Developing European regions? Unity and Diversity in the new Europe

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ABSTRACT

This paper introduces a project recently started by the authors on the relationship between European integration and regionalisation in both extant member states and applicant countries. Our main question is whether we are witnessing a process of Europeanisation in relation to sub-central state structures; a common pattern of regional governance within member states. Related to this, we are concerned with the extent to which EU membership, and EU institutional actors in particular, have influenced the pattern of regionalisation. This paper situates the influence of the EU in the context of other potential explanations for change in European regions beyond the EU system (globalisation) and within the member states (sub-central demands for greater autonomy). It also places the public policy literature on policy diffusion and policy transfer alongside the concepts of globalisation and Europeanisation to provide a framework for comparative analysis. We provide a brief picture of developments in regional governance in a number of states and reflect on the issues this picture raises for future research.
INTRODUCTION
Across Europe, both inside and outside the EU, regional politics, policy and
governance is changing. At all levels of analysis, changes in regions are frequently
presented as evidence of more wide-ranging trends in governance. The post-war
process of European integration has developed in the context of two discernible trends
in international politics: globalization and decentralization. At a global level, much of
the literature dealing with international systems convergence points to increasing
regional bloc formation as a ‘by-product’ of larger systems level change (Held et al,
1999). In this respect, the evolution of the European Union (and other regional blocs
such as ASEAN and NAFTA) are often held up as evidence of this globalization
process. This reconfiguration is said to impact upon the political organisation and
administration of states. Yet globalization is a contested concept. How it has affected
and been affected by the process of European integration is also contested (for a
discussion, see Payne 2000). At sub-national level, this changing environment has led
to new configurations of interests, new regional actors and new ‘rules of the game’ for
regional politics, policy and governance (Rhodes, 1996; Rhodes et al, 1996).

While globalization provides an important context, our focus here is on the
relationship between European integration and decentralization in Europe, and
specifically on the process of regionalization. Here we define regionalization as the
process leading to enhanced governing capacity at the regional level, otherwise
referred to as regional governance. This is distinct from regionalism, which we use to
describe ‘bottom-up’ movements seeking to strengthen regional governance in order
to develop or support their own political, cultural and/or economic autonomy within
the wider state system. We are concerned with two main questions. First, has a
common pattern of regionalization emerged in Europe, or does regionalization take
manifestly different forms between and within European states? Second, what has
been the influence of the European Union on the nature and pace of regionalization
within EU member states and would-be applicant members?

This paper sets out to characterise the range of forces for change in European regions
and presents a summary overview of key developments in European regions.

Europe and the Regions: Key Studies
The study of the impact of European integration on territorial restructuring within
member states has been popular among academics (see for example, Marks 1992 and
1993; Hooghe 1996; Smyrl 1997; Le Gales and Lequesne 1998). This relationship has
been conceptualised differently during different phases of integration, giving rise to
various slogans to approximate the closeness of ‘Europe’, meaning supranational
institutions and actors, with subnational institutions and actors (‘regions’). ‘Europe of
the Regions’; ‘Europe and the Regions’ and ‘Europe with the Regions’ have all been
used at different times to describe this relationship. While the emphasis has changed,
one constant has been the assumption that the process of European integration, and
the actions of supranational actors within that process, has generally supported a
greater role for regions. We take as our starting point for this discussion the
conclusions to the study on Regions in Europe conducted by Le Gales and Lequesne
Regions in Europe
Le Gales (1998) concluded that globalisation had a mixed impact on sub-national territories. Some were ‘destructured’ by the proliferation of networks caused by globalisation, while the importance of others for economic development increased. For these regions, the impact of globalisation on the power of the nation state provided a new opportunity structure by drawing them ‘into the competition game in order to attract social groups and public and private investments’ (Le Gales 1998: 241). Overall, globalisation was seen to strengthen sub-regional mobilisation. However, while this process contributed to a strengthening of sub-national governance, there was little convergence in terms of the emergence of a subnational level of elected government. The study offered three explanations for the absence of homogeneous regional government in Europe: (1) the diversity of realities regrouped under the term region; (2) the rivalry between levels of government and (3) the reorganisation of states in relation with European integration. (Le Gales 1998: 248).

On the first of these explanations, it was found that the term ‘region’ was used to refer to different realities in different countries and that, while useful, the categorisation of subnational units using the NUTS 1, 2 and 3 schema\(^1\) failed to capture the extant diversity. On the second explanation, the study revealed that regional institutions faced competition with other territorial levels and, while this competition is not always a zero-sum game, it is rare that all levels win. Where there has been relatively rapid development of regions or federated states, for example in Germany and Spain, this ‘is partially explained by the opportunities created by reconstruction, or transition to democracy after periods in which the state lost legitimacy’ (Le Gales, 1998: 249). This point may prove to be particularly relevant in relation to developments in Central and East European Countries (CEEC). On the third explanation, it was noted that in the drive to meet the Maastricht convergence criteria, a number of member states had devolved some financial responsibilities to sub-national authorities.

In concluding the study, Le Gales identified a mix of factors as important in explaining developments in Europe’s regions. European integration, identity and culture and globalisation all mattered: ‘Without denying the considerable indirect impact of European integration on intergovernmental relations and territorial restructuring, in this volume we have attempted to emphasise the fact that the economic and social effects of globalisation processes and the reorganisation of capitalism in Europe, are for the moment at least as important’ (1998: 266). As for the ‘Europe of the Regions’ slogan, this was seen to contribute to the social construction of European governance, but its impact would be limited because ‘the performative efficiency of the discourse can come across serious difficulties’ (Le Gales, 1998: 265).

