Spatial Scenarios and the Lisbon Strategy

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1 Introduction

The "project" of European integration now finds itself at a historical juncture. The most extensive and daring enlargement has just been carried out, delivering the final blow to the cold-war division which has plagued the Continent for the second half of the Twentieth Century, and bringing in a variety of new cultures, languages and territories under the umbrella of the European Union. At the same time, Europe is deciding whether to codify its long cooperation by means of a formal constitution, signalling not only a major milestone in the peaceful integration of Europe but also an acknowledgement that the European Union is much more than a free-trade agreement. This growing self-identify is epitomized in the Lisbon strategy: the ambition and commitment to develop the EU into the world's most competitive knowledge-based economy. At the same time, the common agricultural policy (CAP) is undergoing a thorough revision, the rules for structural funds are being redefined and competition policy hotly debated.

These great historical developments and the fundamental choices they entail cast great uncertainty about the future of Europe. Because of this, no simple line can be extrapolated to predict the future. Instead, one must work with scenarios that allow for different developmental pathways to be identified on the basis of specific policy choices, and their implications worked out. This contribution provides some preliminary results of a pan-European scenario study conducted in the framework of the ESPON programme along these lines. Although the project will result in the creation of integrated scenarios, for the purposes of this paper it is sufficient to confine the analysis to a specific theme — the economy — as this is one of the most pressing issues facing Europe at this time. In this context, two different policy scenarios will be presented on how to implement the Lisbon strategy based on two currently competing and divergent policy discourses. Afterwards, the paper will make some concluding remarks about the different spatial-economic effects, who the winners and losers are in each scenario, and identify some potential policy side-effects.

2 The Lisbon imperative

Despite the current uproar surrounding the ratification of the European Constitution and the potential accession of Turkey, the most urgent issue facing Europe today is the economy, or, more specifically: how to clamber out of the present economic malaise and "face the challenge" of increasing global competition (Kok 2004). Governments have an important role to play in this: the economy may be generally determined by private sector forces, but it is also greatly affected by public sector decisions like whether or not to participate in a particular common market (NAFTA, EEC), monetary union (euro) or other regulatory framework (WTO, Kyoto protocol, services directive). Investment in strategic sectors — oftentimes which otherwise would not be profitable — can also produce a competitive advantage.

At present, the main driving forces in the economy are globalization and the transition in advanced economies from an industrial to a post-industrial society. The former is manifested in the advent of worldwide regulatory bodies such as the WTO and the increasing interdependency of the global marketplace whereas the latter is visible in the emergence of the "dot-com economy" and the creative class (Florida 2002). Bearing both of these structural developments in mind, the key to ensuring prosperity in Europe would be to capture a dominant position in this market. This is the reasoning behind the Lisbon strategy, which set as its goal for Europe to become in 2010 "*the most competitive and most dynamic knowledge-based economy in the world, capable of sustainable economic growth, with more and better* *and greater social cohesion*" (EC 2000). Later, in Gothenburg, this strategy was extended to include environmental concerns as well.

3 Implementing Lisbon

The past five years have shown that putting the aspirations articulated in the Lisbon strategy into action is far easier said than done (Kok 2004). One reason for disappointing implementation lies in the fact that the EU commands relatively few financial resources to shift the course of the economy itself and must rely on considerable efforts at the member state level. The issue of whether member states have provided sufficient input will not be discussed further here however. Another reason, more relevant to the scenario study, relates to the fact that the EU does not have an economic development policy as such, but rather employs a package of sectoral policies with impacts on the economy to achieve its goals. Each one of these policy areas has however existed long before the Lisbon agenda and is only partly suited to the task at hand. This section will briefly sketch out the most important of these policy areas in terms of their goals, effects and current policy debates. Afterwards, the scenario hypothesis will be presented, showing how the Lisbon strategy could be implemented by means of a coordinated policy package.

Regional policy

Regional policy is one of the oldest policy sectors of the EU. Although the aims of regional policy have changed over time, the primary objective has been to reduce regional disparities and stimulate employment in order to allow the different regions in Europe to compete on an equal footing in the common market. At present, it commands the second largest budget of the EU (after the agriculture) and issues subsidies in the form of co-financing for mainly infrastructure, land development and human resource development. It is difficult to quantify the physical impact of regional policy, due to a problem of isolating causality, but anecdotal evidence does seem to suggest an impact on governance — cross-border cooperation has become more common, as has attention for sustainable development (ESPON 2.2.2; Van Ravesteyn and Evers 2004). A positive economic development of recipients is generally acknowledged (job and GDP growth), although the degree to which regional policy is responsible for this remains the object of debate (Ederveen and Gorter 2002). Currently, the line set out for the next structural funds period (2007-2013) shows some more inclination to address more Lisbon-based objectives (Competitiveness Objective). In addition, pressure from affluent member states to reduce budgets and increase effectiveness is also manifest, recently expressed by way of the resounding defeat of the latest EU Treaty (constitution) in referenda in France and the Netherlands. This may pave the way for employing the structural funds as a means to implement the Lisbon strategy.

