

# Towards a 'Europe of the Regions'? Visions and Reality from a Critical Perspective

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## Abstract

During the past few years, the post-war discourse of a 'Europe of the Regions' has received renewed attention. The article discusses the original concept in relation to political and economic developments in the European Community during the past two decades, concentrating especially on the areas of regional participation in EC decision-making, inter-regional cooperation and regional economic development. The authors conclude that while some advances have been made, the overall picture remains dominated by the influence of national level (f)actors. Consequently, the often anticipated drive towards the 'Europe of the Regions' does not really connect with actual developments.

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## INTRODUCTION

The term 'Europe of the Regions' has almost become a commonplace in recent years. It has been promiscuously used to describe all types of activities which have some sort of relationship with subnational entities, and not always with purely altruistic purposes. It has been brandished by national and regional movements and parties in their quest for a greater share of power or as a theoretical argument on which to base their demands for independence<sup>1</sup>. Within the European Community, it is seen as a tool of the Commission in its confrontation with the Council of Ministers over the enlargement of its authority. It has finally been waved by some national governments in order to support their pleas for more European funding for their territories.

This widespread and unrestricted appeal to the regional dimension has also led to a somewhat lax adoption of the concept of 'Europe of the Regions' by the media and some sectors of the literature. Therefore, a certain vagueness characterises the use of the term in every day reality. What is actually meant by 'Europe of the Regions'?; is there such a Europe?; do subnational entities play a greater role now than two or three decades before?; is the relevance of the nation-state dwindling in favour of its regions? These are the questions which, in order to clarify the significance and the real scope of the so-called 'Europe of the Regions' have to be readdressed and analyzed.

The article will address this set of questions by comparing the post-war literature on the 'Europe of the Regions' - writings of those that could be called 'utopian federalists' - with developments in the fields of European Community politics, interregional cooperation and regional economic development. Comparing and contrasting the aspirations and realities of a 'Europe of the Regions', will allow us to examine whether this concept is actually being reproduced in the real world.

In fact, behind the idea of a 'Europe of the Regions' lies the thought that subnational entities have little by little acquired greater protagonism in the political, economic, social and cultural arenas to the detriment of nation-states. The latter undergo a progressive erosion of their powers induced by two basic factors: on the one hand, the advances in European integration

which limit the autonomous capacity of national governments to control their destinies independently, and, on the other hand, the greater dynamism of regional entities. Such dynamism is embodied by a greater say of regional and local institutions in the management of their own affairs and, above all, by the blooming of new territorially limited social movements which, in some cases, have succeeded in altering long established balance of powers between traditional parties<sup>2</sup>. Regions become, thus, one of the centres of a bipolar territorial organization in which the concentration of powers in a supranational body like the European Community, as a requisite to achieve greater efficiency, finds its ideal corollary in a regional articulation of the territory. The regional dimension is thus intended to reflect better the cultural and national divisions within Europe and, therefore, to tackle more adequately the problems left unsolved by the 'obsolete' national structure. In this context, the nation-state would play only a secondary linking role between those two centres. And, since the ultimate function of this role is superfluous, the concept of the nation-state as it is conceived now is due to perish in Europe in the long run.

## THE PREHISTORY OF THE CONCEPT 'EUROPE OF THE REGIONS': UTOPIANS IN THE AFTERMATH OF THE SECOND WORLD WAR

As a concept, the 'Europe of the Regions', and the bulk of political premises that it contains, emerged relatively recently in the European arena. Although this concept is embedded in a specific historical and political context in Europe, and in the new directions of the European integration process since the mid 1980s, its linkages with a previous set of ideas are obvious. Authors like Leopold Kohr, Denis de Rougemont or Guy Heraud constitute the key players in what can be considered here as the 'prehistory' of contemporary political opinions coming under the general framework notion of 'Europe of the Regions'. Whenever approaching the core of perceptions and expectations expressed in their more or less influential writings, it is hard to view them as a homogeneous and coherent school of thought. Yet, they can be considered as a set of political thinkers preoccupied by similar issues and with a clear willingness to find the key political elements from which peace and democracy could be guaranteed. The utopian, idealist characteristic of their writings becomes evident in the light of their awareness of defining a completely alternative political agenda for Europe based on their political premises. The contents of their articles and books acquire now- a-days a new significance, which consists basically of telling us that there is a whole line of thinking about sub-national politics and the new European order from the post Second World War period to the present day. Most of them participate actively in the Federalist Movement, organized since 1946, but others, like Kohr, showed skeptical attitudes towards the possibility and desirability of a supranational federation. A brief review of the latter's work, and of two of the most influential federalists during the 1950s and 1960s, can help to define a general picture of their perceptions, ideas and expectations that have impinged on a whole generation of today's regional politicians and public administrators.

Leopold Kohr is one of the most eminent idealists among this set of utopian thinkers during these decades. His 'Size Theory of Social Misery' was developed accurately in his most

extensive work published in 1957<sup>3</sup>. The principal cause of war, argues Kohr, is the critical mass of power achieved by social organizations (understood here as States). The bigger the power and size of a State, the bigger the potential risk of driving towards conflict with serious destructive effects. Kohr reinterprets European political history under this theory, finding evidence to support his general notion that small is beautiful and harmless, and his aspiration of seeing states dismantled into natural units in order to preserve peace. However, while Kohr's writings were not much diffused on the Old Continent the same cannot be said for the work of the federalists, which had an influential and quite large impact among European elites and intellectuals. Alexandre Marc, Henri Brugmans, Denis de Rougemont and Guy Héraud are among its most relevant members. A brief review of the last two author's ideas will suffice here to highlight some interesting differences in their perceptions about the role of regions in Europe, and therefore their difficulties in articulating a single perspective on the subject. Denis de Rougemont's personalism<sup>4</sup> is reflected in his assertion concerning the need to create regions as a way of re-establishing the essential base communities in which individuals can recover their `civic dimension without which she/he is not a real person'<sup>5</sup>. Communities are the primary element from which the European Federation can be institutionalized. Contrasting with this, Guy Héraud, reaches remarkably diverse conclusions about the role of sub-national entities in the European federation. For this author there are three possible alternative models, which are, `Une fédération des Etats historiques', `une fédération des régions économiques' and `une fédération ethnique'<sup>6</sup>. The economic regions model of federation, based on economic boundaries, does not account for the spiritual and cultural order in Europe, an essential goal of the European federation. Hence, in a situation in which material needs would already be satisfied, this author reckons that an Ethnic Federation would be the optimal political structure. Emphasizing the importance of following these `natural characteristics', Héraud sees the project as a re-construction of previous socio-cultural entities and not a creation ex-novo as Rougemont holds.

