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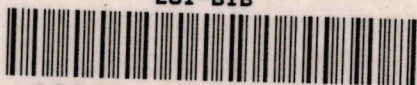
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BRUNO DE WITTE

European University Institute, Florence

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THE INTEGRATED MEDITERRANEAN PROGRAMMES IN THE CONTEXT OF
COMMUNITY REGIONAL POLICY

Bruno De Witte

Associate Professor of Law, Rijksuniversiteit Limburg,
Maastricht

External Professor, European University Institute, Florence

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Introduction

Regional Policy in the European Community

What is known as the European Community's regional policy is a policy aimed at achieving a better territorial balance of economic development in Europe. The Community has been involved only very recently, and still very marginally with the fate of the region as institution; the EEC Treaty only acknowledges the existence of Member States and is basically indifferent to the internal division of powers of those states.

More balanced economic development means, in practice, that measures are taken in favour of the less-developed territories of the European Community. Yet, there is a fundamental ambiguity about the definition of those territories. They could be defined as the least developed Member States or as the least developed sub-areas within those States. The EEC Treaty in its original form did not provide for a regional policy in either of those two forms. It did not, first of all, formulate a policy for allocating or redistributing resources among the Member States. The integration process was not seen as a zero-sum game; the general belief was rather that the establishment of the common market would provide benefits for all the national economies involved. Single aspects of the Treaty mechanism were thought to favour some Member States more than others, but the overall Treaty structure was thought to provide a fair deal to all.

As for the second aspect, the allocation of resources among sub-national units, it was only very indirectly mentioned in the EEC Treaty. One reason which is often given is that the founders of the Treaty were convinced that the "benefit for all" of open borders, promised by neo-classical economic theory would apply not only to the national but also to the

subnational units. One may wonder whether the drafters of the Treaty really had firm convictions in this sense. The more obvious reason for not incorporating regional development policy in the treaty system might have been that, whatever the spatial effects of market integration, the allocation of resources within the Member States was, and would remain the responsibility of their governments alone. Or rather, the role of Community law was defined in negative terms, as being to avoid that those national policies of regional development should distort competition within the common market (articles 92 and 93 of the EEC Treaty). But all other regional development decisions remained within the discretion of the Member States.

This original picture has changed considerably since. The European Regional Development Fund, created in 1975, is an ambiguous legal instrument which provides for a deliberate territorial policy in both senses. It has essentially been a mechanism for the reallocation of resources among the Member States but it took the form of a policy instrument aimed at the economic development of regions. This fundamental ambiguity about the real nature and objectives of the Community regional policy has been there since it started.

In common parlance and in budgetary terms, the Community regional policy has traditionally coincided with the rules on the operation of the European Regional Development Fund. Yet, other budgetary headings have also served to promote territorial balance within the Community (essentially the Social Fund and the Guidance Section of the Agricultural Fund, not to forget the financially separate role of the European Investment Bank), and all those instruments have now been coordinated by the global reform, in 1988, of the Structural Funds.

In the mean time, the objective of regional economic development has been incorporated in the EEC Treaty by the Single European Act. More generally speaking, the establishment of a better balance between the economic centre and

periphery of the European Community has become in recent years a central policy objective of the European Community.

It is arguable that regional development has now become more than a mere label covering a system for redistributing money among the Member-States of the European Community. Conditions are now attached to the allocation of Community money, and the most recent reforms may have increased the power of the Commission to impose its policy priorities on the Member States. In addition, the Treaty rules on state aid (article 92 and following of the EEC Treaty) have increasingly been used by the Commission to limit the autonomy of States in conducting their own regional policies. Taking into account those various developments, there may be more reason now to speak of a genuine Community regional policy, even if still strongly characterised by power sharing and coordination.

This sketchy outline of European Community regional policy will be developed somewhat in this paper, but special emphasis will go to the role played by the Integrated Mediterranean Programmes (IMP's) within this evolution. The paper is divided in three parts according to a chronological order: first, the evolution of Community regional policy before the institution of the IMP's; then, the changes brought by the Mediterranean Programmes to the nature of Community regional policy; finally, the changes to Community regional policy in the years since the IMP's have started.

I. REGIONAL POLICY BEFORE THE MEDITERRANEAN PROGRAMMES

A. The Creation of the Regional Development Fund

In the decade and a half following the signature of the EEC Treaty, a number of intervening factors modified the initial position, described above, and saw the emergence both of regional development and of financial redistribution as Community issues. This led to the creation of the European Regional Development Fund in 1975, which can be considered as the formal start of a Community regional policy.

During the 1960's, regional development policies established themselves in the domestic systems of the Member States much more solidly than before. As explanations for this trend, one may think of developments in economic theory (with the general rejection of the neo-classical model of "automatic" geographical equilibrium through the operation of the market in favour of more interventionist models), but also in political ideology more generally (with the recognition of the right of every citizen to fair living conditions and equal welfare whatever the area of the country he happens to live in). But the establishment of the common market, during those years, may itself take some of the credit for the expansion of regional aid systems at the national level. Following the elimination of tariffs, export subsidies and quotas, Member States had to resort to alternative and more sophisticated protectionist measures that were not in such blatant violation of the EEC Treaty. Regional aid to industry, in particular, had the advantage of not only benefitting the regions concerned as compared to non-assisted areas within the country, but also as compared to competing firms in other Member States, and the latter effect may even be the more desirable for those granting the aid.

Also, regional imbalance within the Community did not

disappear or decrease upon the establishment of the common market, as the neo-classical model promised. On the contrary, evidence produced by the Commission in 1971 showed that regional income disparities had globally increased in the first decade of existence of the European Community. The view gradually emerged that, among other causes for this deterioration, the establishment of the common market itself may have been instrumental.

However, the politically decisive consideration in establishing the Regional Development Fund was probably not the will to tackle the problem of regional imbalance at a European level, but rather the need to rearrange the financial benefits of membership of the European Community. The initial equilibrium of costs and gains between the original six Member States had to be revised in the late 60's during the negotiations for the accession of new Member States. Particularly the United Kingdom insisted that the relative weight of agricultural expenditure in the EEC budget should be reduced by some new financial instrument in which the country would have a larger share. The idea of a regional development fund, cherished by the Commission, seemed an excellent candidate for that role.

