

# Regional and Social Policy

EU Integration after Lisbon

## Last week's remaining question

- ▶ What can be said about the future prospect of joining the common currency by Denmark, Sweden, the UK, and the remaining new member states?

# Outline

Intro: European regions and regionalism  
History/mechanism of European regional policy

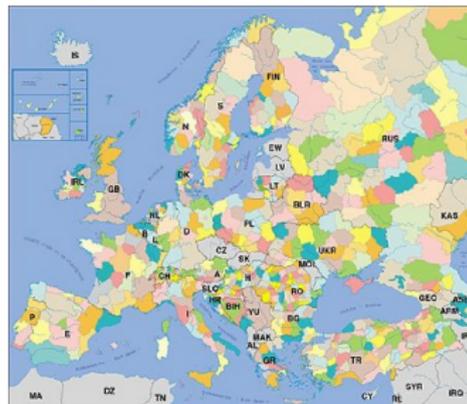
How?

Effectiveness?

Multi-level governance?

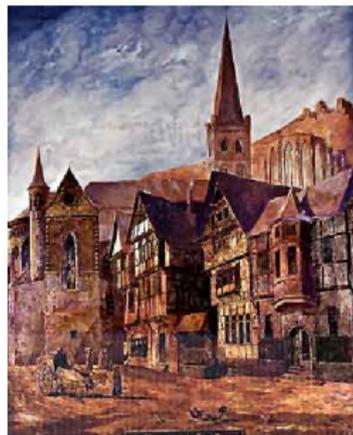
Social Policy

Summary

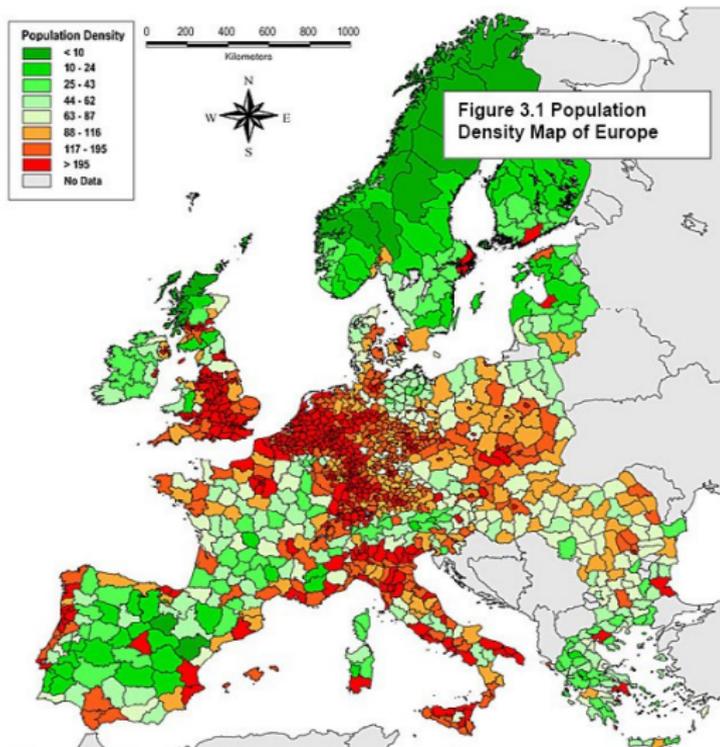


## Regions and the nation state

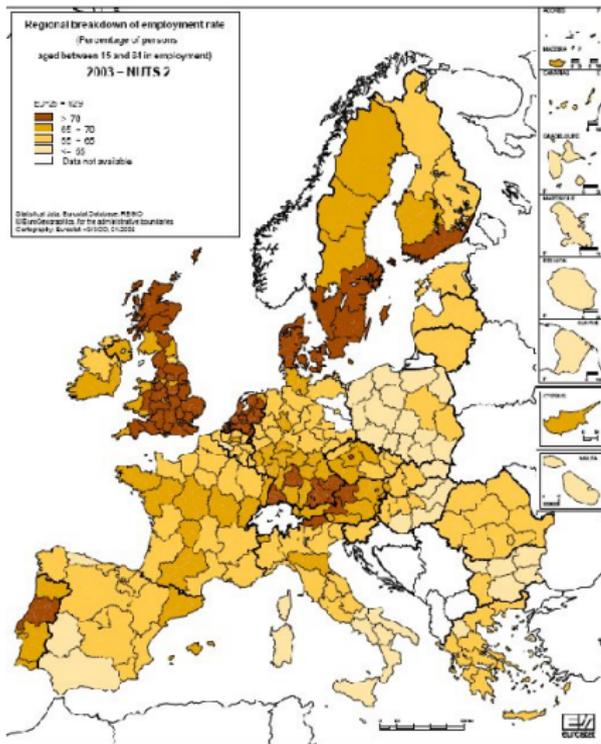
- ▶ Regional structure much older than nation states
- ▶ In the 19th century loss of regional structure through twin processes
  - ▶ Of nationalisation
  - ▶ And industrialisation
- ▶ Still visible: economic, cultural, linguistic, political regional differences (subnational variation)