R&D policy

European-level support for scientific research stems from a 1957 agreement to coordinate efforts in nuclear research, but only really got off the ground in the 1980s with the initiation of the Framework Programmes. FPs seek to stimulate economic development distorting competition by funding basic research and unprofitable yet useful (long term) knowledge activities. Generally universities and multinational corporations have profited from the FPs, and they have helped the EU its raise its level of R&D spending. However, as is painfully clear by the midterm review of the Lisbon strategy this is still lower than Europe's main competitors. Still, one must be careful not to confound R&D efforts with the larger knowledge-based economy; it is often forgotten that R&D is just part of the equation (Raspe et al 2004).[1] This fact is bound to bring with it tension in the Lisbon/FP nexus in the years to come. On the other hand, the FPs may also come under fire by competition policy, if they stray too far from supporting non-competitive basic research and attempt to directly push the Lisbon goals. In any case, R&D will figure prominently in any scenario of Lisbon implementation.

Competition policy

The aim of EU competition policy is to help the internal market to function by ensuring that a level playing field exists. Main activities involve reducing state aid, liberalization and privatization of state-owned companies and regulating mergers to prevent monopoly formation. Currently, the liberalization of the services sector is on the agenda, which is highly relevant for the Lisbon strategy since the knowledge-based economy is largely services related. The success of competition policy is linked to that of the common market where, between 1958 and 1972, trade between member states grew three times faster than outside (Ravesteyn and Evers 2004: 73). In the process, however, competition policy sometimes

[1] According to the Commission, for example, "an increase in the share of R&D expenditures in GDP from 1.9% to 3% … would result in an increase of 1.7% in the level of GDP by 2010" (COM(2005)24, p. 29). As it is acknowledged that R&D is just one aspect of the knowledge economy, the activities of DG Research will be adapted to support other forms of innovative research as well. In fact, the Commission arrived at this conclusion as well: "by far the largest productivity effect comes from the absorption of the results of foreign R&D" (EC,

comes into conflict with other policy sectors. Both R&D policy and regional policy, which offer targeted subsides to businesses, walk a very fine line between serving community wide goals and offering state aid.

In conclusion, these three policy fields— among others naturally, but for the purposes of expediency only these have been selected — offer some tools for Lisbon. Changes in governance, embedding ideals of competition in the institutional framework at the local level can be achieved via regional policy. This can also be utilized to link strategic areas and jobs via infrastructure investments and training programmes. R&D is employed as direct stimulation, and competition to end unfair practices that hamper growth. As indicated, there is also a very delicate balancing act between concerns of regional equality, economic competitiveness and free trade in the main sectors relevant to the Lisbon strategy.

4 Current policy debates

The scenarios elaborated in this paper concern a specific issue: how to implement the Lisbon strategy. In order to improve the plausibility of the strategies of the policy decisions taken in the scenarios, the underlying logic has been borrowed from current policy debates. The first is a more "back to basics" approach currently favoured by the Commission following the midterm Lisbon review, while the other more "holistic" approach emerging from planners and geographers in the context of the ESDP. These will be discussed in turn.

Midterm review: going back to basics

In late 2004 the report of the High Level Group chaired by former Dutch prime minister Wim Kok on the progress towards Lisbon came to a predictable yet disappointing conclusion: Europe still had a long way to go to meet its goals to become the most competitive knowledge economy by 2010. Rather than admit defeat, the report stressed that implementing the Lisbon strategy is more urgent than ever: the problem will only intensify as time passes. Part of the problem was that too many additional policy aims were attached to the original Lisbon strategy: "Lisbon's overburdened list of policy objectives has obscured the importance of these actions which can drive productivity growth" (European Commission

2004 European Competitiveness Report, p. 10), rather than being the source of this R&D. A similar conclusion was drawn empirically for the Netherlands by Raspe *et al* (2004).

