

Professor Danuta Hübner
Chair of the Committee on Regional Development
European Parliament
Which role for Regions in the European Union multilevel governance system
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Your meeting is about the future of Europe, about the need of mobilizing the European development potential not only to get out successfully from the crisis but also to put the European economy on the path of long term sustained growth that will generate sustainable jobs and competitiveness of the economy.

Your coming to Brussels 10 days before the European Summit is a demonstration of your responsibility for Europe's future, of your readiness to work hard hand in hand with European institutions, national governments and all partners.

The world is dramatically changing. The crisis has hit first of all developed parts of the world. Emerging economies grow and restructure with a speed that cannot be compared to any of industrial revolutions from European and American history. Their role in the global world is rapidly growing. New markets are emerging and jobs are created in new sectors. Our society is aging with many social and economic consequences for public finance, labour markets and migration policy.

Today it is important to identify new engines for growth and focus on them urgently. But at the same time work must be done aiming at upgrading the entire European economy. Europe is too small to afford leaving parts of its territory with growth deficit. We need leading growth centres but their role is also to pull others forward. That is why in our future policies we must also enhance economic links between those growing faster and those lagging behind. Clearly, more cooperation among regions, within regions, among all actors across borders, business, academia is needed to get us out of the crisis and put our economies on long term growth track.

New growth engines enhance the role of regions in shaping European economy. They must work towards strengthening European cohesion: economic, social, and territorial. Aiming at cohesion is not a cost; it taps unused potential, broadens growth basis, and generates European social capital. The role of regions will grow because both, innovation that can bring productivity gains, and greening, that can create new demands and markets, they both require local and regional focus. They require place-based integrated approach to investment and growth policies. A region, a city, a town, a rural area happens usually to be such a place where all partners needed to bring

about a solution can be found and all elements of a solution can be brought together. This is the experience of European cohesion policy. This experience demonstrates that combining integrated approach to growth with territorial specificity brings the best results in terms of growth, sustainable jobs, creativity and innovation.

How can we overcome the integration fatigue, from where can come the energy Europe needs to face with a success all the challenges - these are legitimate questions. A substantial part of the response is multilevel governance. That is why the role of regions will grow. The new Treaty is clear – Europe is much more than European institutions and national governments. We can do our job only if we really understand that European tasks and responsibilities must be shared in a well orchestrated way between European, national, regional and local levels of European governance. All of them must be of the highest quality and accountability. The real drivers of change - businesses and universities must work in partnership with local and regional authorities and civil society.

Reaching out to public action as a policy tools bears some risk. That is why, as public action will play a role in the new growth model, the best place for this action must be chosen as well as adequate policy tools. With the public money more will have to be done. We have sufficient experience in the EU to say with full responsibility that local and regional level public interventions are often decisive for dynamism and change, for promoting creativity and innovation, for job creation, for energy efficiency, for bringing different actors together. I have said earlier that in the current global context, there is clearly a need to seek actively new development opportunities at local and regional level. Accountable multi level governance combined with tailor made policies increases chances to make the most of the potential of individual territories. Territorial diversity can become indeed an asset. That is one more reason for the role of regions to grow.

But already today political, economic and social powers and responsibilities are increasingly being spread between all different levels of governance. Globalization and many other challenges (climate change, energy security and efficiency, demography) encourage authorities at different level to make decisions collectively. At the same time, hierarchical or top down approach is disappearing from good practises of governance. This is a result of growing complexity of development issues that can be tackled effectively only through an integrated approach. Also, our citizens expect from authorities who are around the corner effective local actions in response to local impacts of global challenges. Sub-national levels of governance become increasingly relevant for public interventions. This has been reflected already for quite some time in growing share of public investment at local level.

Growing role of place-based integrated approach to decision making, policy programming and implementation allows synergies between policies to develop and be exploited. It leads to a better coordination of fragmented sectoral intervention and elimination of potential contradictions in policy making. Specific problems deriving from geographic handicaps can be better coped with. This approach to policy allows to avoid sectoral approach which is a recipe for new succes.

There is a lot of work to be done in Europe. The crisis has challenged us all at a time when we have been already in the midst of adapting ourselves to globalization and the need to turn our economies and the way of life away from fossil fuels and towards a more sustainable model. In front of all the challenges, entire Europe, including local and regional one must act swiftly and decisively and with a sense of urgency.