Immediately before the accession of the three new members, at the Conference of Heads of State and Government of Paris in October 1972, it was agreed to create a European Regional Development Fund before the end of 1973. This Fund was finally established, after protracted negotiations, by EEC Regulation 724/75 of 18 March 1975.¹

The legal basis for this decision was found in article 235

¹ On the many vicissitudes accompanying the creation of the Regional Fund, see, among many other authors, Helen Wallace, "The Establishment of the Regional Development Fund: Common Policy or Pork Barrel?", in H.Wallace, W.Wallace & C.Webb (eds), Policy Making in the European Community, London, 1st ed, 1977, 137-163; Umberto Leanza, "Osservazioni al progetto della politica regionale nella Comunità europea", in Saggi di diritto delle Comunità europee, Napoli, 1981, 351-369; Giuseppe Porro, "Politica regionale della CEE", Novissimo Digesto Italiano - Appendice V, Torino, 1984, pp.1005-1007.

of the EEC Treaty which empowers the Community to act, even in the absence of an explicit enabling provision in the Treaty, when such action is necessary "to attain, in the course of the operation of the common market, one of the objectives of the Community". In the present case, the objective to be attained was found in article 2 of the EEC Treaty which defines the Community's first task as being "to promote throughout the Community a harmonious development of economic activities". This legal construction stirred some controversy at the time, because it seemed doubtful whether this "gap-filling" clause of the Treaty could legitimate such a far-reaching policy decision.² Yet, once the political decision to start the Fund had been made, the debate on the proper legal basis quickly subsided, and the controversy then shifted to the actual form and nature of the Fund.

B. The Early Operation of the Regional Development Fund

Problems of a quantitative nature have plagued the Fund's first years of operation. In the 1975 Regulation, the Council had fixed, as an essential part of the political compromise, the total amount to be spent on the Fund for the years 1975 to 1977. Since 1978, the European Parliament has used its important budgetary powers to fight for a steady increase in the Regional Fund, against the Council which was generally rather reluctant but in which some Member States - the Fund's main beneficiaries - acted as the Parliament's allies. The efforts of the Parliament have been relatively successful in raising the level of budget appropriations for the Fund over the years. It is now solidly established as the second most important item of Community expenditure, after

² On the proper legal basis for establishing the Fund, see the contributions by Umberto Leanza, "Il ricorso all'art.235 del Trattato CEE in materia di politica regionale comunitaria", in Saggi di diritto delle Comunità europee, op.cit., 407-427; Michel Melchior, "Aspects juridiques de la politique régionale de la Communauté", in L'Europe et les régions, Liège & La Haye, 1975, 23-126; Giuseppe Porro, "I fondamenti della politica regionale nel trattato istituyente la CEE", Cronache economiche 1975, n.7-8, 54-63.

agriculture.

Despite widespread misgivings about the quantitative inadequacy of the Fund compared to its ambitious goals, the main criticism, perhaps, was of a qualitative nature. The Fund was widely considered not to be a genuine regional policy at all, but rather a sophisticated mechanism of financial redistribution among the Member States.³ Such redistribution between richer and poorer States is perfectly legitimate, especially in a Community aspiring to some federal type of solidarity between its components. More specifically, it is a defensible view that the burden caused to a State by the implementation of a regional development policy should be partly borne by the other Member States. However, if this is the only policy objective, it can be achieved more easily by straightforward mechanisms of financial equalisation as exist in several federal states. It does not need the creation of a complicated grants-in-aid mechanism like the ERDF, which raises illusory expectations of a substantive regional development policy coordinated at the Community level.

The additional budgetary and bureaucratic cost involved in setting up a mechanism of conditional matching grants like the ERDF, compared to a simple system of direct and global disbursements to the Member States, would seem to be preferable only if such a mechanism had qualitative advantages outstripping its cost. This would be the case if the system allowed for the enforcement of Community priorities in regional development. The Community would then be able to direct overall spending on regional development towards instruments, areas and activities that are different from those which the Member States would have selected on their

³ This crucial point is made in most of the earlier literature on the Fund. See, among others, P.S.R.F. Mathijssen, A Guide to European Community Law, London, 1980, p.181; Yves Mény, "Should the Community regional policy be scrapped?", Common Market Law Review 1982, 373-388, p.377; J. van Doorn, "European regional policy: an evaluation of recent developments", Journal of Common Market Studies 1975, 391-401, p.400.

own behalf.

This, however, was not the case under the original ERDF Regulation. The amount of the ERDF budget which was to be spent on the territory of each Member State did not result from the application of substantive Community policy criteria but was fixed at the outset in the form of a national "quota" attributing - as a right - a certain percentage of Regional Fund disbursements to each country,⁴ without any "floating" part whose allocation could be decided by those operating the Fund. But even within these national quotas, the scope for autonomous Community decision-making was almost nothing. The regions benefitting from Fund subsidies were exclusively those designated by each country for the purpose of its own regional development policy, either all or some of them;⁵ States had to draw up a regional development programme according to a scheme elaborated by the Commission within which they had to fit the single infrastructure or investment projects they proposed for funding by the Community.

What was left for the Commission was, first of all, the selection, among the individual projects submitted by the States, of those that were entitled to ERDF allocations on the basis of a number of criteria listed in Article 15 of the Regulation: contribution to the economic development of the region; consistency with Community programmes or objectives; the situation in the economic sector concerned and the profitability of the project; the frontier character of the project; other assistance granted by the Community institutions or the European Investment Bank. Even this was often only a token power; by submitting a number of projects whose combined ERDF financing approximated the national quota,

⁴ The original quotas agreed upon in the 1975 Regulation were the following: Italy 40%, United Kingdom 28%, France 15%, Fed.Rep. of Germany 6.40%, Ireland 6%, Netherlands 1.70%, Belgium 1.50%, Denmark 1.30%, Luxemburg 0.10%.

⁵ Italy, for instance, decided to submit for ERDF funding only projects situated in the Mezzogiorno, to the exclusion of those areas of north and central Italy that were also covered by national schemes of regional economic development.

governments could eliminate any scope for Commission discretionary choice. In 1980, for instance, only 143 out of 3,252 applications were rejected by the Commission on substantive grounds.⁶

After approval of the single projects, no direct link was established between the Commission and the ultimate beneficiaries of those projects which would have allowed some influence on the spending of the Community money. Instead, the money was passed to the Member States' central authorities who could decide on whether and how to pass it on to their local authorities or to the enterprises executing the project. This last aspect of the Regional Fund procedure raises the major problem of additionality. Indeed, the assumption that the ERDF added a distinctive and decisive financial contribution to meritorious regional development projects existing at the national level, was seriously questionable. Even though the Preamble of the 1975 Regulation stated that "the Fund's assistance should not lead Member States to reduce their own regional development efforts but should complement these efforts", States were under no strict obligation of "additionality", and often seemed to consider the ERDF funds as a partial reimbursement of their own regional aid, rather than as an additional benefit for a given region or activity.⁷

⁶ Yves Mény, "Should the Community regional policy be scrapped?", op.cit., p.378.

⁷ See Jan A. Winter, "The European Regional Development Fund and the principle of additionality", In orde: Liber Amicorum Pieter VerLoren van Themaat, Deventer, 1982, 365-380.

