

## ***Festina lente.***

# ***The first steps towards regional policy and the origins of a European model of territorial cohesion***

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## **Abstract**

This paper focuses on how the slow but steady development of the EU regional policy was shaped by the gradual emergence of a territorial perspective in its strategic design. In particular, it examines the origins of regional policy, shedding light on its first stage of formulation, from the Treaty of Paris to the adoption of the European Regional Development Fund (1951-1975). Notably it analyses some underlying factors influencing its elaboration: the idea and vision of transnational spatial planning promoted by the Council of Europe, the exchange of ideas within the European Commission expert groups on town and country planning and the territorial studies relating to the first EEC enlargement. This cultural *milieu* contributed to a common outlook on the equilibrium of the European regions, thus planting a seed that would ripen into the “territorial cohesion” model recently included in the Lisbon Treaty.

**Keywords:** EEC/EU Cohesion Policy; Regional Disparities; ERDF; Territorial Cohesion; Territory

## **Introduction**

Cohesion policy is at present one of the most important activities of the European Union (EU), commanding more than a third of its budget. EU Structural Funds aim to reduce economic and social disparities between European regions in order to achieve the objective of territorial cohesion as set out in the Lisbon Treaty. This policy, which originally occupied only a marginal place in the Treaties of Rome, has changed substantially over time due to the deepening of the

European integration process, the impact of EEC/EU enlargements, and the inclusion of a territorial perspective in its regulatory design<sup>1</sup>.

In the founding treaties signed in the Fifties, there were no special chapters dealing with regional policy at European level. EEC regional policy as such was shaped step by step between the Sixties and the beginning of Seventies.

In fact, despite the absence of a specific competence, regional policy was not entirely absent from the European legal setting and the founding treaties included several implicit and explicit references to regional problems. This was a starting point for the adoption of the first instruments of regional rebalancing. Moreover, since the Sixties a set of concomitant factors boosted the EEC's motivation to deal with territorial issues and with town and country planning at supranational level: a) the awareness of territorial issues evinced by many officers of the European Commission and by many experts convened by the Commission to study the impact of new EEC policies; b) the meetings on town and country planning organized within the Council of Europe since the late Sixties; c) the relevance of new EEC policies (environmental, regional, social and industrial policies) launched after the Paris Summit of 1972 from the perspective of both territorial cohesion and the wellbeing of the population; d) last but not least, the pressures of the first EEC enlargement (together with Italy, both Ireland and the United Kingdom – in their capacity of applicant countries – were firmly committed to the creation of the European regional development fund).

With reference to the policy initiation stage, this paper takes a step back in time to examine the origins of regional policy – the herald of actual cohesion policy – and to shed light on its core dynamics<sup>2</sup>. In particular, we will focus on the motivations of the European Commission, the relative influence of the experts groups and the pressures of enlargement negotiations. In so doing, the main objective of this paper is not to solve the dispute between the prevalence of supranational approach and the conditioning of the intergovernmental bargain in shaping the formation of EC regional policy<sup>3</sup>, but to identify the broader cultural conditioning and the larger political influence prompting regional policy adoption.

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<sup>1</sup> COLOMBINI, Giovanna (a cura di) – Politiche di coesione e integrazione europea. Una riforma difficile ma possibile. Napoli: Jovene, 2011; VIESTI, Gianfranco; PROTA, Francesco – Le nuove politiche regionali dell'Unione europea. Bologna: Il Mulino, 2004. For a review of literature on this topic, see: GRAZI, Laura – EEC/EU Regional and Cohesion Policy in the History of European Integration Research Trends and Future Perspectives, in LANDUYT, Ariane (edited by) – *European integration between history and new challenges*. Bologna: Il Mulino, 2014. pp. 349-388.

<sup>2</sup> On regional disparities at the beginning of European integration and on the origin of European regional policy, cfr. AGOSTINI, Maria Valeria – Regioni europee e scambio ineguale. Verso una politica regionale comunitaria?. Bologna: Il Mulino, 1976; PRAUSSELLO, Franco – Il Mezzogiorno e l'Europa. Manduria: Lacaita, 1979; BUZELAY, Alain; GAILLARDIN, Jean-Luc – La politique régionale communautaire. Une analyse en termes de cohérence. Nancy: Presses Universitaires de Nancy, 1983.

<sup>3</sup> BACHTLER, John; MENDEZ, Carlos; WISHLADE, Fiona – EU Cohesion Policy and European Integration. The

## **The first steps: an informal regional policy at the beginning of European integration**

The Treaty of Paris of 18 April 1951, establishing the European Coal and Steel Community (ECSC), did not make an explicit commitment to the creation of a common regional policy. It did, however, provide some adjustment measures in order to sustain less favoured regions in the light of the changes generated by the coal and steel pool. Indeed, despite the silence of the Treaty, the six founding States showed their concern about regional disparities. So, in the 1950s and 1960s the ECSC High Authority developed various measures – a kind of informal regional policy – to cope with the economic reconversion of the coal industry, with particular attention awarded to Belgium<sup>4</sup>.

