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Exploring and Explaining Variation in EU Cohesion Policy

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1. INTRODUCTION

It is often said that policy-making varies decisively across policy areas in the European Union. However, when one takes a closer look at most policy areas, it soon becomes clear that they are far from homogeneous. This is certainly the case in the European Union's cohesion or structural policy, which involves successive phases of financial bargaining, institutional design, and the creation, negotiation, implementation, and monitoring of regional development plans.[1] The point of departure of this chapter is that to understand the political dynamics of cohesion policy, one must disaggregate the policy into its component parts, each of which, I shall argue, has a distinctive logic.

Cohesion policy also varies spatially. Cohesion policy is financed and designed at the European level, largely by member state executives and the Commission, and in this sense one can speak of a European-wide policy, but one finds great variation across, and in some cases, within countries when one examines the politics of how the money is spent. The creation, negotiation, implementation, and monitoring of regional development plans which constitute the final phase of cohesion policy (in Euro-jargon, 'structural programming') are territorial endeavours, and, as one would expect, they reflect the political circumstances of the regions and countries in which they take place.

One must, therefore, slice in two directions to gain an accurate understanding of the bundle of policy-making activities that are described under the heading 'cohesion policy': across the distinct phases of policy-making, and across territory. The result is neces-

sarily messier than a holistic approach, but it is not random. By using a sharp—and hopefully skilled—knife one may increase the richness of the phenomenon to be explained. Patterns appear that would be invisible from a less refined vantage point.

The questions which will be asked of the evidence have to do with the basic—and contested—issue of political influence in the European Union. To what extent have state executives been able to project their domestic power into the European arena? To what extent is decision-making in cohesion policy shared with non-central state actors, both subnational governments beneath the central state and supranational actors above the state? Answers to these questions inform our conception of the Euro-polity, and provide leverage in the debate between those who argue that the EU is part of an overarching system of *multi-level governance* and those who argue that the EU is characterized by *state-centric governance* (Caporaso and Keeler 1993; Moravscik 1993; Borras-Alomar *et al.* 1994; Marks *et al.* 1994; and Scharpf 1994).

If the questions being asked have to do with 'who decides what', three distinct phases of policy-making in cohesion policy can be conceptualized: bargaining the financial envelope, creating the institutional context, and structural programming. Table 13.1 provides a rough road-map of cohesion policy, summarizing the distribution of political influence across these three phases and their respective subphases.[2] The following sections of this chapter deal with these in turn. A final section takes up the question of change in cohesion policy.

2. PHASES OF POLICY-MAKING IN COHESION POLICY

2.1 *The First Phase: Creating the Budgetary Envelope*

Cohesion policy is rooted in decisions concerning financial redistribution among the member states. The fact that decisions concerning financial redistribution are made before decisions concerning broad policy goals or decisions concerning institutional design is a distinctive feature of cohesion policy. While many policy areas can be described as a set of institutions looking for funding, cohesion policy is funding looking for a set of institutions. The driving force

TABLE 13.1. *Phases of cohesion policy*

		POLITICAL INFLUENCE OF ACTORS		
		Central governments	Subnational governments	European Commission
BUDGETARY ENVELOPE		strong	insignificant	weak
INSTITUTIONAL CONTEXT	Institutional design	strong	insignificant	strong
	Eligibility of regions for funding	weak	insignificant to moderate depending on country	moderate
POLICY-MAKING	Cohesion fund	strong	insignificant	weak to moderate depending on country
	Community Support Frameworks	weak to strong depending on country	weak to strong depending on country	weak to moderate depending on country
	Community Initiatives	weak	weak	strong

in this phase of policy is bargaining among member-state governments about which countries get what. The issue of how they get it is dealt with in a subsequent negotiation with its own political logic.

This initial phase of intergovernmental financial bargaining is structured in two respects. First, it takes place on a cycle that parallels the multi-year cycle of the structural plans (Community Support Frameworks) drawn up for each participating country. The two rounds of negotiations of structural funding that have so far taken place were in 1988, prior to the five-year cycle of 1989 to 1993 (Delors I), and in 1992, prior to the six-year cycle of 1994 to 1999 (Delors II). Second, budgetary bargaining among member state executives is structured by the financial package drawn up by the Commission for overall spending in the European Union. The Commission is by no means a passive bystander in state executive bargaining, but sets the agenda by circulating an overarching budget which carves out specific amounts for structural spending.

From a financial standpoint, cohesion policy is an elaborate system of side-payments from governments in richer EU countries to those in poorer EU countries in exchange for the agreement of governments in poorer countries to intensified economic integration (Marks 1992).[3] The underlying logic of this game is simple, pitting contributors against contributees, but no rigid cleavage has developed, for the following three reasons:

1. The relative position of countries is changing rather than fixed (most importantly, Germany has acquired an extremely poor territory and Spain has been growing out of the poorest camp).

2. Cohesion policy is made up of several distinct redistributive components (six objectives for structural policy plus the new cohesion fund) which pose slightly different sets of winners and losers, and which, therefore, obfuscate the underlying cleavage between winners and losers. Several member state governments, including the United Kingdom, Germany, and Belgium, are winners *and* losers depending on which aspect of cohesion policy is at stake. Hence, contending alliances on the question of overall spending for cohesion policy are fractured when it comes to questions of spending for particular objectives.

3. National interest is overlaid with normative issues arising from large and transparent inequalities of life-chances across the

EU. To the extent that those in poorer countries help to create a European-wide market society, it is difficult for people in richer countries to deny them the moral standing of members of a community. This introduces an ideological dimension to cohesion policy. Many of those on the political left who press for egalitarian policies within their own countries extend their arguments for greater equality to the European Union as a whole. Socialists in the European Parliament have consistently pressed the case for increased cohesion spending, and because structural funding is non-compulsory expenditure, the EP has had some success in increasing it.

Overall spending on cohesion policy is determined by member state executives, but only in the last analysis. The Commission has instituted a complex partnership procedure for determining spending priorities within individual countries which is designed to bring subnational governments and the Commission into a consensual multipartite relationship with individual member state governments in designing and carrying out regional development programmes. The implications of this for structural programming will be discussed below. The procedure is relevant to the budget, however, in that it gives the Commission the ability to facilitate—or slow down—disbursement of previously agreed budgets, and this provides the Commission with a vital, if politically delicate, source of political leverage in its dealings with member state governments (for examples, see McAleavey 1993, and Anderson in Chapter 5).

The allocation of the budget for structural policy across contending objectives and regions is determined by bargaining among member-state executives, bargaining between state executives and the Commission, and to a lesser extent by subnational governments pressuring both of the above. The generalization that one can make here is that to the extent issues have a financial and/or zero-sum character, decision-making is dominated by member-state executives. Conversely, to the extent that issues are non-financial and/or positive-sum, the Commission is able to play a greater role. As we move along the policy process for cohesion policy from allocation of resources among the member states in phase 1, to how the money is spent in phases 2 and 3, the role of the Commission grows. The Commission influences spending within indicative ranges for each member state; it plays a key role in determining the distribution of spending across objectives; and it allocates some nine per cent of the entire budget devoted to sectoral Community Initiatives. In each of these areas the Commission tries to avoid politicized zero-sum conflict in favour of technocratic, sectoral decision-making.

2.2 *The Second Phase: Designing Institutions*

Member state executives shape the financial envelope, but they determine only the general outlines of how the monies should be distributed. The last two rounds of institutional design at the Brussels summit in 1988 and in the Council of Ministers in 1993 clearly reflected the blueprints that the Commission drew up. The Commission is influential for a combination of reasons. In the first place, formal interstate agreements have been extremely vague on the question of how exactly cohesion funds should be administered. Secondly, the Commission's institutional blueprints are conceived before member state governments have had the formal opportunity to debate them. Finally, the Commission defends its institutional proposals as providing the means to ends that are shared by all the participants—above all, increasing the potential for economic growth in the poorer regions of Europe.

