

From Darling to Stepchild?

European Peripheral Regions under an EU Regional Policy Turning from Convergence to Competitiveness

A Research Master Thesis Submitted to the Faculty
of Geosciences, Utrecht University

In Partial Fulfilment
of the Requirements for the Degree
of Research Master in Human Geography and Planning

by

Hilke Haase

3236005

November 2009

supervised by Prof. Dr. Rob van der Vaart

Certification of Approval

From Darling to Stepchild?

European Peripheral Regions under an EU Regional Policy turning from Convergence to
Competitiveness

by
Hilke Haase

Prof. Dr. Rob van der Vaart
Professor of Human Geography and Planning

Date

Dr. Leo Paul
Lecturer of Human Geography and Planning

Date

Acknowledgments

I would like to express my sincerest gratitude to my supervisor Prof. Dr. Rob van der Vaart, for encouraging me throughout the process, for sharing his time and insights and for making me believe that I can produce something meaningful. I always left his office full of new ideas and motivation. Furthermore, I would like to thank all my interview partners in Brussels who welcomed me in their offices and shared their personal and professional experiences with me, making this research possible. Many thanks also go to my friends and classmates for listening to and reading parts of my story, for their interest and useful comments. Last but not least, I would like to mention the Faculty of Geosciences, whose considerable financial contribution supporting this research I deeply appreciate.

Table of Contents

Table of Contents.....	6
Tables of Figures and Tables.....	8
Abstract.....	9
Chapter 1: Introduction.....	10
Chapter 2: The European Periphery.....	16
I. Introduction.....	16
II. The conceptualisation and representation of the European periphery.....	17
III. The Indicators of a European Periphery.....	20
1. Nature-given Features: Remoteness, Climate, Topography and Border Locations.....	21
2. Resulting Circumstances.....	23
3. The Problematic Dimension.....	30
Chapter 3: The Shift of Paradigm in EU Regional Policy.....	50
I. Introduction.....	50
II. The Single European Act (1987) and the First Budgetary Period (1989-1993).....	53
III. The Second Budgetary Period (1994-1999).....	56
IV. The Third Budgetary Period (2000-2006).....	58
V. The Forth Budgetary Period (2007-2013).....	60
1. The Lisbon Agenda and influential reports.....	60
2. Regional Policy 2007-2013: efficiency and equity.....	62
VI. Post 2013 –The Barca Report.....	66
VII. The Spatial Planning Dimension: Territorial Cohesion on the Rise.....	68
VIII. Placing the Developments in a Larger Context.....	71
Chapter 4: Methodology.....	74
I. Developing a Research Question and Hypotheses.....	74
II. The Research Strategy.....	76
III. The Research Design.....	77
IV. The Research Method.....	84

V. Collection of the Data	84
VI. Treatment of the Data	86
VII. Shortcomings.....	87
 Chapter 5: Findings.....	 89
I. Introduction	89
II. General information	90
III. Assumption 1: The Real-life Experiences in the Periphery match the Characteristics identified from the Literature.....	97
IV. Assumption 2: The Difficult Geographic Circumstances should provide the Rationale for a Funding Scheme.....	106
V. Assumption 3: The European periphery Experiences a Shift of Paradigm	108
VI. Assumption 4: The European Periphery rejects the Competitiveness Focus in EU Regional Policy.....	112
 Chapter 6: Conclusion and Discussion	 117
 References	 125
 ANNEX: Example of Interview Questions.....	 134

Tables of Figures and Tables

<i>Figure 1: “Blue Banana” (Brunet, 1989)</i>	17
<i>Figure 2: “Blue Star” (IAURIF, 1991)</i>	18
<i>Figure 3: “Bundles of Grapes” (Kunzmann and Wegner, 1991)</i>	18
<i>Figure 4: “European Pentagon” (Schön, 2000)</i>	19
<i>Figure 5: The European Periphery (Kunzmann, 2008)</i>	20
<i>Figure 6: The Three Layers of Characteristics of Peripheral Regions (own design)</i>	21
<i>Figure 7: The European Topography (www.weltkarten-landkarten.com)</i>	22
<i>Figure 8: Potential Accessibility by Road (ESPON, 2006b)</i>	36
<i>Figure 9: Potential Accessibility by Rail (ESPON, 2006b)</i>	37
<i>Figure 10: Potential Accessibility (multimodal) (ESPON, 2006b)</i>	38
<i>Figure 11: Potential GDP to be reached within 100 km (European Commission, 2008b)</i>	39
<i>Figure 12: Average Population Density (ESPON, 2006b)</i>	40
<i>Figure 13: Population Potential (ESPON, 2006b)</i>	41
<i>Figure 14: Employment in Agriculture (ESPON, 2006b)</i>	42
<i>Figure 15: Agriculture Intensity (ESPON, 2006b)</i>	43
<i>Figure 16: Urban-rural Typology (ESPON, 2006b)</i>	44
<i>Figure 17: Total Population Change (European Commission, 2007)</i>	45
<i>Figure 18: Unemployment Rate 2007 (European Commission, 2009)</i>	46
<i>Figure 19: GDP per Capita (European Commission, 2009)</i>	47
<i>Figure 20: GDP-PPS per Capita versus Potential Accessibility (multimodal) (ESPON, 2006b)</i> ..	48
<i>Figure 21: Intensity of Multiple Risks for European Regions (European Commission, 2008e)</i>	49
<i>Figure 22: The Member States of the CMPR (CMPR, 2008)</i>	78
<i>Table 1: Hospitals and Universities within reach (European Commission, 2008)</i>	26
<i>Table 2: Overview Basic Peripheral Characteristics of the Sample Regions</i>	80
<i>Table 3: Overview of the Organisations of the Interview Partners</i>	82

Abstract

Most socio-economic activities take place in a few European centre regions, resulting in the fact that those areas located at the European edge often lag behind in terms of economic growth, innovation capacity and population dynamics. Whereas for a long time, EU regional policy has mainly functioned as an equalising system balancing out this uneven development, the adoption of the Lisbon Agenda has initiated a new focus within EU regional policy. An increased concern for international competitiveness has led to major policy changes, focussing on the creation and realisation of potentials. Possibly, this development can lead to a widening of the gap between central and peripheral regions. It was assumed that this would result in a strong rejection of the competitiveness and growth approach from the side of the European periphery. At hand of in-depth interviews with regional representatives working for peripheral regions in Brussels, the question has been answered whether peripheral regions perceive the changes focus in EU regional policy as a threat. Interestingly, a strong rejection of the competitiveness and growth focus could not be observed, even though a continuation of the equity element in regional policy is also considered as extremely necessary and desirable. In conclusion, the European peripheral regions favour the continuation of regional policy by the EU, based on the two complementary pillars of equity and competitiveness.

Chapter 1: Introduction

“Ghost Towns Instead of Revitalization - Eastern Germany Depopulates”

(Deutsche Welle, 2009),

“Ageing population threat to rural England” (The Guardian, 2007),

“Le centre de la France toujours déserté par les médecins” (Le Figaro, 2007)

“Randstad groeit, platteland krimpt” (NRC Handelsblad, 2008)

“Midlands faces mass exodus as workers migrate North and South” (ENP Newswire, 2009)

We are all familiar with frightening headlines about the decline of remote rural areas. We know these or similar statements from the media, hear them from politicians during election campaigns, or during local protests when yet another school or hospital gets closed because of population decline. We have heard about or experienced the rural exodus in our own countries, and know that employment and career opportunities are considerably less available in remote villages than in urban areas. Of course, modern transport facilities such as high speed trains, low-cost airlines, highways and ICT help us overcome spatial distances. Nevertheless, it appears that even within European countries the region where someone was born or lives has an enormous influence on for instance education, career opportunities or health care provision. Why do we experience a concentration of socio-economic activities in the larger cities and their disappearance in many peripheral territories? The reason is that location still matters, and nowadays maybe even more than in the past. Most economic investments are made in close proximity to clients, a specialised workforce and related services. Connectivity to the global “space of flows”, as Manuel Castells terms it, becomes increasingly important for businesses in times of declining primary and industrial sectors and an economy based on services and ICT.

If it is the well-known and century-old “market force” which determines these dynamics of concentration, why has the problem become so apparent in recent years then? After the Second World War, Western Europe knew a time of strong public sector involvement, securing the functioning of the Keynesian welfare states (Brenner, 2004). National governments and later on the EU have been active to alleviate unequal spatial development with the help of an active regional policy. This included among others the relocation of public services, large infrastructural projects, and since the 1980s heavy investments in all kinds of measures supported under the European regional policy scheme. Today, with spatial concentration of activities worsening as described before, one would expect increased efforts to balance out the dominant market forces,

seeking to achieve a territory without huge inter-regional disparities. Yet, what we find is a relative absence of the national governments in regional policy¹ or an increased focus on strongest elements for which the Dutch plan “Peaks in the Delta” can serve as a prime example. Hand in hand with these national developments comes a changing logic in EU prioritisation. Especially in the old member states, European regional policy has turned into a sort of innovation policy aimed primarily at competitiveness and economic growth. The territorial approach based on subsidies for the poorest regions is losing ground. Under a new funding objective, member states are given a free hand to invest into projects without geographic requirements. The rationales behind these changes are globalisation trends and the increased competition from emerging economic powers such as China and India. With the adoption of the Lisbon Agenda in 2000, the EU has set itself the ambitious aim to become the most innovative knowledge-based economy of the world. Investing in the huge urban centres (where the most innovative businesses generally tend to settle) seems to be most promising in rendering returns contributing to the EU’s overall competitiveness and to achieving the Lisbon targets.

This situation gives cause for serious concern: Does the European Union sacrifice the interests of a minority living in the periphery for the benefit of a more competitive Union as a whole, able to compete with the rising superpowers? And how is this policy change experienced and evaluated by those living and working in and for those peripheral regions? In order to approach these questions, investigations into two major topics are necessary. The first field of study is the situation of the European periphery. Geographical features such as a topography characterised by mountains as well as harsh climates render living conditions different from the urban centre areas in many respects. These factors also impact the socio-economic development of the areas. One can thus assume that the periphery consequently has different needs than more central areas with less extreme geographic conditions and better accessibility. Since the establishment of the European Spatial Planning Observation Network (ESPON) in 2002, extensive geographic data is available on the different potentials and challenges of areas and on imbalances within the European territory. This includes detailed maps of major territorial structures with regard to a wide range of themes important for the development of regions. In many respects a core-periphery pattern can be identified, be it concerning accessibility, land-use, population dynamics or income generation. These findings are confirmed by other literature. Brenner (2004) observes a spatial concentration of economic activities in a few well-connected regions with a large part of the territory being

¹ which partly has to do with European competition law, in many cases forbidding the member states to intervene actively and to distort the market

excluded; Spiekermann and Wegener (2006) and Straatemeier (2008) for instance confirm that poor accessibility and a peripheral situation are directly related. A number of extensive reports from the Nordregio research group bring proof of unique obstacles as they can only be found in the periphery, including for instance extreme climate conditions and a very low population potential (see Damsgaard et al, 2008; Gloersen et al., 2006). However, no clear visualisation exists on how the different aspects of peripherality, such as remoteness, bad accessibility, unemployment, border locations or a lack of public services relate to one another, and what a culmination of these elements means for people living in different places of the European edge.

The second field of research is the development of European regional policy. Here, the focus will be on ideational changes that took place after the adoption of the Lisbon Agenda. This includes on the one hand the discussion on European spatial planning and territorial cohesion, and on the other hand the changes in the funding priorities and the territorial scope of intervention. Concerning the spatial planning aspect, Andreas Faludi has published a large number of very interesting findings (e.g. Faludi 2006, 2007, 2008; Faludi and Waterhout, 2002). Research on European projects concerned with territorial cohesion beyond the regional policy scheme suggests that the EU strives for a polycentric development in Europe. Nonetheless, agreements and initiatives taken in this direction have not had considerable impact yet because of their weak legal standing. Concerning the funding priorities for the period 2007-2013, scholars agree that an important change in vision has taken place. For a long time the rationale for European regional policy has been that regional socio-economic disparities across the Union are unacceptably wide and that the Union is responsible for reducing these differences (Michie and Fitzgerald, 1997). Today, regional policy is mostly aimed at increasing competitiveness, growth and employment in the union as a whole. The reform introduced measures for the establishment and expansion of regional and sectoral growth centres enhancing education, research, technological innovation and a better business climate (Bachtler, 2001; Bachtler and Yuill, 2007; Becker, 2009; Halkier, 2001; Lammers, 2007; Küpper, 2008; OECD, 2005)². The assessment of this change in paradigm has led to a controversy in the fields of economics, politics and geography. Whereas some scientists see a more growth-oriented policy as the right approach for global competitiveness (see e.g. Lammers, 2007), others are more sceptical because of the risk of increased inequalities and social unrest (see e.g. Bachtler and Yuill, 2007; Küpper, 2008). The discussion can be summarised as the conflict between a convergence

² One of the most active scholar in this field is John Bachtler, who, together with his colleagues has been investigating national and European regional policies in depth since the 1980s (e.g. Bachtler and McMaster, 2007; Bachtler and Mendez, 2007; Bachtler and Polverani, 2007; Bachtler and Turok, 1997; Bachtler and Yuill 2007).

and a competitiveness focus, or in the language of welfare economists, an equity and an efficiency concern. The spatial dimension of this discussion involves the question where to direct (financial) attention. The choice has to be made between the lagging -mostly rural- areas with the aim of alleviating differences, and the dynamic -predominantly urban- regions where investments by and large generate higher returns.

Both topics, the situation of the periphery as well as developments in regional policy, have led to a lively academic discussion. Some few papers have even started to combine both issues, by adding a spatial dimension to the discussion of policy. The paper “Regional Policy in Western Europe: Taking Stock of the Shift in Paradigm” by Bachtler and Yuill (2007) for example takes into account changing policy goals, governance processes and instruments, but also discusses territorial impacts. Numerous cohesion reports and assessments published at the request of the European Commission evaluate the results of different policy measures across the whole territory (European Commission, 2004, 2005, 2008b, 2009). The moral question of territorial fairness has also been discussed (Brenner, 2004; Dabinett, 2009; Faludi, 2008; Küpper, 2008). However, an encompassing study on how the European periphery perceives the changing EU regional policy has been lacking so far. This paper aims at filling this gap.

Hypothesising that the new focus on growth and competitiveness results in a further concentration of social and economic activity in the centre of the European space, it is essential to investigate how the European periphery experiences the change in paradigm. Especially in combination with manifestations of a rural exodus, higher unemployment rates and a rising demand for connectedness of their inhabitants, people living in and working for the peripheral regions might feel neglected and disappointed. This could have severe consequences for European cohesion and in the worst case lead to social unrest. This research therefore investigates the opinions of representatives from peripheral regions working in regional policy. Their responses bring important insights to policy-making, but also add new knowledge to scientific accounts on regional development. The respondents were asked about the identity of ‘their’ peripheral region, their perspective on recent policy developments, and what that means for their regions. In combination, the findings are used to answer the following main research questions:

“How do regional policy actors working for European peripheries perceive the recent shift in paradigm in EU regional policy? Do they see their regions as the losers of the competitiveness and growth focus of EU regional policy or do they identify new opportunities within this scheme?”

The answers to these questions are based on qualitative data acquired during a number of in-depth interviews. The choice for a qualitative data analysis is justified by the nature of the research questions. This research does not try to answer whether regional policy in the periphery is efficient and successful. These sorts of questions are answered by reports about regional performance, which are indeed based on statistical data concerning population dynamics, economic performance and other socio-economic indicators. Instead, this paper answers the question how the periphery *perceives* the change in paradigm. Central in the discussion are impressions and of experts, who are involved in the daily decision-making process in the EU and at the same time extremely familiar with the circumstances in the periphery. Half-structured interviews left sufficient room for extensive explanations of their regions' situations, and also allowed for criticism and suggestions on regional policy.

The paper is structured as follows: The second chapter will deal with the situation of the European periphery. It includes a conceptualisation of European space, followed by a discussion of indicators of 'peripherality'. Here the elements of remoteness, poor accessibility, low population potential and a below-average economic performance are discussed. The third chapter deals with EU regional policy. Following a chronological order, an overview on the development of regional policy will be given. The major focus is on the shift from convergence to competitiveness objectives, as manifested in the current budgetary period 2007-2013. Next, a short outlook on future developments is given, including the discussion of the Barca report and an evaluation of the European spatial planning dimension. The chapter concludes by placing the shift in EU regional policy into a wider societal context.

The fourth chapter is concerned with methodology. It describes and justifies my research strategy, design and methods; and explains the choices concerned with the collection and treatment of the data. The fifth chapter contains the presentation of my findings from my empirical work. I will start with some interesting findings elucidating the background situation of peripheral regions in Europe; elaborating upon the national subsidies context, the benefits stemming from having regional policy within the competencies of the EU, and the regions' way of working in Brussels. The second part will be structured along my four major assumptions, the first one being that the first-hand experiences of the experts concerning the situation of the periphery match my findings based on the statistical data from chapter one. In the following, empirical findings about whether difficult geographical circumstances are a legitimate factor for allocation decisions will be disclosed. Afterwards, results will be presented that confirm the perception of a shift in paradigm with an increased concern for competitiveness. Lastly, I will depict the findings regarding my forth

assumption. Being concerned with the different stances the regions show towards the shift of paradigm, this part contains the essential answers to my research question. Chapter six of this paper contains conclusions and a discussion of the latter. I will make clear what answer I can give to the research question and spell out what my empirical work adds to the knowledge in my theoretical parts. Furthermore, the implications for peripheral regions and for European regional policy will be depicted, and opportunities for further research identified.

Chapter 2: The European Periphery

I. Introduction

This second chapter will shed light on the question in what way the circumstances in peripheral regions differ from the socio-economic situation in more central areas. In so doing, I will explain why the European periphery is supposedly most vulnerable to the neoliberal trends in European regional policy. One of the main objectives of the EU has become to increase Europe's competitiveness and to unlock regions' potentials. This goal is also reflected in the allocation schemes of regional policy. However, the question is whether peripheral regions do have large potential to be unlocked, and are able to considerably contribute to global competitiveness. In the words of Kunzmann, peripheral regions are

“territories which are geographically disadvantaged or do not have considerable store of endogenous territorial capital at their disposal nor the access to the political power, the freedom or the talent to make use of it” (2008, p. 14).

In consequence, they are less attractive places for private, but also for public investment. If this implies a reduction in the allocation of regional policy subsidies, they will probably fall further behind in comparison to the dynamic core regions. This can considerably worsen the quality of life of inhabitants in a large part of the European Union. The change in regional policy could therefore be a legitimate matter of concern in the European periphery. This paper will investigate whether the shift in policy really presents itself as a threat to peripheral regions, or whether these regions identify new opportunities within the new paradigm.

First of all, it is necessary to decide which characteristics make an area part of the 'periphery'. In that respect, it is important to note that "periphery" is dependent on context and scale. At the national scale for example, regions such as Mecklenburg-Vorpommern clearly belong to the German periphery, but maybe not to the group of peripheral areas when looking at Europe as a whole. Thus, the concept is a relative and not an absolute one. A peripheral region is always defined in opposition to a "core" or "centre" area. It is mostly described by the absence of centre-characteristics, as being what the centre is not. In a neutral way, a peripheral location just signifies a location 'at the edge'. Yet, especially in policy practice, but also in research, the term 'peripheral' is heavily loaded with negative connotations. It has become a synonym for exclusion, squalidness, poverty, marginalisation and social struggles (Campi et al, 2004). This is, because the situation at the edge often coincides with a number of other characteristics. In combination, they often lead to a problematic situation. The nature-given features of peripheral regions are defined

by a specific geomorphology and landscape (often mountains and islands), a rather harsh climate (with extreme temperatures or short growing seasons), and often border locations and remoteness. These features are not *per se* negative, but have consequences for the accessibility and the socio-economic character of the regions concerned. In general, accessibility is very low, and the regions are of rural nature. This in turn results in certain problems, such as poor economic performance, population decline and a lack of service provision. The above-mentioned characteristics as well as the relationship between them will be discussed in the following section.

II. The conceptualisation and representation of the European periphery

In academia and policy practice, a lot of attempts have been made to conceptualise and categorise European space. Geographic, demographic and economic indicators have been used to compare and categorise the different areas and put them in relation to one another. Conceptual maps indicating peripheral regions are hard to find though. Most graphical conceptualisations of the European space explicitly indicate a European core area, as opposed to the rest of the territory. Maps often show the distribution of settlements, roads, rails and other networks, and the periphery is assumed to be the (almost) blank areas on the map. The most famous depiction is probably the so-called “blue banana” made by Roger Brunet in 1989. Based on an analysis of all major cities in the then twelve EC countries plus Switzerland and Austria, he found that almost half of them were situated in a megalopolis. This zone stretches from London to Milan, including parts of Benelux, Northern France, the Ruhr area and the Rhine corridor. This region has been called the European core, encompassing high rates of economic activity and a high population density. Although the depiction has been extensively discussed, criticised and modified, it is still often evoked to describe the centre of Europe (*Figure 1*).

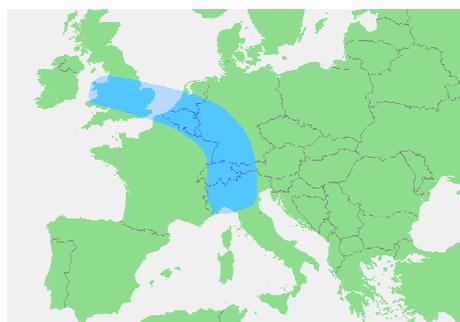


Figure 1: “Blue Banana” (Brunet, 1989)

Two years later, the *Institut d'aménagement et d'urbanisme de la région d'Île-de-France* (IAURIF) published a new graphical presentation of the European core, called the “blue star” (Figure 2). It includes much more territory in France, Spain and Northern Germany.

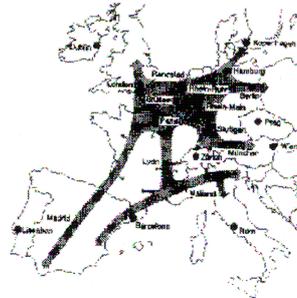


Figure 2: “Blue Star” (IAURIF, 1991)

However, Kunzmann and Wegner consider both the banana and the star model a too competitive view of Europe and substituted it by a more co-operative model. This alternative image of Europe’s development pattern draws on the metaphor of a bunch of grapes and challenges the traditional core-periphery dichotomy (Figure 3). In the author’s opinion, this concept is more suited to describe “the polycentric structure of Europe’s urban system and the fundamental *similarity in diversity* of the interests and concerns of its member cities” (Faludi and Waterhout, 2002, p. 11, italics in the original). This polycentricity is the spatial pattern strived for by the ESDP and most European policy makers. It is the picture they have in mind when talking about “balanced competitiveness”.



Figure 3: “Bundles of Grapes” (Kunzmann and Wegner, 1991)

However, at this moment most scholars agree that this does not represent reality yet. In 2000, Schön defined the European centre as a pentagon between London, Hamburg, Munich, Milan and Paris (*Figure 4*). This approach is the most prominent in European spatial planning discourse nowadays. The European Spatial Planning Observation Network (ESPON) also makes use of this definition for designating the “central area of the European territory”. In 2002, the pentagon covered only 14% of the EU27 plus Norway and Switzerland, but contributed 46% of its GDP, was home to 32% of its population and enjoyed even 75% of its R&D investments (ESPON, 2006a).



Figure 4: “European Pentagon” (Schön, 2000)

But can we automatically gather that everything outside the centre is the periphery? Certainly not, especially considering that even outside the classical pentagon dynamic regions exist. One can find them around large cities like Helsinki, Stockholm, Warsaw or Barcelona, as well as in Ireland or the Baltic states. What are the defining traits of peripheral regions then? Kunzmann claims

“[...] peripheral territories in Europe are less accessible and have lower population densities with all the related implications for the people still living and working in them. And often they are additionally disadvantaged by extreme climatic conditions and the existence of sensitive eco-systems” (Kunzmann, 2008, p. 14)

He is also author of one of the few graphical representations of the European periphery:

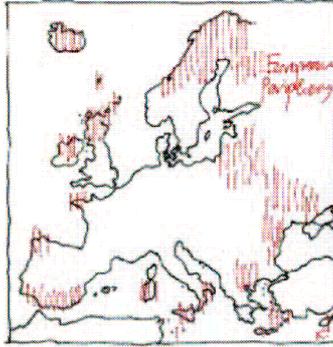


Figure 5: The European Periphery (Kunzmann, 2008)

Inspired by this statement and the depiction, several criteria will be discussed in the following to create a working definition of the European periphery and permit a convincing choice of sample regions.

III. The Indicators of a European Periphery

The first characteristics of peripheral regions I discuss are those which are of structural nature, because they are given by nature and/or relatively stable. These features are mostly not problematic in themselves, but can result in situations which have a negative impact on the population living and working in these regions. Landscape and geomorphology, climate, remoteness and border locations need to be mentioned in this respect. The second level of peripheral features includes the aspects resulting from the above-mentioned elements, namely a rural socio-economic character and poor accessibility. The rural character of an area can be seen in employment patterns and a low urbanisation rate; its bad accessibility is defined by low connectivity levels and a low population- and GDP-potential. This in turn leads us to the third level of characteristics of peripheral regions, namely the one encompassing the problems resulting for the local population. Here, a below-average economic performance, population decline, the lack of public and private service provisions and a lower general development potential need to be mentioned. Yet, it is essential to consider that it is not necessary for a region to combine all the features in order to be defined as belonging to the European periphery. Rather, an addition of various characteristics from the following discussion serves as a reliable indicator that the region can convincingly be categorised as peripheral. In all circumstances, the concept “periphery” remains a contested one, subject to the relational background in which it is discussed and dependent on the indicators included in its definition. The following figure is a graphical representation of the aforementioned elements and how they relate to one another:

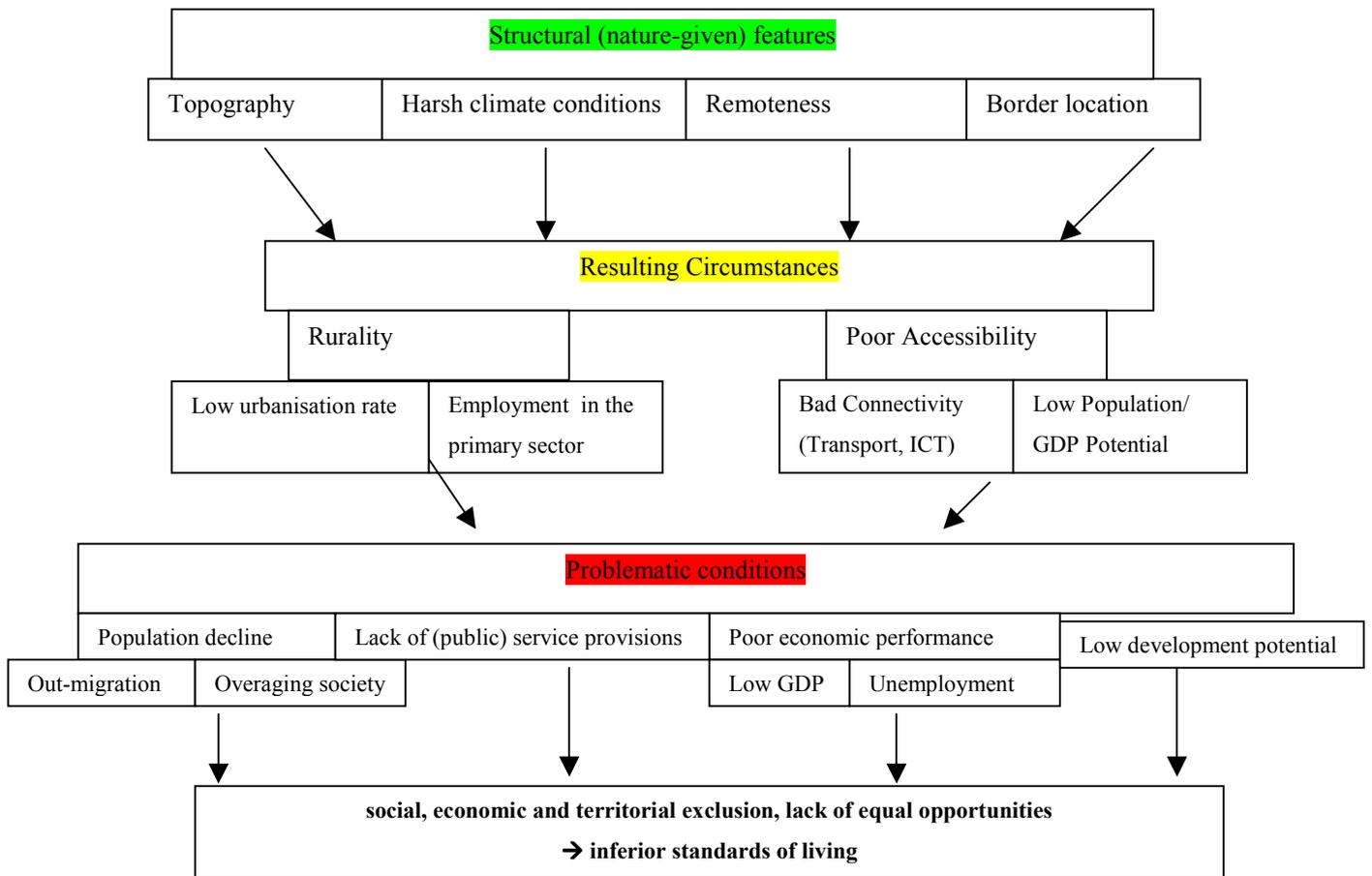


Figure 6: The Three Layers of Characteristics of Peripheral Regions (own design)

1. Nature-given Features: Remoteness, Climate, Topography and Border Locations

As mentioned above, the term “peripheral” literally means “at the edge”. In absolute terms, that implies that peripheral regions are located at large distances to the centre (which is the main European markets in terms of population, GDP and labour market) in terms of kilometres. The accurate term describing this location of “being far away” is remoteness. Areas such as Northern Sweden, Portugal, the Greek Islands, Cyprus or the Black Sea coast in Romania and Bulgaria belong to the most remote areas of the EU in absolute distances when taking the pentagon as the centre. Many remote locations face very harsh climate conditions. The remote areas in the north

are severely hit by the cold. It constraints human settlement, and especially impacts primary activities such as agriculture and forestry and the transport sector. The areas are characterised by a short growing season, a soil with reduced agricultural potential and temperatures considerably below freezing point in wintertime, which increases the costs of keeping infrastructure intact. These costs range from operating costs for icebreakers to keep the Baltic seaports open, to additional domestic and industrial heating expenses and a specific water supply system that can resist extreme negative temperatures (Damsgaard et al., 2008). For the southern periphery, the problems are associated with dry unfertile soils, droughts and extreme heat peaks in the summer, eventually leading to water shortage and forest fires.

In contrast to the general opinion, peripheral regions do not necessarily need to be remote in order to qualify as peripheral. This is because distance is not only to be defined in absolute terms. What is more important is the effort needed to bridge a certain distance, rather than the distance itself. Topography can have a huge impact on that. Islands and mountain areas are especially disadvantaged, because of the difficulty to install transport facilities. Still, as is visible in figure 7, remoteness often coincides with these special topographical situations; many islands for example are also mountainous in character. Examples are the Greek islands, Malta, Cyprus, Sardinia, the Scottish Islands or mountain regions in Northern Scandinavia, Southern Italy or the Scottish Highlands. But also areas in the Pyrenees or the Alps have disadvantages in that respect, despite their central location on the European continent.



Figure 7: The European Topography (www.weltkarten-landkarten.com)

The same is true for border regions. Due to the location of the border, transport axes often stop abruptly, and infrastructural as well as functional inter-linkages with the hinterland at the other part of the border are often of poor quality. Border controls at the EU's external borders hinder mobility for goods, persons and services. Although the distance to urban regions might not be so large, the border acts as an obstacle for socio-economic development of the region. In this respect, one can think of Finnish or and Estonian border regions which are very close to the large Russian city Saint Petersburg, but separated from the functional space by the EU's external border.

2. Resulting Circumstances

From the above-mentioned aspects of peripheral regions, two essential features arise: poor accessibility rates and a rural socio-economic character. The former is defined by low connectivity levels and a low population and GDP potential; indicators for the latter are employment patterns and a low urbanisation rate. Both aspects will be analysed consecutively.

a) Poor Accessibility

“To be accessible or not to be accessible seems to be the question these days. In a highly dynamic globalised economy, adequate access to spatially and temporally dispersed resources (for example knowledge, consumers, labour and suppliers) are vital conditions for firms and households in order to strive or even just to survive.” (Straatemeier, 2008, p. 127)

As can be derived from the quote, in our daily lives accessibility, or the “potential for interaction” as Hansen (1959) named it in his classical paper, is an essential component. Access to a wide range of social and economic activity opportunities has become crucial to firms, households and individuals. The latter for instance need access to employment or education as well as to goods and services. For suppliers of these goods and services in turn, accessibility to the population (defining the size of potential markets) is indispensable. Accessibility to GDP³ matters for suppliers of high-level business services (Spiekermann and Wegener, 2006, p. 18). This means that less accessible territories might be disadvantaged in attracting and holding of economic and social activity.

How exactly can we define accessibility? A widely used definition is that of Wegener et al. (2002):

³ Another accessibility- indicator often found in socio-economic reports and data-bases

“accessibility indicators describe the location of an area with respect to opportunities, activities or assets existing in other areas and in the area itself, whereby ‘area’ may be a region, a city or a corridor” (cited in Spiekermann and Wegner, 2006, p. 17).

Handy and Niemeyer stress the dual character of the concept by stating

“accessibility is determined by the spatial distribution of potential destinations, the ease of reaching each destination, *and* the magnitude, quality and character of the activities found there” (1997, p.1175, emphasis added).

Accessibility thus has two dimensions, one related to bridging distance to a potential destination and one related to the amount and variation of opportunities and activities offered there.

We will discuss the “bridging-element” first. It describes “the ease of travel between points in space, determined by the character and quality of service provided by the transportation system and measured by travel distance, time or cost” (p. 1176). One can add the number of choices of different transportation means to this list. This signifies that accessibility strongly depends on infrastructure as well. The road and rail network, sea-and airports, and in recent years increasingly ICT connections are essential determinants in this respect. Here, the concept of connectivity and the idea of being in or out of certain networks come into the picture. Gutiérrez and Urbano (1996) point out that in the context of regional development, it is important to look not only at the accessibility *along* the (transport) network, but also at accessibility *to* the major flow networks. A major highway or a fast train cutting through a region does not automatically increase the regions accessibility, if no exits or stations exist in the area. In their study from the mid 1990s, Gutiérrez and Urbano find that the most accessible area in Europe basically coincides with the “blue banana” as presented before. They conclude that “decline in accessibility occurs gradually in the more compact parts of the continent, and far more steeply if one goes out to the peninsulas and islands”, which underscores the importance of geographical locations in the spatial distribution of accessibility (1996, p. 23). This is basically in line with more recent findings from ESPON (2006), showing that accessibility by road transport follows a concentric pattern, which corresponds to the classical core/periphery model of Europe (*Figure 8*). If railway connections are considered instead, the concentric pattern is slightly distorted. Here highest accessibility is found in the main nodes of the high-speed train network and along the major rail corridors (*Figure 9*).