2005: 13). In response, the report proposed that attention be drawn to the following (Kok 2004: 6):

- *The knowledge society*: increasing Europe's attractiveness for researchers and scientists, making R&D a top priority and promoting the use of information and communication technologies (ICTs);
- *The internal market*: completion of the internal market for the free movement of goods and capital, and urgent action to create a single market for services;
- *The business climate*: reducing the total administrative burden; improving the quality of legislation; facilitating the rapid start-up of new enterprises; and creating an environment more supportive to businesses;
- *The labour market*: rapid delivery on the recommendations of the European Employment Taskforce; developing strategies for lifelong leaning and active ageing; and underpinning partnerships for growth and employment;
- *Environmental sustainability*: spreading eco-innovations and building leadership in eco-industry; pursuing policies which lead to long-term and sustained improvements in productivity through eco-efficiency.

It is interesting to note that while the original Lisbon strategy called for "more and better and greater social cohesion" this concept is conspicuously absent from the recommendations.[2] The concept of sustainability is likewise delegated to the last point in the list, and is mentioned as a vehicle for economic growth rather than promoting sustainability in itself. Bluntly stated, the Kok report is a recipe for bolstering the strongest economic powers in the interest of creating maximum competition for Asia and the United States.

Territorial cohesion: a spatial "third way"

In 1999 and after about ten years of negotiations, ministers of planning from all the member states signed the European Spatial Development Perspective (ESDP). Although this is a non-binding document (the EU still has no formal authority to engage in spatial planning) there existed broad political consensus regarding the prime objectives, particularly the concept of polycentricity. The aim of achieving "sustainable spatial development" — not so very different from the wording of the Lisbon strategy to achieve "sustainable economic growth"

[2] When the report does mention cohesion, it is in the context of competitiveness: "It [Lisbon] wants to embed Europe's commitment to social cohesion and the environment in the core of the growth and jobs generation

— was elaborated in the ESDP in the following manner (Committee on Spatial Development 1999: 10):

- Economic and social cohesion;
- Conservation of natural resources and cultural heritage; and
- A more balanced competitiveness of the European territory.

Regarding the third point, the concept of polycentricity was used to strike a middle ground between concentration of economic activity and growth and fairness or equity. One of the spin-offs of the ESDP was the founding of the ESPON programme to investigate matters of polycentricity, urban-rural relationships and the like. Meanwhile, the concept of "territorial cohesion" was introduced into the constitution and championed by the Dutch and Luxemburg presidencies as a competency of the European Union.

Although the ESDP and the Lisbon strategy relate to somewhat different issues, they both carry with them divergent normative ways of conceptualizing and realizing a certain future. For this reason, they have been selected as the philosophical groundwork for elaborating two of the four ESPON 3.2 scenarios on the European economy.

5 A note on scenario selection

The scenarios that were created in the context of ESPON 3.2 are of the *prospective policy type*. This means that the independent variable is EU policy. For this reason, much attention will be paid to the decision to adopt a particular kind of policy strategy, the various measures implemented to this end, and, finally, the impacts these may have on social and economic cohesion and spatial development. Because the intent is to examine the effects of different policy directions, as many ancillary variables will held as constant as is possible. In all scenarios it will therefore be assumed that globalisation, that is the ongoing intertwining of international networks and economic relationships, will continue to increase. In addition, the rise of the knowledge, information or creative-class economy will also be assumed to continue in each scenario. Finally, that the EU agricultural budget will continue to be reduced under pressure of budgetary constraints, environmental concerns and successive WTO negotiations.

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process so they are part of Europe's competitive advantage … The wider macroeconomic framework, both the pursuit of monetary and fiscal policy, must be as supportive of growth as possible" (Kok 2004: 16).

The logic of the scenario selection is linked to that of the Lisbon strategy to become "the most dynamic and competitive knowledge-based economy in the world" with "greater social cohesion." Accordingly efficiency/competitiveness comprises one axis and equity/cohesion another, creating four distinct policy scenarios. These have been elaborated as follows.

1. High efficiency/competitiveness — low equity/cohesion (Best Foot Forward)
2. High efficiency/competitiveness — high equity/cohesion (EuroTigers)
3. Low efficiency/competitiveness — low equity/cohesion (Balnibarbi for the Balnibarbians)
4. Low efficiency/competitiveness — high equity/cohesion (The Beaten track)

Figure 1 Scenario overview

Bearing in mind that the original idea behind the Lisbon strategy is economic growth rather than social cohesion and the environment, only two of the four economy scenarios will be worked out in detail, one where the "back to basics" approach described in the midterm review is dominant (best foot forward), and one which strives for growth in the context of "territorial cohesion" as understood in the ESDP (EuroTigers).[3] The presentation includes a short recap of the motivation behind the scenario, the political context, and the

[3] The Balnibari scenario, for example, is less interesting because it involves more of an abandonment of collective effort at the EU level with a reversion to national strategies, and "the beaten track" scenario sacrifices competitiveness for cohesion, which is both unlikely given the present political situation and against the main philosophy of the Lisbon strategy.

implementation strategy (limiting itself to the three policy areas discussed above, namely regional, R&D and competition).

