

REGIONAL ECONOMIC DEVELOPMENT POLICIES IN EUROPE

The European Union's regional policy seeks to reduce structural disparities between EU regions, foster balanced development throughout the EU and promote real equal opportunities for all.¹ But what about regional development practice within individual countries? Which main challenges can be identified and how do they differ between countries? What are the key objectives for regional development and which policy tools contribute towards their implementation? How are legal and institutional frameworks for regional policy-making designed? Several entries dealing with these questions have been added to the DICE database and the main points are summarised below.

Key challenges for regional development are broad: they range from inter- and intra-regional disparities, increasing overall competitiveness, the restructuring of old industrial areas, local job creation, local service provision, ageing society, migration, urban-rural disparities, lack of economic diversification and environmental issues.

Regional policy objectives in the European Union share some fundamental characteristics (EPRC 2011). In most countries, regional policy objectives are implemented with regard to cohesion (some countries have a constitutional commitment to terri-

torial balance such as Germany, Spain and Italy) and increasingly with regard to competitiveness and growth. Examples of cohesion components in regional policy include prioritisation of peripheral areas in Denmark, regional balance focus in Finland, territorial cohesion in France and equal living conditions in Norway. Recent examples of growth orientation policies include enhanced competitiveness orientation to policy in France, the Peaks approach in the Netherlands, and the renamed regional growth policy in Sweden (OECD 2010, p.14). However, new challenges for regional policy are emerging, notably, demographic change, including migration and demographic ageing, and environmental sustainability, including alternative energy and energy security (EPRC 2011).

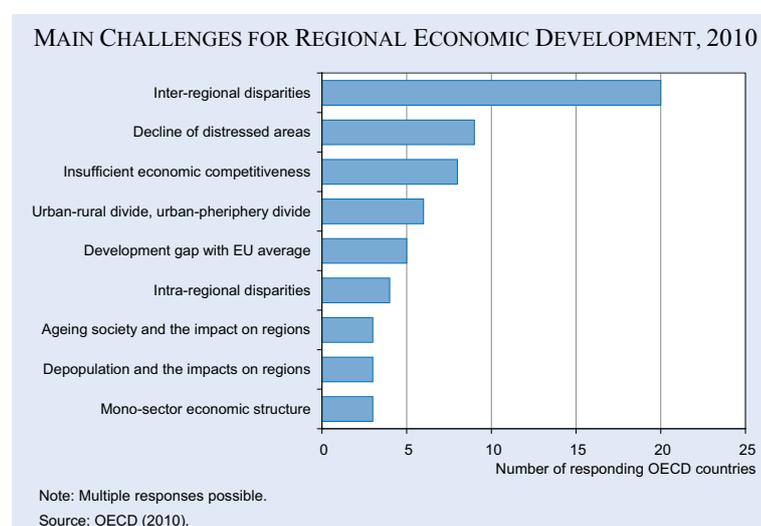
A comparison of key challenges for regional economic development and main policy objectives (Figure 1 and 2) suggests that countries approach the problem from different angles. However, a paradigm shift from the old paradigm (which focused on top-down, investment orientated, one-size fits all policies) to new regional policies (placed-based endogenous growth and regional competitiveness)² can be observed.

However, the institutional framework determines the extent to which real power has been transferred to the regional level. The division of competences between the national level and regional institutions varies between countries; and there are also huge differences between the share of sub-national spending and revenues, as indicated in Figure 3.

Further summaries and overviews of individual regional economic development policies and the division of power between national governments and regional institutions can be found in the DICE Database under Other Topics / Structural Policy / Regional Policy.

S.R.

Figure 1



¹ http://europa.eu/legislation_summaries/regional_policy/index_en.htm (acc. 14 August 2012).

² The term place-based policy is at the heart of many debates on the future of regional policy. The concept of endogenous development (i.e. place-based territorial growth) emphasises the identification and mobilisation of the potential of regional assets, by combining social and environmental sustainability with competitiveness, OECD (2010), p. 15, and European Polices Research Centre (2011), p. 4.

Figure 2

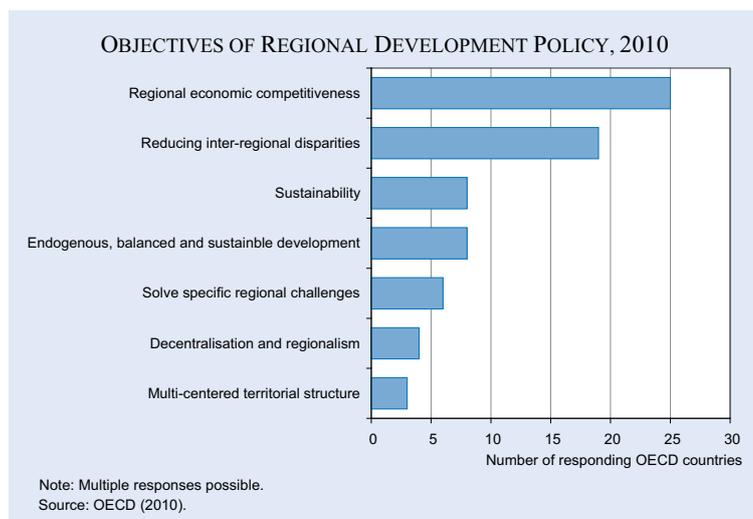
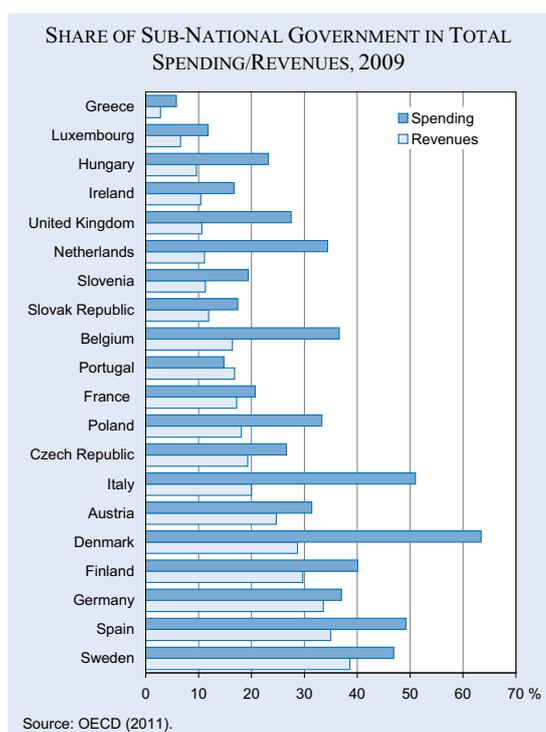


Figure 3



References

EPRC – European Policies Research Centre – (2011), *Regional Policy in Europe: Divergent Trajectories? Annual Review of Regional Policy in Europe, EoRPA Paper 11/1*, University of Strathclyde.

OECD (2010), *Regional Development Policies in OECD Countries*, OECD Publishing, Paris.

OECD (2011), *OECD Regional Outlook . Building Resilient Regions for Stronger Economies*, OECD Publishing, Paris.