

# an idea of europe? an idea of planning?



As this potentially final instalment of The Euro-Files appears, the campaign around the referendum on the UK's membership of the EU is now well under way. It has so far proved every bit as uninspired and depressing as it promised to be. Debate seems for the most part mired in conflicting views on the contested issues of immigration and the economic advantages of being in, or leaving, the EU.

Boris Johnson has stepped forward as the Brexiters' 'man of the hour', indulged by a media that is only belatedly starting to scrutinise his pronouncements and actions.<sup>1</sup> The 'Remain' campaign for its part has been lacklustre, struggling to break out of a defensive position to articulate a positive vision of Europe and what the UK gains from being in the EU. Rather, it has relied largely on doom-laden warnings of what may be lost if we leave. This has made it all too easy for the 'Leavers', with the help of a largely compliant media, to paint it as 'Project Fear'.

The irony is that the Leave campaign is based on manipulating and stoking people's fears of change in an uncertain world, notably surrounding immigration and security issues. The referendum campaign has hardly touched upon key aspects of the UK's membership of the EU and areas of shared European action such as the environment (see the article by Cowell and Owens elsewhere in this issue).

It seems that a 'national conversation' on Europe has barely started – certainly nothing to compare to the debate during the Scottish independence referendum of 2014. Meanwhile, Europe is grappling with real challenges such as the migrant crisis and continuing economic problems for which Britain has largely abnegated any share of collective responsibility. In short, to recall Richard Hoggart's evocation of *An Idea of Europe*,<sup>2</sup> there seems to be no trace of any version of this in the current debate.

Moreover, there is an assumption that there is a monolithic 'UK interest' in relation to the EU. Yet the UK is a highly diverse state culturally and

economically, a fact that has been recognised and responded to by devolution over recent decades. This diversity means that different places in the UK may have their own more specific 'territorial interest' as regards the EU which may align with, or diverge from, that of the wider UK.

One area which has received scant attention is the EU's regional policy (Cohesion Policy). As well as being of relevance to planning and economic development, this policy area provides a typical case of how a Member State's experience of the EU and the impact of specific EU actions emerges from the interaction of EU agendas and goals and domestic conditions, objectives and policy settings.

## The emergence of European regional policy – another British contribution?

The fundamental question underpinning regional and regeneration policy has often been stated as being whether public action should seek to 'bring the people to the work; or the work to the people'. The former option may imply allowing, encouraging or facilitating migration of populations to places of growth, economic opportunity and employment, while the second might justify active state policy and investment to encourage growth in places that have lost economic momentum and face problems of structural change and unemployment.

Britain has long pursued some form of regional policy to try to foster more equal levels of opportunity and economic development between its regions.<sup>3</sup> This has been an issue of varying concern to different UK governments down to the present day, and initiatives such as the 'Northern Powerhouse', with its aspiration to close the productivity gap between the North and South of England by encouraging growth across the larger northern city-regions.<sup>4</sup> Over the decades, UK regional policy has typically sought to address the structural industrial and employment issues facing regions which became heavily industrialised from the 19th century onwards.

By the 1970s, notably following the oil crisis of 1973, many of these regions and their communities were facing the full effects of economic restructuring. This was manifested in rising levels of unemployment and physical changes such as the emergence of derelict post-industrial landscapes and the neglect

and degradation of living environments. Many areas continued to face such challenges into the 1980s and beyond.

Meanwhile, other major European countries such as France and West Germany were still enjoying relative prosperity in the 1970s, with lower levels of unemployment and high levels of GDP per capita compared with the UK.

This was the context in which the UK joined the then European Economic Community (EEC) in 1973. The creation of an EEC regional policy had been discussed for some time, but the UK joining provided an added impetus to its development.<sup>5</sup> As well as having its own tradition of regional policy, the idea of developing an EEC equivalent appealed to the UK as a means of ensuring a larger direct return on its contribution to the EEC budget. This was because the UK was not expected to benefit as much as certain other states from the Common Agricultural Policy (CAP), having a different economic structure and set of regional development issues.

