

COHESION POLICY – THE LITMUS TEST OF THE EUROPEAN FUTURE

Emil BOC

Emil BOC

Associate Professor, PhD., Political Science
Department, Faculty of Political, Administrative
and Communication Sciences,
Babeş-Bolyai University, Cluj-Napoca, Romania
Tel.: 0040-264-431.505
E-mail: boc@fspac.ro

Abstract

Europe is the winner of the Cohesion Policy. It is vital that the model of shared management, multi-level governance, and partnership remains the guiding principle of the Cohesion Policy beyond 2027. Subsidiarity and a place-based approach are crucial; we can't afford to lose the territorial dimension. There is no future for this policy without a strong role of cities and regions. If you try to replace it with a centralized instrument as a top-down Recovery and Resilience Facility, you will destroy the very essence of the Cohesion Policy.

The Cohesion Policy is working on the ground, and it must be maintained, in a modernized way.

The Cohesion Policy must continue to be the single policy to address the challenges inherent to cohesion in Europe. That includes supporting a just transition in all regions and supporting all territories so that they can take advantage of the single market. That includes supporting all regions so that the EU can be more competitive at a global level. Cohesion Policy is a solution, not a problem!

Keywords: Cohesion Policy, cities and regions, multi-level governance, solidarity.

1. Introductory remarks

The European Union is always in crisis, *Ab Urbe condita* (Monnet, [1976] 2007). For a contemporary approach to crises, we have the reports of Enrico Letta (2024) and Mario Draghi (2024a and 2024b). The EU was built as a political organization and as a regulatory and normative organization, always having to face the tension between national and supra-national (Schuman, [1963] 2003), the problem of democratic legitimation and the answer to the question: who are we, the Europeans? One of the pillars of European construction was and still is the Cohesion Policy, because it consistently offered, even if limited, coherent answers to the tensions and essential questions of the Union's establishment. The results of this policy are clear today: a fundamental driver of social and economic progress; many Europeans were lifted out of poverty (unfortunately, we still have too much poverty in the Union and we should set out a framework to tackle the problem); amazing catch-up, especially by post 2004 Member States (Rodríguez-Pose *et al.*, 2024). In what follows, I propose to discuss why the Cohesion Policy is essential for the future of the European Union, if there will be one.

2. Solidarity in a changing world

At the core of the Cohesion Policy is the solidarity between Union members, solidarity between local and regional authorities, and solidarity between all European citizens. In short, the Cohesion Policy is what keeps our Europe together; it is the main tool through which we build a Community where we share values and a common future. More specifically, at the heart of this policy are economic convergence and equal opportunities for all EU citizens. The future of this instrument is currently under debate. It may seem like a debate without a particular stake because the Cohesion Policy will continue to exist, everyone agrees on this aspect. But it is not just a technical debate. It is a debate on fundamental values. We all stand in solidarity and consider ourselves in the same boat, or not. We are a Union, or we are not. We are Europeans, in a complex world, with overlapping identities, or not, each on his own or in groups. We still want a common future for the 27 members, or we want the division into groups, or we want 27 different futures. The decisions related to the Cohesion Policy will decide the answers to these questions.

The need for a consolidated and improved Cohesion Policy is recognized in the European Council 'Strategic Agenda 2024–2029' (27 June 2024), in the 'Ninth report on economic, social and territorial cohesion' (2024), and in several other high-level documents, such as, first of all, the Letta report (2024), which accurately captures the issue of cohesion as a foundation for the single market, or in the Draghi report ('The future of European competitiveness', 2024a and 2024b), as well as in the recent requests of several political groups in the European Parliament. However, fundamentally, the proposed visions are not identical. In a changing world, the Cohesion Policy would also be desirable to change. The debate is about the meanings of change.

The Cohesion Policy after 2027 would be desirable to strengthen the development of all EU territories, including those lagging behind or those who are caught in the ‘development trap’, by leveraging local strengths and assets to boost growth, reduce imbalances, and invest in mobilizing untapped economic potential, in particular in less developed regions (Rodríguez-Pose *et al.*, 2024, pp. 6–7).

