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In the years to come, Europe we live in, will be in need of a strong collective action to respond to expectations of its citizens. They are today informed citizens, fully aware of how much in their life depends on choices made by policy makers. Those expectations are linked to and fuelled by global challenges that have mushroomed over last years and their importance for citizens is confirmed by public opinion polls.

We all agree – policy makers, businesses, research community, civil society – that a new European long term strategy should be built on opportunities generated by climate adaptation and mitigation efforts and hopefully global deal, by efforts aiming at energy security and efficiency, water efficiency and other natural resources efficiency, by challenges related to demographic trends, by innovation culture, that should become Europe’s systemic feature. Such a strategy must not be disconnected from the real economy crisis which seems to be paving the way towards deep global structural transformation.

The European renewal requires development policy with clear targets and tools. Policy for development that Europe needs should be based on European cohesion. Cohesion has for me a triple meaning – it means the right of every citizen, no matter where she or he lives, to benefit from European integration, and in particularly from internal market; it means the duty of every European territory, region, town or city to

contribute to growth and competitiveness of European economy and to its global relevance. But today cohesion means also the right of everybody, citizens, towns, cities, and regions to pursue common European objectives.

For years we have talked about the need to unlock, to mobilize development potential of all European regions and cities. The experience and logic clearly shows that this mobilizing turns out to be most effective and sufficient if pursued through direct engagement of subnational levels of European governance.

Through its history, European cohesion policy has been evolving. Its 2006 reform has transformed it into a modern place-based policy founded on a reasonably good balance between equity and efficiency, between bottom-up and top-down approach, between strategic focus on common European objectives and local flexibility. There is a need to move further on those issues, to continue the reform of policy governance but certain principles should not be abandoned.

The new Treaty has cemented the new understanding of European subsidiarity already deeply rooted in the cohesion policy, i.e. subsidiarity extended to local and regional level of governance. We can do more on it, especially with regard to local level. Those who suggest that cohesion policy can be limited to Brussels and national levels either do not know the European reality or do not understand that excluding local and regional Europe from the pursuit of common European objectives is economically at best unwise and politically dangerous.

Instead of investing in new alternative delivery systems based on narrow sectors and agencies, let's invest in improving cohesion policy machinery and in the quality of local and regional governance. For five years I was in charge of incorporating 12 member states into the complexity of European cohesion policy, I touched with my hands the reality of nearly all European regions and I have been involved up to the top of my head in fascinating hundreds of hours of discussions on how to simplify, how to reform, how to make this policy serve Europe even better. Today I can say that there is

no alternative to cohesion policy among all European policy tools that have evolved with integration.

The sectoral approach recently offered as a way to go in this ghost document which I hope will not come back to haunt us, who care for a better Europe – this approach would be a mile step back in European governance, would go against the contemporary logic of development and global trends. Sectorization of policy agenda and of European budget has no justification when the challenges we face are not sectoral by nature. Each of them requires an adequate policy-mix, both in terms of content and delivery mechanism.

It was not by chance that already in 2005 and 2006 European cohesion policy put on the top of its agenda innovation and competitiveness, climate change, energy security and efficiency, water efficiency, sustainable urban transport, investment in new skills, attractiveness of territories for young people, quality of life. We could put on cohesion policy agenda for 2007-2013 all those priorities which today we see in the Commission agenda Europe 2020 because we understood that the mission of cohesion policy is to anticipate change, not to follow it. That is why more than 2 years ago we published the Regions 2020 analytical report. The purpose was to understand what should be cohesion policy priorities after 2013. Today, we are well prepared to face the future.

Cohesion is a notion that excludes exclusion. Cohesion policy must not be divisive. For political, economic, social and legitimacy reasons it should be a policy for all. As internal market is, as common currency is. All elements of this integration triangle: common market, common currency, cohesion are mutually strengthening and interdependent. They are our common European public good.

European regional policy delivering social, economic and territorial cohesion is based today on shared competences between Member States and regions on the one hand and

the European Commission on the other, working together in the interest of the Union and its citizens.

From the beginning, throughout the history of cohesion policy, this shared competence has required a clear definition of the nature and methods of contract of confidence between the Member States and the Commission. Governance is therefore key for this policy and decisive for its credibility.

Over the last 20 years, which embrace four generations of community regulations, we have witnessed two tendencies. First, the content of the programme contract between the European Commission and the member states or regions has become more and more general allowing member states and regions to decide on and to implement specific programmes and concrete projects. Secondly, at the same time the evolution of management systems, even if strongly delegated, has become more and more controlled by the Commission and the systems have become more complex. These trends combine commitment to common European objectives and flexibility reflecting specific conditions on the ground. Combining strategic approach with flexibility is essential but also very difficult.

Two critical issues result from this double evolution. First, fragmented and dispersed priorities, and second a detailed and excessive bureaucracy. These are issues to be addressed by further governance reform.

The evolution of the most lagging regions has always been the priority of the policy. With a few exceptions, there has been progress in this area over the last 20 years. In my view, however, convergence requires today a double effort – support for growth locomotives and for those needing to reach a critical mass in their growth capacity. Those that already have critical mass to grow fast - locomotives - can do their job if links between more and less advanced territories are properly developed. Locomotives often tend to divorce themselves from the slowly moving wagons, too heavy to pull them with the same speed. Experience shows that the least developed, if left to

themselves, do not afford investing wisely. We must do more for those links to function and generate added value.