This is not to say that the Commission has a free hand in institutional design. While member state executives swallowed the radical reform of the structural funds in late 1988, giving the Commission an impressive degree of financial and bureaucratic influence (Hooghe, Chapter 3), the most recent round of institutional design, which began at the Edinburgh summit in December 1992 and continued through July 1993, was openly contested. On the one side, the French, British, German, and Spanish governments wanted to rein in Commission influence and renationalize regional policy. The Balladur government presented a coherent plan to this effect, and it was strongly supported by the British, who argued that state executives were better able than the Commission to get value for money. The Spanish, who wanted to impose national (rather than regional) priorities in economic development, were also supportive, as were the Germans, who complained about Commission constraints on which regions in Germany could qualify for regional subsidies. This formidable coalition was opposed by two governments that were the largest beneficiaries of the EU's cohesion policy, the Portuguese and the Irish, along with a perennial supporter of the Commission, the Belgian government.

This would appear to be a scenario for substantial change, yet the changes that were enacted did not alter the basic principles of structural policy established in 1988. This poses an interesting puzzle, but first let us briefly examine the content of the 1993 reforms.[4]

The most important reform was simplification of procedures for structural programming. As detailed in the next section, under Delors I (1989–93) structural programmes were formulated in a three-stage process: first, member states devised broad-gauged regional development plans; second, these were negotiated bilaterally with the Commission into contracts (Community Support Frameworks) for European funding; third, specific economic programmes were created in partnership between state executives, Commission administrators, subnational representatives and, in some cases, private actors. Under Delors II (1994–9), state executives may select a simplified process with two, rather than three, stages. In the first stage, member-state executives draw up a regional development plan which includes specific economic programmes, and in the second stage, these are negotiated with the Commission into Community Support Frameworks.

This streamlining of procedure constrains the Commission in two main respects. Because member-state governments bring detailed plans rather than general statements of priorities to the negotiating table, the Commission has less room for manœuvre. The Commission may also operate under time pressure if a member-state executive delays submitting its development plan. In addition, the involvement of subnational actors may also be limited because it takes place before general priorities are negotiated with the Commission. Each of these possibilities has been raised privately by Commission officials in interviews, yet the consequences of streamlining may be double-edged. The Commission has the option of delaying implementation of a regional development plan, as noted in the previous section, and one ground for doing so is that a state executive has not provided sufficient information about how its plan meets the needs of regions as articulated by subnational representatives. My initial enquiries indicate that, in most cases,

subnational governments are fully aware that under the new regulations they must influence development priorities at stage one rather than stage three, and are no less successful than before in doing this.

On balance, it is quite possible that Commission influence over structural programming has been weakened by this reform, though cohesion policy has by no means been renationalized. Other changes instituted in 1993 appear to be ambiguous in their effects. Member-state governments were intent on gaining more control over the designation of regions for funding, and the competitive struggle among governments to gain favoured objective 1 status for certain regions in their countries has been intense. The economic criteria adopted by the Commission under Delors I were watered down to accommodate these demands. Merseyside in England, Hainaut in Belgium, East Berlin and the eastern *Länder* in Germany, part of Nord-Pas de Calais in France, and Flevoland in the Netherlands have been promoted to objective 1 status. Instead of selecting objective 2 regions (declining industrial areas) and objective 5b regions (rural areas) on the basis of economic criteria, under the new regulations member states put forward a list of regions which becomes the basis for bilateral negotiation with the Commission.

Instead of undermining the influence of the Commission, the reform of regional selection seems to have strengthened the Commission's role in allocating funding. When most member state governments applied for funding in late 1993, they tried to bolster their competitive claims on the EU treasury by putting forward many more regions than they expected to be eligible for funding, with the result that decision-making was postponed to bilateral negotiations between the Commission and member state governments.[5] The process has become far more competitive, and in striving against each other, member state governments have elevated the role of the Commission as an arbiter. Competition among member states has also had the unintended consequence of heating up competition among regions *within* countries, as subnational representatives realized that not all regions on national lists would be selected for funding. In the months leading up to the final selection, the Commission was persistently lobbied by subnational representatives who wished to use every available channel to increase their chances for funding.[6] Hence, the original demand on the part of member-state executives to renationalize the selection process has had not one, but two unintended consequences: it has intensified competition among member-state governments, empowering the Commission as referee, and it has mobilized subnational governments in the European arena to influence the decision-making process.

The other reforms of 1993—concerning monitoring and assessment, Community Initiatives, and additionality—were a mixed bag from the standpoint of Commission influence. Provisions for monitoring and assessment of structural policy on the part of the Commission have been strengthened, mainly at the request of the UK government, which wished to tighten supranational supervision in Southern Europe while resisting it in its own territory. At the same time, the role of the Commission in determining around nine per cent of the entire budget for structural funding has been constrained by the creation of an oversight body made up of member-state representatives. If this Management Committee rejects a Community Initiative drawn up by the Commission, the Council of Ministers may instruct the Commission to spend the money differently.[7] Finally, the principle of additionality, which was a point of contention between the Commission and several member state governments, has been watered down. Additionality, which is the principle that member states should not decrease their spending in poorer regions as the EU increases its funding, has been loosened by reference to 'economic circumstances', such as recession, which may excuse a decrease in member-state funding in a particular year. However, the rules on the 'transparency' of additionality have been tightened. For the first time, member-state governments are legally required to provide information necessary to verify additionality before and during implementation of structural funding.

Finally, a new instrument for cohesion policy has been created—the cohesion fund—which short-circuits the established funding process by delivering money directly to central governments. The fund, which was demanded by Felipe Gonzales as a side-payment for Spanish agreement to the Maastricht Treaty, supports environmental and communications projects in countries (Spain, Portugal, Ireland, and Greece) whose per capita GDP is less than 90 per cent of the EU average. Unlike the reforms of structural funding, which have left the basic structure essentially intact, this initiative posed a real alternative, for it created an entirely new administration to

deliver national, not regional, funding. The Commission, led by DG XVI, sought to limit the scope and independence of this new fund. By 1999 the money channelled through the cohesion fund will amount to just 2.6 billion ECU, compared to 30 billion ECU for cohesion policy as a whole. The Commission appeared to play a significant role in influencing which projects were funded, and in 1994 administration for the cohesion fund was shifted to DG XVI.

While the dynamic consequences of the 1993 reforms are open to dispute, it would, I think, be safe to conclude that the reforms do not threaten the radical innovations of the previous years. Member-state governments were unable to renationalize structural policy. Instead, they tinkered with the policy at the margin, and not always with the desired results. This raises an interesting and important question: why did the impressive coalition of governments noted above not succeed in decisively reining in the Commission?

