Multi-Level Governance and

European Regional Policy:

The case of post-Devolution Wales

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UMI Number: U584489

UMI

Dissertation Publishing

ProQuest

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March 2010

A thesis submitted to the School of European Studies, Cardiff University, Cardiff

in candidature for the degree of Doctor of Philosophy

Wales at a glance

The Welsh Coat of arms

The Welsh Flag

Motto: *Cymru am byth*
"Wales Forever"

Wales in the U.K. (camel)

Wales in Europe (camel & orange)

Source: Author's compilation from different sources including

Map of Wales

Dedication

I owe a lot of gratitude to my wife, Sweet Vida, for being such a great companion, counsellor, supporter and a wonderful wife, whose encouragement and extraordinary support have pushed me through the entire course resulting in this thesis.

My children equally deserve my thanks for their sacrifices and diverse support and encouragement. Therefore, Franklin, Frederick, Felix, Franklina, and Immanuel, I say a big thank you to you all for being such wonderful and helpful children.

To Vladimir and My Little Flower, Florecita, you were very much a constant distraction when I needed some quiet to write this thesis, but I must say that I enjoyed such distractions as sometimes they enabled me to rethink my thoughts. Your continued presence around me during the writing of this thesis reassured me of your support. I love you all dearly for that.

I therefore dedicate this thesis to Vida and the children for their unbearable sacrifices and support.

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Acknowledgements

I am indebted, first, to God my creator, for His guidance and for giving me the strength. I owe a lot of gratitude to my beloved late grandmother, Akua Sekyeraa (Akua Paul), whose special love, care and resources saw me through basic education, and my beloved late mother Akua Ackom, for her tender care, sacrifices, support and affection.

Prior to starting this research, I had not done any studies at any level at all about the European Union or European Politics, including Multi-level Governance and Devolution, which have become so associated with Europe. Therefore, it was the personal direction, guidance and support of Prof. Alistair Cole that gave me the initial and subsequent interest and insight, which enabled me to go into this research. I am therefore most indebted to him for guiding me through to this stage. Though I am totally responsible for the contents of this thesis, it is fair for Prof. Cole to take some of the credit too.

My other thanks go to Dr. Rosanne Palmer, who later joined as a co-supervisor, after a prompting from Prof Cole. Rosanne's critical comments have been very useful in shaping the thesis. I am also particularly indebted to the Head of School, Prof. Paul Furlong, for his personal intervention and support at such a crucial time when I almost abandoned this project due to serious financial constraints. I also thank the entire staff of EUROS whose readiness to help made them a joy to work with.

Also deserving my thanks are my External and Internal Examiners for agreeing to be my examiners, and in whose hands my fate rests.

I am also grateful to a lot of friends and colleagues, too many to name individually, whose professional advice, encouragement and diverse support, urged me on to take another step in my education, which has always been on 'instalment basis'. I say, God bless you all.

Finally, but not the least, Vida, my sweet wife, the children, and indeed the entire family, deserve a big thank you for the unflinching support, the prayers and the very unbearable sacrifices they had to go through, without which I could not have completed this research successfully.

Abstract

This thesis examines how the implementation of the European Union's (EU) Regional Policy supports the concept of multi-level governance in post devolution Wales, a concept that implies the dispersion of the powers of central government and sharing of its competences among multiple actors.

The examination involves the critical analysis of the Structural Funds and the Common Agricultural Policy (CAP), two of the Union's flagship policies. Wales is chosen as a case study for the analysis of the implementation of the CAP and the Structural Funds for the period 2000-2006 because the 'national-region' has been empowered under the devolution process in the United Kingdom (UK) to implement EU programmes.

The choice of Wales is an obvious one since choosing a strong identity region is the most appropriate way to test the reality of multi-level influences. Moreover, our case study of Wales facilitates comparison of regions in the wider EU environment. Empirical data is drawn from extensive empirical fieldwork in Wales and Brussels, as well as from case studies of how three Welsh Local Authorities implemented the Structural Funds from 2000-2006.

The thesis concludes that the potent mixture of devolution and EU Regional Policy has indeed produced a new form of multi-level governance in Wales and has enhanced the role of sub-national authorities at both national and EU levels.

Chapter One: Research Focus

Introduction

This thesis examines how the implementation of the European Union's (EU) Regional Policy creates multi-level governance in post devolution Wales. The examination involves the critical analysis of the Structural Funds and the Common Agricultural Policy (CAP), two of the Union's flagship policies. Wales is chosen as a case study for the analysis of the implementation of the CAP and the Structural Funds for the period 2000-2006 because the 'national-region' has been empowered under the devolution process in the United Kingdom (UK) to implement EU programmes.

The choice of Wales is an obvious one to test the influence of multi-level governance; but our findings might not necessarily be representative of other cases across the EU. In the event of sub-national players making little difference in Wales, however, then one could surmise that nowhere do regions genuinely make a difference. Choosing a strong identity region is the most appropriate way to test the reality of multi-level influences. Moreover, our case study of Wales facilitates comparison of regions in the wider EU environment. The timeframe for our analysis is generally the first decade of devolution in the UK, though on the implementation of the Structural Funds we limit ourselves to the 2000-2006 period.

The United Kingdom is traditionally considered as a unitary state where power is concentrated at Number 10 Downing Street, Whitehall and Westminster. The introduction of devolution, where some executive, administrative and legislative powers were devolved to the constituent nations, therefore adds a considerable complexity to the whole process of determining where power lies in the UK. The thesis thereby combines analysis of multi-level

interactions within the context of EU Regional Policy and within the far-reaching constitutional change in the UK itself.

This first chapter covers the context in which Wales is used in this thesis. This is followed by a discussion of the research hypothesis, which is immediately followed by the methodology used for the research. The chapter ends with a conclusion which sums up the discussion of the entire chapter.

Wales: A region, state or nation?

Wales is one of the four constituent nations making up the nation-state of the United Kingdom of Great Britain. The other three are England, Scotland and Northern Ireland. In this thesis, Wales is referred to differently as a region, a state, a country or a nation. A *region* simply refers to a part or a section of a country, while a *state* is a self-governing political entity with sovereign power. Mostly, this term is used interchangeably with *country*, which refers to a nation or state that is politically independent and geographically distinct from others because of its natural boundaries. A *nation*, however, refers to a closely-knit group of people sharing a common culture. *The Concise Dictionary* (21st Century Edition) defines *nation* as "an aggregation of people or peoples of one or more cultures, races organised into a single state", or "a community of persons not constituting a state but of common descent, language, history" (p.996). It also defines *country* as "a territory distinguished by its people, culture, or geography" (p.336). Going by these definitions, Wales could thus be described as either a nation or a country, but it could not technically be classified as a state as it lacks a sovereign political power.

We may not be the only ones in this quandary by referring to Wales differently. Some politicians, political analysts and academics have at different occasions described Wales as a nation, a state or a country, while at the same time alluding to its being a region. For instance, McCrone and Lewis (1999) refer to Scotland and Wales as 'nations', while Peter Hain, as Secretary of State for Wales (in February 2003); the Plaid Cymru leader, Ieuan Wyn Jones (in 2000); and the immediate past First Minister of Wales, Rhodri Morgan (in 2009), all proudly referred to Wales as a 'nation'. Ron Davies (1999) and Taylor et al. (1999) also refer to Wales as a country. Arguably, the idea of a 'national' Assembly for Wales, suggests that Wales is a 'nation' otherwise it cannot have an assembly which is 'national'.

The term European Union, within the thesis, is used to mean the body which under the February 7, 1992 Treaty on European Union (TEU), commonly referred to as the Maastricht Treaty, came out of the merger of the three originally separate Communities, each with its own different powers, characteristics and policy terrains and idiosyncrasies. These are the European Coal and Steel Community (ECSC), established in 1951 by the Treaty of Paris; the European Economic Community (EEC)[1], founded by the Treaty of Rome of 1957; and the European Atomic Energy Community (Euratom), created in 1957 by another Treaty of Rome. These three became generally known as the European Community (EC) until 1992 when the TEU effected a name change from the original name to 'European Union'.

It is instructive to note that the genesis of this Union was the Schuman Declaration of May 9, 1950. It initially brought together former combatants and enemies, France and Germany, by pooling their coal and steel production resources meant to "immediately provide for the setting up of common foundations for economic development as a first step in the federation

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[1] In this thesis, European Economic Community (EEC), European Community (EC), and European Union (EU) have been used interchangeably.

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of Europe", which "will change the destinies of those regions which have long been devoted to the manufacture of munitions of war, of which they have been the most constant victims" (Schuman 1950). According to Schuman:

> "World peace cannot be safeguarded without the making of creative efforts proportionate to the dangers which threaten it. The contribution which an organised and living Europe can bring to civilisation is indispensable to the maintenance of peaceful relations... The solidarity in production thus established will make it plain that any war between France and Germany becomes not merely unthinkable, but materially impossible" (ibid).

Following the Maastricht Treaty, the foundations for a new European structure were laid. This allows for the development out of the three Communities, of a unified framework. A concept of 'pillars' was thus introduced under the Treaty, with three pillars forming the basic structure of the European Union. These were:

- First Pillar - the (European) Community pillar – which absorbs the three Communities: the EC, Euratom and the ECSC. The Treaty of Amsterdam transferred the free movement of persons, which was previously under the third pillar, to the first pillar.

- Second Pillar – Common Foreign and Security Policy (CFSP) – is devoted to the development of a common foreign and security policy, and comes under Title V of the EU Treaty. This formed part of the Single European Act (SEA) of 1986, but was recast with more force under the TEU; and

- Third Pillar – Police and Judicial Co-operation Matters (PJCC) - covers police and judicial co-operation in criminal matters, coming under Title VI of the EU Treaty. Originally named Justice and Home Affairs, the pillar aims at fighting crime.

The December 2009 Lisbon Treaty has however, altered this pillar structure in a very significant way. The Treaty, which was initially known as the Reform Treaty, was signed by EU member-states on December 13, 2007 but came into force on December 1, 2009. It amends the Maastricht Treaty and the 1957 Treaty of Rome (TEC), which established the European Community. In this process the TEC was renamed 'Treaty on the Functioning of the European Union' (TFEU). The Lisbon Treaty also effected some other prominent changes including more qualified majority voting in the Council of Ministers, and increased

involvement of the European Parliament in the legislative process through extended co-decision with the Council of Ministers. After abolishing the pillar system, the Treaty created a long-term President of the European Council and a High Representative of the Union for Foreign Affairs and Security Policy to give EU policies a united focus. The Treaty also made the EU human rights charter, the Charter of Fundamental Rights, legally binding. The Treaty aimed at completing the process started by the 1997 Treaty of Amsterdam and the 2001 Treaty of Nice to enhance the efficiency and democratic legitimacy of the Union as a means of improving the coherence of its action.

Another terminology used in this thesis is *Europeanisation* or *Lisbonisation*. In simply terms, this thesis uses Europeanisation to mean making people, rules and policies, beliefs and traditions, procedures and initiatives, and social and other practices European, or integrating and institutionalising them into the European Union. On the other hand 'Lisbonisation' here means EU member-states and regions tuning their policy programming from their hitherto national priority-driven strategies to the taste of the Lisbon Treaty.

The European Union (EU) appears to be the most important agent of change in contemporary governance and policy-making in Europe. This is because EU laws, agreements, policies and decisions have come to direct affairs in individual member-states, thus affecting the day-to-day activities and lives of European citizens irrespective of where they live. A former president of the European Commission, Jacques Delors, in 1998, in conformity with this thinking, claimed that "80 per cent of socio-economic legislation in the EU member-states was framed by treaty commitments, policy rules, and legislation agreed through the institutions of the EU" (Wallace et al. 2005, p.3). Whether this percentage is precisely accurate or not does not matter, according to Wallace et al. (2005), who think "what matters

is the acknowledgement that EU agreements pervade the policy-making activities of individual European countries" (ibid). Almost 10 years after the observation by Delors, some local government administrators have confirmed his position. According to Councillor William J. Williams, the representative of the Welsh Local Government Association on the Committee of the Regions, over 75 per cent of the work of local governments is dictated by the rules and decisions of the European Union (Williams 2006).

There is however, a paradox at the heart of European integration, when one considers that the EU is vastly more important to the lives of its citizens than at its creation, yet the growth of importance does not reflect in the popularity of the Union (Warleigh 2004). Warleigh notes that "neither has it become part of the 'lived experience' of most of its citizens" (p.5), who were still unaware of the Union's powers and limitations. This situation has arisen because the decision-making process within the EU is very complex, thus making it difficult to understand. Another factor is that within the EU policy processes, "there is no clear separation of powers either 'vertically' (i.e. between the EU and member-states) or 'horizontally' (i.e. between the EU institutions)" (Warleigh 2004, p.46). The decision-making process might therefore be seen through the 'metaphor of the policy chain', where the process interlocks with one another, and therefore what happens at one stage has an impact on what happens at the other stage – "either by opening up new possibilities or by restricting the scope for action" (p.48). The power play within the Union has also attracted a lot of concerns as the systems could sometime be seen as the metaphor of the chicken and the egg, where it becomes difficult to determine who was the older. Thus, the decision-making process is just as difficult to understand as to the apportioning of power.

There are different processes of decision-making which lead to different decisions that are made by the EU, but the three principal procedures used are *regulations, directives* and *decisions* (Warleigh 2004, p.45). There is a marked difference about how these different procedures bind member-states or the specific legal persons. A *Regulation* completely and generally binds both the substance of the policy and the manner of implementation; while a *Directive* is binding with regards to the policy outcome, but free in the manner of implementation. A *Decision*, on the other hand, is completely binding on a specific actor, or a group, but cannot be generally applied (Warleigh 2004). Generally, the bulk of the EU's policies is in the form of 'directives', giving member-states the maximum leeway in implementation, thus allowing member-states to adopt their own methods to achieve an agreed common goal, and therefore giving the EU institutions fewer powers to oversee policy implementation in member-states.

Not directly challenging the position that about 80 per cent of socio-economic activities were shaped by EU legislations, Wallace et al. (2005) point out that "most of the policy-makers who devise and operate EU rules and legislation are from the member-states themselves. They are people who spend the greater part of their time as national policy-makers for whom the European dimension is an extended policy arena and not a separate activity" (p.7). They add that:

> "Much of EU policy is prepared and carried out by national policy-makers and agents who do not spend much, if any, time in Brussels. Instead, what they do is consider how EU regimes might help or hinder their regular activities, and apply the results of EU agreements on the ground in their normal daily work.

> "If we could calculate the proportions we might well find that in practice something like 80 per cent of that normal daily life was framed by domestic preoccupations and constraints. Much the same is true of the social and economic groups, or political representatives, who seek to influence the development and content of EU policy" (Wallace et al. 2004, p.7).

They note, however, that it might not be possible that simultaneously the socio-economic legislation of 80 per cent of the member-states is shaped by the EU, while 80 per cent of the policy context of national policy-makers is framed by domestic concerns (ibid). The points raised by Wallace et al., as well as other scholars, go to affirm the fact that understanding the EU policy-making processes and how they affect member-states is rather complex. The situation even becomes more difficult to understand when one considers that not only policy-making is complex, but also governance within the EU has become multi-layered where actors other than member-states and the EU institutions are involved not only in EU governance, but also that of member-states.

The EU has mainly operated through its special institutions, namely, the European Commission, the Council of the European Union, the European Council, the European Parliament, and the European Court of Justice. This thesis does not however concentrate specifically on any of these institutions when it discusses the policy formulation and governance of the Union and its member-states, as a means of understanding the implementation of the Structural Funds and the Common Agricultural Policy in Wales. As mentioned above, the thesis rather concentrates on how the Union's Regional Policy, particularly the two programmes under discussion, impacts on the relations between the EU, its member-states and sub-national (regional) authorities (multi-level relations). As the implementation of the two programmes involves multiple actors, the use of Wales as a case study is therefore to gauge the situation in sub-national authorities in EU member-states, to try and establish the extent to which the implementation of the Union's policy feeds into the theories of multi-level governance.

The current balance of power within the British nation-state and particularly the governance of the three devolved authorities (Wales, Scotland and Northern Ireland) forms an essential component in understanding and analysing the interrelationships between the various actors involved in the implementation of the European regional policy. Despite the fact that Wales is a poor peripheral region with a population of only three million, its capacity to face up to the challenges posed by multi-level governance as a consequence of the EU regional policy framework could, in a way, albeit negligible, alter the balance of power as far as the governance of the United Kingdom is concerned. This was forecast by Bogdanor in 1979, when he noted that:

> "devolution, as well as being the most pressing constitutional issue of the day, is likely to have more profound effects upon the workings of British politics than any other institutional change of a wide-ranging and fundamental kind; it also raises basic question about the nature of the British state, questions such as – How is national unity best secured – through centralised government, or through the dispersal of power?" (p.1)

He added that "devolution also raises a broader question of political philosophy, the question of whether centralisation is to be regarded as inevitable and welcomed, or whether it is something to be strenuously combated" (ibid).

The introduction of the Structural Funds in Wales coincided with the introduction of the devolution process by the UK Government, where the region was given some devolved powers. The devolution process in Wales which led to the establishment of the National Assembly for Wales in 1999, vis-à-vis the continuing role of the UK government, and the ever-growing and deepening influence of the EU, therefore presents a good case study for the practice and effects of multi-level governance within the EU.

Multi-level governance within the EU was a theory developed by Gary Marks (1992). It was first applied in the efforts at integrating the member-states of the Union with the introduction of the Structural Funds. Rosamond (2003), however, sees multi-level governance as an 'organising metaphor' instead of a theory, adding that it is within the metaphor that particular approaches like policy network can be located (p.120). However, he nevertheless, referring to Marks, Hooghe, and Blank (1996), admits that multi-level governance does rest on some fundamental 'theoretical preconceptions' to differentiate it squarely from liberal intergovernmentalism (ibid).

Notwithstanding, whether as a theory or a metaphor, the likely effects of the implementation of EU policies in Wales on multi-level governance, is the overarching focus of this thesis. Therefore, for those who are fascinated by the ever-changing European Union and its institutions and practices, and those only concerned about the theory, practice and the impact of multi-level governance on contemporary democratic governance, this thesis would be most useful to them. The other purpose of this thesis is to contribute to the general debate about politics and democratic governance in the European Union, as well as to the debate on multi-level governance. It is also a case study of Wales.

Before the creation of the National Assembly for Wales, scholars such as Rhodes 1997; Keating and Loughlin 1997; and Amin 1999, had forecast that the devolution in Wales would be a significant change in the British political situation. They had noted that the most important of the varied noticeable changes in institutional structures in Wales would be the creation of new decision-making opportunities and the promotion of networks and information flows. Networks have already been made, but as to whether the requisite decision-making opportunities have been fully created following devolution is yet to be seen,

especially as the National Assembly for Wales waits to have the powers of a full parliament, as is the case with Scotland.

The information flow between Wales and the UK central government has also not been as smooth as many had expected, since a formal inter-ministerial dialogue has not been thoroughly maintained. In principle "there was no obvious exclusion of Welsh Ministers from the EU policy process, although an initial examination appears to show that their levels of engagement were not as high as those of Scottish Executive Ministers" (Palmer 2008, p.110). Nevertheless, with the introduction of Wales-only policies in education and health in particular, there is a growing feeling that a new decision-making process, which puts the priorities of Wales high on the national agenda, is gaining roots with the establishment of the Assembly.

Notwithstanding the introduction of administrative devolution through the establishment in 1964 of the Welsh Office headed by a Secretary of State for Wales, devolved democracy was still lacking in the form of institutions directly accountable to the people of Wales. According to Barry Jones, "despite the overwhelming failure of the devolution referendum in 1979 for the territorial management of Wales, it continued to pose problems for the British state" (Jones 1997, in Bradbury and Mawson 1997, p.55), leading to the questioning of the political legitimacy of the subsequent Conservative governments' mandate in Wales (see Chapter 3 for a discussion of the failure of the referendum). Support for devolution therefore grew in the early 1990s, and the "revival of the devolution debate was a result of the changing face of Welsh politics during the 1980s and 1990s (ibid).

Research Hypothesis

The overarching research hypothesis of this thesis is that the implementation of EU Regional Policy supports, in broad terms, *multi-level governance* approaches. Multi-level governance challenges the authority and powers of central governments by introducing multi-tier bargaining by actors at different levels. Under the system, authority is shared, though not in any hierarchical manner, among national (central government), sub-national (regional governments), supranational (European Union institutions) and non-state actors (private and voluntary sectors). The thesis, based on mapping the implementation of the regional policy, therefore contends that the process known as *multi-level governance* remodels and repositions the central government in terms of its relationships with regional authorities. At the same time the process promotes and encourages grassroots participation in decision-making, thus increasing transparency and accountability in government. Multi-level governance does not, however, require a general statement that the state has lost its overall supremacy or that its gate-keeping role has been emptied of its substance. The ultimate power and authority of the state rests with the central government.

It must be noted that in the UK, before the introduction of the current executive devolution, administrative devolution had existed in Scotland for a century and in Wales since 1964 but without changing the centralised system of governance. However, the combination of European integration and devolution has remodelled the British state by altering the centuries-old Westminster-style democracy where all authority rested with the central government. This new system acknowledges the role of the regional governments in Scotland and Wales, and also Northern Ireland, and their relationships with the European Union. However, unlike federalism, the powers of local and regional authorities are firmly

managed by central governments in order to retain and protect their (central governments) statutory powers and supremacy.

The traditional style and meaning of governance in the UK, which emanates from Westminster, has been challenged by the devolution process which has caused major constitutional changes and the transformation of the governance of the constituent nations. Devolution has also increased the territorial fragmentation of the UK's European policy arrangement. This is evident by the demands of the Scottish Executive and the Wales Assembly Government on the UK central government to make provisions for their specific interests in European policies and programmes, for instance those on agriculture and fishing.

Though "EU business is reserved for, and is ultimately the responsibility of the UK central government, the devolved authorities must be involved in the UK European policy process simply because much of the substance of EU policy impacts on devolved powers" (Burch et. al. 2004, p.1). Areas of EU policy like agriculture, the structural funds and the environment are "distinctly territorial in their application", and that "issues such as BSE and additionality under the structural funds demonstrate their potential to generate tension between tiers of government and to bring about distinctive territorial policy agendas" (ibid).

Devolution affects the centre and poses challenges to it in a number of respects including the issue of territorial representation at the centre. Devolution has brought about changing roles for the Scotland, Wales and Northern Ireland Offices, and highlighted the fact that England lacks a territorial department. Devolution also "raises questions about how to integrate and coordinate the UK's 'communal interest' and to arbitrate between competing territorial interests" (Mitchell et. al. 2003, p.1). For his part, Trench (2004, p. 3) argues that

"devolution creates the space for different sorts of politics to develop in Scotland and Wales" and that devolved institutions work in different ways, making different sorts of policy to those at the UK level. The above quotations inform our reasoning for using Wales as a case study of how EU Regional Policy implementation supports a multi-level governance approach.

In the case of Wales, the UK central government, in the Government of Wales Act (GoWA) (1998), carefully structured the level of devolution to ensure that limited autonomy was exercised by the National Assembly for Wales without undermining the supremacy of the United Kingdom Government. Notwithstanding its lack of statutory powers in the field of European integration, the National Assembly for Wales (and the Scottish Parliament) has significantly reshaped the interaction of the UK nation-state with the European Union. This hypothesis is therefore not only rooted in theories of multi-level governance but also in new institutionalist analysis based on the remodelling of the British state (see Chapters 3 and 7). Therefore, this thesis could also be understood as a case study of multi-level governance in Britain's post-devolution differentiated state. It treats the relationship between Wales and Europe in part as an intervening variable, a political process through which to analyse to what extent post-devolution Wales – the National Assembly for Wales and the Welsh Assembly Government – has built its capacities and competencies to influence decision-making processes in both the UK and at the European Union levels. The thesis also explores in Chapters 3 and 7, the relationship between the trinitarian levels of governance – sub-national, national and supranational.

The EU's regional policy including the introduction of Structural Funds under the Cohesion Policy, has created categories of actors, who together provide a valuable case study for the

analysis of governance within member-states of the Union (see Chapter 6). The 1988 review of the Structural Funds, which are the underpinning implementing tools for the Union's regional policy, and the subsequent 1993 revised regulations have resulted in a number of fundamental changes in the relations between the Union, national (member-states) and sub-national governments.

In developing a view on how multi-level governance is practised within the EU in line with the Union's *subsidiarity* principle, and whether it alters territorial relations within the member-states, this thesis looks at the EU Regional Policy framework in Chapter 4. Again, by using the Welsh case as a basis, it occasionally takes a look at the situations in other regional governments in the EU especially the shared responsibilities of regions in Spain and Germany. The Spanish and German cases provide good examples to help understand how other EU member-states have experienced Europeanisation in general, and how they have drawn in their sub-national authorities into EU regional policy in particular. In the case of Wales, these comparisons help us better to understand how the tripartite relationship between Cardiff, London and Brussels works.

Methodology

This thesis principally covers events in Wales since the introduction of devolution in 1999 to end of 2006, but particularly uses the 2000-2006 programme to analyse the Structural Funds. This is in line with the plan of the thesis to discuss and analyse the implementation of the CAP and the Structural Funds whose introduction in Wales coincided with devolution in the country. The thesis uses interviews conducted as part of the field research, review of literature and information from official documents (see bibliography) on Wales and the European Union for its discussions and the drawing of conclusions.

Field research can be conducted in different ways, including participant observation, case study, ethnography and in-depth interviews (Babbie 1998). As an exploratory study, this research opted for in-depth interviews. A suitable research method to explore the feelings of people about a given situation is qualitative in nature, hence a field research method was used in this study to collect the requisite data to answer the research question. The strength of field research lies in its ability to yield data about the subtle nuances of attitudes and behaviour of the subjects under consideration (Babbie 1998). The principal research method used has therefore been qualitative. The choice was made primarily because the study also aimed at facilitating description rather than quantitative data (Sarantakos 2005). The study uses elite interviewing involving semi-structured and focused interviews of key and relevant actors in Wales, the EU and other institutions with offices in Brussels.

The choice of this method is influenced by the description by Burnham et al. (2004) that 'elite interviewing' is "the most popular research technique in political science today" (p.7), and Margaret Stacey's definition of 'focused interviews' as unstructured but more formal where the interviewer has a list of questions or topics to cover but does that at their discretion. She adds that "this kind of interview is particularly useful where experiences, feelings, reasons and motives are involved" (Stacey 1969, p.75), thus in tune with what this study aimed to capture.

The majority of work by political scientists, according to Burnham et al., is concerned with the study of decision-makers, and therefore the key research technique of these scientists is elite interviewing. "It is often the most effective way to obtain information about decision-makers and decision-making processes" (2004, p.9). They add, quoting Beth Leech (2002), that whenever the researcher finds it appropriate to consider a respondent an expert in the

topic being investigated, elite interviewing can be used because of the interviewee's high levels of knowledge of the subject matter under discussion, and their general intellectual and expressive abilities, making them 'elite' in some sense (Burnham et al. 2004, p.9).

The application of the elite interviewing technique also helped me to adopt the 'snowball' sampling method, which enabled me to ask my interviewees to name or recommend other knowledgeable people or experts on the subject relevant for my research to be interviewed. This is not to say that no careful consideration was made as to whom to interview. In fact all the interviewees were carefully and purposefully selected based on their experience on the field, their personal roles in their respective institutions in relation with the subject of the study and their availability and willingness to grant the interviews at the appointed times. The snowball sampling method was adopted only when an interviewee had mentioned another person as being very knowledgeable and with some very useful information on the research topic.

Adopting the elite interviewing technique was not without cost of some sort. The method is very time-intensive. Though it did not take me 15-20 calls to arrange an interview (as Burnham et al. (2004) said of a study carried out in Russia), my experience confirmed the time-consuming nature of the method. The interviews themselves lasted between 30 and 45 minutes, except one which lasted an hour and 20 minutes, where the official wanted to make an impression about his knowledge of the subject, especially about the implementation of the Common Agricultural Policy (CAP) in Wales.

Throughout the interviews, I used a tape recorder in addition to taking notes. As some of my interviewees spoke a bit faster, the use of a tape recorder became very useful. For non-native

English speakers whose English was not perfect, the tape-recording helped me during the transcription to fully understand their points and arguments. Transcribing the interviews lasted between two-and-a-half to three hours per interview, and another three to five hours for analysing each. My transcription time thus went beyond Berry's estimated two hours for every half-hour interview (Berry 2002).

Going by the expert guideline of Bryman (2001), not to base any piece of work entirely on elite interviewing, the research included primary documentary sources in the form of official publications, as well as a number of secondary sources from previous research findings, websites and other official documentation. Some of these contained figures on the level of funding from the EU, voter participation, election results and types of projects undertaken by the selected local councils (see Tables, Figures and Appendixes).

This research also undertakes a case study of how three Welsh local government authorities implemented the structural funds between 2000 and 2006. The case study principally focuses on what processes the local authorities adopted in the selection, design and implementation of the structural funds projects. The local government authorities are the Carmarthenshire County Council (representing the rural areas), Caerphilly County Borough Council (for the Valleys) and Cardiff City Council (representing the urban centres). The rationale for selecting these authorities is developed in Chapter 7. In general terms, the decision to engage in primary research in a small number of Welsh local authorities was interpreted as part of the broader endeavour of taking multi-level governance seriously. As local government implements a good deal of policy concerned by EU structural funds, so it is imperative to consider how choices are made and decisions implemented at the local level.

Case Studies

In all, 40 people were interviewed during the fieldwork which spanned a period of 14 months taking me through some selected areas of Wales and the European Union offices in Brussels. My decision not to go beyond 40 interviews was guided by the belief that going beyond 40 would be exceeding the saturation level where subsequent interviews may not add any new value. I was also guided by the practise by experienced researchers who believe that "20-30 interviews might be a reasonable target for a project in which elite interviewing was the principal method", and that "the well-regarded study of the Treasury by Deakin and Parry (2000) was based on 30 interviews with some senior officials" (Burnham et al. 2004, p.208).

As pointed out earlier, the choice of these 40 interviewees were carefully and purposefully considered due to the expertise of the individuals in the area of the research and positions they occupied in their respective institutions. In fact, following our initial enquiries and discussions with individuals and institutions, most of the interviewees were nominated by their own institutions as the responsible officers who dealt with the subject of my study. UK Government level interviews were not available for a PhD Student, but however, this did not affect the quality of the research.

Out of the 40 interviewees, 33 (82.5 per cent) were people who were directly involved with either the administration or management of local, regional, national or EU level authority or organisation, or involved with the implementation of structural funds-supported programmes. Ten of these were from the National Assembly for Wales, 10 from local authorities, another 10 from the European level and three from the Welsh Assembly Government. This choice of selecting from these sectors was purposefully done to get varied views of the different actors from different levels, informed by their long-acquired experiences as serving officials of the

various institutions. They included leaders of political parties represented in the National Assembly for Wales; the Presiding Officer and the Deputy Presiding Officer, some Members of the Assembly; two Members of the Westminster Parliament whose constituencies were in Wales, and one Welsh Member of the European Parliament.

Those from local authorities were from the three selected councils – Cardiff, Caerphilly and Carmarthenshire. The three councils were selected because of their participation in the implementation of EU structural funds programmes in their areas. The three areas also represented the three main socio-economic strata of Wales. Cardiff represents the urban area, Caerphilly for the rural area, and Carmarthenshire for the Valleys (though a rural area but with very distinct geographical and landscaping features distinguishing it from other rural areas). Chapter 6 discusses the three county councils, their involvement in EU-supported programmes, and how they implemented such programmes.

Only seven (17.5 per cent) of the interviewees were selected from outside those bodies which were directly responsible for the implementation of EU structural programmes and/or governance of either local or regional authorities, or worked at the European Union or any of its institutions. However, they were people who lived in or were from Wales (four of them were members of the four main political parties in Wales) and who had been very keen observers and followers of the Welsh devolution process and therefore were knowledgeable enough to express opinions on the effects and impact of the devolution in Wales. They were selected to give a counter-balance view different from those of the officials from the local, regional and national authorities or from those of the European Union.

The 10 interviewees from Brussels were spread across the European Union offices and offices of some regional representatives and specialised organisations and interest groups. Officials from the EU were mainly from the Cabinet of the EU Commissioner for European Regional Policy, and the Directorate-General for Regional Policy (D-G Regio). Other Brussels-based interviewees were from the Welsh Assembly Government's EU Office, the Welsh Local Government Association, UK Local Government Association, CPMR (Conference of Peripheral Maritime Regions of Europe), Council of European Municipalities and Regions (CEMR), and the Committee of the Regions (CoR). The European Documentation Centre at the offices of the D-G Regio was such a very useful place during my visit to Brussels, as almost all the information I needed was easily found from the volume of publications in different formats.

The interviews were conducted mainly in the offices of the interviewees both in Wales and in Brussels, except one official in Brussels who preferred the interview be conducted over lunch at a restaurant. I used a tape recorder, but since there was too much noise in the restaurant, the recorder picked up too much background noise and therefore some parts of the interview were hardly audible. It is therefore not advisable for a researcher intending to conduct interviews to agree to do interviews in such crowded and noisy places like a restaurant, except of course such an environment was the best venue for a participant observation.

All the interviewees were prior to the interviews, assured of strict confidentiality and anonymity of their identity and the use for which the interviews would be put to. This assurance was necessary to enable them, almost all of whom were public and civil servants, to be guaranteed of anonymity in my presentation of the information gathered from them. This was also in compliance with the university's guidelines on the conduct of interviews.

This assurance enabled many of them to freely make personal comments and opinions outside the official information they provided. In most cases the extra personal information, which invariably was based on personal experiences from their long service with their organisations, was of much help and importance to the research.

The interview with the Cabinet member of the Commissioner for Regional Policy (#24) was held at the European Commission building at Rond du Point, Robert Schuman. The interview gave me a good experience (as a non-European who had only read about the European Union with a distant view and feeling) of the power of the European Commission. The imposing and overwhelming office buildings of the Commission at Robert Schuman Square are enough to convince any first-time visitor how much power the Commissioners and for that matter, the Commission wields. Throughout the interview, the official, like all Commission staff, tried to justify every single policy or project initiated or implemented by the Commission and how successful and helpful such projects or policies had been to the Union and therefore the people of Europe. But that was his job and I needed not begrudge him, though some of his assertions were challenged by other interviewees' account of events. Some of the interviews were held in other parts of Brussels, especially Square de Meeus, where a number of organisations had their offices.

It is worth noting that my fieldwork suffered a few setbacks. Some of my proposed interviewees, especially from some councils in Wales constantly refused to respond to my correspondence and phone calls, while others kept changing the dates for agreed appointments. For instance, a scheduled interview in Rhondda Taff Cynon was cancelled when the interviewee who had been designated by their superior officer to stand in for them refused to respond to my correspondence or return my phone calls. The leadership of the

Labour Party and Plaid Cymru in the National Assembly for Wales repeatedly offered excuses to decline interviews despite my repeated requests.

In qualitative research, bias is inevitable to some degree since the experiences of human beings are almost usually subjective in nature. However, as Babbie (1998) points out, the inescapable subjectivity of human beings notwithstanding, they seem to 'seek an agreement on what is really real, and which is objectively so'. In this research, bias and subjectivity have been very low, first, due to the neutrality of the researcher as a non-Welsh and non-European who has no particular ethnic or nationalist interest in the subject apart from the academic values and the interest to contribute to scholarship. Again, through the use of official documentation and reports from a number of committees and organisations, and also the independent views of interviewees gathered during the fieldwork, bias and subjectivity have been so much reduced.

This thesis has been structured into nine chapters. The next two chapters cover the various debates and theories about governance and the place of Wales in the United Kingdom. These are followed by chapters 4 and 5 which deal with the policy framework of the EU and structural funding in the UK. Chapter 6 is a case study of the three county councils discussing how they implemented the structural funds' programmes in their areas. This is followed by chapter 7, which discusses the Common Agricultural Policy and how it was implemented by Wales post-devolution. Chapter 8 discusses how bargaining for EU funds is managed in a multi-level way. The final chapter is the conclusion that sums up the findings of the thesis.

Conclusion

This chapter has discussed the research outline and the methodology for this thesis. It also discussed the hypothesis, which posits that the EU Regional Policy feeds into the theories of multi-level governance, which dilute the power and authority of central government by sharing the central government's previously held exclusive powers with different actors. Under the system, authority is shared among national, sub-national, sometimes non-governmental organisations, and supranational (European Union institutions) actors. This leads to multi-tier bargaining at both the national and European Union levels.

Evidence will be presented in subsequent discussions in the next chapters to establish that no matter how power is shared across different levels of government, the state still retains a key influence at national and at EU levels. This notwithstanding, multi-level governance and devolution have remodelled and repositioned the British state. UK central government continues to play an important gate-keeping role, but it has had to accommodate pressures from the devolved governments and from the European Union. The converging forces of devolution and Europeanisation have called into question traditional understandings and relationships between the UK government and its regions, and the European Union.

Chapter Two: The Governance Debates

Introduction

The previous chapter gave an overview of the direction of the thesis by discussing the hypotheses and methodology, and giving a clear indication of the focus of the thesis. This chapter highlights the various concepts and theories about governance within the European Union, some of them diametrically contrasting themselves.

This is followed by a discussion and analysis of three of the dominant theories on governance within the European Union, particularly how the multi-level governance theory reflects governance in the Union, taking into consideration the management and administration of the Structural Funds and the Common Agricultural Policy. These are the two programmes of the European Union upon which this study was conducted.

Governance or Government?

The concepts of 'governance' and 'government', especially in European studies, have become so pronounced and everyday usage by scholars and politicians. Their definitions have however, been provided depending on who was using the concepts and for what emphasis or argument. In all societies, people decide how their affairs must be run, but there has always been the need for them to come to an agreement on how the decisions on running the affairs must be reached. Who decides on what issues and in what ways therefore raises the question of 'government'.

In contemporary societies, special institutions and bodies are therefore developed and entrusted with the duty of implementing and enforcing the decisions which people reached on

the running of their affairs. These institutions and bodies therefore become the 'government'. Government thus takes many forms including appointed, elected, or self-imposed. Some are even inherited from one relation to another or one group to another. In modern terms, government could also include all those appointed or elected at various levels who either take decisions for the people or implement decisions on their behalf.

The term 'governance' on the other hand refers to the process of governing and not necessarily those governing. This includes actions and interactions of non-state actors from the public, private and voluntary sectors. In recent times, for instance, the term 'governance' has become the standard measurement of performance by developing countries especially, where the institutions like the World Bank and the International Monetary Fund (IMF), as well as western countries have adopted it as their yardstick to classify developing countries by dressing the term in prescriptive apparel to advance their misleading and false cure-all 'good governance' magic potion. For these international organisations and western nations, "'good governance' refers to specific practices of corporate management, accountability, transparency and to the importance of international benchmarking and standard setting" (Cole 2008).

In a synoptic review of International Relations where the issue of 'governance' arises, Stephen Welch and Caroline Kennedy-Pipe note that the differences in terminology surrounding *governance* which includes *good governance* and *multi-level governance* are the product of different disciplinary and sub-disciplinary research agendas, and that "good governance has been closely associated with development studies, and multi-level governance with the study of European countries and the European Union" (Welch and Kennedy-Pipe 2004 in Bach and Flinders 2004a, p.127). They argue that "governance is

drastically underspecified", and that "it refers in its contrastive sense to a negotiated as opposed to compulsory mode of authority; to a fragmented as opposed to centralised, and a multi-level and stratified, as opposed to hierarchical, distribution of authority" (p.141).

For Rosenau (2004), "both governance and government consist of rule systems, of steering mechanisms through which authority is exercised in order to enable the governed to preserve their coherence and move towards desired goals" (in Bache and Flinders 2004a, p.30). The rule systems of government, he adds, could be formal structures in the form of institutions for addressing diverse issues facing the people, while governance, on the other hand, is a broader concept referring to any collectivity, private or public, employing informal and formal steering mechanisms "to make demands, frame goals, issue directives, pursue policies and generate compliance" (ibid). Therefore with increase in demand for governance as a result of rise in complex interdependencies, "rule systems could be discovered in NGOs, advocacy groups, and other types of collectivities that are not considered to be governments" (ibid).

The United Nations defines good governance as having eight major characteristics. "It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law" (www.unescap.org). It adds that good governance assures the minimisation of corruption and takes into account the views of minorities while the voices of the most vulnerable in society are heard in decision-making. The system also responds to the society's present and future needs (ibid). The *Collins Concise Dictionary* (21st Century Edition) also defines 'governance' as "government, control or authority; the action, manner or system of governing"; whiles it defines 'government' as "the exercise of political authority over the actions, affairs of a political unit or people; the

action of governing; political rule and administration" or "the executive policy-making body of a political unit or community" (p.623).

According to Hague and Harrop (2001), governance is "the task of managing complex societies – involves the coordination of many public and private sector bodies; it is the ability to get things done without the capacity to command that they are done" (p.5). It is thus a process of making collective decisions where government may or may not play leading or any role at all. Pollack (2005) also conceives governance as "the negotiated interactions of public and private actors in a given policy arena" (in Wallace et. al 2005, p.37), whiles Rhodes (1996) defines the term as "self-organising, inter-organisational networks" (p.660). Therefore, in this thesis, 'governance' has been used to refer to the entire process of governing, including the actions and interactions of various actors in the governing of the member-states of the European Union.

Thus, simply put, 'governance' is the process of decision-making and implementation, which can take place at several levels and in many contexts including national governance, local governance or corporate governance. The focus of governance is therefore on the actors involved in the process of decision-making as well as the process of implementing such decisions taken by the actors. 'Government' is therefore one of the actors in governance, but the others do not have a simple characterisation as they vary depending on the level where governance is being practised. For instance, whereas at the national level, the actors could include local government officials, multi-national corporations, international donors, trade unions, non-governmental organisations (NGOs) and other civil society organisations, the composition may change at the international level where nation-states, and international NGOs, and pressure and interest groups could be some of the actors. The issue of

governance thus becomes very paramount in the discussion of the theories of multi-level governance and bargaining.

As this thesis tries to establish how the implementation of EU regional policies feeds into the theories of multi-level governance, it is important to engage in a discussion on the contrasting theories about governance to establish why this thesis concludes that the Europeanisation of regional policy lends support to multi-level governance approaches.

The Contrasting Governance Theories

The birth of the European Community, later European Union, is one major landmark achievement in contemporary global politics, yet there seems to be a very little agreement among scholars and politicians about its causes, while there does not seem to be an agreed theory about its governance or administration.

Understanding the dynamics of the European polity is thus complex. "European integration is both indexed by and contained within the expanding authority, competence and jurisdiction of supranational institutions, accompanied conversely by the constrained autonomy, diminishing competence and contracting exclusive jurisdiction of national governments" (Puchala 1999, p.318). Thus, it appears that there are two main ways of explaining the Union and how it works or is perceived to be working. Advocates for one of the ways highlight the central role of member-states based on intergovernmental dialogue; while supporters of the other place European institutions over the member-states. A third way, which lies between the two is the 'spill-over effect' which posits that whatever is happening within the EU is the result of the very early decision to pull together the productive forces of France and Germany

in dealing with their coal and steel. All these three ways or schools of thought about the governance of the European Union are therefore discussed below.

Irrespective of how one looks at the European Union, there is no doubt that it has had a great influence and impact on its member-states and their local and regional governments. For instance, member-states have used the Union as a channel through which they can solve possible intractable policy problems, or problems which would not be effectively addressed by individual member-states on their own. "...Over time the member-states have used the EU more and more often as a means of solving policy problems. Thus, each member-state has become 'Europeanised'" (Warleigh 2004, p.3), locking member-states together both vertically (with the EU structures and processes) and horizontally (with each other).

The Union impacts greatly on devolved regional authorities through many different policies on agriculture, structural funding, the environment, and others. In one opinion, "the boundaries between national policy-making and European policy-making have been blurred to the point of insignificance" (Rosamond 2003 in Cini, p.120), and the EU policy process transcends the European level and penetrates into national political and legal systems in complex ways (ibid). As a result of this, some commentators have argued that the European Union has through this practice, in line with the European integration processes, eroded the governing power and influence of national governments. For instance the creation of the Common Market in 1993 and the Economic and Monetary Union in 1999 with a central bank and a single currency, the euro, have all added to the increasing level of policy-making by the EU.

However, the United Kingdom's self-imposed exclusion from the euro zone raises questions about how effectively the European Union erodes the power of national governments when countries can stay out of some programmes initiated and implemented by the Union. This same argument goes for the non-inclusion of the UK and Ireland in the Schengen Agreement which was signed in 1985 and incorporated into the Amsterdam Treaty in 1997. These situations sharply bring to the fore the contrasting positions taken by the various schools of thought on the process of European integration and the political administration and governance within the EU, vis-á-vis the role and powers of central governments.

As stated above, three ways or schools of thought have rather become dominant. The first is the *state-centric/intergovernmental governance* model whose supporters include Hoffmann (1966, 1982), (whose classic intergovernmentalist approach was grounded in neo-realist International Relations approaches); Taylor (1991, 1997); Moravcsik (1991, 1993, 1998); Garrett (1992, 1995); and Milward (1992). The second is the *neo-functionalist* model whose proponents are represented by Hass (1958, 1970); Lindberg (1963); and Schmitter (1970); with the third being the *multi-level governance* model, a phrase first used by Marks (1992) in the wake of the review in 1988 of the Structural Funds programme. This followed the introduction of the Single Market in 1985 which brought about a new level to European integration.

The State-Centric/Intergovernmental Model

The concern of intergovernmental theorists centres on the explanation of the nature and pace of European integration. They emphasise the centrality of the nation-state in the process, by advancing the argument that governments are "'gatekeepers' able to resist unwanted consequences of integration" (Bache and Flinders 2004b, p. 2).

Proponents of the state-centric/intergovernmental concept therefore hold the view that European integration preserves or even strengthens the sovereignty of EU member-states, since European integration is driven by bargains between the various member-governments who are indeed the ultimate decision makers, and who also devolve limited powers to supranational institutions for the achievement of specific policy goals for the benefit of the larger population of the Union.

Pinder and Usherwood (2007) argue that supporters of the state-centric model belong to the 'realist' or 'neo-realist' school of thought, holding the view that "the Community and the Union have not wrought any fundamental change in the relationships among the member-states, whose governments continue to pursue their national interests and seek to maximise their power within the EU as elsewhere" (p.6). They point out that the more recent variant, liberal intergovernmentalism, "looks to the play of forces in their domestic politics to explain the governments' behaviour in the Union" (ibid). They note that the power of member-states governments should not be underestimated when their power of decision in the Council represents the member-states and their 'monopoly of the *ultima ratio* of armed forces'. They add that many intergovernmentalists believe that through co-operation among the governments of the member-states, the other institutions become peripheral to the Council (made up of the member-states).

According to Hooghe and Marks (2001), intergovernmentalists argue that since European integration is driven by bargains among national governments, no government integrates more than it wishes as bargains are reached by the lowest common denominator of members. States are not forced to adopt policies they consider unacceptable due to the opt-out clauses in many of the EU agreements and treaties. They also contend that supranational actors are

there to assist member-states to facilitate agreements and provide services that would not otherwise be readily available and that "policy outcomes reflect the interests and relative power of national governments" with supranational actors exercising little independent effect (pp.1 & 2).

For instance, Andrew Moravcsik, who developed the liberal intergovernmentalism position which is slightly different to, although it builds upon Hoffmann's approach, argues that collective decision-making enhances the control by state governments since they will only participate in it when that increases their control of domestic policies for the achievement of goals which hitherto were impossible to achieve (Moravcsik 1993, p.485). Moravcsik (1994) again holds the view that the use of multi-level governance by the nation-state is only a channel through which it augments its independence from the other actors and thus boosting its authority as the most important and most influential level of governance and source of policy at the EU. This makes him to conclude that multi-level governance has rather made the nation-state more powerful.

Again, he argues that due to the fact that members of the European Parliament are elected nationally, the European Parliament has a different form of sovereignty "in which national representatives, generally organised in political parties, can influence the legislative process" (Moravcsik 1998, pp.67-68). He further adds that despite the strengthening of the Parliament, the co-operation system "increased the participation of the Parliament without infringing on the formal powers of either the (European) Commission or the Council" (Moravcsik 1993, p.485).

Some of Moravcsik's arguments have, however, been weakened by later developments within the European Union such as the introduction and extension of the co-decision procedure[2] since the Parliament can amend the Commission's proposal or the Council's position on the proposals. The legislative co-decision procedure (Article 251 of the EC Treaty) is adopted and operated by the three European Union institutions – the Council, European Parliament and the Commission. It was established by the Maastricht Treaty, and extended and adapted by the Treaty of Amsterdam to make it more effective.

The co-decision procedure, which is based on the principle of parity, means that neither institution (European Parliament or Council) may adopt legislation without the other's assent. It is central to the Community's decision-making system. When all procedures have been observed by both the Parliament and Council in relation to a legislative proposal by the Commission, the legislative act is submitted directly for the signature of the Presidents and Secretaries-General of the European Parliament and the Council, to be followed by its publication in the Official Journal. In successive waves of institutional reform, qualified majority voting[3] has replaced unanimity, which is less effective for developing an operational Community policy.

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[2] The co-decision procedure now covers 43 areas under the first pillar (based on the Treaty establishing the European Community) following the entry into force of the Treaty of Nice. Since the entry into force of the Amsterdam Treaty until 30 June 2007, 635 co-decision procedures have been successfully completed (apart from two cases) (European Commission: Co-decision).

[3] Qualified majority voting was designed under the Treaty of Rome (1957) to be the principal method of reaching decisions in the Council of Ministers. Under the system, votes are allocated to member-states according to their population, but heavily weighted in favour of the smaller states. Under the current EU-27, member-states with the largest populations have 27-29 votes, the medium-sized have 7-14 votes and the small countries 3 or 4 votes, thus Germany, France, Italy and the UK have 29, while Malta has the smallest votes of 3. Since January 1, 2007, the threshold for a qualified majority is set at 255 votes out of 345 (73.91 per cent). The decision also requires a favourable vote from the majority of member-states (i.e. at least 14 member-states). In addition, a member-state may request verification that the qualified majority includes at least 62 per cent of the Union's total population otherwise the decision will not be adopted.

Intergovernmentalists however insist and point out that qualified majority voting within the Council of Ministers does not undermine state sovereignty, because revisions of treaty and the introduction of new policies are subject to unanimity, while the Luxembourg Accord allows member-states to veto decisions which they consider to be against their interests. The weakness of this latter argument, however, is that the use of the Luxembourg Accord or Compromise is very restrictive dependent on the willingness of other member-state governments to allow its use. Again, it must be noted that the 1966 Luxembourg Compromise, is a gentleman's agreement (with no constitutional validity) which ensures that all-important decisions are taken by unanimity. However, this was temporarily challenged by the May 1982 decision of the Council of Agriculture Ministers to vote through agricultural price rises, while ignoring the opposition – for different domestic political reasons – of Britain, Denmark and Greece. Also, it needs to be noted that though liberal intergovernmentalism is good for explaining certain types of decisions such as treaty revisions, yet it cannot be used in the same way and manner to explain other parts of the decision-making process.

Jenny Fairbrass and Andrew Jordan reinforce the position of intergovernmental/state-centred model, particularly liberal intergovernmental theories, and highlight five of their guiding assumptions:

i) States direct the process of integration and the bargaining between them in one way or the other determines the course of integration, hence policy outcomes reflect the relative strength of the most powerful member-states;

ii) States are rational, self-interested and domestic, societal forces thus determine the state's preferences, though 'domestic political systems are biased against diffuse interests';

iii) States keep the gate between national and international politics, and despite the upsurge in the level of lobbying in Brussels, the channels of representation by member-states are superlative;

iv) States have little flexibility in making concessions beyond their own domestically determined preferences, thus driving EU agreements towards the lowest common denominator of member-state preferences; and

v) Integration strengthens the state which uses the EU as 'part of a two level game to overcome domestic opposition' to unpopular policies (Fairbrass and Jordan 2004 in Bache and Flinders 2004a, p.153).

Opponents of the state-centric/intergovernmental theory argue that European integration is a 'polity-creating process' where authority and policy-making powers are shared across multiple layers of government. Hooghe and Marks (2001) therefore sharply debunk the view of Moravcsik and his group and points out that as a powerful player, the "(European) Parliament has altered the institutional balance in the EU, ... and as a result, national governments cannot impose their collective will in many areas of policy-making" (p.9). They add that "collective national decision-making does not determine policy outcomes, and that sub-national interests mobilise beyond the reach of national governments directly in the European Union" (p.12).

