Regional disparities and Community policy

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Introduction

The Community's interest in the regions and their disparities has its origins in the effort to increase economic and social cohesion. This is reflected in Article 130a of the Treaty of Rome amended by the Single Act, which for the first time explicitly incorporated the aim of economic and social cohesion, defined as promoting "the harmonious development of the Community and a reduction in disparities between the various regions and the backwardness of the least-favoured regions". In the Treaty agreed by the European Council in Maastricht in December 1991 this aim was further strengthened, cohesion becoming one of the central "pillars" of the new European Union.

The analysis of the regions of the Community which follows is set in this policy context. It considers the major differences between regions, with particular reference to areas assisted under the reform of the Structural Funds introduced in 1988. For this reason the analysis will largely focus on the recent period, beginning in the mid-1980s. This happens to have been a period of relative stability in the Community in terms of membership, the last enlargement - bringing in Spain and Portugal - having taken place in 1986.

It is useful to begin with a brief reminder of how regions are defined in Community regional policy and how the sub-set of assisted regions has been determined. The identification of the Community's problem regions under the 1988 reforms reflected a typological approach. The weaker regions were classified according to three mutually-exclusive categories and identified according to statistical criteria, as follows:

(a) Regions whose development is lagging behind the rest of the Community (Objective 1). The standard condition of eligibility for Objective 1 was that a region should have a GDP per head of less than 75% of the Community average.

(b) Traditional industrial regions undergoing restructuring (Objective 2).
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Eligibility was determined mainly according to quantitative labour-market criteria: unemployment rates, rate of industrial employment, and industrial job losses.³

(c) Rural problem areas (Objective 5b). These were determined according to a mixture of quantitative and qualitative criteria, mostly relating to relative dependence on a declining agricultural sector.⁴

Determining the eligibility of regions for each of these Objectives required that the data be available in comparable or harmonised form on a Community-wide basis. The most important data in this respect are GDP figures, expressed per capita and in purchasing-power standards, and labour-market data, principally unemployment rates. These data form the basis of the analysis of regional differences in the Community which follows. In considering the assisted regions the analysis will focus on the Objective 1 and Objective 2 regions which were determined with particular reference to GDP and unemployment criteria respectively. Objective 5b, with its mixture of quantitative and qualitative criteria, is less open to this kind of statistical approach.

The data must, of course, have a spatial frame of reference or regional grid. The Community system of classification of regions - NUTS - is by now relatively familiar.⁵ This represents an attempt to have a uniform classification of regions across the member states. One important characteristic of this system, however, is that it does not attempt to impose any new structures. Rather, it uses the administrative units which already exist. While every effort is made to maximise comparability at each level of the NUTS hierarchy of regions - for example, by grouping administrative units together where these are unusually small - there remain considerable differences in population and surface area. It is also the case that at NUTS level II, the region can be a member state, as is the case, for example, for Ireland. This too is indicative of the wide differences between the Community's level II regions in relation to their access to the levers which control economic development policy in all its facets.

From the Community's point of view, regional administrative structures are a matter for the member states: an example of "subsidiarity" in action. More important is for Community regional policies to have a margin of flexibility to work around the regional grid in order to identify those areas most in need of assistance. In the regional policies introduced in 1988, therefore, the areas finally assisted were not necessarily whole NUTS units. This was the case for the list of areas eligible as traditional industrial regions in decline (the Objective 2 regions), where only 27 whole NUTS level III regions were on the list while a further 104 NUTS III regions had parts on the list.

In identifying parts of NUTS III regions much use was made of functional spatial units in two countries where these have been defined for national purposes. Thus, "Travel-to-Work" areas in the UK and Zones d'Emploi in France (two member states accounting between them for nearly