The creation of the European Regional Development Fund (ERDF) in the mid-1970s was thus a product of the UK working with certain other EEC Member States (notably Ireland and Italy). It was an early example of how engaging with other countries within the EEC could produce results and outcomes which could benefit the UK – in this case its economically struggling regions and their communities.

### **What have the European Structural Funds ever done for us?**

The emergence of a European regional policy and the 'Structural Funds' that supported it was thus significant to the UK, which at the time was facing dramatic economic change. Economic restructuring impacted particularly on areas and communities highly dependent on 'traditional' manufacturing sectors, especially in areas of northern and western Britain which were shouldering a disproportionate share of the social, economic, environmental and cultural costs of the Thatcher era.

However, it was not simply its role in supporting measures to respond to the effects of economic change 'on the ground' that made European regional policy so significant at the time. The broad 'social democratic consensus' of the postwar years had given way to the rise of neoliberal influence on the state and public policy. This advocated less state spending and intervention to address the consequences of economic and social change. Economic turbulence, mass unemployment and urban unrest in the 1980s reinforced the emergence of 'urban regeneration' as a major policy field which sought to address urban 'problems', typically in

what Margaret Thatcher famously described as 'those inner cities'.<sup>6</sup> Urban policy was increasingly dominated by central government, which privileged an increased role for the private sector as scepticism towards public action led to local government being marginalised in the urban regeneration process.

### **'Regional policy was, in fact, largely sustained as an idea and financially – notably after 1989 – by the EEC'**

In some circles of government there was talk of 'managed decline' for major urban areas such as Liverpool<sup>7</sup> – an idea that postwar UK governments of any political hue would have found unacceptable prior to the neoliberal ascendancy of the 1970s and 1980s. Crucially, it remained unacceptable to a number of key actors both in the UK and at the highest levels within European institutions. Regional policy was, in fact, largely sustained as an idea and financially – notably after 1989 – by the EEC.

Interestingly, those Conservatives who domestically advocated more attention and resources for regeneration – notably Michael Heseltine – were also among the most pro-European members of a party which was commencing its long and debilitating obsession with Euroscepticism. The corrosive 'civil war' over Europe within the Tory ranks at the time distracted attention from issues such as the effects on working class communities of Thatcherite economic and social experimentation. In contrast, EU funding programmes were stepping in to provide opportunity and hope to communities (through, for example, initiatives such as RECHAR, which provided EU support to communities affected by pit closures).

In the early 1990s, the shocking truth was revealed that some areas of the UK such as Merseyside were now eligible for the highest level of European regional policy support (called 'Objective 1'). This was available to regions whose GDP per head was below 75% of the European average – regions normally to be found in the relatively less prosperous countries of the EEC such as Ireland, Greece, Spain or Portugal.

The regional consequences of the Thatcher period were stark and could not be masked completely by the wider return to growth of the 1990s. Although the UK had one of the largest economies in what was now (after 1993) called the EU, it also had some of the most significant regional disparities.

Through the 1990s, EU Structural Fund support had significant effects, helping to regenerate the physical environment and ameliorate social conditions in areas like Merseyside. The requirements of EU Cohesion Policy, such as the need to 'match fund' projects and manage Structural Fund programmes, also obliged national government to think about how it would deliver regeneration. New institutions such as Regional Government Offices were created in part to oversee EU regional programmes and played a role in tailoring policy to regional needs and feeding back such needs to Whitehall. Other principles of EU funding, such as partnership working, helped to build governance capacity, and the fact it operated over a six-yearly budgetary cycle gave longer-term certainty about resources, which facilitated project planning and delivery.

Following the arrival of New Labour in power, and into the 2000s, EU Structural Fund priorities and programmes dovetailed well with national initiatives and objectives such as the 'urban renaissance' and social inclusion and neighbourhood renewal. Against a backdrop of generally rising prosperity EU Structural Funds played a role in fostering faster growth in some previously 'lagging' areas, such as Merseyside, South Yorkshire, and the Highlands and Islands. This helped them to begin to emerge from 'lagging' status as their GDP per head figures gradually converged with the EU-15 average.

