THE FUTURE OF EUROPE. AND ITS TERRITORIES?
A RESPONSE TO THE EC WHITE PAPER ON THE FUTURE OF EUROPE

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In March 2017, the European Commission (EC) published a White Paper on the future of Europe. The White Paper presents five scenarios, reflecting five possible paths that the European Union (EU) can take to shape its future. The White Paper ignores the effects that these scenarios might have in regions and cities. In this paper we point at some possible territorial implications for each of the five scenarios presented in the White Paper on the future of the EU. The aim is to raise awareness that territory still matters when designing desirable futures for the EU and its citizens.

The territorial implications presented in this paper are based on a series of internal discussions among the members of the Spatial Foresight team. They are not based on intensive data analysis, nor do they present a final assessment; they are meant as a territorial food for thought.

Summary of key messages

The future of the EU impacts on development potential and challenges of regions and cities. Every scenario concerning the future of the EU has different territorial implications and different consequences in terms of territorial cohesion. The EC White Paper on the future of the EU lacks a reference to these territorial implications and their inextricable link to EU policies.

Every scenario of the EC White Paper has different territorial implications. In scenario 1 (carrying on) we probably see that the current territorial imbalances will remain for a foreseeable future and may even deepen as especially larger metropolitan areas thrive. In scenario 2 (nothing but the single market), territorial diversity in Europe will flourish in terms of increasing disparities between Member States and most likely – at least in the less affluent Member States – also between regions. The increasing diversity and disparities concern economic, social and environmental situations. In scenario 3 (those who want more do more), it seems that we will have a multi-speed Europe of different functional geographies. Most possibly with a core (with more integration in several EU policies) and fringes (accessing selected EU policies of their interest). Territorial disparities will grow between the core and the fringes and probably deepen considerably between regions in the fringes. In scenario 4 (doing less more efficiently) we may see decreasing socio-economic divergence between EU Member States. Depending on national policies put in place, in some countries regional disparities may increase while they decrease in others. Last but not least, to a large degree the territorial pattern of scenario 5 (doing much more together) may offer the prospect of increasing cohesion between Member States, accompanied by the risk of increasing disparities between regions.

Considering the scenarios' implications for economic, social and territorial cohesion is a must. The territorial balance within Europe and the development challenges and opportunities of regions and cities differ between the scenarios. Forthcoming discussions and policy debates on the White Paper and its scenarios would benefit from including territorial impact assessments at EU level. It is obvious that there is need for further research and dedicated use of the pan-European territorial knowledge and indicators available.

Every scenario needs a corresponding territorial scenario to discuss desirable futures. Only if scenarios and visions for the EU reflect and correspond to both institutional and territorial futures, a coherent debate on the future is possible. This will also help to better understand the political and social dimension of Europe.
By way of an introduction: Whoever has visions should see their doctor¹

Talking about the future of Europe seems to be the new trend. It is covered in the news, it has been taken up in different initiatives, it is discussed in numerous events and argued in everyday small talks. The cherry on top is of course the EC White Paper on the Future of Europe published in March 2017.

The White Paper presents five scenarios for the EU27 by 2025. First foul. We talk about scenarios, i.e. plausible descriptions of how the future might develop, based on a set of assumptions. It is not about visions, aiming to define a desirable picture of the future.² This White Paper mainly serves as a food for thought, to initiate a debate, rather than propose plans or recommendations. Second foul. White Papers usually also contain proposals for actions. This one lacks answering how these scenarios can be realised. Third foul, almost punishable with a red card. Territory does not matter anymore, although the importance of the territorial dimension of EU policies has been advocated for years, and territorial cohesion is included in the Treaty, the prospects for regions and cities have not been considered for the most crucial upcoming debate: The future of the EU. Lastly, fourth foul. No concern to the new phase of globalisation at our doorstep, where no individual EU country, neither Germany, France or Italy, is big enough to be successful alone and greater unity appears to be inevitable for the EU’s future political and economic role in the world.