EC Regional Policy and Territorial Restructuring
The 1988 reform of the structural funds introduced partnership as a key principle in the management and delivery of EU regional policy. The partnership principle was taken as evidence of emerging multi-level governance in which ‘decision-making competencies are shared by actors at different levels rather than monopolized by state

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\(^1\) The acronym NUTS is derived from “Nomenclature of Territorial Statistical Units” and refers to the geographical scales which Eurostat - the EU’s research office for census and survey data - uses for statistical purposes.
executives’ (Marks, Hooghe and Blank 1996: 346). Hooghe (1996) co-ordinated a study on the impact of the partnership arrangements on ‘territorial restructuring’ within eight member states. It sought to answer two related questions:

- Have diverse territorial relations converged under pressure of this uniform EU policy, hence moving towards a systematic involvement of subnational authorities in all member states?

- Or are uniform European regulations being bent and stretched so as to uphold existing differences in member states? (Hooghe 1996: 2).

The Hooghe study showed that actors at different levels – national, subnational and supranational – controlled different resources in different member states, leading to differing impacts on territorial restructuring. For example, in Ireland, the gatekeeper role of central government was undermined by partnership, while in Greece there was no substantial impact on territorial relations.

More recently, Smyrl (1997) tested the degree of regional empowerment through EC regional policy in Italy and France. Looking at two regions within each of the two member states, he emphasised the importance of regional rather than national factors in determining the degree of subnational empowerment:

> In both countries, national institutions defined an opportunity structure, but did not determine the ultimate outcome. Within these structures, elected leaders in some French and Italian regions translated management of EC programs into clear gains in discretionary authority while others in each country did not (Smyrl 1997: 293)

Two factors were particularly important in explaining why some regions, rather than others, were able to maximise the opportunity for empowerment offered by EC structural policy: regional entrepreneurialism and the pre-existence of a territorial policy community for economic development. As Smyrl (1997: 298) put it:

> The first and most obvious condition of regional empowerment lies in the actions of regional-level elected leaders. Only in those regions where leaders took on from the outset the role of policy entrepreneurs with respect to ECRP [European Community Regional Policy] was empowerment possible

And:

> The prior existence of a regional policy community for territorial economic development is an essential pre-condition for regional empowerment through ECRP… These pre-conditions go far to explain the reactions observed to the advent of ECRP in all of the regions studied (Smyrl 1997: 300-301).
In explaining the causes of inter-regional variation, Smyrl (1997: 298) eliminated a number of possible factors, arguing that ‘Whether or not the regions are empowered by ECRP does not depend on wealth, on historic traditions of civic association, on political parties, or on the direct effects of the European funds themselves’.

The summary picture of regionalisation amongst existing member states is provided by Marks et al, who concluded: ‘The picture of regional mobilization we present here is one of wide divergence among regional governments, rather than convergence. There is little evidence of a Europe of the Regions here. Rather we have seen the emergence of a Europe with the Regions, or, more accurately, a Europe with some regions’ (Marks, G, Nielsen, F, Ray, L and Salk, J, 1996: 63).

Drawing on the insights of these and other studies, we now turn our focus to the study of regions in the ‘New Europe’.

**REGIONS IN THE NEW EUROPE**

Our study goes beyond existing work to consider regionalisation in both extant and applicant EU member states. In seeking to explain patterns of regional governance in this New Europe, we are concerned in particular with the impact of the EU policies on the pattern of regionalisation. Our main question is whether we are witnessing a process of Europeanisation in relation to sub-central state structures. Like Hooghe, we are concerned with whether diverse territorial relations within member (and applicant) states are converging under uniform EU demands. Alternatively, are EU requirements being interpreted and implemented to uphold existing territorial patterns within states? In other words, are we seeing a trend towards homogenisation in relation to regional governance across Europe? In addition, we are also concerned with the question of whether any commonalities that can be identified are the consequence of policy transfer or policy diffusion, and also with the EU’s role in these processes.

While our central concern is with the impact of the EU on regionalisation, we situate the influence of the EU in the context of other potential explanations for change in European regions beyond the EU system, namely globalisation. In the sketches of developments in individual countries, we consider also the importance of indigenous subnational demands for greater autonomy. These case studies will be developed in our subsequent work.

**Globalization**

What seems to be the main consequence of globalization in the present context is the erosion of traditional, domestic political authority. Such authority still exists, but it confronts formidable challenges; the effective limits to political control have become increasingly evident over the past decade or so (Pierre, 2000: 5).

The decline of the nation state and the reconfiguration of society into alternative sets of networks and communities is not a new idea (Castells, 1996,1998). Alternative explanations of what this process entails and how it is progressing are to be found throughout the social sciences - all of which may loosely refer to the process of
globalization. Since at this stage ‘the concept of globalization is as contested as it is popular’ (Clark, 1999:34) its explanatory utility is relatively weak. Still, however, the widespread appeal of the term - in reference to either the causes or consequences of significant social, cultural, political and economic change - has ensured that no study of developments within regions would be complete without some discussion of this idea. The definition of globalisation provided by Held et al (1999:14) is a helpful point of departure: ‘In its simplest sense globalization refers the widening, deepening and speeding up of global interconnectedness’. The authors propose that, despite the variety of usage by different academics and academic disciplines, the concept of globalization embodies three main themes: extensity, intensity and velocity.

