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"A new map of governance in Europe: towards EU2020"

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Bon dia,

Excellencies, Ladies and Gentlemen, Dear Friends,

From time to time it is useful to stop for a while and look back at what we have done and capitalize on what we have achieved. But at a time like this the real focus should be on the future. Whatever we will be doing for the future there will be the need of striking the right balance between the continuation and change. At this time it seems that the buzzword should be the change.

I know that there are many colleagues with us here who come from entire world and I hope they will forgive me my focus on Europe and its future. To focus on future, we need a good vision and an even better strategy to know where we want to go. Somebody has said ages ago that when a sailor knows where he wants to go, winds work for him.

The European Commission has just presented a vision for Europe - EU2020 strategy. So I can say we know the direction we would like to follow. Actually we had made first steps along this path before the crisis hit but without doubt the crisis has made all challenges much harder to cope with. The new strategy will be debated by the European Council in March and eventually adopted during its June meeting.

Even if we are technically emerging from the recession, what will be the global and the European new normal is a big unknown. The way the financial and the real economy crises have grown, their root causes but even more importantly the way in which global and European communities have reacted to them, has already permanently modified the pre-crisis reality. We are already now waking up every day in a new reality. It is also true that the crisis hit at a time when economic, political and social landscapes had been under transformation. The world and Europe are dramatically different from ten years ago. Emerging economies grow and restructure with a speed that cannot be compared to any European or American industrial revolution. They already play a rapidly growing role in the global context.

There are new expectations of consumers. There are new markets emerging. Jobs are created in new sectors. Society is aging with all the consequences for public finance, labour market policy, migration policy and new demands. Moving toward low carbon economy implies huge structural transformation. All changes will have dramatic impacts on our society, on social fabric, on social capital. There is a big risk that social cohesion, this magic glue of which President Jorge Sampaio spoke, will suffer.

But Europe needs a long-term strategy not only to respond to global change or to indeed lead the global change. We need a long-term vision and common progress of action also to cope with our own intra-EU problems and opportunities and to better organise ourselves for those common goals. We need more, not less, of what Lisbon agenda identified ten years ago. We need more, not less, structural reform. In this context, let me emphasize, it is rather worrying that the sense of urgency for new actions is not yet with us. Europe must wake up.

Any new strategy must take into account the current situation. This means that the new strategy for Europe must link the crisis exit policies and long-term growth and structural change. Any new strategy should take into account the diversity of European territory which can allow us to better exploit diverse opportunities, comparative advantages and different potentials. We have talked for decades about the link between diversity and unity in the Union. This time talk is not enough. The time has come when we must prove that we are able to truly build on this diversity and cooperation. A new strategy for Europe must be built on the role of an active European citizen and an involved society. The new EU2020 strategy must not exclude anybody from the pursuit of common European objectives. Multilevel governance and partnership so well known from European cohesion policy experience should be, therefore, the core of governance and delivery of such a strategy.

The European Commission has presented a first draft of the strategy. We should expect from the European Council an overall guidance for this strategy for Europe. But the ownership of the strategy should go beyond the Commission, the Council, the European Parliament. Regional and local levels of European governance are important co-owners, capable to harness policy tools they have at their disposal, to harness enthusiasm of all partners: business, academia, civil society. And to translate general goals into their own territorial specificities.

We are here in Barcelona to look at the new map of European governance but it would be unwise to try to divorce this debate from the reflection on new growth engines and new development model for Europe. Today it is important to identify new engines for growth and focus on them urgently but at the same time work must be done aiming at upgrading the entire European economy with a view to expand growth basis. Europe is too small to afford leaving parts of its territory with growth deficit. We need leading growth centres but their role is also to pull others forward. That is why we must also enhance economic links between those growing faster and those lagging behind.

Clearly, more cooperation is needed to get us out of the crisis and put our economies on long term growth track.

As we will be looking for new engines we must make sure that they work towards strengthening European cohesion: economic, social, and territorial. We must finally understand that aiming at cohesion is not a cost; it gives strength, taps unused potential, expands growth basis, and generates European social capital. You don't build social capital from above.

As I said before, here and there in Europe we are technically getting out from the recession but we do not know yet what will be the post crisis reality. We face the challenge - which will only grow – of coping with huge public deficits and debts in a time when it is vital to put our economies on a long term sustainable growth path. It is absolutely legitimate to ask from where the growth should come. There are not that many options available but the challenge is not only to eliminate production gaps generated by the crisis, the challenge is to invest in innovation-based productivity gains and in greening of our economies. Without competitiveness our growth will not be sustainable.

Both, innovation that can bring productivity gains, and greening, that can create new demands and markets, they both require local and regional focus. They require public interventions working as catalysts and multipliers. They require inter-connected investments. This kind of investment coherence can be provided only by a place based integrated approach to investment and growth policies. A region, a city, a town, a rural area happens usually to be such a place where all partners needed to bring about a solution can be found and all elements of a solution can be brought together.