In the first place, the decision-making procedure adopted for amending the framework regulation did not empower member state executives to act alone. According to the Maastricht Treaty, the decision-making procedure would involve the assent of the European Parliament plus unanimity in the Council of Ministers. However, the Treaty was not yet in force in July 1993. An *ad hoc* procedure was concocted: unanimity in the Council and the co-operation procedure in the European Parliament for all regulations pertaining to the reform of structural spending. Member-state governments had to pay some attention to how their decisions would be received in Parliament, and it was clear that the EP was opposed to renationalization of cohesion policy. Paradoxically, the decision rule of unanimity on the Council of Ministers was probably enough to thwart renationalization because the Commission had the support of the Belgian government plus the governments of two countries that have done extremely well under the present system, Portugal and Ireland. Unanimity is usually regarded as a balk to European integration; but, more accurately, it makes any kind of policy innovation more difficult. In cases where some level of integration is an accomplished fact, unanimity may retard the reassertion of state executive power.[8]

Of course, if the issue is framed simply in terms of state executives versus the Commission, the Commission is likely to come off second best. The Commission has nothing to gain and everything to lose if it allows the issue of institutional creation to be defined as a struggle for control between it and member state executives. But this is rarely the case, and it certainly was not true for the 1993 reforms. At the Edinburgh summit and subsequent meetings of the Council of Ministers the issues that drove debate had to do with gaining greater efficiency in the allocation of regional investment, making the decision process less burdensome to member-state governments, improving the evaluation and financial control of EU spending, and, most importantly, with who gets what. These issues cannot be boiled down to the issue of member state executive versus Commission control, and some state executives were faced with difficult trade-offs between their desire for substantive outcomes and their desire to renationalize decision-making. For example, the British government's case for renationalization did not sit easily with its demand for value for money. A British representative was reported as arguing for more Commission scrutiny of spending to thwart corruption—except in Britain!

If member-state executives were mainly concerned with sustaining their control over decision-making, they would probably be able to squelch supranational power. But those who hold executive power in European democracies have other important goals also, including getting re-elected, increasing economic growth, and maintaining party unity, and these goals are not always consistent with defending state sovereignty.

2.3 *The Third Phase: Structural Programming*

The political logic of structural programming is quite different from that of redistributive bargaining or institutional design. Whereas the creation of the financial and institutional context of cohesion policy involves the Commission and the twelve member-state governments in collective decision-making, structural programming is country-specific, and involves the Commission and individual state executives alongside country-specific subnational actors. But before the resulting territorial variations are elaborated, the policy process must again be disaggregated, for there are three instruments of cohesion policy, and each has a distinct political character.

The new cohesion fund, which was created in the Maastricht negotiations to finance environmental and communications

projects, operates outside the structural funds and involves the Commission and each member-state executive in the recipient countries (Spain, Greece, Ireland, and Portugal) in bilateral relationships that largely exclude subnational government. The establishment of a special cohesion fund to offset the expected costs for the poorest countries of macro-economic and environmental convergence generated heated debate, culminating in the threat of a Spanish veto of the Maastricht Accord. However, the amount involved is small—some 10 billion ECU over five years—compared to the 141 billion ECU flowing through the structural funds in the same period (Armstrong 1995).

A little less than 10 per cent of structural spending is determined autonomously by the Commission as Community Initiatives, multiregional programmes targeted at specific problem areas such as reconversion of declining coal-mining regions or promoting communications infrastructure in the most peripheral regions. The regional fund, which is largely responsible for these, pays close attention to the expressed demands and implicit needs of its national and subnational constituencies, but the formulation of policy is expressly monopolized by the Commission.[9] The Commission determines the content and the timing of the initiatives and selectively mobilizes actors, including, particularly, subnational governments, to help formulate and support initiatives (Hooghe and Keating 1994).

The bulk of the structural funds are organized in Community Support Frameworks (CSFs), economic development plans for each of the participating member states and constituent regions. More than any other EU policy, structural policy reaches directly into the member states, directly engaging subnational governments and private actors with the Commission and member-state governments. Unlike the budget for cohesion policy, which is determined by actors in a single network, there is a diverse array of networks across individual member states concerned with decision-making in structural programming, joined only by the participation of a common actor, the European Commission.[10] These networks vary from country to country. The task, then, is to describe this diversity and attempt to explain variations in decision-making across different countries.

In the period from 1989 to 1993 (Delors I), CSFs were operationalized in a four-stage process: first, regional or national development plans were formulated for each recipient country; secondly, these were negotiated by representatives of the member state and the Commission into legally binding CSFs; thirdly, the CSFs provided the basis for Operational Programmes composed of specific development projects; fourthly, these were implemented and monitored in the target region. These stages will be examined below in turn.

Stage 1. The first stage of structural programming involved the formulation of national or, more commonly, regional development plans by member-state governments that became the basis of negotiation with the Commission. In most member states, central executives controlled the access of subnational actors, serving in their traditional capacity as the sole intermediary between domestic political interests and international (in this case, European Union) politics. However, there were wide variations in the extent to which central executives were willing or able to use their intermediary role to ignore subnational demands.

In Belgium, regional governments had exclusive competence for regional policy, and the issue is, therefore, how much scope they gave to subregional actors. While there were differences from locality to locality, Stefaan De Rynck observes that local actors were generally accorded a key role throughout the policy process: 'it is local actors who play the crucial role in agenda-setting, decision-making, and implementation of the development programmes' (Chapter 4).[11]

In Germany, also, the central government played a secondary role to subnational actors. Regional development plans were developed by individual *Länder*, though there is evidence that in at least one important *Land*, North Rhein-Westphalia, subregions were the chief designers of structural plans (Conzelmann 1994). Those plans were integrated both vertically, with the federal government, and horizontally, with those in other *Länder*, through the *Gemeinschaftsaufgabe*, a highly institutional system of bargaining in a context of interlocking federalism (Anderson 1990 and Chapter 5).

Despite the shift in administrative competences for regional economic development to the *Comunidades Autonomas* over the past decade, they did not dominate the generation of economic development plans. Francesc Morata and Xavier Muñoz (Chapter 6) relate

that plans for the bulk of funding were determined at the national level from a national point of view. Although regional actors were involved in planning, central government framed the process as a whole and had the final word. Surprisingly perhaps, the same seems to apply to the specifically regional component of Spanish structural funding, the twenty-four regional frameworks, at least as far as the creation of CSFs is concerned. Despite opposition from the Commission, the Spanish government was able to persist in its national approach.

In the remaining countries—France, Greece, Ireland, and the United Kingdom—central governments dominated the formulation of CSFs and subnational actors played a weak or insignificant role. In Ireland, the National Development Plan, as its name suggests, was drawn up along sectoral rather than regional lines, and, as Brigid Laffan details (Chapter 10), key decisions were made by a central government organ, the Committee of Ministers. The Greek development plan was divided along national and regional lines, but the Ministry of National Economy shaped the regional as well as the national part. The Ministry instructed the new regional authorities to draw up proposals, but the Ministry itself drafted the plan to be negotiated with the Commission (Ioakimidis, Chapter 11). Regional development plans in Rhône-Alpes were dominated by regional prefects who, according to Richard Balme and Bernard Jouve, co-ordinated their respective *départements* and *régions* (Chapter 9). Although *contrats de plan* were formulated jointly between prefects and regional councils, the central state, through DATAR, played the decisive role (Conzelmann 1994). In the UK, regional plans were drawn up by the regional offices of the Department of the Environment, and were then combined by the Department of Trade and Industry in a national regional development programme (Anderson 1991). To the extent that local authorities were involved, they were galvanized by Whitehall and constrained by the Treasury (Keating 1993; Bache *et al.*, Chapter 9).[12]

Stage 2. At the second stage of structural programming, regional development plans were hammered into formal contracts allocating EU resources—Community Support Frameworks—in negotiation between individual member states and the Commission. These negotiations were conducted behind closed doors and they feature dimly, if at all, in scholarly descriptions of cohesion policy. Although we lack hard evidence and good secondary sources, it seems clear that these negotiations elevated the influence of those actors present at the bargaining table at the expense of those not represented.