6 Scenario 1: Best foot forward

As stated, the measures proposed in the midterm review of the Lisbon strategy (Kok 2004) comprise the points of departure for the "best foot forward" scenario: the knowledge society, the internal market, the business climate, the labour market and environmental sustainability. The main priority is to catch up with the US and the Far East with respect to competitiveness and growth. EU investment will go mainly to high-tech and competitive sectors of the economy and be directed away from cohesion and agriculture.

Political context

The stark mismatch between the bold Lisbon ambitions and sluggish economic growth comprise the backdrop of this scenario. The main countries behind the "best foot" philosophy include the United Kingdom, Austria, the Benelux, Sweden, and Finland — and particularly the business sector in these countries. Sympathisers but not overt proponents include France and Germany as both countries contain some elite regions, but also some clearly lagging ones as well (Britain, despite the fact it clearly has lagging regions, also has a more liberal tradition than Continental countries). Countries such as Italy are divided on the issue, whereas Ireland, Spain, Portugal and Greece are opposed on economic and ideological terms (all have experienced the benefits of cohesion policy). Interestingly, the new member states join the "best foot" coalition, transcending narrow short-term gains, because it resembles a US-style strategy, which, more than the Western European model, is seen as preferable for achieving economic growth. Moreover, the citizens of Europe seem convinced of its necessity: according to the *2004 Eurobarometer Report*, for example, "European public opinion is ready for solutions in order to foster growth and address crucial issues like unemployment or the future of pensions" (European Communities 2005). Public opinion also shows that a "vast majority" believe that a knowledge-based society is the best way to deliver this, placing pressure on the European Parliament.

Content of strategy

The strategy entails massive injections of funds into technology development, education in hard sciences, support for ICT infrastructure and the like in order to bridge the investment gap with Japan and the US in terms of per capita GDP (both public and private investments). The "best foot forward" is an intensely pro-EU strategy, as the European level will be relied on to deliver many of the changes via regulation and financial support. It is also emphatically Europhilic in nature as it wishes to champion the best aspects of Europe, allowing the EU to act as a beacon for the best minds on the globe.

Since the ultimate goal is to attract, retain and put to use the world's best human capital in the knowledge economy, additional investments will be required to enhance the quality of facilities and amenities in Europe's most competitive regions. This means that the European Union must "ensure that our universities can compete with the best in the world" (European Commission 2005: 9). Specific measures include the creation of a European Institute of Technology as mentioned in the midterm review (Kok 2004: 22). However, the "best foot forward" strategy goes further than this: funds are directed to disseminating an image of Europe's elite universities as a unified alternative "ivy league" rather than an archipelago of excellence, as they are now commonly perceived. Educational credentials are standardised and streamlined throughout Europe, and rankings published regularly according to the "name, fame and shame" method. The most successful institutions rewarded with "EU top" status, entitling them to additional funding and other benefits. The latter include, for example, preferential treatment in land-use conflicts regarding physical expansion where the EU has jurisdiction (Natura2000, environmental standards, state aid), relaxations of immigration laws in order to draw top professionals and students, and programmes for benefit packages (subsidised travel and housing schemes) for students and staff. Additional funding would be earmarked towards research facilities and networking activities designed to attain spillovers.

Sectoral implementation

For each scenario, a short description will be provided of the way in which the three Lisbon-oriented policy areas described earlier have been tailored to fit the chosen scenario strategy.

Regional policy: in "best foot forward," the Structural Funds will retain their importance, but will be employed strategically towards supporting initiatives that facilitate the creation and maintenance of elite regions. Funds to assist innovative firms in areas with dense knowledge networks are included in regional policy under the motto "linking innovative potential to geographical advantage". With respect to allocation at the regional level, aid is linked to the proven ability to fulfil the Lisbon objectives. Consequently, the regions receiving aid are displayed on the ESPON map below regarding past achievements (ESPON 2005: 29).