In the fifties, regional policy was a still largely nascent policy area for EEC Member States with some emerging policy initiatives in France and Italy. Moreover, it was a sensitive political area as it touched the relationship between public institutions and firms as well as the territorial organization of the State. This “sensitivity” is explained by the fact that territory – an essential building block of the State, together with “people” and “sovereignty” – is an even more delicate institutional issue from an economic viewpoint, on which national governments are very reluctant to cede their powers to supranational institutions.

For these reasons, in the subsequent Treaty of Rome of 25 March 1957, establishing the EEC, regional issues were not absent but were largely addressed indirectly. In particular, it made numerous clear references to the subject of development disparities. In the preamble, the signatories of the Treaty declared that they were

“resolved to ensure the economic and social progress of their countries by common action to eliminate the barriers which divide Europe, (...) anxious to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions<sup>5</sup>”.

Successively, article 2 stated that one of the main Community tasks was “to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion”. While these provisions made references to the harmonious development as a Community mission, they did not envisage a specific role for Community assistance in achieving a balanced development. Instead, the emphasis was on the need to coordinate national regional

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Dynamics of EU Budget and Regional Policy Reform. Aldershot: Ashgate, 2013. pp. 13-16.

<sup>4</sup> ROMUS, Paul – *Expansion économique régionale et Communauté européenne*. Leyden: Sythoff, 1958.

<sup>5</sup> *Treaty Establishing the European Economic Community*, Rome, 25<sup>th</sup> of March 1957. [Consult. March 9, 2015]. Available at <http://www.eurotreaties.com/rometreaty.pdf>.

policies. Namely, the Treaty was largely inspired by an open market economy with free competition which allowed little scope for the implementation of a common regional intervention, emphasizing preferably the need for coordination of national regional policies.

According to neo-classical growth theories, the EEC founders believed that market forces, if left to themselves, would lead to convergence of economic parameters across the Community. Consequently, they thought that the integration would spontaneously contribute to reduce regional disparities through the promotion of inter-regional trade.

However, despite the absence of an explicit competence on regional issues, the Treaty addressed regional issues indirectly through a series of provisions concerning specific sectorial policies such as agriculture, transport and competition policy. The Treaty included some important derogations from general provisions and non-intervention principle and recognized the need to employ special instruments in order to deal with regional problems. For instance, it authorized support tariffs for transport in favour of firms located in less developed regions during the transitional period (1958-1968). In addition, the implementation of agricultural policy and freedom of movement should be achieved taking into account structural disparities among regions. In relation to competition rules, article 92 and 93 indirectly accepted state aid for inter-country regional development purposes, thus making a big exception to the application of the common competition policy. Indeed, it was thanks to the flexibility of the Treaty, as well as to article 235 on Community “implicit powers”, that European institutions could activate a regional policy<sup>6</sup>. In short, the establishment of the Common Market implied structural adaptations in several fields which made imperative to consider regional disparities.

We also have to mention that this attention to regional problems was linked to the case of the Italian *Mezzogiorno* and to the pressures made by the Italian delegation at Messina Conference (1-3 June 1955) for the establishment of a common regional policy<sup>7</sup>. At the time of the negotiations of the Rome Treaty the *Cassa per il Mezzogiorno* was taking its first steps and the Italian government wished the help of EEC partners to address its most urgent national problems, namely unemployment and poverty in the *Mezzogiorno*<sup>8</sup>. In particular, within the Italian as well as the French delegation, there was a huge concern that the freedom of movement of capital, labour and

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<sup>6</sup> VANHOVE, Norbert; KLAASSEN, Leo H. – Regional Policy. A European Approach. Montclair Osmun: Allanheld, 1980. pp. 382-384.

<sup>7</sup> FAURI, Francesca – L'integrazione economica europea 1947-2006, Bologna, Il Mulino, 2006. p. 127; LANDUYT, Ariane – L'Italia e l'unificazione europea tra dibattito ideale e fasi di attuazione. In LANDUYT, Ariane (ed.) – Idee d'Europa e integrazione europea. Bologna: Il Mulino, 2004. p. 34.

<sup>8</sup> JOANNES, Sidonie – Les débuts de la politique régionale communautaire. L'influence de l'Italie dans son adoption (1951-1962). In WARLOUZET, Laurent; RÜCKER, Katrin (éd.) – *Quelle(s) Europe(s)? Nouvelles approches en histoire de l'intégration européenne*. Bruxelles: Bern, PIE – Peter Lang, 2006. pp. 121-127.

goods would cause an enormous damage in the economically and structurally weakest regions of the Community.

In response to these concerns, the Italian government obtained the drafting of a specific *Protocol for the Mezzogiorno*, attached to the Treaty of Rome. The protocol was an important instrument intended to ensure the protection of Southern Italy by introducing an explicit exception to the application of the Community prohibition of state aid<sup>9</sup>.