The general experience has been very clear – structural actions oriented towards long and medium term objectives have strong relevance at subnational level. Effective structural policy of this kind could not have been initiated and managed in a centralized way at the national level. Subsidiarity, therefore, has been a key choice for effectiveness and efficiency of the policy. And I can say that cohesion policy has passed successfully the subsidiarity test.

The Treaty, without any ambiguity, says that balanced and harmonious development of the Union is the objective of cohesion policy. It is also clear that the regional level is at the heart of the cohesion policy. As I said social, economic and territorial cohesion is delivered by European regional policy. That is why this structural policy focuses on the utilization of every region's resources, with priority given to those that are less advanced. The Treaty also envisages a complementary cohesion fund to accompany at national level the convergence of the weakest member states within the system related to EMU. With more much poorer potential members of the eurozone the convergence is becoming an ever greater challenge.

Today we have to concretize the new dimension of territorial cohesion, which in my view is complementing and not substituting the regional dimension. We have to deepen the understanding of and the way we address territorial specificities with a view to be able, especially at the local level, to more precisely define the development needs and those of interregional, cross border and transnational cooperation. Let me say a few words on the role of this new dimension of cohesion policy.

Territorial cohesion recognizes territorial diversity as an asset and builds on this diversity to improve growth perspective, strengthen competitiveness, improve well-being. Each territory is endowed with a different growth potential and each territory

needs tailor made policies to make the most of this potential. Also intra-regional diversity can be used to build on it the strength of a region.

Growth is today driven by multiple cooperation structures, involves different types of actors and different levels of governance. This means that no single territory can develop in isolation – building links, coordinating activities, networking and cooperating is essential. Also, delivery of public goods has territorial spill-over effects.

If we take a territory as a relevant unit for designing and implementing public policies, territorial coordination of Community and national policies should be also promoted. This leads to a more horizontal and integrated approach to territorial development. This of course implies that within the multi-level governance policy delivery system, the role of regional and local authorities should be reinforced.

Territorial cohesion implies more coordination between territorial and sectoral policies and more focus on territorial impact of sectoral policies. At the national level, the ways in which policies with territorial impact are coordinated are diverse and determined by historical, cultural and institutional aspects. Nevertheless, it is difficult, also at European policy level. In our decision about the future policy, we will have to agree on its architecture, its priorities and its governance. The three major objectives of today, regional and national convergence, regional competitiveness and employment, and territorial cooperation do not seem to pose any problems among stakeholders.

There are of course militants of the renationalization of European regional policy and its replacement by an open method of coordination without European budget or on the basis of a sectoralised budget. These are those who believe that it is enough to support growth centres and that the market will do the rest in a natural way. Neither renationalization nor support for a “centres only” approach that is based on sectoral policy will work for Europe of the second decade of XXI century.

I can imagine leaving in place the current architecture, which implies a regional dimension and Europe-wide coverage of the policy. But it is necessary to be more precise on the economic, social and territorial functions of the policy. It is necessary to establish an appropriate transitional system for regions coming out of convergence so that they can effectively continue their catching up. It is necessary to better define the conditions and needs at regional level that would be the basis for eligibility, financial repartition and the management. The regional framework of the policy should respond more effectively to three realities of regional development: the role of grand metropolises, the local level, and the interregional challenges at national and European levels.

What should be the priorities of the policy? I am convinced that concentration of priorities is crucial for its efficiency. The mission of the policy should be to integrate three elements of the European agenda. First, competitiveness of all regions should remain a priority with a view to better position European regions in the global context. Second, economically, socially and environmentally sustainable development of all regions integrating environment, energy, climate change, innovation and research, European networks and human capital is a major demand for today and tomorrow. The regional level is the right level for structural actions of sustainability as it allows for the best adaptation of actions to specificities of every region. Third, we need long term economic and social restructuring, linked in a smart way to the crisis exit strategy.

On governance, let me say first of all that I find it essential for the credibility of the policy. We are not satisfied with the insufficient efficiency of the policy but what I find unacceptable is the perception of the efforts to improve the efficiency as a proof of its weakness. It is important to better clarify the responsibility of member states, the Commission, and the European Parliament. In particular, strengthening the obligation of member states for results is a political imperative. My dream is to have an ex-ante certification of the systems by the European Commission with all subsequent controls left to the member states. My dream is also to have one operational program at the

regional level, with one set of managing authorities in which all different policy tools would participate.

We, policy makers, have raised the stakes by promising to deliver. The challenges are well known, the “EU 2020” strategy has been opened to public consultations.

European development policy with clear targets and tools will be needed. Cohesion policy is a policy for development that engages all levels of European governance in the pursuit of European development objectives. It is a modern place based policy that is striking a good balance between equity and efficiency that works towards strengthening of institutional capacities, delivers system based on the project-approach to investment strategies, makes advances in evaluation aiming at a modern result-oriented policy approach.

Europe needs new energy to take care of its future, to renew itself, to renew itself in an assertive way. A legitimate question is where this energy could or should come from. For me the answer is clear. Today this energy can be released through direct engagement of local and regional levels of European governance in the pursuit of common European objectives.

The provisions of new Treaty, as well as strengthened European institutions can help. They give a chance. The crisis is also a window of opportunity to invest in a better post-crisis Europe. But these are just chances and instruments. What is needed is new energy to make those chances work for us, for European citizens. All of them have to be on board. That is why we cannot afford a cohesion policy for some regions only, we cannot afford an asymmetric Europe. We need all minds and hands on board.