

## Chapter 17

# Regional policy: a new source of Europeanisation

## Introduction

With the signing of the Single European Act in 1986 the European Economic Community (EEC) took on an explicit objective of economic and social cohesion between its members. From this time onwards regional policy would have a more prominent role, as would the ad hoc directorate-general (DG XVI) responsible for this policy. Liberalisation, the elimination of non-tariff barriers and free circulation of goods — as envisaged by the 1985 White Paper on completing the single market <sup>(1)</sup> — helped not only to foster the economic development of the EEC as a whole, but also to tackle the question of disparities among the regions and to sustain those lagging behind.

To achieve this goal the Commission pushed for stronger internal cooperation, fought against the compartmentalisation of the different directorates-general and committed itself to increasing the coordination between its activities and those of the 12 Member State governments. Cohesion and social policies were not perceived by the Member States in the same way; they instead triggered a series of interconnected concerns in both the old and the new members. On the one hand, Greece, Spain and Portugal strongly advocated the implementation of measures to protect their weaker economies from the aggressive competition resulting from the elimination of non-tariff barriers and the establishment of the single market. On the other, more economically developed countries such as Germany, France and the United Kingdom were afraid that European policies aimed at sustaining the growth of the new members would damage their economies.

<sup>(1)</sup> COM(85) 310 final, 14 June 1986, 'Completing the internal market — White Paper from the Commission to the European Council (Milan, 28-29 June 1985)'.

From 1985 to 1994 the Commission, headed by Jacques Delors, tried to show that economic and social progress were strongly intertwined <sup>(1)</sup>. Delors himself underlined this concept during official visits to the Member States and bilateral meetings with national representatives. The Commission President repeatedly claimed that economic growth and social cohesion were two sides of the same coin, and argued that linking them would, besides completing the single market and economic and monetary union, also favour the development of a shared European identity.

The instrument used to promote cohesion was the European Regional Development Fund (ERDF) <sup>(2)</sup>. This was not a new fund, but had been set up in 1975. Since its inception it had aimed to correct regional imbalances in regions dependent on agriculture or affected by industrial restructuring and with a high unemployment rate <sup>(3)</sup>. Over the period from its creation until the mid 1980s the ERDF was mainly used to pay some of the costs of national investment in the regions of the Member States that did not share the European vision of regional development. From the mid 1980s the Commission relaunched and restructured ERDF funding, advocating both closer collaboration with the national governments of the EEC Member States and greater visibility for the projects funded <sup>(4)</sup>. In order to provide more balanced assistance it requested a detailed account of the impact of the Community policies already implemented, a list of the priority areas for intervention — according to national plans — and the establishment of very precise rules governing eligibility for these funds. Furthermore, it promoted

the introduction of multiannual programmes and asked for detailed reports on financial transfers from the national to the subnational level. The ERDF became the instrument used by the Commission to check compliance with the abovementioned requirements and to identify more precisely where to allocate EEC resources.

One of the cornerstones of the Delors Commission's vision for Europe was that Community regional policy should not replace national regional policy but complement it. Since 1985 the Commission has recognised the ERDF as the most appropriate framework for coordination between national and Community efforts in this field.

## The Community's regional programmes

Over the period under consideration in this chapter (1986-2000) the Community's regional policy underwent three successive reforms, adopted in 1989, 1993 and 1999. From the beginning of the Delors presidency the Commission progressively shifted the allocation of its funding from the national to the subnational level, focusing more on support for those regions that were least developed, according to a synthetic index (made up of the per capita gross domestic product (GDP) and the unemployment rate, measured in relation to the Community average) <sup>(5)</sup>. Industrial reconversion and job losses in industry, a recovery plan for both agriculture and rural life and the relaunching of some areas through tourism were the key aspects to be tackled. In order to do so the Commission launched a series

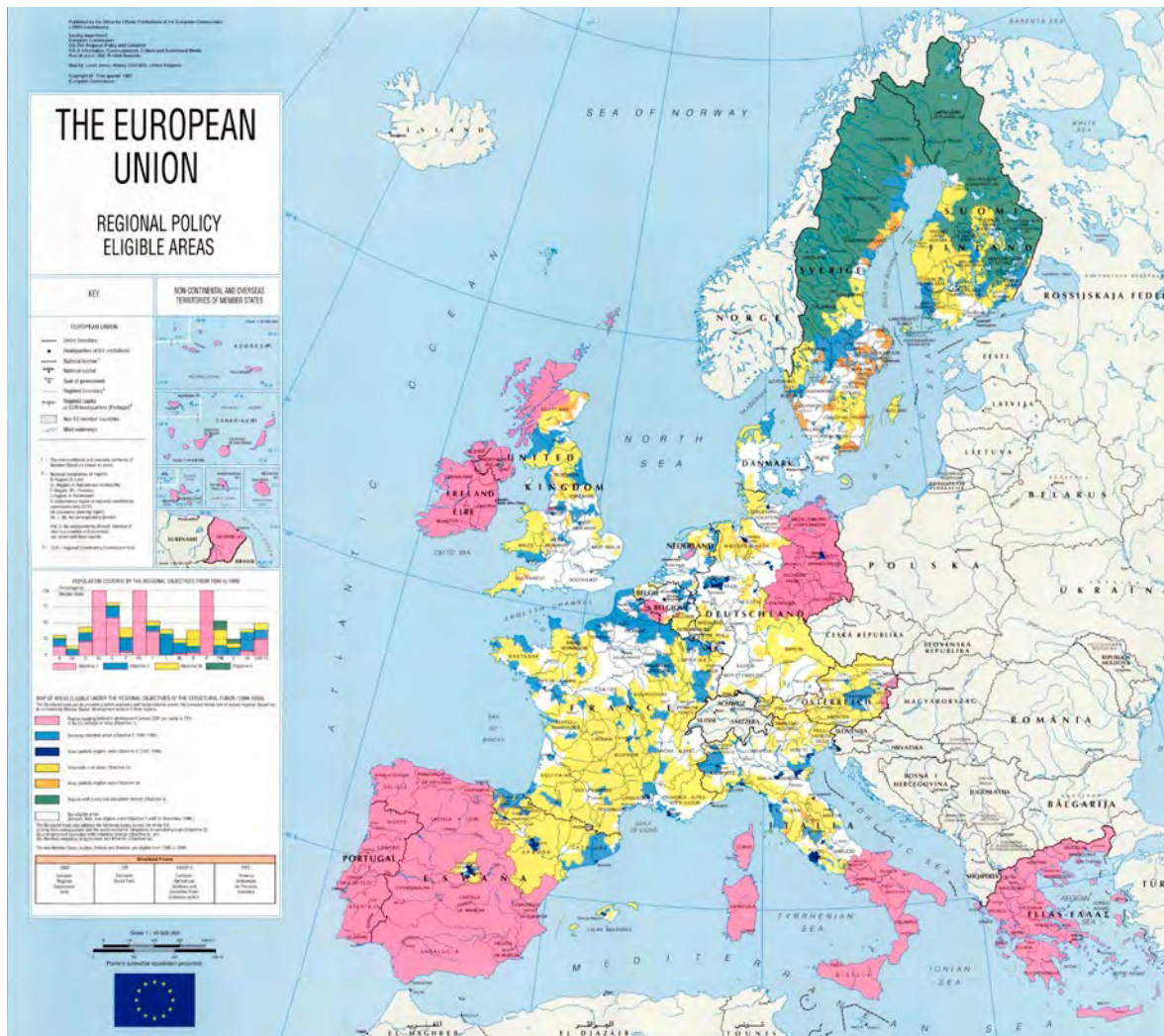
<sup>(1)</sup> HAEU, Fonds Jacques Delors (JD) 44, 'Commission work programme for 1986'.

<sup>(2)</sup> The ERDF was created by Regulation (EEC) No 724/75 of the Council of 18 March 1975 (OJ L 73, 21.3.1975, p. 1).

<sup>(3)</sup> HAEU, Georges Rencki Fonds (GR) 114, COM(79) 290, 15 May 1979, 'Regional development programmes'.

<sup>(4)</sup> Varsori, A., 'European regional policy: the foundation of solidarity', in Dumoulin, M. (ed.), *The European Commission 1958-72 — History and memories of an institution*, Office for Official Publications of the European Communities, Luxembourg, 2007, pp. 411-426.