Moreover, the final declaration of the Messina Conference mentioned the creation of an investment fund aimed at the joint development of European economic potentialities and, in particular, the development of the least advantaged regions. The mention of a common instrument to deal with regional imbalances was an answer to the Italian concerns regarding the development of the south of the peninsula and its islands, and was aimed at curbing a migratory movement to the other member countries.

As a matter of fact, the Treaty of Rome mentioned the creation of the European Investment Bank (EIB) and the European Social Fund (ESF), conceived as instruments for structural intervention<sup>10</sup>. In particular, the European Investment Bank (EIB), established by Title IV (articles 129 and 130) of the EEC Treaty, started to function as a financial body intended to oversee the distribution of public credit and, in so doing, to ensure a balanced regional growth in the Community<sup>11</sup>. It was intended as a source of relatively cheap interest loans and guarantees for the less prosperous regions of the Community. Namely, it financed infrastructure projects – irrigation, water supply and sewerage treatment scheme, and telecommunications – and gave support to small-scale industrial ventures, as well as modernization and conversion of businesses. In the period 1958-1973, Italy received over half the total amount of EIB loans, followed by France and Germany, with about 20% each. Belgium, the Netherlands and Luxembourg shared the remaining 10%<sup>12</sup>.

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<sup>9</sup> GRAZI, Laura – L'Italia tra mercato comune e disparità di sviluppo. Impatto e difficoltà degli studi regionali della Cee negli anni sessanta. In *Memoria e Ricerca*. Milano: Franco Angeli. XXII, n. 45 (2014). pp. 180-185.

<sup>10</sup> COPPOLARO, Lucia – Setting up the financing institution of the European Economic Community: the creation of the European Investment Bank (1955-1957). In *Journal of European Integration History*. Baden-Baden: Nomos Verlag. vol. 15, n. 2 (2009). pp. 87-104; VARSORI, Antonio; MECHI, Lorenzo – At the Origins of the European Structural Policy: the Community's Social and Regional Policies from the late 1960s to the mid-1970s, in VAN DER HARST, Jan (edited by) – *Beyond the Customs Union: the European Community's Quest for Deepening, Widening and Completion, 1969-1975*. Baden Baden: Nomos-Verlag, 2007. p. 223-250.

<sup>11</sup> BUSSIÈRE, Eric; DUMOULIN, Michel; WILLAERT Emilie (editors) – *The Bank of the European Union. The EIB, 1958-2008*. Luxembourg: Imprimerie centrale, 2008. pp. 51-70.

<sup>12</sup> PALAYRET, Jean-Marie. I primi interventi della Banca europea per gli investimenti a favore del Mezzogiorno (1958-1974). In SPAGNOLO, Carlo; DE LEO, Raffaele (a cura di) – *Verso una storia regionale dell'integrazione europea. Fonti e prospettive di ricerca sul Mezzogiorno*. Napoli: Scriptaweb, 2010. pp. 27-48; MANZELLA, Gian Paolo – Alle origini della Banca europea degli investimenti: tra Mezzogiorno ed Europa. In *Rivista giuridica del Mezzogiorno*. Bologna: Il Mulino. a. XXI, n. 2 (2007). pp. 279-306.

At an institutional level, within General-Directorate II (Economic and Financial Affairs) a Directorate for Economic Structure and Development was created, including a regional development division. The Belgian economist Louis Duquesne de La Vinelle, author of a study on structural and regional problems in Belgium<sup>13</sup>, was the first director of this structure and worked closely with the economist Paul Romus, a Belgian Commission official. Along with the Italian Rosario Solima, they were the pioneers of the European regional policy<sup>14</sup>.

Within this context, once the Treaty had entered into force, fears emerged on how the economic integration process would accentuate inequalities between high income and low income regions. In short, existing disparities between regions could grow if public institutions did not intervene to promote the conditions necessary to develop the means of production. Moreover, several economic analysis had underlined how the common market could not properly function in presence of great regional disparities<sup>15</sup>.

In parallel to the establishment of the Common Market, the issue of regional imbalances progressively entered the European debate. In the fluidity of the Treaty legal framework, the EEC institutions started to collect statistics and studies on regional matters, while seeking to define the concept of “region” and ranking the regions by their level of development. This period was punctuated by the elaboration of many perspective studies about the multifaceted aspects of regional problems in the European territory. In 1960, in its first Communication on this topic, the Commissioner Robert Marjolin, the member responsible for General-Directorate II, identified four categories of *problèmes régionaux*: urban and industrial concentration areas; underdeveloped regions; areas suffering from industrial decline; border regions<sup>16</sup>. In detail, concentration was particularly pressing in the Paris agglomeration, in the Ruhr and in the Randstad Holland. Problems of underdevelopment, were typical in regions with an economic activity centred on the primary sector, therefore with low levels of productivity and employment. That was the case of the Italian Mezzogiorno, Corsica, South-west France, Massif Central, Brittany, Schleswig-Holstein, North-east Bavaria. The phenomena of exhaustion (unemployment, reduced income, aging structures) related to the decline of traditional industrial sectors were located in the coalfields (Belgian region of

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<sup>13</sup> DUQUESNE DE LA VINELLE, Louis – Le problème structurel et l’expansion économique en Belgique. In *Bulletin de l’Institut de Recherches Économiques et Sociales*. Louvain: UCL. Vol. 20, No. 5 (1954). pp. 513-537.