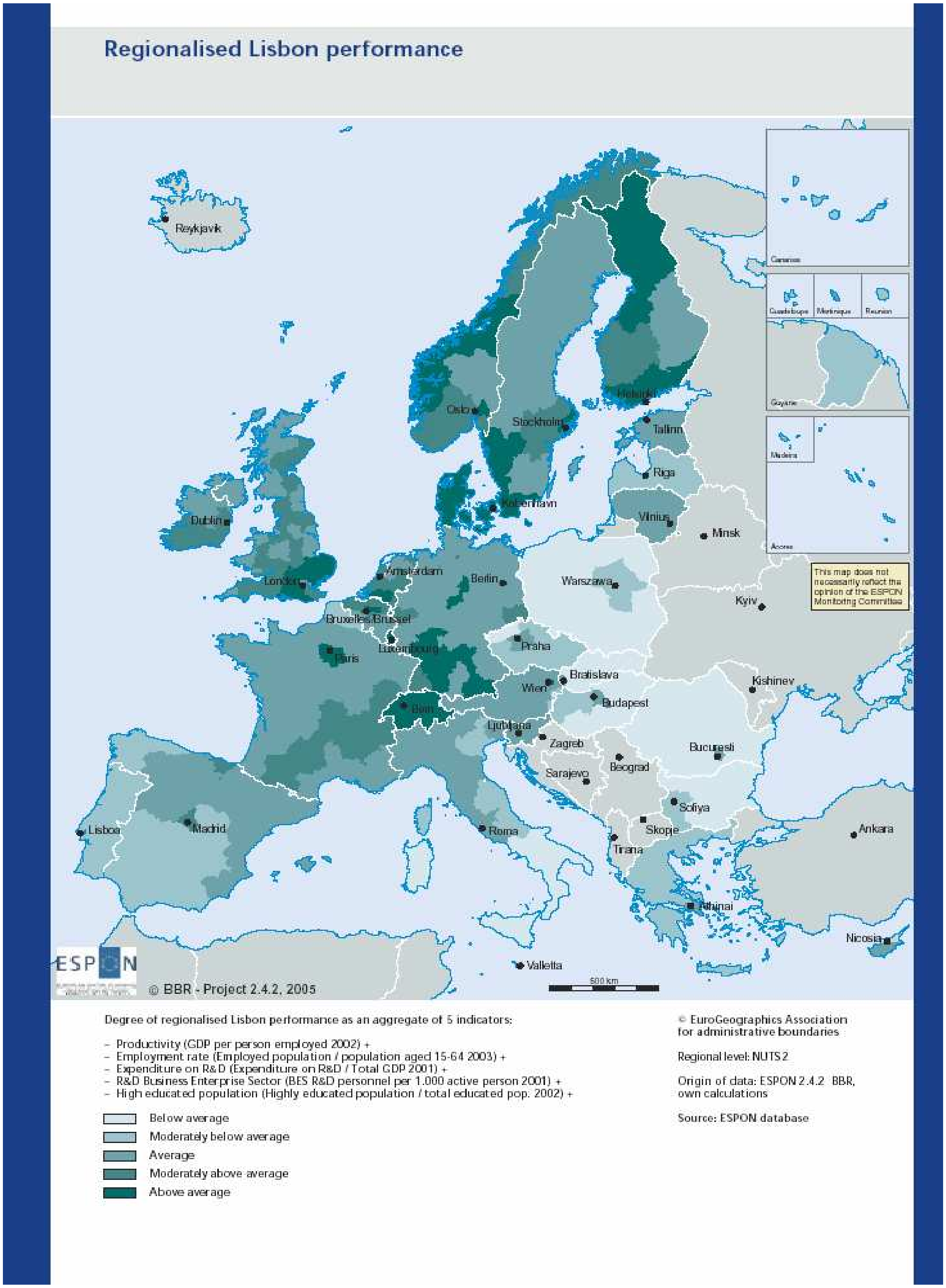

Figure 2 Regionalised Lisbon performance: potentials for 'Best foot forward'

R&D policy: this is one of the most vital spearheads for the Lisbon strategy, and hence this scenario. Budgets of the Framework Programmes are increased dramatically, infused by links to the structural funds and CAP reductions (ESPON 2.1.2 2004), allowing the EU to meet and even exceed the R&D Lisbon targets of 3% of GDP. The theme of the previous Framework Programme (FP6: Information Society Research) will be carried on into the future in this scenario indefinitely. Funding for R&D will be awarded to proven ability to carry out the most advanced research in the world, and consequently is mainly directed to a select number of large multinational companies and universities.

Competition policy: in "best foot forward" efforts are stepped up to make the Single Market more dynamic. This entails better coordination between regulatory and competition policies to encourage market access for new entrants and to introduce a more pro-active policy to support labour mobility. State-aid regulations will be lifted for certain kinds of industry, particularly knowledge-intensive small business start-ups. This was already the thrust of "Working together for the Lisbon Strategy" (European Commission 2005: 8) but is intensified in the "best foot" scenario. On the other hand, state aid will be strongly discouraged if it interferes with or inhibits private-sector investment. The EU has to remain vigilant that promotion of elite organisations and sectors does not stifle healthy competition, and therefore existing anti-trust legislation and rules on public procurement remain vigorous. This scenario also calls for intensifying the freedom of movement of jobs, labour and capital in Europe, starting with the liberalization of the services sector.