How will different regions be affected if the 2nd scenario is pursued? What can be the territorial implications of scenario 3? Will more imbalances be the result or the opposite? Are certain parts of the EU territory supposed to be in a favourable position? Can we think of what kind of regions will be affected and how? Can we talk about specific cities being winners and losers? What should the EU do to ensure efficient trade corridors and gateways for the integration in the future world market?

Answers to these questions might lie with the territories and they can still make the difference. In this paper, we try to look closer at possible effects on different territories.

Scenario 1 – Carrying on my wayward Union³

Scenario 1 rather illustrates the chronic dissatisfaction of the EU itself. After 60 years of peace, prosperity, growth and development, European citizens, European leaders and European institutions seem somehow dissatisfied with what has been achieved. It is this feeling that EU policies have so much been embedded into our everyday lives that we tend to forget that a lot is actually protected, regulated, formulated by EU laws and EU progress. Sure, there cannot be a way forward without problems, without doubts or challenges. But how do we want to carry on then?

This scenario is about muddling through with 27 Member States. Brexit is now a reality but the impacts of it are yet to be seen. The budget needs to be re-negotiated and probably new priorities to be set. Things will not be at their best, but being a European Union they can improve and develop further, as

¹ Quote attributed to former German Chancellor, Helmut Schmidt
³ Kansas, Carry on wayward son lyrics (adjusted title).
institutions, policies, acting-together-issues will remain in focus. The territorial challenge? Well, regions that already face economic challenges, will continue so, as policies to address such challenges have proved imperfect. Market forces do not do the trick by itself. Also, regions benefitting from EU funding will be reconsidered. As the budget might be less, maybe not all regions will be eligible anymore.

What to do with external and internal crises? Well, probably still hard to manage, as long as they don’t belong to any favourite EU sector policy field. The financial crisis will remain largely unsolved and growing disparities between affected and non-affected regions will stay. Same for the recent migration crisis, where no clear decision will be taken. Dublin III will possibly be re-introduced to avoid future influx of migrants to Central and Western Europe. This would potentially refrain a rise to more support to protectionism in these countries. Nevertheless, first point Member States will host hot spots but with no further support, resulting in bigger disparities. But who knows which external borders may become the next migrant hot spots?

Nevertheless, Cohesion Policy will continue and regions have the chance to improve. Hence, there is hope for more socio-economic convergence at the level of Member States. However, although we might observe disparities to decrease among Member States, at the same time they might increase at regional level, e.g. increasing disadvantages of ‘inner peripheries’. The disparities in economic and demographic growth will become wider between flourishing – often metropolitan regions – and regions where people feel left behind as jobs and increasingly also public services move to other locations. In a way it seems that globalisation and the Single European Market work out more favourable for some territories than for others and that EU Cohesion Policy is able to counterbalance this only to a certain degree.

The good things? A wide range of European policies work towards the benefit of people in all cities and regions, and avoid unfair competition at the cost of, for example, social and environmental standards. European law, citizen rights and protection, free movement of goods, services, people and capital continue, environmental policies are part of the everyday life, movement of labour and no border controls, IT cost harmonisation etc. are in. Plus, we have Erasmus, we have university degrees’ recognition in all Member States, we have European capitals of culture, we have cooperation programmes and we continue taking steps on the so far rather secondary policies, such as migration and security policy.

In short scenario 1 probably means that the territorial imbalances we have at the moment will remain for a foreseeable future, and that especially larger cities might be winners.

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Scenario 2 – Nothing but the Single Market: Proceeding backwards

And this is how we can turn back the time to anno 1957 – or at least an attempt to create a contemporary version of an ‘image of the 1950s’. When the EU was EC and indeed characterised by the Single Market. The Single Market is about the EU being one territory without any internal border or other obstacles for the free movement of goods and services. Fine, things will be more advanced than back then. However, in this scenario the functioning of the Single Market will be the main ‘raison d’être’ of the EU. This means that other policies will be dealt with at the level of individual Member States and will depend on their individual priorities and resources as well as their diplomatic and negotiating capabilities. Other policies comprise e.g. environmental, security, transport, energy policies. As long as they will not serve the objective of the Single Market, probably they will be of a second or of no priority for the EU.