Europe’s political agenda is changing rapidly in response to new global circumstances, and the Cohesion Policy cannot be separated from this process, since it has a role to play in the implementation of policies related to emerging priorities, as they require a sensitive approach to the reality of the place and interferes with the competences of subnational authorities (an example of this is climate policies). For this reason, it is important to have a Cohesion Policy for all European regions, but which targets their specific situation. Europe’s efforts to become globally competitive – which involves reversing its industrial decline, supporting SMEs and mid-caps, leading emerging technologies, achieving the triple green, digital and demographic transition, and developing strategic autonomy – need a Cohesion Policy that guarantees growing opportunities for all regions and cities, without exacerbating the existing disparities (Alves Cordeiro and Boc, 2024). Improving Europe’s global competitiveness does not only refer to the potential of developed regions, but it also depends on harnessing the potential of its less developed areas (Rodríguez-Pose *et al.*, 2024, p. 9). Finally, as Habermas (2001, pp. 97–98) shows, the question arises whether Europe, as a project with multiple valences, can ensure the generation and redistribution of wealth and solidarity between its members.

Without a solid Cohesion Policy, the economic and social effects of the single market cannot be balanced (Letta, 2024, p. 92), respectively the positive effects of the single market will be significantly hindered, being an element that mitigates the unwanted effects in certain areas (especially where decisions contrary to reality were made), while helping many territories develop their capacities to benefit from its advantages. For many countries in the European Union, it is one of the elements that help reverse brain drain; in other words, promoting the right to stay, not only the right to leave your own country.

The Cohesion Policy has been under pressure to address too many priorities in an increasingly sector-driven logic, which can create confusion, and a return to the supremacy of its territorial approach is desirable (Alves Cordeiro and Boc, 2024). Investments under this policy should serve its primary objective of redressing geographical disparities. On the other hand, cohesion cannot be pursued only by Cohesion Policy (Durán Laguna, 2024, p. xxxviii), but should be a common objective of all EU and national investment policies, in a coordinated manner.

Having a different perspective, the Draghi report proposes the continuation of this policy, but it proposes to reduce it to a few key areas – education, transport, housing, digital connectivity, and planning (2024a, p. 15), suggesting that it has too many allocated funds (2024a, p. 60) and that one should take into account the allocation of funds depending on the fulfillment of reforms, in the style of National Recovery and Resilience Plans

(2024b, p. 312), being an exponent of an opinion that has taken shape on the European level for some time.

3. Delivery mechanism and multilevel governance

‘A reform of Cohesion Policy appears to be decisive’ (Letta, 2024, p. 13). According to the Committee of the Regions, it is of vital importance that the model of shared management, multi-level governance, and partnership remains the guiding principle of the Cohesion Policy even after 2027. This position was already expressed in the CoR Opinion on ‘Effectively engaging local and regional authorities in the preparation of the Partnership Agreements and Operational Programmes’, as early as 2021 (Droba, 2021).

This approach, valid until now, responds to the tension between national and supranational because it is based on the principle of subsidiarity, which underpins the European project. Furthermore, protecting subsidiarity within the Cohesion Policy ensures that decisions are made as close as possible to citizens, which gives greater democratic legitimacy. Without the involvement of local and regional authorities, it is an illusion that the actions will be sustainable.

The current model that allows the existence of different forms of programs (regional, interregional, national, multi-fund, etc.) and roles in their management is able to adapt to the different institutional contexts of the Member States, while universal solutions, as would be the case of a single national plan, are not recommended. Abandoning multilevel governance in favor of single national plans means abandoning the ethos of the European construction, a construction that is an illustration of ‘consensus democracies’ (Lijphart, 2012). Centralization at the national level will brutally remove the local and regional authorities from the decision, so it will remove the citizens from the decisions that concern and affect them directly. Basically, it will change the way power is exercised, because it is about power and its exercise, it will delegitimize and, finally, it will empty it of substance and destroy the Cohesion Policy. In addition, let’s not forget that the National Recovery and Resilience Plan was only a crisis solution, and the Cohesion Policy is not a crisis management / mitigation tool.

