

Cooperate on Territorial Governance to Address Major Development Challenges in Europe

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Summary

In Europe (not just the EU), societal and territorial fragmentation, along with spatial inequalities are a growing challenge to the development of our places and societies. They are further fuelled by exogenous and endogenous development trends that affect future spatial developments.

This article provides a quick glance at major development trends shaping Europe's future development and outlines what these trends imply for societal and territorial fragmentation before reflecting a few possible policy responses. The potential of the new Territorial Agenda for the European Union (EU), to be agreed upon in autumn 2020, and the idea of a place-sensitive approach to investments are underlined as possible ways forward. In both cases, territorial governance and the possibility of motivating a wide range of actors to commit to putting the new Territorial Agenda – or a place-sensitive approach to investment – into action are essential. Combatting territorial fragmentation and spatial inequalities requires a wide range of collaborative efforts.

Keywords: Territorial Governance, Fragmentation, Territorial Agenda, Functional Mismatches, Place Sensitive

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Introduction

In this article I argue that it is high time for powerful responses to increasing territorial fragmentation and spatial inequalities in Europe. In the first section, I address the issue of spatial inequalities and how future trends risk to increasingly drive apart people and places in Europe. Based on my experience working with Spatial Foresight and the Territorial Thinkers on various assignments linked to territorial policies in Europe, the second section outlines some ideas on how to address fragmentation and increasing spatial inequalities. Finally, the third section provides conclusions and summarises ideas for possible ways forward.

Europe's Increasing Spatial Inequalities

The world is changing rapidly and many trends we observe currently will affect the territorial balance and territorial governance in Europe in the decades to come.

There is no shortage of attempts to collect, filter and categorise the trends and developments that are most decisive for future developments in Europe (see e.g. Böhme et al., 2016; Böhme & Lüer, 2016; Böhme et al., 2019; ESPON, 2018; European Strategy and Policy Analysis System, 2015; Gaub & European Strategy and Policy Analysis System, 2019). A few of the main exogenous (primarily technological and environmental) and endogenous (primarily economic and social) trends include the following:

- **Technological** progress is a main driver of change at a global level, impacting developments in Europe. The fourth industrial revolution is expected to have disruptive effects across production systems, work organisation, the transformation of industry, and health and education systems. Other trends expected to shape future perspectives range from social and new media, mining and processing of big data, automation,

3-D printing, digitisation, and artificial intelligence.

- **Environmental** trends including climate change, loss of biodiversity, and pollution of the seas may change our territories or at least lead to substantial policy responses, such as the decarbonisation of energy production and consumption – from transport and industry to electricity and heating. Environmental trends will also provoke changes in the field of sustainable mobility. At the European level, environmental policies will need to address the challenges resulting from these overall developments, from biodiversity and eco-system services to an economic transition towards circular and eco-system-based approaches.
- **Economic** trends affecting European territories include global competition and tensions over global trade, the rise of protectionism, the collaborative and cooperative economies, the circular economy, high levels of economic growth in developing countries and the rise of the global middle class, increasing economic concentration in a few hotspots, and the intangible economy. At the European level, the 'debt trap' and expanding tourism offers are important trends in some countries.
- **Societal** trends underline asymmetries shaping future global demographic developments including aging (a particular challenge for some European countries) and migration (both domestic and international migration). Another trend refers to worldwide Urbanisation is leading to ever greater shares of the total population living in urban areas worldwide. The most attractive and fastest growing centres are expected to be outside of Europe and may increasingly attract talent from Europe. Moreover, societal trends are characterised by contradictions: our societies are becoming more diverse and developing new forms of democratic

participation while, at the same time, demonstrating decreasing trust in traditional democratic institutions.

All of these trends have implications for territorial development and governance in Europe. Taken together, the majority of future trends point towards an increasing concentration of wealth and decision-making power, which can fuel increasing spatial inequalities and territorial fragmentation.

In Europe, inequalities between people and places increase at all geographic and administrative levels (see e.g. Böhme & Martin, 2019; ESPON, 2019). Spatial inequalities permeate a wide range of domains including, but not limited to: demography and society; economic performance; innovation and education; climate change and loss of biodiversity; air, soil and water quality; secure, affordable and sustainable energy; physical and digital accessibility; the circular economy; the bioeconomy; accountable and good governance; and last but not least, quality of life and well-being. The types of inequalities that are increasing and the speed at which they increase vary. However, a common feature of spatial inequalities is that from the sub-local to the pan-European level, they stand to manifest themselves and increase largely due to the market-driven dynamics and concentration of economic activities, which include following economies of scales, increasing access to market areas, and increasing access to qualified labour.