This point is supported by the creation of the Advisory Council for Local and Regional Authorities in 1988 by the European Commission, to advise it on initiatives in cohesion policy through which the Commission aimed to mobilise support from the grassroots for its structural programming (see Chapter 4 for full discussion of the CoR).

The Neo-Functionalist Model

This model is a multi-faceted theory of European integration which contains many elements. Schmitter (2005) notes that, in disciplinary terms neo-functionalism has always been difficult to classify since it overlaps the usual assumptions of international relations and comparative politics. He adds that "it recognises the importance of national states, especially in the foundation of regional organisations and at subsequent moments of formal re-foundation by

treaty" (p.257), yet it places major emphasis on the role of the 'secretariat' of the organisation as well as the associations and social movements that emerge around it at the regional level. He describes these two sets of non-state actors as providing the dynamics for further integration (ibid).

Proponents of the neo-functionalist model used the concept of *functional spill-over* in explaining how one decision by national governments in a particular area towards integration, would lead to integration in other areas (George 2004), like the initial decision by some European governments to place coal and steel under a central authority put pressures on them to extend the authority to other areas such as currency exchange rates and taxation (Wallace et al. 2005). For instance, a spill-over effect would have been noticed within the Community during the many discussion sessions on the Common Agricultural Policy (CAP) and the need for its reform. It became clear that the equalisation of food prices was an important factor in ensuring fair competition in industrial products, due the effect of food prices on the wages of workers. Higher food prices therefore meant workers would demand higher wages, leading to the increase in industrial production cost (George and Bache 2001). The belief of the European Commission at some point that the CAP could become an incentive for the Community to quickly embrace economic and monetary union because maintaining stable exchange rates was essential for the sustenance of a common agricultural pricing system, feeds directly into the neo-functionalist theory.

The understanding and position of neo-functionalists therefore, was that by integrating in one sector, there would be a 'spill-over' effect which would affect the other sectors, based on the perception that "modern industrial economies are made up of interconnected parts" (George 2004, p.109), hence it was not possible to divorce one sector from others. They also believe

that the integration of one sector would only work functionally when related sectors were also integrated. Thus, neo-functionalists had the prediction that "sectoral integration would produce the unintended and unforeseen consequence of promoting further integration in additional issues areas" (Wallace et al. 2005, p.15).

George also notes that there was an assumption by neo-functionalists that interest groups in sectors which have been integrated would benefit from the integration, and thus become barriers against governments' attempts at abandoning the process and resort to national policy-making in the sectors that had been integrated previously. They equally expected the Commission to draw the interests groups to itself by involving them in European decision-making (George 2004). Sandholtz and Zysman (1989) and Sandholtz and Sweet (1998) were among those who resurrected many of the earlier theoretical positions of the neo-functionalists like Hass.

Schmitter sums the neo-functionalists arguments thus:

> "Member states may set the terms of the initial agreement and do what they can to control subsequent events, but they do not exclusively determine the direction, extent and pace of change. Rather, regional bureaucrats in league with a shifting set of self-organised interests and passions seek to exploit the inevitable 'unintended consequences' that occur when states agree to assign some degree of supranational responsibility for accomplishing a limited task and then discover that satisfying that function has external effects upon other interdependent activities" (Schmitter 2005, p.257).

According to Schmitter (2005), Ernst B. Haas captured this potentiality dramatically with his concept of 'spill-over', and hypothesised that, "with the help of an active and resourceful secretariat and support from the organised interests affected by such externalities, national governments might (fitfully) learn and (reluctantly) agree to change their original positions" (p.257). He adds that this approach makes integration an intrinsically sporadic and

conflictual process, yet under conditions of democracy and pluralistic representation, national governments will be entangled in regional pressures and end up resolving their conflicts through the granting of more powers to the regional organisations they have created. This would eventually make their citizens begin to shift more of their expectations to the region. Satisfying the citizens will thus increase the likelihood that economic and social integration will 'spill-over' into political integration (ibid).

Schmitter (2005) also notes that neo-functionalism as articulated by Haas had no specific temporal component, and without any determined period within which these functional interdependencies would become manifest to enable affected interests and passions to organise themselves across national borders, leading to a situation where officials in the regional secretariat would come up with projects that expand their tasks and authority. He adds that though Hass hinted that the increase in economic interdependence between member-states; the crises of sufficient magnitude caused by unintended consequences; the development of political competence and autonomy with which regional bureaucrats could intervene; and emergence of interest associations capable of acting on the regional level independent of national constraints, were the specific changes that had to intervene before spill-over could take place, he never transformed them into explicit hypotheses.

Schmitter further notes that though Haas never denied the capacity of national states to pursue their (allegedly) unitary interests, he was among the first to realize that, "by liberalizing flows of trade, investment and persons across previously well-protected borders, regional integration had the potential to transform the inter-state system that had long characterized Europe and been responsible for two recent World Wars" (2005, p.256).

From his early analysis of functionalism, in his book *Beyond the Nation-State: Functionalism and International Organisation*, Haas critiqued the functionalist approach by noting that it "avoids not only the analytical rigor of assuming the existence of some systematic equilibrium, but also the trap of assuming complete freedom of the will" (Haas 1972, p.29). He adds that "transitions between systems are loosely deterministic in the sense that the functional commitments of one generation, one epoch, one set of environmental conditions, set the limits and indicate the direction for the integrative choices leading to the next system" (ibid). He therefore claims that his application of functionalism "discards any belief in the immanence of progress as flowing from a natural harmony of economic interests and minimises the possibility of relying on man's free will to change the sluggish law of group-based interest perception" (ibid).

Hass thus points out that for international integration to take place, the essence of functionalism reasserts its analytical vigour, in that some types of organisational tasks most intimately related to group and national aspirations could create integration despite the fact that the actors responsible for this development may not have deliberately worked towards such a result. These organisational tasks, he notes, rest on the perception of certain interests by the actors initiating them, and that the functionalists theory can point the way toward the identification of group aims and the resulting interaction of aims at the international level, and such an interaction may result in "integration based on the unwilled, or imperfectly willed, separate demands and claims that enter the arena" (Haas 1972, p.35).

This model was based on the evolution of the initial programme of the ECSC restricted to the two industrial sectors of coal and steel. The argument, therefore, by its proponents is that every other programme of the Community is thus a 'spill-over' from the two sectors. This

author however, holds the view that this concept of automatic spilling over of the effects of one decision or programme to other areas is highly debateable since almost every single programme within the European Union goes through series of discussions, negotiations and agreements between member-states before they are accepted, usually based on prevailing socio-economic and political conditions. Therefore, nothing just becomes applicable simply because one decision had been taken or one programme had been implemented, especially in these latter years of the Union. This view is supported by the fact that in recent years not every programme or agreement reached by the Union members has automatically spilled over into some 'desirable programmes'. This school of thought therefore offers only a partial explanation of some of the evolution of the Community's programmes and policies including the Structural Funds and the Common Agricultural Policy.

The Multi-Level Governance Model

Gary Marks (1992) used the phrase *multi-level governance* to capture developments in the EU's structural programming after the 1988 major reform of the policy. One of his early definitions was that multi-level governance was a system of "continuous negotiation among nested governments at several territorial tiers – supranational, national, regional and local" (Marks 1993, p.392).

This gave an indication in those early years that Marks was making reference particularly to the administration and implementation of the Structural Funds, but subsequently in conjunction with other writers such as Hooghe and Blank, widened the concept to include policy-making in the EU (see Marks, Hooghe and Blank 1996). His concept of multi-level governance demonstrating the EU's shift towards a new decision-making system which draws on power-sharing among multiple governments, led scholars to discover an inter-

twining system in the EU's partnership principle that allocates both formal and informal roles and powers to a range of actors (Warleigh 2006 in Cini & Bourne 2006). Marks' development of the concept was based on his knowledge of the study of domestic politics and international relations.

George and Bache (2001) describe multi-level governance as "an eclectic collection of points that were primarily directed at what its advocates saw as the misrepresentation of the nature of the EU by the intergovernmental theorists" (p.26). They conclude that the concept therefore lost the basis for analysing the political dynamics that was contained in neo-functionalism, which was later discovered in theories of the EU as a supranational governance system. They however concede that the concept contained some explanatory elements for the development of the EU, though the explanation was primarily on the static analysis of the nature of the EU.

The development of multi-level governance was therefore part of what is described by some scholars as a 'new wave' of thinking about the European Union as a political system and not an explanation of the process of integration. The 'new wave' of thinking emerged swiftly from the accelerated deepening of the integration process in the mid to late 1980s, which was symbolised by the agreements by member-states to the Single European Act (SEA) in 1987 (Bache and Flinders 2004b).

To complete the single market project and also get Greece, Portugal and Spain fully integrated into the Union, agreements between the European Commission and Parliament, with support from governments enabled a major reform of the structural policy in 1988, leading to the doubling of allocations of structural funding by governments, especially the

rich ones, to help develop the poor and disadvantaged regions. As part of the reforms, there arose the need to adopt new measures to ensure the effective use of funds, and for this to be achieved, member-states agreed to the Commission's proposal for the administration of the funds to be carried out through 'partnerships' involving actors from the national (state), regional (sub-state), and supranational (the Commission). Marks' (1992, 1993) development of the multi-level governance concept was therefore based on the study of these developments about the implementation of the structural policy.

The concept therefore operates both vertically and horizontally, as 'multi-level' indicates the increased interdependence of governments operating at different territorial levels, while 'governance' refers to the growing interdependence between governments and non-governmental actors at various territorial levels (Bache and Flinders 2004b). It is clear that multi-level governance is not the only concept which has been used to describe this kind of development. This fact is acknowledged by Marks and Hooghe (2004) when they note that this diffusion of authority has resulted in the profusion of new terms such as multi-tiered governance; polycentric governance; multi-perspectival governance; functional, overlapping, competing jurisdictions (FOCJ); fragmentation; spheres of authority (SOAs); consortio; and condominio (in Bache and Flinders 2004a).

The Ensuing Debate

Bache and Flinders (2004b) argue that despite the different conceptualisations of the process of dispersing authority across different actors, "none of them has captured the imagination and thus seeped across academic boundaries in the way that multi-level governance has begun to do" (p.4). But while they point out that multi-level governance remains 'a contested concept', they nevertheless admit that "its broad appeal reflects a shared concern with

understanding, increased complexity, proliferating jurisdictions, the rise of non-state actors, and the related challenges to state power" (p.5).

A common feature which prominently surfaces throughout the many different concepts and literatures of multi-level governance is that 'dispersing governance among multiple actors at different levels produces more efficiency than and normatively superior to the monopolistic state-centric system'. For instance, Bache and Flinders (2004b) hold the view that operating at multiple scales, governance captures variations in the territorial reach of policy externalities, since externalities arising from the provision of public goods immensely vary and that this must reflect in the scale of governance.

Andrew Gamble in a forward to Ian Bache and Matthew Flinders' *Multi-level Governance,* notes that "the concept of multi-level governance has been so widely adopted because it raises important questions about the continuing importance of nation-states and central governments" (Gamble 2004 in Bache and Flinders 2004a, p.v), while it also focuses attention on other levels of actors including non-state actors. This is in addition to the numerous ways through which agencies are able to discharge governing functions. He adds that governance becomes organised through multiple jurisdictions taking away the central state monopoly. He points out that multi-level governance emerged from the recognition that the European Union was best studied as a political system rather than as a set of arrangements between governments.

Gamble also notes that though alongside the nation-states, the EU institutions − the Commission, the Parliament and the European Court - have constituted a supranational level, while they at the same time encouraging the development of a sub-national regional level,

particularly in countries with little 'tradition of regional government'. He stresses that a multi-level system is not a simple hierarchy but rather there are multiple jurisdictions that in many respects are overlapping (Bache and Flinders 2004a). In his view, multi-level governance helps social scientists understand the contemporary forms of interdependence and co-operation in political systems, though he admits that multi-level governance is best studied through institutions rather than processes. This goes to emphasise an earlier position by him and other commentators that:

> "A new stage in the development of the world economic and political system has commenced a new kind of world order, which is characterised both by unprecedented unity and unprecedented fragmentation. Understanding this new world order will require new modes of analysis and new theories, and a readiness to tear down intellectual barriers and bring together many approaches, methods and disciplines which have for too long been apart" (Gamble et al. 1996, p.5).

Supporters of the multi-level governance model recognise that national governments greatly influence the process of EU policy-making to suit their interests, though they still argue strongly that state governments have lost some of their powers, allowing their authoritative control to slip away to other actors including local authorities and supranational institutions. This view makes the case that European integration has diluted and weakened the authority of national governments by removing their monopoly of decision-making and sharing the competencies among actors at sub-national, national and supranational levels (i.e. various institutions of the EU – European Parliament, the European Commission, the European Court of Justice, and the European Central Bank (Hooghe and Marks 2001).

The Position of Central Government

Many analysts and writers emphasise the intergovernmental nature of the EU in one of the critical periods of the Union, in the 1970s and early 1980s, and perceived member-states as the main actors in the Union's policy-making process. Looking at the set up of the European

Union the central government's importance is institutionalised in the European Council (Summit of Heads of State) and the Council of the European Union (Council of Ministers), and through the intergovernmental machinery of political co-operation. It is therefore not surprising to realise that the central government of member-states have in many instances played the leading role in its decision-making process usually based on their domestic agenda and priorities. Simon Bulmer (1983) argues strongly that a 'domestic politics'[4] approach to EU decision-making would yield the best explanations of its policies and integration. He contends that what happens at the EU could be explained by what takes place at the domestic political processes in each member-state, adding that, as in national politics, all the actors at any level including political parties, interest groups, and parliaments, are usually involved in the discussion, formulation and implementation of policies.

One of Bulmer's strong points on the domestic politics approach is that economic and social structures differ between member-states, and that EU policies are formulated differently within member-states depending on the subject area involved. This approach, he argues, points out that the pattern of negotiations in each national policy substructure sets the key in which the relevant national interest groups will behave in the upper decisional tier. It emphasises the position that irrespective of the mode of policy decision-making, whether through consensus or imposition, the political currents and the central government's strength would always influence the results (Bulmer 1983).

Marks et al. (1996) note that Moravcsik (1993) and Pollack's (1995) view that central (unitary) government is 'the most important piece of the puzzle'. This view sharply contradicts the position held by most multi-level governance supporters that central

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[4] Domestic politics is used to explain how EU policy-making is affected by behaviour within the nation state, and emphasises the lower of the two tiers involved in EU policy-making (Bulmer 1983, p.352).

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governments are no more the key actors in EU policy-making in a co federalist phase of integration (Bulmer in Nelson & Stubb 1994; Bache 1998). Bache, echoing the views of Marks et al. (1996), points out that the core of multi-level governance is that the collective decision-making and the independent role of supranational institutions erode the sovereignty of national governments in Europe, and that governments' ability to control the activities of other domestic actors on the international stage is weakened (Bache 1998). Some multi-level governance proponents however, recognise that member-state governments remain actors of central importance; this is more pluralist in that they recognise that the member-state governments are not the only actors.

Interestingly, and with reference to the devolution in the UK (and other EU member-states), the British Government (the central government) has been gradually building relationships with Scotland, Wales and Northern Ireland based on co-operation and co-ordination rather than what some nationalists previously termed 'a master-servant relationship'. Jeffrey (2000) sees this as an internal shift of power rooted in the changing relationship between national and sub-national governments.

As a result of co-decision making in the European Parliament and the increase in qualified majority voting, the final control that a government might exercise has declined, although this is not necessarily to the benefit of sub-state authorities, since power is dispersed in a number of different directions. However, national policy preferences are negotiated at the EU level, and there is a single 'national' negotiating position (Cole 2004a). For this reason, the UK central government, in the Government of Wales Act (GoWA) 1998, retained an oversight responsibility even in devolved areas since it has the legal responsibility in ensuring the compliance of EU laws.

Multi-level governance is therefore assumed to be different from the traditional intergovernmental relationships. According to Peters and Pierre (2004), the difference appears in four respects:

i) "It is focused on systems of governance involving transnational, national and sub-national institutions and actors;

ii) it highlights negotiations and networks, not constitutions and other legal frameworks, as the defining feature of institutional relationships;

iii) it emphasises the role of satellite organisations, such as NGOs and agencies, which are not formally part of the governmental framework; and

iv) it makes no normative pre-judgements about logical order between different institutional tiers" (in Bache and Flinders 2004a, p.77).

They point out that in the present context the significance of these defining features of governance is that multi-level governance, unlike the traditional models of intergovernmental relationships, "refers to connected processes of governance incorporating both public and private actors in contextually defined process than institution" (p.78). Therefore, the management of multi-level governance becomes integration processes at different levels, each promoting the interest of the overall system. They however, add that the institutional dimension of multi-level governance remains critical; partly due to the fact that institutions are defining the linkages between levels of government; partly because institutions as actors help co-ordinate multi-level governance; and partly due to multi-level governance, just as other types of governance being embedded in 'institutional webs' which shape and constrain political action. Again, they argue that the concept of multi-level governance deals with a particular type of relationship, both vertically and horizontally, between several institutional levels, adding that the basic idea is that under multi-level governance, actors, arenas, and institutions are not ordered hierarchically but behave within a more complex and contextually defined relationship.

Supporters of the concept argue that through the implementation of the EU Regional Policy, multi-level governance has aided in the transformation of territorial policy styles across Europe, through encouraging and facilitating the development of new political strategies and networks, circumventing state administrations and creating new coalitions between the European Commission and sub-state players. This perspective, according to Cole and Pasquier, views the multi-level game played by the European institutions and regional actors "as a normative one, designed to 'bypass' or 'evade' the centre qua central government", resulting in strengthening the supranational and regional layers (Cole and Pasquier forthcoming).

Besides the points raised by opponents of multi-level governance theories, some of the other serious criticisms are that it is an approach instead of a theory, and that the main difference between multi-level governance and other theories of integration is that the former only eliminates the linkages between intergovernmentalism and supranationalism, without addressing the issue of sovereignty which is paramount in the affairs of nation-states. Critics also point out that one of the main questions of integration theory is the transfer of loyalty and sovereignty between national and supranational entities, yet multi-level governance fails to directly address this.

Bob Jessop however argues that from the perspective of multi-level governance, "sovereignty is better interpreted as a series of specific state capacities (e.g. legislative, fiscal, coercive, or other state powers) rather than as one overarching and defining feature of the state" (Jessop 2004 in Bache and Flinders 2004), adding that other resources not directly tied to sovereignty will be provided by states for the control over a national territory with its monopoly of 'organised coercion'. State involvement, he notes, becomes less hierarchical, less centralised

and less directive in character with other stakeholders contributing other resources, symbolic or material, to advance collectively agreed aims and objectives.

Rosenau (2004) expresses doubts about the potency of the multi-level governance theory to serve as the 'prime mechanism' to address the complexities of modern governance, which also involves a clash between globalisation, centralisation and integration on one hand against localisation, decentralisation and fragmentation. He argues that governance consists of 'rule systems' made up of 'steering mechanisms' with which authority is exercised to make the governed preserve their coherence and crave to achieve desired goals (in Bache and Flinders 2004). Rule systems can be formal structures in the form of institutions for addressing diverse issues that needed to be addressed. Such structures are endowed with authority through a range of formal and informal channels including constitutions and legislations, in addition to processes created informally as repeated practices that are classified as authoritative even when they have not been sanctioned constitutionally or legally. Both the formal and informal rule systems consist of what Rosenau terms 'spheres of authority' (SOAs) that "define the range of their capacity to generate compliance on the part of those persons towards whom their directives are issued" (p.32).

Rosenau argues that the key to ascertaining the presence of an SOA is compliance, and points out that international politics can be conceptualised as 'governed through a bifurcated system', one, long dominated by states and their executives in the course of events, and the other, a multi-centric system made of diverse assortment of collectivities lately surfaced as rival sources of authority of central government. These rival sources are capable of both co-operating and competing with the state-centric system.

He recognises that despite all its virtues in capturing the complexities of contemporary governance, the concept of multi-level governance can be 'misleading and imprisoning' and that he does not understand the clarity and utility inherent in the concept. He adds that, multi-level governance does not permit a full analysis of the complexity of the emergent political world; and most notably, its scope never includes the different SOAs that crowd the global stage. Rosenau's principal criticism is that 'multi-levels' suggest governmental hierarchies, thus explicitly conceives the various levels as vertically structured in layers of authority. He adds that,

> "the mushrooming demands for governance are also being met in a host of horizontal ways, through SOAs that may be widely dispersed and not necessarily linked to each other through layered hierarchies. Put differently, many of the demands for governance involve an insistence on autonomy that may or may not be operative within hierarchical structures" (Rosenau 2004 in Bache and Flinders 2004, p.39).

He notes further that:

> "Since governance involves the exercise of authority and the necessity of people looking 'up' to, and complying with, the authorities to which they are responsive, it is understandable that the multi-level governance concept connotes hierarchy. But once one broadens one's analytic antennae to encompass networking processes and a variety of dissimilar SOAs, it becomes clear that authority relations have to be reconceived" (p.40).

It therefore becomes clear that governments of member-states are still important in the decision-making process within the European Union. They retain their controlling powers as recognised members of the Union however, the fact that other actors have joined the decision-making process at certain levels and therefore are able to influence the overall outcome, suggests that the power of member-state governments have been weakened to some extent.

Conclusion

This chapter has discussed the basic positions about governance within the EU, particularly about the three contrasting theories of state-centric/intergovernmental, neo-functionalism and the multi-level governance theories. The common feature of these theories is the position and authority of central government and the role and authority of other actors in the European polity.

Whereas the state-centrists/intergovernmentalists hold the view that multi-level governance strengthens the position of the central government in its gate-keeping role, supporters of multi-level governance believe that the authority, power and role of central government has been diluted since competencies which hitherto were exercised solely by central governments are now shared with other actors at both supranational and sub-state levels. Neo-functionalists however hold the view that appears to be non-supportive of any of the two theories. They believe that European integration has been the result of the unintended outcome of some decisions and programmes of the Union based on their spill-over effects.

Peters and Pierre (2004), however, argue that while it is true that the governing process has been challenged and taken a new magnitude along with the multi-'layering' of political institutions and authority, political control and accountability remain critical to democratic government (in Bache and Flinders 2004). They further posit that without a distinct legal framework, and thus sometimes relying on informal negotiations between different institutional levels, multi-level governance becomes a 'Faustian bargain' "where actors only see the attractions of the deal and choose to ignore the darker consequences of the arrangement" (ibid).

Our position is that the practice of multi-level governance, which involves the participation of other actors in the decision-making process, modifies the power and authority of member-state governments to an appreciable extent. In the case of the UK, the implementation of EU regional policies has highlighted how devolution has remodelled and repositioned the British state in a way that has removed some power from the UK central government to the devolved authorities. Devolution has altered the relationships between the UK Government and its regions with Europe. Our argument is that the combination of internal devolution and the processes described in this chapter as forming part of multi-level governance have made a major difference to how EU Regional Policy operates in the UK. The discussion of the various theories of European integration in this chapter has served to demonstrate the utility of the multi-level governance approach.

The next chapter discusses the pre-devolution period of Wales and its relationship with the United Kingdom, particularly England. In addition, the term *devolution* is discussed with its application in other countries, while the entire devolution process and the two acts of Parliament that gave birth to the Welsh devolution, and its current shape and powers are discussed.

Chapter Three: Wales in the Governance of the UK

Introduction

This chapter begins by discussing the term *devolution* and how the process in the United Kingdom differs from those of other places like Spain and Germany. There is also a discussion on how devolution differs from *federalism*. The chapter also covers the pre- and post-devolution relationship between Wales and the United Kingdom and the evolution of devolution within the UK.

The devolution process in the UK is of much importance to any discussion of the implementation of the Structural Funds in Wales, especially when it is considered that most of the EU Regional Policy impacts on devolved powers of the regional administrations. Again, it is also worth nothing that the UK devolution is very unique in many ways from what is generally known about federalism, devolution, or decentralisation in other places. It is for this reason that we give a definition of devolution below, by placing it in broad comparative context to enable us explain the uniqueness of the UK model by considering other models like federalism and decentralisation.

Devolution: What is it?

Political observers and analysts have defined the term *devolution* differently. A standard dictionary definition is that of "a transfer of authority (power) from a central government to a regional government" (*Collins Concise Dictionary*, p.401). To Rawlings[5] (2003), "devolution is, like federalism, a slippery concept. One is correctly distinguished from the

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[5] Richard Rawlings is a Professor of Law whose major works include Constitutional Law and Administration, Administrative Justice and Administration in Europe, hence this thesis dwells a little more on his legal analysis and interpretation of the Welsh devolution.

other in terms of legal theory and constitutional principle" (p.2). In legal terms "devolution involves no divided sovereignty or constitutional guarantee of the division of legislative competence" (ibid). The distinction is blurred in practice to the extent that there is no difference. He argues that though devolution is grounded in territoriality, it must still take account of the cosmopolitan nature of society where multiple identities exist.

In his book *Devolution*, Bogadnor (1979) also claims that devolution has three parts to it, namely:

(1) the transfer of power to a subordinate elected body;

(2) the transfer of power on a geographical basis; and

(3) the transfer of functions as presently exercised by Parliament (p.2).

Ross (2000) also defines devolution as "shifting programme and financial responsibility from a more to less centralised level of government" (p.5), adding that devolution includes:

> "transfers of revenues and programme responsibility from a central to decentralised level of government, programme initiatives that grant significant flexibility to states and localities, and increased waiver of authority that allows states and localities to tailor programmes and funding structures to meet local needs" (ibid).

It needs to be added that this definition of Ross specifically refers to the situation in federal states like the Unites States or Canada. She notes that the term is often used synonymously with block grants, and that the fundamental conflict in devolution, as practised in the 1990s, was the desire on the part of federal officials to combine an activist policy agenda with a visionary decentralised programme. While implying local control, devolution, according to Ross, imposes more, rather than fewer restrictions on the use of federal money by the states, pointing out that these contradictory motivations have undermined the ability of devolved

authorities in bringing out innovations for the solution of local problems and address local needs (Ross 2000).

A former Secretary of State for Wales, Ron Davies, and the first (Wales) Assembly First Minister, Alun Michael, who were both instrumental in the evolution of Welsh devolution, have their own definitions of 'devolution'. According to Davies, "devolution is a process not an event ...Devolution is not a journey with a fixed end-point", but a concept "that can be used in very different ways" (Rawlings 2003, p.2). On his part, Michael says:

> "Devolution is about delivering a better quality of life...is about delivering a social agenda. Devolution is not a half-way house between two clearly defined alternatives – integration and separatism...Devolution is the act of devolving powers... devolution is not just an act, a phase, it is also a way of organising the governance of a country – or group of countries, if you will – which is as legitimate as federalism or the unitary state... But while devolution is a place in its own right, this doesn't mean it is static" (Michael 1999 Lecture).

Essentially, devolution involves the setting up of an elected regional government, whose powers usually do not include the control of areas under the central government such as major financial powers, immigration, and the control of the armed forces or an input into foreign policy decisions. Sometimes referred within the Celtic states as 'Home Rule', *Devolution* differs from federalism in that the powers devolved are temporary and ultimately reside in central government, thus the state remains unitary. Any devolved assemblies could in theory be repealed by central government in the same way as an ordinary law can be. Devolution can also be mainly financial, for example giving regions a budget, which was formerly administered by central government. A 'devolved government' is therefore a government, which has been allocated some powers either wholly or partially, from state level to a local level. However, unlike under a federal system, such devolved administrations exist in statute, and not in constitutional law, and can have their powers broadened, narrowed, or even be abolished all together by an act of the legislature. In contrast to devolved

governments, regional administrations in federal systems have a constitutionally guaranteed right to exist with constitutionally defined powers.

Federal systems, however, differ as sub-national governments are guaranteed in the constitution. "A federal framework creates an inherent conflict between the two levels and indeed between the states themselves. Federalism creates both competition and the need for its containment through compromise" (Hague and Harrop 2001, p.206). It must be pointed out that there are different forms of federal systems operating across the world. Recently there has been a distinction made between two forms of federalism - co-operation or horizontal federalism, and dual or vertical federalism. Under vertical federalism, the division of labour among the different actors is based on assigning different policy areas to different layers of governments, thus a form of exclusive allocation of tasks and competences to different actors, who carry out their own rules, regulations and policies.

In contrast, co-operation or horizontal federalism is characterised by a division of labour based on 'functions of legislation, execution and financing', where one level sets the rule and another implements (Toonen and van der Meer 2006). The practical processes under federalism can be understood by contrasting the co-operative federalism, as practised in the Federal Republic of Germany, against the dual or competitive federalism practised in the United States of America. It is instructive to note that the German situation is unique in the sense that the *Lander* (regional governments) pre-existed the federation, and that it was the *Lander* representatives who approved the Federal Constitution (Basic Law) at Herrenchiemsee in 1948 (Gunlicks 2003). The German federal structure under the post-war constitution, fulfilled two major purposes. First, by providing a vertical dimension of separation of power; and second, to ensure a certain uniformity of living conditions for all

Germans as a requirement under the *Sozialstaatsprinzip* (welfare state principle) (Borzel, 2002).

Devolution in the UK

In the United Kingdom, the central government has devolved certain powers to the constituent nations of Scotland, Wales and Northern Ireland, were formerly administered respectively by the Scottish Office, Welsh Office and the Northern Ireland Office in London. Under devolution, Scotland now has the Scottish Executive Government and the Scottish Parliament, while Wales has the National Assembly for Wales and the Welsh Assembly Government. Northern Ireland has undergone a similar process though there are still some problems to be solved. Within England, though regional assemblies have not yet become a reality, a process was initiated to devolve certain powers to regional layers of government through the establishment of regional development agencies like the East Midlands Development Agency, which was given a regional development budget which hitherto was spent by central government.

From the late 19th to early 20th centuries, the issue of Irish home rule was the dominant political question in British politics. Leaders of the Irish Parliamentary Party under Isaac Butt, William Shaw and Charles Stewart Parnell had demanded home rule with the creation of a subsidiary Irish parliament within the United Kingdom. This demand led to the eventual introduction of four Irish Home Rule Bills, of which only the last two were approved by the British Parliament, and only the final one was enacted - the Government of Ireland Act 1920 - which created the Northern Ireland and Southern Ireland parliaments. The Northern Ireland Parliament existed from June 22, 1921 until March 30, 1972 when it was suspended and

direct rule was re-imposed from London. Southern Ireland however, went on to become the Irish Free State in 1922.

The Spanish Model

In Spain, the application of *devolution* takes a completely different form and structure which reconciles the traditional unitary-centralist state with the historical, cultural and socio-economic aspirations of regionalists and minority groups for autonomy. The 1978 Spanish Constitution establishes a hybrid system which is neither unitary nor federal. It therefore provides a system of intergovernmental relations emphasising the institutional autonomy of the nation-state and the sub-national level of government, thus separating the central-state and regional powers. This rather complex and ambiguous system of power-sharing has over the years been a source of recurring political and judicial controversy before the Constitutional Court.

> "The sectoral distribution of competences, asymmetrical bicameralism as well as the scarce constitutional provision for intergovernmental co-operation and vertical integration reflect an attempt to grant both levels of government a certain level of political and institutional autonomy in order to secure the cultural pluralism of Spain" (Börzel 2002, p.93).

It is worth noting that following the death of General Franco, Spain needed to promote the stability of governance and increase public trust and thus devolution of powers to the regional authorities was one way of strengthening the democratic system and bringing the needed trust and stability in governance (Núnez 2001; Rodriguez-Pose et al. 2009). Since 1978 when the Spanish Constitution was passed, there has been a relentless process of devolving powers from the central government to regional authorities (Balaguer-Coll et al. 2009), and that the recent devolution of powers to the lower levels of government is attributed to the pressures from the regional authorities, especially by nationalists in Catalonia, the Basque Country, and to a lesser extent, Galicia (Núnez 2001; Rodriguez-Pose et al. 2009). The rapid and deep

regionalisation process in Spain which was achieved in a relatively short time was therefore influenced by the Francoist repression of national identities and territorial autonomy, which reinforced Catalan and Basque nationalist sentiments which called for political freedom (Rodriguez-Pose 1996).

A striking feature of the Spanish system is that though the vast majority of competences are shared or concurrent, that does not necessarily entail joint action of the two levels of government, since the central government legislates without the involvement or any input from the *Comunidades Autonomas* (CCAA) (Autonomous Communities), while theoretically the Autonomous Communities also implement the central government decisions without the former being able to intervene. This theoretically emphasises the complete independence of each level of government in the exercise of their competences. However, in the absence of any prescribed mechanisms under the Constitution for the co-ordination of shared competences, the central government often uses "detailed framework legislation which limits the discretion of the CCAA in the creation and fulfilment of legislation and allows the central state to exercise executive functions that are usually entrusted to the CCAA" (Bórzel 2002, p.93).

This action of the central government has been one of the major sources of constitutional conflict between the central government and the Autonomous Communities, who consider the use of framework legislation as a continuous attempt by the central government to usurp their 'exclusive sphere of autonomy' (Viver i Pi-Sunyer 1990 in Bórzel 2002, 94). In Germany, the implementation of federal policies is the duty and responsibility of the *Lander*, but in Spain, the central government relies upon its traditional field services, the *administracion periferica del Estado,* to implement its policies (cf. Newton 1997, pp.112-

116, in Bórzel). This leads to duplication and overlapping of administrative structures, thus creating bureaucratic overload and making the *administracion periferica* a constant source of intergovernmental tension. The Autonomous Communities see the central-state field services as 'watchdogs' of Madrid. However, the central government justifies the use of the *administracion periferica* by arguing that some of the CCAA have not acquired the full range of competences provided under the Constitution, especially in the fulfilment of central government policies (Bórzel 2002).

The asymmetric nature of the Spanish State of Autonomies, which gives recognition to the claims by the Basques and the Catalans and to some extent the Galicians, produces another source of conflict over competences. The claims by these three autonomous regions are that for historical and cultural reasons they deserve preferential status (*el hecho diferencial*), since the Constitution provides for an '*asimetrica autonomica*' (López Guerra 1993 in Bórzel 2002), an 'asymmetrical federalism' (González Encinar 1992; Agranoff 1993 in Bórzel 2002). The claims of the three are based on Article 2 of the Spanish Constitution which provides for two types of Autonomous Communities – the *nacionalidades* (the Basques, the Catalans and the Galicians) which can claim the status of 'historical nations', and *regiones* striving for autonomy on the basis of particular historical prerogatives (Navarre), their geography (the Balearics and the Canaries), or for socio-economic reasons (Andalusia, Extremadura, and Valencia) (cf. Diaz-López 1985; Moreno 1997 in Bórzel 2002).

Interestingly, while all the Autonomous Communities have the right to accede to full institutional and political autonomy, the Constitution provides different routes for different regions. The decentralisation model is not unique and homogenous across regions. The Constitution does not provide a single access to autonomy (Rodriguez-Pose 1996), but rather

contains different degrees of regional autonomy, thus reflecting the difference in the dynamism of nationalist view or the sense of singularity in different parts of the country (Cuchillo 1993 in ibid). According to Article 151 of the Spanish Constitution, 'historical' regions have a favoured opportunity to acquire autonomy in a short period of time while others would have to go it slowly and with difficulty in accordance with Article 143. Therefore, while the *nacionalidades* have a 'fast track' procedure, the *regiones* have to go through a 'slow tract' procedure (cf. Agranoff and Ramos Gallarin 1997 in Bórzel 2002), hence all the Communities opted for full political as opposed to mere administrative autonomy.

A combined effort of all the national political parties in Spain therefore supported the policy of '*cafe para todos*' (coffee for everyone) as opposed to 'champagne for the *nacionalidades*'. They therefore challenged the preferential status thus causing sub-national conflicts between the *nacionalidades* and the central state. Even among the *nacionalidades,* the Catalans complain against the Basques and the Navarese for having 'brandy with their coffee' in the form of taxation privileges (Agranoff 1993 in Bórzel 2002).

German Federalism

Unlike Spain, Germany practises co-operation federalism which is based on a functional division of labour between central government and the regions (*Lander*), as opposed to dual federalism where each level of government has its own sphere of responsibility for which it holds both legislative and executive competencies. Article 30 of the Basic Law stipulates that "state powers and the implementation of state tasks are the responsibility of the *Lander*", but this does not give the *Lander* power over the federal state because Article 70 states that "the *Lander* have the right of passing legislation insofar as this Basic Law does not grant

legislative authority to the federation", while Article 71 denies the *Lander* any powers in the areas of exclusive federal jurisdiction unless the federal law specifically grants them. "Thus a law passed by a *Land* legislature or a popular referendum in a *Land* or unit of local government that demanded some action or inaction by the federal government in an area of its exclusive jurisdiction, e.g. national defence, would be unconstitutional" (Gunlicks 2003, p.56). The Federal Government is therefore responsible for legislation, though the *Lander* have a considerable political weight in the legislation process through their participation in central-state decision-making, while the execution and administration are largely entrusted to the *Lander* (Gunlicks 2003; Bórzel 2002).

A major feature of the German system is the functional division of labour between *Bund* (Federal) and *Lander* (region) with a high degree of legislative centralisation, as well as an extensive administrative decentralisation, leading to an increased importance of promoting intergovernmental co-operation and consultation of the views of the administrating governments when central-state legislation is being formulated. This kind of vertical intergovernmental co-operation is made possible by the participation of the *Lander* in the federal legislation and administration through the *Bundesrat* (the second chamber of the German Parliament), where the *Lander* are able to bring their political interests and administrative experience into the federal legislation.

Gunlicks (2003) notes that the division of responsibilities in the German federalism is not based on strict separation, but rather, it is a system of cooperation, interconnections, and interrelationships. The greatest responsibility for legislation is reserved for the federation while the *Lander,* through the *Bundesrat* participate in legislation. He adds that "the German

'state' at the federal level is a lawmaking state, while at the *Land* level it is an administrative state" (p.62).

In the view of Hague and Harrop (2001), "federalism in Germany enables the *Lander* to hold the central authority hostage, producing *reformstau* (reform blockage) (p.209)". In contrast to their view, however evidence could show that the functional distribution of labour and strong bicameralism has rather produced a vibrant interdependence between *Bund* and *Lander* in their legislative process leading to co-ordination and co-operation between them.

Ghana's Decentralisation Model

In the West African nation of Ghana, a form of devolution which is strictly referred to as *decentralisation* is practised. The process was introduced in 1988 with the District Assembly concept where people in every administrative district elected two-thirds of members of the assembly, with the central government appointing a third. This was based on the premise that decentralisation had the potential to improve governance at the local level to promote accountability, which could lead to good governance at the national level.

The assemblies have both legislative and executive powers, therefore assembly members are able to legislate and also scrutinise the activities and policies of the District Chief Executive (Mayor), an appointee of the President. Assembly members also hold regular meetings with their constituents to discuss policy issues and development programmes, a practice which was not known previously with Members of Parliament or government officials.

According to Article 241 (3) of Ghana's 1992 Constitution, "a District Assembly shall be the highest political authority in the district, and shall have deliberative, legislative and executive

powers". The powers and functions of the assemblies are prescribed by the (National) Parliament based on Article 245: "Parliament shall, by law, prescribe the functions of District Assemblies which shall include:

(a) the formulation and execution of plans, programmes and strategies for the effective mobilisation of the resources necessary for the overall development of the district; and

(b) the levying and collection of taxes, rates, duties and fees.

Clearly, the premise for the introduction of the assemblies has been proven as grassroots participation in governance has increased and improved accountability. This system of governance has since 1988 brought government closer to the people and helped in the faster development of many districts. District Assemblies have since initiated and executed programmes such as the building of school blocks, markets, community centres, public libraries and places of convenience, among others. The process has also enhanced the decision-making process at the grassroots especially on issues which directly affect the people. The consultation processes usually start from the electoral areas through local councils, area councils, and eventually at the assemblies. In most cases, the decisions on local infrastructure are made at the local level and not by the Assembly, thus giving people the opportunity to decide their own fate. The calibre of persons including middle and top-level professionals and notable politicians who contested the last district assembly elections gives an indication of how the process has heightened the interest of grassroots people in politics.

A former Ghanaian President, Jerry John Rawlings, who was for 11 years a military dictator, and later an elected two-term (eight years) President under constitutional rule, recently noted the difference the assembly concept had made to Ghana's governance system. He says: "District and municipal assemblies have till today supported central government and allowed

for people to identify directly with what government is doing through their own active participation" (at a 2009 lecture in Berlin). He adds that:

> "For Africa to achieve good governance, countries, sovereign as they are, have to adopt effective means of allowing the populace to play a sustained role in governance. Views have to be sought not only from parliamentarians as they most often are unable to sample general opinion, and also tend to support policy on strict party lines sometimes to the detriment of their communities" (ibid).

The only concern about Ghana's system is that the central government holds the power to appoint one-third of the members of the district assembly, in addition to appointing the chief executive. In recent times, a section of the Ghanaian society and some political parties have called for the election of the chief executive as well as all the members of the assembly to give real meaning to democracy at the grassroots level.

Devolution in the United States usually refers to the decentralisation of state governments and the preference for local control. This phenomenon is typically reserved for the U.S. region of New England, where cities and towns practise limited home rule where for most part, they govern themselves in a directly democratic fashion known as the 'New England Town Meeting'.

A devolved government moves from a centralised, unitary structure of government towards a decentralised, confederal structure. There is also a system of home rule in Denmark for Greenland and the Faroe Islands. All these are different from the UK devolution process.

The term *devolution* could therefore assume different definitions and meanings according to the legal frameworks that set it up in any given time within different nation-states. Note must however be taken of the complex nature of comparing devolution in different countries no

matter what nomenclature it comes because there are limitations of international comparisons

as noted by Jeffery:

> "Comparisons can only be made with a health warning: It is rarely possible simply to transfer institutional arrangements or practices from one place to another. Political institutions develop in a particular social and historical context, and reflect its idiosyncrasies. Cut loose from their founding idiosyncrasies, political institutions rarely work well" (Richard Commission Report p.13).

Therefore, there is no doubt that there are various forms of devolution functioning in different parts of the world, sometimes under different names, but the various forms are clearly dependent on the local political, historical and socio-economic environment as well as their 'founding idiosyncrasies'. By looking at the above definitions and operating procedures in the named countries, we therefore place the Welsh experience in its comparative perspective considering the fact that devolution is essentially a much-contested issue and could also be practised in many places under different nomenclatures.

Pre-Devolution Wales

As noted before, the introduction of the devolution process and the subsequent creation of the National Assembly for Wales and the Welsh Assembly Government clearly provide both constitutional and legal complexities that have dramatically challenged the historical and pre-devolution relationships between the constituent nations of the United Kingdom. It was therefore no surprise that one of the main arguments raised by those who opposed devolution was the fear that it could lead to the disintegration of the Union. This was due to the several historical accounts of the kind of relationships which existed between the constituent nations.

This part of the current chapter tries to clarify the kind of relationship between Wales and the United Kingdom, particularly England, as a way of putting the post-devolution situation into

proper context to facilitate a better comparison of both the pre- and post-devolution situations of Wales.

Wales (*Cymru* in the Welsh language) is located in the west of Great Britain, sharing a land border with England to its east and the Irish Sea and Atlantic Ocean to the west. By the 2001 census, Wales had a population of 2,903,085, but 2008 estimates put the figure at 3,004,600. Though bilingual, English is the language spoken by the majority, while Welsh, the native tongue, is spoken by a small fraction of the population particularly in North and west Wales. Wales has a total surface area of 8,019 sq. miles (20,769 sq. km) (Weisser 2002). Two-thirds of the Welsh population lives in South Wales, with another concentration in the north-eastern part of North Wales.

Wales was originally (and traditionally) one of the six Celtic nations whose distinct national identity emerged in the early 5th century, after the Romans withdrew from Britain. "The Celtic heritage is of fundamental and enduring importance to the Welsh. This heritage sets them apart from the English who are not Celtic" (Weisser 2002, p.11). The Irish, the Scots, the Cornish of Cornwall and the Bretons of France all have a Celtic heritage. The English name "Wales" is said to have originated from the Germanic word *Walha*, meaning "foreigner," probably derived from the term Volcae, which also appears in the "wall" of Cornwall.

Another account traces the word to an ancient Anglo-Saxon word *Wealas* (Weisser 2002), while yet another says it came from either *Walh* or *Wealh* (Jenkins 2007) all meaning 'foreigner'. However, the Welsh call their country *Cymru*, which most likely meant

"compatriots" in Old Welsh. The earliest documented use of the name Cymru was 633 in the Gododdin of Aneirin.

Although English conquest of Wales took place under the 1284 Statute of Rhuddlan, there was no formal Union until 1536, shortly after which Welsh law, which continued to be used in Wales after the conquest, was replaced by English law and the 'shire' system, under the Laws in Wales Acts 1535-1542, creating today's legal entity of 'England and Wales' (Williams 1985; Weisser 2002; Morgan 2005; and Jenkins 2007). In 1955, 'England and Wales' became the recognisable term for the area to which English law applied.

In the words of Jenkins (2003), Welsh political distinctiveness has been on a hiding throughout history and that Wales was legally recognised in the 19th century only in such matters as Sunday Abstinence and Church Disestablishment. The 20th century however marked a revival in the national status of Wales. Plaid Genedlaethol Cymru (the Welsh Nationalist Party) was formed in August 1925 at Pwllheli by an amorphous group made up of Byddin Ymreolwyr Cymru (The Welsh Home Rule Army) and Mudiad Cymreig (The Welsh Movement), two separate nationalist groupings (McAllister 2001; Jenkins 2003 and 2007). "The party, which pledged itself to home rule in 1932, remained a weak plant for many years" (Jenkins 2007, p.292), but has since sought greater autonomy or independence from the rest of the UK. McAllister points out that "Plaid Cymru's early years were inauspicious" and its first 25 years were used for "finding its feet on the slippery stage of Welsh politics" (2001, p.22), but nevertheless, it struggled to produce a "clear ideological identity or a practical organisational base" (p.25).

In 1967, the Wales and Berwick Act of 1746 was repealed giving a legal definition of Wales, and its boundary with England. Subsequently, Welsh politics became more distinct culminating in the setting up of a devolved legislature and government in 1999, with the establishment of the National Assembly for Wales in Cardiff Bay. Wales continues to share political and legal structures to varying degrees with the United Kingdom, but now maintaining more direct ties with various countries and international bodies. The Assembly Government has also increased its direct links with the European Union, although foreign policy remains the reserved responsibility of the UK Government (Williams 1985; Weisser 2002; Morgan 2005; and Jenkins 2007).

The first ever separate treatment given to Wales was in 1907, when a Welsh Department of the Board of Education was established. This breakthrough enabled the Welsh Department to secure a unified approach to the educational problems of its local authorities, and ensuring easier and more effective co-ordination of educational services within the country. This demonstrated that administrative devolution in education could produce valuable benefits (Bogdanor 1999).

However, it was not until April 1964 before the then Labour Government established a Welsh Office against Conservative opposition and appointed a Welsh Secretary, though the powers of the Welsh Office were only administrative, and attempts to make the Welsh Office accountable to a devolved assembly was massively rejected in a Welsh referendum in 1979 by 80 per cent to 20 per cent (see below). The office had very limited powers at the start, but in later years became stronger, especially from 1975 when, based on Section 7 of the Industry Act, it acquired significant economic powers. This enabled it to develop a coherent

programme through the Welsh Development Agency (WDA), aimed at attracting inward investment.

Interestingly, in 1979, the Conservative Party which vehemently opposed the establishment of the Welsh Office in 1964 while in opposition, failed to limit the powers and role of the Office when it formed the government, but instead increased its powers. Under Margaret Thatcher and John Major's governments, the Welsh Office gained administrative responsibility for the health service, agriculture, secondary and further education and finally the university sector in Wales, making the Welsh Office become "the expression and means of government in Wales" (Jones 1997, in Bradbury and Mawson 1997, p.61).

The strength of the Welsh Office was also seen in the increased number of civil servants it had and the level of expenditure it controlled. At the time of its establishment it controlled a total budget of about £250 million annually, but this increased to £7 billion by 1995. However, the growth in financial and administrative strength and importance did not reflect in democratic accountability as the Office's political leadership, a Secretary of State and two ministers of state were Conservatives and Members of Parliament representing English constituencies and therefore represented a minority political opinion in Wales (ibid).

The Devolution Referendum

Between 1974 and 1979, there were calls for devolution to give a distinctive voice to Scotland and Wales in government. But because the then governments depended heavily on Scotland and Wales for their majority the voices of Scotland and Wales were said to be already loudly heard (Bogdanor 1999). However, when eventually the Labour government agreed to hold a referendum on whether or not to devolve some powers to the two regions of

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Wales and Scotland on March 1, 1979, there were mixed results. In Scotland, 51.62 per cent

(1,230,937) voted 'Yes' in favour of devolution, while 48.38 per cent (1,153,502) voted 'No',

indicating that only 32.9 per cent of the electorate voted in favour of devolution while 30.8

per cent voted against it. The turnout was 63.6 per cent. In Wales, there was a resounding

'No'. As Table 2.1 below indicates, the results were 79.74 per cent (956,330) 'No' with

20.26 per cent (243,048) 'Yes', thus, 46.9 per cent of the electorate voted 'No' with only 11.9

per cent voting 'Yes'. Turnout was 58 per cent (BBC 1979 Referendum Results).

Table 3.1: The 1979 Wales Referendum Results

Region	Yes (Ie)	% votes	No (Nage)	% votes
Gwent	21,369	12.09	155,389	87.91
South Glamorgan (De Morgannwg)	21,830	13.15	144,186	86.85
Powys	9,843	18.45	43,502	81.55
West Glamorgan (Gorllewn Morgannwg)	29,663	18,72	128,834	81.28
Mid Glamorgan (Morgannwg Ganol)	46,747	20.24	184,196	79.76
Clwyd	31,384	21,57	114,119	78.43
Dyffed	44,849	28,06	114,947	71.93
Gwnedd	37,363	34.43	71,157	65.57
Total (Whole of Wales (Cymru))	**243,048**	**20.26**	**956,330**	**79.74**

Source: http://www.electoralgeography.com/new/en/countries/w/wales/wales-devolution-referendum-1979.html

Why the referendum was lost in 1979, but won in 1997?

Why did the March 1, 1979 referendum fail to endorse devolution, while the 1997 one

succeeded in ushering in devolution in Scotland and Wales? What influenced the change of

public opinion? Answers to these and many other questions vary depending on whose

version one looks at – 'No' Campaigners or 'Yes' Campaigners. It must be noted however

that the two referendums were held at completely different periods under different political

and socio-economic environments which could have influenced the pattern of voting.

Therefore the referendum in Wales failed due to a number of reasons. Among the strongest ones was the fact that supporters of devolution in the Labour Party became so timid, while the nationalists were reluctant to campaign for an assembly which has no tax-raising powers. The 'No' campaigners forcibly and loudly campaigned against devolution on the basis that it would lead to the eventual disintegration of the United Kingdom, and also penalise non-Welsh speakers. The people of North Wales were also apprehensive of coming under a Cardiff-based Labour-dominated assembly. Thus the 'Yes' campaigners were not audible enough with their campaign while the 'No' campaigners carried a stronger and well-sustained message (Jenkins 2007).

In 1979, the referendum was held at a time the Labour Government appeared to be heading towards the end of its term of office, as all indications showed that the government was deeply unpopular (Taylor et al. 1999, in Taylor and Thomson 1999). Again, before the referendum, Labour was clearly divided and also suffering from what became the 'winter of discontent'. On the other hand, in 1997 the referendum had been planned by the Labour Party while it was in opposition, making it part of its election manifesto. Thus, the 1997 referendum was held when Labour had just assumed office as the government and support for the party among the electorate was still high. Moreover, in contrast to 1979, the 1997 referendums in Scotland and Wales preceded the presentation of the substantive legislation to parliament. The assumption then was that, should there be a favourable result, the referendums would demonstrate to any potential backbench rebels and their lordships that there was clear public support for the proposals (ibid).

Again, according to Evans and Trystan 1999 (in Taylor and Thomson 1999), in 1979, opponents of devolution including prominent Welsh Labour MPs like Neil Kinnock and Leo

Abse, who led the Labour No Assembly Campaign ensured that they had raised doubts and fears regarding the proposed assembly, hence by the start of the referendum campaign the pro-devolutionists were already facing a huge task. The pro-devolutionists were poorly organised and demoralised from the very beginning, following the tortuous passage by Parliament of the Wales and Scotland Acts. On the other hand, the 'No' campaigners were organised and effective (ibid). Despite the fact that the Labour (Party) Government officially endorsed the devolution proposals, its failure to punish or discipline its members who were campaigning for 'No' created more problems for the 'Yes' Campaign since the government's endorsement was weakened.