Centralization may give the illusion of a more performance-based model. Performance is one of the elements brought into the discussion, but it must be combined with keeping the inherent territorial dimension of the Cohesion Policy and with local and regional involvement and ownership (Rodríguez-Pose *et al.*, 2024, pp. 38–39), so the ‘performance-based model’ does not take it necessarily towards centralization. What does ‘performance-based model’ mean at Airbus and what does it mean at a microenterprise? What does ‘performance-based model’ mean in Milan and what does it mean in Eboli? The objectives defined by performance-based mechanisms should be sensitive to the reality of the place (Alves Cordeiro and Boc, 2024). A performance-based model cannot be a Procrustean bed. It cannot be considered a universal solution for the materialization of

cohesion. We do not have a panacea for the complexity of European realities. Only totalitarian ideologies claim to have ‘scientific’ solutions to everything.

On the other hand, there are performance-based models: in simplifying administrative procedures, reducing bureaucracy, increasing operational flexibility, in digital transformation (not in the digitalization of bureaucracy), in digital inclusion, and in the diffusion of innovation in all regions, in the creation of a common market in areas where this is still a dream or an assertion unsupported by facts, in bringing European high-tech firms to the top of the world. If the new Cohesion Policy creates favorable conditions for at least one of these elements, we can consider that we have a performance-based model.

4. About budgets and European economic governance

When we refer to the Cohesion Policy, we are also talking about budgets and beneficiaries. In order to support the objectives and challenges of European cohesion, it is necessary that the budget after 2027 be at least equivalent to the previous one, in percentage of the Union budget (Alves Cordeiro and Boc, 2024). In addition, the European Territorial Cooperation component should be increased compared to the current programming period and should not represent less than 8% of the total amount (Petersen, 2024).

The size of the budget is a quantitative element that determines the ability of the Cohesion Policy to achieve its objectives. If you want to leave no one behind, it is desirable to allocate sufficient resources. There is an important social dimension here. In the tumult of challenges of various kinds that Europe is facing, it is important to remember that we are talking about people and how they live.

Starting from the tradition of battles for social rights, the Union was built based on a social contract that ensures these rights. If we look at the details, this social contract has enough loopholes, but seeing things at the macro level, in a place haunted by wars and huge disparities, a space of dialogue, freedoms, and unprecedented well-being has been built. The desire of the former communist countries to join the Union, those that have already joined or those that are still in the process, is linked at least in part to this social dimension as hope and to the Cohesion Policy as a certainty for a better life. And the future of the Cohesion Policy, in budgetary terms and not only, would be desirable to take into account the following accessions.

In this context, the Cohesion Policy strengthens support for better access to public services, especially in areas where the provision of such services faces increasing challenges, such as rural areas. Different types of mafias thrive where the state withdraws or forgets its citizens, in the sense that it does not provide public services and a set of rules that actually guarantee fundamental freedoms and social rights.

Regarding the beneficiaries, it is desirable that all regions are still eligible for funding. Any proposal for a geographical limitation is based on a narrow and misleading understanding of the impact and benefits of cohesion. It is unfair, it weakens the sense of unity and the purpose and objectives of this policy. This approach is not an evidence-based policy

either. Only improved governance and administrative capacity guarantee that regions can effectively implement policies and projects. Cooperation between regions through various cross-border, transnational, and interregional programs encourages collaboration, helps regions pool their resources, exchange best practices, and develop joint economic development actions. Such cooperation strengthens the single market by creating a more integrated and coherent economic space (Alves Cordeiro and Boc, 2024). We have wanted a common market for almost 70 years and we still have a vast construction site in the works. However, the progress made through the Cohesion Policy produced significant effects among citizens.

