THE EUROPEANIZED REGIONAL POLICY AND MULTI-LEVEL GOVERNANCE AFTER 1988

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Abstrait
L'objectif de la politique de cohésion ne représente pas la création des conditions pour la dépendance financière, sinon pour l'augmentation socio-économique. C'est pourquoi la surveillance et la mesure de l'impact politique sont cruciales pour le procès de déroulage politique. La politique de cohésion nous offre une opportunité extraordinaire d'examiner le mode dans lequel la politique est affectée par l'européanisation. Elle a comme base une politique qui a eu, traditionnellement, un caractère nationnel, mais, à partir de 1989 on a assisté à l'introduction d'un nouveau niveau européen vu sa structure et son contenu.

Motts clé: fond structural, partenaire publique-privé, système de gouvernement sur multiples niveaux, politique de cohésion, ressources publiques.

Cohesion is a concept that has been introduced in the EU policy without a precise definition. Over time such a practical definition has been developed. Cohesion is now understood as the degree to which disparities in social and economic welfare between the different regions or groups within the EU are politically and socially tolerable.

Since the adoption of the first Regulations in 1988 for the management of expenditures and the coordination of the Structural Funds, there has been what is termed a strong "Europeanization" drive in the field of regional and local development policies. The Europeanization of regional and local development policies is based on the de jure transfer of the legal (rules and regulations) and financial (definition of budget) responsibilities for the policy from the national to the European level.

Radaelli (2003, p.30) defines Europeanization as the "process of:

- construction;

- diffusion;
- institutionalisation of formal and informal rules, procedures, policy paradigms, styles, 'ways of doing things', and shared beliefs and norms which are first defined and consolidated in the EU policy process and then incorporated in the logic of domestic (national and sub national) discourse, political structures, and public policies" (Radaelli, 2003, p.27-56).

In reality, it is difficult to separate the EU and the national levels in explaining the birth of cohesion policy, though the attribution of roles in policy-making and implementation has been clear on the basis of the 1988, 1993, and 1999 Regulations.

Instead, the cohesion policy is based on a network system of actors (European, national, regional, local and representatives from civil society) and interactions that are governed by a hierarchy of rules (EU regulations, national laws, regional and local legislation, and the procedures of interest groups and voluntary associations) that make possible their participation in the various phases of the policy process.

The movement of development policies to the European level helped to usher in a system of "multi-level" and "multi-actor" governance based on formal rules and explicit forms of control.

Governance is defined broadly as the interaction between political institutions and civil society in the management of formal public policies. The concept of governance tries to identify the relevant actors in the decision-making and implementation components of public policies that go beyond the realm of the formal government institutions – national, regional or local governments. In the case of the cohesion policy, important roles in the policy process have been attributed to organized groups in civil society, such as voluntary groups, civic organizations, labour unions, and employer groups (Balme, 2004).

Thus, our notion of governance is not limited to only the upward phase of decision-making. Instead, it also involves the important aspects of the downward process of implementation (Hill and Hupe, 2002). But once policies are implemented, they need to provide a feedback mechanism so that subsequent considerations on the policy (e.g., mid-term adjustment of the policy or a new policy cycle) are in a position to benefit from what has been learned during previous phases.

The institutional set up of the EU is a complex one. Here is a scheme of the most important institutional actors:

1. *Commission*: to perform execution of policies, implementation of the budget, the Commission has a European staff of civil servants organized by DGs, comparable with Ministries. The Commission is accountable to the European Parliament.
2. *Council and Parliament* have the task of legislation. The European Parliament has an important say in legislation and in Budget matters. The Council has the decisive role in the decisions on the policy fundamentals and the multi-annual framework. The Council through the broad guidelines set by the European Council of heads of government. On the other hand, by the negotiations about new legislation and financial frameworks in the Council of Ministers.
3. *Committee of the Regions* (CoR). The Committee of the Regions has the rights to give its advice on EU policy proposals. The CoR permits the EU to hear directly the opinion of the lower layers of government.
4. *Economic and Social Committee* (ESC). The role of the Economic and Social Committee is relevant in matters of social cohesion. The ESC is composed of representatives of professionals and consumers, employees and employers.
5. *Expert committees*. Many organizations are involved in the EU policy in the stages of design and delivery. Most of this is in a formal way through participation in advisory committees or management committees.

Among all these actors the Commission stands out, in practice, as the pivotal one. It is involved in the preparation, delivery and evaluation on the policy.

Tabel 1. Changing roles of the major actors

Stage in the policy cycle	**EC**	**National governments (Council)**	**Regional authorities**
Basic design	strong	dominant	insignificant
Financial packages Definition of objectives and of eligibility criteria	modest	dominant	weak
Institutional framework and delivery system	strong	strong	modest

Implementation	very strong	variable	variable
Evaluation	strong	variable	strong

Source: Hooghe and Marks (2001, p.94)

Member states continued to exercise a central role in a number of phases in the process, but the initiative and the formulation of the basic rules – that is, rule making – by which the cohesion policy was to be implemented effectively was moved from the national to the European level with the implementation of the Single European Act and the definition of the new regulations in 1988 for the operation of the Structural Funds.

