

## **Territorial Agenda 2030 and ‘A Just Europe’**

Simin Davoudi

When the World Health Organisation declared the Covid-19 pandemic, it added that “we’re in this together” (WHO, 2020). Last time we heard this was after the 2008 financial crisis. It is a trope that evokes different emotions and serves different purposes. On the one hand, it is an expression of solidarity and a call for cooperation. On the other hand, it is an invocation of the parity of sufferings and sacrifices. In the context of the pandemic, it was used to suggest that the virus does not discriminate and can affect porters and cleaners, as well as princes and prime ministers. However, the social and spatial impacts of the pandemic are profoundly unequal. Unlike the virus itself, which is unknown, its uneven impacts are neither new nor unexpected. They mirror the inequalities that have been on the rise since 2008 (Davoudi and Ormerod, 2020).

Barack Obama once said that “inequality is the defining issue of our time” (quoted in *Financial Times*, 2013). That was 2013. Today, high levels of inequalities across the world are nothing short of calamitous. Nearly half the world’s population live on less than 6 dollars a day, while the wealth of billionaires is growing by 2.5 billion dollars a day (Oxfam Report, 2019: 11). Even in Europe, which is the least unequal region of the world, between 1980 and 2017 the top 1% of Europeans captured 17% more of Europe-wide growth than the bottom 50% who captured 15% (Blanchet et al., 2019). Throughout austerity, when we were supposed to be in it together, the rich were getting richer, and the inequality gaps were getting wider (*The Economist*, 2016). This is more pronounced when we look inside some member states. For example, in the United Kingdom (UK), income inequality is the sixth largest in OECD countries and is growing. Wealth inequality is even higher, with the top 10% owning 47% of all net wealth (Keely, 2015; OECD, 2015). This is an alarming trend because rising inequalities are bad for everyone; the rich and the poor alike. As Wilkinson and Pickett (2010) have shown, social and health problems are significantly worse in more unequal, rich countries. High levels of inequality hinder social mobility, jeopardise long term prosperity, and undermine political stability. So, inequality is bad for democracy too, because it leads to people’s distrust of democratic politics and institutions at all levels (EU White Paper,

2017:12). A growing sense of injustice creates a vacuum that is often filled by populist rhetoric, the kind of rhetoric that is driving Europe apart. For example, 76% of UKIP voters thought that ordinary people do not get their fair share of the country's wealth (British Social Attitude Survey, 2015). The rise of populism can be seen as the revenge of the "losers of globalisation", referring to those who have suffered most from job losses, depressed wages, precarious lives and a sense of insecurity. Those who feel that the benefits of economic growth are not available to them.

There are also spatial dimensions to inequalities. As the Seventh Cohesion Report (EC, 2017:4) shows, "in the crisis years (2008- 2014), ... regional disparities widened". It is these spatial inequalities that territorial cohesion has tried to address, albeit with mixed and limited success. The fact that some of its main beneficiaries also vote for Eurosceptic parties demands serious reflection to explore what has gone wrong. I would argue that the answer lies largely in the change in the values upon which territorial cohesion was initially grounded, and the rationalities which guided its approach to spatial inequalities (Davoudi, 2019).

Although the term territorial cohesion entered the Commission's lexicon in the 1990s and became its official goal in the 2000s, the values driving it have a longer history, going back to the egalitarian ideals of the post-war welfare states or what is commonly known as European social models. Despite their differences, these models put the emphasis on equality, solidarity, cohesion and cooperation (Davoudi, 2007). The post-war consensus was based on the idea that social protection, public investment and state intervention in free markets are crucial for reducing social and spatial inequalities. Emphasis was put on directing development opportunities, public funding and private investment to economically disadvantaged regions (ibid). Achieving "harmonious development" and "reducing the differences between the regions" were key objectives of the Treaty of Rome (1957: Article 2). Similar goals underpinned the regional policies of the 1970s, which aimed to "improve the harmony of regional structures in the Community" (CEC, 1969). It was precisely because of the pursuit of these social democratic values that post-war Europe became less unequal in the first part of the 20<sup>th</sup> century (Alvaredo et al., 2018). I have suggested elsewhere (Davoudi, 2005) that territorial cohesion was the spatial manifestation of European social models, as it is also reflected in this statement in the Third Cohesion Report (EC, 2004: 27):

“The concept of territorial cohesion extends beyond the notion of economic and social cohesion by both adding to this and reinforcing it. In policy terms, the objective is to help achieve a more balanced development by reducing existing disparities ....”