<sup>(5)</sup> Tilly, P., 'Regional policy: a tangible expression of European solidarity', in Bussi re,  ., Dujardin, V. et al. (eds), *The European Commission 1973-86 — History and memories of an institution*, Publications Office of the European Union, Luxembourg, 2014, pp. 337-350.



In 1988 five priorities were defined for the Structural Funds: (1) promoting the development and structural adjustment of regions in which development is lagging behind; (2) finding new options for regions seriously affected by industrial decline; (3) combating long-term unemployment; (4) helping to integrate young people into the workplace; and (5) speeding up the adjustment of agricultural structures and promoting the development of rural areas. The map shows the regions where the various objectives were to be implemented.

of new initiatives geared towards meeting the needs of the newly identified areas.

Depending on the geographical areas in which they were implemented, Community actions were divided into Community programmes, national programmes of Community interest, integrated Mediterranean programmes and integrated development operations. The Community programmes were aimed at specific sectors, in regions in both the north and south of Europe, such as in Ireland,

Greece, Spain, Italy (especially the Mezzogiorno), Portugal, the United Kingdom (in particular Northern Ireland) and a number of French territories, including Corsica and the French overseas departments. Among these, two of the best known aimed respectively to extend advanced telecommunication services (STAR, 1985) and to make best use of local energy potential (Valoren, 1985). They were followed by other programmes devoted to creating alternative sources of employment in those Community areas most affected by job losses in the

steel industries (Resider, 1986) and in shipbuilding (Renaval, 1986) <sup>(1)</sup>. For the Member States that joined after the 1973 enlargement the Community launched national programmes of Community interest. These were mainly geared towards developing areas in a peripheral position. Their goals were to support small businesses and firms, to introduce new technologies and to improve road networks and promote tourism. For southern Europe more particularly the Commission launched the integrated Mediterranean programmes. These were designed to protect southern regions, especially in Greece, France and Italy, from the competition in agriculture and tourism caused by the Spanish and Portuguese accession. Their priorities were to strengthen the agriculture and fishing sectors, to encourage the development of small firms in order to respond to changes in the market, and to boost the potential for tourism.

In both the north and the south the Commission launched integrated development operations targeted at regions suffering from geographical isolation, desertification of rural areas and population decline. During 1986, 99.3% of the appropriations available, i.e. ECU 3 186 million, were committed to the ERDF's various operations, to which was added ECU 142 million for specific Community measures <sup>(2)</sup>.

## Coping with the accession of Spain and Portugal

The Community initiatives described above played an important role in reducing regional disparities.

<sup>(1)</sup> Spain and Portugal benefited greatly from these, especially during the launch of their industrial reconversion plans. Resider provides assistance in Asturias, Álava and Viscaya; and Renaval does so in Pontevedra and Cadiz in Spain and Setúbal in Portugal.

<sup>(2)</sup> 'European Regional Development Fund', *Bulletin of the European Communities*, No 4, 1986, pp. 53-54.

However, the accession of Spain and Portugal in 1986 increased the population of the EEC by 48 million people, and affected the ongoing process of real convergence of income between Member States. The rise in the Community population by one fifth also made the unemployment rate grow by a third and doubled the number of underdeveloped regions. Facing this new situation became a major challenge for the Community, requiring the Commission, in particular, to demonstrate the effectiveness of its new approaches.

Under the first Delors presidency, Grigoris Varfis, Commissioner for Regional Policy (1985-1988), tried to limit the increasing imbalances through the abovementioned sectoral programmes. However, there was another Commissioner strongly committed to dealing with European internal disparities — especially in the field of employment: Peter Schmidhuber, Commissioner for Economic Affairs and Employment from 1985 to 1988. He followed two major strategies to address the problem. First, he focused on improving employment and productivity to generate income in those regions that already possessed the necessary human resources and potential for economic development. Second, he tried to establish more direct contact with the subnational level, bypassing the national authorities, by involving in programme financing the most representative organisations of regional and local authorities in the Community, such as the Council of Regions in Europe, the Council of European Municipalities and Regions (CEMR) and the International Union of Local Authorities.

In April 1987 the Commission submitted a communication to the Council designed to tackle the challenge of enlargement and the consequences of the Single European Act <sup>(3)</sup>. It summarised the activities planned by the two Commissioners referred to above and set six primary tenets that were to

<sup>(3)</sup> 'Coordination of structural instruments', *Bulletin of the European Communities*, No 4, 1987, pp. 33-35.

shape Community regional policy over the following years: securing the growth and adjustment of the less-developed regional economies, converting declining industrial regions by helping them to develop new activities, tackling long-term unemployment, creating jobs for young people, promoting the adjustment of agricultural structures and encouraging rural development.

## The 1989 reform and the bringing together of funds under a single budgetary resource

The discussion launched in 1987 on a possible reform of the ERDF took as its starting point the issue of how to cope with the consequences of the latest enlargement by fostering direct contacts with the subnational levels in order to maintain employment in spite of industrial conversion plans and company restructuring. The reform was finally approved in the following year and entered into force in January 1989. It had a significant impact on the role of the Commission itself, which became an equal partner with the Member States in setting regional objectives and greatly increased its ability to coordinate regional policy initiatives. The allocations per sector remained unchanged: industrial development and environmental plans would be financed by the ERDF; job-market reclassification and the valorisation of new skills would come under the European Social Fund (ESF); and both programmes related to employment and the diversification of production in rural areas would fall under the European Agricultural Guidance and Guarantee Fund (EAGGF).

In order to increase efficiency the Commission decided to centralise the management of the three funds and to bring together the ERDF, the ESF and the EAGGF Guidance section under a single

budgetary resource over a period of 5 years. Until then the implementation of the funds had been monitored by the Member States, but the new role of the Commission implied a change to the former situation. Starting in 1989 the Community began to draw up operational programmes not only with national but also directly with regional and local authorities; expressed preferences as to their financing; and advocated more flexibility to vary the rate of assistance according to the kind of intervention that was to take place. The result was that in many Member States, especially the larger ones, actors at subnational level increased their political power, in particular vis-à-vis the national authorities, while this new procedure offered the Commission the opportunity to further strengthen its role.

Besides the unified budgetary provision, the 1989 reform concentrated the activities on a limited number of objectives and increased the Structural Funds to one third of the EEC's overall budget. In particular, the contribution of the Structural Funds was planned to double in real terms in 1992. Bruce Millan (the Commissioner for Regional Policy between 1989 and 1994) and Eneko Landáburu (Director-General of DG XVI from 1986 to 2000) worked closely together to increase the share of funds allocated to the ERDF, reducing the share going to agriculture <sup>(1)</sup>. The list of regions to be financed under Objective 1 (underdeveloped regions) was mostly determined according to the rule that regional per capita GDP should be below the threshold of 75 % of the Community average, although some flexibility was allowed as an acknowledgement of the problems faced by more prosperous regions. As for eligibility for Objective 2 (areas affected by industrial decline), the rule remained unchanged, therefore regions were eligible if their unemployment rate was 15 % higher than the Community average over the previous 3 years <sup>(2)</sup>. However, the rules also allowed access to Objective 2 when these areas were

<sup>(1)</sup> Interview with Eneko Landáburu, 10 October 2016.

<sup>(2)</sup> Interview with Ronald Hall, 6 April 2016.

## The Peace programme for Northern Ireland

One of the more distinctive features of EU regional policy during the 1990s was the special support programme for peace and reconciliation in Northern Ireland. This was not only an expression of satisfaction at European level at the ending of violence within the province, but also highlighted the extent to which EU financial support, and the fact that both Ireland and the United Kingdom were members of the Union, could play an important role in cementing a lasting peace.

The origins of the initiative go back to 1994 and the announcement on 31 August by the Irish Republican Army (IRA) that it intended to make permanent the 'temporary' ceasefire that it had announced that April. Commission President Jacques Delors was one of many to react positively, affirming the EU's 'support for the ongoing peace process' and stating a willingness to consider additional financial measures to help Northern Ireland<sup>(1)</sup>. These would be in addition to the ECU 25 million the Community had already been contributing to the International Fund for Ireland set up in response to the 1986 Anglo-Irish Agreement<sup>(2)</sup>.

