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DOTTORATO DI RICERCA IN

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TRANSBORDER POLICIES FOR DAILY LIFE

“New Regionalism” and Development of Transborder Cooperation in European Union

(A prospective analyses)

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# Table of contents

Chapter 1. Introduction ................................................................. 1

Chapter 2. Theories of European Regional Policy

2.1 The Classical Theories of European Regional Policy in the context of European Union Policies ............................................................. 16

2.2 New Theories and Proposals Regarding the European Regional Policy ........ 39

2.3 Cross-border Cooperation and European Regional Policy ............................ 59

Chapter 3. The European Regional Policy and its Instruments

3.1 The European Regional Policy - from the beginning to our days- ........... 71

3.2 The Instruments of the European Regional Policy:

   A. Structural Funds ........................................................................... 102

3.3 The Instruments of the European Regional Policy:

   B. INTERREG Programmes .......................................................... 117

Chapter 4. The Theories of Regionalism in European Union

4.1 The Regionalism and the “New Regionalism” in the European Union ........ 132

4.2 The Analytical Framework ................................................................ 158

4.3 Transborder Regions and the “New Regionalism” ................................ 171

Chapter 5. The Analysis of Two Case-study of Regionalism in European Union

5.1 A Case-study of “Old Regionalism” in European Union

   - Cross-border Cooperation: Italy and Austria - .............................. 178

5.2 A Case-study of “New Regionalism” in European Union

   - Transnational Cooperation: North West Europe (NWE) - ............... 198

5.3 The Results of the Analysis between this Two Types of Regionalism in European Union ................................................................. 210

Chapter 6. Conclusions and Next Steps

6.1 Conclusions .................................................................................. 214

6.2 Next Steps .................................................................................... 220

Bibliography .................................................................................... 225

Annex 1 – Cross-border Cooperation (ERDF) Map in European Union ........... 245

Annex 2 – Transnational Cooperation Areas Maps in European Union ............ 247

Annex 3 – Nomenclature of Territorial Units for Statistics (NUTS) ................... 248
**List of Abbreviations**

AER – Assembly of the European Regions
AEBR – Association of European Border Regions
CbC – Cross-border Cooperation
CEC – Commission of the European Communities
CEMAT – Council of Europe’s European Conference of Ministers responsible for Regional/Spatial Planning
CLRA - Congress of Local and Regional Authorities
CofE – Council of Europe
CofR – Committee of the Regions
CSF – Community Support Frameworks
EC – European Commission
EEC – European Economic Community
ERDF – European Regional Development Fund
EEAGG – Common Agricultural Fund
EEIG – European economic interest grouping
EGCC - European Groupings of cross-border co-operation
EIB – European Investment Bank
ERDF – European Regional Development Fund
ESF – European Social Fund
EP – European Parliament
EU – European Union
FIFG – Fisheries Fund
GDP – Gross Domestic Product
GECT – European Grouping of Territorial Cooperation (fr.)
MS – Member States
NRPs – National Reform Programmes
NUTS - Nomenclature of Territorial Units for Statistics
OSCE – Organisation for Security and Cooperation in Europe
SF – Structural Funds
SMEs – Small and Medium-sized Enterprises
TEN – Trans-European Transport Network
e.g. – For example
Chapter 1

INTRODUCTION

The beginning of the 21st century is not only a major matter of concern of how the global political and socio-economic structures are changing, but also one referring to the new interests and positions of power at regional level.

Technological, social and cultural changes have definitely reduced the effective economic distances among nations, while the government policies that traditionally inhibited cross border transactions and cooperation both in economic and socio-political field have been relaxed or even dismantled.

The new architecture at world level, more complicated in spite of the historical evolution of societies, is now not as simple as major actors -states- compete in an international background, but the one in which states tend to group and regroup under particular interests at regional level. In this respect, regional cooperation and regional development are part of the now-a-days realities and the regional development policy is getting more important in the process of diminishing differences of different types between states.

Regional policy has always been controversial because of its interventionist character. Some authors consider that, by institutional intervention (both if we have governments at national level or supranational common institutions, as for the case of the EU) regional policy penalizes successful businesses in prosperous regions while simultaneously encouraging unsuitable economic activities in the depressed regions.

Debates over the concept of region are not only in fashion but also necessary when defining the place and role of the regional development policy.

The definition more spread in scientific literature is the following: region is a spatial concept which is defined by a combination of geographical proximity, density of interactions, shared institutional frameworks, and common cultural identities. By this definition, a region may be considered as being part of a country, either administrative, territorial historical, or identified and recognised as a unit or a number of countries considered under a common framework at sub-continental level.

Regional cooperation has everywhere multiple layers which are shaped in a complex manner by material interest, institutional ties, and shared experiences. Thus, the shape and

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1 See also W. Wallace, Regional Integration. The West European Experience, The Brookings Institution, Washington, 1994, p. xvi.

structure of a region is never a constant but is reshaped by mutually reinforcing and opposing social forces. Regional cooperation can, for instance, provide new sources of legitimacy, protection against international intervention, and an alternative framework for failed sectorial policies of economic development.

Interest groups and other civil society actors now adapt to consolidate the territory as a social, economic and political system. However, the ability of regional and local units to compete in the European space autonomously is not a universal trend, depending rather on the institutional opportunities in their respective states.3.

The general objectives of the regional policy, at national and/or European level are above all of economic nature, i.e. boosting the national economy by attenuating, eliminating (leveling up) the economic disparities between the existing regions’ development levels, process which would avoid the future necessity of intervention. Improving the investment climate through public investment in problem regions is one major instrument, as well as a desired result of a well conducted regional policy. A more efficient management of local and regional resources (territorial, human, economic) is also a further economic goal of regional policy.

European regional policy is a policy promoting solidarity by cohesion. Under the new Financial perspectives 2007-2013, it allocates the biggest amount expenses in the EU Budget to Economic and social cohesion, and within it more than a third to the reduction of gaps between regions and disparities among citizens in terms of welfare and standard of living. In the present economic context, improving regional and local competitiveness is a vital objective for the European Union to meet the following challenges: higher socio-economic disparities following the last stage of enlargement, restructuring determined by globalisation, technological revolution, the expansion of the knowledge based society, the ageing of Europe’s population and the evolution of migration.

The target of this Ph.D thesis is to explore the increased use of alternative approaches to regions, regionalism and regional policy, and the application of the new rules in the European Union of 27 member-states, but also in a more extended context.

Extensive changes are at present taking place throughout Europe with profound consequences for regional structures and development as well as for the integration and cohesion processes. Besides, the trend towards integration inside the EU has been

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3 For this reason it may be difficult to apply the territorial solution in Central and Eastern Europe as recommended by Will Kymlicka, *Politics in the Vernacular: Nationalism, Multiculturalism, Citizenship*, Oxford: Oxford University Press, London, 2001, pp. 17-18; where the nationalities have undergone a different process of territorial consolidation.
accompanied by the incorporation of parts of the East within the "new" Europe, in which there is a growing concern over inequality and social exclusion. At the international level, contemporary theories and doctrines continuously discuss different interpretations of these political, social and spatial changes.

This thesis focuses on the three levels of regional development structures and institutions: subcontinental as for the case of the European Union, national and regional. Regionalism is becoming a very salient issue in everyday policymaking and also on the agenda of the European Institutions intrinsic to the core of the future of European Union. Nowadays, the new shape of regionalism is going to take a more precisely way to improve the structures and the function of the EU like a whole that can function in a world that plays from global to local and again to global, and all this for winning the battle for surviving in a more and more competitive world.

The main research question of this thesis is: In the enlarged European Union, who could be the main actors: states or/and regions and what will be the socio-economic relations between them? To answer these questions a first step in understanding of the functioning of regionalism from a comparative perspective is needed.

In this context, the main issues investigated in this paper are:
- the inside borders of European Union from a regional perspective, the cross-border phenomenon and the actions that have been taken in this regard;
- the development of regional cooperation at the European Union’s level;
- the “new regionalism” in a trans-border perspective in an enlarged European Union.

This research proposes a theoretical framework drawing from the experiences of European researchers and political historians that could be of use for the “newcomers” and also for developing the theoretical framework of the regional development in the European Union. Finally, given the contemporary relevance, within the EU enlargement and integration process, it is required to further enriching this research with a functional understanding of successful European regional policies and to understand such process from a European perspective.

This is the framework within this paper intending to explore the European regionalism, the European regional policy and European regional development from a comparative socio-economic perspective. Starting from the successful European experience in the field of cross-border cooperation, my thesis aims to deepen the understanding of the dynamics of regional cooperation that can overtake the classical one between different border
regions and bring it to the next level of European regionalism: trans-border cooperation, analytically combining the administrative and socio-economic levels.

Furthering the knowledge and interest on the specific issues linked with regional cooperation within the European Union integration process, the aim is to reach a detailed awareness of the European experience in order to extrapolate the necessary tools to create a new regional model broadly applicable to whole EU according with the new tendency of the “new regionalism”.

The two intersecting factors in this framework are first, the strength of formal institutions at the regional level, and, second, the evidence of the emergence of “virtual regions”. These, are considered to be, in the approach of this thesis, the centers of “new regionalism”, questioning the advocated leading importance of scale and territoriality. But this do not mean a substitution of “old regionalism” per se, but rather an amendment to it.

The main objective is to make European regions inside of EU work together, and the main issue is HOW can be done that? It seem this like a hard question, but if we take a deep analysis of the situation of regions in EU we can find a few ideas for an appropriate answer to this query.

As the European Commission mentions in its Second progress report on economic and social cohesion published on January 2003, the EU Regional Policy is an instrument to promote development in economically weaker areas of Europe as well as to facilitate integration and ensure the success of the single market.4

For many years, the regional disparities in levels of development and standards of living - which existed well before the Community was created - were considered to be entirely a matter of concern for the Member States.

There have been clear improvements since the European Union started its effort to reduce disparities. But substantial differences remain, and the gross domestic product per capita (GDP) of the ten most dynamic regions is still almost three times higher than that of the ten least developed regions.5

Regional policy is also tangible: its results can be clearly seen by Europe's citizens, who themselves benefit directly from assistance in the form of help in finding a job and adapt to the changing job market. It improves the standard of living of citizens who live in the less developed regions by augmenting the funding available to the public authorities for providing new infrastructure and helping firms become more competitive. Motorways, airports and some high-speed rail links have been built or renovated with co-financing from European

5 Ibidem.
Chapter 1

Funds, known as the Structural Funds, and always in compliance with European environmental standards. Small and medium-sized enterprises (SMEs) are set up and sustained to remain in business in remote regions. The information society is infiltrating the most isolated rural areas. New education, health and leisure facilities are being set up in rehabilitated suburbs. All these are tangible examples showing the man and woman on the street how the Union is working for them, but we have to go forward and see how will look the future, especially at regional level.

The EU Regional Policy is all about how the EU distributes its famous “EU funds”. EU funds is how the EU implements its Regional Policy. This is how a large part of the scholars, technocrats and European civil society believe that EU Regional Policy is. It is true that is the main part of the EU Regional Policy and the practical one, but is not all of it. The Regional Policy in EU is much more than Structural Funds, like it would be demonstrated here before.

To understand this, we have to understand EU, because the EU’s distinctiveness has much to do with the particular circumstances of its origin. The EU was created to be a force for peace, equality, security and justice in Europe and worldwide. This should be a Europe based on solidarity and cohesion, capable of addressing disparities between different people and regions which will exist within an expanding Union. It should also apply these principles in its relations with the outside world, aiming at the progressive reduction of inequalities between continents, countries and regions, with particular attention to the poor ones in developing countries. It should articulate a clear vision for what Europe should be like in 20 years’ time, when the Union embraces a large part of the geographic continent. Its recommendations for the institutions and instruments of the future European Union should be guided strongly by that vision, and not mainly by the immediate pre-occupations which face the Union today.

European areas are highly diversified with multiple functions, demanding solutions specific to each area. The plans and programmes should put strong emphasis upon horizontal and vertical forms of partnership between national and provincial governments and local authorities; and upon local partnerships between the public, private and voluntary sectors. Territorial partnership should be endowed with the necessary legitimacy, recognition and means to plan, implement and manage sustainable development. The regional distribution of funding should be radically reviewed on the basis of a new typology of European regions and a proportional system of co-funding according to population density, the socio-economic situation and specific features or needs, including low population levels.
Chapter 1

The external explanation of regional integration is not necessarily true, however. It is also possible that the interregional relations are derived primarily from the internal economic and political dynamics of the regions (genealogical causality). In reality, the intra- and inter-regional factors probably interact and thus shape each other. All regions have their characteristic paths of development, embedded economic, political, and ethnic cleavages, and security dilemmas which fuel intra-regional politics. Still the influence of external economic and political forces on interregional relations cannot be discarded.

A key question in the future of European regionalism is whether the European Union will create an increasingly closed trading bloc to be underpinned by "continental Keynesianism" due to major infrastructural investments.

One can say that the multiple deconstruction of Eastern Europe in the late 1980s permitted the political reconstruction of Central Europe reaching out to the West. This development has given rise to the question whether (Eastern) Central Europe is sustainable in the new structure of EU. The former option is favoured by James Kurth who sees Mitteleuropa as a third way between East and West, largely because its cultural and political life has been shaped by the Catholic social teaching.

However, Europe is not merely a scapegoat, but at the same time the exact opposite: the hopelessly overburdened standard-bearer of hope, which is bound to disappoint, because so many people would like it to disappoint. Europe acts as a blank screen on to which the Frenchman can project his yearning for “grandeur”, the German his deep-seated need to belong, the Briton his uncompromising cries of “I want my money back”, and the Eastern European his desire for stability and a guarantee of democracy, the rule of law and human rights.

Even before the common market was completed, European, national and regional, actors had been aware of the negative impact the critical economic situation of the lagging-behind regions was having on the general growth rate in the EU, as well as of the benefits for the welfare across the European countries (before the enlargement of 2004) of a policy to deal with these disparities. This aspect we can very well see from the graph below (see Figure 1).

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7 See http://kroc.nd.edu/ocpapers/op_13_3.shtml
Figure 1. Gross Domestic Product (GDP) in Purchasing Power Parties, 2004 and 2005
(EU25 = 100; figures above graphs are for 2005)

The EU has something more important than its institutions: the network of connections, the day-to-day working relationships remote from diplomatic channels, the exchanges. And these exchanges give rise to the “manifold unity”, which according to Edgar Morin is the life-blood of Europe.\(^9\)

In this context, the idea of a EU of regions arise and the regionalism take new forms of manifestation. It became obvious that traditional regionalism has reach its limits, and that new approaches are emerging. One should notice the growing role of the theories of regional development which indicate the changing, models, patterns and conditions of growth and change regionalism within the EU, Member States, regions and localities.

It can be observed that the dynamic aspects of regional cooperation are most of the times captured by the concept of regionalization defined by the growth of social and economic interaction and of regional identity and consciousness. Regionalization results from the increasing flow of goods, people, and ideas within a spatial entity which thus becomes

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more integrated and cohesive. It is proved that regionalization grows from below, from the decisions by companies to invest and by people to move within a region. Regionalization should be distinguished from regionalism which refers to political, state-based efforts to create cohesive regional units and common policies for them.

Understood in the above way, the processes of regionalization are strongest in the regions in which productive forces are robust and people educated enough to become transnationally active. Individual and collective actors have capabilities to seriously reach beyond national borders which are made porous by the spread of democracy, capitalism, and modern technology. On the other hand, there can be historical and cultural barriers to intraregional exchanges. If countries have deep-rooted, ancient civilizations, the value of cross-border communication may not be as much as appreciated than in relations between neighbouring small states.

The old and, more interesting, new theories of the regionalism in the EU revel a passage from traditional and classical approaches versus the role and the importance of the regions in the European context and evolution, to the new ways of interregional cooperation and the develop of new forms of “been connected” at European level, and not only.

The phenomenon of “new regionalism” has enjoyed a good run in academic debate. In this sense can be arised questions if the “old regionalism” has been surpassed and replaced, if indeed it ever existed. The debates about regionalism in Europe have been very different, and whilst we shared a label of “new regionalism”\(^\text{11}\), there were different issues at stake. Regionalism had long seemed a good idea but with almost no examples of regional government. At this point, it is agreed that the new regionalism needed to find new persuasive arguments.

Across Europe, the regional scale was encouraged by expanding European Union policy, by the creation of institutions to represent regions\(^\text{12}\), a strong tradition of regions as territories of identity, and in some countries also by nation states themselves. Devolution from national to sub-national scales has been a recurrent theme. Some regionalist, or nationalist, political identities enjoyed a revival and offered further examples of a Europe of Regions\(^\text{13}\). By the 1990s, a new regional economic orthodoxy had emerged, derived from the “motor

regions” of the 1980s and offering a model for economic revival but that seemed to be more rhetoric than reality\textsuperscript{14}.

Someone try to sustain that the idea of developing and following a successful model, such as the Third Italy\textsuperscript{15} or Barcelona, has turned out to be unrealistic and unfeasible in the light of the many differences between, especially, city regions as the advocated centers of economic development. The reality of a “new regionalism”, can be noted that is still contested in Europe\textsuperscript{16} but there are very different strands to the debates, encompassing city regions, trans-border (international) regions, innovation regions, etc.

As we can see in the map below (see Figure 2), the EU has concentrate its forces to reduce regional discrepancies with the help of the regional policy, that in the past period 2000-2006, has concentrate its funds on 3 levels, delimited by the 3 base objective. Its is clear that not all the “poor regions” had the best and also that the most riches regions saw themselves with less European money. Even if EU regional policy is designed to provide EU assistance to help the most disadvantaged EU regions overcome their economic and social difficulties and catch up with others, this was not possible in all cases. Anyway, it is clear for all, that EU, in its, orientation to the regional aspects will always applies the basic principle that guide also the regional policy: the solidarity and the cooperation.

From other point of view, the economic regions are nothing new in Europe. In fact, the second industrial revolution, which started in the 1860s, gave in many parts of the continent rise to industrial regions which have lingered until these days. In the last period of time, regionalization in Europe (see Figure 2) is often a reaction to the trans-nationalization of the economy and the decline of the old industries\textsuperscript{17}. Therefore, they are structured increasingly around capital flows and financial services, although infrastructural development also remains important. In addition to being reactions to economic pressures, regions also have ideological roots, either reflecting liberal and socialist antagonism to local provincialism or the federalist effort to circumvent the nation state.

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{14} T. Herrschel and P. Newman, op. cit., p. 2.
\item \textsuperscript{16} T. Herrschel and P. Newman, op. cit., p. 4.
\item \textsuperscript{17} R. Väyrynen, op. cit., p. 3.
\end{itemize}
\end{footnotesize}
This approach points to the possibility to consider regions as social constructs in which spatiality is shaped in human minds and by human (inter)actions and leads to "regional understandings". The social constructionist view of regions considers them malleable by human actions; their internal structures and external boundaries are constantly rearticulated and redefined. The region as a focus of identification has been analyzed most extensively by

18 See http://kroc.nd.edu/ocpapers/op_13_3.shtml
French authors, while the region as a medium of social interaction and as a local response to the capitalist world economy has been of greater interest to English-speaking authors. Focusing on economic forces, Paul Krugman\textsuperscript{19} rejects the mosaic model and stresses the importance of geographic location and various core structures for the concentration of those economic activities that assure higher returns. Regions with adequate population base, concentration of specialized skills, and dense transport infrastructure create strong centres of production and networks of innovation based on technology complexes. Such centres reflect the uneven regional distribution of economic activities and shift only slowly.

The power of economic interests and of historical and cultural identities is reflected in the rise of transborder regions combining territories from two or more countries. Such regions utilize physical proximity to serve material and cultural needs. One arc-shaped transborder region, based on networks of paper, metal and high-tech industries, has been rising in the Finnish and Swedish coastal areas around the northern parts of the Gulf of Botnia. In addition to its transregional economic agglomeration, the region also has common historical and linguistic connections.

Regional policy is clearly in “on-line debate” today, and with that is the regionalism, like we can see very well from the map (see Figure 2), presented above. This is reflected in the establishment of new (sub)regional organizations for economic cooperation, conflict prevention, and environmental protection in almost all parts of the world, respecting the rules that changes very often in the last time. On the other hand, the empirical evidence on the impact of these new organizations on the promotion of regional cooperation is mixed at best; regions do not always deliver expected political and economic results.

If regional organizations are not justified by their performance, there must be other reasons for the popularity of the regional perspective. One such reason may be the regionalization as a source of identity formation and social construction. In his context, the regionalism and more recent the “new regionalism” can be the answer to this salient issue.

“Regionalism is a set of cognitive practices shaped by languages and political discourse, which through the creation of concepts, metaphors, analogies, determine how region is defined; these serve to define the actors who are included (and excluded) within the region and thereby enable the emergence of a regional entity and identity.”\textsuperscript{20}

Chapter 1

The last two enlargements of EU: on 2004, May 1st and on 2007, January 1st, have exacerbated economic and social disparities across the EU. Recipients of Structural and Cohesion Funds such as Ireland and Spain are now being called on to contribute to the development of their new partners. For the period 2007-2013 financial perspectives, cohesion policy amounts to 35.7% of the total EU budget (€308 billion), 62% of which should finance projects linked to the Lisbon agenda for growth and employment.

The new members of the EU have to face new challenges resulting from their opening up to unrestrained competition within one consolidated political, economic and social system. In western EU, the processes of regional polarization may progress more weakly than in Central Europe, although they also will be visible, as is the case during the past two decades\(^2\).

At present, the European Union grants financial assistance under multiannual regional development programmes negotiated between the regions, the Member States and the Commission, as well as under specific Community Initiatives and schemes, through four Structural Funds: the *European Regional Development Fund* (ERDF); the *European Social Fund* (ESF); the *European Agricultural Guidance and Guarantee Fund* (EAGGF, Guidance Section); the *Financial Instrument for Fisheries Guidance* (FIFG). In addition, a special solidarity fund, the *Cohesion Fund*, helps finance projects relating to the environment and transport networks in those Member States whose GDP is below 90% of the EU average.\(^2\)

Further than these financial aspects, the “modulus operandi” in which the Regional Policy was initiated and conducted at the EU level had a major impact on the restructuring of the power-relationship between several layers of national governmental administration (local, regional, central) and between these and the EU institutions (especially the European Commission).

Harnessing the local experience and commitment in genuine partnership is essential to ensure the successful delivery of Structural Funds and wider economic development. It has also played a major part in developing the links and work programmes within regions.

Nevertheless, it remains, for now, a empirical evidence: within most of the member states in the EU the interregional differences are growing. In this context, the scholars Boldin and Canova\(^3\) label the EU regional policy as a social redistribution, and not as an activity which could bring development impulses to the regions benefiting from it.

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In general, the literature points to the Member States as the ultimate decision-makers in formulating priorities with the Commission. Regions cannot attract additional money through their own actions except for marginal amounts via the programmes of Community interest. Much of the literature looks at the process of decentralisation and regionalisation as advocated by the various European institutions, but plays down the role of local actors.

European institutions provide opportunities for non-state actors to intervene, gain recognition, build systems of action and secure protection. On the other hand, the concrete opportunities are limited and rather disparate. Official statements of European institutions emphasize the importance of diversity and the provision of space for non-state actors, but many of the EU institutional and policy initiatives assume a homogeneous sub-State level of authority and identity. EU rather plays the role of providing the normative frame.

It must be retain the opportunity for local collaboration in any new funding structure and European inter-regional programmes, as this is essential to capacity building, sustaining local action and building links within the new Europe.

Once simple territorial administrative units, now-a-days regions are autonomous actors, free but responsible to find a place of their own in a enlarged EU and a globalised world. It can be said that “Europe with Regions”, even if it has a life of its own, has to be seen also as a sectoral continuation of other sections as: “Democracy”, “Global Governance”, “Institutions”, “Enlargement”. Especially the last one is of major relevance, as the European Regional Policy has been witnessed significant developments in moments when the EU was confronted with problematic aspects previous enlargement waves also presented (1975, 1988, 1993, 1999 and 2004).

EU regional policy distributes also funds to research and development, but in the most of the cases this funds are invested into cross-border research infrastructure rather than determinate projects. Usually, such funds are allocated to poorer regions to help them “catch-up” to richer regions.

Inherrent in the territorial nature of regional policy is need for coordination among EU institution, member states and regions. Control over the implementation of EU regional development funds can affect regional government policymaking ability and often times national governments would prefer not to devolve so much autonomy to the regional level. As a result, national governments can use constitutional stipulation as a way to avoid direct

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26 C. M. Dudek, Coordinating Regional Policy in the EU, paper prepared for the “European Union Studies Association Conference”, Austin - Texas, March 31-April 3 2003, p. 11.
coordination between the EU and regions. In addition, since member states need to maintain substantive legitimacy and provide “goods” to their constituencies, often times EU programs or directives may seem counter productive to the member states goals or agenda.  

In the Second Territorial Dialogue 2007, “Horizon 2010 – local and regional authorities for growth an jobs” at the Committee of the Regions that took place on 14 February 2007, the EU Regional Policy Commissioner Danuta Hübner underline that for the Lisbon strategy to work its needed “the sustained involvement of parliaments, local governments, social partners and civil society is essential”.  

Of course, each region, nation or Member State will have its own economic development strategy. So maintaining flexibility to ensure the own policies can continue to complement European policies will be important. The outcomes of debate on cohesion must allow for significant local flexibility in implementation. It can be said that the EU become the formal regional organisation within the European political economy. Like it or not, the EU stands tall in any attempt to deliberate on contemporary regionalism.

Recent reports on economic and social cohesion within the European Union and various studies have observed an appreciable reduction of the disparities among regions and even more among Member States. They have also shown that this development has to a great extend been supported, on the one hand, by the process of European economic integration and, on the other, by the action of the Structural Funds and Cohesion Fund.

Like any other thing in the world, even the Regionalism, with its tool: Regional Policy, had to have a future for the good of the people who live in the European Union, that was a dream that became true when all Europeans was convinced that only together they will be able to survive in a world that is more and more globalizes.

Within and across the Europe, there will continue to be regional disparities and if the EU is to become the most competitive and dynamic knowledge-based economy in the world as agreed at the Lisbon Summit, EU will need interregional cooperation and regional policies aimed at improving growth, competitiveness and prosperity across all Member States. And the consistent support for these priorities from all levels of government will be essential.

The main aim about the developments in this “part of the Europe’s world” is to analyse critically and concisely the regional policy actors, mechanisms and impact. In summary, for reasons of securing cohesion and aspiration, but also to delivery

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29 See http://ue.eu.int/uedocs/cmsUpload/78367.pdf
competitiveness and growth in all areas, the view is that coordination, regional and national flexibility and local partnership are vital.

It is important, also, to show the citizens that European regional policy is a reality, that it produces results, that citizens can participate in it and that it plays a key role in the economic, social and territorial cohesion of the Union.

As the Former First Minister of UK Jack McConnell said at the “EU Informal on Regional Policy” that took place at Rome in 2003, that “Now-one has all the answers but by working together in that way we have a better chance of building a Europe that is modern, dynamic, just and successful.”

In conclusion, regional cooperation and regional policy will play a greater role tomorrow than ever. It will address all citizens and the territory of all regions of the Union. It will be based on effective solidarity, focused on the least advantaged but adjusted to the particular situation.
Chapter 2

Theories of European Regional Policy

2.1. The Classical Theories of Regional Policy in the context of European Union Policies

The need to promote balanced development by reducing the gap between the different regions and helping the most disadvantaged to catch up was recognized in the preamble to the Treaty of Rome (1957).

The European Union that has emerged from the European Communities founded in the 50ties had to become attractive for other countries because of its economic success, accompanied by its slow, but continuous integration. A great part of this success is due to the Union’s great efforts to overcome structural disparities existing within the member countries as well as between the member countries by a set of structural policies, among which Regional Policy is the most important, first of all and certainly in financial terms. However it must be understood that the political approach focussing on the mechanisms and criteria applied to distribute an important amount of transferable financial resources is much more than an element of the Union’s financial system: it is indeed a major field of the necessary concretization of the ever-necessary compromise between the two most fundamental objectives of the Union, i.e. to strengthen the functioning of the market economy, wherever justifiable, on the one hand, and to overcome the existing inter-regional disparities where they are an obstacle to achieving development in harmony, as stated from the beginning in the 50ties, on the other.30

In the first place, to understand better what the European regional policy is about we should look at the general aspects of economic development. A few questions arise: What are the elements that determine the attractiveness of a Region’s territory? How can we measure them? What examples of regions having been successful in developing their economy can we find? What tools have they used? What role have research and innovation played in this context? To what extend can the reform of EU State aid policy influence this attractiveness?

In order to avoid falling into the trap of more insubstantial and inconclusive research, a vigorous theoretical adjustment is recommended. A key question is whether the research focus should be bottom-up, top-down or both. This requires a clear definition of region, regionalism, which will in turn allow trends to be evaluated and the extent of regionalisation

30 *** Regional Development Policy of the EU and (Potential) Candidate Countries, December 2002, published on the site http://www.mfa.gov.yu/Policy/Multilaterala/EU/analize_e/reg_e.html
to be gauged. The domain of Regionalism should also be clearly specified. Is the research concerned with policy, politics or polity? Finally, attention should be paid to clarifying the mechanisms of change and, arguably the greatest challenge of all, linking these mechanism to the explanation of European regionalism.

Regions, as important territorial units for effective democratic processes and socioeconomic development, become officially acknowledged in the 1950s. The Treaty of Rome signed in 1957, states in its preamble the objective to “strengthen the unity of their (states’) economies and to ensure their harmonious development by reducing the differences existing among the various regions and the backwardness of the less-favoured regions”\(^{31}\). When the Council of Europe was founded in 1949, a Committee of Regional and Local Authorities was created. In 1958, the European Community launches sector-based funds to begin developing cohesion between regions – the ESF and the EAGGF. The Council of Europe begins to promote a European regional planning theory. In resolution 210, it states that “the harmonious geographical development of such (economic) activities (...) is impossible in the absence of a regional development policy”.\(^ {32}\) In 1970, the Council of Europe’s European Conference of Ministers responsible for Regional/Spatial Planning (CEMAT) launches its first European conference for Ministers. The concept of regional/spatial planning is explained thus: “Regional/spatial planning gives geographical expression to the economic, cultural and ecological policies of society. It is at the same time a scientific discipline, an administrative technique and a policy developed as an interdisciplinary and comprehensive approach directed towards a balanced regional development and the physical organisation of space according to an overall strategy”.\(^ {33}\) According to the Recommendation 84 of the EU Committee of Ministers “Regional/spatial planning contributes to a better spatial organisation in Europe and in finding solutions to problems that go beyond the national framework. Its aim is to create feelings of common identity in North-South and East-West relations.”\(^ {34}\)

The term of region has different meanings in different political and institutional contexts. It has different connections with culture and territory and different political and institutional implications.\(^ {35}\) Keating has listed the different kinds of ways in which regions

\(^{31}\) Treaty of Rome signed in 1957, see also http://www.historiasiglo20.org/europe/traroma.htm.
\(^{32}\) See http://coe.int/t/e/cultural_co-operation/enviroment/cemat/presentation.htm
\(^{33}\) Recommendation (84)2 of the Commitee of Ministers to Member States on the European Regional/Spatial Planning Charter.
\(^{34}\) Ibidem.
\(^{35}\) European Commission, Changing interests and identities in European border regions: EU policies, ethnic minorities, socio-political transformation in member states and accession countries, in EUROREG, State of
may exist: functional, cultural, administrative. There are also different cultural and political perceptions of the regional territory according to different people. Regions therefore must necessarily be appreciated as open systems whose boundaries, even in the most consolidated ones, may differ for different purposes.

Regions are defined not merely by economics but also by culture and history, which define their boundaries and shape social relations within them. Regions are also the outcome of political leadership and competition. In some parts of Europe, territory has become a significant political cleavage and regions have emerged as political spaces, sustaining a debate about the common interest and a distinct political agenda.

Regions have also emerged as institutions, an intermediate level of government between states and municipalities, but taking very different forms, from the fully-fledged federalism of Germany and Austria, to the weak, administrative regionalism of Italy and France. This has produced a heterogeneous pattern across Europe, according to whether the various meanings of the region coincide or not, and to the degree of institutionalization of regional government. In some places, like Scotland or Catalonia, the economic, cultural and political regions (or rather stateless nations) coincide and are endowed with important institutions with legislative and administrative competences. Some of the other Spanish autonomous communities and many of the German Länder have a much weaker sense of political and cultural identity, although still possessing autonomous institutions. French regions were designed to suppress rather than encourage political and cultural identity and, like Italian regions, rarely constitute political spaces or a primary reference point for political debate.

In some of the smaller states there are no elected regional governments and, at best, a system of functionally specific agencies for economic development. In some cases, the most important level for economic, social and political mobilization is not the region but the city.

As a policy, the European region has much in common with the EU itself. It is complex, patchily institutionalized and contested. Arenas and actors vary across policy areas, and policy-making is organized through networks, which may be functionally or territorially

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based. As in Europe\textsuperscript{40}, there is a constant struggle between those who see the region as primarily an economic entity, driven by competitive market considerations locked in a neo-mercantilist competition for economic advantage, and those who favour a stronger social dimension.\textsuperscript{41} As in the European Union, concerns of economic competitiveness have usually trumped questions regarding the region as a basis for social solidarity. In a few regions, strong regional governments are able to impose coherence on the array of local actors and define a common territorial interest. In other regions, development coalitions have emerged to promote a vision of the region’s place in European and global markets but without an overall social project. Yet other regions are a political no man’s land, fought over by rival political and social interests, often with different territorial bases.

The European Commission for instance does not have one definition of a region. It bases itself on the NUTS table (Nomenclature of Territorial Units for Statistics) which consists of three levels, each of which is an aggregation of national administrative units. The Commission’s objective following its policy logic is to get programmes going, to spend the funds in the most effective way possible, and to involve whatever partners they believe are appropriate for the task at hand. While the Commission has succeeded in concentrating funds on the neediest regions, it still has to make sure that everyone gets something in order to keep national governments satisfied.

In fact, the regions of the EU can be roughly divided into three types\textsuperscript{42} (through some regions do not fit neatly into a single category):

- **Large urban services centres.** These regions typically perform well in terms of both GDP and employment. The 25 regions most concentrated in services have an output per head that is 27% above the EU average. Since the service sector is the main source of employment in the EU – jobs in market services in particular increasing by 12 million over the past decade – service centres generate significant employment opportunities, often expending well beyond the region concerned. Nevertheless, there can be serious unemployment blackspots within the cities themselves.

- **Industrial regions,** the economy of which tends to be centred on medium-sized cities, which are often part of a network. The fortunes of these regions depend strongly on the health of the particular industries located there. Since much of the sector is


\textsuperscript{41} M. Keating, op. cit., p. 44.

performing well, manufacturing regions are often successful; the 25 regions in which employment is most concentrated in manufacturing have an output per head 8% above the EU average and the unemployment of over 11/2 percentage points below the average. However, a minority of industrial regions particularly affected by restructuring have high rates of unemployment, sometimes (but not always) combined with moderately low GDP per head.

➢ Rural regions, with relatively high employment in agriculture. These regions generally perform reasonably well in terms of unemployment, although problems may show up in other ways, e.g. in terms of high outward migration. However, some agricultural subsectors are low value-added and face significant restructuring pressures. The 25 regions with the very highest dependence on agriculture (and this can be extreme, covering anything up to 40% of the labour force) are particularly affected and have an average unemployment rate of 14.7%. This underlines the importance of facilitating diversification.

The vast majority of academic studies have tended to favour the top-down perspective, examining the domestic impact of the EU across a variety of domains, such as political structures, policy areas, interest representation, political institutions and policymaking styles and regional governance.

Regional policy is based upon ideals of Keynesian economics. That runs contrary to neo-classical assumptions underlying competition policy. Many scholars suggest that structural and cohesion policy provided side payments for membership and facilitated the achievement of single market even with the addition of countries with weaker economies.

For example, the accession of Spain and Portugal necessitated strong regional policies to

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43 S. Bulmer and M. Burch, Organising for Europe - Whitehall, the British State and the European Union, in “Public Administration”, vol. 76, no. 4, Manchester, 1998, p. 615.
45 B. Kohler-Koch, Patterns of Interest Intermediation in the European Union, in “Government and Opposition”, vol. 29, no.2, Spring, 1994, p. 166; and D. Lehmkhul, Under Stress: Europenisation and Trade Associations in Member States, in “European Integration online Papers” (EIoP), no. 4(14), 2000, p. 3.

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counter the negative impact due to competition from countries of EU with stronger economies and industries.

Over the 1980s, the Commission sought to increase its influence over the framing and implementation of the policy, to convert it to a genuine instrument of regional policy, and to ensure that spending is additional to national spending programmes. From the late 1980s, it also sought to co-opt regional interests as partners in designing and implementing programmes. This produced a three-level contest for control of the policy instrument, among the Commission, Member States and regions themselves.  

Additionality was made a general principle, so that spending would be over and above national spending. The whole policy was guided by the notion of subsidiarity, with the greatest possible involvement of regional and local interests and the social partners representing business, labour and voluntary groups. The regulations prescribed an integrated approach to regional development: as this links spatial policy to technology, environmental policy, education, public procurement and competition policy, it was intended to bring regions into contact with a range of EU policies and directorates. The Commission, in line with contemporary thinking on development policy, also sought to move from infrastructure to human capital, productive investment and indigenous development. This too implies a more active and participative role for regional actors of various sorts. National governments also make sure they maintain their role in the procedure, and from the high point of 1988 there has been considerable re-nationalisation of the policy field.

These changes potentially paved the way for greater regional involvement in policy-making and for stronger direct links between the Commission and regional interests. To a significant extent, this has happened. Yet some of the weakest regions, not equipped with appropriate institutional structures, have struggled to benefit. While the reform may have given regions an entitlement to participate, Bailey and De Propris argue that some have lacked the capacity to do so effectively. Those states without regional structures have been obliged to create them, or at least a substitute for them, in order to be eligible for funds. This is the case in Greece and Ireland.

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Chapter 2

The classical Weberian nation(al) state is challenged by downwards, towards lower levels of governance, and upwards, towards the EU, shifts of authority, phenomenon which determined some scholars to characterize the EU as being a “multi-level system of governance”.

The territorial nature of EU regional policy demands complex coordination among various levels of government as well as across several policy sectors. Vertical coordination, inherently necessary for regional policy, is often precluded due to power struggles among supranational, national and regional governments. Likewise, conflicting policy goals and competing interests across policy sectors curtails the achievement of cross-sectoral coordination. Challenges to cross-sectoral coordination often arise since regional policy, based upon redistribution and Keynesian economics, has found itself at odd with underling principles of the EU, namely neo-liberalism and free market competition.

In 1980 the Council of Europe produced the Framework Convention for Cross-Frontier Cooperation for Territorial Collectivities and Authorities, also known as the Madrid Convention, providing basic legal instrument for cross-border partnership. This, however, was only binding for public authorities, and not for civil society. Thus, cross-frontier cooperation remained latent, only existing in official expressions of interest on the part of authorities on either side of frontiers, with little concrete action to back such statements up. Three years later, the Council of Europe adopted the European Regional and Spatial Planning Charter.

The 1980s witnessed further regionalisation of different sorts in individual EU member state countries. During the late 1980s and early 1990s, there was talk of a ‘Europe of the Regions’, a vaguely specified vision of an EU in which regions would be recognised as a third level of government alongside states and the EU. This, however, was not accompanied by any concrete action on the part of EU member states or EU policy-makers.

These two trends were fuelled by the importance given by the European Union to the roles of regional governments and partnerships, both intergovernmental and public/private, in the design and execution of development programs.

The EU’s emphasis on regional development stems from the fear that a single market devoid of protectionist barriers will widen regional disparities. These in turn will threaten political, social and economic stability. Measures are needed to counteract these risks by strengthening the competitive capacity of poorer regions. Investment of “cohesion” funds is needed to “level the playing field”.

52 See http://wbln0018.worldbank.org/Apps/CCDKoclib.nsf/fd13f251023ca1bdc85256896006bf440/cc3f4fda0d7835b85257110062a16b/$FILE/Investing%20in%20Regional%20Development_policies%20&%20practices%20in%20EU%20candidate%20countries.pdf
Chapter 2

There appear to be three reasons why the EU promotes the role of regional or local self-governments in allocating and managing these investments. Firstly, it ensures that they will be made in the target regions; it is much more difficult to determine the geographical use of money disbursed through sectoral ministry programs.

Secondly, developing regional capacity depends on integrating a variety of individual interventions; attracting private investment, for example, may require a mixture of infrastructural and environmental improvements as well as business support and labor force development.

Thirdly, regional and local governments are regarded as best placed to build up the intergovernmental and public/private partnerships necessary to development in a plural polity and market economy.\(^{53}\)

Even within the same member state there may be variations of regional inclusion in coordinating EU regional policy since some regions have stronger institutional capacities than others.\(^{54}\) Also, regions may seek greater participation with the EU rather than their national government in creating and implementing regional policy as a way to gain more autonomy from their central government.\(^{55}\)

The implementation of regional policy demands local and regional actors, both public and private, to play significant role.\(^{56}\) The relation among central and regional governments with the Commission is vital to coordination of regional policy, both in its formulation and implementation. Tensions often emerge among levels of government as each seeks to have greater role in regional development.

A significant difference between EU social and regional policy is the national model each adopted. EU social policy tends to take a “top-down” approach more likened to the Franco-Italian model, whereas, regional policy has a “bottom-up” approach likened to the Irish-British model.\(^{57}\) The difference in models certainly makes sense since these policies were initiated by certain member states and thus the policy coordination is likewise reflective of those countries’ practices.


\(^{57}\) See http://aei.pitt.edu/3170/01/Regional_Policy_Paper-Dudek1-1.pdf
Chapter 2

The EU approach to regional development is concerned with the reduction in disparities, measured largely by differences in GDP per capita. The first objective is to raise below average incomes and all other objectives are concerned with contributory causes of low incomes, mainly related to changing employment. Interventions may be multi-sectoral, but they need to be integrated to achieve a common aim of generating greater income.

The *European Charter of Local Self Government*, first adopted by the Council of Europe in 1985, entered into force on 1 September 1988, following its ratification by four countries out of 16 to have signed it. Local self-government is defined in article 3 of the charter as: ‘the ability of local authorities to regulate and manage, themselves, a substantial share of public affairs in the interests of the local population. This right is exercised by democratically elected councils which may possess executive organs responsible to them.’ The Charter is an international judicial undertaking which links the countries which have ratified it, whilst maintaining a degree of flexibility in order to take account of the legislative and administrative systems of each country. It imposes the respect of a minimum number of rights which constitute the first European platform for local self-government (Article 12).

Allen, for example, argues that “historic decisions [i.e. Masstricht] emerge as intergovernmental deals, in which the central governments of the member states are the major and determining players”. In fact, Allen asserts further that “bargains about the size and allocation of the structural fund allocations have been use to facilitate wider EU developments” and have not been influenced by regions themselves – the recipients of these allocations.  

One issue that Allen’s arguments clearly ignore or discount, then, is the role that sub-national actors plays in EU politics; yet, it is increasingly clear that such omissions are incorrect. Indeed, Peters and Hunnold correctly note that “many European countries are better understood as composite of a number of regions rather than integrated nations. Sub-national allegiances remain strong in many countries, and in several, regional interests are demanding separate nation-states”. This assertion has been empirically validated by Eurobarometre, which shows that popular attachment to regional identities is equal to or stronger than attachments to national identities in 10 of the oldest 15 EU countries. Although Hooghe and Marks correctly emphasize that attachments seem to be mutually inclusive and that there is “a

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shift not toward exclusive regional identity but toward multiples identities”\(^{60}\), it is nonetheless clear that regions can no longer be omitted from European political analyses.

Hooghe and Marks state that “by far the most important [channel for regional influence in the Commission] is EU structural or cohesion policy, which aims at reducing disparities among regions in the European Union”\(^{61}\).

Regional policy often intersects with other policies making cross-sectoral coordination essential at the policy creation and implementation stages to improve efficiency and effectiveness of policies, to avoid contradiction and redundancy as well as maximise budgetary resources.\(^{62}\)

Regional issues featured quite prominently in the European debate, also, in the new Member States of central and eastern Europe. In the early years of the process, the impression was given that, to be a modern European country, it was necessary to have regional government on the western model. As there is no western model, but a variety of types,\(^{63}\) this was a great simplification, but the idea persisted that regions of a critical “European” scale are essential for economic competitiveness.

Another widespread belief was that regional government is needed in order to receive and manage Structural Funds.\(^{64}\) There is no written record of the Commission having laid this down, but this impression seems to have been given by Commission officials and consultants, and taken up in domestic debates by those pressing for reform for their own reasons.\(^{65}\)

The Community Initiative funds were launched in 1990, to last until 1994. For managing Structural (especially INTERREG) funds, many local institutions use the *European Economic Interest Grouping*, created in 1985 by the European Council in 1989 to provide the necessary legal entity based on Community law to facilitate cross-border cooperation.\(^{66}\) As Structural (especially INTERREG for cross-border cooperation) funds were only designed at that stage for frontiers internal to the EU, the European Commission created a fund for the accession countries (before 2004 - 2007) that have the name of PHARE meant to support

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\(^{60}\) L. Hooghe and G. Marks, op. cit., p. 7097.

\(^{61}\) Ibidem.


\(^{66}\) See http://europa.eu.int/scadplus/leg/en/lvb/126015.htm
cross-border cooperation in Central and Eastern Europe. A similar arrangement was made for the newly independent states with the TACIS programme.

From the point of view of the legislation that existed at that time, we can remember the Clause 203 of the Maastricht Treaty, signed in 1993, that allowed regional ministers to represent Member States in the Council of Ministers. But this was only where domestic law permitted, i.e. in Germany, UK, Austria and Belgium.

In the Edinburgh European Council of 1993, the decision was made to allocate one third of the Community budget to the Cohesion policy. Alongside the Structural Funds, the Financial Instrument for Fisheries Guidance (FIFG) was created. For the Structural Fund programming period 1994-1999, the ERDF concentrates assistance on 4 priority objectives corresponding to four kinds of regions. They were:

**Objective 1** promoted the development and structural adjustment of regions. In the list of case studies, this includes Northern Ireland, Greece and Austria. **Objective 2** focused on converting regions affected by industrial decline. In the list of case studies, this included France, Spain, Italy, Northern Ireland, Greece and Austria. **Objective 5b** aimed to facilitate the development and structural adjustment of rural areas. **Objective 6** was aimed at development and structural adjustment of regions with an extremely low population density. **Objectives 3, 4 and 5a** covered the whole of the European Community and were not financed by ERDF, but by the other funds of the SFs – ESF, EAGGF and FIFG. So, eligibility for these objectives was defined on the EU’s NUTS categorization of regions (see Annex 3). Objective 1 was defined with reference to NUTS level 2, and Objective 2 areas to NUTS level 3.

On the other hand, the Communities Initiatives (INTERREG, LEADER, URBAN and EQUAL) amounted to 9% of the Structural Funds for the period 1995-1999. Leader was launched again as Leader II. Leader was financed by the EAGGF-Guidance section. Between 1994 and 1999, a sum of 1,081 million euros was used under regional Objectives 1 and 6. The first stranded INTERREG II A focused on cross-border cooperation.

In 2000, INTERREG III was introduced with an extra sector (C) to promote territorial integration between EU and candidate countries. INTERREG III C was exclusively financed by ERDF. In a further departure from its own practice, it had insisted that a large part of the funds should go to hard infrastructure rather than the ‘soft’ development measures, such as human capital and entrepreneurship, now favoured by regional policy in the West. The result
had been a de-linking of European policy from the domestic politics of regionalism in the new Member States.\footnote{M. Keating and J. Hughes, \textit{The Regional Challenge in Central and Eastern Europe: territorial restructuring and European integration}, PIE Peter Lang, Brussels, 2003, p. 24.}

The whole policy was guided by the notion of subsidiarity, with the greatest possible involvement of regional and local interests and the social partners representing business, labour and voluntary groups. Later, the regulations prescribed an integrated approach to regional development: as this links spatial policy to technology, environmental policy, education, public procurement and competition policy, it was intended to bring regions into contact with a range of EU policies and directorates. The Commission, in line with contemporary thinking on development policy, also sought to move from infrastructure to human capital, productive investment and indigenous development. This too implies a more participative role for regional actors of various sorts.

There has been a great deal of political mobilisation around the funds. The belief that lots of money can be obtained from the EU partly explains the thriving of regional lobbying and offices in Brussels. Money, more than anything represents power, and any evidence of benefiting from EU funds is a political plus for regional actors. Thus regional actors seek contact with Commission officials, and EU thinking on development policy has diffused through the mechanism of partnership.

The retreat from interventionist regional policy since 1988, reflects general political pressures to contain the role and power of the Commission. It also stems from a concern within the Commission that an active role was too costly in time and resources and ineffective in control; regional funds featured in the mismanagement scandals that erupted in the late 1990s.\footnote{L. Hooghe, \textit{EU Cohesion Policy and Competing Models of European Capitalism}, in “Journal of Common Market Studies”, vol. 36(4), London, 1998, p. 467.} So, while structural policy has stimulated increased regional activity, this has followed distinctly national lines. Where regional governments have a strong institutional position in the domestic arena, they have become important actors. Where they are weak domestically, states have largely retained their central role concerning links to the Commission and control of regional policy implementation. At one extreme are the Belgian regions, which deal directly with the Commission on the designation of eligible areas, the allocation of the funds, negotiation of the contracts and implementation. The German Länder are also deeply involved, through the mechanisms of co-operative federalism. Individual Länders participate in the design and implementation of CSFs, through the Joint Tasks...
Chapter 2

Framework. At the other extreme are Ireland and Portugal, which lack an elected regional tier of government, as well as Greece, with an elected though extremely weak regional level. At the urging of the Commission, even in those inhospitable settings, local actors had become more involved, though the changes fall well short of undermining the state’s gate-keeping role. In France and the UK (outside Scotland and Wales) there has, paradoxically, been some increased centralisation since the 1988 reforms, as the structural funds have become financially significant and politically more salient.

With regard to cross-frontier cooperation, the European economic interest grouping (EEIG) was recognised as ill-adapted to organising a structured co-operation of structural fund programmes within the INTERREG Initiative during the 2000-2006 programming period. Acknowledging that Member States and regional and local authorities continued to experience important difficulties in carrying out and managing actions of cross-border cooperation within the framework of differing national laws and procedures, the European Commission published in July 2004 the first version of a draft of a future European regulation. The European Commission justified its taking action instead of leaving it to Member States by stating that effective conditions for cross-border co-operation can only be done at the community level. The Commission then took the measure, in accordance with the subsidiarity principle enshrined in article 5 of the treaty. This new regulation aimed to enable “the creation of co-operative groupings in the community territory, invested with legal personality” in an effort to “overcome the obstacles hindering cross-border cooperation”. This instrument was called European Groupings of cross-border co-operation (EGCC). Its objective was defined as being “to facilitate and promote cross-border co-operation between Member States, as well as regional and local authorities, with the aim of reinforcing economic, social and territorial cohesion”.

Finally, the Structural Funds, along with the concept of Europe, are an arena for symbolic politics, in which regional and local politicians can claim to have established a link with Brussels, while the EU can claim credit for catering to regions and local action. Thus, both help to bring about a link between Europeanism and regionalist claims. They mutually use each other for legitimising themselves in the public eye.

72 Ibidem.
73 European Commission, op. cit., p. 54.
Against a background in which policy evolution has been characterised by the growing interdependence of policy objectives, two key questions emerge. First, in what sense does the evolution of European regional policy frameworks (the Structural Funds Regulation and the Regional Aid Guidelines) amount to the “Europeisation”\(^74\) of area designation? And second, why, in spite of attempts to intertwine the objectives of policy both at the level of the Treaty itself and in terms of the practical aims of coherence and concentration, should the trajectories of the two policies and the outcomes of the recent area designation exercises have been so different?

At first sight, therefore, there has been a transfer of power from national governments to the EU – Europeanisation was explain also by the Risse\(^75\) and Lawton\(^76\) sense of the term. In practice, however, it is important to consider a number of further elements. In particular, what, precisely, has been Europeanised and regionalised? How can this be explained?

Hall\(^77\) distinguishes three levels of policy: policy objectives; policy instruments; and the levels or precise settings of those instruments. Unpacking EU competition policy in relation to regional aid and the targeting of the Structural Funds on the basis of this breakdown reveals a rather different perspective from the straightforward colonisation of area designation by the EU level that might be assumed to have taken place from a cursory review of the processes. (See Table 1)

| Table 1: Disaggregating Regional Policy Area Designation after Hall |
|---|---|
| **Objectives** | Competition policy | Structural Funds |
| | Prevention of distortion of competition | Reduction of regional disparities |
| **Instruments** | Concentration of assisted area population coverage | Targeting spending at designated problem regions (Objective 1) |
| | Imposing area designation parameters | Setting parameters for Objective 2 |
| | Reduction of award values | Encouraging map coherence |
| **Levels** | Higher award values in Article 87(3)(a) | Higher per capita spending |
| | Lower Article 87(3)(c) spatial coverage in countries with smaller internal disparities | Objective 1 |
| | Flat rate per capita spending in Objective 2 |

\(^{74}\) F. Wishlade, D. Yuill and C. Méndez, *Regional Policy in the EU: A Passing Phase of Europeanisation or a Complex Case of Policy Transfer?*, in “Regional and Industrial Policy Research Paper”, no. 50, University of Strathclyde – European Policies Research Centre, Glasgow, June 2003, p. 43/


\(^{77}\) P. Hall, *Policy Paradigms, Social Learning and the State. The case of economic policy-making in Britain*, in “Comparative Politics”, no. 25(3), New York, April 1993, pp. 275-276.
Of crucial importance, the link between the fundamental objectives of both policy areas and the activity of area designation is tenuous; in both policy spheres there is a dislocation between the underlying objectives of policy and the hows and whys of the spatial targeting of policy.

