between economic effectiveness, social cohesion and ecological balance, putting sustainable development at the heart of policy design'.

Examples of issues associated with the pursuit of territorial cohesion include co-ordinating policy in large geographic spaces like the Baltic Sea region; promoting globally competitive and sustainable cities; addressing social exclusion in parts of cities and regions; improving access to healthcare and education in remote areas; and tackling the difficulties of specific types of territories (islands, mountain areas, etc.).

The second part of the Green Paper, 'Towards more balanced and harmonious development', discusses the spatial structure of the EU territory, pointing to its relatively dense urban network and the fact that, despite this, only 5 per cent of the EU population live in cities of over 5 million, compared to 25 per cent of the population of the US. The fact that only five EU cities feature among the 100

improving the governance of cohesion policy, making it more flexible, more capable of adapting to the most appropriate territorial scale, more responsive to local preferences and needs, and better coordinated with other policies, at all levels in conformity with the principle of subsidiarity'.

The Green Paper notes that the pattern of economic activity in Europe is more uneven than the settlement structure, and that, while there are economic gains from the concentration of economic activity, there are also diseconomies in the form of high property prices, social exclusion, congestion and pollution. The fact that economic activity has become more evenly distributed across the EU over the past decade is mentioned, with the economic growth in Ireland, Spain and the new EU Member States being cited as an example of this.

The relationship between territorial cohesion and a more balanced and sustainable pattern of development in the EU is emphasised, and it is argued that a greater degree of balance would 'achieve a more even and sustainable use of assets, bringing economic gains from less congestion and reduced pressures on costs, with benefits for both the environment and the quality of life'. It is suggested that policy action aimed at fostering territorial cohesion in Europe may require action on three 'fronts' – *concentration, connection and co-operation*. These factors, along with the issues facing certain specific types of territories, are then addressed:

- *Concentration – overcoming differences in density*: The benefits of concentration and the 'returns from agglomeration' when certain services and economic activities are clustered in certain locations are mentioned (for example the high level of GDP per capita in capital cities and large conurbations). The negative externalities of agglomeration are also noted, including pollution and problems of social exclusion. 'Intermediate regions' with small cities and towns are encouraged to create strong networks to co-ordinate and develop their strengths. The role of small and medium-sized towns in rural areas in providing necessary infrastructure and services is also seen as crucial in sustaining economic viability, avoiding rural depopulation, and ensuring that such areas are still attractive places in which to live. The importance of rural areas in terms of natural and protected areas and being attractive places to live and visit is stressed.

Overall, the key challenge is seen as being to ensure that there is 'a balanced and sustainable territorial development of the EU as a whole, strengthening its economic competitiveness and

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largest cities in the world is also mentioned. This spatial pattern is seen as contributing to the quality of life of citizens in the EU, and as being more resource-efficient than one characterised by very large agglomerations – an important factor, it is suggested, in the context of climate change and action to mitigate and adapt to its effects.

It is also argued that the pursuit of territorial cohesion 'would benefit from a clarification of the many issues it raises', and that a 'shared understanding of these issues could assist in

capacity for growth while respecting the need to preserve its natural assets and ensuring social cohesion'.

- *Connecting territories – overcoming distance:* The importance of inter-modal transport connections and access to services such as health care, education, sustainable energy, broadband internet, and links between business and research centres is emphasised. There is discussion of the state of transport and energy networks and access to 'services of general economic interest' (for example health and education) in Europe.
- *Co-operation – overcoming division:* It is argued that problems of connectivity and concentration can only be addressed through co-operation at various levels. The importance of co-operation in addressing environmental issues such as climate change, flooding, biodiversity and the negative externalities of commuting is also emphasised. Co-operation between different public, private and civil actors is also seen as essential in driving growth (for example in the domain of innovation policy). Existing support for co-operation under the INTERREG programmes is mentioned, and there is discussion of various issues that need to be approached from a cross-border perspective (for example economic development, access to healthcare, education, air quality, and waste management).
- *Regions with specific geographical features:* The Green Paper also describes the issues facing mountain, island and 'sparsely populated' regions (issues facing coastal zones are also mentioned).

The third section of the Green Paper is entitled 'Territorial cohesion in debate and practice at community and national level'. Here, it is argued that, although Structural Funds have concerned themselves with regional development issues, 'it is less clear how most other Community policies have affected territorial cohesion'. Consideration is therefore given to maximising 'synergies' between sectoral and territorial policies at EU level, notably in the areas of transport, energy, internet access, the Common Agricultural Policy, the European Employment Strategy, and maritime, environmental, research, and competition policies.

There is an acknowledgement that territorial cohesion has been debated inter-governmentally since the 1990s, but it is also suggested that the debate 'has not progressed as far as it might have until recently', and that this is 'perhaps partly because of a perception in the Member States that national – or regional – competence over matters concerning land use and development planning was

open for discussion'. It is made clear that the Green Paper and the debate on territorial cohesion are 'in no way intended to call into question national and regional competences in these areas'. The Territorial Agenda and its Action Plan adopted by Member States in 2007 are mentioned as having given new impetus to the debate on territorial cohesion.

The final section of the Green Paper outlines six 'questions for debate' – the 'definition' of territorial cohesion; 'the scale and scope of territorial action'; 'better co-operation'; 'better co-ordination'; 'new territorial partnerships'; and 'improving the understanding of territorial cohesion'.

An annex contains the findings of a Commission questionnaire on territorial cohesion circulated among the Member States; a consideration of territorial cohesion in the ERDF and Cohesion programmes during the 2000-2006 period; and sections on the criteria used in defining territories in the Green Paper.