Both the Irish government and that of the United Kingdom were quick to respond to Delors's announcement. John Major, the UK Prime Minister, replied within 2 days, and by early September the Commission had been encouraged to push ahead at an informal meeting of EU foreign ministers<sup>(3)</sup>. In response Delors asked the Deputy Secretary-General, Carlo Trojan, who already had some knowledge of Northern Ireland from his involvement with the International Fund for Ireland, to form a task force on the question comprising a number of Northern Irish officials from across the Commission, along with representatives of those parts of the Commission likely to be involved in delivering a regional aid package and members of the cabinets of Sir Leon Brittan, Bruce Millan and Pádraig Flynn<sup>(4)</sup>. After a preliminary meeting on 3 October its first formal session took place on 14 October 1994<sup>(5)</sup>.

The European Parliament was also keen to get involved, and the three Northern Irish MEPs in

particular<sup>(6)</sup>. Ian Paisley, John Hume and Jim Nicholson met with Delors on 13 October and thereafter involved themselves closely with the work of the task force and the implementation of the Commission programme<sup>(7)</sup>. Crucially though, neither the Commission nor the MEPs felt it appropriate for the scheme to be devised primarily in Brussels. Instead, as Trojan underlined, it was 'the result of widespread consultation with the British and Irish governments, the Northern Irish authorities, MEPs, local authorities, the voluntary sectors, and many other committed people on the ground'<sup>(8)</sup>. To this end, three Northern Irish Commission officials were sent to the province in October to consult as widely as possible (they met over 300 people in 4 days), Trojan himself visited Belfast in November and a large number of written submissions were considered by the task force<sup>(9)</sup>. Both the programme and its subsequent implementation were hence as much bottom-up processes as top-down. Indeed, a 1997 report drawn up on behalf of the three Northern Irish MEPs assessing the programme identified the dialogue it had fostered among and with local-level 'partnerships' as one of the most positive outcomes of the whole process<sup>(10)</sup>.

By late November the task force had completed its report, and the Commission won budgetary approval from the Parliament and Council to cover the additional expenditure planned<sup>(11)</sup>. On 7 December the Commission adopted a communication on the programme in time for it to be considered by the Essen

<sup>(1)</sup> See *Europe in Northern Ireland*, No 89, European Commission Office, Belfast, September-December 1994.

<sup>(2)</sup> Interview with Carlo Trojan, 2 June 2017.

<sup>(3)</sup> HAEC, BAC 74/2000/1, 'Letter from John Major to Jacques Delors', 2 September 1994.

<sup>(4)</sup> Interview with Carlo Trojan, 2 June 2017.

<sup>(5)</sup> HAEC, BAC 74/2000/4, 'Summary records of the five meetings of the task-force "Northern Ireland"'.  
<sup>(6)</sup> The Parliament passed a resolution on the peace process in Northern Ireland on 27 September 1994.

<sup>(7)</sup> HAEC, BAC 74/2000/1, 'Boyd note for the file on Delors's meeting with the NIRL MEPs', 14 October 1994.

<sup>(8)</sup> HAEC, BAC 74/2000/4, 'Investment Conference dinner speech by Carlo Trojan, Belfast', 13 December 1994.

<sup>(9)</sup> HAEC, BAC 74/2000/11, 'Note to Carlo Trojan from special advisers to Delors Task Force: H. Logue, H. McNally and R. Ramsey on the programme to support peace and reconciliation', 31 October 1994.

<sup>(10)</sup> HAEC, BAC 74/2000/10, 'Special support programme for peace and reconciliation in Northern Ireland and the border counties of Ireland — Revisited: report to Jacques Santer, President of the European Commission', 1 October 1997.

<sup>(11)</sup> HAEC, BAC 74/2000/1, SEC(94) 9013, Rev. 1, 'Report of the Task Force on Northern Ireland', 29 November 1994; BAC 74/2000/4, 'Letter from President Jacques Delors to Klaus Hänsch', 16 November 1994; and BAC 74/2000/4, 'Trilogue on the adaption of financial perspectives in view of the enlargement of the European Union (Brussels, 29 November 1994) — Statement of conclusions', 29 November 1994.



Meeting between Commission President Jacques Santer and a delegation of new parliamentarians from Northern Ireland. From left to right: Jim Nicholson MEP; Seamus Mallon, Deputy First Minister of Northern Ireland; Jacques Santer; David Trimble, First Minister of Northern Ireland; and John Hume, Leader of the Social Democratic and Labour Party.

European Council, where it met a positive response <sup>(1)</sup>. The package of measures was to amount to ECU 300 million (then equivalent to about GBP 240 million) of additional funding for the province and was to cover a period of 5 years.

The task of turning this agreement in principle into a working scheme fell to the Santer Commission. By February a draft proposal was ready to be transmitted to the European Parliament <sup>(2)</sup>. In order to sustain the political momentum behind the programme — and to underline the commitment of the new Commission — the new Commissioner for Regional Policy, Monika Wulf-Mathies, travelled to Ulster in late February, and then again in April. On the second occasion she was

accompanied by Jacques Santer and Neil Kinnock <sup>(3)</sup>. Finally, on 28 July 1995 the Commission was able to approve the initiative and start organising its implementation.

In substantive terms the vast majority of the ECU 300 million provided by the package was to be spent in Northern Ireland itself, although up to 20% could be directed towards the border counties in Ireland. Much of the money would actually be spent by a number of intermediary funding bodies, independent of both national governments, and by a series of newly developed local partnerships involving representatives from district councils, community and voluntary groups and the private sector. Monika Wulf-Mathies was instrumental in ensuring that the resources would be used as far as possible for individual projects conceived or implemented with the involvement of both communities in Northern Ireland. Targets included urban regeneration, social-inclusion projects and the development of tourism infrastructure. Also funded were innovative projects that were outside the

<sup>(1)</sup> HAEC, BAC 74/2000/1, COM(94) 607 final, 7 December 1994, 'A special support programme for peace and reconciliation in Northern Ireland'; PV(94), Minutes No 1226, second part, meeting of 7 December 1994; Presidency conclusions of the Essen European Council, 9 and 10 December 1994: <http://www.consilium.europa.eu/media/21198/essen-european-council.pdf>

<sup>(2)</sup> HAEC, BAC 74/2000/7, SEC(95) 279 final, 14 February 1995, 'Draft notice to the Member States laying down guidelines for an initiative in the framework of the special support programme for peace and reconciliation in Northern Ireland and the border counties of Ireland'.

<sup>(3)</sup> HAEC, BAC 74/2000/7, 'Note to file on Commissioner Wulf-Mathies' visit to Northern Ireland 27-28 February 1995', Brussels, 3 March 1995; the same file contains extensive paperwork on Santer's visit.

◀ normal scope of EU regional policy programmes, for example to address the complex needs of ex-prisoners. And, vitally, all of the money was additional to the sums that London, Dublin and the EU were already spending in the province. As such it would represent a very tangible 'peace dividend' and a symbol of European solidarity. As the UK government would later acknowledge, 'EU support, and especially the Peace programme, made a vital contribution to securing the Good Friday Agreement' <sup>(1)</sup>.

PIERS LUDLOW

important for sectors such as coal, steel, textiles and shipbuilding, which had experienced substantial job losses.

Under the 1989 reform the Commission increased the emphasis placed on harmonising data collection, not only through national statistical agencies but also through Eurostat, its own statistical service. This service was used in particular to collect Community data on regional GDP and unemployment rates, so that the Commission evaluation used for the allocation of future supranational funding became more independent with respect to data delivered by Member States.

The Commission also tackled the low profile of Community actions. From 1989 Member States were required to show, in their public accounts, the 'additional' resources from the Community, to demonstrate that the funding that made investments possible came on top of existing national resources rather than replacing them <sup>(1)</sup>.

Further Community initiatives were also introduced. Some of the well-known projects launched during 1989-1990 were Rechar, for the conversion of coal-mining areas; Envireg, for sustainable regional development on environmental issues; REGIS, for the most remote regions; REGEN, designed to develop networks for the transmission of natural gas and the distribution of electricity; Stride, devoted to initiatives to boost regional capacity in the field of research and technological development; and Interreg, which addressed cross-border development. The last of these was the most enduring, and today it is one of the three pillars of EU regional policy.

<sup>(1)</sup> HAEC, BAC 312/1999/128, 'UK *aide-mémoire*', 19 March 1999.