In general, the literature points to the Member States as the ultimate decision-makers in formulating priorities with the Commission. Regions could not attract additional money through their own actions except for marginal amounts via the programmes of Community interest. Much of the literature looks at the process of decentralisation and regionalisation as advocated by the various European institutions, but plays down the role of local actors.\(^78\)

European institutions provide opportunities for non-state actors to intervene, gain recognition, build systems of action and secure protection. On the other hand, the concrete opportunities are limited and rather disparate. Official statements of European institutions emphasize the importance of diversity and the provision of space for non-state actors, but many of the EU institutional and policy initiatives assume a homogeneous sub-State level of authority and identity.\(^79\) EU rather played the role of providing the normative frame.

For its part, under the Treaty provisions, EU regional policy aims to reduce disparities between the levels of development of the various regions and the backwardness of the least-favoured regions. In reality, however, it is widely recognised that the Structural Funds have two other main roles: first, they act as a side payment for the acceptance of other aspects of European integration; and second, there is an element of budgetary compensation. In addition, and not unimportant, there is a political cohesion dimension to policy which means that the European Commission has a vested interest in parts of every Member State being eligible for EU regional policy. This array of additional political objectives distances area designation from the stated Treaty aims of EU regional policy and undermines the scope for genuine policy debates about the appropriate targeting of structural actions – for example, should policy be targeted at poor regions, wherever located, or poor countries? Is it really justifiable to channel EU funds through elaborate mechanisms to problem regions in countries that are well able to finance regional policy from domestic budgets?

An explanatory factor in the theoretical literature concerns domestic institutional structures. The expectation is that area designation adaptation will be more difficult in federal and quasi-federal countries, partly due to the difficulties in developing domestic consensus

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79 Ibidem.
(reflecting more veto points and the “joint-decision trap” of Scharpf\(^{80}\)) and partly to the problems created when such consensus is rejected by the Commission and has to be re-negotiated domestically. This turned out to be strongly the case. Federal countries like Austria, Belgium and Germany all faced significant designation challenges under the Guidelines, as did both the United Kingdom and Italy.

Whilst multiple veto points can act as an impediment to institutional change, the Regionalisation literature also points to the role of other informal institutions, such as political and organisational cultures, in facilitating adaptation\(^{81}\). Support for this hypothesis is found in the German case. Another explanatory factor in the literature relates to actors’ preferences and strategies and associated learning mechanisms. These certainly had an impact on the degree of adaptational pressure experienced, though perhaps more so between the two policy frameworks than amongst the Member States. In this context, it has already been noted that the Member States had learnt from the operation of the Structural Funds Regulation in three earlier phases and had developed their strategies accordingly.

It is evident that the German system provided the inspiration for the Guidelines; moreover, there are some parallels in the need to impose discipline within a domestic federal environment and at the European level. In practice, however, significant aspects of the German model were not transferred, with the result that, contrary to what might have been expected from the policy transfer literature\(^{82}\), the German authorities arguably had more difficulty than any other country in adapting to the Guidelines.

The multifaceted and multilevel nature of policy objectives can lead to confusion over what has genuinely been regionalised or transferred. This can arise because the achievement of intermediate or essentially cosmetic policy aims – most notably, in the present context, coherence and concentration – may undermine underlying objectives. More importantly, perhaps, “coherence” was simply perceived in terms of coherent maps rather than taking account of the appropriate articulation of policy content and institutional responsibilities. Similarly, the “concentration” of spatial coverage was given considerable prominence in the reform of the competition policy control of regional aid; although this was largely achieved, the link between spatial coverage and distortion of competition is at best tenuous, leading to questions about whether the discipline enforced can meaningfully be correlated with the fundamental objective of preventing distortions of competition.\(^{83}\)

\(^{81}\) T. Risse, M. Cowles and J. Caporaso, op. cit., p. 42.
\(^{82}\) See http://www.eprc.strath.ac.uk/eprc/Documents/PDF_files/RIPR%2050%20ESRC.pdf
\(^{83}\) F. Wishlade, D. Yuill and C. Méndez, op. cit., p. 48.
Chapter 2

Understanding the EU’s institutional architecture is by no means a simple task and/or one easily amenable to theoretical testing. Indeed, there is no single approach that can explain the complex evolution of EU institutional dynamics. However, different theories can shed light on different aspects of the process and outcome. The research challenge for the future is therefore to integrate the different perspectives and to get them to talk to each other, or at least in the same language. It is in this context, that the integration of the various subfields of political science (such as comparative politics, international relations and new institutionalism) may provide a promising future for further theoretical and empirical research in the field of European Regionalism.

It is clear that there are major sources of tension in the relationship between national and EU regional policy and EU competition policy, and that there is scope for future policy change and the impact of enlargement to render those relationships yet more conflictual. Importantly, however, it can be argued that greater conflict is by no means inevitable and that a fundamental review of policy objectives, policy focus, policy responsibilities and the relationship between policy instruments and regulatory frameworks could, in fact, improve the complementarity of the policy areas rather than heighten tensions.

Evidence on cohesion across Europe over the last two decades is mixed. There have been greater reductions in disparities between Member States than between regions across the EU, but there has been some divergence of regions within Member States.\(^84\) For most regions the process of catching up, in the absence of any reform of the current arrangements, will be a long haul. “There are striking differences in economic performance between different parts of Europe, particularly between the central and peripheral regions. And, as the economic position of countries converges, the divergences tend to be located increasingly within individual countries rather than between them.”\(^85\)

Underlying assumption is that the problems of ‘lagging regions’ can be solved by copying more successful regions. The European regional policy model has such an administrative bias, especially in relation to:

- developing PPPs and related institutional capacities;
- the shift from regional government to regional governance (from public sector as direct deliverer of services and policymaker to strategic enabler);
- underplaying the role of the state (national) administrative Apparatus.\(^86\)

\(^84\) The data presented here is drawn from the Commission’s Communication COM(2003)/4, Second progress report on economic and social cohesion, 30 January 2003.
For example, sometimes assumed that provided peripheral regions find appropriate private sector partners then they can do (almost) anything. (See Figure 3)

Today, as new and old member states are prepared for the seven-year programme of EU regional aid: 2007-2013, it is important to examine this debate. Two contrasting positions on the EU’s role might be characterised as the "Anglo-Saxon" approach and the "European" approach. In a crude formulation, the "Anglo-Saxon" approach focuses on stabilization, liberalization, and privatisation as the crucial driving forces of cohesion. The "European" approach is related to Gerard Roland’s concept of the “evolutionary-institutionalist perspective” developed within his study of the economics of transition, and places more emphasis on direct policy intervention and the provision of a range of public goods such as infrastructure and human capital. 87

Figure 3. Core-periphery relationship with economic potential and types of knowledge


87 J. Bradley, Has EU regional policy been effective? The debate on Structural Funds, in “The 45th Congress of the European Regional Science Association”, Vrije Universiteit Amsterdam, August, 2005, p. 20.
Within the European Union, debate on economic policy tends to have the Anglo-Saxon model in the blue corner, and what one might call the European model in the red corner. In a crude formulation, the Anglo-Saxon model shares many of the characteristics of the so-called “Washington consensus” (henceforth WC): namely, stabilization, liberalization, and privatisation. Although used mainly in terms of transition and developing economies, these three broad WC policy recommendations are also very relevant to developed economies who wish to stay developed (relatively).

It is more difficult to define the European model. The European way of doing regional policy can be subtle and nuanced, as befits a Union made up of imperfectly integrated, culturally heterogeneous nation states. Certainly it is not the converse of the Washington Consensus: destabilization, autocracy and nationalisation! In trying to pin down the European model, we were attracted to Gerard Roland’s concept of the “evolutionary-institutionalist perspective” (EIP), developed within his study of the economics of transition, but a concept which also shares many characteristics of the elusive European model. Roland also makes a very interesting association between “transition” (i.e., the passage from central planning to successful capitalism) and development (i.e., the process by which under-developed countries catch up with industrialised countries). Nobody who has read Bill Easterly’s iconoclastic book The Elusive Quest for Growth can believe any longer in the existence of any single “way” or “model” that works for all times and in all places.

National development planning and industrial strategy had been features of the post-war revival of Western Europe, which had been kick-started by Marshall Aid. But it had largely gone out of fashion in the West by the 1970s. On the other hand, in the CEE region, which had suffered the trauma and dislocation of almost 50 years of central planning in one form or another, liberalisation in the early 1990s was seen perhaps as a period when the state would take a back-stage role, and purely private sector initiatives would be the engine of economic reform and development. To a degree, the EU concept of National Development Planning, with its Structural Fund aid-related policy instruments, could be regarded as a logical next stage in promoting accelerated convergence in the liberalised, but very poor, new member states.

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89 J. Millard, op. cit., p. 6.
92 A similar argument applies to Greece, Ireland, Portugal and Spain, who came late to EU membership and had distorted economic structures as they emerged from behind high tariff barriers in the 1970s and 1980s.
The term “cohesion” first came into widespread use in the European Union in the late 1980s, at a time when major reforms and expansions of EU regional aid were being carried out. As set out in Article 130a of the Treaty on European Union, there is an explicit aim to promote “harmonious development” with a specific geographical dimension: “reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions”. Thus, there is an explicit recognition that wide disparities are intolerable in any community, if that term is to have any real meaning.\textsuperscript{93}

The version of the Anglo-Saxon policy model took the view that all one had to do to promote real convergence (or “cohesion”) between groups of states was to put in place policies that facilitated the free movement of goods and the factors of production (i.e., labour and capital).\textsuperscript{94} If this was done, then orthodox theory asserted that factor incomes (wages as well as the returns on capital) would tend to converge to a common level across all nations in the group. So, if all markets were competitive, any initial national disparities would eventually vanish and there would be no need for specific structural regional policies.

By the late 1980s, when the EU began to get serious about trans-European regional development policies, the intellectual ground had begun to shift under the Anglo-Saxon model. Over the past two decades, three fields of economic research have undergone radical transformation: trade theory\textsuperscript{95}, growth theory\textsuperscript{96}, and economic geography\textsuperscript{97}. The nature of the progress made has been summarized as follows: “In each of these areas, we have gone through a progression that starts with models based on perfect competition, moves to price-taking with external increasing returns, and finishes with explicit models of imperfect competition”\textsuperscript{98}.

This was the intellectual background against which the EU reformed and expanded its regional policies in the late 1980s, into the so-called National Development Plans and their associated Structural Funds. The political rationale behind this reform came from the programme of market liberalization (or Single Market initiative of the then EC President, 93 Cohesion at the national level does not imply cohesion between the regions of a nation state. For example, Barrios and Strobl, in the paper: S. Barrios, H. Goerg, and E. Strobl, FDI and Industrial Development in Host Countries: Theory and Evidence, in “European Economic Review”, no. 49, 2005, pp. 1783-1784; show that regional inequalities tend to rise when countries start developing, and then fall once a certain level of development has been reached as long as cross-region spillovers are strong enough.

94 Real convergence (or cohesion) requires convergence in living standards. Nominal convergence requires convergence of inflation rates, interest rates, and public sector balances.


Chapter 2

Jacques Delors), which dismantled all remaining non-tariff barriers within the Union. In doing so, there was a fear that not all EU member states were likely to benefit equally from the Single Market. In particular, the less advanced, geographically peripheral economies of the southern and western Europe (mainly Greece, Portugal, Spain and Ireland, but including the Italian Mezzogiorno and - after unification - East Germany) were felt to be vulnerable. Today, it is the new member states of Central and Eastern Europe – almost all of which have levels of income per head less than half of the EU average - which may be at risk.

A commitment to social welfare has been an underlying principle driving the European project. In March 2002 in Barcelona, the Council of Ministers reaffirmed its obligation to maintaining Europe’s prized social model, which it defined as being based on “good economic performance, a high level of social protection and education and social dialogue”.

Yet many have raised concerns about the EU’s ability to keep social and economic policy on an equal footing as it deals with globalisation and enlargement. The expansion of EU borders brought celebration, but it also raised fears, particularly in the founding member states, that social solidarity may be corroded. Concern revolved around accelerated ‘delocalisation’ or the outsourcing of labour to lower-wage countries, as well as social dumping and unfair competition.

Conversely, there are those who argue for more economic reform in Europe. Without greater liberalisation and competitiveness, Europe will not be able to afford its expensive social model in the future, they argue. Thus, a central challenge has been to find the right balance between economic and social policies – while at the same time maintaining wavering public support for more European expansion and deeper integration.

The long-term nature of the EU investment aid – up to seven years – permitted domestic public investment policies to shift from a purely domestic process, buffeted by the short-term exigencies of maintaining balance in the public finances, to a more stable longer-term process that was carried out in co-operation with the European Commission. Of course, there continued to be a very natural desire to maximise national control over design, monitoring and evaluation of development policy. However, the ceding of some national policy autonomy to the Commission in Brussels seems to have generated minimal friction since the whole Structural Fund process was perceived to be a genuine partnership that

100 J. Millard, op. cit., p. 8.
allowed successive political administrations to break with the previous process of annual capital budgeting and put in place development plans of much longer duration, to finance them with far less difficulty in terms of increased public sector borrowing or taxation, and to benefit from trans-EU shared experiences in policy design, monitoring and evaluation.

As economies and governments begin to integrate at various levels, they in turn create endogenous pressure for further integration in the EU between the EU and member-states, between the member-states and, not in the last, between the EU, member-states and regions. Furthermore, note that Lindberg defines political integration as:

A process, but without reference to an point. In specific terms, political integration is (1) the process whereby nations forgo 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 district settings are persuaded to shift their expectation and political activities to a new centre.\(^{103}\)

Based on this definition, Lindberg suggest that political integration requires four broad conditions. First, institutions must arise that represent common interests and that can accommodate conflict of interests. Second, the new institutions must be perceived as important enough to persuade private actors with political power to change their behaviour in favour of integration. Third, all government actors involved must continue to view their interests as consistent with integration. And fourth, the new institutions and the tasks assigned to them must be inherently expansive so as to withstand fluctuations in member support.\(^{104}\)

Although Lindberg refers specifically to the integration of nation-states into the EU, when his framework is synthesized with multi-level governance, it produces a new analytical tool, which Adshead terms network analysis.\(^{105}\) Network Analysis states that Lindberg’s four conditions of integration can be used to explain how regions interact with nation-states and with the EU in a tripartite governance arrangement. If all four conditions are met, one should conclude that regional integration is indeed robust. If only a few of the conditions are present, however, one would be correct to downplay the regional role in integration. It is important to emphasize here that network analysis is very conducive to comparative study, for it provides a

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103 Operational Programme (also called Programme Complement): these are the details of the CSFs or SPDs already approved by the Commission; they outline specific programs and, once approved, begin the implementation phase of cohesion policy.


Chapter 2

way to differentiate regions and states with respect to each of these four conditions of integration.\textsuperscript{106}

As we can notice, the EU is facing the challenge of dynamic change in an increasingly globalise world, including tough and not always fair competition from economies with different standards, and an unfavourable demographic development. The Union can thus tackle the future sustainability of the economic, social and environmental development as one, as well as through individual Member States. The Lisbon Strategy and its review is a real opportunity that should not be missed. A by-product of its success could also be bring the EU closer to its citizens – [perhaps more so than of the empty political declaration formulated with this intent].

The talks on the EU financial framework for 2007-2013, that took place in the previous years, provided an opportunity to duly reflect upon the medium to long-term Lisbon objective in the context of the upcoming EU budgets. The priorities of Lisbon have become a top agenda item in the budget. In this context, it have been and would be more than helpful to clearly specify which expenditures are directed towards the implementation of the Lisbon objectives and evaluate these strictly from that the point of view under the Stability and Growth Pact.

It is known that the Lisbon strategy acknowledged Regions as driving forces of European competitiveness. This promote best practices from Regions, which managed to implement their economic development strategies, in key sectors such as the development of human capital or eco-innovation, the setting up of clusters, the development of incubators, or one-stop-shops. Also, Danuta Hübner addressed Committee of the Regions at meeting in Birmingham (UK) in 2005, stressing the important role that local and regional authorities play in the European Union’s cohesion policy and in particular, the growth and jobs agenda.\textsuperscript{107}

Anyway, it has to be underline that when the Lisbon Strategy was agreed upon the “new Member States” (in that period – candidate countries) of Central and Eastern Europe had other, more pressing issues on their minds – the pre-accession problems. To be fair, the economic and development situation addressed in the Lisbon Agenda as well as the attitude of elites to the Strategy, differed from country to country – but not a great deal.

In this regard, from a Central European point of view\textsuperscript{108} the priority areas are fairly well identified, but a few require a particular mention. The knowledge-based economy is a key target. Sustainable economic growth is a precondition. Nobody can dispute that one of the

\textsuperscript{106} See http://www.eucenter.scrippscol.edu/eu_events/papers/paper/panel4.
\textsuperscript{107} See http://ec.europa.eu/commission_barroso/hubner/speeches/pdf/0509birmingham.pdf
main factors influencing economic growth in Europe is research, development and innovation. At the same time, though, there are significant differences between individual Member States – both in terms of public spending, as well as in their systemic approaches. Public spending in a number of Member States, especially in the newcomers, should be increased and better targeted. Attention has to be paid to both applied and primary research. It is equally crucial to develop a highly educated, creative and mobile workforce. It is absolutely necessary to focus more on higher education. Increased specialisation is also a direction that might be pursued. Further development toward the completion of the Internal Market should be encouraged.

So, we could conclude that in the five years of the implementation phase of the Lisbon Strategy there was awareness of the project and its content, but relatively limited knowledge of the detailed provisions and the requirements necessary to fulfil these. If EU is to make progress in turning the Lisbon Agenda into a reality, EU needs an objective assessment of the real situation. This was trying to do in 2005 when the EU institutions did the Lisbon mid-term review and the main goal was needed to be more clearly identified. The Strategy largely remains as valid today as it was five years ago. Nevertheless, the overall results are modest, until now.

2.2. New Theories and Proposals Regarding the European Regional Policy

The European Union has committed itself to a ten-year strategy for reform of Europe’s product, capital and labour markets. The aim, agreed by European Heads of State and Government in Lisbon in 2000, is to create a Europe which by 2010 will be “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”\textsuperscript{109}. The EU can only achieve these economic and social objectives if every nation and region of the EU also achieves its economic and social potential.\textsuperscript{110}

At the beginning in the EU, when the Region come in discussion was to respect to one or more Member States and all the policies and the frameworks that was made had this like a non-discussion argument – a hypothesis with which all was agreed. But in time, the issue had

\textsuperscript{109} See http://www.hm-treasury.gov.uk/media/F/D/modregdevcondoc03_1to4.pdf

\textsuperscript{110} HM Treasury, Department of Trade and Industry and the Office of the Deputy Prime Minister on behalf of the Controller of Her Majesty’s Stationery Office, \textit{A Modern Regional Policy for the United Kingdom}, London, March 2003, p. 17.
suffer a series of changes and now more than ever we can refer to a Region like to a autonomy that can take care of itself and that want to have more independency from national power. But, as we can notice, the process is still at beginning and the new theories that arise in this sense, especially those that regard the regionalism and the regional policy are in a continues development, and this is all possible only with the help and encouragement of the EU and its institutions. From that we can see that happen around the EU and with some extension in the world, more and more scholars are agree that the region can play and will play a important role in the EU and in a globalised world economy. More important is that this trend seems to help EU development, cooperation and why not the social unity that for now is at minimum.

Overall the data that we can see in different statistic of Eurostat that regard the European regions highlights dramatic changes in the regional composition of the EU as a consequence of the enlargement process. This led to a rethinking, in geographic terms, and not only, of the structural composition of the EU and how its various components relate to each other. No longer can we talk of the Core and Periphery but rather have to frame discussions within the concept of a multi-tiered Europe where the regions are not just defined by their location vis-à-vis the Core or pentagon but also by the relationships between proximal regions. (See “The Economic Core of the EU” Eurostat maps – Annex no. 2)

European integration is a process of changing and renegotiated boundaries. Empirical studies on the relationship between European integration and regions let us see that regional policy involves each nation and region overcoming the barriers that prevent it from realising its full potential. This is true for the nations and regions of the EU. Regional policy is not just about the poorest areas. More successful areas also have scope to improve their performance, though the barriers they need to overcome may be different to those in areas that have historically had the weakest growth.

Thus there is an important EU dimension to regional policy, and it is right that the EU should have clear regional policy objectives, supporting and contributing to wider productivity, employment and sustainable development objectives. In particular, the EU is committed to “the strengthening of economic and social cohesion”\(^{111}\) and this goal has an explicit regional dimension: “the Community shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favoured regions or islands, including rural areas.”\(^{112}\)


\(^{112}\) Treaty establishing the European Community, Article 158, 2002, p. 103.
And it is not clear that the use of Structural Funds adds significant value in comparison to domestic initiatives. In addition, the rigid application of state aid rules that often fail to recognise the market failures being addressed has delayed the regeneration of deprived communities and derelict sites. Any reform must aim to keep the strengths and lose the weaknesses of the current system.

In order to enable management of its regional development funds at the local level, the European Commission generally encourages domestic institutional de-centralisation. There has never, however, been any question of imposing a single model of territorial government, and there are different views on the desirability and reinforcement of this intermediate level. The European Commission does not plan to reorganise European space, taking regions into partnership to undermine the states. Rather, its interests are functionally-driven by the perceived needs of economic development, and extend into institutional change only as far as is necessary.

Practical improvements are somewhat lagging behind the theories. Ex post analyses must also be conducted. Simplification, reduction and transparency are the appropriate terms. The EU should arrive at a clear vision of the regulatory reform process and establish clear-cut goals with concrete deadlines. The administrative burden is considered one of the most substantial obstacles to developing business.

European Regional Policy is necessary now more than ever. It is neither archaic nor outdated. It is not a charity policy. It is not about redistributing resources. Instead it seeks primarily to generate new ones. This policy “from above” but rather a decentralised effort based on partnerships in which the responsibilities are divided and concrete projects are administered on site. It is also a policy in which knowledge, technology and “best practice” are exchanged, and cooperative networks are developed throughout Europe. It is a coordinated policy that leaves room for initiatives and, better yet, encourages and strengthens them.\footnote{European Commissioner Pётр Balazs, Promoting the dialogue on future regional policy between the Regions of Europe and the European Commission, speech at the Assembly of the European Regions, Eger, 2004, p. 2; http://www.a-e-r.org/fileadmin/user_upload/Commissions/RegionalPolicies/EventsAndMeetings/2004/Heves/Mr%20Balasz.doc}

An idea is that the principles underpinning its domestic regional policy should be the basis for reform of EU regional policy, so that it is locally-led and substantially devolved. This reform will become even more important in an enlarged EU, when the priorities and methods that the poorest new member states will need to address to achieve their potential will be very different to those facing the wealthier old Member States. The enlargement of the
Chapter 2

EU have entrenched democracy and stability in Eastern Europe and created the largest single market in the world. But enlargement also provides an impetus to reform the EU’s regional policy, to ensure that it meets the increasingly diverse needs of the EU as it works towards its Lisbon goals.

A number of new local and regional institutions have been set up over the years on the initiative of many EU Member. However, to what extent this has been done in direct relation to EU politics is open to interpretation.\(^{114}\) It is far-fetched to seek what measurable effect EU regional policies may have both on individual European States’ territorial and institutional management.

This is why it is more helpful to examine the symbolic negotiations of European politics at the ground level. European policies, treaties and charters are an important part of a more general process of Europeanisation and regionalisation which involves a change in mentalities and “ways of doing things”\(^{115}\).

Transfers for income equalisation remain entirely a matter for national governments in the Member Stats. EU regional and cohesion policy has a different logic, seeking to invest in human and physical capital formation so as to raise the long-run growth potential of the weakest regions and to improve competitiveness across the regions as a whole.

The EU desire and commitment to see every nation and region enabled to realise its full potential to the full is at the heart of its approach to the future of regional policy in Europe. This goal demands reform of four key dimensions of EU policy:

- reform of the Structural and Cohesion Funds so that Member States can pursue effective policies for regional growth and developing human capital within a framework which has sufficient flexibility to meet their differing needs;
- reform of the state aid regime to create efficient, proportionate and responsive state aid rules that are able to accommodate the diversity of measures needed to achieve an effective local and regional policy;
- reform of European Investment Bank (EIB) financing to make the most effective use possible of EIB funds throughout the EU, and in particular its lending to less prosperous Member States; and
- reform of the Common Agricultural Policy to ensure a market oriented and sustainable policy.

Under this Framework, EU Member States would agree common principles, but delivery of regional policy would be substantially devolved and decentralised, and offer


\(^{115}\) See [http://www.lse.ac.uk/Depts/intrel/pdfs/EFPUEuropeanisation-PolishGerman.pdf](http://www.lse.ac.uk/Depts/intrel/pdfs/EFPUEuropeanisation-PolishGerman.pdf)
greater flexibility to Member States and regions. EU support, both financial and institutional, would be refocused on those poorest Member States that will benefit most from direct EU involvement. For other Member States, regional policy would be resourced domestically with greater freedom to deliver according to domestic priorities than under the current regime. Reform should also allow Member States more flexibility to support other policy priorities such as their national action plans for employment. A modernised state aid regime will be a key source of this greater freedom, enabling the relevant market failures to be addressed wherever they occur and ensuring that local and regional measures with little impact on the wider EU economy can be approved quickly and with minimum compliance costs.\textsuperscript{116}

The EU can only achieve these objectives if every nation and region of the EU tackles the market and social failures that are holding them back from achieving their full productivity and employment potential and providing the basis for lasting social cohesion.

One reason why regional policy is coordinated with other policy areas is in an effort to achieve the aims of other policy sectors. The “carrot-stick” method forces regions and member states to implement policies associated with other policy sectors that may not have been achieved otherwise. For example, regional funds provide money for cleaning and improving old, dirty industries, promoting rural development, and improving drinking water; all of which are programs that not only further regional economic development, but also improve environmental conditions. Without the “strings attached” to structural funds, such environmental concerns may not be addressed as quickly otherwise.\textsuperscript{117}

Another possibility for good functioning of regional policy in EU can be if, for example, the regional policy will coordinate its actions with the social policy of the EU. The purpose of social policy is to increase productivity, decrease unemployment and increase economic growth. To realise these goals investment and job training are needed.\textsuperscript{118}

Meanwhile, regional policies are created to achieve increased employment and increased labour force participation. Therefore, if regional and social policies are well coordinated can bring bigger results in terms of development and wellbeing in all EU regions.

There is a substantial body of academic investigation in this area.\textsuperscript{119} There is also considerable debate over the causes of this persistence in regional inequality and, hence, the

\textsuperscript{116} HM Treasury, Department of Trade and Industry and the Office of the Deputy Prime Minister on behalf of the Controller of Her Majesty’s Stationery Office, op. cit., p. 27.
\textsuperscript{118} Ibidem.
\textsuperscript{119} For a survey of this literature see P. Braunerhjelm, R. Faini, V. Norman, F. Ruane and P. Seabright, \textit{Integration and the regions of Europe: how the right policies can prevent polarisation}, Centre for Economic Policy Research, London, 2000, p. 63.
role of EU regional policy in tackling these disparities. Some argue that there are underlying forces of divergence that would otherwise increase regional disparities (e.g. through increasing returns, trade and endogenous growth leading to the concentration and clustering of activity) and that EU regional policy has been relatively successful in maintaining regional cohesion overall, and prompting convergence in some cases.

Others have argued that there is no statistical evidence that structural funds have had a positive impact on productivity growth in the poorer regions, or that there are underlying forces of convergence that would otherwise decrease regional disparities (e.g. through labour mobility and structural reform – the decline of low productivity industries and their replacement with higher productivity industries) and EU regional policies have in many cases actively undermined these forces, preventing convergence.

Most would agree that EU regional policies have been reasonably successful in speeding the catch-up of the poorer Member States – which is to be expected given their greater potential for productivity growth. The performance at regional level has been more mixed, and while there is scope to learn from the policies that have contributed to the substantial convergence in income levels seen by some regions (e.g. the Italian North-East, the East German Länder, Metropolitan Lisbon and Inner London), the current EU regional policy is not delivering improvements for all. Reform is needed. It is likely that more flexible arrangements would have been more successful in improving the performance of a wider range of regions.

A few questions arise regarding the future of European regions and EU policy responses. One of this is the following: Can we find a balance between the European Union’s competitiveness in a global context and the EU’s model of society? Or In the new Union how can we find the optimal balance between the need for common approaches and less centralised policy making, fewer top-down prescriptions and more regionally sensitive development policies?

The EU has set itself demanding targets for raising its performance on employment, productivity and social cohesion. Unless every nation and region within the EU is able to reach its full potential on these dimensions, the EU as a whole will inevitably fail to reach its full potential.

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Achieving this full potential will require tackling the market and social failures that hold back the performance of nations and regions across the EU. The different nations and regions face a wide range of different market and social failures. Hence it is important that the ability to address these barriers is devolved to the level best placed to identify and meet local needs. Thus governments will need to employ a diversity of policy measures at a variety of levels in order to tackle the particular priorities for each locality in the most appropriate manner.

The essential background to these reforms is, of course, the enlargement of the European Union to 27 Member States. This has had a dramatic impact on regional income disparities within the EU as a whole. After all, you can not have more Europe for less money. It is hardly surprising that the Commission has set real economic convergence as the main objective for the future of an enlarged EU. In financial terms, this would absorb some 78% of total resources over the period 2007-2013 financial perspective.\(^\text{122}\) A little of over a half the regions that are benefit are the new Member States.

But the policy need to continue to intervene also outside the poorest regions – and it is here that the Commission’s reforms are more radical. They would allow the regions to contribute to the Lisbon process and to make it more effective. As Michael Porter, for example, has concluded, “Since many of the essential determinants of economic performance appear to reside in regions, national policies will be necessary but not sufficient.”\(^\text{123}\)

The state aid disciplines have two important roles in the achievement of these regional policy objectives. First, they promote strong and fair competition – ensuring less prosperous regions can compete on an equal footing with wealthier areas. Second, they enable Member States to address the causes of regional disparities. There has been good progress in developing horizontal state aid rules (that apply across the whole of the economy) focusing on particular market failures, but the current rules prevent empowered local institutions from adequately tackling these causes of relative regional disadvantage.\(^\text{124}\) The challenge now is to build on this progress to deliver a reformed state aid regime that meets the needs of regional policy.

Regional policy will have to reflect the realities of an enlarged Union. It cannot be right that, after enlargement, countries with the institutions and financial strength to develop and pursue their own devolved regional policies should continue to receive a large proportion

\(^{122}\) See http://www.sussex.ac.uk/sei/documents/wp78_corrected.pdf

\(^{123}\) D. Hübner Member of the Commission responsible for Regional Policy, Regional policy and the Lisbon agenda – Challenges and Opportunities, London School of Economics, London, 3 February 2005, p. 5.

\(^{124}\) EU Commissioner Pétér Balazs, op. cit., p. 2.
of EU structural and cohesion funding. All the new Member States have a per capita GDP below the EU average, with the lowest four below 40%. With far less developed financial and administrative capacity, EU assistance in both areas is likely to be far more effective and important in these countries. Reform of European regional policy will be crucial to enabling these new Member States to fulfil their potential.

The key barriers, market and social failures and other priorities that the poorest Member States will need to address to achieve their potential will be very different to those facing the wealthier old 15 Member States. By tackling these barriers and market failures, each can make important contributions to the EU’s regional policy objectives. Hence, it is critical that the EU’s regional policy framework is sufficiently flexible to accommodate the full range of instruments and interventions that will be required.  

A proposal was to keep 18% of the budget for use in regions that, through they are not the poorest, still face competitiveness and employment challenges. The remaining 4% of the budget would go on projects to strengthen territorial cooperation.

For the least-developed regions in an enlarged EU, this may well mean concentrating resources on facilitating their efforts to build up the key infrastructure – human and physical capital – that will help underpin their future economic success. Such programmes will need to be supported by state aid rules that continue to recognise the particular difficulties faced in areas which are significantly lagging behind, for example in terms of low standards of living or serious under-employment, and the particular measures likely to be required to overcome the causes of these problems.

At the same time, the more-developed regions are likely to need to employ a wide range of different interventions to address the specific market failures that are holding back their performance. Much greater devolution will be required to ensure these decisions can be made by the empowered regional and local bodies who are best-placed to address these failures and meet the needs of the local communities. In turn, EU policies need to ensure these regional bodies have the flexibility and the support to make the most effective use of this freedom and responsibility. Here too, such programmes will need to be accommodated by suitably efficient, proportionate and responsive state aid rules. Reform of the state aid regime should ensure the relevant market failures can be addressed wherever they occur across the EU, and that local and regional measures with little impact on the wider EU economy can be approved quickly and with minimum compliance costs.  

125 Ibidem.
126 See http://www.a-e-r.org/fileadmin/user_upload/Commissions/RegionalPolicies/EventsAndMeetings/2004/Heves/Mr%20Balasz.doc
Europe needs a framework which addresses market and social failures, which recognises the profound diversity between Member States, and supports them in their promotion of regional prosperity. Decisions must be taken as close as possible to local people whilst working towards the common European goals of more and better jobs and greater economic and social cohesion.\textsuperscript{127}

It can be conclude, at this point, that it can be construct a few key principles for a new European regional policy:

- Provide an effective, sustainable and affordable EU regional policy which gives a fair result and the best possible value for money for the taxpayer.
- Support and add value to Member States’ policies to promote prosperity in nations and regions, while working towards the common European goals of more and better jobs and greater social cohesion. In particular, by:
  - addressing market and social failures,
  - recognising the profound diversity between Member States, and
  - allowing decisions to be taken as close as possible to local people.
- Actively support the Lisbon agenda of higher productivity and employment, encouraging investment in both physical and human capital via the more efficient use of better targeted funds promoting more open and dynamic markets, protecting the environment and promoting sustainable development.\textsuperscript{128}

A regional policy focused on delivering these objectives would benefit everyone living in the EU. But to meet these key objectives, reform is needed. The state aid regime needs reform to ensure it can accommodate an effective regional policy, tackling the causes of relative regional under-performance. The best and most appropriate use needs to be made of EIB financing throughout the EU, and in particular its lending to less prosperous Member States. And, the Structural Funds system needs to be reformed so that Member States can pursue effective policies for regional growth and social justice within a framework which has sufficient flexibility to meet their differing needs.\textsuperscript{129}

The problem of shared responsibilities between the Member States, Regions and Commission it can be done through tripartite contracts, which would allow greater flexibility and ensure that regional and institutional differences were taken into account whilst still giving the Commission the opportunity to assess the goals and effects of cohesion policy in

\textsuperscript{127} Ibidem.
\textsuperscript{128} HM Treasury, Department of Trade and Industry and the Office of the Deputy Prime Minister on behalf of the Controller of Her Majesty’s Stationery Office, op. cit., p. 22.
\textsuperscript{129} EU Commissioner P. Balazs, op. cit., p. 23.
each member state and region. In this sense, clearer guidelines are needed on how tripartite contracts should be drawn up and applied and the exact roles of each partner to the contact.\textsuperscript{130}

The desire and commitment of EU institutions – regional and central – is to see every nation and region enabled to realise its potential to the full is at the heart of its approach to the future of regional policy in Europe, and in particular to the forthcoming reform of the Structural and Cohesion Funds.

For many people, European regional policy is the most visible presence of the EU on the ground. Take it away and the Union becomes an abstract entity for laying down rules, directives and regulations.

In this context, the impact of cohesion policy is unquestionable. The structural instruments contribute to competitiveness of regions where is under-utilised potential. They therefore have a direct influence on EU-wide economic performance fully in line with the Lisbon and Gothenburg targets.\textsuperscript{131}

The agenda agreed at the Lisbon European Council of March 2000 can bring benefits to the EU as a whole. The objective for EU regional growth can be therefore:

\begin{itemize}
\item reform of the Structural Funds system which is not only consistent with but \textit{actively supports the Lisbon agenda} of higher productivity and employment, encouraging investment in both physical and human capital via the more efficient use of better targeted funds and promoting more open and dynamic markets, protecting the environment and promoting sustainable development.\textsuperscript{132}
\end{itemize}

In addition, as a strong supporter of enlargement, a further EU objective can be to:

\begin{itemize}
\item \textit{concentrate EU budgetary support on the relatively less prosperous states}, including new Member States, whilst taking into account their absorptive capacity.
\end{itemize}

A modern regional policy is not just for the poorest nations and regions. As argued above, a modern regional policy must enable every region and every locality to develop to its full potential. A dynamic policy must be locally led, within a framework which is flexible and enabling yet ensures proper accountability. In a domestic context, this means substantial devolution; in an EU context, subsidiarity. Where Member States have the institutional structures and financial strength to develop and pursue their own modern regional policies, they should be enabled to do so. EU policies must support and encourage this, whilst assisting

\textsuperscript{131} See http://www.a-e-r.org/fileadmin/user_upload/Commissions/RegionalPolicies/EventsAndMeetings/2004/Heves/\textasciitilde{}Mr\textasciitilde{}%20Balasz.doc
Member States which have not yet reached this position to do so, with the goal that these Member States would ultimately no longer need such support.\textsuperscript{133}

Whilst the greatest opportunities and, correspondingly, the greatest responsibilities lie at the national, regional and local level, there are several activities where the EU has an important enabling role:

- co-ordination of EU policies: in particular, a modern regional policy requires a new attitude to state aids; it also requires constructive co-ordination with a reformed Common Agricultural Policy and Common Fisheries Policy;
- transparency of diverse national policies through co-ordination of broad guidelines in support of the EU’s overarching economic goals, particularly the Lisbon agenda, promoting higher productivity, employment and sustainable development;
- assistance for Member States which do not yet have the institutional structures and financial strength to fully develop and pursue their own devolved and decentralised regional policies or to develop their national labour markets;
- the exchange of best practice, so that diverse nations and regions can learn from and build on each others’ successes.

An idea of UK Government was an EU Framework for Devolved Regional Policy that would offer a logical and structured basis for delivering this through:

- \textit{common principles} which are based on broad EU-wide, outcome-focused objectives and founded on the Lisbon priorities to achieve Treaty obligations;
- \textit{flexibility for devolved and decentralised domestic policies} to support these objectives; and
- \textit{separation of aims from means}, distinguishing policy from funding.

The Framework would encompass a set of broad, EU-wide, outcome-focused objectives founded on Lisbon priorities – for example, sustainable economic development, creating more and better jobs and combating social exclusion. It would encourage Member States to raise productivity at all levels throughout the EU through enabling the pursuit of policies targeted at the key drivers of growth. The common EU dimension would be further reinforced by transparency and sharing best practice.\textsuperscript{134}

While there should be common EU objectives, the delivery of regional policy in each Member State will reflect the disparate needs of an enlarged Union. In line with the principle of subsidiarity, those Member States which have the institutions and financial strength to fully develop and pursue their own devolved and decentralised regional policies in support of these


\textsuperscript{134} EU Commissioner P. Balazs, op. cit., p. 27.
objectives should be encouraged and enabled to do so. Other Member States will continue for some time to benefit from assistance – in particular, financial and administrative – to promote regional development. The Framework should be consistent with the European Employment Strategy and enable Member States to support their employment, skills and lifelong learning policies.

This Framework approach, if appropriately adopted and implemented, would significantly enhance the ability of nations and regions to realise their potential. The overarching Framework, backed-up by the encouragement to exchange best practice, would keep an EU dimension to local projects. The Commission would play an important role, which would need to evolve to give appropriate support: for example, a more efficient, proportionate and responsive approach to state aid approval based on robust economic foundations; promoting the exchange of best practice; and encouraging cross-border cooperation. Commission regional policy resources would in future be focussed on supporting capacity building of institutions and infrastructure in those Member States which need it.

The results obtained so far are rather disappointing and better implementation of the Lisbon strategy was needed to make up for the lost time. One particular problem which has been highlighted is the lack of ownership of the strategy at the grassroots. In this respect, the regional dimension is a key. Regions have a major contribution to make to the implementation of the agenda. Two of the key recommendations - enhancing ownership of the Lisbon strategy by the EU institution and Member States and reshaping the EU budget to better reflect the Lisbon priorities – are directly linked to the Commission’s proposals of 2004 for the reform of regional and new cohesion policy for the period, 2007-2013. 135

The Lisbon strategy emphasizes the importance of research and development for economic growth, employment creation and social cohesion. The utilisation of the regional knowledge base, innovation potential and co-operation between businesses and universities and research institutions plays an important role in the competitive economic performance of the regions. For the regions, the utilisation of the new economic possibilities offered by the information society and the extension of their local knowledge base can be a breakout point, by increasing their innovation capacities. The strengthening of regional research and technological development capacities, with a particular emphasis on the transfer of knowledge to business, helps to generate sustainable integrated regional and local economic development by mobilising and strengthening endogenous capacity.

In general the interrelations between regional programmes and the Lisbon Strategy is such that congruence with the Lisbon objectives is higher than 50%, though there are important differences between regions and territories. In an analysis of 11 regions and 4 national programmes the use of European regional programmes to achieve the Lisbon objectives is more in evidence for the relatively more prosperous regions (between 67% and 85%) and more limited for the least developed regions (between 18% and 33%). In the latter, the programmes tend to have an emphasis on the basic infrastructure essential as the foundation for growth. In selecting projects for the support under the programmes, the criteria used often refer to their contribution to social inclusion, gender equality, sustainability, human capital and access to information society infrastructures, which are part of the Lisbon Strategy.\textsuperscript{136}

In the European Council conclusion of March 2005, the Heads of State and Government of the European Union approved the European Commission’s proposal for a revised Lisbon Strategy. The re-launch of the Lisbon Strategy had two main objectives: to deliver stronger, longer-lasting growth and to create more and better jobs.\textsuperscript{137}

Regional assistance in the more prosperous Member States (i.e. Member States with greater than 90% of the average EU GNP per capita measured in purchasing power parities, the criterion currently used for the Cohesion Fund) would be funded domestically. This could be subject to possible transitional Community support, though to keep administrative costs to a minimum it might be that this funding period should be kept as short as possible. Less prosperous Member States would continue to receive Community support which would be determined in proportion to national prosperity. There could also be a continuing role for EU financial support for small EU added-value crossborder initiatives, in addition to the general expectation of cross-border co-operation, for example: transnational initiatives of the type currently conducted under INTERREG; or networking good practice on promoting equal opportunities and labour market inclusion currently conducted under EQUAL. All EU financial support would need to be efficiently monitored and evaluated for effectiveness and to ensure appropriate checks are in place to protect the EU budget against fraud.

The Commission of Regions (CoR) has undertaken a number of activities surrounding the Lisbon process, to analyse and verify the true level of involvement of the Local and Regional Authorities preparation for the National Reform Programmes (NRPs). These CoR’s contributions show that the great major part are not satisfied with their level of involvement

\textsuperscript{136} See http://www.a-e-r.org/fileadmin/user_upload/Commissions/RegionalPolicies/EventsAndMeetings/2004/Heves/Mr%20Balasz.doc
\textsuperscript{137} See http://www.cor.europa.eu/it/activities/lisbon_strategy.htm
and that efforts are needed to improve partnership between all levels of government – European, national, regional and local throughout the governance cycle of the revised Lisbon Strategy (consultation, implementation and monitoring phases).\footnote{EU Commissioner P. Balazs, op. cit., pp. 10-11.}

The role of regional and local actors in the drafting and management of such programmes should be emphasised and the suggestion of formulating tripartite contacts between the region, national government and the Commission came in this sense.

Territorial disparities are often simply the reflection of strong inequalities within the regions in terms of competitiveness factors. These territorial disparities cannot be ignored, since they affect the overall competitiveness of the EU economy. EU cohesion policy has shown that competitiveness and cohesion are two sides of the same coin and the challenge is to take competitiveness and growth down to the local and regional level.

In the relation to the territorial dimension, it would be essential that the financial criteria should be qualified on the bases of regional and not national indicators. As referred earlier, national economic indicators can often hide regional disparities and often the key features of area with natural or geographic handicaps are based on their relative difference or separate identity to other regions within the country. This applies to many regions of Europe, such as the Highlands and Islands Region of Scotland, Southern Italy and parts of Eastern Germany.

It would also be important to apply the principle of additionality in allocating territorial funding in order to ensure that EU funding “add value” to already establish national programmes, and also to ensure that programmes are consistent with EU policies (e.g. European Employment Strategy).

It must be recognised the need to address future regional policy for regions outside the lagging regions on both a territorial and thematic basis. Regional bodies should be given a greater role in the future channelling of Structural Funds. In this regard, a proposal is that the management and administration of future structural funding be devolved to the regional level with the Member Stats acting as a guarantor of exchequer matching resources.\footnote{P. Kennedy, op. cit., p. 3.} This would also be in keeping with the principle of proximity and subsidiarity, on which the EU is enshrined.

In the present economic context, improving regional and local competitiveness is a vital objective for the EU to meet the following challenges: greater socio-economic disparities after enlargement, restructuring provoked by globalisation, technological revolution, the expansion of an economy and society based on knowledge, the ageing of Europe’s population.
and increased immigration.\textsuperscript{140} To meet the expectation of its citizens, the Lisbon and Gothenburg European Councils defined a broad strategy to increase the competitiveness of the Union and achieve sustainable growth.

It is crucial that co-operation and integration of regions is encouraged and strengthened in an enlarged Union and the role of programmes such as INTERREG will become more important than ever. In relation to INTERREG programme, it is felt that it can be unnecessarily complex and bureaucratic and it need to allow for greater flexibility. In the interest of simplification an idea can be that it would be desirable to concentrate all current co-operation initiatives into one instrument and to place greater emphasis on exchange of know-how and examples of best practice, in particular involving the new member states.\textsuperscript{141}

Another point to note in relation to territorial policies is that critical mass should not always be used as a determining feature in the allocation of funding and that priority should be given to rural areas with low population densities. It can be crucial that any future EU policy, specially the cohesion policy, also favours rural areas and that its effects do not lead to unnecessary increased urbanisation.

Crucial for the success of a cooperation are four basic elements:\textsuperscript{142}

\begin{itemize}
  \item policies which reflect the interest of citizens;
  \item inclusion of all political levels (European, national, communal, regional and local);
  \item inclusion of all authorities, organisations, associations etc. on both side of the border or in the regions due to the requirements of individual forms of cooperation;
  \item sustainable success is only possible through joint organisation and own funding.
\end{itemize}

With in the EU, the specific issues of regions and communities incorporate economy, technology, culture and geography. This leads gradually to the formation of networks through which know-how and experience can be exchanged.\textsuperscript{143}

All EU programmes bind national and local funds through co-financing. They further restrict therefore – particularly in view of the tight budgets of national, regional and local authorities – the political scope of activity “at home” and that within and beyond EU borders. It can therefore assume that in future activities will only be accepted nationally, regionally and locally, if they correspond with the respective priorities for such measures and therefore will be co-financed.\textsuperscript{144}

\begin{footnotes}
\item See http://europa.eu.int/comm/regional_policy/themes/lisbon/lisbon_en.htm
\item Association of European Border Regions (AEBR), \textit{The EU Initiative INTERREG and the future developments}, Gronau, December 1997, pp. 44-45.
\item Idem, p. 40.
\item See http://www.aebr.net/publikationen/pdfs/interreg_97.en.pdf
\end{footnotes}
Chapter 2

One must clearly distinguish between the following type of cooperation beyond national borders: cross-border cooperation; inter-regional cooperation and trans-national cooperation. Below (see Tabel 2), we try to compare these three forms of European cooperation in the context of a continues development of this forms and also of a mix of it.

**Tabel 2. The types of cooperation in European Union**

<table>
<thead>
<tr>
<th>Cross-border cooperation</th>
<th>Inter-regional cooperation</th>
<th>Trans-national cooperation</th>
</tr>
</thead>
<tbody>
<tr>
<td>- direct neighbourly cooperation in all areas of life between regional and local authorities along the border and involving all actors</td>
<td>- cooperation (between regional and local authorities) mostly in single sectors (not in all areas of life) and with selected actors</td>
<td>- cooperation between countries (sometimes allowing regions to participate) with regard to a special subject (for example, regional development) related to large, connected areas</td>
</tr>
<tr>
<td>- more organised because of a longer tradition (regional/local)</td>
<td>- as yet, organization not advanced because of a short tradition</td>
<td>- organisation usually still under development</td>
</tr>
<tr>
<td>- interlinked within the framework of the Association of European Border Regions (AEBR)</td>
<td>- interlinked within the framework of the Assembly of European Regions (AER)</td>
<td>- the interlinkage is rarely organised but there are certain approaches within the framework of international organisations</td>
</tr>
</tbody>
</table>

(Source: Association of European Border Regions (AEBR), *The EU Initiative INTERREG and the future developments*, Gronau, December 1997, p. 3)

The variety in Europe with regard to culture, social affairs and national law has led to very different systems, structures, powers and laws. Border and cross-border regions are therefore bridges and hubs between countries with these different systems and not new administrative levels.

The differences in the practice of cooperation, that can be observed easily by anyone are like it is demonstrate in the Table 3. The three form of cooperation, that can be analysed in parallel here is the most frequent and important one that it can be notice at EU level. They have point in commune but also some differences like we can see in the same table.

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145 Ibidem.
146 Association of European Border Regions (AEBR), op. cit., p. 5;
Table 3. Differences between the cooperation forms in European Union

<table>
<thead>
<tr>
<th></th>
<th>Cross-border</th>
<th>Inter-regional</th>
<th>Trans-national</th>
</tr>
</thead>
<tbody>
<tr>
<td>- practice for a long time</td>
<td>- information must be circulated because it is relatively new</td>
<td>- only under development</td>
<td></td>
</tr>
<tr>
<td>- work with long-term strategies/concepts</td>
<td>- short-term cooperation, more organized towards</td>
<td>- focuses in particular to implement cooperation with regard to concepts and planning</td>
<td></td>
</tr>
<tr>
<td>- includes all area of life, sectors and actors</td>
<td>- projects without a strategy (as with INTERREG)</td>
<td>- mostly limited to a special subject (regional development; flood protection; environment)</td>
<td></td>
</tr>
<tr>
<td>- seen with regard to time, a permanent task</td>
<td>- often limited to a single sector</td>
<td>- medium to long term planning beginning to implement large projects/programmes running for several years</td>
<td></td>
</tr>
<tr>
<td>- integrated multi-annual programmes and projects running with clear medium-term funding (including a regional quota)</td>
<td>- in practice limited in time</td>
<td>- horizontal and vertical partnership between countries and, sometimes, regions</td>
<td></td>
</tr>
<tr>
<td>- horizontal and vertical partnership</td>
<td>- the medium-term funding is often insecure/unclear (because they are not based on integrated programmes years running for several years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- partnership between regions</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

[Source: Association of European Border Regions (AEBR), The EU Initiative INTERREG and the future developments, Gronau, December 1997, p. 4]

The principle of partnership and subsidiarity must be observed in all cooperation forms. Some recommendations\(^{147}\) that can be made here, are:

- In all cases of cooperation, particularly in cross-border cooperation: first a vertical (European, national, regional and local) partnership must be developed followed by a horizontal (cross-border, inter-regional, trans-national) partnership;

- The EU is responsible for the approval of programmes, the financial framework and the external evaluation but not for the approval of individual projects;

- During the preparation and implementation of cross-border, inter-regional and trans-national strategies, national programmes and objectives of member states are to be considered;

- Regional and local partners are responsible for cross-border or inter-regional cooperation (preparation of programmes, management, selection and implementation of projects) considering the principle of partnership;

- The governmental level is responsible for the implementation of trans-national cooperation;

\(^{147}\) See http://www.aebr.net/publikationen/pdfs/interreg_97.en.pdf

55
Through the principles of partnership and subsidiarity the relevant interests are considered and decisions agreed unanimously in the management and steering committees (European, national, regional and local);

The social partners participate in the development of programmes as well as in the implementation of projects. However, their membership in management and steering committees does not seem to be prudent since this raises automatically the question of legal and financial liability towards national authorities or the EU. Furthermore, if they were to be included all other interest groups must be included too.

Inter-regional cooperation is funded by very different European sources. Their contribution to the socio-economic balance and development of European regions is unquestioned but much more difficult to prove. In individual cooperation cases the contribution is sometimes well targeted. As regards multi-thematic cooperation cases the contribution becomes apparent more in the long-term because climate is created which promotes cooperation. Inter-regional cooperation also contributes substantially to the exchange and familiarisation with EU affairs as well as to the promotion of democratic principles in Central and Eastern countries and in the Mediterranean region.\(^\text{148}\)

Compared with cross-border cooperation, inter-regional cooperation is in need of more publicity because it has no long tradition. Furthermore the exchange of experience requires promotion. The attempts to revive old and develop new inter-regional are evident (e.g. the Hanseatic League). At the same time there is a search for new models of inter-regional cooperation to ensure integrated cooperation similar to cross-border cooperation.

Cooperation between countries has a very long tradition. However, within the framework of INTERREG trans-national cooperation only recently has been assisted. Since 1996 the INTERREG IIC Programme has supported this type of cooperation. Trans-national should limit itself to regional development issues and should not grant financial distribution concession for special subjects and, in the future subjects, must also incorporate more than two countries. Another recommendation that can be made in this regard is that a joint management and a joint funding instrument of trans-national cooperation must be establish in each area. The argument, that legal and administrative obstacles hinder this process, would imply that countries would not be able to participate in joint ventures in the financing of large infrastructure projects etc. in developing countries. Also, trans-national projects must not be identical to cross-border projects in terms of content or practical implementation. Trans-

\(^{148}\) Association of European Border Regions, op. cit., p. 39.
national measures must improve the condition of regional development policy for cross-border cooperation.\textsuperscript{149}

Why are some regions employing the programme for their needs more than others? In fact, differences between Europe’s regions are astonishing ranging from very few projects to involvement in as many as 40 or more INTERREG IIIC operations. The good news here of course is that 99\% of Europe’s regions participate in at least one INTERREG IIIC project, indicating an extremely good coverage rate of the programme. But at this point “we simply do not know enough about the factors that make some European regions more successful than others”, said Barbara Di Piazza, Head of the JTS East.\textsuperscript{150}

Defining “success of regions in interregional cooperation”\textsuperscript{151} is not an easy task. One way to look at success is to clearly distinguish between the participation rate in the programme and the regional impact actually achieved through the participation.