Within most member states—in France, Greece, Ireland, Italy, Spain, and the UK—this meant that the position of central government actors as 'gatekeepers' was enhanced while that of subnational actors was diminished. For each of these countries, except Spain, this boils down to the weakening of already weak regional or local actors. Hence, in Table 13.2 (p. 407), the political influence of subnational actors in these countries at stage 2 is downgraded from weak to insignificant. In Spain, the contrast in the influence of regions at stage 1 and stage 2 is particularly sharp. Spain, along with Belgium and Germany, has a regionalized system of governance, but regional actors in Spain are still struggling to institutionalize their influence in the EU, and the exclusion of regional representatives from negotiation of the Community Support Frameworks is one sign of this.

In Belgium, it was the region, rather than the central state executive, that was present in negotiation with the Commission. The excluded actors were the central government, which in any case played a weak role in structural programming, and local actors, who had played a major role in creating the regional development plans at stage 1. In Germany, the federal government had to be included in negotiation with the Commission, and although the *Länder* were instrumental in creating regional development plans, they sat alongside federal officials in creating CSFs. So it is local actors at the *Kreise* level that are formally excluded.

The other side of the coin is that stage 2 elevated the Commission, usually represented by officials from DG XVI, to one of just two actors in an exclusive negotiation. At stake in the negotiations was the designation of assisted areas and the character of the assistance. In most cases, and especially where the Commission did not play a significant role in the creation of the development plans, the Commission's substantive influence over the CSFs was limited by lack of detailed information about possible alternative plans. Discussion reportedly centred on the quality of input from relevant subnational actors and the extent to which written proposals submitted by the member state fulfilled technical criteria laid down by

the Commission. But this was not always the case, for the Commission also pressed its interlocutors in member states on additionality (the UK), on limiting national regional development plans (Germany), and on regional participation in designing regional development plans (Spain and Ireland), and negotiated with several member states concerning the designation of regions eligible for cohesion funding. The Commission's influence lay chiefly in its capacity to withhold its agreement to a Community Support Framework, hence slowing down, or even halting, financial outlays in the member state. This power was brought into play on several occasions. The Commission withheld its final approval for assistance to the new eastern *Länder* in 1991 until the federal government implemented limits to national assistance in the western *Länder* (Anderson, Chapter 5), and delayed signing on to Spanish CSFs in the 1989 negotiations because, in its view, the Spanish government did not permit sufficient regional input. In Ireland, as Laffan observes (Chapter 10), stage 2 negotiations in 1989 provided the Commission with real bargaining power for the first time, and it may have downsized the Irish CSF because regional participation in the national development plan was weak.

Excluded actors were compelled to lobby their national or (in the case of Belgium) their regional representatives at the bargaining table, or the Commission, if they wanted to influence stage 2 negotiations. One would expect that the national channel would be favoured, as was the case, for example, in the efforts of Nord-Pas de Calais leaders to gain objective 1 status for a part of the region (Conzelmann 1994), but the use of national channels did not preclude attempts to lobby the Commission, thereby outflanking their respective national governments. There are reports of intensive campaigns on the part of subnational governments in the UK and Germany to gain eligibility for cohesion funding.[13]

Stage 3. At the third stage of structural programming, Community Support Frameworks were negotiated into Operational Programmes (OPs), which detail specific projects that will be funded to achieve the general priorities set out in the CSFs. The institutional framework in stage 3 was quite different from that in stage 2, for instead of an exclusive duopoly of actors involved in negotiation, the logic of stage 3 reflected the need on the part of central executives to gain legitimacy and, above all, information from diverse actors on the ground. While it was possible for central executives to determine autonomously the general priorities that structure the regional or national development plans of stage 1, the conception of concrete projects placed much greater demands on local knowledge and resources. However, there is no functional determinacy here; member state executives handled these demands in different ways, ranging from authentic decentralization to state-controlled deconcentration of decision-making. But it is at stages 3 and 4 (implementation and monitoring) that the principle of partnership between the Commission and local, regional, and national authorities, as set out in the 1988 regulations establishing structural funding, stood the best chance of realization.

The role of subnational governments in creating OPs was largest in Belgium, Germany, and Spain, though relations of regional with central and local government vary across these countries. In Belgium, local and regional governments have consistently played a far more important role than the central state. As De Rynck emphasizes, the balance between local and regional inputs varied within the country (Chapter 4). In Germany, the *Länder* have had exclusive competence over regional development policy once the overall distribution of resources among the *Länder* had been settled, and as a result the federal government has had little influence at this stage. In Spain, there was a division of exclusive responsibilities: individual *Comunidades Autonomas* controlled the creation of OPs for their respective regional CSFs, while central government determined OPs for the three multiregional CSFs.

In the remaining countries, subnational actors played a smaller role. In France, OPs reflected the *contrats de plan* that were formulated by prefects and regional councils as the basis for regional development plans, the one difference being that OPs, unlike regional development plans, needed only the signature of the prefect (Conzelmann 1994). In Greece, OPs were determined by the Ministry of National Economy with only formal and symbolic participation by subnational actors (Ioakimidis, Chapter 11). Social partners, including local government representatives, participated on Operational Programme Committees in Ireland, but their role was largely cosmetic (Holmes and Reese 1994; Laffan, Chapter 10). In the UK, local authorities, alongside groups outside the central government such as the Water Authorities and British Rail, were more involved in stage 3 decision-making than either of the

earlier stages, but they still operated in a structure dominated by Whitehall (Conzelmann 1994; Bache *et al.*, Chapter 9).

Stage 4. The final stage of structural programming is the implementation and monitoring of Operational Programmes. Given the diverse character of the projects that are carried out in individual regions, from infrastructural development (e.g. building roads and other communication networks) to developing or redeveloping indigenous economic capacity (e.g. projects concerned with the conversion of traditional industries, job-training facilities, business information projects), many kinds of actors, public and private, may participate in the implementation stage of structural programming.

In Belgium, Germany, and Spain, stage 4 involved forms of partnership between subnational and national governments with some Commission involvement, though the institutional set-up and relative influence of actors varied quite widely.

In Belgium, structural programming was in most areas implemented and monitored in bottom-up fashion by local development agencies, sometimes in conjunction with intercommunal associations and a variety of private actors. In one area, Limburg, implementation was dominated by the regional government, a pattern that seems to have been generalized in Delors II (see below, p. 407). The Commission was an influential participant under both regionally and locally administered systems. In Germany, structural programming has also excluded the central state, but political influence has been more concentrated at the regional level. The *Länder* are the dominant actors at this stage in a highly articulated institutional arrangement which includes, but severely constrains, Commission and subregional representatives.

In Spain, regional OPs were implemented at the regional level, while national OPs were implemented with some regional input, but under the auspices of central government. Both kinds of programmes, however, were monitored at the national level by committees made up of central and regional representatives alongside Commission officials, which operated under the decision rule of unanimity.

Partnership was evident in Ireland, but it was tilted in favour of central government. The Commission played a significant role, but subnational actors were constrained. There was a hierarchy of three types of committee: at the peak was the CSF Monitoring Committee, which was dominated largely by central government, though Commission officials were present; Operational Programme Committees were also led by central government, but they provided for input from subnational representatives of private groups and implementing agencies, alongside Commission officials; finally, Regional Review Committees were composed of diverse elected and non-elected local actors alongside officials representing central government departments (Laffan, Chapter 10).

Structural programming was centralized in Greece, and formal control of stage 4 remained largely in the hands of the central state, though informal networks of communication grew up linking local and EU actors on monitoring committees (Ioakimidis, Chapter 11).

In France and the UK, partnership was more apparent than real. The implementation and monitoring of OPs in France involved diverse local actors, including those representing *départements* and the regions, but they were co-ordinated by prefects in accordance with the traditional deconcentration, as distinct from decentralization, of French administration. In the UK, local authorities and a variety of private, or semi-private, groups are involved at stage 4, but Whitehall plays a pivotal role in controlling the composition of the relevant committees and co-ordinating their decision-making.