Hypothetical impacts

Before discussing the spatial impacts of the scenario, a few words need to be said about the current territorial distribution of the economy. Europe displays a higher degree of regional economic differentiation than for example the United States. This will affect the prospects for implementing the Lisbon strategy as some regions are better positioned to compete in the global sphere and some are more likely to effectively translate public funding into increased competitiveness. At the highest level of scale a few large developmental blocks can be identified which can be worked out into a few typologies.

- *Pentagon and periphery*: this is to a large extent geographical, but there are certain regions within the Pentagon that exhibit peripheral characteristics (rural France) and some areas in the periphery that function as Pentagon regions (Southern Scandinavia).
- *North/South divide*: this is still visible, but some Southern (Mediterranean) regions are catching up partly due to sustained injections of structural funds; not as fast however as Ireland.
- *East/West divide*: during the cold war, this was the most important division in Europe. The markets opened in 1990 to foreign trade but this was managed on an ad hoc basis until the 2004 EU membership guaranteed free trade. These member states are characterized by low GDP in absolute levels, but high growth in some areas.

Since the central regions (Pentagon) are currently the main driving forces and carriers of Pan-European growth and competitiveness, most of the investments are directed to these areas in "best foot forward." These are also the regions with the highest level of "creativity" as understood by Florida (2002). EU subsidies will therefore be provided for improved infrastructure in the Pentagon (to counteract congestion) and to dynamic companies and organizations engaged in the knowledge economy. Information and resources would be pooled in order to construct a powerful MegaEuroRegion with the critical mass to attain and remain at the top of the world knowledge economy.

Regarding the effects, while economic growth in Europe as a whole is expected to become more dynamic as Europeans begin to dominate the higher echelons of the knowledge economy, this will be accompanied by growing regional (but not necessary national) disparities. Larger metropolitan areas with sufficient facilities will profit from the shifts in EU policy. At the same time, less populated regions will decline further, especially in the Eastern and Southern periphery. It is also likely to contribute to additional pressure on the existing transport infrastructure in the Pentagon, and will probably result in higher pollution, particularly in the Randstad-Brussels corridor where additional economic activity is accompanied by a relaxation of some environmental standards.

7 EuroTigers

With the subsequent enlargements the European Union became ever more heterogeneous; this was most pronounced in the 2004 enlargement. Heterogeneity poses, without doubt, a threat to community governance, but simultaneously it is an opportunity. If it wishes to retain its credibility, the European Union has to apply a more differentiated approach to countries and regions being in very different situations and at rather different development level. This is where a spatial approach has added value. Following the tenets of the ESDP, this scenario seeks to implement the Lisbon strategy using strategic territorial indicators. Rather than concentrate funds on the existing elite as in "best foot forward", these will be targeted to regions with growth potential in proportional terms spread throughout the Union: EuroTigers. The philosophy is that competitiveness does not necessarily have to come at the expense of cohesion. Like "best foot forward" the most lagging regions are largely "written off" as having little promise for improving the EU's competitiveness.

Political context

The midterm review of the Lisbon strategy is published a few months after the 2004 enlargement, setting a tone of urgency for all member states. The "lack of commitment and political will" signalled in the report becomes a rallying call for banding together to ensure that Lisbon becomes a reality. In order to raise the necessary political support, a strategy is devised to unite old and new member states stressing the complementarity of competitiveness and cohesion. Ireland is held up as a "EuroTiger", a shining example of successful use of structural funds, and a model for the new member states. Its progressive stance on intra-EU migration is also praised. The idea that value-for-money in European level investment requires a strategic polycentric approach rapidly wins political ground in Lisbon as it did a decade ago for the ESDP.

Content of strategy

The essence of the EuroTiger strategy is to identify specific areas and sectors that hold the most promise for rapid and sustainable economic development. Unlike "best foot forward" these are not necessarily the elite. EuroTiger proponents view devoting resources to the best performing areas as conceptually flawed. On the one hand, they already have such formidable resources that any extra support provided by the EU would be very small in proportional terms. Moreover, since these top-performers are already successful (by definition), they most likely will have enough momentum to remain competitive without EU assistance. The EuroTiger strategy, in contrast, seeks out instances where the EU can make a decisive contribution. The principle is akin to that of regional policy where funds are only given as a critical extra push for a project, rather than comprising a significant share of the total costs.

Sectoral implementation

As before, a short description will show how the three Lisbon-oriented policy areas described earlier have been tailored to fit the chosen scenario strategy.