The same is of course true for flight connections, and even to a larger degree, because trips do not allow for any boarding/exit activities between start and destination point. Accessibility *to* this network is therefore limited to airports. Telecommunication networks distorted the concentric pattern in an even more dramatic way than railways or flight connections, especially peripheral

regions in Scandinavia have very good accessibility to ICT networks, whereas Germany for example ranks rather low (ESPON, 2006b). If the various elements of accessibility are taken together, the concentric structure is still detectable; yet, within the different zones the pattern is more scattered (*Figure 10*). The regions enjoying the highest potential multimodal accessibility are those around Frankfurt and Düsseldorf, followed by the regions close to the airports of Brussels, London, Paris and Amsterdam. All of them are situated in the European pentagon, and all of them also belong to the leading European regions with respect to GDP per capita. The direct relationship between general wealth and accessibility has also been confirmed by Spiekermann and Wegener:

“The most affluent and productive regions are also most central which coincides with being most accessible. The peripheral regions with poor accessibility are also among the poorest regions” (Spiekermann and Wegener, 2006, p. 23).

The map indicating the GDP that can be reached within a radius of 100km from a certain point in space clearly shows a core-periphery pattern (*Figure 11*). It is calculated from the population living within the radius and the GDP per head, and core regions offer a much more favourable location for service providers and other businesses for which it matters to be close to their clients. Clearly, inadequate infrastructure has been identified as a barrier to achieving parity of access for some regions. Those are mostly found in eastern and northern member states, but also in Spain and Greece. All islands are seriously disadvantaged, as access is restricted to ship and plane transportation. The problem is especially acute in small islands. Larger islands such as Majorca, Sardinia and Corsica on the other hand are even better connected than territories in Scandinavia or central Spain (ESPON, 2006b, p. 36, 50). This is not surprising though; first of all these islands have a larger population density, but mostly their accessibility is high because they are popular tourist destinations.

The second component of accessibility is related to number and land-use of the potential destinations, which defines the amount and quality of activities and services offered within a certain range. The more destinations and the better the range of activities obtainable, the better the accessibility of a certain location. In this respect, travel times to the closest hospital, shopping facilities or registry office are of importance, or the number and variety of higher education facilities within commuting time. The indicators here consider the service infrastructure, and not, like in the previous part, the transport infrastructure. Taken together, both dimensions present a comprehensive account of the accessibility of an area. Sparsely populated regions⁴ suffer from the disadvantage that their population and the demand are often too small to allow for economies of

⁴ where sparsely populated regions are allocated will be discussed in the next section

scale and cost effective provision of as well private as public services. There is generally a maximum range beyond which consumers are either not willing to travel (due to travel cost) or are unable to travel (e.g. for health safety reasons). Often, services are therefore provided at locations determined by such “range” considerations, but at a very much lower scale than would be optimal, due to the lack of population within range (Gloersen et al, 2006). The following underlines that rural remote regions have a considerably higher share of people that need to travel more than 30 minutes to the closest hospital, namely 47.8 % in contrast to only 2.6% of urban residents. Access to the closest university is comparably bad; here the numbers are 43.6 % for people from rural areas, as compared to 0.8% for urban dwellers.

	Urban regions	Intermediate regions	Rural regions close to a city	Rural Remote regions	Metro Regions	Internal Borders	External Borders	Mountain regions	Island regions
Share of the population living more than a 30 minutes travel from a hospital, in %	2.6	10.1	21.3	47.8	18.6	14.0	23.2	21.0	31.0
Share of the population living more than a 60 minutes travel from a university, in %	0.8	6.0	17.6	43.6	1.9	9.9	23.2	9.9	17.0

Table 1: Hospitals and Universities within Travel Distance (European Commission, 2008b)

All data-sets and reports agree that differences in accessibility across the European territory exist. It can also be taken as granted that those areas with low and lowest accessibility rates largely coincide with areas at the edge of the EU territory. Regions with poor accessibility can be found in most of the eastern and Scandinavian member states of the Union, as well as in Spain and Greece. There are also some low-accessibility regions in central and eastern Germany and eastern France (ESPON 2006b, Spiekermann and Wegener, 2007). The former Commissioner of regional policy Danuta Hübner identifies the situation as problematic and underlines the importance of taking action:

“Accessibility of markets and people remains unbalanced and follows a clear centre-periphery pattern [...] Eastern European regions and peripheral regions have both low accessibility by roads and few motorways. The connectivity of local areas to the major networks is also clearly unbalanced with some cities/regions of Eastern Europe still not connected. Travel time to main railways emphasises the continuing problems of connectivity of regions in Spain, France, Romania, North- East of Poland, border regions in most Baltic States, and of the sparsely populated areas of northern Europe. Improving the accessibility of regions to promote a more polycentric development requires not only investments in major trans-European networks but also in secondary networks to ensure that local areas are properly

connected. This is particularly important for the most remote and least densely populated areas where this kind of investment is not cost effective.”

(Hübner, 2007, p. 9-10)

b) Rurality

A second indicator for a peripheral location is the degree of **rurality**. This is defined by the size of settlements, the urbanisation rate, population densities and the population active in the primary sector. Rural areas are in a lot of way more extensive than urban ones: in a demographic way, because the population density is lower; in a morphological way, because the building density is inferior; and in an economic way, because the added value per hectare is generally lower as well. The first element in defining rurality thus has to do with population. Some countries like Denmark, France, Spain, Sweden, Ireland and Italy classify as rural those administrative units that fall below defined population thresholds, which are of course adapted to the national context and therefore all different from each other (Hoggart et al, 1995). The EU uses the OECD standard which is based on the share of population living in communes with less than 150 inhabitants per km² in a given NUTS III region⁵.

Yet, in order to reach a more satisfactory definition, a classification purely based on demography is not sufficient. Land-use indicators and the economic structure should be integrated in a comprehensive approach. Although rural areas more and more become sites of consumption in the sense that they are used for recreation, holidays, wellness or nature experiences, these differ from economic and cultural activities conducted in urban spaces. Furthermore, rural areas still have a higher rate of occupation in the primary sector. This functional dimension is also the prime element in the *European Charter for Rural Areas*, a report issued by the Parliamentary Assembly of the Council of Europe. It defines a rural area as

"a stretch of inland or coastal countryside, including small towns and villages, where the main part of the area is used for:

- agriculture, forestry, aquaculture and fisheries,
- economic and cultural activities of country-dwellers (crafts, industry, services, etc),
- non-urban recreation and leisure areas (or natural reserves),
- other purposes, such as for housing” (cited in Barthelemy and Vidal, 2008).

⁵ This is the only internationally recognised definition of rural areas. However, in some cases, it does not fully take into account the population living in more densely populated rural areas, particularly in peri-urban zones.

Even though rural areas offer a lot of important complementarities to urban settlements, they tend to lag behind non-rural areas as regards a number of socio-economic indicators, including structural indicators. Per capita income is around two thirds of that of urban regions, activity rates for women are lower, the service sector is less developed, higher education levels are generally lower, and a smaller percentage of households has access to broadband internet (ESPON, 2006a). Lack of opportunities, contacts and training infrastructure are a particular problem for women and young people in remote rural areas. If the current trends in spatial development and regional policies continue, these structural imbalances are also likely to remain: “In essence, all quantitative and qualitative research has confirmed that future spatial development will predominantly take place in the larger and smaller metropolitan regions” (Kunzmann, 2008, p.13). In the following, a closer look will be taken at indicators related to population and land-use and the socio-historical identity of the region. In that way, it is possible to identify the rural areas of Europe and assess whether they coincide with those suffering from bad accessibility as found in the previous part.

a) population density/ population sparsity (dispersed settlement)

According to the OECD definition, 56% of the population live in predominantly or significantly rural regions (European Council, 2006). The ESPON definition of rural areas, leads to a considerable lower share of 20% of the population living in rural areas (ESPON, 2006a). The latter definition is likely to be more adapted to the European context and more restrictive, which will single out the heavily rural areas. Yet, where are these rural regions located? First a look at demographic criteria will be taken. Figures 12 and 13 indicating population density and population potential already give a hint at where to find European rurality.

Figure 12 shows those regions in Europe with a population density below fifty people per km². The three categories indicate that (apart from an exception in France) scarcely populated areas are located at the edge of the European territory, in Greece, Spain, Portugal, Ireland and Scotland, but mostly Scandinavia. Here, we can find the largest continuous territory, and also the lowest density with up to only eight inhabitants per km². The problem with representations of population density is that they do not provide information on the settlement pattern. Consequently, it is impossible to say where it is difficult to establish (public) service provision for the inhabitants, or where labour markets are too small for companies to find the required workforce (Gloersen et al, 2006). For policymaking, however, what matters is whether the demographic potential of an area is high enough to keep service provision profitable and the labour market efficient. This can be found by investigating on the number of people situated in commuting distance from a given point. Figure 13 shows the population potential of regions standardised at the European average. The potential is

defined as the sum of all people living within a fifty kilometre radius from the origin location, measured as the crow flies. As was stated before, it is striking that most regions with a very low population *density* are located at the edge of the EU. This is also true for regions with a low population *potential*. Yet, additionally they can be found on islands and in mountainous areas in the European heartland such as the Pyrenees, the Alps or the Massive Central in France.⁶

b) occupation in the agriculture sector/ share of agriculture in GDP/ land- use

As can be seen from figure 14, only a very small percentage of the European labour force works in the primary sector. Across Europe, agriculture accounts for 5.7% of the employment and 2% of its GDP (ESPON, 2006a). The percentage is highest in the Eastern parts of the EU, where up to a quarter of the population makes its living with agriculture, forestry or fishery. Similar regions are also found in Greece and Portugal. The territories where the share is lowest correspond with those possessing the highest accessibility rates, being located in the geographical centre regions. Yet, one cannot conclude that the regions located at the edge of Europe have an especially high share of occupation in the primary sector, which is probably related to extreme climatic conditions (extreme cold and heat), unfavourable soil conditions (e.g. mountains) and the boom of coastal areas as tourist destinations, which made many former farmers switch to the tourist-related service sector.

Furthermore, changes in agricultural production methods and techniques, modern e-communication facilities as well as the less competitive climate and soil conditions of some remote areas led to the fact that a lot of agriculture takes place very close to or even within urban areas. Especially intensive agriculture is found mostly in less densely populated urban areas rather than in deep rural regions (ESPON, 2006a and b). Because agriculture in these areas is very modern and large-scale, it is not very labour intensive, and thus does not appear in figure 14. Still, it should make us question the traditional connection between rural areas and agricultural activities. Recent land use analysis show examples of massive corn production in the *Bassin Parisien* or in east England and northern Italy. All in all, the percentage of the labour force working in the primary sector, as well as the contribution of agriculture to a region's GDP or land-

⁶ Considering that the indication is based on people living in an area "as the crow flies", we can hypothesize that the situation would be even more dramatic if commuting time was taken as an indicator. Due to the bad transport connections, an acceptable commuting time of an hour would probably decrease the number of people in reach as compared to those living within a distance of 50 km

use indications cannot be considered sufficiently reliable indicators for defining the degree of rurality of a region.

In certain theoretical considerations dealing with the concept of rurality, it is even argued that completely new indicators have to be taken into account when differentiating between urban and rural areas. According to van der Wouden (2005), the drawing of definite boundaries is definitively over. He argues that the old dichotomies of density versus sparsity, or connected versus detached settlement structures are as outdated as those between the industrial or service dominated economy versus agriculture. Instead, he proposes to consider spheres of influence as well as culture and mentality, which are of course much harder to define spatially (van der Wouden, 2005, p. 20). The ESPON database has made first attempts in that direction and produced a useful map. They took into account a variety of elements, including the classical structural properties such as land use patterns, settlement structures and population distribution; but also functional relations such as forms of production and consumption. The result is a map with two dimensions, namely urban influence and human footprint (*Figure 16*). The categories range from highly urbanised areas to very rural ones (ESPON, 2006a). The concentric core-periphery pattern comes to the fore more obviously than on the maps concerned with the functioning of the primary sector. Again, most untouched areas are found in Scandinavia, but also on the Iberian peninsula, as well as the Mediterranean and Scottish Islands, Ireland, and large parts of the southern Baltic Sea coast. The core as defined by the blue banana or the pentagon contains the largest attached the highest rates of urban influence and human footprint.

3. The Problematic Dimension

Three interrelated dynamics occur as a result of the above-mentioned features. The first one is population decline, the second one an under-supply of public and private services and the third a below-average economic performance of the regions. Taken together, they stimulate social, economic and territorial exclusion and the lack of equal opportunities, thereby resulting in inferior standards of living. Each of them will be discussed in the following.

a) Population decline

According to ESPON (2006), around 40% of the NUTS3 regions experience population losses between the beginning and the end of the 1990s, and the trend has continued in the beginning of this century (*Figure 17*). On first sight it becomes obvious that the primary pattern indicated is an east-west divide and that a negative population growth and peripherality are not directly linked. Other factors such as national childcare and labour market policies, immigration due to a border

location or the broader economic situation are more relevant causes identified by demographers. The blue regions (those with a negative population growth) are located primarily in the new member states. Here, work-related out-migration can be assumed to be the key factor for this development. Those regions with the highest population growth are around the major agglomerations (Stockholm, Paris, Hamburg, Munich, Randstad) but especially at the Mediterranean coastline and Islands such as Majorca and Corsica. Because of their favourable climate, these regions are very attractive for elderly people seeking to settle after their retirement. This makes population number grow, but does not contribute to the productivity of these regions.

Still, a relationship between rurality and population decline can be detected considering the old member states. Northern Sweden and north England, east Finland, the Greek Islands, southern Italy and eastern Germany are among the areas with the severest losses. Most of them are relatively rural, often they are also sparsely populated and geographically remote (ESPON, 2006, p. 10). Especially in remote rural regions young people, and in particular women, leave for higher education and better career opportunities. Furthermore, remote rural areas are not among the favoured regions for economic migrants from outside the EU, who prefer to go to bigger cities because of job opportunities and the social networks. Once the situation of population decline has come, those regions have more problems than central regions to compensate for losses and to deal with the consequences. Facing an already lower population density and dispersed settlements, even a relatively small decline will have tremendous consequences for labour market and service provisions. The lack of young reproducing people suggests that the demographic decline becomes structural and the whole population ages. In turn, this leads to a higher rate of inactive population, which needs to be sustained by even less working inhabitants. This signals the possibility of long-term weakening of the region's growth potential and an inferior standard of working and living conditions. In chapter five, further insights on the reasons for and consequences of population decline will be given.

b) Lack of public and private services

Due to the low population potential in many peripheral regions, service provision becomes very expensive. This is especially the case in mountain areas, in island locations and in extremely sparsely populated areas, where large distances have to be overcome. High transport and maintenance costs or the under-use of facilities make the delivery of goods and services unprofitable for the private sector. Among these services are electronic communication, postal services, electricity, gas, water, transport and broadcasting (Waterhout, 2008, p. 42). For decades this had been taken over by the public sector. Yet, in times of tighter national budgets and a wave

of privatisations across the whole European territory, the public services have been constantly reduced. The same happened to hospitals or schools, which are continuously closed and regrouped in the small centres of the peripheral regions. The European policy makers have recognised this as a problem, and tried to guarantee the provision of “services of general interest”. Article 16, which was added to the EC Treaty by the Treaty of Amsterdam, acknowledges the place occupied by services of general economic interest in the shared values of the EU and their role in promoting social and territorial cohesion. The wish to guarantee services of general interests refers to the most peripheral, less accessible regions with low population potential where the provision cannot be guaranteed by the market. But still, the reduction of service provision remains a problem in a parts of the European territory, and the European Commission is aware of the fact that potential solutions via ICT such as telemedicine and remote learning are not being exploited yet (European Commission, 2008d).

c) Below-average economic performance

One major weakness of peripheral regions often is the lack of competitiveness in comparison with more central locations. This is not only limited to the issues of accessibility and population, but also to the economic environment. The labour market, the GDP per capita rates, the innovation capacity and the preparedness for future challenges are indicators of that situation. We will start by discussing the labour market. At the same time it reflects and defines a region’s economic potential. The labour market’s supply is defined by demography and accessibility; whereas its demand depends on the amount, size and performance of businesses and industry of the area in question. The economic performance resulting from the match of both is the dynamo that creates the pull-and push factors related to job opportunities and the demand in terms of numbers and skills. The classical indicator for a well-functioning labour market is a low unemployment rate (ESPON, 2006, p. 18).

Figure 18 shows us the unemployment rates of European regions in 2007⁷. A clear core-periphery pattern is not detectable, neither is there an obvious link with major agglomerations. Instead, certain entire countries show proof of a very successful labour market policy as can be seen in Denmark, Austria and the Netherlands. The east and south of Europe have somewhat higher unemployment rates, as do some former industrial regions like northern France and northern England, Wallonia in Belgium, and the German Ruhr area. The European periphery suffers from

⁷ Before the economic crisis started, many regions especially in Spain and Ireland have considerably higher unemployment rates now

unemployment to various degrees. The Mediterranean islands have high rates of unemployment and additionally suffer from a dependency on the tourism sector with seasonal work opportunities, whereas islands in the North Sea and the Baltic Sea perform similar to the coastal regions of these seas. The sparsely populated areas in Scandinavia have relatively high unemployment rates, as have regions in southern Spain. Yet, one cannot speak of unemployment as a typical feature for peripheral regions. In the following, we will therefore consider another measure of economic success, namely the Gross Domestic Product (GDP) of a region (*Figure 19*).

The pattern of GDP per capita follows a clear old versus new member states divide. Furthermore, there is a strong concentration in the central area of the EU's territory. The logic behind this pattern is population potential as well as accessibility. The richest areas coincide with the capital cities and major agglomerations (ESPON, 2006b). It follows that most of the regions with a GDP per head of more than 125 of the index are found in the European hexagon including London, Paris, the Randstad and south-east Germany. Yet, other rich metropolitan areas like Madrid, Athens and the Scandinavian capitals on the one hand and weak core areas like Wallonia or south-east England on the other hand suggest that not the central location but the existence of a major metropolitan agglomeration and good connectivity are the determining preconditions for the high purchasing power parity rates (ESPON, 2006b, p. 15 and 34). Figure 20 reveals that more than 60% of the regions are double positive or double negative in relation to GDP and accessibility. This is a clear proof for a direct relationship between potential accessibility and GDP. One third of the regions have both a high potential accessibility and high GDP-PPS (dark blue). These are mainly located in the so-called pentagon. Remarkable is that most of the remaining regions in this area are regions with a GDP per capita lower than ESPON average but with a high potential accessibility (light blue). These latter regions have some underused potential that they could exploit in order to increase their economic welfare. Moreover, they could also profit more easily from their proximity to the neighbouring areas with high GDP rates. Another third of the regions have both an average accessibility and average welfare standards (light green). These are predominantly found in peripheral areas in eastern and southern Europe and face a "double" challenging situation. Yet, some regions in the Nordic countries, north-east of Spain, Scotland, Ireland and in and around northern Italy have a low accessibility rate and nevertheless a high GDP per capita (dark green). Apparently, accessibility is not a determinant factor for the high regional economic performance of those regions. Instead, some of them have overcome their peripheral allocation by exploiting ICT, research, educational and environmental opportunities to equal out their shortcomings in physical accessibility (ESPON, 2006b; Spiekermann and Wegener, 1996). A peripheral location (implying bad accessibility) thus suggests lower GDP rates,

nevertheless the experiences from the above mentioned regions implies there are measures and ways to overcome these structural disadvantages.

Research from the new member states has shown that it is predominantly their metropolitan and capital regions that catch up with their western neighbours, among which Budapest, Warsaw, Prague and Bratislava (ESPON, 2006a, p. 23). In contrast, peripheral regions in Eastern Europe stagnate. The gap between urban centres and the rural periphery constantly widens despite EU membership and the related funding schemes. As one can see from the map, typically they border economically less developed third countries. The problem is that they are excluded at two scales, not only are they distanced in an absolute and relational way from the European core region, but also from prosperous national centres. National imbalances in territorial development are increased rather than softened. This is because the new member states increase their competitiveness compared to the old members by focussing on their dynamic core regions, often at the expense of the underdeveloped peripheral and rural areas (Roll, 2009).

d) Development potential

A final indicator for socio-economic development in a region is its development potential. Here, we are talking about the future prospects of the territories to meet existing and upcoming challenges. Which regions will be well-prepared and which ones will struggle in the upcoming years? The future situation of the regions is influenced by two components, namely the capacity of the regions themselves on the one hand, and the nature and dimensions of the challenges to come on the other hand. We will first discuss the preparedness of the regions with regard to future performance. Innovation plays a major role in that respect. Most scholars agree that peripheral areas are especially deprived of opportunities regarding pioneering inventions. Luc Soete points out that the 4th Cohesion Report highlights a trend towards innovation "polarisation" in Europe. This means the existence of on the one hand a multiplication of technological "hotspots" and on the other hand a growing number of average performing regions "falling behind". In his opinion, with the exception of the Finnish and Swedish regions, Europe's innovation "polarization" appears to be determined by a clear centre-periphery pattern. Many of the regions located in a physical sense on the outskirts of Europe or farthest from the European centre, lag behind in research and innovation (Soete, 2008). Concerning future opportunities, Wink explicitly states: "new findings of regional geography and innovation research suggests that there is little chances for development in peripheral and sparsely populated regions" (2007, p. 324). His prophecy for a very unbalanced economic growth across the European territory is shared by Gloersen and his colleagues (2006), producing an extensive report on northern sparsely populated areas:

Even if transport costs in the narrow sense have diminished over the last decade, there is little hope that this will outweigh the distant geographical location of these areas. Indeed, other types of ‘transaction costs’ [...] still favour agglomerations: costs to compensate for the lack of modern logistics systems, additional costs for the lack of business networks and the lack of innovative *milieus*, extra costs for diseconomies of scale and for the lack of critical mass, and extra costs for the lack of specialised business-related service sectors (such as banking, lawyers, tax advisers, translation services). Instead of witnessing the death of space and distance foreseen by some (Harvey, 1989) current trends lead us towards an increasing dominance of agglomerations and central regions. (Gloersen et al, 2006)

After having briefly explained the at least difficult, if not dramatic, situation of peripheral regions concerning future developments, we will now deal with nature, dimension and especially place of occurrence of the forthcoming obstacles. In order to prepare appropriately, the European Union has commissioned a number of reports, coming to the conclusion that globalisation, climate change, energy security or demographic change are the most pressing issues in the EU. The working document “Regions 2020-An Assessment of Future Challenges for EU Regions” published by the Commission in 2008 is the most encompassing study. The document seeks to explore the regional effects of these challenges in the medium-term perspective of 2020, and identify those regions most vulnerable to these challenges (European Commission, 2008e). For the moment, the Commission finds the primary dimension of regional income disparities in the EU as being east-west, with a weaker north-south dynamic and a core-periphery pattern at both EU and national levels. Figure 21 shows the estimated distribution of the combined risk associated with the four threats across the European territory.

In general, the existing cleavages will deepen. Most regions that are expected to be intensively affected by three or more challenges at the same time are located in the south rather than in the north, and on the coasts more than in the central regions. Regions with a lower number of simultaneous challenges are located relatively close to the geographical core of the EU, but in the UK, Ireland and Scandinavia. That means that especially the southern periphery will be dependent on structural policies alleviating the expected problems of global competition, droughts, floods, over-aging societies and energy shortages. Whether these threats are reflected in their perception of their own situation with regard to the changing paradigm in EU regional policy will be discussed in chapter five and six.

Annex Chapter 2: Figures 8-21

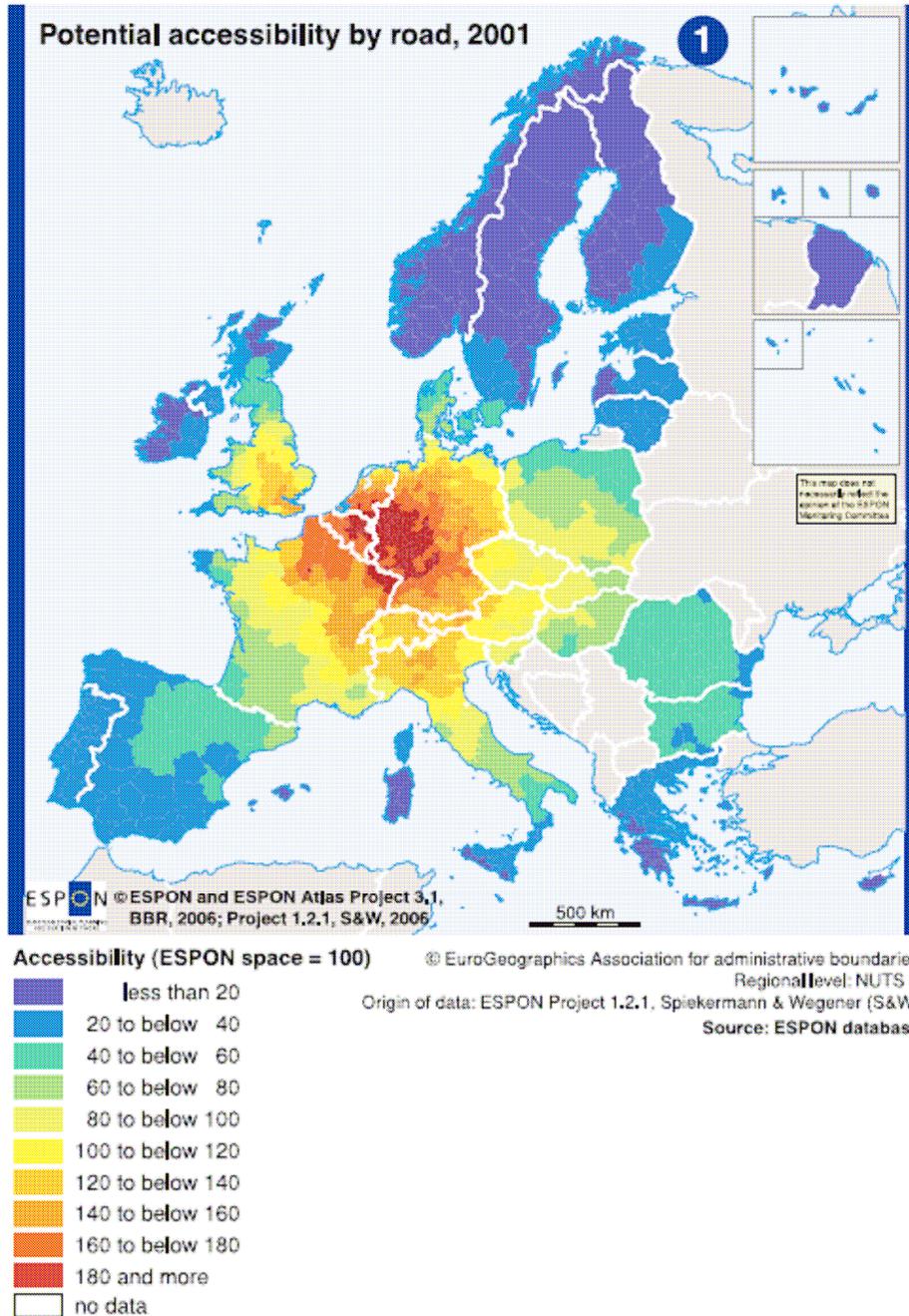
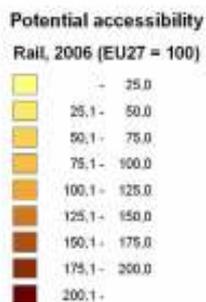
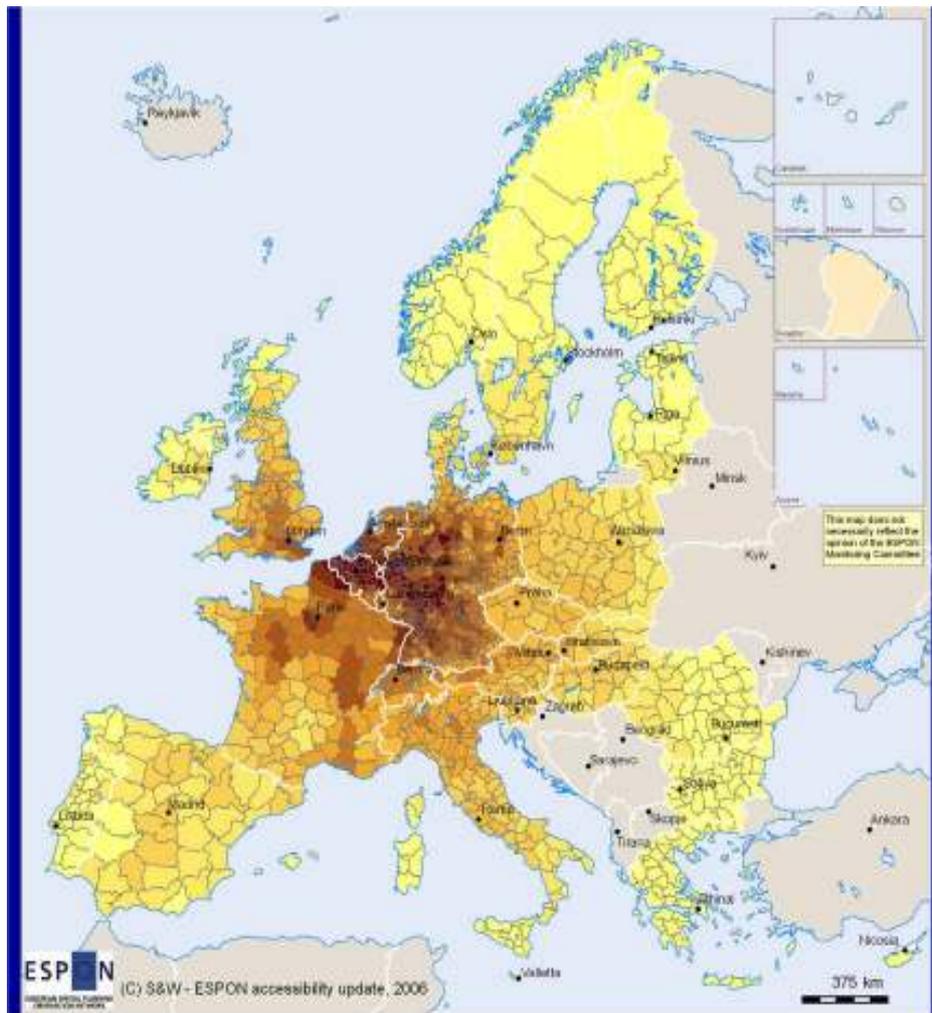


Figure 8: Potential Accessibility by Road (ESPON, 2006b)



(C) EuroGeographics Association for the administrative boundaries
 Data sources:
 RRG GIS Database
 S&W Accessibility Model

Figure 9: Potential Accessibility by Rail (ESPON, 2006b)

MAP 12: Potential accessibility multimodal, 2001

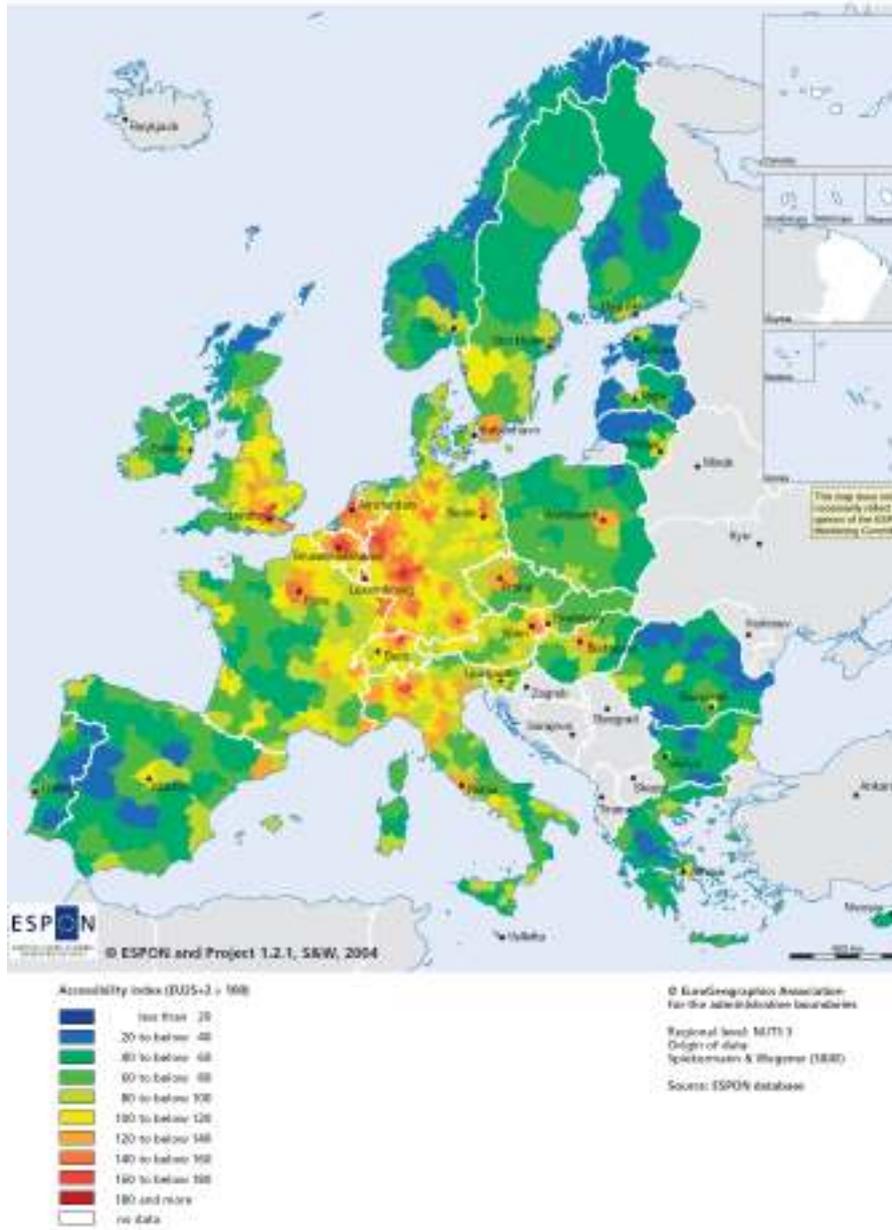


Figure 10: Potential Accessibility (multimodal) (ESPON, 2006b)