Extensity refers to the stretching of social, political and economic activities across frontiers to such an extent that events in one part of the world may have significance for individuals or communities in another. Intensity refers to the intensification of this interconnectedness through the widening of social networks and creation of new trans-regional networks across the globe. These increasingly regularised patterns of interaction and exchange transcend established societies and states in the world order. Finally, velocity refers to the way in which the growing extensity and intensity of global interconnectedness is reflected in a speeding up of global interactions and processes as the development of world-wide systems of transport and communication heighten the potential for diffusion of ideas, goods, information, capital and people. Accordingly, globalization can be thought of as: ‘a process (or set of processes) which embodies a transformation in the spatial organization of social relations and transactions - assessed in terms of their extensity, intensity, velocity and impact - generating transcontinental or interregional flows and networks of activity, interaction, and the exercise of power (Held et al, 1999:16)’.

While the arguments of globalisation demand that developments within and across European states and regions, as well as moves towards European integration, must be viewed in this context, there is dispute within the literature how this should be done. As Payne (2000) argued, how globalisation has affected and been affected by the process of European integration remains an important research agenda. Our purpose at this stage is simply to acknowledge the arguments of globalisation as providing a context to the key themes of our study. It is to these themes that we now turn.

**European Integration and Europeanisation**

It is useful to distinguish clearly between these two distinct but related processes. While European integration has a number of aspects, we are concerned with political integration. This is defined by Lindberg (1963: 149) as:

- political integration is (1) the process whereby nations forego the desire and ability to conduct foreign and key domestic policies independently of each other, seeking instead to make joint decisions or to delegate the decision-making process to new central organs; and (2) the process whereby political actors in several distinct national settings are persuaded to shift their expectations and political activities to a new center.

This concept is a familiar and established one and needs no further discussion.
Europeanisation, on the other hand, is less familiar. While the concept has been around for some time, it has only recently attracted widespread academic attention. As such, there are a number of competing definitions (see for example Borzel, 1999; and Meny et al, 1996). Ladrech (1994: 69), provides a useful starting point. He describes Europeanisation as ‘an incremental process reorienting the direction and shape of politics to the degree that EC political and economic dynamics become part of the organizational logic of national politics and policy-making’ However, more appropriate for our research is the definition provided by Bulmer and Burch (2000) who take Europeanisation to refer to ‘the impact of the European integration process upon the national level and specifically upon the domestic institutions of government’ (in Bomberg and Peterson, 2000: 4)

Policy transfer and the role of the EU
In seeking to establish whether or not trends in European regions are illustrative of common patterns of change we need to develop a comparative framework. Here, models from comparative public policy are particularly useful.

‘Policy transfer’ is the term used to refer to the ‘growing body of literature stressing the process by which knowledge about policies, administrative arrangements, institutions etc. in one time and/or place is fed into the policy making arena in the development of policies, administrative arrangements and institutions in another time and/or place’ (Dolowitz, 1996:1). Within this literature there are those whose approach is relatively narrowly focused upon the transfer of specific policies as a result of strategic decisions taken by actors inside and outside government (Dolowitz and Marsh, 1996). There are also those whose use of the concept is much broader, focusing on general patterns of convergence between the policies adopted by states (see for example: Bennett, 1991; Rose, 1993). Within both groups, however, the role played by supra-national organizations is an important area for consideration. This is because ‘intergovernmental and international organizations encourage exchanges of ideas between countries. The European Community and OED encourage exchanges among advanced industrial nations and the World Bank and the United Nations agencies focus on programs of concern to developing countries’ (Rose, 1993:7).

The literature on policy transfer raises a number of themes that are of relevance to our study of changes in regional governance. These include such concepts as: policy diffusion; lesson drawing; policy learning; voluntary transfer; coercive transfer and indirect coercive transfer. Amongst these terms, policy diffusion is probably the oldest and refers to the mapping out of the process by which policy is transferred, in terms of the timing, geographic proximity, resource similarities and spatial distribution (Walker, 1969). These early studies of policy transfer were, however, primarily concerned with policy diffusion across the United States and were more interested in charting the process - as opposed to the content (in terms of implementation and implications) - of policy transfer (Dolowitz and Marsh, 1996).

Lesson-drawing (or policy learning) addresses the question: ‘under what circumstances and to what extent can a programme that is effective in one place transfer to another’ (Rose, 1991:3). The process of lesson-drawing starts with scanning programmes in effect elsewhere, and ends with the prospective evaluation of what would happen if a programme already in effect elsewhere were transferred here in the future. Generally speaking, the choice of lessons depends upon a subjective definition of proximity, epistemic communities linking experts together, functional
interdependence between governments, and the authority of intergovernmental institutions. In the case of the European Union, Rose has argued that the EU promotes cross-national comparison ‘so that member states can become aware of what their competitors are doing and decide which elements of foreign programs they may wish to copy or adapt’ (Rose, 1993:105). In this sense, Rose’s concept of lesson-drawing is more concerned with the conditions of policy transfer.

Later writers such as Dolowitz and Marsh (1996) who focused more on the agents of policy transfer used terms such as ‘voluntary’ and ‘coercive transfer’ in order to emphasise the process of policy transfer for those actors primarily affected by it. Voluntary transfer refers to policy actors actively searching out of ‘ready made solutions’ to current policy problems, whereas coercive transfer refers to the imposition of new policies and policy procedures - either directly or indirectly - by the government, by one government over another, by trans-national agencies, or by supra-national bodies such as the European Union.