3. EXPLAINING VARIATION IN STRUCTURAL PROGRAMMING

The first four columns of Table 13.2 summarize the relative political influence of territorially based government actors in each of the four stages of structural programming for each of the countries dealt with in this book.[14] How can one explain these outcomes?

1. To the extent that one finds variation *within* individual countries across the stages of structural programming, this follows a generalizable pattern that has its source in the functional characteristics of decision-making at each stage.

A useful way of comparing the stages of structural programming is in terms of the extent to which the central executive (or in the case of Belgium, the regional executive) is reliant upon information provided by subnational (or in the case of Belgium, subregional) actors. The stage of greatest reliance is stage 4, in which Opera-

TABLE 13.2. *Political influence in structural programming, 1989–1993*

		POLITICAL INFLUENCE OF ACTORS			
		Central government	Regional governments	Local governments	European Commission
BELGIUM	*Stage 1*	weak	moderate	strong	moderate
	Stage 2	weak	strong	insignificant	moderate
	Stage 3	weak	strong	insignificant	moderate
	Stage 4	weak	moderate to strong	weak to strong	moderate to strong
FRANCE	*Stage 1*	strong	weak	weak	insignificant
	Stage 2	strong	insignificant	insignificant	weak
	Stage 3	strong	weak	weak	moderate
	Stage 4	strong	weak	weak	weak
GERMANY[a]	*Stage 1*	moderate	strong	weak	insignificant
	Stage 2	strong	strong	insignificant	weak
	Stage 3	insignificant	strong	moderate	weak
	Stage 4	insignificant	strong	moderate	moderate
GREECE	*Stage 1*	strong	weak	insignificant	weak
	Stage 2	strong	insignificant	insignificant	moderate
	Stage 3	strong	weak	insignificant	moderate
	Stage 4	strong	weak	moderate	moderate
IRELAND	*Stage 1*	strong	insignificant	weak	weak
	Stage 2	strong	insignificant	insignificant	moderate
	Stage 3	strong	insignificant	insignificant	moderate
	Stage 4	strong	weak	moderate	moderate
ITALY	*Stage 1*	strong	weak to moderate	insignificant	weak
	Stage 2	strong	weak	insignificant	moderate
	Stage 3	moderate	weak to moderate	weak	moderate
	Stage 4	moderate	weak to moderate	weak	moderate
SPAIN	*Stage 1*	strong	moderate to strong	insignificant	weak
	Stage 2	strong	weak	insignificant	moderate
	Stage 3	strong	strong	insignificant	moderate
	Stage 4	strong	strong	insignificant	moderate
UNITED KINGDOM	*Stage 1*	strong	insignificant	insignificant	insignificant
	Stage 2	strong	insignificant	insignificant	weak
	Stage 3	strong	insignificant	weak	weak
	Stage 4	strong	insignificant	weak	moderate

[a] Evaluations apply to the western *Länder*.

tional Programmes are actually implemented and monitored on the ground floor; then stage 3, the creation of substantive regional projects on the basis of broadly gauged Community Support Frameworks; then stage 1, establishing national and regional development priorities; and finally stage 2, negotiation of Community Support Frameworks with the Commission. This ordinal sequence of decreasing functional reliance on subnational government is reflected without exception in the relative strength of subnational actors (or in the case of Belgium, subregional actors) across the stages of structural programming within individual countries. Subnational influence in every country is characterized by the following ordinal hierarchy: stage 4 $\geqslant$ stage 3 $\geqslant$ stage 1 $\geqslant$ stage 2. The sequence is reversed from the standpoint of central government influence, and, once again, there are no exceptions.

The influence of the Commission across policy stages for individual countries is less consistent, except that Commission influence is always as weak or weaker at stage 1 than in any other stage, for the simple reason that stage 1 involves primarily interest aggregation on the part of domestic political actors.

2. Variations in political influence are greater across countries than within them. One obtains greater power to predict an actor's influence by knowing *where* (i.e. in which country) policy is made than by knowing *the stage* at which policy is made. A vital theme of this chapter, and of this book as a whole, is that territorial variations in structural programming are extremely wide. Policy-making at this phase of cohesion policy is territorial policy-making, formulated and implemented in the member states, and, as a consequence, it reflects wide variations in territorial relations across the European Union.

All of the authors in this volume observe that structural programming is embedded in that country's system of territorial relations, and it would be useful to try to gain a general sense of the extent to which this is true across all cases. Table 13.3 evaluates regional government autonomy in the nine member states that receive significant structural funding. It is worth stressing that these evaluations are independent of the experience of cohesion policy and so may be used to gauge the association between the overall pattern of regional influence and the pattern of influence in structural programming.

Table 13.3 is based on two sets of variables: (1) the political role of regions within their respective states and (2) the relative financial autonomy of regions. The first variable is partly a function of the constitutional character of the state, indicated here on a scale ranging from a unitary state (0) to a fully federal political system (4), set out in column 1. However, the political functions of some regions, including those in France and the UK, are not represented in formal constitutional provisions for the state as a whole, but are established as extraordinary provisions for particular regions, and we account for these in column 2. The financial resources of regions relative to those of central governments are listed in the third (spending) and fourth (taxation) columns of Table 13.3. Where regional governments play an active role in framing central government policies, as in Belgium, the extent to which financial resources are channelled through regional government does not capture the full extent of regional financial control, and this dimension of regional power is indexed in the fifth column of Table 13.3.

The overall scores for regional autonomy in Table 13.3 are strongly associated (r = 0.87) with a summary score for the influence of regional governments in structural programming,[15] a result that confirms the hypothesis that policy networks in cohesion policy are shaped by the overall configuration of territorial relations in the domestic polity (Rhodes *et al.*, Chapter 12).

3. But the role of subnational governments in structural policy is more than a simple reflex of prior domestic arrangements. First, as discussed below, there is the possibility that causal influence runs in both directions—that relations in structural programming have some effect on domestic territorial relations as a whole. Second, subnational participation in structural policy is subject to political contention and strategic decision-making, and as such, is sensitive to the preferences of key decision-makers. The case studies presented in this volume provide some evidence for this. Relations between subnational and central governments can easily become entangled in party-political conflicts, as in the Flemish province of Limburg, where empowerment of the local Christian Democratic government was resisted by Socialists at the regional level (De Rynck, Chapter 4), or in the UK, where the Conservative government has limited the political access of the Labour-dominated North East of England and promoted it in the West Midlands,

TABLE 13.3. *Regional autonomy index*

	Federalism[a] (0–4)	Special territorial autonomy[b] (0–2)	Regional government spending[c] (0–2)	Regional government taxation[d] (0–2)	Role of regions in central government (0–2)	Summary score (0–12)
Belgium	3	1	1	0	2	7
France	1	0	1	1	0	3
Overseas territories	1	1	1	1	0	4
Germany	4	0	2	2	2	10
Greece	0	0	0	0	0	0
Ireland	0	0	0	0	0	0
Italy	1	0	0	0	0	1
Spain						
Régimen extraordinare	3	2	1	1	0	7
Régimen ordinario	3	1	1	1	0	6
UK	0	0	1	1	0	2
Scotland, Wales, and N. Ireland	0	1	1	1	0	3

Note: This table is an updated, revised, and expanded version of the institutional autonomy index designed by Lane and Ersson (1991: ch. 6). The major differences between our index and the Lane/Ersson index are as follows: (1) Lane and Ersson score federalism 0 to 2, with only Germany (2) and Belgium (1) having positive scores. We adopt a wider range and, in addition to Germany and Belgium, we have a high positive score for Spain, and low scores for France and Italy, to distinguish them from truly unitary states such as Portugal and Greece. (2) Likewise, we have a wider spread of scores for special territorial autonomy (with three intervals instead of two) to enable us to distinguish between the broad-gauged special autonomy of Catalonia, the Basque Country, and other Spanish regions under the exceptional constitutional provisions on the one hand, and the smaller degree of autonomy accorded to the French overseas territories, Northern Ireland, and Spanish regions under the ordinary constitutional provisions. Spanish regions and French overseas territories are not scored positively by Lane and Ersson. (3) In addition, we update Lane and Ersson's index of subnational financial autonomy and extend it with an index of the subnational share of government taxation, on the grounds that the greater the share of taxes raised by a subnational government the less dependent it will be on the national state for funding its activities. (4) Following Richard P. Nathan (1991), we adopt an index of the involvement of regional governments in the machinery of central government. This component variable allows us to do justice to Belgian regions which have not found it necessary to claim a greater share of spending and taxation because they are so entrenched within their state executive. (5) Finally, we dispense with what Lane and Ersson describe as functional autonomy, an index of the autonomy of interest groups and other domestic associations, including the Church, *vis-à-vis* the state.