C. Intermediate Reforms of Regional Policy (1979 and 1984)

An amendment to the Regulation in 1979,⁸ adopted again after long discussion during which the Commission's initial proposals had been considerably watered down, showed a slight move towards a more genuine Community regional policy. Its major innovation was the creation of a small "quota free" section, five percent of the total ERDF budget which was not to be automatically distributed to the Member States, but would be used for specific Community action in response to specific Community needs. Further readjustments were made by an ambitious reform in 1984, which was intended as global and long-term but proved to be very provisional again.⁹

Briefly said, the overall result of this reform has been a, rather modest, limitation of the strong control which the national governments originally had on the operation of the Regional Development Fund. First of all, the quota system was replaced by a system of indicative ranges attributed to each country. This gave to the Commission some discretion in the selection of national schemes. The lower limits, to which each country is entitled, add up to 88.63% of the total budgetary allocation. Therefore, 11.37% remained to be distributed according to autonomous Community criteria.

In addition, the Commission received the power to initiate its own schemes. More attention was also given to the "field" by introducing the concept of "endogenous development" and making some timid moves toward the institutional participation of local and regional authorities in the Fund mechanism. A general presentation of those reforms can

⁸ Council Regulation 214/79 of 6 February 1979, Official Journal 1979, L 35.

⁹ Council Regulation 1787/84 of 19 June 1984, Official Journal 1984, L 169.

be found elsewhere.¹⁰ I will concentrate here on those aspects of the reforms which can be seen as foreshadowing the legal regime of the Integrated Mediterranean Programmes.

* The Programme Approach

The 1979 reform provided for a small "quota-free" section of the Fund (amounting to 5%) to be used for specific Community actions. Such actions, however, took the legal form of Council Regulations adopted unanimously, a procedure which guaranteed national interests against too adventurous Commission initiatives in this field. Moreover, even if the initial move came from the Commission, specific actions needed to be implemented through single programmes submitted by each of the Member States covered by the action.

Under the new Regulation adopted in 1984, the Commission consolidated its power to initiate actions and the scope of the actions financed by the Fund now also became more varied. The operations benefitting from ERDF subsidies were no longer exclusively defined as "projects". Alongside those projects, the new legal figure of "programmes" was introduced, in two varieties: Community programmes and national programmes of Community interest.

The Community programmes were introduced in order to replace the specific Community actions of 1979, and were defined, in Article 7, as "series of consistent multiannual measures directly serving Community objectives and the implementation of Community policies". They do not depend in first instance

¹⁰ The most exhaustive study of the 1984 reform of the Regional Fund is that by Julian Currall, "Le Fonds européen de développement régional des origines jusqu'à l'Acte Unique Européen", Cahiers de droit européen 1988, 39-102. See also Bruno De Witte, "The Reform of the European Regional Development Fund", Common Market Law Review 1986, 419-440; H.W. Armstrong, "The Reform of the European Community Regional Policy", Journal of Common Market Studies 1985, 319-343; Señen Florensa Palau, "La política regional de la CEE- fundamentos e instrumentación", Revista de estudios internacionales 1986, 501-541.

on national initiatives or choices, but on autonomous policy choices at the Community level. This autonomous character is confirmed by the fact that such programmes "shall as a rule concern the territory of more than one Member State" (Article 7 (2)), and that they can extend beyond the areas covered by the regional development policies of the States, if the latter agree (Article 9 (3)). The Community character is reinforced by one major change with regard to the specific actions: the framework of these programmes has no longer to be adopted in the Council by a unanimous vote, but by a qualified majority (Article 7 (4)). The first two programmes of this kind which were adopted in 1986 were the STAR programme whose purpose is "to improve the access of the Community's least-favoured regions to advanced telecommunication services", and the VALOREN programme designed "to exploit the indigenous energy potential of those regions".¹¹ Later they were followed by programmes for the economic conversion of areas hit by the crisis in steel (the RESIDER programme)¹² and shipbuilding (RENAVAL programme).¹³

Community programmes were not, despite their name, exclusively controlled and operated by the Community institutions. Indeed, the Community participation was limited to a maximum of 55% of all public expenditure involved in the programme (Article 7 (4)). The mutual role and obligations of the Community and the States and their respective interventions were laid down in a programme agreement (Article 13).

This contractual form arises from the fact that development programmes are more complex operations than the projects funded until then by the ERDF. It was thought that the agreements might ensure an optimal coordination of activities between the public authorities involved in the programme,

¹¹ Council Regulations 3300/86 and 3301/86 of 27 October 1986, Official Journal 1986, L 305.

¹² Council Regulation 328/88, Official Journal 1988, L 33.

¹³ Council Regulation 2506/88, Official Journal 1988, L 225.

namely the Community and the Member State.¹⁴ Such agreements are also used for the second type of programmes, the national programmes of Community interest. Like with the projects under the original ERDF Regulation, the initiative here rests with the Member States, the Commission playing the more passive role of selection and adoption along the existing "ERDF committee" procedure outlined in Article 40. The distinguishing feature of these programmes, compared to the existing system, was therefore not that they allowed for more Commission discretion, but that they were formulated in more global terms. Indirectly, one hoped of course that the gradual substitution of individual projects with more comprehensive programmes would increase Community control on the use of the Fund and attenuate some of the shortcomings of the old system such as the lack of coordination, additionality and visibility.

Alongside the programmes, the Member State could continue to apply for the funding of single projects like before. Indeed, this type of development assistance continued to be predominant. The share of ERDF aid allocated to programme financing had "as far as possible" to be gradually increased so as to reach at least 20% of the appropriations allocated by the ERDF at the end of the third year of operation of the new regime (Article 6).

* The Integrated Approach

Article 34 of the ERDF Regulation of 1984 held that "in the management of the ERDF's resources, investments and measures ... which form part of an integrated development approach, for example, in the form of integrated operations

¹⁴ The model for this new legal instrument of Community law might have been the contrats de plan between State and Regions introduced shortly before in the French planification system by the Law of 29 July 1982. For an analysis of this instrument, see Jean Marie Pontier, "Les contrats de plan entre l'Etat et les régions", Actualité juridique - droit administratif 1985, 331-346.

or programmes, may be accorded a priority treatment". The second paragraph of the same article then defines an integrated development operation as "a coherent set of public and private measures and investments which have the following characteristics : (a) they relate to a limited geographical area affected by particularly serious problems involving, in particular, delayed development or industrial or urban decline and likely to affect the development of the region in question; (b) the Community, through the joint use of various structural financial instruments, and the national and local authorities in Member States contribute in a closely coordinated manner to their implementation".