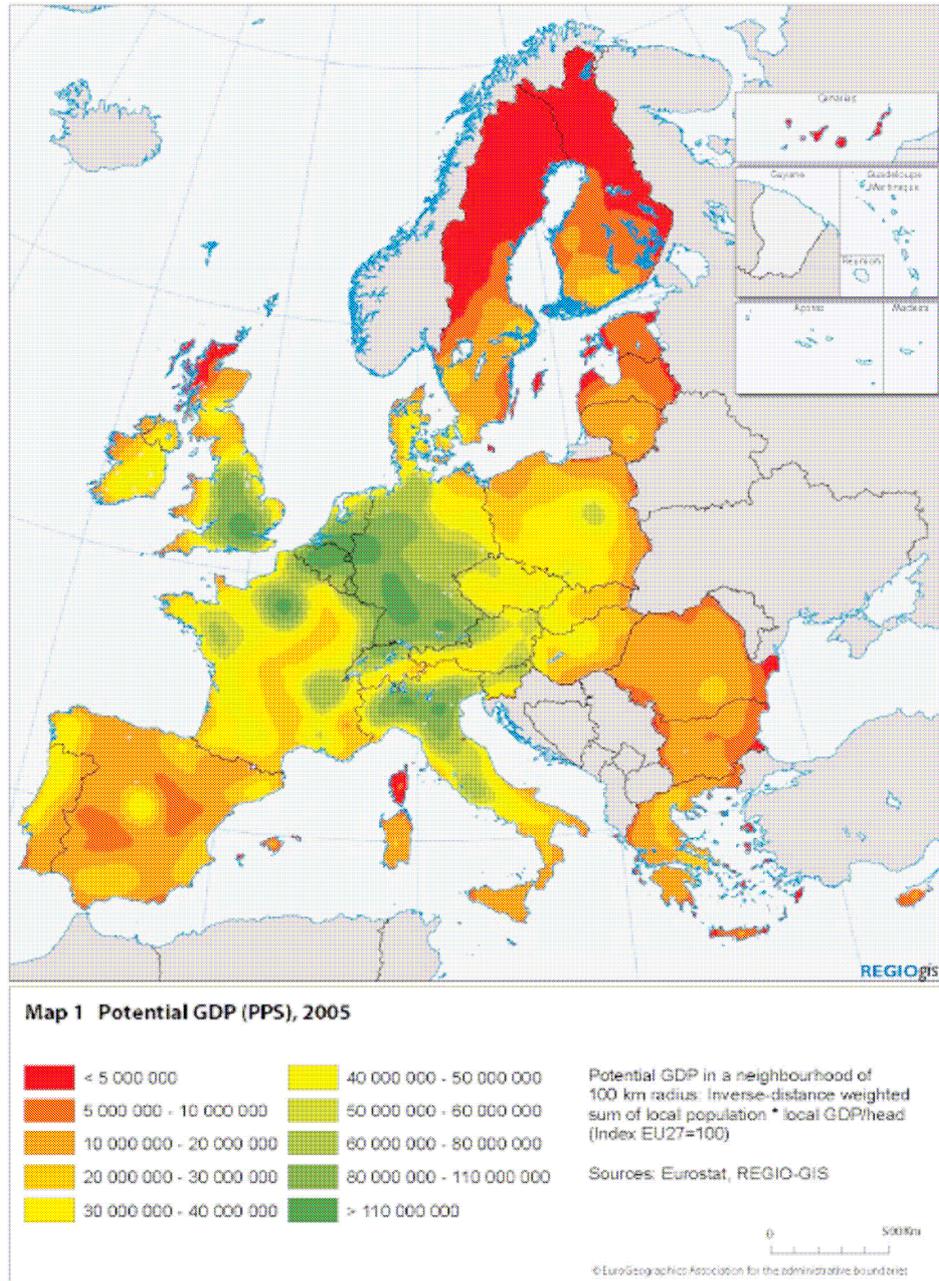


Figure 11: Potential GDP to be reached within 100 km (European Commission, 2008b)

Average population densities at NUTS 2-level

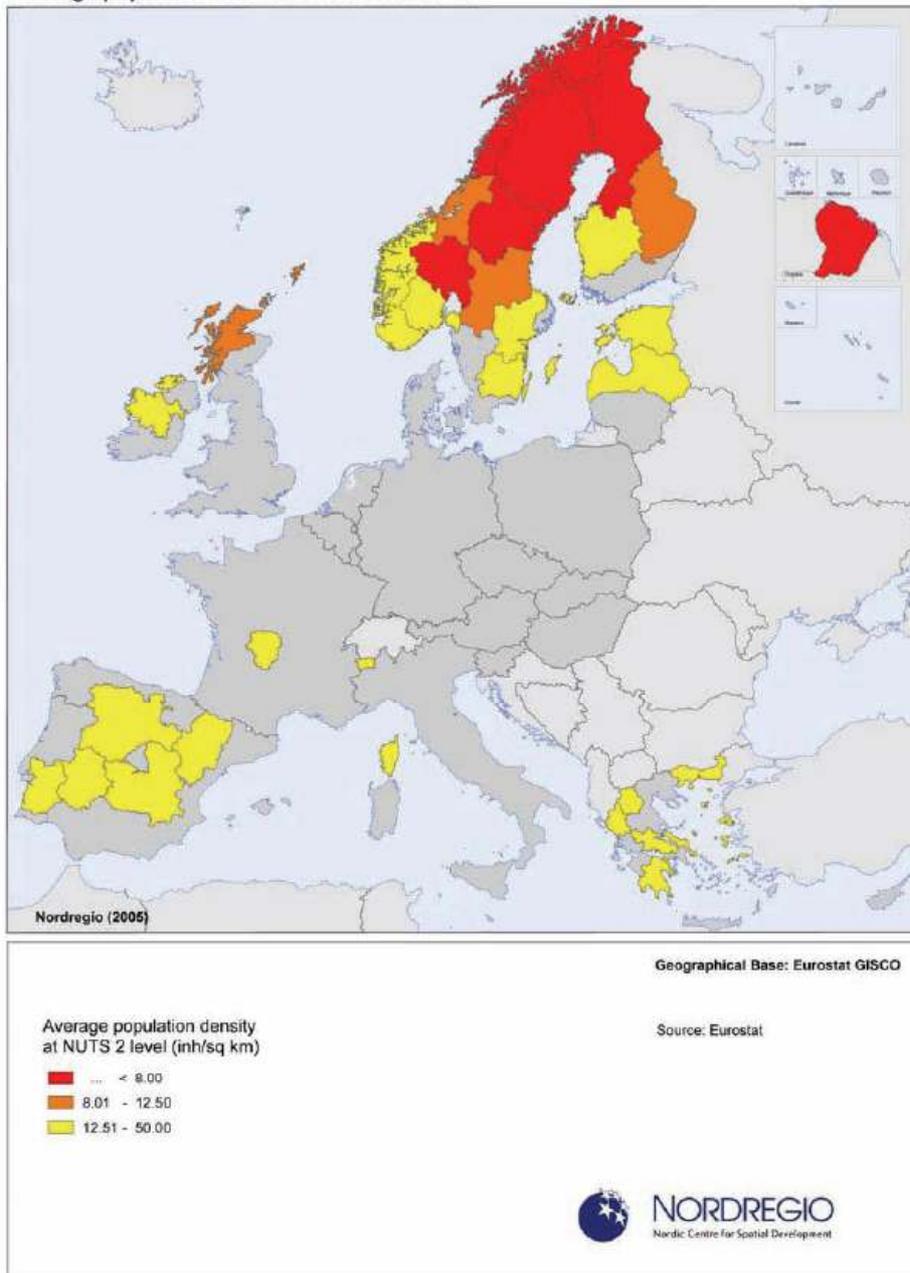


Figure 12: Average Population Density (ESPON, 2006b)

Population potential in Europe

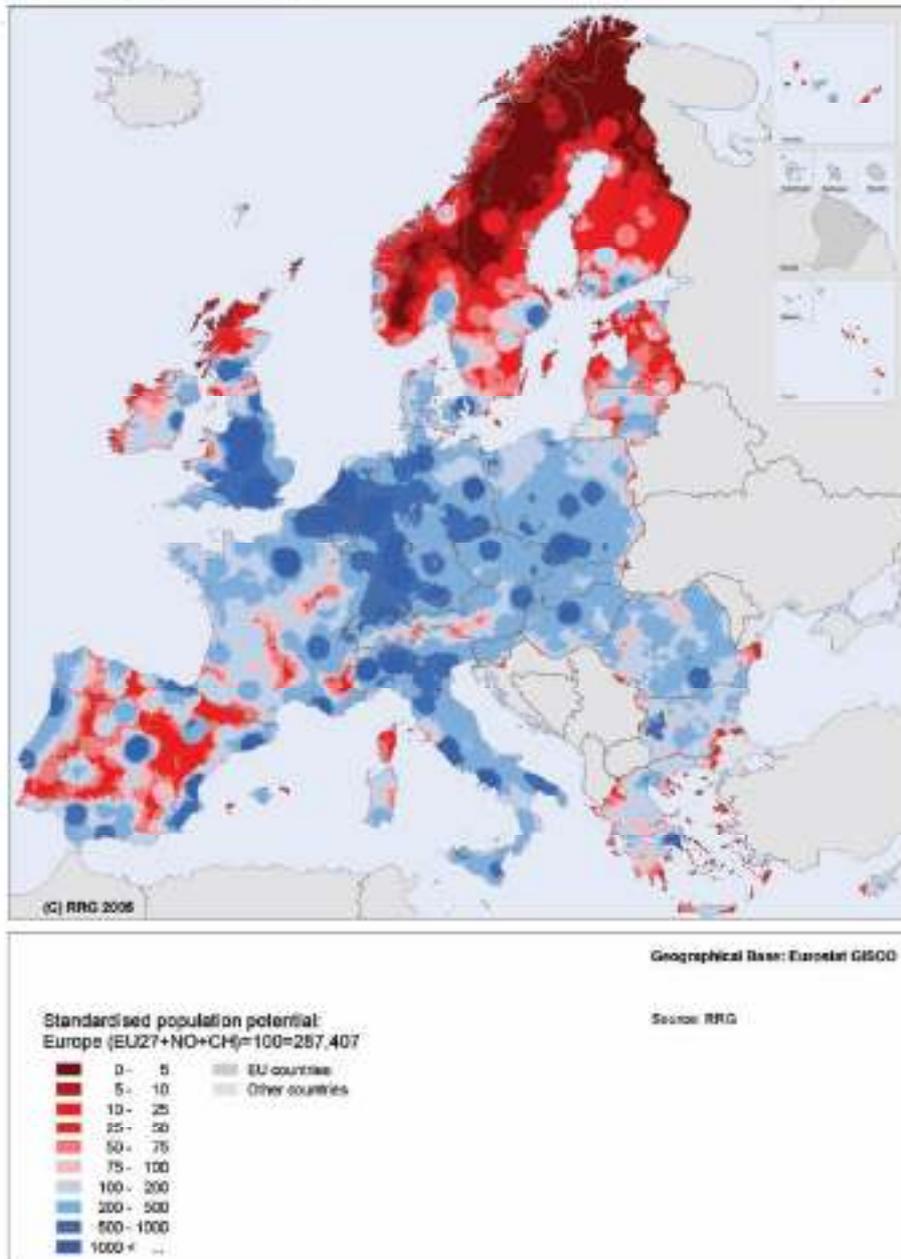


Figure 13: Population Potential (ESPON, 2006b)

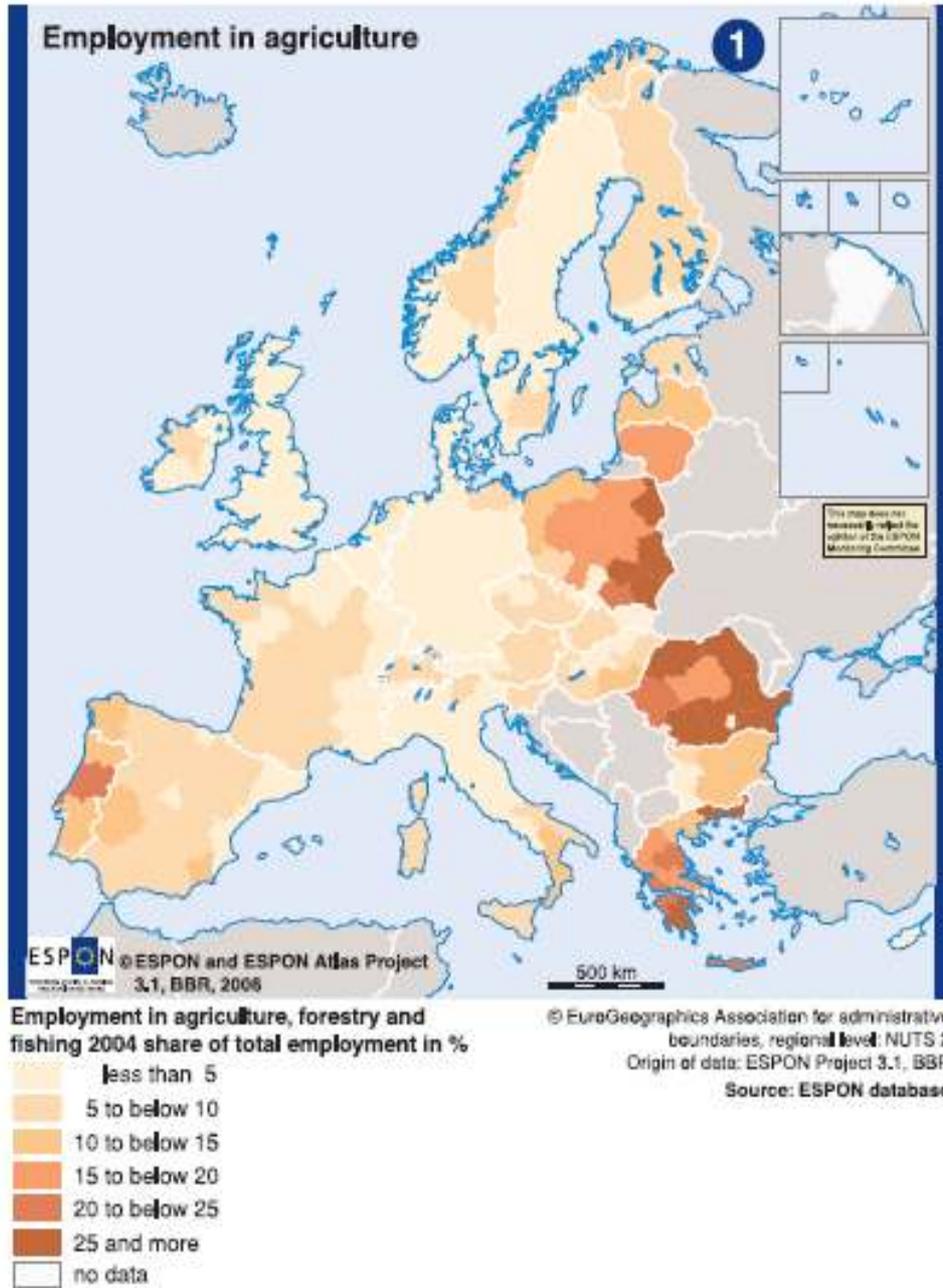


Figure 14: Employment in Agriculture (ESPON, 2006b)

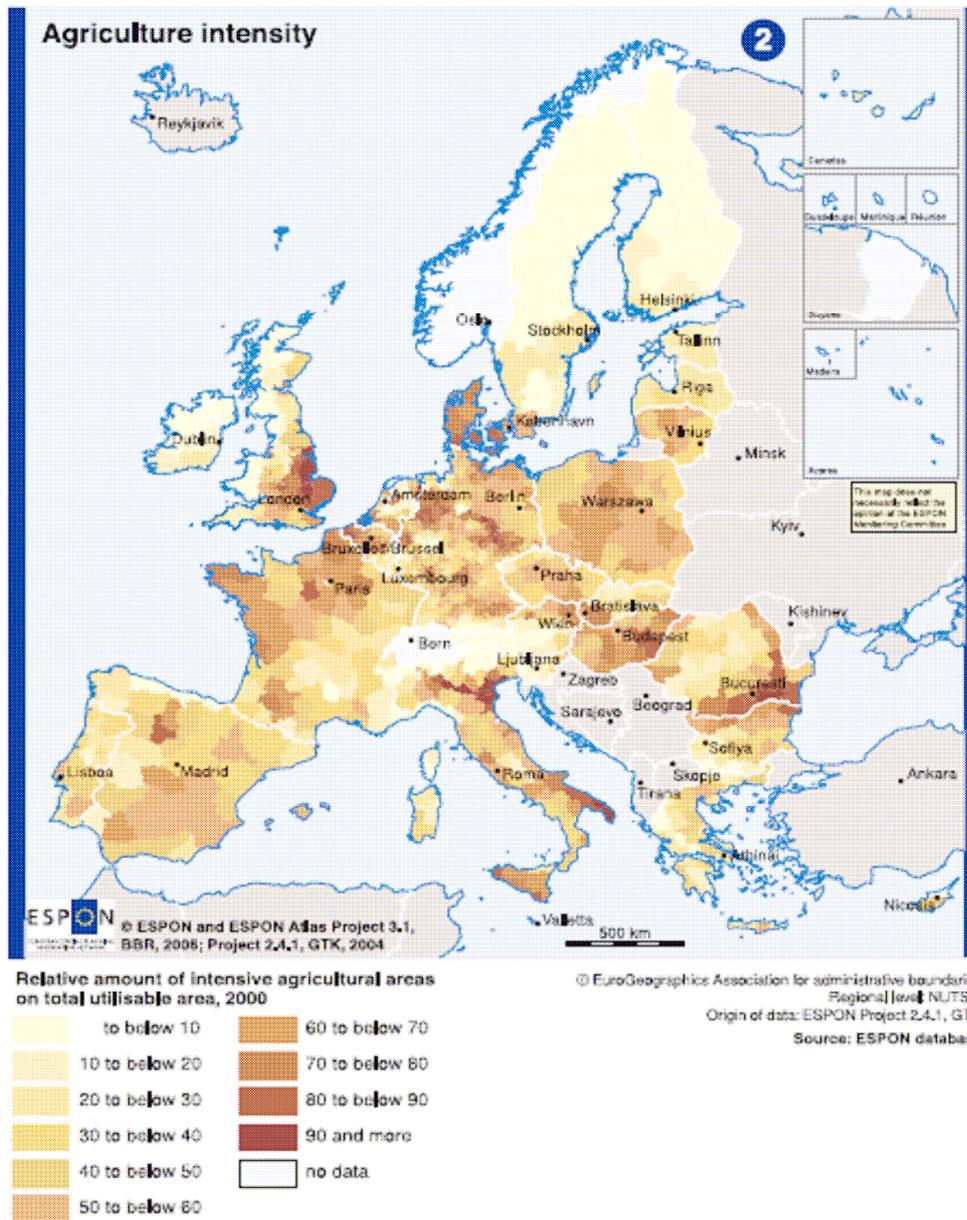


Figure 15: Agriculture Intensity (ESPON, 2006b)

MAP 9: Urban-rural typology

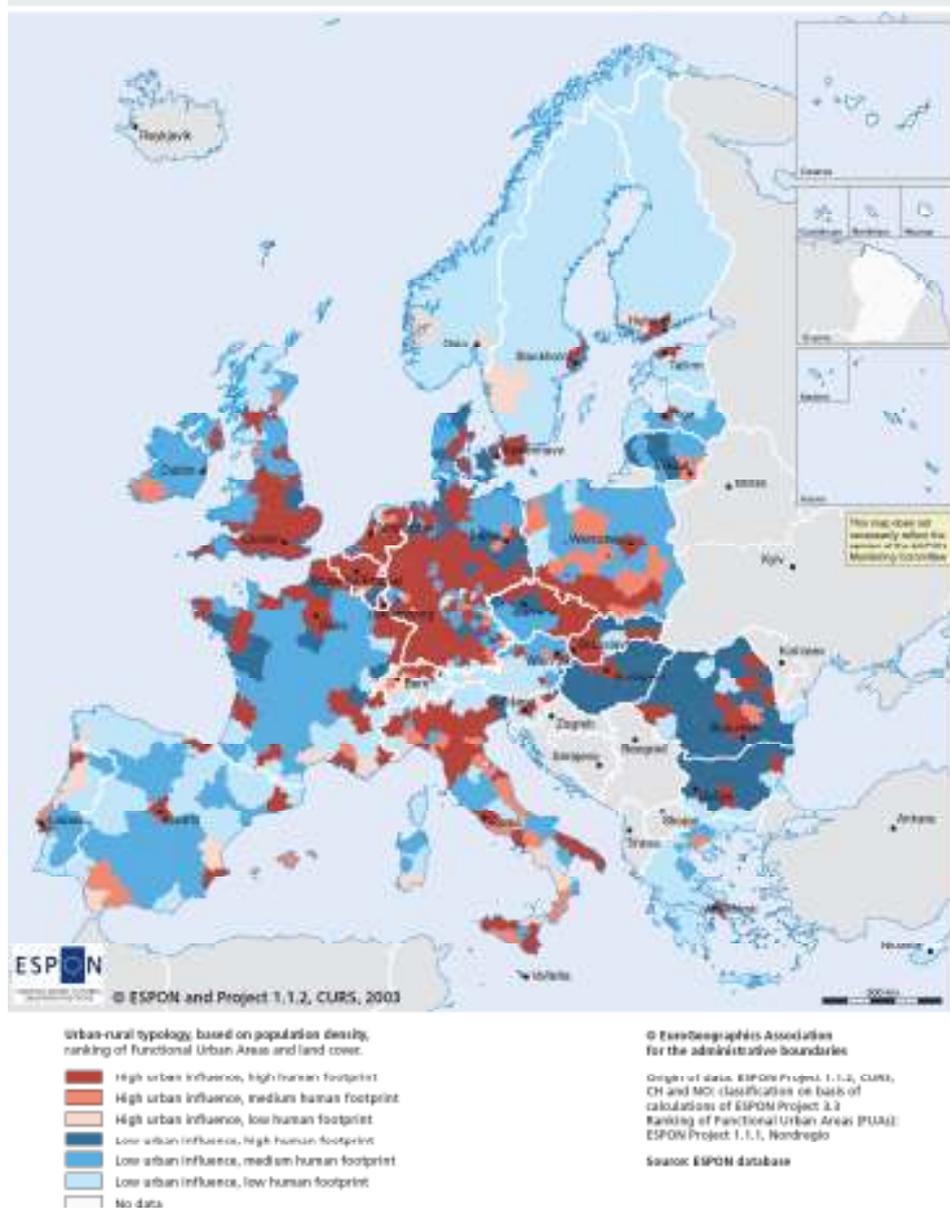


Figure 16: Urban-rural Typology (ESPON, 2006b)

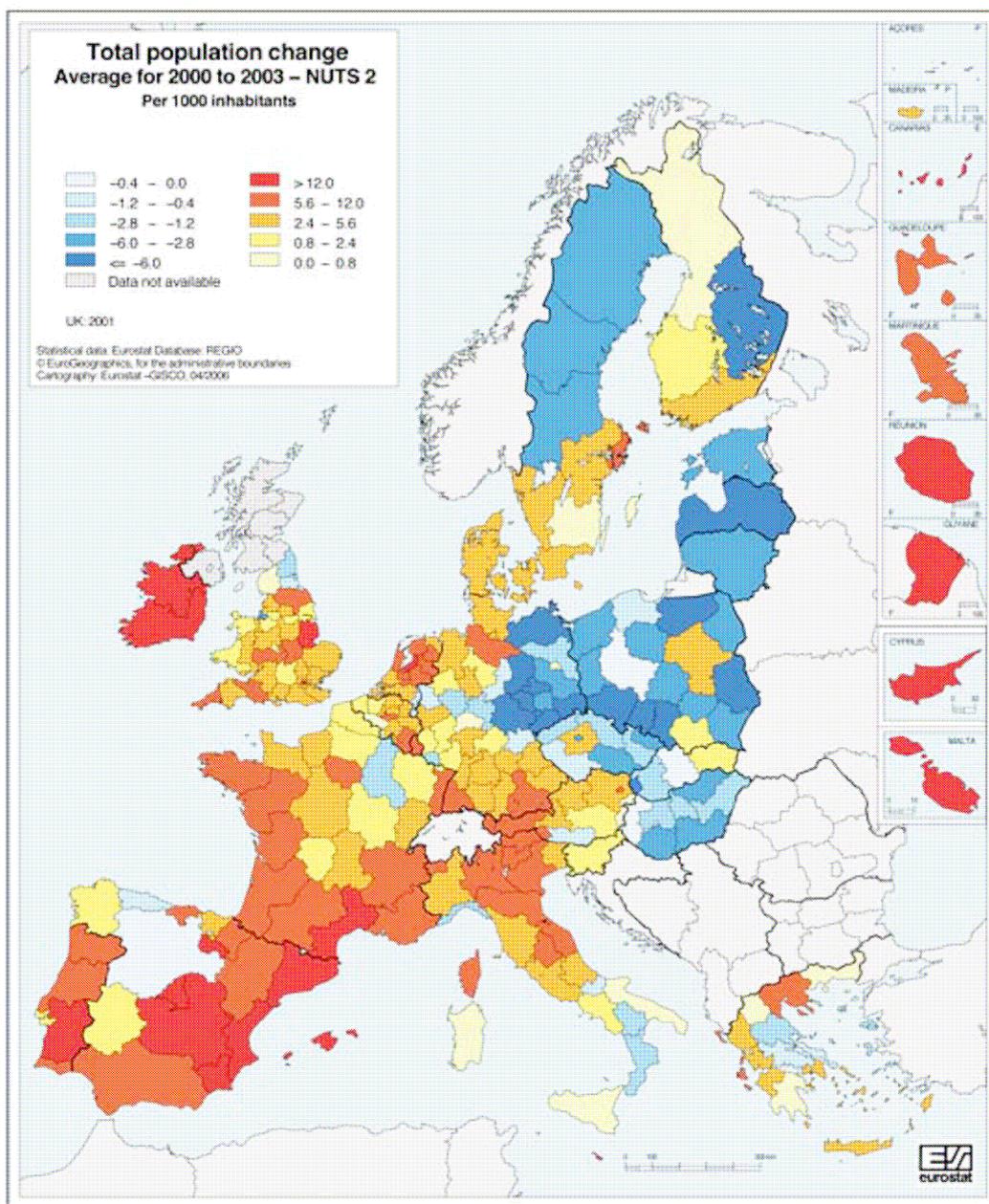


Figure 17: Total Population Change (European Commission, 2007)

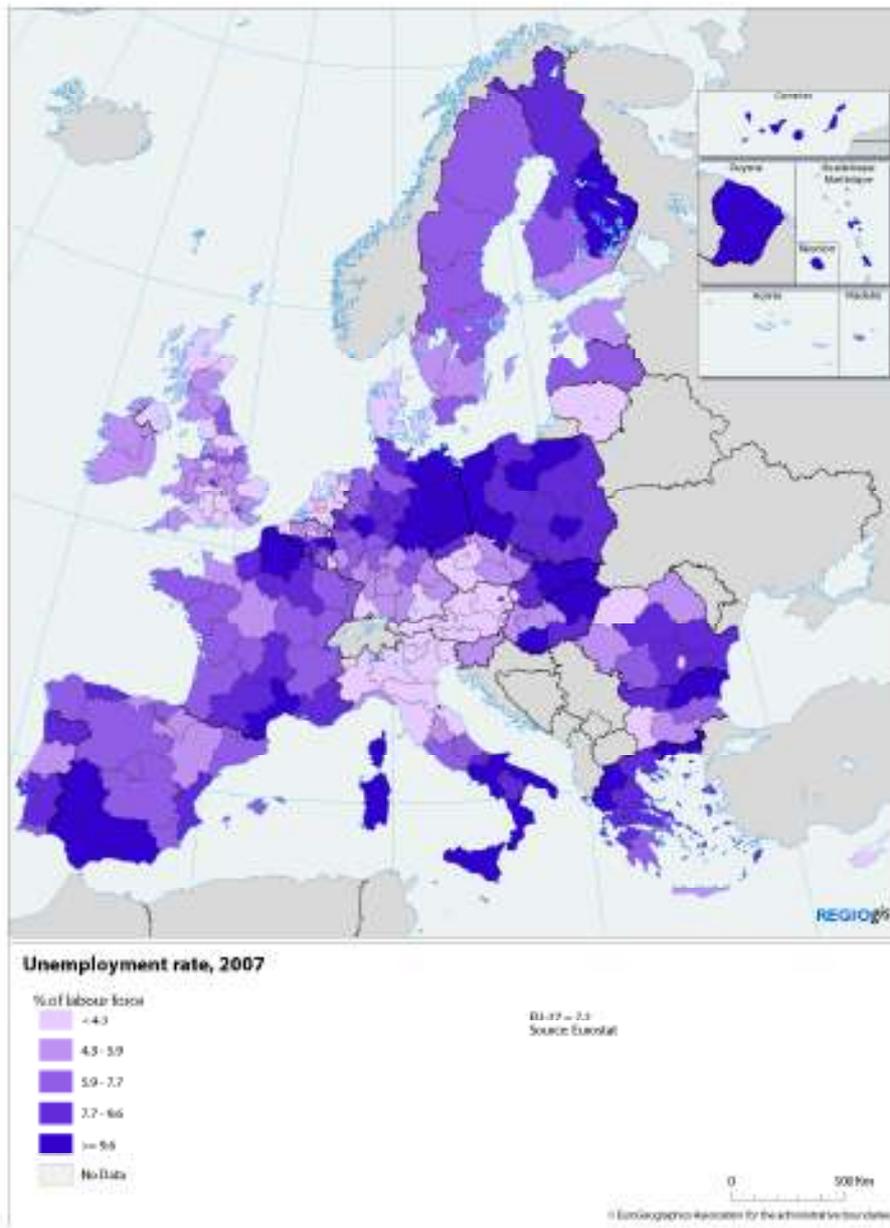


Figure 18: Unemployment Rate 2007 (European Commission, 2009)

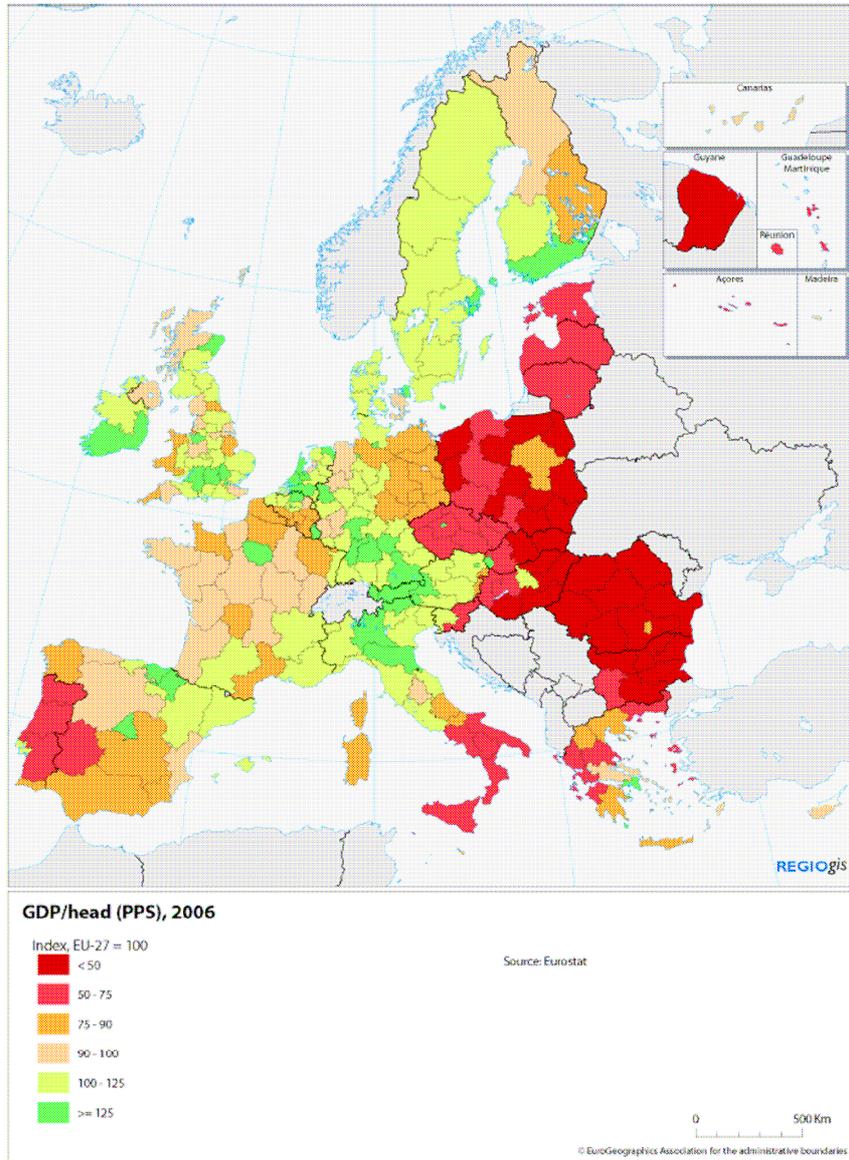


Figure 19: GDP per Capita (European Commission, 2009)