In other words, regions do not only differ in the participation rate (see Figure 4), they also seem to differ widely in their abilities to design and implement projects that really matter on a regional level, exhibit high policy relevance and stand good chances to influence regional development and policies (e.g. in support of the Lisbon and Gothenburg goals).\textsuperscript{152}

The creation of a pan-European identity poses many challenges, as well as communication towards “normality” on the benefits and rationale of the EU Regional policy. More focus should be given by the EU on information towards on the added value of regional development programmes by way of a European information strategy (e.g. university curricula). Attention should be given particularly to public opinion in border regions (e.g. Finland). Central offices of thematic Community Initiatives and regional policy programmes should be decentralized and located in different member states. Strengthening information and communication infrastructure in the peripheral regions is also considered essential.\textsuperscript{153}

\begin{itemize}
\item\textsuperscript{149} Idem, pp. 42-43.
\item\textsuperscript{150} *** INTERREG IIIC, Newsletter No. 9, April 2006, p. 2.
\item\textsuperscript{151} See http://www.interreg3c.net/sixcms/media.php/5/Newsletter\%20Nr.\%209\%20EN\%20E6FINAL.pdf
\item\textsuperscript{152} Ibidem.
\item\textsuperscript{153} See http://www.ucl.ac.uk/euroconference/participate/fora/final/regional.html
\end{itemize}
Success depends not so much on the regulation of legal issues but in particular on the political will at all levels. In future, the following criteria must have priority in all forms of cooperation:

- quality of the prepared programme;
- genuine cross-border, inter-regional or trans-national character;
- effects on the economic structure, location or labour market.

A sustainable improvement of information and cooperation between all European regions and in all forms of cooperation is necessarily in EU.

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2.3. The Cross-border Cooperation Theories and European Regional Policy

In our times, EU regions are growing in importance: they both compete and cooperate with each other on the international level. Cross-border cooperation, as an element of cooperation of territorial units is implemented by border areas (regions) and aims at lowering of the existing various economic, cultural, linguistic and psychological barriers and also at integration of communities on both sides of the border.\textsuperscript{155}

Borders are regarded as the historical scars and as one characteristic of Europe. Traditionally, frontiers were meant to project national interest and they have barriers for the free movement of people and goods. On the other hand, they also give reason to come together, to exchange goods, to learn other’s language and culture, which further creates mutual trust and understanding. This makes co-operation across national borders an important mechanism for European integration.\textsuperscript{156}

Like we tried to show in the previous pages, the term region can be defined in various ways, and the criteria for delimitation are varied. A border region is an area on one side of the border, what differentiates it from a transborder region. The borderland comprises the area on both sides of the border, in its neighbourhood, thus constituting a peripheral area of the two countries. In the EU the border regions take up 40\% of the enlarged Community surface, and they are populated by about 32\% of the population\textsuperscript{157}. And although in the countries of EU-15, as the European Commission stated before the enlargement, the socio-economic situation of the intra-EU border regions was not substantially different from other parts of the countries, the situation of the EU-15 external border regions, excluding the borders with candidate countries (currently the new EU member states), was substantially worse. The situation of border regions in new member states is also hard due to their low GDP and certain problems of these areas becoming visible\textsuperscript{158}.

It can be identified another dimension of cooperation for a border region is indirect cooperation – by establishing of international contacts with those regions that are located internally within a country, thus playing a role of a jointer. Inter-regional (cross-border) cooperation may be a factor of growth – being vital for enterprises wanting to take advantage

\textsuperscript{155}M. Dziembala, Contribution of the EU regional policy to development of the cross-border cooperation and the challenges for Poland’s regions, at The Central and East European International Studies Association (CEEISA) 4th Convention, "Reflecting on a wider Europe and beyond: norms, rights and interests", University of Tartu, Tartu, 25 – 27 June 2006, pp. 1-2.
of the resources on the other side of the border (the potential existing there), thus, in a way, constituting a determinant for location, and also by using these resources in the partner region – a creation of developmental impulses can occur in a border region. This is how competitive advantage can be built in these regions (also by using the unexploited resources of the region which need to be activated). Cross-border cooperation can be regarded as a stimulator of changes taking place, which is activating the economy of these areas\(^\text{159}\). However, along with the opening up of the borders, the competition between entities on both sides of the border may grow in intensity.

Cross-border cooperation started to develop in the Europe after the Second World War, motivated by the desire to remove barriers separating regions and communities on either side of the borders and to overcome everyday problems affecting the inhabitants of border regions. The pioneers of cross border cooperation were people living in the German-French, German-Netherlands border areas and between Scandinavian countries. In the above mentioned regions a large number of cross border arrangements have emerged in the 1950s, aiming at fostering general European integration, improving economic development and solving environmental problems.\(^\text{160}\)

In many countries, it has been understood that cross border cooperation could be one of the driving forces for development of local life and would also make a valuable contribution to the promotion of peace, security and stability of states. Thus, the main motivation promotion of transfrontier cooperation has been to raise living standards, to ensure peace and stability and to overcome several restrictions, which had led to the separation of communities and institutions of those areas. Borders were no longer considering lines, but rather as contacts areas, bridges to new markets and cultures. Understandably, the border issues, security and stability of the new border regions became a top priority for many politicians, scholars and also citizens of those regions. In the EU, the eastern enlargement of the EU has given a major incentive (both political and financial) to the development of cross border cooperation.

What is currently essential is the provision of certain factors of regional development, because the lack of these or their relatively low level could indicate region’s peripherality. These factors include: human capital and its quality, social capital, infrastructure favourable for entrepreneurship and innovation. The existence of civil society (civic traditions) is also

\(^{159}\) M. Dziembala, op. cit., p. 4.

essential\textsuperscript{161}, what is highlighted by the visible dichotomy in the development of Italy (uneven regional development of the North and the South). Development of the region depends as well on the existing network of links and mutual interactions, which are based on “civic engagement”. These „civic regions” take the lead in terms of economic development\textsuperscript{162}. These factors need to be developed so that the border regions do not undergo marginalization, which they are exposed to.

The motives for active development of transborder cooperation in the Central and Eastern European Member States are slightly different of those in the Western Europe. The former communist block countries mostly see active transboundary cooperation as a way of: 1) Transforming the border from line of separation into a place for communication between neighbours and integration to EU; 2) Overcoming mutual prejudiced between inhabitants of the border region, resulting from historical heritage; 3) Strengthening democracy and development of operational public administration structures; 4) Promotion of economic growth and improvement of the standard of living.\textsuperscript{163}

With the process of EU integration at hand, cross-border co-operation has become a top priority also in East-Central Europe. In fact, there is no viable alternative to integrate regional development. Isolation and nationalist self containment would be profoundly counterproductive both economically and politically. From perspective of advancing European integration process, the existence of the appropriate legislative framework, economic and social policies aimed at ensuring the three movement of persons, labour, material and spiritual goods across the borders is of an utmost importance. This is essential also for securing the human rights of migrants in accordance with international and European Union standards.\textsuperscript{164}

Therefore, among the motives for regional cooperation, the following could be mentioned: extinguishing (alleviating) of the existing conflicts, also in the aspect of competitive relations as occur between the regions, strengthening (achieving) new synergy effects resulting from differences in potential (internal differentiation), and the respective functions that are fulfilled by the regions on both sides of the border, or finally, common solving of common problems. They may constitute potential areas of cooperation between regions and, as a result, lead to the creation of a transborder region. In this respect, the regions

\textsuperscript{161}See http://www.ceeisaconf.ut.ee/orb.aw/class=file/action=preview/id=164094/Dziembala.doc
\textsuperscript{162}Małgorzata Dziembala, op. cit., p. 6.
\textsuperscript{163}Attempt to classify the border regions on the old and new internal borders and on certain external borders; http://www.aebr.net; 2003.
need to create their own advantage on the basis of the endogenous potential described as "a set of resources located in the region, useful for the needs of local community in the process of regional development"\textsuperscript{165}, and which must be exploited and strengthened in the process of common actions.

Another important argument for elaboration and implementation of integrated regional development policies is concerning the necessity to overcome the existing gap between the economic levels and life standards in its constructive micro-regions. The integration of less developed territorial-economical units in the economic activities system of the larger regions can provide them important incentives and stimulus for catching up. In the same time, integrated regional economic, social, labour market and migration policies would allow for the implementation of special development strategies designed for the needs of the less developed areas. In this way all territorial micro-units belonging to the region can be supported to find and fulfil the economic functions best suited to them, in accordance with the principle of subsidiarity.

Finally, it would be also necessary to take into account the potential beneficial effects which the implementation of integrated cross border regional policies in the field of regulating international movement of labour can have on the cooperation between the concerned states and nations. Co-operation at micro-level can provide a model for the larger regions and for states, helping to overcome ethno-political division and thus strengthening peace and stability.\textsuperscript{166}

Cross-border cooperation takes place in different ways, through governmental or spatial planning commissions and cross-border Euro-regions (a European project that, until now, didn’t have significant results). It is implemented on the basis of treaties and without them. Cross-border structures can therefore be established governmentally/regionally or regionally/locally.\textsuperscript{167} Border regions are not necessarily identical to national or regional administrative borders. Border and cross-border regions may cover a different area and relate to different structures.

Cross-border cooperation is a specific kind of inter-regional cooperation. Its scope relates only to border regions that are adjacent to one another, and this cooperation is of regional or local character. According to the Madrid Convention, cross-border cooperation includes joint actions between the communities and local authorities of two or more parties (that is units,

\textsuperscript{165} See http://www.ceeisaconf.ut.ee/orb.aw/class=file/action=preview/id=164094/Dziembala.doc
\textsuperscript{166} M. Dziembala, op. cit., p. 5.
\textsuperscript{167} Association of European Border Regions (AEBR), op. cit., p. 5; http://www.aebr.net/publikationen/pdfs/interreg_97.en.pdf
offices and bodies carrying out certain local and regional tasks), whose aims comprise the strengthening and development of mutual contacts between these parties\textsuperscript{168}. The subject of this cooperation may relate to the following areas: the development of towns/cities and regions, transport and communication, energy, nature and water protection, air protection, education, vocational training and scientific research, public medical care, culture, recreation and sport, mutual assistance in the event of disasters or catastrophes, tourism, problem solving in connection with low cross-border traffic, industrial in nature and other undertakings, improvement of agricultural structure, and finally, social infrastructure\textsuperscript{169}. The aims in cross-border cooperation in Europe were indicated as follows\textsuperscript{170}:

- new quality of borders: areas of contact – a need for assistance in the development of cooperation structures, procedures and devices helping to eliminate the borders,
- smoothing out of “seams” in European policy for town and country planning,
- overcoming disadvantageous characteristics of border location and utilization of chances in terms of infrastructure improvement, improvement of the attractiveness of the regions and assistance in economic development,
- perfecting of cross-border environment and natural protection,
- assistance in cross-border cultural cooperation,
- partnership and supportiveness.

The rules of partnership implemented as part of the cross-border cooperation include: vertical partnership, including relationships established between EU, central, regional and local levels of administration on both sides of the border; and horizontal partnership, which concerns the relationships between different partners on both sides of the border. The cross-border cooperation of EU countries is supported as part of the EU regional policy so as to facilitate the transformation of economic structures in the border regions\textsuperscript{171}.

It has to be highlight the important role that play the cross-border cooperation in the EU regional policy. Here is the challenge of development at the peripheries of countries, in particular in such cases where significant differences of wealth existing between a border region and its foreign neighbours. This is of particular importance with regard to borders with other member states. EU experience has shown that cross-border cooperation can be successful, but is difficult to prepare and to implement. Therefore, it is a great challenge for

\textsuperscript{168} *** European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities, Drafted, Art. 2, Madrid , 21 May 1980, p. 1.
\textsuperscript{169} Idem, Art. 6, Model inter-state agreement for the promotion of transfrontier co-operation, p. 2.
\textsuperscript{171} See http://www.ceeisaconf.ut.ee/orb.aw/class=file/action=preview/id=164094/Dziembala.doc

63
the institution of government called upon to prepare the actions and often more for the staff in these institutions (training and experience needed).

Within the new funding period, we can see co-operation raised to the status of "Objective", in contrast to its role as a "Community Initiative" for the past 15 years. This is a particularly important political signal, placing Co-operation on the same level as Convergence and Competitiveness programmes. Moreover, the available funding for cross-border co-operation in particular has increased by around 40% compared to the last period.\textsuperscript{172}

From the declaration of intention to implement there are, however, many difficulties to overcome. One major problem in this regard is what one may call strongly “asymetrical” character of some border regions. In spite of geographic proximity, common regional culture and memory of the past, economic development gaps and sometimes even political division lines continue to survive and to largely prevent the use of resources which potentially reside thinking and cooperation.\textsuperscript{173}

In this sens, Regional Cooperation represents a factor of integration and brings real added value at Community level to regional policy. It must be an essential part of the present and future regional and cohesion policy in EU. Cross-border cooperation is and will be a central focus of the work programmes of European and regional institutions (e.g. Commission of Regions (CoR), Commission for Territorial Cohesion Policy (COTER)), in close cooperation with the competent regional and local associations. Strengthening cooperation with the other EU institutions is an essential prerequisite in ensuring effective impact of the CoR’s opinions.

The cooperation aspect of the regional development and regional policy is well reflected in the Objective 3 of the Regional policy regarding the distribution of the Structural Funds for the period 2007-2013. The cooperation funding should cover cross-border, transnational and interregional activities.

The Structural Fund programmes have made it possible to plan economic development on a longer time-frame than most other funding sources allow, and the direct involvement of a wider range of partner organisations in decision-making has delivered distinct benefits in securing consensus on funding priorities that takes an integrated rather than a sectoral approach. Cross-border co-operation between Member States formalised under the INTERREG programme has promoted partnerships across borders encouraging balanced

\textsuperscript{172} Danuta Hübner Member of the European Commission responsible for Regional Policy, Cross border cooperation: encourage a new bottom-up generation of projects, speech/06/437 at the Conference “The future of border regions in Europe”, Saarbrücken, 5 July 2006, p. 2.
\textsuperscript{173} G. Szilagyi, op. cit., p. 1.
development, including extending links between the UK and the Republic of Ireland.\textsuperscript{174} The priority to be achieved is the implementation of legislation, the extension of existing programmes, instruments and procedures also to the old and new Member States and development of an economic convergence strategy.

On the other hand, the cross-border migration of the workforce is one of the most sensitive subjects that act as an obstacle on the way of regional development, despite of the “liberty of movement” that is one of the four basic principle of the EU. The harmonisation of the legal framework and compatibilization of the labour market policies in the border areas is further made difficult by the existence of different internal political contexts of the three countries and the divergent role of formal and informal interest groups and power structures in shaping policy.\textsuperscript{175} The endogenous difficulties encountered on the way of harmonization of legal framework and policies of cross border labour migration are further increased by the fact that there is no available outside model which can be applied. The relevant European Union legislation is rather new and there was not enough time to test it and improve it in the current political practice.

The challenges created by the EU’s expansion are enormous and the funds available to meet these challenges will continue to be limited. The INTERREG programme will continue to serve as an important means to encourage national, regional and local authorities to work across national boundaries to achieve cross-border efficiencies, increase effectiveness through transnational cooperation, and learn from one another by sharing experiences. It will contribute to the broader goal of ensuring that national boundaries are not barriers to balanced development and integration.

Upon proposal of the Commission, Council and EP also agreed on a major new innovation for co-operation purposes, that of the European Grouping of Territorial Co-operation (or "GECT" to use its French acronym). This new regulation offers the possibility of creating a legal cross-border entity to run co-operation programmes or projects and to address some of the management challenges that programmes have faced in recent years.\textsuperscript{176}

The GECT is wanted like a radical step forward in the implementation possibilities for cross-border co-operation, whether funded by Structural Funds or not. It offers regional and local authorities the option of creating a cross-border grouping with legal personality. It can be established directly without the need for a bilateral treaty between the Member States

\textsuperscript{174} HM Treasury, Department of Trade and Industry and the Office of the Deputy Prime Minister on behalf of the Controller of Her Majesty’s Stationery Office, op. cit., p. 20.

\textsuperscript{175} See http://www.policy.hu/szilagyi/policymig.htm.

\textsuperscript{176} Danuta Hübner Member of the European Commission responsible for Regional Policy, op. cit., p. 2.
Chapter 2

concerned. The underlying principle of the GECT is to prevent any form of discrimination because of the existence of a border – co-operation between two authorities on either side of a border should be just as possible as between two authorities in the same country. GECTs will be able to take on the role of a programme's "managing authority" responsible for the implementation of the whole co-operation programme.

Also, it will also be possible for GECTs to manage individual projects. This concept is still very much at the initial stage, but the Commission could envisage a GECT being used to manage a cross-border public transport line, or even potentially a hospital close to a border. It is not for the Commission to prescribe or insist on a particular approach for the use of the GECT instrument: it should be viewed as a tool which has been provided, and it is very much for the implementers – the users on the ground – to assess how best to take advantage of this, if they so wish. 177

Enlargement reinforces the Union’s presence on the international scene and means that Union will have to examine its responsibilities in its neighbourhood, and take the lead in developing a close and supportive partnership with its near neighbours in the East as well as in the Mediterranean region. Under the objective of “stability” the Commission identifies two main objectives. The first one is to develop a stable and comprehensive political framework for cooperation with neighbouring countries in order to create an area of peace, stability and prosperity and to avoid new dividing lines in Europe subsequent to the enlargement of the Union. The most relevant initiatives of the Commission for the CoR are the following:

- European Neighbourhood Policy/Wider Europe
- Russia and the countries of Eastern Europe
- The Balkans.

In this sense, can be notice, as it should before, that the status of territorial cooperation has changed and it is now raised to the level of an entirely separate objective, which gives it greater visibility and greater legal basis. Cross-border cooperation embraces a geographical area larger than the previous INTERREG III, mainly in so far as maritime cooperation in concerned. The whole of Europe remains eligible for interregional cooperation, but a single programme covers the whole of the European Union (against four for Interreg III C).

The European territorial objective aims to reinforce cooperation at cross-border, trans-national and interregional level. It acts as a complement to the two other objectives, as the eligible regions are also eligible for the convergence and regional competitiveness and employment objectives. It is financed by the ERDF. It aims to promote common solutions for

the authorities of different countries in the domain of urban, rural coastal development, the
development of economic relations and the setting up of small and medium-sized enterprises
(SMEs). The cooperation is centred on research, development, the knowledge-based society,
risk prevention and integrated water management.\(^{178}\)

In this sense, the eligibility of the European regions for this objective are divided in 3
categories, as follow:

- For cross-border cooperation: NUTS 3 level regions are eligible, along all the land-
based internal borders and some external borders, along maritime borders separated by a
maximum distance of 150 km (See Annex 1).
- For transnational cooperation: all the regions are eligible but, in consultation with the
Member States, the Commission has identified 13 cooperation zones (See Annex 2).
- For interregional cooperation, and setting up networks and exchanges of experience: all
the European regions are eligible.

In addition, cross-border cooperation should contribute to economic and social
integration, especially where there are wide economic disparities on either side. Actions
include promoting knowledge and know-how transfer, the development of cross-border
business activities, cross-border education/training and healthcare potential and integrating
the cross-border labour market; and joint management of the environment and common
threats.\(^{179}\)

In view of the economic, social and political situation and need, the CoR have
anticipated the following general policy aims that could be stated, which can provide a shared
basis for further action and cooperation of the concerned national and regional
governments\(^ {180}\):

- The formulation, application and evaluation of international migration policies suited to
the economic and social aims of government, employers and workers organizations;
- The increase of equality of opportunity, fair treatment of migrants and protection of their
rights and dignity;
- Improving the handling of the human and social conflicts involved in the labour
migration;
- Developing an appropriate policy framework;


\(^{179}\) Danuta Hübner Member of the European Commission responsible for Regional Policy, op. cit., p. 3.

\(^{180}\) G. Szilagyi, op. cit., pp. 3-4.
Chapter 2

- Enhancing the role of regional cross border cooperation in the process of optimising migrational policies;
- Strengthening the role of labour migration in overcoming economic and social gap between the level of development of the areas situated in opposite sides of the border;
- Using the human and institutional contacts generated by labour migration to benefit of cross border cooperation;
- Developing economic, social and migrational legal framework and policies in accordance with EU standards;
- Contributing to the regional integration border areas beyond the nation state division lines;
- Optimising the use of regional resources in order to further the economic and social development in border areas;
- Setting up regional models of economic cooperation based on an optimal exchange of values and resources, institutional and human relations.

Where the basis conditions for cross-border cooperation are already in place, programmes can focus assistance on actions that bring added value to cross-border activities: e.g. increasing competitiveness through innovation, research and development; connecting intangible networks (services) or physical networks (transport) to strengthen cross-border identity as a feature of European citizenship; promotion of cross-border labour market integration; cross-border water management and flood control.

At the end of 2004, nine new cross-border and neighbourhood programmes between regions in the new Member States, accession countries and third countries were adopted by the European Commission as part of Regional policy. The total available funding for the period 2004-2006 amounted to 260 million euros, the bulk of which came from Interreg and the rest from financial instruments for accession and third countries (Tacis, Phare and CARDS).\(^\text{181}\)

The cross-border co-operation is, by its very nature, an issue that provides a direct added value to the European level – it brings neighbours and partners together, increases integration, and helps us to understand the challenges and opportunities others face. Also, cross-border cooperation, implemented not only in the economic, but also political aspect, may contribute to the stimulation of developmental processes of these areas, becoming a developmental factor for the border regions.\(^\text{182}\)

In addition, it is important to remember that cross-border co-operation draws a direct added value from Europe as well. Many borders would simply not have cross-border co-

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\(^{181}\) See http://europa.eu.int/rapid/pressreleasesaction.do?reference=memo/o5/22&format=html

\(^{182}\) M. Dziembala, op. cit., p. 6.
operation without INTERREG and even those that have a longer history of cooperation would recognise that INTERREG has provided a significant impetus and has been a real catalyst for deepening and improving cross-border co-operation.\textsuperscript{183}

So, for cross-border co-operation, it seems that for the future period will have more political support than ever, more funding than ever, and more tools to assist the regional actors with implementation. However, it has to be underline an important principle: these new benefits bring with them new responsibilities.

In the European programmes context, the INTERREG Initiative is a promising source of support for cross-border cooperation, the more that in the new programming period 2007-2013 supporting cross-border cooperation is included in the main aim of cohesion policy. It is therefore essential to develop a new vision for development of certain border areas as part of INTERREG, adjusting them to new conditions and guidelines of the EU politics and taking into consideration the changes resulting from the geopolitical situation, the Lisbon strategy and Gothenburg decisions.

Thanks to EU structural funds it is possible to alleviate the problem of peripherality of border regions, also by appropriate instruments of state regional policy, because the INTERREG programmes play only a subsidiary role. It is, however, also important to support the absorption potential in terms of assimilation of these EU resources.\textsuperscript{184}

In the European Union, now counting 27 member states, the character of the borders, which have become “the scars of history”\textsuperscript{185}, is constantly changing. An important factor vitalising the development of border regions is cross-border cooperation, assuming various forms, which could contribute to the overcoming of barriers in development, to the dissolution of tensions and by the stimulation of the borderland area to its further overall development and competitiveness.

In the EU the advanced forms of cooperation between neighbouring border regions grow in importance; they are carried out or are supported with many EU programmes. Through the cross-border cooperation and the related projects (affecting different spheres of socio-economic life), it is possible to lower the existing barriers of borders, and so “border and cross-border regions thus assume a bridge function and become touchstones of European unification”\textsuperscript{186}.

\textsuperscript{183} Danuta Hübner Member of the European Commission responsible for Regional Policy, op. cit., p. 3.
\textsuperscript{184} Ibidem.
\textsuperscript{185} After: European Charter of Border and Cross-Border Regions, Gronau, 07/10/2004, p. 3.
\textsuperscript{186} Idem, p. 6.
Chapter 2

Experience proves that the greatest progress will be achieved, if problems are not only discussed but if practical solutions are offered and implemented. This can be achieved easier at regional/local level than at governmental level.\textsuperscript{187}

Cross-border cooperation programmes are operating now in every part of Europe and the European Commission will be vigilant that these programmes will be continued along all internal and external borders of the Union.\textsuperscript{188}

\textsuperscript{187} See http://www.aebr.net/publikationen/pdfs/interreg_97.en.pdf
\textsuperscript{188} Danuta Hübner Member of the European Commission responsible for Regional Policy, op. cit., p. 2.
Chapter 3

The European Regional Policy and its Instruments

3.1. The European Regional Policy
- from the beginning to our days -

Before being, at least partially, transferred under the jurisdiction of the Europe union’s institutions and developed at this level, regional policy was conducted at national level. In the 1920s-1930s the first programmes for depressed old industrial regions and underdeveloped regions were implemented. Later, in the 1940s-1950s, regional policy acquires legislative and institutional legitimisation at regional level, flourish and expand spatially and financially in the ‘60s and at the beginning of the ‘70s. On the background of the ‘70s crisis and retrenchmen, regional policy suffers curtailment and reorganization phase in the late ‘70s and ‘80s. After this moment, more exactly after 1988, regional policy in this part of the world is “Europeanised”.

Between 1958-1975 a common regional policy was not one of the objectives of the European Community, even if, especially at the and of the ‘60s, several appeals for such a policy were made to the EC institutions and member states (ex. Werner Report). In the Treaty of Rome cohesion as principle was mentioned only in the preamble.

From the early 1970s, the Commission began to intervene directly in the design of the regional aid policies of the Member States. Its capacity to do this was partly based on the requirement for Member States to notify and gain Commission approval for any plans to offer aid or to change existing schemes (Article 88(3)) and partly on the Commission’s role in keeping State aids “under constant review” (Article 88(1)). In substantive terms, however, the existing policy principles did not provide a detailed basis for the actions that the Commission undertook. On at least one occasion, the Commission imposed its own designated area map on a Member State while, in many other instances, its views on whether or not a given area should be within or outside the designated aid areas often lacked transparency. In addition, political pressures from the Member States meant that there was frequent recourse to transitional periods for designated area status, after which the Commission would instigate a further review. The outcome was that, through to the late 1980s, Commission intervention was perceived to be ad hoc and opaque in nature. In no Member State was the targeting of regional aid unaffected by Commission intervention on the basis of the competition rules,

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while accession negotiations provided an important opportunity for the Commission to influence the spatial coverage of regional policy in new Member States.\textsuperscript{190}

In the 1975 what has become in the meantime the most significant structural fund, the European Regional Development Fund (ERDF) was establish. This development was determined by the first enlargement EU underwent in 1973 when, finally surmounting the French opposition, UK, together with Ireland and Denmark joined the EC. Till 1988, the Commission acted as a mere administrator of the ERDF, and the funds were distributed according to a quota system, the European Council (in consequence the Member States) being the main decision-making actor.\textsuperscript{191}

In this period, the Community’s own regional policy was in its infancy. Unlike the firm legal foundation for the control of State aids, the Treaty contained only an aspiration in the preamble to ensure “harmonious development by reducing the differences existing between the various regions and the backwardness of the leastfavoured regions”. As has been well-documented, although a number of studies on European regional disparities in the EC had been conducted as far back as the early 1960s,\textsuperscript{192} the roots of a bespoke EU regional policy really lie in the UK accession negotiations and the realisation that a European regional policy budget could partly compensate for the limited ability of the UK to benefit from the Common Agricultural Policy.\textsuperscript{193} The absence of a specific legal basis for policy meant, however, that the formation of the European Regional Development Fund (ERDF) in 1975 depended on a ‘catch all’ provision (Article 235 of the Treaty of Rome) which enabled the Council, acting unanimously, to take appropriate measures on the basis of a Commission proposal.

The mid to late 1980s saw a radical change of context for both the control of State aids and EU regional policy owing to three interrelated developments: the accession of Spain and Portugal, which significantly widened regional disparities in the EU; the introduction into the Treaty of provisions on economic and social cohesion (and therefore a specific legal basis for EU regional policy); and the adoption of the Internal Market programme, which put State aid control higher up the policy agenda. These developments reinforced both EU regional policy and EU control of State aids and, of key importance, introduced important links between

them: this was to some extent implicit in the motivations for policy change – the introduction of “cohesion policy” was partly a response to widening disparities. Moreover, the amended Treaty required the implementation of national and common policies to take account of the objective of economic and social cohesion.

The next period, between 1988 and 1999, was a full events one for Europe and European regions. In this context, the Structural Funds and the Regional policy were subjects of a series of reforms, the most paramount being introduced in 1988. For one more time enlargement had a heavy word to say in the bargaining process preceding this historical moment. In 1981 Greece and in 1985 Spain and Portugal became EC members.

Signed in 1986 the Single European Act succeeded in balancing the interests of all member states, by adding to the Treaty of Rome a new title on regional policy. The 1988 reform brought the European Regional Development Fund (ERDF), European Social Fund (ESF), European Agricultural General Government Fund (EAGGF) together under the common framework presently known as the Structural Funds, its doubled their budget and introduced relatively explicit objectives and principle for granting funds to regions. A consequence of this was that, from a institutional point of view the Commission registered a remarkable increase power. Further weakening the national state position, the sub-national actors’ (SNAs) role in the policy making process is enhanced by the introduction of the “partnership principle”.

Where previously national and EU policies had happily co-existed, with the ERDF essentially cofinancing aspects of national regional policy, a more integrated and involved relationship was now implied. However, the practical implications of the new provisions do not seem to have been immediately apparent and were to become a major source of conflict both between the Competition and Regional Policy Directorates of the Commission and between the Commission and the Member States. Against this background, both EU control of national regional aids and EU regional policy itself, underwent significant change.

The lack of a ‘proper’ legal basis for policy in these early years undoubtedly hampered the Commission in developing a truly European regional policy. For more than a decade, the ERDF was little more than an adjunct to national regional policies: EU regional policy funding essentially contributed to the financing of projects in areas designated by the national authorities; moreover, each country had a so-called ‘quota’ of ERDF funding. The history of the ERDF in this period is one of the Commission trying to throw off the restrictions imposed

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by the Council.\textsuperscript{195} There was a small, but expanding ‘non-quota’ section over which the Commission had power of initiative; this was not significant in financial terms, but it did enable the Commission to fund programmes outside the national assisted area maps and to pilot approaches (such as integrated operations) that were influential in later reforms of the so-called Structural Funds.

In the field of competition policy control of regional aid, the change was arguably more one of presentation than of substance: the opaque basis of Commission control had contributed to a deterioration of relations with the Member States and provided the motivation for adopting a more transparent approach. In 1988, the Commission outlined the method on which decisions to authorise or outlaw the regional aid proposals of the Member States were based;\textsuperscript{196} it simultaneously revealed that this approach had been in use for some five years.

An apparently largely unanticipated outcome of the designation of Objective 1, 2 and 5b regions was the emergence of a distinct set of assisted areas that did not coincide with the areas designated for national regional policy purposes, as authorised under EU competition policy (see Table 4).\textsuperscript{197}

\begin{table}[ht]
\centering
\begin{tabular}{|l|c|}
\hline
\textbf{1. Least-favoured regions (Article 87(3)(a))} & 20.6 \\
\textbf{2. Development areas (Article 87(3)(c))} & 24.2 \\
\textbf{3. Total national assisted areas} & 44.8 \\
\textbf{4. Objective 1} & 21.5 \\
\textbf{5. Objective 2} & 16.3 \\
\textbf{6. Objective 5b} & 5.2 \\
\textbf{7. Total Structural Fund areas} & 43.0 \\
\textbf{8. Common coverage} & 37.0 \\
\textbf{9. National aid only} & 7.8 \\
\textbf{10. Structural Funds only} & 6.0 \\
\textbf{11. Combined coverage (8+9+10)} & 50.8 \\
\hline
\end{tabular}
\caption{The ‘Coherence’ of Assisted Area Coverage 1989-1993}
\end{table}

Notes: (i) Objective 2 coverage excludes the areas added under RECHAR which would add a further 0.3 percentage points. (ii) Coverage and population totals exclude the new Länder.


\textsuperscript{196} European Commission Communication on the method for the application of Article 92(3)(a) and (c) to regional aid, OJEC No. C 212 of 12 August 1988, p. 7.
This had significant implications for policy. It brought EU regional policy and EU competition policy into direct conflict and instigated the first of a series of compromises that have sought to reconcile the objectives and outcomes of the two policies.

The Single European Act had required that national and common policies take account of the objective of economic and social cohesion; on the other hand, each of the Structural Funds planning documents, the so-called Community Support Frameworks (CSF), contained a standard clause to the effect that the measures planned and funded would comply inter alia with EU competition rules. This meant that any Structural Fund supported measures taking the form of State aid would have to be notified to and approved by the European Commission prior to implementation. In those Objective 1, 2 and 5b areas that coincided with the existing national assisted areas this was unlikely to present major problems. However, as Table 4 shows, around 6 percent of the EU population were eligible for the Structural Funds, but not for national regional aid. Moreover, while Objective 1 and 5b areas were designated for the full five-year planning period and Objective 2 regions for three then two years, DG Competition signalled its intention early on to review the status of certain areas for national regional aid purposes. This was notably the case for the Italian region of Abruzzi which was designated as Objective 1 for EU regional policy purposes, but which DG Competition considered should, at the least, be downgraded from Article 87(3)(a) to Article 87(3)(c) status, if not de-designated altogether.

Arguments were taken to the highest level within the Commission with discussions taking place in 1990-91. These culminated in a letter to the Member States from the then Commissioners for Regional Policy and Competition Policy outlining a compromise for the remaining planning period and emphasising the need for a coherent solution post-1993.

In the 1993 the funds are not radically reformed, nevertheless a shift of power back to the member states took place, which by no means re-nationalised the regional policy. The Maastricht Treaty, having enter into force in 1993, had a particular significance for furthering the position of Regional Policy among European other policies. Whith 1/3 of the budget dedicated to structural expenses, the Regional Policy occupied the second place among the European policies. Simultaneously the Financial Instrument for Fisheries Guidance (FIFG) was set up.

The Committee of the Regions (CoR) was created in 1994 as a second consultative body alongside the Economic and Social Committee, to represent regional and local government bodies at the heart of the EU. But, the CoR\textsuperscript{198} was set up by the Maastricht

Chapter 3

Treaty. Initially the CoR was obligatorily consulted in five areas, i.e. economic and social cohesion; trans-European networks in the field of transport, energy and telecommunications; public health; education and youth; culture. The Treaty of Amsterdam added a further five: employment, social policy, environment, vocation training, transport.

Three principles are stated as lying at the heart of the CoR, in their interpretation of the nature of the European Union: subsidiarity, proximity and partnership. Subsidiarity meaning that “decisions within the EU should be taken at the closest practical level to the citizen. The EU, therefore, should not take on tasks which are better suited to national, regional or local administrations.” Proximity meaning that “All levels of government should aim to be close to the citizens, in particular by organising their work in a transparent fashion, so people know who is in charge of what and how to make their views heard.” Partnership involves an assumption that “sound European governance means European, national, regional and local government working together – all four are indispensable and should be involved throughout the decision making process.”

The CoR includes, at the discretion of Member States, regional and local representatives who must have an elective mandate or be directly answerable to an elected assembly. The CoR however remains weak, too heterogeneous, having only a consultative role and lacking in resources. Frustrated, strong regions created their own assembly under the name of Regions with Legislative Powers or Constitutional Regions to gain recognition in the European Constitution. More than anything, this is a discursive space pursued by many regional offices in Brussels which have become an important link in the exchange of ideas and policy initiatives.

Despite its (only) advisory role, the establishment of the CoR meant a significant step forward for regions and their interests. The Committee is the first official European body which gives regional actors the possibility to express formal their needs and requests to the EU institutions.

Nomenclature for Statistical Territorial Units (NUTS) is a hierarchical classification on 5 levels (3 are regional and 2 are local) of the administrative structures already in place in Member States (See Annexe 3). It was set up by the European Office for Statistics (Eurostat) in order to place the divers administrations systems of the member states in a single and coherent structure of territories distributions in the EU. NUTS has no legal value per se, its form is the consequence of “gentlemen’s agreement” between Member States and not of an administrative reforming or harmonising process initiated at the European level. Nevertheless,

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200 Ibidem.
it had been used in the Community legislation pertaining to the Structural Funds since 1988. In 2003 the NUTS was reformed in order to manage the inevitable changing process the administrative systems of the present Member States have suffered in the last years. A new Regulation establishes the new form in which the NUTS presented, i.e. in lists and maps.\textsuperscript{201}

The next important step that regard the regional policy was made when the Berlin European Council decided on the Agenda 2000 proposals to reform again significantly the Structural Funds form, regulations and mechanisms. The Agenda 2000 was one of the major documents which was drafted as a response to the challenges the enlargement wave to come was raising for the European institutional structures and policies. The common principles and objectives of the Regional Policy were restated and re-adapted to the new realities in the EU of regions. Along concentration, efficiency, simplification of the applying and monitoring procedures, Agenda 2000 proposed also a greater role to be played by the Member States in the day to day administration and monitoring funds. The conflict between net-beneficiary countries which would have lost their structural funds not because their GDP is higher but because poorer regions are entering EU (the so called statistical effect) was resolved according them transitional support, to most if them till 2005.\textsuperscript{202} Before Agenda 2000 the EU regional policy had 6 objectives, which turned into 3 in order for the structural expenditure to be concentrated in the most needed areas and at most needed social groups.

Preparations for the Structural Funds post-2000 were also undertaken in the context of enlargement. In particular, Agenda 2000 had stressed the importance of \textit{concentration}. The Commission emphasised the need for a strict application of the criteria for Objective 1 and the elimination of ‘special cases’; it also rationalised the number of spatial objectives from four to two, with Objective 1 comprising the former Objective 6 areas\textsuperscript{203} and Objective 2 and 5 being merged into Objective 2. In reality, this change was more cosmetic than substantive since Objective 2 was to contain industrial and rural areas (as well as urban and fisheries restructuring areas).

The question of \textit{coherence} also received some prominence in regulatory preparations for the post-2000 period. However, its importance was progressively downgraded. In particular, the need for coherence between Objective 2 regions and those designated on the

\textsuperscript{201} See \url{http://www.europe2020.org/en/section_region/011203.htm.}
\textsuperscript{202} Ibidem.
\textsuperscript{203} This new Objective had been added with the accession of Finland and Sweden in 1995 to accommodate areas of very low population density.
basis of Article 87(3)(c)\textsuperscript{204} was emphasised in the First Cohesion Report,\textsuperscript{205} but ultimately diluted and relegated to the preamble of the new Structural Funds Regulation\textsuperscript{206} following negotiations in Council. Out of concern that the extent of coherence would be driven by DG Competition views, DG Regio sought to reassert the importance of coherence as an objective and negotiated with DG Competition a Communication that set out the Commission position.\textsuperscript{207} In practice, the Communication added little substance to Commission policy and, if anything, reinforced the circular nature of the timetables for selecting the national and the Structural Funds assisted areas.

The evolution of regional policy over the last thirty years has seen a growing involvement of the European level in area designation – the process by which the assisted areas for regional policy are selected. The designation of national assisted areas takes place within parameters determined by EU competition policy considerations; in parallel, EU regional policy operates within a separate map of assisted areas. However, the pattern of European involvement is complex. An analysis of historical trends shows that the capacity of the European Commission to influence how policy is targeted under national and EU regional policies has varied considerably over time and that the trajectories of Commission influence in the two policy spheres have differed significantly. Commission influence over the targeting of EU regional policy peaked in 1989 when Member States seemed almost taken by surprise at how policy was implemented under the (then) new Structural Funds Regulation and, in the subsequent decade, sought, successfully, to reassert control over EU regional policy targeting. For its part, Commission influence over national regional policy targeting was greatest in 2000 when the new rules were introduced.\textsuperscript{208}

The vehicles for implementation of the EU’s regional policy are its Structural and Cohesion funds. These aim to redress regional economic disparities in Europe and promote social solidarity and cohesion across territorial boundaries. The Structural Funds consisted, in the previous period, of the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Common Agricultural Fund (the guidance section only; EAGGF), and

\textsuperscript{204} For the most part, coherence between Objective 1 and Article 87(3)(a) was a given owing to the selection criteria – the major exception to this concerned the sparsely-populated areas that were to be assimilated with Objective 1, but were not automatically eligible for Article 87(3)(a).
\textsuperscript{208} F. Wishlade, D. Yuill, C. Méndez, \textit{Regional Policy in the EU: A Passing Phase of Europeanisation or a Complex Case of Policy Transfer?}, in “Regional and Industrial Policy Research Paper”, no. 50, European Policies Research Centre, University of Strathclyde, Glasgow, June 2003, p. 3.
the financial support for fishing communities (FIFG). There were also four Community Initiative funds, accounting between them 5.35% of the Structural Funds, during the period 2000-2006. These were Interreg, directed at cross-frontier and inter-regional cooperation; Urban, for the sustainable development of cities and declining urban areas; Leader, for rural development through local initiatives; and Equal, to combat inequalities and discrimination in access to the labour market. The Cohesion fund, meanwhile, finances transport and environment infrastructure in the poorer and less developed EU countries.\textsuperscript{209}

While these funds are based on the EU’s principles of subsidiarity and decentralisation, they are managed at the interstate level, where the money goes directly to the regions without national quotas.

Regarding EU regional policy, the key elements of the new approach also concerned coverage, area designation systems and coherence. As far as coverage was concerned, the strict application of the criteria for Objective 1 resulted in coverage of just over 22 percent. For the 2000-06 planning period, the approach to Objective 2 was centred on disciplining overall coverage whilst ensuring that the proposed cutbacks were distributed equitably.\textsuperscript{210}

In some respects, Community regional policy and competition policy control of national regional policy could be viewed as having been brought together: the timetables for the maps were aligned to the period 2000-06; both policies emphasised the need for concentration expressed in terms of reduced population coverage – EU regional policy on the basis that resources should be focused on areas most in need and EU competition policy on the basis that the distortion of competition resulting from State aid could only be justified by its ‘exceptional’ nature; both policies allowed for greater (apparent) freedom for the national authorities to select the assisted areas subject to population ceilings and certain area designation parameters; and both policies promoted ‘coherent’ maps and especially the principle that the Structural Funds should not intervene in areas ineligible for national regional aid. And there, arguably, the similarities end. In reality, the two policy frameworks had, by 1999, reached very different stages in their evolution and implied different constraints and opportunities for the area designation exercises to be undertaken by the national authorities.\textsuperscript{211}

The year 2004 was a turning point in EU economic and social regional policy. In terms of policy evolution, the key features of the new context for area designation resulted from the

\textsuperscript{210} Ibidem.  
\textsuperscript{211} F. Wishlade, D. Yuill and C. Méndez, \textit{Regional Policy in the EU: A Passing Phase of Europeanisation or a Complex Case of Policy Transfer?}, in “Regional and Industrial Policy Research Pape”, no. 50, University of Strathclyde – European Policies Research Centre, Glasgow, June 2003, p. 22.
interplay over time of three main elements: policy substance; roles and responsibilities; and the nature of the regulatory environment. All played a role in the development of competition policy control of regional aid and in the targeting of the Structural Funds, but their relative importance and the changes in their relative roles go some way to explaining the very different contexts for the two area designation exercises set to take place in 1999.

Firstly, continuing the efforts which had already been agreed as part of the pre-accession strategy, the 2004-06 economic and social development programmes for the new Member States which joined the Union on 1 May 2004 were formally adopted, and a start was made on implementing them. These countries benefited from allocations to finance around 30 projects in the course of 2004.

Secondly, the foundations for the future EU regional policy were laid: in its third report on economic and social cohesion, as well as proving an overview of achievements in the 2001-03 period, the Commission outlined a new structure for EU cohesion policy after 2006, in conjunction with its proposal relating to the financial perspective for 2007-13. On the basis of more targeted assistance, future regional policy, in particular cohesion policy, should, according to the Commission, respond to three key priorities in an enlarged Union: supporting growth and job creation in the least-developed Member States and regions, anticipating and encouraging change in the field of regional competitiveness and employment, and encouraging the harmonious and balanced development of European Union territory. The Commission also recommended a number of reforms as regards the implementation of the future cohesion policy such a more strategic programming, decentralisation and simplification of the management system.

As a follow up to this first outline, the Commission also proposed a new series of regulations intended to provide a framework for economic and social cohesion policy beyond 2006, with a view to improving consistency, complementarity and efficiency. Apart from general provisions on the Structural Funds, the proposals relate more specifically to the European Social Fund, the Cohesion Fund and the European Regional Development Fund, and the creation of the new instrument, the European Grouping of Cross-border Cooperation (EGCC).²¹²

Thirdly, in response to a request by the European Council, the Commission analysed the special characteristics of the outermost regions and set out the main features of a stronger partnership for those regions.

Central to the *substance* of policy have been issues of spatial coverage and expenditure. Indeed, it can be argued that these aspects – which essentially concern policy implementation – have overshadowed fundamental debates about the *objectives* of policy (namely the prevention of distortions of competition and the reduction of regional disparities).

We know that the EU’s regional policy is and was based on financial solidarity between the Member States whose contributions to the Union’s budget go to less prosperous regions and social groups. So, for the 2000-2006 period, these transfers have accounted one third of the EU budget, or 213 billion euro. 195 billion euro were spent by four main known Structural Funds (the European Regional Development Fund, the European Social Fund, the Financial Instrument for Fisheries Guidance and the Guidance Section of the European Agricultural Guidance and Guarantee Fund), the 18 billion euro were spent by the Cohesion Fund.\(^{213}\)

The key to the Commission’s influence at this stage seems to have been opportunism – national policymakers were not able to predict how the Commission would use its discretion and, once the framework was approved by the Council, were *relatively* powerless to influence the area designation process; however, the two subsequent rounds of Structural Funds negotiations have been characterised by the reassertion of national authority, as had developments in policy thinking for the post-2006 period.

As we know, in the mentioned period, the Structural Funds have focus on the following priorities:\(^{214}\):

- 70% of the funding went to regions whose development was lagging behind (Objective 1);
- 11.5% of the funding assists economic and social conversion in areas experiencing structural difficulties (Objective 2);
- 12.3% of the funding promotes the modernisation of training systems and creation of employment outside the Objective 1 regions where such measures form part of the strategies for catching up (Objective 3).

There were also four Community Initiatives seeking common solutions to specific problems. They spent 5.35% of the funding for the Structural Funds on:

* cross-border, transnational and interregional cooperation (Interreg III);
* sustainable development of cities and declining urban areas (Urban II);
* rural development through local initiatives (Leader+);
* combating inequalities and discrimination in access to the labour market (Equal).


The Structural Funds financed, and still do, multi-annual programmes which constitute development strategies drawn up in a partnership with the regions, the Member States and the European Commission. The main objective of the programmes was to:

> develop infrastructure, such as transport and energy;
> extend telecommunications service;
> help firms and provide training workers;
> disseminate the tools and know-how of the information society.

In addition to the Structural Funds, there were the Cohesion Fund, which provided direct finance for specific projects relating to environmental and transport infrastructure in Spain, Greece, Ireland and Portugal.

Designation of the area under the 2000-06 framework was expected to be most straightforward in the Cohesion countries – Greece, Portugal, Ireland and Spain – which have traditionally been considered to be poor in a European context, for that period. In such countries, European rather than national criteria tended to determine designation (under Objective 1 and Article 87(3)(a)). A relatively uncomplicated process had also be anticipated for the Nordic Member States since their main problem areas (regions of sparse population) are specifically catered for in both European frameworks. Designation in other countries were and still is likely to be more complicated. It could, however, still be expected to be relatively unproblematic in smaller unitary Member States like Denmark, Luxembourg and the Netherlands, where regional issues generally have low domestic prominence. In contrast, regional policy had a higher political profile in France, Italy and the United Kingdom, making area designation issues more sensitive. Finally, in federal Austria, Belgium and Germany, the expectation were of a potentially difficult process, due to the challenge of reaching domestic agreement on the new maps and the complexity of relationships with the Commission.  

Regional policy expenditure has played quite different roles in shaping the evolution of EU competition and regional policies in relation to area designation. Following the initial surprise of the Member States at the implications of the area designation and funding allocations under the 1989 planning period, national policymakers have progressively sought to reassert influence over the distribution of spending and/or eligible population (see Table 5).

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### Table 5. Structural Funds Assisted Areas and Budget Allocation Mechanisms 1989-2006

<table>
<thead>
<tr>
<th>Objective 1</th>
<th>Objective 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Area designation</strong></td>
<td><strong>Budget allocation</strong></td>
</tr>
<tr>
<td>1989-93 Commission proposal</td>
<td>GNP and regional GDP per head</td>
</tr>
<tr>
<td>1994-99 Commission proposal eroded by Member States</td>
<td>Ring-fencing of C4 monies; Separate mechanism for non C4 Objective 1 regions</td>
</tr>
<tr>
<td>2000-06 Commission proposal: strict application of criteria</td>
<td>No C4 ringfencing; significant per capita variations</td>
</tr>
</tbody>
</table>


This meant that, for the previous periods, the central point in the negotiations for Objective 1 concerned the precise mechanism for allocating funding, whereas for Objective 2, the essential issue lay in the population quota assigned to each country.

All the new Member States are eligible for cohesion funding and are therefore to compete with the current beneficiaries for proportionately much smaller resources. In 2000, 48 regions in Europe, comprising 18% of the population, had per capita GDPS below 75% of the EU average and were thus eligible for Objective 1 funding; in an enlarged Europe, this figure has rise to 67 regions comprising 26% of the European population. Furthermore, the addition of new countries causes the average per capita GDP of the EU to drop by 13%, which means that only 30 of the previous 48 regions remain eligible for the future. And all this new demands for funding were taking place without expectation of a substantial increase in the Cohesion Policy funds, so with a direct influence on the Regional Policy in the enlarged EU.

It will be valuable here to concentrate on a series of Commission documents publish over the past few years that have attempted to address specifically the future of both governance in Europe and Regional Policy. First, the Commission published a White Paper on Governance in July 2001, that was the aim of “opening up the policy-making process to get more people and organizations involved in shaping and delivering EU policy. It promotes greater openness, accountability and responsibility for all those involved” (European Governance). The paper reaffirmed “the reform of European governance as one of its four

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strategic objectives” and noted that “introducing change requires effort from all the other Institutions, central government, regions, cities, and civil society in the current and future Member States”. But perhaps, more importantly, the Commission noted that “the way in which the Union currently works does not allow for adequate interaction in a multi-level [italics mine] partnership; a partnership in which national governments involve their regions and cities fully in European policy-making. Regions and cities often feel that, in spite of their increased responsibility for implementing EU policies, their role are an elected and representative channel interacting with public on EU policy in not exploited”.217

And even while further reprimanding states for not adequately involving regions, the Commission itself accepted some of the blame and pledged to respond at the EU level in three ways. The Commission promised to involve regions more fully in policy shaping to promote greater flexibility in policy implementation, and to improve coherence among its various forms of assistance. Finally, the White Paper called for public responses and have set a deadline of 31 March 2002 for the Commission to report on and draw conclusion from the discourse.

Three particular things are noteworthy in the above discussion. First, the spirit in which the paper was conceived and the tone in which it was written clearly indicate that the Commission is at least nominally supportive of further regional empowerment. It absolves no party of blame and publicly lists three areas in which it expects change. Second, the fact that the Commission explicitly uses the word “multi-level” is significant and marks a shift in EU public discourse. Finally, is important that the paper mentioned the participation of “future Member States” – as well as established a consultative process and deadline – because it keeps the dialogue moving forward and shows that the Commission is committed to addressing the problems posed by eastern enlargement in a timely manner.

The results of this dialogue were finally published in December 2002 and noted that the first lesson to be drawn from it was almost universal support for enhanced “bottom up involvement in EU policy shaping and implementation” (“Report from the Commission”). Furthermore, the response to the White Paper showed that “more openness and better consultation are [perceived to be] in both the immediate and the long-term interest of the EU, not only for providing better policies but also for more efficient implementation”.

217 Ibidem.
Chapter 3

The report also reaffirmed the Commissions proposal to improve “the involvement of non-institutional players in policy-shaping and – to a certain extent – policy implementation”\(^{218}\) in light of the public consultation. To this end, the report resolved to “reach out to citizens through regional and local democracy” by: strengthening with associations of regional and local government; developing tripartite, target-based contracts for pilot projects; strengthening the role of the Committee of the Regions in organizing local and regional participation at the EU level and promoting the openness and consultation of civil society actors in shaping EC policies.

The point is that overall spirit of Regional and Cohesion Policy is to develop poor regions. There was other papers that treated the different issues of Regional Policy, for example: the 2003 Commission Progress Report, the Commission’s “Ongoing and Systematic Dialogue” working paper, a final report that was wait for the May 2003, but beyond simply defining the relations of this tri-partite arrangement, the Commission further asserts that it intends to “involve local actors – via European and national associations of regional and local government – by giving them the opportunity to express their views on the Community policies they help to implement before the formal decision-making processes are launched”.

The Commission even proffered a few ways in which that involvement might practically occur. “Regular – as opposed to occasional – debates should be organized that allow local actors to take a more active role in the process of policy formulation”\(^{219}\). And finally, “the systematic dialogue” between the EU and the regions should cover all “major initiatives of policies with a direct or indirect impact at local level”\(^{220}\). There were admittedly vague, but the point is that there is a will to further regional participation at the EU level.