Europe has a long history of talking about diversity and disparities between places – be it between cities, between regions or between countries (see e.g. Eser, 2009; European Commission, 2008; 2017). Indeed, EU regional policies have sought to address these disparities for several decades. Additionally, as concerns planning, spatial inequalities were the primary concern of the European Spatial Development Perspective (ESDP) agreed upon in 1998 (European Commission, 1999). Back then,

the approach to tackle spatial inequalities focused on polycentric development at various geographical levels and rural urban partnerships. This was later followed by the two Territorial Agendas for the EU, one in 2007 and one in 2011 (European Union Ministers responsible for Spatial Planning and Territorial Development, 2011; MUDTCEU, 2007).

Despite all policy initiatives and efforts, growing inequalities between places have not been curtailed over the past 20 years. Today, increasing spatial disparities are an ever more pressing concern, reaching a level of a territorial expression in Europe. As divisions, diversity, and disparities between different types of territories grow, territorial fragmentation emerges as a major and complex challenge across Europe. Territorial fragmentation is at the very heart of today's development challenges (e.g. related to shrinking cities and regions) and needs to be recognised as such if we want to avoid other regions turning away from Europe (Böhme & Martin, 2019). This fragmentation is a result of places feeling disconnected or left behind (Dijkstra et al., 2018; Rodríguez-Pose, 2018), and of the fact that there is an increasingly territorially diverse 'European geography of future perspectives', where different cities and regions face different everyday realities and their inhabitants see different future perspectives; not all of them positive (Böhme, et al., 2019).

If territorial fragmentation is already one of the major challenges for Europe, and will become an even bigger challenge based on future development trends, it is high time to prepare adequate responses. These responses lay mainly in policymaking's ability to have better spatial awareness, i.e. a place-based approach (Barca, et al., 2012; Doucet, et al., 2014; Zaucha et al., 2014); stronger territorial governance (Rodríguez-Pose & Ketterer, 2019); and, in particular, territorial strategies or visions embedded in the potential of functional areas and increased cooperation between places, sectors, and groups of society (Böhme & Martin, 2019; Mehlbye et al., 2019).

Spatial Inequalities need Policy Responses

We need to pay more attention to growing spatial inequalities and take into account the spatial effects of public policies and investments. Increasing spatial inequalities risk affecting the acceptance of public interventions and diminishing the marginal utility of investments in infrastructure, human capital, and technology. At worst, they could feed a vicious circle whereby increasing inequalities drive a wedge between the productivity effects of investment in less developed regions as compared to more developed regions, thereby reinforcing spatial inequalities. If left unaddressed, spatial inequalities risk growing and translating into political, societal, and ultimately spatial fragmentation, undermining the foundations of our society and economy.

Summarising the results of previous European Territorial Observatory Network (ESPON) work (see e.g. ESPON, 2017; 2018; 2019), Böhme and Martin (2019) arrived at the following available and practical pathways, which could centre around three key features that underline the need to strengthen territorial governance to manage territorial fragmentation (ref. Böhme et al., 2015):

- **Acknowledge interdependencies and cooperate to address fragmentation.** Territorial and societal fragmentation is linked to the fact that today's development challenges and potential can no longer be mastered by decision-makers in charge of individual municipalities, regions, or countries (Böhme, et al., 2019). For almost any development issue, the territorial impacts extend beyond administrative borders. Therefore, decisions at different administrative levels and in different territorial units need to be joint ones (Mehlbye & Böhme, 2017). Such interdependencies – ranging from urban

to rural, cross-border to macro-regional and transnational – shape territorial development in Europe and underline the need for functional and integrated approaches.

- **Multifaceted territorial strategies for functional areas in Europe.** Territorial fragmentation is intrinsically connected to the lack of a shared territorial vision for Europe. Some parts of the society and some territories see a bright future with new opportunities, while other parts of society and other territories expect an increasingly less optimistic future. Therefore, Europe needs to ensure that all places and parts of society are heard as part of its commitment to social, economic, and territorial cohesion. To bridge the gap between municipalities, regions, and Europe as a whole, we need diverse and place-based territorial strategies for functional areas in Europe. These strategies need to address functional (rather than administrative) areas, take account of their actual development challenges and potential, and also address their role in a wider transnational or European perspective. The objectives of these strategies may be multifaceted and even contradictory between different functional areas; yet together they should be used as an opportunity to obtain a new understanding of Europe and its future development perspectives.
- **Empower places to develop place-based strategies and cooperate.** Local and regional actors (e.g. local and regional authorities or civil society organisations) not used to engaging in European policy debates need to be empowered to actively contribute to and conjointly work on future and alternative perspectives for their regions and municipalities (ESPON, 2019; Rodríguez-Pose & Ketterer, 2019). Local stakeholders have the tacit knowledge needed for this, i.e. they know best

what their place-specific strengths and weaknesses are. As such, they need to be involved in the process as key players, which requires pro-active support, incentives, and investment. Only in this way can local actors assist in developing a shared vision and preparing an implementation process to generate the necessary policies and action.