Despite the evident differences among the three lines of argumentation presented briefly

here, there are clear common points that deserve further attention. Firstly, the constant presence of moral values within their political premises render the whole discourse an example of abstract idealism detached from plausible and specific political and policy actions. And secondly, their statements about the role of regions in Europe, independently of their ascription to a federal movement, are based on the need to defeat radically the current political organization of the State. Even if none of them supports a revolution-like form to accomplish this task, a strong emphasis is given to the importance of convincing and persuading Europe's people, rendering the discourse full of rhetoric.

In contrast with the expectations of these authors, their moral assumptions and their rhetoric, the end of this century sees a complex economic and political reality in which European regions are developing their activities. The utopian ideas and perceptions were formed prior to the political processes of the last decades that appear to give some credence to the post-war vision of active and successful regional emancipation. Developments in Western Europe, both in terms of political decentralization, regional economic development and interregional cooperation have seen an extraordinary increase during the 1980s and 1990s. These developments are strongly related to the intensification of European integration in the past decade, which has been creating new perceptions, expectations and political interests at sub-national levels of government.

These processes invoke, in the current political discourse, the utopian vision of the 'Europe of the Regions', even though they have taken place in a vastly different political and economic environment. In the following, this discrepancy will be analysed. The question is whether the 'Europe of the Regions', considering its conceptual history as discussed above, can possibly be a meaningful term to describe, or even a helpful abstraction to analyse, the current phase of integration and regionalization in Western Europe.

## REGIONALIZATION IN THE EC FROM ROME TO MAASTRICHT

Discussing the impact of the institutional development of the European Community on the idea and the practice of a possible 'Europe of the Regions' entails not only establishing the link between the Community and 'regional' or sub-state levels of territorial government, but also pointing to the transmutations of this relationship during the development of the Community. For while today a plethora of public as well as academic attention focuses on the regional-Community nexus, the underlying significance of this issue has been with European integration from the start.

Looking for an early manifestation of the importance of regions for the Community, and vice versa, one does not have to search for too long: half-way into the preamble of the Rome Treaty, it was acknowledged that one purpose of the foundation was 'to ensure [a].. harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions.' In fact, not much happened on the regional front until the first enlargement, which brought Denmark, Ireland and the UK into the Community. Shortly after, and usually seen as some sort of budgetary trade-off between the large CAP recipients (mainly France) and the new net-contributor Britain, the European Regional Development Fund was established in 1975<sup>7</sup>. Even though the size of this fund increased significantly during its first years of operation (annual growth rates between 32% and 62% until 1982), and while it went through a number of reforms, its actual impact has been minimal to the point of being called 'failure'<sup>8</sup>.

On the other hand, the traditional focus on regional policy has to some extent obscured the significant impact that almost all sectoral policies of the Community have had on regional economics and government<sup>9</sup>. Thus, the gradual extension of the Community's sectoral competences through Art.235 (Rome Treaty) as much as her traditional concern with agriculture, coal and steel meant that European policy-making increasingly addressed itself to regional concerns. As with many other fields, the Single Act (SEA) of 1986 proved to be a



watershed also in this respect. It was not just that new policy-areas were explicitly brought into the Community domain, but the implementation of new sectoral programmes tends to take regional forms. This development is now visible in policy sectors as diverse as transport, energy, research and development, agriculture, environment and industrial relations. The Commission has consistently used the Community Initiatives, over which it has autonomous financial control, to push such regionalized sectoral programmes. In this way even a problem like the conversion of defence-related industries to civilian production after the end of the Cold War has been regionalized through the programme KONVER.

More important, however, were two further aspects directly related to the SEA. Firstly, Art.130a made 'Economic and Social Cohesion' a primary aim of the Community. It meant that from now on all Community activities, not just the Regional Fund, would have to operate towards this goal. The way the Commission interpreted and implemented this principle, it turned out to be a major factor in focusing attention towards regional problems. In fact, economic and social cohesion has become the moral high ground for any Community intervention within a treaty framework that is otherwise dominated by neo-liberal thinking. Also the trend of such intervention addressing the elimination of regional, rather than national, disequilibria, strengthens the link between regions and the Community.

Secondly, the SEA ratification was followed, in 1988, by the reform of the Structural Funds (European Regional Development Fund, European Social Fund, Guidance Section of the European Agriculture Guarantee and Guidance Fund) based on Art.130b. Not only did this reform involve a doubling of the funds spent on regional policy over the next five years, and the establishment of new procedural links in the Commission between the running of sectoral and regional policies (as evident in the creation of DG XII - Coordination of the Structural Funds)<sup>10</sup>. The most salient aspect of this reform was the way it brought, through the elaboration of Community Support Frameworks (CSFs) and the principle of partnership, the regional level of government itself into the decision-making process. Through these new procedures regional policy could, for the first time in the history of the Community, directly concern itself with

genuinely regional problems and move away from the sphere of national trade-offs. Certainly this development was not without problems - problems to which we shall return for they are the reason for the kind of research undertaken here - but 'bringing the regional level in' was seen, by most national governments as well as the Commission, as an essential part in the move towards '1992'. Direct regional participation was necessary not only for the detailed knowledge of local conditions which the new 'program approach' to regional policy demanded, but also - and more importantly in the long-term - in the wider sense of legitimizing the Brussels decision-making process which so often is viewed as 'distant' and 'bureaucratic'.

In addition, there is also the important, but not easily quantifiable, impact of '1992' itself. While the reform of the structural funds was directly related to the creation of the single market, it produced direct links between the Community institutions and the only limited number of regions involved in the Community Support Frameworks. Apart from these links, however, every region found itself affected by '1992'. After all, the removal of all barriers to the 'four freedoms' which the Single Act heralded creates fundamentally new opportunities and constraints not only for national, but also for regional governments exactly because it was not accompanied by the simultaneous creation of political or administrative structures to deal with this Single Market. These pressures which the initial de-regulation and subsequent competitive rule-making (through the principle of 'mutual recognition') of the '1992' programme implied, sharpened the attention of regional actors not just towards the activities of 'Brussels', but also to the new dynamics of economic change which could be expected in the European Community.