What would this mean? Well, capital, services and goods remain tariff free. There will be easier access to a wide range of suppliers and consumers, lower unit costs, possibly lower prices of goods and faster technological advancement in this case. As for services, freedom to establish a company in another country certainly remains, as well as freedom to provide and receive services in another country.

Although these benefits are spatially blind, their consequences will differ from one territory to another. Regions with highly competitive industries (highly competitive products/services and/or highly competitive salary & tax levels) in Member States with a positive trade balance will have an advantage. In many cases this will be rather urban regions with economically powerful cities, but it may also concern rural regions with globally competitive companies (not only related to agriculture). In short, regions which are home to enterprises open to and integrated in international trade will benefit the most.

All good so far. Then what is the issue? Well, as a dedicated SME policy might not be a priority, smaller companies may find it tougher to remain competitive. Also, on the downside, increasing focus on competition may also imply varying degrees of relaxation of environmental and social standards. As these would be subject to the will of the individual Member States, the level of ambition (e.g. in the fields of environmental and/or social protection) can easily be adjusted to other political objectives. It can e.g. be subordinated to competitiveness. For example, to boost the competitiveness of industrialised agriculture some countries may consider lowering constraints on the use of fertilisers, which would allow larger production and eventually more profit. This could lead eventually in a ‘race to the bottom’ where Member States compete for investments by lowering standards.

In addition, regions with high dependency on EU level support either in financial terms or regulatory protection, e.g. concerning the environment, social standards, RDI maybe more challenged. So, national policies will have to empower all regions in terms of financial assistance and institutional capacity.

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5 https://ec.europa.eu/growth/single-market/goods_en
6 https://ec.europa.eu/growth/single-market/services_en
Taking a closer look at the territorial impacts, firstly one may see increasing disparities between Member States in economic terms as developments towards cohesion are left to market forces, but also in terms of social and environmental situations as they will increasingly be subject to political priorities within the Member States.\(^7\) Secondly, within Member States one risks to see growing disparities. Most probably metropolitan regions and/or capital cities will be more advanced in innovation and employment opportunities as forerunners in trade and external trade relations, and highly innovative regions will grow more than others. At the same time, peripheral and rural regions distant from stronger regions and larger cities might see population and activities draining – unless effective national policies are put to support the development of lagging regions.\(^8\)

In short, territorial diversity in Europe will flourish in terms of increasing disparities between Member States and most likely – at least in the less affluent Member States – also between regions. The increasing diversity and disparities concern economic, social and environmental situations and stands in contrast to the EU territorial priorities emphasised since the 1990s.

But we can still have the Cohesion Policy one could argue, correct? Wouldn’t be so sure about it. The EU Cohesion Policy budget could be used for developing niche and expertise on new products, or creating more SMEs, or invested in policies and subsidies that can promote trade at lower prices, to increase global competitiveness. Besides, who could really argue for Cohesion Policy? In that scenario, probably some of the EU institutions might no longer be necessary, let alone to advocate Cohesion Policy. As a first thought, possibly institutions with close connection to regions’ or citizens’ needs may become irrelevant.

Ok, but what about free movement of labour and people moving to the regions and Member States where they find jobs? Honestly, forget about it. Finding an agreement on new common rules on the mobility of workers and all this among 27 Member States, which want to increase employment in their own countries, will be tough. Plus, probably there will be time consuming border controls again. Thus, cross-border commuters and travellers will be challenged as will be current cross-border cooperation. Hence, regions now depending on commuting highly skilled employees will possibly also be at risk.

Any survivors? Probably these will be regions with a critical mass that generate enough tax income to sustain their public obligations and stay attractive for citizens.