Initial expectations about the difficulties experienced by the Member States in designating areas for the 2000-06 period were largely, but not wholly, met. An overview of the time taken by the Member States to submit and agree maps with the Commission is provided in Table 6.

\(^{219}\) Ibidem.
\(^{220}\) See http://www.north-ayrshire.gov.uk/ChiefExec/comRA.nsf/e9ee67f48fbb9003802569d700533758/aa7b89278663209980256d3c004c0937?OpenDocument
Table 6. Map Submission and Approval Dates

<table>
<thead>
<tr>
<th>Aid Area Maps</th>
<th>Objective 2 Maps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target dates</td>
<td>Submission</td>
</tr>
<tr>
<td></td>
<td>end Mar 1999</td>
</tr>
<tr>
<td>Greece</td>
<td>Apr 1999</td>
</tr>
<tr>
<td>Ireland</td>
<td>Apr 1999</td>
</tr>
<tr>
<td>Portugal</td>
<td>May 1999</td>
</tr>
<tr>
<td>Spain</td>
<td>Apr 1999</td>
</tr>
<tr>
<td>Italy</td>
<td>Dec 1999</td>
</tr>
<tr>
<td>Belgium</td>
<td>May 1999</td>
</tr>
</tbody>
</table>

Note: The submission dates are those given by the Member States and do not always tally with the Commission’s official notification dates. Entries in bold italics relate to countries where the Article 88(2) procedure was opened. In Germany, Italy and Portugal, the procedure was opened only in respect of Article 87(3)(c) areas.

[Source: F. Wishlade, D. Yuill and C. Méndez, Regional Policy in the EU: A Passing Phase of Europeanisation or a Complex Case of Policy Transfer?, in “Regional and Industrial Policy Research Paper”, no. 50, University of Strathclyde – European Policies Research Centre, Glasgow, June 2003, p. 34]

The Table 6 confirms that aid area map submissions were delayed in most countries, often significantly so. Only four Member States met the target submission date of end-March 1999 (Finland, Denmark, the Netherlands and Germany), although the delay of a month or so in the four Cohesion countries is understandable given that Structural Fund allocations were not agreed until the Berlin European Council in late March. For the remaining Member States, political factors generally lay behind the delays: the wish to keep area designation announcements separate from elections (France and the UK); severe political difficulties in achieving the necessary regional level consensus (Austria, Belgium and Italy); dissatisfaction with the available population quota (Sweden); and the need to consult widely following a change of government (Luxembourg). Where delays were particularly lengthy (Austria, Sweden, Italy, Luxembourg), the aid area submissions were dovetailed with the Structural Fund maps. This contrasted with the position in the remaining Member States where the Objective 2 map was generally submitted three to six months after the aid area map.221

221 F. Wishlade, D. Yuill and C. Méndez, op. cit., p. 35.
Chapter 3

The length of many of the aid area negotiations, suggests significant dissatisfaction with the process in a range of Member States. Submission and approval dates are, of course, only partial measures of the difficulties Member States experienced in developing or negotiating regional policy maps. For aid area maps, another indicator is whether the Commission opened the formal Article 88(2) investigative procedure (see Table 6). Where the procedure was opened, lengthy negotiations were the norm.

Member States had very varied negotiation experiences (as measured by the time between map submission and approval). In Ireland, Denmark, Finland, Sweden, Luxembourg and Greece, all smaller Member States, the aid area maps were generally approved in six or seven months; in Austria, France, Italy, Germany, Spain and the United Kingdom, all large and/or federal countries, the negotiations lasted between nine months and one year; while in Portugal, the Netherlands and Belgium there were delays of 13 to 16 months. In contrast, the Objective 2 map negotiations were completed in less than three months for most countries and took more than five months only for Italy.

Another problem for the Member States was the lengthy time period over which the maps were developed. This meant that statistics had to be updated during the process, which changed winning and losing regions and, inevitably, raised the political profile of the exercise. Consequently, virtually every country experienced difficulties in achieving domestic agreement on the areas to be designated. Further, in nearly all submissions there were issues to be clarified with respect to the designation methodologies employed and rate ceilings proposed.222

Set against these difficulties, the approach adopted for the designation of Structural Fund areas created few problems. A key point was that the Structural Fund maps built upon procedures adopted and criteria used for the 1994-99 programming period. In addition, the Structural Funds Regulation had been through far more detailed Member State scrutiny since it was negotiated jointly with the Commission. Related, the political element to the process was clearly recognised and catered for.223 Further, lengthy transitional provisions (until 2005) meant that no country suffered any immediate decline in its Structural Fund coverage.

A particular problem was that, throughout the process, the Commission was keen to avoid setting precedents and preferred to review and reject successive proposals rather than indicate what changes were required. Part of the problem lay in different interpretations of the role of the Guidelines. Many Member States had initially viewed them as providing a

222 Idem, p. 37.
223 This caused tensions between DG Competition and DG Regio; the former consider that political factors are given too much weight under the Structural Fund designation system.
Chapter 3

framework to assist in developing appropriate designation approaches; however, by the end of the process, they were seen as steering, but not binding, the Commission in its appraisal of map proposals.

A further feature of the negotiations was that they were determinedly bilateral and opaque. The Commission was concerned not to set (or at least publicise) precedents which might be of use to other Member States and thus chose a reticent and very careful path. The lack of transparency engendered a climate of suspicion and a perception that Member States were not treated equally.\textsuperscript{224} Perhaps not surprisingly, mistrust was generated on both sides of the negotiating table which had implications for the future development of policy. There was also a fundamental disagreement regarding the Commission method for determining Member State population quotas. A final Member State concern related to the equity of the map outcomes. In this context, the varied application of the Structural Fund derogation is of note.\textsuperscript{225}

So, the evolution of policy formulation in the European Union has been characterised by the increasing array of objectives to be met. The Single Market programme also had implications for competition policy: State aids were increasingly perceived as one of the few remaining instruments of protectionism. Consequently, the Commission redoubled its efforts to impose discipline on this form of government intervention. Subsequently, under the Maastricht Treaty, economic and social cohesion was made one of the “tasks” of the Community and, under the later Amsterdam Treaty, all Community policies were required to take economic and social cohesion into account in the “formulation and implementation” of policy.

The swift and complex evolution of these two policies areas – EC competition policy and EC cohesion policy – meant that they gained a momentum of their own. The principles of competition policy discipline over the regional aid policies of the Member States seem distant from any theoretically justifiable approaches to the matter. Similarly, the negotiation process that characterises the development of Community cohesion policy contributes to the emergence of elements of policy that are far removed from the concept of economic and social cohesion.\textsuperscript{226}

The importance of these trends for Member State regional policies is clear; in a field that was once essentially a national preserve, a matter of domestic concern alone, Community

\textsuperscript{224} More than this, some countries consider that the process was unduly personalised and that the nature and outcome of the negotiations was much influenced by just who was involved in the discussions.

\textsuperscript{225} F. Wishlade, D. Yuill and C. Méndez, op. cit., p. 39.

\textsuperscript{226} Idem, pp. 41-42.
Chapter 3

policies now have an important stake. On the one hand, competition policy has become increasingly prescriptive about the targeting of national regional policy, arguably more so than is justified by concerns at the distortion of competition; on the other hand, Community cohesion policy not only operates through a Europewide typology of problem regions, but is also committed to the “coherence” of national and European regional policies. Whilst superficially plausible, the Commission’s interpretation of coherence is of limited practical policy relevance in many Member States. Nevertheless, national regional policy designs find themselves squeezed between the competing and conflicting demands of these two policy areas – both of which have increasingly emphasised the need for spatial concentration – whilst struggling also to reflect domestic policy objectives.

Taking these points together, it is apparent why the area designation process for the 2000-06 period was much more difficult for the Member States under EU competition policy than EU cohesion policy, why the adaptational difficulties were much more severe under the Regional Aid Guidelines than under the Structural Funds Regulation. In the first place, the coverage and composition of the designated aid areas was perceived by DG Competition to be central to competition policy control of regional aid. In contrast, the designation of Objective 2 areas was a secondary consideration under the Structural Funds. Second, under the Regional Aid Guidelines, the designation process was essentially determined by DG Competition, albeit with a degree of ‘consultation’ with the Member States. In contrast, the Member States had, as mentioned earlier, recovered the power of initiative with respect to the designation of Objective 2 areas and had jointly negotiated the Structural Funds Regulation with the Commission. Finally, the Regional Aid Guidelines placed DG Competition very much in control of the process of map approvals.

However, the level of coercion differs across the two policy domains, reflecting the differential degree to which the Member States have been involved in the negotiations to develop the respective policy frameworks (see Table 7). As noted earlier, the Regional Aid Guidelines were essentially determined by the European Commission with limited involvement by the Member States. In contrast, the Structural Funds Regulation was decided jointly with the Member States, under the decision-making mode of unanimity. The intensity of adaptational pressure under the Regional Aid Guidelines was considerable given the very marked (by historical standards) and immediate reductions in aid area population coverage

227 See http://www.eprc.strath.ac.uk/eprc/Documents/PDF_files/RIPR%2050%20ESRC.pdf
228 This point is confirmed by the European Court of Auditors’ figures quoted in Section 3.5, which suggest that national rather than EU criteria have regained the dominant role in the designation of Objective 2 areas.
and the fact that regional aid regimes were held in abeyance until a new aid area map had been approved.\textsuperscript{230}

Table 7. \textit{Mechanisms of Change and Adjustment Pressure}

<table>
<thead>
<tr>
<th>Policy domain</th>
<th>Decision-making mode</th>
<th>Mechanism of change</th>
<th>Adaptation pressure</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Aid</td>
<td>Imposed by the European Commission</td>
<td>Coercion at high level</td>
<td>High</td>
</tr>
<tr>
<td>EU Regional Policy</td>
<td>Negotiated in consultation with Member States</td>
<td>Coercion at lower level</td>
<td>Low/Medium</td>
</tr>
</tbody>
</table>

\textit{[Source: F. Wishlade, D. Yuill and C. Méndez, Regional Policy in the EU: A Passing Phase of Europeanisation or a Complex Case of Policy Transfer?, in “Regional and Industrial Policy Research Paper”, no. 50, University of Strathclyde – European Policies Research Centre, Glasgow, June 2003, p. 46]}

The expectation was that there would be fewer designation problems in the poorer Member States (where regional problems in a national perspective also register as significant problems on a European scale); in Member States facing specific regional policy issues which are also recognised from an EU perspective (for instance, areas of sparse population in the Finland and Sweden); and in Member States where regional policy was of low national priority (reducing the national importance attached to area designation outcomes). In contrast, area designation issues were expected to be more prominent in the larger Member States (since regional policy in such countries generally has a higher policy profile) and in federal Member States (since such countries not only have more developed regional interests but, related, often face more difficulties in developing the necessary political consensus to agree assisted area maps).

While these expectations were generally met, there were some exceptions to these rules. Two of the three countries experiencing the longest aid area negotiations were poor (Portugal) or small (the Netherlands), while Sweden experienced lengthy delays in its aid area map submission. In each of these countries, the process touched upon nationally-sensitive issues. In each, the policymaker view was that the Guidelines were leading to outcomes which were either unfair or inappropriate or both. The starting point for an explanation of these domestic level variations is the “goodness of fit” hypothesis\textsuperscript{231}. Basically, the argument is that the pressure for adaptation and the degree of domestic change is dependent on the congruence

\textsuperscript{230} See http://www.eprc.strath.ac.uk/eprc/Documents/PDF_files/RIPR\%2050\%20ESRC.pdf
between EU and national policy. On the other hand, “goodness of fit” was initially limited for at least some of these countries and was only achieved in the course of developing the Guidelines. Ireland is an example of this. While various alternatives are considered in preparing any new map, there is a departure from the status quo only where any proposed change produces more plausible results.

The Commission, worried about precedents, was relatively inflexible in the negotiations, except where the Structural Fund derogation could be applied. Under this derogation, areas could be designated as aid areas as long as they were included within the Objective 2 map. This ultimately benefited a range of countries including Austria, Finland, France, Italy, Spain and the United Kingdom.

Finally with respect to Member State strategies and preferences, it should be noted that the most serious difficulties arose in the map negotiations where the Guidelines did not allow nationally-sensitive issues to be addressed, particularly where the map outcomes were viewed as inappropriate or unfair or both.

Summing up (the discussion), a number of points emerge. First, the most important factor in explaining the differential country experiences with regard to area designation under the respective policy frameworks relates to the specific characteristics of each policy area. In particular, the level of coercion and subsequent adaptational pressure implied by the Structural Funds Regulation was considerably lower than under the Regional Aid Guidelines due to the closer involvement of the Member States in the development of the former policy area. Turning to the varied responses in term of the processes and outcomes under the Regional Aid Guidelines, the empirical material presented lends support to the ‘goodness of fit’ hypothesis. the ability to negotiate and bargain with the Commission was greatly constrained by the aims, objectives and, ultimately, authority of the European Commission.

Tracing the Europeanisation of regional policy area designation over time makes clear that the process has neither been steady nor uniform. Indeed, on occasion, quite abrupt changes have taken place, later to be modified or diluted as actors react to the imposition of norms or systems or forecast with increasing accuracy the motives of others. This ‘backlash’ effect is most in evidence in the Europeanisation of Structural Funds area designation. The early history of EU regional policy is one of the Commission seeking to secure some independence of action from the Council of Ministers; the 1988 Structural Funds Regulation represented a major breakthrough from this perspective, resulting, for the first time, in a

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Europe-wide typology of regions for which the Commission had power of initiative in area designation.\textsuperscript{233}

Looking forward post-2006, there are already initial indications of detailed preparatory work by several Member States (notably the larger ones) which indicates that they may be unwilling to be subjected a second time to rules with uncertain outcomes.

The use of the Structural Fund ‘coherence’ derogation in national aid area negotiations meant that Objective 2 designation frequently became a device to resolve rigidities in the Regional Aid Guidelines, a mechanism to increase the flexibility of national area designation possibilities. This in turn meant that the overall ‘coherence’ of the maps (measured in the extent of map coincidence) was certainly increased, but that ‘European’ criteria played a reduced role in Structural Funds area designation.\textsuperscript{234}

Beyond essentially practical considerations for post-2006 reform, however, there are some more fundamental issues to address. EU competition policy is confronting an ambitious reform agenda comprising not only the practical realities of regulation within an expanded EU but also substantive policy questions about how policy should tackle the question of competition distortion. For its part, EU regional policy remains caught between its role as part side payment and part budgetary compensation as well as part regional policy. Reconciling the expectations from each within an enlarged EU will present a major challenge.

Regarding the political, financial and institutional challenges posed by enlargement to EU Regional Policy, it is generally agreed on the following basic principle. To achieve the aforementioned objectives, the budget allocated to EU regional policy will have to be increased.\textsuperscript{235}

Although EU regional policies have delivered benefits in the EU, there have also been significant challenges in their implementation, and arrangements are often too centralised. This does not adequately reflect the differing needs across the Union, particularly in the more prosperous Member States where Community aid is a comparatively small proportion of spending on regional development and this inflexibility places an unnecessary constraint on the freedom nations and regions need in order to support their own locally determined and delivered policies.\textsuperscript{236}

\textsuperscript{233} See http://www.eprc.strath.ac.uk/eprc/Documents/PDF_files/RIPR%2050%20ESRC.pdf
\textsuperscript{234} F. Wishlade, D. Yuill and C. Méndez, op. cit., pp. 52-53.
\textsuperscript{235} See http://www.ucl.ac.uk/euroconference/participate/fora/final/regional.html.
\textsuperscript{236} HM Treasury, Department of Trade and Industry and the Office of the Deputy Prime Minister on behalf of the Controller of Her Majesty’s Stationery Office, \textit{A Modern Regional Policy for the United Kingdom}, London, March 2003, p. vii.
This steady development of, initially the Structural Funds and subsequently the Cohesion Fund, since the 1950s has seen the emergence of a broad based regional policy which operated in conjunction with the EU’s sectoral policies. However the EU now finds itself at a crossroads with respect to the future of regional development.

Cohesion policy has provide a crucial contribution to reduce disparities between the levels of development of various regions and the backwardness of the least favoured regions. Nearly two out of three Objective 1 regions from cohesion countries had strongly converged and largely outpaced the average level of growth in the 15 old Member States. The same applies at the national level in all four former cohesion countries.

On the leverage effect, an important objective of cohesion policy was to attract financial sector expertise into design and implementation of policies and to work with the sector to develop sustainable financial instruments at local and regional level.  

But cohesion policy is not only about numbers. Structural interventions have contributed to increase integration by fostering trade between the cohesion countries and the rest of the EU. Estimates suggest that around a quarter of structural expenditure returns to the rest of the Union in the form of increased exports, on machinery and equipment in particular, as GDP and investment grow.

Restructuring and diversification of traditional industrial areas was also made possible through structural interventions. It led to the creation of about half a million of jobs outside the less developed regions. Cohesion policy had financed the half of the investments needed to create these jobs. Unemployment in these areas decreased more significantly than in the rest of the Union. At the same time, around 300.000 small and medium size enterprises received support to improve production methods, seek out new markets, and access business services, thus contributing to improve the competitive position of the regional economies concerned.

Europe’s regions have much experience in promoting a more competitive economy. With the help of the EU’s Structural and Cohesion Funds, regions are already working to achieve key aspects of the Lisbon agenda. Thus this effort must be continued in future. For the future, a clear focus is needed on contributing to growth and jobs. Greater ownership of the growth and employment agenda on the part of the EU regions means a better performance.

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238 European Commissioner Pétér Balazs, Promoting the dialogue on future regional policy between the Regions of Europe and the European Commissio, speech at the Assembly of the European Regions, Eger, 2004, p. 3; http://www.a-e-r.org/fileadmin/user_upload/Commissions/RegionalPolicies/EventsAndMeetings/2004/Heves/Mr%20Balasz.doc
Chapter 3

of the EU economy as a whole. In this respect, Lisbon needs the regions as much as regions need Lisbon.239

The Member States and regions have used this opportunity to reinforce many areas consistent with the Lisbon Strategy (for example, completing broadband infrastructures). Furthermore, the programmes are contributing to implementing the Growth Initiative as it relates to high output networks, especially for schools and hospitals. In parallel, the new Member States are working to Commission guidelines for preparing and implementing actions under the programmes that focus on modernisation of networks, the environment, employment, research and innovation.

Also, the Cohesion policy has contributed to improve governance by introducing an evaluation culture in public policy, fostering partnership between government levels and socio-economic partners, and improving monitoring systems.240

We shouldn’t forget that cohesion policy also contributes to implement Community legislation. For example through strong conditionality on co-financed interventions in the area of environment. Last but not least cohesion policy is a factor in mobilising and concentrating national public and private resources on key Community priorities and on the less favoured areas.

Five basic principles guide the renewed cohesion policy after 2006: 1) a more strategic orientation, 2) a higher degree of concentration, 3) a simpler and more decentralised management, 4) a reformed delivery system and 5) a stronger accent on performance. Let just raise the issues of “concentration” and “simplification”, which have be a major concern of Member States and regions during the reform debate.241

So, the resources are and will be more concentrated on the poorest Member States and regions with emphasis on the new member which will in the future be covered by the “convergence” objective. Compared to the period 2000-2006 when the level was of 73% of the total, the level of concentration will be around 79% in 2007-2013.

As part of the financial perspective 2007-2013 package, on 14 July 2004 the Commission adopted five proposals for new regulations updating the Structural Funds and instruments. Most of the available resources are to be devoted to the least-developed Member States and regions. The Structural Funds and instruments aim to improve the conditions for

240 European Commissioner Péter Balazs, op. cit., p. 4.
241 See http://www.a-e-r.org/fileadmin/user_upload/Commissions/RegionalPolicies/EventsAndMeetings/2004/Heves/Mr%20Balasz.doc
growth of the EU economy by means of measures centring on three new objectives for the future: convergence, competitiveness and cooperation. The three main instruments remain:

- The European Regional Development Fund (ERDF), which promotes investment and helps reduce regional imbalances between the Union’s regions;
- The European Social Fund (ESF), which supports policies and priorities aimed at creating more and better jobs;
- The Cohesion Fund, which contributes to assistance in the field of the environment and trans-European transport networks in the Member State with a gross national income of less than 90% of the Community average.

The Commission was also proposing a new instrument, the European Grouping of Cross-border Cooperation (EGCC), to implement programmes on the basis of an agreement between the national, regional, local and other public authorities in the participating Member States.

In early 2004, the European Commission presented proposals for the reform of Cohesion Policy for 2007-2013: <<A new partnership for cohesion: convergence, competitiveness, cooperation>>. The idea was to have a ‘more integrated regional policy’ where procedures would be ‘simplified’ and concentrated on the most needy regions of the 27 member states. The regional policy budget will be of 350 billion euros, still the equivalent of one third of the total EU budget. 79% will be spent on reducing the gap between poor and richer regions, 17% on increasing the competitiveness of poor regions and creating local jobs, while 4% on cross-cooperation.

The enlargements of 2004 and 2007 greatly increase the wealth gap within the EU. Once enlarged to 25 and then to 27 Member States, the EU will have to spend 50% more on the poorest areas after 2007 in order to boost the development of the new members without reducing EU aid to the poorest regions in the old Union, according to the Commission’s second progress report on economic cohesion from January 2003.242

Finally, cross-border and transnational co-operation have a clear European value added in addressing the particular programs that exist in achieving a competitive and successful economy in areas of Member States that are divided by national borders, thus contributing to economic integration across the Union’s territory. For this reason, the Commission proposal had foresee 4% of the total resources for the territorial co-operation priority.243

243 European Commissioner Péter Balazs, op. cit., p. 6.
The Commission’s second report on economic cohesion (2003) had formed the basis for the Commission’s proposals for the Union’s actual seven-year budget plan for the period between 2007 and 2013. According to the report, the EU should increase its spending on structural funds for poor regions by 14 billion euro, from 33 billion euro in the last period 2000-2006 to 47 billion euro after 2007.

Cohesion policy in all its dimensions must be seen as an integral part of the Lisbon process. In other words, cohesion policy needs to incorporate the Lisbon and the Gothenburg objectives and become a key vehicle for their realisation via the national and regional development programmes. The European Commission adopted, in 2004, the legislative framework for the reform of cohesion policy for the period 2007-2013. The aim of the programmes is to boost competitiveness and growth in the enlarged EU.\footnote{244 See http://europa.eu.int/comm/regional_policy/themes/lisbon/lisbon_en.htm.}

In the previous period, 48 regions had been receiving structural aid from the EU, because their GDP falls below 75% of the Community average. After the last two enlargements, the wealth gap between the richest 10% and the poorest 10% of the regions is increased significantly. In terms of the per capita GDP, this ratio is increased from 2.5 in the past to 4.4 in an EU of 25 and 27. Accordingly, in an EU of 27 Member States, almost every fourth citizen (i.e., 116 million people) is living in a region posting GDP figures below 75% of the Community average.

By responding to the new challenges, the budget for the cohesion policy for the period 2007-2013 it is almost equally divided between “old” and “new” Member States. Also, the simplification and decentralisation it is one of the “Leitmotive” of the reform. So, in this sense it is expected a clearly division of responsibility between the different actors charged with managing the Community budget and ensuring effective programme implementation: the Member States, regions and implementing bodies on the one hand, the Commission on the other.\footnote{245 See http://www.a-e-r.org/fileadmin/user_upload/Commissions/RegionalPolicies/EventsAndMeetings/2004/Heves/Mr%20Balasz.doc}

Negotiation at the EU level is a difficult and uncertain matter. Member States have differing interests and can all be expected to defend these interests across the whole range of issues under negotiation at any time. The final decision on the 2007-2013 Structural Funds was taken by unanimity so all Member States have to support whatever is agreed. Traditionally the main objective of most Member States in Structural Fund negotiations has been to maximise their budgetary receipts, and this will continue to be a factor in future negotiations. Other Member States will therefore need to be persuaded that an approach that
Chapter 3

reduces spending in richer Member States and gives greater flexibility in the pursuit of a
dynamic regional policy would better serve their interests.246

The data from Eurostat shows that regional gross domestic product (GDP) per
inhabitant in the EU in 2004 ranged from 24% of the EU average in Nord-Est in Romania to
303% in Inner London.247 From the same source, based on first preliminary estimates for
2006, GDP per inhabitant varied from 37% of the EU average in Bulgaria to 280% in
Luxemburg, a sevenfold difference.248

One region in six recorded a GDP per inhabitant above 125% of the EU-27 average in
2004, while one in four regions was below 75% of the EU-27 average. The three leading
regions in the ranking of regional GDP per inhabitant were Inner London in the United
Kingdom, Luxemburg (251%), and Brussels (248%). Among the 46 regions exceeding the
125% level, eight were in Germany and the United Kingdom, seven in Italy, five in
Netherlands, four in Austria three in Belgium and Spain, two in Finland, and one each in the
Czech Republic, Ireland, France, Slovakia, and Sweden, and Luxembourg.

The 15 lowest ranking regions were all in Bulgaria, Poland and Romania, with the
lowest figures recorded in Nord-East in Romania, followed by Severozapen, Yuzhen
tsentralen and Severen tsentralen in Bulgaria (all 26%). Among the 70 regions below the 75%
level, 15 were in Poland, eight each in Greece and Romania, seven in the Czech Republic, six
each Bulgaria and Hungary, four each in France (all overseas departments), Italy and
Portugal, three in Slovakia, and one in Spain, Estonia, Latvia, Lithuania and Malta.249

EU Regional Policy Commissioner Danuta Hübner suggested that ‘Clusters develop
and grow in specific locations. And despite increasing flows, access to finance for new firms
or business services catering for the needs is also provided at local level. The most fruitful
exchanges of experience take place either within a region or between them. The role of
regional policy is therefore to invest in those regional and local resources in the framework of
integrated regional development strategies.’250

The Commission has suggested that a menu of priorities be agreed at EU level.
Priorities proposed for consideration are: urban areas; rural areas; cross-border, transnational

246 HM Treasury, Department of Trade and Industry and the Office of the Deputy Prime Minister on behalf of the
247 European Union – Regional Policy, Inforegio News, n. 156, April 2007, pp. 1-2;
248 European Union – Regional Policy, Inforegio News, no. 159, July-August 2007, p. 2;
&language=EN&guiLanguage=en.
250 European Union – Regional Policy, Inforegio News, n. 156, April 2007, p. 1;
Chapter 3

and interregional co-operation; areas undergoing industrial restructuring; areas with severe geographical or natural handicaps; more and better jobs; support for the new economy and the knowledge society; promoting social inclusion; equality of opportunity. Support to help prevent natural disasters has also been suggested. The mechanisms for delivery of these priorities are still open.

The Framework also responds to the desire, shared by a number of Member States and the Commission, to retain a strong EU dimension to future cohesion policy. And for those Member States who are currently major beneficiaries under Structural and Cohesion Fund programmes, it offers a structured approach to managing the transition to an EU of 27 or more Member States in which they will no longer be the principal beneficiaries and in which over time, on present economic growth trends, they will themselves become net contributors.

Those Member States, that are net contributors to the EU budget might be expected to see immediate benefits in terms of reduced gross contributions, potentially freeing up resources for increased national expenditure in support of domestic policies.

The situation in 2006 looked like this: Ireland, the Netherlands, Austria and Denmark all had a GDP per capita of between 25% and 45% above EU average, while Belgium, Sweden, the United Kingdom, Finland, Germany and France were between 10% and 25% above. Italy and Spain were just slightly above the average.

Cyprus, Greece and Slovenia were between 5% and 15% below the average, while Czech Republic, Malta and Portugal were all between 20% and 25% below. Estonia, Hungary, Slovakia, Lithuania, Latvia and Poland were between 30% and 50% below the EU-27 average, while the two new Member States, Romania and Bulgaria, were more than 60% below average.\(^{251}\)

Lastly, it can be noted that Bucharest and Warsaw both exert attraction with regard to the province: their GDP/capita is growing quickly, but employment is falling, whereas unemployment and population are both on the increase.\(^{252}\)

Preparation and implementation of Regional Policy developed continuously and has emerged as a highly sophisticated and successful approach. This is true in spite of some methodical weaknesses that can be brought forward from a scientific point of view. However, the political importance of significant real transfers of resources from the richer parts of the Union to its poorer parts is far greater than all criticism.\(^{253}\)

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253 *** [Regional Development Policy of the EU and (Potential) Candidate Countries], December 2002, pp. 1-2; published on [http://www.mfa.gov.yu/Policy/Multilaterala/EU/analize_e/reg_e.html](http://www.mfa.gov.yu/Policy/Multilaterala/EU/analize_e/reg_e.html).
Chapter 3

But EU regional policy is not only about internal convergence. The regional policy is now also seen as an essential level for stimulating global competitiveness across the EU at regional and local level.

Some ten percent of the ERDF goes on support for the provision of research and technology facilities, buildings and equipment for industry, universities and research centres. Expenditure on research, innovation and technology transfer is the best way of creating new jobs and saving old ones.

The European Parliament’s Regional Development Committee has called for a new means of measuring regional development, based not just on GDP but also on other indicators such as unemployment rates.

The former priority (Objective 1, 2 and 3) of the Structural Funds it was replaced in 2007 by three Objectives called “Convergence”, “Regional Competitiveness and Employment” and “European Territorial Cooperation”.254

➤ The purpose of the Convergence Objective is to speed up the economic convergence of the less developed Member States and regions, by means of: improving conditions for growth and employment by investing in human capital and physical capital; innovation and the development of knowledge society; encouraging adaptability to economic and social change; protection of the environment; improving administrative efficiency.

➤ For all other regions of the Union, a twofold approach is proposed focusing on regional competitiveness and employment. On one hand, the regional development programmes will strengthen regional competitiveness and attractiveness by anticipating economic and social change and supporting innovation & the knowledge society, protection of the environment & risk prevention, and improvement of the accessibility. On the other hand, programmes at national or appropriate territorial level will help workers and companies, on the basis of the European Employment Strategy, to adapt to change and encourage the development of job markets that award priority to social inclusion.

➤ The purpose of the “European territorial cooperation” Objective is to strengthen cooperation at three levels: cross-border cooperation through joint programmes; cooperation between transnational zones; networks for cooperation and exchange of experiences throughout the Union. In this way, the Cooperation Objective will encourage a balanced, harmonious and sustainable development throughout the European area.

254 European Commissioner Péter Balazs, op. cit., p. 5.
Chapter 3

In the period 2007–2013 the EU will invest EUR 350 billion in the new regional policy programmes, the largest investment programme in Europe since the Second World War. Given the size of the national co-financing required to meet this investment and the enormous implementation challenges, Commissioner Hübner suggested that partnership between the public and private sectors would be a key factor in determining success.²⁵⁵

Despite the efforts made and the progress achieved, much remains to be done to bolster regional competitiveness and work will by no means have been concluded when the current generation of Community programmes expires in 2013. The Union need an ongoing and ambitious regional policy, covering all regions and which will continue to act as a lever of growth throughout the enlarged EU.²⁵⁶

Other open questions include: how resources should be allocated between and within Member States; whether there should be mechanisms for ensuring resources are not spread too thinly; how to simplify the contractual arrangements between the Commission, Member States and regions and whether to focus more on outputs; how the themes will interact with the rules on Regional Selective Assistance.

The committee’s recent report on the role and effectiveness of cohesion policy in reducing disparities in the poorest regions of the EU suggests that, while GDP is a good indicator of regional economic convergence, it is not an adequate means of measuring social or territorial cohesion. In particular, it refers to the situation in some poorer regions where economic growth is satisfactory but high unemployment is having an adverse impact on the regions’ demographic development. It is emphasises the need to look at other indicators, in order to gain a clearer picture of the real needs of the poorest regions.

Moreover, the priorities listed so far do not seem sufficiently focussed on delivering the Lisbon agenda. For example, there is no indication yet that there would be a priority for research and innovation. And allocating money on the basis of the territorial priorities may encourage areas to focus on the problems of the past rather than the challenges and opportunities of the future.²⁵⁷ The Commission’s recognition of the nature of the challenge, and the need for a reformulation of policy is welcome, but their current thinking seem to be not radical enough.

It can be highlight some of the key challenges facing the poorest regions in the EU, now, such as the concentration of economic growth around urban areas, rising unemployment

²⁵⁶ See http://www.ucl.ac.uk/euroconference/participate/fora/final/regional.html.
²⁵⁷ HM Treasury, Department of Trade and Industry and the Office of the Deputy Prime Minister on behalf of the Controller of Her Majesty’s Stationery Office, op. cit., p. 44.
and depopulation in some regions due to the lack of basic infrastructure and restricted access to public services, and the prevalence of social exclusion and long-term unemployment, especially among women, the elderly, disabled persons and vulnerable ethnic groups.\textsuperscript{258}

So, if we want the Member States and regions to provide for more competitiveness, sustainable growth and jobs, there must be an incentive from the European level, based on “good governance”. As Jacque Delors once said “no one fall in love with a common market”.\textsuperscript{259}

However, the cautions against over-emphasis on funding, which alone, it says, does not guarantee success, particularly where authorities lack the appropriate skills and experience and the essential matching funds to be able to make full use of cohesion funding.

To analyse the impact of regional and cohesion policy in EU and to look into the causes of any undesirable outcomes arising from Community policies, in its 2009 mid-term review of the Community budget and in the next report on economic and social cohesion, with a view to ensuring that cohesion policy is as effective as possible throughout the 2007-2013 programming period.\textsuperscript{260}

Fundamental reform of the EU’s current approach to regional policy is required, whilst recognising the need for a continuing EU dimension. It is only by taking a holistic approach, creating a framework which promotes and enables modern, flexible, locally led policies, devolved to the most appropriate level, that the right environment can be created for every region to develop its potential to the full.

\textsuperscript{259} European Commissioner Pétér Balazs, op. cit., p. 6.
3.2. The Instruments of the European Regional Policy:

A. Structural Funds

Structural funds are one of the main financial tools of EU regional policy. The structural funds reform of 1989 was created to significantly alter the Commission’s coordination of funds with national and regional governments. Internal pressures from within the Commission advocated a stronger role for regions in order to improve the effectiveness of the funds. In the end, however, coordination between regions and the Commission was not as effective and far reaching as assumed due to constitutional constraints within member states and member states’ “jealousies” regarding sovereignty and tensions among government levels.

Prior to 1989, structural funds were doled out to specific projects that were co-financed and member states played a major role in the decision to create and implement projects. Within the Regional Policy it became clear that a case by case distribution of projects was not adequate to promote the wealth generating capacity of worse off regions. Structural funds reform was attempt to “transform a system of financial reimbursements into where decisions and resources are shared among the European, national and subnational actors”.

In 1988, under the initiative of Commission President Jacques Delors, structural funds allocations doubled to the detriment of cohesion funds, which national governments control and distribute. Under the “partnership principle” structural funds were to take on a new focus to empower the regions. This principle was to ensure the participation of regional and local authorities in the adoptions and implementation of regional development programs made possible through EU co-financing.

The importance accorded to “economic and social cohesion” in the Single European Act Treaty changes culminated in 1988 in fundamental changes to the existing European regional policy instruments – chiefly the ERDF – known collectively as the Structural Funds. These involved: a significant increase in funding; a radical overhaul of the administration of policy with an emphasis on multi-annual planning, programming and partnership between the Commission, the national and subnational levels; a requirement that Community funding be

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genuinely additional to national monies rather than simply replace it; and, of key importance in the that context, the introduction of a Europe-wide typology of designated problem regions: Objective 1 (“lagging” region (rural development areas)). The significance of this new typology, which was, and remains, different in approach to national traditions, lay in the fact that EU regional policy would be operated in regions designated on the basis of European criteria, rather than simply co-financing projects in areas designated by the national authorities.

The “partnership principle” was an attempt to make EU regional policies more efficient and effective. An assumption underlying the principle was that regional policy makers would be more adept at evaluating their regional economies and would be better able to determine the mechanisms necessary to improve regional conditions. In addition, the Commission had hoped to lessen regional dependence on national government resources and to allow regional actors greater discretion.

In June 1999, during the Berlin European Council, the Structural Funds were again reformed and the operation of the Cohesion Fund adjusted. The aim was to simplify procedures and achieve greater decentralisation and concentration of support measures on most needy regions. This, however, on the whole involved granting more freedom to Member States, rather than the Commission, on the managing, implementation, monitoring and evaluation of funding projects. This reform was also part of Agenda 2000 which aimed to prepare the EU for further enlargement.

Often times, even without specific legislation, environmental concerns are inadvertantly addressed in the implementation of regional funds. For example, funds are available to renovate economies dependent upon old, dirty industries. In order to receive funds, member states and regions must agree to improve industrial practices and to convert their economies to less-environmental industrial practices. The “carrot-stick” mechanism of such funds provides a way for environmental policies to be achieved that would not normally be done otherwise.

It is interesting to examine the reform and expansion of EU Structural Funds (SFs) and how it presented the European Commission and domestic policy makers with major design and impact evaluation challenges. What was special about the SFs was their declared

264 The more usual approach within countries is to operate different ‘grades’ of designated area within a single map or, in some countries to operate different maps of assisted areas for different policy purposes/instruments.  
267 Director General Graham Meadows, op. cit., p. 19.
goal: to transform and modernise the underlying structure of the beneficiary economies in order to prepare them for greater exposure to international competition within the Single Market and the euro zone.\textsuperscript{268} In reality, they were in the nature of a “consolation prize” for the poorer EU member states to ensure that they did not oppose the crucial Single Market reforms. SF policies moved far beyond demand-side stimulation, being aimed at the promotion of structural change, accelerated medium-term growth and real cohesion through mainly supply-side mechanisms. Unlike the well-funded and comprehensive preparations made by the Commission for the Single Market and European Monetary Union (EMU), no major effort was made to lay down intellectual ground work for Structural Funds.\textsuperscript{269}

Two aspects of Structural Fund policies should be distinguished. First, the design of an appropriate National Development Plan (NDP), within which the role of increased public investment in a range of public goods could be planned rationally and optimally. Second, the ex-ante evaluation of the likely impacts of these policies, as well as a rolling evaluation of impacts as the policies were progressively implemented. Although these two stages should be closely connected, in practice most of the debate on Structural Funds has focused on the second – impact evaluation – stage. The first – design – stage tends to operate pragmatically against a background of the prevailing political-economic ideology. Governments and policy-makers have their own “shopping lists” and preferences, and NDP design tends to be an eclectic process of reconciling local political wishes with local and EU economic development priorities, against a background of European Community (EC) oversight.

Turning to the second aspect, the size of SF investment programmes was not a problem for policy impact analysis.\textsuperscript{270} Micro analysis, based on standard cost-benefit and other techniques, has been a long established and well-developed area of research.\textsuperscript{271}

The bulk of the Structural Funds was allocated to so-called Objective 1 regions for which the designation criteria were broadly similar (but not identical) to those for determining

\textsuperscript{268} There are many EU policies that are implemented through Structural Fund aid. For simplicity, we restrict ourselves to Structural and Cohesion Funds in the main Objective 1 countries and macro regions, where the bulk of EU regional aid is directed. These include countries, or regions of countries, whose general level of economic development is regarded as lagging behind the average for the Union as a whole. The conventional measure of Objective 1 status is a level of GDP per head less that 75 per cent of the average. EU cohesion policy is implemented through multi-annual national or regional development plans (or NDPs) that are made up of Structural Funds and Cohesion Funds. For convenience, in the remainder of the paper we use the term Structural Funds somewhat inaccurately to embrace both.

\textsuperscript{269} J. Bradley, \textit{Has EU regional policy been effective? The debate on Structural Funds}, at the “The 45th Congress of the European Regional Science Association”, Vrije Universiteit Amsterdam, 23-27 August, 2005, p.4.

\textsuperscript{270} Typically, SF expenditures have ranged from about 1 percent of GDP annually in the case of Spain, to over 3 per cent in the case of Greece and will reach up to 4 per cent of GDP in the case of the new EU member states of Central and Eastern Europe. In addition to micro evaluations of individual projects, the macro consequences are clearly important.

eligibility for the Article 87(3)(a) derogation; these regions were identified in the Framework Regulation\textsuperscript{272} and covered 21.7 percent of the Community population.

Referring of the new last arrives in EU, we can notice that the pre-accession period was not only long and hard, but it didn’t prepare properly the new member states to a revolutionary regional policy that could develop from now on. Even if they were beneficiary of the pre-accession funds, they have to deal after the integration in EU with new regional challenges. For example, the PHARE program that was, prior to accession, designed to provide financial support to reform and rebuild the economies of the new members as well as provide technical expertise and investment support. The PHARE programs worked very differently than regional development funding, thus coordination between Regional Policy DG and the new member states and their regions it is and will be a difficult challenge. It is for the fact that new members, on the whole, are much poorer than past acceding countries, but with great potential to develop, thus they need heavy investment in infrastructure and administrative capacity. In addition, weak institutional capacity and corruption within these systems are also present challenges to coordinate and implement regional development policies in these countries.\textsuperscript{273}

Article 87(3)(a) regions were defined as NUTS II\textsuperscript{274} areas with GDP(PPS) per head of less than 75 percent of the EU average for the last five years for which data were available. This meant that, in 1988, Article 87(3)(a) covered all of Greece, Ireland and Portugal, most of Spain and the south of Italy; in addition, Northern Ireland was accorded Article 87(3)(a) status owing to its special situation.

Article 87(3)(c) areas were defined differently. The key principle for potential eligibility for Article 87(3)(c) was that a NUTS III region should have either GDP(PPS) per head of less than 15 percent of the national average or an unemployment rate of more than 15 percent of the national average. In order to take the Community situation into account, the national averages were themselves adjusted to reflect the national position in relation to the Community average. This first quantitative stage was subsequently fine-tuned with reference

\textsuperscript{272}Regulation (EEC) 2052/88 of 24 June 1988 on the tasks of the Structural Funds and their effectiveness and on the coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments, OJEC No. L 185 of 15 July 1988, p. 15.


to other criteria such as demographic or geographic factors or particular labour market features.\footnote{275 F. Wishlade, D. Yuill and C. Mendez, \textit{Regional Policy in EU: A Passing Faze of Europeanisation or a Complex Case of Policy Transfer?}, in \textit{“European Policy Research Paper”}, no. 50, Glasgow, 2003, p. 12.}

European Structural Funds programmes are planned by Member States together with the European Commission and then implemented through a wide range of provider organisations both in the public and the private sectors. These organisations include national, regional and local authorities, educational and training institutions, voluntary organisations and the “Social Partners”, i.e. trade unions and works councils, industry and professional associations, and individual companies.

One must consider the admittedly mundane legal avenues through which regions can influence the disbursement of structural funds, which comprise the vast majority of the Regional Policy budget. Specifically, Regions have formal competencies and authorities in four main areas: programming, monitoring, evaluation and control (“General Provisions”). So, it argue that the regions are certainly not negligible in the various stages of Regional Policy.

\textit{Programming:} the first way in which regions have access to European decision-making is through participation in programming, which “means the organizing, decision-making and financing process carried out in a number of states to implement the joint action of the Community and the Member States” (Article 9). In other words programming comprises all planning stages of a Member State’s regional policy, and eventually culminates in an inclusive document outlining the strategies, priorities, finances and objectives of its final development plan.\footnote{276 This document is called the \textit{Community Support Framework} (CSFs); it may also be generally referred to as the development plan: “How Does It Work”, The European Commission, 21 April 2003; http://europa.eu.int/comm/regional_policy/into/regions7_en.htm}

Of particular import here is that The Commission enforces a \textit{principle of partnership} throughout the programming stage, which essentially mandates that all levels of governance work together in developing proposal. Article 8 of the Regulations states that cohesion policies “shall be drawn up in close consultation, hereinafter referred to as the ‘partnership’, between the Commission and the member State, together with … the regional and local authorities and other competent public authorities.” The same article instructs the Commission to annually consult European – level organisations representing all the societies partners about Regional Policy. Of course, the Committee on the Regions and the European Economic and Social Committee are two such EU institutions that represents regional
interests, and they are therefore well positioned to monitor and ensure regional participation in the policy development stage.\textsuperscript{277}

Whereas partnership assures consultation and coordination with regions, the principle of \textit{subsidiarity} goes one step further by ensuring “that decisions are taken as closely as possible to the citizen and that constant checks are made as to whether actions at Community level is justified in the light of the possibilities available at national, regional or local level” (The Europa Glossary). The subsidiarity principle mainly affects regions through articles 13 and 15 of the Regulation, which state that development plans pertaining to all objectives “shall be drawn up by the competent authorities designated by the Member State at national, regional, and other levels.”

Finally, in addition to the three primary structural fund objectives, the Agenda 2000 agreements have made it easier for regions to independently obtain funding through the Community Initiatives and Innovative Actions programs, which are Commission initiated supplements to State development plans and account for approximately 6\% of the EU Cohesion Policy (“Structural Policy”). Both of these funding sources provide an outlet through which regions and sub-national actors can obtain EU funding in addition to their national government’s priorities.\textsuperscript{278}

\textit{Implementation:} a region’s ability to influence policy implementation comes primarily from representation in a managing authority, which must be able established for each Member State’s development plan to oversee structural fund assistance. Because it is ultimately accountable to both the Commission and the independent monitoring Committee – both of which must explicitly consider regional input – it is unlikely that the managing authority would in fact ever exclude regional representation. Therefore, regions almost always secure a voice in how development plans are implemented and account for at the ground level. Among other things, this includes: ensuring program compliance with Committee policies; creating monitoring systems; communicating about operation and implementation data; supervising operations of all assistance programs; and supervising finances and accounting of all assistance programs; and, importantly, adjust programs with respect to recommendations from both the monitoring committee and the Commission.\textsuperscript{279}

Of course, since assistance is specifically designed to benefit the regions, it would make little sense for states to exclude regional representation in the first place, and it is indeed

\textsuperscript{278} See http://www.eucenter.scrippscol.edu/eu_evens/papers/panel4/Benjamin_sauter.html
\textsuperscript{279} J.B. Sauter, op. cit., p. 8.
Chapter 3

the norm for full and meaningful regional participation. In other words, the policies should be implement by the managing authority in accordance with the subsidiarity principle.

Monitoring: Article 8 from the Regulations states that all structural funds should be monitored in accordance to the partnership principle. This function is primarily carry out by two institutions: the managing authority and the monitoring committee (Articles 34 and 35). The managing authority, in addition to its implementation functions related above, must develop an annual report and mid-term evaluation, which are then submitted to the Commission for review. If the Commission is unsatisfied with the programs, it is able make comments to the Member State and to the managing authority, which are then required to “demonstrate the steps taken to improve the monitoring or management arrangements”. Thus, if regions come up with better way to administer and control funds, they can act through the commission review process to indirectly influence management.\(^{280}\)

A separate monitoring committee establishes an even more powerful way for regions to influence structural funding. Article 35 of the Regulation creates a monitoring committee for each development program, which “shall be set up by the Member State, in agreement with the managing authority after consultation with the partners.” The Commission and the European Investment Bank also retain advisory roles in the monitoring committee, both of which, it should be noted, have vested interest in ensuring that all voices are heard and that their money is spent in the most efficient way possible. The overall objective of the monitoring committee is to pass judgment on the effectiveness and quality of structural assistance, which, among other things, primarily includes: agreeing to the managing authority’s individual Operational Programs (OPs)\(^{281}\); periodically reviewing process towards each programme’s target; and suggesting to the managing authority or Commission any adjustment likely to improve the administration of structural assistance. The monitoring committee thus makes essential decisions before, during, and after structural funding begins, and because it includes regional representation by convention, the regions have substantial influence over the state-appointed managing authority — regardless of its composition priorities.

Evaluation and Control: the evaluation of structural funding, for obvious reasons, is done quite assiduously by the EU and gives regions a number of opportunities to influence Regional Policy. All community funded programs are subject of ex-ante, mid-term and ex-

\(^{280}\) J.B. Sauter, op. cit., p. 10.

\(^{281}\) Operational Programme (also called Programme Complement): these are the details of the Community Support Frameworks’s (CSFs) or Single Programming Document’s (SPDs) already approved by the Commission; they outline specific programs and, once approved, begin the implementation phase of cohesion policy.
post evaluations, whereby Member States and the Commission must assemble “the appropriate resources and collect the data required to ensure that this evaluation can be carried out in most effective manner… Evaluation shall make use of the various particulars that the monitoring arrangements may yield”. Thus, evaluations are supposed to be made in accordance with subsidiarity so that actors at each level of implementation can participate in the review.\textsuperscript{282}

After each evaluation is made, four newly-established Commission committees review the drafts and publish formal opinions; two of these committees directly represent regional interests: the Committee on the Development and Conversion of Regions and the Committee on Agricultural Structures and Rural Development. The Commission must than “take the utmost account of the opinions delivery by the committee [and] inform the committee of the manner in which it take account of its opinions” (Article 47). Regions clearly hold an influential position here in that the Commission is forced to publicly acknowledge and address recommendation from two regionally representative bodies.

Finally, the evaluations are sent to Parliament, the Council, the Economic and Social Committee and the Committee of the Regions for review by three more regionally connected institutions. Thus, regions enter the evaluation process at three distinct levels. First, they are intimately involved in collecting the data “in the most effective manner”.\textsuperscript{283} Second, their representatives review and alter the drafts that are submitted to the highest European Institutions. And third, they evaluate the reports at the highest level through the Committee of Regions, The Economic and Social Committee and the European Parliament.\textsuperscript{284}

The monitoring and evaluation aspects of Structural Funds served to promote and guide applied economic research agendas in Ireland and in Southern Europe since 1989, and are now doing so in the new member states\textsuperscript{285}.

It is somehow clear that regions at least have legal access to important and influential EU institutions. Regions sit on managing authorities to direct structural funding from high-up, yet they also work in accordance with subsidiarity to implement programmes on ground level. They sit on monitoring committee with power to alter state management authorities, they also have representatives bodies to whom the Commission is accountable. But, as Lindberg notes “much, however, depends upon whether or not the institutions make full use of their

\textsuperscript{282} J.B. Sauter, op. cit., pp. 10-11.  
\textsuperscript{283} See http://www.eucenter.scrippscol.edu/eu_evens/papers/panel4/Benjamin_sauter.html  
competencies and upon how they define their role”. So while all countries and regions may enjoy common legal institutions as defined by the Council Regulations, it does not necessarily follow that different regions, embedded within different state contexts, will all integrate to the same degree. Some regions may find it difficult to escape centralized state governments, whereas others may find autonomy undesirable and expensive.

Given the size of the Structural Funds in relation to the size of the economy, and the obvious implications for domestic fiscal policy, it is necessary to examine their impact in a context that includes economy-wide feedbacks and interactions, attempting to account for spillover effects and externalities. Here one needs to make use of formal national or regional economic models: input-output, macro-econometric, computable general equilibrium, dynamic growth models, etc.\(^\text{286}\)

The need to analyse SF policies pushed evaluation into areas which were still at the frontiers of economic research, requiring fresh ways of translating the insights of new growth theory into modelling the long-term impacts of investment in infrastructure and human capital. For such model-based macro evaluation to be credible required it to be presented transparently, in terms of the logical chains of causes and effects illustrating how SF policies achieve their stated cohesion goals. For example, this was the context that gave rise to the HERMIN modelling initiative in Ireland, one of the more sustained efforts to explore the likely impacts of SF policies\(^\text{287}\).

Structural Fund actions in the form of public investments influence the economies through a mixture of supply and demand effects. Short term demand (or Keynesian) effects arise as a consequence of increases in expenditure and income policy instruments associated with SF policy initiatives. Through “multiplier” effects there will be further knock-on increases in all the components of domestic expenditure (e.g., total investment, private consumption, the net trade surplus, etc.) and the components of domestic output and income. These demand effects are of transitory importance and are not the \textit{raison d’être} of Structural Funds. Rather, the SF interventions are intended to influence the long-run supply potential of the economy\(^\text{288}\).

During the 2007-2013 period, the ERDF, the ESF and the Cohesion Fund contribute to three objectives: Convergence (ERDF; ESF and Cohesion Fund), Regional Competitiveness


\(^{288}\) J. Bradley, op. cit., p. 13.
and Employment (ERDF; ESF) and European Territorial Co-operation (ERDF). Based on a regional GDP below 75% of the EU average, regions are eligible for the Convergence objective while all other regions have access to the Regional Competitiveness and Employment objective. Geographic eligibility of regions under the European Territorial Cooperation objective concerns either cross-border regions or those belonging to transnational cooperation areas and it is based on a Commission decision. The financial resources for the three objectives and the method of allocating them are fixed in the General Regulation.\(^{289}\)

The General Regulation provides for a new concentration of cohesion expenditure on common issues. The so-called “earmarking” exercise asks Member States to focus the funding on categories stemming from the renewed Growth and Jobs (“Lisbon”) Strategy. These categories concern priority themes such as research and technological development, innovation and entrepreneurship, the information society, transport (for Convergence regions), energy, including renewable energy sources, environment protection and human resources and labour market policy related issues.

SF interventions are designed to improve the aggregate stock of public infrastructure and human capital, as well as the private capital stock. Providing more and better infrastructure, increasing the quality of the labour force, or providing investment aid to firms, are the mechanisms through which the Structural Funds improve the output, productivity and cost competitiveness of the economy. The longer-run effects of these policies are to create conditions where private firms enjoy the use of improved factors of production, sometimes at no cost to themselves. Alternatively, they may help to make the current private sector inputs that firms are already using available to them at a lower cost, or the general conditions under which firms operate are improved as a consequence. In all these ways, positive externalities may arise out of the SF interventions\(^{290}\).