The result of these intense and interrelated developments since the Single Act has been, on the one hand, the presence of regions at the Community centre, and on the other, what could be called the presence of 'Europe' at the regional level. The physical expression of this is the plethora of regional 'representations' or 'Information Offices' which have recently opened around the Commission buildings in Brussels. Like the numerous regional visitors to the Commission, the function of these offices is the maintenance of a two-way flow of information: to keep the regional administration informed about developments within the Community

structure (and thus to level or at least alleviate their information handicap vis-à-vis national governments) as well as to provide the basis for a continuous presentation of a position on the issues deemed salient for a given region. The counterpart of such offices in Brussels has usually been the conception of an European desk officer, or, in larger administrations, an EC secretariat or policy-unit, in the region.

If the regions have responded to the new dynamics of European integration in the late 1980s with institutional innovations, the Commission, too, has reacted to the new links between the Community and the regional level. In 1988 - at the beginning of the first five-year term of the new Structural Funds - the Commission created the so-called Consultative Committee of Local and Regional Authorities in an obvious attempt to strengthen its relationship with these levels of government. For the Commission this meant accessing regional/local expertise in the formulation of Community policies while at the same time aligning regional interest with the Commission rather than national governments or other Community institutions. For regional actors, it was a limited but nevertheless important way of beginning to respond to the overwhelming presence of national governments in the pre-proposal stage of Commission working groups, steering and management committees - the world of 'Comitology'. As such, the Committee was the first institutional expression of the symbiotic relationship that regions and central Community institutions are often perceived to have in the 'New Europe' - what has been called the 'nutcracker-grip' on the nation-state.

Subsequent developments, especially those leading up to the signing of the Maastricht Treaty in February 1992, have reinforced the interrelationship of 'Region' and 'Europe'. The ex post significance of the Single Act had sharpened regional attention towards processes at the European summit, and the calling of two InterGovernmental Conferences on Political Union and Economic and Monetary Union, respectively, was seized upon by many regions as an opportunity to make their voice heard with regard to the future design of the Community. The Assembly of European Regions (AER), which had constituted itself as the Council of European Regions in the mid-1980s gradually enlarged its membership to cover the whole of the EC

territory and became the principal forum for the negotiation and formulation of pan-European regional demands in the run-up to Maastricht. In a number of declarations these demands for Maastricht were specified as the right to go to the European Court of Justice, the direct participation in the Council of Ministers, the creation of a Committee of Regions and the enshrinement of the subsidiarity principle in the Treaty. These demands were not merely 'declared', but also carried domestically to the individual governments negotiating the Treaty reform. This was most effectively done by the regions in those member states with federal structures, Belgium and the Federal Republic of Germany. In the latter case, the regions actually had a seat at the IGC table, albeit as mere observers. As to how far regions in other states were able to influence their respective governments with the demands of AER declarations remains a question of (usually negative) speculation. Nevertheless, the final Treaty on European Union reflected to a some extent regional aspirations, in that the Committee of the Regions is established (Art.198 Treaty on European Union), sub-state actors can participate in the Council (Art.148 Treaty on European Union) and subsidiarity has been enshrined in the treaty (Art.3B Treaty on European Union). But for the regional lobby, the small-print of these regional achievements has been a bitter pill, because to some extent they constitute pyrrhic victories. Participation in the Council is limited to actors at ministerial level, apparently ruling out the participation of officials from mere administrative regions. Subsidiarity has been defined rather rigidly, limiting its application to the member state and the European Community, thereby explicitly ruling out the region as a potentially 'better' level of government for some tasks. In this way the introduction of subsidiarity into Community law might actually work to the disadvantage of the regions that had campaigned for its inclusion. Further, the much heralded Committee of the Regions appears to be little more than an extension of the previous Consultative Committee, since it is only 'consultative' and made up of national quotas of regional representatives who are to be appointed by the Council, i.e. national governments. The immediate future will show to what extent this new body can justify the prolonged and politicized debate over its composition and institutional independence<sup>11</sup>.

Thus, while the impact of European integration on the regional level is now widely acknowledged, there still is a substantive gap between European outputs towards the regions, and regional inputs into the Community system. Still, a certain dynamic in the development of the regional-Community nexus is discernible, in terms of the new forms of cooperation between regional and Community institutions, each supporting and legitimizing the other.

While these recent developments, accompanied by handy metaphors such as 'nutcracker', 'sandwich' or 'pincer movement', accentuate the common interest of Community and regional institutions vis-à-vis national governments, framing the analysis of regions in the Community in such terms would be overtly simplistic and misleading. It misses the point that administration at Community as well as regional level, if not actually deriving from national administration, are in the main part so closely linked with them as to make such clear-cut distinctions impossible. It also misses the point that while most regional governments would have some agreement with the central Community institutions regarding their participation in the decision-making process in principle (e.g. institutional reform), the image of an alliance breaks down as soon as one gets to issues of substance (e.g. allocation of material resources). In that respect, the potential for disagreement, both among regions and between regions and the Commission, is far greater than that of harmony, and more often than not regions would probably find their national governments a more reliable agent than the Community when it comes to the securing of specific outputs. A powerful demonstration of this regional dependency of national bargaining power was the 1993 budgetary process, where allocations for structural funds were agreed on a country-by-country basis among the member-states at the Edinburgh Summit and subsequent Council meetings.

## EUROPEAN INTEGRATION AND THE TRANSFORMATION OF INTERREGIONAL COOPERATION

Significant changes in the number and type of interregional cooperation schemes in Europe have been developing since the beginning of the last decade. The signature of the Framework Convention of Transfrontier Cooperation in 1980 under the auspices of the Council of Europe can be seen as the starting point for these new trends. However, other relevant features of the European arena, and in particular EC politics and policies, have prompted the interest of regional authorities in engaging in cooperative frameworks with other sub-national counterparts. Among the elements that constitute what can be considered broadly as the European context for regional activities, two points deserve further attention. Firstly, the gradual development of a whole set of legal and policy instruments aiming explicitly at fostering regional partnership and cooperative agreements. And secondly, the strengthening and articulation of regional interests at European level in a more structured manner.