In other words, what differentiates an "integrated" operation from an ordinary operation funded by the Community is the bundling of efforts of various actors and institutions for a single purpose so as to achieve a 'synergic effect', that is, producing greater results than would be obtained by carrying out the different measures separately, one after the other. Three forms of coordination are wanted: between private and public actors; within the public sector, between European, national, regional and local authorities; within the Community administration, between the various structural funds (that is, the ERDF but also the European Social Fund, and the Guidance section of the Agricultural Fund), and the Community financial instruments (the European Investment Bank essentially).¹⁵

The term "integrated" is also sometimes used in the more narrow context of the coordination of the various Community funds whose purpose is to achieve a structural change of part of the national or regional economies. Attempts in this

¹⁵ According to the Commission, in order to have an integrated operation, "at least two of the three major Community structural funds should be involved (...) together with at least one Community financial instrument" (Information Note from the Commission to the Council and the European Parliament, Procedures and content for the implementation of an integrated approach, COM(86) 401 final, 22 July 1986, p.5).

direction had been made for a number of years.¹⁶ In 1977 already, that is, almost immediately after the coming into operation of the Regional Development Fund, an internal Task Force was set up in the Commission for that purpose, which was later to become a separate Directorate General.

Two experimental integrated operations had been running for some time in Naples and Belfast. Those were not a priori the easiest places in which to try out this novel and rather complex approach, and it would seem from a recent report of the Court of Auditors that the ambitious objectives of those operations have never been attained.¹⁷ Despite those rather discouraging precedents, the Commission decided to emphasize more generally the need for an integrated approach in a Communication which it issued in 1983.

The ERDF reform of 1984, as was said before, included the rule that priority should be given to such integrated operations, but did not give further indications on how that priority would be implemented and how integrated operations would be elaborated in future. In order to streamline requests of Member States and to dissipate the confusion about the specific nature and requirements of such operations, the Commission adopted in 1986 an "information note" on its policy in the matter.¹⁸ This document is still the most authoritative account of what is meant by the notion of "integrated approach".

¹⁶ For an early account of the integrated approach, see Guido Bernardini, "Les opérations intégrées de développement communautaire", Revue du marché commun 1982, 265-271.

¹⁷ Special report on the integrated approach to Community financing of structural measures, Official Journal 1988, C 188/1.

¹⁸ Procedures and content for the implementation of an integrated approach, op.cit.

* Participation of Regional and Local Authorities

Both the European Parliament and the Economic and Social Committee, and also, to a lesser extent, the Commission, had expressed themselves in favour of a formal recognition of the role of regional and local authorities in the conduct of Community regional policy. The modest result of the 1984 reform in this respect was that regional involvement was no longer ignored altogether. Instead, there are a number of exhortations to the Member States to allow for wider participation of regional and local authorities in some fields. With regard to the regional development programmes which the States have to submit to the Commission as their global policy document, "the regional authorities concerned shall be involved as far as possible in their preparation" (Article 2(3)(a)). Likewise, the Member States undertake "to support cooperation between the regional and local bodies involved" at the internal Community frontiers (Article 1(3)). But when one comes to the heart of the matter, the institutional set-up of the Community's regional policy itself, no specific guarantees for regional involvement are provided.

The Regional Policy Committee, the general advisory body for the Community's regional policy, had been set up under a separate Council decision which was not modified by the 1984 reform and the Fund Committee participating in the procedure for approving projects and programmes was, like before, to "be composed of representatives of the Member States" (Article 39). The procedure through which Member States must submit their applications for ERDF projects was not modified either, but for the national programmes of Community interest it was specified that "the Member States concerned shall first draw up the programme in collaboration with the authorities or bodies concerned, within the limits laid down by national legislation" (article 11(1)). In other words, the participation of subnational authorities in the Community process is not guaranteed; it rather continues to depend on the specific institutional structure of each Member State.

Similarly bland expressions could be found in a Joint Statement by the Council, Commission and Parliament in which those three institutions "recognize the importance of a more effective relationship between the Commission of the European Communities and the regional or, where appropriate, local authorities, with due regard for the internal jurisdiction of the Member States and the provisions of Community law. This will enable the interests of the regions to be taken more fully into account when regional development programmes and intervention programmes are being drawn up".¹⁹

Yet, it would seem that the new approach to regional development promoted by the 1984 reform would make it increasingly counterproductive for governments to exclude subnational institutions from all participation. The emphasis on programmes instead of single projects requires some form of coordination on the territorial level. Also, it should not be forgotten that alongside the formal rules that tended to limit strictly the scope for participation of regional and local authorities, a practice had developed whereby informal meetings between Community officials and local authorities in the implementation of regional policy measures had become a routine matter.²⁰

¹⁹ Official Journal 1985, C 72/59.

²⁰ According to the Commission, during one single year of operation of the ERDF, "several hundred meetings with the authorities of the regions took place (...) both in Brussels and locally" (Eleventh ERDF Report, 1985, p.25).

II. THE INTEGRATED MEDITERRANEAN PROGRAMMES

A. Origin and Purpose of the IMP's

On 28 March 1983, 23 August 1983 and 3 November 1983, that is, even before the 1984 reform of the Regional Development Fund, the Commission submitted to the Council several proposals for the institution of what it called the integrated Mediterranean programmes. In June 1984, the European Council at Fontainebleau decided to launch the scheme by 1985. The Commission then submitted a new proposal for a Regulation.

After a new period of tergiversations, in which it seemed that many Member States were only too willing to shelve the whole idea of the Mediterranean programmes, the decisive political breakthrough was made when Greece threatened, at the Dublin Summit of December 1984, to veto the new Southern enlargement of the Community until such time as it received a formal guarantee from its Community partners that the integrated Mediterranean programmes would be launched. Agreement on the main terms of the scheme was reached at the next meeting of the European Council in Brussels, on 30 March 1985. In April, the Commission submitted a revised proposal in which it had drastically lowered its initial financial target, and this proposal was finally implemented, with only minor changes, as Council Regulation 2088/85 of 23 July 1985.²¹

It thus took a very long time before the Mediterranean Programmes were adopted. In the mean time, there had been

²¹ Official Journal 1985, L 197. The final adoption of the Regulation was preceded by a concertation meeting between Council and Parliament which produced some minor changes to the Council's original draft; see W.Nicoll, "La procédure de concertation entre le Parlement européen et le Conseil", Revue du marché commun 1986, 11-15, p.14.

several shifts in the political perception of those programmes. At first, they were seen as an instrument for tackling the structural economic problems of the whole Mediterranean region of the Community.²² Greek accession, and the Greek memorandum of 19 March 1982 in which that country's government stressed the need for a special effort of solidarity from the side of its new partners, gave a new sense of urgency to this commitment. Negotiations on accession of Spain and Portugal then turned it into a convenient gesture towards those countries and regions who had most to fear from the imminent competition of the newly acceding economies, namely Greece, Italy and southern France. In the final months, the IMP's became once again a very "Greek" dossier; while France and Italy were also among the future beneficiaries, they certainly did not exert as much political pressure to push the project through.