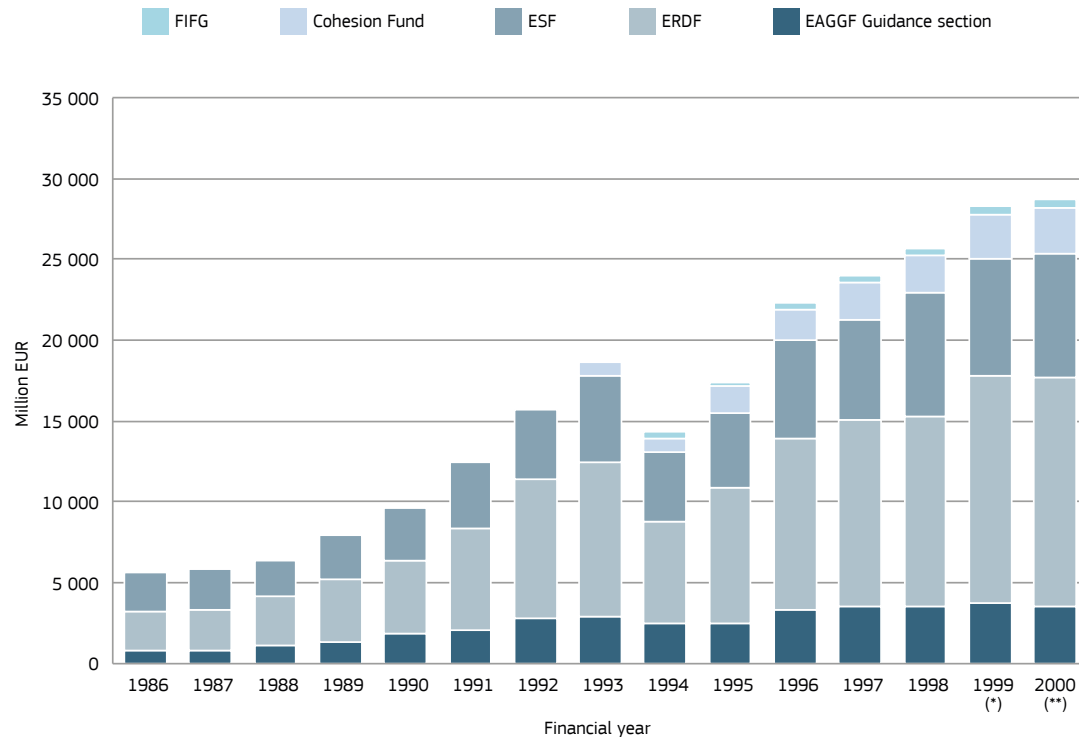
<sup>(1)</sup> Hall, R., 'The development of regional policy in the process of European integration: an overview', in Bischof, G. (ed.), *Regional economic development compared: EU-Europe and the American south*, 'Interdisziplinäre Forschung' collection, Innsbruck University Press, Innsbruck, 2014, pp. 13-33.



FIGURE 1

**CHANGE IN COMMUNITY EXPENDITURE FROM 1986 TO 2000 — STRUCTURAL FUNDS**

Between 1986 and 2000 the Community budget devoted to the Structural Funds increased (almost) exponentially



(\*) 1999 budget.

(\*\*) Preliminary draft budget 2000.

Source: European Commission, *The Community budget: the facts in figures*, Office for Official Publications of the European Communities, Luxembourg, 1999, pp. 30-31.

The major criticisms made of this reform concerned the relatively high share of resources devoted to infrastructure investments and the inability of these policies to reduce regional disparities in the short term. The European Parliament underlined that infrastructure and services still received more financing than the other priority areas. The reason why this trend was consolidated, instead of being corrected, was connected to the reform itself and, in particular, to the establishment of one single budget for the ERDF, the ESF and the EAGGF, distributed between the three funds. The portion of the budget to be allocated to each fund was decided on the basis of the priorities established by Member States and regions in their programming documents. In order

to use the resources as quickly as possible Member States tended to prioritise regional funds for infrastructure projects. This mechanism created a connection between regional policy and infrastructure investments, so that a large share of the total budget was effectively allocated to the latter <sup>(1)</sup>. This share tended to increase over time and caused new tensions between the directorates-general responsible for the different funds.

As far as the persistence of disparities between regions was concerned, it must be noted that as soon

<sup>(1)</sup> Interview with Dirk Ahner, 16 December 2016.

## The Committee of the Regions

The Treaty on European Union of 7 February 1992 provided that a new Community body, the Committee of the Regions, be established to represent the local and regional bodies of the Member States of the EU in the same way as the Economic and Social Committee represented the interests of civil society. This new advisory body first came together on 9 and 10 March 1994 in Brussels. The European Commission — though neither the first nor the only force behind the conception of this body — certainly played a decisive role in providing the impetus for its creation, assisting its institutional set-up and guiding its activities.

The origins of the Committee of the Regions go back to 9 May 1960, when the Parliamentary Assembly of the European Economic Community called, in a report on European regional policy, for the creation of a ‘consultative committee on regional economies’, to be established alongside the European Commission <sup>(1)</sup>. But it was only on 24 June 1988 that the European Commission made this idea a reality, creating the ‘Consultative Council of Regional and Local Authorities’, a body that lacked official status but that may be considered to be the ‘Community ancestor’ of the Committee of the Regions <sup>(2)</sup>. The context for the Commission’s decision to do this was the Single European Act of 1986, with its planned single market and the reform of regional policy to involve territorial authorities through a new partnership principle. Another decisive factor for the Commission was the scope to benefit from the local knowledge and expertise of the territorial authorities.

When discussions on creating the Committee of the Regions were begun as part of negotiations for the Treaty on European Union, the European Commission suggested to the intergovernmental conference on 14 June 1991 that its existing Consultative Council be used for this purpose. Thus, the Committee of the Regions could address the need to strengthen the democratic legitimacy of the Community institutions and their link to European citizens <sup>(3)</sup>. But other interests came into play. With the widening of the European Economic Community’s powers, discussions

sprang up on the principle of subsidiarity and the participation of the regions in the Community decision-making process. Supported by Belgium and Italy, Germany wanted an independent body, to satisfy the demands of the German *Länder*. The same was also true of local and regional interest groups, including the Assembly of European Regions (AER) and the CEMR, which championed the idea of a ‘Europe of the Regions’. However, the Luxembourg Presidency of the Council — with the support of the Netherlands — had a different solution in mind, suggesting that the Economic and Social Committee include representatives of territorial authorities. It was thanks to the joint intervention of the European Parliament and the Commission that this proposal was discarded, with the Treaty of Maastricht (Title I, Articles 198a, 198b and 198c) ultimately providing for a Committee of the Regions, consisting of 189 representatives of regional and local bodies, that could be consulted by the European Commission on certain subjects (economic and social cohesion; public health; transport, energy and telecommunication networks; education; youth; and culture) and could also involve itself on its own initiative where it considered that regional interests were involved. The Committee was neither attached to the Commission nor subordinate to the Economic and Social Committee, but it shared a common organisational structure with the latter. Its name was also a compromise. It was called the ‘Committee of the Regions’, but the treaty specified that it should also include local bodies.

The European Commission was one of the parties involved in setting up the new body. According to Eneko Landáburu, Director-General for Regional Policy and Cohesion at the Commission, ‘Delors and I myself were very much in favour of this idea of involving the regions in the European process in this way’ <sup>(4)</sup>. Within the Secretariat-General, Jean-Claude Eeckhout’s team put itself at the disposal of the Council of the European Union, which was responsible for appointing the 189 members and alternate members for a 4-year term <sup>(5)</sup>. The Committee of the Regions held its first session in March 1994 at the premises of the European Parliament in Brussels. Both the President of the Commission, Jacques Delors, and the President of the Parliament, Egon Klepsch, were present. As Delors saw it, the task of the Committee was ‘to enhance the

<sup>(1)</sup> Committee of the Regions, *Milestones in the history of the Committee of Regions, 1994-2014*, Brussels, 2014, p. 7.

<sup>(2)</sup> Féral, P.-A., *Le Comité des régions de l’Union européenne*, ‘Que sais-je?’ collection, No 3369, Presses universitaires de France, Paris, 1998, p. 9.