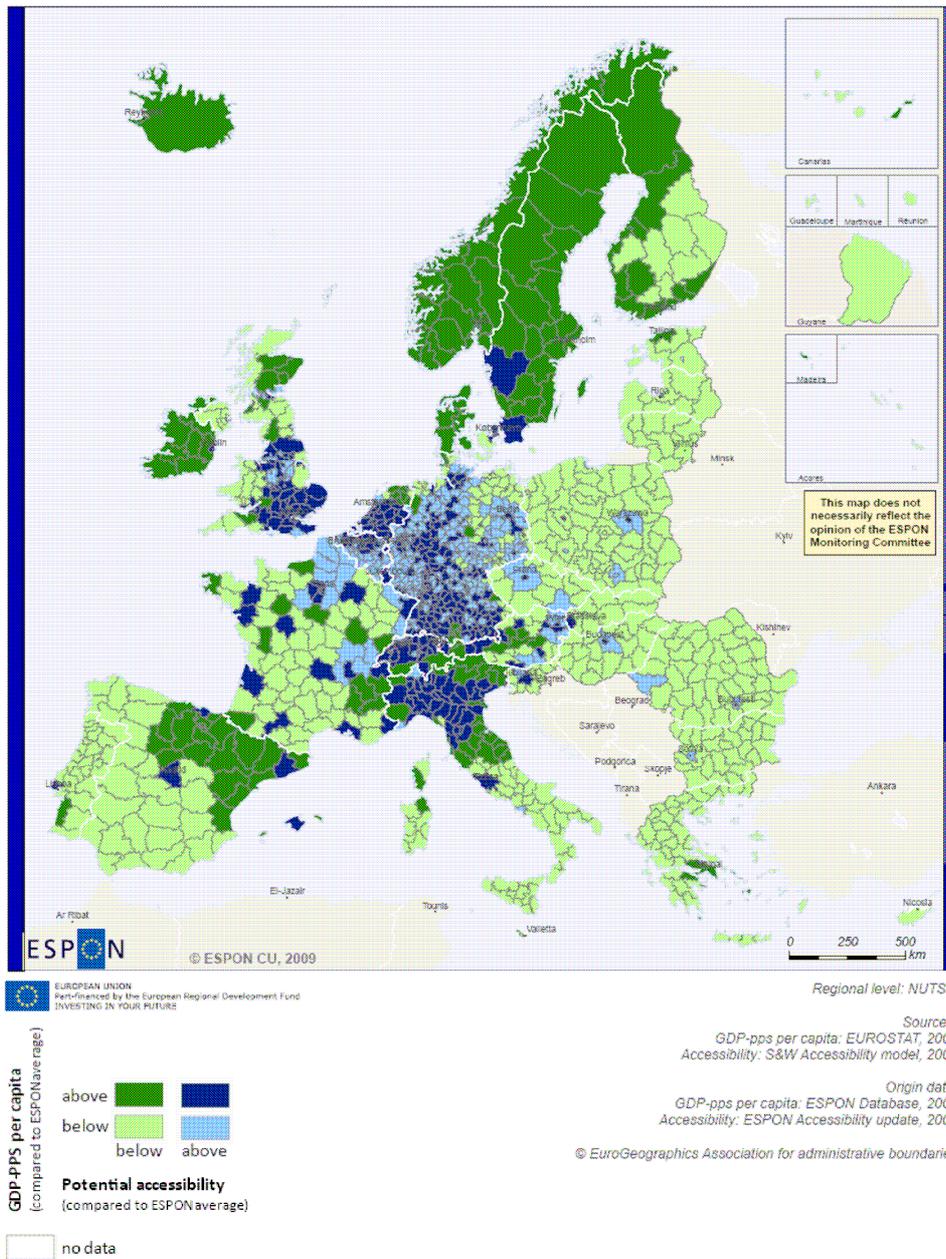


Figure 20: GDP-PPS per Capita versus Potential Accessibility (multimodal) (ESPON, 2006b)

Number of challenges

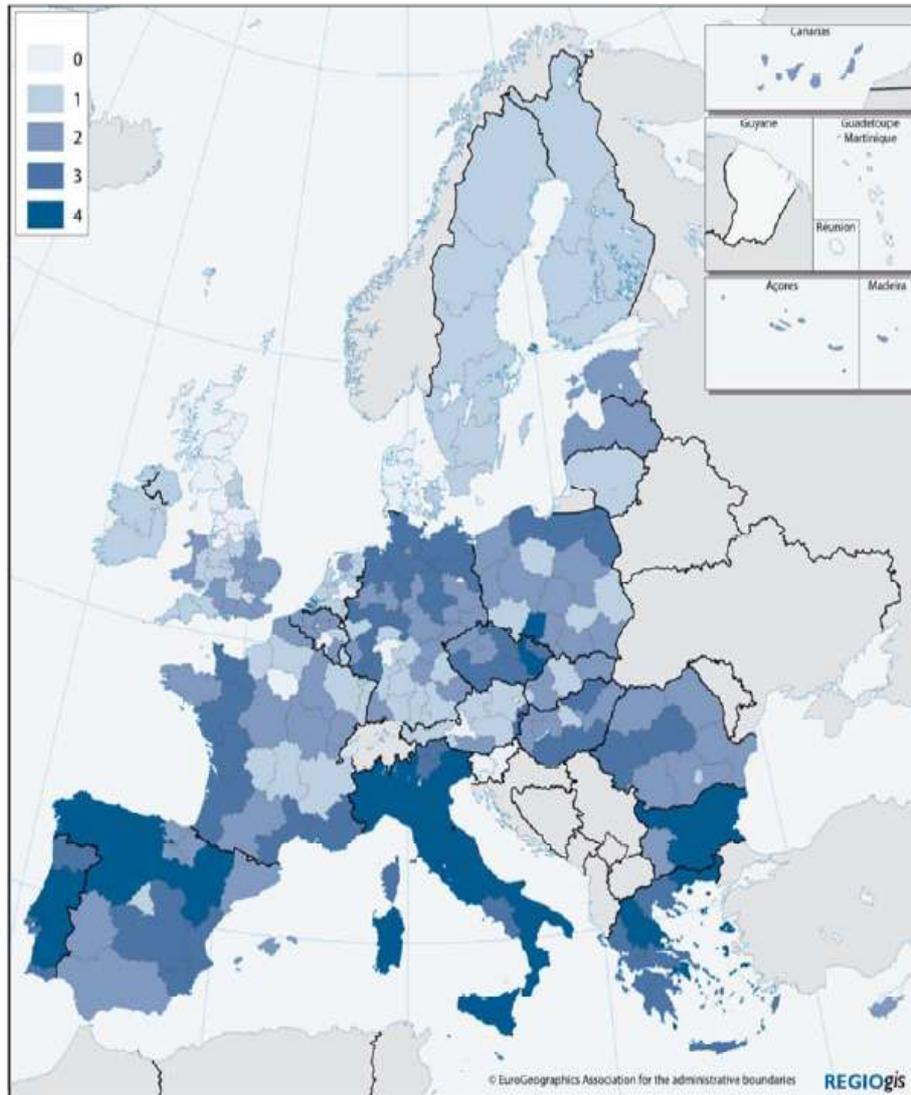


Figure 21: Intensity of Multiple Risks for European Regions (European Commission, 2008e)

Chapter 3: The Shift of Paradigm in EU Regional Policy

I. Introduction

The following part aims at explaining in depth the neo-liberal turn in EU regional policy and how it came along. Tracing back the changed focus from equity to competitiveness will be the main subject-matter. Since EU regional policy got a consolidated legal status in the 1980s, its objectives, methods, instruments, budgetary scope, procedures and legal standing have constantly been adapted to new circumstances. Manzella and Mendez (2009) identified a number of key explanatory factors in relation to change in regional policy. These include internal policy dynamics such as policy learning and path dependence on the one hand and external events and process like changing economic circumstances, devolution or decentralisation trends on the other hand (p. 23). In the case of the European Union, the special nature of its policy making has to be taken into consideration. Policy changes here are the outcome of complex political processes, involving the official European institutions as well as numerous international, national and subnational actors. Among these, one finds state institutions, but also a large amount of lobby groups with various interests. From political sciences and policy sciences we know that agreements taken at that level are the outcome of yearlong negotiation rounds involving extremely complex package deals. National ministries negotiate with each other to defend their own country's position, ministers united in the Council against the European Commission who wants to secure its own proposal, and members of the European parliament argue with each other and against the Council and the Commission. Tracking down the coming into being of a policy decision is even more difficult considering the undocumented involvement of non-state actors and lobbyists or the unofficial negotiations behind closed doors (see for instance Andersen and Eliassen, 2001).

The European regional policy outcomes thus heavily depend on the number and the interests of member states. Fundamental changes in regional policy design can be observed after every round of EU enlargement, when the policy need to be adapted to the specific problem of new members, and old members claimed compensation. Furthermore, the policy is also influenced by changes in decision-making procedures, such as the increased power of the European Parliament over time or the creation of the advisory body called *Committee of the Regions*. Additionally, strong personalities have managed to put their imprint on European regional policy, examples of which

are Jacques Delors or Margaret Thatcher. The impact of global events such as the lifting of the Iron Curtain, important World Trade Organisations agreements or the oil crisis should also not be understated.

Yet, besides the political power plays and the budgetary interests of single actors, decisions have also been influenced by developments of a higher order. General trends in society and science have left their imprint on the very manner regional development and spatial planning were approached. According to many scholars, over time there has been a wider ideational shift in EU regional policy, or as Bachtler and Yuill (2007) call it, a shift in paradigm. The consequences of this change for peripheral regions are the main concern of this paper. Emphasis will be put on the objectives and ideational reasoning behind the funding schemes, but changing trends concerning overall spatial planning for the European space will also be addressed. Numerous scholars have identified fundamental transformations indicating this change of paradigm. They conclude that the basic rationale shifted from a cohesion approach towards an attitude focused on European competitiveness and growth (Bachtler, 2001; Bachtler and Yuill, 2007; Becker, 2009; Halkier, 2001; OECD, 2005). For spatial planning this implies a shift from spreading to concentrating socio-economic activities in space. In the language of welfare economics, scholars talk about the potential conflict between equity and efficiency (Hall et al., 2001, p. 349). Both sides will be introduced in the following.

The more traditional equity approach can be described as the pursuit of a physically more balanced spread of population, services and economic activities (Kleyn and Bakker, 1997, p. 262). This idea is comparable to the concept of convergence across the European territory, as pursued by the European Union with regional policy measures. The main goal of convergence policy is to support lagging regions catching up with those performing socio-economically well:

“Over time the first objective of the EU cohesion policy has been to reduce the problem of internal disparities in wealth levels. To that end a selection of the areas and social groups has been made of the countries and regions where the level of wealth as measured by GDP was lowest and where unemployment was highest” (Molle, 2007, p. 134).

The regions have then been granted special financial benefits. Cohesion can have an economic, a social and a territorial dimension, and all three have been integrated into a common framework of regional policy under different objectives. With this paper’s specific focus on peripheral regions, the aspect of territorial cohesion is especially interesting. It describes a situation where “people and firms are not unduly handicapped by spatial differences in access to basic services, basic infrastructure and knowledge” (Molle, 2007, p.84). This approach is based on the normative view

that people should not be disadvantaged by wherever they happen to live or work in the Union. A regional policy based on this idea mainly targets rural, structurally weak, sparsely populated and peripheral regions. As will become evident in the following discussion, this normative view has existed in the EU since the early days of EU regional policy, but has been losing ground since the adaptation of the Lisbon Agenda in 2000, which will be explained further in the next section.

Since the beginning of this century EU regional policy makers have often favoured an approach which is dominated by the idea of competitiveness. This term has even become one of the buzzwords in regional policy discourse. It signifies the ability of countries, regions, cities, or social groups to generate, while being exposed to external competition, relatively high income and employment levels (Molle, 2007, p. 8). For the spatial dimension this implies that public investments are carried out in the dynamic, urban centre regions where economic activity is concentrated. The consequences of this concentration are as follows:

“Inequalities are not only expressed socially [...], but also spatially, through the polarisation of development among different territories, regions, places and scales. The patterns of core-periphery polarization [...] generally entail the systematic concentration of advanced socio-economic assets and development capacities within certain core zones and concomitantly, the chronic marginalisation or peripheralisation of other, less developed places and territories.” (Brenner, 2004, p.13)

The reasoning behind is that first of all investments in these places generate the highest returns. Second, the core zones are the only ones with the potential to compete at the global scale concerning their attractiveness for investments and business activities (Brenner, 2004). Clearly, both objectives are still taken care of by two different objectives of regional policy (namely the convergence objective and the competitiveness objective). The cohesion objective absorbs the major share of the budget, but an important strengthening of the competitiveness element becomes obvious in recent budgetary decisions as well as the changed discourse in official publications, speeches and the media. In order to explain the shift, it is necessary to understand how regional policy developed over time, and which conditions shaped its outlook. Therefore, its historical development will be traced in the following part, starting in 1987 with the Single European Act (SEA).

II. The Single European Act (1987) and the First Budgetary Period (1989-1993)

The Single European Act (SEA) which entered into force in 1987 completed the single European market and considerably strengthened European cohesion policy, which before was only of minor importance. The act officially established a legal basis for regional policy. It introduced the concept of economic and social cohesion and called for “overall harmonious development”, the reduction of regional disparities and the backwardness of the least-favoured regions, and the co-ordination and rationalisation of the structural funds (SEA, Articles 130A-E, now Art. 158-162). Especially Commission President Jacques Delors, being deeply committed to the idea of European solidarity, pushed hard for this objective of cohesion and a larger budget for the structural funds. His objective was to transform regional support from a mostly intergovernmental budgetary transfer to a genuine development tool providing effective solutions to regions in need (Michie and Fitzgerald, 1997, p. 16, Manzella and Mendez, 2009). His main political opponent was Margaret Thatcher, who was against any “visible hand” correcting the market forces. Delors propositions included a doubling in budget for the structural funds, and the creation of a cohesion fund, available especially for regions with a GDP below 75% of the community average⁸. Besides, he wanted to decide upon that budget for a period of 5 years. This signified a completely new approach in EC policy-making. For the first time a multi-annual plan was to be decided, and community-wide criteria should be applied, which actually meant the creation of a European framework for regional policy, potentially differing from national regional policy objectives. The objectives were to be drawn up by the member states in line with the community objectives and priorities, and needed to be approved by the Commission (Bachtler and Mendez, 2007). Even though this meant a considerable shift of responsibility to the European level, the richer countries agreed because a cut in CAP spending should parallel the setting up of the policy, and the poorer countries were attracted by the prospective of the financial benefits (European Commission, 2008a).

Furthermore, completely new principles were introduced, principles which still form the foundation for European regional policy. These four principles are *programming*, which is about

⁸ This threshold criteria has persisted till the current period, it is still used to identify regions eligible for funding under the convergence criteria

strategic planning and the introduction of multi-annual budgetary plans; *concentration*, which defines that the attention is focused on a limited number of objectives and on the least developed regions, *additionality*, which secures that EU funding is complementary to national measures and not replacing them; as well as *partnership*, which requires the cooperation of national, sub-national and supranational actors in design and implementation of the policy (Nello, 2005, p.280). With respect to these principles, six objectives had been defined, among which three had a spatial dimension. The major share of the budget was designated for objective 1, which corresponded to the Delors' proposal on the lagging regions with a GDP of less than 75% of the community average. Objective 2 was concerned with industrial areas in decline, here criteria concerning the employment rate were decisive for the allocation. The last objective with a spatial orientation was Objective 5b for rural areas; eligibility was decided on grounds of socio-economic development, agricultural employment and agricultural income. Objective 3, 4 and 5a dealt with long-term unemployment, the occupational integration of young people and the adjustment of agricultural structures respectively. They aimed at social and economic cohesion more than at the territorial one.

Additionally, the European Council decided upon the creation of 16 community initiatives, which should get 7.8% of the regional policy budget and should encourage cooperation of different member states in fields of common interests. They should also add flexibility to the structural funds which were quite rigid and could not react quickly to new problems. These small-scale operations were considered a good opportunity to “experiment” on what measures would work effectively (Molle, 2007).⁹ From the 16 programmes, the LEADER and the INTERREG programmes became the most famous ones, and the latter is still integrated in the regional policy framework 2007-2013 under the name of “Territorial Cooperation”. Concerning the aspect of governance structures, the *Advisory Council for Local and Regional Authorities* was set-up, which for the first time gave a voice to the sub-national level of governance. Out of this institution evolved the *Committee of the Regions*, which was given legal status with the *Maastricht Treaty* entering into force in 1993. Since then, this representation of the regions in Brussels has to be

⁹ The community Initiatives were *Interreg* (Cross-Border); *Euroform*; *Now* ; *Horizon* (vocational training, job creation); *Leader* (local and rural dvpm); *Resider*, *Rechar*, *Retex*, *Renaval*, *Konver* (industrial areas); *Regis* (outermost regions); *Envireg*, *Prisma*, *Regen*, *Telematique*, *Stride* (environment, energy, technology, research)

consulted whenever new proposals are made in areas that have repercussions at regional or local level.¹⁰

So why was this break-through of what became known under the “Delors I package” suddenly possible in 1988? With the completion of the internal market, the less prosperous peripheral regions and countries feared additional competition and were also not able to fulfil the macroeconomic requirements for a monetary union. Hence, they strongly negotiated in favour of equalising instruments. Second, the results achieved in regional development in Greece, Spain and Portugal after their accession stayed far behind initial expectations. In that way, decision-makers felt it was time to opt for measures with more impact. Additionally, concerns arose regarding a democratic deficit, meaning that the EC was too technocratic and too far away from its citizens. According to Tassos Bougas, who was in charge of the coordination of the structural funds at the Commission in second half of the 1980s, cohesion policy supposedly was a measure of positive integration that was tangible to the ordinary people (Bougas, in European Commission, 2008a, p. 28). Besides the political interests which made the agreement on the SEA possible, Jérôme Vignon, member of the cabinet of president Delors in 1985, remembers fertile ground for the objective of cohesion in wider parts of society and the sciences:

“Before the big bang in 1988, a certain fermentation of the concept of economic and social cohesion and the Structural Funds had occurred in the member states and the universities” (Vignon, cited in European Commission, 2008a, p.27).

In this respect, two scientific reports need to be mentioned: the *Ceccini-Report* from 1988 which was called “The Cost of Non-Europe” and strongly advised the creation of the Single Market, because of the general economic benefits to be gained; and the *Padoa-Schioppa-Report*, published one year earlier. The latter laid down the intellectual foundation for a three pillar-model for economic development, based on the single market to foster growth, an efficient monetary arrangement to ensure macro-economic stability and an expanded community budget to foster territorial cohesion (Sapir Group, 2005; Molle, 2007). It did not question an overall economic gain stemming from a common market, but stressed the serious risks of aggravated regional imbalances in the course of market liberalization. The convergence theories of economic integration were seriously challenged, and replaced by divergence theories. These held that fault-lines between the dynamic economic core regions and the lagging periphery would increase in the course of market

¹⁰ The Maastricht Treaty set out 5 such areas - economic and social cohesion, trans-European infrastructure networks, health, education and culture. The Amsterdam Treaty added another five areas to the list - employment policy, social policy, the environment, vocational training and transport

liberalisation (Lammers, 2007). Clearly, the report's major concern was the objective of equity. According to Dinan (2004), it even was a memorable rebuke of neoliberal assumptions, warning that "any easy extrapolation of 'invisible hand' ideas into the real world of regional economics would be unwarranted in the light of economic history and theory" (p. 226). The impact of this report is strongly reflected in the policy outcomes of that time.

III. The Second Budgetary Period (1994-1999)

At the Edinburgh Summit in December 1992, the second multi-annual budget was decided upon, covering the years 1994-1999. The most important changes were a considerable increase in the budget for the structural funds, the creation of the *Cohesion Fund* and the *Financial Instrument for Fisheries Guidance (FIFG)*. Furthermore, the procedures were simplified¹¹ and regional and local authorities were involved to a larger extent. The agreement of this budget and the reforms were Delors' last political victory, he knew that the battle for the next financial cycle would be dominated by the accession of the new member states (Nello, 2005). Concerning objective and principles, regional policy remained unchanged. It was still aimed at balanced growth across the European territory and based on the four principles of concentration, programming, additionality and partnership. Concerning the structural funds, amendments to the area designation system provided more flexibility in the application of the eligibility criteria, and member states obtained the possibility to propose eligible areas under the objectives 2 and 5b. Furthermore, an objective 6 for sparsely populated regions was created as concession to the new member states Sweden and Finland. The Commission realised that most of their regional policy was based on the needs of Mediterranean countries and decided to take the different realities in Scandinavia into account:

"Regional policy, especially in the Nordic countries, had a strategic dimension of maintaining the population in remote northern and border regions and the applicant countries wished to continue their main elements of regional policy and enjoy 'Objective 1' status." (European Commission, 1994 in Hoggart et al, 1995, p. 140).

Therefore, the new objective 6 for regions with less than eight inhabitants per square kilometre entered into force after their accession in 1995. Even though the creation of this objective was of course mainly the outcome of a political bargain with new member states, it can also be interpreted as a strong commitment to finding appropriate measures for the various needs of the different regions to catch up with the economic centre regions.

¹¹ e.g. CSF and OP were combined in a *Single Programming Document (SPD)* that the member states then negotiated with the Commission

The most considerable element of this decision-making round was the creation of the *Cohesion Fund*. It finances up to 85 % of major projects involving the environment and transport infrastructure in the least prosperous member states of the Union whose gross national product (GNP) per capita is below 90% of the EU-average. It is insofar different from the structural funds, as it is managed in close cooperation between the Commission and the member states, without applying the principle of partnership that would bring in regional authorities and private actors. This is because it delivers national and not regional funding. The member states are in charge of deciding where the money is spent (Molle, 2007, p. 137). The main idea behind the cohesion fund was to enable Spain, Greece, Portugal and Ireland to fulfil the strict economic criteria for economic and monetary union. This becomes obvious in a speech of Delors justifying the cohesion fund before the European Parliament in 1992:

“The Cohesion Fund adds a new dimension to the Community. By its way of operating, the fund allows member states to respond to the convergence criteria in order to move to the third phase of EMU” (Delors on 11 February 1992, cited in European Commission, 2008a, p. 17).

In total, the budget encompassed 168 billion ECU, which was one third of the total EU budget. 153 billion ECU were assigned to the structural funds and 15 billion ECU to the cohesion fund, of which 68% went to the poorest countries and regions. What we find here is that the completion of the internal market seems to be a much stronger motivation for member states to agree on the huge budget than a call for solidarity among the member states or a moral belief in balanced territorial growth. This is the reason why disagreements remain in the literature on to what extent the 1992 Edinburgh European Council can be considered a real commitment to the objective of equity. Whereas Dinan (2004) considers the cohesion fund together with the structural funds a “considerable commitment on the part of the EU’s net contributors to help the less developed member states” (p.310); Hoggart et al (1995) find that the amount of 153 billion ECU assigned to regional programmes actually show only a meagre EU commitment to alleviating regional inequalities, when compared to the benefits of 216 billion ECU expected to be gained from the single market. They conclude: “Once again, many analysts see gains going primarily to core economic regions” (p.139).¹²

¹² Referring to Grahl and Teague, 1990; Nam and Reuter, 1991; Dunford and Perrons, 1994; and Hadjimichaelis, 1994

IV. The Third Budgetary Period (2000-2006)

The new regional policy for the period 2000-2006 was decided at the European Council under the German presidency in Berlin in March 1999. The two main goals of the reforms were to again simplify the procedures and design of the policy, as well as the preparation of the Eastern enlargement. With the 'Big Bang Enlargement', disparities in income and employment were to increase considerably, with the GDP of new member states being about half the GDP of the EU15, and an active population of 56% compared to 64% in the old member states (European Commission, 2008a). As this enlargement would have bankrupted the EU under the current CAP and cohesion schemes, new terms for these policies had to be agreed upon. Desmond Dinan describes the situation:

“The principle of cohesion policy- the importance of reducing social and economic disparities between richer and poorer countries and regions-was uncontested in the enlarging EU. The problem was how to put that principle into practice. A consensus emerge in the early 2000s that a combination of sound macroeconomic policies, a favourable international climate, generous financial transfers from Brussels and a closer coordination in the formulation and implementation of regional policy at the national and European levels was essential for economic development in the poor member states. “(Dinan, 2004, p.311-312)

But also the situation of some older member states was to be discussed. While Ireland was performing so well that it did not need any financial support anymore, Greece was accused of wasting the structural funds without any noteworthy results. Besides these issues, all member states wanting to join the Eurozone were working hard to comply with the strict criteria. The preconditions for negotiations were thus quite difficult, and concessions to the old member states strongly required, as otherwise they could have vetoed the enlargement.

The Commission proposed to maintain the cohesion budget at about a third of the EU budget and to designate a large amount for the Central and Eastern European Countries. The total of the budget was thus raised to 213 billion Euros for the EU15, to be complemented by 21.7 billion Euros for the new member states after their accession in 2004. The total budget of regional policy equalled 0.4 % of the European GDP (European Commission, 2008a). To facilitate the design of the policy, the structural funds focussed on only three objectives to be discussed later on, namely low-income regions, regions with structural problems and human resources.

Concerning the procedures, the principle of subsidiarity was strengthened even more as increased decentralisation in favour of regional and local authorities took place. Member states which had

been complaining about the heavy bureaucratic burden, were allowed to submit shorter SPDs (outlining development strategy and aid priorities at a broad level) accompanied by a detailed programme complement with information on management and delivery of the subsidies. The Commission had to accept this loss of influence in programming. Yet, the European parliament was involved in the making of ERDF and ESF legislation by the co-decision procedure for the first time. These developments were paralleled by the reinforcement of instruments of control, monitoring and evaluation, to guarantee the effectiveness of European regional policy which became necessary after the bad experiences with Greece among others. In fact, member states and regions got strongly involved in monitoring and assessing policy measures by obligatory ex-ante, mid-term and ex-post evaluations. Furthermore, the n+2 rule was introduced, which meant that in case a member state failed to provide proof of payment within two years, the allocation was lost.

The most important change was to increase the concentration of support. Towards this aim, the number of objectives for the structural funds was reduced from seven to three and the percentage of the population eligible under the two territorial objectives was reduced from 51.3% to 40.7% (Manzella and Mendez, 2009). Objective 1 remained largely the same, obtaining about 70% of all structural funds money to be allocated to the lagging regions. Objective 6 for remote areas was integrated into this objective. Objective 2 was created under the name of competitiveness. Being still concerned with areas facing structural problems, the issue of former industrial regions was merged with Objective 5b for rural areas. The main points of action were to ameliorate the industrial structure by promoting the renewal of the industrial structure, which should increase the competitiveness of enterprises in the fully integrated single market. The second focus was set on innovation, which should be strengthened by supporting research and technological development. Third, the quality of the labour force should be improved and knowledge adapted to the modern economy through education and training. Last but not least, objective 2 was concerned with transport and telecommunication. Connecting the European space through EU-wide transport and communication networks was considered to be of high importance (Molle, 2007, p. 184-5). The third objective came to be known under the title of territorial cooperation. It was designed to encourage interaction between regions of different member states in the fields of education, training and employment. The former thirteen community initiatives were also cut back to the four most popular and successful ones, namely INTERREG III, Urban II, Equal and Leader+. With respect to the new distribution of money among the objectives, Molle identified a problem of transparency. In his view, there is a blurring of objectives, meaning that much of the spending which is assigned under the cohesion objective and paid for by one of the structural funds was actually used for competitiveness and employment measures, which could also fall under

European industrial policies. This is because the criteria for projects in areas which exceed the 75% of GDP per capita threshold were similar to the criteria for horizontal programmes aiming at objectives such as R&D. This tendency has been formalised with the instrumentalization of the structural funds for other objectives than cohesion under the current scheme of regional policy 2007-2013 (Molle, 2007, p. 285).

V. The Forth Budgetary Period (2007-2013)

1. The Lisbon Agenda and influential reports

Regarding recent developments in EU regional policy, there is general agreement that the adoption of the Lisbon Agenda has been the decisive turning-point (see for example Bachtler and MacMaster 2007; Becker, 2009; Frank, 2008; Lammers, 2007; Manzella and Mendez, 2009; Molle, 2007). Its aim was to make the EU the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater economic cohesion. This should be achieved by deregulation, increasing innovation and spending on research, encouraging entrepreneurship and reforming labour markets. The major means of the Lisbon Agenda is a new method of open cooperation between the member states, with targets, voluntary compliance and peer review in the European Council (Dunford, 2005, p. 972; Faludi, 2006). According to the own documentation of the European Commission,

“with its focus on growth, employment and innovation it became more and more the leitmotif of many EU policies and was the momentum for a paradigm shift in Cohesion Policy” (European Commission, 2008c, p.18).

This statement was underlined in 2004 by then Commissioner for regional policy Michel Barnier, who stated at the European Parliament:

“As long as the EU has aspirations, it must have a cohesion policy to help to fulfil them. One aspiration is that of a shared progress in a reunified Europe. The new horizon is to give an enlarged Europe the means to achieve dynamic growth and high employment on a sustainable basis. And the way to achieve that has already been mapped out: we must pursue the objectives laid down unanimously in the Lisbon and Gothenburg agendas.” (Michel Barnier at the EP 18 February 2004)

Trying to prepare the Union for increased competition from newly arising economic superpowers by pursuing the Lisbon strategy is also at the top of the agenda of the Barnier’s successor, Commissioner Danuta Hübner:

“[V]irtually all regions are confronted with the need to restructure, modernise and foster continuous knowledge-based innovation in order to meet the challenge of

globalisation. The policy, therefore, recognises the need to reinforce the competitiveness of all regions in the Union, so that they can contribute to the Lisbon strategy of growth and jobs.” (Hübner, 2007, p. 7)

Cohesion policy is thus no longer seen as a necessary counterweight or corrective to competition policy, as it has been from the 1950s to the 1990s. Instead, it has become an integral part of it (Frank, 2007). The strategy has been supported by so called Sapir-Report, published in 2003. Produced by an independent research group on the initiative of the Commission, the report called “An Agenda for a Growing Europe-Making the EU Economic System Deliver” rests on two mayor findings. The first one is that the EU is absolutely as well as relatively under-performing in economic terms, especially when compared to the US. The paper claims that left unchecked, this will undermine the predominant European social model that seeks to combine free markets with a higher level of social protection. The second conclusion is that EU policies and budgets are outdated and must be radically reformed to foster faster growth (Hall, 2005, p. 968). The Sapir-group therefore calls for a radical change in regional policy, proposing to end the current regional policies schemes and to make way for greater sectoral effort in the fields of research, transport and education. As this is in line with what has been agreed upon in the frame of the Lisbon Agenda, Ronald Hall, former Deputy Chief advisor to the Commissioners for Regional Policy, considers the Sapir-report an “ex-post justification for a political situation that was already well established” (Hall, 2005, p. 968). Thus, its publication confirmed the appropriateness and necessity of the new policy prioritisations as foreseen by EU decision-makers.

In more detail, the Sapir report proposes a radical restructuring of the EU budget to support the Lisbon Agenda, with a focus on the promotion of growth and single market policies, as well as investment in knowledge. It recommends the complete abolition of the CAP and the introduction of a so-called “growth fund”. The latter should finance excellence in research and development, innovation, education and training as well as infrastructure for a better connection of markets. A convergence fund is proposed to pay for institution-building and investment in physical and human capital; however, this should be restricted mainly to the new member states. A restructuring fund should take care of retraining, compensation for relocation costs and help for setting up new businesses. Regional aid was foreseen only for the poorest member states and if the Sapir-report had been followed, none of the EU-15 regions would have benefited from regional aid in the last budgetary period, as “the authors of the Report consider it an anomaly that the EU transfers resources to poor regions in rich countries” (Dunford, 2005, p. 972-3). This would be a severe setback for many rural and peripheral areas in the EU-15. The Barca report in general heavily favours

the growth objective in regional policy at the expense of the equity concern. In fact, the report clearly states that “some specific instruments chosen to preserve cohesion in the course of the process of market liberalisation and integration may have exerted too high a toll in terms of growth” (p.72). Concerning the territorial dimension, the report suggests concentrating aid in the poorest regions, and otherwise base funding on criteria which are independent from geographic characteristics. Some member states, especially the UK and the Netherlands, strongly support the idea to cease EU interventions outside objective 1 with the idea to decrease the total budget and re-nationalise regional aid.

In response to this report and stagnant progress in achieving the Lisbon targets as identified by the Kok-Report commissioned by the European Council, the Spring 2005 European Council agreed a relaunch of the Lisbon agenda with a renewed commitment to the “growth and jobs” agenda (Manzella and Mendez, 2009). This decision is reflected in the regulatory framework for cohesion policy 2007-2013 and the *Community Strategic Guidelines (CSG)* on Cohesion, as well as in the *Council Regulation 1083/2006 on Cohesion Policy*. The documents recommend that the structural and cohesion funds should contribute growth, competitiveness and employment and especially target investments in R&D, education and vocational training and economic infrastructure support to increase the attractiveness of locations (Bachtler and Mendez, 2007; Küpper, 2007). In this respect, the Lisbon Agenda and the Sapir-Report have left a deep and highly visible imprint in the new policy design.

“ [The Lisbon Agenda and the Sapir report] have influenced the new structural funds programmes for the budgetary period 2007-2013, with an increased focus on innovation, knowledge and entrepreneurship. This development and especially the new concept of earmarking a large percentage of the funds for Lisbon Agenda objectives are evidence of a more strategic approach to economic growth and a stronger prioritisation of support.”(Bachtler and MacMaster, 2007, p. 259)

The spatial consequences of this recommendation were that the funding is now spread all over the European territory, still with a focus on the poorer regions, but in principle with subsidies available for any region and city in Europe. Further analysis of the regional policy 2007-2013 will be carried out in the following.

2. Regional Policy 2007-2013: efficiency and equity

“As many of you know, we have reformed European regional policy. We have decided to shift our policy:

- from its subsidies targeting the reduction of socio-economic disparities to investment supporting regional innovation, attractiveness and competitiveness;

- from focus on opening roads to opening minds;
- from a sectoral approach to a multi-sectoral, regionally-based integrated and going beyond borders approach;
- from top-down, centrally-managed policies, to multi-level governance systems involving co-ordination of different levels of governments and participation of different stakeholders.” (Danuta Hübner speaking in Oslo, 2007)

This quote comprehensively summarises the reform of European cohesion policy. The following analysis will focus on the first point mentioned by Hübner, as this one describes the essence of the shift in paradigm. Concerning the responsibilities of actors involved, major changes were decided for the current period. The Commission’s influence shifted from the programme level to the strategic policy level, which meant decentralisation and more responsibilities for the member states, which are now in charge of audit, financial control, monitoring and evaluation. The Commission is responsible for the new strategic layer of planning, written down in the *Community Strategic Guidelines (CSGs)* specifying the indicative framework for intervention of the funds. The member states now draw up *National Strategic Reference Frameworks (NSRFs)* as a reference for the *Operational Programmes (OPs)*, including periodic reporting on the achievements of the funds in each country. The CSGs define the broad direction of EU regional policy, indicating three major themes: making Europe and its regions more attractive places to invest and work, promoting knowledge and innovation for growth and creating more and better jobs (European Council, 2006a). Having a closer look at the CSGs, they also reflect very clearly how deeply the Commission is divided over the question whether convergence is really needed for overall growth, or if a concentration of public investment in strong growth poles would be the better option. On the one hand, the notion of territorial cohesion (which first appeared in legal texts 1997) is made more specific. One of the explicitly stated objectives is to achieve a more balanced spatial development, by

- building of sustainable communities in both urban and rural areas
- reducing the effects of (ultra)periphery (insularity, sparse population...) in particular with respect to services of general economic interest
- improving situation of cross-border and broader trans-national areas (territorial integration and encouraging cooperation between/within regions) (European Council 2006a)

On the other hand, there is also a strong competitiveness aspect in the documents. According to the CSGs, regional policy should help “to increase the strategic content of cohesion policy with a view to strengthening synergies with, and helping to deliver, the objectives of the renewed Lisbon Agenda” (*idem*). The same notion can be retrieved at the level below the CSG, according to Bachtler and McMaster (2007). “the objectives of the NSRF are universally framed in the

‘language of Lisbon’: higher and sustainable growth, a competitive economy (mainly through investment in innovation, R&D and entrepreneurship) and more employment” (p. 265). European convergence is even completely missing as an overarching goal in three NSRF, and in some cases the OPs were designed around the main Lisbon priorities (Bachtler and McMaster, 2007, p. 268). As a general conclusion, one can state that the NSRF, like EU regional policy as a whole, are torn between goals of efficiency (national growth) and equity (reducing regional disparities). These tensions remains frequently implicit, the frameworks promote cohesion but also the creation of growth-, excellence- or competitiveness poles, which implies a shift from “areas in need” to “areas of opportunity”. Attention, however, needs to be paid to the fact that the “presentational language” used in some OPs may mask traditional measures by giving them different headings and fitting them nicely under the buzzword of “innovation”, or “economic competitiveness”, even though little changed on the ground (Bachtler and McMaster, 2007, p. 265). Whether this “repacking of old measures” has been the case in lagging regions will be part of the empirical chapter of this paper.