<sup>14</sup> The contribution of these officials was emphasized by the Italian economist Franco Archibugi who was one of the Directors at the Directorate-General “Labour Problems, Industrial Reorganization and Redevelopment” of the ECSC High Authority from 1960 to 1962. Archibugi supervised a few studies conducted in that period by the High Authority and was later an external expert of the European Commission on urban and regional policies. Interview by the author with F. Archibugi (Rome, 26<sup>th</sup> of April 2014).

<sup>15</sup> BALASSA, Bela – The Theory of Economic Integration. London: Allen & Unwin, 1962. pp. 202-205.

<sup>16</sup> GRAZI, Laura – L’Europa e le città. La questione urbana nel processo di integrazione europea (1957-1999). Bologna: Il Mulino, 2006. pp. 39-44.

Borinage, centre and south of France), in the textile centres (Flanders, Vosges, Upper Franconia), in the shipyards (Loire). Finally, border regions began to attract special attention when their condition illustrated how national borders could hinder the functioning of the common market. The best example of these problems was found in Germany, deeply affected by the division of its territory and the proximity of areas under the Soviet influence. The EEC institutions focused on the problems of border regions giving attention to internal frontiers.

At the initiative of Robert Marjolin, an initial group of specialists in regional policies within the national administrations of the Six was established to create links between the Community body and those involved in the various Member States. From 6 to 8 December 1961 the European Commission organised a “Conference on the Regional Economies” that was held in the *Palais des Congrès* in Brussels. During the Conference Marjolin, recognized that the regional problems’ management was chiefly in the hands of national authorities<sup>17</sup>. But, he also stressed the potentially dangerous effects of the Common Market on the European less developed areas (Southern Italy and Western France). As a Jean Monnet’s former close collaborator and a proponent of the French national economic planning – the so-called *aménagement du territoire* – Marjolin criticized the *laissez-faire* theories and gave support to the works of the DG II in order to define a new strategy to face regional imbalances in the Community.

In particular, the Brussels Conference encouraged the Commission to set up three working groups of senior national officials and experts in order to start a process of reflection on the subject, including the comparison of experiences, the elaboration of regional studies, the promotion of exchanges of experiences<sup>18</sup>. The first group, chaired by the German Wolfram Langer, was responsible for verifying strategies to promote development of outlying regions which were lagging behind the rest of the Community. The second committee, chaired by the Belgian Jean-François Persoons, was instructed to identify remedies for the decline of certain economic sectors in areas which had been heavily industrialised. The third group, coordinated by the French François Bloch-Lainé, was asked to examine the link between aid to firms for regional development purposes and the implementation of the Community’s competition policy. The three working groups completed their tasks at the end of 1964 with the publication of three reports. But progress was certainly slow because of the difficulty of acting in a new sector as well as the reluctance of Member States.

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<sup>17</sup> VARSORI, Antonio – European Regional Policy. The Foundations of Solidarity. In DUMOULIN, Michel (edited by) – *The European Commission (1958-1972). Histories and Memories*. Luxembourg: Office for official publication of the European Communities, 2007. pp. 416-418.

<sup>18</sup> Grazi, Laura – L’Europa e le città..., pp. 47-52.

Both the Commission and the European Parliament made many efforts to show the interest of the EEC in this field<sup>19</sup>. If the action of the Commission was more understandable, given its power of initiative, the action of Parliament was perhaps less predictable and obvious. However, despite its limited powers, in the 1960s and 1970s, the European Parliament adopted a series of resolutions to pay attention to territorial challenges across and within the regions of the Community: the van Campen resolution in 1959; the Motte resolution in 1960; the Birckelback resolution in 1964 and the Bersani resolution in 1966.

All these preliminary works help to better understand the subsequent steps towards the creation of the Community regional policy, like the first Communication on regional policy in the EEC adopted in 1965. The document – adopted in the form of a communication and not of a report, which is a more binding regulatory instrument – argued for the creation of a comprehensive regional policy, entailing the coordination of national initiatives on the basis of regional development programmes. A common methodology in the elaboration of the programmes and a participative approach (including infranational authorities) was also supported. The Communication also gave a first general indication of adjustment difficulties that will be retained in the regulatory framework of regional policy. Namely it distinguished: peripheral and agricultural regions with high density of population and areas of ancient industrialization with a mono-industrial structure<sup>20</sup>.