**Scenario 5 – Doing much more together: A utopian integration?**

This is the call-me-dream-big scenario. Member States share more power, resources and decision-making. In other words, there is more integration and potentially more solidarity. There is

\(^7\) Parts of such a development are addressed in the trends concerning renationalisation in Kai Böhme et al., ‘Looking towards 2030: Preparing the Baltic Sea Region for the Future’ (Stockholm: Swedish Agency for Economic and Regional Growth (Tillväxtverket), 2016).

representation of the EU as a whole by one seat in all international forums, a European Defence Union is decided and created, European Parliament takes a stronger role in shaping everyday life. Too good to be true? Or even naïve? In the long run this can imply: greater coordination on fiscal, social and taxation matters, better response to crises and citizens will have more rights deriving directly from EU law. More attention to the balance between different parts of the EU territory and the living conditions offered to citizens, and dedicated efforts to create tailored development dynamics in different types of regions based on evidence. Various thematic unions might develop, possibly adding to the digital and energy union also the social and employment union etc. Shouldn’t that already be somehow in place? Well, giving away too much of your national rights is all but easy.

For regions and cities that already are highly integrated in European networks or have players that are well integrated this scenario has more to offer to them. Also, regions that already apply much of the EU regulations will be among the winners. So, to a large degree the territorial pattern of this scenario may resemble increasing cohesion between Member States while there is a risk for increasing disparities between regions.

However, doing more together, can also hold opportunities for actions decreasing regional disparities in Europe. If played well, finding common answers to an increasing number of challenges currently addressed by Member States individually may foster consensus and a broader inclusion of all cities and regions in the European integration process. In a distant future, this may stretch as far as shared social security and healthcare systems and a stronger geographical decentralisation of functions. Add to the idea of an ever deeper Union, a focus on polycentric development which allows to discuss investments and fair access to services of general interest for example, in terms of a balance between European cities and regions rather than Member States.

Maybe closer at hand, a stronger Neighbourhood Policy might enter to place, while the introduction of an effective EU migration policy could be possible. This could allow the Union to act independently of other neighbouring countries on such issues. Hence, regions currently facing challenges due to the migration crisis will see opportunities – or solutions.

The Schengen Agreement will be enforced and applied to all Member States. Thus, we might see more mobility of students, researchers and professionals. Regions with high levels of unemployment can possibly benefit from labour mobility and its remittances, but on the other hand will face increased brain drain. So, competition between regions to be attractive may become tougher, not just within Member States but also among them. Furthermore, regions that depend on large shares of labour from other EU countries and regions might ripe more benefits. This also entails the risk that mobility is mainly used by the ‘intellectual and economic elite’ and possibly forced on people working in sectors where only minimum levels of education are required. The majority of the middle class may still stay apart from this mobility.

And would any other Member States be challenged? Certainly, those being more hesitant about giving part of their national rights. These will have to take a big decision on whether a unified system in terms of social, economic and environmental values, is valued more than their own national reference framework. Also, regions with low levels of economic activity will have to put stronger efforts to catch
up with more advanced regions and still risk to be drained (at least if EU policies fail to empower them to turn around). This might lead to further disparities within Member States and unfair competition.

Scenario 4 – Doing less more efficiently: The fast and furious

According to this scenario, we just do as we can. It looks like an extended version of scenario 2 (nothing but the single market), where the main focus will be on policies concerning a better functioning of the Single Market and European security, while other policies will be phasing out. In scenario 4, the EU Member States will decide on a number of policies to be dealt at EU level, while there will be reduced or no resources dedicated to other policies. Sure, it will take time and lots of efforts to decide on which policies to move forward together. However, once this is done, then decision-making at EU27 level will be quicker and more decisive than now. So, depending on the policies at stake, this is the most uncertain and unclear scenario.