All this confirms the view that the main "raison d'être" of the IMP's was not so much the economic development of geographically defined areas with common problems,²³ but rather to organise a new operation of financial redistribution among the Member States comparable to the creation of the Regional Development Fund after the first enlargement of the Community.

Given this background, the IMP scheme was obviously not extended to Spain and Portugal upon their accession but remained limited to the three original Mediterranean members of the Community, despite the "objective" fact that the structural economic problems of many Spanish and Portuguese

²² On the early ideas and proposals, see Henri Bourgeau, "Programmes Méditerranéens Intégrés: un défi pour la Communauté", Revue du Marché Commun 1983, 451-456; Jeronimo Blasco Jauregui, "Los Programas Mediterraneos Integrados: una respuesta a la Europa del Sur", Revista de Instituciones Europeas 1985, n.1, 109-136.

²³ Although this aspect is certainly present as well. It is emphasized in the analysis by George K. Yannopoulos, "The Management of Trade-Induced Structural Adjustment: An Evaluation of the EC's Integrated Mediterranean Programmes", Journal of Common Market Studies 1989, 283-301.

regions are very similar indeed.

B. The Relation between the IMP's and the Community's Regional Policy

In assessing to what extent the legal regime of the IMP's modified the existing mode of operation of the Community regional policy, one should be aware of the fact that, although the IMP Regulation was adopted one year after the reform of the Regional Fund which was described in the preceding section, the Commission proposals had been on the table already for several years, so that one should speak of two parallel rather than subsequent legal regimes. Some of the original features of the Integrated Mediterranean Programmes were simply features which the Commission had proposed for general adoption in the framework of the ERDF, but which had then be turned down. The more limited scope of the IMP's, and the more dynamic political climate of 1985 (the year of the White paper on the internal market and the intergovernmental conference leading to the adoption of the Single European Act) allowed some innovations that had been rejected by the Member States only one year before.

Some of the specific characteristics of the IMP's can be found in their denomination: they take the form of development programmes covering entire regions and proceed through an integrated approach. Other institutional innovations are the important role recognised to the Commission and the opening towards the regional and local authorities.

* The Integrated Approach

The IMP scheme was instituted for seven years with a global budget of 6.6 billion ECU, 2.5 billion in the form of loans from the European Investment Bank and 4.1 billion in the form of aids from the Community budget, of which 1.6 billion as extra financial means and 2.5 billion to be

produced from the three existing structural funds (Regional Fund, Social Fund and Agricultural Guarantee and Guidance Fund). This financial outfit already indicates that the IMP's do not constitute an entirely new instrument of Community law, but that they avail themselves of the contribution of existing instruments acting in coordination with each other.

Therefore, although the IMP's are similar to the Regional Development Fund both by their objectives (financial redistribution in the form of regional development programmes) and by their basic instruments (conditional grants-in-aid, signing of a "programme contract" between the participating institutions), they do not constitute a mere satellite of that Fund. They are rather intended to combine the efforts of the Regional Fund with those of the other structural funds, and Regulation 2088/85 is therefore based on three different articles of the EEC Treaty: article 235 (the legal basis of the ERDF), article 43 (agricultural policy) and article 127 (operation of the Social Fund). Even when using ERDF money, the Mediterranean Programmes are implemented according to their own rules, which are different on such matters as geographical scope (a specific set of regions in Greece, Italy and France defined in Annex I to the Regulation), the type of operations (the emphasis is on the improvement of agricultural structures, and the creation of non- agricultural activities; see Annex II of the Regulation) and the rate of assistance (which may in certain cases go up to 70% of the total cost of the individual operation and even more for infrastructure projects of special interest presented by Greece: Article 13 of the Regulation).

* The Programme Approach

The target of the Community action instituted by the 1985 Regulation are not single projects in specific localities, but a set of numerous, and purportedly consistent, actions taking place in various economic sectors of an entire

region. A separate programme is adopted for each of those regions, and is based on an inventory of the measures needed for the structural adjustment of the region. As those regions are similarly situated (they are all "Mediterranean"), they often have similar economic problems, and the remedies proposed in the various development programmes are therefore also rather similar. Yet, at the same time, an effort is made to identify the specific needs and specific assets of each region.

Because they concern one specific region, the IMP's cannot be compared with the Community programmes under the ERDF Regulation (these always applied to more than one Member State and were defined on a sectoral basis). A better parallel can be made with the national programmes of Community interest under that same Regulation. The latter programmes, however, usually covered a smaller area than that of a region and the initiative for proposing them lay, as the name indicates, with the Member States rather than with the Commission.

* The Commission's Role

The role of the Council of Ministers ended with the adoption of the framework Regulation in 1985. The single programmes for each region, like national programmes of Community interest under the ERDF Regulation, but unlike Community programmes under the same Regulation, are adopted by the Commission, albeit after consideration of the opinion of an Advisory Committee on IMP's in which the Member States are represented.²⁴ Yet, the role of the Commission is not limited to the decision-making phase; indeed, one of the main novelties of the Regulation is the recognition of the Commission's role in the elaboration and implementation of the programmes.

²⁴ See the details of this procedure in Article 7 of the Regulation. The programmes are published in the Official Journal.

At the stage of elaboration, the Commission does no longer have to wait passively for ready-made proposals of the Member-States which it can either accept (usually) or reject (exceptionally). The Commission is now formally given a right to assist in the preparation of the programmes and to establish an ongoing negotiation process (Article 5 of the Regulation).

At the implementation stage, the Commission is even more present. While under the ERDF regime, the Commission was almost powerless once it had attributed the funds and did not always have an adequate view of what actually happened with the money, the IMP Regulation provides for its formal presence during the implementation of the programme through the Monitoring Committee (article 9 of the Regulation). In this committee, the Commission also establishes, for the first time in Community law, formal day-to-day contacts with regions or local authorities.

* Participation of Regional and Local Authorities

Article 5(2) of the IMP Regulation holds that "IMP's shall be drawn up at the relevant geographical level by the regional authorities or other authorities designated by each Member State concerned." This provision constitutes an interesting semantic shift compared to the ERDF Regulation of 1984. Regions are now presented as the authorities that, normally speaking, will prepare the programmes. The reference to the "other authorities" would seem to be meant for a country like Greece where no regional authorities exist. Yet, Italy has read in those words a general possibility to attribute a decisive role to the central State authorities; indeed, the Italian government decided that it should have a more decisive voice in the elaboration of IMP's than it would have

in the elaboration of "ordinary" development plans of the regions.²⁵

At the stage of adoption, both the French and Italian regions have been recognised as co-signatories of the programme contract, according to article 9 of the Regulation. Finally, regional and local authorities obviously play a major role in the implementation of the Programmes; they are also represented in the Monitoring Committees whose function and composition is set out in each of the programme contracts.