The compromise between the two directions is also reflected in the new architecture of the funds and the reformed area designation system. Three objectives are at the heart of EU regional policy now. The first one is the *Convergence Objective*. It still consumes 81.5% of the budget and remained almost unchanged. The same eligibility criteria apply since its introduction in 1988, namely that the money is exclusively for regions with a GDP of less than 75% of the average EU-GDP. This exclusive territorial focus has to be considered a success of the European Commission, while many member states would have preferred more freedom in deciding where to intervene. The second objective is concerned with *Regional Competitiveness and Employment*. Eligibility is the responsibility of the member states, which are free to determine the eligible NUTS I or II regions within their own territory. 16.5% of the total budget is reserved for this objective focused on economic growth. The third objective deals with *European Territorial Cooperation*. It is based on the previous INTERREG community initiative. The total funding available for territorial cooperation amounts to 2.5% of the regional policy budget. The former EAGGF is now called the *European Agricultural Fund for Rural Development (EAFRD)*. It has its own legal basis and is not part of cohesion policy any longer. The European Commission hopes that this fund will strengthen the competitiveness of agriculture and forestry, the environment and rural land management, as well as improve the quality of life and diversification of the rural economy. The EAFRD will also finance local development strategies and technical assistance, which are similar to the former LEADER projects (European Council, 2005). The community initiatives have been brought to a complete halt, as the new rules of implementation are expected to be flexible enough to cover

projects as those previously supported by community initiatives. Because during the times of negotiation all member states were concerned about meeting the Stability and Growth Pact criteria, the European Council was hesitant to budget increases, which meant that the total amount increased only slightly and amounted to € 347 billion, representing 35.7% of the total EU budget and 0.38% of the EU's GDP (Molle, 2007, p. 142).

A last important development within regional policy was the decision to earmark large amounts of the funding. This implies linking public key investments to the renewed strategy for growth and jobs. Under the current scheme, convergence regions are obliged to spend 60% of the total available funding on earmarked objectives, in the rest of the regions it is even 75%. The money needs to be used for Lisbon goals, such as promoting research, innovation, infrastructure of European importance, industrial competitiveness, renewable energies, energy efficiency, eco-innovations or human resources. In total, 61.2% of the money available under the convergence objective is earmarked, and 76.7% under the new objective 2. According to Bachtler and MacMaster (2007), despite the impressive figures, the impact of the earmarking criteria should not be overstated. According to their findings, the structural funds have always contributed to measures in line with the Lisbon goals. Most investment themes were present in former structural funds programmes, especially on what concerns investment related to employment, IT, R&D, business development and human resources. Frequently Lisbon relevant funding was already at 50% in objective 2 regions, in some cases even 80% such as in Satakunta and Aquitaine. However, this is not valid for objective 1 regions. Here, Lisbon-related spending varied between 18-33% and now needs to be increased to 60% in the old member states. This variation suggests a partial relationship between levels of regional prosperity and the amount of previous spending on Lisbon goals. One can thus expect that it will be especially hard for lagging regions to make efficient use of the earmarked funds. Research carried out in Germany already showed proof of a strong competition for those subsidies that are not earmarked but can be disposed of more freely (Eltges and Lackmann, 2007, p. 111). In general, one can describe the spending policy as shifting away from the notion of *subsidy* to a conception of the spending as *investment*.

Furthermore, in order to stimulate beneficiaries to perform as well as possible, a new rule has been introduced that permits the Commission to keep 4% of the total assignments and distribute them to the best performers mid-term (Molle, 2007). This rule is another hint that the EU is concentrating more on efficiency than on equity, following the idea to reward good performance rather than performing need-based spending. The danger with this approach is of course that lagging regions might fall back even more, increasing the gap between winners and losers. Considering the

relatively small amount reserved for the measure, the actual impact should probably not be overstated, yet one should be aware of this development in principle.

VI. Post 2013 –The Barca Report

The Barca report is the most influential document in EU regional policy nowadays, and intensively debated in Brussels. It was presented in April 2009 under the title “Barca Report- an Agenda for a Reformed Cohesion Policy”. The independent report was requested by Commissioner Hübner and aims at giving a detailed advice for regional policy after the current period. The report concludes that there is a strong case for allocating a large share of the EU budget to a “place-based development strategy”, and that cohesion policy provides the appropriate basis for this strategy. Yet, a comprehensive reform is called for in order to achieve that. This should include a strong focus on results and a concentration of spending on three to four core priorities, among which at least one addresses social inclusion. Under place-based policy the authors understand an “exogenous intervention by means of conditional grants” (Barca, 2009, p. 23). However, in contrast to the well-known financial transfers (or regional equalisation funds) that have long been operating in Europe at many levels, these grants cannot be justified merely on the ground that some places are unable to raise enough revenue locally to promote development. Instead, the task of such policies is to trigger a change in the behaviour of private actors in regions where either an efficiency- or a social exclusion- trap exists. The simple transfer of funds cannot get close to solve these kinds of problems and might even worsen them by creating a dependency culture. Furthermore, Barca proposes exogenous interventions which increase the capacity utilisation by correcting market or government failures occurring in the regions. This intervention entails the provision through “conditional grants of integrated bundles of public goods and services”. These comprise goods and services traditionally provided by the public sector due to market failure, such as law and order, education, training, basic research, water supply and waste disposal, business support, transport and healthcare (Barca, 2009, pp.20-26, 39).

However, Barca makes an important exception to the rule to act only in case of market or government failure. The exceptions are depopulating regions of collective interest, which has a lot of overlap with the European periphery. Here, an efficiency-enhancing exogenous intervention can make economic sense, even though it is not aimed at increasing the capacity utilisation of the region. In his view there are

“two features which characterise this type of area. First, they have no unused potential, because there are either no comparative advantages or because a

deliberate choice has been made not to exploit the potential advantages which exist in order to preserve “irreplaceable resources” or diversity. This might be the case, for example, for remote islands or mountainous areas or those with extreme natural conditions. Second, there is national or international interest in ensuring the economic and social viability of the local community there as a way of preserving the environment.” (Barca, 2009, pp.24-25)

In these cases, subsidies from the national or international community to compensate people for living in the area is justified, in a way that it is efficiency-enhancing by increasing overall well-being (Barca, 2009, p.25). It can be assumed that this exception is especially well received by peripheral regions.

Concerning the equity-efficiency debate, the Barca report makes a very clear and somewhat revolutionary contribution. Unmistakably, the report does not put into doubt the necessity of pursuing an equity objective; and neither does it deny the strong urge for increasing European competitiveness. Thus, he proposes the continuation of both approaches. Barca uses the term efficiency rather than competitiveness to describe the first objective, which is about realising the full utilisation of the potential of every place or region. The other (equity) is defined as ensuring equal opportunities for individuals irrespective of where they live (Barca, 2009, p. 17). The choice of words is interesting: speaking about opportunities rather than living conditions, Barca proposes a considerable weakening of the equity dimension, as the former is a much wider and vaguer term than the latter. Less political claims can be based upon the creation of real opportunities than on equal conditions (Dabinett, 2009). Yet, the report challenges the often-revoked idea that measures aimed at cohesion will automatically lead to enhanced growth in the whole of Europe. The assumption that a reduction in the disparity in GDP per head between lagging regions and others signifies both increased efficiency and reduced inequality is disputed by the report:

“In fact, a reduction in disparities need imply neither of the two. In the case of efficiency, a reduction in regional disparities can occur in a context in which growth in all regions is falling below its potential and inefficiency is increasing. As regards inequality, even setting aside the issue of differences between GDP per head and income per head as a result of commuting or transfer effects, a reduction in disparities can go together with increased income inequality, if inequality within lagging regions is increasing – something which can occur with increased growth. In any case, a reduction in income inequality says nothing about what is happening to other aspects of well-being.” (Barca, 2009, p.34).

Within this approach he strongly advises to set up distinct measures for pursuing the two objectives, justified by three arguments. First, information is too incomplete to assess the extent of synergies and trade-offs between objectives in advance and, accordingly, to design catch-all interventions; second, the best option for achieving one objective is often not the best option for

achieving the other; and third, mixing the two objectives reduces the accountability of both and the opportunity for public debate (Barca, 2009, pp.17; 36-37). To sum up, the Barca report proposes to continue EU cohesion policy under a place-based intervention scheme. Both the equity as well as the efficiency concern should be pursued; however, he challenges the wide spread assumption that measures for one of them will positively influence the other objective as well. Therefore, he proposes separate measures for both ends; to be financed by conditional grants and with a strong focus on results.

VII. The Spatial Planning Dimension: Territorial Cohesion on the Rise

The previous chapter traced the development of the European regional policy funding schemes, covering their objectives, instruments and budgetary distributions. Yet, it would be short-sided to look only at this dimension when assessing the priorities of EU regional policy. The actual distribution is often the outcome of complex package deals, and lobbying heavily influences the decision-making. As every country and region tries to get an important share, the strategic dimension is sometimes hard to detect. Political agreements and legal provisions that are not directly linked to financial attentions are also an essential component when analysing a change in *values* and *thinking*. In the following, a closer look will be taken at proposals and agreements concerned with the broader organisation of the European space, or, like the French say, *l'aménagement du territoire*. According to Brenner (2004), political tension here arises between supporters of redistributive, cohesion-oriented policies on the one hand, and those of developmentalist, growth-oriented forms of state spatial policies on the other hand. The reason for that is that is a different perception of the territory. The former group sees a location as a socially produced *place* to which inhabitants are attached, whereas the latter perceives a territory as a socially produced *space* where capital can make profit. Differences occur not only in the question which measures to implement (improving living conditions or facilitating growth), but also where to become active (in the high or low potential areas).

As was explained in previous parts, the 1990s were characterised by market integration measures and a regional policy intended to create fertile ground for its successful implementation. Hence, growth-oriented forms of spatial policies clearly dominated. Yet, in the domain of legal amendments and political agreements, the decade also saw important common European commitments to attack regional imbalances and to prepare the ground for further convergence-oriented measures. The Maastricht Treaty elevated the pursuit of economic and social cohesion to

one of the main three priorities of the EU, alongside the creation of a single market and monetary union (Hall et al, 2001, p. 317). Furthermore, the third dimension of cohesion, namely the territorial one, became more and more prominent in the discourse of regional policy and spatial planning. It had been introduced in policy statements by the *Second Cohesion Report* of the European Commission, where cohesion was defined as

“economic convergence of basic incomes, competitiveness and employment through higher GDP growth and social solidarity through reducing unequal access to employment opportunities, the marginalisation of society and the incidence of poverty. These policy goals are considered the ‘irreducible ambitions which structure European society and help to determine its sense of identity.’” (European Commission, 1996, in Bachtler and Turok, 1997, p. 355).

Thus even though budgetary decisions were dominated by rational cost-benefit analysis on how to best provide the preconditions for a common market, policy considerations still proved to include the idea that socio-economic activities should be more or less evenly spread across space.

According to Bachtler and Polverani (2007) especially since the late 1990s a wider interpretation of the role of regional policy gained momentum. This interpretation integrates the traditional economic and social goals as described in the foregoing parts within a broader spatial and territorial framework. The premise of this approach is that spatial differences in living and working conditions stem from differences in access to services, infrastructure and knowledge, or are dictated by geographical constraints such as distance, insularity or topography (p.107). This attitude became visible in a number of (legal) documents agreed upon since then. In 1997, the term “territorial cohesion” appeared in legal texts for the first time: the *Treaty of Amsterdam* referred to it in the context of fostering harmonious development of the European space (Molle, 2007). In the same year, the first official draft of a European approach to spatial planning was adopted under the title *European Spatial Development Perspective (ESDP)*. The driving forces behind the process were the Netherlands, France, Italy and Germany who pushed forward a European planning strategy during their respective presidencies in the European Council. For the adoption of the final document it took two more years. In May 1999, the ESDP was agreed upon at the informal Council of Ministers responsible for spatial planning in Potsdam. Its major impact was to introduce the concept of “polycentric development” as major planning goal in the political debate (Faludi and Waterhout, 2002). The ESDP outlined three major aims to territorial cohesion, namely accessibility (safeguard equal access of all EU regions to infrastructure and know-how); polycentrism (maintain a balanced urban system for the EU as a whole and its constituent parts) and trusteeship (achieve prudent management of the cultural and natural heritage). The document shows a European commitment to an equalising spatial planning. The spatial concentration of

socio-economic activities in the hexagon is considered undesirable and sought to be replaced by several larger centres distributed evenly across the EU. Even though the ESDP is informal and external to the EU legal framework, the guidelines of the structural funds ask the member states to take the ESDP into account¹³.

The concern for balanced growth across the European Union has also been carried on in the new millennium. First, the draft constitutional treaty added a territorial component to economic and social cohesion, providing the basis for a potential enlargement of the policy's scope to address broader spatial issues. Yet, the precise implications of this addition in the legal texts remain contested, as they are dependent on further good will of the member states (see Mirwald, McMaster and Bachtler, 2009). Second, a major research project called *European Spatial Planning Observation Network (ESPON)* was launched to assess the spatial impact of various European policy measures, acknowledging that most European policies have very different outcomes in the Unions' various territories. Third, under the Dutch presidency in 2004 a lively debate on territorial issues was launched, carried on by the Austrian and Finnish presidencies (Bachtler and Polverani, 2007). The efforts finally resulted in the adoption of the *Territorial Agenda* in Leipzig in May 2007 under the German presidency. The EU's minister responsible for spatial planning and development called for sustainable economic growth, job creation and ecological development, and in contrast to the Lisbon Agenda, here one can find the important addition "in all EU regions while securing better living conditions and quality of life with equal opportunities irrespective of where people live" (Informal Ministerial Meeting, 2007). The first action programme for its implementation was adopted in Acores in November of the same year.

In 2008, the European Commission published a *Green Paper on Territorial Cohesion* with the aim of coming "to a better and shared understanding of territorial cohesion and its implications for policy" (Hübner in European Commission, 2008c). The paper acknowledges that certain regions face particular development challenges due to their geographic situation. Among these, the Commission names mountain regions, islands and 18 sparsely populated regions, which are all rural and almost all border regions. As will become evident from the following section of this thesis, those regions are largely congruent with what will be defined as the European periphery. Hence, the document strongly expresses the opinion that geography matters, underscoring the need for policies taking into account territorial differences among regions. The paper ends with questions for debate; asking for contributions on a definition of territorial cohesion, on scale and

¹³ for a comprehensive account of the ESDP see Faludi and Waterhout, 2002

scope of territorial action, as well as on measures to improve cooperation, coordination and monitoring.

Till February 2009, almost 400 official responses were published. Those came from the EP, the CoR, the EESC, all member states, nearly 100 regional authorities, as well as all kinds of associations, cities, economic and social partners, civil society, research organisations and individual citizen (European Commission, 2009). According to the Commission, many contributors underlined the solidarity dimension of territorial cohesion. For some, it even represents the spatial dimension of a European social model. A high quality of life, equal opportunities and access to services for general interest in all territories were listed as crucial for both solidarity and competitiveness. Interestingly enough, the reasoning that geography matters, and that certain geographic features should justify specific treatment or even compensation, was rejected by most of the respondents, including a large majority of the member states. Instead, it was confirmed that the socio-economic situation of territories should be the basis for policy intervention (European Commission, 2009). This decision might come as a threat for some peripheral regions, who have until now benefited from certain special exceptions; and who strongly lobby for a policy taking geography into account. A more detailed analysis of their position in particular will be given in the empirical part of this paper.

VIII. Placing the Developments in a Larger Context

“[...] the objectives of regional policy have increasingly moved away from the original goal of reducing inter-regional disparities through redistributive measures. The focus is increasingly on the promotion of economic growth and making regions more ‘competitive’ through factors such as innovation, productivity, entrepreneurship and skills.” (Bachtler and Yuill, 2007, p. 9)

As we can see from the foregoing discussion, in the first years of its existence, European regional policy has mostly been focused on the cohesion objective. Based on redistributive policy measures, an equalisation of socio-economic activities and living conditions across the Union’s territory has been strived for. In the words of Halkier (2001) “[f]rom the late 1950s till the early 1980s the proclaimed objective of regional policy was to promote equality between different parts of the country with regard to economic welfare, especially between the urban centres and the rural peripheries” (p.327). This development went hand in hand with the broader development of the European Keynesian welfare states, which were established during the 1950s till 1970s. Across Western Europe, state intervention was considered a necessary and efficient tool to alleviate spatial, economic and social imbalances; and due to economic prosperity, a huge influx of money into these countries allowed the welfare state to be financed. In the aftermath of the war and in the

phase of nation- and state-building, the government was required to show all citizens -no matter where they lived- that being part of their state was beneficial in order to avoid separatism or civil unrest. This societal need for redistribution was expressed by the prevailing social-democratic quest for solidarity (Brenner, 2004).

Before this background, the European Union and the member states introduced compensatory regional policies, including financial transfers to alleviate overheating core regions and enhance the levels of economic activity in marginalized, peripheral or underdeveloped regions. The relocation of state-owned business and services, investment premiums to locate in the periphery, automatic stabilisers via tax payments, national spatial planning systems guiding future patterns of territorial development, and the creation of new towns were additional components of the spatial dimension of the Keynesian welfare state. So, why did the spatial Keynesianism in Europe slowly vanish? Neil Brenner (2004) identified a variety of reasons contributing to this development. In the 1970s and 1980s, important political-economic shifts took place, such as the breakdown of the Bretton Woods monetary order, the eruption of the 1973 oil crisis, the intensification of economic competition from newly industrializing countries, the decline of traditional Fordist mass production industries, the rise of mass unemployment, the increasing saturation of mass consumption markets and the fiscal crisis of Keynesian welfare national states. The new international division of labour, mass-unemployment, a revival of liberal-conservative ideologies and the delegation of tasks to sub-national tiers of government because of lower state incomes all contributed to the ending of the equalising paradigm of the Keynesian welfare state (Brenner, 2004; Halkier, 2001). Instead, we find ourselves more and more in a social and political environment where the inequalities between different places become an accepted fact. Brenner calls this the “competition state regime”, which adapts to the new global reality and mainly aims at supporting the strong regions to make them competitive at the world stage.

Among other scholars (see e.g. Halkier, 2001), Michie and Fitzgerald (1997) found that the changing international economic environment also has implications for regional policy. In line with the factors described above, they state that “increasing competitiveness, globalisation, the emphasis on innovation and the shift towards a more service-oriented society with an enhanced role for ‘learning’ are all factors contributing to the difficulties of regions that are peripheral, disadvantaged or ‘lagging’ behind”. About ten years ago, they assumed that the political will and the capacity for the European Union to maintain its then still very equity-oriented interventions would be “dependent on a number of factors such as enlargement, the need to compete internationally and the requirement to be innovative and efficient” (Michie and Fitzgerald, 1997, p.

27). Today we can see that regional policies in Western Europe countries have indeed been reformed in a fundamental way. They reflect a growing policy concern with the territorial dimensions of globalisation, innovation and sustainability; or as Nadin and Stead (2008) illustrate at the basis of the Dutch example, a shift from “welfare state spatial planning” to “development planning” (p. 42). A Swedish government paper states:

“Regional economic development is an increasingly important concern of all nations. What were originally marginal policies to support weaker regions have become prime instruments for economic growth.” (Statskontoret, 2007, in Bachtler and Yuill, 2007, p. 9).

Similar observations have been made in the new member states, in Poland regional policy “has to a lesser and lesser extent a levelling character and instead addresses measures fostering the competitiveness of the regions” (Szlachta, 2009, p. 22). And what is true for the member states is true for the European Union as well. Looking at the EU regional policy measures for 2000-2006 and 2007-2013, we can state that the reform of regional policy is another prime example of the turn to a “competition regime”. Paralleling the convergence objective with the objective 2 for *Regional Competitiveness and Employment* under which every region is entitled to EU funding shows that also the European Union adjusted its policies to increased globalisation under neo-liberal conditions. Additionally, the strengthening of growth poles and major agglomerations shows the decision-makers’ conviction that integration of Europe’s metropolitan spaces in the global network of flows is an essential component to prevent Europe from long-term economic decline. Later on, it will be shown how the European peripheral regions position themselves in relation to this strategy.

Chapter 4: Methodology

I. Developing a Research Question and Hypotheses

The following chapter will justify the choices I made concerning my research design, the research strategy and the research method. It will explain what findings my hypotheses are based upon and how I derived at my research question. Additionally, this part discusses the kind of data and the method of data collection I chose. It will justify my sample and the way I treated the data obtained. In this respect, it will also give insight in more practical proceedings and talk about certain obstacles I encountered during the whole process. In the end, possible limitations of my research will be taken into account.

As appears from the theoretical framework, the topic of my paper is the position of actors representing peripheral regions towards a changing EU regional policy. I chose to pursue a cultural-geographic approach, which is a rather unusual in policy studies. In that way, the paper sheds light on perceptions and feelings of actors involved, complementing the standard analyses derived from hard data about economic performance and other socio-economic indicators. Based on an intensive study of the existing literature and data on European peripheral regions, as well as on regional policy and spatial planning, several important findings came to the fore which form the starting point for my research. These are:

1. The European periphery is structurally handicapped by a difficult topography and geomorphology, remoteness and extreme climate conditions.
2. Ultimately, this often leads to population decline, lack of service provisions, below-average economic performance and a lower development potential for the area.
3. Traditionally, regional policy has been more a welfare state policy rather than an industrial or innovation policy.
4. A change herein has become apparent in the last years, the rationale behind it is not purely to enhance situation in lagging regions anymore, but cohesion policy has also become a tool to enhance overall economic growth and competitiveness in the EU (*a more sector-based approach at the expense of the spatial dimension*).
5. The European periphery is now more constrained in how to spend the money due to the Lisbon earmarking criteria.

6. More money has been made available for prosperous regions in the European hexagon with the introduction of the objective for competitiveness and growth.

We thus find a spatial expansion of the funding across the whole territory, and a thematic contraction of the funding for increasing competitiveness and economic growth for the whole Union. Given the problems of the periphery as discussed in the foregoing part, one can expect that these developments in funding schemes and spatial planning are perceived as a threat by the peripheral regions. Consequently, the following research questions present themselves:

“How do regional policy actors in European peripheries perceive the recent shift in paradigm in EU regional policy? Do they see their regions as the losers of the competitiveness and growth focus of EU regional policy, or do they identify new opportunities within this scheme?”

According to Bryman (2005), five issues should carefully be taken into account when developing research questions. The question needs to be clear and researchable, be neither too broad nor too narrow, have a connection with established theory and research as well as potential for making a contribution to knowledge (p. 33). In order for the question to be clear, part one of this thesis described the competitiveness and growth focus of EU regional policy, and the second part establishes what is meant by the European periphery. The question has also been researchable with the resources I had to my disposition. The extent of the question is suitable for a master thesis, although a larger sample of respondents could have led to a greater external validity of the findings. The research question is furthermore well embedded in established research. Especially the work of John Bachtler and his colleagues on EU regional policy, the research of Andrea Faludi on European spatial development and the ongoing scientific debate around the future path of regional policy form the academic framework for my discussions. At the academic level the combination of the topics of peripheral regions and EU regional policy has only been discussed by Baudelle and Guy in 2002 and regularly by scholars working for Nordregio¹⁴. Yet, the French research deals with the pre-2004-accession situation and was limited to Western Europe, and even though the Nordregio reports are very rich and of a high quality, there are limited to the Nordic countries.¹⁵ My thesis provides up-to-date research dealing with a broader geographical selection of the European periphery and can therefore contribute to the current debate on future regional policy in Europe and on the spatial paradigms steering the development of the European territory.

¹⁴ Established by the Nordic Council of Ministers, Nordregio - the Nordic Centre for Spatial Development - is an international research institute with a comparative focus. Nordregio undertakes strategic research and competence development with a view to producing useful knowledge-based foundations for decision-makers at the international, national and regional levels (Nordregio, 2009)

¹⁵ Scandinavia, Finland Iceland, Greenland, Faeroe Islands

To tackle the research question, several working assumptions are made, that need to be verified by my empirical research. These are

1. the regions I identified as peripheral recognise the characteristics described in the theoretical framework as congruent with their practical experiences, and perceive themselves as being part of the periphery;
2. the regions argue that their difficult geographic circumstances should act as a rationale for a funding scheme, based on Art. 158 of the EC Treaty
3. the regions have also experienced the shift in paradigm in EU regional policy, with an increased focus on growth and competitiveness
4. Regional policy actors in the European periphery oppose the Lisbon focus in EU regional policy because of two reasons:
 - a) More money is given to the European core which implies that less money is available for the peripheral regions. This favours an imbalanced development of the European space with an increased concentration of activities in the centre regions and a further falling behind of the periphery;
 - b) The earmarking criteria, which require projects to contribute to the fulfilment of the Lisbon targets, are overlooking the structural weaknesses of the peripheral areas (e.g. poor innovation potential, remoteness) which will limit their ability to take advantage of this regional policy

In order to verify these assumptions and get an answer to my research question, qualitative data focussing on the actors' perceptions and impressions was collected.

II. The Research Strategy

The research strategy defines the sort of data that will be used for the analysis. I chose to work with qualitative data, as it allows for the participant's point of view to come to the fore more easily. This actor-centered perspective is a dimension which is often neglected in regional studies. Furthermore, I did not expect to see all the relationships between the variables beforehand, and was curious about possible intervening variables that I was not aware of. Therefore, I chose for a strategy that would leave the room for the respondents' explanations to become integrated into my research. My research can hence be seen as drawing upon methods from "grounded theory" as developed by Glazer and Strauss (1967). Here, theory is produced that "was derived from data, systematically gathered and analysed through the research process. Data collection, analysis and eventual theory stand in close relationship. It is concerned with the development of theories out of

data (inductive) and data collection and analysis repeatedly refer back to each other (iterative)” (Bryman, 2005, p. 357). The data was to come mainly from interviews, and to be complemented by position papers written by the regional authorities as a response to a green paper on territorial cohesion from the European commission. During all my interviews I acquired new insights, which led to slight changes in the following interviews, mainly in the form of additional questions. This dynamic way of data gathering allows for a much more contextual understanding of the issue at hand, which I needed, because I am not yet an expert in the field. I engaged into constantly connecting the concepts arisen from the literature with the data acquired in my data collection phases. Yet, my research derives from the ultimate aim of grounded theory, which is the production of theory. This is because my findings are based on a relatively small sample, which inherently is ill suited for producing generally applicable theories.

III. The Research Design

After deciding on the research question, the strategy and the design, three important choices about the data collection had to be made. These choices concerned the regions, people and documents I needed to sample. Here, I have followed Bryman (2005) in his recommendation of purposive sampling when doing qualitative research. The researcher makes strategic choices about who to sample based on the relevance of respondents to the research question. In this way, a good correspondence between the research questions and the sampling is guaranteed. The first choice concerning the regions required them to be part of the EU’s periphery. As this is not an absolute and uncontested concept, I had to define what I meant by European periphery. The second part of my theoretical framework describes typical features and problems of the European periphery, and the regions that I found should for a large part comply with the findings from my theoretical framework.

Additionally, I wanted the regions themselves to identify as peripheral and that it is perceived as such by others. A useful indication is a region’s membership in the *Conference of Peripheral and Maritime Regions*. The organisation is based in Brussels, and it has been advocating an alternative to the “spontaneous concentration of people, activity and infrastructure in the centre of Europe, and has been lobbying for more balanced development across Europe as a whole” (CPMR, 2008). Membership in the conference is regulated via its organisational charta, stating that the following may join the CPMR as members: any European region which, because of its geographical, economic or political situation, considers itself to be a part of the periphery of Europe, and which is considered as such by the members of the organisation. The following map shows the member states of the CPMR. All encircled regions are those that I would ideally have wanted to talk to. In

order to avoid a geographical bias, the aim was to interview respondents from the northern, eastern, western and southern part; as well as islands, extremely sparsely populated areas and mountain regions. The regions with a black circle turned out to be those where my actual respondents work for. These are the Scottish Highlands and Islands, East Finland, Podlaskie, Mecklenburg-Vorpommern, Sardinia and the Greek Islands. Interviews with people representing the red circled regions were not possible for various reasons.

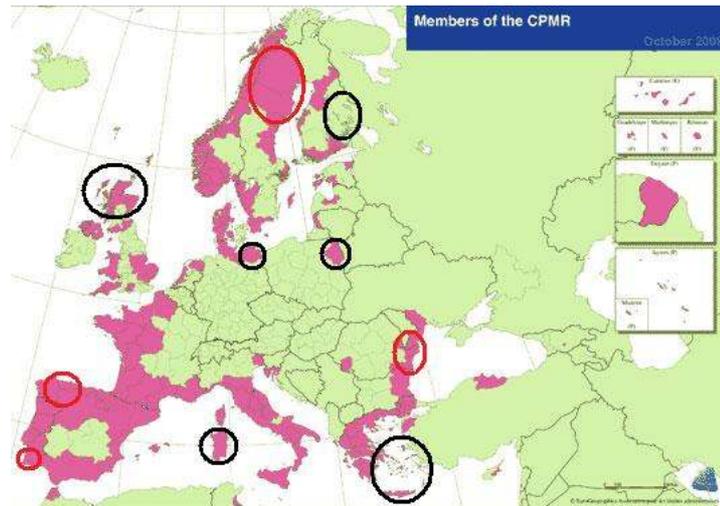


Figure 22: The Member States of the CPMR (CPMR, 2008)

In the following, I will give a very brief introduction of all the six sample regions, giving information based on personal experiences, the figures and literature from chapter two and table two (see below) as well as the websites of the regional offices of the respective regions and the CPMR. The Highlands and Islands are the northernmost region of the United Kingdom. The region's population is growing, unemployment is very low. Most people are employed in small businesses. Its major problems are the sparse distribution of the population, living on little islands and in mountain villages. This results in very bad accessibility with regard to larger towns in the region or the rest of the UK and Europe. Mecklenburg-Vorpommern is part of the former GDR and suffers from extreme population decline and very high unemployment rates. The proximity to Berlin and Hamburg is perceived both as a chance because of a well-developed transport infrastructure in the area, as well as a threat because of out-migration to those centres. After the enlargement of the EU, the region is not remote anymore, but physically has shifted more to the European centre. East Finland is a very sparsely populated area next to the Russian border. Its traditional employment sector is the wood industry. Currently, the region is facing major problems with an over-aging society, especially concerning service provision. Podlaskie is located at the borders to Lithuania and Belarus. The major obstacles are of economic nature, like most parts of

the new member states, the economic performance is far from the average of the old member states. In recent years the region has undergone severe population losses due to work-related outmigration to other European countries. This trend is now slowing down. The Greek islands are very diverse in size and accessibility. Since a few decades, the tourism industry is the main economic sector, which considerably increased GDP rates. However, the inhabitants lack a diversified labour market and adequate career opportunities for highly educated people in the area. Sardinia is part of the Italian *mezzogiorno*, and has become a major tourist destination in the Mediterranean in recent years. This has resulted in a number of environmental concerns, which have become a political issue in recent years. The population is concentrating increasingly in the larger cities (Cagliari, Sassari) and along the coastline. Major obstacles are accessibility and the transportation of people, goods and services to and within the island. Table three gives a brief overview about the situation of each region in relation to most of the indicators discussed in chapter two, as well as the major problems I identified.

	Topography	Climate	Remoteness (Absolute Distance Brussels-Regional centre in km)¹⁶	Border Location	Accessibility multimodal (100=EU average)¹⁷	Degree of Rurality¹⁸	Population change (average 2003-2007)¹⁹	Unemployment (in 2007)²⁰	Number of Future Challenges	Major Problems²¹
Highlands and Islands	mountains and islands	moderate	925 (Inverness)	external EU border	0-79	high	5.0- <10	3.4%	0	Accessibility Sparsity
Mecklenburg- Vorpommern	no hindrance	moderate	572 (Schwerin)	internal EU border	60-79	high	<-6.0	17.4%	3	Unemployment Population Decline
East Finland	no hindrance	harsh winters	2027 (Joensuu)	external EU border	0-59	high	<-6.0	11.0%	1	Climate Sparsity Over-aging
Podlaskie	no hindrance	moderate	1310 (Bialystok)	external EU border	0-39	high	-1-<0.0	8.9%	3	Economic performance GDP/capita (PPS) Accessibility
Greek Islands	mountainous islands	hot and dry summers	2399 (Iraklio)	external EU border	40-79	high	0-<5.0	9.1%	3-4	Service Provision Dependency on Tourism
Sardinia	mountainous island	hot and dry summers	1345 (Cagliari)	external EU border	40-79	high	2.5-<5	9.9 %	4	GDP/Capita Dependency on Tourism

Table 2: Overview Basic Peripheral Characteristics of the Sample Regions

¹⁶ Calculated with the help of the *Geobytes City Distance Tool* (<http://www.geobytes.com/CityDistanceTool.htm?loadpage>)

¹⁷ Based on figure 10

¹⁸ Based on figure 16, predominance categories 1+2= low, Categories 3+4= medium, categories 5+6=high

¹⁹ Based on statistics from Eurostat (2009): http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-HA-09-001-01/DE/KS-HA-09-001-01-DE.PDF

²⁰ Based on statistics from Eurostat (2009): http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/Ry_CH03_2009/EN/Ry_CH03_2009-EN.XLS

²¹ General impression acquired from the literature, figures 8-21, interviews and policy papers as reaction to the green paper on territorial cohesion

The second choice was to be made about which people from the respective regions to interview. Respondents should be familiar with the developments in EU regional policy, as for me the connection between my major variables “periphery” and “EU regional policy” is essential. The opportunity to ask laypeople was therefore ruled out. Instead, I decided to conduct expert interviews with people that are involved in European regional policy making. So far, the sampling of my population was theoretical sampling, guided by theoretical considerations emerging from my findings and assumptions. Besides, I faced some practical limitations in terms of a limited travel- and time-budget available. Consequently, respondents should be working in Brussels rather than in their home regions or elsewhere. In the following, a sample needed to be chosen from the population as defined above²². The sample (the actually investigated segment of the relevant population that could be questioned) is done by convenience sampling. This means that the sample is available to the researcher by virtue of accessibility. In my case the following considerations were important. Members of the European Parliament are often not experts, not capable of speaking English, or hardly accessible. Employees of the European Commission are supposed to be neutral and therefore not suited to see whether the European periphery perceives itself as losing out. Members of the European Council working groups are one possibility, but most feasible and informative is to speak to people working in regional offices in Brussels. These offices or representations function as a link between the EU and their regions at home. The employees know very well the situation in their home regions, and are also aware of all important policy developments at the European level. Furthermore, there are several network organisations that work in the interest of peripheral regions, which are suitable interview partners as well.