In the late 1970s the issue of cross-border or frontier cooperation received considerable attention at the European level<sup>12</sup>. This was related to two main questions. On the one hand there are, the legal problems originating from this type of international cooperation, due to the lack of appropriate instruments in international public law<sup>13</sup>. The second aspect was related to the awareness of the need to foster collaborative responses to latent problems in these border areas, that usually suffer from peripherality and low rates of economic development<sup>14</sup>. In this sense, the signing of the Framework Convention was a further step towards tackling the particular social, political and economic realities of the areas, and overcoming the legal problem, through stipulating the diverse modes of cooperation<sup>15</sup>. The question of cross-border cooperation has also been subject of significant attention by the European Community, within the more general field of its regional policy. However, only recently have several concrete initiatives been set up in order to support economically and strategically, sub-national actions in this matter. The INTERREG program is the most relevant among these initiatives, as it allocates economic

provisions for concrete projects of this nature<sup>16</sup>

The 'Innovation Development Planning Group', a relevant consultant in the field, in an extensive assessment report about the possibilities and difficulties of cross-border cooperation<sup>17</sup> emphasizes the importance of information flows and exchanges of experiences for an appropriate development and the establishment of agreements of this kind. Pooling information resources is in fact an essential mechanism for identifying problems and creating opportunities for specific common actions. Along these lines, the EC Commission created a European centre for the study of cross-border cooperation (LACE) in collaboration with the Association of European Border Regions (AEBR) that coordinates this pooling of experiences, information and precise documentation on the topic.

Apart from these two recent initiatives related to cross-border cooperation, the EC also has two further instruments for regional cooperation, although not specifically for activities of a cross-border nature. The Experience Exchange Program (EEP) established by the Commission in 1989 is addressed to local and regional authorities in charge of different subjects related to economic development. This program is decided annually and implemented in close collaboration with the aforementioned Assembly of European Regions (AER) and the European Centre for Regional Development (CEDRE). The exchange is developed through meetings, conferences, seminars, etc. on various specific topics<sup>18</sup>.

Together, INTERREG, LACE and EEP, although varying sharply in budget allocations, represent a new approach and new mechanisms for the promotion of cross-border cooperation. However, some European regions are already looking beyond this traditional topic, seeking to establish partnerships that attend to more of less functional interests, rather than on the sharing of frontiers. Examples for this are the well known 'Four Motors for Europe', 'Route des Hautes Technologies' or 'Arc Atlantique', that aim at broadening experiences in fields like new technologies, and more generally, public-private relationships to enhance economic development through finding fruitful synergies among the regions. This new type of cooperation schemes in new areas entails the emergence of positive perceptions about the outputs that such

formalized contacts and commitments (not legally binding and with very little economic budget) can offer to each individual region. Whereas it is actually very difficult here to assess the impact upon each region's mobilization of social and economic endogenous potentials and the solving of specific problems, it is certain that EC actions form part of a new context for the activities of the regions. However, one should also pay further attention to an important question about the recent pace of increased cooperation between regions in Europe.

Cross-border cooperation has traditionally aimed at addressing the common problems that arise in a shared geographical space. This characteristic contrasts with more recent cases of regional cooperation, which are based on other subjects. It is in this particular new type of cooperative schemes, more flexible than the previous one, that one can find certain notable limitations related to the matters they deal with ('technology' and specially 'economic development' are much too general and diffused)<sup>19</sup> and with political-administrative praxis<sup>20</sup>. While certain technical and issue-specific tasks might well be managed through cross-border cooperation, the threshold to a wider, more substantive and, above all, politically more relevant inter-regional cooperation is still rather low.

These remarks are meant to show that, behind the emphatic language used by regional representatives on the about the new possibilities and interests of this recent flexible approach to cooperation, lies political, administrative and socio-economic praxis that creates difficulties for obtaining clear or tangible results. However, these difficulties in achieving effective outputs in the short run, should not be the only argument used in evaluating a priori these cooperative schemes. Some positive and clear synergies might emerge in the medium or long term parallel to the creation of routines in the administrative praxis or to the consolidation of linkages based on institutional arrangements rather than on personal relations. On the other hand, the number of issues and subjects that cooperation addresses can increase with the awareness that the exchange of information about subjects like education, vocational training, sports or culture can also be of mutual interest.

Summing up, this brief review of the major trends in interregional cooperation and



regional interests articulation all along the 1980s shows the weight that the general context of European integration has had in the progressive transformation of the activities of regions in the European arena. Individual regions find themselves nowadays with a diversified range of legal, economic and political structures and instruments from which to create ex novo or to reinforce their existing external contacts with counterparts for mutual benefit. However, this new trend needs still to be consolidated, both in terms of the actual effects of such agreements on the regional territory as well as the emergence of further cases of the non cross-border type of cooperation. However, even if it can be expected that such consolidation will occur during the current decade, one can assert that the whole panorama of regional activity in the European arena has been experiencing notable changes since the beginning of the 1980s.

## TOWARDS AN ECONOMIC EUROPE OF THE REGIONS?

Economic theory, in general, and development and trade theory, in particular, have not been immune to the ascension of the concept of a 'Europe of the Regions' and of the regional dimension as a valid unit of analysis. Some parts of the literature on socioeconomic restructuring and on the global economy have stressed the emergence of regions as economic fora which complement the globalization of economic markets<sup>21</sup>.

From this point of view, the decline of the Fordist mode of mass production and the introduction of flexible production structures has led to a revision of the established spatial pattern and focussed considerable attention on the emergence of new regional development foci. Literature on post-Fordism has stressed that traditional long-established spatial contrasts have been shaken by the rise of economic networks<sup>22</sup>, by the evolution of technological knowledge and managerial structures<sup>23</sup> and by advances in information and information technology<sup>24</sup>. These trends have in theory allowed the uprooting of industries from central locations and the establishment of new production plants in formerly lagging regions. Furthermore, the sharp decline in transportation costs has contributed to reducing the handicaps of distant regions as competitors in the economic arena. Therefore, growth and development in a post-Fordist world could blossom in regions which, due to structural or locational constraints, played a very reduced economic role during the entire Fordist era.

Running parallel with these developments, soaring interdependency rates and the globalization of the world economy have meant that the role of the nation-state has also been challenged. The effectiveness of national macroeconomic policies and several decades of active state intervention in the economy have begun to be questioned. On the one hand, the economic experiment of the French socialist government between 1981 and 1983 showed the rest of the world that Keynesian policies could no longer be freely applied and that one-nation solutions were inappropriate to counteract economic crises in a highly interdependent world. On the other hand, the completion of the Single European Market has been considered by some as a

significant additional step towards the eradication -at least in the economic sense- of the borders of the nation-state in the EC. Thus, the state is increasingly regarded as an outdated territorial structure whose influence on economic trends and activities is progressively shrinking.