At the same time, there are several elements that would require changes to get closer to the core values of this policy. First, reintroducing the principle of additionality would put an end to the increasingly frequent use of cohesion to compensate for the underfunding by Member States of their own territories. Then, the harmonization of rules between funds in a single framework should be a priority, regardless of the number of funds, but provided that such harmonization does not affect the multi-level governance of the future Cohesion Policy. The next Multiannual Financial Framework would be desirable to substantially take into account the fields of application and the specific purposes of the various structural funds, especially their territorial dimension and the basis of the specific realities (Alves Cordeiro and Boc, 2024). The European Committee of the Regions has already proposed the establishment of a single strategic framework to define the main objectives for the post-2027 period and ‘strengthening the ‘Cohesion Spirit’ in all EU policies is no argument for reducing the importance and funding of Cohesion Policy’ (Böhme *et al.*, 2021, p. 120).

5. Reform, programming, and territorial perspective

Change and reform are the words we will always hear. The world is changing outside the Union and within it, and sometimes faster than the Union can act. For example, the increasing concentration of economic activities in metropolitan regions and large cities has often occurred at the expense of other territories (rural areas, medium-sized cities, etc.), while fueling problems that generate even more economic and social disparities (for example, lack of housing; a problem that will generate great social unrest, because both the Union and the national governments are unprepared in this sense; they are so unprepared that in former communist countries people remember with nostalgia the effectiveness of a totalitarian regime to ensure social peace by building houses).

The Committee of the Regions has a firm position not to use a ‘sanctions and rewards’ approach to link cohesion policy with European economic governance, which implies at least an end to macroeconomic conditionality. The Stability and Growth Pact should in no way limit access to Cohesion Policy funds and therefore the revised economic governance framework that excludes EU programs from the definition of net spending is a step in the right direction. It strengthens policy coherence while facilitating the implementation of

EU funds and last but not least, of those within the Cohesion Policy (Alves Cordeiro and Boc, 2024).

From the perspective of structural reforms, it is desirable to have a very cautious approach regarding the correlation of Cohesion Policy funding with structural reforms. In the ‘Ninth report’ of the European Commission (Durán Laguna, 2024, p. xxxvii) there is a suggestion to use the ‘enabling conditions’ tool for this purpose, but this option is only feasible if the selected reforms have a direct relevance to the structural challenges, and their negotiation is carried out in full compliance with the partnership principle.

Regarding the new sectorial funds, it would be expedient to provide for a clear additionality or complementarity in relation to the existing instruments. In the document on the political guidelines of the new European Commission, cohesion is spoken of as essential, but the future of the Cohesion Policy is not presented, announcing instead the creation of a new fund for competitiveness (Leyen, 2024, p. 12). It should be ensured that such new funds do not create even more bureaucracy and limit the budget and the impact of the Cohesion Policy, given that, by their nature, they do not take territorial aspects into account enough. It is a sensitive balance between the introduction of new initiatives and the need for approaches responding to local and regional needs (Alves Cordeiro and Boc, 2024).

Deep integration in the European Semester makes sense if it were to materialize by expanding the emphasis placed in country reports on territorial trends and by transforming the impact of reforms on territorial equity into a horizontal criterion in the specific recommendations for each country. Cohesion Policy is designed to respond to regional and local needs, with a strong focus on adapting interventions to specific local contexts; the European Semester, on the other hand, operates at the national level, focusing on economic governance and structural reforms. In addition, we must not forget the role of this policy in supporting territories affected by serious and permanent natural or demographic handicaps (Alves Cordeiro and Boc, 2024). Quality of Life in every corner of the EU is what we aim for (or at least this is the implicit social contract promised to European citizens).

Starting from the reality that the border regions represent 40% of the EU territory, and 30% of the European population lives there (European Commission, 2017, p. 2), the European Territorial Cooperation (ETC) is probably the most valuable example of European added value and it would be desirable to strengthen it in the future. The ETC promotes solidarity and a sense of European unity by promoting collaboration between regions from different EU member states, building the concept of a common European space (Petersen, 2024).