<sup>(3)</sup> Neshkova, M. I., ‘The impact of subnational interests on supra-national regulation’, *Journal of European Public Policy*, Vol. 17, No 8, Routledge, Abingdon, 2010, p. 1195.

<sup>(4)</sup> Interview with Eneko Landáburu, 10 October 2016, p. 21.

<sup>(5)</sup> Interview with Jean-Claude Eeckhout, 27 April 2017.



First plenary session of the Committee of the Regions with Jacques Delors (front row, second from right), Brussels, 10 March 1994.

democratic legitimacy of the Union', but he also made the point that it should not be forgotten that 'the European Union is the creation of nation states that have freely chosen to transfer to it some of their powers in certain areas' and that 'the European Union has no say in what the nature of relations between central and regional authorities is to be' <sup>(1)</sup>. He was thus careful with his words: the Commission supported the Committee of the Regions but avoided advocating a 'Europe of the Regions' that would call into question the legitimacy of the Member States. Nonetheless, the members of the Committee were 'fascinated and proud' to be in 'direct contact with the President of the European Commission' <sup>(2)</sup>. During this first session a political deal was struck balancing the different political orientations (left/right) and the different administrative levels (local/regional), with the Committee electing Jacques Blanc, a representative of France's Languedoc-Roussillon region and member of the European People's Party (EPP), as President and the Spanish socialist mayor Pasqual Maragall as First

Vice-President <sup>(3)</sup>. This principle of alternating power would continue, with Pasqual Maragall becoming President in 1996, followed in 1998 by Manfred Dammeyer, who was a member of the Party of European Socialists and Minister of European Affairs of the German federal state of North Rhine-Westphalia.

The European Parliament had supported the creation of the Committee of the Regions. However, relations between these two institutions were not always friendly. Some Members of the European Parliament disliked Jacques Blanc's assertive political style. After his election, in the European Parliament building, he made a 'fundamental mistake', stating that 'Europe's true democratic legitimacy' lay in the Committee of the Regions <sup>(4)</sup>. The Parliament might thus fear competition from a kind of 'potential second parliamentary chamber' with greater legitimacy as it was closer to citizens, although it was in reality clear that the Committee of the Regions had neither the status nor the means to become a true 'European

<sup>(1)</sup> HAEC, BAC 57/1995/197, 'Speech by Jacques Delors'.

<sup>(2)</sup> Interview with Pierre-Alexis Féral, 8 September 2016.

<sup>(3)</sup> Christiansen, T., 'Second thoughts on Europe's "third level": the European Union's Committee of the Regions', *Publius: The Journal of Federalism*, Vol. 26, Issue 1, Oxford University Press, Oxford, 1996, p. 98.

<sup>(4)</sup> Interview with Philippe Burghelle-Vernet, 8 September 2016.

◀ senate of the regions'. The European Commission, on the other hand, had a more positive attitude and developed a very close relationship with this newly created body.

The Secretariat-General put a lot of work into its internal organisation. Indeed, it was Jean-Claude Eeckhout who managed the drawing up of the Committee's rules of procedure, which were adopted by the Council of the European Union in May 1994, following a draft joint proposal from the Assembly of European Regions and the CEMR. The Commission also closely followed proceedings for the appointment of the Committee's first Secretary-General, the German Dietrich Pause, who was appointed by the Council in August 1994, and the institutional development of the new body. From 1995, when Austria, Finland and Sweden joined the EU, the number of Committee members was increased from 189 to 222, although in reality observers from these countries had been on the Committee from the start. Thus the Austrian representatives provided strong support for the Committee's work from its inception<sup>(1)</sup>.

The Commission participated actively and at the highest level in the Committee's plenary sessions. In 1994 President Jacques Delors made comments there on the state of the EU, sparking a veritable policy debate with members, and the Commissioner for Regional Affairs, Bruce Millan, presented the document *Europe 2000+*<sup>(2)</sup>. In 1995 the new Commission President, Jacques Santer, attended to present his work programme, and the Commissioner for Regional Affairs, Monika Wulf-Mathies, developed the habit of attending every session of the Committee.

The support provided by the Commission for the Committee's work went beyond political symbolism. Thanks to the Commission, interinstitutional relations gradually developed in an effective way, giving rise to cooperative working methods and arrangements and helping to channel the Committee's often not very targeted legislative activity<sup>(3)</sup>. On 19 April 1995 the Commission published a communication on its relations with the Committee of the Regions. Initially this had even included a reference to the Commission's responsibility 'towards this body whose establishment it advocated'<sup>(4)</sup>. Based on this document, cooperation between the two institutions was set on a more

concrete footing, with the Commission undertaking to provide the Committee with a forward programme of mandatory and voluntary consultations, and also to report back to the Committee regularly on the follow-up given to the Committee's opinions<sup>(5)</sup>. In addition, in order to ensure that this interinstitutional dialogue was efficient, the Commission put in place its own structure, creating within its Secretariat-General a unit headed by Philippe Burghelle-Vernet with responsibility for relations with the Committee of the Regions. Furthermore, each directorate-general was tasked with designating someone to coordinate relations with this new unit of the Secretariat-General. Lastly, at the request of Wulf-Mathies, the Commission set up a policy group made up of members of the European Commissioners' cabinets<sup>(6)</sup>. With this mechanism in place, close, amicable relations developed between the two institutions.

In practice the Commission went well beyond what was required by the treaty in order to inform the Committee of the Regions in advance of the measures upon which it would be consulted. Progressively, the Commission also advised the Committee as to the legislative initiatives in which it should involve itself and how to do so. For example, in 1995 Wulf-Mathies discouraged the Committee from making a resolution on the controversial question of Bosnia and Herzegovina, because she considered that this did not come within the Committee's remit<sup>(7)</sup>. Similarly, the Commission recommended that the Committee limit the number of opinions it issued on its own initiative, believing that this could constitute a Trojan horse in the Council's eyes<sup>(8)</sup>. The Committee of the Regions' output was indeed impressive, increasing from 27 opinions in 1994 to 70 opinions in 1999. Generally, approximately half of the Committee's opinions were issued on its own initiative (with 18 such opinions in 1996 and 30 in 1999)<sup>(9)</sup>. The Committee did therefore work on the areas where its involvement was

<sup>(1)</sup> Interview with Andreas Kiefer, 23 May 2017.

<sup>(2)</sup> HAEC, BAC 57/1995/197, 'Speech by Bruce Millan'.

<sup>(3)</sup> Interview with Philippe Burghelle-Vernet, 8 September 2016.

<sup>(4)</sup> HAEC, SEC(1995) 594, 'Communication from Monika Wulf-Mathies on relations with the Committee of the Regions'.

<sup>(5)</sup> HAEC, BAC 586/2004/42, 'Establishment and framing of relations with the Committee of the Regions'.

<sup>(6)</sup> Levrat, N., 'Les relations du Comité des régions à l'intérieur du système institutionnel communautaire', in Bourrinet, J. (ed.), *Le Comité des régions de l'Union européenne*, Economica, Paris, 1997, pp. 133-134.

<sup>(7)</sup> McCarthy, R. E., 'The Committee of the Regions: an advisory body's tortuous path to influence', *Journal of European Public Policy*, Vol. 4, No 3, Routledge, Abingdon, 1997, p. 443.

<sup>(8)</sup> Loughlin, J., "Europe of the regions" and the federalization of Europe', *Publius: The Journal of Federalism*, Vol. 26, Issue 4, Oxford University Press, Oxford, 1996, p. 143.

<sup>(9)</sup> Piattoni, S. and Schönlaui, J., *Shaping EU policy from below: EU democracy and the Committee of the Regions*, 'New Horizons in European Politics' collection, Edward Elgar Publishing, Cheltenham, 2015, p. 70.

mandatory (Structural Funds, urban regeneration, trans-European networks), but it also sought to assert itself through position statements on subjects of its own choice. In 1994, for example, the Committee adopted a highly controversial opinion on the reform of the wine market <sup>(1)</sup>. And in 1995 the President of the region of Catalonia, Jordi Pujol, presented an opinion on the revision of the Treaty on European Union, which was then submitted to the 1996-1997 intergovernmental conference <sup>(2)</sup>. This opinion called for more autonomy for the Committee of the Regions, including the right to set its own rules of procedure and an expansion of its areas of activity. The European Commission was not necessarily in favour of this stance, its priority at the time being to harvest the expertise of the Committee before submitting its proposals to the Parliament and the Council. It was therefore keen that the Committee concentrate on mandatory and voluntary opinions (such as those on the Commission's White and Green Papers) <sup>(3)</sup>. But the Commission's 'paternalistic' vision was not always appreciated in the Committee, which saw this vision as ambivalent and which feared that its opinions, even those that were mandatory, were immediately brushed aside by the Commission <sup>(4)</sup>.