Getting access to the respondents proved to be not altogether easy. I got to know two of the respondents during a university-based project on peripheral regions; both are immediately willing to participate in my research. I found the other contact details on the Internet; however, here it was harder to find people that were willing to cooperate. I first wrote a mail to potential respondents, and then called them a day or two later. In the beginning, I tried to guarantee a geographical dispersion as introduced above; however, it proved to be very difficult to realise this. When quoting from the interviews I will specify which speaker I am referring to; yet, the interviews were designed in a way that they act complementary rather than to be compared to each other. The following chart gives an overview over my sample:

²² experts from the European periphery involved in European regional policy-making and working in Brussels

Region, Country or Network	Organisation	Member CPMR
Conference of Peripheral and Maritime Regions (CPMR)	Lobby and Think Tank Network for European Peripheral and Maritime Regions	-
East Finland	Regional Office	
Greece	Permanent Representation of Greece, Structural actions working party in Council	x
Mecklenburg-Vorpommern	Regional Office	x
Podlaskie	Regional Office	x
Scottish-Islands and Highlands	Highlands and Islands European Partnership	x
Sardinia	Regional Office	x

Table 3: Overview of the Organisations of the Interview Partners

As becomes obvious from the table and the map, most of the regions are located in the old member states, and the majority is located close to the Baltic Sea. The Iberian Peninsula is not represented. Furthermore, islands are better represented than mountain areas. The reason for this bias is that it was not possible to get an interview with a Spanish or Portuguese representation²³, and neither with more regions from new member states because of the following reasons:

- The Northern Countries in general have a much better internet presence and public relation office than the Mediterranean countries and the regions from the new member states.
- Furthermore, the old member states tend to have more staff members, whereas the new member states' regions are often represented by only one or two persons. I often heard that they had no times for interviews, or when I send my questions, that they had no employee capable of answering to them.

Furthermore, a previously arranged interview with a Swedish representative had to be cancelled, because the respondent was sick. We tried to do the interview via Skype instead during her holidays in Northern Sweden, but unfortunately the internet connection there was not good enough to allow for this. These circumstances are regrettable, but the problems of connectivity are a good illustration of the obstacles I identify in the periphery. Furthermore, missing her insights is not a very severe problem, because a representative from Northern Sweden would have increased the geographical bias towards the northern dimension.

²³ I tried to get an interview in the regional offices of Galicia, Extremadura, Cantabria, Bacau, Algarve and Norto as well as the Permanent Representation of Spain and the Permanent Representation of Portugal; the Permanent Representation from the Baltic states (they have no regional Offices), and 6 regions from Bulgaria and Romania

The third choice concerned the written documents that I wanted to use to complement the information taken from the interviews. Position papers have the advantage that they are officially recognised by the regional political authorities. I decided to focus on the position papers that were issued as a reaction to *the Green Paper on Territorial Cohesion* issued in 2008. This has several reasons: first of all, these documents are all very recent, dating from a time span from October 2008 till February 2009. Therefore, the positions statements are mostly issued in the same political context as the interviews taken in May and July 2009. Second, the paper asks for answers to questions which are also essential for this thesis. Among these are “What is the most appropriate definition of territorial cohesion?”; “Is there a role for the EU in promoting territorial cohesion?” and “Do areas with specific geographical features require special policy measures? If so, which measures?” (European Commission, 2008c, p. 11). Third, the green paper adopts a larger, more strategic perspective than looking at budgetary distributions. The actual amount of subsidies are to a large extent outcomes of political bargaining processes about thresholds, rather than indicating a trend for the principles guiding regional policy in the future.

The position papers of the following authors will be used to complement the insights gained from the interviews: the *Regional Councils of Eastern Finland* are giving a combined opinion of the regions Etelä-Savo, Kainuu, North Karlia and Pohjois-Savo, which together form the unit that is represented in Brussels by the East Finland Office, whose employee I interviewed. The *Highlands and Islands European Partnership* is a partnership between the key public agencies in the area that are involved in economic development and the delivery of the structural funds programmes. They also published a reaction to the green paper on territorial cohesion which I used in this analysis. The German Republic and the German Länder have published a common reaction to the green paper. MV is thus represented within this position. Furthermore, I will present statements from three networks presented above, namely two regional commissions from the CPMR, as well as the NEEBOR network. The CPMR Islands Commission speaks on behalf of the 21 million people in Europe living on an island, among which people from the Greek Islands, the Islands of Northern Scotland and Sardinia from my sample. The CPMR North Sea and Baltic Sea Commission groups together regions bordering those two seas, among which “islands, mountain regions and some of Europe’s most sparsely populated regions situated in the North of Scandinavia”. This Commission thus also speaks on behalf of the H&I, Podlaskie, East Finland and MV. Last but not least, *NEEBOR* is a network involving 33 members from ten states located at the eastern external border of the European Union. East Finland, Podlaskie as well as parts of Greece are members of the

organisation and stand behind its contribution to the consultation on the Green paper. In this way, each region is at least represented by one of the opinions taken into consideration.

IV. The Research Method

The data collection in Brussels is done using the method of qualitative, semi-structured experts-interviews. Sometimes, my interviews resemble more a conversation rather than an interview, and it is mostly at those times that respondents really open up to me. I appreciate that qualitative interviews are creating a non-hierarchical atmosphere. This leaves potential for the feminist concern about the misuse of power from the part of the researcher. Rather than extracting information out of “passive” or “objectified” people, we are discussing a topic of common interest. The concern mentioned by Bryman (2005) to respect people’s privacy and not intrude their lives in an inappropriate way is not of so much relevance when interviewing experts, as they act as professionals and as representatives rather than as private persons.

I chose to use semi-structured interviews. On the one hand this offers the opportunity to have a fixed set of questions with answers that are comparable to each other. In that way, I can see whether certain findings apply to only a few or to most of the peripheral regions I interviewed. This is not to declare findings that apply only to one case as invalid, but to be able to assess whether a certain issue that was raised in of concern for a large part of the periphery for example. On the other hand, semi-structured interviews left me the opportunity to make use of personal expertise of respondents and to dig deeper into certain issues when I felt this was useful. Furthermore, it allowed adapting the interview to issues that were raised during the conversation (or previous ones). Of course, this is only possible because the aim is to obtain an as complete picture as possible on the situation of peripheral regions rather than producing statistically valid or comparable data. The policy papers were found on the website of the Directorate General Regional Policy, as they are public reactions to an EU consultation. The papers will provide supplementary information to the interviews and are especially helpful when it comes to investigate which discourse the regions adhere to in the light of changing policy prioritisations.

V. Collection of the Data

The interviews were conducted in Brussels at the office of the interviewee, taking place in May (5 interviews) and July 2009 (2 interviews). The interview with at the CPMR was conducted with two respondents who complemented each other according to their own discretion. The shortest interview took 50, the longest one 86 minutes. With the exception of the one with Mecklenburg-

Vorpommern which was conducted in German, all interviews were carried out in English. The interviews were recorded, only one respondent preferred not to be taped. Additionally, I took a few notes of the most important points during all sessions.

I had a list prepared with about 30 questions, and most of them were open questions. Although this way of asking is more time-consuming and requires extensive coding of the answers afterwards, the advantages of allowing for unusual responses and fully exploiting the respondents' personal expertise outweighed the disadvantages. In case the respondents answered with yes or no, I asked them to elaborate further. However, I did not get to ask all the questions all the time, and often the speakers automatically answered to several questions at a time, so that I did not need to ask them specifically. On the other hand, I added many questions according to the development of the conversation, so that in the end no interview compares to another. Yet, I had five essential categories and made sure that each of them was treated in every interview. Additionally, one category consisted of basic introductory questions to make the respondent feel at ease and to close the interview in an appropriate way. The following six categories thus formed the basic of my interviews:

- 1.) The region and the organisation
- 2.) Peripherality
- 3.) The competitiveness and growth focus derived from the Lisbon Agenda
- 4.) The position of the national state in regional development schemes
- 5.) Current and future policy in theory and practice on what concerns
 - a) funding schemes
 - b) spatial development
- 6.) Introduction and Closure

The first category aims at giving an insight in the situation of peripheral regions in Europe. Questions from this category are mostly informant factual questions. The answers teach about the regions' strengths and weaknesses, their economic and demographic situation and their main economic activities and demographic development. The purpose of this category is to see whether the practical experience from people coming from and working for the periphery match the findings from the literature and the statistical data derived from ESPON. The second category "peripherality" is essential to see how the concept is used in practice. Here, answers were given to the questions: Do you see your region as belonging to the periphery? What does it mean to be peripheral? How would you define the periphery? Do you think that peripheral regions have structural disadvantages? Does that justify special funding schemes and exceptions from state aid?

Most importantly, this part of the interview serves to test the first and second hypothesis. In practice, the answers included a high level of overlap between the first two categories, because the situation of the region could not be seen in isolation from its peripheral nature. The third category serves to find out what the competitiveness and growth focus means to peripheral regions. Are they aware of the shift in paradigm? What are the consequences? Do they support or oppose this change and why? And, most importantly, do they feel like losing out due to this shift in paradigm? In some interviews I asked this question directly, in others the answer can be found reading between the lines. Next to factual issues, this category contains more questions about assessment of the experts, as well as attitudes and beliefs. The section about the nation-state is a complementary section, which helps to explain the funding scheme background of the different regions and their degree of dependency on European subsidies. It is also another testing of the spatial dimension of Brenner's theory on the rise of the competition state regime. The fifth category is the most varied in terms of questions and answers. Broadly speaking it covers the current funding scheme and the opinion of the respondents on that; their working experiences with different programmes and forms of cooperation at home and in Brussels; and their expectations for after 2003. In this category, respondents were also making statements about normative standards and values, such as the necessity to let people choose wherever they want to live, an issue that re-appeared several times. The last category of questions embraces questions serving as an introduction (such as asking for their tasks in the office) and as an appropriate closure. One closing question asks whether respondents feel that there is something else that needs to be said, and a very interesting conversation developed after the respondent from the Scottish Highlands and Islands asked for my approach to and my opinion on the issues at hand. In the following, we engaged in a very fruitful discussion on the normative component of regional policy.

VI. Treatment of the Data

The notes taken during the interview with the Sardinian representative proved much less rich and meaningful than the recorded interviews, which I fully transcribed. Once the interviews were transcribed, I coded the information obtained. After multiple readings, I could establish the following non-overlapping categories:

1. the peripheral situation of the regions
 - a. obstacles
 - b. potentials
2. the concept of peripherality
3. "does geography matter?"/peripherality as a justification for subsidies
4. the role of the national state in regional development

5. existence of a paradigm change in EU regional policy
6. opinions on the competitiveness and growth focus

These were basically the categories that I expected to come to the fore based on the questions I prepared before. Interestingly enough, several other categories appeared to be relevant in all or most of the interviews. Therefore, they are included in the following chapter dealing with results. These unexpected categories were

7. Regional policy- should it be an EU competence?
8. Brussels working practices
 - a. working with other regions and in networks
 - b. working with the Committee of the Regions (CoR)

The results from all these categories are presented in chapter 5 “Findings”. I start with a section that gives background information on the regions, on the role of the national states and the EU regional policy and on how the offices work in Brussels. The categories 4, 7 and 8 are treated in this section. In the following, I present findings based on the assumptions that I presented earlier in this chapter. The categories 1 and 2 will shed light on whether the situation in the peripheral regions is identical with what I found to be true in chapter 2, and whether the regions perceive themselves as part of the European periphery. As mentioned earlier, the second assumption deals with the question, whether peripherality as such can act as a justification for subsidies; obviously the findings from category 4 are processed here. Category 5 will help to answer whether a shift in paradigm has been realised by the experts. As the material from the interviews is not very rich in that respect, the position papers serve as the main information source here. Category 6 is the one providing findings that are most directly linked to my main research question, namely whether the peripheral regions oppose or welcome an increased focus on growth and competitiveness. The findings thus help to shed light on whether my last assumption is true, namely that the periphery rejects that new trend.

VII. Shortcomings

Due to the nature and the way I carry out my research, certain limitations need to be noticed. First of all, due to the limited number of respondents, the findings cannot be seen as representative for the whole European periphery, but rather give an indication on how the situation presents itself. Furthermore, the interviewees are mostly lobbyists, working for their regions in Brussels. First, that means that they have a certain interest at stake concerning their regions, and are probably not completely objective when answering to my questions. This is linked to the fact that they might want to create a certain image of their situation. Second, they are thoroughly embedded in the

dominant discourse and see it as the only truth. One respondent explicitly stated: “I am so busy with the day-to-day business, I do not have time to scrutinise whether what we are doing is the best alternative. I just play according to the rules”. Finally, I have only spoken to one representative per region, which means that I did not get a complete overview of the professional and political spectrum. Concerning the professional spectrum, my total sample nevertheless includes a state civil servant (Finland), an employee of a public-private development agency (Highlands and Highlands), two employees of regional authorities (Podlaskie and Mecklenburg-Vorpommern), an employee working for a national permanent representation to the EU (Greece) and two employees working for the largest European interest group of peripheral and maritime regions (CPMR). Guaranteeing a broad political spectrum is more of a problem, as I did not feel comfortable asking the respondents about their political attitude. This can be a major short-coming, as the opinion to what extent the state or the EU should correct the market dynamics varies tremendously across the political spectrum. Also the question whether regional policy should be seen more as a welfare or an innovation policy is rooted in certain political traditions. Yet, statistical chances are high that in my sample of eight respondents, different political backgrounds are represented.

Chapter 5: Findings

I. Introduction

The following part contains the presentation of my findings from my empirical fieldwork. All important insights gained from the interviews taken in Brussels will be disclosed. As explained in chapter four, this encompasses interviews with representatives from the regional offices from East Finland, the Scottish Highlands and Islands (H&I), Mecklenburg Vorpommern (MV), Sardinia and Podlaskie; from the Permanent Representation of Greece to the European Union as well as from the Brussels Office of the CPMR. This information will be enriched with statements taken from the regions' (and their networks') responses to the green paper on territorial cohesion which were published during the last year. The group of authors of these responses consists of the *Regional Councils of Eastern Finland, the Highlands and Islands European Partnership*, the German Republic together with the German Länder, the CPMR Islands Commission, the CPMR North Sea and Baltic Sea as well as *NEEBOR*.

The chapter is structured according to the following order: I will start with background information which is relevant to understand the context in which the regions are operating. This means that I will present findings on the national funding situation of the regions in order to show to what extent they depend on European funding; and talk about their cooperation with partners in Brussels as well as their stance towards the Committee of the Region, their official representation in the EU decision-making process. Subsequently, I will test whether my hypotheses as spelled out in chapter four are true. This first hypothesis to test is whether the regions perceived their peripheral situation in the same way as found in my theoretical research (chapter two). The second hypothesis is concerned with the regions' experiences concerning the shift of paradigm as outlined in chapter three. The third and most important hypothesis deals with the main research question. Here, it will be shown what the representatives stated concerning the renewed focus on innovation and competitiveness.

II. General information

1. National regional policies

The national situation concerning regional development strategies and funding schemes needs to be taken into consideration when assessing the regions' opinion on EU interventions. Does a region feel well supported by the national government? Or is it completely dependent on EU interventions? The answers to these questions can play an important role when seeing whether the regions perceive a possible cut in the European budget as a real threat to their development potential. Two of the interviewed regions feel that they can rely on support from the national government, namely East Finland and MV. For Sardinia and Greece, national funding does exist, but its reliability is rather weak. The H&I and Podlaskie obtain national funding only in the framework of matching funds for EU subsidies. First, the highly supported regions will be discussed. For East Finland, national money is extremely important. The national government has introduced tax equalising mechanisms, which means that money earned in the rich regions around Helsinki is transferred to the more remote regions. Although the region of Helsinki often complains that "our money goes somewhere and we never see it back", the respondent is convinced that equalising measures work in the advantage not only for the periphery, but also for Finland as a whole. She sees the origins for the balancing mechanism in the civil war fights in 1918. Since then, the Finnish government has always tried to create equal opportunities for all in order to avoid civil unrest. Even though the spatial realisation of this becomes more and more difficult due to increased urbanisation and rural exodus, the government sticks to these principles.

In MV the situation is a special one, because as a member of the former GDR the region profits from special financial attention till 2019. National and European funding are seen as complementary. Yet, the financial relations within the German Republic are much more intensive and close. They consist on the one hand of the above-mentioned compensation fund for the former east, the "Solidarpakt 2"; and on the other hand the "Financial Equalisation Scheme" between the Federal Government and the Länder, which redistributes income from rich to poorer regions similar to the Finnish scheme. In that respect, MV is less dependent on the structural funds than other regions from poorer member states. Yet, the representative also observes a reduction of inner-German solidarity. However, he accepts this development:

"Concerning inter-German solidarity, yes, I see that this has become less. But I think this is acceptable. [...] Concerning tourism for example we are strongly competing with Schleswig-Holstein. We don't get presents and we don't make

them. You don't always need to fly the solidarity flag and call for help, but you have to become independent, including acting as a competitor. This is just healthy."

The situations in Sardinia and in Greece are different. Even though in 2003 the Italian government decided to help lagging regions with a national fund called *Fondo per le aree sottoutilizzate (FAS)*, Sardinia has experienced some problems with it. According to the respondent, the funding is not totally reliable: experiences show that when times are difficult, previously assigned money is sometimes not available anymore. In order to guarantee the realisation of a project, the structural funds therefore play a much more essential role. The Greek periphery is very much dependent on EU support. The country is very Athens-based, with additional clusters in the bigger cities Thessalonica and Heraklio at Crete. This is especially interesting, as there are only 5-6 cities in Greece with the rest of the territory being rural. When asked whether the Greek approach to regional development is more about equalising or more on growth-centres the answer is:

"There is a difference between rhetoric and reality. Politicians or the government give some promise or big objectives for an equalising policy, but in practice you don't see that back. That means that a huge percentage of the income in Greece is made in Athens."

Yet, the interviewee has heard about a plan that for the coming years, 8% of the regional funding will go to the periphery. This can be seen as a new strategic target creating more opportunities in the rural regions and on the islands. To what extent this strategy will be realised remains to be seen.

In the Highlands and Islands as well as in Podlaskie, national funding is only acquired via the matching criteria of the structural funds. The H&I have been benefiting from EU regional policy from the beginning: First as an objective 5b, then objective 1 region; later on as a transitional and now a phasing-out region. Thanks to the matching obligations of the structural funds, national funding needed to be invested as well. According to the respondent this is the main reason why the Scottish government remained involved in the area. Consequently, the local authorities in the H&I clearly opposes a re-nationalisation of regional policy. What they fear in the case of re-nationalisation is that "then there is absolutely no guarantee that the money that would have been spent on structural funds would continue to be given to the regions". Especially in times of crisis, she worries that the government will prioritise on other issues than the development of peripheral regions. Also in Podlaskie the only national involvement in region development consists of the 25% matching funds in the cadre of the structural funds. However, as not all of the funding is used, the region does not fully exploit the financial potential available.

2. Regional policy, an EU competence

Despite the diverse national backgrounds, there is one strong element of agreement among all participating regions. This consensus is that regional policy should stay within the competencies and responsibilities of the European Union. No matter how much the national government contributes to their development, all regions agree upon this point. Even a partial abolishment in the rich member states is rejected. The EU competence is extremely important for the periphery, in the words of the Greek representative “EU regional policy is the only tool that can deal with a lot of pressing issues across regional and national boundaries in a comprehensive way”. Additionally, it secures a certain level of support based on the idea of solidarity; as well as social, economic and, since recently, territorial cohesion. According to the CPMR, the regions of those member states calling for re-nationalisation have been very active and even successful in making their disagreement heard before the national government:

“We managed in 2005/6 to convince our regions to go and see their member states and say: we don’t agree with your position as a member state because ‘a’, because ‘b’, because ‘c’. So, we had feedback from the UK and the Swedish government saying: ‘the regions came and said: we disagree’. And this is quite new.”

Why is an EU competence in that matter so advantageous then? The respondents see benefits for the European Union as a whole as well as for each region. The European Union profits in terms of strengthened solidarity across national borders, and in terms of its visibility for the citizens. The regions benefit from attention that they otherwise might not have gotten from the national governments, as well as from increased transparency and less corruption in the processes. Talking about the EU’s gains first, it is stated that regional policy is *the* prime policy putting the principle of intra-European solidarity into practice. The Finnish respondent states that even a decrease in the regional budget would weaken the EU. She sees that member states would grow apart which would considerably weaken the union. In contrast, she feels that European spending in the regions keeps the territory more united. The German position of this topic is similar, adding the idea that regional policy is the most visible European policy for the average citizen. In that way it helps to legitimise the European Union in the eyes of its inhabitants:

“My perception is that cohesion policy is the policy which is mostly visible, and the only one considering the economic, social and territorial component. In that respect it is a good policy. Deciding to abolish it in the rich member states is a fiscal decision. But I think that it would be bad for the EU as a project.”

Additionally, the policy is also directly ameliorating the situation in the regions. Regional policy at EU level helps the regions more than a national policy would do. In that respect, the Sardinia representative values the reliability of the funding available:

“The main advantage of European funding is that once it is assigned it can be sure that it’s there, which is not the case with promised national money. National money can be assigned by the central government, but it times of budget constraints it is simply used somewhere else”.

The Scottish H&I also appreciate the involvement of the European Union, as it calls for national funding via the matching criteria:

“European regional policy in all regions is also extremely important because it requires matching funds from the national governments. That means that the national government is forced to invest in the weaker regions, which otherwise they could neglect.”

Yet, advantages are not only of financial nature. The East German representative expressed his observation that the public opinion in Germany is still characterised by “We don’t need the East”, and that MV in some peoples’ mind it is still not really present. In this context, the region “creates its identity in the network around the Baltic Sea. And here, the European Union is essential for us, its subsidies, but in the first place its framework for international cooperation”. The region thus benefits from the formalised cooperation mechanisms introduced by the European regional policy. The Greek position is also strongly in favour of EU support in the framework of regional policy for all poor regions, regardless of the economic strength of their member states. This allows the EU to keep a protagonist role in regional policy and prohibits the re-nationalisation as proposed by member states like the UK or the Netherlands. In the Greek view, the key problems with re-nationalisation are the different situations in the member states:

“It could work for those member states with sufficient human resources, finance and power. But for the regions in the new member states that would be a disaster. We worked very hard the last five years to show them the complex and bureaucratic way of EU funding management, with all the administrative bodies and procedures to finally reach transparency, and a harmonic, homogenous spending and structure in all member states. We cannot take all that back now.”

The increase of transparency with all the spending details bring published on the internet is also a huge advantage observed by the Sardinian office. Additionally, it is appreciated that through the request of bottom-up proposals, the European approach gives the responsibility for regional development in the hands of the citizens.

A second general consensus has to do with the *raison d’être* of an EU regional policy in peripheral regions. It explains why a financial support in lagging regions with very few inhabitants is still

desirable and also justified on moral grounds. All regions agree on the normative principle of letting people choose in which area they want to live. In all sample regions, out-migration and decline in service provision make living conditions for those who stay very difficult. Consequently, the vision that people have the freedom to live wherever they choose requires that the public authorities adapt the circumstances to the population's need, as

“it is very important that old persons who have lived in a rural, remote place for all their life [can stay there], you cannot request them to leave the place they love. I think their life would get worse and then he or she gets depressed and all that sort of things happen.” (East Finland)

In the words of MV, the argument sounds similar:

“You have to take the old people along in the development. You have to care for them, they need to have the feeling that they are still at home. And not somewhere left over in a dying village.”

This moral conviction comes to the fore in all the interviews, and it becomes clear that the periphery expects the European Unions to put the interests of all its citizens in the foreground, including those forming a territorial minority.

3. Brussels working practices

After having established that all respondents are convinced that regional policy is to the benefit of the EU as well as their regions, it is interesting to see how exactly they bring this policy to life in Brussels. Mostly, their tasks have two dimensions: firstly facilitating the work in the existing structure (in this case the regional policy 2007-2013) for local politicians and the inhabitants, including getting the most benefit out of it; and secondly shaping the upcoming structure according to their needs as strongly as possible.

Facilitating the work in the existing structure in practice means gathering and structuring information for the colleagues back home and searching for partners to set up projects and to exchange best practices. The more content-related work is the lobbying for future regional policy measures. It involves comments to policy proposals from the Commission and a strong profiling of each region's situation, so that its interests are as clear as possible. As came out to the fore in the interviews, this is mainly done through cooperation in networks, which are based on common interests. This can be geographic proximity (e.g. the Northern Periphery), a similar socio-

economic development pattern (e.g. former industrial regions) or a similar functional space (e.g. islands, border regions). With respect to specific peripheral concerns, the network of the CPMR is the most important one. With the exception of Sardinia, each region is represented in a geographic commission, be it the one for islands (Sardinia, Greek Islands, the Scottish Highlands), the Intermediterranean (Sardinia, Greek Islands) or the Baltic Sea (Podlaskie and MV). Furthermore, the regions are members in working groups on different matters of their concern, such as on energy, innovation, territorial cooperation or sustainable tourism. Decisions are taken by the elected, local authorities at home that have decision-making power through the democratic legitimacy of their functions. However, the coordination and often also the content-related preparation are done by the regional offices (CPMR; Sardinia, Greece, MV). Tasks such as chair functions are taken over by the regions, when they feel that they have a specific interest in the respective topic. MV for example is responsible for transport matters within the Baltic Sea Commission, as it feels that this could provide solutions to the creation of a more interlinked functional space around the Baltic Sea. Other networks that were brought up as important in the interviews were Euromantana, which is the European association for mountain areas (mentioned by the H&I); and especially NEEBOR, the *Network of Eastern External Border Regions*. The latter aims at the collaboration of regions from the EU's external borders, to more successfully face common challenges and develop joint actions. The Polish as well as the Finnish representative assessed this cooperation as fruitful. Furthermore, East Finland is very active in the Northern Sparsely Populated Areas network, cooperation with Northern Sweden and Northern Norway. Together they write joint positions on policy developments and organize common seminars and events in Brussels and the regions.

During the interviews, at the *Open Days –European Week of the Regions* in Brussels as well as during internet research and while reading through the publications of the regions and their networks, one gets the impression that the Nordic regions are much better positioned than their Mediterranean and Eastern European counterparts. Their representations employ more staff, have a better internet presence and are more active at the Open Days. This impression is supported by the statement of the Scottish representative, who expresses that cooperation within the Northern dimension often works most smoothly and delivers the best results. It is also confirmed by the following answer of the Polish representative when asked about his preferences about form and substance of the post 2013 regional policy: “Well, I don't have a personal view. It is mostly because I have so much things to do here, that I do not have time to think what is going on in a couple of years”. Being the only one in his office, the daily routine of facilitating the work within the current framework hinders him to think in a more reflected and critical way about the

principles behind the policy. Larger regions in contrast can permit themselves to hire staff that actively thinks about the principles that suit their region's priorities best, and who will try to steer policies in a certain (political/ideological) direction.

That said about the cooperation among the regions themselves, I will now shortly presented the region's experiences with the Committee of the Regions, which is their official voice in the decision-making process. As explained in chapter three, the CoR has an advisory role in many policy domains. Yet, the regions do not rely on this institution when it comes to the representation of their interests. The representative from Scotland makes clear: "Let's face it: it hasn't got a lot of power. So, being a small office, my assistant and I do not get involved so much with the work of the CoR". Instead, they rather lobby in the Commission and in the European Parliament directly. The same is true for East Finland:

"When a proposal comes from the Commission, we basically reply as East Finland or as networks. And we don't really count of the CoR in this sense, because of course it is representing all the regions, so the opinion is sort of a big compromise. It's such a big compromise that it doesn't necessarily represent any of the regions."

The CoR seems to be mostly a forum for the organization of events. The interviewee from MV stated: "Politically we don't use the CoR much. [...] But we cooperate in respect to events, the most important one being the *European Week of the Regions* in October." However, even the organisation-based cooperation part is not always easy for the employees of the representations:

"It's sometimes quite challenging to work with the CoR. Because sometimes it's hard to find synergies. And the Open Days Week is not always that well organised. It causes a lot of work for the regional offices, but I don't know if the results are that good. You do a lot of work, a lot of deadlines, but I don't know whether the output matches the effort put into the preparation. When you organise something in their premises, they have a lot of problems of interpretation as such, at least lately."
(Finnish representative)

One can thus summarise that working together in a network or under a larger umbrella organisations is perceived as highly beneficial by the interviewed peripheral regions. It facilitates the search for project partners and makes the exchange of best practices easier. Furthermore, it also increases the chance of exercising influence on policy-makers. This is mainly the case, because an opinion is given much more consideration if it represents a larger group of regions. In contrast, cooperation with the CoR is experienced as bureaucratic and cumbersome. Its task to represent the interests of the regions is limited to maintain and possibly extend the political influence of the sub-national decision-making levels, as the substantial interests of the regions are extremely varied.

III. Assumption 1: The Real-life Experiences in the Periphery match the Characteristics identified from the Literature

On what concerns the peripheral situation, I will follow the same order as in chapter two: starting with nature-given features, continuing with accessibility and rurality and then coming to the problematic dimension as manifested in population decline, lack of services and an economic under-performance.

1. Nature-given features

A number of regions I interviewed belong to those regions with a topography characterised by mountains or a (partial) island situation. The Scottish Highlands and Islands, Sardinia and the Greek Island combine both features. The Greek territory includes 350 populated islands and Sardinia's "main identity is that of an island" with a considerable mountain area in the hinterland. The CPMR confirms that those regions that are "objectively peripheral" include islands and mountain regions, which they consider to have "permanent handicaps". Remoteness is another element of peripherality confirmed by the interview partners. Especially the large distance to the capital city often is seen as a real disadvantage. Helsinki is five hours by train from Joensuu (the capital of East Finland), and the distance between London and Shetland is the same as between London and Milan. This is perceived as extremely remote both in terms of geography and accessibility, and significantly contributes to a feeling of peripherality (H&I). But also the distance to central Europe is mentioned in the interviews. It is an issue of concern not only for the north of Scotland, but also for Podlaskie, Sardinia and the Greek islands. The extreme distances are clearly perceived as a limitation, and ICT and broadband connections are an important chance to overcome this remoteness (Sardinia, H&I). The climate conditions are more a matter of concern for the northern regions. Finland states that "permanent hindrances make it difficult to grow crops", and in Scotland the climatic conditions are seen as a limit because of the short growing seasons resulting from it. In contrast to what I expected, the Mediterranean islands did not express the hot summers and droughts as a problem. This might be linked to the fact that they are much more dependent on tourism than on agriculture, which in turn is dependent on long hot and sunny periods.

Among the regions I interviewed, there were several border regions. As stated above, the Eastern ones are very active members in the network NEEBOR, which underscores the importance

assigned to their identity as a border region. For Podlaskie, the location at the eastern external border is even the determining factor for a peripheral identity. Furthermore, there is general agreement that border regions have to face specific challenges, among which (illegal) migration is the main concern. Additionally, the lack of a border-crossing infrastructure is mentioned. In that respect, the experiences of Mecklenburg-Vorpommern (MV) are especially interesting:

“We have been located at the external EU border before the enlargement in 2004. Today, There are still some infrastructural deficits resulting from this, but since Poland belongs to the Schengen area, the border regions are growing closer together and are slowly becoming one functional space.” (MV)

This clearly shows that a border location, and especially one at the EU’s external border, can have a heavy impact on the spatial integration of transport and other functional networks. On the other hand, this does not need to be the case. In Sardinia, the insularity at the southern border has been considered a strong disadvantage for a long time. Yet, this is changing due to an increased focus on the European neighbourhood policy. For Sardinia the orientation towards northern Africa is extremely important and takes the island out of the peripheral position, placing it in the centre of a Mediterranean space. In that respect, the interviewee assumes that also for other peripheral regions the European neighbourhood policy is essential.

2. Resulting Circumstances: Accessibility and Rurality

Independent of their topographic situation, all regions complain about bad accessibility to and within their territories. Finland has problems with public transport connections in the villages: “It can be that there are three busses a day going anywhere. So you really need your own car to be able to move”. In Podlaskie, not only public transport is a problem. In the words of its representative: “The whole infrastructure is less developed in the East of Poland: roads, railways, airports, it’s all worse than in the central or western parts of Poland”. The consequences are problems of connectivity and accessibility, just as in the H&I: as there are no direct flights to Inverness, the capital of the region, it takes a long time to travel to any part in the area. As for the islands, the situation is even more dramatic because there is a complete reliance on ferries and flights. This is the case in Sardinia as well. Some years ago the Italian government introduced the principle of “territorial continuity”, which meant subsidies to all Sardinian residents flying to the Italian mainland. This was needed, because flight companies took advantage of their clients’ dependency and raised the costs for flights up to very large amounts. Yet, despite the subsidies transport costs remain high; and due to the relatively low GDP/capita, the population is still comparably immobile. The problem is, however, not restricted to the inhabitants, but includes the

import and distribution of goods. The latter is mainly done by road, as there is only one railway connection. A lot of road infrastructure was built with EU money from previous funding rounds, but now maintenance remains a problem. Projects for more roads in the north were put on ice due to the economic crisis. The Greek interview partner draws a similar picture on the relative immobility of insulars:

“Even if you make a very good schedule for ferry boats or small planes which connect the islands to the mainland or the nearest city, you still have to pay more, wait more and be subject to external conditions such as weather, and this in any case, for any purpose. Even if you want to go to the theatre, a public service, a forum, a trade fair or education. This is something related to geography that cannot be changed.”

The CPMR sums this up with the statement: “Peripheral regions have difficult accessibility to the centres of economic, social life and institutional life.”