In addition to this formal steps, it is important to remind the first EEC interventions in the regional field. Indeed, in the mid-1960s the European Commission supported the elaboration of a project for the establishment of a development centre in Bari, Taranto, Brindisi area in southern Italy. This experience was largely modelled after the growth pole theory, first expounded by the French economist François Perroux in 1955 and symbolized one of the first EEC intervention in the European territory<sup>21</sup>. This strategy was top-down oriented and gave priority to industrialization. It did not differentiate regional problems on the basis of their endowment of environmental, cultural, social resources. It must however be mentioned because, despite its sectorial approach and its emphasis on industrialization, it helped to focus attention on the territory and on the possibilities of EEC intervention.

At an institutional level, the main turning point was the creation of the an autonomous structure: the Directorate-General for Regional Policy (DG XVI) which went into operation after

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<sup>19</sup> MANZELLA, Gian Paolo – Alle origini della politica regionale europea. In *Rivista giuridica del Mezzogiorno*. Bologna: Il Mulino. XXII, n. 1 (2008). pp. 91-121; MANZELLA, Gian Paolo – I primi passi della politica regionale europea (1969-1984). In *Rivista giuridica del Mezzogiorno*. Bologna: Il Mulino. XXII, n. 2 (2008). pp. 553-591.

<sup>20</sup> Varsori, Antonio; Mechi, Lorenzo – At the Origins of the European Structural Policy..., p. 237.

<sup>21</sup> GRAZI, Laura – L'Italia e le origini della politica regionale comunitaria: il polo di sviluppo Bari-Taranto-Brindisi (1957-1966). In *Annali della Fondazione Ugo La Malfa*. Soveria Mannelli: Rubbettino. Volume XXI, 2006. pp. 99-111.



the merger of the executives of the three Communities in 1968. The Frenchman Jacques Cros, who came from the High Authority, was appointed Director-General of the new Directorate, while the German commissioner Hans von der Groeben got responsibility for this sector.

Serious problems being caused in certain regions by the decline in the number of agricultural workers and the often chaotic growth of urban areas caught the eye of Commission officials and were part of the debate on regional policies in this period. Equally important was the focus on the different aspects of regional disparities, including the emerging theme of frontier regions. In von der Groeben's opinion, the EEC needed a regional policy which should not only promote economic development but also provide solutions to certain social problems. It was an early sign of a more organic vision of development strategies that will pave the way to the concept of cohesion<sup>22</sup>.

The political and cultural situation, that had evolved since the late 1960s, and in particular after the 1968 movement, helped to establish a general awareness of various problems arising from traditional economic and industrial development. So, many emerging critical situations – like the ecological crisis, the industrial decline, the urban decay with their impact on citizens' living and working conditions – found place in the EEC agenda. All this was accompanied by a first wave of regionalization in a few States (Italy and Belgium) in direction of political-administrative decentralization. These urgencies pushed the European institutions and the Member States to reflect on the need of broadening social policies, including new forms of intervention to cope with specific territorial problems<sup>23</sup>.

Indeed at the end of 1969, the Commission sent to the Council a proposal for a decision on the organisation of Community instruments for regional development, accompanied by a note on the Community's regional policy detailing the regional problems which existed in the Community. In the 1969 proposal, the Commission asked for more powers for the Community, for which it would need adequate financial resources. The proposal gave the Commission the task of examining, along with the Member States, the various problems of a regional nature and gave it the power to make recommendations to the Member States. A Regional Development Committee was to be set up and an interest rebate fund for regional development, managed by the Commission and funded from budget appropriations, was planned<sup>24</sup>.

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<sup>22</sup> LEONARDI, Robert – Cohesion Policy in the European Union. The Building of Europe. London: Palgrave-Macmillan, 2005. pp. 8-9.

<sup>23</sup> Varsori, Antonio; Mechi, Lorenzo – At the Origins of the European Structural Policy..., pp. 238-239.

<sup>24</sup> GRAZI, Laura – Origini e sfide della politica regionale comunitaria: dagli studi preliminari all' Atto unico europeo. In *Memoria e ricerca*. Milano: Franco Angeli. XVI, n. 30, (2009). p. 52.

Regional issues benefitted from the process of relaunching inaugurated on the occasion of the Hague Summit in December 1969 when EEC ministers expressed their will to improve cooperation in the monetary field and in other sectorial policies, such as regional, agricultural and social ones. In connection with this position, one of the main achievement in the regional field was the adoption of a number of measures designed to support the economy of socially less favoured areas. The less favoured area directive, based on Council Regulation 729/70 and concerning the Common Agricultural Policy, was certainly marked by a new spatial approach, inspired by the regional studies elaborated by the European Commission. So, the EEC allowed Member States to introduce a system of aid for specified less favoured areas (mountain areas, regions in danger of depopulation, maritime zones, etc...) which would support farming and agricultural landscape<sup>25</sup>.

