



**Lincoln Institute of Land Policy
Territorial Cohesion and
the European Model of Society
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**The rationale for territorial cohesion and the place of
Territorial Development Policies in the European
Model of Society**

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The concept of territorial cohesion and The European Model of Society

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1. Introduction

Two aims of the paper:

Firstly:

- to consider the reasons for the new goal of “territorial cohesion”,
- to analyze the rationale and the theoretical soundness of the concept, and
- to propose a clearer definition for it, regarding territorial cohesion as *the territorial dimension of sustainability*.

Secondly:

- to analyse the relevance and role of territorial development policies in the so-called European Model of Society,
- to indicate the scientific rationale for supporting these policies



2. The reasons for territorial cohesion

The European Convention states:

“The Union shall promote economic, social and territorial cohesion...”
(article I-3).

The importance of this concept being included is strengthened by the reference that, in the area of territorial cohesion, the Union has a ‘*shared competence*’ with Member States (art. I-14.2): this overcomes the Union’s traditional lack of competence for spatial and planning policies



2. The reasons for territorial cohesion

A limitation still exists and a challenge emerges: the Commission was not able to define a new set of quantitative indicators enabling measurement of territorial cohesion. Evidently, the differences in territorial conditions between different member countries and regions are too great; resorting to a single or a few indicators would have been too narrow and inflexible. So a challenge remains for territorial research.

But the most critical, political and practical, challenge is facing the national and regional authorities responsible for allocating structural funds. For the new Objective 2 (defined as “regional competitiveness and employment”), there are no criteria indicated for allocating funds or for territorial eligibility. Risk of generalised fights among regions.



2. The reasons for territorial cohesion

Why the new concept was invented and utilised?

- a. Political recognition and support to the good job made on territorial affairs by the Commission and the Spatial Development Committee
- b. Success of the URBAN Initiative
- c. Problem of allocating the structural funds between the 15 old member countries of the EU and the 10 new members. With the traditional criterion of economic-social cohesion, almost all the present Objective 1 regions would no longer be eligible for European support. The agreement on the new distribution of funds for 2007-2013 was reached fairly easily at a political level– split 50/50% - but at a technical level, how would it be justified?

The concept is sufficiently vague and suited for the purpose: the term “cohesion” assures continuity with the traditional approach, while the term “territorial” indicates a new context for which imbalances can be identified.

But in the reform of SF, the concept is not being given the space it deserves; responsibility is transferred to *National Strategic Reference Frameworks*



3. Incremental clarification of the concept

The Third Cohesion Report the Commission refers to T.C. as a synonym for “more balanced development”, for “territorial balance” or “avoiding territorial imbalances”; “the concern is also to improve territorial integration and encourage cooperation between regions”. Nothing new!!

More telling is the subsequent specification of the aspects covered:

- the excessive concentration of economic activity and population in the European “pentagon”,
- the imbalance between the main metropolitan areas and the rest of the countries,
- the growing congestion and pollution and the persistence of social exclusion in the main conurbations,
- the presence of rural areas suffering from inadequate economic links and peripherality,
- the sprawling nature of urban growth,
- the cumulation of natural and geographical handicaps in outermost areas.



3. Incremental clarification of the concept

“Interim Territorial Cohesion Report” (april 2004)”: T.C. is complementary to economic and social cohesion, meaning “the balanced distribution of human activities across the Union”; more importantly, “it translates the goal of sustainable and balanced development assigned to the Union into territorial terms” (p. 3).

No further developments in subsequent policy documents. Ministerial Meeting in Rotterdam (nov. 2005): engagement for a proper identification of “...the contribution of integrated spatial development approaches towards enabling regions and cities to exploit their potentials more effectively” (a second ESDP with a stronger policy emphasis).

The Scoping Document of the Commission (may 2005): “In practical terms T.C. implies: *focusing regional and national territorial development policies* on better exploiting regional potentials and territorial capital – Europe’s territorial and cultural diversity; *better positioning of regions in Europe*facilitating their connectivity and territorial integration; and *promoting the coherence of EU policies with a territorial impact...*” (p. I; emphasis in the text).

