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The CSF Revolution: The Origins and Structure of EU Cohesion Policy

2.1 Introduction

The Treaty of Rome of 1957 which established the European Economic Community (EEC) contained in its preamble a broad goal of ensuring the harmonious development of the economies of the member states by “reducing the differences existing between the various regions and the backwardness of the less favored regions” (EC Treaties, 1987: 119). The goal was restated in Article 2 of the Rome Treaty through which the member states formally pledged to promote “the harmonious development of economic activities” throughout the Community. However, in a real sense, these statements were expressions of a goal in search of a policy given that no specific regional development policy was part of the Rome Treaty nor, as a consequence, was there any provision in terms of institutional machinery or specific funding to fulfill that goal. The institutions that were designed to have an impact on regional disparities were the European Investment Bank (EIB) to provide low interest loans for national government to undertake infrastructure projects and the European Social Fund (ESF) to provide aid to immigrant workers.

Regional policy was not yet considered to be an appropriate policy for the Community. At the time, regional policy was strictly in the hands of the member states and no thought had been given immediately before or after the signing of the Rome Treaty to moving the responsibility for the policy from the national to the European level. The reasons for this can be attributed to two dimensions: the first involving the institutional structure and the second to the dominant sectorial approach to policy that reigned at the time.

From an institutional perspective, the Treaty of Rome was structured on two horizontal and vertical levels. The first was the interaction among the member states and the second was between member states and EEC institutions – i.e., the Commission, the Council of Ministers and the European Court of Justice. In 1957 no provision was made for the participation of
sub-national levels of government – such as the regions, provinces or cities – or groups in civil society in policy-making and implementation. In the Rome Treaty European integration was restricted to economic integration – i.e., creation of the Customs Union – and not explicitly to wider political objectives. Sub-national levels of government or groups in civil society were not considered important in the management of policies for agriculture, mobility of the workforce, trade and competition.

The other dimension that impeded a new approach to regional development policies was that EEC interventions were strictly sectorial in nature and the procedures followed in implementing these policies were monopolized by the national governments. The political developments that saw the imposition of a French veto on the passage from the first phase of integration – emphasis on the Tariff and Customs Union – to the second Single Market phase prolonged into the 1970s and 1980s the emphasis on the sectorial approach. Even after the creation of the European Regional Development Fund (ERDF) in 1975, no change in role on regional policy was formulated for the Commission, aside from providing funding to national government regional development schemes.

Looking at the choices made by national governments in operationalizing regional development objectives, it is clear that during the 1950s and 1960s the emphasis was on the creation, development and protection of basic industries – such as coal mining, steel manufacturing, atomic energy plants, shipbuilding, etc. – connected to the industrialization process. Equally important was the protection of these industries from foreign competition. Efforts were undertaken to improve the infrastructure grid going into remote areas, but this was done more to link those development areas to the rest of the country or the nation’s capital rather than to ease access to foreign markets.

The growth pole theory first expounded by Perroux in 1955 served as the rationale for a variety of regional development programmes in different national contexts. What was important was industrialization, and the regional policies of the time did not tend to differentiate one underdeveloped area from another based on their endowment of diverse environmental, cultural and historical resources. There was even less concern for the involvement of sub-national institutions and civil society in the underdeveloped areas to create a partnership for the management of the development programmes. During these two decades, national preferences were strongly oriented toward top-down programmes and procedures.

A shift in emphasis began to take place in the 1970s once the Customs Union (1969) was in place. The combination of the two oil shocks and the declining competitiveness of European industry vis-à-vis its Asian (especially Japanese) and American competitors contributed to the re-launch of European integration and the development of new approaches to regional policy. At the beginning go the 1980s the Commission launched a series of small-scale experimental programmes in integrated development bringing together