Notwithstanding these efforts and normative arrangements, in the period 1958-1972 the debate about regional policy did not go over the limit of the intergovernmental bargain (only a coordination of national policy was prescribed) and did not solve the question of the creation of a new autonomous financial instrument. This reticence was due to the dominant role of Member States and it was reflected in the differences of opinion on regional matters between countries such as Italy which were attached to the needs of the outlying regions and others such as Belgium which were concerned with the needs of the frontier areas or declining industries.

However, preliminary studies allowed to reach an agreement on the criteria to choose priority regions and on the need for a common action to redress regional disparities. Indeed, the establishment of the European Regional Development Funds in 1975 was the result of a long period of debates and preliminary studies. In this context, many issues were raised which will mark the subsequent evolution of regional policy.

### **The pioneer work of the Council of Europe and the studies of the European Commission expert groups on town and country planning**

In this period also the Council of Europe (CoE) promoted the idea and vision of transnational spatial planning. In 1967 the Council of Europe published its first document emphasizing the existing socio-economic imbalances among European regions and stressing the need for European spatial planning<sup>26</sup>. The CoE activity for spatial and regional planning at pan-European level aimed to foster both territorial cohesion and public well-being through improvement

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<sup>25</sup> DREVET, Jean-François – Histoire de la politique régionale de l'Union européenne. Paris: Belin, 2008. p. 48.

<sup>26</sup> WILLIAMS, Richard H. – *European Union Spatial Policy and Planning*. London: Paul Chapman, 1996. p. 17.

of the collective living environment. Coherently, these goals reflected the Council of Europe's key role of promoting human rights and democracy.

In order to increase cooperation in the field of regional planning, in 1970 the standing conference of ministers responsible for regional planning in the CoE Member States (CEMAT) was established. During the first European Conference of Ministers responsible for Regional Planning held in Bonn from 9 to 11 September 1970, delegations from the 19 Member States of the Council of Europe present at the meeting put a special emphasis on government responsibility in the field of global spatial planning of national territory and on the European dimension of spatial planning<sup>27</sup>. For the first time, the Conference provided the ministers and representatives of the governments of 19 states – Austria, Belgium, Cyprus, Denmark, France, Federal Republic of Germany, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Sweden, Switzerland, Turkey, United Kingdom and, as observers, Finland, Spain and Yugoslavia –with an opportunity to discuss the main options open at the time and the long-term objectives of national regional planning policies.

It was considered that regional planning must be thought of in terms of future European society, of the quality of life for citizens and must have as a central objective to serve the European integration process. Considered as “one of the essential political tasks”, planning should be done via the development of less advanced areas, the economic integration of natural areas divided by borders, and by a balance between urban and rural areas, as well as between economy and ecology.

In the second meeting of the CEMAT held in France (La Grande-Motte) from 25 to 27 September 1973, the ministers discussed about instruments and methods for the implementation of a regional planning policy. In this regard, they identified a few priorities: the completion of thematic maps (cartography); the harmonization of statistical data; the use of a common terminology. This agenda on regional planning was a stimulus for the EEC. In this field, the CoE provided a meeting point for government officials and civil servants, helping to the creation of a “European planning Community”<sup>28</sup>.

The Council of Europe exerted a significant influence on the EEC to promote spatial development policies at the supranational level. Several officers of the European Commission attended its meetings and took note of the intensity and vast territorial scale of the problems caused by increasing urbanization and pollution. In particular, Japik S. Terpstra, an officer of the

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<sup>27</sup> DÉJEANT-PONS, Maguelonne – Council of Europe Conference of Ministers responsible for Spatial/Regional Planning (CEMAT) – Basic texts 1970-2010. Strasbourg: Council of Europe Publishing, Territory and landscape, No. 3, May 2010. pp. 53-60.

<sup>28</sup> The stimulus of the CoE for the elaboration of a European Spatial Development Perspective – achieved by the EEC in the Nineties – was fundamental. This opinion was expressed by the Italian economist Franco Archibugi. Interview by the author with F. Archibugi (Rome, 26th of April 2014).

Directorate General for Industrial Affairs who participated in the CEMAT held in Bonn and in other meetings, observed the intensity and vast scale of the problems caused by increasing urbanization and pushed the Commission to deal with town and country planning problems in the Community<sup>29</sup>.

At the beginning of the Seventies, there was a shift in the EEC approach to regional disparities. The European Commission maintained that a review of territorial management methods and instruments was essential; it addressed the question of town planning at the same time as it was taking its first steps in the field of environmental and regional policy. Indeed, the experience of European integration – as assessed by many EEC officials and experts – had shown that the liberalization of trade and manpower movements and tendency towards concentration of industry, if unaccompanied by a common conception of regional planning and development policies, aggravated socio-economic disparities still further. This trend towards concentration could lead to serious impairment of the environment and of living conditions and cause grave losses to the community and to individuals.