As we get closer to 2014-2020 budgetary debate, it is legitimate to say that both, problems we have to cope with and available policy tools point to the need of having regional policy carried out across European Union territory. Restricting it to the poorest regions would take us back to the old-fashioned approach, to subsidy-based policy with a strong sectorial focus, weak from the point of view of effectiveness. This type of approach to the policy would make its focus on the pursuit of common European objectives very unlikely. We would generate a quasi European policy working as supplement to national objectives oriented sectorial policies.

The challenge of achieving EU wide strategic objectives, on the one hand, and a rather limited number of available European policy tools on the other, point to the need of focusing all European policies, and cohesion policy, in particular, on these objectives. We are well prepared to the budget debate. First results of 2006 reform provide evidence that cohesion policy can successfully aim at generating conditions for regions to actively develop their strengths, comparative advantages, competitive potential, creativity, regional innovative capabilities. Such a policy orientation must be based on a proactive anticipation of future trends. The role of European Commission in providing information on future trends and challenges (e.g.Regions 2020) and through this helping regions to identify directions for change should be, therefore, enhanced. Equally important would be its role in encouraging development of frameworks facilitating interactions. Competitiveness emerges from interactions between businesses, researchers, authorities, civil society and international partners.

Competitiveness should be the focus due to well known trends in global challenges. An additional strong justification for this focus comes from the fact that the crisis has already led, and will do it even more deeply in the years to come, to abandonment of competitiveness goals in both public and private investment policies. Public resources have been increasingly transferred towards stability objectives as well as policy and investment measures and we will witness strengthening of this trend. The response should be to have competitiveness as major cohesion policy objective for all European regions. For those regions where catching up remains a long term goal, a second objective should be established in the new policy architecture, with a view to provide more support for those who lag behind and who indeed face the genuine challenge of convergence.

I said before that new cohesion policy should be based on a modern multilevel governance but not of hierarchical nature. In the European Union, a top down hierarchical approach to policy decision making and governance has been disappearing from the good practice of governance through continuous process of decentralization of competences and responsibilities. Additionally, subsidiarity, extended by the Treaty to local and regional level, has acquired a new character, moving from separation of powers to sharing and coordinating.

As all national, European, regional and local processes get increasingly intertwined with global changes, opening regional economies to the global competition is fundamental. 2006 reform has started this process by putting emphasis on the need to measure regional economic strength against the global context. In post 2013 policy edition, this trend must become a cross cutting rule. Pressures for reforms which Europe needs come increasingly from this multifaceted intertwining. If this is not further and strongly encouraged by the cohesion policy instruments which have high leverage and catalyst power, European economy will face the risk of its global marginalization. We must also recognize that globalization and openness work towards decreasing role of state level policy frameworks and growing role of responsibilities of regional and local authorities, citizens and entrepreneurs.

Understanding that European regional policy is not merely a financial tool for investment but a policy that is generating new resources, adding to growth potential is crucial. This points to the importance of the process of setting policy priorities and focusing its investment. Therefore, the objective today cannot be reducing or eliminating production gap generated by the crisis or growth deficit but putting productivity gains on track. Hence, the emphasis on competitiveness is a must. Post 2013 policy should be an instrument to enable competitiveness. Equally, it must avoid generating conditions that would impede competition. It must work towards opening regional economies to international competition, promoting international networking of regions and enterprises, making this networking a condition for programs and projects.

Future policy should offer to regions in a more robust way good practice that can enable those less competitive to open up to global competition without protective measures. This can be achieved through helping regions to identify measures they can use to increase innovation, productivity and competitiveness.

An important challenge for the future cohesion policy will be striking the right balance in linking it with the EU 2020 strategy, avoiding, on the one hand, its subordination and, on the other, its marginalization. Both the experience of linking the cohesion policy with the Lisbon strategy through the earmarking exercise and its delivery system make this policy particularly well tailored to the EU2020 governance requirements. It provides an integrated, place based formula for investment. It provides effective delivery system. It provides ownership on the ground. Its strategic approach allows to translate common European objective into national, regional and local ones. It offers an effective use of conditionality to distribute funds among projects and territories. It offers capacity to monitor and provide technical assistance.

Without any doubts restructuring will be a permanent feature of our economies in the years to come. Regional policy should nurture it, stimulate the spirit of change and openness of local and regional economies to the world. It seems rather likely that in spite of the needs, the most likely scenario is that the European budget after 2013 will not be sufficient to support all actions that should be supported through European policies. In my view, this condition can be less costly to European citizens if all European policies aim at the same objectives through different, policy specific incentives and all levels of European governance work together. That is why the idea of Territorial Pact that would allow us to have all brains and hands work in concert is the way to go.