Thus, we can see more action in fields where promises can be kept, e.g. on innovation development or trade or border management. Common policies will be established around these topics, having possibly a large share of the budget, concrete goals and tangible achievements. The gap between promises and delivery will thus be closer. To make it rather straight: Regions with highly competitive industries, i.e. highly competitive products, services and/or highly competitive salary & tax levels in Member States with a positive trade balance are to be the main winners. Regions that can develop on their comparative advantages and adjust these to the new priorities. An example? Environmental policy: Regions with lower environmental or social standards might become more competitive. Another one? Schengen Agreement: Regions with low unemployment and with a hesitant attitude to welcoming new citizens might benefit, as possibly there will be increased border control and lower labour mobility. Furthermore, there will possibly be more cooperation on border management and policies alike. Overall, we will see a convergence among Member States but that will also depend on the national policies and on the decided EU policies. The developments may help places, which are home to strong players in the global and not only European market. So, more European metropolitan areas may actually have a chance to position themselves as global cities.

Now, for regions with high dependency on EU level support in several policies, the future might depend largely on national policies put in place to substitute EU support. Depending on the policies that will be put forward, some of the regions might lose financial or institutional support on a number of policies. And possibly less would be taken forward on regional development or social policy or public health. As Cohesion Policy will most likely be abolished, regions depending on it for crucial investments or combating negative impacts of the Single European Market will tend to lose. Also, regions with low levels of economic activity, or activities not fitting with the new priorities, risk to be drained. This is because the areas of focus will be limited, and regions will need to adjust to the new priorities. Inequalities among Member States might rise, depending on the uptake of the new policies’ focus. Regions with geographic specificities will also be challenged. Most probably no specific policy will be designed for them at EU level, as they will not be a priority for the whole EU. Policies on social inclusion, regional policy, education, labour mobility may be simply put on stock. The question remains what to do with institutions that deal with these. Possibly they will follow the same fate as in scenario 2 (nothing but the single market) and disappear. So, we may see decreasing socio-economic
divergence between EU Member States and depending on national policies put in place in some countries regional disparities may increase while they decrease in others.

**Scenario 3 – Those who want more do more: The survival of the fittest**

Or rather the scenario of applying flexible geometries. More flexibility and faster decision-making is here to be expected. The EU is sometimes criticised for not being flexible enough, although the question remains on what kind of flexibility is needed. Here, we most likely may see a EU of different speeds which successively will turn into more distinct groups of countries. These will most likely concentrate in a core EU with tight cooperation on most matters, as e.g. in scenario 5 (doing much more together), mainly regarding the euro zone area; yes, including Greece. Apart from the core, there will possibly be one or two peripheral fringes of countries mainly interested in accessing the Single Market and possibly a few other policy areas. Something like scenario 2 (nothing but the single market) or scenario 4 (doing less more efficiently). One fringe could be for example Northern Europe (Sweden and Denmark) which would be interested in taking part in the Single Market and also in other policies such as environmental policy. Another fringe could be Central and Eastern Europe. Member States that have already expressed their doubts about the EU integration and would like to only be part of the Single Market. In this case many more far reaching EU policies, such as the Schengen Agreement or Cohesion Policy might exist in different versions in the core and fringes.

Disparities between the core and fringe(s) will become more pronounced and most probably also increase.

Within the core, there will be convergence at the level of Member States. There is also a possibility for convergence between regions (depending on EU policy focus). Regions will act together to address common challenges and there will be high levels of integration among the Member States of the core. Possible effects can be that a Common Security and Defence Policy will be strengthened. Cohesion Policy will be reinforced and more tailor-made. Full integration at all levels could be achieved.

Within the fringes, there will be divergence between Member States, but there is a possibility for convergence between regions, depending again on the focus of national policies (as outlined in scenario 2). The fringes will not benefit from Cohesion Policy, common environmental standards or common civil rights, but rather leave these competences at national level.

Disparities might increase between core and fringes, as different labour market rights might be introduced or lower environmental standards, which would make the fringe markets more attractive but not ‘socially adequate’. There will also be preferential links or agreements between the Member States that do more, while barriers and obstacles will be introduced toward the fringes.