Relevant innovations: “territorial” development policies, “territorial capital”



4. A possible definition of territorial cohesion

Present definitions are vague. In my opinion:

Territorial cohesion may be seen as *the territorial dimension of sustainability* (both in the positive and normative sense)

Sustainability conditions (and goals) refer to four main (policy) dimensions (Camagni, 1998):

- the *technological dimension*, governing production processes,
- the *behavioral dimension*, determining life-styles, consumption habits and also organizational models of production,
- the *diplomatic dimension*, referring to the international strategies to assure co-operation among countries at different development levels,
- the *territorial dimension*, residing in an ordered, resource-efficient and environmental-friendly spatial distribution of human activities.

territorial cohesion refers directly to the last dimension



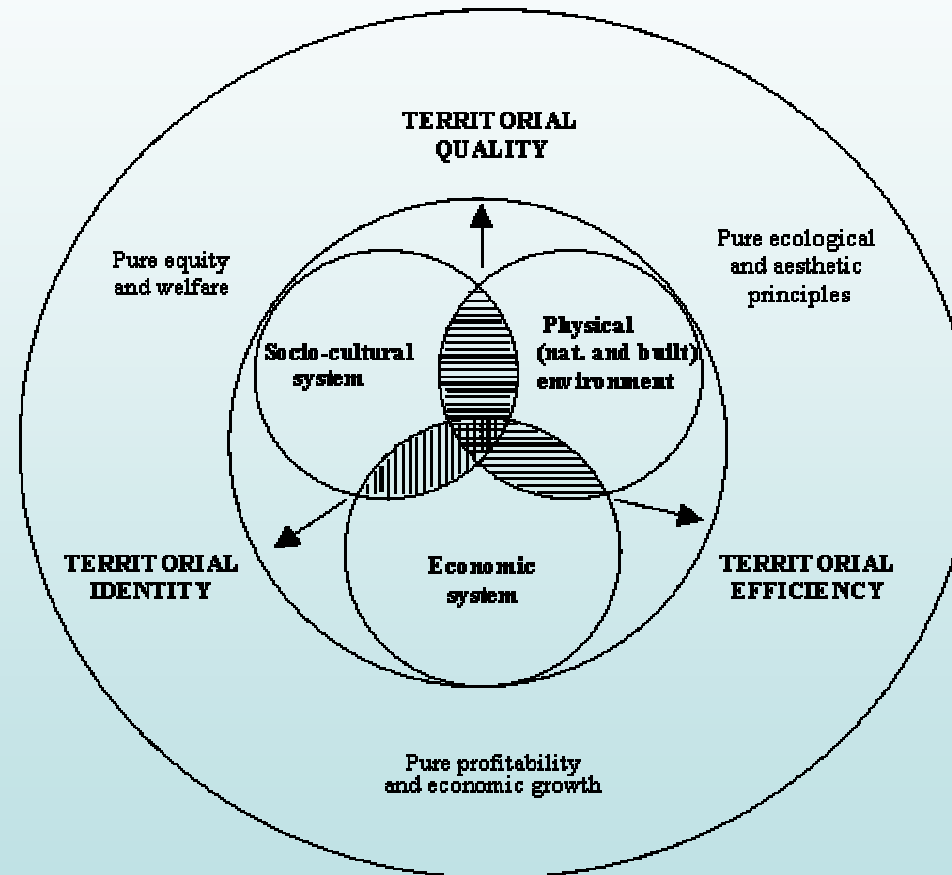
4. A possible definition of territorial cohesion

Three main components of territorial cohesion:

- *Territorial quality*: the quality of the living and working environment; comparable living standards across territories; similar access to services of general interest and to knowledge;
- *Territorial efficiency*: resource-efficiency with respect to energy, land and natural resources; competitiveness of the economic fabric and attractiveness of the local territory; internal and external accessibility;
- *Territorial identity*: presence of “social capital”; capability of developing shared visions of the future; local know-how and specificities, productive “vocations” and competitive advantage of each territory.