Between 1979 and 1997, the institutional context of Welsh politics had been transformed with significant growth in the functions of the Welsh Office in addition to the mushrooming of Welsh 'quangos' (Osmond 1995). There also appeared to be some harmony in the Labour Party on the devolution issue. Though there remained a significant minority of Labour activists who were still against devolution, there was a stronger party endorsement than in 1979 (McCrone and Lewis 1999; Wyn Jones and Trystan 1999). While in 1979 there was a Labour No Assembly Campaign, such a publicly declared anti-devolution campaign group was non-existent during the 1979 campaign period.

Evans and Trystan also raise the effect of social change within Wales within the 18-year interval period between the two referendums, and note the possibility of this change being able to influence the 1997 referendum outcome. "It is likely that Wales became more middle class and more educated between 1979 and 1997, and independence movements often have their leadership and strongest support among the educated middle classes" (Evans and Trystan 1999, in Taylor and Thomson 1999, p.98). However, their conclusions based on

evidence of the then social context showed that the changes were not significant enough to have caused the recorded changes in the results of the two referendums. For instance, between 1979 and 1997 there was only a 6.7 per cent increase in those in the middle class, while those without any qualifications fell from 54 per cent to 35 per cent (ibid p.99).

Another view for the change from 'no' in 1979 to 'yes' in 1997 is based on the theory of 'second-order elections' which stipulates that the basis of the government's popularity in a general election which preceded the devolution referendum might have influenced the outcome (Heath and Taylor 1999, in Taylor and Thomson 1999). Karlheinz Reif and Hermann Schmitt, first used the term 'second-order elections' in their attempt to analyse the first European Parliament elections, held in 1979 in the then nine-member states of the EEC. In their "second-order elections" theory, European Parliament elections were 'second-order' because the electorate, political parties, the media, and indeed the general society, viewed them as less important than first-order elections. They describe first-order elections as generally national elections whose results determine the government and/or executive power in a political system, and therefore seen by all as important. Second-order elections, according to them, also refer to regional, municipal and local elections, as well as by-elections (Reif and Schmitt 1980), and that many voters cast their votes in second-order elections not based only on the prevailing conditions at the time of the elections, but also on the basis of factors in the 'main political arena of the nation'.

Considering all the voices both for and against devolution over the years, and the closeness of the 1997 election results, Pamela Petro sums up beautifully the feelings of the Welsh people. "The vote to create an independent regional authority did not come automatically to Wales,

as it did to Scotland. The startlingly close vote reveals much about a nation that has both embraced and resisted a colonial mentality" (Petro 1999).

Wales and the United Kingdom

Though devolved administrations may have special and peculiar interests of their own, yet they cannot argue their case directly at the EU. In the case of Wales and Scotland, they must either put their case at the Joint Ministerial Council (set up in the Memorandum of Understanding) in Whitehall or lobby at party levels. This arrangement is clearly set out in the 'Concordat (1998) on Co-ordination of European Union Policy Issues', to ensure good co-operation on matters of mutual interest, exchange of information and confidentiality. This means that the devolved authorities cannot on their own enter into any alliances and negotiations in Brussels against UK's interests.

Particularly for the National Assembly for Wales, the Government of Wales Act 1998, section 28 states categorically that: "The Assembly shall not in the exercise of its functions conduct relations with any country outside the United Kingdom". However, despite these hindrances to the freedom of the devolved governments to relate to the EU in a more formal way, the Union has other avenues through which the regional authorities can exercise some level of influence. For instance, UK devolved authorities have always had a backdoor route through which they interact with the European Union on a number of issues in the interest of both the Union and the devolved authorities.

Cole (2004a) points out that these formal and informal mechanisms represent a qualitative shift, especially in the case of Wales where there is no tradition of influencing EU affairs (rather than lobbying). The pre-devolution period saw the central government as the sole

originator of the UK position at the EU, but this has changed after devolution, where inputs from devolved governments are now sought and incorporated. He raises the possibility of devolution creating tensions between different regions within the UK as well as the central government and the devolved authorities. The interests of Scotland over fisheries, he notes, were not always felt to be the same as those of the rest of the UK, while the same applies to the interests of Wales in agriculture. Cole's position of a possible tension is yet to be fully tested as the different regions have so far co-operated and related very amicably through bargaining and networking. However, the recent changes in Scotland in 2007, where the Scottish National Party (SNP) took away power from the Labour Party, have been followed by new tensions.

The SNP, through its election manifesto, calls for a referendum to end the unity alliance between Scotland and England, thus breaking away from the Union to become independent. This move which has already received hostile reception by the Scottish Labour and Liberal Democrats, points to the possibility of a serious constitutional and political conflict with London in times to come. Though at a point, it seemed the enthusiasm of the SNP to carry out its election manifesto threat had died down, there have always been fears that the issue could at any time be renewed. It was therefore not surprising that in November 2009, the SNP Government issued a white paper calling for a referendum on the issue. Whether a favourable referendum result on independence for Scotland will lead to the eventual breakdown of the historic union pact between Scotland and England or not, a constitutional, legal and political crisis would be created with the demise of the Scotland-England pact. For Wales, the issue of independence seems very remote though a disjointed handful of Welsh people continue to call for it.

The Government of Wales

In July 1997, a Government White Paper, "*A Voice for Wales*" was published to set out proposals for the creation of a Welsh Assembly. These proposals were endorsed in the September 18, 1997 referendum following which a Government of Wales Bill was introduced into the House of Commons in December 1997. After receiving a Royal Assent in July 1998, it became the Government of Wales Act (GoWA) 1998. It created the National Assembly for Wales, made up of 60 Assembly Members (AMs), 40 elected on a 'first-past-the-post' basis from constituencies identical with parliamentary constituencies and a further 20 elected from the five electoral regions (GoWA 1998). The first election of AMs was held in 1999 (see Table 3.2 below for the composition of the Assembly).

Table 3.2   The results of the 1999 and 2003 Welsh elections

Parties	1999		2003	
	Constituency seats won	Regional seats won	Constituency seats won	Regional Seats won
Labour	27	1	30	0
Plaid Cymru	9	8	5	7
Conservatives	1	8	1	10
Liberal Democrats	3	3	3	3
Other	0	0	1	0
	40	20	40	20

Source: OPSI website

The Assembly was given specific powers transferred to it on July 1, 1999 in what is described as executive devolution. Its functions and duties were contained in the Transfer Order which explicitly stated each devolved area which was until then exercised by the Secretary of State for Wales. Going with its new responsibilities was the grant of about £7 billion, which usually would have been handled by the Welsh Office. The executive

devolution meant that the Assembly on its own could not make primary legislation; however in addition to its secondary legislation powers, it could scrutinise the primary legislations.

The devolution arrangement in Wales was completely different from those in Scotland and Northern Ireland, in that the GoWA 1998 did not provide for a separation of the legislature from the executive. Section 1 of the Act established the Assembly as a corporate body, exercising its functions on behalf of the Crown. This was in fulfilment of the government's policy set out in the "*A Voice for Wales*" document, which stipulated that the Assembly should assume the statutory powers and duties which had prior to that been exercised by the Secretary of State for Wales.

The Act also made provision for Orders in Council to transfer these predominantly executive responsibilities to the Assembly. Subsequently, some Acts of Parliament conferred additional powers on the Assembly. However, irrespective of whether the Assembly's powers were transferred by Orders in Council, or conferred directly by Acts of Parliament, a large number of subordinate order-making powers including some powers to amend primary legislation were given to the Assembly. Nevertheless, the UK Parliament reserved the responsibility of passing primary laws for Wales, thus denying the Assembly the right of exercising that power (GoWA 1998).

It is worth noting that the GoWA (1998) created a type of a local government model. The National Assembly for Wales was very distinct from many known democratic and governance practices throughout the world. Having been set up as a corporate body instead of two separate legislative and executive bodies to function as any known democratic government, the Assembly took up the roles of both a legislature and an executive, where the

First Minister and his Secretaries were part of the Assembly carrying out the work of the corporate body. This meant that the Assembly had the ultimate powers, authority and responsibilities instead of the First Minister and his cabinet (the executive).

Another distinct aspect of the Welsh devolution and of the Assembly was that it operated a novel system of having combination of both the Westminster-type cabinet and the local government committee structure models. This choice is described by McAllister (2000) as "an effective counterweight to an over-powerful cabinet" as an indication of "the commitment to a new 'inclusive' politics removed from the traditionally confrontational style that had characterised Welsh political history" (p.41). She adds that the new scheme had established the foundations for a "hybrid (and unprecedented) system of political-administrative relations" (p.43), but warns that the relationship which should be seen as a dynamic one could change frequently at any time (ibid).

In 2001, the Welsh Assembly Government was introduced to separate the Assembly as a legislative body from the Government of Wales. Faced with the problem of identifying the roles and functions of the Assembly and the Government, the Assembly voted in February 2002 to clarify the different roles between the two. Following the vote, the functions of the two bodies were clarified. The Welsh Assembly Government (WAG) (primarily based at Cathays Park in Cardiff) develops and implements policy, and it is accountable to the Assembly. The Assembly, which is located at the *Senedd*[6] at Cardiff Bay, on its part, debates and approves legislation and holds the Assembly Government to account. Initially the

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[6] The *Senedd* is the name of tthe new Assembly building designed by Lord Rogers and which was opened by the Queen on St David's Day (March 1) 2006.

Assembly was responsible for more than 50 public bodies including the Welsh Development Agency, the Higher Education Funding Council for Wales, the Sports Council for Wales and the Welsh Language Board. These bodies came under the WAG under the new arrangements.

An important feature of the new dispensation of the Assembly is the seven-subject committee system. The committees are multi-functional enabling their members to scrutinise as well as contribute to policy development. McAllister and Stirbu (2007) emphasise the distinct and dual role of the subject committees and noted that the committees contribute to policy development, scrutinise the Assembly Government's activities and those of its public bodies, as well as the Assembly's budget and legislations that affect Wales. In all modern democratic practices, the main pre-occupation of parliaments is to hold governments to proper account on behalf of the electorate. However, as modern states become increasingly complex and the work of parliaments equally become overloaded, the most significant and meaningful arena for detailed deliberation changes from the plenary of parliaments to the committees which become the main focal point (Mattson and Storm 1995: 249 in ibid).

Asymmetric devolution

The UK devolution process is asymmetric in character. On the one hand, the country's constitutional system continues to take its strength from the sovereignty of the Westminster Parliament; the devolved governments in Cardiff and Edinburgh have acquired the constitutional legitimacy they have from what Hopkins (2002 p.18) terms the 'largesse' of the Parliament, due to the fact that Parliament could rescind such generosity at any time (in Johnson 2007). However, we should note the view of some lawyers that there are differences between constitutional theory and the realities of political power. Devolution in Scotland,

Wales and Northern Ireland were introduced by referendums, making the devolutionary settlement politically, if not constitutionally entrenched, hence in practice Westminster may not be able to reverse the process, except in very special circumstances as was the case in Northern Ireland (Hadfield 2003, in Johnson 2007).

Asymmetric devolution in the UK promotes bilateral rather than multilateral relations between the central government and the devolved administrations. At the same time, the process has produced a marked territorial fragmentation in the way the UK handles EU policies, for example the CAP and the structural funds programme. Asymmetric devolution, wherever it is adopted, creates different pockets of power for different parts of a country, inciting the central government to deal with each one of them in a different way.

In the case of Wales, for instance, the GoWA 2006 did not conclusively address the constitutional concerns rising out of the asymmetric devolution, particularly where the Secretary of State for Wales (who is part of the UK Central Government), and not the National Assembly for Wales has been given the key role in advancing the process of increasing the powers of the Welsh administration. Unlike the powers enjoyed by Scotland, there is no clear demarcation between the powers in the hands of the central government and those held by the Welsh Assembly Government and the National Assembly. Scotland, Wales and Northern Ireland therefore present different models of the UK devolution, with the Scottish Parliament having a specific power to alter its revenue flows, varying the UK Government's income tax rates, while Wales and Northern Ireland Assemblies cannot impose taxes. The arguments both for and against devolution in the UK have therefore always been based on this asymmetry of power sharing.

Acrimonious and adversarial relations

Supporters of devolution have always argued that Wales, Scotland and Northern Ireland have separate and distinctive cultures from that of England, and that it was unfair, wrong and irrational for London to make decisions, laws and rules for the three regional states. They point out that regional legislative bodies would be in a better position to make their own decisions on policies to suit their people. McAllister and Stirbu describe the relationship between the executive and the legislature under the Westminster model as adversarial as this model is "characterised by majority single party governments (largely as a consequence of its 'first-pass-the-post' electoral system)" (2007, p.291).

Norton (1994) on his part holds the view that governance under devolution would do away with the acrimonious Westminster characteristic, when he argues that "...by being closer to the people and being seen to be closer...the assemblies would engage the attention and loyalties of citizens; they would be 'their' assemblies".[7] He further points out that, the politics of Westminster would not be seen in devolved parliaments and assemblies as the different parties there would be happier to work towards the common goal of advancing the well-being of their regions so that traditional party clashes as seen at Westminster would be kept to the minimum.

However, such arguments that there would be no or less acrimonious relationship between parties under devolution, were debunked when on July 14, 1999, when the three opposition parties in the National Assembly for Wales - Plaid Cymru, the Conservatives and the Liberal Democrats - acrimoniously opposed the Labour government and combined their efforts to defeat the government in an Assembly vote over EU funding for Wales. The opposition

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[7] The Constitution in Question, *Politics Review, April 1994.*

parties felt Labour's position which allowed the central government to 'run away' from providing the needed match-funding for EU Structural Funds programmes, was not in favour of the region (Osmond 1999), and that all efforts were needed to be made by Wales to access the allocated funds from the EU instead of allowing the funds to be withdrawn due to lack of matching-funds.

Coalition governments

Notwithstanding the July 1999 episode, the maxim that there were no permanent friends or enemies in politics came to play when Labour and the Liberal Democrats formed a coalition from October 2000 to 2003. This was followed by another coalition by Labour and Plaid Cymru after the May 3, 2007 Assembly elections. Following the elections, which did not produce any clear majority winner, Labour and Plaid Cymru formed a coalition in June 2007, to enable them form the government. This also follows the long-standing historic enmity between Labour and Plaid Cymru especially over which path was suitable for the governance of Wales. These developments show that though there could be disagreements between the parties in the Assembly, there would always be room for accommodating one another for the good of Wales.

Table 3.3   The results of the 2003 and 2007 Welsh Assembly elections

Parties	2003		2007	
	Constituency seats won	Regional seats won	Constituency seats won	Regional seats won
Labour	30	0	24	2
Plaid Cymru	5	7	7	8
Conservatives	1	10	5	7
Liberal Democrats	3	3	3	3
Independent	1	0	1	0
	40	20	40	20

Source: Author's compilation from different sources

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In Scotland, the Labour Party and the Liberal Democrats formed a coalition after the 1999 elections, which lasted until the 2007 elections which brought the Scottish National Party (SNP) into government after emerging the largest party with 47 seats, closely followed by the incumbent Scottish Labour Party with 46 seats (see Table 3.4 for breakdown of the composition of the parliament).

Table 3.4   The results of the 2003 and 2007 Scottish Parliamentary elections

	2003	2007
Parties	Seats won	Seats won
Labour	50	46
SNP	27	47
Conservatives	18	17
Liberal Democrats	17	16
Scottish Green Party	7	2
Scottish Socialist Party	6	1
Snr. Citizens Unity Party	1	0
Independents	3	0
Solidarity	0	0
	129	129

Source: Author's compilation from different sources

The Plaid-Labour marriage may therefore not be entirely incompatible as some may want to believe. As McAllister points out as one of her five important factors for the growth of Plaid Cymru and the stark contrast between the party's 1945 and 1999 positions, the party has always been a left of centre party, with socialism as its constant underlying influence on politics. "This has resulted in a unique relationship between the Labour Party and Plaid: the issues and challenges that have faced Labour stimulated similar debates within Plaid and vice versa" (2001, p.212).

In the forward to the Labour-Plaid agreement document, dubbed *One Wales: A progressive agenda for the government of Wales*, the leadership of the two parties, Rhodri Morgan (Labour Party) and Ieuan Wyn Jones (Plaid Cymru) said:

> "As leaders of our respective parties, we are proud to endorse this agreement which delivers a progressive, stable and ambitious programme for government over this Assembly term. We are passionate about improving the lives of people in Wales and making our nation a better place in which to live and work. We recognise that, on May 3, the people of Wales sought a government of progressive consensus. In reaching an agreement to work together, we acknowledge this as a significant historic moment in the governance of Wales" (One Wales).

Wyn Jones and Scully (2008) note the relative ease with which the 'Labour-Plaid coalition in Cardiff has bedded-down', pointing out the cordial and positive inter-party relationships within the Assembly government. They acknowledge that though there are possibilities that tensions between the two parties at other levels, especially at Westminster, could spill over into Wales and affect relations at the National Assembly and the Assembly Government, prevailing signs suggested that the coalition would prove sustainable for the whole four-year term of this Assembly; judging from the seemingly genuine mutual respect at the ministerial level, and even among most backbenchers in the Assembly.

The formation of a coalition government by Labour and Plaid Cymru despite their bitter differences over the mode and model of governance of Wales, affirms the views held by Norton (1994) and McAllister and Stirbu (2007) that governance under devolution (in Wales) would be less acrimonious than what characterises the Westminster type. Due to the acrimonious nature of the relationships between the parties in Westminster, it is most unlikely and most inconceivable to have a coalition government at the UK national level made up of previously rival parties.

Equally strong arguments were advanced against devolution by another school of thought, which pointed out that devolution would increase cost to duplicate what was already being done in Whitehall, and that while central government had vast experience in legislation, lack of legislative experience by regional governments was considered a potential cause to delay the making and implementation of decisions. This latter point was later to be proven when in the early years of the Assembly, some Assembly Members were worried that they were being caught up between two competing roles of actively engaging in policy-making and serving as backbenchers to hold the Executive to account, but not fulfilling either adequately (Osmond 1999). This and other reasons led to a situation where some legislations, which were to be thoroughly debated by the Assembly were passed under the 'emergency procedure'.[8]

It was also argued that another level of (regional) government could raise issues on arbitration when decisions taken by the regions were not supported by central government, and there would be no authority to resolve the differences. There are high expectations that should different political parties take control of Westminster (London), Cardiff Bay (Cardiff) and Holyrood (Edinburgh) tensions could rise on many issues considered to be peculiar to the regional governments but which the central government would want to exercise its superintending roles and powers.

But perhaps, the strongest argument against devolution, and which was supported by the Conservative Party in their 1992 manifesto, was that it would result in the breakdown of the United Kingdom. Under John Major's leadership, the Conservatives rejected devolution on this ground. The party also argued that the devolution referendum results were ample

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[8] Under 'emergency procedures' the Executive has the power to push through secondary legislation without reference to the wider Assembly.

testimony of no support for devolution in Wales and Scotland, and also in London where there was only a 34 per cent turnout vote on the extension of the city's powers.

The WAG in July 2002 appointed a commission, under the chair of Lord (Ivor) Richard of Ammanford, to review the devolution arrangements. After wide consultations and taking of extensive evidence, the Commission submitted its report in July 2004, with a series of proposals on how to advance the process. In response to the Commission's report, the UK Government passed the Government of Wales Act 2006. The Commission's report recommended that the Assembly be given primary legislation powers over devolved matters, while Parliament continues to have legislative responsibilities over non-devolved issues. It also recommended the replacement of the corporate body with executive and legislative bodies. In fact, the latter had been effected by the National Assembly in 2001 followed by a vote in February 2002 to clarify the roles of the Assembly (Legislature) and the Government (Executive), except that the UK Government needed to formalise this. The Commission also recommended an increase in the number of AMs from 60 to 80.

In June 2005, the Secretary of State for Wales published a White Paper "*Better Governance for Wales*", proposing to separate the executive and legislative branches of the Assembly; reform existing electoral arrangements; and strengthening the Assembly's legislative powers. Under the proposals:

> "The Welsh Assembly Government would be established as an entity separate from, but accountable to, the National Assembly. The First Minister would be appointed by Her Majesty on the nomination of the Assembly, and the First Minister would appoint other Ministers and Deputy Ministers with Her approval. All these Ministers would act on behalf of the Crown, rather than as delegates of the Assembly as now (but would have to resign if they lost the confidence of the Assembly) (White Paper).

Again, most of the statutory functions which were exercised in the name of the Assembly would formally become the responsibility of Assembly Government Ministers, while the Assembly's current order-making powers would in future generally be exercised by Ministers (OPSI).

The White Paper also proposed that "ministers would be accountable to the Assembly for the exercise of their powers", and for the use made of the budgetary resources voted each year by the Assembly out of a new Welsh Consolidated Fund (into which the Secretary of State would make payments out of monies voted by Parliament). Ministers would cease to be members of the Assembly's subject committees, and the Assembly would have more freedom to determine its own 'internal architecture' of committees. The Assembly rather than ministers would be authorised to advise Her Majesty on appointments to the offices of the Auditor General and the Public Services Ombudsman for Wales. It also proposed increasing the Assembly's legislative powers in three ways:

i)   by conferring wider powers on the Assembly to make subordinate legislation without requiring a legislative amendment (thus there is no provision relating to this in the Government of Wales Act 2006);

ii)   by providing an Order in Council mechanism which would allow Parliament to confer enhanced legislative powers on the Assembly in relation to specified subject matter within devolved fields, and enable the Assembly to pass its own legislation within the scope of the powers delegated by Parliament (as defined by the Order in Council); and

iii)   following a referendum, by authorising the Assembly to make law on all matters within its devolved fields of competence without further recourse to Parliament. A referendum could only be held with the approval of both Houses of Parliament and of two-thirds of all Assembly members. In the event of a vote in favour of "primary legislative powers", Parliament would nonetheless continue to be able to legislate for Wales (White Paper).

On the need to reform the Assembly's electoral arrangements, the White Paper proposed that no one should be able to be candidates in constituency elections and at the same time be eligible for election as regional members from party lists. Commenting on the White Paper,

Trench (2005) describes it as a promising development offering 'the prospect of addressing a number of flaws' in the earlier devolution arrangements by offering 'step-by-step enhancement' of the powers of the Assembly. He however questions why the Secretary of State of Wales, rather than the Assembly, would have to make new standing orders for the Assembly. He also points out that the three-stage approach to extending the Assembly's legislative powers was 'problematic at each stage', stating that the use of 'framework powers' under stage one invites objections from those concerned about the precedent to be set for granting generous powers to the executive. Again, he stresses the need for the establishment of clearer procedures for making legislation and ensuring the consistent and permissive application of framework powers.

Under stage two of the approach, Trench is of the view that the proposals raise many complex questions of constitutional principle, as the proposed powers were 'highly unusual and governmental practice', as there were issues about drafting and the extent to which the transfer of powers will be entrenched. He further points out that the proposals will add to the complexity of the Assembly's powers since there will be a continuation of the use of England and Wales statutes to confer powers on the Assembly. The third stage is the transfer of full legislative powers, and he expresses doubt whether this may transfer full powers since the powers to be transferred will be limited to the areas the Assembly already had powers.

Eventually, on July 25, 2006 a new act, the Government of Wales Act 2006, was enacted. The Act, containing Six Parts, 166 sections and 12 Schedules, gives effect to many of the White Paper proposals. It also gives formal recognition to the Welsh Assembly Government (Llywodraeth Cynulliad Cymru) as the executive arm of the Welsh Administration, separate from the National Assembly for Wales (the legislature). Article 1 (i) of the Act therefore

states that: "There is to be an Assembly for Wales to be known as the National Assembly for Wales or Cynulliad Cenedlaethol Cymru" (GoWA 2006).

Part 3, Section 93 of the GoWA 2006 deals with the kinds of laws the Assembly is empowered to make. Under sub-section (1), the Assembly may make laws, to be known as 'Measures of the National Assembly for Wales' or *Mesurau Cynulliad Cenedlaethol Cymru*. Sub-sections (2) to (4) covers the mode in which Measures can be enacted, stating that a Measure is enacted by being passed by the Assembly and approved by Her Majesty in Council; while every Measure is to be judicially noticed. On the role of the UK Parliament, the Act is explicit at sub-section (5) that: "This Part does not affect the power of the Parliament of the United Kingdom to make laws for Wales" (GoWA 2006).

Despite the concerns raised by some politicians and academics about the limitations of the Act some people see it as a bold attempt towards the achievement of a full parliament for Wales. This is echoed by Lord Richard when he said the Act presents "a major step forward in the direction of a proper Parliament for Wales along the lines of the Parliament in Scotland. As such, it is broadly, if sceptically, welcomed" (Richard 2006, p.6).

However, there have been some concerns expressed by some sections of the Welsh society. Among the concerns is that the Richard Commission failed to get for Wales what the region deserves. In other words, the expectations of the Welsh people had not been met by the Act because it left some salient proposals from the Commission without any action on them. It was the view of some of our interviewees that some very important sections of the Richard Commission recommendations were either watered down or left out completely without any action (Interviewees #1, #2, #9, #15, #17 and #18). Another critical concern was why the Act

failed to raise the number of AMs from 60 to 80 to ensure that the subject committees would have adequate memberships to properly scrutinise government activities.

Prior to the establishment of the National Assembly for Wales, Hazell[9] (1997) described the Welsh devolution as "a messy compromise between those who do not want it at all and those who want more", and concluded that "unlike the Scots, the Welsh are not prepared for change" (Hazell 1997, *Prospect* online version). The concerns of our interviewees centred on why the government ignored some of the main recommendations of the Richard Commission. This, in our estimation, vindicates Hazell's view that devolution was indeed introduced to Wales to pacify both those who opposed it and those who wanted it. The Labour administrations in Cardiff and London were unwilling to implement the Commission's recommendations to the fullest.

In recent times, calls and agitations for speedy granting of full legislative powers to the Assembly were sometimes derailed by statements by prominent Welsh politicians like former First Minister, Rhodri Morgan, who once defended the snail pace of the devolution process by saying that, it was a "fragile flower which requires time to grow organically" (Jenkins 2007, p.300). In reaction to Morgan's statement, Jenkins says Morgan's "own chronic indecisiveness was exposed by his response to the unanimous verdict of the independent Richard Commission" which concluded that the Assembly should have primary law-making powers (ibid). He adds that "the First Minister and his colleagues displayed little enthusiasm for further and more radical constitutional change, and the report of the Richard Commission was left to gather dust" (ibid).

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[9] Robert Hazell is Director of The Constitution Unit.

From an analysis of the government's White Paper on the Richard Commission, it becomes quite clear that the Commission's report was almost completely rejected by the UK government ably spearheaded and guided by then Secretary for Wales, Peter Hain. What some people are also worried about was why some Welsh people would blame non-Welsh Conservative Secretaries for Wales for not serving the interest of Wales, while Hain, a Welsh (Secretary for Wales), would actively work to prevent Wales to get what it deserved from the work of the Richard Commission. The government White Paper, according to Jenkins (2007), was "a half-way house between the status-quo and greater legislative powers loosely akin to those acquired by the Scottish Parliament (p.300). It is also clear that the cosy relationship between Cardiff and London due to the fact that they were of the same political persuasion, could have contributed to the tepid manner in which the leadership of the Welsh Government has since 1999 pressed for more powers.

In Scotland, the Parliament is to have more powers, according to Prime Minister Gordon Brown, who announced at the CBI dinner in Glasgow on September 4, 2008, that he favoured enhanced financial powers for Holyrood (Scotland) (Brown 2008). Though Brown aides denied that the Prime Minister had caved in to pressure from the governing nationalist Scottish National Party, it looked obvious that the Prime Minister made the concession to the nationalists to dissuade them from going ahead with their secessionist threats. Whereas the government has accepted the recommendations of the Calman Commission to grant more financial autonomy to Scotland, due to the hard bargaining stand of the Scottish Executives, their counterparts in Wales could not undertake such a serious bargaining to get the government to fully implement the Richard Commission report. This is a clear indication that multi-level bargaining becomes more meaningful, mutually acceptable and beneficial when the players or partners were eager to do effective bargaining.

Conclusion

This chapter has discussed the pre- and post-devolution relationship between Wales and the United Kingdom. It looked at some of the definitions and practices of the term 'devolution', its evolution in the UK and its impact on constitutional, legal and political practices. This chapter also looked at the Government of Wales Acts 1998 and 2006.

There has indeed been a long history between Wales and England, and for that matter, the United Kingdom's introduction of devolution in Wales would naturally attract a considerable number of curious observers. For instance, with the coincidental arrival of structural funds programme in Wales at the setting up of the National Assembly for Wales, the relationship between Wales and the UK government becomes even significant. The structural funds demands partnership principles between the European Commission, member-state governments and sub-national authorities. For this reason, Wales has the opportunity in implementing structural fund programmes through which it has regular interactions with the Commission albeit unofficial or through the backdoor. The implementation of the programmes also require that Wales can come out with its own projects, and design its implementation style without waiting for orders or directives from the UK central government.

With devolution, Wales and Scotland are on the path to greater autonomy, if not independence. This means a loss of some power by the Westminster Parliament and the UK Government. And should the process lead to full autonomy or independence, the fate of the union between Scotland and England and the historical relationship between Wales and England would come to play. The position and roles of MPs from the devolved administrations in the Westminster Parliament would come under scrutiny. For instance,

there are 40 out of the 646 Members of the Westminster Parliament from Wales. Out of the 40, Labour has 29, the Liberal Democrats have four, Plaid Cymru, three, and the Conservatives three. What would happen to these 40 MPs and those from Scotland could form the basis for another research.

The next chapter looks at the EU Policy Framework, to be followed by the Structural Funding Programmes in the UK. These give us the opportunity to appraise the processes of deciding the effects of EU policies, especially the Structural Funds on multi-level governance theories and also on the UK.
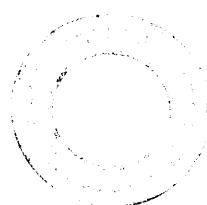
Chapter Four: EU Policy Framework

Introduction

This chapter examines the European Union's policy framework and funding programmes, looking at the effects of the regional policy on member-states. The chapter also analyses the Cohesion Policy,[10] under which comes the Structural and Cohesion Funds, used as major tools for the mobilisation and integration of member-states. The chapter discusses the Cohesion Policy from 2000 to 2006, while it looks at the Convergence Policy which replaced it and covers the period 2007-2013.

The history of the Structural and Cohesion Funds came into existence in 1975, yet its history can be traced to the very beginning of the creation of the EEC in 1958. This can be accounted for by a multiple of reasons – economic, social and political – involving the redistribution of resources to the poorer regions for the upgrading of their economies and social development. In a 1999 report, the European Commission supported this belief by stating that: "Under-performance in weaker regions leads to a fall in consumer demand for European products, hinders economic development, distorts competition in the Single Market and ultimately reduces the EU's competitiveness on the global market" (11th Annual Report on Structural Funds).

Framing the Regional Policy

Summarising the European Regional Policy in a few sentences or paragraphs is not an easy task. This is because there is never a single way of developing a policy within the EU of 27 member-states, each with their own political, economic, and cultural interests and sometimes

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[10] The EU Regional Policy is also referred to as the Cohesion Policy.

very entrenched positions. Nevertheless, the need for a regional policy has never been in doubt.

Armstrong (2001) makes a case for the involvement of the European Union in regional policy by arguing that, first, the EU, by ensuring that spending is concentrated on where it is needed most, can improve the efficiency of regional policy and also bring about discipline within member-states on the management of their own policies. Secondly, he argues that through competition policy, the Union can reduce the costly and inefficient 'competitive out-bidding' for mobile investments between nations and regions. Thirdly, he points out the impact of depressed regions on others, by stressing the 'common interest' view, adding that major disparities in income and unemployment were never acceptable on social and equity grounds. Fourthly, Armstrong points to the 'dynamic' argument which stresses that regional disparities may be a barrier to further integration. The UK Government favoured the involvement of the EU in regional policy when the Department for Trade and Industries said in 2003 that:

> "There is an important EU dimension to regional policy, and it is right that the EU should have clear regional policy objectives, supporting and contributing to the wider productivity, employment and sustainable development objectives" (DTI).

The 1988 reform of the Regional Policy, led to the introduction of the principles of *partnership* and *subsidiarity* in the Structural Funds. This was followed by the signing of the Maastricht Treaty to boost political and economic union, strengthened the Commission and Parliament, while majority voting was introduced at the Council of Ministers. These developments in the Union in the last two decades have therefore immensely increased the scope and depth of policy-making.

This chapter tries to explain some of the ever-complex modalities of policy formulation within the Union, and also how such policies impact on the member-states and multi-level

governance theories. Our focus is not necessarily on the workability or otherwise of the policy or so much on the results of the policy. Our focus is rather on how the policy has impacted on governance throughout the different member-states of the European Union, especially in the autonomous and semi-autonomous regions, and whether it leads to multi-level governance.

Theorising EU policy-making is further complicated by the argument that the policy process is not confined to what happens within the formal framework of EU institutions, but also it embraces other actors within national policy-making "both directly through involvement in the Community arena and indirectly as that arena impinges on national policy processes" (Wallace 1983a in Bache 1998, p.25). In addition, the influence of various governmental and non-governmental actors at different stages of the policy process must be accounted for (Wallace 1977a: 33-34 in Bache 1998).

Economic disparities

Despite the fact that the European Union is one of the richest regions of the world, there are still significant disparities of incomes and the standard of living between some regions of the Union. The existence of these regional economic disparities has long been noticed. For instance, in 1958, it emerged that the regional GDP in Hamburg was five times higher than in Calabria in southern Italy (Halstead 1982:55 in Bache 1998).

The 1957 Treaty of Rome, in its preamble, acknowledged this worrying situation and made provisions to address it. The preamble states the Community's resolve to ensure the economic and social progress of the member-states by a common action to "eliminate the barriers which divide Europe". It also affirmed "the constant improvement of the living and

working conditions of their peoples as the essential objective of their efforts", and recognised that "the removal of existing obstacles calls for concerted action in order to guarantee steady expansion, balanced trade and fair competition. The preamble also affirmed the Community's anxiety to strengthen the unity of the economies of member-states and to ensure their harmonious development by "reducing the differences existing between the various regions and the backwardness of the less favoured regions" (Treaty of Rome, 1957).

Notwithstanding the notice of regional components in some financial instruments which existed in the 1950s and 1960s, there was no formally constituted Community regional policy until 1973, when a decision was taken to introduce such a policy which came into effect in 1975. This led to the creation of the main financial instrument of the regional policy - the European Regional Development Fund (ERDF) - the same year, aimed at improving economic prosperity and social inclusion through investments in projects for the promotion of development to encourage diversification of industry into areas lagging behind. Until then, it was unclear how these disparities were to be addressed, whether through national policies or Community-wide regional policies, or a combination of both (Bache 1998). Member-states had to bear the responsibility of addressing these disparities for almost two decades before the regional policy was introduced in 1975. This was in spite of the fact that some of the early financial instruments like the European Social Fund (ESF), European Coal and Steel Community (ECSC), the European Investment Bank (EIB) and the European Agricultural Guidance and Guarantee Fund (EAGGF) all had regional dimensions (ibid).

The ESF is one of the EU's structural funds set up as a means of creating more and better jobs to reduce differences in prosperity and living standards across the member-states and regions; and to promote economic and social cohesion. It was originally meant for the provision of

funds for the training and retraining of workers affected by the restructuring of industries within member-states. The fund's earlier emphasis was on the alleviation of long-term structural unemployment and underemployment in disadvantaged regions. The main beneficiaries of the fund in its first decade were Italian agricultural workers moving to the factories in the north, and West German workers.

The ECSC, which came into existence from the 1951 Treaty of Paris, and considered by some as the first international organisation to be based on supranational principles, established a common market for coal (on February 10, 1953) and steel (on May 1, 1953). Its focus was to promote integration, balanced development and economic and social cohesion within the member-states, by promoting economic expansion, increased employment and to raise the standard of living in the Community. This was to facilitate the rational distribution of high-level production while guaranteeing both economic stability and employment sustainability. Under Article 46 of the Treaty, new investments in the coal and steel industries were granted loans, while housing subsidies linked with industrial reorganisation in the two sectors were made available.

Article 3 of the 1957 Treaty of Rome, establishing the EEC made provisions for the establishment of a European Investment Bank as a non-profit-making institution. Its primary aim was to promote the economic expansion of the Community. This gave recognition to the need for a mechanism to transfer capital between rich and poor regions as well as attracting capital in the Community from outside (Bache 1998). To reflect its objective of reducing regional disparities, the bank set aside a substantial portion of its resources to finance potential projects that would promote the development of the less developed areas. It provides loans at preferential rate for the economic development of the less prosperous

regions, and aid for the financing of infrastructure like telecommunications, water supply, irrigation and small-scale industries.

For its part, the EAGGF was established to finance the Common Agricultural Policy (CAP) which was set up in January 1962, but split in 1964 into two sections - the Guarantee Section and the Guidance Section. The Guidance Section concentrates on funding expenditures resulting from application of the markets and price policy. According to Articles 2 and 3 of Regulation 729/70, such expenditures consist "partly of refunds for exports to third countries granted under the common organisation of the market, and partly of intervention payments to regularise agricultural markets". Following the reform of the CAP, this Section has since 1993 financed all or part of measures outside the management of agricultural markets, such as 'set-aside of land, income support, environmental protection, and action to combat fraud'. The volume of payments made by the Section rose from ECU 8.7 billion in 1978 to ECU 38.7 billion in 1998 (EU Source 1).

To add to the already existing disparities, the entry of 10 new member-states in May 2004, whose incomes were far below the EU average, aggravated the problem by deepening and widening the gaps. The EU Regional Policy therefore had to make available resources from rich and affluent member-states to these poorer regions. To the EU, this practice was both an instrument promoting financial solidarity and a powerful dominating tool for economic integration. The Union which is no doubt one of the world's most prosperous economic areas has a population of over 450 million and a big internal market, yet it has become very clear that without addressing the economic and social disparities among its member-states especially the poor ones, its dynamism would continue to be weakened. Evidently, these disparities are constantly noticed in the social deprivation, higher unemployment and

inadequate infrastructure among others, in some of the member-states and regions. Policy-makers at both the EU and member-state levels are therefore challenged to ensure that regions are able to overcome such disparities and promote growth and competitiveness.

The Commission sets its policy agenda by "linking proposals on cohesion spending to the EU budget as a whole" (Interviewee #21). Spending on cohesion policy is decided by member-state governments, yet they do not have the freedom to allocate funding within their own territories according to their priorities. This is because the Commission allocates a fixed percentage of the EU budget to specific regions in line with its own regional initiatives aimed at bridging economic development gaps (ibid).

Following the merger of the three European Communities – EEC, ECSC, and Euratom – into a single European Community, the Directorate-General for Regional Policy (DG XVI) was established, bringing a new dynamism and increased enthusiasm for the development of a regional policy leading to the establishment of the ERDF. Despite this new dynamism and enthusiasm, there was no significant advancement of the Commission's proposals until 1972. Apart from Italy, potentially the greatest beneficiary of the regional measures, which favoured of the new proposals, most of the other member-governments opposed them due to several different reasons (Wallace 1977b: 141 in Bache 1998). For instance, the French Government favoured the limiting of Community funding to the EIB, with no role for the Commission. The Belgians on their part would not accept any Community policy at all unless the Commission would endorse its (Belgium's) own policy towards internal tensions. Then to the Germans, only a modest regional expenditure restricted to the EAGGF was favoured, arguing that the principle of redistribution should be *le juste retour* (ibid) (one good deed deserves another).

The Werner Report of 1970 boosted the Community's objective of achieving economic and monetary union (EMU), as it provided a plan for the achievement of the union within 10 years, and which necessitated institutional reform and closer political integration. The report also pointed out the need to remove regional disparities as they hindered the achievement of the EMU. This pushed the issue of regional policy higher on the agenda of the 1969 Hague Summit, which highlighted the need for action on the issue. This was linked to the then impending enlargement of the Community to include Denmark, Ireland and the UK, which was to add a group of poor regions within these countries. Regional policy had by 1972 become a more acceptable programme within the Community after the European Parliament accepted the Commission's proposals in March. The Council of Ministers made a decision by October of the same year at the Paris Summit, where finally it was agreed that addressing the structural and regional imbalances should be given "a 'high priority' for the realisation of the economic and monetary union (Bache 1998).

Hooghe and Marks (2001) categorise the EU Regional Policy into three distinct phases - bargaining the financial envelope; creating the institutional context; and structural programming. They describe the entire policy as a "funding looking for institutions instead of institutions looking for funding" (p.94), as is normally the case. Under the first phase of the policy, '*Bargaining the Financial Envelope*', the driving force is bargaining among the member-states about who gets what, based on the financial package provided by the Commission for spending, under what it calls 'multi-annual financial perspectives'. The bargaining is structured by the Commission, occurring cyclically and parallel to the multi-year cycle of the structural plans (community support frameworks) drawn for each participating country, while prioritising decisions concerning redistribution over broad policy goals or institutional design. Three rounds of bargaining have so far taken place. The first, in

1988 (Delors I), was prior to the five-year cycle of 1989 to 1993; the second, prior to the six-year cycle of 1994 to 1999 (Delors II); and the third in 1999, prior to the seven-year cycle of 2000 to 2006 (Agenda 2000). With the end of the 2000-2006 programme, and realising that it still faces more internal and global challenges than before, it became necessary for the European Union to come out with new legislative provisions paving the way for the introduction of a new programme – Convergence Policy - spanning the period 2007 to 2013 (see below).

Analysis of the EU funding programming suggests that it was also a way of the richer members offering financial inducement to the poorer ones to entice them into agreeing to speeding up integration. For instance, the scramble for EU membership by many of the recent 12 new members from the central and eastern Europe was motivated to a large extent by potential financial gains for the improvement of their national fiscal programmes.

Under Hooghe and Marks' (2001) second phase of the regional policy, *creating the institutional context*, there is no doubt that member-states shape the financial envelope for cohesion policy, but it is also important to point out that they only decide the general outline of the distribution pattern of the funds. The Commission holds the final say in order to achieve the goals based on instruments drawn in 1988. This shows that sometimes decisions were taken long before member-states got the opportunity to debate them. This is because no matter the views and wishes of member-states, final decisions must be in line with the aims of the financial and development policies already adopted by the same member-states at earlier Council meetings. This sometimes gives credence to the supranational nature of the EU, and the fact that it could undermine the powers of member-state by directing where funding should go in particular countries or regions.

The third phase, *structural programming*, introduces a new element to the equation. According to the authors, the political logic of structural programming is quite different from institutional design or redistributive bargaining as the latter two are "games played between national governments and the European Commission (with some role for the European Parliament) at the European level" (Hooghe and Marks p.99). Structural programming, by contrast to institutional design or redistributive bargaining, involves sub-national actors, national governments and the Commission, each exercising some level of authority and influence in the achievement of the goals. With varying political influence across member-states, structural programming therefore reflects the wide variations in relations among member-states of the Union (ibid). This clearly feeds into the multi-level governance theories. From the above, it is clear that sub-national, national, and supranational authorities share responsibility for policy formulation. However, for a better understanding of the power distribution in cohesion policy, one has to refer to the distribution of formal authority in addition to the 'financial dependencies, informational asymmetries, and the embeddedness of institutional norms' (Rhodes, Bache, and George 1996 in Hooghe & Marks 2001).

Initial results from the regional policy showed its impact on member-states' economic growth and job creation. For instance, the income per head in Spain, Portugal, Greece and Ireland increased from 66 per cent to 74 per cent of the Community average, with one of the very poor members, Ireland, making a remarkable performance of achieving average growth rate of 4.5 per cent between 1983 and 1995. Spain and Portugal on their part recorded three and 2.6 per cent respectively. These economic growth rates, however failed to change income disparities between the regions, and the situation remained unchanged over the period. In the 25 best regions, income per head rose marginally from 140 to 142 per cent of the Union average, while there was an increase from 53 to 55 per cent in the 25 poorest regions.

Not all aspects of the policy sailed through successfully from inception. The implementation of the European Social Fund, for instance, encountered some difficulties when in 1967 the Federal Republic of Germany, the richest member-state, became the major beneficiary, defeating the core idea of redistributing resources to the poor. Perhaps the German case could be explained by the fact that the fund targeted workers (for vocational training) and Germany was at that period home for a large number of Italian workers who were being trained there. With the accession of the Republic of Ireland and the United Kingdom (and Denmark) in 1973, disparities between the economies of the regions became more visible. Wales, Northern Ireland and northern England presented a major unemployment crises, while the Republic of Ireland comparatively and noticeably being poorer than the original six members, further compounded the disparity issue as its per capita income was about half of the rest of the other members. The gap between the richest regions and the poorest ones grew so huge to a point where the richest regions were five times richer than the poorest (George 1996, in McCormick 1999).

Following some of the failures of the ESF, the Commission's review proposal to the European Council led to the realisation of the need for improvements. This led to the establishment of the ERDF in 1975. Under the ERDF, higher grant of 55 per cent of ESF support was therefore allocated to the French Overseas Departments, Ireland, Greenland, Northern Ireland and the Italian Mezzogiorno, all considered to be in need of more support. These areas were classified as the priority regions. This led to the creation of Objective 1 regions, increasing the authority of the Commission on regional development. From 1999, the ERDF became available in Objective 1 and 2 areas (EC, 1999). The other associated

problem was *additionality*[11]. Until 1988, the ERDF was allocated by fixed quotas and member-states had to co-finance by way of providing matching funds. This created some difficulties as some of the member-states failed to comply with the Commission's requirement while the Commission lacked the ability and competence to ensure compliance (Levy 2000). Additionally, there were lapses on defined objectives, co-ordination and effective analysis of the level of impacts the policy was to make. At the implementation level, there also arose questions about the competences and capabilities of the local authorities to carry the programmes through (Court of Auditors Survey, 1983).

The institutional design of the 1988 policy had broad-ranging implications for EU governance, promoting non-hierarchical networks of public and private actors at the meso level (Kohler-Kock 1996, 1998; Kohler-Koch and Eising 1999 in Hooghe and Mark (2001) where all the actors including those at the European, national and sub-national levels have had to collaborate to design regional development plans. Hooghe and Marks (2001) forcefully state that:

> "the reforms cracked the shell of inter-governmental bargaining in EU regional development policy by admitting sub-national and supranational actors into decision making" (p.107).

This required collaborative networking among public and private actors at multiple levels, and the need to established direct connections between sub-national and supranational actors beyond the control of national governments. They further point out that during the negotiations for the structural programming for the 2000-2006 period, the cohesion policy was sharply criticised. The new regulations of 1999 therefore had to accommodate several of

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[11] Additionality refers to the principle where EU member-states ensure that whatever support received from the EU becomes an addition to their normal budgetary allocation to the regions concerned, and that the member-states will not consider such support as regular national income to be paid into their treasuries. The UK had a controversy with the EU in 1991/92 over its refusal to abide by the principle.

these criticisms. In that year, the components of cohesion policy – cohesion fund and structural funds – disbursed 35.7 per cent of the EU budget (€30 billion at 1992 prices). In 1989 the policy covered 43 per cent of the EU's population, but since then the level of spending has fallen to the extent that by 1999 no less than 50 per cent of the population was covered by the programme, raising the issue of whether funds be allocated evenly or to those who needed them most (ibid).

The cohesion policy, despite its initial achievements within some member-states, still lacked direction, at least towards the achievement of the European dream of integration through the removal of economic disparities within the regions. The Regional Policy varies spatially. In some cases there are even variations within member-states because the creation, negotiation, implementation and monitoring of regional development plans (referred to in Euro jargon as 'structural programming'), are territorial responsibility reflecting territorial relations in particular countries. Until the 1988 major reform and radical overhaul by the European Commission, the cohesion policy was being implemented in 12 different formats within the 12 member-states as each of them decided how to use the funds. The reform therefore eliminated this rather minimalist approach and replaced it with a process which was to involve as many players and actors as possible, where bargaining and networking became very important and desirable. Cohesion and structural funded programmes were henceforth to be run in a complete different format where the formulation, planning, design and implementation of programmes were to be done under a set of rules and procedures which prescribe close collaboration and partnership between the European Commission, central governments (member-states) and sub-national authorities (regional and local governments).

Another significant introduction after the 1988 reform was the shifting of the emphasis of the cohesion policy from large-scale infrastructure and investment incentives to indigenous development (Bachtler and Michie 1994a in Marks and Hooghe 2001) to aid indigenous economic development through the involvement of local actors who had intimate knowledge of local problems. This definitely removed the monopoly of central governments in negotiating with the Commission and brought regional and local authorities at par with the Commission and central (member-states) governments under what was carefully termed 'partnership'.

Therefore, in countries where previously sub-national authorities were very weak like Ireland, Greece or the United Kingdom, this meant a huge boost and empowerment of regional and local authorities. As future events have proven, the cohesion policy has succeeded in paving the way for the European Union and its institutions to usurp to a significant degree, the traditional powers and authority of central governments in the formulation of policies, political programmes and general democratic governance. It has also provided a platform for sub-national authorities within the member-states to be substantially involved in European cohesion policy. This supports one of the thesis hypotheses and reinforces our position that multi-level governance as practised within the European Union promotes the sharing of competences among central governments, sub-national and supranational actors.

At their March 2000 Summit in Lisbon, European Union leaders, realising the need for refocusing their efforts at removing all kinds of social and infrastructural disparities, set out a new strategy for the modernisation of Europe. This was based on the consensus of the leaders that if the EU made the right economic reforms it could secure a prosperous, fair and

environmentally sustainable future for Europe. This new strategy has since become known as the 'Lisbon Strategy' (Lisbon Growth and Jobs Strategy)[12], covering a wide range of policies aimed at making Europe more dynamic and competitive. After initial moderate results, however, the Lisbon Strategy was re-launched in the Spring of 2005. European Commission reports indicate that before the re-launch of the strategy there were a plethora of targets, reporting mechanisms and fewer synergies between the different strands. These have since been streamlined and simplified making the strategy cover two main targets, the first being that the EU will support and encourage member-states to devote three per cent of their GDP by 2010 to public and private investment in research and development; and secondly, to cover 70 per cent of employment by the same date.

Under the strategy, there is a close partnership between the European Commission and member-states, with the responsibilities of each made clear, while emphasising the need for maximising the synergies between the EU and national level partners. Each year the member-states produce reports on the implementation of their National Reform Programmes (NRP), and also they have appointed Lisbon Co-ordinators who are charged with the forward driving of the strategy in member-states (Interviewee #27). It is the duty of the Commission, under the strategy, to propose the integrated guidelines for the reform, after which the Council will have to approve to provide the broad basis for member-states to prepare their NRPs. The Commission assists the member-states to exchange experiences and learn from each other to enable them implement, update and improve upon their NRPs. Again, the Commission ensures that policy-making and funding activities at the European level serve the best goals of growth and jobs. It also ensures that structural and cohesion funding is used primarily to contribute to the Lisbon Growth and Jobs Strategy (Interviewee #24).

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[12] The Lisbon Growth and Job Strategy is commonly referred to as Lisbon Strategy or Lisbon Agenda.

Cohesion Policy [2000-2006]

The 2000-2006 Regional Policy covered all the four structural funds – the ERDF, ESF, the EAGCF Guidance Section, and the Financial Instrument for Fisheries Guidance (FIFG), which is the specific fund for the structural reform of the fisheries sector. These funds initially spent about €213 billion, representing a third of the EU budget. A further €16 billion was added in 2004 to the original budget, with €8.49 billion of this reserved for the 10 new member-states (EU Source 2).

The fund which was originally set up under Council Regulation EEC/792/93 of March 30, 1993, was reviewed and given a fresh outlook under EC Regulation No. 1164/94 of 16 May 1994. The fund financed up to 85 per cent of eligible expenditure of major environment and transport infrastructure projects in the least prosperous member-states whose gross national product (GNP) per capita was below 90 per cent of the EU average. Eligible member-states were to have programmes which aimed at fulfilling the conditions of economic convergence set out in Article 104c of the Treaty establishing the European Community (avoidance of excessive government deficits). Unlike the CAP where the budget depends on the annually determined agricultural prices, the budgetary procedures of the cohesion policy made it possible for member-states to estimate and make projections about their impending incomes. Another significant characteristic of the cohesion policy was that it was "about how to make decisions and implement them as much as about how to solve particular problems" (Hooghe 1996, p.7). It thus made it "a meta-policy: it is about process requirements as much as about identifying problems and setting substantive policy goals" (ibid).