²⁵ This decision of the government was challenged by some regions before the Italian Constitutional Court. The Court held, wrongly to my mind, that the IMP Regulation imposed such a modification of the internal division of powers to the detriment of the Regions (Constitutional Court, judgment n.399 of 11 November 1987, Giurisprudenza Costituzionale 1987, I, 2807). Perhaps the IMP Regulation might allow such a modification, but certainly not more.

III. REGIONAL POLICY AFTER THE MEDITERRANEAN PROGRAMMES

A. The Single European Act and the Reform of the Structural Funds

* Economic Cohesion and Regional Policy in the Single European Act

The signature of the Single European Act in February 1986, and its coming into force in July 1987, did not bring any immediate changes to the operation of the Regional Fund, but they prompted a reconsideration of the function and legal status of the Community regional policy. Article 23 of the Single European Act has inserted a new Title V into the Third Part of the EEC Treaty, which consists of five articles : 130a to 130e. The first effect of this reform is to insert regional policy explicitly within the EEC Treaty, thus correcting the awkward situation of a Community policy which is second in importance in budgetary terms, but was linked to the Community's constitutional document only through the tenuous link of article 235.

At the same time, the Single European Act codifies the main principles of Community regional policy. Article 130a of the Treaty unambiguously states that "the Community shall aim at reducing disparities between the various regions and the backwardness of the least-favoured regions". Regional development is thus recognised as a separate Community objective. But this does not mean that the Community may freely decide upon the instruments and measures for the pursuit of the objective. Indeed, article 130b immediately adds that the prime responsibility for attaining the objective lies with the Member States in the conduct of their economic policies, and that the task of the Community is (only) to "support the achievement of these objectives" through its structural funds.

Of those structural funds, the only one which was not yet included in the Treaty was the Regional Development Fund. It is now mentioned in article 130c, and its purpose is officially stated to be : "to help redress the principal regional imbalances in the Community through participating in the development and structural adjustment of regions whose development is lagging and in the reconversion of declining industrial regions".

In operational terms, the main provision is article 130d which holds that upon entry into force of the Single European Act, the Commission has to submit a comprehensive proposal to the Council for the amendment of the rules of the three Structural Funds. The objectives of this global reform are spelled out in the Treaty text itself : "to clarify and rationalize their tasks in order to contribute to the achievement of the objectives set out in Article 130a and Article 130c, to increase their efficiency and to coordinate their activities between themselves and with the operations of the existing financial instruments." The last phrase, finally, provides that the Council shall act unanimously on this proposal within a period of one year.

The objectives listed in the Treaty are enlightening. The object of the reform of the structural funds is not to bring any fundamental modifications to the substantive policies pursued through those funds, but to coordinate and strengthen their operation. This would seem to confirm the view that the effect of the Single European Act is to codify Community regional policy as it had developed rather than to establish new priorities. Yet, this codification also indicates an upgrading of regional development policy to one of the central policies of the Community.

Economic and social cohesion is presented in the revised EEC Treaty as just another policy of the Community.²⁶ Yet, it has come to be considered by many as the second pillar of the

²⁶ "Economic and social cohesion" is one of the seven Titles of Part Three of the Treaty which is called "Policy of the Community".

Single European Act, acting as a counterpart to the establishment of the internal market by 1993. The Commission,²⁷ the European Parliament²⁸ and several Member States²⁹ insist on the intimate link between the establishment of the internal market and cohesion. The problem of the centre--periphery divide has undoubtedly moved to the top of the Community agenda. In many quarters, the main counterbalance to market integration is sought, not in substantive regulation by the Community, but in a policy of territorial balance under the guidance of the Community. The new, and relatively effective, compromise which underlies the present dynamic trend of European integration seems to be that the States with weaker economies accept to move forward with market integration, in return for additional financial investment in regional development by those other Member States who are expected to benefit most from the open borders.

But the legal character of those two political objectives is rather different. While it is possible to establish, within a given period of time, the legal framework of an economic area without borders, social-economic cohesion cannot be simply brought about by legal regulation. It is a slow, and continuous process, and the claim that this cohesion should be attained by 1993, when open borders have become a reality, is untenable. Yet, one of the recurring issues in recent years is whether the two endeavours - internal market and cohesion - keep step.

* The 1988 Reform of the Structural Funds

²⁷ See Making a success of the Single Act - A new frontier for Europe, COM(87) 100.

²⁸ See its Report on economic and social cohesion in the Community (rapporteur Mr Rui Amaral), European Parliament Documents A 2-307/88 of 9 December 1988.

²⁹ See, for instance, the position taken by the Spanish Prime Minister, Felipe González, L'Europe de la Communauté des douze à l'Union européenne: objectif 1992, Deuxième Conférence Jean Monnet, Florence, Institut Universitaire Européen, 1987, pp.17-19.

On 31 July 1987, the Commission submitted its "comprehensive proposal pursuant to Article 130d" on the reform of the structural funds.³⁰ The first proposal, or request, of the Commission in this document was that the budgetary allocation to the structural funds should be doubled in real terms by the year 1992. Indeed, despite the constant increase of their part within the European Community budget, the structural funds appeared to the Commission as hopelessly insufficient from the quantitative point of view. A number of current developments confirmed this insufficiency : regional disparities, far from decreasing, had become more important ever since the year 1974, as was documented in a Commission study.³¹ The enlargement of the EEC to Spain and Portugal had further increased the dimension of the regional problem within the Community. Finally, the completion of a genuine internal market was expected to widen even further the "natural" gap between dynamic and backward or declining regions. As a conclusion, if the ERDF had to make a real impact on regional development, its means had to be considerably stocked up.³² The Commission therefore proposed that the process of completion of the internal market should be accompanied by a parallel expansion of budgetary credits for the structural funds, resulting in a doubling, in real terms, of the allocation to those Funds by 1992. This

³⁰ COM(87) 376; see Official Journal 1987, C 245. An amended proposal was submitted on 23 March 1988: COM(88) 144.

³¹ The Regions of the Enlarged Community. Third Periodic Report on the Social and Economic Situation and Development of the Regions of the Community, Commission of the European Communities, 1987, p.55 ff.