4. A possible definition of territorial cohesion

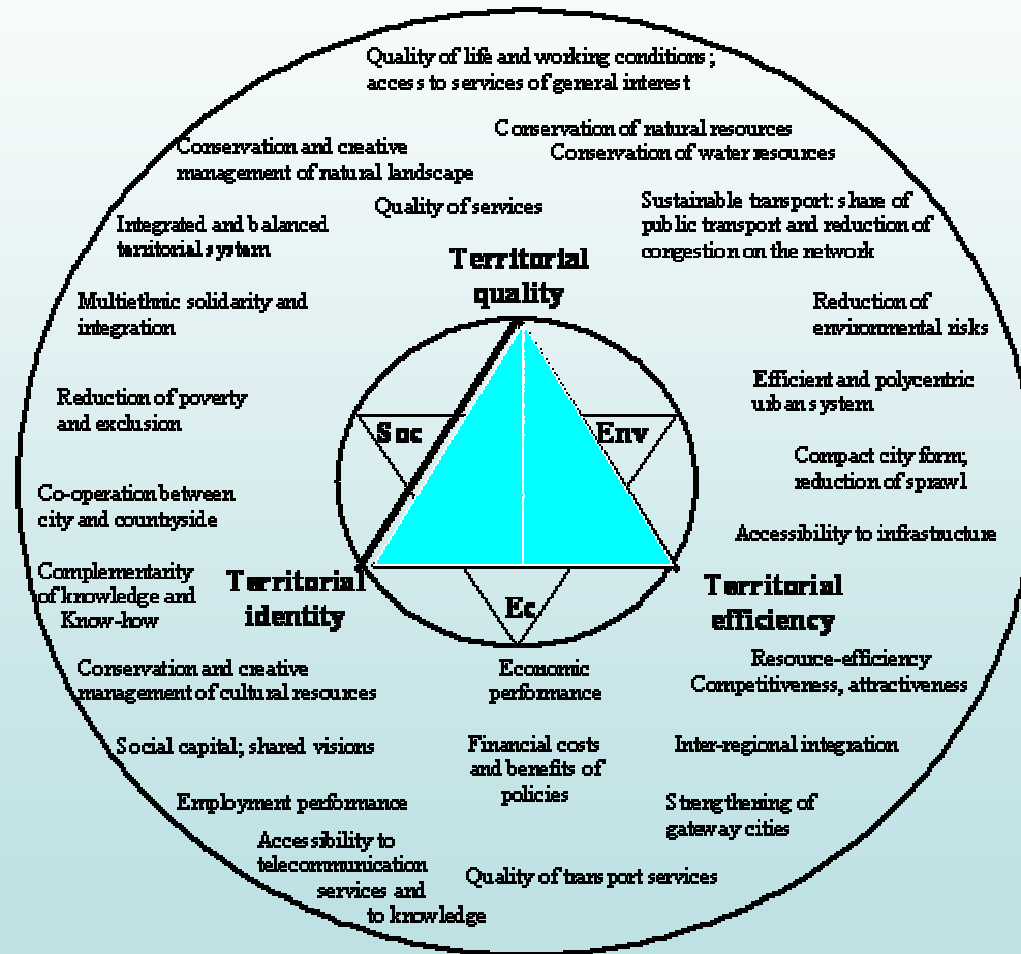
Figure 1. The components of territorial cohesion





4. A possible definition of territorial cohesion

Figure 2 – An integrated strategy for territorial cohesion: objectives and assessment criteria





5. Territorial development policies and the European Model of Society

Does a European Model of Society really exist?

Faludi (2005): it is a conceptual or even “rhetorical device invoked by actors operating in the core area of European integration”, opposing it to the U.S. one. Its “shared concerns are equity, competitiveness, sustainability and good governance” .

The person responsible for articulating the European model has been Jacques Delors, President of the EC from 1985 to 1995. Afterwards, it was developed by a series of reports commissioned by President Romano Prodi. The new Barroso Commission defends it by emphasizing growth and job creation.

“It is rooted in a set of constitutional policy principles, works with a floor of social guarantees, operates a regime that forces national systems to communicate with each other and pursues a set of wider aspirations” (De la Porte, Pochet 2002)

We can claim that it refers to the achievement of the maximum of equity compatible with competitiveness, through good governance and respecting sustainability



5. Territorial development policies and the European Model of Society

The components of the EMoS in the area of spatial or territorial policies, including cohesion policies.

The field of search lies at the border between ideology and economic theorization, in an area that I would rather call territorial political economy.

The components of the territorial view of the EMoS are mainly implicit elements that one may grasp across the lines of official documents

I will tentatively list these components, in decreasing order of importance.