In order to deal with this issues, a special working group on town planning was formed in the framework of the PREST group, a body charged with comparing national programs in the field of scientific and technical research. Starting in 1971 a number of planning experts were called to Brussels by two EEC officers, Japik Terpstra and Louis Villecourt.

The final report of the specialized group, entitled *Town and Country Planning Problems in the European Community*, was delivered to the PREST group in February 1972. It underlined the necessity of Community intervention. The motivations for this intervention were both the similar character of certain regional problems and the impact that European integration and Community policies had on territorial planning and living conditions. In this regard, the report of the experts stated that “certains problèmes généraux d’aménagement du territoire et d’urbanisme découlant de l’intégration européenne ou se trouvant aggravés par celles-ci, devront être étudiés au niveau communautaire<sup>30</sup>”. This reflection seemed to contain an appeal for a renewal of the foundations of EEC policies, in order to orientate them more towards the needs of citizens. Issues raised by these studies (urban pollution, deterioration of living conditions, quality of life in the cities, countryside, etc...) were then incorporated in the first environment action programme (1973).

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<sup>29</sup> Grazi, Laura – L’Europa e le città..., pp. 113-121.

<sup>30</sup> GRAZI, Laura; SCICHILONE, Laura – Environmental issues in the improvement of living and working conditions. Innovative elements of the process of European integration during the 1970s. In BOUNEAU, Christophe; BURIGANA David; VARSORI, Antonio (eds) – *Trends in Technological Innovation and the European Construction: the emerging of enduring dynamics?*. Bruxelles-Bern: PIE-Peter Lang, 2010. p. 69.

The work done by this special working group was later continued by the new Scientific and Technical Research Committee (CREST) established in 1974 and presided by the Director General for Research, Science and Education, the German Günter Schuster, who had already presided the PREST subgroup on “Town Planning - Structure of the Habitat”. The studies of the two planning groups not only introduced the use of particular instruments such as expert groups to study emerging problems in the European context, but also established new themes in Community policies, drawing attention to the issue of territorial equilibrium and the emerging demands of European society.

These studies were a stimulus to include new contents in the policies adopted by the EEC after the 1972 Paris Summit and, in particular, to elaborate a broader territorial vision, including spatial and social issues.

### **The first EEC enlargement and the emergence of a Community Regional Policy**

The first EEC enlargement represented a crucial passage in the activation of a Community Regional Policy. The prospect of enlargement to new Member States (Great Britain, Ireland, Denmark), coinciding with the first oil shock, revealed the necessity of a solidarity policy aiming at supporting rural periphery and the least prosperous regions of the enlarged Europe. At the beginning of the Seventies, the leading role of both the European Commission and the European Parliament, together with the changes occurred in the Community membership and the related emergence of a new coalition of interests on regional issues, were important catalyst for the creation of a Community Regional Policy.

With the accession of Great Britain, Ireland and Denmark, the EEC had to deal with a slightly wider range of regional problems. A number of new studies on the nature and intensity of these countries’ territorial problems were commissioned and taken into consideration during enlargement negotiations with the three applicants<sup>31</sup>. The European Commission recognized that territorial issues needed to be studied jointly, as they had to be addressed in the framework of common policies.

Denmark, Great Britain and Ireland had very different situations of regional development, but in all of the three countries major socio-economic disparities derived from the polarization

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<sup>31</sup> Grazi, Laura – L’Europa e le città..., pp. 121-126.

between areas of concentration – usually located in the basin of the capital – and predominantly rural areas. Great Britain had a comparatively long history of regional policy and a solid tradition of measures to cope with problems of declining industrial areas. In particular, it expressed its interest in regional issues since the accession negotiations<sup>32</sup>. Also Ireland was suffering from severe territorial problems and implementing specific measures. As a consequence, declarations concerning specific economic problems of Ireland and Great Britain were attached to the Accession Treaties signed in 1972.

Approval in principle for a regional policy as a part of the accession agreement was reached at the Paris Summit in 1972, generally recognized as a central moment of the launch of the EEC “second generation” policies. As a result of this input, the elaboration of a real regional policy was prefigured in the Report on *Regional Problems in the Enlarged Community*, presented in 1973 by the new commissioner in charge of regional affairs from 1973 to 1977, the British Labourer George Thomson. He recognized that the Community could not function properly because of the socio-economic imbalances in its territory and outlined the need for a common regional policy to be implemented in conjunction with States own policies<sup>33</sup>.

Great Britain – although forced to certain restrictions in its internal regional policy in order to respect the principle of free competition – was among the supporters of the activation of the Community Regional Policy and the European Regional Development Fund (ERDF)<sup>34</sup>. These tools would have enabled it to help solving one of its most long-standing economic problems (industrial decline), as well as drawing down EEC funding to improve its net budgetary balance and recover funds addressed to the Common Agricultural Policy. At the same time, an “alliance” was struck between Great Britain, Ireland and Italy for the acceleration in the adoption of a regional policy, in close cooperation with the new British Commissioner George Thomson.