Regional policy: the tenets of the policy proposed in the *Third Cohesion Report* (2004) are largely consistent with the EuroTiger strategy, insofar that both competitiveness and cohesion are objectives. However, EuroTiger goes further in linking the two, taking full heed of the recommendation of ESPON 2.1.2 (2004) to facilitate coordinated implementation of regional and R&D policy. The same report has shown that R&D investments in less developed regions may deliver more value-for-money as the impact on accelerating the "catching up process" is greater. These investments would be aimed at allowing regions to realize their potential by means of providing the necessary infrastructure (transport and ICT). Geographically, the regions poised to receive the most Lisbon-based structural funds are those whose economy is best equipped to make the most of the investment towards Lisbon. These are not necessarily the best performing regions as in the previous scenario. The areas displayed in the map below (ESPON 2005: 19) give some indication of which regions are potential EuroTigers. The darker colours show where recent growth has occurred, and the various MEGAs (Metropolitan Growth Areas) indicate areas where enough critical mass exists to take up funds to the end of stimulating the knowledge economy.

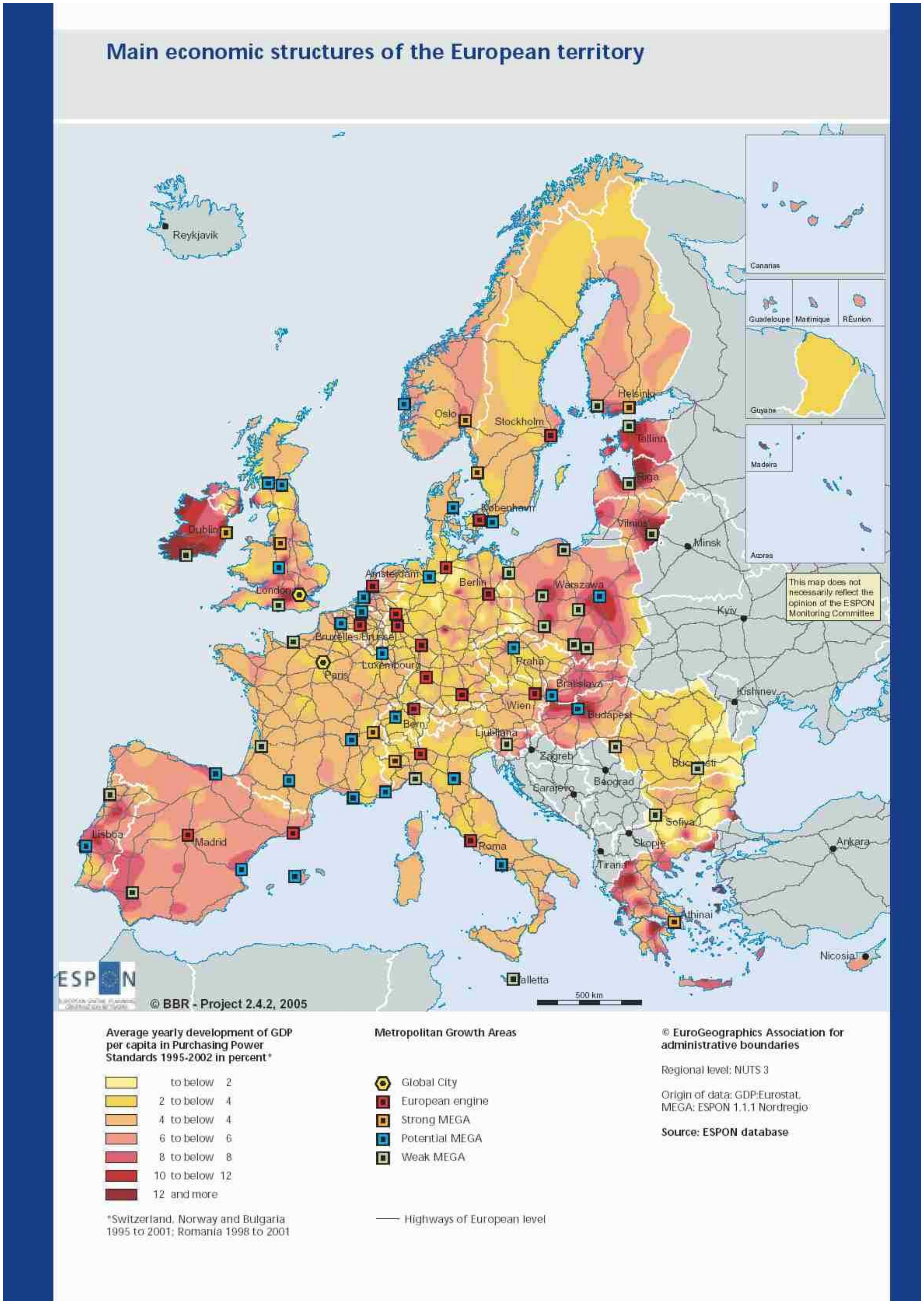

Figure 3 Main economic structures of the European territory: potentials for 'Euro Tigers'