Its introduction into the EU policy discourse was an acknowledgment that place mattered. That, people’s life chances and opportunities were significantly influenced by the places where they lived and worked. Territorial cohesion extended the principle of solidarity among European *citizens* to solidarity among European *territories*. It was introduced to counteract the negative effects of globalisation which in Europe were compounded by the Single European Market (1986) and the Economic and Monetary Union (1991). As the ESDP (1999) anticipated, the impacts of EU economic integration were not the same everywhere. Hence, the aim of the territorial cohesion agenda was to reduce the widening of spatial inequalities in European regions. However, the political landscape of the 1990s into which territorial cohesion was introduced was not the same as that of the post-war welfare states. Europe was already moving away from the social democratic ideals that underpinned its initial regional policy, and gradually embracing neoliberal values with greater emphasis being put on efficiency, economic competitiveness, entrepreneurial governance, aggregate growth and regions for themselves (Davoudi, 2019). Even in countries such as Denmark traditional egalitarian values were being dismissed as outdated political goals (see Davoudi et al., 2019). Just before the Lisbon Summit, in a speech at the World Economic Forum, Tony Blair, the former British prime minister, criticised European social models as outdated and urged the EU leaders “to make a definitive stand in favour of market reform” (quoted in *The Economist*, 2000:17). The tensions between the social market model and the liberal market model became more visible during the referendum on the EU Constitution when some voters considered the Constitution to be ultra-liberal and a threat to European social models.

According to neoliberal rationality, inequalities can be tackled by relying on the “invisible hand of the market” and limiting government interventions. For Fredrick Hayek, one of its key intellectual architects and advisor to Mrs. Thatcher, the self-organising dynamics of the markets provided the ideal solution for reducing disparities. He called it the theory of spontaneous order (Hayek, 1969). Interestingly he was also in favour of European federalism, but contrary to Altiero

Spinelli's vision of a socially cohesive Europe, Hayek saw Europe as an enlarged economic space, free from government interventions and supra-national regulations.

Thus, by the time the first Territorial Agenda (2007) appeared on the scene, European politics had already moved from cohesion-oriented to competitiveness-oriented rationalities. According to this new direction, the best way to reduce spatial inequalities is to concentrate investment in places that can generate high returns. The assumption is that growth in these areas will eventually trickle down and reach others. This rationality dismisses fairness as a value, considers any intervention in agglomeration forces as a waste of resources, and suggests that the best we can do is to let the growing areas grow further until market dynamics correct the imbalances (see an example of this rationality in *The Economist*, 2013).

This agglomeration-centric approach is complemented with a neo-classical economic view on inequality which asks why, if the ultimate goal is to improve the welfare of individuals, should governments spend money on places that do not matter? Why not encourage people to move to those places where opportunities are? An absurd version of this view was expressed by an academic, Tim Leuing, who told a conference full of Liverpoolians that "Liverpool's time is past" and its population should move to the south-east of England (*Liverpool Echo*, 2013). He told them that the city they called home and to which they had cultural and community ties had no future or prospect in a globalised world of fierce competition; and not much could be done about it. He was wrong, because various election results across Europe have left no doubt that contrary to these spatially blind prescriptions, places *do* matter and ignoring the spatiality of injustices leads to geographies of discontent and emboldens populist backlash. As Andres Rodrigues-Pose (2018) put it, it leads to "the revenge of the places that don't matter".

The neo-liberalisation of cohesion policies and their over-emphasis on agglomeration and economic competitiveness have *kept* many places behind. I use the term *kept* behind, instead of *left* behind, to make it explicit that spatial inequalities are not the result of some kinds of self-afflicted harm, but rather the outcome of structural changes, misguided policies and winner-takes-all approaches. For example, those regions that were hit hardest by the 2008 financial crisis saw the largest reductions

in their public expenditure, leading to the widening of disparities, as is admitted by even the cautious language of the Seventh Cohesion Report (EC, 2017: xxiii):

“In a number of Member States, the reduction in growth-friendly (public) expenditure has been substantial. Since most of these Members States have a GDP per head below the EU average, the reduction could put at risk disparities across the EU narrowing in the future.”