Nonetheless, thanks to the increase in focus of the Committee of the Regions' activities, which was encouraged by the European Commission, combined with emancipation on the part of the Committee, the latter's place in the EU's institutional architecture was strengthened by the 1997 Treaty of Amsterdam. The treaty gave the Committee some administrative and budgetary autonomy, expanded its areas of activity and introduced a facility for the European Parliament to refer to it for an opinion. This increase in power did not, however, improve the effectiveness of the Committee of the Regions. Instead it suffered internal divisions due to the diversity of its members and a loss of interest among representatives of the powerful



Meeting between Monika Wulf-Mathies (right), Commissioner responsible for regional policy, and Pasqual Maragall (left), Mayor of Barcelona and President of the Committee of the Regions, on 9 July 1996 at the Breydel building.

(Belgian, German and Spanish) regions <sup>(5)</sup>. This disinterest also made itself felt in the Commission, which closed down the special unit within the Secretariat-General in 1998. It was only in 2001 that relations became stronger again, when the European Commission and the Committee of the Regions signed their first cooperation agreement <sup>(6)</sup>.

BIRTE WASSENBERG

<sup>(1)</sup> Warleigh, A., *The Committee of the Regions: institutionalising multi-level governance?*, 'European Dossier' collection, Kogan Page, London, 1999, p. 33; Opinion 242/94 of the Committee of the Regions on the proposal for a Council Regulation (EC) on reform of the common organization of the market in wine (OJ C 210, 14.8.1995, p. 57).

<sup>(2)</sup> Bourrinet (ed.), *Le Comité des régions de l'Union européenne*, pp. 237-248; Opinion 136/95 of the Committee of the Regions on the revision of the Treaty on European Union and of the Treaty establishing the European Community (rapporteur: Mr Pujol i Soley) (OJ C 100, 2.4.1996, p. 1).

<sup>(3)</sup> HAEC, BAC 586/2004/1, 'Note of the Secretariat-General of 11 October 1999'.

<sup>(4)</sup> Interview with Pedro Cervilla, 8 September 2016.

<sup>(5)</sup> Hönnige, C. and Panke, D., 'Is anybody listening? The Committee of the Regions and the European Economic and Social Committee and their quest for awareness', *Journal of European Public Policy*, Vol. 23, Issue 4, Routledge, Abingdon, 2016, p. 625.

<sup>(6)</sup> Piattoni and Schönlaue, *Shaping EU policy from below*, p. 71.

as the reform was enforced it was confronted by an unexpected change. German reunification and the application of the Convention implementing the Schengen Agreement in 1990 increased both the population of the Community and the free movement of people, creating new challenges for the 1989 reform in coping with the new regional policy requirements, especially in the field of employment.

## The 1993 reform and the launch of the Cohesion Fund

After the signing of the Treaty of Maastricht in 1992 the new challenge facing regional policy was how to reconcile social cohesion with the proposals for monetary union. To reach this goal the Commission launched a new budgetary support instrument: the Cohesion Fund<sup>(1)</sup>. Its main objective was to help Member States with a GNP per capita of less than 90 % of the EU average — Ireland, Greece, Spain and Portugal — to overcome the difficulties they faced in moving to monetary union. In particular it helped to maintain their investment budgets, allowing their economies to catch up with the rest of the EU while simultaneously keeping their public deficits in check, in accordance with the economic criteria set out in the treaty<sup>(2)</sup>.

Felipe González, at that time the Spanish Prime Minister, took on the role of spokesperson for these Member States vis-à-vis the Commission. He strongly advocated new and more targeted financial resources as a positive feature for the entire Community, suggesting that infrastructure and transport networks would be built in the abovementioned

countries with materials coming from firms and enterprises based in the most industrialised Member States. For example, he argued that German and French heavy industries would benefit economically from the building of the Spanish high-speed railway, because the major firms involved would be Siemens and Alstom<sup>(3)</sup>.

According to Commissioner Millan, the Cohesion Fund, besides protecting southern Europe and Ireland during the implementation of monetary union, would allow the Mediterranean Member States to invest in infrastructure, while the ERDF and the ESF could be redirected towards supporting investment in other fields, such as human resources and environmental measures. It was not an easy task. National governments, as already underlined, preferred to use the fund to obtain quick, high-profile results in order to increase their domestic political support<sup>(4)</sup>.

The majority of the co-financing still went to infrastructure and transport projects; however, these were followed by some investments in environmental measures. The most impressive examples of infrastructure were the building of the biggest bridge in Europe, over the River Tagus in Lisbon, the completion of the large Venizelos airport in Athens and the construction of a tunnel through the mountains to supply Athens with drinking water. In the area of transport there was the co-financing of part of the Madrid–Barcelona high-speed train line and the Madrid ring road. The environmental projects included some that utilised the concept of protecting endangered green areas, such as Natura 2000 in Spain, and others encouraging the renewal of water treatment plants, especially in Greece.

The Cohesion Fund imposed the condition that the Member States receiving support should also respect the EU's macroeconomic objectives, for

(1) 'Proposal for a Council regulation establishing a Cohesion Fund', in HAEC, COM(92), Minutes No 1115, second part, meeting of 22 July 1992, pp. 17-20.

(2) Hall, 'The development of regional policy in the process of European integration', p. 20.

(3) Interview with Marcell von Donat, 13 June 2016.

(4) Interview with Ronald Hall, 6 April 2016.

example by ensuring that their budget deficit did not exceed a threshold of 3% (otherwise financing could have been suspended). But their impact was not only economic but also sociopolitical. All the projects sponsored bore an explicit reference to the European Union funding received. This 'visible' presence was intended to make the local population feel closer to the EU institutions.

The reform promoted in 1993 also envisaged greater rationalisation of funding, with further concentration on smaller areas. This was in line with the process already started at the end of the 1980s, involving an extended dialogue on social issues and including the development of contacts between the Commission and social partners, mainly national trade unions and employers' organisations. Moreover, the reform included an extension of the already implemented multiannual programmes from 5 to 7 years, the distribution of resources after the monitoring procedure by the Commission itself and further budget flexibility. In particular, the decision to make the allocation of further funds dependent on monitoring by the Commission caused some friction with the Member States. They interpreted this as a lack of trust in their monitoring activities and as a way to centralise regional policy management at supranational level. In order to avoid losing their role they pushed for renationalisation.

One of the results of this national–supranational tension was played out in the new regulations governing the Objective 2 regions. Up to then the criteria used to determine the eligibility of regions were based largely on the unemployment rate. Some Member States wanted to change this to make it easier to include regions or areas that were national priorities. They succeeded in obtaining more flexibility, as they were now allowed to propose areas that did not meet the unemployment criteria. However, the Commission did not lose all of its control over Objective 2: it was responsible for setting a national ceiling for each Member State for the total



Starting in 1994 the Cohesion Fund provided financial aid to Member States with a per capita GDP of less than 90% of the EU average, i.e. Ireland, Greece, Spain and Portugal. In Spain this funding was notably used to build a new ring road around Madrid.

eligible population, and the Member States were asked to make proposals within this framework <sup>(1)</sup>.

As for the other objectives, a general reshuffle took place. Education and health were included under Objective 1, and the list of eligible areas was enlarged to include the reunified Germany — regions of the former East Germany and East Berlin — and some other areas where per capita GDP was at most 75% of the EU average during the previous 3 years, such as Hainaut in Belgium, Cantabria in Spain and the Highlands and Islands and Merseyside in the United Kingdom. Objective 3, besides focusing on tackling long-term unemployment, included the

<sup>(1)</sup> Ibid.