How enduring are the beneficial externality effects likely to be? The infrastructure deficit in the Objective 1 countries is quite large, and is unlikely to match up to the level pertaining in the more developed EU countries until well into the future. Given this and the fact that there are substantial returns to the elimination of bottlenecks which will take some time to accomplish, it is unlikely that diminishing returns will set in.\(^{291}\)

\(^{289}\) See http://www.evropska-unic.cz/eng/print.asp?id=4220
\(^{291}\) J. Bradley, op. cit., p. 15.
The dilemma facing policy analysts, particularly when they use macro models to evaluate the ex-ante impacts of Structural Fund programmes, is that they usually lack knowledge of how appropriate or optimal is the design of the SF in addressing a country’s future development challenges. More seriously, they cannot anticipate how effectively the SF investment programmes will eventually be implemented. At best, they can arrive at an informed qualitative judgement on the appropriateness of the SF, drawing on any available monitoring and micro analyses. Information can also be drawn from economic theory, detailed quantitative knowledge of the economy being analysed, and examining the impacts of any previous SF-like investment programmes. The insistence by the Commission that strict monitoring checks be observed helps towards more effective implementation, but cannot guarantee it.

During SF implementation, investment expenditures are a flow (the expenditure of x euro per year). But their cumulative impact is to cause a long-lasting rise in stocks. For example, the stock of higher quality roads will increase. If these roads link up to each other, and serve to connect the main urban areas of a country, the economic “effectiveness” of the road stock also increases. Much the same applies to raising the “stock” of human capital, measured as the accumulated training and skill level of the national work force.

The key stages in a model-based SF analysis are as follows:

i. The aggregation of the wide variety of SF programmes from the administrative categories used by the policy makers into categories related to the key economic mechanisms, i.e., physical infrastructure, human resources, productive structures;

ii. Definition of a suitable benchmark simulation for the economy in the absence of the SFs but with explicit assumptions about other policies like the Single Market, the Common Agriculture Policy, EMU, WTO, etc.;

iii. Analysis of the standard Keynesian impacts of the SF programmes, tracing out the impacts of domestic and EU financed investment expenditures on aggregate demand and the public sector finances, combined with quantification of the long-term supply-side impacts of the SF programmes, working through factor productivity and cost mechanisms;

iv. Quantification of the total SF impacts in terms of deviations from the benchmark simulation.

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294 J. Bradley, op. cit., p. 16.
Each of the above four stages involves quite complex explicit and implicit assumptions and choices. For example, the innovation in the Irish SF evaluation was the admittedly crude distinction made between transitory demand-side impacts and possibly enduring supply-side effects\textsuperscript{295}. Nevertheless, there remains a certain amount of unhappiness on the part of the policy makers/monitors with the imprecise rate-of-return assumptions implicit in the choices of externality elasticities.

We can illustrate the nature of SF impacts using a study, which examined proposals that was made for the forth SF programme that is covering the years 2007-2013.\textsuperscript{296} In these policy simulations, the exact injection of SFs (the EU finance plus domestic co-financing) differs between countries. For the new member states of the CEE region, it will amount to between 5 and 6 per cent of GDP per year for the period 2007-2013, inclusive of both the EC and the domestic co-finance elements. For Greece, Portugal and the Italian Mezzogiorno, it is likely to be in the region of 2 per cent of GDP per year; for East Germany, about 1 per cent, and for Spain, about 0.7 per cent.\textsuperscript{297}

Models can be used to evaluate policy impacts on a wide range of target variables. But in what follows we focus on GDP, and only present summary results.\textsuperscript{298} The goal of the SFs is to promote long-term convergence. Hence, the transient “demand” effects that arise during the seven-year implementation phase are of less interest than the enduring longer-term benefits. We take the year 2020 as the terminal year for the simulations, i.e., seven years after the 2007-2013 programme will terminate. We summarise the long-run impacts on the level of GDP that were derived from all models in Table 8 below, where we have ranked them in order of decreasing impact.

\textsuperscript{296} See J. Bradley, A. Kangur and N. Lubenets, op. cit., 2004, for full details. This report also contains a full set of references to SF evaluations using the HERMIN models since 1989.
\textsuperscript{297} J. Bradley, op. cit., pp. 16-17.
\textsuperscript{298} The interested reader is directed to the report prepared for DG-REGIO, which is available on the Commission web site http://europa.eu.int/comm/regional_policy/sources/docgener/studies/pdf/3cr/macro_impact.pdf.
Table 8: Increase in the level of GDP by year 2020
(% change over “no-SF” baseline level)

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<thead>
<tr>
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<th>Czech Republic</th>
<th>Hungary</th>
<th>Estonia</th>
<th>Poland</th>
<th>Slovenia</th>
<th>Romania</th>
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<tbody>
<tr>
<td>2020</td>
<td>4.4</td>
<td>4.1</td>
<td>3.7</td>
<td>2.7</td>
<td>2.08</td>
<td>1.7</td>
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</tbody>
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<tr>
<th></th>
<th>Portugal</th>
<th>Latvia</th>
<th>Mezzogiorno</th>
<th>Spain</th>
<th>Greece</th>
<th>East Germany</th>
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<tbody>
<tr>
<td>2020</td>
<td>1.7</td>
<td>1.4</td>
<td>0.7</td>
<td>0.3</td>
<td>0.3</td>
<td>0.15</td>
</tr>
</tbody>
</table>

[Source: J. Bradley, Has EU regional policy been effective? The debate on Structural Funds, at the “The 45th Congress of the European Regional Science Association”, Theme F, Vrije Universiteit Amsterdam, 23-27 August, 2005, pp. 18]

In the absence of any permanent increase in the GDP growth rate, the actual impacts of SF 2007-2013 as simulated in the HERMIN models might appear quite small. What Table 8 asserts is that, in the case of the Czech Republic, the level of GDP in the year 2020 will be 4.4 per cent higher than the level that it would have been in the complete absence of SFs, and in the absence of any other policy changes (such as compensating domestic policy initiatives in the area of public investment). Since the “new” member states have levels of GDP per head that are between 35 and 55 per cent of the EU average, these would represent rather modest convergence steps. 299

A transitory SF shock, even lasting for many years, will only induce a shift in the level of GDP, and not in the growth rate. This finding is built into the model assumptions, but is broadly in keeping with wider research 300.

With carefully designed macromodels, one can examine the difference between performance “with” Structural Funds, and performance “without”. 301 Such evaluations tend to give rise to relatively modest boosts to cohesion 302. The more Anglo-Saxon your model, the smaller the impact! But the policy instruments of Structural Funds (mainly physical infrastructure and human capital) provide inputs into a cohesion process, but do not guarantee it. Only if individual businesses exploit the improved economic environment will cohesion happen.

The national wealth creation strategy in poorer countries often needs to adapt to the requirements of firms in the global and local corporate environment, and not the other way

299 J. Bradley, op. cit., p. 18.
301 With carefully designed macro models, one can examine the difference between performance “with” Structural Funds, and performance “without”. By “carefully designed” we mean structural models, where policy-induced changes in structure are explicitly modelled. Such models are less susceptible to the so-called Lucas critique of reduced form time-series models. See R. Lucas, Economic policy evaluation: a critique, in the “Supplement of the Journal of the Monetary Economics”, no. 1, April 1976, pp. 19-46.
around. To dismiss industrial strategy as “picking winners” is to misunderstand its fundamental thrust. Perhaps “picking winning environments” might be closer to the mark.\textsuperscript{303} A winning environment is essentially a public good, and is a legitimate target of public policy. EU Structural Funds are directed at improving the wider business environment.

The degree of autonomy which regions should have in directing Structural Funds was a subject to intense debates and where was recognized that local expertise is necessary to implement regional policy initiatives, several delegates strength out that a centralized structure in their member states impedes the effective targeting of funds. The result is that regions in need of funding might not have funds allocated to them by central government. Consequently a number of regional delegates recognized a need to by pass national governments in the allocation of funds and straitening the role of regions in this process. Once a general programme has been decided at EU/National level, the core of specific funds could be left to regional authorities.\textsuperscript{304}

Perhaps we can never really know ex-ante how public investment programmes will affect economic growth and development, expressed in terms of a rigorously quantified, model-based, marginal impact. Could it be that within the European Commission, Structural Funds are implemented and evaluated in relative isolation from other aspects of economic development (e.g., the \textit{Lisbon Agenda}). The Sapir Report was perhaps intended to address these challenges, but it has yet to produce any significant movement towards a greater integration of EU policy-making in the area of Structural Funds.\textsuperscript{305}

The objectives of the Lisbon Strategy and those of the Structural Funds are largely overlapping. Economic growth is shared objective, which in the case of the regional programmes is translated in terms of promoting convergence between Member States and regions in levels of GDP per head. In terms of the content of the programmes, complementarities are important for nearly all the Lisbon themes, thanks in part to the allocation of the European Structural Funds to projects in the fields of employment, information technology infrastructures, research, human capital, enterprise development, social inclusion and sustainable development. Nearly €80 billion had been disbursed since 2000 to support the Lisbon Strategy’s main aims.\textsuperscript{306}

\textsuperscript{303} J. Bradley, op. cit., p. 24.
\textsuperscript{304} See http://www.ucl.ac.uk/euroconference/participate/fora/final/regional.html.
\textsuperscript{305} A. Sapir, \textit{Report of an independent high-level study group, established on the initiative of the President of the European Commission}, Brussels, July 2003, p. 25.
\textsuperscript{306} *** \textit{Cohesion and Lisbon Agenda: The Role of the Regions}, Charlemagne Building, Brussels, 3 March 2005, p. 5.
Co-financing from the Structural Funds has a penetrating effect on the factors underlying regional competitiveness, so engendering lasting and sustainable economic development.

Articles 158-162 of the Treaty establishing the European Communities lay down that the Union should promote on overall harmonious development and strengthen economic and social cohesion by reducing development disparities between the regions. In this respect, for the 2007-2013 period, the instruments to pursue these objectives have their legal basis in a package of regulations adopted by the Council and the European Parliament in July 2006. More growth and jobs for all regions and cities of the EU – this message is and will be at the heard of regional and cohesion policy and its instruments between mentioned period.

Three new regional policy instruments for the 2007-2013 (1. Joint Assistance in Supporting Projects in European Regions (JASPER); 2. Joint European Resources for Micro to Medium Enterprises (JEREMIE); 3. Joint European Support for Sustainable Investment in City Areas(JESSICA)) will help Member States and regions to establish sound and efficient management of the funds and to make better use of financial engineering instruments. A closer cooperation between the European Commission, the European Investment Bank (EIB) and other financial institutions will strengthen capacity-building at the level of national and regional institutions.

Based on the Structural Funds regulations, which lay down common management rules, Community Strategic Guidelines on Cohesion provide for a concentration on the objectives of the Union’s Growth and Jobs Agenda. Against this background, Member States prepared National Strategic Reference Frameworks and national and regional Operational Programmes emphasising strategies and fields of intervention. They will be the final source to select and fund projects on the ground, a task carried out by national and regional authorities working together with Commission services on the strategic follow-up and issues such a major project selection, control and evaluation.

These programmes-instruments of the European Regional and Cohesion Policy aim to promote balanced, harmonious and sustainable development throughout the EU and improve the quality of life of Europe’s citizens. The key test for programmes in the future will be that of their contribution to growth and jobs in line with the renewed Lisbon agenda.

308 See http://www.evropska-unicz.cz/eng/print.asp?id=4220
3.3. The Instruments of the European Regional Policy:

B. INTERREG Programmes

An important and successful instrument for the European Regional Policy is the European program INTERREG. It is not the only European program that helps to implement the EU Regional Policy, but is the most important and that it had notable positive results. At this point it can’t be explain “what are the factors that make some European regions more competitive and successful that others “ like have said the Head of the JTS East Barbara Di Piazza at a meeting were European experts in Regional Policy met in 2006. To help understand the critical success factors and start developing measures to encourage a more balanced participation of regions. In the regional or national context, networks connect various interest groups, different levels of government as well as various economic sectors.\(^{310}\)

Knowledge is one of the Europe’s strengths, with its long academic tradition, its highly praised universities and a very well-educated workforce. But knowledge has not translated easily into commercial success, a problem that was one of the driving forces behind the Lisbon Agenda. Knowledge management can be defined as a decision support tool to help collect, develop, share and apply knowledge. So-called regional “clusters” are of key importance for turning ideas into commercial ventures. Clusters are concentrations of networks of interconnected businesses, suppliers, research institutions and other organizations that work together in particularly innovative and productive ways. Cluster management is a key tool in the EU’s drive to promote competitiveness and develop the knowledge economy through regional development. However, many of successful clusters in Europe are limited to the region in which they operate.\(^{311}\)

Strategic intelligence is the central to the cluster-building process: it improves awareness and creates collective learning key innovation actors. Clusters policy need to put firms in the centre of the system, as well as involving regional actors and politicians who can be an important source of support. All parties must engage for the long run: cluster building will never become concrete if it is based on the short-term agenda of politicians or businesses.\(^{312}\)

\(^{310}\) *** INTERREG IIIC, Newsletter 9, April 2006, p.2; http://www.interreg3c.net/sixcms/media.php/5/Newsletter%20Nr.%209%20EN%20E6FINAL.pdf
\(^{311}\) ***INTERREG IIIC, Future of Regions Newsletter No. 12, December 2006, pp. 4; http://www.interreg3c.net/sixcms/media.php/61/Newsletter-12-english.6658.pdf
\(^{312}\) Ibidem.
Chapter 3

The knowledge economy is a wide field that extends well beyond regional clusters, technology transfer and finance. It touches all aspects of knowledge and how it can be used in the information technology age.

The 4 Community Initiatives, the INTERREG, URBAN, LEADER+, EQUAL, even if they do not redistribute major funds, are very important from several points of view. First, because the Commission and the eligible regions/actors are the main decision factors according and implementing these funds, and the role of the central government is minimum, they give the Commission the possibility to import its objective and implemented models in the Member States and empower financially the regions. The state can be bypassed to a large extent by both actors. Secondly, less complicate granting, implementing and monitoring mechanism are practised, to be applied, successfully, to the Structural Funds. Thirdly, the initiatives are focuses on very specific problems EU presents, and come with very specific solutions. Fourthly, through the Community initiatives, the countries not benefiting from structural funds are receiving back a part of their financial contribution to the EU budget.\textsuperscript{313}

Other minor instruments are: the Special support for fisheries, Innovative actions and the performance reserve. The European Investment Bank, as we showed before, can accord loans to Member States and/or eligible regions in order to help them matching the EU funds, accordingly to the “additionality” principle.

To be successful in interregional cooperation, regions also need to have a general feeling of ownership of the programme and project goals and a sincere commitment to the Lisbon and Gothenburg goals.

\textit{INTERREG} has been a very successful programme (especially INTERREG III), and this is the reason for reaching already the forth stage in its existence. It comprises three sections: A on cross-border cooperation, 67% of the total funding, targeting the peripheral regions in a national context, transformed in central regions when the common market completed, B on cross-national cooperation, 27% and C on interregional cooperation, 6% of the total funding.

A large series of priorities actions are envisaged, from urban, rural development, entrepreneurship, SMEs, local development, labour market integration social inclusion, culture, info/communications networks, environment and energy, transport infrastructure, institutional capacity building till the management of natural resources and of cultural heritage, maritime and insular co-operation, an exchange on activities.\textsuperscript{314}

\textsuperscript{314} Ibidem.
Chapter 3

*URBAN* is another successful Community initiative. The objectives of URBAN II are to promote the formulation and implementation of particularly innovative strategies for sustainable economic and social regeneration of small and medium-sized towns and cities or of distressed urban neighborhoods in larger cities and to enhance and exchange knowledge an experience in relation to sustainable urban regeneration and development in the Community.

*LEADER+* is the Community Initiative for Rural Development. The main aim of the Leader+ are to encourage and help the rural actors to think about the longer-term potential of their area, to encourage the implementation of integrate high-quality, original strategies for sustainable development. All rural area are eligible for Leader+ funds. The creation of “local actions groups” (LAGs) is encouraged.

*EQUAL*, the last but not least, on the contrary, Community initiative aims to promoting new means of combating all forms of discrimination and inequalities in connection with the labour market, through trans-national co-operation and at facilitating the social and vocational integration of asylum seekers.\(^{315}\) Its thematic priorities are employability, entrepreneurship, adaptability, equal opportunities for women and men, asylum seekers.

The objective of the Community Initiative INTERREG is to strengthen economic and social cohesion in the Community by promoting cross-border, transnational and interregional co-operation and balanced development of the Community territory.

In 1990, INTERREG I was implemented on the basis of 31 operational programmes. The individual programmes differed considerably with regard to their geographical coverage, financial budget, definition of funding priorities, inclusion of local and regional actors and social partners and cross-border quality.\(^{316}\)

In 1992, the Edinburgh Summit of Heads of Government agreed unanimously to continue cross-border cooperation with INTERREG as a priority measure. The European Commission passed the 1994 to 1999 guidelines for INTERREG II (implementation by the end of 2001). They were published in the Official Journal No. C 180 on 1 July 1994. Cross-border cooperation within the framework of INTERREG IIA (1994-1999) received at the level of 2.6 bilion ECU the highest assistance of all community initiatives.\(^{317}\)

Whilst INTERREG I assisted in particular border regions in Objective 1, Objective 2 and 5b regions, amongst them some maritime border regions, INTERREG II incorporates for

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\(^{317}\) Ibidem.
the first time all border regions along the internal and external borders of the EU in keeping with the spirit of the Community Initiative.

INTERREG IIA benefited of 1800 million ECUs (1994 prices) for Objective 1 and 6 regions. The eligible measures for INTERREG IIA were: studies related to development plans for treating border areas as an integrated geographical unit; development and support of SMEs through the establishment of cross-border networks; general tourism; local resource supplies; pollution prevention; rural development; cross-border trade networks; communications infrastructure; cooperation in field of education and culture between research centres and universities; cooperation on health; administrative exchanges and overcoming language barriers. In appraising the programmes submitted by the Member States, the Commission ‘paid particular attention to the degree of involvement of regional and local authorities’.

It focuses, therefore on improving cohesion – economic, social and territorial – by reducing the negative impact of borders on economic development and territorial integration. Whilst transborder co-operation within Europe has, for some years, been encourage and supported by means of cross-border (INTERREG IIIA) and transnational co-operation (INTERREG IIIB), the funding period 2000-2006 introduced a new strand of INTERREG aiming at interregional co-operation: INTERREG IIIC.

With this new strand, the Community Initiative INTERREG has extended to a new type of intervention. For the first time this instrument was used to assist interregional Co-operation beyond the scope of the A- and B- strand. INTERREG IIIC was built on the experience collected under other instruments and the structural funds. INTERREG IIIC took the idea of interregional co-operation further by applying the first time a programme approach to this type of co-operation.

The main approach of INTERREG IIIC was to make use of the stock of experiences collected in the context of implementation of structural funds programmes as well as related to national policies. Thus INTERREG IIIC could help non contiguous regions to get in contact and to develop the already networks of co-operation in the terms of inclusion of as many European regions as possible, as well as in terms of the types of actors included. This should help in intensifying the co-operation all over Europe.

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318 To what extend were in these areas begun thanks to Interreg? In the Basque Country for example it is clear that such initiatives had already begun thanks to the dynamism of local actors. The Interreg label has only helped to officialise these already existing initiatives.


Chapter 3

INTERREG IIIC was funded by the EU through the ERDF, as explained previously, which is the main funding instrument of the EU’s regional policy and helps to reduce the gap between different development levels and living standards in the EU.\textsuperscript{322}

“One of the objectives of INTERREG IIIC was to get regions to work together and in that respect it was a success, but maybe it was to wide in scope.” said Dr. Kirsten Scholl, officer responsible for territorial cooperation at German Ministry of Economics and Technology in Berlin. Many stakeholders and decision-makers felt that although the various projects had achieved results, they were too small and not visible enough.\textsuperscript{323} “It was necessary all this time to have a strategic orientation”, said Dr. Scholl.

The first operations approved under the INTER-REG IIIC programme started their activities in mid-2003 (see Figure 5). In mid-2006, 18 operations have completed their activities already.\textsuperscript{324}

![Figure 5. Approved operations by type of operation](source: Jana Wiegand, INTERREG IIIC – growing old but still vigorous, published in INTERREG IIIC, Newsletter No. 10, June 2006, p. 4)

By the end of 2006 more than 50 operations have finished. This is nearly one-fifth of all approved operations. The majority of the remaining operations will run until the middle or end of 2007. This means that until then the implementation, reporting and monitoring of project activities will continue.

\textsuperscript{322} See http://www.interreg3c.net/en/interreg3cinaction_Italy.htm.
\textsuperscript{323} ***INTERREG IIIC, Future of Regions Newsletter No. 12, December 2006, p. 3; http://www.interreg3c.net/sixcms/media.php/61/Newsletter-12-english.6658.pdf
\textsuperscript{324} Idem, Newsletter No. 10, June 2006, p. 4; http://www.interreg3c.net/sixcms/media.php/5/FINAL%20EN_%20Newsletter%20No.pdf
Figure 6. ERDF funds committed per zone (in million EUR)

[Source: Jana Wiegand, INTERREG IIIC – growing old but still vigorous, published in INTERREG IIIC, Newsletter No. 10, June 2006, p. 4]

The last progress reports will be checked in 2008. The total ERDF budget allocated to the 268 approved operations amounts to € 304 million. The total eligible budget of all operations – including ERDF funds, Norwegian national funds and the co-financing of the project partners – is € 496 million (see Figure 6). This is the total amount of expenditure the approved operations can incur and report to the programme.

The aim of the programme, from a finance point of view, is that by the end of 2008 the total available ERDF funds will have been paid out to the approved operations. To achieve this it is important that all operations implement their activities according to schedule, reach their spending targets and claim the total ERDF granted (see Figure 7) to them.\(^{325}\)

Figure 7. ERDF committed, requested and paid out (all zones), (in million EUR)

[Source: Jana Wiegand, INTERREG IIIC – growing old but still vigorous, published in INTERREG IIIC, Newsletter No. 10, June 2006, p. 4]

At the end of 2005, the amount of expenditure declared in the regular progress reports was € 120 million. ERDF funds claimed totalled € 72 million, nearly a quarter of the total

\(^{325}\) Ibidem.
ERDF budget available. The ERDF payments executed by the four Paying Authorities to the operations so far amount to almost € 55 million.

There are many questions about the actual programme that covers the period from 2007 until 2013. The period 2007-2013 have like objective that interregional cooperation will continue and will include stronger focus on priorities related to innovation and knowledge economy-part of Lisbon Agenda, and to environment and risk-prevention – part of Gothenburg Agenda.

INTERREG IVC, which runs for the period 2007-2013, is similar to its predecessor INTERREG IIIC in that it helps regions from across the EU to share experience and work together on improving regional policies. Particular emphasis will be given to the Lisbon and Gothenburg priorities: “Innovation and the knowledge economy” and “The environment and risk prevention”, the new priorities of the INTERREG IVC programme. A particular focus will be on the transfer and take-up of project results by regions in their own regional development programmes.326

The new INTERREG IVC programme is larger in scope, covering the whole of Europe and with many more regions cooperating together, but it must have a stronger focus on the Lisbon objectives as redefined by the European Commission. To that end, changes are being made to the way the previous programme worked.327 It is the largest budget in Europe for cooperation: 160 million euros for INTERREG IVA, 350 million euros for INTERREG IVB, and 321 million euros for INTERREG IVC.328

The main objectives of INTERREG are:

✓ to assist regions on the Community’s internal and external borders in the resolution of their special development problems caused by their relative isolation within national economies and the EU in the interest of the local population and in a way which ensures environmental protection;
✓ to assist in the context of internal market the introduction and extension of cooperation networks beyond internal borders and, if possible, the interlinkage of these networks with larger community networks;
✓ to assist the adjustment of regions on the external borders to their new role as border regions of a unified and integrated market;

326 See http://www.interreg3c.net/interreg4c/mailing/invitation.htm.
327 *** INTERREG IIIC, Future of Regions Newsletter No. 12, December 2006, p. 2; http://www.interreg3c.net/sixcms/media.php/61/Newsletter-12-english.6658.pdf
to use the new opportunities for cooperation with third countries in regions on the EU’s external borders.\textsuperscript{329}

In economically less developed and mostly peripheral and poorly linked regions, the relatively recent cooperation is progressing constantly, INTERREG programmes here are subject to governmental influence and regional authorities participate much less. Undoubtedly, most of the financial support is given to infrastructural measures, particularly in less developed regions and where governments were primarily responsible for the INTERREG programmes.\textsuperscript{330}

The most important INTERREG contribution is seen in the development and intensification of a dynamic development of cross-border cooperation; INTERREG I was therefore an indispensable preparation phase for further INTERREG programmes. An important economic effect of INTERREG I was the development of jobs in connection with various large industrial projects.\textsuperscript{331}

Since the first series of INTERREG programmes were put in place in 1990s, the EU has changed radically. It is a third larger, with 12 new Member States, each at a different stage of regional development when they joined. Defining regional policy in this context and adopting new programmes for the this seven-year cycle covering 2007-2013 was no easy task.\textsuperscript{332}

Experience gained thus far with INTERREG shows that jointly developed programmes and projects can be most effectively implemented and realized if the principles of partnership and subsidiarity are observed and regional and local partners play a considerable role.

The most important political dimension of the Community Initiative may be that the EU budget provides a special budget for cross-border cooperation based on operational programmes. The institutional added value (knowledge about and cooperation between administrations, regional authorities and social partners) and socio-cultural added value (exchange of information and know-how within regions) are obvious. Often the socio-cultural cooperation develops the base for a sustainable environment for trade, economics and services. The real cross-border character of INTERREG remains in many cases in the

\textsuperscript{329} Association of European Border Regions (AEBR), \textit{The EU Initiative INTERREG and the future developments}, Gronau, December 1997, pp. 7-8.

\textsuperscript{330} Idem, p. 11.

\textsuperscript{331} See http://www.aebr.net/publikationen/pdfs/interreg_97.en.pdf

\textsuperscript{332} *** INTERREG IIC, \textit{Future of Regions} Newsletter No. 12, December 2006, p. 2; http://www.interreg3c.net/sixcms/media.php/61/Newsletter-12-english.6658.pdf
background or is only gradually developed, especially with regard to large INTERREG programmes.

Border regions on the external EU borders must overcome the greatest obstacle when implementing INTERREG. Cross-border cooperation on the external border of the European Union is not only very different but also diverse and complex. In addition, these border regions are often confronted with quick changes in the neighboring border regions. 333

Despite the European integration process, the internal market and the positive results from INTERREG, all border regions still suffer from the historical consequences of borders. Problems occur on the internal and external borders and reflect in a concentrated way the problems of the European integration process in all parts of the EU.

The application of the partnership and subsidiarity principle is still expressed in very different ways in the individual INTERREG programmes. In particular, extensive operational programmes in financial terms are in most cases prepared on the national level. From the beginning, they are not jointly developed cross-border programmes with joint cost and funding plans.

In addition, the responsibilities with regard to the implementation of INTERREG seem to be unclear. The responsibility of the European Commission should be limited to the monitoring and control programmes approved and to basic questions concerning INTERREG. In contrast, the approval of projects is the responsibility of the regional/local level. 334

Because INTERREG is such an important element of regional policy, it is being considered how the new initiative could be implemented through INTERREG IVC. Behind it is a will from the European Commission, in partnership with Member States, to force economic modernization and competitiveness of Europe’s regions to meet the Lisbon objectives. The intention is to use INTERREG IVC programmes to test best practice for economic modernization and increased competitiveness. 335

The new INTERREG IVC programme is focused on two main thematic priorities, namely innovation and the knowledge economy on the one hand, and environment and risk prevention on the other. Those priorities derive from the thematic orientation defined for interregional cooperation in the European Regional Development Fund regulation, published in July 2006, and are completely in the framework of the Lisbon objectives. They will provide a strategic focus for INTERREG IVC. 336
In terms of budget a 55 percent share is allocated to *innovation and the knowledge economy*, 39 percent goes to *environment and risk prevention*, and the remainder to technical assistance or to actual administration of the programme. The total budget for INTERREG IVC, which have been adopted, will amount to 321 million euros for 2007-2013. It is financed from the ERDF, like the previous INTERREG III. “The INTERREG contribution will be higher, so in actual terms the funds will be spent more quickly”, said Tako Popma, a consultant who worked on drafting the programme.

The INTERREG IVC Programme is part of the European Territorial Cooperation Objective of the Structural Funds policies for the period 2007-2013. It aims, by means of interregional cooperation, to improve the effectiveness of regional development policies and contribute to economic modernization and increased competitiveness of Europe, by:

- enabling local and regional actors across the EU to exchange their experiences and knowledge;
- matching regions less experiences in a certain policy field with more advanced regions;
- ensuring the transfer for good practices into Structural Funds mainstream programmes.

The interregional cooperation programme – INTERREG IVC – has been officially approved by the European Commission on 11th September 2007 in Brussels. The programme is targeted at regions of the 27 EU Member States, plus Norway and Switzerland, to exchange their experience and transfer good practice. The programme was officially launched at the EU Interregional Cooperation Forum held on 21 September 2007 in Lisbon.

“The second type of intervention aims in particular to accelerate the transfer of good practice into the regions’ mainstream programmes,” Mr Lamblin explained also at the official launch of the INTERREG IV Programme.

Another major theme at the core of the EC’s new strategy is the protection of the environment, and the prevention and management of natural disasters. The environment is of a major concern not only to decision-makers but also to all of us as citizens. Because regions are closer to the citizens that national and European administrations, environmental policies are often more effective within a regional framework.

Some INTERREG projects have been particularly forward in helping regions in new Member States to catch up on environment policies, through transfer of best practices from more advance regions and advice on making better use of available funds.

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337 Idem, p. 3  
338 See http://www.interreg4c.net/programme.html  
339 See http://www.interreg3c.net/sixcms/detail.php?id=11065&_interregbase=nozonenohome  
340 *** INTERREG IIIC, Newsletter No. 12, December 2006, p. 5; http://www.interreg3c.net/sixcms/media.php/61/Newsletter-12-english.6658.pdf
Chapter 3

As the European Commission recently highlighted, growth strategies run from the centre are no longer sufficient to handle the global challenges, that Europe faces in the 21st century. To be effective, these policies must be integrated with tailored local and regional strategies. The INTERREG IIIC projects had prepared the ground for growth through innovation. With a newly invigorated philosophy, the INTERREG IVC is set to be redefined as a key driver of regional development.

“We’ll cover a relatively wide scope where innovation is concerned, through exchange of experience between local and regional authorities on issues ranging from enterprise creation, development and financing of SMEs to research policies. The ‘environment’ heading will include exchange of experience on air, water and ground pollution and climate change, as well as risk prevention.” Michel Lamblin, Director of the INTERREG IIIC West Joint Technical Secretariat (JTS) in Lille (France) said.\(^\text{341}\)

When evaluating INTERREG one must emphasize the different stage of cooperation:
- intensive cooperation requires integrated approaches and is dependent on a long tradition (Euregios in Northern and Western Europe);
- cooperation with a comparatively recent tradition which can be traced back to political changes;
- cooperation only initiated or received through community assistance;
- cooperation developed through an association with the EU (in the Central and Eastern Europe and in the Mediterranean region).

The added value of INTERREG is the substantial contribution to the :
- development of Europe;
- implementation of subsidiarity and partnership;
- increased economic and social cohesion and cooperation.

Regions with an industrial tradition and rural regions in the centre of Europe developed much more detailed ideas about their cooperation. These regions based cooperation on a strategy and structure as outlined in INTERREG. Regional and local actors as well as social partners are much more involved. Due to their formerly mono economic structure and peripheral location with regard to national transport links, these border regions often have difficulties in implementing their overall regional development. In particular economic cooperation between SMEs beyond the borders is still limited.\(^\text{342}\)


\(^{342}\) Association of European Border Regions (AEBR), op. cit., p. 11.
Chapter 3

When Member States or regions choose to pursue the themes of this programmes, they would have the possibility to work more closely with the EC. Regions would continue to have the possibility to form and manage their own networks, but would also be asked to do so around themes focused on economic modernization and the renewed Lisbon agenda. Within INTERREG IVC it can be found different types of intervention, which are tailored to help achieve to specific objectives of the programme.\textsuperscript{343}

INTERREG IVC is set up specifically to foster interregional cooperation. It works in convergence with other EU programmes and policies such as the Research Framework programme and the Competitiveness and Innovation programme, as well as the mainstream regional programmes, which finance research, innovation and regional economic development.\textsuperscript{344}

In today’s knowledge economy personal contacts and professional networks are what rail tracks were for the industrial revolution or what roads are for European trade. Along such \textit{information highways} regions cooperate with other regions and establish the knowledge infrastructure of the future. \textit{Connected regions}, thus, tend to be more successful than less connected regions: “Connected regions are those that have high-levels of cooperation, which in turn increases their innovation potential and brings about high impact for the region” (Ian Hill, EU Policy and Development Officer Cumbria County Council, UK).\textsuperscript{345}

The success of INTERREG (cross-border cooperation) is based on clear criteria, clearly described actors through the inclusion of all partners and areas of life on both sides of the border; based on a SWOT analysis, INTERREG has in its multi-annual operational programmes clearly defined objectives. There is a continuing demand for cross-border cooperation, as implemented by INTERREG.\textsuperscript{346} In view of this demand it seems consistent to continue cross-border cooperation through a Community Initiative in the future.

It was recognised that, apart from a few highly experienced experts, many actors in Europe need support and assistance in project development and implementation. “We need a change in paradigm in interregional cooperation. The development of Human capital should be seen as the main element of all support measures.” (Ditha Brickwell, independent expert).\textsuperscript{347}

\textsuperscript{343} *** INTERREG IIIC, Newsletter No. 12, December 2006, p. 2. http://www.interreg3c.net/sixcms/media.php/61/Newsletter-12-english.6658.pdf
\textsuperscript{345} *** INTERREG IIIC, Newsletter No. 9, April 2006, p. 2.
\textsuperscript{346} Association of European Border Regions (AEBR), op. cit., pp. 28;
\textsuperscript{347} See http://www.interreg3c.net/sixcms/media.php/5/Newsletter%20Nr.%2009%20EN%20E6FINAL.pdf
Applying social network analysis to European regional cooperation is a new approach to analyzing, documenting and visualizing the diverse universe of relationships formed in the framework of a European regional cooperation programme.

For this reason, any effort to help upgrade the ‘networking factor’ of regions, should focus on both optimising participation rates and ensuring high impact on regional policies. Depending on the network characteristics of a given region\(^{348}\), measures (see Figure 8) may be grouped as follows:

- **Improving quality**, i.e. making sure that interregional actions focus on benefits and impacts.
- **Building capacity**, i.e. ensuring that actors have the skills, knowledge and resources to participate in a meaningful and beneficial way.
- **Spreading the benefits**, i.e. broadening the experience of, and participation in, interregional programmes to widen participation amongst actors.

![Figure 8. Measures to improve participation and impact of interregional cooperation](Source: Katrin Stockhammer and Claus Schultze, Connected regions – Building the knowledge infrastructure of the future, in INTERREG IIIC, Newsletter No. 9, April 2006, p. 3)

\(^{348}\) *** INTERREG IIIC, Newsletter No. 9, April 2006, pp. 2-3; http://www.interreg3c.net/sixcms/media.php/5/Newsletter%20Nr.%209%20EN%20E6FINAL.pdf
Chapter 3

To be successful and yield maximum impact for the EU and the participating regions interregional cooperation needs to be supported by a large number of stakeholders and interest groups in the regions willing to engage in innovative exercises with comparatively uncertain outcome. For instance, cooperation projects are not possible without support and genuine interest by regional politicians, who also play a key role in making regional resources for co-financing available. Experience shows that successful regions tend to have effective stakeholder networks within the region or country as well as with the outside world. In the regional or national context, networks connect various interest groups, different levels of government as well as various economic sectors. In the European context, networks provide regions with access to the larger European knowledge pool, often a key factor for internationalisation, knowledge transfer and innovation.349 To be successful in interregional cooperation regions also need to have a general feeling of ownership of the programme and project goals and a sincere commitment to the Lisbon and Gothenburg goals. By encouraging knowledge-based development, the subprojects, that was developed along with the central programme INTERREG, help to replace vanishing employment in industry and agriculture with new, more environmentally sustainable businesses. It can be said, that Interregional Cooperation is continuing in the programming period 2007 – 2013 as a separate strand under the umbrella of European Territorial Cooperation (also known as Objective 3). This future strand aims to build on positive experiences and achievements of the former INTERREG IIIC programme and shall also cover the follow-up programmes of the former INTERACT, URBACT and the ESPON Programmes.350 Furthermore, regions will have the opportunity to finance interregional networking and exchanging experiences within the future Objective 1 (“Convergence”) and Objective 2 (“Regional competitiveness and employment”) programmes.

The other type of intervention under INTERREG IVC will be the Regional Initiative Projects, which will replace ‘de facto’ the previous structure of Regional Framework Operations (RFOs), Networks and Individual Projects in INTERREG IIIC.

“Under that type of intervention, regions and local authorities will be able to submit proposals to exchange experience, knowledge and good practice as long as they fall under the two priorities already mentioned. All types of projects can be envisaged, from a single project to a network or a mini-programme,” said Mr Lamblin351.

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349 Ibidem.
350 Idem, p. 4.
Chapter 3

The future interregional cooperation programme will be oriented along the guidelines issued by the Commission and Member States, most importantly the reinforced focus on growth and jobs, innovation and the environment (see the report on page 4), but will, of course, also take into account the experiences with the present programme and input by our stakeholders and beneficiaries.\textsuperscript{352}

Many questions may still remain unanswered, however, it is encouraged the different institutions from all over Europe to develop ideas for future projects related to the above mentioned cooperation themes and to start looking for suitable partners.

Authorities and stockholders at local and regional level have a vital role to play in the achievement of the EU’s strategies for growth, jobs and sustainable development. The exchange, sharing and transfer of policy experience, knowledge and good practice will contribute to the success of this objective.

The European Commission is sending out a clear message: Europe’s regions have an important role to play in the drive to create a “knowledge economy” based on research, development and innovation.

\textsuperscript{352} Idem, Newsletter No. 9, April 2006, p. 1; http://www.interreg3c.net/sixcms/media.php/5/Newsletter%20Nr.%209%20EN%20FINAL.pdf
The Theories of Regionalism in European Union

4.1. The Regionalism and the “New Regionalism” in the European Union

Many of the most recent efforts to interpret what is seen as a resurgence of regionalism in Europe have focused upon the idea that “the territorial organisation of the state has undergone a fundamental reshaping, associated with a process of glocalisation, in which the globalisation of economic activity is linked to an increase in the significance of cities and regions as economic actors”\textsuperscript{353}.

This study reports on the results of research to explore a range of attempts to develop new regional forms, and considers the degree to which they accord to conceptualisations of the “new regionalism” and accounts of the changing territorial structure of the state. It highlights the array of new regional configurations which now extends across the territory of the European Union, discussing the influence exerted by the growth of interest in European spatial planning over the course of the 1990s and considering the degree to which readings of new regionalist rhetoric have informed both the creation and substance of a number of recently conceived regional entities. “At the beginning of the 21st century, the interplay of politics, identity and space is shaped by the tension of centripetal and centrifugal forces. The former being represented by processes of globalization, Europeanisation, supranational integration and economic interdependence; the latter becoming manifest in phenomena like nationalism and, not least, regionalism”\textsuperscript{354}.

What is the reality behind the idea of a “Europe of Regions”? In this sense, size of territory or population has no relevance compared to the potential for establishing networks and cooperation within ecological, economic, social and political fields. A “Europe of the Regions” is, as yet, by no means a reality, although in some cases the concept may anticipate future developments. The ongoing participation of nation-states as players in regional cooperation seems to be a fact of life.\textsuperscript{355}

By the mid-to-late 1990s, however, the rhetorical momentum underlying the “Europe of the regions” had begun to dissipate, increasingly superseded by a less dramatic “Europe


\textsuperscript{354} W.M. Downs, Regionalism in the EU: Key concepts and project overview, in “Journal of European Integration”, vol. 24(3), London, 2002, pp. 171-172.

with the regions”. Nonetheless, Keating argues persuasively that, while tentative efforts to promote regional governance were evidently not the basis for some ill-defined and fanciful new European political order and while the “hollowing-out” of the nation-state had been greatly overstated, what had emerged by the mid 1990s was a complex set of interrelationships in which politics at the scale of the EU had become more regionalised and sub-national territorial politics progressively more Europeanised. The process, in Huntoon’s words, was a spasmodic one of “muddling through towards a Europe of the regions”.

The European project of a political union gives the regions – potentially and actually – an important role. The Europe that is promoted is a “Europe of the Regions”. The strong focus of the EU on regions and regional policies has different reasons; it is based, on the one hand, on the ideas of solidarity, partnership and cohesion being prominent in the Community’s self-interpretation from the very beginning. Today EU regional policy allocates more than a third of the Union’s budget to the reduction of gaps in development between regions. The economic, social and territorial cohesion is one of the guiding ideas not only of EU regional policies but of the Union as such. At this point, we shall however add that the EU’s focus on regions may also be interpreted as a strategy, already prominent in the ideas of the “founding fathers”, to give less importance to the nation states by introducing a new level and also label in the political system.

Regionalisation functioning as a network and a form of business cooperation has to be based on a certain balance between functional and territorial integration. With regard to the regionalisation of larger regions, functional integration concerns both external relations towards the world market/international division of labour and internal relations regarding a regional division of labour. However, the regional division of labour should not be a clean external pattern of exchange, for example producing wines in exchange for textiles, as found

358 I. Deas and A. Lord, op. cit., p. 1849.
in classical and neo-classical trade theory of comparative advantages. Even the comparative disadvantages of being located far from resources have been conquered by new technologies, e.g. through developments in transport technology and of onboard processing. Developing region-specific competitive advantages within certain clusters of production based on user-producer-relations provides the opportunity to develop innovative milieux based on a particular form of social and territorial integration.

There are few current examples of regional policies as positive forces for regionalisation. Regionalisation as the development of innovative regions is normally the case where regional policy was not required. Perhaps regional policy might be needed to cope with the consequences of innovative regionalisation in the regions excluded from any initiative, to regulate in favour of the losers in the process.

The EU’s future economic, social and political development should be based on the development of horizontally integrated geographical territories rather than on vertical sectors. Although it lacks any statutory force at the EU level and its application is entirely dependent upon the will of national, regional and local planning authorities, its effect has been to stimulate pioneering actions to begin to develop more meaningful spatial planning provisions within and across member-states and their regions. Part of this process, in the wake of the ESDP’s concluding exhortation for policy actors in the member-states to consider the future shape of regions, has involved initial efforts to create new regional territorial structures, responding, for example, to the encouragement for territorial configurations based on “trans-european ... polycentric development”, “development corridors” or “polycentric ... crystallisation points for economic development.”

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363 J. Ole Bærenholdt, op. cit., p. 48
368 Idem, p. 70.
Alongside the ESDP, the early 1990s saw the first, tentative attempts to delimit these new regional territories, with extensive cross-national regions outlined in Europe 2000\textsuperscript{370} and its successor document Europe 2000\textsuperscript{371}. These, in turn, paved the way for the later INTERREG II and III initiatives, which involved a range of experimental territorially based initiatives. These included the seven transnational mega-regions, aimed at developing “visions” setting a broad (and typically somewhat less than precise) framework to guide the work of constituent regional and national governments in developing spatial planning provisions, and at guiding and responding to the range of smaller, often-experimental projects undertaken under INTERREG auspices.\textsuperscript{372} Although only four of the seven mega-regions subsequently finalised “vision” documents\textsuperscript{373}, the top–down aspiration to create transnational regional entities, configured very much along non-standard lines, reflects the longstanding desire from within parts of the European Commission to develop territorial units — whether configured along familiar lines or otherwise—to promote its wider agenda for enhanced competitiveness.

The “new regionalism” has enjoyed a good run in academic debate. In this debate there are nagging doubts that the “old regionalism” has been surpassed and replaced, if indeed it ever existed. Like Jervell said “Nation states made use of history in the last century to establish themselves, and there is a strong similarity between the nation-building of the 19th century and the region-building of today. The regions can draw on historical events that were “forgotten” during the nation-building process, and that were suppressed during the Cold War.”\textsuperscript{374}

In Europe the regional scale was encouraged by expanding European Union policy, by the creation of institutions to represent regions, a strong tradition of regions as territories of identity, and in some countries also by nation states themselves. Devolution from national to sub-national scales has been a strong theme. Some regionalist, or nationalist, political identities also enjoyed a revival and offered further examples of a Europe of Regions\textsuperscript{375}. By the 1990s, a new regional economic orthodoxy had emerged, derived from the ‘motor

\textsuperscript{372} I. Deas and A. Lord, op. cit., p. 1850.
regions’ of the 1980s and offering a model for economic revival but that seemed to be more
erhetoric than reality 376. The idea of developing and following a successful model, such as the
Third Italy 377 or Barcelona, has turned out to be unrealistic and unfeasible in the light of the
many differences between, especially, city regions as the advocated centres of economic
development. The reality of a “new regionalism” is contested in Europe but there are very
different strands to the debates, encompassing city regions, trans-border (international)
regions, innovation regions, etc. 378.

In the context of European integration and gradual enlargement of the EU, internal
interregional groups turn into the “engines of integration,” and international cooperation,
including the outer perimeter of the Union borders, comes to the foreground.

The transformation of the political system of the EU following the Maastricht Treaty
in particular and the respective strengthening of the subnational levels (principle of
subsidiarity, Art. 3b, Treaty of the European Communities) has stimulated discourses on a
“Europe of the Regions”. Although the principle of subsidiarity has frequently been referred
to as an important tool for empowerment of sub-central institutions and indeed has been one
of the stimuli for regionalism providing “territorial authorities with more than simply the
opportunity to find innovative means of “getting back” at central governments” 379, although
all this is undeniable, recent studies 380, nevertheless, show that regionalism is still very much
dependent on national law and that it may be endangered rather than supported by EU law. In
an article on the “legal organisation” of regionalism in the EU, Evans 381 shows that
definitions of space are widely based on state-centric conceptualisations that consequently
impede the organisation of regionalism by Union law. According to him, even the subsidiarity
principle failed to secure the structural adaptation of Union law necessary for accommodating
regionalism. Evans concludes that “EU law is structurally ill adapted to organising
regionalism” 382 and sees the necessity of legal reforms that would fundamentally affect the
nature of EU law. In the absence of such reforms, he states — relating the problem of

376 J. Lovering, Theory Led by Policy: The Inadequacies of ‘New regionalism’ (Illustrated from the Case of
377 P. Cooke and K. Morgan, Growth Regions under Duress. Regional Strategies in Baden-Württemberg and
Emilia-Romagna, in A. Amin and N. Thrift (eds.) “Globalization, Institutions and Regional Development in
378 T. Herrschel and P. Newman, Scale. ‘Virtual Regions’ and Structures in City Regional Governance – A North
380 H. Vos, T. Boucké and C. Devos, The condition sine qua non of the added value of regions in the EU: Upper-
201-202.
381 A. Evans, Regionalism in the EU: Legal organisation of a challenging social phenomenon, in “Journal of
382 Idem, p. 235.
regionalism to the general problem of legitimacy of the EU – that “the EU legal process may remain detached from the realities of regionalism, and the Union’s legitimacy crisis may deepen”.383

A British researcher Michael Keating pays attention to important differences in relations between the regions, global markets, international regimes and the state in the traditional and globalized forms of territorial governance. In the traditional forms they are mediated by the state. Regions serve as a political support of states and governments and are represented in state policy. In return, the state provides patronage and subsidies (see Figure 9). This mutual exchange was disrupted by globalization, European integration and development of the market. Regions become a new space for making policy as systems of interaction and autonomous participants in the global order. States lose their mediation monopoly and ability to control their own spatial economies, while regions develop direct ties with international regimes and the global market. The position of regions in the international market depends not only on political representation channels, but also on the competitive advantages and ability to use them efficiently (see Figure 10).384

![Figure 9. State and regions: Traditional order](image)

![Figure 10. Regions, state and market](image)

*Figure 9. State and regions: Traditional order

Figure 10. Regions, state and market*

Policies related to the concept of a “Europe of the Regions” are dominated by the attitude of the nation-states, where in practice subsidiarity is often a matter of preferring national (not regional) to EU management. Subsidiarity is a concept of politics and

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administration – not of economic and social interaction. Of course, actual regionalisation as a process of innovation can be supported by regionalist policies, but the content of the approach to regionalism within the EU seems more appropriate to the European centres, than to the more peripheral regions of Europe, with economies based on natural resources.\footnote{385 J. Ole Bærenholdt, op. cit., p. 51.}

There are four sources of the regional model in Europe: official regionalism, regional federalism as an ideology or political model, eco-regionalism or bio-regionalism (derived from environmentalism), and urban regionalism. The last one is the oldest: the ideal of ancient Greek polis, and the Italian city-states.\footnote{386 See \textit{*** Europe? Which Europe? Which Future Europe?}, December 2002, p. 3; http://web.inter.nl.net/users/PaulTreanor/which.europe.html}

In that spirit, the scholars was interested about this argument, were agreed that there are at least three possible routes to a future Europe, where regions are primary unit of government. One is via the radical ethno-regionalism with the slogan “Europe of People”. A second possibility is the replacement of nation states by meso-regional units, such as those used in the INTERREG programme – Baltic Sea, or the Atlantic coast, or the Danube basin. So-called bio-regions are also at this scale; bio-regionalism developed in a North American context, with a very large natural landscape units. A third possibility is a unitary state in Europe, in which the regions are simply the local unit of the state – the original nature of the French Départements.\footnote{387 J. Ole Bærenholdt, op. cit., p. 35.} The regionalism theorists Michael Keating and John Loughlin see four categories of region in the EU: economic regions, historic/ethnic regions, administrative/planning regions, and political regions.\footnote{388 M. Keating and J. Loughlin, \textit{Introduction in: The Political Economy of Regionalism}, Frank Cass, London, 1997, pp. 12-13.} The last category simply means that the unit has an elected assembly.

It is worthwhile distinguishing between regionalism as the policies of the nation-states (or unified states) and regionalisation as the process of developing civil societies.\footnote{389 J. Ole Bærenholdt, op. cit., p. 35.}

On the path towards building a coherent classification of the complex phenomenon comprised under the name of ‘regionalism’, the academic literature has paid attention to two dimensions: (1) the \textit{chronological} one and (2) the \textit{qualitative} one. Most of the literature mixes

\begin{itemize}
\item \footnote{385 J. Ole Bærenholdt, op. cit., p. 51.}
\item \footnote{386 See \textit{*** Europe? Which Europe? Which Future Europe?}, December 2002, p. 3; http://web.inter.nl.net/users/PaulTreanor/which.europe.html}
\item \footnote{387 J. Ole Bærenholdt, op. cit., p. 35.}
\item \footnote{389 J. Ole Bærenholdt, op. cit., p. 35.}
\end{itemize}

138
Chapter 4

a primarily chronological approach (identifying several successive “waves” of regionalism) with a qualitative one (making the difference between “old” and “new” regionalism). From a purely chronological perspective, part of the academic literature distinguishes two waves of regionalism, taking into account only the regional agreements developed world-wide after the end of WWII, while other authors see three distinct periods of regionalism, by including also in their calculations the experiments carried out between the two World Wars. The difference between “old” and “new” stems from the fact that “we are dealing with a qualitatively new phenomenon”.

The existing regimes of the Northern regions are dominated by economic and political links functioning on a North-South axis. Economic centres of processing, product development and consumption of raw materials from the North, are located in what might, relatively speaking, be called the South. Political centres of national governments as well as the EU are also Southbased. This fact could be viewed as a threat to, but also as a motivating force for, the development of circumpolar East-West cooperation.

In 2005, Van Langenhove and Costea pointed out that in order to better grasp the complexity of regionalism one could speak of “generations” rather than “waves”. This helps underlining the coexistence of several kinds of regional agreements different in quality/content, while meanwhile also acknowledging that some forms of regionalism build upon previous ones. The use of the term “generations” avoids the strict separation in “chronological clusters”, as we are still witnessing today the birth of “first generation” agreements, which develop themselves next to more updated ‘second generation’ regional constructions, such as the EU. This idea has also been taken forward by Söderbaum and Van Langenhove, in 2005, in a special issue of the *Journal of European Integration* exploring the politics of interregionalism.

Following a first generation of regionalism that focused primarily upon trade and economic integration, without important consequences on regional policy identity-building, a second generation – often referred to as “new regionalism” – broadened integration to internal policies and regulations and created the conditions for the development of regional policies.

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394 J. Ole Bærenholdt, op. cit., p. 37.


Today, the EU presents several characteristics of what could be pictured as an emerging “third generation” regionalism, which would allow regions to become fully-fledged global actors and would emphasize the external projection of the region and the promotion of regional policy identity.

Speaking in terms of generations also allows avoiding the dichotomy between “old” and “new” regionalism: is “new regionalism” after all these years still new? It seems that a “neo” new regionalism or “third generation” regionalism with greater ambitions in global governance in general and the UN institutions in particular could be gradually shaping up.\(^{397}\)

Old and new exist alongside each other. There may be an interdependent coexistence, albeit of varying quality, of “old” and “new” regionalism, with the former providing the instrumental, technocratic attributes and the latter the more imaginative and responsive elements of policy making. The efficacy of policy may depend on how the old and the new interact. In different circumstances old or new may be the more effective, even varying between policy fields.

Deterritorialisation strategies are contrasted with strong ethnoterritorial claims and new forms of politics of place.\(^{398}\) We could also speak of “antinomies” in the constitution of socio-political identities becoming visible in the following pairs: (economic) globalization versus (social) fragmentation, particularization versus universalization, de-regulation versus re-regulation, transnationalization versus re-nationalization\(^{399}\).

