

TOWARDS A LARGE AREA OF SOLIDARITY AND COOPERATION

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THE COMMUNITY EXPERIENCE : A STRENGTH FOR THE FUTURE UNION OF 27

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When asked the question “what common experiences can the current Member States bring to the future enlarged Union?”, one could respond simply, even if in a caricatured manner: the *acquis communautaire*. Such a response is undoubtedly traumatic for the candidate countries if they think of the 80,000 pages of rules and norms to be transcribed into national legislation as well as the laborious negotiations. At the same time, it is a legitimate response, to the extent that conformity with Community Law is the minimum criteria for defining a cohesive whole and exercising internal solidarity. Nevertheless, one should recall that this *acquis communautaire* only partially covers the reality of economic and social cohesion. In effect, the situation in those domains the most closely associated with cohesion – social affairs and employment, regional development, agriculture and rural development, urbanism and quality of life, infrastructure and transport, education and training – are the result of several decades of learning from co-operation, but also difficult arbitration between Member States each with their own socio-economic characteristics and cultures. In the perspective of the future enlargement and above all the EU after enlargement, several aspects of this legal and lived *acquis* are worth clarifying in detail.

The experience of Structural Funds

Created progressively between 1958 and 1975, the three Structural Funds ERDF, ESF and EAGGF, were not used together in the framework of regional development programmes until 1988, with the objective of reducing disparities between the regions in an EU of 12, and reinforcing economic and social cohesion. It is worth noting that after the accession of Spain and Portugal, the proportion of Europeans with an annual income of less than 30 percent of Community average rose from one-eighth to one-fifth. The story is well known: the doubling of funds associated with a more rigorous application of their implementation between 1989 and 1993, with a second redoubling and the creation of the Cohesion Fund to allow the four least wealthy countries, Spain, Portugal, Greece and Ireland, to confront consequences of the constraints imposed by EMU. The result was not only the ‘take-off’ of these four countries, but also increased growth for the other eight members, who benefited from the growth of investments or imports of their partners.

The example of Ireland is evidently the most spectacular. Its GDP per capita rose from 64 percent of the Community average in 1998 to 119 percent in 2000, thanks to an annual growth rate of 6.5 percent over more than 10 years. The performance of the other three countries, the total population of which is some 60 million people, is less striking. Nevertheless, between 1988 and 2000 their GDP per capita rose from 67.8 percent of the Community average to 73.5 percent. The positive results for these countries, who never received more than 3.5 percent of their GDP in terms of Structural interventions, are usually explained in two ways: firstly the effects of the Single Market, and second the choice of the relevant national development strategy.

Notably, the success of Ireland was based on the combination of an attractive fiscal policy for foreign direct investment, a social pact that guaranteed wage moderation and the distribution of the fruits of growth to the least well-off, and a voluntarist educational programme aimed at creating a qualified work force adapted to the new economic position of the country. As for Portugal, in the more classical manner, efforts were placed to improve equipment and infrastructure, and to increase production capacity in targeting middle-range quality segments. This choice was probably coherent with the low level of qualification among the workforce and the need to open up opportunities for a largely agricultural community.

Another explanation as to the contribution of the Structural Funds to the reinforcing of cohesion stems from the base principles fixed in 1988: the concentration of aid, additionality, multi-annual programming, partnership. These conditions that were imposed for the funds played an essential role in the change of method in public management in the regions of the Member States, the transformation of mentalities, and finally of the improvements in the results obtained.

Over and above the specific experience of certain countries, one can consider that the Structural Funds have permitted the development of the EU's own "models" – certain of which have also been exported to other parts of the world – that have allowed certain territories to confront their structural problems. In addition, and without this list being exhaustive, it is true that for the LEADER 'Local Action groups' in rural areas, URBAN in inner-cities and Territorial Pacts for Employment, that are tools for mobilising local employment creation and the fight against unemployment. With certain nuances, one could also mention EURO-regions, which offers a very sophisticated and advanced framework for cross-border co-operation. These "models" of territorial management initiated by the structural interventions of the EU have often developed their own dynamic, thanks to their appropriation by particular regions.

The added value of the Community, a culture of cohesion and co-operation

One might consider that the 40 years of European integration, completed by 12 years of structural intervention, forged a certain culture of cohesion and co-operation, which has spread across all geographical levels and to numerous economic, political and social actors in Europe.