[a] The constitutional scope for regional governance in the state. Given that most regional offices were created in the last three years, we have scored federalism for each country *c.* 1989.

0: highly unitary state which does not have a regional level of governance or only a weakly institutionalized regional level of governance.
1: unitary state in which regions have restricted and specialized competences.
2: regionalist state in which regions have extensive and diversified competences, but with less autonomy than category 3.
3: federal state in which regions are defined by a high level of political, administrative, and financial autonomy.
4: federally dominated state in which regions significantly influence the policies of the central government.

[b] Modifies the federalism index by scoring regions within states to the extent they have special arrangement for home rule. Regions having narrowly defined special arrangements are scored 1; regions having wide-ranging special arrangements are scored 2.

[c] Subnational share of total government final consumption excluding social security spending. All data for 1989 except Portugal (1986) and Spain (1988). Data taken from OECD (1990).

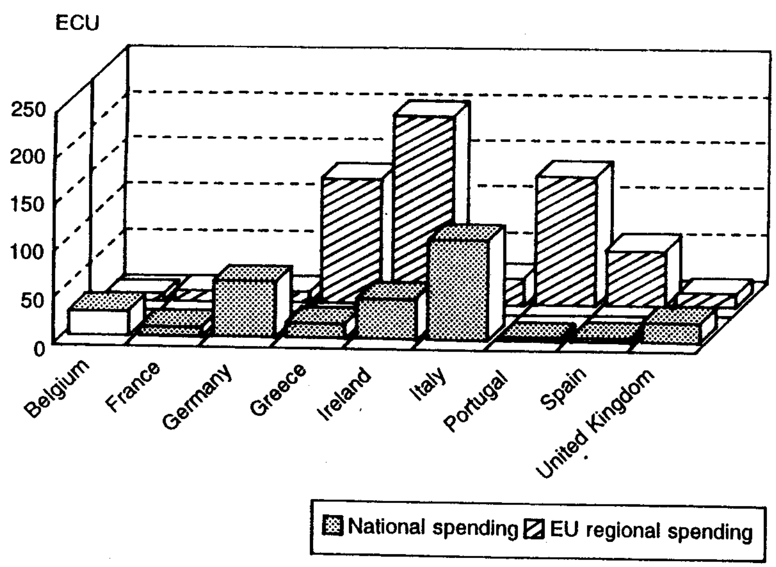
0: <25%   1: >25% <50%   2: >50%

[d] Subnational share of direct and indirect taxes excluding social security taxes. All data for 1989 except Portugal (1986) and Spain (1988). Data taken from OECD (1990).

0: <10%   1:> 10% <20%   2: >20%

where the Conservative party has a narrow majority (Bache *et al.*, Chapter 9).

4. Finally, the role of the Commission depends, in the first place, on its relative financial role, i.e. the extent of funding for regional development that the EU provides relative to funding provided from other sources. Figure 13.1 compares annual per capita EU expenditure for regional policy against annual per capita national expenditure for regional policy for recipient countries. Greece, Ireland, Portugal, and Spain stand out as being particularly resource-dependent on the European Union. They receive far more from the EU for regional development than they provide for themselves and, correspondingly, the political influence of the Commission in structural programming is relatively high in these countries.[16] Along with Belgium, these four countries are the only ones among the countries dealt with here in which the overall influence of the Commission is judged to be more than weak.



Note: national spending is per capita average 1988–90; EU is per capita average 1989–93.

Source: Wishlade (1995).

FIG. 13.1. *Annual per capita EU and national spending on regions*

While the Commission is influential in all resource-dependent countries, it is also influential in Belgium and Italy, which are *not* dependent on EU funding. A general factor may be at work here having to do with the degree to which existing territorial policy networks are institutionalized. My hypothesis here is that where domestic actors have developed a strong set of norms that guide their interrelationships, external agents, including the Commission, will find it difficult to influence them; conversely, where norms are weak and/or fluctuating, policy networks are most amenable to external influence.

Of the countries dealt with in this chapter, the most weakly institutionalized systems of territorial relations are those of Belgium, Italy, and Spain, which have experienced relatively rapid change over the past decade, and Greece and Ireland, where subnational governments of any kind are only very weakly articulated. France and the UK have relatively institutionalized systems of territorial relations, and Germany has, by far, the most highly institutionalized system. This ordering is reflected rather closely in the judgements of Commission influence in Table 13.2. Belgium and Italy, which are outliers from the standpoint of the relative financial contribution of the EU, are accounted for by the institutionalization hypothesis.

4. CONSEQUENCES OF STRUCTURAL PROGRAMMING

One of the most interesting questions that may be posed on the topic of cohesion policy concerns the consequences of structural programming for territorial relations in the member states. Responding to this question provides one line of sight into the larger, and contentious, issue of the changing role of the state in Western Europe, for some writers, including me, have seen in cohesion policy a potential for weakening central states and a corresponding strengthening of multi-level governance (Marks 1992, 1993; Constantelos 1994; Holliday 1994; Hooghe 1994b).

It would be premature to jump to hard conclusions on this question, for structural programming is a recent innovation. The first round of structural programming began in 1989 and was completed only in 1993, while the second round is, at the time of writing, only just under way. In such a brief time-span one is unlikely to find dramatic institutional recasting of territorial relations. The causal path from structural programming to institutional relations among levels of government is complex and convoluted. First, one might look for rising expectations on the part of key subnational actors as a result of their integration (or lack of integration) in cohesion policy formulation and implementation; further along the causal path, one might examine the extent to which this has led to mobilization of demands on the part of subnational actors for political influence and perhaps even demands for some constitutional revision of territorial relations; at the same time, one would expect to find some response on the part of central government actors, perhaps a concerted attempt to use cohesion policy to buttress central co-ordination; finally, one would have to analyse the dynamics of the resulting contention. One of the basic elements of this story—and arguably of any sensible modelling of causality here—is that it involves a sequence of lags. The time-scale for major institutional change as a consequence of these processes may be one of decades rather than months or years.[17]

But it is not, perhaps, too early to take stock of initial, more subtle, changes that appear to have taken place between the first round of structural programming in 1989 and the beginning of the second round in 1994.

Summarizing the impact of the first round of structural programming in Ireland, Brigid Laffan writes that 'the 1988 reform of the funds undermined the gatekeeper role of central government' (Laffan, Chapter 10). While the overall structure of power has not shifted decisively, cohesion policy has 'disturbed' relations between central and local actors: local community groups have been mobilized, local input into central government policy has been enhanced, local actors have sought greater control over local economic development, and new impetus has been generated for a major overhaul of Irish local government (Coyle and Sinnott 1992; Laffan, Chapter 10).