Taken together, the policy transfer literature offers us concepts that facilitate: charting the process of policy change; outlining the conditions which structure that process; and evaluating the actions of key policy players. This could be viewed as simply ‘rich description’. Still, we believe that whilst falling far short of any grand theoretical design, the policy transfer literature offers useful concepts for cross-national comparison and facilitates the generation of a set of research questions designed to uncover the link between EU involvement in regional governance and the nature and pace of regionalization. We identify these themes and the value of comparative analysis in the concluding section of this paper.

THE EUROPEAN UNION

While a range of EU policies have an impact on regions, regional and structural policies in particular have been at the forefront of challenges to the territorial structure of states (Hooghe 1996; Bache, 1998; Bollen et al, 2000). Here we chart the main financial and administrative developments in these policy areas.

EU Regional and Structural Policies: Finance

Since the first substantive reform of EU regional policy in 1988, there has been a steady and significant increase in the resources of the Structural Funds. In 1987 they comprised approximately Ecu7,000 million and represented about 19% of the Community budget (CEC, 1992). In February 1988, the European Council agreed to double the funding of priority regions by 1992 (in real terms taking account of inflation) and it was anticipated that the Structural Funds would account for one quarter of the EU budget by the end of 1993 (CEC, 1992). In fact (largely due to reductions in Common Agricultural policy expenditure) during the period 1987-1992 Structural Funds expenditure increased from 17% of the Community budget to 27%, with the absolute amount doubling in real terms from ECU6.3 billion in 1987 to ECU14.1 billion in 1993 (Michie and Fitzgerald, 1997:19).

Following the European Council meeting in Maastricht in December 1991, it was agreed that EU regional policy should be developed further. This led ultimately to the addition of a protocol to the Maastricht Treaty reaffirming states’ commitment to economic and social cohesion and confirming the development of EU Structural Funds. It resulted in the creation of an additional Structural Fund (the Financial Instrument for Fisheries Guidance or FIFG) to support the fisheries sector plus a further increase in the budgetary...
commitment. Structural Funds assistance (including the FIFG and excluding the new Scandinavian member states). For the period 1994-99, this amounted to ECU141, 471 billion, with approximately 68% of this allocation given over to Objective One regions. The total budget for Structural Funds assistance during the period 2000-06 amounts to EUR195 billion with a similar percentage devoted to Objective One regions (Europa, 29/02/00). In addition to the increasing financial significance of EU Structural Funds, successive reforms have developed their administrative impact as well.

EU Regional and Structural Policies: Administration

In the 1988 reform, five Structural Funds objectives were set in order of priority:

- Objective One promoting the development and structural adjustment of the regions lagging behind (ERDF);
- Objective two, tackling those regions (frontier regions or parts of regions) seriously affected by industrial decline (ERDF, ESF);
- Objective three, combating long-term unemployment (ESF);
- Objective four, facilitating the occupational integration of young people (ESF);
- Objective five, contributing to the reform of the Common Agricultural policy by speeding up the restructuring of agricultural production and promoting the development of rural areas (EAGGF, ERDF, and ESF).

These objectives sought to add a new coherence to the distribution of Structural Funds. Instead of each fund having its own set of rules and priorities, the deployment of Structural Funds was combined to concentrate their efforts on the achievement of the five overall objectives. This system of co-ordination was intended to prevent either the overlapping of resources by different funds being deployed independently in the same area, or the waste of resources which might occur if the funds were spread too thinly, attempting too many objectives, in too large an area.

In addition to establishing and prioritising development objectives, six new guidelines governing the administration of Structural Funds were also introduced (CEC, 1988):

1. the submission of plans by member states in accordance with the priority objectives set out by the Community.
2. the implementation of partnerships between competent authorities at national, regional and local levels.
3. the need to demonstrate the additionality of Community support and policy measures to those pertaining nationally.
4. the compatibility of structural policy with other Community policies.
5. the concentration of resources, with particular emphasis on the least prosperous regions.
6. the co-ordination and combination of different Community instruments.

Throughout this period, the Commission attempted to move further towards the financing of programmes in preference to individual projects, in order to avoid unnecessary problems of administration and implementation. Under the reformed procedures, each assisted region had to submit an overall development plan, prioritising areas for action and detailing the specific plans to combat regional disadvantage through use of Union funding. Within six months of the plan's submission, the Commission adopts a Community Support Framework (CSF), giving the official EU response to the submission and commenting on the needs expressed and the proposed means of
amelioration. The CSF enables the EU to establish an agreed framework for assistance over a four year period, with built-in provision for monitoring and evaluation of the programmes at the end of each project. Under the CSF, each region is required to submit more detailed information in the form of ‘operational programmes’. The final stage in this process entails interaction and exchange of views between the Commission and national agencies.

The adoption of a programmatic approach to allocating the funds enabled the Commission to operate its partnership principle more effectively, whilst facilitating its role in managing the deployment of Structural Funds for the attainment of Union objectives. The principle of ‘partnership’ refers to the requirement to involve subnational, national and European actors in decision-making. It is assumed that the best chance of development will occur if the impetus comes from within the regions themselves. Those based at local level are judged to be in a better position to define the needs of their region and to mobilise its resources through the interaction of private and public funding. The Commission acts as the partner on behalf of the Union, ensuring that the Union's resources are spent in accordance with Union priorities and policies.

‘Partnership’ is defined as ‘close consultations between the Commission, the member states concerned and the competent authorities designated by the latter at national, regional or local level, with each party acting as a partner in pursuit of a common goal’ (CEC, 1988). Under the partnership principle, national authorities were given delegated discretion to select appropriate members of partnerships.