Under the Cohesion Policy there was a management instrument – Community Support Frameworks (CSFs) to guide its operation. The CSFs were provided for by Article 17 of

European Council Regulation (EC) No. 1260/1999 of June 21, 1999, which laid down the general provisions on the structural funds. They were provided for the co-ordination of all community structural assistance in the regions. Each CSF included a statement of the strategy and priorities for joint Community and national action; their specific objectives, quantified where they lend themselves to quantification; and the evaluation of the expected impact in accordance with Article 41(2). It also showed an indication of how the strategy and the priorities had taken account of the indicative guidance referred to in Article 10(3), and the economic policies and strategy for creating employment through improving the adaptability and skills of people, and where appropriate, the regional policies of the member-state (EU Guide 1999).

The CSFs also included an indication of the nature and duration of the operational programmes, including their specific aims and priorities. Added to these was an indicative financial plan specifying in accordance with Articles 28 and 29, for each priority and each year, and the financial allocation envisaged for the contribution of each fund. The provisions for implementing a CSF included the designation by member-states of a managing authority within the meaning of Article 9(n) responsible for managing the framework in accordance with Article 34, and arrangements for involving the partners in the monitoring committees. The CSFs also included the *ex-ante* verification of additionality and the appropriate information from the member-state concerned with the beneficiary regions. Articles 28, 29 and 34 cover the decision on the contributions from the funds, differentiated rates of contribution, and the management by the managing authority.

The process of multi-level decision-making was at the forefront under the cohesion policy, as decisions were not made exclusively by either national authorities or supranational

institutions in Brussels. Rather there was always a continuous partnership and collaboration at every stage of the programme between the European Commission, national authorities, and regional and local authorities, thus bringing policy actors from different levels of governance together to plan and execute programmes. Cohesion policy therefore provided what Hooghe (1996) describes as 'a direct nexus' between supranational and sub-national actors. She adds that:

> "Cohesion had a double loading. It summarised a novel policy rational to deal more effectively with the old problem of regional economic disparities, but it also held a political promise to involve sub-national actors more openly in European decision-making" (p.89).

Spain, Greece, Portugal and Ireland were eligible under the fund from January 1, 2000, but after the 2004 enlargement, Greece, Portugal, and Spain were joined by the 10 new member-states - Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. Thus, within the period under review, between 40 per cent and 49.9 per cent of the Union's population was covered by the structural and cohesion funds (EU Source 10). Ireland's GDP which was 64 per cent of the Union's average at the time it benefited from the fund in 1983, had remarkably increased by 90 per cent in 1995 (EU Source 3). After the Commission's mid-term review of 2003, Ireland's, GNP had improved and averaged 101.5 per cent, and thus became ineligible under the fund from January 1, 2004. Spain, Greece and Portugal whose GNP did not exceed the eligibility threshold of the 90 per cent of the Community average continued to benefit from the cohesion funds until 2006.

Before enlargement, the main beneficiaries who became eligible from January 1, 2000, were Greece (42.6 per cent), Portugal (35.2 per cent), Ireland (26.7 per cent), the new East German *Länder* (18.9 per cent), Italy (Mezzogiorno - 17.4 per cent) and Spain (14.7 per cent). After the 2004 enlargement, most beneficiaries were located in central and eastern Europe. The 10

new member-states became eligible for €24.5 billion between 2004 and 2006.

Table 4.1: Breakdown of Community Aid to new Member-states: 2004-2006 (in million euros)

Country	Obj. 1	Obj. 2	Obj. 3	Interreg	Equal	Cohesion Fund	Total
Czech Rep	1,454.27	71.30	58.79	68.68	32.10	936.05	2,621.19
Cyprus	--	28.02	21.95	4.30	1.81	53.94	113.44
Estonia	371.36	--	--	10.60	4.07	309.03	695.06
Hungary	1,995.72	--	--	68.68	30.29	1,112.67	3,207.36
Latvia	625.57	--	--	15.26	8.03	515.43	1,164.29
Lithuania	895.17	--	--	22.49	11.87	608.17	1,537.70
Malta	63.19	--	--	2.37	1.24	21.94	88.74
Poland	8,275.81	--	--	221.36	133.93	4,178.60	12,809.70
Slovenia	237.51	--	--	23.65	6.44	188.71	456.31
Slovakia	1,041.04	37.17	44.94	41.47	22.27	570.50	1,757.39
Total	14,959.64	136.49	125.68	478.86	252.05	8,495.04	24,451.18

Source: http://www.euractiv.com

Regional Policy Commissioner Danuta Hubner, noted in 2006 that "in cohesion policy, we have one of the rare cases where it is possible to achieve a widely-drawn consensus around an ambitious Community role". She added that the policy was based on consensus because it received widespread support at national, regional and local levels (including social partners, NGOs and civil society), as well as European institutions and consultative bodies. The delivery system of the cohesion policy "is an inclusive one: there is no top-down decision-making from Brussels but rather a multi-level partnership that brings the beneficiaries of the policy directly into decision-making process...people know what they are doing and what they are trying to achieve" (Hubner 2006).

However, one of Hubner's own top officials, a member of her cabinet, explained in an interview with this author that though there was usually 'no top-down' directives from Brussels, "at times some regional programmes fail to become incorporated into national ones,

and the Commission has a way of going around it to open a discussion with the region and the member-state to get those programmes adopted by the EU" (Interviewee #24). He adds that it was not always possible to deal directly or on bilateral basis with all the 268 regions within the European Union to get their programmes into what their national governments had submitted to the Commission, so "it is a fact that the EU sometimes by-passes member-states to deal with regions in a way that could be interpreted as undermining the central power and authority of central governments" (ibid).

The senior Commission official also points out that, though the member-states who are the budgetary authority dictate the pace of events and nature of Commission programmes, "the Commission adopts measures it deems appropriate to ensure that the regions have the capacity to meet all the standards. These measures sometimes require some direct communications with the regions amounting to what others term usurpation of the powers of central governments" (ibid). He adds: "But it must be noted that in developing that capacity it was very important to understand the actual knowledge about programmes and to ensure that the expertise were there and the programmes were run in the best way" (ibid).

Under the guidelines for the implementation of programmes under the Cohesion Policy, there arose the need for Strategic Frameworks, which were operational strategies that focused on the types of interventions best needed for the delivery of the operational programmes. In Wales, the Strategic Frameworks were intended to improve on growth and jobs; strengthen strategic alignment between the EU and the Welsh Assembly Government; assist in the reduction of the volume of projects; and help to shape and balance the delivery of the programme. Under the Strategic Frameworks came the National Strategic Reference Frameworks (NSRFs), the document setting member-states' priorities for the Convergence

Policy. The Commission, in preparation for the new period, co-operated with member-states to finalise the NSRFs, which link with the more general national reform programme. The 2000-2006 programme which ran out in December 2006, was replaced by the Convergence Policy, which is described as 'a new-look and more integrated regional policy' for the 2007-2013 period.

Convergence Policy [2007-2013]

The European Union faces challenges resulting from the global acceleration of economic restructuring as a result of globalisation, wider opening up of trade, the advancement of a knowledge-based economy, and the effects of the ever-expanding technological revolution. Coupled with these are the ageing population of European countries and the effect of growing immigration. This raises the need to reinforce the Union's attempt at harmonisation. Following this realisation by the Union, new legislative provisions became necessary for the introduction of a new programme spanning the period 2007 to 2013. The following were the general contents and targets for the 2007-2013 period:

- a general regulation[13] which defines common rules, applicable to the ERDF, ESF and the Cohesion Fund. Based on the principle of management shared between the Union, the member-states and the regions. This regulation offers a new programming process as well as new norms for financially managing priority objectives: convergence, regional competitiveness and employment, and European territorial co-operation;

- a regulation for each of the sources of financing [ERDF, ESF, Cohesion Fund and the Instrument for Pre-Accession Assistance (IPA)]; and

- a new regulation creating a cross-border authority to carry out the co-operation programmes (EU Regional Policy Guide January 2007)[14].

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[13] A Commission regulation defines the details of how these regulations are applied. It is published in the Official Journal: Regulation (EC) No. 1828/2006 which appeared in the OJ L 45 of 15.2.2007.

[14] This guide incorporates corrections made to Annex 3 and Annex 4 of Regulation (EC) No.1083/2006 (notably following the accession of Bulgaria and Romania) which appeared respectively in the OJ L27 of 2.2.2007 and in the OJ L239 of 1.9.2006.

Following a decision of the March 2005 European Council, the European Commission proposed to strengthen the contribution of the cohesion policy to growth and jobs in the 2007-2013 period. A Community Strategic Guidelines on Cohesion (2006/702/EC) was adopted on October 6, 2006. This Community Strategic Guidelines 2007-2013, attached a special attention to specific needs of certain zones, like the urban and rural areas, to encourage an 'integrated approach' to cohesion policy in order to promote not only growth and jobs but also social and environmental objectives. In adopting the guidelines, the Council said, in line with the re-launch of the Lisbon Agenda, cohesion policy was to focus to a greater extent on knowledge, research and innovation, and human capital, and in view of that overall financial allocation to these areas should be significantly increased (EU Source 5).

The cohesion fund would benefit member-states with a gross national income less than 90 per cent of the Community average. These include of all the 12 latest members and Greece, Malta and Portugal. They are to receive a total of €70 billion (current prices) for investment on environment and trans-European transport networks. The EU thus seems to be at a turning point to improve upon the delivery of more growth and quality employment and for the drive to modernise the regions of member-states.

Under this programme, the Commission aims to increase coherence between Cohesion Policy and the Lisbon Agenda and between Cohesion Policy and other community policies with innovation and competitiveness as its cornerstone. The programme gives ownership to regional and local actors as a way of promoting the capacity building for innovation. The programme becomes the leading policy in expenditure and coverage terms, for the first time overtaking agriculture as the largest budget item of the EU. The programme will cover an

average annual expenditure of €44,017 million compared with €41,872 million for market-related expenditure and direct payments to agriculture (Leonardi 2006). A total of 450 programmes were slated to be covered by the 2007-2013 Convergence Policy. As part of publicising the policy the Community Regulation on Funds has made it a requirement, for the first time, that member-states must publish the lists of projects co-financed by the EU, covering the amounts received by each project and the beneficiaries.

Table 4.2: Regions eligible for Convergence Objective

o **Bulgaria**	All the territory
o **Czech Republic**	Stredni Cechy, Jiozapad, Severozapad, Severovychod, Jihovychod, Stredni Morava, Moravskoslezsko
o **Germany**	Brandenburg-Nordost, Mecklenburg-Vorpommern, Chemnitz, Dresden, Dessau, Magdeburg, Thüringen
o **Estonia**	All the territory
o **Greece**	Anatoliki Makedonia, Thraki, Thessalia, Ipeiros, Ionia, Dytiki Ellada, Peloponnisos, Voreio Aigaio, Kriti
o **Spain**	Galicia, Castilla-La Mancha, Extremadura, Andalucia
o **France**	Guadeloupe, Martinique, Guyane, Réunion
o **Italy**	Campania, Puglia, Calabria, Sicilia
o **Latvia**	All the territory
o **Lithuania**	All the territory
o **Hungary**	Kozép-Dunántúl, Nyugat-Dunántúl, Dél-Dunántúl, Észak-Magyarország, Észak-Alfold, Dél-Alfold
o **Malta**	The whole island
o **Poland**	All the territory
o **Portugal**	Norte, Centro, Alentejo, Regiáo Autónoma dos Acores
o **Romania**	All the territory
o **Slovenia**	All the territory
o **Slovakia**	Západné Slovensko, Stredné Slovensko, Vychodné Slovensko
o **United Kingdom**	Cornwall and Isles of Scilly, West Wales and the Valleys

Source: EU Regional Policy Guide January 2007

In the reform programme, member-states would have to describe specific measures to modernise their economy in the context of the Lisbon Strategy for Jobs and Growth. According to Commissioner Hubner, early estimates suggested that around €200 billion will be spent directly on investments to deliver the Lisbon Agenda including €50 billion on research development and innovation while €70 billion will be on human capital.

According to the January 2007 *EU Regional Policy Guide*, the principal contributions to the new regulations are the Community Strategic Guidelines and the National Strategic Reference Framework. These offer a strategic dimension to the new policy, while member-states and the regions are invited to transform Community priorities into national priorities, but retaining their specificities. The financial aid is, however, less dispersed and concentrates on the European Union strategy aiming at growth and employment (Lisbon Strategy).

The NSRF, which is a new programming instrument for the 2007-2013 period will serve as a benchmark for programming and not a management instrument like what the Community Support Frameworks (CSFs) used to be under the previous programme. The NSRF rather defines policy priorities and suggests the key elements of implementation. It encourages greater co-operation and interaction in a multi-level tier between the European Commission, the central government (member-state) and regional and local authorities (the implementing actors). It is prepared by member-states with inputs from all partners before discussions with the European Commission. The NSRF must, according to the European Council, include:

- partners and actors involved in its preparation;
- an analysis of the socio-economic situation, and the strengths and weakness of the territory, taking into account trends in the European and global economies;

Fig. 4.1: Allocation by Objective [2007-2013]

Current prices
(million EUR)

Legend:
- European territorial cooperation
- Regional competitiveness and employment
- Phasing-in
- Phasing-out
- Convergence
- Cohesion Fund

Y-axis: 0, 10 000, 20 000, 30 000, 40 000, 50 000, 60 000, 70 000

X-axis: BE BG CZ DK DE EE IE EL ES FR IT CY LV LT LU HU MT NL AT PL PT RO SI SK FI SE UK
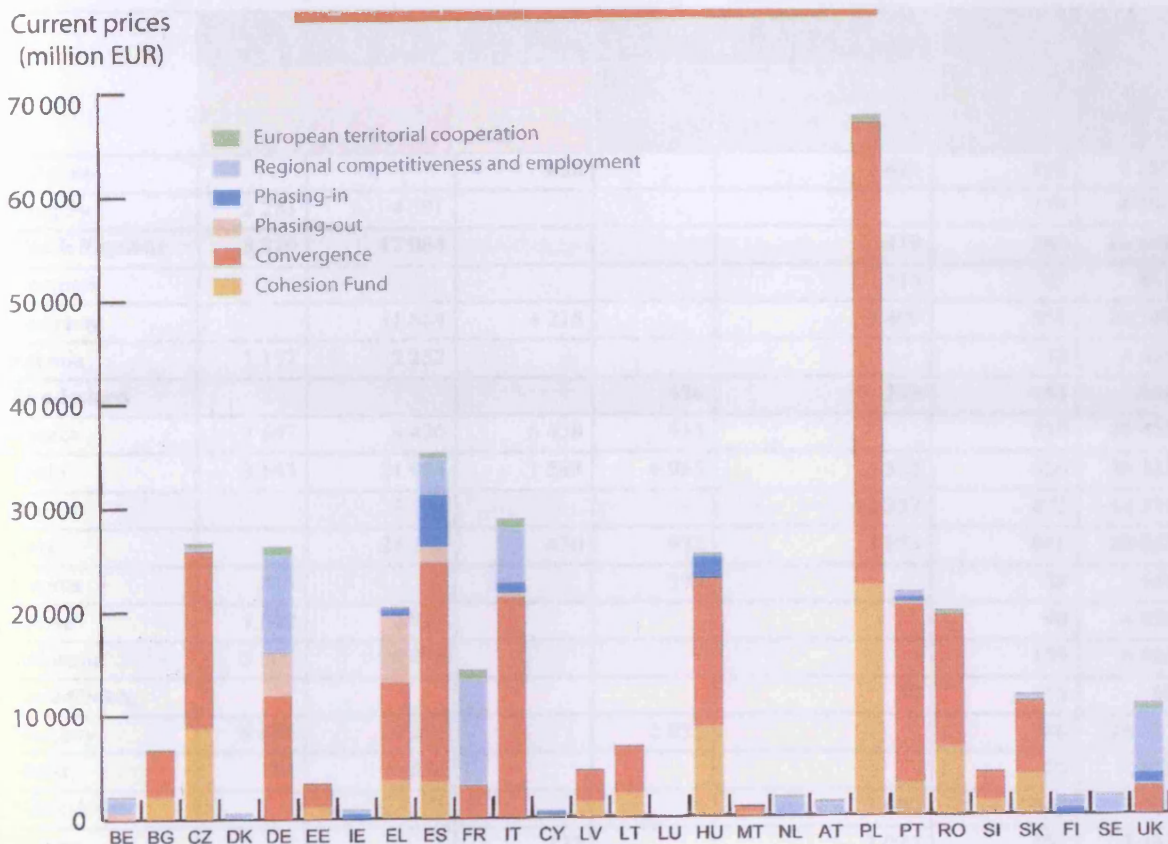
Source: European Union Regional Policy Guide January 2007, p.24

- a definition of the chosen strategy, a list of operational programmes for the convergence objective and the regional competitiveness and employment objective, an indication of the annual allocation from each fund for each programme; and

- precise information concerning the contribution of the NSRF to the Lisbon Strategy priorities (Council Decision 2006/702/EC).

The simplification manifests itself mainly in a reduction in the number of funds and programming stages, and the harmonisation of the rules which governed the Cohesion and the Structural Funds. Therefore, the Cohesion Fund no longer functions independently but is included in the Convergence objective, thus bringing the three funds - European Regional

Table 4.3   Indicative allocation by member-states – 2007-2013 [current prices in millions of euro]

	Convergence			Regional Competitiveness and Employment		European Territorial Co-operation	Total
	Cohesion Fund	Convergence	Phasing-out	Phasing-in	Regional Competitiveness and Employment		
Belgium			638		1 425	194	2 258
Bulgaria	2 283	4 391				179	6 853
Czech Republic	8 819	17 064			419	389	26 692
Denmark					510	103	613
Germany		11 864	4 215		9 409	851	26 340
Estonia	1 152	2 252				52	3 456
Éire-Ireland				458	293	151	901
Greece	3 697	9 420	6 458	635		210	20 420
Spain	3 543	21 054	1 583	4 955	3 522	559	35 217
France		3 191			10 257	872	14 319
Italy		21 211	430	972	5 353	846	28 812
Cyprus	213			399		28	640
Latvia	1 540	2 991				90	4 620
Lithuania	2 305	4 470				109	6 885
Luxembourg					50	15	65
Hungary	8 642	14 248		2 031		386	25 307
Malta	284	556				15	855
Netherlands					1 660	247	1 907
Austria			177		1 027	257	1 461
Poland	22 176	44 377				731	67 284
Portugal	3 060	17 133	280	448	490	99	21 511
Romania	6 552	12 661				455	19 668
Slovenia	1 412	2 689				104	4 205
Slovakia	3 899	7 013			449	227	11 588
Finland				545	1 051	120	1 716
Sweden					1 626	265	1 891
United Kingdom		2 738	174	965	6 014	722	10 613
Interregional/Network Co-operation						445	445
Technical Assistance							868
Total	69 578	199 322	13 955	11 409	43 556	8 723	347 410

NB: The figures having been rounded off, the totals might not correspond.

Source: EU Regional Policy Guide January 2007, p.25

Development Fund, European Social Fund, and the Cohesion Fund – under the same programming and management rules. The three new objectives incorporate the missions of

the previous Objectives 1, 2 and 3 as well as the previous Community initiatives, Interreg III,

Equal and Urban II. Interreg III has been integrated into the European territorial co-operation

objective, while the Urban II and Equal programmes go into the convergence and regional

competitiveness and employment objectives.

Table 4.4: Regions eligible for the Convergence Objective Transitional Support System (Phasing-out)

o Belgium	Province du Hainaut
o Germany	Brandenburg-Sudwst, Luneburg, Leipzig, Halle
o Greece	Kentriki Makeconia, Dytiki Makedonia, Attiki
o Spain	Principado de Asturias, Región de Murcia, Ciudad Autónoma de Ceuta, Ciudad Autónoma de Melilla
o Italy	Basilicata
o Austria	Burgenland
o Portugal	Algarve
o United Kingdom	Highlands and Islands

Source: EU Regional Policy Guide January 2007

The European Agricultural Fund for Rural Development (EAFRD) replaces the Leader+

programme and European Agricultural Guidance and Guarantee Fund (EAGGF), while the

Financial Instrument for Fisheries Guidance (FIFG) becomes the European Fisheries Fund

(EFF). Following these massive changes and the overhaul of the 2000-2006 programme, the

whole of the Union's territory and citizens can now benefit from the new programme, due to

the changes in the geographical eligibility rules (*EU Regional Policy Guide January 2007*).

A total of €347,410 billion (in current prices), representing 35 per cent of the whole of the

European budget, and thus the greatest ever investment by the EU, will be made available to

support regional growth agendas and stimulate job creation. The aim is to improve

competitiveness and the potential for growth at local, regional and national levels, on the

understanding and belief that competitiveness of economies benefits the whole of the European territories, including convergence regions. A total of 18 member-states including the UK, France and Germany are eligible for the Convergence Objective while eight members, all of them from the former 15 members, are eligible for the Convergence Objective Transitional Support System which is phasing out. The eight are Belgium, Germany, Greece, Spain, Italy, Austria, Portugal and the United Kingdom (ibid). The Regional Competitiveness and Employment Objective also funded by the ERDF and ESF, covers all the areas of the European Union not eligible for the convergence objective.

Committee of the Regions

The 1992 Treaty on the European Union (Maastricht Treaty) made provision for the regions of the member-states to have a more visible presence in the affairs of the Union. In line with that, the Committee of the Regions (CoR) was established in 1994. It is an advisory body through which local and regional authorities make their voices heard in the decision-making process of the Union. It is composed of 344 representatives from local and regional authorities, appointed by the Council for four years. The Council, the Parliament and the Commission all consult the CoR in areas that affect local or regional interests. After the Treaty of Amsterdam in May 1999, the CoR assumed an even bigger role since it was to be consulted on a large number of areas: economic and social cohesion, employment, social policy, trans-European transport networks, energy and telecommunications, education and youth, vocational training, culture, the environment, public health and transport (*Europa*).

Under the cohesion programme, the Commission in partnership with local authorities, regional and national governments jointly designed, financed and implemented economic

development programmes. This was further given a boost by the presence of the CoR, as a way of institutionalising regional participation in the work of the Commission.

Fig. 4.2: 2007-2013 Convergence Policy Area
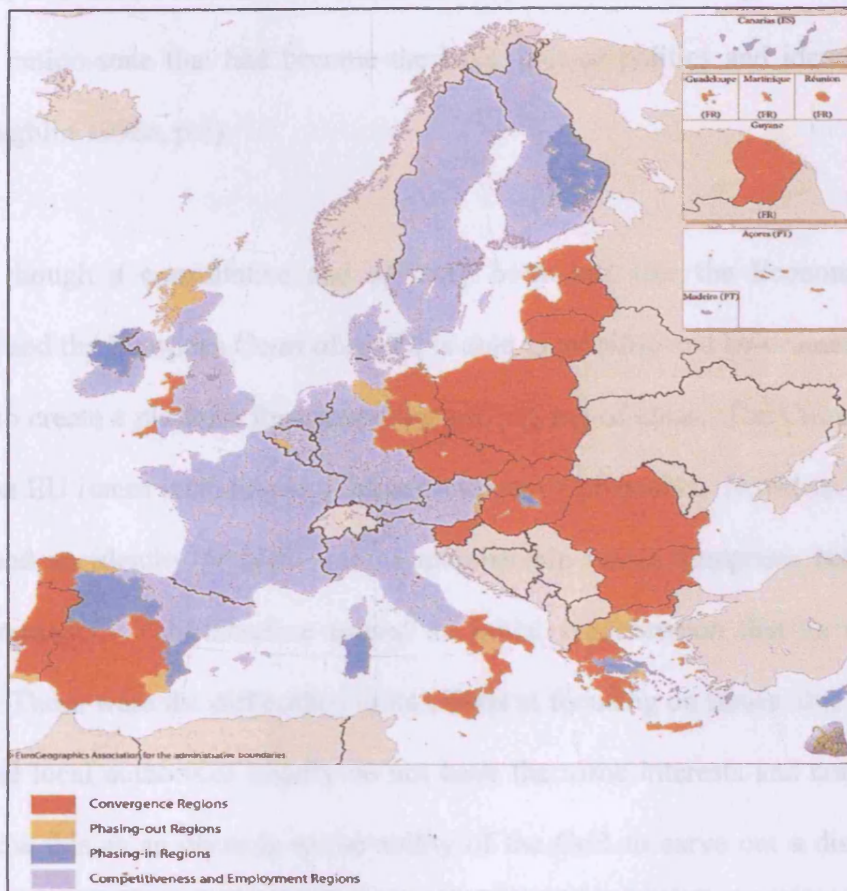
Source: EU Regional Policy Guide January 2007

The 1957 Treaty of Rome that established the EEC acknowledged the importance of the 'regional question', though regionalism as an ideology was discredited immediately after the Second World War due to the fact that some regionalists in France, Belgium, and Italy collaborated with Fascists and Nazis (Loughlin 1996a). However, the 'regional question' has resurfaced unto the political and policy agendas of western European states but in two different formats at different periods. The first format was in the form of 'regional policy'

through which nation-states attempted to develop more backward regions of their territories to bring them to the level of the most developed parts (ibid). The second format through which the 'regional question' re-emerged was what Loughlin terms the 'top-down form of regional development'. This was "a reaction to the imposition of development from above, regionalism, and ethnic nationalism which developed into a challenge to the homogenous centralised nation-state that had become the basic unit of politics and identity of Western states" (Loughlin 1996a, p.5).

The CoR, though a consultative and advisory body just like the Economic and Social Committee and the European Court of Audit, is able to mobilise and co-ordinate the activities of regions to create a platform for networking and sharing of ideas. The Committee gives its opinion[15] on EU issues including legislations and policy proposals. However, it has since its inception had an identity problem due its membership which comprises both regions and local governments. This therefore caused an initial apprehension that its work could be hampered. These were the difficulties in its efforts at focusing on issues, due to the fact that regional and local authorities usually do not have the same interests and concerns. Many therefore saw this as an obstacle to the ability of the CoR to carve out a distinct and more effective role for itself. It thus faces a lot of difficulties in demarcating its own boundaries within the EU polity. Notwithstanding these difficulties, the Committee has established a very significant symmetry between the interests of its members and the demands and stress from its collaborators. This has enabled it to gain a lot of experience in the EU policy processes, and also created a very distinguished position in the EU setup. The Committee's existence has ensured that sub-national authorities were represented at the European level,

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[15] Opinion is the official term used for the written reports prepared by the Committee of the Regions outlining the Committee's reaction to a proposed piece of legislation or policy document by the European Union. Opinions must be agreed by the majority of the CoR members and they are usually sent to the three main EU institutions - the Commission, the Parliament and the Council of Ministers for their consideration.

while at the same time signifying the decentralisation of governance from central states to regions and localities. With the presence of the CoR, the role of the regions in both member-states and at the EU levels has been enhanced and sometimes made more visible.

Another concept that emerged from the 1957 Rome Treaty was `Europe of the Regions'. It has now become a widely accepted phrase referring to almost all types of activities having a bearing on the relationship with sub-national entities. According to Borrás-Alomar et al. (1994), the term has become an over-used Euro-language by national and regional movements and parties in their quest for a greater share of power, or as a theoretical argument on which they advance their position and demands for independence. Within the European Community, the term has also become the Commission's tool in its confrontation with the Council of Ministers for more powers.

Conclusion

This chapter, which focuses on the EU's regional policy framework, traced the genesis of the European Coal and Steel Community and its role in mobilising member-states to promote European integration. It also discussed the complexities of policy initiation and implementation within the EU, which usually defy the traditional governance practices either nationally or internationally.

The EU seems to have assumed the character of a national government instead of an international organisation. This has been made possible by agreements reached by member-states as they consider the European Union's involvement in the development of a regional policy. It is therefore not surprising that through its regional policy, the EU makes decisions over a wide range of areas affecting public and private interests in member-states.

With the involvement of other actors in the policy-making, theorising these policy-making processes rather becomes more complicated due to the fact that the policy processes are not only confined to the tenets of formal policy-making progress of a regional organisation, but also most times they include the policy priorities of individual member-states and even some specific regional authorities and civil society groups.

This chapter has also discussed the genesis and functions of the main financial instruments for the implementation of the regional policy - the ERDF, which aims at addressing regional disparities; and the subsequent ones like the ESF, meant for more and better job creation; the EIB, aimed at promoting community economic expansion; and the EAGGF, set up to finance the Common Agricultural Policy. It was under the aims and objectives of these financial instruments that Wales, as one of the most deprived regions of the UK, has benefitted from most of the programmes.

The concept of Community-wide regional policy and its implementation through the practice of multi-level governance has been the EU's major instrument for the promotion of financial solidarity, as well as being a 'dominating tool' for economic and social integration. This is due to the fact that the Commission links its policy agenda with cohesion spending, with its combined effect manifesting in the promotion of multi-level governance.

The dominating effect of cohesion spending on social and economic integration, as well as boosting the powers of the supranational institutions, is further highlighted by the fact that though it is the member-states who collectively decide the cohesion budget yet, they are constrained by the procedures to allocate funds within their own territories according to their priorities. It is rather the Commission which allocates funds to specific projects in

conformity with EU regional initiatives and priorities. The Commission thus has the final say in the spending of structural and cohesion funds allocated to member-states, and thus supports one of our research hypotheses that multi-level governance realigns the powers of member-states by sharing competences with other actors. In this case, the power of the central government to spend as it pleases has been taken over by the Commission which claims to have the competence in ensuring effective spending towards the achievement of agreed priority targets. Incidentally, the Union's priority targets are the least developed and poor regions of the member-states. The irony here is why the development of the poor regions of member-states appears to be more a priority to the Union than the member-states.

The contradiction in this position however, quickly surfaces when one considers the UK's reluctance to join the EU's monetary union. The UK's position therefore supports those who argue that nothing fundamentally changes under the concept of multi-level governance because the EU has no power to compel individual member-states to do things against their wishes and interests, otherwise the UK could not have stayed outside the monetary union. The effect of such an argument is based on the premise that, whatever powers the EU and its institutions have, are powers collectively ceded to the Union and that the EU institutions cannot take more powers than the member-states would have given them. The foundations of the EU regional policy are based on bargaining by member-states over the financial package, the creation of the institutional architecture; and the structural programming and effective implementation of the policy. These confirm the central role of member-states, irrespective of the fact that they share some of their competences with partner actors.

The next chapter discusses funding programmes in the UK, narrowing the discussion on programmes in Wales. This is followed by a case study of the three Welsh county councils

selected for study of the implementation of EU-funded programmes. This is followed by a discussion of the Common Agricultural Policy, the other EU programme being analysed by this thesis.

Chapter Five: Structural Funding in the United Kingdom

Introduction

The United Kingdom signed the treaty of accession to the European Community on January 22, 1972, and formally joined the Community on January 1, 1973. Among the criteria for membership were a stable democracy that respects human rights and the rule of law; a functioning market economy capable of withstanding competition within the EU; and the acceptance of the obligations of membership, including EU law. Following this, the UK became one of the 12 founding members of the European Union, the successor to the European Community, at its launch in 1992 with the signing of the Maastricht Treaty.

As a member-state of the Union, the UK was eligible for any of the funding programmes under the Regional Policy. The country therefore participated in the 1989-1993 and 1994-1999 programmes prior to benefiting from the 2000-2006 programme, the focus of this thesis. Like the 2000-2006 programme, the earlier ones also attracted a number of concerns. At the December 1992 European Council at Edinburgh, the member-states decided to significantly increase the Structural Funds budget as part of the 1992 Delors II Package which proposed to allocate ECU 142 billion to the 1994-1999 programme. The UK vigorously opposed this increase in the budget and proposed cuts in the allocations to cohesion funding. This led to a compromise over the entire budget, though no reduction was made to the cohesion allocations proposed in the Delors Package.

For the 2000-2006 Structural Funding programme, the UK received funding for a number of projects spread across its territory. The heterogeneous system of governance in the UK, was reflected in the management of the structural funds programmes. In view of this, there were

different and distinct operational systems in each of the four constituent nations – England, Scotland, Wales and Northern Ireland.

In England, the Regional Government Offices managed the programmes, but were co-ordinated by the Office of the Deputy Prime Minister, while the Regional Development Agency was the principal partner. In Scotland, the Scottish Executive was the managing authority who delegated much of the day-to-day implementation of the programmes to Programme Management Executives, while in Wales, the managing authority was the Welsh European Funding Office (WEFO) (see below). In Northern Ireland, the local finance ministry assumed the role of managing authority. Irrespective of the regional differences in the planning and implementation styles, there were in general, partnership arrangements with diverse local actors in all the four nations.

Funding Programmes

For the 2000-2006 period, a total of six Objective 1 programmes and 14 Objective 2 programmes were undertaken in the UK with a total of €11.3 billion grant from the Structural Funds. This attracted additional €15.9 billion in national match funding. In addition to the Objectives 1 and 2 programmes were 11 URBAN II and 4 Interreg IIIA programmes (http://ec.europa.eu). The breakdown of the financial allocations per each programme is contained in Tables 5:1 and 5:2 below.

The six Objective 1 programmes were in Merseyside, South Yorkshire, and Cornwall and Isles of Scilly, all in England, the Highlands and Islands in Scotland, and West Wales and the Valleys in Wales. There was also a grant under the Programme for Peace and Reconciliation in Northern Ireland and the Border Region of Ireland "PEACE II" (a special programme in

the Northern Ireland). The country also benefited from another 14 regional programmes

under Objective 2 in South-East England, London, North West of England (excluding

Merseyside), East of England, Yorkshire and the Humber.   The rest were West Midlands,

South of Scotland, western Scotland (excluding the Highlands and Islands), South West

England (excluding Cornwall and the Isles of Scilly), East Midlands, East Wales, North-East

England and Gibraltar.   Again, in regions outside of Objective 1, the UK received funding

Table 5:1:   Objective 1 Financial allocations (in million euros including transitional support)

Objective 1	Total eligible cost	Total SF contribution	ERDF	ESF	EAGGF	FIFG
West Wales & Valleys	4,022.8	1,933.9	1,163.0	615.2	133.0	22.7
Merseyside	3,631.2	1,389.1	930.6	452.5	5.7	0.3
South Yorkshire	3,088.2	1,221.4	833.7	364.7	23.0	--
Northern Ireland	1,492.5	929.1	537.1	285.0	78.0	29.0
Cornwall & Scilly	1,206.4	523.3	326.6	100.9	78.9	16.9
Highlands & Islands	864.4	319.8	190.1	62.3	38.3	29.1
Total Objective 1	**14,305.5**	**6,316.6**	**3,981.1**	**1,880.6**	**356.9**	**98.0**

Table 5:2:   Objective 2 Financial allocations (in million euros including transitional support)

Objective 2	Total eligible cost	Total SF contribution	ERDF	ESF		
West Midlands	2,324.8	889.5	745.1	144.4		
North West of England	1,947.8	841.4	841.4	-		
North East of England	1,922.7	746.5	610.9	135.6		
Yorkshire & Humber	1,439.4	538.7	469.2	69.5		
Western Scotland	1,444.9	504.5	437.6	66.9		
East Midlands	1,013.8	393.9	358.8	35.1		
London	679.3	273.9	242.6	31.3		
East of Scotland	661.4	261.5	261.5	-		
South West of England	459.1	199.9	164.8	35.0		
East of England	431.9	164.7	150.2	14.6		
East of Wales	308.5	126.4	126.4	-		
South of Scotland	176.1	76.3	76.3	-		
South East England	100.0	35.7	35.7	-		
Gibraltar	20.3	8.7	8.7	-		
Total Objective 2	**12,930.0**	**5,061.6**	**4,529.2**	**532.4**		

Source: http://ec.europa.eu/regional_policy/newsroom/document/pdf/manchesteruk.pdf

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under the Objective 3 programme for education, training and employment and the restructuring of the fisheries sector (EU Source 9).

The main priorities of the UK programmes were:

(i) <u>Competitiveness of Small and Medium Enterprises (SMEs)</u>: support for companies with a strategic potential; use of information and communication technologies (ICTs), the transfer of technologies to SMEs, adaptation to market changes under the socio-economic context, the development of business clusters; access to capital, advice and support, and cooperation between SMEs and regional institutions which generate knowledge;

(ii) <u>Development Opportunities</u>: improvement of strategic sites with potential for business development and employment, encouragement for growth sectors such as ICTs, services and products linked to the environment, etc.; combat against specific handicaps in urban and rural areas and areas dependent on fisheries;

(iii) <u>Competence</u>: reduction in regional inequalities in the field of knowledge; development of specific skills with which to benefit from opportunities stemming from changes on markets and in the socio-economic context;

(iv) <u>Local Economic Revitalisation</u>: to confront the difficulties faced by the most disadvantaged regions; support for the associative sector, employability, sustainable development (by strengthening the attractiveness and viability of the zones concerned), local businesses, and urban and rural development;

(v) <u>Environmental and Energy Infrastructure</u>: increased use of renewable energies; and

(vi) <u>Transport Infrastructures</u>: improvement to public transport and a new balance between different modes of transport, elimination of bottlenecks, improved connections with trans-European networks, and local small-scale land use improvements (ibid).

The issue of additionality, which became a difficult principle to follow by a number of member-states, brought the UK into collision with the Commission in 1991/92, "as the UK operated a strict non-additionality rule under which Structural Fund receipts were counted as reimbursements for national expenditure rather than extra monies" (Keating and Jones 1995, pp.108 & 109). This action of Whitehall compelled the Association of District Councils in June 1991 to pass a motion to demand that the government stopped using structural and

cohesion funds as regular income. This led to the withholding of the UK's structural funds and suspension of its Rechar Programmes[16] by the European Commission until Peter Lilley, then Secretary for Trade and Industry, in February 1992, gave an assurance that the UK Government would meet the Commission's requirements and that the funds would not be used for the cushioning of its national budget but would be used solely for the deprived regions, and that match funding would be provided for the earmarked projects. Following his announcement, the European Commissioner for Regional Policy, Bruce Millan, announced in March that it was releasing £115 million to the UK.

Structural Funding in Wales

This part of the chapter examines the level of collaboration between Wales and the European Union vis-á-vis the financial support provided by the latter towards the restructuring of the economy of the former. It generally discusses this collaboration and support by looking at the structural funding programmes in the entire region of Wales. However, in assessing the impact of the funding programmes, the focus has been placed on three unitary authorities of Carmarthenshire, Caerphilly and Cardiff (see chapter 6).

Technically, and in line with project classification by many EU documents, Wales can be divided into two – East Wales and West Wales. For this reason, this section of the chapter briefly looks at the spread of European funding for these two areas. East Wales is strategically located close to the M4 motorway, the English Midlands and the northwest of England. Economically, this area is very diverse and makes it a prime investment location. East Wales, which had a population of 1.05 million in 2004, covers areas like Monmouthshire, Newport, Cardiff, the Vale of Glamorgan, Wrexham, Flintshire, and Powys.

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[16] The Rechar Programme was a European Community initiative which targeted areas which relied on the coal industry which was in decline.

Fig.5.1   Structural Funds Areas in the United Kingdom [2000-2006]

Objective 1
- Objective 1
- Phasing-out (till 31/12/2005)
- Phasing-out (till 31/12/2006)

Objective 2
- Objective 2
- Objective 2 (partly)

∧ NUTS 3 boundaries

Sources:
© MEGRIN

0   20   100 km
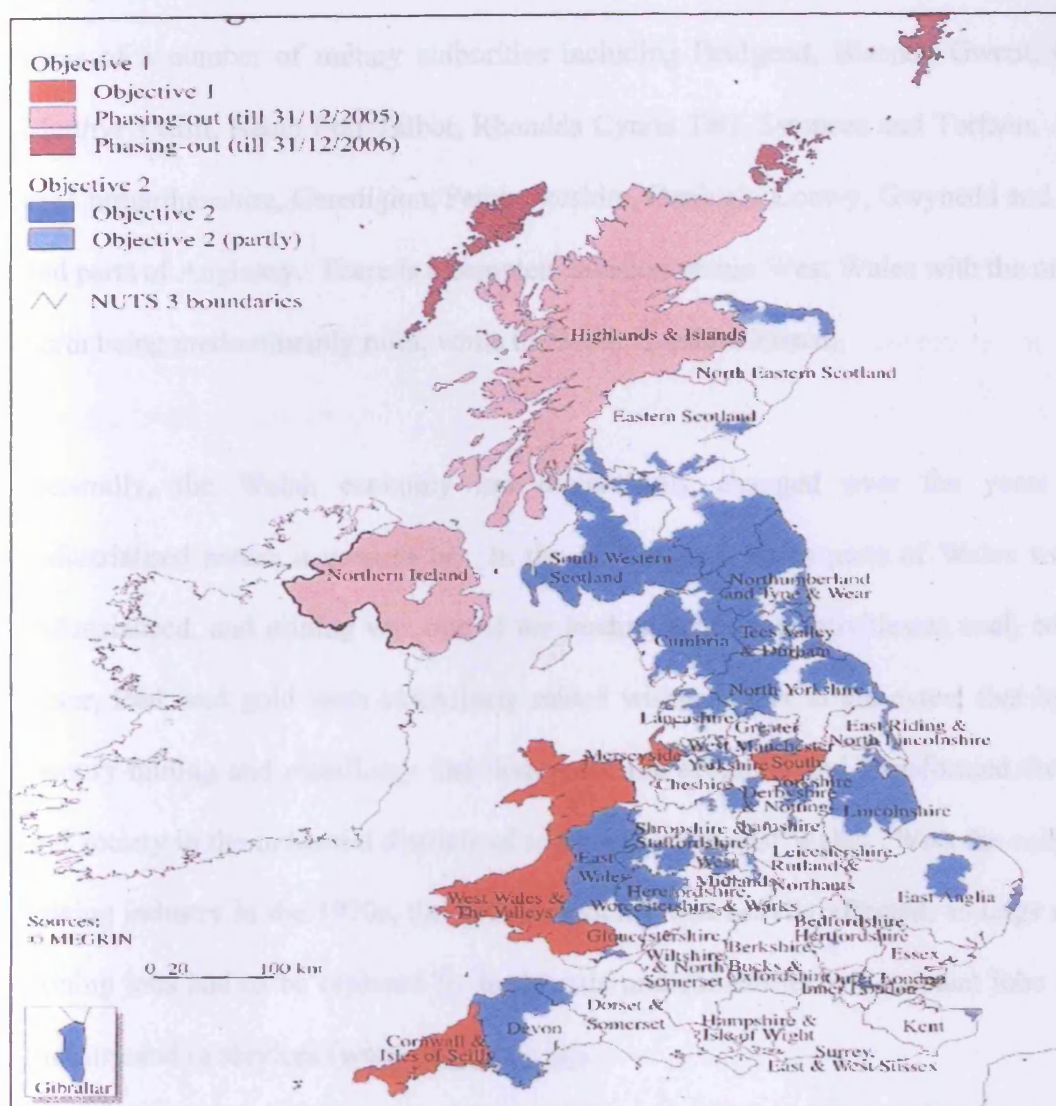
Source: EU Leaflet – The European Structural Funds (2000-2006)

The area also has a stretch of rural areas which are still heavily dependent on agriculture which keeps on dwindling, with very inadequate infrastructure and transport links to enhance smooth economic activities. Despite its diverse economic nature, the area heavily depends on manufacturing as many urban areas are now undergoing structural adjustments.

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West Wales on the other hand, stretches between the Isle of Anglesey in the North and the Valleys in the south. The area which by 2004 had a population of 1.867 million spans the areas of a number of unitary authorities including Bridgend, Blaenau Gwent, Caerphilly, Merthyr Tydfil, Neath Port Talbot, Rhondda Cynon Taff, Swansea and Torfaen. The others are Carmarthenshire, Ceredigion, Pembrokeshire, Denbigh, Conwy, Gwynedd and Ynys Mon and parts of Anglesey. There is a complete division within West Wales with the mountainous north being predominantly rural, while the south is industrialised.

Generally, the Welsh economy has dramatically changed over the years from the industrialised nature it used to be. In the 18th century, some parts of Wales were heavily industrialised, and mining was one of the leading economic activities as coal, copper, iron, silver, lead, and gold were extensively mined within Wales to the extent that by mid-19th century mining and metallurgy had dominated the economy and transformed the landscape and society in the industrial districts of south and north-east Wales. With the collapse of the mining industry in the 1970s, the Welsh economy was heavily affected, as large numbers of mining jobs had to be replaced by inadequate and sometimes non-existent jobs in the light industry and in services (www.wales.gov.uk).

With mining which used to be the predominant sector of the area almost disappeared, the area is currently undergoing agricultural restructuring, while, like East Wales, manufacturing is now the significant sector in addition to tourism. Wages as well as economic activities are low resulting in a combination of poor housing, ill health, low educational achievement, and low levels of skill levels leading to social exclusion (Interviewees #11, #36 and #37).

Following the reclassification of West Wales and the Valleys under NUTS (Nomenclature of Territorial Units for Statistics), the areas became beneficiaries of Objective 1 funding and officially joined the European 'club of declared poor regions'. The socio-economic classification of West Wales and the Valleys as poor, according to McAllister (2000), depicted a new political profile that was graphically exhibited in the 1997 referendum where West Wales and the Valleys, the poorest areas of Wales voted 'yes'. She adds that this profile underscored **Morgan and Price's (1998)** position linking economics and politics as 'geographically coterminous'.

The European Union's structural funds therefore covered both East and West Wales as shown in Figure 5.2. Most of the East was covered by Objective 2, where a total of €308.5 million of which €126.4 million was provided by the Structural Funds was spent by the end of the 2000-2006 programme. The area also benefited from Objective 3, which supported education, training and employment policies (WEFO, and European Commission Source 2).

West Wales and the Valleys also benefited from Objective 1 funding in addition to the three strands of the INTERREG III co-operation initiative. The Objective 1 programmes had six main priorities: developing and expanding the SME base; developing innovation and knowledge-based economy; and community economic regeneration. The others were rural development and the sustainable use of natural resources, developing people, and strategic infrastructure development. The total cost for these programmes was €4,022.8 million, with €1,933.9 million from the Structural Funds (ibid).

Apart from these three main programmes, there were other programmes which operated in Wales under the 2000-2006 period. These include EQUAL, INTERREG IIIA, Rural

Development Plan, URBAN II, and Leader+. EQUAL which aimed at promoting new ways of combating discrimination and inequalities in relation to the labour market through transnational co-operation was a European Social Fund community initiative. The programme also included action to help the social and vocational integration of asylum seekers and refugees. INTERREG III was a community initiative promoting cross-border,

Fig. 5.2: Structural Funds Areas in East and West Wales [2000-2006]
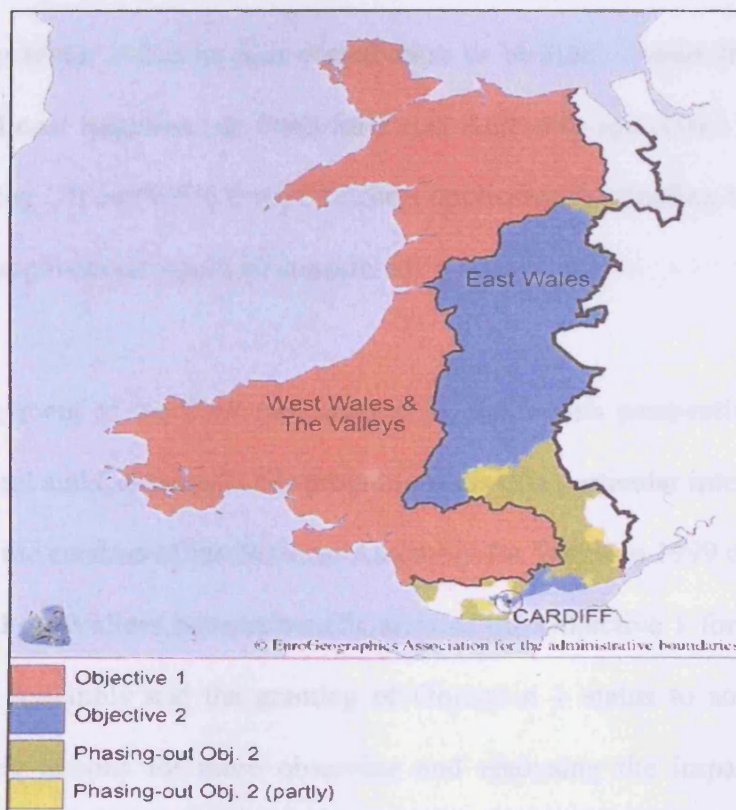
Source: European Commission Leaflet: Structural Funds in the UK (2000-2006)

transnational and inter-regional co-operation in the European Union and its border regions. INTERREG IIIA was an Irish-Welsh programme, funded by the European Regional Development Fund and supported joint Irish-Welsh projects on sustainable development of

the cross-border region through an integrated approach to economic, social and environmental development.

Match funding

The European Union usually funds between 45 and 75 per cent of total cost of projects as it claims it cannot fund entire budgets for projects. Match funding therefore becomes very important. It is the additional funds raised by a project to what the European Union provides. These funds can therefore be raised through applicants' own resources or from private, public or the voluntary sector either in cash contribution or in kind. Apart from the Pathway to Prosperity and Local Regeneration Fund for Local Authority-sponsored Projects, the Welsh European Funding Office (WEFO) would expect applicants for funding to first secure match funding before applications would be considered.

Like the management of the CAP (see chapter 7), the Welsh perspective on the European Union's Structural and Cohesion Funds programmes is of a particular interest to this research. This is because the creation of the National Assembly for Wales in 1999 coincided with when West Wales and the Valleys became beneficiaries of the Objective 1 for the first time. The creation of the Assembly and the granting of Objective 1 status to some parts of Wales, therefore provide lessons for those observing and analysing the impact of the European Union's Regional Policy on member-states, especially the regions. The Welsh devolution also provides interesting and illuminating perspectives not only for the role of regional governments within the EU, but also on how the Welsh Assembly had built up its capacities, competences and capabilities for the implementation of EU programmes. The other reason is how Wales has managed the political and socio-economic challenges facing the people.

For instance, the National Assembly was confronted with its first major test of providing matching funds for the various programmes under the Structural Funds. This issue of match funding precipitated the resignation of the very first occupant of the office of First Minister of Wales, Alun Michael, before a vote of no confidence engineered by the three opposition parties – the Liberal Democrats, the Conservatives and Plaid Cymru – for his inability to secure £1.2 billion Treasury funding from Whitehall to enable Wales accrue the allocated structural funds. A vote of no confidence was passed on Wednesday, February 9, 2000 by 31-27 with one AM abstaining (*BBC* News, February 9, 2000). In a speech, the leader of Plaid Cymru, Ieuan Wyn-Jones said Michael "should have made the case for Wales and the funding it deserves much stronger...his hotline to Tony Blair has gone cold..." (*The Guardian*, February 9, 2000). Wales eventually received the match funding from the central government (Treasury), but only after the government had been embarrassed with the loss of its trusted First Minister.

For the programming period 2000-2006, Wales undertook 2,937 projects totalling £1,615,108,110. This, together with match funding from a variety of sources generated over £3.8 billion of total project investments in Wales. These projects were known to have generated 46,000 net additional jobs, supported over 200,000 businesses, and helped some 96,000 unemployed or economically inactive people into work or training. These projects "addressed the three cross-cutting themes of equal opportunities, environmental sustainability, and information and communication technology for the achievement of a well-balanced sustainable and innovative economy (WEFO: Approved Projects 2000–2006).

In addition to that, Wales-based companies benefited from tariff-free access to EU markets and a range of incentive packages for investors. In an answer to one of the interview

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questions as to what has been the biggest impact of the EU on Wales, one interviewee, a senior official of the European Commission, said with the EU creating a single market with over 450 million people, with free market and trade, "the biggest impact of the EU on Wales is not the structural funds which is commonly believed by many people. It is rather the single and free market which enables Wales to trade to the tune of £5.5 billion a year, compared with £1.6 billion from structural fund allocations" (Interviewee #12). He added that Welsh Assembly statistics indicate that 150,000 jobs in Wales were related to the single market or related trade. Translated based on the traditional family size where one job supported four people in a family, the 150,000 jobs therefore supported 600,000 people whose livelihood depended on the single market of the EU.

Despite these statistics and physical presence of infrastructural development since 1999, not all Welsh people were however enthused about the trend of events. Some of our interviewees, especially non-Labour Assembly Members and councillors, felt that despite the visible presence of new projects, not much impact had been made by the structural funds. They argued that the initial funds for the region were not targeted on skill training and infrastructural development to make a bigger impact. "I do not think we have used the funds to our maximum benefit in the way Ireland did by making the country become a leading exporter of computer software" (Interviewee #3). "There has been tremendous amount of expenditure on social and environmental projects, but I am not sure to what extent you will say Welsh business has benefited, and to what extent full-time employment has been generated in enterprise" (Interviewee #14). He added that there had been a weakness because the impact had been on social and environmental links and networks rather than enterprise (ibid). The interviewee however, noted that the structural funds programmes had promoted

multi-level governance within Wales by bringing other state and non-state actors into partnership for governance.