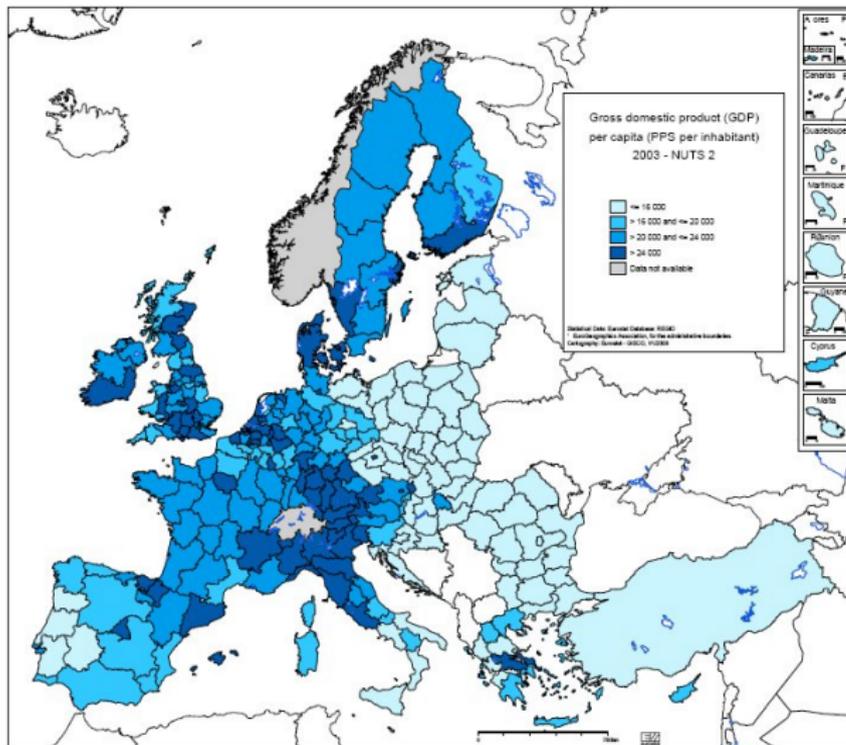
## Subnational variation: population density



## Subnational variation: unemployment



## Subnational variation: GDP per capita



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  - ▶ State overload (welfare)
  - ▶ Administrative decentralisation
  - ▶ Regional economic strategies
  - ▶ Political problems

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Differences *within* and *between* EC/EU members

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### *European economic centralisation*

- ▶ Western Germany, BeNeLux, France, SE England
- ▶  $\frac{1}{7}$  of the land
- ▶  $\frac{1}{3}$  of the population
- ▶  $\frac{1}{2}$  of the GDP

## Legal base and initial political pressure

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- ▶ Italian demands on regional policy
- ▶ Thomson Report (1973): Regional policy necessary for continuous and balanced expansion of EC (common market, EMU)
- ▶ Paris summit (1974): European Regional Development Funds (ERDF)
- ▶ More like a test than an effective policy

## Political reasons for Regional Policy

- ▶ Tindemans Report (1975): increase people's (positive) awareness
- ▶ More inequalities after 1973 enlargement (Ireland, UK)
- ▶ Channel for uneven CAP distribution
- ▶ Incentive for new Mediterranean democracies to join the club
- ▶ Bargaining chips in council
- ▶ Cross-border co-operation (water supply, waste, transport)

## Economic reasons for Regional Policy

- ▶ Gap between agricultural and industrial regions widening in 1960s
- ▶ Followed by industrial demise in heavy industry in 1970s
- ▶ Increased regional policy on national level
- ▶ Inter-regional competition increased (outbidding for foreign investment)
- ▶ Potential SEM problems

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- ▶ A supranational coordination desirable/necessary

## Reforms and allocations

- ▶ Original ERDF soon seen as inadequate
- ▶ Major reforms in 1988, 1993, 1999
  - ▶ Enlargements → increased funds (allocations *doubled* in 1988)
  - ▶ Who gets what? → (re-)definition of criteria and objectives
  - ▶ Political control → nat. governments vs. EU, regional governments
- ▶ Principles of 1980s reforms mostly intact

## Guidelines and mechanisms for funding

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3. Additionality
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### Objectives (Berlin Council definition, from 2000):