As for the EU institutions? Well, the core might give a stronger role to the European Parliament and possibly the European Committee of the Regions and other institutions. Nation states of the core will give more of their rights to the EU which step by step overcomes its democratic deficits. The fringes will possibly participate in the decision-making, where relevant and at the level of ministers at Council meetings. Decision-making might be faster and more definitive across the different states. This will
apply to both core and fringes. This future development will function as a multispeed Union, where each region or the Member States would pick and drop its desired fruits.

**To conclude, “…don’t tell me there’s no hope at all, together we stand, divided we fall”**

No matter where the discussion about the future of Europe will end up, the EU finds itself at a crossroads. Any decision will be crucial for the territorial balance between cities and regions across the EU. The starting point of all scenarios is that EU27 continues together as a Union. This also impacts on how citizens will perceive the EU in the future.

We can definitely imagine various other futures for the EU. Both as concerns institutional settings and policies to be dealt with at EU level. Every possible scenario for the future will again come with different implications for different regions in Europe and thus moves the perspective for territorial diversity and cohesion in one way or the other. In this paper we did not try to do a thorough analysis of all aspects affecting the EU and its citizens. At least not yet. We simply tried to recall that every decision concerning the future of the EU has territorial implications.

This inextricable link between policies and territories seems to be neglected in the five scenarios presented in the EC White Paper. Still, it is important to consider the implications the scenarios have on economic, social and territorial cohesion in Europe. Territorial impact assessments of each scenario are therefore inevitable ingredients in a meaningful debate. This is not just because economic, social and territorial cohesion are objectives mentioned somewhere in a Treaty. They actually stand for the need to keep on board all parts of society regardless in which region or city they live (see box below).

*Solidarity is crucial for keeping the Union together.* The European Social Model assumes a certain level of solidarity also with regard to the territorial dimension. Therefore the cohesion of the territory is of utmost priority. This may even be a more central issue for the EU than it is for nation states. Since the EU is not a state but rather a union of Member States its ‘territory’ must be defended in other ways than that of a nation state. The acceptance of the Union is central at all times and at all levels. The Territorial Cohesion of the Union cannot be taken for granted at any time. This is reflected in many of the objectives of the Union. Territorial Cohesion and solidarity play a crucial role in the EU which cannot be neglected or simply be dismissed by identifying it as non-economic.11

Going back to the five scenarios of the White Paper, they all have as basis the Single European Market, to which different sets of other policies are added. To ensure the success of the Single European Market, however, also a balanced territorial development needs to be ensured.12 Removing borders and transaction costs influences territorial development, as the existence of borders ensures that many activities remain decentralised and accessible within the nation states. The Single European Market alone risks to bring growing regional disparities, agglomeration effects etc. (the

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9 Pink Floyd, Hey you lyrics
10 Different futures taken from the Imagine Europe initiative: http://www.spatialforesight.eu/imagine-europe.html
12 Ibid
current developments are reported, e.g. by ESPON\textsuperscript{13}). In the long run this can lead to a disintegration of the territories, and force divides through increasing disparities including ‘fears of being left behind’ and even ‘protectionist reflexes’. It creates divisions between ‘them’ and ‘us’, between ‘rural’ and ‘urban’, etc. This divide is mainly based on people’s perspective in society. In other words, the future perspectives for Europe’s citizens, the institutional and the territorial dimension of the EU can either reinforce or block one another.

Only if the visions for the EU reflect and correspond to both institutional and territorial futures, a coherent debate on the future is possible. This is where the upcoming discussion needs to draw upon: To reflect the level of societal and territorial integration, the five scenarios on the future of the EU demand five matching scenarios addressing territorial impacts and the territorial future of the EU. This is how the political and social dimension of Europe can be better understood.

Accompanying the scenarios of the EU White Paper with coherent territorial scenarios, would actually allow us to talk about a desirable future. Following what was said in the introduction, we need to move from scenarios in terms of plausible descriptions of how the future might develop, based on a set of assumptions, to visions, aiming to define a desirable picture of the future that can guide the development of the European territory of tomorrow.

\textsuperscript{13} See https://www.espon.eu/main/Menu_Publications/