R&D: like the previous approach this scenario provides for additional investment in R&D. However, more attention will be paid to supporting the most dynamic sectors and regions, rather than the strongest ones. With regard to the Framework Programme, an evaluation of FP6 showed that it was “almost impossible” for SMEs to participate in the “Networks of Excellence” programme and that it was particularly difficult for newcomers to become partners (Marimon 2004). In EuroTigers, this problem is remedied with specific measures to ensure that new and smaller organisations also reap the benefits of EU R&D policy.

Competition: as in “best foot forward”, internal market rules (including public procurement) are rigorously applied as the development of new markets necessitates unobstructed flow of capital and labour. Markets must not be distorted with national state aid (usually to failing industry), but instead aid must be given at a EU level with the goal of acting as a catalyst to allow promising new businesses to gain their footing.

Hypothetical impacts

Like in spatial development, the motto is that polycentricity constitutes the golden mean between equity/welfare and efficiency/redistribution. This has the clear advantage of broadening the base of political support for the strategy, seen as a prerequisite for the implementation of the Lisbon strategy (European Commission 2005: 12).

This scenario envisions the implementation of the Lisbon strategy as formulated in 2004, with reference to cohesion and sustainability. There is an obvious link to be made between these economic ambitions and the three-pronged strategy of the ESDP regarding sustainable spatial development. For this reason, the concept of polycentricity is well adapted to the EuroTigers strategy. The outcome of the scenario is slightly higher total GDP growth than the “best foot forward” scenario and considerably higher growth than the next two scenarios. This is because of improved effectiveness of stimuli. The effect on territorial cohesion will also differ from the previous scenario. Here, it is expected to increase at the macro level (rather than decrease) but decrease at the meso level.

8 Conclusions

The two scenarios represent extreme variations of how to implement the Lisbon strategy, derived from current policy discussions and linked to a logical framework. It is doubtful that one or the other scenario will become a reality, and that Lisbon implementation is more likely to incorporate a mix of both strategies. In addition, now that we are looking to the actual future, attention should also be drawn to the two ESPON 3.2 scenarios that were not addressed in the paper (both of which entail the lack of Lisbon implementation) because they too have probabilistic elements. The “Balnibari” scenario, where the importance of the EU as a whole diminishes suddenly became more plausible following the results of referenda on the European Constitution this summer. Regarding the other “beaten track” scenario, the notion of “cohesion” is still very central in European politics, and the budget of Objective 1 of the structural funds still eclipses that of R&D. Moreover, a winning coalition of new member states and previous net-recipients is also conceivable to push through such a strategy. So, this word of caution should be borne in mind when considering the results of the scenario exercise on Lisbon implementation.

Some interesting points arise when “best foot forward” is compared to “EuroTigers” in terms of economy, ecology, society and geography. “Best foot forward” seemed to make a more convincing case when it came to realizing the best knowledge-based economy, but then for a rather select few. If there is little spin-off, this could still be a suboptimal model in terms of total economic growth. This raises a fundamental question: is Lisbon successful if Europe has the best R&D and/or creative class for a narrow elite, or is it preferable for Europe to be more competitive as a whole in the new economy? In any case, it is rather safe to say that “Best foot forward” would create more inequality, not only socio-economically, but geographically as well: the core of Europe would prosper and the periphery would be neglected. This problem was resolved in EuroTigers: polycentric development would entail that every corner of Europe would have at least one major growth centre. If the strategy delivers what it promises, there would be even more economic growth than in “Best foot forward” since the funding would be used more efficiently: as a catalyst, and not as fuel. This fact, in itself, should serve as a basis for reflection on the validity of the arguments put forward by the Kok report.[4]

Finally, neither scenario seems to be definitively preferable in terms of the environment either. Whereas the first would probably produce higher levels of concentration of pollution,

[4] On the other hand, of course, the criteria for gaining funding in EuroTigers are necessarily more complex, and therefore more susceptible to political manipulation and corruption (even the relatively straightforward cohesion

the longer distances between growth centres in "EuroTigers" could compensate for this. This leads us to the rather dubious conclusion that the strategy based on the ESDP — where sustainable development is a guiding principle — could conceivably be the more environmentally unfriendly option.

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