5. Territorial development policies and the European Model of Society

A) *There exists no trade-off between efficiency and equity in the long run:* cohesion policies therefore are consistent with the present Lisbon strategy addressing growth and job creation.

In fact, cohesion policies (Camagni, 2001):

- activate idle resources and allow the full exploitation of regional endogenous potential,
- avoid the necessity of pure welfare intervention in cases of huge localized social crises,
- limit inter-regional and inter-national migrations of the labor force,
- avoid inflationary trends in core areas – that easily extend to entire countries and may quickly reduce price competitiveness – through spatial diffusion of development.

This argument is widely utilized at present in order to defend regional and cohesion policies against the criticism of being inefficient, moved only by equity considerations and consequently not apt to cope with present challenges.



5. Territorial development policies and the European Model of Society

B) The market economy operates as an efficient allocator of resources, but only inside the general rules given by society and dictated by its ethical values.

In particular, according to the intuition of Karl Polanyi (1994), these rules refer mainly to the use of production factors: capital, labor, natural resources, but also increasingly land resources (rules preventing urban sprawl), landscape resources and cultural heritage.

C) From an economic point of view, the territory is an asset, a “capital”, being at the same time (Camagni, 2002):

- a system of localized “technological” externalities;
- a system of localized know-how, (historical productive “vocations”),
- a system of economic and social relations (*relational capital* or *social capital*) resulting in a reduction of risks, transaction costs, uncertainty in innovation processes, facilitation of “collective actions” by private actors,
- a system of local *governance*, resulting in easier implementation of local strategies and more efficient bargaining processes with external firms.



5. Territorial development policies and the European Model of Society

D) For European policies, acting on the territorial dimension means reaching the four main objectives of the Treaties, and not just competitiveness.

With reference to the urban dimension, acting on cities allows to reach (EC, 1998):

- social cohesion, as deprivation and social problems are mainly concentrated in cities,
- sustainability, as cities are the great polluters of the Earth,
- competitiveness, as they concentrate excellence nodes of the knowledge society,
- democracy and good governance, as decisions may be taken more closely to citizens needs.

All these goals were indicated as characteristically included in the EMoS.



5. Territorial development policies and the European Model of Society

- E) The Union should guarantee equality of opportunities to all its citizens. The general goal refers to “contextual” conditions, concerning access to services of general interest and job opportunities*
- F) The Single European Market and the Monetary Union impose on regions and countries a relevant burden in terms of adjustment costs, calling for effective support mechanisms like cohesion policies.*
- In particular, with the single currency, countries renounce a powerful macroeconomic policy tool and a spontaneous adjustment mechanisms (exchange rate variations)
- Under a single currency, countries, like cities and regions, compete with each other on the basis of an “absolute” advantage principle, and not on the basis of the Ricardian “comparative” advantage principle, which allows each country a role in the international division of labor (Camagni, 2002)



5. Territorial development policies and the European Model of Society

G) In an integration context, each euro spent in supporting development in weak areas or on integration tools (TENs, cooperation) returns back to donor areas in terms of:

- demand (of capital goods and consumption goods),
- profits (on direct investment),
- increased efficiency of multi-localised firms.

H) EU support allows best national practices to diffuse across European countries, as has happened with reference to urban regeneration and rehabilitation policies - the URBAN Initiative- and the strengthening of institutional capacities and governance methods where they are considered to be weak



6. Concluding remarks

The concept of territorial cohesion opens new opportunities for the implementation of more robust territorial policies in the EU. The final step must be taken by the Member States and the regions.

The territorial dimension of development policies has an important potential role in the so-called European Model of Society. European values addressed to equity and sustainability and the European specificity, namely territorial cultural diversity and multiplicity of territorial identities, are likely to help building a positive attitude with respect to territory and to the necessity of a wise utilization of territorial capital - in its economic, social, environmental and identitarian dimensions.

Territorial development policies and territorial cohesion policies are already sufficiently well-based in the EMoS, explicitly or at least implicitly. Their economic justification looks also remarkably sound, but their ultimate legitimacy cannot but derive from the cultural awareness and the ethical values of the European people.



The concept of territorial cohesion and the EMoS

THANKS FOR YOUR ATTENTION!