The principle of additionality states that EU funds should not be used as a substitute for funding from national sources. The desire for compatibility refers to the need to ensure that all Union policies and initiatives should be working towards the same overall goals. For example, projects seeking financial support for rural development projects must also be consistent with efforts to adapt the CAP to avoid over-production. The principles of concentration and coordination refer to the desire to achieve integrated planning, viewing regionally disadvantaged areas in terms of an overall and long-term strategy. Efforts to help weaker regions were to be made with a view to understanding their situation as a whole and with particular emphasis on the concentration of Structural Funds resources in disadvantaged areas in order to achieve maximum impact (thus, for example, there would be little point in supporting the building a new factory in an area where there is no ready supply of locally skilled and trained personnel to work there - in order to achieve this, Structural Funds instruments must be both concentrated and co-ordinated in target regions). Taken together, the new procedures offered a more co-ordinated approach to the allocation of funding, together with significantly increased opportunities for interaction between national and Union agencies.

The amendments made to the operation of the Structural Funds during the 1993 reform were fairly minimal and concerned the establishment of new eligibility criteria, programming periods and EU administrative procedures (Michie and Fitzgerald, 1997:20). Regulations regarding Structural Funds implementation continued to be based on the principle guidelines - of planning, partnership, additionality, compatibility, concentration and co-ordination - set out by the 1988 reforms (See Bache, 1998: 83-92).

**Community Initiatives**

Since 1979, the Commission has reserved a small portion of the European Regional Development Fund for the financing of specific Community actions, provided that they...
are based on the principles of integration, partnership and programming. Although the finance available for these initiatives is extremely small - some 5% of ERDF money - they have played an important role in determining the effectiveness of programmatic initiatives. It is also likely that the Commission's early experience in these initiatives was a precursor to later reform structural reform and the further development of the use of Community initiatives (see Hooghe, 1996; Bache, 1998).

**Maastricht and the commitment to cohesion**

During the negotiations over the Draft Treaty on European Union (the Maastricht Treaty), the Spanish government argued for a new compensatory mechanism in addition to the Structural Funds (Bache, 1998:88). With the support of other peripheral and less prosperous EU states (such as Ireland, Greece and Portugal) the Spanish argued for additional resources to tackle ongoing regional disparities across the Community. Their chief success was the establishment of the Cohesion Fund (discussed below). Although there has been some debate over the extent of the commitment to reducing regional disparities in the Maastricht Treaty, still there are four main references to cohesion in the Treaty (Adshead, 1995).

First, Title II of the Maastricht Treaty amends articles 2 and 3 of the EEC Treaty defining the tasks of the Community to include for the first time ‘the promotion of economic and social cohesion’. Second, amendments to articles 130a and 130e under title V of the Single European Act (SEA) further develop Community attempts to improve economic and social cohesion with the addition of ‘rural development’ as a specific area for consideration in the Community’s commitment to reducing regional disparities. Furthermore, the amendment to article 130e introduces the consideration of economic and social cohesion at the *formulation* as well as implementation stages of Community policies. It is intended that this will oblige the Commission to take account of the cohesion issue at the drafting stages of policy, giving greater scope for the development of cohesion than was previously possible when cohesion was required to be considered only in policy implementation.

Third, an extra chapter has been inserted into the Maastricht Treaty, providing for the establishment of a Committee of the Regions (the first Committee of the Regions was appointed unanimously by the Council of Ministers on 26 January 1994). A protocol annexed to the Treaty gives the Committee of the Regions the same organisational structure - and to all intents and purposes the same status - as the Economic and Social Committee. Article 198 provides that the Committee of the Regions shall be consulted by the Council or by the Commission in a number of areas designated by the Treaty (social policy, education, vocational training and youth, culture, public health, trans-European networks in transport, telecommunications and energy, as well as on matters relating to economic and social cohesion) and in all other cases in which either the Council or Commission deems it appropriate. In addition, whenever the Council or Commission request the opinion of the Economic and Social Committee, the Committee of the Regions shall be informed and may, where it considers specific regional interests to be involved, issue its own opinion. Finally, the Committee of the Regions may also issue an opinion on its own initiative in cases where it considers such action appropriate.

It has been argued that these provisions might facilitate the Committee of Regions in establishing itself as an independent body with the autonomy to develop its consultative
role in the policy process. However, as with its sister organization, the Economic and Social Committee, its ability to influence policy is severely limited by both its limited consultation rights and the time restrictions associated with the delivery of its opinions. Both the Commission and the Council of Ministers may set a deadline of one month for presentation of the Committee of Regions’ opinions. Ultimately, either the complete absence of an opinion, or even the production of a contrary opinion, does not prevent the original proposal from being adopted. The future development of the Committee of Regions is open to conjecture. At least by its establishment, the EU has given formal recognition to the issue of regional representation at supra-national level; to what extent this can contribute positively to the development of regionally disadvantaged areas remains to be seen.

The fourth and most significant of the changes regarding cohesion in the Maastricht Treaty, occurred in the annexation of a protocol to the Treaty on ‘Economic and Social Cohesion’. The protocol reaffirmed the commitment between the states to economic and social cohesion, and to the continuation of the role played by the Union’s structural funds. It also marked the agreement between the member states to establish a Cohesion Fund before the end of December 1993. Operating in member states where the per capita GNP is less than 90% of the overall Union average (and where there is a programme in operation leading to the fulfilment of the conditions of economic convergence, as set out in Article 104c), the Cohesion Fund is intended to provide EU financial contributions to projects in the fields of environment and trans-European networks. The protocol also served to confirm the Community’s desire to allow ‘a greater margin of flexibility in allocating financing from structural funds to specific needs not covered under the Structural Funds regulations’ as well as the intention of ‘taking greater account of the contributive capacity of individual member states in the system of own resources, and of examining means of correcting, for less prosperous states, regressive elements existing in the present own resources system’.