In Greece, as in Ireland, Delors I did not result in a decisive institutional shift in territorial relations. However, at an informal level, Ioakimidis finds that structural programming has energized subnational government, raising expectations and demands, modernizing bureaucracies, and creating new communication channels for local and regional authorities, linking them with

central government, with subnational governments in the rest of Europe, and with the Commission, bypassing central government (Ioakimidis, Chapter 11). Ioakimidis writes that the 'rudimentary bases of multi-level governance can be discerned in these developments', a strong claim given that Greece remains one of the most centralized states, if not the most centralized, in the European Union (Verney and Papageorgiou 1992; Ioakimidis, Chapter 11).

In Belgium and Spain, cohesion policy feeds into pressures for regionalization and the ongoing conflict concerning the allocation of competences across levels of government. In both countries territorial relations have been in flux, but in each case the effects of cohesion policy interact with deep-seated and more powerful forces rooted in ethno-cultural conflicts.

Structural programming in Belgium has taken place in a politicized context in which political actors at each level of government were already mobilized, and as a result it has been the object of strategic interaction rather than a source of new expectations or demands as in Ireland and Greece. The chief independent effect of structural programming has been to add another ingredient to the already complex institutional stew of Belgian administration by facilitating the creation of new agencies (De Rynck, Chapter 4). As Liesbet Hooghe has observed, although the European Union has offered opportunities to local actors, 'the EC clearly constitutes a window of opportunity for regions to strengthen their position *vis-à-vis* a weak nation-state government' (Hooghe 1994a).

In Belgium, according to De Rynck, the introduction of structural programming has coincided with, and reinforced, the territorial restructuring of the Belgian state. There has been a concentration of competences at the regional level from Delors I to Delors II as decision-making has shifted to the regional level at the expense of both the central state and localities.

The effects of structural programming in Spain have interacted with the ongoing process of regionalization and the ongoing conflict between the central state and regions, particularly Catalonia and the Basque Country, about regional competences. The *Comunidades Autonomas*, particularly those empowered under the special statutes, were too strongly entrenched to be excluded from structural programming, but neither have they been integrated into it. Successive Spanish governments have tried to bypass the regions, or where this was not feasible, have tried to contain regional influence by splitting funding across national and regional budgets.

In Italy, co-ordination problems have impeded structural programming and a significant proportion of allocated EU funds have never been spent. Jürgen Grote observes that 'relations between the European Union and the regions, for example during the implementation of the Integrated Mediterranean Programmes and under the reformed structural funds, take place in an extra-legal space without any basis in constitutional or other legal provisions' (Grote, Chapter 8). Within this disarticulated context, structural programming appears to have been a pressure for the reform and rationalization of regional–national relations in the direction of informal partnership.

In France, Germany, and the UK, territorial relations are highly institutionalized and the funds provided by the EU for regional development are either about the same (in the case of France) or less (in the cases of Germany and the UK) than the funds provided by the central state. The Commission has had little influence over policy-making or the allocation of competences across policy participants. Richard Balme and Bernard Jouve find that, in the case of Rhône-Alpes, 'there is no evidence of [new] networks substituting for or replacing previous ones' (Chapter 7). The central government planning agency, DATAR, along with regional prefects, were successful in co-ordinating subnational governments and thereby constraining regional autonomy. Structural programming in Germany has been integrated into the existing, and highly institutionalized, *Gemeinschaftsaufgabe* network linking regional governments to the federal state and to each other. Moreover, German territorial relations already embody aspects of the partnership principle promulgated by the Commission, and so EU structural programming has advanced norms that are already established in Germany. In the UK, as well, structural programming has left formal institutions intact. Local authorities remain constitutionally impotent and dependent on central government, which dominates not only resources but the allocation of competences across levels of government.

However, in France and the UK, there are signs that the experience of structural programming under Delors I has buttressed demands on the part of subnational actors for participation in regional planning and has, at the very least, intensified contention between subnational and central government.

Regional councils in France have begun to play a more influential role in negotiating the *contrats de plan* that form the basis for the French CSF. No longer does DATAR dominate the process of formulating the plans; under Delors II they are determined by negotiation between regional councils and prefectures (Conzelmann 1994). The result of this is not that central government has lost its predominance. Rather, the outcome seems to be increased conflict and mistrust across levels of government, focused on issues such as the unresolved composition of the Monitoring Committee and the role of regional councils in cross-border arrangements.

In the UK, structural programming has enhanced expectations among subnational actors concerning their role in regional development and has precipitated a variety of new subnational partnerships, including, most notably, the North West Regional Association, a broad-based association of regional-level actors. Exposure of local government officials to structural programming has opened new perspectives for them and made them impatient with London's resistance to the implementation of partnership (Keating 1993). In short, according to Bache, George, and Rhodes, 'cohesion policy triggered institutional changes supporting the role of local and regional authorities in EC policy-making at both the national and supranational levels' (Chapter 9).

5. CONCLUSION

The evidence presented in this paper provides substantial support for the existence of multi-level governance in the Euro-polity. To a variable degree—depending on which phase of cohesion policy one is examining and where decision-making is taking place—national, supranational, and national actors *share* responsibility for policy-making. To understand the distribution of power in cohesion policy, one has to refer not just to the distribution of formal authority, but, as emphasized in the policy-network literature, to financial dependencies, informational asymmetries, and the embeddedness of pre-existing institutional norms (Rhodes, *et al.*, Chapter 12). Member-state executives do not exclusively determine any single phase of cohesion policy, either in Brussels or in their own territories. Despite their formidable resources, state executives are one set of actors among others operating in multiple arenas. In cohesion policy, subnational actors are active alongside supranational and national actors at the supranational level of decision-making, and supranational actors are active alongside subnational and national actors at the subnational level.

The question, therefore, is not 'which phases of the policy process are decided by member-state executives?' but 'what is the *distribution* of influence among national, subnational, and supranational actors at each phase?' The multi-level governance approach rests on methodological assumptions that are contrary to those of the state-centric or intergovernmentalism approach. Instead of conceiving of the state as a unitary actor, the multi-level governance approach disaggregates the state, and examines the decision-making of particular state actors, including, of course, member-state executives; instead of assuming that states operate to preserve sovereignty, it assumes that state actors have multiple, potentially incompatible goals; instead of focusing on 'big decisions', above all the major treaties, it focuses on politics beyond and below the treaties; and, finally, instead of concluding that member states consistently control policy outcomes, it finds that the influence of actors at different levels of government varies widely across, and even within, policy areas.[18]

In cohesion policy the influence of the Commission is shaped by the formal rules governing decision-making at the EU level, by the resources it can bring into play relative to those provided directly by central states, and by the degree of institutionalization of relations among different levels of government within member states. Commission influence also varies according to the issue at hand. In the first place, the Commission has greater influence on issues where the intensity of member-state bargaining is moderated because of some combination of the following characteristics: (1) the issue is positive-sum, i.e. member-state bargaining concerns the distribution of benefits rather than costs;[19] (2) costs and benefits for individual member-state executives are opaque, usually because they cannot be measured in economic terms; (3) the future stream of costs and benefits resulting from policy-making is unpredictable.

Hence, the Commission has been able to exert much more influence on the institutional design of cohesion policy than on the financial envelope specifying how much individual countries are to receive. Institutional design does not involve zero-sum, transparent, or predictable income streams—whereas the financial package involves a zero-sum redistribution of directly measurable resources among member states for a specific period of time.