³² The discrepancy between the size of the problem and the size of the available means is indicated by the following statement in the Commission's Eleventh ERDF Report, 1985, p.4 : "the Community's ten weakest regions have, since the inception of the ERDF, received Fund assistance averaging 17 ECU a year per inhabitant. However, the gap in per capita GDP between the ten weakest regions and the ten strongest regions is in fact more than 10.000 ECU".

proposal, as part of the global "Delors package",³³ was fully and fairly rapidly endorsed by a decision of the European Council in February 1988.³⁴

The qualitative side of the Commission's proposal, which entailed a complete change in the mode of operation of the various structural funds, was a much more complex matter. Still, the approval by the Council came, to the surprise of many, within the deadline imposed by art.130d of the Treaty, in the form of the so-called "framework Regulation" 2052/88 of 24 June 1988.³⁵ The principles established in that Regulation were further elaborated in no less than four other Regulations, all adopted on 19 December 1988.³⁶ In a much shorter time than in earlier occasions, the Member States agreed on what is undoubtedly the most drastic change in the Community's regional policy since the beginning.³⁷ This is even more striking when compared to the slow and painful process of adoption of the Mediterranean Programmes, only a few years earlier.

Article 1 of the framework Regulation 2052/88 attributes six overall objectives to the Structural Funds. In

³³ Called after President Delors of the Commission who exposed the whole package in a document called "Making a Success of the Single Act", COM (87)100 of 15 February 1987.

³⁴ The consequences of this decision for the budgetary procedure are drawn by the Interinstitutional Agreement on Budgetary Discipline and Improvement of Budgetary Procedure, Official Journal 1988, L 184/33, point 17. For details on how this "doubling" of the allocation to the structural funds is planned to take place over the years, see Jean Van Ginderachter, "La réforme des Fonds structurels", Revue du marché commun 1989, 271-279, at 272 ff.

³⁵ Official Journal 1988, L 185/9.

³⁶ Regulation 4253/88 (coordination between Funds), 4254/88 (Regional Fund), 4255/88 (Social Fund) and 4256/88 (Agricultural Fund), all published in Official Journal 1988, L 374.

³⁷ The literature on the 1988 reforms is still rather limited; in addition to J. Van Ginderachter, *op.cit.*, see Jean Claude Séché, "La nouvelle réglementation des fonds structurels", Revue du marché commun 1989, 325-329.

fact, they are little more than the juxtaposition of the previously separate objectives of each of the Funds. Three of those can be considered as objectives of territorial development, namely Objective 1 : "promoting the development and structural adjustment of the regions whose development is lagging behind"; Objective 2 : "converting the regions, frontier regions or parts of regions (including employment areas and urban communities) seriously affected by industrial decline"; and Objective 5 (b) : "promoting the development of rural areas".

The other three priority objectives are those of combating long-term unemployment, facilitating the occupational integration of young people and speeding up the adjustment of agricultural structures. They do not have a territorial bias in their formulation, which does not mean that the territorial dimension will be entirely absent from their implementation or their effective impact.

Each of the Structural Funds is called to contribute to the objectives of territorial development in its own way. Yet, the main role is of course attributed to the Regional Development Fund. Article 3 of the Regulation makes a distinction between Objectives 1 and 2, support of which is "the essential task" of the ERDF, and Objective 5 (b), support for which only comes in addition. A further ranking order is indicated by Article 12 (5) which holds that "the ERDF may devote approximately 80% of its appropriations to Objective 1". This is an elegant solution to the conflict which existed, at the time of drafting the 1984 Regulation, between the Commission's wish to concentrate all the ERDF's funds on a number of priority regions, and the Council's insistence to retain all Member States as beneficiaries. The main part of the ERDF's budget will henceforth be channeled to a limited number of regions in a limited number of Member States, under the heading of Objective 1, and a smaller part may continue to go to other regions and other Member States under the heading either of Objective 2 or Objective 5 (b). The "Objective 1-regions" have been listed by the Council

itself in annex to the framework Regulation, which gives an indication of the political sensitivity of the issue. This list is of course very different from the list of IMP regions. The whole of Portugal, Ireland, Northern Ireland and large parts of Spain are among the priority areas under Objective 1. Moreover, not all the IMP regions of Italy are included in the list (only those situated in the Mezzogiorno) and only one of the French IMP regions, namely Corsica. The lack of correspondence between the list of new priority regions and the list of IMP regions confirms the view that the Integrated Mediterranean Programmes had been inspired less by the objective of territorial development than by the need to provide a financial bonus to specific Member States.

B. Relation with the IMP's : Continuity and Discontinuity

The IMP Regulation had been adopted three years before the global reform of the structural funds. Yet, the practical experience with the IMP's has not exerted a major influence on this reform. Some of the last IMP's have only been adopted in 1988, and even those adopted earlier on had not yet shown a consistent pattern of implementation. Nevertheless, many of the concepts and ideas included in the IMP Regulation are also present in the new Fund Regulations. It is a curious fact therefore that the Commission, in its proposals for reform of the structural funds, did not once mention the Integrated Mediterranean Programmes.³⁸

Three major aims could be discovered in the original Commission's proposal of reform of the structural funds: (a) spatial concentration of the ERDF, but also of the other Funds on a selected number of regions, (b) increased

³⁸ See the Commission Communication of 31 July 1987 on Reform of the Structural Funds, COM(87) 376 final.

efficiency by emphasizing the programme approach, the combined use of the various Funds (what the Commission calls "synergy") and continuous monitoring and assessment of the actions, and finally (c) an underlying implicit aim of increasing the role of the Commission which instead of a financial institution would become more like a regional development agency whose tasks would extend to the conception, the setting of priorities, the planning of interventions and the offering of technical support.

None of those aims were entirely new; indeed, they had been experimented to a certain extent in the legal regime of the Mediterranean Programmes. Spatial concentration had been on the Commission agenda for a number of years and had only very partially been effected by the 1984 reform. The efficiency aim had inspired the move towards programmes and the experiments with the integrated approach which characterised the Mediterranean Programmes. The vision of the Commission as a development agency can be found already in a Commission Communication of 1981 and had also been realised to a certain extent in the institutional set up of the Integrated Mediterranean Programmes. But all those strands of Commission (and Parliament) thinking were now brought together in a single ambitious document.

A full examination of all the novelties brought by the reform of the structural funds cannot be attempted here. I will rather limit myself, in the following pages, to a brief examination of the degree to which the typical features of the Integrated Mediterranean Programmes, as they were outlined in the preceding section, have also been adopted in the new legal regime of the structural funds.³⁹

³⁹ It may be emphasized, to avoid misunderstanding, that the Regulation on the IMP's has not been modified by the reform of the structural funds, so that the IMP's continue to be implemented according to their own rules.