However, a large proportion of our interviewees hold the view that Wales had benefited significantly from European Union funding under various programmes and that a transformation had taken place throughout the region. According to them, due to EU structural funding there were more small businesses running in Wales in addition to more training programmes for people. Large parts of Wales, for geographical and historical reasons, were lagging behind both the UK and the European averages, particularly West Wales and the Valleys, which incidentally represented about two-thirds of the Welsh territory. Funds received in the 2000-2006 period had on a large scale been "allied with creative economic thinking which underpins where the money is spent. This has helped develop fresh policy perspectives with an emphasis on training and preparing people for the modern job market, and also laying emphasis on growing the economy" (Interviewee #36). The consensus view in our interviews was that the structural funds helped Wales to meet its developmental challenges as a nation. Such a view was also shared in Brussels. This reinforces the fact that though earlier programmes did not have much impact, the 2000-2006 programme succeeded in shaping the strategic thinking and planning by Wales.

One high-ranking Brussels-based EU official stressed during an interview that the EU, through the structural funds, brings in the community dimension which was often forgotten or set aside. "The community dimensions are timed. Our programmes are seven years and no national or institution can offer more than one year effective and precise programme because of budget restrictions. This is an advantage for member-states" (Interviewee #21). This

long-term planning based on availability of funds, especially from the EU, helps Wales to engage in medium to long-term projects.

For Rhodri Morgan, the biggest effect of the EU on Wales had been the economic reality that had driven Europeanisation. He claims employment had since been at its highest, even faster in the Objective 1 areas, and EU enlargement has been "undoubtedly good for the economy of Wales and that immigration from the accession countries had meant that there was no labour supply problem" (A 2006 paper).

Fig. 5.3: 2000-2006 Programme Area - Wales

1)	Denbighshire
2)	Flintshire
3)	Wrexham
4)	Monmouthshire
5)	Newport
6)	Torfaen
7)	Blaenau Gwent
8)	Merthyr Tydfil
9)	Caerphilly
10)	Cardiff
11)	Rhondda Cynon Taff
12)	Vale of Glamorgan
13)	Bridgend
14)	Neath/Port Talbot
15)	Swansea

Source: Welsh European Funding Office (WEFO)

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According to Office of National Statistics records, between 1999, when the National Assembly for Wales came into existence, and September 2006, 126,000 jobs were created in Wales, increasing the overall percentage of Welsh jobs by 10 per cent, surpassing the UK percentage of seven per cent (ONS). The Valleys recorded a 12 per cent increase, while East Wales moved up by eight per cent. The records indicate that generally, Wales, since devolution, had performed better than any part of the UK, which was part of the 12 regions of the UK where the growth in private sector jobs had outstripped the growth in public sector jobs. For instance, in that sector, there was a 10 per cent growth in Wales against four per cent by the UK. Also since 2001, average earnings in the UK increased by 17 per cent while Wales recorded 19 per cent increase, with a 21 per cent increase in West Wales and the Valleys which were in the Objective 1 areas (Office of National Statistics, September 2006).

Though there is no unanimity on the level of change in Wales since 1999, one noticeable development is that the European Regional Policy and devolution have combined to change the process of decision-making, especially about how EU programmes were selected and implemented. Hitherto, decisions about projects were taken by the central government, but with devolution decisions were taken by a multiple of actors acting in partnership.

We now make a presentation of some evidence of EU Regional Policy fund grants. This is just to give a view of the kind of projects supported by the structural funds. Realising that many of them lacked skills, the people of West Wales and the Valleys, under the Objective 1 programme, undertook a project called *Skill Build*. It piloted new approaches to raise skills and deal with the barriers preventing people from entering the labour market. This project helped more than 17,000 people gain employment or further training. Due to its success, a further £60 million was granted it under the 2007-2013 Convergence Programme. The

current project therefore aims to build on the success achieved under Objective 1 by providing basic skill training, work placements and advice, and support for adults and disadvantaged young people in both rural and urban areas.

Commenting on the grant, (Rhodri) Morgan said the structural funds could contribute to the achievement of the goal of 80 per cent employment in Wales, by investing in new and innovative approaches to tackle economic inactivity as well as helping more people improve their employability and skills. This, he claimed, would help the beneficiaries to be able to enter and remain in the labour market. He noted that "A thriving workforce equipped with the skills for the 21st century will in turn lead to greater economic benefits and increased prosperity for people across Wales" (WEFO - http://wefo.wales.gov.uk). This claim by Morgan might be doubtful as evidence shows that the seven-year Cohesion Funds programme of 2000-2006 was not able to transform Wales from its pre-structural programming period status of a poor region. His claim can therefore be an exaggeration that funding from the current programme could achieve 80 per cent employment in Wales. This is not to deny the fact that the structural funds have shown some remarkable changes in the economy of Wales including increase in employment and GDP. The point of disagreement here is the projected percentage of coverage, taking into consideration the previous achieved rate.

Despite the view of the EU official that the greatest impact made by the EU was not the structural funds, but the enlarged common market, many people in Wales think otherwise. Most of our interviewees agreed that much as the single market offers Wales the opportunity to trade in such a big market, the one single programme that makes the EU well known in most communities was the structural funds. For instance, over 1,000 unemployed people in Ebbw Vale were assisted through a £3-million structural funds project, *JobMatch*, to get back

into employment. Commenting on such an achievement in January 2005, Welsh Member of the European Parliament, Eluned Morgan, said the "partnership that has developed between the (local) council ...and many others has developed a framework that has helped them and many others to find work and regain self-confidence" (*New Labour*, January 21, 2005). She added:

> "The European funded *JobMatch* programme found them jobs here at Ebbw Vale ...In the first 12 months *JobMatch* has already helped 1,000 people from Blaenau Gwent. This is the real difference Objective 1 funding can make and through this project Blaenau Gwent is providing an excellent example of how to tackle the issue of economic inactivity in Wales. Projects like these highlight the importance of fighting for a continuation of funding for West Wales and the Valleys beyond 2006" (ibid).

European regional funding, she said, "is helping to transform Blaenau Gwent", and projects like *JobMatch* "are an excellent example of just what difference EU funds are making to people's lives" (ibid). Councillor Dennis Owens, an executive member of the Blaenau Gwent Council Regeneration also said:

> "The momentum that has gathered in respect of regeneration activity in Blaenau Gwent, with the assistance of European Objective 1 grants needs to continue. In this context, it is vital that funds are secured to ensure that key projects including the redevelopment of the former steelworks site at Ebbw Vale, the attraction of new jobs to the area, town centre regeneration and assistance to local businesses can continue" (ibid).

The £3 million received by the *JobMatch* project from the Objective 1 funds provided support to the unemployed from some of the most deprived areas of the county, but who were also ineligible for support through other mainstream provisions. At Newport, by 2004, a total of £16 million EU funding had been received, helping the city to provide critically needed services and infrastructure. Eluned Morgan again notes that, "it can be difficult to really understand the impact of the European Union sometimes, but not when you see this funding help establish a credit union, support local businesses, regenerate the town centre and setting

up recycling facilities" (*New Labour*, January 21, 2005), adding that "many of these exciting developments simply wouldn't be possible without European Union support" (ibid).

For most people in the poor and deprived rural areas, the fact that they had the free hand to reappraise their own living conditions and come out with their appropriate programmes to improve their conditions through partnership with their local government, the private and voluntary sectors, and the Welsh Assembly Government, make them feel included in the governance system. This clearly demonstrates the impact of structural funds on multi-level governance in Wales. The programme has given communities, public, private and voluntary sector organisations some level of independence in deciding what projects to undertake and who to partner with. This is a big departure from the pre-devolution period when projects were imposed on them. The situation has also led to the introduction of divergent policies by local authorities and communities, while civil society organisations have been invigorated as a consequence of the changes in the institutional make-ups. One interviewee sums it up: "The fact that projects were selected, planned and implemented by a number of local partnerships created by the presence of structural funds is the most significant aspect of the structural funds programme" (Interviewee #37). These partnerships, the interviewee added, have even co-operated in undertaking other community initiatives outside the structural funds programmes (see Chapter 6).

The remarkable achievements made by Greece, Ireland, Spain and Portugal through the support of European Regional Policy also make a case for the impact of structural funds on member-states. Therefore, the greatest impact of the European Union is the partnership created between actors which has improved the economies of member-states. Through partnership between the Commission, member-states, and other actors, "cohesion continues

to close the gaps between member-states and has positive net on job creation. We believe that there has been a positive and significant impact from this multi-level participatory approach (Interviewee #24).

These achievements show how the European Regional Policy promotes multi-level governance and the positive effect it has on bridging the gaps between rich and poor regions of the EU. For Wales, funding support from the EU and budget allocations from the UK Government, have helped found solutions to some of the very long-lasting gaps in Welsh public infrastructure. "We have proven that Wales can get on with making decisions and providing buildings and services that have been demanded for decades but not delivered...That's the healthy imperative of democratic accountability", (Morgan, 2006 paper). Some of the achievements of Wales only seven years after devolution, were projects the people desired but which were never received from the central government after 40 years of campaigning for them. These included the building of the National Children's Hospital for Wales, the Wales Millennium Centre, which has become the permanent home of the Welsh National Opera Company, the transformation of the Welsh Industrial and Maritime Museum in Swansea into a £30-million Waterfront Museum, and the development of the National Botanic Garden in Llanarthne, Carmarthen (ibid).

Convergence Programmes for Wales

The European Commission held a series of consultations on the future of the Cohesion Policy and arrived at the introduction of the Convergence Policy. At the end of the consultations, the Welsh Assembly Government, together with the other British devolved administrations worked closely with the UK Government to develop a UK response (www.ec.europa).

The Convergence Policy, the successor to the Cohesion Policy runs from 2007 to 2013, and covers the same geographical area of West Wales and the Valleys with approximately the same total value of £1.4bn. The programme will cover 15 local authority areas in the West Wales and the Valleys. The amount to be funded by the ESF and the ERDF will be channelled through the Welsh Assembly Government. A total of £1.774 billion match funding will be sourced to bring the total project funding to £3.2 billion.

About £856 million of the total convergence funding will come from the ERDF and will be spent on projects to advance the region's transformation into a sustainable and competitive economy. This aims to promote investment in the knowledge economy and help new and existing businesses to grow. It also aims to focus on regenerating the most deprived communities of Wales by tackling climate change and improving transport. The remaining £570 million will be from the ESF targeted at tackling economic inactivity and increase skills and employment (WEFO).

The ERDF Convergence Operational Programme was formally adopted by the European Commission on August 8, 2007, while in Wales the programme was formally launched on October 5, 2007 at Llandudno. Six main priorities have been identified by the programme. These priorities and the associated themes will be the basis for the development of the strategic frameworks. The identified priorities are:

- Building the knowledge-based economy;
- Improving business competitiveness;
- Developing strategic infrastructure for a modern economy;
- Creating an attractive business environment;
- Building sustainable communities; and

- Technical assistance (ibid).

Fig.5.4: Convergence Programme Area in Wales

- Convergence areas are in cream

Source: Wales European Funding Office

Likewise, the ESF Convergence Operational Programme has also identified five main priorities:

- Supplying young people with the skills needed for learning and future employment;

- Increasing employment and tackling economic inactivity;

- Improving skill levels and adaptability of the workforce;

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- Improving public services; and

- Technical assistance (ibid).

Role of Local Government

The principle of multi-level governance does not only involve the Welsh Assembly Government, the UK Government and the EU, but it also includes the relationship between the Assembly, local governments and the private sector. Local government has always been part of the political administrative set-up of the United Kingdom, and that local government has over the years played a significant role in the implementation of central government policies. In view of this, the National Assembly for Wales and the Welsh Assembly Government have since the devolution settlement continued to co-operate with local government in playing a leading role in the implementation of EU and UK government funded projects.

Until the 1999 devolution process, local authorities were the principal agents for the implementation of structural funds in Wales, as was the case in other parts of the UK. Many of them had therefore amassed a wealth of expertise in that area before devolution. After the reorganisation of local governments creating 22 unitary authorities in Wales, their place in the implementation of structural funds and other EU policies became more prominent. The Welsh Assembly Government fully exercises its supervisory role over local authorities by being significantly responsible for the development of policy within the region. This includes the exercise of its legal obligations for sustainable development and the promotion of opportunities for equality. The Assembly Government provides financial support to local authorities in Wales and works closely with them to improve their capacity and capability to

deliver their services. However, the actual implementation of EU programmes takes place at the local government level and therefore by the local and county councils in collaboration with the private and voluntary sectors. The Welsh Assembly Government is thus able to implement EU programmes with active collaboration and in partnership with local authorities. This support brings local authorities into active involvement of the governance of Wales, and thus support our position that EU Regional Policy creates multi-level governance.

Due to the important role local government plays in the political administration of the country, a number of changes and restructuring of the Welsh local government machinery have been made over the years. Before 1889 there were 13 established counties namely Anglesey, Brecknockshire, Caernarfonshire, Cardiganshire, Carmarthenshire, and Denbighshire. The rests were Flintshire, Glamorganshire, Merionethshire, Monmouthshire, Montgomeryshire, Pembrokeshire, and Radnorshire. These administrative arrangements changed in 1974 and again in 1996. In 1974, the number of counties was reduced from 13 to eight (as shown in Table 5.3). The number and boundaries of the counties were again changed in 1996 to 22 local government unitary authorities or council areas, which have remained to date (see Figure 5.5).

Table 5:3: 1974 Welsh Counties and their Districts

County	Districts
Clwyd	Alyn and Deeside • Colwyn • Delyn • Glyndŵr • Rhuddlan • Wrexham Maelor
Dyfed	Carmarthen • Ceredigion • Dinefwr • Llanelli • Preseli Pembrokeshire • South Pembrokeshire
Gwent	Blaenau Gwent • Islwyn • Monmouth • Newport • Torfaen
Gwynedd	Aberconwy • Arfon • Dwyfor • Meirionnydd • Ynys Môn - Isle of Anglesey • Aber
Mid-Glamorgan	Cynon Valley • Merthyr Tydfil • Ogwr • Rhondda • Rhymney Valley • Taff-Ely
Powys	Brecknock • Montgomeryshire • Radnorshire
South Glamorgan	Cardiff • Vale of Glamorgan
West Glamorgan	Lliw Valley • Neath • Port Talbot • Swansea

To facilitate the process of improving the capacity and capability of the local government authorities to deliver improved services, the Assembly Government and local authorities work together in a Statutory Partnership Council that also includes members from Community Councils, National Park Authorities, Fire Authorities and Police Authorities in a multi-level bargaining spirit. Through this collaboration, the local authorities and the Assembly Government develop and implement policies to ensure good governance region. The 22 local authorities in Wales are responsible for over one-third of the total Welsh budget, amounting to £4 billion.

Under the 2000-2006 programmes, each Welsh local authority managed multi-level local partnerships consisting of various cross-sector organisations. As an adopted practice, communities identified all potential projects, but these would have to be approved by the partnership before the applications were submitted to the Welsh European Funding Office (WEFO) for appraisal and approval. However, under the Convergence Policy (2007-2013), the operational method has changed to emphasise the principle of partnership. Applicants for projects were therefore to demonstrate that they were working in partnerships and collaborating on more strategic projects. Instead of applicants developing their projects and submitting them for WEFO approval as was the case under the previous regime, the new programme requires that project applications be developed in conjunction with WEFO in an effective bargaining process. The implementation of projects is thus the duty of the partners, spearheaded by the lead partner. Also under the Convergence Policy, there are Spatial European Teams (SETs) to provide advice and support to organisations that wish to access the funds.

The creation of 22 unitary authorities led to the formation of the Welsh Local Government Association (WLGA). This created a single and more co-ordinated voice for local government to enable it effectively lobby for the changes authorities had long desired, especially their active involvement in the implementation of structural funds programmes.

Fig. 5.5: The 22 Unitary Authorities of Wales

1.   Merthyr Tydfill (*Merthyr Tudful*)
2.   Caerphilly (*Caerffili*)
3.   Blaenau Gwent
4.   Torfaen (*Tor-faen*)
5.   Monmouthshire (*Sir Fynwy*)
6.   Newport (*Casnewydd*)
7.   Cardiff (*Caerdydd*)
8.   Vale of Glamorgan (*Bro Morgannwg*)
9.   Bridgend (*Pen-y-bont ar Ogwr*)
10. Rhondda Cynon Taf (*Rhondda Cynon Táf*)
11. Neath Port Talbot (*Castell-nedd Porth Talbot*)
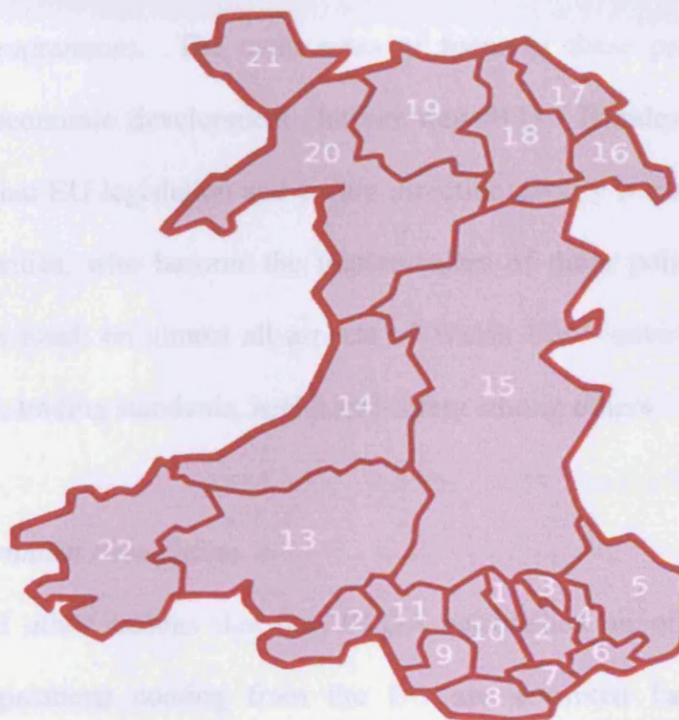
12. Swansea (*Abertawe*)
13. Carmarthenshire (*Sir Gaerfyrddin*)
14. Caredigion
15. Powys
16. Wrexham (*Wrecsam*)
17. Flintshire (*Sir y Fflint*)
18. Denbighshire (*Sir Ddinbych*)
19. Conwy
20. Gwynedd
21. Isle of Anglesey (*Ynys Món*)
22. Pembrokeshire (*Sir Benfro*)

The association also includes the Police, Fire Service and the national parks as associate members. The main functions of the association include helping local authorities to lobby, preparing budgets and supporting policy. Its main decision-making is the monthly meetings

of the leaders of all the 22 authorities, which also negotiates financial settlements with the Welsh Assembly Government, decides business plans, and outlines future projects and programmes for the authorities.

Over the years, the Structural Funds have been the main link between Welsh local authorities and the European Union - through the programming, planning, implementing and managing structural funds programmes. The main areas of focus of these programmes have been regeneration and economic development (Interviewee #11). Besides the structural funds, there is no doubt that EU legislation and policy direction greatly impact on the activities of Welsh local authorities, who become the implementers of these policies at the grassroots level. EU policies touch on almost all aspects of Welsh life – environment, regeneration, waste management, trading standards, health and safety among others.

Welsh Local Government Association

It is for these and other reasons that the WLGA established an office in Brussels after devolution. "Legislations coming from the EU are a mixed bag requiring different approaches for implementation in the UK due to devolution, hence we are in Brussels to get our own interpretation and understanding of the potential impact of these legislations on Wales", said one senior executive of the WLGA Office in Brussels (Interviewee #20). He added that "we therefore lobby to ensure that impending legislation takes into account Welsh interest". For example, on waste management, there are fines imposed on member-states when they fail to observe EU guidelines, and these fines could be pushed by the UK Government on to the Welsh Assembly Government, which would in tend push them on local government authorities. "It is therefore important that we become aware of all these

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sanctions and how best to avoid them right at the formulation of policies, regulations and legislations" (ibid).

According to the senior executive, the WLGA Brussels Office also makes local authorities aware of impending negotiations at the negotiation stage, and cited the catastrophic failures and improper implementation of EU legislation on the ozone depleting substances when local authorities did not have the proper understanding of the legislation before implementation started. The office also promotes discussions with like-minded groups and other European associations, many of them having offices in Brussels. It also participates in networking and sharing of information and ideas with similar organisations for the benefit of Wales. "EU legislations, from formulation to acceptance, usually take four to seven years and it is good for us to discuss it and share ideas on them before they are passed", adding that "the Brussels office therefore gives the Welsh Assembly Government as well as local authorities the expert interpretation of such impending legislation to enable them make the required inputs at the right time" (ibid).

The WLGA Brussels Office, according to our interviewee, works very closely with the Welsh Members of the European Parliament in an attempt to promote Welsh local government interests, while it also liaises with the Brussels offices of the Welsh Assembly Government, the UK Local Government Association (LGA), and the Conference of European Municipalities and Regions (CEMR), all of these combine to lobby for the interests of regional and local authorities at the European level. The LGA Brussels Office, on its part, apart from lobbying on behalf of UK local authorities, and trying to influence EU policies and legislations at an early stage, also ensures that the UK as a whole and individual regions get their fair share of European funding from the structural funds since funding was crucial to

local government. "We also ensure that policies emanating from the EU are implementable and that they would not add extra cost to members' activities or add extra administrative burden to the work of local authorities"; this means "we are here as an early warning system for UK local authorities, while we offer contributions to the EU to shape its legislation" (Interviewee #23).

At the local front, the WLGA holds regular meetings between Welsh Assembly Ministers and local authorities. "The First Minister and Finance Minister meet leaders of the 22 local authorities on regular basis, while there are similar regular meetings between other Assembly ministers and local authorities" (Interviewee #11). The WLGA has two representatives on the CoR, through which a lot of lobbying takes place.

The new environment has also brought the voluntary sector (third sector) closely to the decision-making process. For instance, the Wales Council for Voluntary Action (WCVA), an umbrella body of most of the voluntary organisations, volunteers, and communities in Wales, has been very vocal in the decisions-making process in Wales. The WCVA, established in 1934, regularly holds forums for voluntary organisations to discuss and debate prospective economic and social policies by the Assembly Government and county councils before such policies are adopted.

The organisation has been at the centre of the role played by voluntary organisations in developing economic participation in Wales. The European Union, the Welsh Assembly Government and the Department of Work and Pensions (DWP) of the UK Government have been involving the third sector (voluntary organisations) in their efforts at improving the Welsh economy through skills training for unskilled people. The WCVA was engaged by the

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government to offer skills training for the unemployed in Wales to make them employable (WCVA 2010 Source). Also before the 2010 budget for Wales was announced by the government, the WCVA made its response to the draft by calling on the Welsh Assembly Government "to ensure that any cuts in its forthcoming budget did not fall 'disproportionately' on the front line services delivered by the third sector" (*Network Wales*, issue 392, p.1).

In October 2009, the third sector organisations in the UK started a programme to create 1,000 new jobs, half of them in Wales. The programme which ends in March 2010 was under the UK Government programme established to support long-term unemployed young people and people in employment hotspots. It fell under the DWP's 'Future Jobs Fund' announced in the 2009 budget and planned to create 150,000 jobs across the UK within two years for people aged between 18 and 24, who have been out of job for between nine and 12 months. In Wales, over 100 third sector organisations formed part of the WCVA collaborative bid. (*Network Wales*, issue 388, p.4).

On February 8, 2010, WCVA held another forum for the discussion of the DWP's strategies on the labour market, the economy, and welfare reform, among others, to outline the UK Government's perspective on the role of the third sector within the economic participation agenda. The WAG Minister for Children, Education and Lifelong Learning, Leighton Andrews (AM), who spoke at the forum acknowledged the importance of jobs and employment and noted that "improving and developing skills through education and training was fundamental to getting people into good quality sustainable employment" (WCVA 2010 Source). The WCVA forum, according to Andrews, offered the Welsh Assembly Government an opportunity to view the third sector's role in skills development. WCVA

Chief Executive, Graham Benfield noted that the February forum made the case for widening the role of the third sector through new ideas and initiatives (ibid).

One other voluntary organisation involved in the economic participation of deprived people is Working Links. It is a public, private voluntary organisation established in 2000, and operates in some of the most deprived areas of the UK. It addresses the challenges faced by long-term unemployment. Since its establishment, it has helped 17,000 people from Wales into work. Working Links is the prime contractor for Flexible New Deal in South-west Wales and South Wales with a five-year contract worth £120 million aimed at helping over 100,000 job seekers during the period. The Wales Director of the organisation, Marcella Maxwell, believes "the third sector has a key role to play in promoting economic participation (WCVA 2010 Source).

Welsh European Funding Office (WEFO)

The Welsh European Funding Office (WEFO) was established on April 1, 2000, coinciding with the introduction of the new programming period of 2000-2006. The organisation was a successor to the Welsh European Programme Executive (WEPE) Limited and the Welsh Office, which managed the structural funding programme before devolution. As such, WEFO inherited some procedures as well as staff from these bodies, giving it a sort of continuity in its operations. WEFO thus became the manager and payment authority for the programme, but it was until 2001 before the (then) Department for Employment and Education transferred some of the payment functions with regard to the European Social Fund to the Welsh Assembly.

WEFO began as an executive agency of the then National Assembly of Wales, which carried both legislative and executive functions. With later separation of the roles of the National Assembly (legislature) and the Assembly Government (executive), it technically fell under the Assembly

Government. It manages the structural funds by developing working procedures for the smooth implementation by project implementers. It generally undertakes its functions through collaboration with a number of partners from both the public and private areas (Interviewees #6 and #7). Until the establishment of the National Assembly for Wales in May 1999, the Welsh Office in collaboration with a cross-sectoral group, the Wales European Taskforce, was responsible for developing the structural funds programme. The taskforce established by the Secretary of State for Wales to provide advice the Secretary on funding from the European Union. It functioned between October 1998 and July 1999, when the Assembly took over the responsibility for the structural funds in Wales.

No part of Wales had benefited from the EU's Objective 1 programme before the 2000-2006 programme. However, the country received some funding from other branches of the European Structural Funds through the UK Government under the 1994-1999 period, which was under the management of WEPE. Northern Ireland, Merseyside and the Highlands and Islands of Scotland were the only UK areas which benefited from the Objective 1 programme under the 1994-1999 period.

The European Committee

Apart from WEFO, the Assembly's own European Committee had a wider responsibility of overseeing every aspect of Assembly business in relation with Europe. In a special joint-interview with this author in May 2006, the Chairman of the Committee, Sandy Mewies, and the Secretary, Chris Reading, said the Committee, made of 10 members, was meeting three times a year, adding that the membership represented party balance and included the First Minister and the other party leaders. "It is an influential committee. Its remit is a broad overview of European issues with relevance to Wales. There is an overlap with the other subject committees of the Assembly", they noted. They said the Committee kept a strategic

view of what the other committees were doing which had any impact on Wales-EU relations. "It is a two-way process – we inform the other committees what we were doing while they also update us with their programmes. We look at the European Commission's programmes as a guide to things which must interest us", they disclosed.

They said the Committee had nothing directly to do with funding (structural funds, etc.), but rather it was interested mostly in how the funding position would be post-2007, as the convergence policy was like to have a strategic effect on Wales. "Wherever the money goes is not a matter for the committee. Economic development, health, and education are some of the areas which European decisions make greater impact on what we do. The committee therefore looks at pieces of legislation which affect Wales and offer advice after thorough discussion", they concluded.

Welsh Assembly Government EU Office

Another important institution created by the Welsh Assembly Government is its European Union Office based in Brussels. The office, which is staffed by nine Assembly officials, is part of the UKRep (UK Representative).[17] It has designated officers for key and strategic fields like Rural Policy; Economic Affairs; Education, Youth and Culture; Research, Innovation, Information Technology and Energy; Environment; and European Communications and Events.

The coming into existence of elected regional authorities in Wales, Scotland and Northern Ireland "transformed the European representational needs of those territories", and therefore

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[17] The UKRep Office has as its head, a Permanent Representative who occupies the UK seat at the Committee of Permanent Representatives (COREPER II or Coreper Ambassador). The Office focuses mainly on issues covered in European Councils and in the General Affairs, ECOFIN, Budget, Justice and Home Affairs, and Development Councils

the representation of Wales in Brussels "highlights the complexities of creating an appropriate and effective structure for interest mediation at the EU level" (Moore 2006, p.794). Since 1984, British regions (particularly the English regions) had established a presence in Brussels primarily to attract European funding from the structural funds. Over time their focus shifted from single-city local authorities-driven offices to a wider partnership. Before devolution those represented in Brussels included mostly public-sector organisations active in economic development in addition to key local authorities, voluntary organisations, educational institutions and the unions. In the late 1990s English regional offices in Brussels banded together around a specifically regional profile in response to the changes to the territorial governance in the UK (Moore 2006).

In the 1990s the Wales European Centre (WEC) was opened in Brussels to marshal the interest of Wales and projecting them in a bigger voice. The WEC was made up of a number of organisations from both the public and private sectors, including the higher education and training institutions, voluntary organisations and trade unions. The Welsh Office (which was the UK Government's outpost managing Wales) was not part of the WEC. Rather the Welsh Office, then headed by John Redwood, who was so determined to prevent any attempt to project a distinct image of 'Wales in Europe' objected to the existence of the WEC. On a visit to Brussels, Redwood ordered that the Welsh dragon (flag) mast on the WEC building be removed (ibid).

Notwithstanding the obstacles it faced, the WEC, whose membership included the Welsh Development Agency (WDA) and the Welsh Local Government Association (WLGA) had from 1992 become a rallying point for Welsh interests in Brussels, and in 2000 the National Assembly for Wales had joined. Subsequently when most WEC members expressed

dissatisfaction with the way the Centre was being run, it led to the withdrawal of the WLGA and eventually the National Assembly.

After 2002, the Assembly Government's own European Office in Brussels was established to provide a more visible presence of Wales at the EU level. This was necessitated by the fact that most parts of the devolved powers were tied up to the European Union policies, and that if the Assembly was to conduct its democratic functions and relate effectively with the EU, then it needed to know in advance which direction policies were going. According to a top official of the Office, "a substantial part of the power devolved to Cardiff were EU-related, hence there was the need for an office in Brussels. If the Welsh Assembly Government was to execute its functions properly, then it really needs to get a good grasp of the European agenda" (Interviewee #25). Immediately after devolution, the Assembly had to develop policy capacity, initiate its lobbying process, develop its information gathering capacity and identify the channels through which it could influence policies likely to affect Wales.

The Office was also to start monitoring the information flow on policies which Wales has interests, for example agriculture, due to the common European agricultural policy. The European context therefore needed to be understood to enable Wales place its own agricultural policy in the right perspective. Another area was the environment, which has become a critical part of the European political agenda, representing probably the largest area of European legislation. The Assembly is responsible for implementing European policies on the environment. It is difficult for any single country to pursue an environmental policy in isolation, and for this reason, the EU has been very influential in shaping thinking and the expertise as well as mobilising ideas on the best environmental practices. The senior official also noted that the EU sets challenging targets and also creates a level playing ground

through the promotion of sound practices. "Developing competence in European issues therefore enables us to effectively handle our responsibilities in areas like education policy, youth policy, and cultural policy, in addition to interacting with the EU in creative ways" (Interviewee #25).

The Welsh European Office, as part of its remit, works with Welsh universities trying to access European innovation and research funding. The Office also liaises with the four Welsh Members of the European Parliament (MEPs) and signpost them to impending legislations and policies which could impact on Wales. This helps the MEPs to take up such issues at their level with their colleagues. The Office also facilitates visits to Brussels by Welsh Assembly ministers and other officials.

As to how the Welsh European Office helps the Welsh Assembly to get involved in the design of policies at the EU level, the senior official enumerated a number of different avenues for that purpose. Among the avenues was lobbying European Commission officials; using the official European Council route through the UK Government; and working through networks and interest groups in Brussels. "We are in about six networks and this gives Wales a bigger voice" (ibid). Before issues get to the Council of Ministers, a number of working groups (about several hundreds of these are in Brussels at any one time) get themselves engaged in the discussion and shaping of any possible policy or legislation, hence the Welsh Office takes advantage of these discussions to push the interests of Wales. "One of the interesting things about devolution is the development of the multi-level government relations – local government, Welsh Assembly Government, the UK Government, and the EU making information sharing become easier among governments at different levels" (ibid).

Under Objective 2, the main focus of the programmes was on the productive environment, where assistance to small and medium enterprises and the craft sector were predominant, followed by infrastructure. However, unlike the Objective 1 programmes, infrastructure expenditures do not cover investment in basic infrastructure, but rather rehabilitation of sites and declining areas. The main emphasis of Objective 3 was improving employability in the labour market, lifelong learning, and equal opportunities. In contrast, Objective 1 programmes focused on basic infrastructure projects, over half of them on transport infrastructure, and intervention in labour market policies. These included measures for young people, long-term unemployment, education and vocational training (COM (2006) 638 final).

Conclusion

This chapter discussed the United Kingdom's operation of structural funds programmes area. Though the discussion covers all the four constituent nations of the UK, the emphasis was on the situation in Wales. Under Wales, the role of local government as well as the voluntary sector (third sector) was also discussed. From the discussion, it becomes clear that both local government and the voluntary sector are performing important roles in helping to implement the EU-funded programmes and, also supporting the people to engage themselves in skills training, lifelong education and others.

What is significant about these developments is that the private and voluntary sectors in Wales were not fully involved in such governance programmes during the pre-devolution era. By involving them and allowing them to make their inputs into how Wales should be developed or governed, creates avenues for the people of Wales to get their voices into the decisions-making process, and thus creating accountability in governance. We therefore

conclude that devolution and the implementation of the European Union Regional Policy creates multi-level bargaining in the governance of Wales.

We would now look at the three country councils chosen for our study in the next chapter. We would specifically discuss how structural funds programmes were selected, planned and implemented in each of the councils.

Chapter Six: Case Study: EU Funded Projects in Three Welsh County Council Areas

Introduction

Understanding the effects of multi-level governance is not only about looking at Brussels, the United Kingdom Central Government and the devolved administrations. Rather, it is also about the implementation of the structural funds and other European Union programmes at the grassroots level. This thesis seeks to find out the impact of EU Regional Policy on member-states and how it supports multi-level governance theory. To achieve this goal, there is the need to find out how projects were selected, developed and implemented. This chapter therefore focuses on the selection, development and implementation of the policy by focusing on three selected Welsh county councils.

The study of these local government authorities is based on the fact that local governments provide local public services as well as implementing (central) government policies, where in this case such policies include European Union policies which have more or less become national policies. The three areas we studied are the Carmarthenshire County Council, the Caerphilly County Borough Council, and the Cardiff City Council. They were carefully chosen to represent the three main sub-strata and socio-economic classification of the Welsh population. Carmarthenshire represents the rural areas, while Caerphilly covers the Valleys with Cardiff representing the urban centres. It is also important to note that while Carmarthenshire and Caerphilly councils fell under Objective 1, Cardiff falls under Objectives 2 and 3.

Why is it important that this thesis looks at local government? Our discussion in the previous chapter highlighted the importance of local government, both insofar as it is the main consumer of structural funds and other EU programmes or projects, and also the key arm of delivery for the devolved government in Wales. Most scholars who write about multi-level governance limit their analysis to three levels: the EU, central government, and devolved government. In practice, however, there are four main levels, with the fourth level being local government. This case study (this chapter) is therefore appropriate for the discussion and analysis of how the structural funds are put to use, both in terms of the selection, design and implementation processes, and how local government relates to the three other levels.

Carmarthenshire County Council

The Carmarthenshire County Council (*Cyngor Sir Caerfyrddin*) has EU-funded projects spread across many parts of its area. They have included improvements to halls such as the one at Penybont; the installation of attractive heritage railings at a beauty spot in Llandeilo; supporting tourism events such as the Laughame and Merlin festivals; and innovative community projects contributing towards economic and social development. The main towns are Llanelli, Carmarthen and Ammanford. Although Llanelli is by far the largest, the council headquarters is based in Carmarthen mainly due to its central location.

Carmarthenshire is one of the 22 unitary authorities of Wales and one of the 13 historic counties. Carmarthenshire became an administrative county with a county council taking over functions from the Quarter Sessions under the Local Government Act 1888. The 1972 Local Government Act abolished the administrative county of Carmarthenshire on April 1, 1974, and divided the area into three districts within the new county of Dyfed made up of Carmarthen, Dinefwr and Llanelli. On April 1, 1996, the county of Dyfed was also abolished

under the Local Government (Wales) Act 1994, re-uniting the three districts to form a unitary

authority, which had the same boundaries as the original Carmarthenshire(Council Records).

Fig. 6.1: Carmarthenshire County Council Area
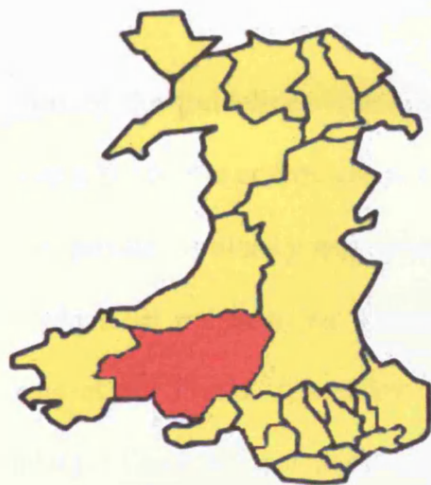
Carmarthenshire County Area (in red)   Coat of Arms of Carmarthenshire Council

The county is bounded to the north by Ceredigion, to the east by Powys, Neath Port Talbot

and Swansea, to the south by the Bristol Channel and to the west by Pembrokeshire county.

The county has a population of approximately 170,000, with 55.1 per cent being Welsh

speakers. The surface generally is upland and mountainous, with the highest point, Fan

Brycheiniog, measuring 2,525 feet (770 metres). The south coast contains many fishing

Table 6.1: The Political Makeup of Carmarthenshire Council

Year	Plaid Cymru	Labour	Liberal Democrats	Others
2008	31	12	1	30
2004	16	25	1	32
1999	16	27	0	31

Source: Carmarthenshire County Council

villages and sandy beaches. The principal industries are agriculture, forestry, fishing and tourism (ibid). The county is divided into 68 electoral wards, but has 74 councillors out of which the Plaid Cymru has 31, Labour 12, the Liberal Democrats 1 and 30 others. Most of these wards are coterminous with communities and there are some with community councils.

As part of the guidelines from the Welsh Assembly Government on the management of structural funds, the county council set up local partnerships, which included people from the public, private, voluntary and community sectors. "We first made a strategy like an action plan which set out what we wanted to do with the Objective 1 funding within the county, looking at our needs" (Interviewee #37). A local action plan was then drawn for future spending. Once a local action plan was in place, the council, through the partnerships, developed specific projects to meet the needs of the people. There were no deadlines to meet as there were rolling projects – groups and organisations could come out with their projects as and when desired (ibid).

Groups and organisations usually would come together with a programme to tackle an issue of common interests and concerns to them. Once projects were drawn up by groups they were sent to the wider partnership for assessment to determine if those projects were needed in the county, or whether similar projects had been undertaken in some other parts of the county. When all these were done, the projects were then submitted to the Welsh European Funding Office, from where everything was processed.

In tangible terms, "the biggest impact of the EU in the county area is the number of projects funded by the Structural Funds which have led to a large volume of socio-economic development covering a wide range of sectors" (Interviewee #37). These included tourism

development, leading to the upgrading of infrastructure, and the improvement of sites and premises for businesses which had resulted in the increase in the number of businesses. According to this interviewee, a Senior Programme Administrator, previously there was a low stock of businesses in the county, but that had changed significantly, while information, communication and technology infrastructure had been developed as a key project for the opening up of the county area. "There has also been significant business support – support has been provided for the setting up of new businesses, after which some basic equipment were supplied them. Funding has also been provided for the development of the agro-food sector, a key sector for the county" (ibid).

The official also said to encourage people to upgrade themselves academically and vocationally, there was an on-going programme on training, a learning network scheme which engaged people who otherwise would have never thought of going to college or into a classroom-based learning. It provided taster courses (dance classes, etc,) for people to raise their confidence and urge them to go for a further learning process. Over a hundred people have gone through these courses since 2004. "There has been a lot of village and/or town enhancement projects including the improvement of shop fronts and other areas to beautify the outlook of towns to make them more attractive to businesses to relocate there, and also make people stay in those towns instead of migrating to urban communities" (ibid).

Another area of impact of EU funding on the Carmarthenshire County Council was the property development grant. Previously sites and premises for businesses were constructed by either the Welsh Development Agency or local authorities, but a different approach had since the start of the EU funding been adopted where grants were provided to private sector operators to develop premises and sites. For example, a Rural Business Development Centre

at the cost of £1,118,286 was established with Objective 1 grant of £458,351. This project involved the construction and operation of a sustainable development centre for rural businesses in the new mart site at Nant-Y-Ci at Carmarthen (WEFO Source 1).

Other projects which received support during the period under review were the Council's Business Promotion and Marketing Support which had contributed to the growth of businesses within the county (This service was an entirely new programme in the county, offering businesses a unique opportunity to develop new markets and increase turnover) (WEFO Source 2); the New Opportunities Resource Centre which provides an innovative training resource for learning for the disadvantaged, disaffected and disabled groups (WEFO Source 3); and the Promotion of Community Businesses in Rural Carmarthenshire, a scheme to improve the rural economy through the provision of support for the establishment of new community businesses (WEFO Source 5).

For the 2000-2006 Structural Funds programming period, the Carmarthenshire Council received a total grant of £52,067,071 which supported 95 projects spread across the county (WEFO Report) (See appendix 4 for more sample projects). The availability of EU funds, according to the interviewee, has enabled communities in the county to be assertive on the choice of projects undertaken. "There is an incentive for people to sit round the table, as funds are available for them to provide what they consider to be their own identified needs without any outsider influence" (Interviewee #37). This, according to the official, "has led to a lot more activities happening within the communities with more buildings and other infrastructure built on a more regular basis" (ibid). The amazing aspect of this new system is that unlike the pre-devolution period, 'we are now working in partnership with both the public, private, the voluntary actors, as well as the Assembly Government and the EU'; from

an actor-focussed perspective, at least, multi-level governance is a reality and marks a step change from the pre-devolution, pre-structural funds era.

Structural Funds-supported programmes within the Carmarthenshire County Council have brought relief to people of the community in terms of job creation as well as the opening up of the area through the establishment of a number of new companies and facelift projects some of which had never been seen in the county area previously. The most significant aspect of all these developments was the fact that projects were selected, planned and implemented by a number of local partnerships created by the presence of structural funding. These partnerships have even co-operated in undertaking other community initiatives outside the structural funds programmes.

Caerphilly County Borough Council

The Caerphilly County Borough Council was formed on April 1, 1996 by the merger of the Rhymney Valley district of Mid-Glamorgan with the Islwyn Borough of Gwent. The council area which is in southern Wales, straddle the ancient county boundary between Glamorgan and Monmouthshire. Its main town is Caerphilly while others are Bedwas, Risca, Ystrad Mynach, Newbridge, Blackwood, Bargoed, New Tredegar and Rhymney.

Before the 2008 local council elections, Labour had a controlling majority of 41 seats in the council, with Plaid Cymru having 26, and others with six seats. At the 2008 elections, Labour lost nine seats, reducing their seats to 32, while Plaid Cymru gained six to increase their seats to 32 and others moving from six to nine. The council, with a population of 171,300 is the fourth largest in Wales and has a staff population of approximately 9,000. Around seven per cent of the population speaks, reads or writes the indigenous Welsh

language, with 0.8 per cent of the population made up of ethnic minority communities. In September 2004, the average unemployment rate for the area was 3.7 per cent, compared to the United Kingdom average of 2.8 per cent and 2.9 per cent average for Wales.

It has a total surface area of 278 sq km. The council, the third largest in the Objective 1 area, is located in the south-eastern part of West Wales and the Valleys Objective 1 area. Most of the council area falls within the Valleys and stretches between the costal belt of Cardiff and Newport in the south, Brecon Beacons in the north, and takes the valleys of three rivers, the Rhymney, Sirhowy and Ebbw. Despite its adjacency to the M4 corridor in the south and at a location in the relatively prosperous south-east of Wales, the Caerphilly County Borough, based on Welsh Development Agency (WDA) estimates, has the second lowest GDP per capita in the Objective 1 area (Caerphilly County Objective 1 Local Strategy). It is one of the most deprived areas in Wales with consistently very high levels of unemployment, especially in the upper part of the Rhymney Valley.

Fig.6.2: Caerphilly County Borough Council Area

Caerphilly County Area (marked red)   Coat of Arms County Council

Source: Author's compilation from different sources.

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The Caerphilly Council, like the rest of the other 21 councils in Wales, was a beneficiary of European funding during the 2000-2006 period. A total of £37,830,503 was granted the county spread over 92 projects covering lifelong learning projects, business start-up, business development and recovery and development of community parks. Among the projects was the £2.21-million "Working in the Community" project, which received Objective 1 grant of £1,077,347 (WEFO Source 6). The project provides literacy and numeracy through ICT in conjunction with an innovative curriculum using locally recruited tutors (WEFO Source 7).

In addition to the above is the £2.43-million Financial Support for Business project helping to develop alternative forms of employment in areas which traditionally relied upon the former coal and steel industries, and improving the competitiveness of small and medium enterprises through investment in new plant and equipment (WEFO Source 8). There were also the Tredomen Business Park project which had developed a 'gateway building' covering 2,015 square metres of modular business space for research and development, high technology and knowledge-based businesses (WEFO Source 9); the Colleges Outreach Centres project under which a collaboration had been established between Aberdare, Merthyr and Ystrad Mynach Colleges to provide individualised training for beneficiaries to access the labour market (WEFO Source 10); the Sustainable Estates and Mining Villages covering the regeneration of estates and mining areas (WEFO Source 11); and the Alternative Vocational Curriculum project at Coleg Gwent engaging young people at risk of disaffection from the education system to raise their self-esteem and confidence (WEFO Sources 12 and 13) (See appendix 5 for project samples).

On the implementation of projects, the County Council set up a local partnership group through which it produced a guiding document called *The Caerphilly Local Strategy* which

was reviewed regularly. The strategy set out the overall aims and plans for targeting Objective 1 resources to areas of need. Local partnership boards were then set by communities and groups to receive project applications from groups and communities for discussion and approval before they were presented for funding. There were three partnership boards namely, the Voluntary Sector Partnership Board; the Private and Social Sector Partnership Board; and the Public Sector Partnership Board, each of them having five members and a chairperson.

One councillor said local authorities were being held accountable by the people and that EU funding had helped them to promote fast and rapid development in the area. Local people drew their own programmes and presented them for funding to the partnership boards. The boards were co-ordinated by officers of the council who also provided administrative support for them to function efficiently and effectively. The co-ordinators visited communities where they organised public meetings at which the people themselves appointed the chairperson and other members of the small project committees. After the community project committees had organised the people to plan a project, all local organisations were invited for formal discussion and adoption of the project. After the meetings, the co-ordinators prepared and submitted reports which were also debated by the community before they were submitted to the partnership boards for onward submission to WEFO (Interviewee #36).

Despite the seemingly open practice, some people were not happy that the partnerships boards had been given the autonomy to decide and select projects without the active involvement of the council. One council official for instance, was not happy that the partnerships boards were not seeking the approval of the council before submitting applications directly to WEFO. "This means the council is by-passed as its involvement is

only to provide a secretariat for the partnership. The board is not accountable to the council but to the communities" (Interviewee #16). He adds that, though these partnerships were delivering by successfully planning and executing projects, the complete non-participation of the council at certain levels called for concerns as the council was accountable for all funds received in the county. "The issue is that all these small bodies begin to up the roles of both the council and the Assembly. This creates an unhealthy conflict" (ibid). This was a clear manifestation of bargaining for control of projects at the local level. It was also a testament to the belief that this new form of multi-level governance occurred to the detriment of a more traditional council control over the distribution of local resources.

Another councillor (executive member) noted with much satisfaction about the rapid development of the area. "We have seen some major developments in some areas, which could never have come about for it not been the creation of the National Assembly and the funding from the European Union" (Interviewee #36). He added that, "this could not have been possible even in the next 50 years from either our own budget or that of the Welsh Assembly without the structural funds support" (ibid). This reflects the view of majority of the people of this county area as we gathered through informal chats with some residents of Ystrad Mynach, Merthyr Tydfil and Aberdare.

On what have been the greatest advantages of devolution, one councillor said the first was that local councils were now getting funds from London, Brussels and also Cardiff and that had helped greatly with the rapid development of the area. The second was that previously there was no fixed allocation of funding from central government to the local councils; each authority submitted an application to the then Secretary of State for Wales for approval, "and

in many cases Tory Secretaries of State, for political reasons, usually returned funds to chest instead of giving them to the local councils" (Interviewee #36).

Under devolution there is a fixed amount for Wales from the UK Government's annual budget allocations and the Assembly negotiates with local authorities on how much each would have and what projects should go to each sector – social services, health, and others. "We never had such a system before which promoted enhanced development. Within the communities, there are more job opportunities created than any other time" ((ibid). He points out that:

> "There has been more development since the introduction of devolution and the creation of the Assembly than any time in the history of Wales. We never had a free bus service in Wales for people over 65 years, but we have that now. We never had autonomy for our health and social services, but we have it now. There is now a direct access between local authorities and officers at all levels throughout Wales, and more often than not, you will get a daily response to your queries or questions. Again, the people's participation in community activities has been greatly enhanced" (ibid).

According to the councillor, among some of the most important and prominent projects undertaken by the county council since devolution were the building of the £28-million modern office accommodation at Ystrad Mynach, the construction of the Bargoed By-pass, the Mining Museum, and the road improvement scheme. It had in the past been difficult to attract investments to the Valleys, but a new scheme there which included various residential housing projects and the reclaimed pit under the Oakdale Business Park Strategic Development project had provided office and industrial spaces for businesses. Two American electronic industries have since been attracted to the area and the council was also looking elsewhere for more investors. Another by-pass to Blackwood had also been constructed to open up the Valleys, thus easing the flow of traffic in the area (Interviewee #36).

Again, in partnership with the Health Board and the Assembly Government, the council was about to build a hospital at Ystrad Mynach to cater for the healthcare of the people of the area, while a £20-million palace to accommodate a cinema house, a shopping centre, a library, and other social and commercial activities was to be built in Risca West Ward. This was to stop people travelling from the Valleys to other towns for shopping and social activities (ibid).

The Caerphilly County Council, like all other councils, periodically signs agreements with the Welsh Assembly Government setting out their shared vision and priorities and how success would be measured over a period. This was in line with the principle of sharing of competences among different actors in the spirit of partnership to encourage grassroots participation. In this vein, the council and the Assembly Government signed an agreement for a three-year period from April 2004 to March 2007, highlighting the vision for both the Assembly Government and the council - "A sustainable future for Wales". Under the agreement, the two bodies jointly initiate actions for social, economic and environmental improvement to create positive change. Among the priorities of the agreement were:

- promoting a diverse, competitive, highly value-added economy, with high quality skills and education, that minimises demands on the environment;

- action on social justice that tackles poverty and poor health, and provides people and their communities with the means to help themselves and break out of the poverty trap;

- action in building a natural environment that enhances pride in the community, promotes bio-diversity and local employment and helps to minimise waste generation, energy and transport demands;

- strengthening Wales' cultural identity and helping to create a bilingual country;

- ensuring all children and future generations enjoy better prospects in life, and are not bequeathed with a legacy of problems;

- supporting people to live healthy and independent lives; and

- promoting openness, partnership and participation (Caerphilly County Council Document).

The four strategic priorities identified by the agreement to turn the vision into reality were:

- helping more people into jobs;

- improving health;

- developing strong and safe communities; and

- creating better jobs and skills (ibid).

Under the 2007-2013 programming period, a total of 14 wards within Caerphilly have been identified as being eligible for the Rural Development Plan programme (see Chapter 7 for full discussion of the Plan). Additionally, five others which are classed as rural service wards were also eligible to receive funding at an intervention rate of 30 per cent. Essentially, two-thirds of the total area of the Caerphilly County Council was eligible under the RDP plan. Caerphilly bargained strongly and effectively to ensure its inclusion in the programme and the recognition of its distinctiveness as a rural valley area.

The Rural Development Partnership would use the Rural Development Plan for Wales 2007-2013 as a framework to:

- strengthen Caerphilly's farming and forestry industries;

- safeguard and where appropriate enhance Caerphilly's environment and

  rural heritage; and

- foster competitive and sustainable businesses and thriving communities (ibid).