The only region where accessibility is not a problem is MV in eastern Germany. The situation is described as “pretty good”. Modern highway connections to Hamburg and Berlin exist and further ones are planned. The harbours at the Baltic Sea are well connected to the hinterland and provide connections to Scandinavia and the Baltic States. Furthermore, some little airports offer their services for tourist purposes. The situation of the region itself thus differs considerably from those described before. Yet, the representative shares an interesting observation about the macro region around the Baltic Sea: “In the European perspective, the Baltic Sea states are rather peripheral, and what they mainly lack is the inter-regional connectivity. Going from MV to Lithuania takes about a day, although geographically spoken, it’s not that far. And colleagues have been to the island Gothland in Sweden, which took them 10 hours to get there from Schwerin. To Brussels it goes much faster. And the bad intra-connectivity makes it difficult to establish well-functioning networks, compared with, for example the region Maas-Rhine”. Possibly, the new Baltic Sea strategy supported by the EU will have a positive impact on the situation.

Rurality is a feature which all the regions have in common. A sparse population, scattered in very small settlements is very frequent. Mostly, the regions only have one or two major urban centres, and the traditional economic base consists of agriculture or forestry. However, agricultural issues have not come to the fore in the interviews very strongly, which is probably related to the fact that nowadays, most of the regions strongly develop the tourism sector instead (Podlaskie, MV, Sardinia and the Greek Islands). Rurality is not necessarily perceived as negative. The beauty of the landscape and the natural environment which goes hand in hand with rurality is often also presented as a chance. Natural parks in East Poland, reservoirs of biodiversity and important bird

populations in the Highlands or the “beauty and attractiveness of the countryside in MV” are all elements that were mentioned as a strength offering development potentials. The negative consequences which result from the combination of rurality and bad accessibility will be discussed in the following.

3. Problematic conditions

a) Population decline

Population decline appears to be the major problem in most peripheral regions. This entails first of all an aging population. In East Finland, one finds more people aged above 60 than below 15. Also in MV the average age has drastically increased in a rather short time. After reunification, it was the youngest German Bundesland, with an age average around 32 years, which is now at 40 years. This over-aging is mostly due to out-migration, and especially the young high-potentials leave. They do not see the possibility to develop a career or invest money in a future-oriented company. Within this group, the percentage of women is very high. This has the double consequence that they drop out as specialised workers and as mothers. Men have difficulties finding wives in Poland and Finland already, which results in frustration and might even lead to social unrest. In Finland, most of the migrants move to Helsinki, where they set up families and only move back to the countryside when they retire. In that way, the demographic structure gets twisted in rural regions ranging from northern Sweden to the southernmost islands of Greece. Among my interviewed regions, out-migration was most drastic in Podlaskie, where the major movements were not to the national capital city, but to other European countries. According to the interview partner, there are 30 000 people from Podlaskie in Brussels and 100 000 in Belgium, and even more went to Great Britain. The large wave of out-migration happened about five years ago. The reasons were the prospects of a better future and higher salaries: “no one wanted to stay because it is a rural region and work in agriculture is very hard work. In some cities 50% of the people went abroad. But because of the money that people send back, they are still very rich cities.” Due to the crisis, people are now starting to come back, but they are very little paid in comparison with what they earned in Western Europe, which is a big disappointment for them. The representative of the H&I talks about the threat of land abandonment. She fears that if the villages disappear, the land “will go to waste”. This is because it requires people to maintain it, to “do a bit of agriculture, to have sheep and cows”. Yet, she does not only see the problems in the regions of origin, but also in the places of destination.

“It’s also important to keep the young people in the area and it is important to give them quality jobs. And I think there is a contribution to be made of the rest of Europe just in terms of geography. If everyone goes to the big cities, the challenges

in big cities will only increase. We will have more homeless people on the streets and more pollution.”

A development which is often seen as a chance for peripheral regions are city dwellers buying old farms or land houses to spend week-ends and holidays there. This is often interpreted as a counter-trend to depopulation. Reality is, however, much more complex. As the representative of MV explains in the following, those part-time residents can present a real threat to a region. Their property interests push up the prices for real estates, and local people cannot afford buying or keeping their houses anymore. Those who have been working in the region and produced some added value are forced to leave. This leads to even less economic and social life in the rural villages. A house which before belonged for example to a practicing farmer or veterinary is then owned by people coming for a couple of weeks per year. For the entourage, this means neither production or services, nor a constant demand for local bakeries, supermarkets, doctors and the like. Additionally, the public infrastructure needs to be provided during the whole year, even in the absence of residents. The maintenance of waste water facilities, energy supply, roads and the like becomes very expensive, especially if the services are consumed only a small percentage of the time. Elderly and old people are more and more forced into isolation and lose the local services because of declining demand. This and similar insights gained from the interviews are a valuable addition to the facts and figures taken from maps and official data, and offer explanations for dynamics which could not be taken from the statistical data.

b) Lack of service provision

A problem which is linked to the low population potential in peripheral regions is the difficulty to deliver services. In contrast to more densely populated, urban areas, providing universal access to services of general interest, such as transport, education and health, becomes more challenging. On the one hand, this has to do with geography. The connection of islands or very remote mountain settlements to the networks of energy, ICT and water supply is often not feasible (Greece, H&I, East Finland). On the other hand, more and more regions struggle with a declining demand and a declining tax base for the local services. As the representative of East Finland states: “If the major part of the population is really senior, it raises all kinds of costs for the local and regional governments”. This decline of a variety of services has implications for the quality of life. It is not only the old people who suffer from the lack of medical services or a place to do the daily shopping. Instead, the following scenario also describes the frustration of young or middle-aged residents:

“If I have built a house in a village somewhere and then I see the population decline, nothing is invested anymore, institutions such as kindergartens and schools close,

then my house loses value and I get less and less for what I might consider my achievement in life. And this is a great disappointment.” (MV)

c) Poor economic performance and development potentials

The last challenge for peripheral regions identified in the theoretical part before, is relatively poor economic performance. Here, the situations, but also how they are dealt with and talked about, differ tremendously between the regions I interviewed. I will treat them one by one, starting with Podlaskie, where the situation is most drastic. According to the representative, the region is poorer than the rest of Poland, and has no industrial or knowledge-based sector. For three years he had been working in an office aimed at attracting foreign investors, yet this proved to be impossible. The main reasons are the lack of airports, good roads and railways. Consequently, the region has the lowest rate of foreign investors in the whole country, and is now trying to encourage investment by establishing a special economic zone. The most successful activities are a quite well developed wood fabrication and the best milk-and dairy production in Poland. In recent years, tourism has developed and is now considered the most promising branch, as the region possesses five national parks and is famous for the bison. The innovative capacity of the region is estimated as being very low, especially in the field of sciences.

The situation is comparable on the Greek islands. Here, the main economic activity is a very well established tourism sector, accompanied by some fishing and handcrafts. Yet, the inhabitants lack the possibility of having a differentiation in terms of production and employment. Even if people are given access to higher education and training, they have no chance to later on perform their knowledge in the small places. The major reason for that is the absence of a big industrial sector, which could act as a motor for innovation. According to my interview partner, 99.5% of the Greek enterprises are SMEs, and an undertaking with 20 or in some cases 100 employees cannot bare the risk to invest in big research projects with an uncertain prospect of success. Sardinia perceives especially the seasonal nature of tourism as a major difficulty, as many people need to earn their yearly income in a couple of months. The cultural heritage and the beautiful nature and climate are the main resources of the region, and a large part of the population is dependent on the broad tourism service sector. As is the case in Greece, this implies a lack of diversification of the labour market and a high degree of vulnerability.

Also the H&I are facing severe difficulties. In the words of the interviewee:

“The fact that there are so many islands, that it’s a mountain area, that it’s a rural area and that it’s peripheral, this combination makes it challenging in terms of economic development. In terms of GDP the H&I have not been doing so well, but it’s not because the people are lazy or they are not trying. It’s also because of the

macro-economy, and everything is more expensive, such as fuel. Fuel is more expensive on an island than in a capital city.”

However, she also sees a lot of potential in the region. The most important sector for the future is renewable energy. In her opinion, the region has the potential to become a European leader in the field, exploiting offshore wind energy, the waves and the tides. As these natural resources are present, it makes sense to develop them. Additionally, research is done in biomass and the development of hydrogen. Yet, in order to ultimately transport the energy to the rest of Europe, it will be necessary to properly be linked to the grid, building submarine cables and the like. Interestingly enough, the development is not only seen as a chance for the region, but for the whole of Europe: “Through the development of renewable energies, the H&I would be able to make a real contribution to Europe in terms of energy, security and self-sufficiency”. In that respect, the periphery can sell itself not only as a poor victim in need, but as a valuable partner in the European Union. Further future-oriented sectors in the region are the life sciences and medicine in particular. A lot of research about diabetes exists, and the area is looking into the development of e-health and new methods on how to deliver services to remote areas. Additionally, the region has a UNESCO chair for mountain studies; and the research in marine biotechnologies is extremely sophisticated and interesting, including for example the use of algae. According to the CPMR, this is the case for many European peripheral regions. Due to their coastal location, they have potentials linked to the exploitation of the sea in terms of raw material, maritime industries, shipyards, and also maritime tourism. In their opinion, this is based on a kind of maritime heritage which is immaterial but very important (CPMR). A last important economic sector in North Scotland is tourism, as is the case for many peripheral regions. Yet, as the region is not able to compete with the Mediterranean in terms of prices and weather conditions, the focus is on niche tourism.

Concerning the focus on future-oriented sectors, East Finland is in a comparable situation to the H&I. Also here high-tech companies and research institutes exist, with a focus on bio-energy and modern wood production. Even the cooperation with the university is said to be well functioning. A special field is the development of best practices in elderly care and rural service provision. Due to the fact that the region is now already facing a situation of over-aging that is expected in the rest of Europe in the near future, they have a comparative advantage and are already a role model for age-related types of services. All in all, the representative holds that the region is in a “really good economic situation compared to other peripheral regions”.

Health is also an important sector for MV. This is because many elderly come here to retire, and the so-called silver economy presents itself as a chance. Next to the elderly inhabitants, there are many wellness tourists, so the challenge is to link the tourist potential stemming from the natural environment with services in the domain of health. This led to a

“well-functioning network ranging from biotechnology, life sciences, health services, rehabilitation, tourism to wellness in its broadest sense, including new knees. So you connect the beauty and attractiveness of the region with the surpluses for people concerned with their health.” (MV)

Furthermore, the region has a relatively good growth in the manufacturing sector, especially around the harbours where Liebherr is located and ship construction plays a major role. Yet, since a couple of months they tremendously suffer from the economic crisis. Problems in the construction sector still stemmed from GDR times, when supply by far exceeded the demand, so that the sector now painfully had to decline. In conclusion, even though the region has an unemployment rate and a GDP per capita comparable to that of other peripheral regions, the economic base is completely different. In the first place, accessibility is not a problem; and neither does MV suffer from extreme climate conditions. Furthermore, since the enlargement of 2004 the region has no real border location anymore. The opening of the border to Poland has had a very positive impact on the region's development. German craftsmen get work offers in the city of Szczecin, Polish immigrations buy houses and settle in the regions, even Polish doctors offer their services in the rural areas and help to complete the coverage of health services. The economic problems seem to stem from the communist past and inter-German migration flows rather than a typical peripheral situation.

To sum up, the economic situation is difficult in European peripheral regions, but to very different degrees. Especially concerning future prospects, the representatives of the regions presented very diverse scenarios. Whereas the Polish, Greek and Sardinian interviewees are rather worried, the representatives from MV, East Finland and the H&I are convinced that their regions could make a real contribution to future economic development in Europe, offering something that is complementary to what comes from the centre regions. In the words of the H&I:

“Peripheral regions do not have less potential. Their potential is of a different nature. Consider the potential in terms of culture and heritage. It is a different contribution that peripheral regions can make to Europe. I see it in terms of harmonised development in Europe.”

This is also the point of view supported by the CPMR. Potential, in their opinion,

“is what is not exploited to date, and there is agreement among our members that there are a lot of unexploited potentials in the peripheral regions because of the

model which is implemented today and which is much more favourable to those regions which are already developing.”

A new approach to region policy accounting more for the different potentials of the European territories could possibly unlock important resources and developments. The four threats discussed in the *Regions 2020* Commission document are perceived differently by the respondents. As discussed at length before, population decline is seen as a real problem everywhere in the periphery. Globalisation trends make it difficult for Podlaskie to be competitive, whereas the other regions did not mention this as having a major impact on their development. Climate change and energy provision are seen as an opportunity, in which the periphery can benefit through the expansion of renewable energy research and production.

To conclude, the findings from the interviews generally confirm the findings from the literature and the statistical data analysed in the second chapter. The natural-given features could be recognised by most of the interviewees, the regions all have a rural character and with the exception of MV all regions suffered from bad accessibility. Population decline is the severest problem in all regions and without exception this also has implications for the provision of services of all kinds. The economic situation of the regions is very diverse; yet, higher unemployment and lower GDP rates are part of the reality in all areas from my sample. Does that also mean that the regions consider themselves as belonging to the European periphery?

For the H&I the case is clear: “The H&I are indeed very peripheral in terms of their geography. And in terms of the economic situation in Europe. In terms of geography and accessibility it is very remote.” For Sardinia, the Mediterranean Sea has more and more become its new action space, where the island occupies a central position. Yet, the representative admits that, “seeing Brussels as the centre, Sardinia is indeed very peripheral”. The region of East Finland rather feels to be forced in a peripheral situation:

“On the European scale, we are often cut out from maps. There is Helsinki and some parts of the South, but after that there is nothing. Northern Finland and even the middle part of Finland aren’t there at all. [...] We have got really high tech companies and really good research universities and all that, and even though we have those, still we are sort of cut out from Europe”.

For the Polish region of Podlaskie, the issue is less straightforward: “We are maybe not peripheral in the strict sense of the word. But we are at the Eastern border of the EU, that’s why we can say we are peripheral. We are also poor, so maybe that’s why we are peripheral”. The different aspects

of peripherality (geographic, economic) and the importance of the definition of the centre (Brussels?, the Pentagon?) come to the fore here, as does the definition of scale:

“MV is not peripheral at the European scale. We are actually still in the centre, or close to it. But we are peripheral in comparison to metropolitan regions such as Hamburg, Berlin, Copenhagen and Szczecin.”

For the CPMR, the definition of the European periphery is an issue it is always confronted with. In their experience, the peripheral aspect for some regions is very obvious, mainly for islands, outermost regions, extreme northern Europe or regions at the border of the EU territory. This refers to the geographical dimension. However, “for some regions it is more a feeling, because peripherality is always compared to another point. So, the definition is not unique, but complex and subjective.” All in all, as the descriptions of their situations confirm the theoretical findings, and the regions’ identities all include a certain notion of peripherality, I can use the answers of my sample as valid findings to answer my research questions.

IV. Assumption 2: The Difficult Geographic Circumstances should provide the Rationale for a Funding Scheme

After having learned about the difficult situation of the European periphery, it is logical to assume that peripheral regions claim financial attention on the ground of their geographic situation. In the interviews, this line of reasoning has appeared several times. In the opinion of the CPMR, “geography matters more and more”; and the territorial impact of policies is far too often neglected. This is confirmed by the employee of the H&I, who states, “what you can do depends on geography. On overcoming the geographical barriers. Islands for example will always have a geographic disadvantage”. Additionally, the reaction to the green paper offer a wealth of information on this topic, as the Commission explicitly asked the question “Do areas with specific geographical features require special policy measures? If so, which measures?” (European Commission, 2008c, p. 11). As was mentioned in chapter three, a larger number of the responses to the green paper of territorial cohesion held that a certain geographic situation should not per se serve as justification for financial compensations. This is definitely not the case for the responses issued by my sample regions or by interest groups and networks representing them. With the exception of the German paper, all of them argue that geography has a huge impact on the development potential of a territory, and that this factor should be taken into account.

The regional councils of East Finland persist that it is important to acknowledge the geographic, climate and demographic differences among the regions when considering and deciding upon

policy measures and where support will be directed. In their opinion, the EU has the duty to focus its measures at reducing differences in development and supporting the territories that are in a weaker position. Regions in need of EU support and new tools are defined as “those with permanent, specific challenges to development resulting from their location or geography.” (Regional Councils of East Finland). The H&I agree with the fact that geography matters:

“While the type of areas mentioned in Article 158 of the Treaty are heterogeneous, the combination of permanent disadvantages such as peripherality, sparsity of population, insularity, and a mountain terrain, with a relatively low GDP can easily prove the permanent disadvantages in a way beyond subjectivity.” (H&I European Enterprise)

The CPMR Islands Commission asks the Commission to bear in mind that “people’s capacity to travel, their access to goods, to services, to capital or to knowledge are influenced to a large extent by the geographic or demographic characteristics of these territories” and its sister organisations from the North Sea and the Baltic Sea confirm:

“It is important that [...] there is appropriate acknowledgement of those parts of the EU which face permanent disadvantages or challenges due to their geography or peripherality. Fundamentally, the NSC/BSC believes that people should not be disadvantaged because of where they live.” (North Sea and Baltic Sea Commission)

We see clearly that the entire European periphery has an apparent interest in convincing the European policy makers that their disadvantages are permanent and beyond human responsibility. In that way, the geographic disadvantages are presented as a more legitimate reason than other factors that might negatively influence a region’s socio-economic performance (such as bad governance, a communist history or outdated industries). To obtain a more complete view, it is interesting to compare the position of an actor with different interests at stake. Germany has issued a common position of the Federal state and all Länder. MV is thus also represented in this statement. It strongly differs from the ones discussed before. Already in the accompanying letter from the Minister for Economy and Technology, Mr zu Guttenberg, to Danuta Hübner he points out that the new term territorial cohesion justifies neither new fields of policy nor can it serve as a basis for financial claims, as for example for “geographically disadvantaged territories”. In the main document, Germany and its Bundesländer hold that

“according to the Commission’s investigations none of the categories mentioned under the areas with special geographic circumstances (mountain areas, islands sparsely populated areas) is suffering from disadvantages, that structurally affect wealth and competitiveness. In all three categories one finds lagging as well as wealthy areas. The German government is therefore unable to discern a justification for the practice, to link subsidy schemes to the mere fact of geographic characteristics.”

Later on, the authors express that challenges linked to the concept of territorial cohesion do not necessarily have to result in spending from the EU budget. Here we can see the caution of a net-contributor to the European budget, who is scared of higher financial obligations. The written statement is congruent with the answers that I obtained from the German representative. He says: “In my opinion, the approach to say I am peripheral and that’s why I am poor is untenable. So I do not consider this a legitimate basis for a funding scheme”. In this respect, he is the only respondent from my sample supporting a different approach. However, one can conclude that all positions, whether in favour or against the argument that geography matters, seem to be taken purely out of financial interests of the respective actors.

V. Assumption 3: The European periphery Experiences a Shift of Paradigm

In previous parts, it was shown what it means to be peripheral in Europe and whether peripheral regions think that their geographic situation per se should justify financial interventions. This part of the analysis will take on the topic of the shift in paradigm. It will be evaluated whether the regions perceived the change in the same way as established in chapter three. In fact, all regions interviewed agree on the existence of an increased focus on economic growth and innovation potential. Yet, in most interviews, the accord with my statement is rather implicit. The Greek interviewee in that context speaks about “new norms in regional policy that changed from the previous programming period”. The representative of MV expresses his surprise to see that “after 2004, the Objective 2 regions could more or less keep the budget, whereas the budgets of the convergence regions in the old member states were drastically cut”. The most clearly it comes to the fore in the discussion with the H&I. When asked whether she observed a shift from convergence to competitiveness, the respondent gave the following answer:

“The context is changing in times of increased globalisation, and I think the commission’s approach [to regional policy] has changed. I have worked for the H&I for 15 years, and I have seen many changes. And definitely a change in the way that the Commission is approaching regional policy. Its focus is a lot more about growth nowadays, and it has a lot more a liberal democratic approach to development, it’s true.”

As the other interviews do not offer very extensive information on the question whether they experience a shift in paradigm, the reactions to the green paper will help to shed more light on the issue. However, also here statements are not explicit. Yet, we can read from the logic of the argumentations, that the regions are aware of a changing rationale for the funding scheme. According to the “old” logic, it makes most sense to present the region as pitiable and miserable. This is, because the traditional convergence scheme wants to subsidise regions which are most in

need. According to the “new” rationale characterising the shift in paradigm, regions are well advised to point out their development potentials, as money is to be invested in places where it contributes to overall growth and competitiveness. Interestingly enough, all regions and networks use elements of both discourses. I will first discuss the elements of the convergence line of reasoning, and then those belonging to the competitiveness discourse.

The Islands Commission argues that even though some islands perform rather well, constraints linked to their geographic situation still hamper their possibilities to make use of their assets in comparison with other regions which have the same assets, but not the geographic constraints. Implementing a policy on islands is generally more expensive due to transport costs, the absence of economies of scale and extra-expenditure related to the nature of the terrain, which is difficult to access. Compensation is therefore seen as justified, independent from the comparative economic performance of the island. However, budgetary allocations should correspond to the nature and intensity of these problems. Additionally, the networks evoke a second reason why islands are entitled to special attention, namely security concerns. Most islands have a border location, which exposes them to the following risks: trafficking, illegal immigration, terrorist activities, pollution from external sources and so forth. The Commission argues that if these territories are economically weak, politically dissatisfied or losing their population, they are in a very bad starting position to face these problems. This will affect the EU as a whole and increase its fragility to external threats. Interventions on the islands are therefore also justified on grounds of security and stability for all EU citizens.

The Baltic Sea and North Sea Commission informs that their remote and peripheral member regions face problems related to the distance from core markets, higher transport costs for goods and service delivery and out-migration resulting in labour shortage. Increased effort to intervene here is prompted on ground of even and sustainable growth throughout the EU. Furthermore, the Commission makes reference to the legal basis found in the treaties. The heads of state and government have unanimously agreed on two separate occasions that “particular attention should be paid to regions which suffer from severe and permanent natural or demographic handicaps”, which is now to be found in Article 158 of the EC Treaty, and was also foreseen in the Constitutional Treaty Art II-220 (North and Baltic Sea Commission).

NEEBOR members have to overcome “challenges with sparse population, demographic change and social exclusion [...] They cause extra costs to the local and regional level compared to more densely populated areas”. Furthermore, the east-west migration flows bear the risk of brain drain,

which could result in a lower level of competitiveness. Origins of the problems are failures of the former Communist regime to put in place a functioning infrastructure on what concerns transport and energy and the still insufficient supply of services of general economic interest and ICT. The challenges related to population dynamics are similar in the northern periphery. The Finnish regions argue that sparse population and a remote location result in very high costs for building, maintaining and servicing transport networks are high, which is a permanent constraint on the competitiveness of the region. Furthermore the cold climate impacts the growing seasons, and also makes the construction and maintenance costs of buildings and transport infrastructure more difficult. Following the convergence argumentation, the regional councils of East Finland hold that regions suffering from these permanent adverse conditions must have their own dedicated regional development and support measures in order to develop economically into the equivalent of the most competitive central regions of the European Union and thus promote territorial cohesion. The H&I European Partnership is even more explicit in its statements. It points out that solidarity and convergence are the basic pillars of the European model, and should be respected in the allocation of resources. This goes as far as to say “The existence of permanent handicaps requires the implementation of a policy of ‘positive discrimination’” (H&I European Partnership). From these examples it becomes evident, that the regions still argue within the logic of the convergence discourse. Additionally, however, each region and network has very apparent elements of the competitiveness and growth discourse, pointing out why investments in their territories will be highly beneficial. This will be discussed in the following.

Following the logic of the Lisbon Agenda, the Islands Commission points out that the islands’ potential should be nurtured as a long-term investment, as their natural, cultural and energy assets offer an alternative model to that of urban concentration. They make clear that the exploitation of these potentials should be at the heart of cohesion policy. The realisation of potentials is also essential for the other CPMR Commission, stating:

“We believe that territorial cohesion should acknowledge territorial attributes and should enable all parts of the EU to exploit their potential and make a positive contribution to the EU’s sustainable development.”

In order to achieve the best results, they argue

“It is important to avoid strong concentrations and instead promote even and sustainable growth throughout the EU. Less developed regions, small and medium sized towns and cities all contribute to growth and the economic strength of the EU and can play an important role in helping to meet European challenges such as climate change, sustainable development and reducing CO₂.”

When it comes to concrete potentials, the regions are most clear. East Finland praises its natural resources and the expertise in forestry and renewable energies that is associated with it, modern well-being technologies with tested methods and technologies for efficient service provision in remote areas as well as experience and expertise in the cooperation with Russia. The following quote is a good illustration of how regions sell themselves:

“Universities in Eastern Finland and Northwest Russia both contain expertise that can be taken advantage of with cooperation and information exchange. In this way, new innovations will be born in production, the provisions of services and people’s well-being. This in turn will spread economic growth in the regions and harmonise standard-of-living discrepancies in border areas in the global world economy (*sic*). [...] In the long term, this cooperation will be the base for a common labour market that extends over both sides of the border. As the population of Northwest Russia becomes more prosperous, they also create consumer demand and the businesses of Eastern Finland stand ready to answer that call. Jointly producing travel services specialising in nature trips, cultural events or cross-border shopping will create jobs and stabilise the border area between the EU and Russia, adding prosperity.”
(Regional Councils of Eastern Finland)

The H&I European Enterprise indicates that peripheral and rural areas often offer a good environment in which young families can bring up children with open space, limited crime, and social networking. The creation of sustainable jobs in such areas could help problems of urban overpopulation, social unrest and pollution. Furthermore, they mention the range of natural resources, marine produce, bio diversity and the preconditions for renewable energy as important elements that the periphery can contribute to the European Union. Last but not least, the region brings up the soft factors that make the H&I a special place and a valuable territory to invest: “the languages and cultures of the people is a definite asset that is part of Europe’s unique diversity and attractiveness, which could also be a source of economic development for the benefit and pleasure of all”. These examples show that the regions are not only seeking to show how much they need EU subsidies, but also trying to point out the large benefits that financial investments in the regions could bring to Europe as a whole. They proudly present their resources which are complementary to those of other regions, and demonstrate that diversity is a strength that should not be neglected by focussing attention too much on a very specific form of potentials. In the former part, we also saw that the traditional rationale based on convergence is still of considerable importance as well. However, the use of arguments functioning according to the new logic indicates that the regions are aware of a shift in paradigm in EU regional policy, and have adapted their position papers accordingly. In the following, it will be presented which stance the regions take towards this development.

VI. Assumption 4: The European Periphery rejects the Competitiveness Focus in EU Regional Policy

While the regions agree that there are important changes taking place in the vision behind European policy (and consequently also in the objectives, instruments and budgetary distribution) their reactions to this are quite different. My assumption has been that the regions would reject the new focus on competitiveness, as it comes to their loss. The following part of my findings section will present the actual attitudes of the different regions towards the increased Lisbon focus in regional policy. As all positions are very different and cannot easily be grouped under the heading of a certain position, I will present each region separately, as it allows for a more nuanced picture.

As described in the previous part, the region of East Finland has a rather future-oriented economic base and good research and innovation capacities at universities and in private research institutes and companies. Therefore, the respondent assumes that the region “would do ok” even if the Lisbon focus was to increase further. The representative understands the necessity for the Lisbon strategy to make Europe more competitive with regards to global standards, and that “the big countries want to give the money to those who are more competitive and innovative”. Yet, she strongly believes that the convergence focus is a good and important one as well. Her region lobbies for a continuation of regional policy in a way it is now, for the post 2013 period:

“That will be better for all peripheral regions. If there is a peripheral region that is not really competitive in terms of research and development, and doesn’t promote innovation, it would be really difficult to cope with the new situation if the Lisbon goals would be the basis for distributing funding (*sic*). If it’s all about Lisbon, than those regions who are not innovative they really lose out; and not getting any money might be a big setback for them.”

The Polish region Podlaskie is one of those regions, which are completely lagging behind in research, development and future-oriented branches. So far, the new member states are not obliged to earmark a percentage of their spending. In case that changes for the upcoming period, the representative expects huge problems. A focus on innovation is very difficult to realise, as the concept is hard to sell to people in the region. Projects supported by the EU under the regional policy scheme need to be initiated by citizens, private partners or the local government. However, none of these partners in Podlaskie knows exactly what is expected from him or her when it comes to innovative projects. The respondent told me: “I think we need more money on infrastructure like roads cause what I see is that people in my region don’t really understand the idea of

innovation.” He tried to create a so-called “triangle of knowledge”²⁴, but the government has no interest or no capacities to act as the motor behind innovative initiatives. When he organised a conference on the topic in the region, only 100 people participated, and all were representatives from the world of sciences. The government and the private sector showed no concern. For this reason, but also because of the lack of advanced factories, he is very pessimistic about the innovative potential of Podlaskie: “The truth is that it has to be innovative on the world or at least the European scale, not on the regional scale, and this is the problem. We have no real chance to be innovative.” Already now, the region does not absorb the money available, as people do not take the initiative to start local projects. If the respondent informs people in his region about funding possibilities, his advice is not used, as “they don’t have the courage to do it”. Consequently, stronger requirements for an innovative character of a project would probably discourage people in east Poland even more. If further research confirms that these findings are representative for the east European periphery, it becomes clear that infrastructural circumstances, but also the human resources, in the new eastern member states are not yet ready for a regional policy aimed at creating globally competitive territories.

The concern that the policy becomes too detached from the needs of citizens is also present in the H&I. The main reservation concerns the earmarking criteria. They might require measures that are not what people really look for:

“The earmarking criteria have been integrated in all the measures of the structural funds programme but we are of the view that regional policy is not just Lisbon. There is a distinction between Lisbon and regional policy. It’s wider than that. And there might be a risk that next period the cohesion part goes even more down. There is definitely that risk, and we don’t want to see that. We would like a regional policy that looks at strategies that are developed by and for the people. See how the area can actually achieve its potential and deliver. And diversify and grow. And giving targets is not always appropriate.”

Besides the strong concern for taking into account the diversity of all regions, the representative also expresses a strong belief in intra-European solidarity and warns for a too neo-liberal market approach:

“From my point of view there is an amount of solidarity which is necessary with people in need. You have got to strike the right balance between this and wasting money on people who do not use it well. You must control what the citizens’ money is used for. But it should not focus on growth potentials only. Because we have seen

²⁴ The triangle of knowledge is proposed in the 7th framework programme of the EU. It proposes to unite the local or regional government, the world of sciences and the private sector in such a triangle, with the government being a driving force behind innovative projects

what the approach of Mrs Thatcher did in Europe, so you have to be careful on where you are going.”

The region would welcome if new legislation and policies took into consideration the special conditions of regions that are not typical, not central. Because there is a very strong urban lobby in Brussels, the H&I see that “obviously the peripheral regions fear that they will lose out”. The reason therefore is that the budget is limited, and each euro can only be spent in one region. Consequently, they observe a clash of interest. Yet, “[...] there shouldn’t be [such a clash]. We should look at things in a more positive way. Look at what areas of Europe can make a contribution at certain levels, from certain points of view, from certain sectors and see how they can all be complementary.”

This idea of complementary contributions from regions all over Europe is also strongly present in the position of the CPMR. The CPMR is convinced that there is a lot of potential in the peripheral regions, but holds that the current policy scheme does not allow for a full exploitation of these capacities. In contrast, regional policy is more favourable to those regions which are already developing. In the opinion of the respondents, this has to do with the technological focus of the EU’s definition of innovation, which is very restrictive. The CPMR therefore lobbies to broaden the concept of innovation to processes, marketing and productions which are not strictly technological. In their opinion, this would allow to realise the potentials in the peripheral territories, which are innovative with regard to for example service provision in remote areas. As an example the interviewees mention a driving cinema moving around in remote mountain areas and playing before small publics as an example of services coming to the citizen instead of the other way round. Under the current scheme, these services are not considered as innovative and do not fall within the earmarked part of the funding. With regard to the latter, the CPMR criticise its one-size-fits all approach:

“It’s just: you have to spend 3% of GDP in research, development and innovation. Do you consider it satisfactory for a capital region to spend only 3% on R&D and innovation issues? When it can maybe spend 5-6%? On the contrary, is it reasonable for the Shetland Islands to spend this amount?”

The main call of the CPMR is therefore for flexibility in spending requirements and criteria. Furthermore, they make clear that geography matters, and that peripheral and coastal regions need to be compensated for the permanent hindrances they face. One of the instruments for compensation is the money assigned under objective three, as “territorial cooperation is an instrument to which our regions are very attached and where they have good experiences in”.

East Finland thus is not frightened to lose out under a more competitiveness based approach, yet it adheres to the cohesion approach mostly out of the idealist idea of equality. Podlaskie in contrast strongly fears that if innovativeness becomes an even stricter criterion in order to get funding, citizens will be completely scared away from working with European funding. The H&I and the CPMR underline that regional policy is more than the Lisbon Agenda, and that less strict requirements and definitions are needed to account for Europe's diversity. In that way, account can be taken of the manifold resources and opportunities that the different regions can exploit and in their complementarity form a strong union.

MV, the Greek Islands and Sardinia opted for different approaches. In general, they warmly welcome the recent changes; however, the common position is based on different motivations. When asked about whether MV considers itself as losing out due to recent developments in regional policy, the answer was clear: "We do not feel as losers. If you consider how the overall budget in cohesion policy has developed recently, then we can observe a significant increase". In his view, the steady rise in attention from the Commission as well as the council, expressed in constant increases for the regional policy budget, does not allow for complaints from the side of the regions. Furthermore, he considers major cuts for his own region to be stemming from the 2004 enlargement rather than from a concentration on centre regions. This means that money was assigned to regions comparably poorer (rather than richer) than MV. A trend towards more growth-focused objective therefore did not translate into disadvantages for MV. Concerning the earmarking criteria, the approach is very pragmatic: "We do not have a problem with the earmarking criteria. I think the criteria for what is Lisbon relevant are formulated in a way that you can comply with without problems". In other words, if you have a good project proposal, you will always be able to "wrap it in a Lisbon-package" and point out elements that "directly strengthen competitiveness and job creation in research and innovation, human capital, business services, major European infrastructures and improvement of energy efficiency" as the definition of earmarking requires (Hübner, 2006).

This response is an interesting confirmation of the statement made by Bachtler and McMaster (2007) discussed in chapter three, namely that the operational programmes of certain member states have masked traditional measures by giving them different titles and fitting them under the buzzwords of "innovation" and "economic competitiveness". Besides a true content-related change in regional development, member states as well as regions thus additionally use the tactic of rephrasing in order to please the commission. However, the statement at the same time challenges the findings of Eltges and Lackmann (2007). The authors held that a strong competition exists in

Germany for those subsidies that are not earmarked. Yet, according to my information, earmarking criteria can easily be fulfilled by linguistic tactics. There does not seem to be a need to fight for those parts of the funding that are accessible with less strict criteria.