We are contrasting regionalism based on territory with regionalism based around policy goals and initiatives. The new “virtual regionalism” seems much more to promise a win-win opportunity, as no “real” powers and responsibilities are at stake. In our view, much of the difference between old and new regionalism lies in the ways in which varying policy goals and local interests are projected onto the formation of regional policy responses. “New” does not mean an altogether new version of regionalism, including institutions and territorially, but rather a recognition of the dual nature of regionalisation consisting of a technocratic, territorially fixed and bureaucratic understanding of region on the one hand, and the policy focused more strategic and opportunity driven approach on the other. How the territorially bounded and the virtual come together will be the outcome of internal factors, as


they define the ability and capability of key local actors to engage in such reconstructive forms of regionalism.\footnote{400 T. Herrschel and P. Newman, op. cit., pp. 3-4.}

In a global economy, many factors determining optimum production conditions are no longer bound to specific locations, other than by the presence of a labour force with certain qualifications, and existing \textit{milieux} of innovation. In this approach, regionalisation is concerned with understanding the function of certain types of agglomerations of growth industries (viz. Third Italy, Silicon Valley etc. as recent “classic” examples of industrial districts). These agglomerations seem to be related not only to IO (Input-Output) relations – but also to “untraded interdependencies”. If localised, such interdependencies make certain regions of learning and innovation significant\footnote{401 M. Storper, \textit{The Resurgence of Regional Economies. Ten years after: The Region as a Nexus of Untraded Interdependencies}, in “European Urban and Regional Studies”, vol. 2 (3), 1995, p. 220.}.

Among people involved in the development of new products and new ways of production and organisation, informal relations seem to make an important contribution to the dynamism of the specific \textit{milieu}. In this way, an understanding of the necessary balance between functional and territorial integration may be specified. The necessary territorial aspect has not only to be a matter of historical traditions etc., but also seen as an integral part of innovation, in itself shaping regions as a pre-condition of innovation, etc.\footnote{402 J. Ole Bærenholdt, op. cit., p. 48.}

Even if regions were deliberately defined as sub-units of a continental-scale state, it is not possible to cover Europe with regions of a uniform type and scale. It would not be possible to reproduce the uniformity of, for instance, the French Départements. Europe is bigger than France, and the range of densities and landscapes greater. Regional research now often clusters regions into categories which correspond to a contiguous territory – “regions of regions”. That implies that different regionalisation criteria might be used in each zone. The European proto-plan “Europe 2000” used this approach: it divided EU territory (and some non-EU territory) into clusters of regions such as the “central capital zone”.\footnote{403 See http://web.inter.nl.net/users/Paul.Treanor/euroregion/lithuania-ireland.html} This approach was formalised in the INTERREG programmes: the INTERREG III maps specify the Alpine Space, “Archimed”, the Atlantic Area, the Baltic Sea, the Central and Danubian Space, the North Sea, North West Europe, the Northern Periphery, South West Europe and the Western Mediterranean. Clustering of existing administrative regions by category, is evidently the preferred approach at the European Commission. However, that is only one possible clustering of regions – and even within it, there are millions of possible clusters.\footnote{404 Ibidem.}
Chapter 4

Taking regions as policy areas implies a degree of vagueness of what constitutes a region. The region can be seen as a temporal, repeatedly changing construct, contrasting with the idea of a region as a fixed, continuous and predictable, bounded territory. A change of policy effects changes to the selection of relevant areas. We can take this further and say that new regions will be virtual rather than institutionalised and fixed in space. Such policy regions are the result of negotiated processes, leading to the building of coalitions between formal institutions and other interests around a common policy agenda.\(^{405}\) The notion of the “policy region”, contrasting with jurisdictional regions, also appears in analysis of new European institutions.\(^{406}\)

The “informal regional institutions” pursuing policy agendas inevitably interact with the formal institutions of government. How that interaction works out shapes the dynamics of regionalism. In Europe, the “old regional” institutions often hold the budgets and other resources. “Old regionalism” - territories defined by states, or elected regional governments, has thus not disappeared, but rather gained a new quality. In some places, the old and the new interact, and it is the quality of this interaction that circumscribes the effectiveness and policy efficacy of the resulting “integrated regionalism”.\(^{407}\)

In approaching the phenomenon of regionalism and regionalist discourse from a European point of view, we see however that Europeanisation on the one hand and regionalisation on the other are closely linked to each other – not as an antinomy but rather as a parallel phenomenon.\(^{408}\)

Following the logic in classification of the phenomenon of regionalism, with accent in EU we can see that each of the “generation” of regionalism has a few characteristics and it is interesting to notes the differences and the evolution of this phenomenon of the future.

So, starting with the begging, it can be notice that the ‘first generation’ of regionalism is based upon the idea of a linear process of economic integration involving the combination of separate (national) economies into larger economic regions.\(^{409}\) This process begins with a free trade area - in which states agree to remove all custom duties and quotas on trade between them, keeping however the right to determine unilaterally the level of custom duties on imports coming from outside the area - and moves through successive stages of integration.

\(^{408}\) W.M. Downs, op. cit., p. 172; speaks of a “reciprocal relationship” between regionalism and European unification.
\(^{409}\) L. Van Langenhove and A.C. Costea, op. cit., p. 3.
(customs union, common market) until it reaches the point of an economic union. Mattli defines economic integration as “the voluntary linking in the economic domain of two or more formerly independent states to the extent that authority over key areas of domestic regulation and policy is shifted to the supranational level”, underlining therefore the transnational aspect of the new economic ties created.

During the first generation, regional integration was predominantly focused on economic integration and internal prosperity of the region, the development of regional foreign policy identities development remaining minimal. Nevertheless, for the European Communities (EC) this first generation regionalism has offered already a first context for the development of a certain degree of external regional identity, if one looks both at internal actions and the perceptions of external partners.

The development of the political dimension of integration is however the main characteristic of “second generation” regionalism, which coincides with what is generally referred to as “new regionalism”: a “multidimensional form of integration which includes economic, political, social and cultural aspects and thus goes far beyond the goal of creating region-based free trade regimes or security alliances. Rather, the political ambition of establishing regional coherence and identity seems to be of primary importance”. “New Regionalism” is based on the idea that one cannot isolate trade and economy from the rest of society: integration can also imply non-economic matters such as justice, security, culture.

Second generation regionalism has therefore several important characteristics: a) deep economic integration plus political elements; b) multi-level governance; c) devolution within states; d) strong international legal framework; e) cooperation along many dimensions. The EU is considered as the most developed example of second generation regionalism.

The emergence of the “New Regionalism” can be historically related to a series of transformations of the world. Schultz et al. summarized in 2001 the trends observed by previous studies: “(1) the move from bipolarity towards a multipolar or perhaps tripolar structure, centred around the EU, NAFTA, and the Asia-Pacific, with a new division of power and new division of labour; (2) the relative decline of American hegemony in combination with a more permissive attitude on the part of the United States toward regionalism; (3) the restructuring of the nation-state and the growth of interdependence, transnationalization and...
Chapter 4

globalization; (4) recurrent fears over the stability of the multilateral trading order, hand in hand with the growing importance of non-tariff barriers (NTBs) to trade; (5) the changed attitudes towards (neo-liberal) economic development and political systems in developing countries as well as in the post-communist countries”\footnote{M. Schultz, F. Söderbaum and J. Öjendal, op. cit., p. 3.}

Second generation regionalism in Europe and to some extent elsewhere in the world is related to a transformation of the nation-state and “the dispersion of authoritative decision-making across multiple territorial levels”\footnote{L. Hooghe and G. Marks, \textit{Multi-level Governance and European Integration}, Rowman and Littlefield, Lanham, 2001, p. xi.}. European integration is a “polity-creating process in which authority and policy-making influence are shared across multiple levels of government – subnational, national, and supranational”\footnote{Idem, p. 2.}. The multilevel model reveals a shift of authority in several key areas of policy-making, from national states up to European-level institutions, at the same time as a decentralization of political authority from the national level down to the subnational level of government.

The increasing role of regional integration organisations as an instrument for peace and security in the 1990s is another characteristic feature of the “new regionalism”. This evolution was due to the change of the nature of security threats in the aftermath of the Cold War with the security agenda shifting from a bipolar confrontation to the spread of regional and local “low intensity conflicts”. At the same time, security threats are no longer linked only to the military conflicts but also to political, economical, social and even environmental concerns, expressed in the term of “societal security”\footnote{L. Van Langenhove and A.C. Costea, op. cit., p. 7.}.

The Europe Agreements concluded in the context of the process of enlargement to the Central and Eastern Europe Countries required the respect of Copenhagen criteria, while the Euro-Med Partnership in the South involved the conclusion of Euro-Mediterranean Association Agreements, comprising a strong political element. At present, the strategy is going even further with the European Neighbourhood Policy which aims to create a ring of friends around the borders of the new enlarged EU in order to share peace, stability and prosperity\footnote{Ibidem.}.

Functional integration into the international division of labour is not the only possible basis for regional cooperation, although certain aspects of such functional integration are necessary to secure the livelihood of a region’s inhabitants. In the way that certain place-
region-specific conditions can make production competitive because of location, functional integration is as important as territorial integration.\textsuperscript{419}

As Jean Grugel argues in a comparative analysis of EU and US policy, the regionalism is distinctively European. First, relations are discursively constructed as “inter-regional partnerships”, “based around notions of equity and cooperation that ignores or transcends the underlying power inequalities”\textsuperscript{420}. Second, the EU “has developed a conscious political leg to its new regionalism”.

At the same time, second generation regionalism is more extroverted than the first generation. Due to globalisation, the border between purely internal and external policies is getting extremely blurred. Competences related to foreign policy formulation in fields such as trade and development, tend to migrate even if partially to the regional level. Regional organisations start building their own foreign and security policies and become more concerned with the search for a foreign policy identity. Additionally, according to Hettne, the “new regionalism” has the potential to promote certain “world values” such as security, development, ecological sustainability, better than globalism\textsuperscript{421}.

The “new regionalism” has also brought an increasingly important role of regional integration initiatives in the implementing of global governance regimes. Globalization has increased transnational flows and a number of challenges, which overpass the traditional functions of the states. Given that there is not enough support for global institutions and regimes in dealing with such problems, the EU has been the first regional organisation to understand that regional initiatives can play a leading role in the implementation of global policies until such consensus is reached.\textsuperscript{422}

Even though second generation integration is still a limited phenomenon, the EU shows that the contours of a third generation of regionalism are becoming apparent. It recognises that next to economic and internal political integration there is also integration in external policy possible, with the ambition to participate in the global institutions and the promotion of inter-regionalism.\textsuperscript{423}

In addition, problems associated with establishing regional cooperation ‘from below’ are also related to the formal status and power of the regions directly involved. The different

\textsuperscript{419} J. Ole Bærenholdt, op. cit., p. 37.
\textsuperscript{421} B. Hettne, op. cit., p. xvi.
\textsuperscript{422} L. Van Langenhove and A.C. Costea, op. cit., p. 7.
\textsuperscript{423} Ibidem.
roles of regions and regional policies in different countries “...give unequal starting points for new regional cooperation in different regions”\(^{424}\).

In third generation integration, regional organisations would become more proactive engaging in inter-regional arrangements and agreements that go beyond trade and can have effects on relations at the global level. During the last decade there was an increasing emphasis within the EU on inter-regionalism (region-to-region relations) as a foundation for its external policies. Finally, in third generation, regions would become more actively engaged at the UN. The essence of third generation regionalism is thus that a region sees itself as a fully fledged actor in the theatre of international relations. This implies that the region claims a position similar to that of a state in the multilateral organizations. It also implies that a region engages in “bilateral” relations with other regions or states, again much as any other state would do; defined as such, one can say that third generation regionalism does not yet exist as such. But the EU seems close to it and it can not be excluded that one day this would happen.\(^{425}\) In “third generation” regionalism the institutional environment for dealing with ‘out of area’ consequences of regional policies would become fully consolidated.

At present, thinking of a “third generation” regional integration is more of a foresight exercise, a possible scenario of the next step regional integration might take in time considering the current indications. Second generation integration or “new regionalism” had already consequences for the rest of the world, but those consequences were only to a limited extent dealt with at the regional policy level. Third generation regional integration could have at least three main characteristics, which would distinguish it from the previous generations. First, in third generation integration, the institutional environment for dealing with “out of area” consequences of regional policies would become fully consolidated. Secondly, regions would become more proactive engaging in inter-regional arrangements and agreements going beyond purely trade issues, with a multidimensional character, and having the potential to affect more relations at the global level. Finally, in third generation regional integration, regions would become more actively engaged at the U.N.

New possibilities for innovative and knowledge-based economic activities – such as the transfer of technology to the internationally growing all sectors must be utilised. To encourage cooperation and the growth of networks in knowledge-based sectors, support and funding from regional cooperation can help, but are by no means the most important factors. Generally speaking, the most decisive factor seems to be the mobility and interaction of

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\(^{424}\) J. Käkönen, op. cit., p. 58.

\(^{425}\) L. Van Langenhove and A.C. Costea, op. cit., pp. 9-10.
young people which allows them to acquire new knowledge, skills and contacts through education abroad, before they return to their own countries.\footnote{426 J. Ole Bærenholdt, op. cit., p. 51.}

In other words, while first generation regional integration was of an “introverted” and protectionist nature, exclusively focusing on the creation of economic benefits for its members, second generation brought in a more extroverted form of regionalism, opening integration to new domains although the focus is still mainly on the consolidation of internal political integration, and, finally, third generation would produce the most extroverted level of regionalism, with a clear focus on \textit{external projection of the region and inter-regionalism}.\footnote{427 L.Van Langenhove and A.C. Costea, op. cit., p. 8.}

While first generation regional integration was generally a top-down process led by national governments and elites, with a strong emphasis on the process of \textit{government}, “new regionalism” is characterised by the multiplication of actors involved in the regional integration building, including as well national and regional civil society actors in a bottom-up process focusing on \textit{regional governance}. Third generation regional integration would go further in this respect, by adding as a new category the \textit{transnational} actors involved in the processes of inter-regional co-operation. The emphasis is rather on the promotion of the region’s identity in \textit{global governance} and \textit{in countries and geographical regions outside its own continent}.

The different legal positions and roles of participating regions seem crucial, when evaluating cases of transnational regional cooperation.\footnote{428 J. Ole Bærenholdt, op. cit., p. 39.} The two traditional types of transnational cooperation\footnote{429 J. Ole Bærenholdt, \textit{Regionalization and regionalism – a duality in transnational regional cooperation in the Arctic?}, in L. Lyck (ed.), “Socio-Economic Developments in Greenland and in other Small Nordic Jurisdictions”, New Social Science Monographs, Copenhagen Business School, Copenhagen, 1997, pp. 167-168.} can be broadly described as follows:

a. Initiatives which encourage cross-border cooperation between regions of different nation-states with common borders (e.g. EU Interreg projects);

b. Initiatives which encourage transnational cooperation between nation-states within an overall region of the world (e.g. the Arctic Council).

The characteristics of this third generation regional integration and the distinctions with the previous two generations could be summarised as follows (see Table 9):
Table 9. Key characteristics of the three generations of Regional Integration

<table>
<thead>
<tr>
<th>First Generation Regional Integration Context</th>
<th>Second Generation Regional Integration Context</th>
<th>Third Generation Regional Integration Context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic</td>
<td>Economic + internal political integration</td>
<td>Economic+ internal+external political</td>
</tr>
<tr>
<td>Inside area + competition with other areas</td>
<td>Inside area + competition with other areas</td>
<td>Inside area + Out of area Competition and Cooperation</td>
</tr>
<tr>
<td>Subject to WTO rules</td>
<td>Creation of political institutions</td>
<td>Changing/challenging multilateral institutions</td>
</tr>
<tr>
<td>Government/ Elites led process from national level</td>
<td>Governance/ Non-state actors involved at national and regional level</td>
<td>Global Governance/ Rise of transregional and inter-regional actors</td>
</tr>
<tr>
<td>Introverted/Protectionist</td>
<td>Extroverted but still focus on internal integration</td>
<td>Extroverted and focus on external projection of the region and inter-regionalism</td>
</tr>
<tr>
<td>Creates large unified economic and monetary zones</td>
<td>Creates a new structure of regional governance</td>
<td>Creates a new world order</td>
</tr>
<tr>
<td>Little concern with Foreign Policy Identity</td>
<td>Development of Foreign Policies &amp; Search for international identity</td>
<td>Centred on the promotion of Foreign Policy Identity</td>
</tr>
</tbody>
</table>


The new forms of transnational regional cooperation involve highly differentiated participants, but until now cooperation initiatives have typically been pursued without any network of communication between the Ministries of Foreign Affairs and the specific Ministries of the Interior, nor between the EU and the Council of Ministers (conform to the table). Foreign Affairs/EU issues and Internal Affairs cooperation belong in two separate domains.

Although “third generation” regionalism is still a largely normative idea, the European Union could be considered as a prototype presenting some of the characteristics of a future “third generation” regionalism that is gradually taking shape along three main dimensions having an important impact on the EU foreign policy identity: 1) the development of an institutional design able to support the region as a 'global actor'; 2) the promotion of inter-regionalism; 3) the role of regions as global actors at the U.N.

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430 J. Ole Bærenholdt, op. cit., p. 53.
431 L. Van Langenhove and A.C. Costea, op. cit., p. 9.
The desire on is that the part of the European Commission to regularise land use planning regimes and remove international and interregional anomalies in the way in which economic development is regulated.

The momentum underlying this process is exemplified by Figure 11, which illustrates the bewildering array of collaborative initiatives that have emerged in line with the European Commission’s efforts to stimulate new interregional, intercity and transnational collaborative initiatives in economic development and spatial planning. The map is an elaborate one of confusing, overlapping boundaries, reflecting both the infancy of many of the initiatives, their often-experimental nature and, in many cases, their continuing struggle to establish legitimacy and permanency. This map of new, “unbounded” regionalism stands in marked contrast to the familiar map of European NUTS II (Nomenclature of Territorial Units for Statistics) administrative regions (see Annexe 3) that form the basis for the allocation of most EU Structural Fund resources. That many of the new regional configurations are in direct competition—both with each other and with longer-established administrative regions—is evidenced graphically by the map.

Nevertheless, it is immediately clear that the desire to develop strategic spatial planning provisions is central to the emergence of many of the plethora of new regional initiatives. Of the 146 initiatives shown in Figure 11 and listed in Table 10, no less than 39 have the development of strategic spatial plans (or, more commonly, less precise precursory “visions”) as one of their central, and in some cases defining, goals. Alongside strategic visions, however, spatial planning efforts in other instances have revolved around more workaday issues of co-operation and co-ordination, arguably more in accordance with the European Commission’s desire to resolve the practical impediments to economic development engendered by international and interregional inconsistencies across different land use planning regimes. Such a goal has been at the heart of many of the 75 initiatives shown in Figure 11 which focus on border areas (see the Appendix, Table 10). Some of these exhibit profound qualitative differences from the megaregions, with their self-professed “global” focus and the audacious underpinning aspiration fundamentally to re-order—to rescale— the EU’s geography. By contrast, regional and national cross-border collaborative initiatives, some of them with relatively lengthy histories, have focused on routine issues of intergovernmental co-operation in relation to environmental protection, heritage and tourism.

434 M. Keating, op. cit., p. 18.
vocational training, small business support, transport linkages and sundry unglamorous areas of activity.\footnote{I. Deas and A. Lord, op. cit., pp. 1853-1854.}

Yet while the ESDP and INTERREG have been important in prompting the emergence of new regional territories and embryonic institutions, it would be wrong to say that their impact on the resurgence of regionalism based on standard administrative areas has been, for the most part, anything other than modest.

From the discourse that surrounds conceptual readings of new regionalism, the myriad rhetorical espousals of new regionalism have clearly had geographically extensive, if as yet largely symbolic and perhaps superficial, impact. The existence of the near 150 new regional entities shown in Figure 11 and listed in Table 10—which collectively stand in marked contrast to the extant geography of regionalism, based on established administrative areas—provides one illustration of the potency of such arguments.

What is significant here is that, although the arguments underlying the new regionalism, on both conceptual and practical levels, are eminently contestable, they have exerted extraordinary influence on policy-makers, and part of the result has been the multiplication of efforts to remap the EU’s regional geography.\footnote{Idem, pp. 1855-1856.}

But at the same time, it is also clear that the new regionalist treatise is a significant contributory factor underlying the creation of regions defined and delimited in hitherto atypical ways. Figure 11 provides a striking diagrammatic representation of the remarkable degree to which new regionalist narratives have informed the actions of policy actors and contributed to the emergence of these novel and unusually demarcated spaces.

The boundaries of a number of these areas, reflecting their immaturity, appear in many instances to be arbitrary: imagined regions and oddly configured “corridors” whose often curious geography bears little relation to functional integrity in terms of culture and identity, socioeconomic circumstances, political disposition or geomorphology.\footnote{Ibidem.}
Figure 11. The “new regionalism” in Europe. Key: see Table 10
## Table 10. Key to Figure 11

<table>
<thead>
<tr>
<th>Region</th>
<th>Code</th>
<th>Description</th>
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<tbody>
<tr>
<td>1 Alpine Space</td>
<td>50</td>
<td>Tatry</td>
</tr>
<tr>
<td>2 Atlantic Area</td>
<td>51</td>
<td>West/Nyugat-Pannonia</td>
</tr>
<tr>
<td>3 Baltic Sea</td>
<td>52</td>
<td>Marine Transport in the Baltic Sea Region from a Spatial Development Perspective</td>
</tr>
<tr>
<td>4 Northern Periphery</td>
<td>53</td>
<td>Trans-European Network (Transport)</td>
</tr>
<tr>
<td>5 South West Europe</td>
<td>54</td>
<td>Transport Infrastructure Needs Assessment</td>
</tr>
<tr>
<td>6 North Sea</td>
<td>55</td>
<td>Visions and Strategies Around the Baltic</td>
</tr>
<tr>
<td>7 Archimed</td>
<td>56</td>
<td>Austria-Czech Republic-Hungary</td>
</tr>
<tr>
<td>8 Western Mediterranean</td>
<td>57</td>
<td>Vienna &amp; Burgenland (AT) - Gyor (HU)</td>
</tr>
<tr>
<td>9 Central, Adriatic, Danubian and South-East-European Space</td>
<td>58</td>
<td>Vienna &amp; Burgenland - Bratislava</td>
</tr>
<tr>
<td>10 North West Europe</td>
<td>59</td>
<td>Styria (AT) and Slovenia</td>
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<tr>
<td>11 Non-Continental and Overseas</td>
<td>60</td>
<td>Wallonia, Lorraine, Luxembourg</td>
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<tr>
<td>Co-operation Areas</td>
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<tr>
<td>12 Basilianis</td>
<td>61</td>
<td>Bornholm (DK)</td>
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<td>13 Bayerischer Wald/Bohmerwald</td>
<td>62</td>
<td>Storstrøms Amt &amp; Ostholstein, Lu¨beck</td>
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<td>14 Benelux-Middengebied</td>
<td>63</td>
<td>SE France-NW Italy</td>
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<tr>
<td>15 Bodensee</td>
<td>64</td>
<td>France-Spain (Pyrenees &amp; Surrounding Regions)</td>
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<td>16 Burgenland</td>
<td>65</td>
<td>Nord/Pas-de-Calais &amp; Kent</td>
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<tr>
<td>17 Communidade de Trabalho Galicia-Norte de Portugal</td>
<td>66</td>
<td>Rheinland-Pfalz, Saarland, Lorraine</td>
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<td>18 Egrensis</td>
<td>67</td>
<td>Bayern (DE); O¨ berso¨sterreich, Salzburg, Tirol, Vorarlberg (AT)</td>
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<tr>
<td>19 Elbe/Labe</td>
<td>68</td>
<td>Germany-Czech Republic-Poland border area</td>
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<tr>
<td>20 Ems-Dollart Region</td>
<td>69</td>
<td>Frankfurt am Oder, Poznan“, Slubice, Peitz, Zielona Góra</td>
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<tr>
<td>21 Erzgebirge</td>
<td>70</td>
<td>Gibraltar</td>
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<td>22 Freiburger Regio-Gesellschaft</td>
<td>71</td>
<td>Arbeits-gemeinschaft Alpenlander</td>
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<td>99 Rives Manches</td>
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<tr>
<td>100 Karelia Region (Russian-Finnish border)</td>
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<td>101 Western Makedonia Korca</td>
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<td>102 Tornedalsradet</td>
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<td>103 Kvarnen Mittskandia</td>
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<td>104 Sonderjylland Schleswig</td>
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<td>105 Skargaarden Archipelago</td>
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<td>106 Four Cities</td>
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<td>107 MEDOC</td>
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<td>108 Ostersjon</td>
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<td>109 Saarland-Berchtsgadenerland-Traunstein</td>
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<td>110 Osterbottens Forbund</td>
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<td>111 Hanseatic</td>
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<td>112 Reseau Metropolisation</td>
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<td>113 Atlantic Arc</td>
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<td>114 Balkans Commission</td>
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<td>115 Baltic 21</td>
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<tr>
<td>116 Baltic Sea Commission</td>
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<tr>
<td>117 Black Sea Commission</td>
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<tr>
<td>118 European Islands System of Links and Exchanges</td>
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<td>119 Inter-Mediterranean Commission</td>
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<td>120 Interreg Rhine-Meuse Activities</td>
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<tr>
<td>23 Meuse-Rhine</td>
<td>72 Puglia (IT) &amp; Albania</td>
<td>121 Oberschlesein/Nord-Moravian</td>
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<tr>
<td>24 Inn-Salzach</td>
<td>73 NE Italy-SE Austria</td>
<td>122 Metropolitan Fringes</td>
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<tr>
<td>25 Insubrica</td>
<td>74 Puglia (IT) &amp; Western Greece</td>
<td>123 North European Trade Axis</td>
</tr>
<tr>
<td>26 Neisse</td>
<td>75 Friuli-Venezia-Giulia and Veneto/ Slovenian border regions</td>
<td>124 North Sea Commission</td>
</tr>
<tr>
<td>27 PAMINA</td>
<td>76 Lombardia, Valle d’Aosta, Piemonte and Bolzano/Swiss border regions</td>
<td>125 Strategy and action programme for developing a South-Baltic region</td>
</tr>
<tr>
<td>28 Pomerania</td>
<td>77 Cadiz, Malaga, Ceuta &amp; Mellila (Morocco)</td>
<td>126 Baltic Sea Region</td>
</tr>
<tr>
<td>29 Pro Europa Viadrina</td>
<td>78 Northern Ireland</td>
<td>127 Randstad G4</td>
</tr>
<tr>
<td>30 Regionalverband Mittlerer Oberrhein</td>
<td>79 Karelia Region (Russian-Finnish border)</td>
<td>128 AG Alpen Adria</td>
</tr>
<tr>
<td>31 Rhein-Mass-Nord</td>
<td>80 SE Finland</td>
<td>129 Alpes-Maritimes/Cuneo d’Imperia</td>
</tr>
<tr>
<td>32 Rhein-Waal</td>
<td>81 Spain: Andalusia, Extremadura, Castilla y León, Galicia; Portugal: Algarve, Alentejo, Centre, North</td>
<td>130 Barents</td>
</tr>
<tr>
<td>33 Saar Lor Lux</td>
<td>82 North Calotte Region (SE, FI, NO)</td>
<td>131 Central Macedonia</td>
</tr>
<tr>
<td>34 Scheldemond</td>
<td>83 Wien, Graz, Klagenfurt (AT)-Ljubljana, Maribor, Ravne (SI)</td>
<td>132 Co-operation North</td>
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<tr>
<td>35 Spree Neisse Bober</td>
<td>84 Wallonia, Lorraine, Luxembourg</td>
<td>133 Corse-Sardegna</td>
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<td>36 TriRhena</td>
<td>85 Oresund Region (DK)</td>
<td>134 CT Juraregionen</td>
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<tr>
<td>37 Waldviertel-Sudtseechien</td>
<td>86 France-Spain border regions</td>
<td>135 Eastern Macedonia</td>
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<tr>
<td>38 Wattenmeer/Waddensee</td>
<td>87 France-Switzerland-Italy-Germany</td>
<td>136 Epirus-Albania</td>
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<td>39 Weinviertel-Sudmahren-Westslowakie</td>
<td>88 Euregio Rijn-Waal</td>
<td>137 Ett Granslost Samarbete</td>
</tr>
<tr>
<td>40 Zugspitze-Wetterstein-Karwendel</td>
<td>89 Brandenburg - Lubuskie &amp; Zachodniopomorskie</td>
<td>138 Fyns-Amt KERN</td>
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<tr>
<td>41 Baltyk</td>
<td>90 Saxony and Polish and Czech border regions</td>
<td>139 Inre Skandinavia</td>
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<td>42 Bug</td>
<td>91 Alpenhein-Bodensee-Hochrhein</td>
<td>140 Mitteleuropaische Region</td>
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<td>43 Carpathian</td>
<td>92 Inter + move</td>
<td>142 Mitteleuropaische Region (No. 2 - Swiss-French Border)</td>
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<tr>
<td>44 Danube-Drava-Save</td>
<td>93 Ireland-Wales ‘border’ regions</td>
<td>143 Nestos Mesta</td>
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<td>45 DMTC/DKMT</td>
<td>94 Italy-Austria border regions</td>
<td>144 Nordatlantiska Samarbetet</td>
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<tr>
<td>46 Glacensis</td>
<td>95 Italy-France border regions</td>
<td>145 Nordens Grone Balte</td>
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<td>47 Helsinki-Tallinn</td>
<td>96 Italy-Slovenia</td>
<td>146 Nordisk Ministeraap</td>
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<td>48 Niemen</td>
<td>97 Italy-Switzerland</td>
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<td>49 Saule</td>
<td>98 Netherlands-Belgium</td>
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Chapter 4

First, many (and particularly the mega-regions) were delineated consciously to grate against existing nation-state boundaries. In part, this was an attempt to ensure that new institutions and policy initiatives would transcend national borders, thereby helping to harmonise land use planning regimes and (more broadly) contributing to the “frictionless mobility” of labour and capital across the EU.\footnote{438}{G. Dabinett and T. Richardson, *The Europeanization of spatial strategy: shaping regions and spatial justice through governmental ideas*, in “International Planning Studies”, no. 10, London, 2005, p. 215.}

Secondly, many of these new regions reflect the view that size is critical: that extensive regional territories are necessary to assist in the process of international competition with existing global cities. This goes part of the way to explaining what appears on first inspection to be a forced, manufactured and unusual delimitation, often reflected in the prominence of the notion of polycentricity in the literature on European spatial planning.

A few questions arise when we analyze the regionalism and regionalisation phenomenon. What does the legal position of a region mean with regard to its power to act as a participant in regional cooperation? How do innovative regions emerge – what are the factors behind regionalisation as a territorial concentration of distinct forms of entrepreneurship and technological development?

Apart from access to local natural resources, the single most important aspect of territorial integration is the population in terms of a workforce and individual entrepreneurs, their history and social institutions. In this respect, as a basis for territorially integrated regionalisation, regions should, to some extent, possess a common background and regional identity. Foreign Ministries cannot just invent regions year after year, using historical parallels. The extraordinary features that make regionalisation possible on such grounds need to have been incorporated into the recent history, experiences and socialisation of people.\footnote{439}{J. Ole Bærenholdt, op. cit., pp. 37-38.}

In sum, the promotion of regionalism has indeed been a consistent and distinctive feature of EU internal and external relations. In addition, the presence of the EU, its success in regional integration, and its importance as an economic actor have served as a model and triggered regional cooperation schemes in other parts of the world. Both conditionality and lesson-drawing/imitation seem to have been at work in these processes.\footnote{440}{See http://europeangovernance.livingreviews.org/Articles/lreg-2007-1/articlesu1.html} Yet the scope and design of these schemes are extremely diverse and bear at best superficial resemblance to the EU. In addition, the actual policy of the EU toward and in these regional arrangements seems at times to undermine rather than strengthening regionalism beyond the EU.
Chapter 4

Interregionalism, then, provides a locus within which a “public reality” enables regions to talk to one another as regional actors. As practices of interaction continue, ideas and understandings of self and other are constantly formed and reformed, to the extent that, without the other, the self would be incomprehensible, since that other “clothes us in comprehensibility”.

How, then, might we interpret the emergence of this abundance of different new regional configurations? Might it be possible, for example, to view them as representing part of a collision of competing spatialities, as some of the literature on the rescaling of the state implies? In some senses, these new regional spaces accord perfectly with some of the main lineaments of the arguments that the state is undergoing a fundamental transformation of its territorial organisation, as the inherited post-Westphalian arrangement of political borders of which the likes of Anderson and Cerny write is recast under what is viewed as the coercive force of globalising late capitalism. The advent of new regional spaces within Europe, it could be argued, reflects Smith’s widely employed notion of a “jumping of scales” in which socio-political and socioeconomic forces, through processes of contestation and struggle, find new “power geometries” via the promulgation of a neo-liberalist competition-at-any-cost agenda. The result, it is contended, is the formation of regional enclaves dictated by conditions of perceived agglomerative optimisation which, to critics, become the “imagined unit of competition”. This, it could be argued, is reflected in regionally based economic development policy-making of differing geographical form, challenging, in some cases, established political and institutional spaces and their modus operandi.

Partly, the ambivalent position of regions in the EU has to do with the fact that it is not always clear if regionalism in this context means purely administrative regionalism or a more

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448 I. Deas and A. Lord, op. cit., p. 1862.
political and identity-based regionalism.\textsuperscript{450} If the latter aspect is given, we observe a respective discourse which again is important for the emergence of a strong regionalism because it helps to legitimize a region. In any case, regionalist claims in Europe are quite often embedded in pro-European integration discourses, i.e., legitimation strategies of regions in Europe are related to legitimation strategies of the “European project”\textsuperscript{451}. Yet this only provides partial support for arguments around the territorial reorganisation of the state. Any argument that the new regions documented in this study represent a fundamental rescaling of governance and policy-making has to be tempered, as we have seen, by the limited resources and standing of many of the new institutions and their policy initiatives. Equally, it is also clear that the emergence of these new spaces has tended to be driven in the main by particular categories of local or regional policy actor (notably economic development officers) in conjunction with supranational institutions, with other e’lite groupings playing much less prominent roles. National-state actors, in the majority of cases, have tended to occupy a subordinate role, often simply licensing the development of new regional initiatives which are seen as modest, uncontentious and unthreatening. The position of capital, likewise, is also typically less than prominent.\textsuperscript{452}

However, regionalism – in order to become politically effective – needs more than this aspect of institutional representation (of interests); it requires, as Downs\textsuperscript{453} puts it, “social stimulation and validation, and as such it is likely to be prominent in those regions that effectively mobilise a unifying historic identity and distinctive consciousness”. In other – and discourse-analytical – words, it requires the discursive construction of some form of distinctive regional identity. This is the point when it becomes clear that a purely institutional or procedural perspective on regionalism is not enough; the symbolic dimension – in the sense of both symbolic representation \textit{and} appresentation as sketched out above – has to be included. Discourses represent ideas and concepts and they appresent “symbolic universes” that integrate meaning and, through this, legitimize institutions.\textsuperscript{454}

The absence of inter-institutional or cross-scalar struggle is itself instructive in that most of the literature on rescaling implies that the birth of new regional entities is characterised by contestation and conflict with branches of the state organised around

\textsuperscript{450} In general, there are all kinds of functions and roles that are attributed to regions in EU discourses; J. Downs, op. cit., p. 175; summarizes some of the most prominent ones: regions are considered as “agents of efficiency, watchdogs of EU policy, guardians of cultural diversity, cultivators of commerce, and agents of democratisation”.

\textsuperscript{451} I. Deas and A. Lord, op. cit., pp. 1861-1862.

\textsuperscript{452} Ibidem.

\textsuperscript{453} J. Downs, op. cit., p. 172.

\textsuperscript{454} G. Weiss, op. cit., p. 16.
different territories, and perhaps particularly nation-states. Just as there is little or no evidence of significant conflict with “old” regions, so too there are few if any indications of conflict with nation-states.\textsuperscript{455}

In this sense, it is possible to argue that the new regional spaces, while clearly not yet representing any fundamental reorganisation of state territoriality, could symbolise an additional dimension of rescaling, a projection on reality, in which governance is not so much being redistributed upwards, downwards or outwards, as displaced sideways and expressed in new ways—as potential spaces for the accommodation of economic development. The new regions, in this respect, are not “new” in themselves, but a different expression of an existing phenomenon.

In other words, they do not so much supplant existing sub-national structures and provide an incipient and modest challenge to the ascendancy of nation-states (as a crude reading of the rescaling literature might imply) as augment a complex, multidimensional pattern of state reterritorialisation—a further “filling-in” of the state\textsuperscript{456}, in which the national state retains a pivotal role\textsuperscript{457}. In this sense, new regional spaces constitute one element in a wider process of reterritorialisation of the state, in which “hollowing out” at a national scale is only the beginning of a series of steps that ultimately lead to widely differing settlements at a more local and regional level\textsuperscript{458}.

Those that are likely to evolve beyond transitory “aspirational spaces” and acquire greater permanency are likely to continue to be those which provide functionality in terms of top–down policies, particularly those (like INTERREG) which provide tangible incentive for institution-building based on non-standard territories which traverse regional or national boundaries and/or which contribute to broader supranational policy goals (whether in terms of strategic transport axes, the facilitation of international economic integration or the bolstering of EU-wide competitiveness).

Ohmae\textsuperscript{459} argued that economically successful regions are emboldened by failed governance at the national level and the potential rewards of political autonomy at the

\textsuperscript{455} I. Deas and A. Lord, op. cit., p. 1862.
Chapter 4

regional level. Also, Alesina and Spolaore\textsuperscript{460} have argued that integration into supranational institutional frameworks—in particular those strengthening trade relations—reduces dependence on the state and emboldens demands for greater regional autonomy.

European economic integration drives a political economy of regionalism that—far more than traditional divisions between labour and capital—defines the principal axis of political-economic division in the \textit{New Europe}.\textsuperscript{461} Increasing economic integration in the European context places national governments and subnational regional entities at odds with each other—in particular in the less developed economies of Europe.

\subsection*{4.2. The Analytical Framework}

One way to comprehend the distinctiveness of a region–to–region framework is to focus on the way it posits a given “self” interacting with a specific “other”.\textsuperscript{462} Drawing on the work of John Searle, self/other relations may be understood in two principal ways.\textsuperscript{463} First, the self may be formed and reformed in the very process of looking at an other and reflecting back on the self. In this way, the self may be identified through a process of “differentiation” with an other, drawing on its distinct identity. Second, the self may be understood as being formed from the start by the very act of being in a relationship with an other. In this way, the identity of the self is intrinsically linked with the process of “engaging” with that other.\textsuperscript{464}

Legitimizing political entities like regions always and necessarily involves two categories: space and time, territory and history. In other words, the discursive construction of a regional identity means the construction of a certain space-time body. Regionalist discourses develop specific space-time images.\textsuperscript{465} Hence, “identifying” one specific region is identifying a (common) “inside” and a (common) “outside”, a (common) past and a (common) future. With regard to the temporal-historical category, we can also refer to the concepts of “experience” (\textit{Erfahrungsraum}) and “expectation” (\textit{Erwartungshorizont})

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developed by Reinhard Koselleck in order to strengthen the attention to the directional arrows. In regionalist discourses, a common regional past is construed in the form of a common *Erfahrungsraum* that is “framed” by the respective symbolic universe; while a common regional future – the *finalité* of total regional independence, for instance – assumes the form of a common *Erwartungshorizont*. *Erfahrungsraum* und *Erwartungshorizont* do however not only serve the purpose of supporting regional identity but also of emphasizing differences between regions and nations.

Increasing globalisation and competition have a positive impact on the process of co-operation. Through regional competitiveness regional structures are competing for opportunities to speed-up their development. The way a region functions and its structures have become the main strategic assets enabling it to gain an advantage over other regions and attract dynamic investors. It seems, however, that international co-operation between regions is the most rational way of transforming the competitiveness of regional structures into co-operation. It is important to create networks of regional systems able to compete with external competition. The European Union created such a network of Euro-regions under the auspices of its regional policy.

If the EU’s promotion of regionalism has been consistent and distinctive, has it been isomorphic as well? That is, have regional arrangements created and supported by the EU been modeled on the EU example and have they been similar to each other? First, the great variety of interregional cooperation arrangements seems to contradict the expectation of isomorphism. Second, there seems to be disagreement with regard to the assessment of specific arrangements. For instance, whereas Bicchi argues that the institutional settings and governance regimes of the EU and its Mediterranean policy (EMP) are highly similar to international governance with regard to its multilateral institutional framework, the emphasis on “economic matters but with a social flavour”, and the “eurocentric” transfer of the Justice

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and Home Affairs agenda to the EMP\textsuperscript{472}, Joffé\textsuperscript{473} and Alecu de Flers and Regelsberger\textsuperscript{474} point to the fact that the Barcelona process has been modeled on the Conference on Security and Co-operation in Europe (CSCE) rather than on the EU’s own set-up. Long-term co-operation can be a source of support for transformation processes.\textsuperscript{475}

Analogous to the relevance of space and time, territory and history in the construction of Europe\textsuperscript{476}, we find two discourse strategies in the discursive construction of regions: (1) \textit{territorialisation} and (2) \textit{temporalisation}. These strategies must not be misunderstood as an exclusive “either-or” – in the sense that in some regionalist discourses only space would be relevant, in others only time. To be sure, in regional discourses both space and time are relevant. It is not a question of either-or but of different emphasis and foci.\textsuperscript{477}

The \textit{scope or the purpose of a regional co-operation}, in terms of around what issues the interplay among actors and institutions are taken, may vary between a comprehensive range of issues to narrowly defined objectives for co-operation. Noralv Veggeland conceptualises this in terms of functional regions, cultural regions, and administrative regions.\textsuperscript{478} A functional region has a narrow and specific objective for co-operation, the purpose of the region is to deal with specific problems. A functional region is hereby focused on receiving certain “goals” within a defined sector, through regional co-operation. It might be trade issues, custom policies, education, integration, to mention a few examples. The functional region is goal oriented.\textsuperscript{479}

A cultural region is based on identity related issues. A common heritage, language, customs etc. forms a “we-oriented” homogeneity within a specific area, and thereby distinguishes the cultural region from other areas. The activity within the region may vary over a spectra of issues. Central for a cultural region is the bottom-up activity. The different kinds of regions, as presented by Veggeland\textsuperscript{480}, are not necessarily mutually exclusive, a cultural region can form a base for the development of a functional region. The opposite

\textsuperscript{474} N. Alecu de Flers and E. Regelsberger, op. cit., p. 323.
\textsuperscript{475} See http://europeangovernance.livingreviews.org/open?pubNo=lreg-2007-1&page=articlesu1.html
\textsuperscript{480} N. Veggeland, op. cit., p. 19.
development can as well be hold true according to an institutional approach, where the argument is that co-operation around one issue can spill-over to co-operation around an other issue and in the long run contribute to integration within the region\textsuperscript{481}.

Finally, the administrative type of region defined by Veggeland, refers to the administrative structure that has developed within the states with a hierarchical order between the municipalities, counties, and central administration. From this perspective can e.g. a county be referred to as a region.\textsuperscript{482}

Interregionalism represents the interaction of one region with another. Interregionalism is often portrayed as a ‘double regional project’, responding to the need to pool an ever greater percentage of resources in recognition of other interregional or global dynamics. Alternatively, it is understood as a process of regional emulation, in which existing regions trigger the formation of new ones, with potentially positive or negative consequences.\textsuperscript{483} In these ways, the rise of interregionalism is often witnessed as a means of managing relations in a globalising world.\textsuperscript{484} In any case, the plurality and parallelism of symbolic universes in today’s societies affects the legitimacy of socio-political entities – on all levels, local, regional, national, transnational.\textsuperscript{485}

The structure of international co-operation at regional level is under pressures from globalisation, and competition. Other influences include the legal and institutional bases of international co-operation. The aims of international co-operation include integration, specialisation, and balanced development.\textsuperscript{486} These aims can be achieved through Euroregions, commissions and councils for cross-border co-operation, co-ordination studies of spatial management, international links between regional institutions and authorities, bilateral agreements and contacts between regions.\textsuperscript{487} Furthermore, the creation of a decentralised, effective and broad partnership is a key factor in the success of international regional co-operation.\textsuperscript{488} The globalisation of economic links has been accompanied by a dual process, which consists in the renaissance of regionalisation. From the point of view of local

\textsuperscript{482} M. Gunnarson, op. cit., p. 186.
\textsuperscript{484} J. Gilson, op. cit., p. 3.
\textsuperscript{485} G. Weiss, op. cit., p. 22.
\textsuperscript{487} P.A. Wyszogrodzka, op. cit., pp. 2-3.
and regional communities the region is becoming an important public good.\textsuperscript{489} It can attract investors and innovators, depending on the attractiveness and competitiveness of its economic and social space and its natural environment. There is well-justified pressure on the part of society for the government to respect autonomy, localism, regionalism and the principle of solidarity.\textsuperscript{490}

When discussing the characteristics of a region is it also relevant to study the structure of \textit{governance of a region}. Is it a hierarchical administration or an informal network? When discussing regional co-operation in terms of relations and networks, the territorial aspect that is fundamental to the definition of a region becomes secondary to the understanding of the dynamics of regional co-operations. As when studying international regimes, the social dimension of regional co-operations may be understood as the shaping of norms, values, and principles around which actors expectation converge.\textsuperscript{491} Hereby do the territorial dimension and the political dimension of a region not necessarily coincide at all given points.

Unintended effects of the EU’s presence rather than the impact of the intentional promotion of regionalism seem to have occurred in other regions or sub-regions as well. Christopher Hill and Michael Smith point out that “the need to deal with a rich and powerful EU draws other states into cooperative ventures, \textit{especially} in their international relations”\textsuperscript{492} and list the South African Development Committee as well as the Asia-Europe Meeting (ASEM) as examples. Whereas, however, the EU might have unintentionally triggered regional cooperation in these cases, the cooperation schemes did not follow the EU model of regionalism.

In addition, “an emerging dependence on relatively strong EU financial instruments carries the potential of crowding out existing regional initiatives”\textsuperscript{493}. This effect will, of course, depend on the existence and strength of endogenous region-building developments. Whereas in the Baltic and Nordic regions, where such region-building efforts seem to have been relatively well developed, the EU may have had an overall disruptive effect, in the

Mediterranean, “even the limited efforts of the EU to generate multilateralism constitute the main driving force in an externally directed region-building effort”\(^\text{494}\). In its present state, it offers a number of lessons for understanding interregionalism. First, it plays a functional role in managing global change. Interregionalism may be seen as a response to changes in the structure of the global political economy and, especially since the events of 11 September 2001, as a means of tackling trans–border threats and challenges. Such concerns also mean that issues may transcend previous categories and, for example, financial and political agenda may need to be dealt with together, as in the case of counter–terrorism. As has been illustrated above, it can serve to draw the broad canvas upon which smaller scale interaction, such as bilateral summits, can occur, by developing an ongoing agenda and a familiar pattern of terminology. This acts a as a shorthand, so that bilateral engagements can be spent on more targeted aims and focused bargaining.\(^\text{495}\)

Second, and linked to the management of change, it reinforces the role of regions as actors. Changes in the global economy and the scale of trans–border activities mean that regions have acted themselves into significance. However, those not in the interregional listings are excluded from the benefits that accrue from membership.

Interregionalism should not be regarded simply as region–to–region dialogue, incorporating two rational actors, which are “created and recreated in the process of global transformation” as “territorial based subsystems of the international system”\(^\text{496}\). Rather, interregionalism has the additional potential to establish a regional profile beyond one’s own confines (as in the EU’s search for recognition in East Asia), or affect the development of the intra–regional identity of one of its participating actors. In this way, it provides a focused and interactive self/other nexus, by locating two regions in a situation of parity. This is also important for determining the types of region likely to emerge in the medium term, as the EU utilizes new channels to demonstrate its deepening and widening regional credentials.\(^\text{497}\)

Regionalism, according to Evans\(^\text{498}\), “denotes social demands in regions for greater autonomy from the central institutions of their state”; and it also involves “an increasing tendency for regions to identify and pursue interests divergent from those expressed in international and European organisations by the central institutions of their state”. The

\(^{495}\) J. Gilson, op. cit., pp. 15-16.
\(^{496}\) B. Hettne, A. Inotai and O. Sunkel, op. cit., p. xv.
\(^{497}\) J. Gilson, op. cit., p. 17.

163
bottom-up character of this regionalism sharply distinguishes it from traditional ideas of top-down regional policy.\textsuperscript{499}

An illustrating example of this regionalism is a speech delivered by the Scottish MEP Graham Watson in June 2006 in which he emphasizes the institutional dimension:

“This Maastricht Treaty paved the way for regional representation at European level through the Committee of the Regions which is consulted by the Institutions on matters of regional importance and can issue reports on its own initiative. [...] Many regions choose to have their own offices in Brussels, including 15 of the 17 autonomous Spanish governments and all of the Belgian regions. I am proud to have led the English in my constituency into doing the same. As of 2002 there were 160 such offices, many of which have the right to direct negotiation with EU officials on matters of regional importance, not least the Council of Ministers where devolved matters are at stake. A Scottish Minister, for example, is always present during Fisheries Negotiations.” \textsuperscript{500}

That the constitution of regionalism is linked to the formation of such social fields of consciousness is again visible in the speech of Mr. Watson: “No longer relegated to the background of national consciousness, regions are demanding greater recognition and representation.” \textsuperscript{501}

The nature and structure of European, macro-level and regional development goals has undergone considerable revision in the past two decades. European economic policy goals have exhibited a gradual shift away from their previous sectoral structure and direct redistribution (e.g. subsidies to firms and the support of declining industries, income support and the like). Emphasis is now placed on more horizontal forms of assistance with broad application, in particular on the role of physical and human capital (or infrastructure, R&D, training and education).\textsuperscript{502}

Efficiency motives provide strong incentives for both national governments and regions to exercise greater control over economic development strategies. For national governments, both EU-based and national-level regional development strategies—in particular those focused on cohesion and redistribution—potentially drain resources away from more advanced states and regions. While all states are broadly similar in this regard, the

\textsuperscript{499} G. Weiss, op. cit., pp. 15-16.

\textsuperscript{500} See http://www.alde.eu/index.php?id=42&tx_ttnews%5Btt_news%5D=7882&tx_ttnews%5BbackPid%5D=52&cHash=a0fccc8699

\textsuperscript{501} Ibidem.

\textsuperscript{502} Early discussion of the shift toward horizontal measures can be found in “Industrial Policy in an Open and Competitive Environment: Guidelines for a Community Approach” (COM(90) 556) and “An Industrial Competitiveness Policy for the EU” (COM(94) 319 final).
level of economic development across states generates variation in policy interests. For *more advanced states*, such observations drive an interest in promoting Lisbon-type objectives over more traditional forms of regional development. Lisbon-type objectives, however, embody implicit challenges, both to the interests of less developed states and regions and to the future of regional policy more generally.

For *less advanced states*, regional development goals are preferable to Lisbon-type strategies where this portends a greater concentration of funding on less developed states. At the same time however, in the domestic arena the specifically regional focus of regional development strategies may potentially draw resources away from emerging economic clusters and potentially upset the fine balance between regional and national level economic restructuring and overall economic development. If the dispersion of resources designed to promote overall development leads to an overall decline in rates of economic growth, national governments will then presumably favour agglomeration promoting policies over regional redistribution. Less advanced states in particular are thus faced with significant equity vs. efficiency tradeoffs and are torn between the objectives of *cohesion/redistribution* and *innovation promotion*.\(^503\)

Decentralising the decision-making process in matters of international co-operation in a unitary state, and at least partially assigning responsibility to regions, enables it to exploit its comparative advantages more effectively.\(^504\) First, empowering regions, or at least increasing the decision-making prerogatives of regional authorities, allows policy-makers, when working out a regional development strategy to detect and develop comparative benefits which cannot always be seen from the central level. Activating a region’s development resources allows the central authorities to delegate tasks and responsibilities to the regional level.\(^505\) Secondly, decentralisation and international openness allow border regions to develop at an accelerated rate. Intense international interaction is necessary for comparative benefits to appear. A lack or limited interaction means that such benefits remain no more than potential advantages. Regional co-operation can lead to fast and regular contacts and an increase in the economic power of regions.\(^506\)

Regionalist processes, accordingly, point to “the intricate social relations and interconnecting properties that may exist between the recent regional renaissance and the

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\(^503\) D. Ellison, op. cit., pp. 5-6.
\(^504\) See http://www.abdn.ac.uk/pir/postgrad/vol1_issue1/vol1_article3.html
restructuring of the state”\textsuperscript{507}: they may be seen “as the effect of top-down policies to replace the imagined community at the national level with an imagined unit of competition at the regional level”\textsuperscript{508}.

In this sense, we can name a few of the most important regional organization at EU level that have the purpose to help and develop the regional cooperation and the new phenomenon of interregional relations.

First, the \textit{Committee of Regions} is an advisory organ of the Council of Ministers and the European Commission, which emerged out of the provisions of the Maastricht Treaty\textsuperscript{509}. When performing its advisory functions, the Council of Ministers or the European Commission consults with the Committee of Regions on an optional or obligatory basis according to the article of Treaty. Efforts to institutionalise the impact of local structures on the Community’s activities has proved quite successful. Nevertheless, the Committee of Regions is still dependent on each state’s domestic authorities, which are responsible for nominating its delegates.\textsuperscript{510}

Another important organization at EU level is the \textit{Association of European Regions} (ARE) evolved out of the experiences of nine international organisations and 47 regions in international co-operation. The ARE realises three basic aims: it consolidates the influence of regions on European institutions, promotes co-operation between regions and promotes the idea of regionalism and federalism in Europe.

A particular organization is the \textit{European Border Region Association}, that is a registered association, whose membership is made up of regions from individual countries together with Euroregions and separate entities, which are already forming the structures of cross-border co-operation.