- ▶ Objective 1: Development of regions lagging behind
- ▶ Objective 2: Regions facing major change in industrial, service and fisheries sector, rural areas in serious decline and disadvantaged urban areas

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- ▶ Objective 3: All areas not covered by other objectives (education, unemployment)

## Structural Funds: Development

0.257 billion Euro	in 1974
2.01 billion Euro	by 1984
33.4 billion Euro	by 1998
30.8 billion Euro	by 2002
195.0 billion Euro	2000-06
246.1 billion Euro	2006-2013

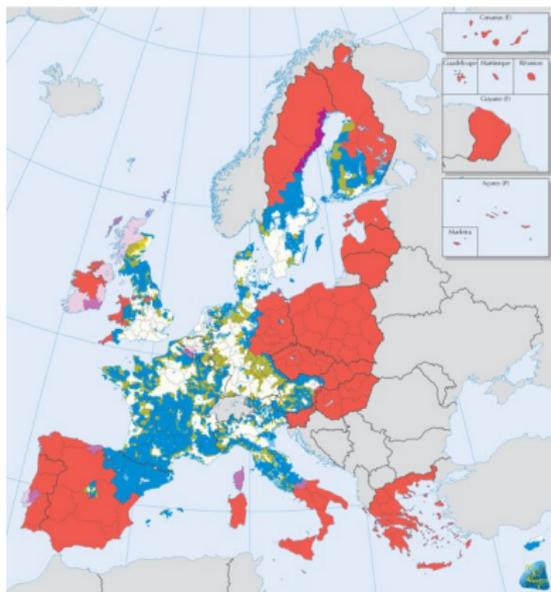
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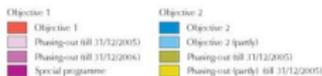
Plus: Cohesion (from 1993), for ES, GR, PT, IRL (-2004)

- ▶ Given to *states*
- ▶ GNP <90% of EU average + SGP program
- ▶ 18 billion Euros 2000-06
- ▶ 61 billion Euros 2006-13, 50% for new members
- ▶ Investment in transport/environment programmes, 80-85% of total expenditure

## Structural Funds beneficiaries, 2004-06



Structural Funds 2004-2006: Areas eligible under Objectives 1 and 2



## 1999 Commission Report

- ▶ List of 10 poorest regions has changed little between 1986 and 1999; richest ten areas have also remained very constant
- ▶ In the cohesion states growth mostly affected urban centres - which are generally richer anyway
- ▶ Luxembourg: 320% of Greek GDP/capita
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- ▶ **But ...**
  - ▶ Is that necessarily a bad thing?
  - ▶ How much would the regions differ w/o regional policy?

## Economic and Social Committee and Committee of the Regions

- ▶ EcoSoc and CoR consist of representatives of economic and social interest representations and regional administrations respectively
- ▶ 344 members each (roughly according to size of state)
- ▶ Both have *consultative* functions within the legislative process and interact with the other institutions (no veto)
- ▶ CoR strengthened by European agreements and ToL (can appeal to ECJ)
- ▶ CoR created by TEU (subsidiarity)

## Subsidiarity and sub-national power



- ▶ Subsidiarity principle: different interpretations
- ▶ Regions differ in terms of political power
- ▶ In many states, national dominance in regional matters
- ▶ Italian and Spanish regions had to go to court in order to open regional offices in Brussels
- ▶ French regions restricted by the constitution (perpetual reforms underway)
- ▶ Federal states need special procedures for sub-national interest representation

## Multi-level governance?

- ▶ Departure from the dualistic and state-centric approach to the EU
  - ▶ Increasingly adopting a fragmented, polycentric approach to governance
  - ▶ The sub-national level of government is as important as the national and the EU levels in implementation of policy
  - ▶ Non-state actors
- ▶ G. Marks, 1996, 41: "... overlapping competencies among multiple levels of governments and the interaction of political actors across these level ... States are not the exclusive links between domestic politics and intergovernmental bargaining in the EU"

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- ▶ But: Huge variations across policies, policy domains, policy modes, states ...

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- ▶ Even more expansive tendencies in JHA → next week

## Summary

- ▶ Regions re-gained some importance in European politics
- ▶ EU began as co-operation between MS but developed Regional Policies for a number of economic and political reasons
- ▶ Strong incentives for sub-national governments and supranational institutions to (try to) bypass MS governments
- ▶ Regional policy still relatively cheap, but involves EU in a lot of projects at local/regional level
- ▶ EU invading policy domains formerly under complete control of member states – Bernie Haas's revenge from the grave?

## Class questions

- ▶ What were the main reasons for introducing regional policies?
- ▶ How unsuccessful has the EU been in developing social and regional policies?
- ▶ What do *you* think about this whole regional business?