As noted earlier, the emphasis of this thesis is not necessarily on the workability or otherwise of EU policies or those of central and regional governments, but rather the emphasis is on the

impact of the European Regional Policy and how it creates multi-level governance. Appendix 6 therefore shows how the joint decision-making process of the Assembly Government and the council were to impact on the council itself, the local communities and the people living within the area, with clearly stated anticipated results from the projects.

In the Caerphilly County Council area the partnership principle was given a further boost whereby the council as a body did not play an active role in the decision to select projects. Here, apart from the provision of a secretariat and personnel to help co-ordinate affairs, the partnerships boards dealt directly with WEFO without any involvement of the council. This was a departure from the practice in Carmarthenshire where the council was directly involved in the decision-making process. It is also worth noting that, Caerphilly, being one of the most deprived areas of Wales, had tremendously benefited from the financial support of the European Union which had enable it to open up the area through improved road networks and the provision of skills training for a number of the people to make them competitive on the job market.

Cardiff County Council

Consistent with the other authorities, there now follows a brief presentation of Cardiff, before we consider in some more detail how, if at all, devolution and EU Regional Policy have reshaped local policy making in the capital city.

The City and County of Cardiff (*Dinas a Sir Caerdydd*) is made up of 29 electoral wards, from which 75 councillors are elected every four years. It is usually referred to as Cardiff Council but its proper designation is City and County of Cardiff. It was a county borough from 1889 until 1974, when local government was reorganised, with the creation of a two-tier

system of county and district councils. The county has a surface area of 54.1 square miles (140 sq. km). Until 2004, the Labour Party had run the council for nine years (since 1995). The 2004 council election did not produce an outright winner, but, with the Liberal Democrats having 32 seats against Labour's 27, a minority administration was formed by the Liberal Democrats. The Conservatives had 10 seats, Plaid Cymru, four, and others, two. Labour suffered a further loss of seats in the 2008 local elections, losing 14 of its 27 seats, while the Conservative Party gained seven seats to increase its number to 17. Plaid Cymru also gained three seats to increase its representation in the council to seven, while the Liberal Democrats gained three more to increase its number to 35. The others gained additional seat to increase their seats to three.

Fig. 6.3: Cardiff County Council Area

Cardiff County Council (area in red)   Coat of Arms of Cardiff Council

Cardiff (Caerdydd) is the capital and the largest city of Wales. It used to be a relatively small town until the early nineteenth century when it came to prominence as a result of the influx of industry into the region and the city becoming a major port for the transportation of coal.

Cardiff was made a city in 1905 and 50 years later, it was proclaimed capital of Wales on December 20, 1955 (walesonline.com). The City of Cardiff was the county town of Glamorgan until its role changed in 1974, following the reorganisation of the councils and the pairing of Cardiff and the Vale of Glamorgan to form the county of South Glamorgan. However, following the restructuring of 1996, the district of Cardiff City became a unitary authority of the present Cardiff Council. Cardiff has in the last few years grown to become a university city with four universities: Cardiff University, University of Wales Institute Cardiff, Royal Welsh College of Music and Drama, and University of Wales College of

Table 6.2: The Political Makeup of the Cardiff County Council

Year	Liberal Democrats	Labour	Conservative	Plaid Cymru	Others
2008	35	13	17	7	3
2004	32	27	10	4	2
1999	18	50	5	1	1
1995	9	61	1	1	0

Source: Author's compilation from different sources including Cardiff County Council documents.

Medicine, which since August 1, 2004, has become part of Cardiff University following the Welsh Assembly Government's review of higher education. In addition to these are a number of tertiary institutions offering pre-university education. Added to the spark of the city is the presence of a modern international sporting venue, the Millennium Stadium (Council documents and www.walesonline.com).

As noted earlier, Cardiff fell under the Objective 2 and Objective 3 programmes instead of the Objective 1 programme which Carmarthenshire and Caerphilly were under. The kinds of

projects undertaken by Cardiff might in some instances be similar to those of the other councils, yet the operational dynamics and emphasis changed as the different objectives had different focus. The case of Cardiff acts as a useful counterweight to the Objective 1 areas of Caerphilly and Carmathenshire. Though the programmes are different, Cardiff also has a long experience of EU funding. Between 2000 and 2006 under Objectives 2 and 3, the Cardiff County Council benefited to the tune of £18,382,538 in EU grant. The amount covered 131 projects leading to the 'creation and safeguarding' of more than 2000 jobs (WEFO Source 14). The projects covered a varied area considered crucial for the growth of the economy of the council area and Wales as a whole. The funding for these projects came from different sources including the European Union and local partners. The projects helped with the advancement of the skills level and general well-being of people living in the council area. Among the projects was the Butetown Environmental Improvements and Community Regeneration Initiative, which formed part of an all-embracing series of environmental and facility improvements in the local area, one of the very disadvantaged areas of the Council (WEFO Source 15).

Cardiff, like the other two councils, worked on the principle of partnership by setting up a partnership group made up of various interest groups. What set Cardiff apart from the Caerphilly or Carmarthen related to the fact that most of the projects it undertook were some form of rehabilitation or improvement of existing infrastructure instead of fresh basic ones, as such projects were the focus of Objectives 2 and 3. This is due to the fact that as a city council most of the kind of infrastructure needed by Carmarthenshire or Caerphilly already existed and therefore only needed to be rehabilitated, though a few new and similar projects to those in the two councils were undertaken. Also as a capital city council, Cardiff mostly undertook its projects after consultations with nearby councils to ensure a systematic

development of Wales. Another significant feature of Cardiff Council was its preference for large-scale or bigger projects befitting a national capital unlike those small-scale ones desired by Carmarthenshire and Caerphilly.

Commenting on the funding from the EU, Cardiff County Council's Executive Member for Economic Development and Finance, Councillor Mark Stephens, welcome funds from the European Union's structural funds as a means of attracting jobs to the council's area, and helping with skills training. He expressed the hope that continuous funding would help to "continue the regeneration of the region to build on and safeguard the jobs already created" (Cardiff Council website). He noted the positive role of Cardiff in the economic growth of Wales and the city's future impact on Wales, and expressed the need for the Welsh Assembly Government to consider the role played by the Council when allocating funds and resources. He stressed that:

> "The success Cardiff has had in spearheading the growth of the Welsh economy is clear, however there are still significant challenges being faced within the region. We now need to ensure that the new Convergence and Regional Competitiveness and Employment Programmes are complimentary and that larger, more strategic projects are brought forward which reflect the importance of a successful city region economy and the interdependency of Cardiff and the South Wales Valleys" (ibid).

Another councillor noted in an interview that "the Wales Millennium Centre (WMC) for instance, did not only enhance the cultural offer of Cardiff, but it also adds to the synergy of existing venues, and acts as a catalyst for the development of cultural tourism in Wales as a whole" (Interviewee #33). Yet another councillor also noted the impact of development projects in Cardiff on the whole of Wales, and pointed out that 12 per cent of audiences to the WMC are from outside Wales, thus boosting the tourism industry. "The creative industries, theatre and cultural tourism are important for the economy of Cardiff, employing over 22,000

people and resulting in additional visitor spending of about £1.2 million per annum. These have an over-all reflection on Wales" (Interviewee #13).

Another attraction of the Cardiff County Council with extending benefits for Wales is the overwhelming presence of the iconic sports centre, the Millennium Stadium, which in the recent past became the venue for the prestigious English FA Cup finals in addition to other top football matches. In addition, the Millennium Stadium is home to international rugby tournaments. "Much as this stadium enhances the economy of the Cardiff County Council, in the larger sense, it boosts the Welsh economy" (Interviewee 34).

The key argument here is about multi-level governance. We uncovered support in our interviews for the multi-level governance hypothesis. One councillor recalled the limited opportunities which had existed for local authorities in the pre-devolution period, as a result of which local authorities were not able to effectively engage in the decision-making processes. He noted that the post-devolution local partnerships have been largely successful in enabling more stakeholders to play a role in the delivery of programmes. He added that, as a result of this new environment, Cardiff Council has been lobbying the Welsh Assembly Government to give local authorities and other actors even greater opportunities to get them involved in the programming and implementation of projects. This, he noted, would ensure that "funding is allocated to the places of greatest need, but also with opportunity to generate growth and the widest benefits" (Interviewee #32).

From the perspective of this actor, the multi-level collaborative approach inherent in EU funding regimes has brought governance to the doorstep of many communities and groups. As in the other authorities considered, Cardiff has indeed developed a policy of partnership.

The council has developed projects in collaboration with neighbouring local authorities, and engaged in broad-based partnerships in return for obtaining Objectives 2 and 3 grants (Interviewee #13). Examples of such projects included the Community Environment Improvements within the disadvantaged ward of Trowbridge; the improvement of access into the county area, environmental protection; and the drawing of a development and management plan to provide a framework to guide the future development and management of the Hendre Lake Area (WEFO Source 16).

Notwithstanding a degree of optimism in the interviews, identifying the governance implications of EU regional policy is much less easy in the case of Cardiff, a large city-based authority, than it was in Caerphilly or Carmarthen. Like Caerphilly, Cardiff County Council set up local partnership groups consisting of various cross-sector organisations in the communities. Therefore, all potential projects were identified and adopted by communities before being sent to WEFO for approval. However, as a better resourced council, Cardiff was able to set up Spatial European Teams (SETs) to provide advice and support to organisations that wished to access EU funds.

If the partnership mode is a precondition of obtaining EU funds, less evidence was uncovered than in the other authorities – Caerphilly in particular – of multi-level governance challenging the control of the incumbent local authorities. In the case of Cardiff, far more central was the tension, observed throughout the decade but especially in the early years, between the Cardiff civic leadership and the devolved government in Wales, a function of the belief in Cardiff Town hall that the capital city was subsidising the rest of Wales without adequate compensation. If councillors in Caerphilly were nervous about losing effective control of the

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allocation of EU funds, civil leaders in Cardiff were far more worried about the devolved authorities and its perceived anti-Cardiff bias (Willmott 2005; Cole 2006).

Management, Monitoring and Evaluation of Projects

The management, monitoring and evaluation of projects were covered by the rules and guidelines covering the allocation of structural funds. The European Commission delegated some powers to member-states for the efficient management of EU-funded projects. Under the rules, member-states were mandated to appoint 'managing authorities' for each programme, tasked with the implementation, and correct management and effectiveness of the programmes, including the collection of statistical and financial data. The managing authorities as appointed by member-states submitted annual reports to the Commission in addition to the organisation of mid-term evaluations.

In addition, 'monitoring committees' were set up by the member-states, chaired by representatives of the managing authorities to ensure the efficiency and quality of the implementation of the programmes. Evaluations were undertaken ex-ante, mid-term, and ex-post. The competent authorities in the member-states had the responsibility for the ex-ante evaluation, while the managing authorities undertook the mid-term evaluation in collaboration with the Commission before December 31, 2003. The ex-post evaluation was the responsibility of the Commission, in collaboration with the member-state and the managing authorities (DG-Regio). All these were to ensure that each project was executed in line with the Commission's guidelines in terms of efficiency and accountability.

Conclusion

The Welsh perspective of the UK-EU relationships is particularly interesting due to the introduction of devolution and Objective 1 at around the same time. This chapter has closely examined the relationship between Wales and the European Union through the funding of projects particularly for the 2000-2006 period, focusing mainly on the three selected local government areas – Carmarthenshire, Caerphilly and Cardiff councils. The emphasis was on how decisions about project identification and selection were made, and how that promoted multi-level bargaining.

The geographical location and characteristics of some of the areas of Wales and the main pre-devolution economic activities are also discussed in the chapter in addition to the spread of EU structural-funded projects. This level of exposure gives the reader a fair idea of what the council areas looked like before the advent of structural programming. Detailed examination has been made of the three selected local authorities, the level of funding received from the EU and the types of projects undertaken. The chapter also highlights some of the major impacts of the structural funds on the county councils. There is no doubt that, as a result of devolution and the EU Regional Policy which promotes multi-level governance, the relationship between the European Union and Wales has produced results that have enhanced the development processes of the nation. A majority of the 22 local government authorities have in one way or the other benefited from the EU's financial support for the development of different kinds of infrastructure, which have contributed to the opening up of their areas to attract investment.

Before the discussion of the three county councils, the previous chapter analysed the role of the Welsh Local Government Association, the Brussels-based CEMR (Conference of

European Municipalities and Regions), the UK Local Government Association, and the Welsh European Office, as well as the Welsh European Funding Office, and their impact on EU-funded projects in Wales. The establishment of the Assembly under the UK's devolution process gives practical meaning to the effect of the Europeanisation of regional policy within the EU on the principle of multi-level bargaining. One of the key aspects of multi-level governance is partnerships among the players. However, the principle of partnership and additionality did not flourish in Wales without a cost of some sort, especially to the Labour Government, which initiated and introduced the devolution process. The process consumed the biggest casualty when the first Wales First Minister, Alun Michael, was voted out of office for his failure to get the UK Government (the Treasury) to provide the initial much-needed match funding for Wales. The match fund was eventually provided for Wales, but not until a huge political damage had been caused to the government.

The significance of that episode was that the UK Government had refused to abide by one of the basic principles and rules governing the allocation of structural funds, which required member-states to partner the EU to bridge the development disparities between regions, by way of providing additional funding for projects. By refusing to provide the needed match funding to enable Wales access EU funding for its projects meant that the UK central government was exercising its sovereign right as a member-state of the EU without allowing itself to be influenced by either the Welsh Assembly Government (sub-national) or the European Commission (supranational). This situation supports one of our hypotheses: namely that multi-level governance does not by itself obviate the controlling authority and power of the central government. In view of that neither was the Welsh Assembly Government able to ignore the Treasury (central government) and ask the European Commission to release the funds to it, nor was the European Commission permitted to by-

pass the UK Government to provide the funds (despite its recognition of Wales as one of the actors).

This episode tells us more about the national level of bargaining and the new rules of the game occasioned by devolution; Welsh Assembly members claimed the scalp of Alun Michael, not the representatives of the European Commission. However, the combination of devolution and the Objective One process signified a new, much more unpredictable set of political circumstances. An amicable and mutually beneficial settlement had to be reached between the UK Government and the European Commission for normal relations to be restored. One of the notable weaknesses in the implementation of the structural funds many of the interviewees pointed out was what they described as the absence of strategic targeting of the projects. They cited for instance that the construction of a dual carriage highway from the north to the south of Wales under the 2000-2006 programme could have had a bigger impact since travelling time between the north and south would be reduced and mobility between the two areas improved, thus increasing economic activities.

Despite differences in approach by county councils, and the shortcomings mentioned earlier about the entire structural programming, devolution coupled with financial support from the European Union has catapulted the economic development of Wales. There have been remarkable achievements by the Carmarthenshire, Caerphilly and Cardiff councils, including the enhancement of grassroots participation in governance and accountability by public officials. These highlight the benefits of the Europeanisation of regional policy, devolution, and multi-level governance.

Devolution, in principle, entails some level of freedom to adopt working practices best suited to devolved authorities. In this vein, all the three county councils discussed in this chapter adopted different methods, though with slight similarities, in the selection, design and implementation of their projects. Carmarthenshire, for instance, set up local partnerships made up of people from the public, private, voluntary and community sectors to draw action plans setting out what needed to be done, from which the council, through the partnerships, developed specific projects for implementation.

For the Caerphilly Council, a local partnership board was set up which drew up a guiding document titled *The Caerphilly Local Strategy*. This set out the overall aims and plans for targeting Objective 1 resources. Local partnership boards were put in place by the council to enable communities and groups to submit their project applications for discussion and approval before they were sent out for funding. For the council, three separate partnership boards were set up to cater specifically for the voluntary sector, the private and social sector, and the public sector. This enabled the council to have a better perspective of what programmes each of the sectors put forward.

One significant feature of the practice in Caerphilly was that though the council facilitated the appointment of the various boards and tasked them, the boards, after dealing with the communities to debate and select projects did not submit the projects to the council. After ensuring themselves about the viability of projects, the boards submitted them directly to WEFO. This was completely different from what happened in the other two councils, where the submission of selected projects was done by the council. For Cardiff, local partnership groups made up of representatives of all sectors – public, private, and the voluntary – were

set up for the identification and selection of projects. After the groups had selected the projects, they forward them to WEFO for funding.

In all the three county councils, the principle of partnership as a key requirement under the European Regional Policy was the pivot around which projects were identified and implemented through effective grassroots participation. Partnerships and grassroots participation, which were virtually lacking before the introduction of the regional policy and devolution had become the cornerstone of almost every community activity. This led to openness, transparency and effective accountable governance, as communities and individuals could raise concerns and objections to some activities of local authorities and even the Assembly Government. This position was confirmed by one top official of the NAW during an interview: "The biggest change that we have had since 1999 is the scrutiny of the activities of the government by elected members (of the Assembly) both individually and within committees, and also at the local levels by the people. In that effect, it makes government more open and accountable to the people". He added: "If you speak to the voluntary bodies, companies, organisations and local groups, they will tell you the new system means greater accessibility to decision-makers, the ministers and their officials, and the accountability of these officials for the delivery of services" (Interviewee #9). He notes that the fact that all interested actors are involved from beginning to finish of projects, it makes governance multi-sectoral, unlike the pre-devolution period where the people had no chance to scrutinise what the Welsh Office or the Central Government was doing.

In interviews with officials of all the three county councils, the common theme of their responses was that those projects they had been able to execute within the short period since 1999, would have taken over 50 years to materialise if devolution had not been introduced in

Wales (see discussions under Caerphilly and Cardiff Councils). They noted that European Regional Policy created an avenue for multi-level bargaining and governance, which was even enhanced by the devolution process.

One interviewee (#25) was of the view that "with devolution and multi-level governance, the people of Wales have developed the capacity to share ideas with other local authorities within the European Union, and this has helped local councils to borrow good ideas from elsewhere for the benefit of the people of their areas". Another said, "instead of waiting for the government in London to decide on its own terms as to how much funds to give local authorities in Wales, devolution has dramatically changed this subservient relationship" (Interviewee #8). He adds that "now bulk allocations of funds are given to the Welsh Assembly Government under each budget period, and the local authorities are then able to dialogue with the Assembly Government to "reach amicable and fair distribution of the funds among themselves" (ibid). This is a complete departure from the old practice where local authorities had no chance to express their concerns about the system of financial allocation. It also demonstrates the new partnership environment created by the introduction of devolution and the practice of multi-level governance which make officials of both the UK and the Welsh Assembly governments see themselves and the local authorities as actors sharing competences to promote the development of the people of Wales.

Chapter Seven: The Common Agricultural Policy

Introduction

Agriculture and forests cover the vast majority of the European Union territory and therefore play a key role in the strengthening of rural economies, making a valuable contribution to the sustainable economic development of rural areas. They also promote the sustenance of rural landscape. EU farmers perform many different functions ranging from producing food and non-food agricultural products, to countryside management, nature conservation, and tourism. Farming therefore has multiple functions. The complexity of farming requires farmers to play many roles. Therefore, the EU farming sector serves rural communities since its role is not only to produce food but also to guarantee the survival of the countryside as a place to live and work as well as serving as a tourist attraction. Agriculture therefore involves much more than the production of crops and animals for food consumption. In fact, for most farmers farming is a way of life and nothing can detach them from it.

This situation perhaps accounts for the introduction of an agricultural policy – the Common Agricultural Policy (CAP) - by the founders of the European Community at its very early stage and which has been sustained for the last 50 years. It was the 1957 Treaty of Rome which gave birth to the programme, creating an agricultural market of 200 million consumers. The Common Agricultural Policy is determined at the EU level by member-states' governments. It was set up after the Second World War, when most parts of the region had been damaged by years of war, and agriculture crippled while food supplies could not be guaranteed.

This chapter traces the history of the CAP from its inception through its five decades, and its impact on European farmers in particular and the entire community at large. It also discusses how Wales adapted to the programme and managed it to the extent of being able to influence the 2003 review of its implementation. The role of the Department for Food and Rural Affairs (Defra) is also discussed.

What is the Common Agricultural Policy?

The CAP was principally necessitated by two main reasons. The first was that after the war, there were food shortages in Europe and therefore the policy was to create food security and streamline the impoverished agricultural market and societies, and thereby guarantee proper livelihood. It provided for subsidies and guaranteed high prices to farmers as incentives for them to produce more. Financial assistance was also provided for the restructuring of farming including the management of technological skills. The second reason for the introduction of the CAP was the sustenance of the environment, landscape, and nature preservation.

However, to Elmar Rieger, the two main reasons for the introduction of the CAP were, first, to ensure that farmers did not block European integration, considering the weight of the agricultural sector, both as a proportion of the labour force and as a share of the economy in the late 1950s. Secondly, for the provision of political protection against international agricultural exporters, especially the United States of America. Rieger therefore concludes that "the history and features of the CAP are more the product of how western European societies were being transformed after the second world war, than of the formulations of the Treaty of Rome" (Rieger 2005, in Wallace et al. 2005, p.168).

The CAP involves a direct subsidy payment for crops and land which may be cultivated with price support mechanisms, in addition to guaranteed minimum prices, import tariffs and quotas on certain goods from outside the EU. It was at the time of its introduction deemed a European policy evolution, as it protected agriculture from both domestic and global competition, especially demands from the United States of America for trade liberalisation. During the Great Depression in the early 1930s, income redistribution to financially stressed or low-income farmers became prominent under agricultural policies. This was why the programme supported the incomes of farmers while it at the same time encouraged them to produce high quality products. It also initiated the introduction of new farming and development opportunities, including renewable and environmentally friendly energy sources.

Disagreements and conflicting interests

It must however be noted that agriculture accounts for only 2.5 per cent of the EU's GDP and 5.5 per cent of employment, and yet the CAP accounts for almost half of the overall annual budget of the EU. The CAP therefore forms a very essential component of the European Union's regional integration policy. However, due to the conflicting economic interests of the individual member-states, the CAP had still not received unanimous support from France, Germany, Italy, Belgium, the Netherlands and Luxembourg, the six original EEC members, by the spring of 1958. Each of the six member-states implemented its own agricultural programmes to regulate the agricultural sector including the sustenance of prices for farm produce. These individual programmes therefore posed an obstacle to free trade in agricultural produce since the rules regulating the market continued to differ from state to state (*ENA*).

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The difficulties faced with the implementation of the CAP were such that, pursuant to Article 43 of the Treaty of Rome, it became necessary for a special meeting of all concerned parties to iron out their disagreements and reach consensus. This resulted in the Stresa Conference of July 3 to 12, 1958, in Italy. The conference brought together members of the Commission, Ministers of Agriculture from the six member-states, representatives from farmers' unions and national experts. The principles of the Common Agricultural Policy were therefore set out at this conference, but it was not until 1960 before the mechanisms were adopted by the member-states. Two years later, in 1962, the CAP eventually came into force.

For the effective promotion of the CAP, five principles were later adopted by the member-states to:

- increase agricultural productivity;

- ensure a fair standard of living for the agricultural community;

- stabilise markets;

- ensure the availability of agricultural supplies in member-states; and

- ensure that supplies reached consumers at reasonable prices.

Without any implementing methods laid down by the Treaty, there arose the need for some basic principles and guidelines to regulate interactions and activities on the market. After four years of bargaining, it was eventually agreed by member-states that there should be:

- unity on the market, based on the free movement of agricultural products and on price unity within the member-states;

- Community preference;

- financial solidarity; and

- common market intervention.

The Commission, the Council of Ministers and the Economic and Social Committee (ESC) of the European Communities had to negotiate the prices of and systems for the various agricultural products (*ENA*). "For the Commission, and in particular for the Vice-President and first Commissioner with special responsibility for Agriculture, Sicco Mansholt, the Common Agricultural Policy constituted an essential factor for European economic integration" (ibid). On assumption of office, Mansholt, the former Netherlands Minister of Agriculture, submitted proposals for radical integration which would lead to a common agricultural market. On its introduction, the CAP initially covered some selected crops made up of cereals, beef, veal and dairy products which were commonly produced by the six founding member-states.

In recent years, the policy has been shifting gradually from food security to environmental and landscape protection. Following the 2003 reform which introduced the Single Payment Scheme, there has been a de-linking of aid and production, and an encouragement for the diversification of the rural economy as well as to respond to consumer demands for food safety, high standards of animal welfare and the protection of the environment. Farmers are also required to keep their lands in good condition.

Annually, about €43 billion, representing about 88 per cent of the EU's direct aid, is spent on the CAP, in addition to about €7.7 billion spending on rural development. In 2006, the CAP accounted for 48 per cent of the EU's budget, amounting to €49.8 billion up from €48.5 billion in 2005 (National Audit Office Report 2009). However, the rate has been falling as a proportion of the total EU budget for many years, because European collaboration over the years gradually extended to cover other areas. The implication for this situation is that the 15 older member-states are to receive reduced payments to enable the Union cover the 12 new

member-states. Therefore, under the 2007-2013 programming period, the old member-states will have their financial allocations cut by five per cent. During the discussions over the 2007-2013 budget, the CAP became the source of a controversy especially between the United Kingdom and France, with the former demanding guarantees of reduced farm spending before it would agree to cuts in its rebate (ibid).

Over the years, France has been the biggest recipient of CAP funds. For instance, in 2006 the country received €10bn (20 per cent) of the total CAP spending. France was followed by Spain, which received €6.6bn (13 per cent), Germany, €6.5bn (13 per cent), Italy - €5.5bn (11 per cent), the UK - €4.3bn (nine per cent), Greece - €3bn (six per cent) and Republic of Ireland - €1.7bn (three per cent). However, the largest per capita beneficiaries of the policy are Greece and Ireland, despite the fact that in 2006 agriculture accounted for only 3.1 per cent and 0.9 per cent of their GDP respectively. France, however, has not only been the largest beneficiary of CAP, but the country was in 2006, the biggest agricultural producer in the EU, covering 18.6 per cent of total farm production, beating Italy (13.2 per cent) to second, with Germany (12.6 per cent), Spain (11.4 per cent) and the UK (6.4 per cent) following (*BBC News* Q & A).

A successful policy or scandalous waste of funds?

The CAP is regarded by some as 'one of the EU's most successful policies', and by others as a 'scandalous waste of money'. According to the *Bureau of Agricultural Economics*, (1985), "the CAP had depressed and destabilised world market prices more than the protective policies of other countries" and protested that "other countries find it difficult to accept that the (EU's) share of world trade should be that developed using export subsidies" (pp.6 and 9 in Daugbjerg and Swinbank 2007).

bn euros
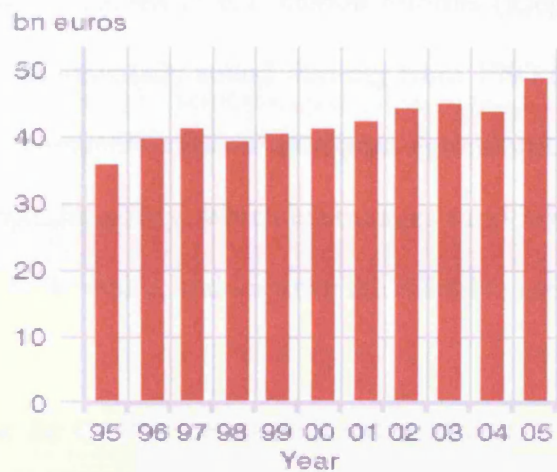
Source: European Commission

The EU holds a contrary view and says, "the CAP was very successful in meeting its objective of moving the EU towards self-sufficiency from the 1980s onwards" (European Commission Source 3). However, the Union's efforts at ensuring food sufficiency also led to food surpluses and the Community had to contend with the exportation, storage or disposal of these surpluses. This unanticipated extra burden had a high budgetary cost and distorted world markets, while at the same time became counter-productive to EU farmers. Measures had to be adopted to help reduce the surpluses, among which was the setting up of production limits like the milk quotas of 1984[18]. There were also increasing global concerns in the 1990s about the environmental sustainability of agriculture as highlighted by the 1992 Rio Earth Summit (ibid).

The CAP therefore proved to be a costly, cumbersome and inefficient public policy, hence its rising cost forced a reform in the early 1990s, while the World Trade Organisation (WTO)

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[18] The European milk quotas were introduced on April 1, 1984 in an attempt to stop over-production in Europe. They were based on the previous year's production less by 10 per cent. Each year depending on the production level, a fine is set ranging from 0.5 to six per cent with an average of two per cent. The fine is set at 25 per cent above the price of milk.

regulations and pressure from the United States became the other contributory factors which dictated the timing and the agenda of the internal reforms (Rieger 2006). A new emphasis was thus placed on environmentally sound farming from 1999 (the 'Agenda 2000' reform), aimed at promoting the competitiveness of European agriculture. This included a major new element, a rural development policy, which encourages rural initiatives and helps farmers to restructure their farms, to diversify, and improve the effective marketing of their products.

Critics argue that while the CAP is too costly it rather benefits relatively few people, as only five per cent of EU citizens work in agriculture, which generates only 1.6 per cent of EU GDP. However, supporters of the policy hold the view that it guarantees the survival of rural communities, where more than half of EU citizens live, while at the same time preserving the traditional outlook of the countryside. Another argument by those from this school of thought is that most developed countries provide financial support to farmers, and therefore without the EU introducing a common policy some member-states would offer different levels of support to their farmers which could necessitate the reintroduction of trade barriers (*BBC News* Q & A).

On June 26, 2003, EU Agriculture Ministers adopted a further fundamental reform of the CAP, completely changing the way the EU supported its farm sector. Following that, farmers were no longer paid just to produce food, but to produce what the market needed. The vast majority of aid to farmers was therefore paid independently of how much they produced as payment became delinked from production in what is termed *decoupling*. This meant that farmers were free to produce according to profitable market conditions, while they still maintained stability of income through the receipt of aid (European Commission Source 3).

Rieger states that "despite substantial changes in the institutional structure of the CAP, and notwithstanding the inclusion of agriculture in the more liberal WTO regulatory framework, the CAP remains a heavily bureaucratic system of economic regulation", where "in defiance of global market capitalism, consists of what are basically anti-market politics" (Rieger 2005, in Wallace et. al 2005, p162).

Fig. 7.2 Total CAP Spending in 2006 [50 bn Euros]
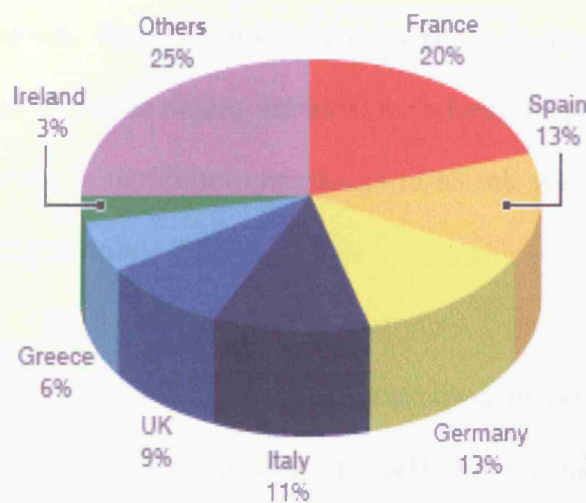
Source: European Commission

The current objectives and goal of the policy is the preservation of the agricultural sectors of EU member-states as a way of institutionalising a form of a welfare system. However, such a system becomes very incompatible with current international principles and practices of industrial production, and free and competitive market. The policy also creates problems for the global agricultural market, while it simply frustrates and kicks out developing countries from the global market as it becomes difficult, if not impossible, for them to export their agricultural produce, especially to the European market. This is in spite of the fact that as a result of colonisation most developing countries, especially African-Caribbean-Pacific

countries, have the umbilical cord of their economies almost entirely tied to their former European colonial masters.

According to *The Economist* (of September 29, 1990), the CAP is "the single most idiotic system of economic mismanagement that the rich western countries have ever devised". However, Rieger (2005) challenges this view of *The Economist,* and points out that the paper's view was not based on an analysis of real forces influencing the policies of western Europe in the post-war era. Rieger, however takes interest in the resilience of the CAP in the face of widespread hostility even among farmers, for whom the policy was designed, and also the fact that employment in agriculture continues to shrink within Europe with its share of GDP of the EU standing at only 1.7 per cent.

The enlargement of the EU by adding 10 new member-states on May 1, 2004, and Bulgaria and Romania on January 1, 2007, was a historic milestone in the remaking of Europe after centuries of destructive divisions. "Europe as a whole will gain from an assured political stability and security, as well as from the expansion of the internal EU market from 380 to nearly 500 million people" (European Commission Source 3). The numerical impact of the enlargement on EU agriculture is dramatic as a further seven million farmers were added by the 12 new member-states to the existing six million. The new 12 member-states also added about 55 million hectares of agricultural land to the 130 million hectares in the old EU-15, recording a 40-per cent increase. However, production in the EU-27 will only expand by about 10–20 per cent for most products, confirming the point that the large agricultural production potential of the new member-states was still far from being at its maximum (ibid). The European Union has extensive contacts and trading relations with third countries and trading blocks. The Union is a major player in global agricultural trade as the world's biggest

importer, importing agricultural products worth €67.876 billion in 2006, and second largest exporter of foodstuffs exporting €72.553 billion worth of agricultural exports in the same year. The European Union therefore plays a leading role in establishing global trade agreements in the World Trade Organisation.

Policy Implementation

Following the adoption of European Economic Community Regulation No.25 of 1992, on the financing of the CAP, the European Agricultural Guidance and Guarantee Fund (EAGGF) was set up. This regulation has since been amended by Regulation (EEC) 728/70. The Guarantee Section finances expenditure on the agricultural market organisations; the rural development measures that accompany market support and rural measures outside of Objective 1 regions; and some veterinary expenditure and information measures relating to the CAP (EEC Regulations 25/62, and 728/70). The Guidance Section of the fund caters for other rural development expenditure not financed by the Guarantee Section. Member-states designate the authorities and bodies (paying agencies) who would have the sufficient authority to handle payments. The paying agencies make payments on behalf of both the Commission and member-states to beneficiaries in accordance with Community guidelines, before they are reimbursed later.

Realising that the future of agriculture was closely linked to the 'balanced development' of the countryside, the Commission adopted Council Regulation (EC) No. 1257/1999 of May 17, 1999 to place the support of rural development under the EAGGF. The Regulation established the framework for Community Support for Sustainable Rural Development from January 1, 2000. Between €4,300 million and €4,370 million was allocated each year to rural development and accompanying measures during 2000-2006.

Table 7.1: A historical perspective on Agriculture in Europe

	Population agriculture population)	active in (% total	Share of (% GDP)	Agriculture
	1950	2000	1950	2000
Netherlands	17.7	3.4	12.9	2.2
Belgium	11.9	1.8	8.8	1.1
Luxembourg	24.7	2.3	9.5	0.6
France	30.9	3.4	15.0	2.2
Germany	23.0	2.5	12.3	0.9
Italy	44.4	5.3	29.5	2.4
Denmark	25.7	3.8	20.4	2.3
Ireland	40.2	10.2	31.3	2.5
UK	5.5	1.8	6.0	0.6
Portugal	53.1	14.3	26.8	2.4
Spain	51.5	7.3	35.0	3.6
Greece	48.9	13.4	33.5	6.7
Sweden	22.8	3.5	7.0	0.6
Finland	36.9	5.9	-	0.9
Austria	34.2	5.1	16.4	1.3
Estonia	-	11.3	-	1.7
Latvia	-	11.9	-	3.0
Lithuania	-	14.8	-	3.1
Poland	53.6	19.0	-	3.1
Czech Republic	39.0*	8.2	-	1.7
Slovakia	39.0	9.0	-	1.9
Hungary	55.1	12.5	-	3.8
Slovenia	-	4.1	-	2.0
Bulgaria	74.2	9.7	-	16.0
Romania	70.0	21.8	-	11.4
Turkey	72.0	30.8	49.0	13.6
US	13.0	2.2	6.1	1.4

Note: *data for Czechoslovakia
Source: Elmar Rieger in Wallace et al. (2005) p.163.

Under the measures, support may be granted to farmers aged over 55 years but not yet of retirement age, who decide to stop commercial farming definitely after having practised farming for at least 10 years before stopping. Similar payments would also be made to workers, including family helpers and paid farm workers of the same age, belonging to a social security scheme, who have devoted at least half of their working time to farm work during the five years before stopping.

Since its inception, the CAP has adapted a great deal to ensure that it met the challenges it faced from time to time over the years. In the early years, it concentrated on attaining the goals set out in Article 39 of the Treaty, which aimed at securing a fair standard of living for the agricultural community and ensuring security of supply and affordable prices and the qualitative control of the imbalances. It finally embarked on a new approach combining lowering institutional prices and making compensatory payments. According to the Commission, the aim of the new reform was to "deepen and widen the 1992 reform by replacing price support measures with direct aid payments and accompanying this process by a consistent rural policy" (ibid). The CAP involves a significant redistribution of income between regions as well as individuals, by supporting farmers indirectly through market prices and directly through subsidies. .

Political convenience or a welfare policy?

Some observers however, hold the view that for a better understanding of the policy, one would have to view the CAP as an integral part of the European welfare state and its 'moral' economy. For example, spill-over pressures from agriculture to monetary union were evaded by the creation of the 'green currencies'[19] and monetary compensatory amounts system (George and Bache 2001). Again, Rieger holds the view that the policy has a political rationale and the political effects are that:

- "it facilitates the operation of an income-securing policy vis-a-vis a large and heterogeneous group, without requiring direct and costly contacts with individual farmers;

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[19] A green currency was an artificial rate of exchange between a national currency and the European unit of account (EUA) used to calculate agricultural prices, which were set in EUA but had to be applied in national currencies. It was introduced at the end of the 1960s and lasted till January 1999 with the coming to effect of the European single currency (the euro). This green currency created a problem, as it meant that it was more profitable for French agricultural produce to be sold in Community markets than in France, because the EUA could be obtained in another national currency, which could then be converted into francs at the normal rate of exchange and would yield more than if the produce had been sold in France at the EUA price.

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- it relieves individual governments from having to decide on the needs of different farming groups or of individual farmers;

- it provides the farming sector with an overwhelming interest in maintaining the policy regime, since it improves the situation of all farmers, albeit larger much more than smaller ones;

- the use of comprehensive and product-specific prices has enabled governments to balance the heterogeneous needs of a highly differentiated farming sector; and

- both the member governments and national interest groups have acquired a shared purpose in sustaining a supranational policy" (Rieger 2005, in Wallace et al. 2005, p.166).

The CAP can also be seen as a politically driven and defensive strategy for the modernisation of European agriculture against the internal threat of an expanding industrial society, coupled with the vigorous trade competition from the United States. The creation of a single agricultural support system is considered by some people to have resulted in an increase in social and economic inequalities where large farmers with considerable political clout have profited disproportionately (Rieger 2005). It is however, difficult to substantiate this charge that some farmers use their political influence to enjoy disproportionate profits. However, the policy's design allowed some member-states of the EU and some autonomous regions to apply the policy to suit their purposes. This is because the CAP does not apply the subsidiarity principle, and thus governments are at liberty to use it exclusively according to their national priorities and purposes.

Modulation

In 1999, the CAP was reviewed leading to the reform of the programme, dubbed *Agenda 2000*. The reform fixed ceilings on annual spending for the 2000-2006 period. This was followed by the October 2002 European Council meeting in Brussels where the EU leaders introduced strict budgetary ceilings to cover the 2007-2013 period. In June 2003, another reform was introduced which changed the way the CAP operated. Among several key

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initiatives were two instruments that set new parameters for CAP financing. The first was a 'Financial Discipline' mechanism to keep CAP spending beneath strict budgetary ceilings. The second was the instrument known as *Modulation*. It refers to the deduction from payments due to farmers under the CAP's direct support schemes, and the reallocation of the deducted amount to support rural development measures. This therefore provides a means to ensure the transfer of CAP funds from direct aids to farmers and market measures (Pillar 1 of the CAP) to rural development measures (Pillar 2)[20] (EC Directorate-General for Agriculture and Rural Development).

The financial discipline mechanism was to ensure that the amounts for financing the CAP currently under sub-heading 1a ('Pillar 1') of the 'financial perspective' were not exceeded in any year. It also made provision for the adjustment of direct payments starting with the 2007 budget when forecasts indicated that the spending amounts budgeted under Pillar 1 would be exceeded in a given budget year. This would mean that if there was a danger of overspending, cuts in direct aids would be made. The aim of these new measures was to anticipate budgetary problems before they occurred, and the European Commission was mandated to assess any prospect of a budget overrun, in any one budget year, during the preceding year and then propose action to address this (ibid).

For example, it provided that, by March 31, 2006, the Commission could have made a proposal to the Council for adjustments to spending if it projected an overrun in Pillar I (market measures and direct aids of the CAP with a margin of €300 million) of 2007 budget. In practice, this meant the Commission would propose reductions in direct aids of Pillar 1 measures. This disciplinary mechanism applies in all EU member-states except in the 10

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[20] Under the 'Agenda 2000' reforms, the CAP was divided into two pillars – the production support pillar, and the rural development pillar.

countries that joined in May 2004, where it will apply after direct payments reached EU levels.

According to the European Commission, the need to reinforce EU rural development measures had been an important issue over recent years, following concerns raised about the needs of both the public and the rural areas. Therefore the idea of modulation (reducing spending on Pillar 1 measures and transferring the funds to be spent on Pillar 2 measures) was not new since the idea came under the Agenda 2000 CAP reform, where member-states had the option to apply modulation on a voluntary basis. In fact for a variety of reasons, only a few did so voluntarily (ibid).

However, the 2003 reform significantly expanded the concept, making modulation compulsory where member-states were to apply it at the rates set in the reform. The rates, according to Regulation 4 (3) of the principal Regulations were three per cent in 2005, four per cent in 2006 and five per cent from 2007 onwards until 2012 (NAW Regulation 2000/3294). One percentage point (i.e. 33 per cent in 2005, 25 per cent in 2006 and 20 per cent in the following years) of the modulation money generated in a particular member-state will be allocated to the member-state concerned. The remaining amounts will be re-distributed among member-states according to the objectives criteria: (i) agricultural area; (ii) agricultural employment; and (iii) GDP per capita in purchasing power. Notwithstanding this, every member-state will receive at least 80 per cent of its modulation funds.

It is worthy to note however, that there were no EU rules specifying the use to which member-states applied the funds provided by modulation. Thus, they may use all the instruments available under rural development measures funded by the 'guarantee' section of

the agricultural budget. That, in practice, meant that all rural development measures other than those taking place in Objective 1 regions and the Leader[21] programme could benefit from funds raised through modulation, which at the rate of five per cent would bring in additional €1.2 billion a year to the rural development funds.

The Rural Development Plan

This section provides a snapshot of the Rural Development Plan (RDP), which was strengthened in February 2003. The RDP is one of Europe's funding programmes under the 2007-2013 planning period, which was dealt with during the old structural programmes under Objective 1, Priority 5. However, it is being treated separately as part of the Common Agricultural Policy. The RDP whose funding is on a much smaller scale, could finance activities and initiatives that fall outside the Convergence Programme.

With 60 per cent of the EU population living in rural areas and more than half of the rural area farmed, rural development is therefore a vitally important policy area. Farming and forestry are the main land uses in rural areas, playing an important role at the heart of rural communities and thus forming the basis for a strong social fabric and economic viability and the management of natural resources and the landscape (European Commission Source 3).

Strategic guidelines for rural development were set out in February 2006, while the rural development policy was strengthened to help rural areas respond to economic, social and environmental issues. These new guidelines came under the *Modulation* clause. Most of

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[21] Leader and Leader+ constitute one of four 'Community Initiatives' financed by EU structural funds and designed to help rural actors improve the long-term potential of their local region.

these measures were intended to help farm businesses build a more environmentally and financially sustainable future.

Also under the rural development strategies, assistance is provided for farmers and others in rural areas, for training in new farming techniques and rural crafts; assisting young farmers to set up farms; assisting older farmers to retire; modernising farm buildings and machines; and assisting farmers to meet demanding European Union standards such as environmental, animal welfare and public health. Assistance also goes into helping to establish food-processing facilities on the farm so that farmers can add value to their produce to maximise their income.

The RDP for the 2007–2013 period is based on three themes in accordance with the three axes under the new regulation. These are:

- improving agricultural competitiveness;
- improving the environment and supporting land management; and
- improving the quality of life and diversifying the economy in rural areas.

A fourth axis, the "Leader axis", inspired by the experience of the Leader Community Initiative, aimed at implementing local strategies for rural development through local public-private partnerships.

Defra and CAP Implementation

The United Kingdom, from the time it joined the European Community, has always criticised the operation of the CAP and insisted on its review. As late as 2005, the UK was still criticising the policy and calling for a review. In it its 2005 document *A Vision for the Common Agricultural Policy*, it noted that:

"The CAP is still not right for Europe, because it is not sustainable. Its roots are still in the mid twentieth century, where protection rather than enterprise was at the centre of policy-making. It significantly distorts the overall EU economy. It damages the environment and constrains rural development. It distorts international trade and inhibits economic development in some of the world's poorest countries. Finally, it costs EU consumers and taxpayers some €100 billion each year, or around €950 a year for the average family of four" (p.10).

The UK therefore became a reluctant implementer of the CAP as the strong and entrenched position of France in particular meant that it was never going to be easy for the programme to be completely overhauled to the satisfaction of the UK. This explains why the UK and France has always had sharp differences over the CAP and the rebate, the latter being used by the UK as a basis for allowing the continuation of the CAP in its 'unfair' manner.

Until 1999 when Scotland and Wales were given devolved powers over some sectors including agriculture, the UK Government was solely responsible for the management of the CAP in all parts of the country. Following devolution, a concordat was signed between the UK Minister of Agriculture, Fisheries and Food (MAFF) and the Welsh Assembly Government (WAG), establishing the latter's responsibilities for agriculture, fisheries and food, under an agreed framework for co-operation between the MAAF and WAG as envisaged in the White Paper, *A Voice for Wales* (paragraph 3.40). In June 2001, MAFF was merged with part of the Department of Environment, Transport and the Regions (DETR) and with a small part of the Home Office to create a new ministry – the Department for Environment, Food and Rural Affairs (DEFRA). The creation of the new department was necessitated by the perceived failure of MAFF to deal adequately with an outbreak of foot and mouth disease. In Wales, farming and rural affairs come under the Department for Rural Affairs, while the environment comes under the Department for Environment, Sustainability and Housing. For this reason, Defra would have to deal with these two departments in Wales as each of them has a different remit both of which relate to the remit of Defra.

The concordat agreed by the UK Government and the Welsh Assembly Government operates in accordance with the principles outlined in the Memorandum of Understanding (MOU) and supplementary agreements between the UK Government and the devolved administrations. In addition to these is other guidance on common working arrangements. The concordat also sets out general provisions among which are those related to domestic and European Union policy. However, where more detailed operational arrangements become necessary, additional subject-specific concordats may be made by mutual agreement between the parties (from the UK Government and the devolved administration) taking into consideration the relevant portions of the main concordat. This is to prevent the violation of any parts of the main concordat. It needs to be noted that the concordat is not a legally binding and enforceable contract which creates any rights or legally enforceable obligations, but rather, it is only a guidance or 'binding only in honour'.

The concordat brings all parties to affirm their commitment to mutually working together in the implementation of agricultural, fisheries and food policy in their respective areas, while they also, as of necessity, ensure close liaison on non-devolved matters, which could impact on devolved issues. Paragraph 4 of the MOU makes provision for regular interaction (monthly or as needed) and bilateral consultations at both ministerial and official levels to avoid any surprises by either party (www.defra.gov.uk).

For strict implementation of EU-related policies and rules, both parties agreed under the concordat to work together for their common interest, considering the range of devolved and non-devolved functions involved in the formulation, negotiation, implementation and enforcement of agricultural policies, in accordance with overarching concordat on Co-ordination of European Union Policy issues. These include representation in Brussels, attendance at Council of Ministers' meetings, interaction with European institutions, scrutiny

of EU legislation, implementation of EU obligations, and arrangements for handling infraction proceedings (ibid). The UK Government has the responsibility for relations with the EU, and therefore Defra has the overall policy responsibility for the formulation of the UK policy towards EU initiatives on food, agriculture and rural affairs. The department however has to involve the Welsh Assembly Government, as directly and fully as possible in the decision-making process on issues which impact on Wales.

The UK Rural Development Plan strategy covers England, Scotland, Wales and Northern Ireland. However, the implementation of the Rural Development Regulation is a devolved matter in Scotland and Wales; therefore, the Scottish and the Welsh Assembly Governments have the responsibility. In Northern Ireland, it is the responsibility of the Minister for the Department for Agriculture and Rural Development. In view of this situation, each of these regional governments and Defra (for England) drew up their own rural development programmes, reflecting the diversity of economic, social and environmental conditions in the UK. Following the drawing up of the individual regional plans and strategies, Defra had to produce an omnibus document setting the strategy for the UK as a whole, by drawing together common elements to guide implementation within the four constituent nations.

There are four accredited paying agencies in the UK representing the four constituent nations. These are the Rural Payments Agency for England; the Scottish Government Rural Payments and Inspections Directorate; the Welsh Assembly Government; and the Department of Agriculture and Rural Development in Northern Ireland. Though the bodies can delegate certain functions to other organisations, they still remained responsible for accounting for all payments under the CAP schemes. According to Defra, "the successful delivery of the strategy in the UK would be critically dependent on an agreement about the continued

voluntary modulation in the next financial perspective in addition to the UK's allocation from EAFRD" (ibid).

CAP and post-Devolution Wales

Until 2003 all the negotiations for the allocation of funds under the Common Agriculture Policy (CAP) was done by the UK Government. This, according to one senior official of the Welsh Assembly Government, meant "the needs of the regions were usually not well represented at the UK Government level and in turn in Brussels" (Interviewee #4). He noted that in view of the fact that one of the devolved sectors under the Welsh devolution process is agriculture, the nation was enabled and empowered to negotiate for a better deal under the CAP programme with the UK government. "Devolution emboldened the Welsh Assembly Government ministers and officials to more openly engage with the UK Government about what was due Wales" (ibid). During our fieldwork, some of those interviewed clearly indicated that a new chapter was opened after devolution and that this had brought Wales into a different field where London had to take notice of the nation (Wales) (Interviewees #4, #11, #15, #20 and #25). This and other views of our interviewees support the broad argument that the combination of the structural funds programme and devolution has strengthened Wales as a nation.

With devolution, the negotiation process changed and the UK Government had to take into consideration the interests and needs of the UK negotiation partners – Wales, Scotland, Northern Ireland as well as England. In view of this new negotiation process involving the regions, Wales was involved in the process right from the beginning of the discussions for the 2003 programme. In 2001 when the discussions began the UK Department of Agriculture,

Fisheries and Food engaged the regions in a close working relationship and this enabled Wales to project its needs right from the beginning of negotiations (Interviewee #4).

The senior official of the Assembly Government, said throughout the period from 2001 to 2003, there was very close working relationship with each of the four working agricultural departments in the UK, which ensured that the formulation of the European legislation on CAP was flexible enough to meet what the regional partners were seeking to get from the policy reform. From the summer of 2002, the partners entered into a very detailed debate at the European level to take through what would become the reform package adopted by the Commission and EU member-states in June 2003. It is important to note that while all these negotiations went on, there was always an issue of political compromise among the EU member-states.

According to this senior official, who was deeply involved in the negotiations on behalf of Wales, what Wales wanted was a change from the then existing system where farmers were simply paid to produce without any connection with the 'reality at the market and with consumers'. Wales therefore set out to device a regime that broke this link between payment and production but still provided farmers with CAP payment. In addition to that, "we could connect the market and make farming stable and sustainable" (Interviewee #4). A Welsh national farming strategy, *Farming for the Future*, was launched in November 2001, setting out the long-term vision for Welsh agriculture. It was the first time ever that Wales had produced a strategy that set out a long-term vision for the nation's agriculture. This vision was also to break the link between CAP payment and production, so that in between productions, farmers were given a stable financial base, while other mechanisms were put in

place to enable them adopt environmentally sustainable farming methods which protect both farming activities and the environment.

In the UK, because of agriculture being a devolved area, different schemes were adopted by the different constituent nations for the payment of CAP subsidies. England adopted the 'area based model', which provided a single flat rate payment of around £230 per hectare for maintaining land in cultivatable condition. Scotland and Wales adopted what was termed 'the historic model' for the single payment which basically meant that a farmer's average level of production for the last three years and his average land use during that same period were considered as the basis for calculating a payment value for each hectre of land that was being farmed. Therefore, in Wales a farmer who farmed 1,000 hectres would get £10 per hectre (Interviewee #4). Northern Ireland, on its part, went for a mix of the two models.