Last but not least, smart specialization strategies can be a great asset. Their support through the European Regional Development Fund can propose interregional investment projects, to strengthen industrial value chains and to address the problem of regions stuck in ‘development traps’. These traps can occur at various income levels and often lead to Euroscepticism (Storper *et al.*, 2022). The duration of the trap is a factor influencing the ‘geography of discontent’ (Széchy, 2023, p. 11). It is important that the situation does not

become ‘the winter of our discontent’. The issue related to this subject has been widely debated by many economists and the variables are too numerous for there to be a one size fits all solution. The Cohesion Policy is what keeps our Europe together and economic growth also depends on capitalizing on the still unexploited potential of all its territories, including the least developed and peripheral ones (Rodríguez-Pose *et al.*, 2024). However, the limits of European policies in overcoming development traps must be evaluated by all authorities because these socio-economic phenomena can be determined by two elements on which we must make changes at all levels: insufficient economic freedom (including bureaucracy, complexity, etc.) and lack of capital (this problem was addressed in detail in the Draghi Report, 2024a and 2024b). Cooperation and the development of value chains can mitigate, can restore a certain dynamism and open opportunities, but it does not replace access to capital. Single Market is not single market for capital. The innovation we talk about a lot does not happen because it is being talked about a lot, innovation is the child of economic freedom, including the acceptance of risk. European programs and projects are not built to accept risk and this approach is the right one in most cases, but not in all cases; for example, if you want to be at the top of the world’s cutting-edge technology.

Regarding simplification, the European Committee of the Regions shows in several documents that it is imperative to introduce concrete simplification measures in favor of the beneficiaries of the Cohesion Policy. Moreover, CoR believes that a simplification could also be achieved regarding the management and audit authorities.

6. Conclusions

‘As the Union looks to its future, Cohesion Policy must be part of the solution’ (Hunter, 2023, p. 23).

Several aspects should be considered simultaneously. First of all, since the Treaty of Rome, there is a social contract that promises welfare to the European citizens. Also, since the Treaty of Rome, almost every action at the Community level is the result of long political, budgetary, programming-related negotiations, etc., including actions directly related to this social contract, such as the Cohesion Policy.

Secondly, regions and cities are the barometer of people’s needs, and our citizens want a new way of living that is cleaner, inclusive, served by technological advancements, and, most important of all, happy and fulfilled.

Thirdly, the future Cohesion policy must stay true to its ‘golden principles’, starting with the fact that it should be designed and delivered in partnership with regions and cities. The idea of going towards ‘one plan’ per Member State cannot mean less involvement of local and regional authorities.

Fourthly, today we have a context in which the Union faces structural challenges and the acceleration of the pace and intensity of shocks. Recent reports by Draghi (2024a and 2024b) and Letta (2024) accurately capture the situation. Some of these problems are the

result of previous wrong decisions, but that doesn't matter now, the problems must be solved to maintain the economic, social, and democratic stability of Europe.

Under such circumstances, there is a need for reform, including the reform of the Cohesion Policy. Cohesion policy is not perfect, it can and it must improve. Addressing the challenge of simplification and better performance orientation must also be high on the agenda. It must be more visible and simpler to operate at all levels: for managing authorities and beneficiaries.

The success of the Cohesion Policy's future relies on multi-level governance and shared management, the strengthening of the partnership principle, and the need to implement the 'do no harm to cohesion' principle across the entire EU budget and policies.

There will always be voices that demand the dilution or modification of the objectives and principles of the Cohesion Policy for various reasons (usually simple pretexts, but we must recognize that there can also be arguments, any resource being limited). However, is there anything that holds us together, more important than solidarity and reducing the differences? A European Union without a more coherent, better financed, and stronger Cohesion Policy than today is not a different European Union. There is no Union.

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