## Bridging the gaps: the ‘outermost regions’ and the European Community/Union

Although the application of the European treaties to the French overseas departments <sup>(1)</sup> has been an issue of particular significance since the start of European integration <sup>(2)</sup>, it was only from the mid 1980s onwards that it became the subject of an ad hoc Community policy. In 1979, in the wake of the *Hansen* judgment <sup>(3)</sup>, the Commission set up the Overseas Departments Interservices Group: this ceased to exist a few years later, giving way to solutions reached on a case-by-case basis in line with each sectoral policy and in association with the French government, as had previously been the case <sup>(4)</sup>.

It was thanks to the determination of President Delors, who was ‘convinced that it was important to find a general solution to the problems of the overseas departments’ <sup>(5)</sup>, and in light of the accession of Spain and Portugal that an interservices group was re-formed in September 1986 and incorporated into the Secretariat-General. The group’s perspective was global rather than specific, with a view to ‘taking the national element out of the problem and seeing the broader picture’ <sup>(6)</sup>. The OD, OCT, Canary Islands, Ceuta and Melilla, Azores and Madeira Interservices Group, chaired by Giuseppe Ciavarini Azzi, was thus tasked with developing a coordinated approach to the overseas departments and to the other extremely remote Community regions belonging to Spain (Canary Islands) and to Portugal (Madeira and the Azores), states that had recently joined the Community <sup>(7)</sup>. The group was called on to deal with different economic, social, legal and political policy areas. To that end, ‘almost all of the services needed to be a part of it’ <sup>(8)</sup>.

While these regions are today defined as the ‘outermost regions’, this was not the case during the 1980s. Recognition of their particular status within the European Union came much later, first in the form of a declaration annexed to the Maastricht Treaty and subsequently incorporated into the Treaty of Amsterdam (Article 299(2) of the Treaty establishing the European Community, now Article 349 of the Treaty on the Functioning of the European Union), thus providing a firm legal basis for the measures already initiated by the Commission. Those measures, resulting from the adaptation of certain Community policies (agriculture, fisheries, customs, State aid, etc.) to the real situation on the ground, made targeted use of the Structural Funds while respecting the specific characteristics of the regions concerned and the interests of the Community. The reference framework for this approach consisted of the programmes of options specifically relating to remoteness and insularity, which were naturally aimed at the French overseas departments in the first instance. The Poseidon multiannual programme was adopted in 1989 after a year of negotiations in the Council <sup>(9)</sup>. The same Poseidon model was used as a basis for Poseican for the Canary Islands and Poseima for the Azores and Madeira, adopted in 1991 <sup>(10)</sup>. The 1988 reform of the Structural Funds took account of the outermost regions, which were at the heart of the REGIS Community initiative <sup>(11)</sup>. As a result the programmes were able to receive additional funding to promote the economic and social development of the regions in question, an issue that had become particularly pressing with an eye to the completion of the single market. A policy for the outermost regions thus took shape, and one of its most innovative elements was that it was the result of a continuous partnership between the Commission, the central governments and the regions. ‘We never spoke to the states without the regions, or vice versa’ <sup>(12)</sup>. However, the implementation of this approach was not always straightforward. In some cases, for instance, the

<sup>(1)</sup> French Guiana, Guadeloupe, Martinique, Réunion.

<sup>(2)</sup> Under Article 227(2) of the Treaty establishing the European Community, the French overseas departments were an integral part of the Community but the conditions under which certain provisions of the treaty were to apply were to be determined within 2 years of its entry into force (OJ C 224, 31.8.1992, p. 76).

<sup>(3)</sup> The *Hansen* judgment established that, even after the expiry of the 2-year period, it would remain possible to adopt specific measures for the overseas territories in order to meet their needs (Judgment of 10 October 1978 in Case 148/77, *Hansen v Hauptzollamt Flensburg* (ECR 1978, p. 1787)).

<sup>(4)</sup> HAEU, Fonds François Lamoureux (FL) 175, ‘Memorandum to Émile Noël on the “Overseas Departments and Territories Interservices Group”’, 9 September 1986.

<sup>(5)</sup> Interview with Giuseppe Ciavarini Azzi, 22 June 2017.

<sup>(6)</sup> *Ibid.*

<sup>(7)</sup> Ceuta and Melilla had not expressed an interest in enjoying the same arrangements. The files concerning overseas countries and territories were handled by DG Development.

<sup>(8)</sup> Interview with Giuseppe Ciavarini Azzi, 22 June 2017.

<sup>(9)</sup> Council Decision of 22 December 1989 concerning the dock dues in the French overseas departments (OJ L 399, 30.12.1989, p. 46).

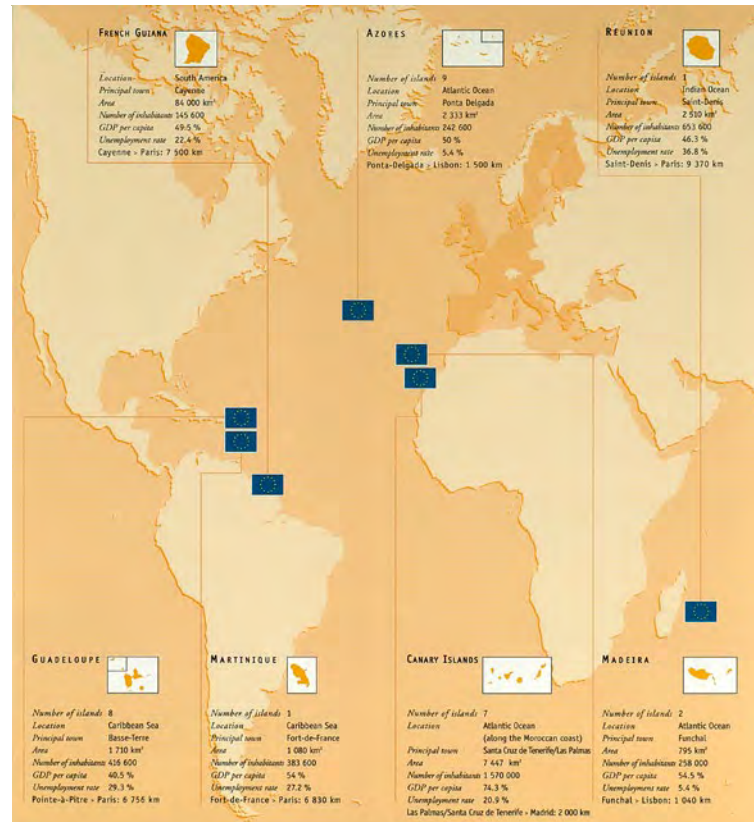
<sup>(10)</sup> Council Decisions 91/314/EEC and 91/315/EEC of 26 June 1991 (OJ L 171, 29.6.1991, p. 5).

<sup>(11)</sup> Notice C(90) 1562/1 to the Member States laying down guidelines for operational programmes in the framework of a Community initiative concerning the most remote regions, which Member States are invited to establish (OJ C 196, 4.8.1990, p. 15).

<sup>(12)</sup> Interview with Giuseppe Ciavarini Azzi, 22 June 2017.



Specific programmes to respond to the remote and insular nature of the French overseas departments (Poseidom, 1989), the Canary Islands (Poseican, 1991) and Madeira and the Azores (Poseima, 1991) were implemented in the context of the Structural Funds.



Commission met with suspicion from the regions. ‘The overseas departments put up resistance because they were worried that the dock dues would be abolished. During Carnival time in the Caribbean, there was one popular song about the big bad wolf that would gobble up the poor little lambs, i.e. the overseas departments’ <sup>(1)</sup>. This meant that a lengthy process of mutual understanding became necessary. In 1989, a few months after an interservices group mission to the Canary Islands, the islands’ parliament, in a historic vote, approved the full integration of the region (which at the time was outside the customs union, the common agricultural policy and other common policies) into the Community, thus allowing it to take full advantage of the abovementioned programmes of options specifically relating to remoteness and insularity.

Both sides thus gradually became aware of the win-win nature of the relationship. The policy pursued by

the Community with regard to the outermost regions over the period from 1986 to 2000 made a decisive contribution in this respect. Its results were largely positive for all seven regions, particularly in terms of economic growth and infrastructure development, despite difficulties on the ground and the consequences of changes to the European and international context during the 1990s <sup>(2)</sup>. Even though some challenges related to their specific handicaps remained unresolved, new horizons opened up for these regions of the Community. The benefits to the European Union in both economic and political terms, and particularly with regard to relations with the African, Caribbean and Pacific states, were no less significant.

SILVIA SASSANO

<sup>(1)</sup> Ibid.