### **'It is perhaps Britain's idea of itself which is really at stake on 23 June 2016'**

The entry of less prosperous nations into the EU in the mid-2000s also had a significant impact, here due to the so-called 'statistical effect' – this meant that the average level of GDP per head in the EU fell, making UK regions which had previously been among the poorest in the EU seem comparatively more prosperous. Regional disparities were now much greater in the new EU of 28 rather than 15 states, and Structural Fund support for UK regions declined overall (although it actually rose in Cornwall and the Isles of Scilly).<sup>8</sup>

The symbolic and political value of EU Structural Funds and the opportunities they opened up for empowerment of local decision-makers and communities was also important. Access to EU funding and the European stage enabled some cities and communities to regain the sense of worth and value which was stripped from them in the

national context in the latter decades of the 20th century. The renaissance of cities such as Liverpool cannot be attributed solely to EU programmes; but if the idea that major cities in the north of England can be described as international centres, 'Powerhouses', or 'European Cultural Capitals' can no longer be scoffed at by a London-centric media and political elite, then the EU Structural Funds are at least partly responsible.

The ability of cities and regions to engage in 'three-way' negotiation with central government and the EU Commission gave new leverage for place-based development to local politicians and communities. In many places assisted by EU programmes such benefits seem to be recognised by support for continued EU membership (for example, online polling for the *Liverpool Echo* shows around 60% of respondents in favour of remaining in the EU).<sup>9</sup>

### **Where does EU Cohesion Policy 'fit' today?**

The EU Structural Funds have traditionally reflected the social wing of the EU project and have often come under pressure from its more economically liberal elements and wealthier EU Member States who wish to minimise their contributions to the EU budget.

Arguments are also heard that 'place-based' regional policy and regeneration does not really work and simply diverts scarce resources from places where they could be spent with more impact and return. This echoes views heard in the UK<sup>10</sup> that there are places that have simply outlived their economic purpose and should be allowed to wither as their populations move out and move on. EU Structural Funds have traditionally sought to counter this kind of market fatalism, although in the post-2008 context they, too, have increasingly had to justify themselves in terms of their contribution to growth and competitiveness agendas.<sup>11</sup>

As the EU referendum debate in the UK continues to be dominated by issues such as immigration and simplistic calculations of precisely how much is paid into, and returns *directly* to the UK from, the EU budget, it is worth noting another effect of EU regional and regeneration funds.

In helping to promote place-based territorial development in some the less economically developed parts of the EU, they help to bring some 'work to the people'. Therefore, as well as being a morally justifiable act of solidarity with less-developed regions, such investment also brings greater opportunities to people in situ – *where they are*, helping to moderate and stabilise migration flows towards the richer EU Member States.<sup>12</sup>

EU structural and regeneration funds therefore play a role in addressing some of the apparent concerns of eurosceptics even when they are not spent directly in the UK.<sup>13</sup>

### An idea of Europe, and an idea of planning

There are many who see the EU as a conspiracy – a nascent socialist ‘superstate’ for some; a neoliberal plot for others. In truth, the EU reflects the world in which it evolves. It has the same liberalising orientation as many governments around the world, which also permeates the attitudes of a vast array of institutions and individuals, not just some EU policies and legislation.<sup>14</sup>

But there is also ‘an idea’ or ‘version’ of the EU that stands for other values, many of which cohere with components of a progressive ‘idea of planning’ which may be held by many in the planning and built environment professions. EU action has sought to bolster environmental values and a European social model which fosters the rights to equal territorial opportunity of communities and individuals.

This is the story of EU structural and regeneration funds in the UK. For all the frustration which its contradictory positions generate, the EU is still a body that devotes a third of its (modest, in relative terms<sup>15</sup>) budget to upholding the principle that ‘people should not be disadvantaged by wherever they happen to live or work in the Union’ – a fundamental territorial expression of the principle of social democracy. It is also a project which in its roots is voluntaristic and anti-fatalistic, sharing with the planning enterprise the quality of, in Nigel Taylor’s words, ‘intervening in the world to protect or change it in some way – to make it other than it would otherwise be’.

