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Editorial: The Reforms to the Regional and Urban Policy of the European Union: EU Cohesion Policy

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Regional and urban policy within the European Union (EU) operates on different levels. There is a wide range of policies enacted within individual countries which are purely domestic in nature. Although obviously important, these policies are not the concern or focus of this special issue. At the same time, however, there is a very large portfolio of regional and urban development programmes and their associated specific policy actions and interventions which are undertaken by member states of the EU in conjunction with EU funding. These various policies and programmes operate under the banner and remit of EU Cohesion Policy, which is one of, if not the, largest integrated development policy in the Western world, and one of the largest of such programmes anywhere in the world. There are many different aspects to EU Cohesion Policy and over recent years both the underlying logic and the legal and governance architecture underpinning the policy and the programmes have been reshaped and reoriented to different degrees. There are many different elements in these policy reforms each of which has both an analytical and a pragmatic logic to it. Understanding how the reforms have taken place requires a range of different issues to be considered (MCCANN, 2015). Some aspects of the policy reforms relate to a rethinking and a reconsideration of the general case for, and the role of, development policy at the regional and urban levels. Such a rethinking, however, does not take place in a vacuum, but in the specific context of the EU. The EU spans an economic area characterized by enormous disparities in incomes and the level of development, which are almost equivalent to the range of incomes spanned by the whole of the Organisation for Economic Co-operation and Development (OECD) group of economies. At the same time, the EU is also a highly heterogeneous space in terms of institutional and governance issues, in terms of both the different national and regional modes, architecture and systems of governance as well as in terms of the quality of governance. As such, any policy that spans this highly complex economic and institutional arena needs, on

the one hand, to be sufficiently flexible in order to adapt to the local context. On the other hand, it needs to maintain a solid core in terms of its logic, objectives and management systems so as to ensure that the policy is used for correct purposes and is targeted at the intended recipients.

As just mentioned, the reforms to EU Cohesion Policy contain many different elements each of which interlink in order to provide a cohesive overall framework, and the details of the various parts of these reforms, their analytical bases and their historical evolution in the broader context of EU budget debates are discussed elsewhere (MCCANN, 2015; BACHTLER *et al.*, 2013). Some of the key elements in the reforms, however, relate to the conditionalities employed and their effects on policy governance and the control mechanism, the smart specialization approach to policy prioritization and resource allocation, the underlying place-based logic of the policy, and the overall results orientation and evaluation emphasis of the policy. In each of the areas of the EU Cohesion Policy reforms many different scholars from the fields of regional studies, regional science and economic geography have played important roles in shaping the new policy, and the papers here highlight these increasing interactions between the policy and academic spheres of debate.

The papers in this special issue of *Regional Studies* each deal with specific aspects of these critical elements of the Cohesion Policy reforms. In particular, they examine some of the strengths and weaknesses of these individual elements and this allows for a better understanding of the origins and backgrounds of many of the ideas underpinning the policy reforms.

In the first paper by JOHN BACHTLER and MARTIN FERRY (2013, in this issue), entitled ‘Conditionalities and the performance of European Structural Funds: a principal-agent analysis of control mechanisms in European Union Cohesion Policy’, the authors discuss the ways in which the EU has sought to use control mechanisms in order to influence the use of Structural Funds

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by member states. BACHTLER and FERRY use a principal-agent type of framework to unpick the political economy of these mechanisms in the case of the absorption of funds, the outcomes of the interventions and the targeting of expenditure during the period 2000–13. What is revealed by the paper are different levels of effectiveness for these different controls depending on the political economy of the negotiations and the possible tensions between the various conditionalities. On the basis of these observations, the paper then discusses the limits of top-down control mechanisms and points to key areas of attention for future programming periods.

These institutional-type issues are taken up again but from a different perspective by ANDRES RODRIGUEZ-POSE and ENRIQUE GARCILAZO (2015, in this issue) in their paper entitled 'Quality of government and the returns of investment: examining the impact of Cohesion expenditure in European Regions'. Using data from the recent European quality of regional and local government surveys, they analyse the relationships between the quality of government and the effectiveness of Structural Fund investment at the regional level. The institutional and governance issues are central to the recently published Sixth Cohesion Report (EUROPEAN UNION, 2014) which highlights the importance of 'softer' forms of government investment and business support, including the building up of institutional capabilities and governance capacity aimed at improving policy design and requisite knowledge transfer between all the key development policy actors and targeted recipients.

The paper entitled 'Smart specialization, regional growth and applications to European Union Cohesion Policy', by PHILIP MCCANN and RAQUEL ORTEGA-ARGILÉS (2013, in this issue) examines the evolution of thinking and the ideas underpinning the smart specialization approach, an approach which is now widely used as a key policy prioritization framework in EU Cohesion Policy. As explained in the paper, the ideas underpinning this approach were initially aspatial and motivated by concerns over Europe's weaker performance in adopting and adapting new technologies and innovation. The originators of the concept, however, increasingly came to see the issues as being particularly pertinent to EU regions and regional policy. Yet, translating the original non-spatial concept to the regional context in a way that is practical and workable for regional and urban policy requires a consideration of parallel ideas that had also been emerging in economic geography. As the paper makes clear, there is a great deal of convergence between the non-spatial and spatial literatures and recasting the original concept in the language of economic geography unravels the approach which does indeed have a strong analytical basis.

The paper by MARK PARTRIDGE, DAN RICKMAN, ROSE OLFERT and YING TAN (2013, in this issue),

entitled 'When spatial equilibrium fails: is place-based policy second best?', reviews the empirical evidence for the United States, which in terms of interregional migration is one of the most geographically mobile societies in the world, to consider the extent to which the spatial equilibrium hypothesis holds. They find at best weak support for the spatial equilibrium hypothesis and argue that this leaves a possible role for place-based policy. However, the informational requirements and political economy considerations associated with place-based policies are significant, and they therefore discuss the issues that must be addressed in order for place-based policies to be effective.

The paper by FRANK VANCLAY (2013, in this issue), entitled 'The potential application of qualitative evaluation methods in European regional development: reflections on the use of performance story reporting in Australian natural resource management', discusses the important roles that qualitative techniques can play in enhancing and shaping policy evaluation. Countries such as Australia and Canada have been at the forefront of embedding evaluation approaches into policy systems and, in particular, qualitative story-telling techniques have provided evaluation approaches with much-needed depth and flexibility in understanding what aspects of policies and their delivery systems do or do not work and why this is the case. Many of these types of ideas are currently being taken up in the European arena and the experience of adopting these evaluation techniques as part of a broader portfolio of quantitative and qualitative evaluation techniques also encourages self-reflection and learning on the part of the policy-makers, a critical part of capacity building.

The final paper entitled 'RHOMOLO: a dynamic general equilibrium modelling approach to the evaluation of the EU's regional policies', by ANDRIES BRANDSMA and D'ARTIS KANCS (2015, in this issue), discusses the new spatial general equilibrium interregional economic model RHOMOLO built by the EU in order to assess quantitatively policies such as Cohesion Policy. The RHOMOLO model is the combined result of the work of dozens of scholars and specialists over many years and allows for the incorporation of spatial economic features such as agglomeration and spillovers into the framework. This implies that the model is also much better suited to investigating the effect, for example, of either transport infrastructure investments or innovation capacity investments than previous generations of models.

Obviously not all the key aspects of the policy context, policy logic, policy reforms and expected policy outcomes can be addressed in a single special issue. However, these six papers provide important insights into some of the key elements of the policy reforms and also a few of the key challenges ahead

for the implementation of the policy in the coming years.

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