<sup>(2)</sup> COM(2000) 147 final, ‘Commission report on the measures to implement Article 299(2) — The outermost regions of the European Union’, 14 March 2000.

promotion of job opportunities for young people and those at risk of exclusion from the labour market (former Objective 4). A new Objective 4 was put in place to help workers adapt to industrial changes and to the introduction of new productive systems. A new Objective 6 was also established to cope with disparities in the fisheries sector.

In order to cover all these fields the Commission increased the funding allocated both to the Community Support Framework, which reached ECU 2.117 billion, and to structural actions, which for the 1993-1999 period reached an average of around ECU 25 billion, doubling the ECU 13 billion allocated from 1988 to 1992 <sup>(1)</sup>. In spite of increasing criticism from Member States due to their lack of control over these plans, some Community initiatives, such as REGIS, Resider and Interreg, were renewed, and new initiatives were launched, such as the Northern Ireland Peace programme (1995).

## The 1999 reform and the post-1989 enlargements

From the beginning of the 1990s the Commission enhanced some further programmes aimed at meeting the needs of Austria, Finland and Sweden, which entered the EU in 1995. These areas had a lower population density and a higher standard of living than the Member States in southern Europe. Unlike the enlargement towards Greece, Spain and Portugal, the 1995 enlargement did not lead to an increase in internal disparities; this meant that, more easily than in the past, the measures developed could address the creation of jobs in new fields, such

as rural areas and environmental programmes, and foster the sustainable use of natural resources <sup>(2)</sup>.

All in all the results of regional policy over the previous decade were positive. The Commission reported the creation of 7 million jobs, the resolution of many disputes between the EU and the Member States and greater competitiveness on the part of the Member States receiving cohesion policy support. It stated that Member States had obtained significant local discretion as to the use of ERDF funds, and that DG XVI had succeeded in promoting new business-development programmes, especially in relation to small and medium-sized enterprises, and financing basic infrastructure such as roads, bridges and railways. Furthermore, the economic gap between the Member States that had benefited from regional funds and the rest of the EU had narrowed.

The major issues to be faced in the second half of the 1990s lay in continuing to shift the ERDF from financing infrastructure and transport towards new objectives and monitoring national compliance with the additionality principle. The former goal was already on track; the problem with the latter issue was that not all Member States delivered the reports on their public spending within the set deadlines, so the Commission could not check whether the amount established during the programming phase at national level had actually been spent.

After 1995 even the European Parliament, in general terms, acknowledged the results achieved by the Structural and Cohesion Funds. In line with the Commission's intentions it advocated the further 'regionalisation' of competences between the various levels of funding management in order to provide greater clarity on each step, and responsibility, in the process. However, its detailed evaluation was somewhat more critical. It was influenced by the analysis carried out by the recently established

<sup>(1)</sup> 'Economic and social cohesion: structural measures', *Bulletin of the European Communities*, No 10, 1992, pp. 47-48.

<sup>(2)</sup> HAEU, GR-123, 'Evaluation of the Community regional policy'.



The Cohesion Fund also participated in achieving the objectives set out in the context of the Community's environmental and sustainable development policy. To tackle soil erosion a levee was built in Spain, and a reforestation project was undertaken in the Ebro region.

Committee of the Regions of the European Union (1994), which questioned the alleged convergence achieved among all the Member States and regretted the delays in transferring funds from the supranational to the subnational level <sup>(1)</sup>. To increase convergence it advocated the involvement of the private sector in the programming process; it also called for the simplification of the local reimbursement procedure: the sum anticipated at national level should be reimbursed as soon as each region had implemented its project, without waiting for the compliance of all the regions in one Member State.

On the involvement of social partners, at the end of the Commission's mandate Monika Wulf-Mathies,

the new Commissioner for Regional Policy (1995-1999) in the Santer Commission, took up the idea introduced by Commissioner Millan. She promoted the setting up of a number of specific committees that included trade union representatives. Accordingly she stressed the need for stronger union participation in Commission activities <sup>(2)</sup>. In line with the plan to correct the funding imbalances noted from the end of the 1980s, she also improved regional policy at urban level, by supporting the plan to focus on European cities as places of cultural and social integration. Building on local initiatives, regional policy financed cities as centres of innovation and economic development; sought to tackle, in urban areas, the marginalisation of peripheral zones; and allocated more funds to environmental projects, such as those involving

<sup>(1)</sup> 'Economic and social cohesion', *Bulletin of the European Union*, No 1/2, 1996, pp. 41-42.

<sup>(2)</sup> Interview with Horst Reichenbach, 8 June 2017.



The European Regional Development Fund aimed to fulfil Objectives 1 and 2 of the Structural Funds by means of three initiatives: crossborder and interregional cooperation, rural development and transnational cooperation. In Portugal it contributed to financing the construction of the motorway between Porto and Valença in 1996.

the improvement of water quality and the treatment of solid waste <sup>(1)</sup>. Wulf-Mathies also set aside a mandatory minimum percentage of the Cohesion Fund to be allocated to environmental issues, in order to strike a better balance with the funds allocated to transport. In spite of the good results obtained, especially in extending the ERDF's objectives, she did not seek to hide widening gaps in less-developed regions between large capital cities and their rural hinterlands, especially in the field of employment. The worst result was that in the poorest regions the unemployment rate rose from 20% to 24% of the active population, and 25% of the EU population living in Objective 1 regions had a GDP per head that was still less than two thirds of the EU average.

Addressing this problem became the core mission of the ERDF reform that followed in 1999. The Commission focused on the importance of acting within the Member States, at an even more local level, in order to reduce internal disparities and to promote synergy between rural and urban areas. It did so

without neglecting the existing eligibility criterion applied across the whole of the EU. It also emphasised the need for Structural Funds to be implemented in a way that complemented other EU priorities and policies. Among the EU's priorities in 1999 was enlargement towards central and eastern Europe. Back in 1996 Commissioner Wulf-Mathies had set out the main guidelines to be followed with regard to these geographic areas: further concentration of funds and allocation according to the negotiating process. The EU granted pre-accession financing to the new applicants <sup>(2)</sup>. In line with the 1993 reform, funds were concentrated in the new poorest regions, the number of objectives was reduced from seven to three and it was decided to leave the Cohesion Fund in its existing form from 2000 to 2006.

However, one of the more important aspects of the reform was that the Commission fought strongly against the idea of linking the allocation of the Structural Funds to the compliance of each Member State with the macroeconomic criteria in the Maastricht Treaty, as was the case for the Cohesion Fund. In doing so it succeeded in maintaining a policy with the overarching aim of reducing disparities, independent of the macroeconomic context, as had been the case since the 1970s.

## Conclusion

The Single European Act and the Maastricht Treaty marked two key turning points in the process of European integration. In order to complete the single market and promote monetary union without widening the internal disparities between Member States, the European Economic Community/European Union decided to support more rapid development in less-favoured areas by increasing regional policy funding.

<sup>(1)</sup> 'Economic and social cohesion', *Bulletin of the European Union*, No 6, 1997, pp. 63-64.

<sup>(2)</sup> Interview with Georges Rencki, 4 April 2016.

Over the entire period under consideration in this chapter the EEC/EU created an unprecedented linkage between social and cohesion policy on the one hand and economic and monetary aspects on the other. It established direct links with sub-national actors, bypassing to some extent, in the field of regional policy, the national authorities, and restructured internal funding from the ERDF. These shifts had two major consequences. In the larger Member States especially they gave the regions greater power in their relations with the central authorities, by promoting their role at European level. At the same time they increased the power of the Commission vis-à-vis the national administrations.

In the course of its three mandates the Delors Commission also changed the communication strategy of the Commission itself. From the mid 1980s it began to disseminate the results of the projects it

co-financed, with an explicit reference to the EU funds received. This strategy had an impact on public opinion. For the first time citizens in the Member States could see the practical improvements made to their lives thanks to Community action and resources, such as the renovation of historical buildings for public use and the construction of new airports and highways. They could see how much the transport-related projects, in particular, narrowed the distances between them and boosted both the internal market and opportunities for tourism. By bringing the Community closer to its citizens the EU and the Commission performed a further task advocated since the first Delors mandate: to help develop a sense of European solidarity and cohesion and an emerging European identity.

MARIA ELENA CAVALLARO