* Integrated Approach

The integrated approach adopted in an experimental way in the legal regime of the IMP's is now given full recognition in the global reform of the structural funds.⁴⁰ However, the early experience with the IMP's has shown that a genuine coordination between different structural funds, all functioning according to their own rules, is not easy to achieve. The programmes, and single projects within those programmes, may well receive money from various Community sources, but this usually constitutes a simple addition of grants without the famous "synergy" promised by the new strategy.

In order to obviate some of those problems in the global reform, the so-called "horizontal Regulation" nr 4253/88 imposes certain constraints on the operation of each of the funds which should lead to a better division of labour between them. It is however too early still to judge whether coordination will effectively improve under this regime. If it does, there may also be an indirect benefit for the way in which the Integrated Mediterranean Programmes will be implemented in future.

Apart from this global coordination, single operational programmes may also be implemented according to the integrated approach. This is not mandatory as with the IMP's; operational programmes can still be funded and run by the Regional Development Fund alone. Indeed, there is not much incentive to take the trouble of establishing an integrated operational programme. In article 13(2) of the "horizontal" Regulation, it is simply said that "the desirability of implementing measures on the basis of an integrated approach shall be considered when establishing or reviewing a Community support framework." Perhaps the rather disappoint-

⁴⁰ This experimental role of the IMP's is emphasized by K.J.M. Mortelmans, "Effectiviteit en billijkheid: de GMP's, de GAP's en de hervorming van de Europese structuurfondsen", Sociaal-Economische Wetgeving 1988, 610-623.

ing experience in some of the IMP's has caused this lack of enthusiasm for enforcing the integrated approach across the board.

* Programme Character

Like the integrated approach, the programme character of the new regime is also situated at two levels. At the lower level, operational programmes remain, like before, one of the forms of assistance financed by the Regional Fund. But at the same time, the programme structure becomes the overall characteristic of the mode of operation of the structural funds.

Whereas Member States could previously submit ready-made projects, leaving to the Commission only the decision whether or not to finance them, every development operation now has to fit in a general plan, elaborated together with the Commission and which is approved by the latter in the form of a Community support framework.⁴¹ Only after this basic document has been approved, the Member States may claim financial assistance which can take various forms: the existing forms of a project or an operational programme (the latter, as before, on the initiative of the Member State or of the Commission) and two new forms: part-financing of a national aid scheme or the provision of a global grant to an intermediary institution (usually a regional development agency).⁴² It remains to be seen whether this heavy administrative structure will lead to more coherent and effective policies, or whether those global plans and support framework will, like many of the earlier programmes, remain enumerations of unconnected single projects.

⁴¹ On the "plan", see Article 5 and following of Regulation 4253/88; on the "support framework" see Article 8 and following of the same Regulation.

⁴² For the various forms of assistance, see (generally) Article 5 of Regulation 2052/88 and (with specific reference to the Regional Fund) Articles 3 to 6 of ERDF Regulation 4254/88.

A major discontinuity with the IMP's (and, indeed, with the earlier regime of the Regional Fund) is that the instrument of the programme agreement disappears. The experience under the IMP regulation and the 1984 ERDF Regulation has shown that the drafting of those agreements often takes a very long time and does not noticeably improve the efficiency at the implementation stage. The 1988 reverts to the old formula of a unilateral decision of the Commission fixing the Community support framework.

The emphasis on interinstitutional cooperation, which used to be symbolised by the programme agreement, is not dropped altogether. It rather takes the more diffuse form of a "partnership" which should, from now on, characterise the whole process of preparation and of implementation of this Commission decision.

* Partnership

This has been introduced as a new concept by the 1988 reform,⁴³ but it corresponds to an old need, that of ensuring a close coordination between the various public authorities involved in a regional development operation, namely the Commission, the Member State and any number of subnational authorities within that State. Partnership is defined, in article 4(1) of the Regulation, as "close consultations between the Commission, the Member State concerned and the competent authorities designated by the latter at national, regional, local or other level, with each party acting as a partner in pursuit of a common goal".

This formula implies that there is no direct right for

⁴³ See Article 4 of Regulation 2052/88. The concept probably stems from the United States, where it is used in the theory of federalism. See Daniel J. Elazar & Ilan Greilsammer, "The U.S.A. and Europe Compared - A Political Science Perspective", in Cappelletti, Seccombe and Weiler (eds), Integration Through Law. Europe and the American Federal Experience, Berlin, De Gruyter, 1986, Vol.1, Book 1, p.104 ff.

regional or local authorities to participate in the decision-making process; the European Parliament had asked that the regions be granted such a right of participation and that they should draw up the regional development plans and conversion plans⁴⁴, but Commission and Council both preferred a more cautious formula which is only a small step forward compared to the Regional Fund Regulation of 1984. It is also a retreat compared to the formulation used in the IMP Regulation where the regions were presented as having a "natural" competence to participate in the planning process.⁴⁵ As a gesture towards the regions, the Commission decided, around the same period, to create a Consultative Council of Regional and Local Authorities⁴⁶.

Partnership is to be seen more as a political than as a legal formula. It denotes the objective of involving all possible actors in the planning and implementing process so as to maximise the political consensus and, hopefully, the economic efficiency of the development operations. While the term of partnership is new, the idea behind it had been experimented for the first time on full scale within the framework of the Integrated Mediterranean Programmes.

Yet, the fact that Member States, regions and local authorities are no longer presented as "applicants" begging for money but as "partners" in the decision-making about their economic future, should not hide that the major change brought by the regulation to the power structure is, probably, to the benefit of the supranational partner, namely the Commission of the European Communities.

⁴⁴ See the amendments to articles 4, 8 and 9 of the proposed "framework" Regulation, in European Parliament Doc A 2-58/88 of 28 April 1988.

⁴⁵ See, in this sense, Giuseppe Tesaro, "Partecipazione delle regioni alla formazione delle decisioni comunitarie", Rivista di Diritto Internazionale Privato e Processuale 1989, 11-26, at 21.

⁴⁶ Commission Decision 88/487 of 24 June 1988, Official Journal 1988, L 247/23.

* Role of the Commission

In the new rules governing regional development policy, the Commission has the major advantage of being relieved of a heavy burden: that of examining thousands and thousands of small projects. From now on, it will only have to scrutinise the global development plans, the programmes and some big projects. The detailed breakdown is left to the implementation stage.

This will allow the Commission to take a broader view of things and to use its limited staff for elaborating a deliberate strategy based on Community priorities. In implementing this strategy, the Commission will no longer be hindered by strict national quotas; instead, there is only an "indicative distribution" among countries of 85% of the ERDF budget. Its greater decision-making powers are supplemented by the possibility to control and monitor the implementation of the actions which it has approved. All in all, the Commission seems now to be able to exercise considerable, perhaps even excessive, powers in directing regional development within the Member States of the Community.



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