A New Territorial Agenda for Europe A Future for all Places

Therefore, the new Territorial Agenda for Europe needs to become a powerful framework for action, striving for a future for all places in Europe. The new Territorial Agenda will be agreed upon by the ministers responsible for spatial planning and territorial development in the EU Member States on December 1, 2020 in Leipzig. Relatively little time is left to influence the wording of this agenda and to ensure a wide commitment of relevant stakeholders to act in applying the agenda.

The objective of the Territorial Agenda should be to ensure that increasing inequalities between people and places are addressed. To do so, the Territorial Agenda needs to provide strategic orientations for territorial development, strengthening the territorial dimension of policies at all levels of governance. Furthermore, action is needed to ensure a bright future for Europe. Actions must be based on a common understanding that development needs and the impacts of future developments differ between places (cities and regions) in Europe. Furthermore, cooperation and joint efforts between different places and policy sectors are needed to address complex issues and utilise diverse potential.

A Territorial Agenda for Europe must not only address EU policies and national planning policies in EU Member States, as spatial inequalities cannot be addressed by a single actor. The Territorial Agenda must address, motivate, and commit decision

makers at all levels of policymaking (from the sub-local to the pan-European) and in all sectors, going beyond the planning sector to also include civil society and enterprises. Furthermore, it should invite relevant actors in EU neighbouring countries (especially in EFTA¹ countries and the Western Balkans) to take note of and contribute to the Territorial Agenda, as well as apply it at the European, transnational, and cross-border level. Where suitable, European Free Trade Association (EFTA) and Western Balkan countries may be encouraged to apply the Territorial Agenda.

A Place-Sensitive Public Policy and Investment Approach

Going beyond agenda setting and policymaking to address spatial inequalities, investment decisions need to be place-sensitive by taking into account the specificities of a place and the impact of the investment on the role or weight of a place in its wider regional, national, or European context.

Every public investment should be assessed with regard to its spatial dimension considering (i) the place of investment, (ii) the expected spatial impact of the investment, and (iii) the governance dimension of the investment:

- a) The assessment of the place of investment is about the coherence of the investment with relevant spatial development strategies (at the local, regional, or national level) and whether the place of the investment is underperforming in a European, national or regional comparison.
- b) The assessment of the spatial impact of an investment is about checking whether the impact will improve the position (European, national, regional, or local) of the place of investment for specific domains (linked to topics discussed in the report), and whether other areas will be impacted by the investment,

i.e. expected spill-over effects in local neighbourhoods, neighbouring municipalities, regions, etc. These spill-over effects particularly concern access to services of general interest, reflecting the importance they play in the analysis and the potential of functional areas for their provision.

- c) The assessment of the governance dimension should reflect the importance of accountable and transparent government and governance and the involvement of relevant players, as well as the acceptance by the local population of successful investments.

Conclusions and Ways Forward

Societal and territorial fragmentation are big questions that need to be addressed by powerful policy decisions. However, this should not imply that relevant stakeholders can simply wait for the others to become active.

Indeed, small steps towards curbing societal and territorial fragmentation can be taken by civil society and through intergovernmental processes. One example is the ongoing process of revising the Territorial Agenda for the European Union. This intergovernmental policy document outlining the overall spatial planning objectives for Europe is currently under revision and a new Territorial Agenda will be presented in December 2020. This process holds opportunities for stepping up action against societal and territorial fragmentation. However, for this to happen, many different actors need to engage with the elaboration of the new Territorial Agenda and commit to putting it into action or we risk having just another paper tiger. These actors do not necessarily need to come from within the EU. As the challenges to be addressed are equally relevant for EFTA and Western Balkan countries, there is a great opportunity to bring together EU stakeholders and actors from neighbouring countries. This is occasion is not to be

missed (Böhme, Toptsidou, Lüer, Toto, Ciro, & Shutina, 2019).

Notes

1. European Free Trade Association

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