When asked about the objective 2 money that is invested in metropolitan regions, the respondent said: “We need the metropolises and the centres. Concerning the funding, it of course needs to pay off in terms of value creation, jobs etc.” The position of MV can best be summarised by saying that the region is grateful for the rise in attention that regional policy has gained in the European Union over the last decades. It welcomes both the convergence and the competitiveness approach, and accepts them as complementary for a well-functioning union where every country wants to get its share and where everything “is the result of a political compromise or negotiation process. It is not science”.

The Greek position is the most surprising one. Most of its territory benefits from funding under Objective 1, although many islands are part of the phasing-in scheme under Objective 2. This is mainly due to islands like Mykonos with huge incomes from the tourism sector. This income makes the GDP of the whole NUTS II region rise. It is problematic, because the money brought into the region does not improve the situation of the citizens concerning access to services of general interest or labour market diversification. Despite the rather difficult economic situation and the lack of an industrial base and modern industries, the Greek representative is enthusiastic about the focus on innovation and competitiveness. He believes that the new guidelines and requirements from the EU will finally introduce a real change in Greek economic policy and lead to more successful outcomes. For a long time, regional policy in Greece has not shown the expected results. A radical change in direction is therefore perceived as a new chance and warmly welcomed. The question that was asked was: “Since the adoption of the Lisbon agenda a lot of money should be invested in research and innovation. Is that a problem for Greece or do you think it is good? “The answer was unambiguous: “Of course it’s good! It’s good, it’s good! We lag behind in these sectors compared to other countries, we do not have a very good linkage between the universities and the private sector”. In his opinion, the top-down approach from the European Union will set the ball rolling in the right direction, by forcing lower-level policy maker to strike a new path. It was only in this interview that confidence in the European Union level seemed to be greater than in regional and local authorities. Whereas most regions strongly claimed that the latter knew best what the regions need, the Greek respondent explains:

“We had a lot of opportunities, we have not made the best use of it. We could have saved money for more long-term policy options, or even try to invest in those areas where the sustainability of productive elements could guarantee their own future and become independent from more funding. This was not always a success [...] We think that EU regional policy offered very much to the regions. Especially in the fields of research and innovation concerning renewable energies we did not have the know-how before, so regional policy was one of the ways that helped us better understanding, better exchange views and adopt best practices from other countries which were more experienced and had more expertise. All this through regional policy, offering a base for getting together and taking these experiences with the help of the Commission.”

The Sardinian respondent did not feel entitled to give a value-judgement on the direction of regional policy due to her function as a civil servant. She stated, however, that the politics of the former president of the island Renato Sorru were in line with the Lisbon Agenda priorities. Sorru was very much in favour of a changing approach for regional development, focused less on classical infrastructure. He initiated for instance the programme “master and back”, which finances graduate students an education at master-level in a different country under the condition that afterwards they come back. The aim is to stimulate better and broader education without suffering from brain-drain. However, the coming-back part proves to be difficult to realise, because there are not enough big businesses that offer interesting opportunities to those people. Furthermore, Sorru was heavily engaged in providing broadband infrastructure on the island, which is also one of the main elements for creating a more business-friendly environment and preparing the ground for economic growth. These examples can serve as proof that the regional government welcomed the new objectives of regional policy (e.g. fostering competitiveness through education and ICT infrastructure) and immediately tried to (partly) put them into practice. From these statements, we can clearly see that the picture is not black and white, but multi-faceted. Although the peripheral regions share many geographic as well as socio-economic characteristics, their attitudes towards the neo-liberal shift in regional policy differ considerably. Rejection as well as approval is found, and both can be stemming out of completely different motivation such as ideology, political conviction, financial interests or experience. An encompassing answer to my research question will be given in the last chapter.

Chapter 6: Conclusion and Discussion

This research offers important insights in how the European periphery feels about EU regional policy and in particular the recent changes related to the introduction of the Lisbon Agenda in

2000. Several conclusions can be made in relation to this topic. First of all, encompassing knowledge is gained on what it means to be peripheral in today's Europe. It came to the fore that in many respects the European periphery is different from the rest of the European territory. We also see that the peripheral situation is a strong element of the regional identities and heavily influences the work of the regional offices in Brussels. The quantity of networks, working groups and partnerships working under this topic are proof of this. What exactly makes the periphery different then? The experiences shared in the interviews confirm that the headlines in the beginning of the introduction are not necessarily exaggerations, but capture reality well. Peripheral regions face a number of severe challenges, as became obvious from detailed descriptions about how the peripheral situation impacts daily life and regional development. Even though one has to wonder whether the respondents get statistical information about their regions from the same sources I did, reports about personal experiences and concrete examples validate the accuracy that theory matches practice. For meeting the challenges, the overcoming of geographical obstacles is seen as important precondition for an amelioration of living conditions and the socio-economic situation. As geography is a permanent factor for which no one can be held responsible, the periphery calls for financial allocations to compensate for the disadvantages. However, this research also made clear that even though the peripheral regions perceive themselves as victims of geography, they do not see themselves as second-order territories. Instead, they are self-confident about what they are, and they increasingly stress the elements that they can offer to the rest of the European Union. The peripheral regions request consideration for their potentials, even though they differ from those found in urbanised centre regions. In the eyes of my respondents, a successful regional policy should take these two aspects (geographic disadvantage and diverse potentials of peripheral regions) into consideration. This can result in financial allocations or in special provisions in those legal texts dealing with regional development. In the following, it will be concluded whether the regions expectations are met in the new EU regional policy.

Since the establishment of the Single European Act in 1987, regional development has mainly been carried out by the European Union. From the interviews we learned that all regions consider this up-scaling of responsibility a logical and sensible decision. In these last two decades, however, EU regional policy has undergone important changes. As was explained in chapter three, the major transformation was a change in approach, triggering a new prioritisation for areas as well as for projects. While previously regional policy was first and foremost aimed at levelling out existing differences in economic performance and wealth, the introduction of the Lisbon Agenda in 2000 brought along new elements. Since then, the realisation of economic potential as well as the creation of more competitive business environments delivering growth and jobs has gained an

important place in the make-up of EU regional policy. The main aim of this paper was to find out whether peripheral regions perceive this change as a threat to their own development, or whether they identify new opportunities within this scheme. Based on the insights that I gained during the literature research, I assumed that the peripheral regions within the European Union would oppose the Lisbon focus in EU regional policy because of two reasons. The first reason relates to the spatial distribution of spending. Within the new scheme introduced in the 2007-2013 period, the competitiveness and growth objective for the first time allows regional policy money to be spent in any region of the EU. That means that European core regions are also entitled to funding, although they are less in need. I supposed that this would favour an imbalanced spatial development, and that peripheral regions would reject the approach to spread funding across a large territory, or put differently, would reject the introduction of the competitiveness and growth objective.

This part of the assumption did not prove to be true. None of the regions complained about the reduction of their funding in relationship to increased spending in the centre regions. Several reasons exist for that phenomenon. First of all, the scope of the allocations has to do with the absolute amount of money made available for regional policy. Over the last twenty years, there has been a constant increase in the budget, which is to the satisfaction of all European regions. It is highly appreciated that regional development has gotten such a prominent place in European affairs. Second, if a peripheral region gets less money under the new distribution scheme, this mainly has to do with an improvement of its GDP per capita figures in relation to the European average. The major cutting in spending in the old member states is therefore due to the eastern enlargement of the EU. The fact that the money made available for the convergence objective has to be shared with the new member states has a far larger impact than to forgo the small amount which is reserved for the competitiveness and growth objective. Furthermore, all regions are aware that the distribution scheme is a political compromise. As most net contributors are located in the European centre, they accept that those countries want to be rewarded for their contributions by getting something back for their own regions. Last but not least, the regions do see that investments in the most competitive sectors and areas make sense as it contributes to Europe's overall competitiveness. They do not see the money as wasted. As long as the competitiveness and growth objective does not present itself as a threat to the convergence objective (which it does not, as seen from the foregoing three arguments), its existence is absolutely legitimised in the view of all respondents.

The second part of the assumption was linked to the criteria under which the money available has to be spent. I assumed that the peripheral region would adhere to the following reasoning: The earmarking criteria, which require projects to contribute to the fulfilment of the Lisbon targets, are overlooking the structural weaknesses of the peripheral areas linked to geographical circumstances. Due to hinder such as remoteness and low population potentials, the periphery has less innovation potential, which in turn will limit their ability to take advantage of support measures that require projects that are innovative and contribute to the fulfilment of the Lisbon Agenda.

The second assumption is partly true. It is true in the way that (apart from MV) the regions agree that geography matters. They claim that geographical particularities significantly affect their development in a negative way, and that this should be taken into account. As shown in the results section, this statement comes to the fore in the interviews as well as in the position papers. This kind of geographical determinism is one of the main messages of the CPMR, it is what the *Northern Sparsely Populated Areas (NSPA)* lobby for, and it is what the islands hope to prove with the ESPON assessment within the *EUROISLANDS* project taking place in 2009/2010. Even though Article 158 of the EC Treaty already grants exceptional treatment for certain territories, most of the regions would still like to see a distribution scheme based not only on GDP per capita, but explicitly also on geographical features. However, they do not all agree that the existence of geographical obstacles implies that the periphery has less potentials, some even claim to have large potentials even in the field of innovation. Mostly, the regions point out that their potentials are of a different nature; yet, absolutely a valuable and necessary complement for the EU as a whole. I was also wrong to assume that the earmarking criteria and the focus on competitiveness and innovation hinders the peripheral regions in question to tap their full potentials. Finland and the H&I feel that they have large potentials that can be realised within the focus on competitiveness, innovation and job creation leading to economic growth. Mostly, they concentrate on renewable energies, sea-related technologies and service provisions for the elderly or people in remote areas. The Sardinian government under Sorru wanted to realise a number of projects perfectly fitting into the Lisbon scheme, and the European requirements helped him to legitimise his plans before the political and public sphere. In fact, the Lisbon criteria facilitated pushing through his political agenda. The Greek respondent has a lot of hope for the new approach, as economic development has not been successful under the old scheme. MV also does not feel threatened by the introduction of the earmarking criteria. In a very pragmatic way, the respondent feels that any measure that can contribute to the better of his region can be wrapped and sold in a Lisbon-relevant packaging if needed. The representative from Poland is the only

respondent who perceives a real mismatch between the needs and potentials of the local population on the one hand and the call for innovativeness and competitiveness from the European Union on the other hand. Even though as part of a new member state his region does not have to cope with the earmarking criteria yet, he strongly doubts that his region could put forward project proposals that would meet the necessary requirements. In that respect, he fears that under a non-place bound funding scheme (such as objective 2) proposals from other Polish regions would be a strong competition, and that public investments would probably go to the urban areas. How comes that the results differ so much from those of the other cases in the sample? One can expect that the situation in Podlaskie is more influenced by the fact that the region belongs to one of the newer and poorer member states of the EU, than by its peripheral situation. However, further research is needed to justify this assumption.

In general, however, we can give the following answer to my main research question: The European peripheral regions show various responses to the new competitiveness and growth element in regional policy. However, the expected strong opposition does not exist. Instead, caution and hope are the main reactions. Caution is provoked by the fact that most respondents are still very much attached to the principles of equity and inter-European solidarity which they do not want to see sacrificed. The potential loss of subsidies for their own region is less of an issue. Furthermore, some regions expressed scepticism with regard to the day-to-day functioning of the policy, rather than the guiding principles behind it. This includes dissatisfaction with the very strict definition of innovation and with the lack of concern for regional diversity, but also the bureaucratic burden associated with a project application. Hope is expressed out of two motivations mainly. First, the technologically more advanced regions in the northern part hope to find support for their innovative potential concerning renewable energies, maritime technologies or modern health service provisions. From the innovation potential, those regions do not differ so much from regions in the European pentagon, and projects out of the above-mentioned domain easily fall within the earmarking criteria. Second, the regions in the Mediterranean express the hope that a new approach will be more successful than the traditional construction of basic infrastructure. They look for a top-down transfer of ideas, with the European Union initiating more successful development strategies at the local and regional level. In that respect, a more results-based funding scheme as proposed in the Barca report is also welcomed.

The findings summarised before can add to the existing stock of knowledge about the core-periphery division of the European space to the detriment of the periphery, and the change in EU regional policy. The way that academics think about the European space is generally confirmed by

the mental images and perceptions of the respondents. Conceptualisations of the European territory which make the distinction between a core area opposed to peripheral regions, such as Brunet's classic "Blue Banana" or the more recent "European Pentagon" by Schön (2000), are more appropriate than the "Bundle of Grapes" by Kunzmann and Wegner (1991) which suggests a polycentric spatial organisation. Owing to the cultural-geographic nature of this study, images, discourses and perceptions have been taken into consideration. This approach makes clear that the distinction between centre and periphery is not characterised by dualisms such as good/bad, attractive/unattractive or dynamic/stagnant. In lieu thereof, regional actors know that the periphery is different to the core, but that it has important complementary strengths and potentials to offer in terms of for example natural environment and specific place-based knowledge. Studies based on statistical data and comparative socio-economic analysis too often present the periphery in terms of over-simplified concepts such as exclusion, marginalisation, squalidness and inertia. However, this is not to say that the difficulties identified in existing literature have not been recognised by my own respondents as part of their realities. The respondents also affirm that due to increased budgetary constraints of public authorities as well as negative population growth, the situation of many peripheral regions has worsened in the last years. The main difference with traditional regional studies research is that due to the actor-centred nature of this study, a less discriminating and also less deterministic presentation of the problems has been allowed for. The perception of the respondents leaves room for improvement of the peripheral situation via a different path than that of the core areas.

Furthermore, the experiences of the interviewees confirm that the competitiveness component in regional policy has become more influential over the last decades, and that especially in rhetoric (yet less so in budgetary distribution) it has become a main element. In that respect, my findings support the works of among others Halkier (2001), Brenner (2004), Bachtler and his different colleagues (2007). As explained at length before, the interesting contribution of my research concerns that fact that actors from the periphery do understand the political and economic necessities of this strategy, and even identify opportunities for their own regions within the scheme. This is especially interesting for policy-makers, as explained in the following.

Especially for practitioners, this research can bring about interesting insights. The future direction of regional policy is a major topic of debate in Brussels. The various reports requested by the Commission, numerous pieces of advice from think tanks and the high number of reactions to the green paper in 2008 show that the tension between cohesion and competitiveness is a hot topic. Just recently, a series of lectures and moderated panels with renowned academics and researchers

was offered to everyone engaged in regional policy-making during the European Week of Cities and Regions. The well-attended events dealt with topics such as “Does geography matter?”, “Understanding and promoting territorial cohesion: Addressing the challenges of the Green Paper” or “Secondary cities and economic growth?”. Considering demand for events like these, one can conclude that the topics discussed in my paper are also of interest for policy makers, seeking to optimise regional policy. In that context, it is valuable to know that there is no pronounced conflict of interest between the European core and the European periphery when it comes to the legitimacy of fostering innovation, growth and competitiveness. However, the peripheral regions agree that regional policy is the field within the EU where the fundamentally important concept of solidarity is felt strongest. An expression of this solidarity is seen as essential for the legitimacy of the Union as a whole. Supporting innovative ideas and making regions more competitive should therefore not come at the expense of the equity concern, but as an additional component. Policy makers should thus keep in mind that the competitiveness and growth objective is accepted as compensation for the net contributors and also as a sensible investment in Europe’s future, but not as an alternative to the convergence objective. The earmarking criteria are not a major obstacle for the periphery either. In some cases, enough innovation potential exists already to comply with the criteria for project proposals, others consider compliance with the criteria as mainly a question of phrasing, and others again hope that the criteria will introduce a long-needed change in regional development strategies. They only request from the periphery is to include more non-technical forms of innovation in the working definition, in order to allow for the diversity of the European regions to develop also in the domain of innovation.

In three years time, the current policy scheme will have run out, and the global economic crisis as well as environmental changes will probably have left their imprints on the development of the European space as well. Further research is needed to find out what form regional policy will take in the upcoming years, and how the peripheral regions will be positioned. However, it is very likely that the Barca report introducing a place-based approach will have a major impact. Furthermore, increasing state indebtedness in all European countries will probably render negotiations extremely difficult. Concerning the situation of the periphery, the recent publication of the Regions 2020 report from the European Commission suggests a harshening of conditions in many peripheral areas. We know that in the upcoming years especially the southern periphery will face the expected problems of global competition, droughts, floods, over-aging societies and energy shortages. Possibly, the rationale for a European funding scheme will change again once these developments get more attention. In that case, it could be possible that those peripheral regions affected to an above-average extent might claim (and possibly receive) compensation on

these grounds, rather than base entitlements on the current logic that investments on the territory will benefit the EU as a whole. What the exact developments will be remains to be seen, in either case the position of the periphery will remain an interesting and relevant topic for further research in the field of European regional studies.

References

- Andersen, S.S. and Eliassen, K. (2001). *Making Policy in Europe*. Second Edition. London: Sage
- Bachtler, J. and McMaster, I. (2007). Sustainable Growth, Competitiveness and Employment: Will EU Cohesion Policy deliver on the Lisbon Strategy? *Raumforschung und Raumordnung*, Volume 65. Issue 4, pp. 259-274
- Bachtler, J. and Mendez, C. (2007). Who Governs EU Cohesion Policy? Deconstructing the Structural Funds. *Journal of Common Market Studies*. Vol. 45 Issue 3 pp.535-564
- Bachtler, J. and Polverani, L. (2007). Delivering Territorial Cohesion. In: Faludi, A. (Ed.): *Territorial Cohesion and the European Model of Society*. Massachusetts: Lincoln Institute of Land Policy
- Bachtler and Turok, (1997). Conclusions. In: Bachtler, J. and Turok, I. (Eds.) *The Coherence of EU Regional Policy. Contrasting Perspectives on the Structural Funds*. pp. 346-371. Regional Studies Association: Regional Policy and Development Series 17
- Bachtler, J. and Yuill, D. (2007). Regional Policy in Western Europe. Taking Stock of the Shift in Paradigm. *Beiträge zur Ballungsraumforschung*. Issue 10. Bochum: Rufis
- Barthelemy, P.A. and Vidal, C. (2008). *Rural Realities in the European Union*. The European Commission. Retrieved April 21st, 2006 from the World Wide Web:
http://ec.europa.eu/agriculture/envir/report/en/rur_en/report_en.htm#box1
- Barca, F. (2009). *The Barca Report- An Agenda for a Reformed Cohesion Policy*. Retrieved May 16th, 2009, from the World Wide Web:
http://ec.europa.eu/regional_policy/policy/future/pdf/report_barca_v0306.pdf
- Baudelle, G., Guy, C. (2004). *The peripheral areas of Western Europe and EU regional policy: prospective scenarios*, University of Rennes, France.

Retrieved April 23rd, 2009, from the World Wide Web: [http://www.regional-studies-
assoc.ac.uk/events/presentations04/baudelle.pdf](http://www.regional-studies-
assoc.ac.uk/events/presentations04/baudelle.pdf)

Becker, P. (2009). *Die Europäische Kohäsionspolitik und ihre Modernisierung*. Berlin: Stiftung
Wissenschaft und Politik, Deutsches Institut für Internationale Politik und Sicherheit

Brenner, N. (2004). *New State Spaces. Urban Governance and the Rescaling of Statehood*.
Oxford: University Press

Brunet, R. (1989). *Les villes européennes*. Rapport pour la DATAR. Montpellier-Paris : Datar-
Reclus

Bryman, A. (2005). *Social Research Methods*. 2nd Edition. Oxford: University Press.

Campi et al. (2004). Die annähernd perfekte Peripherie: Glattstadt- Greater Zurich. In: Bölling, L.
and Sievert, T. (Eds.) *Mitten am Rand. Auf dem Weg von der Vorstadt über die Zwischenstadt zur
regionalen Stadtlandschaft*. Wuppertal: Müller und Busmann KG

Conference of Peripheral and Maritime Regions (CPMR) (2008). Retrieved January 6th, 2009 from
the World Wide Web: <http://www.cpmr.org/>

Conference of Peripheral and Maritime Regions (CPMR) (2008). *6 Geographical commissions
and 6 priority activities*. Retrieved January 6th, 2009 from the World Wide Web:
<http://www.crpm.org/Presentations/PlaqueetteCRPM.pdf>

Dabinett, G. (2009). *Spatial Justice and Territorial Development in the EU*. Lecture held at the
Radboud University Nijmegen

Damsgaard, O. et al. (2008). *Nordic inputs to the EU Green Paper on Territorial Cohesion*.
Nordregio Working paper 2008 (4). Retrieved May 22nd, 2009, from the World Wide Web:
http://nordregio.shotcode.no/filer/WP2008_4_ep.pdf

Deutsche Welle (2009). Retrieved October 22nd, 2009, from the World Wide Web:
<http://www.dw-world.de/dw/article/0,,4658680,00.html>

Dinan, D. (2004). *European Recast: A History of the European Union*. European Union Series. Palgrave Macmillan

Dunford, M. (2005). Growth, Inequality and Cohesion: A Comment on the Sapir Report. *Regional Studies*. Vol. 39, Issue 7, pp. 972-978

Eltges, M and Lackmann, G. (2007). Europa findet Stadt - die städtische Dimension in der EU-Strukturpolitik. *Raumforschung und Raumordnung*. Vol.65 Issue 4, pp.327-336

ENP Newswire (2009). Published August 27th, 2009 on the World Wide Web:
<http://www.pressreleasepoint.com/midlands-faces-mass-exodus-workers-migrate-north-and-south>

ESPON (2006a). *Territory matters for competitiveness and cohesion. Facets of regional diversity and potentials for Europe. ESPON Synthesis Report III*.

ESPON (2006b). *ESPON ATLAS. Mapping the structure of the European territory*. Bonn: Federal Office for Building and Regional Planning

European Commission (1965). *First Communication of the European Commission on Regional Policy in the European Community*. SEC (65), 1170def, Brussels

European Commission (1973). *Report on the Regional Problems of the Enlarged Community*. COM (73). 550def, Brussels

European Commission (2004). *A new partnership for cohesion. Convergence competitiveness cooperation. Third report on economic and social cohesion. Executive Summary*. Retrieved February 26th, 2009, from the World Wide Web:
http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/pdf/cohesion3/cohesion3_summary_en.pdf

European Commission (2005). *Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013*. Communication from the Commission. COM(2005) 0299

European Commission (2007). *Regions for economic change. Regional responses to demographic challenges*. Brussels: The European Communities

European Commission (2008a). *EU Cohesion Policy 1988-2008: Investing in Europe's Future*. European Communities, Publications Office

European Commission (2008b). *Growing Regions, growing Europe. Fifth progress report on economic and social cohesion*. European Communities, Publications Office

European Commission (2008c). *Green Paper on Territorial Cohesion. Turning Territorial Diversity into Strength*. Communication from the Commission to the Council, the European Parliament, the Committee of the Regions and the European Economic and Social Committee. COM (2008) 616 final

European Commission (2008d). *Green Paper on Territorial Cohesion, the way ahead. Inforegio*, Issue 28. Brussels: The European Communities

European Commission (2008e). *Regions 2020. An Assessment of Future Challenges for EU regions*. Commission Staff Working Document. Brussels: The European Communities

European Commission (2009). *Six Progress Report on Economic and Social Cohesion*. European Communities, Publications Office

European Council (2005). *Council Regulation (EC) No 1698/2005 of 20 September 2005 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD)* Official Journal L 277, 21/10/2005. Retrieved March 3rd, 2009, from the World Wide Web:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:277:0001:01:EN:HTML>

European Council (2006). *Council Decision of 20 February 2006 on Community strategic guidelines for rural development (programming period 2007 to 2013)* (2006/144/EC). Official Journal of the European Union L 55/20

European Council (2006). *Council Decision, 2006/702/EC, L291, 21.10.06*. Retrieved March 3rd, 2009, from the World Wide Web:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:291:0011:0032:EN:PDF>

Faludi, A. (2006). From European Spatial Development to Territorial Cohesion Policy. *Regional Studies*. Vol. 40, Issue 6, pp. 667-678

Faludi, A. (2007). *Territorial Cohesion and the European Model of Society*. Massachusetts: Lincoln Institute of Land Policy

Faludi, A. (2008). European Territorial Cooperation and Learning. *DISP*, Vol.44, Issue 1, pp.6-10

Faludi, A. and Waterhout, B. (2002). *The Making of the European Spatial Development Perspective. No Masterplan*. London: Routledge

Frank, S. (2008). Stadtentwicklung durch die EU: Europäische Stadtpolitik und URBAN-Ansatz im Spannungsfeld von Lissabon-Strategie und Leipzig Charta. *Raumforschung und Raumordnung*. Vol.66, Issue 2, pp.107-117.

Glazer, B.G. and Strauss, A.L. (1967). *The Discovery of Grounded Theory: Strategies for Qualitative Research*. Chicago: Aldine 1967

Gloersen, E. et al. (2006). *Northern Peripheral, Sparsely Populated Regions in the European Union and Norway. Nordregio Report 2006: 2*. Stockholm: Nordregio

Gutiérrez, J. and Urbano, P. (1996). Accessibility in the European Union: the impact of the trans-European road network. *Journal of Transport Geography*. Vol. 4, Issue 1, pp. 15-25

Hall, R.; Smith, A. and Tsoukalis, L. (Eds.) (2001). *Competitiveness and Cohesion in EU Politics*. Oxford: University Press

Halkier, H. (2001). Regional Policy in Transition—A Multi-level Governance Perspective on the Case of Denmark. *European Planning Studies*. Vol. 9, Issue 3, pp. 323-338

Handy, S.L. and Niemeier, D.A. (1997). Measuring accessibility: an exploration of issues and alternatives. *Environment and Planning A*. Vol. 29, pp. 1175 – 1194

Hansen, W. (1959). How Accessibility Shapes Land Use. *Journal of the American Institute of Planners*. Vol. 25, pp. 73-76

Hoggart, K. ; Buller, H, and Black, R. (1995). *Rural Europe: Identity and Change*. London: Arnold

Hübner, D. (2006). “Delivering Lisbon through Cohesion Policy” Committee of the Regions – Territorial Dialogue 2006. Brussels, 1 March 2006. Press Release. Retrieved September 11th, 2009, from the World Wide Web:

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/06/138&format=HTML&aged=0&language=EN&guiLanguage=en>

Hübner, D. (2007). *A modern policy for Europe's regions*. Speech of Commissioner Danuta Hübner in Oslo, 28 June 2007. Retrieved January 26th, 2009, from the World Wide Web:

http://ec.europa.eu/commission_barroso/hubner/speeches/pdf/oslo_28062007.pdf

Institut d’Aménagement et d’Urbanisme Ile de France (IAURIF) (1991). Retrieved September 11th, 2009, from the World Wide Web: <http://www.iau-idf.fr/>

Informal Ministerial Meeting on Urban Development and Territorial Cohesion, *Territorial Agenda of the European Union: Towards a more competitive and sustainable Europe of diverse regions*, Agreed on the occasion of the informal Ministerial Meeting on Urban development and territorial cohesion in Leipzig, 24th and 25th of May 2007a

Kleyn and Bakker, M. (1997). *Integrated Regional Development under EU Regional Policy. The Dutch Experiences*. In: Bachtler, J. and Turok, I. (Eds.) *The Coherence of EU Regional Policy. Contrasting Perspectives on the Structural Funds*. pp. 260-273. Regional Studies Association: Regional Policy and Development Series 17

Kunzmann, K. (2008). Futures for European Space 2020. *Journal of Nordregio*. Vol. 8, Issue 2, pp. 12-21

Kunzmann, K. and Wegener, M. (1991). The pattern of urbanization in Western Europe 1960-1990. *Berichte aus dem Institut für Raumplanung*. Vol. 28, Dortmund: Institut für Raumplanung Universität Dortmund

Küpper (2008). Metropolen-orientierte Politik und territoriale Kohäsion- Notwendigkeit oder Widerspruch? *Raumforschung und Raumordnung*. Volume 66. Issue 4

Lammers, K. (2007). Die EU-Regionalpolitik im Spannungsfeld von Integration, regionaler Konvergenz und wirtschaftlichem Wachstum. *Raumforschung und Raumordnung*. Volume 65. Issue 4

Le Figaro, 14.10. 2007. Retrieved October 2nd, 2009, from the World Wide Web:
http://www.lefigaro.fr/sciences/2007/06/07/01008-20070607ARTFIG90079-le_centre_de_la_france_toujours_deserte_par_les_medecins.php

Manzella, G.P. and Mendez, C. (2009). *The tuning points of EU Cohesion policy. Report Working Paper*. Retrieved Mai 2nd, 2009, from the World Wide Web:
http://ec.europa.eu/regional_policy/policy/future/pdf/8_manzella_final-formatted.pdf

Michie and Fitzgerald, R. (1997). *The Evolution of the Structural Funds*. Bachtler, J. and Turok, I. (Eds.) *The Coherence of EU Regional Policy. Contrasting Perspectives on the Strutural Funds*. pp. 14-28. Regional Studies Association: Regional Policy and Development Series 17

Molle, W. (2007). *European Cohesion Policy. Regions and Cities*. London: Routledge

Nadin, V. and Stead, D. (2008). European Spatial Planning Systems, Social Models and Learning. *DISP*. Vol. 44, Issue 1. pp. 35- 47

Nello, S. (2005). *The European Union: Economics, Policies and History*. Mcgraw-Hill Higher Education

Nordregio (2009). *About Nordregio*. Retrieved July 11th, 2009 from the World Wide Web:
<http://www.nordregio.se>

NRC Handelsblad (2008). Published on the World Wide Web on July 8th, 2008:
http://www.nrc.nl/binnenland/article1934803.ece/Randstad_groeit_platteland_krimpt

Roll, G. (2009). Eastern BSR-peripheries at a standstill. *Journal of Nordregio*, Volume 9, Issue 1, pp. 26-27

Sapir, A. et al. (2004) *An Agenda for a Growing Europe: The Sapir Report*. Oxford: University Press

Sapir Group (2005). An Agenda for a Growing Europe: The Sapir Report. *Regional Studies*. Vol. 39 Issue 7, pp. 958-965

Schön, K.P. (2000). Einführung - Das Europäische Raumentwicklungskonzept und die Raumordnung in Deutschland. *Informationen zur Raumentwicklung*, Issue 3/4, I – VII.

Soete, L. (2008). Participation at a hearing on cohesion policy and regional innovation. September 15th, 2008 in Brussels.

Spiekermann, K. and Wegener, M. (2006). Accessibility and Spatial Development in Europe. *Scienze regionali*. Vol. 5, Issue 2, pp. 15-46

Straatemeier, T. (2008). How to plan for regional accessibility. *Transport Policy*. Vol. 15, Issue 2, pp. 127-137

Szlachta, J. (2009). EU and Polish Regional Policy. *Journal of Nordregio*. Vol. 9 Issue 1, pp. 22-23

Talbot, R.B. (1977). The European Community's Regional Fund. *Progress in Planning*, Vol. 8, Issue 3, pp. 183-281

The Guardian (2009). Published October 12th, 2009, from the World Wide Web:
<http://www.guardian.co.uk/environment/2007/jul/17/ruralaffairs.conservaation>

Van der Wouden, R. (2005). Europees platteland tussen marginalisering en verstedelijking. *Stedebouw en Ruimtelijke Ordening*. Issue 1/2005, pp. 20-23

Waterhout, B. (2008). *The Institutionalisation of European Spatial Planning*. Delft: University Press

Wink, R. (2007). Innovationsförderung durch die EU-Strukturpolitik nach 2007: neue Ansätze, alte Probleme? *Raumforschung und Raumordnung*. Vol. 65, Issue 4, pp. 315-326

ANNEX: Example of Interview Questions

The Interviewpartner

1. Who finances the office? Which institution/administration does it belong to?
2. What is your role in it?

Peripherality

3. Why (or why not) do you consider your region a peripheral region?
4. Do you work in Brussels as a peripheral region, or is there another image you want to transmit? (“Italian” region, former industrial region, coastal region, Mediterranean region etc.)?
5. Do you generally agree that peripheral regions have less potential to realise economic growth than urban centre regions, and therefore need special (financial) attention?
6. Do you think a further concentration of economic activity and population in the European space would be at your loss? If yes, how do you react to this?

Your Region in Brussels

7. What are you region’s strengths? And opportunities?
8. What are the main problems?
9. What do you see as the best opportunity for your region in terms of economic development and increasing living standards? (Population? Tourism? Nature parks? Better public service provisions? High Tech Centres?)
10. Do you work together a lot with other peripheral regions? Why are you member in the *Conference of Peripheral and Maritime Regions*? What are you doing there? Is their work important to you?
11. Do you feel that regions like London, Hamburg, the Bassin Parisien or Barcelona have interests that are opposing yours clearly?
12. Do you feel well represented by the Committee of the Regions?

The Nation State and the EU

13. Relatively speaking, how important is the EU respectively the national state in improving your situation?
14. Do you perceive a problem with national solidarity and redistribution of income over time?
15. Do you feel that the state has been changing its position towards the basic ideas of regional policy?
16. With the current crisis situation, do you feel that the state is under pressure when it comes to financial regional support?

EU Regional Policy and the influence of the Lisbon Agenda

17. What is the general feeling of your region about the EU regional policy 2007-2013?
18. Do you know whether the region generally absorbs the budget available?
19. Do you experience problems with the earmarking criteria?
20. Do you have problems with the co-financing?
21. Does the general idea “from darling to stepchild” when speaking about the periphery contain some truth?
22. Imagine the percentages of spending for the objectives *Convergence* (81.5%) and *Competitiveness* (16%) were reversed, what would that mean for you?
23. What do you push on the policy agenda for the time after 2013?
24. EU regional policy, is that a welfare policy because generally it will not help the regions to become independent from structural financial support? Or an innovation/industrial policy because it has a real potential in improving the economic situation of your region long-term? And the quality of life?
25. Do you have any documentation summarising the budget for your regions since the beginning of the support?

Some further questions

26. You are a phasing-out region: Are you happy with this compromise? Are you concerned or confident about which status you might get next?
27. What do you think of the idea to not have an EU regional policy in the poor regions of the rich countries?
28. What do you feel about have sectoral policies rather than a regional policy based on territorial criteria?
29. You are part of the Operational Programme “Northern Periphery”. How do you assess this cooperation with other peripheral regions?

Closing

30. Do you have any documentation that could help me further in my research?
31. Do you know any person at another regional office of the periphery that I could talk to?
32. I would like to speak to someone from the CoR, do you have any proposition?
33. Is there anything else you would like to say?
34. Do you have any comments/suggestions/points of improvement for me?

I would like to thank you!