For all their limitations, both planning and the ‘European Project’ arose from a very mid-20th century belief that the power of reason and a concern for social justice could be embedded into collective action to ‘make the world a better place’. This may appear a quaint notion in a contemporary Britain where Boris Johnson can take to the airwaves and openly compare the goals of the EU to those of Adolf Hitler. An idea of Europe may be all but dead in Britain, and the uncertain prospects for the idea of planning are frequently discussed in these pages, but it is perhaps Britain’s idea of itself which is really at stake on 23 June 2016.

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### Notes

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- 2 R. Hoggart and D. Johnson: *An Idea of Europe*. Chatto & Windus, 1987
- 3 G. McCrone: *Regional Policy in Britain*. Allen & Unwin, 1969
- 4 A. Nurse: ‘Creating the north from the sum of its parts? Research questions to assess the Northern Powerhouse’. *Local Economy*, 2015, Vol. 30 (6), 689-701
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- 6 ‘Inner cities: changing places’. Editorial. *The Guardian*, 4 May 2014. [www.theguardian.com/commentisfree/2014/may/04/inner-cities-changing-places-editorial](http://www.theguardian.com/commentisfree/2014/may/04/inner-cities-changing-places-editorial)
- 7 A. Travis: ‘Thatcher government toyed with evacuating Liverpool after 1981 riots’. *The Guardian*, 30 Dec. 2011. [www.theguardian.com/uk/2011/dec/30/thatcher-government-liverpool-riots-1981](http://www.theguardian.com/uk/2011/dec/30/thatcher-government-liverpool-riots-1981)
- 8 UK allocation, 2014-2020
- 9 L. Murphy: ‘17 things European funding has done for Merseyside’. *Liverpool Echo*, 21 Feb. 2016. [www.liverpoolecho.co.uk/news/liverpool-news/17-things-european-funding-done-10925208](http://www.liverpoolecho.co.uk/news/liverpool-news/17-things-european-funding-done-10925208)
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- 11 C. Hague: ‘How EU Cohesion Policy was captured’. Blog entry, 3 Nov. 2015. [www.cliffhague.com/index.php/original-blogs/blogs-by-cliff-hague/item/247-how-eu-cohesion-policy-was-captured](http://www.cliffhague.com/index.php/original-blogs/blogs-by-cliff-hague/item/247-how-eu-cohesion-policy-was-captured)
- 12 For example, the economic situation in Poland improved significantly following the 2004 accession, helped in part by EU regional policy
- 13 Although the benefits of EU immigration to the UK are significant, notably for migrants from countries that joined the EU in 2004. See, for example, [www.ucl.ac.uk/news/news-articles/1114/051114-economic-impact-EU-immigration](http://www.ucl.ac.uk/news/news-articles/1114/051114-economic-impact-EU-immigration)
- 14 G. Monbiot: ‘Neoliberalism – the ideology at the root of all our problems’. *The Guardian*, 15 Apr. 2016. [www.theguardian.com/books/2016/apr/15/neoliberalism-ideology-problem-george-monbiot](http://www.theguardian.com/books/2016/apr/15/neoliberalism-ideology-problem-george-monbiot) However, the EU is systematically judged more harshly for its neoliberal tendencies, not least by those who never lived in one of the areas of the UK which faced economic and social oblivion in the 1980s and 1990s – a fate which EU Structural Funds did much to forestall
- 15 The EU budget represents approximately 1% of the GDP of the 28 EU states. Allowed EU spending in 2014-20 is around €960 billion compared with expected UK public sector spending in 2016-17 of €980.28 billion). (See <http://researchbriefings.files.parliament.uk/documents/SN06455/SN06455.pdf> and [www.gov.uk/government/publications/budget-2016-documents/budget-2016](http://www.gov.uk/government/publications/budget-2016-documents/budget-2016))