While the national frame appears to be losing ground because of market integration and increasing economic interdependency and when one-nation macroeconomic policies seem to fail in achieving their goals, regions, on the contrary, are increasingly contemplated as compact markets where competition is developed and, above all, where the flexibilization of production methods and economic restructuring is accomplished<sup>25</sup>. Hence, the region is gaining ground as the star territorial unit of economic analysis in Western Europe. As Paul Krugman points out:

‘as Europe becomes a unified market, with free movement of capital and labor, it will make less and less sense to think of the relations between its component nations in terms of the standard [nationally-oriented] paradigm of international trade. Instead the issues will be those of regional economics<sup>26</sup>.

Even Michael Porter in his book The Comparative Advantages of Nations questions the role of the nation as a relevant unit in economic analysis. Porter indicates that ‘competitors in many internationally successful industries, and often entire clusters of industries are often located in a single town or region within a nation<sup>27</sup>. Thus, for Porter the city or the region becomes ‘a unique environment for competing in the industry<sup>28</sup>, and he concludes that ‘the importance of geographic concentration raises interesting questions about whether the nation is a relevant unit of analysis<sup>29</sup>.

Consequently, a significant body of literature has been developed around the economic function of subnational areas. The study of the spatial consequence of shifts in production structures and the rise of the service economy has been mainly focused on regions and cities, with little reference to nations. Therefore, regions representing high technology growth centres (Silicon Valley, Orange County, the Bristol Axis or the Munich area), renovated craft communities (the Third Italy) or service and financial centres (New York, Los Angeles, London, Paris or Frankfurt) have been thoroughly analyzed in recent years<sup>30</sup>.

### The Economic Influence of States

However, there is little empirical evidence to support the idea of the vanishing national influence on the economic arena. The doctrine of flexible production -which is the main source of this renewed interest in economic and geographical literature on the regional dimension- has been mainly developed either on theoretical grounds or by resorting to the analysis of case studies. As Sayer underlines, it could be said that literature on postfordism is 'based on selected [regional] examples whose limited sectoral, spatial and temporal range is rarely acknowledged'<sup>31</sup>. In contrast, little research has been carried out outside this reduced number of 'favourable' case-studies. Regional cross-sectional analyses in the EC have been greatly neglected.

Our purpose in this section of the article is to try to shed some light on the question of the emergence of a new 'Europe of the Regions' (the Europe of flexible production) in the economic arena which could ultimately overshadow the 'Europe of the Nations' (the Europe of the Fordist mode of mass production), and which would, therefore, nourish and complement the political 'Europe of the Regions'. Is socioeconomic restructuring really leading towards a greater influence of regions in the economic sphere? Do nations matter less now than before as determinants of economic trends?

These are questions whose extreme complexity and breadth clearly exceed the scope of this article. The spatial effects of economic integration and specialization are generated by a myriad of complicated and interwoven factors which would be impossible to grasp in the space of a few pages. Aware of these limitations, our intention is mainly to concentrate on one of the intervening factors -namely, economic growth- in order not to settle the question, but to spur the debate on the supposed decline of the nation-State and its progressive replacement by an 'Economic Europe of the Regions' as a valid unit of analysis in the post-Fordist world.

Regarding growth trends, the theory of the increasing protagonism of regions to the detriment of the nation-state presupposes that, due to greater economic integration, burgeoning flexibility in production and the achievements of supranational regional policies in the EC,

national differences in economic behaviours are likely to shrink steadily until, ultimately, borders no longer mark sharp differences in growth rates and in development levels. Thus, in a mass production model, growth rates would differ nationally (because of the greater influence of national economic policies and the greater impact of national barriers to factor mobility). Conversely, in an 'Economic Europe of the Regions' growth rates of GDP at a regional level would tend to converge, due to increasing economic and political integration and the decentralization of production. The behaviour of regional growth rates would be more difficult to predict. On the one hand, the concentration of financial assets in capital regions is likely to enhance economic inequalities, while, on the other hand, the decentralizing of production structures and regional policy could contribute to reduce the gap between advanced and lagging regions. Furthermore, the diminishing relevance or, even the removal, of economic and trade barriers could encourage the genesis of cross-national growth trends, where the existence of a development axis (e.g. the Mediterranean Axis, the Blue Banana or the Atlantic Arc) is more likely to influence regional growth rates than the national frame. Economic disparities in growth rates will be, in consequence, more related to socioeconomic conditions within a certain region than to its insertion in a certain national context.

This part of the analysis -on the geographical distribution of regional growth rates of GDP in the 1980s- concentrates on the evolution of regional and national growth trends in the six original member states of the EC, plus Denmark, Ireland and the United Kingdom, in order to determine whether there has been, in the last decade, a certain homogenization of regional behavioural patterns in growth rates in comparison with regional growth rates two decades ago. It is supposed that, if the sway of the nation-state is diminishing, growth rates would clearly differ in a 'Europe of the Regions' from those in a 'Europe of the Nations'.

### Analysis

The empirical analysis includes GDP regional data from 1960 to 1990<sup>32</sup>. It is based on the comparison of the different regional behaviours of growth rates in two decades:

- a) 1960-1970: depicting the climax of the Fordist mode of production and of a scarcely integrated world economic market (the 'Europe of the Nations');
- b) 1980-1990: portraying the decade of flexible production and of the emergence of regions as consolidated economic actors (the 'Europe of the Regions');

in order to explore whether the behaviour in economic growth of regions in the EC is becoming independent of the national setting in which they are inserted (and, thus, whether we are witnessing the appearance of new and consolidated regional markets), or whether the national framework still constrains and regulates regional economic performance.

The geographical distribution of growth rates of GDP per capita (measured in Ecus) during the 1980s (Map 1) shows little sign of the supposed decreasing influence of national borders. Instead of witnessing constant growth trends stretching along regional axes and across boundaries, national frontiers seem to possess a significant importance in the regulation of regional growth. Sharp contrasts in growth rates characterise the borders between Italy and France, France and Spain and Italy and Greece. Noticeable differences can also be observed in the case of the borders between Denmark and Germany and Ireland and the United Kingdom. Similar contrasts -although less acute- are also present when analysing growth GDP per capita, measured in purchasing power standards (PPS).