This relaxation of EU funding criteria for recipients of EU Cohesion Funds is understandable given that the fund was designed to assist poorer member states to meet the convergence criteria for Economic and Monetary Union (EMU) outlined in the Maastricht Treaty (Bache, 1998: 90). These criteria required member states to limit public borrowing to no more than 3% GDP and restrain their debt-to-GDP ratio to below 60% - a feat that implied severe constraints on public expenditure, particularly for the poorer member states. Given this ‘higher’ objective, national governments were left with considerable discretion over how Cohesion Fund allocations could be spent. In this case, insistence on additionality would have contradicted the objective of reducing public expenditure in the ‘Cohesion Four’ countries (see: Bache, 1998:81-92).

**Recent Developments**

In June 1999, the General Affairs Council formally adopted the new structural fund regulations. The same meeting also adopted the regulations for the Cohesion Fund and the Pre-accession structural instrument (ISPA). Financial allocations to the structural funds were set at EUR195 billion over the period 2000-2006, with a further EUR 18 billion provided for the Cohesion Fund (CEC, 1999). In addition, EUR 7.28 billion was set aside for pre-accession structural assistance to applicant states. Total

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2 Article 104c states that member states shall avoid excessive budgetary deficits. The Commission is directed to monitor the development of budgetary situation with a view to identifying gross errors.
funding under these measures remained at 0.46 of the EU’s GNP over the period (CEC, 1999).

The guiding principles proposed by the Commission were accepted. On concentration, this meant that the number of structural fund Objectives would be reduced from six to three. In addition, as proposed by the Commission, the number of Community Initiatives would be substantially reduced from the existing thirteen. The Commission had proposed three Initiatives: Interreg (cross border, transnational and inter-regional cooperation); Leader (rural development); and Equal (tackling discrimination in the labour market). However, at the insistence of the European Parliament, a fourth programme (Urban) was retained to regenerate inner cities.

The programming process was retained, with the Commission adopting a more strategic role, delegating greater responsibility to domestic actors for the day-to-day implementation, and monitoring of programmes. The re-worded partnership principle required the involvement of organisations that reflected the “need to promote equality between men and women and sustainable development through the integration of environmental protection and improvement requirements” (OJ L161, 26/6/99: 12). The principle of additionality was maintained, although its verification would depend on baseline figures of domestic spending which member state governments would be play a key role in determining. Finally, in line with the principle of efficiency, a performance reserve was agreed by member states. However, this was limited to 4 per cent of each member state’s share of funding, rather than the 10 per cent the Commission had proposed (for details, see Bache, 1998: 120-133).

DEVELOPMENTS IN EUROPEAN REGIONS

Here we briefly outline those trends in European states, at central government and sub-central level, which shape the pattern of changes in European regions. The first section considers the general move from ‘government’ to ‘governance’, taken here to describe the proliferation of non-state actors involved in decision-making. The second section looks at developments within European regions themselves and, more particularly, their relationship to the European Union.

The re-ordering of governance in European states

‘Governance has become a popular if not trendy concept in much of the contemporary political and academic debate’ (Pierre and Peters, 2000:12). Despite its widespread usage, however, the term is not universally understood. Rhodes (1996) identifies at least six uses including: governance as the minimal state (Stoker, 1994); governance as corporate governance (Tricker, 1984; Williamson, 1996); governance as the new public management (Thomson, 1992); governance as good practice (Leftwich, 1994); and his own governance as self-organising networks (Rhodes, 1996, 1997). To these, Pierre and Peters (2000:14-27) add: governance as public management (Hood, 1990); governance as coordination (Campbell et al, 1991; Hollingsworth et al, 1994); and governance as public-private partnerships (Pierre, 1998). Notwithstanding the variety of uses, all make reference to common trends: the decreasing intervention of central government in public policy; and the increasing involvement of a range of new policy actors. In the international context, these developments are reflected in the literatures on globalization and the multi-level governance.
The emergence of governance

Throughout the 1980s, nearly all countries of western Europe suffered the adverse effects of world recession and OPEC oil price increases. Unemployment rates almost trebled in comparison with the 1960s and at the same time inflation continued to rise (Crafts and Tonolio, 1996:7). The period of stagflation and concomitant budgetary crises subsequently became known as Eurosclerosis (Olsen, 1996) and it is argued that across Europe the experience of economic crisis provided the impetus for changes in government styles and policies (Damgaard et al., 1989). Changes in government attitudes, together with the desire to curtail public spending, often resulted in the devolving of functions away from government to alternative state or semi-state agencies and newly created independent boards or regulatory bodies.

Cutting back public expenditure, viewed by many as a pragmatic response to the budgetary challenges faced by modern states, soon developed a political momentum of its own. Essentially neo-liberal in character, the influence of the 'New Right' began to gain strength, initially in the US, with Ronald Reagan's Republican government and also in the UK with Mrs Thatcher's leadership of the Conservative government. Throughout the 1980s however, all governments in western Europe were influenced, to a lesser or greater degree, by the rising popularity of New Right policies (Mény and Knapp, 1993:14). Wright argues that the development of a ‘strong ideological prejudice against the state, big government, bloated bureaucracies and universalistic solutions’ represents a general paradigm shift in terms of the organisation of public administration and public sector provision (Wright, 1994:105).