Second, the Commission is able to exert more influence in areas where the distribution of influence is not itself a primary concern. Expanding Commission power for its own sake has little legitimacy, and to the extent that an issue becomes defined as a struggle for power among contending institutions, the Commission is unlikely to win. Hence, one strategy for state executives opposed to a particular policy is to paint it as an attempt by the Commission to expand its role. But this is easier to do on some issues than on others. In structural programming the Commission's role is largely a function of its effort to enhance the effectiveness of investment. In this respect the Commission offers expertise, a supranational perspective, and technocratic objectivity that are valued by governments in poorer countries. So long as the basic function of the Commission in cohesion spending finds enough support, Commission power is likely to be tolerated even by those who are mildly opposed to supranationalism.

But perceptions of the value of the Commission's role could change. There is no inevitability to supranational influence in cohesion policy. The most powerful general justification put forward for supranational institutions, that of overcoming transaction costs in mitigating negative externalities (Majone 1994), does *not* apply in cohesion policy. Cohesion policy involves economic redistribution and regional investment, and these could be accomplished even if the Commission's role was sharply curtailed. While one could argue that the current organization of policy provides benefits for poorer regions that would not be achieved by simply redistributing money to central governments in the countries concerned, this is open to debate. It is not easy to justify cohesion policy in terms of Pareto benefits for the EU as a whole, for the policy is redistributive rather than regulatory in intent. It is, at least in principle, a means by which money is taken from the rich and given to the poor. There is evidence in Commission reports that the elaborate institutional means of delivering such monies to poorer regions enhances their potential for indigenous economic growth, but the policy and its goals are contested both economically and politically.

The story of 1988 through 1993 reveals the potential for ongoing institutional redesign in cohesion policy as a spillover from intergovernmental bargains in other EU areas, as a result of mobilization of new actors, particularly subnational actors, and in response to shifting preferences of subnational, national, and supranational actors. To describe cohesion policy over the past several years, as has been attempted in this chapter, is to describe a moving target.[20]

Notes

[1] In this paper I refer to cohesion policy as the sum total of the European Union's structural policy plus the new cohesion fund created under the Maastricht Treaty.

[2] I define political influence as the capacity of an actor to determine policy outcomes relative to that of other actors. The policy outcomes in question encompass both substantive allocations of resources and the allocation of decisional competences.

[3] The complete story of the agreement has yet to be told. It is generally agreed that the structural funds were a side-payment, but it remains unclear why this side-payment took the form it did. I have suggested two lines of explanation (Marks 1992): first, that governments of poorer countries (Greece, Ireland, Italy, Portugal, and Spain) demanded a side-payment for agreeing to intensified economic integration because they were less sanguine about the consequences of integration than governments of richer countries; and second, that (still weak) norms of fairness, applying within the EU as a whole, helped to justify their claim for redistribution. Mark Pollack takes issue with this and argues that the side-payment of structural policy was a purely tactical result of intergovernmental bargaining. Governments in wealthier countries have 'more intense preferences for major programmes such as market integration, monetary co-operation, and enlargement' and such 'intense preferences can then be exploited by poorer member states, which demand side-payments in other areas as a condition for agreement' (Pollack 1995). However, the following questions remain: how can one explain the preferences of member-state governments on the issue of economic integration and, in particular, the more negative orientations of governments in poorer countries given that their economic growth was on average no worse than that of richer countries in the preceding decade? (Leonardi 1993c); and why did the side-payment take the form of interventionist regional policy administered by the Commission instead of straightforward financial transfers? See Liesbet Hooghe, Chapter 3, for a perspective on the latter question.

[4] This section draws on various Commission reports and interviews with Commission officials. For an alternative viewpoint which has influenced several of my arguments, see Pollack (1995).

[5] Altogether, the proposals put forward by member-state executives for objective 2 regions encompassed 22.5 per cent of the EU's population, far in excess of the indicative ceiling of 15 per cent. *Inforegional* reports that 'The Commission therefore had to compress the list considerably, trying to reconcile the need for consistency and transparency with the need to take account of differing national priorities and circumstances' (*Inforegional* 1994). The final list of eligible regions covered 16.8 per cent of EU population.

[6] Subnational governments representing industrial regions eligible for objective 2 funding have mobilized expressly to try to gain a larger share of overall cohesion funding for the 1994–9 round (McAleavey 1994b). While there is little indication that they were successful in influencing the distribution of funding across objectives (and are rated 'weak' in Table 13.1), this is yet another example of the dynamic consequences of European integration for interest-group mobilization.

[7] The decision on the financial size of Community Initiatives is similarly inconclusive from the standpoint of Commission influence. Under Delors I Community Initiatives amounted to a little more than 9 per cent of total structural fund commitments (58.3 billion ECU in 1988 prices). In its plans submitted to the Council of Ministers the Commission asked for 15 per cent. The Edinburgh summit limited this to 5 to 10 per cent, and the final outcome was—once more—9 per cent, but now of a sum total of 141.5 billion ECU in 1992 prices.

[8] In revising this chapter I have come across a paper by Paul Pierson which elaborated this line of argument in convincing fashion (1995).

[9] Perhaps the best-known initiative is that to fund reconversion of declining coal-mining regions (RECHAR), which is discussed in McAleavey (1993: 99). In this case, British local authorities appear to have had a larger role in developing the initiative than Whitehall.

[10] In this paper I eschew a theory-impregnated conceptualization of 'network' and use the term to refer simply to a more or less stable set of political relationships among actors.

[11] De Rynck observes that regional actors played a far stronger role from 1993. This illustrates that regionalism may not necessarily lead to decentralization: in Belgium recent regionalization has been at the expense of local actors, and has thus constituted a relative centralization of decision-making.

[12] Ian Bache, Stephen George, and R. A. W. Rhodes point out that from November 1993 a new and more coherent approach was adopted by the UK government in which regional offices of the relevant government ministries were integrated under a single director. They also observe that local authorities have become more involved in the planning process.

[13] See Anderson (Chapter 5). A British civil servant seconded to the Wales office in Brussels described to me the intense—and often mutually competitive—efforts of Welsh local councillors to influence Commission officials concerning eligibility of various Welsh regions.

[14] A reader with a healthy dose of scepticism cannot discount the possibility that the evaluations in Table 13.2 and the descriptions they are based on were formulated *post hoc*. The advantage of making judgements of the dependent variable explicit is that this provides an opportunity for others to examine the logic of the explanation put forward and, if necessary, to contest judgements on which it is based.

[15] This score is arrived at by summing regional government influence (insignificant = 0; weak = 1; moderate = 2; strong = 3; with intermediate evaluations scored with half-points) across the four stages. The summary scores are as follows: Belgium, 11; France, 3; Germany, 12; Greece, 3; Ireland, 1; Italy, 5.5; Spain, 9.5; UK, 0.

[16] Summary scores for Commission influence using the same method as that for regional influence (see previous note) are: Belgium, 8.5; France, 4; Germany, 3; Greece, 6; Ireland, 7; Italy, 7; Spain, 7; UK, 4.

[17] Such analysis is complicated by the inescapable fact that cohesion policy is just one among several influences on territorial relations. Also, one cannot discount the possibility that these influences may *interact* in complex ways. To mention but one example, in Jeffrey Anderson's account of cohesion policy in Germany, the effects of structural programming cannot be understood in isolation from the multiple effects of reunification.

[18] Paul Pierson (1995) develops some compelling criticisms of intergovernmentalism along these lines.

[19] I assume that member-state executives fight harder in dividing costs than they do in dividing gains.

[20] I am indebted to Liesbet Hooghe for essential ideas and advice. I would also like to thank Jeffrey Anderson, Ian Bache, Richard Balme, Stephen George, Michael Keating, and Mark Pollack for comments and Richard Haesly and Stanislav Vasiliev for research assistance.

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