In the European Commission perspective, the regional policy was perceived as a crucial tool for the deepening of the EEC social dimension and the legitimacy and viability of the whole political process of integration, including the path towards European Monetary Union. Therefore, it was not only a mere compensatory instrument for integration spillovers. In particular, the

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<sup>32</sup> POGGIOLINI, Ilaria, La Grande Bretagne et la politique régionale au moment de l'élargissement (1969-1972). In BITSCH, Marie-Thérèse (dir.) – *Le fait régional et la construction européenne*. Brussels: Bruylant, 2003. pp. 85-113.

<sup>33</sup> GRAZI, Laura – The Long Road to a Cohesive Europe. The Evolution of the EU Regional Policy and the Impact of the Enlargements. In *Eurotimes. Journal of the Institute for Euroregional Studies*. Oradea: University of Oradea. Vol. 14 (2012). pp. 80-96.

<sup>34</sup> POGGIOLINI, Ilaria – Alle origini dell'Europa allargata. La Gran Bretagna e l'adesione alla CEE (1972-1973). Milano: Unicopli, 2004. pp. 79-80.

Commission stressed the specificity of some regional problems but also the existence of common features which would be better addressed through common political tools<sup>35</sup>.

Therefore, in March 1975 the ERDF was finally established in order “to correct the principal regional imbalances within the Community resulting in particular from agricultural preponderance, industrial change and structural under-development” (Article 1)<sup>36</sup>. The three main beneficiaries of the ERDF allocations (1.300 million units of account in total) were Italy (40%), Great Britain (28%) and France (15%). A safeguard clause, though, was included in favour of Ireland: a sum of 6 million units of account was granted to the new partner, to be deducted from the share of other Member States with the exception of Italy.

In terms of general functioning, the regional fund was supposed to be allocated according to national quotas. Moreover, even if the regulatory framework took into account the main sources of regional imbalances, the choice of those areas which would benefit from the Fund was not a Community competence but limited to those aided areas established by the Member States. For these reasons, the final agreement on the main financial elements of the EEC Regional Policy cannot be described as a comprehensive and common regional policy based on Community-wide criteria and priorities, being more similar to a system of reimbursement.

## Conclusion

The activities of the expert groups, the territorial studies relating to the first enlargement and the exchange of ideas within the PREST and the CREST groups on town and country planning contributed to a common European outlook on the equilibrium of the European region. However, the first concrete steps in the implementation of regional policy, with the creation of European Regional Development Funds (ERDF) in 1975, were rudimentary and guided by only a vague (if not altogether absent) vision of EEC territorial development. Indeed, the ERDF was mainly a means of compensating Britain for its poor return from the CAP.

In spite all these incentives and cultural stimuli, the first instrument of EEC regional policy was shaped by a top-down and soft approach. *Festina lente* is the adage – one of Emperor Augustus’s favourite sayings – that sums up the “high priority” of regional problems, since the beginning of European integration, and the cautious approach of Member States. The meaning of

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<sup>35</sup> COMMISSIONE EUROPEA, *Sesta relazione generale sulle attività delle Comunità 1972*. Bruxelles – Lussemburgo: Ufficio delle pubblicazioni ufficiali delle Comunità europee, febbraio 1973. p. 118.

<sup>36</sup> Regulation (EEC) No 724/75 of the Council of 18 March 1975 establishing a European Regional Development Fund. In *Official Journal of the European Communities*. L 73, Volume 18, 21 March 1975.

this phrase is that activities on regional field should be performed with a proper balance of urgency (to face existing regional imbalances and new emerging socio-economic problems) and diligence (the respect of the competences of Member States).

Although the first steps of regional policy were mainly modeled after the bureaucratic pragmatism of national development policies, the debate around their implementation sparked some changes. The EEC studies on regional policy and the work done by the CoE on spatial issues constituted an incentive for the “lasting innovation” of political cooperation between Community partners. The early moves of regional policy and the initial research on town and country planning demonstrated that the Member States had recognized the Community as a reference framework within which to analyse and discuss emerging problems. Moreover, the continuous reference to spatial patterns helped to overcome development strategies mainly based on industrialization and to give emphasis to different aspects of development (human and social resources, cultural elements, environment, localities, etc...).

In the late seventies, the EEC began to coordinate national governments’ regional aid schemes and dedicate more attention to the rich-poor divide. The passage from a “vertical/sectorial” approach to the formulation of EEC development policies to a “horizontal/territorial” one – that is, focus on individual regions and their specific nature – took place in the Eighties. Despite Member States’ reluctance to cede their powers, the work done by the EEC in the Sixties and Seventies marked the beginning of innovation in the methods and content of regional policy, thus laying the foundations for the “cohesion policy” included in the Single European Act and the EU’s “territorial cohesion” model inaugurated at the start of the new millennium and recently included among the EU objectives set out in the Treaty of Lisbon.

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