The new 1988 ERDF Regulation and subsequently that of the ESF, FIFG and EAGGF-Guidance transferred to Brussels the responsibilities for rule making and the allocation of resources in the implementation of the Community's cohesion policy. This Europeanization of policy-making in the field of regional development did not necessarily mean that national regional policies would have to be eliminated

The objective of cohesion policy was to add a European dimension and level to already existing national development policies. By providing European financing to existing national funds in supporting regional development policies, (this is the basis of the principle of additionality – i.e., that the provision of European funds are additional to the ones used by the national government to promote economic development in its less developed regions) the expectation was that policy would stimulate a positive response from the less developed economies, induce them to undergo a profound restructuring and enable them to achieve economic take-off.

The first phase in the formulation of cohesion policy is necessarily associated with the preparation of the regulations governing the management of the policy. Every time a new policy cycle is initiated it is necessary to redefine the rules under which the four Structural Funds operate. Thus, member states are in a position to provide input into the definition of the new regulations during the deliberations on the

Commission's proposal within the European Council. Once each member state has made its views known, the decision is taken as a whole – i.e., it is a collective decision of all of the member states that subsequently has to be ratified by the European Parliament (Leonardi, 2003).

A second moment when member states can make their views known is in the formulation of the overall EU budget. Once the Commission has made its proposal, member states can discuss the proposal and ask the Commission to make changes or amendments to its initial draft. However, in turn, the Commission can accept or reject the request and then ask the Council to vote on its revised proposal. Once the proposal gets through the Council, it then goes to the European Parliament for consideration.

What does not happen in the Council or Parliament is the earmarking of the budget for individual countries. The nature of the budgetary process does not allow member states to bargain for their own individual allocations in the area of cohesion policy (the only exception to this rule is the "British rebate" that Margaret Thatcher was able to obtain in 1981, but the allocation is not related to any particular area). Once the two parameters of overall size of the budget and the amount allocated to cohesion are decided, then a mathematical formula proposed by the Commission is applied to distribute the money to each member state according to the development objectives (1, 2 and 3) which are operative in each country.

The fact that the development objectives and formula for distributing funds is known beforehand makes it possible for member states to workout how much will be eventually allocated to their individual regions, but these sums represent the "outputs" of the policy process rather than "inputs" into the process to begin the bargaining on allocations. Finally, the power to allocate the budget (i.e., deciding how much and when to allocate it) and oversight on how it is spent resides with the Commission and not the member states. In addition, the member states need to receive the Commission's approval for the CSFs and for the national and regional operational programmes before initiating expenditures allocated to the programmes. Therefore, the member states are responsible to the Commission on how the allocations are spent, and if problems arise then the member states can be asked to reimburse the amount that was misspent or not spent at all (Leonardi, 2003).

Why have member states accepted such a carrot-and-stick approach to the implementation of cohesion policy and in the allocation of the cohesion budget within national boundaries? The answer has to be sought in two directions (Nanetti, Rato, 2004):

- the need to generate additional resources for the purpose of spurring socio-economic development within member states and an increasingly competitive European market;
- the need to accept a more transparent and equitable approach to the allocation of Community resources as a whole as part of the European integration process.

The reason for insisting on this multi-level and multi-actor logic in the operationalization of EU cohesion policy is the belief, on the part of the Commission and a majority of member states, that the mere expenditure of public resources will not be sufficient for the mobilization of development. Instead, the public allocation of resources must, in the final analysis, be able to mobilize investment from the private sector to create a multiplier effect that can sustain in the medium to long term the conditions for endogenous and sustainable development.

In recent years interesting new developments have, however, been made to refine some theories. A number of concept have been integrated into a new generation of regional growth and convergence models. The new growth models (Aghion, 1999) incorporate such factors as education, good governance, that stimulate economic growth. Regional growth models often take the elements of openness of markets into account but add to these geographical features that influence the location of economic activity.

The level of education of the population plays a role in the growth of economy. As the improvement of education leads to an increase in the quality and quantity of human capital it can give an important contribution to economic cohesion. However, education has also role to play in social cohesion. Education is supposed to decrease the disparity between social groups in terms of access to knowledge, in terms of the sense of belonging to society.

Without this public-private partnership and interaction, socio-economic development cannot be sustained over time nor can less developed areas be weaned away from dependence on a constant stream of financial subsidies to non-competitive firms in the region. If the development policy does not function to create a public-private partnership, then the consequences for the region are clear: sooner or later the allocation of funds will be trimmed back given the lack of impact (European Commission, 2004). The rationale of the EU policy is not a side-payment designed to sustain the investment in less developed regions indefinitely. It is not realistic to believe that an area can continue to benefit from financial subsidies designed to spur socio-economic growth when that growth and change are not forthcoming.

Nowadays, the EU is confronted with huge cohesion problems. These have been considerably aggravated with the recent enlargement of the EU. Very important disparities remain and new ones always tend to emerge. There is a need for continuity in the efforts and of vigilance as to the type of problems that emerge and for flexibility as to response.

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