### Conclusion

The Green Paper reiterates and reinforces many of the core ideas and principles which have characterised debates on territorial development in Europe since the 1990s, including those articulated in the ESDP (1999) and the Territorial Agenda (2007). The strengthened emphasis on sustainability and environmental issues, and the integration of these among the core concerns of territorial cohesion policy, is one area where there appears to have been an evolution in thinking. The goal of securing greater territorial coherence and co-ordination in EU sectoral policies beyond the Structural and Cohesion Funds is a long-standing aspiration of inter-governmental and (parts of) Commission thinking. A key issue will therefore be how far the principles of the Green Paper and the Territorial Agenda are able to inform policy-making beyond the core regionally and territorially focused EU programmes.

It is perhaps significant here that the Green Paper appears to be at pains to point out that the debate on territorial cohesion which it seeks to engender will take place 'without prejudice to the outcome of the parallel ongoing Commission reflection on the budgetary review'. It is also emphasised that the Green Paper does not cover any of the financial dimensions of EU cohesion policy within the current financial framework. It will be interesting to see, therefore, how the relationship between territorial (spatial) planning and financial programming, which can be complex at any spatial scale, will be addressed, and how far the call for a territorially coherent approach will exert an influence on sectoral policies.

In summary, the Green Paper presents an encouraging view of what territorial cohesion policy might become and achieve through its advocacy of a 'voluntarist' approach, where public policy is seen as having a genuine role in assisting territories in making the best use of their assets. This is a refreshing corrective to views of territorial/regional/regeneration policy which – adopting more fatalist and (economically) determinist views – seem to accord it an essentially palliative role in assisting 'struggling' territories.

The Green Paper has been published in the midst of a period of economic turmoil, whose potential impacts on the fortunes of different territories across Europe are, as yet, not fully known. If the reduced availability of private finance continues and public budgets come under increasing stress, clearly it will be essential for territories to make the most of *all* their intrinsic assets. Although it seems likely that such wider trends will impact on the capacity of 'endogenous' growth models such as those promoted by the Green Paper to deliver the goal of European territorial cohesion, this does not

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undermine the view that fostering the institutional capacities and capitals of territorial systems ought to be an important task of public policy.

The recent work of Gärtner on German savings banks, for example, has examined how they support regions in the development of their competitiveness, thus contributing to the EU cohesion policy goal of reducing regional disparities.<sup>8</sup> He argues that the 'basis for a successful European society and economy is a vital and innovative regional life' and – in a similar vein to the Green Paper – that 'one of Europe's strengths lies in the diversity of its regions'. The case is also made that 'in order to maintain or improve regional distinctions and identities, regional institutions with a strong commitment to their regions are needed', and that 'German savings banks embrace this role'.

As Danuta Hübner noted in launching the Green Paper, 'Territorial cohesion is about adapting to today's realities and today's challenges.' In the present context, such adaptation necessitates above all a coherent approach to territorially relevant policy-making at all levels of governance, including the establishment of territorial coherence between different EU policies.

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#### Notes

- 1 *Communication from the Commission to the Council, the European Parliament, the Committee of the Regions and the European Economic and Social Committee – Green Paper on Territorial Cohesion: Turning Territorial Diversity into Strength.* (SEC(2008)2550). COM(2008) 616 final, Commission of the European Communities, Oct. 2008. [http://ec.europa.eu/regional\\_policy/consultation/terco/paper\\_terco\\_en.pdf](http://ec.europa.eu/regional_policy/consultation/terco/paper_terco_en.pdf)
- 2 A. Faludi and B. Waterhout: *The Making of the ESDP – No Masterplan.* RTPI Library Series. Routledge, 2002
- 3 A. Faludi: 'Making sense of the territorial agenda of the European Union'. *European Journal of Spatial Development*, Nov. 2007, No. 25. [www.nordregio.se/EJSD/refereed25.pdf](http://www.nordregio.se/EJSD/refereed25.pdf)
- 4 *Territorial Agenda of the European Union: Towards a More Competitive and Sustainable Europe of Diverse Regions.* EU Ministers for Spatial Planning and Development, 2007. Available at [www.bmvbs.de/en/-,1872.963636/Territorial-Agenda-of-the-EU.htm](http://www.bmvbs.de/en/-,1872.963636/Territorial-Agenda-of-the-EU.htm)
- 5 *First Action Programme for the Implementation of the Territorial Agenda of the European Union, Informal Meeting on Territorial Cohesion and Regional Policy.* EU Ministers for Spatial Planning and Development, Ponta Delgada, Açores, 22-25 Nov. 2007
- 6 All citations in this section are drawn from the Green Paper on Territorial Cohesion: *Turning Territorial Diversity into Strength* (see note 1)
- 7 The Treaty of Lisbon was signed by the Member States in December 2007, but the ratification process stalled in June 2007 following the rejection of the Treaty by Irish voters in a referendum. The European Council of October 2008 was dominated by the international financial and economic crisis and resolved to reconsider how to deal with the Treaty of Lisbon in December 2008
- 8 See S. Gärtner: *The Significance of German Savings Banks in Regional Structural and Cohesion Policy: Can they Avoid Regional Downward Spirals?* Institute for Work and Technology (undated). [www.esbg.eu/uploadedFiles/Events/gaertner\\_savings\\_a\\_manuscript.pdf](http://www.esbg.eu/uploadedFiles/Events/gaertner_savings_a_manuscript.pdf)