Farming generations had promoted tourism by shaping the countryside and made them attractive to visitors. Those who had followed the country's farming practices note this practice as a 'star point' in Welsh agriculture. The senior official therefore pointed out that the Welsh Assembly Government was unique in this practice, and for that reason the Assembly had a statutory obligation to ensure sustainability, hence the Assembly Government had to devise a policy that ensured that farmers contributed to delivering a sustainable environment. "If you have the CAP that pays farmers to produce, produce and produce, how can we get them to farm in a friendly environmental way? The way forward therefore, is, break the link with production, but also give them a financial base" (ibid).

Devolution at Work?

As a result of the parties making compromises at both the UK and the European Union levels, Wales was able to insist that "we do not want Brussels telling us, and we do not want London telling us. What we want is that the decision on how we implement CAP reform in Wales is made by the people of Wales through the Assembly Government in Cardiff" (Interviewee #4). At the end of negotiations Wales was able to bring real influence to the UK Government's negotiation strategy, but at the same time remaining part of the UK negotiating team in Brussels where the team fully engaged in the process both at formal meetings and at informal meetings held in the corridors where sometimes key decisions could be made (ibid).

The introduction by Wales of the 'historic model' system of CAP payments based on farmers' historical production patterns, which was completely different from the area-based model of England, was an innovative way of breaking the link between payment and production, and at the same time severing one of the usual 'England and Wales' nomenclatures. "Despite the official UK channel with the European Commission, the Welsh negotiating team went behind the scenes to talk to and lobby the Commission on the need to end the link between CAP payment and production", noted the official. He added that these and other factors influenced the July 10, 2002 document entitled *Mid Term Review of the CAP*, which contained a proposal to de-link payment and production (Interviewee #4).

In the view of this official, the new "single farm payments" which were linked to sustainable environmentally-friendly farming, food safety and animal welfare standards and severed the link between subsidies and production, would make EU farmers more competitive and market orientated. This was at the same time providing farmers the necessary income stability. This reform was also to strengthen the EU's negotiating hand in the then impending

WTO trade talks. The different elements of the reform entered into force in 2004 and 2005, while the single farm payment became effective from 2005. However, a provision was made for any member-state which needed a transitional period due to its specific agricultural conditions, to implement the single farm payment from 2007 at the latest (*Europa*).

Before the review, there was a separate application system for each single produce, but this also changed to bring in a new arrangement bringing payment under a Single Payment Scheme, where farmers would make a single application to cover all their produce and for which one single payment was to be made. Also, whereas previously farmers were paid for the particular type of produce, without any modifications, the new system allowed them to vary their produce and free some farming land to protect the environment. For the sustainability of farming in Wales, the Assembly set up a group to brainstorm about what will be the shape of Welsh agriculture and the countryside by 2020, to ensure that the necessary strategies were put in place in good time to support the delivery of longer-term sustainable farming as well as sustainable environment.

The population of Wales is three million, with farmers representing only 32,000. The agriculture industry employs about 70,000 out of the total workforce of 1.1 million. This could be interpreted to mean that farming was not very important for Wales in employment terms, and also the fact that agriculture contributed only less than one per cent to the nation's GDP. However, when it was considered that about two-thirds of the population lived in the rural areas and farming was practised in the rural areas, then farming was important in Wales. One cannot look at Welsh farming in isolation as farmers played a meaningful role in keeping the countryside attractive to tourists and promoting tourism which contributed eight per cent of Welsh GDP.

For instance, there are 15,000 sheep farmers in rural Wales owning 10 million sheep, and have helped established 15,000 rural businesses that are directly reliant on sheep production. Farmers' incomes are also spent normally within 20 miles of their farms, thus contributing to the rural economy (Interviewees #4 and #28). "We look at farming, in simple terms, as a barometer of the well-being of rural Wales and therefore regard farming as contributing socially, economically, environmentally and culturally". Therefore "there could be a big impact if there was a downturn in farming", explained one interviewee (Interviewee #30). Agreements reached at the December 2005 Hong Kong World Trade Organisation Summit indicate that in principle all export subsidies would phase out by 2013. This could be the first of possible steps towards the complete scrapping of CAP payments. Therefore to encourage farmers to prepare themselves and their farming ventures to face the challenge after a possible ending of the CAP programme, the Welsh Assembly Government was providing farmers with business advice, training in farming development, business planning, and information technology. Also, to entice the youth into farming, a new entrant category grants were being provided for them.

On why Wales chose the historic model over the area-based model, officials of the Welsh Assembly Government explained that the decision to opt for the historic model was based on an economic analysis carried out prior to the decision-making process. "If for instance, Wales had opted for the area-based model, about £120 million would have been taken away from small-scale farmers to bigger ones usually in England," and this would have created a significant socio-economic impact due to the fact that most of the Welsh farmers are small-scale based on the traditional family farm of about 30 hectres (Interviewee #4). "A good thing about the establishment of the Welsh Assembly is that we do try very hard to explain to

people what we are doing, what we are thinking and what direction in which we wish to move. We were therefore able to bring about what most Welsh farmers wanted" (Interviewee #8), adding that "we try to be very inclusive in terms of all parts of Wales so that under agriculture, I am not talking to farmers and farmers' unions only, but also talking to the environmental interests groups and all the countryside users", stressing that "we adopted the all-embracing and participatory principle and brought all interested parties on board in reaching decisions (ibid). This was an excellent example of multi-level bargaining at work.

Following the CAP reforms in June 2003, the focus of the programme shifted from production-based subsidy to a single payment scheme, which encourages farmers to respond to market and consumer needs. The single payment system which was eventually introduced in Wales on January 1, 2005, was supported by the farming unions and also the environmental and countryside users. Under it, farmers are required to apply for funds by completing a single application form and must be submitted by May 15 each year. To receive payment, farmers must:

- be actively farming and/or maintaining the land in good agricultural and environmental condition;

- have land at their disposal for at least 10 continuous months of the year;

- retain and maintain up-to-date farm records; and

- ensure that there were no breaches of the cross-compliance and good agricultural and environmental condition (WAG).

As a result of the participation of and support from all the interested groups, Wales became the first region in the UK to make payments to farmers. By the end of the first week of December 2005, about 80 per cent of farmers who applied had been paid. Due to this, between December 1, 2005 and June 30, 2006 payments to farmers had been completed in

Wales, whereas in other regions of the UK, there were difficulties in paying the farmers. Wales receives £200 million a year from the CAP (Interviewee #4).

Rural Development Plan in Wales

Wales is predominantly a rural country hence the plan applies to the whole of the nation, except for those parts which are clearly urban and developed. It must be noted that though certain areas are easily classified as rural, it could be easily concluded that the whole area of Wales is rural, though some parts exhibit typical rural characteristics and problems. This blurs any clear distinction of boundaries between urban and rural areas in Wales. Perhaps, the only clear distinction between rural and urban areas is the very visible and significant economic, social and cultural differences between certain areas. Consequently, there are differing needs and priorities for the areas.

The Rural Development Plan for Wales for the 2000-2006 period, therefore formally set the framework for the running of a range of rural development measures and schemes by the Welsh Assembly Government for the country. The plan made available:

- Support from the European Agriculture Guidance and Guarantee Fund;
- Assembly Government resources; and
- Matched funding from the public and private sectors in Wales.

Under the plan, funds were made available for a number of schemes including the Farm Improvement Grant and the Farm Enterprise Grant, which operated under the umbrella of Farming Connect. Its framework covered:

- the strengthening of farming and forestry industries in Wales;
- the safeguarding and enhancement of the environment and rural heritage; and

- fostering competitive and sustainable businesses and thriving rural communities (Caerphilly Local Development Strategy).

Conclusion

This chapter began by tracing the origins of the Common Agricultural Policy to the 1950s when most parts of western Europe had been devastated by wars and the period experienced famine. It explains what the CAP is and highlights the two main reasons for the introduction of CAP, first, for the creation of food security, and streamlining the impoverished agricultural market; and secondly, the sustenance of the environment and landscape as well as nature preservation.

It also discussed the implementation of the programme including the Rural Development Plan, and the role of Defra. The chapter concludes with how Wales adapted and operated the programme using the powers it has under devolution. This included a thorough discussion of how Wales influenced the EU's 2003 mid-term review of the CAP. The chapter also discusses the actual implementation of the CAP including the financial instruments set up to finance the programme which takes almost half of the Union's budget, and how this helped boost European integration.

There are some indications that the European farmer has in some ways benefited from the CAP, especially during such epidemics such as the bovine spongiform encephalopathy (BSE) and the foot and mouth disease (Aphatae epizooticae) that led to slaughtering of several herds of cattle and which would have otherwise caused a huge financial loss to many farmers. Many farmers have also modernised with financial support from CAP and thus improved their farming practices. Equally, farmers have been assisted and encouraged to adopt

environmentally sustainable farming practices; and this provides some level of guarantee for the effective protection of the environment.

Despite all these successes achieved by the CAP and the role the policy has played in boosting agriculture in Europe, employment in the agriculture sector continues to decline to the extent that it accounts for only 5.5 per cent while the sector contributes a mere 2.5 per cent of the EU's GDP. Notwithstanding this, it consumes as high as between 40 and 50 per cent of the Union's budget. This means the CAP has failed to make agriculture attractive enough to make many Europeans want to enter into the sector. With unemployment levels still high in some regions of the European Union, the many years of the existence of the CAP should have by now transformed agriculture to the extent that it could become one of the most attractive sectors of the economy. This could have served as another important source of employment for the large unemployed people within the EU.

In terms of the effects of devolution, we conclude that devolution has benefited Wales and enabled the region to define a clearly distinctive path in the management of the CAP. With the powers the Welsh Assembly Government has under the devolution settlement, Wales was able to come out with its own innovative system for paying farmers, by breaking the link between production and payment. Also breaking away another 'England and Wales' system to introduce the 'historical model' for assessing payments for farmers, highlights the devolution effect in Wales.

Another significance of the Welsh situation was the fact that the principle of multi-level bargaining was the pillar on which the Welsh Assembly Government mobilised and engaged all interested groups in reaching the final decisions on agriculture and farming in Wales. The

power of devolution and multi-level bargaining has enabled Wales to work in partnership with all the UK actors, as well as creating an avenue for Welsh officials to lobby their EU counterparts. This enabled Wales to influence the final decision adopted by the EU for the 2003 reforms. These achievements by Wales in the management of the Common Agricultural Policy show the positive effects of devolution, not only on Wales, but also on the United Kingdom and the European Union. They also highlight the benefits of multi-level governance through which the UK Government, the Scottish and Welsh authorities bargained to produce an enhanced UK position on CAP.

Chapter Eight: Multi-Level Bargaining

Introduction

The previous four chapters discussed the EU Regional Policy framework, structural funding programmes in the UK, the implementation of EU programmes in Wales, and the Common Agricultural Policy. They also highlighted the relationships between the European Union, central governments and other actors in the governance system. This chapter looks at the power play between these actors and how they bargain to get what they wanted. It also discusses some of the tools used in the bargaining.

This thesis has discussed the various theories of governance with regard to the European Union (see Chapter 2). These include the state-centric/intergovernmental model, the neo-functionalist model and the multi-level governance model. Despite the fact that each of the models takes seemingly separate positions about the relationship between the different actors, and locates central government at different positions of the scale, they nevertheless, they all have some element of bargaining. EU member-states and EU institutions are not monolithic; hence, EU polity development is broadly shaped by cross-institutional and cross-national alliances of actors whose objectives on any given issue are the same (Warleigh 2006). This makes bargaining very crucial in the relationships between the actors as each of them has unique interests to protect.

Bargaining and Territorial Relations

EU cohesion policy requires partnerships between actors. This requirement is an element of the concept of multi-level governance; because the latter is based on sharing competences

between actors, especially in the formulation, design and implementation of programmes related to governance.

This concept of multi-level governance has however, been interpreted differently by many scholars who usually contest the balance of power between the EU and other actors, particularly member-state governments. Most of the early studies concentrated on the dual relationship between the EU and member-states governments without adequately covering the roles played by regional and local authorities, as well as civil societies. Though this thesis does not focus on the relationship between regional administrations and local authorities per se, it examines three local council authorities as a case study to gauge the impact of the European Regional Policy on member-states, sub-national authorities and local communities. For this reason, and also by discussing the relationships between Wales and the UK as well as the EU, the thesis analyses the positions occupied by the EU, the central governments, and sub-national authorities. Therefore the thesis has brought to the fore the 'missing arm' of the 'multi-level' analysis – local authorities and communities.

One school of thought holds the view that the European Union has become too powerful and thus usurped the powers of member-states. Proponents of this position point out that apart from the powers of the European Commission, the role of the European Court of Justice (ECJ) makes the EU looks more like a super state that has taken the powers and authority of member-states, because its decisions hugely impact on the legal and judicial systems of member-states. The monopoly held by member-states' supreme courts over judicial decisions in their respective countries has been challenged by the ECJ, whose judgements override the decisions of supreme courts of member-states. A classic example is the landmark Cassis de Dijon case of 1979 between Rewe-Zentral AG. of Colone and the

German Federal Monopoly Administration of Spirits (Bundesmonopolverwaltung für Branntwein).[22]

The concept of direct effect and supremacy of European rules (laws) attracted fierce opposition from some member-state governments, yet as Hooghe and Marks (2001) put it, "the influence of the ECJ has as much to do with creating opportunities for other actors, including the Commission and lower national courts to influence European rule-making as it does with its enlarged scope for unilateral action" (p.27). They argue that multi-level governance does not confront sovereignty of states directly, but rather EU member-states are "being melded into a multi-level polity by their leaders and the actions of numerous sub-national and supranational actors" (ibid).

The practice of division of labour is not new in territorial governance, more so when decentralisation of political power to local and regional governments has become globally accepted essential elements of good and democratic governance. To Loughlin, Lidstrom and Nicolaidis, any talk about multi-level governance in Europe obviously refers to the "shift in the competences upward to the supranational level, and also to the relationship between the EU and sub-national levels of government in the member-states", and that "we are a far cry from the predictions of 'by-passing the state' which accompanied grand predictions of the emergence of a 'Europe of Regions' only a decade ago" (Loughlin et al. 2006, A profile of a conference).

Conflict is always present at different levels of government and therefore the practice of multi-level governance, where different levels of authorities jointly operate, usually creates

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[22] ECJ Case 120/78 - Judgment was given on February 20, 1979 in which the Court ruled that goods legally produced in one member-state in accordance with its rules and regulations could be sold in other member-states, except where public morality or health and safety prevents that (European Court reports 1979 Page 00649).

different kinds of conflict. The relationship between sub-national authorities, central governments and the EU becomes a multi-layered complexity. As a result of this, the relationship between Cardiff, London and Brussels sometimes brings to the fore the bargaining skills and interests of each party. For instance, Wales has in the past shifted it support and allegiance towards either the UK Government or the European Union depending on what was being bargained for. For instance, Wales fully supported the UK position during the CAP reform at the EU in 2006, though it had a year earlier went to the side of the EU when the UK government attempted to use EU funds as normal government revenue instead of using them as additional funds for projects by the regional and local authorities.

In December 2001, EU leaders, in the Laeken Declaration, paved way for a Convention to hold discussions on the need for a new treaty towards the reform of the Union. In view of that the Welsh Assembly Government formed an alliance with the Scottish Executive to share ideas on how regional governments could be accommodated in the then developing Constitutional Treaty. The collective positions of the two governments were taken to the UK Government for discussion. Presented as a joint position, the interests of both the Welsh and Scottish governments were accepted by the UK government.

Among the issues contained in the joint position document to the UK Government was that the Treaty:

- should recognise the role of the regions working within member-states;

- should have a statement on principles of subsidiarity; and

- make a provision for the right of the CoR to appeal to the European Court of Justice when it felt the subsidiarity provision was being violated.

According to Desmond Clifford, Head of the Wales' EU Office in Brussels, the proposals by the two devolved administrations were eventually accepted by the UK Government and became part of the official UK policy position. Surprisingly, the final UK Convention paper was titled: *A paper submitted to the European Convention on behalf of the UK Government and the Devolved Administrations in Scotland and Wales.* The final text of the Constitutional Treaty contained some of the recommendations by the Welsh and Scottish governments. For instance, Article 5 of the Treaty gave recognition to the Regions (for the first time), while Article 9 explicitly re-affirmed the position of subsidiarity and thus recognised the 'regional dimension'. The CoR was also to be given right of access to the European Court of Justice (Clifford 2004b).

Also the protocol on the role of member-states made the provision for a mechanism for parliaments to scrutinise Commission proposals at the pre-legislative stage, to allow "objections on the grounds of infringement of subsidiary", and "the UK Parliament had indicated that Wales and Scotland would be consulted within this mechanism" (ibid). The contribution of Wales and Scotland made the desired impact. "Few were expecting the UK, the traditional centralists, to emerge as the voice of regional interests. The effect was all the more powerful precisely because it was unexpected", says Clifford. He adds that "this was good outcome for the Welsh Assembly Government. The UK has a powerful voice in Europe and this was the most effective means of the Assembly Government delivering its message" (ibid). On his part, former First Minister of Wales, Rhodri Morgan, described the achievement as "Wales' first contribution to the UK foreign policy" (ibid).

When considered that the regional administrations were to implement EU policies by way of legislating to ensure effective implementation, then it was right and appropriate for them to

hold consultations in advance prior to policy formulation. Therefore the achievement of the Welsh and Scottish administrations in influencing the UK position and eventually the EU, becomes significant and a testimony to the effects of multi-level bargaining which has been given more prominence by the devolution process. This has changed the way the UK deals with Europe and also how Europe treats the regions.

Cohesion Policy as a Bargaining Tool

The first cohesion report by the Commission in 1996, noted that "over the last decade economic growth in the Union has averaged just two per cent a year, while employment has grown at 0.5 per cent a year, with some seven million jobs created in net terms since 1983". However, disparities in income per head between member-states narrowed significantly over the same period, largely due to the cohesion countries of Spain, Greece and Portugal, catching up and Ireland's income per head increasing from 66 per cent to 74 per cent of the Community average (1996 Cohesion Report). Ireland recorded the most remarkable performance of average growth rate of 4.5 per cent a year between 1983 and 1995, with Spain and Portugal recording three per cent and 2.6 per cent respectively. Despite these significant performances of the four cohesion countries, the report acknowledged that "income disparities between the regions of the Union have remained largely unchanged over time", adding that, in the 25 best-off regions there was a marginal increase from 140 per cent of the Union average to 142 per cent, while that of the 25 poorest regions increased from 53 to 55 per cent. For the poorest - the Objective 1 areas – as a group, a 2.5 per cent increase was recorded moving the growth from 64.6 to 67.2 per cent.

One form of evaluation of EU funded programmes is the extent to which they have prompted emulation. A good example of this is the EU-funded *JobMatch* programme in Ebbw Vale in

south Wales. Though the grant was fairly small (£3 million) the programme was able to assist over 1,000 unemployed people to get back into employment (see Chapter 5). Again, the same *JobMatch* programme has been extended to the Rhondda Cynon Taff Borough Council, where the programme has engaged itself in waste management, one of the key environmental issues faced by almost all member-states and regions of the European Union currently. The programme has teamed up with the Rhondda Cynon Taff's recycling plant at Bryn Pica in Aberdare to recycle waste, and at the same time provide jobs for the unemployed in the county council areas. The plant has the capacity to process about 30,000 tonnes of waste a year. By the year 2012 about 10,000 unemployed people in the Valleys area would have been given jobs.

Following a highly successful pilot in Blaenau Gwent, the *JobMatch* programme is being extended to cover more county council areas including Torfaen, Caerphilly, and Methyr Tydfil. The programme offers skills training to the unemployed to give them new qualifications, while it also links people with suitable job opportunities, and encouraging self-employment. The programme, which is part of an integrated approach to sustainable regeneration of the areas covering the former coal and steel industry, also provides advice on the availability of financial resources among others (*The Advertiser*, September 2008).

Between 2000 and 2006, Wales received over £1.6 billion from the European Union, which attracted a total of £2.26 billion match funding from a variety of sources bringing the total to over £3.8 billion. This has led to a massive infrastructural development, establishment of new businesses and support for existing ones, and increasing people in work by 126,000 in seven years. In the three selected councils studied (see Chapter 6) for this research, over 5,000 projects had been undertaken between the second quarter of 1999, when devolution

in Wales formally started and the end of the 2000-2006 programming period. Many

communities, especially in the Objective 1 areas, have been greatly

Fig. 8.1: The Structural Funds in Europe

Objective 1	Objective 2	Boundaries
Objective 1	Objective 2	National boundaries
Phasing-out (till 31/12/2005)	Objective 2 (partly)	NUTS 2 boundaries
Phasing-out (till 31/12/2006)	Phasing-out (till 31/12/2005)	
Special programme	Phasing-out (partly) (till 31/12/2005)	
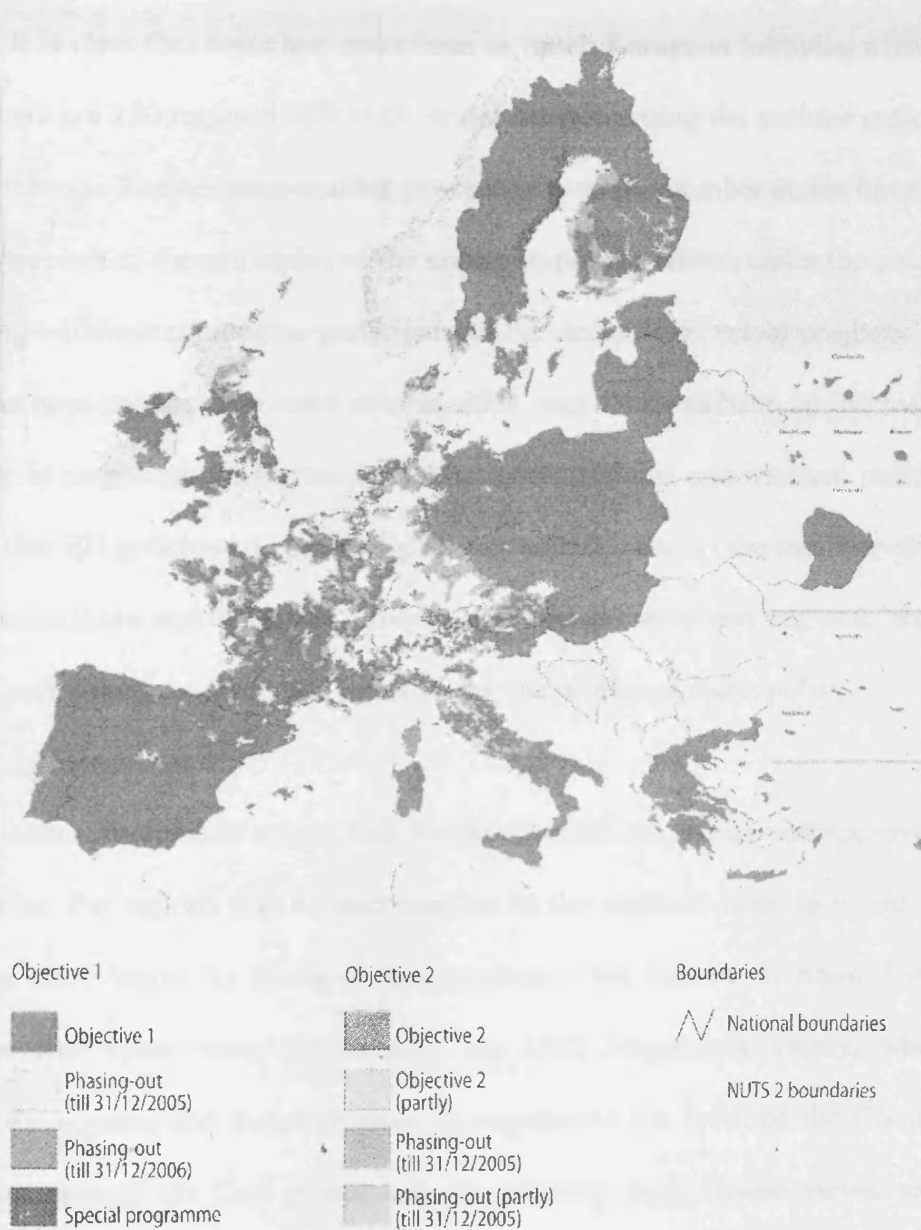
Source: EU Leaflet – The European Structural Funds [2000-2006]

enhanced with the support of huge sums of money from the EU. More broadly, the big

success stories of the four cohesion countries of Greece, Spain, Portugal and Ireland are

ample testimonies of how successful the cohesion policy has been within some member-states.

Another way of evaluating EU cohesion policy is whether it has promoted multi-level bargaining. It is clear that there has never been as much European lobbying activity as today. Currently there are 250 regional offices in Brussels representing the various regions and some cities (interviews). The decision-making processes in many member-states have dramatically changed as a result of the principles of the cohesion policy, where under the structural funds, people living within communities participate in the decision to select projects. Community cohesion has been enhanced in some communities, and there has been an increase in people's participation in community activities including local, regional and national politics. There is little doubt that EU policies and laws have had a major impact on the member-states and their peoples; partnerships and networks, involving member-states and regions, are part of the multi-level polity that has emerged in part as a result of the cohesion policy.

Whereas member-states have always had the privilege of discussing and approving European Union policies, the regions had no participation in the decision-making of the EU until the 1980s when they began to increase their presence led by the German *Lander*. Their involvement was made more visible after the 1992 Maastricht Treaty, which formally recognised the regions and therefore gave an impetus to the work of the Committee of the Regions, even though the CoR is still only an advisory body whose views, suggestions or decisions are not binding on the European Commission in policy formulation. This position, notwithstanding, the regions have always found ways around which to influence the EU and its agencies. Among the methods used by the regions is networking and lobbying. A

staggering 30,000 lobbyists shuttle around the European Union offices in Brussels and other EU bases elsewhere in Europe each year (interviews).

It is therefore not a mere co-incidence that the EU and its agencies have always valued the views of the CoR because the regions make EU decisions more efficient as its members undertake the implementation of such decisions. Many of the laws passed by the EU are left for local government authorities to implement, hence the decision by the EU to listen to the views of local authorities through the CoR, when decisions were being made. According to Councillor W. J. Williams, Representative of the Welsh Local Government Association on the Committee of the Regions, EU decisions have a direct impact on 70 per cent of local government activities (2006). Wales, like many of the regional authorities, influence the EU in its decision-making through three main channels. The first is through the UK Government which is a member-state; secondly, through direct lobbying, especially by its Brussels Office which has a diplomatic status, and is allowed to attend Council of Ministers working group meetings; and finally through networking with other regions which in no doubt multiplies its level of influence on the EU (Interviewees #20 and #25).

Throughout the interviews, it became clear that the EU uses the structural funds as a bargaining tool to promote integration and most of its policies. At budget discussions member-states are noted to show their bargaining techniques and strength, and this has been amply demonstrated by the bargaining for instance, by UK over rebate and France over CAP funds in recent times. One interviewer from EU Regional Policy Commissioner's cabinet admitted that the EU uses the structural funds as a bargaining tool for the good of the entire Union. He points out that:

> "The philosophy behind the EU is to identify what the economic needs of the people are and what the appropriate responses are. There is a lot of expertise at the regional

level that we should exploit to the maximum, whether it is in the public authority or in the business community. There has to be a way of mobilising such expertise to ensure that they have impact on policy issues" (Interviewee #24).

He further explains that while the EU tries to mobilise the expertise in some regions to make it available to others, each region maintains a clearer and broader economic knowledge of not only what is needed, but also what is possible financially. Regional programmes are coherent with the overall national strategies, "so those are bottom-up as well as up-bottom", he notes. Another interviewee agreed that structural funds have been the main avenue through which local authorities were able to get involved in the European Union through programme planning, implementation and management. "The structural funds are therefore the main direct links between the EU and local government" (Interviewee #11).

The structural funds have been a classic example of how multi-level governance brings political and economic changes to Wales, while devolution has given the region more responsibilities and relative corresponding resources. The relationship between London, Brussels and Cardiff has therefore taken a new turn as a result of the practice of multi-level governance and the devolution settlement. In the UK, functions are usually delegated without the requisite resources. For instance, the powers devolved to Wales did not go with commensurate funding from the central government. Therefore, such functions cannot be performed efficiently thus leading to difficulties and problems. This is where structural funds become crucial for Wales and bargaining between Cardiff, London and Brussels becomes critically important to ensure that the required resources were made available to change the dynamics between London and Cardiff. It is also through bargaining that Wales and the UK Government could work for the former to get full legislative powers.

At the EU level, bargaining takes place at almost all levels – between member-states and the Commission and other EU institutions, and also between member-states themselves during debates on budgets and other issues. Again, bargaining takes place at the level of member-states where regions and their central governments bargain to reach consensus on tricky and sensitive issues, where careful political judgement was always required. For example, during the December 2005 European budget discussions the UK had wanted to repatriate the structural funds away from the European budget to its traditional revenue, but it was an area Wales opposed, on the grounds that its share of EU grants might be reduced. There was therefore a clear difference in policy emphasis between the UK Government and the Welsh Assembly Government. Therefore, it is only through bargaining that thorny issues could be amicably and mutually resolved, and for regions and local authorities one of the common issues they have bargained over in recent years has been the structural funds.

One issue about the cohesion policy is that the EU has tried in the last 25 years to use structural funding programming as a way of building popularity. As a result, communities with EU-funded programmes have become ardent supporters of the Union due to the positive effect and impact on the people. However, the difficulty and danger of the EU attaching its popularity to spending programmes is that its popularity survives as long as the money keeps going to communities, but would fade away immediately the funding stops. Generally, in the UK many people consider the EU as remote until some threat to the British way of life (Bulmer 2001), and it is in the same vein that communities see the EU as a very distant institution until they start receiving structural funds to undertake their projects.

There is a bit of scepticism about the EU using spending programmes to popularise itself. But there seems to be a real difficulty here because, the EU was created originally in the

1950s out of the residue of World War Two and the catastrophic failure of the nations of Europe to regulate their affairs at a period of massive economic growth, and again their failure to regulate their affairs in a peaceful and democratic manner. That therefore formed the basis for the political motivation behind the setting up of the European Union. This therefore served as the basis, trust and momentum of the nations of Europe in coming together to avoid a renewed combat and warfare. Europe, and for that matter the European Union, therefore needs to find a new rallying point which could easily be attractive to the populations of member-states, many of whom were not born during the world wars and crises period which necessitated the formation of the Union.

There is a real challenge therefore, for Europe's politicians and supporters to find a new narrative which makes sense for the 21st century; they need to find a new story with which to try and engage popular enthusiasm for the Union. Probably the aspect about peace and prosperity must remain part of this new story, considering the fact that peace, prosperity and democratic values have been taken for granted by many Europeans despite the fact that without these values there could not be any meaningful socio-economic and political advancement. The feat achieved by the European Union in the preservation of peace and respect for fundamental rights are real. Peace and respect for fundamental rights are essential prerequisite for promoting harmonious development and regional integration. The European Union also needs to find new themes including globalisation (which involves movement of jobs to other geographical areas) and the environment that will resonate with people and even integrate them further.

As to how successful the EU structural funding programme has been used as a bargaining tool to enhance integration, one Brussels-based interviewee was of the view that though the

programme has succeeded to some extent in furthering integration, there was still much work to be done, as there are many more regions than before. She adds that the policy has produced partnership between member-states and regions, making areas work collectively to see implementation of some programmes and learning from each other. She also notes that the programme has promoted inter-regional co-operation and cohesion and shown regions other ways of doing things (Interviewee #26).

Another interviewee holds the view that the strength of the regional policy was the decentralised approach that it pushes forward. "It is really one of the biggest differences, and the biggest strengths of regional policy is the decentralised implementation in cooperation with local and regional authorities" (Interviewee #22). It is worth noting however that, socio-economic trends should not be the only determining yardstick for the assessment of the cohesion policy and the quality of life of the people within the Union.

Who Decides: Cardiff, London or Brussels?

With European Union treaty commitments, policy rules and/or legislations influencing about 80 per cent of decisions made in member-states, there have always been arguments about the power balance and how much authority member-states have on both domestic and international issues including economic and socio-political ones.

The three-phase policy process identified by Hooghe and Marks (2001) as bargaining the financial envelope; creating the institutional context; and structural programming, reinforces the role of bargaining in realigning the dynamics of the power balance at different levels. Thus, bargaining among member-states in deciding how the EU financial package is disbursed means neither the Commission nor any single member-state dictates to others on

who gets what. It is also true that it is through bargaining that treaties and agreements are reached by member-states, albeit some leg-pulling and arm-twisting which sometimes occur. It could therefore be taken that the Commission truly does not dictate to member-states. The balancing act to these is that the Commission is given some powers by the member-states to implement their collective decisions and by so doing the Commission displays its powers by ensuring that no single member-state had its own way to the detriment and disadvantage of the Union. For instance, after the member-states had agreed on the budget, it becomes the responsibility of the Commission to allocate funds to the member-states (including regions) based on agreed percentages and sometimes on specific programmes like the CAP and the Structural Funds. When it comes to the selection of projects for funding, the power balance shifts to local authorities, communities and their local partners without any Commission or central government interference on the specificities of the projects.

EU Regional Policy Commissioner Hubner, stresses that the cohesion policy was an inclusive one with no 'top-down' decision-making from Brussels, emphasising the point that decision-making at the EU level is influenced by the wishes and desires of member-states and other partners. The reality, however, is that there is a limit to the degree of power held by each actor in conformity with the subsidiarity principle.

From the above situation, it becomes clear that member-states, the European Commission, and regional and local authorities all have different roles, though complementary, to ensure the adoption and effective implementation of the regional policy. This reinforces our hypothesis that the implementation of the EU Regional Policy leads to multi-level bargaining and multi-level governance. The multi-level governance practice employed in the implementation of the Regional Policy has therefore helped changed the relationship between

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Wales and the UK Government, where the devolution process works on the same principle of partnership and bargaining for economic, political, institutional and constitutional realignments.

Conclusion

The relationships between member-states and the regions of the Union, based on the multi-level governance concept, have been generally discussed in the context of structural funding and the implementation of projects.

The financial assistance from the EU to Wales has not only helped transformed certain parts of Wales, but also significantly altered the pre-devolution relationship between Wales and the United Kingdom Government. Decisions on EU-funded projects are currently discussed jointly between Brussels, London and Cardiff. Previously the discussions took place only between London and Brussels. Also, for the same reason, government activities were now under scrutiny at all levels within Wales since many people were now involved in some way in the governance chain. Governance has thus become more open and accountable to the people. Accessibility to the ruler by the ruled has vastly improved. The enhanced relationship between Wales and the EU also offers Wales the opportunity to have its economic and general development thinking informed by best practices from other parts of the Union as a result of networking and effective collaboration with regional governments elsewhere.

The remarkable achievements of Spain, Greece, Portugal and Ireland due to the impact of structural funds, and the case of Wales strengthen another hypothesis that the structural funds have been an effective bargaining tool for integration. Communities which hitherto had no

links at all are now talking to themselves and sharing ideas and experiences on the best ways to attract more funding, implement projects and promote open accountable and democratic governance.

In Wales, the combined effects of devolution and the implementation of EU Regional Policy process has further emboldened the people to improve upon their relationship at the European Union level, while the region continues to establish its 'independence' in initiating or selecting local programmes and projects. In the pre-devolution period the UK government would formulate UK positions with regards to European Union proposals without any formal consultation with Wales, Scotland or Northern Ireland, apart from input from the Welsh, Scottish and Northern Ireland Offices, which were wings of the same UK Government. Thus nothing substantially different was usually added to the UK Government thinking from outside the corridors of Downing Street, Whitehall or Westminster.

This practice changed after devolution. The UK Government now involves the regional authorities in formulating proposals in response to EU policies that have an impact on their competencies. This has enabled the Welsh and Scottish administrations, for example, to develop and build their EU policy formulation capacities, which are crucial for effective participation in EU programmes and good governance generally.

The implementation of EU Regional Policy (multi-level governance) has thus become a very important source for levelling the field albeit informally, during discussions on European Union laws and policies. Devolution, and for that matter multi-level bargaining has enhanced the legitimacy and potential for growth in the culture, economy and politics in Wales.

Chapter Nine: Conclusions

This thesis has mainly focused on the effect of the European Regional Policy on member-states and how the policy implementation feeds into the multi-level governance theories. It h as dwelt on the implementation of two of the flagship programmes of the European Union – the Common Agricultural Policy and the Structural Funds from 2000 to 2006. As part of the research for this thesis no record was found where these two programmes have been used jointly to analyse the effects of EU policies. The findings of this research and the conclusions drawn from them are therefore original and contribute to scholarship and further understanding of the processes of governance within the European Union, in the field of devolution, multi-level governance and EU Regional Policy.

In assessing this level of impact, the thesis has mainly dwelt on the situation in Wales as a case study, due to the fact that the devolution process in the country also falls into the multi-level concept. For this reason, the thesis has highlighted the effect of devolution on the re-alignment and re-positioning of the balance of power in the United Kingdom, as a consequence of multi-level governance practices, and the subsequent reconfiguration of the political, constitutional and legal arrangements.

The thesis has also looked at the pre-devolution state of Wales taking the reader through the various stages of political administration until the advent of devolution in 1999. The devolution settlement was thoroughly discussed with a critical examination of the constitutional and legal implications of the devolutionary process, with particular reference to the work and recommendations of the Richard Commission and the subsequent government white papers. The constitutional arrangements in Wales reflect the novelty in the power-sharing dynamics within the UK, and there is a fairly strong argument that devolution has

encouraged grassroots participation in decision-making and governance, enhanced socio-economic development (not least thanks to EU support), and strengthened the capacity of civil society. There has been a far broader participatory base in local communities since devolution.

Some scholars argue that the UK's membership of the European Union in 1973, brought the country under the principle of multi-level governance, and therefore pushed the central government to adopt a form of decentralisation leading to the eventual introduction of devolution. For instance, Bulmer (2001) emphasises this when he notes that since UK's membership of the EU, "its political system has become increasingly interlinked with, and affected by the institutions and policies associated with the European integration process", and that only "a very few areas of British policy have escaped the impact of the EU" (p.31). The argument follows that the 1992 Maastricht Treaty brought to the regions the opportunity many of them had for decades fought for without success. These scholars argue that the change in the UK resulted from the shift of power from Brussels and London to the regional and local authorities, thus presenting both enormous challenges and opportunities.

From the findings of this thesis, Bulmer's position and others with similar arguments attributing the UK's devolution process to its membership of the EU, cannot be sustained. Though multi-level governance has encouraged regional authorities and other non-state actors within the European Union area to participate in the decision-making and implementation of regional policies, the decision of member-states, in particular the UK, to devolve powers to its constituent regions was made purely as a result of internal conditions for a more democratic and accountable governance. The fact that the Maastricht Treaty does not either equate regional authorities with member-states in the scheme of things at the EU level or

substitute member-states with regional authorities re-emphasises our position that changes in member-states' political and administrative setups do not necessarily become a product of multi-level governance. The European Union therefore cannot in any significant way alter the political and administrative arrangements of any member-state.

For instance, it is not the European Union which proposed the system of proportional representation operating in the UK's devolved administrations. Recent developments have even shown that the Labour Government under Prime Minister Gordon Brown, has put in motion a process to extend the system from the three constituent nations of Scotland, Wales and Northern Ireland to the Westminster parliamentary elections (Brown 2010). Again, the fact that the UK remains outside the Euro Zone and also a non-participant of the Schengen Agreement, both very important EU programmes, reinforces our position that EU membership alone did not automatically changed the British socio-economic and political system.

Channels of Communication

Though regional authorities, like the Welsh Assembly Government and the Scottish Executive, do not have formal access to the European Commission since member-states are the legally recognised channels, nevertheless, the Commission creates various informal channels through which the regions have over the years influenced EU policy. One of the channels is the Committee of the Regions, whose proposals or 'opinions', though not binding on the EU, are still respected and valued by the Commission and other EU institutions. Another channel is lobbying. For instance, the Welsh European Office in Brussels, like many of the over 160 offices of regional authorities in Brussels, has the task of monitoring upcoming events and legislations which might have some impact on Wales, and therefore

offer the requisite and timely advice to the Welsh Assembly Government and the National Assembly for Wales. Equally, the Welsh Local Government Association office in Brussels also serves as an important early warning signal for Welsh local government authorities, getting them well placed and tuned up for the effective implementation of EU policies and programmes to the best of their advantage. These enable Wales to engage in the lobbying of the relevant officials, agencies and institutions both within the EU and outside to get its interests adequately represented in legislations and policies. This shows that though Wales is legally not a member-state of the EU, it nevertheless, through lobbying, can influence some policies of the European Commission especially at the very early drafting stages.

Access to Europe

The desire, backed by the prospect of direct engagement at the European level was one of the key motivating factors in the campaigns for devolution in the late 1980s and early 1990s. For instance, the importance of Europe to Scotland was highlighted by civil society groups and featured prominently in their arguments for constitutional reform. The campaign for a Scottish Assembly (1996) stressed that a parliament was not a desirable extra, but absolutely essential if Scotland was to thrive in Europe, and again Scotland's involvement in Europe was equally used as a campaign tool by the Scottish pro-devolution political parties.

Even the Labour Party acknowledged the importance of Europe to the regions when it said that, "with the European Union increasingly decentralising to the nations and regions of Europe...Labour's plans will ensure a voice and influence at every level – Edinburgh, London, Strasbourg and Brussels" (Roller and Sloat 2002, pp.68-86). The SNP, which initially was reluctant to exchange one union for another in the early days of UK's membership of the European Community, also argued that: "The European dimension is

incontrovertibly of great and growing importance to Scottish political, social, economic and cultural life. It is vital that the Scottish Parliament seized the opportunity to enhance and strengthen Scotland's role within Europe, irrespective of the limitations placed upon it" (SNP, 1998b, p.24 in ibid).

Other EU states have shown similar tendencies. Spain's membership of the European Union has played a decisive role in the country's decentralisation process, as noticed by the increasing emphasis that the nationalist parties, especially in Catalonia and the Basque Country have placed on 'Europe' as they "regard the consolidation of the European Union as the most desirable scenario where the powers of central governments and the very idea of the nation-state would be in retreat" (Moreno 1995, p.25 in Roller and Sloat 2002, pp.68-86). National movements or parties have had their goals Europeanised through the provision of a set of institutional arrangements and a power base through which resources are channelled to further their interests (Roller and Sloat 2002). We note here that Spain's deepening of its decentralisation process following its membership of the EU does not imply that its mere membership of the Union pushed the central government to decentralise. Rather, with the country's membership of the EU, the nationalist movements took advantage of possibilities to learn at first hand from other European regions and nationalists movements who had succeeded in getting autonomy. This strengthened their resolve and helped them to intensify their demands for more autonomy and therefore put pressure on the Spanish Government.

In the UK, though the devolved authorities have a backdoor roof through which they interact with the European Union on a number of issues of mutual interests to them, they do so without undermining the supremacy of the UK Government as a member-state of the Union. As one of the hypotheses points out, no matter what relationships multi-level governance

creates between regions and the EU, and irrespective of the provisions of Article 203 of the Maastricht Treaty, the member-states remains the key actor. For instance despite the fact that the European Union policy issues cover a very wide area and therefore question the centrality of the UK Government's authority in the affairs of devolved authorities, the government have ways of exercising its authority. Under the Government of Wales Acts (1998 and 2006), for example, the UK Government retained an oversight responsibility even in devolved areas since it has the legal responsibility in ensuring the compliance of EU laws. Wales and Scotland therefore, in conformity with the Memorandum of Understanding and the Concordat (1998) on Co-ordination of European Union Policy Issues, have to lobby or go to the Joint Ministerial Council in Whitehall to argue their case for their needs, as they are barred from entering into any alliances and negotiations against the interests of the UK at the European Union.

Devolution Settlement

In the UK's devolution settlement, devolved areas were specifically enumerated, thus making it impossible and also illegal for the devolved regional executives to have their own ways. For instance, GoWA 1998, section 28 states categorically that: "The (Welsh) Assembly shall not in the exercise of its functions conduct relations with any country outside the United Kingdom". This reinforces the position that the powers of the central government in controlling the devolved authorities are not eliminated by either devolution or multi-level governance. Again, as pointed out earlier, unlike under a federalism where regions have constitutional and legal backing, multi-level governance does not change the legal position which stipulates that devolved administrations exist in statute, and not in constitutional law. The Scottish Act 1997 enumerates 'Europe' as part of foreign affairs for which Scotland cannot directly deal with. Unlike under federalism, devolved authorities 'battle' unceasingly

to achieve increased levels of political control and autonomy, while central governments continue to firm their control and grip on them as is typically the case in Spain. Even in federal states like Germany, there is always a limit to what the *Landér* could do. However, with the implementation of the EU Regional Policy, the findings of this research have shown that the multi-level governance effect has aided Wales to effectively share some competences with the UK Government and the European Union.

Following the discussion of the debates in relation to the various practices of devolution of political power either in the form of the Spanish model or the UK type, or in the form of federalism as practised in the Federal Republic of Germany or the 'decentralisation' model, the hypotheses have been thoroughly tested to show that though multi-level governance, no doubt eliminates central government monopoly in decision-making and shares the competences across a number of actors at various levels, especially in terms of applying local decisions to solve local problems, no substantial changes are made to the key position of central government.

The central position of the nation-state is considered by some to be eroding, or at least changing due to the process of Europeanisation, internationalisation and globalisation, coupled with the concept of multi-level governance, under which competencies are shared among different layers of governments. However, the reality in the countries discussed in this thesis indicates that despite the Europeanisation, internationalisation and globalisation, as well as the practice of multi-level governance, central governments continue to keep their gate-keeping roles.

The Spanish system even places a rather stronger emphasis on the point that, sharing of competencies by actors across different levels of authority under multi-level governance, does not necessarily entail joint action of the two levels of government. The Spanish central government legislates without the involvement or any input from the *Comunidades Autonomas* (Autonomous Communities), while theoretically the Communities also implement the central government decisions without the former being able to intervene, yet in practice the central government uses detailed framework legislation to limit the discretion of the Communities in the implementation of any legislation. This underlines the supremacy of the central government and its authority.

From the legal point of view, and looking at it as a formal constitutional arrangement, devolution, unlike federalism, highlights the need for legal considerations and instruments in the conduct of state governments, because the practice shifts the legal and constitutional position on the powers and role of state governments over sub-national authorities. The situation appears rather different with the practice of multi-level governance at the EU, based on the integration concept. Here, it is clear that integration is driven by bargains, and therefore specific powers are always given by member-states to the EU for specific policy goals, which go to benefit the larger population. As Burgess (2006) points out, it is impossible to ignore the empirical reality, which stresses the position of the territorial state as the main building block, capable of promoting European integration. He adds that the state has merely been re-conceptualised and re-constituted as of the EU. The collective decision-making system at the EU therefore enhances the grip central governments have over their domestic policies including those influenced by EU-wide decisions.

For instance, the formulation of member-states' positions on structural funds and their negotiations at the European Union level are usually central government dominated, thereby excluding any regions in their independent identities. However, there is enough empirical evidence from this thesis to establish that the monopolistic powers previously held by the central government has been reduced by both devolution and multi-level governance. The UK Government, unlike pre-devolution days, now involves the Welsh and Scottish administrations in the formulation of EU policy positions which have an impact on devolved issues.

Local level competencies

There is no doubt that there are many different competencies at both the regional and national levels, but equally there are a lot of competencies at the local level, yet not much has been tapped over the years. Throughout our fieldwork, it was repeatedly said by interviewees, especially those from the Welsh local authority areas that these local competencies could be put to maximum use when they were fully recognised and effectively complemented by those of the national and regional authorities. When this was done local entrepreneurship could be boosted to create more jobs to grow the local economy, improve community development and eventually help reduce or eliminate disparities existing between local communities and neighbourhoods.

Prior to the 2000-2006 programme, not much collaboration went on between the local authorities, national and regional powers as the top-down approached continued in many instances, while there was also a lack of effective relationship between local communities from different local government authorities. Though the trend has tremendously changed by

the end of the 2000-2006 programme, much still needed to be done in that aspect to increase the competence levels within local authorities and communities.

One of the basic arguments over multi-level governance and the principle of regional policy formulation has been on the effects and impact of the latter on the former with regards to its theoretical foundations. This thesis, as stated earlier, is not about the success or failures of the EU programmes, neither is it about the achievements and failures of multi-level governance. It is rather about the effects of the Regional Policy on the theories of multi-level governance, and how it has changed the governance style of in member-states from central government control and monopoly to multi-tier processes. Therefore, the enumeration of some of the achievements and challenges of the programmes (earlier in this thesis and below) are just for illustration purposes only, in the same vein as the thesis also projects into the policy direction of and prospects of the 2007-2013 Convergence Policy even though it was outside its scope and focus (2000-2006).

The relatively rapid annual growth of 3.6 per cent in the 13 cohesion countries compared with the 2.2 per cent in most of the EU-15 countries for the period 1995-2005 suggests that there has indeed been an income convergence, especially when some of the new member-states have already reached the level of the least wealthy members of the EU-15. However, as admitted by the European Commission itself in its report, the Fourth Report on Cohesion (COM(2006) 281 Final (SEC(2006) 726), "the size of the income gap means that it will be many years before the group as a whole achieves substantial narrowing of the gaps". This raises the question as to whether the Union's structural policy, which has run for almost three decades has been successful in terms of bridging the gaps between the rich and poor members. "If after 50 years of restructuring and convergence policies yawning disparities

still exist in many regions and member-states, then hasn't the whole policy failed?", asked one interviewee in Brussels (Interviewee #27).

Commission reports indicate that EU employment grew by 0.6 per cent in 2004, and that the average overall employment rate[23] increased by 0.4 percentage points to 63.3 per cent, representing 64.7 per cent in the EU-15 and 56.0 per cent in the May 2004 new EU-10. A total of about 10 million additional jobs were created in the EU-25 between 1998 and 2004, which was slightly less in the EU-27, due to substantial employment losses in Romania. Over half of this growth was recorded in the 1998-2000 period, while job growth between 2000 and 2004 led to the creation of 4.5 million jobs. However, the most recent years have recorded job losses in Poland, Germany and Romania, thus contributing adversely to the performance of the EU-27 since 2000. Almost 1.5 million job losses occurred in these three countries in the 2000-2004 period. This indicates that the EU still falls short of the Lisbon employment rate target of 70 per cent expected to be attained by 2010 (European Commission Communication (2006).

To reverse this declining trend and achieve the 70 per cent employment target, an annual increase of 12 per cent on current employment levels would have to be achieved to ensure that a total of 24 million additional jobs were created in the whole of the 27 member-states. However, due to the persistent low employment rates in most of the 12 new member-states, particularly the large ones like Poland and Bulgaria, these new members would require an overall increase of almost 25 per cent of current employment levels to enable the EU-27 achieve the 70 per cent employment target (ibid).

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[23] As a percentage of the population aged 15-64.

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As a result of the failure of the 2000-2006 cohesion programme to completely eliminate existing disparities within the Union, the 2007-2013 convergence programme, in accordance with the July 2004 proposals of the Commission, has targeted 100 regions (over 35 per cent of the EU-27 population) whose GDP per head between 2000 and 2002 was still less than the 75 per cent of the EU average. Out of these 100 regions targeted, 16 have been granted the transitional 'phasing-out' status. The 2004 proposals were retained in the agreement between the member-states at the December 2005 European Council hence the consideration of the 16 regions under the 2007-2013 programme.

The convergence regions (including those phasing-out) are characterised by low levels of GDP and employment, as well as high unemployment, with a total share of only 12.5 per cent GDP (of EU-27) in 2002 compared with a 35-per cent population share. According to the report, current average growth in these regions is, however, above the average EU level, yet in general terms "the rate is insufficient for the attainment of the EU average GDP per head in the near future". Growth rates within the Union vary, hence in the convergence objective regions for example, growth averaged 2.6 per cent per year between 1995 and 2002, while in 16 of these regions it was less than one per cent, yet in another 15 regions it exceeded five per cent (ibid).

Similarly, GDP levels also widely differ in the objective regions. For example, whereas under the convergence objective, there were several regions with GDP per head below 25 per cent of the EU average in 2002, there were nine regions covered by the phasing-out provisions, with over 80 per cent GDP per head (of EU-25 average). Additionally, eight regions, including phasing-in regions, had GDP per head below 85 per cent of the EU-25 figure, with seven others having more than 150 per cent.

Employment rates also differ. In the convergence regions, "over 25 million persons live in high employment regions, while another 27 million live in low employment regions, with the gap between the low and high employment regions exceeding 10 percentage points" (ibid). The 70 per cent employment rate target required to be achieved by all the member-states have been achieved in only two regions in the convergence objective. These are the English region of Cornwall in the UK and Centro in Portugal. Interestingly, the last two members to join the EU, Romania and Bulgaria currently account for the 12 least prosperous regions.