The comparison of regional growth rates in the 1960s and in the 1980s produces analogous results. Graph 1 shows regional growth rates -assembled according to country of origin- at the zenith of the Fordist mode of mass production: the 1960s. As could be expected, significant national disparities in regional growth rates are observed. Several nations diverge clearly in their growth patterns from the European average. Regions in Ireland, Italy, Luxembourg and the United Kingdom have fairly divergent growth rates in comparison with regions in Belgium, Denmark, France, Germany and the Netherlands. Furthermore, regions within a nation cluster together. Small regional disparities can be observed in internal growth patterns in most of the EC countries, but for Germany and Italy. Internal divergence is especially

reduced in France and the Netherlands. The case of France represents the paradigm of the influence of the national dimension on economic growth, since disparities in growth rates among the 22 French regions are almost non-existent.

### **Insert Graph 1 around here**

The graph depicts, as expected, a nationally dominated panorama in the 1960s. National macroeconomic policies and trade barriers -established in order to protect national industries- still had a vast influence on growth rates. Therefore, we can posit that regional growth in the 1960s was heavily influenced and constrained by national economic policies.

The graph representing regional growth rates in the EC in the 1980s displays a comparable tableau to the one depicted for the sixties (Graph 2), in spite of the much heralded drive toward regional protagonism. Instead of finding greater international homogeneity, growth rates in the 80s seem to follow fairly similar national patterns to the ones observed two decades before. Internal disparities in growth are only more significant in France and the Netherlands<sup>33</sup> during the 1980s than during the 1960s. Nevertheless, this type of behaviour tends to be the exception and not the rule: internal divergence in regional growth is slightly less noticeable in Germany, Italy and the United Kingdom.

### **Insert Graph 2 around here**

Furthermore, there is little homogenization of national growth rates. If in the 1960s there were five nations which fluctuated around the European average (Belgium, Denmark, France, Germany and the Netherlands), their number in the 1980s is reduced to four (Denmark, Germany, Luxembourg and the United Kingdom). Regions in Belgium, France and the Netherlands experience considerably lower growth rates than their Community counterparts, while regions in Italy and in Ireland -as well as in Portugal and in Spain, not included in this part

of the analysis- have growth rates which are clearly above the Community average.

### **Insert Graph 3 around here**

Consequently, it can be suggested that, despite greater economic and political integration, the national dimension still accounts for a significant share of all subnational economic growth behaviours. In the 1980s, the variance within a national context is much lower than when cross-national settings are compared, and the pace towards a regional economic homogenization of growth rates is slower than what might have been expected. As is shown in Graph 3, which compares regional GDP in 1960 and 1989, in only one country of the EC - Belgium- do regional economies diverge; a performance which could be associated to a lower influence of national economic achievement on regional growth rates. On the contrary, in France, Germany, Italy, the Netherlands and the United Kingdom, regions find enormous difficulties in escaping the corset of the national economic context. Regions in France and the United Kingdom fare worse in 1989 than in 1960, but the downward movement has affected the globality of the country and not a just a certain group of regions. The same argument can be applied to Germany and Italy, where no significant differentiation in the range of internal disparities is observed.

Summing up, a claim can be made that, as far as regional growth rates are concerned, the economic 'Europe of the Regions' is still far from being accomplished. Regions are acquiring a greater economic power in recent years, but the drift towards the consolidation of a regionally dominated growth model is still at an early stage.



## CONCLUSION

It is clear now, in the 1990s, that the utopian discourse of a harmonious, peaceful 'Europe of the Regions' has practically no resemblance with current affairs, nor even with probable future developments. This is not to say that all utopian visions of Europe were lost in post-war realpolitik - it would be much more difficult, for example, to dismiss the lengths to which Altiero Spinelli's project has gone. But the 'Europe of the Regions' did never really connect with the requirements of governing Europe, nor with the capabilities of the regions to make their contribution to that. Most importantly, the idea of a 'Europe of the Regions' did not come to grips with the significance and the staying-power of the nation-state in Western Europe.

Now that regions are becoming, gradually, a minor part of the decision-making structure of the Community, the Community itself is in a crisis of legitimacy and effectiveness. The 1990s so far have heralded a revival of nationalism, even racism in Europe - a development which is very much at odds with the rationalism and supranationalism that the European Community stands for. Economic recession casts further doubts about the incentives to proceed with integration, something that was also made apparent by the partial breakdown of the ERM in September 1992. The GATT difficulties appear to point the way to a period of growing protectionism, and the political problems inherent in the reform of the Community budget, and especially the CAP, indicate that such struggles might also become more dominant within the EC. Inasmuch as the Community gains new competences in a climate of reasserting national interests, it seems difficult to see how such a development would benefit regions directly. Consequently, the automatism implied by the early writings about a 'Europe of the Regions' - more powers to Europe equals more powers to the regions - must be dismissed.

Where does such a negative assessment leave the 'Europe of the Regions'? As discussed above, there are some departures from the old state-centric world in which regions were nothing but the subordinate parts of self-directed nation-states. In the 1990s regions can and do link up with one another. They relate directly to the central organs of the European Community, and they are

beginning to receive, in some cases, substantial shares of their budgets from such institutions. Also, there are cases in which a region's economic growth is significantly influenced by indigenous factors. However, past analysis of such phenomena has neglected to differentiate these developments - there has been a tendency, all too often, to generalize about the 'Europe of the Regions' after looking only at the most extreme cases. And these have been, as we have shown above, only exceptions to an otherwise rather mixed picture. As we can see now, the fact that regions gain access to new partners and new sources of funding, does not mean, *per se*, that their dependence on decisions taken by the respective national governments has diminished.

Moreover, as regions come into closer contact with each other, differences and conflicts among them are as much a feature of the 'New Europe' as are harmony and cooperation. As the proponents of the 'Europe of the Regions' can point to first instances of meaningful, inter-regional alliances, others might emphasize an accelerating trend towards what has been called 'territorial competition' - the fact that all territorial levels, including regions, are competitors for inward investment and Community funds in the Single Market. In this view there is little *rationale* in extensive cooperation among regions in Europe - what we see in cases like the 'Four Motors' might just be symbolic agreements hiding more profound cleavages among regions. And in a prolonged period of limited or zero-growth, material incentives for cooperation are simply not high enough. Cooperation and integration, both nationally and subnationally, have always functioned better when the distributive cake was growing, thus creating the image that everyone was gaining. The current period exhibits the opposite characteristics: high unemployment, high real interest rates and generally a depressed economic outlook for the coming years.

Beyond such sobering thoughts, one even has to question the actual impact that regions can have on economic development within their territories. As our analysis shows, the picture continues to be dominated by national indicators, with regional variations slight. This increases the evidence that much of the movement towards more regional autonomy and the expected restructuring of Europe along regional lines is of rhetorical rather than substantive value.