Increasing emphasis on the 'three Es' - economy, efficiency and effectiveness in public policy led to the growth of new public management (NPM) which claims to speak on behalf of taxpayers and consumers and against cosy cultures of professional self-regulation. In many instances, the logic of NPM has led to ‘agencification’ whereby the activities and responsibilities of the state have been reassigned to a constellation of devolved and managerial agencies. Most governments have transferred competences to subnational governments, to semi-autonomous regulatory bodies, to quangos and to 'third sector' organisations (voluntary, non-profit or charitable organisations) which have become ‘the private agents of public policy’ (Heywood and Wright, 1997:91).

Majone (1994) has examined the effects of privatisation and deregulation in Europe, noting the paradox that such developments may lead to a more regulatory state. Often, he argues, ‘deregulation is only a first step towards re-regulation', since in areas where competitive conditions do not exist, only public regulation ensures that privatisation does not result in the replacement of a publicly held monopoly by a private one (Majone, 1994: 97). Identifying the ‘rise of regulatory politics’ as a particularly EU-related phenomenon Majone has characterised EU institutions such as the European Commission, the Court of Justice and the newly appointed regulatory agencies as ‘non-majoritarian institutions’ which come to resemble a ‘fourth branch of government’ (Majone, 1994, 1996). Majone thus presents the evolution of the EU as the creation of a new form of regulatory state which has arisen as a functional response to the demands of transnational and international markets.

Heywood and Wright note that whilst 'agencification' is a feature of the British, French and Italian regulatory reforms, it does not feature highly in German, Greek or Portuguese
reforms. In some instances reforms have led to a greater centralisation and concentration of power (Heywood and Wright, 1997). In his characterisations of post-1979 Britain, Richardson argues that in practice, governmental intervention has increased quite considerably in order to facilitate the operation of market forces, so that ultimately there can be a general withdrawal of government (Richardson, 1994). In other states, most notably Belgium and Spain, the trend has been towards increasing decentralization.

Essentially then, the current interest in governance, as opposed to government, stems from the changing relationship between actors at different territorial levels. It seems that ‘the traditional model of central government control over sub-national government is eroding, even in highly centralized countries’ (Trosa and Crozier, 1994). In this respect, the transnational policy cooperation encouraged and facilitated by the European Union policy-making framework, combined with EU initiatives aimed at increasing EU accountability and legitimacy through direct cooperation with policy partners at national, regional and local levels, not only raises important questions about the shifting levels of policy authority, but also about the changing configuration of key policy making actors and agencies at each level. In relation to European regional policy, implementation of the Structural Funds reforms principles further contributes to shifting patterns of governance between states: relating to changing relations between central and sub-central levels of government; and also to the variety of new actors and agencies involved in public/private partnerships as a consequences of developing trends in governance. Moreover, the European Union itself represents yet one more actor in an increasingly complex policy arena.

**Regionalization and regionalism across Europe**

Aside from the range of transnational and global forces outlined above, the playing out of tensions between sub-central and central executive levels of government within European states has given rise to a number of developments that might be broadly considered as two sometimes complementary, sometimes contradictory, sets of trends. The first relates to the development of regionalism and refers to regional pressures for recognition of their own distinct historical, cultural, social or economic status. The demands in terms of regional governance arising from these pressures varies considerably from state to state. The second trend refers to central government administrative reforms designed to devolve more power down to the regional level or in some cases, to create a new regional tier of government altogether. In most European states EU membership, or preparation for it, contributes in some way to either or both of these trends. A central aim of our project is to provide a comparative evaluation of how different political/institutional configurations within European states are affected by (and affect) EU policies.

In some cases, most typically the EU applicant states, the EU has been used by national governments to argue for territorial change. In Poland, plans for post-Communist administrative reform were carried out in tandem with the pre-accession strategy for membership of the European Union. With the prospect of EU membership in sight, the Polish government set about approximating Polish law to the **EU aqui communautaire**, using the same legislative formula to create a sub-national administrative tier for Poland. Despite a series of domestic political struggles over the make-up and size of the regions that were created as part of the reforms, when they were eventually agreed the three new tiers of sub-national government dove-tailed exactly with EU standard measurements for regional areas NUTS I, II and III.
According to the Polish government Strategy on Regional Policy and Cohesion, ‘efforts are to be concentrated on the creation of a coherent and effective system, in which government and self-government administration at the regional level will take over the responsibilities concerned with the supervision of management of EU Structural Funds’ (Wyszogrodzka 2000:3).

Similarly, following the split with Slovakia, Czechian administrative reforms were also carried out with a view to obtaining EU Structural Funds in the future. In Czechia, however, the process of regionalisation was less straightforward than in Poland due to a lack of consensus between the political parties about how to proceed. The issue was clouded by the aftermath of the Czechoslovakian split in 1992 and delayed by fears that regionalisation might destabilise the newly formed state by encouraging Moravian regionalism and allowing the Communists to exploit their regional and local strongholds (Novotny 2000:5). Despite these difficulties, in 1998 the newly elected Social Democrat government set about creating the regional infrastructure necessary to facilitate inclusion into Structural Funds programmes. A newly created Ministry for Regional Development set up a series of regional management and monitoring committees to oversee administration of Structural Fund through eight NUTS II regional areas. At the same time, continued political wrangling over the number and composition of regions that would make up a formal system of sub-national regional government in Czechia meant that - regardless of government preferences - fourteen regions were eventually created. These now sit rather uneasily with the eight NUTS II level administrative structures set up by the government. Thus, in the Czech case, whilst the EU certainly helped to promote the process of regionalisation, domestic politics held sway over the number and composition of the new regions (Novotny 2000).