There is however a considerable degree of variation in the relative degree of decentralization and also in the importance of the regions among the old EU member states as well.\textsuperscript{511} Very few EU Member states have strong regions. Belgium, Germany, Spain and the UK (Wales and Scotland) appear to be the exceptions. For the most part regions are generally weakly developed in the Member States.\textsuperscript{512} Despite attempts by the European Commission to strengthen regional government as a form of institutional leverage over the power of EU

\textsuperscript{507} G. MacLeod, \textit{The Learning Region in an Age of Austerity: Capitalising on Knowledge, Entrepreneurialism and Reflexive Capitalism}, in “Geoforum”, vol. 31, online journal, 2000, p. 221.
\textsuperscript{508} J. Lovering, op. cit., p. 392.
\textsuperscript{511} D. Ellison, op. cit., p. 2.
Member states, the formation of powerful regions lags expectations. Thus the more relevant research question may be when and why central governments are likely to relinquish more control over the ambitions of regions.

Regional integration is a source of innovation and progress in both institutions and standards. For economic agents and member States, regional and sub-regional integration organizations provide a stepping stone towards the global economy, and can help less-advantaged countries to manage the impact of globalization. Regional and subregional integration can lead to the adoption of programmes or action plans to establish a set of guiding principles and commitments specific to the region and contribute to the development of global programmes.513

Hence, a crucial dimension is the building of new cross-border alliances around concrete development initiatives. This entails important opportunities in terms of the potential for innovative outcomes and the development of bottom-up processes.514

Since early 1990’s many inter-regional and cross-border co-operation programmes, between Western and Eastern Europe, have been established.515 Those instruments have the specific purpose of supporting activities of international regional co-operation. The number of those programmes is still growing and in order to illustrate the co-operation between the East and the West of Europe some of them need to be described.516

Numerous new regional configurations now festoon the map of Europe. It is clear that many of these new regions draw, sometimes explicitly, on the disputed arguments encapsulated by the new regionalism, which, although profoundly questionable, continue to exert a powerful discursive pull on policy actors. While a large part of the impetus for their creation derives from top-down promptings associated with the effort to begin to create EU-wide spatial planning provisions, it is also the case that the language they employ, and the policy measures they advocate, are firmly in line with the ideas underlying conceptualisations of the new regionalism.517

Identifying border regions becomes more of a challenge, paradoxically, as the identification with the state and its borders is blurred in socio-economic and political practices. As their quasinatural identification with physical borders – as the gatekeepers of state sovereignty and of its social, economic and political institutions – is questioned, borders

514 E. Guadini, *Cross-border Governance: Inventing Regions in a Trans-national Multi-level Polity*, University of Amsterdam, Amsterdam, 2003, p. 44.
515 See http://www.abdn.ac.uk/pir/postgrad/vol1_issue1/vol1_article3.htm
516 Ibidem.
517 I. Deas and A. Lord, op. cit., p. 1864.
Chapter 4

reveal their multifaceted nature. Identifying border regions hence requires consideration of their identity “by difference” along multidimensional lines.\(^{518}\)

Rather than being trivialised by the relativisation of nation-state borders, by “the creation of an area without internal frontiers”\(^{519}\), and by the mainstreaming of cross-border co-operation in trans-national public policy programmes, issues related to border regions are gaining a new dimension.

The existence of these incipient new regions does not gainsay such a view, but confirms that, in a very modest and invariably tentative way, some resources and powers have begun to coalesce around regions configured in non-standard ways. There is no evidence to support the implausible and far-fetched contention that this represents another part of a fundamental rescaling which challenges the primacy of nation-states. But it does offer the suggestion that another “new regionalism” can be discerned: one which moves away from conceptions of the region based solely around either functional metropolitan areas or culturally and administratively distinct provincial regions, and towards non-standard areas that relate to ideological perceptions of the changing nature of economic space.\(^{520}\)

In a prospectively “borderless” Europe conceived of “networks of regions,” cross-border regions are put at the centre of a political-economic challenge as the rediscovery of the territorial embeddedness of economic systems merges with the need for active policies in constructing and sustaining territorial units of competition.\(^{521}\)

The formation of cross-border regions by means of negative integration – i.e. by the blurring of traditional borders – does not affect the factors leading to the persistence of these threats. Several of these factors can in fact be detected in some diffuse characteristics\(^{522}\) of cross-border initiatives:

- the prevalence of bureaucratic guidance and dominance of public-sector over private-sector involvement;
- the prevalence of state-led initiatives;
- the existence of trade-offs between local and supra-local interests;
- the existence of trade-offs between local and supra-local political commitments;
- and, finally, a prevailing emphasis on sectoral issues of economic performance, i.e. on distributive issues rather than on re-distributive and potentially identity shaping aspects.


\(^{519}\) Treaty on EU-TEU, Article 2, see http://www.unhcr.bg/euro_docs/en/_23_treaty_eu_en.pdf

\(^{520}\) I. Deas and A. Lord, op. cit., p. 1865.

\(^{521}\) E. Guadini, op. cit., p. 44.

\(^{522}\) See http://citeseer.ist.psu.edu/cache/papers/cs/28777/http:zSzzSzwww.orl.arch.ethz.chzSzdspzSzpdfzSz152zSz152_5.pdf/balducci03crossborder.pdf
This is not to advance any claim for the desirability of this new form of regionalism as a means of promoting economic revitalisation, but simply to acknowledge that it has begun to exert a powerful lure to policy-makers and that it could conceivably represent a new scalar axis which could offset the momentum characteristic of changes in spatial governance at other scales\(^{523}\) (for example, for the English standard regions until 2004, or the English provincial city-regions in the early–mid 2000s).

It also reconfirms the conclusions of Brenner\(^{524}\) and Smith\(^{525}\) that, in contrast to the “old” fixed and bounded regions, new forms of regionalism are associated with a sort of territorial flux in which spaces are rapidly and repeatedly redefined, recreated and reshuffled, triggered by aspirations and tensions that shift over time. The result is what Herrschel and Newman refer to as the emergence of a “map of Europe [comprising] . . . a patchwork of territories with changing boundaries”\(^{526}\).

In conclusion, it is worth noting that overall globalisation has a positive impact on regional co-operation. Through one of the processes of globalisation, i.e. the expansion of the European Union to the East, regions take the initiative of mutual co-operation. It is worth noting that just a decade ago, when the accession of the Central and Eastern European states into the structures of the Western organisations was still ambiguous or even unthinkable, no programmes of international regional co-operation between the Western and Eastern bloc existed. Since the process of integration has started so has started the emergence and development of various inter-regional programmes. These programmes prepare both sides to the future even closer co-operation as well as to the prospect of shared membership within the same European structures. The West learns to work with the East, and the East gains experience and acquire knowledge in the workings of the Western organisations. The programmes of international regional co-operation are mainly concerned with the development of regions lagging behind in their economic and social structures. It is up to the Central and East Member-States to create the regions accordingly to the Western standards and to give them similar political and administrative powers. The growing number of the programmes illustrates the fact that regions of Central and Eastern Europe are ready to co-operate, the growing number is also a visible and quantifiable step towards further globalisation.

\(^{523}\) I. Deas and A. Lord, op. cit., p. 1865.
Apart from the programmes of regional co-operation, there are also the mentioned institutions that help to integrate the continent of Europe. It is worth remembering that these institutions are based on voluntary membership, yet they are very popular among the states of Europe. Regions are gaining more power than they have ever enjoyed, they act as legal international actors, sign bi- and multi-lateral agreements and co-operate with their counterparts throughout Europe. On one hand, this co-operation is possible due to the process of globalisation. On the other hand, however, the process of globalisation is sped up by the international co-operation of regions.\(^{527}\)

In total, the Commission expects to approve 70 territorial cooperation programmes under the EU Cohesion Policy 2007-2013 (including interregional, trans-national and cross-border cooperation). On September 21, the first four cross-border programmes were approved: “Italy-Austria”, “Bavaria-Austria”, “Euregio Meuse-Rhine” and “Ireland-Wales”.\(^{528}\)

From an esoteric subject of international relations and voluntarism-based initiatives, inter-regional and cross-border cooperation has turned in the last decade into a key expression of regionalism and of dynamics of change of territorial relations in Europe. Overcoming and blurring borders lies at the core of discourses on European integration aimed at erasing tariff and non-tariff barriers from the geography of European trade. Meanwhile, exchange across borders is becoming the generative matrix and the potential carrier of new concepts of development, such as the construction of new “economic integration zones.” Promoting the emergence and institutionalisation of cross-border regions has thus become an important objective of European Union cohesion policy. Yet the more borders are crossed – for instance, through the process of eastern EU enlargement – the more they are reproduced along other dimensions: linguistic, cultural, symbolic, as well as along differentials in abilities and power. Accordingly, the meanings and facets of borders are changing, posing new challenges to spatial disciplines and policies.\(^{529}\)

The social-constructive dimension of cross-border regionalism may face its limits, unless it is embedded in a system of institutional incentives and legitimating mechanisms. In this sense, a new version of the Handbook of transfrontier cooperation is now available from the Council of Europe.\(^{530}\) First published in 1995, the updated handbook examines current

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529 E. Guadini, Enrico, op. cit., p. 43.
530 See http://www.coe.int/t/E/Legal_Affairs/Local_and_Regional_Democracy/Documentation/Library/Transfrontier_Cooperation/default.asp#TopOfPage
aspects of cross-border cooperation and identifies the relevant legal instruments, the fields of action and the essential stages involved. It also considers the future roles of the various levels of governance in cross-border cooperation and highlights practical examples and models. Significantly, some of these experiences seem to reproduce, at a smaller scale, questions pertaining to more general dilemmas in re-constructing the legitimacy of European politics.

4.3. Transborder Regions and the “New Regionalism”

In all this study-analyses, the aims was to explore the new regional dynamics, their sources and management by studying regional trajectories. The European regions have at least one interesting similarity: the states have historically played a major role in promoting and regulating economic development, while the trans-national economic integration has been limited. Both domestic economic development and external economic relations have been steered or even commanded by the state. However, in recent years these regions have faced the new challenges of marketization, including trans-national pressures to liberalize economies, absorb foreign direct investments, and develop new regulatory regimes.

The re-framing of the essence and meaning of sovereignty and territoriality of the state in the framework of globalisation and trans-nationalisation processes – as embodied by European integration – takes the features of a new politics of scale: the struggle for the creation of new policy spaces, backed by policy measures grounded on metaphors of scale relativisation within the policy discourse of European integration: for instance, the re-framing of state sovereignty implied in visions of a Europe of the Regions\(^\text{531}\), but also the idea of a space of flows\(^\text{532}\).

In any historical community, the significance of borders depends on the meaning of territoriality as an organising principle of social, economic and political life.\(^\text{533}\) In an integrating Europe, crossborder regionalism may be viewed as part of a process of relativisation of scale, of which the most notable manifestation is the constitution of a


geography of overlapping, experimental and often unstable territorial domains of governance and regulation.  

While international regimes in clearly specified policy fields mark horizontal differentiation, five levels of international policy-making may be distinguished vertically: a global level, an interand transregional level, a regional level, transborder institutions at a subregional level and bilateral state-to-state relations. Inter- and transregional fora are a novelty in this multi-tiered system of international relations. Their rise must be linked to the proliferation of regional organizations under the auspices of what since the mid-1980s is known as New Regionalism. Their existence reflects the fact that these regional organizations are increasingly interacting with each other and thus have begun to develop actor qualities of their own.

A number of authors thus point to equity vs. efficiency trade-offs with respect to national and regional economic policy goals. In their view, if agglomeration is crucial to the nature and character of economic development, then transferring resources to less developed regions is likely to slow the rate of economic development in advanced regions and accordingly may—by diverting valuable resources—fail to achieve their desired effect in less advanced regions.

Regions are not so much measurable building blocs of the international order as spatially defined cultural, economic, and political constructions whose nature and functions are transformed over time. Borders, hence, rather than being eliminated through the blurring of their material or formal attributes, are changing in meaning, and are being shifted and rebuilt as new internal, cross-cutting and overlapping borders. A sense of community might be seen as a precondition for cross-border regionalism. A region as a field of forces, in this sense, is just an imagined community, and needs to be seen in light of the processes of its social construction.

For another, EU co-financing requirements ultimately favour national level institutions, since approval of such funds tends to depend on national or ministry-level

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534 E. Guadini, Enrico, op. cit., p. 50.
537 D. Ellison, op. cit., p. 5.
538 See http://citeseer.ist.psu.edu/cache/papers/cs/28777/http:zSzzSzwww.orl.arch.ethz.chzSzdispzSzpdfzSz152zSz152_5.pdf/balducci03crossborder.pdf
support for individual projects.\textsuperscript{539} On the other hand, insofar as EU membership provides such regions with greater political autonomy and the ability to trade freely with the other regions of Europe, they are likely to be strong supporters of European integration.\textsuperscript{540} Thus the EU’s indecisiveness and ambiguous approach to the politics of regional development allocates much of the political struggle over economic policy strategies to the national arena.\textsuperscript{541}

The dynamic aspects of regional cooperation are often captured by the concept of regionalization defined by the growth of social and economic interaction and of regional identity and consciousness. Regionalization results from the increasing flow of goods, people, and ideas within a spatial entity which thus becomes more integrated and cohesive. Regionalization grows from below, from the decisions by companies to invest and by people to move within a region. Regionalization should be distinguished from regionalism which refers to political, state-based efforts to create cohesive regional units and common policies for them.

A region may assume the meaning of a common frame of knowledge and beliefs around past and future action, about the legitimate place of a political community in the world, and about its potential for empowerment and initiative. All of this entails the evocation of images and cultural symbols. But their contribution to a regional identity may be effective only if the economic, political, legal, cultural, etc. institutions of local society actively contribute to the reproduction of a regional consciousness.\textsuperscript{542}

Understood in the above way, the processes of regionalization are strongest in the regions in which productive forces are robust and people educated enough to become transnationally active. Individual and collective actors have capabilities to seriously reach beyond national borders which are made porous by the spread of democracy, capitalism, and modern technology. On the other hand there can be historical and cultural barriers to intraregional exchanges. If countries have deep-rooted, ancient civilizations, the value of cross-border communication may not be as much as appreciated than in relations between neighbouring small states. China and Japan on the one hand and the Nordic countries on the other provide contrasting examples in this regard.

\textsuperscript{539} Co-financing tools—for example the EU’s 50\% co-financing requirement for structural funds is typically seen as a mechanism for forcing correspondence between regional and national level interests in economic development, e.g. J. Bachtler, F. Wishlade and D. Yuill, op. cit., p. 16.

\textsuperscript{540} This is the beauty of A. Alesina and E. Spolaore’s, op. cit., p. 65; argument that as nations become more economically integrated—or as free trade deepens and becomes more widespread—there are increasing incentives for regions to seek greater political autonomy from nation states.

\textsuperscript{541} See http://www.vki.hu/workingpapers/wp-177.pdf

\textsuperscript{542} E. Guadini, op. cit., p. 50.
Increasing demands for decentralization (whether their origin is the Commission or the regions themselves), in particular over EU funds, are likely to be paralleled by increasing national government attempts to maintain control—at least as long as politically feasible. Less advanced states in particular have strong incentives to side with growth-club constituencies in the more advanced regions, since these are presumably more likely to attract important resources for the state—in particular government revenues and improved employment. The role of the EU and the subnational regional level in attempting to foster greater decentralization at the regional level may well be rendered somewhat ambiguous in this general context. The current trend—even in the framework of EU funding and the institutional management of these funds—seems to run in the opposite direction.

Where it takes place, the process of globalization across the borders confronts the local communities with new challenges. The need arises to mobilize more effectively their resources for cooperation and competition with other regions. This requires, in turn, cultural readjustment and economic restructuring which reshapes, but does not abolish the traditional core-periphery structures. Core and peripheries are surprisingly lasting structures in international relations. On the other hand, some authors argue that among industrialized countries the spread of information and service industries erodes these structures and lead to a new "mosaic model" of regions. The breakdown of Cold War divisions and the process of economic restructuring have given rise to various conceptions of new regionalism in Europe.

The flourishing of experiences in cross-border cooperation and governance bears a paradigmatic meaning. The relativisation of borders, in fact, appears as an especially apparent manifestation of a more general relativisation process with regard to scales of governance. This can be traced back to the political-economic essence of rescaling processes in the nation-state.

Approaches to regionalisation and to the rescaling of territorial governance, in this view, express the need of nation-state structures to counter centrifugal phenomena defined by

544 For many reasons, DGRegio is likely to find itself in a considerable state of turmoil. For one, such a paradigm shift ultimately entails shifts in the policy constituencies and entrenched interests built up over time for the purposes of institutional survival. At the same time, both the phenomenon of paradigm shift and the EU’s changing membership basis distinctly threaten older constituencies. In this regard, DGRegio is likely to be torn between competing interests. Moreover, some of this process is likely to be mirrored at the level of the state. The Hungarian case presents an interesting example. The current National Development Office may be elevated to the status of a national ministry, completely side-stepping the existing Ministry of Local Government and Regional Development (from which half of its staff is now expected to be laid off in the context of the government’s 2006-07 New Balance austerity program).
546 See http://citeseer.ist.psu.edu/cache/papers/cs/28777/http:zSzzSzwww.orl.arch.ethz.chzSzdispzSzpdfzSsz152szs152_z5pdf/balducci03crossborder.pdf
the development of exit strategies by regions and cities in the face of the structural crisis of state-centred welfare economies. This occurs mainly through devising new patterns for mutual legitimisation in a multi-level polity: the state (national and local) as a governance actor shifts from the role of “authoritative allocation and regulation from above to the role of partner and mediator”\textsuperscript{547}, enabling the local construction of spaces of competitiveness and cooperation.

Ideal-typically, \textit{cross-border regionalism} embodies the opportunity structure created for local initiatives from the loosening of jurisdictional boundaries and scales within a change in relationships between supra-national, national and sub-national authorities.\textsuperscript{548}

To a large extent, the EU approach to cross-border cooperation has developed on the basis of previous experience gained with the Eu(ro)regio model, based on the conduct of formal co-operation initiatives among local governments involving the constitution of formal institutional structures.\textsuperscript{549} In the course of time, the model of a local institutionalisation of cross-border co-operation has proved difficult for three related reasons:

• often, co-operation according to this model has forced local states to assume responsibilities and perform tasks and activities typically carried out by central states, highlighting a lack of organisational and institutional capacity;

• moreover, at least until the Madrid agreement of 1980, which defined a framework for public-law forms of cooperation in Europe, locality-driven cooperation initiatives have been largely constrained by the persistence of distinct national formal-juridical frameworks;

• accordingly, the solution to such problems has often been the constitution of “twin associations” on each side of the border, adapting to the respective formal-juridical framework.

The Nordic model is still to be considered one of the prototypes, as stated in the model of Page, who, however, notices that the division between federal and unitary states in Europe no longer are as clear-cut as suggested in modelling of prototypes. According to his model, the division of states as against the element of federalism, is the following:

a) A British-Nordic tradition with pronounced local administration, local autonomy and a weak regional or middle-level government;

b) Regions with strong historical, cultural and political identity with democratically elected regional governments; e.g. Germany, Italy, Spain and Belgium, and

\textsuperscript{547} B. Kohler-Koch, op. cit., p. 371.
\textsuperscript{548} E. Guadini, op. cit., p. 46.
\textsuperscript{549} See \url{http://citeseer.ist.psu.edu/cache/papers/cs/28777/http://zSzzSszwww.orl.arch.ethz.ch/zSzdispzSszpdfzSz152zSz152_5.pdf/balducci03crossborder.pdf}
c) Concentrated central power for the national government; weak regional and local government; notable central concentration to the capital area; e.g. France, Ireland, Greece and Portugal.\textsuperscript{550}

Instead, according to Keating:

“Power is dispersed in networks and multiple spheres of authority. Regionalism is (thus) a complex phenomenon which cannot be reduced to the notion of a “level” in the new territorial hierarchy”.\textsuperscript{551}

Modernising can alternatively, or combined, be the result of a mobilisation within the region, as a typical bottom-up regionalism. The empirical findings of Keating show a marked tendency towards regionalism in most EU countries for the following decade after the 1960s.\textsuperscript{552}

Cross-border studies have pointed to several critical aspects emerging from a decade of EU supported programmes, so as to justify rather sombre assessments of their role as laboratories of European integration. While significant achievements have been obtained — e.g. in enhancing closer inter-firm cooperation\textsuperscript{553}, in joint sectoral planning efforts\textsuperscript{554}, and even in certain cases in political innovation, with the establishment of cross-border joint structures of representative democracy\textsuperscript{555} — actual cross-border initiatives appear in many cases to consist of relatively thin and loosely related policy measures, only partially capable of addressing the EU’s aim of cohesion.\textsuperscript{556} Among the factors that may be mentioned in this regard are:\textsuperscript{557}

- a diffuse public-sector dominance in the conduct of cross-border affairs;
- the role played by administrative complexity and bureaucratic redundancy;


\textsuperscript{552} Ibidem.


\textsuperscript{555} O. Kramsch, \textit{Navigating the Spaces of Kantian Reason: Notes on Cosmopolitical Governance within the Cross-border Euregios of the European Union}, in “Geopolitics”, vol. 6(2), Brussels, 2001, p. 95.


\textsuperscript{557} E. Guadini, op. cit., pp. 47-48.
• the persistent dependence of local co-operation on exogenous incentives (both material and political).

The new trajectories of institutionalisation emerge in cross-border regions – on their part merging into broader institutionalisation processes – which paradoxically seem to point in the opposite direction. Do processes of multi-level institutionalisation in Europe multiply internal and softer, if less material, European borders?

Inter- and trans-regional cooperation may also be viewed from the cognitive perspective of constructivists. For constructivists cooperation is the result of previous historical experiences and interactions. The way other regional organizations cooperate may thus have repercussions on the own type of regionalism. Fostering „regionalism through interregionalism“ may be intended or unintended. It is intentional, if one group offers material incentives to the other for strengthening regional cohesion. The EU is indeed acting as an „external federator“ and pursues such a strategy by providing development aid for regional projects or assistance devised to strengthen regional institutions.

The differences in legislation and in administrative systems, together with finance and attitudes, are the major barriers for the cooperation. Accordingly, well working cross-border cooperation requires tolerance towards the differences, genuine view on cooperation, as well as shared understanding of the need and purpose of the cooperation. In addition, the careful strategy and project planning is of vital importance.

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558 Ibidem.
559 J. Rüland, op. cit., p. 10.
The Analysis of Two Case-study of Regionalism in European Union

5.1. A case-study of “old regionalism” in EU
- Crossborder Cooperation - Italy and Austria-

We begun this paper by examining the legal bases of Regional Policy in EU and by showing that integrationist institutions do exist for all European regions.

So, we know in the present, that 74 regions in eight of the 27 EU member states have legislative powers. These "strong" regions\(^{561}\) have joined the initiative REGLEG - Regions with legislative powers - to work both in the member states and in the European Union to create more opportunities to shape policy and to secure their existing rights. The regions with law-making powers demand specific recognition of the regional dimension and in all the relevant sections of EU treaties. Finally, these regions carry responsibility for enacting and guaranteeing the implementation of EU law as far as it affects regional jurisdiction. Therefore, the regions are directly affected by EU laws and their consequences and are bound in with enforcing them. The EU can only achieve its aims in terms of democracy, transparency, efficiency, flexibility, being close to its constituents, effectiveness and political reliability if the regions with law-making powers have more room for manoeuvre.\(^{562}\)

In this spirit, according to Keating\(^{563}\), the reasons for conceptualisation of regionalism are different. In his model of regional power, he distinguishes seven dimensions for regional analysis and federalism. These are: institutions, policy-making capacity, powers, the power of integration, financial resources, the intergovernmental system and relations with the market. Through this analysis scheme, no clear-cut picture of a European regional level will emerge, but differences between regional according to the dimensions above are perceived. Instead, according to Keating: “Power is dispersed in networks and multiple spheres of authority. Regionalism is (thus) a complex phenomenon which cannot be reduced to the notion of a “level” in the new territorial hierarchy”.\(^{564}\)

Following EU standards, it evidently, for its internal purposes, chooses the regional level closest to the national level both in federal and some of the unitary states, whereas the NUT 1 level even in states like Great Britain is identical with the national state. The Galetta Report and the AER (Assembly of European Regions) position seem to concentrate not only on the geographical identity and territoriality, but also on the question of regional government

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\(^{561}\) See http://www.tirol.gv.at/international/tyrol-in-europe/

\(^{562}\) See http://www.tirol.gv.at/international/tyrol-in-europe/contacts-with-other-regions/


\(^{564}\) Idem, p. 25.
and grade of autonomy with independent legal bodies, elected regional parliaments with budgetary power.\textsuperscript{565}

Thus a comparison of the regionalisation processes in unitary countries is indeed challenging, as there are ongoing restructuring processes in the countries of a magnitude that has not occurred since the present counties as a regional construction and state control were created. Starting from this prerogatives, we preferred to analyse a regional cooperation in “old” style between regions that make part of two Member States of EU that are very regionalised in there structure and national policy. This two Member States are: Italy and Austria.

The aim of this case-study is to analyse in which manner and to what extent these processes of regional restructuring and regionalisation in terms of regional development are interconnected and influencing each other, against the background of simultaneous processes within other unitary states of European Union.

Comparing regional structures within nation-states, particularly within the European Union, has in the past decades lead to a great increase in research, not only because of the new Central European countries with their necessity to create middle-level government, i.e. democratically elected local or regional governments, and in other member countries restructuring of the regional and local level has taken place recently.\textsuperscript{566}

For this case-study, we chosen to focus on the example of a crossborder cooperation, like a representation of the “old regionalism”, on the one hand; and an project of transnational cooperation for the near future in a Europe, that wants to be united and in the same time regional for the good sake of her citizens and an important actor at global level, like an example of a “ new regionalism”, on the other hand.

For doing this we turn to EU Member-States and their regions, to analyse this specific case-study to satisfy Lindberg’s\textsuperscript{567} later two integration criteria and to provide an example of how regions do in fact influence Regional Policy in EU and the evolution of regionalism, within a multi-level governance framework.

Finally, we will try to show that there is reason for optimistic about Lindberg’s third criteria – that integrationist institutions are self-perpetuating. Although one will not be able to conclude from this region’s experiences that regions play a significant role in governance

\textsuperscript{565} Marie-Louise von Bergmann-Winberg, The institutionalisation of regions and the redefinition of regional authority and regional competencies in the Nordic countries. Reconstructing the regional level in the Nordic countries – a comparative study, academic paper for the Regional Studies Association International Conference: “Regions In Focus?”, Lisbon, 2-5th April 2007, p. 3.
\textsuperscript{566} Idem, p. 6.
\textsuperscript{567} L.N. Lindberg, The Political Dynamics of European Economic Integration, Stanford University Press, Stanford - California, 1963, pp. 63-64.
everywhere in EU, one will be able to ascertain how regions can integrate and therefore use that knowledge to investigate other cases.

At this point, we think that is necessary to make an example of how this functioned in the last period in EU and for this purpose we choose to analyse the case of regionalism between the border regions of two neighbours EU Member-States: Italy and Austria –as an case-study of “old regionalism”, were the regionalism took a shape under de form of transborder cooperation and had had successfully results, even at European level, like we will try to show below.

Like Lindberg’s\textsuperscript{568} second and third criteria state, all actors involved in integration: regional, state and European governments, as well as various social actors – must continue to view their interests as consistent with integration and support its institutions. With this in mind, the following analysis of regional integration between Italy and Austria operates on two levels: first, it considers Regional Policy as it applies to the two countries generally; and second, it attempts to confirm these generalizations by showing how they manifest specifically in the Italy, in the region of Trentino-Alto Adige and in Austria, in the region of Tirol. This case-study can be consider a successful example of an European crossborder cooperation, a specific form of European regionalism, between regions belonging to two different Member-States, and that this regions have a very good collaboration at all levels, within the EU and within there on states.

It seem that small-scale crossborder regions have flourished in particular because of their increasingly relevant role as implementation units for European Regional Policy in a context of multi-level governance. Removing legal and social barriers between Member States is an essential part of promoting the economic and cultural development of regions situated on Europe’s borders.

The regions: Trentino - Alto Adige (SudTirol), from Italy, and Tirol, belonging to Austria, are appropriate to study because it is embedded within a relatively autonomous state structure. This means that this regions should have existing institutions able to handle a significant role of bureaucratic burden and should not be sidelined simply for a lack of competencies. It is important that here the state and, not only, to guarantee and implement the principle of (interregional) solidarity between the regions of two state, here Italy and Austria. At national level, this led regions in Italy to view territorial autonomy as successful, but only like a exception for some “special regions”\textsuperscript{569}. In Austria, federal state, the regional policy was already in a good faze of development at the moment of integration in EU, for this reason

\textsuperscript{568} Ibidem.
\textsuperscript{569} See http://www.europaregion.info/en/19.asp
the organisation and cooperation between its regions and other from other Member-States and not only, knew a easy and fast development.

Now, we can concentrate our attention on the regions from this two Member-States that have a particular interest for us, for the regional development cooperation developed in the last years, in the context of EU Regional Policy and also in their national context.

Trentino-Alto Adige/Südtirol and Tirol formed the “Terra in montibus”\textsuperscript{570} in Ladin or “Land im Gebirge” in German – these terms for “land in the mountains” were formely used for this large territory which, until the end of World War 1, represented the historic entity of Tirol and was made up of what are now the Austrian province of Tirol and the Italian provinces Südtirol/Alto Adige and Trentino. For many centuries the territory included the largely independent ecclesiastical principalities of Brixen (Bressanone) and Trento, which had establish special and legally complicated relations with the Counts of Tirol. The regions have long been – and still are – characterized by a strong attachment to the land of fathers and a wish for self-government.\textsuperscript{571} This common background is the main reason for friendly relations between the provincial governments of Trentino–Alto Adige/Südtirol and Tirol, which go far beyond good formal relationships of neighbouring regions and which, in the European context, is a good examples of successful crossborder cooperation.

\textit{Trentino-Alto Adige/Südtirol}\textsuperscript{572} (Italian: Trentino-Alto Adige; German: Trentino-Südtirol; Ladin: Trentin-Adesc Aut\textsuperscript{573}, also Trentin-Südtirol) is an autonomous region in North-Eastern Italy. It consists of two provinces, like territorial administration: Trento and Bolzano/Bozen. The region was part of Austria-Hungary (and its predecessor, the Austrian Empire) from 1815 until its annexation by Italy in 1919. It was officially referred to as \textit{Venezia Tridentina} between 1919 and 1947 and \textit{Trentino-Alto Adige/Tiroler Etschland} between 1947 and 1972. In English, the commonly used term is \textit{Trentino-Alto Adige; Trentino-South Tyrol} is also sometimes used. Together with the Austrian state of Tirol (in English - Tyrol) it is represented by the Euroregion \textit{Tirol-Südtirol/Alto Adige-Trentino}\textsuperscript{574} (the name “Euroregion” is derived from the regulations of “Madrid Convention”, the convention of the European Council on crossborder cooperation between the regions of Europe agreed upon in 1980).

\textsuperscript{570} Ibidem.
\textsuperscript{574} See http:\:\slash\\slash NRegionalism\Nou-study-case\Südtirol.htm, this page was last modified 04:44, 23 January 2008.
The region is bordered by Tirol region from Austria to the north, by Switzerland to the north-west and by the Italian regions of Lombardy and Veneto to the west and south, respectively (See Figure 8). It covers 13,619 km² (5,256 mi²). It is extremely mountainous, covering a large part of the Dolomites and the southern Alps. The lowest pass across the Alps, the Brenner Pass, is located at the far north of the region on the border with Austria.

Italy and Austria negotiated an agreement in 1946, put into effect in 1947 when a new Italian constitution was promulgated, that the region would be granted considerable autonomy. German and Italian were both made official languages, and German-language education was permitted once more. However, the implementation of the agreement was not seen as satisfactory by either the German-speaking population or the Austrian government.

The issue was only resolved in 1971 when a new Austro-Italian treaty was signed and ratified. It stipulated that disputes in the province of Bolzano would be submitted for settlement to the International Court of Justice in The Hague, that the province would receive greater autonomy from Italy, and that Austria would not interfere in Bolzano's internal affairs. The new agreement proved broadly satisfactory to the parties involved and the separatist tensions soon eased. Matters were helped further by Austria's accession to the European Union in 1995, which has helped to improve cross-border cooperation.575

Like we said above the region Trentino-Alto Adige/Südtirol is divided into two autonomous provinces, that we can see better from the map (See Figure 12) below.

Figure 12. The map of Trentino – Alto Adige/Südtirol Region

575 See http://www.c11.tn.it/documenti/Documenti%20contabilit%E0/Approvazione%20Rendiconto%202003%20(A.C.).doc

Chapter 5

The regional capital is Trento and, like the region is divided into two autonomous provinces, for this we can find two province capitals: Trento for the Province of Trento (or Trentino), and Bolzano/Bozen for the Province of Bolzano/Bozen (or Alto Adige/Südtirol). The provincial capitals alternate biennially as the site of the regional parliament. The autonomy of both provinces elevates them de facto to the status of autonomous regions.

Trentino-Alto Adige/Südtirol has a population of about 985,000 people (487,000 in Bolzano and 503,000 in Trento provinces). The main ethnic groups are Italian-speakers (about 60% of the total) and German speakers (a little under 35%), with a small minority speaking Ladin (5%). In the province of Bolzano, the majority language is German (69% of the population), although in the capital city Bolzano 73% of the population speaks Italian as mother language. In the province of Trento there are very few German speakers. They live mainly in the municipality of Luserna and four municipalities in the Mocheni Valley. There are also Ladin-speakers living in the Fassa Valley. Unlike in Alto Adige/Südtirol, the protection of minority language groups in Trentino is not covered by the new Statuto d'Autonomia, although it is under current provincial statutes. As of 2006, the Italian national institute of statistics ISTAT estimated that 55,747 foreign-born immigrants live in Trentino-Alto Adige/Südtirol, equal to 5.6% of the total regional population.

At the other hand, Tirol is an Austrian region that have a population of about 700,000 people in the 12,648 km² area, with the capital city in Innsbruck. The communities are 279 (among those 11 cities) spread in 9 districts. The main ethnic group is form by German speakers. The provincial anthem is “Zu Mantua in Badem”. We can analyze the geographic position of the region in European context like in the map below (See Figure 13). So, we can notice that the region is bordered by Germany at north, by Switzerland to the west, by Italian region Trentino-Alto Adige/Südtirol to the south and by the Austrian region of Salzburg at east, respectively. This position and the mountain structure of the region permitted a special treatment in the administration field, so, in our days, this region is know like one of the most important European touristic destination all year long; but this is only a part of the story of its successful development.

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576 See http://\NRegionalism\Nou-study-case\Südtirol.htm that quote from 2001 Census of the province of Bolzano.
577 See http://\NRegionalism\Nou-study-case\Südtirol.htm, this page was last modified 04:44, 23 January 2008.
578 See http://www.tirol.gv.at/international/facts-and-figures/
Chapter 5

Figure 13. Map of Tirol Region in Europe

![Map of Tirol Region in Europe](https://en.wikipedia.org/wiki/Tyrol#Napoleonic_Wars_and_19th_century)

A more detailed map of the region we can find in Figure 14, were we can notice the territorial structure of the region and also the 9 districts.

Figure 14. The Map of Districts in Tirol Region

![Map of Districts in Tirol Region](http://www.tirol.gv.at/international/facts-and-figures/)

The representation of the Tyrol's interests in European matters is multi-faceted and includes the Tyrolean European policy as well as the Tyrol's participation in the inner-Austrian EU decision-making.

The lead functions of Governor Dr Herwig van Staa in the Committee of the Regions of the European Union and in the Congress of Local and regional authorities of the Council of
Europe as well as the committed political work of Tyrol's members of parliament Dr Richard Seeber and Dr Eva Lichtenberger in the European Parliament are a significant element of the direct integration of Tyrolean issues into the legislative process on the European level. The representation of the Tyrol in the seat of the EU authorities lobbies intensively for the interests of the Tyrol in the European institutions.  

Regional foreign policy was and is centred on relationships with countries of the Working Community of the Alpine Regions ("Arbeitsgemeinschaft Alpenländer" - Arge Alp), that was established before Austria's entry to the EU, and on the strategic alliance within the framework of the European Region of Tyrol-Alto Adige/South Tyrol-Trentino, like we can see from the map bellow (See Figure 15). The permanent secretariat of the Alpine Convention in Innsbruck makes the Tyrolean capital a hub of Alpine politics. Beyond that there are contacts with many other regions and partnerships in the framework of development cooperation.

Figure 15. The Map of the Euroregion Tyrol-Alto Adige/South Tyrol-Trentino

For several years the Tyrolean Government prepared itself organisationally and politically to deal with the key themes of European integration. The Office of the Tyrolean Government has the necessary specialist administrative structures and the relevant experts for dealing with the core issues of the process of European integration that affect Tyrol.  

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579 See http://www.tirol.gv.at/international/government/
Chapter 5

All the important numbers and other interesting information about the regions analyzed here, can be found in the table “Numbers and Facts” (See Table 12), where we can see the homogeneous distribution and the cohesion of these regions even in the numbers (population, geography, culture and so on).

Also, we can notice that the main activity that brings the biggest contribute to the regional budget is the tourism, and even here existed and exist an equilibrium in the distribution of the resources (number of beds, overnight accommodations, enterprises) at the level of all regions that form this specific Euroregion. In the same way, the infrastructure (roads km and freeways lengths in km – see Table 11) is covering in impeccable and homogeneous way the all territory of this Euroregion, this helped very much the crossborder cooperation and regional development.

A functioning network of partner regions is indispensable in advancing the interests of the Trentino-Alto Adige/Südtirol and Tirol, like an Euroregion, in EU. Therefore the two regions has built up contacts over the years between: their population, entrepreneurships and at administrative level, but also with other regions and has joined in the work of large European regional umbrella organisations.

This actions given interesting results and made of this cooperation an example at European level. All this was possible with the implication in this process of all regional and local actors, but also with the help from the European institutions that are specialised in this kind of regional development.

In this sense, the active participation of this regions, together at the Assembly of European Regions (AER) is relevant. The AER is an umbrella organisation of the regions of Europe based in Strasbourg with 300 member regions from Western, Central and Eastern Europe. The primary aim of the AER, alongside promoting regionalism and federalism, is to achieve strong institutional integration of the regions into the European institutions.

But most important, in this specific case, is the membership of this regions in the Association of European Border Regions (AEBR), that have like the main task to deal with the special problems of the border regions in EU. Even if the internal European market and the Schengen Agreement should have meant the end of borders the border regions are still at a disadvantage when we consider the everyday problems of living and working across borders.\(^581\)

### Table 11. Numbers and Facts - Statistic from 31.12.2006 (if not mentioned otherwise)

<table>
<thead>
<tr>
<th>GEOGRAPHICAL OVERVIEW</th>
<th>TIROL</th>
<th>SÜDTIROL</th>
<th>TRENTINO</th>
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<tr>
<td>Surface in km²</td>
<td>12.648</td>
<td>7.400</td>
<td>6.207</td>
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<tr>
<td>Population density each km²</td>
<td>55</td>
<td>66</td>
<td>81,7</td>
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<tr>
<td>Municipalities</td>
<td>279</td>
<td>116</td>
<td>223</td>
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<td>POPULATION</td>
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<td>13.225</td>
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<tr>
<td>Overnight accomodation (in thousands)</td>
<td>41.661,991</td>
<td>26.418</td>
<td>19.980</td>
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<tr>
<td>Enterprises</td>
<td>24.268</td>
<td>10.250</td>
<td>27.433</td>
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<td>Working places</td>
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<td>429</td>
<td>321</td>
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<tr>
<td>(2007/2008)</td>
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<tr>
<td>Occupation pupils</td>
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<tr>
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<td>(2007/2008)</td>
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<tr>
<td>- High schools</td>
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<td>Bank switch</td>
<td>545</td>
<td>410</td>
<td>530</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VTRAFFIC</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads in km</td>
<td>2.610</td>
<td>2.712</td>
<td>2.418</td>
</tr>
<tr>
<td>(2001)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freeways lengthens in km</td>
<td>421</td>
<td>296</td>
<td>196</td>
</tr>
</tbody>
</table>

[Source: This informations were taken from the site http://www.europaregion.info/en/10.asp access on 25/01/2008]
The three provinces Tyrol, Alto Adige/ Südtirol and Trentino are thus connected by a tight network of friendly relations, from local and regional level until European level, that bring about lively exchanges in many fields and are based on many centuries of shared history and considerable similarities in their geographical situations, environmental conditions and cultural, social and economic life. This characteristics are some how a commune mark for all frontier regions that were straggling for a normal life all together in the divided Europe of national states of XX century.

Cooperation between the three analyzed provinces covers many field, like we said before, especially the economy, traffic and communication services, culture, education, environment, tourism and various social areas. The current issues are, e.g. a jointly agreed traffic policy for the extremely sensitive are of the central Alps, combined efforts to transfer heavy traffic from road to rail, securing the cross-financing of the Brenner Tunnel from road tolls of the Brenner motorway, establishing a regular passenger service integrated with the existing transport services, common initiatives of the three universities in the field of information technology (BIT School) and the organization of big thematic exhibitions.  

Like a confirmation of what we said above it is come the Decision of European Commission no. 3537 of 23/11/2001 that give a promotion of the transborder cooperation between Italy and Austria in the fields like: regional and urban development; valorization of the environment, the culture, the social and health system, the economic cooperation and so on; in the field of tourism, agriculture and forests; and off course, in the innovative actions on the labor market. The consequence of these decision was that 6 partners have agreed with it, 3 are on the Austria territory: the Länder Carinzia, Salzburg and Tyrol and 3 on the Italian territory: the Autonomous Province of Bolzano, the Autonomous Region of Friuli Venezia Giulia and the Veneto Region. They form an special partnership that demonstrates us the efficiency of this kind of collaboration inside EU, with the help and within the framework of European regional program INTERREG IIIA (See Figure 16). This experiment was under continuous development and it is on the way to be extended and optimized, under the actual European regional program INTERREG IVA.

The cooperation between the three provinces within the Euroregion has become well established and thus it has been possible to achieve important results. One of them has common liaison office which the three provincial governments set up some years ago in Brussels to represent the Euroregion at the EU. Another important initiative was implemented

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583 This sorte of information can be found on the different sites of the regions in question and on the site of EU-Regional Policy.
at “Expo 2000” in Hannover where the three regions – unlike all the national exhibitors – presented themselves on a common stand. As we can see from the map below, the cooperation between border European regions are spread all over the EU, with a concentration in the old EU of 15.

**Figure 16. The Crossborder Cooperation in EU and the INTERREG IIIA**

[Source: It is an interactive map that can be accessed on http://ec.europa.eu/regional_policy/interreg3/abc/voleta_middle_en.htm#dom]

In the Tyrolean border areas with Bavaria, Trentino - Alto Adige/South Tyrol and the Grisons there have been successful initiatives on the promotion of cross-border cooperation. To a great extent they were and are supported by local authorities and interest groups and therefore are rooted in the community. The areas of work cover a wide scope of topics ranging from business, technology transfer and traffic to tourism and the environment up to culture and sport.\(^{584}\)

At the initiative of the Tyrol region, recent years have seen the development of efficient co-operation amongst the members of the Committee of the Regions (CoR) in those states in the Alpine region (that include the two regions analysed here) who have joined together to form the International Group of the Alpine Region. This interest group meets

\(^{584}\) See [http://www.tirol.gv.at/international/tyrol-in-europe/](http://www.tirol.gv.at/international/tyrol-in-europe/)
regularly before the plenary sessions of the CoR to agree on common approaches in areas dealing with the specific interests of the upland areas.

At European level, in the period 2000-2006, in the analyzed border regions ruled the European program INTERREG IIIA that have the purpose to help the development of crossborder relations between the named two regions (three provinces). For this purpose, the European institution abilitated with the problems of Regional Policy, allocated an important budget for this “euroregion”.

As we anticipated above, the European Commission has approved an INTERREG IIIA programme to support crossborder cooperation in the border area between Italy and Austria. This programme concerned the border areas of the regions of Friuli, Veneto and the Province of Bolzano (Bozen) in Italy and the Länder of Carinthia, Salzburg and Tyrol in Austria. The programme covered a population of about 2.4 million and an overall area of 37,900 sq. km. The total budget amounted to 70,421 million euros, with about 33,627 millions coming from European Union funds. A sum of 36,781 million euros was provided by the national and regional budgets and by contributions from the private sector.585

At the beginnings, the eligible area was penalised by very limited economic areas, a weak structure of enterprises based on the generalisation of SMEs with limited resources available for research and development, a defective services network, structural disadvantages in the farms, a poorly qualified labour market and, lastly, a high risk to the environment with difficulties in preserving it. On the other hand, the region had potential thanks to sufficient distribution and differentiation of the economic sectors, existing entrepreneurial capacities that are capable of growth and an insufficiently exploited tourist potential. Like we notice before, these border areas had very similar landscapes, climates and orography. Furthermore, the fact that in several areas two or more languages co-exist was a factor facilitating co-operation and mutual cultural exchange.

The prime objective of this programme was to strengthen cross-border co-operation on the economic, cultural and institutional levels in favour of the border areas between Italy and Austria. In particular, the programme had strived to resolve difficulties that have often hampered the potential of these mostly mountainous border areas. The INTERREG IIIA programme to support cross-border collaboration between Italy and Austria revolves around four action priorities586:

585 See http://ec.europa.eu/regional_policy/interreg3/abc/voleta_middle_en.htm#dom
Chapter 5

Priority 1: Protection and sustainable development of the territory, cross-border networks, structures and infrastructures. The measures involved in this first action priority and its general objectives concerned: protecting, conserving and promoting the environment and sustainable regional development, as well as developing and strengthening cross-border organisations, structures and infrastructures. Thus the first action priority covered all the measures concerning preserving and promoting the environment, as well as creating projects to plan territorial resources and environmental conservation. Furthermore, there were plans to create multimedia monitoring and information systems and environmental data bases with data transformation networks. This first action priority also covered developing and strengthening crossborder organisations and infrastructures in order to increase elements of connection in the area, particularly communication services. The contribution of the Community for this priority amounted to 11.3 million euros.

Priority 2: Economic Co-operation. The aim of the second action priority was to improve competitiveness and economic cooperation between the Italian and Austrian border areas and to promote crossborder co-operation in the tourist and primary sectors. The prime purpose of this priority was to create a crossborder economic climate that had to be favourable to small enterprises, spread widely over the areas concerned, with the intention of increasing the capacity for competitiveness and innovation in the companies concerned in order to favour their internationalisation. Measures had to be also adopted to strengthen, promote and upgrade tourist activities throughout the area concerned by the programme. Improvements were also planned for the small-scale companies in the primary sector. The contribution of the Community for this priority amounted to 15.1 million euros.

Priority 3: Human resources, co-operation in the sectors of: the labour market, culture, research and health, harmonisation of systems. This action priority involved adopting measures to promote human resources lest transformation of border assets increase unemployment. This priority also planed to define problems produced by the difference in languages, administrative, legal and social systems, culture, communication, health and public security. The contribution of the Community for this priority amounted to 4.9 million euros.

Priority 4: Support for co-operation. Technical assistance measures were planned in order to ensure an efficient, effective and transparent operative management of the programme. This technical assistance included measures for managing and monitoring the programme, technical activities for organisational support, information directed towards the general public and to those involved in the initiatives launched by the programme with publication of the results obtained and, lastly, activities to assess the programme. An extra
contribution from the Community amounting to 2.3 million euros was planned for technical assistance.\textsuperscript{587}

In numbers, the priority action explained above are clarifying (see Table 12) and we can notice that the funds were equally distributed, and more important, the source of this funds was form by EU funds and the Public aids for all 4 priorities. The contribution of EU from the structural fund ERDF was substantial and very important for the accomplishment of the purpose established.

**Table 12. Breakdown of Finances by priority area**

<table>
<thead>
<tr>
<th>Priority area</th>
<th>Total cost</th>
<th>EU Contribution</th>
<th>Public aid (EC + others)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Protection and sustainable development of the territory, cross-border networks, structures and infrastructures</td>
<td>23,027,881</td>
<td>11,331,529</td>
<td>22,376,558</td>
</tr>
<tr>
<td>2 Economic Co-operation</td>
<td>32,667,972</td>
<td>15,054,255</td>
<td>28,692,990</td>
</tr>
<tr>
<td>3 Human resources, co-operation in the sectors of: the labour market, culture, research and health, harmonisation of systems</td>
<td>10,017,517</td>
<td>4,887,216</td>
<td>9,631,182</td>
</tr>
<tr>
<td>4 Support for co-operation</td>
<td>4,708,000</td>
<td>2,354,000</td>
<td>4,708,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>70,421,370</strong></td>
<td><strong>33,627,000</strong></td>
<td><strong>65,408,730</strong></td>
</tr>
</tbody>
</table>

Financial Breakdown by Funds

<table>
<thead>
<tr>
<th>EU Contribution</th>
<th>ERDF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total : 33,627,000</td>
<td>33,627,000</td>
</tr>
<tr>
<td>100.00%</td>
<td>100.00%</td>
</tr>
</tbody>
</table>


For this to work the European institutions that was involved established that is necessary that this activities must be coordinated by an competent regional organism, so it was established together with all regions involved that the Managing Authority, Co-ordinator and Paymaster for the INTERREG IIIA Programme to support cross-border collaboration

\textsuperscript{587} See http://ec.europa.eu/regional_policy/interreg3/abc/voleta_middle_en.htm#dom
between Italy and Austria, designated by mutual assent between the Italian and Austrian institutional partners, has to be the Autonomous Province of Bolzano/Bozen.\textsuperscript{588} The Authority was responsible for the efficient and due implementation and management of the programme. The Supervising Committee for the programme, delegated to supervise the implementation of the Programme, it was composed of: two representatives from each Region/Province/Land that is a partner in the Programme; representatives from the national authorities of both countries, and two representatives of the Environmental Authority.

An example of the united action in this regions is the Brenner Railway Action Committee, that arose from an Alpine joint venture and unites the governments and chambers of commerce of the countries and provinces along the Brenner axis, that is Bavaria, Tyrol, Alto Adige/South Tyrol, Trentino and Verona. The action committee objectives are the coordination and representation of common interests in extending the current Brenner railway and creating a new rail route between Munich and Verona with a Brenner tunnel as the centre-piece. The key point of activity is lobbying for this project in the framework of the EU trans-European networks.\textsuperscript{589}

The Tyrol and Trentino – Alto Adige/Südtirol regions now deals with the laws and institutions of the European Union in all areas as if it was second nature. Austria and Italy, on the one hand and Tyrol together with Trentino - Alto Adige/Südtirol, on the other hand, are helping to build the future Europe. This is a positive example that the European crossborder cooperation function and have a bright future in the EU, along side with the new form of regional cooperation.

For the two regions this does not mean giving up developing their own political positions, it rather acts as an incentive to bring their citizens priorities into a decision-making system that spans three levels of governance.

Austria’s and Italy’s membership of the European Union also offers the two regions the opportunity to develop new links with countries now that the old dividing lines have disappeared. This means that dealing with problems that affect all European states such as cross-border transit, plus support for upland agriculture can now be advanced as a common cause in Brussels.

The effects of globalisation highlight that the way forward lies in the nations and regions of Europe coming together. On the one hand, European integration offers an answer to a lack of problem solving abilities at the national level as people working in the economy

\textsuperscript{589} See http://www.tirol.gv.at/international/tyrol-in-europe/contacts-with-other-regions/ access on 27/01/2008.
have room to manoeuvre that would not be possible in small national economies. On the other hand, the regions appear as historically recognisable areas that citizens can more easily identify with.\footnote{See http://www.tirol.gv.at/international/tyrol-in-europe/tyrolean-european-union-policy/}

Trentino – Alto Adiges/Südtirol’s and Tyrol’s massive commitment to European policy for the people of this regions and their living space was and must be presented in a way that carries most support from as many people as possible.

The results achieved by previous regional and European programmes regarding the establishment of cooperation between partners in both countries, shall continue with new orientations regarding a more intense territorial integration approach and focusing programme interventions on cooperation and joint management of infrastructure, equipment and services.

A series of indicators, applicable to each of the programme priorities, will enable evaluation of the impact of the programme on, for instance, effects on the population of the area, on the partnership and joint management of cooperation projects, on the development of joint spatial planning projects, on the joint use of infrastructure, equipment and services, etc.

As we can read in the European official sources, the European Commission approved on 18 September 2007 a European territorial co-operation programme for cross-border cooperation between Italy and Austria for the period 2007-2013, the "INTERREG IVA Italy - Austria".\footnote{See http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/525&format=HTML&aged=0&language=EN&guiLanguage=en} (See Figure 17).

In the sense of continuity, the European programme INTERREG IVA Italy-Austria comes after the success of INTERREG IIIA Italy-Austria (2000-2006) that had financed 213 projects of transborder cooperation with an amount of 77 millions EURO.\footnote{See http://www.interreg.net/einfuerung/interregIV_i.htm} Also, we can notice, from the map below (see Figure 17), the actual crossborder cooperation in this area is more bigger that the precedent.

The Operational Programme INTERREG IVA Italy-Austria is under the European territorial co-operation objective and is co-funded by the European Regional Development Fund (ERDF) and of the national publics contributions for an amount of more than 80 million EURO.

The overall objective of the programme is to promote sustainable development and economic competitiveness of the Italian–Austrian border region through an integrated and cross-border approach to economic, social and environmental development in ways which
Chapter 5

involve and benefit local people and communities, as it was made before but in more favourable European context.

Figure 17. Operational Programme "INTERREG IV A Italy – Austria"

The trend established through previous, successive programmes will focus in this programme on:

- improvement of economic relations and of competitiveness,
- management of the environment and sustainable development of the territory,
- support for the evaluation and improvement of administrative capacity.