In the UK, austerity was a political choice, not an economic necessity. It was used to radically restructure the welfare system and the delivery of public services (Davoudi et al. in press). As a result, between 2012 and 2018, while the UK economy grew by 5%, public spending for low income households dropped by 44% (HRW, 2019,14). Regions, such as the north-east of England, that were hit hardest by the crisis, saw the largest cuts to their budgets and are likely to be the worst off as we emerge out of the pandemic. That is why I suggested at the beginning of this paper that the Covid-19 crisis has revealed social and spatial inequalities, laying them bare. Its unequal effects represent “the wreckage of a train that’s been careening down the track for years” (Roy, 2020, no page).

Within this context, I welcome the publication of the new draft Territorial Agenda 2030 (2020) and its renewed emphasis on the need to tackle spatial inequalities. More importantly, I welcome the framing of the Agenda around the notion of ‘A Just Europe’, along with a sustainable or green Europe. But a closer look suggests that the Agenda does not seem to have moved from a mere *empirical* observation of inequalities towards indicating a *moral* position on justice (Bell and Davoudi, 2016). This distinction is important because without a clear and explicit expression of the values that underpin its priorities, this Territorial Agenda risks following its predecessors’ limited leverage on Cohesion Policy and its approach to tackling spatial inequalities.

Amartya Sen, a Nobel Laureate, suggests that in judging a society as just or unjust, we need to focus not only on who gets what, but also what people can do with what they get (Sen, 2009: 233). This idea of justice focuses on *capability*, i.e. people’s ability to function in the life they choose for themselves, and that includes the places they choose to live in. His theory of justice resonates with how territorial cohesion was initially justified as an EU policy. This justification was clearly articulated by the Third Cohesion Report which suggested that, “people should not be disadvantaged by wherever they happen to live or work in the Union” (EC, 2004:27). Sen’s idea

shifts the question of justice away from a focus on distribution of resources *per se*, towards different people's and places' abilities to convert them into capabilities. It shifts the focus from formal or legal opportunities to substantive opportunities (Davoudi and Brooks, 2014).

His idea may help us better understand what has gone wrong with the cohesion policy. Although its redistribution of resources, or transfer of cash, has been necessary, it has not been enough to achieve a "just Europe". For that, more emphasis should be put on enhancing people's and places' abilities to convert these resources into capability, so that they can function in the life they choose for themselves and in the place they happen to live and work in. In practical terms, it means replacing the top-down, formula-based transfer of cohesion funds, which sometimes are spent on underused and unwanted infrastructure projects, with tailor-made, place-specific measures that are designed from the ground up.

A large and commendable package of funding has been offered by the Commission for recovery from the Covid-19 crisis. Going forward, the critical question is whether these resources will be used to help Europe to bounce back to where it was, or to bounce forward to a better, more just Europe.

### **Acknowledgment**

This essay is the transcript of my keynote speech at the ARL *Discussion Forum on Spatial Development* on 3 September 2020 in Hannover in which I drew freely on my own previous work so may not include full citations of those works.

### **References**

- Alvaredo, F., Chancel, L., Piketty, T., Saez, E., Zucman, G., (2018), *The World Inequality Report 2018*, World Inequality Lab.
- Bell, D. and Davoudi, S. (2016) A fairer city: towards a pluralistic, relational and multi-scalar perspective, in: Davoudi, S and Bell, D. (eds.) *Justice and Fairness in the City*, Bristol: Policy Press, pp.265-280

- Blanchet, Thomas, Lucas Chancel and Amory Gethin (2019) *Forty years of inequality in Europe: Evidence from distributional national accounts*. Available from: <https://voxeu.org/article/forty-years-inequality-europe>
- British Social Attitude Survey (2015) *BSA Survey 32, A revolt on the right? The social and political attitudes of UKIP supporters*, London: NatCen Social Research.
- CEC (Commission of the European Communities) (1969) *A regional policy for the Community*. COM (69) 950, Brussels: CEC.
- Davoudi, S. (2005) Understanding Territorial Cohesion, *Planning Practice and Research*, 20(4):433-441
- Davoudi, S. (2007) Territorial cohesion, the European social model and spatial policy research. In A. Faludi (ed.) *Territorial cohesion and European model of society*. Cambridge, Mass: The Lincoln Institute for Land Policy, pp.81-105.
- Davoudi, S. (2019) Imaginaries of a 'Europe of the Regions', *Transactions of AESOP*, 3(2):85-92 <http://transactions-journal.aesop-planning.eu/volume-3-issue-2/>
- Davoudi, S. and Brooks, E. (2014) When does unequal become unfair? Judging claims of environmental injustice, *Environment and Planning A*, 46: 2686-2702
- Davoudi, S. and Ormerod, E. (2020) Hope at the time of pandemic, *Town Planning Review*, in press.
- Davoudi, S. Steer, M., Shucksmith, M. and Todd, L. (in press) 'Islands of Hope in a Sea of Despair', in M. Steer, S. Davoudi, M. Shucksmith and L. Todd (eds.) *Hope under Neoliberal Austerity: responses from civil society and civic universities*, Bristol, Policy Press
- Davoudi, S., Galland, D. and Stead, D (2019) Reinventing planning and planners: Ideological decontestations and rhetorical appeals. *Planning Theory*, 19(1), pp.17-37 <https://doi.org/10.1177/1473095219869386>
- ESDP (European Spatial Development Framework) (1999) *Towards balanced and sustainable development of the territory of the European Union*. Luxembourg: Office for Official Publications of the European Communities.
- EU White Paper on Future of Europe, Reflections and scenarios for the EU by 2025*, 2017, Brussels, European Commission COM(2017)2025