However, the influence of the European Union over regionalisation strategies is not confined to EU applicant states alone. In the Republic of Ireland, the allure of EU Structural Funding led the Irish government into a controversial yet successful attempt to have the country divided into two NUTS II level regions where previously only one (NUTS I level) region existed. The way in which the Irish government completely managed and directed this turnaround typifies successive Irish government approaches to EU Structural Funding. In the words of the Minister for Finance, Charlie McCreevy; ‘the government’s objective in this round of Structural Funds will be to secure for Ireland the optimum level of funding’ (Dail Debates, 29:4:98). Since its accession to the EU in 1973, the whole of Ireland had consistently qualified as an EU Objective One region for the purposes of Structural Funding. The massive economic boom in Ireland from 1993 onwards, however, meant that this was no longer the case. The Irish government contrived to divide Ireland into two NUTS II level regions for statistical purposes and in doing so managed to argue that there was still a case for maintaining Objective One status in the newly created Border, Midland and Western (BMW) region. Brazening out significant opposition from political parties, long-time campaigners for devolution, would-be members of the new regions and a very cynical European Commission, the Irish government succeeded.

Notwithstanding the Irish case, the political and/or economic capital to be gained from EU Structural Funds has just as often been seized by Member State regional interests as by central governments. In such cases regional actors have sought either to use the European Union as another political forum/arena in which to push for change,
or else to use reforms at national level designed to better accommodate EU regional aid as another opportunity to push for regional autonomy.

In Spain, regional demands for more autonomy are a constant feature of Spanish politics where ‘a permanent climate of political bargaining among local, regional and central governments remains the most characteristic feature of the - yet unfinished - Spanish process of decentralisation’ (Moreno, 1995:24 in Roller, 2000). To date, the process of decentralisation has been uneven, leading to what has been described as ‘asymmetric federalism’.

Despite the fact that Spanish/EU relations fall under the competence of central government, the Autonomous Communities used the European Union as a lever for pushing out the Constitutional limits of self-government in Spanish regions. In 1988, a Constitutional Tribunal promoted collaborative initiatives between the central government and the Autonomous Communities in all matters referring to the implementation of European legislation (Roller, 2000:9). The decision has been used as a basis for institutionalising AC representation at EU level. It was further bolstered in 1997, when legislation regulating the participation of ACs in EU matters provided for a “Sectoral Conference Relating to EU matters”. This soon became institutionalised in its own right as the forum in which the Autonomous Communities could thrash out a common position as the basis of negotiation with central government. By establishing a forum which allows for bilateral relations between the EU and the ACs, as well as between the national government and ACs together with the EU, the competencies of ACs in relation to EU participation are a state of continual evolution as the ACs push for increased recognition and policy competencies in their own right.

In the case of Spain, the influence of the European Union over the development of Spanish regions have been more or less indirect insofar as regional issues have ‘spilled over’ into EU related policy areas. In some instances, however, the influence of the EU has been far more direct and the European Union has openly supported the regions against central government in their attempts to wrest more control over Structural Funds allocations. This was certainly the case in the negotiations for the 1994-99 round of Structural Funds support for east Germany. On this occasion, regional interests were championed by the European Commission in its direct confrontation with the Federal government over the east German Community Support Framework (Thielemann, 2000:12). Whilst the Federal government was keen to treat regional regeneration in the new German Länder through a single, unified administrative process and to channel EU regional aid through pre-existing German regional policy instruments, the European Commission supported regional demands for a ‘de-coupling’ of German and EU sponsored regional aid. On a practical level, the separation of Structural Funds support from Federal government support facilitated the deployment of EU funding towards a wider variety of projects than would have been permissible under existing regional policy instruments in the Federal Republic. On a political level (and in contrast to the Irish case), it illustrates that where the European Union and regional interests act in concert they may, in certain circumstances, win over the national government to their own point of view.
CONCLUSIONS
The range of examples above provides a flavour of how the European Union may, depending on the circumstances, influence the process of regionalisation within states. This study is to be developed further, but at this stage we make a number of observations.

First, we re-state that the process of regionalisation taking place in European states is influenced by a range of factors, which we can simplify as external (globalisation and European Integration) and internal (domestic reforms and ‘bottom-up’ demands). While this distinction is necessary for analytical purposes, we note that in practice they are not so easily separated. For example, neither globalisation nor European integration are processes detached from the actions of individual states: both are in part shaped by state policies and behaviour (see: Hay, 2000).

Second, we consider that a comparative analysis of developments in European regions is strengthened by drawing on the insights of public policy literature. In particular, the concepts of policy transfer and policy diffusion. Here, there is a useful link between the concept of Europeanisation and these public policy models. The concepts of policy transfer and policy diffusion may provide insights into how the process of Europeanisation is carried forward and into the role of EU institutional actors, primarily the Commission, within this process. At the same time, a comparative analysis may deepen our understanding of why there are both similarities and differences in the structures of regional governance emerging across Europe.

Finally, our sketch of developments in some European states alerts us to the fact that we need to explain variations in regional governance not just between countries, but also within them. Spain, for example, has a developed a pattern of uneven decentralisation leading to different structures of governance within different regions. It will be part of our task to assess the extent to which the influence of the EU as encouraged this development or sought to harmonise regional structures within states.


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