In the early 1990s, Europe is in a period of transformation. Both the relationship between the Community and the Member States, and between governments and electorates is changing. In such a situation it is difficult to identify firm trends. But with regard to the 'Europe of the Regions', currently so fashionable in many quarters, it seems fair to conclude that scepticism ought to be the order of the day. Regions are clearly not about to replace central governments as dominant socio-economic actors, and neither do they have a common view on their mode of interaction. Thus, to continue the discourse of the 'Europe of the Regions' betrays either the vision of the authors here termed utopians, or else it betrays the economic and political realities of Europe today.

What one can say about the state of Europe without doing injustice to the developments of integration and regionalization of the past decade, on the one hand, and the continuing significance of the national level, on the other, is probably close to the notion of a 'Europe with, not of, the Regions'. This, in the view of one author, is what regions should be interested in, since their interests would not be served by doing away with the national level that would leave them exposed to an expanding European centre<sup>34</sup>. Such a view acknowledges that while some developments have strengthened the regional level, there are powerful dynamics which retain traditional structures.

The conclusion here is in line with this opinion. It is the development of a 'Europe with the Regions', not the evolution of the 'Europe of the Regions', that we have been witnessing in the past decade. The growth of initiatives and competences on regional and European levels is accompanied, in many instances, by a reassertion of national governments and bureaucracies. In addition - a development that should not be overlooked - there is the growth of sectoral policy-making, influenced, to a significant degree, by firms, private interest groups and, to a lesser extent, political parties - the 'privatization' of politics as the Community moves towards a truly Single Market in the absence of any clear, institutional hierarchy. If true, such a development does not augur too well for the significant role that regions are supposed to play in the scenario of a 'Europe of the Regions'.

The place of regions in Europe is alongside that of national and non-state actors. They are not, any more, mere statistical units or the subordinates of central governments, but neither are they anywhere near to replacing the state. In a Europe which is variously called 'multiperspectival'<sup>35</sup>, 'multi-layered'<sup>36</sup> or simply 'complex', regions are but one of a plethora of actors whose strategies and decisions are shaping the future of the continent. It is this recognition that ought to guide the political discourse as well as academic analysis away from the 'Europe of the Regions', and towards a more differentiated appraisal of the realities of the 'New Europe'.

## ENDNOTES

1. Regional parties in Scotland, Catalonia and the Basque Country have politically used the concept of the 'Europe of the Regions' in order to appeal to moderate voters. In their opinion the drive towards the consolidation of the European Community renders the traditional functions of nation-states obsolete. Therefore, States have accomplished their historical task. Regions are on the contrary called to play a greater role in this new spatial configuration. That is the idea that lies behind the slogan of 'Independence within Europe' pleaded by the Scottish Nationalist Party.
2. The most recent example of the power of regional movements is the rise of the Lega Lombarda and the Leghe Nord in Italy. These parties have succeeded, in less than five years, in gathering more than 10% of the national vote and more than 30 in their regional strongholds. This rapid outbreak has turned the whole Italian political situation upside down and greatly contributed to the collapse of the established political system.
3. L.Kohr, The Breakdown of Nations (London: Routledge and Kegan, 1957). As Palaver pointed out reviewing Kohr's works and ideas: 'Kohr not only explained the general principles that make unions possible, but also ways to eliminate great powers'. W.Palaver, 'Leopold Kohr: Prophet of a Federal Europe?'. Telos, No.91 (Spring 1991), p. 91.
4. Personalism was a school of thought that considered the person and its natural community as the centre of society. Its most eminent thinker was Emmanuel Mounier, who influenced directly the doctrine of Christian Democratic parties all around Europe during the 1950s and 1960s.
5. Association des Instituts D'Etudes Européennes: Les Régions transfrontalières de l'Europe. Colloque de Genève. (Geneve: AIEE, 1975) p.16.
6. G.Héraud, Les principes du fédéralisme et la fédération européenne (Paris: Presses d'Europe, 1968), pp.70-78.

7. For a brief history of EC Regional Policy, including this interpretation, see S.George, Politics and Policy in the European Community (Oxford: OUP, 1985)
8. See A.Rodriguez-Pose, The Efficacy of European Regional Development Policy, unpublished EUI Seminar Paper (Florence: January 1992) and W.Kingston, 'The Failure of Regional Aid', European Affairs, Vol.4, No.1, pp.81-87, for a comprehensive critique of EC regional policy in this period.
9. W.Molle, The Regional Impact of European Economic Integration
10. For an up-to-date analysis of the structural fund reform see G.Marks, 'Structural Policy in the European Community', in A.M.Sbragia, Euro-Politics: Institutions and Policymaking in the 'New' European Community (Washington: Brookings Institution, 1992), pp.191-224.
11. In the British Parliament, the Committee of the Regions debate caused a Government defeat during the Maastricht defeat, even though the government had made substantial offers to the nationalist parties from Scotland and Wales. In an exchange of letters they were promised, inter alia, reserved seats on the new Committee for their local elected representatives.  
In Germany, the proportion of local and regional members of the Committee caused considerable friction, among the respective associations as well as among Bundestag and Bundesrat. The compromise of "at least three local representatives" among the 24 German members of the Committee was only reached in the parliamentary mediation committee, after intervention by the government and threats of legal action before the Constitutional Court.
12. The Council of Europe and the European Community began to hold debates, conferences and workshops about this subject, in which regional and local authorities' representatives have taken part. Previous well-established cases of cross-border cooperation, dating from the 1940s and 1950s, are seen as examples of well functioning and mutually beneficial schemes to solve common problems that arise in frontier areas. In this sense, the roles of the Council of Europe and the EC was basically that of encouraging sub-national authorities to create and form part of similar cross-border cooperative schemes. Therefore, it is important to mention here that cross-border cooperation is not a new phenomena dating from the 1980s, the novelty of that decade resides in the increased number of cases of this type of

cooperation.

13. The intrinsic problems of implementing properly cooperative agreements, (given the involvement of different levels of governments in both sides of the frontier with, moreover, different capacities of action and legal competences) was aggravated by the lack of international legal instruments to tackle the question of the possible modes of sub-national agreements and their legal effects. G.L.Monticelli and F.Pittau, 'La Convenzione Europea sulla cooperazione transfrontaliera: precedenti storici e prospettive di sviluppo' Affari sociali internazionali, Vol.14, No.2, (1986) pp. 103-114, review the importance of the Convention in International Law, and some of its legal aspects. For the problems of implementation in cross-border areas, see H.Wallace, 'Implementation across National Boundaries', in D.Lewis and H.Wallace (eds.), Policies into Practices (London: Heinemann, 1984).