This programme involves Community support for the regions of Bolzano/Bozen, Belluno, Udine, Klagenfurt-Villach, Oberkärnten, Pinzgau-Pongau, Tiroler Oberland, Innsbruck, Tiroler Unterland and Osttirol along the Italian – Austrian border. Other regions of both countries can participate in the projects as adjacent areas receiving a maximum of 20% of the ERDF funding allocated to the programme. These regions are Gorizia, Pordenone, Treviso, Vicenza, Außerfern, Lungau, Unterkärnten, Salzburg and Umgebung.

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594 Ibidem.
Chapter 5

The total budget of the programme is EUR 80 million and Community investment through the ERDF amounts to EUR 60 million.

The programme affects 37,939 Km$^2$ of both countries with a population of 2.5 million. The eligible area of the programme is less than 10% of both countries, with less than 4% of its total population. The rate of employment is 67.6% compared to 57.6% in Italy and 67.8% in Austria. The GNP of the area amounts to 4.4 % of Italy and Austria.\(^{595}\)

The Operational Programme for INTERREG IVA Italy - Austria is structured into the following priorities\(^{596}\):

**Priority 1: Economic Relations, competitiveness and diversification.** Boost economic relations and competitiveness of enterprises of the crossborder area in the context of the globalisation with a view to sustainability through innovation, entrepreneurship and increase of the knowledge economy by enhancing innovation, including new information and communication technologies, by creating more jobs of higher quality and improving the adaptability of workers and companies.

**Priority 2: Territory and sustainability.** This priority aims to improve the attractiveness of the region by managing the environment and sustaining the development of the territory through protection of natural and cultural areas, promotion of biodiversity, prevention of natural and technological risks, promotion of renewable energies, reduction of administrative barriers, improvement of accessibility and upgrading of health and social sectors.

**Priority 3: Technical assistance.** This priority is meant for the management of the programme including information and communication activities. Financial support is available to cover administration, monitoring, evaluation and control.

For this programme to work, the European institutions established that it is necessary, like was before for INTERREG IIIA, a regional institution that can play the role of coordinator in this region. For this purpose it was nominee the Managing Authority of this programme the province: Provincia Autonoma di Bolzano/Bozen (Italy).

Like it was notice for the previous programme, the provenience of the new programme finances are mix: european and national, but also local, that is the most important even if there aren’t an amount of money significantly in the total budget of the project, but we can observe that is a new feature in the actual programme in comparison with the INTERREG IIIA. The

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596 Ibidem.
above observation are sustained by the numbers offer in the Table 13 illustrated bellow\textsuperscript{597}, that is the starting point of the project INTERREG IVA.

\textbf{Table 13. Breakdown of finances by priority axis}

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>EU Contribution</th>
<th>National Public Contribution</th>
<th>Total Public Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Economic Relations, competitiveness and diversification</td>
<td>25 069 072</td>
<td>8 356 357</td>
<td>33 425 429</td>
</tr>
<tr>
<td>2. Territory and sustainability</td>
<td>31 401 116</td>
<td>10 467 039</td>
<td>41 868 155</td>
</tr>
<tr>
<td>3. Technical assistance to the process of cross-border cooperation</td>
<td>3 604 480</td>
<td>1 201 493</td>
<td>4 805 973</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>60 074 668</strong></td>
<td><strong>20 024 889</strong></td>
<td><strong>80 099 557</strong></td>
</tr>
</tbody>
</table>


The specific way in which the EU assistance has been secured and allocated by the region is now the primary question at hand, and the answer to it is perhaps best approached by considering regional participation in three different phases of Regional Policy: creating the budgetary envelope; designing the institutions and structural programming.\textsuperscript{598}

Lindberg’s final criteria states that developments towards regional integration must be “inherently expansive” in order to survive to the changes of only kind. That is, there must be spill-over effects where by “the initial task and grant of power to the central institutions creates a situation or series of situations that can be dealt with only by expanding the task and grant of power”\textsuperscript{599}.

Euroregions development programmes, like the one presented here, was initiated by the local authorities and supported by the governments of the neighbouring European Union Member States cover border regions.\textsuperscript{600} These programmes foster the development of regions and stimulate establishing institutional cooperation. In the EU the cross-border cooperation with Germany has been the most successful so far, while cooperation with other neighbouring countries has been conducted on a smaller scale. The crossborder programme of the European Union supports a increasing number of regional co-operation initiatives.

\textsuperscript{598} L. Hooghe and G. Marks, op. cit., pp. 94-95.
\textsuperscript{599} B. J. Sauter, op. cit., p. 44.
\textsuperscript{600} We can find this idea in documents of European Commission, \textit{Sixth Periodic Report on the Social and Economic Situation and Development of the Regions of the EU}, Commission of the European Communities, Brussels, 1999; and also on the literature, like P. A. Wyszogrodzka, op. cit., p. 2.
5.2. A case-study of “new regionalism” in EU
- Transnational Cooperation - North West Europe (NWE) –

The aim of this paper is also to analyse the consequences and restructuring tendencies of the new legislation and their preparatory work at regional level in the EU Member States with a vision of the Europe of 2020. Our intent was to follow the processes of the past years since the EU membership form them, towards a new regional governmental structure and cooperation between the local and regional actors on this level, as we are still only speaking about cooperation instead of shared competencies and regional governance.

From a methodological point of view, we intended to follow the idea of Lidström, suggesting more research of a normative kind, instead of the inductive or deductive comparative studies. He finds the ideal type approach, inspired by Weber, most meaningful in that the ideal types can be used as points of reference in an analysis of present and previous system. This format, according to Lidström, seems particularly accurate in an analysis of the dynamics and change. 601 His research is confined to the local community level, but we find his model reasoning quite applicable to the regional level as well. The discussions of this in specialized literature confirms our strategies – not all regions of unitary states or regional restructuring are in essence comparable over time, whereas others are more than suitable in order to render more profound results. Our aim was to draw the main lines for an ideal regional construction for the European regions, given the tasks of preserving the municipal autonomy, granting an equivalent regional welfare distribution and an administratively well-functioning regional unit and granting an accurate regional growth and development, as presupposed by the central government.

The increasing interdependence of regions in EU is demonstrated by numerous connections, such as freight and passenger transportation. It is for these reasons that there is a growing awareness for the need to coordinate objectives and policies with a spatial impact, and there is a political will to cooperate on important areas of concern across administrative boundaries. The need for territorial cooperation across large contiguous transnational areas on topics that cannot be sufficiently tackled by single nation-states is therefore given considerable support by European institutions and EU member states and regions. The EU’s

Lisbon-Gothenburg Strategy to develop the knowledge economy whilst achieving sustainable development is since 2000 the core overarching goal for the EU.\footnote{**Objective 3 – North West Europe Programme – 2007-2013, version 4, draft Operational Programme, Brussels, 24 July 2006, p. 1.}

Territorial cooperation is well established across North West Europe. Many bilateral cooperation agreements between European countries, for instance the Benelux countries, have been in place for several decades now, and multilateral conferrals have been early on institutionalised (for example the ‘Conference for Spatial Planning in North-West Europe’ – since 1962). The main reasons for these cooperation efforts can be found in the rapid urbanisation and industrialisation in North-West Europe after the Second World War, and effects on the economy and standard of living that this implied. There are also numerous examples of significant cross-border cooperation in this region, such as the Grand-Région Saar-Lor-Lux Trier-Westpfalz and the Euregios. Since the early 1990s, many cross-border cooperation initiatives have being supported by the EU Community Initiative INTERREG, like we show in the theoretical part of this paper.

Various studies and documents have raised the awareness for the need for a transnational perspective on the sustainable and mutually interdependent territorial development of North West Europe. These include Europe 2000+ and the study on the “Central and Capital Cities” Region (CCC Study).\footnote{See http://www.welcomeurope.com/default.asp?id=1300&idnews=4457&genre=1} The Community Initiative INTERREG IIC (1997 -1999) provided the “North Western Metropolitan Area Programme” with ERDF funding for altogether forty-five projects, which focused on “soft actions” such as studies, exchanges of experience and good practice, joint territorial strategies and seminars. Among these 45 projects, the drawing up of a “Spatial Vision for North-West Europe”\footnote{Ibidem.} has played a central role. This document aimed to translate the objectives and policy options of the “European Spatial Development Perspective” (ESDP) into more concrete planning principles based on the characteristics and potential of the NWMA territory.

The successful implementation of the INTERREG IIC programme and the overall encouraging signals from the Spatial Vision strategy paved the way for the continuation of transnational cooperation. The EU Community Initiative INTERREG IIIB North West Europe (NWE) (2000-2006) continued the efforts begun under the NWMA programme as well as the IRMA Programme on flood management along Rhine and Maas with a considerably higher budget.\footnote{**Objective 3 – North West Europe Programme – 2007-2013, op. cit., p. 2.}
Projects under INTERREG IIIB NWE Programme aimed to take further European policies and directives. A number of projects used EU directives as a starting point (Water Framework Directive, Natura 2000, EU Habitats Directive etc) and developed joint strategies, including at river basin wide level, with view of a coordinated implementation of such directives. ERDF was in these cases used to harmonise practices across administrations from different member states enabling thus a smoother and better coordinated approach.\footnote{See http://www.wefo.wales.gov.uk/resource/INT-OP_NWE_DRAFT4-e-apps5726.pdf}

Transnational territorial cooperation has a long history in North West Europe, but at lower levels and without a communitarian impact in EU, until some time ago. The Community Initiative INTERREG IIC (1997-1999) and INTERREG IIIB North West Europe Programme (2000–2006) are the predecessors of the present Programme, from a EU point of view. These Programmes mainly focused on “soft actions” such as studies, experience exchanges, best practice exchanges, joint territorial strategies and seminars. Its represent the influence of the European Regional Policy in this “old” part of the UE.

Transnational strategic actions for tourism networks, development of urban complementary functions and joint tackling of common issues of concern have been at the heart of many projects in this region of EU. Towards the end of the NWE IIIB programme the first projects working on SME development and innovation support were approved. Despite the diversity of characteristics in North West Europe, a number of regions are faced with similar dilemmas such as the efficient organisation of territories, sustainable development and connectivity. The opportunity to join forces and examine such cases from a multi-sectoral and governance level has been admittedly one of the most important side-effects of INTERREG partnerships.

However, not all problems and regional disparities have disappeared. This was also confirmed in the SWOT analysis\footnote{*** Objective 3 – North West Europe Programme – 2007-2013, op. cit., p. 9.} for the new Objective 3 NWE programme. Despite positive outcomes from the first two INTERREG initiatives it seems that transnational cooperation in North West Europe still faces problems and shortcomings. Cooperation is often ad hoc and as a rule does not become institutionalised (the Benelux Economic Union being the notable exception). There is a need to take the territorial implications of sectoral policies at all levels – from EU to local – into consideration. The need to carry on with the cooperation initiatives at EU level becomes even more relevant at present, also is more and more obvious that the single Member States can not help this process, and that is the task of
regional institution that have to act at European level. The feedback of the past years and voices of project partners need to be considered as well.\textsuperscript{608}

These challenges have been present in the past and remain for the future of regional cooperation even in this rich and old region of EU, also at INTERREG level. The new European transnational territorial cooperation programme for NWE provides an important opportunity to achieve a more balanced and integrated territorial development, a more regional coordination and location of the decisions that involved this group of European regions, from more Member States, that are or are not neighbours; while contributing to the Lisbon-Gothenburg objectives for jobs and growth. The foundations were laid under the previous INTERREG IIIB NWE Programme. The new Programme aims at building on the acquired benefits and filling the gaps in the promotion of interregional cooperation and regional development, with a particular emphasis on the regional interests and not of national goals.

The European Commission has decided to contribute actively to the development of transnational and crossborder cooperation between Belgium, France, Germany, Ireland, Luxembourg, the Netherlands, the United Kingdom and Switzerland (as an external partner) by part-financing, for the 2000-2006 period, the INTERREG IIIB programme for the North West of Europe. Structural Funds assistance amounted to EUR 329 million out of a total budget of EUR 655 million.\textsuperscript{609}

The North West Europe region covers about 787,400 km\textsuperscript{2}, which amounts to a quarter of the total surface area of the EU. However, approximately 171 million citizens, or 45\% of the total EU population, live within its boundaries - making the average population density almost twice as high as the EU average. Three quarters of the population live in urbanised areas with more than 500 inhabitants per km\textsuperscript{2}. The area is not a homogenous entity, with clearly identifiable differences between central areas and more peripheral ones. While the former face economic, ecological and social challenges linked to an increase of population and land use, peripheral areas face a strong population decline with the resulting loss of economic attractiveness.\textsuperscript{610}

The participants in the programme have identified the following six priorities:\textsuperscript{611}:

\textit{Priority 1 - An attractive and coherent system of cities, towns and regions.} Key actions aimed to achieve more balanced spatial development, increased co-operation and joint actions

\textsuperscript{608} See http://www.wefo.wales.gov.uk/resource/INT-OP_NWE_DRAFT4-e-apps5726.pdf
\textsuperscript{610} Ibidem.
\textsuperscript{611} See http://www.wefo.wales.gov.uk/resource/INT-OP_NWE_DRAFT4-e-apps5726.pdf
on sustainable urban development and improved understanding of territorial structures and development trends.

*Priority 2: External and internal accessibility.* Key actions supported the accessibility of the area by enhancing sustainable and complementary gateways for air, sea and rail.

*Priority 3: Sustainable management of water resources and prevention of flood damage.* Key actions concerned the management of transnational water systems in an integrated and sustainable way and minimising damage from river and coastal flooding.

*Priority 4: Sustainable development, prudent management and protection of other natural resources and of cultural heritage.* Key actions concern the protection and improvement of the natural environment of the region, preservation and development of the natural assets and improvement of the environmental and cultural heritage.

*Priority 5: Promoting the maritime potential of North West Europe and its territorial integration across the seas.* Key actions contributed to enhancing the maritime functions and to securing integration between the island zone and the continental part of the programme area. Co-operation involved a common strategy for strengthening economic, ecological and cultural links.

*Priority 6: Technical assistance.* This meant that the regions will actively cooperate together without expecting national help.

This priorities were sustained by the EU contributions, from the ERDF sources, and by the Public aid, like we can see below (Table 14). We can notice that the accent and concentration of this funds are on the first 3 priorities, and the financial contribution that came from EU are more than half of the funds that this regions have at disposition and can be said that is the truly base of this kind of cooperation in this European space. Also, here it can be observed the accent that was made on the external and internal regional accessibility. The main public good that have to be assured to the citizens, this regions tried to administrated together for a better distribution and a more efficient effect at local level, even at individual level. But this efforts would not stop to this products of public interest, but they were concentrate also on the cultural and environmental issues. The sustainable development played an important role at regional level within this specific European regions.
Chapter 5

Table 14. Breakdown of Finances by priority area

<table>
<thead>
<tr>
<th>Priority area</th>
<th>Total cost</th>
<th>EU Contribution</th>
<th>Public aid (EC + others)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 An attractive and coherent system of cities, towns and regions</td>
<td>156.362.779</td>
<td>78.508.006</td>
<td>156.362.779</td>
</tr>
<tr>
<td>2 External and internal accessibility</td>
<td>130.613.026</td>
<td>65.122.420</td>
<td>130.613.026</td>
</tr>
<tr>
<td>3 Sustainable management of water resources and prevention of flood damages</td>
<td>154.330.304</td>
<td>77.040.818</td>
<td>154.330.304</td>
</tr>
<tr>
<td>4 Sustainable development, prudent management and protection of other natural resources and of cultural heritage</td>
<td>99.016.323</td>
<td>51.502.405</td>
<td>99.016.323</td>
</tr>
<tr>
<td>5 Promoting the maritime potential of NWE and its territorial integration across seas</td>
<td>86.592.233</td>
<td>43.934.522</td>
<td>86.592.233</td>
</tr>
<tr>
<td>6 Technical assistance</td>
<td>28.773.897</td>
<td>14.469.925</td>
<td>28.773.897</td>
</tr>
<tr>
<td>Total</td>
<td>655.688.562</td>
<td>330.578.096</td>
<td>655.688.562</td>
</tr>
</tbody>
</table>

Financial Breakdown by Funds

<table>
<thead>
<tr>
<th>EU Contribution</th>
<th>ERDF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total : 330.578.096</td>
<td>330.578.096</td>
</tr>
<tr>
<td>100,00%</td>
<td>100,00%</td>
</tr>
</tbody>
</table>


Following the European and regional purpose it can be notice continuous efforts that is made in this direction. A this point, the Transnational Territorial Cooperation Programme for North West Europe for the actual period of 2007-2013 will support actions and investments with a clear benefit for the transnational cooperation area. Studies and research that are unable to provide the basis for concrete actions will no longer receive funding. Likewise, previously approved Programme projects will no longer have the ability simply to extend their activities.
into the context of new Programmes. Rather, innovative and tangible initiatives will drive funding.

Key actors that were never involved in INTERREG partnerships will gain new attention and focus. By engaging actors that have never participated in similar programmes will serve to expand cooperation networks established under earlier Cooperation Programmes. The transnational cooperation projects can make an important contribution toward increasing the awareness for territorial issues of transnational concern. Funding will thus serve as a catalyst for future infrastructure investments of transnational relevance, which may have not otherwise received sufficient attention.

A series of indicators will monitor and quantify programme performance – at project and programme level – and the level of accomplishment of its objectives and priorities.

On 26 September 2007, the European Commission approved a European Territorial Cooperation Programme for transnational cooperation between Belgium, Germany, Ireland, France, Luxembourg, the Netherlands and the United Kingdom with the participation of Switzerland for the period 2007-2013.612

Now, the Transnational Territorial Cooperation Programme “North West Europe” (NWE) involves Community support for 93 NUTS II areas in the participating countries, within the European Territorial Cooperation Objective framework. The Programme affects a population of about 180 million people (2003) living in the eligible area of 845 000 km². (See Figure 18.)

The total budget of the Programme is around €696 million. Community investment through the European Regional Development Fund (ERDF) amounts to around €355 million.

The aim and purpose of the programme can be indentified in the programme that was made and approved in all regions involved.

The main goal of the Operational Programme is to capitalise on the cooperation between key actors and to address territorial issues across the North West Europe area, outclassing the national entities. The Programme seeks to contribute to the economic competitiveness of the region, thereby equally promoting regionally balanced and sustainable development. The Programme is a unique in that it offers a cross-sectoral approach to territorial development, which promotes close cooperation with universities, non-governmental organisations, public authorities, and the private sector to secure contribution towards economic and social cohesion and EU competitiveness. The Transnational

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612 See http://www.welcomeurope.com/default.asp?id=1300&idnews=4457&genre=1
Cooperation Programme offers the advantage of establishing links between actions at regional, national, cross-border and interregional levels. These efforts increasingly complement activities, policies and programmes in the participating countries.

**Figure 18. Transnational Cooperation Operational Programme "North West Europe (NWE) 2007-2013" - Programme under the European Territorial Cooperation Objective co-funded by European Regional Development Fund (ERDF)**


To guarantee the visibility of cooperation, concrete Operational Programme achievements are indispensable. Currently, the new approach of transnational cooperation will focus\(^{614}\) on:

- a long-term, strategic approach

\(^{614}\) See http://www.welcomeurope.com/default.asp?id=1300&idnews=4457&genre=1
Chapter 5

- the catalyst effect of cooperation projects for subsequent infrastructure investments that offer transnational relevance
- cross-fertilisation between projects that both address similar issues and complement other programmes
- overcoming transnational issues of interest to the area.

At this point, it can be notice a evident orientation for more regional involvement and more action at EU level.

Specific objectives of the Transnational Cooperation Operational Programme "North West Europe 2007-2013" include\textsuperscript{615}:

- innovation
- environment
- accessibility
- sustainable urban development.

The priorities have to be in the line with this objectives and have to help an sustainable development and cooperation between this regions at local, regional and also, European level. Respecting the methodology, here below, we list, described and analysed the main priorities\textsuperscript{616} of this European programme, one by one, like we found them in the official documents (see also the Table 15, below):

\textit{Priority 1: Developing the NWE knowledge-based economy by capitalising on regional and local capacity for innovation [approximately 25.7\% of total funding]}

The key objectives under this priority are:
- to promote entrepreneurship and facilitate the transfer of innovations and knowledge into products, processes and services that strengthen the competitiveness of the programme area;
- to strengthen and to develop new and existing growth clusters as well as small and medium sized enterprises (SMEs) networks;
- to use and to improve territorial cooperation that strengthens the institutional and territorial framework for innovation as well as to facilitate the transfer of knowledge within the programme area.

\textit{Priority 2: Sustainable management of natural resources and of natural and technological risks [approximately 25.0\% of total funding]}

\textsuperscript{615} Ibidem.
\textsuperscript{616} See \url{http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/76&format=HTML&aged=0&language=EN&guiLanguage=en}
Chapter 5

The key objectives under this priority are:

• to promote an innovative and sustainable approach to natural resource management, including water, landscapes, biodiversity, energy and waste management;

• to promote an innovative approach to risk management and risk prevention in the context of climate change. This applies in particular to water management (effects of the high concentration of human activities in coastal areas and river valleys, impacts of sea level rise on coastal areas and flood risk, the marine environment etc.);

• to promote a transnational and spatial approach that both improves soil, water and air quality by minimising greenhouse gas emissions and reduces noise pollution.

Priority 3: Improving connectivity in NEW by promoting intelligent and sustainable transport and ICT solutions [approximately 25.7% of total funding]

The specific objectives of this priority are:

• to manage transport growth through optimisation of existing transport infrastructure capacity for both passenger and freight transport;

• to support effective and innovative actions and efficient systems on land, water and in the air;

• to develop innovative approaches for information and communication technology (ICT) use that improves connectivity. These approaches will include those aimed at reducing the need for physical mobility through virtual activity for both passenger and freight transport.

Priority 4: Promoting strong and prosperous communities at transnational level [approximately 19.7% of total funding]

Between the specific objectives of this priority can be identified the following:

• to promote transnational actions that enhance the economic and social performance of cities, towns and rural areas;

• to identify and develop collective actions that improve the environmental quality and attraction of towns and cities (including the sustainable use of the cultural heritage sites, tourism and innovative energy practices);

• to promote transnational responses to the impacts of demographic change and migration in the programme area.

Priority 5: Technical assistance [approximately 4.1% of total funding]

The Programme will employ technical assistance during implementation. Technical assistance will include administration, monitoring, evaluation and control. All this can be done at regional level and in cooperation with EU institutions.
Chapter 5

For all this to work is necessary that a regional institution to have the control from administrative point of view. In these sense, the assembly of the regions involved in this area of EU and in this European project, decided that the Managing Authority of the Programme\textsuperscript{617}, like the rules of the European programmes (especially the programmes financed by European Structural Funds, like one include in INTERREG) to be given to the one of the regions involved in the project, in this particular case, the Direction Europe, Conseil Régional Nord-Pas de Calais – Lille, France.\textsuperscript{618}

In a more explicit way and with the help of the numbers (see Table 15), it can be made an analyses of what will be the resources engaged in this programme and who are the main contributors of it. One by one, the priority established are evaluated and for each one, allocated the amount thought necessary for the results expected in the end and not only. Indeed, the resources have a good homogeneity between the five priority.

Table 15. Breakdown of finances by priority (in euros)

<table>
<thead>
<tr>
<th>Priority</th>
<th>EU Contribution</th>
<th>National Public Contribution</th>
<th>Total Public Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Developing the NWE knowledge-based economy by capitalising on our capacity for innovation</td>
<td>89 348 419</td>
<td>89 348 419</td>
<td>178 696 838</td>
</tr>
<tr>
<td>2. Sustainable management of natural resources and of natural and technological risks</td>
<td>86 930 420</td>
<td>66 930 420</td>
<td>173 860 640</td>
</tr>
<tr>
<td>3. Improving connectivity in NWE by promoting intelligent and sustainable transport and ICT solutions</td>
<td>89 357 665</td>
<td>89 357 665</td>
<td>178 715 330</td>
</tr>
<tr>
<td>4. Promoting strong and prosperous communities at transnational level</td>
<td>68 480 191</td>
<td>68 480 191</td>
<td>136 960 382</td>
</tr>
<tr>
<td>5. Technical assistance</td>
<td>21 326 598</td>
<td>7 108 866</td>
<td>28 435 464</td>
</tr>
<tr>
<td>TOTAL</td>
<td>356 443 293</td>
<td>341 225 561</td>
<td>696 668 854</td>
</tr>
</tbody>
</table>


\textsuperscript{617} See \text{http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/76&format=HTML&aged=0&language=EN&guiLanguage=fr}

\textsuperscript{618} See \text{http://www.welcomeurope.com/default.asp?id=1300&idnews=4457&genre=1}
Chapter 5

The notion of spreading the principle of cooperation has therefore been promoted at all levels of European administrations. The NWE Programme aimed and still do, at enlarging the geographical and typological spread of project partners in the zone. At the same time, all efforts were made to simplify the procedures and decode the key message of sustainable territorial development, according to regional needs.619

Administratively, the position of transnational activities could be improved. Projects often occupy a rather marginal position in national or regional administrative systems; frequently being concentrated in the hands of a few people in a specific division or unit. A culture of cooperation has yet to pervade planning administrations on a large scale, and the added value of transnational cooperation has to be made more obvious in order to ensure the continuing support for the efforts begun. Procedures for project development and selection will also need to be reviewed. The Programme has a long standing commitment of high level of support through the Joint Technical Secretariat officers and the network of Contact Points.

All these issues need to be addressed in a more consolidated and simplified manner. To this end, all relevant programming documents and procedures were drafted in a more user-friendly language with a view of cutting red tape and maximising impact. Key emphasis of the new Objective 3 NWE Operational Programme is a more transparent and clearer structure at all levels. Thematically a more strategic approach is secured by aligning objectives with key EU objectives such as those of the Lisbon and Gothenburg strategies and the Territorial State of the Union. Furthermore, the proposed strategic initiatives should capitalise on the experience of NWE and the previous community initiatives.

ERDF will target actions and investments with a clear added value to the cooperation zone. Simple studies and research proposals not linked to concrete actions will no longer be funded. Neither will previously approved projects be encouraged to extend their activities in the future period. Rather the focus will be on innovation all round and the attraction of fresh ideas and fresh partners to enrich the large network of partnerships across the zone. This is expected to give a renewed boost to the value of transnationality which remains at the heart of cooperation for the new Programme.

The overall aim of simplification and transparency will need to be aligned with existing requirements such as rigorous reporting and monitoring procedures. The continuation of the N+2 rule for example will mean the need for detailed reporting (both on content and financial management) and a careful consideration of the ability of a project to carry out its activities in due time. This may pose problems for the introduction of risky operations linked

619 *** Objective 3 – North West Europe Programme – 2007-2013, op. cit., p. 3.
with a renewed focus on innovation. Striking the right balance of these two elements will be of crucial importance.620

5.3. The Results of the Analyse between this Two Types of Regionalism in European Union

Jones summarizes the European relationship well: “it is less a question of a loss of central state autonomy, which can be enhance by integration into the EU at key stages of the process, than of its adaptation to a new context.”621 Regions are not by any means the central actors at the European level, but their role is too significant to be omitted (from analysis).

Like to confirm this theory, the Commissioner for Regional Policy, Danuta Hübner, announced on 21 december 2007, in Brussels, the adoption of 35 programmes this period, under the "European territorial cooperation" objective of Cohesion policy. These programmes, mainly funded by the European Regional Development Fund (ERDF), provide support for cross-border and transnational cooperation among the Member States.622

In this occasion, Commissioner Danuta Hübner said: "European Territorial Co-operation is essential as it brings regions and people together and facilitates the exchange of good ideas and best practice regardless of existing frontiers. It is thus particularly important to recognise the commitment shown by the border regions of Europe in getting so many decisions approved so quickly."623

Today, enlargement labour market regions are in focus, and likewise functional regions that encompass all sectoral activities for the corresponding citizens. Regionalism as a concept, is rarely used even in connection with the on-going new regional models. Instead, the concept of regionalisation is vital, as it seems to refer to the new models for regional co-operation.624

All Member States on each programme complete the EU support with a national financial contribution. Based on the experience of the INTERREG initiative, the Member States have submitted in total 70 cross-border programmes to the Commission and 13 transnational programmes under the "European Territorial Cooperation Objective" for 2007-2013. For cooperation with candidate and potential candidate countries, 10 cross-border

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620 Ibidem.
623 Ibidem.
programmes under the pre-accession instrument IPA have been prepared together with the partner countries.\textsuperscript{625}

To all this, for a real help is the European programmes, like it can be notice in this case-studies. The most important and the most successful of all is the INTERREG programme. It is known that the overall aim of INTERREG programmes is to support European regions that want to develop joint innovative solutions to transnational and common issues by sharing expertise and development costs. INTERREG is relatively new (cross border programme started in 1990 and transnational programmes started in 1997). This programming period represents the fourth round of programmes – hence the name "INTERREG IV".

Lately, it had a new and unexplored field of action, the so called “Interregional cooperation ‘Regions for Economic Change’” that, now, is covered by the INTERREG IVC. This type of cooperation between European regions is characterised by exchange of experiences and best practices to improve regional policy design and implementation. There are no geographical barriers to participation. Anyway, it is not yet under application and there are not yet examples of this kind of cooperation at EU level, also because it was introduce recently. It can be notice, even in this situation that this is a step forward that was took by the EU to develop the regions and to give a more European characteristic to the relations between various actors that action in all EU and not only at national level. This actors can be very well regional and even local actors, but they can play an important role not only in their region but also at European level without being obstaculaited by the states, even if they are localised far away one of each other, in regions that are not neighbours in EU.

Returning to present and our case-study, we can observed that the benefits that can result from a cooperation working arrangement can be considerable. However it is important to define the reasons for pursuing crossborder and transnational relationships, in order to fully appreciate the benefits that cooperation might bring to actor’s organisation.

A number of benefits, that are described below, can be the result of the regional cooperation in all its forms: crossborder and transnational.

For example, the Regional benefits from this types of cooperation in the framework of EU can be obtained if crossborder and transnational, even interregional, cooperation is considered as a strategic tool, which can be used to profile regions within the relevant European institutions. This cooperation develops new ways of working and structures as well as building relationships with regions and sectors across Europe. The crossborder and

\textsuperscript{625} See http://ec.europa.eu/regional_policy/index_en.htm
transnational, also interregional cooperation may provide allies in future lobbying, informs and challenges regional policy development. In the same framework, the decisions on spatial development investment are based on sound and deeper European analysis.

From an institutional point of view, the benefits can take the form of various opportunities and actions, like: accessing and participating in European funding programmes, networks and associations, and building up contacts in other regions, therefore opening up possibilities for future cooperation; incorporating a European dimension into actors’ organisations strategy by making transnational working an aspect of on-going work; helping to keep actors’ organisation in tune with the latest developments on a wider stage, and being able to contrast different approaches to policies and practices in other regions; raising the profile of this types of organisations at European level, an important asset in an increasingly competitive environment and also, adding status and credibility to this organisations through influencing European decisionmakers.

The operational benefits that can result and that was see like a success in the case of crossborder cooperation between Trentino-Alto Adige/Südtirol and Tirol and also in the case of transnational cooperation analysed here, are the following: gaining access to new ideas by learning from others, as well as sharing and discussing the new ideas and developments between the transnational partners; identifying new business partners, political allies, or policy collaborators; acquiring new skills and competences; enhancing capacity, through experimentation in areas of common interest.

At a result of all this common actions, the individual benefits do not wait to appear. In this category it can be put in evidence the positive actions like: enhancing cultural awareness and development; developing information, contacts and access to market networks; improving work and related methods, and enhancing skills, including developing language and communication skills; assisting the growth of their self-esteem and self-confidence and presenting opportunities for elected member development and networking.

In the same way, the project benefits are important. The reduce development costs together with the speed up and adds value to the process of innovation and creative thinking and help by the assist in spreading best practice through maximum use of available expertise and develop transferable models can be of a great importance to the cooperation in an European framework, in the both types of cooperation.

At this point, from the parallel made between the two type of European regional cooperation, a conclusion can be expressed: both of this cooperation’s: crossborder and transnational, bring an important add value to the development in their area of action and,
more significant, it can influence at European level the way of thinks are going by showing that the local and regional action can help and bring an important contribute to the consolidation of the European common market and, not in the last place, a better evolution of life at local, regional, national and, even, European level.

If the crossborder cooperation started in a European mistrust atmosphere, today this kind of cooperation is very well viewed and is encouraged at European level, but also at national level, like is the case presented above. The benefits for this regions, for their Member States from who are belonging, and for the European space are well known. Like a consequence of this results, this crossborder cooperation was and still is an example at all levels.

From the other side, the transnational cooperation in the North-West of Europe is also an success, even if it is much younger than the crossborder cooperation presented, and is at the beginning . It can be said that this type of regional cooperation was developed in an area of EU were, from the begging, have a good background and a high level of life. With all that in mined, we can not denial that is an success at all levels, especially at European one, and from this type of regional cooperation all have high expectatives.

Priority in this case is also given to “complex” transnational partnerships. This is a project partnership that is not only between single partners from each country, but between partnerships of the public and private sectors in each country. A good example of this is a project that involves partners from the public, private and educational/research sectors all working together. This partnership should also be well balanced, meaning that the different partners contribute and benefit to a similar extent without the dominance of one country, or one partner. A good transnational project has a common starting point and a common conclusion. If pilots are carried out in the project then there should be a real interest from the partner organisations across the area in the outcome of the pilots. So, the transnational cooperation based its success on the individual success of the projects developed in this specific area. This characteristic is a point in commune with the crossborder cooperation. In the both cases, the results of the projects put in practice in this peculiar areas are very important for the final evaluation of this kind of cooperation inside of EU space and between EU regions.

The European help and encouragement for this type of cooperation is very important, not only for the regions involved, but for the EU as a hole, as a functional supranational structure at wants to be more than this.
Conclusions and Next Steps

6.1. Conclusions

The concept of the region as a political or administrative entity is a recent one, even if the concept of the region like an specific area with its specific characteristics, in far more local sense, is very old in Europe. Most European States were, and continue to be, unitary States, in which the idea that local authorities should freely administer local affairs has become increasingly accepted.

This approach followed in the framework of this paper, points to the possibility to consider regions also as social constructs in which spatiality is shaped in human minds and by human (inter)actions and leads to regional and, way not, European understandings. The social constructionist view of regions considers them malleable by human actions at all levels; their internal structures and external boundaries are constantly rearticulated and redefined, most of these aspects can be noticed in the evolution of EU. The theoretical framework in the second chapter of this study, considers region as a focus of identification, as it has been analyzed most extensively by French authors, while the region as a medium of social interaction and as a local response to the capitalist world economy has been of greater interest to English-speaking authors.

Anyway, we could notice that regional cooperation has everywhere multiple layers, above all in EU, which are shaped in a complex manner by material interest, institutional ties, and shared experiences. Thus, the shape and structure of a European region is never a constant but is reshaped by mutually reinforcing and opposing social forces.

In this context, the idea of regional political solutions in Europe has been a conspicuous feature in the political process throughout the twentieth century. Already in the 1930’s ideas of regional distribution policies were shaped, culminating in the 1960’s and early 70’s. This trend took place most of it in the West of Europe. The idea of regionalism was in that period related to the development of the welfare state through decentralisation.

As we were referring to and analysing in this paper a specific area, the European Union, we could see that the Regional Policy of the European Union presents several particularities and is under a continuous process of transformation of its initial goals and essence. This implies a new and active role of the regions. As stressed by a German researcher Peter Frankenfeld, “he who wants to understand the essence of regional policy correctly and in today's spirit and he who wants to apply it correctly should abandon the
perception of regional economy and regional economic policy as predominantly a way of compensating for its drawbacks. We are dealing largely with the perception of regional economy in a broader sense, namely as a comprehensive policy of development and competition”.  

At this point, in EU, the Community Regional Policy was established during the same period when the ideas of a possible importance of the regions came into actuality, with the creation of the ERDF in 1975, but it was only from the mid-1980s that it started to be quoted among the important Community policies. The creation of a Community policy which aimed to correct or prevent regional imbalances gave legitimacy to the regions, or more precisely, to all those institutions which claimed to represent their interests at different levels. The strategy of the Commission and its administration during this period revolved around attempts to free itself of States' control over the funds, and, for this, it looked in particular to the local and regional authorities for support. The regionalisation of States came to be seen as an aid to European integration. In turn, cohesion policy led to the creation of a more or less institutionalised regional level in other countries, particularly those who were its main beneficiaries: this was the case in Ireland (creation in 1994 of 8 regional authorities), in Portugal (with the 5 regional coordination committees), in Greece (creation in 1986 of 13 regions), and in Finland (creation of 20 regional councils in 1994). Community policy undoubtedly played a role in the resurgence of Scottish and Welsh regionalism, which led to the institutional reforms of 1998.

The expansion of regional policy encouraged regions to lobby at Community level in the hope of influencing decisions on priorities and the allocation of resources. This was possible only in the last period, when some institutions at EU level were created, as we identified them in the third chapter of this thesis, for serving the European regions even though they are quite fragile and still have only an consultative role for the EU main institutions. Preparation for accession in the Central and Eastern Europe required States to put in place an institutional framework capable of establishing and implementing development programmes to be co-financed by European funding.

Although, regionalisation was and still is a widespread trend in the territorial organisation of European States, it is impossible to define a basic concept of the region which is common to them all. However, we may interpret regionalisation as a dynamic and evolutionary process affecting the intermediate tier of government. Regionalisation alone,

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626 P. Frankenfeld, Regional Policy of the European Union and its Consequences for the EU Enlargement to the East, in “Report presented at the High School of Pforzheim” (FRG), Pforzheim, 11 December 2000, p. 40.
then, cannot produce any of the benefits we attribute to it, all too often without looking into the conditions in which they occur. This aspects were demonstrated in this study.

The wider point is that there are no straightforward “laws” about regional integration in the contemporary global and European political economy. Without doubt, to engage in the study of regions is to step into a definitional minefield. Unfortunately there is no getting away from this, especially if we are aiming to think about the similarities and differences between regional projects in different places in EU.

At the present juncture, EU regional policy faces some major challenges. On the one hand, competition has intensified with the liberalisation of trade. Firms locate wherever they find conditions that will make them more competitive (quality infrastructure and services, a skilled workforce, i.e.). If regions are to attract businesses, they must be in a position to equip themselves with the necessary infrastructure and supply quality services.

On the other hand, the information society and the technological revolution are making people, firms and territories more flexible. The existence of telecommunications networks means that people, wherever they may be, can expect to have access to advanced know-how, innovation and high-quality training.

In this context, the reform of the EU regional policy set out in the financial perspective of Agenda 2000 insisted that structural assistance be concentrated on the regions whose development was lagging furthest behind, and that implementation of the structural policies be simplified. Better placed to understand the specific details and real situation on the ground, the Member States and regions are now better equipped to take control of their future and directly administer the funds provided by the EU, which now only acts to coordinate and check that European funding is properly used. Not only has regional policy contributed to reducing regional disparities, it has also managed to establish a partnership between the European Union, the Member States, the regional and local authorities and the private sector centring on development strategies defined to achieve Community-level objectives. In this connection, target-based tripartite contracts and agreements between the EU, the Member States and the regional authorities have been introduced to define the roles and powers of these three administrative levels in future regional policy.

As we could observe in the thesis analyse, an important factor that affected and changed the concept of Regional Policy in Europe, was and still is the phenomenon of EU enlargement that vastly increased the stakes for economic and social regional policy and shifted the stage eastwards. The accession of ten plus two new States in the last four years in
EU, meant the rethinking the regional policy model and the necessity to take account of several major new issues.

In the thesis, we took some examples of this phenomenon and here we can resume the most important of them. In figures, the disparities in per capita GDP in the 27 Member States are substantial. In 2003, GDP ranged from 41% of the EU average in Latvia to 215% in Luxembourg. In all the new Member States, GDP per capita was less than 90% of the average in the EU-27, while in Poland, Latvia, Lithuania, Estonia I, Romania and Bulgaria it was only half of it. We can conclude that the political centre of gravity is shifting to the East. In this situation, the southern Member States that have been benefiting from the Structural Funds are wondering where they will then fit in.

These challenges do not call into question the continued existence of economic and social cohesion policy, but they do raise the question of what form assistance should take. Of course, debate on the future of the regional policy goes far beyond the mere financial machinery to touch on the very core of this Community project. The Fourth Report on economic and social cohesion in Europe related the progress of regional policy and suggested avenues to explore when considering its future.

Working with new member stats and regions will add to the challenge of the Regional Policy to coordinate policy implementation and formulation. If these governments begin early to understand better the EU and its regional programs, this may facilitate enhanced policy coordination and implementation.

The limits on coordination among government levels could be exacerbated with the most recent 2007-2013 Structural Funds program, which does not emphasise coordination, but rather greater involvement of national and regional governments. If member states and their regions are to have a greater role, this may only invite less coordination and more domestic cooperation between national and lower levels of government regarding creation and implementation of regional policy.

The external explanation of regional integration in EU is not necessarily true. It is also possible that the interregional relations are derived primarily from the internal economic and political dynamics of the regions (genealogical causality). In reality, the intra- and inter-regional factors probably interact and thus shape each other. All European regions have their characteristic paths of development, embedded economic, political, and ethnic cleavages, and security dilemmas which fuel intra-regional politics. Still the influence of external economic and political forces on interregional relations cannot be discarded.

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However, there exists a further “danger” which should not be underestimated: the ethnicisation of certain areas and regionalist demands in some countries. Enhancing the political and legal status of the regions, if they are allowed to participate directly in the Community decisionmaking process, even if only to a limited degree, but in areas nonetheless important for regional interests, would certainly weaken the civic link in the ethnic regions, on which is based the democratic legitimacy of the European State.

As mentioned in the context of this paper, the regional cooperation may also be promoted as a counterweight to the uneven globalization of the world economy (which is, in turn, shaped by regional economic projects). Regionalism may also be a reaction against dominant powers which try both to co-opt local actors by granting special privileges to them and marginalize them. However, more likely than a regionalist response to gain greater political autonomy and influence is the invitation of external powers to participate in regional politics to the benefit of one local actor or another.

A key feature of the research has been its emphasis on the dynamics of regional policy and regionalism evolution and interrelationships – the ways in which changes in the regional policy environment, institutional arrangements and regulatory frameworks, coupled with the momentum created by regional policy itself – inform, shape and foster further regional policy development.

The complex relationship between globalization and regionalization in its complex of regionalism phenomenon and European regional policy, seems to be the main reasons for the recent interest in the nature and impact of regional cooperation. The juxtaposition of these two tendencies refers also to deeper tensions; globalism is equated with universalism and functionalism, while regionalism is considered synonymous with protectionism and territoriality. While globalization is regarded as conducive to cooperation and peace, regionalization, especially its malign variant, is feared to fuel discrimination and competition, and thus conflict. In reality, however, the relationship between economic and political cooperation both within and between EU regions is complicated and conditioned by a number of factors: local, regional, national and even, European.

A balanced judgement, at world level, suggests that the global economic impact of a regional free trade zone or customs union depends on how it is implemented in practice. Closed regional arrangements may divert rather than create trade and discriminate against others, for instance, by providing large subsidies to agriculture or promoting strategically specific national or sectoral industries. In recent years, regional economic arrangements have tended to be more open than before, however. If its rules and practices are largely consistent
with global policies, the open regional cooperation can create new wealth and foster multilateral cooperation.

Such an intraregional economic heterogeneity creates an economic division of labour linking the core and periphery with each other. It also fuels tensions and create the need to manage them politically. The management of both intra- and extra-regional relations hinges, in turn, on the regional power configuration and especially on whether it is hegemonic or pluralistic. The empirical record suggests, however, that regional powers, even if they enjoy a hegemony in the region, have not been particularly capable in managing political and economic cooperation.

In this complex framework, the regionalism has been the subject of intense theoretical, conceptual and empirical controversy in recent years, that was described in this thesis in the chapter about the “new regionalism” (chapter IV). Whilst it could be argued that the definitional debate has to a certain extent hindered theoretical advance and productive empirical work, it has at the same time directed attention to the need to clarify the conceptual status of European regionalism. In particular, this paper has highlighted the importance of examining the distinct processes of European Regionalism and unpacking the concept into its constituent parts.

At this point, we notice that the most obvious part of this phenomenon, the economic regionalism appears to be growing rapidly. Why this has occurred and what impact will have on the global economy are issues that have generated considerable interest and disagreement, as we could see.

The relationship between economic regionalism and multilateralism can also be scrutinized empirically. There is a fair amount of consensus that measured statistically by trade flows and foreign direct investments, the world economy is not moving towards closed regional blocs. True, various measures suggest that the share and intensity of intra-regional economic flows have been increasing over time. However, at the same the propensity of regions to interact with other regions has also increased so that international and European integration and the liberal, multilateral economic order have also made progress.

In the analyses of regionalism we observed that in the literature were identified three waves of it, but not all of these very well defined. So, the first wave of regionalism was initiated from the centre towards the periphery, with the ambition of receiving regional coherence. With the oil crisis in the 1970’s, the growth of the new liberalism, and globalisation, ideas of regional coherence and co-operation transformed towards regional fragmentation and competition. From the middle 80’s and especially after the end of the Cold
War, the idea of regionalism matured into a second phase where regionalisation became a weapon and solution against the risk of being peripherised. In this second wave of regionalism, by some called the “New Regionalism”\(^\text{628}\), the initiatives also come from below, i.e. there is an increased element of bottom-up initiative to regionalisation. The third wave is not yet very known and developed, so it has not a practical experience, but is more and more seen like a chance for a new regional development, especially at EU level.

In this framework, one of the reasons for the lack of policy coordination across EU regions is that the goals of each region vary, in most of cases. Regional Policy in EU has not been explicitly coordinated like social policy with open-method coordination. Thus, Regional Policy does not have legal mechanism for coordination, but rather uses soft laws, rules and regulations.

Many questions may still remain unanswered, however all the actors in the EU and specially the regions from all over the EU have to continue to develop ideas for the future and for future projects related to the crossborder, transnational and interregional cooperation and start looking for suitable partners. Only a careful preparation will allow regions to develop and to inter-cooperation like the available partners for a better future of all of us and of EU.

The context for regional policy in Europe is set to undergo a period of dramatic change. Central to this is the impact of enlargement, which significantly increase regional disparities across the EU. In certain economic and political conditions, one can imagine that the spill-over effect could lead to the discovery or creation of new regional “identities”.

### 6. 2. Next steps

**A few ideas for the future of EU regional development**

“The HISTORY is accelerating and we should make it with her…” Jacques Delors - The Single European Act. We must now move forward, learning from the past experience and building on good practices. Future Regional Policy must be part of a sustainable forward-looking approach based on competitiveness and social cohesion.

The disappearance of physical borders and the freedom to move and exchange is the most immediate expression of the European dream for the citizens of EU.

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\(^{628}\) J. Gren, *The New Regionalism in the EU. The lessons to be drawn from Catalonia, Rhone-Alpes and West Sweden*, Fritses, Stockholm, 1999, p. 34.
Regional integration is a source of innovation and progress in both institutions and standards. For economic agents and Member States, regional and sub-regional integration organizations provide a stepping stone towards the global economy, and can help less-advantaged countries to manage the impact of globalisation. Regional and subregional integration can lead to the adoption of programmes or action plans to establish a set of guiding principles and commitments specific to the region and contribute to development of global programmes.

One idea for the present and future is to continue to improve research and development that can help greater regional economic development. It can be a number of comments and suggestions to make in relation to future regional policy in an enlarged EU. The role of regional policy, and especially of cohesion policy, will be of a greater importance in an enlarged Union, where the challenges to overcome economic, social and territorial imbalance are becoming greater than ever and there will need to increase emphasis on inter-regional and transnational co-operation.

At the summits held in Lisbon, Portugal and a year later in Gothenburg, Sweden, the EU consensus was established. The success of our societies is due to a mutually reinforcing triangle of economic competition, high level but modernised social protection and sustainable development. The emphasis on the “knowledge economy” put the focus back on people.

There are many challenges ahead and regional and cohesion policy can become a very effective instruments for promoting more balanced regional development across Europe, both between Member States and regions. We argue in this thesis that in order for this to happen, there need to be a greater role afforded to regional bodies through mechanisms such as tripartite contacts and that more regional rather than national indicators need to be considered in the planning and implementation of policies and programmes. Additionally the impact of all EU policies and policy reforms on regional policy should be assessed on an on-going basis to ensure that negative impacts are avoided.

Many of the challenges facing the Union of 27 Member States have been outlined in the previous chapters, as in other many papers around the EU. It is clear from the projected statistics that an enlarged union will entail a doubling of income gaps between countries and regions, where eight of the new member states would have an income per head of around 40% of the EU 27 average. The challenge therefore is not only how to bring down the gaps between the countries of the existing and new member states, but also to maintain existing cohesion efforts among “old” member states and their regions to address structural, thematic and territorial issues facing regions across the whole Union.
Integrationist institutions do not necessarily function as they should: Member States may jealously choose to guard established authorities; the European Commission may be too disconnected and bureaucratized to actually implement its ideas and proposals; and regions may simply not have the competencies to participate on the EU level or implement EU policies. Still, as Italy & Austria with their regions: Trentino-Alto Adige/Südtirol and Tirol prove, multi-level integration can and does exist. While their case is not representative, at the very last, does justify applying network analysis to other European countries. More than that, it provides an indication of where one might begin to look for regional imprints on policy processes. Trentino-Alto Adige together with Tirol have been a “new region” with European consequences. On the other hand, the North West Europe try to prove that the regional cooperation inside EU can be brought even forward and the result will appear.

More regions may confront less funding and a larger, less-responsive bureaucracy. But despite these potential challenges, and despite the fact that it is still premature to draw conclusions, there is reason to be optimistic. The Commission has been diligently engaged in dialogues about the future of European governance and European Regional Policy and has pledged to pursue ever-greater regional participation.

In 2 September 2005, the European Commissioner for Regional Policy, Danuta Hübner, addressed to the Committee of Regions meeting that took place in UK. She said that EU regional policy “must focus on making European cities and regions more attractive places for invest, on encouraging innovation and the growth of the knowledge economy, and on creating more and better jobs.” But the success of the EU’s new, more strategic approach would depend critically on the “full involvement of local, urban and regional authorities”.629 The Commissioner also urged regional and local leaders to make national governments aware of the serious consequences for regional projects of further delays in reaching agreement on the future finances of the EU.

Cross-border, transnational and interregional co-operation will become more important than ever in an enlarged Union and needs to include exchange of know-how and trade and promote the identification and dissemination of best practice. However, it is interesting to recognise the extend of economic convergence, particularly at the level of member states, but is also important to recognise that concentration on national figures alone can sometimes mask inter-regional divergence.

A new way of building and living in Europe is being “invented” at these borders. The themes of co-operation do not exactly coincide with the political priorities of the EU, but

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Chapter 6

relate in large part to culture and communication, education, employment, health, and at times, immigration. In short, they reflect the daily concerns of the population. To the same degree, the actors are not those of the Brussels Europe, above all they are the municipalities, non profit organisations, and small and medium sized companies. Contrary, to those who would like to place an institutional model over these practises: this is not the Europe of the Regions. It is something more simple and more innovative: the manifestation of a community of interests that transcends national borders, and the desire to break through these barriers to make life more easy.

But, there are numerous difficulties for those who attempt this simple programme! There are no legal frameworks or pertinent financial networks, national and community programmes have not adapted to this transborder reality: a few years ago the adoption of the Single European Act, it appears as if the central administrations take some cruel pleasure in re-closing national borders through procedures. Learning new methods of public management, exchanging ideas and sharing resources in order to mount common projects is common. When one remembers that these border regions, the ones that shall be most effected by enlargement, constitute 68% of the territory and 58% of the population of the new Member States, one can clearly judge the size of the challenge.

At a hypothetical question like: How would you like Europe’s regions to develop in the next 10 years?, we could answer like this: We would like regions to build on their specific strength. We don’t necessarily need all regions to specialise in high-tech and scientific research. Regions can be innovative in many ways: in terms of organisation, institutions, tourism, or management. Some of them have already found imaginative ways to play on their strength to attract people and improve their economy. We want Europe’s regions to work together and complement each other.

Following the same method, the next question, that this time is not for us but in general, can be: What do EU need to do to improve cooperation between regions? This questions was already being seriously addressed at many levels and we hope for greater cooperation between regions. The European Commission is responsible for the big policy line, which is supported by the various programmes.

We are beginning to see the benefit of cooperation, and for that the INTERREG programmes have helped a lot in linking up regions. The EU regions can profit from each other’s knowledge instead of constantly trying to reinvent the wheel. INTERREG provides the mechanism for that to happen.
Chapter 6

European Commission President José Manuel Barroso stressed that “Europe needs the dynamism of its regions, their creativity, their know-how and their enthusiasm more than ever.” Following the same idea, the Regional Policy Commissioner Danuta Hübner further underlined that it is at regional level “where the networks of business, research institutes, local authorities and financial institutions come together and where innovative thinking and action is generated.”

At this point we can say that the aim of this paper-study was to define what might be the shape of the future European regions and its programmes in the area and to look differently those cross border regions, to analyse them as sites of opportunity and creativity, and not merely as marginal areas that are the source of problems.

In this sense, the EU Regional Policy for the period 2007-2013 came in region’s help. It is expected to contribute to achieving these objectives by promoting a balanced and sustainable development of the territory, making Europe and its regions more attractive places to invest and work, improving knowledge and innovation for growth, and creating more and better jobs.

630 See http://ec.europa.eu/regional_policy/conferences/od2006/about.cfm?nmenu=2
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Cooperation objective 2007-2013
Crossborder Cooperation

Crossborder cooperation regions
Structural Funds 2007-2013: Transnational Cooperation areas

Non-EU cooperation areas are indicative only, and subject to modification.

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**EU-27**: European Union 27 countries

**EU-CC**: European Union Candidate Countries and Enlargement Countries