To develop a knowledge-based economy, information and communication technology (ICT) access is recognised as an important driver, hence EU policies have under the convergence policy promoted easy access to ICT. By 2005 almost half of all households within the EU had internet access. However, in this area too, there are significant differences between the regions. For instance, whereas there are over 70 per cent penetration rates in the Netherlands, Denmark and Sweden, the rates are around 20 per cent in Lithuania, the Czech Republic, Hungary, Slovakia, and Greece, with even lower penetration rates in most of other new member-states with the notable exceptions of Slovenia with 48 per cent (ibid).

Particularly in the Objective 1 regions, only around one-third of all households have access to the internet, comparatively lower than other regions in the same member-state particularly in Spain, Belgium and Italy. However, the differences are very significant between member-states than within them. For instance, in Objective 1 regions in Sweden, the UK or Germany, internet access is greater than the whole of EU households thus, well above the access in non-Objective 1 regions in Italy. The EU admits that "a territorial broadband gap continues to

persist in internet use" and that in broadband coverage "there is a 90-per cent availability in EU-15 urban households compared with 60 per cent of the rural population" (ibid).

There is, therefore no doubt that these figures reveal that throughout the European Union real needs persist and that continued investment was needed before growth could be raised in line with the Lisbon Objective. It was perhaps in recognition of this need that as a first step in launching the discussion on the priorities for the new generation of cohesion policy programmes, the Commission published on July 6, 2005, a draft document entitled *Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007-2013*[24]. This policy is to address the shortcomings and failures of the 2000-2006 regional policy programme.

For the 2007-2013 convergence programme to be more successful therefore, these trends would have to be changed to promote more interaction, collaboration and networking amongst the local communities, while both 'top-down' and 'down-top' approaches must be employed. The Commission notes that "the role of SMEs, the need to meet local skill demands, the importance of clusters, and the need for local innovation centres are such that in many cases strategies have to be built from below, at the regional and local levels" (EC: Com 2006). This admission by the Commission, expressing the need for regional and local authorities to be involved, supports the view that the EU did not always involve the local authorities and communities. This highlights one of the findings of this research that, the multi-level collaboration had in most cases involved the Commission (EU), member-states and regional authorities, but leaving out the local authorities and the communities, who invariably are the direct implementers of the EU policies and legislation, and therefore

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[24] COM (2005) 299 of July 5, 2005

probably become the most important actors in the mobilisation and integration of the peoples of the Union. Involving citizens who, through the partnership and multi-level governance arrangements have the chance to become directly involved in the Union's policy formulation and implementation therefore means the concerns of local people would be taken seriously and make the citizens feel part of the governance process.

The Devolution Effect

Generally, the greatest impact of Europeanisation of regional policy is the strengthening of partnerships between supranational, national and sub-national actors. However, sub-national actors (and non-state actors including civil society organisations and the voluntary sector) have assumed more prominent roles in the decision-making processes and are therefore able to influence policies at both local and national levels, which invariably influence member-states' relations with the EU. Broadly, the devolution process has resulted in the emergence of new territorial policy groups, incrementally making their impact felt at the European level. This fact and the Welsh case, support our hypotheses that multi-level governance promotes and encourages grassroots participation in decision-making and increases transparency and accountability in government.

The thesis has extensively highlighted the effect of devolution in altering and shifting the power balance between London and Cardiff (and London and Edinburgh) (see Chapters 3-5), thereby given credence to the other modifying hypothesis that multi-level governance remodels and repositions central governments in terms of the relationships between them and their regional authorities. The presence of Wales at the European level has been enhanced through networking and effective collaboration as a result of the Europeanisation of regional policy feeding into the concept of multi-level governance. It is worth noting however that

these developments have not necessarily translated into giving Wales (or Scotland) an increased role in the affairs of the European Union since Wales must work through the UK government machinery as far as formal relations with the EU is concerned. The UK central government tries to safeguard its supremacy and lead role in European Union affairs by making sure that its constituent regions channel their concerns through it, and thus emphasising the supremacy and power of the central government.

Despite the fact that structural funding has as at the end of the 2000-2006 period not succeeded in completely eliminating disparities between member-states, it must be noted that the effects of Europeanisation of regional policy on the theories of multi-level governance has been overwhelming. This thesis has established that the implementation of the Regional Policy has indeed entrenched the practice of multi-level bargaining between and across EU member-states and regions. In all the three county councils studied for this research, partnership was the key principle upon which projects were selected, designed and implemented. And it is this same 'partnership' principle which underpins multi-level governance theories. The relationship between the various actors is based on bargains and compromise, while they operate as partners to promote EU-wide programmes and policies as a means of achieving effective integration.

The increasing importance of concepts like legitimacy, accountability and subsidiarity in the evolving nature of European Union governance highlights the effects of Europeanisation on regional authorities. In the case of the UK for instance, there are weekly meetings of the UKRep in Brussels which are formally attended by the Scottish and Welsh administrations, who also have access to all official documentation from the Commission to member-states. This was not the case before devolution, where the UK Government single-handedly dealt

with EU issues. Under the new dispensation, the devolved administrations are now involved in the preparation of the UK's position on EU issues. Therefore, regional authorities have over the years increased collaboration between themselves and promoted effective networking which have enabled them to enhance their lobbying efforts and increased their influence on EU affairs. Though the Committee of the Regions remains a mere advisory body, and even often criticised as being problematic due to its mixed composition of both local and regional authorities, its advocacy and mobilisation roles continue to influence the policy processes of the European Union.

This thesis has demonstrated that though devolution has not brought about a radical change within the regions and member-states, yet it has no doubt recorded incremental political, economic and social changes in the regions. In the UK, as evidenced within the Carmarthenshire, Caerphilly and Cardiff county councils – the three local authorities chosen for this study – there has been tremendous increase in the provision of developmental and social amenities. There has also been a massive increase in the participation and involvement of ordinary people, community groups, civil society groups, and other previously unknown actors including voluntary organisations, in the initiation, selection and implementation of local projects. These, in a marked way, have increased people's appetite for involvement in politics and governance at both the local and national levels. Devolution has also enhanced accountability, open and good governance.

A number of interviewees during the fieldwork talked about how they had been galvanised by their initial involvement in community project management into becoming serious political activists and eventually candidates in local council elections. It was also evident from the interviews that a large number of projects which were initiated and implemented by local

communities in Wales, for example the *Skill Build* project in West Wales and the Valleys and the *JobMatch* project at Blaenau Gwent (see Chapter 5), could not have happened without the introduction of devolution which empowered the people to take the initiative before seeking funding from the European Union through the Welsh Assembly Government.

One fundamental and significant change which the European Union Regional Policy has brought is the 'Europeanisation' and 'Lisbonisation' of national policies of member-states. The effect of this is that instead of member-states implementing European Union policies alongside their own nationally-designed policies, they are now heavily influenced by the EU policy agenda to the extent that they are rather 'Europeanising' their own national policies to fall in line with the EU thinking. This is mostly reflected in agricultural, environmental, international trade, immigration, terrorism and even labour and human rights policies. The system has also brought about the existence of characteristic variety among regions, especially in their dealings with the European Union over its policies. For instance in the UK, there has emerged a formal framework for multi-level engagement in European Union policy-making, whereby through devolution a range of opportunities in EU policy-making have been opened, enabling the devolved authorities to engage in shaping the UK national policy through formal involvement at the formation process, as well as at the negotiation stages at the EU level.

These developments underline our hypothesis that multi-level governance reshapes and remodels state authority to create avenues for the involvement of other actors, particularly sub-national authorities, thus promoting and enhancing grassroots participation in decision-making and improve relations between nation-states and their constituent regions without the former losing its gate-keeping role

Governance, political organisation and socio-economic development in Wales, no doubt have moved into a new and very important phase, looking back at the genesis of the devolution process where a very tiny majority voted in favour of it. From the activities in the National Assembly through those of the Assembly Government to the local council level, coupled with the rapid growth of policy and institutional development, there is every indication that political and community support for devolution in Wales has dramatically increased from the level it was in 1999. For instance, it would have been unthinkable to imagine Plaid Cymru going into a post-election marriage with Labour to form a government in Wales less than a decade after devolution. This is part of the 'devolution effect' which has changed the political landscape of Wales and helped the hitherto smaller political parties like Plaid Cymru to assume a more significant position in the governance of Wales.

But for devolution, Plaid Cymru would not be able to become a party in government at the time it went into government. Even the Conservative Party which vehemently opposed devolution at the UK level and also in Wales, have hugely benefitted from devolution by becoming more visible in Welsh politics helping it to win three parliamentary seats in the 2007 general elections. Devolution, combined with the effects of Europeanisation of regional policy and multi-level bargaining has enhanced the mobilisation of both financial and human resources for the rapid development of Wales. It has also created avenues for re-alignment of British politics and the need for the reconfiguration of the constitutional and legal dispensation.

Policies such as free NHS prescriptions, top-up fees for university students, and free transport for the elderly have become recognisable achievements by devolution in Wales. These

programmes and policies were not in place in pre-devolution Wales. The opportunities and access created by the European Union have also enabled Wales to build strong relationships, alliances and networks with a number of regions in other European countries resulting in regular and free exchange of knowledge, capacity building techniques, environmental and waste management skills and good governance styles.

Though the National Assembly for Wales is not even entirely 'independent' of its relationship with local governments within its own boundaries due to the fact that it still has to operate by the 'England and Wales' policy system which sometimes overrides Assembly policy priorities, some observers, however, believe that several positive changes and achievements have been made under devolution. They cite for instance, that ministers of the Assembly Government are more favourably inclined towards local government than their Westminster counterparts who are generally remote from local authorities and do not see local government as an important constituency (Interviewees #.9, #11, and #15).

The National Assembly for Wales (NAW) and the Welsh Assembly Government have provided both political and economic freedoms to political parties, local authorities and voluntary organisations through the promotion of Welsh-specific policies. The process has also promoted accountability, making ministers and their officials more accountable to the people of Wales, whereby they take the blame when policies and programmes go wrong.

It is not easy at this stage to clarify whether the economic growth and increase of infrastructure throughout most parts of Wales were as a result of combined impact of devolution and the implementation of the EU Regional Policy alone, or other variables combined to achieve that. However judging from the pre-devolution state of Wales it gives a

clearer indication that much of the achievements, if not all, could be attributed to devolution and multi-level governance. The Welsh experience has some similarities with the situations in countries like Greece, Spain, Portugal and Ireland who made a very remarkable economic growth as a result of structural funding. The process has also impacted heavily on the development of Welsh institutions, especially those involved in the implementation of the regional policy, through its support for institutional building and improved administrative capacity and the continued collaboration and partnership with some of the institutions in other areas outside the structural funds programmes. This is also important due to the fact that Wales needed to build the capacities and capabilities of its institutions to be able to effectively implement future EU programmes as well as the management national issues.

The thesis concludes that the European Regional Policy – Structural and Cohesion Funds – creates multi-level governance. The same can also be said about the Common Agricultural Policy, particularly in the case of the UK where agriculture is a devolved issue, and therefore falls directly under the powers and authority of the devolved administrations. It is also instructive to add that in the case of the United Kingdom, the introduction of devolution in 1999 gave a boost to the multi-level governance concept, especially with regards to the relationship between the UK Government and the three constituent nations of Scotland, Wales and Northern Ireland. One could argue that the case of the English regions, where devolution does not apply weakens the claim for multi-level governance. We disagree with this position and posit that as long as the Westminster Parliament holds a dual role of legislating for the UK as well as England, as one of the constituent nations, where county, borough and local councils organise themselves and operate under the same principle as those in the devolved nations, multi-level bargaining is in operation in some sort.

County, borough and local councils in England relate to the UK Government Departments in the same way county and local councils relate to the Welsh Assembly Government or the Scottish Executive in the implementation of EU policies, including the CAP and the Structural Funds. For instance, the two EU programmes are regionalised and therefore despite the fact that each recipient of the funds adopted seemingly different methods for their implementation, all recipients had to strictly follow a set of rules outlined by the European Commission and co-ordinated by the UK Government. Therefore, the implementation of EU programmes in the UK, whether in Wales, Scotland, and Northern Ireland or in England follow the same rules which feed into the multi-level governance theory.

In conclusion, it must be noted that this thesis has demonstrated that the Structural Funds programming approach has had a remarkable impact on the effectiveness of regional policy in the United Kingdom. The programme has encouraged a more strategic way of thinking at local and regional level in addition to providing a more strategic approach to programme management. Another significant impact of the Structural Funds programmes is its multi-annual programming approach which provides greater continuity and strategic focus. The multi-annual programming approach sets out the priorities over a longer period which no single member-state could have in its national budget. The multi-annual programming provides an overall strategy and an associated financial plan that requires common agreement amongst a wide range of partners (partnership and multi-level bargaining). Through such programming, the European Union therefore shares the risk with the regions. It is also important to note that the level of resources provided by the Structural Funds has attracted additional funding from the private sector, and that these additional resources would otherwise not be available for the regions without the Structural Funds.

The principle of partnership has acted as a catalyst at regional and local levels for improved partnership structures which has contributed positive effects in terms of capacity building, and bringing innovations in policy and practice in Wales. For instance, there exists clear difference between Wales and England in the implementation of EU policies. England has a centralised government therefore local government has not got the full power to generate resources due to the centralised system where regions or local authorities have no input. As noted before, the impact of Structural Funds on the development of more decentralised structures should not be overemphasised, it is without doubt that the capacity built through previous Structural Fund programmes contributed immensely to the wide-ranging roles and capacities of the devolved Scottish and Welsh administrations. The continued 'Lisbonisation' of regional policy therefore creates opportunities for the Welsh Assembly Government and its development partners (local authorities, the private and the voluntary sectors) to improve upon their competences for the enhancement of structural and human development in Wales.

These contrasting theories however become very useful to gauge the degree of conflict between the different actors involved in the EU's policy processes, yet it is not easy to predict precisely which of them holds the balance of power. This is broadly consistent with our view that the European policy structure is very complex and therefore neither the views of intergovernmentalists nor those of neo-functionalists could win the argument. Our empirical evidence is that the implementation of EU Regional Policy broadly leads to multi-level governance, which in turn results in sharing of competencies among the actors.

The state centric/intergovernmentalism and neo-functionalism models both do not recognise the role of other actors and therefore do not recognise the 'partnership principle'. This thesis

focused on the multi-level governance model due to its appeal and focus on the multiple actors. This classification was therefore in tune with the implementation of the Structural Funds and the Common Agricultural Policy, which were the overarching focus of this thesis.

The evidence in this thesis was gathered through primary knowledge via extensive interviews in Brussels and in Wales involving European Commission staff, staff of the Welsh European Office in Brussels, other Brussels-based interest and lobby groups, and staff and top officials of the three Welsh local government authorities. Also interviewed were top officials of the National Assembly for Wales and the Welsh Assembly Government. These were supplemented by gray literature on the work of the Commission, the National Assembly, the Assembly Government, and the three local government authorities, as well as UK Central Government documents.

On the implementation of the Common Agricultural Policy, the thesis has produced significant original and empirical evidence on how Wales successfully adapted the policy and later introduced an improved regionalised approach to its (CAP) administration (see Chapter 7). The Welsh approach substantially influenced the decisions reached at the 2003 mid-term review which offered member-states a choice between 'historical based' and 'area based' payments to farmers. The Welsh initiative also facilitated the adoption of a detailed administration of decoupling and modulation.

The thesis has also produced original evidence on the emergence of significant policy and programme innovations not only by the National Assembly and the Assembly Government, but also by many of the local authorities as a result of the combined effect of devolution and multi-level governance (see Appendixes 3-5 for sample projects of the local authorities). At

the national level, the Welsh Assembly Government (earlier as National Assembly for Wales) initiated the appointment of the very first UK Children's Commissioner. It also abolished NHS prescription charges; introduced free public transport for the elderly; re-organised the NHS in Wales and aligned it with local government boundaries; and introduced a process for the development of a preventive public health strategy. The Assembly also absorbed the numerous 'quangos' into its set up thus directly taking over the control of their operations.

This thesis has also established the increased growth in Wales' expertise, lobbying tactics, and relationships at the European level since devolution. As many discussions of important issues usually begin over lunch, the presence of Wales in Brussels at such an early stage after devolution through the establishment of the Wales European Office has therefore been beneficial. Despite Wales being part of the UK Government, there exist direct contacts between the European Commission and Welsh officials in relation to a number of issues particularly on the Rural Development Plan, the CAP and others. For instance, with the full support of the UKRep, Welsh officials met with the Commission during the 2003 mid-term review and the Commission showed much interest in the position of Wales on decoupling (Interviewee 4).

Though there have been other works done on the Structural Funds and the CAP, we are yet to see any work which jointly focuses on the two in a single research, producing the kind of evidence which we have produced. Again, with the extensive discussion of the themes of multi-level governance, this thesis has demonstrated how multi-level governance has raised the influence of sub-national authorities at the EU level. The empirical evidence in this thesis is therefore new and original as it refers basically to Wales and how it dealt with the Common Agricultural Policy and the Structural Funds.

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Appendixes

Appendix 1: List of Interviewees

Interviewee's Organisation	Date of Interview	Venue	Main Topic(s)
#1.Welsh Conservative Party Leadership / NAW	30-03-06	National Assembly for Wales (NAW) Offices, Cardiff	Impact of Devolution / Performance of Assembly
#2. Welsh Liberal Democrat Leadership / NAW	03-04-06	- do -	- do -
#3. Assembly Member, National Assembly for Wales	04-04-06	- do -	- do -
#4. Head of a Policy Division, Welsh Assembly Government (WAG)	21-04-06	WAG Offices, Cardiff	Common Agricultural Policy
#5. Welsh Member of Westminster Parliament	28-04-06	Constituency Office, Cardiff	Impact of Devolution / Structural Funds
#6. Welsh Assembly Member / Welsh European Funding Office (WEFO)	02-05-06	NAW Offices, Cardiff	Structural Funds
#7. Senior Executives, W E F O	02-05-06	- do -	Structural Funds
#8. Adviser to First Minister, Welsh Assembly Government	08-05-06	- do -	Impact of Devolution / Performance of NAW / Wales-EU Relations
#9. Presiding Officer, NAW	10-05-06	- do -	- do -
#10. Deputy Presiding Officer, NAW	10-05-06	- do -	Impact of Devolution / Structural Funds / Wales – EU Relations
#11. Senior Official, Welsh Local Gov't. Association (WLGA)	12-05-06	WLGA Offices, Cardiff	Role of Local Government
#12. Senior Executive, European Commission Office in Wales	02-06-06	E. C. Offices, Cardiff	EU-Wales Relations
#13. Executive Member, Cardiff County Council	05-06-06	Cardiff County Offices, Cardiff	Impact of Devolution /Structural Funds
#14. Assembly Member, National Assembly for Wales	07-06-06	NAW Offices, Cardiff	Performance of NAW / Wales-EU Relations
#15. Assembly Member, National Assembly for Wales	12-06-06	- do -	Impact of Devolution
#16. Cabinet Member, Caerphilly County Council	22-06-06	Caerphilly County Council Offices, Caerphilly	Impact of Devolution / Structural Funds
#17. Assembly Member, National Assembly for Wales	12-07-06	NAW Offices, Cardiff	Impact of Devolution
#18. Lecturer, Cardiff Law School	22-08-06	Cardiff Law Sch. Offices	Impact of Devolution / Legal Framework
#19. Senior Programme Manager, Carmarthen County Council Objective 1Programme	23-01-07	Carmarthen County Council Offices	Structural Funds / Impact of Devolution
#20. Senior Executive, WLGA, Brussels Office	21-05-07	WLGA Offices, Brussels	Structural Funds / Devolution & Local Government
#21. Senior Administrator, Directorate-General for Regional Policy, EU (D-G Regio)	21-05-07	A Brussels Restaurant	Regional Policy / Structural Funds
#22. Senior Executive, Conference of European Municipalities and Regions (CEMR)	22-05-07	CEMR Offices, Brussels	Regional Policy / Structural Funds
#23. Senior Official, European &	22-05-07	LGA Offices, Brussels	Local Government /

International Unit, Local Government Association (LGA), Brussels Office			Structural Funds
#24. Cabinet Member of Commissioner for EU Regional Policy	22-05-07	European Commission Offices, Brussels	Impact of Regional Policy / Structural Funds / Cohesion Policy
#25. Senior Executive, WAG Brussels Office	23-05-07	WAG Brussels Office	Regional Policy / Structural Funds / CAP
#26. Senior Executive, Conference of Peripheral Maritime Regions of Europe (CPMR)	23-05-07	CPMR Offices, Brussels	Regional Policy / Structural Funds
#27. Senior Official, EU D-G Regio	23-05-07	D-G Regio Offices	Regional Policy
#28. Senior Official, Welsh Development Agency (WDA)	07-06-07	WDA Offices	Impact of Devolution and Structural Funds
#29. Councillor, Cardiff County Council	07-06-07	Cardiff Council Offices	Structural Funds
#30. Senior Official, WAG	08-06-07	WAG Offices, Cardiff	Devolution / NAW
#31. Committee of the Regions	14-06-07	Questionnaire	Regional Policy / Structural Funds
#32. Plaid Cymru Councillor, Cardiff County Council	15-06-07	Party Offices, Cardiff	Devolution / NAW / Structural Funds
#33. Labour Councillor, Cardiff County Council	15-06-07	County Hall, Cardiff	- do -
#34. Conservative Councillor, Cardiff County Council	16-06-07	County Hall, Cardiff	- do -
#35. Lib. Dem. Councillor, Cardiff County Council	16-06-07	Party Offices, Cardiff	- do -
#36. Executive Member, Caerphilly County Council	19-06-07	County Council Offices	Structural Funds / Devolution
#37. Councillor, Carmarthenshire County Council	20-06-07	County Council Offices	- do -
#38. Welsh Member of European Parliament	21-06-07	Party Offices, Cardiff	NAW / Devolution / Wales – EU
#39. Welsh Member of Westminster Parliament	19-07-07	Questionnaire	- do -
#40. Senior Political Journalist, The Western Mail, Cardiff	20-07-07	Western Mail Offices	Devolution / Structural Funds / Wales-EU

Source: Author's own compilation from the list of his interviewees

Note: The Plaid Cymru and Labour Party leaderships in the National Assembly for Wales offered several excuses to cancel a number of interview appointments; hence, they were left out eventually.

Appendix 2: **Interview Questions/Questionnaire for County Council Interviewees**

1. When did your council first become a beneficiary of structural funding?

2. What projects have been implemented successfully since the inception of the structural funding programme?

3. A crucial building block of the 1998 reform of the structural adjustment (cohesion) programme is partnership. How does partnership work in your county council area?

4. Which actors are involved in the decision-making and implementation of projects in your area, and which are the most dominant ones?

5. What role does your council, the National Assembly for Wales, and the UK Government play in the decision-making process and the implementation of projects in your area?

6. What is the role of the European Union in these?

7. To what extent are European policies capable of altering domestic politics in your council area and Wales in general?

8. What has been the impact of EU policy on your council?

9. How does the EU policy enable your council to network, and with whom have you networked so far?

10. How do you think policy-makers can develop a coherent common policy at the European level and give attention to the variation in political practice, institutions and players in the member-states?

11. Has EU cohesion policy altered territorial relations within the UK?

12. What differences does the cohesion policy make to the position of sub-national authorities (like your council) in the administration of Wales and the UK in general?

13. What capacity does your council have in terms of qualified personnel and expertise for drawing up development programmes and effectively implementing them under the structural funding programme?

14. How does multi-level governance help with increasing the people's participation in politics locally?

15. Has the cohesion policy affected the level of political control in the UK, especially in Wales?

16. Has cohesion policy in any way energised politics in the council area and Wales at large?

17. Does the cohesion policy help local authorities to assert their interests and independence?

18. What have been some of the major problems or challenges that you faced during the implementation of structural funded projects?

Appendix 3: Samples of Approved Projects for Carmarthenshire Council [2000-2006]

Project Title	Programme	Fund	Grant
Celtic Enterprise & Business Support Network	Interreg IIIA W	ERDF	£ 95,625
Interreg Development Officer	-do-	-do-	120,955
CZMnet Coastal Zone Management Network	-do-	-do-	17,550
Interreg Development Officer (South West Wales) T. A. Funding for 2004-2006	-do-	-do-	181,772
Developing Local SMEs Through Sustainable Development	-do-	-do-	151,542
WIRHEP – Wales & Ireland Rural Hydrogen Project	-do-	-do-	92,882
Sustainable in Practice	Objective 1	EAGGF	60,000
Phase One Rural Services & Thematic Fund	-do-	-do-	525,000
Partnership for Community Action (PACT)	-do-	-do-	900,000
Rural Business Development Centre, Carmarthen	-do-	ERDF	458,351
Carmarthenshire Community Chest Programme	-do-	-do-	448,436
Capacity Building Programme for Area Fora / Community Partnerships	-do-	-do-	214,200
Business Promotion & Marketing Support	-do-	-do-	89,687
ERDF Technical Assistance	-do-	-do-	100,000
Technical Assistance	-do-	-do-	161,796
Promotion of Community Business in Rural Carmarthenshire	-do-	-do-	170,100
Strategic Towns and Villages Initiative	-do-	-do-	950,000
MCP Park Centre	-do-	-do-	404,000
Rural Services & Thematic Fund	-do-	-do-	525,000
Mynydd Mawr Woodland Park Development Programme	-do-	-do-	217,484
Sites & Premises for Rural Growth Centres	-do-	-do-	450,000
Business Support Grant Scheme	-do-	-do-	1,252,844
Western Access Route to the Strategic Sites (Burry Port Southern Distributor Road)	-do-	-do-	1,790,000
Eastern Access Route to the Strategic Sites (Morfa Cross to Berwick Park Link)	-do-	-do-	2,291,000
Teifi/Tywi/Carmarthen Coast Strategic Trails	-do-	-do-	258,333
Carmarthenshire Sites and Premises	-do-	-do-	2,512,000
Brechfa Forest Mountain Bike Initiative Phase I	-do-	-do-	240,311
Partnership for Community Action (PACT)	-do-	-do-	3,028,263
Llyn Llech Owain County Park Improvement Programme	-do-	-do-	320,133
Hidden Dragon	-do-	-do-	1,386,116

Dyfatty Park, Burry Port	-do-	-do-	2,270,000
Building a Sustainable Llanelli People Business Emvironment	-do-	-do-	2,364,048
Delta Lakes	-do-	-do-	1,040,000
Physical Grants for Growth	-do-	-do-	1,145,086
Redevelopment of Castle House, Carmarthen	-do-	-do-	76,390
Carmarthenshire CC Technical Assistance 2002-2008	-do-	-do-	260,788
Old Castle Works – Remediation	-do-	-do-	565,055
Llwynhendy Integrated Children's Centre	-do-	-do-	276,744
Learning Network #2	-do-	ESF	931,172
Newidydd	-do-	-do-	349,055
Youth First	-do-	-do-	1,173,065

Source: Author's compilation from County Council Documents

Appendix 4: **Samples of Approved EU-funded Projects for Cardiff Council [2000-2006]**

Programme	Project Title	Description	Fund	Grant	Project Cost
Objective 2	Technical Assistance	Provision of secretariat support for Cardiff Objective 2 Local Partnership Management Board.	ERDF	£280,758	£561,516
	Rupera Square Environmental Improvement	Environmental works in Rupera Square to create and enhanced 'gateway' to Splott including new pavements and re-alignment of road junction.	ERDF	86,000	172,000
Objective 2	St Mellons Community Capacity Building	Building upon the work undertaken by the Community Development Officer for the Healthy Living Centre project, to support capacity-building initiatives to develop local community skills.	ERDF	21,177	42,354
Objective 2	Community Environmental Improvements for Trowbridge	Environmental improvements to the Hendre Lake Area in the disadvantage ward of Trowbridge to ensure the sustainability of the parks regeneration by upgrading of 22 hectres of land including a bio diverse priority habitat, a 3.6 hectre lake, a youth facility and amenity grassland.	ERDF	202,975	405,950
Objective 2	Small Business Advisory Service	A business start-up project providing free one-to-one business counselling customised to meet individual needs of unemployed participants in a user-friendly environment.	ERDF	41,019	91,582
Objective 2	SME Financial Scheme	To stimulate, strengthen and diversify the economy of Cardiff by encouraging creation and safeguarding of jobs through the relocation and creation of new businesses and supporting the expansion of indigenous businesses.	ERDF	133,000	940,419
Objective 2	Dumballs Road Skills Training Centre	A purpose built multi-functional community facility with a focus on skills training aimed at providing demand-established training for current and future employment opportunities.	ERDF	1,000,000	2,280,000
Objective 2	Willowbrook Business Technology Units	The development of 4 units in 2 blocks constructed to a standard suitable for high technology businesses on a 1.5-acre (0.49 hectare).	ERDF	330,000	1,320,000
Objective 2	Grand Avenue Public Realm Environmental Improvements	Grand Avenue is a principal thoroughfare through the heart of the Ely housing estate, and the Grand Avenue shopping parade is situated at a key 'gateway' location along this road. The project aimed at improving the physical environment of the local shopping parade at Grand Avenue, through the selection of public realm environmental improvements.	ERDF	184,166	368,333
Objective 2	Jasmine Enterprise Centre Community Regeneration Project	The construction of a 1,138-sq.m community regeneration centre in the ward of Caerau to house a unique and extensive range of agencies and services designed to address socio-economic deprivation and exclusion.	ERDF	973,220	1,946,441
Objective 2	Splott Industrial Estate	Development of an existing industrial site in the disadvantaged ward of Splott, Cardiff to promote energy efficiency and recycling to attract new and expanding SMEs.	ERDF	44,673	92,505
Objective 2	Better Buildings for Communities	Voluntary Action Cardiff to develop, design, administer and monitor the	ERDF	300,335	600,670

	in core Objective 2 wards	grant scheme, match-funded with the County Council's Local Regeneration Fund to enable local non-profit organisations operating community buildings to improve and upgrade existing buildings for the benefit of disadvantaged communities in Cardiff's Objective 2 priority wards.			
Objective 2	Cardiff Business Technology Centre 2, Phase 3	The construction of small industrial units on the Capital Business Park, Cardiff. A need has been identified for small incubator units for the high technology and scientific sectors.	ERDF	463,175	
Objective 2	Cardiff Partnership Technical Assistance	Provision of a Secretariat to the Partnership; support potential applicants to develop appropriate projects.	ERDF	66,250	132,500
Objective 2	Llanrumney Environmental Improvement Scheme for Burnham and Countisbury Avenues	Burnham Avenue and Countisbury Avenue shopping parades provide a valued community resource for Lower Llanrumney, as they provide services to an area currently limited in such provision.	ERDF	67,395	134,791
Objective 2	Llanrumney Learning and Information Centre	Creation of 21st century learning and information centre that meets the needs of the community.	ERDF	634,143	1,860,716
Objective 3	Willows/ Llanrumney Alternative Curriculum	The identification of 14-year-old pupils at risk of disaffection, underachievement, future unemployment and social exclusion to provide training opportunities.	ESF	126,376	280,839
Objective 3	Creche for Learners project	Provision of 280 adult learners throughout Cardiff with 15 hours of Creche provision to enable them participate in learning and training activities that they would otherwise be excluded from	ESF	20,014	45,657
Objective 3	Family Literacy and Numeracy	The project will work with 340 beneficiaries on an outreach basis in primary schools in disadvantaged areas, and provide learning activities, need assessment, action plans, basic skills/ICT training, classroom experience and job preparation	ESF	175,340	389,646
Objective 3	Llanrumney Regeneration Forum	It involves a range of capacity building initiatives and activities to help the Llanrumney Regeneration Forum and other local groups and individuals in the community to develop skills, confidence building and awareness raising.	ESF	10,668	25,503
Objective 3	Children Services 0-16 years	To support parents to participate in the workforce and enable them to return to work, training or education.	ESF	302,857	673,018
Objective 3	Family Literacy and Numeracy	Projects aims at 170 long-term unemployed and delivered in outreach basis in primary schools in disadvantaged communities of Cardiff. It will motivate parents into lifelong learning.	ESF	78,670	175,670
Objective 3	Job Preparation Project	An outreach initiative targeting 2,035 unemployed residents of disadvantaged communities in Cardiff, and improving their confidence, self-esteem and	ESF	127,715	322,960

		application of skills.			
Objective 3	Job Preparation Project	An outreach initiative targeting 1,638 unemployed residents of disadvantaged communities in Cardiff, with individual action plans to provide customised access to ICT among others.	ESF	134,045	338,969
Objective 3	Glan Ely Glyn Derw Rumney Alternative Curriculum	Identification of pupils aged 14 and at risk of disaffection, underachievement and therefore at risk of future unemployment and social exclusion.	ESF	116,483	291,208
Objective 3	Extended Operations at Southern Arc Schools	The extension of a range of opportunities to young people at key Stage 4 by extending support offered by training providers.	ESF	67,435	168,588
Objective 3	Cardiff City Council	Objective 3 ESF Technical Assistance	ESF	37,133	82,520
Objective 3	Creche for Learners Project	Provision of 280 new learners throughout Cardiff with 30 hours of crèche, to enable them participate in learning activities that they would otherwise be excluded from because of childcare responsibilities	ESF	27,272	63,422
Objective 3	ICT and Media Project	To empower individuals who normally would be excluded from the learning process to access new and exciting learning activities through the medium of ICT and Media. It offers a combination of ICT Media training for 105 people using new technologies	ESF	2,458	5,588
Objective 3	IT Works for You	Focusing on provision of access to ICT skills for individual groups at risk from digital divide.	ESF	81,773	206,787
Objective 3	Cardiff Objective 3 Technical Assistance 2003-2006	Provision of financial assistance for Cardiff County Council to help them with their role as Secretariat to the Partnerships	ESF	50,043	111,209
Objective 3	CCET Policy Officer	Targets teaching providers in the post-16 education and training environment to develop partnership capacity to promote best practice.	ESF	85,277	191,338
Objective 3	Endangered skills	Focusing on the provision of access to short generic industry standard training aimed at overcoming barriers to accessing employment, addressing skills shortages and responding to labour market demands.	ESF	158,368	351,929
Objective 3	Food Bytes	To address skills shortage in the Catering Industry by providing innovative pathways to employment and promote equal opportunities through social inclusion.	ESF	75,567	172,511

Source: Author's own compilation from the Council's Documents

Programme	Project Title	Description	Fund	Grant	Project Cost
Objective 1	Renovation and Management of Countryside Boundaries	Renovation and creation of approximately 10 kms. of traditional boundary using existing local styles to reinforce the landscape heritage.	EAGGF	£213,000	£426,000
Objective 1	Cwmcarn Rural Heritage Links	Conservation and reinforcement of local heritage and culture, to encourage visitors into the village and improve the potential economic links between the local community and the forest drive site.	EAGGF	93,000	186,000
Objective 1	Tir Cyffredin i Bobl Gyffredin	Provision of active management for ten areas of common land that are under pressure from a variety of different issues. These commons are an important feature of the countryside in terms of landscape, biodiversity, agriculture and public recreation value.	EAGGF	139,136	278,272
Objective 1	Beefing Up Aberbargoed's Butterflies	Protection and enhancing the Aberbargoed Site of Special Scientific Interest (SSSI) and Special Area of Conservation (SAC), which is the most important nature conservation site in the county and is of national and European significance. The site is a key habitat for the Marsh Fritillary Butterfly, a UK and European protected species	EAGGF	184,514	382,828
Objective 1	Sustainable Management for Gelligaer & Merthyr Common	Enhancing and protecting the landscape and improve its visual quality; the biodiversity by safeguarding a variety of habitats and species that are found on the common.	EAGGF	110,445	220.890
Objective 1	Caerphilly Key Fund for Rural Communities	To support capital and revenue-funded projects from the nine spatially targeted communities in accordance with State Aid regulations, and provide funds for bids by locally-based groups to enable them develop ideas and take community development initiatives forward.	EAGGF	189,000	378,000
Objective 1	Business Development and Recovery Programme	Provision of business support, advice and training for SMEs to equip them SMEs for recovery, consolidation and growth.	ERDF	398,434	885,409
Objective 1	Sustainable Estates and Mining Villages	Building upon groundwork's established community-led regeneration programmes within priority Estates and Mining Villages within the Priority 3 qualifying wards in partnership with Caerphilly County Borough Council Housing Department, and set up a local community partnership and management structure within each priority estate and mining village through which the action plan can be developed and implemented.	ERDF	436,000	641,176
Objective 1	Parc Penallta - Development of Community Park	A partnership project between the local community, Groundwork Caerphilly and Caerphilly C.B.C. regenerating 180 hectares of derelict land to create new community facilities as a catalyst for the social, economic, environmental	ERDF	410,215	603,257

		and cultural regeneration of the communities surrounding the former Penallta Colliery.			
Objective 1	Aber Valley YMCA Community Development	Provision of a community facility for the residents of Abertridwr and Senghenydd which directly contributes to the economic, social and environmental regeneration of the Aber Valley ward. This facility will be an extension of the existing YMCA building and will comprise a multi-purpose hall with storage and changing facilities	ERDF	429,365	640,055
Objective 1	The 'Lasting' Community Benefits Scheme: (Liaison And Support Team Involving Neighbourhood Groups)	Assistance for community groups to take part in and influence the innovative community planning process underway in Caerphilly County Borough. The project will provide a liaison and support team of five facilitators and a volunteering support unit, and to encourage, enable and empower local community groups to help direct local regeneration efforts and develop this to the point where communities have sufficient capacity and drive to do this unassisted.	ERDF	366,178	549,267
Objective 1	Tredomen Innovative and Technology Centre	Construct of a 2,500 sq. m innovation and technology centre to provide high quality premises for between 15 and 20 technology-based businesses, focusing on high tech/ICT/technology-based growth businesses, which could create 80 - 100 new jobs. The project will be linked to both the local college and university to provide serviced accommodation for R & D-based businesses spinning out of local academia and local businesses.	ERDF	1,098,075	2,750,000
Objective 1	Caerphilly County Borough "Key" Fund for Community Planning	To enable community and voluntary sector organisations to bid for funding for initiatives they have developed as part of the community planning process.	ERDF	954,893	2,308,050
Objective 1	Tredomen Business Park Phase 3	Building on the success of the first two phases the project is to develop a 'gateway building' totalling 2,015 sq. m. of modular business space. The building will be on 3 storeys and sub-divided into self contained units on each storey, for R & D, high technology or knowledge-based businesses.	ERDF	1,098,000	3,591,385

Source: Author's compilation from the Council's Documents

Appendix 6: **Anticipated Impact of Some Projects in the Caerphilly County Council**

1). To increase the number of jobs:

	Baseline	2004/5	2005/6	2006/7
Number of jobs	900	1000	1100	1200

2). To increase the rates of secondary schools attendance:

	Baseline	2004/5	2005/6	2006/7
Rate of attendance	89.2%	90.4%	90%	91.2%

3). To reduce the number and percentage of 15 year-olds (and within that, those in local authority care) leaving full-time education without a recognised qualification (number of pupils in brackets):

	Baseline	2004/5	2005/6	2006/7
All pupils	3.6% (89)	3.6% (90)	3.2% (80)	2.8% (66)
Looked-after children	68% (19)	69% (18)	68% (20)	67% (22)

4). To increase the level of local residents' satisfaction with their neighbourhoods, measured by their responses to the household survey:

	Baseline	2004/5	2006/7
Percentage of respondents satisfied	61%	63%	65%

5). To increase the percentage of people who feel safe in their local area during daytime and at night, measured by their responses to the household survey:

	Baseline	2004/5	2006/7
Percentage of respondents who feel safe – daytime	85%	86%	88%
Percentage of respondents who feel safe – at night	39%	40%	42%

6). To reduce the average length of time people spend in temporary accommodation:

	Baseline	2004/5	2005/6	2006/7
Length of stay (weeks)	4.3	4	3.8	3.6

7). To reduce carbon dioxide emissions from non-domestic Council buildings:

	Baseline	2004/5	2005/6	2006/7
Percentage reduction	25,754 tonnes CO_2	-1%	-3%	-6%

8). To improve the energy efficiency of the private and public sector housing:

	Baseline	2004/5	2005/6	2006/7
Percentage improvement	1,976,776 MWh	8-9%	10%	12%

9). To increase the number of schools participating in the Healthy Schools Initiative:

	Baseline	2004/5	2005/6	2006/7
Number of schools	32	42	52	62

10). To ease the blocking of beds in hospitals by older people by reducing the rate of delayed transfers of care for social care reasons:

	Baseline	2004/5	2005/6	2006/7
Number of people (per 1000 population aged 75 or over)	55	25	20	15

11). To increase the number of older people (over 65) helped to live at home:

	Baseline	2004/5	2005/6	2006/7
Number of people (per 1000 population aged 75 or over)	88.2	92	95	97

12). To reduce the number of older people supported in care homes:

	Baseline	2004/5	2005/6	2006/7
Number of people (per 1000 population aged 75 or over)	26.82	26.5	26.5	26.5

13). To increase the percentage of first placements of looked-after children that begin with a care plan in place:

	Baseline	2004/5	2005/6	2006/7
Percentage of placements	80%	85%	90%	95%

14). To increase the percentage of looked-after children who have a plan for permanence in place at their second review:

	Baseline	2004/5	2005/6	2006/7
Percentage of looked-after children	To be confirmed	95%	80%	100%

15). To reduce the percentage of children looked after at March 31, each year who have experienced one or more changes of school during a period or periods of being looked after, which were not due to transitional arrangements:

	Baseline	2004/5	2005/6	2006/7
Percentage of looked-after children	To be confirmed	30%	20%	10%

16). To increase the percentage of young people who continue in education or work-based training after reaching age 16:

	Baseline	2004/5	2005/6	2006/7
Percentage of children aged 16+	83.33%	83.7%	84.0%	84.5%

17). To increase the number of business start-ups assisted by the Authority:

	Baseline	2004/5	2005/6	2006/7
Number of new businesses	30	50	60	70

18). To achieve a greater level of compliance with the Generic Equalities Standard for Local Government in Wales:

	Baseline	2004/5	2005/6	2006/7
Level of standard achieved	Level 0	Level 1	Level 1+	Level 2+

19). To increase the number of schools participating in the Eco-Schools and aiming for Green Flag status:

	Baseline	2004/5	2005/6	2006/7
Number of schools	4	5	12	16

Source: Author's own compilation from records from Caerphilly County Borough Council

Appendix 7: The Electoral Divisions of Carmarthenshire Council

Ward	Community Council	Councillors
Abergwili	Abergwili*, Llanllawddog*	1
Ammanford	Ammanford Town* (Iscennen and Pantyffynnon wards)	1
Betws	Betws*	1
Bigyn	Llanelli Town* (Bigyn ward)	2
Burry Port	Cefn Sidan (community) (Burry Port ward)	2
Bynea	Llanelli Rural* (Bynea ward)	1
Carmarthen Town North	Carmarthen Town* (Carmarthen Town North ward)	2
Carmarthen Town South	Carmarthen Town* (Carmarthen Town South ward)	2
Carmarthen Town West	Carmarthen Town* (Carmarthen Town West ward)	2
Cenarth	Cenarth*, Newcastle Emlyn*	1
Cilycwm	Cil-y-cwm*, Llansadwrn* and Llanwrda*	1
Cynwyl Elfed	Cynwyl Elfed*, Bronwydd*, Llanpumsaint*, and Newchurch and Merthyr*	1
Cynwyl Gaeo	Cynwyl Gaeo*, Llansawel* and Llanycrwys*	1
Dafen	Llanelli Rural* (Dafen ward)	1
Elli	Llanelli Town* (Elli ward)	1
Felinfoel	Llanelli Rural* (Felinfoel ward)	1
Garnant	Cwmamman* (Pistillwyd and Twyn wards)	1
Glanamman	Cwmamman* (Grenig and Tircoed wards)	1
Glanymor	Llanelli Town* (Glanymor ward)	2
Glyn	Llanelli Rural* (Glyn ward)	1
Gorslas	Gorslas*	2
Hendy	Llanelli* (Hendy ward)	1
Hengoed	Llanelli Rural* (Hengoed ward)	2
Kidwelly	Kidwelly Town*	1
Laugharne Township	Laugharne Town*, Eglwyscummin, Llanddowror* and Pendine*	1
Llanboidy	Llanboidy*, Cilymaenllwyd* and Llangynin*	
Llanddarog	Llanddarog* and Llanarthney	
Llandeilo	Llandeilo Town* and Dyffryn Cennen*	1
Llandovery	Llandovery Town* and Llanfair-ar-y-bryn*	

Llandybie	Llandybie* (Llandybie and Heolddu wards)	2
Llanegwad	Llanegwad*, Llanfihangel Rhos-y-Corn* and Llanfynydd*	1
Llanfihangel Aberbythych	Llanfihangel Aberbythych* and Llangathen*	1
Llanfihangel-ar-Arth	Llanfihangel-ar-Arth* and Llanllwni*	
Llangadog	Llangadog*, Llanddeusant* and Myddfai*	1
Llangeler	Llangeler*	1
Llangennech	Llangennech*	2
Llangunnor	Llangunnor*	1
Llangyndeyrn	Llangyndeyrn*	1
Llannon	Llannon*	2
Llansteffan	Llansteffan*, Llangain* and Llangynog*	1
Llanybydder	Llanybydder* and Pencarreg*	1
Lliedi	Llanelli Town* (Lliedi ward)	2
Llwynhendy	Llanelli Rural* (Pemberton ward)	2
Manordeilo and Salem	Manordeilo and Salem*, and Talley*	1
Pembrey	Cefn Sidan (community)* (Pembrey ward)	2
Penygroes	Llandybie (Penygroes ward)	1
Pontamman	Ammanford* (Myddynfych and Wernddu wards)	1
Pontyberem	Pontyberem*	1
Quarter Bach	Quarter Bach*	1
Saron	Llandybie* (Saron Ward)	2
St Clears	St Clears Town*	1
St. Ishmael	Llandyfaelog* and St. Ishmael*	1
Swiss Valley	Llanelli Rural* (Swiss Valley ward)	1
Trelech	Abernant*, Llanwinio*, Meidrim* and Trelech*	1
Trimsaran	Trimsaran*	1
Tycroes	Llanedi* (Tycroes ward)	1
Tyisha	Llanelli* (Tyisha ward)	2
Whitland	Whitland Town* and Henllanfallteg	1

*Communities with their own community council are marked with *
Source: Author's own compilation based on information from Council records

Ward	Communities (Parishes)	Other geographic areas
1 Adamsdown	Adamsdown	Cardiff city centre, Roath
2 Butetown	Butetown	Atlantic Wharf, Cardiff Bay, Cardiff city centre, Tiger Bay
3 Caerau	Caerau	Cyntwell, Culverhouse Cross
4 Canton	Canton	Cardiff city centre, Leckwith, Victoria Park
5 Cathays	Cathays and Castle	Blackweir, Cardiff city centre, Cathays, Cathays Park, Maindy
6 Creigiau & St. Fagans	Pentyrch* (Creigiau ward) and St Fagans*	Coedbychan, Capel Llanilltern, Rhydlafar
7 Cyncoed	Cyncoed	Roath Park, Lakeside
8 Ely	Ely	Culverhouse Cross, Michaelston-super-Ely
9 Fairwater	Fairwater	Pentrebane
10 Gabalfa	Gabalfa	Mynachdy, Maindy, Heath
11 Grangetown	Grangetown	Cardiff Bay, Cardiff city centre, Saltmead
12 Heath	Heath	Birchgrove
13 Lisvane	Lisvane*	
14 Llandaff	Llandaff	
15 Llandaff North	Llandaff North	Hailey Park, Lydstep Park, Mynachdy, Gabalfa
16 Llanishen	Llanishen	Birchgrove, Thornhill
17 Llanrumney	Llanrumney	
18 Pentwyn	Pentwyn	Llanedeyrn
19 Pentyrch	Pentyrch* (Gwaelod-y-Garth and Pentyrch wards)	
19 Pentyrch	Pentyrch* (Gwaelod-y-Garth and Pentyrch wards)	
20 Penylan	Roath	
21 Plasnewydd	Plasnewydd	Roath, Cardiff city centre
22 Pontprennau &	Old St. Mellons* and	Llanedeyrn Village

Old St. Mellons	Pontprennau	
23 Radyr & Morganstown	Radyr & Morganstown*	Morganstown
24 Rhiwbina	Rhiwbina	Pantmawr, Rhydwaedlyd, Wenallt
25 Riverside	Riverside	Cardiff city centre, Llandaff Fields, Pontcanna, Sophia Gardens
26 Rumney	Rumney	
27 Splott	Splott	Pengam Green, Splott, Tremorfa
28 Trowbridge	Trowbridge	St Mellons estate, Cefn Mably, Wentloog
29 Whitchurch & Tongwynlais	Tongwynlais* and Whitchurch	Blaengwynlais, Bwlch-y-cwm, Coedcefngarw, Coryton, Cwmnofydd, Graig-goch, Llandaff North

Appendix 9: Comparison of some of the key things the Richard Commission proposed and what the Government of Wales Act 2006 contained

The overall vision	
Richard Commission	*GoWA 2006*
'Making the processes of devolved government more accountable and clearer to the wider public, and ... giving the Welsh Assembly Government the tools to implement directly its policies and translate its priorities and timetable into legislative form'.[25]	'Providing a practical, common sense route-map to better governance ... designed to meet the needs and aspirations of the people of Wales'.[26] In practice: created a highly complex set of arrangements, very hard even for lawyers to comprehend or explain.
Separation of the executive and legislative functions	
Richard Commission	*GoWA 2006*
Replacement of National Assembly as a single body corporate with separate legislative and executive institutions	Replaced the single body corporate with separate legislative and executive institutions (the National Assembly and Welsh Assembly Government). Conferred wide range of powers on the Assembly Government.
Legislative powers for the Assembly	
Richard Commission	*GoWA 2006*
A legislative Assembly on the model of Scotland Act 1998, allowing the National Assembly to legislate on everything save what is expressly reserved to Westminster.	Legislative Assembly on a different model. Even after 'primary legislative powers' are brought in, the Assembly will only have the power to legislate on matters expressly conferred on it, not a general power subject to reservations.
Timescale for bringing in the changes	
Richard Commission	*GoWA 2006*
The new legislative powers to be implemented by 2011 or sooner if possible, the main constraint envisaged being the need to review electoral boundaries.	The Act is open-ended about timing. The *One Wales Agreement* however refers to a referendum on 'primary legislative powers' being held at or before end of legislative term in 2011.
Referendum	
Richard Commission	*GoWA 2006*
Expressed no view about whether one is needed, but accepted need for proper consultation of the people of Wales about major changes in the way they are governed.	Referendum needed before 'primary legislative powers' can be devolved. Consent for a referendum is needed from five bodies: Welsh Assembly Government, the National Assembly acting by two-thirds majority, Secretary of State for Wales, and both Houses of Parliament at Westminster.
Size of National Assembly	
Richard Commission	*GoWA 2006*
80 Assembly Members, to ensure the Assembly has the proper capacity to scrutinise legislation and hold Ministers to account.	60 AMs, with no mechanism for change.
Electoral system	

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[25] *Richard report*, chap. 14, para.14
[26] Ministerial foreword to *Better Governance for Wales* Cm 6582

Richard Commission	GoWA 2006
Single transferable vote, to ensure proper proportionality of representation and equality of status among AMs.	Existing additional member system retained. Ban on 'dual candidacy', not adopted in any other democratic system.
Transitional arrangements *Richard Commission* 'A new legislative partnership' using delegated powers in primary legislation to 'expand experience of policy-making and legislating through secondary powers', with immediate effect.	*GoWA 2006* Complicated mechanism to confer legislative powers on the Assembly in two ways - 'framework legislative powers', plus Legislative Competence Orders (LCOs) to confer legislative powers by order in council. Each route now amends Schedule 5 to the 2006 Act, which sets out the Assembly's legislative powers. This means that the Assembly's powers are constantly changing, so there is much scope for confusion about where a particular power lies.
Tax-varying powers *Richard Commission* 'Desirable but not essential'.	*GoWA 2006* No tax varying powers or provision for their introduction.
Role of Secretary of State *Richard Commission* Not mentioned.	*GoWA 2006* Secretary of State retains existing right to attend and participate (but not vote) in National Assembly and receive papers. Can delegate right to attend and participate to other UK ministers. Also has right to decide whether to submit proposals for LCOs from the Assembly to Parliament, and to decide whether to submit proposal for referendum to Parliament, even if the Assembly has voted 2 to 1 in favour as required by the Act.

Source: Devolution Debriefing Paper No.1