Europe has already accumulated some experience of place based integrated development policy through its cohesion policy. This experience demonstrates that combining integrated approach to growth with territorial specificity brings the best results in terms of growth, sustainable jobs, creativity and innovation.

The new Lisbon Treaty makes it clear that cohesion in Europe - social, economic and territorial – is tackled at subnational level. The Treaty based cohesion policy involves local and regional Europe in the pursuit of common European objectives. It gives a chance for modern, effective, integrated approach to growth policies. It strengthens internal market. It mobilizes untapped growth potential. It mobilizes creativity and innovation.

This integrated development policy of the European Union - cohesion policy - can provide the response to a fundamental question Europe faces today – from where can come the energy Europe needs to face with a success all the challenges. My response is that the energy Europe needs can come and is already coming through the multilevel governance. The new Treaty is clear – Europe is much more than European institutions and national governments. Its tasks are shared between European, national, regional and local levels. For Europe to become economically strong and competitive in the global competition, the best policy delivery mechanism must be identified, as well as adequate policy tools. We can do our job only if we really understand that

European tasks and responsibilities must be shared in a well orchestrated way between European, national, regional and local levels of European governance. All of them must be of the highest quality and accountability. Cooperation and sharing of responsibilities have to play a key role in this new governance machinery. And we have to remember that real drivers of change are businesses and universities working in partnership with local and regional authorities and civil society.

We have to transform our economy into a low carbon economy. And it is clear that moving towards a low carbon economy implies huge structural transformation of the entire economy, not limited to energy and transport sectors. Business needs urgently certainty with regards to new climate change related standards to see opportunities in this area. Barriers for low-emission sectors have to be removed urgently. Incentives are needed for the more efficient use of natural resources, for climate-proof infrastructures, investments in new skills, new rules for public procurement (green), generating demand for low-emission products and services, support for eco-innovation. In nearly everything we must do an integrated approach to policy thinking, policy formulation and implementation is required.

We have to make innovation a systemic feature of the European economy. And it is not easy because innovation is a state of mind, it is culture, it needs systemic Europe-specific solutions. It goes beyond recurring barriers, it is about generating incentives for new behaviour.

As public action will play a role in this new growth model, the best place for this action must be chosen (European, national, regional or local level). But we have sufficient experience in the EU to say with full responsibility that local and regional level interventions are decisive for dynamism and change, for promoting creativity and innovation, for job creation, for energy efficiency, for bringing different actors together. In the current global context, there is clearly a need to seek actively new development opportunities at local and regional level.

Already today political, economic and social powers and responsibilities are increasingly being spread between all different levels of governance. Globalization and many other challenges (climate change, energy security and efficiency, demography) encourage authorities at different level to make decisions collectively.

Hierarchical or top down approach is disappearing from good practises of governance. This is a result of growing complexity of development issues that can be tackled effectively only through an integrated approach. Also, our citizens expect from authorities who are around the corner effective local actions in response to local impacts of global challenges. Sub national levels of governance become increasingly relevant for public interventions. This has been reflected already for quite some time in growing size of public investment at local level.

This process leads to a growing role of place based decision making, policy programming and implementation which in turn allows synergies between

policies to develop and be exploited, it leads to a better coordination of fragmented sectoral intervention and elimination of potential contradictions in policy making. Specific problems deriving from geographic handicaps can be better coped with.

Accountable multi level governance combined with tailor made policies increases chances to make the most of the potential of individual territories. Territorial diversity can become indeed an asset. Inevitably, it leads to truly bottom up links and networks.

To conclude let me say very clearly that there is a lot of work to be done in Europe. The crisis has challenged us all at a time when we have been already in the midst of adapting ourselves to globalization and the need to turn our economies and the way of life away from fossil fuels and towards a more sustainable model. In front of all the challenges entire Europe, including the local and regional one must act swiftly and decisively, and let me emphasize – with a high degree of urgency.

European regional policy will be accompanying you in your efforts. As you know, we are in the middle of the debate on how the future regional policy should be structured and organized, what should its main pillars be, its priorities and its management system. This policy was conceived originally as the third pillar essential for the creation of the European internal market and of economic and monetary union. This role of the policy remains valid today but there is a change as well. European integration today takes place in the context of intense globalization, and the regional policy is therefore not only to help create and adapt economic and social structures to tackle internal market competition and EMU zone constraints, but also to deal with global competition. All European cities, towns and regions measure today their strength and competitiveness against the global background. The effort to adapt is required on a permanent basis across European Union. Challenges, including the crisis, affect in an asymmetric way entire European territory. Sustainable competitiveness is a challenge for every territory. Eliminating barriers to growth, mobilizing development potential of every piece of Europe is our duty. Investing in regions and cities means progress for Europe.