- European Commission (2004) *Third Report on Economic, Social and Territorial Cohesion*, Brussels: EU
- European Commission (2017) *Seventh Report on Economic, Social and Territorial Cohesion*, Brussels: EU
- Financial Times* (2013) Inequality is 'defining issue of our time' says Obama, 4 December, <https://www.ft.com/content/0cf55624-5d0f-11e3-a558-00144feabdc0> (Accessed 11/7/2020)
- Hayek, Friedrich August (1969) *Studies in philosophy, politics and economics*. Touchstone.
- HRW (Human Rights Watch) (2019), *Nothing Left in the Cupboards: Austerity, Welfare Cuts, and the Right to Food in the UK*. <https://www.hrw.org/report/2019/05/20/nothing-left-cupboards/austerity-welfare-cuts-and-right-food-uk> (Accessed 12 December 2019)
- Keeley, B. (2015), *Income Inequality: The Gap between Rich and Poor*, OECD Insights, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264246010-en>
- Liverpool Echo* (2013) Barmy boffin Tim Leunig to visit Liverpool after furious ECHO readers bombard him with emails. 8 May. <https://www.liverpoolecho.co.uk/news/liverpool-news/barmy-boffin-tim-leunig-visit-3478756> (Accessed 11/7/2020)
- OECD (2015), *In It Together: Why Less Inequality Benefits All*, OECD Publishing, Paris. <https://doi.org/10.1787/9789264235120-en>.
- ONS (Office of National Statistics) (2020) *Coronavirus (COVID-19)*, <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases> (Accessed 15 May 2020)
- Oxfam (2019) *Public good or private wealth*, *Oxfam Briefing Paper*, Oxford: Oxfam GB
- Rodríguez-Pose, A. (2017) The revenge of the places that don't matter (and what to do about it). *Cambridge Journal of Regions, Economy and Society*, 11 (1), pp.189-209.
- Roy, A. (2020) 'How coronavirus threatens India', *The Financial Times*, 3 April <https://www.ft.com/content/10d8f5e8-74eb-11ea-95fe-fcd274e920ca> (Accessed 15 May /2020)
- Sen, A. (2009) *The idea of justice*, Cambridge MA: Harvard University Press
- Territorial Agenda of European Union 2020 (2011) *Towards an Inclusive, Smart and Sustainable Europe of Diverse Regions*, [https://ec.europa.eu/regional\\_policy/en/information/publications/communications/2011/territorial-agenda-of-the-european-union-2020](https://ec.europa.eu/regional_policy/en/information/publications/communications/2011/territorial-agenda-of-the-european-union-2020) (Accessed 11/7/2020)



- Territorial Agenda of European Union 2030, Draft (2019) *A future for all places*,  
<https://www.territorialagenda.eu/documents.html> (Accessed 11/7/2020)
- The Economist* (2000) Europe's new left: Free to bloom. 12 February, pp.17-19.  
<https://www.economist.com/special/2000/02/10/free-to-bloom>
- The Economist* (2013) The vacuum cleaners. 7 November, pp.15-16.
- The Economist* (2016) The gap between poor and rich regions in Europe is widening, austerity is partly to blame, 27 October, <https://www.economist.com/europe/2016/10/27/the-gap-between-poor-and-rich-regions-in-europe-is-widening>
- WHO (World Health Organisation) (2020) WHO Director-General's opening remarks at the media briefing on COVID-19, 11 March. <https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020> (Accessed 15 May 2020)
- Wilkinson, R. and Pickett, K. (2010) *The Spirit Level: Why Equality is Better for Everyone*, London: Bloomsbury Press