
28. Introduction

Regional policy, often referred to as the European Union (EU) Cohesion Policy, aims to avoid and rectify regional inequalities and to improve regional welfare in the EU. This policy is relevant not only for the spatial distribution of economic activity and social equity, but also because it often involves big amounts of public money. Regional policy may be prone to influences, even abuse, by various interest groups as is usually the case when public authorities distribute large amounts of funds. In larger countries composed of many regions and often inhabited by different nationalities, regional and social policies play, in part, the role of the state 'glue'. Losers may accept a disadvantageous status in the country or an economic union, but not for too long. Hence, politicians and lobbyists find justifications for intervention in the form of a regional policy.

Policies that are not directly aimed at regions have an impact, sometimes quite strong, on the spatial distribution of economic activity. These policies include trade, competition, industry, education, taxation and distribution of income. This impact on the footloose firms, capital and labour depends strongly on the initial level of economic interaction (trade, investment or integration) and agglomeration advantages and disadvantages.

The purpose of Part VII is to provide a brief overview of regional policy. Chapter 29 sets the theoretical stage for considerations to follow. Objectives and justification for regional policy are presented in Chapter 30. Chapter 31 lists policy instruments; while Chapter 32 considers the impact of international economic integration (market widening and deepening) on locational issues. Special attention is devoted to the evolution and impact of regional policy in the EU in Chapter 33. Chapter 34 briefly considers the issue of the Italian Mezzogiorno; while Chapter 35 concludes the analysis.