The idea of a European value added is illustrated by 4 practices in particular:

- **Partnership:** inscribed in the rules of the Structural Funds, it was initially limited to a vertical partnership between the EU, Member States and regions. It was made concrete by a co-financing agreement for regional development programmes and a surveillance committee comprising representatives from each level of public authority. It progressively enlarged to include the social partners, and then other social actors from the economic world and civil society, notably from associations interested in the protection of the environment and the promotion of equality between women and men. Partnership has thus become a common practice for the public management of development programmes, including non Community initiatives, in order to mobilise firms and the population at large.
- **Multi-Sectoral Integration:** initiated by the obligation to use Structural Funds in a combined manner and finance programmes of regional development, integration allowed the straight-jacket of sectoral policy to be broken. It has become a classical approach now used to resolve social problems such as employment, the fight against

social exclusion and to improve urban regeneration, rural development and waste lands.

- Network Co-operation: incarnated in the Community initiative programme such as INTERREG, EQUAL, URBAN and LEADER, but not exclusively within them, transnational co-operation consists in an audacious bet aimed at stimulating economic and social cohesion, passing under the heads of the Member States. The EU encourages regions and towns that face similar problems to exchange their experiences and to play on their diversity and their complementarities. The benefit of such did not simply relate to issues of financing, but also the methodological support in the form of technical assistance. Today, through numerous associations and networks, this form of co-operation is a strong informal component of European cohesion. It is based on the multiple links that have developed between regions, towns, firms, unions and civil society organisations. Their natural life span has also increased with the twining that is destined to reinforce the institutional capacity of the candidate countries.
- Programming: the obligation to formulate pluri-annual regional development programmes introduced a certain rigour and stability into the choice of policies. Moreover, this modern form of planning is associated with the obligation of a prior analysis of the strengths and weaknesses and a rationalisation of the choice and allocation of means and priorities.

Open Method of Co-Ordination

Another illustration of the contribution of the EU to the achievement of convergence between the Member States is the OMC. The precursor to this method was undoubtedly the criteria for macroeconomic stability of EMU and the results achieved by certain Member States who submitted themselves to such discipline, for example Greece, thus highlighting that the merits of this instrument should not be neglected. One could also note another domain in which the Community experience is useful: the fight against unemployment. Proceeded by the publication of the 1993 White Paper *Growth, Competitiveness and Employment*, the European Employment Strategy launched at Luxembourg in 1997 has allowed Member States to modernise their employment policies in a relatively co-ordinated framework. Without wishing to go into a detailed debate about the benefits of this strategy, the identification of best practices followed by the definition of indicators, and the commitment on the part of certain countries to obtain the set objectives constitute an undeniable improvement in method in a domain where it was clearly no longer possible to envisage progress along the traditional lines through the harmonisation of standards and regulations. The transformation of employment agency methods, a more individualised but stricter treatment of the unemployed, a managed flexibility of the labour market, and support for the services to people are all sources of job creation that stem from this strategy. In the same manner, the decline in unemployment in 1998/9 in Spain, Finland and France could be associated with this collective effort. This method is now also being extended into other policy areas, not always at the instigation of the European Commission, but also under the initiative of the relevant concerned actors: for social protection and retirement systems, for education and notably university teaching, and the fight against social exclusion.

The experience of the two previous enlargements and the problems ahead

If, for the EU, enlargement to Spain and Portugal was a source of learning in the domain of economic and social cohesion policy, the accession of Sweden, Finland and Austria brought

other changes. Placed in a clearly more favourable situation, these countries drove the EU to place increased attention on equality of opportunity, sustainable development, and the transparency of public management. Inversely, they experimented with new working methods: Finland strictly applied the principle of additionality in launching innovative social and regional projects. In the same manner, Austria which clearly already had a vast experience with co-management, sometimes even with corporatism, experimented with new forms of partnership with actors other than the traditional organisations.

In conclusion, the experience of the EU of 15 illustrates that the success of the bet on convergence depends on four conditions of which some are not necessarily self-evident.

- The sound analysis of economic and social problems
- The choice of policies adapted to problems
- The choice of the relevant level of action (national, regional, intra-regional, sectoral)
- The adoption of strict and stable rules

This 'conditionality' cannot work without the help of strong technical assistance, that is to say support in learning the rules of the new methods. It was this last element that proved problematic for certain Member States and explains the persistent delays in certain regions, and this must not be neglected for the future Member States.

If in the past the EU has shown a striking capacity to adapt and innovate the structuring of cohesion instruments, the first question that is posed after 200 is that concerning the dimension of tools and the task to be completed. A second issue relates to the nature of the cohesion problem that exists in the new Members, some of which will be completely new to the EU, notably the treatment of certain ethnic minorities such as the Roms, but also those relating to the external borders where gaps in wealth are very important.