14. Physical and intangible barriers (like the existence of the frontier itself, separating political and legal systems) worsen these economic problems, and they contribute to 'peripheralizing' the areas. See M.Anderson, 'The Political Problems of Frontier Regions', West European Politics, Vol.15 (1982), pp.1-17.

15. The Framework Convention was ratified in 1990 by fourteen Member States of the Council of Europe, but at the time of writing ratification is still pending from Cyprus, Greece, Island, Malt, Turkey and United Kingdom. For an in-depth study of the mechanisms established in the Convention, see E.Decaux, 'La Convention-cadre Européenne sur la Coopération transfrontalière des collectivités ou des autorités locales,' Revue Générale de Droit International Public, Vol.88, No.3 (1984), pp.559-620, who highlights the gaps of the Convention and keeps a skeptical approach about the effectivity of this international agreement basically due to the vague and declarative way it was written.

16. See Commission of the European Communities, Europe 2000. Les perspectives de développement du territoire communautaire (Luxembourg: Office of Official Publications of the EC, 1991), p.170. The INTERREG program aims at promoting cooperation between cross-border regions in

Europe. Regions from states that are not EC members are also eligible. The allocation of funds is based on the submission and approval of concrete projects in which the sub-national governments are directly involved. Currently, the proposal for INTERREG II is still under debate.

17. H.Martinos and A.Caspari, Cooperation Between Border Regions for Local and Regional Development. Final Report, internal paper of DG XVI, EC Commission (Brussels: unpublished, January 1990).

18. The topics are: Sub-national Public Administration, Transport, Research and Technology, Environment, Small and Medium Sized enterprises, Energy and Tourism. See Assembly of European Regions, Interregional Cooperation Experience Exchange Programme. EEP IV. Directory (Strasbourg: unpublished mimeo, September 1992).

19. The issues on which they collaborate still seem to be quite vague. In the area of new technologies, 'The Four Motors of Europe' have collaborated jointly in a SPRINT project that aims at establishing a network between technology transfer agencies on their territories. However some difficulties have arisen here due to the fact that in some of these agencies the users have to pay for the services provided, while in others all services are completely free. In the field of economic development, regions are encouraging Chambers of Commerce to reinforce their mutual links; however, a certain degree of scepticism from such Chambers seems to render the involvement of important socio-economic actors more difficult than initially expected.

20. A clear example of this is the lack of cooperation between the regional representation offices in Brussels of the partners that conform 'Four Motors for Europe' over the question of EC funds for R&D projects. The information that each of these offices obtain, in terms of new programs, projects' requirements, selection criteria, etc, is not pooled nor exchanged with the other 'Four Motors of Europe' partners.



21. Cf. M.Porter, The Competitive Advantage of Nations (London: Macmillan, 1990) and R.O'Brien, Global Financial Integration: the End of Geography (London: Royal Institute of International Affairs, 1992).
22. Cf. S.Sassen, The Mobility of Labor and Capital. A Study in International Investment and Labor Flow (Cambridge: Cambridge University Press, 1990).
23. Cf. M.Storper and A.J.Scott, 'The geographical foundations and social regulation of flexible production complexes', in J. Wolch and M. Dear (eds.), The Power of Geography. How Territory Shapes Social Life (Boston: Unwin Hyman, 1989), pp.21-40; A.J.Scott and M.Storper, 'Le développement régional reconsidéré', Espaces et Sociétés, Vols.66-67 (1992), pp.7-38 and D.Leborgne and A.Lipietz, 'Idées fausses et questions ouvertes de l'après-fordisme', Espaces et Sociétés, Vols.66-67 (1992), pp.39-68.
24. M.Castells, The Informational City (Oxford: Basil Blackwell, 1989)
25. N.Komninos, 'From National to Local: The Janus Face of Crisis', in M.Gottdiener and N.Komninos, Capitalist Development and Crisis Theory. Accumulation, Regulation and Spatial Restructuring (London: MacMillan, 1989) pp.348-364 and M.Porter, *op.cit.*
26. P.Krugman, Geography and Trade (Leuven University Press and the MIT Press: Leuven and Cambridge, Mass., 1991). p.8.
27. M.Porter, *op.cit.*, pp.154-5.
28. *Ibid.*, p.156.
29. *Ibid.*, pp.157.
30. M.Storper and A.J.Scott, *op.cit.*, pp.34-7.

31. A.Sayer, 'Postfordism in question', International Journal of Urban and Regional Research, Vol.XIII (1989) p.666.

32. Statistical sources on a regional level going back to 1960 are extremely rare in central countries of the European Community and almost non-existent for Greece, Spain and Portugal. Given the difficulties in compiling large and reliable regional data sets prior to 1977, the data employed in this section does not correspond to a uniform data basis. GDP data between 1960 and 1970 is taken from Willem Molle, Bas van Holst and Hans Smit, *Regional Disparity and Economic Development in the European Community*, Westmead, Saxon House, 1980. It represents Gross National Product (GNP) at factor cost, measured in dollars for the 6 members of the Treaty of Rome -Belgium, France, the FRG, Italy, Luxembourg and the Netherlands- and the 3 which joined the Community in its first expansion - Denmark, Ireland and the United Kingdom-. More recent GDP data is obtained from the EUROSTAT Regio data base. It represents Gross Domestic Product (GDP) at factor cost, measured in ECUs for the first 9 members of the European Community.

In order to reduce the problems created by the use of different currencies and the lack of constant prices, the levels of growth are introduced in percentages rather than absolute terms, 100 being the average GNP or GDP rate for the whole of the Community.

33. Although in the Netherlands abnormally low growth rates in the region of Noord-Nederland are provoked by changes in national accounts concerning the spatial allocation of benefits from North Sea oil and gas pits, which were in 1980 concentrated in that region, before it was decided to divide them on a national basis.

34. U.Leonardy, 'The Länder and the Federation in German Foreign Relations', in C.Jeffrey and R.Sturm, Federalism, Unification and European Integration (London: Frank Cass, 1993), pp.119-135.

35. J.G.Ruggie, 'Territoriality and beyond: problematizing modernity in international relations', International Organisation, Vol.47, No.1 (1993)

36. P.Schmitter, The European Community as a Novel Form of Political Domination (Madrid, Juan

March Institute, 1991)